

How to Increase Customer Retention and Reduce Churn

When it comes to onboarding new customers, B2B solution providers have a limited window to ensure customers are using your product and getting a return on their investment. It's a generally accepted rule of thumb that new customers need to be onboarded within 90 days, or you might lose them forever.

The upside of successful onboarding is great—happy customers are not only far more likely to continue their monthly subscription but more inclined to upgrade or add additional solutions.

Yet, despite this, research shows that companies are still unable to consistently deliver products and services when and where they are needed during onboarding. Perhaps not surprisingly, their customers don't have a clear understanding of what to expect during the onboarding process¹.

Why Customer Onboarding is Important

The weeks immediately after your customer signs the contract are a critical time for winning trust and establishing value¹. It's your best opportunity to differentiate yourself, reduce churn, and boost your revenue over the lifespan of the customer.

It is **6-7 times** more expensive to attract new customers than to keep existing ones.

Increase Revenue

Given the fact that it is six to seven times more expensive to attract new customers than keep existing ones², it's in the best interest of your bottom line to get onboarding right from day one. Not only is it expensive to lose customers, but the opportunity cost is significant, because revenue from upgrades and additional product sales often far exceed the initial purchase price. According to Harvard Business Review, customers with the best experience generate 140% more revenue⁴.

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Reduce Churn

The bottom line is that only one out of 26 unhappy customers will complain. The rest churn². Every B2B solution provider needs to minimize churn to stay successful. Even small reductions lead to increased revenue, more referrals, higher lifetime value and more customer acquisition channels⁵.

Differentiate Yourself

Among software vendors, customer experience is an increasingly important key differentiator, and it will overtake price and product by 2020³. Of course, customer experience begins with onboarding.

Challenges to Onboarding

There are many challenges during the onboarding process, but the top three are: limited customer understanding, lack of alignment of functional groups, and poor communications. Let's take a look at each one.

Limited Customer Understanding

In order to deliver highly satisfying onboarding experiences, you must first understand what your customers need and how well you are delivering.

However, according to a Harvard Business Review survey, only 38 percent of respondents said their organizations are performing very or extremely well in achieving in-depth understanding of customer behaviors, feelings, and motivations. An equally small number of companies were able to deliver a highly tailored onboarding process based on their customers' needs. The reason could be that only 49 percent of them could leverage the data and insights required to understand and predict customer needs¹.

Lack of Alignment of Functional Groups

Key functional groups—service delivery, sales, support, operations and product development—play critical roles in addressing customer needs, and to be effective, they must be aligned.

However, the Harvard Business Review report showed that nearly half of their survey respondents highlighted misalignments between these functional groups, and that this misalignment was a major challenge during customer onboarding¹.

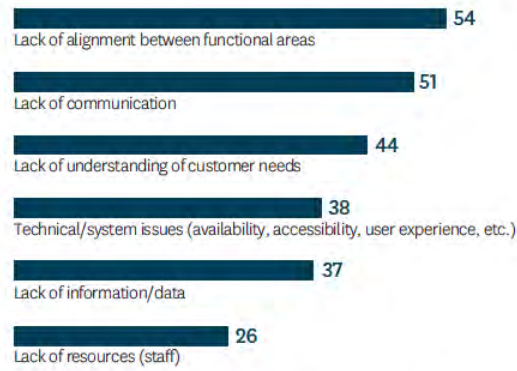
Some of this could be due to IT systems such as security and billing that are not well integrated, and some could be organizational lack of communication or a central place to track all customer activity.

Poor Communications

In order to coordinate the many steps to onboarding, all the groups involved need to be aligned, but only half of the respondents in the Harvard Business Review survey felt they communicated clearly enough so that their clients understood what to expect during onboarding¹.

COMMON FAILURE POINTS DURING ONBOARDING

Executives were asked to rate the driving causes of common failure points during the B2B client onboarding.



SOURCE HARVARD BUSINESS REVIEW ANALYTIC SERVICES SURVEY, AUGUST 2016

Effective onboarding long term and short term benefits.

- Across 20 industries, a modest increase in customer experience can generate additional revenues over three years of between \$472 million and \$824 million for every \$1 billion in annual revenue
- More than 80 percent of executives said that an increased focus on onboarding offers significant or moderate positive impact over the life of the contract for revenue, client renewals, and client referrals
- 85 percent agreed that successful customer onboarding will ensure long-term customer loyalty¹

Q2E Helps You Win the Customer Onboarding Race

Q2E orchestrates all the customer onboarding and renewal tasks while also automating your communication strategy. You can create unique onboarding journeys to suit your needs: by product or solution, customer type, location or any parameter you decide is relevant. Best of all, your customer will know what to expect from day one and be fully deployed, faster.

Four ways you benefit:

1. Easily coordinate cross functional internal teams and partners for proactive, successful onboarding
2. Define and measure key metrics and monitor progress in real-time
3. Speed onboarding process and an improve customer experience
4. Reduce customer churn

Four ways your customers benefit:

1. Receive a digital high touch experience
2. See a clear picture of the onboarding journey
3. Gain real-time visibility of the escalation path, so they know the steps that have been taken and understand what is needed to complete onboarding
4. Speed time to full deployment

1. Harvard Business Review, Bringing Value Onboard: Optimizing the B2B Customer Onboarding Experience, 2015
2. Esteban Kolsky, customer strategist and consultant
3. Customers, The Future of B-to-B Customer Experience 2020, Walker Research, 2013
4. Harvard Business Review, as reported in Chief Customer Officer Council Blog Post, 2017
5. 5 Reasons for Customer Churn Your Company Needs to Address, HubSpot



For more information, contact us:

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About Q2E

Q2E began with the mission to develop simple, innovative solutions that allow companies to engage, measure and scale their sales through their partner ecosystem. Our solutions for Customer Onboarding and Vendor Incentive Management enable digital transformation through smart guided journeys that orchestrate and enable processes and workflows that cross enterprise boundaries.