



2021 Product Excellence Report

850+ product managers and leaders reveal whether customers are at the heart of their product development process.

In partnership with

PRODUCT COLLECTIVE



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The customer comes first

It's one of the oldest axioms in business. The idea of putting customers at the heart of what you do remains just as relevant today as when 19th century retailer Marshall Field supposedly coined the phrase "the customer is always right".

In our 2021 Product Excellence Report, we surveyed hundreds of product leaders to uncover the truth about customer-centricity — a mindset that puts the pains, needs, and desires of customers at the heart of product management and development. We also look at other up-and-coming trends and compare the data with last year's results to see what's changed.

“

**Right or wrong,
the customer
is always right.**

– Marshall Field

Customer-centricity should be a key area of focus for all businesses. Done right, it is the backbone of Product Excellence that:

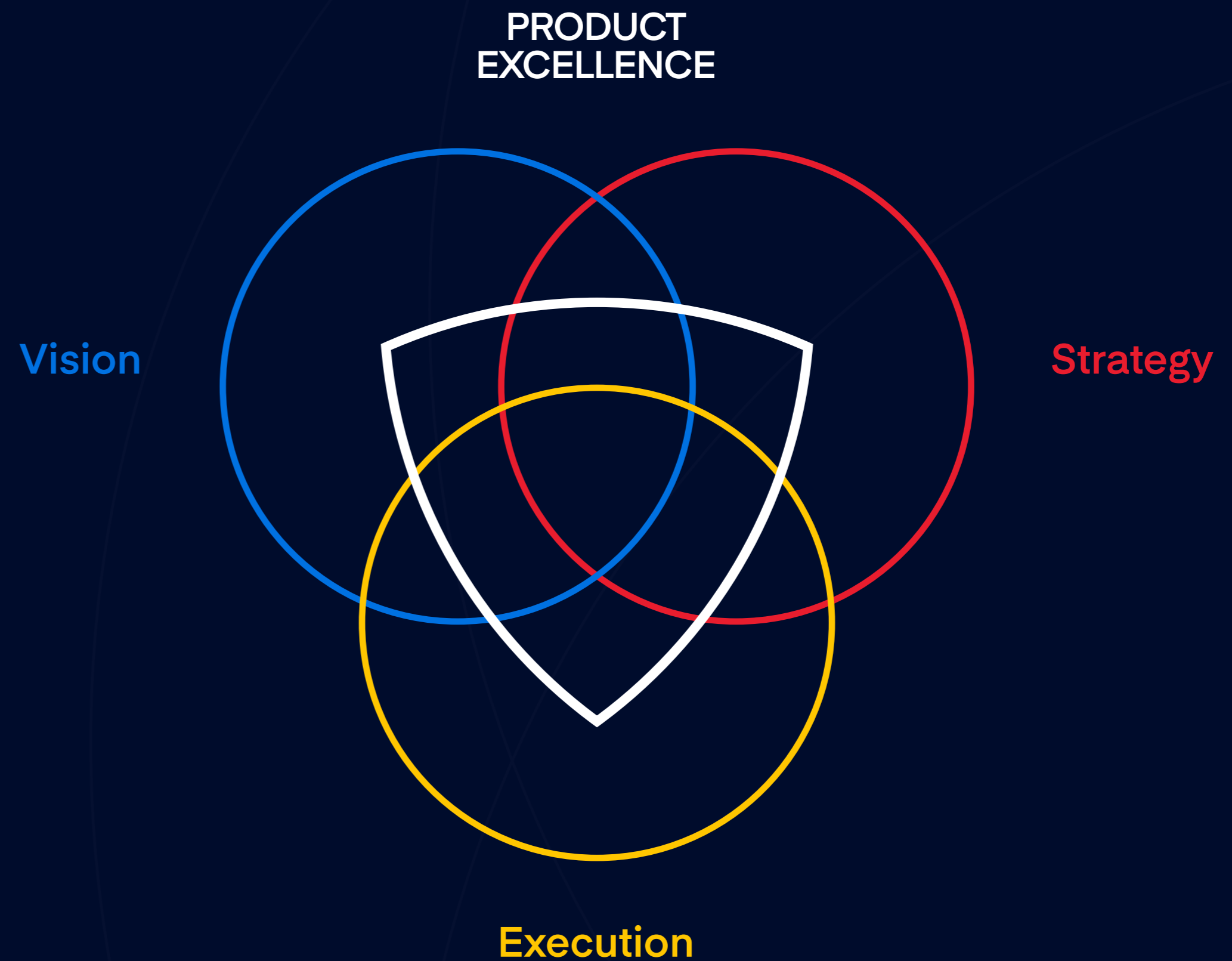
Guides your Vision

with deep user and market insights

Informs your Strategy

with clear objectives and priorities

Aligns everyone around Execution of the product roadmap



A sneak preview of our findings

1

Aligning stakeholders around prioritization decisions is the biggest product management challenge of 2021, especially for those in leadership roles.

2

3 out of 5 teams lack a clear vision of where their product is headed (but their leaders don't know this).

3

81% of product teams say they consider user needs when prioritizing new products and features, but **over half** have no process whatsoever for capturing customer insights and feedback.

4

Just 28% of teams consider segmentation when developing product strategy and priorities.

5

69% of teams say the products and features they release are not consistently well-received by customers (The other third are more customer-centric organizations).

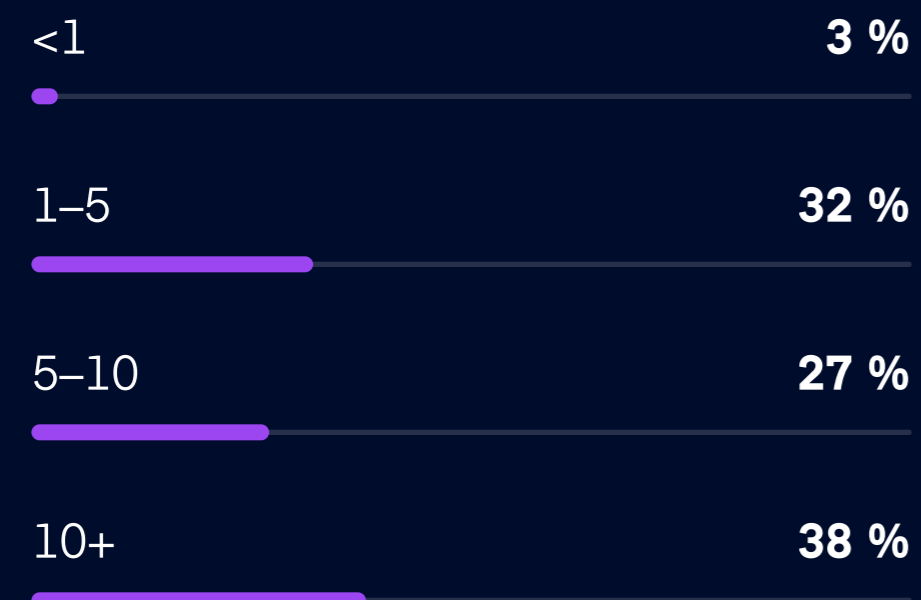
Who we surveyed

850+ product managers and leaders participated in this year's survey. The biggest change from last year is the 30% increase in respondents with 10 years+ experience. With this cohort representing nearly 38% of total responses, we've captured the insights of even more seasoned product leaders this year.

Company Size



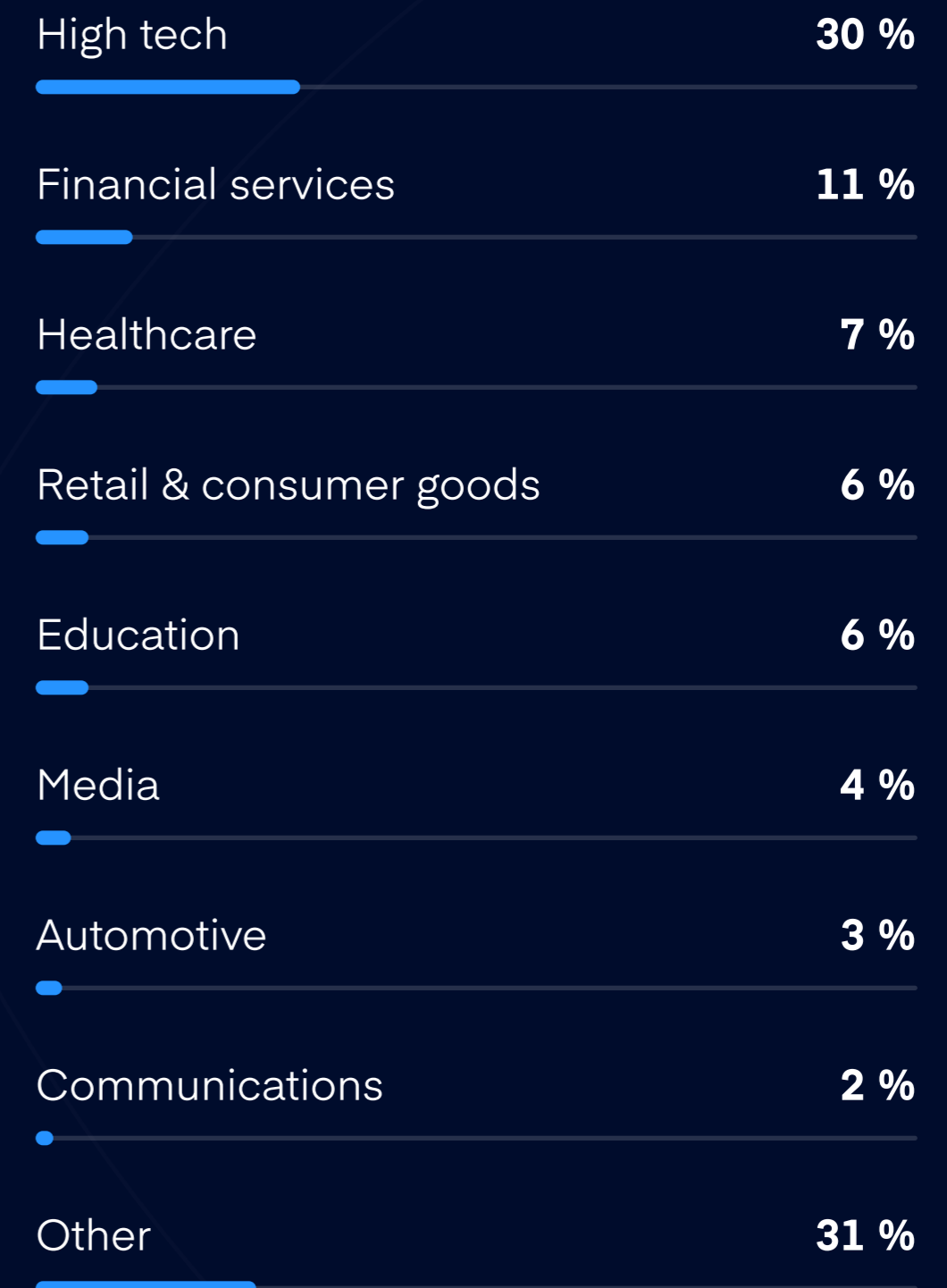
Years of Experience



Job title



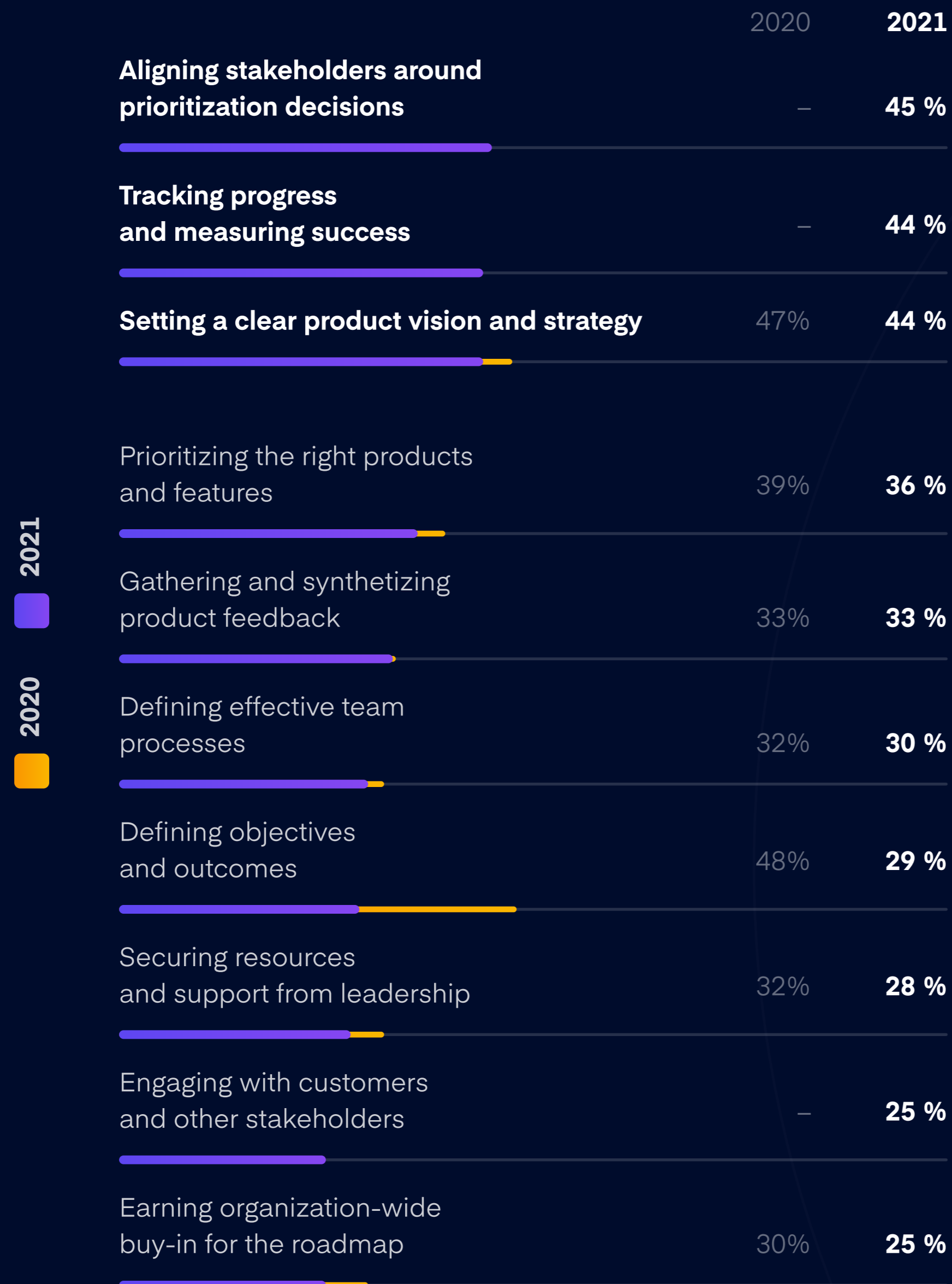
Industry



Key Finding #1

The biggest challenges for product teams in 2021

Familiar problems around gathering customer feedback, setting a clear product vision and strategy, and progress tracking remain unsolved.



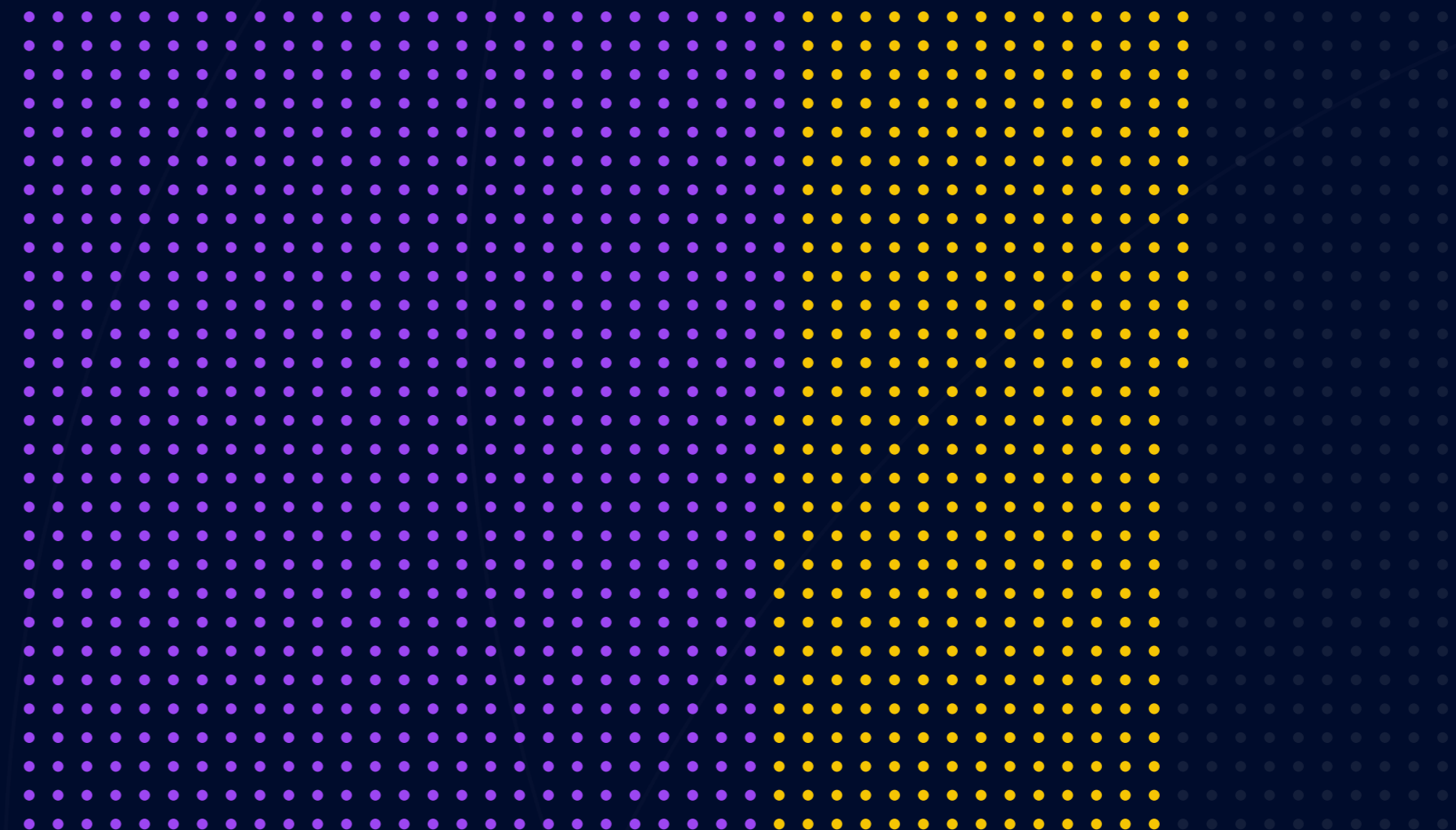
The main challenges faced by the product community are very similar to last year. This suggests that teams are still struggling to solve problems around gathering feedback, prioritization, and setting a clear product vision and product strategy.

However, one of the new options added to this year's list went straight to number one. **Aligning stakeholders around prioritization decisions** is an issue that resonates with 45% of respondents, especially those in leadership roles.

Persistent challenges

Very few of our respondents limited themselves to just one challenge.

Product management is hard for most people — though none more than the person who picked all 11 challenges. Stay strong 💪



50%+

are dealing with
3-5 major issues

83%

selected more
than one challenge

Key Finding #2

Where is the product headed and why?

Many product teams lack a clear product vision and strategy, leaving them at risk of becoming a feature factory.

Blurred vision

Setting a clear product vision and strategy is the third biggest challenge facing product teams in 2021.

It's clear that product leaders must make it a key priority to not only define but communicate the vision and strategy. Otherwise, their teams risk becoming a feature factory, building new products and features without a clear goal.



3 out of 5
product teams
lack a clear vision
of where their
product is headed



Just 28%
are confident that other
team members could
summarize the vision
and strategy if asked on
the spot



73%
of product teams
don't have a clear
strategy for achieving
their vision

Key Finding #3

Customer-centricity means truly understanding what customers need

Most teams believe that they are catering to customer needs, but few have processes and systems in place to back up that claim.

The way product teams capture feedback leaves a lot to be desired

Product teams that believe their customers are at the heart of everything they do often lack a cornerstone of customer-centricity: **The systematic gathering, analysis, and use of customer insights to inform each step of the product management process.**

Just 17%

successfully capture insights and feedback from all available sources

<50%

of product teams have a process for capturing customer insights and feedback

74%

do not have a central repository for capturing insights and feedback

60%

say that valuable insights and feedback are not accessible by everyone on the product team

No time for facetime

Collecting insights is just the first step. Next, all that feedback needs to be consolidated and analyzed so product teams can discover which needs they should focus on. As they start to work on solutions, it's important to continually share ideas and prototypes with customers to ensure that they're solving the problem correctly.

However, there is a marked difference between what teams say and what they actually do.

“

At a minimum weekly touchpoints with customers

By the team building the product

Where they conduct small research activities in pursuit of the desired outcome

– Teresa Torres

Talking the talk

Over half

of product teams believe that they have a shared understanding of customer needs

81%

say they consider user needs and problems when prioritizing new products and features to build

Walking the walk?

Less than half of product teams

engage directly with customers throughout the product process

A mere 1 in 5

teams have systems and processes for identifying trends in customer feedback

Only 47%

validate user needs via continuous discovery, user research, betas, prototypes, etc.

Key Finding #4

The state of cross-functional collaboration

Product teams must ensure that no valuable insights slip through the cracks when collaborating with teams across the company.



68% of product teams regularly communicate with customer-facing teams

A range of great customer insights are available at most organizations and are likely shared and discussed in informal, ad hoc ways. But the effectiveness of this approach relies heavily on personal relationships and can be lost entirely if someone leaves the organization. And, as we've all recently discovered, remote work makes spontaneous knowledge-sharing much harder.

Instead, product teams need to create processes around systematically capturing insights from colleagues so that no valuable information slips through the cracks.

Currently, just 43% of product teams have a process for capturing feedback relayed by colleagues.

4 ways to capture and share insights effectively

1

Create a culture around sharing insights

Encouraging an organization-wide culture of gathering and sharing feedback gives you access to diverse insights from customers and prospects you may not have otherwise. Productboard can help by automatically importing relevant notes from tools like Salesforce, Zendesk, Slack, and more.

2

Dedicate time to talk to customers

Block out dedicated time on your calendar every week for conversations with customers. Face-to-face (or Zoom-to-Zoom) time allows conversation to evolve organically and gives you the opportunity to dig deeper.

3

Observe customers in their natural habitat

While a face-to-face conversation can be revealing, shadowing a customer as they go about their day often reveals new and surprising things, from behavior they won't speak about to things they don't realize they're doing.

4

Build a customer community

Think about building a community that you can turn to for regular insights and feedback. Productboard's Portal, for example, can be used to share new features ideas and releases with customers. In our Product Makers community, we engage customers to stay tuned to their needs, conduct R&D, and share early ideas and betas.

Key Finding #5

The average user is a myth

Segmentation is the key to solving problems for a broad range of customers. But most teams still target the average user.

Diverse customers, diverse needs

What's critical to one customer might be just a nice-to-have for another. That's why the ability to segment your customers and develop product strategies that prioritize a range of needs is such an important part of customer-centricity.

The good news is that **88% of teams** do practice segmentation of some sort. Yet, too many don't go beyond the basics.



Just 28%

of teams consider segmentation when developing product strategy and priorities



3 out of 5

teams don't believe their roadmap reflects the needs of different customer segments

4 ways to segment your customers

Who to segment

1 Existing customers

It's cheaper to retain current customers than acquire new ones. Reduce churn by identifying and prioritizing features that will make customers want to renew.

Only 25% of product teams segment by churn risk

2 High revenue customers

Keep your most valuable customers happy by prioritizing the features they request

44% of product teams segment by revenue data

How Productboard helps

Distinguish the needs of existing customers vs. prospects

Access customer feedback from a CRM like Salesforce to uncover pressing problems and validate solutions

Segment customers by ARR and gain insight into your highest-paying customers

Calculate the monetary value of a feature (existing ARR of all companies who requested it) to prioritize and build alignment

4 ways to segment your customers (continued)

Who to segment

3 Prospects

Scale your business and increase market share by targeting prospects. Find out which new features will boost conversion rates.

Only 39% of teams distinguish between the needs of customers and prospects

4 Various geographies

When you're expanding to a new country or territory, understanding location-specific requirements is essential to success.

78% of teams fail to segment customers by their location

How Productboard helps

Identify needs your products hasn't addressed that prevent prospects from converting

Factor feature ideas from win/loss data in Salesforce into prioritization decisions

Group locations where you have large customer bases or are seeking to grow

Identify where most of your feedback originates

Key Finding #6

Is it *really* on the roadmap?

Half of product teams are confident in the state of their product roadmaps. Half aren't.

A good roadmap acts as a strategic communications tool — a statement of intent and direction. Done well, it can rally the whole organization around key problems that must be solved to achieve your product vision.

That's why it's so surprising that around half of product managers are not confident in their product roadmaps.

"I am confident that the products and features on our roadmap:"

2021 2020

Are up-to-date and reflect the current stat of our work 57 %



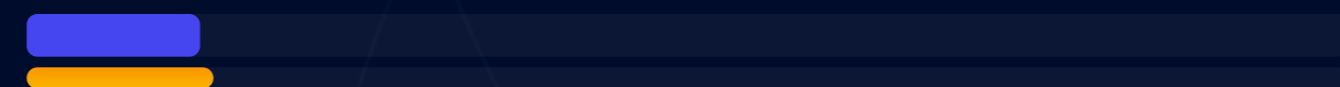
Align with our long-term business strategy 52 %



Reflect the needs of our users 52 %



None of the above 13 %



This year's results mirror last year's almost exactly. For product leaders, this is a clear call to action to equip their teams with the resources they need to create roadmaps that inspire and align.

Key Finding #7

The dangerous animals escape from the zoo!

Product decisions are made based on data
and customer needs less often than you think.



More than half of product teams believe product decisions are based more on the whims of a HiPPO (Highest Paid Person's Opinion) or other leader rather than on data and customer needs.



Every business has dangerous animals with an outsized influence on the product management process. Having to implement their unvalidated suggestions can negatively impact strategic planning while crushing team morale and performance.

Product leaders are 20% more likely

than their teams to feel empowered to make decisions based on data and customer needs. It's an imbalance that is critical to address.

Key Finding #8

Empowering teams to build extraordinary products

Product leaders are far more optimistic than their teams about the state of product processes and overall morale.

**Product leaders
are 58% more
likely than their
teams**

to report that they have
a clear strategy for achieving
their product vision.

**80% of
product leaders**

are confident that everyone
has a shared understanding
of user needs

**vs. 50 – 60% of
ICs and mid-
management**

**Product leaders
are 14% more
likely than their
teams**

to say that valuable customer
insights and feedback are
easily accessible by everyone
in the product org.

4 ways product leaders can empower their teams

1

Create alignment around product vision and strategy

Leaders must evangelize the vision and strategy and rally everyone around the “why” of their work. This context also equips teams to solve problems on their own.

2

Focus teams on problems, not solutions

The average product team spends 80% of their time in the solution space and 20% in the problem space. Ideally, that time should be split 50-50.

3

Set them up to succeed

Your team needs skills and support to do their best work. As their leader, you should provide ongoing coaching, secure resources, and deal with barriers to progress.

4

Provide the flexibility to move fast

Once you’ve built alignment, give teams the space to succeed, fail, and solve problems on their own.

Key Finding #9

The ROI of customer-centricity

Most new products and features are not well-received.
Unless they're the work of a customer-centric organization.

Most teams
feel that their products
and features fall short



of product teams say that the products and features they release **are not consistently well-received by customers** based on product usage metrics, Net Promoter Scores (NPS), or another measure of customer engagement.

The extraordinary value of customer-centricity

However, the story is different for teams who follow the best practices of customer-centricity. What are they doing differently?

Teams that validate user needs and solution ideas are

129%

more likely to report that their products and features **are consistently well-received** by customers

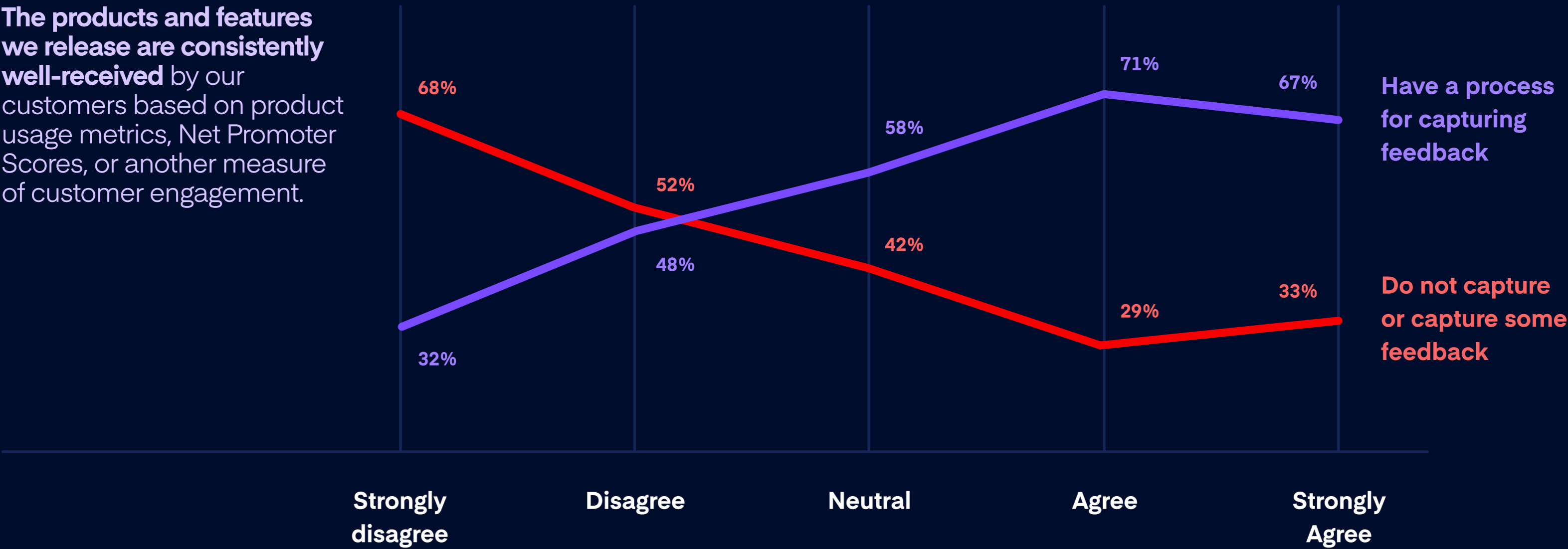
Teams that engage directly with customers are

105%

more likely to report that their products and features **are consistently well-received** by customers

The numbers speak louder than words

Customer-centricity works. Just look at the strikingly opposite distribution of how teams that have a process for capturing feedback report the success of their products vs. teams who don't.



Key Finding #10

Modern product management requires modern tools

Product teams continue to stitch together multiple tools to complete their work.

The tools used by product managers

An issue tracker or delivery planning tool like Jira

80%



Documents or Google Docs

-3% 64%



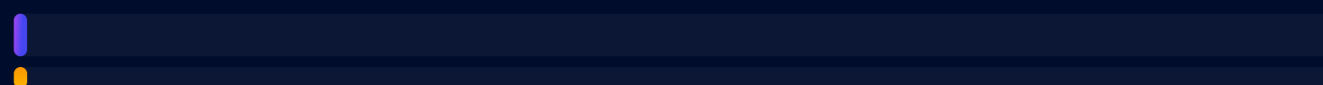
Wikis like Confluence, Notion, or Coda

+1% 61%



Other

1%



Spreadsheets

+2% 60%



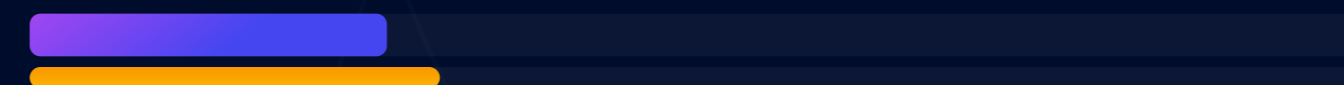
A dedicated product management tool, like Productboard, Aha!, ProdPad, etc.

+7% 44%



A project management tool like Asana, Trello, or Monday.com

-4% 27%



2021 2020

7 tools

The **average product team** uses 7 tools to manage their product management processes

44%

The percentage of product teams that **now use a dedicated product management tool** (up from 40% in 2020)

80%

The percentage of teams that use **an issue tracker or delivery planning tool like Jira** to complete their work (the same as last year)



A dedicated product management system like Productboard works alongside existing tools and acts as a hub for all your product management processes. Instead of product development versus product management, both tools and teams can work together to deliver products that customers love.

What we learned

Customer-centricity is the backbone of Product Excellence. Our survey clearly shows that the more teams incorporate customers throughout the product management process, the more likely those customers will be delighted by the results.

Based on the survey results, we believe that the following six steps will help any product organization become more customer-centric.

6 tips to achieve true customer-centricity

- 1 Start talking directly to your customers and prospects, even if it's just for one hour a week
- 2 Build an organization-wide culture around sharing insights and make it easy for customer-facing teams to convey their knowledge to you. Automation is key.
- 3 Consider using a dedicated product management tool like Productboard to consolidate product insights, increase data-driven prioritization, boost roadmap confidence, and act as a source of truth for collaboration across the product team and beyond.
- 4 Product leaders: empower your teams. Give them problems to solve, build alignment around product vision and strategy, and provide resources and support to help them achieve their goals
- 5 Stop believing in the myth of the average user. Segmenting your customers and prospects will help you prioritize diverse, must-have needs.
- 6 Measure your current levels of customer engagement and satisfaction so you can judge whether you are becoming more customer-centric over time.



About Productboard

Productboard is the customer-centric product management platform that helps teams get the right products to market faster. Over 4,000 companies, including Microsoft, 1-800-Contacts, and UiPath, use Productboard to understand what users need, prioritize what to build next, and rally everyone around their roadmap. With offices in San Francisco, Prague, and Vancouver, Productboard is backed by leading investors like Tiger Global Management, Index Ventures, Kleiner Perkins, Sequoia Capital, and Bessemer Venture Partners.

Learn more at productboard.com

PRODUCT COLLECTIVE

About Product Collective

Product Collective is a community serving 30,000+ technology product management professionals. Through its various resources, products, and events, Product Collective aims to help product people answer the question, "Am I doing this right?"

Members of Product Collective have access to a host of resources, including a weekly newsletter, a semi-monthly live video Q&A chat series, and an active Slack community.

For more information, visit ProductCollective.com