

## A what is PLG?

A go-to-market (GTM) strategy that:

- puts the product at the **forefront of the customer journey**
  - leverages the product as a key vehicle to:
    - Acquire
    - Convert
    - Retain
    - Expand
- 
- customers

PLG = evolution from sales-led or marketing-led GTM strategies

Capitalizes on the **consumerization** of B2B or B2C products

## A why PLG matters?

Products are designed to deliver customer outcomes. They are built to solve challenges by providing value back to the customer. When products deliver value, customers are more likely to adopt the product - resulting in happy customers, continued usage and successful outcomes, and ultimately positive ROI to the business.

A product-led growth strategy uses the product to **improve user experiences and product adoption** leading to improved ROI and business metrics.

Successful PLG aligns products to users' business needs, driving adoption, renewals, and expansion **through the product itself**. The experience your customers have with your product will shape their perception of your organization, the value your product provides, and ultimately influence your product and business success.

## ⚠ who drives a PLG strategy ?

Product managers and leaders typically are the drivers behind a PLG strategy as the product becomes the main vehicle for driving growth and retention.

However, a successful product-led growth strategy requires cross-functional alignment and involvement across the entire organization.

## ⚠ why PLG is a going movement ?

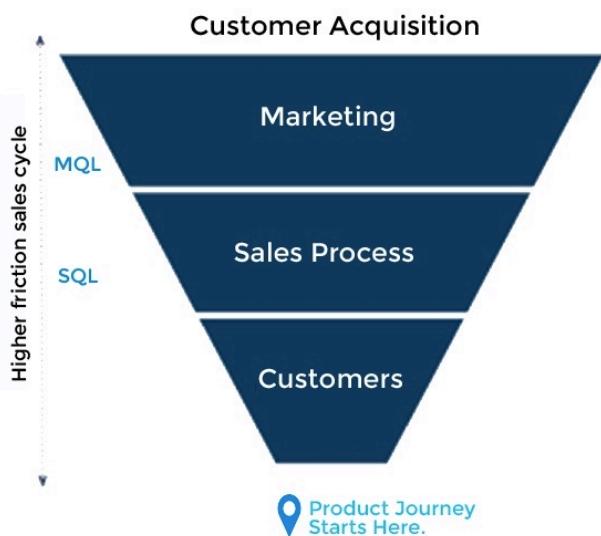
Research confirms that in the software as a service (SaaS) space, more and more organizations are realizing that a PLG strategy will help them scale growth. PLG-focused organizations:

Slack  
Zoom  
Calendly  
Dropbox  
Expensify

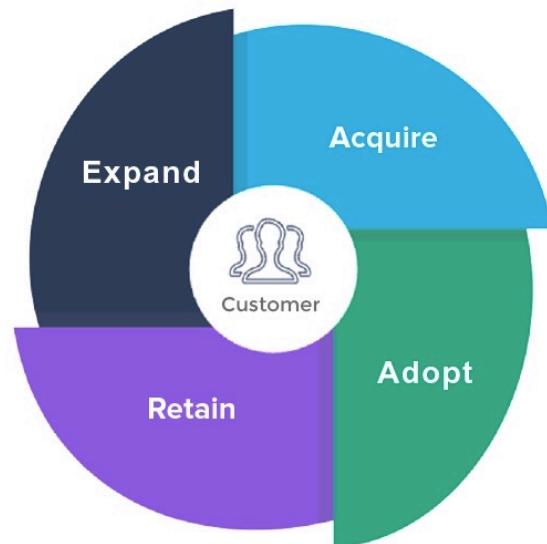
These companies have succeeded by:

- Providing immediate value from their products through free trial accounts and on-the-spot onboarding
- Offering a seamless and frictionless experience
- Iterating on product features based on real, actionable user data, reducing friction points and highlighting tools that make their products stickier and easier to use

# ⚠️ Stages of the PLG customer journey



The traditional customer journey



The PLG customer journey

## ⚠️ Each stage of the customer flywheel

→ Acquire

The **Acquire** stage consists of getting users into your product, often through free trials or freemium experiences. This could be simply getting users to sign up for and activate their trial account, or, without a trial, getting prospects over the hurdle to become first time customers.

→ Adopt

During the **Adopt** phase, your product is driving trial users or prospects to fully onboard and become paying, long-term customers. This means fueling effective adoption through sticky features and driving regular usage. In short, converting users from casual visitors to hooked customers.

## → Retain

Getting to the **Retain** phase is when your product encourages customers to **renew** their subscription or package. Retained customers are continuing to realize value from your product, re-engaging if inactive, and have an easy and seamless user experience instead of a difficult or complex one.

## → Expand

The last phase, **Expand**, puts your product **at the center of your revenue growth strategy**, either by driving users to upgrade subscription packages to a higher tier, engage with paywall features, or otherwise drive additional revenue.

# ⚠ 4 steps for implementing a PLG strategy

## → Define key metrics to track

Before making changes or investments in your product, you must first understand what business metrics, or key performance indicators (KPIs) your organization wants to improve and how your product metrics can drive these improvements. This means:

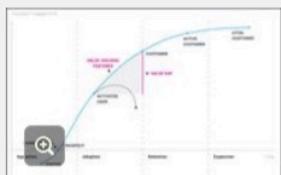
- Defining which metrics you want to track
- Deciding on what areas you will focus to improve that metric
- Determining how you will track each metric

We'll dive deeper into these metrics later.

## → Close the value gap

Once you know what metrics you want to measure, you'll be able to see where users are acting as planned – and where they are not getting the full value from your product. You'll need to implement strategies to close this value gap for users.

The value gap is the difference between the perceived value a user has of your product **and what your product can actually deliver.**



Click to zoom

A value gap means that users don't fully understand what your product can help them achieve, and in order to activate and retain users, you need to close this gap.

## → Keep users engaged

After users realize the value of your product, successful retention depends on keeping users engaged and invested in your product.

This means providing **contextual and relevant content** to users to promote additional and continued value.

It is most easily achieved through **in-app engagements** that connect with your customers in the easiest way possible – right within your product.

## → Measure, learn & iterate

While in-app communications are key to keeping users engaged, these are only a short-term solution to friction within user experiences. Successful PLG strategies should influence your long-term product roadmap based on user data and feedback, and do so by building on the programs put in place throughout your PLG journey.

Continued iteration is key to expansion, as is tweaking your in-app strategies to best engage with users' changing needs.

## A what is a north star metric?

- is a metric we choose to act as a guiding light across the organization
- is a progress metric that leads to revenue and aligns with customer value
- happens to be a lagging metric

## A Lagging metrics

- ↳ can only be calculated after an event occurs, meaning you have to collect data on past events to determine the metric's value

## A Leading metrics

- ↳ help predict the future state of something, before it happens

## A Calculating NRR

$$\frac{\text{Total Revenue (including expansion)} - \text{Churn (cancellations or downgrades)}}{\text{Total Revenue}}$$

Total Revenue

# ⚠ few common measures for three other departments

| OWNERS           | LIFECYCLE STAGES         | LEADING METRICS  | LAGGING METRICS  |
|------------------|--------------------------|--|--|
| Marketing        | Acquire, Retain          | <ul style="list-style-type: none"><li>• Awareness</li><li>• Conversion rate</li><li>• Product-qualified leads (buying intent)</li><li>• Pipeline generated</li></ul> | <ul style="list-style-type: none"><li>• Customer acquisition cost (CAC)</li><li>• CAC payback</li></ul>                      |
| Sales            | Acquire, Retain          | <ul style="list-style-type: none"><li>• Deal stage</li><li>• Win-rate</li></ul>  | <ul style="list-style-type: none"><li>• Bookings &amp; revenue (ARR)</li><li>• Net revenue retention (NRR)</li></ul>         |
| Customer Success | Adopt, Retain and Expand | <ul style="list-style-type: none"><li>• Customer health score</li><li>• Adoption breadth/depth</li><li>• Advocacy</li><li>• Retention Rate</li><li>• NPS</li></ul>   | <ul style="list-style-type: none"><li>• Growth revenue retention (90%) (GRR)</li><li>• Net revenue retention (NRR)</li></ul> |

# ⚠ The free trial model

## → basic principles

### A free trial:

- Is an effective way for users to get started and quickly realize value (often, the time it takes to start getting value out of a product is referred to as time-to-value - TTV)
- **Showcases your product's benefits** without requiring complex actions on the user's part.
- Allows users to onboard themselves even before they are paying customers, making your product **part of their normal workflows** and 'sticky' to their needs.

*Note: one common myth that often comes up with PLG strategy is that it only utilizes a free trial or freemium acquisition method. Free trials are indeed a common PLG strategy because they allow you to leverage the product as the vehicle for customer attraction and engagement. This speaks to the goal of PLG, driving customer journeys via your product. However, a free trial/freemium model is only the first step of an effective PLG strategy.*

## → must-haves of a free trial

Any free trial should:

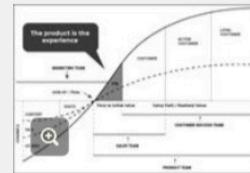
- Reduce friction to user sign-ups (such as **no payment information required**)
- Showcase a digital **onboarding guide**, starting on day one, demonstrating the core, basic functionalities of the product to bring users to their first moment of value quickly
- Typically allow users to **access all areas** of the product, making the product as sticky as possible, as quickly as possible (this may vary slightly depending on product type and industry)
- **Give users enough time to deploy the product** (usually a full 30 days within the trial) before requiring them to become paying customers

## how free trials fit into customer acquisition

Free trials improve conversion rates by:

- **Generating awareness of your product.** Between marketing team efforts and word-of-mouth based on trialists, customers become aware of the product.
- **Showcase value using the product itself** to get prospects interested, engaged and ready to purchase through a free trial.
- Measure interest and improve sales focus using **product-qualified leads (PQLs)**. PQLs are leads that 'qualify' for sales outreach by demonstrating buying intent. Using PQLs reduces the burden on marketing or sales to drive prospects alone, and makes your product part of the experience to convert leads to customers.

Click to zoom.



The product works with all teams to engage users throughout their journey where a free trial comes into play.

## △ prioritizing retention



# ⚠ Methods to improve retention

## → nurturing user journeys through in-app engagements

To improve identified points of friction and proactively nurture users' overall journeys, in-app engagements –particularly guides– can help provide **contextual messaging** that inspires user action.

In-app engagements:

- Personalize the product experience while providing a prescribed action path that leads to adoption
- Can build longer-term retention through adoption of deeper or more complex features after initial onboarding has occurred
- Could be applied to new releases, to point out feature enhancements, or to simply drive awareness of tools within a product to drive more value

## → Proactively communicating to users

Another way to proactively re-engage and retain inactive users is through triggered communications.

With a robust data solution, companies can track user activity and in-product behaviors at a granular level and send **timely messages** to inspire action, such as:

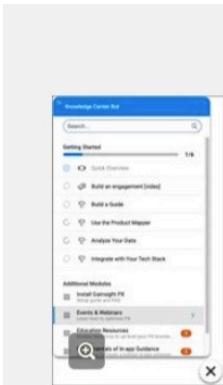
- Email reminders that guide inactive users back to the product if inactive for a specified amount of time
- A pop up message that anticipates a user's next steps based on a previous action
- Well-timed 'pro tips' that expand on initial value realization

## → long-term retention – leveraging roadmaps

While in-app guides and knowledge centers might serve as short-term balms to customer frictions, they may ultimately be band-aids to deeper product needs.

To best address challenges to retention, it is critical to analyze and incorporate user sentiment and data in order to **inform roadmaps** and make better engineering resource allocations that **truly focus on key customer needs**. This is critical to best address challenges related to retention.

↳ Providing deeper self-service knowledge



Click to zoom.

Users who have adopted the basic features may start to have deeper questions and crave more specific knowledge. A self-service knowledge center bot – a hub of searchable content around your product features and tools – is a great resource for users at this level and can guide their continued engagement in a scalable way.

Knowledge center bots:

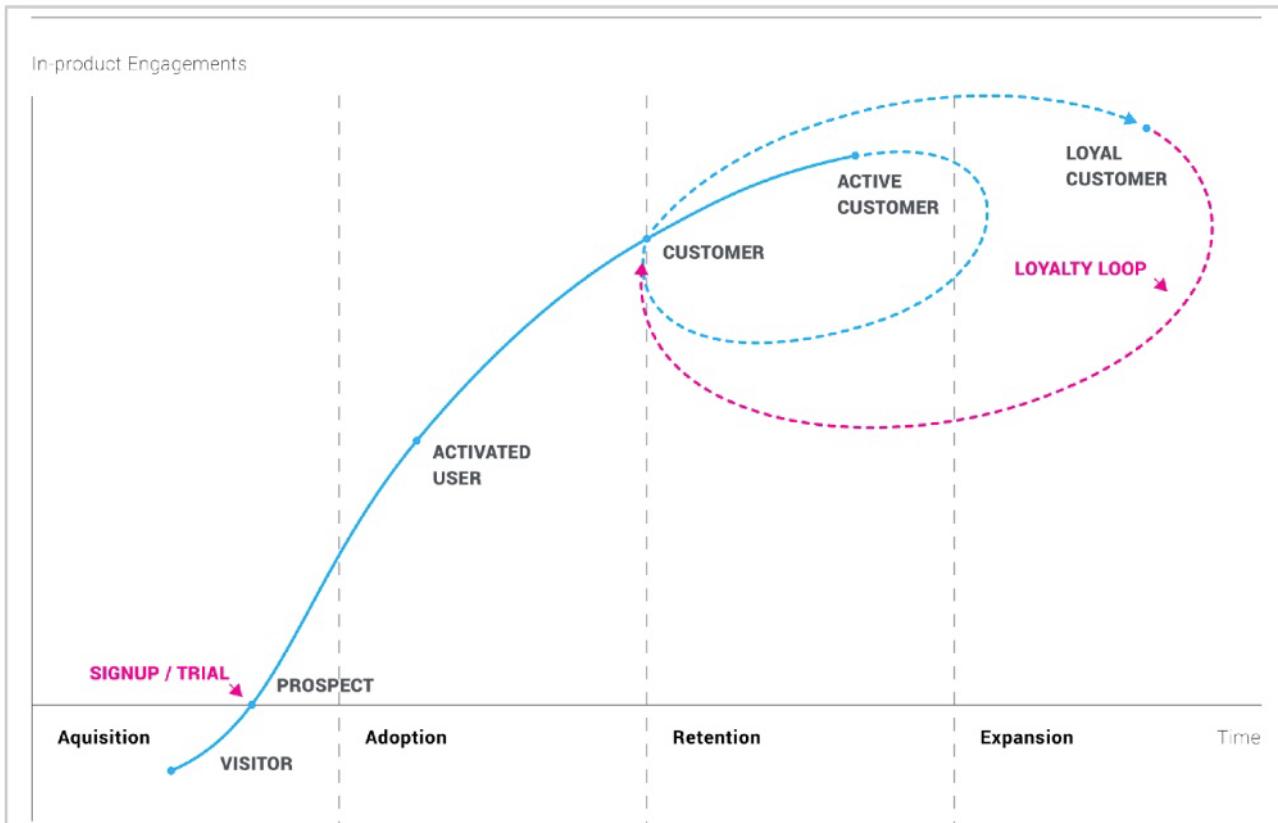
- Are key resources for complex products
- Can serve as a buffer to support questions or tickets by answering common questions and needs even before a user starts to ask

Having a knowledge center also helps to centralize information that improves users' experience.

## ⚠ Maximizing customer lifetime value

→ strategy 1: expanding revenue from existing customers

→ strategy 2: capturing new revenue opportunities



# ⚠ creating a winning roadmap

## → Effective roadmaps essentials

Effective roadmaps should be based on:

- Qualitative and quantitative data on user needs and feedback
- Analysis of usage data to inform areas of high and low customer focus
- Data around points of friction and affected customers to help prioritize roadmap plans
- Research into market opportunities and competitor content

They must also reflect internal stakeholder needs aligned with customer value.

## → Balance is key

Roadmaps should balance larger, more complex projects with iterative customer needs.

This balance allows development teams to address opportunities for current customer CLV growth as well as new market opportunities.

**Making data-driven decisions** lets Product Managers achieve this balance.

# ⚠ why organizations implement PLG

## 1. PLG drives business success

As a go-to-market strategy that puts the product at the forefront of the customer journey, PLG allows you to utilize your product to the fullest to help your organization succeed.

Since the product is where the customers are, it is a prime location to **understand** and **interact** with them. A product led growth strategy aligned to the goals of a business will **improve business outcomes** while **delivering value for the customer**.

Users' product experience influences almost all business metrics you may measure success against including retention, adoption, usage and ultimately revenue to your organization.

Because the product is central to any business objective you are trying to achieve, it's critical to maximize the value your product can bring to each stage of the customer journey.

## 2. PLG strategies help your organization make better, data-driven decisions

At any stage in the customer journey, your product and the data within it are instrumental.

Making the right decision when it comes to **product roadmaps** and **user experience** is crucial to conquering your market.

Having product analytics to contribute to your product plan, both in the short and long term, means aligning resources against well defended decisions. It also means implementing strategies with solid hypotheses to influence customer behavior.

# ⚠ what a PLG strategy entails

Knowing the value and strategy behind PLG, to implement it you'll need to:

1. Define your **cross-functional metrics** and tie these to **key performance indicators**
2. **Close the value gap** for users to realize your product's full potential
3. Keep users engaged through **sticky features** and **new value**, and ultimately generate renewals
4. **Measure, learn, and continually iterate** on your product to grow revenue

