Startup Metrics for Pirates:
AARRR!!!

(Startup Metrics for Product Marketing & Product Management)

Dave McClure
Master of 500 Hats

blog: http://500hats.typepad.com/
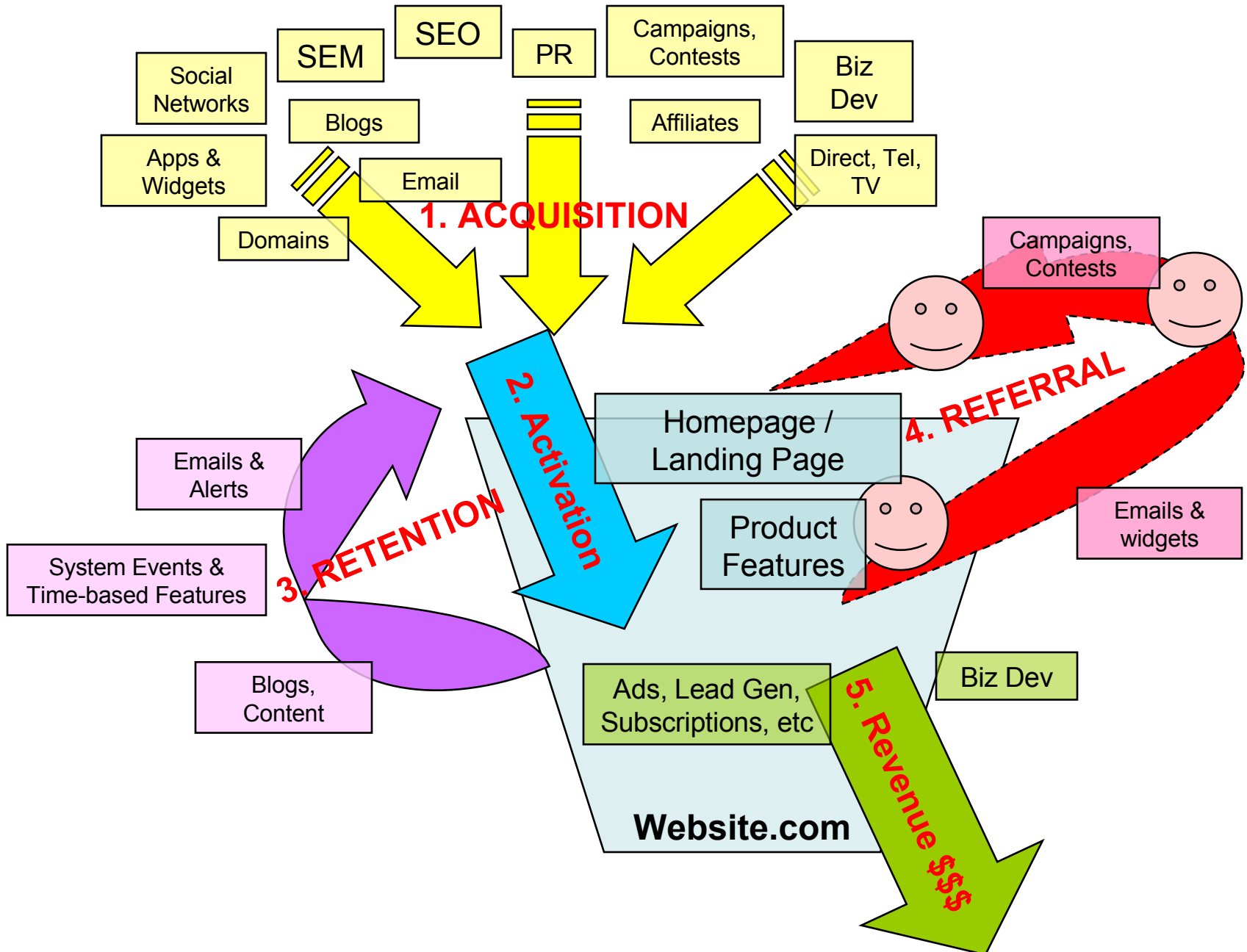website: http://www.500hats.com/
slides: http://slideshare.net/dmc500hats/

Customer Lifecycle: 5 Steps to Success

- **A**cquisition: users come to the site from various channels

- **A**ctivation: users enjoy 1st visit: "happy" user experience

- **R**etention: users come back, visit site multiple times

- **R**eferral: users like product enough to refer others

- **R**evenue: users conduct some monetization behavior

AARRR!

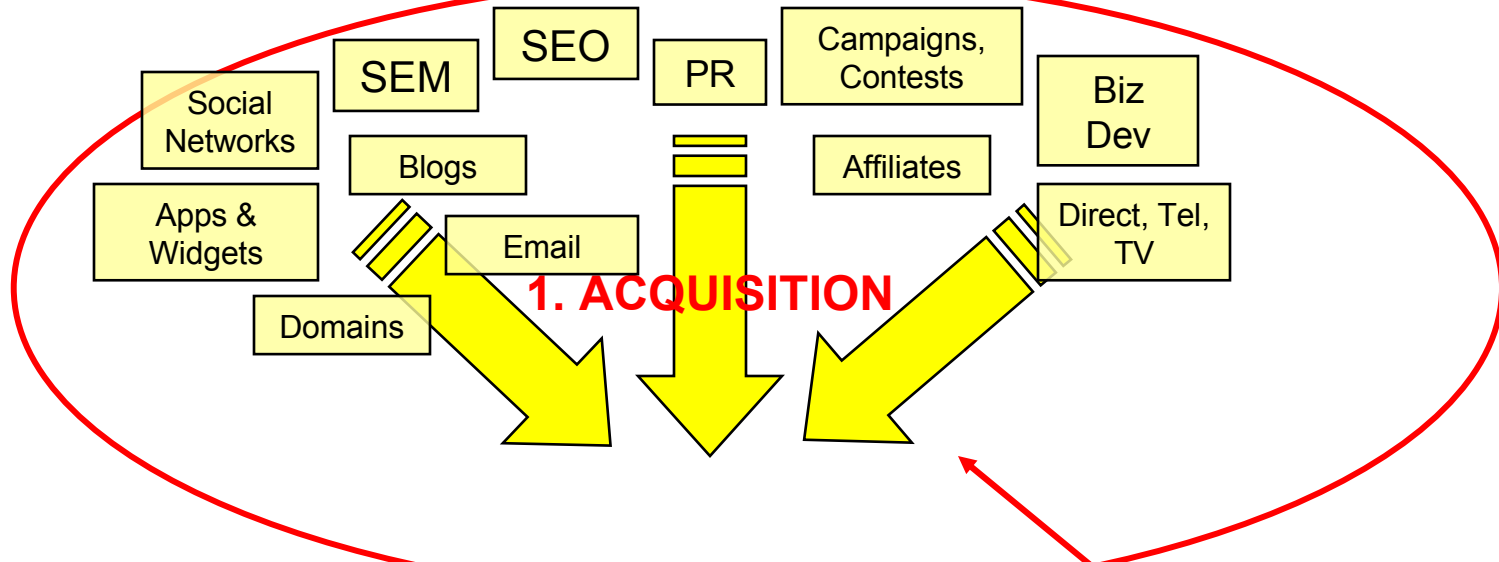# Customer Lifecycle / Conversion Behavior

Example Conversion Metrics

*(note: *not* actuals; your mileage may vary…)*

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Customer Lifecycle / Conversion Behavior

Social Networks

SEM

SEO

PR

Campaigns, Contests

Biz Dev

Blogs

Affiliates

Apps & Widgets
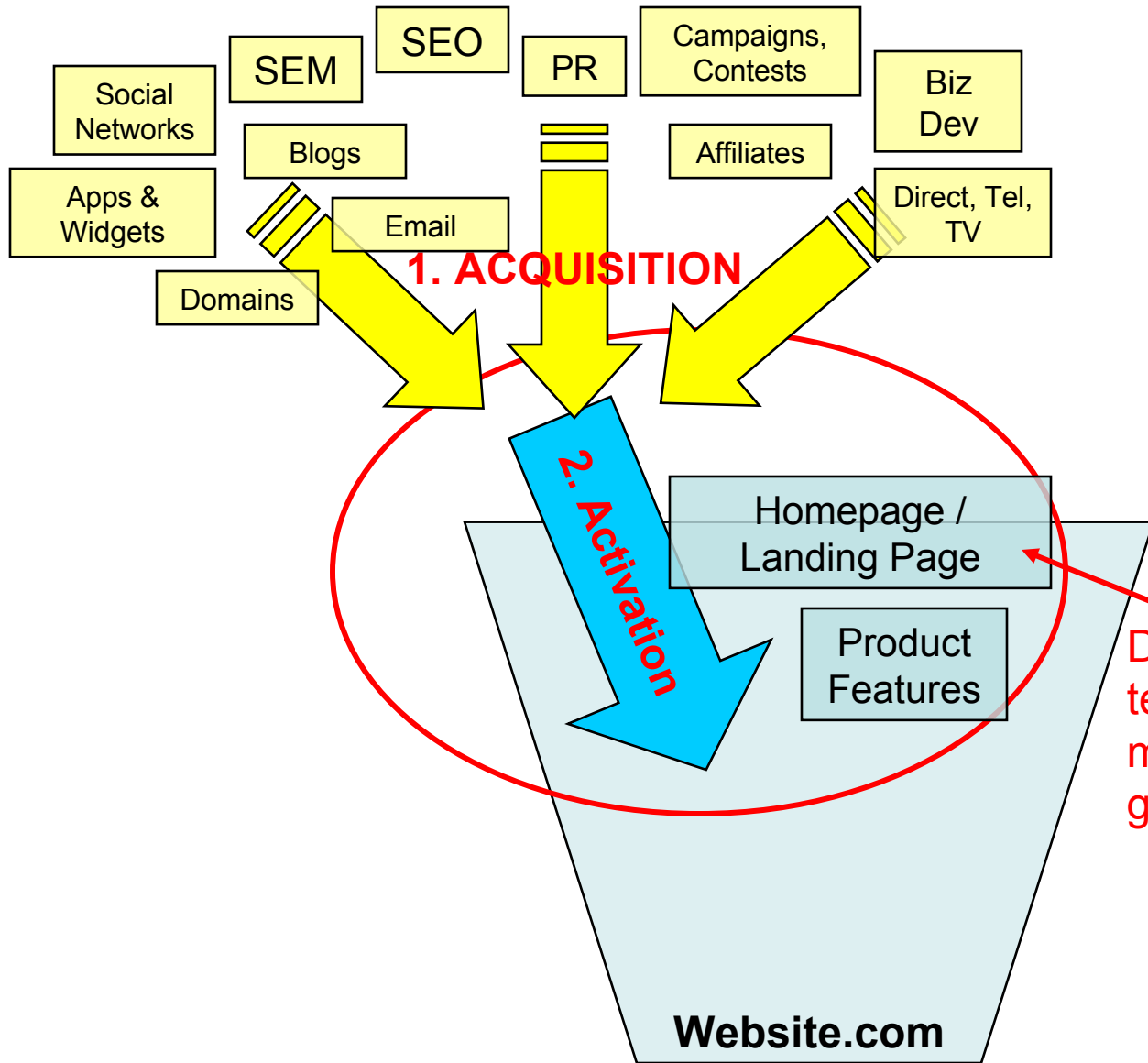
Email

Direct, Tel, TV

Domains

1. ACQUISITION

Website.com

Marketing Channels:
- **largest-volume (#)**
- **lowest-cost ($)**
- **best-performing (%)**

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1. ACQUISITION

Domains

2. Activation

Activation Criteria:

- 10-30+ seconds

- 2-3+ page views

- 3-5+ clicks

- 1 key feature usage

Homepage / Landing Page

Product Features

Do LOTS of **landing** page tests & A/B tests - just make lots of dumb guesses & iterate QUICK

Website.com

Customer Lifecycle / Conversion Behavior

1. ACQUISITION

- Social Networks
- SEM
- SEO
- PR
- Campaigns, Contests
- Biz Dev
- Blogs
- Affiliates
- Apps & Widgets
- Email
- Direct, Tel, TV
- Domains

2. Activation

Homepage / Landing Page

Product Features

3. RETENTION

- Emails & Alerts
- System Events & Time-based Features
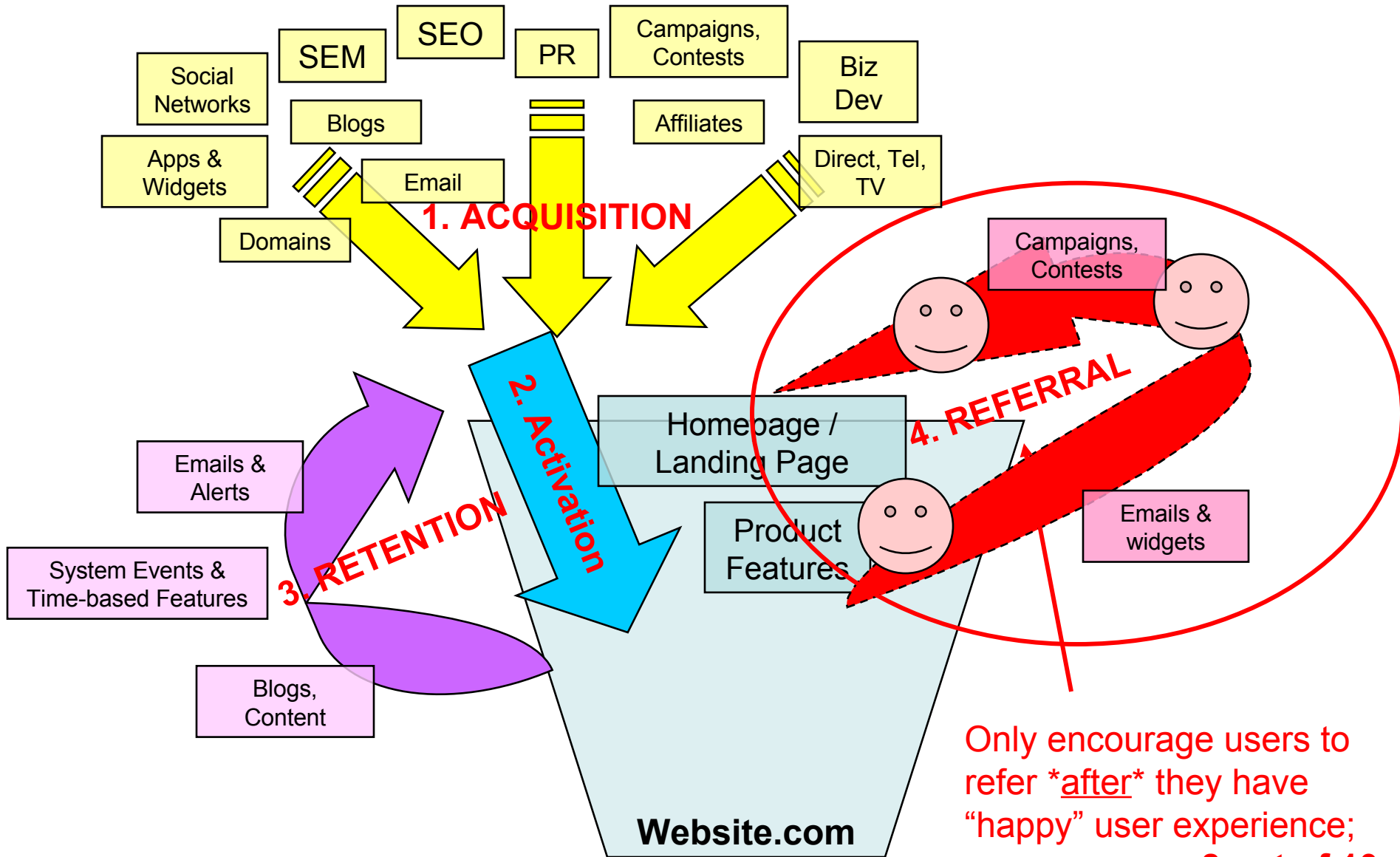- Blogs, Content
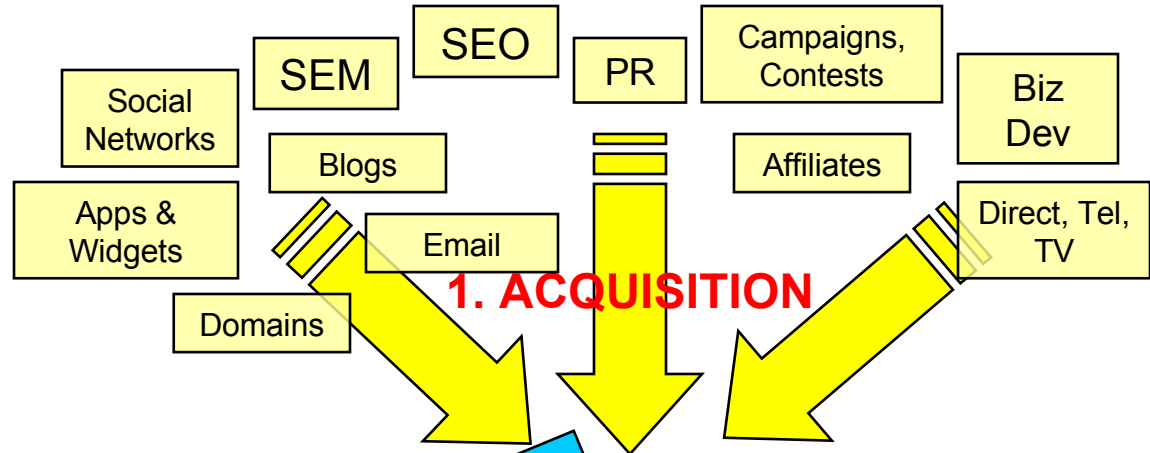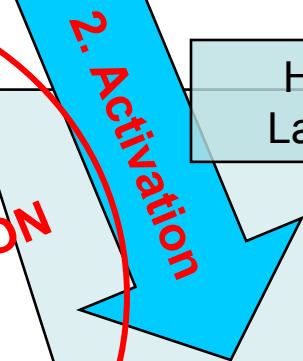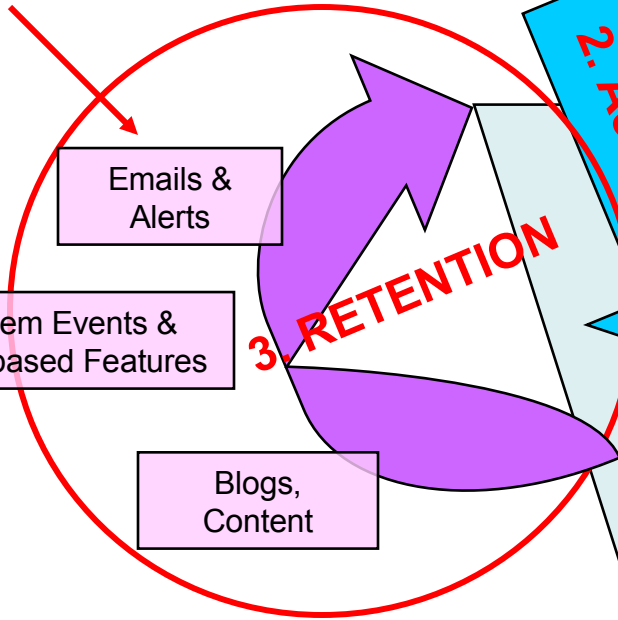
Automated emails are simple & easy retention feature

- lifecycle emails @ +3, +7, +30d
- status emails weekly/monthly
- event-based emails as they occur

Website.com

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1. ACQUISITION

2. Activation

Homepage / Landing Page

Product Features

Campaigns, Contests

4. REFERRAL

Emails & widgets

Emails & Alerts

3. RETENTION

System Events & Time-based Features

Blogs, Content

Website.com

Only encourage users to refer *after* they have "happy" user experience; **avg score >= 8 out of 10**

Customer Lifecycle / Conversion Behavior

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3. RETENTION

Blogs, Content

Ads, Lead Gen, Subscriptions, etc

Biz Dev
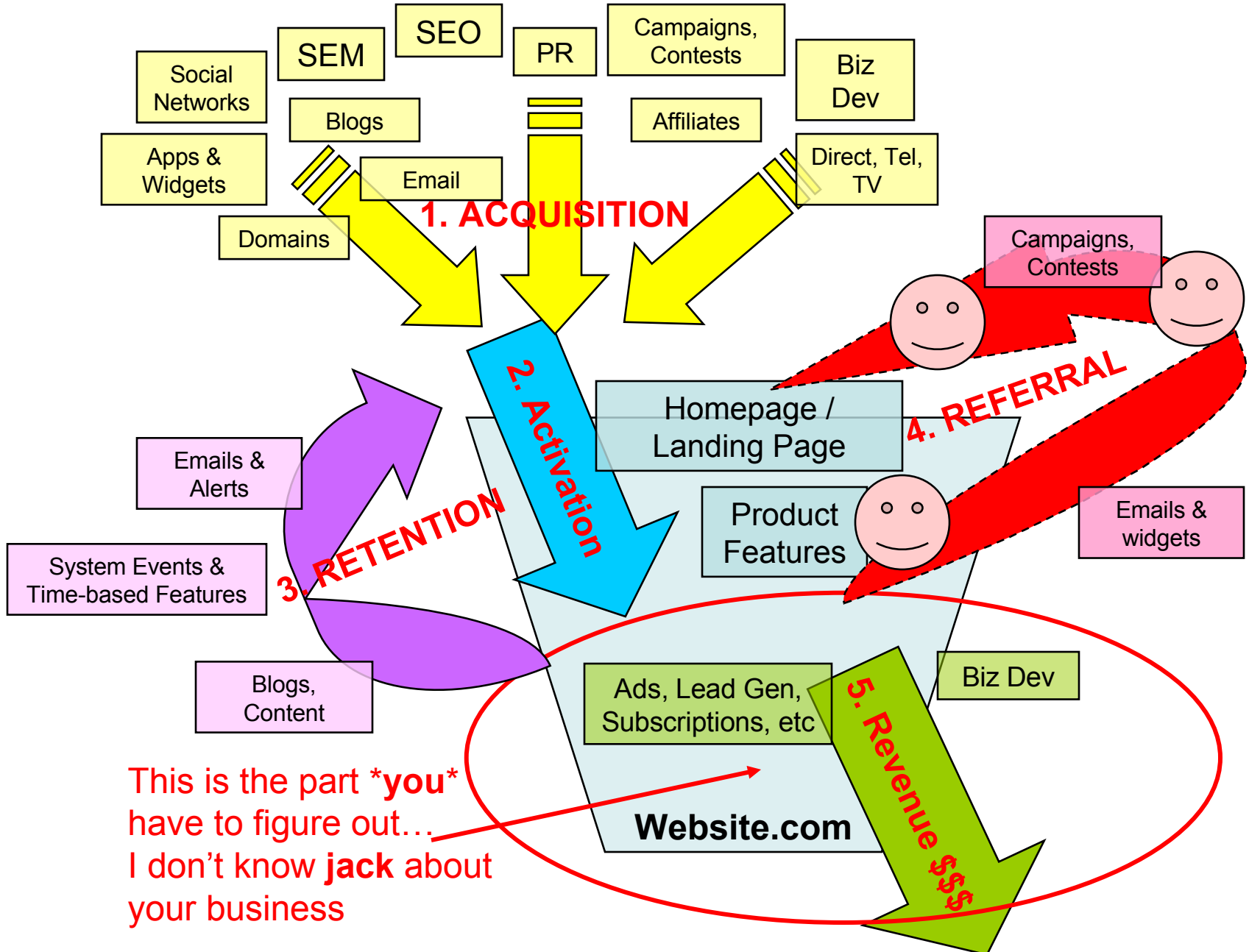
5. Revenue $$$

Website.com

This is the part *you* have to figure out…
I don't know **jack** about your business

Types of Metrics & Measurement

- **Qualitative:** Usability Testing / Session Monitoring
  - Watch what users do, figure out problems & solutions from small # of users

- **Quantitative:** Traffic Analysis / User Engagement
  - Report what users do, track usage & conversion %'s for all or empirical sample # of users

- **Comparative:** A/B, Multivariate Testing
  - Compare what users do in one scenario vs another, see which copy/graphics/UI are most effective

- **Competitive:** Monitoring & Tracking Competitors
  - Track competitor activity & compare against yours; if possible compare channels, keyword traffic, demographic targeting, user satisfaction, etc.

(see slide notes for links to tools & vendors)

Quantitative & Comparative Measurement

- Conversion Criteria:
  - best-performing (%) channels / campaigns / copy
  - largest-volume (#) channels / campaigns / copy
  - lowest-cost ($) channels / campaigns / copy

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- Measurement Components:
  - Audience Segment (young women, regional metro, older singles)
  - Channel Source (social network, SEM, organic, PR, etc)
  - Campaign Theme / Brand Promise ("find a job", "learn to cook")
  - Landing Page & CTA
  - Copy & Graphics

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Marketing

Q: what channels / who do you market to?

- Design & Test Multiple Mktg Channels
- Select & Focus on Channels with:
  - High Volume
  - High Conversion
  - Low Cost
- Measure *deeper* down the conversion funnel, **not** just to website / landing page
- Segment & Select channels & customers by conversion @ deepest possible level (ideally $$$)

Product

Q: how do you choose what to build?

- Choose features for conversion improvement
  - 80% on existing feature optimization
  - 20% on new feature development
- Just guess, then A/B test… A LOT
- Measure conversion improvement
- Rinse & Repeat

Founder/CEO

Q: What metrics do you choose to watch?

- Hypothesize Customer Lifecycle & Refine
  - Choose 5-10 conversion steps
  - Less, not More is better
- BUT measure & iterate
- Focus on conversion improvement
- **Delegate** each Metric to someone to OWN