

# Product Teardown 2

**Drobox Referral Program**

Learn in Public Challenge 2/5

**Sachin C | PM C28**



## Introduction to Dropbox

### Founding & Purpose

- Founded in 2007 by Drew Houston and Arash Ferdowsi.
- Vision: Create a seamless, easy-to-use cloud storage solution.
- Core functionality:
  - Store files across the cloud.
  - Sync files effortlessly across multiple devices.
  - Share files easily with others.



## Introduction of Referral Program

- To scale rapidly and compete against tech giants, Dropbox introduced a referral program.
- The program was inspired by the viral success of PayPal's referral strategy.
- Aimed to leverage word-of-mouth marketing for user acquisition.
- Focused on driving growth at a lower cost compared to traditional marketing channels.



vs



## Market Landscape & Competition

- Entered a competitive landscape dominated by tech giants: Microsoft, Google, and Apple.
- Competitors offered cloud storage as part of larger ecosystems (e.g., Google Drive within G Suite).
- Dropbox focused solely on refining the user experience for:
  - Cloud storage
  - File synchronization
  - Collaboration

## Business Models

### Freemium Model



### Enterprise Solutions



### Paid Subscriptions



### Partnerships & Integrations

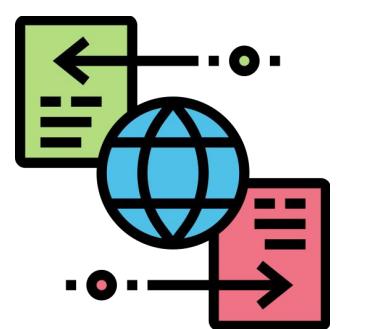


## Key Value Propositions

Seamless File  
Syncing Across  
Devices



Easy File  
Sharing and  
Collaboration



Integration with  
Third-Party  
Applications



Security and  
Compliance

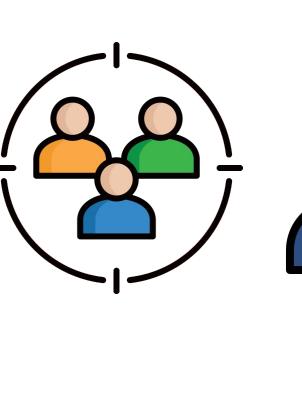


## Actors

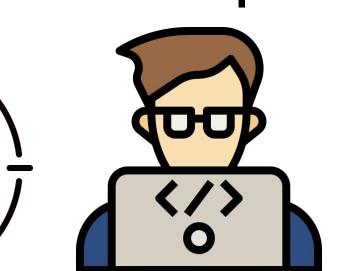
Technology  
Partners



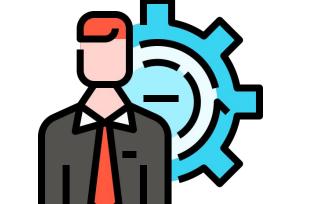
Users



Developers



Service  
Providers





James Harrington



30y/o Digital Marketing Consultant



Austin, Texas

## Needs:

Uses multiple devices to manage client campaigns, create marketing materials, and collaborate with teams. Engages heavily with online communities and professional networks.

James would greatly benefit from additional free storage to handle his large files and client projects without frequent interruptions. Requires a solution that ensures smooth synchronization between his laptop, tablet, and phone, especially when working from different locations.

## Pain Points:

Often faces issues with running out of storage space due to high-resolution marketing files and multimedia content.

Needs consistent and reliable access to files across different devices and locations, which can be challenging while traveling. Prefers straightforward solutions that don't require extensive setup.



Julia Davies



23y/o Established Small Business Owner



Los Angeles, California

## Needs:

Relies on Dropbox for storing project files, client communications, and design documents. Frequently collaborates with clients and contractors via shared folders. Lisa needs robust security features to protect confidential client data and project files.

She would benefit from additional storage capacity that can grow with her business needs without complicating her existing setup.

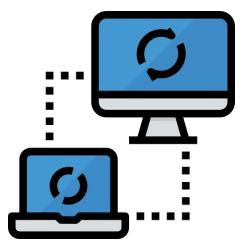
## Pain Points:

Concerned about the security of sensitive client information and project files, needing a reliable and secure storage solution.

As her business grows, Julia needs a scalable storage solution that can accommodate increasing amounts of data without complex management. Looks for a system that simplifies file management.

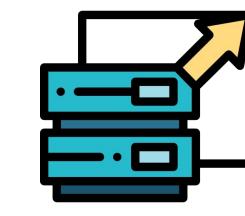
## Technology Architecture

Dropbox's success is largely due to its robust and scalable technology architecture, which ensures that users can seamlessly sync files across multiple devices.



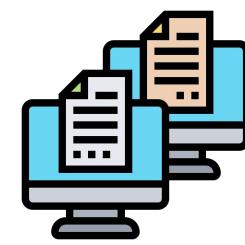
### File Synchronization

Dropbox uses a combination of client-side and server-side technologies to keep files in sync across all user devices.



### Scalability

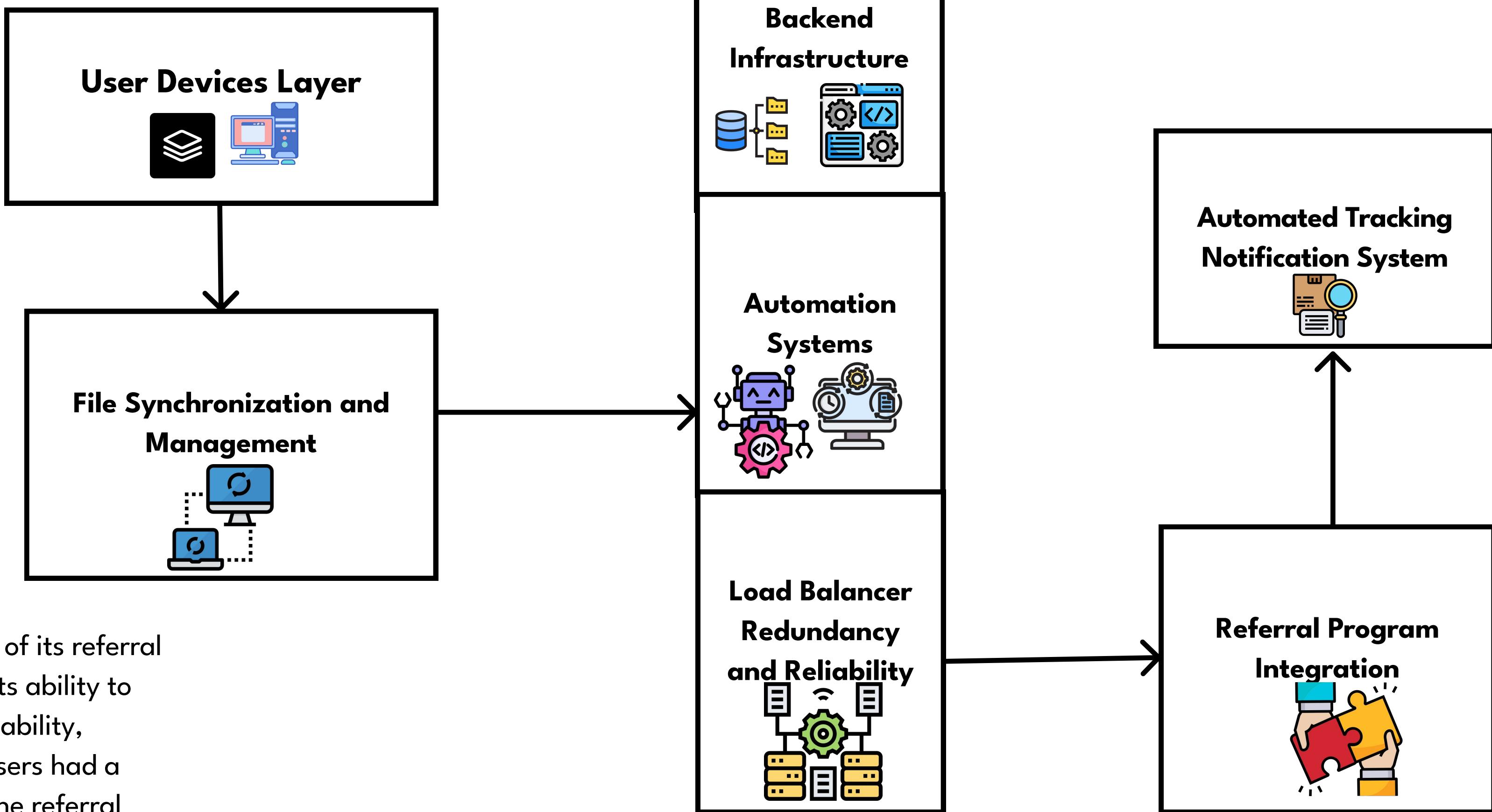
As Dropbox's user base grew exponentially, especially during the viral growth phase fueled by the referral program, scalability became a crucial aspect of the underlying architecture.



### Chunking and Deduplication

Dropbox optimizes file uploads and downloads by breaking files into smaller chunks (usually 4MB in size).

Dropbox's underlying architecture and the integration of its referral program into the user experience were key factors in its ability to handle explosive growth. The company's focus on scalability, automation, and seamless onboarding ensured that users had a positive experience while driving the viral success of the referral program.



Product Overview

User Persona

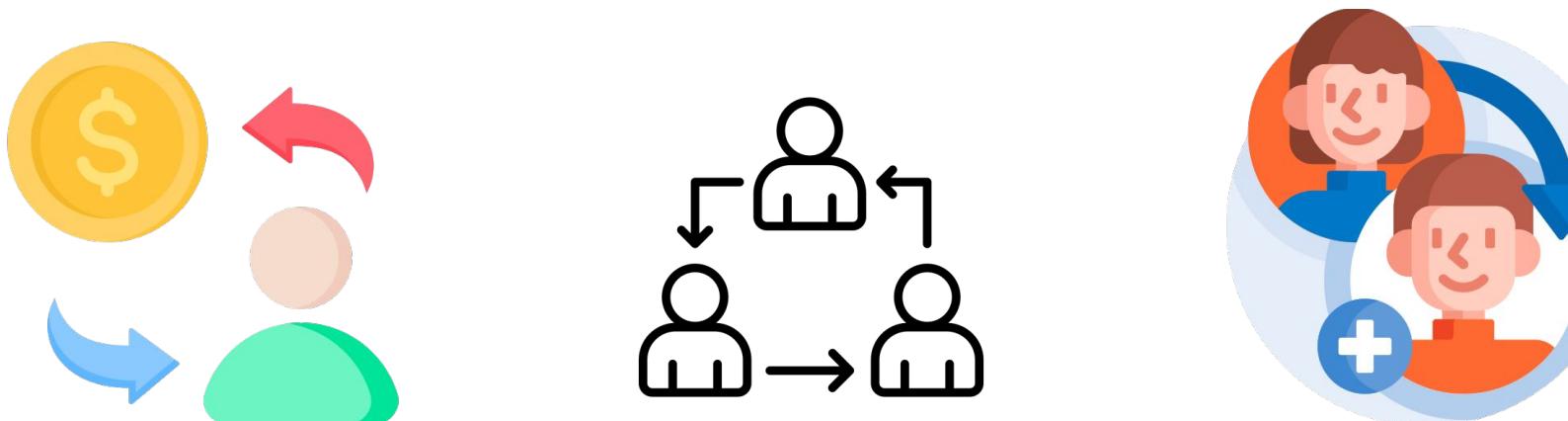
Technology

UX & Improvements

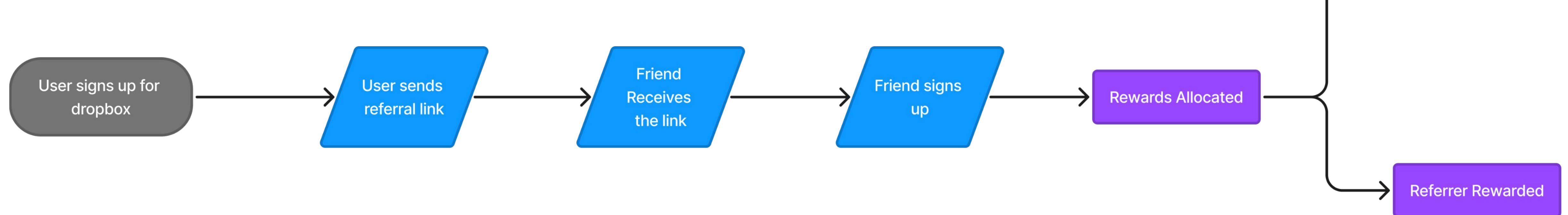
Key Metrics

## This flowchart illustrates the user flow of Dropbox's referral program

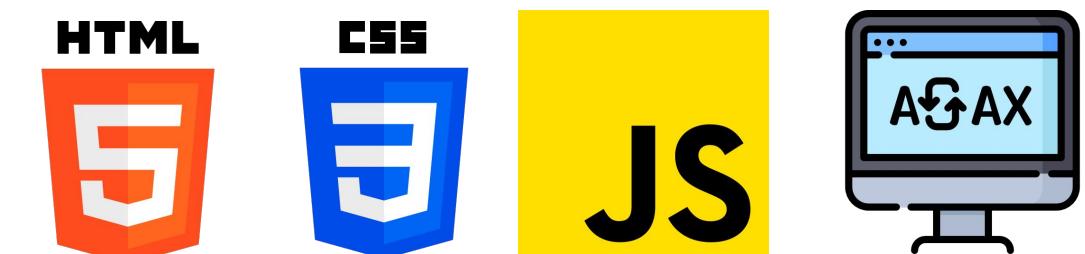
- ✓ A user initially signs up for a Dropbox account.
- ✓ After signing up, the user is prompted to send a referral link to friends or colleagues.
- ✓ The referred friend receives the link, typically via email or another communication method.
- ✓ The friend clicks the referral link and signs up for Dropbox.
- ✓ Once the friend's sign-up is complete, Dropbox automatically allocates rewards to both the referrer and the referred friend.
- ✓ The original user receives additional storage space as a reward.
- ✓ The referred friend also receives a reward, usually in the form of extra storage space.



### User journey

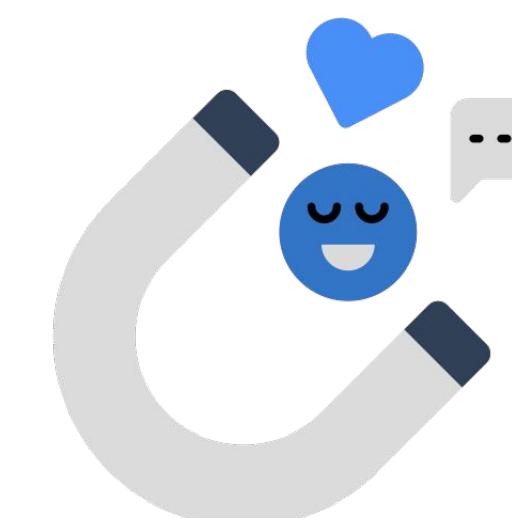
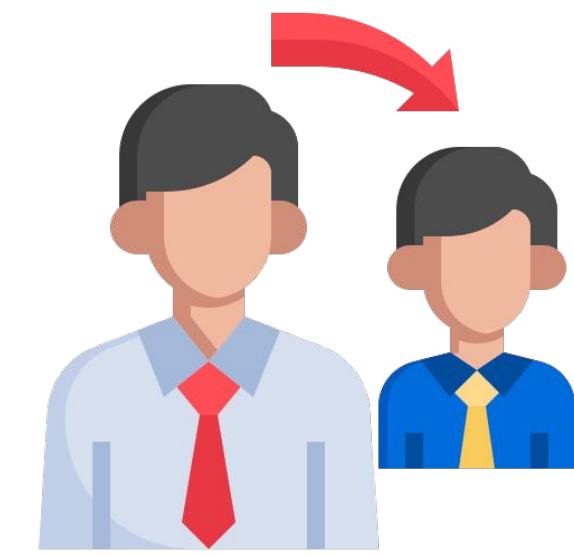
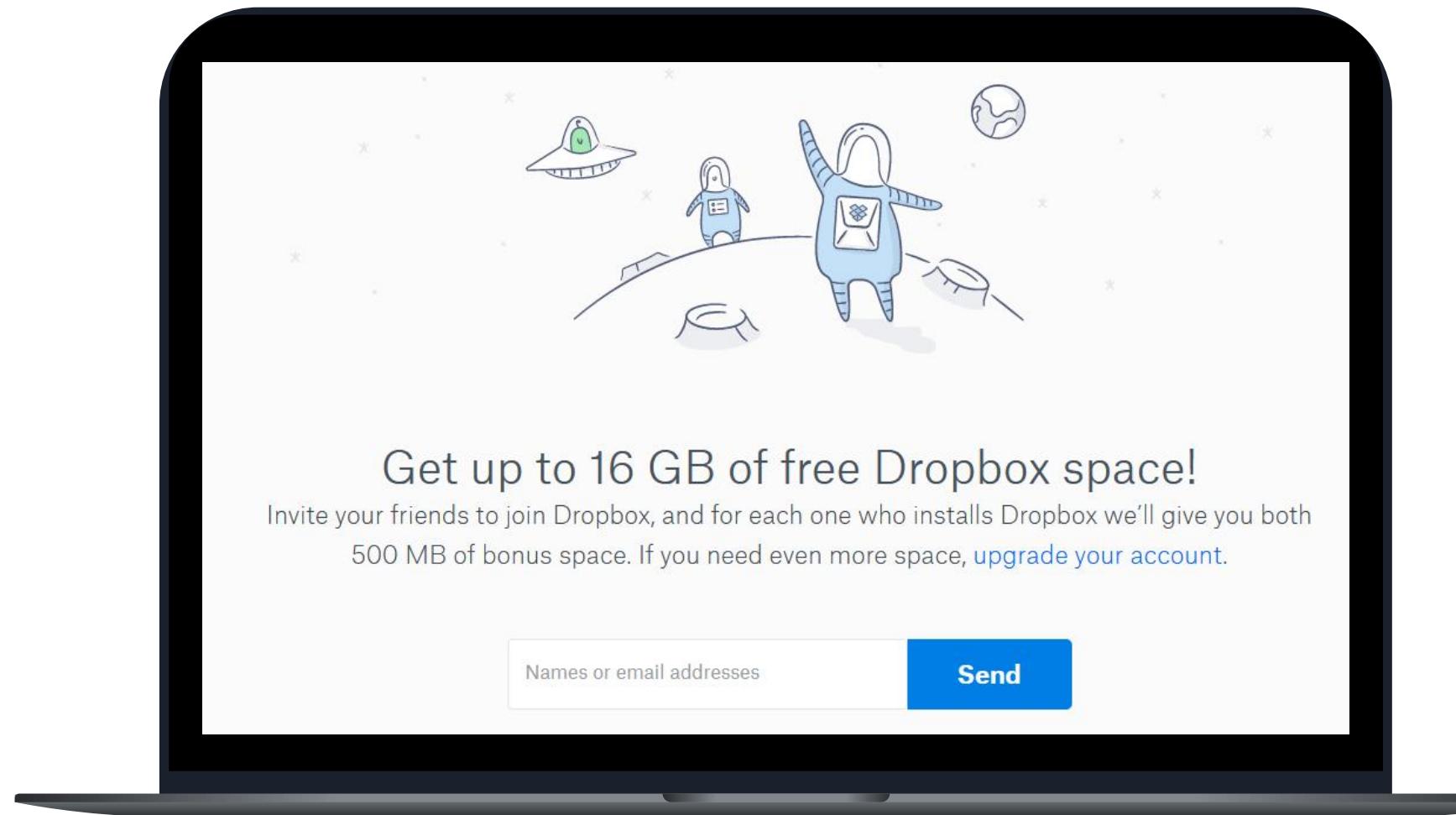


### Frontend Technology Stack



### Backend Technology Stack





## Suggested Improvements



**Tailored Referral Incentives:** May Create different referral incentives based on user behavior or segment.



**Referral-Based Mini-Communities:** It would be better to Create small, invite-only Dropbox user groups or communities for users who have successfully referred friends.

## Seamless Onboarding with Referrals

Dropbox strategically integrates the referral program into the user onboarding process to maximize visibility and participation. During the initial setup, new users are presented with the opportunity to refer friends as part of their "to-do" list.

Dropbox gamifies the referral process by introducing the concept of becoming a "Dropbox Guru." As users engage more with the platform and invite friends, they receive additional storage space, moving closer to the "Guru" status.

## Referral Page Design

The design of the referral page is focused on being user-friendly. The layout is clean, with minimal distractions, allowing users to easily understand the process and take action.

The referral page clearly outlines the rewards for both the referrer and the referred user, making the benefits of participation obvious.

## User Engagement

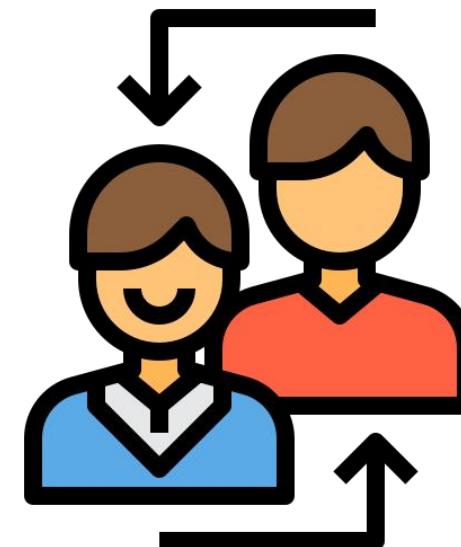
Dropbox carefully places referral prompts at key moments when users are most likely to be satisfied and engaged with the product. For example, after a user has successfully uploaded their first file or experienced the seamless syncing feature, a referral prompt may appear, encouraging them to share their positive experience with friends.

## Key Metrics in Dropbox Referral Program

**Referral Activation Rate:** The percentage of users who actively participate in the referral program by sending referral invites.

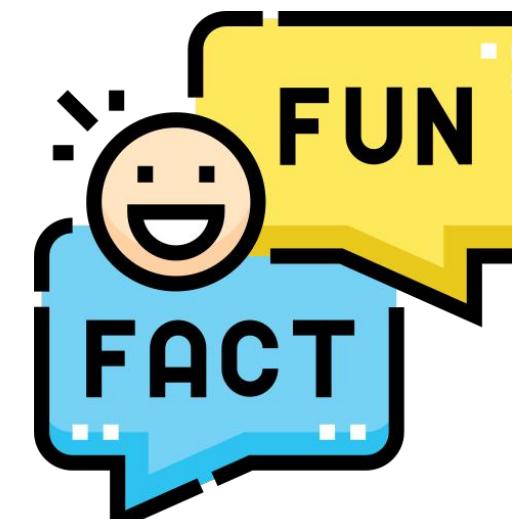


**Fun Fact:** In April 2010, Dropbox achieved 2.8 million direct referrals and Dropbox's user base grew from 100,000 to 4 million in just 15 months. indicating the program's effectiveness in rapidly expanding the user base through word-of-mouth. Each user's motivation to refer friends helped amplify the reach.

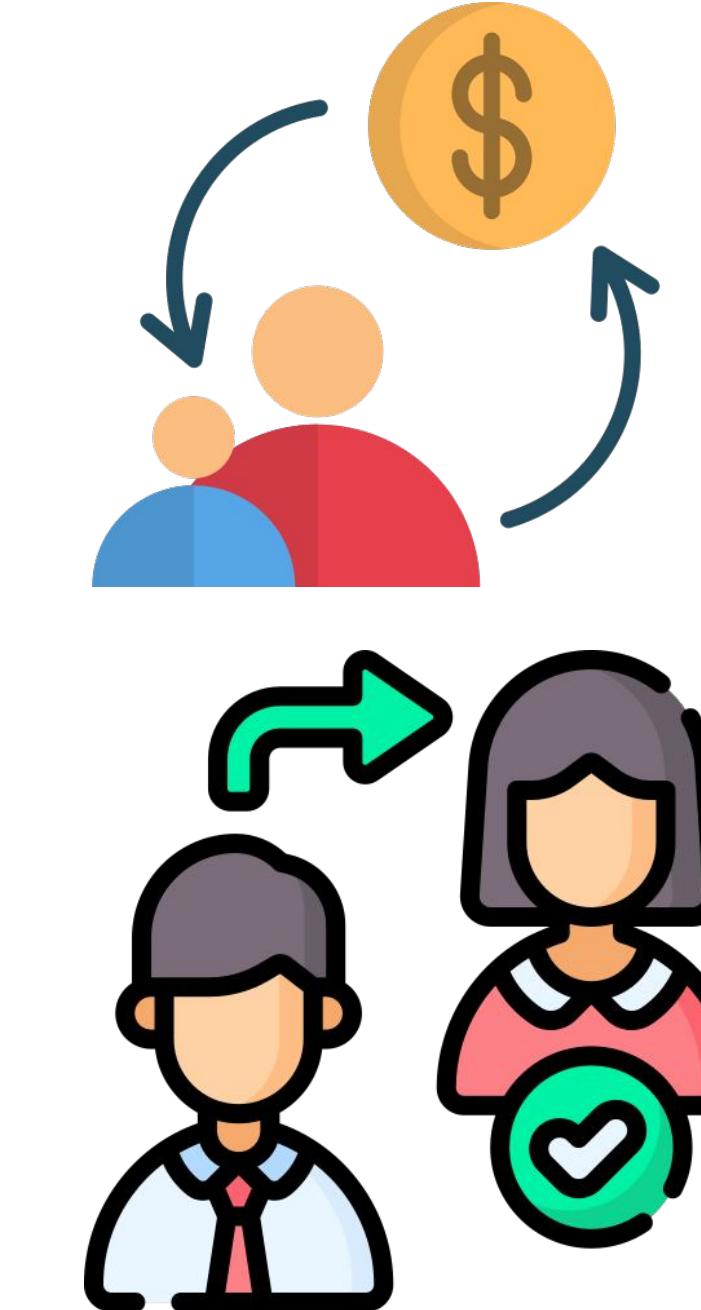


To Summarize, By analyzing direct referrals, conversion rates, user engagement, and ROI, you can see how Dropbox leveraged its referral program to achieve remarkable growth while keeping acquisition costs minimal. These insights provide a blueprint for evaluating the effectiveness of similar programs in other contexts.

**Referral Conversion Rate:** The percentage of referred users who download and engage with the app.

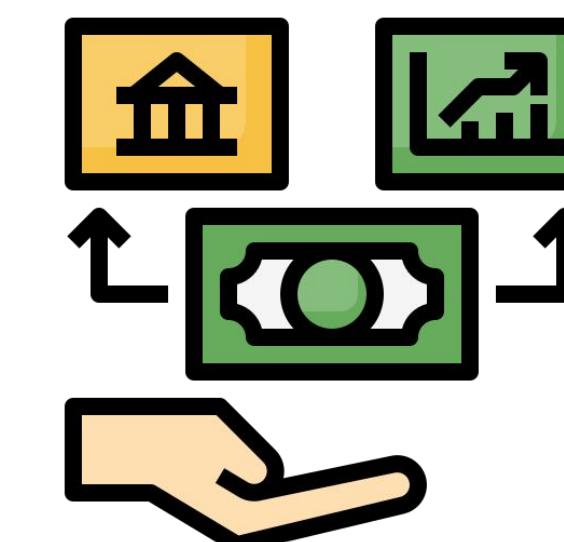


**Fun Fact:** Referrals accounted for 35% of daily sign-ups during the initial 15 months. high conversion rate highlights the program's effectiveness in turning referrals into active users, reflecting a strong alignment between user incentives and program design.



**Referral Virality Coefficient:** The number of new users generated per existing user through referrals.

**Fun Fact:** Dropbox's user base grew from 100,000 to 4 million in just 15 months. A substantial percentage of these new users were brought in through the referral program, underscoring its critical role in the company's growth strategy.



## Dropbox Referral Program Key Metrics Pyramid



### Customer Lifetime Value (CLTV)(North Star Metric)

The ultimate goal of Dropbox's referral program is to increase the overall customer lifetime value. This metric reflects the total revenue Dropbox can expect from a user over their entire relationship with the company. A successful referral program should drive long-term engagement, retention, and upsell opportunities, which all contribute to a higher CLTV.



### Referral Conversion Rate (Level 1 Metric)

The percentage of referred users who sign up for Dropbox. A higher conversion rate indicates that the referral program is appealing and effective in convincing new users to join.

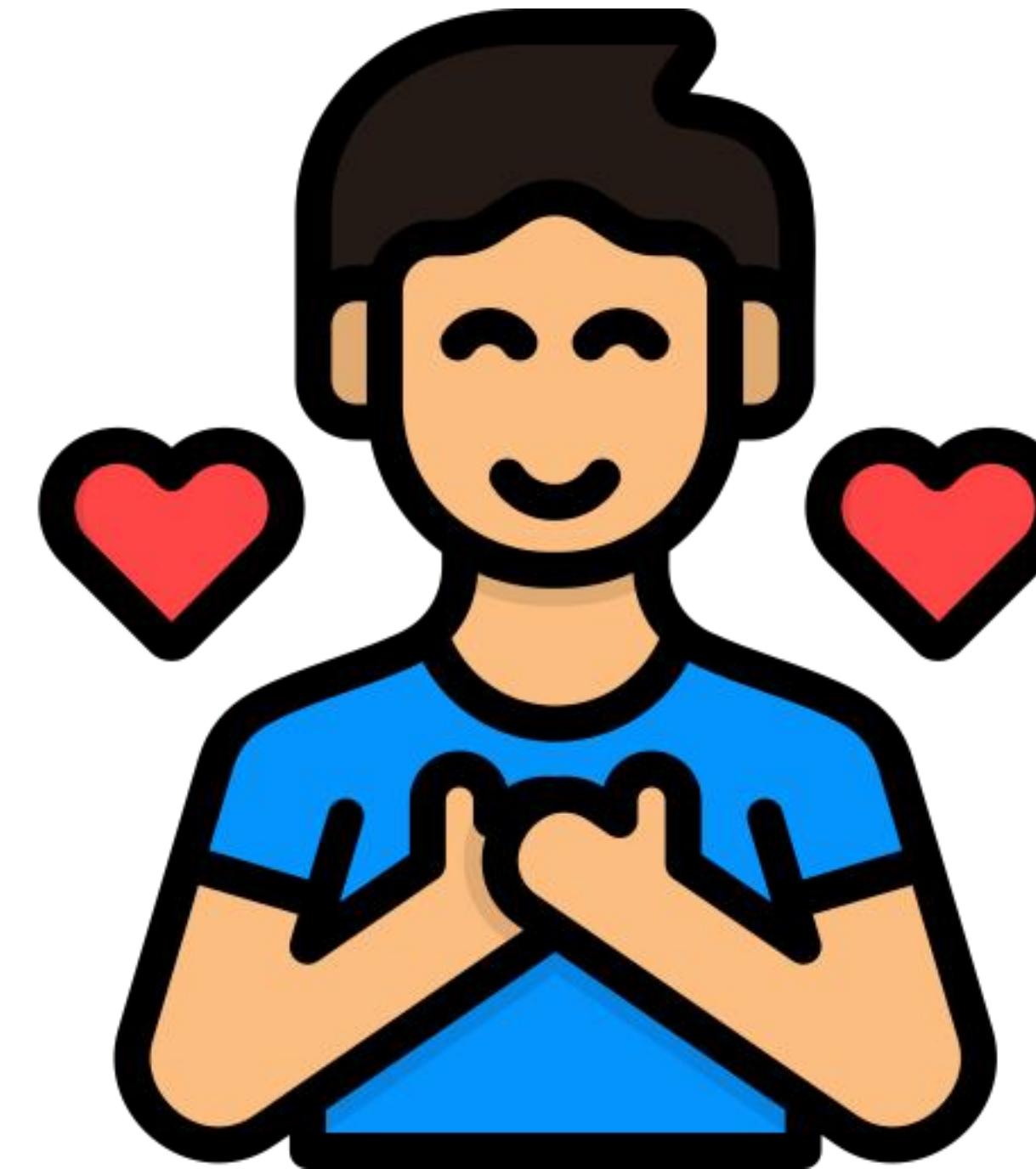
### Referral Virality Coefficient (Level 1 Metric)

This metric measures how effectively the referral program encourages users to bring in new users. It's calculated by the average number of referrals generated by each user. A coefficient greater than 1 indicates that the program is driving exponential growth.

### Referral Activation Rate (Level 2 Metric)

The percentage of users who participate in the referral program after seeing the referral prompt. This shows how compelling the referral call-to-action is during the onboarding process and other touchpoints.

# THANK YOU



Referral Link to NextLeap Course :

[https://nextleap.app/product-fellowship/fp/  
fshuxjajd7lxrqoe0m?referral=4b808480-f8a1-41c7-a933-  
ddcf450b0989&campaign=pm\\_fellowship\\_referral\\_cohort29](https://nextleap.app/product-fellowship/fp/fshuxjajd7lxrqoe0m?referral=4b808480-f8a1-41c7-a933-ddcf450b0989&campaign=pm_fellowship_referral_cohort29)

nextleap