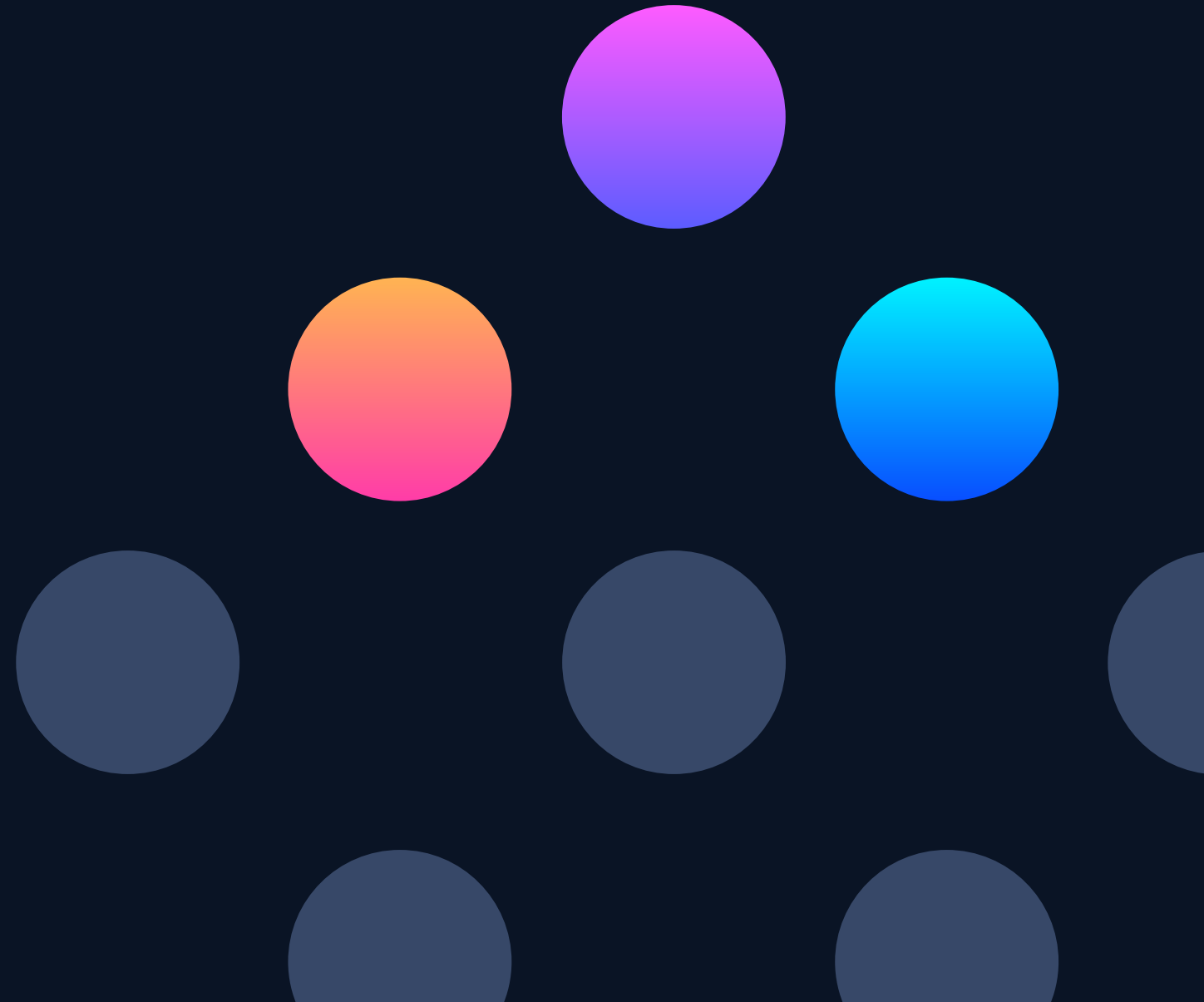


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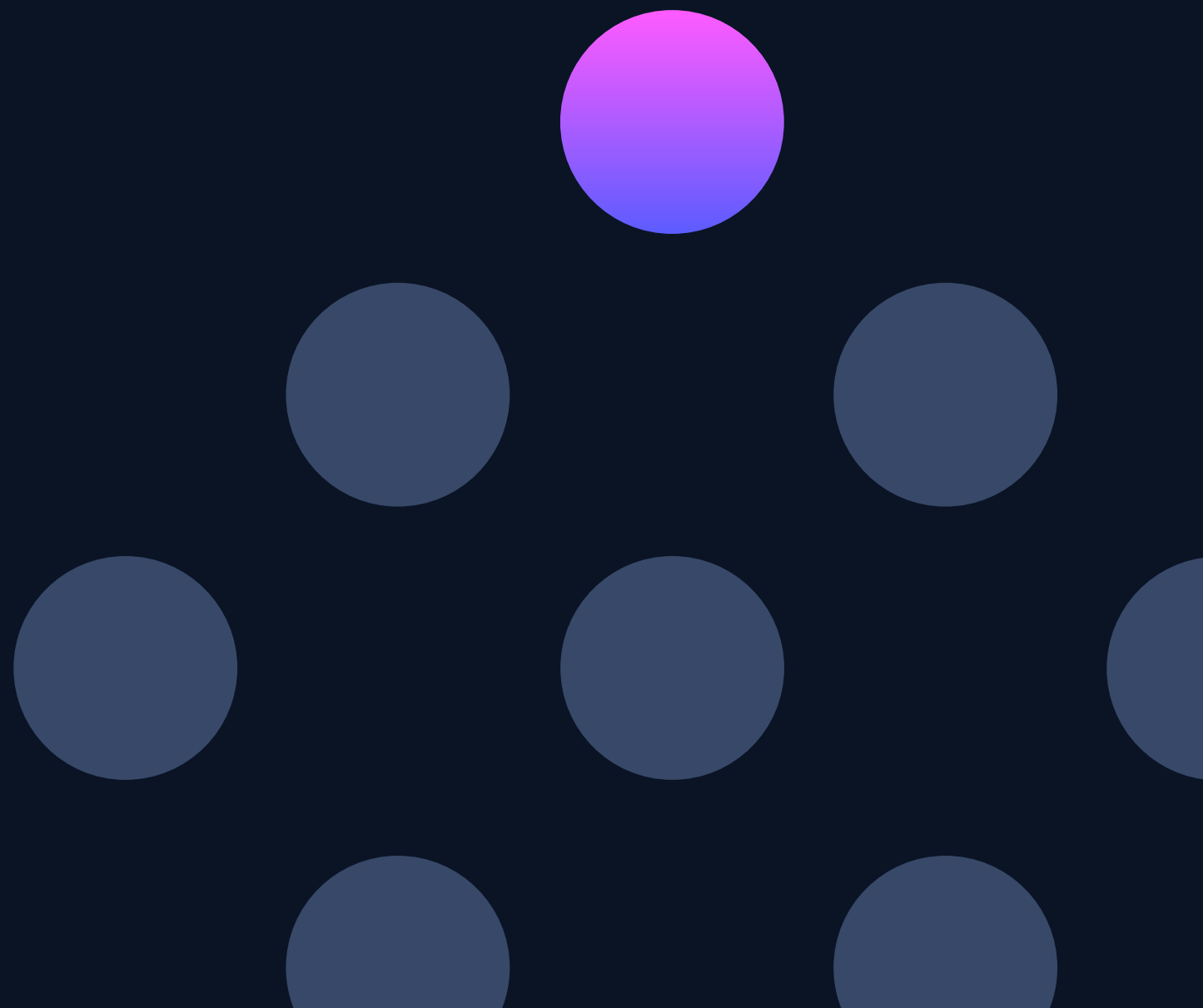
# The State of Product-led Growth



We compiled this report to provide our community members with a holistic, quantitative understanding of the current state of product-led growth.

In addition to data collected from recent surveys of thousands SaaS businesses, the information in this report references data from Appcues, OpenView, Pitchbook, and ProductLed.

We hope you find the following report a useful guide on your company's journey to product-led growth.



# What is product-led growth?

Product-led growth uses the product as the main vehicle to acquire, activate, and retain customers. It's a go-to-market strategy that provides buyers an opportunity to try out the product to see if it's a good fit before buying.

Product-led is an appealing strategy for SaaS companies and has led to immense growth for Slack, Dropbox, and Zoom.



# Product-led businesses are thriving

Product-led companies trade at nearly a 50% premium to the SaaS index tracked by OpenView.

Despite this advantage, only 27% of companies surveyed by OpenView have adopted PLG as their main go-to-market strategy.

It's still early to say for certain, but the increase in the gap between PLG and the SaaS index is likely due to COVID-19.

SOURCE: PITCHBOOK DATA AS OF 9/10/2020



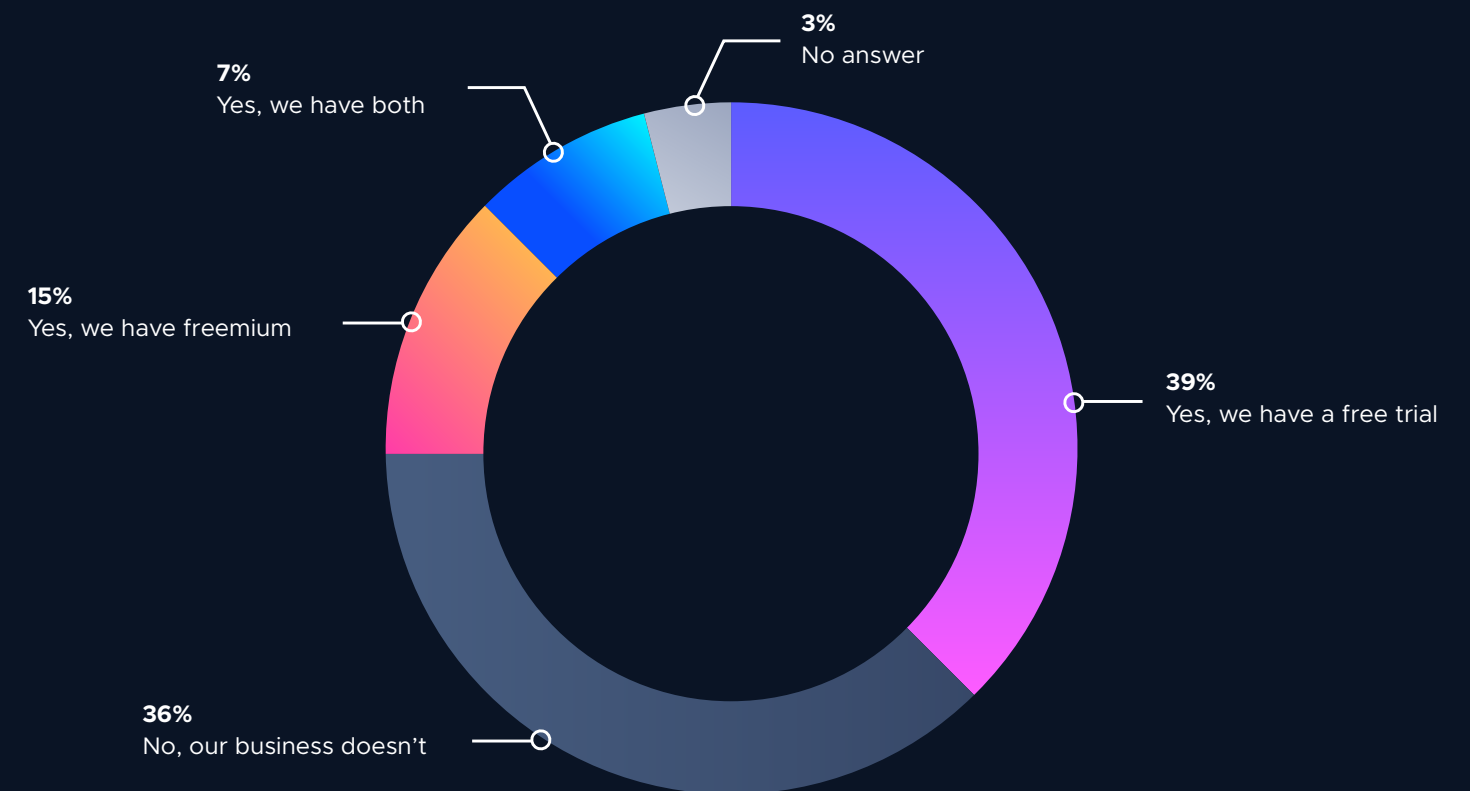
## Most businesses now offer free experiences

A tenet of product-led growth is that all users, whether B2C or B2B, prefer to self-educate. This typically means that there is a free product experience for users to learn how the product works and determine if it meets their needs.

Nevertheless, 36% of companies surveyed said they don't allow users to try their product for free.

SOURCE: 2020 APPCUES SURVEY

### Does your business currently allow prospects to use/try your product for free?



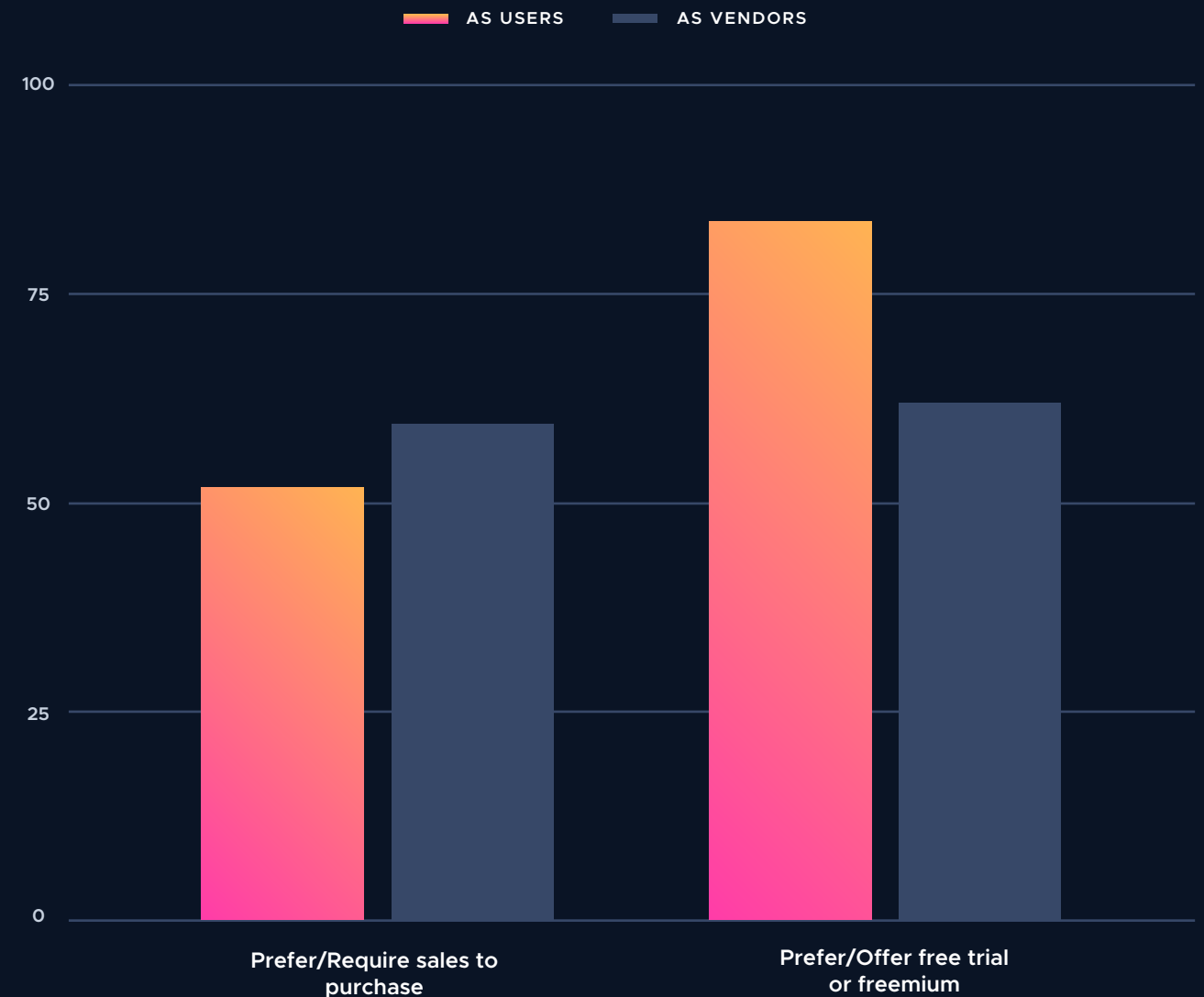
# The gap: user preferences vs business models

When we compare how our survey respondents answered our questions as SaaS users to how they answered as SaaS vendors, nearly 90% do want to try a product for free, even if they also prefer to have a salesperson involved.

Despite this clear preference themselves, 39% of companies are not currently offering a way for users to try their products for free.

Additionally, over half require the sales team to facilitate purchasing or upgrading their products, which is in line with survey-takers' own preferences for Sales to be involved.

SOURCE: 2020 APPCUES SURVEY



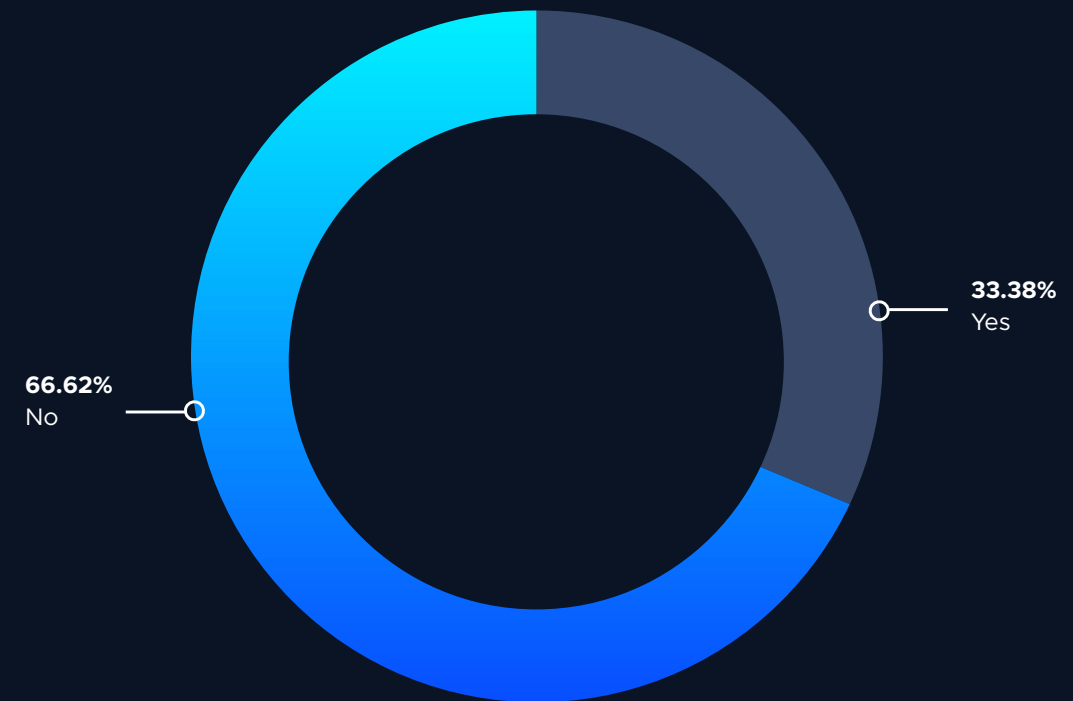
## Pricing transparency

As more businesses acknowledge users' preferences to self-educate, pricing transparency is becoming the norm.

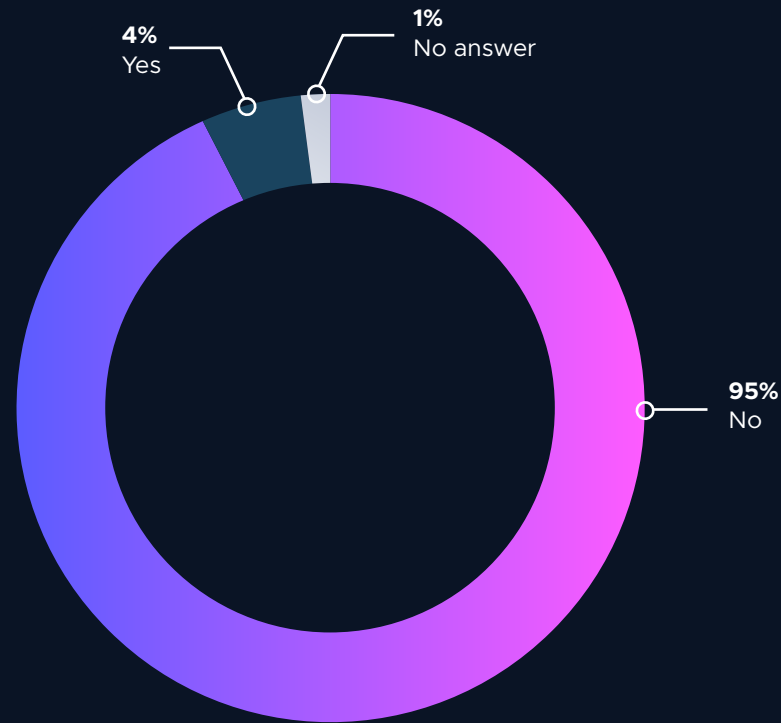
Whereas legacy approaches to pricing pages focused on plan tier differentiation but lacked actual prices, two thirds of businesses now make some or all of their pricing publicly-available.

SOURCE: 2020 PRODUCTLED.COM SURVEY

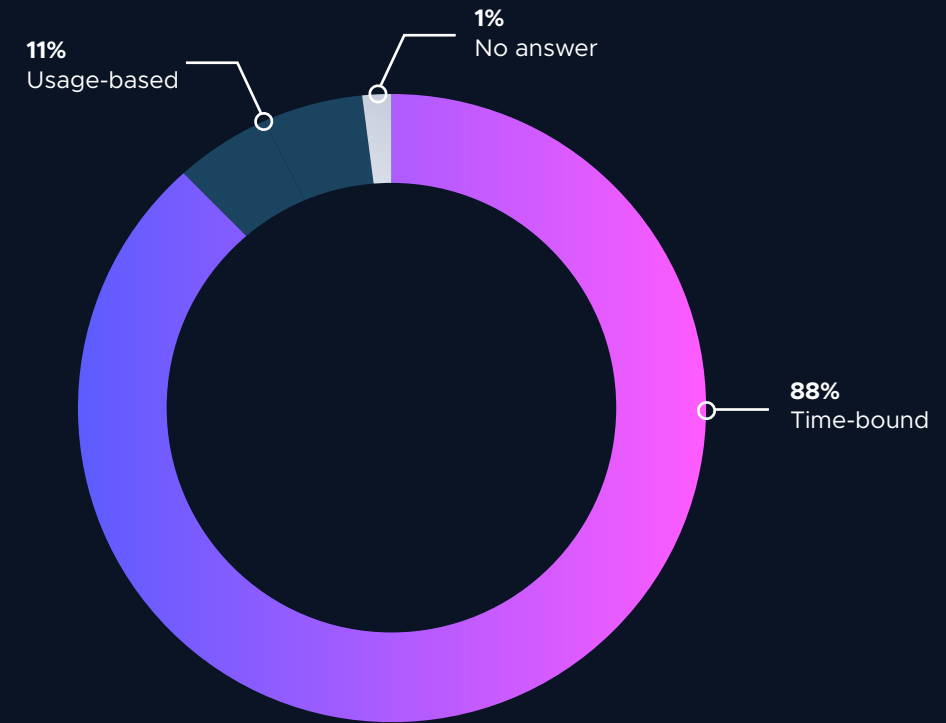
### Do you currently hide your pricing?



# Removing access barriers



Nearly all companies we surveyed allow users to get started with a free trial or freemium product without entering a credit card.

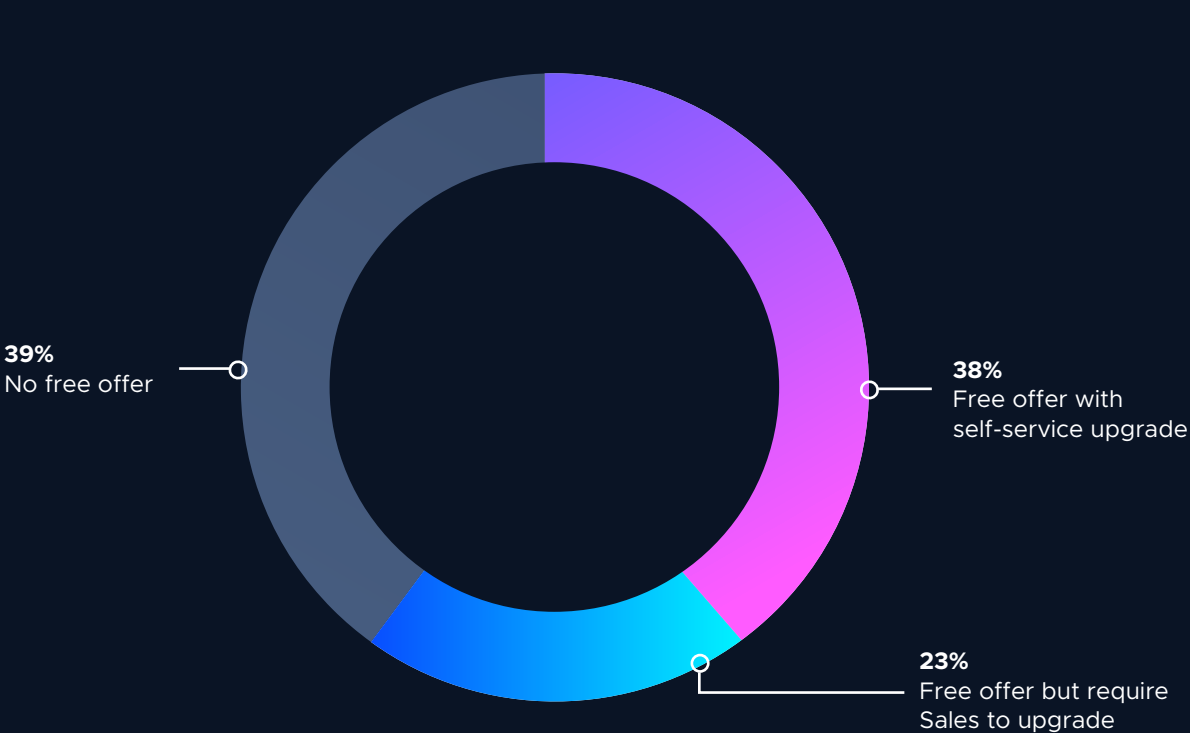


Time-bound free trials are the most popular. For many products, a usage-based trial may make more sense and lead to higher conversions as users are able to get to activation before time runs out.

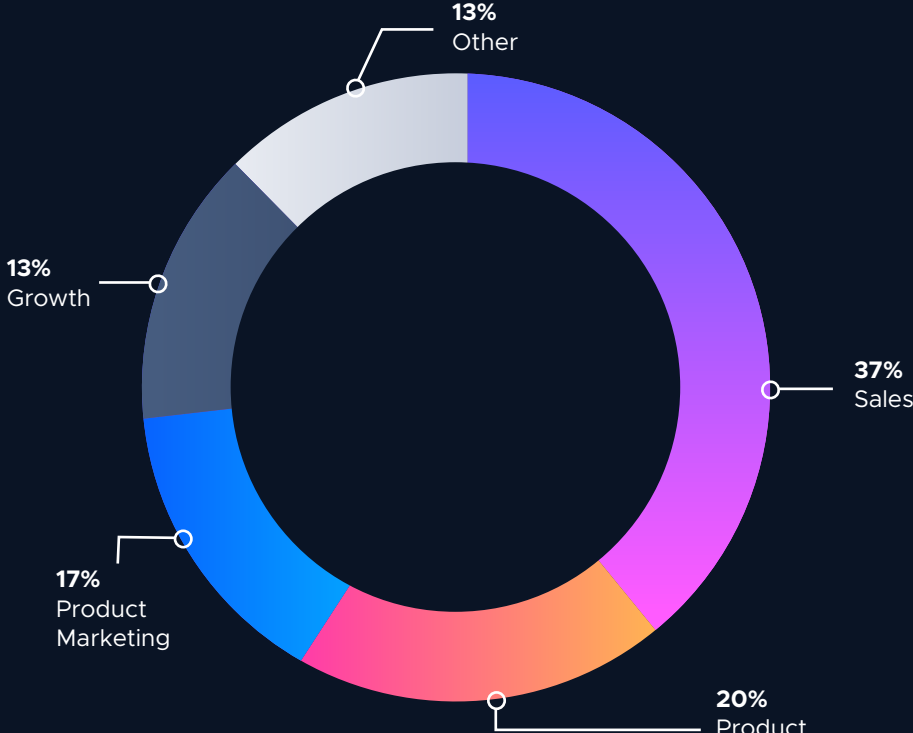




# Who owns conversion?



Of the 61% of survey respondents who have a free offer, over one-third require Sales to manually facilitate upgrades.



Looking at who is in charge of conversion, the same 37% who require Sales to facilitate upgrades make Sales responsible. Half of companies with a free offer assign conversion to product teams; either Product, Product Marketing, or Growth.



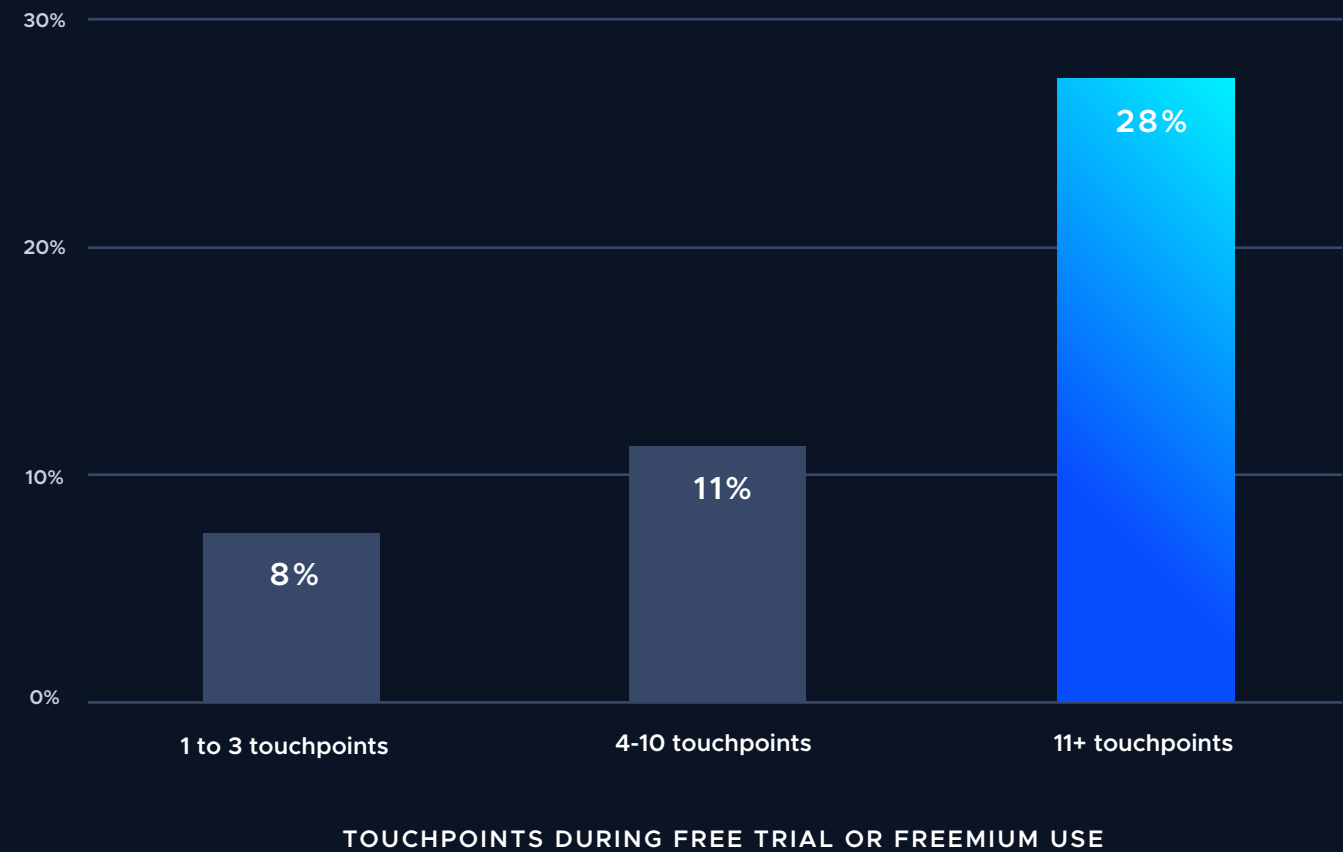
## More outreach = more conversion

Whether or not your onboarding is personalized, reaching out more to free users correlates with 2.5x better conversion rates.

OpenView's survey revealed that products with 11+ touchpoints have 2x better conversion than sales-led efforts.

SOURCE: 2020 OPENVIEW SAAS PRODUCT BENCHMARKS SURVEY

### Conversion from Free Account to Paid Account



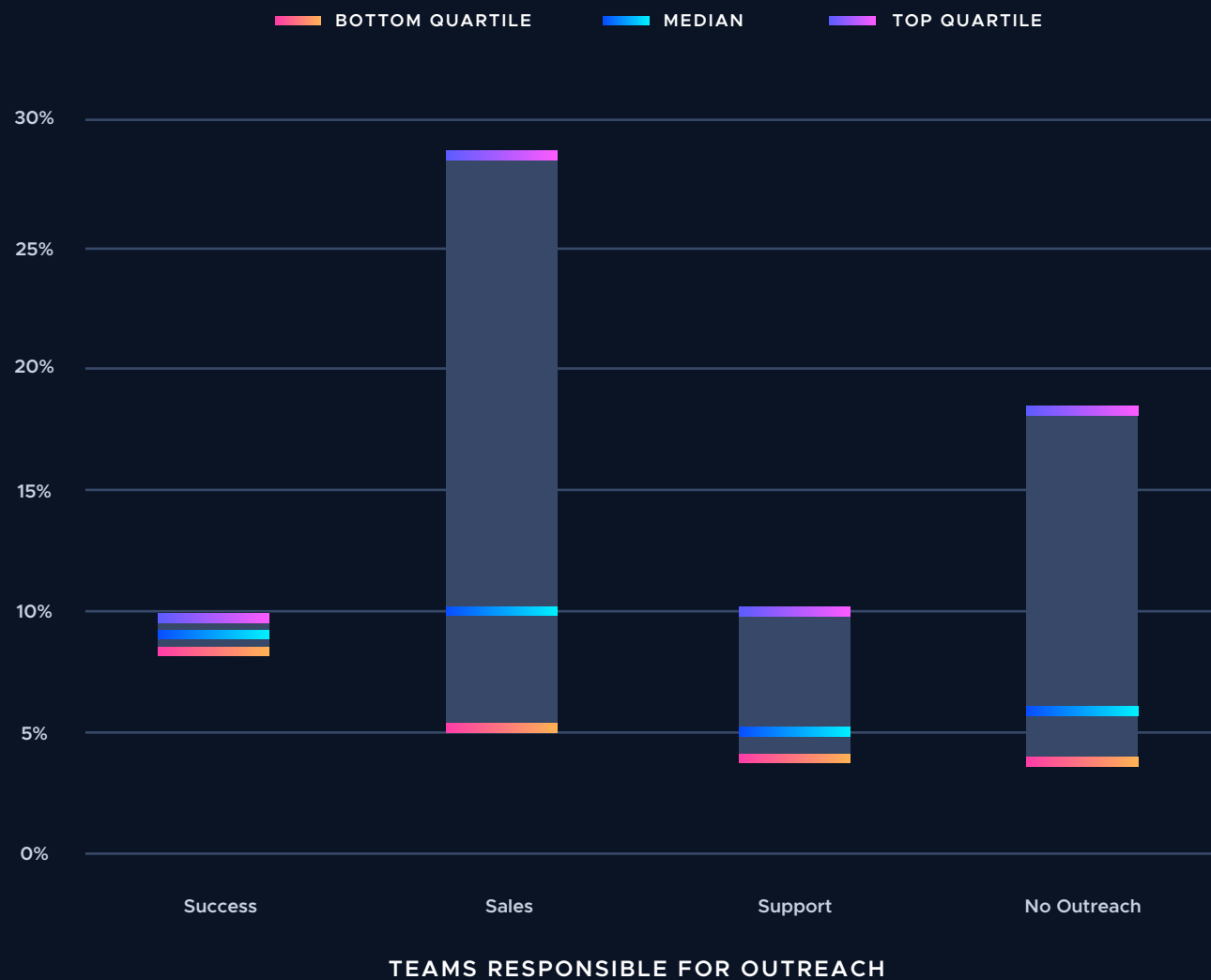
# Sales outreach outperforms

OpenView's recent survey shows putting Sales in charge of outreach results in not only a higher average conversion, but higher potential with the top quartile converting over 25%.

Sales teams are a huge value to product-led growth when aligned well with the strategy.

SOURCE: 2020 OPENVIEW SAAS PRODUCT BENCHMARKS SURVEY

### Conversion from Free to Paid Account (Team Performing Outreach)

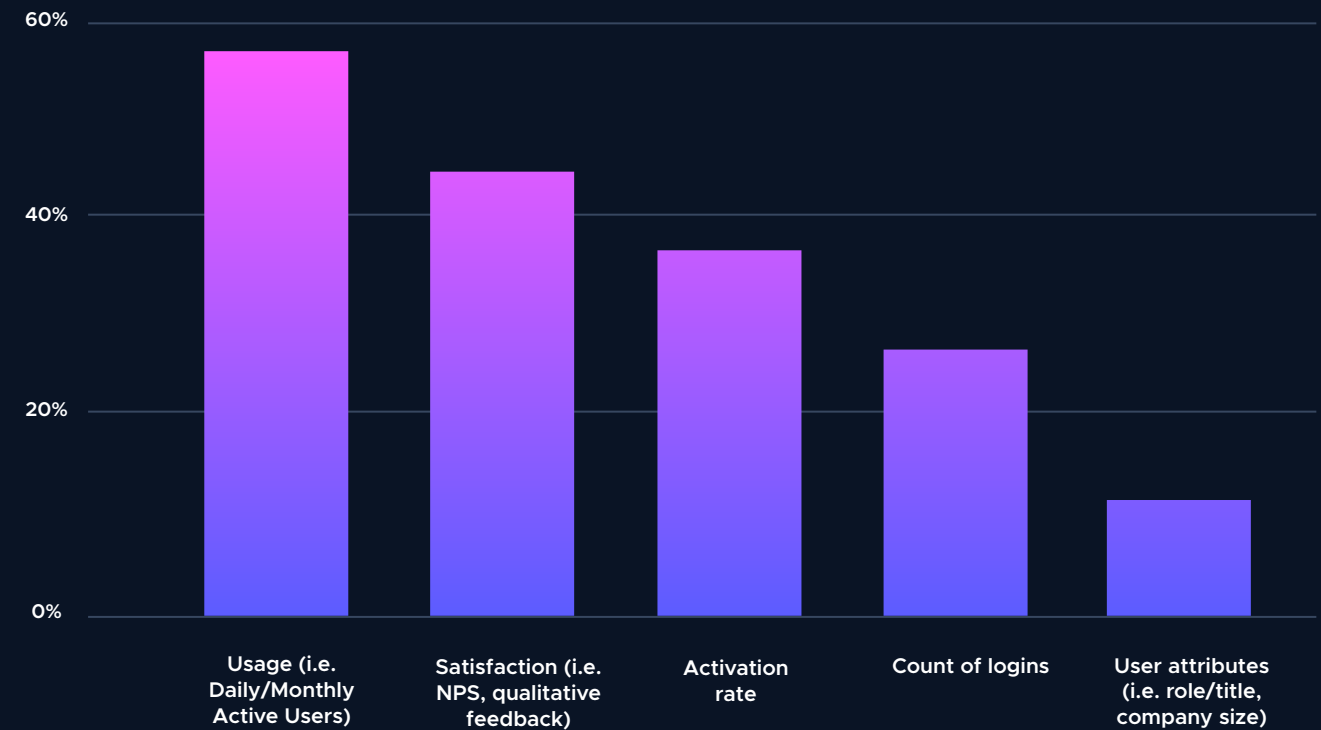


# Aligning around the product

By aligning around the product, SaaS teams can close the value gap between what their product promises and the value their users perceive, no matter whose plate conversion falls on.

This is a data-driven approach that relies on measuring key value metrics. We can see that survey respondents are collecting a good deal of data on their free users, with more than half measuring usage, and over one-third measuring activation rate and satisfaction.

SOURCE: 2020 APPCUES SURVEY

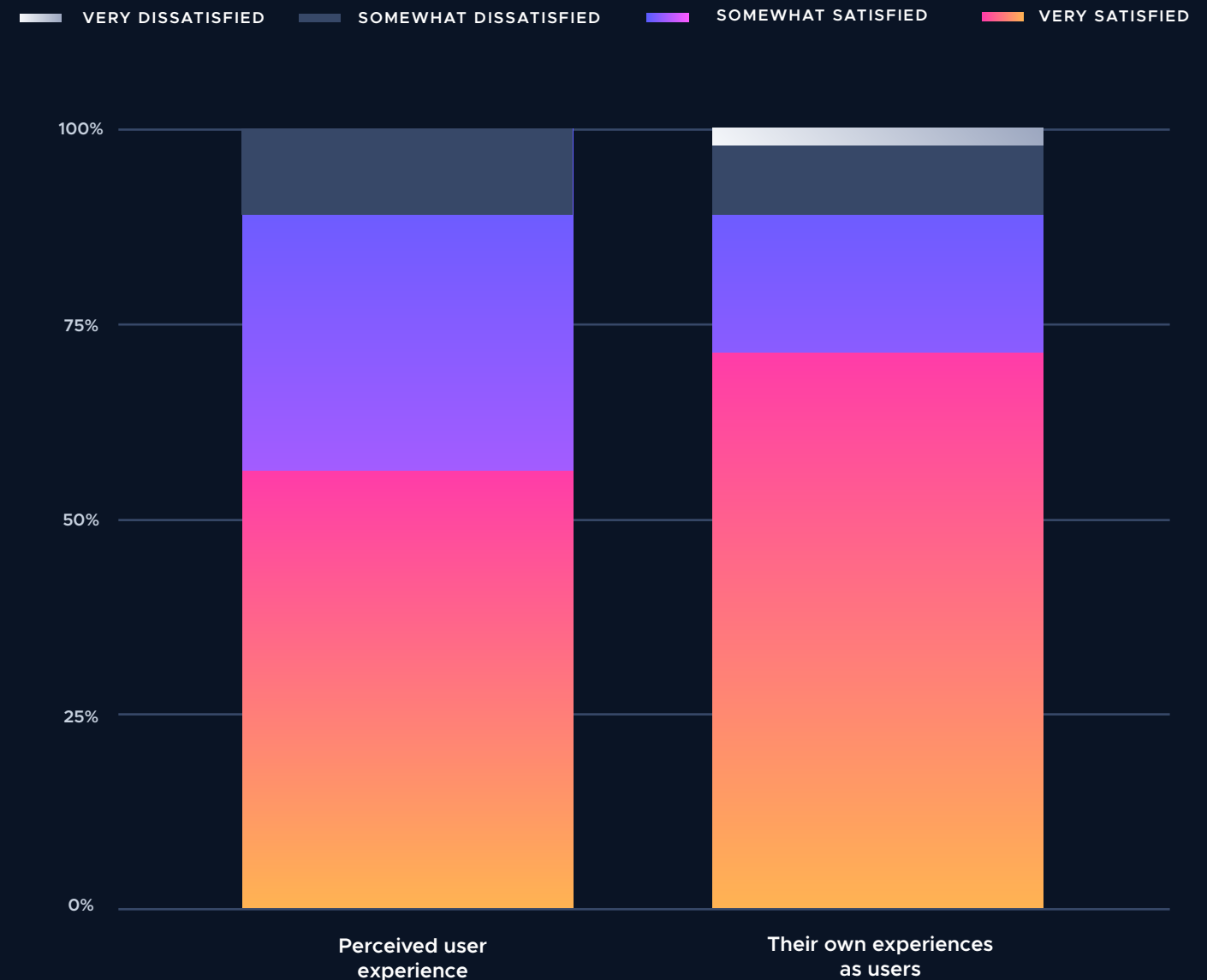


# Tracking user satisfaction

When asked about whether their users are satisfied with the free product experience, over 75% said that their users are either “somewhat” or “very satisfied,” even though only 45% are actually measuring satisfaction.

When asked about their own experiences as users of business software, the results were similar, albeit self-ratings for “very satisfied” were significantly higher than ratings for their own experiences with other software.

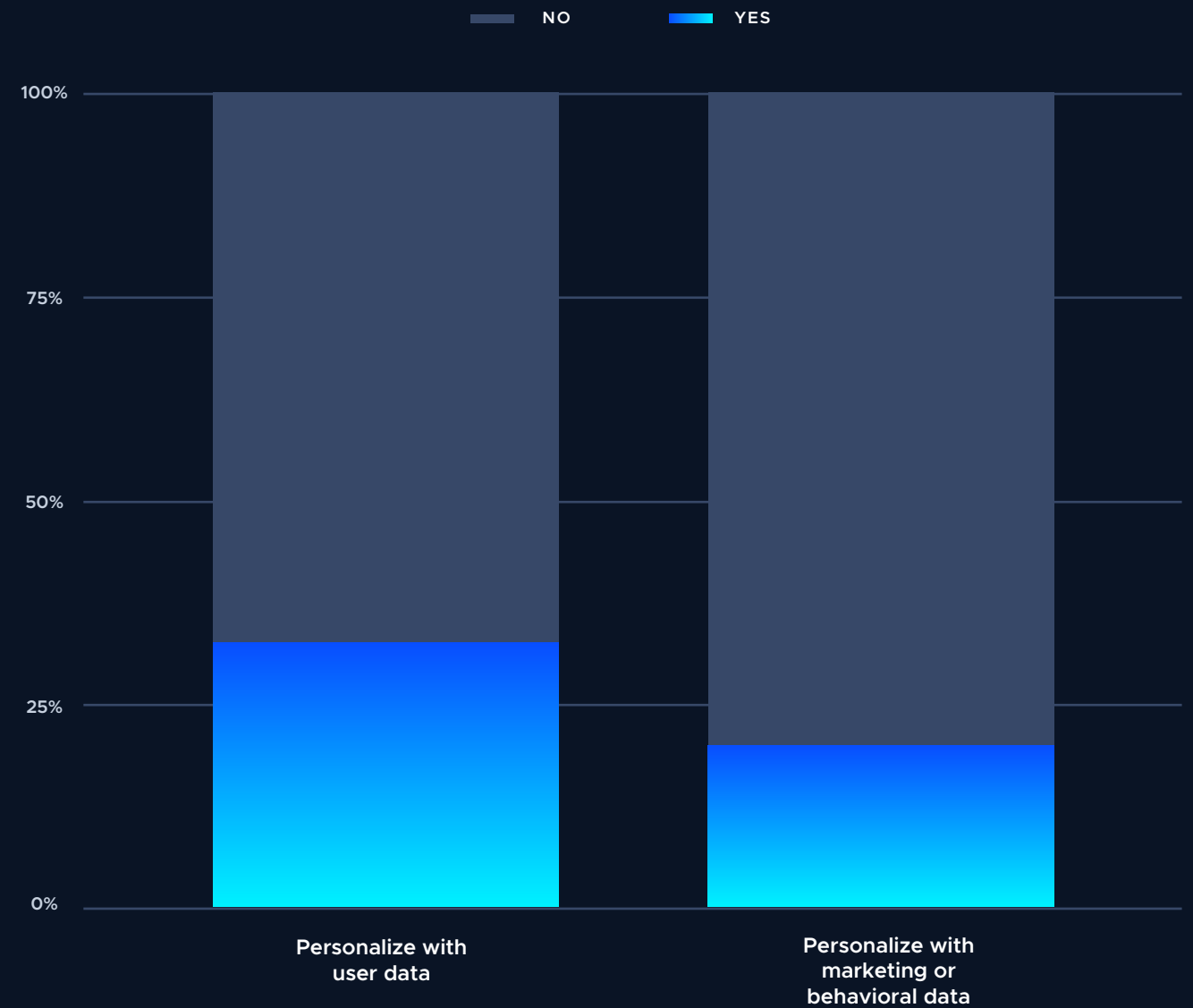
SOURCE: 2020 APPCUES SURVEY



# Personalized onboarding

One way to close the value gap and remove friction from the buying process is personalizing the onboarding experience. However, only a small percentage of those surveyed indicated they are currently doing so.

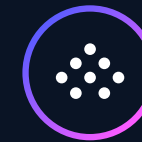
SOURCE: 2020 APPCUES SURVEY



# Action plan

1. For product-led SaaS companies, offering a free way for customers to try your product is a must. If you currently require Sales to facilitate the free product experience, give that a serious reconsideration. Sales is most effective when doing outreach to PQLs.
2. Once your users are engaged in the free product experience, customize the onboarding process based on the data you have on them. Ask what they're trying to do with your product and give them a playbook to meet their needs.
3. Finally, measure what your users are doing, and how satisfied they are, tracking PQLs and activation. Know your value metrics, and how long it takes users to get there. This alone will set you apart as the best product in your category.

This report was compiled by the Product-Led Growth Collective—a community-driven resource, made for growth-minded folks, by growth-minded folks—in partnership with ProductLed, whose mission is to advance the practice of product-led growth, through online education, events, and research.



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