*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 Rand Fishkin, co-founder of Moz. Moz is a SaaS application that makes inbound marketing and SEO easy. In this episode, Rand shares stories about how he found the first customers for Moz 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 Rand Fishkin for PublicBeta today. Rand, thanks so much for taking the time to speak with me and help share some of your experiences and advice.

Rand: Yeah. My pleasure. Thanks for having me.

Jack: Yeah, of course. No worries. So my first question, we can jump right in to the interview, is can you tell us a story of how you found your first customers for Moz?

Rand: Sure. Yeah. I’m going to speak of Moz, the software company rather than Moz, the consulting company because for a few years we’re a consulting company before we became software. So you mean that transition, well we launched our software in February of 2007. Now our very first customers came to us directly via our blog. I’ve been blogging for five years at that point. Four years approximately at that point. We had pretty decent traffic to the blog. Every post that was published a lot of folks read. Now we get, I don’t know, 40,000, 50,000 people reading our blog posts. But back then, it was very impressive to me that we had 3,000 or 4,000 people read our blog post. And so I believed that first time we published, when we said, “Here you can sign up at PayPal” and PayPal has I think it was 29 bucks a month. We got probably our first 50 to 100 customers within about 48 hours right from there. That ball just kept on rolling. Some people would come to the blog. They’d come to our web site. They’d read our content. They became part of our community and then they’d sign up via some links on the web site.

Jack: Great! And were you funded or bootstrapping at the time you found your first customers for the software product?

Rand: We were bootstrapped. We took our first round of investment in November of 2007 and that was primarily to build our link index. We built all of our initial version of our tools and software package. Launched that in February and then raised money 10 months later.

Jack: Okay. Interesting.

Rand: We had, I want to say, around 700, 800 customers.

Jack: Oh, wow! Okay. So your customers were paying you kind of right from the get-go. What type of business model were you using? Were you kind of letting them have a free trial? Were you using the money back guarantee? Was it freemium? What kind of was your model?

Rand: We did have… So we always offered refunds, no questions asked.

Jack: Yeah.

Rand: But I believe at the time we did not have a free trial when we started. I think our free trial began in 2009 or 2010.

Jack: Oh.

Rand: Yeah. So we had a few years where it was just you’d sign up and pay your first month. My memory is that we did have some features of the tools available for free. Not all of them had a free functionality as well. So we could sort of be called hybrid freemium with a money back guarantee.

Jack: Okay. Interesting, interesting. So kind of besides blogging for four or five years before kind of starting and to get customers for the software product, were there any other specific techniques or strategies you used when finding your first customers? Kind of I guess a more specific question in that is when you were blogging, were you kind of building up an audience by collecting email addresses? Were you doing anything to kind of routine the traffic that came your way?

Rand: So foolishly, we did not collect email addresses during those four years of blogging. I think we only really got sophisticated about email marketing a couple of years later probably again 2009, 2010, that period. So we were extremely unsophisticated when we started. Yeah. In fact, I remember the first email marketing blast we ever sent. That was in 2009 and it was extraordinarily effective. I think we had like 300,000 people’s emails from signing up for free accounts on Moz and we’d just never turned that into an email database or considered using it for email or anything like that. Yeah, that was a very, very effective email.

Jack: Yeah.

Rand: But let’s see, you had asked about other techniques that we were using. The big one besides blogging for us was obviously SEO, and so we paid for none of our traffic. We didn’t have an affiliate program at that time. But in addition to blogging, right, this is something that I had gotten good at over the years was SEO, right? And of course, I’ve been an SEO consultant for four or five years prior to this and hence applied that knowledge and those practices into ranking for things that help move that business along.

Jack: Okay. interesting, interesting. Today kind of the SEO landscape is much different but do you think that’s something that people who are just starting their businesses kind of if they decide to create content as a way to kind of find their first customers, do you think that’s something they should devote a pretty good amount of time to? Do you think it’s helpful?

Rand: Yeah. It would be like publishing a blog post and deciding, you know what? I’m not going to use RSS. I’m not going to tweet my post. I’m not going to share it on Facebook or LinkedIn. Well, yeah, I might as well ignore the largest sender of web traffic to content which is search engines by… I think search engine, Google alone sends about five times the traffic, the outbound traffic of all the social networks combined. Facebook plus Pinterest plus Instagram plus LinkedIn plus Twitter plus Google+ is still in the billionish referrals, less than a billion referrals per day, and Google has about three and a half billion searches per day getting about 2.2 clicks on average from each of those. You’re just talking about huge delta between traffic Google drives, traffic everything else on the web. Social networking drives.

Jack: Interesting, interesting. That’s helpful. And then kind of my last question is what’s your number one tip out there to prospective entrepreneurs about finding their first customers?

Rand: Gosh. You know, I think it’s very, very important to… If I were rebuilding Moz or a software business from the start, I think I would work very, very hard on the story that the product is telling and the problem that it’s solving, and I would invest a lot more effort and energy into thinking about the long term of what I was building rather than just building a minimum viable product and trying to get a few customers. I think you can actually… Let me give you an analogy. Most of you have probably played video games. I’m sure you’ve played video games.

Jack: I have, yep.

Rand: In a lot of video games, you start and you create a new profile like a new character, right? And you just dive right in. You start going. And then you get, I don’t know, you advance a third of the way through the game and you go “You know what? I made a lot of mistakes here. I really should have thought more carefully about like what I was doing. I’m going to start a new profile or a new character in this game.” And this time, it’s going to be really optimized. I think that’s very, very true in software businesses as well. If you can look down a path and sort of see what’s coming and understand that, and this is reasonably possible, right, because there are so many people with so much experience in the software business at this point and so much knowledge out there that you can do a lot more planning. So this is coming out really. Before you start trying to get those first customers, I think building out that story, that path, that narrative, that problem you’re solving and having a long-term vision for the product really, really helps. This is something we messed up at Moz totally. We had a collection of like 12 or 14 different individual SEO tools and made for very one-time activity and a high churning business and you’re still dealing with like the revamping of that.

Jack: Interesting, interesting. Well, thank you so much for being so kind of open and honest with that last bit and I think that’s really fantastic advice. That’s it for the interview today. That’s all the questions we have. So thank you so much again, Rand, for taking the time to do this interview.

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