

Q4  
2013

# THE ZENDESK BENCHMARK

IN FOCUS: RETAIL



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# THE ZENDESK BENCHMARK

## Global Customer Satisfaction, Q4 2013

80% ↓ 2 Points\*

TOP COUNTRIES		Q4 (2013)	SINCE Q3 (2013)*
1	Norway	91%	↑ 1
2	Canada	89%	↓ 2
3	Denmark	89%	↑ 1

BOTTOM COUNTRIES		Q4 (2013)	SINCE Q3 (2013)*
1	India	54%	↓ 13
2	Turkey	61%	n/a <sup>1</sup>
3	United Arab Emirates	67%	↑ 8

TOP INDUSTRIES		Q4 (2013)	SINCE Q3 (2013)*
1	IT Services & Consultancy	96%	↑ 1
2	Government & Non-profit	95%	0
3	Real Estate	94%	0

BOTTOM INDUSTRIES		Q4 (2013)	SINCE Q3 (2013)*
1	Social Media	69%	↑ 2
2	Travel, Hospitality & Tourism	75%	↓ 7
3	Entertainment & Gaming	76%	0

\*change in percentage points

<sup>1</sup>did not meet minimum response threshold in Q3

## Summary

### Country and Industry Data

Customer satisfaction dropped globally by two percentage points this quarter. As evidenced by the previous three years, the fourth quarter, which includes the holiday season, is often a difficult time for many companies to maintain a high level of customer satisfaction. Travel, hospitality, and tourism was the hardest-hit industry, falling seven percentage points. Retail, Web applications, and healthcare—among other industries—all experienced decreases in customer satisfaction as well.

Turning to the countries in the Benchmark, new to the report is Turkey, which met the minimum requirements for inclusion in the country section for the first time.

### In Focus: Retail

For many retailers, the fourth quarter is the most important time of the year. Holiday shopping results in an increase in spending that represents for many companies both an opportunity and a challenge: how to meet the needs of such a large, but temporary, increase in customers. In this special section, we looked at the reasons behind the six point dip that retailers saw in customer satisfaction in the

fourth quarter. We found that the 2013 dip in satisfaction was much larger than in 2012, and the likely culprit was greatly increased ticket volume during the 2013 holiday season, while holiday staffing levels were not increased at the same rate.

### Background on the 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 40,000 companies that use Zendesk to provide customer service to more than 300 million people. The Zendesk Benchmark 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.

### Countries: Norway on Top

Norway took the top spot in our country list with 91% customer satisfaction. Canada and Denmark followed, each receiving 89%, well above the global average of 80%. India, which for the first time ever met the threshold for inclusion in the report in the third quarter, fell a whopping 13 percentage points to 54% customer satisfaction. A closer inspection reveals that many in India experienced a large increase in tickets from customers in the fourth quarter, which pushed up resolution times as well.

### Industries: Tough Season for Travel

The three top-performing industries were the same in all four quarters of 2013:

- IT services & consultancy
- Government & non-profit
- Real estate

However, the two most noteworthy industries in the fourth quarter were retail—which will be discussed in further detail in the special section—and travel, hospitality, and tourism, down six and seven percentage points respectively.

The fourth quarter is generally a difficult time for travel, hospitality, and tourism, as this represents one of the busiest travel seasons of the year. The increase in travelers results in a massive spike in customer emails, calls, tweets, etc. To maintain a high level of customer satisfaction, some companies in this industry are able to meet the increased demand by providing robust self-service options or hiring temporary customer service agents. Those that don't risk subjecting their customers to longer wait times, something that many consumers claim is the deciding factor between a positive and negative customer service experience.

### CUSTOMER SATISFACTION BY COUNTRY

	COUNTRY	Q4 (2013)	SINCE Q3 (2013)*
1	Norway	91%	↑ 1
2	Canada	89%	↓ 2
3	Denmark	89%	↑ 1
4	Australia	88%	↓ 3
5	Israel	87%	↑ 2
6	Chile	85%	↑ 1
7	Sweden	84%	↑ 1
8	United Kingdom	83%	↓ 4
9	Russia	82%	↓ 8
10	Brazil	82%	↑ 2
11	United States	80%	↓ 3
12	Germany	78%	↑ 1
13	Netherlands	78%	↑ 1
14	France	74%	↓ 4
15	Spain	74%	↓ 3
16	Malaysia	73%	↓ 1
17	Belgium	71%	↓ 2
18	United Arab Emirates	67%	↑ 8
19	Turkey	61%	n/a <sup>1</sup>
20	India	54%	↓ 13



\* change in percentage points

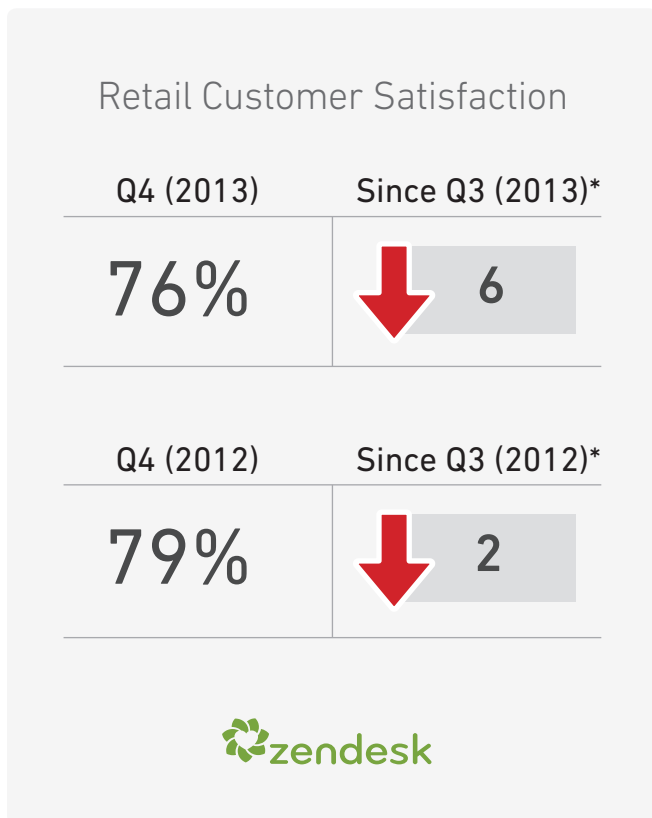
<sup>1</sup> did not meet minimum response threshold in Q3

## 'TIS THE SEASON: CUSTOMER SATISFACTION DROPS FOR RETAILERS

The last quarter of the year is make-or-break time for retailers. End-of-year holiday shopping brings an influx of new customers and revenue, but all that volume often results in a simultaneous dip in customer satisfaction. It should come as no surprise that retailers struggle to maintain a high level of customer satisfaction when a much larger number of customers are reaching out to them with service and support issues.

The holiday season of 2013 was no different in that regard: Customer satisfaction in retail dropped six percentage points in the fourth quarter.

Let's look at some of the metrics—and compare them to the prior year's fourth quarter—to get a better understanding of what's behind the overall decline in satisfaction for retail customers in the fourth quarter. We'll also dig into two businesses that had higher-than-average satisfaction scores to see what they did to achieve those better scores.



\* change in percentage points

### CUSTOMER SATISFACTION BY INDUSTRY

	INDUSTRY	Q4 (2013)	SINCE Q3 (2013)*
1	IT Services & Consultancy	96%	1
2	Government & Non-profit	95%	0
3	Real Estate	94%	0
4	Education	93%	2
5	Web Hosting	91%	1
6	Manufacturing & Computer Hardware	88%	1
7	Healthcare	87%	4
8	Professional & Business Support Services	86%	4
9	Web Applications	83%	3
10	Financial & Insurance Services	82%	6
11	Media & Telecommunications	82%	2
12	Software	79%	6
13	Marketing & Advertising	79%	3
14	Retail	76%	6
15	Entertainment & Gaming	76%	0
16	Travel, Hospitality & Tourism	75%	7
17	Social Media	69%	2

\*change in percentage points



### Seasonality

Accepting that a dip in customer satisfaction is common for retailers during the fourth quarter, we started by investigating whether the 2013 drop represented a “normal” seasonal dip or something greater. Looking back at our Benchmark numbers from 2012, customer satisfaction for retailers dipped just two percentage points between the third and fourth quarters, which is quite a bit less than the six point decrease retailers saw in the same period of 2013.

## Ticket Volume

To understand why customer satisfaction for retailers took a greater hit in 2013 than in 2012, we started by looking at ticket volume to see how the agent workload in the fourth quarter of 2013 compared to the previous year.

Our Benchmark data revealed that retail customer service agents had their hands extra full during the 2013 holiday season. The increase in the number of new tickets for retailers between the third and fourth quarters was much greater than in 2012. Ticket volume was up 42% in the last quarter of 2013 (compared to Q3) compared to an increase of just 34% in the same period of 2012.

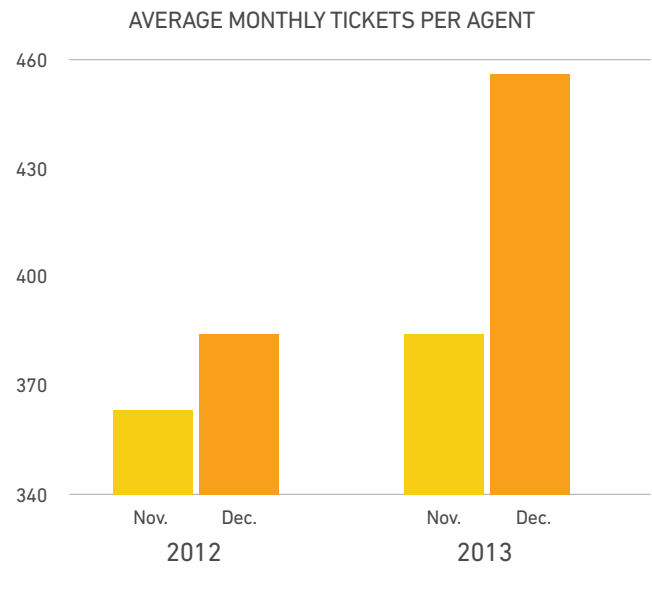
## Agent Workload

Retailers prepare months in advance for the busy holiday season, ensuring that their technologies, processes, and—perhaps most importantly—their people are in place and ready to go. How well did retailers prepare for the 2013 holiday season? Looking at active agent numbers (active agents being those that meet a minimum threshold of activity), it appears that many retailers were not sufficiently staffed for the large increase in ticket volume they experienced in 2013. In fact, retailers appeared to staff up in the last quarter of 2013 at a rate that was only slightly higher they did the previous year. The number of active agents increased 20% between the third and fourth quarters of 2013 and 18% in the same period of 2012.

But as we already showed, ticket volume in the last quarter of 2013 increased at a much greater rate than in 2012, and as a result, each agent had to handle a much larger number of tickets. In 2012, the number of tickets per active agent, per month rose 13% between the third and fourth quarters. In 2013, the number of tickets per active agent, per month rose 17% in that same period.

*[Note: Monthly tickets per active agent indicate the average number of tickets handled by each active agent in each month of the quarter.]*

Looking more closely at the tickets per agent numbers, the increase between November and December for the two years shows an even more significant spike in 2013 than in 2012, which may have been a factor in retailers' lower satisfaction scores in Q4 of 2013. In 2012, the average number of active tickets per agent in November was 363 and rose to 385 in December, an increase of 6%. In 2013, however, the average number of active tickets per agent in November was 384 and then rose sharply to 457 in December, which is a whopping 19% increase in the number of tickets the average agent had to handle.



## Holiday Season Success Stories

Inevitably, some retailers handle the holiday influx better than most. But how do they pull it off? What practices lead to their satisfaction scores remaining steady—or even increasing—as key holidays approached and ticket volume kept rising, along with the pressure to perform?

Two Zendesk customers agreed to share their stories (and their numbers) to highlight some of the practices they feel were major contributors to their holiday success.

### BONANZA

Bonanza is looking to create a unique marketplace for its community of professional sellers, hobby sellers, and buyers. For the 2013 holiday season, Bonanza's support team faced a 35 percent increase in ticket volume per agent (tickets per active agent). "You need to know your team's strengths and turn each agent into a subject matter expert, so they can handle certain types of inquiries more efficiently," said Mark Dorsey, Co-founder and Director of Happiness.

Beyond empowering agents, Bonanza's support efficiency is also tied to improvements they've made to the buying experience. Two months prior to the holiday season, Dorsey noticed that the majority of tickets were coming from buyers asking when they'd receive their items. In response, Bonanza's customer support and development teams worked together to build a delivery metric within their product that served shipping updates to buyers.

#### CUSTOMER SATISFACTION RATING

84%



8

points higher than the Q4 Benchmark for retail

[www.bonanza.com](http://www.bonanza.com)

### NATUREBOX

NatureBox is a subscription-based service that delivers healthy snacks to your doorstep. In a hyper-growth phase, the company turned to Senior Director of Operations Mike Mosby to learn more about their customers, particularly as customer inquiries increased by 46 percent this past holiday season.

While most companies try to divert the majority of customer inquiries to email during a busy season, Mosby and his team turned to the phones to engage in real-time conversations with customers.

"If the customer is taking the time to call us, then we need to be there ready to respond," Mosby said. "Every call is also about learning why they're reaching out and gathering feedback on how we can improve our products and the overall customer experience." Every ticket is categorized down to granular details like customer dietary preferences and type of shipping issue.

#### CUSTOMER SATISFACTION RATING

96%



20

points higher than the Q4 Benchmark for retail

[naturebox.zendesk.com](http://naturebox.zendesk.com)