

AARRR is one of the most popular frameworks
in product-led growth.

**It's also one of the most
misunderstood.**

Many draw it as a top-down funnel. **It's not. It's
loops.**



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AARRR Pirate Metrics Playbook

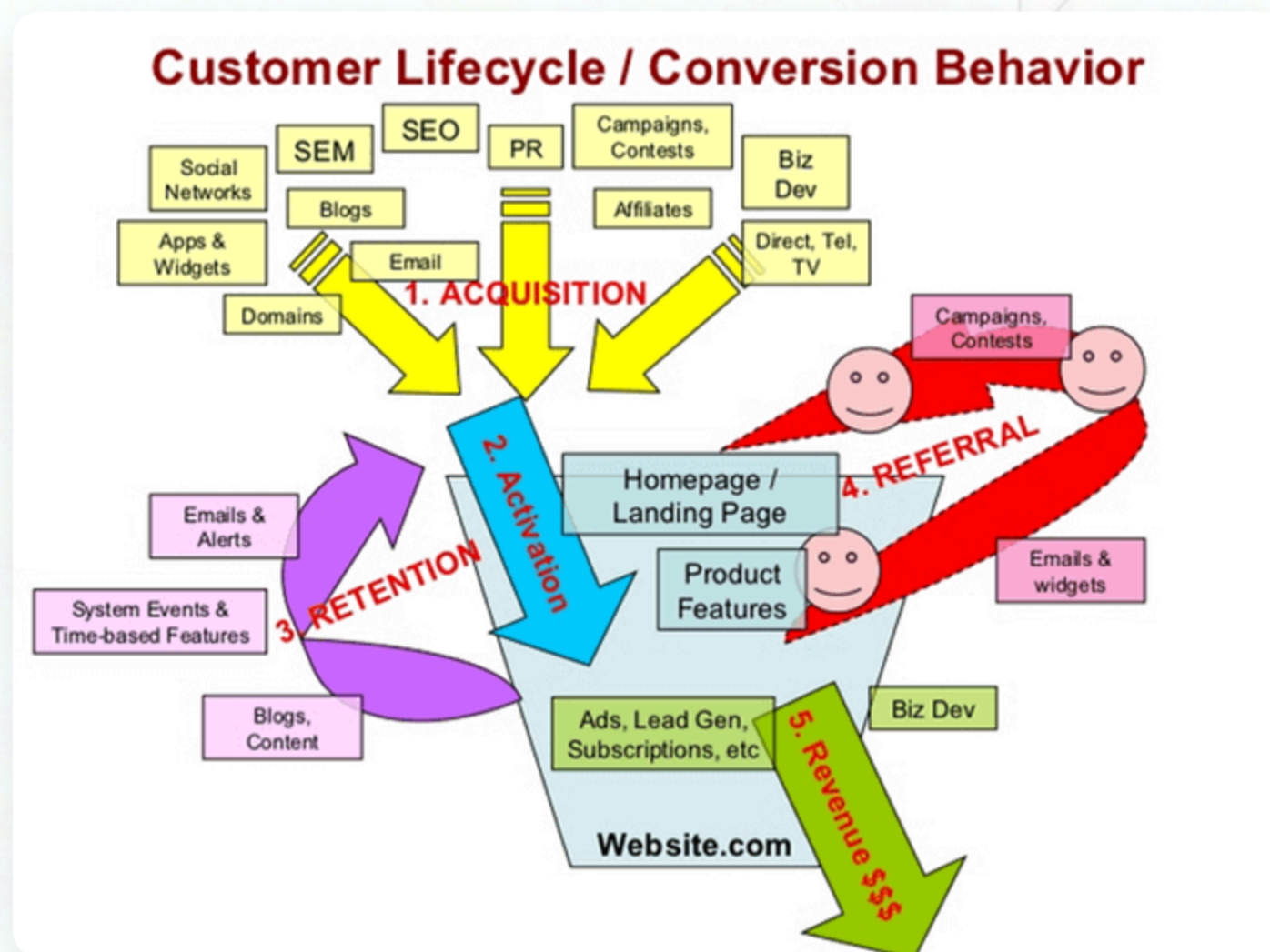
The complete guide to Acquisition, Activation, Retention,
Referral, Revenue

In 2007, Dave McClure (founder of 500 Startups) introduced Pirate Metrics. His original diagram had loops — not just a funnel.



Here's What He Actually Drew

Notice the loops on Retention and Referral



Source: Dave McClure, "Startup Metrics for Pirates" (2007)





Why The Funnel View Is Wrong

When you see a top-down funnel, you optimize from the top down.

More acquisition. More users. More traffic.

But acquisition without retention is a leaky bucket.

You pour users in. They go right out.



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The Truth: It's Loops

McClure's original showed the truth:

- ✓ Referrals loop back to acquisition
- ✓ Retained users come back and generate more revenue
- ✓ Revenue funds more acquisition

These are loops, not funnel.

Lose the loops, lose the point.



The Real Way To Use AARRR

Measure all five. Find the weakest. Fix it first.

- ✓ **Acquisition** — How users discover you
- ✓ **Activation** — The aha moment
- ✓ **Retention** — Users coming back
- ✓ **Referral** — Users bringing users
- ✓ **Revenue** — Users paying you

Let's break down each one...



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A

Acquisition

How users discover you



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Acquisition: What & Why

WHAT IT IS

Organic search, paid ads, social, content, word of mouth.

WHY IT MATTERS

Without acquisition, nothing else happens.

But acquisition alone is vanity. **A million visitors who never return is not growth.**



Acquisition: Questions & Metrics

QUESTIONS TO ASK

- ? Which channels bring users?
- ? Which channels bring users who stick?
- ? What does it cost per channel?
- ? Is this sustainable without paid spend?

METRICS TO TRACK

- # Traffic by channel
- # Cost per acquisition
- # Signup conversion rate
- # Channel quality (by downstream retention)



Acquisition: Cheat Sheet

18 Channels To Consider

- > SEO (blog, landing pages)
- > Content marketing
- > Social organic
- > Social paid
- > Search paid (Google, Bing)
- > Display ads
- > Affiliate marketing
- > Influencer marketing
- > Email marketing
- > PR and press
- > Community building
- > Partnerships
- > App store optimization
- > Marketplaces (Product Hunt, G2)
- > Events and conferences
- > Webinars
- > Word of mouth
- > Referral programs





A

Activation

The moment a user first experiences value



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Activation: What & Why

WHAT IT IS

Not signup. **The aha moment.**

The moment a user first experiences real value.

WHY IT MATTERS

Users who never activate will never retain.

**High acquisition + low activation = onboarding problem
or product problem.**



Activation: Questions & Metrics

QUESTIONS TO ASK

- ? What action shows a user "got it"?
- ? How fast do they reach that moment?
- ? Where do they drop off?
- ? Is onboarding helping or hurting?

METRICS TO TRACK

- # % completing key action
- # Time to activation
- # Onboarding completion rate
- # First session drop-off points



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Activation: Aha Moments

By Product Type

- > **SaaS:** First workflow completed, first integration
- > **Social:** First post, first follow, first like received
- > **Marketplace:** First purchase, first listing
- > **Productivity:** First document, first task completed
- > **Fintech:** First transaction, first account linked
- > **E-commerce:** First item added to cart
- > **Media:** First article read, first video watched
- > **Gaming:** First level completed



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Activation: Tactics

- ✓ Progressive onboarding
- ✓ Interactive tutorials
- ✓ Empty state design
- ✓ Pre-populated templates
- ✓ Personalized onboarding
- ✓ Checklists with next steps
- ✓ Reduce time-to-value
- ✓ Celebration moments
- ✓ Onboarding emails
- ✓ In-app tooltips





R

Retention

Users coming back. Not once. Repeatedly.



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Retention: What & Why

WHAT IT IS

Users coming back. Not once. **Repeatedly.**

WHY IT MATTERS

Retention is the clearest signal of product-market fit.

If users leave, nothing else matters.

Most startups fail not because they cannot acquire users, but because they cannot keep them.

LOOP

Retention loops back into the product — retained users generate more revenue



Retention: Questions & Metrics

QUESTIONS TO ASK

- ? What % return after D1? D7? D30?
- ? What do retained users do differently?
- ? Why do users leave?
- ? What would make them stay?

METRICS TO TRACK

- # Retention curves (D1, D7, D30, D90)
- # Churn rate
- # Cohort retention over time
- # Feature usage: retained vs churned



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Retention: Channels

- ✓ Push notifications (mobile)
- ✓ In-app messages
- ✓ Email (drip, newsletters)
- ✓ SMS
- ✓ Browser notifications
- ✓ Retargeting ads
- ✓ Community (Discord, Slack)
- ✓ Social media
- ✓ Customer success calls
- ✓ In-product notifications
- ✓ Chatbots and live chat
- ✓ Direct mail (high-value)



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Retention: Levers & Churn

RETENTION LEVERS

- ✓ Habit formation
- ✓ Streaks and rewards
- ✓ Personalized content
- ✓ Community features
- ✓ Integrations (stickiness)

COMMON CHURN REASONS

- ✗ Never activated
- ✗ Found alternative
- ✗ Too expensive
- ✗ Too complex
- ✗ Forgot about it



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R

Referral

Users bringing in other users



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Referral: What & Why

WHAT IT IS

Users bringing in other users. Referral programs, sharing, word of mouth.

WHY IT MATTERS

Referral creates a loop. Each user can bring more users.

Growth compounds instead of adding.

High referral = lower acquisition cost.

LOOP

Referral loops back to Acquisition — new users come through existing users



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Referral: Questions & Metrics

QUESTIONS TO ASK

- ? Do users tell others?
- ? Why or why not?
- ? What would make it worth sharing?
- ? Is sharing built into the flow?

METRICS TO TRACK

- # Viral coefficient (K-factor)
- # Referral program participation
- # Net Promoter Score
- # Organic vs paid ratio



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Referral: Mechanisms

- ✓ Two-sided rewards (giver and receiver both get value)
- ✓ One-sided rewards (only giver or only receiver)
- ✓ Credit/discount for referrals
- ✓ Free months/usage for referrals
- ✓ Cash rewards
- ✓ Tiered rewards (more referrals = better rewards)
- ✓ Leaderboards and gamification
- ✓ Exclusive access for top referrers



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Referral: Viral Loops

By Product Type

- > **Collaboration:** Invite teammates to work together
- > **Social:** Follow/friend mechanics, content sharing
- > **Marketplace:** Buyers invite sellers, sellers invite buyers
- > **Productivity:** Share documents, templates, workspaces
- > **Fintech:** "Send money" features, split bills
- > **Gaming:** Multiplayer invites, challenge friends
- > **Content:** Share articles, videos, playlists
- > **E-commerce:** Share wishlist, gift registries



A network diagram with nodes and connecting lines, overlaid on a light blue and white background with a vertical color gradient on the left side.

R

Revenue

Users paying you



Revenue: What & Why

WHAT IT IS

Users paying you. First purchase, subscription, upgrade, repeat.

WHY IT MATTERS

Revenue proves you built something **valuable enough to pay for**.

It funds everything else.

But revenue is an outcome of the other four working together.

LOOP

Revenue funds more Acquisition — completing the growth loop



Revenue: Questions & Metrics

QUESTIONS TO ASK

- ? What % convert to paid?
- ? What triggers the decision to pay?
- ? What is the lifetime value?
- ? How does LTV compare to CAC?

METRICS TO TRACK

- # Conversion rate to paid
- # Average revenue per user
- # Customer lifetime value
- # LTV to CAC ratio
- # Monthly recurring revenue



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Revenue: Monetization Models

- ✓ Freemium
- ✓ Free trial
- ✓ Subscription
- ✓ Usage-based
- ✓ Per-seat pricing
- ✓ Tiered pricing
- ✓ One-time purchase
- ✓ Transaction fees
- ✓ Advertising
- ✓ Marketplace commission
- ✓ Enterprise pricing
- ✓ Add-ons and upsells



Revenue: SaaS Benchmarks

- > **LTV:CAC ratio** > 3:1
- > **CAC payback** < 12 months
- > **Net revenue retention** > 100%
- > **Gross margin** > 70%
- > **Monthly churn** < 2% (B2C) or < 1% (B2B)

If you're not hitting these, find the weakest metric and fix it first.



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The Real Insight

These five metrics are not steps. They are dials.

- ✓ Struggling with retention? Don't double down on acquisition.
- ✓ Strong retention but weak referral? You're leaving growth on the table.

Start by measuring all five. Find the weakest. Fix it. Then look for loops.



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The AARRR Playbook

- > **A - Acquisition:** How users discover you (18 channels)
- > **A - Activation:** The aha moment (tactics + product-specific)
- > **R - Retention:** Users coming back (channels + levers + churn)
- > **R - Referral:** Users bringing users (mechanisms + viral loops)
- > **R - Revenue:** Users paying you (models + benchmarks)

Remember: It's loops, not funnel.



Let's Connect

Which of the 5 metrics is your biggest challenge right now?

- > Follow for more growth insights
- > Repost to help others understand AARRR
- > Save this playbook for reference

#AARRR #PirateMetrics #ProductLedGrowth #StartupMetrics
#GrowthHacking



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