The Knowledge Base:

Towards the Outstanding Customer Experience,
Greater Customer Retention and Increased Revenue

by

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Executive Summary

This white paper will document the crucial role of a well-designed, well-implemented and well-populated knowledge base in increasing revenue for the forward-looking small or medium-sized company which incorporates this kind of technology into its infrastructure. A great many of the studies on customer experience management focus on large companies with extensive sales and support staffs. However, a basic and self-evident formula applies even to the smallest company:

Outstanding customer experience =
Increased sales and customer retention = Increased revenue.

No matter the size of the company, no matter if it's B2B or B2C, quite often it's the A-Z customer experience that puts one company ahead of others. "Keeping customers interested and loyal...quickly becomes an issue of customer experience rather than technological innovation," asserts a white paper by PRTM entitled “Great Customer Experience Provides Game-Changing Differentiation." This is particularly important in cases where the product or service they're selling is not vastly different from that of their competitors'. In a situation where, for example, The Smith Company sells a widget with 50 features and The Jones Company sells a widget with 51, The Smith Company will be the one to get repeat business, positive word of mouth and brand loyalty if takes better care of its customers. The challenge for small and medium-sized companies is to find a way to optimize the customer's experience in efficient and economical ways.

QUESTION: How can a knowledge base contribute towards an outstanding customer experience?

ANSWER: By efficiently delivering via various channels important information the customer needs to make an informed purchasing decision and afterward, by delivering information needed to better use the product or service.

Certainly a knowledge base should not be the only way a company communicates to its customers and it cannot replace a professional and courteous staff, an engaging website, persuasive advertising, a prime brick-and-mortar location or above all a quality product or service, but it should be a valued and valuable part of a conscious strategy to improve customer service and support. A well-written, well-structured and comprehensive knowledge base (both public-facing and private) can be used by both customers and staff to easily retrieve product details, prices, break/fix solutions, best practices, use-case scenarios and company policies. It's a low-cost tool that can be useful every time a customer needs to interact with the company. It continuously benefits customers, staff and ultimately the company's bottom line.
The Knowledge Base and Outstanding Self-Service

It's not possible to overstate the use of the internet as a tool for researching and buying products and services and then as a means of getting support after the sale. For the consumer it means the entire world is a marketplace and from their house in rural Iowa they can buy products from Argentina as easily as from Zaire. For businesses it means the ability to sell to buyers in Zaire or Argentina as easily as to rural Iowans. It also means that competition is practically infinite; at the first difficulty finding required information on a website, the customer will jump to another website without a second thought (on average, a website has about one minute to keep a visitor before he or she moves on). The site that's easier to use and provides the most information the fastest is likely the one that will make the sale and capture a new customer for the company.

Any company website will post the expected first-level information – for example, the physical address, store or office hours, a list of the goods and services it sells, etc. – but companies which have made optimal customer experience part of their business strategy will go beyond this and implement self-service options that make available to the customer all the facts they need to make a truly informed purchase. Not to put too fine a point on it, it's the difference between allowing a visitor to find information and allowing a customer to conduct research.

This can be of supreme importance in a sales situation in which the potential customer can't put his or her hands on the product, see if it fits, watch it work or examine it closely. Although more and more people are used to buying items online sight unseen, many if not most do so only after much research and only from companies they feel confident about. In this context, it is imperative that a business offer visitors to its site – every one a potential customer for life – an easy way to learn all they want to learn about the product. Does it XYZ? Will it still XYZ if I 456 it? If I 333 it after it does a YYY, can I get a refund? Different scenarios of use, abuse, performance, contingencies and unexpected or unique situations are beyond what regular web pages are expected or are able to do. A search through a knowledge base, however, for 456, 333 or YYY – subjects a company might not want to put on a slick product sales page – can answer these questions 24/7 and alleviate the customer's concerns. With knowledge base articles that offer product photos, schematics, specifications, instructions, screenshots and even videos, there is little or no need for the customer to call in and speak with a representative; this unattended 24/7 self-service option has done its job and the customer now knows that that's the item they want to buy.

So the customer has researched the product and decides to buy from the company with the most helpful, most informative website, the one that answered the obscure questions or provided information about using the product in a unique situation. The process might end there but for the company which has made the decision to set itself apart from its competitors by offering a better customer experience, after-sale support is also critical and could mean the difference between a one-time sale and a repeat customer who also evangelizes the product and the company. As with sales, the knowledge base should be the first line of support for customers.
The customer’s ability to research and resolve post-sale issues enhances their satisfaction with both the product and the company.

There is a straight line connecting a knowledge base and increased sales; when a customer gets from the knowledge base all the information they need to make an informed decision, they’ll be more likely to buy with confidence. When the customer uses it afterwards to resolve issues easily, they will feel well taken care of, will enjoy the product more, will be more likely to buy from you again and will hopefully spread the word. The knowledge base has, for very little money, directly increased sales and customer loyalty.

The Knowledge Base and Outstanding Live Service

The internet is primarily about self-service, but a great many customers still want to speak with a real person before and even after they buy. Huge numbers of people go to a website just to get the phone number of the business or store, then call directly to discuss the product they’re thinking of buying. For them, the self-service option is less desirable, less personal and less comfortable and before they hand over any money, they want to talk to a person who understands what they want and need.

Certainly nothing can close a sale better than a friendly and knowledgeable salesperson that can address all concerns, assure the customer that the product is right for them and communicate that the company stands behind what it sells.

A knowledge base can be instrumental in training and maintaining an expert staff. Consider companies with small staffs or which do not have high turnover: a dedicated new-hire training program requiring human and material resources may be out of the question. There may not even be any documentation on how to do the job because the creation of an employee training manual can be costly and may become obsolete. Still, inevitably someone departs and a replacement is hired. Without a training program or manual, that new employee will have to learn on the job. A nervous and fumbling company salesperson disseminating wrong information can be enough to dissuade a customer from purchasing, and a representative who does not appear to know how to solve a problem is disastrous for a support department. A more experienced staffer can always step in to assist, but this may end up being damage control rather than excellent service, and it’s a waste of employee time to boot.
The ideal situation is for the new hire to be trained correctly from the start, and this means documentation they can study and refer to if necessary later on. A “training manual” comprised of a collection of specific and up-to-date customer-facing and private knowledge base articles is a quick way to gather all the information a new employee needs to know.

With a well-organized knowledge base at their fingertips, they will be able to move from training to real work more quickly; they might not have memorized everything they need to know to do the job but if they know where to look for the right article they can be effective even if they’re not yet 100% up to speed. A typical situation is a newer employee on the phone being asked a difficult question. In the past, that person would have to put the customer on hold and ask a co-worker, who might already be engaged with his or her own customer. The situation would be much the same for a live chat, and if the employee is responding via email, turnaround time is reduced if the agent is using a knowledge management tool. With a searchable knowledge base new employees can stay with their customer, find the information they need quickly and get the customer taken care of. Efficiency is improved when staff is able to deliver the right information faster, it’s whether because they’ve learned from the knowledge base or are referring to it. An adept manager will even use the private side of the knowledge base as a repository for company rules, contacts, processes and guidelines.

Supervisors can be sure that the employee is learning the right information. Articles will have been approved, if not written, by management or subject-matter experts. This will put all sales and support staff “on the same page” in a very real sense: Outgoing information is consistent from customer to customer and ticket to ticket. All public-facing personnel are on message and no customer will get two different answers in two phone calls. Unlike printed material, the knowledge base can be updated easily as prices, procedures, feature sets, instructions and descriptions change.

Post-sale, the knowledge base evolves as information about real-world use issues comes to the company in the form of trouble tickets. As we have seen, a knowledge base can be used by the customer and by staff; a third way is a combination of the two. A good knowledge base should have email links embedded in each article so that they can be sent to customers; many customers are happy when a representative offers to send them relevant articles. For example, a customer with a question calls a sales or support representative and rather than explain a complicated procedure over the phone, the representative can easily email the customer an article which details the answer using images, screenshots or even videos. Or the rep can guide the customer to the article while still on the phone and they can review the price list, diagram or instructions together.
The Outstanding Customer Experience and Customer Retention

A well-chosen, well-implemented and well-maintained knowledge base can be a direct catalyst for an outstanding customer experience (both web-based self-service and live service). How does it translate into increased revenue? The key is customer retention. A knowledge base is instrumental in getting information to the customer (frequently through various channels), and when customers get the information they need without difficulty, they will regard their experience as positive. A few facts from a 2010 study by Telefaction* will put the importance of a customer’s positive interaction with a company and its ramifications into perspective.

- A good customer experience is told to 8 other people.
- A bad customer experience is told to 22 other people.
- It takes 10 good experiences to make up for one bad one.
- Seventy percent of buying experiences are based on how the customer feels they are being treated.
- Seven out of 10 customers who switch to a competitor do so because of poor service.

Imagine these Three Sales Scenarios:

Scenario 1

The Jones Company does not have a knowledge base. A potential customer goes to their website looking for detailed information about their products and services but can't easily find it. Strike 1. He must call in. There's some hold time because all sales representatives are on other calls. Strike 2. A sales representative finishes his call and picks up this one. Although he has done his best to learn what he needs to know by observing other reps and taking notes, he has been asked a particularly difficult question. *Not sure about that*, says the rep, *let me go ask someone*. Strike 3. He interrupts a more senior rep (who's also on the phone) to ask the question. Now her caller is on hold. The more senior rep thinks she remembers a similar situation and is pretty sure the product will do the job. The rep comes back to the call and says someone told him that the product will probably do what the caller wants. Strike 4! The caller hangs up and goes back online to find another company, one in which she feels she can place more confidence.

Scenario 2

The Smith Company has a public-facing and private knowledge base. A potential customer goes to their website looking for detailed information about their products and services. In the knowledge base search box she types in XYZ, 456 and 333, an unusual scenario that most people won't face. The article comes up in a second and from it she learns that the product can indeed get the job done. She places her order.

Scenario 3

The customer from Scenario 2 can't find the information she needs in the knowledge base. Strike 1. She calls The Smith Company and gets right through to a representative (who's free because his previous call was short). The rep isn't sure about the right answer but does a couple of knowledge base searches and finds the needed information. There's no hold time and because his supervisor documented this exact use-case scenario in an internal knowledge base article a couple of weeks ago, the rep can confidently assert that that product will do the job and (by reading the article) explain exactly how. The customer places her order. Afterwards, the rep tells his supervisor about the call and the supervisor decides to make the article public, which should prevent at least some calls about this issue down the road.

(Incidentally, the experienced rep in Scenario 1 quit her job to go work for a more organized business and all of her undocumented knowledge and experience walked out the door with her.) The customer in Scenario 1 did not have to be treated poorly by the representative for it to have been a negative experience. The frustration, waiting and uncertainty were enough to deter the customer, no matter how polite the rep might have been.
To be sure, a good rep can still make the sale, but he or she will be starting with a
customer whose opinion of the company or the product has already been tainted. No
one wants to have to play catch-up while trying to answer a hard question and close
a sale.

The customer in Scenarios 2 and 3 had a good experience because she was provided
with the information she needed to decide whether to buy. The first hypothetical saw
her finding it on her own in very short order and the second saw her being taken care
of by a rep who, although he didn't know the exact answer immediately, *appeared to,*
in very short order. In both cases, the knowledge base expedited the call and
removed frustration and uncertainty from the equation. The Jones Company came
across as unsure and disorganized. The Smith Company comes across as
authoritative, organized and professional.

It is not an intellectual leap to explain Scenarios 1, 2 and 3 in terms of post-sale
support. The Scenario 1 customer needs to know how to fix Feature X on the widget
she bought, can get no assistance from the company's website and so must call. The
technician is unsure how to answer the question and must escalate the ticket to a
more experienced person who, it is hoped, will know the answer. Over the course of
this process, the customer is becoming less and less delighted with the product and
the company. By contrast, our customer from Scenarios 2 and 3 is up and using
Feature X because she either found the article herself, was assisted by a rep using
the article or was led to it by a rep. Once again, the article has provided the precise
remedy to the user quickly and painlessly, enhancing her impression of the company
and the product.

The net effect of these hypothetical customer experiences should be clear and is
borne out by many studies. In a tellingly-titled 2010 paper, “Poor Online Customer
Experience Creates Disloyal Customers: Dissatisfied Customers Take Their Money and
Recommendations Elsewhere,” Forrester Research reports several findings that
should surprise no one. Among them:

“Bad online experiences make clients reticent to recommend and buy products again...But also
negatively affecting revenue are poor customer experiences while researching and purchasing
products, as disaffected customers overwhelmingly refuse to purchase the product again or
evangelize on its behalf.

“...vendors must get online interactions right in order to have long-term success.”

Some recommended practices:

[The company should provide] “Easy-to-find and transparent product information. As
consumers and business buyers search the Internet for information, they want to be able to
easily navigate sites to locate materials that inform purchase decisions.

[The company should provide to its staff] “...easy-to-distribute collateral...This material needs
to be easily discoverable on the website [and] should be easy to find and pre-packaged for
distribution for employees. Document libraries...can provide this remedy.”
The converse of the argument, "bad online experiences make clients reticent to recommend and buy products again" is that good online experiences make clients more likely to recommend and buy products again. Forrester's research makes it clear that a company which provides an outstanding experience, whether for research, purchase or post-sale support, is positioning itself for increased customer loyalty and retention.

**The Benefits of Customer Retention and Loyalty**

If a well-trained and knowledgeable staff is a company's best internal asset, then returning and loyal customers are a company's best external asset. The Telefaction white paper (from above) points out that “A typical company receives around 65% of its business from existing customers.” In her book “Customer Winback,” business consultant Jill Griffin states that “The average company has between a 60% and 70% probability of success selling more services to a current customer,” as opposed to much lower percentages to former customers and non-customers. To further quantify the value of keeping customers, The Harvard Business Review found that “Increasing customer retention rates by 5% could increase profits from 25 to 95%.” These stunning statistics should serve as a wake-up call to businesses who do not allocate resources to keeping their customers happy, and this means as much post-sale care as pre-sale.

Both of these needs are met (at least in part) by an easily-accessible knowledge base. As detailed in Website Magazine's article, “Local Consumers' Trust Earned by Having More Reviews,” a critical mass of web shoppers now look to non-expert, peer reviews of products and services: 69% trust online reviews as much as personal recommendations, 79% of people aged 16-34 trust online reviews as much as personal recommendations and 62% of people aged 55+ trust online reviews as much as personal recommendations. Intuit Software founder Scott Cook writes that the number one reason people pick one product over another is word of mouth, and because of social media, word of mouth has never been more important. This trend will only grow, he says.

A customer review of a product, service or company is no longer limited to immediate family, friends and co-workers; “word of mouth” now means immediate and worldwide dissemination of delight or disgust. In such an environment a website which frustrates or confuses visitors is one that, rather than being an asset to the company, is a liability. There is simply too much word of mouth and too much competition for any company to lag behind the irreversible trend of customer demand for instant and comprehensive information.

If a company's website is less than helpful, not only can it lose a sale but it can also end up as a discussion topic on a blog or in a one-star review on Amazon.com. A website which serves the customer well -- answering questions and solving problems with little fuss – is much more likely to contribute to higher sales, greater customer satisfaction and a better online reputation.
To keep things in perspective, however, it cannot be said that a knowledge base can make all customers happy all of the time and be credited with bringing about maximal customer retention. However, the relatively small amount of money it takes to implement and maintain a knowledge base means the ROI potential is enormous. If the role of a knowledge base were taken by employees – if a company were to hire people to answer all manner of questions, in detail, around the clock, the way a knowledge base does, it would find the cost prohibitive. A dynamic knowledge base is the most economical way to provide consistent, precise, detailed and content-rich information to customers needing service and support. It can help close a sale, it can help customers keep using what they bought, and it can help train staff. There is no discernible downside.

Another Consideration: The Knowledge Base as Advertising

The definition of “advertising” has been changed by the internet. Billions of dollars are still spent on radio, TV and print ads, as well as paid web banners and sponsored search results. However, well-written knowledge base articles can be immensely useful to improving search engine optimization (SEO).

A natural search engine query for (for example) “best widget” or “how do I foo?” can return relevant knowledge base articles. If you offer the very best widget or the best way to foo, customers who have never heard of your company or product can find out about your goods or services – in this context your knowledge base is a collection of advertisements waiting to be found. Not only can knowledge base articles drive web traffic, they do so for practically no cost. They are useful not only in natural web searches, but also, as social media networks come to dominate the online landscape even further, they can be shared by users interested in helping others with a purchase or an after-sale issue. Like the “email a friend” link embedded into an article, a well-implemented knowledge base should allow the viewer to post the article to a Facebook or Linked In page.
What Does a Good Knowledge Base Have?

- Low startup and maintenance costs, not only in terms of monthly cash outlay (if it is a hosted service) but also in terms of man-hours spent on it. High initial and repeating costs will diminish ROI.

- The ability to be fully integrated with a company's existing website. A knowledge base should be fully skinnable and customizable.

- An easy-to-use system, allowing staff to quickly create, edit and organize articles, including articles based on actual customer tickets. A WYSIWYG (what-you-see-is-what-you-get) design interface is ideal because it will allow personnel who are not well-versed in writing HTML to author well-formatted articles without help from the web team.

- Articles that can hold rich text, hot links, downloadables, graphics and embedded video.

- Articles that are be pushable by staff to customers via email, either directly from the public-facing web page or from an agent console. This allows the company to deliver needed custom information quickly and easily, whether in a pre- or post-sale situation. If the company uses other channels to disseminate information, the knowledge base should be able to deliver articles to those channels just as easily.

- Articles that are sharable on social media sites and findable by search engines. A knowledge base that does not contribute to SEO is a missed opportunity for free advertising. Article tagging should be available to improve searches.

- The ability to collect customers' article ratings and comments. This is critical for improving the articles and understanding customer needs and wants.

- Robust reporting. A knowledge base should track web hits, visitor information, popular search terms, best and most-poorly rated articles and other data that can help shape marketing, sales or support strategies.

- Both a private and public-facing set of articles. As discussed above, internal-only information should be at an employee's fingertips in the same way as the public-facing data. Also, an article might need to be vetted by various personnel before being published; permission levels should allow only designated staff to publish articles.
Conclusion

As a highly effective conduit of information to potential customers, current customers and staff, a properly-chosen, well-implemented and well-executed knowledge base can give any company the ability to enhance the customer's experience (both pre- and post-sale), increase its capacity to service more customers (either by diverting live tickets to self-service or by improving the efficiency of the live tickets), and expand the company's web presence. Internet shoppers expect to get information they need quickly and on their own before they decide to buy; the company which fails to provide the means to do this is most likely the company that loses the sale to a company with a more informative website. If the customer does contact the company, a knowledge base can be instrumental in ensuring that the customer is taken care of quickly and all questions answered expertly. All of these positive outcomes move the company towards a better customer experience, greater customer retention and thus higher revenues.