



The product manager's guide:

# 4 ways your product can accelerate your business

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# Introduction and methodology

Imagine a world where the product you sell also saves you millions of dollars in operational costs each year. Where it onboards hundreds of thousands of users on its own in a matter of minutes—without the need for training manuals or manual training. And where it relinquishes your talented people from the tasks they get stuck doing, so they can focus on the work they love doing.

**This world isn't too good to be true—it's the reality of investing in your product experience.**

When the pandemic forced most of our lives online and behind screens, businesses were left with a choice: either meet their customers digitally, or lose those customers entirely. We quickly saw that the companies that invested in their digital offerings were better able to adapt—and in some cases, thrive—in this new reality.

Now, we find ourselves in a new phase of uncertainty facing new challenges, but one thing remains true: **Your product experience is more important than ever.**

Around the world, the most resourceful companies know that in order to meet growing customer expectations, scale user engagement, and improve employee productivity, they need to focus on building the best digital experience possible. By doing so, these organizations are seeing an immense business impact.

They're helping customers realize the value of their products faster. They're using data to make better decisions. And they're turning to their products to do some of their own heavy lifting—making their products self-sustaining engines for marketing, selling, engaging, supporting, and guiding users throughout their journey.

To quantify the impact of investing in one's product experience, we ran a study to understand the outcomes organizations are seeing. As a result, we've identified **four areas in which your product can accelerate your business and drive positive outcomes.**

We surveyed over 400 [Pendo](#) customers across the globe—primarily product managers (PMs) working in enterprise (>1,500 employees) organizations—collecting data between January and February 2022. And while these results reflect the responses of the enterprise, this study's findings are applicable to all organizations, at all stages of maturity.

# Great products drive business outcomes in 4 areas

## #1 Customer health

Delivering a delightful product experience to encourage meaningful adoption, sustained retention, and long-term loyalty

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## #2 Growth

Acquiring new customers, driving expansion, and encouraging conversions from freemium to paid plans—all inside the product

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## #3 User productivity

Leveraging in-app enablement to help users be more productive—while making internal processes more efficient

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## #4 Product development

Making data-informed decisions to speed innovation and increase operational agility

## Highlights

By improving their product experience, companies saw:



5%

reduction in  
customer churn



15%

increase in net  
revenue retention



30%

more qualified  
leads



28%

increase in total  
active users



27%

reduction in  
onboarding time

\*These findings represent the average results of respondents in our survey



# Customer health

Companies that invest in their product experience retain more customers and revenue



\*These findings represent the average results of respondents in our survey

## Why focusing on customer health is important

Customer and revenue retention are two widely used indicators of customer health: [Customer retention](#) measures the percentage of customers still engaging with a product after they initially install or start using it, while revenue retention reflects the financial value of retained customers. [Churn](#) is the inverse of retention, and reflects customers who stop working with a vendor and opt not to renew at the end of their subscription.

For enterprise organizations, customer churn can equate to millions—or even tens of millions—of dollars in lost revenue. And because it can be anywhere [between five and 25 times more expensive](#) for companies to acquire new customers than to retain existing ones, losing customers to churn creates a chain reaction of additional work and resources required of teams across the business. For example, instead of nurturing existing customers who are already aware of the organization’s offerings and value proposition, marketers in high-churn businesses are instead forced to dedicate the majority of their efforts to expensive demand generation tactics.

High rates of churn impact the company’s reputation, too, which in turn adversely influences future sales opportunities. When customers are unhappy—and when they churn—they’re likely to share their negative sentiments with colleagues and peers in their networks through word-of-mouth or unfavorable reviews. Paired with the more taxing work of acquiring new customers, this setback can make it difficult for sales teams to regain ground and convert skeptical prospects into loyal customers.

# How to use your product to improve customer health

## 1. Leverage product analytics to identify friction.

Organizations can reduce this risk of churn by maintaining a clear line of sight into their customers' health—which starts with how they use the product. Analytics tools provide a unified view of how users are engaging with your product, insight into how widely they're adopting key features, and an understanding of which product areas are driving the most value (or where customers need additional support). Understanding customer health through metrics like retention, adoption, and stickiness also helps you improve onboarding programs, identify enablement gaps, and ideate on feature and functionality improvements.

## 2. Proactively steer ideal behaviors in-app.

Companies should also put tools in place to influence customer health and steer behavior, namely by using [in-app messaging](#) to communicate with and provide guidance to users directly inside the product. Segmentation allows you to target users with contextual and personalized messages, so the right people see the right messages at the right time. These in-app guides are also a powerful way to empower users with self-service support and enablement, nudge them to the features that will best suit their use cases, or make it easy for them to get in touch with your CS or support teams.

On average, companies that focus on understanding and improving customer health across their product portfolio see a **5% reduction in customer churn**. They also report an average **15% increase in net revenue retention**.

## 🔍 Company spotlights



IHS Markit®



### How IHS Markit measures customer health with a single metric

[IHS Markit](#) uses product analytics to track the [Product Engagement Score \(PES\)](#) of their Engineering Workbench product. PES allows the IHS Markit team to evaluate their product performance based on behaviors that align with successful user outcomes and gives them a single measure of customer and product health. It also allows customer-facing teams to easily drill into the health of each of their accounts—empowering them to have more strategic renewal conversations and proactively take measures to prevent churn.



University of Phoenix®



### How the University of Phoenix reaches students at scale

The [University of Phoenix](#) uses its product to efficiently communicate with students at scale. Using product analytics, they identify segments of active students who haven't yet enrolled in their next course, then target them with in-app guides prompting them to do so. This approach saves valuable time for the university's academic advisors and proactively mitigates student churn. The university was also able to leverage in-app guides in the early days of the pandemic to quickly share important information and resources with students, helping them stay on track with their educational goals.

## Key takeaway ✨



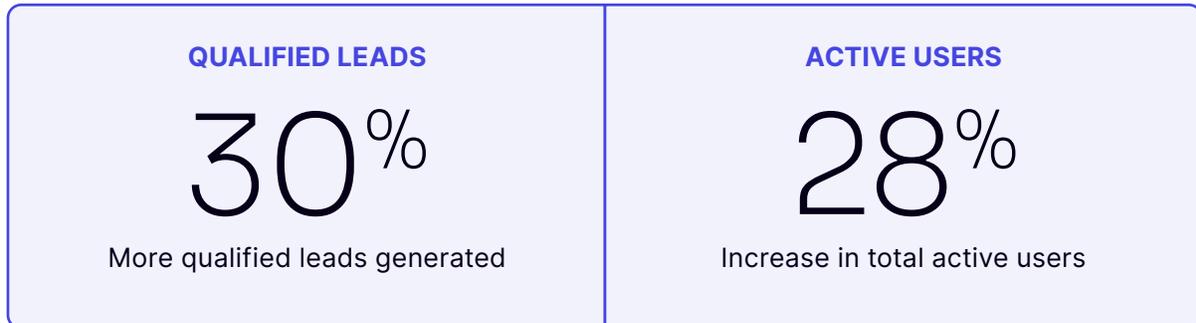
### Evaluate how your organization measures and acts on customer health

Bring a [data-driven approach](#) to how you assess the health of your customer relationships through product analytics. Be intentional about the key performance indicators (KPIs) you use to measure customer health at the individual and portfolio level, and ensure they align with the behaviors that matter most to the success of your product. Put playbooks in place to triage at-risk accounts—and use in-app interventions to help get them back on track. And prioritize helping users make the most of their entitlements with contextual, [in-app enablement and guidance](#).



## Growth

Companies that invest in their product experience generate higher-quality leads and more engaged users



\*These findings represent the average results of respondents in our survey

### Why measuring growth is important

Growth is a key indicator of product engagement that represents the expansion of product or feature usage within a given customer account. In short, it is the net effect of your user acquisition and retention efforts. But growth is also manifested in more visible ways—like the steady increase in the number of customers in an organization’s book of business, and the company’s physical footprint or market share. Given this broad definition of growth, various teams across the organization often measure it in different ways, depending on how they influence the organization’s bottom line.

For example, marketing teams may use product-qualified leads (PQLs) to determine the efficacy of their campaigns and understand how their efforts help influence customer acquisition and growth. Product teams may monitor the number of [active users](#) leveraging key areas of the product to determine the value of each feature and prioritize what to build next. And sales teams might measure growth based on the number of customers that convert from freemium to paid plans, thus increasing recurring revenue.

Digital leaders, defined as the top 10% of companies leading technology innovation, achieve 2-3x greater revenue growth as compared to their competitors—a widening divide that [Accenture](#) calls the “Digital Achievement Gap.” So having a clear understanding of (and the tools to influence) growth is valuable for organizations at all stages of maturity.

# How to use your product to drive growth

## 1. Let users try before they buy.

Organizations can leverage their product as a vehicle to encourage [growth](#) and [expansion](#) by embracing a “try before you buy” mindset, allowing customers to experience the product for themselves before they sign on the dotted line. [Free trials, freemium plans, and product tours](#) get users into the product as quickly as possible so they can see its value and functionality first-hand. This approach not only improves consumer trust and goodwill, but also helps eliminate friction in the sales process.

## 2. Take action on data from your free product.

[Product analytics](#) tools allow organizations to identify their most engaged free users, so their sales teams can focus their time and resources on nurturing high-purchase-intent opportunities. And [in-app guides](#) provide a seamless way for teams to reach this lucrative audience while they're fully captive and immersed in the product. In-app communications can be used to educate users about the benefits of premium functionality, to steer trial users to the features that correlate with conversions to the paid product, and even to make it easy for customers to upgrade directly within the product.

## 3. Collect feedback to build trust.

The best companies also ask their users for [feedback](#) about the product experience and leverage this input to [guide their roadmap](#). Collecting feedback at scale helps product teams validate decisions and [prioritize the right initiatives](#) to deliver ongoing customer value. It also empowers customer-facing teams to have more informed conversations about the company's and product's strategic direction—building trust and confidence that encourages customers to expand their entitlements into new features and product areas.

The companies we surveyed noted that leveraging strategies like product tours and free trials resulted in an average of a **30% increase in highly qualified leads**. They also indicated that they saw an average of a **28% increase in the number of total active users** engaging with their products on a regular basis as a result of this early, primary product knowledge.

## 🔍 Company spotlights

# verizon<sup>✓</sup> connect



### How Verizon Connect streamlined the demo experience

[Verizon Connect](#) built an automated product demo to give customers the opportunity to experience their fleet-management platform for themselves, without a 1:1 demo or additional sales involvement. They used in-app guides to enable users to interact with 24 hours of synthetic data, reports, and automated maps in a sandbox environment—letting prospects engage with it like they would in a live demo. The Verizon Connect team included links to pricing and plans throughout the demo, thus turning prospects into warm, educated, and highly qualified sales leads.

# citrix™



### How Citrix Sharefile increased trial conversion with personalized onboarding

The [Citrix Sharefile](#) team used in-app guides to create [onboarding](#) flows based on individual user behaviors and jobs-to-be-done. Leveraging use-case-specific messaging not only created a more delightful experience for new users, it also ensured that the information they were being served was as relevant and resonant as possible. After implementing these guides, the Citrix team saw a **60% increase in free trial conversions** and a **40% reduction in support cases** around user management.

## Key takeaway ✨



### Leverage your product as a tool to drive growth and expansion

Your product is the perfect vehicle for fueling business growth. Use self-guided tours and freemium models to give your users the opportunity to experience your product's value for themselves, then leverage in-app guides to show them what's possible with additional services and features. Collect feedback from your existing customers to ensure the product is moving in the right direction and to validate whether the functionality you're building is something they're likely to use in the future.



## User productivity

Companies that invest in their product experience spend less time on manual support, data collection, and onboarding



\*These findings represent the average results of respondents in our survey

### Why understanding user productivity is important

Getting users to value and helping them be as productive as possible—as quickly as possible—creates competitive advantage and is a key driver of customer satisfaction and retention. The faster customers are able to experience the positive impact your product has on their users' productivity and their business' bottom line, the more likely they are to adopt it at scale and use it for the long-haul. In turn, this affects their intent to renew and grow in the future—and influences their likelihood to advocate on behalf of your brand.

In order to secure buy-in at the decision-maker level, companies first need to focus on delivering a great experience at the individual user level. Data is just as valuable for helping you understand how users are interacting with the product as it is for improving your team's own operational efficiency and productivity. This point is particularly salient considering that three out of five companies [reported](#) not knowing how much they spent on capital expenditures last year.

By making processes like [onboarding](#) and enablement as delightful as possible, eliminating friction in support processes, and [leveraging data](#) to make informed product and resourcing decisions, enterprises not only empower their users to become more productive—they also help their business become more profitable.

# How to use your product to improve user productivity

## 1. Use data to optimize the user experience.

Leverage [product analytics](#) to understand how users engage with and move through your product, so you can identify opportunities to improve the user interface (UI) and eliminate roadblocks. With product analytics, product teams also **collect product data 30% faster on average**—helping them prioritize the roadmap, accelerate time to alignment across customer-facing and development teams, experiment more efficiently, and bring new products or features to market more efficiently.

## 2. Bring support inside your product.

[Support](#) also plays a major role in driving user productivity and happiness. Unlike traditional support models, leading organizations use in-app messages and training or support materials to proactively address common customer queries and deliver on-demand answers. On average, companies see a **15% reduction in support ticket volume** by making these kinds of resources readily available within the product and allowing users to self-serve. This allows the business to do more with less, and frees up services teams to provide more meaningful assistance to high-value customers, without needing to add additional resources.

## 3. Personalize user onboarding in-app.

[In-app onboarding](#) brings the activities associated with a user's initial ramp-up period inside the product. It helps companies accelerate their customers' time to value by immersing users in the product experience from day one. Bringing user onboarding inside the product also allows you to create personalized tracks, which make for a better, more relevant learner experience. Organizations who take advantage of in-app onboarding **reduce user on-ramp time by an average of 27%**, while allowing enablement teams to do more with the same number of resources.

It's important to note that taking these approaches to support or onboarding does not mean replacing customer success or service specialists. Rather, companies use in-app communication to *augment* their human-led motions. This strategy also empowers customers to self-serve and choose how they'd like to engage with the company, if and when they do need more attention.

## 🔍 Company spotlights

# ELSEVIER



### How Elsevier increased user productivity with on-demand resources

The [Elsevier](#) team brought key resources—like onboarding guides, FAQs, and other documentation—inside their product to help speed adoption of their new Elsa content platform. They built an [in-app repository of resources](#), used in-app guides to steer users towards it, and leveraged analytics to evaluate performance and iterate on the help content. By bringing all these touchpoints inside the product, Elsevier helped their users be more productive, faster; achieved a **28.5% increase in Elsa's System Usability Scale (SUS)**; and saw a **42.8% reduction in first line support queries**.



### How BomBomb used in-app onboarding to save support time

[BombBomb](#) used in-app guides and walkthroughs to build an onboarding program for their Prompt platform, directly inside the product. This onboarding flow gave users an intuitive and contextual way to learn how to use the tool, and resulted in over **300 hours of support time saved** that would have usually required at least eight full-time onboarding specialists to complete in a week.

## Key takeaway ✨



### **Use your product to reduce friction at all stages of the user journey**

Leverage in-app messaging to guide customers to meaningful active use quickly and efficiently, help users maximize the value they get from your product, and free your internal teams to focus on the tasks that really matter. Focus on building personalized and delightful in-app onboarding experiences for your users, and make enablement and support resources readily available within the product so customers can access them whenever they need them.



# Product development

Companies that invest in their product experience make data-informed decisions to innovate and iterate faster

30%	<b>ROADMAPPING TIME</b> Reduction in time spent on roadmapping discussions	<b>FEEDBACK COLLECTION</b> Reduction in time to collect product and customer feedback	<b>ROI REALIZATION</b> Reduction in time to measure the efficacy of shipped features and validate decisions
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\*These findings represent the average results of respondents in our survey

## Why leveraging data in product development is important

Using data to understand your users, make strategic product decisions, and drive innovation is a cornerstone of delivering a great product experience. Without data, teams across the business are forced to rely on gut instinct and anecdotes alone—a strategy that doesn’t scale in the enterprise and simply isn’t enough when a single product misstep could ultimately result in a significant financial impact.

To build products and features that deliver meaningful value to customers (and profitable outcomes to the business), product development teams need a clear [understanding of who their users are](#) and what they care about. They need visibility into how customers engage with and move through the product, where they’re getting stuck, and the tasks they’re trying to accomplish. And they need to be able to do all of that—and iterate—quickly.

Development teams also need to [understand what customers think](#) about the product and their experiences using it. This kind of qualitative data is critical for continuous innovation and iteration. It helps product teams prioritize their efforts by giving them direct visibility into their customers’ wants and needs, at scale. And it helps customers feel heard and valued—which ultimately improves sentiment and drives loyalty and retention.

# How to use data to improve product development

## 1. Collect feedback where users already are.

It's best to solicit [feedback](#) within the product itself, for example by using in-app polls, surveys, and feature request portals. This increases the likelihood that users will actually share their thoughts and significantly improves the quality and actionability of the data received. On average, teams see a **30% reduction in the amount of time it takes them to collect product and customer feedback**, simply by moving their feedback requests in-app.

## 2. Build a data-informed roadmap.

Customer feedback (combined with analytics and usage data) should also inform [roadmapping](#) processes. By bringing qualitative and quantitative data together, PMs are better able to prioritize and align cross-functional teams around shared go-to-market plans. On average, organizations we surveyed spend **30% less time on such roadmapping activities**, freeing up more time for active development work. Teams should also leverage data to determine which features they shouldn't invest in, for example, any products or features that are only used by a small percentage of customers. With this insight, they can more confidently decide which features to continue supporting vs. which to [sunset](#) to make way for something new.

## 3. Use data to collaborate across teams.

The intersection of qualitative and quantitative data helps organizations align all functions of the business around a shared sense of purpose—improving collaboration and leading to the development of better products and customer experiences. They're better equipped to iterate rapidly thanks to real-time access to product usage data and customer feedback. And they're able to validate the efficacy of shipped features and quickly pivot or adjust their trajectory to address any issues they're seeing—without needing to wait for a new development cycle. This helps the organization **realize the ROI of their efforts 30% faster on average**.

## 🔍 Company spotlights

# okta



### How Okta boosted adoption and innovation with in-app tactics

[Okta](#) used an end-to-end approach to understand how their users were engaging with their platform, drive adoption of key features, and encourage ideal behaviors. By using targeted in-app messages to coach, guide, and nudge users to critical configuration processes, the Okta team saw a **25% increase in product adoption**. They also put mechanisms in place to gather user sentiment and [customer feedback](#) data within the product, at scale—resulting in a **57% QoQ increase in user-submitted feature ideas**.

# globalpayments



### How Global Payments used data to iterate based on users' needs

[Global Payments](#) used product usage data to reveal exactly how users were navigating and moving through their product. They leveraged analytics to see where their customers were struggling, and were able to identify a critical functionality gap impacting 50% of their user base. Armed with this information, they quickly built a feature to address the problem while continually collecting data to iterate and improve the customer experience.

## Key takeaway ✨



### **Leverage data to make informed decisions and drive innovation**

Invest in a tool that brings your product analytics and customer feedback together in a single, unified platform. Having a clear understanding of how your customers move through your product—as well as what they think about it—is an invaluable source of product inspiration and innovation, and creates efficiencies at all stages of the roadmapping process. Break down silos throughout the enterprise by democratizing this data and encouraging teams across the business to use it to improve their own work.

# It's time to invest in your product experience

A great product experience isn't just a "nice to have" anymore—it's what your customers expect. Not to mention it's how organizations can differentiate themselves from the competition, stay ahead of changing market conditions, and ultimately, deliver software experiences that users simply can't live without.

Use the results from this study to help build the case for why your company should invest in product experience tools and methodologies, then bring together leaders across all areas of your business to align on your digital transformation goals and chart a shared path forward.

## Further reading ✦

Leverage these additional resources to help continue your learning journey and find out how to bring the strategies detailed in this guide to all the functional areas of your business.

- ✦ Explore strategies and best practices for putting your product at the center of your business strategy on the [Product-led Hub](#)
- ✦ Calculate your potential business value with Pendo's ROI calculators:
  - ✦ How much could you boost [customer retention](#)?
  - ✦ How much [customer support](#) time could you be saving?
- ✦ Take a [self-guided tour](#) of Pendo to see how it can help improve your product experience
- ✦ [Request a custom demo](#) to find out how Pendo can support your specific business goals



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Pendo helps teams of all sizes put their product at the center of their business so they can create the best customer experiences possible. With Pendo, you can combine retroactive usage analytics, in-app messaging, and feedback tools to better understand, guide, and close the loop with your users. And it all works at scale—no coding necessary. Pendo customers include the world's leading software companies and digital enterprises, including Verizon, Morgan Stanley, LabCorp, OpenTable, Okta, Salesforce, and Zendesk.

Learn more: [www.pendo.io](http://www.pendo.io)