MODULE 2 · SESSION 3

Discovering Customers and Competitors

How to get evidence from behaviour rather than opinion, and map the alternatives you are really competing against.

Theory session

Beginner

Running case: RouteRoot

ORIENTATION

Where this session sits

2.2 defined who to serve; 2.3 checks whether they behave as assumed

MODULE 1	MODULE 2	MODULE 3
Founder Thinking and Problem Framing	**Recognizing and Investigating Opportunities**	Turning Insight into Viable Ventures

SESSIONS IN THIS MODULE

2.1 Spotting Signals of Opportunity
Telling a real opportunity from an interesting observation

2.2 Segmenting Markets and Researching Demand
Defining actionable segments and sizing demand

2.3 **Discovering Customers and Competitors**
Evidence from behaviour, and the alternatives you compete with
YOU ARE HERE

SESSION OUTCOMES

What this session explains

Getting evidence you can rely on, about customers and about competitors

01 **Stated intent is weak evidence**
Why “I would definitely use that” predicts almost nothing, and what to ask instead.

02 **Evidence has a hierarchy**
Some kinds of proof cost more to obtain and are worth far more when you have them.

03 **Competition is wider than you think**
The strongest competitor is usually a workaround or doing nothing.

04 **Demand is not differentiation**
An attractive proposition can still be the wrong one to lead with.

The say–do gap

People are reliable reporters of their past and unreliable forecasters of their future

QUESTIONS THAT MISLEAD

Asking about the future

TYPICAL FORM

"Would you use an app that coordinates building access?"

WHY IT FAILS

It asks for a prediction about a hypothetical, and politeness rewards saying yes.

WHAT YOU LEARN

Whether the idea sounds reasonable when described by its author.

QUESTIONS THAT INFORM

Asking about the past

TYPICAL FORM

"Walk me through the last delivery you could not complete. What did you do?"

WHY IT WORKS

It asks for a memory, which is checkable, specific and costly to fabricate.

WHAT YOU LEARN

The real workaround, its cost, and who else was involved.

THE MOM TEST

Fitzpatrick's rule is that you should be able to run a good customer conversation without ever mentioning your idea. If the idea has to be described for the conversation to work, you are collecting compliments.

Fitzpatrick, R. (2013). The Mom Test. London: Founder Centric.

Not all evidence is worth the same

Each rung costs more to obtain and carries far more weight

OPINION

"That sounds useful." Free to give, and it predicts nothing.

STATED INTENT

"I would use this." Still a forecast, made by someone with no stake.

PAST BEHAVIOUR

"Here is what I did last time, and what it cost me." Checkable.

OBSERVED BEHAVIOUR

They clicked, signed up, or handed over something they value.

THE CHEAPEST STRONG TEST

Fake-door / landing page

Present the proposition as if it exists and measure who acts. BauernPost ranked three this way.

THE STRONGEST SIGNAL

Costly action

Money, time, data or reputation. The larger the cost to them, the more the signal is worth.

ETHICS

Do not deceive

A fake-door must be honest about status and must not take payment for something that does not exist.

Blank, S. (2013). Why the lean start-up changes everything. Harvard Business Review, 91(5). · Bland, D. & Osterwalder, A. (2019). Testing Business Ideas.

Three rules that do most of the work

Each one removes a specific way an interview becomes useless

1

Talk about their life, not your idea

The moment you describe the product, the conversation turns into feedback on you rather than information about them.

2

Ask for specifics, not generalities

"Usually" and "normally" are summaries people construct. "The last time" is a memory you can probe.

3

Look for commitment, not compliments

An introduction, a follow-up meeting or a deposit means something. "Great idea" does not.

Fitzpatrick, R. (2013); Blank, S. & Dorf, B. (2012).

Who you are really competing with

Most early ventures lose to the last two categories, not the first

DIRECT	Products solving the same problem the same way for the same customer.
INDIRECT	A different approach to the same job — a phone call instead of an app.
SUBSTITUTES	A workaround the customer built themselves and already trusts.
NON-CONSUMPTION	Doing nothing, and absorbing the cost. Usually the largest share.

Christensen, C. (1997) on non-consumption. · Porter, M. (1980), Competitive Strategy, on substitutes.

THE DEFAULT WINNER

Doing nothing

It requires no decision, no budget and no learning. Any new offer must beat that, not only beat rivals.

THE USEFUL QUESTION

“What do you do today?”

The answer names your real competitor far more reliably than a market map does.

CONSEQUENCE

Switching cost is the bar

You compete against the alternative plus the effort of changing away from it.

Demand and differentiation are different tests

BauernPost found high demand for all three propositions — the ranking still mattered

Proposition	Demand signal	Differentiation	What it implies
Speed	High	Low — the category default	Credible, but competes directly with everyone's existing promise.
Transparency	High	Medium	Distinct, but harder to make concrete at the point of choice.
Community	Highest	High — non-standard in delivery	Chosen to lead: strong demand and a less crowded route into the market.

READING THE TABLE

A message can be attractive and still be the wrong one to lead with. Ask both questions: do they want it, and does wanting it distinguish us?

CASE STUDY

BauernPost

Three value propositions, three landing pages, and a result that reversed the team's qualitative expectation.

When the evidence reverses the expectation

Qualitative work generated the options; behaviour ranked them

WHAT INTERVIEWS SUGGESTED

Speed should lead

THE PRIOR

Qualitative work favoured Speed — the familiar default promise in quick-commerce delivery.

WHY IT WAS REASONABLE

In a delivery category, fast fulfilment is the obvious way to describe value.

WHAT IT COULD NOT ESTABLISH

That a message sounding attractive in an interview would produce the strongest response.

WHAT BEHAVIOUR SHOWED

Community won the ranking

THE TEST

Speed, Transparency and Community each ran as a landing-page fake-door test.

THE RESULT

All three scored a high Customer Demand Score — but Community recorded the highest.

WHAT FOLLOWED

Launch communication was rebuilt around community, with three-digit month-on-month user growth reported.

READING THE CASE

Demand and differentiation are related but not identical. All three propositions were credible; only one offered a non-standard route into a crowded market.

Drawn from the session case pack.

APPLICATION

Bringing the theory to RouteRoot

A discovery plan with a decision attached to it

Step	What you do	RouteRoot example
Recruit from the segment	Talk only to people in the beachhead.	Ten couriers running apartment rounds in the two target boroughs.
Ask about last time	Past behaviour, cost and workaround.	“Walk me through the last delivery you could not complete.”
Map the alternatives	Direct, indirect, substitute, non-consumption.	Calling the recipient; leaving with a neighbour; returning to depot.
Run one behavioural test	Something that costs the participant a little.	A sign-up page for a pilot, measured by completion not clicks.
Decide in advance	Name the result that would stop the work.	Fewer than three of ten couriers completing sign-up.

WHAT COMES NEXT

Module 3 turns the surviving evidence into a value proposition and a business model.

SUMMARY

What to carry out of this session

1. **Ask about the past, not the future.**
   Memories are checkable; predictions about hypothetical products are not.

2. **Rank your evidence before you trust it.**
   Opinion, stated intent, past behaviour and observed behaviour are not interchangeable.

3. **Your real competitor is usually the workaround.**
   Doing nothing requires no decision and no budget, which makes it very hard to beat.

4. **Test propositions against each other.**
   One landing page tells you whether an idea is acceptable; three tell you which one to lead with.

5. **High demand does not mean high differentiation.**
   Both tests have to pass before a message is worth building a launch around.

FURTHER READING

Sources for this session

Primary references behind each concept

INTERVIEWS	Fitzpatrick, R. (2013). *The Mom Test*. London: Founder Centric.
CUSTOMER DEVELOPMENT	Blank, S. & Dorf, B. (2012). *The Startup Owner's Manual*. K&S Ranch.
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NON-CONSUMPTION	Christensen, C. (1997). *The Innovator's Dilemma*. Boston: Harvard Business School Press.
COMPETITION	Porter, M. (1980). *Competitive Strategy*. New York: Free Press.
POSITIONING	Keller, K., Sternthal, B. & Tybout, A. (2002). Three questions you need to ask about your brand. *Harvard Business Review*, 80(9).