



Zendesk Customer Experience Trends Report 2020



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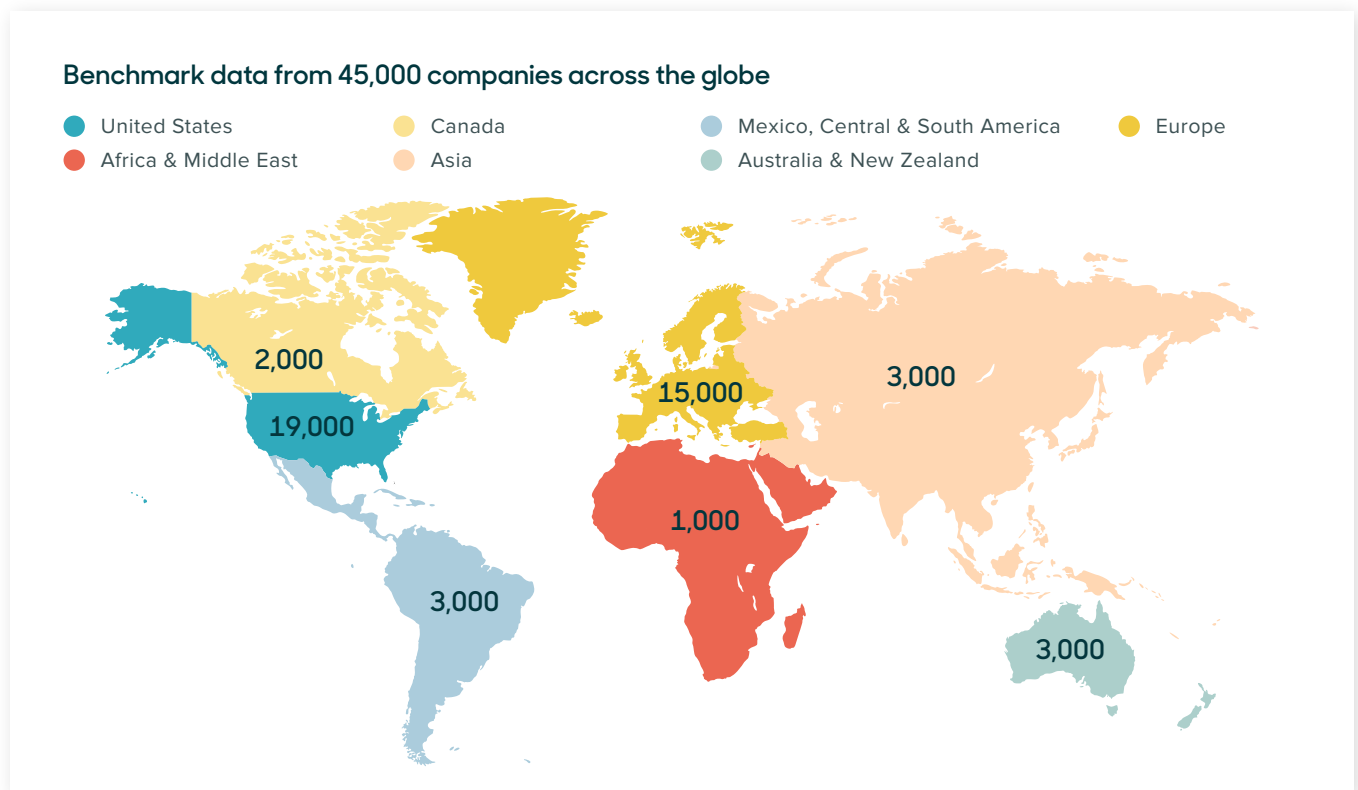
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**Trend 5:
CX gets a seat in the C-suite**

Welcome to the Zendesk Customer Experience Trends Report 2020, our second annual report highlighting top trends in customer experience and engagement. With the Zendesk Benchmark, our data index of 45,000 companies using Zendesk across 140 countries, we explored how high-performing companies provide experiences that keep customers returning, and the best practices that separate the leaders from everyone else.

We also ran an external survey that included customer service agents, customer experience managers, sales leaders, and customers located across nine countries to compare their opinions on customer experience and loyalty with the single best source of data on how companies actually use their customer service solutions, the Zendesk Benchmark.

Our data



For this report, we analyzed how companies use Zendesk's product offerings with the Zendesk Benchmark, our index of product usage data from companies worldwide. We segmented companies by region, industry, employee count, and the target audience for their software, audiences that included customers (B2C), other businesses (B2B), and internal employees (B2E).

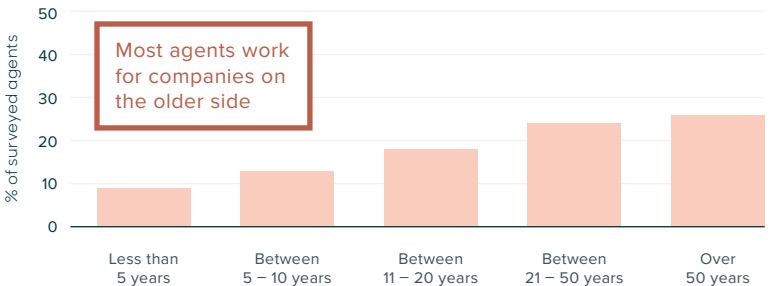
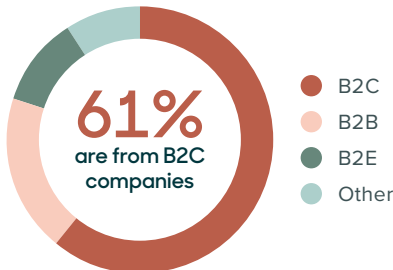
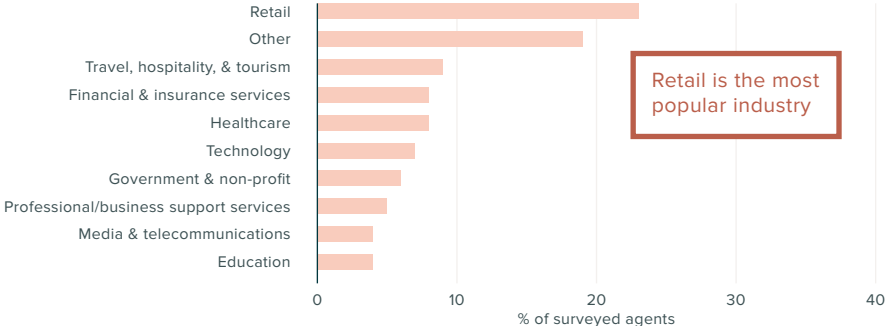
We also surveyed and interviewed 1,000 customer service agents, 300 customer experience managers, 300 sales leaders, and 3,000 customers located across Australia, Brazil, Canada, France, Germany, Japan, Mexico, the Netherlands, the United Kingdom, and the United States. Survey results from customers were weighted on a country-level basis to adjust for differences between the survey samples and distribution of each represented country's general population across age, employment, and gender.

Survey demographics

In this report, we refer to the following respondent groups.

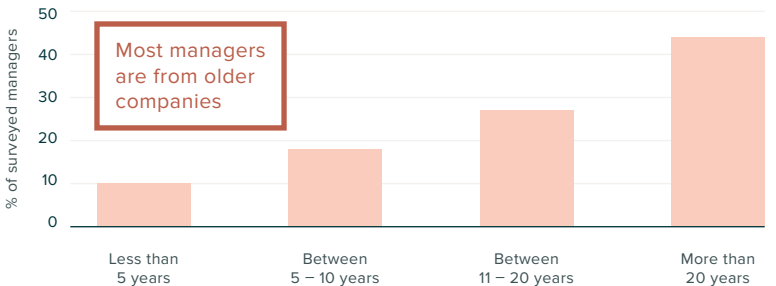
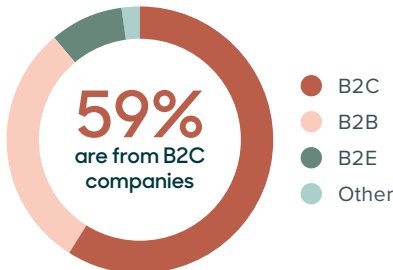
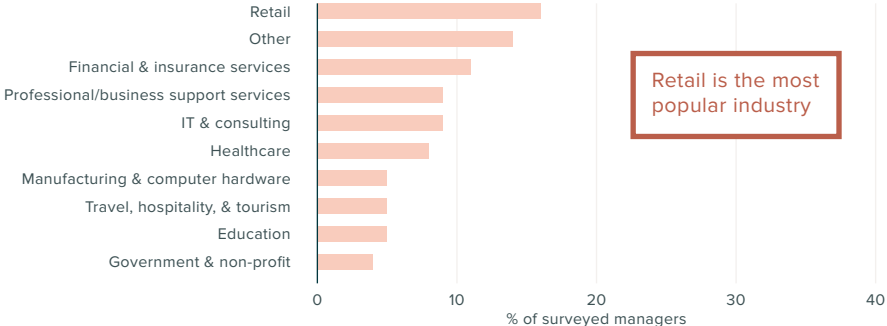
Agents

Front-line customer service agents



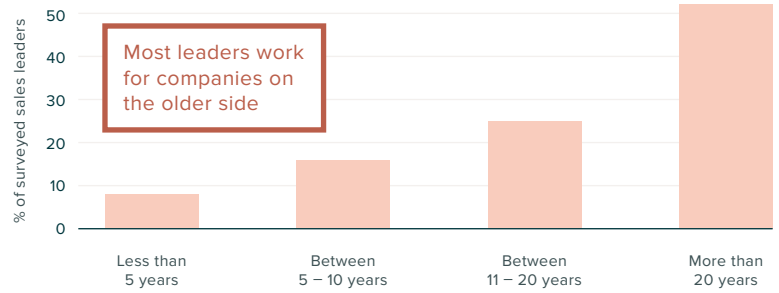
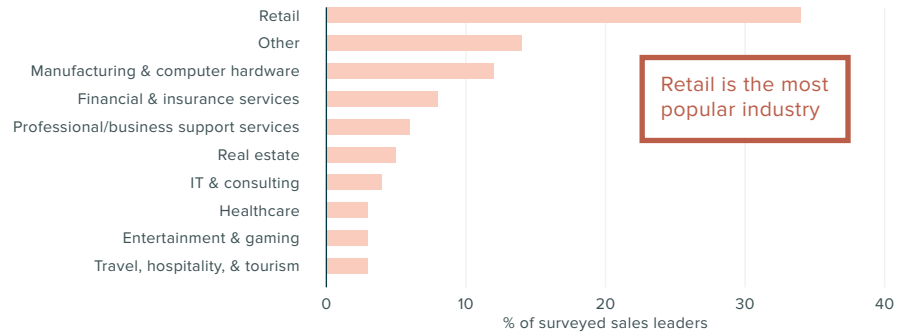
Customer service leaders

Managers, directors, and C-level leaders across an organization that may include customer service and customer success



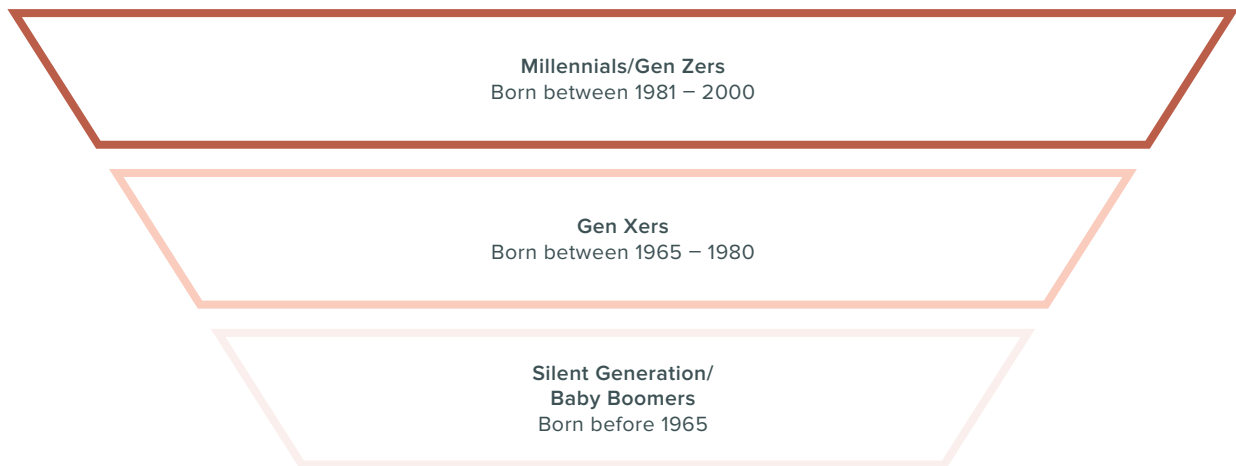
Sales leaders

Managers, directors, and C-level executives leading sales teams on the front-end of customer experience



Customers

Customers across the globe purchasing products, services, and software, on the receiving end of customer experiences. Respondents were required to be 18 years of age and older. We analyzed differences in survey responses across three generational groups:



Benchmark performance methodology

We used Benchmark data to understand best practices for customer experience and engagement teams based on how they use Zendesk products to achieve results.

In particular, we took a comparative look at high performing customer service teams. Throughout this report, we refer to High Performers, Moderate Performers, and Underperformers, identified based on how they compare to other similar companies across the following key metrics:

- First reply time
- Total time to resolution
- Self-service ratio, which compares self-service content views to total ticket volume*
- Customer satisfaction (CSAT) ratings

High performers scored above the median for three or more metrics relative to other companies serving the same target audience. Underperformers scored below the median for one or fewer metrics relative to other similar companies, and moderate performers represent all other included companies.

* This is the primary metric we look at to determine how well a knowledge base meets customer needs and deflects support tickets

INTRO

Every company can inspire loyalty



As competition gets more fierce and economic uncertainty is a wildcard, one thing is for sure: Customer loyalty can help drive the success of a business. And the customer experience (CX) drives loyalty. The data is clear:

74%
of customers feel loyal to a particular brand or company

52%
of customers report going out of their way to buy from their favorite brands

Great news. But loyalty is not a given — it's anything but. Loyalty must be cultivated and maintained, and without the right care, it's easily lost.

Loyalty is also not something that any single team can earn on behalf of the entire company. Instead, it's influenced by each step of the experience that customers have with your company, from

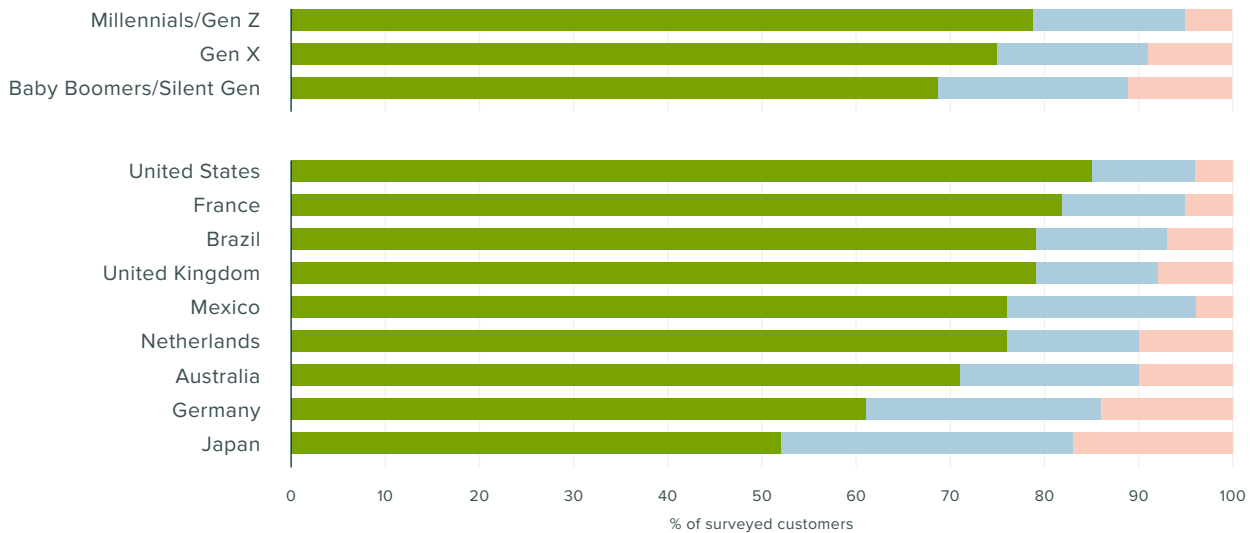
marketing promotions to the transparency of pricing models, and from the ease of the sales cycle to the quality of your customer service. Naturally, loyalty also extends to the experience that customers have within your actual products or service(s).

Our survey findings underscore this reality: The factors that influence customer loyalty are owned across your sales, support, success, marketing, finance, and product organizations — in short, everything that contributes to loyalty is owned by everyone. While price is paramount to customers, service ranked as a close second. The results also suggest that different segments of your customer base place more importance on some attributes than others, along different interaction points. Younger generations and Americans are the most loyal to their favorite brands, whereas customers over the age of 55, and in countries like Germany and Japan, are the most likely to feel neutral about brand loyalty.

When it comes to customer service's impact on loyalty, service matters most to younger customers and to customers in Brazil, and it matters least in Japan, where convenience of purchase or use is most likely to impact loyalty.

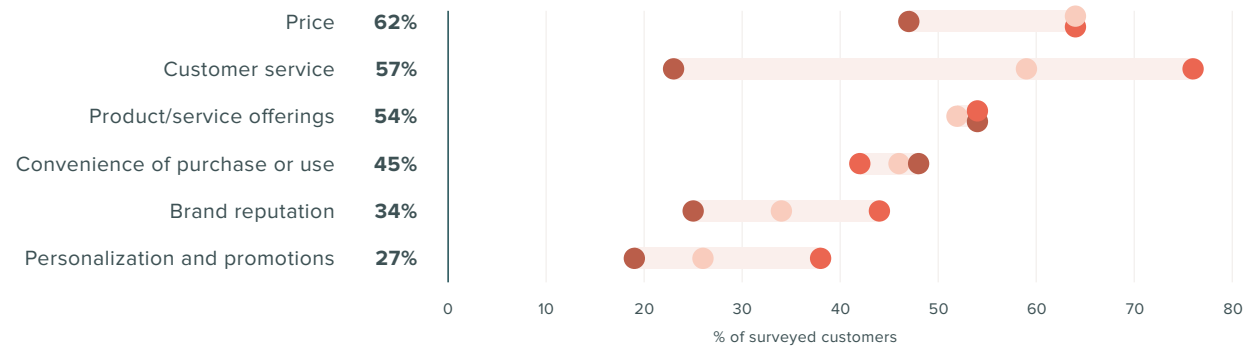
How loyal do you feel toward your favorite brand(s)?

● Positive ● Neutral ● Negative



Which attributes make you feel loyal toward a brand?

● All other countries ● Brazil ● Japan



Understanding the link between loyalty and how you serve your customers throughout the entire customer experience is critical. Loyalty is tied to a customer’s ongoing choice to do business with you, refer others to you, give you the benefit of the doubt, and have the sense of a positive relationship with you. Or the alternative: cut ties and take their business to your competitor. The factor that determines which door your customers choose is service: Good experiences drive loyalty. Bad experiences tank it.

In this year’s research, we’ve uncovered new insights into what constitutes good experiences versus bad ones. Customer expectations around response times are also very clear: Customers want fast replies to their questions, on the channel of their choice. They choose channels based on the speed of reply they want and around the complexity of their question. When customers reach out, they expect you to be collaborating internally so that they don’t have to repeat themselves. Customers also want to take care of problems themselves, using self-service — and they are open to bots and artificial intelligence (AI) if it means fast, efficient resolution to their issues.

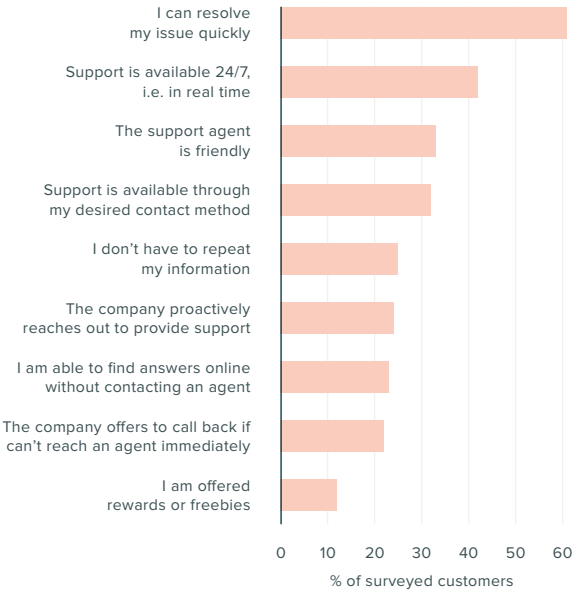
In your opinion, which are the most frustrating aspects of a bad customer service experience?



On the flipside, when customers feel ignored, have to repeat themselves, or cannot get an answer quickly, you lose the opportunity to create loyalty and are more likely to lose their business.

This presents a challenging landscape for any company to navigate, but with insight into trends by age and region and a strong knowledge of your own customer base you can begin to take meaningful actions that build loyalty.

In your opinion, which are the most important aspects of a good customer service experience?



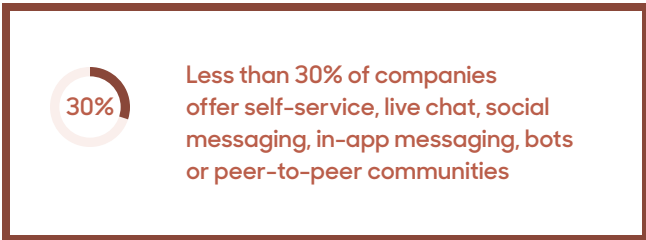
Roughly half of customers say they would switch to a competitor after just one bad experience. In the case of more than one bad experience, that number snowballs to 80%.

Key findings

Customers want to communicate with companies over the same familiar channels they use to talk with friends and family. Moreover, they want fast and efficient responses. This is why it's important that every contact be rooted in a single thread of communication, so customers feel like they are having one continuous conversation where they don't have to re-explain who they are and what their issue is.

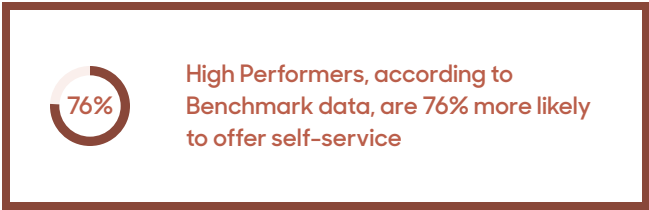
The experiences companies provide don't align with customer preferences

Considering the prevalence of digital, mobile brand interactions, it's surprising that opportunities to connect with customers through knowledge bases and communities, or via social and in-app messaging are underutilized. Less than 30% of companies offer self-service, live chat, social messaging, in-app messaging, bots or peer-to-peer communities. This matters because it represents an opportunity for these companies to pull ahead of their competition and differentiate around how they meet customers — as well as for other businesses to catch up. There's also a huge opportunity gap when it comes to creating opportunities to automate responses and processes, and to deflect easily answered questions. Conversations are happening in these spaces, with younger generations, Gen Z and Millennials, most likely to use social and messaging channels.



Self-service is a missed opportunity

Only a third of companies offer some form of self-service, whether through a help center, knowledge base or FAQ. What's more, High Performers, according to Benchmark data, are 76% more likely to offer self-service. Part of the self-service paradox is that many companies that do provide a self-service option don't allow agents to add to it or regularly refine the offering. Half of managers say their team lets agents add to self-service over time, but only a third of support agents say their team has a self-service strategy in place.



Customer data impacts the bottom line

Companies that leverage the most customer data — those in the top 25% of managing data relative to other similar companies — see 36% faster resolutions and a 79% reduction in wait times. They also solve four times the number of customer requests. These gains in productivity are hard to argue with, especially considering that High Performers are more likely to take an omnichannel approach, offering customer interaction through more channels, utilizing more features, leaning on more data and analytics, and empowering their teams with both more training and autonomy, especially when it comes to knowledge management.

Customers expect teams to collaborate

Connecting customer data also helps improve collaboration between teams, a key element in the success of high performing teams. Sales and support teams are partners in cohesively connecting early customer interactions with later ones. Customer service leaders say their teams collaborate more with sales than with any other internal organization. And as sales leaders expect both revenue growth and team growth, companies need to put data to work across teams, using shared tools to engage with customers from the initial sale throughout their experience with a product or service. Findings show that more than 70% of customers expect companies to collaborate on their behalf, and 68% of customers are annoyed when their call is transferred between departments.



AI is an ongoing driver of success

Artificial intelligence is continuing to permeate organizations at all levels. It's driving success among high performing teams that are using AI to deflect tickets, reduce the time that agents spend on answering requests, and efficiently scale customer engagement. High Performers also pair AI-powered Answer Bot with a self-service strategy — 84% of managers who use Answer Bot say they also have a strategy to continually add to their self-service resources.

Companies using Answer Bot have the most well-developed knowledge bases in terms of articles, contributing agents, categories, and a higher self-service ratio, which compares self-service content views to total ticket volume. Use of AI becomes paramount because 42% of customer service leaders expect requests to grow, whereas just 36% expect to be able to expand headcount. This gap represents the sweet spot where AI can help.



Customer experience is becoming a priority for companies

The role of the Chief Customer Officer (CCO) is on the rise, and 30% of customer experience leaders say this person ultimately owns the customer experience. Forward-thinking companies have a CCO, and companies started in the past five years were 63% more likely to have a CCO than older companies. These companies want a leader who is focused on customers and knows how to understand and prioritize them across the business.



Every customer interaction is part of a conversation



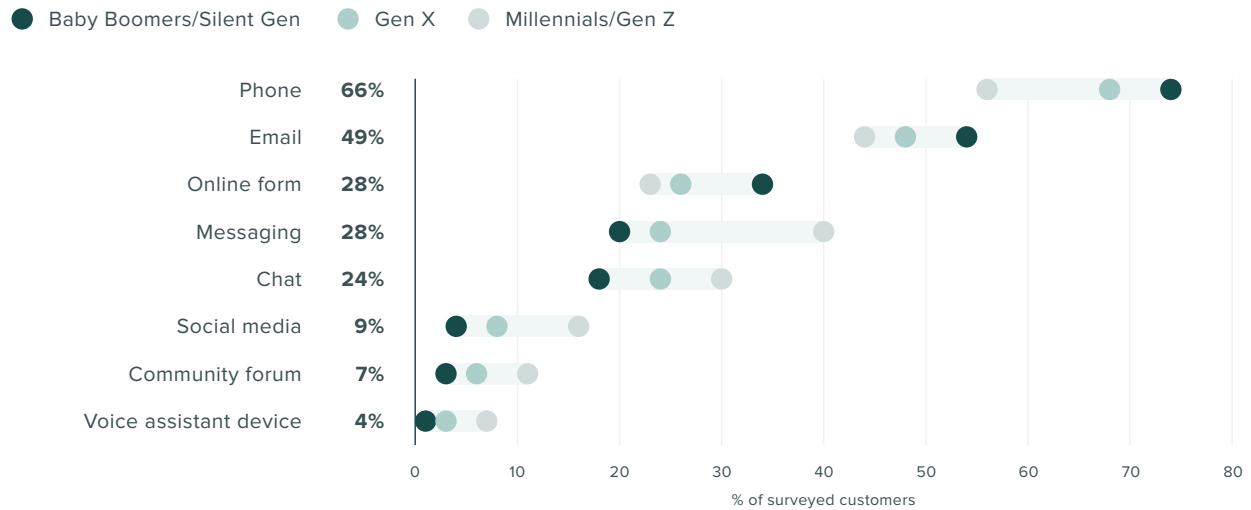
Companies must align the experiences they provide with customer expectations. That's everything from how a customer first experiences your company or product to each conversation that they have with your employees and every interaction they have online. Each customer journey is made up of moments where the experience can go awry and a customer's loyalty can be lost. While technology is now making it possible to connect the customer experience more cohesively if applied well, it can just as easily make the experience feel disjointed. This sea change is especially evident in customer support, where companies are increasingly offering service that spans communication channels and connects data so that each interaction becomes part of one longer conversation in the customer's history.

That's powerful because reaching customers on the support channels they prefer is often a challenge all on its own. For some customers, phone and email remain preferable channels to interact with a business because they are long ingrained — but for others,

getting fast, live responses or being able to help themselves is not only preferred, but table stakes. We're all used to speaking informally and conversationally, the way we do with friends and family, and many customers expect businesses to be able to adapt and add each new channel that comes online. Yet it doesn't make sense to add channels unless they are connected — linking together not only customer service inquiries, but sales, marketing, and e-commerce conversations, too.

Companies leading the way are offering support across a broad spectrum of channels, typically also backed by a self-service offering, yet must grapple with consumer expectations that bleed from one channel to the next. The immediacy of a message or live chat can raise customers' expectations for speedy responses over email. And the details are in the data: Communicating quickly and according to your customers' channels of choice is a powerful potential driver of loyalty.

How do you typically resolve your issues with a company?



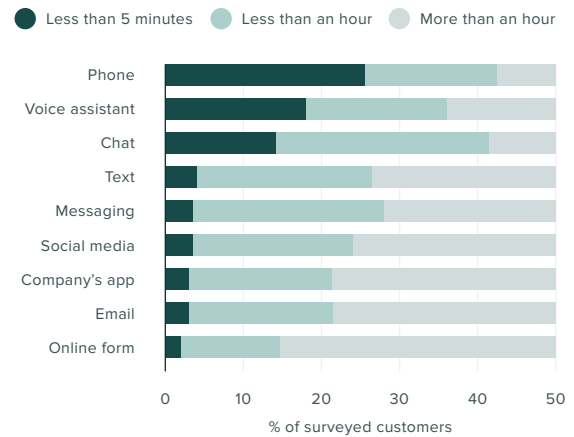
Expectations vary by support channel

Customers expect to be able to communicate with companies using the channels they prefer, which now represent a host of technologies to staff efficiently and connect to your tech stack. With older generations, it's no surprise that tried and true methods of email, phone, and in-store interactions, remain the stalwarts, though patience for response times is shortening as 51% of respondents expect a response in under five minutes on the phone, and 28% of respondents expect the same on live chat.

Millennials and Gen Z, in particular, express a growing preference for channels that suggest even more immediate responses — social media, in-app messaging, and social messaging apps — though survey data suggests that preference for these channels is not based on speed alone.

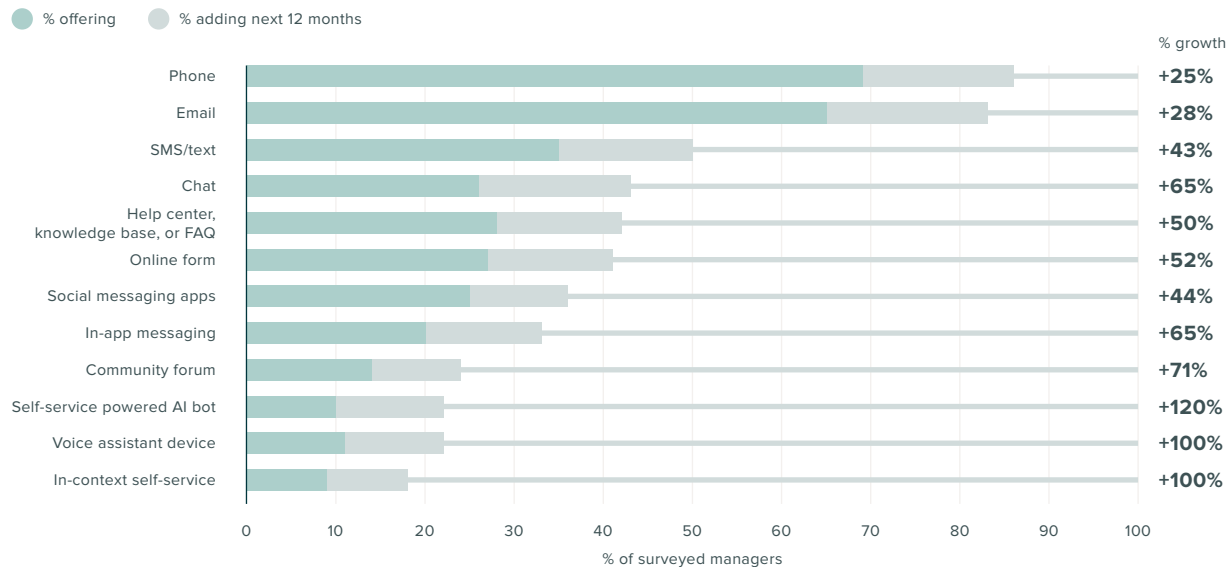
Messaging is a quick and easy way for customers to begin a conversation, and messages via an app or social media can be sent asynchronously, much like an email, at a time that's convenient. Similarly, the response can be read at a time that works for the customer. Only 7% of respondents expect a response to a message in under 5 minutes, though most expect a response in less than an hour.

Customer expectations for a response by channel



- Half of customers say they like contacting support over the channels they use with family and friends
- 28 percent of people expect a reply on chat in under 5 minutes
- 17 percent of people between 18 and 24 resolve their issues with a company via social messaging apps

Channels companies offer or are planning to add in the coming year



Companies mostly aren't living up to customer expectations

When we asked customers how they decide which contact method to use when getting in touch with support, speed remained their top priority year over year, particularly for Gen X and people over 55. Speed matters to Millennials and Gen Z, too, but younger generations are more comfortable using and trusting online communities or channels that don't require live support and human interaction.

While speed, urgency of issue, and time of day often impact the method customers use to contact customer support, half of all customers, and even more Millennials and Gen Z, say they like contacting customer service over the channels they already use to talk to friends and family.

CX teams mostly aren't offering channels beyond phone and email

- Only 28% offer a knowledge base
- Less than 30% offer chat, social messaging, in-app messaging, bots, or communities

Teams aren't planning to add real-time channels their customers want

- Since fast responses and resolutions are customers' top priorities
- Only 35% of Benchmark companies take an omnichannel approach

When it comes to self-service, however, there is a noticeable gap. Customers want you to enable them to help themselves: 69% of customers want to resolve as many issues as possible on their own, and 63% of customers always or almost always start with a search on a company's online resources when they have an issue.

According to our survey of customer service managers, many companies aren't taking advantage of the opportunity to meet customer needs when it comes to self-service -- only a third of companies offer a knowledge base and/or community forum, and less than a third offer chat, social messaging, in-app messaging, bots, or communities.

What's more, most companies aren't planning to add those channels in the coming year. They also aren't connecting channels — only 35% of Benchmark companies are taking an omnichannel approach — in other words, one that integrates channels to end siloed conversations and allow your team to reference the customer's history and create a single thread of conversation across support ticketing and self-service. What this presents is a massive opportunity gap and an easy starting point for businesses to rise above their competition.

- Half of customers choose a channel based on how fast they need a response
- 40 percent of customers choose a channel based on the complexity of their issue

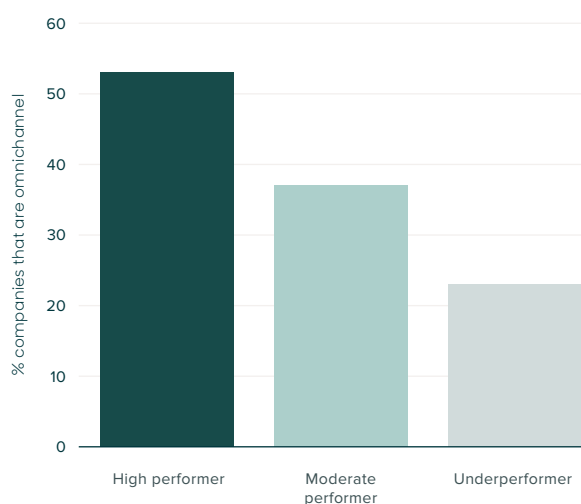
Leading teams are going omnichannel

The number of companies using Zendesk to take an omnichannel approach has increased six times over the past five years. When broken down by B2C companies, B2B companies, and teams serving internal employees, B2C companies are leading the charge, though B2B companies are not far behind, together representing 90% of the increase in omnichannel product adoption, defined by offering email or web ticketing in combination with self-service and at least one live channel of support.

High performing customer service teams are more than twice as likely as underperforming teams to be taking an omnichannel approach. Companies offering omnichannel support resolve tickets more than three times faster, and their customers spend 75% less time waiting for agents to respond. These benefits multiply — omnichannel companies also handle significantly more tickets, 5.7 times as many requests on average. Opening the floodgates can ramp volume, but the data shows that high performing service teams are able to handle that volume more efficiently.

The number of companies taking an omnichannel approach has increased six times in the past five years

High performers are more than 2x as likely to take an omnichannel approach



Thinking beyond standard ticketing

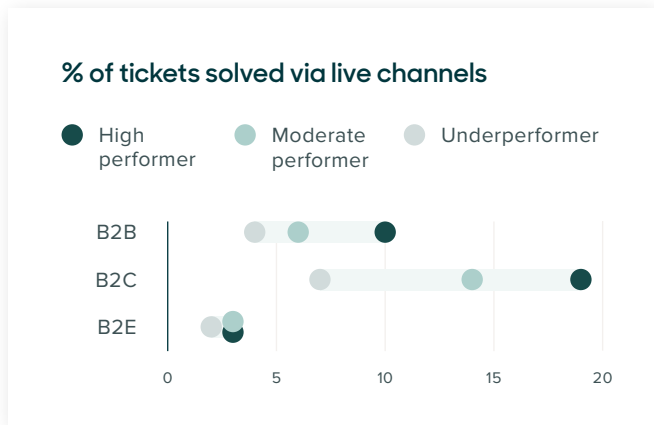
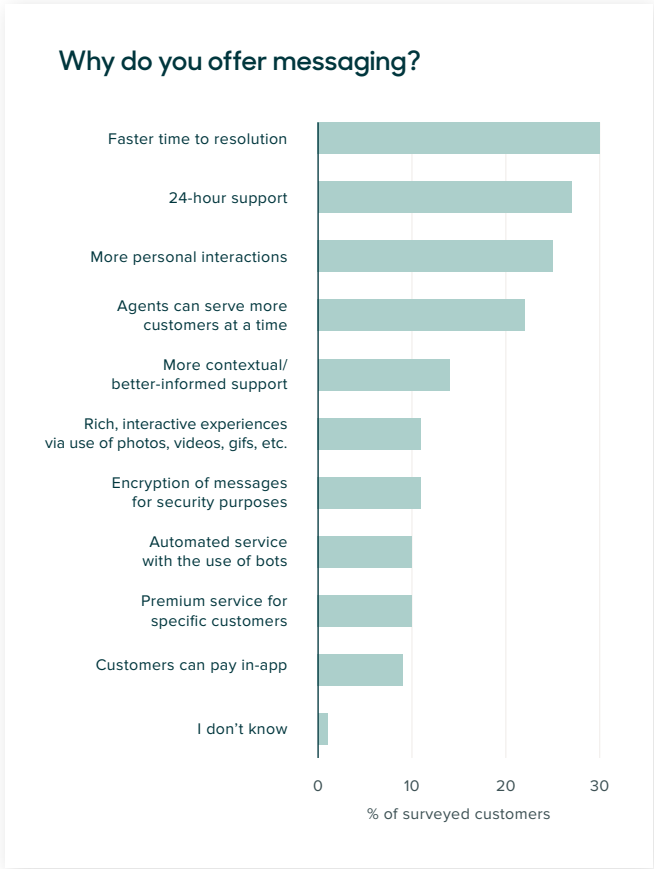
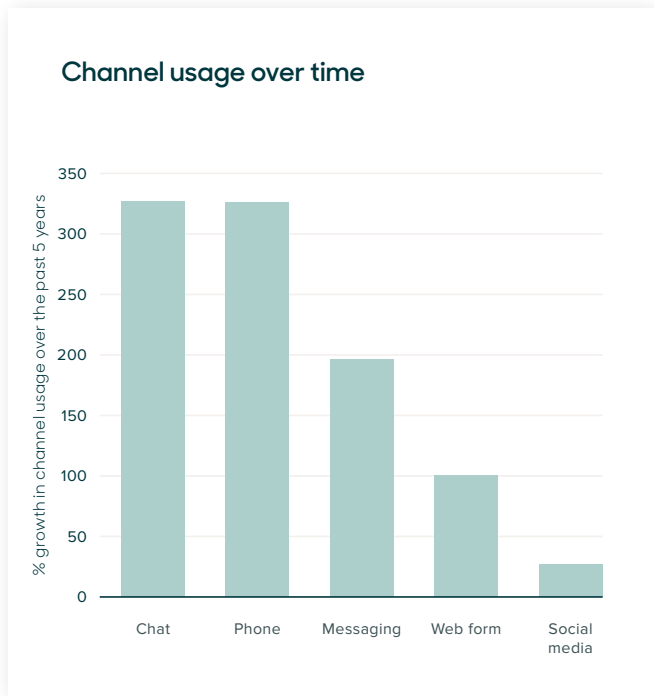
Historically, many businesses have eschewed more costly and time-consuming live channels in favor of email and web ticketing. Yet the value of live channels for certain customer segments or types of issues has become apparent, and businesses are realizing that offering live chat or phone support is less costly and no longer tied to a difficult, outmoded call center technology provider.

Today, high performing customer service teams are able to choose among the traditional support channels that make the most sense for their customers while adding emerging channels like proprietary in-app messaging, Facebook Messenger, WhatsApp, SMS, and more. These channels can feel a lot like live support, but without the pressure of having to complete the entire conversation in a single session. This gives customers choices, too, about where they want to meet you, and what method of communication best suits their question. Even better for brands, the rise of private social messaging means less reliance on public-facing posts on social media.

For companies using Zendesk over the past four years, chat and phone support are the fastest-growing channels, with chat showing the greatest jump, with more than four times as many customers using chat as they did five years ago. When it comes to newer, smartphone-enabled channels, adoption of 1:1 social, web, and mobile messaging is most common among companies in the retail, travel, and entertainment sectors, among consumer-facing companies, and among companies in Central and South America, where the prevalence of social messaging apps such as WhatsApp has driven businesses to use it for service.

High performing teams are 22% more likely to use messaging to provide faster, always-on, personal communication with customers, relative to Underperformers. Different from live chat, messaging doesn't require customers to wait on the website or chat widget for a response. The conversation doesn't have to happen in real time. Instead, it can continue on and off over a longer period of time, as is convenient. This ability to pick up a conversation where a customer left off creates an experience that is both personal and easy (for businesses, too) — and this could be why messaging apps have the highest customer satisfaction (CSAT) rating.

The benefit of an omnichannel approach is that these different types of channels can work in tandem to support one another. Speed and being “always on” are reasons companies choose to communicate via both synchronous and asynchronous messaging. Live channels (phone and chat) are almost 13 times faster than email or online forms, and when combined with self-service, companies can offer an additional “always on” way to search for answers, even before initiating a conversation. Benchmark data shows that phone and chat are important for both B2B and B2C companies, but particularly for B2C companies. High performers are solving twice as many tickets through live channels.



- Managers said Facebook Messenger and WhatsApp (also owned by Facebook) are the most popular third-party messaging channels
- Benchmark data revealed that third-party messaging has a CSAT of 98%, the highest across different channels

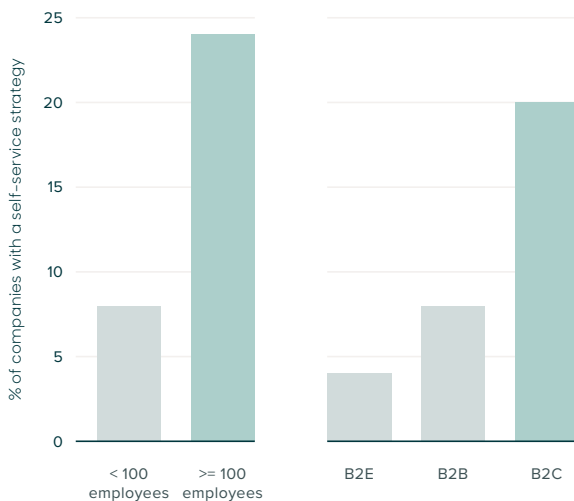
Self-service and communities provide a path to scale support

With growth comes more customer requests, but that doesn't have to overwhelm your support team. Customers often prefer to help themselves, and self-service can resolve and deflect many easy-to-answer questions when done right. Businesses can also harness the power of peer-to-peer support with community forums.

Benchmark data shows that over the past four years, self-service adoption grew by 103%, yet only a third of companies offer some form of self-service. This is not the only self-service gap. In order for self-service to be effective, help articles must be maintained and updated based on support data. However, only slightly more than half (53%) of managers say they let agents add to knowledge bases over time.

This gap is even larger when we look at agent behavior, with only a third of agents saying their team has a strategy to add self-service resources over time. Keeping a knowledge base up to date is not the only benefit of having agents contribute to knowledge. 63% of agents who said that they search the knowledge base when they don't know how to solve a question also said that their organization had a strategy in place, indicating that agents are more likely to invest in leveraging self-service resources if they are active contributors.

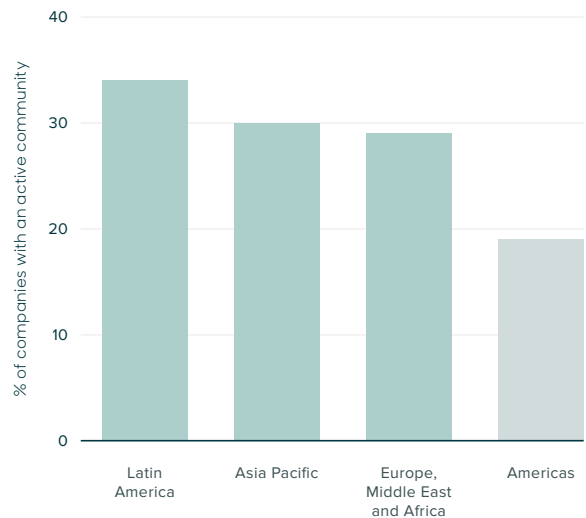
Companies with 100+ employees and B2C companies are most likely to have a self-service strategy involving agents



Benchmark data also shows that involving agents in the knowledge management process is a good thing. High Performers are more likely to let both agents and customers access self-service — 90% of High Performers offer a knowledge base to customers, compared to 51% of Underperformers. High Performers are also nearly three times more likely to have enabled features that allow agents to capture their knowledge and add to, or update, help articles. High performing teams are also more than twice as likely to have a help center or knowledge base available across multiple channels.

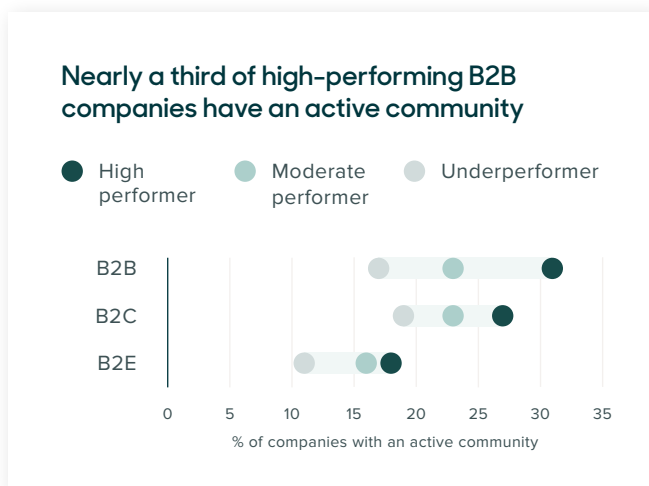
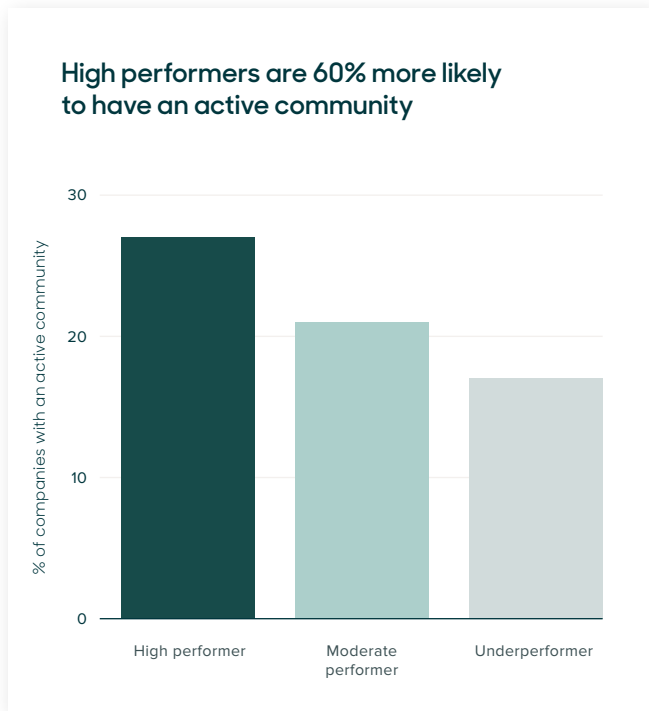
The beauty of self-service is that agents don't have to do all the work. High Performers also tap into the value of community forums for customer conversations — they are 60% more likely than Underperformers to have an active community. This is especially true for companies in the software and entertainment industries.

Communities are more popular outside of the Americas



Communities matter most for B2B companies, where inspiration and ideas from peers and expert users can offer a diversity of use cases outside the scope of what support agents are typically prepared to handle.

The most prevalent use case for communities is for customer support, to help members get answers about products or services. Over half of B2B companies with an active community are using the forum for support.



Customers expect your entire company to collaborate to deliver a great experience



When we think about customer interactions as a continuous conversation, and how customers expect to have one conversation with your company, regardless of which team they're talking to, it's only natural that your customers also expect your teams to be talking to each other.

Connecting interactions into a conversation is a great first step, but is only useful if everyone is on the same page. When data is siloed, teams drop conversations, miss opportunities, and frustrate both existing customers and prospective new ones. This is not how loyalty is cultivated, and it's why collaboration across your company is mission critical.

Companies need to put data to work across teams, using shared tools to engage with customers from the initial sale throughout their experience with a product or service. Sales and customer support are key allies — these two groups must partner closely to grow revenue and retain customers.



More than 70 percent of customers expect companies to collaborate on their behalf. Nearly that many customers get frustrated when their call gets bounced from department to department. And while more than a third of customers consider which department to reach out to when contacting customer service, a third of customers do not. Companies must be prepared to help, even if the customer is not reaching the so-called right person.

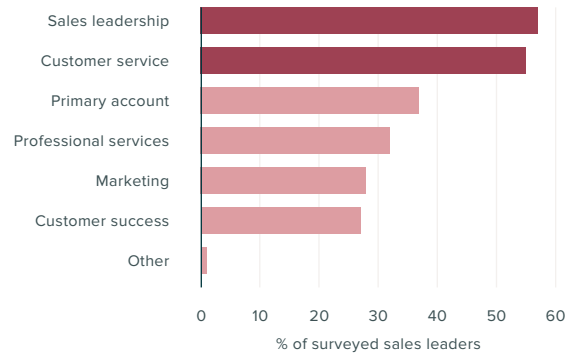


Sales and Customer Support are key partners

They're a power duo: Sales and customer service are the two departments that spend the most time with your customers. Sales leads them through buying decisions, while customer service is pivotal in ensuring a terrific experience when customers have questions or issues that need attention. Yet at many companies, sales owns the relationship while support owns the ticket — a limiting viewpoint.

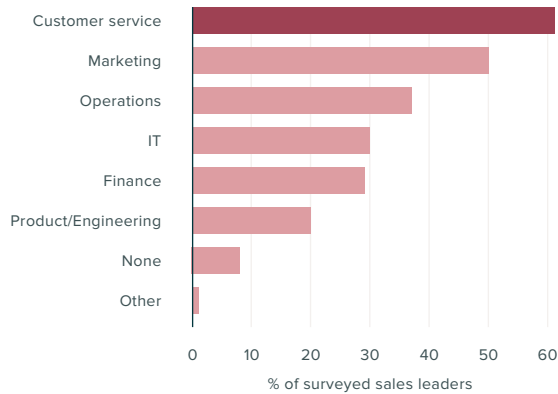
There are many scenarios in which sales and support complement each other, or have each other's backs, fielding questions that would be better directed to one team than the other. But there are points of frustration, too. Support teams sometimes have to mitigate miscommunication that happens during the sales cycle — but often without the context of what the customer was attempting or hoping to accomplish. And whereas support agents often have deeper product knowledge, they can miss obvious opportunities to upsell or cross-sell. When companies aren't taking advantage of data to recognize a customer or prospect, the two teams can frequently have very different ways of handling the same person.

Sales leaders say customers engage with sales and support most during the sales cycle

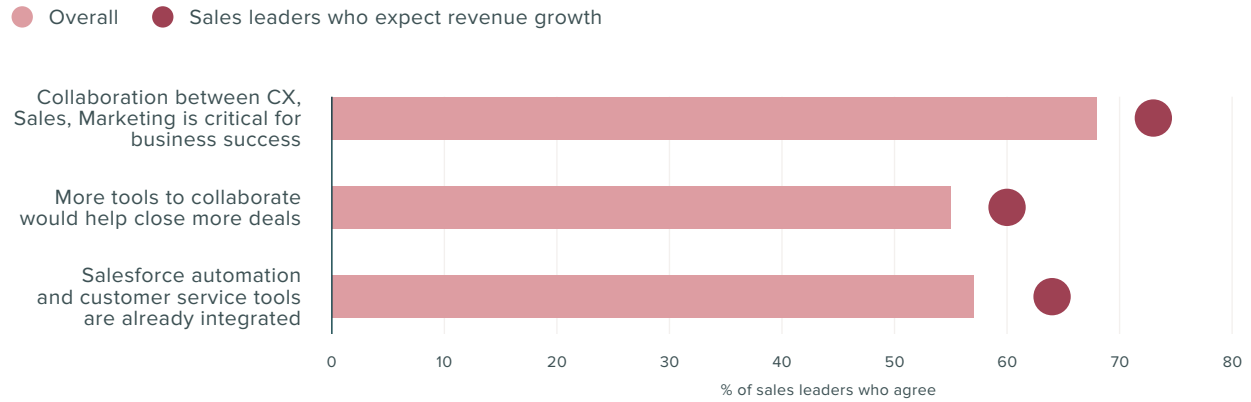


90% of sales leaders say their team collaborates with customer support daily or weekly

Sales leaders say they collaborate most with customer service in their day-to-day work



Sales leaders who expect revenue growth are more likely to value collaboration



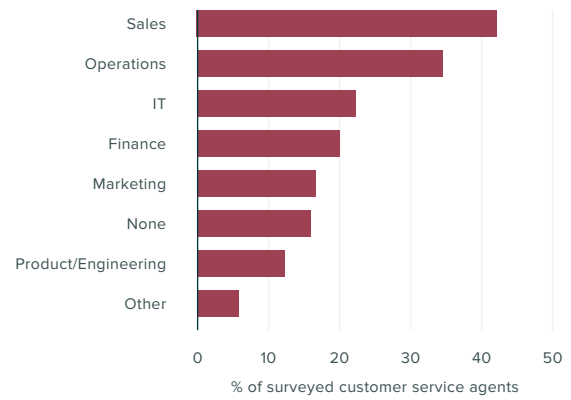
Leaders agree on the importance of collaboration

Sales and support leaders agree that collaboration is critical for business success and winning deals. Each cites the other as most frequent collaborator. Sales leaders say that of all teams, they collaborate most with customer service or customer success during the sales cycle (55%) and in their day to day work (61%).

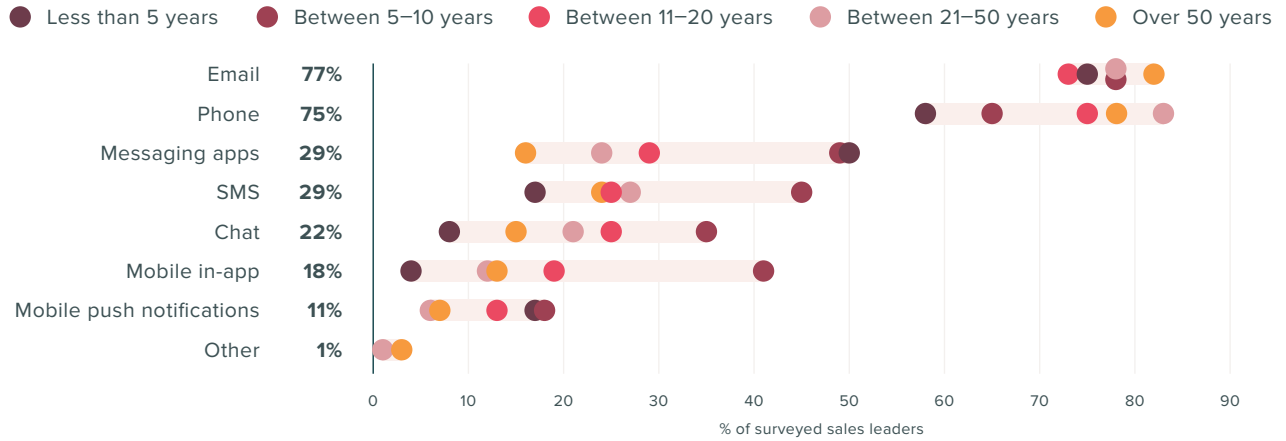
Sales leaders also think that broader internal collaboration is crucial. 73% of sales leaders who predict revenue growth also call collaboration between sales, customer service, and marketing critical for success.

Despite the reality of this collaboration and the fact that it's valued, there's a gap in how tools are set up. Most sales leaders expect sales tools and customer support tools to be integrated: 64% say sales reps should be able to access both. But only 44% of customer support managers and 57% of sales leaders say their sales and support tools are already integrated.

Which other internal teams have you collaborated with to solve customer requests?



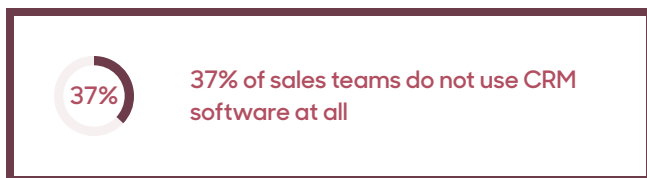
Which channels does your sales team use to engage with existing customers?



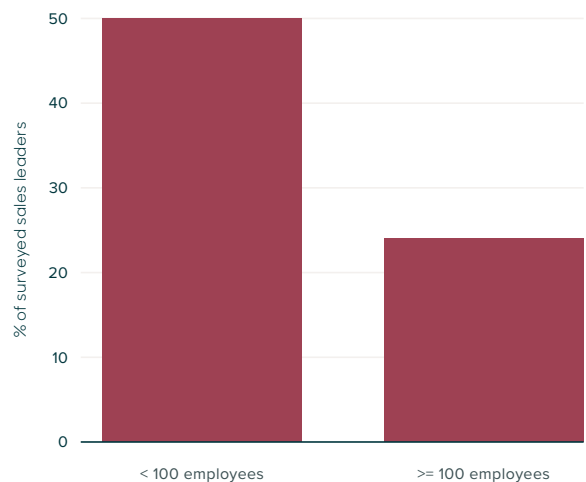
How sales teams use tools to collaborate

Sales teams are mostly using phone, email, and in-person visits to communicate with companies that are customers. Less than a third use any other channel. This is similar for prospects, except that 36% use messaging apps to talk to prospects, and younger companies, companies with less than 100 employees, and companies in Brazil and Mexico are more likely to use messaging apps to communicate with potential and existing customers.

According to sales leaders, 37% of sales teams are not using software from CRM vendors. This is especially true at smaller companies, where 63% of companies with under 10 employees do not use CRM software, and 43% of companies with 10 to 99 employees don't use it, though these companies are at a stage where a sales tool could impact productivity and enable growth.

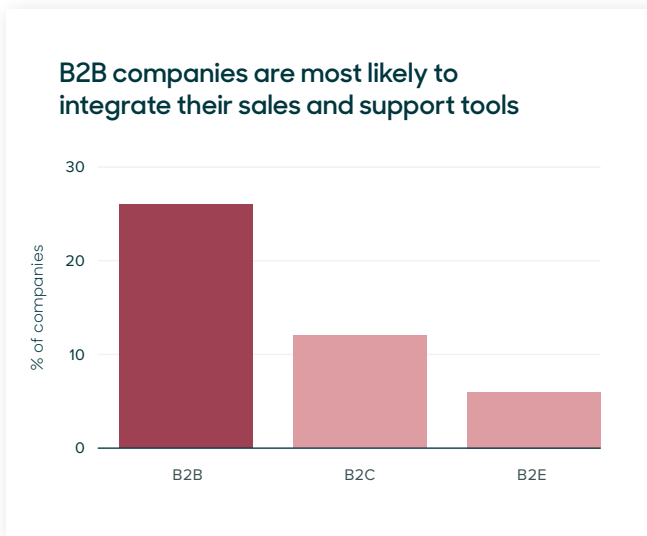
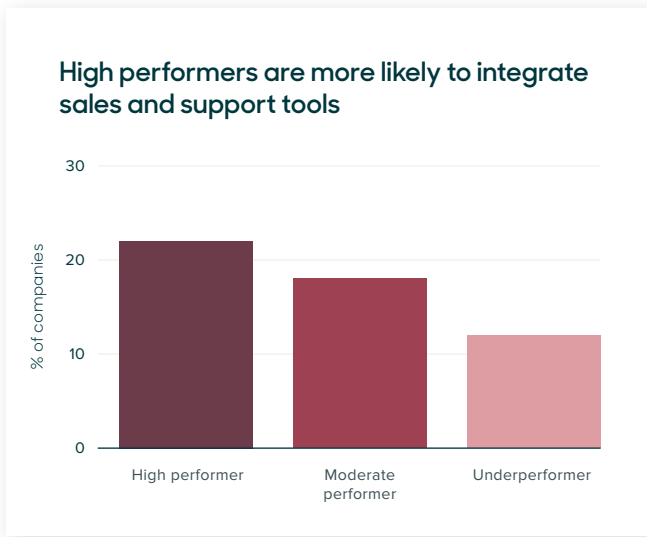


Smaller teams are less likely to use software from CRM vendors



High performing teams prioritize collaboration between support and sales

Looking at Benchmark data, we see that high performing support teams are more likely to integrate a sales tool to glean additional context about a customer (or prospect) and more likely to use Zendesk features that promote internal collaboration. 22% of high performing customer support teams are integrating software from CRM vendors, such as a salesforce automation tool, compared to just 12% of Underperformers.



Sales leaders also agree on the importance of collaboration, both in terms of securing deals and longer-term business success. And there's a quantifiable impact from integrating software from a CRM vendor with your customer service tool — more deals, higher revenue.

Benchmark data shows that companies using Zendesk with customers using both Sell and Support capture more leads, and close and win more deals.



Companies using Sell and Support have 128% more leads, 120% more deals created, and 110% more deals won each quarter

Expecting growth, companies are under pressure to do more with less

More than half of sales leaders surveyed predict there will be more deals, and those deals will lead to higher revenue — 63% expect revenue to grow.

More than half of those who expect revenue to grow also expect their team to grow, while 35% say their team size will stay the same, putting these leaders under pressure to handle more deals with the same staffing capacity, meaning more deals per salesperson. Not an easy task.

Regardless of revenue expectations, 42% of sales leaders expect their team's headcount to grow, while 48% expect their team to hold steady — potentially putting sales teams at large under the same pressure. The right tools are critical to help enable this growth, and more than half of sales leaders acknowledge that better tools would be useful for them this year.

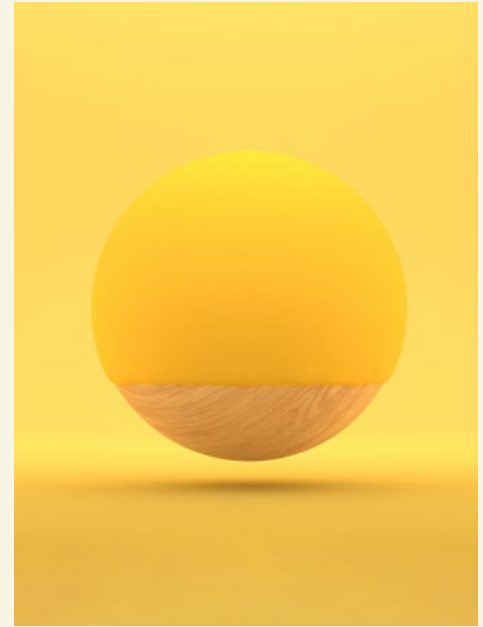
- 63% of sales leaders expect higher revenue in 2020
 - 42% of sales leaders expect their team to grow; 48% expect their team to stay the same

We see this pressure building on small and midmarket sales teams, who were most likely to anticipate revenue growth — but who are also less likely, as we've learned, to have CRM tools in place and integrated with support solutions.

- Companies with less than 100 employees are 16% more likely to expect their revenue to grow
 - And they're 67% more likely to expect to grow in revenue without an increase in team size

TREND 3

High Performers are harnessing connected customer data



Trends used to be somewhere between a guessing game and an art, with an elite cadre of executives and editors and designers tasked with discerning what consumers might want in the coming months. Or... deciding for them.

Consumers now have a seat at the table, influencing what hits the market and how companies engage with them, sometimes literally in user groups, but more and more often represented through data. Customer data is roaring in across channels, systems, and applications. Entirely positive — if your business can properly handle it. But customer data is often scattered and siloed across systems and software.

Managing and interpreting data is crucial for understanding customers and proactively identifying opportunities to better serve them. This is why the old CRM systems of yore no longer work; companies today need a CRM platform that is open and flexible, and can manage and connect the data dots across many sources, ultimately to deliver contextually relevant experiences that take into account customer preferences and past interactions. Once a business is able to engage across channels, it becomes easier to build in the cutting-edge, next-generation conversational messaging services customers want, creating a single conversation thread that is ultimately channel-agnostic.

Companies are already laying the groundwork to deliver better customer experiences through data. Companies are storing three times as much data on Zendesk as they did five years ago, and twice as much data per customer, with consumer-facing companies using by far the most data.

Companies manage 3x as much data as they did 5 years ago

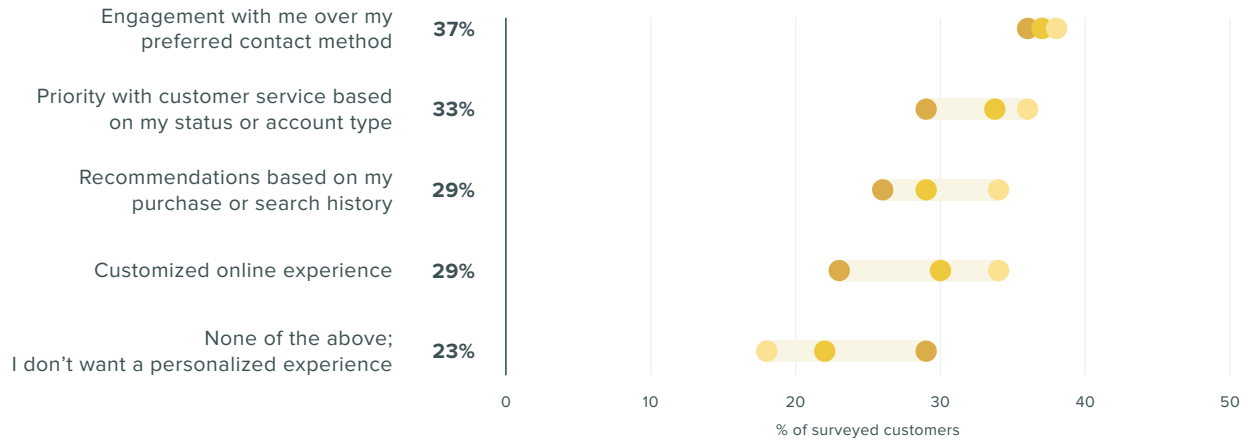
Customers expect companies to keep track of their data

Customers want companies to keep track of their information if it leads to a better customer experience. For one thing, customers hate repeating themselves. This is understandable: Few things are worse than being passed from agent to agent and telling the same story over and over again.

71% of customers expect companies to collaborate internally so they don't have to repeat themselves

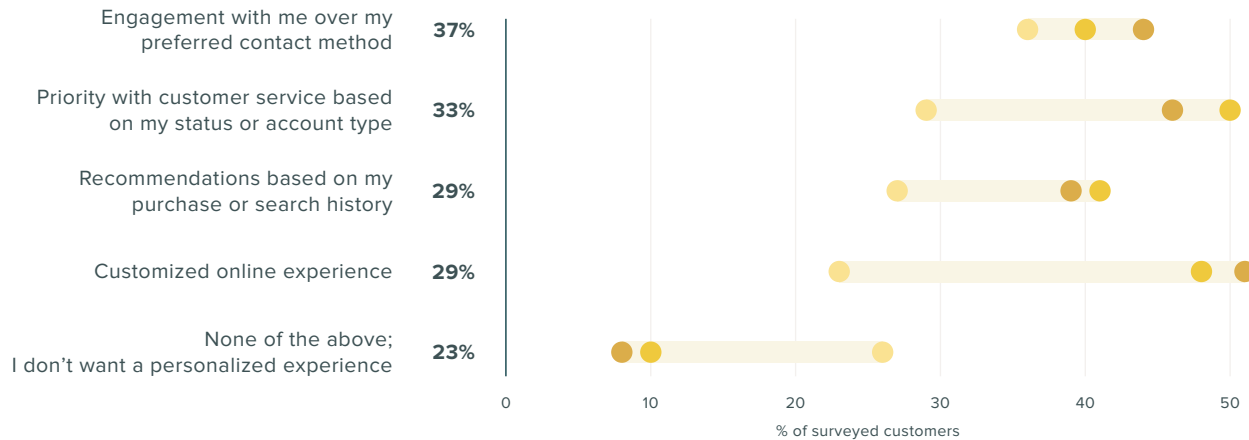
How do you expect companies to personalize your experience with them?

● Baby Boomers/Silent Gen ● Gen X ● Millennials/Gen Z



How do you expect companies to personalize your experience with them?

● All other countries ● Brazil ● Mexico



When it comes to what customers expect a company to know about them, order status and history are top of mind, when compared year over year. And for customers who take a “collect as little data as possible” stance, there’s been a decline from 28% of respondents to 12%. It’s Baby Boomers who most want to protect their data (nearly a third) and yet also expect a business to know what they’ve ordered, and when.

Add to that, most customers expect some kind of personalization using data — 76% of survey respondents expect personalization, which includes engagement over their preferred contact method, account type or status, recommendations based on purchase or search history, or some type of personalized online experience.

Older generations expressed less enthusiasm around data collection: 29% of Baby Boomers and members of the Silent Generation do not want a personalized experience.

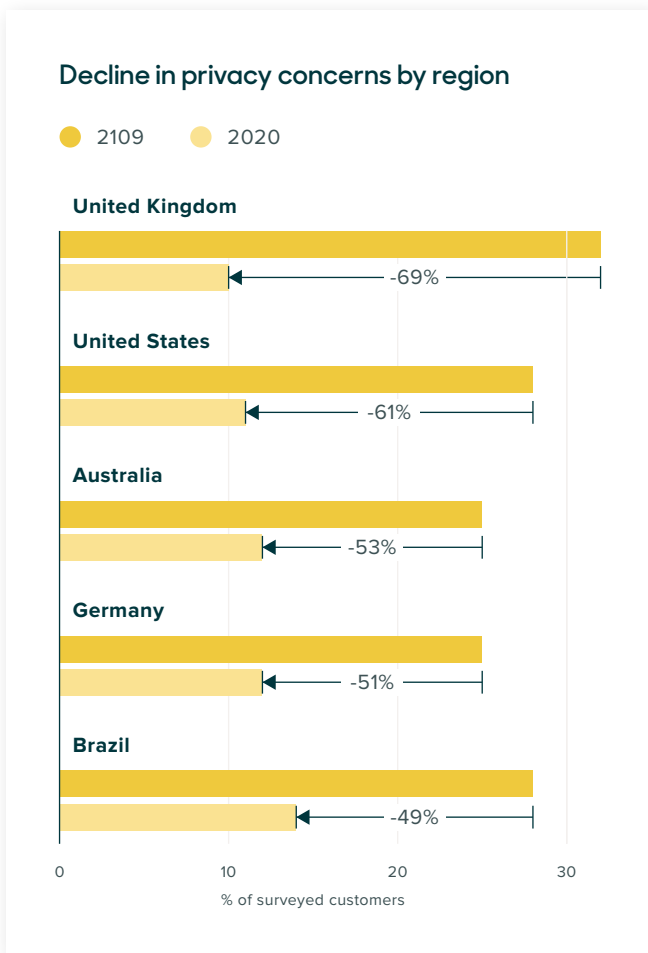
Personalization can take many forms, but survey data shows that respondents primarily expect businesses to meet them over their preferred contact method or to recognize their account status. There was some differentiation between regions, too. The most demand for personalization comes from Latin America, where Brazil takes the lead, and more than half of customers in Brazil and Mexico expect a customized online experience. German customers are least likely to want a personalized experience.

Data can lead to better customer experiences, with trust

Compared to 2019, customer service agents being able to reference a customer’s order status and history, and personal details, remain major priorities for customers. They expect an agent to know key details like shipping status and past order information.

That might come as a surprise, given privacy scandals over the last few years that have dominated many news cycles, such as the massive Equifax data breach and a steady stream of revelations about Facebook, whether it was giving user data to other companies or suffering a bug that allowed third-party apps to access the photos of nearly 7 million users. Some states have instituted privacy laws that create more transparency and more control for citizens, and the U.S. federal government has put pressure on companies about how they safeguard data, so customers may feel that privacy issues are being addressed. And with the GDPR, the European Union has taken measures to restore some control over personal data to individuals.

That said, customers who previously were wary to share data seem more willing this year. In 2019, 28% of those 55 and above in the U.S. and 32% in the UK wanted to share “as little data as possible.” This year that share dropped to just 12% in the U.S. and 10% in the UK — a marked decrease in just one year.



If you do well with data, you do well at customer experience

Legacy systems are not designed for the volume and sweeping scope of data in 2020. “Data rich” is meaningless if you’re knowledge poor, and many companies are struggling to manage and strategically interpret the influx of information. But the benefits of doing so are clear. Companies that are smarter with data resolve tickets faster, are more operationally efficient, and deliver better customer experiences.

High performing customer service teams using Zendesk manage almost twice as much data on customers, organizations, and customer requests than Underperformers. These results are significant: Companies that leverage the most data — defined as those in the top 25% of managing data relative to other similar companies — see 36 percent faster resolutions and a 79 percent reduction in customer wait time, while solving four times the customer requests.

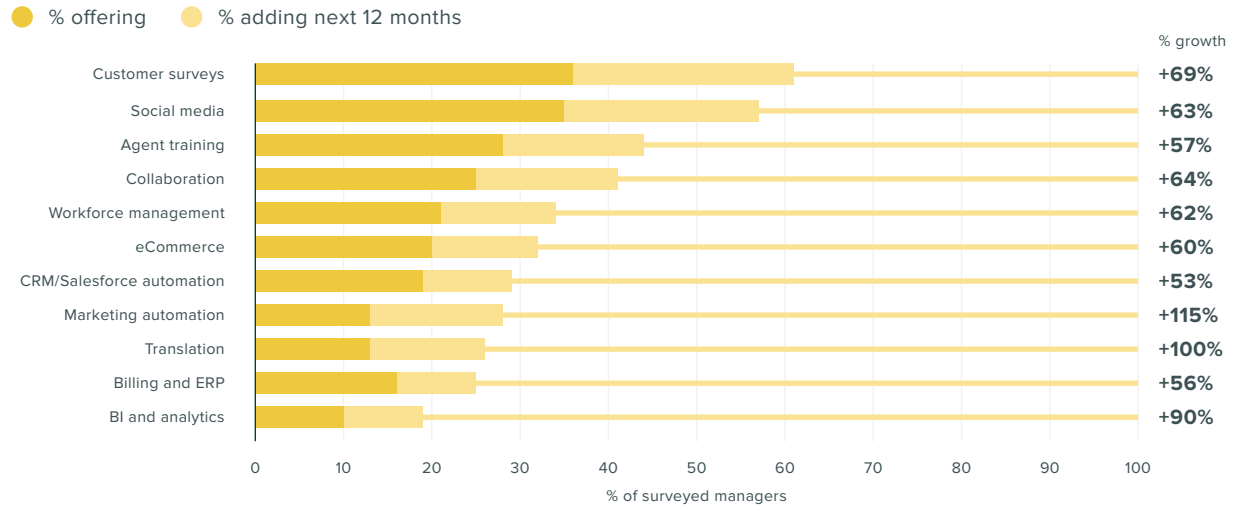
Companies are also responding to customers’ expectations around personalized service, though only to an extent: 70% of managers say their team is personalizing service. But only a third of managers say they are communicating according to a customer’s preferred means of contact, the leading way customers told us they expect their experience to be personalized.

Data in, data out with apps and integrations

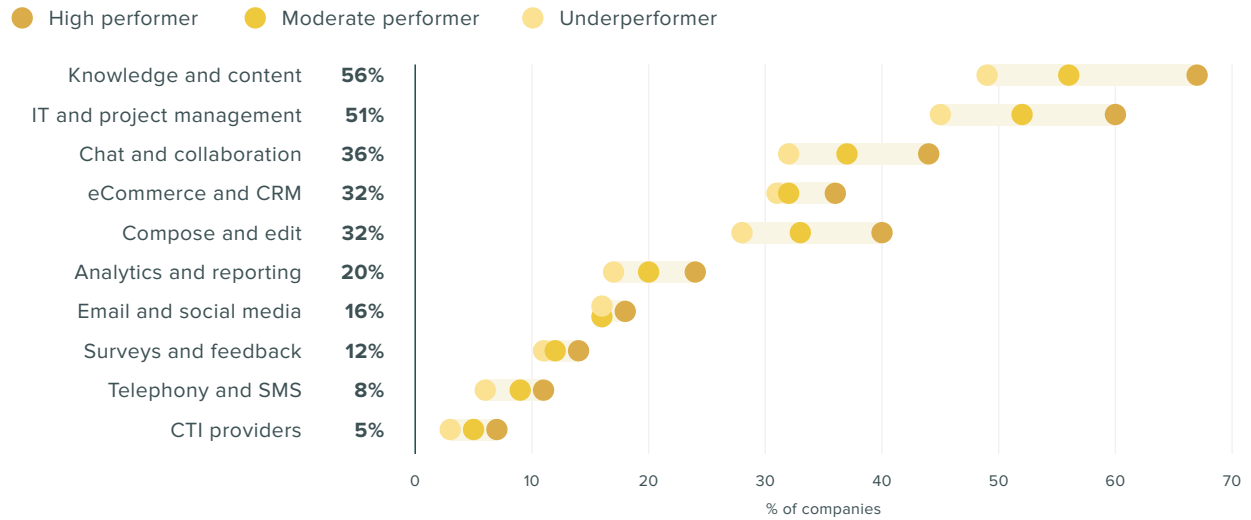
Benchmark data shows that B2C and B2B companies are using almost twice as many apps to customize their platform or solution as they did five years ago — largely a result of Zendesk’s vast marketplace ecosystem. In fact, High Performers use approximately 50% more apps and integrations than Underperformers. We also saw a small increase year over year, where 89% of companies used at least one app or integration from the Zendesk Marketplace in 2019 compared to 91% of companies in 2020.

The most popular apps and integrations fall within the customer service space: customer surveys, social media, and agent training. Almost 80% of managers say they will add additional apps and integrations next year, mirroring current adoption trends.

Four out of five managers said they will add additional apps and integrations next year

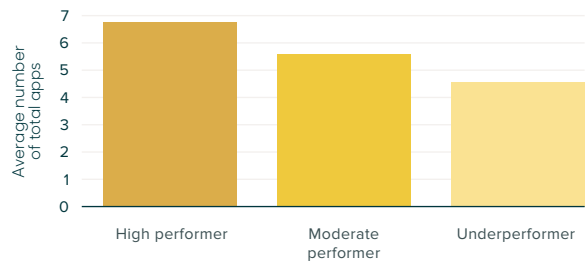


Most common types of apps and integrations among companies using Zendesk



High Performers are also more likely to use chat and collaboration, ecommerce, and analytics apps — popular ones include Slack, Shopify, and JIRA. More than half of companies using Zendesk use apps for self-service content (56%) and for IT and project management (51%). Another 36% use chat and collaboration apps.

High performers use 50% more apps and integrations on average



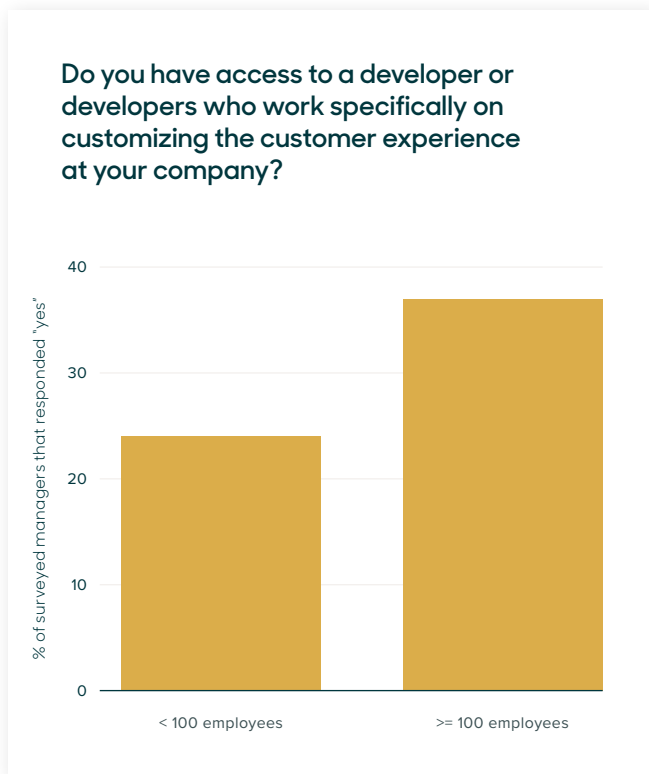
Experience-focused companies engage dedicated developers

Customer service and IT organizations are putting developers to work, using data and custom applications to customize and personalize how they engage with customers. More and more, companies are investing in dedicated developers to focus on improving the customer experience.

According to survey data, 47% of teams have access to developer resources, and 32% have dedicated developers. Larger teams are more likely to allocate developers to work on both the customer experience and the agent experience, oftentimes working to integrate data sources so that agents spend less time switching between systems.

Benchmark data showed that companies using APIs are 36 percent faster at resolving requests, an increase of 12.5% year over year.

Custom apps give agents essential information — they also allow companies to customize Zendesk to fit their team’s unique needs. The number of companies using at least one custom app has gone up 54% in the past three years. Companies that use developers to create custom apps handle more than six times the tickets, and their customers spend 50 percent less time waiting for replies.



Leading teams embed support natively

High performing customer service teams do more to embed support natively, where customers already are. Use of Zendesk’s Web Widget, which lets support teams serve up self-service content, a contact form, live chat or a callback request on the web is driven by consumer-facing companies. B2C companies make up 53% of companies using the Web Widget.

The same is true for Zendesk’s Mobile SDK, which allows companies to put support into their customer-facing mobile apps. B2C companies make up 70% of the companies using the Mobile SDK. Companies in the social media, entertainment, and financial services industries are leading the way when it comes to embedding support in their mobile apps. This puts support within the context of the app or game, so that customers aren’t forced to navigate outside of the app or product experience.


High performing customer service teams are

32%
more likely to use the Web Widget

60%
more likely to use the Mobile SDK

With Sunshine, Zendesk’s open and flexible CRM platform, businesses can connect and understand all their customer data in any format, wherever it lives. Companies can select their favorite developer tools for a holistic view of the customer experience — visibility across customer profiles and interactions. By simplifying the agent experience, and ensuring that agents don’t have to toggle between systems, companies are seeing more productive agents and happier customers.

Companies with Sunshine handle four times as many tickets than their peers and see wait times that are half the length of companies that do not use Sunshine. Those who use Sunshine see resolution times cut nearly in half.

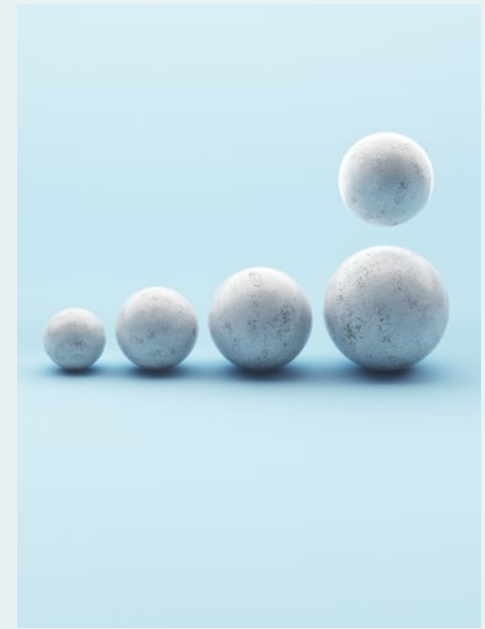


Companies using Sunshine resolve requests 47% faster, while solving 4x as many tickets

And Sunshine Conversations lets businesses share conversational data across their organizations, integrate bots and AI services into conversations, and talk to their customers over popular messaging apps. The result: rich experiences like letting customers book reservations or make a payment directly within the messaging interface.

TREND 4

AI continues to fuel success of high-performing companies



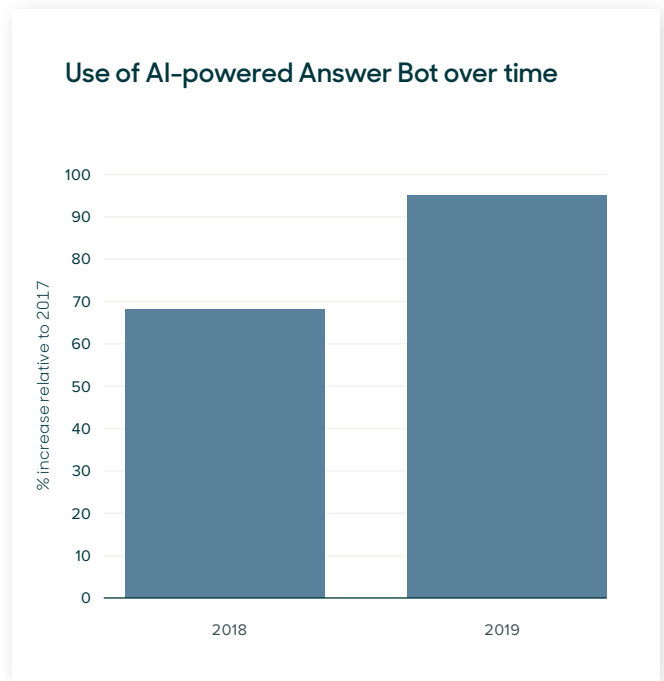
Myths, misconceptions, and contradictory perceptions around AI continue to swirl in the minds of customers, and companies, too. “Fifty-three percent of organizations have a limited understanding of artificial intelligence technologies, strategies, and markets, according to our latest CIO survey.”*

AI is here, and here to stay, yet many people are unaware that they use AI regularly. That’s in part because it’s subtle — AI often does background work that a person couldn’t do. Think about hailing a ride on your favorite app. AI is working silently and swiftly, streamlining routine tasks and doing work that a person could not, like coordinating your ride share in seconds. The work that AI does frees up people for creative, strategic work.

The reality? AI continues to permeate organizations at all levels. It’s driving success among high performing teams that are using it to deflect tickets, reduce the time that agents spend on answering requests, and efficiently scale customer engagement.

A huge reason for this expansion is B2C companies, who are the most enthusiastic about adopting and using AI. Adoption of AI is far from widespread, however, and this represents a huge opportunity for the 63 percent of companies we surveyed not yet using AI.

When it comes to Benchmark data, we have seen adoption and use of our AI-powered Answer Bot grow over time, since 2017. Answer Bot automatically responds to emails with relevant self-service articles, solving customer requests while customers wait for an agent and learning all the time.



The number of Zendesk customers using Answer Bot has almost doubled in the past two years – and B2C companies drove 60% of this change

* Gartner, How to Use AI to Create the Customer Experience of the Future, Jessica Ekholm, 8 August 2019.

Younger customers see the benefits of AI

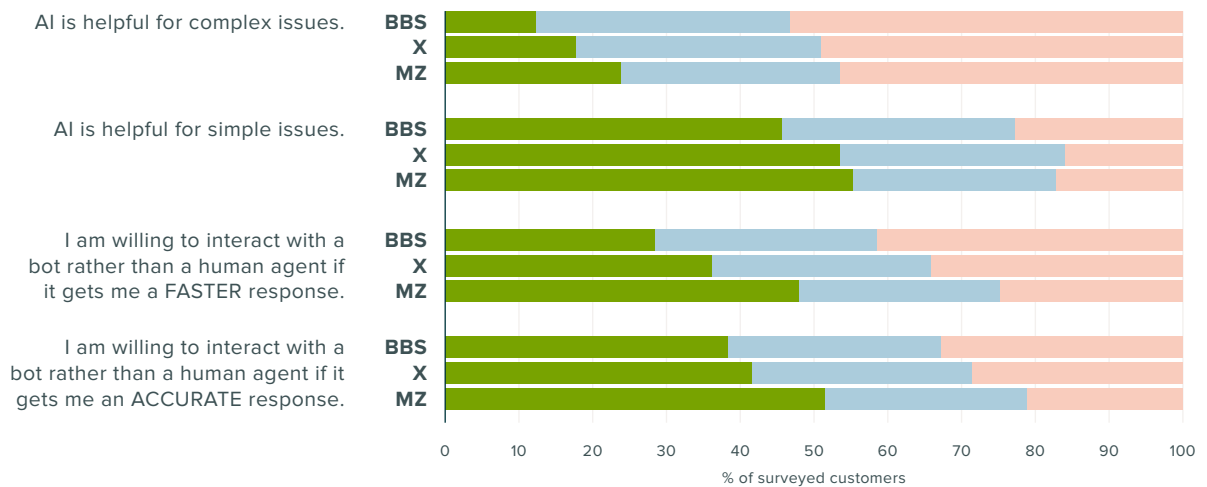
Customers in general understand that AI can help solve simple issues. Survey data shows that younger generations, Gen Z and Millennials, are more enthusiastic about AI overall, seeing it as useful in matters both simple and complex. Why? For one thing, these generations tend to be more aware that they are already engaging with AI, and, having grown up with sophisticated technology, are often more comfortable with its use and savvy as to its benefits and potential.

Younger generations are also more enthusiastic about interacting with AI if it gets their issue resolved more quickly and accurately, implying that they are more open to using AI as long as it is straightforward and effective.

Please rate your level of agreement with these statements related to AI

● Agree ● Neutral ● Disagree

BBS = Baby Boomer/Silent Gen **X** = Gen X **MZ** = Millennials/Gen Z



Brazil leads the pack when it comes to consumer enthusiasm for AI

Attitudes about AI also vary by region, with customers in Brazil being the most enthusiastic. Nearly three-quarters of Brazilian customer respondents said that AI is useful for simple issues. And more than half

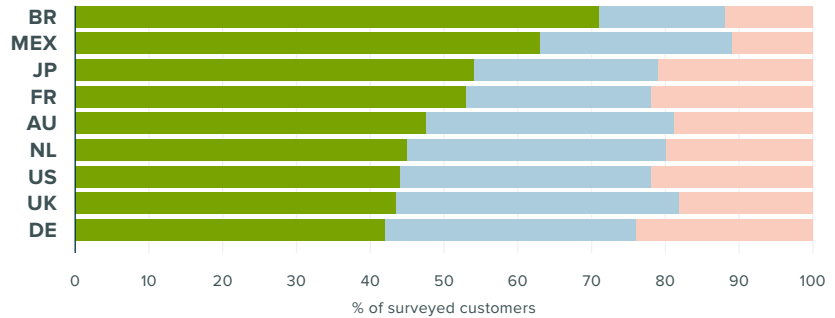
of customers in Mexico, Brazil, and the United States said they had engaged with an AI bot as part of a customer service interaction in the past year. Respondents in Germany were less comfortable with AI, across the board.

Brazilians are most likely to say AI is helpful for simple issues

● Agree ● Neutral ● Disagree

BR = Brazil **MEX** = Mexico **JP** = Japan **FR** = France **AU** = Australia
NL = Netherlands **US** = United States **UK** = United Kingdom **DE** = Germany

AI is helpful for simple issues.

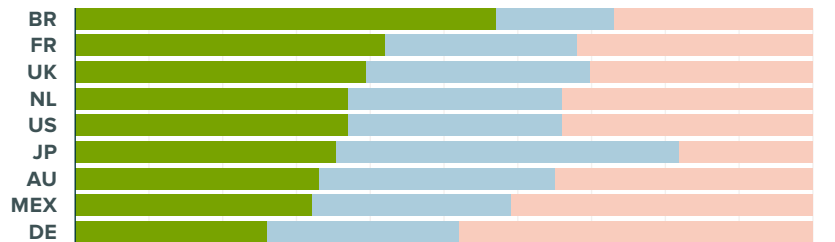


Please rate your level of agreement with these statements related to AI.

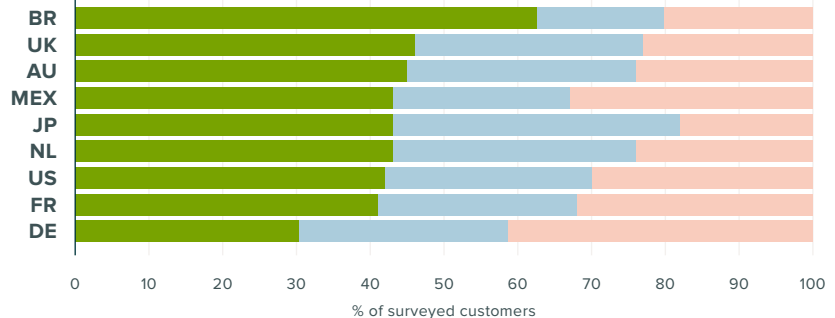
● Agree ● Neutral ● Disagree

BR = Brazil **MEX** = Mexico **JP** = Japan **FR** = France **AU** = Australia
NL = Netherlands **US** = United States **UK** = United Kingdom **DE** = Germany

I am willing to interact with a bot rather than a human agent if it gets me a FASTER response.

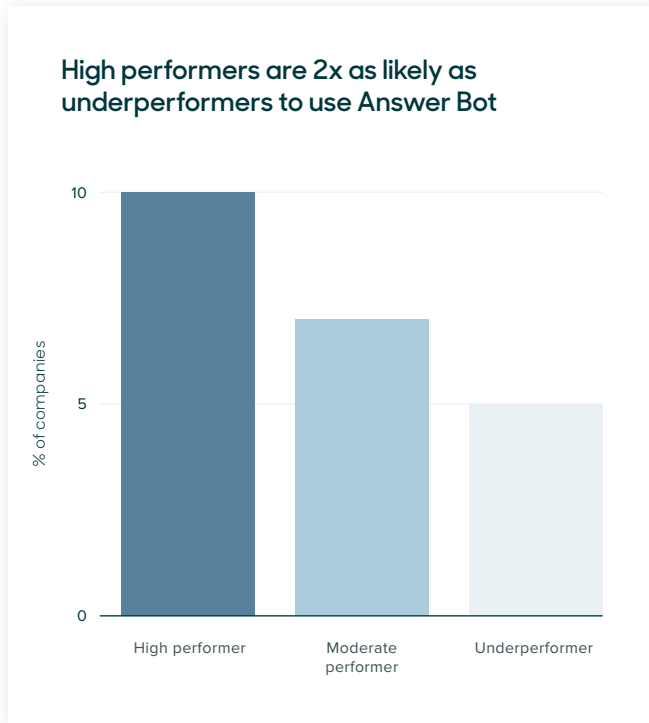


I am willing to interact with a bot rather than a human agent if it gets me an ACCURATE response.



High Performers are twice as likely to lean on AI

The use of AI and machine learning in customer service is on the rise — with the number of Zendesk companies using Answer Bot nearly doubling over the past two years, and consumer-facing companies leading the charge. High-performing companies using Zendesk are twice as likely to leverage Answer Bot compared to Underperformers.



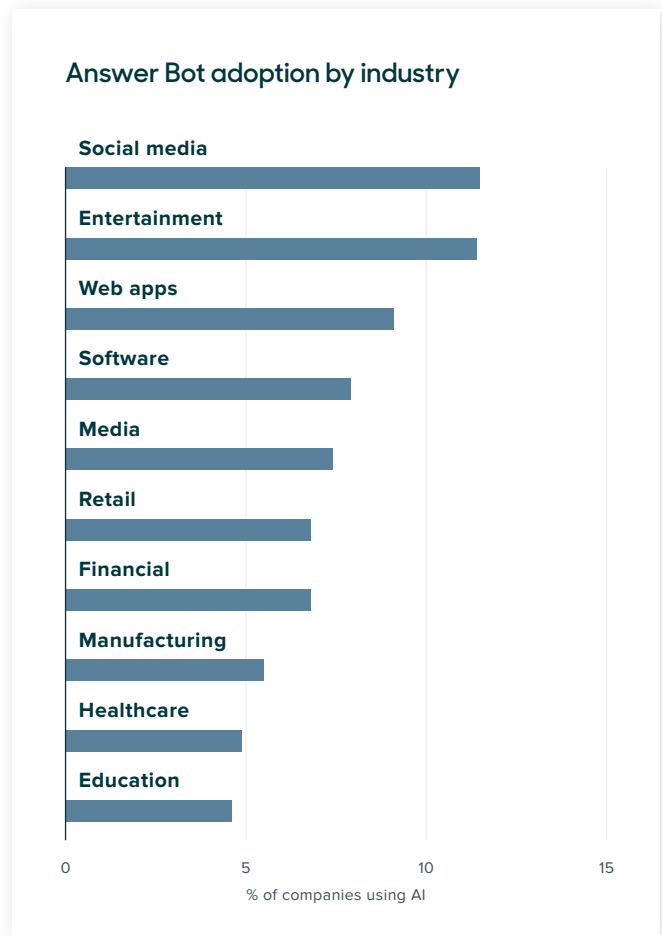
The results are significant and positive: The number of tickets solved through Answer Bot deflections has increased threefold in the past two years.

- The number of issues solved through Answer Bot deflections has increased threefold over the past two years
- "By 2022, 20% of customer service will be handled by conversational agents"*

Who's using AI? Tech-savvy, larger teams

Benchmark data reveals that businesses with more than 100+ employees are more than 30% more likely to be using AI than companies employing under 100 people. Larger companies may be using Answer Bot to help with volume and scale, but smaller businesses benefit, too, as Answer Bot utilizes deep learning, right out of the box, meaning that it can be foundational to a company's growth and success.

When it comes to adoption by industry, Answer Bot is most commonly used by companies in the entertainment, social media, and web app industries.



According to the 2018 Gartner AI and ML Development Strategies Survey, "respondents were twice as likely to cite CX (40%) as their top motivator for use of AI, which was double the next such use (task automation, at 20%)"*

* Gartner, How to Use AI to Create the Customer Experience of the Future, Jessica Ekholm, 8 August 2019

* Gartner, Survey Analysis: AI and ML Development Strategies, Motivators and Adoption Challenges, Jim Hare & Whit Andrews, 19 June 2019

AI fits into overall company strategy

Customer service managers are most likely to say AI is useful for providing always-on, 24/7 support, resolving simple issues, and personalizing service.

Sales leaders, on the other hand, are most likely to say it's helpful for personalizing and scaling the sales process. There is a particularly large gap between how managers and sales leaders rank responding to more potential customers and requests and how they value recommending solutions to common problems.

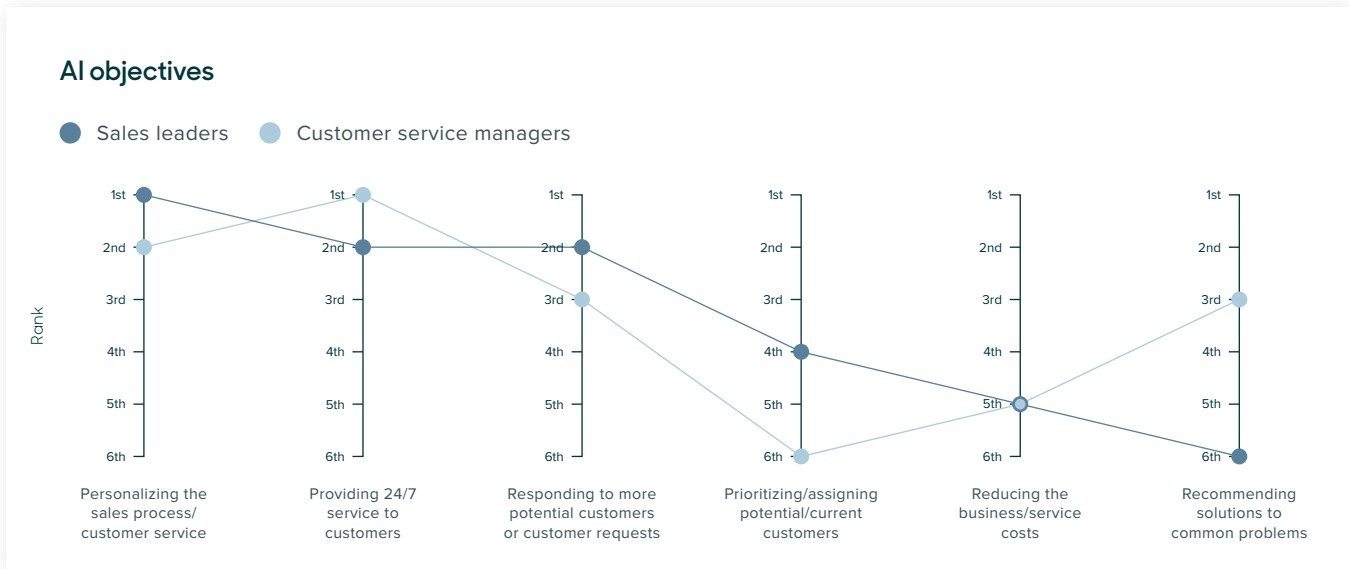
An AI strategy that builds on self-service is linked to success for customer service teams. It's well-established that the vast majority of customers want the option to help themselves. With their proven ability to answer simple questions quickly, AI-powered solutions are a natural partner to help centers and community forums, helping teams put their self-service resources to use to deflect customer requests.

84%

84% of managers who say they use Answer Bot also say their organization has a self-service strategy in place

Customers who use Answer Bot effectively also have the most well-developed knowledge bases in terms of articles, active agents, and categories, as well as a higher self-service ratio, which compares self-service content views to total ticket volume.

A third of Answer Bot users have enabled it across more than one channel, and High Performers are 17% more likely to be putting AI to use across channels. The most popular channels for Answer Bot tend to be the webform, email, and Web Widget.



TREND 5

CX gets a seat in the C-suite



More and more, we expect to see companies build customer experience into the actual C-suite. A recent Forrester report found that the number of customer experience executives grew more than 1,000% over five years, in both B2B and B2C companies. Forrester found that approximately 70% of the top 50 Fortune 500 companies now have explicitly titled executives related to serving customers.



Companies started in the past 5 years were 63% more likely to say they have a CCO

More companies are realizing the value of investing in the customer experience and prioritizing it. This has led to the rise of the Chief Customer Officer (CCO), since forward-thinking companies want a leader who is thinking 100% about customers and knows how to understand and prioritize them. This is especially true among newer companies: More than half of companies started in the past five years have a CCO that owns the customer experience, according to our research.

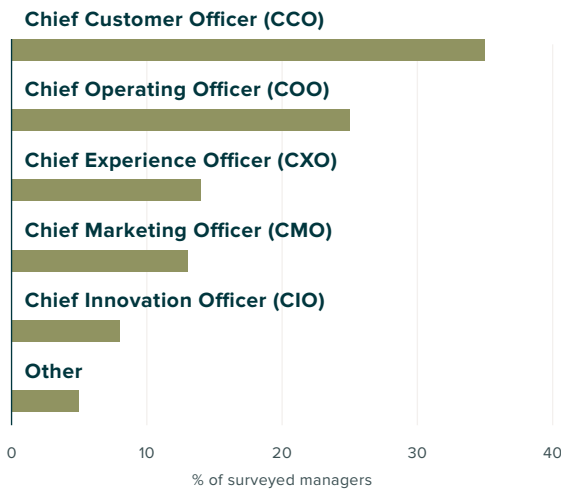
“As a CCO you represent the customer. To do this well you need to listen extremely well to your customers, picking up on key messages and cues, and foster a culture of ongoing learning and innovation to help them be successful.”

Elisabeth Zornes
Chief Customer Officer, Zendesk

The raison d'être of the chief customer officer is to think about what customers want and need — how to meet and exceed their expectations. The focus isn't just external: Chief customer officers also work internally to create a customer-centric culture throughout the company.

A CCO is the ultimate customer advocate. And customers must be their obsession — who are they, what do they like, what are their frustrations? The CCO knows all this and more by connecting with a company's customers. Working closely with product and marketing teams, they take that knowledge and share it with the rest of the company.

Which leader owns the customer experience at your company?



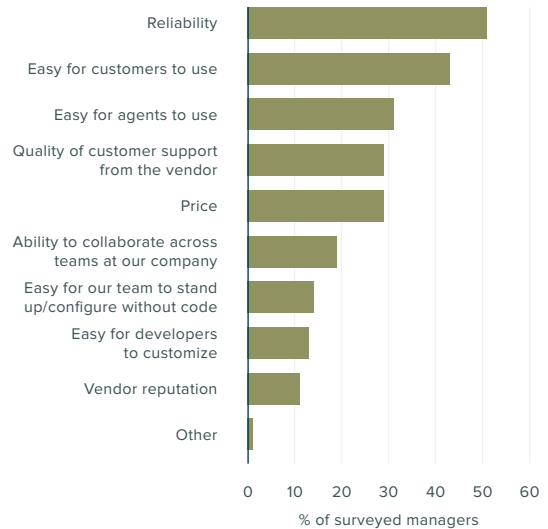
Priorities as customer requests increase

Valuing the customer experience is step one. For success, the right culture, software, and analytics tools are mandatory.

Ultimately, more and more customer requests will mean that teams may need to grow in the coming year — 42% of customer service leaders expect requests to grow, and 36% expect their teams to grow. This is not a one-to-one growth rate, so teams will also need to function more efficiently.

Having the right software and tools in place is essential to tackling an increasing number of customer requests. When we asked managers what they most value in their customer service tools, they said they care most about reliability and ease of use for customers. They also value ease of use for agents, quality of vendor support, and price.

What are the qualities you value most from your primary customer service tool?



The top priority is customer satisfaction

Our research found that customer service managers and agents are on the same page about priorities: Customer satisfaction is most important to both.

56% of agents say they have adequate tools for measuring and reporting on success, though agents at smaller companies are less likely to say they have the right tools in place. Only half of agents at companies with fewer than 100 employees agree.

Survey results also show a rise in titles beyond the traditional “customer service agent” or “representative” — nearly 20% of agents told us their title is “customer advocate,” indicating that more companies are taking a customer-first approach that goes beyond how customer service has historically been defined.

Agent survey results show non-traditional agent titles on the rise



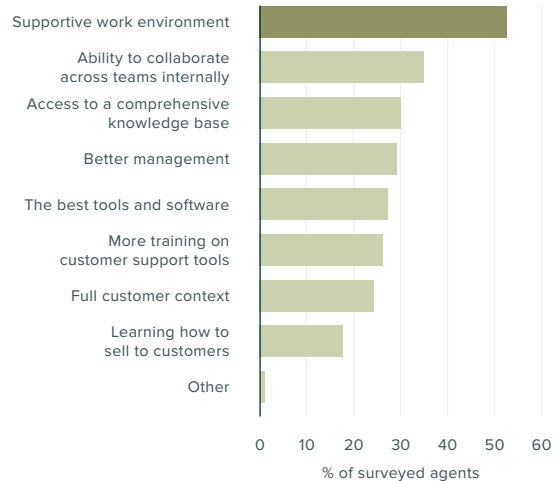
The best way to meet customer expectations is to invest in your agents

The best teams know the value that agents bring to the customer experience. Seasoned agents can provide better service, resulting in higher satisfaction scores. Survey data also shows that seasoned agents tend to be more self-reliant. Instead of passing a ticket to another team, agents that have been on the job from one to three years are twice as likely to find the answer in a knowledge base before escalating a ticket.

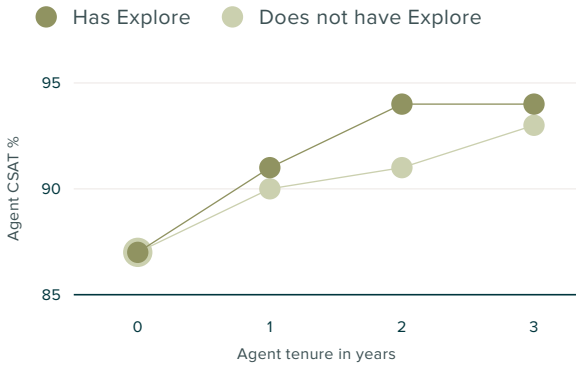
Agents are rated higher in customer satisfaction for each year they stick around on the same customer service team. And agents at companies that invest in analytics by using Zendesk Explore perform even better than those that don't, since agents at companies using Explore are faster to ramp up, and the use of analytics helps them perform better, faster.

In addition to investment in tools, agent survey respondents said they value a supportive working environment and collaboration. Nearly 80% of agents say they collaborate within their customer experience organization daily or weekly, while 63% say they collaborate with teams beyond their org daily or weekly. Not surprisingly, agents say the best part of their jobs is helping people solve problems. And the worst? When people get angry.

Agents mainly value a supportive work environment



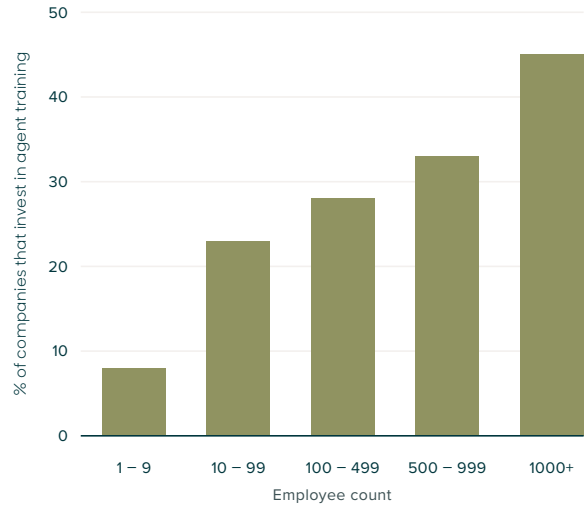
CSAT by agent tenure



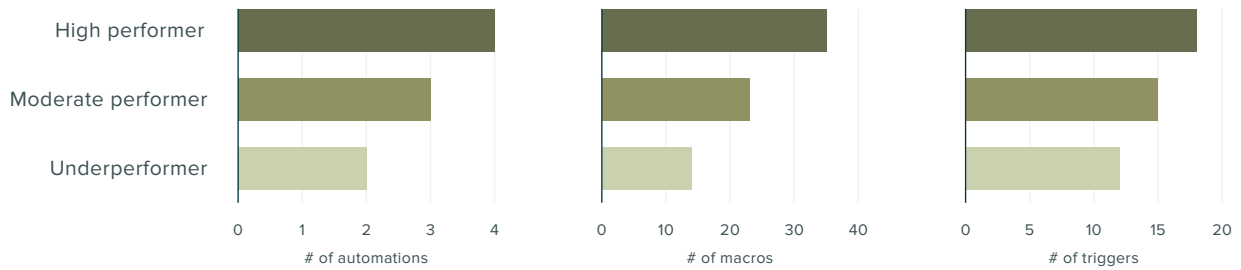
It makes sense that longer-tenured agents are more self-reliant because they have more experience with your products, more experience answering tough questions, and know where they can find resources to help. Over time, and with the help of analytics, agents can get up to speed faster, and longer-tenured agents can spot trends and patterns and look for more efficient ways to offer support.

Great teams put both time and money into their agents, in terms of offering tools and training. Larger organizations invest more in training agents, and High Performers invest more in automating work, which includes using automations, macros, and triggers in Zendesk products.

Bigger companies invest more in agent training



High performers have 50% more automations and 40% more macros and triggers



High Performers leverage feedback and analytics

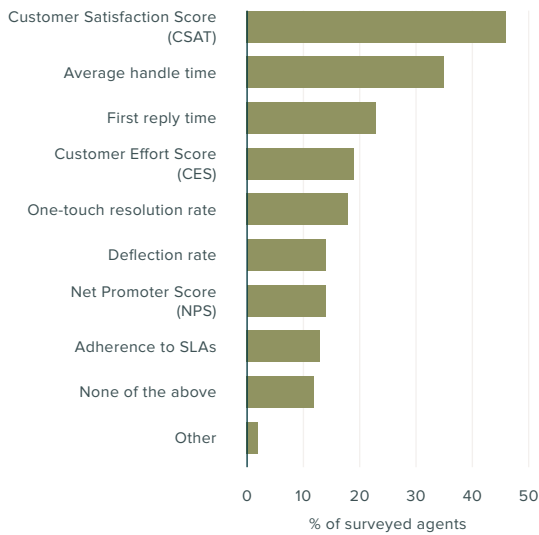
No one wins when they work in the dark. Customer input is critical, as is data showing how everyone is actually doing. Analytics and feedback from customers allow organizations to measure performance and take steps to improve.

But not everyone is taking advantage of these opportunities for visibility in the same way. Most teams at companies with under 500 employees, for instance, still aren't collecting customer feedback, and small teams are less likely to quantify performance.

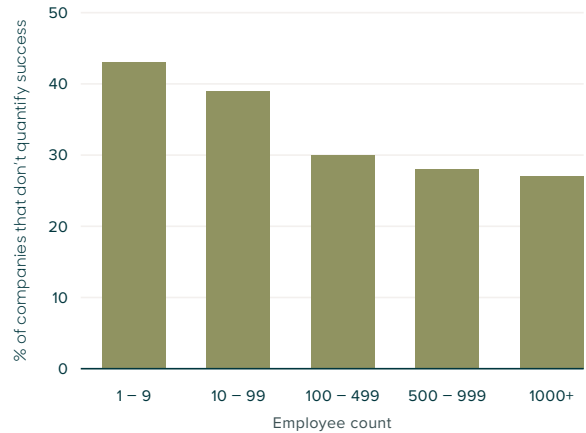
- 46% of teams use CSAT to measure success
- 28% of teams don't quantify success at all

As for agent success, not all agents are certain how they are rated, but they are equally likely to say their performance as an agent is measured by CSAT and that their team doesn't quantify success at all, with about a third of agents saying either answer. Smaller, consumer-facing teams are less likely to use metrics.

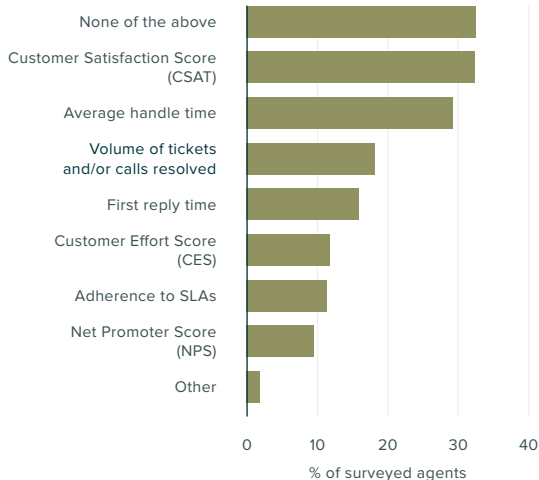
How does your support team measure success?



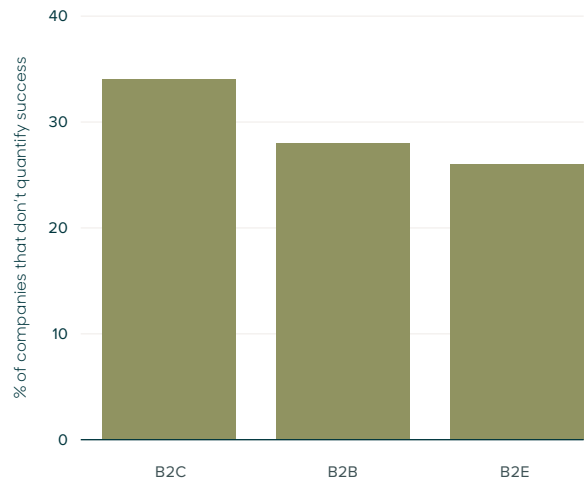
Companies with fewer than 100 employees are 43% more likely to say they don't quantify success



How is your performance as a support agent measured?



A third of B2C companies don't measure success



Companies using Explore perform better

In fact, Benchmark companies that are making the most of Zendesk Explore outperform everyone else. High Performers are almost twice as likely to have Explore. Companies using Explore have customers that spend 53% less time waiting for agents to respond, and they are 8% faster to reply.



Companies who use Explore the most can boast that their customers spend half as long waiting for agents to respond and, once agents do, their requests are solved twice as quickly. These power users are solving five times the number of tickets.

Follow the data

[Join a webinar](#) to learn more about this year's trends and how your team stacks up.

