CX Trends 2022

Improve your bottom line by putting customers at the top
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Introduction
It’s finally time for companies to think about what comes next. And after almost two years of adapting, transforming, and responding to unprecedented change, they’re looking ahead with an eye for growth.

To build a stronger, more successful business in this new environment, leaders need only look to their own customers. Customer service is now a key differentiator between companies, a top consideration for customers, and a profit-generating force in its own right.

Whether you’re a well-established firm or just starting to scale and grow, a successful customer service team can help attract new business, boost retention, and increase sales among your existing customer base.

With so much on the line, customer service teams face increased pressure to deliver—both from customers and company leadership. Impress customers can help businesses stand out or even kickstart growth, but inefficient workflows and burned-out agents are just a few of the things that can undermine long-term success. To promote a meaningful, institution-wide shift, leaders must get customer service buy-in at every level. And much-needed changes to tools, processes, and mindset, however difficult, must start now.

Why? Research shows that customers are increasingly reluctant to give second chances if their expectations aren’t met.

It’s impossible to overstate the important role that customer service will play in this next chapter. To help companies avoid common pitfalls and realize opportunities to grow the business and the bottom line, we surveyed customers, agents, customer service leaders, and business leaders from 21 countries. We also gathered global data from nearly 97,500 Zendesk customers who participate in our Benchmark program.

METHODOLOGY
How we ran the research

Data in this report comes from three sources: One global survey of 3,500 consumers, one global survey of 4,600 business respondents, and Zendesk Benchmark product usage data from more than 97,500 companies.
Ticket volume has increased across all channels

- Webform/email: +10%
- Chat: +17%
- Phone: +24%
- Social messaging (includes WhatsApp): +32%
- WhatsApp: +370%
- Social media: +20%
- SMS: +28%
Unlock the benefits of customer service–led growth
Customer service isn’t just about finding a quick solution to any one customer problem.

It’s about building a long-term relationship, one where each customer interaction offers opportunities for deeper, more valuable engagement.

With more people buying online than ever before, customer service is now a key differentiator in the eyes of customers and companies alike.

Customers expect quick, easy, and effective service, and they’re willing to look elsewhere if they don’t get it.

In fact, more than 60 percent report that they now have higher customer service standards after the past year’s crisis.

It’s a trend likely to continue, with 73 percent of business leaders reporting a direct link between their customer service and business performance.

In this new business reality, customer service agents play an increasingly important role. And whether a company exceeds or falls short of customer expectations is often directly tied to business success. It’s a high-stakes game—61 percent of customers would now defect to a competitor after just one bad experience. That’s a 22-percent jump from the previous year. Make it two negative experiences, and 76 percent of customers are out the door.

Customer engagement is up 14% compared to last year, which means more work, but also more opportunities to upsell or cross-sell in ways that better serve customers.

**Quality customer service can drive sales**

| 93% | will spend more with companies that offer their preferred option to reach customer service (ex: chat). |
| 92% | will spend more with companies that ensure they won’t need to repeat information. |
| 90% | will spend more with companies that personalize the customer service they offer them. |
| 89% | will spend more with companies that allow them to find answers online without having to contact anyone. |
As the saying goes: no risk, no reward. For companies that succeed at wowing customers, the opportunities for growth are immense.

Not only will they lay claim to the growing number of customers that shop with a service-first mindset, but they will also have a real shot at expanding, retaining, and deepening their customer base:

| 64% | of business leaders say that customer service has a positive impact on their company’s growth. |
| 60% | say it improves customer retention. |
| 47% | report an increase in their ability to cross-sell. |
| 60% | More than 60% of customers say they now have higher customer service standards. |

There are real consequences of inaction, which means that companies only have a short window of time to get it right.

And while many have already placed customer service at the top of their wish lists for 2022, not everyone is primed to realize their growth ambitions. We identified five customer service traps that may ultimately impede a company’s chances of success, as well as insights and strategies to overcome these challenges.
Business priorities for the next 12 months are service-related

- Drive better customer experiences: 56%
- Improve efficiency: 37%
- Drive stronger customer relationships: 31%
- Increase customer satisfaction: 23%
- Increase sustainability: 21%
Five customer service traps that could derail growth
Customer service isn’t wowing customers

What does it mean to offer great customer service?

Depends on who you ask—and research shows that how businesses define it might not be matching up with what customers expect. While 60 percent of companies surveyed gave themselves high marks for service, 68 percent of customers say there’s room for improvement. In fact, 54 percent of customers report that customer service feels like an afterthought for most of the businesses they buy from.

Impressing younger customers is an even harder task. Millennials and GenZers tend to have much stronger opinions about what a good customer experience should look like, and they are more critical of companies that don’t measure up.

Customer expectations have changed rapidly in recent years, leaving many companies struggling to keep pace. What do customers want?

Customers are also looking for helpful and empathetic agents, always-on support, and streamlined conversational experiences—no matter who they’re talking to, be it a human or bot.

Despite companies giving themselves a high grade overall, a deeper dive into the data paints a far less rosy picture. Only 18 percent, for example, say they’re extremely satisfied with the number of channels they’re offering customers. Similarly, less than 20 percent rated their resolution speeds as extremely strong, while only 21 percent could say the same for the ease with which customers can interact with their business.

Now is not the time to settle for mediocre—especially when the quality of your customer service may earn you repeat customers or be the reason you lose out to competitors. By taking the time needed to understand what great customer service means to your unique customer base, you can make the changes necessary to ensure that middle-of-the-road experiences don’t hold you back.

A world-class business, built by putting customer needs first

In a crowded industry, online travel agency Klook uses best-in-class customer service to stand out. “Customer experience is key,” said Colin Au, vice president of Klook’s Customer Experience Group.

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Organizations admit that their customer service needs improvement

- **22%**: The overall quality of our customer service is extremely strong
- **21%**: The ease with which customers interact with our business is extremely strong
- **20%**: Our speed at resolving customer engagements is extremely strong
- **16%**: Our ability to adapt customer service technology solutions to change is extremely strong
Going all in on customer service is easy to say but hard to do. And while leaders may be betting big on customer service as an untapped gold mine of growth, many have yet to actually implement the changes necessary to make it happen. Case in point: 72 percent of business leaders say that their organization views customer service as a critical business priority, but a surprising 40 percent say customer service is not owned by a C-suite executive at their organization. Without a clear commitment at the very top, companies risk missing opportunities to weave customer insights into their larger strategic framework. Customer inquiries serve as a vital feedback tool for highlighting what’s working or not working with products or services—in real time. But it’s no longer enough to simply close a ticket and move on. When taken together, tickets can reveal critical problem areas or spotlight new opportunities for growth.

Leadership talks the talk but doesn’t walk the walk

**Leadership talks the talk but doesn’t walk the walk**

| 73% | say there is a direct link between their customer service and business performance. |
| 72% | say their organization views customer service as a critical business priority. |
| 46% | say their organization does not have a three-year strategic plan for customer service. |
| 40% | say customer service is not owned by a C-suite executive at their organization. |

Company leaders must be actively engaged in reviewing, disseminating, and acting on these insights to more closely align with customer wants and needs.

And though they seem to understand the potential value of doing so, only 20 percent report viewing customer service metrics on a daily basis. 40 percent say they only view data once a month, or even less frequently.

Tapping into growth opportunities with customer service requires firm action from top to bottom. Companies that don’t move quickly to make much-needed changes within their organization risk falling behind those who already are. 54 percent of companies report having a three-year strategic plan for customer service, which means that a little under half still don’t. For those without a long-term plan, the time to act is now.

**CUSTOMER STORY**

**Support and leadership in lockstep**

“We’ve become a source of feedback for the rest of the business in terms of what our customers want, trends in the marketplace, and really key innovations—whether that’s moving to paperless, responding to the [COVID-19] lockdown, or improving the service we provide,” said Steven Franklin, global head of customer service.

Learn from Siemens
Current investments aren’t enough to support a standout team

Increasing funding to hire more agents, improving training programs, or acquiring the latest and greatest technology could help ease the burden, but budget forecasts are largely missing the mark. For the 34 percent of companies that predict a 25-percent increase in engagement, only 14 percent plan to raise their budgets by a similar margin. And while ticket and budget increases shouldn’t be thought of as a simple 1:1 ratio, it’s clear that many teams are going to have to figure out how to do more with much less.

It’s no secret that customers are engaging more with service teams. Support requests—everything from technical questions to help finding the right sweater size—are up 14 percent compared to last year.

And companies expect this trend to continue. In the next two years, just over a third of companies predict that they’ll see a 25-percent increase in customer engagement: no small feat for overworked and overstretched support teams.

Some good news:

Despite the lag, budgets on the whole are on the rise. Nearly half of companies expect funding for their customer service teams to increase by up to 25 percent in the next year and then again in the following year. But many could and should be doing more. In fact, only 27 percent of business respondents strongly agree that their organization is adequately investing in support initiatives.

Part of the problem is that many companies still view customer service as a cost center rather than what it should be: a revenue-generating engine for growth. In fact, a near equal split between the two camps suggests that companies may be heading down divergent paths. Those not putting their money where their mouth is, so to speak, will need to become more efficient just to keep up.

CUSTOMER STORY

€1 million in customer service-generated sales… and counting

“When we had an outsourced call service, there were customers ringing up saying, ‘Can I get that in size X? How much is this? Is there a discount on this wedding ring?’ But they were going to a call center that had no idea about our product,” said Brian Durney, now Chupi’s chief technology officer. “So, my big sell for the customer care team was these guys will sell. They’ll sell quietly, and they’ll sell with kindness.”
Current customer service investments can’t keep up with rising ticket volumes

- **Expected increase in ticket volume in the next 12 months**
  - 35%: We believe it will increase by 9% or less
  - 30%: We believe it will increase by 10% to 24%

- **Expected increased investment in the next 12 months**
  - 28%: We believe it will increase by 10% to 24%
  - 19%: We believe it will increase by 25% or more
  - 15%: We don’t think there will be a change
Agents are burned out and feel undervalued

Despite the increased visibility, the risk of burnout is high. Heavier workloads, more responsibility, inadequate training, and mixed signals from leaders have many agents feeling overwhelmed and underappreciated. Only 15 percent of agents are extremely satisfied with their workloads, while a mere 20 percent report feeling the same way about the quality of training they receive. Taking all factors together, less than 30 percent feel empowered to do their jobs well.

Few agents are extremely satisfied with:

- Quality of their training: 20%
- How their team is perceived by the broader company: 17%
- Their ability to make suggestions for change: 17%
- Frequency of their training: 17%
- Their overall workload: 15%
- Their career path options: 14%
- Metrics used to measure their performance: 14%

No longer just assisting when things go wrong, service agents are stepping in across the entire customer journey—from product discovery to purchase, and well beyond.

As the primary—and often the only—human connection that customers have with brands, agents have grabbed the attention of senior leadership: 78 percent agree that service agents play a vital role in customer retention. And agents say their work has only become more important and strategic.
What agents actually need

A company’s fortunes are increasingly tied to the success of its agents, but many don’t feel like they’re set up to thrive in this new business reality. Here’s what they say is critical to a job well done:

**Manageable workloads:**

- Only 15 percent are extremely satisfied with the amount of work on their plate.

**More training:**

- Only 1 in 5 express a high level of satisfaction with the quality of training available, and 62 percent report that more skills-based training would improve their performance.

**Better performance metrics:**

- A mere 14 percent report being happy with the metrics used to evaluate their work.

**Clear advancement opportunities:**

- Only 14 percent are extremely satisfied with the career paths open to them.

**More respect:**

- A sizable 38 percent say that the customer service team is not treated as well as others in the organization.

Companies looking to grow their business with customer service would be wise to take note.

Studies have shown that [happier humans make better employees](https://www.bombbomb.com). For support teams, this means better experiences for customers, too. But despite widespread support for agent well-being at the uppermost levels, nearly 40 percent of agents feel like they aren’t treated as well as others in the organization. That should have everyone paying attention. Unhappy agents are a slippery slope toward higher churn rates and, ultimately, dissatisfied customers.

Customers are already noticing; 68 percent feel that businesses need to improve agent training. And luckily, it’s a top priority for the year ahead: 53 percent of company leaders expect some increase in the amount of training offered to agents, while 28 percent of leaders plan to undertake major changes to their program. Focus areas for the next 12 months include training on upselling and cross-selling (53 percent), boosting flexibility to solve specialized problems (52 percent), and servicing multiple channels (48 percent).
Disjointed systems confuse customers and halt growth

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<tr>
<th>Percentage</th>
<th>Customer Expectations</th>
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<tr>
<td>81%</td>
<td>say a positive customer service experience increases the likelihood they’ll make another purchase.</td>
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<td>70%</td>
<td>say they have made purchase decisions based on the quality of customer service.</td>
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<tr>
<td>76%</td>
<td>say they would switch to a company’s competitor due to multiple bad customer service experiences.</td>
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<td>70%</td>
<td>say they expect a company to have a self-service portal or content available to them.</td>
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<td>76%</td>
<td>say they expect to engage with someone immediately when contacting a company.</td>
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<tr>
<td>68%</td>
<td>say they expect all experiences to be personalized.</td>
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<tr>
<td>76%</td>
<td>say they will forgive a company for its mistake after receiving excellent service.</td>
</tr>
<tr>
<td>61%</td>
<td>say they would switch to a company’s competitor after just one bad customer service experience.</td>
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<tr>
<td>71%</td>
<td>say they expect a company to share information so they don’t have to repeat themselves.</td>
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<tr>
<td>61%</td>
<td>say this past year’s crisis has raised their customer service standards.</td>
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Having a best-in-class customer service team isn’t possible without the right tools in place.

Expectations like these are hard to meet without a streamlined workflow operating behind the scenes. And when it comes to optimizing on the backend, companies have some catching up to do.

Efforts to optimize internal operations have largely taken a back seat to more visible, customer-facing priorities, such as revamping the website or increasing the number of support channels. What companies didn’t realize is that backend inefficiencies directly affect customers, too, and the cracks are beginning to show.
When agents and admins have to juggle multiple tools, it’s incredibly difficult to get the right information, collaborate across teams, or capture a single view of the customer.

In short, there are fewer opportunities to personalize and anticipate customer needs, and more time is spent getting up to speed while the customer waits. Only 29 percent of agents say they are very effective at collaborating with other departments, and even fewer (28 percent) say the same about their ability to find the information needed to respond to customers.

What customers want and what they’re getting from service teams isn’t matching up. To get there, 26 percent of companies say that they’ll need to design new internal workflows and processes, but there’s an upside for those that are serious about change. Over 90 percent of customers are likely to spend more money with companies that can offer the personalization and streamlined experiences they’re looking for.

Few agents believe they are very effective at:

- Resolving requests quickly and easily without workarounds: 29%
- Collaborating with the right teams in the organization: 29%
- Getting a full view of the customer and their previous interactions: 28%
- Using automation to solve issues faster: 27%
- Collaborating with external teams: 19%
- Understanding what to prioritize: 30%
- Effectively managing customer requests: 32%
- Responding to customers in a conversational, convenient way: 39%
How high performers drive growth with customer service
Not everyone has fallen into these common customer service traps. In fact, some companies are standing head and shoulders above the rest. How? By drawing clear links between service teams and the rest of their business.

The result is a well-oiled customer service machine capable of collecting, tracking, and implementing feedback that improves experiences and grows the business.

We defined “high performers” as survey respondents who self-rated their organizations as having top marks against several key customer experience characteristics, such as:

1. Ability to act on customer feedback to improve products and services
2. Amount of training provided to customer service staff
3. Comprehensive and timely measurement of customer service performance

This represented 5 percent of our total survey sample.

Here’s how these companies have adopted a best-in-class mindset.
### High performers are:

<table>
<thead>
<tr>
<th>Factor</th>
<th>Multiplication Factor</th>
<th>Description</th>
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<tr>
<td>7.6x</td>
<td>More likely to strongly agree that they view customer service primarily as a revenue driver.</td>
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<tr>
<td>6.7x</td>
<td>More likely to track profit and loss for their customer service team.</td>
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<td>6.2x</td>
<td>More likely to strongly agree that customer service funding has kept pace with company growth.</td>
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<tr>
<td>5.2x</td>
<td>More likely to strongly agree that their organization adequately funds customer service.</td>
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<td>3.4x</td>
<td>More likely to have plans to increase customer service investment by 25 percent or more in the next year.</td>
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**Doubling down on customer service as an engine for growth**

High performers understand the inherent value of their customer service teams. Not only are they more likely to prioritize funding of customer service initiatives, but they’re also more likely to keep a close eye on the business impact and make necessary changes along the way.
Companies that are leading in customer service have buy-in from top to bottom. Instead of a siloed customer service team, leadership takes an active role in monitoring performance and impact. And in many cases, compensation of senior executives is directly tied to customer satisfaction.

High performers are:

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<th>Factor</th>
<th>Multiplier</th>
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<td>More likely to report that senior leaders view customer service metrics on a daily basis.</td>
<td>9.2x</td>
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<td>More likely to strongly agree that senior leaders immerse themselves in customer service.</td>
<td>7.7x</td>
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<td>More likely to have customer service owned by a C-suite executive.</td>
<td>6.2x</td>
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<td>More likely to have a three-year strategic plan for customer service.</td>
<td>5.7x</td>
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<td>More likely to report that senior leadership compensation is directly linked to Net Promoter Score (NPS).</td>
<td>4.2x</td>
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Tapping the full potential of agents

Agents are the beating heart of any customer service team, but it’s a tough job and burnout is real. In the last few years, agents have adapted to new tools, channels, and processes—all while managing rising expectations and inquiries from customers. High-performing companies understand the need for more training, more empathy, and more investment to reduce churn and empower their people.

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<th>High performers are:</th>
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<tr>
<td><strong>9.9x</strong></td>
<td>more likely to strongly agree that their agents are of the highest caliber.</td>
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<td><strong>6.4x</strong></td>
<td>more likely to have plans to greatly extend education and training opportunities.</td>
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<td><strong>4.3x</strong></td>
<td>more likely to recognize that their agents are overworked.</td>
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As a result, their agents are:

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<tr>
<td><strong>9.9x</strong></td>
<td>more likely to be extremely satisfied with their workflows with AI-powered tools.</td>
</tr>
<tr>
<td><strong>8.3x</strong></td>
<td>more likely to be extremely satisfied with the frequency of training.</td>
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Integrating emerging capabilities across the business

Companies that are ahead of the customer service curve have their fingers on the pulse when it comes to the latest trends and technologies. For their customers, this means more channel options, fewer headaches, and better experiences overall.

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<th>High performers are:</th>
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<tr>
<td>6.8x</td>
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<td>3.7x</td>
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<td>2.9x</td>
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- More likely to have already implemented conversational customer service capabilities, including adding messaging channels or making it possible to switch between channels for a single ticket.
- More likely to have the ability to start and pause a conversation with an agent.
- More likely to use AI-powered chatbots to help with agent workflow.

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<th>Looking ahead, they are:</th>
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<td>4.8x</td>
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<td>4.1x</td>
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<td>3.7x</td>
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- More likely to be extremely interested in verifying customer identity and commerce history without needing to involve an agent.
- More likely to be extremely interested in revamping their metrics around the quality of customer experiences.
- More likely to be extremely interested in giving agents a full view of customer data.
Future success hinges on two emerging growth areas
More than half of businesses surveyed (56 percent) are making better customer experiences the top business priority in the coming year. That’s great news.

Unfortunately, many are struggling to implement new capabilities in ways that benefit their customers and their balance sheets.

With this research, we’re helping companies of all stripes get on the right track by explaining where these technologies currently stand, how customers really feel about them, and why they’re a key ingredient in any customer service growth strategy.

Even the most successful customer service teams are only as good as what’s in their toolkit.

And while having the best people can help, there’s only so much they can do without the right technologies in place.

Customers want on-demand service that’s available when they need it. They want to have the freedom to communicate over whatever channel they choose and don’t want to waste valuable time getting agents up to speed on their order or issue. This means that businesses looking to drive and sustain growth—both now and in the future—need to focus on two emerging customer service capabilities: artificial intelligence (AI) and automation, and conversational customer service.
AI and automation

A far cry from the feared sentient robots in movies like Blade Runner, AI today is being welcomed with open arms by both customers and companies. So much so that seven out of 10 consumers now strongly agree that AI is good for society. And its impact on customer service has certainly not gone unnoticed. 66 percent of customers give AI a thumbs up for making their lives easier, while similar margins applaud it for saving them time and effort and improving their overall experience.

Many people believe artificial intelligence is good for society

- **39%** strongly agree
- **33%** somewhat agree
- **21%** neither agree nor disagree
- **5%** somewhat disagree
- **3%** strongly disagree
In business circles, companies large and small are fanning the AI flames:

• 26 percent have allocated a quarter or more of their customer service tech budget to AI.
• 43 percent plan to spend up to a quarter more in the next year.

But that doesn’t mean that everyone knows what to do with it. 26 percent of companies surveyed currently offer AI and chatbot-guided self-service, while 25 percent plan to add this capability in the near future. Despite the optimism, half of businesses agree that chatbot performance has been, to date, disappointing.

69% of customers say they’re willing to interact with a bot on simple issues, a 23% increase from the previous year.

Technological limitations bear some responsibility here, but 57 percent of companies blame their ad hoc approach to AI integration.

Without an overarching strategy or a clear understanding of the potential benefits or pitfalls of the technology, businesses are standing in their own way of realizing the full benefits of AI.

To start, customers are increasingly willing to turn to chatbots for simple problems. More tickets solved by bots means more time for agents to focus on complex problems. But customers expect a smooth handoff: if a bot isn’t solving their issue, they want a quick transfer to a human agent.

The potential gain for companies is massive: nearly one in five business leaders say they get a “very high” return on investment (ROI) from using AI or automation. And it makes sense. Bots can respond to customers at all hours, even creating a ticket for a human to pick up once they’re back in the office. They can also guide customers to relevant information in a help or FAQ center, saving customers and agents valuable time.

54% of customers say that their biggest frustration with chatbots is the number of questions they must answer before being transferred to a human agent.
Later this year, we'll take a deeper look at the capabilities most important to customers so companies can better align their strategies for growth.

Get more information

Companies are allocating more of their customer service technology budgets to AI

- **32%** 10% to 24% of budget
- **23%** less than 10% of budget
- **21%** 25% to 50% of budget
- **9%** don't know/not sure
- **5%** more than 50% of budget

Companies are allocating more of their customer service technology budgets to AI.

Get more information

Later this year, we'll take a deeper look at the capabilities most important to customers so companies can better align their strategies for growth.

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Later this year, we’ll take a deeper look at the capabilities most important to customers so companies can better align their strategies for growth.
Conversational customer service

Customers hate repeating themselves, and they certainly don’t want to wait on hold while an agent hunts around for information that should be readily available. Enter conversational customer service—the ability to offer fast, personalized, uninterrupted service across web, mobile, and social apps.

Instead of siloed chats that start and stop each time a customer reaches out (or switches channels), each interaction becomes part of a larger conversation that carries over a lifetime of interactions with the company. The result is a seamless experience for customers and agents alike.

Let’s get conversational

Customers are increasingly turning to social messaging apps when they connect with companies. Inquiries over WhatsApp, Facebook Messenger, and regional favorites like WeChat or Line jumped 36% last year—higher than any other channel.

More than a third of companies have already integrated conversational customer service capabilities. And another 37 percent say they’re actively on their way to making their plans for conversational customer service a reality.

While the focus is currently on adding and integrating with other messaging channels (namely Apple Business Chat, Google Business Messages, and other social messaging options like WhatsApp, Instagram, and Facebook Messenger), companies are already looking ahead.

Seven out of 10 say their top priorities include:

<table>
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<tr>
<th>Priority</th>
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<tbody>
<tr>
<td>Digitally verifying customer identity and history without the need to involve a live agent.</td>
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<tr>
<td>Switching between channels to resolve a single customer issue, if needed.</td>
</tr>
<tr>
<td>Giving agents a full view of customer data to inform the conversation.</td>
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</tbody>
</table>
It’s a good time to get on board.

More than 70 percent of customers expect conversational care experiences when they engage with companies, and it’s not just Gen Z or Millennials that are driving the trend. In fact, more than two-thirds of customers over the age of 40 are also seeking seamless, conversational engagement with companies. Only a third of companies are omnichannel, so that means there are still opportunities to offer the channels and experiences that are driving greater loyalty and lifetime value. Even so, only 17 percent of companies are set up with one platform that connects all service channels.

There’s reason for optimism: among those not currently using a single platform, 69 percent have plans to consolidate their existing point systems.

Check back in later this year as we take a deep dive into what’s needed to be truly conversational and the changes to systems and processes required for success.
Focus on service quality above all else
“Where human interactions are concerned, it’s quality, not quantity that ultimately matters most. Quality customer service interactions are essential and what ultimately impact a customer relationship most, regardless of how many tickets you process in a given day.”

ADRIAN MCDERMOTT,
CHIEF TECHNOLOGY OFFICER, ZENDESK

With so much at stake, companies must act quickly to deliver the quality experiences that customers want and expect.

Why? Research shows that you may only have a few chances to impress customers before they’re gone, perhaps for good.

So where to start and what to prioritize?

Here’s how to create quality customer experiences, every time.
For too long, customer service initiatives have remained buried within organizations and behind the scenes instead of front and center with leadership teams. This, stresses McDermott, is a major problem. “Customer service should live in every nook and cranny of your company, your product, and the experience you provide to your customers,” he says.

To bring customer service to the forefront, businesses must:

- **Hold leaders accountable**: Establish a core team and assign a senior leader focused on weaving customer service into the company’s strategic roadmap and business objectives.

- **Incentivize quality improvements**: Advocate that compensation of senior leaders be directly tied to customer service performance to ensure buy-in at the highest levels.

- **Benchmark performance**: Track customer service performance relative to others in the industry to get a baseline (which can easily be done by using the Zendesk Benchmark), define goals for improving customer service quality, and frequently monitor performance to make adjustments, as needed, in real time.

- **Keep leadership in the loop**: Ensure the core team provides regular updates to leadership so they’re aware of evolving customer service plans and metrics. Create opportunities for customer service insights to play a greater role in larger company policy and strategy.
When measuring customer service performance, companies tend to take a narrow view by focusing solely on metrics like customer satisfaction (CSAT). By widening the scope to focus on things like customer retention and loyalty, they can better understand the impact of customer service on the bottom line.

To make the business case for quality service, companies should:

- **Focus on business impact**: Create opportunities for agents to drive profits through upselling and cross-selling, informed by a deep understanding of the customer’s immediate needs. Establish a separate profit and loss statement that captures revenue generated by agents so the link between customer service and business growth is more tangible.

- **Track data beyond CSAT**: Identify and track key metrics associated with quality customer service. Most organizations start with CSAT, but fostering an organization-wide understanding of the importance of indicators like first response time, average handle time, Net Promoter Score (NPS), and Customer Effort Score (CES) creates multiple lenses for viewing the quality and progress of your customer experience efforts.

- **Integrate systems**: Integrate customer service and CRM platforms to monitor changes in customers and their lifetime value. Sharing data between these platforms can lead to the discovery of personalized, relevant solutions to customer issues that otherwise wouldn’t be considered.

- **Review performance frequently**: Conduct weekly reviews of key performance metrics and corresponding revenue projections that reveal low-hanging fruit and other opportunities to iterate on ways to improve customer service quality.

“Being able to tie customer service to business growth is incredibly valuable and often what is needed to get leadership backing and the investment in customer service that they don’t have today.”

ADRIAN MCDERMOTT, CHIEF TECHNOLOGY OFFICER, ZENDESK
Take actions that will directly boost quality and business results

It’s impossible for companies to offer high-quality customer experiences if their agents are bogged down by cumbersome workflows or inefficient processes. What’s more, they can’t deliver on promises of personalized, tailored service if they have to spend valuable time hunting around for data that they should already have.

To promote high-quality experiences for agents and customers alike, companies should focus on:

- **Automating repetitive tasks**: Identify and automate the most repetitive tasks to free up agents’ time and improve performance.
- **Education and training**: Make agent training a priority; consider developing a tiered training plan that starts with basic technical skills, including product knowledge, and then advances agent knowledge at regular intervals.
- **Personalization**: Give agents access to valuable customer information—beyond just the customer’s name—that they can use to improve experiences.
- **Customization**: Actively solicit feedback from agents and managers about the quality of tools used and the overall process to personalize the customer service experience.
- **Evaluating existing channels**: Ensure that you have satisfaction metrics linked to each and every channel. Actively track and benchmark performance across channels to check for continuous improvement.

“...they need to create a high-quality experience, where they’re coming from, and what their issue might be. Having this information at their fingertips makes this possible.”

**ADRIAN MCDERMOTT, CHIEF TECHNOLOGY OFFICER, ZENDESK**
Industry and market insights
Small businesses in North America

The secret sauce for unlocking growth is building a customer service team that can punch well above its weight. Small, but mighty teams know what customers want and what needs improvement—and the sky’s the limit for those that get it right.

To jumpstart growth in this new business reality, small businesses in North America need only look to their own customers. Customer service has emerged as a key differentiator between companies, a top consideration for customers, and a profit-generating force in its own right. Nearly half of customers (48 percent) in the region say they now have higher customer service standards after this past year’s crisis. And a similar number (44 percent) would defect to a competitor after just one bad customer experience.

Delivering exceptional customer service can mean the difference between standing out or falling behind, but small businesses have to move quickly to avoid common traps that may derail their growth plans:

Customer service isn’t wowing customers

Although 75 percent of small businesses in North America gave themselves high marks for the quality of their service, what they’re offering is lagging well behind what customers expect. In fact, 47 percent of consumers in the region report that customer service feels like an afterthought for most of the businesses they buy from. That’s a problem for those looking to impress customers and keep them coming back.

Solution: Focus on reducing customer effort, delivering speedier resolutions, and boosting the quality of every customer service interaction.

47% of consumers in the region report that customer service feels like an afterthought for most of the businesses they buy from.
Leadership talks the talk but doesn’t walk the walk

Going all in on customer service requires buy-in at the top. But while 79 percent of small company leaders in North America agree that customer service is a critical business priority, a surprising 43 percent report that it’s still not owned by executive leadership. What’s more, only 20 percent report viewing customer service metrics on a daily basis.

Solution: Infuse a customer service-first mindset across the company with active engagement from leadership.

Current investments aren’t enough to support a standout team

Customer engagement is on the rise, with nearly a third of small companies in North America expecting a budget increase of at least 25 percent over the next two years. But budget expectations are falling short of predicted demand, with only 34 percent of small business respondents strongly agreeing that they’re adequately investing in support initiatives.

Solution: Go beyond CSAT and track the metrics needed to make the business case for customer service.

79% of small company leaders in North America agree that customer service is a critical business priority.

34% of small business respondents strongly agreeing that they’re adequately investing in support initiatives.
Agents are burnt out and feel undervalued

Agents’ roles have become more important and strategic. In fact, 81 percent of small business leaders agree that they play a vital role in customer retention. But only 26 percent of agents working for small companies in North America feel empowered to do their jobs well. It’s a slippery slope: unhappy agents can quickly turn into dissatisfied customers.

Solution: Take care of your agents by giving them the training, tools, and flexibility they need to deliver better experiences for customers.

Disjointed systems confuse customers and halt growth

When agents have to juggle multiple tools, it’s incredibly difficult to capture a single view of the customer. It’s a missed opportunity—87 percent of customers in the region are willing to spend more for personalized experiences, but only 37 percent of agents working for small businesses say they’re very effective at finding the information needed to meet these expectations. To get there, 21 percent of companies say they’ll need to design and implement new work processes or risk more frustration for everyone involved.

Solution: Connect agents to the information they need to resolve issues more efficiently and grow the business.

81% of small business leaders agree that agents play a vital role in customer retention.

87% of customers in the region are willing to spend more for personalized experiences.

Don’t let these common customer service traps hold you back. Benchmark your performance against your peers and see how high-performing companies deliver best-in-class service every time.
Prioritize customer service like your growth depends on it
What businesses do now charts their course for the future. And where they place their bets, what they choose to prioritize, and how they adapt to changing customer expectations will determine their growth trajectory in the years ahead.

Customers have made it abundantly clear that they want and expect great service at every turn, but it’s a high bar.

Personalized experiences, service over their favorite channels, and seamless processes from start to finish are just a few things on the must-have list.

Deliver on these expectations, and companies large and small have a chance to attract a growing customer base that prioritizes customer service with every purchase. Fail short, and businesses may lose the chance to try again.

Change is never easy, but it is possible and worthwhile. By embracing new technologies and making strategic investments in both people and process, companies can infuse a service-first mindset into all levels of the business.

The window for action is small—and closing. But companies have the opportunity to drive bottom-line growth and create better experiences, just by letting their customer service teams lead the way.
Make customer interactions feel intelligent, not artificial
As with each new technology that rewrites the customer service rulebook—the internet, live chat, mobile phones, and AI—businesses must commit to rethinking their mindset and their approach. Anything less and they risk frustrating customers, or worse, undermining their ability to deliver the quality experiences that keep them coming back.

Business leaders already recognize the critical role that AI will play in building the types of customer experiences that drive bottom-line growth. That’s why 57 percent plan to increase their AI budgets by at least 25 percent next year. But many have yet to tackle the more difficult task of building out an operation that plays to the strengths of every member of the support team—be it human or robot. Now is not the time to settle for “good enough” service. Customers want the best—and they increasingly see AI as the key to reaching their lofty experience goals.

WHAT CUSTOMERS EXPECT WITH AI

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<tr>
<th>Percentage</th>
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<tr>
<td>66%</td>
<td>believe it should make life easier</td>
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<tr>
<td>65%</td>
<td>believe it should save time when contacting a company</td>
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<tr>
<td>64%</td>
<td>believe it should keep people from having to repeat things</td>
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<tr>
<td>61%</td>
<td>believe it should improve customer service quality</td>
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With 61 percent of customers now willing to walk away after just one bad experience, companies must move quickly to develop an AI strategy that delivers. We’ve gathered insights from customers, agents, business leaders, and our own team to show you how the right AI approach can help you earn happier (repeat) customers, better business results, and a competitive advantage in treating customers well.
Customers need AI to make their lives easier—not harder

Customers primarily see AI as a force for good—one that can improve their interactions and experiences with businesses.

Done right and 65 percent of customers expect AI to save them time. Another 64 percent say it will prevent them from having to repeat themselves. Looking ahead, 61 percent expect that the majority of their future service interactions with companies will be automated.

Optimism aside, most customers have noticed a significant gap between AI’s service potential and its current reality. Instead of making things easier, it often creates unintentional obstacles and in some cases, has actually made it harder for customers to get the answers they need. 60 percent of customers report frequent disappointment with their chatbot experiences.

Customers are frustrated with chatbots

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<tr>
<td>54%</td>
<td>Get frustrated that they don’t have a choice in human vs. bot at the start of service</td>
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<td>54%</td>
<td>Say it takes too many questions for the bot to recognize it can’t answer their issue</td>
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<tr>
<td>51%</td>
<td>Report not getting accurate answers</td>
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<tr>
<td>47%</td>
<td>Say it is most frustrating when they have to start all over with a human agent</td>
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Despite the frustration, customers remain open and hopeful that businesses will turn it around. The number of customers willing to turn to chatbots for simple issues jumped 13 points compared to the previous year.

And businesses are working hard to improve their performance:

- **40%** of companies that turned on automation and AI between September 2019 to September 2021 saw a 15% or higher improvement in first reply time.
- **53%** increase in the number of tickets handled by automations and AI-powered chatbots year over year from 2020 to 2021.
- **50%** of companies say they use AI to make recommendations based on purchase or search history.
- **40%** use AI to engage with customers via their preferred contact methods.
- **39%** use AI to prioritize customers based on their status or account type.

Companies that use Zendesk to power their support operations are reducing wait times and answering more tickets with AI and automation.
Businesses have low adoption of AI capabilities

- **49%** Use bots that make suggestions based on user history
- **40%** Engage over a preferred contact method
- **32%** Use both bots and human agents for chat
- **30%** Use bots to help with agent workflow
- **27%** Use bots to recommend self-service resources
- **25%** Use bots to enable cross-department workflows
- **24%** Use automated chatbots that don’t require human agents
Smart strategies beat big budgets

Companies may be upping their AI investments, but challenges with planning and implementation paint a less rosy picture.

Companies are split—with 57 percent saying they’ve had an ad hoc approach to their AI strategy. What’s more, only half can say that their teams are well-versed in emerging AI capabilities, which means they’re largely shooting in the dark.

Without considering the strengths—and weaknesses—of AI, businesses are only going skin deep with their approach. The likely result is a less-than-ideal service experience for all involved. Chatbots can be incredibly effective partners—if they’re part of a well-laid plan that plays to their strengths.

Here’s where your chatbots should play a starring role, according to customers:

- **Providing links and information that can help resolve their problems**
- **Offering quicker, more convenient replies for simple issues**
- **Delivering answers and responses outside of normal business hours**

It’s a strategy that has helped Tile, a consumer electronics company, go deep with their AI approach. During the pandemic, the support team launched a new chatbot to help the team manage higher-than-normal ticket volumes. “We modified a bit of our workflow with the chatbot to include relevant recommendations to the front of the troubleshooting flow,” said Justin Michaud, senior customer support manager at Tile.

“People would launch the bot and it would help right away. Customers were like, ‘Oh yeah, that worked. Thank you. Have a nice day.’ That was incredibly important in helping us manage the contacts we received on any issue.” The team also uses the chatbot to prioritize and route tickets—resulting in a 40 percent lower handle time and a higher-quality experience overall.

**CUSTOMER STORY**

**Support and leadership in lockstep**

During the pandemic, the Tile support team launched a new chatbot to help the team manage higher-than-normal ticket volumes.

Learn from Tile
Businesses leaders believe chatbots are:

- **60%** Driving large cost savings
- **59%** Able to help customers reach the right channel
- **56%** Able to be used across channels
- **54%** Becoming more human-like
- **53%** Able to predict customer intent
- **45%** Becoming indistinguishable from agents
With so much riding on treating customers well, businesses must put together a smart AI strategy that lets everyone put their best foot forward.

Chatbots shouldn’t be trying to solve problems that require human involvement. “If you’re doing that, you’ve created a far worse customer experience,” says Aniano. Similarly, agents shouldn’t be bogged down trying to triage tickets or responding to customers who need to reset their password, look up their username, or check on the status of their order.

Here are some tips for building out an AI-powered customer service strategy that’s top of the class:

- **Start by identifying your top customer service issues by volume.**
  These should include self-service queries and tickets handled by customer service agents. If you’re a smaller business, concentrate on your top 10; larger firms should initially try to narrow their focus to a more manageable geography or business unit.

- **Prioritize issues that can be fully automated** and also provide a tangible business benefit (such as cost savings or an opportunity to upsell).

- **Review the issues and group them based on whether they**
  1. Need a human
  2. Can be fully automated
  3. Require some combination of the two.

- **For those that can be fully automated, determine if AI or automation could create a better experience than the one currently provided by a human.**
  This includes agent workflows or processes that could be streamlined or enhanced.

- **Once done, shift to the remaining issues that, if fully automated, could improve the overall customer experience even if there’s no direct business benefit.**
Customer service just isn’t human enough
TECHNOLOGY DEEP DIVE

The last thing any customer wants is a service experience that feels impersonal—or robotic.

Customers want interactions to feel authentic and personal. They want past interactions to inform future conversations.

And much like any other relationship, they hate repeating themselves or feeling like companies aren’t listening or learning from what they have to say.

Businesses must move beyond just thinking of customer interactions as one-off engagements when something goes wrong. Customers already connect over platforms that make it possible to pick back up on a conversation wherever and whenever is convenient—and they expect businesses to do the same.

But while many companies recognize the urgent need to adopt a more conversational approach, most are only scratching the surface with what’s possible and what’s needed to succeed.

Conversational customer service instead weaves each interaction into a larger, ongoing dialogue with customers—one that builds a deeper, more insightful relationship as time goes on. It’s about much more than just adding certain channels, but far too often internal barriers make it difficult for companies to fully embrace a conversational approach.

“So many rich conversations are happening with customers, yet this valuable context ends up being locked within a particular department and isn’t visible to others who could benefit from this information.”

MIKE GOZZO, VICE PRESIDENT OF PRODUCT AT ZENDESK

Without these contextual clues, it’s impossible to offer personalized service, engage in proactive communication, or flag valuable feedback for product and strategy teams. Instead, customers are treated like strangers each time they reach out—with more than 60 percent now willing to walk away after just one bad experience.

It’s time to break down those walls between you and your customers—and we’ll show you how with insights from customers, agents, business leaders, and our own internal teams.
Customers want to have conversations

- 74% Expect agents to have access to all relevant information
- 73% Want to seamlessly continue conversations across channels
- 72% Want help when buying or returning an item
- 63% Are open to product recommendations from agents
- 60% Are willing to complete transactions across multiple channels
- 59% Want to use channels that are familiar to them
Businesses risk getting left out of the conversation

What is conversational customer service?

While conversational service is new to most businesses, these types of effortless conversations have become the norm for consumers in virtually all aspects of their daily lives.

For customers, conversational service is about having more natural, fluid conversations with a company that knows you and your history with them.

For companies, it's about capturing the entire customer experience—from when a person first engages with a business, visits a website, or even walks into a store. Much like your text message history, each question, comment, or response is stored as part of a larger conversation.

This enables businesses to personalize future interactions and proactively engage with their customers as they get to know them better.

"The way we speak to our friends and family has shifted, and it's changing the expectations of customers. If a personal conversation can feel this rich and fluid, so too should conversations with a company. It's where customer service is going in the future."

MIKE GOZZO, VICE PRESIDENT OF PRODUCT AT ZENDESK

65% of companies want to add tools that allow agents to work across multiple channels.
With more than 70 percent of customers now saying that they expect conversational experiences, the future may already be here.

Consumers don’t want their interactions to feel transactional. And they expect personalized service based on conversations they’ve already had.

Businesses are already trailing expectations, with less than 40 percent reporting that they can deliver conversations that allow a customer to respond whenever and wherever is convenient. Despite rising interest—34 percent say they’re already adding much-needed capabilities for conversational service—many haven’t fully embraced the fundamentals needed for success.

For instance, only 42 percent of companies can currently integrate their customer service platform with other business channels like Apple Business Chat, Facebook Messenger, or WhatsApp.

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<th>Percentage</th>
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<tr>
<td>74%</td>
<td>Of customers expect agents to have access to all information relevant to their account and query</td>
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<tr>
<td>73%</td>
<td>Want the ability to start a conversation on one channel and pick it back up on another</td>
</tr>
<tr>
<td>60%</td>
<td>Are willing to use multiple channels to start and then complete a transaction</td>
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### Investing in change for better business

90 percent of business leaders and managers acknowledge that their organizations will have to make changes to support conversational customer service.

Each business’ needs are different, but the three changes that most respondents acknowledged they need to make are:

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<th>Percentage</th>
<th>Description</th>
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<tbody>
<tr>
<td>28%</td>
<td>Of companies say they will need to implement new work processes</td>
</tr>
<tr>
<td>27%</td>
<td>Say they still need to train agents on new ways to converse with customers</td>
</tr>
<tr>
<td>26%</td>
<td>Say they’ll need to invest in better automation capabilities</td>
</tr>
</tbody>
</table>
Most businesses aren’t meeting the standard

- **42%**: Integrate customer service with other business channels
- **42%**: Can support a digital sale during customer service interactions
- **37%**: Can pause conversations and pick them up seamlessly
- **37%**: Can verify customers and their history without involving an agent
- **28%**: Let agents seamlessly switch between channels to solve issues
- **19%**: Give agents a unified workspace to access all conversations
Win big with small talk

Now's not the time to simply add a few channels or continue with business-as-usual.

With companies now competing on the quality of their customer service, no one can afford to sit back and fall behind. To start delivering the kinds of customer experiences that drive growth and build lasting, long-term relationships with customers, leaders must rethink their mindset and their approach.

| +68% | of companies want to allow digital verification of customers and commerce history without having to speak to live agents |
| +65% | of companies want to revamp metrics around quality of the customer service experience |
| +65% | of companies want to add tools that allow agents to work across multiple channels |

Getting conversational with customers starts with having the right tools and technologies in place.

Evaluate your existing channels, turn on new ones if needed, and ensure that customers have a consistent experience—regardless of how they choose to connect.

Adopt a unified platform across channels that can support conversations.

As conversations increase, leverage AI or automation to help manage the additional influx, answer questions outside of normal business hours, and triage requests. Even if a chatbot can't answer the question, it's a nice way to offer a greeting and let the customer know help is on the way.
<table>
<thead>
<tr>
<th>Percentage</th>
<th>Task Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>28%</td>
<td>Need to implement new work processes</td>
</tr>
<tr>
<td>24%</td>
<td>Need to define new metrics to measure service quality</td>
</tr>
<tr>
<td>27%</td>
<td>Need to train agents in new conversational strategies</td>
</tr>
<tr>
<td>19%</td>
<td>Need to support cross-channel interactions</td>
</tr>
<tr>
<td>26%</td>
<td>Need to design new workflows</td>
</tr>
<tr>
<td>19%</td>
<td>Need to add new channels</td>
</tr>
<tr>
<td>26%</td>
<td>Need to invest in better automation capabilities</td>
</tr>
<tr>
<td>19%</td>
<td>Need to change the way channels are staffed</td>
</tr>
<tr>
<td>26%</td>
<td>Need to identify new ways to enable cross-department collaboration</td>
</tr>
</tbody>
</table>
Beyond the changes to tools and technologies, companies must be prepared to take a hard look at their current approach.

Here are three strategic questions every company should be asking to help them build stronger relationships with their customers.

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Where are the communication barriers (both internal and external) that are preventing a more organic, conversational experience?</td>
<td>Think about your existing customer service operation. How can you make customers feel warm and welcomed rather than just another person in the queue? Are there barriers preventing agents from accessing the data they need to provide more natural, personalized service? If so, you’re not alone. Only 29 percent of agents report being very effective at collaborating with the right teams to build stronger customer relationships.</td>
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<tr>
<td>How can you get to know your customers on a more personal level?</td>
<td>Getting to know your customers better means finding opportunities to connect beyond one-off instances when things go wrong. Once you’re on a first name basis, you can begin to look for other opportunities to optimize their experience.</td>
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<tr>
<td>How can you use these deeper connections with customers to empower the rest of your business?</td>
<td>Better relationships with customers can have benefits for your entire business by highlighting common problems or opportunities to improve products or services—but only if it reaches the right people. Make sure that this information is shared widely and isn’t siloed within the support team.</td>
</tr>
</tbody>
</table>
For the luxury hotel and resort company Four Seasons, translating an industry culture of face time and personal touches to a digital space has expanded their ability to tailor experiences for their customers—while also creating new opportunities for the team to drive sales.

Proactive messages, for instance, offer room upgrades before check-in, let customers connect with hotel staff over their preferred channels, and direct guests to the correct local staff members for help with room service, cleaning, and other amenities.

It’s a winning combination of high-touch and high-tech. Since implementing conversational service, the company has seen a seven-point boost in Net Promoter Score (NPS) and additional revenue streams from amenities and upgrades.

“At Four Seasons, our people are the most important element of the guest experience. We therefore look to leverage technology in a way that lets us get more personal.”

MARCO TRECROCE, SENIOR VICE PRESIDENT AND CHIEF INFORMATION OFFICER AT FOUR SEASONS
Methodology

Data in this report comes from two sources: surveys (one survey of consumers and one survey of business respondents) and Zendesk Benchmark product usage data.

We surveyed more than 3,511 consumers and 4,670 customer service leaders, agents, and technology buyers from 21 countries and organizations ranging from small business to enterprise during July and August 2021. Results from each survey were weighted to remove bias from the survey samples.

Countries surveyed include: Australia, Brazil, France, Germany, Japan, Mexico, United Kingdom, India, Singapore, South Korea, Benelux (Belgium, Netherlands, Luxembourg), Nordic (Denmark, Norway, Finland, Sweden), United States, Spain, Italy, and Canada.

Zendesk Benchmark product usage data came from over 97,500 Zendesk customers worldwide who participate in the Zendesk Benchmark. Account activity criteria were applied to filter out data from inactive accounts. Zendesk Benchmark data is based on product usage from July 2020 to July 2021.

We also explored what separates companies that excel at CX from everyone else. These High Performers were recognized in our surveys based on their selecting the top choice across a range of customer service criteria. Their performance is contrasted with those who selected no top options across the same criteria.