moengage

Product-led Growth Strategies from Winning Consumer Brands

Growth secrets from leading worldwide brands

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Introduction

From Amazon to Netflix to Tesla, every major brand in the world is adopting a product-led growth strategy to turbo charge their business. The success stories of these brands prove that a good product does not need to be sold — it can sell itself. Product-led growth can take a business from zero to one million daily active users (DAU) faster than any other strategy, helping brands conquer goals that were earlier considered difficult to achieve.

The linchpins of product-led growth (PLG) are product managers and growth marketers who possess the combined expertise of technical know-how, marketing knowledge and awareness of the market landscape.

This eBook captures the insights of industry legends in PLG — growth marketers and product leaders who have set their sights on, and achieved, product-led growth for their consumer brands. The topics covered include:

- What an ideal product-led growth setup looks like
- Driving collaboration between product, growth and marketing functions
- Leveraging user insights and analytics to maximise user engagement
- Key differentiators your product needs to bring
- The importance of data-driven approaches to product onboarding

This goldmine of product growth wisdom incorporates inputs from leaders at brands such as Unilever, Samsung, OVO, OLX, Swiggy, Flipkart, Paytm, Razorpay, Byju's and more.

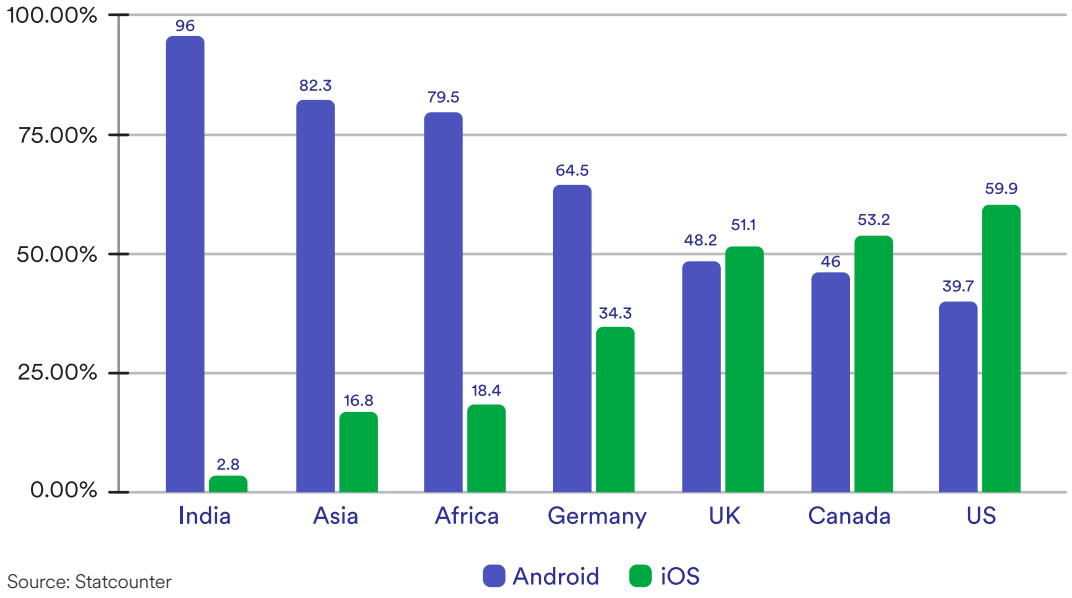
Chapter 1

Building products for growth

Building products for the West vs. the East

In the West, Apple dominates the gadget industry, holding almost 60% market share in countries such as the US. As a result, most apps are first built and launched for iOS. On the other hand, users in the East prefer Android, the platform dominating with a 96% market share in countries like India. Consequently, Android app development gets preference over iOS here.

Mobile market share worldwide



Source: Statcounter

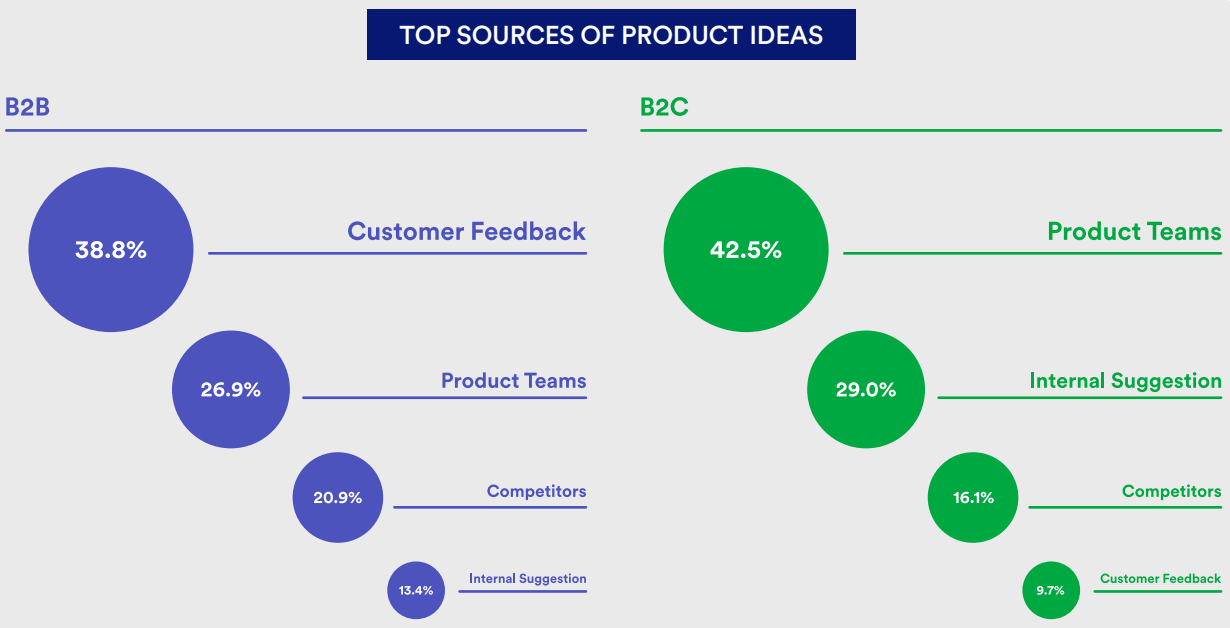
For these reasons, mobile app development differs significantly between the West and the East. It is not possible to replicate the same app-building processes across iOS and Android. Each platform has a unique ecosystem and development process. App developers, product marketers and UX designers have much to learn, unlearn and relearn to satisfy both user segments.

> Building mobile apps for Bharti Airtel taught us that Android and iOS have contrasting processes that require extensive learning, unlearning, and relearning.
>
> **Anand C,**
> EVP, Product Management,
> Five9

Building products for B2B vs. B2C

Until recently, B2B and B2C were treated as entirely different markets. Building products for them required different levels of expertise, tools and domain knowledge. B2B was considered to be a sophisticated space where user demands and business objectives were extremely fragmented and difficult to forecast or satisfy.

B2C, on the other hand, posed challenges in terms of scale and retention — how do you build for an audience of millions? How do you make them stay on your app when there are so many alternatives and the cost of switching is low? Even the source of product ideas differed between B2B and B2C:



The present generation of B2B apps, however, like Slack, Zoom, Google Calendar, etc. script a different story. These apps inherit a lot of B2C instincts, and yet, manage to keep most of their B2B customers happy.

The border demarcating B2B and B2C product development has blurred to the extent that it might vanish altogether. Today, it is possible to create a B2B product using the same insights and decisions as that of a B2C product. Even product development cycles for B2B are shortening because cloud infrastructure is readily available.

Scripting a product vision, strategy and roadmap

> Building a successful product and company is like producing a movie. You have a script and a vision first, followed by filming. Then, you sell tickets.
>
> **Keith Rabois,**
> General Partner,
> Founder's Fund

Customers today have high expectations from the products they spend money on. Products need a strong value proposition that goes beyond solving a common problem. They must help customers save time and/or money or do something better. Business leaders need to take this into account before scripting the product vision, strategy or roadmap.

For any customer, a product becomes valuable only when it starts yielding expected results. Depending on the target group, these could vary — simplifying a complex activity, making a process frictionless, augmenting the productivity of a team, etc.

Even the measurement of success is vastly different for products in different industries. A metric that serves one product may not serve another. For example, the success of an audio streaming app can be measured more accurately with 'audio playback time' than with 'time spent on the app'.

Communicating product growth to a business leader

Most business leaders and A-level executives are only interested in two things:

Will this process earn money?

Will this process save money?

Many of the activities that product and growth teams pursue, however, may not directly lead to revenue generation or cost savings. As a result, most product and growth teams are apprehensive about reporting progress, initiatives or activities to senior management.

It is necessary to understand and communicate to business leaders that these are allied activities that will have a ripple effect — and eventually result in revenue generation. Here's what you need to keep in mind to get better at reporting to business leaders:

a. **Get one percent better every day,** be it at the job, a product metric or your skillset. This will reflect directly in your results.

b. **Understand how they consume information.** Some leaders are fine with getting an email every week. Others may prefer a monthly drill-down into the details of every decision and its impact. Find out your leaders' preferred style and deliver your updates accordingly.

Ultimately, if the product is doing well, senior management will get interested and ask the right questions, and also prioritise your initiatives in overall product development.

Driving collaboration between product, business and marketing

One of the most effective ways to drive collaboration between product, business and marketing is to reduce the number of decisions, especially the ones that need to be made on a recurring basis. Any situation that involves multiple decisions requiring the opinions and support of many stakeholders leads to unpredictability and disagreement.

In a product development scenario, it is necessary to make veto rights transparent between product and marketing. There must be a clear distinction as to who owns what. This will help align goals and set the right expectations.

The modus operandi of VCs in choosing investee companies

Most companies that venture capitalists choose are fairly aligned with the framework of defining a vision, translating it into a real product and finally taking it to customers. Founder ambition is another driving factor that VCs look for while investing in companies.

There are some **"boring businesses"**, i.e., businesses based on mundane ideas but with excellent market potential. These usually target a heavily underserved market that is ripe for disruption. These are businesses that companies don't want to compete with and often yield manifold returns upon exit — which VCs are interested in.

> It's hard for startups to knock on the door of a big organisation. First, you need to find the right door, which is difficult. Second, you need to time it right. You might have the best technology, the best team or the best solution in the world, but if you aren't available when an incubator/investor needs you, you won't get your chance. But that doesn't mean your solution is not right — it's just wrong timing.

Barbara Guerpillon,
(Former) Director
THE UNILEVER FOUNDRY

Chapter 2

The ideal product-led growth setup

What does product-led growth mean?

Product-led growth covers multiple aspects such as:

- **Acquisition:** Leveraging your existing users to acquire new ones.
- **Engagement & retention:** Utilising your platform to deliver better experiences to your users.

PLG means sustaining and enhancing the existing growth rate. This involves identifying and solving issues your users face in their user journeys. This function is co-owned by marketing and product. Both teams have a single North Star to follow, which could be CSAT or NPS, depending on business priorities.

grofers

Grofers measures product-led growth by asking a single question:

Is the shopping experience enjoyable or not?

Factors that influence the setup of a growth function

Because product-led growth is a relatively novel concept for businesses, most PLG functions need to be set up from scratch. There is ambiguity about the resources needed and the factors that result in success.

To begin with, for any enterprise that is trying to set up a product growth function, there should be internal buy-in from business leaders and stakeholders for creating and sustaining a growth function that works in coordination with the product function.

> The growth function is heavily reliant on the product roadmap. Everything the team does for growth is driven by the milestones set in the roadmap and the timelines within which they have to be achieved.
>
> **Shally Modi,**
> Co-Founder and Head of Product,
> pratilipi

> It takes multiple rounds of trial and error to set up a product function. At Grofers, we took a calculative approach to understanding customer needs and aligned our product management efforts accordingly.
>
> **Vakul Agarwal,**
> Head of Retention, Product and Customer Lifecycle Marketing,
> grofers

Additionally, there are three other factors that influence the set up of a PLG function:

1. **Resource availability:** The business should be able to assign personnel dedicated exclusively to the product-led growth function and not burdened with additional responsibilities.
2. **Budget availability:** The team must be equipped with a budget earmarked for this function, which they can use without any hindrance from the product or marketing teams.
3. **Product roadmap:** A clear timeline-based product roadmap should be laid out, based on which the team should chart out growth campaigns and strategies.

Determining KPIs for the product growth function

Unlike other marketing and product development functions, there is no definite list of metrics for product growth. This is because the metrics are influenced by the nature of the product, market positioning, frequency of use, etc. Even so, the most important KPIs can be broadly grouped into three buckets:

1. **Customer acquisition:** Bringing in new website visitors, product signups, demo requests, etc.
2. **Customer problem-solving:** User activation, first-order completion, etc.
3. **Engagement:** Customer retention through feature improvement, loyalty points, personalised suggestions, etc.

In situations where a specific use case cannot be created, KPIs can be set based on the customer journey for the first 28 days, the first quarter, and so on.

Delivering growth in a competitive market

Competition is omnipresent and unavoidable. The only way to beat competition is by delivering exceptional customer experiences. Multiple studies have shown that customer experience is the only differentiator that makes a brand stand out in a crowded marketplace.

Businesses need to focus on acquiring customers and retaining them for the long haul. There are three main aspects to this:

- **Price differentiation:** Setting a low price for high-volume businesses.
- Maximising **awareness** for the product through top-of-the-funnel activities.
- Driving campaigns to always be within the consideration stage of the customer.

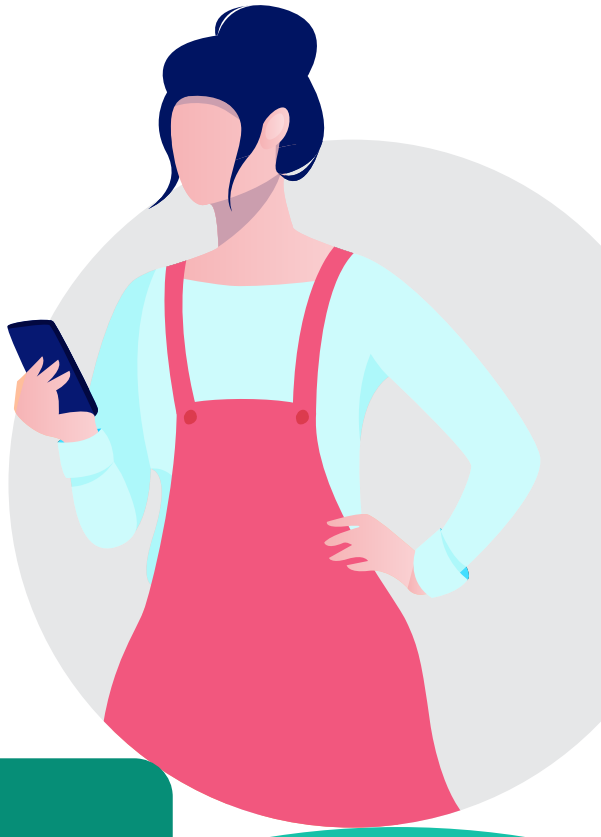
> Unbundling and re-bundling are key to succeeding in a crowded marketplace. They ensure differentiation and make it easier to define the product's target audience. Knowing your audience is critical for both acquisition and retention.

Alethia Tan,
Head of Growth Operations

Kredivo
Buy now, Pay later

Driving engagement in low-frequency usage apps

Low-frequency usage apps are easily forgotten since the average user interacts with dozens of other regular utility apps. However, there are two ways by which low-frequency usage apps can remain in the mind-space of users and make them turn to your app when the need arises:



1. Deliver convenience the first time

If a customer is able to complete a transaction effortlessly during their first use, especially for a task that otherwise demands significant time and effort, there is a high chance that the app would become their default choice for future transactions.

COCOMELODY

Popular American bridal wear brand Cocomelody faced a unique problem: bridal customers wanted to see, feel and try on dresses before purchasing, which they couldn't do online. To solve this problem and to build trust in the brand, Cocomelody introduced a 'Try at Home' campaign which allowed users to try any wedding dress for just $25. The team segmented customers and sent out campaigns based on a user's purchase intent — this earned them a 14% increase in CVR.

2. Leverage word of mouth marketing

Existing customers are the best marketers for any app. Their reviews, referrals and recommendations can drive more users to try the app than most marketing channels can. This is why most low-frequency apps have already rolled out referral schemes that encourage users to invite their friends and relatives to sign up for the app.

Current

When it comes to matters of money and finance, known voices are more influential than ad placements. Challenger bank Current understood this and created a collection of customers who vouched for the brand on social media and to their friends and family. For example, when the U.S. Government was rolling out stimulus checks, Current released payments faster than any other bank — users immediately noticed this. What followed next was a barrage of tweets thanking the bank and recommending more people to use it.

Chapter 3

Driving collaboration between product, growth and marketing Functions

The importance of collaboration between product, growth and marketing functions

One of the most noticeable traits of successful product teams is that they are close knit and cross-functional. In the absence of a team that communicates and collaborates, the organisation can crumble internally, leaving no scope for future growth.

Collaboration fosters creative thinking, allowing new ideas to breach the surface. It helps determine which ideas are to be acted upon with priority and which ones are to be discarded. It enables the team to identify features that are USPs of the product and can significantly grow the company, and those which have no impact.

Product, growth and marketing teams need each other to function effectively. The product team, for example, needs inputs from the marketing team about personas and competitive landscapes, so that they can build the required features.

> A lack of collaboration is what kills a startup.
>
> **Nikhil Manikanta**
> Head of Products,
> rapido BIKE TAXI

Identifying hotspots for internal collaboration

Create individual goals that are not sporadic but flow top-down based on overarching objectives set by business leaders for the entire organisation. This ensures that no function is working on isolated goals.

Today, most product-led organisations face a disconnect between the two teams that need to collaborate the most: product and marketing. In some scenarios, the marketing team is unable to articulate to the engineering team what customers need. In others, the engineering team is working on a roadmap that does reflect customer needs. As a result, the need for a growth team that bridges the two becomes necessary.

> Aligning organisational goals to departmental goals, whether for marketing or product or customer service, helps to create clear competencies and divide responsibilities sensibly between teams.
>
> **Sarika Tulsyan,**
> Chief Revenue Officer,
> popsworldwide

Eliminating friction between diverse functions

Friction is inevitable, especially when multiple teams are chasing diverse KPIs. In fact, experts cite friction as a sign of a healthy organisation, as long as it is controlled and created for the right reasons.

> In every company, there should be a healthy amount of friction. Zero friction is bad for growth.
>
> **Nikhil Manikanta,**
> Head of Products,
> rapido BIKE TAXI

In most organisations, marketing is entrusted with the task of acquiring top-of-the-funnel leads, and growth and product marketing have to handle bottom-of-the-funnel acquisition. This division of results might help improve team efficiency, but a siloed focus on individual goals impedes the overall growth of the product, ultimately leading to unhealthy friction or competition.

The best way to eliminate unhealthy friction is to define outcome metrics, which are overarching goals of revenue, user acquisition or an improvement in user engagement. All teams must collectively own these goals instead of chasing fragmented goals that don't relate to bigger organisational objectives.

Setting expectations and dividing ownership

For any organisation to achieve goals within stated timelines, it is necessary to set expectations for each function. While measurement is important, you must also remember that individual metrics, when looked at alone, can give a biased view of the state of affairs. Teams need to set up checks for critical metrics that provide a well-rounded picture.

For companies with a strong product, even a small change in the pricing, discount or messaging could have a trickle-down effect on several other functions. Teams must set expectations early on, showcasing which metrics will improve and the impact this will have on others.

That said, care must be taken to ensure that the success metric of one team is not determined at the cost of another. Improving something for one team should not prove detrimental to another.

For example, moving a feature to a higher plan could affect the number of signups. The best way to set expectations in this scenario is to measure the metric that will improve with this change, and compare it with a check metric that will be affected by this change.

Chapter 4

How to leverage user insights and analytics to maximise engagement

The most important engagement metrics to be tracked

The success of any product, whether B2B or B2C, lies in the engagement it drives. However, the engagement metrics measured by one business may not be relevant to another one operating in a different industry. For a music streaming app, for example, audio playback time is a crucial metric to track. However, for a product with a longer customer cycle, such as Housing.com, daily engagement metrics could falsely portray a negative trend.

Take a close look at negative metrics that tell you which customers are likely to bounce away or churn, and analyse the reason for their churn so you can decide what needs to improve within your product offering.

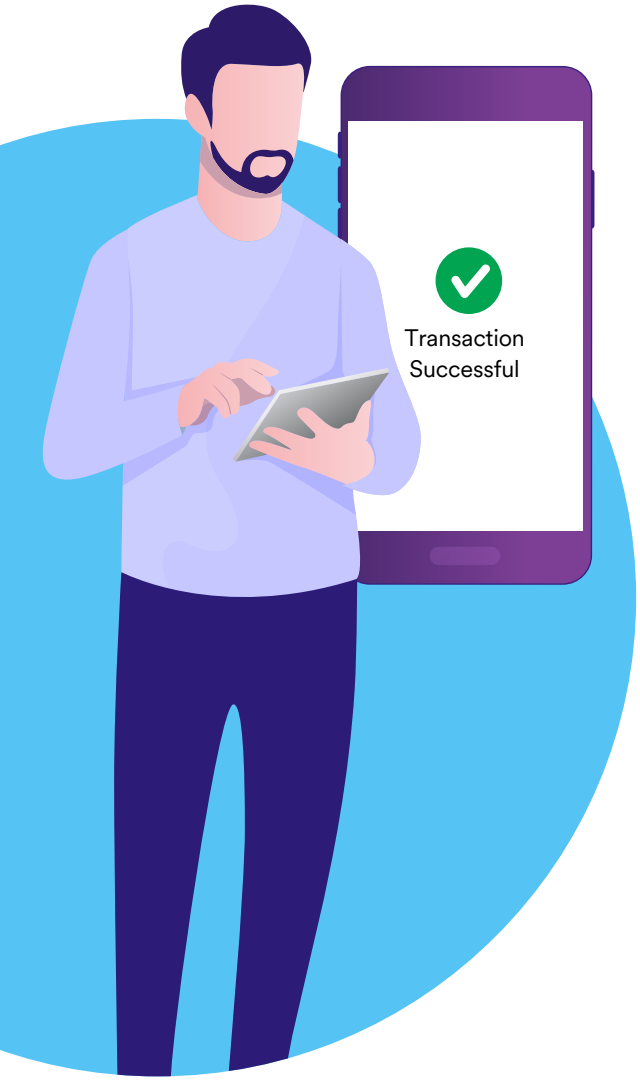
> Tracking negative metrics is as important as tracking positive metrics.
>
> **Niraj Bajaj,**
> Director of Product Management,
> SAMSUNG

Setting milestones that qualify users as engaged

Engaged users are a sign that a product or service is solving problems and has the ability to generate revenue in the future. They validate product efforts and positioning.

Product teams must understand what customers are really looking for and the problems they're trying to solve.

> The first step in measuring engagement is knowing what customers want.
>
> **Sangeet Aggarwal,**
> Head of Products,
> HOUSING.COM



To qualify users as 'engaged', you must set the right milestones. Merely downloading an app cannot be an indicator of engagement. Users need to perform active steps and conduct transactions using the app to qualify as being engaged.

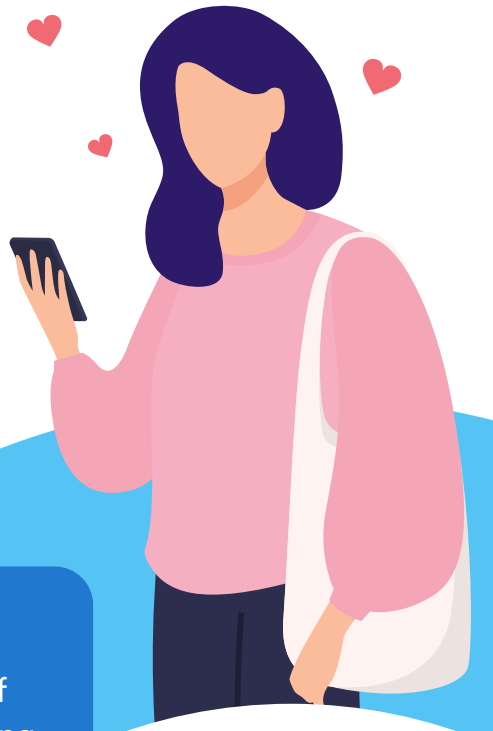
Defining team goals and aligning them with engagement metrics

Ideally, you must set goals on a quarterly basis, with product and growth teams jointly working towards achieving them. Break your goals down into smaller metrics or KPIs and make individual teams responsible for running each one.

Create realistic goals that are simultaneously aspirational. Otherwise, the goals will be unattainable. Realistic goals are those that teams can achieve, irrespective of hindrances. Aspirational goals are stretch goals that can be achieved when teams exert their full potential.

Making a user use an app for the first time

The first impression a user forms of an app is most important. It can promote or reduce further user engagement. Product teams need to create seamless and delightful onboarding experiences on priority.



SAMSUNG

At Samsung, Niraj's team took the route of offering pre-loaded apps, but this created a challenge when users were unaware of the software existing within their devices. To solve this, Samsung today integrates stubs that enable quick installation of apps. This ensures that the user is aware of the service and uses it at least once without fail. Such minor tweaks to the onboarding process can go a long way towards increasing customer satisfaction.

Leveraging analytics and insights for product management

Analytics and insights are like compasses that show the status of the product and the direction it needs to move in from the current position.

> Analytics helps extrapolate whether the customer journey is accurate and what needs to be changed to make it better.
>
> **Shivani Mukherjee,**
> (Former) Head of Product & Partnership Solutions
> Rapyd

It is essential to run experiments and use the data from these experiments to validate existing learnings or unearth new ones. Such experiments can bring to light issues that need to be addressed on priority and also help identify the bigger issues that require strategic planning.

Chapter 5

Everything you should know about product-driven engagement

Decoding product-led growth and engagement for enterprises

At the enterprise level, growth is perceived and measured differently from how it is done at smaller companies. Enterprises have the advantage of leveraging existing products and services to grow user adoption for newer ones.

For example, a business engagement software enterprise could offer a suite of basic products for free, to introduce users to their platform. These users can then be targeted as potential customers for the bigger flagship products that bring in revenue at scale. This makes product-led growth a crucial lever for maximising user adoption.

Product-led growth in an enterprise should answer questions such as what is the product, what is it trying to do, and whom is it being built for. It ensures that the positioning and messaging of the product are fine-tuned so that the maximum number of users become aware of its benefits and convert into active users. Product-led growth is an attempt at understanding what users are trying to do and helping them perform that task better. It calls for extensive user research that unearths the psychology behind user actions.

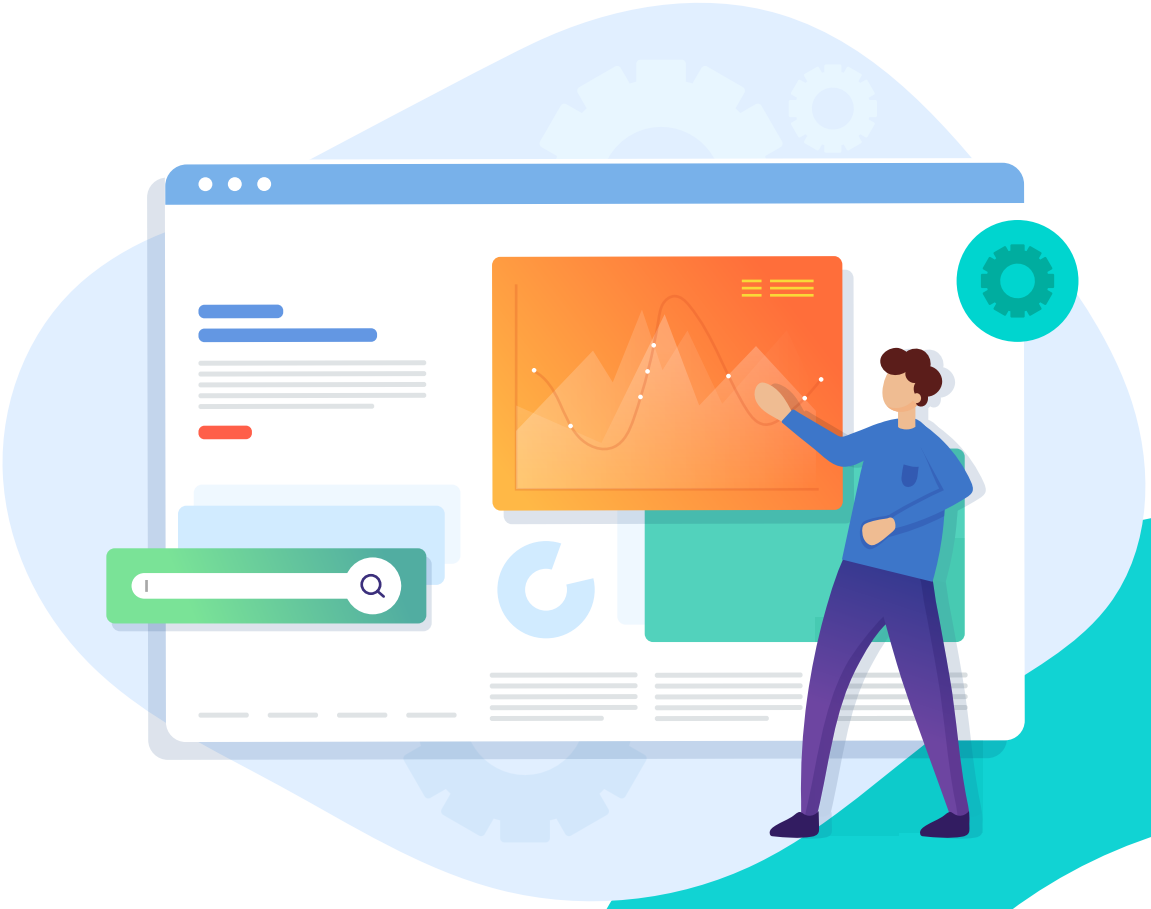
> Understand how humans think. The better you are at observing your consumers, the better you will be in serving them.
>
> **Arindam Mukherjee,**
> (Former) Senior Director of User Experience and Growth,
> Flipkart

Flipkart

To drive user adoption via product-led growth, Flipkart, an e-commerce giant in India, introduced a referral scheme that rewarded users for referring new customers. Unfortunately, this scheme failed due to fraudulent user behaviour. The team was quick to identify this problem and roll back the referral scheme. Product-led growth tells you what is working and what is not — and helps you run experiments at scale so that patterns can be unearthed for product refinement.

The role of UX in driving product growth

Good UX is the fuel that drives product-led growth, especially in a market crowded with multiple players. UX is a differentiator that can draw in more users and turn them into loyal customers. Good user experience removes friction in the user journey. It simplifies and helps users complete their intended tasks easily. Good UX also nurtures human nature by addressing a person's emotional wants, grooming loyalty on the side.



Key engagement and retention metrics a product leader should track

While it's important to track the right metrics, monitoring too many can prove to be detrimental to growth. Signals from multiple metrics could create noise, diffusing clarity of thought and strategic decision-making.

The user journey provides product leaders with multiple signals of growth:

- **Awareness:** How many users visit your website or search for it online?
- **Activation:** How many users perform a certain action at a given point in time?
- **Retention:** How many active users perform a core action for a sustained period?
- **Resurrection:** How many dormant users have been brought back to perform core actions?

Based on these signals, product leaders must answer the following questions before deciding which metrics to track:

1. How can the product's problem-solving efficacy be measured?
2. How do you analyse these metrics to unearth patterns in product growth?

ShareChat

For ShareChat, anything that provides entertainment is competition. This makes it hard to narrow down on the right metrics to track. The most obvious one, time spent on the app, can be misleading because it doesn't give insight into cohorts and their specific user traits.

To get deeper insights about their users, ShareChat relies on metrics such as DAU and MAU that are segmented based on region. This gives them a bird's-eye view of user adoption distributed across segments. In addition to this, ShareChat also tracks app usage during peak days such as festivals and observes the type of content being consumed. This helps them decide how to tweak the product strategy to enable faster growth and an expanded user base.

Product KPIs: Ownership and pitfalls to watch out for

Traditionally, KPIs have been owned, managed and reported by the data analytics team. In a product-led growth scenario, however, it is not possible to restrict KPI ownership to a single team. This is because data is what enables the organisation to move towards a common goal.

This mandates that KPIs be jointly owned by all relevant teams. Product, engineering, marketing and growth teams need to have equal and unrestricted access to data so that they can make data-driven decisions that maximise user engagement and retention.

That said, product and growth teams often choose vanity metrics (like impressions) over the ones essential for decision making. While vanity metrics might help certain aspects of the product receive the intended amount of traction, they don't enable growth of the product at scale. Vanity metrics often fall short of indicating patterns about problems that users are trying to solve. They also fail to communicate user roadblocks or areas of improvement.

> Don't fall for vanity metrics. Look at metrics that show how users are aligned towards their journey. Engagement based on cohorts can give a big picture.

Mithun Madhusudan,
Director of Product Management,
ShareChat

Product-led initiatives to drive stickiness

The success of any product is measured by the stickiness it creates. Stickiness is the intensity with which users repeatedly use the product. It measures their loyalty and their ability to win new users through referrals. Any product with high levels of stickiness will be able to retain more users and achieve higher growth.

How to bring about 'stickiness' for a product

From the users' perspective, a product is worth using repeatedly only if it helps get a job done easily. It should provide the simplest, shortest and smoothest way to complete a task they otherwise find difficult to perform. For online stores, for example, this could mean making a purchase. For chat apps, this could mean managing conversations, and for social networking services, this could mean finding connections.

Flipkart

How Flipkart leveraged gamification to improve stickiness

For an online store like Flipkart, the challenge is in the business model itself. It is not common for customers to shop every day. Statistics show that online purchases peak during the initial weeks of the month and trickle down after mid-month. This makes it difficult to create stickiness. If the brand does not remain the top choice for customers to make their purchases, it will be easily replaced by a competitor who offers better prices, services or a wider range of products.

To avoid losing customers during this interim period, Flipkart leveraged the power of game videos. They created a series of short game videos from 5 to 7 minutes long. These were placed sequentially such that a user finishing a video would be directed to the next one. Watching a playlist of such videos rewarded the user with a badge. By gamifying this experience, Flipkart was able to boost time spent on its website significantly. As an allied benefit, it was also able to retain its customers, because brand recall was strengthened.

ShareChat

How ShareChat cracked the tier-two market with animated greetings

For the average millennial user, animated greetings might appear to be a thing of the past. Users in tier-two cities, however, the ones who have been digital laggards, are excited by such trends.

ShareChat's analytics showed that the usage of animated greeting cards spiked during festivals and culturally important days. To push this trend further, the product team introduced more animation presets and templates which helped bring in more users to the platform. They were able to improve the stickiness of the product by stoking a feature that was otherwise outdated.

Chapter 6

A data-driven approach to product onboarding

The role of product onboarding in customer retention

The first interaction any user has with a product is the most important one because this tests the expectations set by marketing and sales demos. Product onboarding must be attuned to user needs and convince people that the product is capable of solving their problems in the best possible manner. A good product onboarding experience retains the user, making sure that there is no wastage of the resources invested in acquiring these leads.

Studies have found that 60% of mobile app users uninstall the app within the first 14 days of onboarding. A deeper analysis shows that the primary reason for app uninstalls and churns is not user experience, poor customer support or other commonly assumed reasons, but product onboarding.

A frictionless onboarding experience that doesn't require users to commit any resources and allows them to complete tasks easily will incentivise them to stay on for the long term. This will ultimately prevent churn and result in increased customer retention rates.

Product onboarding is not a one-time activity but an ongoing process that needs constant refinement based on changes in user personas, expectations, new market trends, etc. Teams need to ensure that no user goes through unnecessary steps or features. The only way to ensure this is by taking a data-driven approach.

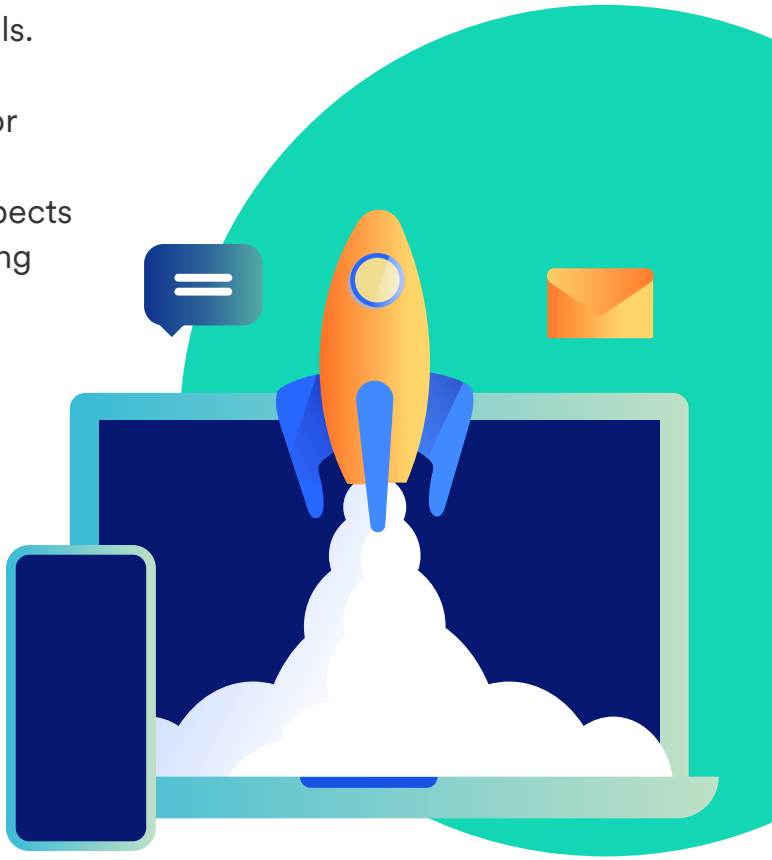
> Product onboarding is not a one-time goal. It is more of product lifecycle management where the user's overall experience is managed with the help of data.
>
> **Prashant Singh,**
> VP of Product
> Paytm

DECATHLON

Decathlon, a popular sports e-tailer in the UK, focused on making their app experience seamless and encouraged users to stay independent in their purchase journeys. By introducing a store location detector, scan-and-pay feature and 'Exit Store QR code', the brand onboarded users into an omnichannel experience. To prepare for a post-Covid19 world, Decathlon also introduced contactless purchase and pickup, which led to a 10% increase in their sales figures.

Key product onboarding milestones for different verticals

Product onboarding is not the same for all verticals. Every industry has its own working mechanism, product lifecycle span and distinct user needs. For example, the product onboarding process of an EdTech offering would take them through the aspects of each listed course, but that of a media streaming app would only show the most relevant titles and content to a new user.



Even so, there are a couple of important aspects to consider while deciding which onboarding metrics to track:

1. **Completion of intended usage:** Has the user completed the core action for which the product has been built and downloaded?

2. **The user's interest in the product's value proposition:** How many users have completed the entire onboarding process and remained active users for considerable periods of time? Remember, time spent is bound to vary across verticals.

Exhibiting product prowess

One of the biggest reasons for customers to churn after onboarding is that they didn't get to experience the most significant benefit of the product, the one that can make their task considerably easier. Onboarding is the perfect place to flex these features, and if done well, can act as the precursor to many more happy interactions.

Razorpay

Lessons from Razorpay

Razorpay is a payment gateway for online transactions. Its mission is to simplify digital transactions for merchants who do not have the technical expertise or resources to set up a full-fledged payment gateway. Razorpay's onboarding workflow is data-driven, enabling them to anticipate user needs and set up a journey that delights and convinces users to remain loyal.

The company reads user payment data and creates workflows based on the user's preferred payment method. This spares the user from having to enter bank account details or other information each time they want to make a payment. This simple act of reducing repetitive actions is enough to exhibit the value proposition effectively.

> The aha-moment for any product is when you get the user to experience the end-to-end product journey without any complications.

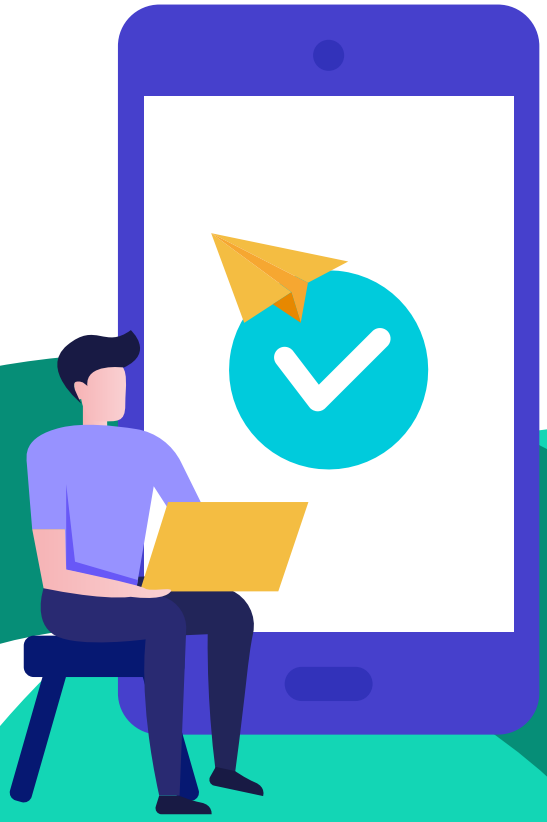
Siddharth Arora,
Director of Product Management,
Razorpay

Measuring the success of product onboarding

Product onboarding is an experience-driven activity, and user experience is highly subjective. It varies significantly from user to user. Still, there is a way to assess the success of product onboarding by measuring whether a user has completed the one task the product is built for. For example, making an online payment, signing up for a demo session, etc.

Product onboarding should be universally measurable across all types of users, whether they're in a low-pricing plan or higher-tiered plan. True product onboarding success is when all users, irrespective of tier, are able to experience the power of the product and go through a happy user journey.

> You need to study customer journeys to understand the bigger picture rather than just looking at micro-moments that supposedly drive business growth. This will help you understand why some customers switch and others stay.
>
> **Sarika Tulsyan,**
> Chief Revenue Officer,
> popsworldwide



Chapter 7

Conquering onboarding challenges for engagement

The correlation between onboarding experience and engagement

A seamless onboarding experience can create stickiness with the product. It persuades the customer that the app is user-friendly and can resolve complexities easily.

The challenge lies in creating an onboarding experience that is suitable for all users. Since each customer is likely to have a different use case, it's no easy feat to create customised onboarding experiences.

Exhibit value early on in the onboarding experience to convince your users that your product can deliver. This requires product managers to plan for core capabilities and ancillary features to be displayed in the initial stages of the journey.

Segmentation is another tactic you can employ to increase engagement by providing personalised experiences instead of generic or spammy content.

> While segmenting users, look at the product funnel journey for information about where they came from and how they interact with your onboarding flow. Create a behavioural segmentation approach that divides audiences based on how they interact with your product. This yields better results because it is based on real data rather than presumptions.
>
> **Agnes Lie,**
> VP of Growth Marketing,
> OVO

Ideal duration of the onboarding process

The ideal length of the onboarding process is a subjective matter. It differs from product to product and is dependent on complexity and user needs. Even so, it is best to show users the 'aha' moment early on to bump up activation and retention rates.

> The longer the onboarding experience, the lesser the chances of users completing it. As a result, engagement drops and the probability of retention reduces.
>
> **Chirag Kataruka,**
> Senior Product Manager,
> swvl

For most products, the ideal onboarding duration is between D0 and D3 when the user has started interacting with the product and has an open mind to experience 'aha' moments.

Challenges encountered during onboarding

Several things can go wrong during onboarding, the most common of which are server outages and poor internet connectivity. Server outage is an internal issue that needs real-time support and redressal. Implementing a rigorous IT process that includes preventive maintenance and disaster recovery can help mitigate unexpected server downtimes.

Lack of internet connectivity is a pressing issue in third-world and developing nations. It is an external issue which you cannot control but can still tackle by keeping the app size as low as possible. A lightweight app will deliver quicker transactions without consuming too much data bandwidth or device resources.

Milestones and key metrics to monitor

The frequency of interactions between the user and the product is a good indicator of engagement. Milestones that can help track this include the use of promo codes or completion of a specific number of interactions (like the number of bookings). They'll help you answer questions such as 'Are customers likely to continue engaging with the app or will they churn soon?'

The following metrics will help you check if your user has a positive experience with your product:

1. Time taken for installation
2. Time taken for sign up
3. Time spent on the website after signing up
4. Number of transactions made within D7

The importance of key differentiators

Trell delivers value to its customers in the form of high-quality and meaningful content that is hard to get on other lifestyle and shopping platforms. Trell's unique content helps users turn their digital interactions into avenues for satiating online purchases. The user-generated reviews are genuine and guide customers who are researching a product or are on the verge of making a purchase.

SWVL differentiates itself from the crowd of on-demand ride-hailing service providers with ancillary features that go beyond traditional ride-hailing. As a marketplace for mass transit, SWVL helps users schedule their commute for longer periods like a week or a month. Vehicle owners can also create carpools to monetise their vehicle space. SWVL offers multiple use cases within the same app, each adding a different kind of value to users.

Overcoming challenges faced by product teams driving growth

At Trell, attributing growth to a specific experiment has always been a challenge. The product team runs multiple experiments at any time, which makes it difficult to attribute growth to a specific experiment and measure it accurately.

Trell solved this problem by assigning specific metrics to each experiment, based on which the outcome would be measured.

The challenge at SWVL has been delayed feature releases, which require time and resources that may not always be available. This, in turn, slows down the learning process from customer feedback.

To overcome this challenge, the product team at SWVL broke down releases into multiple milestones or checkpoints. They directed their focus towards pushing one milestone at a time so that releases were quicker. The motto became, “Releasing as early as possible in a form that is consumable by customers.” This helped improve time-to-market.

Chapter 8

Decoding product-led retention

For any product, retaining its existing customers is as critical as continuing to acquire new customers. Customer acquisition and retention have an inversely proportional relationship. The higher the customer retention rate, the less desperate the need to acquire new customers.

Everything is important — even the post-sale experience matters for retaining customers and preventing them from leaving your brand. High churn puts enormous pressure on the business to ramp up customer acquisition in order to maintain revenues and protect the bottom line.

Demystifying product-led growth: B2B vs. B2C

In the past, B2C success was measured with several digital marketing-based metrics such as gross merchandise value and customers acquired. However, product managers soon realized that this was an erroneous way to look at things. These metrics did not indicate the real financial performance or the bottom-line health of the business.

This led to a gradual change in the narrative — from driving aggressive customer acquisition to improving customer retention. Also, business leaders became aware of the need to strengthen the growth of their businesses by maintaining an EBITDA positive bottom line. That's when the shift to product-led growth happened.

Compared to B2B SaaS, there are two important aspects for success that require focus in product-led growth in the B2C space:

- How well the product is going to add value to the customer's life
- How the values and brand promise are being communicated to the customer

These two aspects determine how the product is going to create positive outcomes for the customer. Broadly, there are three outcomes that customers expect when they buy a product.

- **Functional outcome:** How is the product doing what it is supposed to do? Or, does it deliver on the promise?
- **Emotional outcome:** How will using the product make the customer feel?
- **Social outcome:** How is the product being perceived in the immediate social circles?

In the B2C space, products are of transactional nature. This makes it easy for the user to switch loyalties to another brand. Inversely, in the B2B space, the buyer journey and lifecycle are longer than in B2C. This makes the product-led growth process very different in both scenarios.

The role of PLG in omnichannel growth and retention

The primary challenge while operating in an omnichannel environment is delivering a uniform UX across channels — both online and offline.

> You need to build and customise user journeys because customer desires will keep changing at every stage. Designing a clear path helps address different segments of users differently, and building a journey specifically for them ensures the stickiness of your product.
>
> **Vineeth Kallarakkal,**
> Head of Marketing,
> theAsianparent

Of course, there are analytical tools that make it possible to track every user data and turn them into actionable insights for delivering a unified experience. However, the ultimate objective of PLG is to drive user engagement and business growth by delivering everything that users need in one place. A unified, seamless and intuitive experience will lower the probability of churn and ensure a healthy retention level.

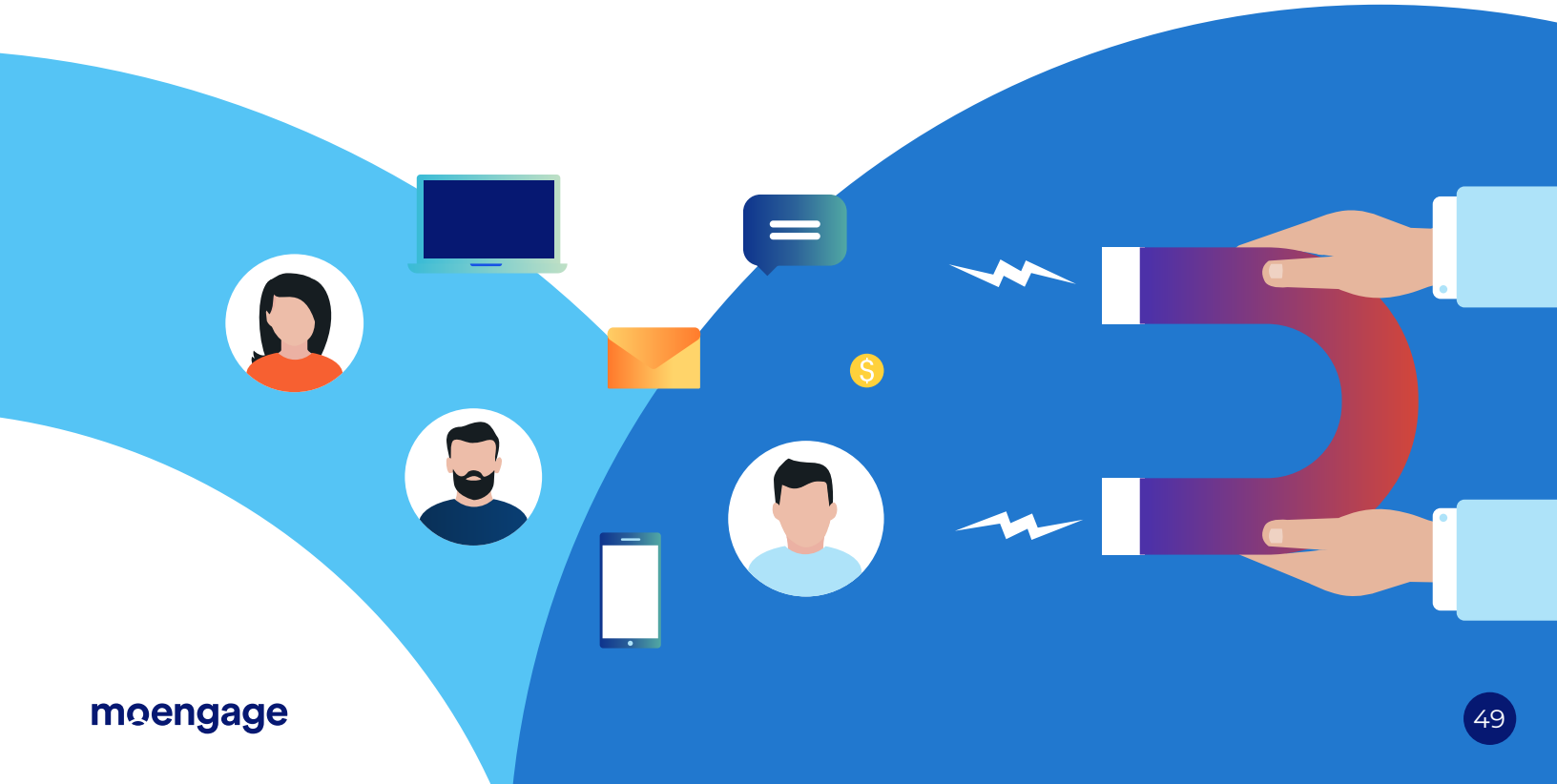
Solving the retention challenge in B2C and B2B

Addressing retention, whether in B2C or B2B, begins with understanding the motive of customers walking into your store.

In an online scenario, you can easily assess motive with the help of popups that collect user information — email id, company size, location, etc. However, when the transaction takes place offline, it is necessary to incentivise the customer to share data. Customers do not usually have a strong reason to reveal information on their own.

It is here that gamification helps — by improving stickiness with the product. A good example is the way Google Pay uses scratch cards to drive user engagement. In an offline environment, this could translate into scanning of QR codes or labels to earn loyalty points.

Both online and offline aspects of driving loyalty should be built into the product design to drive engagement. This requires product and growth teams to think about the user journey along with the junctures which have high chances of churn.



Core elements of the product-led growth process

There are three core elements of the PLG process that consumer brands must focus on:

1. Providing a seamless and intuitive experience

We all know that positive user experiences drive engagement. In fact, superior experiences are considered to be more powerful product differentiators than price or quality. This implies that seamless and intuitive experiences will improve the overall product engagement.

> Providing exceptional UX across all interactions is critical to customer retention.
>
> **Vivek Sundaram,**
> Director of Product,
> DREAM11

2. Defining the metrics

The primary objective of product-led growth is to acquire customers organically and retain them for the long term. This can be accurately measured only if the engagement and retention metrics are well-defined.

In a way, engagement and retention metrics are dependent on each other. Engagement metrics act as the leading indicators for retention. Poor performance on these metrics is a definite indicator of high churn rates.

Engagement and retention metrics differ for different types of products and the market that they cater to. Defining them early on is necessary for product-led growth.

3. Addressing adjacent users

Adjacent users can be best described as those who know your brand or have interacted with it but did not stick with it for long. There could be various reasons for which they became dormant. Addressing these adjacent users and converting them into active users is one of the core aspects of product-led growth.

Drivers of product-led growth

PLG, like any good management model, drives collective ownership. It cannot be siloed because growth is a collaborative effort.

However, it is noteworthy that the decisions made by the product managers will have a huge impact on the growth story.

Product managers are responsible for prioritising a few great ideas that will deliver the biggest business impact. On any given day, a product manager is bound to be swarmed with countless ideas from all directions. However, it is not necessary to say YES to all of them. In fact, the product managers must say NO to vague ideas and focus only on the most promising ones that will drive business growth.

> In product-led growth, customers and products, rather than marketing, are growing the business.

Vivek Sundaram,
Director of Product,
DREAM11

Balancing product-led growth with upscaling

The PLG process will create an inevitable shift in the usual way of doing things. It is necessary to proactively plan for these changes in internal processes and systems and prepare the product and growth teams for the new way of working.

For example, when a product is being actively scaled up, there is little time to talk to customers and understand the ground reality. This is especially true in the B2C space where the number of customers runs into thousands. So, one needs to rely on analytics, A/B testing and other such measures to be updated on customer behaviour. This change in process should be proactively communicated to internal teams so that they can create relevant sub-processes for themselves.

Avoiding the pitfall of vanity metrics is vital for every product manager. Vanity metrics portray a rosy picture of the business but may not actually offer substance when it comes to measuring business growth.

> It's important to continuously improve your website as digital standards and consumer expectations grow. You need to A/B test your key user journeys and optimise the product experience with rapid iterations.
>
> **Halima Satheya,**
> Digital Optimisation Lead,
> pets at home

For example, growing DAUs by 10x may not result in 10x growth of the business. For any product, revenue is the ultimate yardstick of growth and scale. This should be the focus of every product manager as well.

The role of customer engagement platforms

Irrespective of B2B or B2C, a customer engagement platform plays a crucial role in product-led growth. It helps disseminate all the information that a business collects about its users and pieces it together for meaningful interpretation. Such a platform can help in creating multiple segments of customers who can then be catered to in a personalised manner.

> Collecting customer information is important. Working on the collected information is even more important. It is what leads to growth. A customer engagement platform can make the lives of product and marketing teams much easier.
>
> **Vivek Sundaram,**
> Director of Product,
> DREAM11

Conclusion

Product-led growth (PLG) is now the most popular go-to-market strategy for B2B and B2C brands. It gives businesses of all sizes a way to use the product as the primary driver for acquisition, conversation, activation and retention. PLG mandates that product managers and growth teams come together as a team and combine their efforts to drive growth.

Growth is a subjective matter and could mean different things in different companies. For a startup, it could mean acquiring a stipulated number of daily users within a definite period. For a mature product, this could mean earning a specific revenue within a definite period.

Irrespective of the motive, there is one common thread across businesses — growth is dependent on revenue growth. Without revenue growth, no business can sustain its operations.

PLG can help you avoid such a scenario by bringing about a systematic and collaborative effort to drive growth. It gives equal importance to all phases of the user's life cycle and ensures that the product is pruned to acquire new customers and retain them for as long as possible. PLG is a great strategy to curb customer churn and improve retention.

About moengage

MoEngage is an intelligent customer engagement platform built for the user-obsessed marketer. With AI-powered customer journey orchestration, personalisation capabilities, and in-built analytics, MoEngage enables hyper-personalisation at scale across mobile, email, web, SMS, and messaging channels.

- Get a demo of MoEngage today

MoEngage sees PLG as a growth lever that will help businesses engage and retain customers in a systematic fashion. Today, there exists a knowledge gap between PLG stakeholders and growth professionals. To address this, MoEngage has kickstarted a host of #GROWTH events, including a Product Summit that brought together speakers from diverse product backgrounds.

This eBook is a spinoff from the original Product Summit event. It discusses in detail the opinions, ideologies and strategies deployed by successful products pursuing PLG. It attempts to help new products chart out a successful Product-led Growth strategy for themselves.

- Watch all product summit videos here
- Explore all #GROWTH content

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