ESG RESEARCH INSIGHTS PAPER

CX Champions: How CX Leaders Who Raise Their Game Are Driving Business Success

Strategies for SMB Organizations to Build Agility, Resilience, and Confidence in Your Customer Support

October 2020

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Executive Summary

Research Goal

In today's 24/7 business environment, organizations are under increasing pressure to continuously optimize customer experience (CX). Small businesses with fewer resources that are more susceptible to macroeconomic shocks are no exception. Additionally, our research shows that the current pandemic has further emphasized organizations' need to be responsive to customer desires: 65% of SMB respondents said customer-centric agility has increased in importance as a result of COVID-19. The goal of the research on which ESG and Zendesk recently partnered was to validate whether, and to what degree, organizations that employ more sophisticated approaches to service and support operations are delivering quantifiably better support. Going one step further, we wanted to test if delivering better support is helping organizations make a measurable impact on overall business outcomes.

Scope of the Research

This report is based on a survey conducted during the summer of 2020. In total, 1,012 business decision makers responsible for ensuring and improving customer experience at their organizations participated. This report focuses on the 500 respondents that worked at organizations with less than 100 employees and includes respondents based in the US, Canada, Brazil, Mexico, the UK, Germany, France, the Netherlands, Sweden, Australia, India, Japan, and Singapore.

Segmenting the Market

To accomplish the stated goal of the research, ESG created a data-driven scale that segments respondents (and the organizations they represent) into three levels of service and support maturity: Champions, Risers, and Starters. Champions employ a broad set of best practices within their service and support organizations, including appropriately staffing and upskilling their teams, employing service and support tools that allow agents to do their jobs well, capturing comprehensive and timely service and support data, and putting that data to work to optimize the team's performance.

By comparing customer service performance, agent experience and operations, and macro business outcomes across these service and support maturity levels, the ESG maturity scale allows us to use data to quantify the differences that exist as maturity level improves.

Key Takeaways

Organizations in the Champion category are clearly outperforming their counterparts in ways that impact business results:

Customer Service Performance

- Champions reduce average total resolution time by 44%, or nearly 3 hours, compared to Starters.

- Champions enjoy 12% more one-touch resolutions than Starters, driving efficiency for agents and satisfaction for customers.

- Champions provide their customers with more methods of engagement. On average, Champions offer nearly two more channels of engagement than Starters.

Agent Experience

- Agents at Champion organizations handle 48% more requests over the same amount of time as agents at Starters.

- Champions stated turnover is "not at all problematic," at 3.8x the incidence among Starters (60% versus 16%).

Business Outcomes

- Champions are 4.8x more likely than Starters to exceed formal customer satisfaction (CSAT) goals.

- Champions are 7.8x more likely to have had a very smooth pivot to remote work scenarios necessitated by the COVID-19 outbreak.

- Champions are 3.6x more likely than Starters to have grown their customer bases over the past six months.

- Champions are 9.2x more likely than Starters to have significantly grown customer spending over the past six months.

What You Can Learn from Service and Support Champions

Champions differ from less mature organizations in several important ways:

- Becoming a Champion requires a culture focused on CX, driven from the top down: 76% strongly agree that CX is considered a critical business priority at their organizations.

- Champions use their data: 91% describe the comprehensiveness of their support metrics and KPIs as market-leading or strong.

- Champions invest for success: Half (50%) of Champions expect their organization to increase investment significantly over the next 12-24 months, versus just 6% of Starters.

Introduction: The CX Mandate

What exactly is customer experience (CX)? For the purposes of this paper, CX represents the perception customers have of your brand when engaging with your company throughout all aspects of the customer journey. Thus, CX is primarily impacted by two factors: your product/s; and your people.

While there are numerous touchpoints between a company and its customers throughout the customer journey, one of the primary places CX can take a turn for the worse is when customers run into issues or have questions about your products that are not handled swiftly and effectively. Organizations must be ready to provide the timely and appropriate customer service or support to optimize customer satisfaction, boost repeat business, and maximize a customer's lifetime value. It's not unusual to find an advocate for your brand quickly turning into a detractor when confronted by long wait times for support, ineffectual or irrelevant answers, unresolved issues, or impolite staff.

The research ESG and Zendesk conducted endeavors to validate (or invalidate) the link between an organization's ability to impart a remarkable service/support experience—and its business results. The research consisted of a survey of 500 individuals familiar with their organization's CX capabilities, priorities, and current initiatives. Respondents all have managerial responsibility, with 42% being VP- or C-level, and 45% holding senior manager or director titles. These individuals were all employed at organizations with 100 or more employees and in customer-facing functions, such as sales, marketing, service and support, eCommerce, or a CX center of excellence. (See *Appendix I: Research Methodology and Demographics* for more details about the scope of the research.)

The Stakes Are High

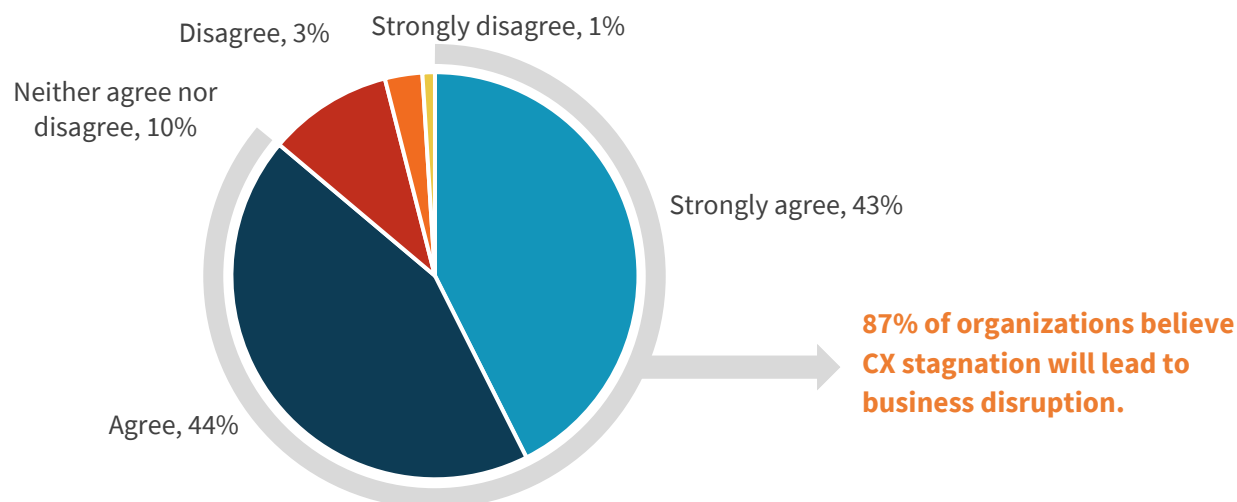The research is clear: CX excellence is an existential imperative. Respondents believe customers have a low tolerance for subpar CX and will actively seek out alternatives based on poor interactions. When asked to agree or disagree with the statement that their organization will lose business to more customer-centric competitors if CX is not continually improved, 87% of respondents agreed (see Figure 1).

Figure 1. CX Stagnation Leads to Business Risk

To what extent do you agree with the following statement: If we do not continually improve our CX capabilities, my organization will lose business to more customer-centric competitors. (Percent of respondents, organizations with <100 employees, N=500)

Disagree, 3%   Strongly disagree, 1%

Neither agree nor disagree, 10%

Strongly agree, 43%

Agree, 44%

87% of organizations believe CX stagnation will lead to business disruption.

Source: Enterprise Strategy Group

Clearly, CX capabilities matter—but on what factors are organizations focused when it comes to driving improvement in CX practices? We asked this question of respondents and were encouraged by the results. Despite the research being fielded as organizations grappled with the uncertainty and macroeconomic impact of the COVID-19 pandemic, respondents report their organizations are focused on improving their ability to serve customers rather than reducing costs associated with CX. In particular, organizations are focused on providing better information to customers (see Figure 2).

Figure 2. CX Priorities of Organizations

Over the next 12 months, what aspects of CX are the biggest priority for your organization to improve? (Percent of respondents, organizations with <100 employees, N=500)

Providing higher quality information to customers	42%
Providing information to customers faster	32%
Providing customers with additional ways to interact with us	30%
Lowering costs	24%
Improving visibility and use of customer data	20%
None of the above	3%
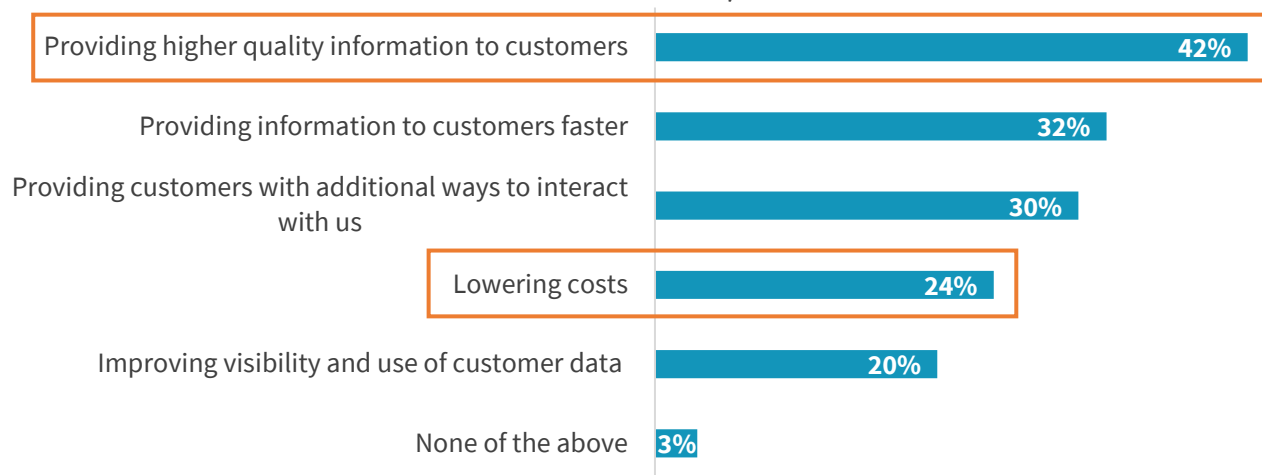
Source: Enterprise Strategy Group

It is worth noting that SMBs appear slightly less ambitious than their larger counterparts. Organizations with 100 or more employees were more apt to be focused on increasing the ways customers can interact with them (44%) and improving their visibility and use of customer data (30%).

The remainder of this report will discuss the various ways in which organizations service and support their customers, and the results these organizations achieve. However, before we discuss this methodology, it's essential to examine several significant data points.

While there is virtually ubiquitous agreement that CX must be continuously enhanced for the health of the business, all organizations do not place equal importance on CX. We asked respondents to agree or disagree with the following statement: "My organization views CX as a critical business priority."

Of the organizations that have implemented holistic customer service and support best practices—named "Customer Service and Support Champions" for the purposes of this report—76% strongly agreed. In contrast, of the organizations with the fewest CX best practices in place—named "Customer Service and Support Starters" for the purposes of this report—only 37% strongly agreed. Clearly, the importance that an organization places on CX is directly linked to its ability to more broadly implement CX best practices.

What's more, we observed that more customer-centric organizations are succeeding in growing their customer base at the expense of those less equipped to excel at CX. We asked respondents if their organization has increased or decreased their market share over the past six months. **Nearly two-thirds (65%) of Champions reported a net increase in customers relative to competitors, while nearly the same proportion of Starters (67%) reported flat or declining customer growth.**
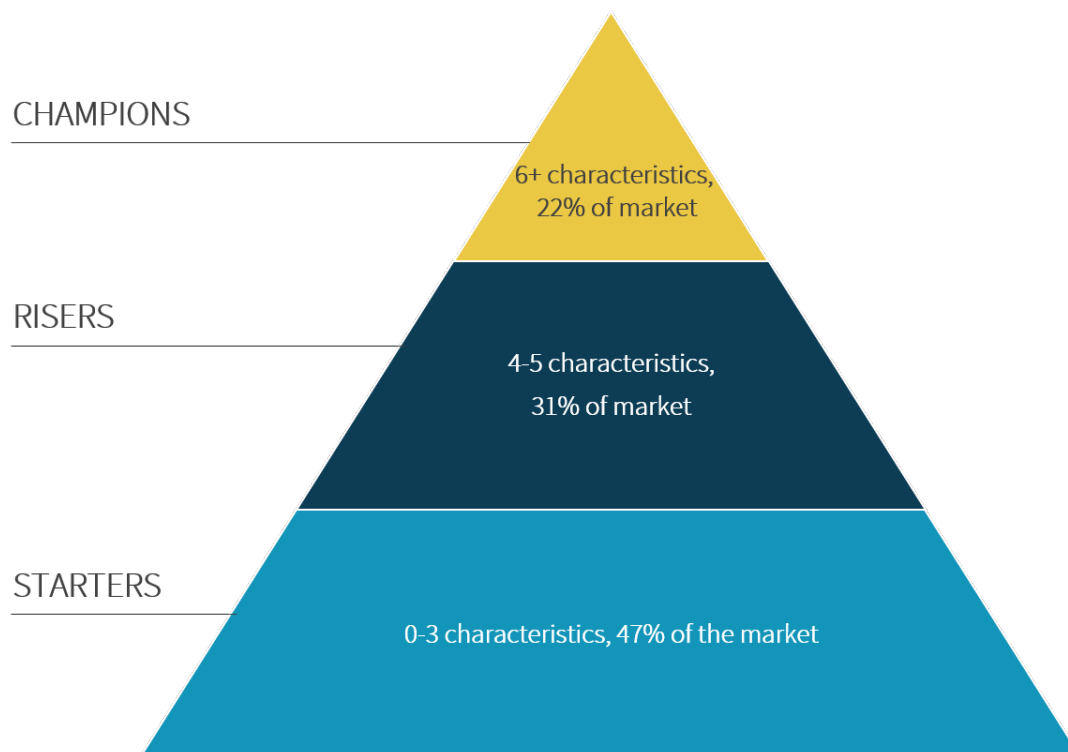
What Makes a Customer Service and Support Champion?

We developed a maturity scale to assess how well organizations are positioned to deliver remarkable service and support experiences to customers. The scale uses seven questions from the survey as inputs to determine an organization's service and support maturity, where each of these seven questions deals with an aspect of the service and support organization's team, tools, and the data they have at their fingertips to help drive better performance. In short, the inputs were:

- Does the organization staff enough service and support agents *and* does it train them adequately?

- Does the organization provide tools to agents that deliver a good "agent experience" and empower them to do their jobs well?

- Does the organization capture a broad set of service and support key performance indicators (KPIs) in a timely fashion? And does the organization use that data to evolve products, services, and business processes?

We employed a binary scoring system to evaluate organizations, meaning that organizations were determined to either have or not have each of the seven characteristics of a customer service and support Champion. In this report, Champions are defined as organizations having at least six of these characteristics in place. Risers are defined as organizations having four to five characteristics in place. Starters are those with three or fewer characteristics (see Figure 3, and *Appendix II: Establishing Maturity Levels for Customer Service and Support* for more details).

CX practitioners can view these inputs as a roadmap to improve capabilities. Our research strongly suggests that understanding and reinforcing your organization's strengths, while working to improve weaknesses, will allow your organization to not only improve its service and support performance, but also improve overall business outcomes.

Figure 3. The Current State of Service and Support Maturity

CHAMPIONS

6+ characteristics,
22% of market

RISERS

4-5 characteristics,
31% of market

STARTERS

0-3 characteristics, 47% of the market

Source: Enterprise Strategy Group

While the data makes it clear that most organizations have significant room to improve, it is worth noting that larger organizations are outpacing SMBs in terms of maturity. While 29% of organizations with 100+ employees are designated Champions, just 22% of SMBs are designated Champions. SMBs are more apt to be Starters (47%) compared to larger organizations (36%).

Champions Meet and Exceed Customer Expectations

In addition to the inputs described, the survey touched on a broad range of service and support KPIs. Across all metrics included in the research, Champions outperform their less mature counterparts, proving out one of the key hypotheses of the research: *Service and support best practices have a demonstrable and quantifiable connection to service and support performance.* This section of the report will summarize our findings with respect to service and support excellence.

Delivering Market-leading Customer Responsiveness

When it comes to customer service and support, speed matters. Our customers' time is valuable, and wasting it is a CX capital offense. To measure how quickly organizations are able to react to customer needs, we included several questions on the topic of customer-centric agility.

Qualitatively, it is clear that Champions *believe* they are doing a good job with respect to agility. ESG asked respondents to rate their organization's agility generally—its ability to adapt and quickly respond to customer needs. The majority (55%) of respondents representing Champions gave their organization the best rating possible, a "5 - extremely agile." Only 14% of Starters rated themselves this highly. Said another way, Champions are 3.9x more likely than Starters to be extremely agile when it comes to responding to customer needs.

While this qualitative measure is ultimately subjective, additional data reinforces it. The first quantitative measure of customer-centric agility is "first response time," or the amount of time that goes by between the time a customer submits a ticket and the time a customer service representative responds to the customer. When a customer reaches out with a question or problem, the last thing we want is for them to wait such a long period of time for a response that they become disgruntled. The data shows that, as a group,

> **Champions reduce average total resolution time by 44%, or nearly 3 hours, compared to Starters.**

Champions are significantly more responsive: They were nearly 2x as likely to say their average first response time is less than 1 hour (51% versus 27%), and the mean average first response time of the group is an hour faster than that of Starters (see Figure 4).

Figure 4. Measuring Average First Response Time

From the time a customer makes an inquiry, submits a support request, or submits a help ticket, on average, how much time goes by before they receive a response from a customer service representative (i.e., average first response time)? (Mean among organizations with <100 employees)

		35% faster
2.66	2.05	1.74
Starters (N=212)	Risers (N=154)	Champions (N=110)
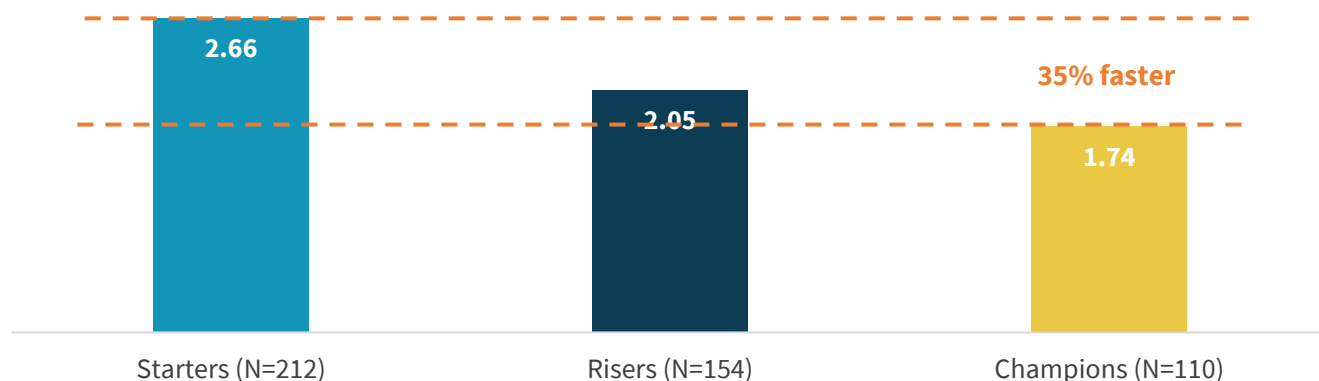
Source: Enterprise Strategy Group

In addition to measuring first response times, we measured average total resolution time—the amount of time that goes by from initial inquiry to successful resolution (this quantitative measure of customer-centric agility is even more important than the first quantitative measure). Once again, **Champions outstrip the competition: They were 2.5x likelier to say their average total resolution time is less than 1 hour** (45% versus 18%) and the mean total resolution time of this group is 44% faster than that of Starters (see Figure 5).

Clearly, Champions have good reason to award themselves high marks on agility. Based on the fact that 82% of all SMB organizations surveyed feel agility is critical or important to their organization, Starters have a clear mandate to improve.

Figure 5. Measuring Average Total Resolution Time

On average, from the time a customer makes an inquiry, submits a support request, or submits a help ticket, how much time goes by before a successful resolution is reached (i.e., average resolution time)? (Mean among organizations with <100 employees)

		44% faster
6.42	4.66	3.61
Starters (N=210)	Risers (N=151)	Champions (N=109)
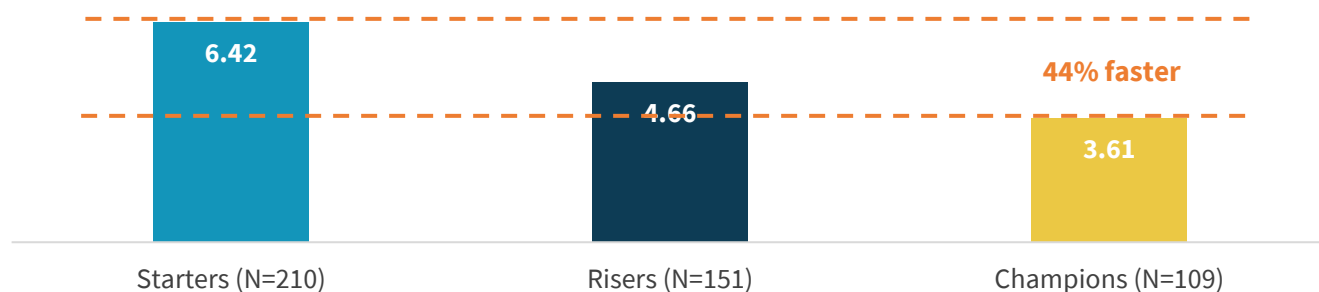
Source: Enterprise Strategy Group

Speed Plus Effectiveness Equals the Winning Service and Support Formula

When it comes to service and support, speed matters— but a fast response that is unhelpful leads to a negative customer experience just as assuredly as a slow response. Being a Champion of customer service and support means you deliver both speed and efficacy when supporting customers.

Qualitatively, we see that Champions believe they are delivering on efficacy. We asked respondents to rate their customer service organizations on their ability to provide customers with the information and solutions they need. **Champions were 2.3x more likely than Starters to rate their teams as market-leading or strong** (73% versus 32%). Like agility, the survey also captured quantitative measures of effectiveness to complement this qualitative data point.
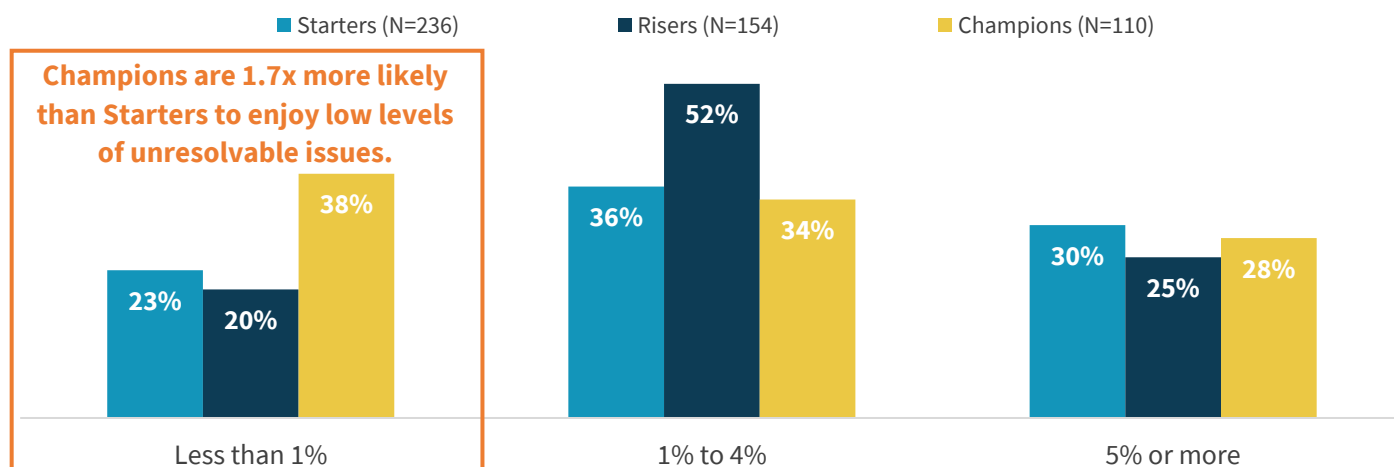
The first quantitative measure of the service and support team's effectiveness in delivering information to customers is the overall percentage of unresolvable issues. While there will always be some number of customer issues that cannot be successfully resolved, organizations possessing the best positioned teams, using the best tools, and making the most intelligent use of their data should be able to minimize this number—and this is exactly what we observe in the data: **Champions are nearly twice as likely as Starters to report that less than 1% of all customer issues go unresolved** (38% versus 23%).

Champions enjoy 12% higher frequency of one-touch resolutions, driving efficiency for agents and satisfaction for customers.

Figure 6. The Incidence of Unresolvable Customer Issues

Of all customer service inquiries, support requests, or help tickets your organization's customer support staff receive, what percentage are they unable to successfully resolve? (Percent of respondents, organizations with <100 employees)

■ Starters (N=236) ■ Risers (N=154) ■ Champions (N=110)

Champions are 1.7x more likely than Starters to enjoy low levels of unresolvable issues.

Less than 1%: 23%, 20%, 38%
1% to 4%: 36%, 52%, 34%
5% or more: 30%, 25%, 28%

Source: Enterprise Strategy Group

Another quantitative measure of service and support team effectiveness is the percentage of issues the team is able to resolve in a single interaction (i.e., the percent of one-touch tickets). Once again, Champions lead the pack in terms of their ability to solve customer issues on the spot. On average, Champions reported that 86% of customer issues are resolved in a single interaction. This compared favorably to the 77% reported by Starters, on average.

It is worth noting that by each of these quantitative measures (average first response time, average total resolution time, and percent of unresolvable issues), SMB organizations tend to outperform their larger counterparts in the aggregate. We hypothesize that smaller organizations may have lighter ticket volumes and more leeway when responding to customers, ultimately driving more positive outcomes.

Figure 7. One-touch Tickets

What percentage of customer service inquiries, support requests, or help tickets are customer support staff able to successfully resolve with a single customer interaction? (Mean among organizations with <100 employees)

12% higher

- Starters (N=204): 77%
- Risers (N=151): 77%
- Champions (N=110): 86%
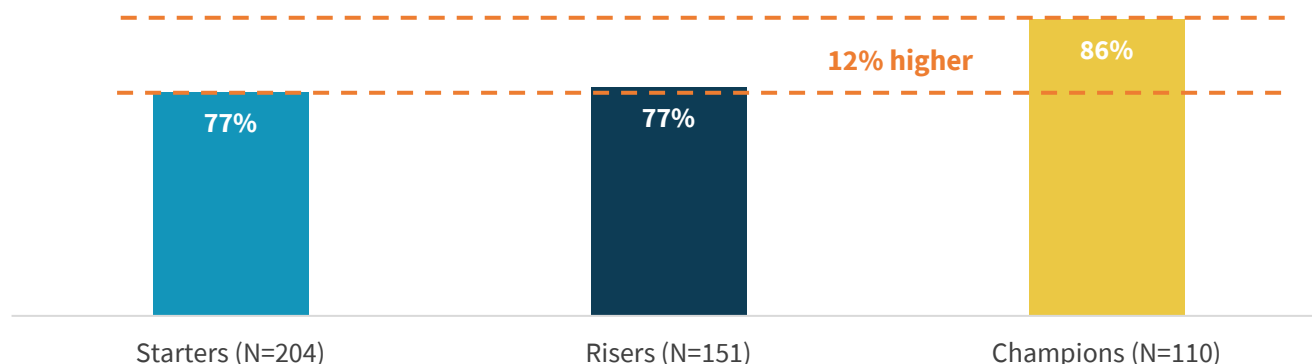
Source: Enterprise Strategy Group

Helping Customers Help Themselves

One of the most effective ways for service and support to scale is via customer self-service. Consequently, an online help center is a crucial element of an overarching CX strategy. The online help center organizes frequently asked questions (FAQs), product details, policies, etc., empowering customers to find the information they require without having to engage with a support agent. But building an effective help center is not a checklist item; it's a journey. The information your customers need will change over time as new products are released, software is updated, and company policies are changed. As we would expect, Champions recognize these dynamics. We asked respondents to rate their effectiveness, ensuring help center resources are up to date. Two-thirds (66%) of Champions rated themselves as very effective, 4.7x the frequency of Starters (14%) (see Figure 8).

Figure 8. Keeping Online Help Center Resources Current

How effective is your organization at ensuring resources in its online help center are up to date (i.e., new information is regularly posted, out of date information is removed, etc.)? (Percent of respondents, organizations with <100 employees)

Legend: ■ Starters (N=100) ■ Risers (N=91) ■ Champions (N=76)

Champions are 4.7x more likely than Starters to be very effective.

- Very effective: Starters 14%, Risers 26%, Champions 66%
- Effective: Starters 54%, Risers 63%, Champions 34%
- Not effective: Starters 31%, Risers 11%
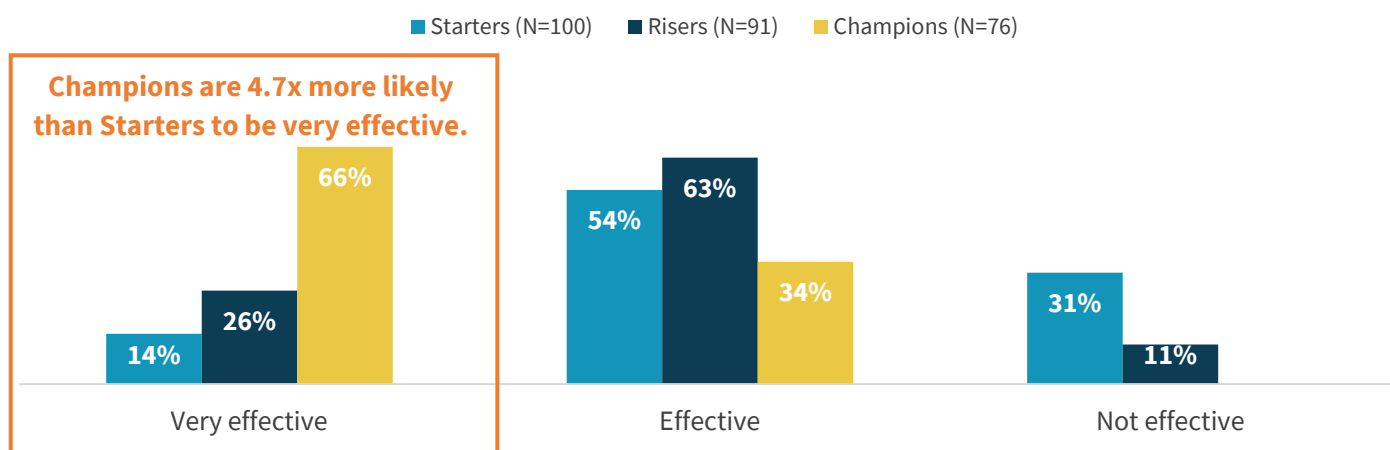
Source: Enterprise Strategy Group

Engaging Customers Where They Are

The number of ways in which customers can engage with us has skyrocketed over the past decade. Gone are the days where a "contact us" email address and phone number were considered sufficient. Today, customers expect organizations to meet them where they are, including text, chat, and social engagement (among other nontraditional channels).

The data shows that Champions are embracing this omni-channel ethos. We presented respondents with a list of possible customer engagement channels and asked which channels their organizations provide to customers today. While the use of phone and email are nearly ubiquitous, Champion organizations are much more likely to have embraced online help resources, messaging apps, social engagement, online chat, and text channels, among others (see Figure 9). In fact, when we looked at the average number of channels used by organizations, **Champions offer an average of about two more channels of engagement than Starters** (6.2 versus 4.4).

Champions provide their customers with more ways to engage with them. On average, they offer two more channels of engagement than Starters.

Figure 9. Customer Engagement Channels in Use

Please indicate if your organization provides customer service through any of the following channels today? (Percent of respondents, organizations with <100 employees)

Channel	Starters (N=236)	Risers (N=154)	Champions (N=110)
Email	89%	90%	93%
Phone	94%	91%	89%
SMS (text)	44%	71%	81%
Messaging apps	56%	73%	79%
Social media	62%	73%	76%
Online chat	39%	61%	72%
Online help center	42%	59%	69%
Webform	43%	47%	55%
Hosting an online community	23%	40%	53%
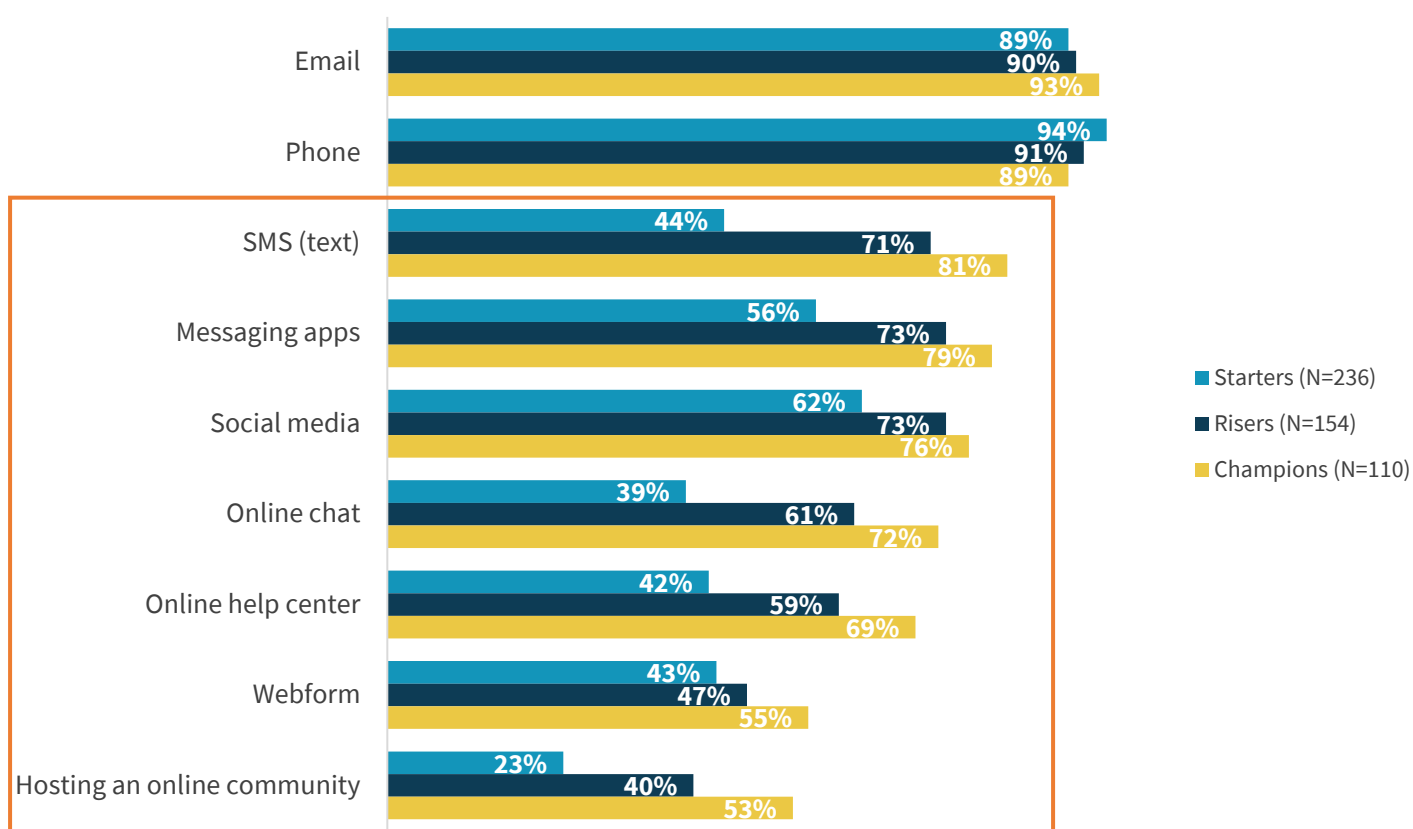
Source: Enterprise Strategy Group

It is worth noting, and not surprising, that SMBs are much less likely to provide some of these channels of engagement than their midmarket and enterprise counterparts. This includes online chat (53% versus 73%), an online help center (53% vs. 82%), hosting an online community (35% vs. 53%), and webforms (47% vs. 70%).

Bringing It All Together: Service and Support Excellence to Enable Lower Customer Effort

All KPIs and capabilities discussed thus far serve a common goal: to provide a frictionless customer support experience. We want our customers to recognize we are helping them, not to feel like they've had to work hard to get the support they deserve. For example, if our customer must be transferred to multiple departments to find their answer, repeatedly reach out to obtain the right response, or use multiple channels to receive an appropriate solution—we are making them work far too hard.

In this regard, one measure of an organization's success is its customer effort score (CES). Serving as a proxy for CES, in our survey we asked respondents to estimate the percentage of customers they believe would agree that their company made it easy to handle their issue. On average, **Champions believe 88% of customers would agree they are easy to deal with, which is significantly higher than what Starters believe** (78% of customers) (see Figure 10).

Figure 10. Assessing Customer Effort

Based on feedback your organization has received, what percentage of customers do you think would agree that your company made it easy to handle their issue? (Mean among organizations with <100 employees)

Starters (N=128): 78%
Risers (N=143): 80%
Champions (N=109): 88%
13% higher
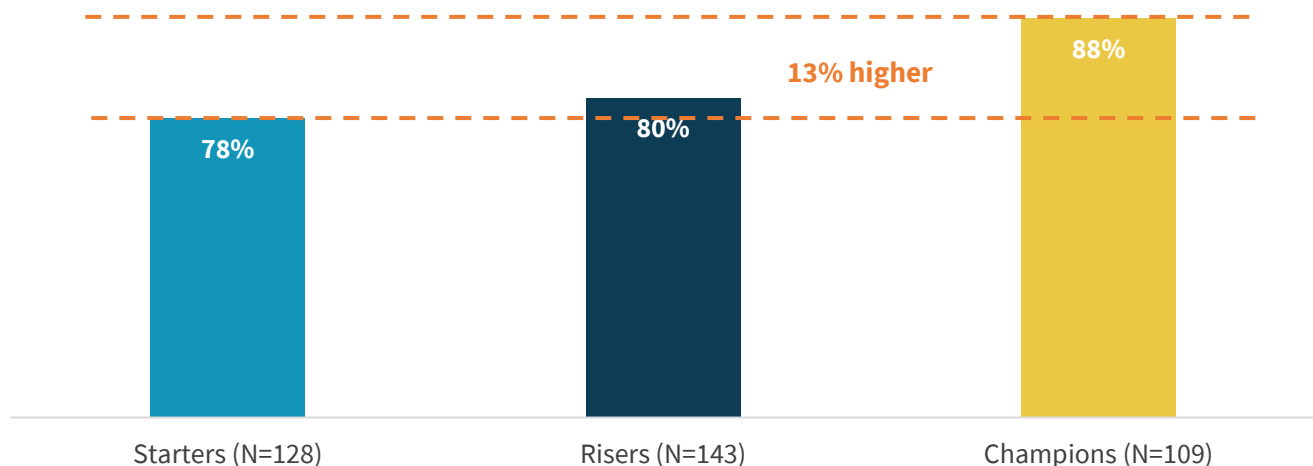
Source: Enterprise Strategy Group

The Agent Experience: Setting Up Agents for Success

In this report, we have discussed the concept of "holistic" customer service and support best practices. Granted, a major part of those best practices deals with *customer* experience, but we can't overlook the agent experience. Customer service and support agents are on the front lines of many customer engagements, so it's essential they are equipped to delight customers, and help to reinforce loyalty to the company and the brand.

Breaking Down Multi-channel Silos

Previously, we discussed how Champions tend to offer customers more channels of engagement than their counterparts. In theory, this improves CX, providing customers with more options and flexibility. In practice, this isn't always the case.

Consider the scenario where a customer discusses an issue on the phone with a customer service representative, and then a few days later has a follow-up question and engages with another representative in an online chat. Without a

Champions are 6.1x more likely than Starters to have market-leading omni-channel customer visibility.

clear, cross-channel profile containing information about the customer, their issue, and any progress toward a resolution, it is unlikely that the agent chatting with the customer will be able to deliver a very positive experience. This scenario underscores the importance of providing agents with omni-channel customer visibility, a capability that varies with an organization's customer service and support maturity.

In the research, we asked respondents to rate their organization's ability to build historical, comprehensive customer profiles that span all channels of interaction. **The plurality (49%) of Champions rated their organizations as market-leading, saying their customer profiles can be viewed as a "single source of truth" when it comes to service records.** By contrast, just 8% of Starters had the same level of faith in the completeness of their customer profiles (see Figure 11).

Going beyond the *quality* of an organization's omni-channel visibility, there is the question of *how quickly* the organization can deliver that intelligence to agents. When we asked respondents to describe how cross-channel customer profiles were built at their organizations, the plurality (44%) of Starters said this process was manual and done in regular intervals, while just 26% of Champions reported this to be the case at their organizations. Organizations with greater service and support maturity are delivering more current cross-channel intelligence to agents.

Figure 11. Delivering Omni-channel Visibility Through Robust Customer Profiles

How would you rate your organization's ability to build historical, comprehensive (i.e., spanning all channels of interaction) customer profiles? (Percent of respondents, organizations with <100 employees)

■ Starters (N=91)   ■ Risers (N=105)   ■ Champions (N=95)

Champions are 6.1x more likely than Starters to be market-leading.

Market-leading - our customer profiles can be viewed as a "single source of truth" when it comes to service records: Starters 8%, Risers 24%, Champions 49%

Strong: Starters 34%, Risers 45%, Champions 38%

Adequate or below: Starters 58%, Risers 31%, Champions 13%

Source: Enterprise Strategy Group

Providing visibility across channels of engagement is one way organizations can break down silos. Another method is providing agents with the ability to switch channels of engagement on the fly in order to better serve customers. For example, an agent may engage in an online chat with a customer. In the course of that engagement, the agent may determine that switching to a phone call would expedite the resolution. The ability to change channels without disruption to solve a customer's issue faster is going to drive a positive customer experience. Being stuck in an inefficient channel or switching channels in a way that is jarring or disruptive to the customer will drive a negative experience. Here again, Champions lead the way: 70% of Champions say service and support agents have the ability to toggle customer support channels seamlessly, 2.3x the rate of Starters (30%) (see Figure 12).

Figure 12. The Ability to Toggle Service Channels Seamlessly

Do customer service staff have the ability to change the channel they are interacting with a customer on in order to better serve their needs (e.g., toggle the conversation from a phone call to a chat discussion with a customer)? (Percent of respondents, organizations with <100 employees)

■ Starters (N=210)   ■ Risers (N=142)   ■ Champions (N=105)

Champions are 2.3x more likely to offer seamless channel toggling.

Yes, customer service staff can toggle channels seamlessly: Starters 30%, Risers 43%, Champions 70%

Yes, but the user experience could be improved: Starters 36%, Risers 41%, Champions 24%

No: Starters 30%, Risers 15%, Champions 5%

Source: Enterprise Strategy Group

Optimizing the Agent Experience Drives Up Efficiency, Helps Drive Down Burnout
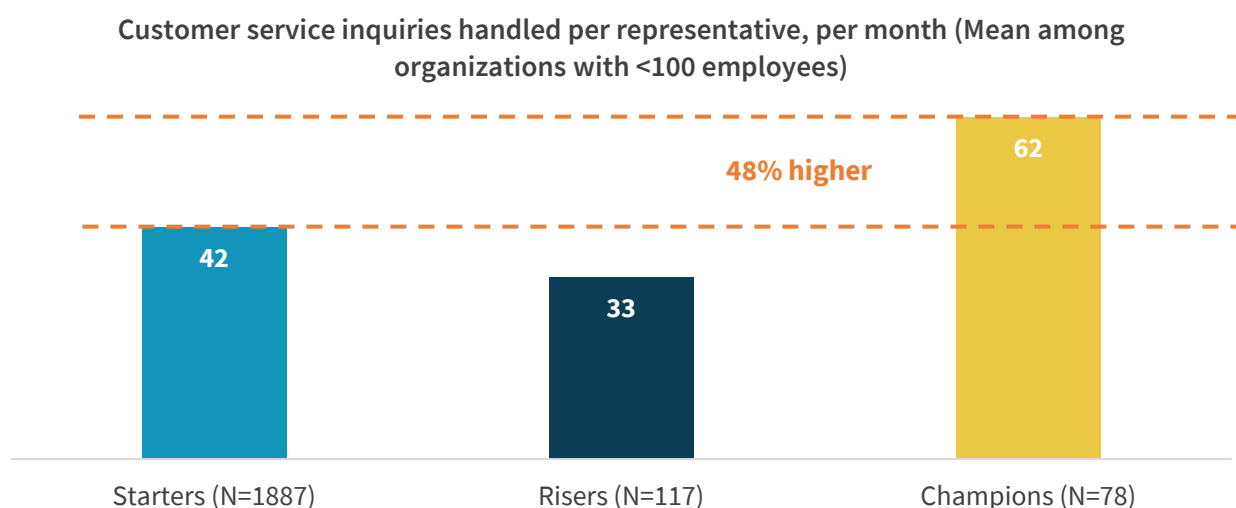
One of the core tenets of our maturity scale deals with the technology experience organizations provide to their service and support agents. We've already discussed correlations observed in this arena: whether tools can provide timely, comprehensive cross-channel customer profiles; and whether or not agents have the ability to seamlessly toggle between channels of customer engagement. Assessing the technology experience more broadly, we asked respondents to rate the satisfaction of their customer service and support staff with the technology and tools they use to perform their jobs. The rating scale went from 0 (not at all satisfied) to 10 (extremely satisfied); and **91% of Champions rated their teams' satisfaction with their helpdesk solutions as either a 9 or 10. By contrast, just 26% of Risers and 5% of Starters were as complimentary about the tools their teams rely on.**

A focus on deploying best-of-breed technologies for service and support staff is a means to many ends. We have already discussed several of those ends, from customer-centric agility to more effectively driving resolutions for customers. One additional end is agent efficiency and throughput. Qualitatively, the data clearly shows that Champions *believe* they are doing a good job with respect to agent throughput. ESG asked respondents to rate their team's efficiency, and seven out of ten (70%) respondents representing Champions rated their organization as either market-leading or strong. Only 28% of Starters rated themselves this highly. Said another way, **Champions are 2.5x more likely than Starters to be top performers in terms of agent efficiency.**

Once again, our quantitative data backs up this qualitative assessment. Within the survey, we captured the number of staff exclusively or predominantly focused on customer service and support. We also captured the total number of inquiries, requests, and tickets handled per month. Using these two data points in concert, we were able to derive a quantitative measure of agent throughput: the average number of tickets handled per support team member, per month. As a cohort, **Champions shine on this metric, with agents handling 48% more requests per month than Starters** (see Figure 13).

Agents at Champion organizations handle 48% more issues over the same amount of time as agents at Starter organizations.

Figure 13. Measuring Agent Throughput

Customer service inquiries handled per representative, per month (Mean among organizations with <100 employees)

Starters (N=1887)	Risers (N=117)	Champions (N=78)
42	33	62

48% higher

Source: Enterprise Strategy Group

On the flip side, our data reveals an inverse correlation between service and support maturity, and issues with team turnover. We asked respondents to describe the turnover rate within the service and support organization, and **the majority**

(60%) of Champions stated turnover is not at all problematic, 3.8x the incidence among Starters (16%) (see Figure 14). The implication is that by giving staff the tools they need to perform their jobs, in addition to appropriately training and staffing them, Champions struggle less with retention.

Figure 14. Measuring Pain Associated with Agent Turnover

How would you rate the turnover rate of customer service and support staff at your organization? (Percent of respondents, filtered by SMBs)

Starters (N=236)   Risers (N=154)   Champions (N=110)

Champions are 3.8x less likely to struggle with agent turnover.

Not at all problematic: 16%, 27%, 60%
Not very problematic: 37%, 46%, 21%
Neutral/problematic: 44%, 27%, 19%
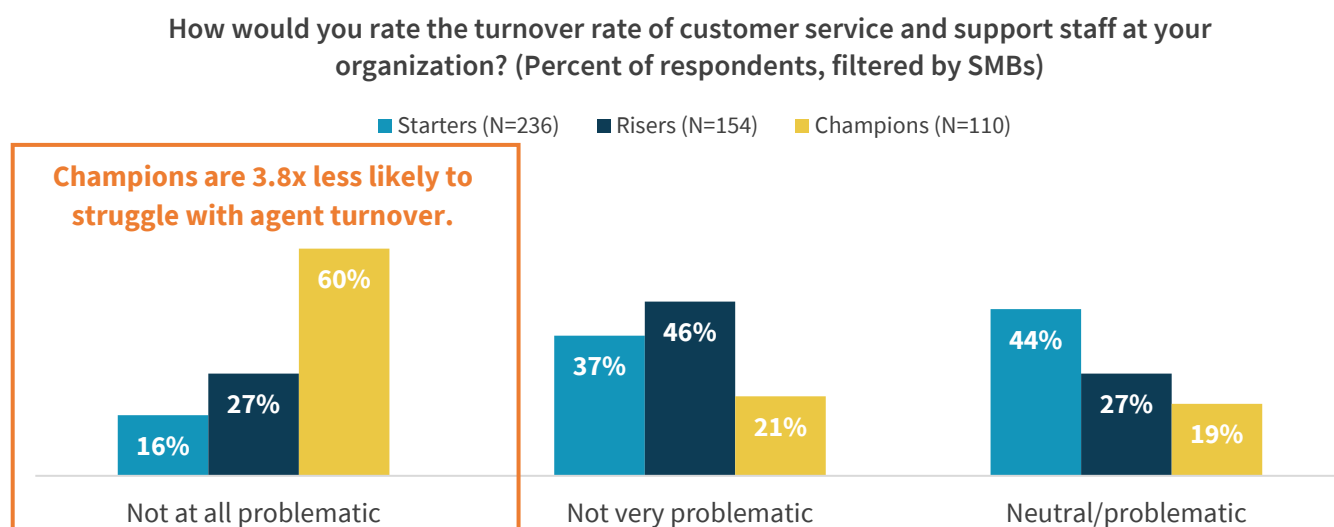
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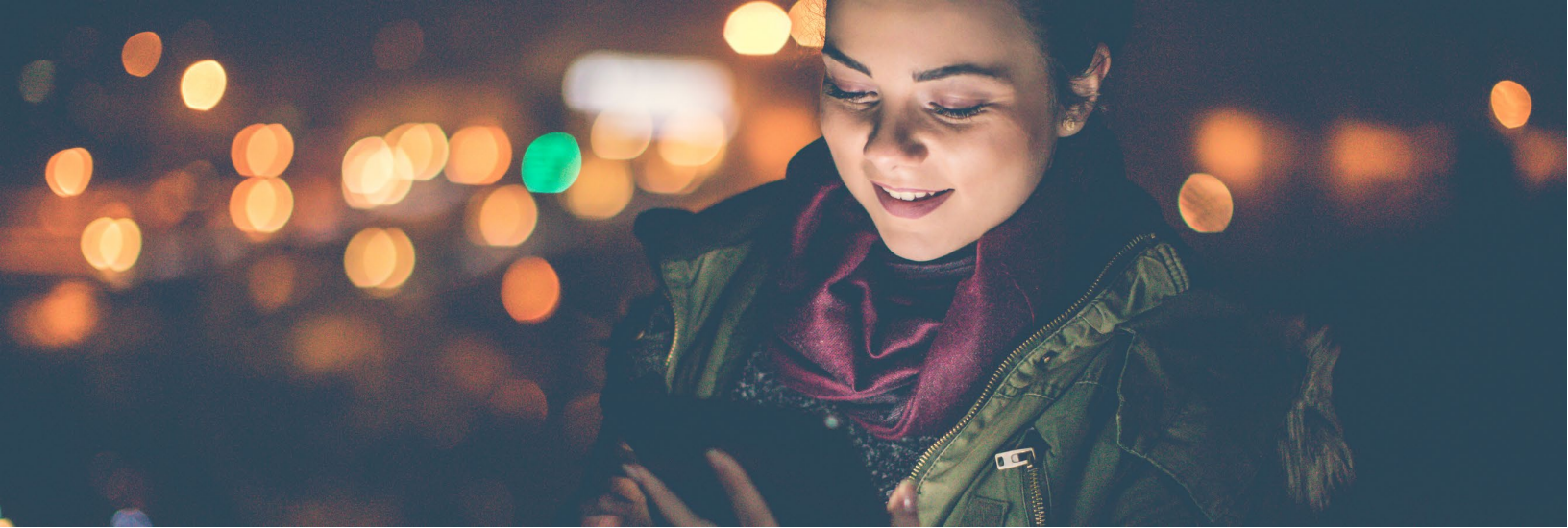
Connecting Service and Support Excellence to Improved Business Outcomes

The research discussed to this point has made it clear that the maturity scale developed has a strong correlation to success metrics within the service and support organization. But correlations are not limited to the service and support organization; there are connections to broader measures of business success such as customer satisfaction, growth of—and spending within—the customer base, and confidence in the organization's ability to retain customers. The implication is clear: by optimizing their service and support function, organizations are better positioned to delight their customers, which promotes the overall health of the business.
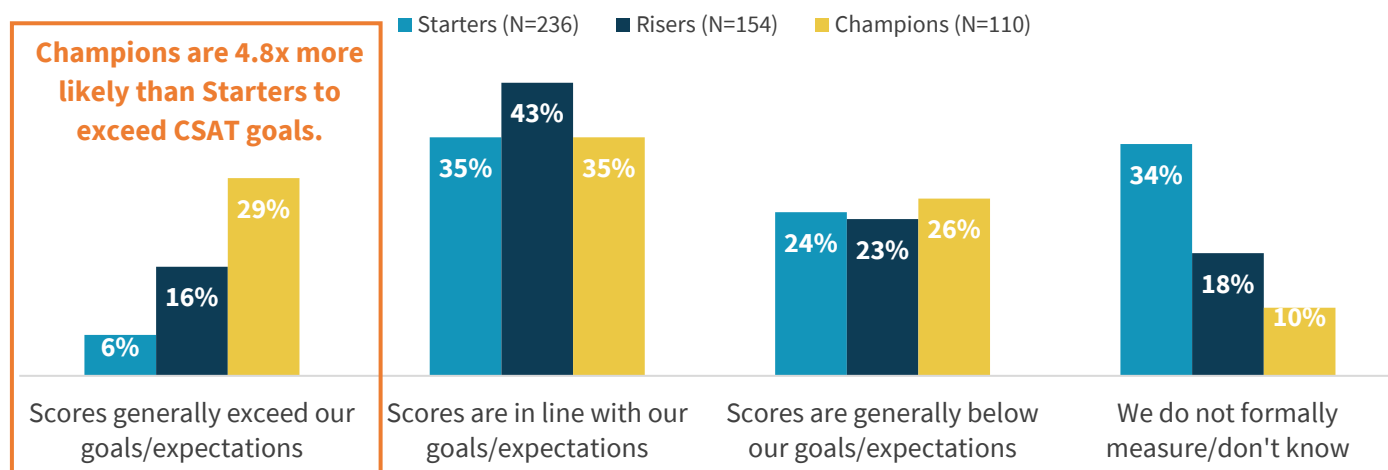
Delighting Customers to Drive Engagement

The opportunity for the service and support team to move beyond the cost center, and toward competitive differentiator, hinges on its ability to improve customer satisfaction. By improving customer satisfaction, support teams help the organization build customer loyalty and engagement—in turn growing share of wallet and retention.

To validate whether our maturity scale is linked to customer satisfaction, we asked respondents how their organization's performance correlates to its customer satisfaction (CSAT) goals. Nearly one-third of Champions surveyed report typically exceeding their goals, with an additional 35% reporting that they generally meet goals. Said another way, **Champions are 4.8x more likely than Starters (6%) to generally exceed their customer satisfaction goals** (see Figure 15).

Figure 15. CSAT Performance Relative to Goals

How does your organization generally perform in terms of customer satisfaction (CSAT) (if tracked)? (Percent of respondents, organizations with <100 employees)

- Starters (N=236)
- Risers (N=154)
- Champions (N=110)

Champions are 4.8x more likely than Starters to exceed CSAT goals.

	Scores generally exceed our goals/expectations	Scores are in line with our goals/expectations	Scores are generally below our goals/expectations	We do not formally measure/don't know
Starters	6%	35%	24%	34%
Risers	16%	43%	23%	18%
Champions	29%	35%	26%	10%

Source: Enterprise Strategy Group

The link between maturity also carried through to a number of related business performance metrics. Customer satisfaction is often linked to growing market share. The theory is that exceptional CX leads to higher customer satisfaction, which, in turn, begets positive word of mouth and a broadening of the customer base. To test this theory, we asked respondents to describe their organization's performance over the past six months: whether they experienced a net increase in customers; had no change in the number of customers; or experienced a net loss in customers. **About two-thirds (65%) of Champions reported an increase in customers, 3.6x the rate of Starters** (18%) (see Figure 16).

Figure 16. Change in Market Share

In the past 6 months, which best describes how your organization has performed?
(Percent of respondents, organizations with <100 employees)

■ Starters (N=236) ■ Risers (N=154) ■ Champions (N=110)

Champions are 3.6x more likely than Starters to be growing their customer base.

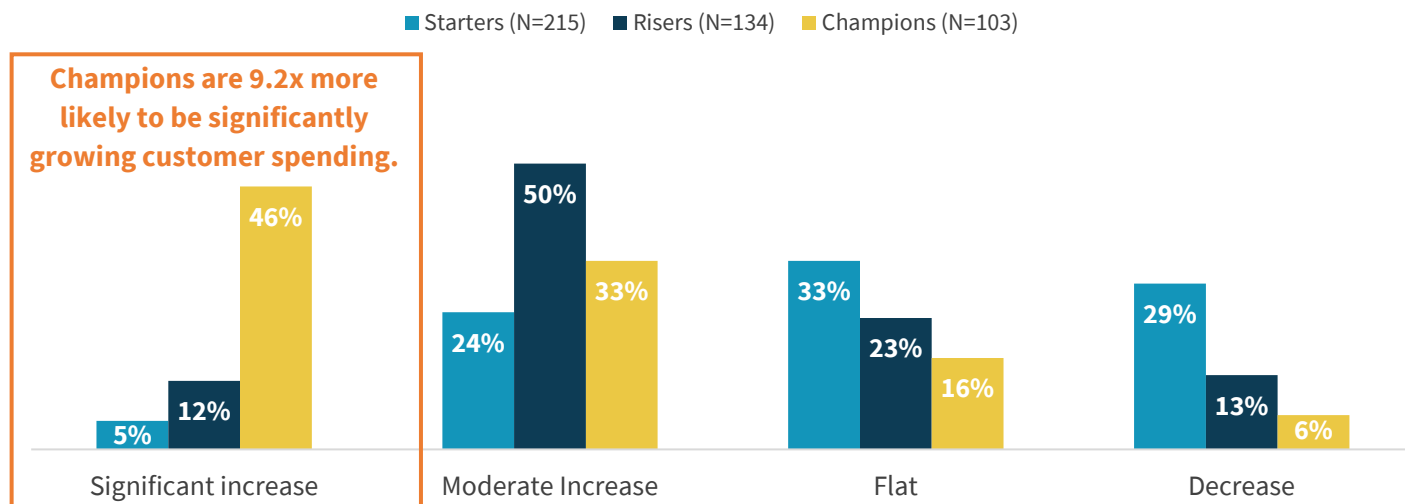|	Starters	Risers	Champions
We have added more customers from our competitors than they have taken from us	18%	39%	65%
We have had no change in number of customers relative to our competitors	59%	53%	34%
Our competitors have taken more customers from us than we have added from them	8%	5%	1%

Source: Enterprise Strategy Group

Similarly, customer satisfaction is also linked (in theory) to increasing customer spending over time. The thinking is that customers should be more receptive to upsell and cross-sell offers from providers that do a good job meeting their needs. To test this connection, we asked respondents how spending per customer has changed over the past six months. **While the plurality (46%) of Champions stated that spending has increased significantly, just 5% of Starters did so.** By contrast, the majority (62%) of Starters reported spending per customer as flat or declining, versus just 22% of Champions (see Figure 17).

Figure 17. Customer Spending Trends

Over the past 6 months, how would you characterize the change in the amount per year that your customers spend with your organization (i.e., how much the average customer spends on your goods and services per year)? (Percent of respondents, organizations with <100 employees)

Legend: Starters (N=215)   Risers (N=134)   Champions (N=103)

Champions are 9.2x more likely to be significantly growing customer spending.

Category	Starters	Risers	Champions
Significant increase	5%	12%	46%
Moderate Increase	24%	50%	33%
Flat	33%	23%	16%
Decrease	29%	13%	6%

Source: Enterprise Strategy Group

Finally, the data shows us that past performance leads to confidence in the future: **55% of Champions believe their organization will exceed their customer retention targets over the next 12 months, as opposed to just 12% of Starters.**
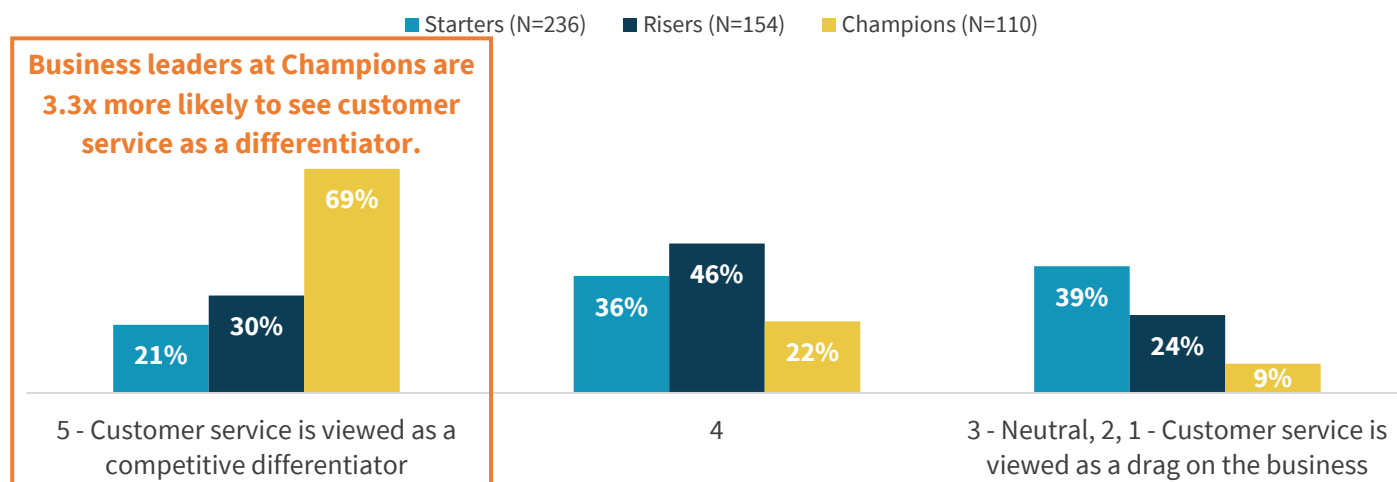
Do Support Teams Get Credit?

The many correlations between service and support maturity and positive business performance we have observed do not *necessarily* mean there is causation. While we believe causation is present, in this case, our opinion matters less than the organizations represented in the research; and there is evidence in the data that shows that organizations see causation between the service and support team's performance and the organization's business outcomes.

We asked respondents how senior leadership at their organizations views the customer service and support organization. They could select a number between 5 (customer service and support are a competitive differentiator) and 1 (customer service and support are a drag on the business). **The higher the maturity of the service and support organization, the more likely the team is to be seen as a competitive differentiator: 69% of Champions say business leaders would rate them as a 5, compared to just 21% of Starters** (see Figure 18).

Senior business leaders at Champions say their service and support teams set them apart from the competition. This fact strongly bolsters the argument that there is a causal relationship between service and support performance and business success. For CX practitioners looking to increase the internal influence of—and esteem for—the service and support team, implementing the best practices of Champions is a worthwhile endeavor.

Figure 18. Leadership's Perceptions of Customer Service and Support Teams

How does senior leadership view your organization's customer service and support function? (Percent of respondents, organizations with <100 employees)

■ Starters (N=236)   ■ Risers (N=154)   ■ Champions (N=110)

Business leaders at Champions are 3.3x more likely to see customer service as a differentiator.

	5 - Customer service is viewed as a competitive differentiator	4	3 - Neutral, 2, 1 - Customer service is viewed as a drag on the business
Starters	21%	36%	39%
Risers	30%	46%	24%
Champions	69%	22%	9%

Source: Enterprise Strategy Group
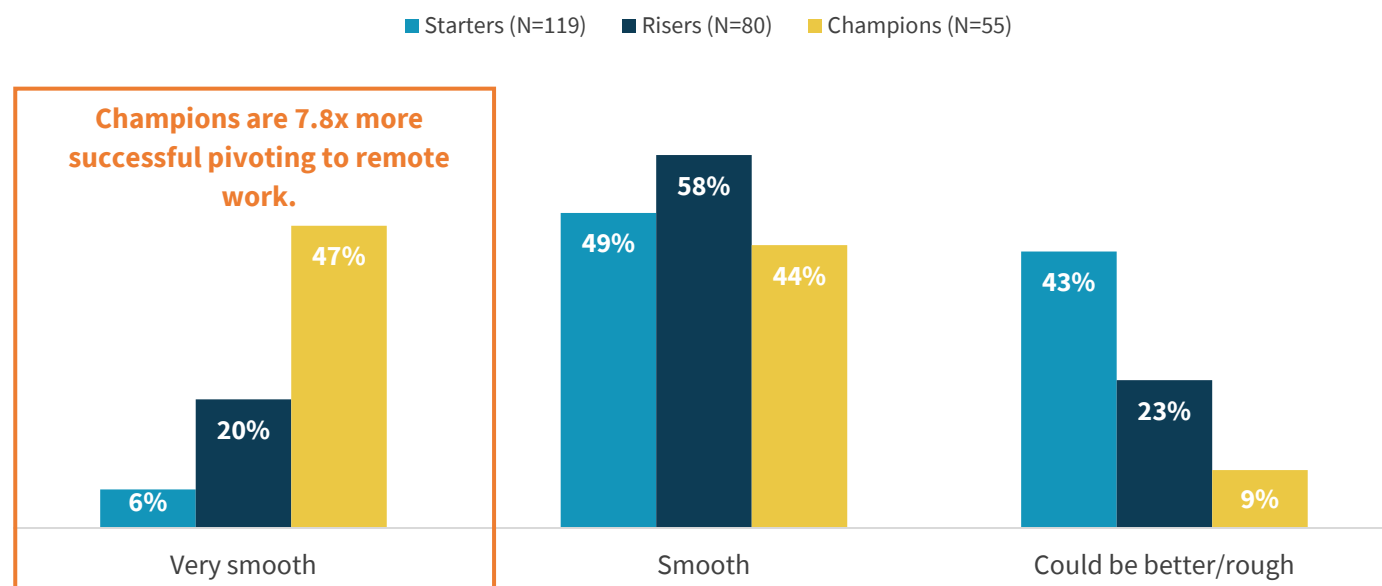
Performance Under Pressure (and in a Pandemic)

It is worth noting that due to the time in which this survey was fielded (7/14/20-8/8/20), we were afforded a unique glimpse into the state of businesses in the throes of a global pandemic. The business performance questions we asked, which were related to market share and customer spending trends, were framed in the context of "the past six months," a time horizon when economic activity was slowed by both state-mandated lockdowns and more cautious social behavior. With this additional context, the performance reported by Champions is particularly striking.

When it comes to delivering customer service and support in a pandemic, we did observe a connection to our maturity scale. We asked respondents about those policies their organizations had enacted as a result of the COVID-19 outbreak. Not surprisingly, leading the way was the implementation of more flexible remote work policies for service and support teams (reported by 54% of respondents). While more flexible remote work policies were broad-based, the *success* with which organizations were able to implement them varied considerably. We asked respondents to characterize the process of supporting more customer service and support agents working from home—and saw stark differences between maturity levels. **Almost half (47%) of Champions report the pivot to supporting remote agents is going very smoothly while two-fifths of Starters (43%) say the transition could be better or has been rough** (see Figure 19).

Whether it was due to their teams being more capable (thanks to increased training and retention), their helpdesk solutions being more flexible (e.g., SaaS-based solutions that only need a connection to the internet to work), their use of data to optimize operations being better, or (more likely) a combination of all three, Champions place themselves in the best position to navigate the uncertainty of the COVID-19 pandemic without dramatically harming their ability to support customers.

Figure 19. Assessing the Transition to Remote Work in the Face of COVID-19

How do you believe the efforts to support more customer service and support agents or representatives working from home are going? (Percent of respondents, organizations with <100 employees)
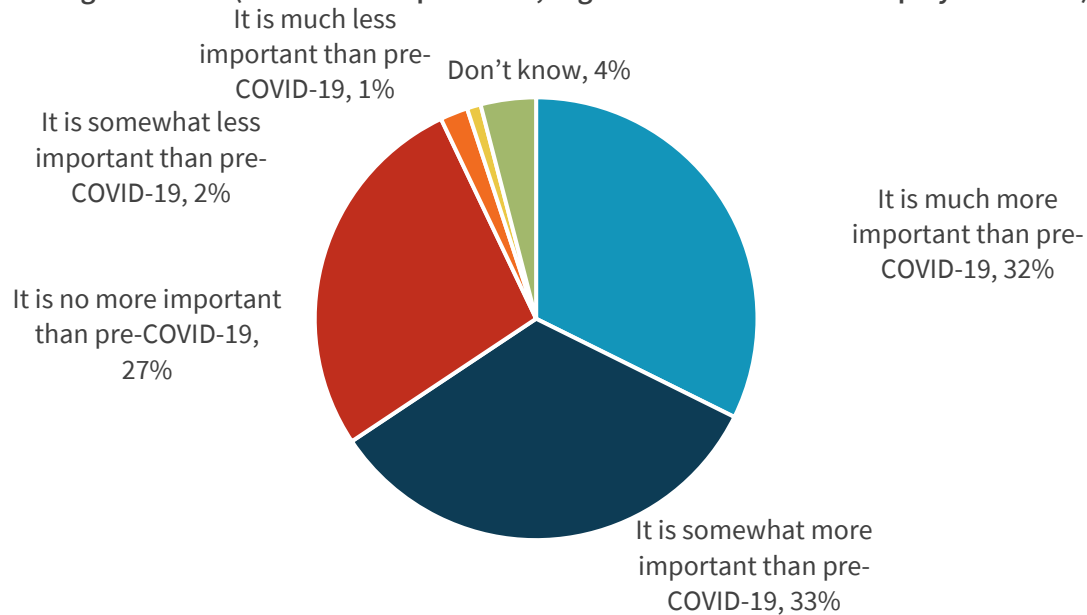
■ Starters (N=119) ■ Risers (N=80) ■ Champions (N=55)

Champions are 7.8x more successful pivoting to remote work.

	Very smooth	Smooth	Could be better/rough
Starters	6%	49%	43%
Risers	20%	58%	23%
Champions	47%	44%	9%

Source: Enterprise Strategy Group

Why does this matter? Not only are remote work scenarios pervasive, they may remain in place for quite a while: of the respondents that said their organization had enacted more flexible remote work policies, 70% reported their organizations were considering making these policy changes permanent.

Moreover, the data indicates that customers still demand responsiveness in a post-pandemic world: 65% of respondents said customer-centric agility has increased in importance as a result of COVID-19, outnumbering respondents that said COVID-19 has diminished the importance of agility by 22 to 1 (see Figure 20). Regardless, remote service teams must still be able to deliver fast and effective customer support.

Figure 20. COVID-19's Impact on the Importance of Customer-centric Agility

As your organization navigates COVID-19, how has the importance of agility (i.e., the ability to adapt and quickly make changes in response to customer needs) changed at your organization? (Percent of respondents, organizations with <100 employees N=500)

It is much less important than pre-COVID-19, 1%

It is somewhat less important than pre-COVID-19, 2%

Don't know, 4%

It is no more important than pre-COVID-19, 27%

It is much more important than pre-COVID-19, 32%

It is somewhat more important than pre-COVID-19, 33%
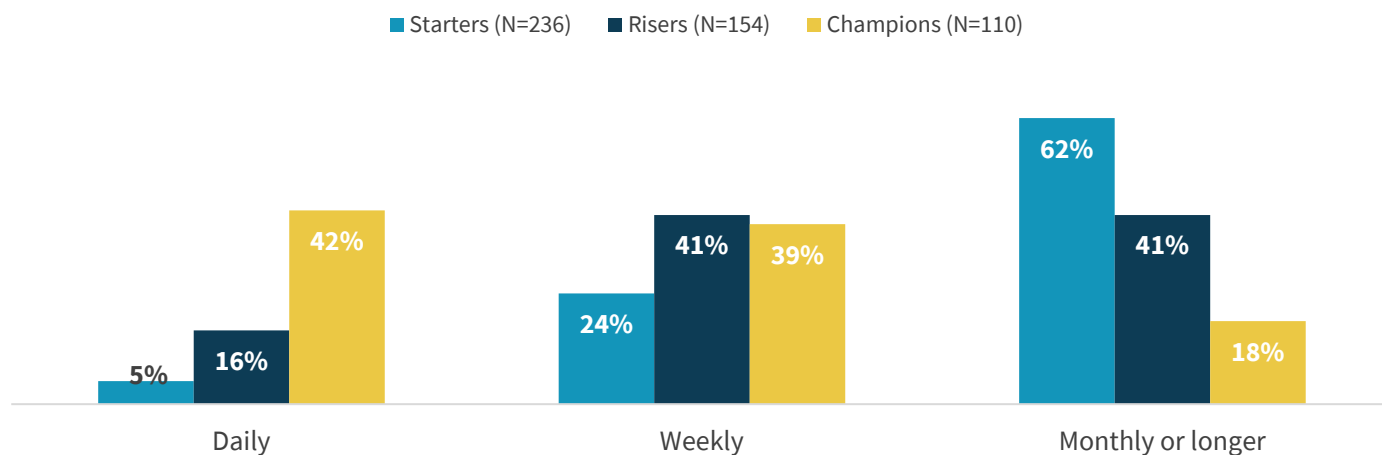
Source: Enterprise Strategy Group

What You Can Learn from Service and Support Champions

Becoming a Champion requires a culture focused on CX, driven from the top down. When we asked respondents if CX is considered a critical business priority, 93% agreed that it is. However, the intensity of agreement varied by the organization's maturity level: 76% of Champions strongly agreed, compared to 37% of Starters. This higher level of importance is manifested in the behavior of senior business leaders. When we asked respondents how often C-suite executives review CX metrics, 42% of Champions reported this was a daily occurrence, while 62% of Starters reported CX metrics receive C-suite inspection on a monthly basis or less often (see Figure 21).

Figure 21. CX Inspection by the C-suite

How frequently are CX metrics (e.g., NPS, CSAT, customer retention, etc.) reviewed by your organization's senior leadership – such as C-suite business executives (CEO, CFO, COO), or equivalent? (Percent of respondents, organizations with <100 employees)

■ Starters (N=236)   ■ Risers (N=154)   ■ Champions (N=110)

	Daily	Weekly	Monthly or longer
Starters	5%	24%	62%
Risers	16%	41%	41%
Champions	42%	39%	18%

Source: Enterprise Strategy Group

Service and support are still predominantly a person-to-person endeavor; don't forget your people. One of the inputs in our maturity scale is a belief that service and support team training is *appropriate*—but what does that subjective assessment really mean? To find out, we also asked *how much* training the average agent receives per year during regular work hours. On average, Champions provide their teams about one-half day more of training per year than Starters (3.7 days versus 3.3 days).

Data-centric support delivers. The maxim "You can't improve what you can't measure" holds true when it comes to customer service and support. Champions use their data: 91% describe the comprehensiveness of their support metrics

and KPIs as market-leading or strong. Moreover, their data is current, with 63% stating their support metrics and KPIs can be reported on in real time. While service and support are predominantly provided by humans today, these areas must be guided by data.

Figure 22. Comprehensiveness of Support Data

How would you rate the comprehensiveness of your organization's customer service and support metrics and key performance indicators (i.e., does the organization have access to all the information you would like it to)? (Percent of respondents, filtered by SMBs)

■ Starters (N=236)   ■ Risers (N=154)   ■ Champions (N=110)
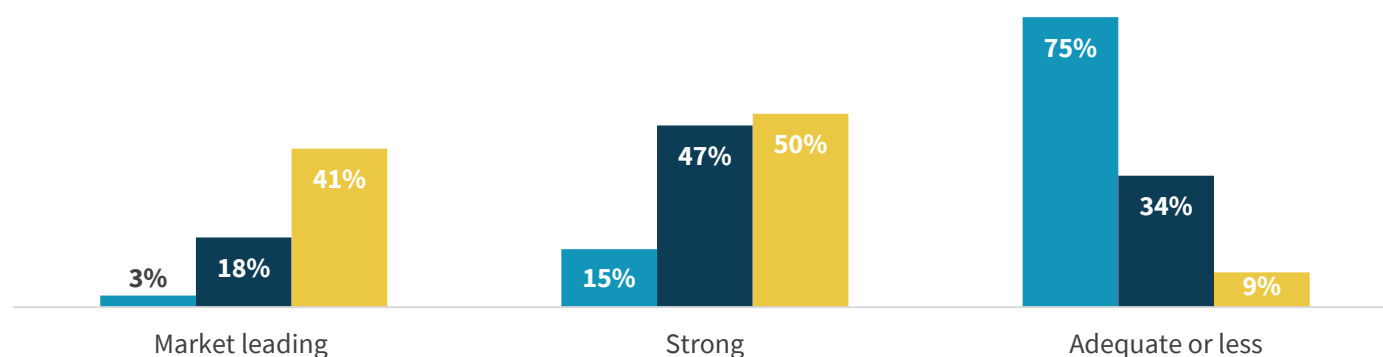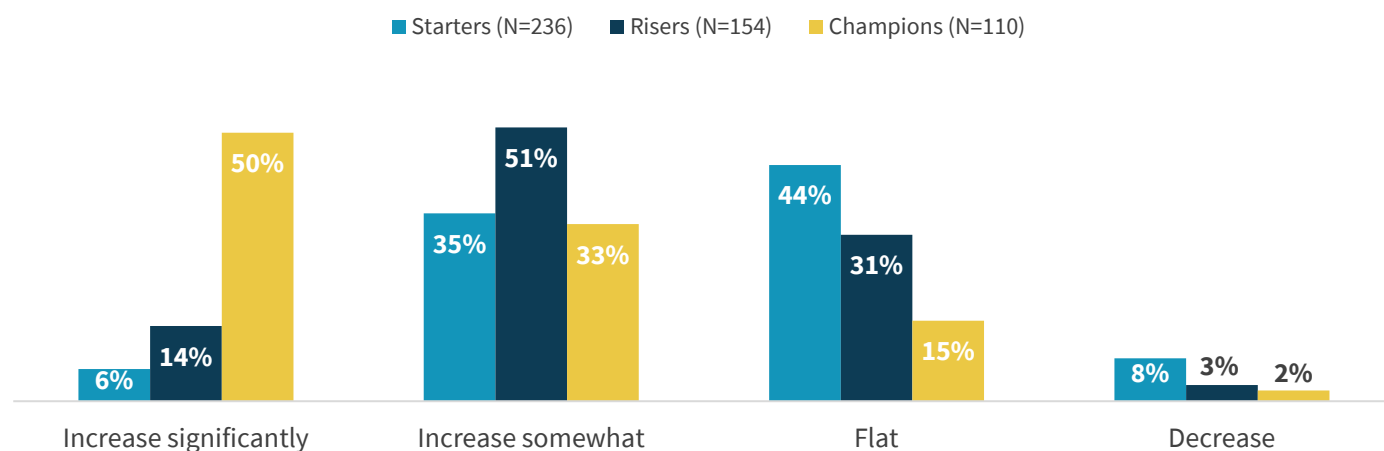
Source: Enterprise Strategy Group

Automation and artificial intelligence (AI) are making an impact. Collecting, analyzing, and acting on data at scale in real-time creates a need for automation. Champions are responding to this need and will most likely be implementing automated methods of building and updating cross-channel customer profiles that are continuously updated (21% versus 15% of Starters). AI is also starting to make a tangible impact on service and support performance. About 9% of respondents reported their organization leverages fully automated chatbots to answer customer questions. On average, those organizations told us approximately 8% of customer inquiries made to those chatbots are successfully resolved without any interaction needed by a human representative. While nascent, the potential for AI-powered chatbots to offload work from humans is clear.

Champions invest for success. We asked respondents how they expected their organization's spending on CX tools and technologies to change over the next 12 months. Half (50%) of Champions expect their organization to increase investment significantly, versus just 6% of Starters (see Figure 23). While this trend is not surprising given the differences in perceived CX importance, it does pose a dilemma for Starter organizations. Champions already tend to outperform Starters in terms of service and support excellence, so in order for Starters to catch up, their spending patterns must be reversed. Hence, it will be critical for CX leaders at lagging organizations to preserve and make the most of their budgets.

Figure 23. CX Investment Trends Over the Next 12 Months

How do you expect your organization's investment in CX tools and technologies to change over the next 12 months? (Percent of respondents, organizations with <100 employees)

■ Starters (N=236)   ■ Risers (N=154)   ■ Champions (N=110)

	Increase significantly	Increase somewhat	Flat	Decrease
Starters	6%	35%	44%	8%
Risers	14%	51%	31%	3%
Champions	50%	33%	15%	2%

Source: Enterprise Strategy Group

The Bigger Truth

Companies today increasingly rely on the intersection of their team, their technology, and their data to deliver differentiating customer support and service. ESG's research validates that organizations with the most prepared teams, utilizing the best technology, and continuously using data to optimize operations are delivering the best customer experience and the best agent experience, and have navigated uncertain times while achieving dramatically better business results.

It's clear customers today are rewarding companies that can provide a truly elevated customer experience. Organizations seeking to increase their customer service and support capabilities should study the behaviors of the Champions examined in this report and leverage this research to help make the business case for transforming their approach to meeting customers' needs.
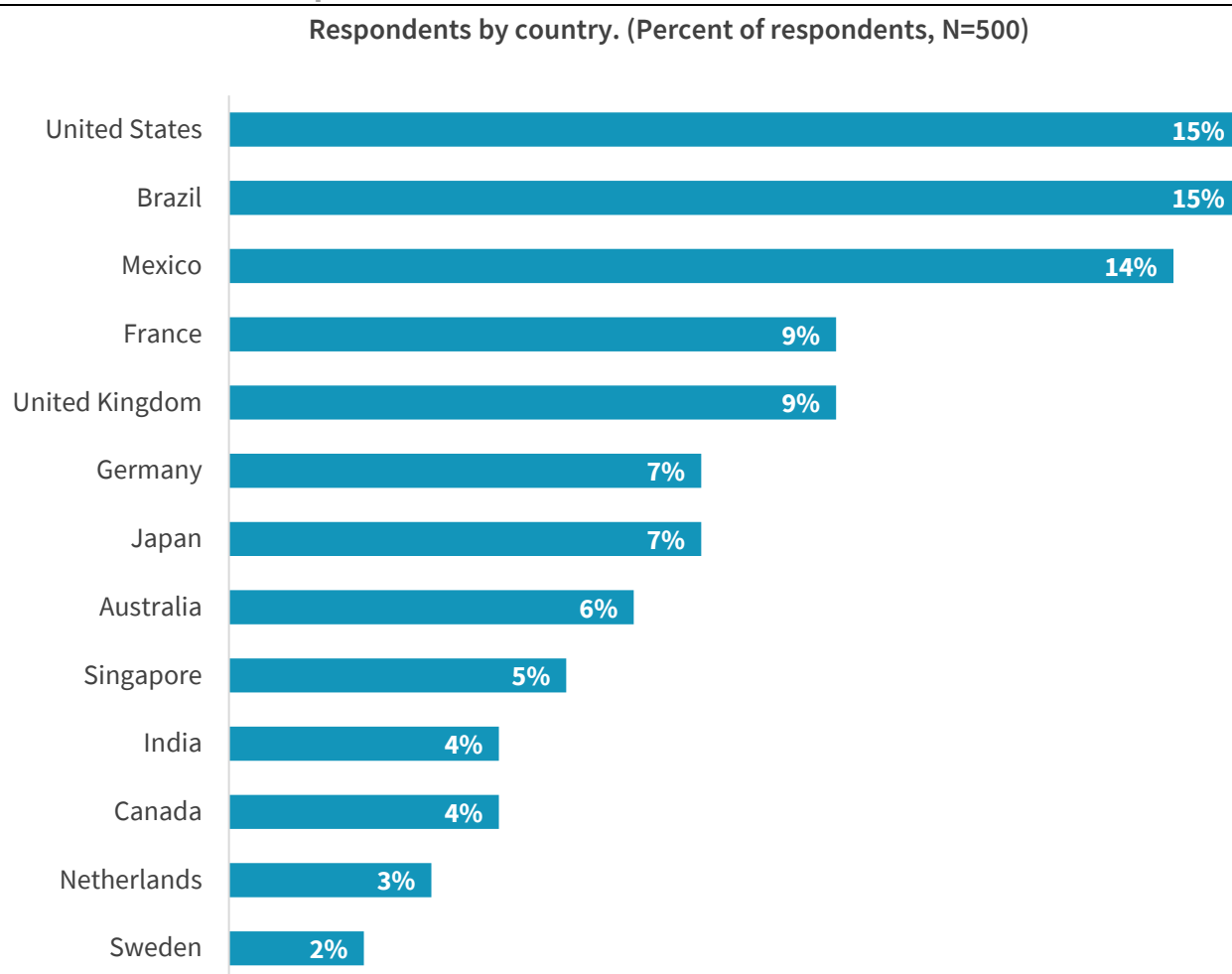
Appendix I: Research Methodology and Demographics

To gather data for this report, ESG conducted a comprehensive survey of business decision makers responsible for ensuring and enhancing customer service and support at their organizations. Organizations represented spanned the globe, including North America (N=256), Europe (N=250), Asia (N=250), and Latin America (N=256). Organizations represented were split between SMBs (those with <100 employees, N=500), midmarket organizations (those with 100-999 employees, N=255), and enterprises (those with 1,000 or more employees, N=257). The survey was fielded between July 14, 2020 and August 8, 2020. All respondents were provided an incentive to complete the survey in the form of cash awards and/or cash equivalents.
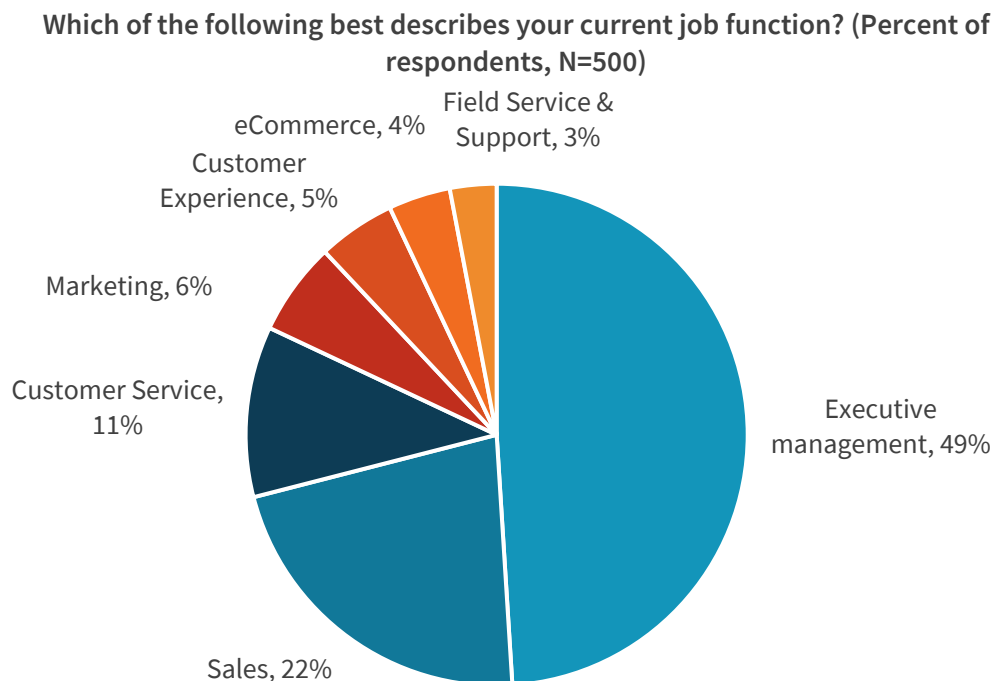
After filtering out unqualified respondents, removing duplicate responses, and screening the remaining completed responses (on several criteria) for data integrity, a final sample of 1,012 respondents remained. The figures that follow detail the demographics of the respondent base discussed in this report, those representing organizations with fewer than 100 employees.

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

Figure 24. Location of Respondents

Respondents by country. (Percent of respondents, N=500)

Country	Percent
United States	15%
Brazil	15%
Mexico	14%
France	9%
United Kingdom	9%
Germany	7%
Japan	7%
Australia	6%
Singapore	5%
India	4%
Canada	4%
Netherlands	3%
Sweden	2%

Source: Enterprise Strategy Group

Figure 25. Respondents' Job Functions

Which of the following best describes your current job function? (Percent of respondents, N=500)

Field Service & Support, 3%
eCommerce, 4%
Customer Experience, 5%
Marketing, 6%
Customer Service, 11%
Executive management, 49%
Sales, 22%

Source: Enterprise Strategy Group

Figure 26. Respondents' Seniority

Which of the following best describes your current responsibility within your organization? (Percent of respondents, N=500)

Management, 14%
Executive management (e.g., CxO, President, Managing Director, EVP/SVP/VP, etc.), 42%
Senior management (e.g., Senior Director, Director, Senior Manager, etc.), 45%
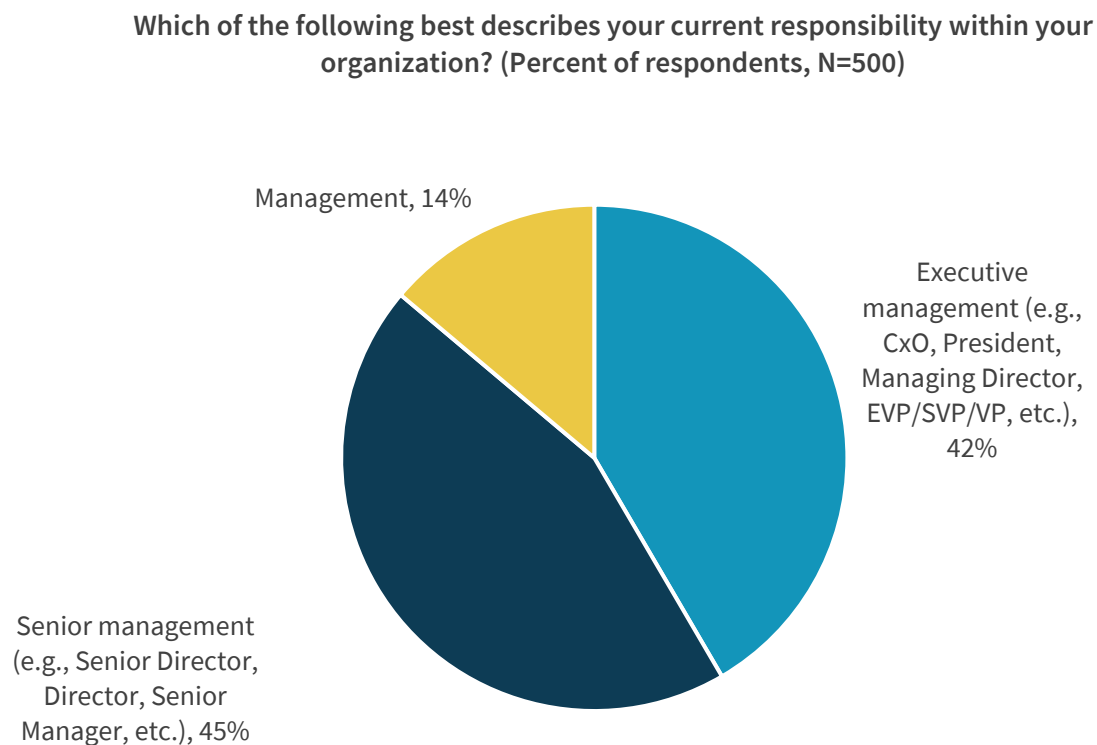
Source: Enterprise Strategy Group

Figure 27. Company Size (Number of Employees)

How many total employees does your organization have worldwide? (Percent of respondents, N=500)

Less than 10	10 to 24	25 to 49	50 to 99
20%	18%	26%	36%
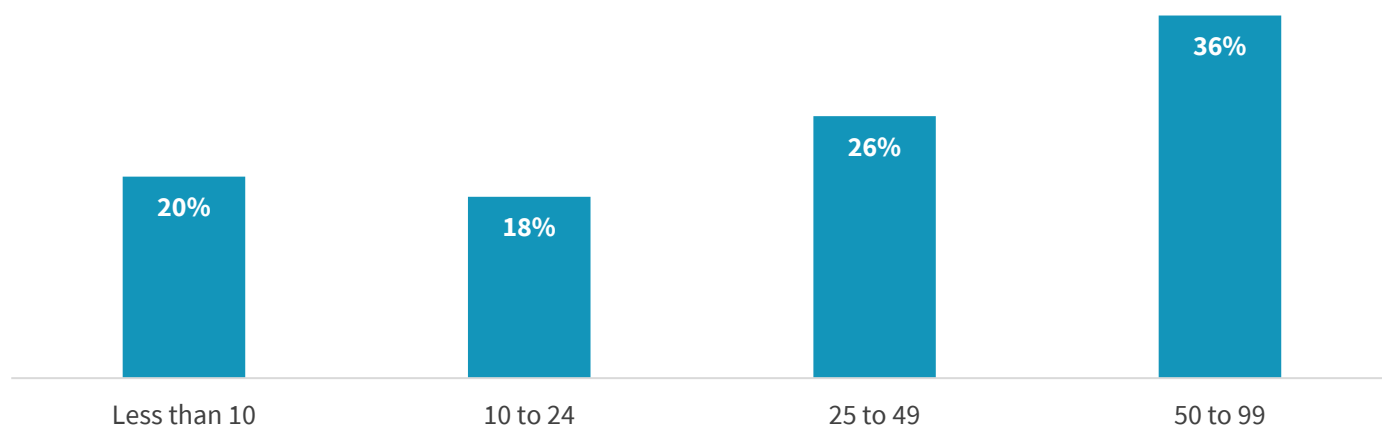
Source: Enterprise Strategy Group

Figure 28. Company Industry

What is your organization's primary industry? (Percent of respondents, N=500, one response accepted)

Industry	Percent
Retail, Wholesale, and Distribution	20%
Automotive	13%
Computer Software and Services	8%
Education	8%
Consumer Services	8%
Construction and Building Materials	8%
Corporate Services	7%
Financial Services	5%
Consumer Products	5%
Health Care Equipment and Services	5%
Industrial Manufacturing and Services	4%
Media and Entertainment	3%
Government and Non-Profit	2%
Transportation	2%
Energy and Environmental	1%
Computer Hardware	1%
Telecommunications	1%
Chemicals and Metals and Mining	1%
Other	6%

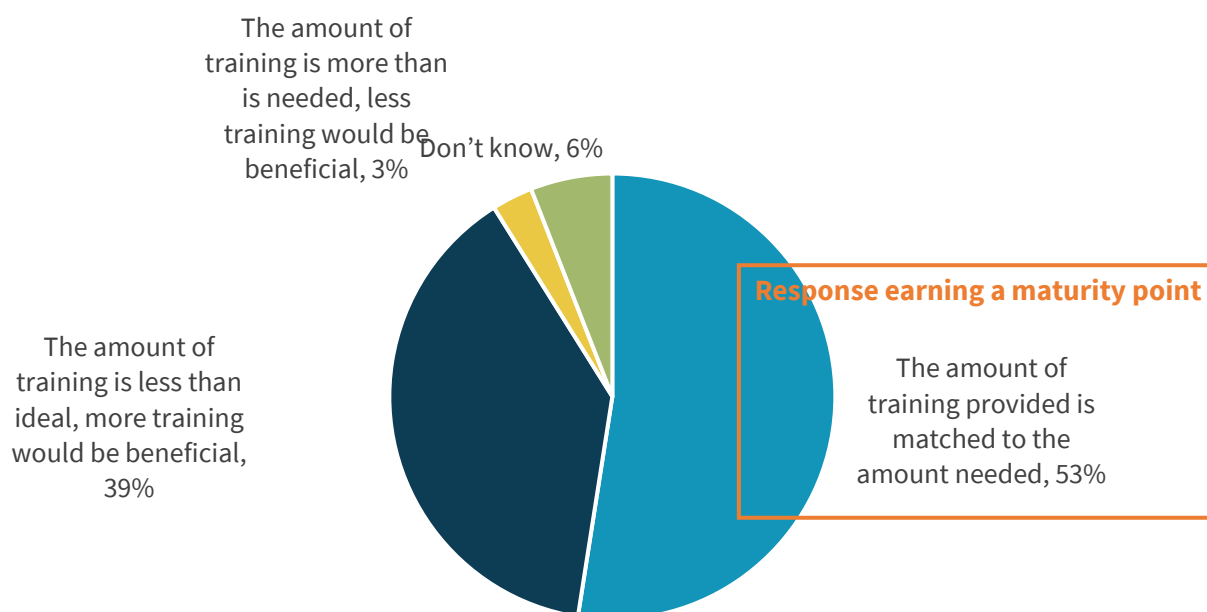*Source: Enterprise Strategy Group*

Appendix II: Establishing Maturity Levels for Customer Service and Support

ESG's maturity scale used seven questions from the survey as inputs to determine an organization's maturity score. These seven questions align to the people, process, and data and technology attributes of the service and support organization within represented companies. Based on the answers to these and other questions, respondents' organizations could earn between 0 and 7 maturity points. At organizations with 100 or more employees, 47% earned 0-3 points (placing them in the "Starter" category); 31% earned 4-5 points (placing them in the "Riser" category); and 22% earned 6-7 points (placing them in the "Champion" category).

The following figures outline the scoring questions that ESG asked respondents, the overall distribution of responses, and the responses aligned to the maximum number of maturity points per question.
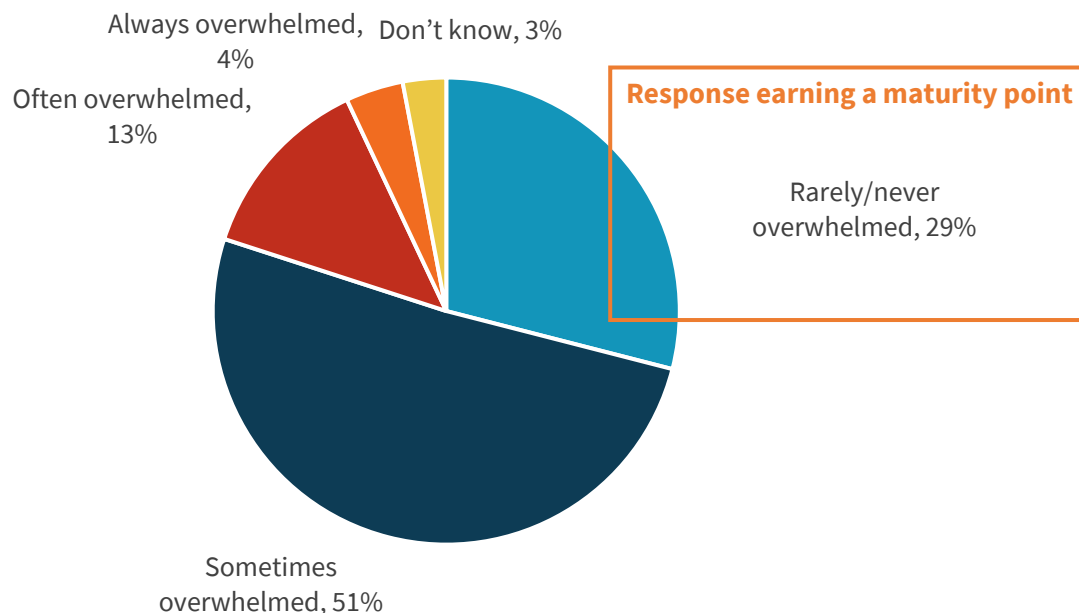
Figure 29. Agent Training

How would you rate the amount of formal training and education the typical customer service employee receives at your organization? (Percent of respondents, N=500)

The amount of training is more than is needed, less training would be beneficial, 3%

Don't know, 6%

The amount of training is less than ideal, more training would be beneficial, 39%

Response earning a maturity point

The amount of training provided is matched to the amount needed, 53%

Source: Enterprise Strategy Group

Figure 30. Matching Staffing Level to Need

Which of the following best describes the workload of your organization's customer service and support personnel? (Percent of respondents, N=500)

Always overwhelmed, 4%

Don't know, 3%

Often overwhelmed, 13%

Response earning a maturity point

Rarely/never overwhelmed, 29%

Sometimes overwhelmed, 51%

Source: Enterprise Strategy Group

Figure 31. Ability to Implement Customer Feedback

How would you rate your organization on its ability to act on customer feedback to change its products, services, and/or business processes for the better? (Percent of respondents, N=389)
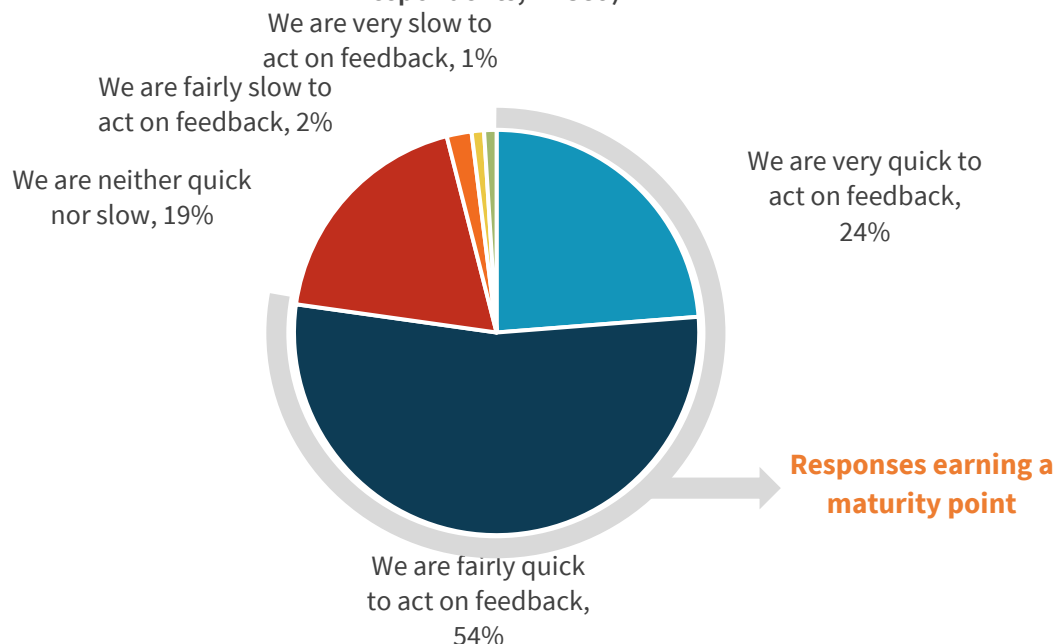
Poor, 2%

Fair, 17%

Very good, 28%

Responses earning a maturity point

Good, 53%
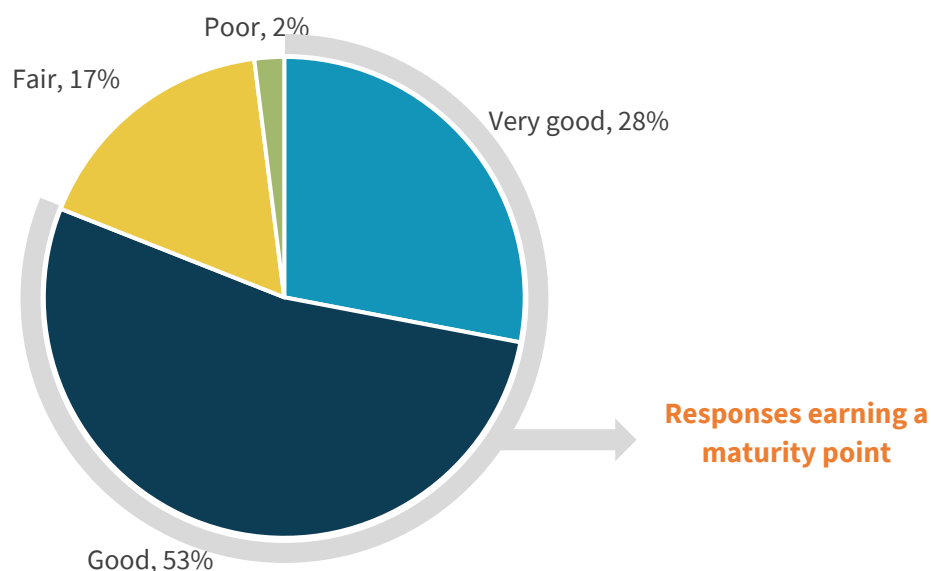
Source: Enterprise Strategy Group

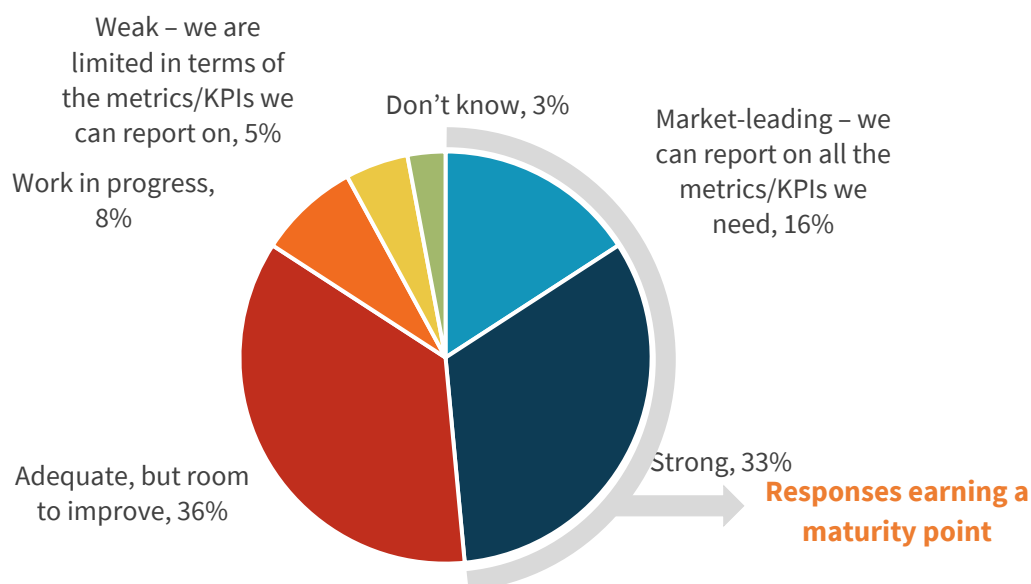**Figure 32. Speed in Implementing Customer Feedback**

How would you rate how quickly your organization can turn customer feedback into a change in its products, services, and/or business processes? (Percent of respondents, N=389)

We are very slow to act on feedback, 1%

We are fairly slow to act on feedback, 2%

We are neither quick nor slow, 19%

We are very quick to act on feedback, 24%

We are fairly quick to act on feedback, 54%

Responses earning a maturity point

Source: Enterprise Strategy Group

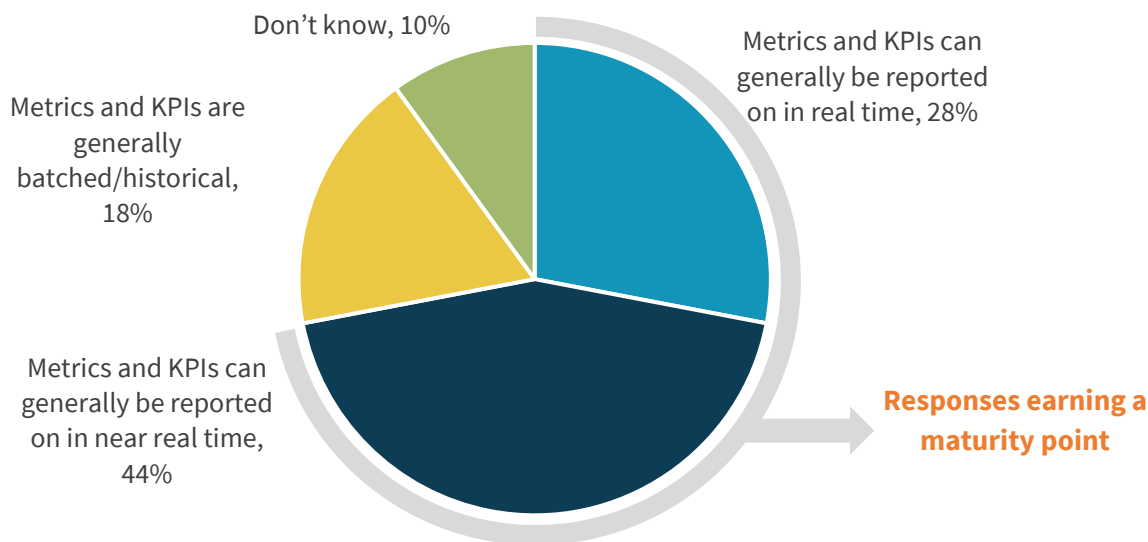**Figure 33. Comprehensiveness of Service and Support Data**

How would you rate the comprehensiveness of your organization's customer service and support metrics and key performance indicators (i.e., does the organization have access to all the information you would like it to)? (Percent of respondents, N=500)

Weak – we are limited in terms of the metrics/KPIs we can report on, 5%

Don't know, 3%

Work in progress, 8%

Market-leading – we can report on all the metrics/KPIs we need, 16%

Adequate, but room to improve, 36%

Strong, 33%

Responses earning a maturity point

Source: Enterprise Strategy Group
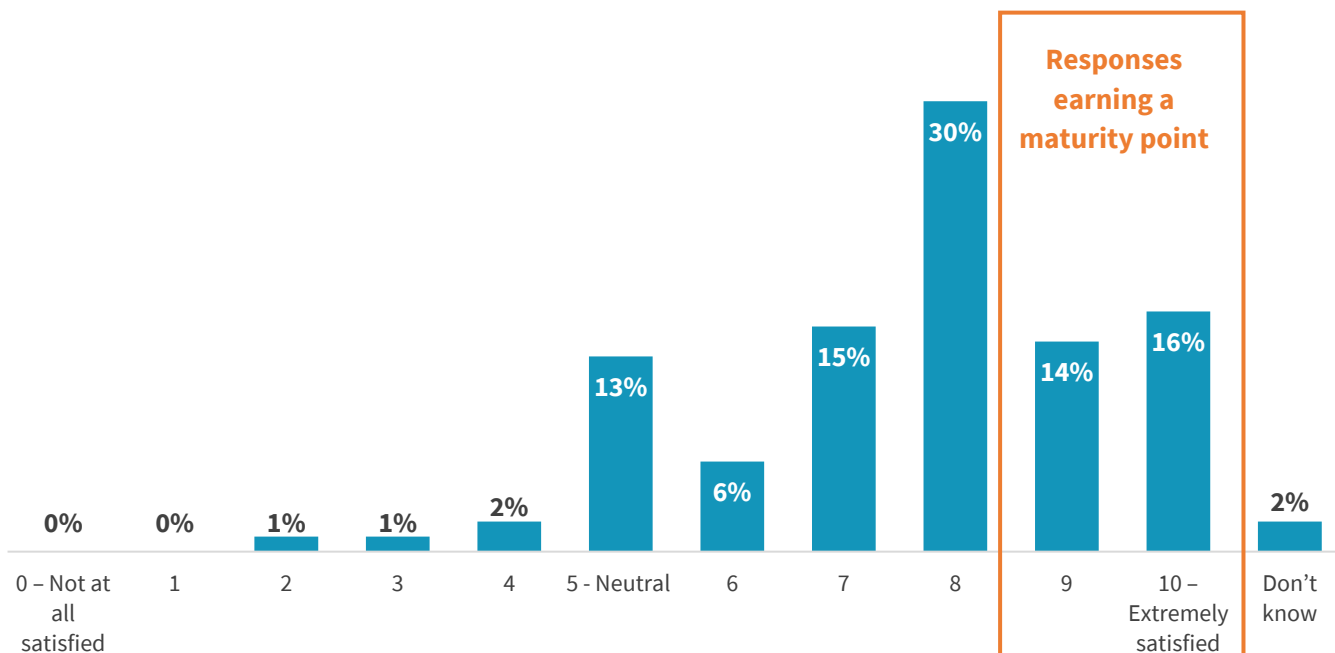
Figure 34. Timeliness of Service and Support Data

Which best describes how up to date your organization's customer service and support metrics and KPIs are? (Percent of respondents, N=500)

Don't know, 10%

Metrics and KPIs are generally batched/historical, 18%

Metrics and KPIs can generally be reported on in real time, 28%

Metrics and KPIs can generally be reported on in near real time, 44%

Responses earning a maturity point

Source: Enterprise Strategy Group

Figure 35. Importance of Security Capabilities

Generally speaking, how satisfied are your customer service and support staff with the technology and tools they use to do their jobs? (Percent of respondents, N=500)

Responses earning a maturity point

0 – Not at all satisfied	1	2	3	4	5 - Neutral	6	7	8	9	10 – Extremely satisfied	Don't know
0%	0%	1%	1%	2%	13%	6%	15%	30%	14%	16%	2%

Source: Enterprise Strategy Group

Enterprise Strategy Group is an IT analyst, research, validation, and strategy firm that provides market intelligence and actionable insight to the global IT community.

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