Step 23: Are Your Customers "Eating the Dog Food"?

So what numbers should you look at?

1. **Initial Interest**: Once your target customer is exposed to your value proposition, what percentage of them actively seek to learn more? On a website, you can measure the clickthrough rate from a page that details the benefits of the product to a subsequent page.
2. **Conversion Rates**: Once the target customer is in the sales funnel, the yield rates going from section to section of the funnel are extremely important numbers to understand, both the absolute numbers but also the trends.
3. **Purchase and Pay**: The ultimate conversion. Whether the customer pays for your product is one very important indication of whether the customer is getting value. How long it takes the customer to pay, and what percentage of customers end up not paying after making an initial commitment (the "default rate"), are also interesting numbers to watch.
4. **Retention Rates**: It is always telling to monitor retention rates, often referred to in the negative modality of "churn rate," especially in subscription businesses. One way to measure retention rates is through support or maintenance contracts for post-purchase support. If the customer buys the product but doesn't sign up for a maintenance contract at the end of the warranty period, in some industries that is a bad sign and you should take note immediately.
5. **Customer Advocacy**: There is a huge difference between a satisfied customer and a very happy, evangelizing one. The latter is at least one order of magnitude if not more valuable to you. The simplest and most commonly used way to measure customer advocacy is the Net Promoter Score (NPS), developed by Bain & Company, Satmetrix Systems, and Fred Reichheld. You gather the necessary data by asking customers a single question – On a scale of 1 to 10, with 10 being the highest, how likely is it that they would recommend your product to a friend or colleague? By tallying the percentage of responses that are 9s and 10s ("Promoters") and subtracting the percentage of responses that are 6s and below ("Detractors"), you get your score, which can be as low as -100 (all Detractors) and as high as 100 (all Promoters).
6. **COCA and LTV**: Estimate these numbers again now that you have some sales. They are much easier to calculate the second time around! They are valuable, albeit imperfect, indicators of your success. If there are surprises in these numbers, then quickly dive into it and understand why.
7. **Gross Margin**: Your gross margin, the difference between what it costs to make one unit of product and what you sell that unit of product at, should go up over time, indicating that you are getting strong word of mouth for your product. If it goes down, then you are possibly providing too many discounts on your product, so the number of customers may be going up because the price is artificially low. The gross margin trend is an imperfect indicator on its own (much like the other indicators here), but make sure you monitor it.
8. Don't feel constrained by this list. There are plenty of other metrics that will be equally or more valuable for your situation.

Worksheet

What time period(s) will you measure metrics for (give duration and units – e.g. 2 weeks, 2 months, etc.) _____

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Stage in Funnel	Est. Industry Conversion Avg (%)	Your Conversion Goal (%)	Actual Conversion Rate (% and trend)	Next Steps if Actual < Goal
#1 – Identification (leads)	2–5%	5%	6% (↑)	Maintain content and referral marketing push
#2 – Consideration (suspects)	30–40%	40%	38% (→)	Refine messaging to highlight trust/compliance
#3 – Engagement (prospects)	20–30%	30%	28% (→)	Offer more demos and free trials
#4 – Purchase Intent (qualified prospects)	10–20%	15%	12% (↑)	Add case studies and client testimonials
#5 – Purchase (customers)	5–10%	10%	9% (↑)	Close faster with contract templates and payment options
#6 – Loyalty (satisfied customers)	70–80%	80%	85% (↑)	Nurture feedback loop, offer value-add updates
#7 – Advocacy (evangelists)	20–25%	30%	18% (↑)	Implement structured referral program

Gross Margin, LTV, COCA

Metric	Expected for Short Term	Actual for Short Term	Next Steps
Gross Margin	60%	58%	Slightly reduce service costs; optimize AI workflows
LTV	€1,600	€1,520	Track churn and expand upsell features
COCA	€750	€680	Double down on high-performing organic channels

Define and Test Other Metrics

Custom Metric	Expected for Short Term	Actual for Short Term	Next Steps
NPS (Net Promoter Score)	40	44	Continue personal onboarding and request referrals