mixpanel + P PRODUCT SCHOOL

The State of Product Analytics

How product teams around the globe are
using data to drive product-led growth

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A note during COVID-19

COVID-19 has changed our world. As people, we're adapting to our new normal of increased social distancing and rapidly changing economics. As professionals, we're having to switch gears as we work from home to maintain our productivity as a digital workforce. And as businesses, we're making sure changes in our customers' needs are still being met.

The data in this report was collected in late 2019 and early 2020, and therefore reflects the state of product analytics before COVID-19.

But, as we combed through the findings, we felt strongly that not only do the insights still hold true, it's important now more than ever to understand your users and how they engage with your product.

This report highlights the different ways global product teams use data to make decisions. Whether you're looking to adapt your product to accommodate changing user needs or to improve the customer experience, the best decisions start and end with data.

We hope you find the report valuable. If there's anything Mixpanel can do to help, please don't hesitate to reach out.
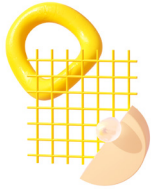
Best,
Mixpanel team

Introduction

The art of product development has a lot in common with the art of conversation. The first rule of both is to be a good listener. The very best product teams today grow their businesses by listening to what their users are telling them. Successful product leaders analyze user behavior and other sources of data to understand how to engage and keep customers happy. Winning brands never stop analyzing, measuring, and improving every aspect of the customer experience.

To better understand how successful product teams turn user behavior data into business-building insights, we surveyed more than 450 professionals who belong to product organizations, like product managers, leaders, and UX designers, from companies across industries and all over the world.

In this report, you'll find:

▶ The burning questions that product teams are constantly trying to answer

▶ The main challenges that stand in the way of product-led growth

▶ The strategies that product teams are employing to solve their biggest challenges

▶ The role product analytics play in accelerating innovation

Key insights

Data-led product innovation is happening globally.

For those of you who thought that data-led product innovation only happens in tech hubs, think again. While tech-forward cities like San Francisco, New York, and London do have higher concentrations of product teams, data-led innovation is happening globally.

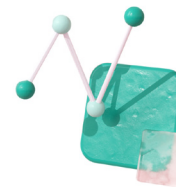### The most sophisticated product teams rely most on quantitative data from product analytics solutions.

Product teams of all levels of sophistication are leveraging lots of data sources like surveys, analytics tools, and competitive intel to inform decisions. But the most data-sophisticated product teams look to product analytics that measure user behavior to drive innovation.

Retention, engagement, and conversion are the top metrics for product teams globally.

This is no surprise, but focus metrics vary across specific industries. (Hint: It's not always what you think.)

Across geographies, Europe tends to care most about engagement metrics like Active Usage and Activation; the U.S. tend to focus more on top-line metrics like Revenue.

Only 10% of product teams are able to validate all decisions with data.

Data is abundant, but only 10% of product teams feel they are able to validate all decisions with data, and only 38% feel they can effectively measure their top metrics. B2B companies struggle most with this.

Methodology

PARTICIPANTS

459 Product Managers & Leaders

REGIONS

North America, Europe, Asia Pacific, Latin America, and Middle East

COMPANY SIZE

SMB to Fortune 100 Enterprises

INDUSTRIES

All major industries including: Consumer Tech, Retail & eCommerce, Financial Services, B2B, and Media/Entertainment

SAMPLE SURVEY QUESTIONS

▶ What questions are you trying to answer with the data you collect?

▶ What are the biggest challenges you face in using data to make better product decisions?

▶ What metrics are most important to you in measuring the success of your products?

PART // 01

How product teams use data

Does Silicon Valley *really* have the "best" product managers?

Product managers are all over.

Silicon Valley and big, coastal cities like New York are often thought of as the innovation hubs of the world and are therefore expected to have the highest concentration of product managers and members of product teams.

While that is true—with San Francisco, New York, and London having the highest concentration of product managers and leaders—it's not true by much.

The distribution of survey responses shows that product teams are everywhere.

The takeaway? **Product innovation is happening globally.**

Where are the best product teams?
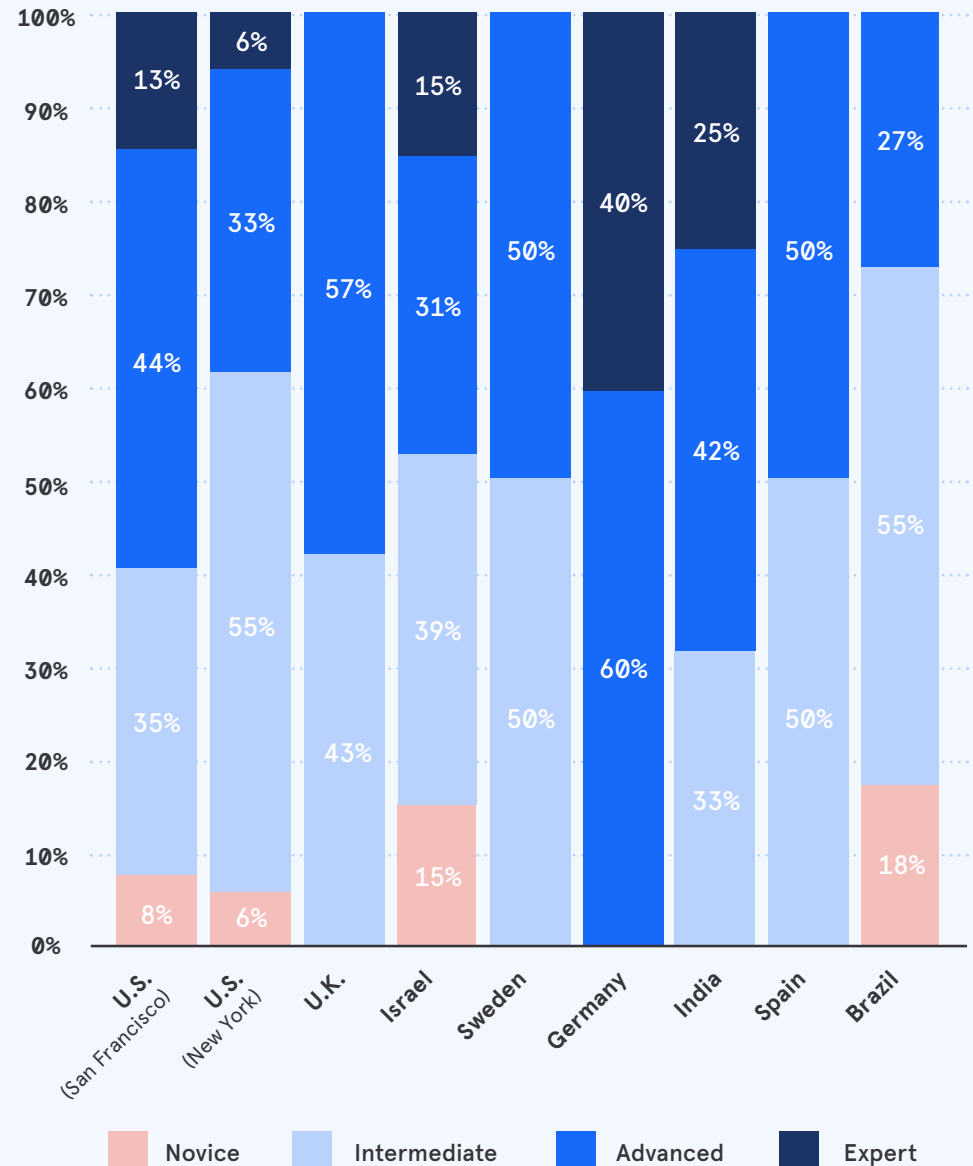
Product teams may be hard at work all over the globe, but are they all created equally?

We asked survey respondents to rate their perceived ability to leverage data to drive product innovation. While we expected to see major tech hubs like Silicon Valley, New York, and London be homes to the most data-centric product teams, this didn't seem to be exactly the case either.

Survey data showed that there's a mix of sophisticated and novice teams all around the world. From Silicon Valley to Tel Aviv to Sweden to the UK, all regions showed a roughly equal mix of data expert and data novice product teams.

The conclusion? Data-driven innovation is an individual proficiency—not a regional trend.

Distribution of sophistication with data by city and country

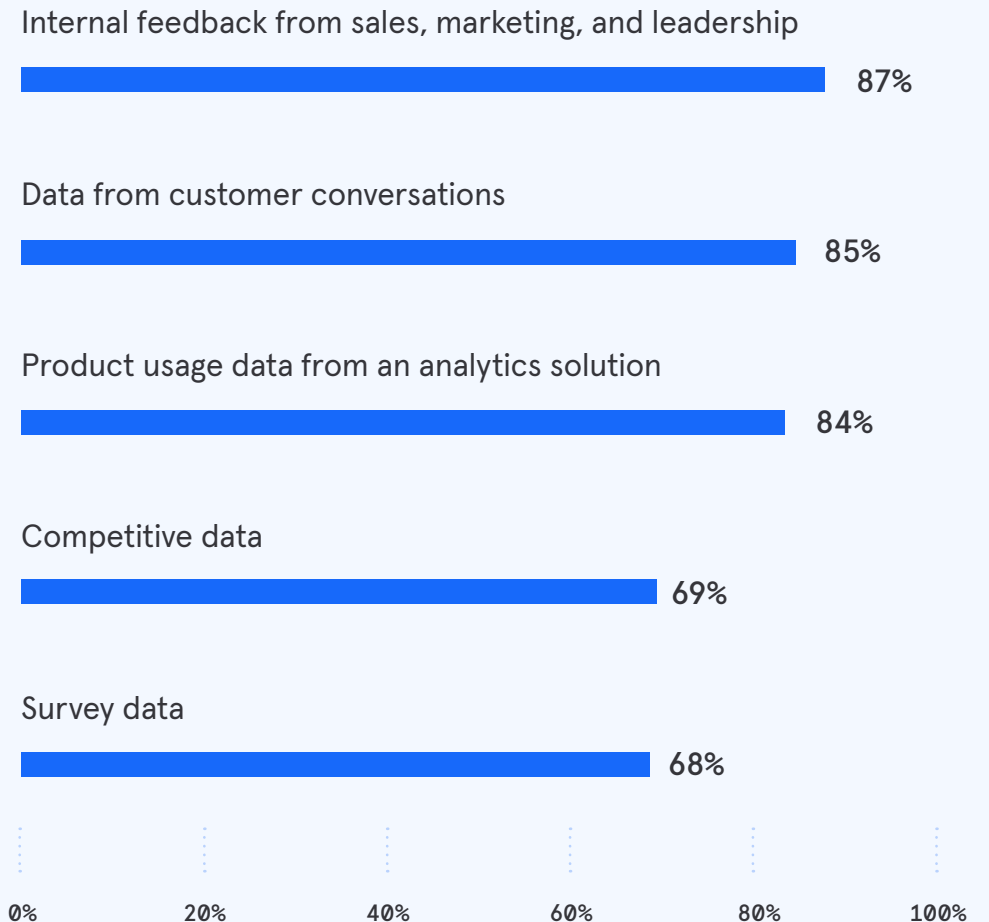|	Novice	Intermediate	Advanced	Expert
U.S. (San Francisco)	8%	35%	44%	13%
U.S. (New York)	6%	55%	33%	6%
U.K.		43%	57%	
Israel	15%	39%	31%	15%
Sweden		50%	50%	
Germany		60%		40%
India		33%	42%	25%
Spain		50%	50%	
Brazil	18%	55%	27%	

There's no shortage of data.

Our survey found that product teams are leveraging quantitative and qualitative data almost equally to inform their decision making.

Whether this is surprising to you or not, it's *smart*. Data isn't always quantitative, and different types tell you different things.

Customer interviews provide a wealth of information that you just can't get from product analytics data or internal stakeholders. On the other hand, product analytics can give you valuable non-biased data that surveys and competitive information won't.

To make smarter decisions, product teams must look at all types of data holistically.

Types of data leveraged by product teams
(% of data type used)

Internal feedback from sales, marketing, and leadership

87%

Data from customer conversations

85%

Product usage data from an analytics solution

84%

Competitive data

69%

Survey data

68%

0%   20%   40%   60%   80%   100%

Sophisticated product teams rely most heavily on user data.

Smart product teams leverage all types of data, but we see a gradual shift towards quantifiable product analytics data as product teams gain experience and access to resources.
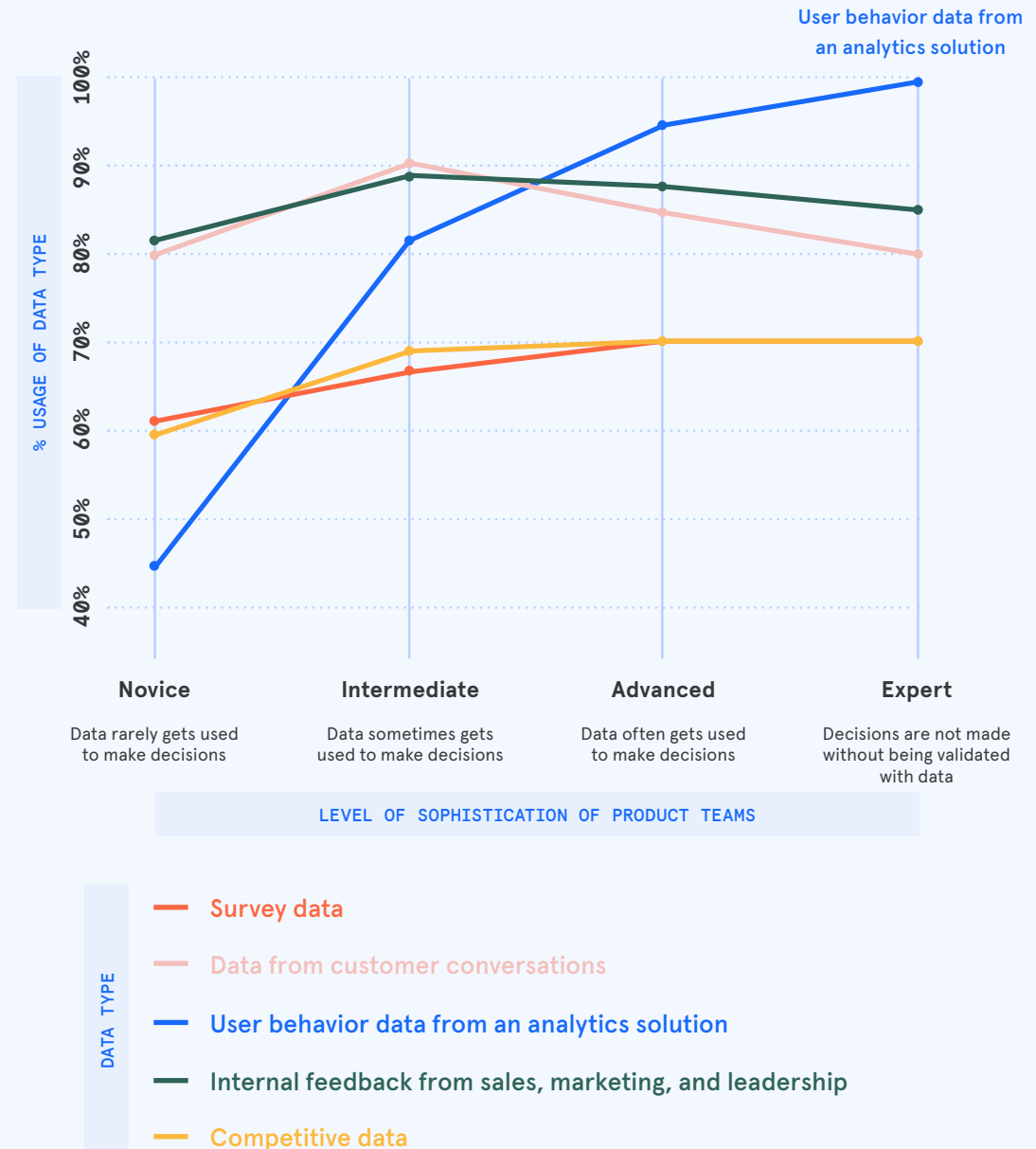
In fact, the best product teams are relying most on quantifiable product analytics rather than qualitative data.

Why is that?

Customer interviews are insightful and deeply valuable, but they're time intensive, difficult to do at scale, and run the risk of biased findings. Product analytics data, on the contrary, is largely unbiased, reliable, and easily scalable as user bases grow.

It makes sense that product teams used to making data-informed decisions look at product analytics data more than other sources.

Usage of data type across data sophistication

User behavior data from an analytics solution

% USAGE OF DATA TYPE

100%
90%
80%
70%
60%
50%
40%

Novice	Intermediate	Advanced	Expert
Data rarely gets used to make decisions	Data sometimes gets used to make decisions	Data often gets used to make decisions	Decisions are not made without being validated with data

LEVEL OF SOPHISTICATION OF PRODUCT TEAMS

DATA TYPE

— Survey data
— Data from customer conversations
— User behavior data from an analytics solution
— Internal feedback from sales, marketing, and leadership
— Competitive data

PART // 02

Metrics that matter

What matters to product teams?

Does this differ by region or industry?

Product teams have a lot of questions.

The job of a product manager today is tricky. Customers have high expectations, and digital experiences must be engaging and intuitive across channels and devices to keep users from churning. All of this hinges on asking, answering, and delivering on the right questions.
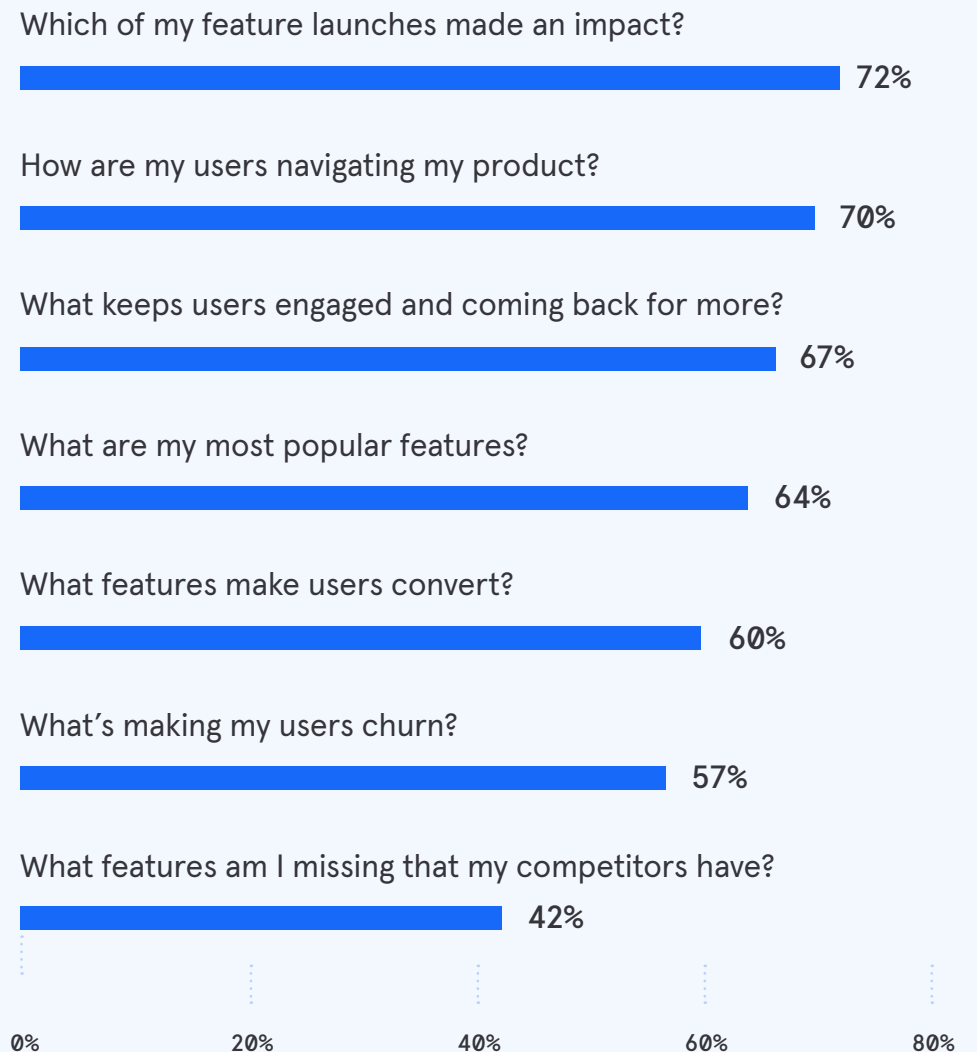
According to survey results, there's no "golden question" behind building killer products. Instead, product teams are trying to answer a range of key questions to understand user behavior and product impact. Here are the top three questions product teams are asking:

▶ **Which of my feature launches made an impact?**

▶ **How are my users navigating my product?**

▶ **What keeps users engaged and coming back to the product?**

The bottom line: To build products that customers love, product teams must analyze the experience from many angles.

Top questions product teams are trying to answer
(% of questions asked)

Which of my feature launches made an impact?
72%

How are my users navigating my product?
70%

What keeps users engaged and coming back for more?
67%

What are my most popular features?
64%

What features make users convert?
60%

What's making my users churn?
57%

What features am I missing that my competitors have?
42%

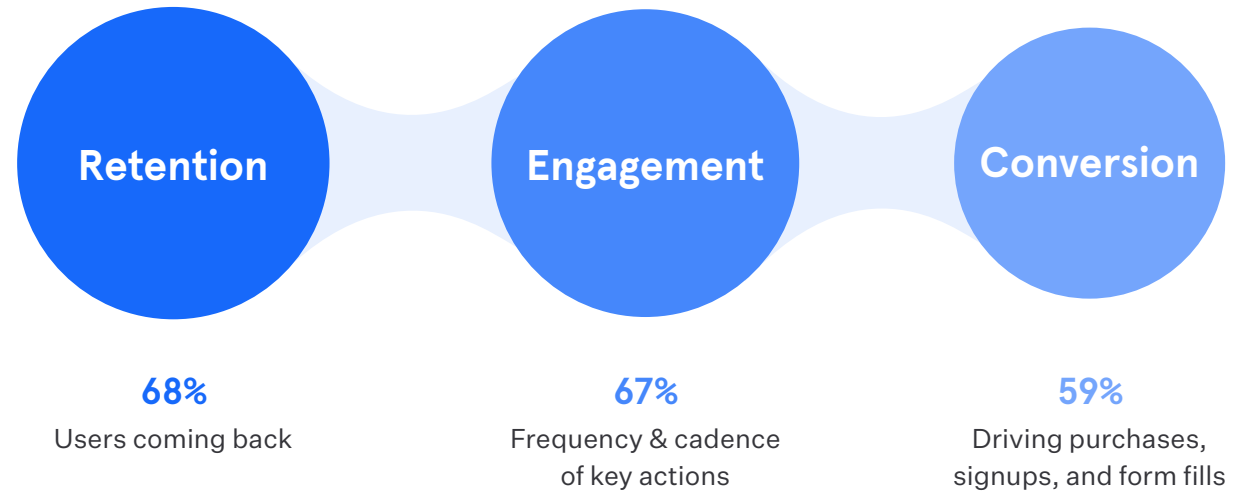0%   20%   40%   60%   80%

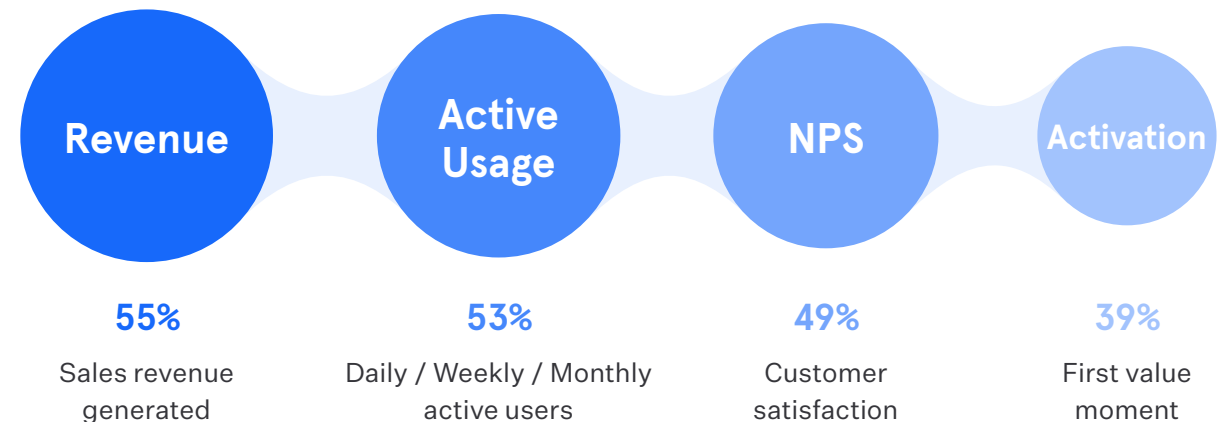# It's all about retention, engagement, & conversion.

To no surprise, retention, engagement, and conversion are the metrics that product teams care about most— across the board.

Things get interesting when we look at focus metrics for specific industries.

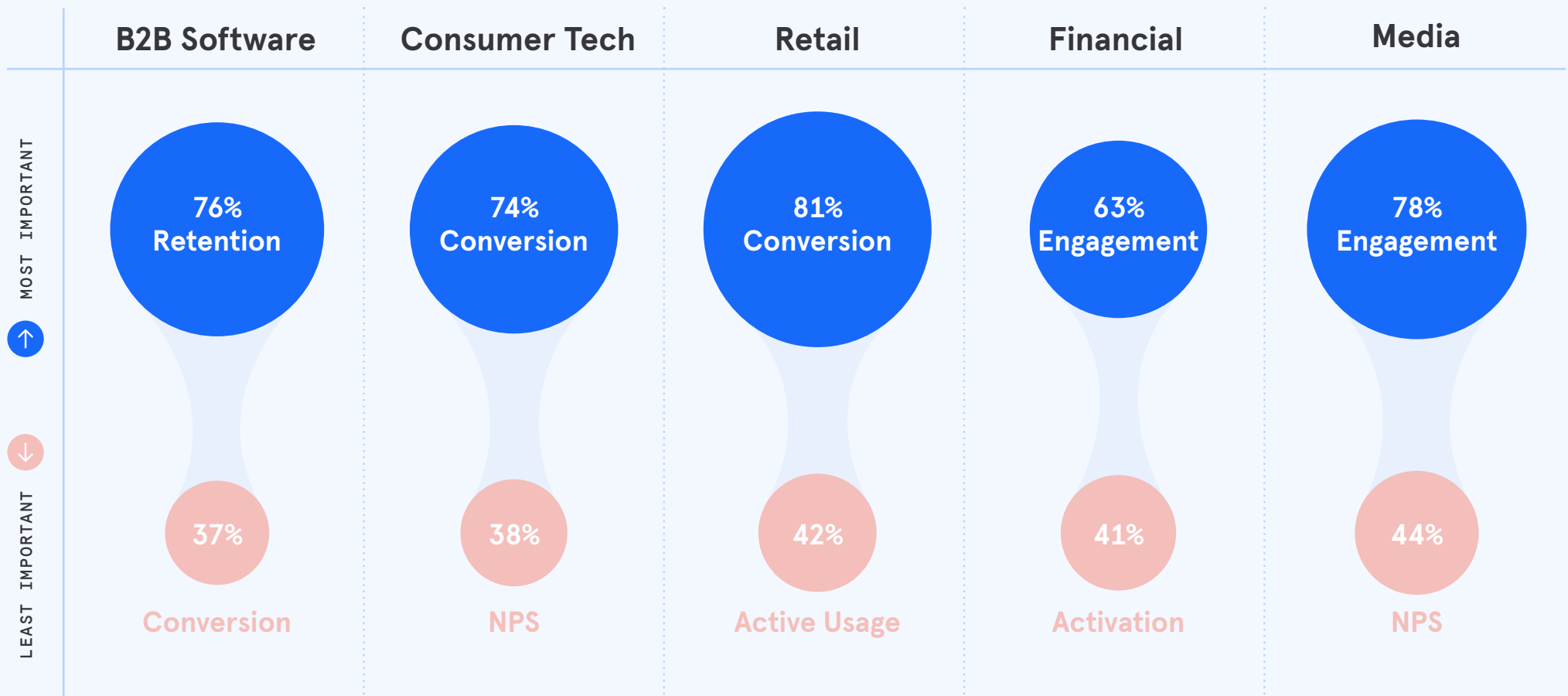## Top 3 metrics that matter for teams

Retention

Engagement

Conversion

68%
Users coming back

67%
Frequency & cadence of key actions

59%
Driving purchases, signups, and form fills

The rest of the metrics product teams care about

Revenue

Active Usage

NPS

Activation

55%
Sales revenue generated

53%
Daily / Weekly / Monthly active users

49%
Customer satisfaction

39%
First value moment

Priorities can vary widely by industry.

The average product team may be focused on engagement, retention, and conversion, but when you look at top metrics across industries, we found that goals are often closely aligned to those of the company and industry.

Most and least important metrics to product teams

(by industry)

B2B Software	Consumer Tech	Retail	Financial	Media

MOST IMPORTANT

76% Retention	74% Conversion	81% Conversion	63% Engagement	78% Engagement

LEAST IMPORTANT

37%	38%	42%	41%	44%
Conversion	NPS	Active Usage	Activation	NPS

Regional focus can impact key metrics.

Globally, retention, engagement, and conversion are the top three metrics for product teams. But thing get interesting when we look at the data by specific regions.

In the U.S., revenue came in #3, beating out conversion and defying the global rankings of metrics that matter. When we look at Europe, however, a top-line metric like revenue ranked near last in order of importance, with a much bigger focus on product-oriented KPIs like active usage and activation.
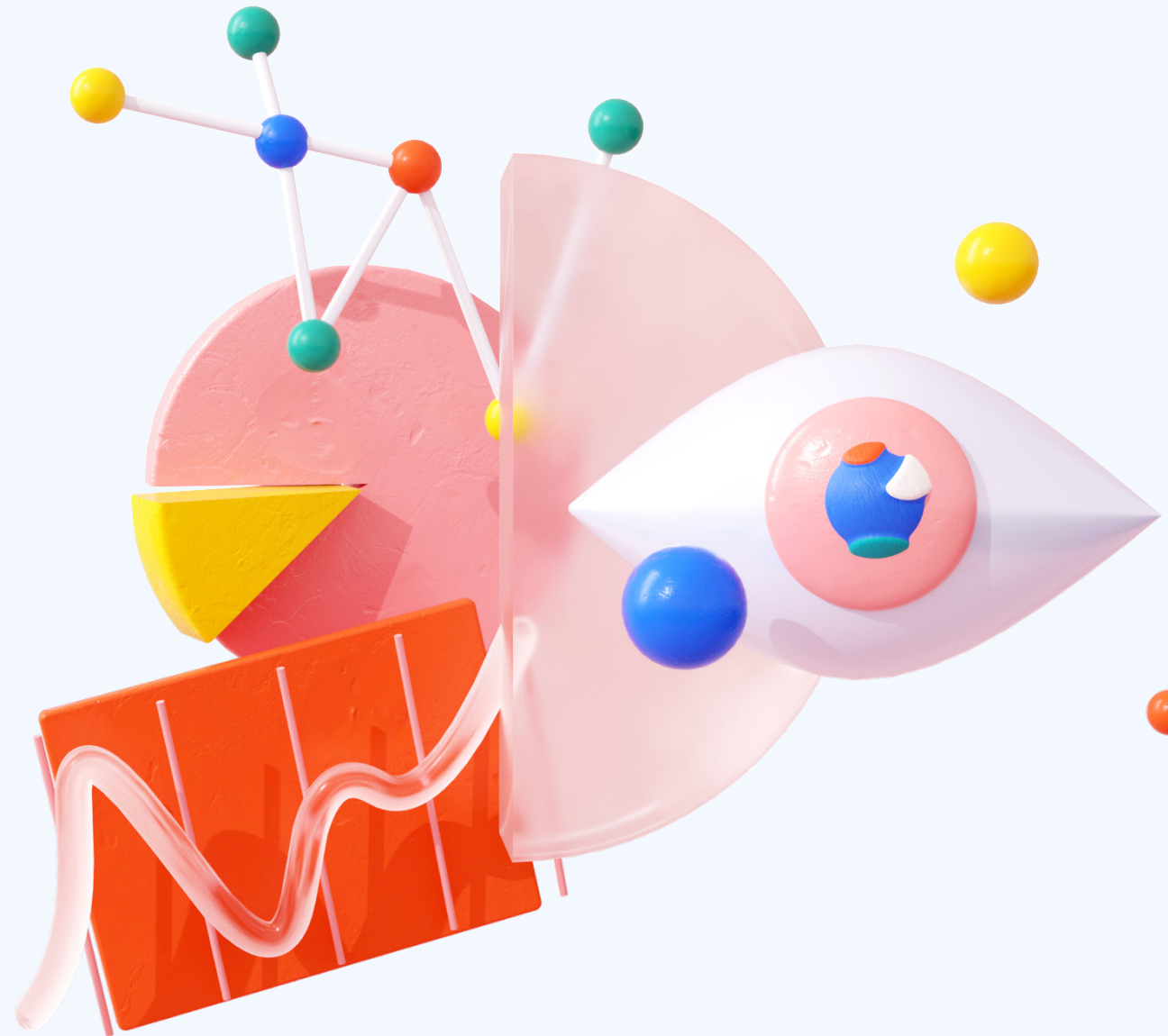
The reason for the difference is not accounted for by this survey. Possibly, it comes down to the highly competitive nature of the U.S. market—which might cause product teams to value top-line metrics just as much as more product-oriented KPIs.

	U.S.		vs	Europe	
1	Retention	68%		Retention	73%
2	Engagement	67%		Conversion	71%
3	**Revenue**	**63%**		Engagement	63%
4	Conversion	57%		**Active Usage**	**54%**
5	NPS	54%		**Activation**	**51%**
6	Active Usage	54%		Revenue	44%
7	Activation	35%		NPS	38%

PART // 03

Barriers, challenges, & blind spots

What's getting in the way of product innovation?

So much data, not so many data-informed decisions.

Despite the abundance of data available to product teams, **only 10% reported being able to validate all of their important product decisions with data.**

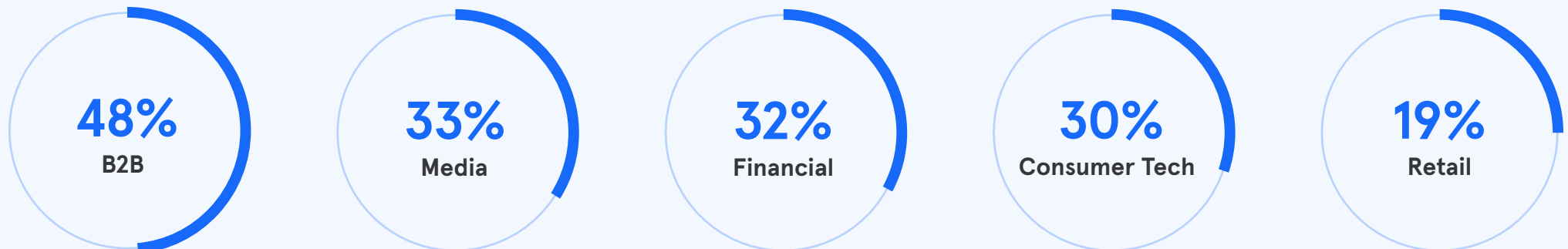**Over 50%** of product teams feel they are unable to quickly get answers to product questions

38% feel they are not able to effectively measure their most important metrics

Across industries, product teams at companies in the B2B space seem to be struggling the most to measure their top focus metrics. eCommerce and Retail came in lowest at 19%, suggesting product teams in this space feel most confident in their ability to measure their top metric, conversion.

One possible reason for this could be that there are more available tools for measuring a widely understood metric like conversion rates. Metrics like engagement, on the other hand, are often uniquely defined across various organizations and are measured differently as well.

Industries struggling to measure the focus metric
(in order of most to least)

48%
B2B

33%
Media

32%
Financial

30%
Consumer Tech

19%
Retail

Having data is not enough—you need access to the *right* kind of data.

What's causing such a large discrepancy between having lots of data and still not being able to make data-driven decisions?
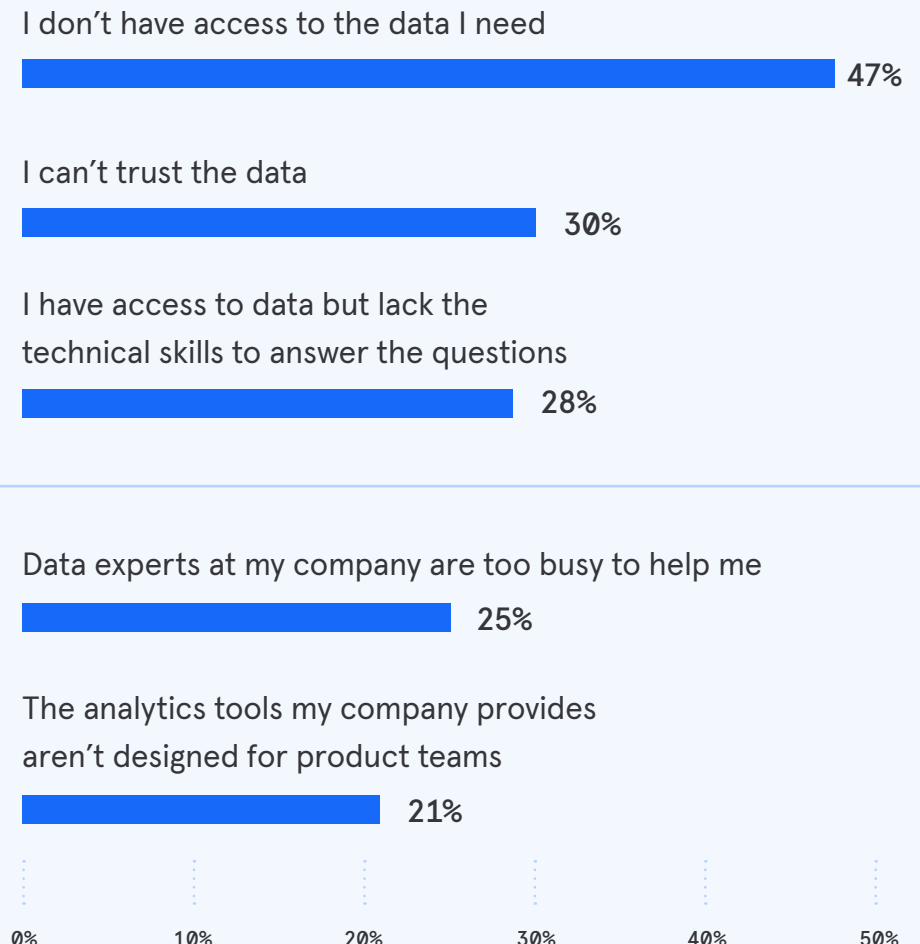
THE ANSWER:

Lack of access to the right type of data.

In fact, **50% of product teams aren't confident that they have the tools they need to get the right answers.** This number shoots up to **74% for novice-level product teams.**

Data may be abundant in various forms, but in order for product teams to measure the metrics that matter and drive product innovation, they need a dedicated product analytics solution that empowers them to quickly and reliably self-serve answers.

Barriers to measuring the metrics that matter
(in order of least to most)

Top 3 challenges to effectively measuring the metrics that matter:

I don't have access to the data I need
47%

I can't trust the data
30%

I have access to data but lack the technical skills to answer the questions
28%

Data experts at my company are too busy to help me
25%

The analytics tools my company provides aren't designed for product teams
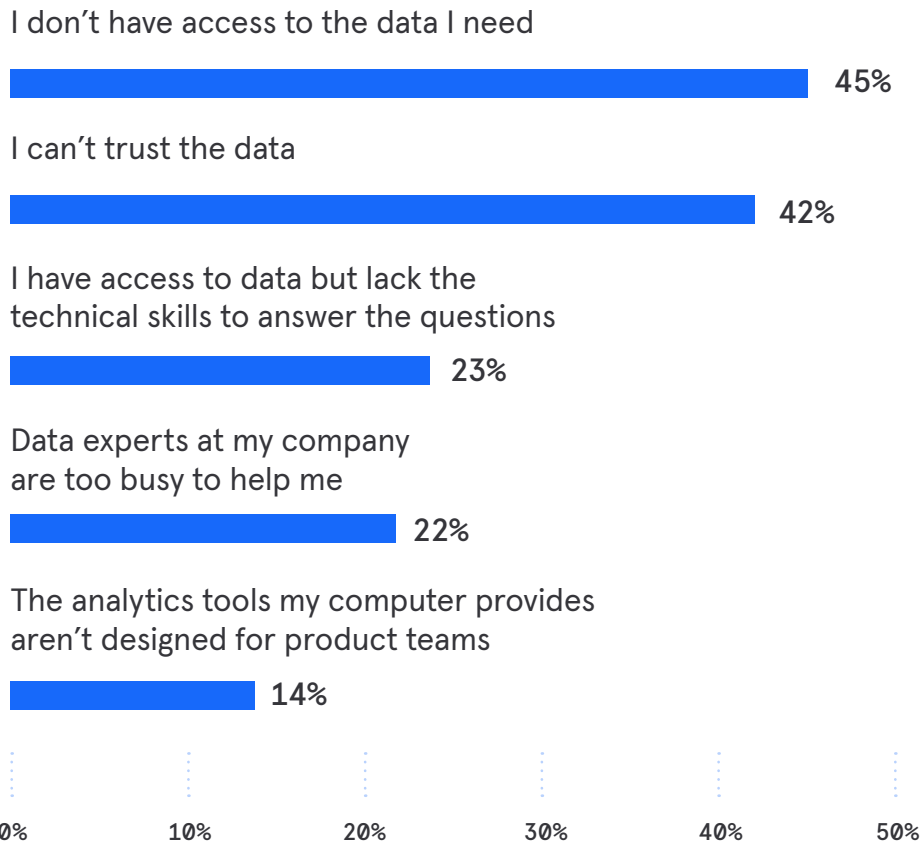**21%**

0%   10%   20%   30%   40%   50%

CONTINUED...

Meanwhile, in Europe...

Access to data was still among the top barriers to making data-informed decisions; mistrust in data was ranked as being of equal importance.
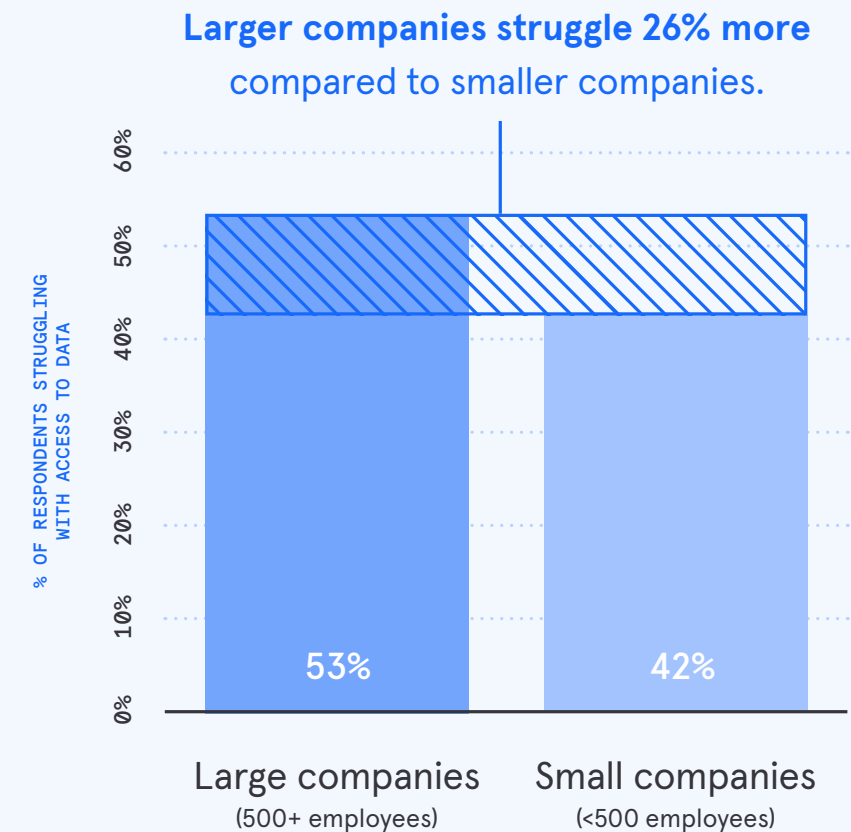
Top barriers to making data-informed decisions (in Europe)

I don't have access to the data I need

45%

I can't trust the data

42%

I have access to data but lack the technical skills to answer the questions

23%

Data experts at my company are too busy to help me

22%

The analytics tools my computer provides aren't designed for product teams

14%

0%   10%   20%   30%   40%   50%

Size matters.

Access to data was a bigger issue in large companies (over 500 employees): 53% struggle with lack of access. Across smaller organizations, that number averages 43%.

Access to data as the top barrier to measuring metrics that matter

Larger companies struggle 26% more compared to smaller companies.

% OF RESPONDENTS STRUGGLING WITH ACCESS TO DATA

60%
50%
40%
30%
20%
10%
0%

53% — Large companies (500+ employees)

42% — Small companies (<500 employees)

Feeling the pain: consequences of unremoved barriers

When these barriers to measuring key metrics aren't removed, the consequences are significant. Across product teams at all levels of sophistication, industries, and locations:

▶ **67%** aren't confident they understand their conversion rates and know where and why users drop-off

▶ **51%** aren't confident they know what brings users back to their product

▶ **48%** aren't confident they understand their customer journeys through their product

▶ **47%** aren't confident they have the ability to measure the impact of their feature launches

Obviously, this is a problem. Conversion and retention are among the top three metrics that product teams care about, and measuring the impact of a feature launch and understanding customer journeys are the top two goals of product teams. Not being able to measure these metrics and answer critical questions ultimately inhibits product innovation and negatively impacts the user experience.

Are product teams able to measure the things that matter?

I understand where and why users drop off

67% don't agree

I know what brings users back to my product

51% don't agree

I know the customer journey through my product

48% don't agree

I am able to measure the impact of feature launches

47% don't agree

PART // 04

Product analytics to create product-led growth

Do product analytics solutions level up innovation?

How do Mixpanel users stack up against others?

We compared survey data from Mixpanel customers and non-Mixpanel customers to see how they stacked up.
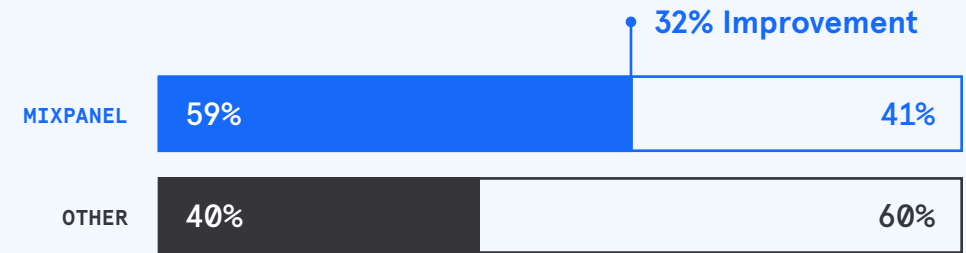
Mixpanel users are...

↑ **32%** more confident making product decisions

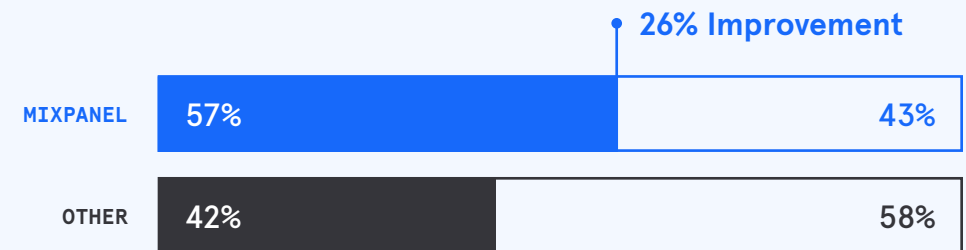↑ **26%** better able to get answers to their questions quickly

↑ **14%** better able to innovate quickly and iterate on product updates
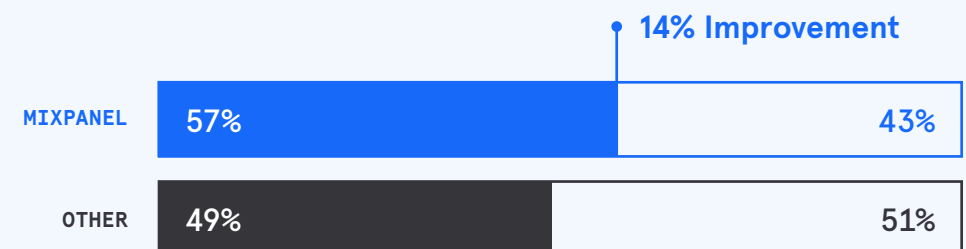
Mixpanel customers vs. others

1. Confidence in making product decisions

32% Improvement

MIXPANEL	59%	41%
OTHER	40%	60%

2. Able to answer questions more quickly

26% Improvement

MIXPANEL	57%	43%
OTHER	42%	58%

3. Able to innovate and iterate on product updates quickly

14% Improvement

MIXPANEL	57%	43%
OTHER	49%	51%

Make faster decisions, more confidently.

The use of product analytics allows teams to make smarter decisions, move faster to improve customer experiences, and grow the business with a customer-first mindset.

In fact, nearly **78% of Mixpanel customers say they can make faster decisions** since using Mixpanel and **84% are more confident in decision making**.

Has Mixpanel helped you feel more confident in decision making?

Has Mixpanel helped you make faster decisions?

78%
Yes

84%
Yes

☐ YES   ☐ NO

> "The data we get from Mixpanel is vital to what we do, every day. Teams across the company are able to answer their own analytics questions easily, without any developer skills."

Jeff Parker
VP of Product Strategy & Design

Quicken

Mixpanel helps companies improve key metrics.

With data at their fingertips, Mixpanel customers can iterate continuously, focus on the most impactful features, and innovate faster—resulting in significant gains in customer **engagement, conversion, and retention.**
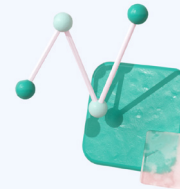
On average, Mixpanel customers experience:

31% improvement in **conversion rates**

32% improvement in **user engagement**

30% improvement in **retention**

Conclusion: drive data innovation and product-led growth through analytics.

Customer expectations for seamless experiences and products that anticipate their every move will only increase as product-led companies continue to set the bar ever higher. In this competitive landscape, the advantage will go to brands that use product analytics to increase innovation and empower everyone in the organization to make smarter and faster decisions.

Mixpanel helps cross-functional product teams answer questions about user behavior in seconds, without the need for deep analytics expertise. With detailed, real-time insight into how people interact with products, Mixpanel enables product teams to fully harness the power of data to make faster and smarter decisions to fuel new product innovations.

▶ **Better products, faster**
Gather deeper insights about your product so you can build, measure, and learn quicker than ever.

▶ **Powerful analytics for all**
Give people at all technical levels the ability to self-serve answers and make data-informed decisions.

▶ **Create product-led growth**
Know why users convert, engage, and retain so you can make product improvements that customers love.

▶ **Launch with confidence**
Discover which feature releases, experiments, and engagement campaigns truly move your metrics.

About Mixpanel

Mixpanel's mission is to increase the rate of innovation by helping companies build better products through data. With our market-leading product analytics solution, product teams can analyze how and why their users engage, convert, and retain in real-time across devices to improve their user experience.

Mixpanel serves over 26,000 companies from different industries around the world, including Expedia, Twitter, and Uber. Headquartered in San Francisco, Mixpanel has offices in New York, Seattle, Austin, London, Barcelona, Paris, Amsterdam, and Singapore.

For more information, visit: www.mixpanel.com