APTITUDE 8

What Is Product Led Growth?

& How To Get Started

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A Product Led Growth (PLG) strategy counts on the product itself—its features, performance, and virality—to do much of the "selling." In other words, PLG is a strategy in which user acquisition and retention are driven primarily by the product itself.

While this strategy might seem new, it's actually putting a new name on an already strong lead generation strategy some of the top SaaS companies have been using for years. How many times have you signed up for a freemium trial of a product? That's PLG!

How Product Data Drives Growth

Product data is the cleanest way to understand a customer's use case. The way a customer uses the product shows you exactly what problem they hope to solve, which you can use to cater your messaging.

There are a few key benefits to having product data available in your business tools like your CRM:

1. Product data helps you uncover more qualified leads. In a PLG world, many companies will be a customer of your product, but they haven't had any interactions with your sales team or made a purchase yet. These Product Qualified Leads (PQLs) are incredibly valuable and a blindspot for traditional CRMs. You can target leads who are the most active in your product and have a higher chance to convert.
2. Product data in CRMs provides automated and reliable reporting. With typical CRMs, you have to rely on Sales, CS, or Support to manually fill in fields. With PLG, the product data you already have automatically collected in your product can be used to infer which stage each customer is in. For RevOps, you will always have an accurate and up to date picture of your funnel, which helps with predictability and forecasting, because product usage is a leading indicator of revenue.
    *   On the flipside, if a user or account stops using your product, they will have a higher likelihood of churning. You can also reduce churn by proactively identifying customers with less activity and reaching out to them.
3. There is a huge benefit in having sales, product, marketing, and success aligned on the same goals.

How Product Led Growth Works

PLG is all about breaking down the traditional silos that exist across teams, so that everyone is focused on improving the overall customer experience and on increasing product activation.

Without PLG, everything is treated like a "handoff" from one team to another and everybody is working in a silo. But with PLG, the lines are blurred.

For example, in a PLG world, buying doesn't just happen over the phone. Calls aren't the only signal of intent: Buying can happen online, sometimes without any human interaction. So the traditional "First Call" on a traditional CRM may not make sense in a PLG world.

Companies with a PLG strategy are able to grow faster and more efficiently by leveraging their products to create a pipeline of active users who are then converted into paying customers.

Product-led-growth companies give users the ability to sign up for a free version of their products. The typical adoption path begins with a single user and expands when additional team members see the value in the product.

Once enough users are leveraging the tool, management will purchase an enterprise license to cover the entire organization. Obviously, this model only works with a strong product, hence the name "product-led-growth."

Converting free users to paid customers is not easy. In most cases, the role of marketing, success and sales in PLG companies is to accelerate the adoption cycle. This means delivering highly personalized content, messages, and offers.

The challenge is, when nearly all of the information about the customer is captured in-product, it makes it really difficult to leverage the information because it doesn't exist in native business systems like your CRMs. Customers in PLG aren't filling out hubspot forms anymore, they are going to your product directly.

So, how do you make that data accessible?

Setting Your CRM Up For PLG

A PLG CRM is any CRM that:

1 Contains data on how a customer is using your product, and

2 Has workflows built around your product journey data.

With a PLG CRM, product usage data helps determine the stage a customer is in, not how many calls they've had with your sales team. It is much easier to get started with your existing CRM and simply adding data and workflows there to unlock PLG (instead of buying another tool). After all, who needs another tool to look at?

How To Use a PLG CRM

Step 1: Determine your stages of activation

The goal of the PLG model is to drive product adoption or activation. Therefore, your CRM should be aligned with those same goals.

To achieve this, you have to identify your activation point in which a customer has fully adopted the product. This will be different from every company, but you will want to search for the point in which a customer typically continues to use the product after a certain point or threshold. A point where retention is consistently higher after that point.

Once you have the activation point, you will want to work backward to identify points of heavy friction in which potential customers get "stuck" before reaching this activation point.

These can either be specific events in the product onboarding process or an aggregation of events. An example of a point of friction might be if users get stuck on a certain onboarding task that causes a bunch of users to drop off.

Step 2: Model your deal stages around these activation points

The next step is building these stages in the customer journey into the CRM. This could be done in a variety of ways such as:
- Contact Properties
- Custom Objects
- Deal Stages

To help visualize this, imagine the stages of a traditional sales pipeline in which you have things like Discovery, Demo, Decision Pending, and Closed Won. In the PLG deal pipeline, we replace stages of the seller journey with stages of the customer journey, and closed-won would be replaced with fully activated.

It's okay if not everyone makes it through the Product Led funnel. Some customers may not have a need for your product yet or they'll need to talk to Sales first which brings us to our next point.

Step 3: Set up your pipelines and owners of each pipeline

Everyone in your company should have access to a PLG CRM, not just the sales team.

To easily get started, create two pipelines: a "Sales Assisted" pipeline and a "Self-Serve/Product Led" pipeline.

Most customers should fall into the Self-Serve pipeline, where they can use the product themselves to gain value and receive helpful emails or nudges along the way. We recommend that Customer Success and Product teams own the "Self Serve" pipeline.

Product or Marketing can own this pipeline on an aggregate basis (i.e. by sending lifecycle emails to a set of accounts), and Success can own this pipeline on an individual and personalized basis (for example, hopping on an onboarding call and debugging issues with customers).

You can even give Success and Solutions staff KPIs like number of successful onboardings or revenue targets in order to align their incentives with customer activation.

The Sales Assisted pipeline is reserved for customers that likely need an extra hand with understanding the product, such as Enterprise companies that prefer demos or users that will require help setting up. This pipeline can be owned by the Sales team.

Customers should have the option at any time in the Self-Serve pipeline to talk to Sales if they have Sales questions (for example, questions about pricing).

Conversely, there is a high potential that some customers might want a traditional sales process for a variety of reasons. At any point, you should allow (and even automate) a deal to leave the self-serve pipeline and move to a traditional sales pipeline.

There is also a chance there might be some deals (Enterprise deals with longer sales cycles for example) go straight into the traditional sales pipeline. This is okay, there's no one size fits all solution and for a large majority of companies, there will be a need for a hybrid model that can be supported with separate deal pipelines.

Once the deal stages are built and reflect the customer's activation journey, we can move onto the fun part of getting product data into the CRM and powering this pipeline with automation and touchpoints.

Step 4: Set up automations to move customers through the product funnel

The final step is to add the nudges and touchpoints that help move a customer through your product funnel and help them increase their product adoption.

First is figuring out how to automatically move customers into the next funnel stage when they complete the activation event required (so that you have automatic and reliable reporting).

Now that we have the usage data in our CRM, we can use the criteria for each stage as a trigger to move the deal from the previous stage into the next using tools within your CRM like HubSpot Workflows.
For example, if your use case requires 10 users from one company and 35 product events to move to get into the third stage, you can make those two stats the enrollment criteria and make the action move associated deals into Stage 3.

Moving Forward

What else can we automate? Now that you have customer data in your CRM and stages of the activation funnel, you can leverage your tech stack to its full potential. If someone gets stuck on an onboarding task. you can send them a personalized help article so they can move onto the next stage.

Sometimes customers need human reactions for certain things, you can now trigger slacks, tasks, or anything else to make sure your customers get the experience that they need!

If you're looking for help to get started, feel free to reach out!