

# HOW TO READ YOUR **CUSTOMERS' MINDS** BETTER THAN HOUDINI



# **How To Read Your Customers' Minds Better Than Houdini**

Common advice to new marketers is to find a need and fill it. Better advice is to find a want and fill that, since people more readily spend money on things they want than they do on things they need. After all, no one NEEDS an expensive car. Even the cheapest of automobiles will get them where they want to go – yet people WANT the high end cars and they pay dearly for them.

So we know to find needs and wants and to fill them. And we've all been told to do surveys or haunt forums to find out what these needs and wants are. It's very basic advice and if you combine it with some trial and error, it will usually get the job done, at least to a certain degree.

But what if you want a blockbuster smash-it-out-of-the-park product? Something that you can perhaps retire on?

Then you're going to have to upgrade your methods of product research and product creation. In fact, what you'll need to do is focus on something called Customer Development, and according to Steve Blank, it goes like this:

1. Understand your customers' problems and needs
2. Prove that you have a repeatable sales model (for long term sales and income)
3. Create and drive end user demand (also known as marketing)
4. Building – that is, transition from learning what your customers want to executing on what you've learned.

It's that first step - Understanding your customer's problems and needs – that sets the stage for the other 3 steps and your eventual long term success. And it's also the step most people get wrong.

You probably already have a vision for a new product. You've looked and needs and wants and you've got a solution you want to offer customers. The unseasoned marketer will now create the product and offer it to customers, something you might call the sink or swim method. But since 9 out of 10 products sink using this method, I'm going to suggest you do the following instead:

1. Go talk to the people who you believe are potential users for your product. Your goal is to see if there is a direct match between your product vision and what people want.

2. If you're finding out there isn't a match, you make one of two changes. Either you change your product to what these particular customers do want, or you find a different segment of the market that does want what you are planning to offer.
  
3. Your goal is to understand the problem your product is addressing. Ask people how they handle this problem now and if they perceive it as being a an important issue for them. Forget yes and no type questions. Instead, ask open ended questions such as,
  - ⤴ "If you could change anything about the way you deal with this problem, what would it be?"
  - ⤴ "How do you currently solve this problem?"
  - ⤴ "Can you describe the problem in your own words?"
  - ⤴ "Have you tried other solutions? What happened?"
  - ⤴ "What do you wish you could do to solve this problem?"
  - ⤴ "Tell me about the last time you had this problem."
  - ⤴ "How much does this problem cost you?"

NOTE: Don't ask hypothetical questions because they won't be relevant or helpful. Don't ask for features, don't try to convince or sell and don't

try to solve their problem. For example, don't ask:

“Do you like this idea?”

“Would you buy this?”

“How much would you pay for this?”

4. Adjust accordingly. You might uncover an even larger, more pressing problem that you can solve for these customers. Don't be afraid to discard a good idea for a great idea. In other words, don't chase after crumbs if turning in another direction will provide a feast.
5. Build, Measure and Learn, but not necessarily in that order. Figure out what you need to learn. For example, will people use your XYZ service if it's free. Then figure out how to measure that. In this case, you can track sign-ups for a beta service you will be introducing. Then you decide what you need to build. And in this case, all you need is a landing page to sign people up, with either a description or a video showing what your service will do.
6. Notice you can do all of this without actually creating your product or service first. Odds are you're familiar with Dropbox. When Dropbox was first presented to the public, it was simply an idea presented in a video. It wasn't working, and in fact there wasn't even a prototype yet.

But the interest received from potential customers was massive – enough to tell Drew Houston that he should indeed go ahead and build Dropbox. Good thing he did – he's a rich man today. To see how he did it, go here: <http://techcrunch.com/2011/10/19/dropbox-minimal-viable-product/>

7. If you went to that page, you noticed that Dropbox was started as a Minimal Viable Product. That is, the absolute minimum was done on the product itself to assess the market. No doubt you've heard that the best way to test a product is to put up a squeeze page or sales page offering the product and see how many people try to sign up for it. Then on the next page you reveal that it isn't available yet, but you will let them know when it is. This might seem like cheating, and it is. What you're cheating is failure by assuring yourself that you do indeed have a product idea that will sell before you ever build it.
  
8. Still confused on what a Minimal Viable Product is? A Minimal Viable Product isn't always about creating a minimal product, but it is about learning what you need to know to make your product successful. It might be a working prototype, a mock-up or a video that simulates your future product. An MVP is what you get in front of your customers to find out if they will indeed use it (if it's free) or buy it.

Bottom line, if you want to know exactly what your customers want, you've got to do some digging. You've got to first ask them what needs fixing, what's important to them, and how they would like it solved. Then you present them with the solution – either the actual product or an MVP – and you gauge their reaction and learn all you can in the process.

Who are your best prospects in the early stages of your product development? Those are the customers we call “earlyvangelists.” According to Steve Blank, they will have some or all of these characteristics:

1. They have a problem
2. They are aware of having this problem
3. They have been actively searching for a solution
4. They may have already hacked together a solution
5. They have or can acquire the funds to buy your solution

Ideally these are the first customers you want to offer your product to. They will take the least amount of selling and will be the first to tell others of your product. Find these people and you have tapped into a goldmine.