Engineering 245

The Lean LaunchPad

Session 3: Customers, Customers, Customers

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http://e245.stanford.edu/
Agenda

• Customers
• Customers
• Customers
VALUE PROPOSITIONS

what are you offering them? what is that getting done for them? do they care?
CUSTOMER SEGMENTS

which customers and users are you serving? which jobs do they really want to get done?
CUSTOMER SEGMENTS

which customers and users are you serving?
which jobs do they really want to get done?
Test Hypotheses:

- **Problem**
- **Customer**
- **User**
- **Payer**
Corporate? Consumer?

• Business to Business (B to B)
  – Use or buy inside a company

• Business to Consumer (B to C)
  – Use or buy for themselves

• Business to Business to Consumer (B to B to C)
  – Sell a business to get to a consumer
  – Other Multi-sided Markets with multiple customers
Corporate Customers

Business to Business (B to B)
What do they want you to do?

• Increase revenue?
• Decrease costs?
• Get them new customers?
• Keep up with or pass competitors?
• How important is it?
Market Type & Ignoring Customers

• Existing Market?
• Resegmenting an Existing Market?
  – niche or low cost
• New Market?

• When do I ignore customer feedback?
Who’s the Customer in a Company?

- User?
- Influencer?
- Recommender?
- Decision Maker?
- Economic Buyer?
- Saboteur?
- Archetypes for each?
How Do They Interact to Buy?

- Organization Chart
- Influence Map
- Sales Road Map
Pass/Fail Signals & Experiments

• How do you test interest?
• Where do you test interest?
• What kind of experiments can you run?
• How many do you test?
How Do They Hear About You?

- Demand Creation
- Network effect
- Sales
Consumer Customers

Business to Consumer (B to C)
What do they want you to do?

- Does it entertain them?
- Does it connect them with others?
- Does it make their lives easier?
- Does it satisfy a basic need?
- How important is it?
- Can they afford it?
Market Type & Ignoring Customers

- Existing Market?
- Resegmenting an Existing Market?
  - niche or low cost
- New Market?

- When do I ignore customer feedback?
Consumer Customers

- Do they buy it by themselves?
- Do they need approval of others?
- Do they use it alone or with others?
How Do They Decide to Buy?

• Demand Creation
• Viral?
• SEO/SEM
• Network effect?
• AARRR (Dave McClure)
Pass/Fail Signals & Experiments

• How do you test interest?
• Where do you test interest?
• What kind of experiments can you run?
• How many do you test?
The Consumer Sales Channel

- A product that’s bits can use the web
- But getting a physical consumer product into retail distribution is hard
- Is Wal-Mart a customer?
- More next week
Multi-Sided Markets

Business to Business to Consumer
(B to B to C)
Who’s The Customer?

• Consumer End Users, Corporate Customers Pay
• Multiple Consumers
• Etc.
Multiple Customer Segments

- Each has its own Value Proposition
- Each has its own Revenue Stream
- One segment cannot exist without the other
- Which one do you start with?
Team Exercise
In-Class Exercise

• Pick any 3 teams who presented today
• Tell us who you think their customers will be. Why?
• How many customers do they need to talk to before they have relevant data?
Deliverables for Next Week

- User / customer hypotheses?
- Did you learn anything different?
- Did your Value Proposition change?
- What are your customer acquisition cost hypotheses?
- What are the benefits (economic or other)?
- If part of a company, who’s the decision maker, how large is the budget and how will the buying decision be made?
- Web startups: start coding the product!