Cohort Analysis

Business & Management

Grouping users by when they arrived, and why aggregate metrics hide the truth.

Grouping customers by a shared start period and tracking each group separately over time, so changes in behaviour are not masked by changes in mix.

GROUP BY	TRACK	LOOK FOR
start period	**over age**	**flattening**

- Aggregate metrics blend new and old customers.
- Rapid growth makes retention look better than it is.
- Each cohort's curve should flatten if there is fit.
- A curve that decays to zero means no fit with anyone.
- Compare cohorts to see whether the product is improving.
- Also used for revenue, usage and margin, not just retention.

LOOK FOR IT

Doubling new users each month can raise blended retention while every individual cohort is deteriorating.

Plot cohorts by age, not by calendar date. Otherwise you are comparing a one-month-old cohort to a one-year-old one.