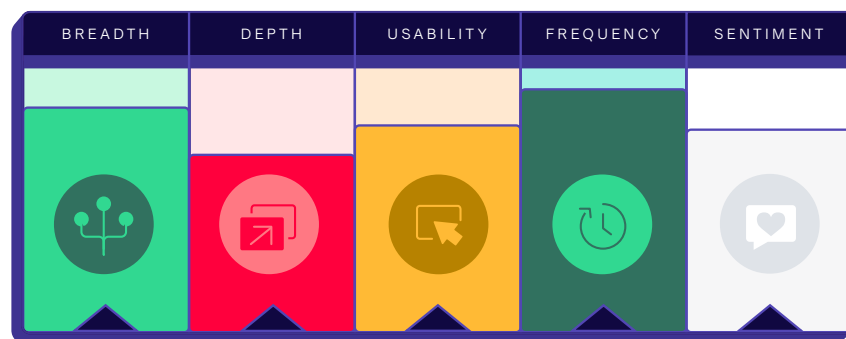




5 Core Metrics: A Framework for Measuring Product Success



Introduction

There are countless metrics that you can use to track product success, and it can be overwhelming to figure out the best place to start. The key is narrowing down your focus to the metrics that matter, and then making sure that your organization has a shared meaning of those metrics so that you're all on the same page when it comes to building a great product.

Data first, metrics second

Although it may seem obvious, we think it's still worth saying: **your metrics won't matter unless you have good data.** If what you're measuring is disorganized, untrustworthy, and only half of the picture, then it's impossible to get an accurate reading on product performance. Bottom line: metrics are only as good as the data you feed them. [Download our guide to getting product data right to learn more.](#)



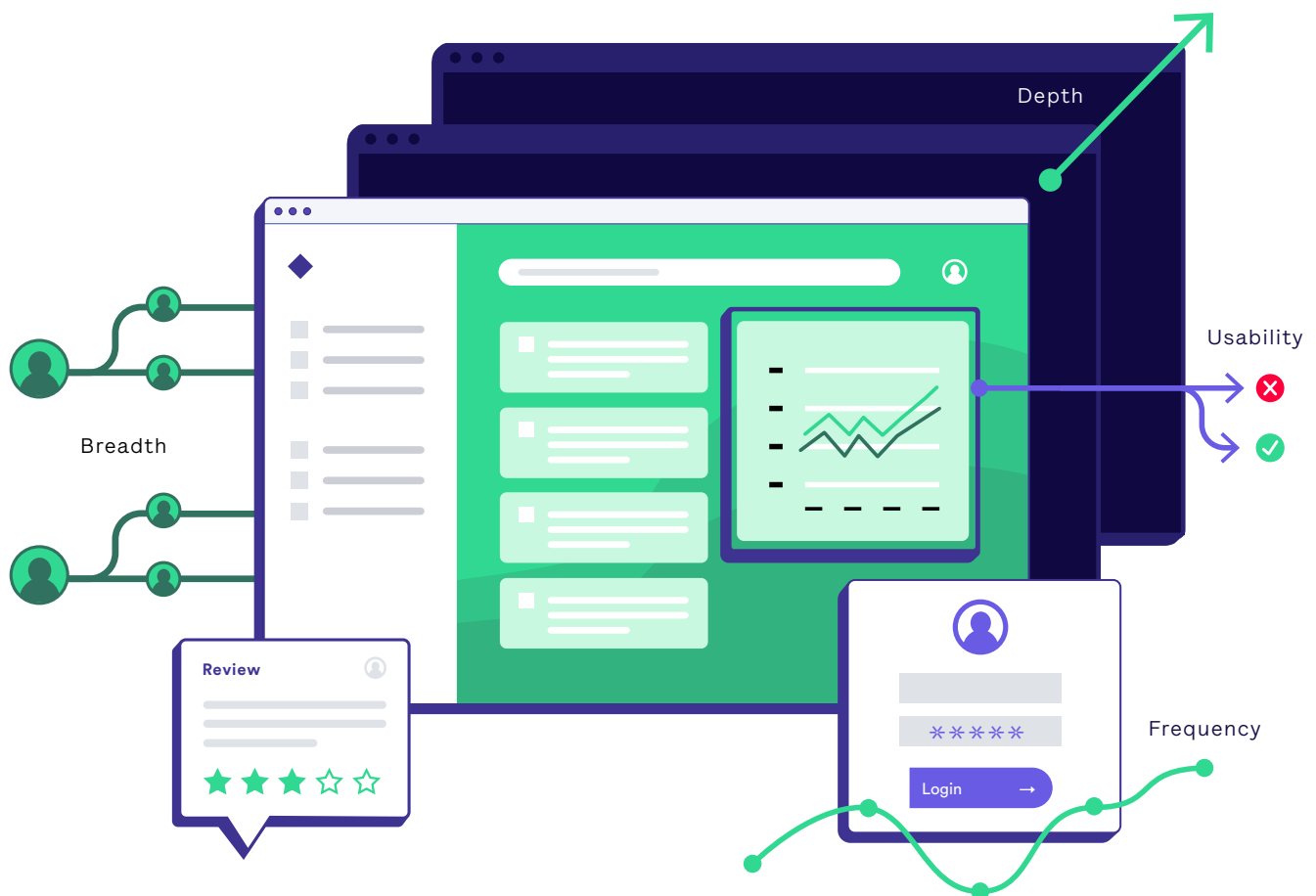
Core Metrics framework

After evaluating several different frameworks for defining metrics, and working with product teams across multiple industries to identify their core indicators of success, we've learned that regardless of which metrics you choose, they are all tracking one of five key aspects of the user experience.

As a product leader looking to use data to improve your digital experience, there are five core indicators that you should consider when choosing your metrics. By organizing what you're analyzing

into key areas, you're able to align your organization on what success looks like for your product.

After testing this framework with hundreds of Heap customers, product managers, and other product leaders, we discovered that while the definitions may differ across industries, these **five considerations remain core to defining the metrics that matter the most: breadth, depth, usability, frequency, and sentiment.**



Core Metrics framework

1. Breadth

Breadth looks at the total number of users that you have, as well as the number of users per account.

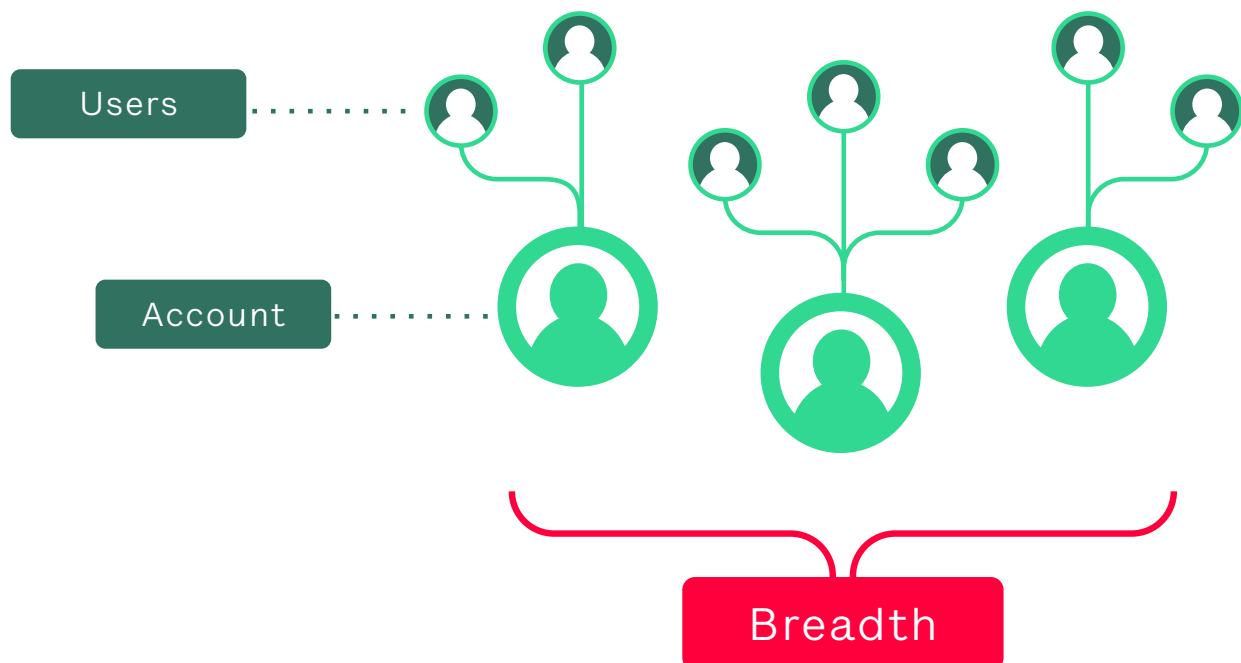
It can be expressed as a ratio of the number of current users divided by the number of potential users. For example, you could look at adoption of your product or adoption of a specific feature in your product (i.e. in how many accounts was a particular feature activated?).

A subcomponent of breadth is *discoverability*. If breadth of adoption is low, you should be asking: how discoverable is this feature? Are users actually finding it? You might consider using in-app guides to make the feature more discoverable.

Ways to measure breadth:

$$\text{Adoption Rate} = \frac{\text{\# of paying customers}}{\text{\# of total users (including free trial users)}}$$

$$\text{Average number of users per account} = \frac{\text{\# of users}}{\text{\# of accounts}}$$



Core Metrics framework

2. Depth

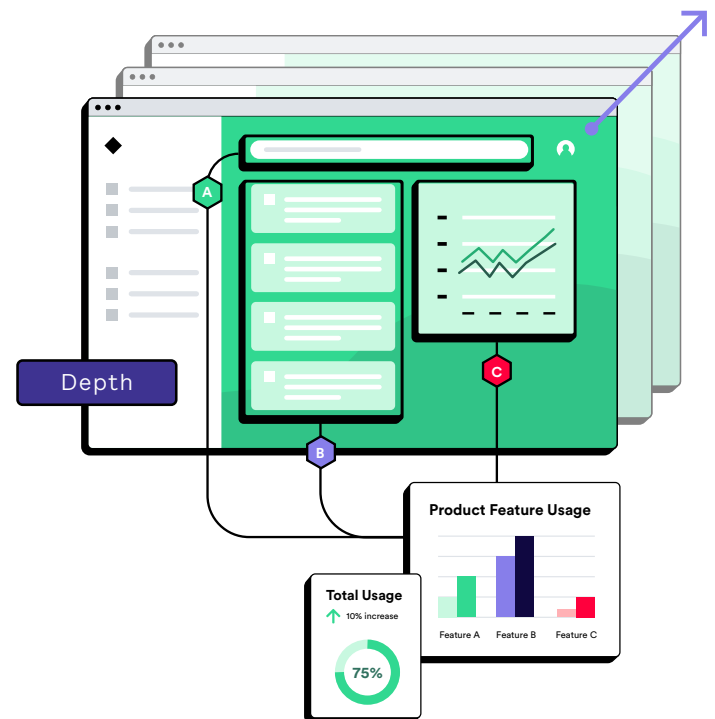
Depth looks at the number of product features or areas that are used by the average person or account. How much of your product are customers using? What is the level of engagement that users have with all of the features that you offer? Take Spotify's product features, for example. When you use Spotify, are you just playing songs? Or are you catering playlists or sharing music?

Revenue, as it pertains to expansion within an account, is a key metric for product depth. There is a cost to maintaining features that people aren't using. Consider which features actually drive revenue and translate into success for your customers.

At Heap, we blend quantitative data with qualitative insights to measure depth. We take the goals that our customers share with us, and then we compare them to how they're using the product. As a result, we're able to create user segments and offer targeted suggestions based on our customers' motivations, use cases, and patterns of product activity.

Ways to measure breadth:

- % of users that use 3 or more product features
- % of daily, weekly, or monthly active users that use a particular feature



Core Metrics framework

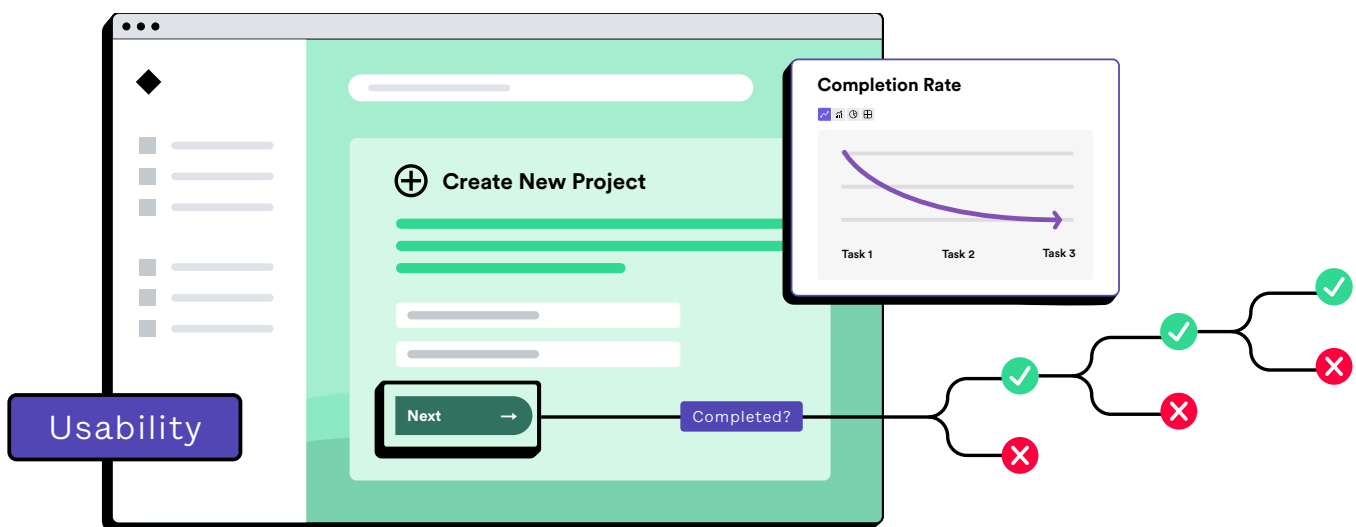
3. Usability

Usability is a measure of how much effort it takes to get things done in your product. Measuring usability is all about finding out how you can best simplify your product experience. Tracking the number of clicks or actions that it takes to complete a task in your product is a good way to begin thinking about usability. How much time does it take users to accomplish their goals in your product? A good Funnel Analysis tool will show you the total number of interactions users make when completing a task, as well as the time it takes to move from one interaction to the next.

Sometimes measuring the usability of a feature can be as simple as tracking completion rate. Are users able to successfully perform a task from start to finish?

Ways to measure usability:

- Completion rate for achieving a goal
- Median time users spend completing a task
- Total number of interactions (clicks, form changes) it takes to get things done



Core Metrics framework

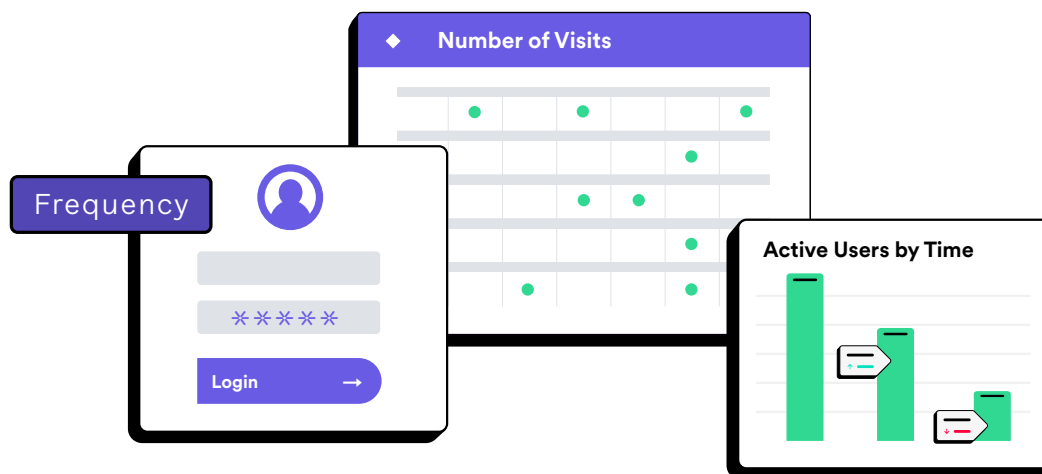
4. Frequency

Frequency metrics look at how often users do something in your product within a given time period. Looking at the number of users who continue to find value over time is key for tracking long-term product success. Frequency will tell you if your product or feature is providing repeatable value for your users — and whether you're likely to retain them.

Frequency is often overlooked as a leading indicator of retention in favor of focusing on activation. Getting users to that “aha moment” and determining Time to First Value (TTFV) is important. But once people start using your product, frequency is the best measure of how likely users are to keep coming back. Basically, is your tool a tool that users can't live without? Looking at frequency helps answer this question.

Ways to measure frequency:

- Track usage patterns
- Number of visits per week
- Daily, weekly, or monthly active users (DAU, WAU, MAU)



Core Metrics framework

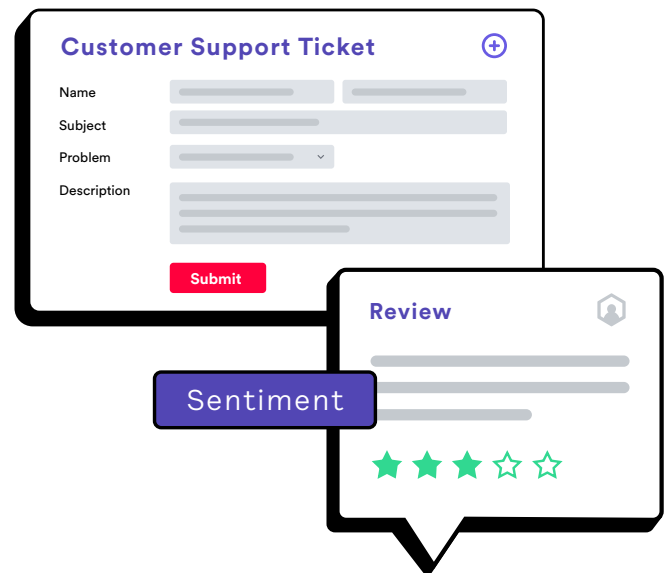
5. Sentiment

Sentiment looks at how customers feel when engaging with your product. While the first four areas are generally quantitative (as you're using product analytics data to come up with a number), sentiment is a more qualitative metric. While you can have sentiment be quantitative (using NPS, for example), some things your customers will tell you just can't be scored in your product.

When determining how to measure sentiment, just remember: data doesn't always tell the whole story, and there's a lot of context that you can't get without talking to your customers. For example, a product that is doing well financially doesn't necessarily mean its users are doing well and are happy using it.

Ways to measure sentiment:

- Customer interviews
- External reviews (Reddit, G2, etc.)
- Support tickets

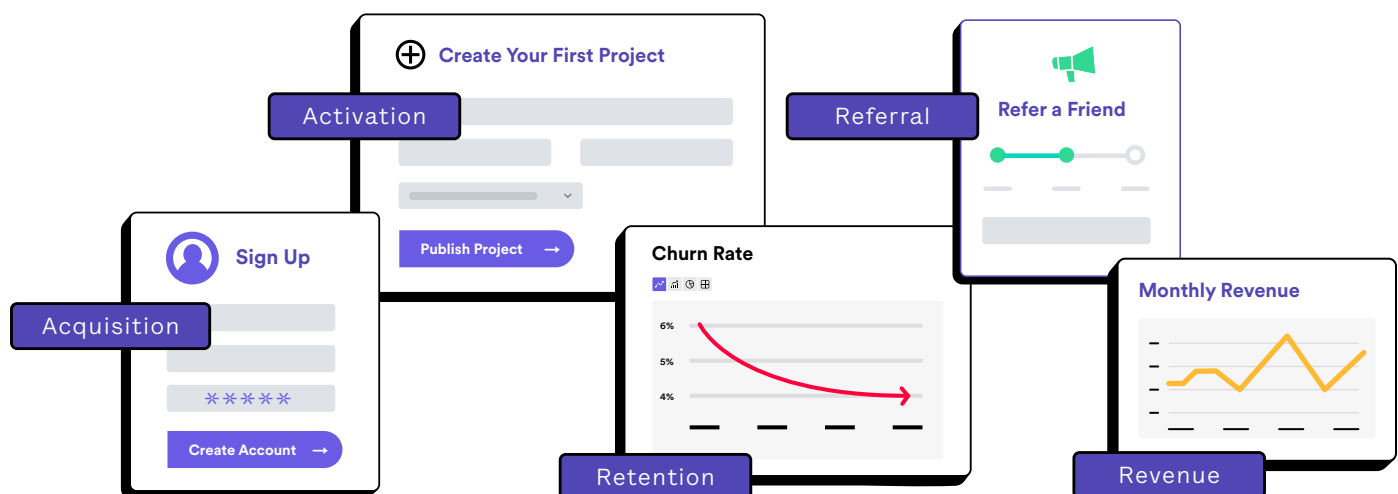


The beauty of this framework is that while some metrics are inevitably discarded as your product changes over time, the larger indicators of success that your product metrics map up to will remain the same. For example, the way that a user accomplishes a certain action or how they interact with your product may change completely. But you can still consistently report on product performance using these five core indicators of success.

Want to go deeper?

For product teams in particular, the [Pirate Metrics \(AARRR!\)](#) are a great way to measure and improve your product, and to track interactions across the full customer journey. They're great for focusing on different parts of the business, and for evaluating your product's ability to attract users, meet their needs, keep them engaged, and get them to pay you.

- **Acquisition** describes your ability to attract people to your product, and start transforming them from visitors into users.
- **Activation** captures the moment when a user first gets value from your product — usually the moment when that user first does the thing your product is built for them to do. (Check out our [Guide to Activation](#) to see how you can measure and improve your activation.)
- **Retention** describes your product's ability to keep users engaged over a longer period of time. Of all the pirate metrics, retention is the one that most captures product-market fit. (Download our [Guide to Retention](#) to learn more.)
- **Referral** measures your product or company's ability to induce customers to advocate for your product and bring other customers in.
- **Revenue** is the key metric for business success, and the ultimate goal of the other pirate metrics. There are endless ways to break up and understand revenue streams — you can track revenue by audience, channel, product, or any number of other things.



Metrics to avoid

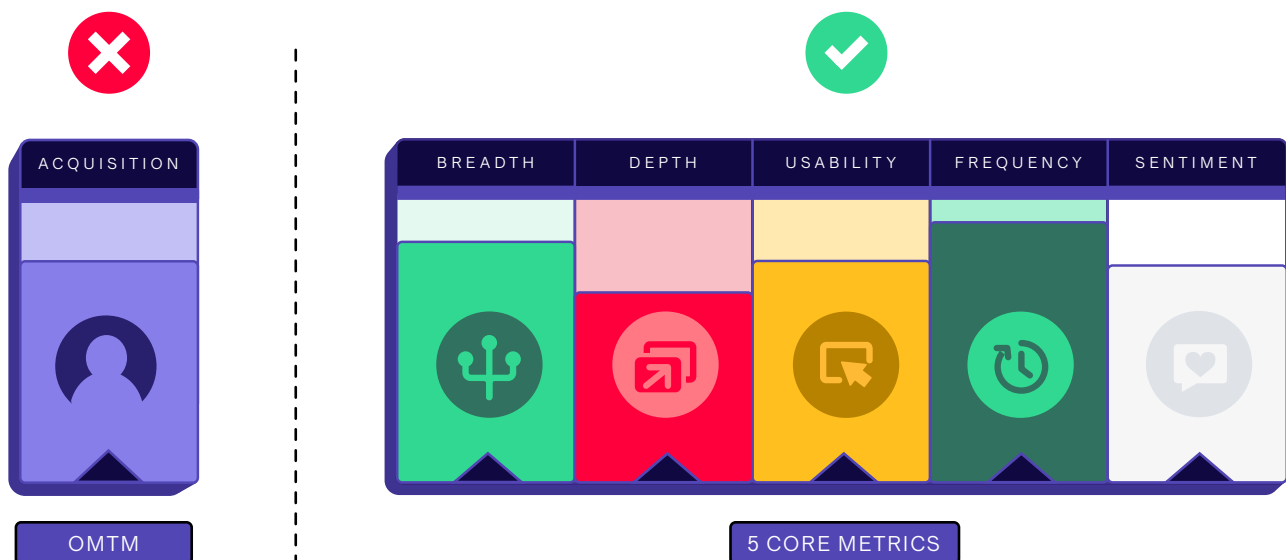
One of the most popular frameworks for tracking product success is the Northstar framework, aka the One Metric That Matters (OMTM) approach. The idea behind OMTM is that by setting a single metric as its “North Star,” a company can keep everybody aligned on goals and strategies.

Unfortunately, there are many problems with this approach. First is that it’s almost impossible to find a single metric that captures what everyone in a company should be working on. The risks of getting this wrong are serious: if you’re aligned around the wrong thing, you can waste significant time, energy, and money.

More important is that few businesses or products are capturable by a single metric. Metrics don’t exist in a vacuum: changes made to a product or

company in pursuit of any one metric will inevitably have effects that ripple outward, and affect other parts of the business. Different metrics are important in different contexts, and what matters less is finding a single metric that can capture everything than figuring out which metrics matter in each situation.

At best, the OMTM approach can oversimplify your business. At worst, it can keep you unaware of potentially massive problems with your product or business.



Build your metrics on a strong data foundation

The path to product success starts with truly understanding your users. Then using that insight to make smarter, faster decisions than your competitors. When you have a complete and well-governed dataset, you'll get more transformative and trustworthy insights, and you'll take more targeted and effective action.

While most product analytics tools will let you measure metrics that you already know are important, **Heap leverages a complete and organized dataset to surface the product patterns and trends that *really* matter** (which are often things you never would've thought to consider).

By automatically capturing every event on your website and giving you the **tools to organize** and **govern your data** directly in the platform, Heap gives you a firm foundation for your product metrics. When you build on a solid data foundation, you can trust the insights it generates and act on them with confidence.

About Heap

Heap's mission is to power business decisions with truth. We empower product teams to focus on what matters — building the best products — not wrestling with their analytics platform. Heap automatically collects and organizes customer behavioral data, allowing product managers to improve their products with maximum agility.

Visit heap.io to learn more.