5

rules for **improving product engagement**

A product perspective

pendo

Introduction

We see engagement as important in many aspects of our business lives. So what is engagement and what types are we interested in?

Let's define the term engagement and then look at the various uses in today's business world. Two of the basic definitions of engagement are as follows:

> 1. To hold the attention of; engross (e.g. "Her work engages her completely.")
>
> 2. To induce to participate (e.g. "She engaged them in conversation.")

So according to the above definition, engagement is the ability to hold the attention of an individual or to induce the individual to participate in some sort of activity. In our hyper-connected, uber-competitive, always-on, and therefore highly distracted world, we are rightfully concerned about engagement. And it comes in different forms:

- **Employee engagement,** or a workplace approach designed to ensure that employees are committed to their organization's goals and values, motivated to contribute to organizational success and are able at the same time to enhance their own sense of well being.

- **Online engagement** as a measure of success is not a new concept online, though it is one that has never been clearly defined. The reason for this difficulty is that online engagement means different things to different people.

- **Customer engagement.** The first known mention of customer engagement was in the 2001 Gallup Business Journal article, "The Constant Customer." That article does not actually define customer engagement, but it does explore how to increase loyalty by understanding customers. Years later there is still no single accepted definition of customer engagement. What we can offer as one definition for CE (yes it's an acronym) is the engagement of customers with one another, with a company or with a brand. The initiative for engagement can be either consumer or company led and the medium of engagement can be on or offline.

No matter where we look, we want engagement. But one area we have forgotten about is the product itself; how are our customers engaging with what we are selling? For some context, not only are we more interested in engagement in every other aspect of our business, but we also are building our products differently than we ever did before. One reason why is we want a more engaging product. In order to achieve that goal, many of today's product teams are Agile. They build, test and iterate to better meet customer needs and stay ahead of competition. How we learn from and educate customers also needs to change to keep up.

So what is product engagement? **Product engagement** is about understanding how customers engage with your product at the most granular level and how can you affect that customer behavior to maximize their usage of your application.

The problem: keeping customers engaged

Today's customer is not locked in. They have competitive choices and the ability to move to another solution. For many years a software customer's experience didn't really matter all that much. A single bad experience might lose you a customer, or a handful of customers through word of mouth, but companies didn't really care because they could drown out negative experiences with marketing spend. Clever marketing trumped user experience.

But the advent of social media has changed all that: customer's voices, amplified by social media, now trump even the cleverest of marketing. Combine that with a massive surge towards subscription and freemium models, increasing saturation of digital marketing channels, increased competition and decreasing customer loyalty, and you have the recipe for an era where users, not brands, wield unprecedented power.

Going forward, customers will feel *entitled* to an amazing customer experience and woe to companies that don't give it to them.

This is especially true in software, where subscription pricing models allow for reduced switching costs. The way we measure customer usage and the way we educate customers about new features needs to change. We need to do more than just announce features via email blasts, FAQs, and webinars. We also need to teach them about features in our applications. We need to constantly measure their usage, so we can not only improve our products, but also learn the most effective ways to teach our customers to use our products to solve their problems.

So what can you do to not only increase feature usage, but also improve usability, reduce churn and improve onboarding?

The solution: guide your customer to engagement

Having the right goals and the right tools can get you a customer who is truly engaged in your product. Here are **5 key rules** to make sure that happens.

1   **PRODUCT ENGAGEMENT IS CONTINUOUS.**

Product engagement is no longer a series of one-off experiences—it's an ongoing dialogue. Companies need to be good listeners in the digital age, and that requires a new set of skills. It means listening to customers as they are using your product and guiding them to better results. It means positive outcomes including more successful onboarding, understanding the levers of engagement and driving overall adoption.

Another aspect of this is measuring the ROI of your development activities by knowing what is and what is not being used in your product. This extends to your planned functionality as well, as you can gain data necessary to improve prioritization of your roadmap.

In short, your efforts are focused on what is working, because you actually have the information, in many cases for the first time, from your customer. You are both improving their use of your product, and making better decisions about your resources. Continuously.

2   **PRODUCT ENGAGEMENT IS RESULTS-DRIVEN.**

Today, it is hard to find a website with no measurement solution. This now accepted need to measure has also been tremendously broadened by the massive interest in social media, and the final true coming of mobile marketing. Most businesses now collect data about their online presence. However, few do so with their cloud or SaaS-based product.

What should you look for? The ability to get a rich set of analytics around the individual visitors and users of your application. Understand who your super users are, see historical trends, see in aggregate how often they are using specific pages and features, and see at a very granular level exactly what a visitor does throughout the course of a day. From an account level, understand what features are being used in that account, how active the account is, and much more.

3   **PRODUCT ENGAGEMENT HAPPENS ANYTIME, ANYWHERE.**

In the past, company-customer interaction happened in siloed, closed-off settings. Customers had to make a phone call or write an email about what they liked or didn't like. Or if we wanted to tell them about the latest and greatest features we were giving them, we would send out an email, post a FAQ on our web site, and hold a customer webinar. But now, we're living in an 'always-on' world ruled by the mobile experience. Customers expect us to know and want us to 'be there' with guidance when they need it: always-on and on-demand.

In-application guides are one way to be there anytime, anywhere for your customer. Such guides, embedded in your application can help in a variety of ways:

- **Onboarding process:** Walk users step by step through the onboarding process with guides that increase the rate of successful signups and setups.

- **Announce new features:** Point to the exact items that changed in the application, and tell them why they are so valuable, and how to use them. You should be able to even target guides to specific sets of users based on their account data or usage.

- **Self-service:** With user initiated guides, users should be able to instantly find guidance inside the application when they need it, saving you support costs and keeping users productive and happy.

- **Contextual help:** Knowledge bases provide users with great information, but requires your users to read instructions in one place, and then apply the learning's in another place. By moving this knowledge into the application itself, you make the help experience much more effective.

You want to be able to interact with your customers in the context of their daily lives. Not only are you able to provide them with better, more immediate service, but you also gain loyalty and stay in the forefront of their minds. When the time comes to make a purchase, they'll choose the product they've come to trust through a series of positive experiences.

4   PRODUCT ENGAGEMENT IS MUTUALLY BENEFICIAL.

A solid product engagement strategy should feel less like a marketing and sales campaign, contest, or tool, and more like a well-developed friendship founded on the basis of interdependent needs and mutual respect. The feedback you get from your customers isn't just important for you, it's important for them, as well. If you can listen to what your customers are saying and improve the product and their experience, everybody wins. You get more loyal customers; they get what they really need and want.

Product engagement tools should provide full visibility into how your features and pages are being used and by whom. They can help you understand what features and pages should be retired, which ones people don't know about, which features and pages are keys to upselling or trial conversions, and much more such as help you understand how your users flow through your application. Where do they drop off? How can your app be optimized to get your users to where they want to go in the most efficient way possible?

The relationship you build is a two-way street. On one hand, your customers feel heard and they can see the ways they're actually contributing to your company. At the same time, you get free feedback, and have the opportunity to improve your business, thereby by attracting more customers.

5   PRODUCT ENGAGEMENT IS CUSTOMER-DRIVEN.

Remember the days when you had to call your customers or go to/hold a user group meeting to hear what was working. Now, imagine the opposite that, because that's how product engagement works today. Your customers decide if and when to communicate. Your job is simply to give them the tools that make the interaction and communication easy and natural. Not only should these tools be easily accessible and highly visible, but they should also offer options for different types of conversation. Do they have a question? Do they want to post a rave review? Are they experiencing a technical difficulty? Present your customers with an intuitive tool for communicating with you, and let them initiate.

What do customers say that are using product engagement tools?

On customer adoption
"[Product engagement] allows me to educate my end users on complex features without bothering my engineering team."

On better onboarding
"… specifically used [Guides for product engagement] to target new users, inviting them to and reminding them of their onboarding webinars, […]. This has increased their webinar attendance by 733%, which in turn lets more customers understand the ins and outs of the product and be more successful in their use of it."

On continuous feedback
"We have accessed data we had never before been able to access. And we did not need to use engineering resources."

On product engagement overall
"We have found product engagement to be invaluable for our product and development teams. It has fundamentally changed the way we build, announce, and measure the success of features, and has been instrumental in reducing churn through the use of in-application guides."

Summary

Engagement is important in many aspects of our business lives. And we are getting engaged with our customers, our employees and online and elsewhere. But one area that we haven't helped is product engagement. But that's changing. With new capabilities brought to market by innovative companies like Pendo, we are making real product engagement a reality.

About Pendo

Pendo is a data driven platform for product engagement that enables companies to improve on boarding, understand product usage and help retain customers. Pendo combines enterprise guidance and user insights to enable product teams to understand and influence their customer's experience. Pendo installs in minutes with no coding required.

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