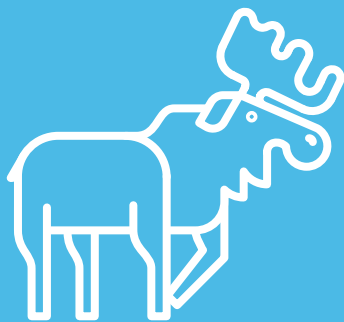


Q1
2014

THE ZENDESK BENCHMARK

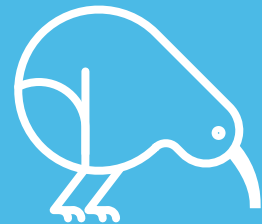
IN FOCUS: ANALYTICS



Norway



Canada



New Zealand




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THE ZENDESK BENCHMARK




Global Customer Satisfaction, Q1 2014

81%  1 Point*

TOP COUNTRIES		Q1 (2014)	SINCE Q4 (2013)*
1	New Zealand	92%	 0 **
2	Canada	90%	 1
3	Norway	90%	 1

BOTTOM COUNTRIES		Q1 (2014)	SINCE Q4 (2013)*
1	India	59%	 5
2	Turkey	62%	 1
3	Malaysia	69%	 4

TOP INDUSTRIES		Q1 (2014)	SINCE Q4 (2013)*
1	Government & Non-Profit	95%	 0
2	IT Services & Consultancy	94%	 2
3	Education	92%	 1

BOTTOM INDUSTRIES		Q1 (2014)	SINCE Q4 (2013)*
1	Social Media	69%	 0
2	Entertainment & Gaming	74%	 2
3	Retail	79%	 3

*change in percentage points

**did not meet minimum response threshold in Q4

Summary

Country and Industry Data

Customer satisfaction improved by 1 percentage point in the first quarter, increasing to 81% globally. This marks a rebound from a downturn in customer satisfaction during the busy holiday season of the fourth quarter.

New Zealand met the criteria for inclusion in the report for the first time since the second quarter of 2013. Earning a customer satisfaction of 92%, New Zealand has once again taken the top spot.

In Focus: Analytics

For the first quarter of 2014, we're taking a closer look at the effects of business analytics in order to answer a simple question: Do companies that depend on analytics perform better than those that don't?

Background on the Zendesk Benchmark

The Zendesk Benchmark was initially introduced in March 2012 as a way for companies to compare their support performance against their industry peers. Rather than a survey or expert opinion, the Zendesk Benchmark is based on actual support and customer service

interactions from more than 16,000 companies across 125 countries that have chosen to participate. They are drawn from the more than 40,000 companies that use Zendesk to provide customer service to more than 300 million people. It measures key metrics around customer support efficiency, customer self-service behavior, and levels of customer engagement.

The Zendesk Benchmark reports on the health of customer service and identifies trends in how companies provide support and consumers receive it. The quarterly report tracks overall customer satisfaction, based on the aggregated responses of real customers to the question of whether they were satisfied with a support interaction.

Benchmark metrics are reported by industry, country, and other measures that reach a minimum threshold of responses. In order for a country to be included, there must have been a minimum of 10,000 customer satisfaction responses in that country for the quarter, and as a result, not every country will appear in every quarterly report. In other words, some countries that appeared in a previous quarterly report might not appear in this quarter's report. And countries that appear in this report might not have appeared in past reports, and may not meet the requirements to appear in next quarter's report or other reports in the future.

Travel, Hospitality, and Tourism Industry Rebounds

For the third consecutive quarter, the same two industries have claimed the top two spots for highest customer satisfaction—government and non-profit, and IT services and consultancy, earning 95% and 94% respectively. Education, which tends to jockey with real estate for third place, fell 1 percentage point but still earned the third slot with 92% customer satisfaction.

The travel, hospitality, and tourism industry stood out as a stalwart in this edition of the Benchmark Report. Despite facing a heavy demand this quarter, the travel industry managed to improve its overall customer satisfaction by 5 points from 75% to 80%. To give a view into the inner workings of this industry, the following stories illustrate how companies like HappyHome and Liftopia dealt with heightened holiday season demand and actually improved customer satisfaction.

HAPPYHOME

HappyHome provides unique rental holiday homes in Europe. As a company, they made the decision to provide great service, which is a challenge in its own right. But a recent advertising campaign has resulted in a major increase in customer support requests.

“At HappyHome we’ve discussed at length what providing good customer service means. Our mind blowing solution? Let’s ask the customer,” said Robert de Jong, CTO at HappyHome. “Every satisfaction survey is checked by our Customer Quality manager for areas where can we improve. Our procedures and agent training are updated based on those results.”

As a result, HappyHome has increased customer satisfaction by 4 percentage points despite close to tripling the number of customer tickets.

Q4 2013

89% CSAT	6,145 TICKETS
-------------	------------------

Q1 2014

93% CSAT	18,019 TICKETS
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www.happyhome.nl

LIFTOPIA

Liftopia sells more than 1% of all ski lift tickets in North America. From the fourth quarter of 2013 to the first quarter of 2014, their customer support tickets more than doubled as the ski season reached its peak months of winter.

“Our advance purchase, date-specific lift tickets are non-refundable, so our customer support team spends a good portion of its day denying change requests,” said Otto Imken, Vice President of Customer Support at Liftopia. “Even though we have a strict policy, we still want to make sure our customers are going to have a great vacation.”

So how can a company which doubles its support tickets and has to say “no” to its customers actually increase customer satisfaction? By putting their cancellation policy front-and-center in the buying process, rather than hiding it, Liftopia ensures that customers are already aware of the situation before they even contact the company. When the customer does contact them, they are met by a support team that is friendly and empathetic, and dedicated to responding quickly.

Q4 2013

81% CSAT	10,256 TICKETS
-------------	-------------------

Q1 2014

83% CSAT	22,135 TICKETS
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www.liftopia.com

New Zealand Reclaims the Top Spot

New to the report this quarter are Mexico and the Philippines, which met the threshold for inclusion for the first time. New Zealand, which has taken the top spot again with 92% customer satisfaction, has returned to the report, meeting the criteria for inclusion for the first time since the second quarter of 2013.

Despite improving by 5 percentage points, India has taken the bottom position for the second straight quarter. In fact, it is notable that 8 of the 10 countries at the bottom of the benchmark have improved since last quarter.

CUSTOMER SATISFACTION BY COUNTRY

	COUNTRY	Q1 (2014)	SINCE Q4 (2013)*
1	New Zealand	92%	n/a**
2	Canada	90%	↑ 1
3	Norway	90%	↓ 1
4	Australia	89%	↑ 1
5	Denmark	89%	→ 0
6	Mexico	88%	n/a**
7	Israel	84%	↓ 3
8	United Arab Emirates	84%	↑ 17
9	Brazil	83%	↑ 1
10	Russia	83%	↑ 1
11	Sweden	83%	↓ 1
12	United Kingdom	83%	→ 0
13	Chile	82%	↓ 3
14	Netherlands	82%	↑ 4
15	United States	82%	↑ 2
16	Germany	79%	↑ 1
17	France	78%	↑ 4
18	Philippines	78%	n/a**
19	Spain	76%	↑ 2
20	Belgium	74%	↑ 3
21	Malaysia	69%	↓ 4
22	Turkey	62%	↑ 1
23	India	59%	↑ 5



* change in percentage points

** did not meet minimum response threshold in Q4









Companies that Measure Performance Provide Better Service

Analytics reporting is necessary for any company to not only gauge the success of its efforts, but objectively understand what areas need improvement. For customer service these metrics typically include customer satisfaction, as well as factors that contribute to customer satisfaction, such as first reply time (how long it took an agent to respond to the end user), full resolution time (how long it took for the ticket to be solved), and percentage of one-touch resolution (the percentage of tickets resolved with a single interaction).

This quarter, we analyzed a group of active Zendesk customers that have enabled analytics in Zendesk and broke them into two groups: those who have high usage of analytics and those who have low usage³. We then looked at some key performance metrics for each group and attempted to answer this question: Do companies that better utilize analytics outperform those who don't in the above stated metrics?

³ If a company's total dashboard tab executions was above the median number, they were considered High Usage

CUSTOMER SATISFACTION BY INDUSTRY

	INDUSTRY	Q4 (2013)	SINCE Q3 (2013)*
1	Government & Non-profit	95%	 0
2	IT Services & Consultancy	94%	 2
3	Education	92%	 1
4	Real Estate	91%	 2
5	Web Hosting	91%	 0
6	Healthcare	89%	 2
7	Manufacturing & Computer Hardware	87%	 1
8	Professional & Business Support Services	86%	 0
9	Financial & Insurance Services	84%	 2
10	Software	83%	 4
11	Web Applications	83%	 0
12	Media & Telecommunications	83%	 1
13	Marketing & Advertising	80%	 1
14	Travel, Hospitality & Tourism	80%	 5
15	Retail	79%	 3
16	Entertainment & Gaming	74%	 2
17	Social Media	69%	 0



*change in percentage points

The Results: Measuring Performance Pays Big Dividends

Accounts in the high analytics usage group based on the number of dashboard views per month show 1.6% higher satisfaction ratings, 12% lower first reply times, 16% lower full resolution times and a 4.4% higher percentage of one-touch responses on tickets. What is measured truly does improve.

What is measured, truly does improve.

PERFORMANCE METRICS OF ANALYTICS FOR ZENDESK USERS

ANALYTICS USAGE	SATISFACTION	FIRST REPLY TIME	FULL RESOLUTION TIME	% ONE-TOUCH
HIGH USAGE	79.9%	10.4 hours	50.8 hours	77.8%
LOW USAGE	78.6%	11.9 hours	60.1 hours	74.5%
% CHANGE	1.6% higher	12% lower	16% lower	4.4% higher



The data clearly show that High Usage customers have higher satisfaction ratings, faster response and resolution times, and a greater proportion of one-touch tickets than Low Usage customers.

High Usage companies are making good decisions when it comes to customer service, and are creating dashboards to complement their support improvement processes. Due to variables not captured here, it is not possible to state that High Usage customers are better support performers because they look at their dashboards. However, it is fair to state that the companies with high satisfaction rates and fast reply/resolve times are the same companies that are creating analytics dashboards to routinely monitor their performance.

High-Tech, High-Volume Industries Most Data Driven

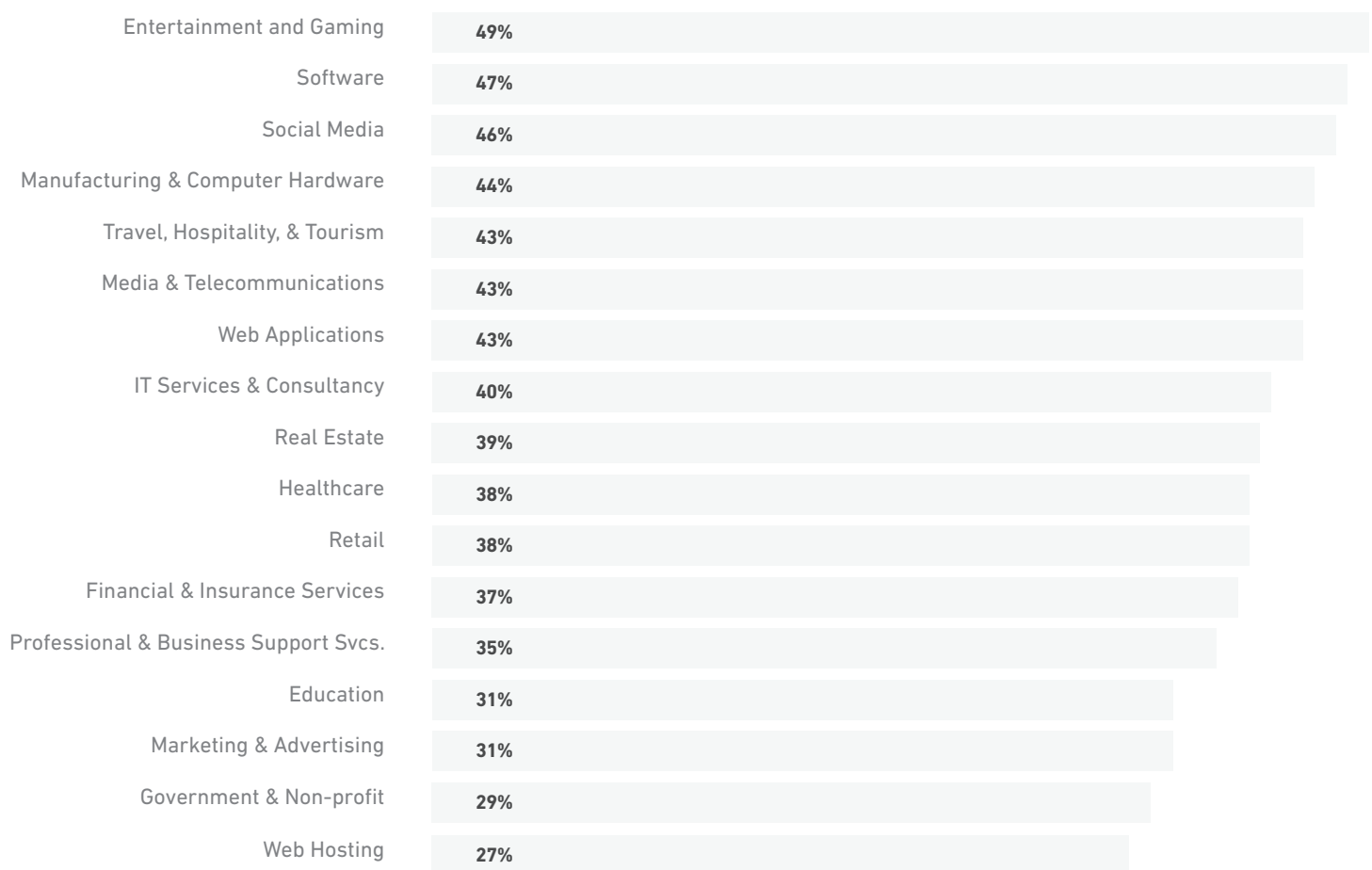
We ranked several customer segments on how data-driven they are. High usage was considered to be viewing 20+ reports on average per month, or approximately viewing a report once per business day.

The most data-driven industries in this edition of our benchmarking report tend to be those that fall into one (or sometimes both) of the following categories: those that are ahead of the curve in adopting newer technologies and those that are inundated with high volumes of support requests.

We find that as companies in industries like media and telecommunications, entertainment and gaming, and travel, hospitality, and tourism scale their customer service departments, they are subject to an incredibly high volume of requests. This indirectly forces them to find efficient ways to improve and scale their operations. Consequently, companies in these types of industries rely heavily on extracting insights from data to make adjustments and anticipate future customer service trends.

In industries like software, social media, and manufacturing, customer service departments are inherently tech-savvy, given the overall disposition of technically oriented industries. This inclination ensures that they lead with a data-driven approach, as opposed to it being an afterthought.

MOST DATA DRIVEN INDUSTRIES



SHOPIFY

Shopify is a commerce platform with the goal of providing a seamless support experience, no matter what department they need to reach or which channel they use to contact the company. A data driven company, Shopify utilizes customer support data to set ambitious goals for their agents. They use the Zendesk Benchmark as a motivational tool that raises the standards for their customer service organization.

"Data is really important for our training and culture," said Richard Hall, Director of Revenue Operations. "We use our customer engagement data to see if we have improved, to identify what our customer team needs to work on, and to also see how we're doing across the industry."

ANALYTICS USAGE

37	8
REPORTS VIEWED PER MONTH	ACTIVE USERS

Q1 PERFORMANCE

18.6	6.2	81%
MEDIAN FULL RESOLUTION TIME (HRS)	MEDIAN FIRST REPLY TIME (HRS)	ONE-TOUCH TICKETS

<http://docs.shopify.com/support>

REPUBLIC WIRELESS

Republic Wireless wants to understand how its customers are engaging with support. "We need complete visibility into each ticket's lifecycle, because every interaction is an opportunity to improve the customer's experience," said Doc Shufelt, Vice President of Operations, Republic Wireless.

Having the ability to see the lifecycle of each ticket, as well as historical ticket data, helps Republic Wireless measure important metrics such as how many tickets have been created, and how customer support interactions influence the engineering and product teams, giving a realistic view of the holistic impact and effectiveness of its customer support.

ANALYTICS USAGE

569
REPORTS VIEWED PER MONTH

Q1 PERFORMANCE

86.5%	2.2	49%
CUSTOMER SATISFACTION	MEDIAN FIRST REPLY TIME IN HOURS	ONE-TOUCH TICKETS

<https://help.republicwireless.com>

Methodology

For the section focused on analytics, we looked at the population of all customers who had an analytics project enabled, and whose support data was successfully loaded into their GoodData account. We could think of many ways to measure “usage” of analytics for Zendesk, but settled on a metric called number of dashboard tab executions as our unit of analytics “use.” A dashboard tab execution occurs when a analytics dashboard tab is opened in a browser and every report on the current dashboard tab is allowed to load. We felt this was a better measure of usage than number of reports created, for instance, because a dashboard tab execution represents somebody visiting a series of reports that were grouped together for a specific purpose. A company’s number of dashboard tab executions is probably the best way to measure whether a company is critically examining their data, rather than simply creating reports, which may be tests or experiments that are not helpful to running the business.

Customers were sorted into two groups, High Usage and Low Usage, based on their number of dashboard tab executions. If a company’s total dashboard tab executions was above the median number, they were considered High Usage; if below, Low Usage.