8 Resources to Level Up your Product Metrics Game
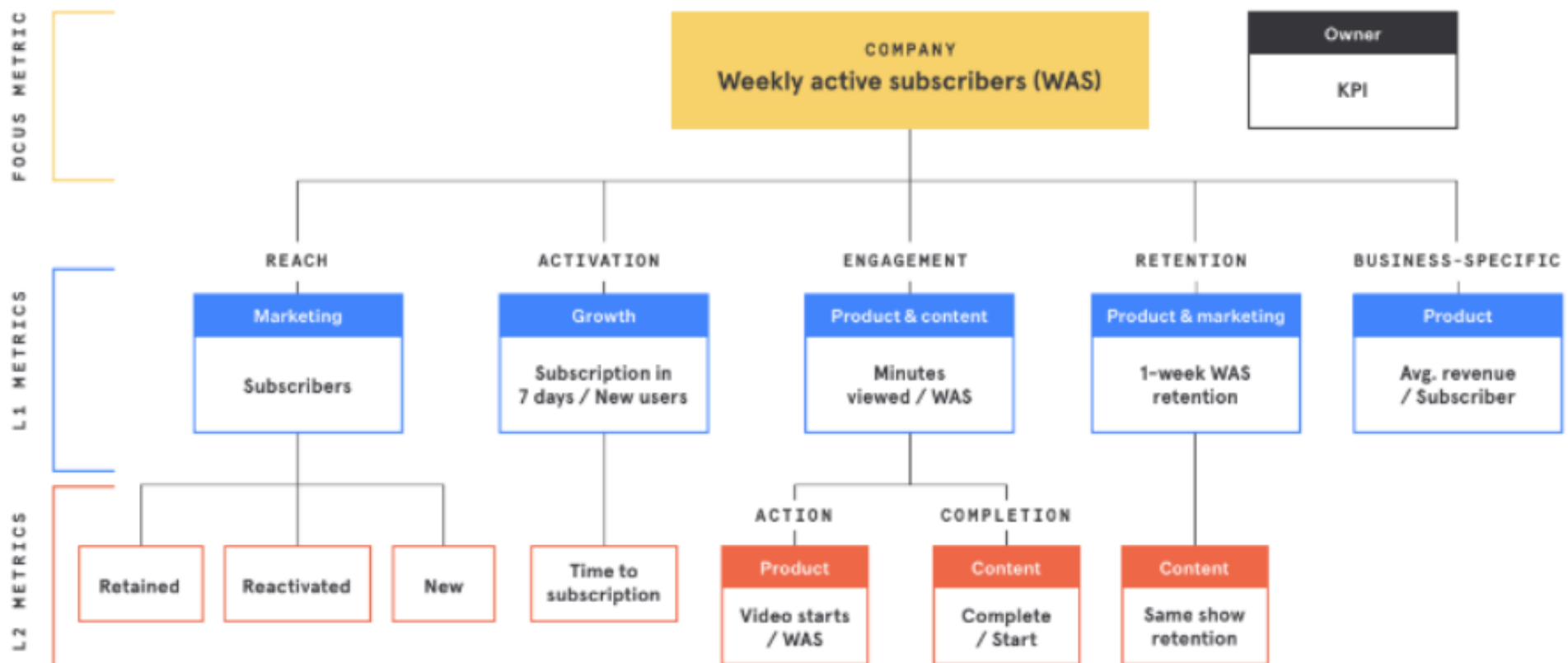
Focus Metrics & L1/L2 Metrics

— MEDIA EXAMPLE

Subscription-based video streaming product

From clothing to food delivery, subscription-based businesses are booming. Their long-term health depends on their ability to attract the right audience, convert them into paid subscribers, provide them with a great experience and retain them as loyal users.
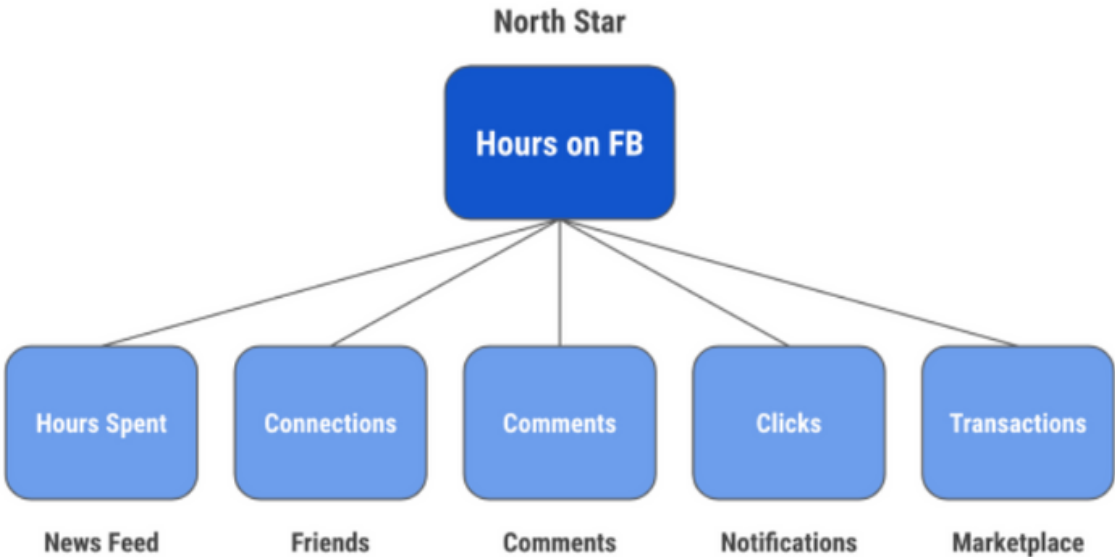
FOCUS METRIC

COMPANY
Weekly active subscribers (WAS)

Owner
KPI

L1 METRICS

REACH	ACTIVATION	ENGAGEMENT	RETENTION	BUSINESS-SPECIFIC
Marketing	Growth	Product & content	Product & marketing	Product
Subscribers	Subscription in 7 days / New users	Minutes viewed / WAS	1-week WAS retention	Avg. revenue / Subscriber

L2 METRICS

ACTION · COMPLETION

Retained	Reactivated	New	Time to subscription	Product	Content	Content
				Video starts / WAS	Complete / Start	Same show retention

READ: Mixpanel - Guide to Product Metrics

Metric Types, Frameworks with a Case Study

Company	Mission Statement	North Star
Facebook	To give people the power to build community and bring the world closer together.	Hours spent on FB
Amazon	To serve consumers through online and physical stores and focus on selection, price, and convenience.	Sales
Netflix	To entertain the world.	Hours streamed

*Note that the North Star metrics ... hypothetical. The ... North Star metrics are not disclosed though ... financial statements (10K and 10Q ... metric in an interview, use the fra...

North Star

Hours on FB

| Hours Spent | Connections | Comments | Clicks | Transactions |
| News Feed | Friends | Comments | Notifications | Marketplace |

datainterview.com

READ: Principles & Frameworks of Product Metrics by Dan Lee

Properties of good metrics & how to come up with one

Awareness
How many people are aware your brand exists?

Acquisition
How many people are interacting with your product?

Activation
How many people are realizing the value of your product?

Engagement
What is the breadth and frequency of user engagement?

Revenue
How many people are paying for your product?

Retention
How often are people returning to your product?

Referral
How many customers are becoming advocates?

READ: Defining Product Metrics by Hani Azam

Metrics for Product-led Growth

Feature adoption rate

Measures how many new users
adopt a particular feature.
Usually expressed as a percentage.

CALCULATED AS:

$$\frac{\text{\# of new users of a specific feature}}{\text{total \# of product users}} \times 100 = \text{feature adoption rate}$$
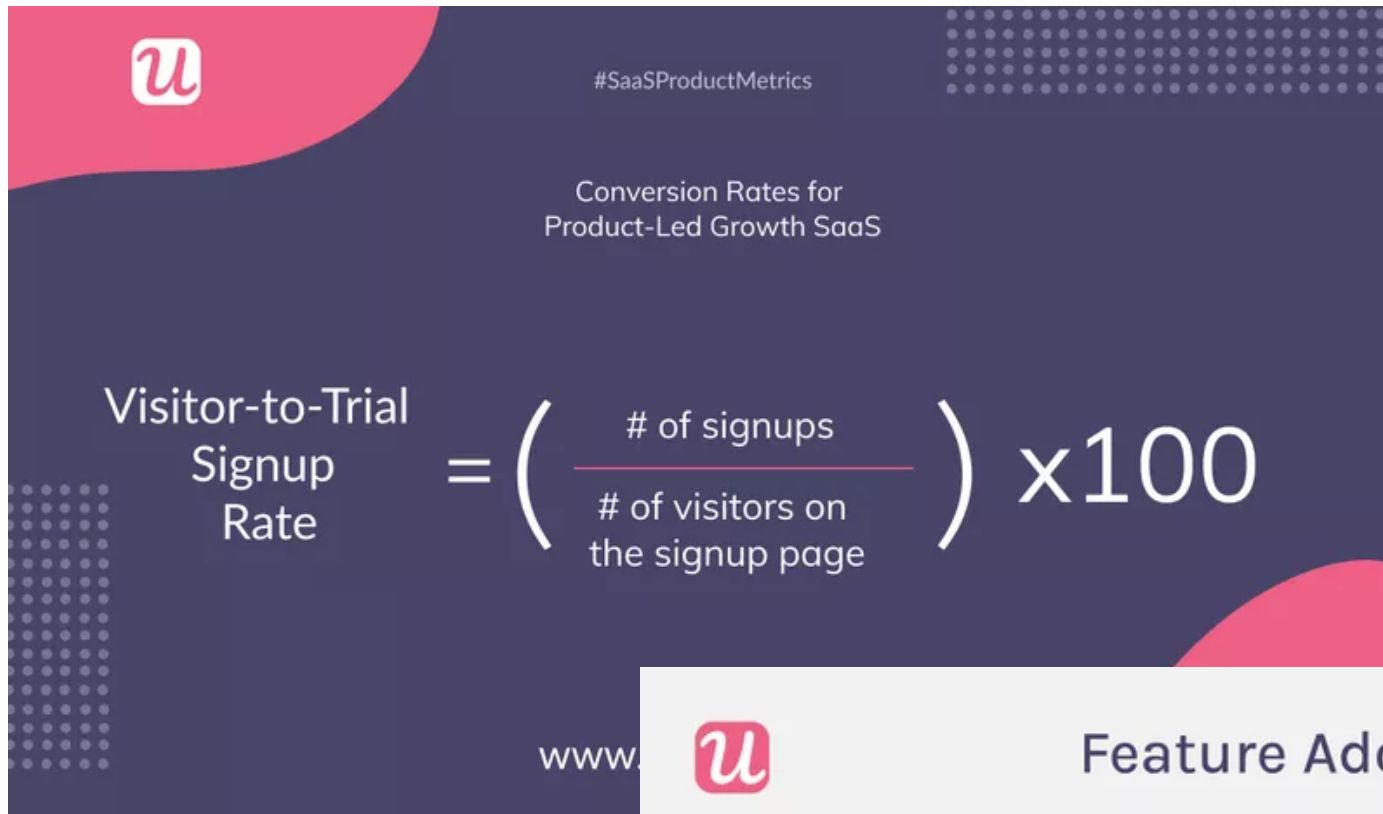
Average revenue per user (ARPU)

A good indicator of the overall health
of your business.

CALCULATED AS:

$$\frac{\text{MRR}}{\text{numbers of customers}} = \text{ARPU}$$

READ: 11 essential product metrics for
measuring PLG by Katryna Balboni

Metrics for SaaS
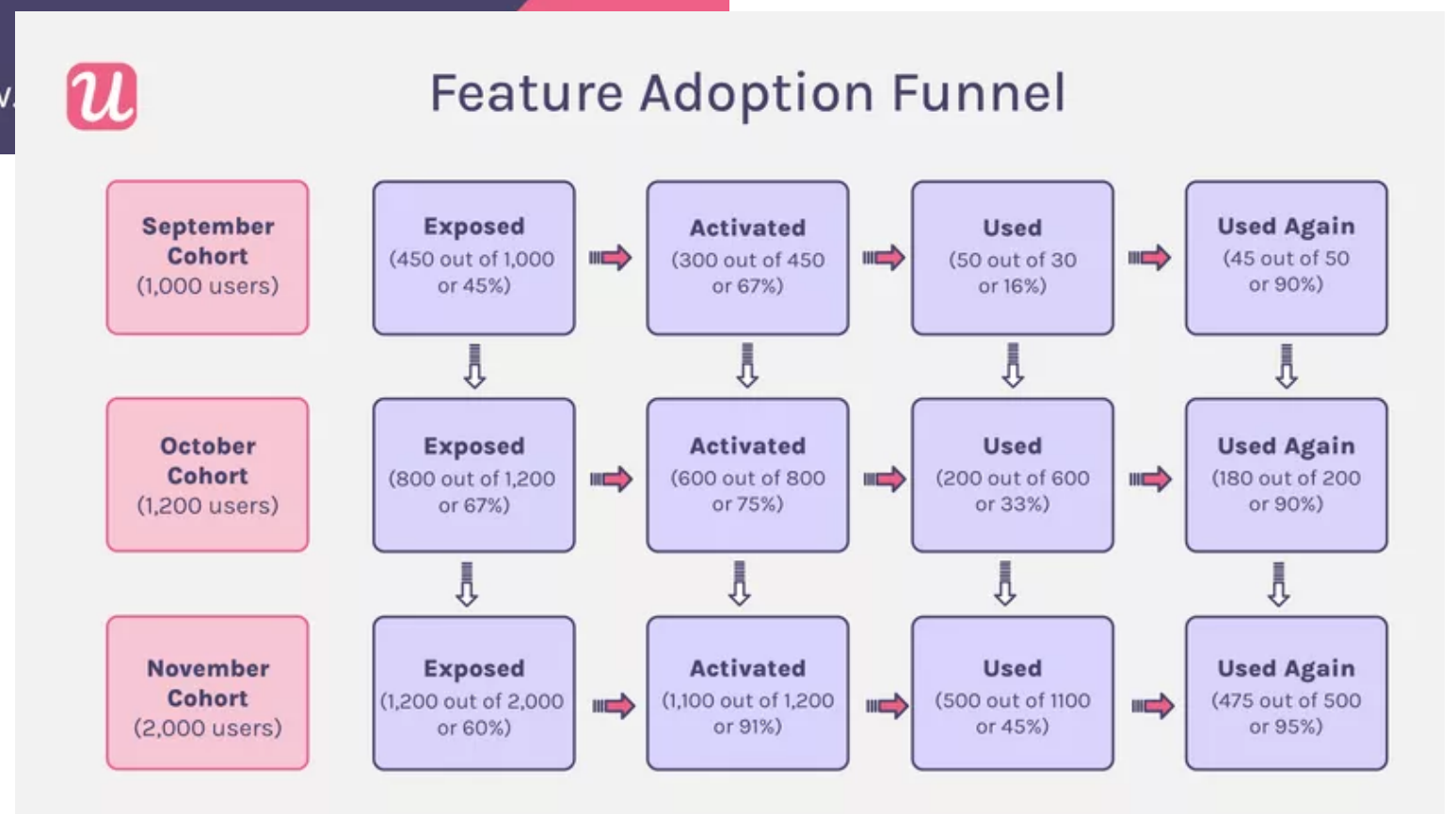
READ: 2022 Guide To SaaS Product Metrics
by User Pilot

Metrics for E-commerce

Which Ecommerce Metrics to Track?

Revenue and sales, you'd say. That's right, of course, but those two metrics don't say much about how your business is actually doing and what its financial health is.

You can be selling a lot without making any profit. Or you could be getting thousands of new customers a day at an excruciating price. Or maybe those thousands of people never come back to shop for more. In all of these cases, you'd have good revenue and a high number of sales figures, but unstable business.

That's why every online store should measure and track the following key performance indicators (KPIs) to make sure all's running smoothly beneath the surface:

1. Conversion rate
2. Customer acquisition cost
3. Average order value
4. Average profit margin
5. Cart abandonment rate
6. Customer lifetime value
7. Retention rate and share of repeat customers
8. Refund and return rate
9. Best performing products and categories
10. Email performance metrics
11. A note on vanity metrics: social media engagement, website traffic, and pageviews

READ: 11 Ecommerce Metrics to track by Dimira Teneva (SendInBlue)

Metrics for Marketplaces

Gross Merchandise Volume (GMV)

To understand if your marketplace is a good business, you should start from the Gross Merchandise Volume. It means the total sales value of the products or services sold through your marketplace during a specific time period. If you want to only use one figure to measure the total growth of your marketplace, use this one instead of the number of users or products.
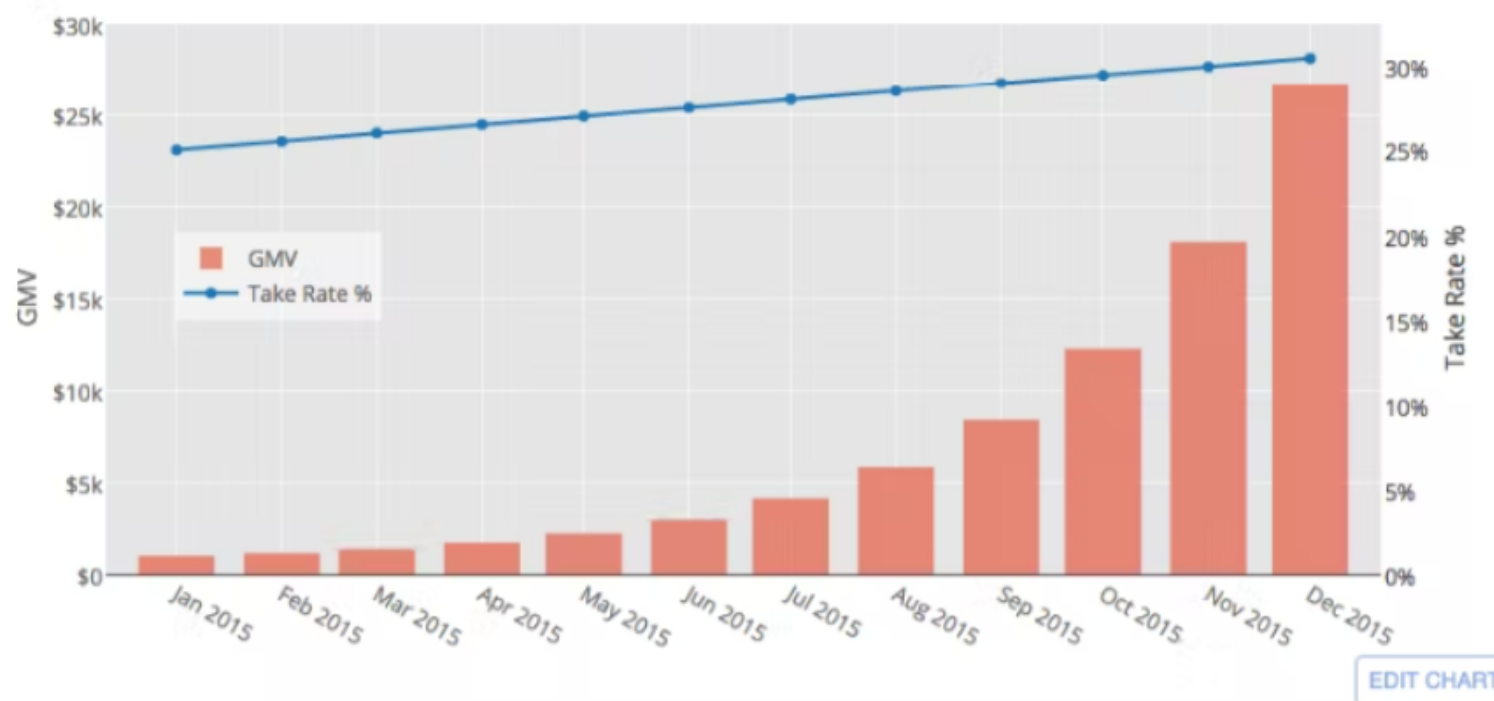

A graph to visualize GMV and take rate of a marketplace from **plot.ly**

READ: 11 marketplace metrics you should be tracking by Juho Makkonen (Marketplace Academy)

Frameworks: AARRR, HEART, GAME & more

Google HEART Example

	GOALS	SIGNALS	METRICS
Happiness	Customer finds the app useful and easy to use	• Responding to surveys • Leaving 5 star ratings • Leaving positive feedback	• Net promoter score • Customer satisfaction rating • Number of 5-star ratings
Engagement	Customer finds app useful and continues using it on a regular basis	• Returns on a daily basis	• Average number of sessions • Frequency of return • Number of actions
Adoption	New customers see the value in the product or new feature and use it	• Downloads and signs up for the ap[...] • Uses new featur[...]	
Retention	Customers keep using the app and remain as customers	• Continues to use the app after 3 months • Remains a customer after 12 months	
Task Success	Customers complete their tasks easily and quickly	• Finds actions and completes them quickly	
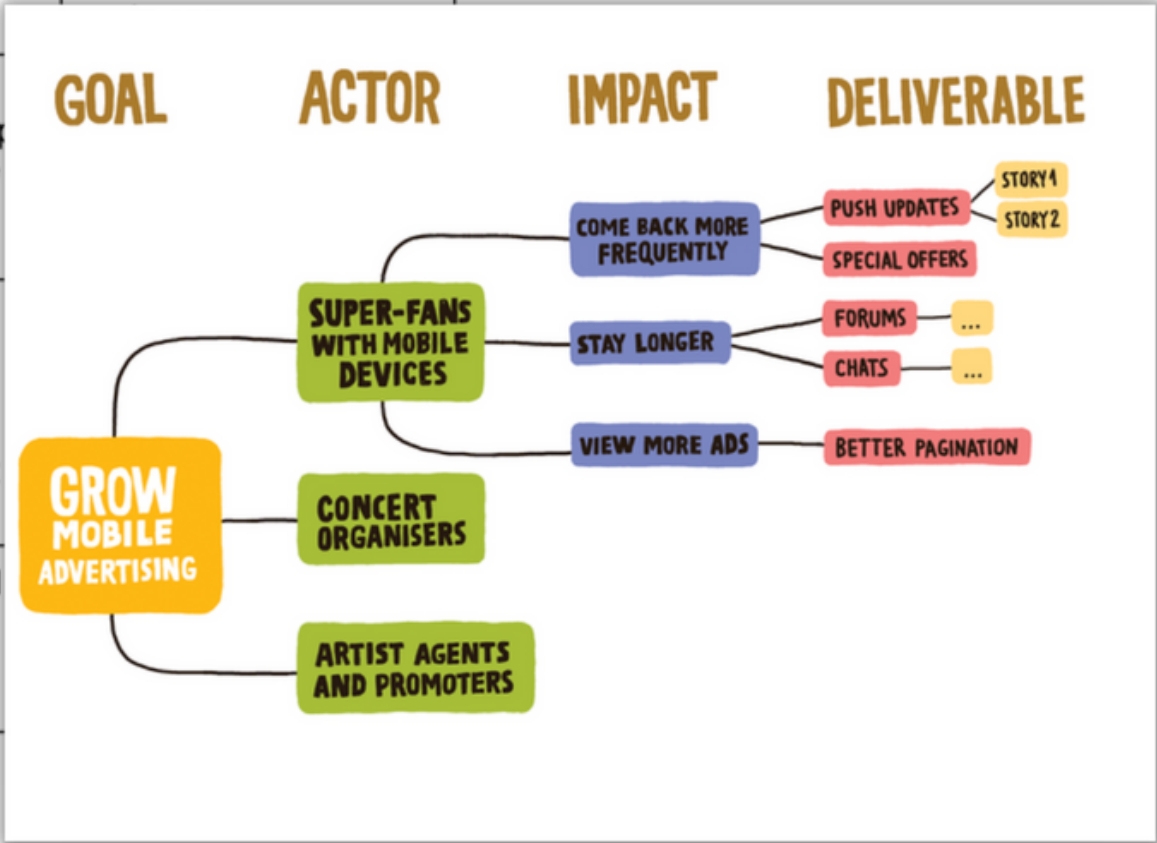
READ: 4 Frameworks to Help you Define Product Metrics by Anthony Murphy