

Small & Medium Business Service Trends Report

Insights from nearly 800 businesses worldwide



INTRODUCTION

Small and Medium Businesses Make a Big Push to Differentiate with Service

It's nearly impossible to talk about customer service today without delving into a discussion about customer *experience*. For small and medium businesses (SMBs) on a growth path, this is particularly true.

This report takes a closer look at SMB customer service teams' – including their unique priorities, challenges, and successes. We've compiled research over the last year to bring you a holistic look at the state of customer service for SMBs.

We've found that, far from its roots as a cost center or reactionary function, service is becoming a way for SMBs to stand out from the competition. However, fewer than half have a customer service department or a customer relationship management (CRM) system to support their efforts. Despite the challenges, high-performing SMBs and growing SMBs* exhibit certain common practices – such as engaging customers on multiple channels, enabling interdepartmental collaboration, and investing in their customer support teams, training, and technology.

Unless otherwise noted, data from this report is from SMB-specific findings from the second annual [“State of Service”](#) report conducted by Salesforce Research.

We hope this research is useful in your own customer experience and support conversations.

Sincerely,
Marie Rosecrans
SVP, SMB Marketing



CONTENTS

- 03 Customer Experience Hinges on Service
- 05 SMBs Struggle to Meet Modern Service Expectations
- 07 Top SMB Service Teams Follow These Six Practices
- 13 Methodology



* See [Methodology](#) for information on how this report was compiled as well as definitions on SMB size, performance, and growth breaks.

01. Customer Experience Hinges on Service

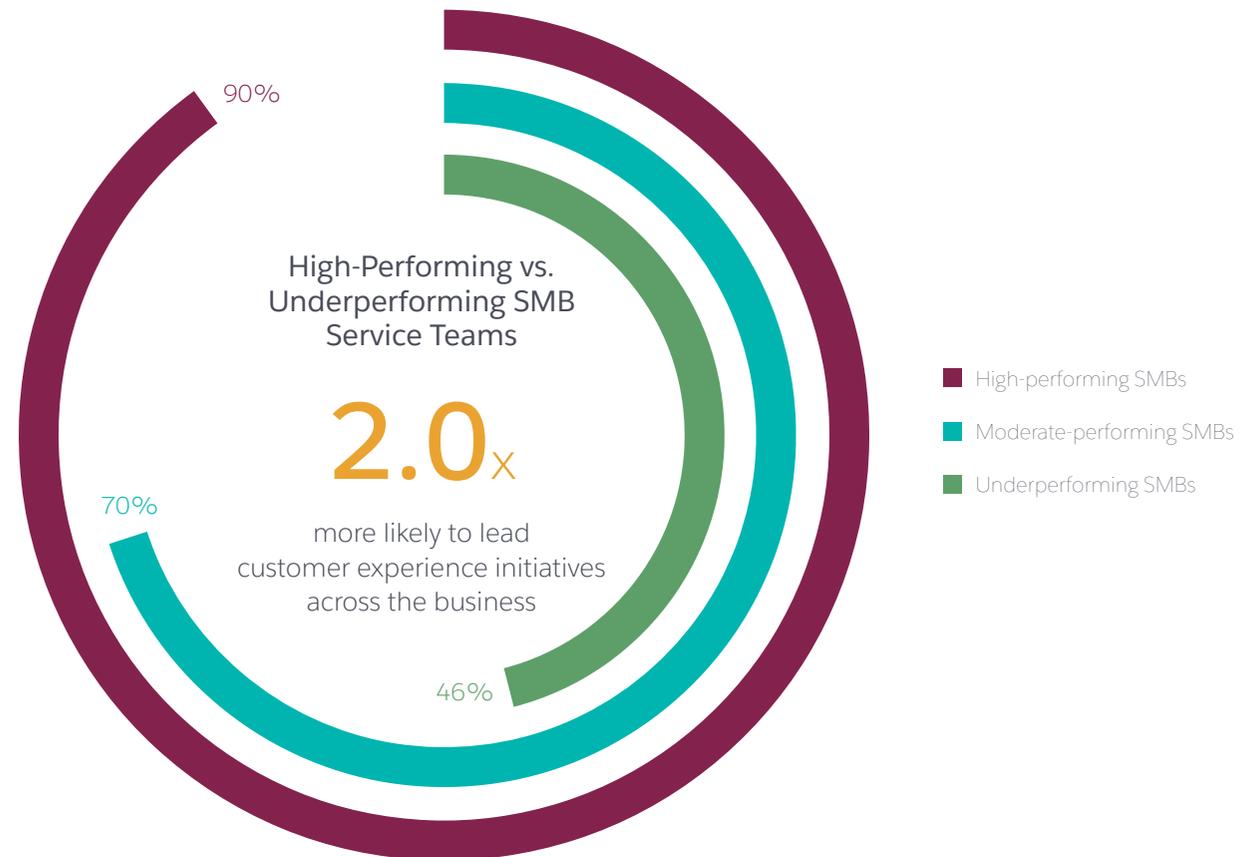
Seventy-five percent of today's consumers expect companies to provide a consistent experience regardless of their chosen medium – like social, mobile, and in-person channels, among others.* As such, many leading companies have broadened their previously product-centric visions to providing truly excellent customer experiences. Among SMB service teams, 83% believe customer experience is a key competitive differentiator for their businesses.

However, not all SMB service teams are prioritizing customer experience initiatives accordingly, and there are distinct divides between those that do and those that don't. Ninety percent of high-performing SMB service teams believe they're leading customer experience initiatives across the business, nearly twice as many as underperformers that say the same.

63% of SMB service teams are leading their company's customer experience initiatives.

* "State of the Connected Customer," Salesforce Research, October 2016.

Top Service Teams Take the Lead on Customer Experience



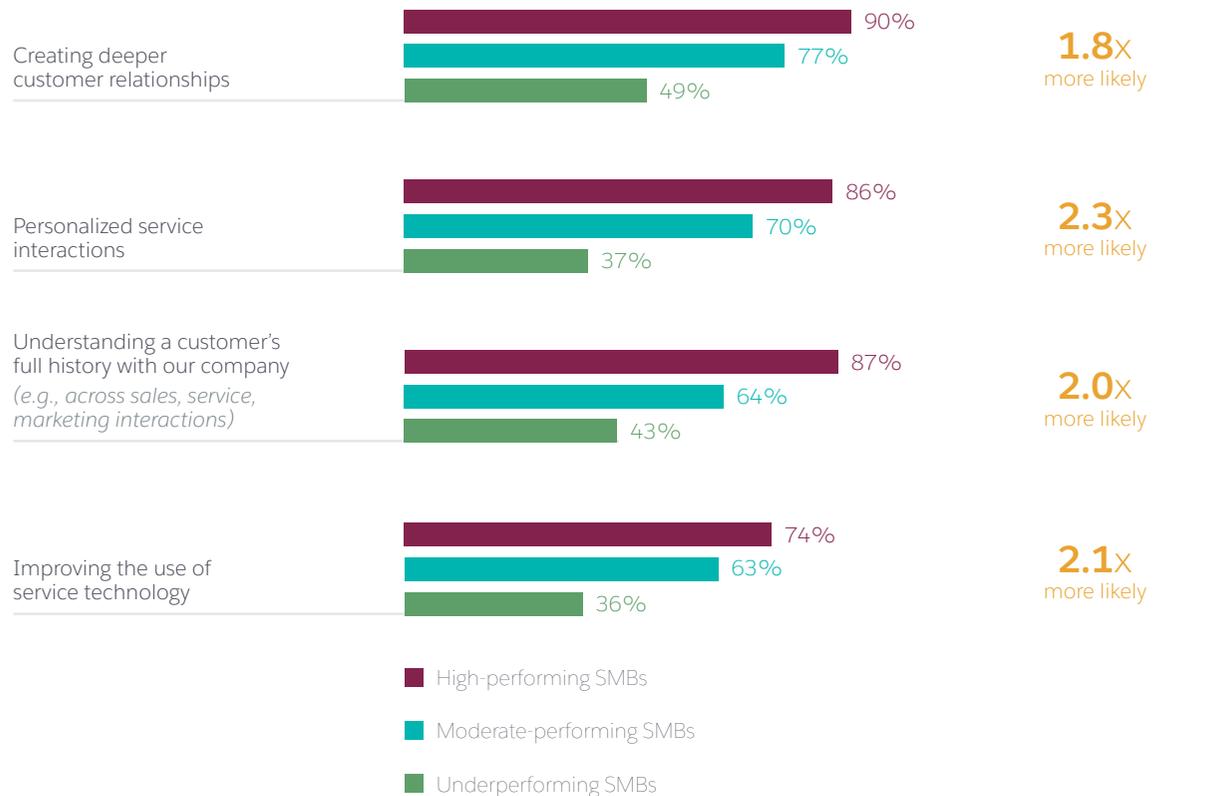
01. Customer Experience Hinges on Service

If customer experiences are the sum of all touchpoints, then customer relationships are the grand total of those experiences. Many SMB service teams are looking beyond reactive transactions and toward deeper engagement that fosters such relationships. High-performing SMB service teams are at least twice as likely as underperformers to have recently increased focus on not only personalizing service interactions, but also understanding a customer's full history with their business (across marketing and sales touchpoints, for instance).

90% of high-performing SMB service teams have increased focus on creating deeper customer relationships.

High Performers Focus on Customer Relationships

Percentage of SMB Service Teams That Have Increased Focus on the Following over the Past 12-18 Months*



* Percentage much more focused on/more focused on



02. SMBs Struggle to Meet Modern Service Expectations

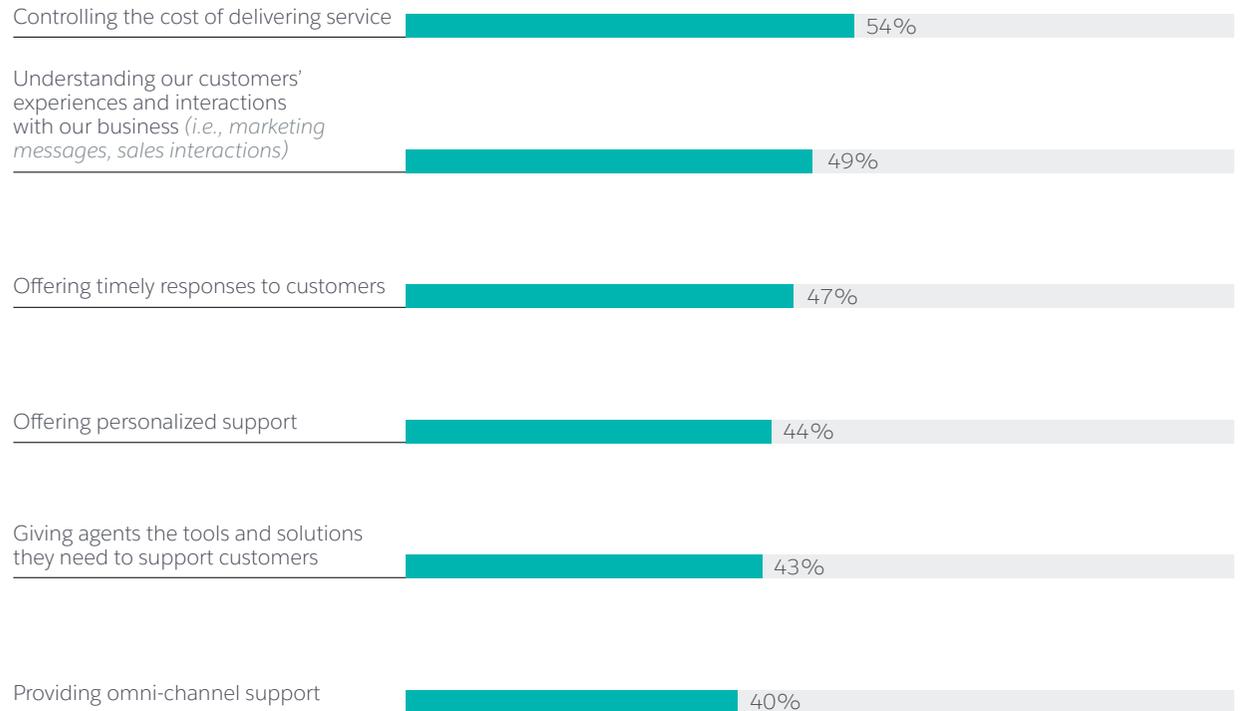
Despite their desire to focus on customer experience, many SMB service teams struggle to provide basic customer support.

49% say that understanding customers' experiences and interactions with their business across departments poses at least a moderate challenge.

Many also cite the difficulties of providing service that checks the boxes of standard customer expectations: timely, personalized, and omni-channel.

Gaining a Single Customer View Is a Top Challenge

Percentage of SMB Service Teams Who Say the Following Factors Challenge Their Customer Support*



* Percentage critical, major, or moderate challenge

Source: "Small and Medium Business Trends Report," Salesforce Research, October 2017.

02. SMBs Struggle to Meet Modern Service Expectations

To manage customer inquiries, almost half of SMBs (47%) have a customer support department or call center (even if it's just one person). SMBs also report using a variety of technologies to service customers. While 44% monitor social media, only 35% use a customer relationship management (CRM) solution.

Growing vs. Stagnant/Declining SMB Service Teams

1.6X more likely to have a customer service department or call center

More Growing Companies Use CRM or Helpdesk Systems

Percentage of SMB Service Teams That Use the Following Technologies to Answer Customer Questions

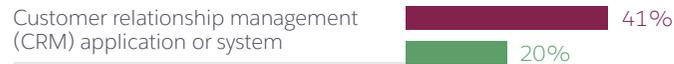


Growing vs. Stagnant/Declining

1.6X
more likely



1.8X
more likely



2.0X
more likely



2.5X
more likely



Source: "Small and Medium Business Trends Report," Salesforce Research, October 2017.

03. Top SMB Service Teams Follow These Six Practices

Our research found six notable factors that high-performing SMB service teams share. These can provide key learnings for companies committed to delivering excellent customer experiences.

PRACTICE #1

OFFER SERVICE ON EVERY CHANNEL

Nearly twice as many high-performing SMBs have increased focus on providing customers with a consistent experience across every channel. In fact, 90% of high-performing SMB service teams already engage customers in this manner.

It's not enough to provide service on every channel, though. SMBs must also be able to manage customers across those channels through busy times. Scale is an issue for underperformers; in fact, high-performing SMB service teams are a whopping 5.7x more likely to rate their ability to engage customers across channels at scale as excellent or above average.

Top Teams Pave the Way in Omni-Channel Service

Percentage of SMB Service Teams with Increased Focus on the Following over the Past 12-18 Months¹



High Performers vs. Underperformers

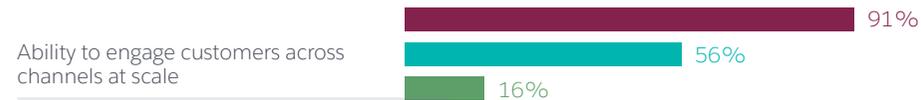
1.9x more likely

Percentage of SMB Service Teams That Agree With the Following²



1.9x more likely

Percentage of SMB Service Teams That Excel at the Following³



5.7x more likely

- High-performing SMBs
- Moderate-performing SMBs
- Underperforming SMBs

¹ Percentage much more focused on/more focused on

² Percentage strongly agree/agree

³ Percentage excellent/above average

03. Top SMB Service Teams Follow These Six Practices

PRACTICE #2

EMPOWER AGENTS WITH TECHNOLOGY

Traditionally, customer service teams have focused on driving down costs and response time. However, today's forward-thinking teams are transitioning from cost centers to growth engines with a customer-first mandate. Increasingly, these teams are empowering agents with mobile apps, artificial intelligence (AI), and other tools that help them connect with customers in new ways.

Mobile service tools, for example, allow agents to help customers from anywhere, at any time. For small companies with limited staff, these tools have the potential to increase and extend service's reach.

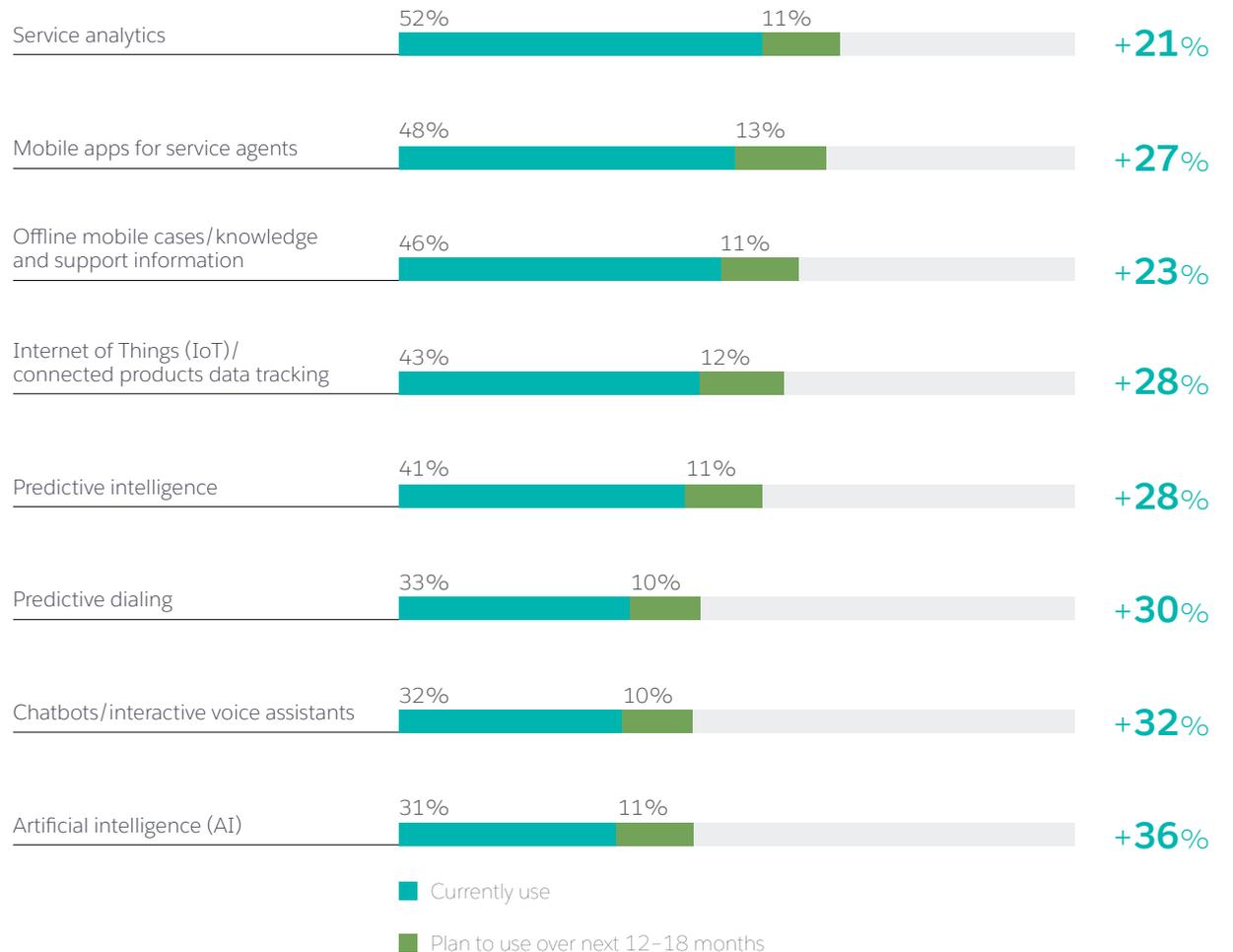
High-Performing vs. Underperforming SMB Service Teams

2.3x more likely to believe mobile service will have a transformational or substantial impact on their teams by 2020

Service Teams Are Dialing Up Their Tech Use

Percentage of SMB Service Teams That Use or Plan to Use the Following Service Technologies or Functionalities in the Next 12-18 Months

Anticipated Growth



03. Top SMB Service Teams Follow These Six Practices

PRACTICE #3

EXPLORE AI AND INTELLIGENT SERVICE

As part of their efforts to improve the customer experience, high-performing SMB service teams are exploring how emerging AI technologies can help them achieve their goals. Top SMB service teams foresee a future in which AI transforms service by adding human-like intelligence to interactions – like analyzing a caller’s word choice to understand emotions and recommending the next best thing for an agent to say.

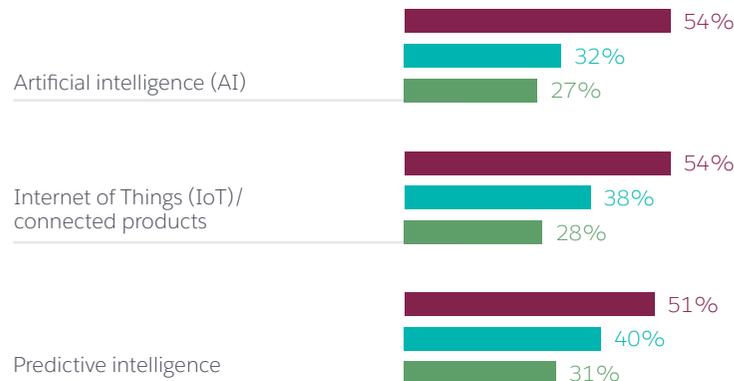
In addition to AI, high-performing teams are using or investigating a number of intelligent service practices such as gathering insights across the entire customer lifecycle, acting on information from multi-channel service, and leveraging predictive intelligence. In the eyes of top teams, these intelligent capabilities are potential game-changers for the customer experience.

High-Performing vs. Underperforming SMB Service Teams

5.6x more likely to excel at gathering insights across the entire customer lifecycle

Top Service Teams Lean into Intelligence

Percentage of SMB Service Teams That Say the Following Technologies Will Transform Their Customer Service by 2020¹



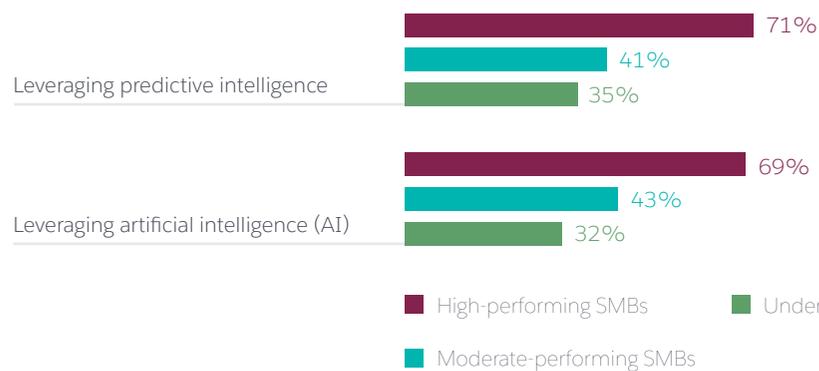
High Performers vs. Underperformers

2.0x
more likely

1.9x
more likely

1.7x
more likely

Percentage of SMB Service Teams That Excel at the Following Intelligent Service Practices²



2.0x
more likely

2.1x
more likely

■ High-performing SMBs ■ Underperforming SMBs
■ Moderate-performing SMBs

¹ Percentage substantial/transformational impact

² Percentage excellent/very good

03. Top SMB Service Teams Follow These Six Practices

PRACTICE #4

ENABLE INTERDEPARTMENTAL COLLABORATION

When customer service teams know more about customers, they can provide contextualized or predictive experiences. Still, not every business prioritizes a shared, single customer view and cross-functional collaboration. High-performing SMB service teams are 1.6x more likely than underperformers to believe that having a shared, single view of the customer empowers agents to provide a more consistent experience.

High-Performing vs. Underperforming SMB Service Teams

5.1X more likely to excel at providing a shared, single view of the customer

Collaboration Is Key to Delivering a Shared Customer View

Percentage of SMB Service Teams That Say the Following Is Very Important¹



High Performers vs. Underperformers

1.6X
more likely

Percentage of SMB Service Teams That Agree with the Following Statements about a Shared, Single View of the Customer²



1.6X
more likely



1.5X
more likely

- High-performing SMBs
- Moderate-performing SMBs
- Underperforming SMBs

¹ Percentage absolutely critical/very important

² Percentage strongly agree/agree



03. Top SMB Service Teams Follow These Six Practices

PRACTICE #5

PROVIDE AGENT COACHING AND TRAINING

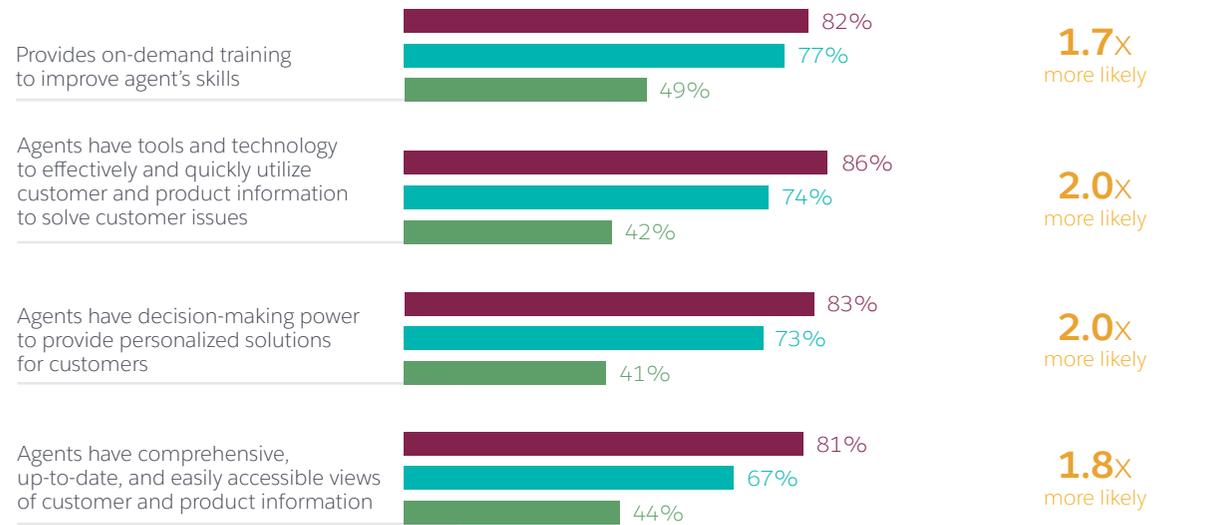
Top SMB service teams feel empowered not only with the right tools and technology, but also with training to perform their jobs better. In fact, high-performing service teams are 1.7x more likely than underperformers to provide on-demand training, to improve agent skills – and their employees are 2.1x more likely to believe they receive the right amount of training to do their jobs better.

Top teams report that empowering agents pays off with prompt, productive agents. Their service teams are 2.7x more likely than underperformers to excel at promptly solving customer needs with the right information, in the right context, and on the first touch.

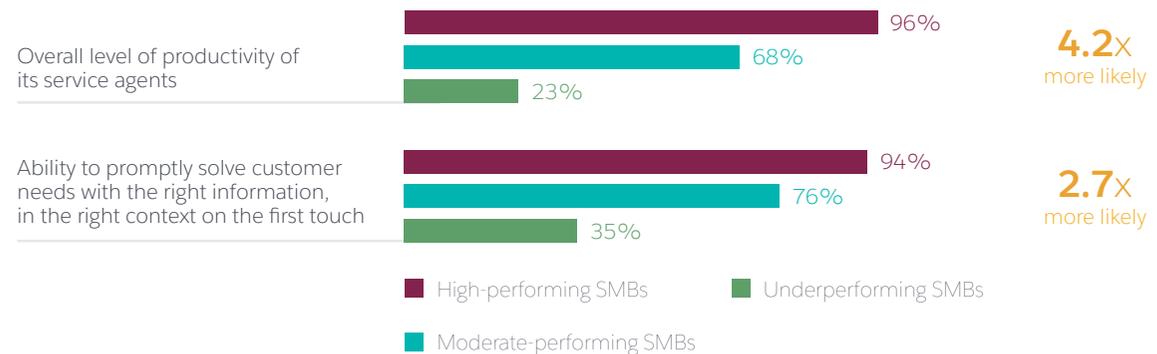
90% of high-performing SMB service employees say they receive the right amount of training to do their jobs better.

High-Performing Agents Are Trained, Empowered, and Productive

Percentage of SMB Service Teams That Agree with the Following¹



Percentage of SMB Service Teams That Excel at the Following²



¹ Percentage strongly agree/agree

² Percentage excellent/above average

03. Top SMB Service Teams Follow These Six Practices

PRACTICE #6

INCREASE SERVICE INVESTMENTS

As SMBs increasingly look to service to drive the customer experience, many teams are ramping up their investments to bring their capabilities up to par for the job.

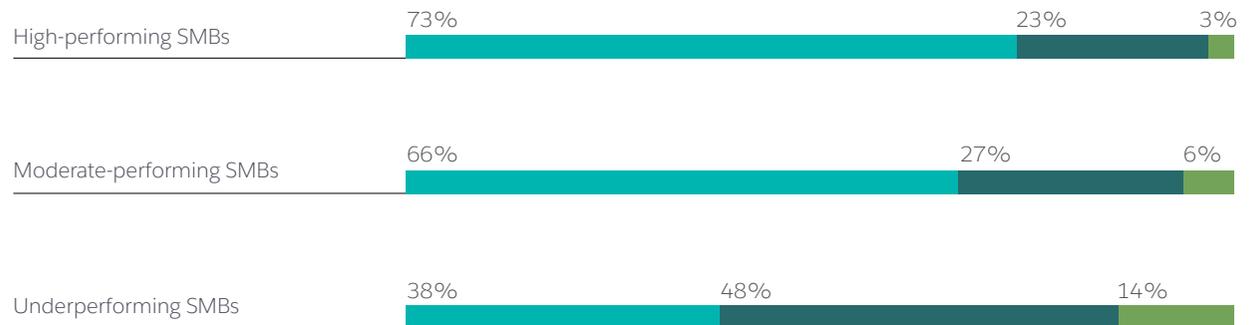
High-Performing vs. Underperforming SMB Service Teams

1.9x more likely to have increased their service budget over the past two years

1.7x more likely to anticipate budget growth over the next two years

Top Teams Are Prioritizing Service Investments

SMB Service Budget Change over the Past Two Years



Anticipated SMB Service Budget Change Over the Next Two Years



- Increased budget
- Maintained budget
- Decreased budget

04. Methodology

Data found in the “Small & Medium Business Service Trends Report” report is from the following Salesforce Research reports and survey findings: the second annual “[State of Service](#)” and the “[Small & Medium Business Service Trends Report](#)” Detailed methodology for each project is shown below.

“STATE OF SERVICE”

This survey was conducted online through FocusVision’s Decipher platform among third-party panelists (not limited to Salesforce customers), September 7–25, 2016. Responses were collected from 786 SMB service professionals in the U.S., Canada, U.K./Ireland, France, Germany, Netherlands, Japan, and Australia/New Zealand. For the purpose of this report, SMBs were defined as business with 1–100 employees.

High-performing service teams represent 11% of the survey population and rated their performance versus the competition and overall service performance as excellent. Moderate performers represent 53% of the survey population and rated their performance versus the competition as above average or rate their performance versus the competition as excellent and do not rate their overall service performance as excellent. Underperformers represent 36% of the survey population and rate their performance versus the competition as average, below average, or poor.

Anticipated growth was calculated as: % plan to use / % currently use.

The difference between high performers and underperformers was calculated as:
% high performers / % underperformers.

Due to rounding, not all percentage totals in this report equal 100%. All comparison calculations are made from total numbers (not rounded numbers).



“SMALL & MEDIUM BUSINESS TRENDS REPORT”

This survey was conducted online within the U.S. by Harris Poll on behalf of Salesforce, September 1–13, 2017, among 490 small and medium size business owners and leaders, 18 years of age or older, with 2–199 employees. Data points were weighted by number of employees to bring them in line with their actual proportions in the population. This survey is not based on a probability sample and therefore no estimate of theoretical sampling error can be calculated. For complete survey methodology, please contact leslie.grant@salesforce.com.

All sample surveys and polls, whether or not they use probability sampling, are subject to multiple sources of error which are most often not possible to quantify or estimate, including sampling error, coverage error, error associated with nonresponse, error associated with question wording and response options, and post-survey weighting and adjustments. Therefore, Harris Poll avoids the words “margin of error” as they are misleading. All that can be calculated are different possible sampling errors with different probabilities for pure, unweighted, random samples with 100% response rates. These are only theoretical because no published polls come close to this ideal.

Growing SMBs are defined as those with a revenue increase of 1% or more over the past two years and stagnant/declining SMBs are defined as those with a revenue increase less than 1% or a decline in revenue over the past two years.

Difference between growing and stagnant/declining SMBs was calculated as:
% growing / % stagnant/declining or % stagnant/declining / % growing.