

# Turning CX Into a Competitive Advantage for SMBs

Customer experience (CX) is widely acknowledged as an important way to strengthen relationships and build tighter client bonds that result in more sales and profits. But many small and midsize businesses (SMBs) acknowledge they haven't adequately leveraged CX best practices, methods and tools, and they intend to change that.

There is not a commercial organization that does not want to build stronger, longer-lasting and more economically beneficial relationships with its clients. This is especially true for SMBs. For nearly all of the [99.9 percent of organizations with fewer than 250 employees](#)—representing 32.5 million organizations—their competitive set is much bigger, more diverse and more challenging than ever. As SMBs ambitiously adopt digital transformation initiatives, such as e-commerce, omnichannel selling and marketing automation, they are better able to improve internal operations and build better relationships with customers.



Custom Media



"This reality has prompted SMBs to put a stronger emphasis on enhancing their customer experience initiatives," says Kristen Durham, Senior Vice President, SMB at Zendesk. "They are doing this for a wide range of reasons, but especially to claim a larger share of their clients' spending and create stronger customer preference that is likely to result in highly profitable repeat buying. In essence, SMBs want to create an immersive experience in which people are not treated as a ticket, but engaged with as highly valued customers through personalized and conversational experiences."

But, SMB-focused research on CX trends points out a stark truth: The overwhelming majority of leaders believe their CX offerings are not substantially better than those of their core competitors—even though most of those organizations also feel CX is key to their long-term, sustained competitive position. Improving CX provides a number of essential and quantifiable benefits, including improved customer retention, which leads to more profitable relationships. Improving CX also acts as an extremely cost-efficient launching pad for word-of-mouth marketing. For these and many other reasons, closing this CX gap is essential to SMBs' long-term prospects.

This paper looks at recent research Zendesk conducted with business leaders in organizations with fewer than 250 employees and presents both a quantitative "state of the industry" for SMBs' CX capabilities and best practice recommendations for extending and leveraging CX.

## State of the Market for CX in SMB Organizations

While all organizations strive to develop stronger relationships with their customers, SMBs, in particular, need to do so. In order to cope with the difficult realities of ever-changing business conditions, SMBs must find ways to leverage CX in order to make up for their limitations in marketing budget, technology infrastructure and staff. For instance, enjoying enhanced CX gives SMBs a more cost-efficient marketing vehicle in the form of highly credible referrals.

There are wide and growing numbers of internal and external stresses that SMBs must overcome in building superior CX, including a changing competitive

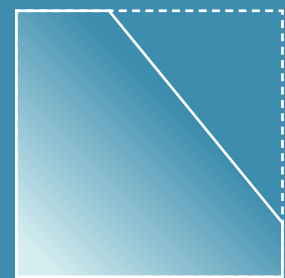
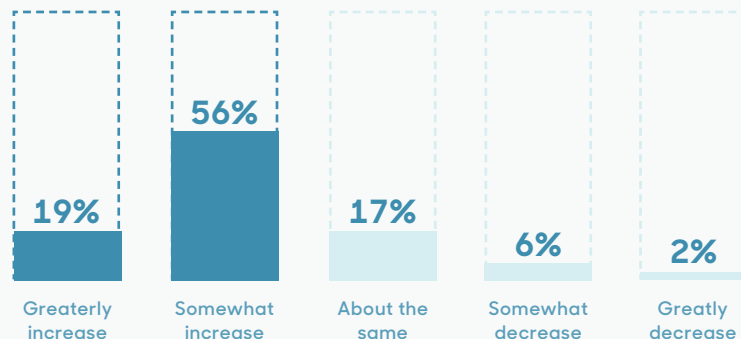
landscape, increasingly sophisticated and demanding customers and the growing need for personalized service.

One of the biggest challenges centers on help desk ticket volumes, which continue to rise as technology-based business processes become more prevalent. In fact, research conducted by Zendesk points out that 75% of SMBs expect ticket volumes will increase either “greatly” or “somewhat” over the next year.

The research further notes that, while 76% of SMB leaders believe providing excellent customer service during an economic downturn becomes even more important, only 18% of those leaders believe their organizations’ CX offering is much better than that of their core competitors.

**Figure 1.** Estimated Request Volume Change Over the Next Year

### Tickets volumes will increase, and companies are investing more in CX-how will your business respond?



**80%**  
of companies plan to increase their current levels of investments in CX

Closing this gap between how SMB leaders see the strategic significance of CX and their inability to date to deliver a truly differentiated offering is a key driver in SMB strategies going forward. In fact, 71% of SMBs say they plan to use an expanded focus on CX to revamp the customer journey, while 61% indicate they eagerly await the development and deployment of immersive CX.

### **About The Research**

Research findings noted in this paper are derived from research conducted by Zendesk among U.S. business leaders. The study generated nearly 4,800 respondents from organizations with fewer than 250 employees.

## **The Economic and Strategic Realities of CX for SMBs**

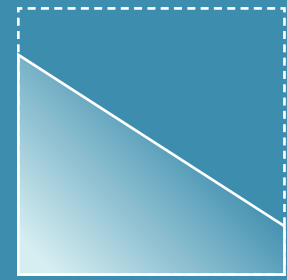
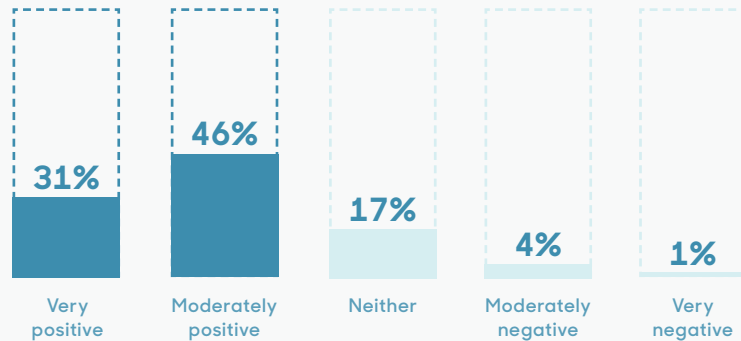
While the actual cost of building and delivering a superior CX is undoubtedly important to SMB leaders, it is also undeniable that they are deeply concerned with ensuring both positive return on investment (ROI) and accelerating time to business value for their CX investments.

The research makes several compelling statements when it comes to the economic issues of CX for SMBs, particularly as they relate to enhancing their strategic position. For instance, 77% of SMB leaders indicate that their organizations are experiencing either "very positive" or "moderately positive" ROI on their CX investments. In fact, nearly one in three SMB leaders called their organization's CX-related ROI very positive.

One important byproduct of the growing importance of CX as seen by SMB leaders is their decision to break down customer-facing support silos. In order to facilitate the much sought immersive experience, many SMBs indicate they are merging many of their support functions into a consolidated set of capabilities, with different support organizations now collaborating in a more comprehensive and strategic manner.

Figure 2. ROI on CX Over the Past Year

## Businesses are experiencing positive ROI on CX. Can your company say the same?



of companies are performing above their CSAT goals.

Additionally, 81% of SMB leaders say they believe CX and customer service are higher-priority items for the coming 12 months. Unquestionably, making CX a higher priority is driven by facts, such as widespread increases in customer service requests during the past year, as well as their expectation that trend will only continue in the coming year.

Fortunately, SMBs' customers are noticing a measurable improvement in their CX, undoubtedly due in large part to their suppliers' CX investments. More than three-quarters of consumers polled by Zendesk in a separate study expressed satisfaction with the service they've received in the past year, and more than half of them said they have noticed a marked improvement in their support experiences.

## Achieving Greater CX Functionality Through AI

One technology many SMB leaders see as vital to creating immersive CX environments is artificial intelligence (AI). Through AI, organizations can create, collect, analyze and act on far more data to help them better serve and service their customers. In fact, SMB leaders see AI as essential to helping their teams support customers in a wide range of manners, including asking better questions, making smarter recommendations and providing round-the-clock service.

Figure 3. Top 5 Ways Organizations are Using AI Today for CX

## Many companies believe they're not using AI as well as they should - and they plan to change that. How is your business improving its use of AI?



62%

of business leaders that feel their organization is lagging in using AI/bots

67%

of business leaders have planned an increase on spend on AI over the next year

According to the research, they also believe AI helps them provide other forms of interaction that drive an immersive customer experience, such as conversational customer service, personalization and improving customer emotions and sentiment.

However, certain technologies that were once only available to large enterprises due to cost and complexity to deploy, like AI, have been democratized to where SMBs can now also easily access and enjoy the benefits of technology. This helps explain why 62% of SMB leaders polled for the research acknowledge that they feel their organization is lagging in its use of AI and software

bots in CX workflows. The positive flip side to this is that 67% of SMB leaders plan to increase spending on AI over the next year. By using AI both strategically and opportunistically in areas such as conversational, personalization and emotional interactions with clients, SMBs can take a big step forward in their efforts to create an immersive CX.

## 6 Best Practices for Building an Immersive CX Environment

How should SMB organizations strive to create a richer, longer-lasting and more mutually beneficial customer experience? Data from this study points to six important best practices that SMBs would be wise to follow in order to achieve the goal of building and leveraging an immersive CX:

- 1 Focus on CX.** It is not enough to deploy a CX initiative or to buy a CX tool. SMBs must develop, maintain and even expand a broad and deep focus on CX as a strategic corporate initiative. A major part of that commitment is funding a right-sized budget to help CX take root throughout the organization and for customers to immediately notice. Additionally, setting company-wide goals and ensuring all employees understand how the organization is performing with its customers.
- 2 Keep up with advances in artificial intelligence.** AI is a critical, highly leverageable technology that makes immersive experiences possible, affordable and sustainable. By helping agents handle more complex questions, provide contextualized responses, and handle multiple questions simultaneously, AI-based CX tools give SMBs a critical differentiator.
- 3 Lean into personalization.** Having access to more tools and more data gives customer support agents a better chance to create a personalized interaction with a customer.
- 4 Build conversational experiences.** Conversational experiences must be fluid and natural, no matter where the customer is in their journey. Meeting customers where they are on modern messaging channels and providing continuous, convenient and personalized conversations are crucial to faster problem resolution and richer experiences, which strengthens customer relationships.
- 5 Focus on sentiment.** Tracking customer sentiment toward a product, a service or an organization itself is invaluable in building a superior CX. It requires collecting and leveraging data at every interaction.
- 6 Break down silos.** Since SMBs must strive for efficiency in every manner possible in order to compete with bigger, better-resourced organizations, CX responsibilities should be consolidated into a centralized body of knowledge and expertise, not spread out over a wide range of different customer-facing interactions.

## Conclusion and Next Steps

"SMBs looking to differentiate themselves from a wider, more diverse competitive set have committed to improving their clients' CX as a key strategic step," says Durham. "At the heart of those initiatives is identifying and implementing CX solutions that are easy to deploy, provide immediate economic value and can grow with the organization's own business needs over time."

The research cited in this paper points to the opportunity for SMBs to close the gap between their understanding of the importance of improved CX and the need to do a better job in providing that enhanced experience.

For more information on how SMBs can achieve these CX goals, visit: [cxtrends.zendesk.com](https://cxtrends.zendesk.com)