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The State of CX Maturity among Midsize and Enterprise Companies:

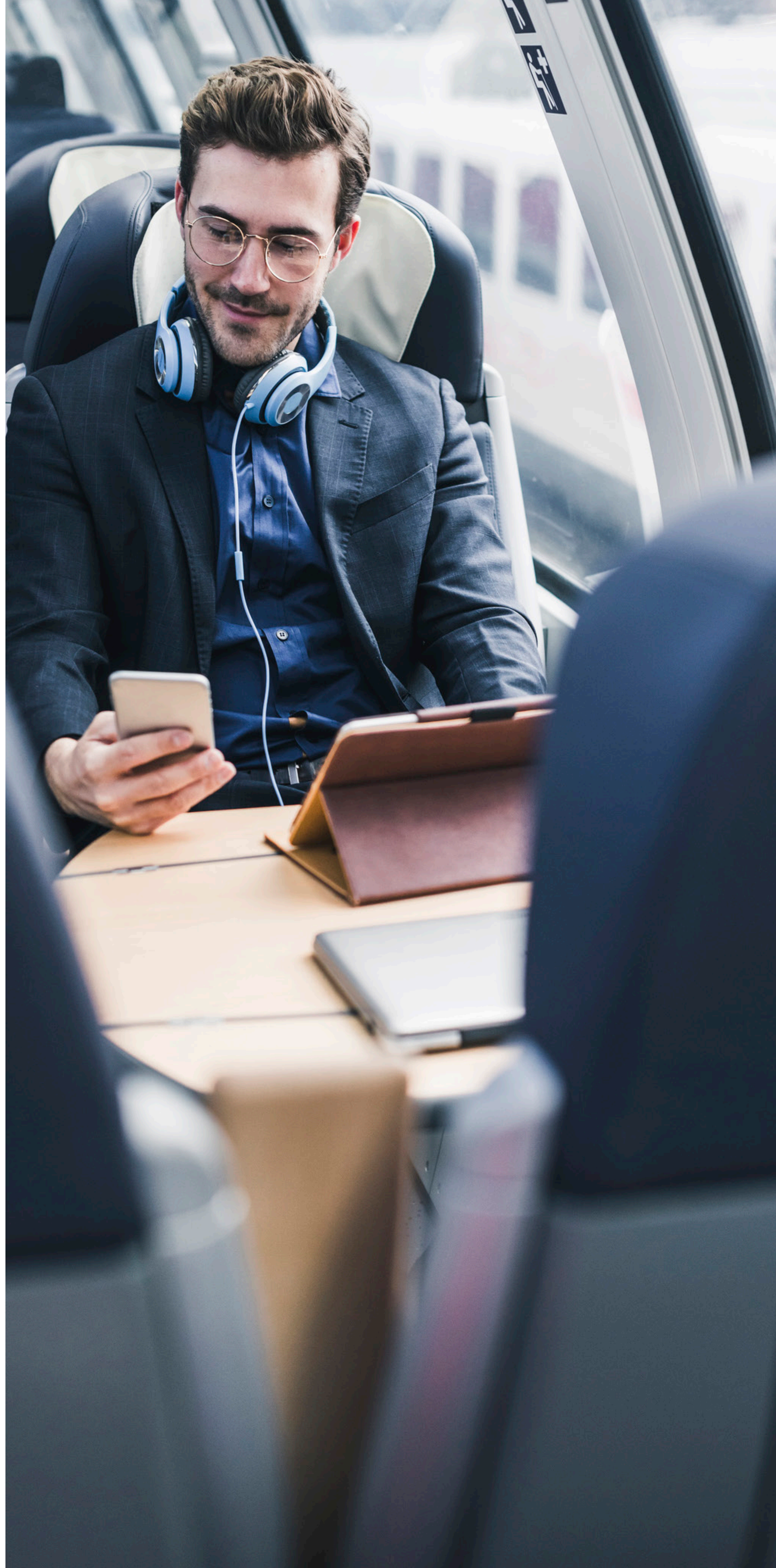
Research Shows Advancing CX Maturity is a Mission-critical Mandate

Learnings from UK and European-based Respondents in the Midsize and Enterprise Market Segment

PREPARED BY ESG FOR

zendesk

CONTENTS



Research Objective and Methodology

OBJECTIVES:

This eBook discusses how, and to what degree, an organisation's adoption of customer service best practice improves its ability to deliver superior customer experience (CX) and better support its service teams. It also explores how improved capabilities are correlated with dramatically better business outcomes. Finally, it covers observed year-on-year CX trends.

METHODOLOGY:

In the second quarter of 2021, ESG conducted a double-blind survey[1] of 3,250 line-of-business decision makers who were responsible for ensuring and enhancing the customer service at their organisation. Organisations represented spanned all market segments, from small businesses to large enterprises, and multiple industry verticals like retail, consumer and corporate services, financial services, healthcare, education and technology companies, among others.

Unless otherwise noted, data in this eBook represents the findings from the N=619 respondents in the survey based in the UK and Europe and employed at organisations with 100 or more employees (UK [N=151], France [N=144], Germany [N=143], Spain [N=106], and the Netherlands [N=75]).

[1] Respondents were anonymous and not informed ESG was conducting the survey.

Highlighted Findings

An organisation's CX maturity is an assessment of the people, processes, data and technology in place to service customers. **Organisations in Europe have significantly improved their CX maturity in the past year.**[2]

- The proportion of midsized and enterprise-sized European companies that are Champions and Risers (higher-maturity organisations) in the survey has increased by 86% year-on-year (from 14% to 26%).
- However, the region lags behind others included in the survey, a fact made clear in the data in several areas highlighted in this eBook.

BUSINESS OUTCOMES

Champions achieve greater business success. Relative to their peers, midsized and enterprise-sized European Champions are:

10.6 times more likely to exceed customer satisfaction goals.

2.9 times more likely to have grown their customer base.

5.5 times more likely to have increased per-customer spending significantly in the past 6 months.

SERVICE EXCELLENCE

High CX maturity is correlated with improved service metrics. Relative to their peers, midsized and enterprise-sized European Champions:

Respond to customers **34% faster.**

Resolve problems **in about half the time.**

Make getting service easy, according to **85% of their customers.**

THE AGENT EXPERIENCE

High CX maturity organisations optimise the agent experience. Relative to their peers, midsized and enterprise-sized European Champions:

Are 12 times more likely to have excellent customer visibility.

Have agents that are **72% more productive.**

Are 9.8 times more likely to rate their argent retention as excellent.

BUSINESS OPERATIONS

Midsized and enterprise-sized European Champions:

Are 2 times more likely to have accelerated major CX projects throughout the COVID-19 pandemic.

Are in a better position to **compete and succeed** as macroeconomic conditions recover.

[2] Click here to review last year's research

Research Overview and Maturity Framework

Seven characteristics of a Champion

PEOPLE

- Service teams get the appropriate **amount of training** to do their jobs.
- The organisation maintains staffing levels to ensure **teams are rarely or never overwhelmed.**

PROCESS

- The organisation effectively uses l**earnings from service interactions** to evolve business processes.
- The organisation is able to **quickly evolve business processes** based on learnings from service interactions.

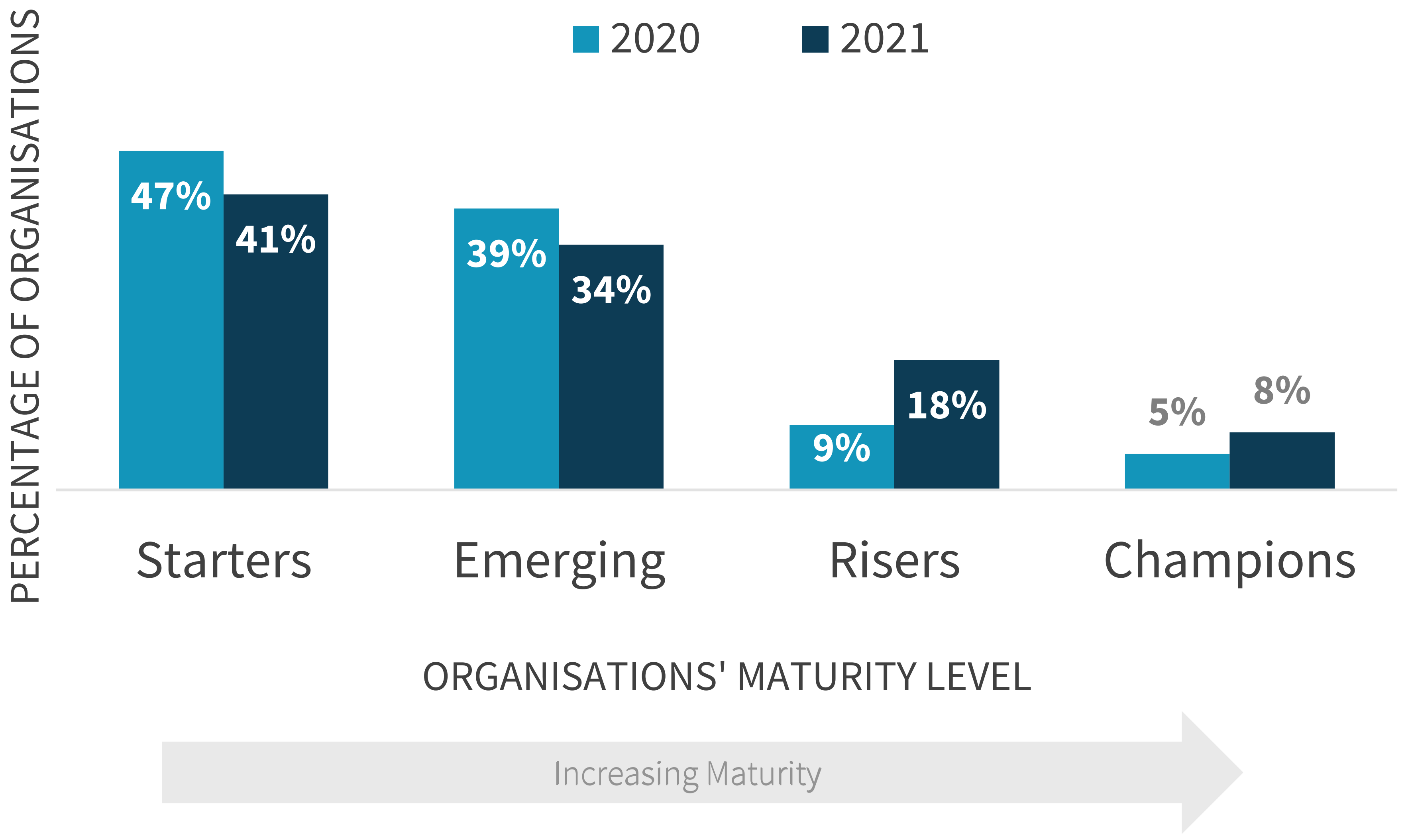
DATA AND TECHNOLOGY

- The organisation has **visibility into all the service data** needed to run the business.
- The organisation can **report on service data in real-time or near real-time.**
- Service tools provide **agents with an excellent experience.**

Segmenting organisations in terms of customer service maturity

ESG created a data-driven model that segments respondents' organisations into four levels of service maturity: Champions, Risers, Emerging and Starters. The model uses seven questions from the survey as inputs to determine an organisation's service maturity. Each of these seven questions represents a characteristic of a CX Champion (i.e. the adoption of a customer service best practice) in terms of the organisation's team, processes or the data and technology they have at their fingertips to serve customers. The more characteristics that are in place, the more mature the organisation is.

MATURITY DISTRIBUTION OF MIDSIZE AND ENTERPRISE ORGANISATIONS IN THE UK AND EUROPE TODAY VERSUS A YEAR AGO.



REGIONAL DIFFERENCES:
Midsized and enterprise-sized companies in the UK and Europe lag behind their peers in the rest of the world where 13% achieve Champion status. (i.e. have all seven characteristics of a Champion)

COUNTRY MATURITY RANKING:

- Spain (13% Champions, not included in last year's survey)
- UK (8% Champions, up from 6%)
- Netherlands (7% Champions, down from 8%)
- Germany (6% Champions, down from 7%)
- France (5% Champions, up from 0%)

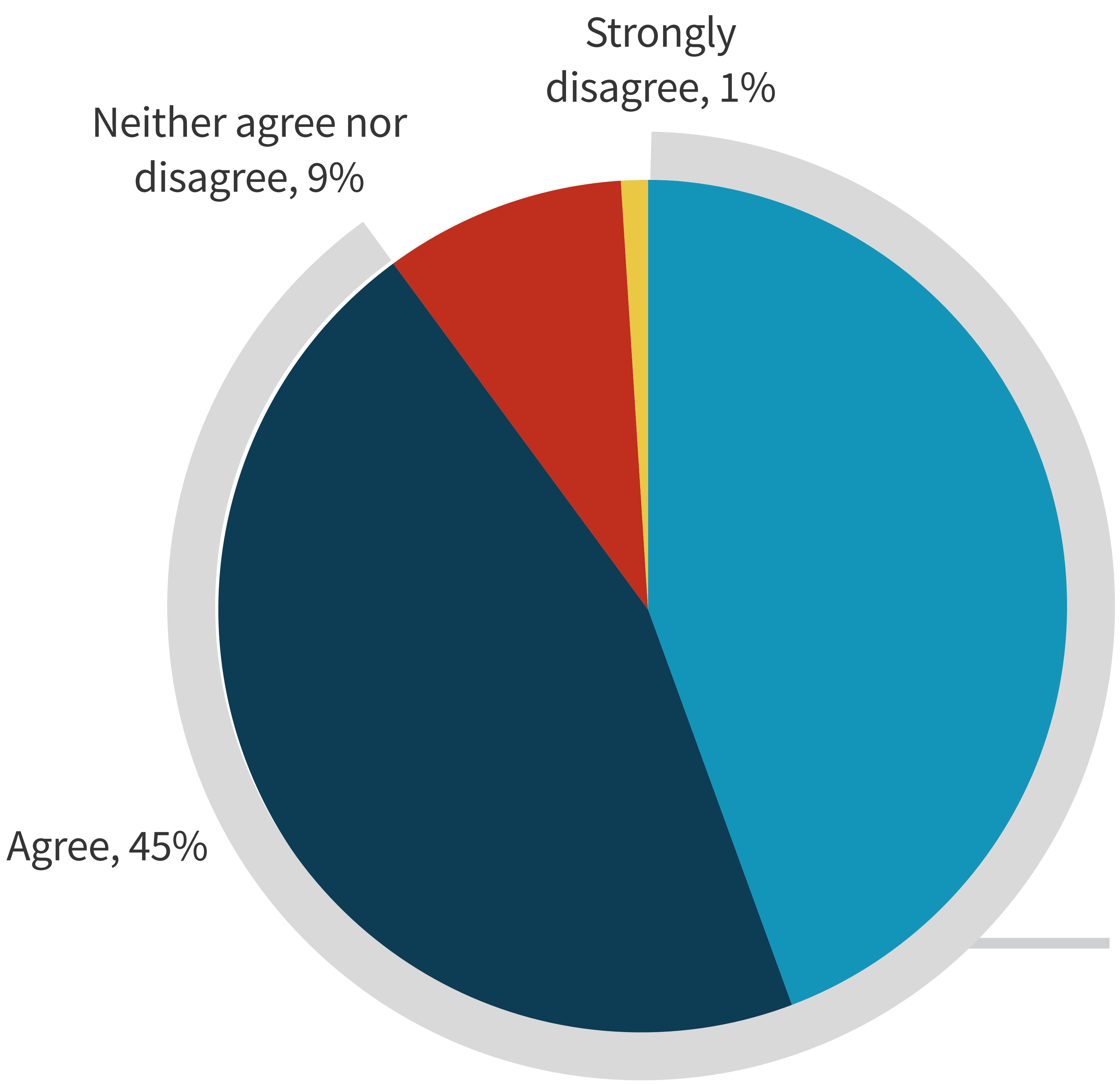
The existential importance of improving CX

Improving customer experience matters. Nearly all respondents surveyed agreed that, without continuous CX innovation their business will lose customers to more customer-centric competitors.

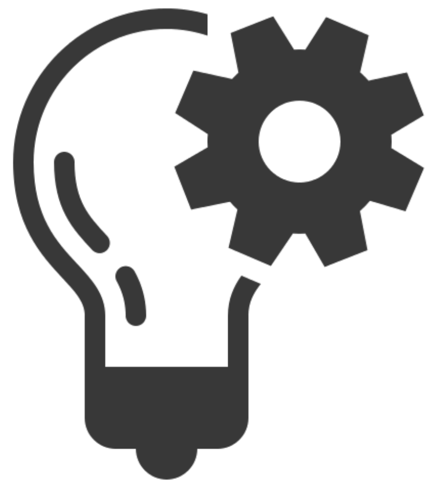
While organisations are clearly maturing their CX capabilities, every organisation must evaluate whether it is transforming its customer service teams fast enough to keep pace with customer expectations. **For those organisations stuck in either the Starter or Emerging segment of the market, this data is a clear warning that CX stagnation will lead to customer loss and competitive displacement.**

YEAR-ON-YEAR DIFFERENCES:
Midsized and enterprise-sized organisations in the Netherlands least often recognise the strategic imperative of CX innovation: 23% strongly agree, a significantly lower percentage than their counterparts in the UK (42%), France (52%), Germany (41%) and Spain (53%).

AGREE OR DISAGREE: CONTINUOUS CX INNOVATION IS NEEDED TO PREVENT LOSING CUSTOMERS TO COMPETITORS.



REGIONAL DIFFERENCES:
On aggregate, midsized and enterprise-sized organisations in Europe have less focus on continuous CX improvement than their peers globally: 44% strongly agree versus 51% in other regions surveyed.



89%
of respondents agree CX innovation is required to protect their business from competitors.

Service Excellence: Champions deliver superior customer experiences

Laying the groundwork for service excellence

Three actions Champions take that every CX leader should implement at their organisation in order to achieve market-leading service performance:

Change how service teams communicate with customers: **94%** of Champions are focused on a transition away from transactional interactions and toward relationship-building conversational experiences.

Meet your customers where they are: Champions engage customers in **2.5** more channels, on average.

Anticipate how customers' preferences related to service are changing and prepare: **73%** of organisations anticipate chat and social channels will be heavily used by customers in the future, up from **52%** today.

What Champions achieve:

34% faster average first response time.

48% shorter total resolution times.

82% of all their customer issues are resolved in a **single interaction.**

85% of their customers agree **Champions make getting service easy.**

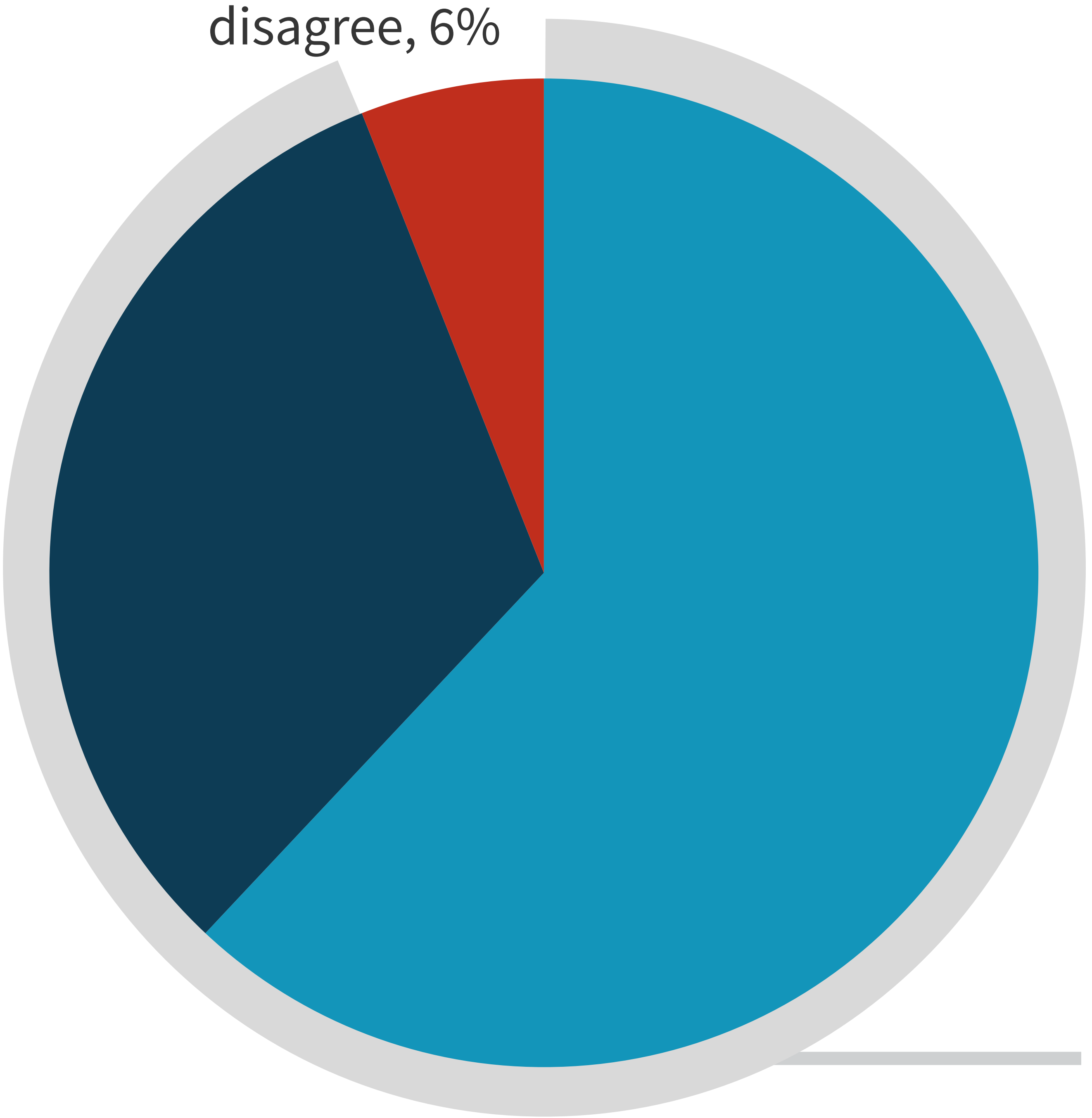
The imperative to transition away from transactional interactions

Service, when done right, lets your customers know they are heard and valued. A conversational experience conveys empathy, builds rapport and helps the service team have a productive interaction with the customer.

Organisations recognise this and have made transitioning away from traditional transactional experiences a key goal for their teams.

However, while 87% of all respondents agree they have this goal, those at Champions are much more likely than Starters to strongly agree (62% vs. 21%). Said another way, **Champions are 3 times more likely to prioritise delivering conversational customer experiences.**

AGREE OR DISAGREE: OUR SERVICE TEAM'S GOAL IS TO MAKE CUSTOMER SERVICE FEEL MORE CONVERSATIONAL AND LESS TRANSACTIONAL. (PERCENTAGE OF CHAMPIONS)



REGIONAL DIFFERENCES:
Midsized and enterprise-sized organisations in the Netherlands least often feel the need to make service more conversational: 21% strongly agree, a significantly lower percentage than their counterparts in the UK (40%), France (40%), Germany (40%) and Spain (35%)

94%

of Champions agree that pivoting to a more conversational experience with customers is a key goal for their teams.

Back to Contents

Meet your customers where they are and prepare for their changing preferences

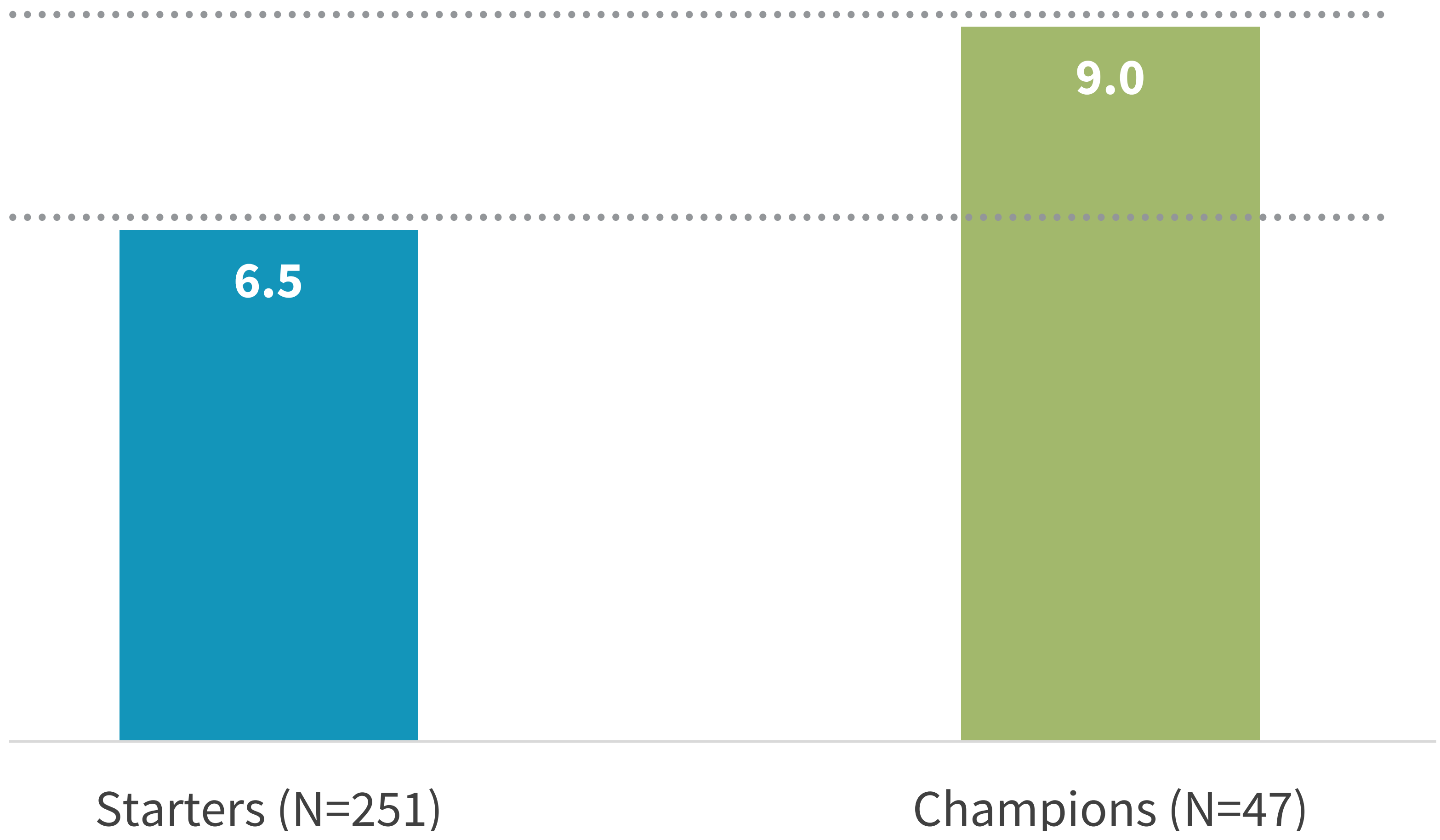
How a customer wants to engage with your brand varies wildly on a number of factors. This means organisations need to provide a variety of ways for customers to engage them, and **Champions outstrip their peers in this respect. Champions offer an average of 2.5 more channels to customers than Starters.**

While providing flexibility in how customers engage with your business is important, customer preferences change over time. It is important to anticipate these changes so support teams are best positioned to deliver service in the future.

While 65% report email or phone are among the channels where they see the highest conversational volume today, 47% of organisations expect those channels to still be among customers' most used channels three years from now. **Conversely, chat and social are expected to rise as dominant customer conversation channels.**

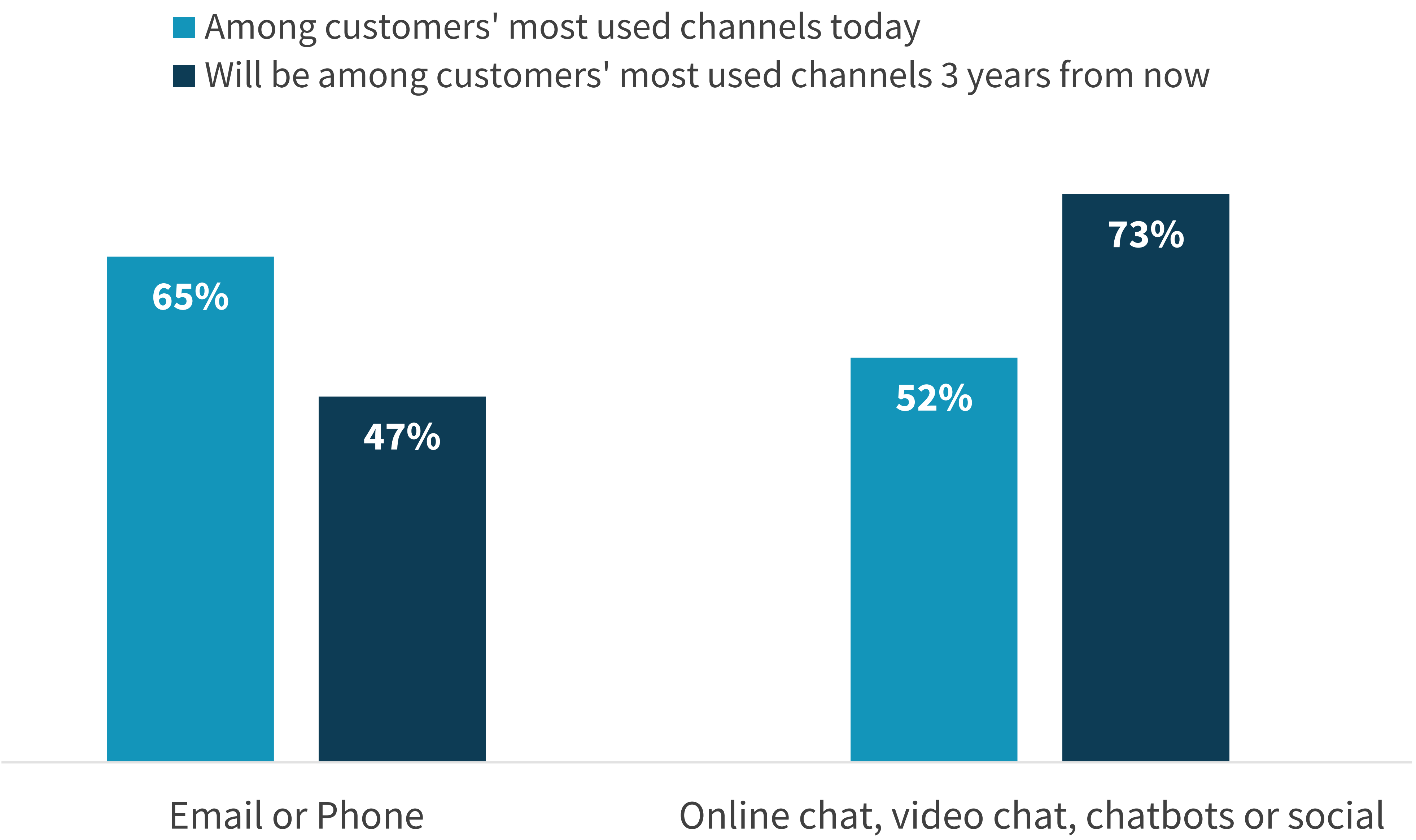
THE AVERAGE NUMBER OF CHANNELS ORGANISATIONS USE TO DELIVER SERVICE.

Champions offer **2.5 more channels to customers** to interact with their brands.



YEAR-ON-YEAR DIFFERENCES: Midsized and enterprise-sized European businesses in the aggregate have increased the number of channels offered to customers in the last year from an average of 6.4 to an average of 7.6.

THE PERCENTAGE OF ORGANISATIONS REPORTING EACH CHANNEL IS AMONG THEIR MOST USED (CURRENT STATE AND THREE YEARS FROM NOW).



Champions respond to and resolve customer issues faster

Agility is a core tenet of customer service. When a customer has a question or a problem, one of the worst mistakes a business can make is not responding quickly.

Our research shows that Champions in the midsize and enterprise market segment in Europe are outperforming their peers: **Champions' average first response time is 34% (nearly 1.5 hours) faster than Starters'.**

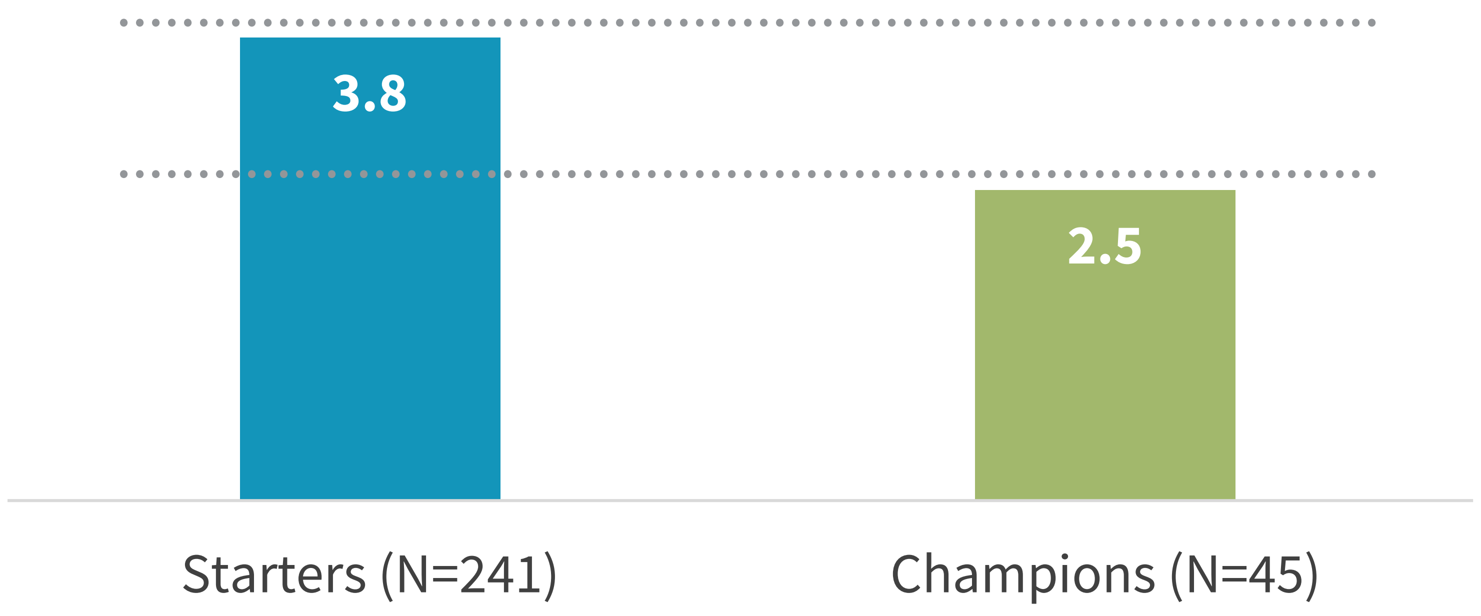
And while providing customers with a fast response is critical, reaching a satisfactory resolution quickly is an even more important capability.

Once again, our research shows that Champions are outperforming their peers in this area: **Champions' average total resolution time is nearly half that of Starters' (and about 4 hours faster in absolute terms).**

With better trained staff, using effective service tools, and with the data at their fingertips needed to assess customer outcomes, Champions deliver results.

AVERAGE FIRST RESPONSE TIME (HOURS) BY CUSTOMER SERVICE MATURITY.

Champions' average first response time is **34% faster** than Starters'.

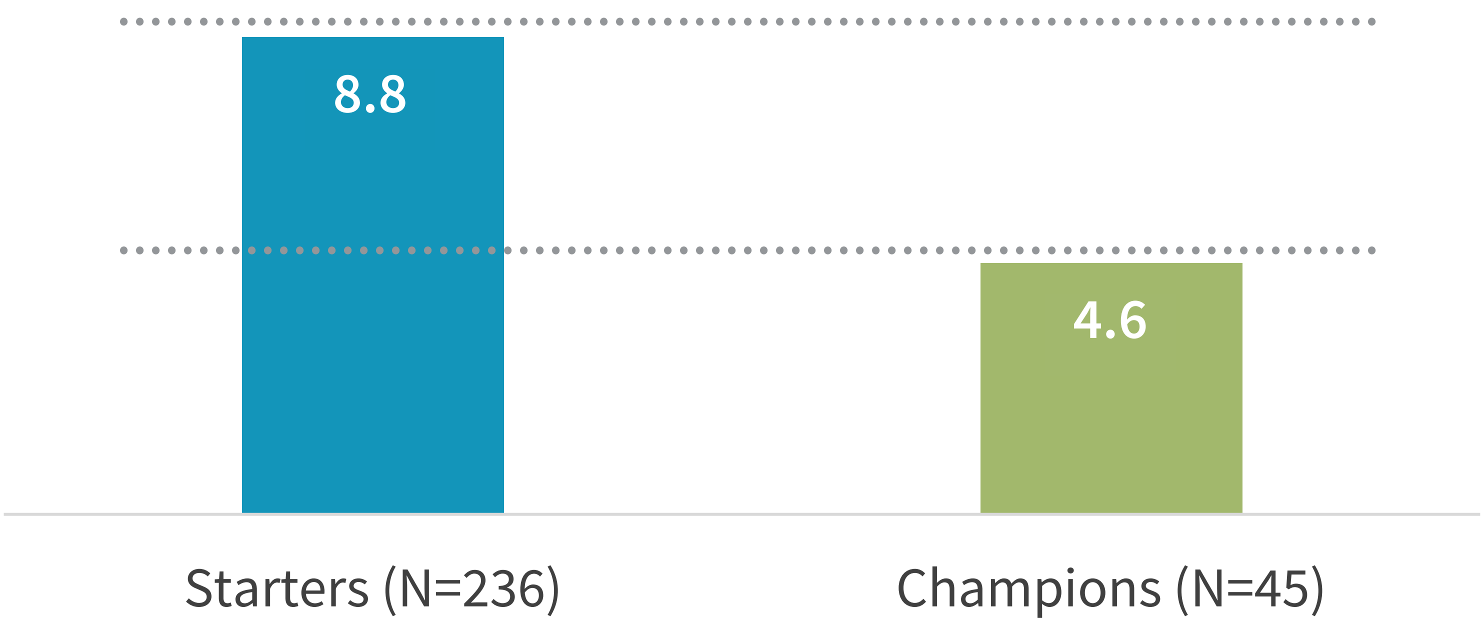


REGIONAL DIFFERENCES:
In the aggregate, midsized and enterprise-sized organisations in Europe are slower to respond than their peers globally: their average first response time is over a half hour slower.

REGIONAL DIFFERENCES:
Midsized and enterprise-sized organisations in Spain have the fastest mean time to respond today; they are an hour or more faster than their counterparts in France, Germany and the Netherlands.

AVERAGE TOTAL RESOLUTION TIME (HOURS) BY CUSTOMER SERVICE MATURITY.

Champions' average total resolution time is **48% faster** than Starters'.



REGIONAL DIFFERENCES:
Midsized and enterprise-sized organisations in Spain also have the fastest mean resolution time (~5 hours); they are significantly more agile than their counterparts in Germany (~9 hours), the Netherlands (~8 hours), and the UK (~7 hours).

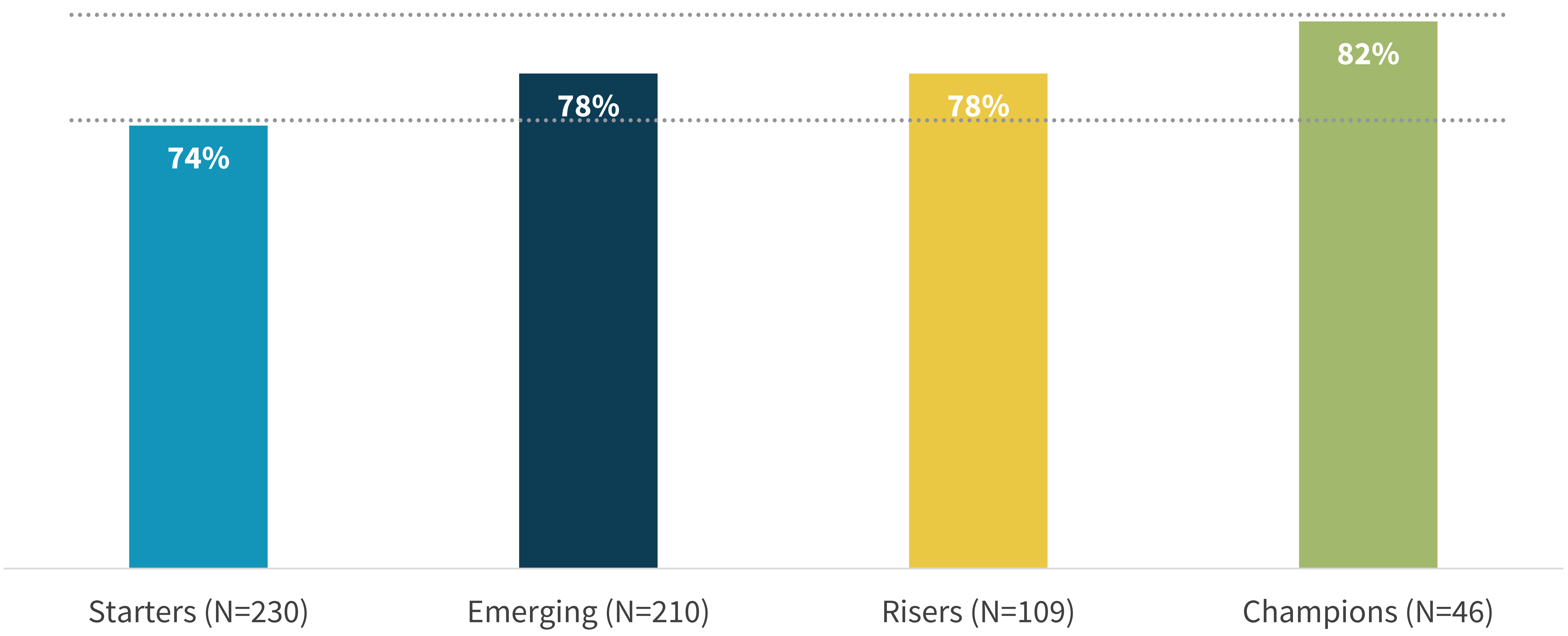
Champions are not only faster, but more effective at resolving customer issues

While speed matters, another critical component of delivering optimal CX is efficacy. Our research includes two proxies for the service team's efficacy.

First, one-touch resolutions. If solving a customer's issue requires multiple escalations, that is a clear indication that the service team does not have the tools needed to maximise efficacy. **Champions are able to resolve 82% of their call volume with a single customer interaction, an improvement of 11% relative to Starters.**

Another measure of efficacy is the volume of customer issues that are unresolvable. Champions see 6% fewer customer issues go unresolved. While this may seem like a marginal improvement, for a service team handling tens of thousands of issues per month, this equates to a reduction of dozens, to potentially hundreds, of disgruntled customers. And since just one bad customer experience can result in losing that customer, this impact cannot be overlooked.

AVERAGE PERCENTAGE OF ONE-TOUCH RESOLUTIONS, BY MATURITY.



1 Champions resolve **8% more enquiries in a single customer interaction.**

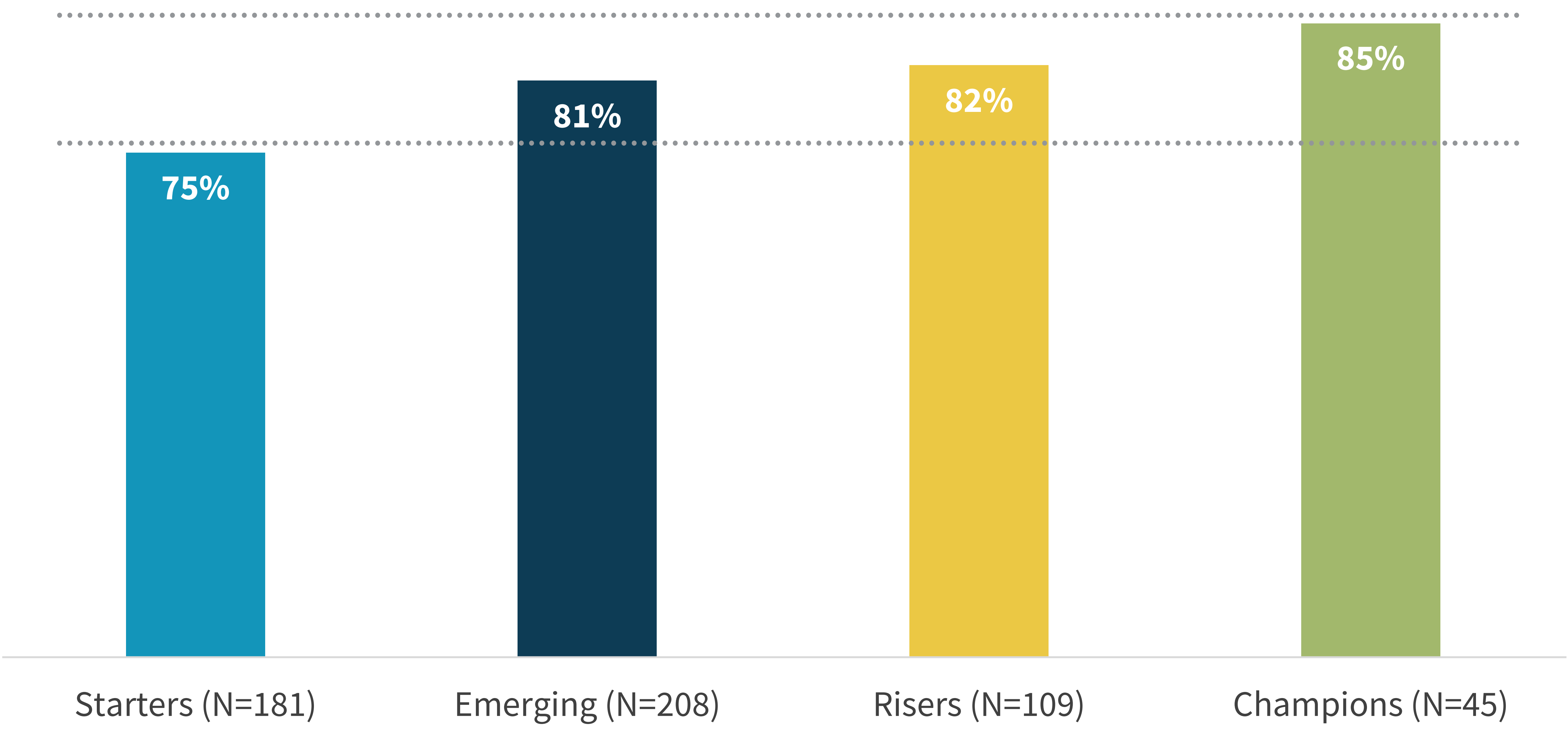
Champions also see a **6% reduction in unresolvable customer issues** relative to Starters.

Champions reduce customer effort

Customer effort score (CES) is a metric to assess how well an organisation is servicing its customers and this research included a proxy to measure customer effort.

We asked respondents what percentage of their customers would agree that the organisation has "made it easy" to resolve their issue. On average, Champions believe 85% of their customers would agree their company is making the service experience easy. Starters believe 75% of their customers would agree with that sentiment. Said another way, **customers of Champions are 13% more likely than those of Starters to say the company is minimising customer effort.**

PERCENTAGE OF CUSTOMERS THAT AGREE THE COMPANY IS MAKING SERVICE AN EASY EXPERIENCE FOR THEM.



Champions' customers are **13% more likely to agree the service experience requires little customer effort.**

REGIONAL DIFFERENCES:
Midsized and enterprise-sized organisations in Spain require the least customer effort: 29% report that more than 90% of their customers say they make service "easy", a significantly higher percentage than their counterparts in Germany (12%) and the Netherlands (12%).

The Agent Experience:
Champions put their teams in the best position to succeed

Giving your team the tools to be successful

Three actions Champions take that every CX leader should implement at their organisation to optimise the agent experience:

Gain 360-degree visibility over your customers: Customers interact with your brand numerous times, through many channels (phone, email, chat, etc.), over what could be many years. 72% of Champions are able to stitch these brand interactions together across silos to best position agents to deliver exceptional service.

Give agents the agility and intelligence they need to provide omnichannel service: Agents are increasingly expected to use many service channels. Champions are 4.8 times more likely to provide a seamless channel-switching experience to agents.

Prepare for remote work scenarios to continue. On average, organisations expect a 26% increase in the number of remote agents after the COVID-19 pandemic is no longer an issue. Organisations will need to maintain tools and technologies needed for remote productivity and performance management in the coming years.

What Champions achieve:

19% more efficient
customer interactions on the phone and 11% more efficient chat sessions.

72% higher
agent throughput.

They are 9.8 times more likely
to have excellent agent retention.

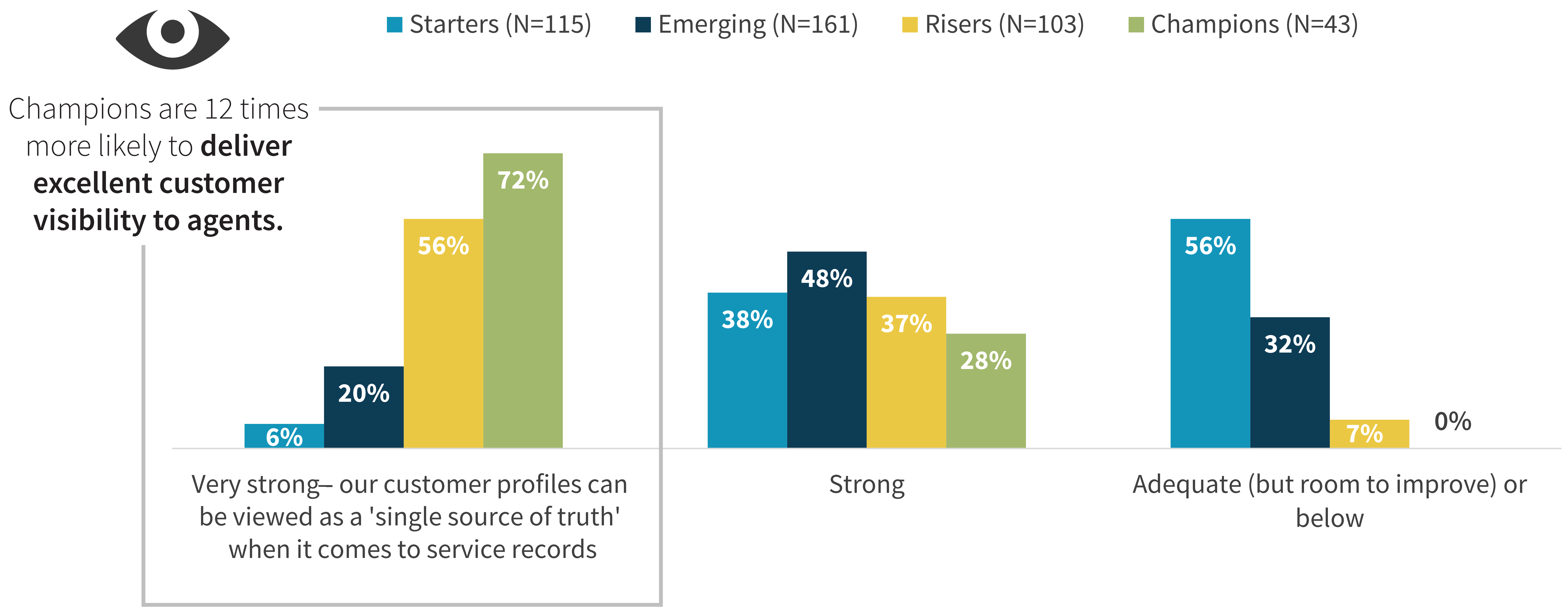
Superior team agility:
Champions estimated it would take 64% less time to expand and ramp their team and 59% less time to add a brand-new service channel to their mix.

Champions deliver a 360-degree view of customers to their agents

To deliver the best CX, agents need to be informed about the brand-customer relationship. This information helps an agent do their job better, and Champions are far better at delivering it. In fact, 72% of Champions report their organisation provides customer profiles, combining interactions in any channel with CRM and database records, which can be viewed as a "single source of truth". More simply, **Champions are 12 times more likely than Starters to provide agents with excellent customer visibility.**

YEAR-ON-YEAR DIFFERENCES:
Larger European businesses in the aggregate have increased customer visibility in the last year, with 31% saying they have achieved a "single source of truth" when it comes to customer profiles versus 15% a year ago.

WHAT IS YOUR ORGANISATION'S ABILITY TO BUILD 360-DEGREE VIEWS OF YOUR CUSTOMERS?



REGIONAL DIFFERENCES:
39% of midsized and enterprise-sized organisations in Germany rate their customer visibility as very strong, a significantly higher percentage than their counterparts in Spain (24%).

Champions empower agent agility

95% of midsize and enterprise organisations in Europe employ agents to be employed across multiple channels. This creates two key requirements:

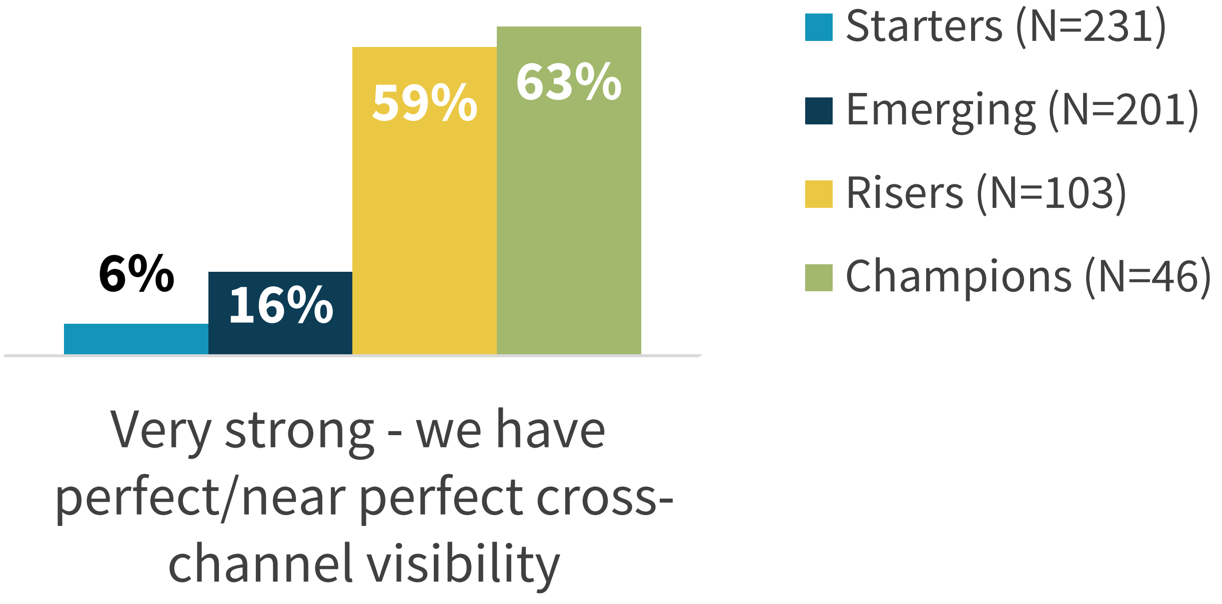
1. The organisation must be able to assess demand across channels to determine the right level of staffing in each channel at any point in time.

2. Agents must be able to quickly and easily switch channels to meet demand.

Champions are 10.5 times more likely than Starters to have excellent cross-channel visibility in terms of customer inquiry volume. Similarly, Champions are 4.8 times more likely than Starters to provide their agents with a seamless service channel switching experience.

HOW GOOD IS YOUR ORGANISATION'S VISIBILITY WHEN IT COMES TO ASSESSING THE NEED TO REFOCUS AGENTS FROM ONE CHANNEL TO ANOTHER TO MEET DEMAND?

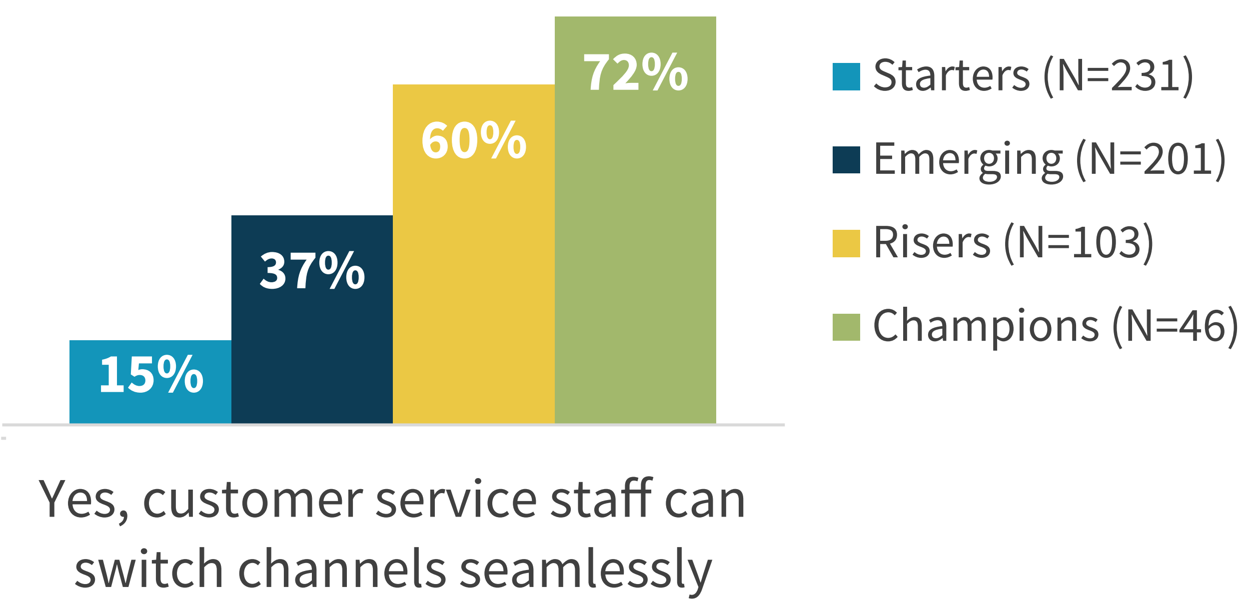
Champions are **10.5 times more likely to have excellent cross-channel visibility.**



REGIONAL DIFFERENCES:
In the aggregate, midsized and enterprise sized organisations in Europe have less cross-channel visibility than their peers globally: 23% rate visibility as very strong versus 35% in other regions surveyed.

CAN AGENTS EASILY SWITCH BETWEEN THE CHANNELS ON WHICH THEY ARE INTERACTING WITH CUSTOMERS?

Champions are **4.8 times more likely to provide a seamless channel-switching experience to agents.**



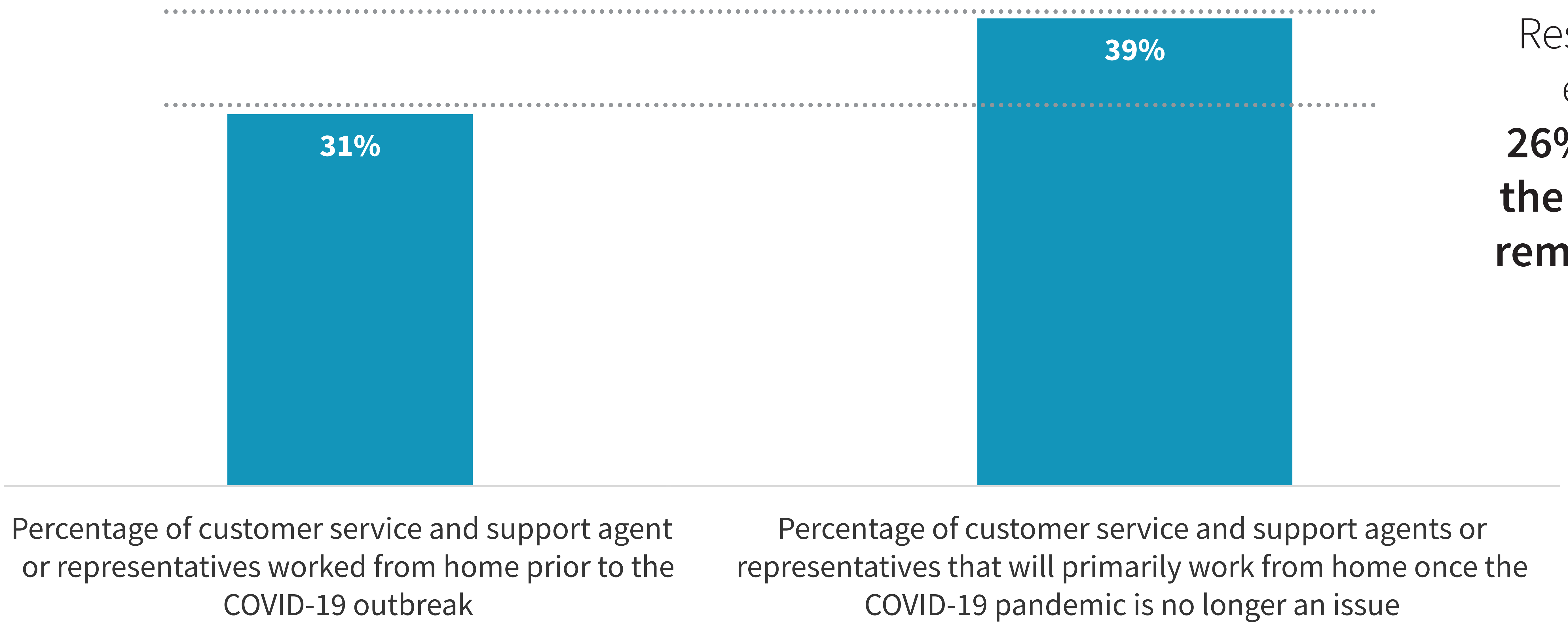
YEAR-ON-YEAR DIFFERENCES:
Larger European businesses in the aggregate have improved their ability to switch service channels on the fly, with 35% reporting the experience is seamless versus 26% a year ago.

Organisations expect remote work scenarios to continue

Many respondents we surveyed anticipate the COVID-19 pandemic will have a long-term impact on where service teams work. Respondents at larger organisations in Europe reported, on average, 31% of their staff were remote workers prior to the outbreak. As we emerge from the pandemic, respondents anticipate the percent of remote service staff will increase to 39%.

The implications for organisations are clear: With 26% more of their staff working remotely, investments in collaboration technologies, employee monitoring solutions, cloud-based applications and other technologies to enable remote work will need to persist.

REMOTE SERVICE AGENTS BEFORE AND AFTER THE COVID-19 PANDEMIC.



Respondents expect a **26% uptick in the number of remote service agents.**

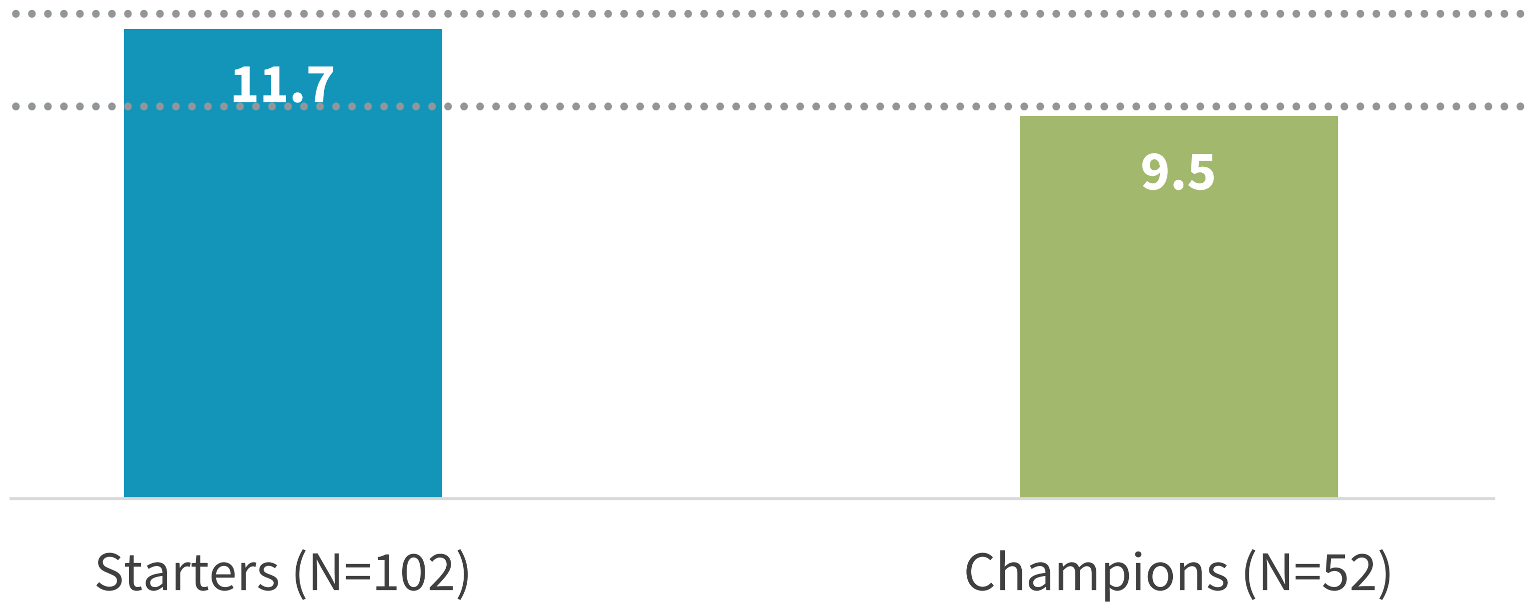
Champions have more efficient customer interactions

Efficiency is an important benchmark, both for customers and agents. It is a proxy for the ease with which an agent can get a customer to a solution, and as the time taken is reduced, both customer and agent satisfaction increases.

Regardless of channel, the research shows that Champions are having more efficient customer interactions, using handle time as a proxy (i.e. the time taken to complete a customer interaction). **Agents at Champions are 19% more efficient when speaking with customers on the phone and have 11% more efficient chat sessions (relative to Starters).**

While this equates to just a few minutes per engagement, as those engagements scale, the cumulative savings add up.

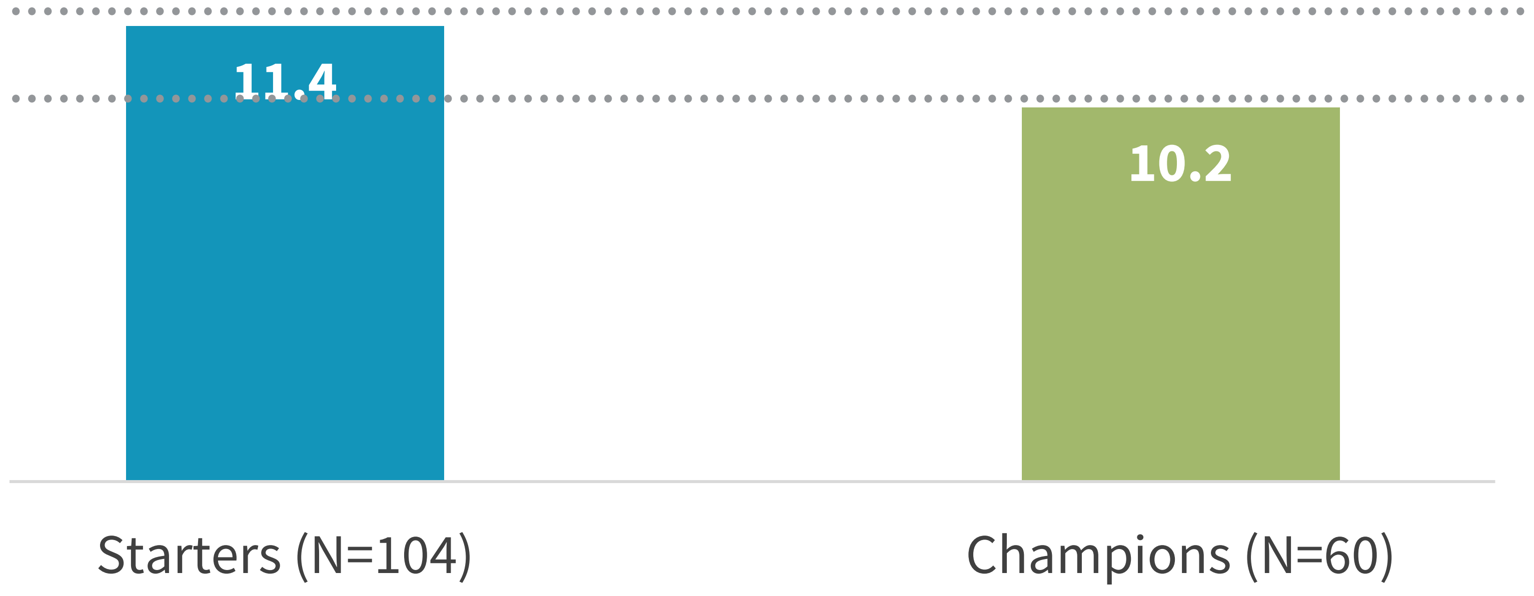
AVERAGE 'HANDLE TIME' ON THE PHONE (MINUTES).



Champions are **19% more efficient on the phone.**

REGIONAL DIFFERENCES:
German companies tend to have the least efficient handle times regardless of medium: phone conversations are reported to be significantly longer than those had by their French, Dutch and Spanish counterparts, while chat sessions are lengthier than those had by their UK, Dutch and Spanish peers.

AVERAGE 'HANDLE TIME' DURING CUSTOMER CHAT SESSIONS (MINUTES).



Champions are **11% more efficient in chat sessions.**

Back to Contents

Champions achieve greater agent throughput

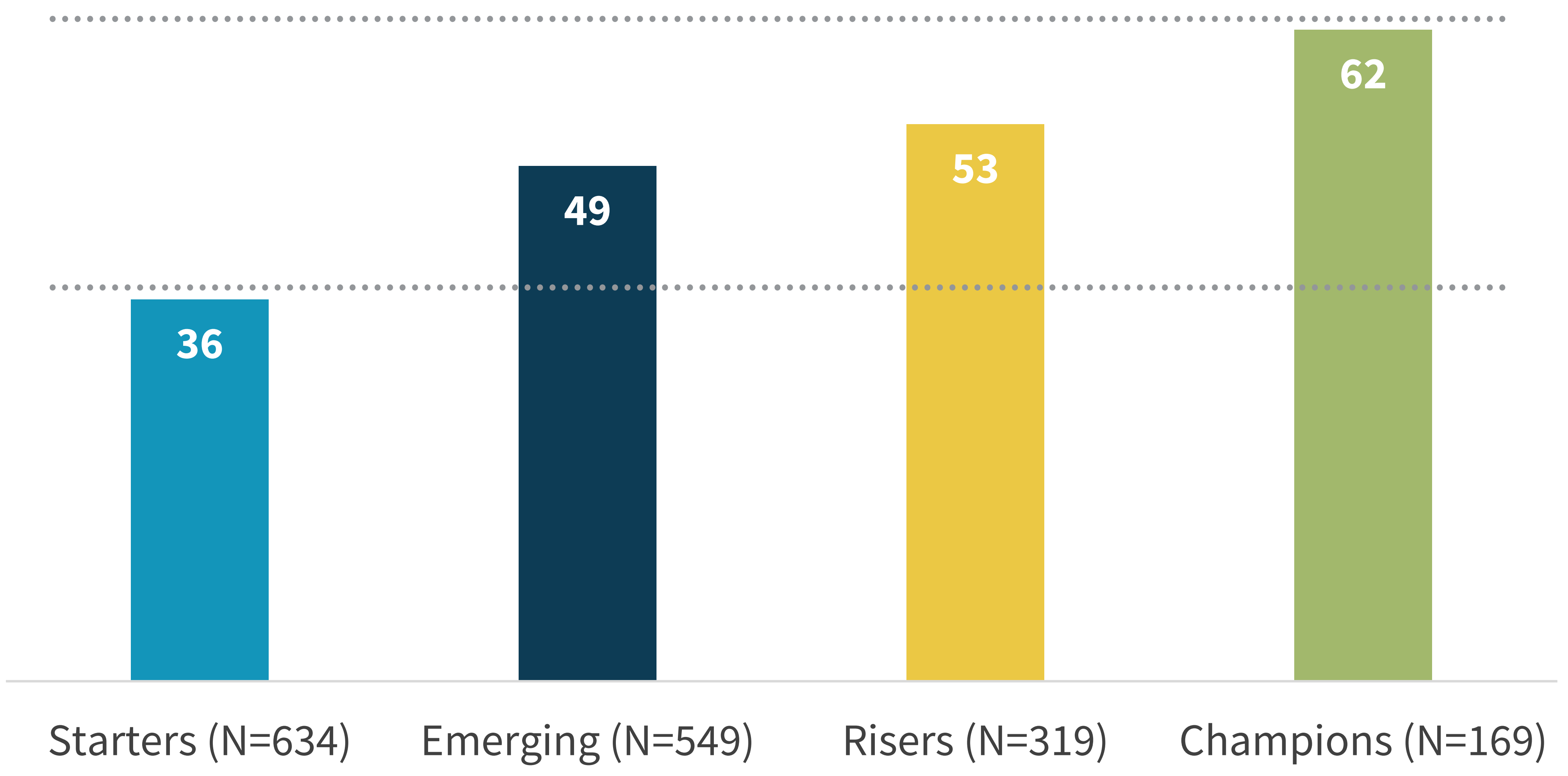
Efficiency breeds productivity, which comes across clearly in the research data. We asked respondents how many full-time customer service agents are in place (both in-sourced and out-sourced) at their organisation and the total customer issues resolved per month*.

Dividing the average call volume by the average number of agents, we derive throughput (resolutions per agent, per month). **Champions achieve 72% higher agent throughput than Starters.**

**Both questions were optional write-in questions, which not all respondents answered. Aggregate data is presented.*

AVERAGE AGENT THROUGHPUT (ENQUIRIES PER-AGENT, PER-MONTH), BY MATURITY.

Champions have **72% higher agent throughput than Starters.**



YEAR-ON-YEAR DIFFERENCES:
A year ago, the gap between these cohorts was 50%, meaning that Champions are widening the advantage over their peers.

REGIONAL DIFFERENCES:

Agent throughput by country at midsize and enterprise organisations:

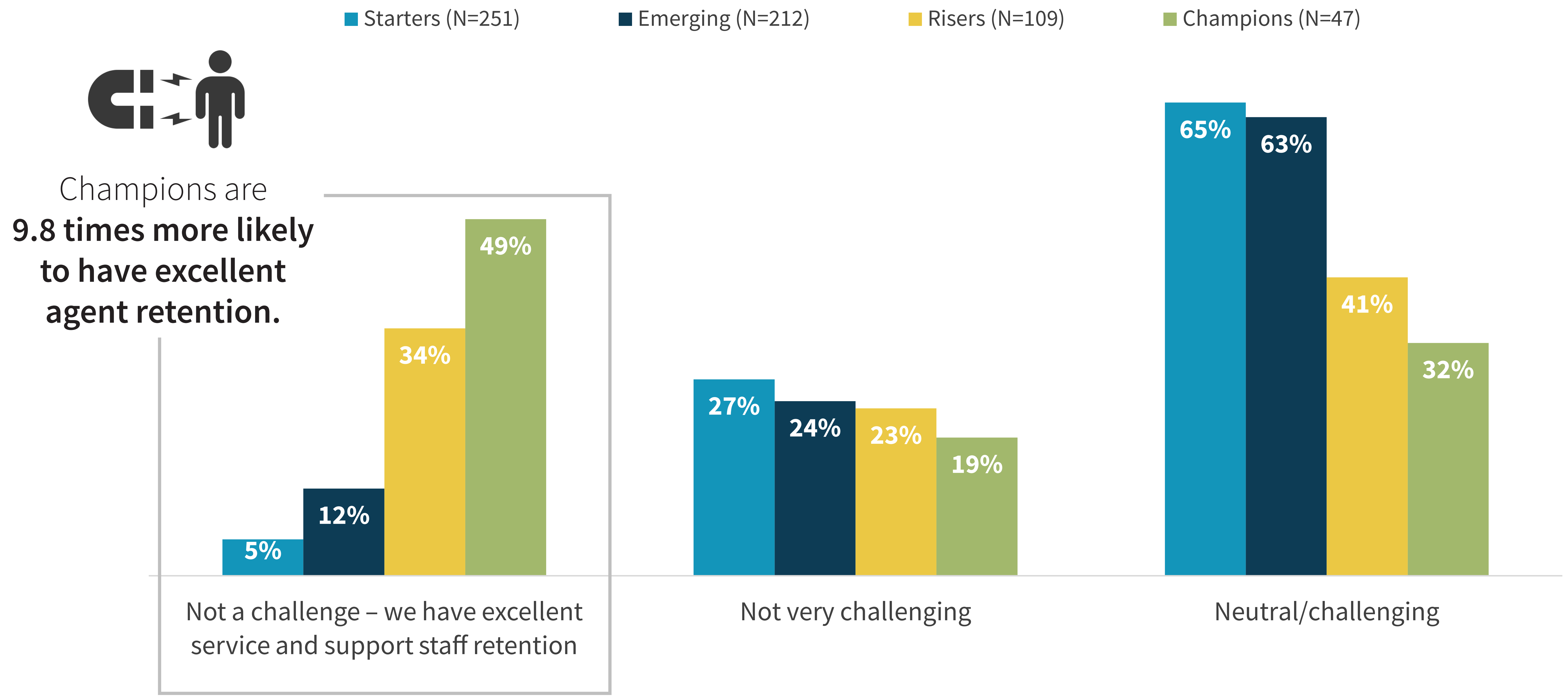
1. Netherlands (56 enquiries per agent)
2. Spain (50 enquiries per agent)
3. Germany (41 enquiries per agent)
4. UK (34 enquiries per agent)
5. France (12 enquiries per agent)

Champions see less agent churn

Giving agents the best tools, customer visibility, and information to do their jobs not only helps them be more effective, but it is correlated with higher satisfaction, less burnout and ultimately improved retention.

When asked to describe the turnover within their service teams, **Champions were 9.8 times more likely than Starters to report having excellent agent retention.**

AGENT TURNOVER, BY MATURITY.



REGIONAL DIFFERENCES:
Dutch companies tend to struggle most with agent retention: only 3% report this isn't a challenge, fewer than their counterparts in the UK (11%), France (16%), Germany (23%) and Spain (22%).

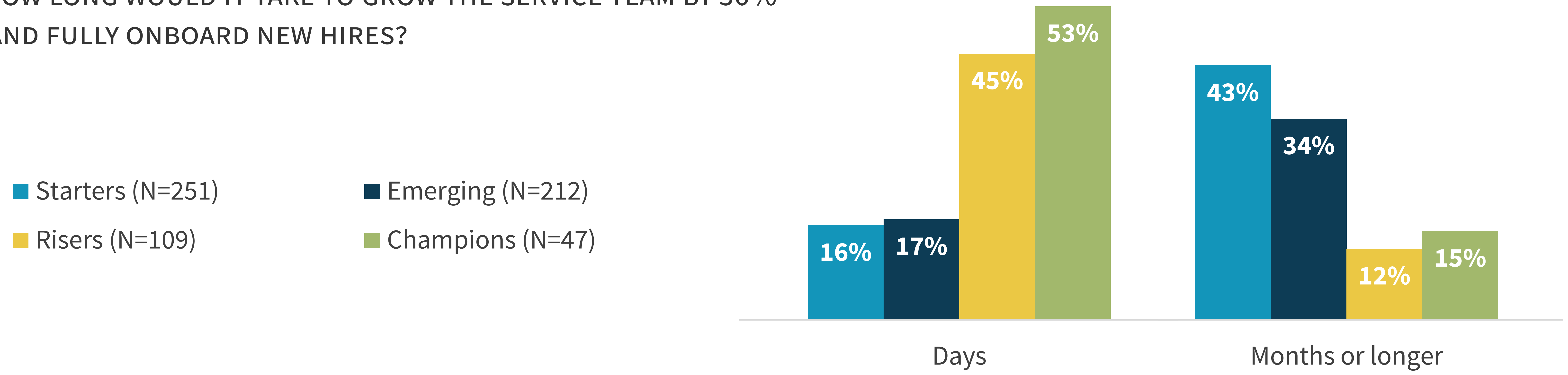
Champions are best positioned to adapt and thrive

Efficiency and effectiveness within the service team provide the organisation the opportunity to spend more time planning and thinking strategically. The research attempted to quantify the advantage Champions have in this area, and the results were noteworthy.

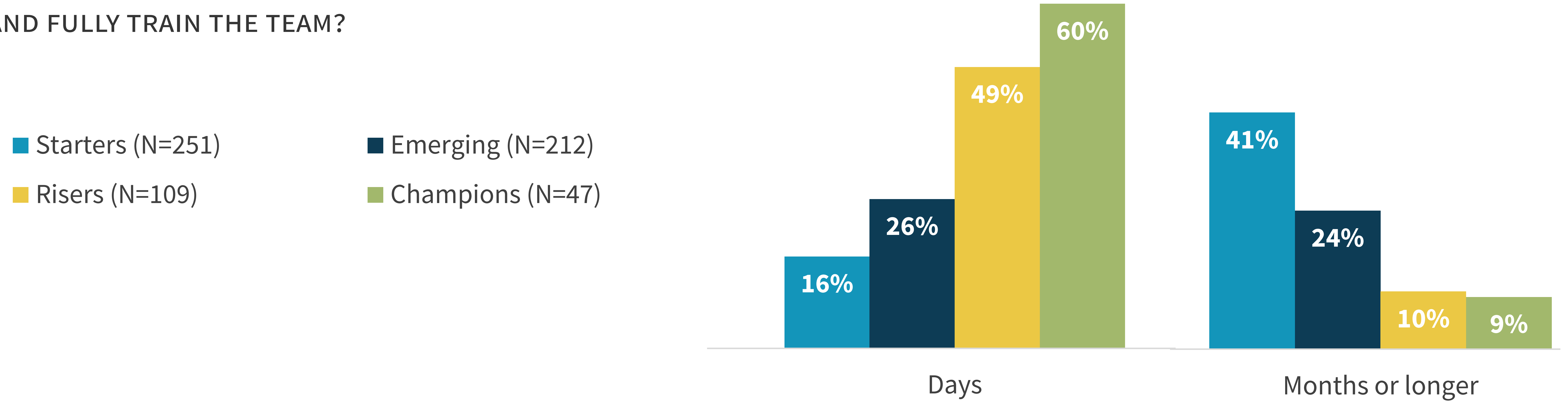
We asked respondents how quickly they could grow their service teams by 50% and fully onboard the new hires. Measuring the average calendar time, **Champions estimated it would take 64% less time to ramp their team (13 days versus 36 days for Starters).**

We also asked how long it would take to add a brand new service channel and skill up the team in its use. Measuring the average calendar time, **Champions estimated it would take 59% less time to add a new channel (13 days versus 32 days for Starters).**

HOW LONG WOULD IT TAKE TO GROW THE SERVICE TEAM BY 50% AND FULLY ONBOARD NEW HIRES?



HOW LONG WOULD IT TAKE TO ADD A BRAND-NEW SERVICE CHANNEL AND FULLY TRAIN THE TEAM?



Business Operations: Three ways Champions treat CX differently

A different CX mindset

In both approach and perception, Champions have a dramatically different approach to CX than less mature organisations. Most organisations would benefit from a cultural shift when it comes to CX.

Accelerating CX innovation despite macroeconomic uncertainty: In the face of a global pandemic, Champions were 2 times more likely than Starters to have accelerated major CX projects. As a result, Champions are 16 times more likely to believe they made the right decisions during the pandemic to maximise their resiliency.

What isn't measured and monitored can't be effectively improved: Business leaders at Champions are 8 times more likely to review CX metrics and key performance indicators daily.

Recognising an opportunity to create and widen a competitive edge: Business leaders at Champions are 2.6 times more likely than Starters to view the service team as a competitive differentiator, not a cost centre.

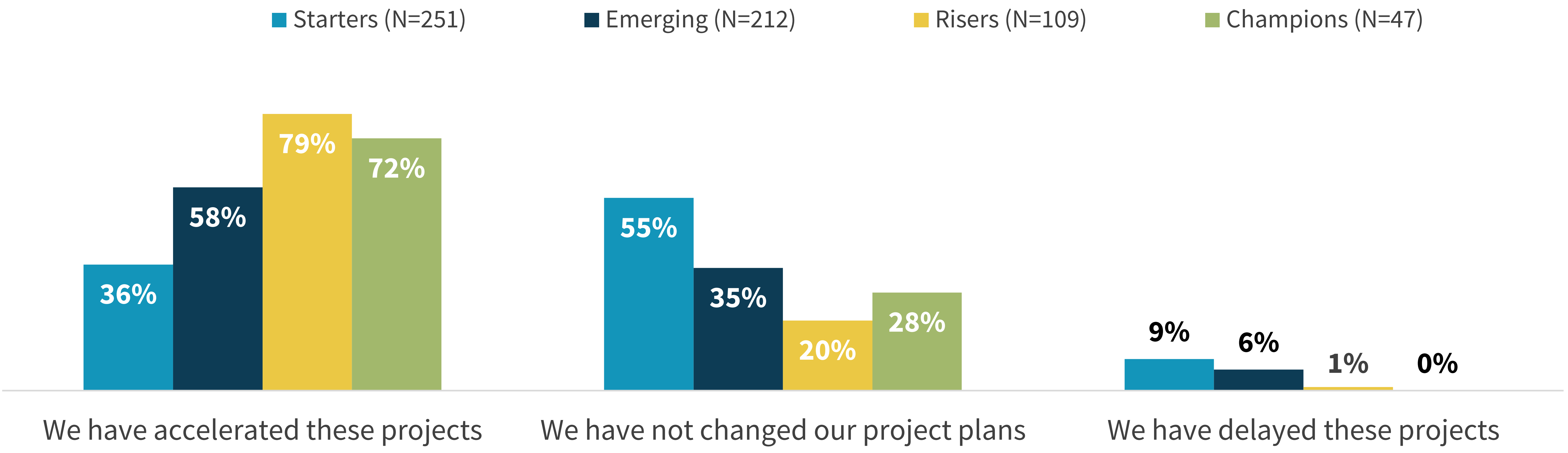
CX investment acceleration in the face of uncertainty

The research makes it clear that Champions view CX in a fundamentally different way than their peers.

One element of that is their propensity to have accelerated CX investment in the past 12 months, despite the high degree of macroeconomic uncertainty brought about by the COVID-19 pandemic. **Champions were 2 times as likely as Starters to have accelerated major CX projects over the past 12 months.**

The implication is clear: Champions believe CX investment should increase, not remain flat or decrease, when organisations face economic headwinds.

HOW HAS YOUR ORGANISATION TREATED MAJOR CX PROJECTS OVER THE PAST 12 MONTHS?



REGIONAL DIFFERENCES:
64% of midsized and enterprise-sized companies in France and Spain have accelerated CX initiatives in the last 12 months, a significantly higher percentage than their counterparts in the UK (49%), Germany (48%) and the Netherlands (44%).

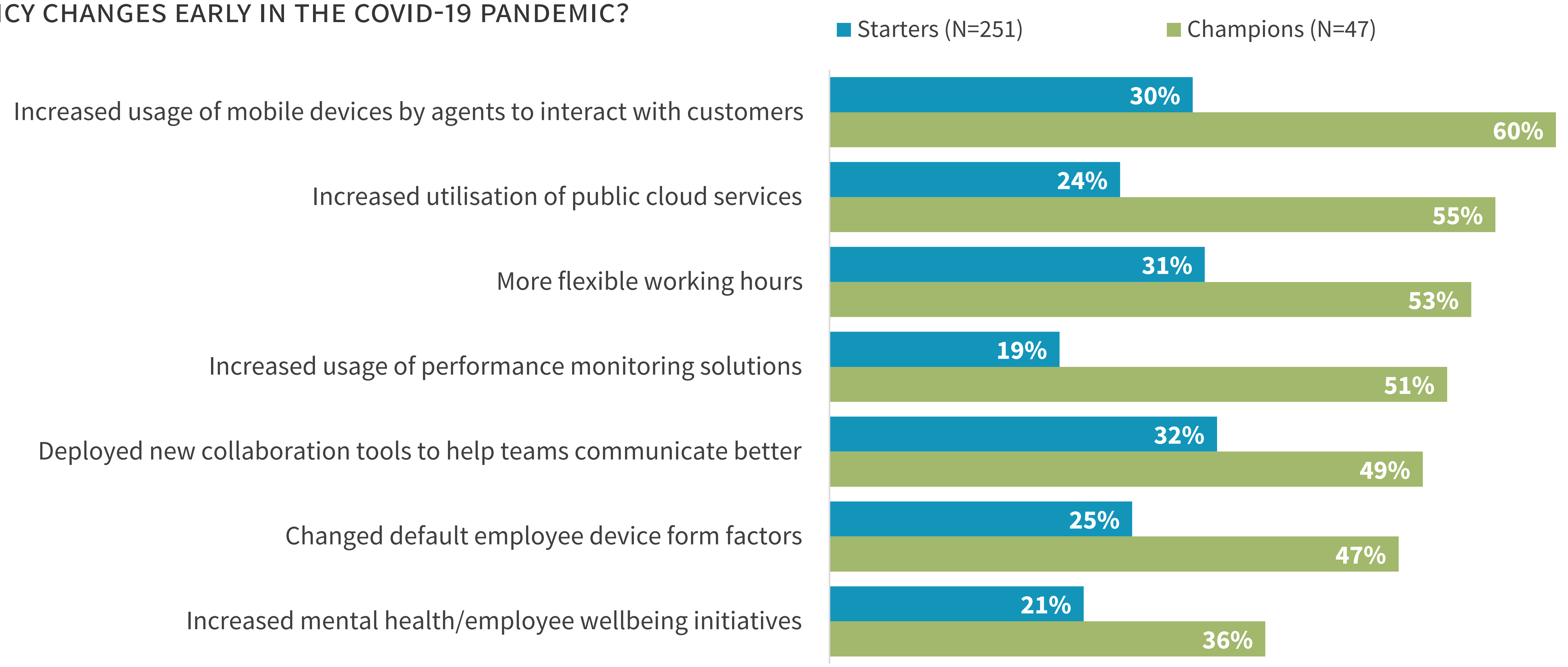
REGIONAL DIFFERENCES:
In the aggregate, midsized and enterprise-sized organisations in Europe have prioritised CX investments less over the last year than their peers globally: 54% have accelerated projects versus 64% in other regions surveyed.

Spotlight: What can be learned about how organisations reacted to COVID-19?

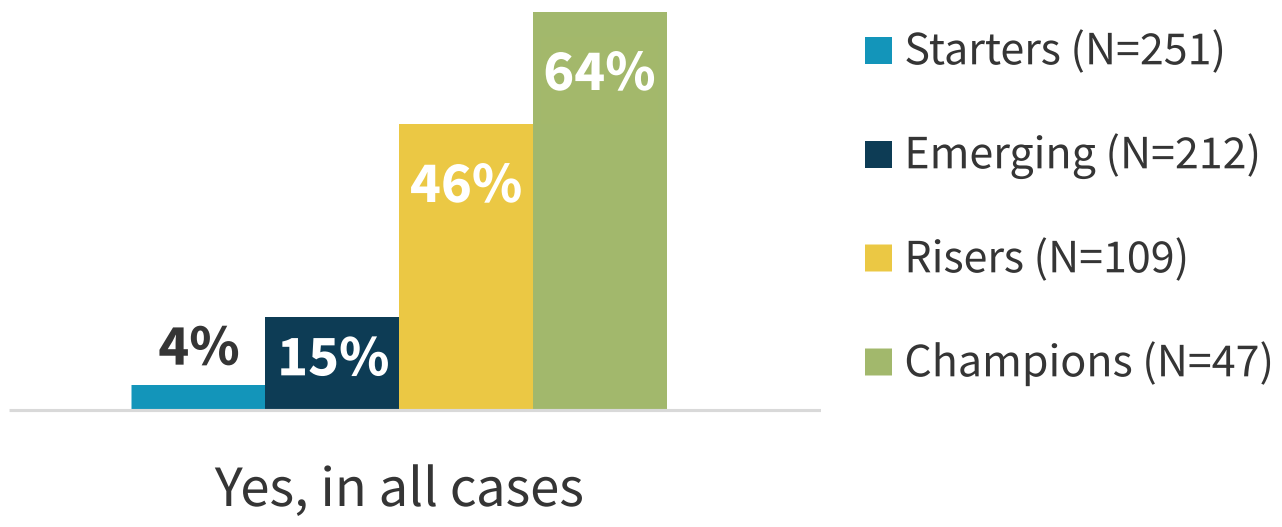
In addition to leaning into CX investments, there are several other ways Champions reacted to COVID-19 differently than their peers. When asked whether their organisations adopted policy changes in response to the pandemic, the majority of Champions said they increased the use of mobile devices to interact with customers, increased utilisation of cloud services and adopted more flexible working hours early in the pandemic. Champions exhibited market-leading agility in the shifting macroeconomic and societal landscape.

The payoff? Between accelerating CX investments and adapting service policy changes earlier in the pandemic, **Champions are 16 times more likely to believe they made the right investment and policy decisions during the pandemic to maximise their resiliency.**

DID YOUR ORGANISATION MAKE ANY OF THE FOLLOWING POLICY CHANGES EARLY IN THE COVID-19 PANDEMIC?



DID YOUR ORGANISATION MAKE THE RIGHT CX INVESTMENT DECISIONS AND POLICY ADJUSTMENTS TO MAXIMISE ITS RESILIENCY DURING THE COVID-19 PANDEMIC?



REGIONAL DIFFERENCES:
Midsized and enterprise-sized companies in Germany were much less likely than their peers in France, the UK, and Spain to have adopted more flexible remote work policies, more flexible work hours and new communications tools early in the pandemic.

Investment and executive engagement

Moving past COVID-19 specific data, it is clear that in absolute terms, organisations expect greater investment in CX over time. Respondents representing **midsized and enterprise-sized businesses in Europe expect to increase their CX-related spending by 32% from this fiscal year to next.**

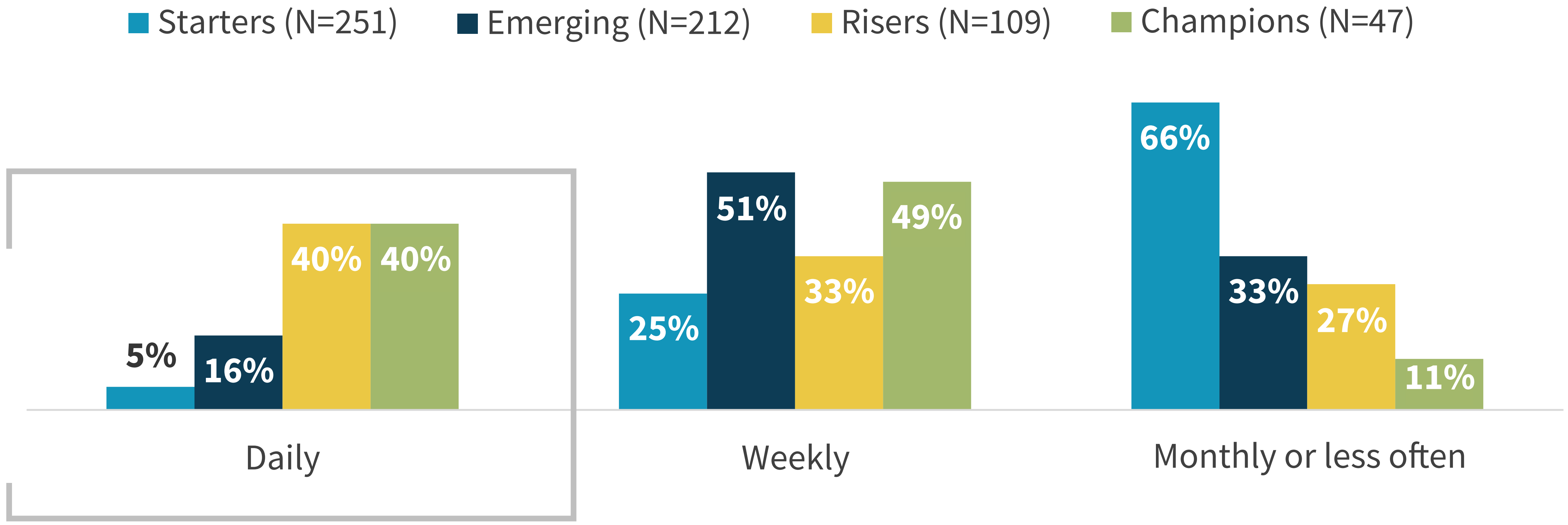
Beyond capital investments, Champions invest more executive attention on optimising CX. **C-suite executives at Champions are 8 times more likely than Starters to review CX performance metrics daily,** and a two-thirds majority of Starters report leadership only reviews these metrics monthly or less often.

AVERAGE PERCENTAGE OF TECHNOLOGY BUDGETS ALLOCATED TO CX TOOLS AND TECHNOLOGIES.

Organisations **plan to increase spending by 32%.**

REGIONAL DIFFERENCES:
Midsized and enterprise-sized companies in France (10.2%) and Germany (10.1%) expect to spend more of their technology budgets on CX next FY when compared to their peers in the Netherlands (8%).

HOW OFTEN C-SUITE LEADERS REVIEW CX-RELATED METRICS AND KPIS.



Business leaders at Champions are **8 times more likely to review CX performance daily.**

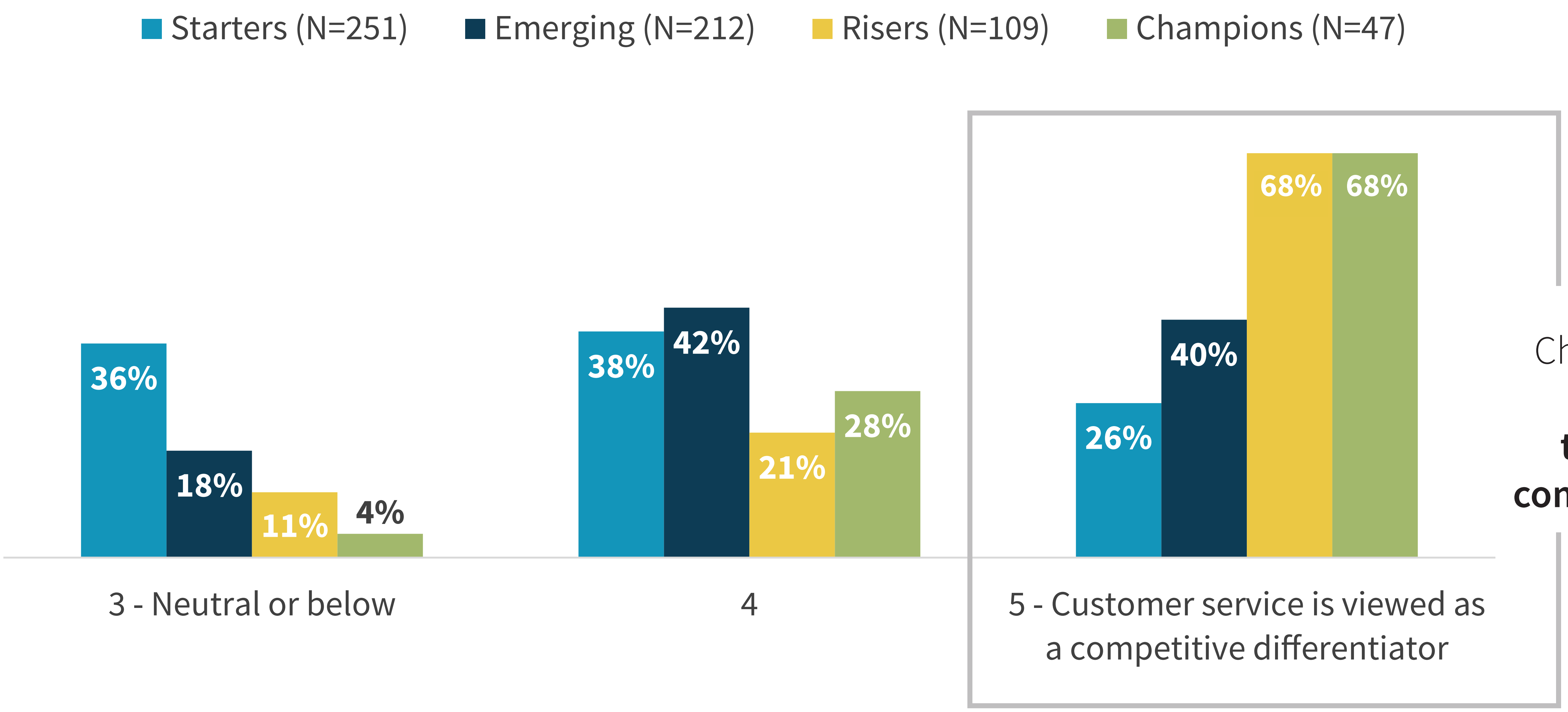
Recognition that service is a differentiator

Finally, the perception of the service team is markedly different when comparing organisations with a high level of maturity to those that are less mature. **Business leaders at Champions are 2.6 times more likely to view the service team as a competitive differentiator.**

The data backs this view, as Champions' service teams consistently help their organisations stand out from the crowd in terms of CX.

YEAR-ON-YEAR DIFFERENCES:
Larger European businesses in the aggregate view their service teams in a far better light than one year ago: 41% are seen as competitive differentiators today compared to 23% in last year's research.

HOW DO SENIOR BUSINESS LEADERS VIEW YOUR SERVICE ORGANISATION?



Business leaders at Champions are **2.6 times more likely to view the service team as a competitive differentiator.**

REGIONAL DIFFERENCES:
Midsized and enterprise-sized companies in the Netherlands were the least likely to say they see service as a differentiator (20%), a much lower percentage than their counterparts in France (44%), Germany (46%), the UK (42%) and Spain (45%).

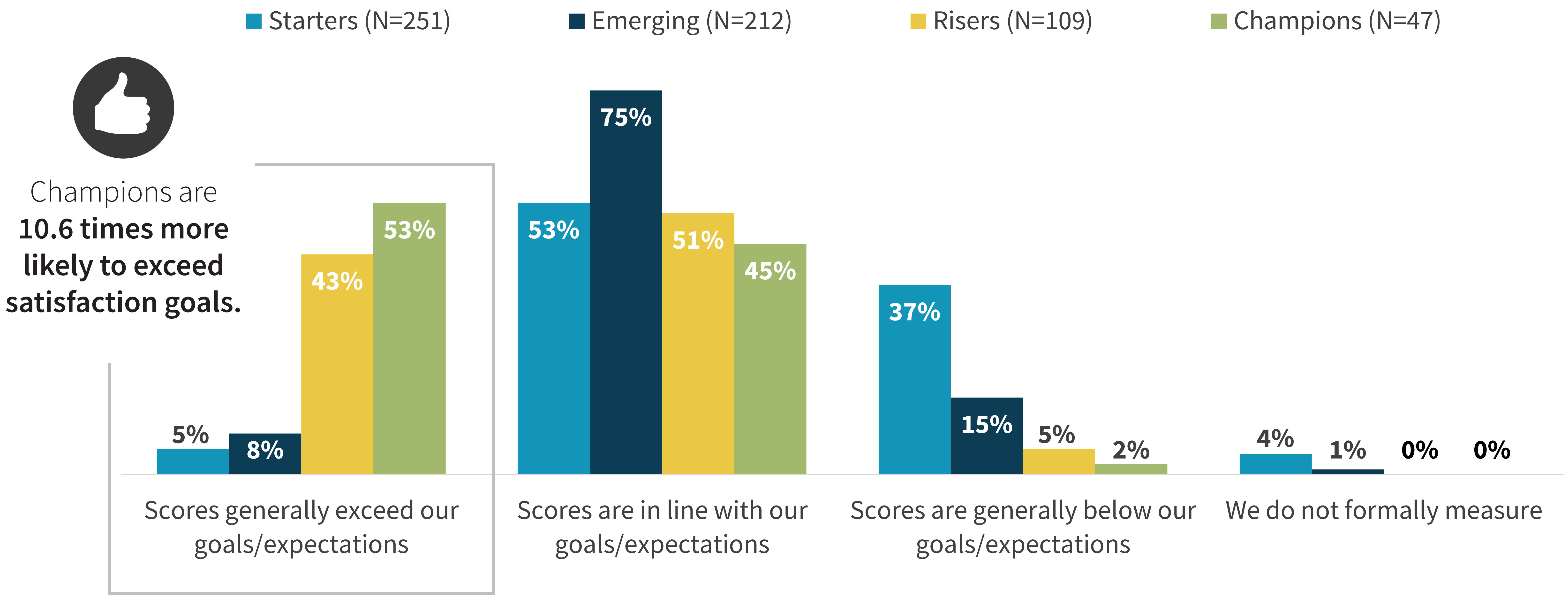
Business Outcomes: Why becoming a Champion should matter to your business

Champions outperform their customer satisfaction goals

The goal of the service team is to delight customers. All else being equal, we would expect organisations with the most mature service practices to perform better in terms of customer satisfaction, and that is exactly what the data shows. **Champions are 10.6 times more likely than Starters to generally exceed their customer satisfaction goals.**

ESG believes Champions' ability to deliver faster, more effective and more conversational service experiences is one of the key reasons they outperform their peers in terms of customer satisfaction.

HOW DOES YOUR ORGANISATION GENERALLY PERFORM RELATIVE TO ITS CUSTOMER SATISFACTION TARGETS?



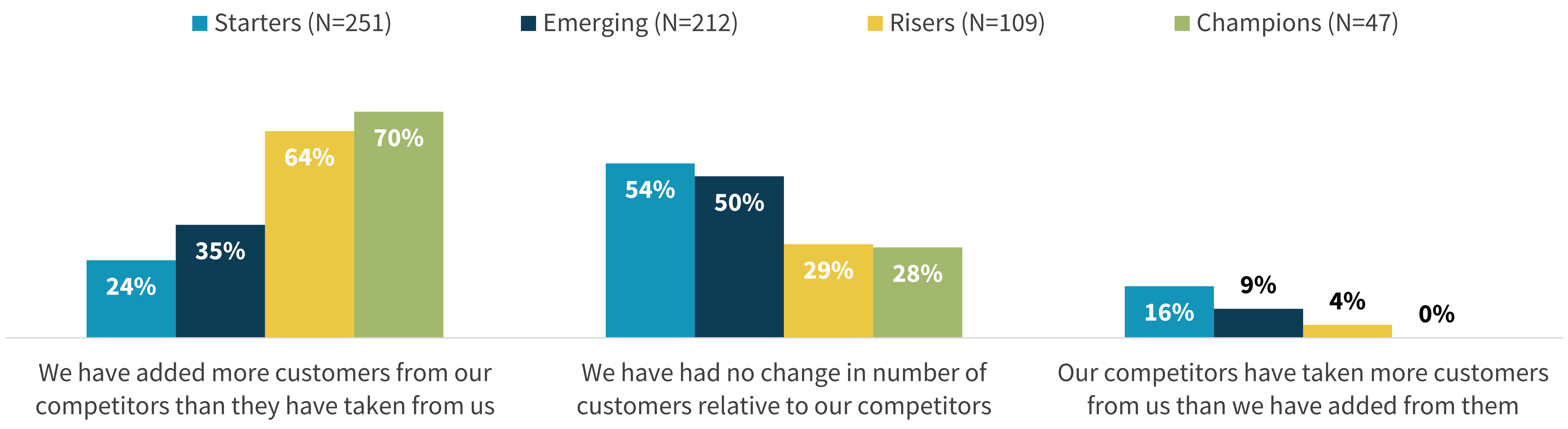
REGIONAL DIFFERENCES:
25% of midsized and enterprise-sized companies in Germany typically exceed their satisfaction goals, a significantly higher percentage than their peers in France (14%), the Netherlands (7%) and Spain (13%).

Champions broaden their customer base while increasing customer spending

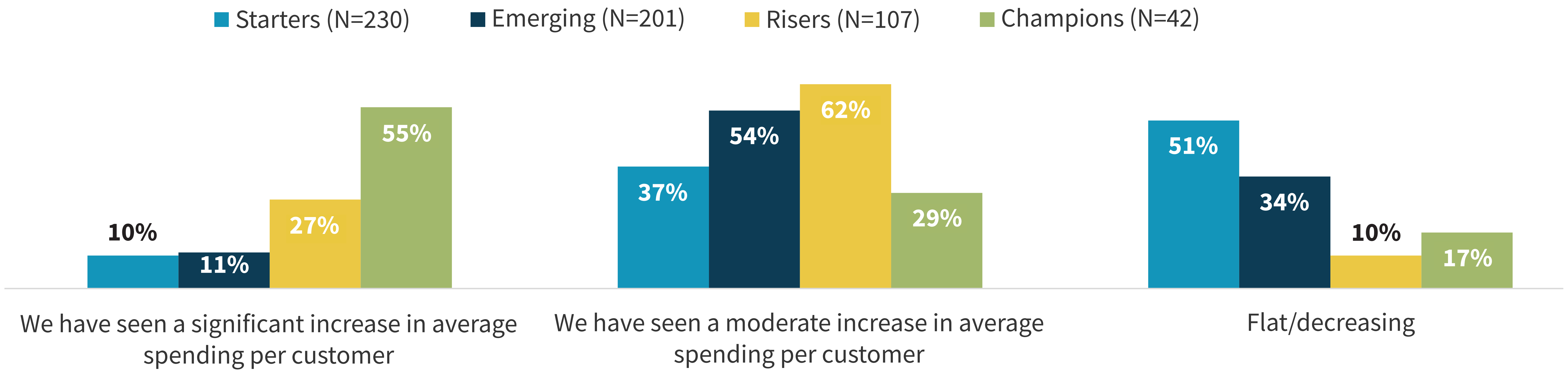
Customer satisfaction should serve as a leading indicator to business results. Happy customers help the brand grow its customer base with recommendations and positive word of mouth. This is a trend we observe in the data: **Champions are 2.9 times more likely than Starters to report having grown their customer base in the last 6 months.**

Similarly, happy customers tend to show their appreciation with their wallets, buying additional products and services from brands that have delighted them. Again, the data backs this up: **Champions are 5.5 times more likely to report their per-customer spending has increased significantly in the past 6 months.**

HOW HAS YOUR ORGANISATION'S CUSTOMER BASE CHANGED IN THE LAST 6 MONTHS?



HOW HAS CUSTOMER SPENDING CHANGED IN THE LAST 6 MONTHS?

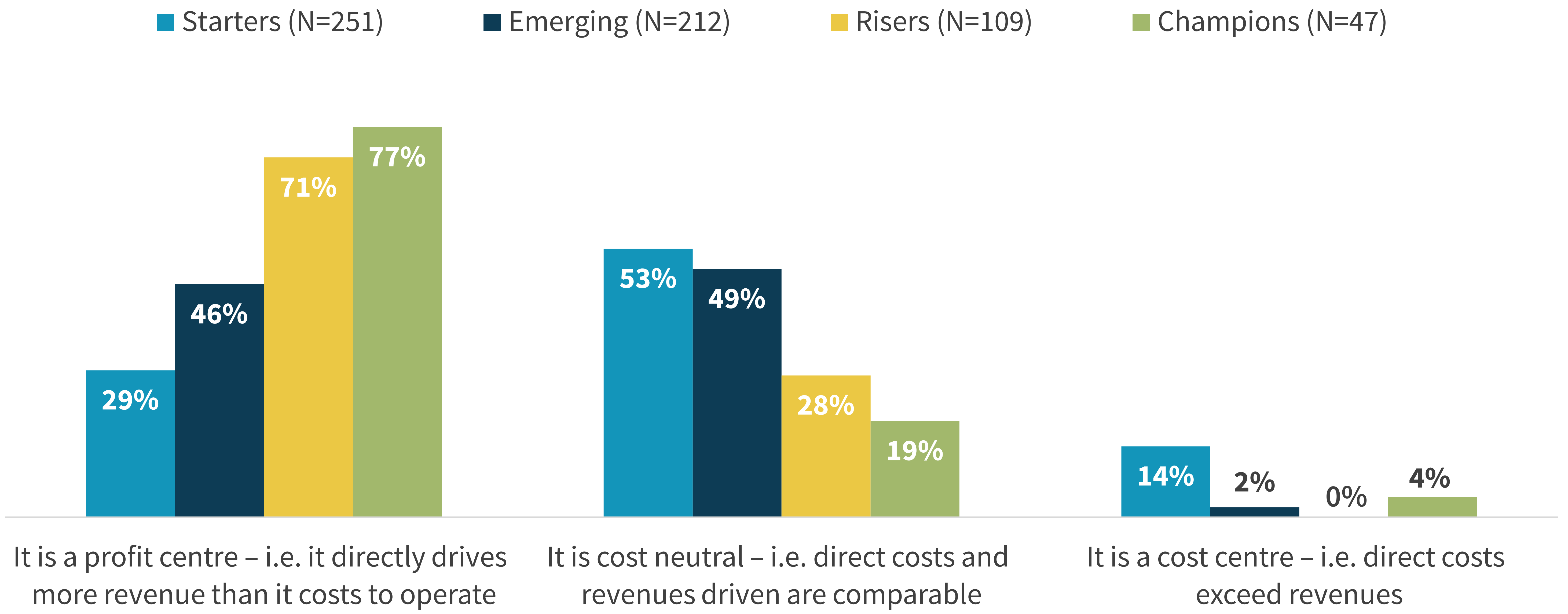


For champions, service teams are profit drivers

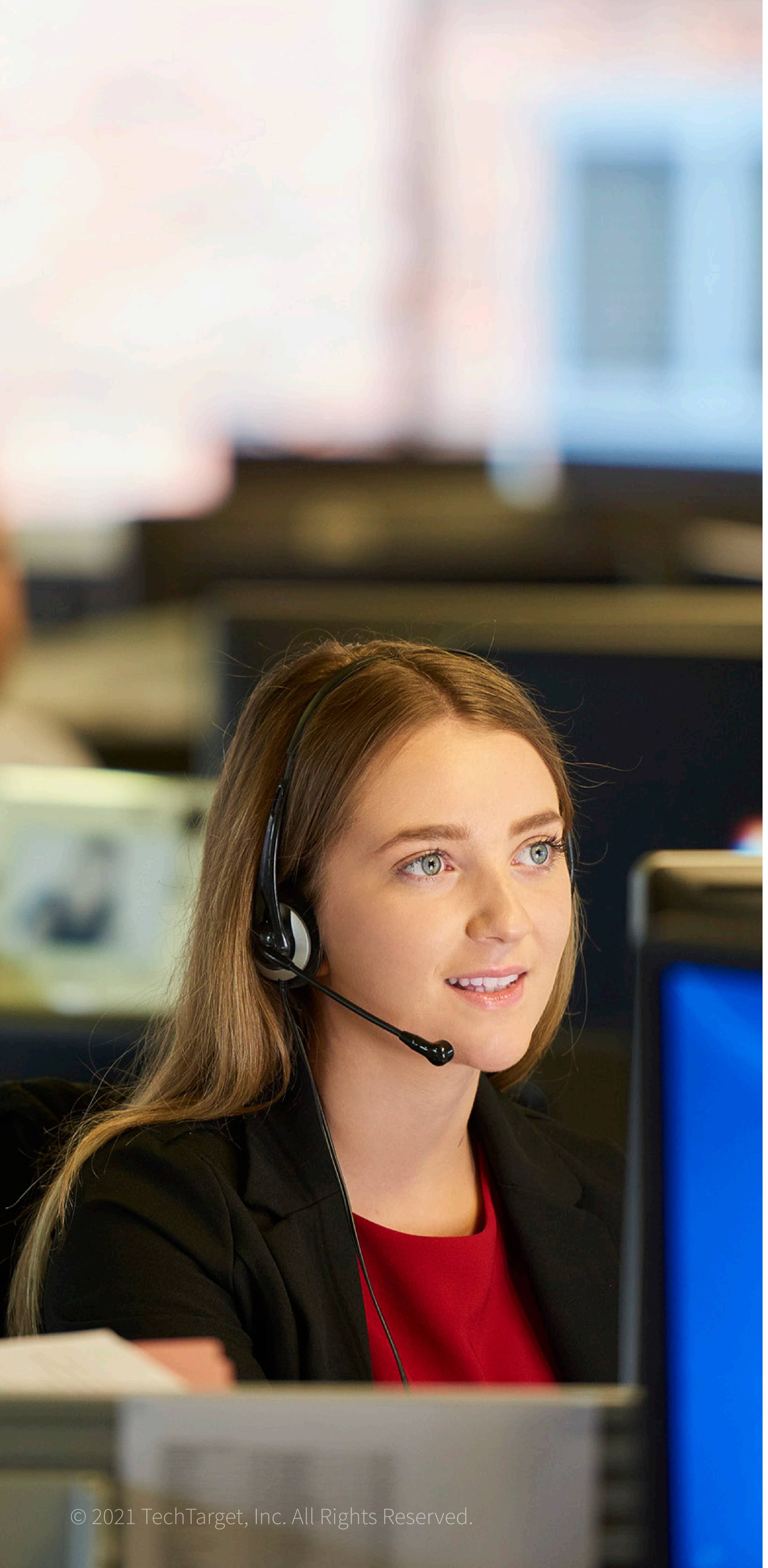
The traditional view of the service organisation is that of a cost centre, a department where operational costs exceed contributions to the bottom line. Our research shows this perception is changing, particularly for Champions.

Nearly four out of five Champions say their service team is a profit centre from which direct revenues exceed costs. But not all organisations see this benefit: **Champions are 2.7 times more likely than Starters to operate a profitable service team.**

HOW DOES THE SERVICE TEAM IMPACT THE COMPANY'S FINANCIAL PERFORMANCE?



REGIONAL DIFFERENCES:
In the aggregate, midsized and enterprise-sized organisations in Europe are increasing profits with service less often (46%) than their peers globally (56%).



Next Steps

The data makes it clear that all organisations all should strive to reach CX Champion status. Depending on where your organisation is today, this journey may seem daunting, but the first step is understanding where you stand:

1. **Review your training materials and staffing levels** to ensure they match customer demands.

2. **Adopt best-in-class tools** to put your team in position to help your customers and build advocacy.

3. **Ensure that data** created by the service team is captured and analysed.

4. **Use insights from the service team** to better understand how your organisation's processes and offerings should evolve over time.

Zendesk wants to help. From customer case studies, to a dynamic self assessment to help you better understand where you are today, to an ROI calculator, Zendesk has created a host of assets to help your organisation take its first step down the path to becoming a CX Champion.

START A TRIAL

LEARN MORE

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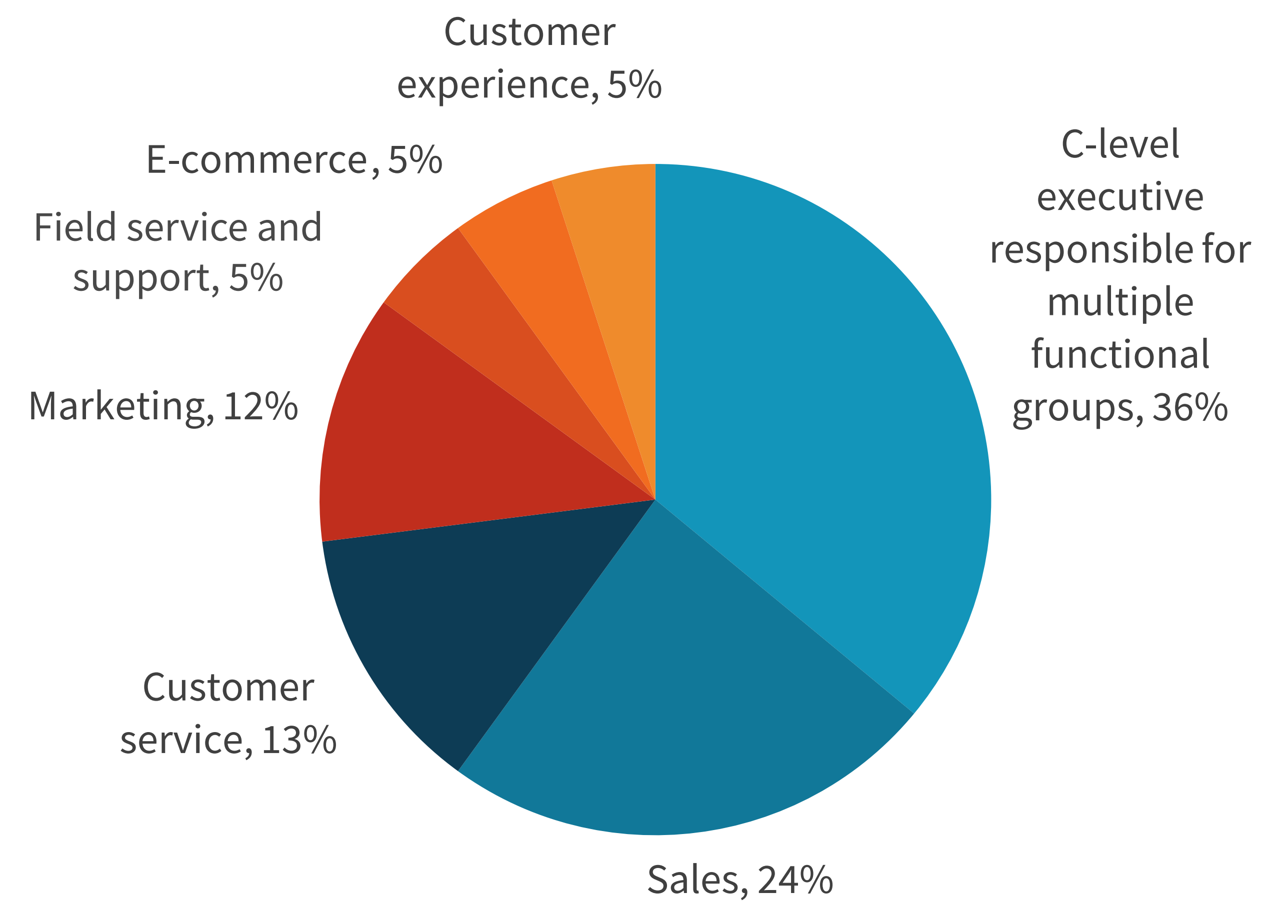
Demographics

The data in this report was derived from a survey fielded between 27 April and 22 May 2021. The figures that follow detail the demographics of respondents to the survey located in the UK and Europe and employed at organisations with 100+ employees (N=619).

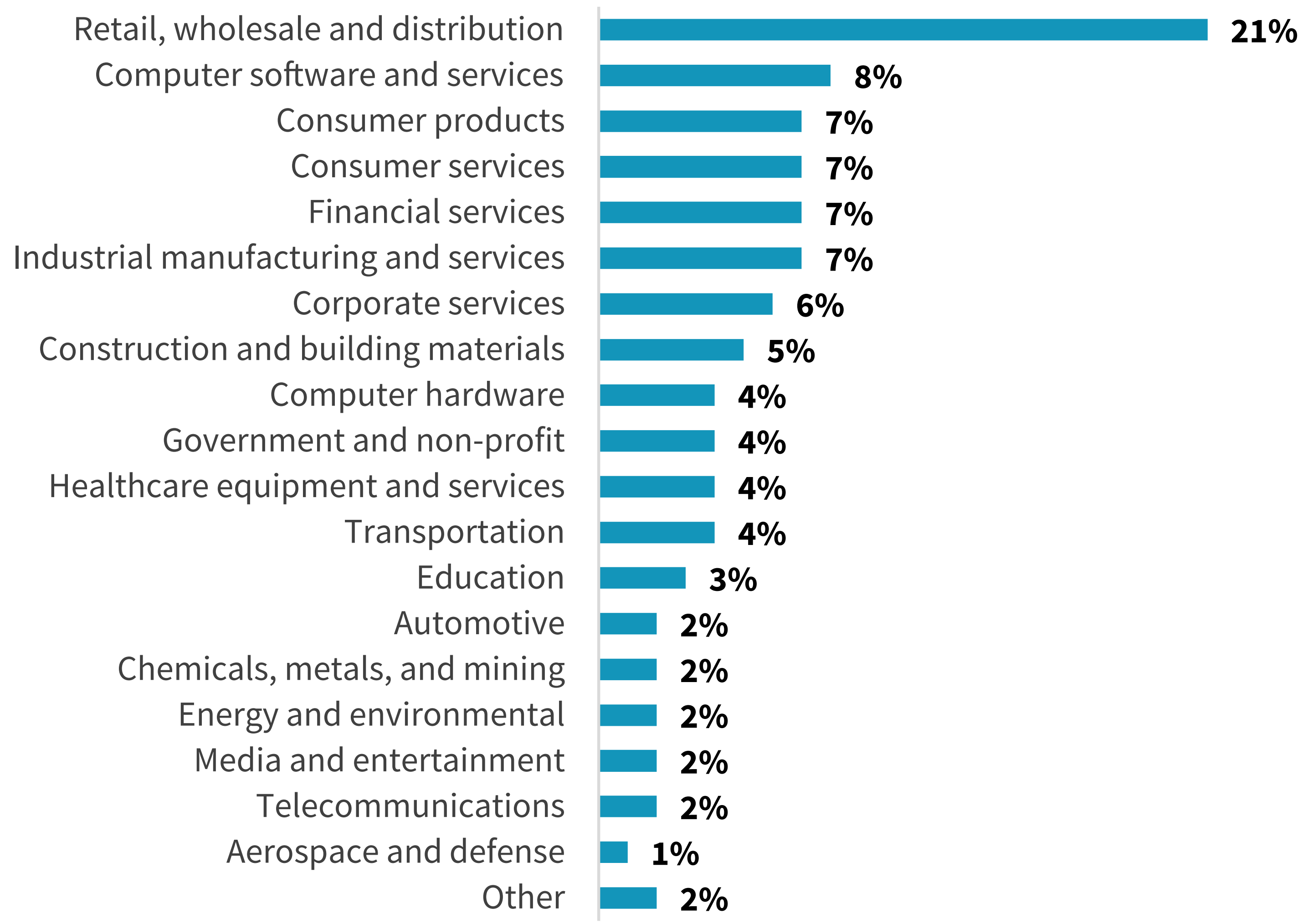
Totals in figures and tables throughout this report may not add up to 100% due to rounding.

The margin of error for a sample size of 619 at the 95% confidence level is + or -4 percentage points.

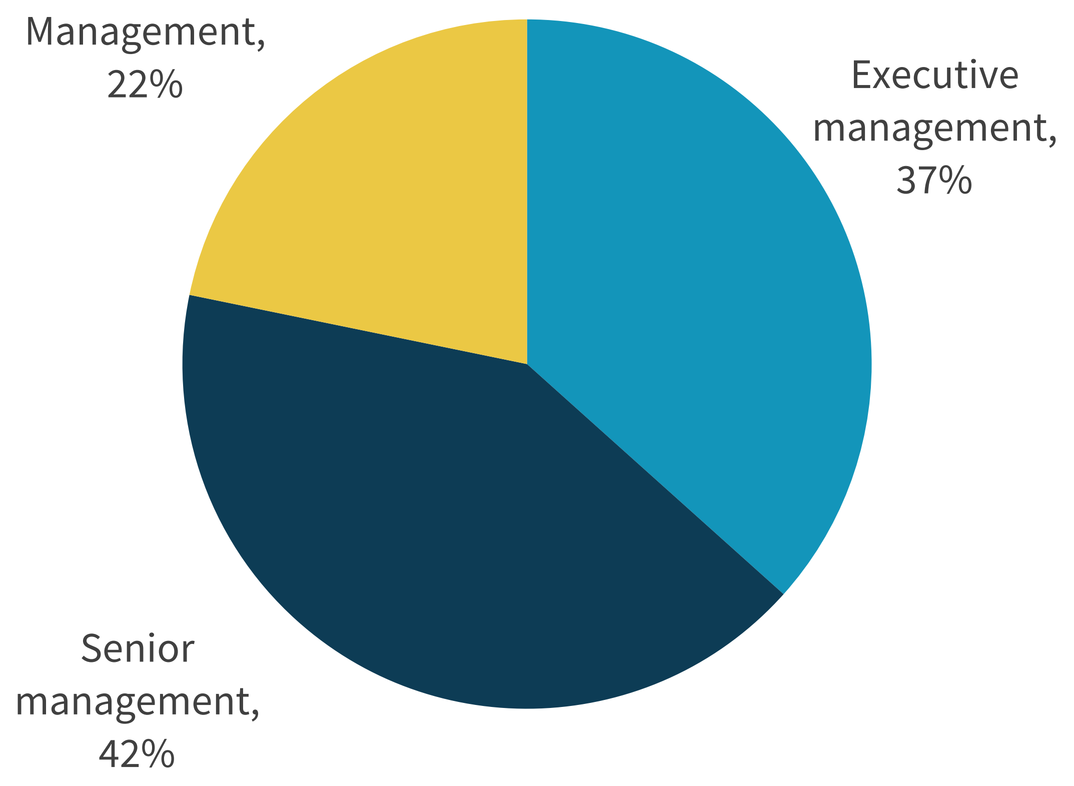
RESPONDENTS BY JOB FUNCTION.



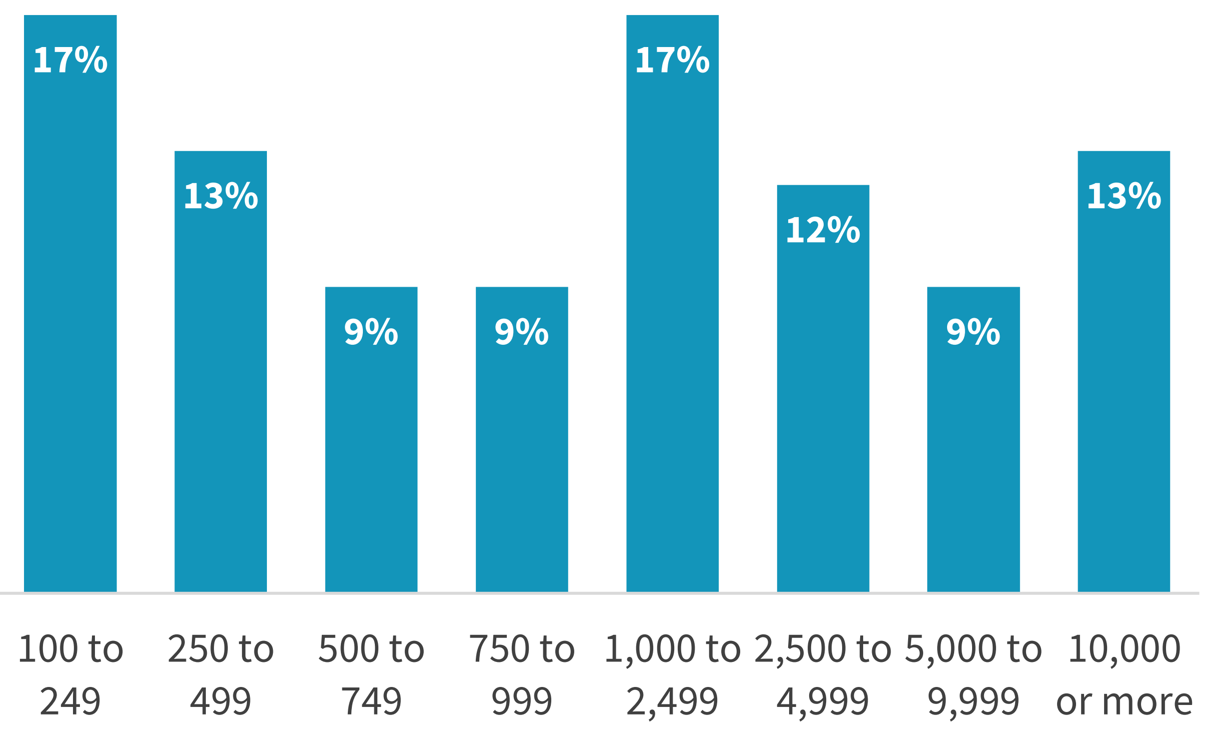
RESPONDENTS BY INDUSTRY.



RESPONDENTS BY SENIORITY.



RESPONDENTS BY COMPANY SIZE.



ABOUT ZENDESK

Zendesk started the customer experience revolution in 2007 by enabling any business around the world to take their customer service online. Today, Zendesk is the champion of great service everywhere for everyone, and powers billions of conversations, connecting more than 100,000 brands with hundreds of millions of customers over telephony, chat, email, messaging, social channels, communities, review sites and help centres. Zendesk products are built with love to be loved.

The company was conceived in Copenhagen, Denmark, built and grown in California, taken public in New York City, and today employs more than 4,000 people across the world. Learn more at www.zendesk.com.

ABOUT ESG

Enterprise Strategy Group is an integrated technology analysis, research and strategy firm providing market intelligence, actionable insight and go-to-market content services to the global technology community.