*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 Rob Walling, founder of Drip. Drip is a SaaS application that helps you get a double-digit increase in your conversions rates by capturing email addresses on each page on your site and sending those leads pre-written drip email sequences. In this episode, Rob shares stories about how he found his first customers for Drip and gives some good tips that will help you find your businesses’ first customers. Here we go.*

Jack: Hi everyone. I’m really excited to be interviewing Rob Walling for PublicBeta today. Rob is the founder of Drip and the founder of MicroConf among many other projects he’s worked on. Rob, thanks so much for taking the time to speak with me today and help share some of your experiences and advice.

Rob: My pleasure.

Jack: Great! So we can get right in to the interview. My first question is could you tell us the story of how you found your first customers for Drip and maybe just also tell us a little bit about what Drip is?

Rob: Sure. Drip is an email marketing application. The initial idea was to help people marketers and people with software products to increase our conversion rate by allowing them to get an email. It goes live really easily, and since then it’s morphed into something kind of more advanced into an email marketing automation tool where you can schedule emails with people in and out of list really easily. But that’s been a 15 month kind of evolution. As we’ve gotten customers using it, as soon as you get people using it, things change.

Jack: Yep.

Rob: That’s what Drip is and it’s a software as a service app with a subscription fee, and the way that I found the first customers, the first handful of customers was by starting with my network of people. And so I’d like to think of marketing, this model I’ve started to think of as called concentric circle marketing. And so if you think about concentric circles meaning a circle with a center and then one gets larger around that one and larger around that one, kind of like a bull’s eye.

Jack: Okay, yeah.

Rob: And so that very, very inner circle is everybody you know personally, like it’s your friends, your colleagues, people you can call on the phone or send an email to and they recognize your name.

Jack: Yep.

Rob: And that’s where I always start if I’m going to be developing a new product. I try to go after that market first. The next concentric circle is people you typically have their ear. Most people know you. You may not know them personally but that’s more of the audience thing, and then spreading out from there, there are some other layers we can go into later if you want to. But that’s definitely not a first ten customer thing. The first ten, 20 customers I got by sitting down, thinking of an idea that helps start-up founders, entrepreneurs and then trying to validate via email, and I email these folks that I had either met through conferences, had met through blogging, podcasting, whatever. Just know that they’re in the start-up space and knew that they would at least respond to my email even if we had never met personally that I figured that I would have their ear, that I would definitely reply to them if they sent me a similar email.

Jack: Yep. Great. Yeah. That’s a good strategy. Were you funded or bootstrapping at the time you started reaching out to those friends and colleagues about the idea for Drip?

Rob: Definitely bootstrapped. Now I have a little bit of an advantage in that I wasn’t boostrapping from like a fulltime job or something when I’ve had products for years. And so I’m able to take some of the profit from other products and kind of self-fund. There’s that in-between. Funded is you go raise a bunch of money. Bootstrapped is you don’t have any money and you literally you put in a hundred bucks and you have to make that back before you can spend it again. I’m like in the middle. It’s like self-funding so I can write a check here and there that I couldn’t back in the old days when I was first starting out.

Jack: Great. And were your initial customers paying you immediately, or if not, when did they start paying you or were they just users?

Rob: Sure. So these initial customers were not paying me right away but they had the expectation that they would be paying me. So I never said, “Come do the beta and give me feedback and in exchange for free, in exchange for using it for lifetime for free.” In my opinion, it’s not a good choice because you’re getting people who aren’t willing to pay for the product, and frankly when people ask me to use their app, I’m totally willing to pay for it, you know, even if I’m giving them feedback. If they’re building a good app, I want it to be sustainable for them and I want it to be profitable. But on day 1 they weren’t paying me because I was bringing in customers one at a time and I was saying “Try to use this and whatever doesn’t work, whatever features we don’t have, tell us. We’ll build it. Come back a week later.” And maybe two weeks later and then “Can you use it now?” That was our process. So I had this literally months, there’s probably three or four months of just getting their feedback. It wasn’t right to be billing them because they weren’t getting enough value out of it yet. But then we hit a certain point where we had about ten people in there and I started emailing. I was watching the metrics, how many emails are being sent, how many customers were converting theirs and I would email and I would say, “Alright, we’ve been talking about it since day 1. Is it providing enough value to you to be willing to pay x dollars a month starting next week?” And then some people said yes and we started billing them. Some people said no and I said, “Alright. What else do we need to do?” It was a very figurative process. Yeah.

Jack: Great, great. So besides kind of reaching out to friends in the industry, were there any other techniques that you used to get kind of your first customers beyond customers from that circle in kind of the concentric circles?

Rob: Absolutely. Sure. Yep. Yeah, moving to that second concentric circle was my audience, so it was blog, podcasting, that I announce at Twitter, that kind of stuff. The other thing that I did that worked really well is I got a landing page up as I always do, sent a lot of traffic to it from both my audiences but also just going on different podcasts here and there. I would mention the idea. And then I ran a bunch of Facebook ads in a very specific target audience, send them to the landing page. Got a bunch of emails from there. So in that email list, by the time I was ready to launch was 3500 people which was the biggest list I’ve ever had.

Jack: Wow.

Rob: When it was about maybe 1500 or 2000, I sent them a survey and it was pretty in-depth. It was about seven or eight questions. What are you looking at for Drip? What’s the biggest paying? What’s the thing that your marketing solution doesn’t do? Blah, blah, blah. And then at the end of that, I ask for their email. I already had their email, but I wanted to identify which of these people is answering these questions in a certain way so that when Drip launches, I know I can’t do all the stuff I asked about. I was going to do like two of those seven. So I picked all the people that had answered yes to just those two, and that was my very first launch was to those people. Those are the first people I didn’t know who actually used it and it converted really, really well. The other groups didn’t convert as well after that which is to be expected, right?

Jack: Yeah. Interesting, interesting. Would you say that using Facebook ads to drive traffic and to help build up the list and kind of increasing the number of people on it, was that profitable and helpful? Would you recommend that or…?

Rob: Yep, I would. See, I’m a proponent of marketing tactics like SEO, content marketing, acquisition. I mean these are kind of the core foundational things. What’s nice about Facebook ads is it doesn’t take a lot of time. It just takes money. Like I said, I had a few thousand bucks that I was just going to test, and within spending 500 bucks, I knew that it was going to be profitable. So yes it was definitely. I wound up spending I think around $2,000 to $2,500 bucks on Facebook ads for that.

Jack: Okay.

Rob: But Drip costs $50 a month. Use math. You don’t need many customers to pay back those ads pretty quickly. A couple thousand dollars is not much to spend, and it’s to get the quick feedback too, right? You start and you have people clicking through your web site like ten minutes from now.

Jack: Yep.

Rob: Big advantage. The other thing, the last thing I’ll say about that is it allowed me to test headlines, value propositions. So I had multiple landing pages with different headlines, you know, because I didn’t know really what is the value proposition of Drip. And so by the time I launched Drip, I already knew the headline I was going to use in marketing side, and ads really allowed me to do that.

Jack: Great, And then just kind of one more quick follow-up question related to how you mentioned segmenting the launch to your list. So would you recommend kind of people trying that out where they send out a survey to people on their list saying, “What features are you looking for in x product?” And give them a bunch of responses that they can fill in and then launching to a specific segment of your list based on what features your product has when you’re ready to launch and then also based on who said that they really need those features.

Rob: Right. I do think that the survey is super valuable.

Jack: Okay.

Rob: And I’m glancing off the screen here because I recorded like a 40 minute podcast episode diving into that survey, how I wrote it, the results, what questions to ask, what questions not to ask. Kind of really went through it. My podcast is called *Startups for the Rest of Us*.

Jack: Okay.

Rob: I’m trying to figure out what episode it is, but it’s somewhere in the 130s, I recall.

Jack: Okay.

Rob: So yeah. Maybe you can link it up or something.

Jack: Yeah, that would be great. Yeah, I’ll find it. I’ll look it up.

Rob: Oh here it is. It’s episode 139.

Jack: 139.

Rob: Six Questions You Can Ask in Your Customer Development Survey.

Jack: Great.

Rob: So even if you have a hundred people on your list or you have 10,000, that survey is crazy valuable as you’re building your app because you just don’t know what people really want, and I got a lot of surprising right in responses that really helped me continue to evolve the app from there. Even while no one was using it yet, people can tell you.

Jack: Yeah.

Rob: So I do think that that’s valuable and you should do that no matter what. In terms of the layered launch, because I launched to like 300 people and then 600 people and another 600. I did that because the launch list was just too big. 3500 people, the app could handle it but I couldn’t onboard that many people, support that many people. There’s so much manual work that we do. So I look for that layered launch. If you have a small list, I don’t think you need to do it.

Jack: Okay.

Rob: The bigger you get, I think it’s necessary. And also it helped us. When we got those first 300 in, I realized how onboarding is not very good. So I went back, spent about a week or two totally redoing it, re-writing emails. So the next group converted way better because I had a chance to iterate. Instead of sending out to all 3500 and basically getting a crappy conversion, I only got it on the first segment.

Jack: Great, great. And then my last question is what would your number one tip be for finding your first customers to prospective entrepreneurs out there?

Rob: Yeah, my number one tip is to think in terms of that concentric circle stuff like I said. Go to your network once you have a startup idea. Go to your network, people who you think could feasibly use it, and then email them. And if you don’t get 10 people who are interested in using it, then either the idea is bad or you need to go out to the next. Go to your audience. And then the third circle is your friend’s audiences, your colleague’s audiences. And then fourth step is called traffic and that’s where you start doing paid acquisitions. I’d say start with folks that are closer to you rather than trying to branch out too quickly.

Jack: Great. So that was the last question for the interview. So thank you so much for taking the time to speak with me today and to help PublicBeta audience and prospective entrepreneurs out there and learn more about finding their first customers. Yeah, thank you again.

Rob: Absolutely. Appreciate you having me on.

Jack: Great. Have a great day!

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