Product-Market Fit

Business & Management

What it feels like, and the measures used to test for it.

The point at which a product satisfies a strong market demand — evidenced by organic growth, high retention, and customers who would be genuinely disappointed to lose it.

ELLIS TEST	SIGNAL	BEFORE FIT
>40%	flat retention	do not scale

- Sean Ellis test: over 40% would be 'very disappointed' without it.
- Retention curve flattens rather than decaying to zero.
- Word of mouth begins without prompting.
- Sales get easier, not harder.
- Before fit, scaling spend wastes it.
- Fit is per segment; it can be lost as the market moves.

LOOK FOR IT

A retention curve that flattens at 30% has fit with that 30%. One that decays to zero has none.

The single most common startup failure is scaling spend before fit. It converts a small problem into an expensive one.