*Welcome to the PublicBeta podcast. My name is Jack Kaufman and I’m interviewing successful entrepreneurs about how they found their first customers for their businesses. Check out our book at yourfirstcustomers.com to reserve your launch discount.*

*Today’s episode of the PublicBeta podcast is with Neil Patel, co-founder of KISSmetrics. KISSmetrics is a SaaS application that gives you customer intelligence and web analytics. In this episode, Neil shares stories about how he found his first customers for KISSmetrics and give some big tips that will help you find your businesses’ first customers. Here we go.*

Jack: Hi everyone. Really excited to be interviewing Neil Patel for PublicBeta today. Neil is co-founder of Crazy Egg and KISSmetrics. We’ll be focusing mainly on KISSmetrics for the interview today. Neil, how are you doing?

Neil: I’m doing great. Thank you for having me.

Jack: Yeah. Thank you so much for taking the time to talk with us and help out people in the PublicBeta audience and people who are interested in starting a business. So can you tell us the story of how you found your first customers for KISSmetrics, and can you maybe also just tell us a little bit about KISSmetrics too?

Neil: Sure. So let’s start off with KISSmetrics and what it is, right?

Jack: Yep.

Neil: Simplest way to end up putting it because most people end up using Google Analytics is that Google Analytics tells you what happens. KISSmetrics tells you who’s doing it. For example, Google Analytics will tell you you got ten of your pages were visited. KISSmetrics will tell you who’s doing it, right, because if someone signs in or they purchase you, it can show you where they first came from, did they come back before they buy, did they come back three or four times, did they come back after they purchased another product, right?

Jack: Yep.

Neil: So KISSmetrics says user level tracking. And the way we got our first few customers is just we manually reached out. So when we were launching the company, we’ll just go out there and hit people off and try to see if we can get any customers, right, whether it’s cold emailing companies or hitting up our friends asking if they know anyone. And we actually even got the first few people to use our product for free. We weren’t even charging them. And after we had a few people who liked the product and we started introducing paid plans.

Jack: Great. And were you funded or bootstrapping at the time you found your first customers for KISSmetrics?

Neil: We raised a million bucks at that time.

Jack: Okay. So how do you think raising that money helped you when finding your first customers? Do you think it helped you kind of get your product fit like the first version of the product finished faster?

Neil: The first version of our product didn’t end up being the product we have today. We went through two or three variations before you see the one we have today.

Jack: Okay.

Neil: But what funding did was it bought us time because start-ups aren’t always perfect on their first shot. It takes multiple attempts in many cases. You learn a lot. You have to adopt. It’s expensive. Not as expensive as it used to be five, six, seven years ago but it still adds up. So that’s what the money helped us with. It didn’t necessarily make things move faster at the beginning. Sure it did compared to bootstrapping there right because we had more cash to spend on resources and stuff like that. But it just mainly gave us time, right, because a company can fail for many reasons.

Jack: Yep.

Neil: Such as money, wrong product, whatever it may be. But the more cash you have in the bank, the more time you have to figure it out.

Jack: Okay, great. So you mentioned that kind of initially on the first few people who started using KISSmetrics were just users. They weren’t paying right off the bat. But when they did start paying, what was your business model at the time? So was it freemium SaaS?

Neil: Some monthly fee and subscription-based, and I think our price plan started $29 a month. I could be off but I think that’s what our initial pricing started at.

Jack: Okay, great. With kind of letting the first few people who used your product use it for free, could you talk a little bit about why you decided to do that? Did you just feel it wasn’t ready yet to charge people money to use it or did you want to get their feedback?

Neil: It was feedback and a lot of times we’d have to give them something away for free to convince people to use our stuff.

Jack: Yeah. Okay, great. So besides kind of contacting people in the tech industry or in other online industries and asking them to try out your product initially, were there any other specific techniques or strategies you used when finding your first customers?

Neil: Yeah. That was the main tactic that we used to finding our first customers. Now getting past the first customers, we did a lot of stuff like content marketing, SEO. We hired PR, right? PRServe at the time. They helped us with press. Sort of did our thing like that to get more customers out there first few. We were just mainly reaching out.

Jack: Okay, great. When reaching out to people in kind of the tech community, were those kind of people you knew well at the time? Were those relationships that you had built up over kind of a fairly long time or were you kind of cold? Was it a mixture of cold emailing people and reaching out to people you knew well?

Neil: It was just through relationships in a way.

Jack: Okay, great. And so what would your number one tip be for prospective entrepreneurs out there about finding their first customers? So if they have an idea and they want to try and maybe develop a product and go out and find their first customers.

Neil: Yeah. If you’re going out there and trying to find your first customer, I would just tell people that pinpoint who they are, their idea of customer persona, right? Is it a SaaS company, e-commerce company? What’s the revenue type? Who’s the person within the company that you need to be talking to? Once you figure out all of that, just manually outreach and then just over them the product for free and get feedback.

Jack: Great. That sounds good. Well, those are all of the questions we have today. So thank you again, Neil, for taking the time to do this interview.

Neil: Yeah. No problem at all. If you need anything from me, let me know. But thank you for having me.

Jack: Yeah. No worries.

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