2020

PRODUCT INTELLIGENCE REPORT

How user behavior insights
drive business growth

Amplitude

2020 Product Intelligence Report

It's no surprise that 2020 was the year digital priorities changed. With the onset of a global pandemic, digital transformation went from a steady trend to a required strategy overnight. Digital product usage increased by an order of magnitude. Companies equipped to engage with their customers online survived and even thrived—while others struggled.[1]

In August 2020, Amplitude partnered with researchers to conduct a quantitative study surveying over 350 business leaders to learn how their businesses are adapting to accelerating digital transformation. Some of the results are expected: businesses are highly focused on creating digital-first customer experiences. Some are surprising: leaders face a large amount of uncertainty on how to achieve their digital objectives.

These leaders' core business objectives include increasing customer retention, understanding user behavior, and improving the digital experience—all of which require sophisticated analysis of customer data. But most businesses we surveyed aren't setting themselves up for success here. Many don't have the necessary data or, even if they do, they lack the tools to access and analyze the data.

However, those that have real-time insights into customers' behaviors with product intelligence tools are succeeding. They're able to move faster and deliver products that users want. In fact, businesses using product intelligence were 5.5 times more likely to see over 25% YoY growth in revenue compared to those without product intelligence.

Why the difference? Product intelligence tools combine product analytics, data management, and behavioral targeting to provide deep insights into why customers behave the way they do, not just what actions they are taking. With product intelligence, product teams can ask and answer questions they have about the customer journey and digital experience. Knowledge is power, and the data in this report bears that out. Access to product intelligence tools is correlated with faster iterations and increased revenue growth.

1. Spenser Skates, "The COVID-19 Digital Report: 15 Trends Across 600 Applications," Amplitude Blog, June 24, 2020, https://blog.amplitude.com/the-covid-19-digital-report.

Key Findings

94% of business leaders say that understanding digital user behavior is a priority, but 71% are unsure of how to do so.

When teams cannot access behavioral insights immediately, 59% move forward based on instinct, rather than evidence.

Businesses using product intelligence were 5.5 times more likely to see over 25% YoY growth in revenue compared to those without product intelligence.

Businesses using product intelligence were 6 times more likely to ship new releases at least once a week compared to those without product intelligence.

Businesses whose product teams have significant autonomy were 5 times more likely to see over 25% YoY growth than businesses with less autonomous product teams.

Businesses with a product leader at the C-level were almost 6.5 times more likely to see over 25% YoY revenue growth, compared to those whose product leader was below C-level.

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Leaders Say They Want to Prioritize Digital Objectives

Business leaders know that they need to win at digital to get ahead. Understanding user behavior and retention, improving the digital experience, and becoming more product-led are top priorities for the majority of those surveyed. The data shows:

- Improving the digital experience is a priority for 97% of businesses.

- Better understanding of how to retain users on digital platforms is a priority for 92% of businesses.

- Better understanding of the behavior of users of their digital products is a priority for 94% of businesses.

- Becoming more product-led is a priority for 97% of businesses.

Leaders Say They Want to Prioritize Digital Objectives

	Not a Priority/Don't Know	A Priority, but Not a Top Priority	Top Priority for the Business
Improving the Digital Experience for Users	3%	39%	58%
Better Understanding How to Retain Users on Digital Platforms	8%	38%	55%
Becoming More Product-led as a Business	3%	45%	52%
Better Understanding the Behavior of the Users of Our Digital Products	6%	55%	39%

● Not a Priority/Don't Know   ● A Priority, but Not a Top Priority   ● Top Priority for the Business

Q: To what extent are the following a priority for your organization? N = 359

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Given the urgency of digital transformation, it makes sense that companies are focused on improving their approach to digital. They understand the value of user behavioral data, retention, and the digital experience. But when it comes to actually realizing those objectives, the story is not so straightforward.

Reality: Most Leaders Aren't Sure How to Achieve Their Digital Objectives

While digital objectives are a priority for leaders, many struggle to find the path to actually accomplishing them. A majority of business leaders are not sure of what they need to do to retain their users and understand user behavior. The same goes for becoming more product-led as a company.

Unlocking the digital experience is challenging, and requires a new way of interacting with customers. It also requires a new set of tools to analyze customer data. Without them, businesses will inevitably struggle to achieve their digital objectives.

- 71% of survey respondents say they don't know exactly what to do to better understand the behavior of users of their digital products.

- 60% say they don't know exactly what to do to become more product-led as a business.

- 69% say they don't know exactly what to do to get a better understanding of how to retain users on their digital platforms.

- 38% say they don't know exactly what to do to improve the digital experience of their users.

Leaders Don't Know Where to Start to Achieve Digital Objectives

71% of Leaders	Better understand user behavior in their digital products
69% of Leaders	Better understand how to retain users on their digital platforms
60% of Leaders	Become more product-led as a business
38% of Leaders	Improve the digital experience

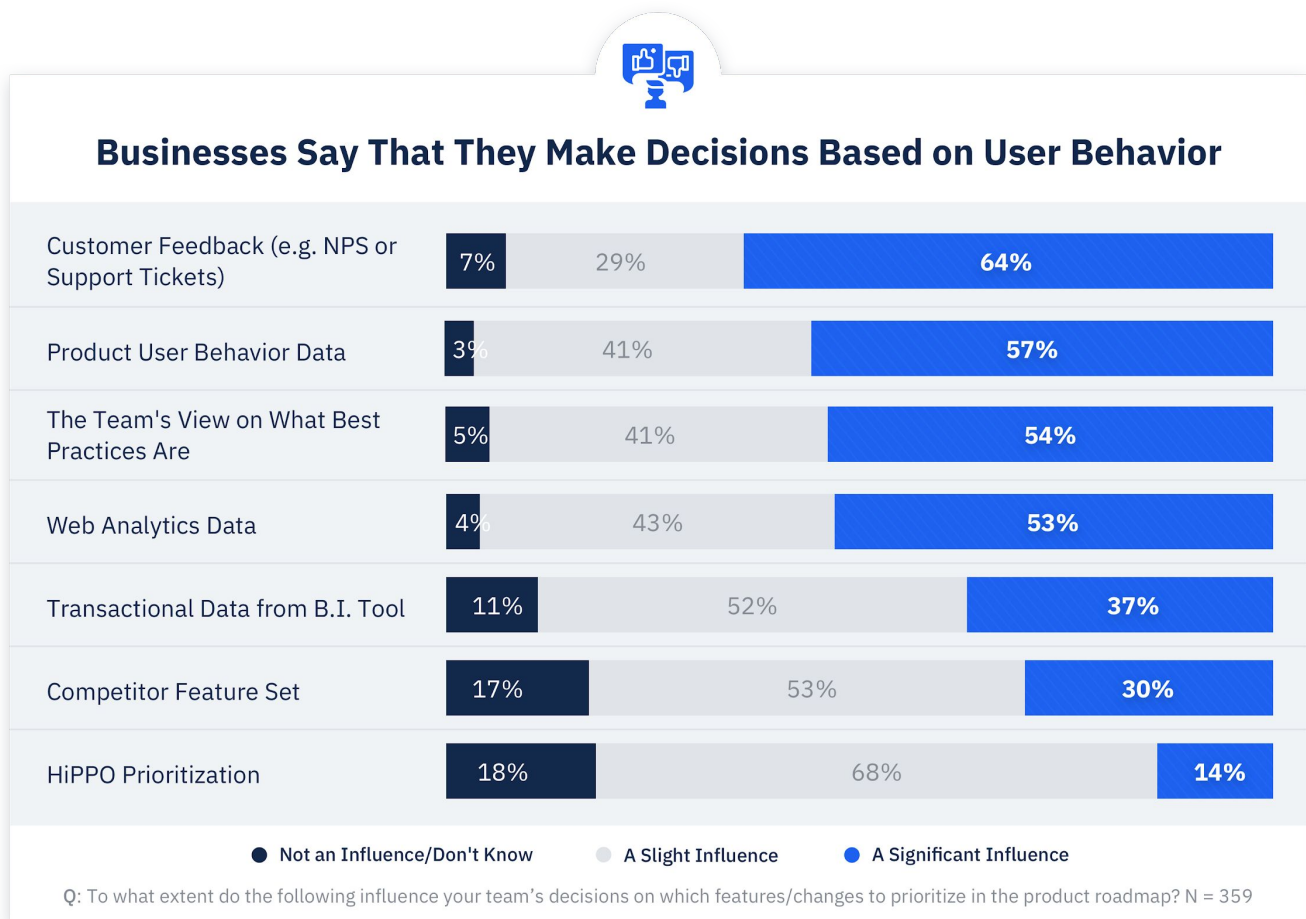**Don't know exactly what to do in order to...**
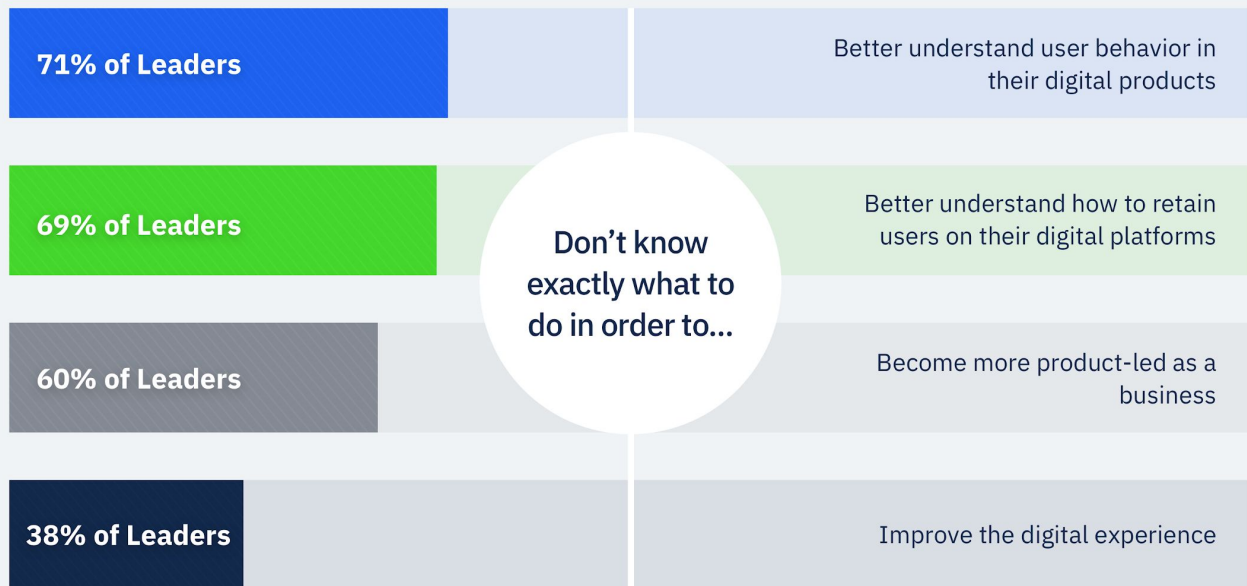
62% of leaders reported that they do know what to do to improve the digital experience of their users. Fewer leaders were confident in their ability to meet other digital objectives. But these other goals—understanding user behavior, how to retain users, and becoming product-led—all contribute to the digital experience. This demonstrates that many companies do not understand how their digital objectives are related.

The uncertainty companies have around achieving digital objectives carries through to their approach to behavioral analysis.

Businesses Say They Make Decisions Based on Behavioral Data

Behavioral product data is the key to understanding why people choose a product, become engaged, and retain on digital platforms. It unlocks the digital experience.

Most businesses realize the value of this data. 57% say that their customers' behavioral data has a significant influence on their product roadmaps. Other significant influences include customer feedback (64%), the team's perspective on best practices (54%), and web analytics data (53%).

Businesses Say That They Make Decisions Based on User Behavior

	Not an Influence/Don't Know	A Slight Influence	A Significant Influence
Customer Feedback (e.g. NPS or Support Tickets)	7%	29%	64%
Product User Behavior Data	3%	41%	57%
The Team's View on What Best Practices Are	5%	41%	54%
Web Analytics Data	4%	43%	53%
Transactional Data from B.I. Tool	11%	52%	37%
Competitor Feature Set	17%	53%	30%
HiPPO Prioritization	18%	68%	14%

● Not an Influence/Don't Know　　● A Slight Influence　　● A Significant Influence

Q: To what extent do the following influence your team's decisions on which features/changes to prioritize in the product roadmap? N = 359

However, the data suggests that businesses' focus on behavioral data may be more aspiration than actual practice.

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Reality: They Aren't Using Tools That Generate Deep Behavioral Insights

Understanding behavioral data requires product intelligence tools, which allow teams to explore their customers' behavioral data and gain insight into both how and why people gain value from their product. These insights empower teams to build customer experiences that foster loyalty in the long run.
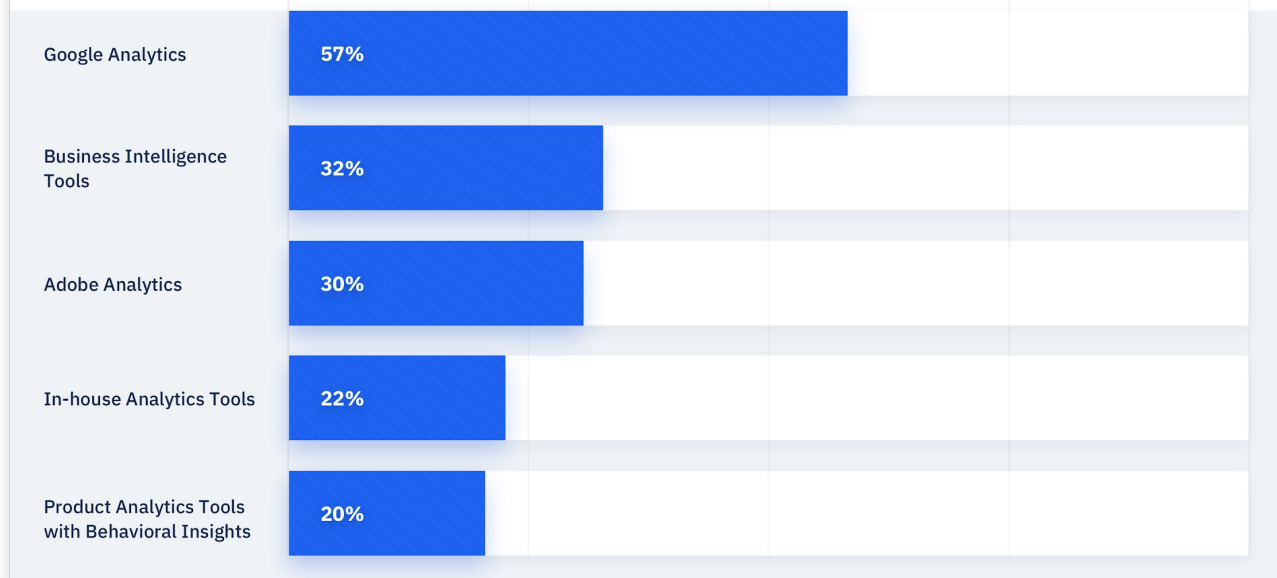
But there is a disconnect between what teams say about their understanding of customer behavior and what they actually do to track it.

Unfortunately, our study shows that only 20% of businesses use product analytics tools with access to real-time behavioral insights. In other words, only 20% of businesses use tools that enable product intelligence.

Few Businesses Use Proper Product Intelligence

When asked, "Which types of analytics tools does your organization use to generate insights from user behavior data, if any?" leaders named these tools:

Tool	Percentage
Google Analytics	57%
Business Intelligence Tools	32%
Adobe Analytics	30%
In-house Analytics Tools	22%
Product Analytics Tools with Behavioral Insights	20%

The tools that are popular—such as **Google Analytics (57%), Adobe Analytics (30%)**, and **business intelligence solutions (32%)**—don't actually help product teams understand why behaviors occur. These tools look at surface-level data, such as page views and session metrics, or lagging indicators of revenue. They don't surface insights about why customers signed up for a subscription, converted on a campaign, or churned after a poor experience.

While helpful in certain contexts, these web analytics and B.I. tools offer a limited perspective on user behavior. They can tell you which pages your customers visited or how much revenue was generated, but not why. In fact:

- 49% of companies say they try to identify the "why" of user behavior but can't get very far.

- 15% only look at the "what" (counting metrics, trend analysis).

- Just 36% of companies use product intelligence (deep behavioral analysis) to answer their "why" questions.

Many Businesses Struggle to Understand the "Why" Behind User Behavior

49% of companies say they try to identify the "why" of user behavior, but can't get very far.

15% of companies only look at the "what" (counting metrics, trend analysis).

Just 36% of companies use product intelligence (deep behavioral analysis) to answer their "why" questions.

Product-led businesses are close to the customers. They intimately understand where customers derive value from their product, and they're able to capitalize on those insights to build world-class digital experiences that drive business impact. Product intelligence tools—which offer the combination of product analytics, behavioral targeting, and data management to explore customer journeys without limits—are key to helping businesses answer the "why" questions about their customers.

Teams That Use Product Intelligence See More Growth and Ship More Frequently

Product intelligence tools lay the foundation for business growth. With on-demand access to behavioral insights, companies see more growth and iterate faster.

- Businesses that used product intelligence tools were 5.5 times more likely to see more than 25% YoY growth in revenue compared to those that did not.

- Businesses using product intelligence were over 6 times more likely to release new end-user functionality at least once a week.

Businesses Using Product Intelligence Tools See More Growth

Percent of businesses interviewed that **grew revenue by 25% or more** in the previous year:

	0%	25%	50%	75%	100%

All Businesses Interviewed — 15%

Businesses That Use Actual Product Intelligence tools — 44%

Businesses That Don't Use Product Intelligence Tools — 8%

Product intelligence tools help businesses understand user behavior. Almost double the number of businesses confident in their ability to understand behavioral data used product intelligence tools compared to those that did not.

Unfortunately, these companies are not the norm.

Reality: Many Teams Struggle to Access Behavioral Data and Rely on Instinct

Many product teams don't have access to proper product intelligence tools. Only one-fifth (20%) of product teams have access to a tool that is easy to use for quality, self-service insights. A few more (34%) have a tool that they don't trust to generate quality behavioral insights, and 39% must rely on a data scientist to access their data.

Without product intelligence tools, teams face significant challenges accessing behavioral insights.

- 44% of all respondents say it is difficult to access behavioral data at their company. For companies with more than 5,000 employees, that number grows to 52%. For retail and ecommerce companies, it is 56%.

- 40% say that data is only available to a small number of people.

- 40% say it takes too long to get answers to their questions.

- 39% say the quality of insights generated by their data isn't useful enough.

Current Behavioral Data Is Hard to Access and Low Quality

Leaders shared their biggest pain points with their company's current approach to generating insights from user behavior data:

It is difficult to access the data	**44%**
The data is only accessible to a small number of people	**40%**
If takes too long to get answers to our questions	**40%**
The quality of the insights generated by the data isn't useful enough	**39%**
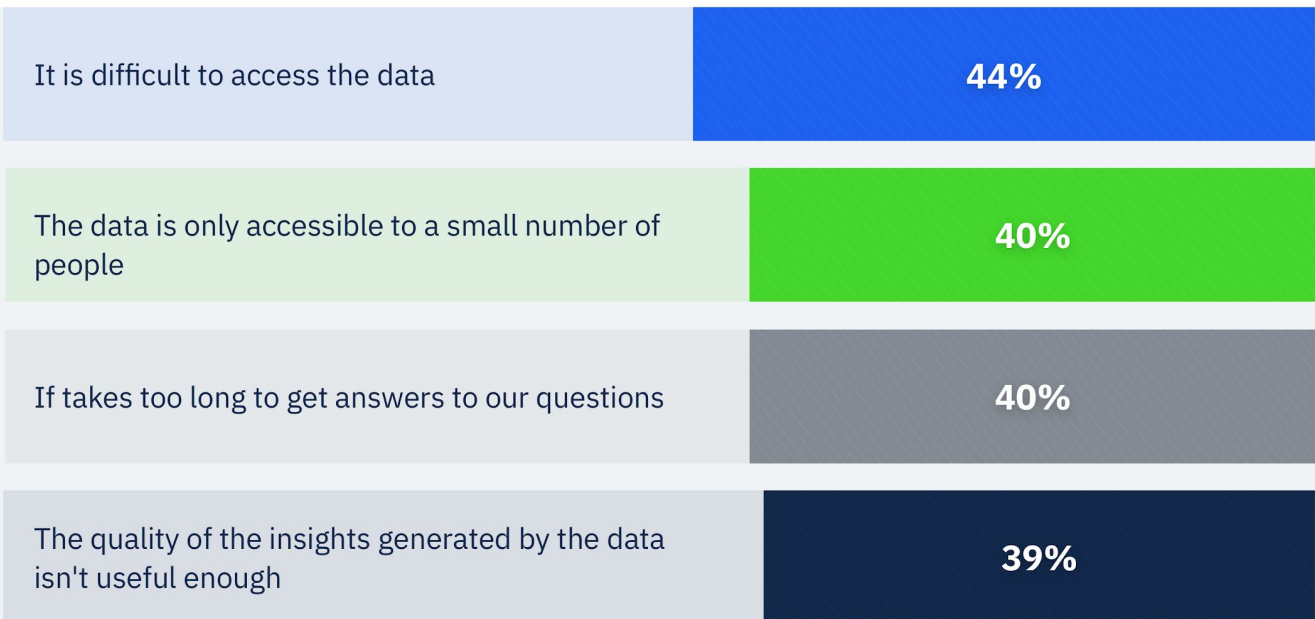
Only a Fifth of Product Teams Have Direct Access to a Tool with Quality, Self-service Behavioral Insights

Donut chart values: 8%, 20%, 34%, 39%
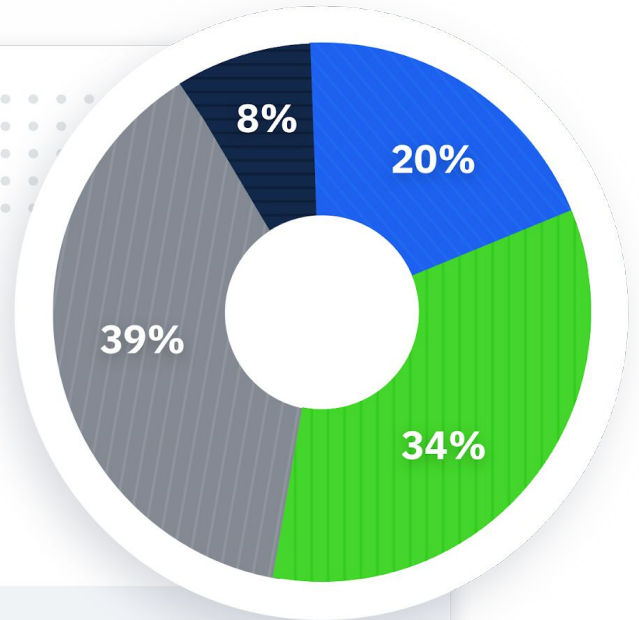
- **(blue)** Product team has access to an analytics tool that is easy to use for self-service insights

- **(green)** Product team has access to a tool, but it is not frequently used (for example due to poor-quality insights), so the team often relies on help from the data science or analytics team

- **(gray)** Product team can't access insights directly, but it's possible to request insights (for example, through a support ticket)

- **(dark)** Product team can't directly access data/tool and has limited ability to request insights
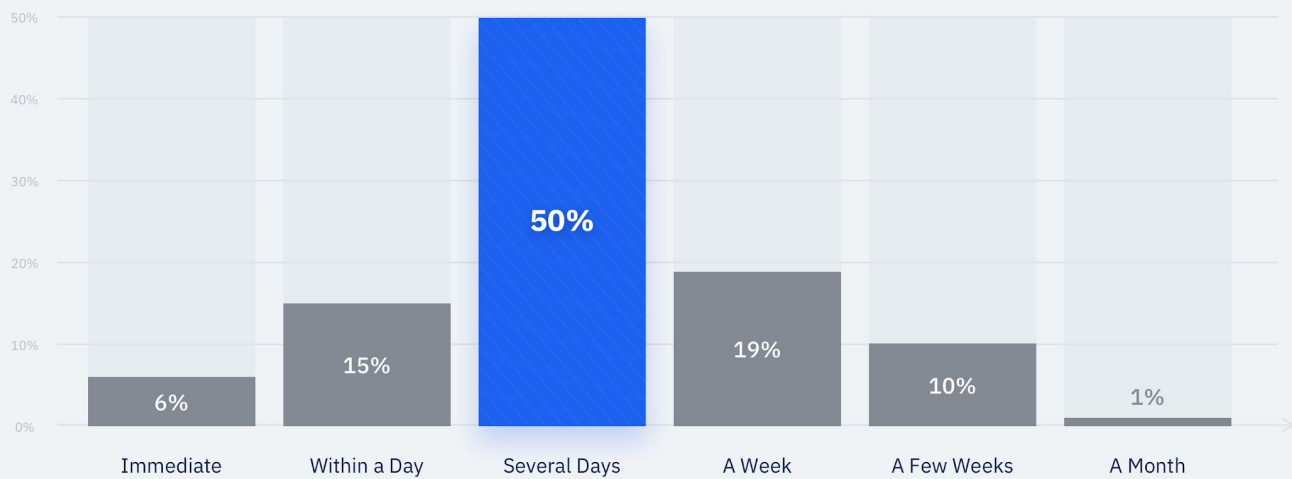
The Fallout

69% of teams are waiting a few days to a week to get responses to simple data questions.

Only 21% of product teams have access to behavioral insights in a day or less.

Most Product Teams Have to Wait a Few Days to Get Answers to Simple Questions

Time it takes for the product team to get answers to **simple questions**:

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

- Immediate: 6%
- Within a Day: 15%
- Several Days: 50%
- A Week: 19%
- A Few Weeks: 10%
- A Month: 1%

The cost of these delays is steep. 39% of teams wait until they get the answers they need, slowing down the iterative process. A frightening 59% move forward based on instinct instead of data. Businesses end up losing time and money.

Product-led Companies See More Growth

Product-led practices include having a product leader in the C-suite, giving the product teams full autonomy, and ensuring product teams are cross-functional. Cross-functional teams don't work in silos—they collaborate with different specialties such as engineering, design, sales, and marketing. Autonomous product teams are aligned around a key metric but have the ability to make their own decisions on how to achieve their goals.

Implementing these systems elevates the role of product and focuses companies on the digital experience—which ultimately boosts their growth.

- Businesses with a product leader at the C-level were almost 6.5 times more likely to see over 25% YoY revenue growth, compared to those whose product leader was below C-level.

- Businesses whose product teams have significant autonomy were 5 times more likely to see over 25% YoY growth than businesses with less autonomous product teams.

Businesses That Are Product-led Tend to See More Growth

Percent of businesses interviewed that **grew revenue by >25% in the previous year:**

If it is difficult to access the data	15%
If product org leader is at C-level	45%
If product org leader is below C-level	7%
If product org has significant autonomy	35%
If product org has less autonomy	7%

In addition to being more likely to grow, product-led companies ship more product releases. Iterating quickly gives teams even more insights into their customers' experience, more opportunities to experiment, and more ways to prove their value.

- Businesses with a C-level product leader were 3.5 times more likely than average to release end-user functionality at least once a week.

- Businesses whose product teams had significant autonomy were nearly 3 times more likely than average to release end-user functionality at least once a week.

Businesses That Are Product-led Iterate Fast

All Businesses

10%

Businesses with a C-level Product Leader

35%

Businesses Whose Product Org Has Significant Autonomy

28%

Percent that release new end-user functionality at least once a week

In product-led companies, product executives and teams determine how to achieve key goals rather than taking orders from above on feature roadmaps. Product-led companies drive businesses forward with product leadership, product intelligence, and team autonomy.
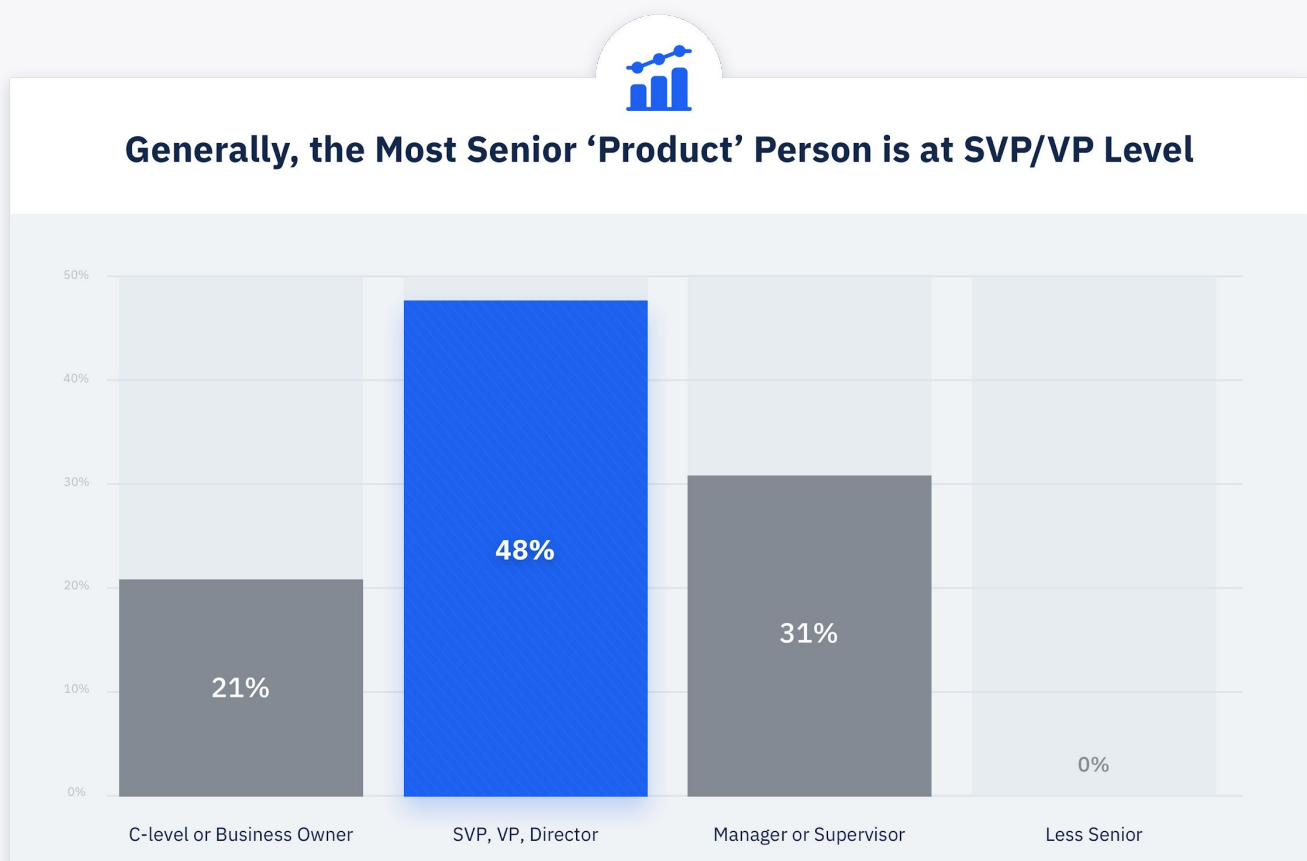
In practice, many organizations don't operate with product intelligence and product-led growth. They put their product teams in the back seat.

Reality: Most Limit the Role of Product Teams

In most companies, product has a low organizational emphasis, and product teams have little autonomy. Half of survey respondents said their product teams are either completely or quite siloed. Only 13% said their product teams were fully cross-functional or not at all siloed.

Product leadership at the executive level was also rare.

● Only 21% of businesses have a product person at the C-level (33% for businesses with more than 1,000 employees).

● 48% of businesses' most senior product person is an SVP, VP, or director.

● 31% have a manager or supervisor as their most senior product person.

Generally, the Most Senior 'Product' Person is at SVP/VP Level

	C-level or Business Owner	SVP, VP, Director	Manager or Supervisor	Less Senior
	21%	48%	31%	0%

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Only a Third of Companies Say Their Product Team Is Given Full Autonomy
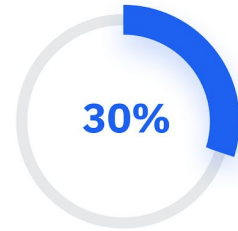
13%

Limited Autonomy

Work is highly prescriptive ("build this").

57%

Some Autonomy

Team is handed general specification, but has some autonomy to change it.

30%

Significant Autonomy

Team is aligned around a key metric/opportunity, but has autonomy to make decisions on how to achieve its goals.

This means that many companies limit the role that product teams play in shaping decisions about the product, even though the product team—by virtue of their function—has a keener understanding of why customers use the product and gain value from it.

Companies that are product-led know how to create the best digital experiences and drive loyalty. Product-led growth requires significantly rethinking your company organization and culture and taking action to change practices. Becoming product-led is a journey, but the results are worth it.

Win Digital with Product Intelligence

Businesses still face many challenges in their efforts to become truly digital-first. Uncertainty around how to retain customers, understand user behavior, and improve the digital experience is everywhere. And without product intelligence tools, businesses will struggle to achieve digital objectives.

Companies implementing product intelligence and product-led practices will win.

Leaders know which direction the wind is blowing. **94%** of businesses say improving their approach to product intelligence is a priority. This goal is a high priority among a majority of B2B SaaS **(55%)**, entertainment media **(57%)**, and consumer tech **(57%)** companies.

As businesses realize the importance of product intelligence, we anticipate even more digital acceleration. Product intelligence is the cost of entry to growth in the digital era.

Learn how your business can start employing product intelligence:

[**Schedule a call with Amplitude today**]

Methodology

The Amplitude Product Intelligence Report is based on data from an independent quantitative study conducted by research consultancy [Adience](#), which surveyed 359 digital product decision-makers by telephone and online in August 2020. Adience specializes in conducting global B2B market research.
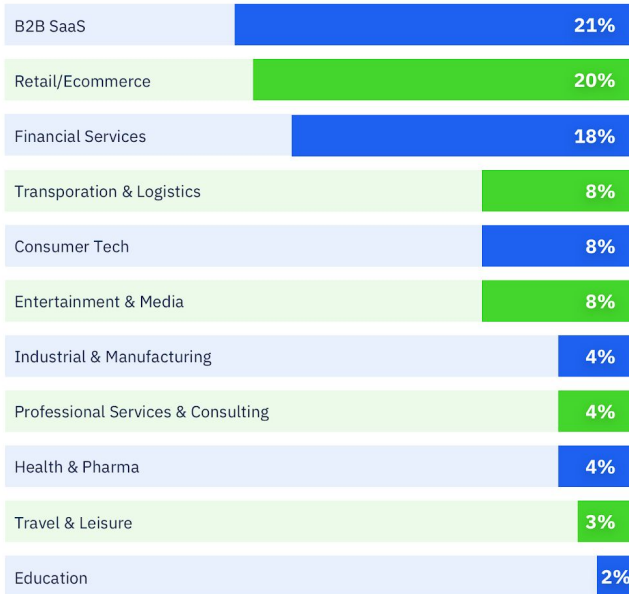
These decision-makers were carefully selected to represent all kinds of:

- **Sizes:** The survey focused on businesses with 100 or more employees. 35% of those surveyed have more than 5,000 employees. Another 36% have 1,000-5,000 employees.

- **Industries:** Respondents represented the following verticals: B2B SaaS, financial services, retail/Ecommerce, transportation/logistics, entertainment/media, consumer technology, industrial/manufacturing, professional services & consulting, healthcare & pharmaceuticals, education, travel & leisure.

- **Countries:** Interviews were conducted in the UK, U.S., Canada, India, and Australia.

- **Roles:** Only qualified decision-makers at the senior manager level or above were surveyed, and 25% of the interviews were with C-level decision-makers or business owners. These individuals represented a mix of departments—Product, Growth, Marketing, Operations, Data/Analytics, Sales/Customer Support, etc.
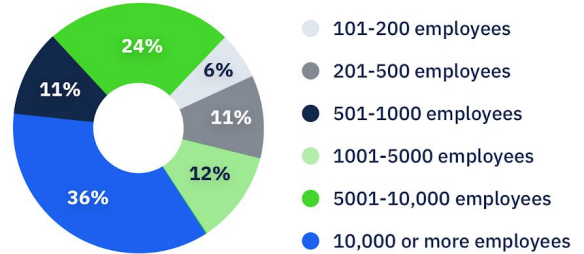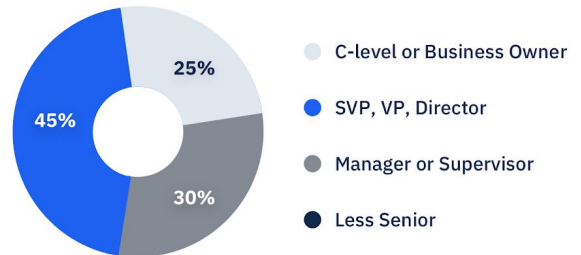
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Survey Demographics

Industry

Industry	%
B2B SaaS	21%
Retail/Ecommerce	20%
Financial Services	18%
Transporation & Logistics	8%
Consumer Tech	8%
Entertainment & Media	8%
Industrial & Manufacturing	4%
Professional Services & Consulting	4%
Health & Pharma	4%
Travel & Leisure	3%
Education	2%

Company Size

- 101-200 employees — 6%
- 201-500 employees — 11%
- 501-1000 employees — 11%
- 1001-5000 employees — 12%
- 5001-10,000 employees — 24%
- 10,000 or more employees — 36%

Role

- C-level or Business Owner — 25%
- SVP, VP, Director — 45%
- Manager or Supervisor — 30%
- Less Senior

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