T.C.

ISTANBUL AYDIN UNIVERSITY

INSTITUTE OF SOCIAL SCIENCES

THE OVERVIEW OF "GROWTH HACKING": THE EVALUATION OF IMPLEMENTATIONS ON UBER

MASTER THESIS

Işıl DALAMAN

Department of Business

Business Administration Program

Thesis Advisor: Prof. Dr. Akın MARŞAP

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Yüksek Lisans Tez Onay Belgesi

Enstitümüz İşletme İngilizce Ana Bilim Dalı İşletme Yönetimi İngilizce Yüksek Lisans Programı **Y1212.130009** numaralı öğrencisi **Işıl DALAMAN**'ın **"THE OVERVIEW OF "GROWTH HACKING": THE EVALUATION OF IMPLEMENTATIONS ON UBER"** adlı tez çalışması Enstitümüz Yönetim Kurulunun 13.03.2017 tarih ve 2017/05 sayılı kararıyla oluşturulan jüri tarafından ...Oyb..rl...y. ile Tezli Yüksek Lisans tezi olarak ..kabul...edilmiştir.

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Not: Öğrencinin Tez savunmasında **Başarılı** olması halinde bu form **imzalanacaktır**. Aksi halde geçersizdir.

DECLARATION

Işıl Dalaman, a M.Sc student of IAU Institute of Graduate School of Business Management successfully defend the thesis entitled "The Overview of Growth Hacking: The Evaluation of Implementations on Uber", which I prepared after fulfilling the requirements specified in the associated legislation, before the jury whose signatures are below. 16 May 2017

Işıl DALAMAN

To my family

FOREWORD

In the 21st century, the high technological developments and economic innovations continually emerge in the world economy. As a result, the people and companies contribute to their development by exploring the radical ways of adapting to these rapid changes. Nowadays, as a consequence of these rapid changes, online marketing is regarded as one of the principal mechanisms for promoting services and marketing products. It is a kind of a marketing function that utilizes the internet as the primary source to introduce information about the product to consumers.

Startups must have achieved a high level of growth thus they could be transformed into an established business. Hence, growth hacking has become an inevitable solution and process in the startup ecosystem. It has developed its specific strategies & disciplines and has become an essential element of successful startups.
Growth hacking is one of the unique online-based marketing processes and primarily aims to achieve the accelerated and sustained growth of the company in a short period. This discipline produced skilled specialists called growth hacker in growth in their field. The differences between Growth hacking and traditional marketing are applying radical strategies, taking risks and utilizing low budget during the growth process.

One of the main objectives of the startups is to maximize customer acquisition. The mindset of growth hacking strategies focus on customer orientation and creativity by encouraging more consumers to use the efficient product or services of startups. The companies like Uber, Airbnb, Hotmail, Facebook, Linkedin, Dropbox, Twitter and Instagram all apply growth hacking as their main growth strategy by achieving the most important degree "product-market-fit" for exponential growth.

The new competition has been created among the tech giants by the rise of sharing economy. Some of the startups that have struggled in such a challenging race in the economic world have achieved great success while some have failed and disappeared. Uber is the one of the high-tech investment companies that have achieved great success and has grown very fast in the technology world. Uber has been preferred as case study because of growth hacking implementations in the background of its remarkable growth story.

Growth hacking has created a revolutionary effect in the startup world and became a phenomenon. Breaking down all the memorization of traditional marketing, it has enabled extraordinary results and achievements to emerge. It is aimed to illuminate and emphasize the growth hacking implementations on technology giants due to the lack of academic studies and researches on it. A bridge was formed that integrates knowledge between the academic world and the world economy.

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ABBREVIATIONS

APIs	:	Application Programming Interfaces
ATC	:	Advanced Technologies Center
CEO	:	Chief Executive Officer
EBITDA	:	Earnings before Interest, Taxes, Depreciation, and Amortization
GAAP	:	Generally Accepted Accounting Principles
GMV	:	Gross Merchandise Volume
IPO	:	Initial Public Offering
PMF	:	Product Market Fit
SEO	:	Search Engine Optimization
TNCs	:	Transportation Network Companies
UX	:	User Experience
WOMM	:	World of Mouth Marketing
YC	:	Y Combinator

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BÜYÜME İVMELENDİRİCİ SÜRECE GENEL BAKIŞ: UBER TARAFINDAN BAŞVURULMUŞ OLAN UYGULAMALARIN DEĞERLENDİRİLMESİ

ÖZET

Kendine özgü özelliklere sahip olan "Büyüme İvmelendirici Süreç" (Growth Hacking), başlangıç girişimlerinin rekabetçi ekosistemde hızlı büyümeyi, müşteri kazanımını ve ürün pazar uyumunu elde edebilmek için mücadele ettiği dönemde ortaya çıkmıştır. Bu çalışma, 2010 yılında ortaya çıkmış olan kavramla ilgili genel bilgiler ve bakış açısı sunmuş, büyüme ivmelendirici sürecin stratejilerini uygulayarak büyük başarılar elde etmiş olan üstün teknolojili firmaların örneklerini değerlendirmiştir. Aynı zamanda, bu disiplinin ortaya çıkardığı spesifik yetenekler taşıyan ve büyüme ivmelendirici sürecin stratejilerini etkili bir şekilde uygulayan "Büyüme İvmelendirme Uzmanı" (Growth Hacker) ve özellikleri tanımlanmıştır. Büyüme ivmelendirici süreç ile geleneksel pazarlama arasındaki yaklaşım ve zihniyet farklılıkları incelenmiştir.

Uber, bir ulaşım ağı şirketi olarak hızlı büyümeye öncülük etmiş ve ürün geliştirmeyi başarılı bir şekilde yürütmüştür. Büyüme ivmelendirici sürecin uygulandığı alanda başarılı bir örnek olduğu için tercih edilmiş ve nitel bir araştırma gerçekleştirilmiştir. Uber tarafından uygulanan stratejiler; büyüme ivmelendirici sürecin temelini oluşturan pazarlama ve ürün geliştirme disiplinleri baz alınarak değerlendirilmiştir.

Uber'in "büyüme ivmelendiricileri" olarak adlandırılan stratejilerinin uygulanması analiz edilerek pazarlama ve ürün geliştirmeye dayalı olan disiplinler değerlendirilmiştir. Müşteri kazanımı, ürün pazar uyumu (PMF), yönlendirme pazarlaması (viral pazarlama), dalgalanma fiyatlandırması, pazar genişletme stratejisi, ağızdan ağıza pazarlama (WOMM), erken benimseyenler savunuculuğu, itibar sistemi, düzen bozucu inovasyon gibi yöntemler, örneklerle açıklanmıştır.

Paylaşım ekonomisinin yükselişi ile birlikte teknoloji devleri arasında yeni bir rekabet ortamı ortaya çıkmıştır. Teknoloji dünyasında çok kısa sürede büyük başarı yakalayan ve hızlı büyüyen yüksek teknolojili yatırım şirketlerinden biri olan Uber, büyüme ivmelendirici süreci uygulamalarında dikkate değer bir çalışma örneği olduğundan tercih edilmiştir

Ekonomi dünyasından başarılı örnekler verilerek konunun zihinlerde somutlaştırılması ve ekonomi dünyası ile akademik dünyayı birbirine entegre eden bir bilgi köprüsü oluşturulması amaçlanmıştır.

Anahtar Kelimeler: *Büyüme İvmelendirici Süreç, Ürün Geliştirme, Ağızdan Ağıza Pazarlama, Ürün Pazar Uyumu, Müşteri Kazanımı, Dalgalanma Fiyatlandırması, Pazar Genişletme Stratejisi, Yönlendirme (Viral) Pazarlaması, Erken Benimseyenler Savunuculuğu, İtibar Sistemi, Düzen Bozucu İnovasyon*

THE OVERVIEW OF GROWTH HACKING: THE EVALUATION OF IMPLEMENTATIONS ON UBER

ABSTRACT

Growth hacking, which has its unique characteristics, emerged when startups were struggling with challenges in the competitive startup ecosystem for achieving the rapid growth, customer acquisition, and product market fit. This study gave general information about the growth hacking term that is created in 2010 and focused on the examples of technology giants that have applied growth hacking strategies and achieved great success by applying its methods. At the same time, this study describes the characteristics of growth hackers, which have emerged in this area with their specific features and implement growth hacking strategies in an expert manner. The approach and mentality differences between growth hacking and traditional marketing were examined.

As the transportation network company, Uber pioneered the rapid growth and determined product development. Uber has been handled as a case study as it is an enormous example of growth hacking implementations. The qualitative research was conducted and the strategies that have been applied by Uber are evaluated through marketing channels and product development, which forms the basis of growth hacking.

The implementation of Uber's potential growth hacking strategies that are referred to as "growth accelerators" are analyzed and the applied disciplines are evaluated. The methods such as customer acquisition, product market fit (PMF), referral marketing, surge pricing, market expansion strategy, word of mouth marketing (WOMM), early adopter advocacy, reputation system, disruptive innovation are demonstrated.

It is aimed to embody the subject in the minds by giving the successful examples from the economy world and create an information bridge between the world of economics and the academic world.

Keywords: *Growth Hacking, Product Development, Product Market Fit (PMF) Customer Acquisition, Product Market Fit, Referral Marketing, Word of Mouth Marketing (WOMM), Early Adopter Advocacy, Surge Pricing, Entreprise Expansion, Disruptive Innovation*

1. INTRODUCTION

Growth hacking has become a necessity for startups to transform into a particular business and reach the fast growth acceleration in World Economy. The importance and popularity of Growth Hacking have increased, and it progressed the disciplines by acquiring typical characteristics in the process of time. At the beginning of the establishment, the startups that came across the challenges, such as limited resources and capital problems, are obliged to search new channels, methods and marketing tactics.

Growth hacking is a process that the unique marketing strategies systematically are implemented. Analytical thinking, creativity, and social channels are applied during the process of development, marketing and sale of the products. As the growth hackers often utilize the techniques such as A/B testing, content marketing, website analytics and search engine optimization (SEO), their operations can be seen as part of the online marketing ecosystem. Growth hacking mindset is focused on low cost and creative options to traditional marketing and prefers to utilize the methods such as social media and viral marketing that are different from traditional marketing. Traditional marketing mindset prefers to utilize the methods such as radio, newspaper or television (Rutsky, 2017).

The emerging of a new phenomenon, growth hacking has enabled startups that apply its unique specific methods to reach a rapid growth with a limited budget in a short time, and engage with a large number of new users and retain them. The process of gaining users, which will lead the startups to success, is respectively acquisition, activation, retention, referral and revenue.

In recent years, especially in the United States, two concepts about internet entrepreneurship have come to the forefront. One of them is lean startup; the idea of lean entrerprise that is based on briefly testing the project with certain methods before starting to run. Growth hacking involves work on growing internet projects that are starting to be broadcast, except unique, high-resolution methods.

The competitive advantage is obtained by the startups that discover growth hacking and implements the methods. Growth hacking is a process for entrepreneurs, founders, growth leads, or individual who aims to establish and grow their business should adopt its disciplines (Patel & Taylor, 2017).

The basic characteristics of growth hacking can be defined as analyzing the data and improving the product and marketing strategies.

In the fast-growing startup ecosystem of the 21st century, companies needed to adapt to changing customer expectations, emerging new technologies and regulatory uncertainty and deliver services in this changing perspective, in the most efficient way by satisfying the needs. Thus, Uber is the first sharing company that entered the market and achieved a huge success by implementing growth hacking strategies.

1.1 Purpose of the Research

The aim of the theoretical framework is to handle the main concepts, first-rate examples and explain the strategies and structure that would enable to evaluate the success and realize the idea, logic, and purpose in the background of growth hacking. It is intended to analyze growth hacking that is implemented by high-technology startups to achieve the scalable and permanent growth.

The framework also has analyzed the main methods of growth hacking that are applied by technology giants. The real world successful examples are handled to clarify the interaction and close relationship between growth hacking and startups from the world of today's economy. The key features and working principles of growth hackers have been defined.

Uber, one of the most known firm operating in the transportation industries, applies technology to connect potential customers to suppliers, increasing efficiency by eliminating the need for intermediaries. Social media and community platforms are activating the network among participants. This sharing economy enabling sharing economy business are enabled by platforms to enter and obtain in a lot of sectors (Puschmann, 2016). The major cases are handled to detail and improve the study by utilizing the cross-sectional case study with empirical data by investigating potential growth hacking strategies that was implemented by Uber.

It is aimed to conduce to the early stage startups as pre-source by analyzing real world growth stories that can be role model for future growth process. This framework also can be guidance for companies & startups to get inspired for creating and developing their own growth hacking strategies appropriate for their own company infrastructures.

The mindset in the background of growth hacking across product development and marketing channels are examined that could be instructive for startups to transform the relevant people who are interested in their products into brand advocates.

It is also aimed to generate pre-source for the good product and underdog brands that have not reached their target audience yet and they can be able to raise, influence and be included in to the competitive market by assimilating growth hacking discipline. This case study can be helpful for startup founders and entrepreneurs that have a goal to disrupt legacy marketplaces by applying their growth strategy.

1.2 Hypotheses

This study aimed to discover significant and essential relationships between prominent company chosen as study case; Uber and Growth Hacking by evaluating and interpreting the hypotheses. For testing this purpose, the hypotheses are listed below:

H1: There is a relationship between Growth Hacking and Startups Success.

H2: There is a relationship between Growth Hacking and Marketing.

H3: There is a relationship between Product Development and Startups Success.

H4: There is a relationship between Product Market Fit and Startup Success.

H5: There is a relationship between regular acquiring, increasing and retaining users in short time between Startups Success.

H6: There is a relationship between Customer Acquisition between Growth Hacking.

2. THEORITICAL FRAME

2.1 Growth Hacking

Growth hacking is a relatively set of new marketing techniques developed by technology-based companies and a process of rapid experimental strategies based on marketing channels and product development to achieve scalable and sustainable growth in the short term by determining the most effective and efficient methods (Alltopstartups 2015; Wikipedia 2017). The process that combines traditional marketing and analytical skills with product development skills contains customer engagement and acquisition with social metrics (Elman, 2013). This discipline is the application of out of the box thinking and technology to provide tremendous growth in a short time (O'Kelley, 2015).

Dave Chaffey defines growth hacking, "*A mindset which focuses marketing activities on increasing the scale and profitability of business through testing and improving techniques for improving the value of audience touch points across the customer lifecycle of Reach, Interactions, Conversion, and Engagement.*" (Chaffey, 2016).

The businesses are transformed by applying out of the box marketing experiments and unique strategies that will be combined by growth hackers to increase revenue and gain a better position in the competitive market (Jahandarpour, 2016).

Humphrey defines the growth hacking as a process for gaining, engaging, and monetizing users more efficiently and defines the growth hacker as an expert who can obtain data, ideate, plan, implement, and use the essential tactics and strategies to achieve the objects (Ginn, 2013).
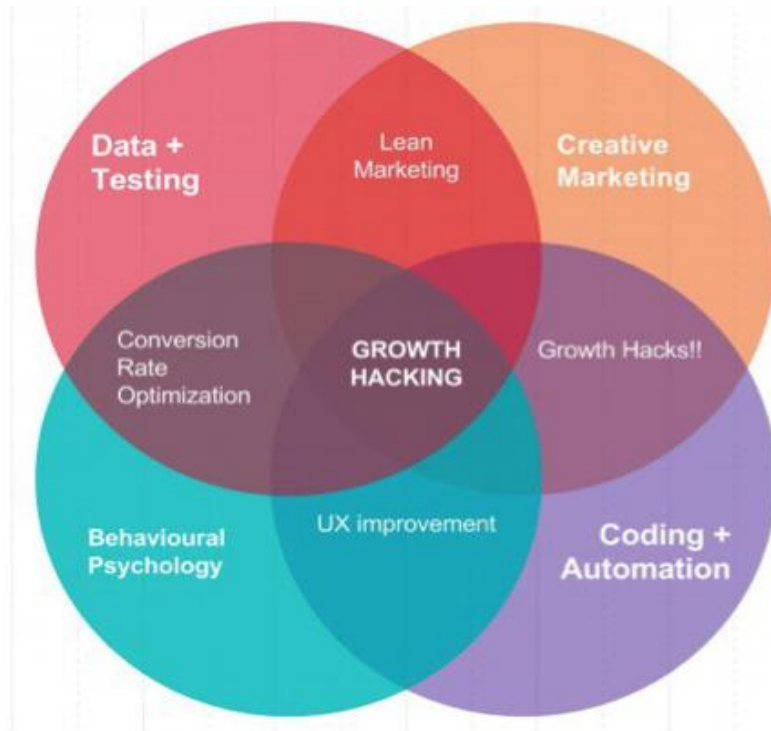
Figure 2.1 : The Professional Fields of Growth Hacking

Source: (Belicova, 2016)

David Arnoux of Growth-Tribe highlights the diagram including the professional fields of Growth Hacking. Various fields and disciplines are utilized to achieve the scalable and sustainable growth. In addition to competencies, there is a need for corporate culture developed with experiences. Not only online transactions but offline activities are crucial for Growth Hackers (Bluewhaleventures, 2016).

The growth hacking strategy focuses on continual repetitive and accelerating development of the core interest of the products and services. For this reason, the main aim of the companies is to achieve the product market fit, so the product is rediscovered and developed according to the consumer needs via innovations. Early adopters and opinion leaders have a crucial role in increasing brand awareness and spreading the new ideas, tech, and promotions of product development handling the tipping point which "*is that magic moment when an idea, trend, or social behavior crosses a threshold, tips, and spreads like wildfire.*" of product development (Holiday 2013; Gladwell 2017).

The Growth Hacking approach that also corresponds to agile marketing and growth marketing has created, revealed and increased the awareness of a lot of discipline and

discovery of new methods for the startup's growth and lead generation with the aim of development for innovative solutions. The people who are responsible for growth in startups would be able to gain the right and necessary qualifications via the growth hacking revolution in the marketing world (Hemphill, 2016).

Ellis mentions that startups can lead growth if they achieve success in customer acquisition, or they will completely fail and disappear. Because they have to deal with a very critical resource shortage problem, they need more advanced options to find solutions and reach their target groups. "*The best growth hacks take advantage of the unique opportunities available in a connected world where digital experiences can spread rapidly.*" (Hemphill, 2016).

2.2 Growth Hacker Qualifications

Growth hacker term is integrated itself into Silicon Valley's culture by underlining the importance of coding and technical skill that are now very necessary foundations of being a successful marketer. The marketer who is responsible for developing and implementing the growth hacking strategy is a growth hacker (Chen, 2012).

Holiday defines the growth hacker as an expert who applies unique tactics that are different from traditional marketing by their testable, trackable, and scalable qualities. E-mails, pay-per-click ads, blogs, and platform APIs are the tools that are preferred to commercials, publicity, and capital. Even though the marketing perception of Growth Hackers is more focused on indefinite concepts such as branding and mind sharing when they apply the right methods, customer acquisition that they achieved provides them to gain more users. Hence, growth hackers have become inventors, operators, and mechanics of their self-propagating and self-spreading machines so that they can turn a startup into a value from scratch (Holiday, 2013).
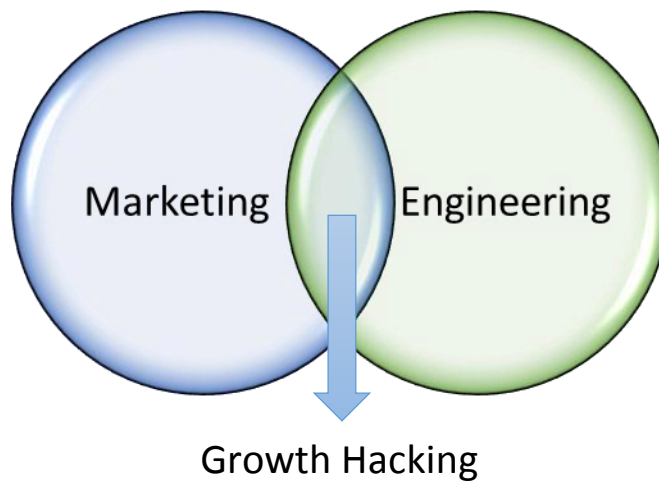
Figure 2.2 : Growth Hacking as a Fusion of Two Fields

Growth Hacking is the integration of two disciplines. A successful growth hacker have to be equipped with the capabilities to be effective in all these areas. So that they can achieve success in marketing metrics by discovering ways to use these disciplines in the most efficient way and planning strategies (Brody, 2013).

"*If a startup is pre-product/market fit, growth hackers can make sure virality is embedded at the core of a product. After product/market fit, they can help run up the score on what's already working.*"(Chen, 2012).

One of The Guardian's advertisements for a head of growth hacking was "*The Guardian committed to a 'digital-first' strategy and in order to support this, we are seeking a Head of Growth Hacking to manage a virtual, cross-functional team focused on GNM's growth hacking plan. This role is responsible for finding innovative ways to accelerate adoption, use, and retention to drive up audiences to the Guardian's digital product portfolio*" (Chaffey, 2016).

"*The end goal of every growth hacker is to build a self-perpetuating marketing machine that reaches millions by itself*" by Ginn (Holiday, 2013).

The innovations and the tactics that were not defined as "marketing" before, are transformed to marketing accelerators. Hotmail, Airbnb, Groupon or Spotify applied these growth accelerants that provide remarkable growth for startups (Holiday, 2012).

The growth hacking strategies are emerged because of the shortage of funding and lack of marketing experience that are the main problems of startups challenge. The businesses coming from startups were reluctant to apply tradition marketing. As they

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do not have a luxury of the advertising budget, they expanded the definition of marketing by creating tactics and discovering innovations and transformed the scarcity into an advantage. These scarcities and deficiency have created a framework for more efficient and effective mindset of growth hackers for the future solutions and implementations when problems come out (Bluewhaleventures 2016; Holiday 2012).

Aaron Ginn underlines the main characteristics of a growth hacker, who has a "mindset of data, creativity, and curiosity" allows growth hackers to achieve the permanent user acquisition (Ginn, 2012).

Data and metrics are essential in the scientific area where the growth hackers discover the accelerants for achieving growth. Instead of evaluating the metrics as reporting mechanism or data as information leakage, both values are used as a source of inspiration and guidance in the theory and testing process to create a better product by growth hackers. This scientific approach to growth is called engineering distribution by Jesse Farmer, co-founder of Everlane. "*The best growth hackers take a rigorous, empirical approach to growth and distribution.*" (Ginn, 2012).

Growth hackers always create innovative strategies to acquire new customers in the light of metrics and data. They do not limit their growth targets to just the data they have achieved, and explore new fields to get more creative opportunities. Greg Tseng, co-founder of Tagged, describes growth hacker as a combination of data and creativity. "*Are you good with both sides of the brain? If you are only creative, you'll never know how good your ideas are. If you only have an analytical mindset, then you'll know precisely how bad your ideas are!*" The ability to have creativity and analytical thinking enable a more consistent and systematic product creation. Matt Humphrey, co-founder of HomeRun defines, "*The creative folks intuitively design what's best for the user, while data folks provide great insights. The true unicorns are those who can go end-to-end designing, building, measuring, analyzing, and iterating with a combination of user intuition and deep analytics.*" (Ginn, 2012).

The curiosity mindset of the growth hackers let them learn more and make inferences. It would be possible to understand and evaluate the behavioral economics in depth by observing user behavior. Blake Commagere founder MediaSpike and a pioneer of social games says "*Growth hacking has a subtle message of what have you done for me today? You never stop as a growth hacker. Facebook still has a growth team and*

they have a billion users." Jesse Farmer defines, "*Good growth hackers have a deep understanding and curiosity of the how the internet works. A good growth hacker will read Nudge and Predictably Irrationality and see possible growth hacks*." (Ginn, 2012).

An effective and creative growth hacker is always considered to focus permanent growth and be selective in prioritizing the goals and test the strategies by analytical thinking before the implementation process for accelerating the growth (Holiday, 2012).

Growth Hacker's Assignment
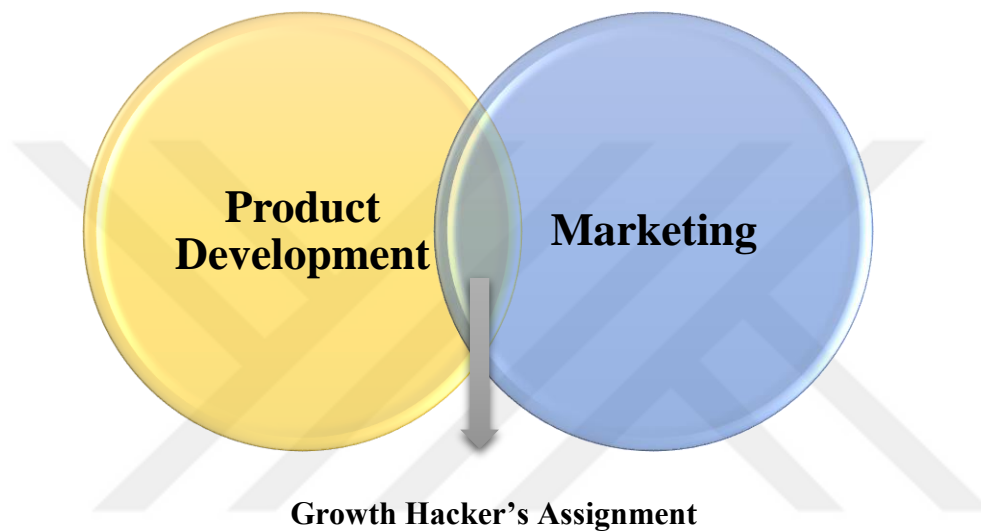
Figure 2.3 : Growth Hacker's Assignment

Source: (Bussang & Benbarak, 2016).

The growth of the profit and revenue that are the main goals of almost every company are also the priority responsibilities of growth hackers for all the operations they implement. The technology leader companies such as Facebook and Pinterest also consider product development and marketing, which form the basis of growth hacking, as integrated processes and customer and user acquisition, activation, retention, and upsell are obtained via this approach. Engineering, designing, analytics, product management, and marketing are major the functions that are applied cross-functionally for conducting and improving the growth initiatives. The primary responsibilities of the growth manager are to define the company's growth plan, coordinate and execute growth programs, and optimize the revenue funnel (Bussang & Benbarak, 2016).

2.3 The History and Evolution of Growth Hacking

The growth hacking term was first created by Sean Ellis founder and CEO of GrowthHackers and who also known for popularizing the term product/market fit with Hiten Shah, the co-founder and president of the analytics companies Kissmetrics and Crazy Egg and Patrick Vlaskovits, a New York Times bestselling author and entrepreneur in 2010 (Wikipedia, 2017). While Ellis was searching for his replacement with qualifications especially focused on growth, he realized that most of the marketing candidates were not relevant what the business required and sort of qualifications based on his view and perception. A traditional marketer characteristics would not answer the purpose what the startups need at the beginning (Patel & Taylor, 2017).

In 2010, the first definition was given by Sean Ellis was "*[…] 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 (FWIW, a case can be made).*" After Ellis's first blog article called "*Find a Growth Hacker for Your Startup*" and related some few articles had been published growth hacking term that started to spread through the startup, and the mission was formed by him that was upcoming to become a revolution in marketing for startups (Ellis 2010; Holiday 2013).

April 2012, Andrew Chen who currently works at Uber with the growth team, introduced the term to a wider audience by taking the term "growth hacking" from uncertainty to mainstream in a blog post titled, "*Growth Hacker is the new VP Marketing*" by pointing out the example of Airbnb's integration with Craigslist. This approach allowed Airbnb hosts to utilize Craigslist as a sales platform (Ginn 2012; Chen 2012). Chen mentions there are several new alternatives to acquire new customers for companies and the marketing concept is changing and developing for this reason the definition of marketing should be expanded. Holiday specifies in this article that growth hacking is a unique system of thinking and a different perception than a new tactic or strategy (Holiday, 2012).

He defines growth hackers "*are a hybrid of marketer and coder, one who looks at the traditional question of 'How do I get customers for my product?' and answers with A/B*

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tests, landing pages, viral factor, email deliverability, and Open Graph. On top of this, they layer the discipline of direct marketing, with its emphasis on quantitative measurement, scenario modeling via spreadsheets, and many database queries." (Chen 2012; Holiday 2012).

September 2012, Chen wrote an article titled "*You do not need a Growth Hacker*" where he emphasized the importance of product-market fit (PMF) and highlighted that priorities of companies should be focused on the product instead of "growth hacks" before hiring a growth hacker. Chen defines that primarily one of the most important influences in the success of businesses is a product manufactured by the market rather than a growth hacker. After achieving the efficient product even if the small audience admits it, the interaction will provide largely retention and engagement. This is finally because running on scalable growth is an optimization problem. Product management and technical functions need to be implemented together to ensure the growth curve that is already positive to reach higher values (Chen, 2012).

September 2012, Aaron Ginn who works on growth at Everlane, defines a growth hacker term in his article titled "*Defining a Growth Hacker: Three Common Characteristics as a mindset of data, creativity, and curiosity.*" (Ginn, 2012).

October 2012, the first Growth Hackers Conference was hosted by Erin Turner and Gagan Biyani in Menlo Park, California. In this period, the difference in the functioning between Growth Hacking and marketing disciplines was extremely uncertain.

December 2012, Ryan Holiday, author and former Director of Marketing at American Apparel, writes an article titled "*Everything Is Marketing: How Growth Hackers Redefined the Game.*" Holiday mentions that marketing is the lead generation that creates awareness of the target audience to conduct sales and social media provides communication. He explains "*Marketing, too many people forget, is not an end unto itself. It is simply getting customers. And by the transitive property, anything that gets customers is marketing. […] Welcome to growth hacking. Or better, welcome to actual marketing, where whatever works is marketing.*" (Holiday, 2012).

Table 2.1 : Google Trends & Key Words: Growth Hacking & Growth Hacker
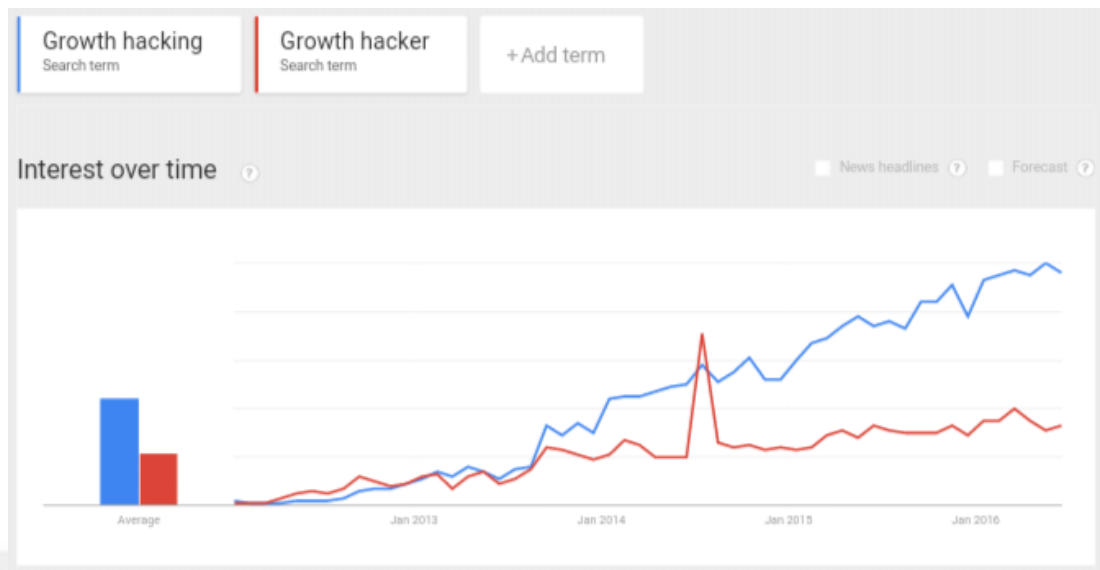
Source: (Google Trends, 2016).

The results from Google Trends that shows the birth and spread of the terms growth hacking and growth hacker from 2012 until June 2016 (Google Trends, 2016).

As Ellis mentioned "*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.*'' (Ellis, 2010).

2.4 The Startup Metric for Internet Community

The situation in which internet entrepreneurs struggle the most is growing. The real meaning of this concept is, in fact, rather than increasing the website traffic, the analysis of the life cycle of users and focusing on all the processes. The founder of 500Startups, Dave McClure emphasized the need for effective growth with the AARRR startup metrics model developed in 2007.

Table 2.2 : Customer Lifecycle / Conversion Behavior
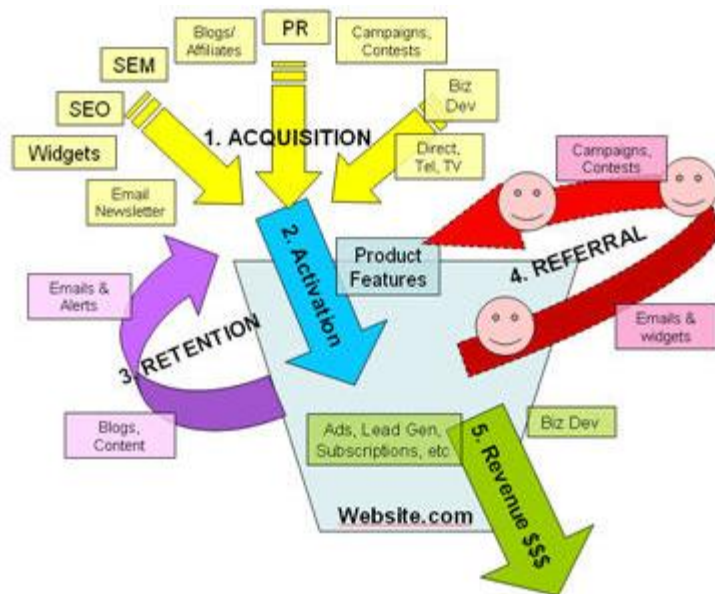
Source: (McClure, 2007).

All of the behaviors of our customers were presented for developing product and management.

● **A**cquisition: How the users reach the site from various channels and how to reach the target audience.

● **A**ctivation: How to make the gained user to get great experience and be active.

● **R**etention: How to make the user visit the site multiple times.

● **R**eferral: How to spread out by people who like the product enough to refer others.

● **R**evenue: How to make users to conduct some monetization behavior (How the company earns money) (McClure, 2007).

Table 2.3 : Example of Conversion Metrics

Category	User Status	Conv %	Est. Value
Acquisition	**Visit Site** (or landing page, or external widget)	100%	$.01
Acquisition	**Doesn't Abandon** (views 2+ pages, stays 10+ sec, 2+ clicks)	70%	$.05
Activation	**Happy 1st Visit** (views X pages, stays Y sec, Z clicks)	30%	$.25
Activation	**Email/Blog/RSS/Widget Signup** (anything that could lead to repeat visit)	5%	$1
Activation	**Acct Signup** (includes profile data)	2%	$3
Retention	**Email Open / RSS view -> Clickthru**	3%	$2
Retention	**Repeat Visitor** (3+ visits in first 30 days)	2%	$5
Referral	**Refer 1+ users who visit site**	2%	$3
Referral	**Refer 1+ users who activate**	1%	$10
Revenue	**User generates minimum revenue**	2%	$5
Revenue	**User generates break-even revenue**	1%	$25

Source: (McClure, 2007a).

The qualitative, quantitative, comparative, and competitive metrics and measurements are applied to develop the product marketing and management. The user behaviors, track usage & conversion %'s for all or experimental example of users are reported by quantitative metrics (Traffic Analysis &Session Monitoring). The user behaviors are observed and the problems and solutions from a few user are discovered by qualitative metrics (Usability Testing / Session Monitoring). The comparison of user behavior are carried out in one situation vs. another and the right and most efficient copy/graphics/UI are perceived by comparative metrics (A/B, Multivariate Testing). The channels, keyword traffic, demographic targeting, user satisfaction are evaluated. The competitors are strategies observed and compared to startup's activity (McClure, 2007b).

Table 2.4 : Startup Growth Phases

	Startup	Transition	Growth
Goal	Product/Market fit	Discovering growth levers	Turning up growth levers
Metric	Retention (CPA > LTV)	Growth Rate (CPA ~ LTV)	Growth Rate (CPA < LTV)
Channels	Experiment to find 1 channel	1 channel	Focus on > 1 channels
Optimization	Macro	Macro + Micro	Micro
Tools	Lean Startup	Lean Startup + Growth Hacking	Growth Hacking

Source: (John, 2014).

The growth and development process of the startups starts by achieving the product market fit.

2.5 The Differences between Growth Hacking and Traditional Marketing

Growth hacking and traditional marketing are very similar to each other on their bases, and despite both of them aim to achieve organizational growth and success. The tactics they pursue to achieve and the strategies they apply are different.

Growth hacking is not a process that will replace or be a substitute for traditional marketing. However, it can be considered as an alternative for a traditional marketer (O'Brien, 2013). Two disciplines are different from each other over four basic fields such as people, approach, channels and process.

Table 2.5 : The Difference Between Traditional Marketing and Growth Hacking over "People"

Source: (Sukhraj, 2016).

Growth hacking is a form of thinking that first adopts a rapid growth approach in a short period after product market fit has been achieved. A growth hacker discovers innovative methods to utilize existing platforms for growth. Growth hacking has a major role in tech ecosystem as it emphasizes the importance of data and encourages marketing to focus on product design (Sukhraj, 2016).

In traditional marketing, while growth data are recorded, growth hackers rely on their analysis of their implementation and full growth by creating a growth plan.

Table 2.6 : The Difference Between Traditional Marketing and Growth Hacking and over "Approach"
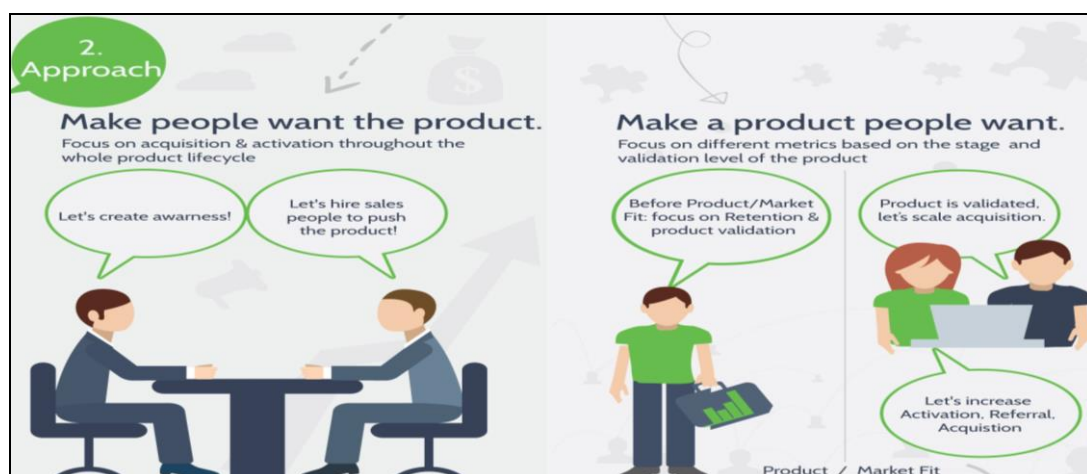
Source: (Sukhraj, 2016).

When achieving product market fit, growth hacking starts the channel process such as free and low cost alternatives. The product market fit is essential for startup growth, it will not be possible if the focus is on the wrong product and the startup will not be able to achieve customer retention. In traditional marketing strategies, while visual campaigns are preferred, Growth Hacking's decisions are based entirely on data. For example, an attempt is made with a budget of each campaign and analysis results is maintained at a high return received campaigns.

Table 2.7 : The Difference between Traditional Marketing and Growth Hacking over "Channel"

Source: (Sukhraj, 2016).

Traditional marketing focuses more on long-term plans and focuses more on marketing strategies such as branding, print, vision, TV and large online platforms and social media. The mindset of growth hacking does not ignore these strategies too (O'Brien, 2013).

Growth hacking mentality is to focus on what is most effective to grow the business. To obtain first-time users and reach the target market, the priority is to use the most effective channel, even if it is a traditional one, to resort to growth hacking strategies later on.

Table 2.8 : The Difference between Traditional Marketing and Growth Hacking over "Process"
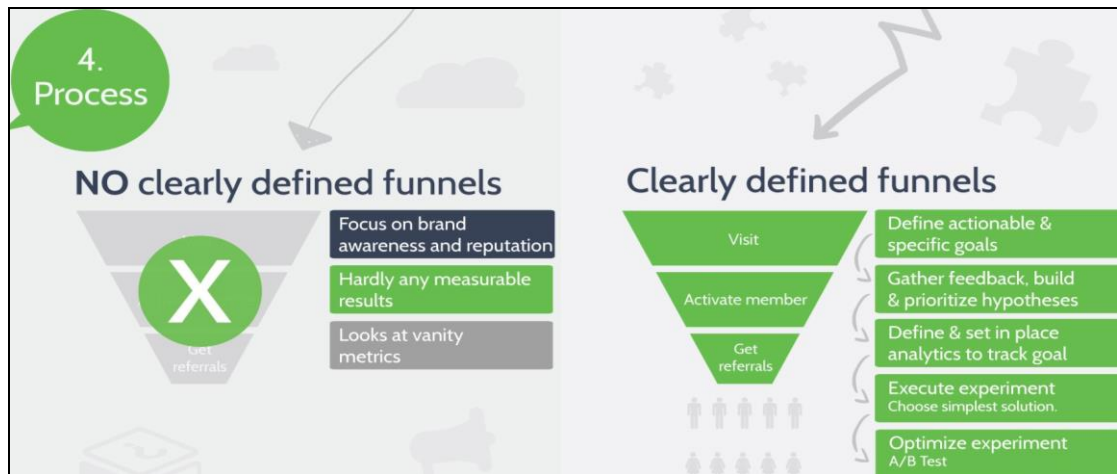
Source: (Sukhraj, 2016).

The main differences of Growth hacking's marketing approach is to achieve the rapid growth in the short term by low- costs channels from traditional marketing that creates the brand awareness through conventional media is data driven and split testing.

In the traditional sales marketing strategies, while doing sales-oriented studies completely, the concept of Growth Hacking is being improved by analyzing and making use of the product in a competitive environment and being used by the end user in the long term.

Lars Silberbauer, Senior Director of LEGO Group Lego specified if the growth hacking replaces the traditional marketing or not "*It depends on the needs and situation. Creating traditional present TV campaign requires a lot of investment. Because of doing pre-production and a lot of link testing of your content a lot of money have to be invested to the content then the campaign lounges basically. After action review and it is figured out and criticized if it was a success or not. It is such like a rocket that you launched and put everything on and you have one chance to achieve. Social media for me is more like you actually need to get out on the ocean in a sail boat you need to feel when the winds are blowing and the ways are driving you. You need to have an excellent and talented team to navigate this boat and make sure that you are in safe so you can't go one line direction using the elements and trends you have to get out. You need to get your feedback there before how to do it, how to drive*

your company. It is a kind of a journey or engagement that you want to have."
(Interview with Silberbauer).

Table 2.9 : The Mindset Differences between Traditional Marketing and Growth Hacking

Benchmarking Values	GROWTH HACKING	TRADITIONAL MARKETING
Uncertain Approach	Risky	Safe
Size of Investment	Small Investment	Big Investment
Future Orientation	Un-Predictable	Predictable
Probability Level	Agile	Non-Agile
Size of Company	Startup	Established Company
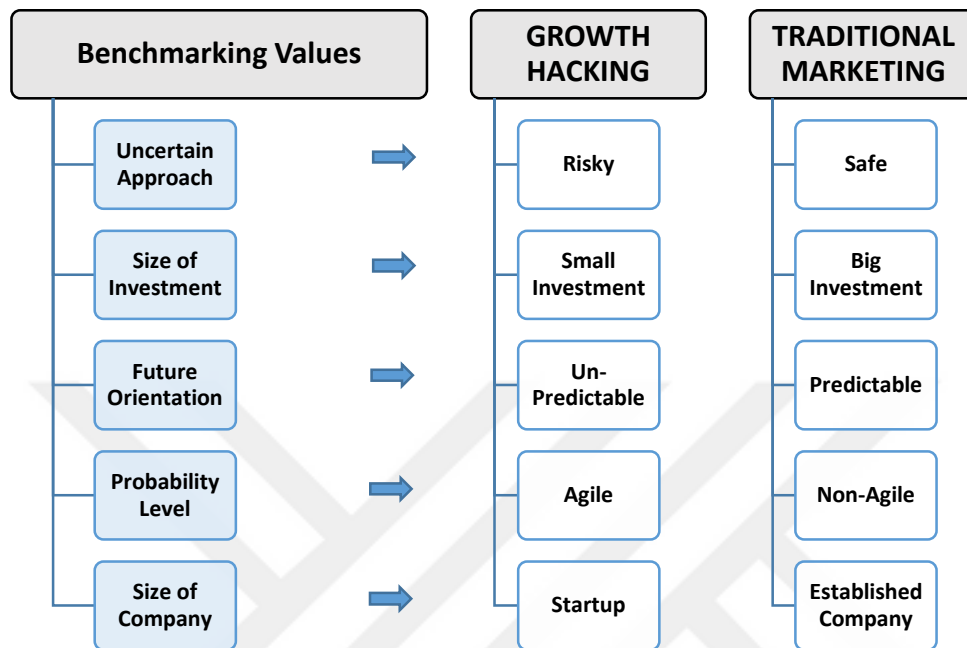
Source: (Interview with Silberbauer).

There are specific techniques that are applied separately to each business and cases. Growth hacking is not a procedure of periodical hack strategies that are taken by instant decision and will provide sudden permanent growth or remove mountains for engaging the huge audience in a short period.

2.6 The Real World Examples of Successful Companies that have applied Growth Hacking

2.6.1 Hotmail and Implementations of Growth Hacking

A broad variety of different online-based businesses concentrate on and implement growth hacking strategies principally. One of the earliest and most prominent examples of Growth Hacking was Hotmail that was the one the first company providing free email service. The greatest Internet growth story that was about one of the earliest tech startups in technology was encouraged one sentence in Hotmail's email signature in mid-1990. Tim Draper, one of the Hotmail investor suggested that

in every email that was sent by Hotmail, to add a signature on the bottom of the mail "*P.S. Get Your Free Email at Hotmail*" that are sent from their existing users for acquiring and attracting the new users. The company added a link also added along with the tagline that business or family environment of existing users would be able to click easily and set up own accounts.

Table 2.10 : Customer Acquisition of Hotmail

When they sold to Microsoft 1.5 years after launch, Hotmail had **12 million users**

(There were only 70 million internet users at the time)
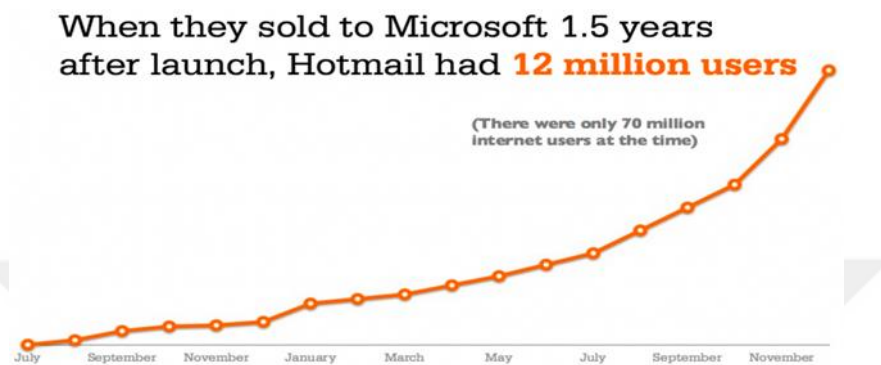
Source: (Smartinsights, 2017).

Instead of using the marketing budget for advertising, Hotmail that is the groundbreaking browser-based email service used the free resource; the existing users that they already had. This method was one of the earliest growth hacking strategies that were implemented by Hotmail. After one month of application of growth hack, the number of users increased from 20.000 to 1 million within six months. The company reached 10 million users in December 1997 and Microsoft acquired Hotmail for $400 million. Their growth boosted and had achieved to acquire 12 million users within 18 months. (In 1996, there were nearly 20 million internet users) (Gidwani 2013; McLaughlin 2014).

2.6.2 Airbnb and Implementations of Growth Hacking

When the two designers, Chesky and Gebbia could not effort the rent of their flat in San Francisco, they decided to change their loft into a lodging house. As they thought posting on Craigslist would be too impersonal they decided to build their web site (Allentrepreneur, 2009).

At the beginning of the story, due to a design conference held in town, hotel areas were inadequate. For this reason, they set up a simple web site where they published the

pictures of the rooms on the loft with three air beds on the floor and a homemade breakfast promise in the morning. Through this site, they got the opportunity to reach people and they earned $80 per 3 renters who were the first costumers they acquired. After the first weekend, the interest in the site increased all over the world. They started to receive e-mails of demand that asks when web site would be available for centers such as London, Buenos or Japan (Crook & Escher 2015).

The designer clarifies that they did a very detailed analysis of ideas and actualized their market research about how to create a larger, international version of the site for their business. In this regard, while solving their economic problems, they have created a solution to the demands. When they feel fully prepared, they have started to work professionally by venturing all risks and ambiguities and developed it from day to day (Allentrepreneur, 2009).

They invited the roommate their former roommate and engineer Blecharczyk to enter the venture. They organize the launch of the company that is called Airbnb & Breakfast, around the Democratic National Convention with the aim to benefit from the shortage of the hotel room in summer of 2008 (Crook & Escher 2015). In seven years, the idea of "Airbed and Breakfast" has now turned into Airbnb in 2009 and it has exceeded the leader of the global hospitality industry, Hilton Hotels in nights booked. Since the spring of 2014, Airbnb has gained 10 million customers and 550,000 estates have been listed global and reached a value of $10 billion (Brown, 2016b).

Table 2.11 : Funding Rounds of Airbnb

Funding Rounds (10) - $3.95B   UPDATE

Date	Amount / Round	Valuation	Lead Investor	Investors
Sep, 2016	$555.46M / Private Equity	—	CapitalG / TCV	5
Jun, 2016	$1B / Debt Financing	—	JP Morgan Chase & Co.	4
Nov, 2015	$100M / Private Equity	—	FirstMark Capital	1
Jun, 2015	$1.5B / Series E	—	General Atlantic / Hillhouse Capital Group / Tiger Global Management	14
Apr, 2014	$475M / Series D	$10B	—	6
Oct, 2013	$200M / Series C	—	Founders Fund	5
Jul, 2011	$112M / Series B	—	Andreessen Horowitz	8
Nov, 2010	$7.2M / Series A	—	Greylock Partners	8
Apr, 2009	$600k / Seed	—	Sequoia Capital	2
Jan, 2009	$20k / Seed	—	Y Combinator	1

Source: (Crunchbase, 2017)

The company has earned $776.4 million from 7 funding rounds (The latest funding has risen to $500 only) from investors. The total equity funding valued $2.95B in 9 rounds from 39 investors (Crunchbase, 2017).

Table 2.12 : The Investors of Airbnb

Investors (43)

Investor	Round(s)	Partner(s)
Airbnb	Series C	Reid Hoffman
Altimeter Capital	Private Equity	-
Andreessen Horowitz	Series B (Lead)	Jeff Jordan
	Series D	Jeff Jordan
Ashton Kutcher	Series A	-
	Series B	-
	Series C	-
Baillie Gifford	Series E	-
Brand Capital	Debt Financing	-
CapitalG	Private Equity (Lead)	-
China Broadband Capital	Series E	-
Citigroup	Debt Financing	-
CrunchFund	Series B	-
	Series C	-
Dragoneer Investment Group	Series D	-
DST Global	Series B	Yuri Milner
Elad Gil	Series A	-
Fidelity Investments	Series E	-
FirstMark Capital	Private Equity (Lead)	Rick Heitzmann
Founders Fund	Series C (Lead)	-
General Atlantic	Series E (Lead)	Anton Levy
General Catalyst	Series B	Joel Cutler
Geodesic Capital	Private Equity	-
GGV Capital	Series E	Hans Tung / Glenn Solomon
Glade Brook Capital Partners	Private Equity	-
Greylock Partners	Series A (Lead)	Reid Hoffman
Groupe Arnault	Series E	-
Hillhouse Capital Group	Series E (Lead)	-
Horizons Ventures	Series E	-
Jeff Bezos	Series B	-
Jeremy Stoppelman	Series A	-
JP Morgan Chase & Co.	Debt Financing (Lead)	-
Keith Rabois	Series A	-
Kleiner Perkins Caufield & Byers	Series E	-
Morgan Stanley	Debt Financing	-
Oliver Jung	Series B	-
Sequoia Capital	Seed (Lead)	Alfred Lin
	Series A	Alfred Lin / Greg McAdoo
	Series B	Alfred Lin / Greg McAdoo
	Series C	Alfred Lin
	Series D	Alfred Lin
	Series E	Alfred Lin
Sherpa Capital	Series D	Scott Stanford / Shervin Pishevar
SV Angel	Series A	Ron Conway
TCV	Private Equity (Lead)	-
Temasek Holdings	Series E	-
Tiger Global Management	Series E (Lead)	-
TPG Growth	Series D	-
T. Rowe Price	Series D	-
	Series E	-
Wellington Management	Series E	-
Y Combinator	Seed (Lead)	-
	Seed	-
Y Ventures	Series A	Kevin Hartz

Source: (Crunchbase, 2017)

Table 2.13 : The Customer Acquision of Airbnb yearly
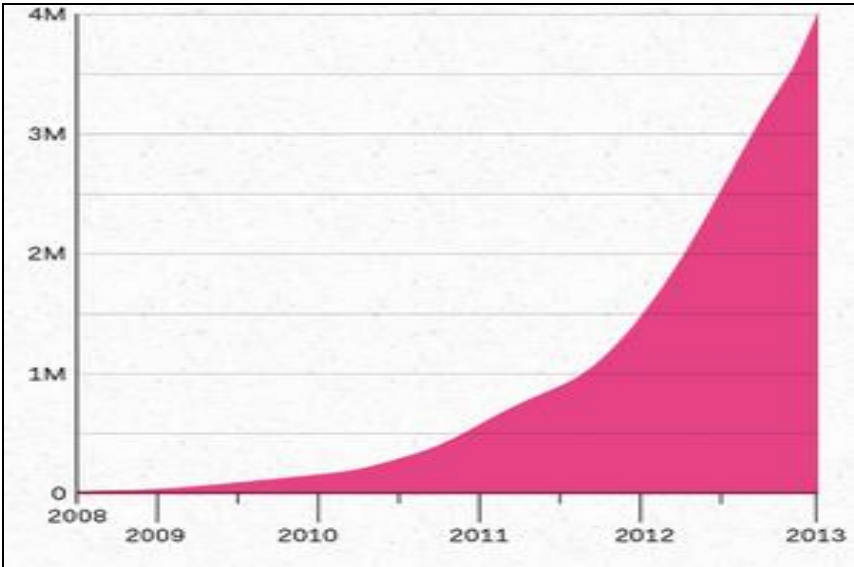
3 million customers visited Airbnb in 2012 alone then the number reached to 4 million in 2013 (Brown, 2016b).

Table 2.14 : Airbnb Funding Growth (2010 -2014)
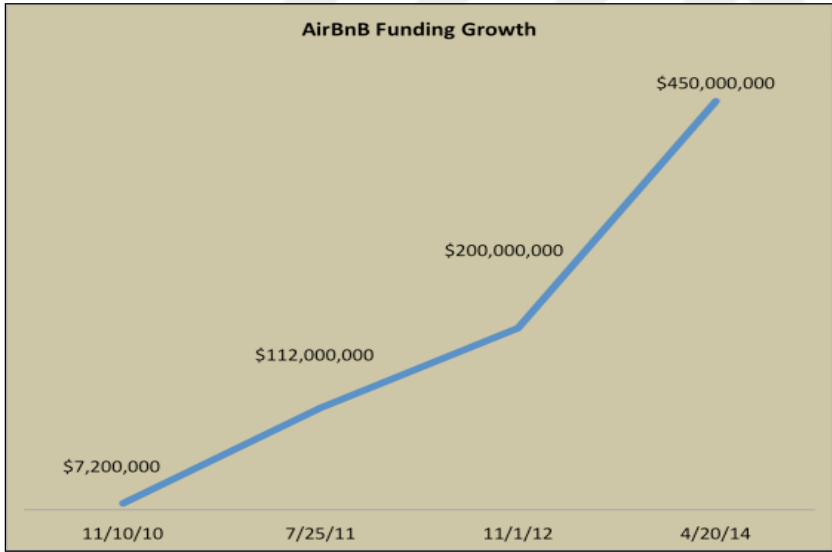
Source: (Ferenstein, 2014).

Table 2.15 : Uber Funding Growth (2009 -2014)

The history of the technology industry has obtained the most remarkable startup growth example of Uber and Airbnb that are the giants of the sharing economy. Although the opposing of governments, communities, or businesses that were disrupted by them, Uber and Airbnb continue to accelerate and grow exponentially.

Investment increased by 6,000% in five years with Uber's $ 1.2 billion latest funding round. The valuation of the business has achieved 18 billion dollars. There are about 550 employees. Since 2009, the growth of Airbnb has reached $ 750 million. The value of funding was $ 450 million, a valuation of $ 10 billion, and more than 600 employees (Ferenstein, 2014).

Table 2.16 : Airbnb Listings Growth

25

User acquisitions of Airbnb are higher than Uber. Airbnb has doubled the list in most of the years in reports that were created based on various funding rounds (Ferenstein, 2014).

Table 2.17 : The Valuation Ranking List of Companies Including Uber and Airbnb

	TOTAL EQUITY FUNDING	LATEST VALUATION	LATEST VALUATION DATE	YEAR FOUNDED	ROUNDS OF FUNDING
Uber	$1.6 billion	$18.2 billion	June 2014	2009	5
Airbnb	$0.8 billion	$10.0 billion	Apr. 2014	2008	7
Dropbox	$507 million	$10.0 billion	Jan. 2014	2007	5
Palantir	$594 million	$9.0 billion	Sept. 2013	2004	5
Pinterest	$0.8 billion	$5.0 billion	May 2014	2008	8
SpaceX	$115 million	$4.8 billion	Dec. 2012	2002	4

Both Uber and Airbnb has been leaders in valuation of competitive environment (Ferenstein, 2014).

Both Uber and Airbnb will have to reach a conclusion by compromising with the demands of the government and the units they face. The sharing economy also has advocator consumers on its side. A recent survey found that consumers are members of the sharing economy because of philosophical reasons rather than financial reasons (36% vs. 31%). The presence of brand advocates shows that the sharing economy has a future that will grow for now (Ferenstein, 2014).

2.6.2.1 Customer Acquisition of Airbnb

Craigslist integration implemented was Airbnb's most famous growth hack. Airbnb allowed cross-posting that is a form of marketing, users' listing to Craigslist (Saleem, 2014). After the company set-up, it implemented two based strategies to continue to expand rapidly. The first and most famous part of the strategy included cross posting automatically to Craigslist in 2010. Users would be able to attain Airbnb's posts that would provide business transfer from Craigslist directly to the site of Airbnb.
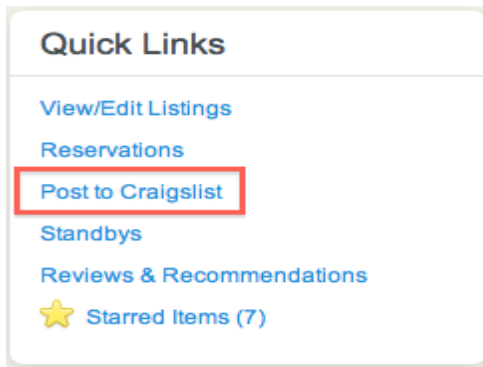
Figure 2.4 : Airbnb Directs Its User to Craigslist

Source: (Chen, 2013).

Airbnb's strategy was to transfer existing users of Craigslist to their platforms by integrating the service platform and offering better alternatives for renting a house. Airbnb smartly managed, the mutual two-way stream between Craigslist and their site.

Airbnb did not have to make too much effort for the most effective and fast user acquisition research. They obtained the target market that they were looking for indirectly by discovering Craigslist's broad user base. Craigslist was the platform that people look for an option different than the conventional hotel experience searched for lists (Brown 2016b; Gooden 2011).
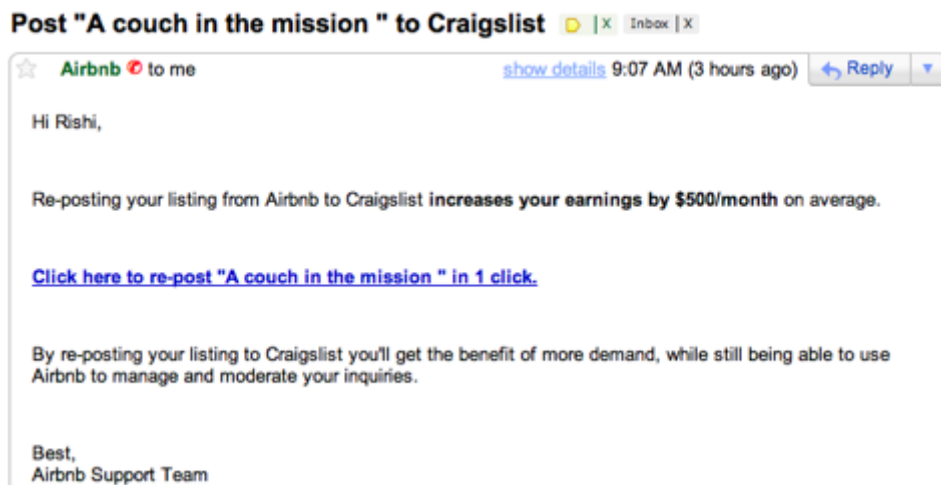
Figure 2.5 : Airbnb Fake Email Accounts for Brand Advocacy

Airbnb's second strategy, slightly exceeding ethical limits, was the creation of fake email accounts, which are brand advocators (Gooden, 2011). When a post related to housing is added by a Craigslist user in any case the user clicked on the box where access is prevented for commercial interests, an email recommending Airbnb is sent to the poster by the fake account. The email included a direct link and was set up as belonging to a real person who was in charge of helping the poster to find a buyer. Airbnb adapts the fake instead of original one, as it is very difficult for companies to catch up successfully with WOM organically (Gooden, 2011).

Craigslist keeps the listing information by utilizing a unique URL instead of a cookie. Airbnb succeeded in building a bot to visit Craigslist, prevent a unique URL, enter the listing info, and send the URL to the user to publish (Brown, 2016a).

2.7 The Ethical Evaluation of Growth Hacking

Growth hacking is simply the whole process of searching for an internet enterprise as a result of online analysis and forming the necessary growth plan. The connotations of the term "hacker" that raise doubts in the minds are based on the activities that growth hacker have applied. The term is often used in connection with cybercriminals. There are different definitions of term "hacking" that clarifies the skills and working style according to the implementations of the growth hackers.

Hacking is not an illegal activity unless the hacker compromises a system without the owner's permission. Hackers are often classified as "white hat", "hat with hat" and "black hat" (Kovacs, 2015).

3 types of hackers such as ingenious hacker, software hacker and illegal hacker have characteristics similar to each other and also different from each other. "Ingenious Hacker" is a term sometimes used to describe people who are intelligent, creative and expected to sometimes find their original solutions that other people may have overlooked. That is why growth hackers are expected to extreme creative like ingenious hackers to discover the ways to grow successfully. "Software Hackers" term is sometimes used to describe a software engineer, and although growth hackers are not programmers they apply technology-based solutions such as software, databases, APIs, and related tools to achieve growth. It is essential for a growth hacker to understand to technology very well to achieve as generally the products are technology based. Even if they are not as deeply equipped as software hackers, they must be sufficiently knowledgeable in managing operations related to programming and coding. "Illegal hacker" is a term to identify people who access into systems without permission by breaking their security vulnerabilities. "Black hat" activities are the examples of illegal hackers that can be unfair or unethical such as spam emails & sms, fake accounts or other linking SEO tactics. One of the most popular examples of attacks on computers is the "zero-day vulnerabilities". Some growth hackers are expected to apply to these strategies and take advantage of vulnerabilities (Patel & Taylor, 2017).

The fake identity and underhanded suggestion tactics that Airbnb implemented for customer acquisition are clearly deceptive and unethical, even if this was all legal.

Growth hacking implementations should be completely ethical and should never be in the spam category. The ethical operation is to compete by producing more effective products than other competitors without wasting the time and budget.

Growth Hacking will justify being applied as an effective marketing tool in the global digital economy as soon as it pioneers the new opinions and inspirations.

3. THE CASE STUDY: UBER

3.1 Growth Hacking Implementation across Marketing on Uber

Uber Technologies Inc. is an American worldwide online transportation network company that was established in San Francisco, in 2009 California by Travis Kalanick and Garrett Camp, a successful technology entrepreneur, co-founded StumbleUpon after these two Silicon Valley entrepreneurs had trouble finding a taxi in 2008 as an alternative to taxi rides. Thus a new startup is created with the aim of providing a solution to the serious taxi problem in San Francisco. The company was formed as a black luxury car service. Uber app is developed to authorize customers with smartphones to offer a trip request by the software program that automatically sends to Uber driver nearest to the customer and alerting the local driver to the location and destination of the customer (Pilieci 2014; Goode 2011).

After Uber's Foundation in San Francisco, it also expanded to New York in 2010 for the purpose of ensuring to be the appropriate great alternative to taxi industry and poorly-funded public transportation system.

There are some accelerants that increase the popularity of Uber's rapid growth. The services offered by Uber are much more useful and developed than traditional cab campaigns. It has become an eye-catching alternative for customers who are not satisfied and whose needs do not meet with traditional corporate service models offered by other transportation companies. Uber provides a higher level of service to its customers, as it is more selective in the taxi drivers it employs than traditional cab companies. Uber service allows customers to rank the drivers. Thus, this evaluation contributes to the control of the drivers and improve the quality control. Another innovation that Uber provides to its customers is to monitor the drivers they have called on the map by the app to estimate their arrival time. In this way, the customer is not exposed to an ambiguous waiting process.

Uber is considered to be "unicorns" - companies that are valued at $1 billion or higher, based on fundraising and ranked 1th in the unicorn list, being valued at $68 billion (Cbinsights, 2017).

Table 3.1 : The Unicorn List: Current Private Companies Valued At $1B And Above

Company	Valuation ($B)	Date Joined	Country	Industry	Select Investors
Uber	$68	8/23/2013	United States	On-Demand	Lowercase Capital, Benchmark Capital, Google Ventures
Xiaomi	$46	12/21/2011	China	Hardware	Digital Sky Technologies, QiMing Venture Partners, Qualcomm Ventures
Didi Chuxing	$33.8	12/31/2014	China	On-Demand	Matrix Partners, Tiger Global Management, Softbank Corp.,
Airbnb	$30	7/26/2011	United States	eCommerce/Marketplace	General Catalyst Partners, Andreessen Horowitz, ENIAC Ventures
Palantir Technologies	$20	5/5/2011	United States	Big Data	RRE Ventures, Founders Fund, In-Q-Tel
Lu.com	$18.5	12/26/2014	China	Fintech	Ping An Insurance CDH Investments, Bank of China
China Internet Plus Holding	$18	12/22/2015	China	eCommerce/Marketplace	DST Global, Trustbridge Partners, Capital Today
Snapchat	$18	12/11/2013	United States	Social	Benchmark Capital, General Catalyst Partners, Lightspeed Venture Partners
WeWork	$16.9	2/3/2014	United States	Facilities	T. Rowe Price, Benchmark Capital, Wellington Management
Flipkart	$16	8/6/2012	India	eCommerce/Marketplace	Accel Partners, Digital Sky Technologies, Iconiq Capital

Here in the list, the valuation of companies are shown, the highest company is Uber with $68 billion, also another remarkable example of growth hacking success is Airbnb with the valuation, $33 billion (Cbinsights, 2017).

Over time, Uber expanded to nearly 75 countries and 582 cities worldwide and generated about $3.76 billion in net revenue in August of 2016 and valued $69 billion (Melhem 2015; Uber 2016; Newcomer 2017). Google Ventures invested $258 million in the startup in 2013, a full 86% of their $300 million annual budget that provides company access to Google's technology (Wilhelm, 2013). As of December 2015, the company was valued at $62.5 billion (Newcomer, 2015).

Customized ride options such as such as luxury vehicles, motorcycles, and even supercars offered by Uber. The reputation of Uber exploded due to its easy-to-use interface and low fares. In 2014, 1 million rides per day were obtained in 382 cities globally (Huet, 2014). Uber has gained remarkable market share in the United States and worldwide.

Table 3.2 : Uber's Funding Rounds 2009 – 2016

Funding Rounds (14) - $11.46B				UPDATE
Date	Amount / Round	Valuation	Lead Investor	Investors
Jul, 2016	$1.15B / Debt Financing	–	Morgan Stanley	4
Jun, 2016	$3.5B / Private Equity	–	Saudi Arabia's Public Investment Fund	1
Feb, 2016	$200M / Private Equity	–	Letterone Holdings SA	1
Aug, 2015	$100M / Private Equity	–	Tata Capital	1
Jul, 2015	$1B / Series F	–	–	5
Feb, 2015	$1B / Series E	–	Glade Brook Capital Partners	9
Jan, 2015	$1.6B / Debt Financing	–	Goldman Sachs	1
Dec, 2014	$1.2B / Series E	$40B	Glade Brook Capital Partners	8
Jun, 2014	$1.4B / Series D	$18.2B	Fidelity Investments	9
Aug, 2013	$258M / Series C	$3.5B	GV	3
Dec, 2011	$37M / Series B	–	Menlo Ventures	12
Feb, 2011	$11M / Series A	$60M	Benchmark	6
Oct, 2010	$1.25M / Angel	–	First Round	29
Aug, 2009	$200k / Seed	–	Garrett Camp / Travis Kalanick	2

Here is the list of companies that are invested in Uber, total funding rounds valuation is $11.46 billion. In 2013, Google Venture invested $258 million in Uber (Crunchbase, 2017). Google Ventures Chief Executive Officer, Bill Maris specifies that Uber is their largest investment (Bloomberg, 2017).

Non-taxi driving rideshare services have been modified and adapted to its business model in recent years. Providing the ridesharing services are implemented by licensed taxi drivers joining the system and connection is provided between the passengers and the drivers of vehicles for hire by integrating of mobile application into its own business. Reserving vehicles by sending text messages or through the use of the application on mobile devices and tracking the vehicle during its arrival at their location are possible for customers (Suslo, 2016).

Table 3.3 : Uber, Didi, and AirBnB vs. The Rest of On-Demand
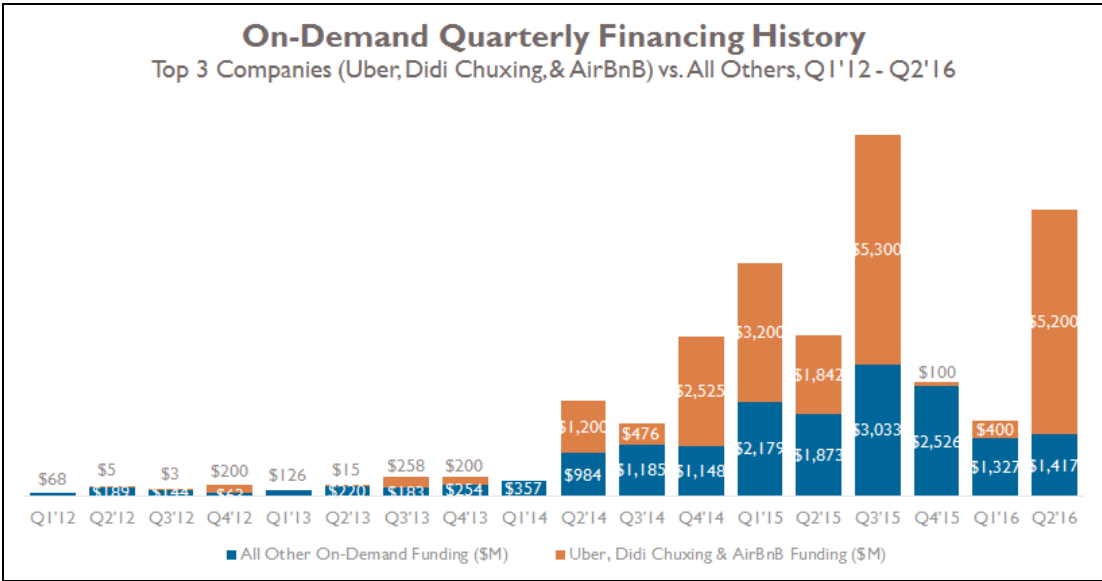
On-Demand Quarterly Financing History
Top 3 Companies (Uber, Didi Chuxing, & AirBnB) vs. All Others, Q1'12 - Q2'16

Top 3 Companies (Uber &Didi Chuxing & AirBnB) vs. All Others, QI'12 - Q2'16. On- Demand Quarterly Financing History. In the chart below, the funds that has been provided to Uber, Didi Chuxing and AirBnB, which are one the best companies in the sector are compared with other on-demand companies. As shown in the chart, the first three companies in many quarters have collected more money than the sum of all other established on-demand startups. Especially in Q3'15 and Q2'16, it made up a large part of the quarterly growth of the top three companies (Cbinsights, 2016).

The charge is automatically calculated and payment is transferred to the driver by Uber application. Since Uber's launch, some companies applied the similar business model that became a trend and mentioned as Uberification (Boland, 2014 & Schlafman, 2014).

Uber Co-Founder and CEO Travis Kalanick explains, "*In the beginning, it was a lifestyle company. You push a button and a black car comes up […] to get a black car to arrive in 8 minutes.*" (Mangalindan, 2014).

Uber is believed to have done the fastest growth in the past as Airbnb did. Benchmark Partner, Bill Gurley investor for both eBay and Uber claimed, "*Uber is growing faster than eBay did […] [it] is probably the fastest growing company that we've ever had.*" at Disrupt NY 2013. In 1997, $6.7 million was invested in eBayby Benchmark that is also an investor in Uber and Sherwin Pishevar, Uber investor confirmed "*Uber is the*

fastest growing company I have ever seen." These consumer companies, eBay and Uber have gained many customers in a very short time. (Dillet, 2013).

With Uber's involvement in the market, new methods, strategies, and a different marketing approach emerged. The change and development of traditional market structure and approach allowed Uber to operate and be active in an existing and previously unused area of the transport sector.

As Uber investor and advisor Shervin Pishevar says, "*Uber is building a digital mesh, a grid that goes over the cities,*" and "*Once you have that grid running, in everyone's pockets, there is a lot of potential for what you can build as a platform.*" Uber became a phenomenon by providing an efficient and cost-effective solution to travel safely from A to point B for people around the world. Passengers will be picked up by the black car, taxi or a peer-to-peer driven car in less than 5 minutes by the use of Uber app (Gogineni, 2014).

According to PWC, the five main sharing economy sectors generated about 15 billion dollars in global revenue in 2015. Moreover, it is estimated that by 2025, these same five sharing economy sectors have the potential to generate revenues of a staggering 335 billion dollars (PWC, 2015).

Table 3.4 : Uber's Cash in Billions

Source: (Solomon, 2016).

Unlike Uber, such large losses will cause most companies' functions and activities to end. More than $9 billion in funds, including $2.1 billion in round made public has been received by the world's largest private venture-backed startup in December. Much fundraising allows Uber to spend more than will also continue shortly. Cash and

cash equivalents rose from $1.96 billion at the end of 2014 to $4.15 billion in mid-2015 (Solomon, 2016).

Table 3.5 : Uber's Sales & Marketing in Millions
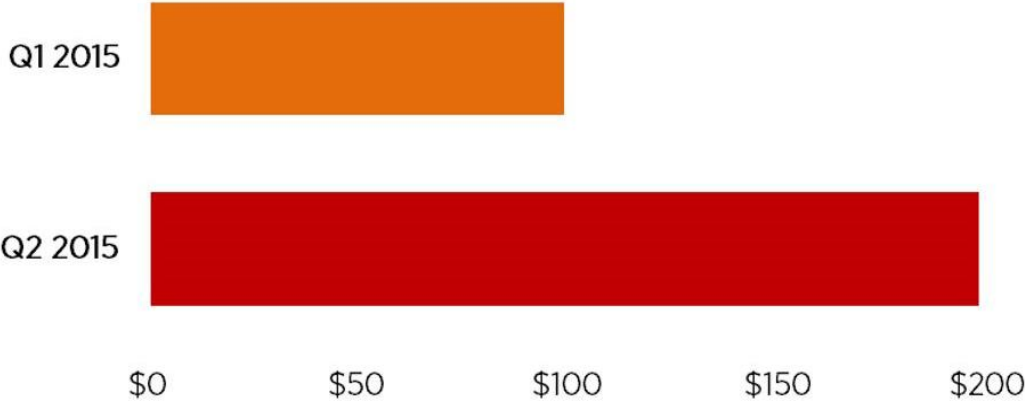
Source: (Solomon, 2016).

Uber's marketing and research costs are rapidly increasing. The largest expense category of Uber is sales and marketing that registered $246 million for 2014. In the first half of 2015, the category increased to $295 million and more than doubled just from the first quarter $98.2 million to the second $196.8 million. The expenses of R&D increased to $94.7 million in the first half of 2015 from just $65.9 million in the full year 2014 (Solomon, 2016).

3.2. Supply & Demand Balance (The Need for Uber)

Uber demonstrated being a successful company by addressing the challenges that customers face with traditional taxi companies. Uber has solved a real problem, which would affect millions of people, by disrupting the monopoly of taxi transportation in many cities. They became a pioneer on what they have innovated on from the beginning to the end to discover a completely different experience (Brown, 2016a).

The lack of competition and alternative in the for-hire transportation market, allowed taxi companies to take advantage of the situation. The technological innovation and development of ride-sharing applications is the primary challenge that taxi industry is exposed (Uber, 2016).

Founders and investors identified the infrastructure problems through the public transports, which makes it difficult for people to go around easily. The traditional cab companies do not offer good enough services but the prices are more affordable for people's budgets. The companies offering higher quality services are more expensive in direct proportion to the overall average customer budget. Uber has solved this problem by providing service at a cheaper cost that the other taxi options that give a higher level of service and satisfied the demand (Siu, 2016).

Table 3.6 : On-Demand Mobile Services Financing Trend
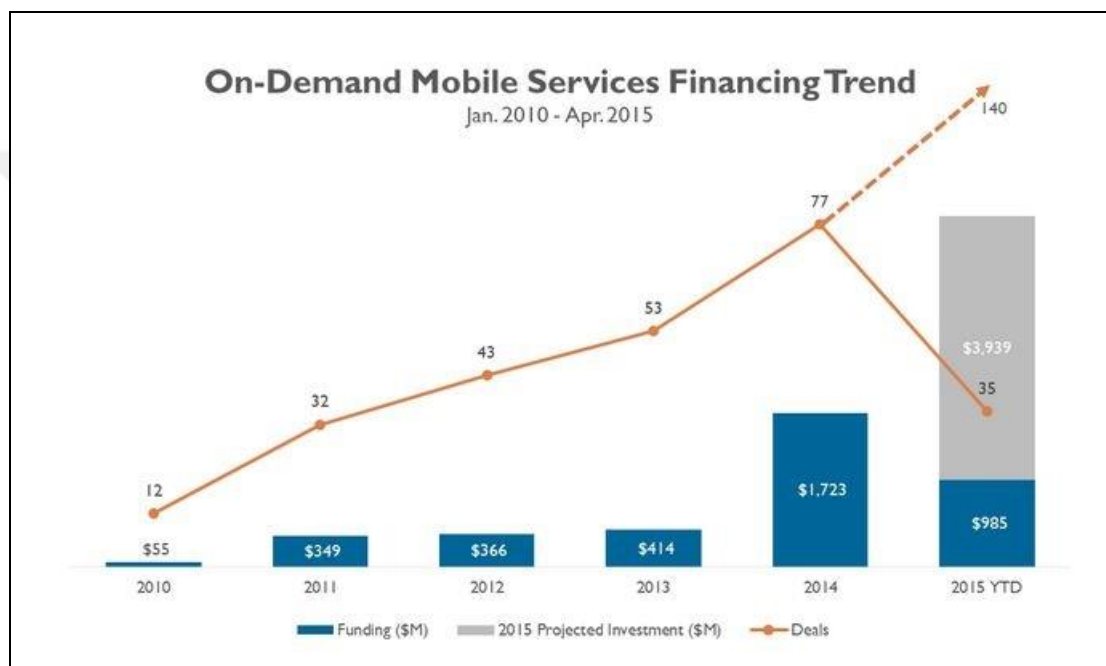
On-demand everything: Funding hits $9.4B since 2010 (Cbinsights, 2017).

The activity of investment in on-demand mobile services increased by 514% YoY and reached to $4.12B in 2014. In large quantities of grand funding rounds containing Uber and Lyft have risen funding in the 1st four months of 2015 to $3.78B across just under half the opportunities pursued in 2014 (Cbinsights, 2017).

Before Uber users were subjected to a monopolistic and constant industry that provided complicated implementation and lack of regard for the customer experience was distinct throughout taxi industry. This inadequate experience and perceived lack of competence have created disappointment for improvement and created demand for those seeking better. Uber succeeded in entering the sector to improve this demand and disappointment (Brown, 2016a).

Uber operate a ridesharing service connecting private drivers to potential customers through a smartphone app by providing car owners to take part in the market by using their vehicles to supply rides since its beginning in 2009.

Demand and supply of rides for hire create the taxi market. "*The sharing economy is an economic model in which individuals can borrow or rent assets owned by someone else*" (Investopedia, 2016).

Table 3.7 : On Demand Funding of Uber
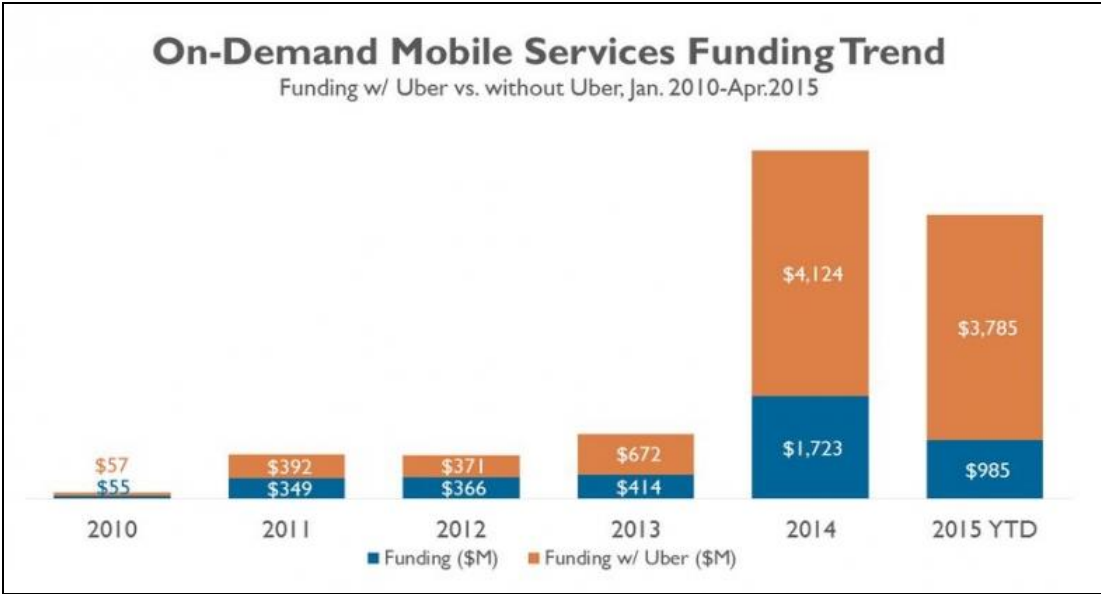
Since the beginning of 2010, on-demand mobile startups (minus Uber) have raised to $3.89B across more than 250 arrangements. On a year-over-year basis, funding to on-demand companies increased to 316% in 2014. In 2015, another funding record, which could provide more than two times as much as 2014, is raising rapidly. The success of Uber has had a large influence on the rise of the greater on-demand economy. Moreover, Uber has had a significant impact on funding too. Uber increased 39% more funding than all other on-demand services combined in 2014 (Cbinsights, 2017).

When compared to the past, Uber provided many conveniences to its users in terms of time and practicality. Thanks to the application, the users escaped to waiting in the cold, in the rain for a long period waiting 20 minutes or more until the car arrives to hail a cab.

The other convenience provided by the arrival of the destination is that the users can pay by Uber application without dealing to count out the right amount of cash with the

tip or have the problem with broken credit card machine. Since the application shows the distance traveled, it also removes problems such as the forgotten meters to be started.

Many customers rate their experience primarily based on the driver's service and attitude. In traditional cab companies, even regular customers are not able to evaluate or report the drivers. Uber allows customers to evaluate their experience with drivers. This increases the quality of the service provided by the company, making them more selective and careful about the taxi drivers they employ.

Technological innovations and developments require assessment and evaluation about cost and waiting time for users to effectively and efficiently to ensure a ride that leads to a reduction in search costs. Previously facilitated transactions by companies have been simplified and activated to be more practical and effective by transportation network-company like Uber for users (Uber, 2016).

Uber provides the convenience that is the priority for modern consumers by allowing them to use the app for checking the drivers for updates and calculate the estimated time of the cab arrival. Unlike other traditional regular cab companies Uber has given comfort service to the demand.

Uber has achieved a great success because it has found the genuine solution to real world problems. Companies exist to meet the demands of their customers. Most companies cannot create a solution and innovation to the challenges that the customers face. Businesses that offer unique and quality solutions will always grow faster.

Providing customers with much better quality and unique products and services than its competitors in the same sector will ensure the rapid growth of startups. Customers will prefer the company that offers higher quality service even if it is more expensive. The company must clearly communicate its advantages to its users to indicate their differences from their competitors. Customers always prefer companies that solve the problems they face.

3.3. Marketing Model

Transaction costs are all costs including buying and selling a good or a service. The time, money and effort are necessary assets for easing a transaction. When Uber was

involved in the market, the structure of the business model that provided a reduction in transaction costs by connecting driver partners directly to riders and service providers to consumers. Thus, drivers have been able to serve as independent contractors through smartphones app directly instead of working in taxi central (Given, 2015).

Before the age of the Internet, Including the goods to the market was not simply because of the high regulatory and liability costs and gaining the right knowledge was difficult for consumers to receive reliable service. Consequently, the facilitation of marketing is provided through the firm middlemen and government agents (Given, 2015).

The technological advantages and innovations are applied by sharing economy firms to change the characteristic of commercial interactions, giving the user access to, rather than possession of, assets (The Economist, 2013a).

One of the most effective ways to grow an enterprise is to expand into new markets.

Table 3.8 : 3 Strategies for Startup Expansion

1- Discovering New Customer Demographics

2- Penetrating New Markets and / or Regions

3- Growing a Base of Repeat Customers
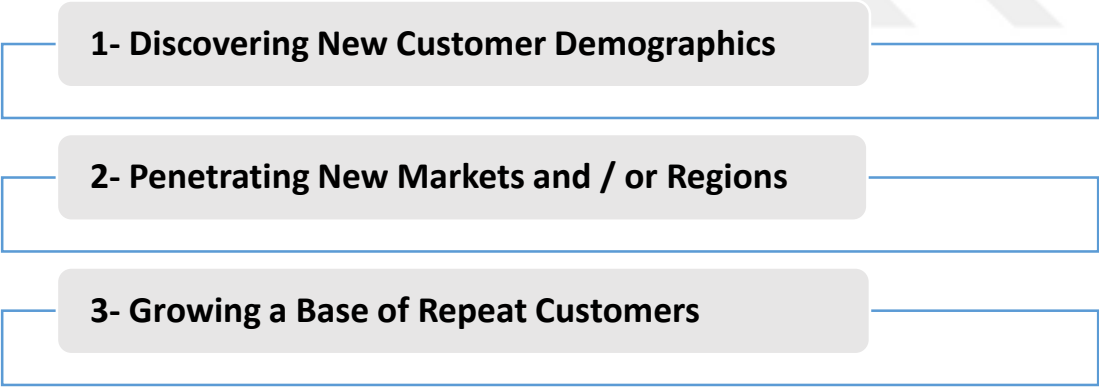
Source: (Siu, 2016).

The marketing model of Uber has focused on 3 strategies for growing the business. Uber focused to intense marketing to achieve local network effects in launch city of the company, San Francisco, by applying multi-sided marketplace business model. Although operating in the markets where the expenses exceed the revenue is not a successful strategy, Uber has accepted the risk of an expansion strategy for extending to the new market with more marginal growth opportunities. One of these examples is

the market of China. Although the potential revenue is limited, the company focuses on expanding its business by entering the market in China with the aim of increasing the reputation of the company across the globe (Siu, 2016).

Uber is not the only company that runs in the developing countries. The big companies such as Google, Microsoft firstly started to operate in large metropolises then continued to expand in areas with low profitability. The fact that the economies of small regions begin to grow around the world creates huge opportunities for companies.

As the startups grow their business over time, the expenses of the company increase proportionally. It is thought that the costs can be minimized by keeping the reduced infrastructure stable.

The fact that Uber did not have the same expenses as traditional cab companies caused the company to growth so fast. Having less complex structures gives the company an advantage. They will be saved from situations that would prevent their growth (Siu, 2016).

Labor is a large part of the operating costs of most transportation companies. Uber was able to save money by hiring non-commercial drivers.

The report "*How a Technology Firm is Changing the Traditional Transportation Model*" published in 2012 by Kellogg University, shows that Uber was not always a cost-effective in the competitive caps market. It has been reported that Uber's rates were almost double the taxi companies at that time. Uber has entered an ambitious price competition after a period of service alone, and even in the major cities like San Francisco. Uber has achieved in becoming a 10% cheaper alternative to being a much more expensive alternative to taxis in just one year (Siu, 2016).

Uber characterized itself as an intermediary smartphone-based app between potential passengers and riders, rather than a provider of a service in technology platform.

Uber achieved accelerated growth and solved the chicken-and-egg problem that marketplace startups struggle about initially forming enough value to impact and acquire new users and consumers.This audience do not prefer to join the platform because of the conditions are economical when there are no producers, and vice versa

by word of mouth impact whereby targeting of the early adopting Bay Area tech set (Brown 2016a; Moazed 2015).

3.4. Business Model

The Uber's business model has revolutionized the taxi industry and brought innovations that will have an impact all over the world. Uber as an on-demand transportation service, made it possible for people to call taxis as often as possible via smartphones only as soon as possible (Juggernaut, 2015).

The facts that Uber is one of a few technology companies valued at over $ 50 billion in the world, currently has $ 8.2 billion in equity funding and is present in 60 countries demonstrates the confidence of investors' in Uber's business model and success. This situation makes it easier to predict how much income Uber will get when it gets liquidity (Juggernaut, 2015).

Table 3.9 : The Successful Growth Timeline of Uber

Source: (Juggernaut, 2015).

Table 3.10 : Uber Gaap Loss in Millions

Source: (Solomon, 2016).

According to the information obtained from the documents, Uber remains unprofitable. $671 million was calculated in 2014 GAAP losses (net revenue - the cost of revenue + operating expenses + other expenses). The losses raised 47% and attained $987.2 million in first half 2015 (Dogtiev, 2016).

3.5 Marketing Research

The seed funding of $200,000 was acquired in 2009, the same year by company (Crunchbase, 2017). In 2010, Funding of Uber raised $1.25 million, by the end of 2011 the investment value increased to $44.5 million (Arrington 2010; Peak 2011; Sinan 2011). Net revenue reached $663 million in the 1st half of 2015 (Efrati, 2016).

Table 3.11 : Uber's Revenue Data Headstones

Uber 2013-2015 net revenue growth – 21x
Uber 2014 total net revenue – $495
Uber GAAP losses in 2014 – $671 million
Uber 2015 total net revenue – $1,5 billion
Uber 2015 total booking revenue – $10.8 billion
Uber 2016 total projected booking revenue – $26 billion
Uber 2016 trip average price in the US – $14
Uber 2015 most expensive city – New York ($24 plus/trip)

Source: (Dogtiev, 2016).

All cash that Uber had was $4.15 billion. The cash equivalents reached $1.96 billion at the end of 2014. Uber's net revenue increased about three times from $ 495 million to $ 1.5 billion between 2015 and 2014. In 2014, the net income of the company was $ 495.3 million, 16.9% of $ 2.9 billion in gross bookings; Most of the rest were going to drivers in 2014. First half net income accounted for 18.3% of 3.6 billion dollars in gross bookings (Efrati, 2016).

According to Uber's reports, more than 160,000 jobs in the United States alone are an indication of how big growth the company achieved (Whitehouse, 2015). It is aimed that the value of employment created in the next five years is more than 1 million. All the funding on-demand startups raised over 60% in 2014 (Truong, 2015).

Table 3.12 : Uber's Share of On-Demanding Funding
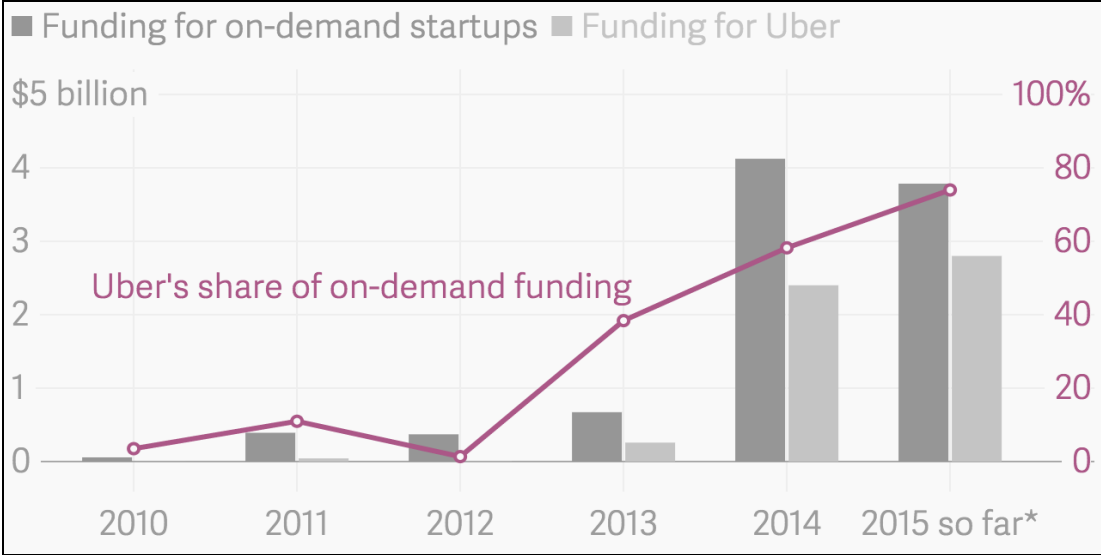
(Cbinsights, 2017).

Between 2010 to the first part of 2015, $9.4 billion was discharged by investors into the on-demand economy. 58% of the $4.12 billion of this venture funding was valued by Uber and the on-demand startups raised in 2014.

Table 3.13 : Consolidated Statements of Operations – GAAP Loss

NON-GAAP (in Millions)	Year ended December 31, 2014	Three months ended March 31, 2015 (Unaudited)	Three months ended June 30, 2015 (Unaudited)
Cost of Revenue	399.5	171.3	466.2
Operating Expenses			
Operations and Support	159.9	60.1	99.0
Sales and Marketing	246.0	98.2	196.8
Research and Development	65.9	38.1	56.6
General and Administrative	177.7	72.4	106.3
Depreciation and Amortization	11.2	6.2	10.1
Total Operating Expenses	660.7	275.0	468.8
EBIT	(564.9)	(159.0)	(559.1)
Other expense (income), net	7.1	72.9	29.8
Income Tax Expense	2.2	-	-
Non GAAP Loss	(574.2)	(231.9)	(588.9)
Stock Based Compensation	97.2	153.2	13.2
GAAP Loss	$ (671.4)	$ (385.1)	$ (602.1)

(Efrati, 2016).

Table 3.14 : Consolidated Statements of Operations – Net Revenue

NON-GAAP (in Millions)	Year ended December 31, 2014	Three months ended March 31, 2015 (Unaudited)	Three months ended June 30, 2015 (Unaudited)
Gross Bookings	$ 2,932.7	$ 1,499.1	$ 2,131.6
Other Revenue	24.6	12.9	17.2
	2,957.3	1,512.0	2,148.8
Contra Revenue			
Promotions - price cut	57.3	21.9	50.1
Net Partner Earnings	2,240.1	1,118.5	1,597.1
Partner Incentives and Misc. Payments	86.6	49.6	80.5
Join and Support Payments	16.2	3.7	2.6
Refunds	13.9	9.5	13.4
Taxes and Fees	47.9	21.5	29.2
Total Contra Revenue	2,462.0	1,224.7	1,772.9
Net Revenue	$ 495.3	$ 287.3	$ 375.9

Uber lost money with the aim of gaining market share in emerging markets in a challenging competitive environment. However, it increases the percentage of money users receive from their payments. It is anticipated that the business will constitute $14 billion in profits from advanced world markets in the next four years, as a projection would favor more city cash flow (Efrati, 2016).

3.6 Marketing Strategy

Table 3.15 : The Accelerants of Uber's Growth

1	• Word of Mouth Marketing (WOMM)
2	• Stunt Marketing & Event Stunts (Promotional Marketing)
3	• Market Expansion Strategy (City-by-City Expansion)
4	• Early Adopters Advocacy
5	• Reputation System
6	• Refferal Marketing
7	• Surge Pricing Strategy
8	• Disruptive Innovation and Improvement Marketing Strategy

The marketing strategies applied by Uber (Shankar, 2013). These strategies have accelerated the growth and development of Uber and let the company be discovered by more users.

3.7 Customer Acquisition

Uber provided a solution and useful choice for customers who are in search of new alternatives in the monopolistic cab market that give them the opportunity for improved private transportation.

Table 3.16 : Occasions for Uber Emergence – The Need of Uber

1.Frusturated Passengers	2. Empty Town Cars

Source: (Ellis, 2014).

46

These occasions led Uber to emerge and create opportunities to complete deficiencies. Hailing a cap experience through the app by using Google maps that include the drivers' info gained many passengers who were interested in using and was possible to pay by card with the app so none of the passengers have to deal with cash, change or tips (Chandra, 2015).

Priya Chandra mentioned, "*Uber launched in San Francisco where it had to interact with tech community cause who else will appreciate the technology which improves the quality of life better than them. It did so by sponsoring the tech events, providing free rides, creating awareness among the commuters. After this "WOW" experience people took to social media and also shared with their camaraderie about this new way to ride.*" (Chandra, 2015).

"*During a single week, thousands of potential Uber customers—tech-obsessed, high-income young adults who cannot find a cab—are motivated to try out this service. One year Uber offered free rides. Another year, it offered BBQ delivery. Instead of spending millions on advertising or countless resources trying to reach these potential users in their respective cities, Uber just waited for the one week a year when they were all in one place and did something special. And Uber did this because a few years earlier they'd watched Twitter take SXSW by storm with a similar collaboration with the conference. This is thinking like a growth hacker—it's how you get the most bang for your buck and how you get it from the right people.*" (Holiday, 2013, p 21-22).

Table 3.17 : The Keystones of Uber Success

1.Word of Mouth WOM	2. Event Stunts	3.City-by-City Expansion	4. Early Adopter Advocacy
5. Surge Pricing	6. Disrupting Old Industry	7.Refferals	8.Reputation System
	9. Benefits for Customers	10. Benefits for Uber Drivers	

3.8 Market Expansion Strategy (City-by-City Expansion)

Uber focuses the strategy and marketing techniques by considering the specific characteristics and structures of each city where it launches during the horizontal growth.

When Uber begins to operate in a new city, Uber influences on the market and Uber's launch controversy brought attention to media (Ellis, 2014).

Uber welcomed major press coverage for expanding into a new city. Most new city launch campaigns would require marketing stunts are necessary and inevitable for new city launch campaigns (Shankar, 2013).

The possible reason of Uber's fast accelerated growth and expanded very quickly is the acceptance that the growth was not one-size-fits-all by the company. The necessary applications, tactics and strategies and marketing plans would differ from city to city. It might not be suitable for New York, which is in Chicago, or it would have to be different for San Francisco (Brown, 2014).

Because each city has its characteristic structure like policy, regulations, and relevance, the initial plan and strategies must be determined according to the characteristics of the new market to ensure maximum productivity and to achieve permanent growth (Ellis & Brown, 2014).

When breaking into the market, attaining the right suppliers, determining the proper interests provide achievement in every new city to Uber from the beginning of implementations (Ellis & Brown, 2014).

Kalanick explains the local market approach that is implemented by Uber to achieve growth at his car service in seven U.S. cities, Paris, and Toronto in the interview: The appearance of Uber was the mindset that people and cities should have other transportation alternatives. (Carter, 2012).

Uber achieved great growth in Washington D.C. Kalanick explains that although they are not very sure about the reason, D.C is more than satisfied with the products. This situation increases the growth rate unprecedentedly. This situation is estimated to reach 30 to 40 percent. If it is 35% for six months, it will grow two times more than the initial case. If it is 12 every month, it means 36 times more growth. It grows in different

countries and cities of the world but grows much faster than the others in D.C. (Debonis, 2012) He claims that month over month, growth is in the 30 to 40 percent range. The question that is asked as "*that people is not happy with their alternatives*" (Debonis, 2012). Kalanick replies, "*I think one can make that conclusion.*" (Ellis & Brown, 2016a).

Table 3.18 : Uber Net Revenue 2013-2015 in Millions
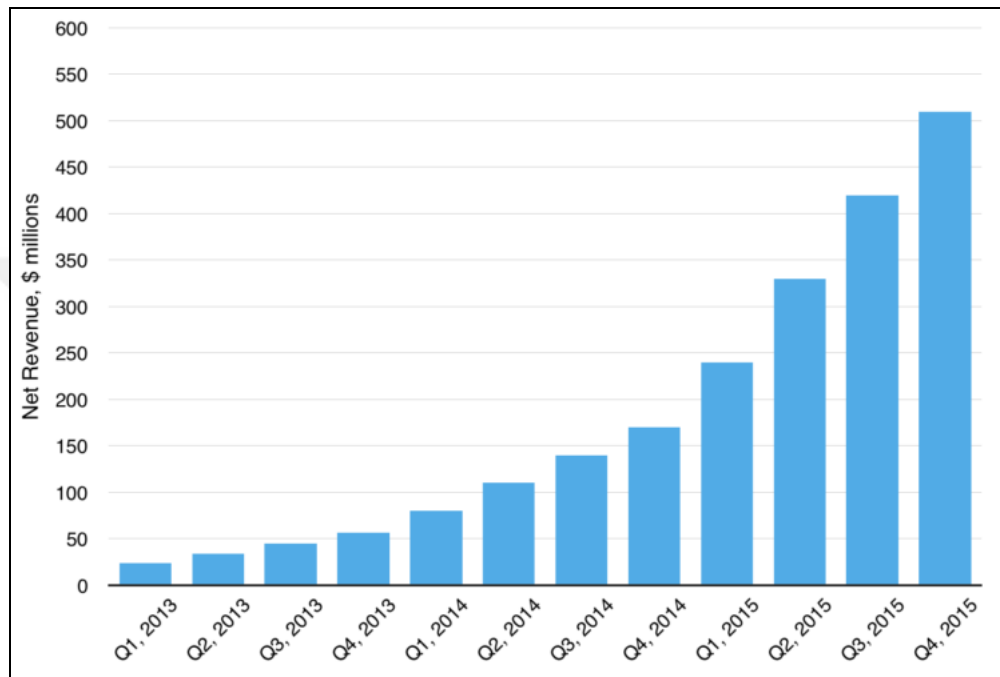
(Muckercapital, 2015).

Uber started its expansion into the Asian section in 2013, with a launch in Sydney, Australia in winter of 2013 and the next was in Taiwan and Taipei in 2013. The net revenue curve of the global company services between Q1, 2013 till Q4, 2015 was about $25 million in Q1 of 2013 and it was more than $500 million in the last quarter of 2015. The highest spike of this season was at the start of 2015. This can be connected to the Uber launch in China and India in 2014 (Dogtiev, 2016).

Uber's effort big and enormous support for the development and efficiency of city launches includes all local events, industry partnerships, business development and more. A number of local events and partner outreach that Uber participate is so astonishing. Uber creates new localized growth team in each city and in every new city, a new launch and new community are formed. (Sidman-Gale, 2014) Uber is

certain of all marketing and business endeavors to promote a world of mouth engine as it develops and fully supports local growth (Brown, 2016a).

Table 3.19 : Uber vs. Lyft Average Earning per Trip in 2016
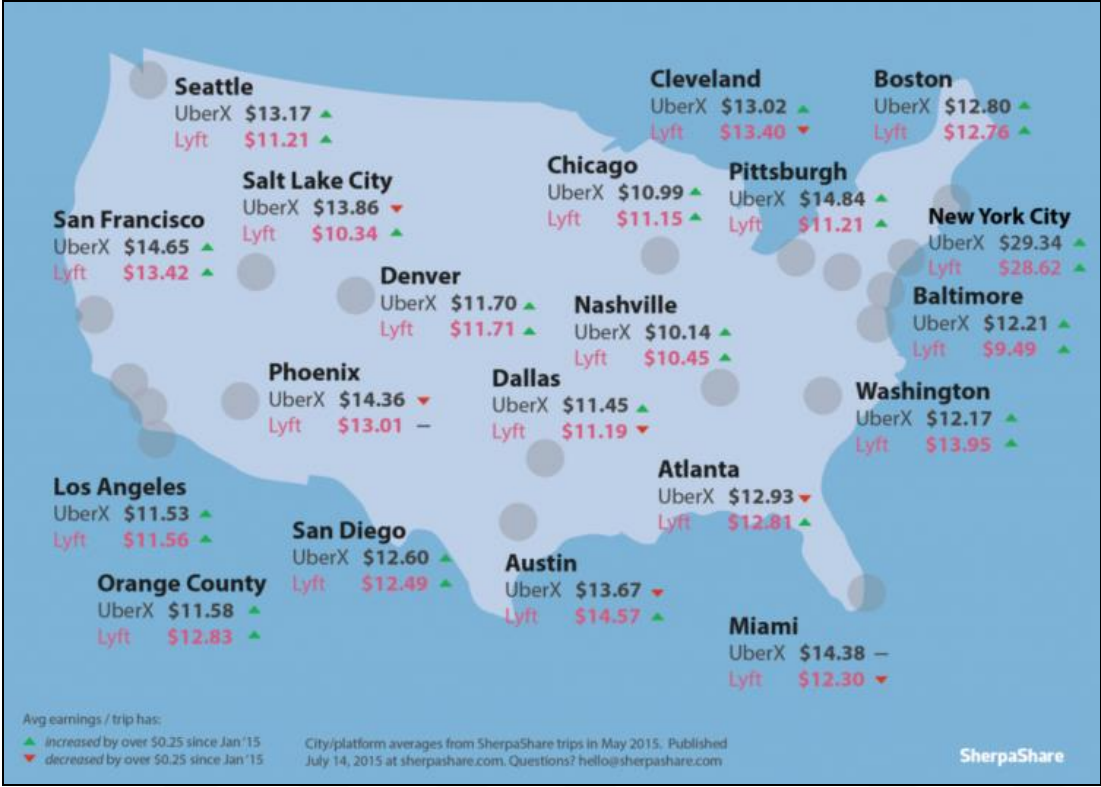
(Dogtiev, 2016).

Uber has become a system for providing opportunities for millions of drivers to earn. This table shows the sights of Uber drivers and on-demand operators' profits data. This table shows the data of the US top 20 cities in summer of 2016 that includes the Uber driver's earnings per ride. The average earning of riders was $14 / tour. Lyft drivers' profits were arranged with this table (Dogtiev, 2016).

1. Stealth Ubers

When Uber enters the market in the new city, this situation is not officially announced with the aim of providing attention, demand and hype (Shankar, 2013).

2. Celebrity Stunts

Ed Norton (of Fight Club fame) became the first-ever Uber passenger in Los Angeles (Weisman, 2014).

Table 3.20 : Uber's Growth Accelerators at the Beginning of Establishment in San Francisco

Tech Early Adopters
SF Spotty Cab Service
Event Sponsorship
Strong Word of Wouth (WOM)

Source: Uber's Extra Ordinary Growth Engine (Ellis, 2014)

3.9 Referral Marketing

When launching into a new city the strategy of largely referral-based Uber is to incentive early adopters with referral bonuses like the promotions "*invite one friend and you both get a free ride*". The foresight of Uber is "*their revenue comes from repeat customers and customer lifetime value rather than one-off transactions*" they are willing to pay "*initial revenue in the hopes that one free ride will translate into a lifetime of paid rides*" for future investment (Walz, 2016). That is why Uber creates a strategy with the aim of low risk trials on which the beneficiary will want to make use of it again.

Each user can get their referral code that let new user sign ups via the referral specific code gives out both to a first time original user & the new user $20 first ride credit towards an for taking a free Uber ride to try it. Viral / Referral Marketing is applied as marketing strategies for customer acquisition. The possibility of new riders becoming long-term costumer has increased through the encouraging experience that Uber offers to potential customers (Shankar 2013; Ellis & Brow 2014).

The marketplace is created by Uber where company market themselves to the supply side (drivers) and also to the demand side (riders/customers) (Quora, 2016).

3.10 Early Adopter Advocacy

The fact that Uber is the first entrant into a new market gives it considerable advantages. As it is the first ride sharing company, Uber takes the opportunity to form the large part of the market. Afterwards, although Uber competes with two new ride-share companies, Lyft and Side Car that emerge in this race, it has a stronger brand presence because it is the first company that enters the market. The fact that the consumer's perception is that Uber is always the first company, gives Uber some brand recognition (Siu, 2016).

Therefore, releasing the ideas or projects to the market as soon as possible gives the entrepreneurs an important advantage. Uber almost earned 25 times as much as Lyft. One of the reasons for this significant difference can be attributed to the fact that the company offers a more sophisticated service and enter to more markets. However, the contribution of the greater brand share that is gained by being the first adopter is huge (Siu, 2016).

In Uber's growth story, the early adopter's tech community have a crucial role. Uber acquired the interaction always with the tech community who are permanently searching for new device and services that develop the quality of their life experience by driving in San Francisco. Tech events, providing free rides for referrals are provided with the aim of driving awareness among target audience (Brown, 2016a). The early adopter who was displeased with the taxi situation in the city experienced Uber and published the new experiment to ride on blogs, social media by every possible method to their environment. The new riders impressed by their friend's experience of being able to call a black car by phone app and became advocates. Acquiring the user accelerated the growth of Uber.

Because of this Launching in San Francisco as a start was an important investment as they would engage to the highly interactive tech community and increase their customer acquisition because of users' interest in improving their life standards (Suslo, 2016).

One of the important methods that ensured the early adopters' rolls was like an event sponsorship. Uber was extremely effective at local-area tech and venture capital cases where free rides were provided to participants.

Uber predicted that these potential customers most likely would share their experiences with their friends, tech press and social media audiences that they were well connected to each other after they tested Uber.

Early adopters who had growth engine effect on the spread of Uber would affect their friends, environment who would become potential customers after the first Uber experience. By this method network will increase by accelerating the growth (Brown, 2016a).

This resulted in a strong word of mouth publicity for Uber, which in turn made it viral. Moreover, viral growth is one of the most important things for a growth hacker. This shows the importance of reaching right people for marketing. Uber gained a strong competitive superiority by being the first company to market.

Companies should not hurry to start work unless they have a viable product or service. However, losing too much time by working on remediation efforts may cause the market lose the advantage of being the first to enter.

3.11 Reputation System for Providing High Customer Trustworthy

The mutual trust perception is one of the keystones of Uber's success in an anonymous market that depends on trust of the customers to be transported to their homes safely by rides, and trust of drivers to be treated with respect by the customers and without cancellation their requested ride at the last minute or shortly before arrival. This system motivated Uber drivers to provide a better service for customer experience as they will be rated by every passenger at the end of each trip and encouraged the passengers to behave kindly as drivers will rate them too (Chamorro-Premuzic, 2015).

The most effective method for assessment and evaluation of the potential outcome of any transaction between consumer and supplier are the trust and peer ratings. Dr. Tomas Chamorro-Premuzic remarks *"[…] the most attractive element of this system is that it puts pressure on people to gain and maintain a desirable reputation, something they may not feel compelled to do otherwise"* (Chamorro-Premuzic, 2015).

Uber applies reputation system for finding a solution to the challenges. After a trip, drivers and riders are offered the opportunity to score points, and bad grading and low acceptance rates can result in losing access to the Uber platform (Uber, 2016).

Precious information and data about quality are reveals and the problems related reputation system can solve the asymmetric information between suppliers and consumers. Thus the implementation of reputation system leads to an increase in welfare (Belleflamme & Peitz 2010).

"*In fact, the peer-to-peer economy is to a large degree an economy of reputation. The only reason we feel comfortable entering into a commercial or personal relationship with a total stranger is that we can trust his or her reputational score.*" (Chamorro-Premuzic, 2015).

The ratings are presented to passengers and drivers for evaluation. The sum of data about how people acted in the past provides prescience how they are likely to act in the future (Chamorro-Premuzic, 2015).

3.12 Word of Mouth Marketing (WOMM)

WOM has crucial role in the growth of Uber and core part of the company's strategy. In general, Uber's growth was almost entirely due to WOM, as it was obtained from sources in 2001. Although the company has continued to invest in new marketing methods from that time on, WOM continues to be one of the most effective marketing methods for new customer acquisitions.

Uber became a solution for the failing taxicab industry in San Francisco and was assimilated by early adopters in the tech community. The services sponsored the free rides and tech events. This promotional marketing approach encourages the tech community to begin to share with their environment and fans about Uber. This mindset provides a unique way to get a ride in the city and spread the news. The users shared their interests and quality experiences about taking part in services and how it stacked up better than its competition with friends and fans about Uber on social media like Twitter and blogs that provided success on growth. Uber achieved its most of the accelerated growth associated with the business through word of mouth by the users who participate in utilizing the services offered. The luxury of pressing a button and a

vehicle arrives in minutes is a very useful experience for many customers (Suslo, 2016).

"*Much of Uber's success can be attributed, to the fact that it is totally mind blowing compared to the frustrating and broken taxi experience.*" (Brown, 2016a).

Max Crowley of Uber Chicago explaines: "*We have found that our growth is driven substantially by word of mouth. When someone sees the ease of use, the fact that they press a button on their phone and in under 5 minutes a car appears, they inevitably become a brand advocate.*" (Crowley, 2013).

According to Kalanick, Uber almost does not create budget for marketing, spreading exclusively via word of mouth and explains, they apply a traditional kind of marketing, word of mouth that works by being shared by people like when they are paying in a restaurant and ask about how will use Uber for going home so by this way %95 of Uber's riders were acquired (Travis, 2011).

Uber has even gotten attention from the likes of comedian Dave Chappelle, actor Edward Norton, venture capitalist Marc Andreessen—who calls it a "*killer experience,*" and AirBnB CEO Brian Chesky who claims that "*Uber makes it very easy not to own a car.*" (Mangalindan, 2014).

"*This word of mouth is as much today's growth engine as it was in early days. Uber does not need to do traditional marketing to drive users, they simply find ways to fan the flame of that first trial to reach new people and grow their user base.*" (Brown, 2016a).

WOM is a huge resource for Uber and it has much usefulness. If the ads are guaranteed to reach even a very small audience, the guarantee is terminated as the ads are removed from publication. Satisfied customers from the service will continue to be brand advocates, and new customers they acquire into the company can become brand advocates.

If a company delivers quality service, WOM can get a lot more customers than traditional marketing and the spread grows like an avalanche.

Uber encourages the customers to share their personal experiences as the company knows that one of the most important ways of growing a company is WOM. The feedback from the circles of the consumers is more likely to be trusted, especially with

their peers. A report from Nielsen shows that 84% of consumers consider personal recommendations in their decisions (Nielsen, 2017). This is the highest level that can be achieved in any ad management (Siu, 2016)

Table 3.21 : Global Average: Percent of Completely/Somewhat Trust

FORM OF ADVERTISING	2013	2007	DIFFERENCE 2013 VS. 2007
Recommendations from people I know	84%	78%	6%
Branded websites	69%	60%	9%
Consumer opinions posted online	68%	61%	7%
Editorial content such as newspaper articles	67%	*	*
Ads on TV	62%	56%	6%
Brand sponsorships	61%	49%	12%
Ads in newspapers	61%	63%	-2%
Ads in magazines	60%	56%	4%
Billboards and other outdoor advertising	57%	*	*
Ads on radio	57%	54%	3%
Emails I signed up for	56%	49%	7%
Ads before movies	56%	38%	18%
TV program product placements	55%	*	*
Ads served in search engine results	48%	34%	14%
Online video ads	48%	*	*
Ads on social networks	48%	*	*
Display ads on mobile devices	45%	*	*
Online banner ads	42%	26%	16%
Text ads on mobile phones	37%	18%	19%

Source: (Nielsen, 2013).

Another advantage of this marketing method is that it is entirely free. Banners or promoted social posts have high costs. In this period when many companies are struggling with limited resources and a cash shortage, WOM is the most effective solution for marketing under these circumstances.

The ride-sharing company Uber determined that every seven rides provide one more new user because of a word-of-mouth reference. This mindset makes the customer be the marketing machine of Uber. Many of Uber's resources are invested in the development and fine-tuning of an application that targets customers' demands. After each ride experience. Consistently collecting the feedbacks allows them to improve

their customer experiences. Successful experiences ensure the each of the satisfied customers is the brand advocate and marketing machine of the company (Kriss, 2014).

As long as Startups improve their customer base and brand reputation, they will have the opportunity to capitalize on the highest potential of WOM marketing.

3.13 Accelerants of Uber: Leverage Distinct Growth Opportunities & Event Stunts

Uber has created efficient solutions for growth opportunities and has benefited from the real-life conditions that Kalanick regards as "accelerators" to accelerate and stimulate growth (Brown, 2016a).

As Kalanick pointed out Uber's fast growth success in Chicago although virtually zero cost was spent on marketing and Uber was spreading almost exclusively via word of mouth, In general, each of the seven new riders contributed to the acquisition of 1 more potential new rider. There are activities that Uber applies and evaluates as "accelerants", which boosts the growth and doubles the virality. For example, instead of 1400 driving to gain after 10,000 driving, 2800 driving is won. One of these accelerators is the reason for the rapid growth in Chicago (Travis, 2011).

Uber especially focused on cities that contain these specialties to implement accelerated adoption. As Chicago has great nightlife sector, extreme weather, and a lot of sporting events & organizations, the initial viral growth of Uber was increased.

Table 3.22 : Average Cross Fare per Trip
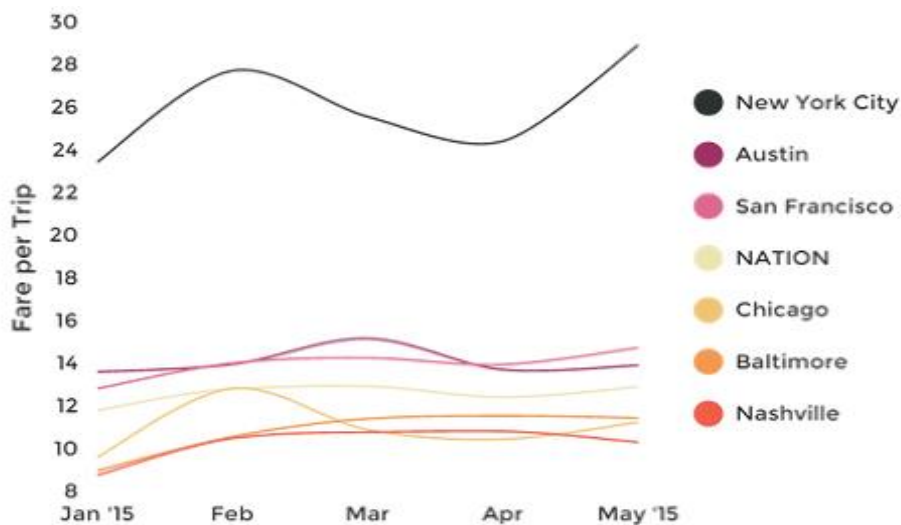
Top 3 Cities, National Avearge, Bottom 3 Cities, January – May 2015

(Dogtiev, 2016).

The other part of data shows the data for six top US cities in the first five months of 2015 regarding the usage of Uber. New York City Uber drivers have a higher rate among other five cities. The national average, including $24 plus per tour upon $12 national and less than $14 for Austin, San Francisco, Chicago, Baltimore, and Nashville (Dogtiev, 2016).

Uber took an opportunity through special events & holidays to exhibit its model. For example, in San Francisco which is known to have a lack of taxis problem, Uber has started to be a solution which provided buzz for the new service to the situation in New Year's Eve. Intense demand and pressure were created by these events to acquire new users for getting their first Uber ride (Brown, 2016a).

Uber's services are accelerated these accelerants including;

Table 3.23 Accelerant of Uber for Promotional Marketing

1. Restaurants & Nightlife
2. Holidays & Events
3. Weather
4. Sports.

(Brown, 2016a).

Accelerate with Opportunistic Events like Nightlife, Holiday, Weather, Sports (Ellis, 2014).

According to Darshan Shankar, Entrepreneur, Y Combinator alum, one of the marketing strategy of UBER for customer acquisition is event stunts. There are examples like;

Table 3.24: The Promotional Marketing Examples of Uber

1.	Motorcades for President's Day This President's Day, Take a Trip in the UBERcade (Uber, 2012)
2.	On- demand Roses for Valentine's Day – Valentine's Day: Go from Zero to Hero (Uber, 2011)
3.	Lemonade Stand – UberStand Exposed! (Uber, 2011)
4.	On- demand Ice Cream truck - Uber Blog " #OMGUBERICECREAM (Uber, 2012).
5.	Mariachi band, margaritas, & piñatas ¡On-Demand Mariachi Fiestas! (Uber, 2012)
6.	Free rides at SXSW, and more (Shankar, 2013).
7.	On-demand barbecue in Texas (Brown, 2014).
8.	DeLorean rides in San Francisco (Brown, 2014).
9.	UberCHOPPER helicopter rides to the Hamptons
10.	Company with the NFL Players Association or promoting safe rides for NFL players
11.	More standard promotional endavors, such as $10 off coupons and the like.

3.14 Surge Pricing Strategy Considering Customer Demand & Supply Balance for Drivers

Surge Pricing is one of the growth factors of Uber. When the demand for rides increase, the price for Uber services increases (Suslo, 2016).

Uber's prices are increasing for assuring a more reliable system if the demand can not be met by the number of drivers operating on the road. The aim of this implementation is to provide users to connect to the drives when they want it safely. As the number

of drivers is limited due to the high number of demand this system encourages more drivers to be become available by realizing the price increases. Therefore, when there is surge pricing, all users are informed by notification. It is ensured that users are aware of high ratios before connecting to the drives (GoDrive, 2016).

In challenging weather conditions, people want to reach where they can safely go. This is also a hefty cost, as the ease of doing it by pressing a button is a luxury. The increase of demand causing high prices can be a big problem for the rider. For this reason, with the increase in demand, Uber reported that the warning would be issued before the fare prices started to increase and there was no change in the number of riders in service despite the increase in prices. In such cases, free publicity and advertising were provided (Suslo, 2016).

Uber's successful delivery of service in the short term can be successfully influenced by the significant findings of a positive labor supply elasticity. If the labor supply elasticity is negative and the drivers react to the wage increase by supplying fewer hours, the surge pricing will come to the contrary of the desired effect. This means that in the case of high demand, the surge price would decrease in addition to supply and there would be a greater gap between supply and demand.

The productivity in the market is considerably boosted by Uber's surge pricing, by means of the effect of the supply being accelerated to meet the demand. The income level is somewhat low for both taxi drivers and Uber drivers and regular taxi drivers. Hence, the substitution effect is anticipated to dominate the income effect for all possible income levels. This inference supports the assumption of positive labor supply elasticity among drivers and surge pricing will have the targeted effects of increased supply (Chen & Sheldon, 2015).

3.15 The Huge Potential that Allows Uber to Grow Fast and Disrupt the Transportation Monopoly

The potential of Uber is one of the most important reasons for its rapid growth. Uber has made radical innovations in the car rental sector and has created a new infrastructure by changing the car ownership and transportation concept through successful product development. The company will be able to achieve huge success in the future if it evaluates well by converting the potential into opportunity.

- At present, the number of black Uber cars in San Francisco is much higher than it was before Uber was operating in this market. Even this situation shows Uber's power and dominance in the market. In the future, Uber has the potential to continue to grow the town car market even further.

- Uber continues to grow its business by absorbing the taxi markets from day to day.

- Due to the insufficient intensity, Uber has met the changing customer expectations by solving taxi service problems in the world, towards the demands.

- Uber transfer service offers a wide and developed logistic service, from transporting children to the school or hospital, taking their families to airports or taking them to a special nighttime activity, and at the same time getting drinks on the road. This potential leads Uber to take the race ahead.

- Uber has the potential not just only transmitting people but also goods, packages, kitchens, etc.

- Many people use Uber as an alternative or replacement to their car.

- One of Uber's high-tech investments, self-driving cars will continue to attract more demand and grow the company as long as traffic safety infrastructure is fully remedied.

- It means that Uber can be one of the largest companies in the world when Uber is calculated to have the potential to deliver millions of people or goods around the world (Wolfe, 2013).

3.16 Huge Growth Potential on Traditional Transportation Industry via Disruptive Innovation and Improvement Marketing Strategy

Today the old method of the market for taxi cabs and transportation is being disrupted by the sharing economy by transforming car ownership and transportation and re-inventing in a new way and directly linking producers with consumers, eliminating the need for an intermediary. The business method of taxi cabs is being innovated by Uber.

Taxi drivers can start to provide services as independent contractors through mobile phone applications instead of working with a taxi company. Markets are discovering new boundaries of possibilities, disseminating information, lowering prices and creating new and unprecedented investment opportunities for entrepreneurs (Given 2015; Suslo 2016).

Table 3.25 : Disruptive Innovations
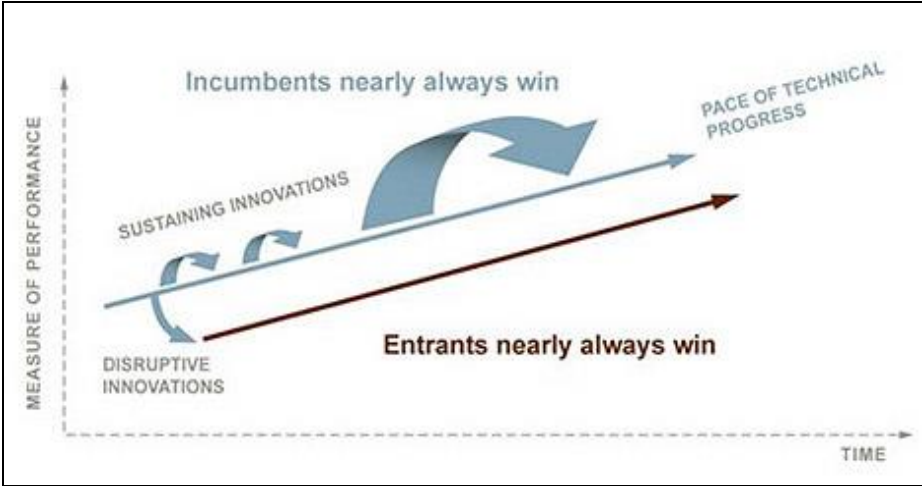
Source: (Christensen, 2017).

A disruptive innovation, a term created by Harward Business School, Prof. Clayton Christensen that generates a new market and value network. It is a period in which a product or service initially roots in simple applications on a market base and then ascends the market constantly, thus this innovation-driven growth approach disrupts an existing market and value network. This innovation leads the established competitors that manage the companies, products, and collaborations to be defeated and to be displaced in the marketplace (Christensen 2017; Wikipedia 2017).

Table 3.26 : Some Disrutive Innovations

Disruptor	Disruptee
Personal computers	Mainframe and mini computers
Mini mills	Integrated steel mills
Cellular phones	Fixed line telephony
Community colleges	Four-year colleges
Discount retailers	Full-service department stores
Retail medical clinics	Traditional doctor's offices

Source: (Christensen, 2017).

An important factor in the growth and development of Uber is its potential. In addition to replacing many city car hire methods, the company is also structuring the car ownership and transportation in general to create and develop an established infrastructure and use it in a completely new revised way (Brown, 2016a).

Table 3.27 : Uber revenue vs. Lyft revenue
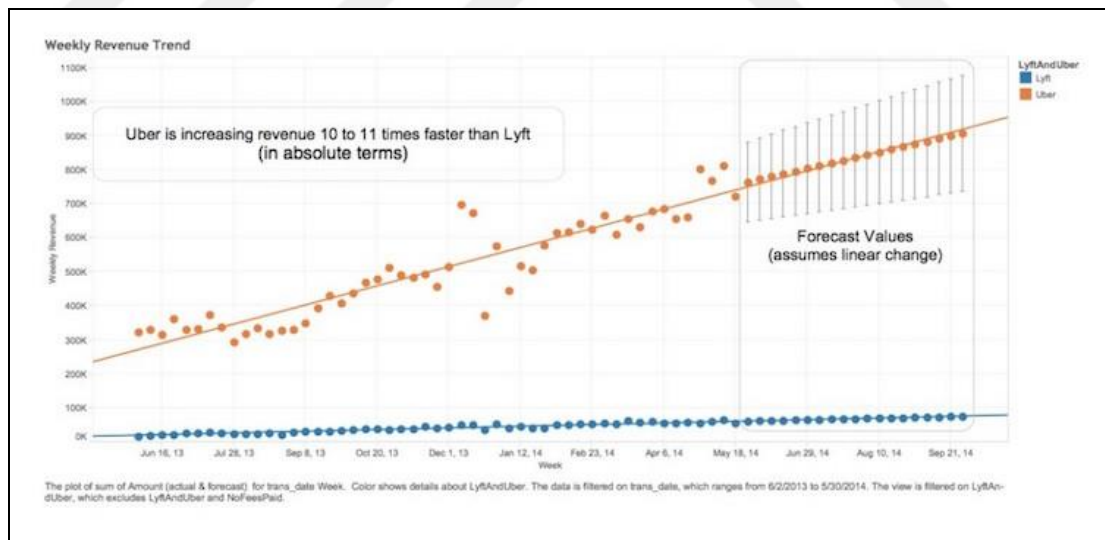
Comprehension of Uber with its close rival in the taxi industry with Lyft. The table shows the trends of weekly revenue trend for two of companies between January, 2013 and September, 2014. The revenue of Uber raises 10-11 times faster than Lyft (Dogtiev, 2016).

Uber's exponential growth potential that has economic, environmental and everyday influences are seen as an efficient and profitable investment for investors. This marketing model of Uber is changing people's habits about transportation. This encourages people to purchase daily necessities such as electricity and water, as well as to buy ride, rather than acquiring a vehicle, and in this sense Uber meets the demand and provides services (Ellis & Brown, 2014).

Investors foresee that the service provided by Uber, as it is now, can have a great impact in society. Uber achieved huge growth in the world of rideshare. Uber applied marketing promotions such as Uber ice cream services, bbg, roses for valentines-day and more that are called as "accelerants" in various areas to expand and develop the services it offers to different markets (Suslo, 2016).

Uber has increased the number of black cars in San Francisco over time. The company continues to bring services to various locations in the world that have never the luxury of utilizing transportation in this way (Suslo, 2016).

Kalanick predicts Uber's potential as an "*'instant gratification' service—giving people", "what they need, when they need it, whether that's a ride or some other delivery." "As to what this other delivery might be, the possibilities are pretty limitless*" (Shontell, 2013).

Kalanick explains that the promotional marketing concept of Uber is at the stage of experimenting with interesting ways to implement different promotions such as Uber Ice Cream. Uber gives his drivers a phone with an application, and when they receive a notification, the map shows the address. They do not have to take riders at any point, they just have to give them ice cream. In this mentality, it attracts the attention of users with different promotions (Shontell, 2013).

Kalanick's marketing promotions, identified as accelerants, are testing methods for market demand and lead the company to potential growth (Brown, 2016a). Google Ventures invested $258M into Uber (Wilhel, 2013). Google Venture's big investment in Uber is a sign of what's coming in the future. Google put in a self-driving car, a very important innovation of company (Brown, 2016a).

David Krane, CEO & managing partner at Goole Venture, who invested 250 million to Uber, explains "*Uber and Google share so much in common from that perspective,*

it is just amazing. It was like looking in a mirror." Krane said. "*We knew how the story of Google played out, and it gave us further confidence that the story of Uber would be the same.*" (Carson, 2016).

Uber set up an Advanced Technologies Center (ATC) in Pittsburgh with the aim to make self-driving Ubers a reality. On September, 2016 the self-driving car are started to give service in Pittsburgh and then Uber expands self-Driving car service to San Francisco on December. "*This pilot is a big step forward. Real-world testing is critical to the success of this technology. And creating a viable alternative to individual car ownership is important to the future of cities.*" (Levandowski & Kalanick, 2016).

While the future of this practice is not clear at this point, the self-driving Uber has tremendous potential to take the company's mission forward and to develop and benefit the community. The aim behind the self-driving Uber is reducing the number of traffic accidents that killed 1.3 million people today and freeing up 20% of the area in the city that is currently used for parking the cars that have exceeded the number of billions in the world and solving the problem that this routine causes trillions of time loss every year (Levandowski & Kalanick, 2016).

"*Expanding our self-driving pilot allows us to continue to improve our technology through real-world operations. With its challenging roads and often varied weather, Pittsburgh provided a wide array of experiences. San Francisco comes with its nuances including more bikes on the road, high traffic density and narrow lanes.*"

Anthony Levandowski, Co-Founder at Otto, former software engineer at Google, founder of 510 Systems, explained that the important thing is how companies can use self-driving technology and how they can use and manage it. There are different approaches to these situations. Most governments see potential benefits, especially in road safety. Moreover, many cities and states have acknowledged that complex rules and requirements may lead to undesirable consequences of slowing innovation. Particularly Pittsburgh, Arizona, Nevada and Florida are leaders in this way, so they clearly state that they are a professional technology "*Creating a viable alternative to individual car ownership is important to the future of our cities. And to get there, we need to fuse our ridesharing network with world class self-driving software and hardware.*" (Levandowski, 2016).

Like any typical company that disrupts an established market segment, Uber has struggled with many challenges to reach profitability in the transportation market. In the midst of 2016, Uber has not yet achieved profitability and the growth and expansion of company were raised and promoted by venture capital funding rounds. Uber's enterprise expansion such as such as UberFresh launch, package delivery service in Santa Monica, California, Uber Rush courier package delivery service has aimed at strengthening and improving the position in the competitive environment of the market. One of the last major initiatives were self-driving cars that are started to be used first in Pittsburg then San Fransisco. This innovation is an important investment in boosting Uber's net revenue because in the future all drivers will be replaced with autonomous cars so this will eliminate the need for human drivers and pay for them (Dogtiev, 2016).

3.17 Today's Growth Engine

Table 3.28 : Uber's Growth Engine
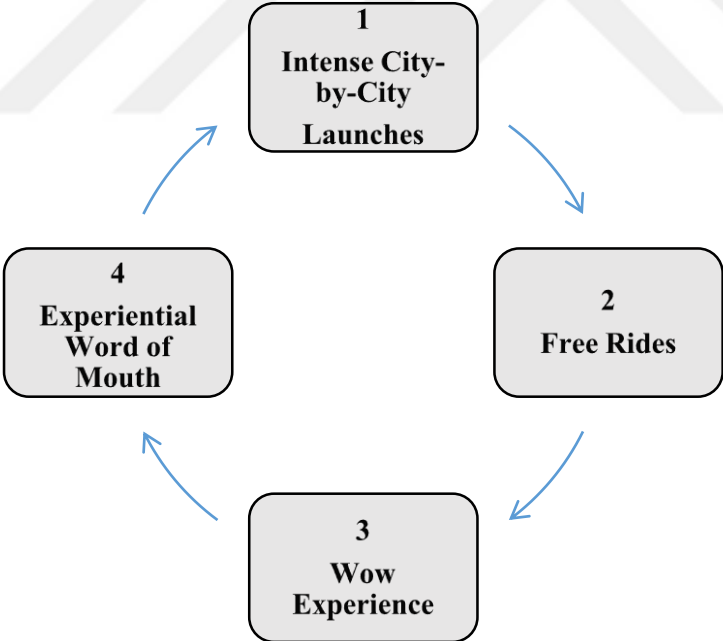
The driving forces of Uber's Growth Engine consist of various dynamics (Ellis & Brown, 2016a).

3.18 Product Development

3.18.1 Product Market Fit (PMF)

Product market fit is a priority in the intersection point of fields such as marketing, computer science, data-driven and statistical in growth hacking mindset. One of the distinct feature of Growth Hacking that difference from traditional marketing is taking the risk. The nature of this is due to the startup ecosystem where new firms are competing and they have to grow rapidly. In this competitive environment, there is a high probability of making mistakes and failing because they have to take risks in the growth hacking process to achieve their priority goals as customer acquisition and permanent growth. Failures are part of growth hacking, and mistakes lead to the acquisition of significant future experiences and success. Measurable and definite targets that can be tested for effective marketing and used for repetition should be aimed. Marc Andreesen claims it "*[...] the life of any startup can be divided into two parts—before product market fit and after product market fit*." (Holiday, 2013). He specified that the success of a business depends on the right market fit. From the beginning of the professional work, the experts should focus primarily on this issue. This includes changing people's perception, creating products from scratch (Ellis, 2012).

Table 3.29 : The Growth Pyramid of Startups

Because of the product market fit is an abstract concept of market harmony that precisely makes it harder to determine when Start-up succeeded. During the beginning startups' establishment, product market matching has to be achieved before proceeding in pyramid processes and scaling the business. That is why effective and efficient growth hacking requires analyzing the business and its consumers. Achieving product market fit must be the priority of the growth team and then focusing on growth.

Noah Kagan mentions that they developed a core product in a week with in Pakistan that costs $60. *"I'm not opposed to you trying to build a world changing product that requires months of fine tuning. All I'm going to suggest is that you start with a much simpler essence of your product over the course of a weekend, rather than wasting time building something for weeks… only to discover no one wants it."* (Ferriss, 2015).

PMF is a challenge of growth issues for many companies. Ellis defines *"Startups require a solid foundation of product/market fit before progressing up the pyramid and scaling the business."* (Ellis 2012).

Paul Graham: The mindset of Graham's successful startup incubator YCombinator is *"make things people want."*

One of the most important pillars of product market fit is that the company does not start to invest in the organization without precise information on whether the product meets the needs of the market. *"Product/market fit means being in a good market with a product that can satisfy that market."* by Marc Andereessen (Chen, 2016). With this approach, Blank and Ries have recommended start-ups to quickly introduce their first product to their potential users and then invest in the product that will be developed by the feedback they get. Steve Blank writes in his book Four Steps to the Epiphany: *"Customer Validation proves that you have found a set of customers and a market who react positively to the product: By relieving those customers of some of their money."* Investing in a product that the market does not want and fit, instead of focusing on creating a right product for the correct market, the scaling of the sales force and its infrastructure will fail and end of startups. It will not be possible for startups to achieve the sustainable growth by incompatible implementation and production (Epaley 2013; John 2014).

For this reason, growth hacker must understand the demand and analyze the problem properly that will cause failure. It will be totally wasting limited budget, time and energy unless startups sell the right product to matched market. *"This was Twitter's real secret: It built marketing into the product rather than building infrastructure to do much marketing."* (Holiday, 2013). When the consumers face the product growth hackers will be able to target and communicate the correct audience.

As Graham, Blank and Andreesen specified and highlighted the significance of building a product that penetrates the target market, In general, a startup contains three steps of growing:

1. Problem/solution fit (customer development)

2. Product/market fit (customer validation)

3. Scale (customer creation)

Being aware of how much progress has been made, provides startups to realize correct implementation to spend time and budget. Provided that right tactics and methods be applied, growth phases are achieved effectively and efficiently that depends on characteristics of business. Implementing the three steps of growth makes the purposes, focus, tools, and metrics develop and evolve (John, 2014).

"The fundamental activity of a startup is to turn ideas into products, measure how customers respond, and then learn whether to pivot or persevere. All successful startup processes should be geared to accelerate that feedback loop." (Ries, 2011).

The target audience of startups, demand, early adopters and their needs and product market fit have to be determined by growth hackers while established companies more focus on the development of customer base, brand awareness, increasing sales and rebranding. The growth hackers' mindset that aims to develop products that meet consumer needs and optimize conversation rates by user feedback is metrics-driven.

"Your marketing efforts are wasted on a mediocre product—so don't tolerate mediocrity. Isolate who your customers are, figure out their needs, design a product that will blow their minds—these are marketing decisions, not just development and design choices." (Holiday 2012).

There will not be any growth acceleration in the top of the funnel unless startups retain the users adapting, coming back to their mobile or apps.

Keeping burn rates low and focusing all resources on developing the ratio of customer loyalty, will be difficult unless the startup reached product/market fit. Engaging the available and target users will help to determine how to build an essential product. After important product and vision revisions, highlighting a prominent property of your product will support the progress (Ellis 2012; John 2014).

That is why determining the demand, early adopters and their needs are essential to building a product or business that will blow adopters' mind and fulfill a necessary and compelling needs for a real and identified group of people at the beginning of startups' establishment. The positive benefit that users get from the product will quickly increase product awareness by sharing among people through the WOM (Ellis 2007, 2012).

Ellis concludes by comparing the results of nearly 100 startups and evaluated that product/market fit requires at least 40% of users who become fully adapted to the product to accomplish the goals. Many of them that struggle for traction is always under 40%, while most that acquire sufficient traction, exceed 40%. Developing beyond 'early traction' requires a broad target market, representing users to build an effective business (Ellis, 2012).

3.18.1.1 Product Market Fit for Uber Customers

Uber is a fast and practical problem solver primarily because it provides a ride for people who need taxi service at affordable prices. In the major cities, millions of consumers are benefiting from these services, and taxi service has been monopolized, developed and reinvented in every aspect. Uber's business model features, such as low prices and reduced transaction costs, contribute welfare interests of consumers.

"*A growth hacker does not see marketing as something one does, but rather as something one builds into the product itself. The product is then kick-started, shared, and optimized (with these steps repeated multiple times) on its way to massive and rapid growth.*" (Holiday, 2014).

Uber also organizes the substructure of the taxicab industry and makes the industry more esteemed by providing riders that offer clean and quality customer experiences and that accepts different forms of payment. They also made the experience more customer-focused because they allowed the customer to track the vehicle on their way to them. They also allowed customers to pay by credit card and through the vehicle (Suslo, 2016). Uber explains, "*you don't need cash when you ride with Uber [...] your fare is automatically charged to your credit card on file – there's no need to tip.*" (Uber, 2016).

Table 3.30 : Uber's Gross Bookings in Billions

Source: (Solomon, 2016).

Uber's gross revenue in the first half of 2015 was $3.63 billion that more 20% than $2.93 billion in 2014 (total revenue they obtain from the app riders before drivers are paid their share) (Dogtiev, 2016).

Table 3.31 : Uber Global Bookings Revenue in Billions (2013 – 2016)
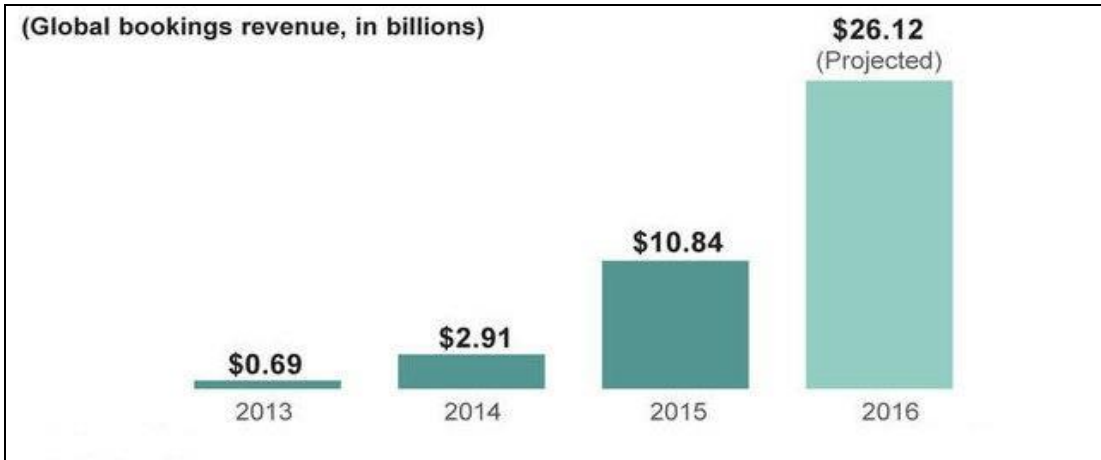
Source: (Dogtiev, 2016).

Although now Uber is not a profitable business, through big venture capital investments, the rapid growth of Uber proceeds. It is forecasted to reach $26 billion revenue at the end of 2016. Uber's growth will be 141% from 2015 (Dogtiev, 2016).

3.18.1.2 Product Market Fit for Uber Drivers (As It Is Expected for Their Satisfaction)

Larry Downes, Internet industry analyst explains, the vehicles and operators that are offered to riders do not belong to Uber. Instead of employing the drivers, Uber serves as a liaison and between people who need rides in a specific geographical area to qualified drivers who are in the region (Mangalindan, 2014), Uber also creates jobs And opportunities for drivers and limousine companies that have difficulty finding jobs in the city (Suslo, 2016). The company works with the existing licensed drivers and helps the vehicles that already provides the driving service to the customer, by its app and the connection between the driver and the passenger is created via the mediation of Uber. Another factor contributing to Uber's growth is the win-win for any interested party as any good service. More than $ 500 can be earned a day which amounts to a week of work time on average for some taxi drivers in this arrangement (Mangalindan, 2014).

Noah Kagan mentions that to create a successful business foundation, the main thing is not to spend much time, but in a short period it is also possible to creative and develop more useful products. Kagan specifies that he developed an original product for the company, Gambit that just took 48 hours. Although a simple product was created the business grew to a $1,000,000 within a year like the company AppSumo (Ferriss, 2015).

Riders can track the locations of the vehicle drivers they request and pay directly through the application tool. It is also possible for users to be able to rate their drivers by Uber's application (Downes, 2013).

Table 3.32 : Uber's Net Revenue in Millions
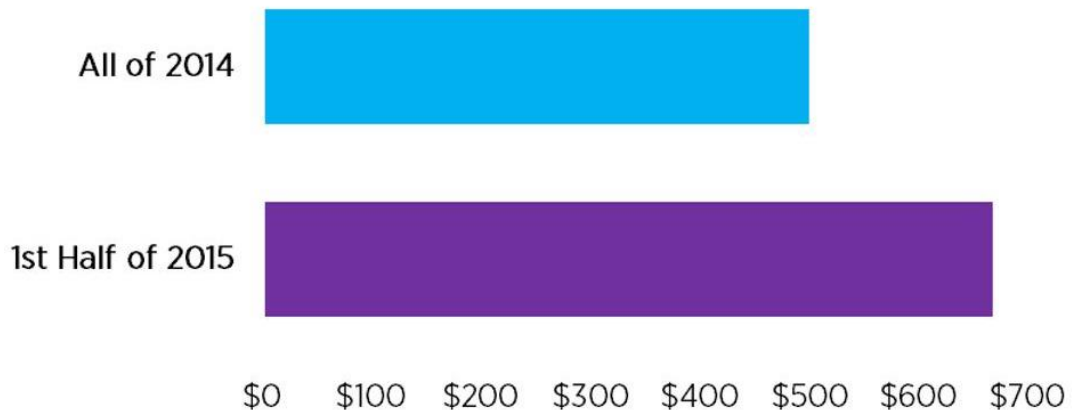
Source: (Solomon, 2016).

The table shows the amount of the net revenue that Uber has gained after the drivers are paid their shares. The net revenue of Uber was $663 million at the beginning of 2015. It is more 30% sum than all it got in 2014 was $495 million. The drivers were spent in Q1 a Q2 of 2015 was total $2,7B. It is consist of 75% of its whole bookings (Dogtiev, 2016).

Uber become a solution to a real transportation problem where millions of people have difficulties and the company is seen as a mediator between the rider and the driver, not a transport provider in the industry. Meanwhile, within a short period of 10 years, Uber managed to disrupt the long-untouched taxi industry; the monopoly of taxi-cab transportation that are active in many cities and have been developed and rediscovered from the ground up in every sense (Brown, 2016a). Therefore the incumbent taxi companies in the case demand that Uber be banned or sanctioned more strictly, at least because such service providers have violated unlicensed driving service laws from local and state regulators (Downes, 2013).

The interview Mina Radhakrishnan, startup advisor and former Head of Product at Uber was applied to analyze and evaluate the product development of UBER.

Kalanick also points out that Uber is not only a useful experience and service for the users but also benefits the riders in an interview about the discussion of Uber's expansion to D.C., *"There are a lot of drivers in this city who are out of work. Because*

of that, there are a lot of drivers and limo companies that are coming to us to basically help their drivers make a living." (DeBonis, 2012).

The poor taxi infrastructure in some cities, dirty cabs, poor service & customer experience, late cars, drivers who do not want to accept credit cards, and much more are the challenges that Uber has to come up with (Brown, 2016a).

Uber began to innovate and improve the application content to give its users a comfortable and trouble-free experience.

All phases of experience including mobile hailing, seamless payments, more comfortable cars, no tips payment and ratings of drivers are handled by Uber. One of the cases of the system has not been arranged, such as mobile payments, for the existing taxi infrastructure.

By thinking outside the box and not limiting service to only focus on increasing accessibility of card-payments. Wow-experience was composed for customers and became successful through word of mouth-rumor with the speed of an avalanche (Brown, 2016a).

Uber has advanced to product development, providing convenience for both passengers and drivers. The passengers can pay their fees with the cards through the application wherever they arrive their destination. Uber makes it is easier for both the driver and the passenger as they do not need to deal with the cash, change or receipt.

Uber has taken the lead in the transportation industry because of its features that are practical than the other typical taxi cabs (Mangalindan, 2012).

Bill Gurley underlined growth key and the quality of the product that Uber offers and specified that if a good product is created, the company will achieve the growth organically, "*The product is so good, there is no one spending hundreds of thousands of dollars on marketing.*" (Dillet, 2013).

Uber has continually investigated to develop and add more value to their models that users will be interested in and will not hesitate to pay. Uber has created big innovations for product development that makes significant changes in the special transportation procedure. First, Uber allowed users to see how far away the nearest cars are to their location by integrating smartphone applications with Google Maps. At this point, users could set a meeting point on the screen and rent a car at that location. At the same time,

it will be possible to watch the taxi get closer to the user's location and see the drivers' information including ratings on the screen. Uber users receive calls or texts from drivers that verify taxis are on the way, and this approach arouses confidence in the customer (Brown, 2016a).

3.19 Can Uber be Classified in the Startup Category?

It is not wrong to state that Uber was the most valuable startup of economy world. Including technology giants like Google and Facebook, consider themselves as startups in a sense or otherwise. They perceive being a startup as a position of mentality rather than how huge the company is, how high the revenue is, or how many employees it employs (Shead, 2015).

"*A startup is a company in its early stage of operations, which usually require funding rounds and that provides innovative product or service, generally in an untapped market.* Steve Blank describes the startup as an *"organization formed to search for a repeatable and scalable business model."* (Blank, 2010).

There are different evaluations and comments about Uber's status.

Bronson Taylor, CEO, Growth Geeks (Techstars Company) & Cofounder/Host, Growth Hacker TV, mentioned that Uber is not a simple startup, but a harmonic one where many startups are intertwined. That is why Uber has to build every operation by themselves like finding/training drivers, marketing to consumers, and building out local staff from scratch in every city where Uber starts to set up. Even though brand equity has already been adopted in the city (Taylor, 2016).

Uber discovered the need to grow in a local environment (city by city) and the launch process was carried out very precisely to achieve success in every city. Since there is not a single strategy that is suitable for all cities and provides a success, Uber has adapted to the characteristics of each city and developed strategies appropriate for cities' structure. Although this approach has not always been successful, it has created a driving force for growth (Taylor, 2016).

4. METHODOLOGY

4.1 Outline of Thesis

This framework intended to explain and identify the term growth hacking that is an essential element for every aspect of startups and this new organizational culture's role in Today's marketing world. Growth hacking process, mindset and strategies that are implemented by growth hackers are handled and clarified with the excellent examples.

The contents of the definition of growth hacking in general terms and the characteristics that distinguish it from other marketing approaches are mentioned. The methods and strategies for implementation of the growth in the startups are remarked. Due to successful growth charts, the startups are preferred to be detailed and illustrated how they developed themselves by implementing growth hacking. Close interaction and relationship of product development and customer acquisition in the growth role were examined in sample startup cases.

The keys are investigated that are applied during the implementing of growth hacking for achieving the growth in the organization of high tech startups. The main methods of growth hacking that are applied by Uber including are customer acquisition, product market fit (PMF), referral marketing, surge pricing, market expansion strategy, word of mouth marketing (WOMM), early adopter advocacy, reputation system, disruptive innovation demonstrated and evaluated by investigating the growth success of important companies. An interview has been conducted with Lars Silberbauer, Senior Director of Lego Group Lego with the aim of gaining evaluation from his experience and point of view on Social Media Management and Growth Hacking. The framework was enriched with an integrated perspective. Lego is a well-established brand that won prizes for its successful social media strategy and content marketing. The different approach that is implemented by Lego to achieve growth and comparison with growth hacking has been realized.

One of the growth hacking retention strategies that Lego has been implemented is designing for the customer. The following gen product should be in development as soon as the first is completed by focusing on retention. The essential solution for preventing customers from demanding for cheaper products and quick transformation for declining market share is allowing customers to participate in a new product development and take an active role to create. Lego challenged their customers for creating unique and exciting designs utilizing their products. Lego challenged their customers for creating unique and exciting designs utilizing their products. The designs are sold to Lego by participating users for a part of the cost of in-house design User-created boxes provided Lego to develop their market within the social media platforms and run more traffic. The cycle of user creation to ready-made packaged product allowed Lego to profit from crowdsourcing concepts and organic marketing. (Growthdevil, 2015).

Figure 4.1 : The Crowdsourcing Strategy of Lego

One of the example for challenging customers to design their product. Lego has given its users the opportunity to discover the product and analyze the feedback deeply. This approach is a tremendous value as a product development resource for a company. This strategy can be interpreted as Lego, the toy market leader's growth hacking strategies that have been implemented.

Users provide all feedback necessary for the company to create a good product. The important thing is to understand and evaluate the demands. It is important not to create a product based on profit and develop it that will provide benefits and convenience. This approach will contribute to the continuous growth of the company.

The differences of mindset like growth obsession, fast implementation and structure of growth hacking from traditional marketing including product development, customer centricity and low cost and with rapid, permanent and scalable and sustainable growth approaches are discussed in the study.

The rise of Transportation Network Companies (TNCs) such as Uber has significant effects on taxi industry. Uber was selected as study case because of its accelerated growth in ecosystem implementing growth hacking methods. The sharing economy is expanding day by day where individuals utilize the Internet as a platform to be connected with other companies and individuals to share services in this echo- system.

Airbnb and Uber have caused accelerated growth for the sharing economy, operated mainly by progress in technology and increased the importance of cost savings and social change.

Uber differentiates itself from the traditional business models of their individual businesses by using technology to organize "peer-to-peer" standards of on-demand services, growth hacking methods and connecting service providers directly with customers in as seamless a manner as possible through the service's mobile app or website.

The ridesharing platform Uber was investigated in the framework by evaluation the implementation of Growth Hacking methods on the company. In the thesis study, academic studies and models related to Uber's growth process and growth hacking applications were examined and also the internal expansion and the growth success of high-tech startups that aim to achieve rapid growth are evaluated by investigating the work principles and implementations on the important company, Uber.

A qualitative study was conducted by evaluating interviews of growth hacking experts, blogs and important growth experts' articles & books to provide elements that are part of the growth hacking movement and handling the cases including the important company, Uber.

4.2 Method of the Research

The method of the research was qualitative due to the nature of the subject. "*Qualitative research is an inquiry process of understanding based on distinct methodological traditions of inquiry that explore a social or human problem. The researcher builds a complex, holistic picture, analyzes words, reports detailed views of informants, and conducts the study in a natural setting.*" (Creswell, 1998).A traditional research approach involving the presentation of a problem, collection and analysis of data, answer of the question and report writing was applied (Creswell, 2002). A scientific discipline is a social community and people are involved in the initiation and imitation process. Science has to be perceived primarily as a social practice and then as an intellectual effort and understanding (Kuhn, 1970).

Even if there is a deficiency of information source or scarcity of data and literature the research and study should be pursued to perform by author (Pratt, 2009).

Qualitative Research is a holistic approach including discovery, also defined as an unfolding model. This procedure, which emerges in the natural setting, allows the researcher to create a high level of detail from real experiences (Creswell, 1994).

According to the author's initial perception and viewpoint about growth hacking, researching the marketing concept and evaluating a unique phenomenon growth hacking could develop and contribute to the field of marketing management and product development research. The archives do not contain many academic resources about this unique marketing approach conceived very popular in entrepreneurial environment and startup ecosystem (Patton & Appelbaum, 2003).

The inductive qualitative approach based on experiential research was utilized for these purposes 1) to review extensive and diverse raw textual data into an abstract, summary format; 2) to build pure links between the research goals and the summary decisions derived from the raw data; and 3) to improve a model or theory about the underlying composition of experiences or methods which are clear in the raw data (Thomas, 2003).

The results of research questions and assumptions that are obtained from the extensive interviews and sources have been reasonably evaluated and formulated into a conceivable conclusion in the process of qualitative data of the study. The purpose of

applying qualitative approach is to explore and evaluate new areas to create a reasonable, appropriate theory. Explorative research is implemented to develop explanations to the ambiguous issues and to establish an integrated knowledge bridge between the economic world and the academic world.

4.3 Data Collection Method

The interviews that are conducted with co-founder of HomeRun; Matt Humphrey, Growth Hacker-In-Residence at 500 Startups and co-founder of Circle of Moms; Mike Greenfield, founder of AppSumo; Noah Kagan, founder and CEO of GrowthHackers; Sean Ellis, StumbleUpon as Head of Growth and Co-founder of Everlane; Aaron Ginn, startup advisor at Cowboy Ventures and former Head of Product at Uber; Mina Radhakrishnan, Uber Co-Founder and CEO; Travis Kalanick, Uber as head of growth Andrew Chen, founder of Tagged; Greg Tseng, Silicon Valley serial-entrepreneur and academician; Steve Blank were evaluated and book written by Ryan Holiday; Growth Hacker Marketing and book written by Sean Ellis and Morgan Brown; Growth Engines: Case Studies of How Today's Most Successful Startups Unlock Extra Ordinary Growth are examined.

In this framework, the hypotheses are defined to evaluate the relationships of growth hacking with product development, data driven, startups, big data, marketing research, and analytics. The unique characteristics of growth hacking were examined by answering the research questions. Growth hacking that has not been explored so far have been examined and addressed in the marketing and product development of how high-tech startups implement growth hacking strategies and how quickly the acquired high-numbered users.

In this study, Uber which has gained success due to its rapid growth in the world of economics, has been examined. Growth Hacking strategies that were applied to the success achieved were evaluated.

4.4 Limitations of Research

This academic study includes some limitations that must be taken into consideration for future academic studies. The most research materials are not cited from academic

studies. The evaluation, discussion, and conclusions were limited because there were not enough resources on this new and unique term "Growth Hacking" in the academic world.

The data is summed up from interviews, blogs, books, videos and high tech news publication sites as growth hacking is still a relatively new process and unique concept, that waits to be discovered by more audience. When more researchers and writers pay attention to this subject, deeper content and resources will be published and clarified.

Another limitation of this academic work is the lack of relevant academic literature related to the subject as mentioned before. On the other hand, they can be considered as valuable because often written by known influencers and experts in the field.

The selected cases in the study are mostly high-tech startups centered in the US that develop Internet-based products. Because most of the startups are more growth-oriented than the established companies, and because of growth hacking practice, the research is very startups-oriented from the approach of established companies so the established companies have not been discussed much regarding their growth targets approach.

One of the limitations of the survey is less consistent data archiving on the website. The secondary data are obtained from the interviews conducted with co-founders of successful startups and recent articles that were written by the world renowned economists and the startups' employees to share their business experience.

The framework focused on a combination of qualitative research. The qualitative research was primarily based on literature review related to the topic of central interest, growth hacking, and the online transportation network company; the case study Uber was analyzed.

The general conclusions about some of the possible growth hacking strategies implemented by each of these companies are based on researcher's subjective opinion, which could be influenced due to investigator's valuation of different actions and ideas.

The aim of the study is to investigate the growth hacking, which has been a phenomenon in the world of entrepreneurship. As there has not been much academic

work and resources before the dark spots of the field would be illuminated by investigating and enriching the marketing discipline.

The framework was conducted from the perspective of marketing and product development, and studied engineering (e.g. coding) view, which is one of the features of growth hacking skills and necessary for success, in a more limited way.

5. CONCLUSION

Uber's rapid growth and accelerated populism show the effectiveness of the applied potential growth hacking methods that is a new and unique discipline on which its roots are based on the lean startup principles.

Growth Hacking differentiates from traditional marketing regarding the team that acts in an organization, product development, the use of marketing channels such as paid advertising or free & low-cost alternatives, the process of strategic implementations & defined funnels and promotional logic.

Effective and efficient implementation of growth hacking provides accelerated and incremental growth in a short time to the established firm & startup.

The differences from Growth Hacking than traditional marketing and service offered to users in Uber are much more affordable, practical and efficient for use than in traditional taxi-cab transportations.

The growth hacking concept also revealed the growth hacker concept, which defines the experts who will best implement the strategies. Growth hackers, unlike traditional marketers, need to have a lot of ability in accordance with their responsibilities within the company.

Uber becomes an alternative for the customers who have been forced to use traditional corporate service models offered by other transportation companies in case they are not satisfied due to the lack of options.

Properly setting targets before the application, preparing the appropriate sub-structure for the organization and working with a strong and creative team meeting in a common mindset will ensure the success of the companies.

The meticulous selection of drivers who are employed by Uber and the rights offered to customers to rank the drivers develops the quality control and ensures for holding

drivers responsible. This marketing method and the approach to product development enhances the quality of service provided to drivers, customer satisfaction, and brand loyalty more than traditional taxi industry.

Growth Hacking is a process, company culture, and mindset that needs to be applied and utilized at all levels of organizations, not just a discipline in which the marketing technique belongs only to the marketing department and team, as it is in traditional marketing.

The service offered through Uber application allows users to monitor their drivers on the screen and anticipate their arrival process thus customers does not need to wait for an indefinite period demonstrates how successful example of product development and product market fit.

Uber made a significant breakthrough and effect in the taxi industry. Uber can potentially be regarded as a growth machine about all measures. Accurately, the growth machine that has been built by the right and creative team and has the right strategy as a whole has achieved success with accelerants.

Public perception management, ensuring proper coordination between established taxi commissions and vehicle drives, public relations and perception management approach, lobbying, brand advocacy, brand loyalty, community management that enables the efficient operation of the world of mouth and its rapid spread, promotional marketing diversity and success are the primary elements that are the factors that trigger Uber's immense growth and play a crucial role in strengthening its foundations. Although growth hacking has emerged in the startup ecosystem, it also integrates the growth mindset to marketing strategies of established companies.

New-period growth marketing mindset will benefit from the techniques and implement the existing campaigns to ensure that regular advertising expenditures and digital marketing budgets fulfill their full potential.

Many major branding firms have limited their potential success and overlook the main potential growth elements as they are effective in this approach by focusing on a narrower area rather than advocating a growth mindset in every field in which they operate for continuous development.

Uber is phenomenal study case on the potential of growth that has redefined the transportation industry and created changes in the ideas and entrenched habits of users with disruptive innovations. Implementation of growth hacking is not for companies easy due to its disruptive characteristic but it is very effective in accelerating the growth rate and provides much better products and services.

The success that Uber has achieved in a highly political arena constitutes an important model of a multi-sided platform between different and established interests for an entrepreneur who is in the process of setting up a startup and aims to explore creative growth strategies.

Growth Hacking is aimed at low-budget channels where data-driven can be implemented for quick and measurable attacks in metrics to achieve growth due to its nature. Because of these strategies that also have positive effects on service and product development, the competition conditions in the ecosystem are rebalanced.

As Uber has created, developing a pro-consumer product ensures sustainable growth and lasting business success. One of the most basic stones of success is that the product market fit (PMF) is conducted correctly even if Uber has to struggle with political and stationary private interests.

Good products and underdog brands that have not reached their target audience, will be able to raise, influence and be included in the competition market by assimilating growth hacking discipline.

Uber's growth story, in whatever sector and field the entrepreneur invests in, becomes a source of inspiration of achievement and guiding for growth requirements.

Growth hacking changes the perception that only major brands and companies in the traditional marketing world will be front-line because of the positioning of leaders and high-budget advertising projects.

Table 5.1 : Startup Competitors, The Y Combinator (YC) Companies
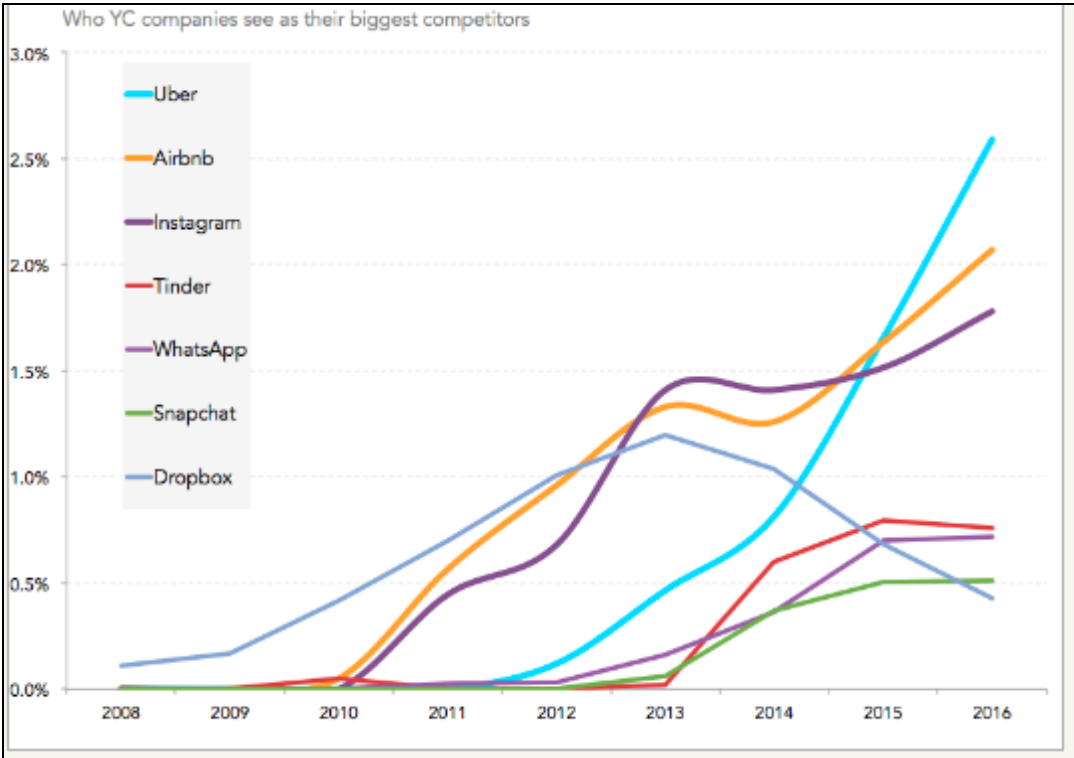
Source: (Friedman, 2016).

In the graphic these companies are seen as the main competitor for Y Combinator Companies. Uber and Airbnb are the ambitious competitors in the race. Y combinator is an American seed accelerator that provides seed funding that is the earliest stage of venture funding for startups. All the expenses of early stage startups are paid by Y Combinator also called as the world's most powerful start-up incubator (Ycombinator 2017; Chafkin 2015).

The technology giant companies like Airbnb, Hotmail, Facebook, LinkedIn, Dropbox, Twitter, and Instagram all also has applied growth hacking strategies as their main growth strategy. This approach let them achieve huge growth in a short time and reach to a very high number of people.

Table 5.2 : A Selection of Populer Terms from 2016 YC Applications

Term	%	Term	%
Terms ranked by % of YC applications that mention them; companies highlighted in orange			
Apps	7.2%	AI	1.8%
Facebook	4.2%	Doctors	1.7%
Videos	4.1%	Advertising	1.7%
Google	4.0%	Photo	1.7%
Internet	3.6%	Ads	1.6%
Book	3.5%	API	1.6%
Site	3.5%	Stream	1.6%
Email	3.3%	India	1.6%
Music	3.1%	Sensors	1.6%
IOS	3.1%	Amazon	1.6%
Game	2.7%	B2B	1.5%
Security	2.7%	Sites	1.5%
Uber	2.6%	YouTube	1.5%
Sports	2.6%	UI	1.4%
Smartphones	2.6%	Phones	1.3%
SaaS	2.6%	VR	1.2%
OnDemand	2.5%	Globally	1.2%
eCommerce	2.3%	Streaming	1.2%
Restaurants	2.1%	IoT	1.2%
Healthcare	2.1%	SMS	1.2%
Airbnb	2.1%	Wearable	1.2%
Twitter	2.0%	Slack	1.1%
Booking	2.0%	Apple	1.1%
3D	2.0%	Cars	1.1%
Instagram	1.8%	Yelp	1.0%

Source: (Friedman, 2016).

Despite on the decrease, Facebook (4.2%) and Google (4%) are the most-mentioned companies in YC applications. Uber (2.6%) and Airbnb (2.1%), and Slack (1.1%) are rapidly on the increase. Uber continued to increase its popularity while strengthening its market presence.

Table 5.3 : Uber & Taksi Industry Comparison
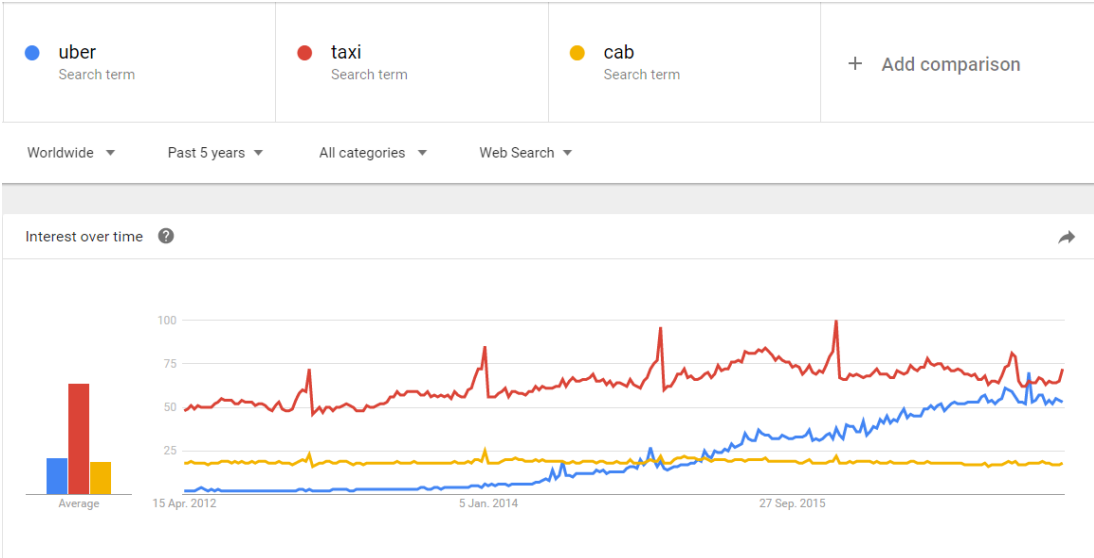
Source: (Google Trends, 2017a).

Table 5.4 : Uber & Competition
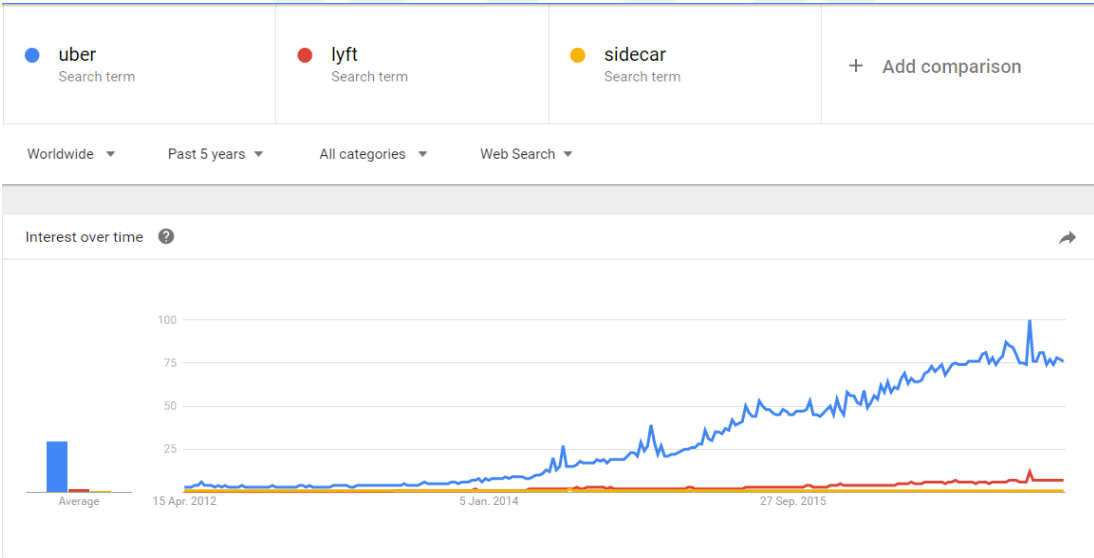
Source: (Google Trends, 2017b).

Google Trends table; the online search tool shows the users to see how often specific keywords, topics, and phrases have been questioned over a particular period.

Table 5.5 : Uber Net Revenue 2013-2015 in Millions
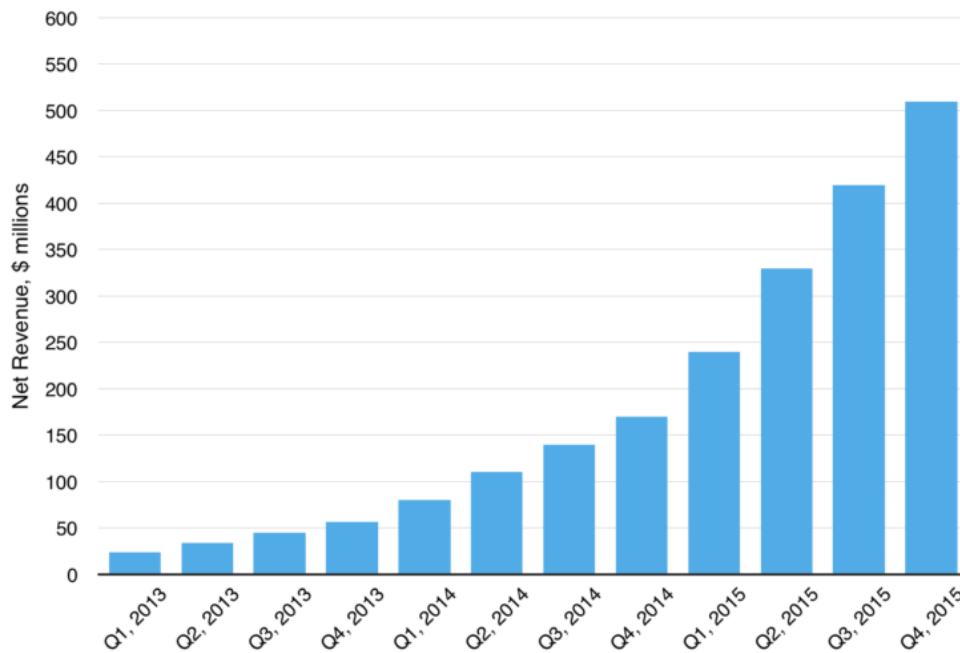
Source: (Dogtiev, 2016).

In this table, It can be seen Uber's increasing periodic income values between 2013 and 2015. One of the market expansion strategy based on growth hacking mindset is city by city expansion that has started into the Asian section in 2013, with a launch in Sydney, Australia in winter of 2013 and the next was in Taiwan and Taipei in 2013. The net revenue curve of the global company services between Q1, 2013 till Q4, 2015 was about $25 million in Q1 of 2013 and it was more than $500 million in the last quarter of 2015. The highest spike of this season was at the start of 2015. This can be connected to the Uber launch in China and India in 2014 (Dogtiev, 2016). This strategy of Uber has provided company to gain very high profits and accelerated growth.

Table 5.6 : Uber Monthly Net Revenue (2013 to 2015)
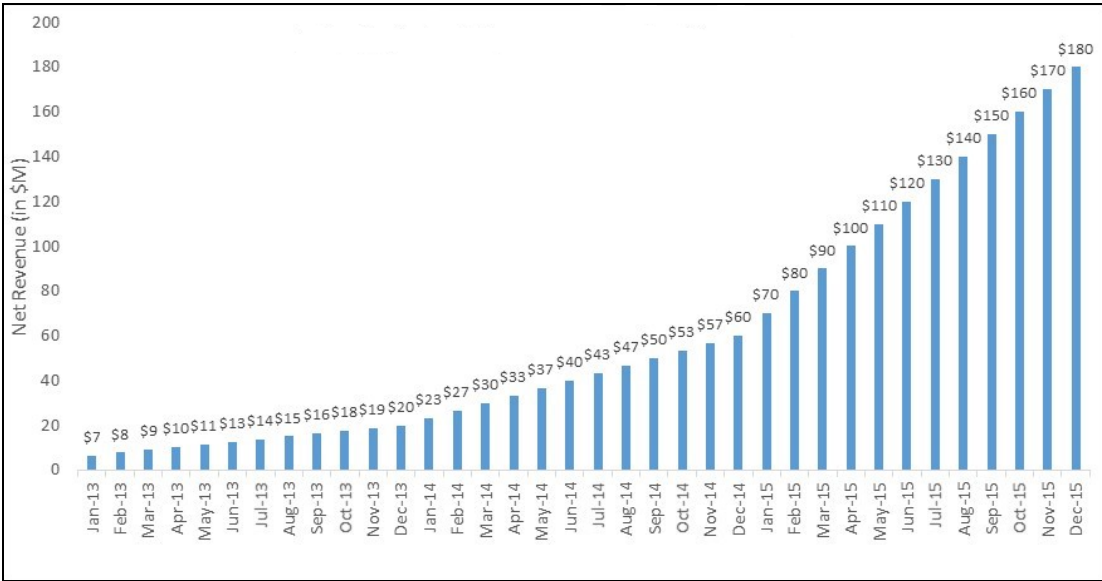
Source: (Muckercapital, 2015).

Uber's growth and income have reached very striking results. These facts can be listed as follows;

- The data city-by-city data collected in terms of revenue, active drivers and users, average fares, trips per week, and more. In 2013 December, San Francisco produced nearly $18 million of revenue. The revenue of Uber is gathered from riders, most of then the drivers are paid. With this monthly gain, San Fransico alone would have earned about 212 million revenue per year for Uber, It was only one of these markets, and later Uber has expanded to 230 city since then (Shontell, 2014).

- In December 2013, Uber gained about $11.7 million in Washington, D.C. and the annual run rate of $141 million.

- In December 2013, Uber gained $26 million in New York City and the annual run rate of $312 million.

- In Chicago, Uber gained $12.7 million and the annual run rate of $152.4 million.

- In San Francisco, Uber gained $17.7 million and the annual run rate of $212.4 million.

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- The value of the revenue that has been gained by Los Angeles was between the revenue New York and San Fransico.

- In December 2013, Uber's top five markets (NYC, San Francisco, Chicago, D.C., Los Angeles) gained ~$75M in gross revenue (Shontell, 2014).

- In December 2013, the annual run rate shows that NYC, D.C., SF, Chicago, and LA would gain about $1 billion a year (Shontell, 2014).

- In 2013 NYC revenue, 56% of the revenue are represented by the five capital city

Table 5.7 : Uber's $10.7 Million Day- NYE 2013
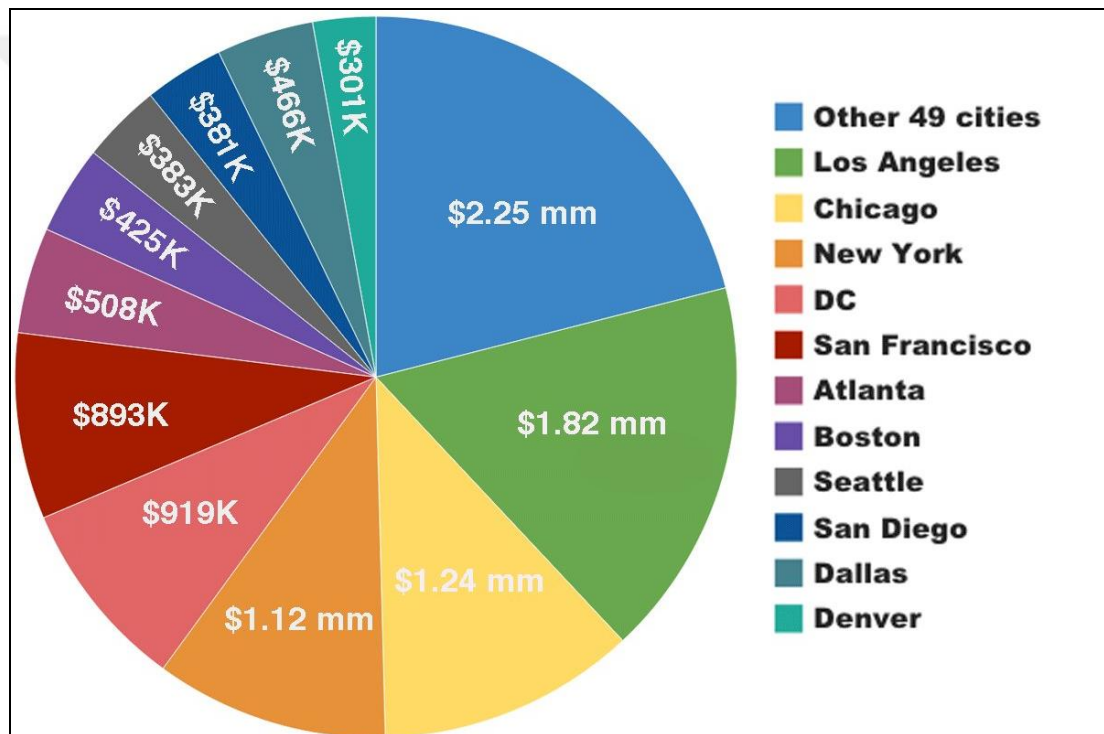
Source: (Shontell, 2014).

- From New Year's Eve 2012 to NYE 2013, the annual growth rate of the company was 369%. In 2013 December, More than 100,000 trips were done per week in each of its largest cities by Uber (Shontell, 2014).

- The day of biggest revenue was on Dec. 31 and $11M was gained across 60 markets, in 2013. The tops cities including NYC, San Francisco, Los Angeles, and Chicago gained more than $1M and DC gained about $918,918. That day

the median city of Uber just gained $22,226. This revenue shows the growth share of Uber (Shontell, 2014).

Facebook is one the technology giant that has applied growth hacking and gained huge success in a short time. Uber has blown up so much faster than Facebook between 2011 and 2013.

Table 5.8 : Facebook & Uber Valuation at Their Early Stage (2011 – 2013)
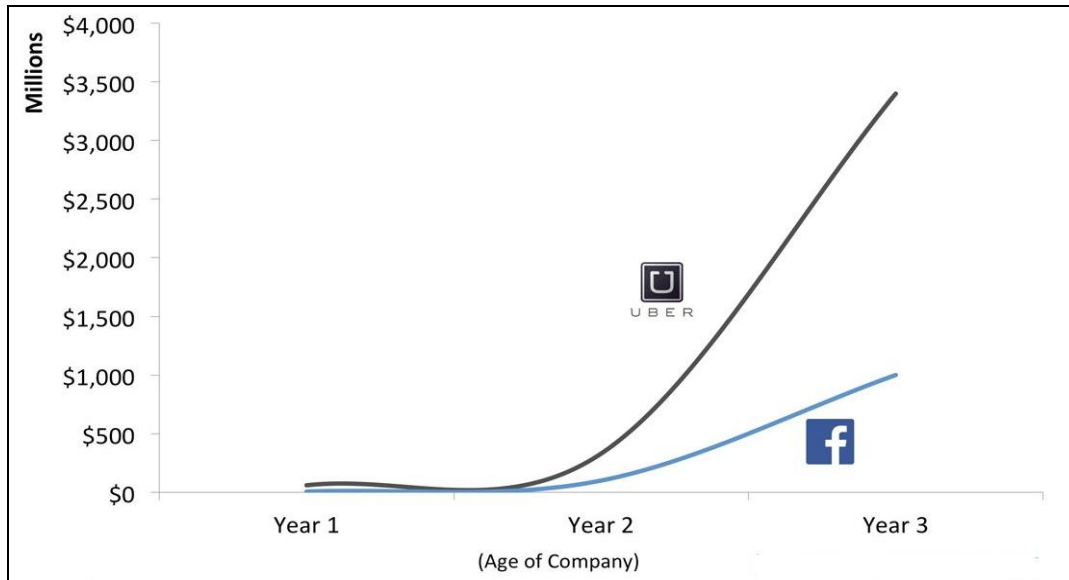
Source: (Smith, 2014).

In the last three years, it has grown to $49.5 million in 2011, $258 million in 2013 and $1.2 billion in June. During this period, ridesharing service was provided in more than 200 cities in 45 countries around the world. The comparison of Uber and Facebook shows that Uber reached $35-40 billion valuation faster than Facebook achieved in its third year of fundraising. Facebook could reach this value within seven years (Smith, 2014).

Table 5.9 : Uber, Ford and GM Valuation in 5 Years

Source: (Chen, 2015).

Uber's $68B valuation is worth more than the global auto industry giants like Honda, Ford, Gm and more brands (expect Daimler, Toyota BMV and Volkswagen) At the same time, Uber's valuation was higher than the leading Internet companies of such as Netflix ($50B), PayPal ($50B), Baidu ($58B), and eBay ($32B) the US public companies have higher values than Uber are Apple ($578B), Google ($525B), Microsoft ($462B), Amazon ($350B), Facebook ($350B), and Priceline ($71B) (Vellanki, 2016).

Table 5.10 : The Surpassion of GM, Ford and Honda by $68B Valuation of Uber
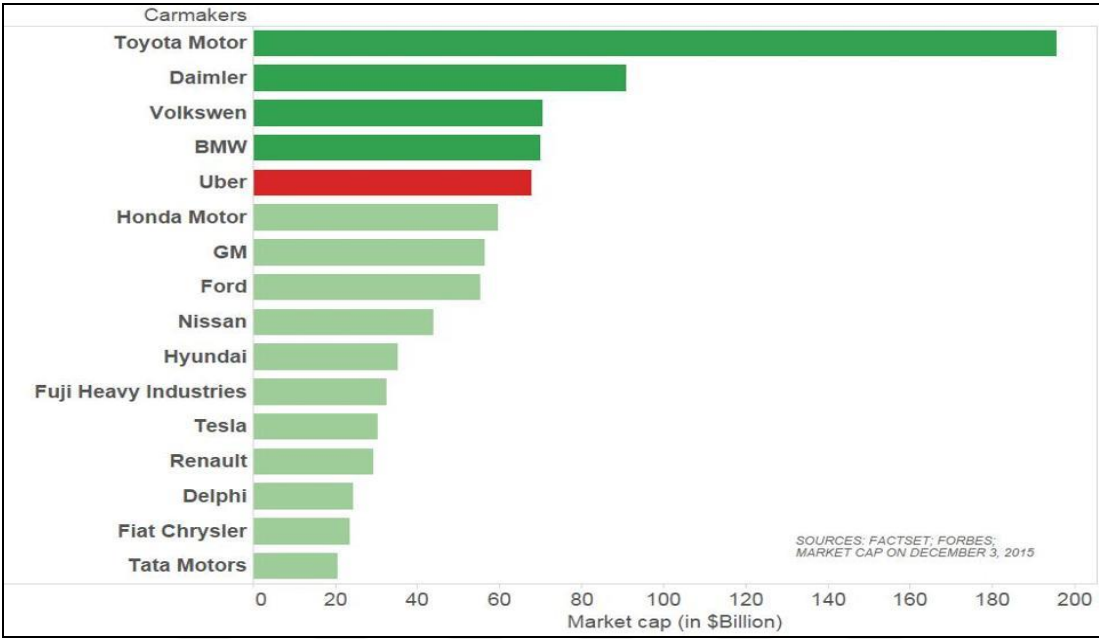
Source: (Chen, 2015).

Table 5.11 : Quarterly Net Revenue of Uber 2012 - 2016
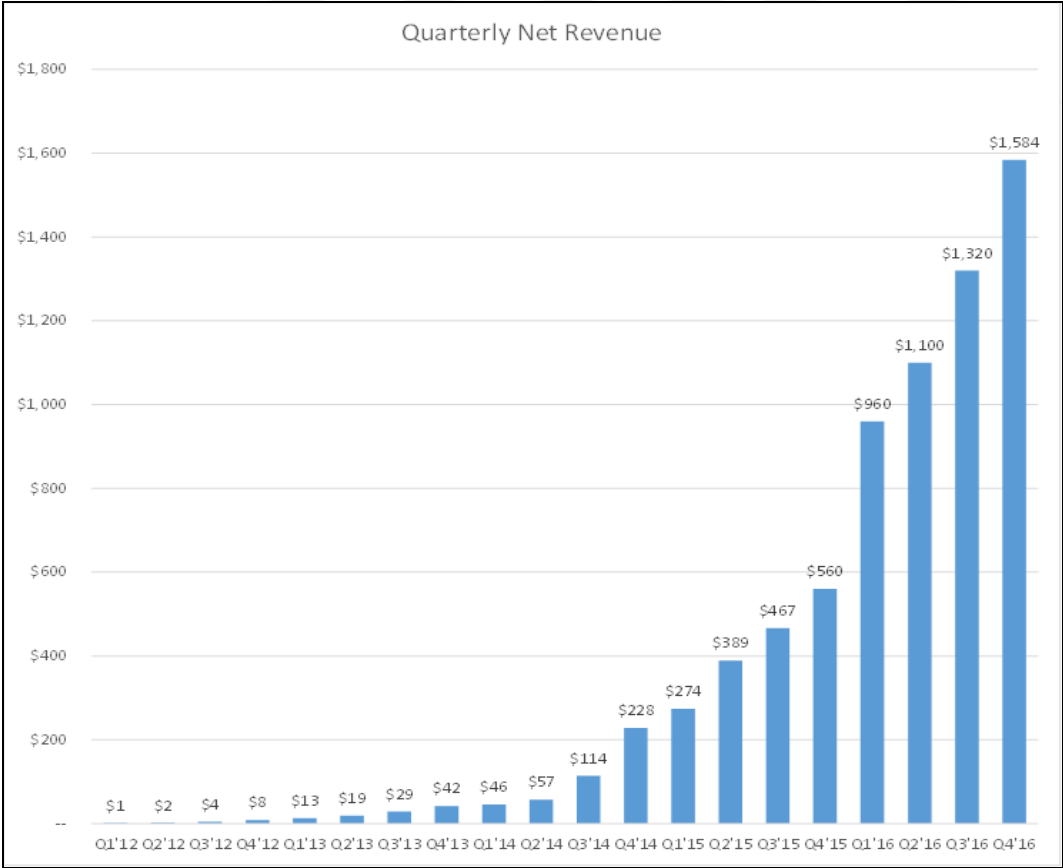
Source: (Vellanki, 2016).

As the net revenue of Uber is net of paying drivers, the GMV is 5x of the total amount (~20% net revenue margin). Uber's rapid growth has always been ongoing, and its growth with the international expansion strategy, especially between 2014 and 2015, has accelerated. Finally, in Q1 2016 Uber generated $ 960M net revenue, followed by a slight increase of 15% in the Q2 2016, reached $ 1.1B. Nevertheless, these impressive net income figures confronted Uber with considerable cost.

Table 5.12 : Quarterly Loses 2012 - 2016
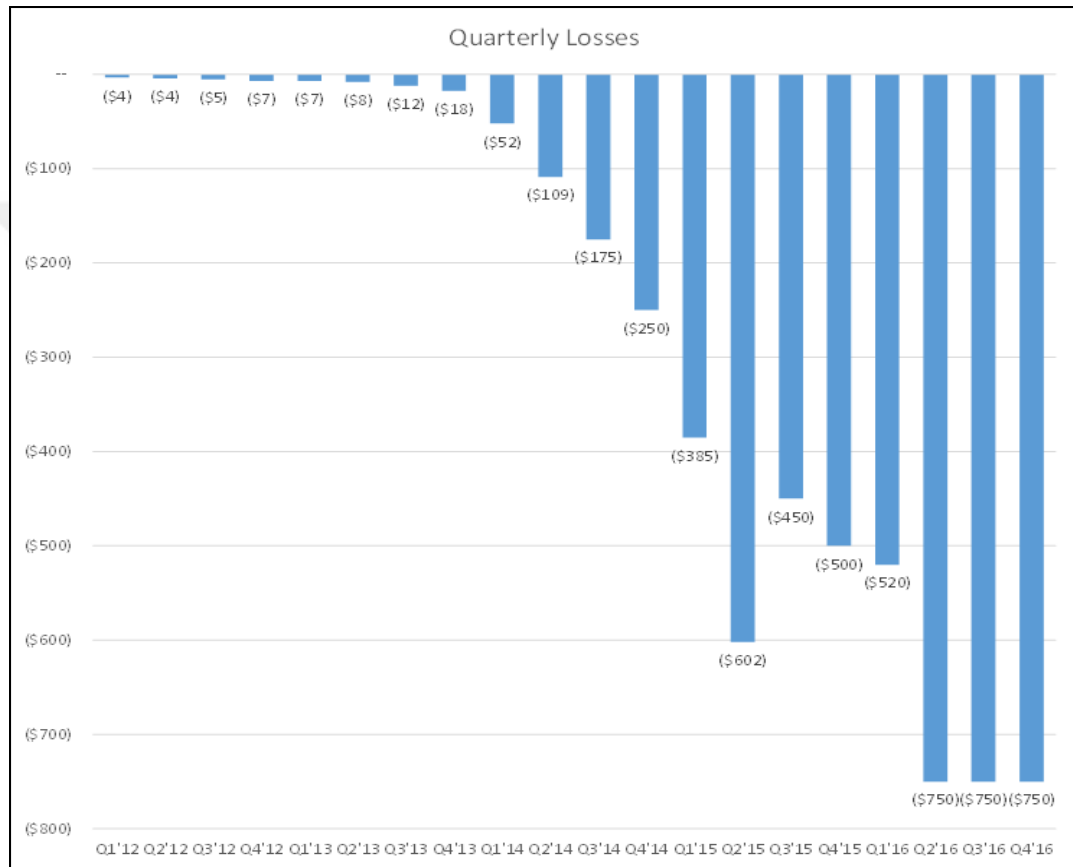
Source: (Vellanki, 2016).

It is more difficult to make estimates on these values due to less reporting of net income or net loss data. Although Uber's net income has grown steadily, losses can occur in the company due to marketing cost, market expansion and competition or more. The values in the table and the evaluations were determined according to the general tendency. Finally, the losses of the Uber were $570M in Q1 2016 and $750M in Q2 2016. Since it is not clear whether the losses will rise or fall, the valuation is set at $750M (Vellanki, 2016).

Table 5.13 : Annual Revenue and Loses 2012 - 2016

Annual Revenue and Losses
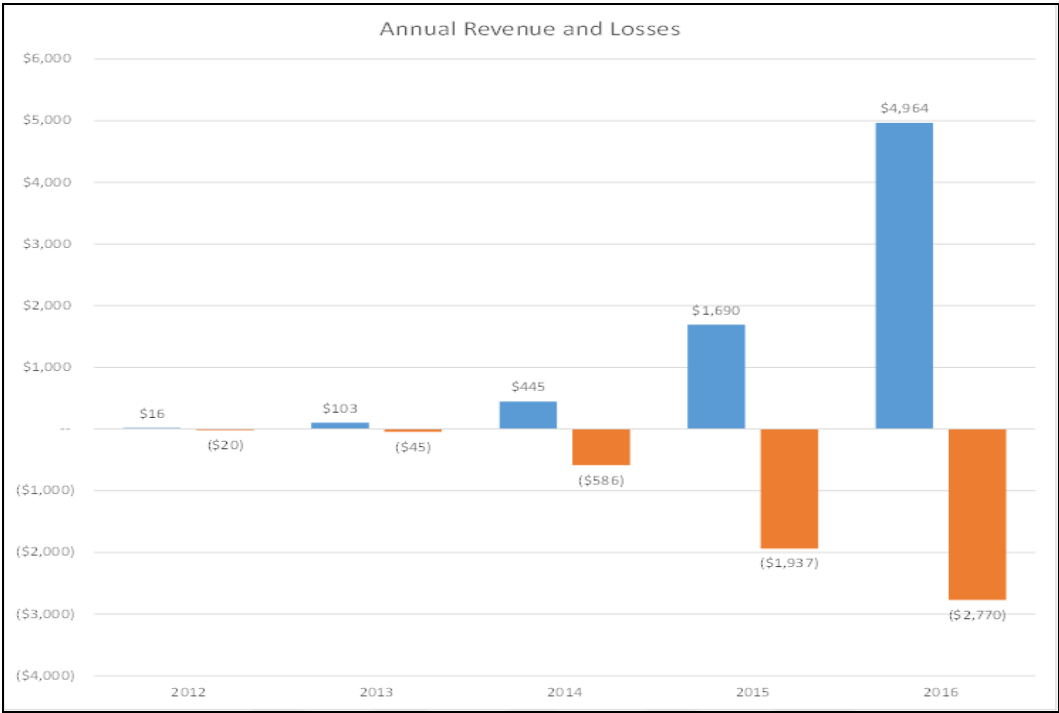
Source: (Vellanki, 2016).

The 2017 IPO of the company can be deduced by the evaluation of Uber's P&L and the forecast bias of its growth. The growth rates of Uber are about 537%, 332%, 280%, and 194% in 2013, 2014, 2015, and 2016. The loss of net income value is $1.9B. As the net revenue increased by 15% in Q2 2016, 20% growth rate was foreseen declaratively for Q3 and Q4. In 2016, the net revenue is estimated to increase by 3 times all the year around and the possible loss estimates for net income will be around $2.5B-$3.0B range (Vellanki, 2016).

It is predicted that the net revenue of the company will grow at a rate of 100-150% in 2017 from the annual growth values. This valuation may cause net revenue to be in the $10-$12.5B range (Vellanki, 2016).

The highest revenue of a public internet company is about 9.0x in 2017. Facebook is the company that fits the situation and company can gain nearly $ 37B in revenue in 2017 with 63% EBITDA margin (Vellanki, 2016).

The comps of premium marketplace trade at 6.0-8.0x 2017 revenue. When Uber's success is evaluated, it seems to have grown faster than these public comps, and it is also a significant success of Facebook with 50% growth of the company in 2016.

Estimated based on Uber's current private valuations, if Uber is supposed to generate $12.5B net revenue in 2017, the value of Uber would be $125B at 10x multiple, or $75B at 6.0x multiple (Vellanki, 2016).

It is not easy to make an assessment for the future values, according to previous reports of companies that have been growing like accelerators like Uber. Not only the companies' giant growth, but also the efficiency and effectiveness of the long-term business will be taken into consideration in evaluations.

There are media channels around Uber that can adequately advertise and lure growth success and continue to attract the attention of many big investors. Uber's success story attracts not only the investors but also the startups. Uber will continue to increase its value as long as investors are always convinced that it will proceed in the direction of profitability. There are very important achievements, challenges, strategies and samples that startups need to patterns themselves on Uber's growth story.

As seen in the success story of Uber, when growth hacking strategies were applied by big industrial leaders and strong brands, it was possible to achieve accelerated growth, successful product development and customer acquisition by reaching a large number of the target audience in short time.

One of Uber's important factors of success brings innovations to the market and convenience for its users, which is out of traditional marketing and mindset.

The growth hacking methods that have been applied have caused to strengthen Uber's market presence and lead the race in the competitive industry where Uber struggle.

First and foremost, the growth hacking strategies always should be implemented are within the ethical values, fairly, and the applied tactics should be in accordance with the law.

Uber's success model in the sharing economy is parallel to Airbnb. Even if Uber struggled with difficulties and occasionally applied the wrong strategies, the company often created a powerful model that every startup founder can take it as role model. The stories of businesses that have gained tremendous success like Uber by implementing growth hacking strategies will continue to be the inspiration for startups at an early stage.

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APPENDIX

Research Questions

15 research questions are investigated to achieve the aim of thesis and realize how high-technology startups, worldwide company as Uber implements Growth Hacking methods the successful growth strategies and what kind of characteristics Growth Hacking includes.

1. What is Growth Hacking?

2. What is the history of Growth Hacking?

3. What are the characteristics of Growth Hackers?

4. What is the importance of Growth Hacking?

5. What are the approaches and logic differences of Growth Hacking from Traditional Marketing?

6. Why do the high-technology startups implement Growth Hacking?

7. How do the high-technology startups implement Growth Hacking for rapid and permanent growth?

8. What is the importance of Product Market Fit (PMF)?

9. Are Growth Hacking implementations ethical or not?

10. How do the startups achieve customer acquisition?

11. How do the startups achieve product development?

12. Which Growth Hacking methods have Hotmail and Airbnb applied?

13. Can Uber be classified in the startup category?

14. Which Growth Hacking methods have Uber applied?

15. What are the bases and accelerants of Uber's great achievement background in a short time?

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