

Gartner R&D Leadership Council

# Customer Success Metrics for New Product Development

Key Findings



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Easy-to-understand customer success metrics are valuable tools to assess how well a product addresses the outcome customers want before a product is launched in the marketplace.

Furthermore, customer success metrics help new product development (NPD) teams develop a set of competencies and behaviors that constitute a “challenging posture” and that Gartner research find have a significant impact on increasing product success rates.

However, R&D teams often struggle to translate customer value drivers and product specifications into a product that provides superior value to customers. Finding practical ways to implement a challenging posture is difficult, especially when senior business stakeholders own P&L outcomes for a given business unit.

Embedding challenging posture frameworks continuously throughout the NPD process is key to enhancing the commercial value of NPD. A number of competencies and behaviors drive a challenging posture, including:

- Pressure-testing customer data quality
- Testing different ways of solving customer problems
- Challenging organizational assumptions of customer wants
- Developing creative ways to access customer needs
- Prioritizing features by customer criticality

R&D organizations with challenging posture are always questioning and never complacent, securing a high level of fidelity to customer signals.

Typically, product development teams identify a customer need, translate that need into a product specification, build the product and then track how well the product performs in the market (see Figure 1). However, this process is not perfect: Product specifications define how a product will work and what it will do, not whether it provides value to customers. Moreover, revenue metrics are often an imperfect measure of customer value because they are poor predictors of customer value and are lagging indicators that cannot be reviewed during product development.

**Figure 1. Typical metrics and process used to assess product quality**

Illustrative



Implementing customer success metrics into NPD processes can help translate customer value drivers into a more specific set of signals that indicate how well a product addresses customer needs. This enables R&D teams to test product impact throughout development. By creating a platform to continuously challenge on behalf of the customer, teams can use these metrics to determine if products in development address customer wants and needs.

## How We Help

To reduce bottlenecks, R&D leaders must update NPD processes to take better advantage of the new opportunities that technology offers them. By diversifying their approaches, they can better account for the shifting needs of an increasingly diverse development portfolio, speed cycle times, and increase the commercial impact of new products and services delivered. Gartner is here to help you determine the appropriate development methodology for your organization, assess the utility of your current processes, and develop new tools for testing and validating projects as they progress in maturity.

## About Gartner

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