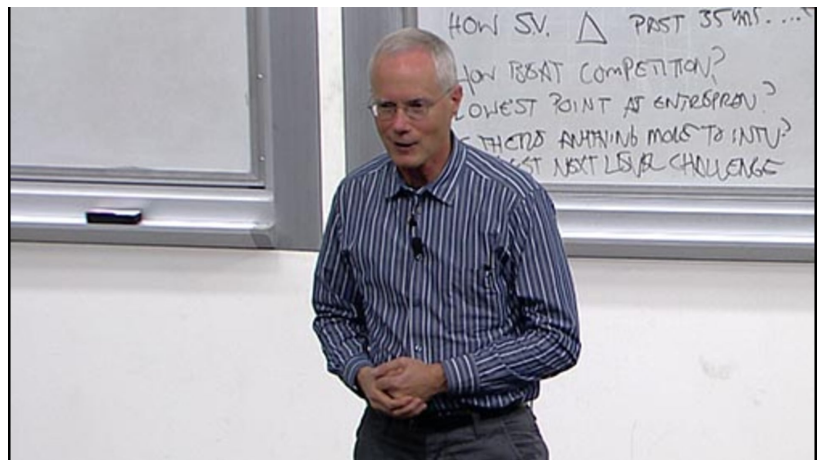


URL: <https://stvp.stanford.edu/clips/market-leader-means-nothing>

Intuit Co-Founder Scott Cook describes how he surveyed the market for personal-finance software before entering in the early 1980s, testing the bestselling product at the time and gathering input from people on their interest and actual use. "They liked the proposition. They hated the product," Scott recalls.



Transcript

How many people here pay bills sometime in a month? Raise your hand.. Most of you must have good roommates who pay the rest of them.. How many of you do graphs of your finances or balance sheets? Raise your hand.. Yes, that's one or two.. So people stick with the basics because they don't like doing this stuff.. That's what the research showed in the interviews.. So that confirmed what I was thinking.. But then there was this pesky problem of competitors.. This was not a new idea.. There were a couple dozen products already on the market-- software products that ran on Apple II computers that would do personal finance..

And then they were being ported to the IBM.. And so I bought the market leader, a product that sold reasonably well, and my theory was that the big benefit people wanted-- what's the improvement in our life? You always got to ask what's the improvement in the customer's life they most want? My theory was it was to eliminate the time and hassle.. I bought this product, tried it.. It was probably called Home Accountant.. And it was well named.. I think accountants would've loved it.. But it made the product, the problem, slower, harder.. It took more work.. It was harder to use than doing it by hand.. And I said, this is the reverse of what people want, so it seemed to me..

Or at least there's an incongruity between what I learned on the phone calls and what this product does.. It was obscure and hard.. Like if you wanted to categorize your rent payment to a category called rent, you had to remember a code number for rent instead of just typing rent.. So this led to a problem where I couldn't square the circle between the inconsistency of what consumers said and what their behavior was.. They were buying this product.. It was on best seller lists.. So I then went to talk to users.. Now to find users, I went to people in computer stores, employees, people in the computer publications, and interviewed a bunch of them.. First question was, have you tried any personal finance software product? 65% said yes.. Then I asked, do you use any personal finance software product? 4% said yes..

So what does that data tell you? That they didn't like it.. They liked the proposition, they hated the product.. You got a product problem.. Then I asked why did you quit? And the overwhelming response was, oh, it was too hard, too slow, took more time than it was worth.. So it was a direct confirmation of the theory that I developed from the research..