

2021

STATE OF CUSTOMER EDUCATION



MORE REVENUE, LESS CHURN AS CUSTOMER
EDUCATION BUILDS MOMENTUM

T H O U G H T

I N D U S T R I E S



CLAIRE SCHOOLEY CONSULTING

CUSTOMER EDUCATION IS...

...an emerging paradigm for helping customers achieve success by teaching them how to get maximum value out of products and services. In many organizations, it represents a new department, team, and/or budget line, beyond and distinct from traditional Customer Success functions.

Customer Education is learner-focused, attuned to customers' day to day needs and to where, when, and how learning best fits into their world. Increasingly, it's also business-critical, as it helps organizations outperform at each step of the customer lifecycle, from building brand awareness to onboarding, retention, and net revenue growth.

In our third annual Customer Education survey, we sought to understand:

- ✓ What types of organizations are investing in Customer Education programs today
- ✓ What motivates their investments
- ✓ How those organizations assess current progress toward their Customer Education goals
- ✓ Their priorities for Customer Education in the year ahead

FINDINGS IN BRIEF:

Customer Education programs are growing faster and investing more than ever before. This year, 60% of surveyed programs increased their investment by 30+%. 91% of programs reported continued expansion, with 45% reporting significant growth, a 15% increase over last year.



As programs mature, they deliver measurable returns across the customer lifecycle. While product adoption growth remains the metric where programs are making the most gains, some are measuring impact on brand awareness, customer expansion, retention, net new revenue, and market share. At the same time, measurement remains a struggle for many, with 43% of respondents still establishing their approach.

The pandemic accelerated short- and long-term investments in Customer Education. As expected, many programs (41%) prioritized moving in-person education virtual. More, however, invested in broader offerings and enhanced content to reach and engage more learners. 40% named Customer Education an important tool for protecting against customer churn in a difficult financial environment.



The majority of Customer Education programs are monetizing their offerings. 43% of respondents, skewed toward larger and longer-established programs, now offer education services for a fee, with an additional 22% planning to monetize this year.

This Year's Survey Explores Customer Education Across Industries

About the Respondents:

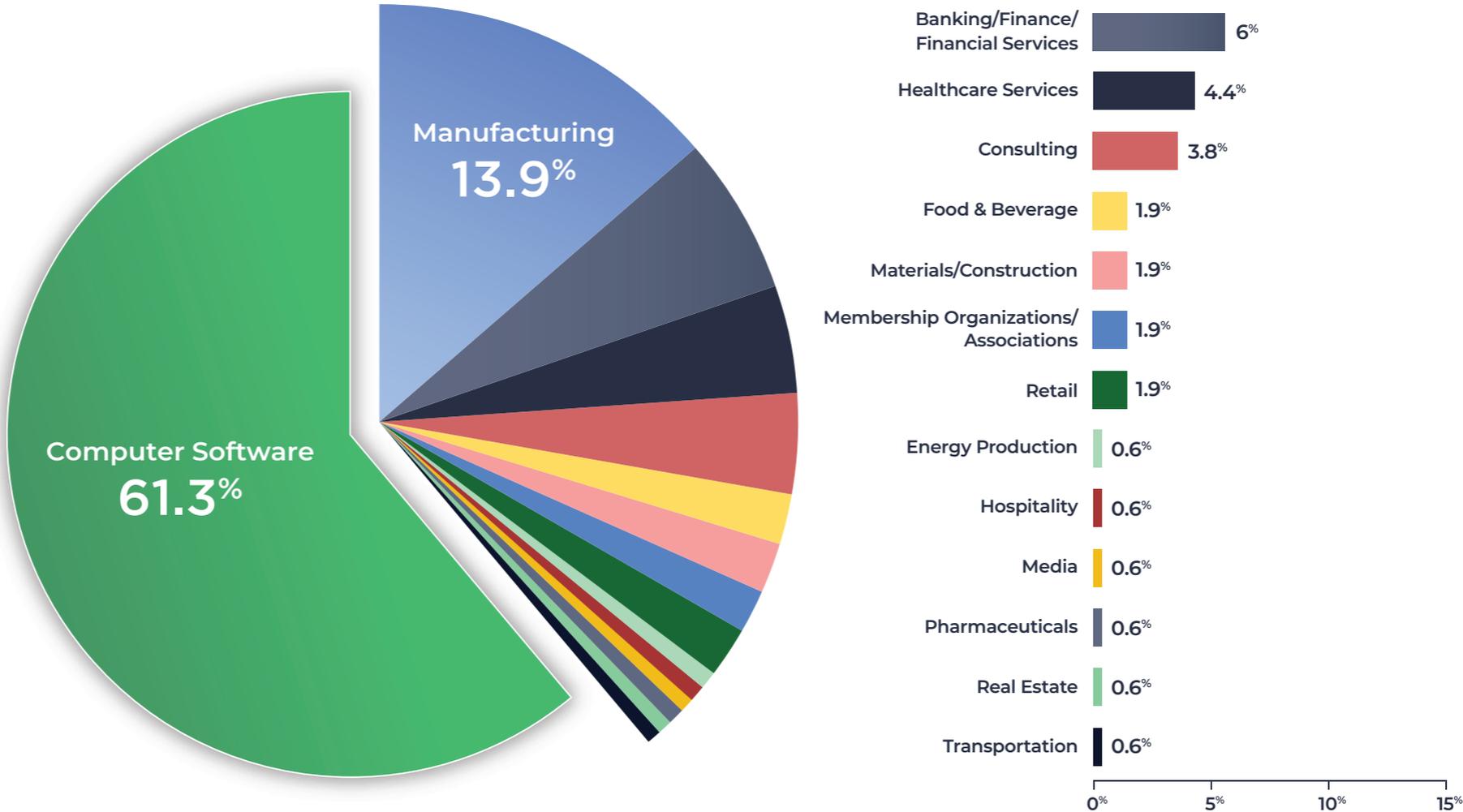


More than 200 organizations answered the survey between January and February of 2021, representing many sectors, but weighted toward software.

Represented programs range in scale. 19% serve less than 500 learners, while 37% reach 5000 or more.

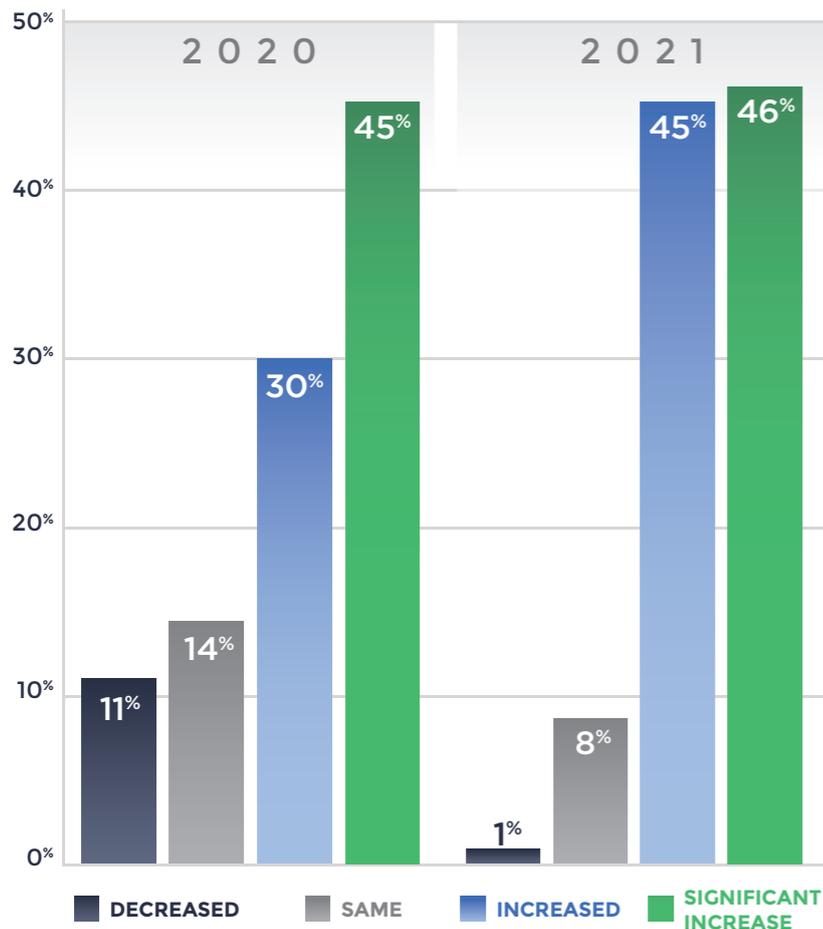
They employ a mix of business models, with 83% employing B2B, 29% B2C, 16% B2B2C, and 9% B2B2B.

In addition to Customer Education, many programs also educate channel partners (49%), extended enterprise (20%), outside professionals (31%), and continuing education markets (19%).

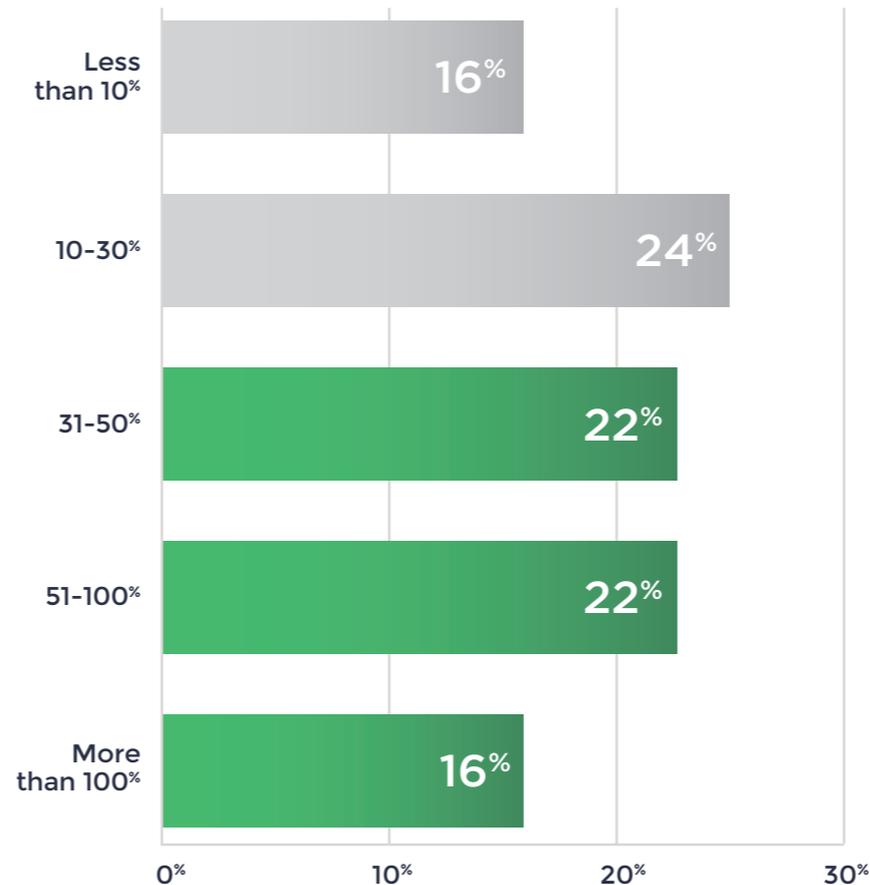


Organizations Make Bigger Bets on Customer Education

In the last five years, how has the amount of online Customer Education your company provides changed?



By how much has your investment in online Customer Education programs increased in the last year?



91% of programs grew across the last five years, with 45% reporting “significant growth”, up 15% from last year.

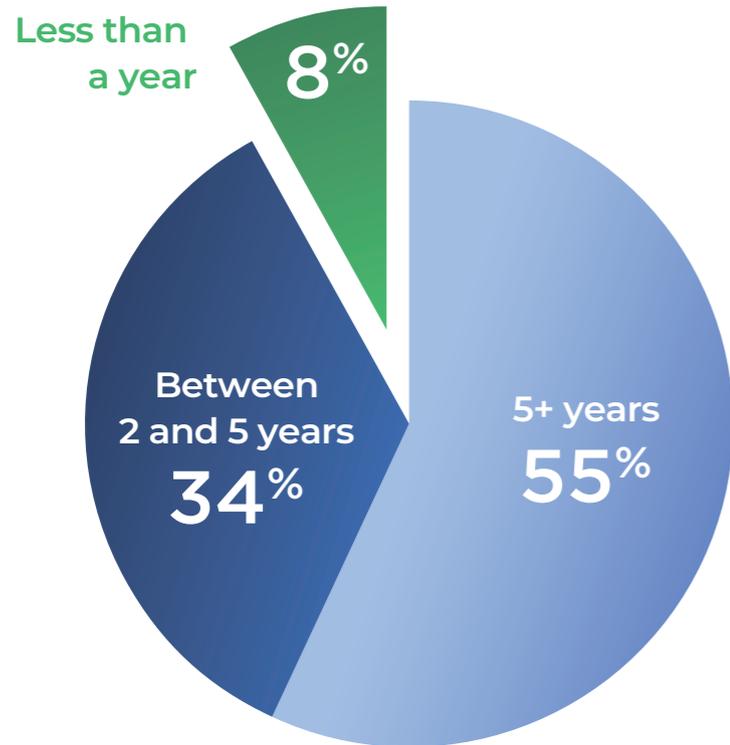
In the last twelve months, investment in Customer Education rose across the board, with 60% of programs increasing spend by 30% or more.

We found that the organizations with highest rates of product adoption growth also had the highest rates of investment, and believe we are now seeing a self-reinforcing cycle where more investment drives more measurable return.

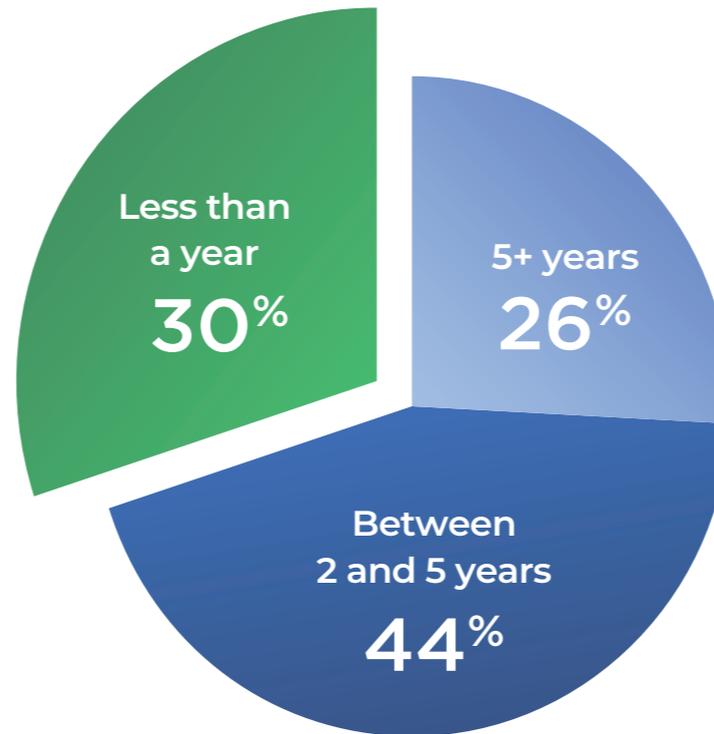
And, more investment is coming. 56% of programs plan additional increases in technology spend, and 60% will increase program headcount this year.

More Organizations Launch Customer Education Programs

How long has your Customer Education program been online?



2020



2021

As organizations already committed to Customer Education invest more, many others are launching new programs. **This year, the number of programs less than a year old rose to 30%.**

Whether new or continuing, these investments are accelerated by the tangible returns Customer Education increasingly delivers.

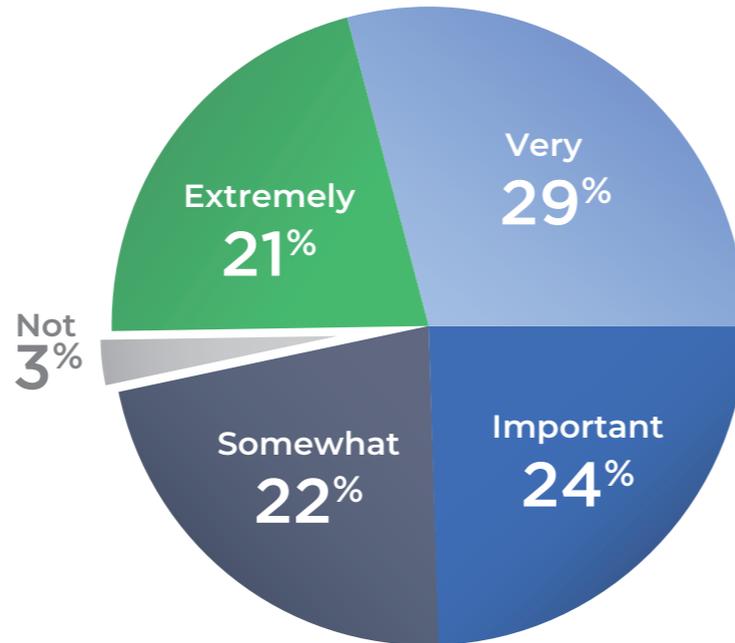


Programs Deliver Benefits Across the Customer Lifecycle

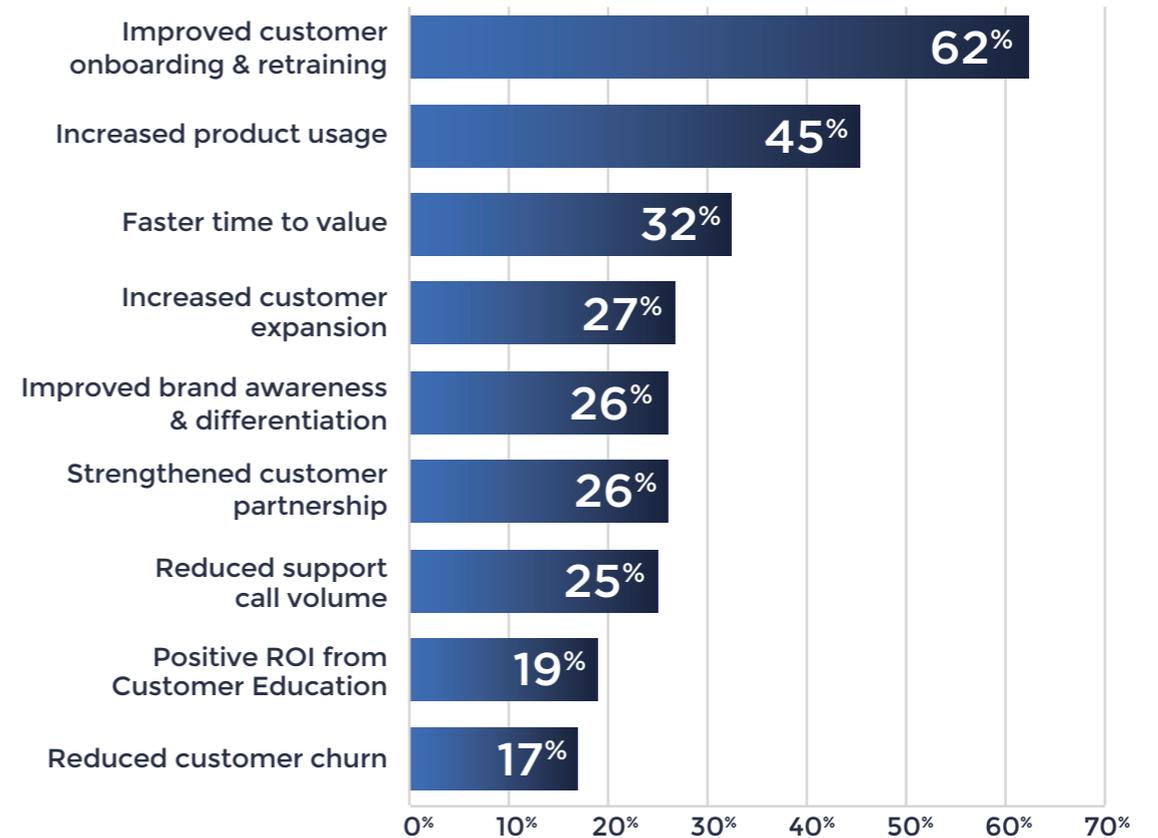
97% of respondents say Customer Education impacts overall business revenue today. That impact stems from performance gains across the customer lifecycle, from **increased brand awareness** to **onboarding efficiency** to **reduced customer churn**.



How important is your Customer Education program to your overall business revenue?

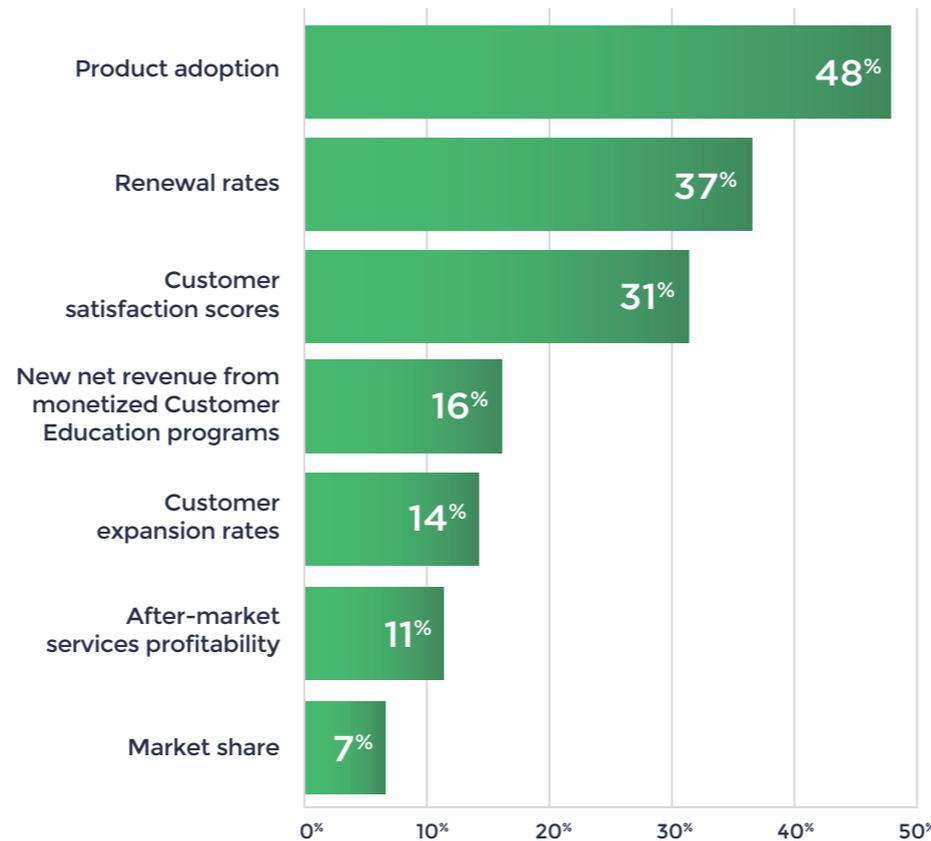
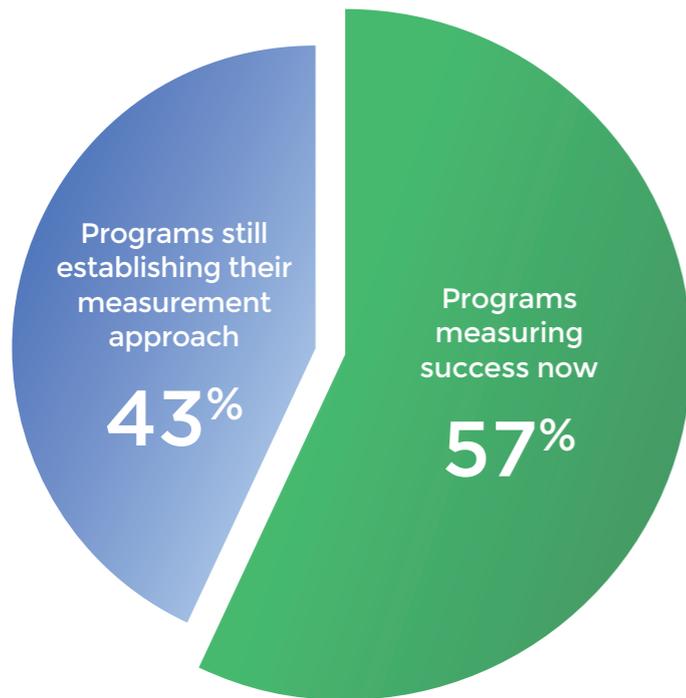


What are the biggest benefits you get from offering a Customer Education program? (select three)



As Customer Education Gains Momentum, Programs Bank Impact

On which of the following does your organization see the greatest measurable impact from your Customer Education program?



While 43% of programs have yet to establish success metrics for Customer Education, 57% are measuring impact across the customer lifecycle today.

Product adoption rates are where respondents saw the greatest measurable impact, followed by **renewal rates** (37%) and **customer satisfaction scores** (31%).

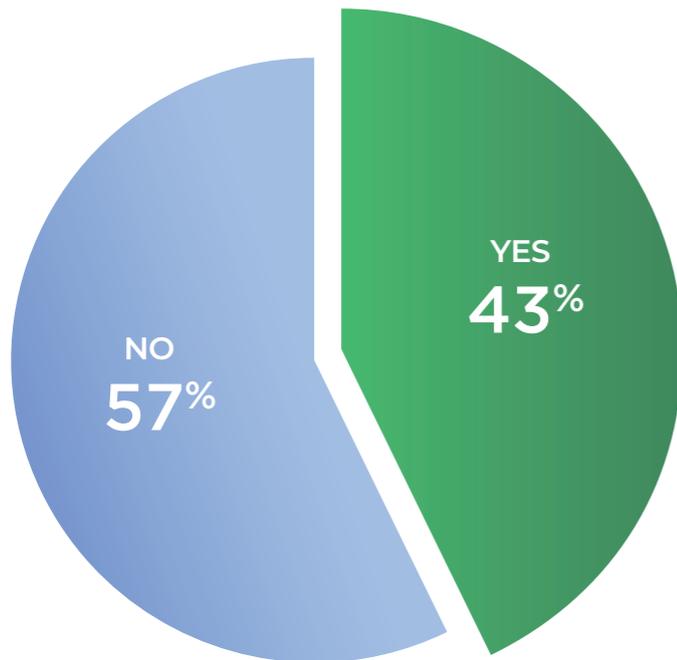
Those at the vanguard provide a peek where programs may make bigger gains in the future, including **net new revenue from monetized education and after-market services, customer expansion, and impact on market share.**

“Digital transformation is moving faster than ever, and this full-tilt dash into the digital realm is shaping everything about learning systems. Organizations everywhere now realize what’s at stake. They see how digital learning experiences can be a measurable differentiator for nearly every use case application in every industry. This has massive implications for the 2021 learning systems market.”

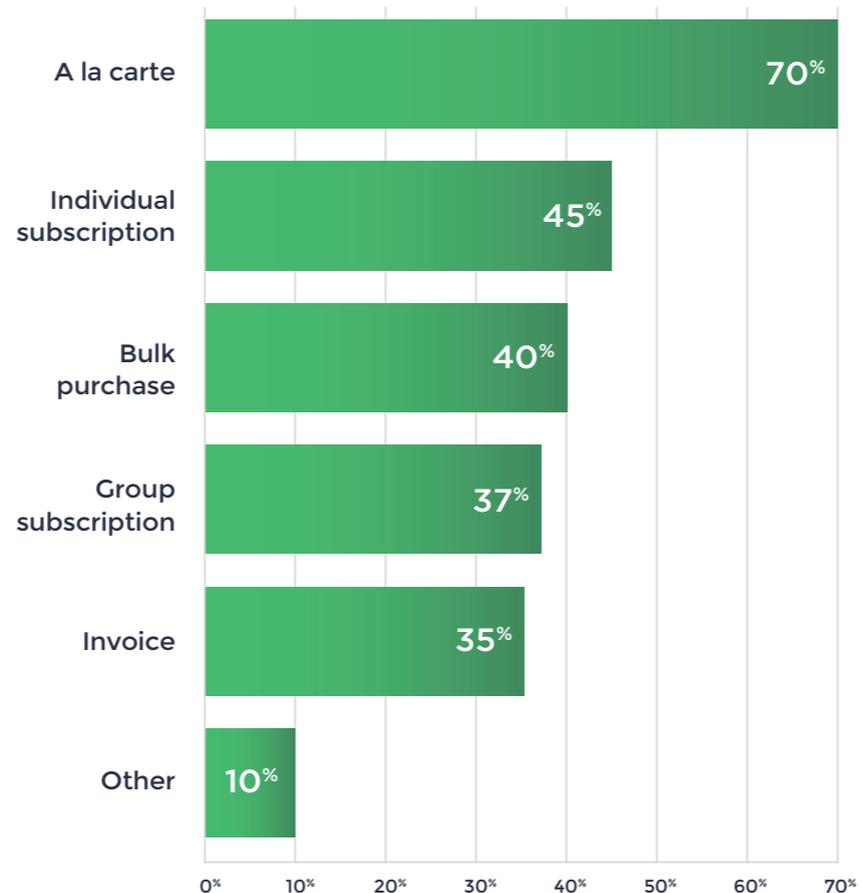
– JOHN LEH, CEO AND LEAD ANALYST, TALENTED LEARNING

Free vs Fee: Monetizing Customer Education

Are you monetizing your online education programs?



What is your approach to monetization?



As Customer Education programs mature, many monetize their offerings, with **43% offering education with a price tag today.**

Monetization is somewhat more common in longer-established programs (35% of those monetizing are 5+ years old versus 18% of those not) and those that serve large numbers of learners.

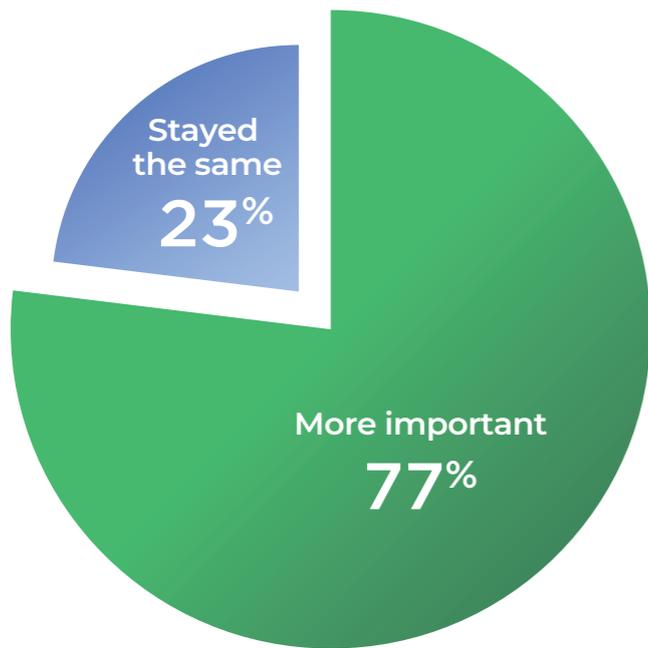
Across surveyed industries, monetization is most common in membership associations (100% monetize), healthcare services (75% monetize), and manufacturing (56% monetize).

“We agree with Thought Industries’ findings. Based on our research, 59% of organizations reported that they are charging for learning content in an extended enterprise environment. Today, extended enterprise learning is important not only for internal revenue generation but to enhance customer retention and deepen their understanding of the products and services offered by companies.”

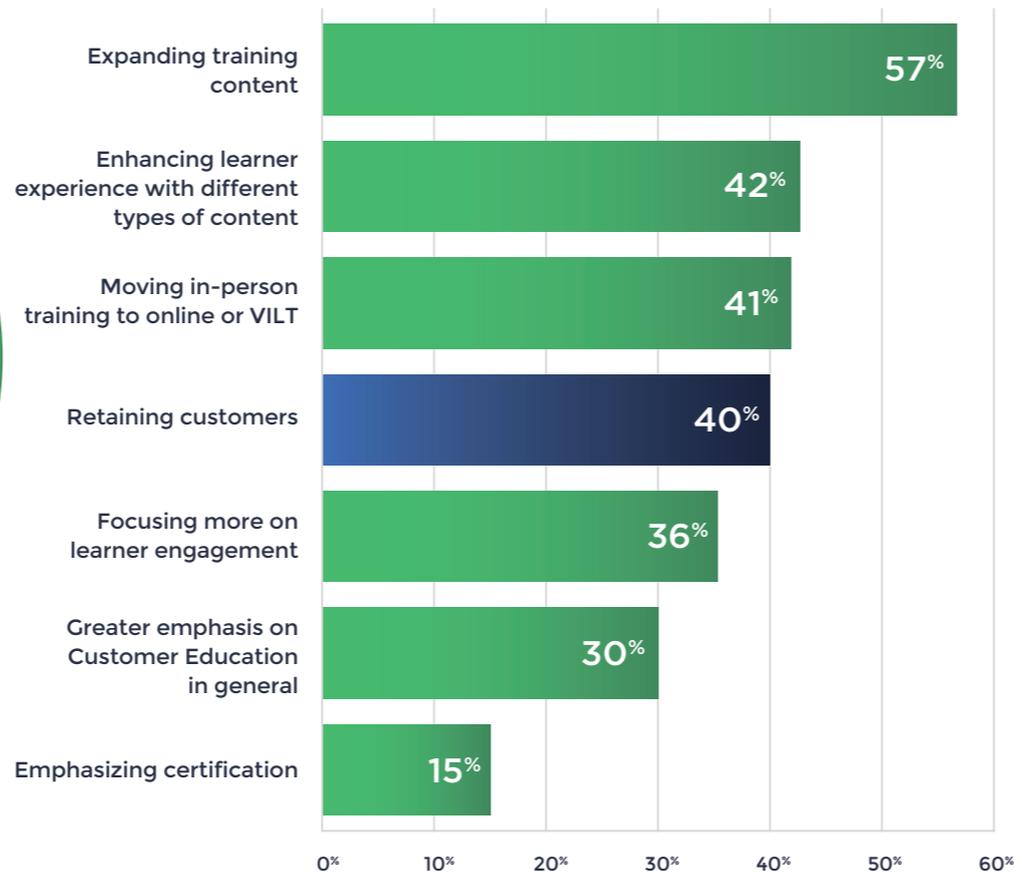
– MICHAEL ROCHELLE, CHIEF STRATEGY OFFICER AND PRINCIPAL HCM ANALYST, BRANDON HALL GROUP

Pandemic Increases Focus on Customer Education in the Short- and Long-Term

In light of the global pandemic, how has the importance of online training changed in your organization?



In light of the global pandemic, which of the following have become more important?



As expected, respondents saw Customer Education as more important as a result of the pandemic. 41% of respondents indicated moving in-person training virtual through their Customer Education program has become a priority.

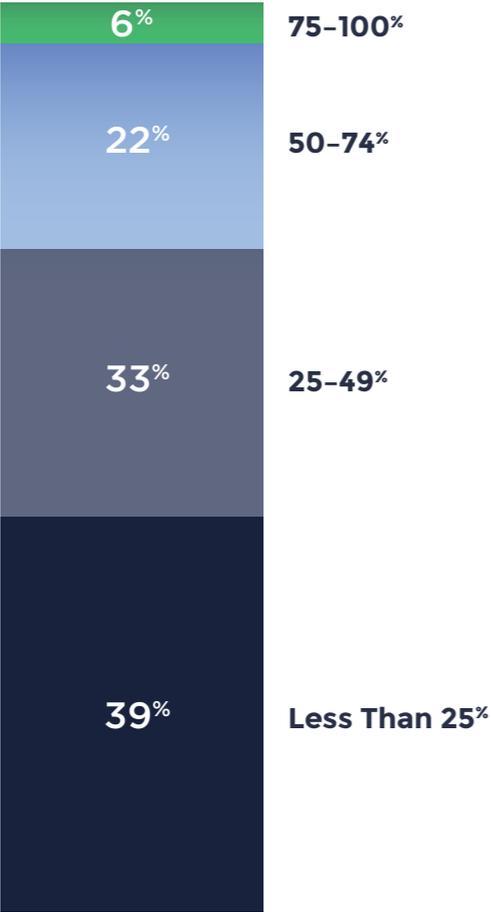
At the same time, our respondents had larger aims than substituting in-person with online. In the last year, 57% prioritized expanding their content to meet the needs of advanced and expert learners. 42% used new content formats to better engage those learners. Perhaps most importantly, 40% named Customer Education an important tool for protecting against customer churn, as many industries weathered austerity.

“Utilizing e-learning with Customer Education increases product and service adoption. By tapping into the customer experience and extending training beyond features and onboarding, it creates happy and loyal customers.”

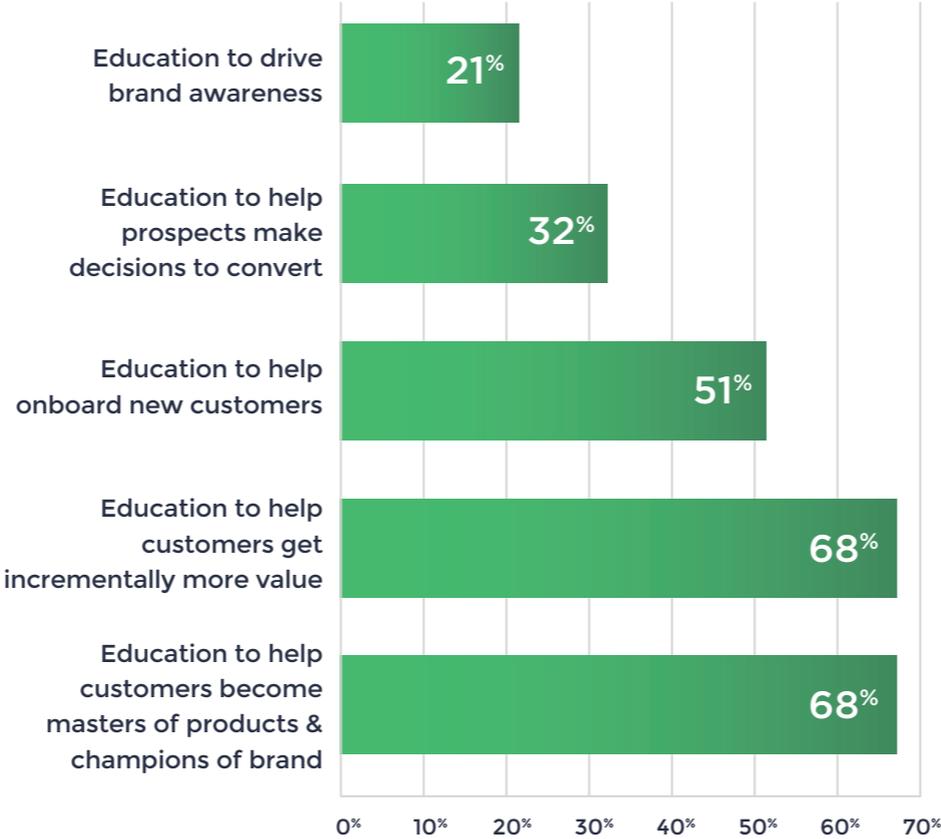
– CRAIG WEISS, CEO, THE CRAIG WEISS GROUP

Customer Education Programs Give Themselves a Mixed Report Card

What percentage of your learning audience is getting the education they need?



What part of your customers' lifecycle could use more or better education?



As they make more investments, program leaders are taking a hard look at progress to date. **This year, only 6% of respondents believe 75% or more of their learners are adequately trained, down from 14% last year.**

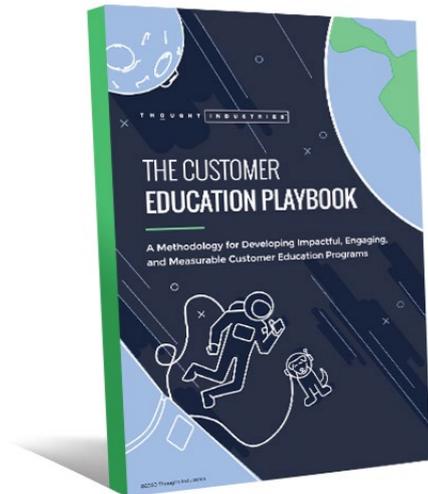
Looking closer, the biggest gaps appear at the latter stages of the customer lifecycle. **68% believe they underperform on educating customers to get incrementally more value, and to become product experts and brand champions.**



Where Programs Struggle to Implement Customer Education

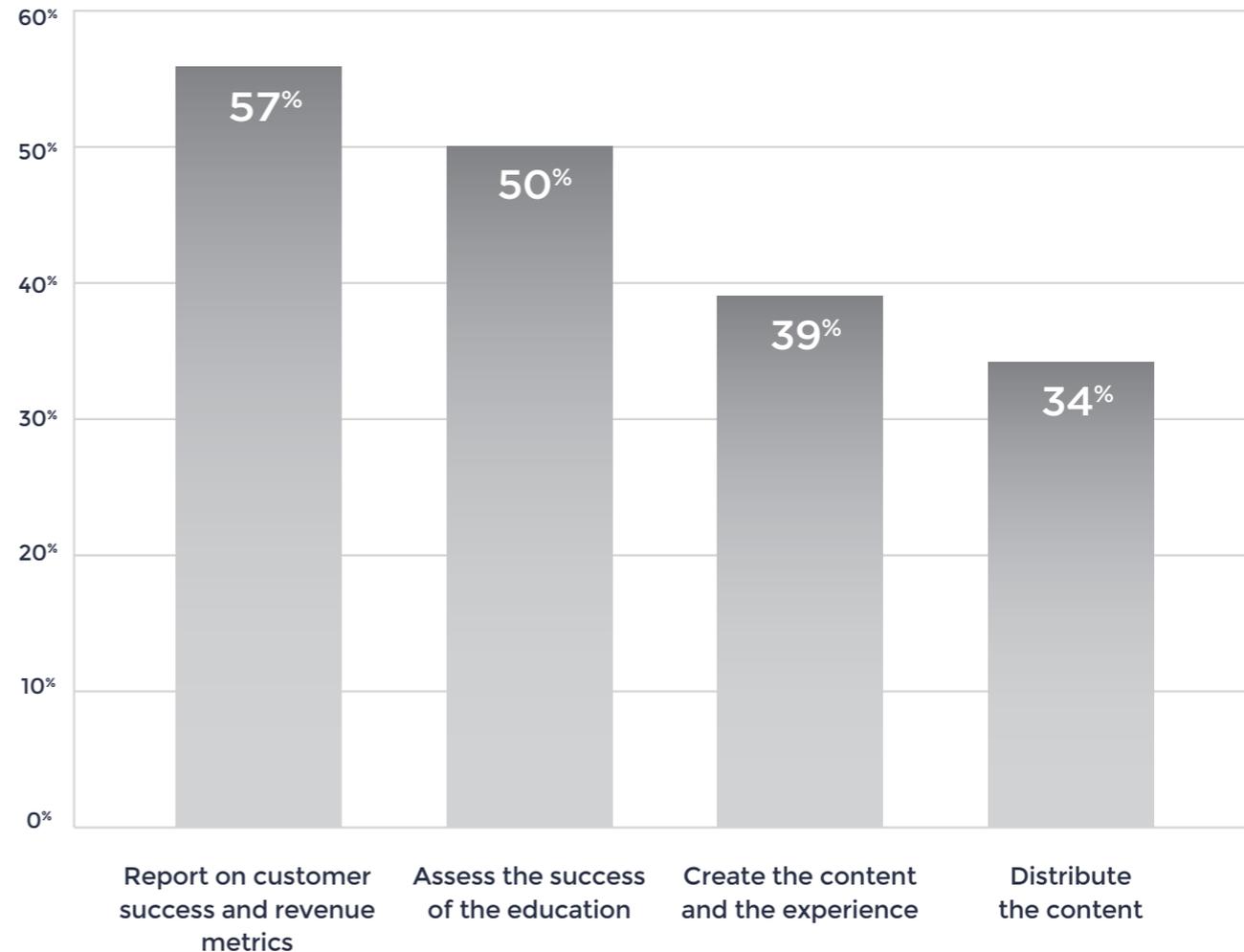
Based on research and work with hundreds of organizations, Thought Industries' **Customer Education Playbook** is a proven pathway to delivering Customer Education that measurably engages learners and impacts business.

When asked **which of the 12 playbook steps are most difficult to execute today**, respondents pointed to **assessing program success** and **reporting on revenue and retention metrics**, followed by the challenge of building a content library expansive enough to meet the needs of all learners.



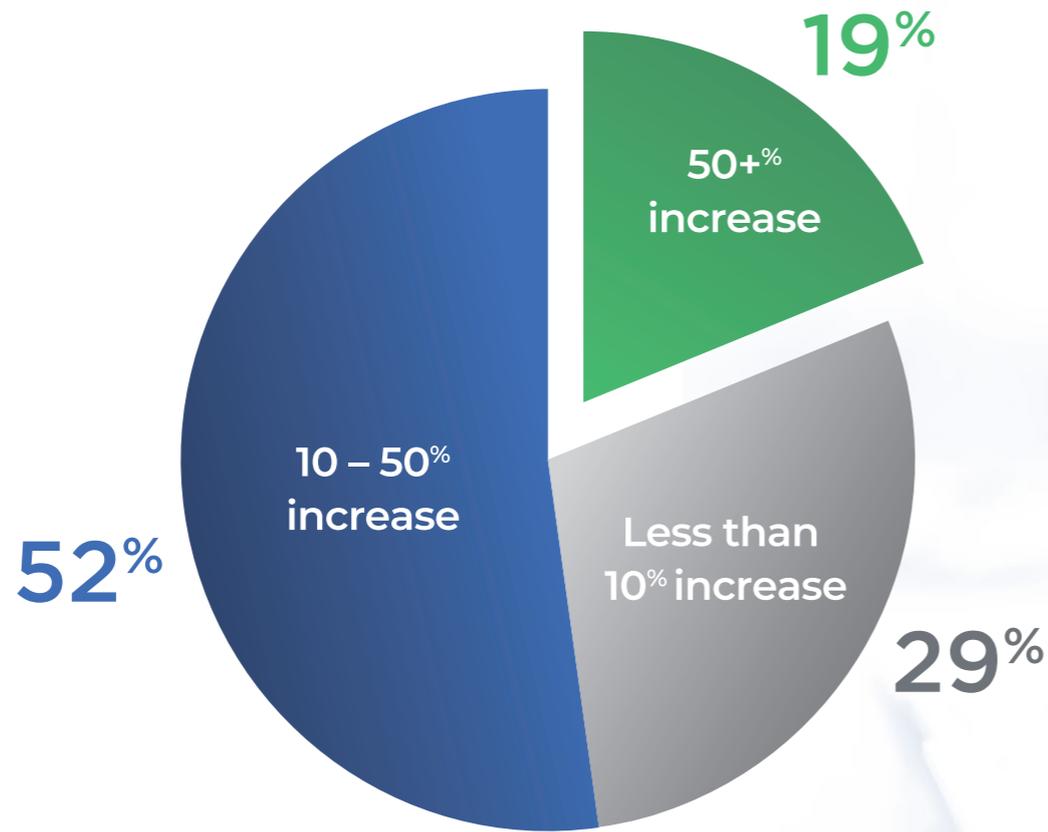
[Download the Customer Education Playbook →](#)

Top challenges for surveyed programs, by percentage of respondents



Programs Making Strides on Product Adoption

Since you implemented your Customer Education program, how much would you say your adoption rates have changed?

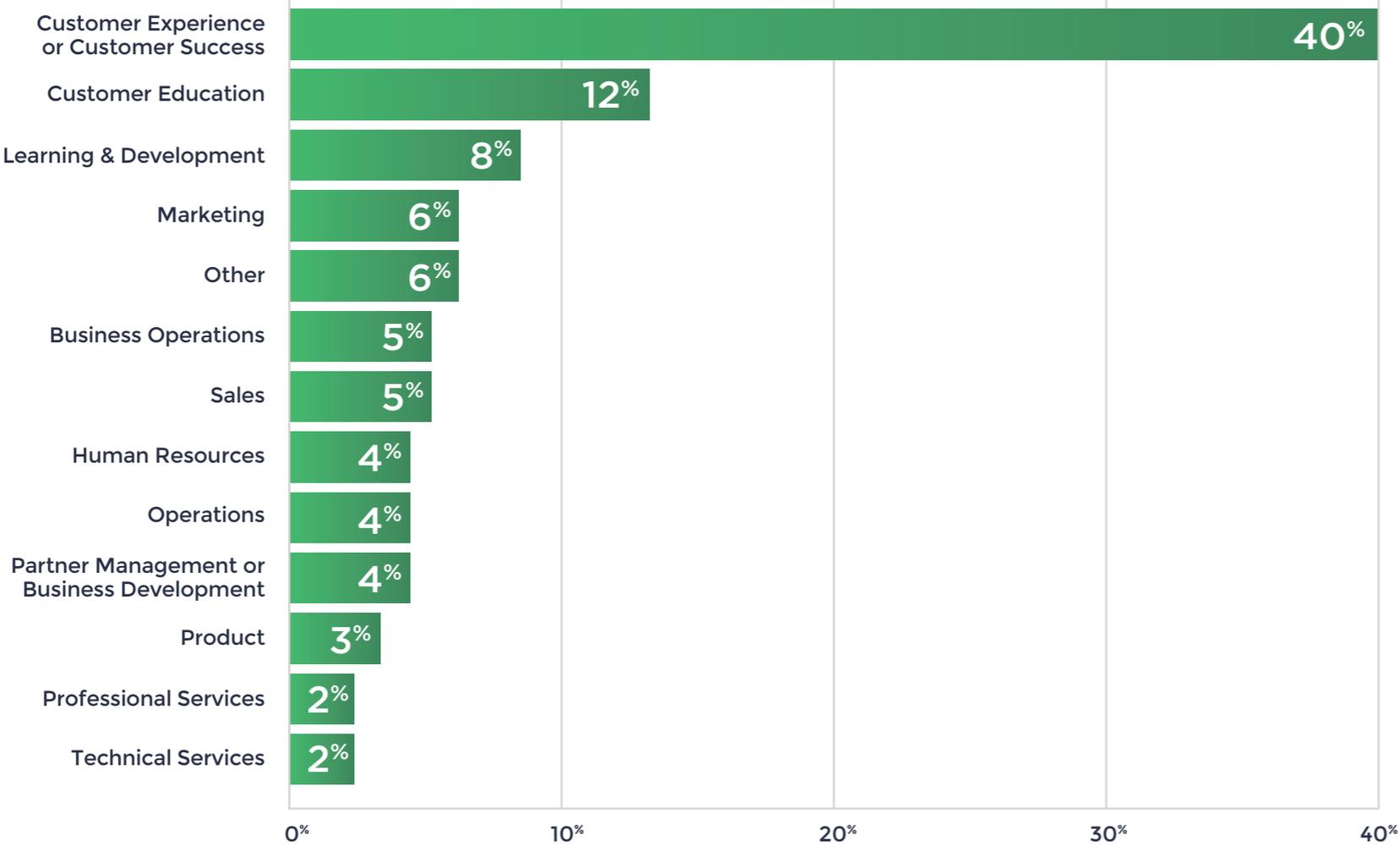


Over 70% of Customer Education programs report 10+% product adoption growth, with nearly 20% achieving 50% growth or more.

We looked for differences between programs driving high and low product adoption growth, which was the most widely reported impact metric across survey respondents. We found **the highest-growth programs were also investing the most**, with 59% of those achieving 50+% growth increasing their investment in Customer Education by more than 30% last year, and 30% of highest-growth programs increasing investment by more than 100%.

No Universal Home for Customer Education

Which department do you report into?



We saw Customer Education programs reporting into a variety of departments and functions. **Most common was Customer Experience or Customer Success (40%), followed by operating as a standalone department (12%).**

In software companies, we saw relatively more Customer Education programs reporting into Customer Success or freestanding (76%). In manufacturing, on the other hand, programs commonly reported into Marketing or Operations (44%).

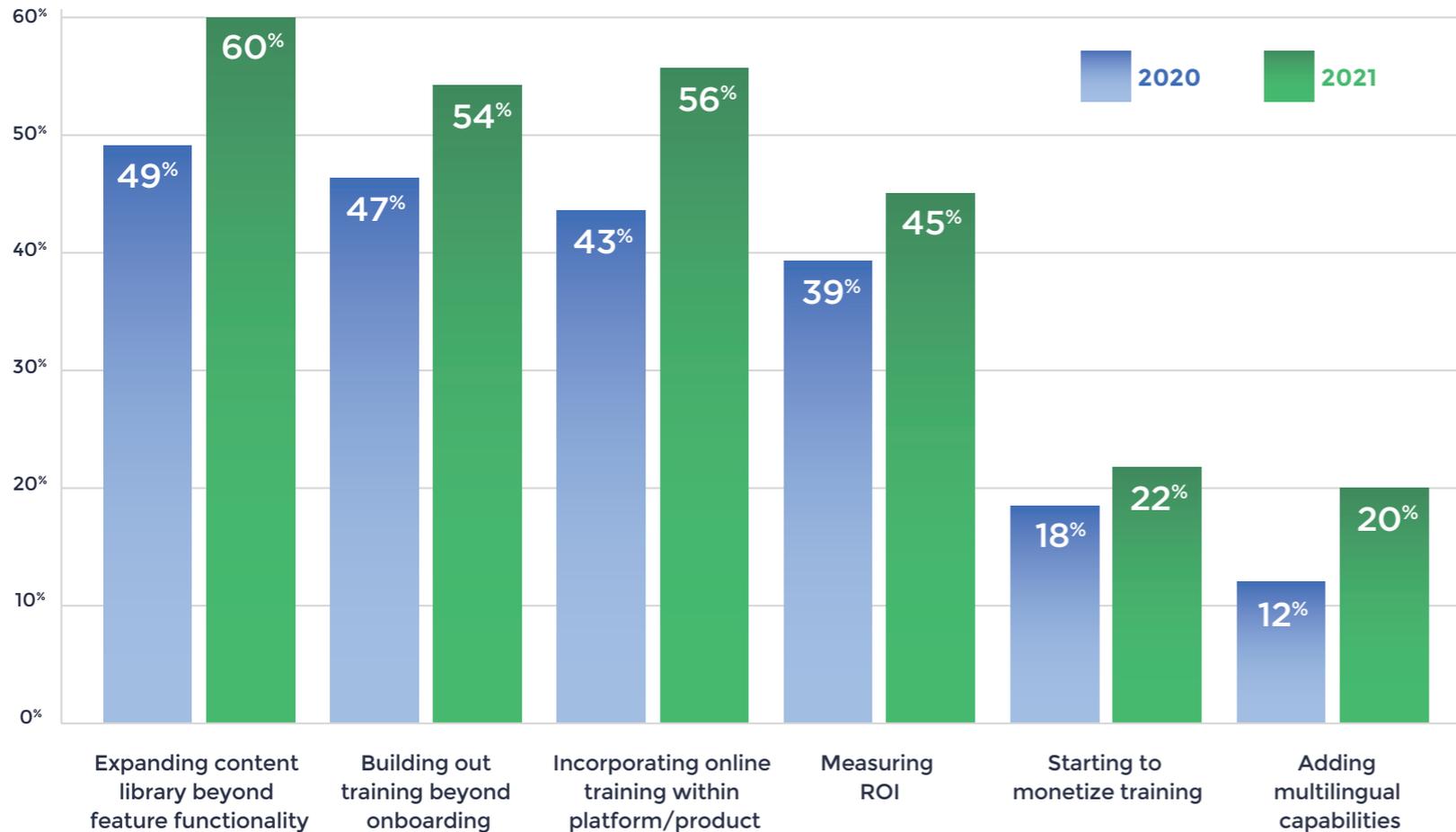
Industry-agnostic, the programs driving the highest product adoption growth were more likely to be free standing (19%) or to report into Marketing (13%). Programs driving lowest adoption growth were more likely to report into Customer Success.

“While Customer Success teams often sponsor the Customer Education function as a way to scale, it’s increasingly common to see education aligned with Customer Marketing to drive adoption, growth, and advocacy.”

– ADAM AVRAMESCU AND DAVE DERINGTON, CUSTOMER EDUCATION LABORATORIES - “CELab” PODCAST

Setting Future Priorities, Programs Look Beyond the Basics

What are your Customer Education goals for the year ahead?
(Choose all that apply)



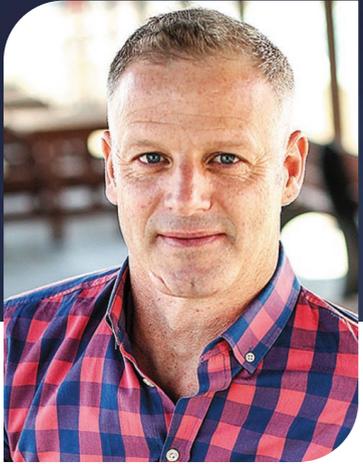
In setting goals for the year ahead, programs continue to raise their ambition for Customer Education. Compared to last year, more seek to expand their content libraries beyond feature functionality and onboarding. 45% prioritize measuring ROI, and 22% will begin monetizing offerings.

Deeper, more engaging learning offerings and emphasis on measurement will likely unlock increased gains across the customer lifecycle, which will in turn help make the case for future investments in Customer Education as programs continue to mature.

“When moving from free to fee-based training, Customer Education organizations must differentiate between content and offers. An offer, such as a subscription, is composed of more than just content, and often includes options like certification vouchers, one-on-one instructor-based coaching, and/or access to a virtual lab environment. Offer development is a critical capability in the transition to monetization.”

– MARIA MANNING-CHAPMAN,
VP, EDUCATION SERVICES RESEARCH, TSIA

ABOUT THE AUTHORS



Barry Kelly

Barry is the CEO of Thought Industries, the world's leading B2B customer education and external training platform provider. He is an external training champion, marketer and digital learning innovator. His career has focused on supporting businesses to deliver impactful training experiences that increase customer lifetime value.

www.thoughtindustries.com



Claire Schooley

Claire is an expert in corporate learning, recruiting, and performance management technology. Claire Schooley Consulting helps companies find, nurture, and develop talent. Previously, as a principal analyst, Claire led Forrester Research Inc.'s strategic HR practice worldwide in the areas of employee development and selection. This work included research, writing, and speaking engagements.

www.clareschooley.com



Daniel Quick

Daniel Quick is Vice President of Learning Strategies at Thought Industries. Before joining Thought Industries, Daniel led customer education at Asana where he designed learning strategies that nurtured customers across the lifecycle. Daniel is a former video game designer turned educator who is passionate about creating delightful digital experiences that enable people to do their best work.

www.thoughtindustries.com



Paul Merrylees

Paul is Senior Director of Thought Leadership at Thought Industries. Prior to joining the company, Paul led research and product development programs at The Advisory Board Company and United Health Group for 14 years. His focus has been the intersection of human capital development and learning technology.

www.thoughtindustries.com

ABOUT THOUGHT INDUSTRIES

Thought Industries powers the business of learning by providing the world's leading B2B customer education and external training platform. The company was founded in 2014 around the core belief that online learning experiences should be modern, intuitive, engaging, and scalable. Today, our team builds and maintains the only learning solution with completely native tools and integrations that drive higher engagement, learner proficiency, and retention rates for our customers. Headquartered in Boston, Thought Industries has offices across North America and Europe.

For more information, visit www.thoughtindustries.com and follow us on [LinkedIn](#) and [Twitter](#).

1.866.206.4011

explore@thoughtindustries.com

2021

STATE OF CUSTOMER EDUCATION



MORE REVENUE, LESS CHURN AS CUSTOMER EDUCATION BUILDS MOMENTUM

T H O U G H T

I N D U S T R I E S



CLAIRE SCHOOLEY CONSULTING