Enterprise Strategy Group | Getting to the bigger truth.™

CX Champions:

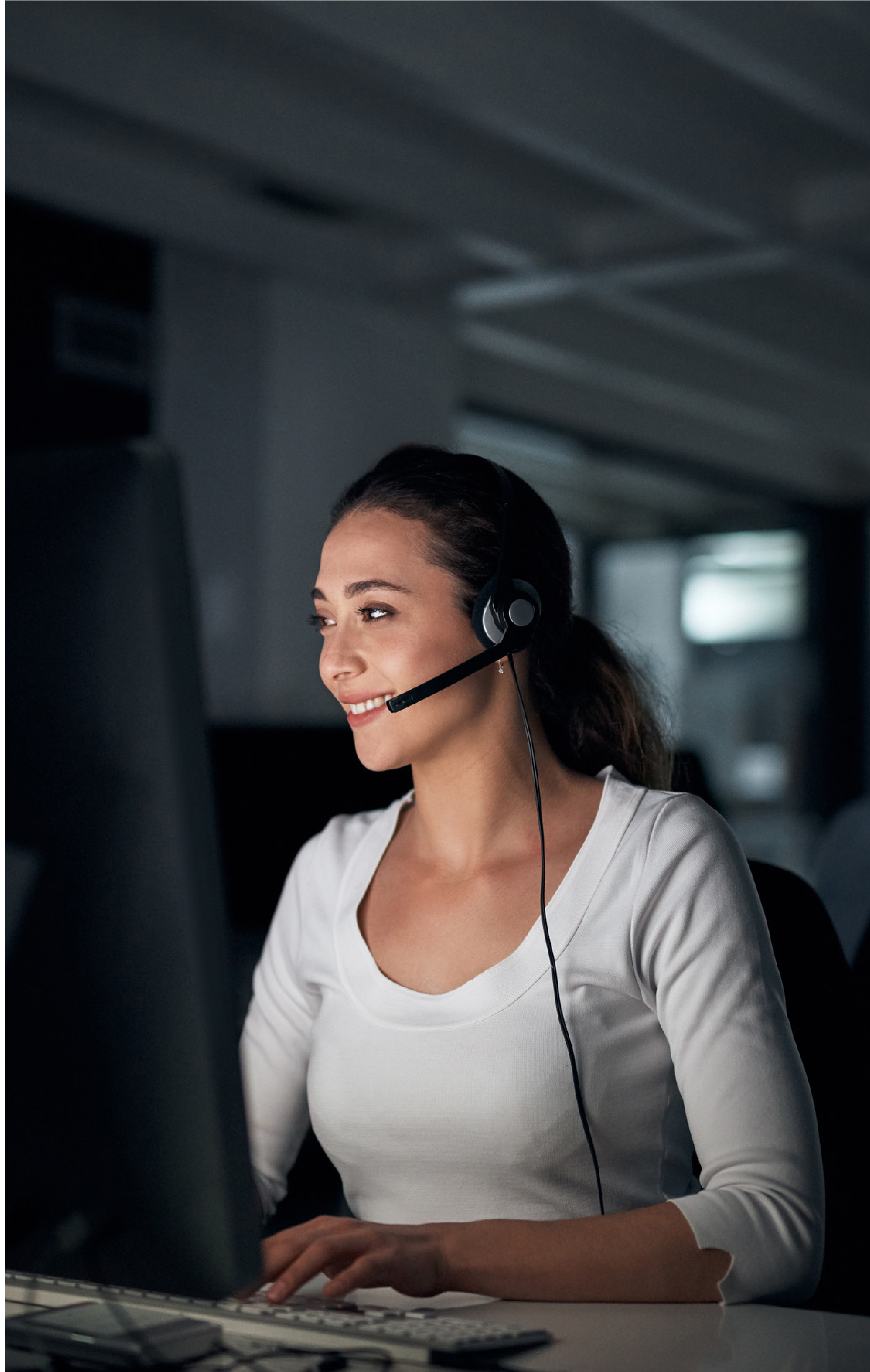
How CX Leaders Who Raise Their Game Are Driving Business Success

Summarized Findings among UK & European-based Respondents

OCTOBER 2020

zendesk

CONTENTS



Introduction and Research Overview

OBJECTIVE:

This study sought to understand whether, and to what degree, an organization's adoption of customer service and support best practices leads to improved outcomes in areas like an organization's abilities to deliver superior customer experience (CX) and better support their service teams, and if those capabilities ultimately lead to more positive business results. The survey was commissioned by Zendesk.

METHODOLOGY:

In the third quarter of 2020, ESG conducted a double-blind, online survey of 1,012 line-of-business decision makers who are responsible for ensuring and enhancing the customer service and support at their organization. Organizations represented span all market segments, from small businesses up to large enterprises, and multiple industry verticals like retail, consumer and corporate services, financial services, healthcare, education, and technology companies, among others. This eBook is based on survey data reported by the N=250 respondents participating based in the UK & Europe (UK [N=76], France [N=76], Germany [N=60], Netherlands [N=25], and Sweden [N=13]).

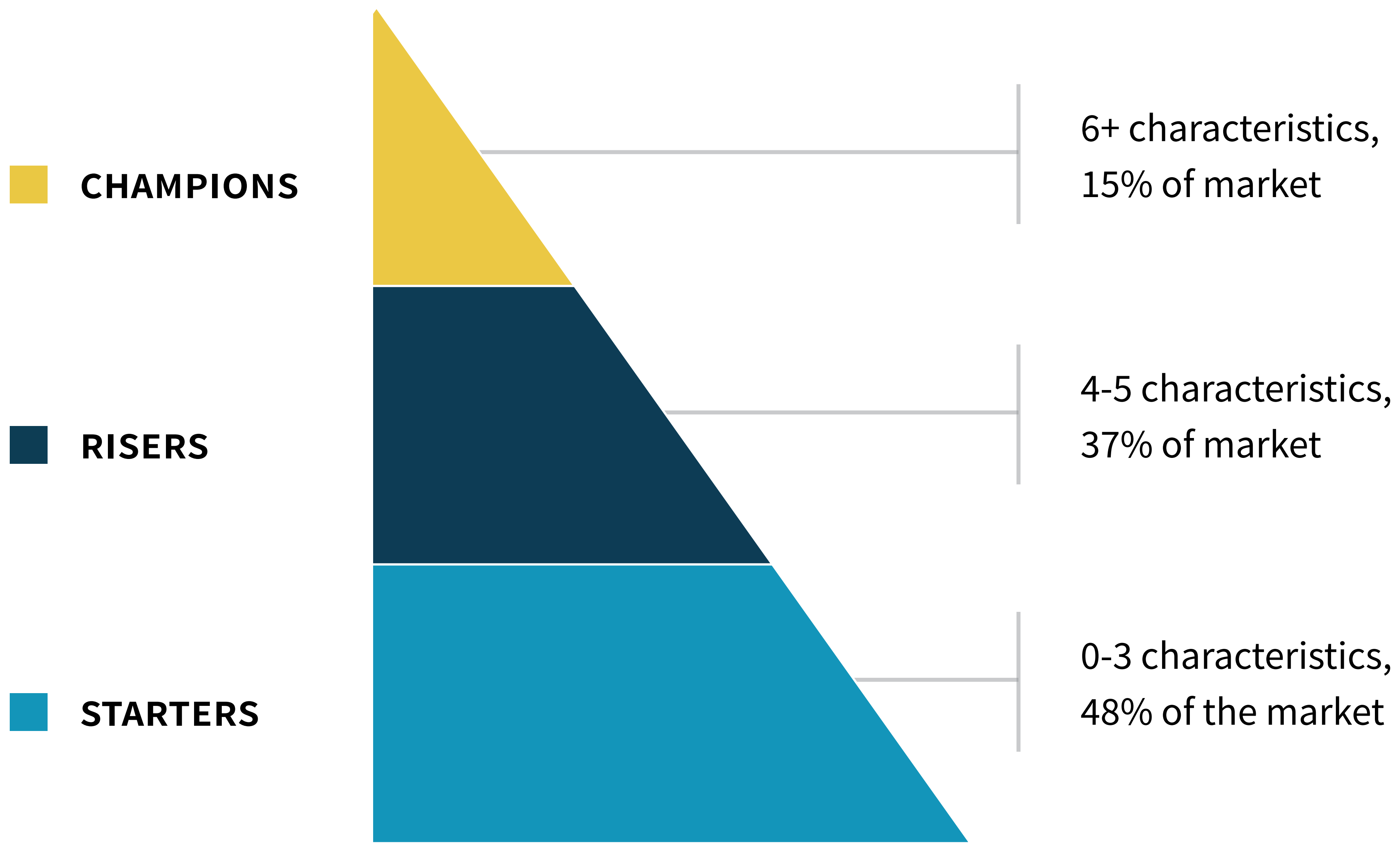
WHAT WE LEARNED:

Organizations with more mature customer service and support capabilities deliver superior customer experiences, put their support agents in a better position to succeed, and enjoy dramatically better business outcomes.

Segmenting Organizations in Terms of Customer Service and Support Maturity:

To analyze data for this eBook, ESG created a data-driven model that segments respondents (and the organizations they represent) into three levels of service and support maturity: Champions, Risers, and Starters. The model uses seven questions from the survey as inputs to determine an organization's service and support maturity. Each of these seven questions serves as a proxy for an organization's adoption of a customer service and support best practice and assesses either the organization's team, tools, or the data they have at their fingertips to help drive better performance.

The maturity scale in the UK & Europe:



COUNTRY MATURITY RANKING:

1. France (21% Champions)

T2. UK (16% Champions)

T2. Netherlands (16% Champions)

4. Germany (8% Champions)

5. Sweden (0% Champions)

Segmentation Questions

1. Are service/support staff skilled up and trained appropriately?
2. Does the organization maintain staffing levels needed to ensure non-disruptive service?
3. How well does the organization use customer service/support learnings as a feedback loop to optimize products, services, and/or business processes?
4. How quickly can the organization turn feedback from customers into action?
5. Does the organization have all the customer service and support data and key performance indicators it needs?
6. How real-time is the customer service and support data the organization possesses?
7. What is the quality of the service and support tools provided to agents?

Back to Contents

STARTERS:

These organizations are the least mature today when it comes to customer service and support maturity. They have adopted three or fewer of the best practices in our maturity model and typically have customer service employees who are more in need of formal training, are overwhelmed with their current workloads, and do not have the data or tools to act on customer feedback to improve their products. Based on our research, **Starters account for 48% of the UK & European market.**

RISERS:

These organizations have made significant progress up the customer service and support maturity curve. They have adopted four or five of the best practices in our maturity model but typically still have significant room to improve when it comes to their ability to quickly capture customer feedback and use it to evolve business processes. They also very rarely report their organization can capture all the service and support metrics they would like. Finally, only about one-quarter believe they provide support teams with truly best-in-class tools to do their jobs. Based on our research, **Risers account for 37% of the UK & European market.**

CHAMPIONS:

These organizations employ six or seven of the best practices prescribed by our maturity model within their service and support organizations. These include appropriately staffing and upskilling their teams, employing service and support tools that allow agents to do their jobs well, capturing comprehensive and timely service and support data, and putting that data to work to optimize the team's performance. Based on our research, **Champions account for 15% of the UK & European market.**

The UK & European region lags the rest of the world in terms of maturity, where 29% of surveyed organizations were Champions, 31% were Risers, and 39% were Starters.

KEY TAKEAWAY:

High Maturity Leads to Customer Experience Excellence

Relative to Starters, Champions are:

2.3x

MORE LIKELY TO HAVE AN AVERAGE FIRST RESPONSE TIME OF LESS THAN AN HOUR.

DELIVERING

45%

FASTER TOTAL RESOLUTION TIMES, ON AVERAGE.

INCREASING ONE-TOUCH RESOLUTIONS BY

14%

2.2x

MORE LIKELY TO REPORT <1% OF CUSTOMER ISSUES CAN'T BE RESOLVED.

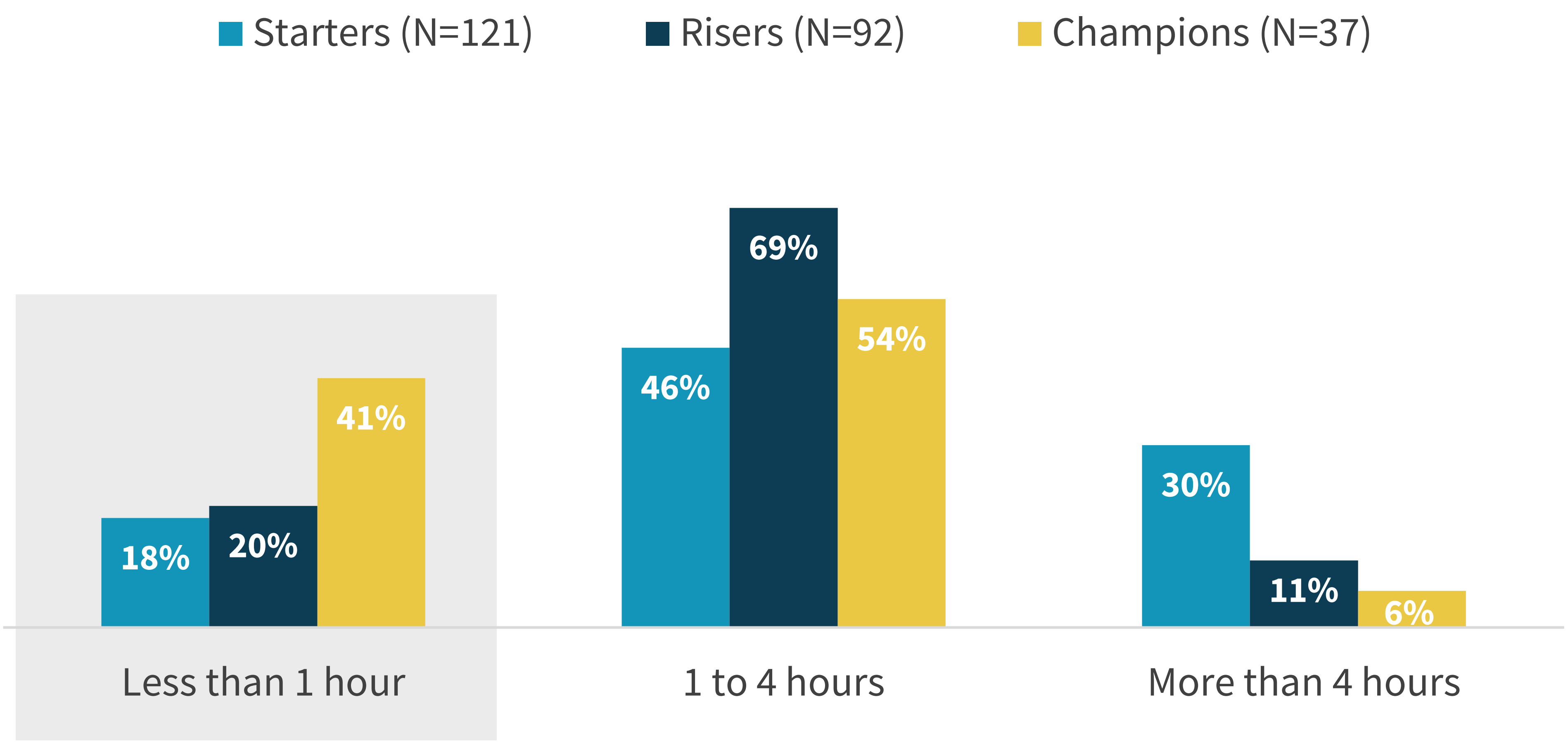
Delivering Customer-centric Agility

When it comes to customer service and support, speed matters. Our research shows how Champions are much more agile than their less mature counterparts.

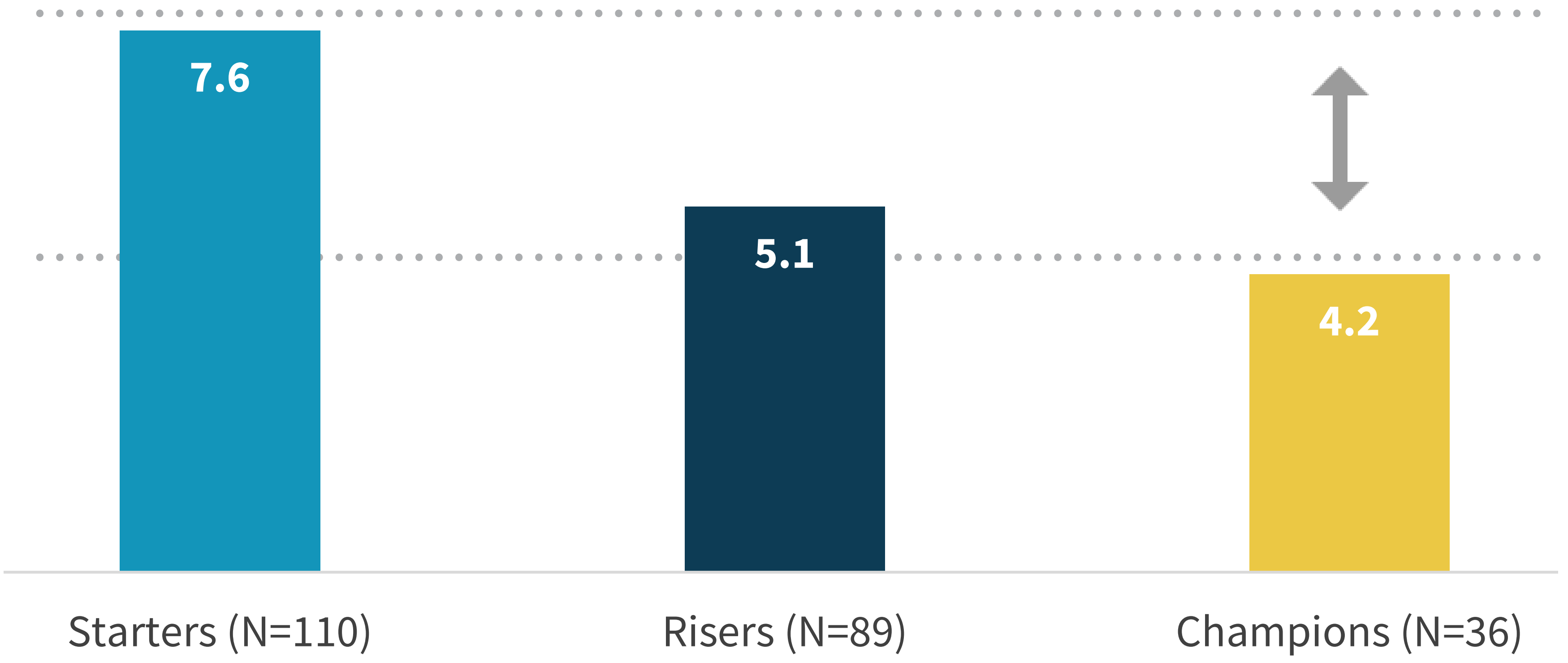
When a customer reaches out with a question or problem, the last thing a business wants is for them to wait such a long period of time for a response that they become disgruntled. The data shows that as a group, **Champions in the UK & Europe are significantly more responsive: They were 2.3x more likely to say their average first response time is less than 1 hour** (41% versus 18%). On average, Champions' first response comes 1.7 hours faster than Starters'.

We also measured average total resolution time—the amount of time that goes by from initial inquiry to successful resolution (this quantitative measure of customer-centric agility is even more important than the first quantitative measure). Once again, **Champions outstrip the competition with a mean total resolution time 45% faster than that of Starters, a difference of nearly 3.4 hours.**

Champions are
2.3x MORE LIKELY
than Starters to report <1 hr. average first response times



We asked: From the time a customer makes an inquiry, support request, or submits a help ticket, on average, how much time goes by before they receive a response from a customer service representative (i.e., average first response time)? (Percent of respondents)



Champions achieve
45% FASTER
average resolution times than Starters

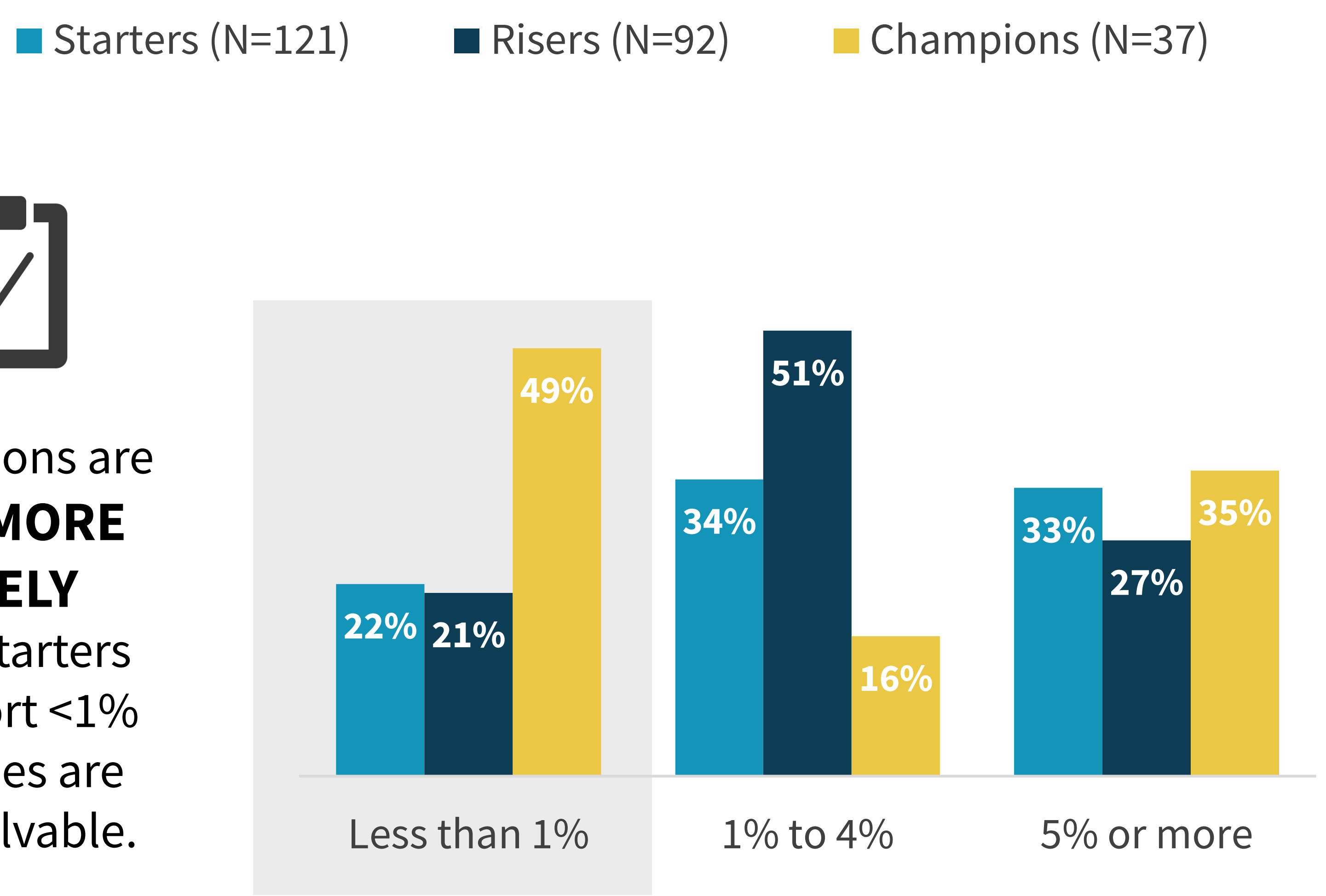
We asked: On average, from the time a customer makes an inquiry, support request, or submits a help ticket, how much time goes by before a successful resolution is reached (i.e., average resolution time)? (Mean number of hours)

Providing the Answers Customers Actually Need

Speed alone won't lead to an organization being a Champion of customer service and support. Just as important is efficacy: The answers you provide to customers must be helpful in addition to delivered quickly.

When customers reach out with a problem, organizations must strive to provide a satisfactory resolution. While there will always be some number of customer issues that cannot be successfully resolved, organizations possessing the best positioned teams, using the best tools, and making the most intelligent use of their data drive this number down: **Champions are 2.2x more likely than Starters to report that less than 1% of all customer issues go unresolved** (49% versus 22%).

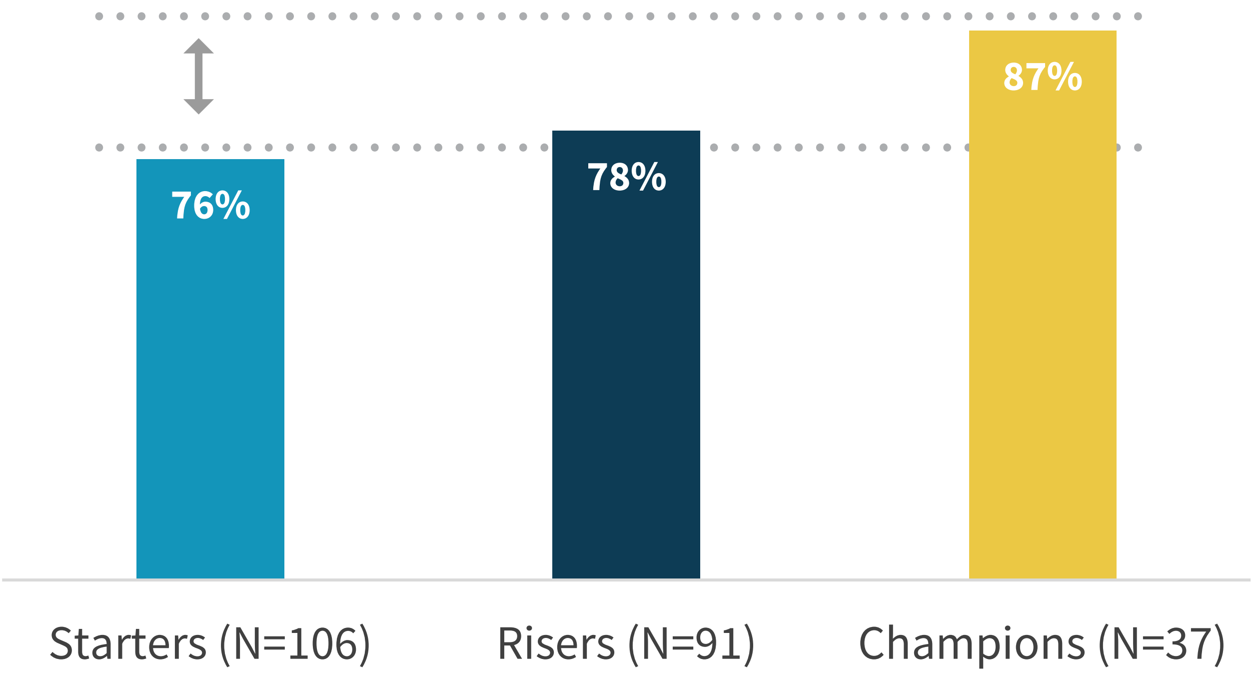
Another measure of efficacy is the rate of "one-touch resolutions." When customers reach out, agents with the information, experience, and technology needed to solve the problem can often do so in a single interaction. On average, **Champions estimate that 87% of customer issues are resolved with one touch, a figure 14% higher than what Starters estimate.**



Champions are
2.2x MORE LIKELY
than Starters to report <1% of issues are unresolvable.

Country-level difference:
Respondents in the UK were significantly more likely than their German counterparts to report <1% of customer issues go unresolved (33%versus 17%).

Champions enjoy
14% MORE
one-touch resolutions than Starters



Country-level difference:
The U.K. and France lead on one-touch resolutions: 37% and 30% of respondents respectively say >90% of issues are resolved with a single interaction (compared with 23% of German respondents and 20% of those in the Netherlands).

We asked: Of all customer service inquiries, support requests, or help tickets your organization's customer support staff receive, what percentage are they unable to successfully resolve? (Percent of respondents)

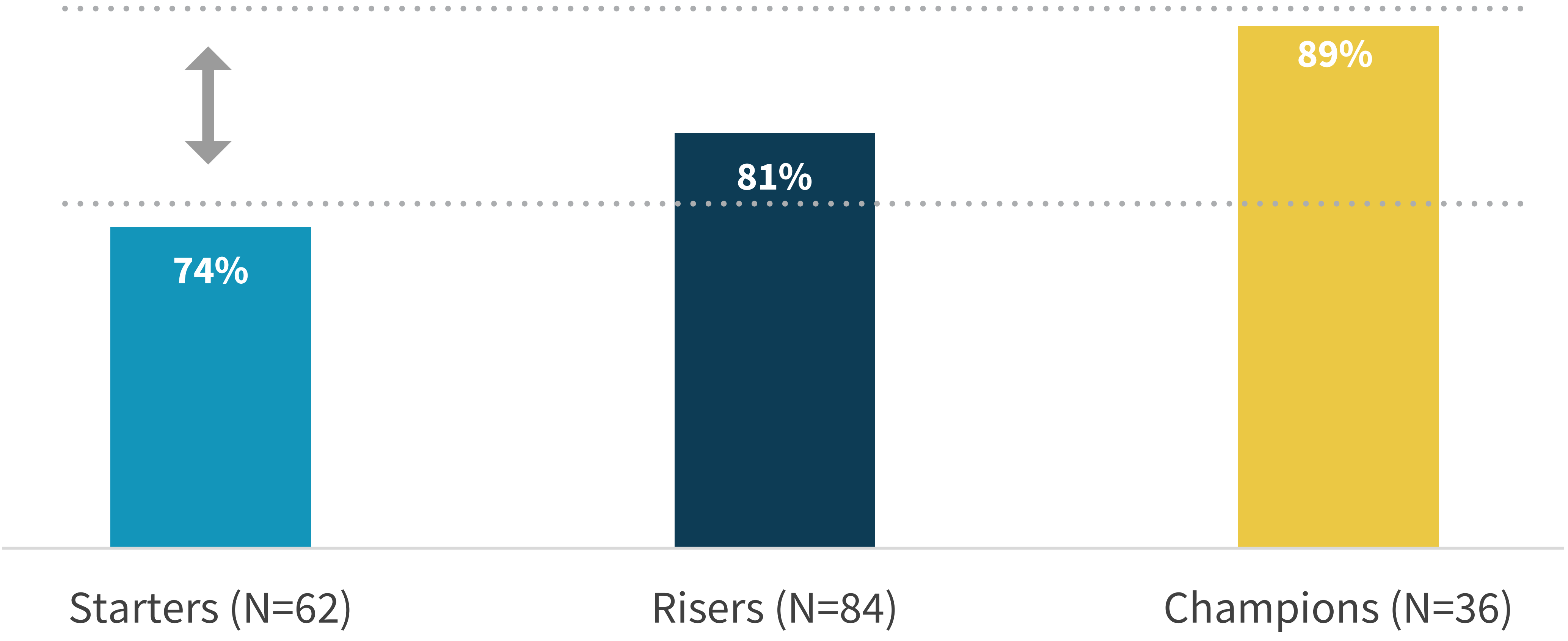
We asked: What percentage of customer service inquiries, support requests, or help tickets are customer support staff able to successfully resolve with a single customer interaction (i.e., percent of one-touch tickets)? (Mean)

Speed + Effectiveness: A Winning Formula to Minimize Customer Effort

Businesses want customers to recognize they are helping them—not for customers to feel like they've had to work hard for the support they deserve. For example, if the customer must be transferred to multiple departments to find their answer, repeatedly reach out to obtain the right response, or use multiple channels to receive an appropriate solution, they're working far too hard.

In this regard, one measure of an organization's success is its customer effort score (CES). Serving as a proxy for CES, in our survey, we asked respondents to estimate the percentage of customers they believe would agree that their company made it easy to handle their issue. On average, **Champions believe 89% of customers would agree they are easy to deal with, which is significantly higher than what Starters believe** (74% of customers).

Champions see a
20% INCREASE
in customer effort scores.

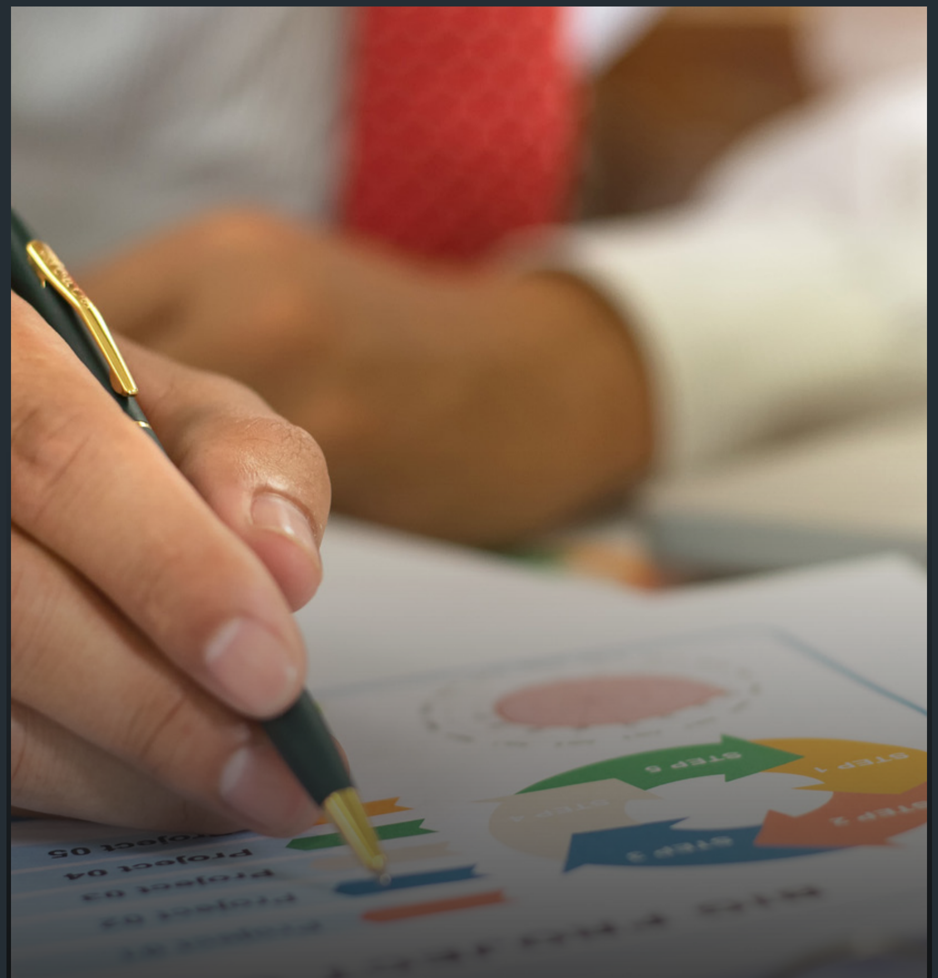


We asked: Based on feedback your organization has received, what percentage of customers do you think would agree that your company made it easy to handle their issue (otherwise known as your customer effort score)? (Mean)

KEY TAKEAWAY:

High Maturity Sets Agents Up for Success

Relative to Starters, Champions are:

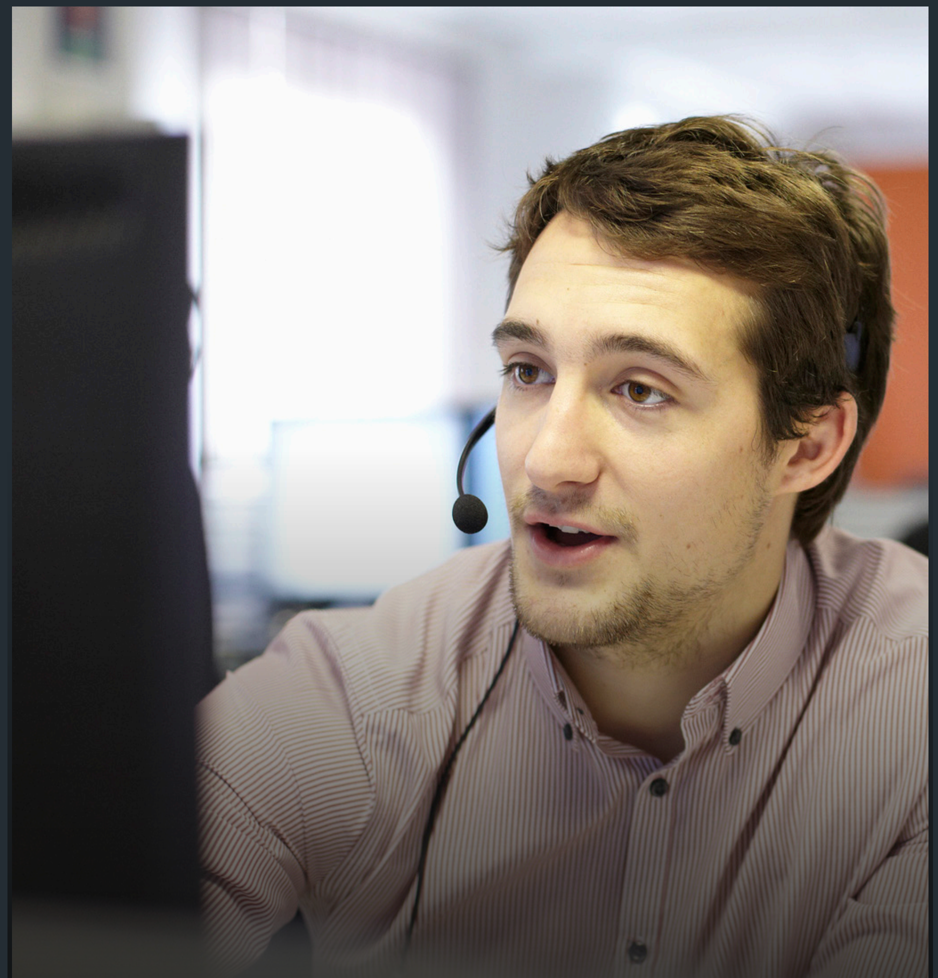


2.4x

MORE LIKELY TO EVALUATE THEIR ABILITY TO BUILD HISTORICAL CROSS-CHANNEL PROFILES AS MARKET-LEADING.

2.5x

MORE LIKELY TO ENABLE SEAMLESS CROSS-CHANNEL SUPPORT TO BETTER SERVE THEIR CUSTOMERS.



2.7x

MORE LIKELY TO DESCRIBE THEIR CUSTOMER REPRESENTATIVE EFFICIENCY/ THROUGHPUT AS MARKET-LEADING OR STRONG.

4.8x

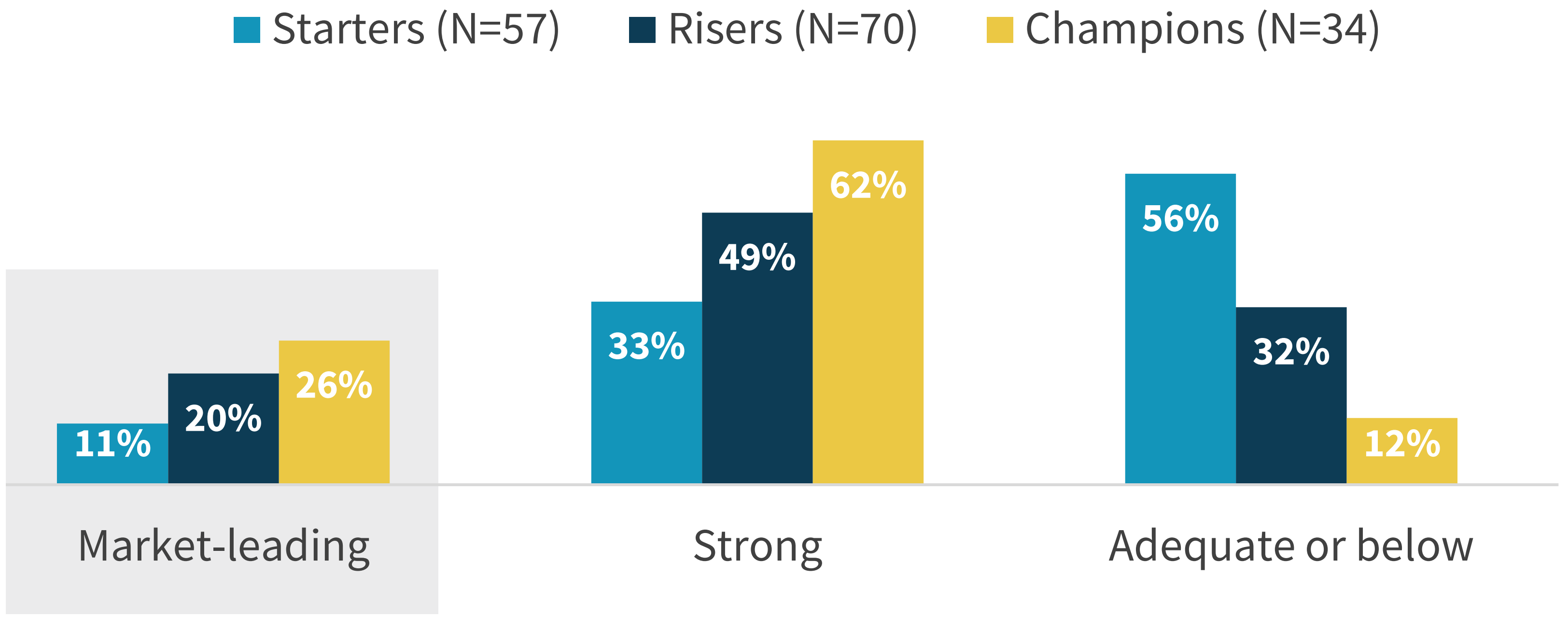
MORE LIKELY TO RATE THE TURNOVER RATE OF CUSTOMER SERVICE AND SUPPORT STAFF AS NOT AT ALL PROBLEMATIC.

Delivering Dual-pronged Cross-channel Capabilities: Visibility + Adaptability

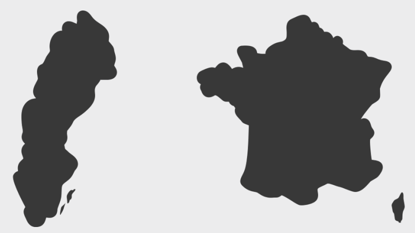
When it comes to empowering agents, Champions set themselves apart from the pack in two ways. The first is visibility. For an agent to be in the best position to help a customer, they need information, including answers to questions such as: What products has the customer bought? What issues have they had in the past? How successfully were they resolved? With more information in hand, the agent can ensure the next support interaction is a positive one for the customer. **Champions rate their ability to build historical, cross-channel customer profiles as market-leading at 2.4x the rate of Starters,** ensuring their agents have more of a customer's information at their fingertips.

The next clear difference is adaptability, meaning the ability of an agent to toggle the channel of engagement on the fly to better serve the customer. For example, after a few minutes of an online chat, an agent may determine that pivoting to a phone call would more quickly get the customer to a resolution. Champions are enabling this capability. **Three-quarters (75%) of Champions report cross-channel toggling capabilities are not only present, but also seamless within their support organization.** Just 30% of Starters report the same.

Champions are
2.4x MORE LIKELY
than Starters to report market-leading customer visibility.

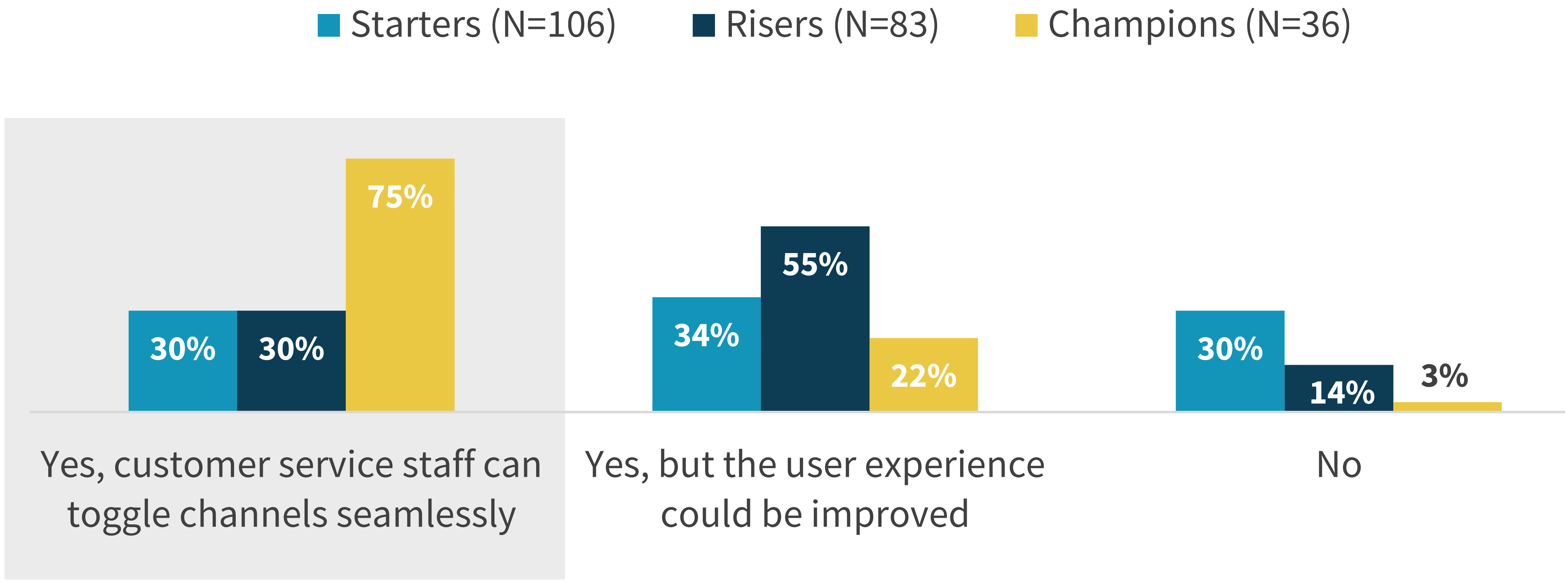


We asked: How would you rate your organization's ability to build historical, comprehensive (i.e., spanning all channels of interaction) customer profiles? (Percent of respondents)



Country-level difference: Swedish and French organizations feel most well-positioned to manage customer profiles: 38% and 35% of respondents respectively rate their capabilities as market-leading (compared with 11% of German respondents, 5% of those in the Netherlands, and 10% of those in the UK).

Champions are
2.5x MORE LIKELY than Starters to offer seamless cross-channel toggling.



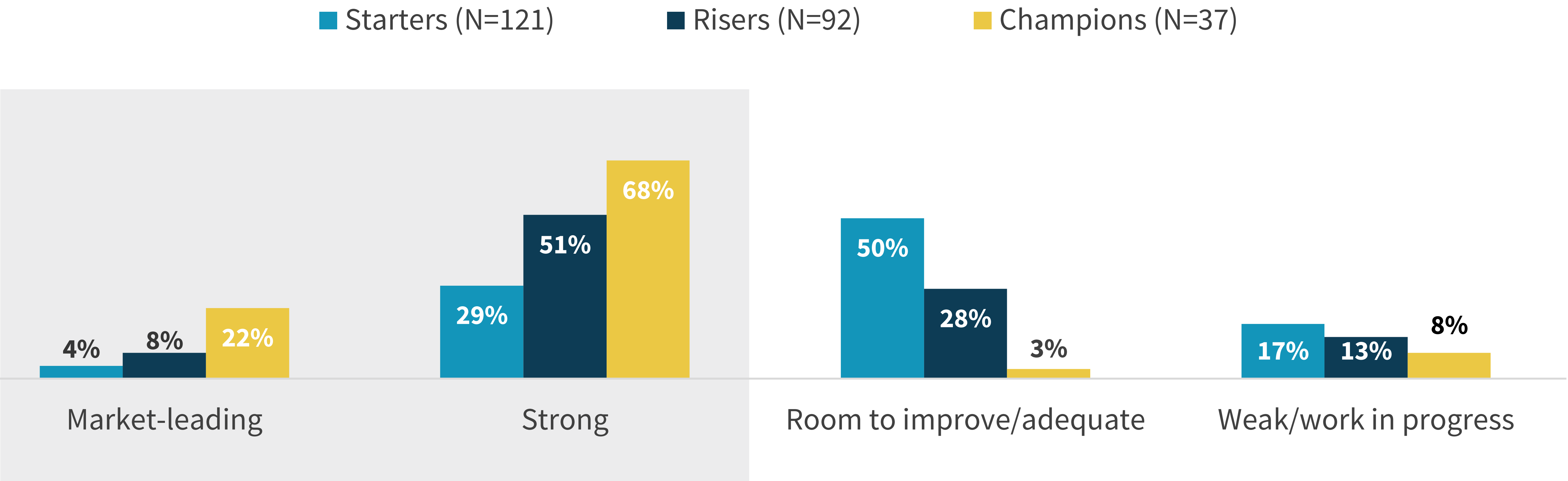
We asked: Do customer service staff have the ability to change the channel they are interacting with a customer on in order to better serve their needs (e.g., toggle the conversation from a phone call to a chat discussion with a customer)? (Percent of respondents)

Country-level difference: German organizations appear to have the most sophisticated channel toggling capabilities: 44% report that this capability is seamless for their agents compared with 4% of respondents in the Netherlands, for example.

Market-leading Agent Experience Drives Productivity

Providing teams with the best tools, training, visibility, and cross-channel adaptability should help optimize productivity. From a qualitative perspective, that is exactly what respondents report: **90% of Champions rate representative efficiency as market-leading or strong, 2.7x the rate of Starters** (33%).

Champions are
2.7x MORE LIKELY
than Starters to have strong/market-leading agent efficiency.

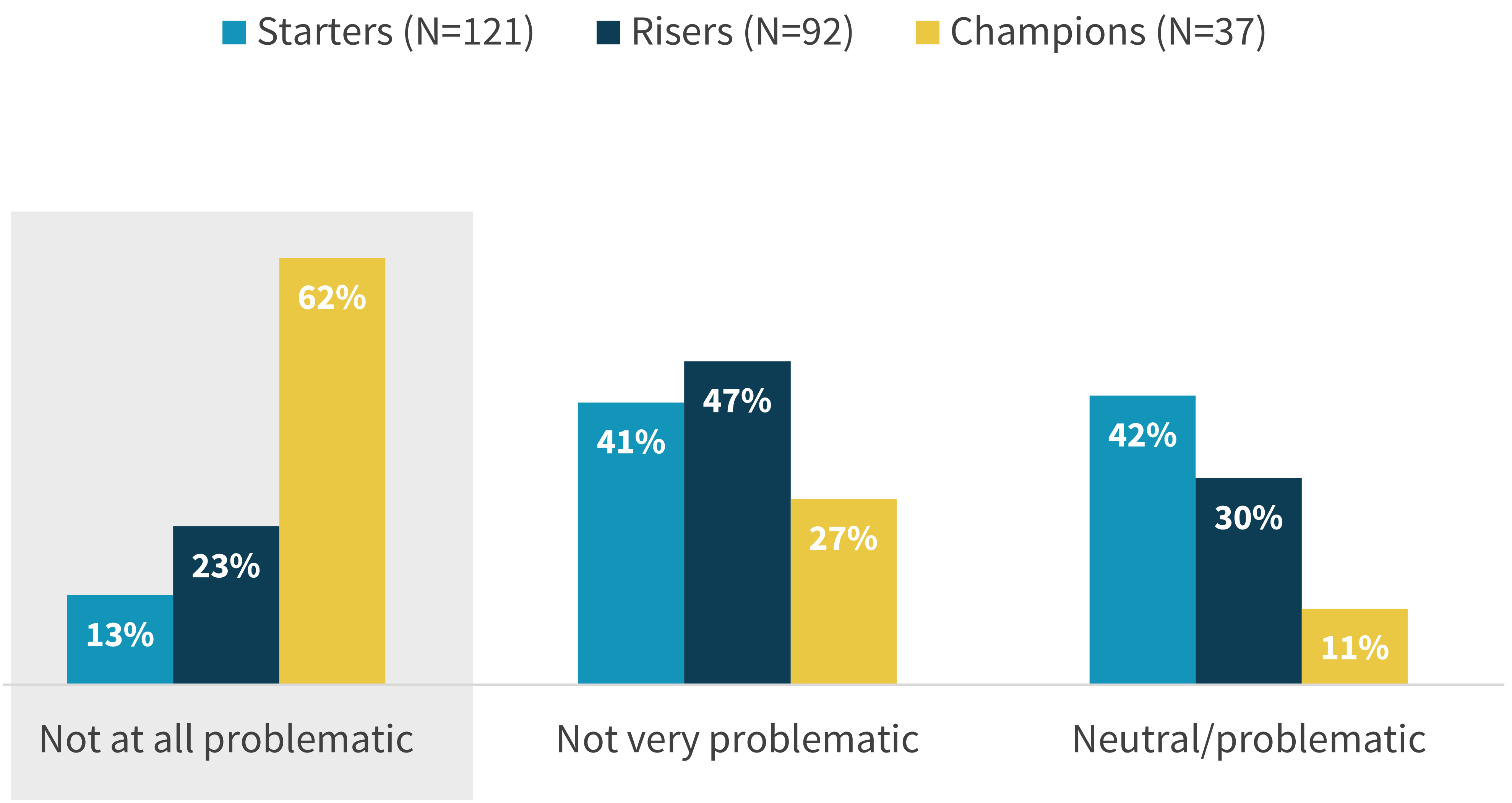


We asked: Generally speaking, how would you rate your customer service organization regarding customer representative efficiency/throughput? (Percent of respondents)

Empower Your People and You Will Keep Them

Representatives at Champions have the tools they need to be productive. This helps customers, but we hypothesize it is also good for the agents in terms of fostering feelings of capability, effectiveness, and value. The data suggests this: When we asked respondents to describe the turnover rate within the service and support organization, **Champions stated turnover is not at all problematic 4.8x more often than Starters** (13%). Clearly, by giving employees the tools they need to perform their jobs, in addition to appropriately training and staffing them, Champions struggle less with retention.

Champions are **4.8x MORE LIKELY** than Starters to not experience turnover issues.



We asked: How would you rate the turnover rate of customer service and support staff at your organization? (Percent of respondents)

Back to Contents

KEY TAKEAWAY:

High Maturity Drives Business Success

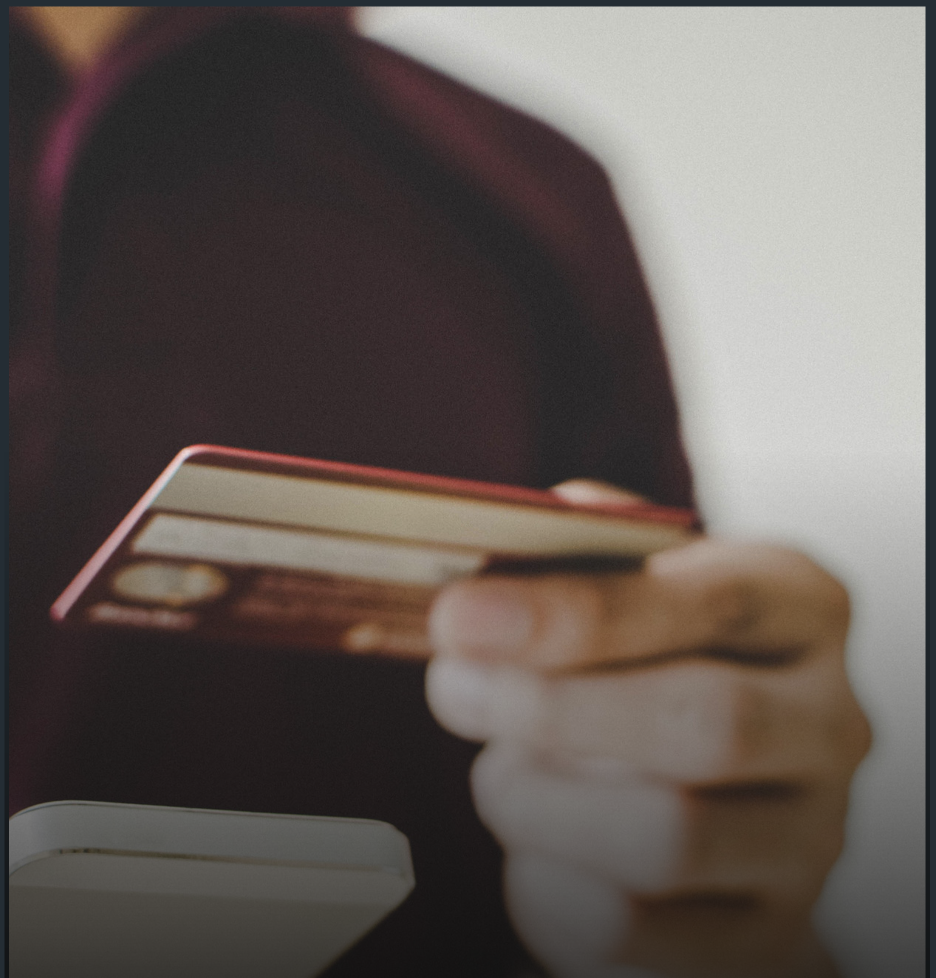
Relative to Starters, Champions are:

8.8x

MORE LIKELY TO SAY THEY EXCEED CSAT TARGETS.

3.4x

MORE LIKELY TO HAVE GAINED MARKET SHARE.



7.3x

MORE LIKELY TO HAVE DRIVEN CUSTOMER SPEND UP SIGNIFICANTLY.

4.6x

MORE LIKELY TO BELIEVE THEIR EFFORT TO SUPPORT CUSTOMER SERVICE AGENTS IS VERY SMOOTH.

3.4x

MORE LIKELY TO BE SEEN AS COMPETITIVE DIFFERENTIATORS.

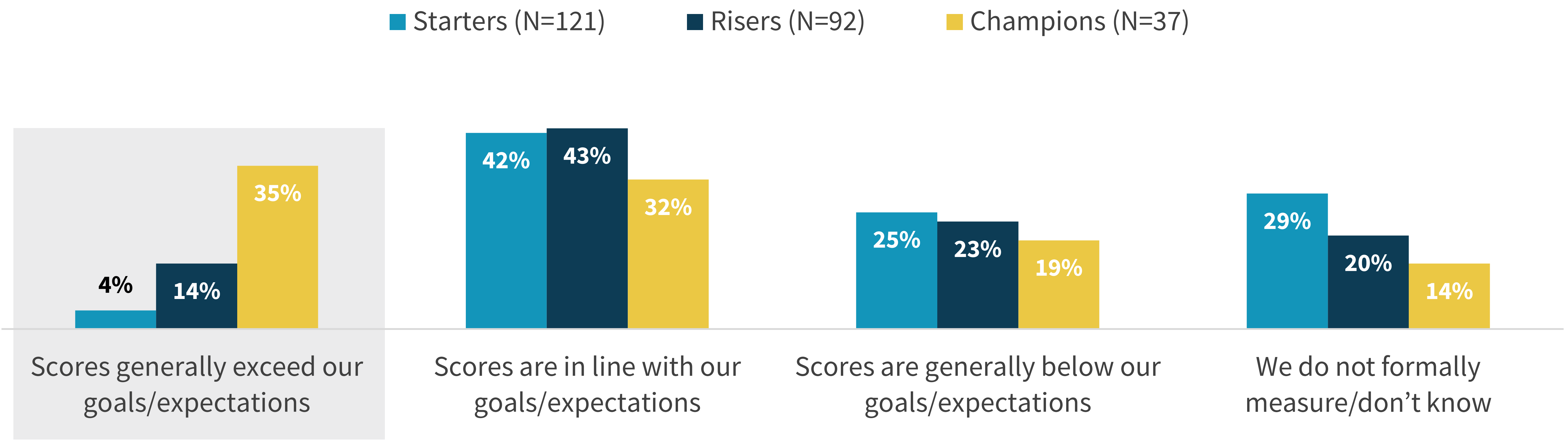
Back to Contents

Delighting Customers Grows Market Share and Spend

Faster and more effective support should improve customer satisfaction. To validate that maturity is linked to customer satisfaction, we asked respondents how their organization performs relative to their customer satisfaction (CSAT) goals. Champions have outperformed their peers by a wide margin. Champions are 8.8x more likely than Starters to say they exceed CSAT targets.

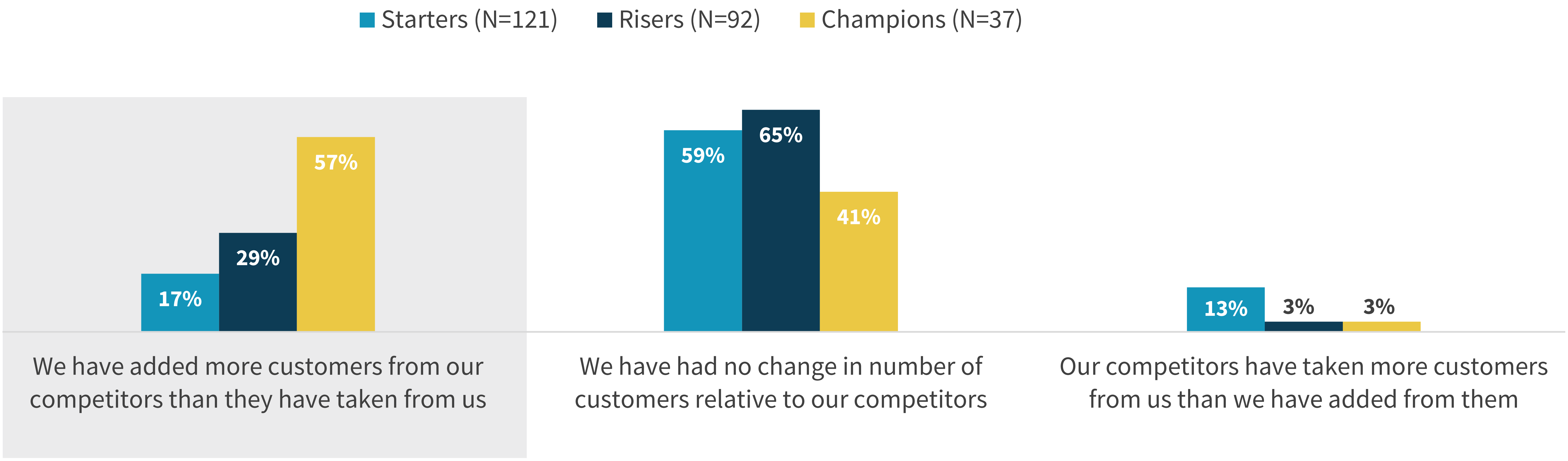
Our data shows that customer satisfaction is related to other business outcomes, like market share growth. We asked respondents to describe their organization's performance over the past six months: whether they experienced a net increase in customers; had no change in the number of customers; or experienced a net loss in customers. The majority (57%) of Champions reported an increase in customers, 3.4x the rate of Starters (17%).

Champions are
8.8x MORE LIKELY
than Starters to exceed CSAT targets.



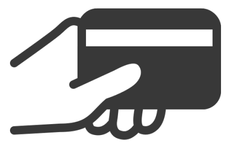
We asked: How does your organization generally perform in terms of customer satisfaction (CSAT)? (Percent of respondents)

Champions are
3.4x MORE LIKELY
than Starters to be growing their customer base.

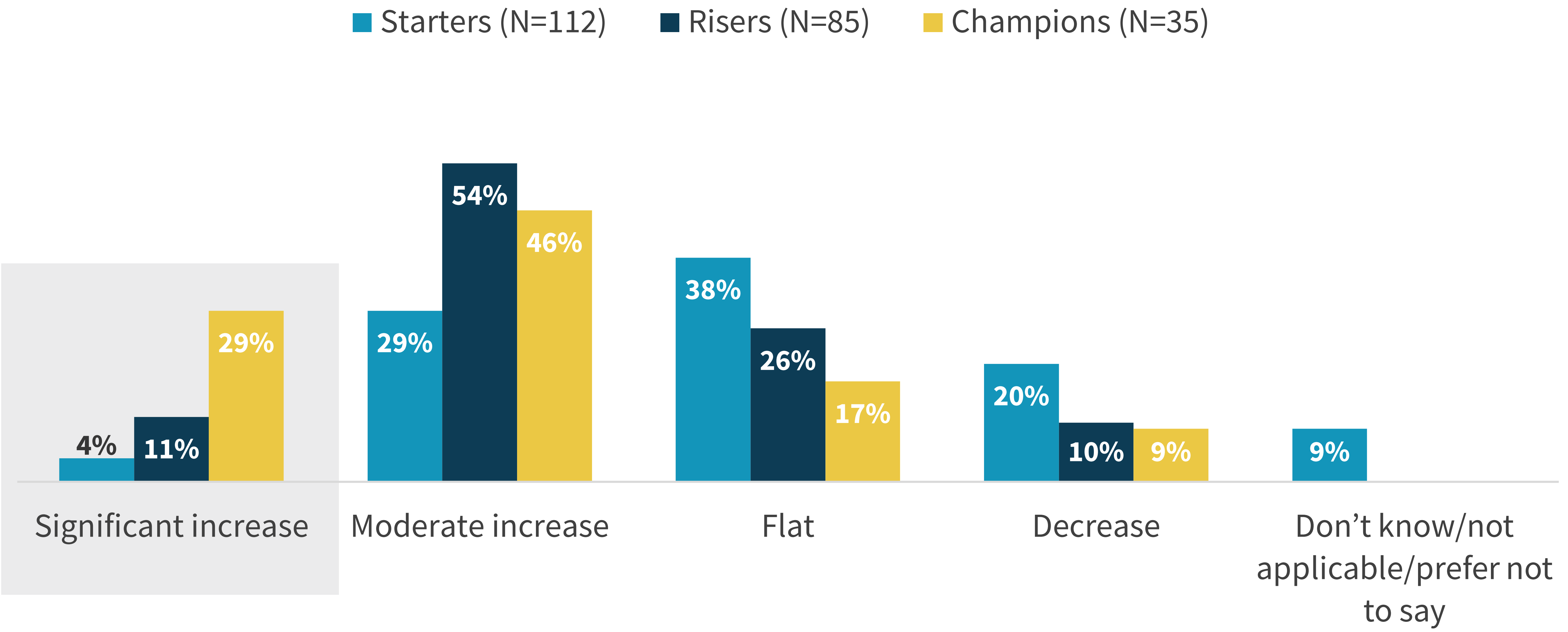


We asked: In the past 6 months, which best describes how your organization has performed? (Percent of respondents)

We also observed linkage between customer satisfaction and customer wallet share. We asked respondents how spending per customer has changed over the past six months. While 29% of Champions stated that spending has increased significantly, just 4% of Starters did so, meaning **Champions are 7.3x more successful than Starters at growing customer spend significantly over time.**



Champions are
7.3x MORE LIKELY
than Starters to be significantly growing customer spending.



Country-level difference: Organizations in the Netherlands and the UK report the most success growing customer spend: 63% and 61% respectively report increasing spending per customer over the prior 6 months. This is a significantly higher rate than German-based respondents (39%).

We asked: Over the past 6 months, how would you characterize the change in the amount per year that your customers spend with your organization (i.e., how much the average customer spends on your goods and services per year)? (Percent of respondents)

Resilience Today Begets Confidence About the Future

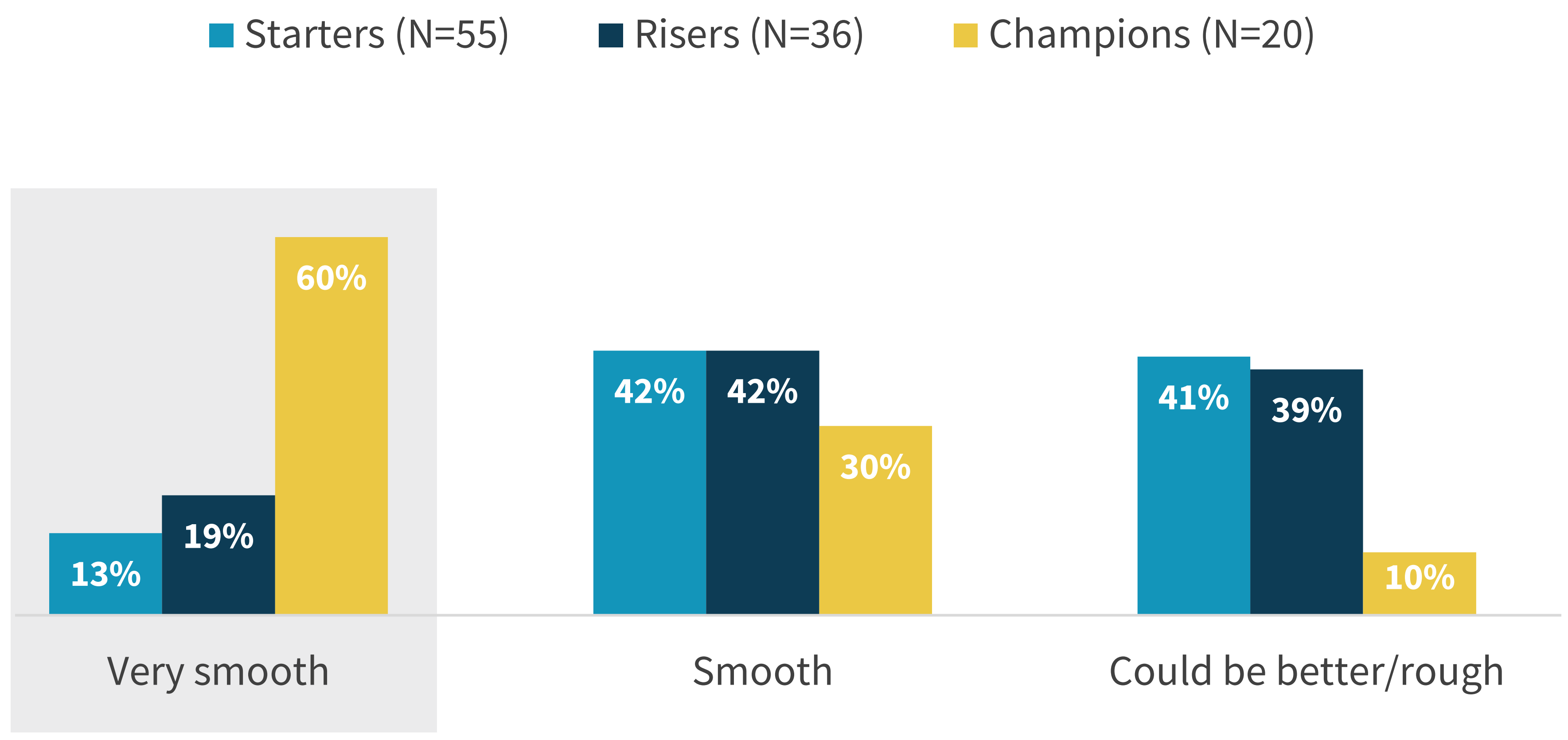
Due to COVID-19, many employees—including service and support teams—have shifted to remote work: 44% of respondents reported their organization has enacted more flexible remote work policies as a result. Among those that have increased remote work flexibility, 63% of respondents say their organization may make these policies permanent.

This trend has the potential to disrupt customer experience. We asked respondents to characterize the process of supporting more customer service and support agents working from home and saw stark differences between maturity levels. The majority (60%) of Champions report that the pivot to supporting remote agents is going very smoothly compared to just 13% of Starters.

Based on ESG's research, Champions are also feeling much more prepared for "what's next." When we asked respondents how confident they are in their organization's ability to adapt and thrive through major economic and societal disruptions, we saw a great divide. **Respondents at Champion organizations were 5.1x more likely than those at Starters to be very confident in their organization's ability to handle future disruptions.**

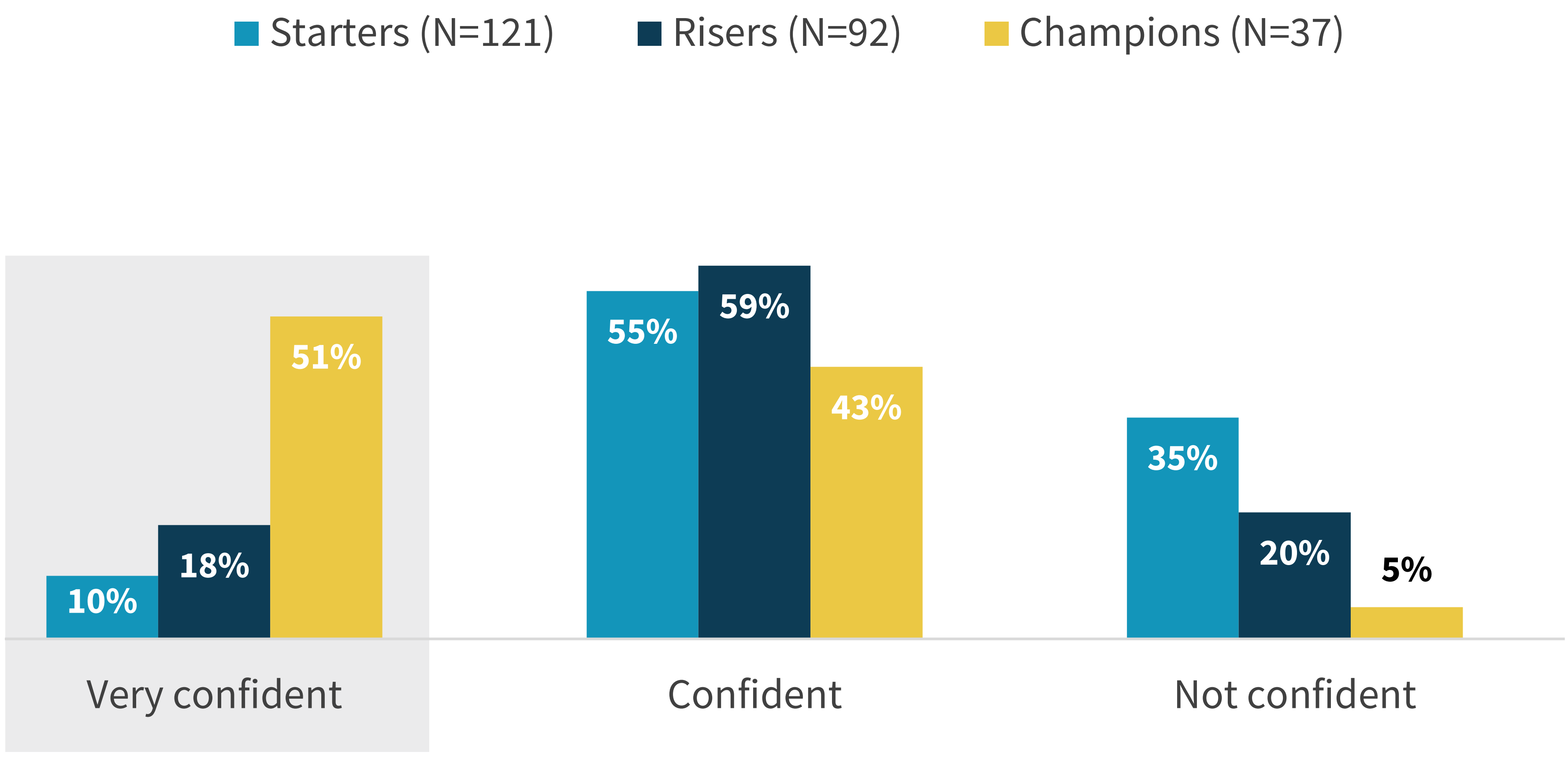
Country-level difference: Organizations in France (78%) were the most likely to report their remote work transition has gone either very smoothly or smoothly. This was a significantly higher percentage than was observed in the UK (50%).

Champions are **4.6x MORE SUCCESSFUL** than Starters pivoting to remote work.



We asked: How do you believe the efforts to support more customer service and support agents or representatives working from home are going (based on your perception or feedback from employees)? (Percent of respondents)

Champions are **5.1x MORE LIKELY** than Starters to be very confident in their buisness's future.



We asked: How confident are you in your organization's ability to adapt and thrive through major societal and macroeconomic disruptions? (Percent of respondents)

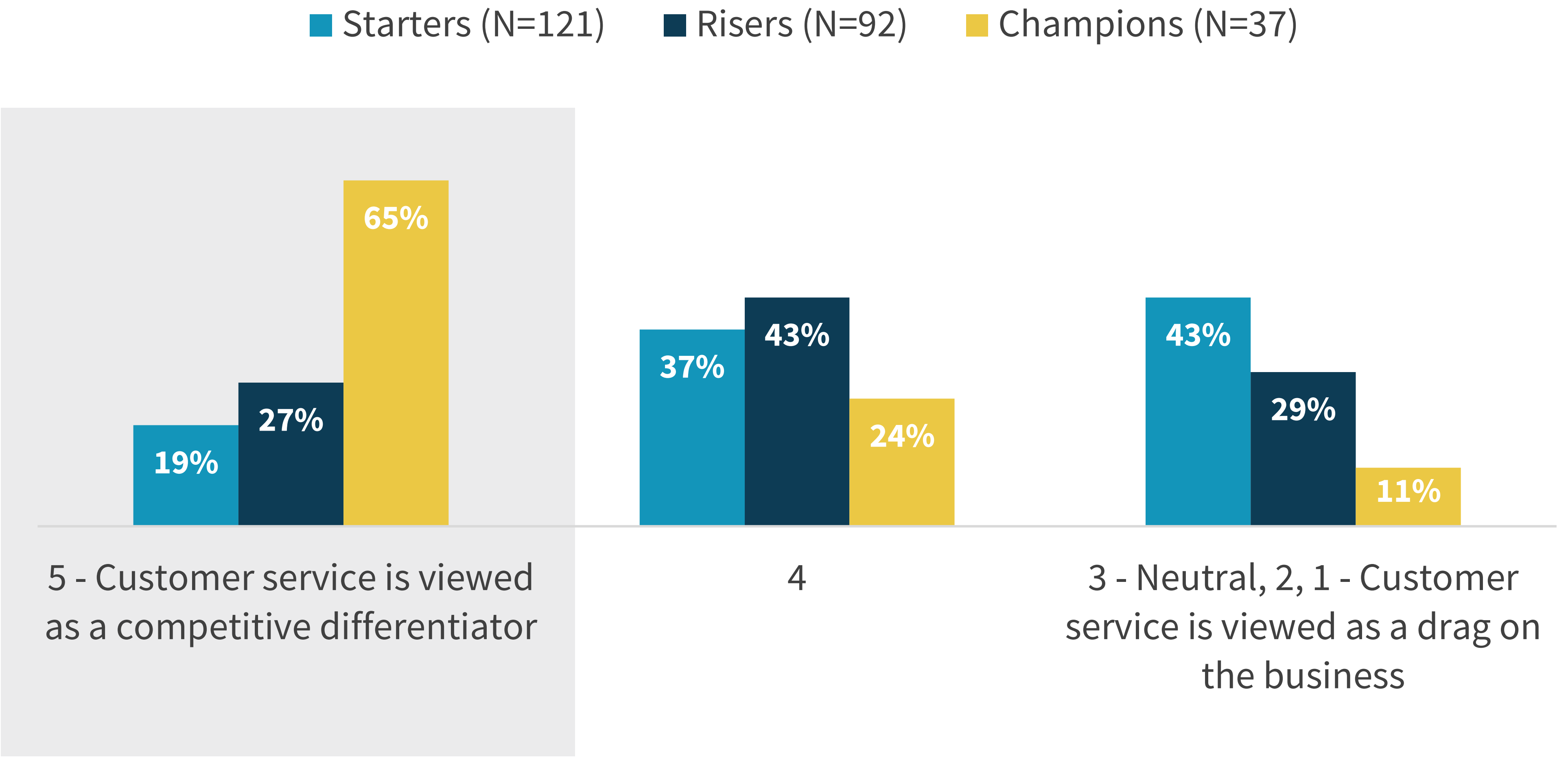
Competitive Differentiation

We asked respondents how senior leadership at their organizations view the customer service and support organizations. They could select a number between 5 (customer service and support team is a competitive differentiator) and 1 (customer service and support team is a drag on the business). **The higher the maturity of the service and support organization, the more likely the team is to be seen as a competitive differentiator: 65% of Champions say business leaders would rate them as a 5, compared with just 19% of Starters.**

Senior business leaders at Champions say their service and support teams set them apart from the competition. For CX practitioners looking to increase the internal influence of—and esteem for—the service and support team, implementing the best practices of Champions is a worthwhile endeavor.

Country-level difference: Organizations in France (34%) and the UK (34%) were much more apt than those in the Netherlands (12%) to report that their service and support team is viewed as a competitive differentiator.

Support teams at Champions are
3.4x MORE LIKELY
to be seen as competitive differentiators.

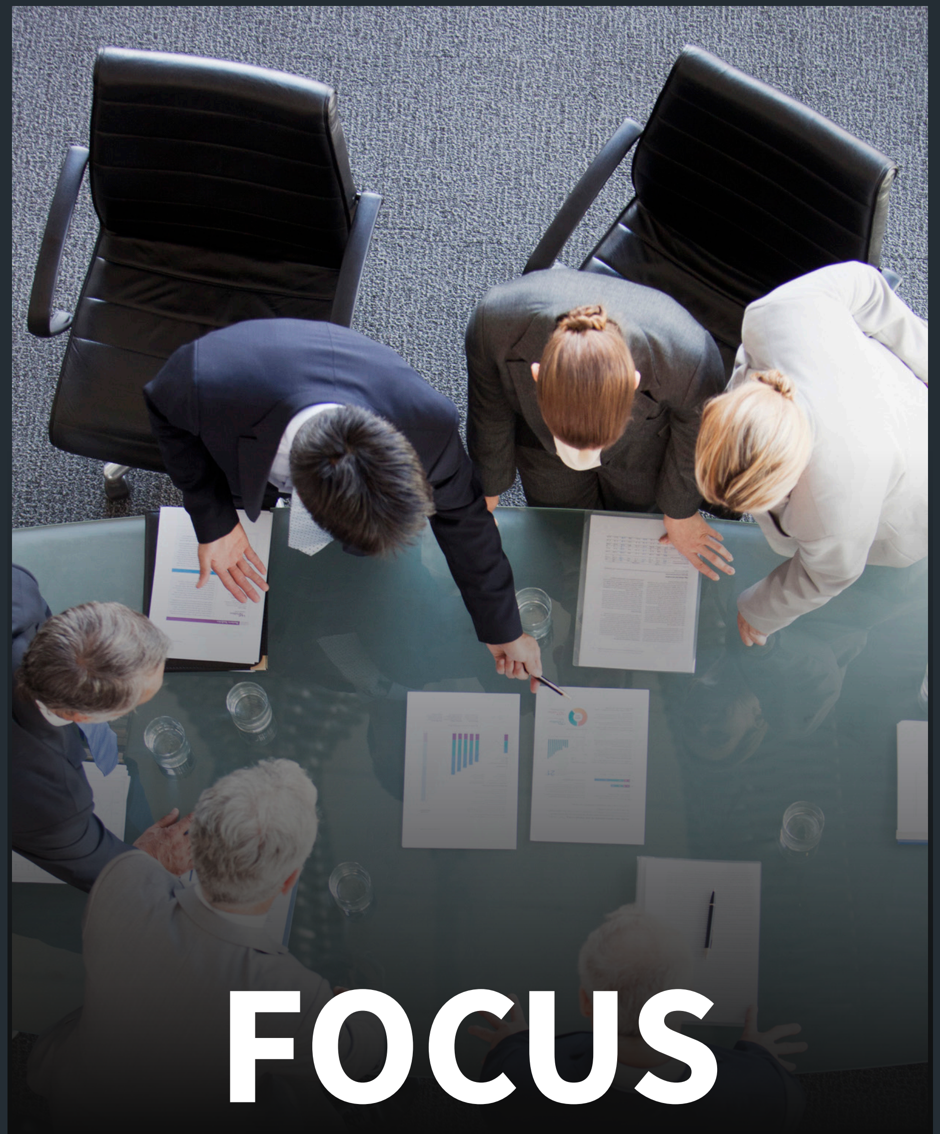


We asked: How does senior leadership view your organization's customer service and support function? (Percent of respondents)

NEXT STEPS:

Three Actions that Champions Take (that Others Do Not)

Compared with lower maturity organizations, Champions:



FOCUS

MAKE CX PERFORMANCE A CRITICAL FOCUS AREA OF BUSINESS EXECUTIVES.

TRAINING

INVEST MORE TIME AND EFFORT IN TRAINING FOR THEIR SERVICE AND SUPPORT STAFF.

INVEST

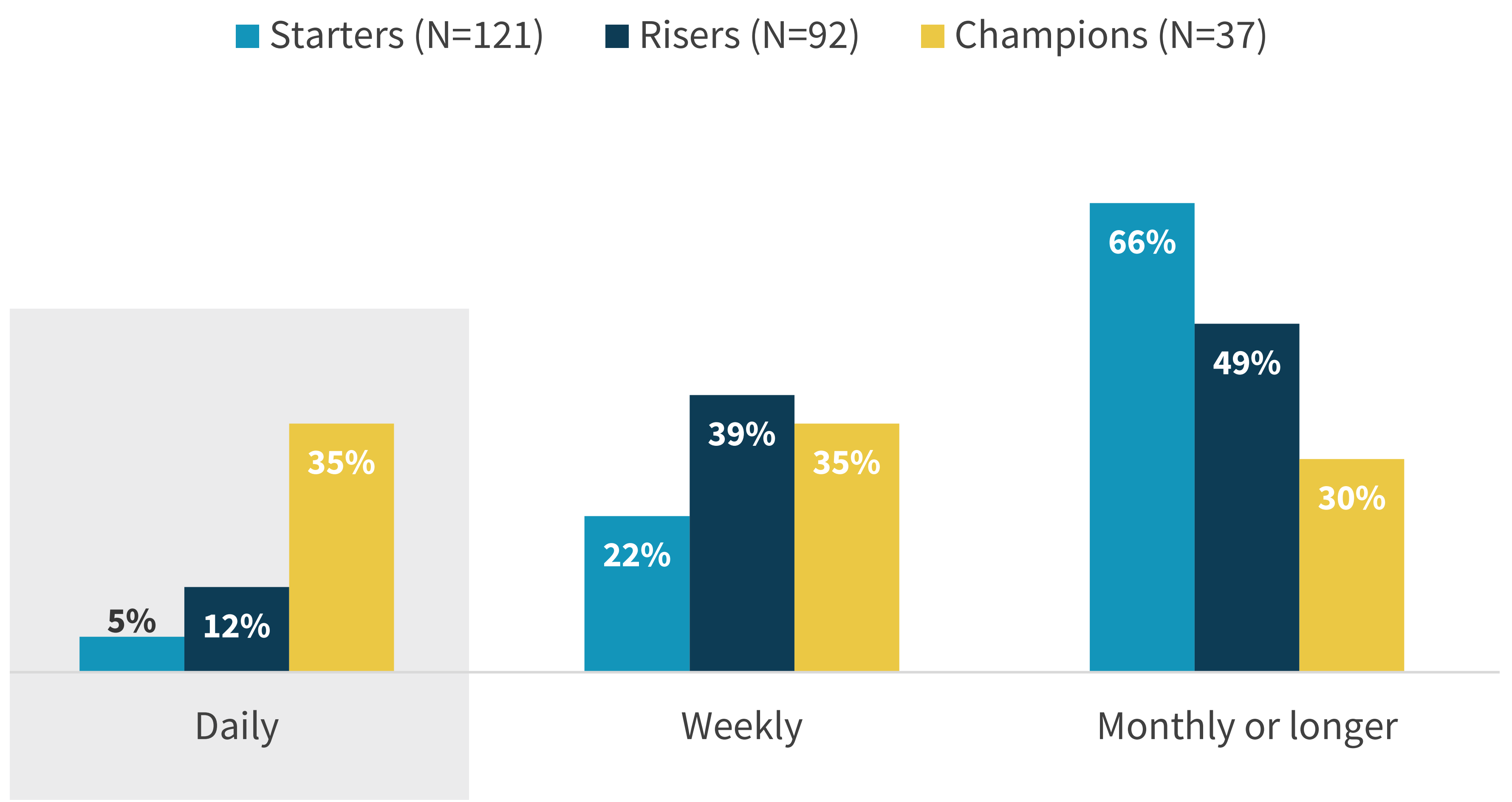
ARE GROWING THEIR INVESTMENT IN CX TOOLS AND TECHNOLOGIES.

What Sets Champions Apart

ESG research indicates that leadership teams at most (66%) Starters infrequently review CX metrics, while over a third of those at Champion organizations review metrics daily. More specifically, **business leaders at Champions are 7x more likely than those at Starters to review CX metrics daily.** This exemplifies the importance, from the top down, that Champions ascribe to CX performance.

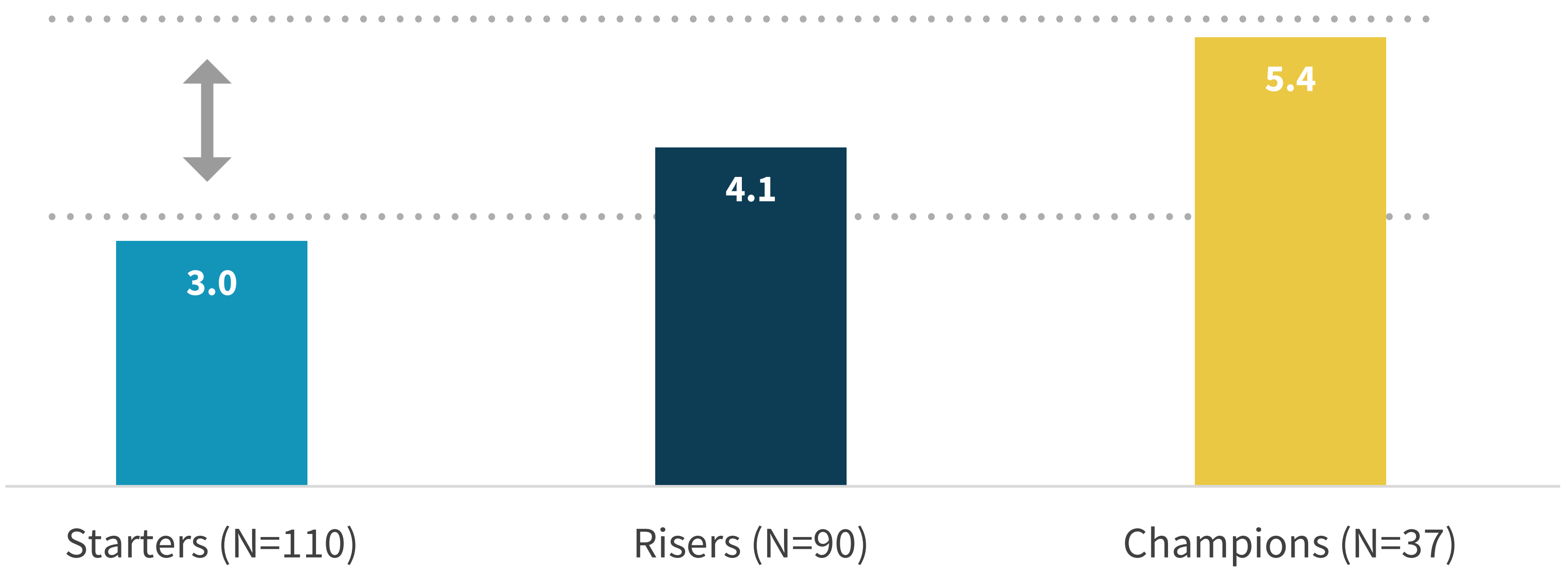
ESG research indicates that Champions prioritize training. Quantifying this difference, **Champions provide an average of 2.4 more days of training for service and support staff per year.** This shows that Champions recognize service and support is still a predominantly person-to-person operation and you can't underestimate the importance of putting your team in a position to succeed.

Executives at Champions are **7x MORE LIKELY** than those at Starters to review metrics daily.



We asked: How frequently are CX metrics (e.g., NPS, CSAT, customer retention, etc.) reviewed by your organization's senior leadership – such as C-suite business executives (CEO, CFO, COO), or equivalent? (Percent of respondents)

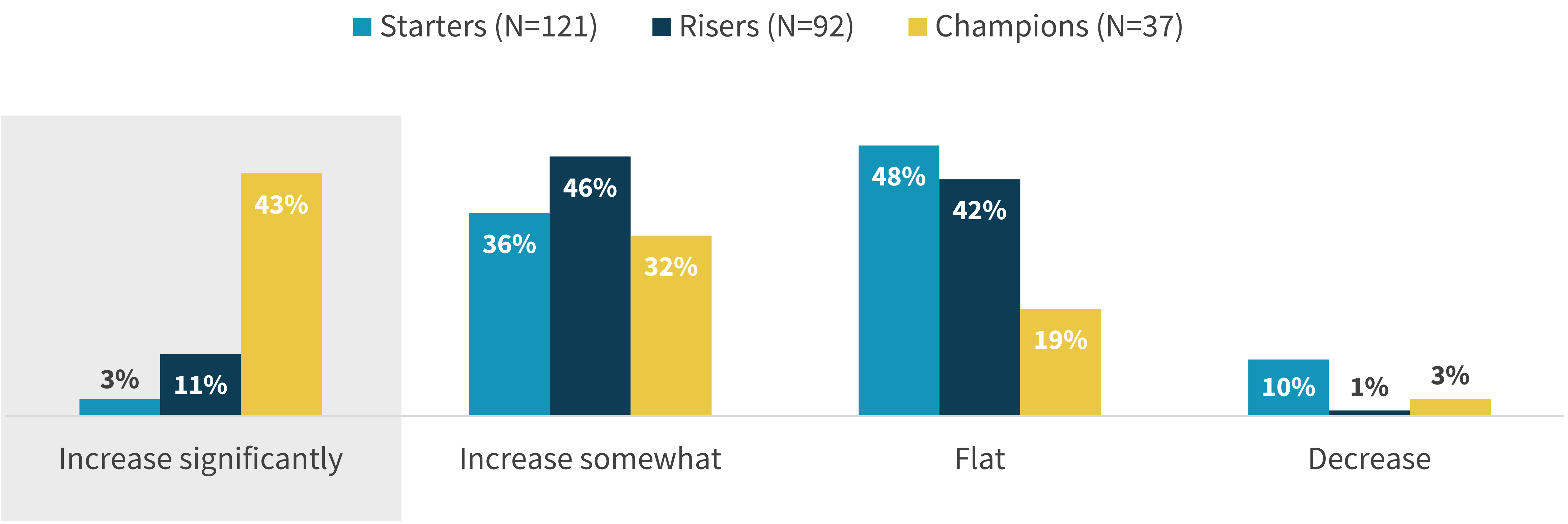
Agents at Champions receive **2.4 MORE DAYS** per year in training than those at Starters.



In a given year, how much formal training and education does the typical customer service employee (excluding new hires) receive during regular working hours? (Mean number of days)

While Champions already perform at a higher level than less mature organizations, they are aggressively investing in solutions for the future. **Champions are 14.3x more likely than Starters to expect tool and technology investment to increase significantly over the next 12 months.** Continuous, technology-driven CX improvement is an area Champions are focused on and the divide by maturity is larger than in the rest of the world: excluding UK & European respondents, Champions were only 6.2x more likely than Starters to expect investment to increase significantly.

CHAMPIONS ARE
14.3x MORE LIKELY
than Starters to significantly increase CX investments.



We asked: How do you expect your organization's investment in CX tools and technologies to change over the next 12 months? (Percent of respondents)

Country-level difference: Respondents in France were significantly more likely than their German counterparts to expect a significant increase in CX investment over the next 12 months (18% versus 5%).

Zendesk is a service-first CRM company that builds support, sales, and customer engagement software designed to foster better customer relationships. From large enterprises to startups, we believe that powerful, innovative customer experiences should be within reach for every company, no matter the size, industry, or ambition. Zendesk serves more than 160,000 customers across a multitude of industries in over 30 languages. Zendesk is headquartered in San Francisco and operates offices worldwide. Learn more at www.zendesk.com/.

LEARN MORE

About ESG

Enterprise Strategy Group is an IT analyst, research, validation, and strategy firm that provides market intelligence and actionable insight to the global IT community.

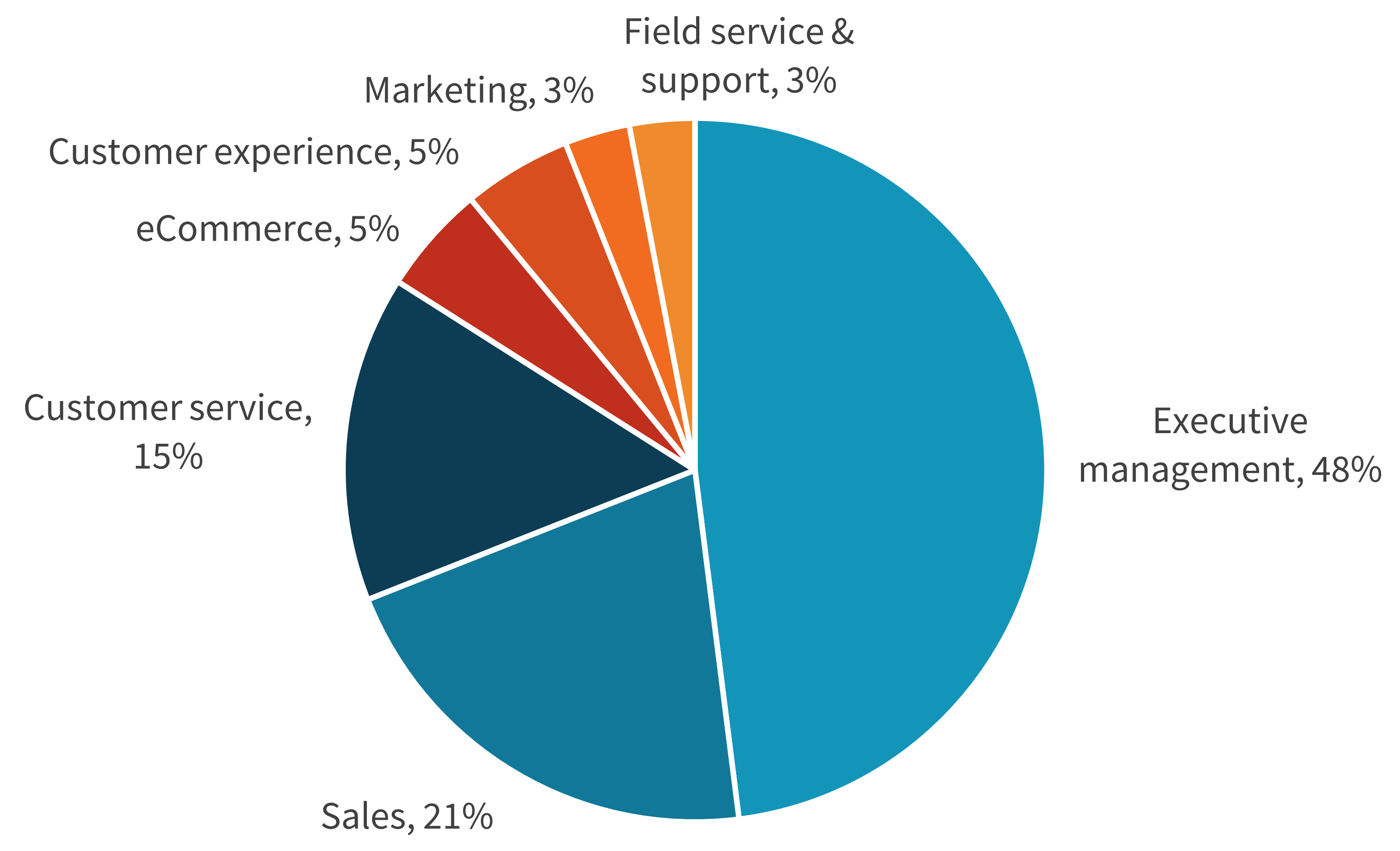
Methodology and Demographics

To gather data for this report, ESG conducted a comprehensive survey of business decision makers responsible for ensuring and enhancing customer service and support at their organizations. Organizations represented spanned the globe, including North America (N=256), Europe (N=250), Asia (N=250), and Latin America (N=256). Organizations represented were split between SMBs (those with <100 employees, N=500), midmarket organizations (those with 100-999 employees, N=255), and enterprises (those with 1,000 or more employees, N=257). The survey was fielded between July 14, 2020 and August 8, 2020. All respondents were provided an incentive to complete the survey in the form of cash awards and/or cash equivalents.

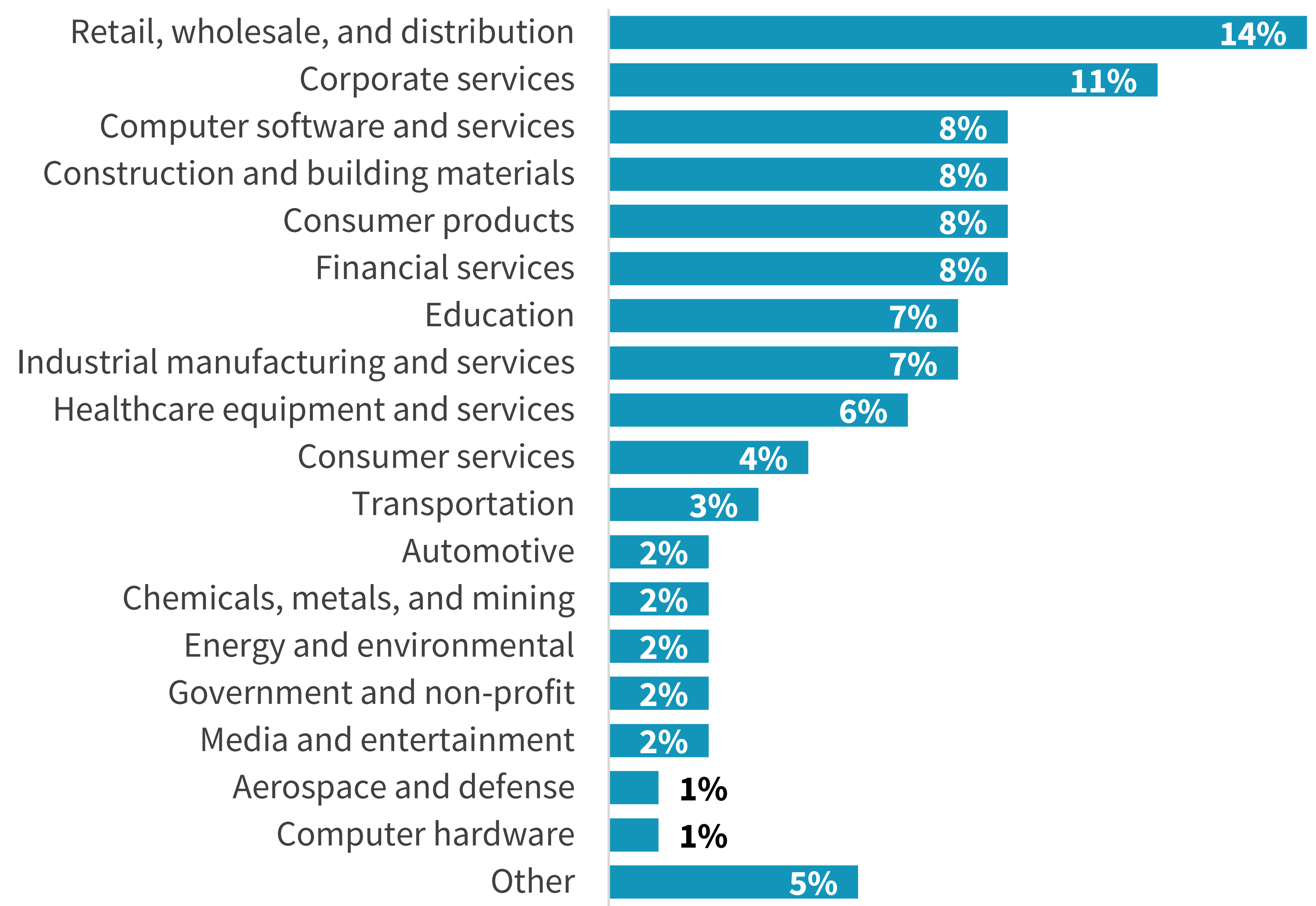
After filtering out unqualified respondents, removing duplicate responses, and screening the remaining completed responses (on several criteria) for data integrity, a final sample of 1,012 respondents remained. The figures that follow detail the demographics of respondents located in the UK & Europe, who were covered in this eBook.

Note: Totals in figures and tables throughout this report may not add up to 100% due to rounding.

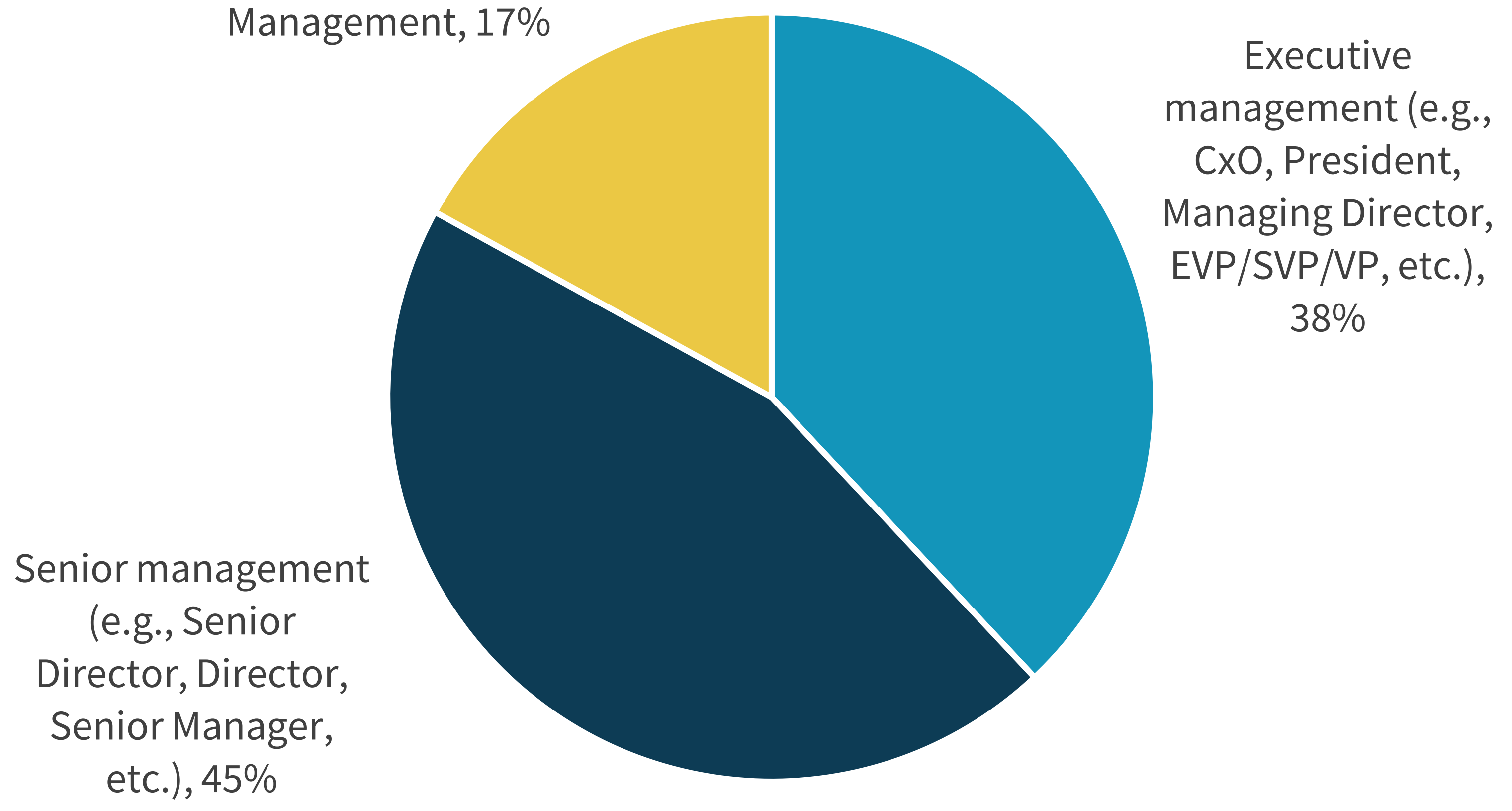
RESPONDENTS BY JOB FUNCTION



RESPONDENTS BY INDUSTRY



RESPONDENTS BY RESPONSIBILITY



RESPONDENTS BY TOTAL EMPLOYEES