zendesk

5 biggest gaps in customer service for small businesses

Why leaders take an omnichannel approach

When it comes to customer experience, there are big gaps between what small businesses say they're doing and the quality of service they're actually providing.

The stakes are high for small businesses: 85% of customer service managers at SMBs predict the volume of requests their team handles will grow in 2019, according to our research. And customers are more demanding than ever, as they have learned to compare all service interactions to the standard set by giants like Amazon and Uber.

But SMBs aren't offering service across the channels their customers prefer, and they haven't yet integrated the data sources required to provide seamless service—where customers don't have to repeat themselves. They're also lagging when it comes to responding to requests in a timely manner and collecting customer feedback to help their teams improve.

We took a look at what separates small businesses that scale their customer service operations successfully from the rest. One key to providing a better experience: omnichannel customer service that connects and integrates customer service channels, so customers get fast and efficient responses, conversations flow across different contact methods, and agents have a clear view of the customer over interactions and devices.

By surveying SMB customer experience leaders and analyzing how small businesses—companies with fewer than 100 employees—are using Zendesk, we found that fast-growing SMBs are much more likely than their peers to take an omnichannel approach to customer service. This approach combines an email or web-ticketing software solution, self-service offerings like a help center or FAQ, and live channels like chat or phone support.

We followed companies using Zendesk for their first few years with our software. Then we split those companies based on how their support teams have evolved to keep up with the rising tide of customer requests as their businesses grow. This report looks at what separates the top 10% of fastest-growing small businesses from the rest, and where small businesses should go from here.

About this report

We looked at the differences between what customer service teams say they're doing and the customer experiences they're actually providing by analyzing Zendesk Benchmark data from:

6,891

small businesses using Zendesk across 104 countries

And by surveying

600

customer service leaders

We found that, for the most part, small businesses are struggling to keep up, with big gaps between perception and reality when it comes to customer service. In fact, most SMB customer service teams aren't set up to meet their objectives.

But SMBs don't have to break the bank to start providing good service.

We're here to help.

What is omnichannel customer service?

It's a customer service strategy that integrates multiple contact methods for customers and customer service teams, so customers have a seamless experience and agents and administrators aren't constantly switching between tools and systems.

What it's not: simply offering multiple channels for support or operating from a shared email inbox that doesn't systematically log tickets. It's also a step beyond a basic email or web-ticketing software.

The idea is to provide the best experiences for customers, who increasingly expect to be able to contact customer service over channels they use to communicate with family and friends, and above all, want to get answers quickly and efficiently.

Gaps between perception and reality for SMBs

GAP 01

SMBs aren't providing multiple ways to get in touch

74% of small business CX leaders say they evaluate success based on providing multiple ways to contact customer service.

Customers prefer being able to contact customer service over more than one channel: 85% will use a different contact method if they don't get a response from their initial request, with 44% waiting less than an hour before doing so.

But SMB customer service teams are not keeping up, leaving customers with insufficient options to get their questions answered. In fact, more than half of SMB

leaders we surveyed say their teams still rely on a shared email inbox to manage tickets—meaning information about customers goes unlogged, and customer service teams lack a way to understand how agents are responding. Less than a third take a true omnichannel approach combining customer service software with additional contact methods beyond email and online forms.

What's more: A huge share of SMB customer service teams are stuck in the past. Nearly 30% of CX leaders at small businesses say the customer service their team provides hasn't changed at all in the past five years.

Which solutions or channels does your company use to respond to requests from customers?

Generic email or shared inbox (including Outlook, Gmail, Front, Yahoo!, etc.)

52%

Customer service software providing email management or online ticketing, plus additional contact methods (e.g., live chat, phone, self-service, etc.)

28%

Customer service software providing email management or online ticketing

20%

% of surveyed CX leaders
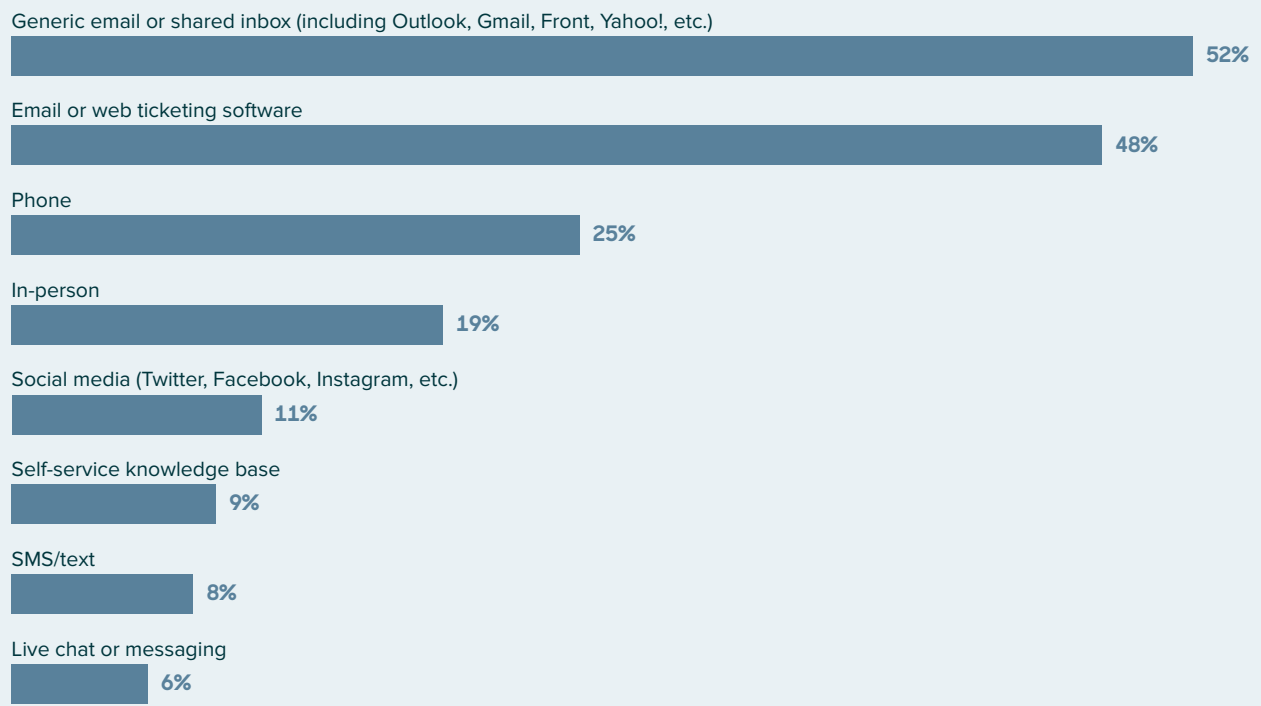
GAP 02

SMBs are lagging on self-service

54% of SMB CX leaders say they evaluate success based on customers having the ability to find answers themselves.

According to the Harvard Business Review, 81% of customers prefer to self-serve. But most small business customer service teams aren't set up for it.

In fact, according to SMB customer service leaders, only 9% of the small business teams we surveyed are relying on self-service to address requests and questions from customers.

This means most SMBs are missing out on a huge opportunity for customers to get answers more easily and to compile agents' institutional knowledge into help center resources that can be expanded on over time.

Which solutions or contact methods is your team using?

Generic email or shared inbox (including Outlook, Gmail, Front, Yahoo!, etc.)
52%

Email or web ticketing software
48%

Phone
25%

In-person
19%

Social media (Twitter, Facebook, Instagram, etc.)
11%

Self-service knowledge base
9%

SMS/text
8%

Live chat or messaging
6%

% of surveyed CX leaders
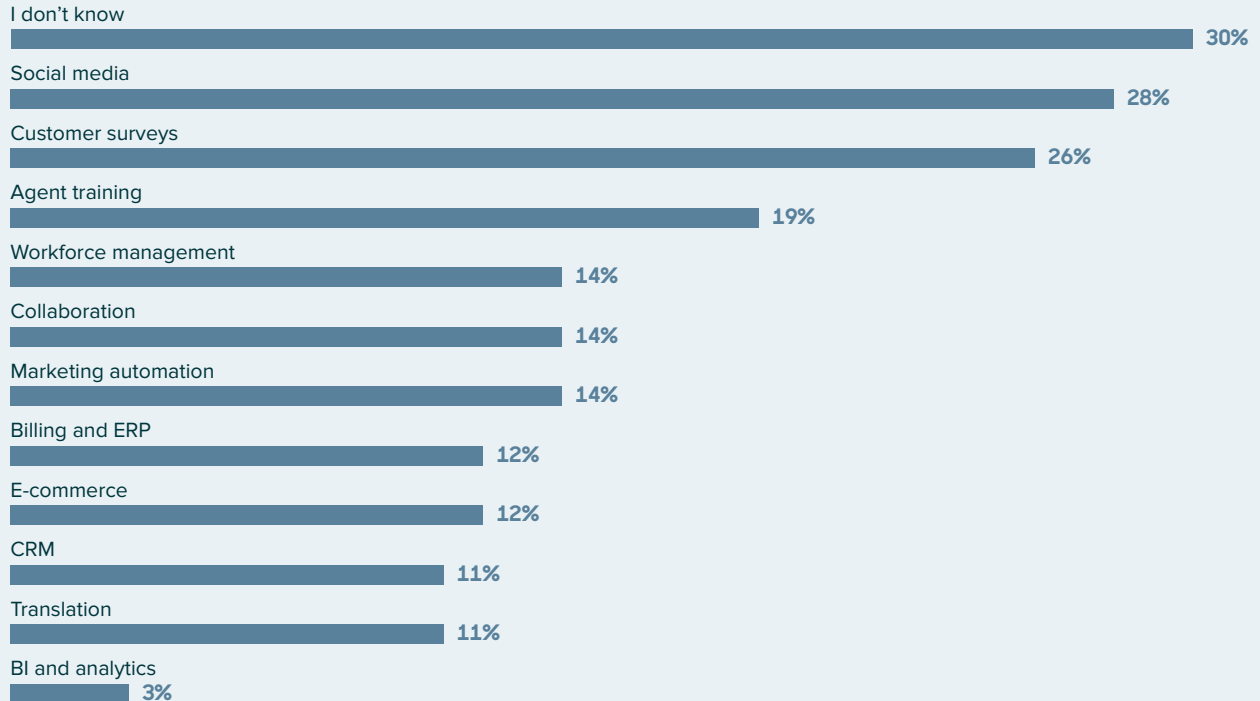
GAP 03

SMBs have a data disconnect

64% of SMB leaders agree that integrating data sources to create customer profiles that include order history, past interactions, and additional details helps their team provide better service.

Connecting sources of customer data allows companies to vastly improve how they engage with customers. It allows SMBs to incorporate data on past customer engagement, store individual customer profiles, and customize messaging for particular customer segments.

Yet SMBs typically haven't added the apps and integrations that would let them implement these uses for connected data. After one year with Zendesk, SMBs have connected only about three apps and integrations on average. This means they're missing out on putting data to work in areas like social media, billing, e-commerce, marketing automation, and translation.

According to our recent survey of customer service agents at SMBs, less than a third of these companies have integrated tools, apps, or integrations in the three most popular categories: customer surveys, social media, and agent training.

Which tools/apps/intergrations does your customer support team currently use?

Category	%
I don't know	30%
Social media	28%
Customer surveys	26%
Agent training	19%
Workforce management	14%
Collaboration	14%
Marketing automation	14%
Billing and ERP	12%
E-commerce	12%
CRM	11%
Translation	11%
BI and analytics	3%

% of surveyed customer service agents

GAP 04

SMBs are slow to respond to customers

85% say they gauge their team's effectiveness based on providing a quick response to an initial inquiry.

Customers don't want to be dazzled by customer service. Their wish is simple: quick responses and resolutions to their issues.

Based on data on how SMBs use Zendesk, we found that 48% of customer requests these companies field do not receive responses within the first eight hours.
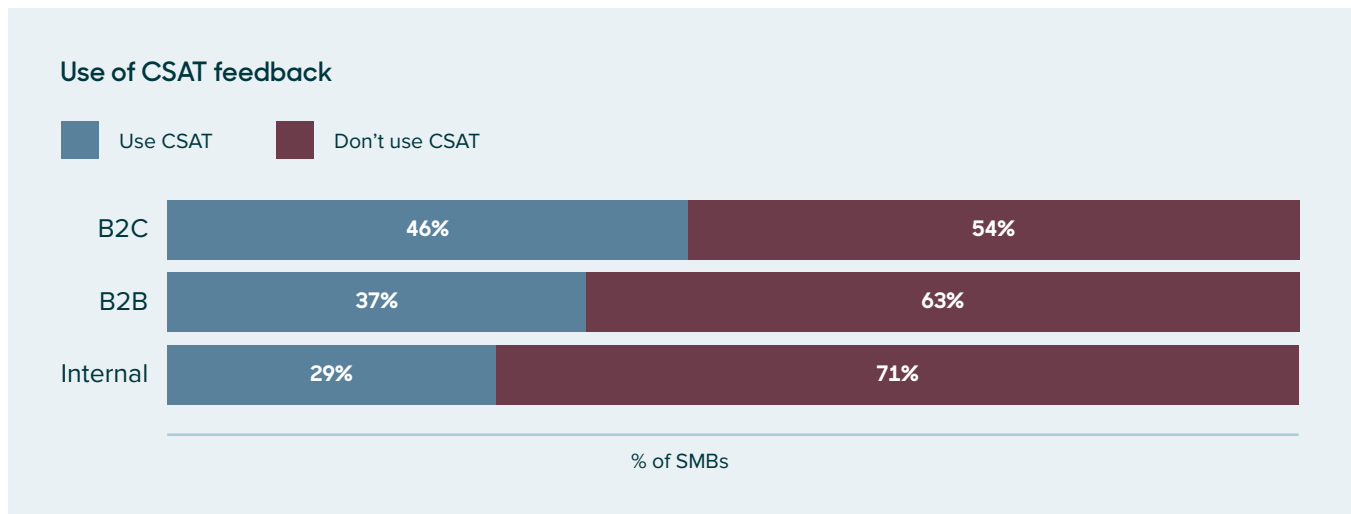
Customer request response time

<1h	30%
<8h	22%
<24h	21%
>24h	27%

% of requests responded to within
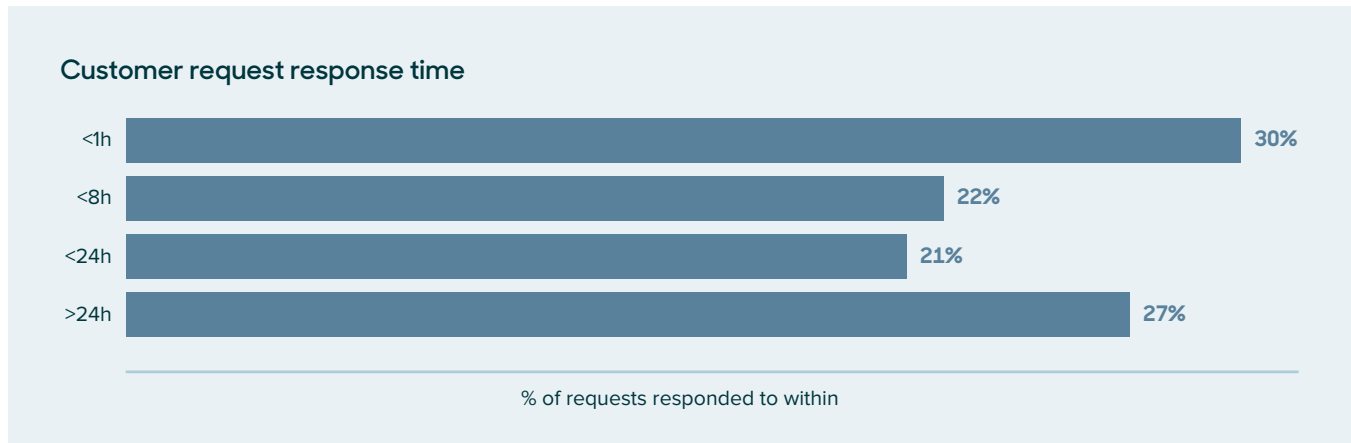
GAP 05

SMBs are in the dark about the quality of service they're providing

82% of small business CX leaders say they evaluate success based on providing a smooth experience for customers.

But SMBs generally aren't gauging whether they're actually doing this and if their customers are satisfied with the service they receive.

In fact, across companies that are using Zendesk, two-thirds of SMBs are flying blind—they don't even measure customer satisfaction. In not keeping an eye on CSAT and using disconnected channels, SMBs may not be able to live up to their own aspirations when it comes to making service seamless and simple for customers.

Use of CSAT feedback

Use CSAT   Don't use CSAT

	Use CSAT	Don't use CSAT
B2C	46%	54%
B2B	37%	63%
Internal	29%	71%

% of SMBs

How fast-growing SMBs set themselves apart

While there are some notable gaps between customer expectations and the quality of service most SMBs provide, there are straightforward ways for small businesses to course-correct.

We looked at what distinguishes the top 10% of the fastest-growing small businesses that have successfully scaled their support operations from the rest of the pack, following these companies over their first few years with Zendesk.

They handle tickets more efficiently.
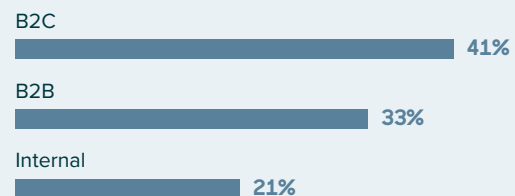
After a year, SMBs that grow quickly using Zendesk:

- Resolve tickets 40% faster

- Are 41% more likely to offer 3+ contact methods for customers

- Handle 63% more tickets through live channels like chat and phone

- Engage with 3.3 times as many customers via customer service

They're also more likely to take an omnichannel approach.

After 18 months of using Zendesk, they're 34% more likely. And omnichannel SMBs are more satisfied with their customer service solutions. According to our survey of SMB leaders, 88% are satisfied with their customer service solution, compared to only 67% of those on teams using a shared inbox and 65% of those on teams using software providing email or web ticketing.

SMBs most likely to be taking an omnichannel approach after 1 year with Zendesk

BY CUSTOMER SERVICE TYPE

B2C — 41%

B2B — 33%

Internal — 21%

BY INDUSTRY

Web applications — 46%

Financial services — 44%

Travel — 42%

% of companies that are omnichannel

Leading companies are providing omnichannel service

HUBBLE

Hubble is a U.S. company providing affordable contact lenses.

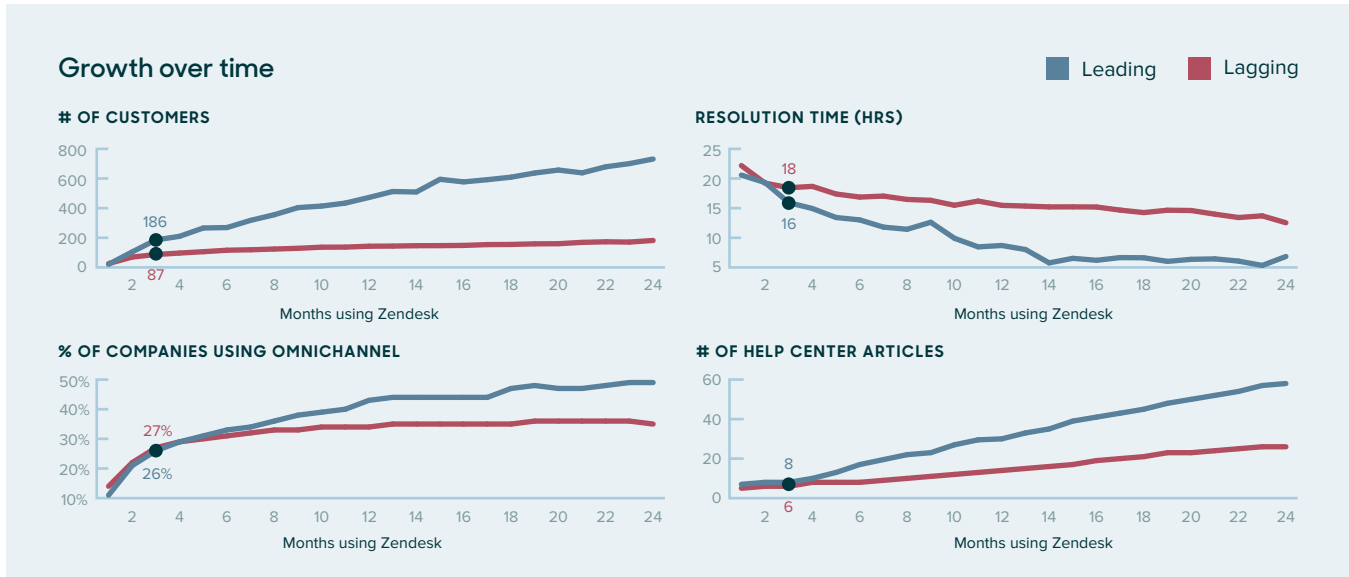**Channels offered:** Email, phone, self-service, social media

TunaiKita

TunaiKita is an Indonesian app offering online loans.

**Channels offered:** Chat, email, phone, self-service, social media

Laying the foundation and adding live channels

Growth over time

Leading   Lagging

 # OF CUSTOMERS

186
87

Months using Zendesk

RESOLUTION TIME (HRS)

18
16

Months using Zendesk

% OF COMPANIES USING OMNICHANNEL

27%
26%

Months using Zendesk

 # OF HELP CENTER ARTICLES

8
6

Months using Zendesk

Based on their key metrics, small businesses are largely indistinguishable from each other in their first few months of using Zendesk. They take a long time to resolve tickets, more than 20 hours on average. The timing of rolling out an omnichannel approach varies between companies, though most SMBs set up the majority of their customer service channels in the first few months.

When it comes to channel rollout, companies typically start with conventional channels like email and online forms. Then they build out their self-service content via help centers or FAQ pages. Next, they add live channels like chat and phone support before moving on to launching social media, mobile channels like text messaging, and even more live channels.

Email or web forms

Self-service/ knowledge base

Live channel (Chat/phone)

Social media

Mobile channels

Additional live channels
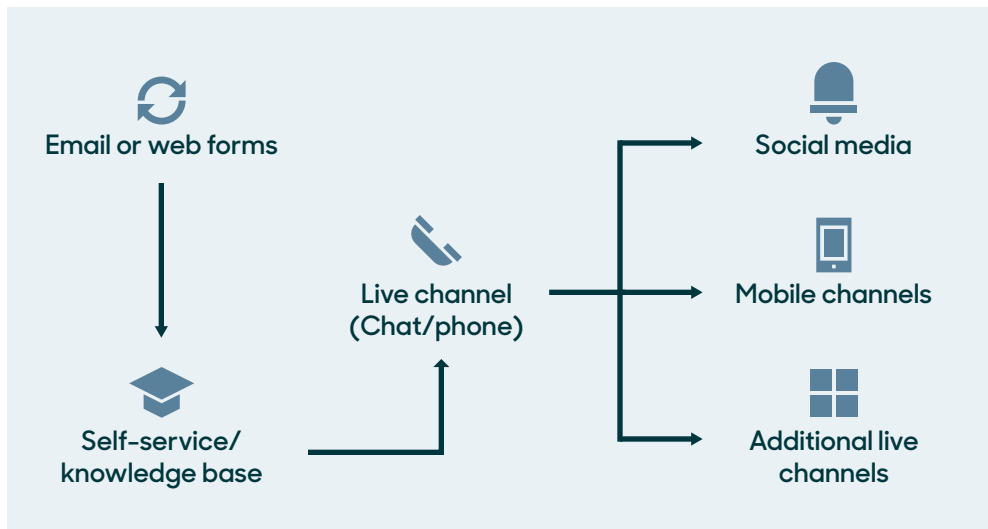
A large portion of SMBs using Zendesk activates email or web support, self-service, and a live channel in their first few months.

After three months with Zendesk, fast-growing small businesses set themselves apart, and these companies already boast more customers engaging with customer service and more efficient agents, with each agent handling 50% more tickets per month. The two groups—fast-growing and lagging small businesses—are at this point, though, equally likely to be taking an omnichannel approach to customer service.

Fast-growing SMB companies:
CSAT at 3 months

81%
B2C

88%
B2B

96%
Internal

What leading SMBs do in the first 3 months with Zendesk

1. They think beyond a shared inbox.

A shared email inbox cannot meet the needs of growing small businesses. Leading companies understand their customers' preferences and offer the right channels to match. Zendesk research shows that while phone and email are the most popular channels among customers, younger customers are increasingly enthusiastic about self-service, chat, and social media.

2. They get a head start on self-service.

Leading companies don't wait for a magic signal to start building out their help centers and community forums. TunaiKita, an Indonesian tech company that uses a "lending robot" to help consumers secure loans, launched an omnichannel solution combining email, social media, and phone and chat support within the company's first few weeks of using Zendesk. After a few months, they used their understanding of their customers' frequently asked questions to launch a help center using Zendesk Guide. Repeat inquiries? Deflected. Agent workloads? Reduced.

3. They have a clear plan before turning on live channels.

Support teams often fear that rolling out chat and phone support means opening the floodgates and burying their agents underneath a sea of requests. In most cases, however, adding these channels does not lead to an unmanageable increase in ticket volumes for SMB teams. The most important way to set up your customer service team for success when adding live channels is to have a clear implementation plan to onboard your team, add workflows to optimize agents' time, and ensure live channels are adequately staffed to get customers timely responses.
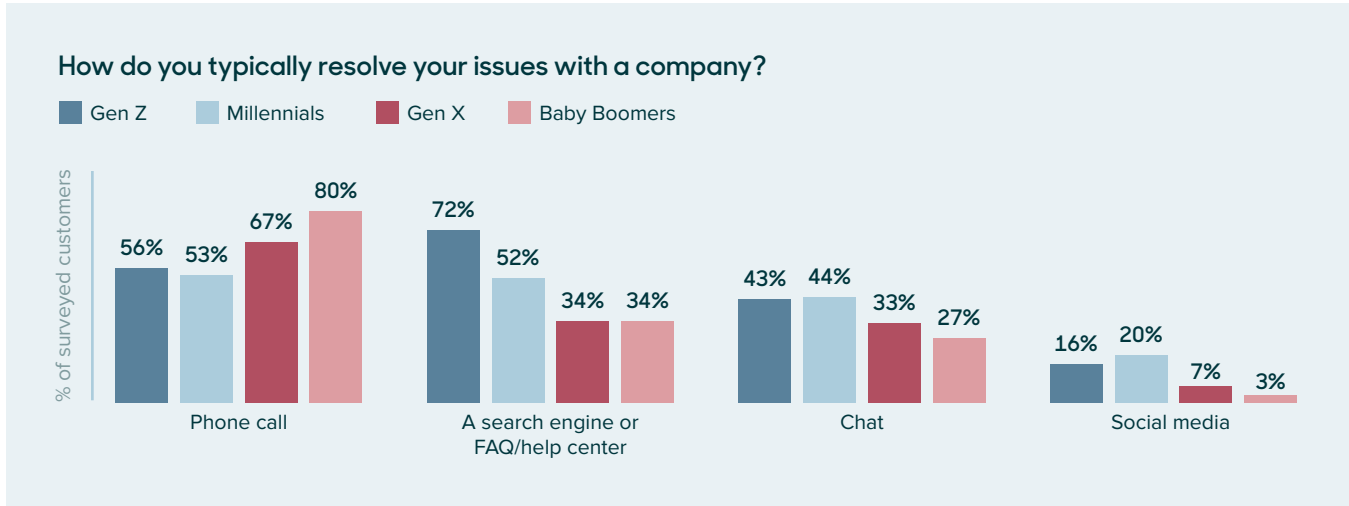
4. They staff for success.

Fast-growing companies tend to have a higher percentage of agents working on live channels, which makes sense since a higher share of requests comes in through those channels. Leading companies map out how channels can work together across common customer touchpoints and where business rules and routing can improve

efficiency. By identifying the top issues customers write in about and the average resolution time for each, these teams create better routing rules, allowing them to get customers to the right agents sooner and correctly match particular requests to the channels best suited for them.
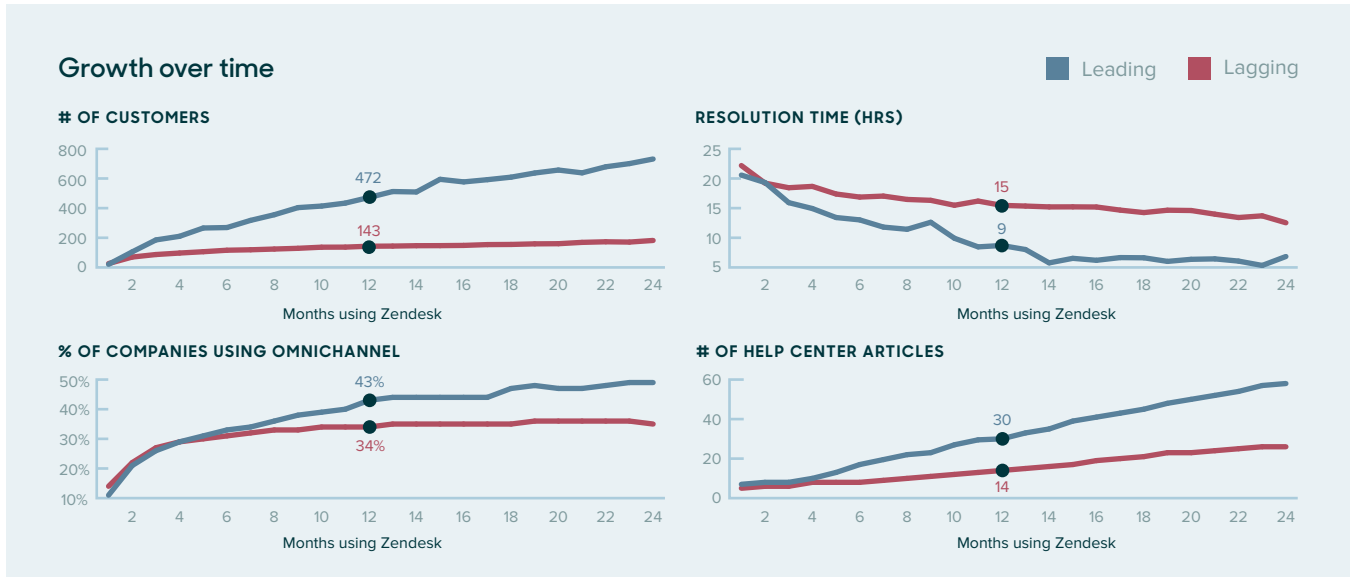
5. They measure success with analytics.

Companies should start with pre-built analytics by keeping track of the most important metrics for their customer service operations, including ticket volumes, customer satisfaction, and response and resolution times based on ticket issue types and areas of products or services. From there, they can look to build out more customized reporting and begin optimizing service based on key metrics.

How do you typically resolve your issues with a company?

- Gen Z
- Millennials
- Gen X
- Baby Boomers

% of surveyed customers

Phone call
- Gen Z: 56%
- Millennials: 53%
- Gen X: 67%
- Baby Boomers: 80%

A search engine or FAQ/help center
- Gen Z: 72%
- Millennials: 52%
- Gen X: 34%
- Baby Boomers: 34%

Chat
- Gen Z: 43%
- Millennials: 44%
- Gen X: 33%
- Baby Boomers: 27%

Social media
- Gen Z: 16%
- Millennials: 20%
- Gen X: 7%
- Baby Boomers: 3%

6 MONTHS TO 1 YEAR

Improving efficiency with automation and self–service

Growth over time

Between six months and one year of using Zendesk, fast-growing small businesses have almost cut the time it takes them to resolve customer requests by a third: from 13 hours on average down to nine hours. Part of this drastic improvement can be attributed to fully setting up routing and workflow features with Zendesk Support.

All SMBs, regardless of how they expand their customer service operations, can find uses for automation. Taking advantage of more advanced workflow logic early on sets companies up for success as they scale. As a result, their agents can work more efficiently.

Companies can also improve by investing in channels that on average yield faster responses and resolutions, such as chat, phone, and text support. Fast-growing companies tend to route a larger share of requests through these live channels, but live channels don't actually make up a majority of these companies' engagement with customers.

In fact, when we look at how SMBs taking an omnichannel approach interact with customers across different contact methods, including their self-service resources, we see that customer inquiries resolved using email, online forms, and self-service content make up nearly three-quarters of engagement with customers after one year of using Zendesk.

Customer engagement across channels

% of requests by channel
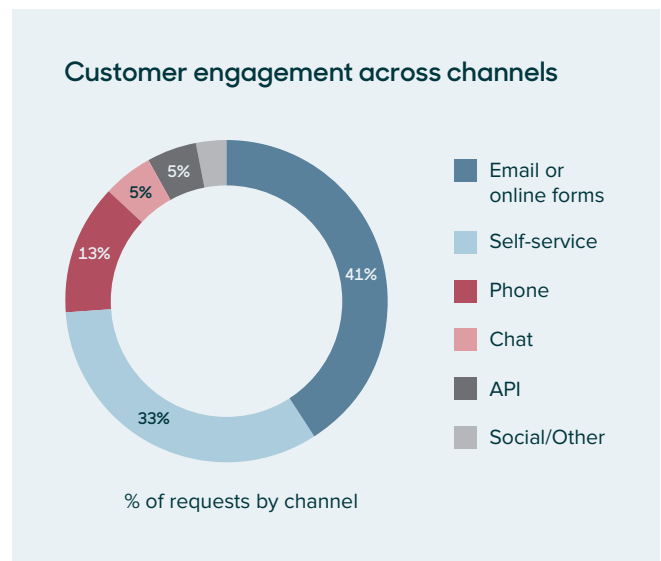
What leading SMBs do after 1 year with Zendesk

1. They automate agent workflows.

At this point, SMBs can use their understanding of common requests to create automated answers. With Zendesk, teams use macros to create standard responses to tickets; agents then apply them as needed. Triggers, which are based on conditions and actions, can automatically modify ticket properties or notify customers. Triggers can be used to update customers when your team is out of the office or to automatically route priority customers to a specialized support group. Leading SMB teams use 1.5 times as many macros and 63% more triggers. "We use macros, triggers, and automations all the time," said Andry Huzain, TunaiKita's co-founder and chief operating officer. TunaiKita automates routing and closing tickets using triggers. They also require customer feedback when a ticket is pending, using triggers to achieve this.

2. They connect customer data with apps and integrations.

Technology apps and integrations enable support teams to collaborate effectively and provide a consistent customer experience across platforms and tools—leading teams use a third more on average. Many SMBs also get value out of using services like Workato or Zapier to link apps. Below are some foundational apps and integrations to get started.

3. They add to their self-service resources.

Leading companies continue to build out their help centers, FAQ pages, and community forums to deflect tickets and make life easier for agents. Between six months and one year, the median number of help center articles for fast-growing SMBs nearly doubles from 17 to 30. This makes sense: Self-service is a great way to scale customer service operations to deal with an ever-increasing customer base. One result of better self-service: The share of tickets resolved with a single touch should decrease, since more simple and repetitive requests are resolved by customers finding answers themselves.

4. They collect customer feedback.

We know that nearly two-thirds of SMBs are not currently gauging customer satisfaction, and that leading teams are about 70% more likely to be collecting CSAT. Companies can use Zendesk's built-in customer satisfaction survey to track how well their agents and customer service organization as a whole are performing on a ticket-by-ticket basis. Companies then tag different issue types and build out reports to get a comprehensive take on team performance and opportunities for improvement.

Fast-growing SMB companies:
CSAT at 1 Year

83%
B2C

92%
B2B

90%
Internal

5. They handle requests via live channels.

Fast-growing SMBs resolve more tickets using live channels. After the first few months of using Zendesk, live channels hold constant at roughly 20% of customer requests for these companies. Hubble, for example, launched email and phone support together once they onboarded with Zendesk and later added social media. "For the way that we do business, phone calls tend to be easier to handle," said Stella Dennig, SVP of Customer Experience at Hubble, adding that the team aims to keep phones well-staffed during business hours, so wait times and reply times stay low.

Apps and integrations to add

CUSTOMER CONTEXT

Conditional Fields
Customize fields in tickets to give agents and customers a better experience.

Five Most Recent
Get more context on past support requests from a customer.

User Data
Give agents a complete picture of the customer.

PRODUCTIVITY

Notification App
Easily broadcast messages to some or all of your agents.

Pathfinder
Let agents see which articles and community posts customers have viewed.

Time Tracking
Understand customer requests and the time it takes to solve them.
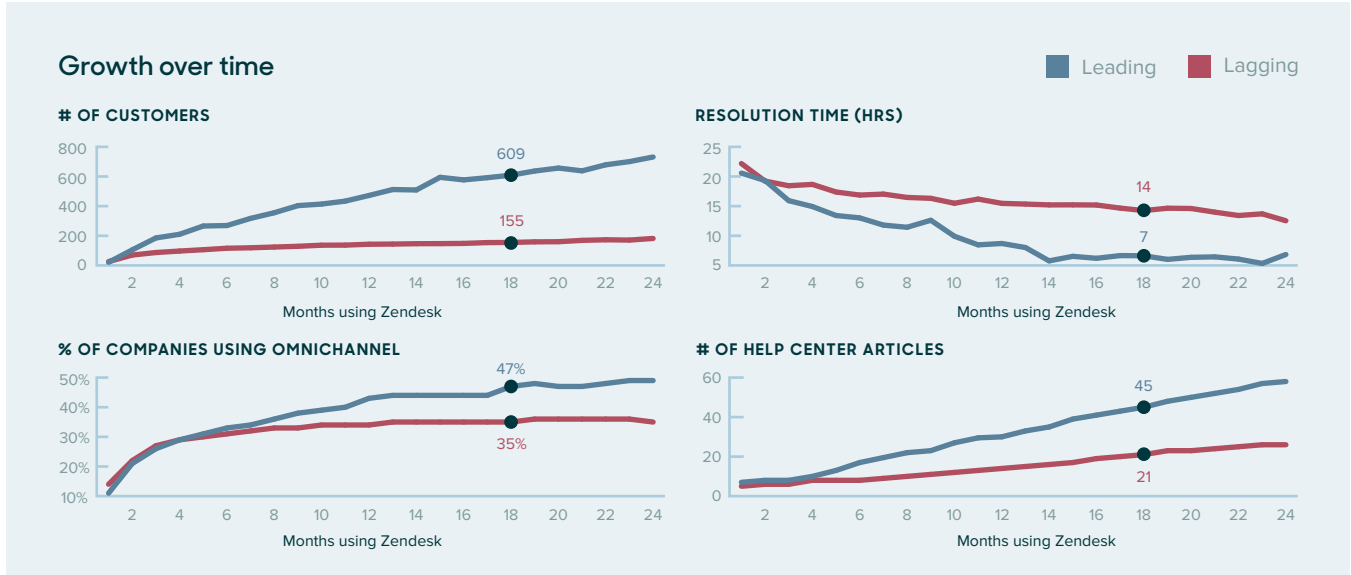
KNOWLEDGE & CONTENT

Answer Suggestion
Automatically suggest relevant articles, so agents can add them to the ticket.

18 MONTHS AND BEYOND

Making smarter decisions with data

Growth over time

 # OF CUSTOMERS
Months using Zendesk

RESOLUTION TIME (HRS)
Months using Zendesk

% OF COMPANIES USING OMNICHANNEL
Months using Zendesk

 # OF HELP CENTER ARTICLES
Months using Zendesk

Leading Lagging

After 18 months on Zendesk, most SMB customer service teams have configured their support channels and are finding ways to scale their customer service as their business grows. There is always room for incremental improvements that create better experiences for customers and agents, tweaks that can vary from integrating data sources to refining agent workflows.

SMB customer service leaders report that their top challenges are slow resolution times due to complex requests and the fact that their team's lack of information on customers forces customers to repeat themselves. This makes sense: Most SMB teams are not integrating channels, meaning their agents don't have the full context on customers' information and their past interactions with their customer service team. This slows down resolution times and puts the burden on customers to repeat themselves over and over.

As small businesses grow, support teams can expect to face more challenges related to expectations around meeting quantifiable goals and agent morale.

Customer service leaders at midsize companies report that their top challenges involve expectations to perform to metrics, a greater focus on reporting and quantifying success, and agent turnover.

Which is the biggest challenge for your customer service organization?

More challenging for SMB   More challenging for midsize

RANK	SMB	MIDSIDE MARKET
01	Slow resolutions	Metrics/ expectations pressure
02	Lack of information	Agent turnover
03	Metrics/ expectations pressure	High request volume
04	Agent turnover	Lack of information
05	High request volume	Slow resolutions

What leading SMBs do after 18 months with Zendesk

1. They report on success.

Leading teams get a better understanding of their top metrics and use those to understand where they can improve. The most important metrics for customer service teams are tied to three key areas: customer relationships, agent performance, and team performance. These critical metrics include CSAT, stats from social media engagement, measures of agent efficiency, and numbers related to churn and ticket backlog. Companies can monitor all of these metrics using Explore, Zendesk's own analytics and reporting solution.

2. They treat customer service agents and managers well.

Professional opportunities are as important as pay to SMB CX leaders, according to our survey results. The top reasons SMB customer service leaders said they would leave their jobs are that they aren't being paid well and that they lack opportunities for advancement, with nearly 40% citing those reasons. Support teams gain from keeping agents around longer, too, since agents on average earn a higher CSAT rating for each year they stick around on the same customer service team.

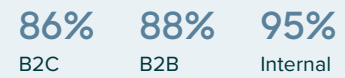**3. Their agents harness the power of self-service.**

Empowering agents to use their collective knowledge and build on it over time can help SMBs successfully respond to more requests. The right tools, like Zendesk's Knowledge Capture app, make it simple for teams to contribute new and helpful content from the agent interface. Providing helpful articles for agents to share with customers puts information at your agents' fingertips, speeding up interactions and boosting agent satisfaction as agents can focus on more high-value tickets. It also means less

time spent searching for answers. The best thing about a good knowledge base? It gets better over time because agents can flag content that should be updated or add new content from common inquiries.

4. They start engaging proactively.

Customers are open to this: 90% of them agree that they look more favorably on companies that engage proactively or say they are neutral about it. And chances are, they're running into common issues, whether they're canceling a product trial or wavering at the checkout page. Leading teams preempt customer questions and bolster sales and retention by engaging before customers reach out—all by connecting data sources to understand customer behavior and then sending messages to particular customer segments based on their understanding of common challenges.
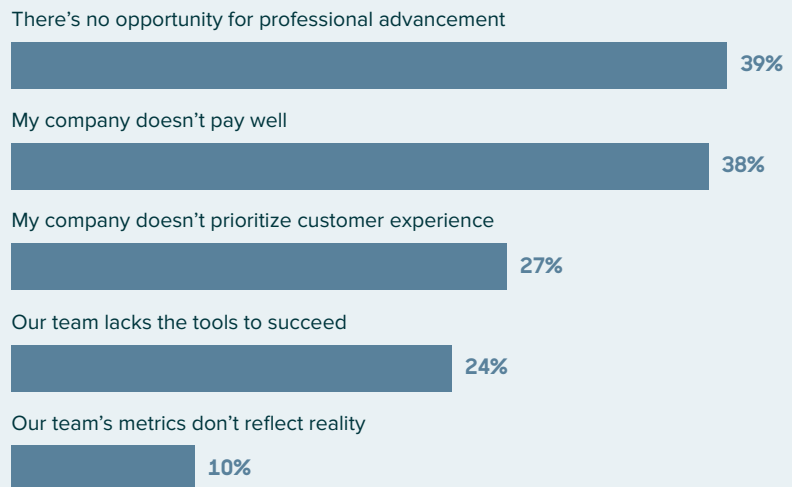
5. They use customer feedback to grow their businesses.

For example, TunaiKita used Zendesk data on which customers were most satisfied and engaged with their online lending services to identify customers who could help market the app and talk about its impact. "We try to make them our customer evangelists," said Andry Huzain, co-founder and COO of TunaiKita, adding that the company leverages these customer champions for testimonials and offline marketing events, as well as to lead forums for other customers.

Fast-growing SMB companies:
CSAT at 18 months

86%	88%	95%
B2C	B2B	Internal

Which factors would lead you to leave your current role?

There's no opportunity for professional advancement
39%

My company doesn't pay well
38%

My company doesn't prioritize customer experience
27%

Our team lacks the tools to succeed
24%

Our team's metrics don't reflect reality
10%

% of surveyed CX leaders

Methodology

We followed small businesses that began using Zendesk after 2016 along their journey with our customer service software. We split those companies into two groups based on their growth, as measured by how their customer service team has adapted and expanded to keep up with the influx of customer requests.

The leading companies made up 10% of all companies in the sample based on growth.

657
fast-growing small businesses using Zendesk

6,234
lagging small businesses using Zendesk

Companies included in this study have opted into the Zendesk Benchmark, our index of product usage data from more than 45,000 companies using Zendesk. These companies have used Zendesk for a minimum of six months, have four or more agents on Zendesk Support, and have fewer than 100 employees.

This research also incorporates insights from our recent Zendesk Customer Experience Trends Report 2019, which analyzed Zendesk Benchmark data and findings from surveys and focus groups of customers and customer service professionals across six countries.

Connect in better ways

The Zendesk Suite offers everything you need to enable conversations with customers to flow seamlessly across channels, wrapped up in one simple package and price.

Learn more about omnichannel customer service with The Suite.

zendesk