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NORTHSTAR METRIC: Number of designs exported (completed) per active user per month

Reasoning: Our key value proposition is the enablement of users to create and share professional-looking designs. When a user completes an export of their design to share with colleagues, that means they have successfully accomplished the task they planned to achieve using Canva.

Assumption:

1. Users who export and share files are more likely to return to edit or make changes to their designs.
2. Users who complete designs are more inclined to return and explore advanced features.
3. Growth in the number of designs correlates with Canva's virality, as users share their creations.
4. Higher design completion rates indicate successful onboarding and intuitive features.

SUCCESS METRICS:

Canva is an all-in-one online design platform that provides users with the opportunity to create professional designs either for personal use, education, or business. It has a wide range of templates, tools, and features that fit just about any need-from simple graphics on social media to presentations, marketing materials, and beyond.

To ensure Canva successfully solves user problems, we aim to track and measure key metrics. These key metrics enable us to align the roadmap with our vision but also keep us focused on delivering value to our users.

To measure how effective Canva is at delivering value to its users and achieving the business objectives, the following key metrics will be tracked:

1. Active Users (Over a Month):

DEFINITION: Active Users measures the number of users engaging with Canva over a month

OUTCOME: A higher MAU reflects Canva's ability to retain users, drive consistent value, and expand its user base. A decline in MAU may indicate reduced engagement, unmet user needs, or increasing competition.

ACTION:

- Identify trends in user activity to understand peak engagement times or seasonal patterns.
- Implement personalized notifications or prompts to encourage user activity, such as reminders for unfinished designs or suggestions for templates.
- Enhance onboarding flows to retain new users and guide them toward their first successful design.
- Analyze and address reasons for inactivity or churn, such as complexity or lack of perceived value.

Why it is meaningful:

MAU is a key indicator of the relevance of Canva to its users and the value it contributes to them.

Consistent growth in MAUs shows that there is good user engagement and retention, which then also directly influences revenue and virality.

Target Ratio:

For steady growth in MAU, focus will be on having at least a healthy MAU ratio of 20% to ensure regular user engagement.

2. Template Utilization Rate

DEFINITION: The proportion of Canva users who utilize pre-designed templates to start creating their design files, rather than starting from scratch.

OUTCOME: A higher Template Utilization Rate indicates that Canva's template library is effectively helping users save time and simplifying the design process. A lower rate could suggest that users are either unaware of the templates or prefer a more personalized, custom design experience.

ACTIONS:

- Analyze the types of templates most used to identify trends in user preferences (e.g., social media templates, business presentations).
- Promote template usage through onboarding or in-app tutorials, highlighting their ease of use and time-saving benefits.
- Optimize the template library by expanding categories, improving design variety, and ensuring templates align with current user needs and trends.
- Collect user feedback to improve templates' customization options and relevance.

Why it is meaningful:

This metric reflects Canva's core value proposition of providing accessible and easy-to-use design tools. A high Template Utilization Rate suggests that Canva is meeting user needs for simplicity, efficiency, and professional results.

Formula:

$$\text{Template Utilization Rate} = \frac{\text{Number of Users Using Templates}}{\text{Total Number of Active Users}} * 100$$

Target Ratio:

Template Utilization Rate of 60% or higher to ensure users are benefiting from the vast library of templates and the platform's ease of use.

3. Conversion Rate (Freemium to Paid)

DEFINITION: The percentage of free users who upgrade to Canva Pro or Enterprise plans.

OUTCOME:

A high conversion rate is indicative of premium features in Canva that are desired enough to incentivize users to pay money for more value. This metric directly reflects Canva's ability to monetize its user base and perceived value in its premium offerings. A low conversion rate may suggest that free users do not see enough value in upgrading or that the price of the product needs more optimization.

ACTIONS:

- Analyze user behavior to understand what features drive upgrades (e.g., advanced design tools, team collaboration features, brand kits).
- Offer targeted promotions, discounts, or free trials to encourage users to try Canva Pro or Enterprise.
- Enhance the onboarding process to highlight premium features and their value, especially for users approaching the limits of free-tier functionality.
- Segment users based on usage patterns and engaged them with tailored messaging about how Canva Pro or Enterprise can benefit their specific use case.

Why it is meaningful:

This metric helps Canva understand how well it is converting its engaged user base into paying customers. A high conversion rate supports revenue growth and signals that users find premium features worth the investment.

Formula:

$$\text{Conversion Rate (Freemium to Paid)} = \frac{\text{Number of Paid Users}}{\text{Total Number of Free Users}} * 100$$

Target Ratio:

A conversion rate of 5-10%, will help us ensure that Canva is effectively monetizing its free user base while maintaining high engagement.

4. Time to First Design (TTFD)

DEFINITION: The average time it takes for a new user to complete their first design after signing up for Canva.

OUTCOME:

A shorter Time to First Design (TTFD) indicates that the onboarding process is effective and that users can quickly understand how to use Canva's features. A longer TTFD may suggest that users are struggling to navigate the platform or are not finding value quickly enough, which could impact retention.

ACTIONS:

- Streamline the onboarding process to guide new users toward creating their first design efficiently (e.g., through a tutorial or template suggestion).
- Provide helpful prompts or tooltips to assist new users in navigating the design interface.
- Analyze friction points in the user experience that delay the first design completion (e.g., complexity of initial steps, unclear instructions).
- Offer easy-to-follow templates to help users get started quickly.

Why it is meaningful:

This metric measures the success of Canva's onboarding process. A shorter TTFD shows that users can easily find value and start creating right away, increasing the likelihood of long-term engagement.

Formula:

$$\text{Time to First Design} = \frac{\text{Sum of Time Taken by All Users to Complete Their First Design}}{\text{Total Number of New Users}} * 100$$

Target Ratio:

average TTFD of under 7 Days, ensuring that new users can quickly complete their first design and experience Canva's value without delays.

5. Collaboration Engagement Rate

DEFINITION: The percentage of projects where multiple users collaborate on the same design in Canva. This includes sharing designs, editing in teams, or working together in real-time.

OUTCOME:

A higher Collaboration Engagement Rate indicates strong adoption of collaboration tools within Canva, showcasing that either teams or groups find some value in the power of Canva to work together on designs. A low rate may indicate that users prefer to go it alone or are unaware of these features.

ACTIONS:

- Promote Canva's collaboration features (e.g., real-time editing, team folders, shared templates) through onboarding, tutorials, and in-app notifications.
- Analyze user behavior to identify friction points in the collaboration process and address any usability issues.
- Offer collaboration-focused templates or tools to encourage team-based design projects.
- Gather user feedback on collaborative workflows to enhance features like permission settings, version history, or communication tools within the platform.

Why it is meaningful:

Collaboration is a key value proposition for Canva, especially for businesses, teams, and educational use cases. This metric reflects how well Canva enables users to work together key factor in promoting long-term engagement and adoption.

Formula:

$$\text{Collaboration Engagement Rate} = \frac{\text{Number of Collaborative Projects}}{\text{Total Number of Projects}} * 100$$

Target Ratio:

Collaboration Engagement Rate of 30% or higher, indicating solid adoption of collaborative features and teamwork integration within Canva.

6. Onboarding Success Rate

DEFINITION: The percentage of new users who successfully create and complete their first design within 7 days of signing up.

OUTCOME:

A higher Onboarding Success Rate indicates that Canva's platform is intuitive and effectively guiding users through the initial stages of design creation. A lower rate may suggest issues with onboarding clarity or friction in the user experience.

ACTIONS:

- Simplify the onboarding process with step-by-step guides or interactive tutorials that lead users to their first completed design.
- Highlight popular templates or design suggestions during onboarding to reduce decision fatigue.
- Use notifications or emails to nudge inactive users to return and complete their first design.
- Analyze drop-off points in the onboarding flow and refine areas where users face difficulties.

Why it is meaningful:

This metric reflects Canva's ability to engage new users quickly and demonstrate its value proposition. A high success rate ensures users feel confident using the platform, increasing the likelihood of long-term retention and engagement.

Formula:

$$\text{Onboarding Success Rate} = \frac{\text{Number of Users Who Complete Their First Design}}{\text{Total Number of New Users}} * 100$$

Target Ratio:

Onboarding Success Rate of 70% or higher to ensure that most new users experience success early in their Canva journey.

APPENDIX

Why the Metrics Are Meaningful (Not Vanity Metrics)

- **Actionable Insights:** All metrics are tied to specific user behaviors (e.g., retention, design completion, collaboration). These behaviors can be influenced through targeted actions.
- **Ratios and Rates:** Each metric is a ratio (e.g., percentages) that provides a standardized measurement, making it easier to track trends over time.
- **Impact on Business Goals:** Metrics like conversion rate and collaboration engagement directly affect revenue growth and product stickiness, making them critical for Canva's success.
- **User-Centric Focus:** Metrics like TTFD and template utilization highlight Canva's commitment to simplicity and user satisfaction.

Assumptions, Context, and Reasoning

- **Assumptions:**
 - Users prefer simplicity and pre-made templates over complex design software.
 - Freemium users will upgrade as their needs evolve with consistent usage.
 - Collaboration tools are crucial in remote work and educational settings.
- **Context:**
 - Canva operates in a competitive design software market where user retention and ease of use are critical.
 - The rise of social media and content marketing creates a high demand for quick, visually appealing designs.
- **Reasoning:**
 - Canva's success hinges on empowering non-designers to produce professional-grade visuals.
 - Tracking design completion aligns with Canva's mission of democratizing design and provides a direct indicator of user success.