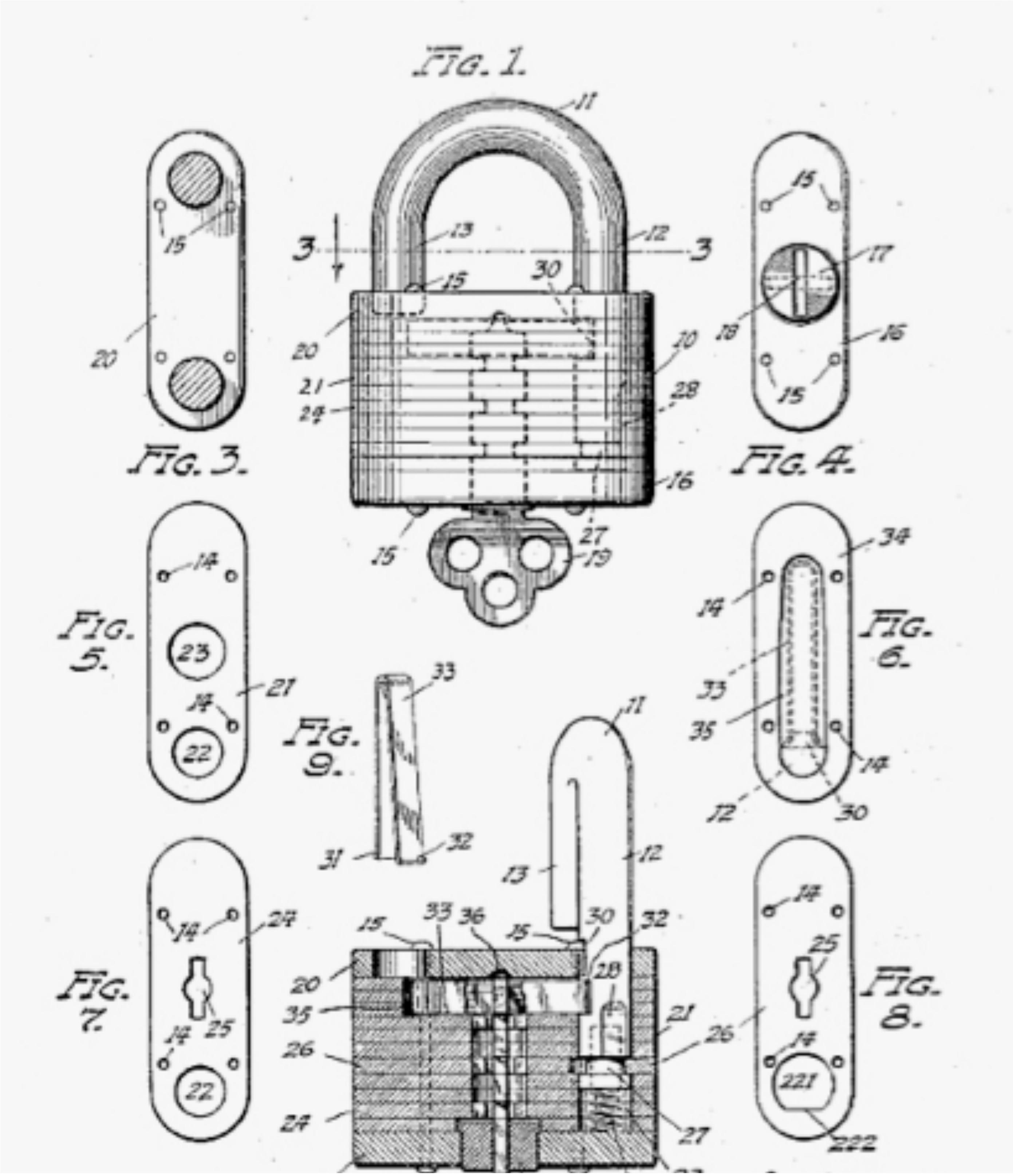
8 Customer Discovery Questions To Validate Product Market Fit For Your Startup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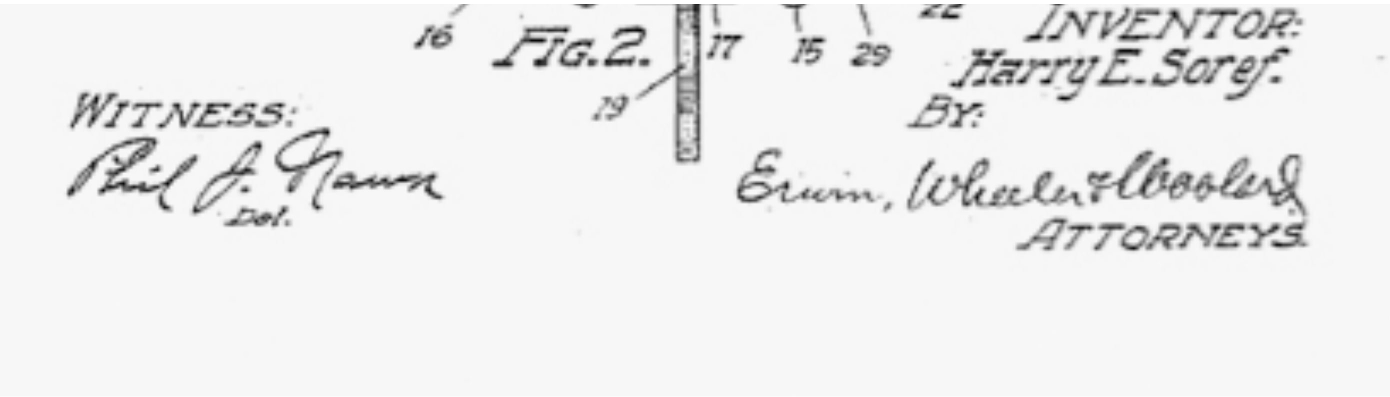

When I was a PM at Google, we conducted customer research often to understand our customers' opinions on AdSense. In 2005, Google, Yahoo and Microsoft were vying to win dominant share of advertising pages across large publishers. Customer knowledge, both qualitative and quantitative, informed product development, and that research became a key part of AdSense's success.

A few years later when I joined Redpoint, I learned that venture capitalists perform similar customer research during diligence. While the ultimate use of the data might differ, the actual investigations and interviews are remarkably alike.

During a typical diligence process, we will interview customers and might ask them questions like these:

How did you hear about the product? We're looking to understand what customer acquisition mechanisms are working for the company, and if they are consistent with the company's perceptions.

What process did you use to pick this product over the competition? This question sheds light into the sales process, most notably the key stakeholders and the ultimate decision-maker, and also sales cycle length.

Why did you choose this product? I'm digging for product differentiation, and to understand if there are different customer segments in the market who might use a different product to satisfy unique needs.

Which teams in the company use the product, and how has that changed over time? This inquiry reveals the key users, the potential for account growth and negative churn possibility.

How important is this product compared to other software? Validate that, in the words of Paul Graham, this is a hair-on-fire problem. If it's not in the top 5 most important needs, sales cycles will lag, because no internal champions will promote it and budget will be difficult to secure.

How much do you pay? Is it worth more or less than X product? Ascertain whether the customer believes the return on investment is wildly in their favor. Also, I'm determining whether the company is successfully matching their branding with their price point with a relative pricing question. A premium product should be priced that way and be marketed as such.

How quickly is the product evolving? How satisfied are you with customer support and working with the company? Both of these questions indicate churn risk. Fast evolving products with great customer support convey to users that the startup cares about delighting them. It's also a great diagnostic tool for exposing overselling. Do the salespeople in the company overpromise to attain quota, only for the product to disappoint later on?

To whom would you recommend this product? This question aims to understand the breadth of potential customers the product can serve, and the vigor with which an existing customer would recommend. It's a qualitative proxy for market size, eg, "Everybody vs real estate startups based in Wisconsin."

All of these questions are customer and product discovery questions, almost identical to the ones product managers use to understand if the company has unlocked product-market fit. In addition, these interviews surface insights about marketing positioning and true perception in the market; customer support effectiveness; overselling; and product importance. It shouldn't be a surprise that potential investors also use them to understand fit.

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