

URL: <https://stvp.stanford.edu/clips/high-efficiency-and-happy-accidents>

Eventbrite Co-Founder and CEO Kevin Hartz discusses how an unexpected niche fueled business growth. He says that efficiency eliminated the cost of attracting new customers and allowed Eventbrite to invest more in engineering, product improvement and customer service.



Transcript

We developed certain attributes.. I don't -I wouldn't say that they just popped up by accident, but through a lot of iterations and tests in the early days of Eventbrite, we did various things that we learned and observed from that really helped us to define our business later on.. For example, if you put down a zero dollar value ticket, you can host -as an organizer, you can host a free event.. And that was almost an accident.. We didn't intend to set out to build a free event functionality.. We went out to build functionality that's, there is a member, nonmember, and member of the press and the member of the press would be free or we wanted to have the option of having that free registration type and lo and behold, people started publishing free events.. And they published them in a far greater number and percentage than actually the paid events and our initial -we were kind of aghast like, they can't do this.. They're using our product and we are not being paid and then we took a close look at that and looked at the content being created, which was in its day, and still is, being indexed by Google and search engines.. The invitations, the awareness that was being raised by those using Eventbrite as a free service and when we started to look at this in a quantitative measure , we found that that was actually fuelling the growth of the business.. That more free events, free events out there, we get more organizers and this virtuous circle grows..

In fact another area of efficiencies we've really latched on to is this notion of what we call Attendee to Organizer, or ATO which has the unfortunate same acronyms as Account Takeover, so please don't confuse the two of those, hackers out there.. But our ATO rate was that percentage of attendees and it's measured in basis points that convert to paid organizers.. And what that meant is that as we optimized towards that metric, we saw more and more customers coming from that segment and we didn't have to spend marketing dollars, we didn't have to spend sales dollars against that.. So if you pit us from an efficiency standpoint against a traditional ticketing company that's 100% sales against Eventbrite where the vast majority of your sellers, your event organizers are self service or finding the site on their own and converting, that's -you're always going to win that game.. Your cost of acquisition go to zero, or effectively zero and we can take that investment money that we would have spent on sales and invest it into building engineering, innovating more on the product, offering outstanding customer service.. And that's a notion of efficiency to really cling on to...