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Pragmatic Product Leader Course

Become a Product Manager with Superpowers



Lesson 7D

HEART & AARRRR

Frameworks



Overview

We will cover the foundation of Product Management.

Introduce you to the common terms and set clear definitions.

Let's start!





How is HEART Measured?

Happiness	Satisfaction, likelihood or recommendation	User surveys
Engagement	How much an average user is using your product (by time, sessions, etc)	Analytics
Adoption	The percent of users that adopt your product after signing up (user onboarding), and/or the percent of users that adopt a specific feature of your product	Analytics
Retention	How many users are still present later	Analytics
Task success	Time to complete a task, error rate	User tests



HEART & GSM via example



	Goals	Signals	Metrics
Happiness	Customer is satisfied with checkout process on app and all orders get delivered	App store rating, Google play store rating	The rating should improve every month
Engagement	Increase the number of orders and total value of each orders	<ul style="list-style-type: none"> - Number of order per customer - Average basket value per customer 	<ul style="list-style-type: none"> - Av. order per customer per month - Av. basket-value per customer per month
Adoption	User should open the app to purchase a product as soon they installed the App	<ul style="list-style-type: none"> - No. of App download - No. of App open 	Ratio between customer who download the app and those who are making an order, have to increase every month
Retention	Customers should make a new order every month	No. of customers who are making an order	Ratio of customers this month and last month
Task success	<ul style="list-style-type: none"> - Reduce abandoned cart - Finish an order within 5 minutes 	<ul style="list-style-type: none"> - Incomplete orders - Time of making an order 	<ul style="list-style-type: none"> - No. of abandoned cart - Av. time to check-out



HEART & GSM: In action

	GOALS (high level) identity goals	SIGNALS success or failure in goals mapped to user behavior or attitudes	METRICS refine further Track over time use for comparisons on
HAPPINESS 😊 → user attitudes 📝 surveys 👍 satisfaction 👉 perceived ease of use 📊 Net promoter score	users find toolbar useful and successfully their search inquiry	Completing surveys to give feedback	Net promoter score • Satisfaction rating
ENGAGEMENT 📱 → level of user involvement 📊 Quantitative → data analysis 📅 # posts/week 📷 # photos uploaded 👍 # shares 👉 behavioral precursors	for users to enjoy content and keep discovering more to engage with	The amount of time users spend engaging with content on year 5th	the average # of minutes spent engaging in content on 5th per user per day
ADoption 📱 → gaining new users 📦 upgrades to latest version 📄 new subscriptions 👉 purchase			
RETENTION 📱 → rate of returning users 📊 # active users 👉 Renewal rate or failure to return 👉 Repeat purchases			
Task Success ✓ 📄 search result success ⌚ Time to upload photo 📄 Profile creation complete	Users find what they are looking for efficiently effectively	Find result of search inquiry on the 1st page	• Successful search inquiry • Exit rate • SEO metric





HEART & GSM: In action




HEART Framework for 2-Step Verification Feature

	Goals	Signals	Metrics
Happiness	That our clients feel even more satisfied and secure using our products.	Positive feedback when we ask our users about the feature in the form of a survey.	The percentage of our client base that feels more satisfied and secure after enabling the feature.
Engagement	N/A	N/A	N/A
Adoption	To have the majority of our user-base enable the two step verification feature.	When a client enables the functionality in the security settings page.	The number of clients who enabled the functionality versus the total number of client accounts.
Retention	The users who enabled the feature continue to use it throughout the whole duration of their contract.	User churn is shown when a client disables the feature in the security settings page.	The duration of feature use, being measured from the day a user enables it to the day they disable it, in relation to their total contract length.
Task Success	That all users who enable the feature, manage successfully after the first try (there are 3 steps to enabling the feature).	The event logs per user show that all three steps were completed successfully in the first go.	The number of users that completed all three steps successfully in the first go



AARRR



Acquire

How are you getting the users?

Activate

Are the users getting a great onboarding experience? Are they using a feature of the product.

Retain

Are they coming back? How frequently?

Revenue

How are you monetizing

Refer

Is your product so good that your users are talking about?





AARRR and what you should track



Element	Function	Relevant Metrics
Acquisition	Generate attention through a variety of means, bot organic and inorganic	Traffic, mentions, cost per click, search results, cost of acquisition, open rate
Activation	Turn the resulting drive-by visitors into users who are somehow enrolled	Enrollments, signups, completed onboarding process, used the service at least once, subscriptions
Retention	Convince users to come back repeatedly, exhibiting sticky behavior	Engagement, time since last visit, daily and monthly active use, churns
Revenue	Business outcomes (which vary by your business model: purchases, ad clicks, content creation, subscriptions etc)	Customer lifetime value, conversion rate, shopping cart size, click-through revenue
Referral	Viral and word-of-mouth invitations to other potential users	Invites sent, viral coefficient, viral cycle time



AARRR startup example

Generally speaking, AARRR framework offers you 5 means of measuring the customer lifecycle.

Here is a simple example.

Consider a typical e-commerce startup

Acquisition	1000 visitors per month
Activation	70% sign up or product visits
Retention	20% of activated customers
Revenue	10% of retained customers
Referral	10% of visitors



Eric Ries's Engines of Growth



Sticky engine

Similar to retention phase of pirate metrics

Virality engine

Getting the word out. Key metric is viral coefficient

Paid engine

Similar to revenue phase of pirate metrics



More frameworks - Lean canvas



Lean canvas box	Some relevant metrics
Problem	Respondents who have this need, respondents who are aware of having the need
Solution	Respondents who try the MVP, engagement, churn, most-used, least-used features, people willing to pay
Unique value proposition (UVP)	Feedback scores, independent ratings, sentiment analysis, customer-worded descriptions, surveys, search and competitive analysis
Customer segments	How easy it is to find groups of prospects, unique key-word segments, targeted funnel traffic from a particular source
Channels	Leads and customers per channel, viral coefficient and cycle, net promoter score, open rate, affiliate margins, click-through rate, PageRank, message reach
Unfair advantage	Respondents' understanding of UVP, patents, brand equity, barriers to entry, number of new entrants, exclusivity of relationships
Revenue streams	Lifetime customer value, average revenue per user, conversion rate, shopping cart size, click-through rate
Cost structure	Fixed costs, cost of customer acquisition, cost of servicing the nth customer, support costs



More frameworks - Growth pyramid

Sean Ellis' product/market fit survey

How would you feel if you could no longer use this product?

- Very disappointed
- Somewhat disappointed
- Not disappointed
- N/A - I no longer use this product

If 40%+ are very disappointed, you have product/market fit.





So many frameworks!!

Thumb rules-

1. Follow common sense
2. Don't go overboard. Keep it simple, get a hang of it, then add another metric if needed
3. Follow a single framework at a time
4. Everything is mutating - your metrics dashboard should be updated frequently, till you find no reason to update. Frequency should be at least 3 times your experiment length.



To conclude

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Thank you.

