pendo + PRODUCT COLLECTIVE

# THE STATE OF
PRODUCT
LEADERSHIP

2020 EUROPE

Introduction

At Pendo and Product Collective, the product community is one we care deeply about and want to help thrive. That's why every year, we team up to survey hundreds of product professionals to better understand how they approach their craft and how their roles and responsibilities differ based on company size, company type (e.g. SaaS vs. enterprise), market type (e.g. B2B vs. B2C), and, of course, geography.

Because regardless of where you live, if you work in product, you're part of a global community – and you likely face the same sets of challenges and use many of the same tools and tactics as other product professionals around the world.

In this year's **State of Product Leadership (SOPL) report**, we cast a wider global net than ever before, with nearly half (49%) of our 600 survey respondents residing in Europe. After seeing this breakdown, it dawned on us: If you're a product professional working in Europe, wouldn't it be helpful to get a more granular, localized view of the state of product leadership?

EUROPE
49%

NORTH AMERICA
51%
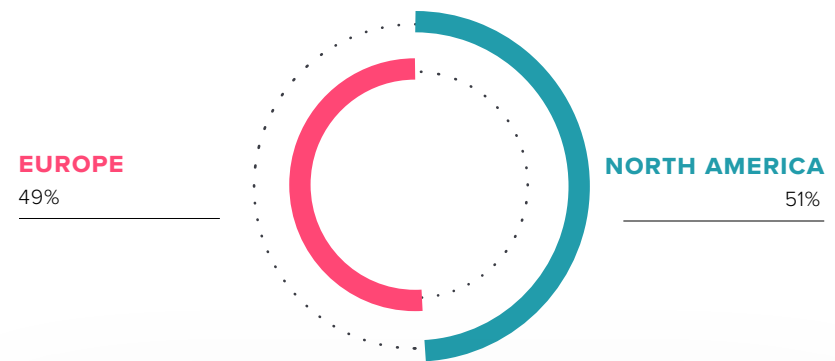
Inside the SOPL: Europe report, you'll learn how Europe's approach to product management stacks up against global trends, plus how product leadership perspectives and priorities differ in France, Germany, and the UK.

Key Findings

FINDING #1

European product executives are **less likely** to have formal training — **but *more* likely to be seeking it out**.
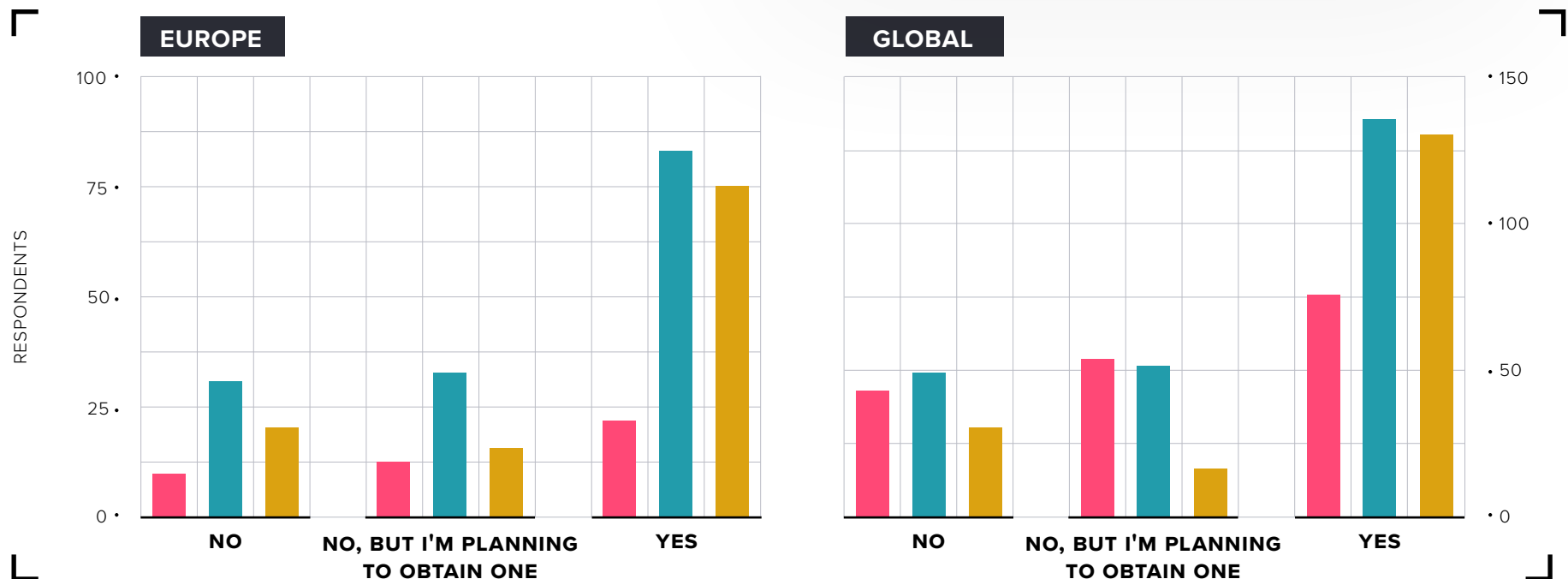
Having a formal degree or certificate in product management from a university (or professional association like Product School) doesn't guarantee you'll land that next big job or earn that next promotion. But as our survey reveals, it definitely doesn't hurt.

Both in Europe and around the world, there's a strong correlation between having formal product management training and reaching a higher level in your career.

Globally, the correlation is slightly stronger (with 75% of product executives having completed formal training compared to 68% in Europe). But it's worth noting that European executives are more likely to be *pursuing* a formal product credential (14% vs. 9% globally).

The takeaway? In Europe – like in the rest of the world – **product leaders are realizing the value of formal training and going back to school.**

Do you have formal PM training?

INDIVIDUAL CONTRIBUTOR   **MANAGEMENT**   **EXECUTIVE**

EUROPE

RESPONDENTS

100
75
50
25
0

NO   NO, BUT I'M PLANNING TO OBTAIN ONE   YES

GLOBAL

150
100
50
0

NO   NO, BUT I'M PLANNING TO OBTAIN ONE   YES

Spotlight: **Germany**

German PMs are preparing for their futures

Compared to France and the UK, Germany boasts a higher proportion of respondents at the management level who are seeking a formal product credential. This is a good sign for German product organizations, because when the time comes to promote new executives, they'll have a well-educated pool of in-house candidates to consider.

Advanced Training

INDIVIDUAL CONTRIBUTOR   **MANAGEMENT**   **EXECUTIVE**

FRANCE

GERMANY

UK

RESPONDENTS

X-axis categories: NO | NO, BUT I'M PLANNING TO OBTAIN ONE | YES
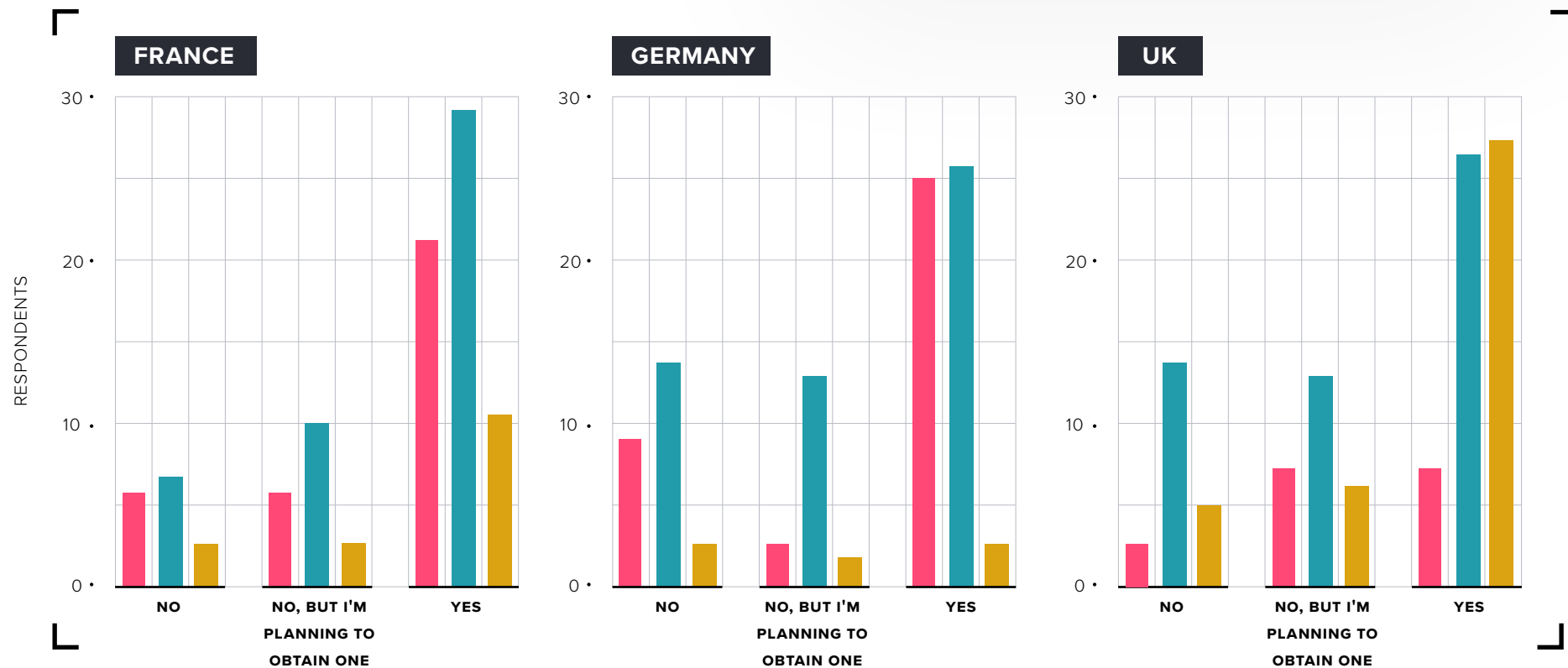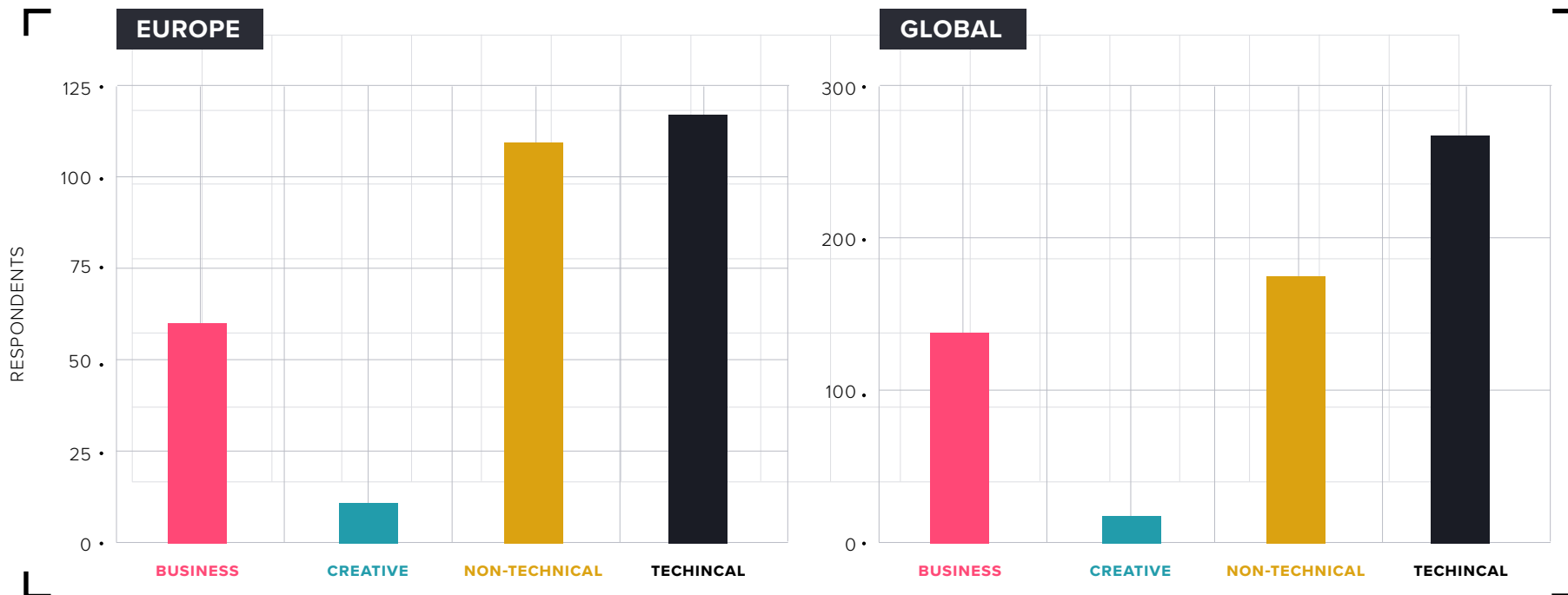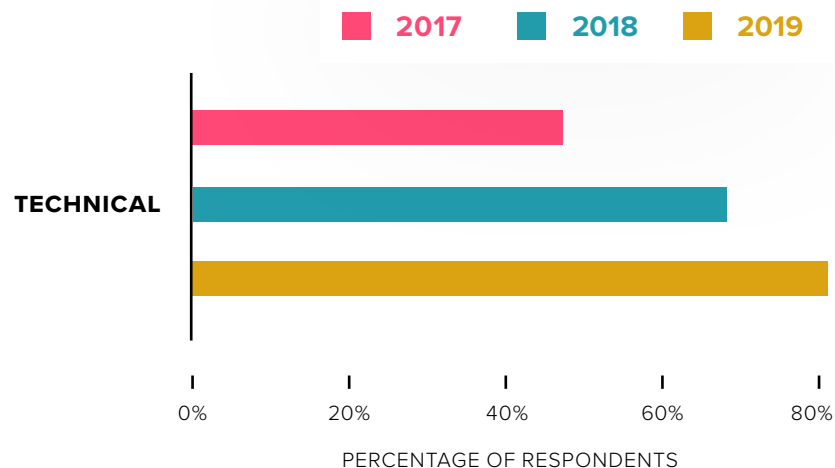
Key Findings

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FINDING #2

Despite the global trend, the European product community has an **equal mix of leaders with technical and non-technical backgrounds.**

Over the past few years, we've seen a major shift in the product mindset, from people-focused to technology-focused. The quants — at least for the time-being — have conquered the poets, and once again we have to wonder: Is this growing trend a good thing for the product management world? Or will leaning too heavily into the technical side of the craft eventually cause us to lose sight of the customer?

For European product leaders, there's much less need to worry. While technical backgrounds are still the most prevalent (39%), non-technical backgrounds have near-equal footing (37%). The European product community is able to maintain a more balanced mix of quants and poets — and this is something product leaders around the world should be mindful of as they strive to become more customer-centric.

Academic Background

2017   2018   2019

TECHNICAL

0%   20%   40%   60%   80%

PERCENTAGE OF RESPONDENTS

EUROPE

RESPONDENTS

125
100
75
50
25
0

BUSINESS   CREATIVE   NON-TECHNICAL   TECHINCAL

GLOBAL

300
200
100
0

BUSINESS   CREATIVE   NON-TECHNICAL   TECHINCAL

Spotlight: **The UK**

The UK means **business**

Globally, product leaders are trending away from business backgrounds and gravitating toward technical backgrounds. But in the UK, we see something different: Nearly 30% of respondents studied business before deciding to work in product. Compare that to France and Germany, where just 13% and 17% of respondents respectively have business backgrounds.

Advanced Training

BUSINESS   **CREATIVE**   **NON-TECHNICAL**   **OTHER**   **TECHNICAL**

RESPONDENTS
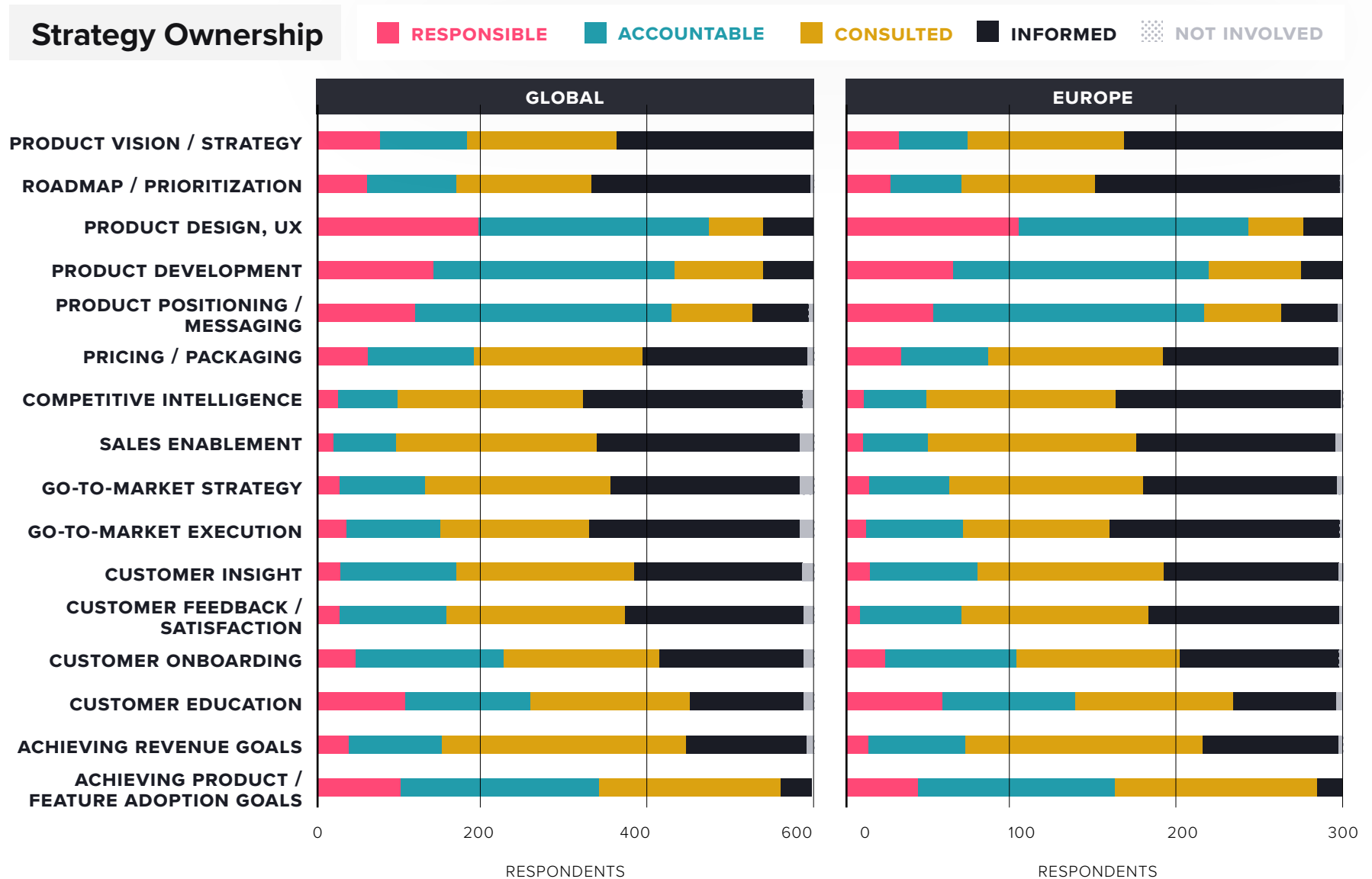
FRANCE   GERMANY   UK
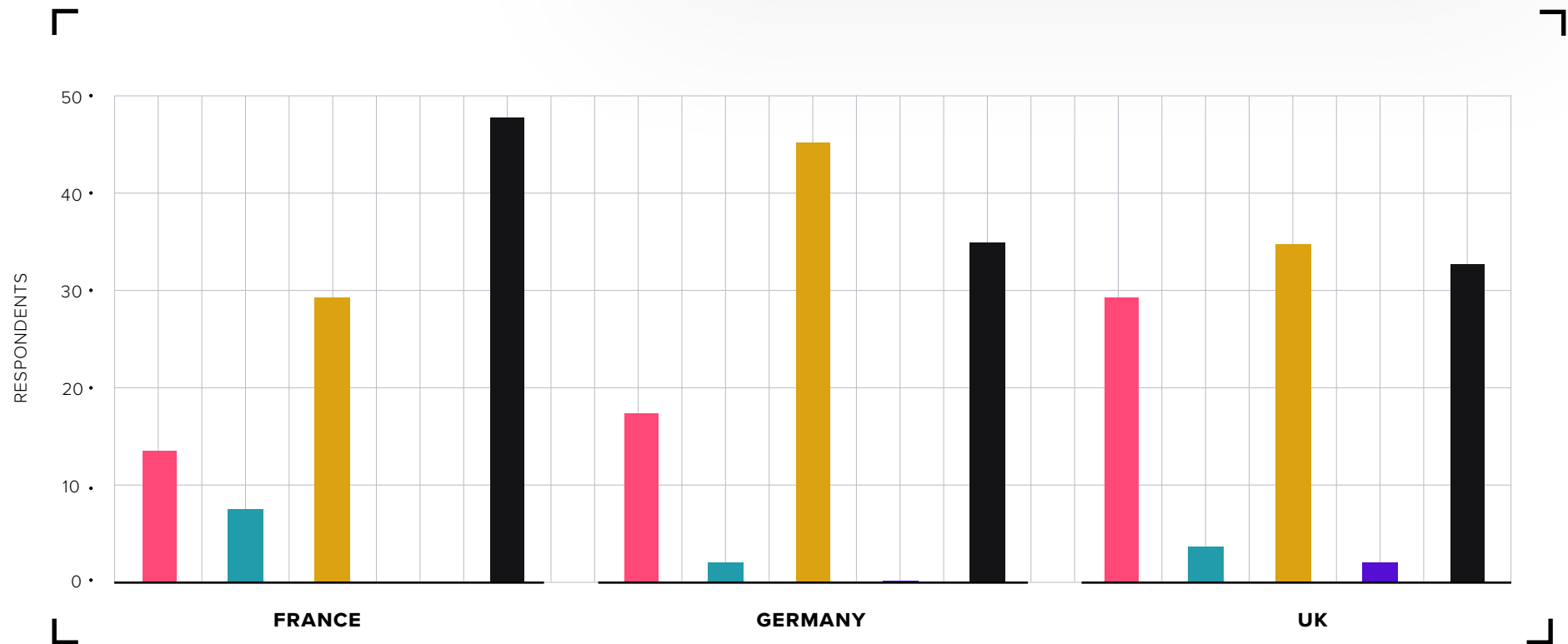
Key Findings

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FINDING #3

European product leaders feel most accountable for **product design, product development, and product positioning.**

While the European community has a more equal mix of technical and non-technical product leaders, this difference turns out to have little bearing on what those leaders actually do in their day-to-day.

In Europe, product design, product development, and product positioning are the top three activities product leaders feel most accountable for — the same top three we find in our global sample.

Strategy Ownership

RESPONSIBLE **ACCOUNTABLE** **CONSULTED** **INFORMED** **NOT INVOLVED**

GLOBAL | EUROPE

PRODUCT VISION / STRATEGY
ROADMAP / PRIORITIZATION
PRODUCT DESIGN, UX
PRODUCT DEVELOPMENT
PRODUCT POSITIONING / MESSAGING
PRICING / PACKAGING
COMPETITIVE INTELLIGENCE
SALES ENABLEMENT
GO-TO-MARKET STRATEGY
GO-TO-MARKET EXECUTION
CUSTOMER INSIGHT
CUSTOMER FEEDBACK / SATISFACTION
CUSTOMER ONBOARDING
CUSTOMER EDUCATION
ACHIEVING REVENUE GOALS
ACHIEVING PRODUCT / FEATURE ADOPTION GOALS

RESPONDENTS

Even when we examine accountability at the country level, the alignment between France, Germany, and the UK on their core responsibilities is striking. The only real difference we see is that UK product leaders feel slightly less accountable for product design and product development compared to their French and German counterparts.

Strategy Ownership by Country

RESPONSIBLE   **ACCOUNTABLE**   **CONSULTED**   **INFORMED**
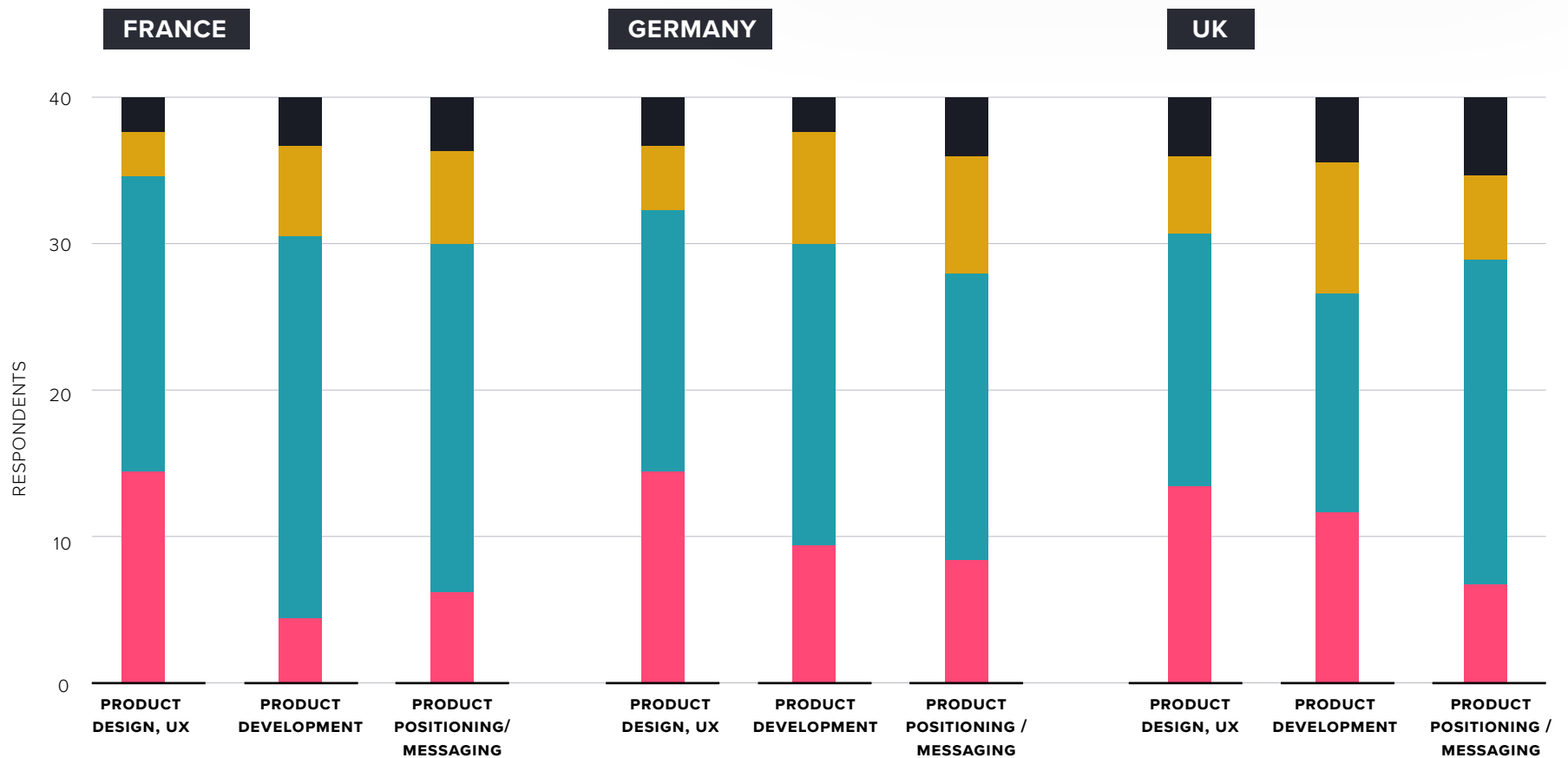
Key Findings

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FINDING #4

Although they feel strongly accountable for product design, development, and positioning, **Europeans don't rank themselves as being especially effective in these areas.**

How would you rate your perfomance in each of these functions?

ACHIEVING PRODUCT / FEATURE ADOPTION GOALS

COMPETITIVE INTELLIGENCE

CUSTOMER FEEDBACK / SATISFACTION

GO-TO-MARKET EXECUTION

SALES ENABLEMENT

CUSTOMER INSIGHT

CUSTOMER EDUCATION

ACHIEVING REVENUE GOALS

GO-TO-MARKET STRATEGY

PRODUCT DEVELOPMENT

PRODUCT DESIGN, UX

PRODUCT POSITIONING / MESSAGING

PRODUCT VISION / STRATEGY

ROADMAP / PRIORITIZATION

CUSTOMER ONBOARDING

PRICING / PACKAGING

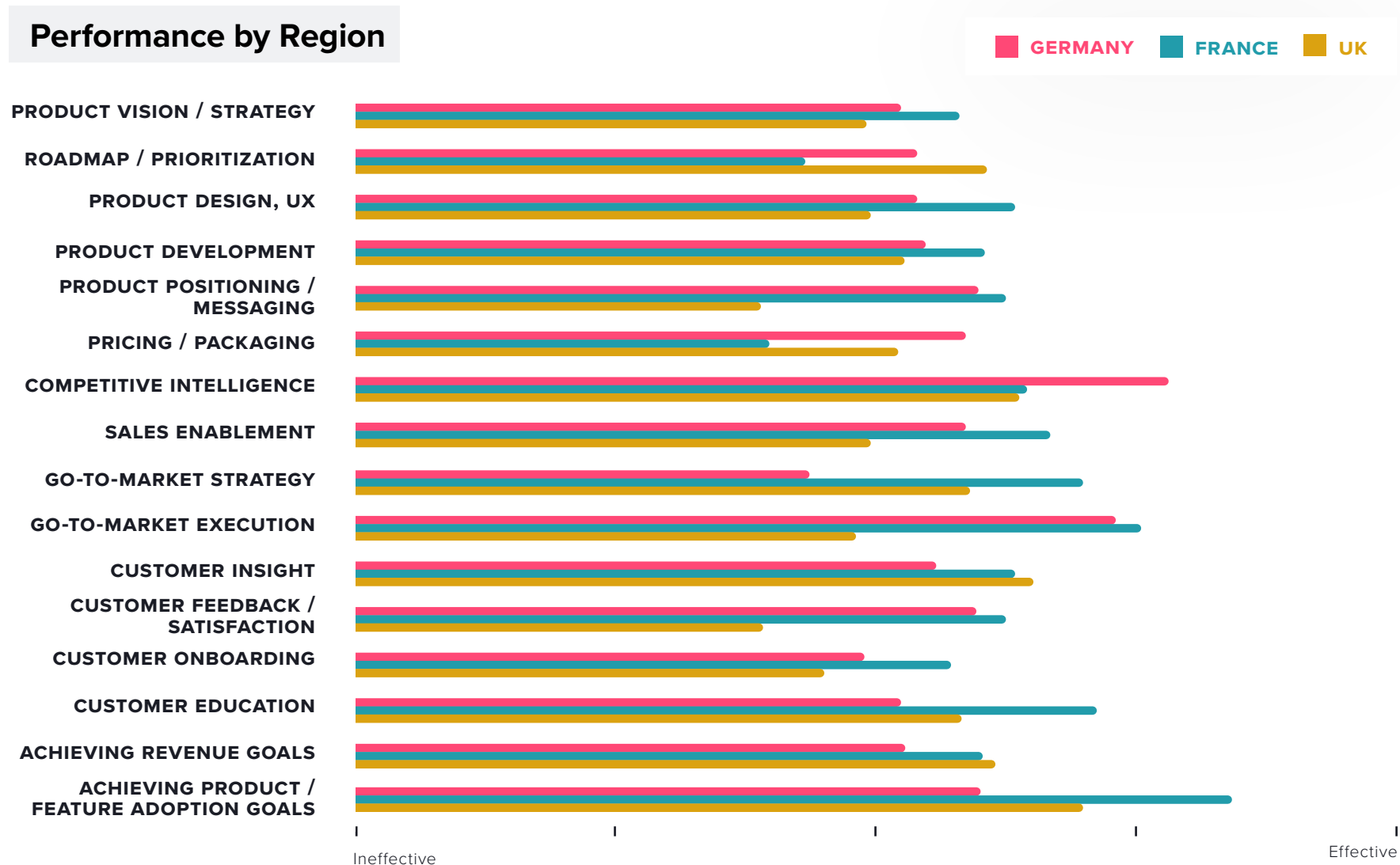Ineffective   Effective

When we asked European product leaders to rank how effective they were at performing certain product management tasks, our expectation was that the tasks they felt most accountable for — product design, product development, and product positioning — would also be the tasks they felt most effective at performing. But as you can see, this instinct was wrong.

In reality, European product leaders rank themselves as most effective in achieving product and feature adoption goals, competitive intelligence, and customer feedback and satisfaction.

So, why the misalignment between accountability and perceived effectiveness? We believe the fact that many of the product professionals we surveyed are still in the early stages of their careers likely plays a role. While they've mastered some skills, they're still honing others – even the skills they think they should be the best at.

At the country level, France, Germany, and the UK each ended up with a different top product management skill. In France, product professionals believe they are most effective in achieving product and feature adoption goals; in Germany, it's competitive intelligence; and in the UK, customer insight.

Even though their top skills differ, the effectiveness scores given by our European respondents don't actually vary that widely among skill categories. The results show a pretty even spread of competency across most tasks, including those that European product leaders don't feel particularly accountable for.

Performance by Region

GERMANY ■ **FRANCE** ■ **UK**

PRODUCT VISION / STRATEGY
ROADMAP / PRIORITIZATION
PRODUCT DESIGN, UX
PRODUCT DEVELOPMENT
PRODUCT POSITIONING / MESSAGING
PRICING / PACKAGING
COMPETITIVE INTELLIGENCE
SALES ENABLEMENT
GO-TO-MARKET STRATEGY
GO-TO-MARKET EXECUTION
CUSTOMER INSIGHT
CUSTOMER FEEDBACK / SATISFACTION
CUSTOMER ONBOARDING
CUSTOMER EDUCATION
ACHIEVING REVENUE GOALS
ACHIEVING PRODUCT / FEATURE ADOPTION GOALS

Ineffective

Effective

Key Findings

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FINDING #5

Europeans working at the **management level are typically happier** in their roles than executives and individual contributors.

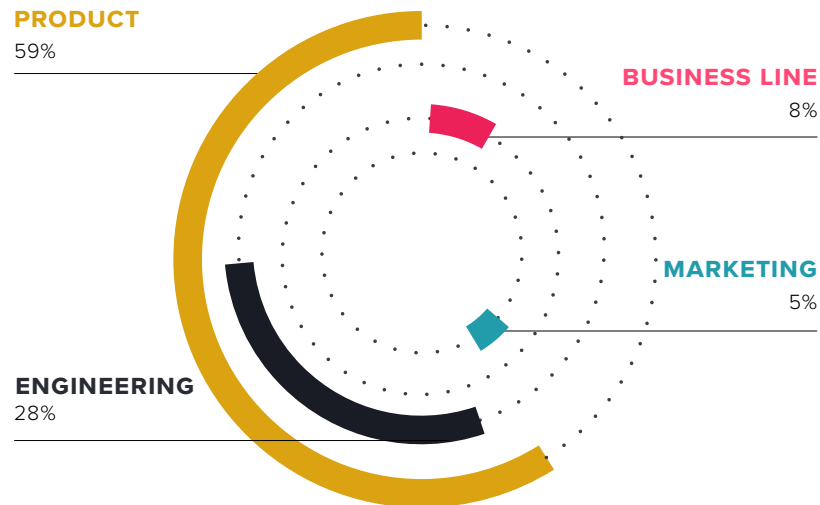## Job Satisfaction by Level
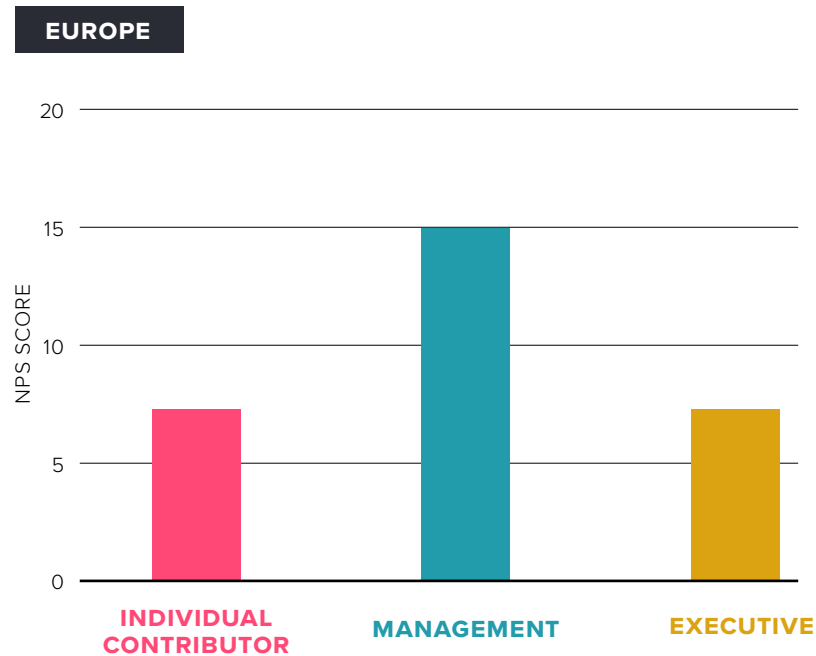
EUROPE

GLOBAL

We observed that globally, product professionals become less and less happy as they take on more responsibility and move up in the company org chart. In Europe, it's a different story: Managers (NPS = 15) are nearly twice as happy in their roles as executives (NPS = 7) and individual contributors (NPS = 7).
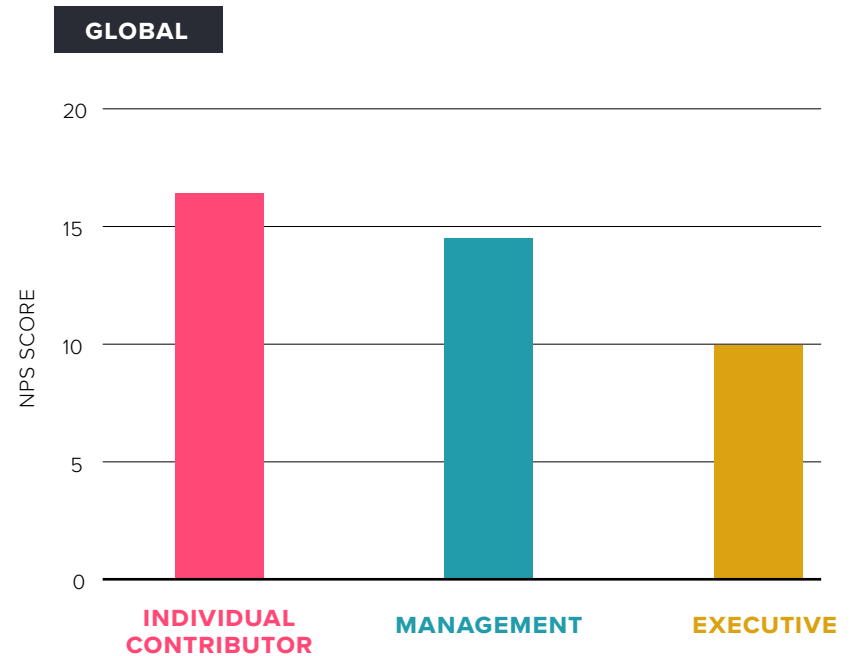
This could be due to a variety of different reasons, but one thought that comes to mind is the idea of the management level sweet spot. While still close to individual projects and daily happenings on the product team, these leaders are not as removed (and over-burdened) as executives, but still have influence on product decisions. There's also something to be said about the fulfillment that comes from managing people, versus being an individual contributor.
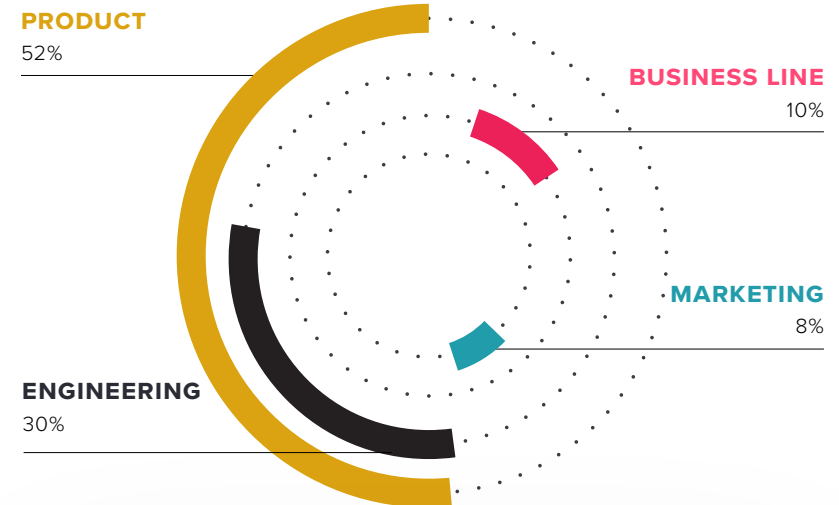
Reporting Lines

EUROPE

PRODUCT
59%

BUSINESS LINE
8%

MARKETING
5%

ENGINEERING
28%

GLOBAL

PRODUCT
52%

BUSINESS LINE
10%

MARKETING
8%

ENGINEERING
30%

Another predictor of job satisfaction is reporting line, i.e., which department or team a product professional reports into. Similar to the rest of the world, more than half of European respondents report directly to a dedicated product function.

For the first time, **dedicated product teams** have become the dominant reporting line for more than half of product professionals. And that's true both in Europe and around the world.

Spotlight: **France**

France has it **figured out**

Wish you found your product job more satisfying? Pack your bags and head to France (we're only half kidding). Of all the regions we examined, product professionals from France were the most likely to recommend their career path to a friend, and gave the job an average NPS rating that's more than twice as high as that given by either German or UK respondents.
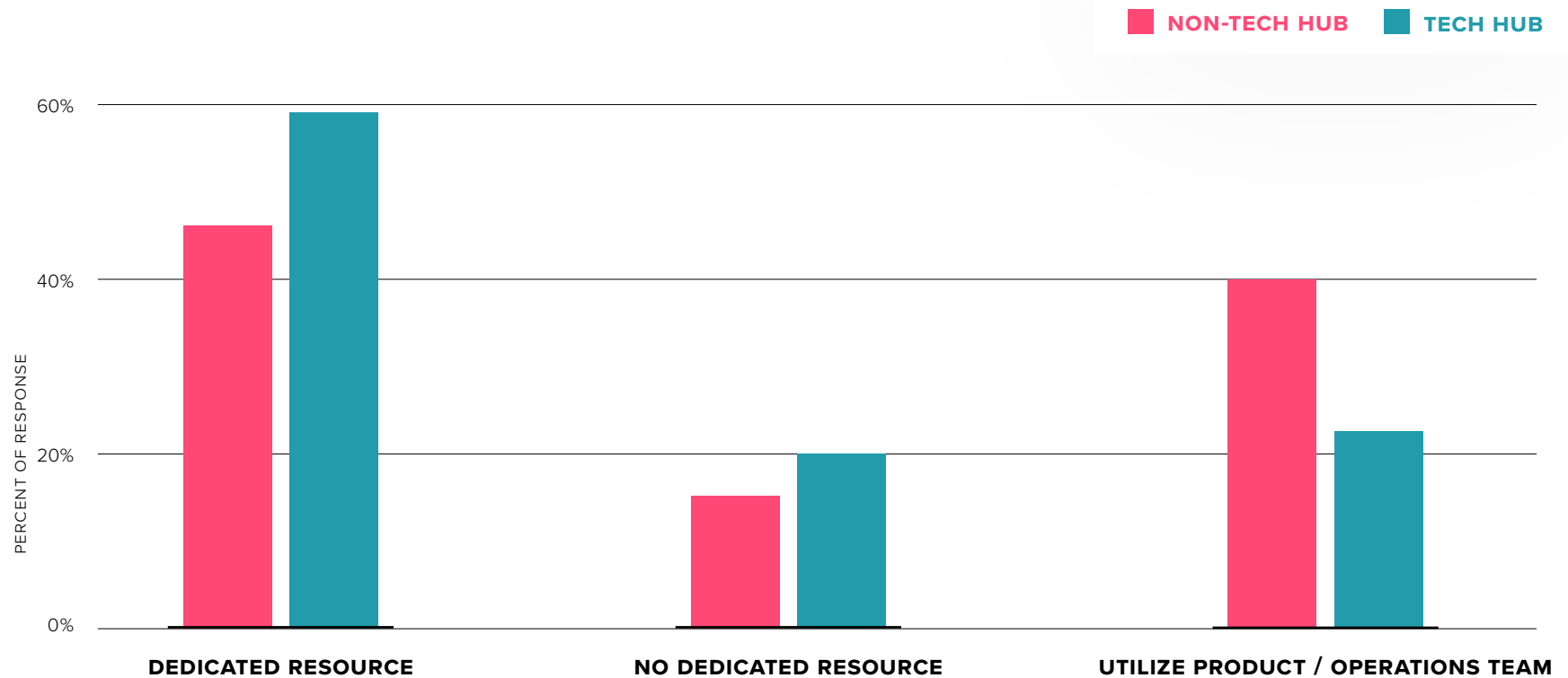
Job Satisfaction by Region

FRANCE
NORTH AMERICA
GERMANY
UK

0   5   10   15   20

NPS SCORE
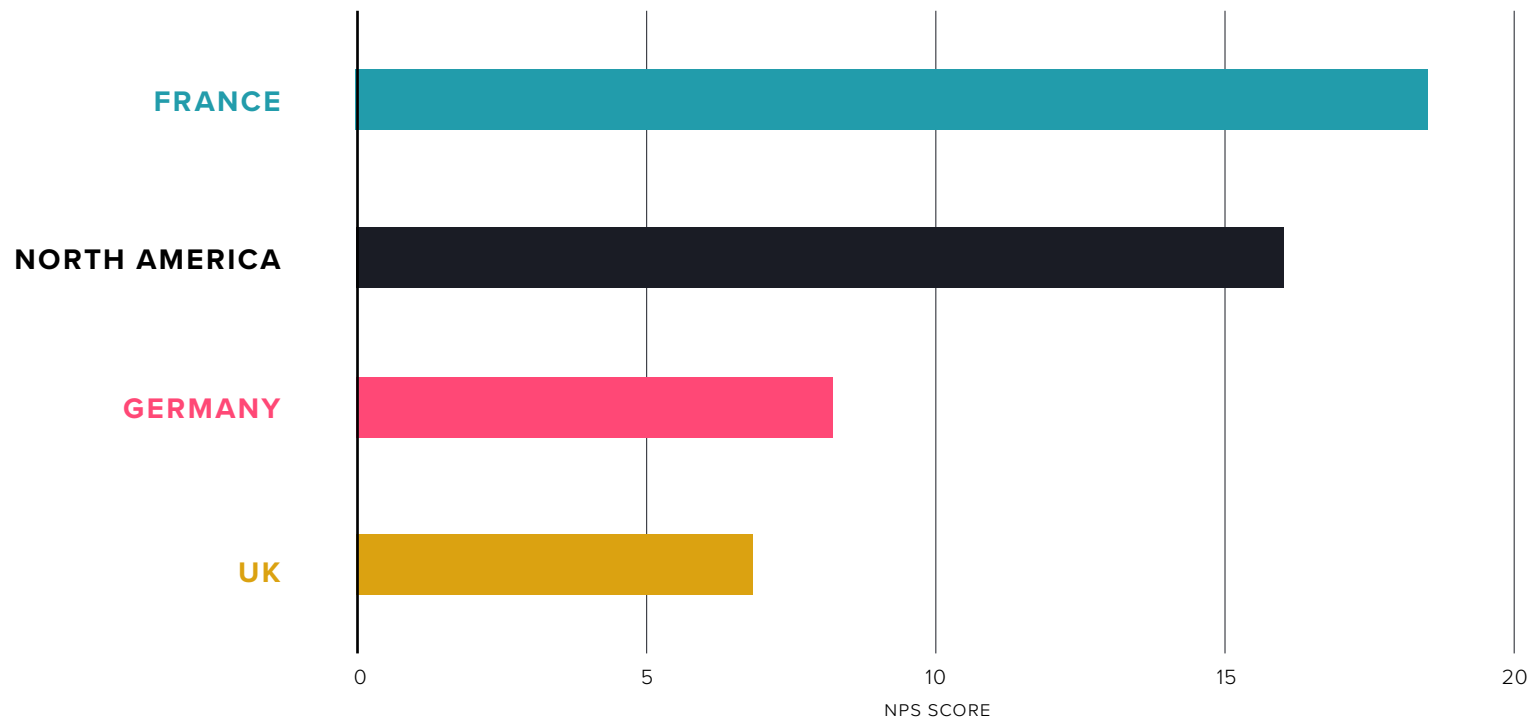
Key Findings

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FINDING #6

More than half of European product teams have a dedicated **product ops role**.

Do you have a Product Ops function?

As technology companies scale, product ops is becoming more and more important (and necessary) to drive efficiency, communication, and processes around the product. Establishing a dedicated product ops function is something we especially expect to see in the more forward-looking segments of the tech industry.

For example, in North America's biggest tech hubs (according to CBRE Research's "2019 Scoring Tech Talent" report) such as San Francisco, Austin, New York, and Boston, 59% of companies have a dedicated product ops resource.

Product Ops function by Region

EUROPE

PLANNING TO HIRE
21%

PRODUCT / OPS TEAM
26%

DEDICATED RESOURCE
53%

GLOBAL

PLANNING TO HIRE
19%

PRODUCT / OPS TEAM
29%

DEDICATED RESOURCE
52%

In Europe, it's 53% — slightly higher than the global average (52%) and just a few percentage points behind what we see among companies in US tech hubs. If there was ever a perceived gap in Europe's ability to grow and evolve with the tech industry, that gap is closing.

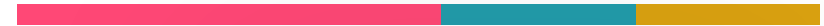## Product Ops function by Country

0%	25%	50%	75%	100%

GERMANY

FRANCE

UK

DEDICATED RESOURCE　　**PRODUCT / OPS TEAM**

PLANNING TO HIRE

At the country level, Germany is a bit of an outlier, as less than half of German product leaders work at companies with a dedicated product ops function. That being said, Germany also has the largest proportion of companies that are *planning* on hiring an individual to manage product ops. So while they may have gotten a later start than those in France and the UK, German companies are clearly aware of this potential weakness and are working to remedy it.
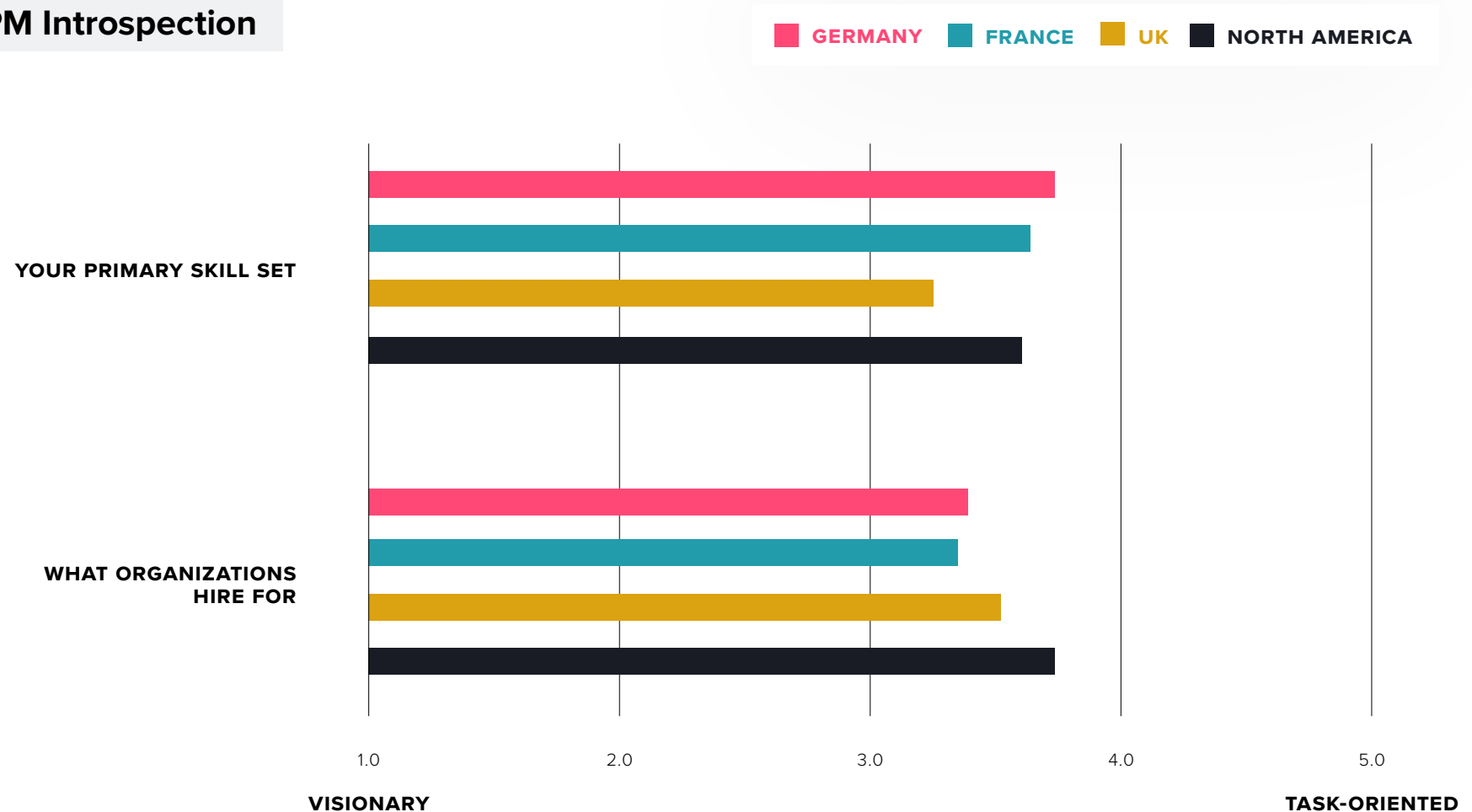
Key Findings

—

FINDING #7

European product leaders who see themselves as more visionary than tactical **have higher job satisfaction.**

It's easy to romanticize the role of a product leader. Books, movies, and TV shows have all contributed to the creation of a (largely unrealistic) product leader archetype, whose traits include being a super-genius, being able to predict the future, and wearing the same thing every day.

In reality, product leaders around the world, including in France, Germany, and the UK, rate themselves as being more task-oriented than visionary. And that's for good reason: Companies don't hire product people based on how visionary they are. More specifically, the companies our respondents work at hire more for tactical expertise than for visionary prowess.

PM Introspection

GERMANY **FRANCE** **UK** **NORTH AMERICA**

YOUR PRIMARY SKILL SET

WHAT ORGANIZATIONS HIRE FOR

1.0   2.0   3.0   4.0   5.0

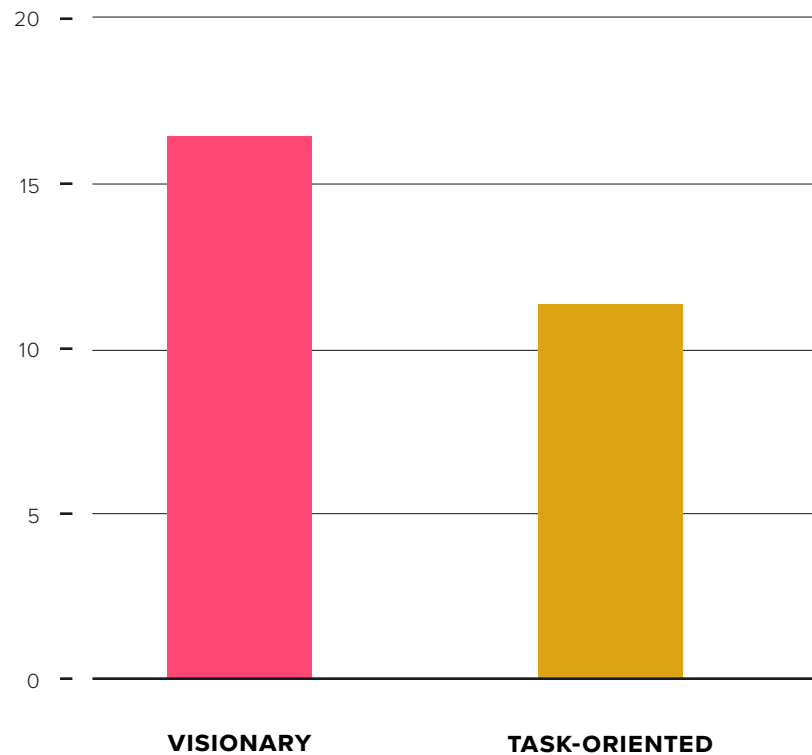**VISIONARY**   **TASK-ORIENTED**

Globally, product leaders who lean more towards the tactical end of the spectrum are happier than their more visionary counterparts — which is what you might expect to find in a product landscape that values the former over the latter.
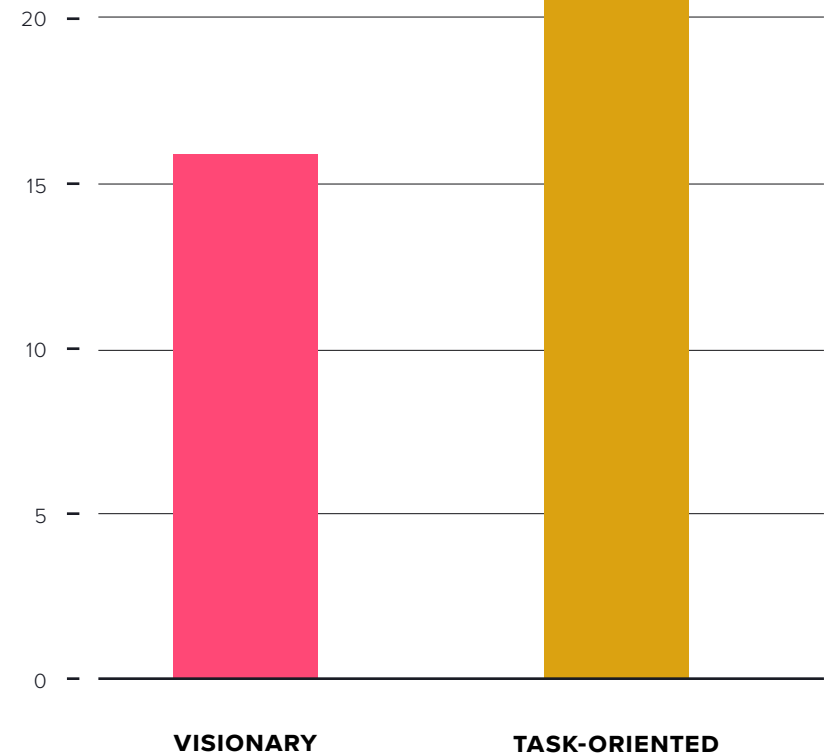
But notably, in Europe, the opposite is true: The visionaries are happier in their roles than those who are task oriented.

NPS by Primary Skill Set

EUROPE

GLOBAL

Spotlight: **France**

In France, the happiest PMs **are task-oriented**

France is an outlier in the trend that European product leaders who are more visionary are happier. Instead of following their fellow Europeans, France follows the global trend of tactical product leaders being more satisfied with their jobs.

Job Satisfaction by Skill Set and Country

Legend: ● VISIONARY ● TASK-ORIENTED

X-axis: FRANCE, GERMANY, UK
Y-axis: 0, 5, 10, 15, 20, 25
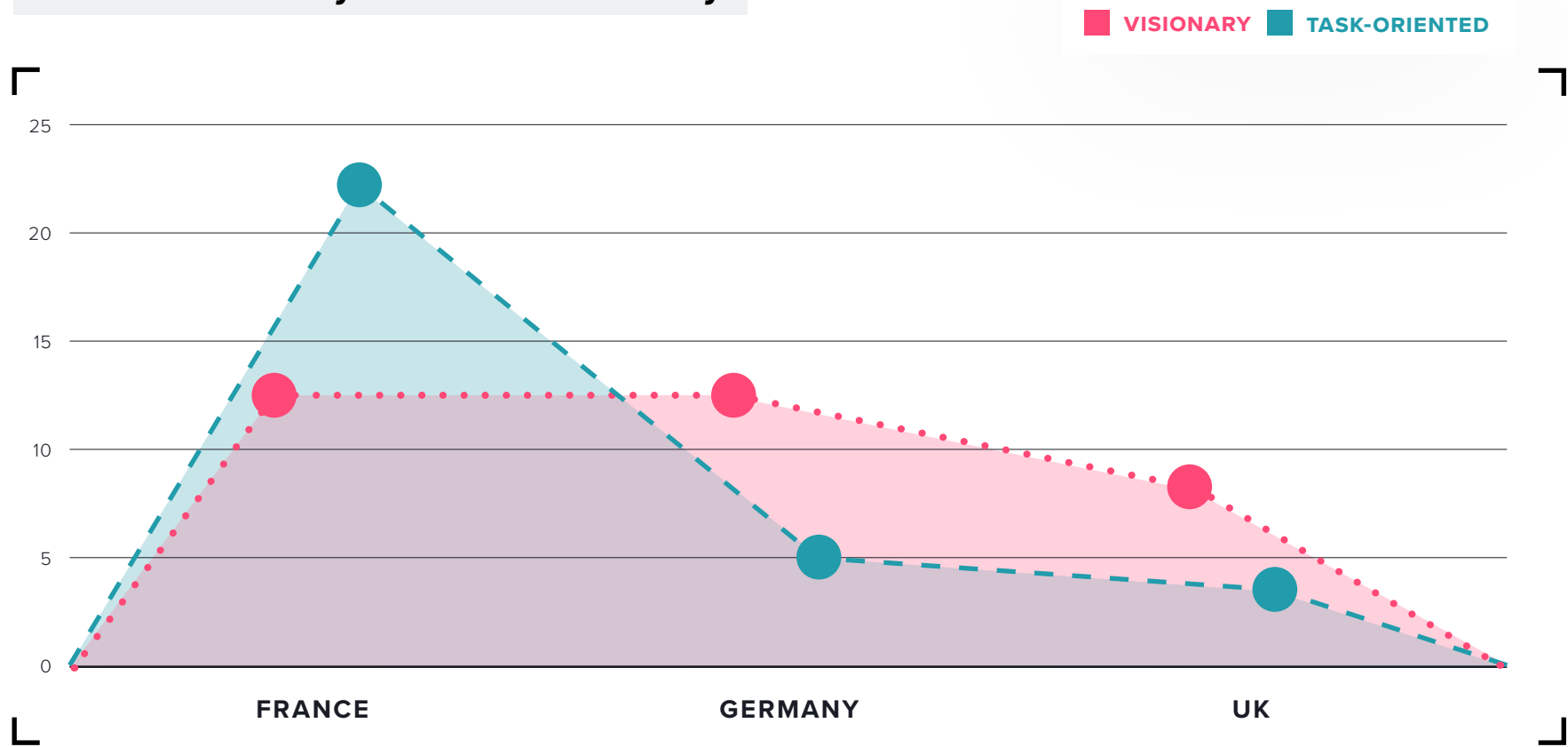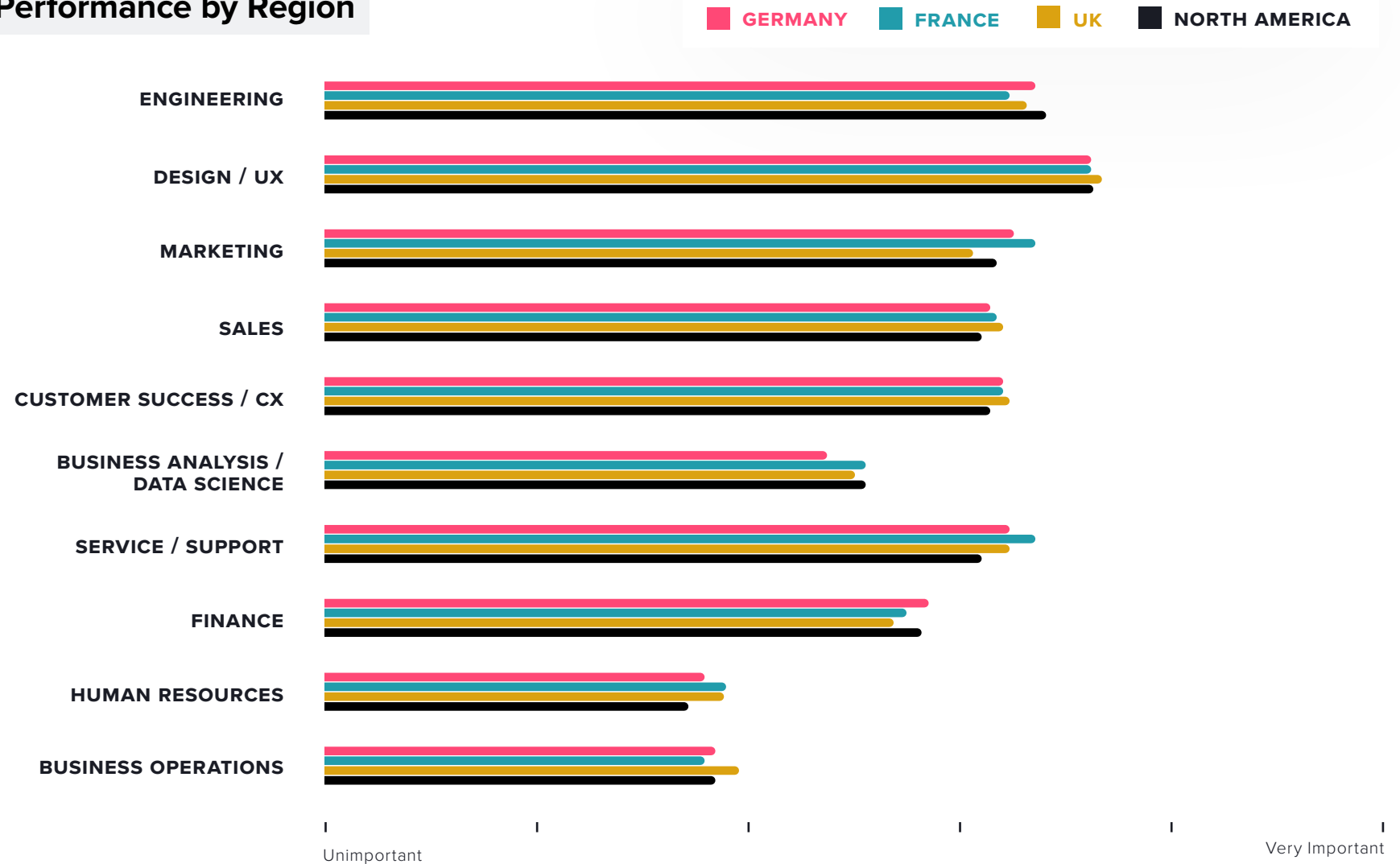
Key Findings

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FINDING #8

Europeans believe in having close alignment with the customer success function, **but the relationship needs work.**
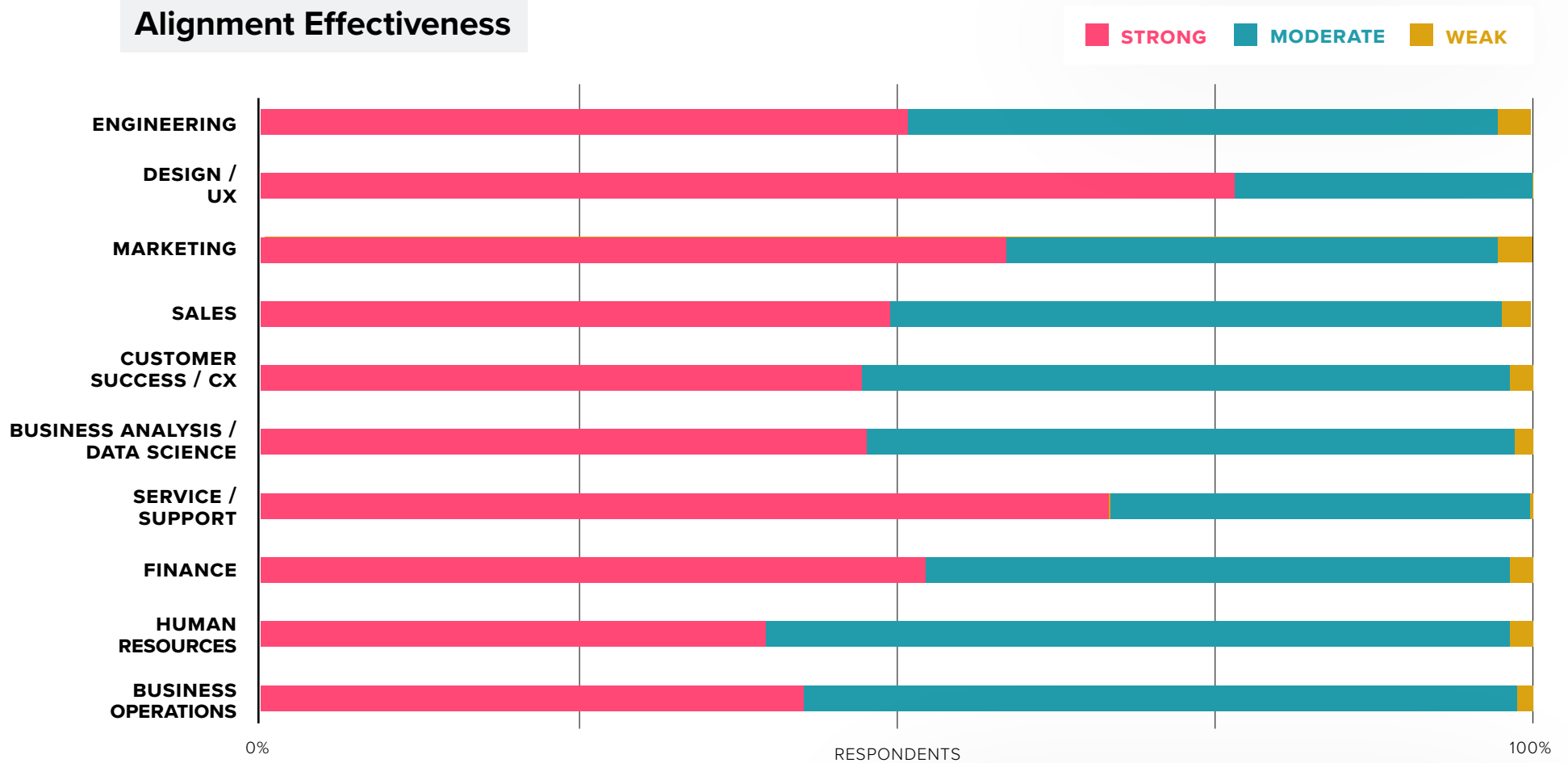
As most of us can attest, customer success (CS) is an important partner for product teams — and this was reflected in our survey data as well. In every part of the world, product leaders scored customer success on the "important" end of the alignment importance spectrum, at the same level as marketing, sales, and support.

Performance by Region

GERMANY   **FRANCE**   **UK**   **NORTH AMERICA**

ENGINEERING

DESIGN / UX

MARKETING

SALES

CUSTOMER SUCCESS / CX

BUSINESS ANALYSIS / DATA SCIENCE

SERVICE / SUPPORT

FINANCE

HUMAN RESOURCES

BUSINESS OPERATIONS

Unimportant   Very Important

Alignment Effectiveness

STRONG   **MODERATE**   **WEAK**

ENGINEERING

DESIGN / UX

MARKETING

SALES

CUSTOMER SUCCESS / CX

BUSINESS ANALYSIS / DATA SCIENCE

SERVICE / SUPPORT

FINANCE

HUMAN RESOURCES

BUSINESS OPERATIONS

0%   RESPONDENTS   100%

However, despite this preference for having a strong relationship with customer success, the data also shows that it hasn't yet become a reality for most product leaders.

In Europe specifically, less than half of respondents **reported a strong relationship with the CS function**.
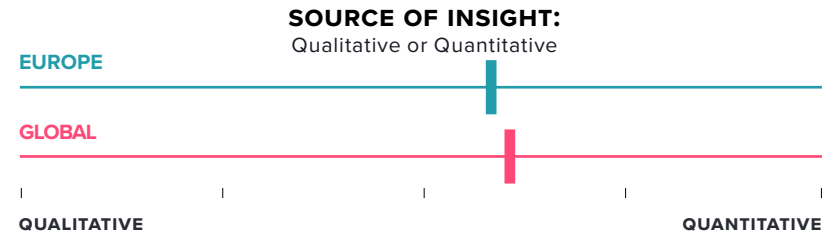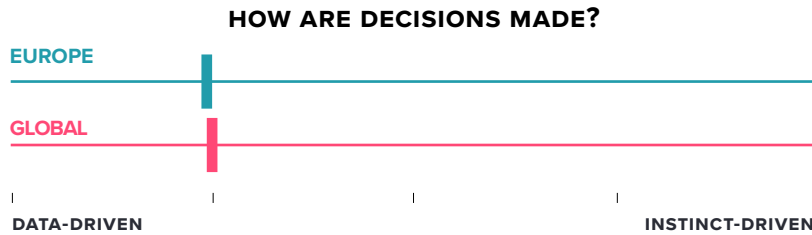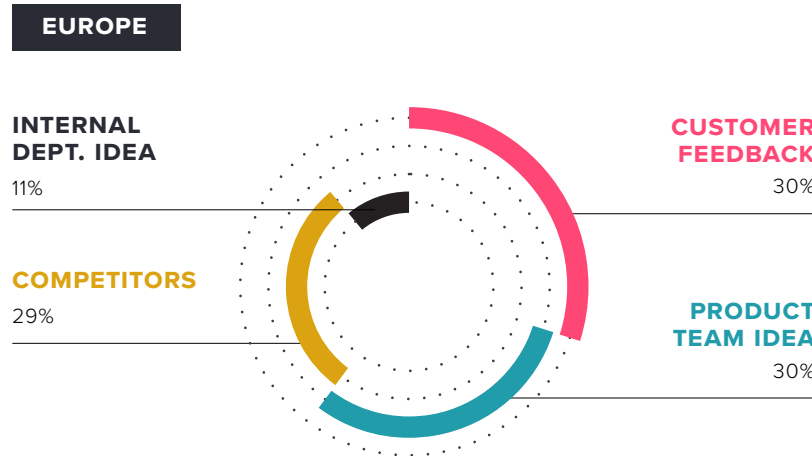
Key Findings

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FINDING #9

The product management world is becoming increasingly **data-driven, and European PMs are following suit.**

European product leaders rely on a nearly identical decision-making process as the global persona. They are more data-driven than instinct-driven, and they rely more heavily on customer feedback (and what competitors are doing) than personal preference. If there was ever a notion that top product leaders "trust their guts" more than they trust hard facts and numbers, it's now been widely debunked.

For European product professionals, their best product ideas most commonly come through customer feedback (30%, compared to 32% globally), followed by competitors, which again follows the global trend (29% in the European sample, 28% in the Global sample).

HOW ARE DECISIONS MADE?

EUROPE

GLOBAL

DATA-DRIVEN   INSTINCT-DRIVEN

SOURCE OF INSIGHT:
Qualitative or Quantitative

EUROPE

GLOBAL

QUALITATIVE   QUANTITATIVE

Source of Best Product / Feature Idea

EUROPE

INTERNAL
DEPT. IDEA
11%

CUSTOMER
FEEDBACK
30%

COMPETITORS
29%

PRODUCT
TEAM IDEA
30%

**GLOBAL**

INTERNAL
DEPT. IDEA
11%

CUSTOMER
FEEDBACK
32%

COMPETITORS
28%

PRODUCT
TEAM IDEA
29%

Globally, the most popular tool product people use for gathering customer feedback is still the tried-and-tested survey. In Europe, however, surveys — while still popular — take a backseat to a more modern customer feedback channel: social listening.

Instead of going out and asking what their customers think and incentivizing them to give answers, more and more product leaders are sitting back and listening to what folks are already saying on social networks.

How do you collect customer feedback?

EUROPE   **GLOBAL**
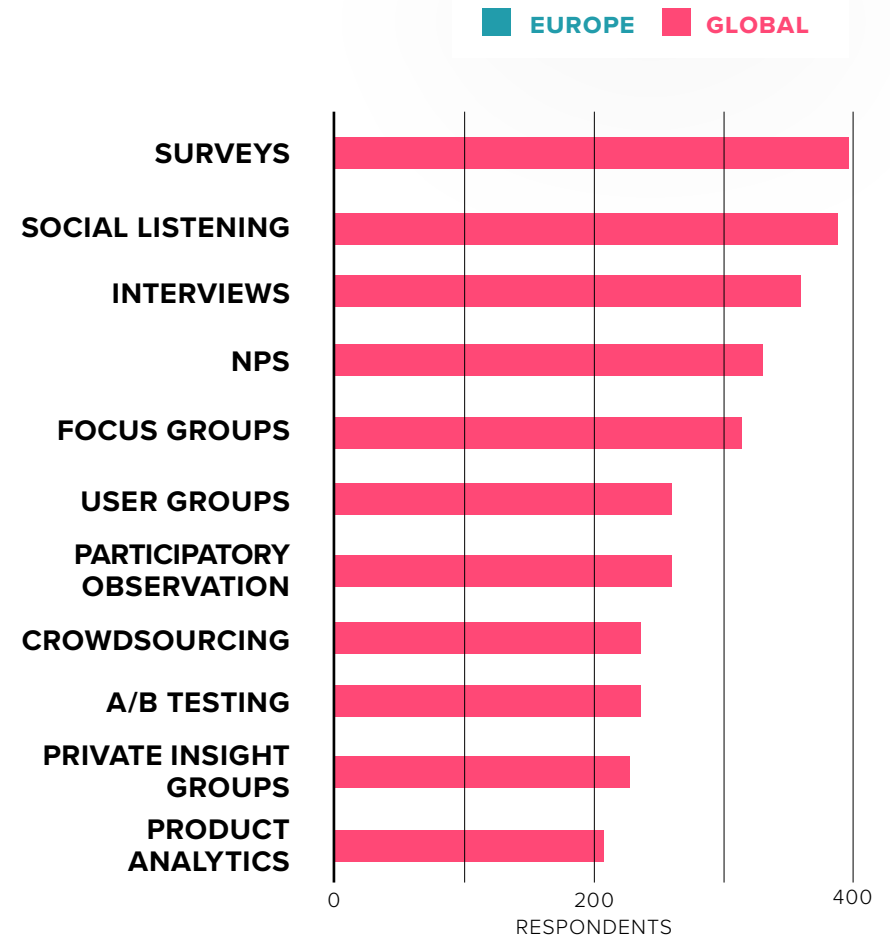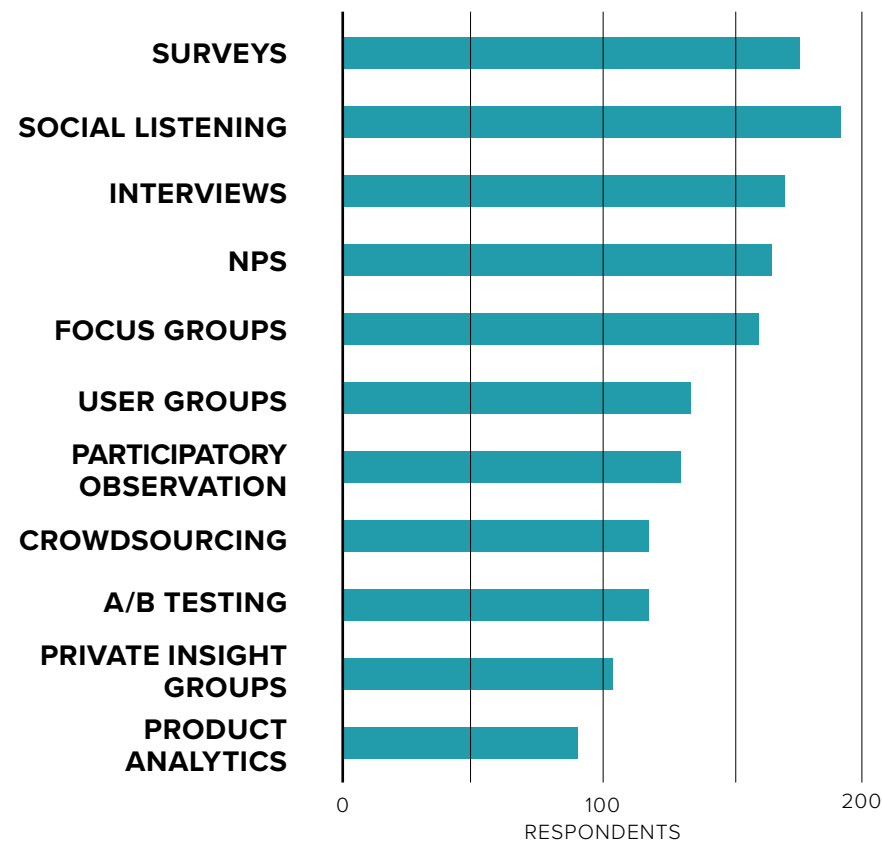
Spotlight: **Germany**

German PMs **trust their guts**

German product leaders are significantly more likely to make decisions based on what they think customers need as opposed to what customers actually tell them. The German sample also showed a slightly higher propensity toward being instinct-driven over data-driven.

How are decisions made (by country)?

■ GERMANY   ■ FRANCE   ■ UK

CUSTOMER FEEDBACK VS. WHAT WE THINK THEY NEED

CUSTOMER FEEDBACK   WHAT WE THINK THEY NEED
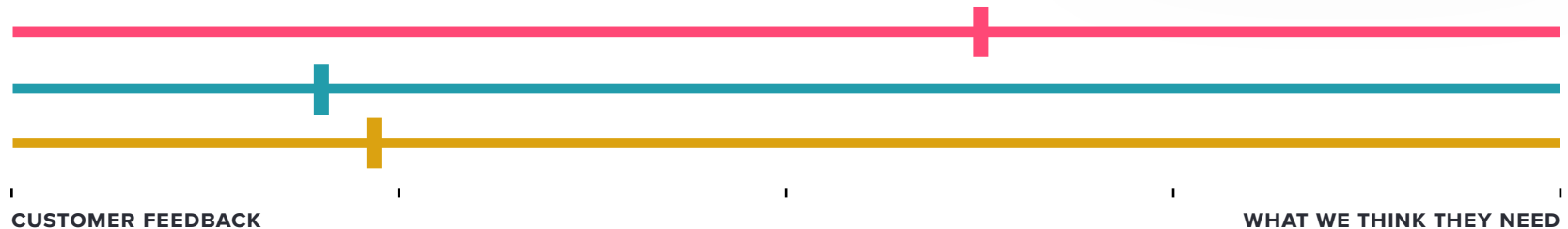
DATA-DRIVEN VS. INSTINCT-DRIVEN

DATA-DRIVEN   INSTINCT-DRIVEN
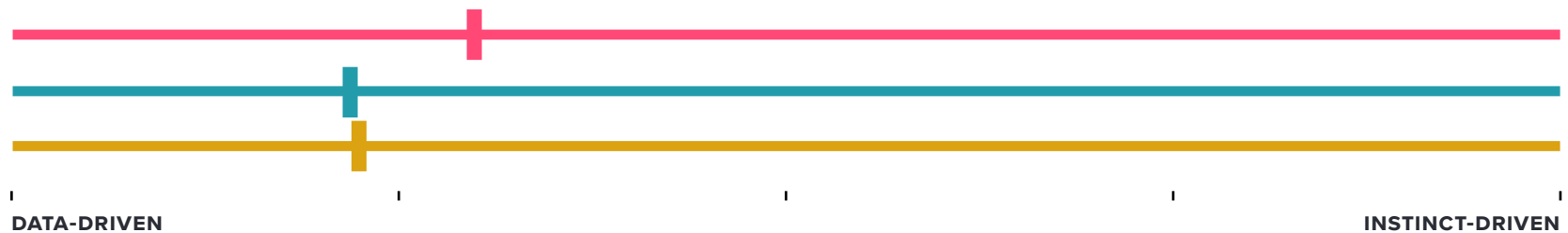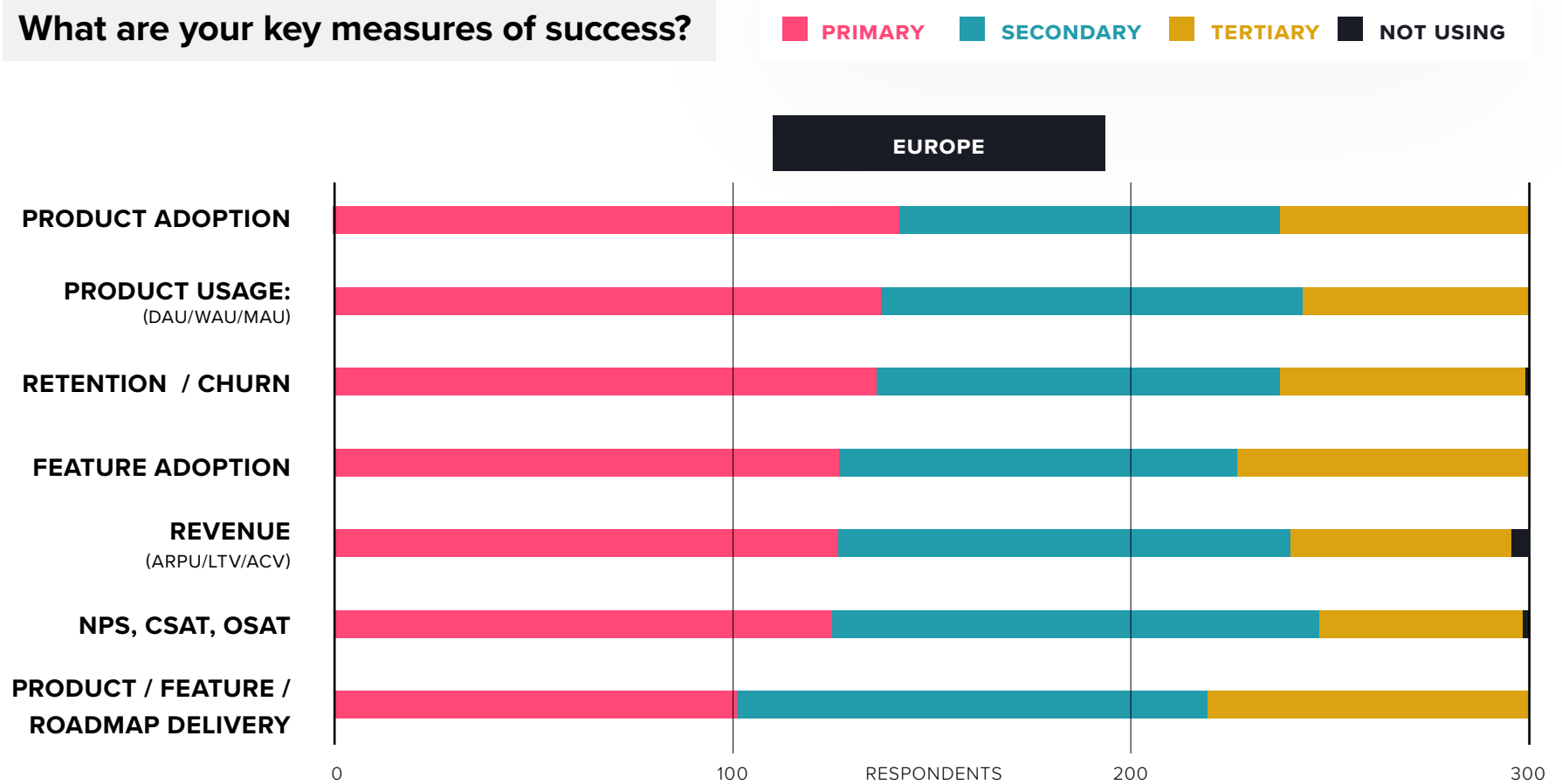
Key Findings

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FINDING #10

Product adoption/usage and retention/churn are now the primary measures of product success for European product leaders.

What are your key measures of success?

■ PRIMARY   **■ SECONDARY**   **■ TERTIARY**   **■ NOT USING**

EUROPE

Chart — horizontal stacked bar chart (Respondents, 0–300):

- PRODUCT ADOPTION
- PRODUCT USAGE: (DAU/WAU/MAU)
- RETENTION / CHURN
- FEATURE ADOPTION
- REVENUE (ARPU/LTV/ACV)
- NPS, CSAT, OSAT
- PRODUCT / FEATURE / ROADMAP DELIVERY

X-axis: 0 — 100 — RESPONDENTS — 200 — 300

In last year's report, we reluctantly shared the news that for product teams all around the world, the number of features shipped was their most important metric for evaluating success.
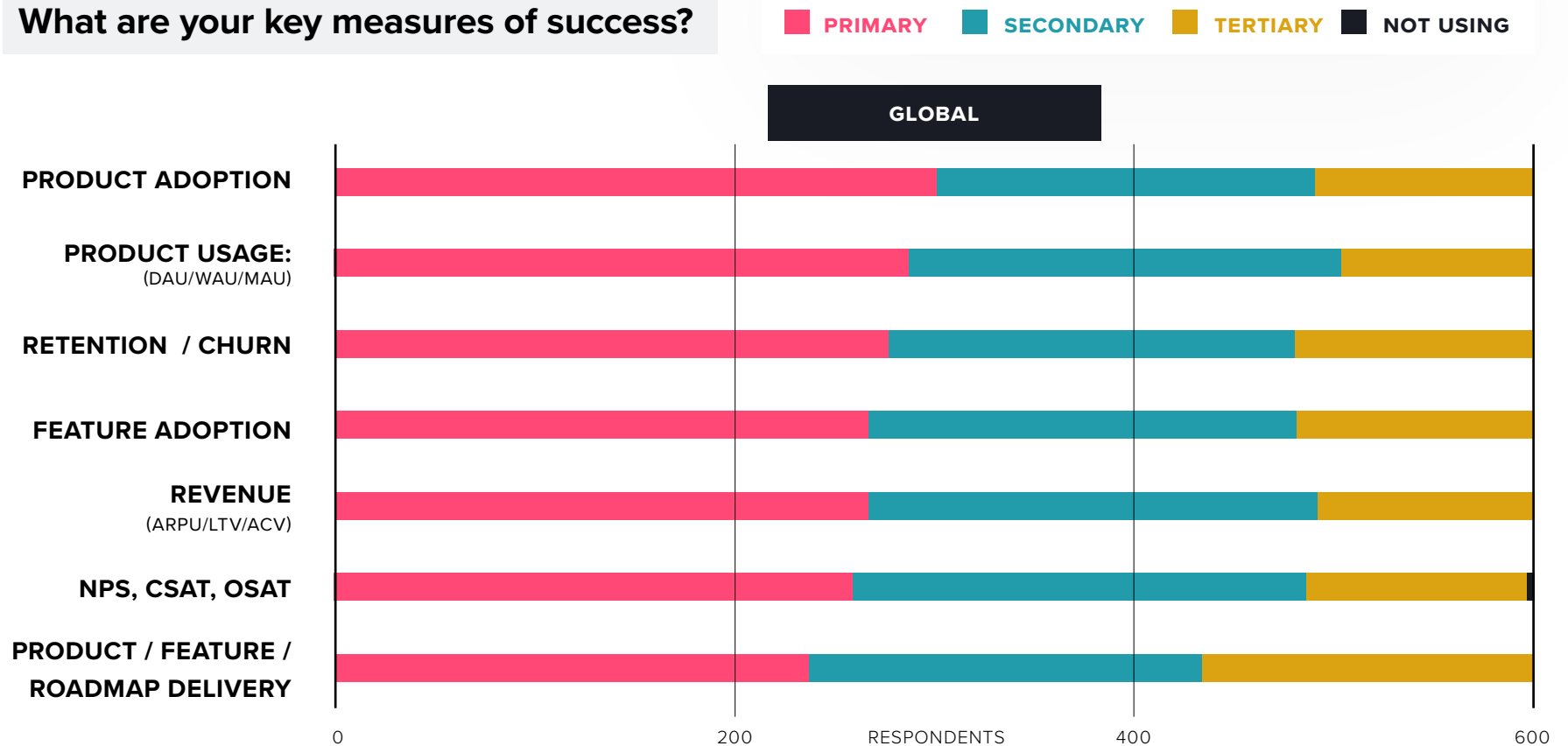
This finding shocked us a little bit — after all, as a performance indicator, the number of features you ship doesn't necessarily reflect how much value customers are getting from your product, or how much value the product is generating for your company.

That's why this year we were relieved to see that both in Europe and around the world, there's been a complete overhaul in how product teams measure success. Delivering new features is now their least important metric, while product adoption and usage, along with retention and churn, are the new north star metrics.

At Pendo and Product Collective, we see this as progress. Product teams are now focusing on metrics that are actually tied to customer engagement: How many people are using our product? Are they using it frequently? Are they leaving after a few months? As a result of this new direction, product teams will be in a much better position to deliver ongoing value to customers.

What are your key measures of success?

PRIMARY   **SECONDARY**   **TERTIARY**   **NOT USING**

GLOBAL

PRODUCT ADOPTION

PRODUCT USAGE:
(DAU/WAU/MAU)

RETENTION / CHURN

FEATURE ADOPTION

REVENUE
(ARPU/LTV/ACV)

NPS, CSAT, OSAT

PRODUCT / FEATURE /
ROADMAP DELIVERY

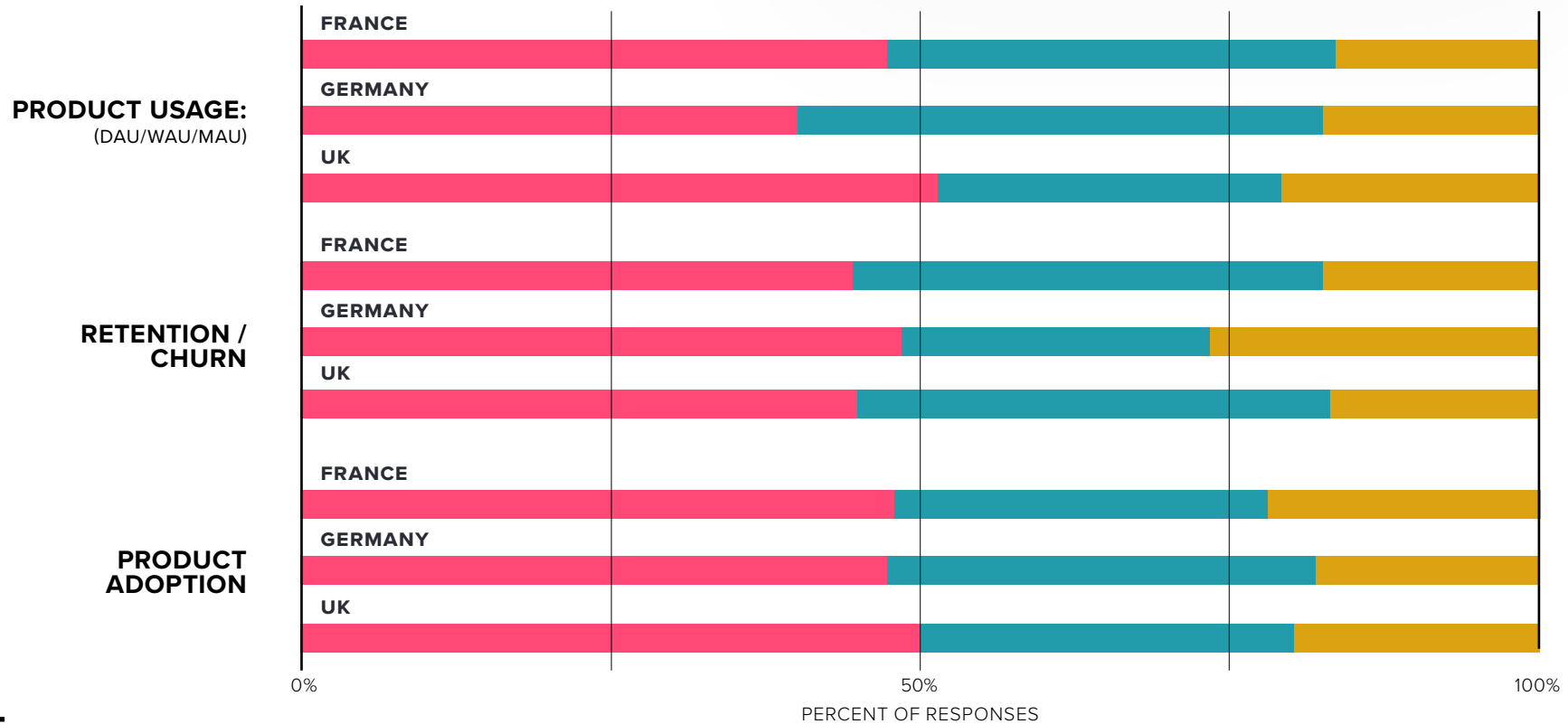0   200   RESPONDENTS   400   600

Spotlight: **The UK**

UK PMs lean on
product usage data

Just over 50% of UK respondents consider active users to be a primary metric for measuring product success, while just shy of 50% feel the same way about product/adoption usage. We see this as a sign that UK product leaders have a slight edge over their European counterparts when it comes to aligning their product with what customers actually want.

Key Measures of Success by Country

Legend: PRIMARY | SECONDARY | TERTIARY | NOT USING

PRODUCT USAGE: (DAU/WAU/MAU)
- FRANCE
- GERMANY
- UK

RETENTION / CHURN
- FRANCE
- GERMANY
- UK

PRODUCT ADOPTION
- FRANCE
- GERMANY
- UK

0%   50%   100%

PERCENT OF RESPONSES

Recommendations

#1 Stay in school (or consider going back)

In Europe (as well as the world at large), there's a correlation between product leaders with formal product management training and the seniority they've reached in their careers. And while it's true that European executives were slightly less likely to have formal training compared to the global average, they were also more likely to be in the process of seeking it out. Clearly, the motivation is there. Now is the time to act on it.

#2 Maintain a healthy balance of PMs with technical and non-technical backgrounds

Globally, our survey found that companies over-index for product leaders who favor the technical implementation side of product management. And yes, of course, there are plenty of advantages that come with being a technical PM. Our only concern is that if the discipline gets too technical, product leaders might end up feeling disconnected from their customers. The good news is that in Europe, unlike in the rest of the world, there's an almost equal split of product pros with technical backgrounds and those with non-technical backgrounds. We see this as a healthy ratio and encourage European teams to maintain it.

Recommendations

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#3

Acknowledge the visionary side of product management

Product leaders from France, Germany, and the UK are all in agreement that being tactical is more important than being able to predict the future. Ultimately, companies hire PMs based on their education, their experience, and their ability to perform the tasks the job requires. That said, our survey data also shows that in Europe, the visionary PMs are happier than their more task-oriented counterparts. The takeaway: While modern product leaders need to be tactical, they shouldn't be afraid to tap into their visionary side from time to time. At a minimum, it can help product leaders find more enjoyment in their work.

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#4

Plan for product ops

There's no longer an excuse for not having a product ops presence on your product team — especially if you work in SaaS. Today, there are more moving parts to product management, more industry changes to stay ahead of, and much, much more data than ever before. In our survey, we found that 53% of European PMs (and 52% of PMs globally) now rely on a dedicated product ops function to own alignment, communication, and processes around the product. This frees up PMs to focus exclusively on areas where they can make the most impact – building differentiated products and solving customer pain points.

Recommendations

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#5

Keep listening to your customers

If marketing is the team that does the most talking for your business, product is the team that does the most listening. Both in Europe and around the world, nearly a third of product leaders believe that customer feedback is the source of their best product ideas. Globally, surveys are the most popular tool for hearing from customers. In Europe, however, social listening has dethroned the survey as the most popular option for collecting customer information. Fair warning: The opinions you find on social media might be harsh, raw, and in some cases, unpleasant. But they're also likely to be more honest than anything you could solicit directly.

Thanks for reading

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