METRICS

Andy Acs
PDM7

CONCEIVE

PLAN

DEVELOP

ITERATE

LAUNCH

STEADY STATE

MAINTAIN OR KILL

LEARNING OBJECTIVES

‣ Identify the right metrics and KPIs to track for a variety of products

‣ Identify tools you can to measure your metrics

‣ Understand the concept of the customer conversion funnel, and how the stage of funnel determines what you need to measure and track
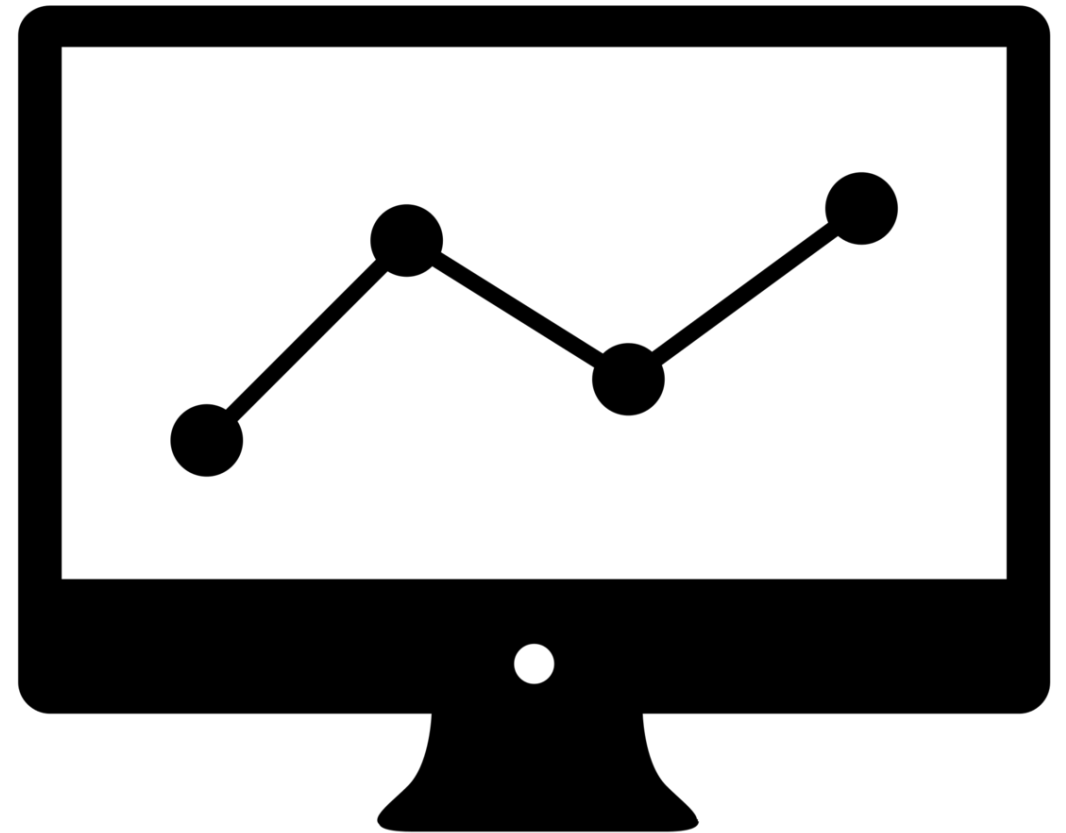
KPIS

WHY IS IT IMPORTANT TO USE METRICS AS A PRODUCT MANAGER?

WHAT IS A
KEY PERFORMANCE INDICATOR?

KPIs SHOULD BE:

SPECIFIC

MEASURABLE

TIMELY

REALISTIC

ACTIONABLE
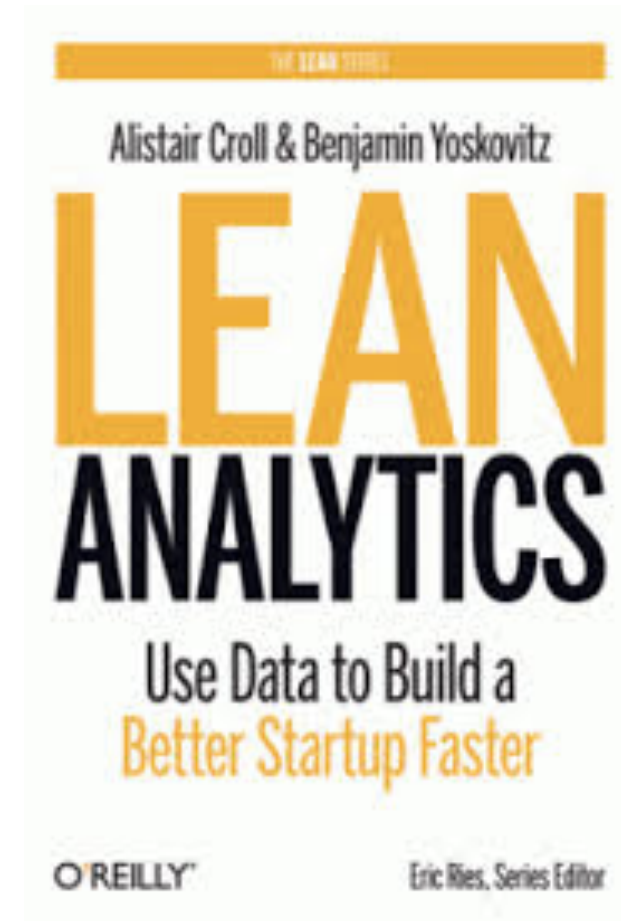
ONE METRIC THAT MATTERS

A GOOD METRIC IS

Understandable	Comparative	A rate or ratio	Behavior Changing
If you're busy explaining the data, you won't be busy acting on it.	Comparison is context.	The only way to measure change & roll up the tension between two metrics (MPH).	Who's behavior are you trying to change, and how are you measuring it?

AIRBNB

Metric   Improve the number of nights a property was rented.

Hypothesis   Professional quality photos will increase number of nights the place is booked for.

Experiment   Hire a few photographers to professionally photograph a few properties and compare booking rates.

RESULT

NIGHTS BOOKED

10 million

8 million

6 million

4 million

2 million

20 photographers

2008   2009   2010   2011   2012
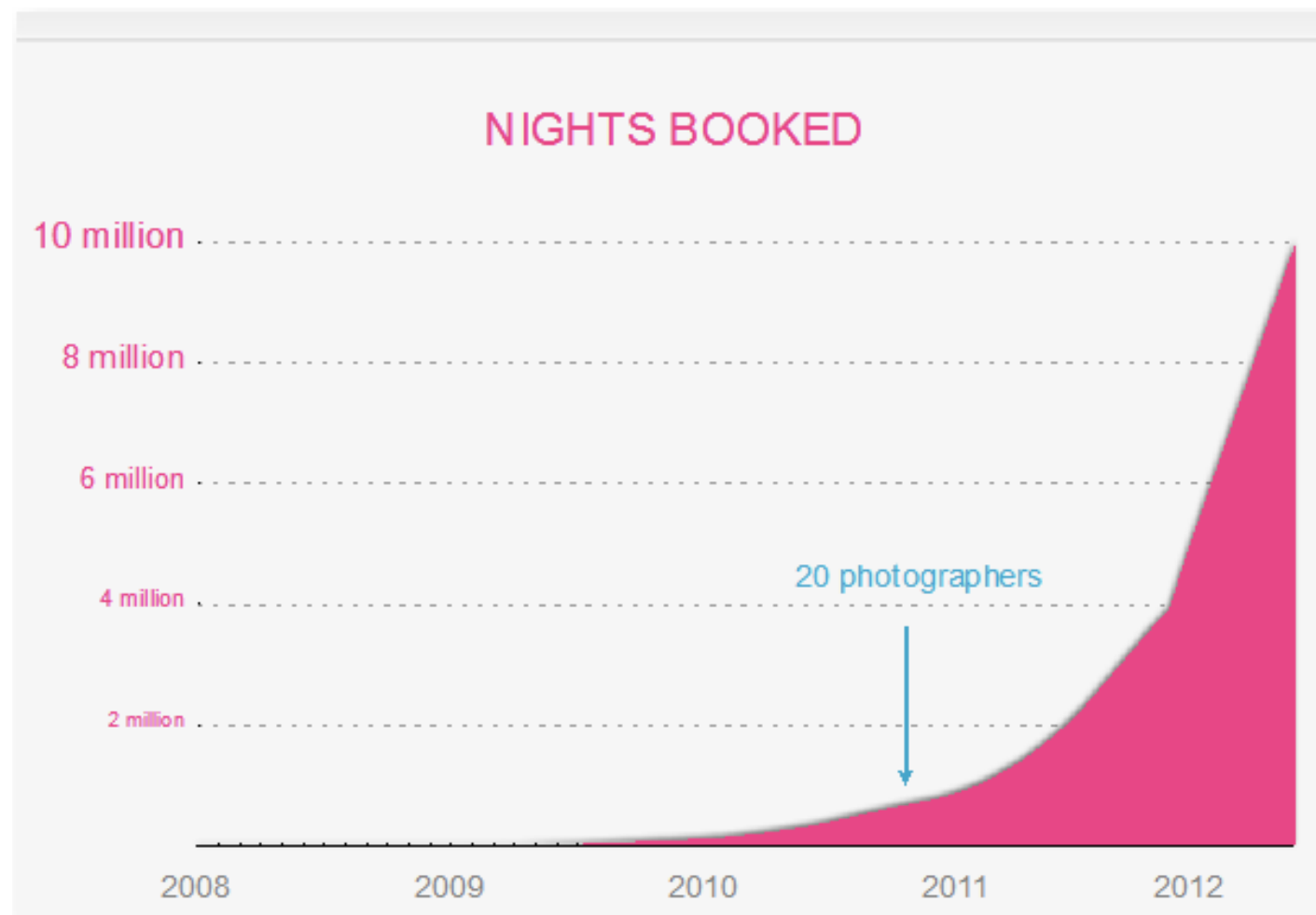
CUSTOMER CYCLE

WHAT IS A CUSTOMER CYCLE THROUGH A PRODUCT?

CUSTOMERS WILL...

VISIT & ARRIVE
INTERACT & ENJOY
COME BACK
SPREAD THE WORD
GENERATE REVENUE

MEASURE YOUR CUSTOMER JOURNEY.

AARRR

ACQUISITION

ACTIVATION

RETENTION

REFERRAL

REVENUE

CUSTOMER CYCLE

Example Conversion Metrics

Category	User Status	Conv %	Est. Value
Acquisition	**Visit Site** (or landing page, or external widget)	100%	$.01
Acquisition	**Doesn't Abandon** (views 2+ pages, stays 10+ sec, 2+ clicks)	70%	$.05
Activation	**Happy 1st Visit** (views X pages, stays Y sec, Z clicks)	30%	$.25
Activation	**Email/Blog/RSS/Widget Signup** (anything that could lead to repeat visit)	5%	$1
Activation	**Acct Signup** (includes profile data)	2%	$3
Retention	**Email Open / RSS view -> Clickthru**	3%	$2
Retention	**Repeat Visitor** (3+ visits in first 30 days)	2%	$5
Referral	**Refer 1+ users who visit site**	2%	$3
Referral	**Refer 1+ users who activate**	1%	$10
Revenue	**User generates minimum revenue**	2%	$5
Revenue	**User generates break-even revenue**	1%	$25

WHAT IS ACQUISITION?

ACQUISITION

GETTING NEW PEOPLE TO YOUR PRODUCT.

WAYS TO CLASSIFY A NEW ACQUISITION?

Spends at least 1 minute on a page

Visits at least 2 pages

Clicks at least 2 things

WHERE ARE THESE PEOPLE COMING FROM (SOURCES)?

Social Media
Word of Mouth
Blogs
SEO
Paid Advertising

KEY TERMINOLOGY

SOURCE	BOUNCE RATE
COST PER CONVERSION	CTR
AVERAGE CPC	CONVERSIONS
IMPRESSIONS	CLICKS

HOW WOULD

MEASURE ACQUISITION?

WHAT IS ACTIVATION?

ACTIVATION

WHEN NEW USERS SIGN-UP, USE, AND ENJOY YOUR PRODUCT.

WAYS TO CLASSIFY A NEW ACTIVATION?

Signed-Up

Filled Out a Form

Used Specific Features
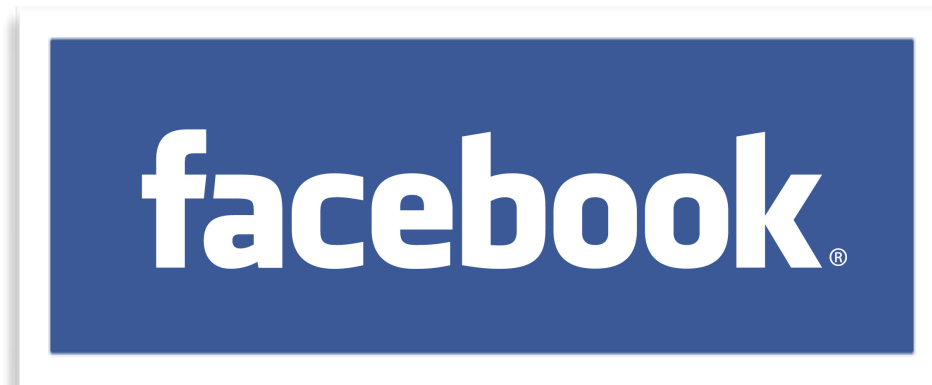
KEY TERMINOLOGY

PAGES PER VISIT

CLICKS PER CONVERSION

TIME ON SITE

TASK / ACTIVITY COMPLETION

TIME PER CONVERSION

HOW WOULD

MEASURE ACTIVATION?

WHAT IS RETENTION?

RETENTION

USERS THAT CONTINUE USING YOUR PRODUCT OVER AND OVER AGAIN.

WAYS TO CLASSIFY A REPEAT USER?

How often do they come back?

How often do they perform specific actions?

How long is each visit to your product?
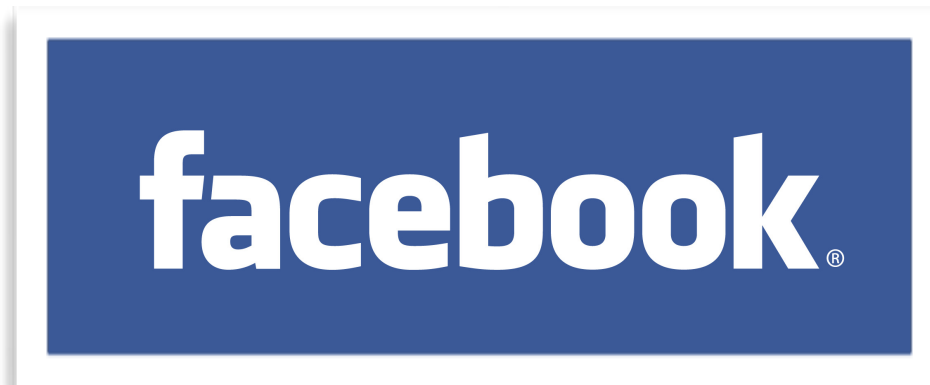
KEY TERMINOLOGY

TIME SINCE LAST VISIT

USER LOYALTY

SESSION LENGTH

EMAIL OPEN RATE

HOW WOULD

MEASURE RETENTION?

WHAT ARE REFERRALS?

REFERRAL

USERS TELLING FRIENDS TO ALSO BECOME USERS OF YOUR PRODUCT.

WAYS TO ENCOURAGE & INCREASE REFERRALS?

Social Media Features

Building Virality In

Affiliates

KEY TERMINOLOGY

AFFILIATES & AFFILIATE NETWORKS
PAID & ORGANIC GROWTH
VIRALITY
% OF USERS REFERRING
OF REFERRED USERS

HOW WOULD

MEASURE REFERRALS?

WHAT IS REVENUE?

REVENUE

THE METHOD AND AMOUNT OF MONEY YOU'RE MAKING

THINGS TO CONSIDER ABOUT REVENUE?

How many users are paying?

How long did it take for them to make a purchase?

How much money did they spend?

KEY TERMINOLOGY

TIME TO FIRST TRANSACTION

BREAK-EVEN

SUBSCRIPTIONS / RECURRING TRANSACTIONS

COST PER ACQUISITION

HOW WOULD

MEASURE REVENUE?

ACTIVITY

EXERCISE

KEY OBJECTIVE(S)

Discuss strategies to increase KPIs at each phase of the customer cycle for Spotify.

TIMING

5 min   Get in the groups of 4.

25 min   Brainstorm strategies that Spotify can use or is using to increase their KPIs at each phase of the customer cycle.

DELIVERABLE

A list of strategies that Spotify can use or is currently using to increase KPIs at each phase of the customer cycle.

ACQUISITION

ACTIVATION
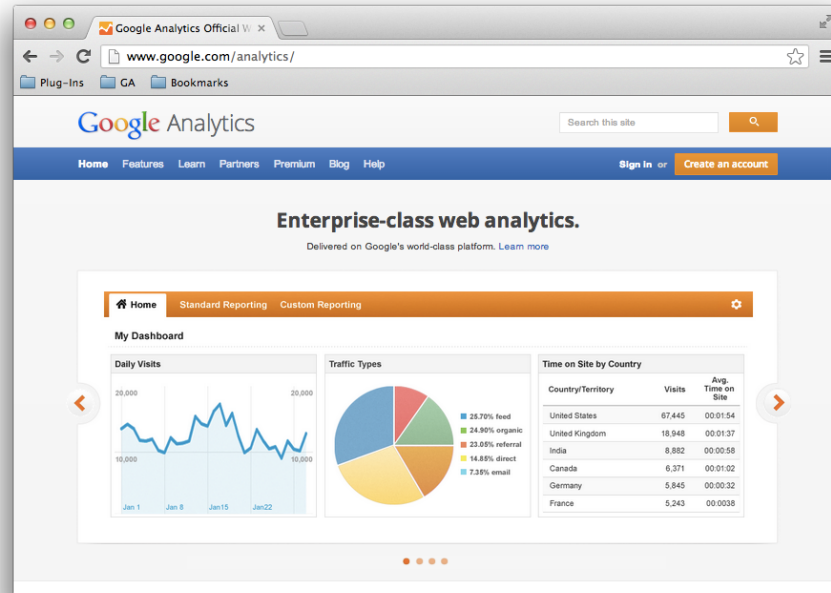
RETENTION

REFERRALS

REVENUE

FUNNEL ANALYSIS

COHORT ANALYSIS

People		Weeks later ▾											
		1	2	3	4	5	6	7	8	9	10	11	12
Oct 7, 2013	44	27.27%	20.45%	22.73%	18.18%	15.91%	11.36%	6.82%	13.64%	13.64%	9.09%	6.82%	2.27%
Oct 14, 2013	50	24.00%	14.00%	24.00%	14.00%	6.00%	14.00%	14.00%	12.00%	6.00%	2.00%	0.00%	
Oct 21, 2013	49	26.53%	20.41%	16.33%	8.16%	6.12%	12.24%	12.24%	8.16%	6.12%	0.00%		
Oct 28, 2013	43	16.28%	11.63%	11.63%	11.63%	11.63%	11.63%	11.63%	2.33%	0.00%			
Nov 4, 2013	69	21.74%	11.59%	7.25%	11.59%	13.04%	5.80%	2.90%	0.00%				
Nov 11, 2013	62	20.97%	14.52%	16.13%	11.29%	4.84%	3.23%	0.00%					
Nov 18, 2013	83	13.25%	13.25%	13.25%	8.43%	1.20%	1.20%						
Nov 25, 2013	74	17.57%	13.51%	8.11%	2.70%	0.00%							
Dec 2, 2013	97	17.53%	12.37%	1.03%	1.03%								
Dec 9, 2013	62	24.19%	6.45%	1.61%									
Dec 16, 2013	40	10.00%	5.00%										
Dec 23, 2013	16	6.25%											

TOOLS & RESOURCES

GOOGLE ANALYTICS

KISSmetrics

COMPETE

HOMEWORK

CHOOSE THE METRICS YOU WILL BE MEASURING FOR YOUR PRODUCT. WHICH ONE IS THE ONE METRIC THAT MATTERS?

Q&A