



The Data-driven Product Manager's Handbook

*Using insight and guidance to deliver
exceptional product experiences*

A Pendo eBook



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Introduction

Data is the cornerstone of many product team conversations, but what does it really mean to be a data-driven product leader? All product managers strive to build products that matter, solve real world problems, and have a positive impact in customers' lives.

This handbook will help cut through the noise, revealing the seven critical elements of effective data-driven product leadership.

We need more than buzzwords. We need concrete practices to help product leaders excel and execute. That's what this handbook will help you tackle.



Let's get started!

How to use this handbook?

This handbook covers the core elements of effective data-driven product management, including best practices for becoming more successful in your role.

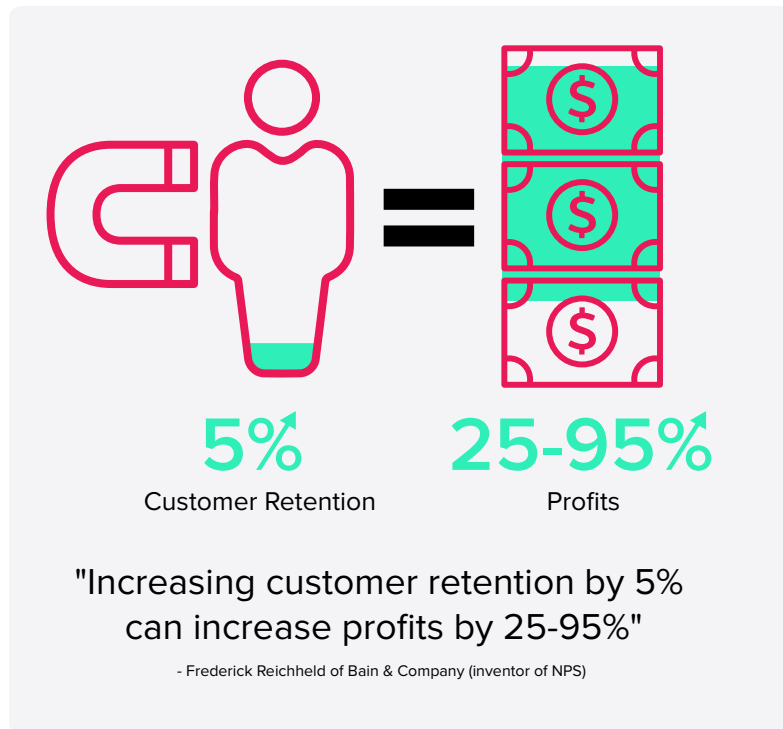
Here are some ways you can put this information to work:

- Define the KPIs that help you demonstrate the impact of your role and measure and deliver exceptional product experiences
- Create roadmaps that align your team to the highest impact opportunities
- Optimize your customer onboarding and user feedback processes
- Learn how to drive product feature awareness and adoption
- Crack the code on capturing NPS scores and, more importantly, how to make them actionable.

Whether you're new to product management or a seasoned veteran, this handbook will arm you with new ways to deliver products that your users love!



Chapter 1: Product KPIs



SaaS companies with more advanced product analytics programs have 2X to 5X higher ARR than their competitors

- *The Product Data Advantage, Pendo Survey, 2016*

Chapter 1: Product KPIs

You can't manage what you can't measure. That's why product managers need a clear set of KPIs to guide their overall performance and contribution. In the past, the key metric for product teams was product delivery - shipping features and products. Today, product managers are judged on their ability to deliver continuous value to users. Measures now include how users adopt, use, engage with and derive value from their products, as well as setting appropriate benchmarks. Without setting clear KPIs, teams may be vulnerable to subjective evaluation of what is and isn't working for customers, users and the business.

A different set of KPIs and a unique approach to continuous measurement are necessary.

The Downstream KPIs Revenue and Retention

A fundamental measurement of any software product is whether or not it's making money. Many of the financial metrics used in the SaaS industry are relevant to product teams:

ARR / MRR = Annual or monthly recurring revenue associated with subscribers of a specific product. All contracted revenue is normalized in either a monthly or annual view.

MAU / DAU = Monthly or daily active users. A count of the number of unique users in the product during a given time period.

ARPU = Average revenue per user. Total subscription revenue divided by total subscribers. This metric helps to quantify the value of an individual customer or user.

Renewal / Retention Rate = Percentage of customers that renew a subscription as well as the percentage of revenue retained with renewal.



These KPIs are valuable, but they are also lagging indicators. Too often, negative changes appear in this data long after customers have had a negative experience. It's typically too late to help them realize value from your product.

Leading KPIs: Behavior and Sentiment

Looking beyond financial metrics into how users behave in the product can provide greater insight into the product experience, and provide more actionable information for product teams. Some more additional metrics to consider include:

Product Breadth of Usage

The simple way to think of breadth of usage is to answer this question: "How many active users do I have in my product?" But there is more to this metric than meets the eye.

For B2B products, in particular, a more important measure is how many active users you have per account. Breadth of usage, particularly at an account level, is a great indicator of how sticky your product has become within your customer base. This understanding allows you to monitor account health and ensures that you have visibility into potential churn risk.

Depth of Use

It's also important to assess what percentage of application features get used within a specific time frame. Or more simply, how much of the product and its core features are actually being utilized by your users?

For effective measurement, product teams should first define their key features—those that make up the product's core function or are most heavily used by the happiest customers. Product depth is about looking at how adept your customers are at using all parts of your product. Are they using it to its fullest potential or are they using just a limited portion of the overall application? You want to have balanced usage of the product to relay full value.

Frequency of Use

Understanding breadth of usage is necessary, but insufficient. You also need to understand how frequently individual users are engaging with your product—and for how long. This is another key measure of product and customer health.

Frequency of use measures how often users (or users from specific accounts) log-in to your product in a given time frame. Product teams should look at the average number of sessions within a given time frame and the average duration of each session.

Efficiency of User Actions

How difficult is it for users to complete common tasks in an application? For example, think of adding a new vendor in a procurement application or posting a job requisition in a recruiting application. A common task represents a core function within the application and typically comprises several application features used in a specific sequence. To measure efficiency, product teams should look at the total number of users who begin a task and see what percentage successfully complete it. This measure can augment user testing and help show the usability of key product functions.

Customer Satisfaction via Net Promoter Score (NPS)

Net Promoter Score (NPS) provides a simple benchmark of customer advocacy that can be tracked over time. Many companies use it to measure customer satisfaction, benchmarking against their industry, their competitors and themselves.

NPS is only one indicator of customer health, but it's a very popular one that many SaaS companies have adopted. A recent Pendo survey suggests that 57% of product managers are actively using NPS to understand how users feel about their products. You can send NPS surveys to product users and ask how likely they are to recommend the product to other users to gauge overall satisfaction and sentiment. It's important to track NPS over time rather than using the score as a static snapshot. The goal, of course, is to move your NPS in a positive direction and continue to improve it over time as satisfaction increases.

Build these KPIs into your benchmarking methodology to help you effectively measure value delivered and ensure exceptional product experiences for your users.



Chapter 2: Data-driven Roadmaps



“We try to always back up our strategic decisions with data - whether that’s market data, user research, or product data. Pendo feeds into our strategic decision-making. It helps us validate from a usage perspective which customers are most engaged and active, and helps us prioritize support for this strategic customer segment.”

- *Darren Card,*
Director of Product Management, Allocadia

Chapter 2: Data-driven Roadmaps

A roadmap is a communication tool, and often a good one. It reflects the product team’s plan for what is going to happen in the future, based on current priorities. It’s a summarized, often thematic view of the force-ranked backlog, which provides a useful way for product teams to share current plans. It is, as the safe harbor statement points out, non-binding and always ‘subject to change.’

The real question is: how should the product team arrive at the key priorities in the first place? Product managers have no shortage of input. Vocal customers, executives, and sellers all have opinions on what should be built next. The challenge is sorting through all that feedback to prioritize what truly delivers customer value. This requires data.

Data-driven product managers incorporate KPIs and strategic goals into their roadmaps and backlog prioritization. They use data to identify opportunities for product enhancement, to inform prioritization decisions, and to measure the uptake and impact of new features and new products.

The first of these steps involves identifying the right metrics to guide the roadmaps.

Start with Vision and Strategy

Before prioritizing any feature backlog, it’s important for product teams to ensure they are aligned with the overall business strategy and vision. It’s hard to effectively prioritize what to build if the broad objectives are unclear. What’s the market pain we’re trying to address? Who is the target customer—their industry and persona? What is the market opportunity? Where do we see the best opportunity for growth? These are key strategic questions that must be addressed before any feature-level discussions can happen.

Each of the high-level strategic goals should have KPIs associated with it—whether that’s market share, revenue, or customer acquisition. These metrics serve as the baseline for any product initiative, and should be reflected in roadmap priorities.



Prioritize Appropriately



Effective prioritization is a continuing challenge for product teams. Engineering resources are always limited, forcing product teams to focus on maximizing customer value for every feature delivered. The question is how to know which item on the roadmap will deliver the most value.

Data-driven product teams should consider both the alignment with strategic objectives as well as customer behavior and input to arrive at prioritization decisions. At a basic level, understanding how much an existing feature or area of the product is used should inform whether to invest additional development resources. Prioritizing feature updates for things that are rarely used is not likely to deliver significant value. However, a feature may be underused because it doesn't provide value, or because it's difficult to use. Adding targeted customer feedback into the analysis can help determine the "why" behind observed behavior, and further refine feature prioritization.

For net new products or features, it may be difficult to rely on historical customer behavior alone to drive prioritization. For these decisions, product teams should rely more heavily on alignment with vision and strategy. Does this feature further our strategic objectives better than the next best option, and how would we measure that? is the key question. Though any prioritization decision is at some level a "best guess", measurement is critical. Data can inform the decision, but it should also be leveraged to evaluate the decision after the fact.

Assign Specific Metrics to Each Item in your Roadmap

A product investment has no place in the product roadmap if its value can't be assessed. Product teams should be sure to assign both business (e.g. revenue) and adoption/usage goals to each prioritized feature. This chart can help you identify how the metrics impact your customers and the business as a whole:

 CUSTOMER ORIENTED METRICS	 BUSINESS-ORIENTED METRICS
Product usage/adoption (e.g., MAU, DAU)	Cost to acquire a new customer (CAC)
Percent of users who take a specific action	Lifetime value (LTV)
Feature usage	Monthly recurring revenue (MRR)
Retention or churn rate	Average revenue per user
Quality	Conversion
NPS/customer satisfaction	Retention

Business metrics like revenue, churn or conversion rate represent higher-level outcomes. These are the goals that a product team is hoping to achieve, and often the metrics they are measured against. Customer-oriented or usage metrics are specific measures of behavior or user sentiment that can be leading indicators of business outcomes. Roadmap initiatives should be associated with specific goals for both business and usage.

Measure your Impact

To understand impact, each roadmap feature should have baseline KPIs associated with it. Those could be usage goals (this feature should be used by X% of users in 30 days), usability and customer satisfaction (these UI changes



should reduce support requests by X%), or specific financial metrics (migrate 20 additional accounts to a paid tier). The KPIs should be set ahead of time, and integrated within the roadmap itself. That way you can ensure that any development required to support measurement is scoped as part of the feature, and that the organization understands how the product team is measuring success.

Communicating Priorities

The goal of a roadmap is to provide an organized view of development priorities. It is only effective as a communication tool if it can convey the “why” behind the priorities it illustrates. Effective product teams know that incorporating goals and metrics into the roadmap documents helps to illustrate that why. It also makes the team accountable for results. Too often roadmaps are shared without any of this explanation or reasoning. If details cannot be included, product leaders should simply avoid sharing a roadmap until they’ve talked through the items and priorities with the rest of the organization or stakeholders.

A roadmap is never “done.” Elements are always changing. And so, any roadmap discussion is an opportunity to gain feedback. That feedback isn’t always actionable, and may not cause a change in priorities, but it’s an important way to see how the thing you’re building is perceived by the market and your customers.



Chapter 3: Better Customer Feedback



Chapter 3: Better Customer Feedback

Most product leaders would suggest that talking to customers is one of their most important functions. Customer feedback is vital to any successful software product, and product teams should always strive to understand and incorporate the voice of the customer in everything they build. The challenge, of course, is reaching the right customers.

It can be difficult to recruit customers to provide feedback, especially those with whom a Product Manager doesn't have an existing relationship. Rather than trying to connect with unfamiliar customers, many PMs will rely on the ones they already know. Unfortunately, the most vocal customers aren't always the most representative ones. In fact, the things that make them vocal—such as an unusual or advanced use case—can actually make them the wrong customers to rely on for feedback.

The highest quality feedback typically comes from specific sets of users. For example, input on how to improve a certain feature should come from its most active users. Whereas feedback on the onboarding process should come from users who are new to the product. Targeted outreach based on identified user behavior is key for getting quality feedback.

As a product leader, how can you gather better and more representative customer feedback? First, get out of your comfort zone and find users who accurately represent the customer population. And second, segment and target those customers based on the area of the product you wish to improve.

Running High Value User Tests

The same considerations made when connecting with customers for feedback should apply to those you are using for testing as well. User testing is extremely valuable, and something that product teams should do as frequently as possible. It provides valuable feedback on the user experience, and helps to assess the impact of UI changes.

It's vital to recruit quality candidates for usability testing. Remember that every application has a "silent majority" of users. Look for great subjects that aren't

"We add surveys to targeted feature announcements asking users whether or not they think the new feature would be useful for their clinic. Because we're asking for feedback in the application we see response rates of 50% versus the 7 - 8% we'd get for emailed surveys."

- *Bradley Lafave,*
Product Marketing, WebPT



necessarily already in your purview to get a full picture. You can also rely on product data to identify quality participants. For example, how much time users have spent in the product, whether they've used features related to the ones you're testing, how long they've been customers, their functional or user roles or plan level can all be important. Take some time to assemble a profile of the ideal test subject before beginning your outreach.

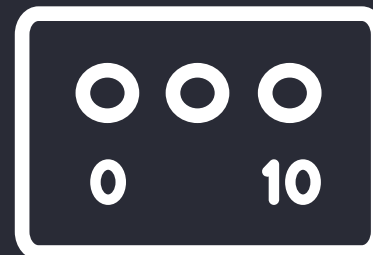
Recruiting Testers for your Product:

There are two ways to go about recruiting testers for your product. Traditional outreach includes the use of phone and email, but these methods tend to have lower response rates. Customer advisory panels and focus groups often have better results. But note that you may hear from the loudest person in the room and miss valuable feedback from the “silent majority.”

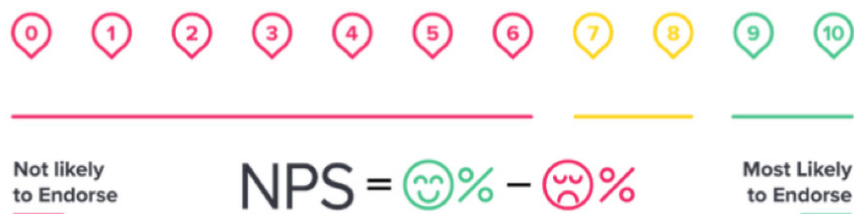
In-app outreach can be a more effective route. It lets you recruit users as a seamless part of the product experience. Just be sure to target users based on product use data rather than spamming your entire customer base.

What Should you Test?

Before you begin user testing, think about which tasks you'll include, and the key metrics you will need to collect. Will you be replacing an existing workflow? Is your focus on high frequency or on low frequency tasks? What are your key outcomes and goals? What is your testing sequence? Defining these aspects will ensure that you are well prepared.



Chapter 4: Actionable NPS



NPS provides a simple, consistent methodology that is widely adopted for quantifying customer sentiment. The measurement is easily understood, and easily benchmarked to track performance over time.

Chapter 4: Actionable NPS

Net Promoter score, or NPS as it is known, is a simple one- (or sometimes two) question customer satisfaction survey that was developed by Fred Reichheld, Bain & Company, and vendor Satmetrix. An NPS survey asks respondents to rate whether they would recommend a product or service to friends or coworkers on an 11-point scale from 0 to 10, with 10 being the most likely to recommend. The responses are segmented into detractors (scores of 0 to 6), passives (scores of 7 - 8), and promoters (scores of 9 - 10). An overall NPS score is calculated by subtracting the percentage of detractors from the percentage of promoters to return a single numerical score from -100 (everyone is a detractor) to 100 (everyone is a promoter).

The idea is that this willingness to advocate is a measure of customer satisfaction and perhaps loyalty.

According to a recent Pendo survey, 57% of product managers currently use NPS to measure customer satisfaction with their products. Why? Net Promoter surveys are simple. It is essentially a single question asked to your customers that provides a reasonably clear, comparable benchmark of their satisfaction. Yet, with all the variation in how responses can be collected, analyzed, and followed-up on, implementing an NPS initiative can be trickier than you might expect.

The reality is that, on its own, NPS isn't a particularly actionable metric. It shines light on the what—the likelihood of customers to advocate for a product or brand—but not the why behind that sentiment. Without a deeper understanding of customers' behaviors, it's nearly impossible to find the root cause of positive or negative sentiment. The following chapter explains how to make NPS actionable.

5 Tips to Make the Most of your NPS Strategy

1. Be Thoughtful in Your Targeting

Many organizations begin their NPS initiative by running a survey for their entire user base. This can lead to some issues. If you've launched a survey

for your entire user base, will your team be able to follow up on all of the responses?

Start by defining the core segments you want to target, and then pull a sample of those users to survey over time. For example, you may segment by role, company size, industry, lifetime value or any number of other characteristics. Knowing the difference in NPS score within and across segments of customers or users allows you to make better inferences about where your product is and isn't delivering value.

2: Use a Consistent Delivery Method

There are many ways to collect NPS survey responses. Historically, the most common method was via email. However many software companies are starting to survey customers within their products.

Surveying users in-app ensures you reach active users while they're "in the moment" using your product, which leads to higher response rates. Different collection methods can have a significant impact on response rates. Companies who move from email to in-app collection often see a 2x to as much as 10x increase in response rate.

Companies who move from email to in-app feedback collection see response rates increase from 2x to as much as 10x.

Your method of delivery can have a significant impact on the scores you receive. Email may bias responses towards your most motivated (positively and negatively) customers, while customers may be less likely to share negative feedback to a live person on the phone. Even subtle changes can make an impact. Make sure to stick with a consistent methodology as much as possible. A program that moves back and forth between email and in-app survey collection will introduce variability that can't be attributed to changes in customer sentiment, or improvements in service delivery.

3: Share your Results Broadly

NPS initiatives are successful when an organization is united around the process. It's difficult to effectively run NPS within a single department, as input captured is important to many teams within the organization.

The product team needs to understand how the experience delivered in the product impacts customer sentiment.

The customer success team wants to know which customers are unhappy and in need of intervention.

The marketing team wants to know which customers are potential advocates.

When everyone is engaged, the value of the program grows significantly.

Regardless of who initiates NPS, a best practice is to share the results broadly for maximum impact to your organisation.

4: Segment your Responses and Analyze Usage for Promoters and Detractors

When running NPS surveys, it's common to look at individual responses and, of course, the overall score. What's missed, sometimes, is the total NPS of specific customers or customer segments. Rolling up the NPS responses for different segments can yield important insights that would otherwise get lost in the larger summary.

One area to evaluate is different user roles. It's common in enterprise software to have different user roles using different parts of the software. Their experiences, and thus the feedback they give you, can be quite different. Looking at responses from different roles can help you understand which segments are underserved in your product, and provide a quick way to push up your NPS score.

Segmenting NPS responses also helps you examine the behavior of detractors, passives, and promoters. For example, looking at which features are used by different NPS respondents, and how often they are used, can tell you a lot about how users realize value. Features that are used heavily by promoters



are likely providing significant value — especially if your neutrals and passives don't use them as actively. If you can identify a trend like this, an easy way to improve customer satisfaction is to begin promoting those features heavily to users who gave you a poor NPS rating.

5: Close the Loop

The NPS survey is only the first touch in a multi-step engagement with the customer. After receiving the score, follow up to understand the reasons behind it. The reality of many NPS implementations is that surveys are pushed out and responses are collected, but only a small percentage of customers receive follow-up over time.

To avoid this, consider putting a follow-up plan in place prior to survey rollout with owners for each step of the process. Remember that your support or customer success teams aren't the only ones involved in this process. Look to distribute that responsibility. For example, you may want to have your marketing team handle follow-up with promoters — those who give a score of 9 or 10. These are customers who are advocates, and potential references. Product and UX teams should also get involved — especially when usability issues or product shortcomings are cited in the survey feedback.

If your team doesn't have the bandwidth, try a triage method for your follow-up. Look to connect with all of your detractors first, then follow-up with those who take the time to provide additional feedback in the second part of the survey. These people likely have the strongest opinions (both positive and negative), and will give you the most valuable feedback. In future surveys, consider reducing your sample size so that you won't have so many responses to follow up on afterwards.



Chapter 5: Tailored Onboarding



Chapter 5: Tailored Onboarding

When product teams talk about user onboarding, they typically mean the user's initial experience in an application. These onboarding experiences are designed to introduce the user to key features and functions of the product, walking them through some sort of setup or training flow.

These simple onboarding experiences can be helpful, but they typically don't make the short list of engineering priorities for a couple of reasons. First, the onboarding experience is often treated separately from the overall user experience. It's considered a 'one-off' and any updates or refinements end up deprioritized on the roadmap. Second, onboarding initiatives are typically championed by sales, training or customer success teams within the organization, rather than product management. Although product managers will lead the implementation, they may not feel the same level of ownership or accountability as they do for other product features.

A Better Definition of Onboarding

Part of the challenge stems from the fact that onboarding has a very narrow definition for most companies. Rather than thinking about onboarding as the initial user experience in the application, companies should think about it as the process by which users become proficient in the application. Perhaps an even better definition: the process by which users are able to quickly realize value from the product. This definition is helpful for a couple of reasons. First, it opens the aperture beyond just the in-application experience to understand that onboarding also includes any hands-on help, account setup, and training. Secondly, and most importantly, it helps to clarify that onboarding doesn't just refer to a user's initial experience in the application. It leads to all of the experiences that create proficiency and, ultimately, habit.

The truth is that users will churn if they don't realize value quickly. But it's equally true that users will churn if they don't receive ongoing value. The SaaS business model is built on the assumption of recurring revenue—customers must renew and expand their usage for a product to succeed in the long run. This means that product managers must consider how they deliver additional

“Now when new users come into Insightly, we use a custom guide design to present users with a welcome modal that includes a welcome video, Insightly basics videos and getting started tasks. Prior to having this onboarding modal we didn't have any in-product guidance on where to get started. Since deploying the modal, we've seen a 1540% increase in viewership of the getting started videos and average view duration increased 40%.”

- Teresa Roche,
Director of Customer Success, Insightly



capabilities at a velocity that meets customer expectations for both actual and perceived value.

Implications for the Onboarding Experience

In addition to delivering against a high value, differentiated functional roadmap, product leaders must also deliver an exceptional onboarding experience. New functionality is of no value if users are unable to discover, and learn how to use these features. This means that product managers must think through the onboarding experience. Taking over the UX for an introduction and initial walk-through is fine (if not ideal) for the user's first experience, but it definitely isn't a workable approach for every new capability that is introduced. Also, if onboarding never truly ends, product teams need to address how to manage the volume of onboarding content. Adding too much guidance or training to the user experience can add clutter and ultimately degrade the experience. The answer here is segmentation and targeting.

An effective approach is one that customizes both the onboarding content and the delivery to the user based on role context, sophistication and learning style. User context includes behavioral and demographic information such as:

- Time spent in the application
- Features used
- Previous onboarding / guidance viewed
- Functional job role
- Application role (i.e. admin vs regular user)

As a simple example, you probably wouldn't want to offer help for a particular feature to a user that has already used that feature several times. The offer would be intrusive, not helpful. This same principle applies to features and capabilities to which a user may not have access based on their entitlements or plan level. Any help for that feature should be hidden from them as well. By limiting content like this, product managers can ensure that their onboarding experience is as relevant as possible, and doesn't unnecessarily clutter the user experience.

Only 40% of SaaS companies tailor their onboarding experience for different user segments.

- *The Power of Effective Onboarding, Pendo Survey, 2017*

Measuring Onboarding

Part of the reason that product teams don't approach the onboarding experience broadly enough is because the measurements are too myopic. Certainly, you want to understand how customers are engaging with the onboarding content itself, but it's also critical to think about broader user behavior, and how your onboarding is influencing the entire customer journey. Onboarding measurement can be thought of on three levels:

Onboarding Content

At the first level, measure user engagement with the onboarding content itself. Here, you want to understand how many users actually spend time with your onboarding content, how much of it gets completed, and how much time it takes users to get through the steps.

A couple key measures to consider at this level include:

- Engagement rate (any usage) for onboarding content
- Completion rate of onboarding walkthroughs or courses
- Average time spent in onboarding content

But these measures alone won't paint a complete picture of the effectiveness of your onboarding. If users don't engage with onboarding content, then it's likely not perceived to be helpful. If they don't complete it, the content may be too long or unfocused.



Companies that effectively onboard new users into their products report 4x higher revenue and 4x higher profitability than their competitors.

- *The Power of Effective Onboarding, Pendo Survey, 2017*

Product Behavior

The next level of user onboarding measurement shines light on the user behavior within the product itself, not just the onboarding guides, walkthroughs or other content. Here, your goal is to measure how users engage with the product after they have engaged with the onboarding content. You want to understand how much of your product is used and the adoption of specific features covered in the onboarding steps, as well as how often users log into your application, and how much time they spend in the product when they do. A couple of key measures to consider at this level are:

- Depth of use or the percent of product features that are used by the average user
- Usage rate of specific features covered in the onboarding training
- Overall average time in the application or login frequency

This data will give you a more accurate picture of your onboarding effectiveness. Ultimately the goal of onboarding is to increase user proficiency, driving the types of activities in the product that are associated with highly engaged, happy customers.

The best way to see if you're having an impact is to measure the actual user behavior in app. Look for behavioral differences between segments that have and have not gone through the onboarding steps, those that

complete the content, and those that don't. Usage differences between segments can help to pinpoint the specific outcomes associated with your onboarding experience.

Business Outcomes

The final level of measurement is business outcomes. These can be the most difficult metrics to attribute to onboarding. Here, you are looking at specific business and customer outcomes – things that ultimately drive the success of your product. How much cost is associated with acquiring and supporting customers? How satisfied are they? What is their retention rate? Key measurements to consider at this level are:

- Trial or freemium conversion rate
- Number of support tickets per customer
- Net Promoter Score or other customer satisfaction measure
- Customer and ARR churn rates

Do customers that engage with onboarding content generate fewer support tickets? What about those that complete the content? Are there specific behaviors or features that, when used regularly, drive higher conversion or satisfaction rates? By carefully segmenting your user base, you can start to see the specific impact that onboarding is having on the overall product success.

Bringing these three tiers of onboarding metrics together can give you a clear and complete picture of the effectiveness of your user onboarding. With better visibility, you can begin to optimize the user onboarding experience.



Chapter 6: Ongoing Customer Education



Chapter 6: Ongoing Customer Education

“Our job in educating customers goes beyond product features. We have to educate people on not just how to use the product, but quite frankly, that they need the product.”

- Adam Avramescu, Head of Customer Education at Optimizely

When you launch new products or features, you have some teaching to do. Your users need some education on the underlying problem and how your product or feature solves it. They need to know why it's better than the old way, what value it brings and how it actually works.

As you define a strategy for ongoing customer education, consider the following:

- **Users learn at different speeds.** Some will pick things up immediately, while others may require a bit of hand-holding. Try to make it fun, but take the time to show them the different aspects of your product.
- **Meet your users where they are.** You can do this by educating customers through every channel available. Team up with your marketing and customer success organizations to get the message out and use email, client platforms, press releases, articles, blogs and webinars. Promote new products across a variety of outlets to reach as many customers as possible.
- **Illustrate the functionality.** Allow users to see your product in action and find the value themselves. You can do this with a live demo, a video or an in-app guide letting users test things out themselves.
- **Walk users through step-by-step.** In-app guidance allows you to highlight new features, drive preferred behavior, and provide in-context support. Contextual, personalized guidance provides help when and where it's needed, simplifies any user experience, and improves overall usability.

There is no end date when it comes to customer education. That's because the time required for a user to become proficient really isn't at all consistent. For some products, that could happen during the first use, and for others it happens through months of usage. It's important for product and customer success teams to be aware of this. Many product usage issues surface when the content and experience is designed for a specific timeline that doesn't align with how the user actually learns.



Measuring Customer Education

As a product manager, it's easy to fall into the trap of thinking that education isn't a product problem and should be owned by customer success or customer education teams. But while these teams may have primary responsibility for customer education, product teams should make sure that customers maintain proficiency in the product as new features and updates are rolled out. Without the right measurements, however, it can be difficult to keep this top of mind.

There are three key ways that product teams can evaluate the effectiveness of ongoing customer education:

- **Engagement with training content:** Product teams should measure customer engagement with any content that is provided to train users of new features, especially if that content is surfaced in-app. This measure doesn't necessarily indicate the effectiveness of the content, but it shows whether users are curious and eager to learn about updates.
- **Support ticket volume:** The number of support tickets associated with new features or updates can be an excellent measure of the effectiveness of ongoing education. If users cannot understand how to use new features or navigate an updated interface, they will often contact support. If significant updates are rolled out without growing support volume, the education content was likely on point.
- **Long-term retention:** Customer time-to-value is an important measure for initial conversion and sale, but continued proficiency is just as important for SaaS products. If a customer is frustrated by interface changes, or can no longer complete tasks as efficiently in a product, the prospect of renewal is likely to decrease. Customer education impacts this measure—retention should be considered an important downstream measure of education effectiveness.

Remember that the right amount of customer education requires a fine balance. Too much content can mean that the product isn't intuitive and can get overwhelming for users. Make sure that you are evaluating how much help is needed and communicating accordingly.

WebPT reduced support tickets 50% by adding contextual tooltips to educate users in their product.

There is no one-size-fits-all solution. But data-driven product managers can use these insights to help deliver excellent and continued customer education.



Chapter 7: Feature Awareness and Adoption



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Product teams are naturally excited when they prepare to roll out a major new feature. And in a perfect world, that feature is immediately and enthusiastically adopted by every customer. In reality, that's rarely the case. Feature adoption tends to be sporadic, and a lot of teams don't have visibility into how their product is used to truly understand how widely a feature is adopted.

Every product team wants to build features that provide value to customers, but doing so requires effective customer feedback, appropriate measurements, and an ability to rapidly drive awareness around new updates.

Why Product Success Depends on Feature Adoption

With the shift to subscription-based software licensing, software is no longer just purchased once. Software products are purchased over and over again – sometimes as frequently as every month – as customers renew their subscriptions. Each and every renewal is contingent on customers perceiving and receiving ongoing value from the software. Each new product feature presents an opportunity for additive value if customers are aware of and actively using them.

Unused features, however, can have an adverse effect. This is why product teams are increasingly focused on overall product adoption. Every piece of a product that isn't used represents something a customer is paying for, but not realizing value from. Underuse lowers perceived value and ultimately a customer's willingness to pay for a product.

Measuring Feature Adoption

At the surface, this seems simple enough: are or aren't customers using the feature? While that is definitely a measure of usage, it may not be the best benchmark for adoption. Consider the following scenarios. Software

“We have a calendar interface in the product, but the ‘Sync my Calendar’ button is located in your personal settings so they’re on different pages. We deployed a small guide that would pop up and and say ‘Hey – did you know you can get these dates directly in your calendar?’. Users that saw the guide, their usage of the feature went up by 2000%. It’s amazing how little announcements like this can have such a huge impact.”

- Kristen Hariton,
Senior Product Marketing Manager, SiteCompli



company A releases an update, and publicizes the update broadly to the current user base. As a result, over 40% of users use the feature over the next week. However, a week later almost none of them continue to use the feature. Software company B also releases and publicizes a new feature. Only a tiny percentage of users pick up the feature, but they enthusiastically continue to use it.

Both scenarios are examples of feature adoption, but neither would be judged particularly successful. Neither feature provided significant ongoing value to customers. When measuring feature adoption, companies should consider the following dimensions:

- **Breadth of adoption:** How widely has a feature been adopted across the user base or targeted user segment? Has the feature been picked up by a majority of the targeted users, or only a small percentage? Looking at the breadth of adoption shows the initial appeal of the new feature.
- **Time to adopt:** How long does it take for users to begin using a new feature. When learning about a feature, do users immediately try it out or do they wait several days or weeks before picking it up? Looking at adoption time provides input into motivation. The more quickly a feature is adopted, the more likely it addresses a significant customer pain or usability problem.
- **Duration of adoption:** How long do users continue to use a feature after learning about it? Do they try it out a few times, or continue to use it regularly? This is an important measurement as it helps to show whether a feature is providing any real value beyond its initial novelty.

What constitutes successful adoption across these three dimensions is obviously going to vary from use case to use case, but it's important to consider all three when assessing the outcome of any feature release.

Feedback is a Critical Component of Adoption

Effective measurement will help product teams understand the extent to which new features are adopted, but it certainly won't tell them why, or what users really think about a particular feature. The only way to collect this

important information is to ask for it. Look for opportunities to collect feedback when users are interacting with a new feature for the first few times. Some companies prefer open-ended feedback, while others use a number scale or yes/no questions to gather a baseline on perceived user value.

Promoting Feature Launches

New software features will never see significant adoption if the user base doesn't know about them. So the announcement and discovery process are also important parts of driving adoption.

There's no one 'one size fits all' way to announce features, but there are a couple considerations that can help to shape the strategy. The first one is relevance. Users are much more likely to respond to announcements that matter to them. Software applications—especially business software applications—have diverse user bases with different roles, maturity, and technical proficiency. Very few features are deeply relevant to all users. Therefore, the announcement approach should be tailored to the most appropriate user segments. Whether a new feature is relevant to prospective customers in addition to the current user base can also shape the announcement strategy.

The second consideration is desired action. What should users do upon reading the announcement? Try it out? Read documentation about how to use it? Provide feedback? The desired next action can also have an impact on the best way to announce a new feature.

In many cases, the product itself can provide a powerful channel for new feature announcements. Delivering feature announcements or promotions in the form of in-app modals or tooltips ensures that the announcement reaches users at a highly relevant time (when they're using the product). A best practice is to segment the announcements for different groups of users for even greater relevance.

Often, the primary next action for users is to try the feature. If the announcement is served directly in the product, there's nothing stopping the user from trying it out. With email or blog announcements, the user must



either immediately login to the product to try out the feature, or attempt to remember the announcement the next time she uses the product.

Infusionsoft increased feature adoption by 1000% by adding in-app feature promotion.

Improving Feature Adoption

Increasing feature adoption ultimately comes down to the value that each feature delivers. But understanding that value requires clear insight. To understand adoption, product teams should measure the breadth, time, and duration of feature adoption, and pair those metrics with direct user feedback about specific features.

Discoverability also plays an outsized role in feature adoption. By leveraging the right promotion strategy, product teams can ensure that highly-actionable announcements reach the users for whom they will be the most valuable.

Closing

“Listening offers data. Hearing offers empathy and intelligence. Activity, action, and engagement steer perspective and encourage a sense of community and advocacy.”

- Brian Solis

Putting this handbook to work is one of the most important things you can do to achieve your long-term goals as a data-driven product leader. Use this book to get everyone aligned and working like a streamlined PM machine. Then, use these tips to deliver exceptional product experiences to your customers, driving adoption, retention and overall product **love**.

We encourage you to take our guidelines and include them in your own organizational handbook. If you don't have one, use this book as a baseline, implementing the chapters that resonate with your team, and adding your own practices too?

Be sure to visit Pendo for more product insight: www.pendo.io

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