Product Benchmarks Report

CREATED BY MIXPANEL
Table of Contents

Introduction ................................................................. 3
Methodology ................................................................. 5
Reach ........................................................................... 6
   How many people have used your product recently?
Activation ................................................................. 10
   What percentage of new users have experienced your product’s value?
Active usage ......................................................... 13
   Are people performing a key action?
Engagement ................................................................. 15
   How engaged are your active users?
Retention ................................................................. 19
   How many of your active users come back?
Conclusion ................................................................. 22
About Mixpanel ........................................................... 23
Appendix ........................................................................ 24
Introduction

Over the past decade, customer data has become a rich source of insight that fuels disruption and innovation across all industries. User analytics software has given the power to anyone, not just data scientists, to get answers to more questions quickly—and at a lower cost. But how do you actually put this power to good use?

We’ve covered the first step—choosing the metrics that matter to your business—in the Guide to Product Metrics. In this report, we’ll draw from Mixpanel internal data to break down key product benchmarks and trends, uncover the difference between the average and best-in-class products, and reveal the path to innovation and competitive advantage.

In this report, you’ll find:

- A comparison of how products perform in five strategic areas: reach, activation, active usage, engagement, and retention
- A breakdown of product benchmarks by industry: Finance, Media, eCommerce, and SaaS (Software as a Service)
- An analysis of product performance across mobile apps, desktop, and mobile web, highlighting trends and opportunities by platform
Key Takeaways

18X is the new 10X.

The gap between the average and the best products is getting wider. The best (90th percentile) products grow 18X faster than average products. As consumer demand is constantly shifting, use data and analytics to accelerate speed to market.

SaaS product adoption is slow, but building a mobile app can give you an edge.

As SaaS continues to eat the world, very few products can turn casual users into active ones. Whether the slow user adoption is a result of poor user experience, insufficient onboarding, or lack of perceived value, the numbers alone don’t tell. The numbers do show that SaaS mobile app users are more engaged, indicating an opportunity to better serve users on the go.

Across all industries, new user growth is driven primarily by mobile.

A pullback in desktop user growth indicates that improving mobile experiences is now table stakes for any business. This is particularly important for the online shopping sector, where e-retailers see negative growth in desktop users and a surge in mobile app users.

User retention in eCommerce is at an all-time low; use personalization to reward your most valuable customers and encourage loyalty.

At below 5%, monthly user retention is low on average across all industries, and extremely low in eCommerce (1%). Armed with the right user data, you can personalize your lifecycle marketing to deliver relevant content for each customer at the right time to boost engagement and reduce churn.
Methodology

**ACTIVE USERS**
1.2 Billion

**PRODUCTS**
638

**USER EVENTS**
78,338,393,386

**INDUSTRIES**
4

**PLATFORMS**
3

**TIME FRAME**
2018 - 2019
How many people have used your product recently?

What is Reach?
The total number of users who performed any action in a product (calculated monthly)
A measure of top-of-funnel performance, reach represents the total number of people who have used the product in a recent time period. Regardless of the acquisition channel, reach includes all the users who could potentially become active and move further down the funnel to convert, making this metric most meaningful to growth teams.

The percentage change in reach month-over-month (MoM), or user growth, tells you how quickly products grow. Based on our data, products have an average steady user growth rate of ~2.65% a month. At 1.8% and 2.3% month-over-month, Finance and Media grow at a slower-than-average rate. It’s an indicator of market maturity, calling on companies to innovate and look for new avenues of value creation.
Of course, certain businesses and user segments grow faster than others. The gap between the average and 90th percentile is wide—a clear sign that the top few companies dominate the market. To be exact, best-in-class products grow ~18X faster than average.

Best-in-class products grow 18X faster than average

Across all verticals, user growth is driven primarily by mobile app users, with the notable exception of eCommerce, where mobile web user growth leads by a small percentage. This situation may be linked to mobile web having a low barrier of entry for online shopping—one that sells casual shoppers on the immediacy and convenience without the commitment of downloading an app. Desktop reach, on the other hand, has plateaued, with this year’s numbers in the negative for Finance (-1.56%) and eCommerce (-0.03%).

1The 90th percentile is the value below which 90% of the data points fall
This shift in usage by platform is especially apparent in SaaS, which has traditionally been desktop-first. Compared to other verticals, SaaS products show the biggest increase in reach for mobile app users. As more people travel for work and stay connected after business hours, SaaS mobile apps provide a convenient way for people to keep working while on the go.

In 2019, SaaS products saw a **2X higher rate of growth** in reach for mobile app users compared to web users.

Predictably, mobile is the key driver of user growth across industries. Granted, our data set doesn’t include smart speakers and other IoT devices—the data point that could potentially alter the magnitude (if not the direction) of the mobile consumer shift.
_A C T I V A T I O N_

What percentage of new users have experienced your product’s value?

What is an Activation?
A measure of how many users get value from your product within the first week: calculated as % new users (based on user creation date) who performed a key action in the first 7 days.
Success!

Activation is the moment when a user first realizes the value of your product. Some call it an “aha moment” or “the eureka effect.” From a user’s perspective, it’s when they figure out how to benefit from your website or app; from a business’s perspective, it’s when the first conversion happens. From both sides, this moment is crucial to a product’s success.

Product managers and marketers work hard to get users to this moment quickly, through onboarding, personalization, and lifecycle marketing. Ideally, this “aha moment” happens in the first week, laying the foundation for higher engagement and lower customer churn.

This activation moment (or the first “key action”) is different for every industry; it also depends on your business goals. Media companies, for example, consider “play/view media” meaningful, while eCommerce businesses care about “add to cart.”

<table>
<thead>
<tr>
<th>Industry</th>
<th>Key Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Media</strong></td>
<td>Play media/view media</td>
</tr>
<tr>
<td></td>
<td>View ad</td>
</tr>
<tr>
<td></td>
<td>Pay</td>
</tr>
<tr>
<td></td>
<td>Subscribe</td>
</tr>
<tr>
<td><strong>Finance</strong></td>
<td>Transact/trade/transfer</td>
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<tr>
<td></td>
<td>Deposit</td>
</tr>
<tr>
<td></td>
<td>View balance</td>
</tr>
<tr>
<td></td>
<td>Create account</td>
</tr>
<tr>
<td><strong>eCommerce</strong></td>
<td>Add to cart</td>
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<tr>
<td></td>
<td>Check out</td>
</tr>
<tr>
<td><strong>Saas</strong></td>
<td>Subscribe</td>
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<tr>
<td></td>
<td>View report</td>
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<td></td>
<td>Create account</td>
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<tr>
<td></td>
<td>Complete application</td>
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<td></td>
<td>Download</td>
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<tr>
<td></td>
<td>Check out</td>
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</table>
Some industries enjoy a higher on-average activation rate; 17% of SaaS users are activated in the first week, with Media coming in close at 16%. Finance and eCommerce users, however, might take a little more time (or a lot more convincing), judging by the low activation rates.

Across the board, mobile app users realize the value quickly. For online retailers, mobile apps enjoy almost 10X the first-week activation rates of desktop and mobile web.
ACTIVE USAGE

Are people performing a key action in a specified period of time?

**Daily active users:** the number of people who performed 1 or more key action in a day

**Weekly active users:** the number of people who performed 1 or more key action in a week
While user growth is paramount to the health of any business, the growth of active users is perhaps the truest measure of the product’s impact. A common definition of active users takes into account all users who visit or interact with the product daily, weekly, or monthly. For the purpose of this report, we narrowed it down to those users who took meaningful actions.

Growth in reach (total number of users) and in WAU (weekly active users) paints a mixed picture. Based on the low reach numbers, Finance products, for example, are struggling to lure new users. Yet the number of weekly active users in Finance grows at 4X the average rate for other verticals.

Reach and WAU data tells several stories. It may be that Finance users are literally more invested in using the product, compared to users in Media or eCommerce, and the high value of each acquired user makes up for the slow rate of overall growth. Or it may be that fintech companies are simply less aggressive in acquiring new users, compared to other verticals. After all, reach is a more controllable metric compared to WAU. (A variety of paid channels can give any business a quick boost.)

Growth in weekly active users (MoM)
How engaged are your active users?

What is Engagement?
A measure of how frequently users interact with the product while performing key actions: calculated as total key actions in a week divided by WAU
Across all industries, active users interact with products differently. In the section on usage, we looked at how many users log in to perform a key (meaningful) action each week. Now, we’ll zoom in to how frequently active users perform this action each week—and how user activity varies throughout the week.

While the data on how much time users spend per product session is outside the scope of this report, the number of key actions per week could indicate how much attention—today’s scarcest resource—people have for different products, and could even hint at user satisfaction by industry (assuming that most people engage more with products they enjoy more).

If that’s the case, people clearly enjoy Media products the most, based on the number of key actions (34) that an average active user takes every week. SaaS comes in second at 12 actions, placing the products we play with and work with at the top of the Engagement chart. Online shopping comes in last. That’s not to say that people dislike shopping, but eCommerce engagement clearly lags behind other industries, including Finance.
**Weekly activity trends and the best days to engage**

When you know your baseline engagement and the industry benchmark, you can begin experimenting to improve your results. Most commonly, marketers engage users by sending them emails or push notifications. User analytics can help you find the right triggers, but you also want to consider timing. The data below can point to the best (and the worst) days of the week to reach out to users.
Not surprisingly, user activity slows down on the weekend, with Sunday showing the biggest dip in daily active users. Friday is the third-slowest day of the week for users across all industries except SaaS users, who consistently use their favorite tools before heading into the weekend. User activity spikes on Tuesday in all industries—and especially Finance—when people appear to have renewed interest in budgeting, and money is top of mind. Media products also see a spike in usage early in the week on Monday and Tuesday; low engagement on Sundays suggests that other activities (such as TV) are competing for limited user attention.

**User activity by day of the week**

(% change in DAU compared to weekly average)
How many of your active users come back?

What is Retention?
A measure showing whether users are coming back to use the product: calculated over 7 and 30 days.
As the cost of user acquisition increases every year and in every industry, customer loyalty becomes the primary path to profitability. Retention measures the percentage of people who continue to use a product over a particular period (e.g., a week or a month).

It’s not just product managers who look at product retention. This metric is fundamental for marketers, executives, and investors looking to evaluate the health of a firm. But for product managers specifically, analyzing retention by customer cohorts and collecting qualitative feedback helps identify at-risk customers so teams can plan accordingly. The 7-day and 30-day retention benchmarks by industry presented in this report provide some context for understanding baseline retention—and can serve as a starting point for optimization.

7-day retention by industry

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2 This report doesn’t include SaaS retention data.
Media products may have the strongest retention rate in the first week, but when you look at the 30-day rate, Finance emerges as the winner—albeit by a small margin. At just 1%, eCommerce products show the weakest 30-day retention rate. It could be that online shoppers are a fickle bunch or simply don’t shop very frequently; the data can’t say for sure. In eCommerce and other industries, however, mobile app users show a little more promise—another argument for businesses to accelerate the transition from “mobile-friendly” to “mobile-first.”
Conclusion

The competition is stiff as companies in Finance, Media, eCommerce, and SaaS race to acquire, engage, and retain users—a trend that naturally reflects slower on-average rates of growth and weaker retention. A few companies manage to break through; most do not. Yet the rewards can be great for those companies that are up for the challenge: the gap between the average and best-in-class products is growing wider than ever before. Our reach data shows an 18X difference between the median and 90th percentile rate of growth in monthly active users.

Cross-platform analysis indicates that a strong mobile strategy can give you an edge, especially in Finance, which experienced a slight negative growth in desktop users (-1.56%), and SaaS, where the numbers show higher engagement rates for mobile app users. User activation is impressively high on mobile apps in eCommerce, yet overall retention rates (just 1%) across platforms reveal massive potential for improvement through personalized lifecycle marketing on web and mobile channels. Understanding how users engage throughout the week can guide you towards a path of experimentation and incremental improvement.
About Mixpanel

At Mixpanel, our mission is to increase the rate of innovation. Not only as a company, but for the businesses we serve. Through our analytics and engagement product, companies can analyze how and why their users engage, convert, and retain in real time across web, mobile, and smart devices. Then they can use that data to improve their business and products.

Mixpanel serves over 26,000 companies from different industries around the world, including Samsung, Twitter, and BMW. 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

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### Appendix

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#### What’s a key (meaningful) action?

An action defined as meaningful to the company’s business (e.g., “add to cart” for a shopping app, “play video” for a video product, etc.).
For more information, visit: www.mixpanel.com