



Stanford eCorner

When Not to Listen to Your Customer

Jeff Housenbold, *Shutterfly*

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Video URL: <http://ecorner.stanford.edu/videos/1985/When-Not-to-Listen-to-Your-Customer>

Do research, but don't let your customers tell you what do build. Too often, says Jeff Housenbold, Shutterfly's CEO, the customer doesn't know what they want, and rarely in market study will they admit that they're willing to pay more for a premium product. For example, 96 percent of Shutterfly customers polled said they wanted a brick and mortar outlet, but only seven percent of customers use it.



Transcript

And what's important, I think, also as an entrepreneur is you've got to do research, but don't go build what your customers tell you what they want because often they don't have an expansive enough vision to understand where the market is going three years from now. That doesn't mean not to do in home studies and usability labs and ethnographics, all that is really important. But too often I've seen large companies kill ideas because the market research says no one wants that, and they won't pay for it. I've never sat in a focus group where if you asked, "Will you pay more, and if you want it freely, will you pay more?" All right. So as part of being entrepreneurial, you've got to say, "Okay. I've taken all this fax in. Now, where do I think that market is going and getting there before anyone else does?" Now, on the bricks and clicks combination, we went out and done partnership we target. So we offer our customers for those use occasions in which they need to pick up prints in an hour. We have a relationship with Target. Why Target? They have a shared vision.

Expect more, pay less. They wanted a better experience, a higher end experience than Wal-Mart. They're about design. They're about selling brands. They're about customer centricity. And their demographic is primarily women who are a little more affluent than Wal-Mart's, and so Target has been a great partner for us in that way. The other thing is when we went out and did the research, 96% of people said they would like pickup at retail. But as an industry, only 7% use it. So it's kind of like saying, "Would you like any lock breaks on the car?" Sure. If you're going to give it to me.

I'll take it. But since you can see your picture today on the camera or the capture device and you can see it on your screen, that urgency to get it the next hour. Because when it was in film, you took 24 or 36 pictures. And, you know, if you took any good ones, you have to go and develop them all. So there's a sense of excitement. You kind of get that afterglow of excitement right there on the computer screen, and so you don't need it very frequently in an hour. But it's a part of that customer-centric approach giving our customers choice.