

# Funnel Analysis

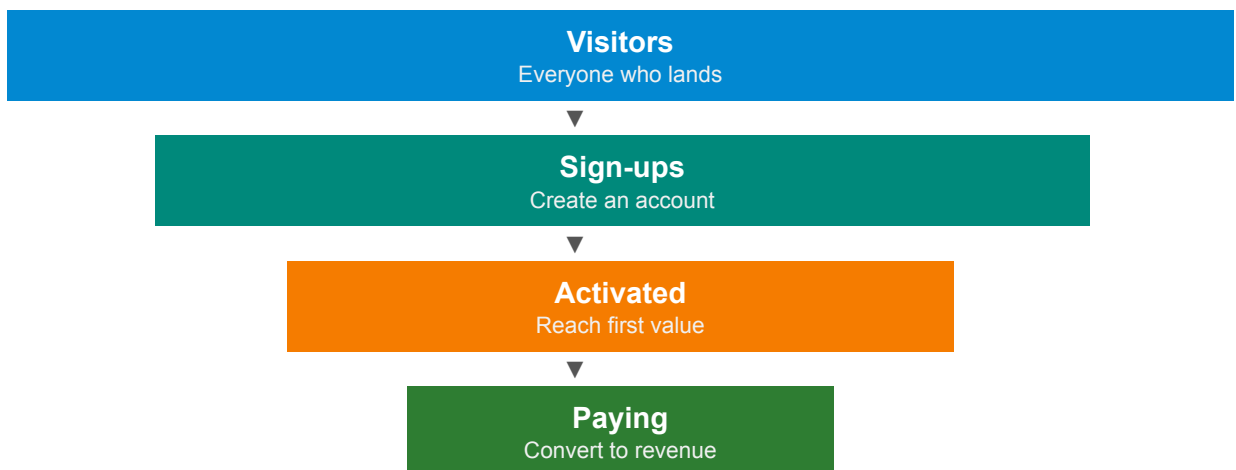
A way to find exactly where you're losing people on the path to a goal. Funnel analysis lays out the steps a user takes, say Visit -> Sign up -> Activate -> Pay, and measures how many make it through each one. Because every step loses some people, the shape narrows like a funnel. The biggest drop-off is your biggest opportunity to fix.

**Best for:** Conversion optimisation · Onboarding fixes · Checkout leaks · Drop-off analysis

## 01 — AT A GLANCE

Each stage is wider at the top and narrower below, the shrinking width is the people you lose at each step.

*Each step keeps fewer people, the shrinking width is exactly where you're losing them.*



## 02 — THE CORE COMPONENTS

Every funnel is built from the same basic pieces.

|                  |                                                                                                                                                     |
|------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| The Steps        | The ordered stages a user must pass through toward a goal, like view -> add to cart -> checkout -> purchase. You define them to match your journey. |
| Conversion Rate  | The percentage of people who move from one step to the next. High conversion means a smooth step; low means friction.                               |
| The Drop-Off     | The people lost between two steps. The step with the biggest drop-off is the leak that's costing you the most.                                      |
| One Short Window | A funnel looks at a single journey over a short time: where do people fall off on the way to the goal, right now.                                   |

### Funnels find the leak; cohorts check if they stay

A funnel answers 'where do people drop off on the way to the goal?' over one short journey. A cohort answers 'do the people who made it keep coming back?' over time. They're partners: the funnel finds the leak in your signup flow, the cohort tells you whether the people who got through actually stick around.

## 03 — WHEN TO USE IT & WHEN NOT TO

This framework isn't right for every situation. Used at the wrong moment, it can point you in the wrong direction.

| ✓ USE IT WHEN...                                                                                                                                                                                                                                               | ✗ DON'T USE WHEN...                                                                                                                                                                                                                                            |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>Finding where users abandon a signup or checkout</li><li>Optimising an onboarding or purchase flow</li><li>Comparing conversion across steps or channels</li><li>Spotting the single biggest point of friction</li></ul> | <ul style="list-style-type: none"><li>For journeys that aren't a clear, ordered sequence</li><li>To judge long-term loyalty (use cohorts for that)</li><li>When steps loop or branch in complex ways</li><li>With too few users to see real patterns</li></ul> |

## 04 — IN ACTION

### Cartly — Plugging the Checkout Leak

Cartly, an online store, gets plenty of visitors but few sales. A funnel analysis shows exactly where shoppers are slipping away.

How the framework was applied:

|        |                                                                                                     |
|--------|-----------------------------------------------------------------------------------------------------|
| Step 1 | <b>Lay out the steps</b> — Visit -> Add to cart -> Enter details -> Pay.                            |
| Step 2 | <b>Measure each step</b> — Cartly counts how many shoppers make it from one step to the next.       |
| Step 3 | <b>Spot the cliff</b> — Most people add to cart, but a huge share vanish at 'Enter details'.        |
| Step 4 | <b>Investigate</b> — The form is long and demands an account before checkout, scaring buyers off.   |
| Step 5 | <b>Fix the leak</b> — Cartly adds guest checkout and trims the form; far more shoppers reach 'Pay'. |

### The numbers at a glance

|                                           |                                               |                                                   |                                                   |
|-------------------------------------------|-----------------------------------------------|---------------------------------------------------|---------------------------------------------------|
| <b>Cart</b><br><b>Most</b><br>added items | <b>Details</b><br><b>Drop</b><br>the big leak | <b>Cause</b><br><b>Long form</b><br>forced signup | <b>Fix</b><br><b>Guest checkout</b><br>more sales |
|-------------------------------------------|-----------------------------------------------|---------------------------------------------------|---------------------------------------------------|

### Why the funnel pinpointed the fix

Cartly knew sales were low but not why. Mapping the funnel showed shoppers happily adding to cart, then vanishing at a long details form. That single drop-off was the whole problem, and adding guest checkout recovered it. The funnel turned 'sales are bad' into one precise, fixable step.

## 05 — KEEP IN MIND

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Even experienced teams slip up here. Keep these in mind to keep your analysis honest and useful.

1. Forcing a funnel onto a journey that isn't a clear sequence.
2. Using a funnel to judge long-term loyalty (use cohorts).
3. Ignoring why people drop off, not just where.
4. Defining steps that are too broad to reveal the leak.
5. Reading drop-off without enough users to be sure.