

The Zendesk Benchmark Q3 2013

IN FOCUS: CUSTOMER SATISFACTION

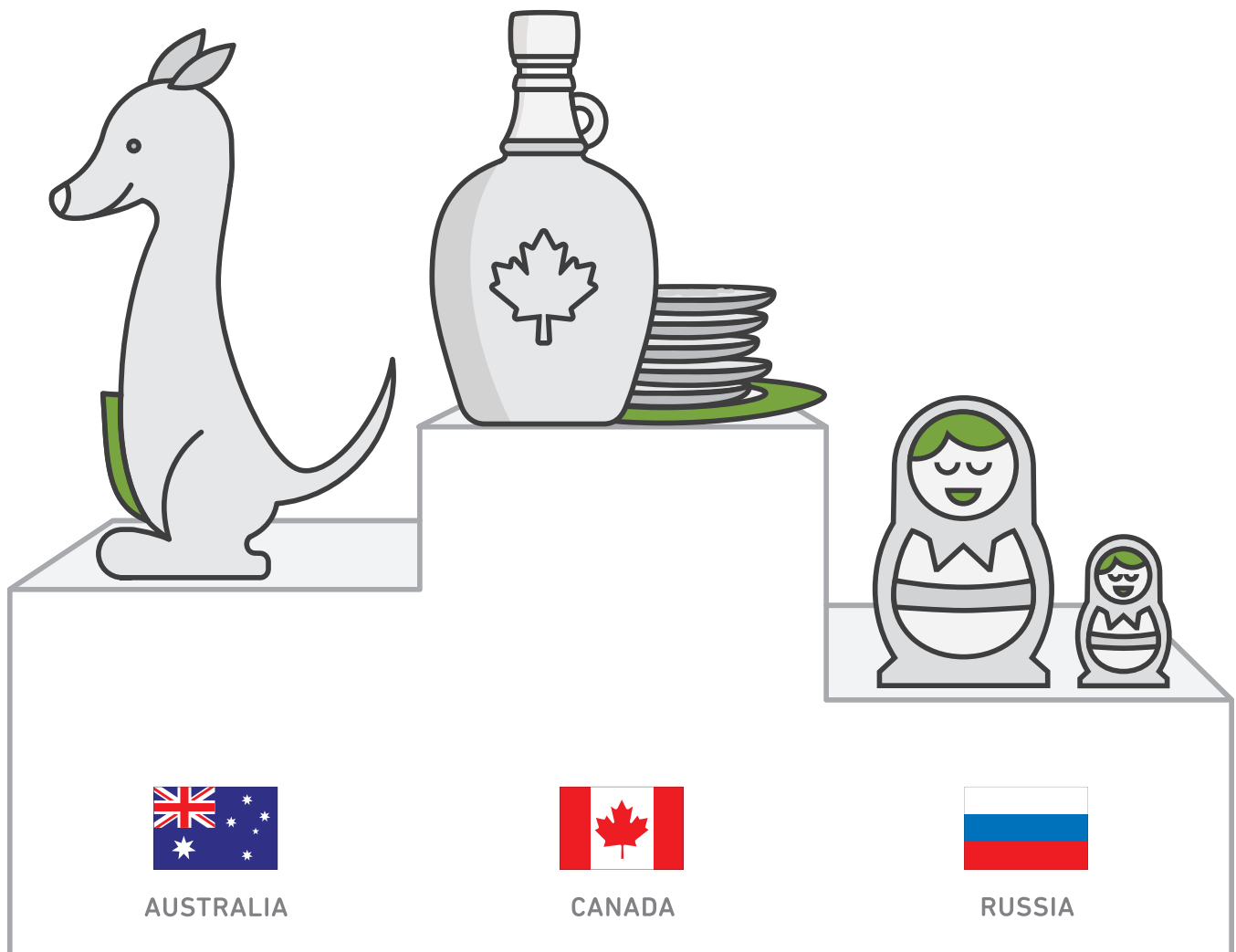







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Global Customer Satisfaction, Q3 2013

82%  1 point*

	TOP COUNTRIES	Q3 (2013)	SINCE Q2 (2013)*
1	Canada	91%	 0
2	Australia	91%	 2
3	Russia	90%	 4

	BOTTOM COUNTRIES	Q3 (2013)	SINCE Q2 (2013)*
1	China	55%	n/a ¹
2	United Arab Emirates	59%	 1
3	British Virgin Islands	65%	 2

	TOP INDUSTRIES	Q3 (2013)	SINCE Q2 (2013)*
1	IT Services & Consultancy	95%	 0
2	Government & Non-profit	95%	 1
3	Education	95%	 0

	BOTTOM INDUSTRIES	Q3 (2013)	SINCE Q2 (2013)*
1	Social Media	67%	 3
2	Entertainment & Gaming	76%	 0
3	Financial & Insurance Services	76%	 1

*change in percentage points
¹unavailable last quarter

Summary

1. Customer satisfaction rose for the second consecutive quarter after more than a year in decline, while satisfaction by industry remained steady. However, a 3-point increase in the traditionally low-scoring social media industry and a 7-point jump for media and telecommunications helped the overall satisfaction score increase, despite several industries falling a single point each.

Emerging markets made big gains this quarter—specifically Brazil (the top riser) and Russia. Companies in these two fast-growing economies appear to be putting an increased emphasis on delivering better customer service in order to sustain their growth.

2. This quarter, the Zendesk Benchmark report takes a deeper look at some of the many factors that contribute to overall customer satisfaction:

First reply time. The time it takes for a customer to get an initial reply after submitting a ticket has a major impact on that customer's ultimate satisfaction. We examined first reply time data for patterns, and discovered that the time of day tickets are submitted has a big impact on how quickly the first reply goes out.

Support channels. We also examined the various channels (email, phone, social media, etc.) customers use to contact companies to find out which ones had the highest customer satisfaction.

Customer tenure. We looked for a correlation between how long customers have been using Zendesk to interact with a company and customer satisfaction.

Background on Zendesk Benchmark

The Zendesk Benchmark was initially introduced in March 2012 as a way for companies to compare their support performance against their industry peers. Rather than a survey or expert opinion, the Zendesk Benchmark is based on actual support and customer service interactions from more than 16,000 companies across 125 countries that have chosen to participate. They are drawn from the more than 30,000 companies that use Zendesk to provide customer service to more than 200 million people. It measures key metrics around customer support efficiency, customer self-service behavior, and levels of customer engagement.

The Zendesk Benchmark reports on the health of customer service and identifies trends in how companies provide support and consumers receive it. The quarterly report tracks overall customer satisfaction, based on the aggregated responses of real customers to the question of whether they were satisfied with a support interaction.

Benchmark metrics are reported by industry, country, and other measures that reach a minimum threshold of responses. In order for a country to be included, there must have been a minimum of 10,000

customer satisfaction responses in that country for the quarter, and as a result, not every country will appear in every quarterly report. In other words, some countries that appeared in a previous quarterly report might not appear in this quarter’s report. And countries that appear in this report might not have appeared in past reports, and may not meet the requirements to appear in next quarter’s report or other reports in the future.

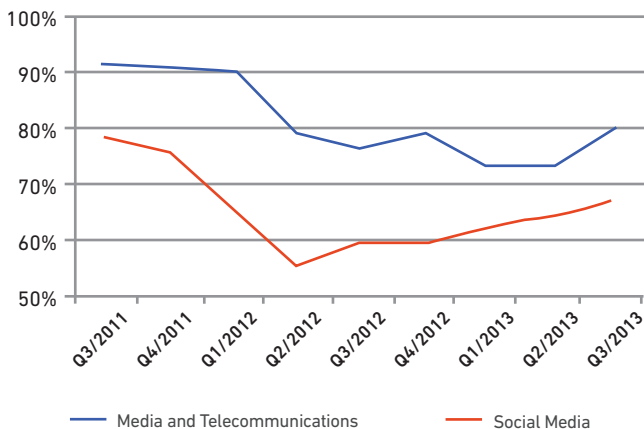
IT Rises to the Top (Barely)

This quarter, the IT services and consultancy industry just barely edged out government and non-profit for the highest customers satisfaction, which itself just barely beat education. In both cases, the difference was less than a percentage point. All three industries tend to score high with customer satisfaction and typically outperform the overall customer satisfaction number.

In fact, these industries have been the top performers for the last three quarters. IT services and consultancy companies are generally high-touch businesses with a major focus on customer care, and their position in the top spot reflects that. For government and nonprofit organizations and education, we are likely seeing the results of a new “consumerization” trend in these sectors—both appear to be responding to increased competition and rising expectations of millennials with a much greater emphasis on the “customer service” experiences of their constituents, communities, and students.

Old and New Media Improving

Two industries that have experienced significant plummets in customer satisfaction but now appear to be on an upswing are media & telecommunications and social media.



While it has always lagged in the customer satisfaction by industry list, social media has been steadily improving since Q2 2012. Q3 of 2013 saw an increase of 3 percentage points, completing a year of improvement after a year of decline. Media and telecommunications has also struggled with customer satisfaction. Though it has performed better than social media, it has not experienced the same consistent improvement.

CUSTOMER SATISFACTION BY INDUSTRY

	INDUSTRY	Q3 (2013)	SINCE Q2 (2013)*
1	IT Services & Consultancy	95%	0
2	Government & Non-profit	95%	1
3	Education	95%	0
4	Real Estate	94%	0
5	Web Hosting	92%	1
6	Health Care	91%	0
7	Manufacturing & Computer Hardware	89%	0
8	Web Applications	86%	1
9	Software	85%	0
10	Marketing & Advertising	82%	1
11	Travel, Hospitality & Tourism	82%	2
12	Professional & Business Support Services	82%	1
13	Retail	82%	1
14	Media & Telecommunications	80%	7
15	Financial & Insurance Services	76%	1
16	Entertainment & Gaming	76%	0
17	Social Media	67%	3

*change in percentage points

Canada is #1

Canada has taken the top spot with a customer satisfaction score of 91%, beating out Australia by less than 1 percentage point. Both countries have been consistent leaders in customer satisfaction. Last quarter, Canada and Australia scored 91% and 89% respectively. And in the equivalent quarter last year, Canada scored 85%, while Australia had a much lower score of 76%. Most notable among the countries absent from this report is New Zealand, which was previously the highest scoring country with 92% satisfaction. This quarter, responses

from New Zealand didn't meet the minimum threshold required for inclusion in the Zendesk Benchmark.

Brazil, Russia, India, China (BRIC) in Focus

The most notable change in this quarter's report is the increased visibility of emerging markets. Russia, which has typically struggled with customer satisfaction but has been steadily rising for the last year, is the newcomer to the top three, breaking the 90% barrier for the first time since the creation of the Zendesk Benchmark. India and China met the threshold for inclusion for the report after being absent last quarter.


Rounding out the BRIC countries is Brazil, which saw the largest change, with a 10-percentage point increase in customer satisfaction.

IMOVELWEB

Imovelweb is Brazil's leading online real estate site for commercial and residential properties. With a brand new site launched earlier in 2013, Imovelweb continuously works to improve the products and services they provide to their customers.




















But it's not just their products they are constantly improving; they also place a huge focus on upleveling the customer care they provide. In the last quarter alone, Imovelweb saw an increase of 15 percentage points in customer satisfaction. They achieved this by setting service level agreements on both the agents' response times and time to full resolution on every ticket—so agents not only have to be efficient in responding, but also quick to find a solution to the customer's problem.

Imovelweb attributes their success to efficient workflows powered by Zendesk and the customer-centric culture they strive for everyday. The support team at Imovelweb work to not only be known as a leading real estate site in the country, but also known as leaders in customer service.

Customer satisfaction rating change from Q2 to Q3:  15%

www.imovelweb.com.br

CUSTOMER SATISFACTION BY COUNTRY

	COUNTRY	Q3 (2013)	SINCE Q2 (2013)*
1	Canada	91%	 0
2	Australia	91%	 2
3	Russia	90%	 4
4	Norway	90%	 1
5	Denmark	88%	 1
6	United Kingdom	87%	 0
7	Israel	85%	 8
8	Poland	84%	 2
9	Chile	84%	 2
10	Sweden	83%	 0
11	United States	83%	 1
12	Brazil	80%	 10
13	France	78%	 1
14	Germany	77%	 4
15	Netherlands	77%	 0
16	Spain	77%	 2
17	Philippines	75%	 7
18	Malaysia	74%	 5
19	Belgium	73%	 4
20	India	67%	n/a*
21	British Virgin Islands	65%	 2
22	United Arab Emirates	59%	 1
23	China	55%	n/a*

*did not meet minimum response threshold in Q2

Customer Satisfaction by the Numbers

Because customer satisfaction is such an important metric in customer service and the Zendesk Benchmark, we decided to examine some of the different factors that impact whether or not a customer is likely to be satisfied.

TIME OF DAY

Does the time that a ticket is submitted by a customer impact first reply time?

SUPPORT CHANNEL

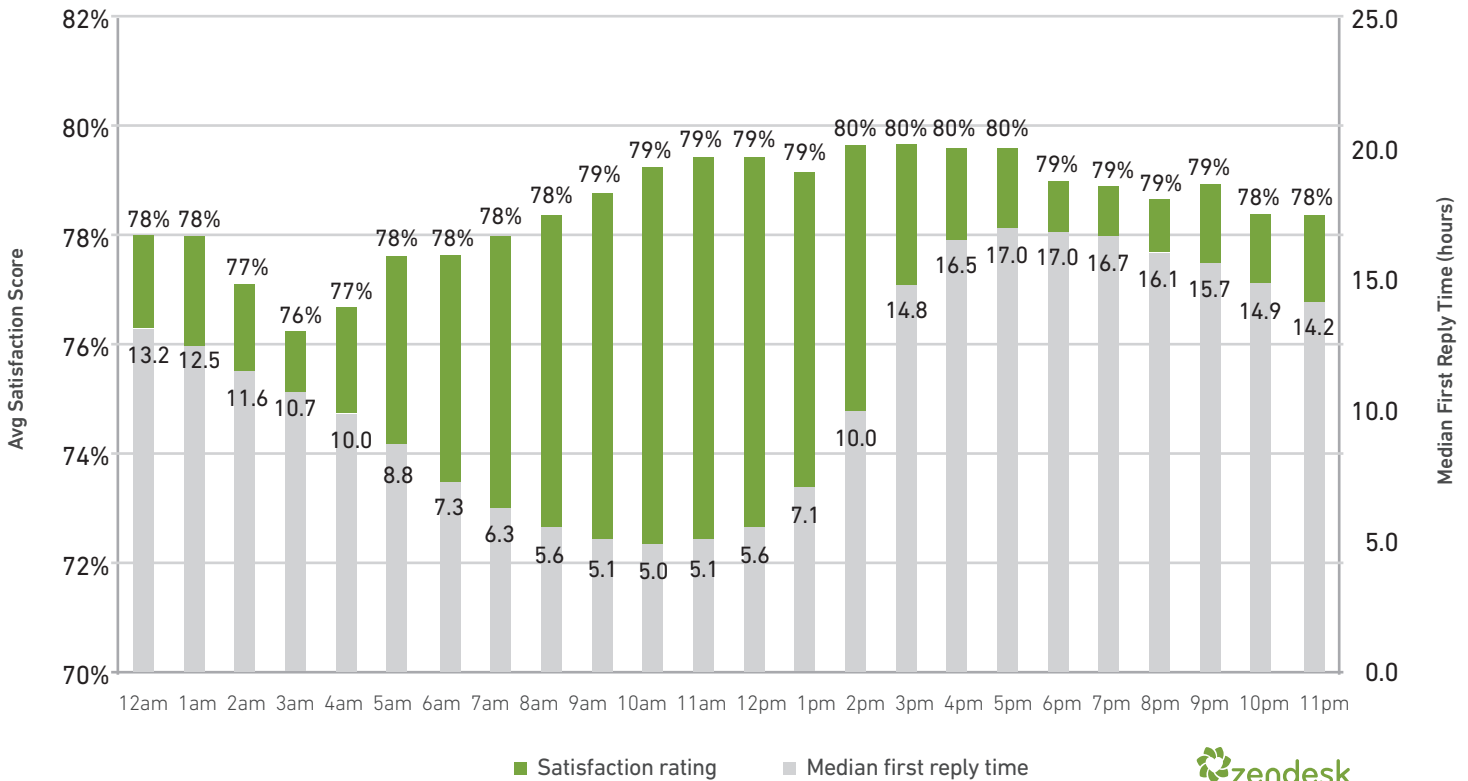
Does the channel the customer uses to contact customer support impact customer satisfaction?

CUSTOMER TENURE

Does the length of time a consumer has been a customer of the company have an impact on their satisfaction?

Time of Day

First Reply Time vs. Satisfaction by Ticket Created Hour



Conventional wisdom (and Zendesk data) holds that speedy service has a positive impact on the ultimate success of a customer service interaction: A slow first reply leads to lower customer satisfaction and a quick first reply results in higher satisfaction. Our chart illustrates the general connection between agents responding to tickets quickly and customers feeling satisfied.

When we grouped tickets by the hour that they were created and then looked at average first reply times (FRT), the trend is somewhat

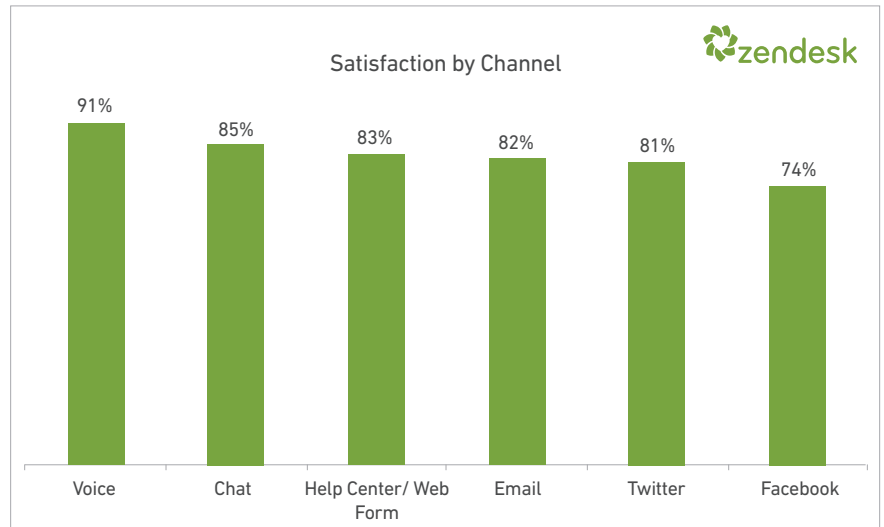
intuitive: Tickets submitted outside of normal business hours have the slowest FRT. However, things tend to speed up when tickets are submitted around 9:00 a.m., after the tickets submitted from the night before have been dealt with but before the tickets from the day have begun to accumulate. Finally, FRT hits a peak around 6:00 p.m. when much of the support staff leaves for the day and non-urgent tickets may have to wait 12-14 hours before the next fully staffed shift begins and agents start tackling the queue.



Support Channel

Customers have more technologies and applications at their disposal than ever, and they're using them all when buying from and interacting with businesses. Providing customer service across multiple channels is becoming increasingly important—from the phone and email to Twitter and whatever as-yet unknown channel is just around the corner. And yet most companies struggle to provide consistently great service for every channel. Providing an integrated experience across all the various channels is the ultimate omnichannel challenge that virtually all businesses are facing.

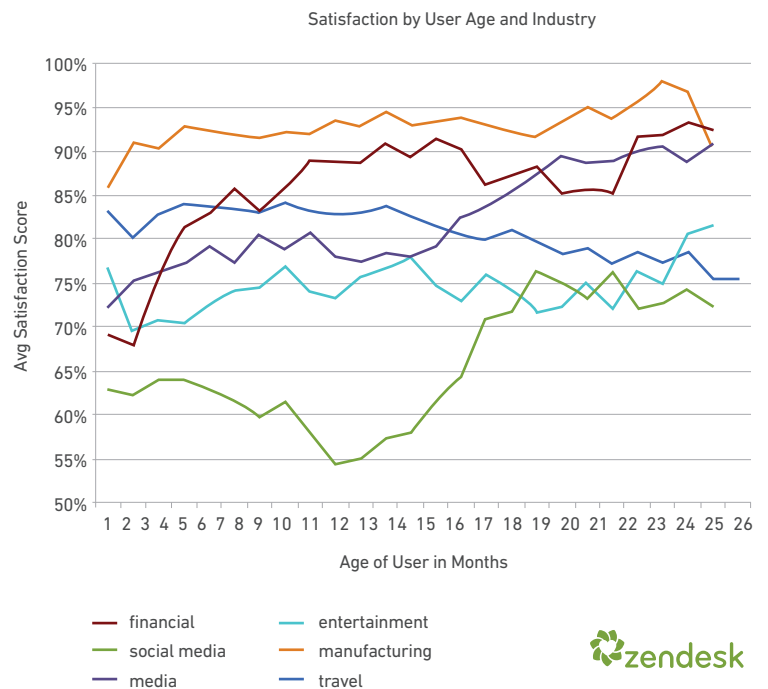
Let's look at the data to see where companies are doing well today. The most traditional channel—phone or other Internet telephony services like Zendesk Voice—enjoys the highest levels of customer satisfaction. Chat has the second-highest customer satisfaction rate. The common thread in these top-performing channels is 1:1 real-time interactions between agents and customers, likely contributing to their higher levels of satisfaction.



Looking at the data by channel reveals a satisfaction bias toward older, more established channels. It's debatable if this is caused by customers' expectations for each distinct channel, or if companies are simply struggling to develop effective customer service strategies for newer channels. Many businesses are still experimenting with how to best support customers via social channels, which could explain the lower satisfaction scores for Twitter and Facebook.

Customer Tenure

For several industries, the amount of time that a customer has been interacting with the company is a big predictor of their likely customer satisfaction. "Customer tenure" is a measure of how long a customer has been a user in the business's instance of Zendesk, which in many cases reflects the lifetime of their interactions with a company. Taking the long view, it would appear that being a long-time customer generally leads to higher satisfaction. However, plotting customer satisfaction by customer tenure shows that customers experience dips and peaks throughout their customer service journeys, and also that these ups and downs vary widely by industry.



GOODDATA

GoodData delivers robust reporting capabilities to 20,000+ businesses and their customers. Because data can be complex, making sure customers are satisfied is dependent on understanding what customers are grappling for and giving them insights they can walk away with.

To ensure their customers' success and satisfaction, GoodData involves the entire company in the support process. With product and engineering teams acting as agents in Zendesk, they can easily join the customer conversation to help troubleshoot product-related issues.

Additionally, GoodData exposes every satisfaction rating to their whole company by using the Zendesk for Yammer integration, which automatically posts the good or bad rating along with customer feedback from Zendesk directly to Yammer.

CUSTOMER SATISFACTION RATING

GoodData: 96%

Software industry: 85%

gooddata.zendesk.com

SENDGRID

SendGrid is getting ahead of satisfaction ratings by actually trying to predict the outcome. The team is piloting a new predictive satisfaction app by Zendesk, which provides a prediction score of good or bad on each ticket—allowing SendGrid to hopefully one day provide more tailored support to customers who require special attention.

While satisfaction ratings are ticket-specific, customer satisfaction is a team metric for SendGrid. With three teams spread out geographically, multiple agents jump in on a ticket so they collectively work out the best solution for the customer.

Customer satisfaction goes beyond a measure of customer sentiment for SendGrid. It's also a means to make business decisions. By analyzing ticket ratings through various categories, they can identify trends—for example, a higher volume of unsatisfied tickets related to billing at certain times of the month.

CUSTOMER SATISFACTION RATING

SendGrid: 91%

Web applications industry: 86%

sendgrid.zendesk.com