



The State of Customer Service in 2020

Data-Driven Research Report



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Introduction



Introduction

Welcome to HubSpot's annual State of Service research report.

This report is our effort to better understand the service industry. Each year we survey service teams, analyze the data, uncover trends, and share our findings with the larger community. This annual report is produced by HubSpot's in-house research team.

For the 2020 State of Service we surveyed 1,125 respondents from the US (62%), UK (22%), Canada (12%), and Australia (4%). We asked these customer service professionals about their tools, processes, and teams, as well as their thoughts on the industry as a whole. Respondents range from individual service agents to the C-suite, and from companies ranging from 10-10,000+ employees.

When I joined HubSpot earlier this year as the GM and VP of Product for Service Hub I didn't know exactly what to expect. Any big change can bring a certain level of

uncertainty. But of course, I (like everyone else in the world) couldn't have guessed just how much change we would be dealing with in 2020. A global pandemic, social injustice, economic turmoil, and much more. We've all lived a lifetime in just the first half of 2020. This year, more than anything, I just hope you, your families, your businesses, and your customers are doing well.

My advice for 2020 is simple: Focus on your service teams. Take care of them. Invest in them. Empower them.

Rather than another year spent throwing more tools aimed at "automation" to boost employee efficiency, perhaps it's time to take a step back and re-examine your service team's experience. How many tools do they have to use to get their job done? How often do they find themselves needing to "ask a manager" rather than having guardrails to do the right thing for your customers? How hard is it for them to figure out why a customer is contacting you and who is the customer?

Saying it simply - you won't be able to get to a customer first culture without also putting your employees first. Remember that customer retention is a two-sided long game, and requires a strategic balance between delivering delight and efficiency. Your challenge, as a growing organization, is to scale both employee AND customer delight.

While 2020 has been challenging to say the least, we found a lot to be excited about in this year's report. Service agents like their jobs, tools and systems work, and service teams are taking the "customer experience" more seriously than ever. We've found this to be a key to growth, and are thrilled to see it as a priority.

But at the same time challenges still exist. Many service teams are spread too thin, understaffed, and continue to be viewed as a cost center, instead of what they truly are – an engine for growth.

2020 is going to be one of those years that defines a lot of companies and industries. How you treat your customers and employees now will have long term implications of their relationship with you in the future. Make this a purposeful year of radical transformation towards empowering your employees and building a better customer experience.

Thanks for reading,

*Ying Chen
General Manager
Service Hub, HubSpot*

Chapter 1

How Customers Are Changing, And How Companies Are Adapting

To build a great company today, you have to put your customers and their needs at the center of your business. Why?

Customers today have higher expectations than ever before. In this year's survey 93% of service teams agree with that statement.

Customers are also smarter, more skeptical, and have more options than ever before. This combination makes it harder than ever to retain customers. At the first sign of a bad experience, customers can and will jump ship to a different option. Keeping customers and increasing their lifetime value to your business has always been a key ingredient of the most successful companies.

But in a COVID-19 economic climate it becomes even more important. We've seen that companies that transform their business around their customers, and move from a funnel to a flywheel, grow more sustainably and build a business that will last for the long haul.

What percent of customer service professionals agree with the following statements (2019 vs. 2020)?



In last year's study we found that customer service teams overwhelmingly agreed that customers are more informed, more likely to share their experiences, and had higher expectations than ever before. This year's data showed the trend only increased. Service teams think customers are even smarter (86% agree) and have higher expectations than they did last year.

What percent of customer service pros see customer service as an expense, not a growth opportunity?

What's highly concerning is that even though service teams agree that customer expectations are higher than ever, they also agree that their companies are taking service less seriously. 31% of teams think their company considers customer service as an

expense, not an opportunity for growth. This is up 2% from last year. We've found it important for companies to have a clear view of service as a growth function, just like sales, to really invest the right amount of resources in it.

Although we're concerned to see so many companies undervalue support, we are encouraged to see meaningful jumps in how companies are listening to their customers.

From 2019 to 2020 we saw increases across the board in the number of companies who report tracking customer satisfaction (+4%), online reviews (+4%), and NPS (Net Promoter Score) (+6%). It also looks like more companies are implementing a formal advocacy program (+5%). We expect to see these numbers to continue to go up.



How does your company actively listen to customers?

We've found all of these efforts to be effective tools for growth at HubSpot and among our customer base. In fact there is a clear data between high growth companies and low growth companies when it comes to listening to customers.

How does your company actively listen to customers?

High growth companies are much more likely to be tuned into their customers' thoughts, feedback, and feelings towards their business. Feedback is an incredible tool for improvement. We're not surprised to see this correlation.

“It’s not enough to simply say you’re customer-focused – you have to put that into practice in every aspect of your business. Start by listening to your customers.

How can you be truly customer-focused if you don’t ask for feedback? It doesn’t have to be difficult or drawn out. Sometimes just a single question (such as a basic NPS scale) is enough to understand the customer journey and whether or not you need to make changes.”

-Shep Hyken, Customer Service & Experience
Expert

Chapter 2

The Biggest Challenges And Industry Trends For Service Teams

This year we wanted to dig deeper into the biggest trends & challenges in the service industry.

To start, we outlined some of the biggest trends and opportunities we see in the service industry today. Then we asked teams to rank those priorities by picking their top three.

We gave teams twelve options and asked them to rank their top three priorities. The following options are:

- **Better training for teams** - A highly skilled team decreases churn and improves rep productivity.
- **Create a feedback program** - Customer feedback programs provide essential business insights.
- **Create a great customer experience** - A great holistic customer experience means no friction throughout the customer journey.
- **Create a voice of the customer (VOC) program** - VOC programs capture and codify the customer's voice, turning it into insights for your entire company.
- **Create an advocacy program** - Advocates and the social proof they create, turn great service into growth.
- **Create better/more self service solutions for customers** - Self service solutions help customers help themselves, creating a better user experience and saving you time and money.
- **Increase agent productivity** - Productive agents get more done in less time.
- **Increase customer engagement** - Having more conversations with customers leads to higher retention and upsell.
- **Increase customer success** - Customer success efforts increase adoption and retention.
- **Increase retention** - This is the core goal of many service teams - keeping customers
- **Increase the use of predictive analytics in service** - Predictive analytics provide signal in noise, helping you prioritize efforts.
- **Reduce team costs** - Cutting costs and running lean is a necessity of most service teams.



It's easy to make a case for any of these priorities. But how did service teams rank their importance?

How service teams ranked their top priorities:

There is a pretty big gap between the top five and the bottom eight. Let's start by analyzing the top five.

Two of the topics in the top five, retention (2) and costs savings (5), make a lot of sense. We're in a very difficult economic climate right now. Retaining customers is absolutely the number one way service teams can have an impact on the bottom line. It's a smart idea right now to circle the wagons and refocus on how your team can increase retention.



Cost reduction is also likely related to the current climate. Across industries many companies are looking at their P and L and trying to figure out ways to cut costs, reduce tools, and eliminate waste. Reducing costs in and of itself isn't a bad idea, but companies should be careful when looking to reduce costs in service. If you cut staff or eliminate useful tools, it could have a negative impact on retention. That means your cost cutting could cost you more than taking the opposite approach and investing more in service right now.

If you take away retention and cost reduction there are three clear top priorities for service teams:

- Customer experience (1)
- Customer success (3)
- Customer engagement (4)

We can't say we were shocked to see these so highly ranked, but we were somewhat surprised. At HubSpot, we've been monitoring the rise of what we call [Experience Disruptors](#).

“Something has shifted, the companies overthrowing incumbents today do not have deep technological advantages. For the most part, these companies’ competitive advantage isn’t due to technology innovation at all.

These companies represent a new breed of growth leader that gets ahead by completely disrupting and reinventing the treatment we’ve come to expect out of companies as consumers. I call them experience disruptors.”

- Brian Halligan, HubSpot CEO & Founder



Experience disruptors win on customer experience, not technology or features.

They eliminate friction within the customer experience, and often do it by creating a great customer experience, investing in customers success, and increasing customer engagement.

To see customer service teams prioritizing the same trends that the experience disruptors live is encouraging. We think it'll be good for customers and it's something we focused on when we built Service Hub, HubSpot's customer service software.

Click Here to Learn More About HubSpot's Service Hub

In particular, it's encouraging to see service teams wake up to the fact that the customer experience should be the responsibility of the service team, and indeed their number one priority. Building a great customer experience will require all the teams in your organization to smash silos that exist between sales, marketing, and service.

We were disappointed to see self service (10th) and advocacy (11th) so low in the rankings. Self service solutions, like a knowledge base and live chat, hold the power to help customers help themselves.

This removes friction from the customer experience, because customers find their answers faster and on their timeline, and cuts down on time that your team has to spend actively helping customers. By investing in self service you can create a better experience and reduce costs. For that reason we hope more service teams realize the power of investing in an [amazing knowledge base](#).



Similarly, an advocacy program has many benefits. When you identify, nurture, and empower your companies biggest fans, they help fuel growth. Advocates leave great reviews, volunteer for case studies, refer their friends, and give you important feedback. An advocacy program may seem like a luxury but with today's more skeptical buyers the [social proof they create](#) is key to growth.

Chapter 3

Tools Of The Trade For Service Teams

In this section of the report, we'll cover the software tools customer service teams use (or don't use), how that is changing, and where there are opportunities for teams.

We noticed three common themes when it came to the tools that the service industry is using.

- **Adoption:** Generally, the adoption of productivity software for the service industry is lower than we anticipated.
- **Results:** Those that do use service productivity tools are really happy with their results. Across all tools they agree it saves them time and helps them be more productive.
- **Growth:** Higher growth companies are more likely to use service software.

Overall, we're surprised to see low adoption of important service tools, especially year over year.

According to our research, most customer service teams have still not adopted the core software tools needed to create a great customer experience. No tool in our list scored over 42% in adoption. However, the teams that do use these tools all strongly believe that these tools help them achieve better results.



Does your company use any of the following tools or technologies to enable the customer service team?

Across the board teams that are using these tools find them to be helpful when trying to achieve specific goals such as: staying organized, helping customers, productivity, and managing data.



Effectiveness of tools

Which Customer Service Tools Do You Consider Effective?

Achieving these goals is core to building a great customer experience and delighting customers. We hope that more teams start to implement these tools and reap the benefits. The data between companies that don't use service tools and the value of those that do, is shockingly high.

To learn more about this delta we broke down usage between high growth companies and low growth companies. The data painted a pretty clear picture.

Which Customer Service Tools Does Your Team Use?



Across the board we saw that high growth companies were much more likely to have adopted these tools than the average, and low growth companies were much less likely to have adopted tools than the average.

Using these tools alone won't lead to high growth, but it's no coincidence high growth companies are also investing more in customer experience tools. When you're growing fast the customer experience and the tools you need to deliver it are more important. And investing in the customer experience has a direct and positive impact on growth.

Let's break down a few of the tools mentioned in our survey a bit more.

Help Desk

A [help desk](#) is a technology system that allows teams to manage and organize customer questions and issues. A traditional help desk system includes a support ticketing service for logging new service requests, serving as a collection box for customer inquiries, issues, and requests.

The #1 most used tool used among customer service teams is a help desk system, yet only 42% of teams responded that they use one. That means that less than half of customer service teams today have a help desk system to track, organize and address customer service interactions from various channels including phone, chat widget, email, and social media.

While a majority of companies reported not using a help desk - 86% of those that were using one said it made them more productive. The adoption rate of a help desk may increase as companies grow, but a great help desk is the foundation of a great customer experience. Don't wait until it's too late to implement a smart system to deliver better customer service.



Shared Email Alias

A [shared email alias for support teams](#) is usually a “support@companyname.com” or “info@companyname.com” email address into which customers send inquiries. Only 37% of customer service professionals said their company used a shared email alias for customer support. However, 90% of teams using a shared email alias for customer support said email was an effective channel for customer service.

Which Customer Service Tools Does Your Team Use?

When used correctly, a shared support email alias centralizes all customer communications in one place, creating a streamlined approach to issue triage that reduces the chance that customer inquiries will slip through the cracks. Shared emails can certainly become hard to manage over time. However, this is where a help desk comes into play. A great help desk tool should be able to pull in email and other channels into a central system of record. This way you get a more holistic view of what your customers are dealing with.



CRM

CRM adoption by service teams is up 3.3% in 2020 vs 2019, but it's still shockingly low. Only 32% of companies in our survey are using customer relationship management (CRM) software to manage customer data. A CRM can act as the central system of record for your service team (and your whole company). This gives you a single source of truth for your teams, and that's what service agents need to delight customers. A wealth of data at an agent's fingertips allows them to anticipate issues, personalize interactions, and delight customers.

CRMs might seem like just a sales tool, but it ensures everyone at your company, across sales, service, and marketing are all plugged into the same system. Everyone gets a complete view of the customer, the emails they've received, the deals they've been part of, and the issues they have open. If your goal is to deliver a great holistic customer experience having all your customer relationship data in one place - and better yet tying it to your customer service data - enables you to truly have the full picture.



Live Chat

Live chat is increasingly popular among customers as a means for asking questions due to its convenience and efficiency. Customers don't have to drop everything and put what they're doing on hold to call a busy phone line. Instead, they can start a live chat with a human, from a company website or inside a company's app, and get their issues resolved immediately. People prefer this more conversational approach to service. It allows them to get help on their timeline, and there is very little friction in a quick chat from your computer or mobile phone.

To that point, 90% found it to be a successful channel for helping customers. But only 29% of companies say they use it. And while that number is up 5% from last year the majority share of teams aren't using chat. That means it's still a competitive advantage. Investing in live chat today will improve your customer experience, and give you a leg up in the market.



Knowledge Base

A knowledge base is a repository of data that helps customers help themselves. This could mean technical documentation, how-to guides, instructional videos, and much more. Each article in a knowledge base is geared at answering a specific question from your customers. This is great because the first thing people do today when they need support is turn to Google. When you have a great knowledge base optimized for search, those customers find your articles and can answer their questions themselves. This sounds pretty great right? 91% of the agents we surveyed agree. But again, adoption is shockingly low, only 40% of everyone we surveyed uses a knowledge base.

Investing in a knowledge base may seem like something that can wait till you have more resources and business improves. But helping customers help themselves saves costs. It contributes to less reps on the phones or chat lines answering questions, and overall improves the customer experience. Some people simply just want to help themselves and

Chapter 4

Structure, Measurement, And Career Paths For Service Teams

Each year we try to get an understanding of how customer service teams are structured and operate, as well as how agents feel about their role and career. Just like last year we found that most folks working in service want to stay in service and progress their career there. We love to hear that and are optimistic about the strategic importance of service in an organization and your ability to grow your career working on a service team.

Team Structure

This year we rephrased our department question, adding customer success, and giving folks another option. So, while we can't compare this year's data to last, we think this year's data gives us a more accurate picture of the departments service employees report into.

Which Department Does Your Customer Organization Report To?

What department does your Customer Service organization report into?



While the majority of our respondents report into Service / Support, a meaningful number also report into a Customer Success team. Customer Success teams often have a more strategic role in an organization, may carry a revenue number, and offer more proactive support.

Generally these things help a company build a better customer experience and delight customers. We're excited to see if Success continues to grow in next year's report.

At 10% there is still a surprisingly large number of agents who report into sales.

This isn't inherently bad, but we've seen that if customer service is just treated like an opportunity to upsell customers, it can lead to a very bad customer experience, low NPS, and higher churn.

Success Metrics

It's incredibly important for service teams to have a clear north star for what success means. But choosing the right metrics can be tricky because there are a lot of options. The saying goes, "what gets measured, gets managed".

Choosing the wrong metric might lead you down a path towards optimizing for the wrong goals.



Which Metric(s) Is Your Team Measured On?

We're excited to see that customer satisfaction is the leading measure of success for service teams. "CSAT" while not perfect, [is the most straightforward of the customer satisfaction survey](#) methodologies. It measures customer satisfaction with a business, purchase, or interaction, and is calculated by asking a question, such as "How satisfied were you with your experience?" There's a corresponding survey scale, which can be 1 – 3, 1 – 5, or 1 – 10. CSAT as a northstar metric keeps your team focused on customers and their experience.

Coming in at number 2, new sales, does not. New sales can be an important and exciting outcome of great service teams. However, if it's the only metric your team is evaluated on it can be problematic and cause teams to focus on selling over helping. This leads to a bad customer experience.



Career Growth

According to our survey most folks who work in service are interested in staying in service. They are looking for career growth, but only 10% of respondents in our 2020 report want to leave service. This is down three points from last year and generally encouraging. To create a great customer experience you have to make your service team a place where people want to work, and can grow and thrive.

What Job Do You Want in 5 Years?

We also see an encouraging amount of people striving for leadership and management roles coming out of service. A background in service gives you great skills to lead; a deep empathy for the customer, time management, stakeholder management, and much more.

Conclusion

We hope that this year's report helped you get a deeper understanding of the service industry, the macro trends happening, and where you can take your service organization.

Creating a great customer experience has never been harder or more important. Today customers are smarter, have higher expectations, and more options than ever. Retaining them was a challenge before the current health, economic, and social crises. To succeed today you have to invest in support, but also build a deeper understanding and empathy for your customers. Companies that don't are losing customers.

You also need to build a better customer experience. And if you're not utilizing the right tools, setting the right priorities, or building your team the right way, building that ideal customer experience won't happen. It's important to constantly be evaluating those factors and adjusting your approach to customers. We'll continue to deliver this report to help.

Ultimately, if your company focuses on customer happiness you'll win. Happier customers are the direct result of exceptional customer service and an amazing customer experience. When you keep focus on your customers, prioritize their questions and concerns, and listen to their feedback, it's hard to go wrong.

[Get started with Hubspot today](#) and give your customers the experience they deserve.

