



Customer Onboarding: A CX Test That Many Companies Fail

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In our work with more than one hundred organizations over the past five years, we have observed that ineffective customer onboarding (onboarding) is a principal cause of customer disenchantment that can precipitate significant and unnecessary customer churn. Considering the high rate of preventable customer problems across all industries, installing a process to help customers 'get it right' should be at the top of any corporate list of initiatives to improve the customer experience. Developing, mechanizing, and perfecting a holistic onboarding process is a powerful approach to engaging customer success, reducing customer problem experience, and engendering long-term customer loyalty. In this whitepaper, we will:

1. Offer a practical and holistic definition of onboarding;
2. Identify key reasons why most companies fail to do a good job at onboarding;
3. Quantify the consequences of ineffective onboarding;
4. Name the six critical aspects of effective onboarding, and
5. Propose a range of options for enticing customers to actively engage in the customer education process.

ONBOARDING AS AN ENDURING & HOLISTIC PROCESS FOR ENGENDERING CUSTOMER SATISFACTION & LOYALTY

Some customer experience (CX) practitioners define onboarding more narrowly and tactically. In these applications, onboarding is typically seen as an abbreviated customer orientation or a jump-start exercise whereby brand-new customers are provided with an overview of the company, some sort of quick-startup guide and a list of tips on how to navigate the business relationship.

While this narrower conceptualization of onboarding is certainly succinct and practical, a more robust backdrop for a well-rounded definition of onboarding might be gleaned from the customer success paradigm. For instance, Gainsight – a market leader in customer success platforms – defines customer success as “the business methodology of ensuring customers achieve their desired outcomes while using your product or service. Customer Success is relationship-focused client management, that aligns client and vendor goals for mutually beneficial outcomes.”¹ We favor such a definitional framework for onboarding because it repositions onboarding – all at once and as an implicit element of customer success – in a more holistic, strategic and outcome-based fashion.

Thus, from this vantage point, we might define onboarding as the end-to-end process of: (1) orienting prospective buyers to the features and benefits of the offering; (2) educating buyers and users (who may be different individuals) on what has been purchased; (3) providing buyers and users with specific guidance, tactics and encouragement on how to get the most out of the offering, while also avoiding problems; and, (4) specifying an effort-friendly procedure for how to get help when problems arise. Our proposed holistic definition of onboarding possesses at least two distinct and important advantages over other definitions.

First, our definition places greater emphasis on the timeless and cyclical nature of onboarding. From this point of view, onboarding is more than a one-and-done transaction relegated to use with only with new, first-time customers immediately after they buy. In fact, our definition presupposes that onboarding begins *before* customers have even purchased the offering (*i.e.*, as a part of the sales and marketing efforts). Moreover, our definition also assumes that there are numerous focal points throughout the customer relationship where onboarding (or 'reboarding') may become necessary (*e.g.*, when customers change, upgrade, or acquire new offerings; when customers are inherited as part of a merger or acquisition; when customer turnover at a B2B complex results in new users or buyers; when voice of the customer feedback suggests that selected aspects of the experience are creating unusually high levels of complaints). Reboarding is especially critical in business-to-business (B2B) settings. In any event, our holistic definition gives more credence to conceptualizing onboarding as an ongoing or recurring process across the end-to-end customer experience.

Second, by comparison to traditional definitions of onboarding, ours explicitly recognizes the value that customers place on effortless problem resolution.² In this sense, we recognize that, despite best efforts by companies to meet an aspirational standard of zero defects, customers will always experience problems, and, therefore, providing them with guidance on how to access a simple, easy process for problem resolution is an essential element of an effective onboarding (and reboarding) experience.

WHILE EFFECTIVE ONBOARDING IS A CX IMPERATIVE, MANY COMPANIES FAIL IN THEIR EFFORTS TO EFFECTIVELY ONBOARD CUSTOMERS

Our four decades of global, cross-industry CX research has shown that customer problems and questions are the norm and, moreover, product and service problems are on the rise. For example, from a business-to-consumer (B2C) vantage point, our 2020 National Customer Rage survey indicates that *66% of*

*customers will experience problems annually – more than double the 32% problem rate reported in our 1976 White House-sponsored study.*³ Likewise, our cross-industry B2B client surveys indicate the pervasive nature of product and service problems. Depending on the industry, 15% to 90% of B2B customers report experiencing one or more problems (or questions) annually.⁴

More interestingly, our data suggest that *customers are often the root cause of their own issues*. Across industries, we find that 'user error' accounts for 20% to 30% of all problems and questions. Most of these customer errors and questions emanate from one or two sources and should be preventable; either customers have not read (or viewed) the materials made available to them (*e.g.*, directions, contract) or they have been 'misled' by sales and marketing, or both. In this sense, an effectual and trustworthy onboarding process – one geared toward customer education, transparency, and motivating customers to participate in their own success – offers corporate CX practitioners a critical tool for reducing customer problems and the dissatisfaction that they can cause.

However, while a well-honed onboarding process theoretically *should* be capable of preventing at least *some* of these types of problems, we have noticed at least five primary reasons companies disappoint when it comes to onboarding. Think of these five reasons as onboarding flash points that, left unchecked, can suboptimize onboarding efforts:

1. THE MARKETING AND SALES FUNCTIONS MAY BE RETICENT TO CONSTRUCTIVELY SHARE PRODUCT AND SERVICE LIMITATIONS FOR FEAR THAT THE SALE WILL BE JEOPARDIZED.

Any marketing and sales professional will attest to the fact that disclosing too many product or service details or getting in the weeds about 'how-to' can be a sure-fire way to scare away customers. Thus, it's hardly surprising that rather than telling it like it is, onboarding messaging frequently glosses over details and rarely concentrates on potential customer problems (and how to avoid and rectify them). While it is no doubt a fine line between closing the sale and full disclosure, as Clif Reichard notes, "If you've gained sales success with even a little bit of dishonest, it's not really success."⁵ A failure to educate almost always comes back to bite you.

Our research suggests that corporate marketing and sales functions should strike a balance between educating and scaring away customers. For example, our proprietary B2B CX surveys have consistently shown that 15% to 25% of customers are dissatisfied with 'match' between the sales pitch and the delivered user experience.⁶ As we will illustrate, this powerful form of buyer's remorse (*i.e.*, the customer's perception that the sales pitch did not match the actual experience) has been found to only compound customer problems, lingering on

over the lifecycle of the customer relationship and dragging down overall customer satisfaction and loyalty. The most effectual onboarding efforts find a way to protect the sales and marketing rhetoric while also messaging and educating about potential problems down the line.

2. MARKETEERS ARE OVERLY OPTIMISTIC THAT CUSTOMERS WILL READ AND PAY ATTENTION TO THEIR MESSAGES (E.G., DIRECTIONS, CONTRACT, LABELS), ESPECIALLY IF THERE IS A QUICK-START BOOKLET.

Far too many companies limit their onboarding methodology to some form of written materials that the customer is invited (expected) to read. The inconvenient truth is that many customers don't read, much less digest this information. For example, in the appliance and internet installation sector, standard practice is to hand customers a quick-start booklet, usually with a casual request that they read it. In B2B sectors, the challenge is even greater. In a recent poll of 250 CEOs of small and medium size firms at several training CCMC sessions, over one-third reported that the customer usually does not read or understand the contract, even when monthly fees are six figures.⁷ Even companies that have adopted a more digital approach to onboarding know the challenges of capturing customer attention. Several auto companies provide customers with a CD or flash drive with getting-started information, but, even then, the viewing rate is below 25% due to the perceived time commitment. The most impactful onboarding collateral is built around brief, clever, and targeted messages.

3. THE RESPONSIBILITY AND ACCOUNTABILITY FOR ONBOARDING WITHIN THE COMPANY IS SOMETIMES NOT ESTABLISHED, IS DIFFUSED OR IS WATERED-DOWN.

While the advent of customer success platforms has elevated corporate awareness regarding the *importance* of proactive onboarding, many companies have been less successful at mechanizing and institutionalizing onboarding. In particular, and especially in B2B industries, onboarding ownership tends to be either muddled (*i.e.*, it is unclear who owns it) or siloed (*i.e.*, onboarding is not my responsibility, it belongs to the 'support' department). Sometimes, the sales function will conduct a perfunctory product delivery, but no other function is assigned to complete the task and ensure customer understanding. In other cases, when there is some form of a dedicated onboarding function (*e.g.*, a customer success team), the lack of alignment and pass-off between the sales and onboarding functions dooms the effort (*e.g.*, sales department fails to share details about the customer's unique needs expressed during the sales experience).

4. THE FULL NETWORK OF BUYERS AND USERS OF PRODUCTS AND SERVICES ARE NOT ALWAYS EDUCATED.

In many circumstances, products and services are owned and used by a 'network' of buyers and users. For instance, in B2C situations, parents might buy the products and services that their children use (*e.g.*, a car), or one household partner will buy a product or service where the other household partner will be the primary user (*e.g.*, white goods such as refrigerators, washers, dryers, ranges). Likewise, in B2B settings, there are often at least two groups of stakeholders. For example, in the IT industry, the software buyer may be a Systems Administrator who is procuring the application on behalf of a variety of downstream users or customer service staff in other departments. All too often, the onboarding process deteriorates because companies fail to educate all the network stakeholders (*e.g.*, the buyer and the users). The key to success is to ensure that the onboarding net is cast as wide as is feasible. For example, we know of two tech companies that have educational teams who visit the business customer after the sale to educate the front-line users on what was purchased. These companies have learned that the buyer in IT will not effectively pass the information down. Further, these customer success teams monitor ongoing use of the product to identify users who are not using most of the functionality and then retrain them. The logic is that if full value is not being achieved, customer satisfaction and ultimately loyalty will be damaged.

5. COMPANIES FREQUENTLY USE ONBOARDING MESSAGES THAT FALL ON DEAF EARS.

If a company were genuinely aiming to solicit customer attentiveness to and understanding of onboarding messages, how would it craft those messages? Would it strive for clarity? Brevity? Humor? Thoroughness? Simplicity? All the above? All too often, customers ignore customer education materials because they read like contractual fine print. A recent survey of 2,000 U.S. consumers conducted by Deloitte found that 91% of people consent to legal terms and services conditions without reading them. For younger people, ages 18-34 the rate is even higher with 97% agreeing to conditions before reading.⁸ Similarly, poorly conceived, confusing and legal/risk-driven customer education messages are plentiful. How about this instruction on a medicine label: "Every night before food once daily to be taken four times a day three times a day every three times daily take one take two take three one or two." Or how about these installation instructions provided to consumers who purchased a TV antenna: "WARNING! Do not attempt to install if drunk, pregnant or both; Do not eat antenna; Do not throw antenna at spouse." You could not make this up.⁹ And, while these examples exaggerate the point that customer education content often leaves a great deal to be desired, there are many more moderate but equally confusing exemplars of onboarding messaging gone wrong.

Approaching onboarding as an exercise in persuasion or compliance gaining can be considerably more successful than framing it as a dry and obligatory lecture. Messaging matters and tapping into language, formatting and communication channels that elevate customer motivation to engage is consequential.

THE TANGIBLE CONSEQUENCES OF INEFFECTIVE ONBOARDING

The absence of an effective onboarding process can have a profoundly negative impact on a company's efforts to achieve and sustain high levels of customer satisfaction and retention. In the absence of proactive customer education, simple and immediate problems and questions can result in a negative first impression. Conversely, when customers are educated on the basic use of products and services, their first impression is positive.

Customer education efforts can be even more challenging in B2B sectors due to the complexity of offerings and the need to educate multiple levels of customers. For example, the sales team of one transportation company we know tells customers, "If you lease fifty of our trucks, your downtime will be lower, and life will be beautiful." To his credit, the EVP of Sales requires that the sales team also inform customers, "When one of those trucks breaks down, we'll take two hours to try to repair it before giving you a replacement truck because spares are very expensive." The rationale is that customers appreciate being told about this limitation before they buy. In fact, such education efforts build trust and act to delight. One of the biggest CX delighters our research has identified is "you cared enough to warn me of the glitches I might encounter; your competitor did not mention that."¹⁰

Unfortunately, many companies fail in their onboarding endeavors. In several recent studies, we have found that about one in four customers were *dissatisfied* with the onboarding experience.¹¹ Moreover, as referenced earlier, it appears that this early dissatisfaction leaves a bad taste in the customer mouth that lingers on across the customer journey. Customers dissatisfied with onboarding were *more than nine times less satisfied with all other aspects of the customer journey and more than five times less satisfied with the ease of doing business with the company.*¹² Figure 1 summarizes the prominent negative consequences of a failure to satisfactorily onboard customers. The examples which follow provide some further context.

Figure 1 – Negative Consequences Of Ineffective Onboarding



- The company makes a bad first impression as a result of customers encountering many more problems
- Customer contact workload unnecessarily increases as a result of a high volume of simple questions
- Customers feel cheated when they encounter repetitive frustrations
- Customers spread mediocre and negative word of mouth when they fail to get full value from the product and services
- Customers will not buy other products and, eventually, defect

1. CUSTOMERS ENCOUNTER MORE PROBLEMS.

Poor onboarding education only increases customer problems. For example, a major auto manufacturer with whom we have worked adopted the prototypical buyer demonstration approach and found that, as soon as customers drove off the sales lot, they had trouble with the technology control panel and became frustrated. While a minor issue at first, repetitive problems soon made this issue the largest point of customer pain, which resulted in double-digit declines in willingness to recommend the brand. Similarly, when a yogurt company brand manager removed a cautionary label on cherry yogurt, “Caution, Real Cherries Have Pits!”, the number of complaints about broken teeth from stray pits doubled. When the caution was reinstated, complaints declined to prior levels.

2. SERVICE WORKLOAD INCREASES.

As customer problems increase, so too does workload and cost to service. A benefits insurance firm we know found that client HR departments made a huge number of mistakes filling out forms when adding new employees or deleting employees who left, causing multiple phone calls, and e-mails for each error. Further, clients blamed the firm for these errors and for being hard to do business with.

3. CUSTOMERS FEEL CHEATED.

We have observed that buyers of durable products (*e.g.*, autos and appliances) – who seldom read or understand their warranties – feel cheated and become harder to satisfy when they have out-of-warranty problems. It is not uncommon for these customers to post their issues on social media and other third-party websites and demand full repair. In another example, as homeowner insurance customers often do not read their policies in full, they frequently miss the valuable items limitation. Thus, when their house is destroyed and they submit a claim including \$12,000 in jewelry and valuables, and it is rejected because of the

\$5,000 limitation, they only then realize the policy limitation of which they were unaware.

4. CUSTOMERS SPREAD NEGATIVE WORD OF MOUTH (WOM).

Two major SaaS software firms we know of found that many of their clients' IT and Operations departments failed to aggressively train the front-line on how to use many of the product features. In addition, many client executives were not trained on how to generate useful reports, resulting in widespread dissatisfaction, cancellation of software contracts and negative referrals. CCMC's 2020 National Customer Rage Study indicates that dissatisfied customers generally spread three times as much negative WOM as satisfied customers spread positive WOM.¹³

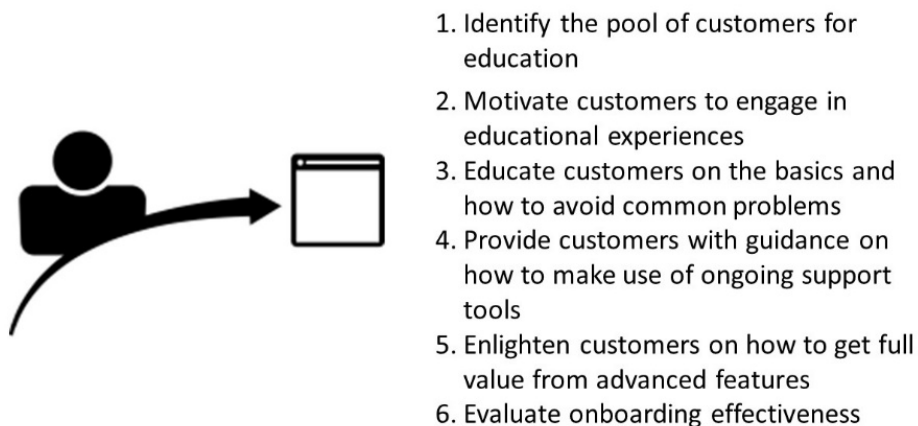
5. CUSTOMERS WILL NOT BUY ADDITIONAL PRODUCTS AND WILL, EVENTUALLY, DEFECT.

Our research has revealed that customers encountering problems are, on average, 20% less loyal to a company than customers with no problems.¹⁴ This means that one in five customers with problems will be lost. Additionally, dissatisfied customers are 40% less likely to buy other products from the company. So, if the company can properly educate customers, then it can retain these revenues that it would have otherwise lost.

SIX STEPS OF EFFECTIVE ONBOARDING

Drawing on our 40 years of CX experience and research, we advocate framing more effective onboarding as the six-step process shown in Figure 2.

Figure 2 – Six Steps For More Effective Onboarding



Step 1: Identify The Pool Of Customers For Onboarding

You cannot onboard and educate customers if you cannot identify them. In some cases – usually in those where some sort of account number is involved – it is relatively easy (*e.g.*, when customers sign up for a new service or contract). In other instances – such as when customers buy from retailers – it may be more demanding to identify end users. In B2B environments, it is even more challenging to keep up with the turnover among decision makers, influencers or users – turnover that likely leads to more problems. Depending on the type of product or service and the purchase channel, there are at least five alternatives for identifying customers and soliciting the information required to facilitate education:

- When customers sign up for products or services or submit a signed contract;
- Warranty registration (when purchased at retail);
- For smaller retail purchases, customers can sometimes be persuaded to register with the company by offering extra benefits, information or membership in a loyalty program or online community. Another example of incentivizing in a B2B setting comes from a copier company we know who offered clients a free box of paper if they would flag new machine operators (so that they could be effectively trained, which reduced emergency repairs and machine uptime);
- Provide a new or 'confused' customer tab on the corporate website so customers know where to go for tutorials, and
- Direct onboarding and education at the point-of-sale or point-of-service by the selling retail sales or product installation staff.

Regardless of the method used, wherever possible, and to minimize customer effort or resistance, less cumbersome information requests likely mean more cooperation. Thus, the minimum information needed to facilitate onboarding is an e-mail address and the product or service the customer has purchased.

Step 2: Motivate Customers To Engage In Educational Experiences

Unfortunately, the adage, "you can lead a horse to water, but you cannot make it drink," strongly applies in this circumstance. Many customers, even when given helpful information, will not read it or will procrastinate, intending to read it later. Therefore, the onus is on the company to find creative methods for energizing customers to participate in the educational process. We have encountered four important strategies for motivating customers to engage in education. Each approach is presented below with a few implementation examples.

1. Warn customers that they will experience more problems if they ignore educational information. For example:

- a. "Avoid problems and unpleasant surprise."
- b. "Three things most customers miss in their contracts." A property casualty insurance company added this phrase to a welcome letter followed by three short bullet points. Customers read this summary and problems with valuable exclusions were reduced.
- c. "Here's the fine print you care about!" AVIS used this phrase in bold print in its printed contracts to highlight key issues (all bullet points) and reduce unpleasant surprises.
- d. "Avoid support calls that will cost you valuable time." A technology company included this warning to encourage customers to use self-service channels rather than calling tech support.

2. Bribe customers with discounts or extra features. For instance:

- a. Price discount. A credit union we work with offers one-quarter point lower interest rates to customers who watch a video on how the home buying/mortgage process works. Our client found that the reduction in customer questions and problems more than compensated for the lost revenue from the discount.
- b. Extra features or video tokens. A telecom and internet provider offered credits for watching educational videos on how internet service works and simple fixes to try before calling for support.

3. Humor/entertainment. By example:

- a. "Before you beat this valve with a hammer to make it fit, please call our support department for help with installation!". A Pennsylvania valve manufacturer put a purple band around expensive refinery valves with that phrase and an 800 number. "Defective" valve returns declined by 40%.
- b. Airline and airport safety videos that use visual puns or jokes (*i.e.*, a wrestler placing teddy bear under seat) or comedy troupe (*i.e.*, like Monty Python at Las Vegas Airport) going through security.

4. Do not let them leave. Once customers have bought a car or opened an account, they typically want to run for the door. If the customer's departure can be gently delayed, then the company might:

- a. Educate and elicit a promise to come back to be further educated. Audi found that the most successful new car delivery process was to have the salesperson

ask, "What three things can I teach you before driving off the lot with this new car? I won't delay you any further if you promise to let me call you in two weeks to educate you on the three things you were unable to figure out." When customers buy online, then the person delivering the car must take ownership of the education.

b. Load the self-service mobile app on their phone before the customer leaves. One Las Vegas Credit Union loads the app on the phone and shows you the three most important functions before releasing you.

c. A major automotive company informs the customer the car will not be delivered until the customer has watched all 28 minutes of the onboarding video.

Step 3: Educate Customers On The Basics & How To Avoid Common Problems

Online consumer self-help testimonials have sometimes convinced customers that if they tinker with a product long enough, they will be able to figure it out. As a result, in many cases such as this, directions go unread. One means of tackling ambivalence or resistance to onboarding efforts is to put easily consumed product and services information in front of customers just when they need it (e.g., just in time [JIT]). For example, one smart insurance company put the hyperlinks for the top four questions prominently on the account home page for quick and easy access. This approach reduced unnecessary contacts by over 20,000 per month.

The more general lesson here is to ensure that information is very easy to find or, when possible, delivered JIT! Onboarding information should be limited to one- or two-line bullet points work much better than long paragraphs. Likewise, instructions should be limited to no more than six items lest the content become a visual gray mass. We suggest that such abbreviated information focus on: (1) How to perform the three basic functions of the product or service and get started using it, and (2) The three most prevalent problems or surprises to avoid or preemptively address.

One problem that should also be addressed by onboarding enthusiasts is a need to either significantly shorten product and services warranties or develop a supplemental "warranty for dummies." Most large ticket products and services come with a 10- to 50-page warranty, which is seldom read until a major problem occur, if then. A more impactful approach might be to introduce a shorter, pointed, mention of the warranty and any other critical limitation up front. For example, CCMC found that when auto owners remembered being told of the limitations of their vehicle warranty, their willingness to take part in responsibility for out-of-warranty repairs increased dramatically, and these shared settlements

produced much higher retained loyalty to the brand at a much lower goodwill cost. Customers who had no memory of such education and warnings were more than twice as likely to be detractors on an NPS scale.

Gamification also works well. For example, offer customers a three-question quiz and congratulate them for right answers. Once customers have been educated on those three items, tee up the next lessons or advanced product functions for delivery JIT, via the appropriate channel.

Step 4: Provide Customers With Guidance On How To Make Use Of Ongoing Support Tools

Many companies view onboarding as an event that is limited to that point-in-time after customers first buy products or services. The most progressive companies understand that effective onboarding processes extend well beyond new customers (*e.g.*, introduction to new product features or add-ons; in B2B environments, identifying employees who were not users or employees when the original product was introduced) and are a key to customer retention.

Generally speaking, uninformed or irrelevant education can do more damage than good. Ongoing education and onboarding depend on a more sophisticated knowledge of a customer's particular circumstances and use patterns. As well, it is worth remembering that depending on the study and consumer application, somewhere between 40% and 90% of customers value self-service. Thus, it is vital that companies systematically and intentionally introduce and nurture ongoing support tools and online communities. Some better practices to get more out of ongoing onboarding tools include:

- Focusing on a limited number (*e.g.*, three to five) of product or service functions or value adds (*e.g.*, recipes for food companies, additional functionality for software companies).
- Encouraging participation in customer communities and social media events. Before the Covid-19 crisis, the most effective customer community was the Harley-Davidson Owners Group (HOG), with millions of owners who drove hundreds of millions in accessory sales, as well as companionship. Today, online communities exist for almost every customer group, from KraftHeinz (myfoodandfamily.com) recipe exchanges and Honda's accessorized car clubs to Intuit's CPA and Accountant group and the American Association of Clinical Chemistry's pathologist group (complete with a rather dark coroner's joke section). Technology companies like Cisco Systems and Hughes Communications find that online customer communities can divert many inquiries from inhouse support units, saving time and money.

- Using education to cross-sell relevant products and services. Cross-selling customers on products they can use strengthens the relationship and retention, as well as enhancing revenue. Further, intelligent cross-selling of something that adds to value is a significant delighter.¹⁵
- Highlighting support channels on a mobile app and website home page.
- If available, focusing on three ongoing onboarding channels: FAQ, chat, and the online community.
- Suggesting e-mail and an 800 number in the next line (while it is prudent to list the self-service channels first, forcing the customer to search for the 800 number is irritating).

Step 5: Enlighten Customers On How To Get Full Value From Advanced Features

While step 4 pertains mostly to educating customers during or immediately after onboarding (or reboarding), once customers become comfortable with basic product or service use, it is time to initiate education on supplemental product or service features and add-ons. This education can best be directed by targeting messages based on how the customer is using the product or on the basis of market segment. For instance, business rental travelers might be offered airport return valet service because they are always in a hurry, while vacation renters could be offered exotic restaurant and sightseeing options.

In a B2B environment, added value can be promoted by understanding and communicating those aspects of product and service functionality that customers are not using. For instance, a logistics software company found that while the software was yielding good information regarding truck driver performance, the corporate finance and maintenance directors were not using any of the strategic reports to identify opportunities. A visit from the software provider's account rep could significantly enhance the perceived value of the software by educating these other two key decision-makers.

Step 6: Evaluate Onboarding Effectiveness

Because onboarding is a key to customer success in using the product, it is critical that companies solicit feedback from customers about the experience – just as they would other waypoints along the customer journey. For example, one logistics company we have worked with measured onboarding effectiveness by surveying new customers after three months to ascertain if they were aware of key aspects of the contract. The results of this survey drove account executive evaluations. Likewise, a leader in Latin American cellular communications we once

worked with found that most premium customers were inadequately onboarded by store personnel and the website – especially about the topic of using off-brand phones (which were less expensive but provided much poorer service and many more dropped calls). A concerted effort was launched to address this issue via an enhanced onboarding process. Using the aforementioned best practices for onboarding and the measurement protocol described below, our client found that support calls caused by that problem declined significantly, and satisfaction and loyalty among these valuable customers rose over 6%, resulting in an ROI of more than 100%.

We view the primary steps for onboarding evaluation as follows:

1. Quantify the full range of customer problems (and questions). Two sources of data should be used to characterize the spectrum of customer problems: company workload reports (*e.g.*, as drawn from company CRM systems) **and** a specialized customer experience survey that includes a granular list of problems customers may have encountered over a 6- or 12-month period. These survey data regarding customer problems are critical because – in many instances – customers do not complain (*i.e.*, relying solely on internal company data about customer problems would result in underestimating or not fully describing the range of customer problems)

2. Manage by exception. Once the variety and frequency of customer problems are known, the problem categories should be sorted into two groups: those which can and cannot be mitigated through a better onboarding process. Subsequently, the two to five key problems that can be managed through more effective onboarding should be targeted for redress through the recommended onboarding process described earlier.

3. Quantify the relative impact of the new onboarding process. Using the same two sources of data that were employed for describing the range of customer problems (*i.e.*, internal workload reports and customer experience surveys), the impact of a new onboarding process can be quantified by observing the reduction of support contacts (across all channels) and, ideally, the increased satisfaction of customers who were onboarded (versus customers who were not educated via the new onboarding process). The results are often compelling. For instance, one auto manufacturer we know found that owners who were aware of the provisions of their warranty were significantly happier and more satisfied with company resolution of out-of-warranty failures than customers who had not been effectively educated by the dealer at the time of vehicle delivery.

4. Test further approaches to education using A/B testing methods. Once the relative impact of the new onboarding process has been validated, then the

incremental impact of further nuancing the education protocol can be understood using simple A/B testing methods.

SUMMARY: CUSTOMER ONBOARDING CAN BE THE EASIEST ROAD TO HIGHER LOYALTY

Customer onboarding – the intentional and coordinated action of proactively educating customers throughout the lifecycle of their relationship with a company – is an opportunity in waiting for many companies. Our cross-industry experience with a wide range of companies has repeatedly demonstrated that ineffective onboarding is a leading cause of customer unhappiness and defection. This is a shame in as much as 20% to 30% of customer problems may be preventable through better onboarding. In this sense, an ounce of prevention is worth a pound of cure.

We believe that any reformation of onboarding ought to be framed around a methodical process grounded in five steps including: (1) properly identifying the right customers for education; (2) using innovative methods to motivate customers to engage in onboarding; (3) educating customers about a core set of the most common user problems; (4) offering customers online tools and support regarding other less frequent problems and advanced features of the product or services; and (5) using a formal measurement methodology to gauge the direct impact of an enhanced onboarding process on the frequency/types of customer problems, as well as on customer satisfaction. When accountability, flagging of new customers, and motivation to learn are created, onboarding can increase retention and reduce support costs by double-digit percentages.



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FOOTNOTES

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