Buckley: So how are we really going to use these numbers? How is this data going to be really actionable? What your visitors are actually doing inside pages and how they are using your site and then why they are actually acting the way that they are.   Once you start connecting those two dots together, it can become incredibly powerful.

Recording: Welcome to Marketing In The Know, the premier podcast to help you leap ahead of the marketing curve, so you can grow your business. Now get ready, set and grow with your host and tour guide through the marketing jungle, Buckley Barlow.

Buckley: Hello, insiders, I am very excited today to chat with my next guest who is a conversion rate optimization expert, where he has produced hundreds of millions of dollars in revenue in his career. His background is rooted in user experience and design, which we are going to talk a lot about today and he is the guy behind the successful startup, Hotjar, David Darmanin. I'm excited to have you in the house today, thanks so much for coming on.

David: Thanks for having me; it's great to be here.

Buckley: Well, you're over in Malta.

David: Yes, I am, out of the Mediterranean.

Buckley: Well, that is a cool place, let me tell you; it's beautiful over there. Dave, I am pumped to have a conversation about Hotjar. About you and your growth curves, the case studies that you are willing to share. There is so much that you guys have done so well in terms of customer experience, customer onboarding. I love your product and I know that it's filling a huge need right now, so I can't wait to dive in. Before we do, would you mind going into a little bit of detail about you, your company, what your role is over there? That would be fantastic.

David: Sure, I'd love to. My background is, as you said, has been in the U X design that kind of lead me toward conversion optimization, so being focused around growth and it has happened for one simple reason and I was constantly trying to understand, how do I measure my designs? How do I understand, if what I have created, is successful and good or not?

I quickly realized that it wasn't whether the client was happy or not, so this kind of obsession with analyzing and understanding and measuring took me down the road of focusing on conversionary tooled optimization. That was really exciting because it led me down the road of looking at what tools are available, what methodology is possible, what can be done and how can I get the best test result possible?

I attended a lot of events, I tried a lot of tools, I worked with a lot of clients and at the end of it, I realized that there were some really particular techniques that were the most effective, but the tools that were on the market weren't exactly the right mix that I was looking for. So, with that background of U X and software, it was kind of the natural mix thing to actually go invent software; a tool solution that would do that for me.

Buckley: Tell me a little bit about how your conversion rate optimization experience in consulting and working with larger brands, kind of, fed into the development of Hotjar.

David: In fact, that was the next thing that I was coming to. Most clients and businesses tend to be much more focused around the data and the numbers. One, that is interesting and it's great to have, I typically used to always get a blank look when I asked, okay, so, how are we going to use these numbers, how is this data going to be really actionable?

What is the next step that we are going to take based on this chart or this table? This is the reason that Hotjar is a tool that combines two areas together. It's the analytics, it's the data, but it's also the feedback, the qualitative side. So, what your visitors are actually doing inside your pages and how they are using your site, and then why they are actually acting the way they are.

Once you start connecting those two dots together, it can become incredibly powerful. So, a stupid example; a heat lamp can be extremely revealing, but combined that with a quick simple question on that same page, when you can look at where visitors are clicking and what they are saying, that can become incredibly powerful.

Buckley: And of course, trying to figure out which question to ask, is tricky as well, isn't it?

David: Absolutely and in fact, we tend to ask as many questions as we can.

Buckley: Which is smart, I think, so let's dive into Hotjar. There is something about software companies; by the way, you guys just know how to pick a name. Hotjar, great name, great job, I like that. So, talk to me and the insiders, about why you decided to create Hotjar and then the need in the market that you are solving, because I think this is really critical.

David: I'd say, I could kind of condense it into two main reasons. One is the all in one factor that I mentioned before. So, I having established, what were the techniques and tools that were the most important to me to deliver big results to my clients. I ended up with a handful of tools, each with its own script, each with its own setup, different user experience and the data isn't particularly well connected. So, that to me was one big factor, so connecting all of that together.

Buckley: Yeah, that's huge.

David: Yeah, that is a big thing, especially when you look at the typical work flow and when you are working with clients, or even if it's in house, sharing that data can have a big impact. The second factor was affordability and cost. Most of these tools, especially that we are doing and any type of analysis or data, they were charging based on the traffic that you have across the whole site. The reality is, when you are working on growing a site, the key is actually to prioritize and to work one part at a time.

                So, you go to your biggest opportunity and then move on to the next. So, the reality is that collecting expensive data across the whole site, for all visitors, constantly, is actually not a very clever way of doing it. With Hotjar, what we did differently, first we allow sampling so you can decide how much data you actually want to collect, so a percentage of your visitors and secondly, which is more exciting, is that it is kind of on demand. So, its, kind of, you create reports when you need them.

                So, I have one today and I am going to understand how the homepage is being used and tomorrow I'm going to investigate how these product pages are actually doing. Because we took this route, it means that we can allow our customers and users to create an unlimited number of reports.

So, that is a great way to work very iteratively. So, you go in, you investigated, you discover some interesting insights and then you act on it by making a change or doing a test. Then you can go back in and look at, either how the pages or variations were performed in the test or how the page is doing after the change.

Buckley: You have essentially taken all of the best tools that you are using as a CRO and you combined them into a single platform, which is very cool. Today, marketing has changed and it is highly data driven, it's highly technical and there are so many choices out there. To be able to take a hand full of tools into one platform, that is really smart and really cool and a huge need, I believe.

David: And then I was going to say, beyond that, we also do have a vision though, which is, we kind of want to change the way sites are based and used. I know it might sound kind of very idealistic, but we think the future is going to be a journey which is similar to how we have evolved from buying stuff retail on shops to going to Amazon and seeing reviews.

The user's opinion is going to become so important in the coming years. We believe in having the right tools to actually build your experience around the user directly and we know that feedback is a really important component of that. The problem is, even if you look at the way marketers or product teams use tools and which tools they are interested in, they always seem to be the data driven tools. It's the sexy heat map, recordings or funnels so, our vision is, we are kind of creating that amazing analytical stuff, but we are also throwing in that feedback in there and combining it, so kind of, you are forced to have both aspects at the same time. So far, we have seen that it worked really well, so educate is a strong word, but we would like to introduce our users are excited about the analytical side, also to the power of feedback.

Buckley: Well, not only feedback David, the design and the dashboard, is key, because most marketers are visually oriented.

David: Agreed.

Buckley: And I tell you this, because I am blown away by the simplicity off, number one, how much you offer on your free version, by the way, I'm blown away by it, but one of the things that I have been impressed with, is it's one thing to get the product right, it's quite another to actually get users on board and using it and loving it. Your onboarding process and your use of, if I can call it, in ap handholding, it is super frictionless, meaning super easy and I think it is almost sublime. How did you get this so right?

David: That is a good question and I actually forgot to mention that before. One of the other things, that was frustrating to us, was that when you use the tool, typically it would be really difficult to get any help, so it was kind of just a tool instead of trying to build the solution. So, we looked around for the best technology that we could find and would allow us to have the team literally sitting there in the product with you and being able to answer questions.

                             We have put a lot of effort into finding a way to make the scale work, and in fact, we offer free customer success and technical support to all users, even free ones. Again, it might sound crazy, but we do have quite a bold vision.

Buckley: No, I don't think it's crazy at all and in fact I wish more companies did this. Of course, you are probably thinking, I wish they don't do it because we like the fact that we are the only ones doing it really well. I'm going to shift, for just a second; you have to talk to me about that unique about us, our founding members' page, because we are talking about your team and product. That's really cool that you have listed everybody, how did you come up with this idea and why did you decide to go that route? It is so atypical.

David: That is a great question, the thing is, I've been very successful in previous projects, but I have had other projects that have failed and this time around I wanted to take the time to failure, as short as possible, if I was going to fail. So, we decided to be extremely lean and I read everything about how we could be as agile as possible. We also wanted to take the MVP approach.

Buckley: That is a minimal viable product, for the insiders that don't know what MVP is.

David: That is a very good point and it's good to clarify that, minimal viable product, meaning that you go and build the simplest unit of value that your typical user would be interested in. So, if you are creating a simple analytical tool, just start with the most basic data possible. With Hotjar, what was really unique is that we spent two months building the base technology, just to prove to ourselves, that our vision was possible.

When we realized that is was possible, we went out and actually literally started selling it, even though it was something that we were not very proud of. What we did was, we created kind of a landing page and said, listen, here's the problem we want to solve, we want to make it all in one, we want to make it cheap, we want to make it fast, we want great support and we want to solve all of the problems that we have. The feedback that we got was crazy.

Buckley: Crazy good, crazy good.

David: Yeah, crazy good. So, we had just thousands of people just signing up to use the service and even though we were using the latest technology when it comes to hosting and servers, we had to kind of slowing scale the users into the product, because there is a lot of processing in band with needs going on. So, it created, kind of a queue, so you kind of move up the queue to get access if you refer more friends and this viral element had a huge impact.

Unexpectantly, we ended up with nearly twenty thousand people in our seven month data, using our product and testing it and giving product feedback. This was the period of time that we have to find very clever ways to speak to everyone, so we processed every incoming idea and request and we prioritized them and list them and speak to the users. We ended up creating this amazing community and we had people that were using the product early on, who were literally became massive fans and I can say thank you here, because without them, Hotjar would not have been possible.

So, we decided, listen, we should be giving something back to the community and we told anyone who decides to continue using Hotjar, after the Beta, and become a paying customer, we would make them founding members of Hotjar.

That is obviously a double edge sword because it was an extra incentive for people to continue using us and give them the credit they were due, but also, again, giving something back to the community and kind of recognizing that this was a community effort really.

Buckley: Now, are you just recognizing them and saying hey, thank you, these are the founding members, or do they actually have equity in your business?

David: No, there is no equity involved; it's just kind of recognizing them as founding members.

Buckley: That is really, really cool and I think having a process like that, internally, with your team that is developing your product and of course the early adopters that are coming on and helping you make the product better and better, just being able to recognize that you are a customer first kind of business, that's really cool. I can tell, in everything that you do, you are a customer centered focused business.

David: Absolutely, that is definitely the case. We are even obsessed with understanding and analyzing our culture, especially as we grow and bring on more people, the more we found that that is the key and something that we are so fanatic about. Everything we do, we question ourselves, in this last iteration, this period of time where we develop, what value have we really actually shipped to our users and to our customers. Another thing that we do, we actually, which again might sound crazy, we don't even distinguish between paid and unpaid users so, to us, everyone is equal.

Buckley: I have a little concept, that I call story vesting and it's this concept where you've got to get your internal employees vested in your story, which is your product or your service, your processes, you leadership and its got to align perfectly with the customer's story, which are their needs and their wants. You have done that really, really well. You have aligned and that product market fit was fantastic, but how have you cultivated this vested interested with your employees internally?

David:	That is a really good question, actually, because it is something that we questioned and thought about early on. First off, we are really lucky to be five co-founders, so we are a big founding team and we are actually all kinds of typical users. In the past we have all wanted to have this technology available to us, but it wasn't readily available. This type of tool, when you think about it, is typically historically enterprise grade stuff so, it would be insane to think a few years back that this would be available in a free account.
	So, the fact that we really all feel the pain and we know that we are making such a big difference, that is huge and been a driving force and we have been very careful, we didn't employ people who are like us, but who have the same mindset. For example, one of our customer success agents, is based out of Minnesota, is actually a marketing consultant and he is answering questions and reaching out and guiding users and helping them with the process of understanding how to use this solution.
Buckley:	Let me ask you this, what are you doing out there to grow the Hotjar clientele, the customer base, what is working out there for you, in terms of promotion?
David:	Well, organic growth, which is a good thing, is the main driving force. We obviously use Hotjar ourselves and a question we ask on our homepage, is where exactly you first heard about Hotjar, returns the biggest used words, the most common used word was friend. The second theme around that were colleagues, LinkdIn, Facebook and Twitter.
	So, we realized that, okay, this is something that we are going to need to cater more and in fact, this week, we really put our creative minds together and we did what we call Hotjar brainstorms and we came up with this really awesome referral program that we have custom designed ourselves and basically what we had was a month leader board and we recognize and we give prizes.
	So, again, building again around that concept that we had in the Beta and that works really well for us because there is this mindset way of doing things, our users and fans feel compelled to help us. Besides that though, we also find very effective, running very basic promotions in terms of introducing the technology, so we find that Facebook is extremely effective and email is incredibly effective as well.

So, working with established communities, which are kind of communities of designers, developers or marketers and reaching out to them to be introduced, as hey, check out Hotjar, this is awesome works very, very well for us.

Buckley: That's interesting and I think most companies are envious in hearing that response because everyone is looking to get that kind or organic growth, but I will say, that your emails are great as well. Just again, everything ties together so well with the brand, you are doing a fantastic job. What kind of click through rates are you getting through your emails?

David: Oh, that is a good question, you caught me off guard there, I think we are seeing open rates of around, somewhere in the region of 40 percent and we have click through rates of just under 10 percent roughly, so from my experience, these are very good engagement.

Buckley: Those are great and I am a big supporter of email as well.

David: So are we

Buckley: With your growth curve, you haven't been around that long, have you tried other channels and tactics and avenues that just didn't work for the Hotjar brand and said this is just not for us?

David: Well we did some basic experimentation with Goggle AdWords, just to see and we like to experiment with different advertising avenues mainly to see what positions or what words or themes work and when you pay for it, you can quickly discover what's vert effective or not.

AdWords is incredibly competitive in this industry, reason being, is that there are a lot of vendors charging very high prices to fund big sales teams. So, that is the kind of overhead and to maintain all of their corporate expenses. So, we know that we are going to potentially struggle in that area, but we know that it is not the most efficient way of doing it, but we have some interesting ideas that are going to be coming up with very soon and it's going to be very oriented towards organic.

Buckley: That's great. David, our listeners and subscribers, for that matter and the clients of In the Know, they are fast moving companies that want to grow and your tool is perfect for these kind of companies and these are small to midsize businesses and even entrepreneurs that have got that product market fit and they are ready to scale. Is the demographic of choice that you are going after, the small to midsize market, because you have an excellent roster of big and small clients and I see that you have got some enterprises on board?

David: Yeah, let's put it this way, I understand that in general we categorize businesses are small, medium and enterprise. By that typical categorization, I would say we are much more focused on the small or medium, but having said that, we look at things a little bit differently. We are mainly interested in working with fast moving, agile companies, no matter their size because I think this is the tool for them.

Because you can have medium size businesses that just can't adopt this methodology, but then you can have enterprise companies, which we do, who think differently and want to move fast and they love the Hotjar concept.

Buckley: I share the same mentality 100 percent. So, would you mind, sharing briefly, some case studies and how some of your clients, if you can't name them, great, but how are they suing Hotjar to grow their business right now and what is working out there for them?

David: I think there are two particular case studies that come to mind that are really interesting. One was the PretsaShop, that is an eCommerce platform and basically what they were doing was launching a cloud version of their platform and they used Hotjar to collect very quick feedback. They were planning to release to market within a couple of weeks, but they weren't seeing very good numbers in terms of conversion and performance, so they deployed Hotjar and they quickly collected some interesting feedback via recordings.

They could see that their visitors were struggling with the use of a particular page and they quickly addressed this, shift the change and they saw huge improvement and that has allowed them to go to market quite faster.

I love this case studies because, whereas all of the other case studies we have, that are maybe not public, are related more to split testing, conversion, optimization and measuring confidence and all this stuff. This is an example of quick, dirty, found the problem, solved it, hit the market and succeeded as a business and that's the kind of the spirit we believe in.

Buckley: That's great.

David: And another interesting case study, which was a tiny business, I forgot the name, it was a site which allows budding video kind of producers and editors, it would allow them to get high quality footage and allow them to edit that so they would have footage to play around with. What was interesting, by using Hotjar they realized that they were using the wrong working on the site.

What the visitors were interested in was the actual footage and that was the actual word they were looking for and they were presenting it in a different way and this mismatch, just using the wrong word, wasn't allowing them to instantly connect with their visitors. In fact, we say, that asking questions to your visitors, whether it's a small poll question on your homepage or any page on your site, of if it's a full survey that you send via email, if anything, you learn anything, you will learn what words to use.

Typically, there is always a misalignment, we might call it visitor playback like we did, where our visitors call is recordings and we change that and it allows us to get much more connection quicker so, wording is very important.

Buckley: Awesome, well thanks so much. I know big data, because that really your tool is pulling a lot of data and big data can often times lead people into a data paralyzes and they are like, what do I do with all of this data. Even for data pros, you know, and I like crunching data, but even for data prod, on a growth team, for example, they struggle with it. So, how do you Dave, as someone that is immersed in this, how do you take that big data and make it simple, insightful and actionable to grow a business?

David:	Here is the interesting thing, the CEO of Hotjar, is not a big believer in big data so, I believe in big insights. If I was a big shop owner, in a physical address brick and mortar, I'm probably going or be discovering the biggest opportunities by literally standing by the door and asking people who are coming in, where they heard about us or leaving, what they though and how can it be improved, as opposed to looking at graphs and numbers of how people move around the shop.
	Obviously, it would be awesome, if I could do both. So, I think there is this data paralysis and I think it is much more widespread than we think that we analyze data just because we can. The reality is, because no one yet has found a way to build a subscription service around your eyes, ears and mouth, it's kind of a less sexy medium, but in reality, it is the most effective one. In fact, we encourage our users, just get on the phone, speak to some of your customers and speak to some of your users.
	There is an interesting study, I'm going to sideline it a little bit here, I think it was done by the Nielsen group, the usability guys, and what they found was, that even doing five quick remote user tests, will reveal 20 percent of your problems, which have 80 percent of the impact, a 20/80 pareto hold, right? So, this just shows you, as a principal, in general, what you want to be doing is understanding what are those big blockage points and why are people really coming to my site and why are they leaving.
	Once you can answer that question that is where you can go and make a change. Whereas, if you know that people are coming from Germany convert 10 percent less than those coming from Canada and if it's too much data and you can't act on it, then it's pretty much useless.
Buckley:	That's awesome and I think before we pushed record, I was telling you about how your voice and accent remind me of a good friend of mine whose name is David as well, but he is an Italian banker. So, he likes data, and I like to call it little data, by the way, it's hard to arrive at that and it's not easy, but anyway, I am blown away by your voice, it's just crazy. Well, hey, I ask a couple questions of every guest, if you were to hire one person, on your growth or marketing team, what would you be looking for and why?

David: Well, funny enough, we are looking to employ one person on our marketing and growth team, so I know exactly what we are looking for; multidisciplinary skills, that's the most important thing. Especially, and obviously, I'm saying this from a start point of view, besides the obviously, which is thinking customer, that is kind of our culture, the ability to think in how do I generate demand across multiple channels?

       So, understanding, not just growth and testing, but understand the power of P.R. and the power of direct marketing and paid performance marketing. So, the ability to understand different skill sets and different ways of doing things is key. So, to any marketers listening to us, one big asset to have, it's good to be specialized, but it's defiantly good to understand the big picture.

Buckley: It's interesting that you say that, because I'm working on an analytical research piece right now as well as an infographic about the growth curve and having versatility in your growth team, is absolutely key, isn't it?

David: Agreed.

Buckley: So, last thing, would you mind leaving us with your best marketing or growth tip that you have received in your life or read about, that you could offer to us?

David: Let's see, I'll choose the best one, I'd say the best tip that I received, and this was conversion rate expects actually, where I spent some time working, they are brilliant at asking the really great questions which revealed the really interesting juicy opportunities. It is an interesting way of thinking, which is, rather than ask your visitors, who are leaving, why did you not act, buy or sign up, whatever you wanted them to do, ask the ones that did actually convert it, what nearly stopped them from doing that or what were their biggest concerns and questions, why they were going through that process.

       What that revealed is, the most qualitative actionable stuff, because these are the guys that actually manage to make it through. The reality is, a good portion of them, they doubted and maybe nearly stopped. So, once you uncover that golden nugget, you can go address that and can have many more people coming through your funnel.

Buckley: That's awesome and again if you can capture that ah-hah moment, where they say, yeah I'm on board and then replicate that again and again, that is what creates growth, that's awesome.

David: The key is to ask that question as quickly as possible as that conversion happens because you want that memory to be fresh.

Buckley: Hey Dave, I would love to have you back, you are growing like a weed over there and there is so much to discuss. I thought this was a great start and I hope that I can have you back. Thank you so much for coming on today and I am excited to help you get the word out on Hotjar.

David: Thanks for having us and thanks for your support and I really enjoyed this, so anytime.

Buckley: All right insiders, that is a wrap, thank you so much for joining us on Marketing In The Know today. Now head on over to be in the know.co to the links and the show notes to this podcast and while you are over there, grab the free version of my guide, Ready, Set, Grow. It took me a long time to put together all this information and I spent a pretty penny getting the look and feel just right, but feel free to grab your free copy.

                There is also an upgraded copy that is the full version and I would be happy if you downloaded that as well. Thanks again insiders and I will see you again next Tuesday.

                We appreciate you joining us for this episode of Marketing In The Know. For show notes and a free version of Ready, Set, Grow, visit beintheknow.co. Thanks again and we will see you again next Tuesday here on Marketing In The Know.

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