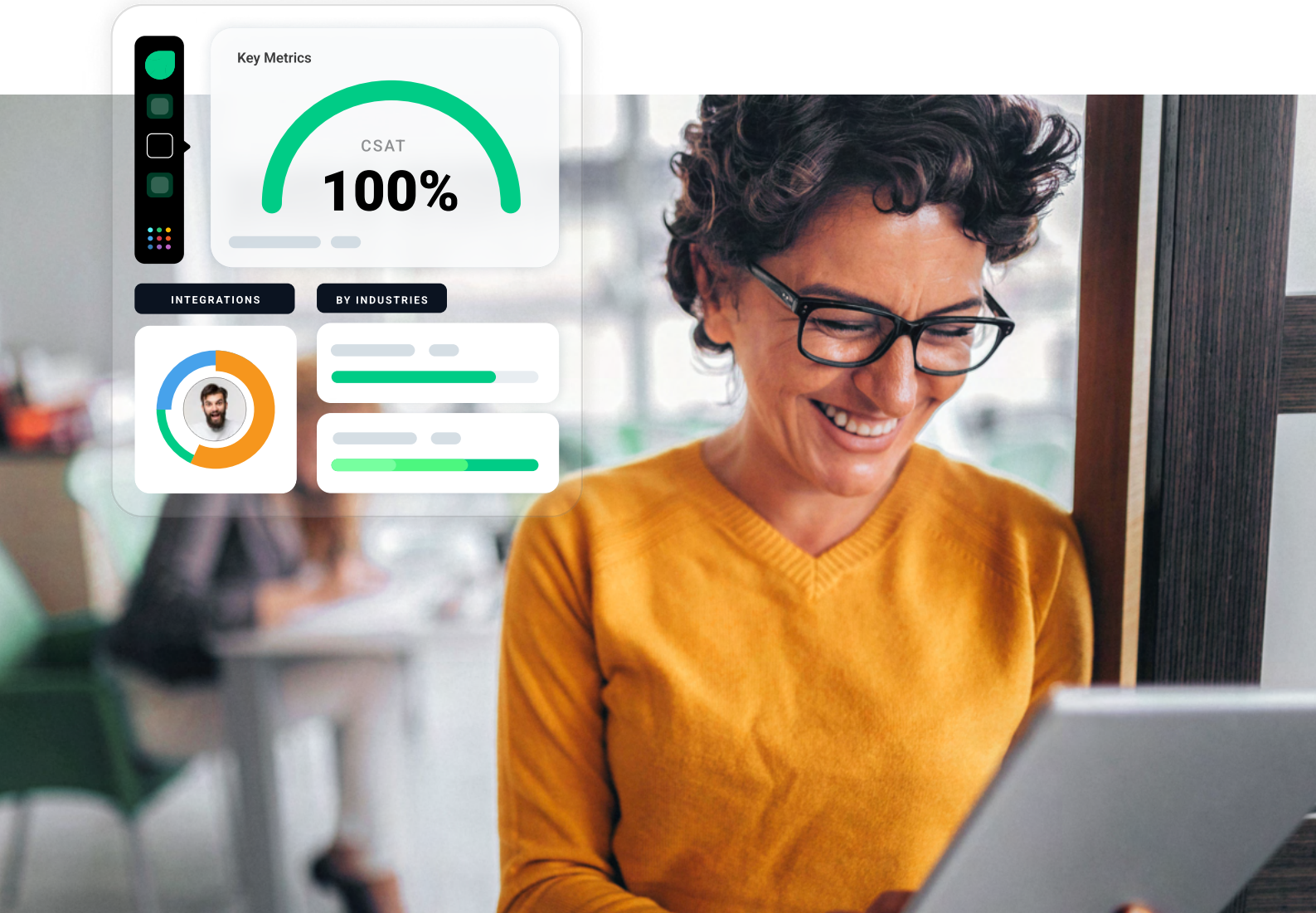
freshworks

ANNUAL REPORT - 2023

Freshchat Conversational Support Benchmark Report 2023



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CHAPTER ONE

Introduction

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Did you know that 35.14% of B2C businesses that use Freshchat say that making it easy to talk to businesses is the most defining factor of a great customer experience? Today, customers have unprecedented access to information — from experts and peers — to make educated decisions about the businesses from whom they purchase products and services. This has shifted the power dynamic between customers and businesses. Customers are now in control and want brands to be accessible on their terms.

“

As companies strive to do more with less, customer service leaders need to work on providing exceptional customer experiences efficiently and cost-effectively through multiple channels. Incorporating AI & ML technologies will help companies reduce ramp time for agents and resolution times and effort significantly. It is also essential to maintain a balance between customer experience and agent experience. And with customers expecting faster responses and messaging being one of the most preferred channels, a conversation-first approach combined with AI/ML capabilities is the best way forward.

Chakravarthy Srinivasan
Senior Director - Customer Support, Freshworks

This is the first edition of the Freshchat Conversational Support Benchmark Report. We showcase the benchmarks set by businesses that make customer support easy to access via the messaging channels most preferred by their customers.

Use this report to compare your support performance with customer service teams from your industry sector and worldwide. Discover how making support more accessible can help you provide memorable customer experiences.

CHAPTER TWO

Data set and methodology

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The Freshchat Conversational Support Benchmark Report is built from anonymized and aggregated metadata of Freshchat users. Freshchat was used by over 10.9K active users who engaged in 260.1M interactions between agents, bots, and customers. These customers represent over 25 industries across the top twenty-five countries selected based on the number of customers.

Outliers data points were removed to render the dataset more precise, useable, and representative of how customer service works realistically. For the purposes of this report, we focused our analysis on paid customer accounts that were created before 2022 which were considered active. Furthermore, only those issues that were resolved were considered.

We have also highlighted the voice of our customers from a survey that received 650+ responses. We circulated the survey among customer service managers and leaders to understand customer service trends and customer expectations in 2023.

Based on data from

25+ Industries

20+ Countries

10.9K+ Organizations

118.3M+ Conversations

CHAPTER THREE

KPIs of conversational support and Freshchat benchmarks

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The Freshchat Conversational Benchmark Report 2023 covers six Key Performance Indicators (KPIs) widely used in conversational support to measure customer satisfaction and agent performance. Here is how we define them, along with their benchmarks set by our customers.

#	Metrics (KPIs)	Definition	Freshchat benchmark 2023	Comment
1	**First Assign Time**	The time taken for a conversation to be assigned to an agent	**<1 minute**	**Lower the better**
2	**First Response Time**	The time taken by an agent to send the first response to a conversation	**3m**	**Lower the better**
3	**Resolution Time**	The amount of time taken for an agent to mark a conversation as resolved	**27m** to **4h 46m**	**Lower the better**
4	**First Contact Resolution**	The percentage of conversations that were resolved within the first session (24 hours) between a customer and an agent	**74.00%**	**Higher the better**
5	**CSAT**	The customer satisfaction score received after a conversation, on a five point scale	**4.5**	**Higher the better**
6	**Bot deflection**	The percentage of conversations that is resolved by your chatbots instead of your team	**70%**	**Higher the better**

- The benchmark for the **first assign times** is “instant” due to automated routing, workflows, and the conversational nature of Freshchat.
- We noticed a distinction in **resolution times** based on the complexity of the incoming conversation. Therefore, FAQs/Informational (L1) and more complex (L2) conversations are indicated separately as 27m and 4h 48m respectively.
- We calculate **first contact resolution** as a resolution arising within the first session (24 hours). Customers do not define their problem explicitly in their first contact, but start with a greeting.
- The **Customer Satisfaction Score (CSAT)** is determined according to a five-point scale, ranging from 1 (extremely unsatisfactory) to 5 (extremely satisfactory).
- The **bot deflection** benchmark indicates that chatbots can deflect up to 70% of all conversations in Freshchat. We identified this data from approximately 300 customers who have effectively utilized the chatbots capabilities.

CHAPTER FOUR

Freshchat benchmarks for conversational support

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4.1 Benchmarks by industry

Here are the KPI benchmarks for the fifteen industry verticals with the highest adoption of conversational support among the customers of Freshworks.

QUICKEST/HIGHEST LONGEST/LOWEST

Industry categories	First Assign Time	First Response Time	Resolution Time (L1)	Resolution Time	First Contact Resolution	CSAT	Bot Deflection
Business Services	Instant	48m	1h 50m	10h 53m	63.42%	4.8	55.90%
Civil Engineering, Construction, & Real Estate	Instant	8m	1h 14m	9h 54m	32.20%	4.6	53.00%
Computers & Electronics	Instant	3m	53m	5h 48m	72.84%	4.7	57.70%
Consumer Services	1m	8m	29m	2h 59m	84.25%	4.1	39.50%
Education	3m	17m	1h 21m	9h 57m	64.76%	4.7	59.10%
Entertainment	Instant	4m	9m	28m	86.59%	4.1	53.50%
Financial Services	2m	1m	28m	6h 23m	71.39%	4.4	51.20%
Government/ Non-Profit	2m	6m	10m	3h 10m	63.89%	4.8	38.10%
Healthcare, Pharmaceuticals & Biotech	Instant	Instant	12m	1h 22m	81.35%	4.7	71.00%
Manufacturing	Instant	3m	1h 15m	9h 5m	52.33%	4.8	68.65%
Retail & Ecommerce	5m	11m	42m	6h 11m	79.00%	4.3	55.95%
Software and IT	1m	Instant	23m	4h 19m	8.05%	4.8	42.25%
Telecommunications	2m	6m	14m	1h 9m	79.50%	4.5	56.35%
Transportation & Storage	5m	1m	18m	1h 33m	65.35%	4.6	40.65%
Travel, Recreation & Leisure	Instant	7m	43m	3h 22m	59.50%	4.8	59.55%

Key observations

1 First Assign Time

For over 46% of the industry verticals we analyzed, the first assignment is instant. This means incoming messages are automatically assigned to chatbots, agents, or teams using automation features like IntelliAssign in Freshchat.

2 First Response Time

Conversational support is crucial in industries like Healthcare where customers expect instant responses. The first response happens within an hour for all top industry verticals we have analyzed, and for 80% of the industry verticals, the first response is sent within 10 minutes.

3 Resolution Time

To understand the benchmarks for resolution time, we looked at the typical time taken to solve simpler queries and those with increased complexity. For simpler or L1 queries, resolution time ranges between 9 minutes to 1h 50 minutes. For more complex queries, we see the resolution time ranging between 28 minutes to almost 11 hours.

A higher resolution time can also indicate asynchronous communication while using conversational support. In asynchronous support, a customer will respond and engage with a support agent at their convenience.

4 First Contact Resolution

First Contact Resolution is influenced by multiple factors like the complexity or urgency of support requests, the expertise of support agents, and the preference for asynchronous communication by customers.

At an industry level, a low FCR could indicate that an industry vertical is more likely to receive complex queries. The Software & Internet industries have the lowest FCR benchmark of 8.05%, indicating a greater complexity of incoming questions as compared to the Entertainment industry with a FCR of 86.59% which deals with simpler questions.

5

CSAT

While analyzing CSAT, we observed that customers typically engage with a CSAT survey post-resolution, resulting in an extremely high CSAT rating of 4 or 5 across multiple industries.

5

Bot Deflection

Using bots to deflect repetitive conversations frees up agents to handle the complex questions that need a human touch. Industries from governmental and non-profit sectors have the least percentage of deflections at 38.10%, which points to a potential to improve deflection using chatbots, while Healthcare, Pharmaceuticals & Biotech industries have the maximum deflection at 71.00% indicating how healthcare can run basic diagnoses using a default set of questions to identify the best course of action.

4.2 Benchmarks by country

Here is the conversational support benchmarks for the top twenty-five countries (out of more than ninety countries) selected based on the number of customers.

QUICKEST/HIGHEST LONGEST/LOWEST

Country	First Assign Time	First Response Time	Resolution Time (L1)	Resolution Time	First Contact Resolution	CSAT	Bot Deflection
Argentina	Instant	21m	1h 30m	5h 4m	38.72%	4.6	58.50%
Australia	1m	2m	15m	53m	73.58%	4.8	65.90%
Brazil	4m	4m	28m	2h 25m	52.04%	4.8	66.40%
Canada	2m	4m	32m	8h 15m	50.68%	4.8	53.05%
Colombia	6m	7m	1h 5m	2h 51m	34.94%	4.8	78.00%
France	5m	8m	41m	3h 25m	61.34%	4.8	40.30%
Germany	6m	7m	23m	3h 11m	83.10%	4.7	51.80%
Hong Kong	1m	17m	33m	3h 31m	89.14%	4.0	38.70%
India	Instant	3m	18m	3h 29m	75.66%	4.4	55.10%
Indonesia	Instant	1m	1m	53m	68.56%	4.6	45.70%
Italy	Instant	16m	26m	3h 10m	82.66%	4.9	48.00%

QUICKEST/HIGHEST LONGEST/LOWEST

Country	First Assign Time	First Response Time	Resolution Time L1	Resolution Time	First Contact Resolution	CSAT	Bot Deflection
Malaysia	Instant	Instant	12m	47m	70.55%	4.8	50.30%
Mexico	1m	4m	55m	12h 52m	41.63%	4.6	72.20%
Netherlands	5m	3h 12m	3h 22m	6h 26m	89.33%	4.3	46.00%
Philippines	5m	40m	57m	6h 58m	79.46%	4.5	37.90%
Saudi Arabia	2m	3m	20m	4h 12m	78.74%	4.6	41.80%
Singapore	5m	3h 42m	6h 45m	12h 3m	79.14%	4.3	57.10%
South Africa	Instant	1h 9m	2h 12m	13h 42m	82.98%	4.8	63.00%
Spain	Instant	1m	16m	4h 6m	53.84%	4.8	46.65%
Sweden	Instant	5m	28m	8h 58m	81.54%	4.8	71.95%
Thailand	Instant	Instant	1h 20m	5h 29m	31.11%	4.8	20.50%
UAE	5m	15m	1h 11m	5h 45m	70.28%	4.5	65.50%
UK	5m	3m	17m	1h 35m	66.71%	4.9	60.00%
USA	2m	10m	31m	4h 43m	82.99%	4.8	60.00%
Vietnam	Instant	11m	1h 49m	8h 49m	64.60%	4.9	53.20%

Key observations

1 First Assign Time

The first assignment is instant for ten out of the listed twenty-five countries. As mentioned in the previous section, an instant assignment time indicates that incoming messages are automatically assigned to chatbots, agents, or teams using automation features like IntelliAssign in Freshchat. A higher assign time indicates lesser adoption of automated routing of conversations.

2 First Response Time

Conversational support is important when your customers expect instant responses. Thailand and Malaysia are the quickest to respond among the countries we analyzed. The adoption of chatbots can provide instant responses. They can respond with quick and contextual replies to optimize your response time.

3 Resolution Time

For simpler or L1 queries, Indonesia has the quickest resolution time of one minute. For more complex queries, Malaysia has the quickest resolution time of 47 minutes.

Did you know that chatbots can also resolve customer queries? They are often deployed as the first line of support to deflect repetitive and simple queries from customer support agents.

4 First Contact Resolution

As mentioned previously, First Contact Resolution is influenced by multiple factors. At a regional or country level, FCR could indicate how customers prefer to communicate - asynchronously or instantly.

Thailand has the lowest FCR benchmark of 31.11%, whereas Netherlands has the highest FCR of 89.33%.

5 CSAT

While analyzing CSAT, we observed that customers typically engage with a CSAT survey post-resolution, resulting in an extremely high CSAT in general. United Kingdom, Vietnam, and Italy all reported a CSAT of 4.9 on average with Hong Kong having the relatively lowest CSAT of 4.0.

6 Bot Deflection

Thailand has the lowest percentage of conversations deflected by bots, at 20.50%, while Colombia has the highest percentage of bot deflections, at 78.00%. It is interesting to note that Thailand, as mentioned above, has some of the fastest first assignment times (instant), first response times (instant), and a stellar average CSAT.

4.3 Benchmarks by company size

Here are the conversational support benchmarks based on company size.

QUICKEST/HIGHEST LONGEST/LOWEST

Employee Size	First Assign Time	First Response Time	Resolution Time L1	Resolution Time	First Contact Resolution	CSAT	Bot Deflection
1-10	1m	9m	1h 16m	7h 28m	62.00%	4.48	56.00%
11-50	1m	8m	56m	7h 2m	61.00%	4.68	55.00% (11-100)
51-250	1m	7m	30m	4h 25m	73.00%	4.42	66.20% (101-250)
251-500	2m	5m	24m	6h 38m	77.00%	4.68	61.00%
501-1000	Instant	1m	11m	6h 2m	82.00%	4.52	71.00%
1001-5000	1m	1m	18m	2h 57m	80.00%	4.52	15.05%
5001-10000	5m	Instant	14m	2h 30m	86.00%	4.56	27.50%
10000+	1m	4m	11m	1h 11m	78.00%	4.75	64.50%

Key observations

1. Companies with 1-10 employees perform worse than others in response and resolution times while companies with 10000+ employees do much better in terms of resolution times and CSAT scores, setting the respective benchmarks in this category.

2. Businesses can deploy chatbots to deflect L1 and repetitive queries from their support agents to improve response and resolution time. Deploying bots also enables businesses to scale their support efficiency by deflecting as much as 71% of conversations by bots, while maintaining a healthy CSAT score and resolution times.

CHAPTER FIVE

Elevate customer service with conversational support

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We received these responses when we asked our B2C customers what defines a great support experience.

What defines a great customer experience

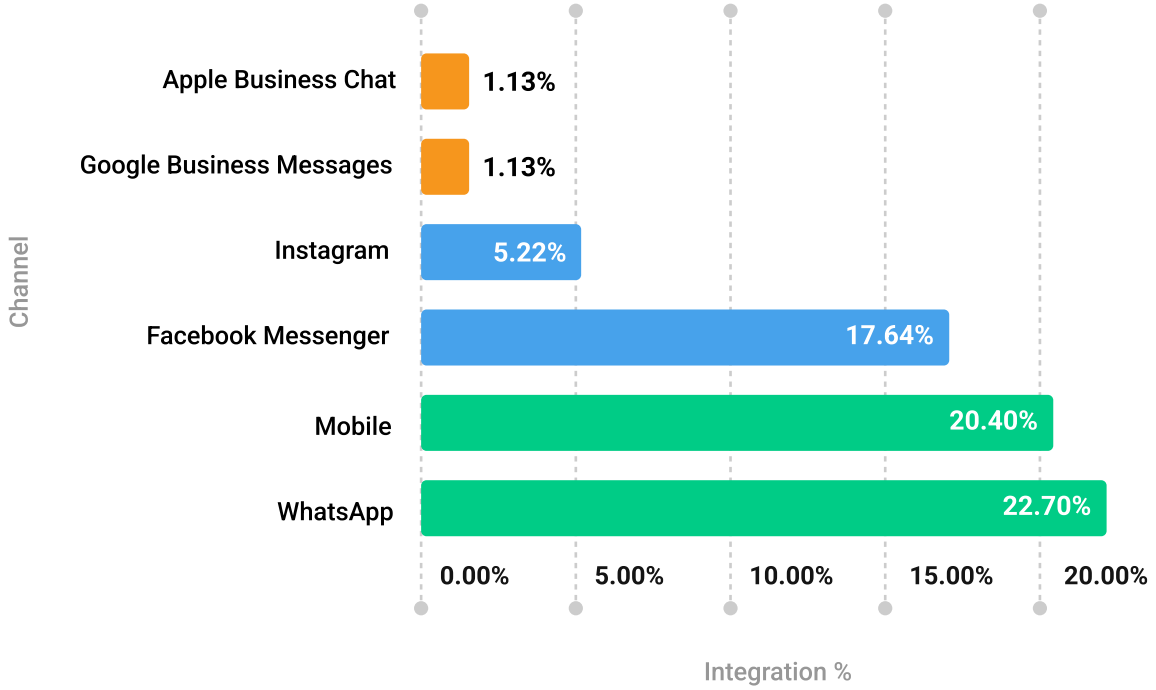
The top responses were - easily accessible support and quick resolution. Conversational support can cater to these expectations easily through messaging channels and chatbots.

5.1 Messaging channels

Today, businesses are adapting to the preferences of their customers and reaching them on their favorite messaging apps.

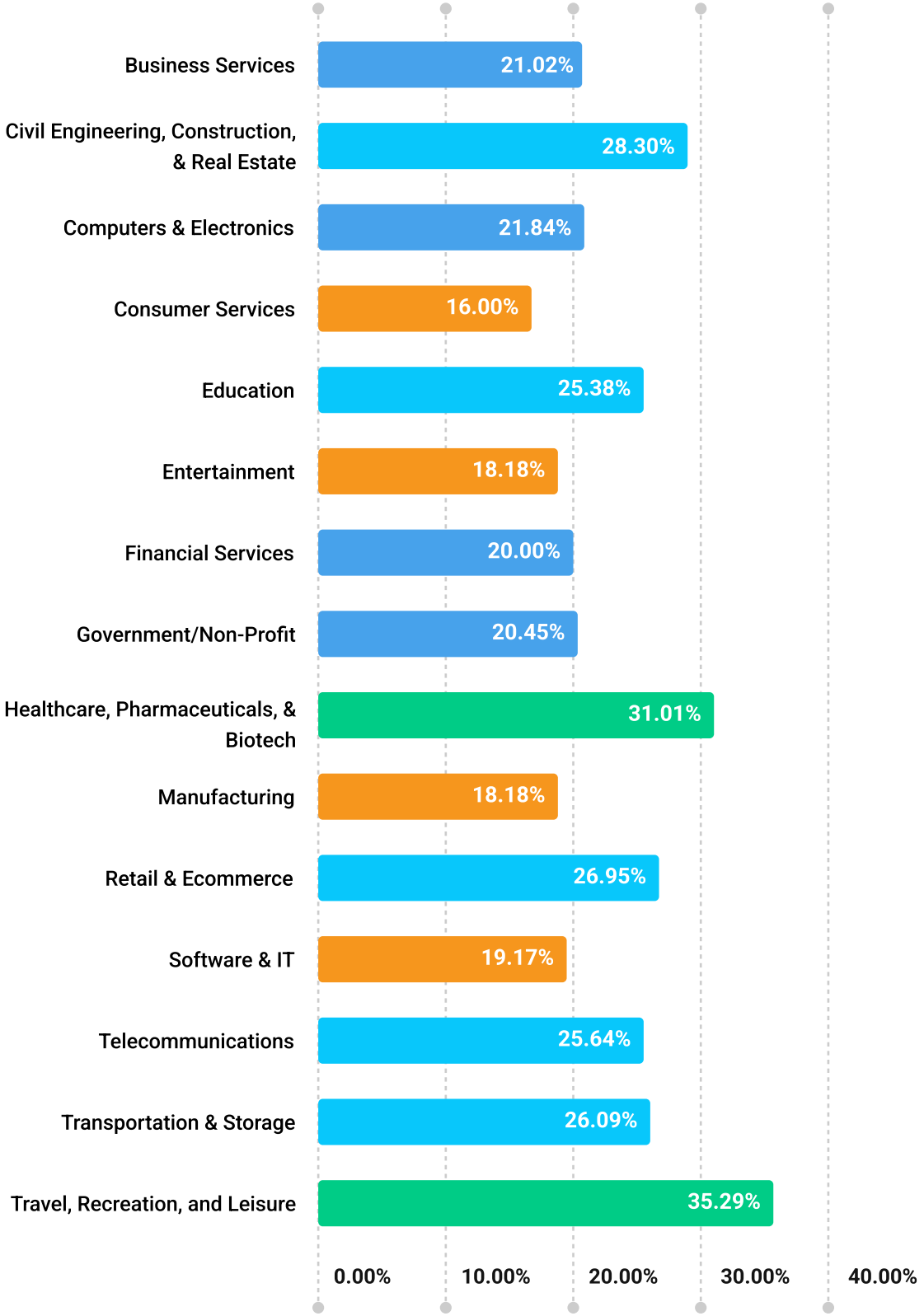
85.35% of businesses that use Freshchat offer conversational support on their website. WhatsApp is the next most popular messaging channel.

Popular messaging channels for business



22.7% of businesses that use Freshchat connect with their customers over WhatsApp. It is most popular in the Travel & Hospitality sector, followed by the Healthcare sector.

Adoption of messaging channels across industries



5.1.1 Benchmarks of different channels

These benchmarks do not indicate that any channel performs remarkably better than the others. Businesses need to select their channel mix based on the preferences of their customers and what is most popular in their country or region of operation.

Channel	First Assign Time	First Response Time	Resolution Time (L1)	Resolution Time	First Contact Resolution
Apple Business Chat	Instant	3m	15m	38m	5.11%
Facebook Messenger	Instant	Instant	1h 56m	8h 22m	35.27%
Google Business Messages	Instant	46m	7h 20m	13h 40m	15.74%
Instagram	Instant	21m	2h	10h 11m	29.16%
LINE	Instant	2m	22m	2h 40m	17.95%
Mobile	Instant	2m	18m	3h 19m	28.25%
SMS	Instant	1m	22m	1h 27m	7.46%
Web	1m	9m	35m	5h 56m	36.48%
WhatsApp	Instant	6m	38m	5h 52m	32.39%

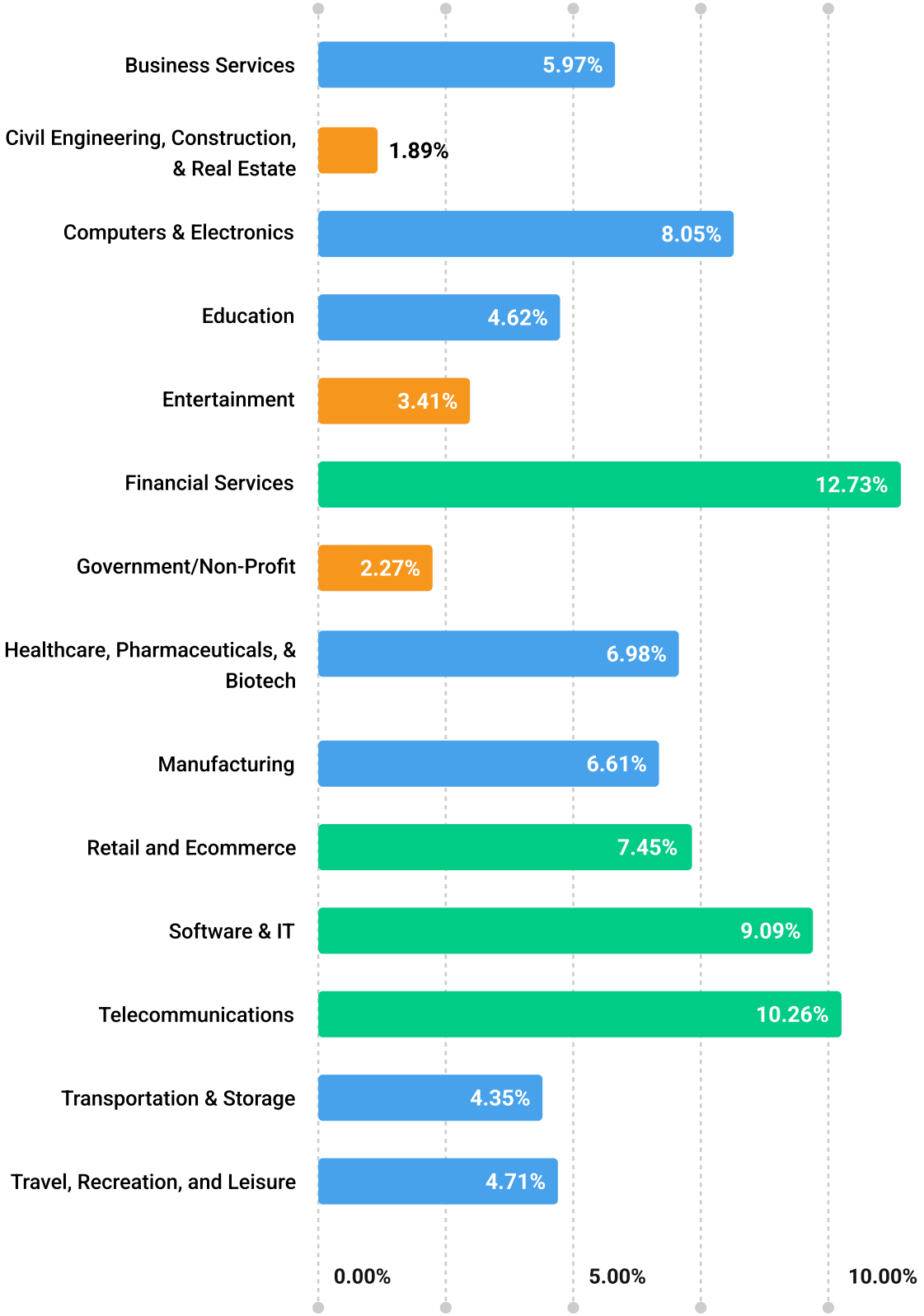
5.2 Chatbots

42.7% of the Freshworks customers we surveyed believe that automation and AI capabilities are the most essential capabilities for support software in 2023. However, only 7% of businesses that use Freshchat leveraged the power of chatbots in 2022.

Most essential for support software in 2023

Among the industry verticals we analyzed, Financial Services has the highest chatbot adoption at 12.73%,

Adoption of chatbots across industries



5.2.1 Benchmarks of chatbot support

These are the support benchmarks set by chatbots in Freshchat. Chatbots are capable of responding instantly to customer queries. They can also resolve queries or route them to a support agent if more expertise is needed.

Metric	Benchmark
First Assign Time	Instant
First Response Time	Instant
Resolution Time (L1)	10m
Resolution Time	27m
First Contact Resolution	9.40%

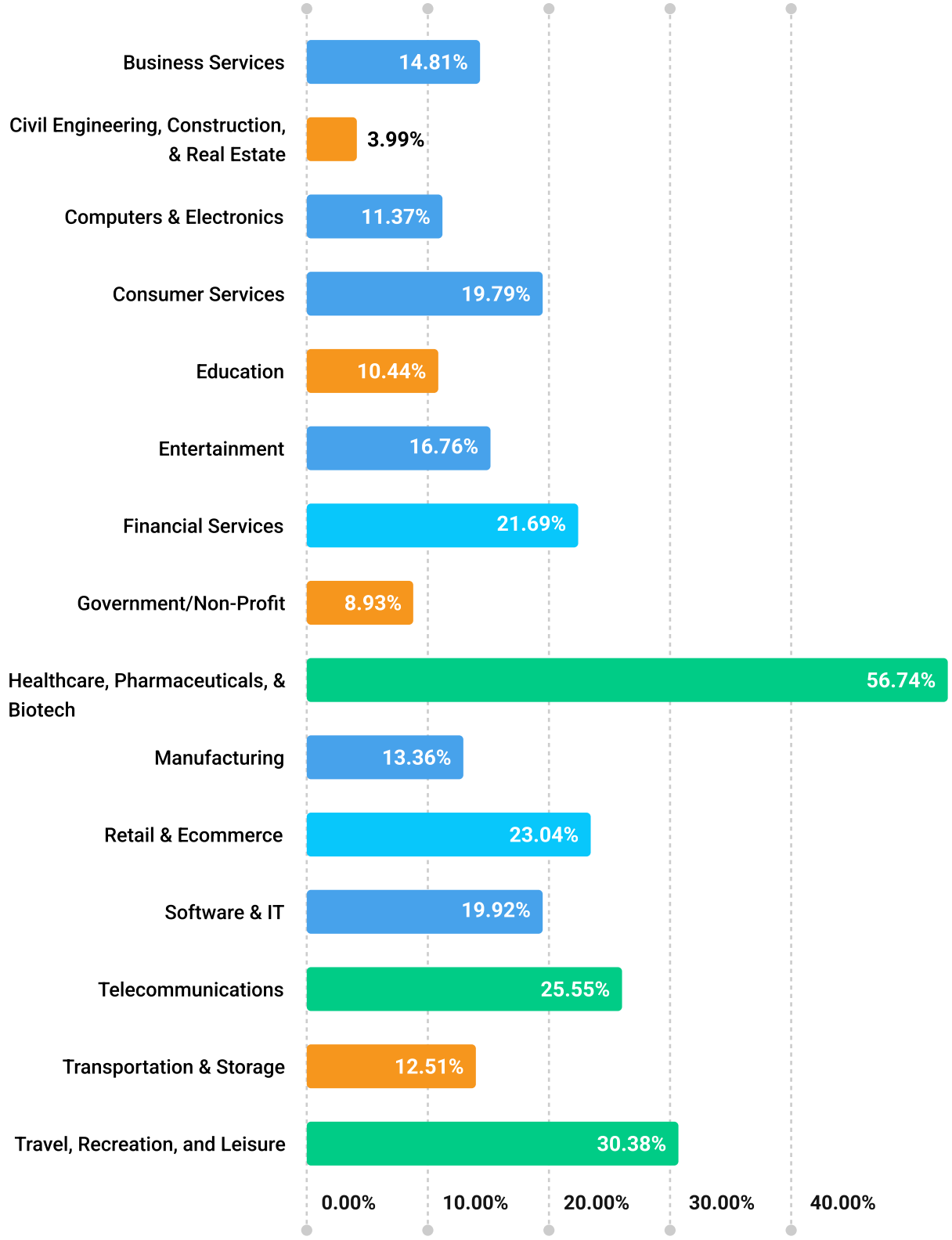
5.2.3 Ticketing

If a customer request is too complex to solve over chat, businesses can convert them into tickets. In Freshchat, 21% of conversations are converted to tickets for support agents to dive deeper and solve complex issues.

Assess how businesses offer customer service

FRESHDESK BENCHMARK REPORT

Ticket conversion percentage across industries



CHAPTER SIX

CX trends and customer expectations in 2023

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Use the benchmarks in this report to decide whether your business needs to offer conversational support. If you already provide it to your customers, use the report to compare your performance against your peers globally. Understand how your team is performing compared to industry-based or regional benchmarks.

You can also look at these trends and expectations in customer service we gathered from our customer survey, and improve your customer experience.

6.1 Trends and expectations in B2C customer service

This is what customer support managers in B2C have to say

1. 67.74% say that **quick resolution** is the top expectation of customers from service teams in 2023.

2. 35.14% say that **easy access to support** and **quick resolution** are the most important in defining a great customer experience.

3. 58.89% of respondents rank **CSAT** or Customer Satisfaction as the top KPI they want to improve in 2023.

4. 35.96% monitor their KPIs and performance metrics **daily**.

5. 75.29% of respondents monitor KPIs to manage **agent performance**. 70.59% are also concerned about **customer satisfaction**.

6. 35.71% of customer support managers in B2B say that **work overload** is the most common reason for agent attrition. This is followed by **repetitive tasks** at 23.81%.

7. 31.40% of respondents say their biggest challenge is balancing agent workload and training.

6.2 Trends and expectations in B2B customer service

This is what B2B customer support managers have to say

1. 31.87% of survey respondents agree that **24/7 support** is the top expectation of customers from service teams in 2023.

2. 35.14% say that **easy access to support** is most important in defining a great customer experience.

3. 65.22% rank **CSAT** or Customer Satisfaction as the top KPI they want to improve in 2023. At 58.39%, Resolution Time takes second place for KPIs to improve in 2023.

4. 28.83% monitor their KPIs and performance metrics weekly or monthly, whereas 25.15% of respondents monitor them daily.

5. 65.63% of respondents monitor KPIs to manage **agent performance**.

6. 32.48% of customer support managers in B2B say that **work overload** is the most common reason for agent attrition.

7. 32.28% of respondents say their biggest challenge is **balancing agent workload and training**.

7. About Freshworks

Freshworks Inc. (NASDAQ: FRSH) makes business software people love to use. Purpose-built for customer support, IT, and sales, our products empower the people who power business. Freshworks is fast to onboard, priced affordably, built to delight, yet powerful enough to deliver critical business outcomes. Headquartered in San Mateo, California, Freshworks operates around the world to serve more than 60,000 customers including Travix, Pearson, Klarna, Fiverr, DeliveryHero, and Honda. For the freshest company news visit www.freshworks.com and follow us on Facebook, LinkedIn, and Twitter.

7.1 About Freshchat

Freshchat (a product of Freshworks Inc.) is a conversational engagement solution that helps businesses engage with customers across multiple channels such as web chat, email, phone, and social channels like WhatsApp, Instagram, and iMessage. Freshchat also offers native AI-powered chatbots that can be easily built with a no-code builder, which helps businesses provide personalized self-service at scale.

With Freshchat's journey builder and ready-made playbooks, businesses can stay ahead of their customer's needs and support them proactively whenever necessary. Freshchat also provides a comprehensive view of the customer's conversation history and other relevant information, making agents more productive and enabling them to provide personalized experiences.

Engage your customers with smarter conversations on any channel

TRY FRESHCHAT FOR FREE

CHAPTER EIGHT

Appendix

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8.1 Tips to benchmark and improve your KPIs

1 First Assign Time

- **Freshchat benchmark:** <1 minute

First Assign Time is the average time taken to assign a conversation to a support agent or a group of agents.

- **Tip:** You can instantly assign tickets by using automated routing and workflows.

2 First Response Time

- **Freshchat benchmark:** 3m

First Response Time indicates how long a customer has to wait before receiving the first response from a support agent or chatbot for their question or request.

- **Tip:** Auto-assign conversations based on factors like agent load level and availability. Chatbots can also help reduce response time.

3 Resolution Time

- **Freshchat benchmark**: 27m to 4h 48m based on the complexity of support requests

Resolution Time shows how long it typically takes a customer support team to resolve an issue completely. Resolution Time is also a good indicator of how strong the support team's product knowledge is, how well the support team is staffed, and whether the team is equipped with the right solutions to resolve conversations faster.

- **Tip**: Resolution Time will vary with the complexity of queries. Leverage self-service portals and canned responses to handle repetitive, low-effort queries that do not require a human touch. This way, support agents can focus on requests that need human intervention and problem-solving skills. You can also convert conversations to tickets if an issue requires deeper analysis.

4 First Contact Resolution

- **Freshchat benchmark**: 74%

We defined first contact resolution as a resolution arising within the first session (of 24 hours) between your customer and your agent. This approach is necessary as customers often do not define their problem explicitly in their first contact, but simply start the conversation with a greeting.

- **Tip**: First Contact Resolution is also a good indicator of how many simple queries your team receives. In conversational support, it can also indicate whether your customers prefer instant or asynchronous communication.

5 CSAT

- **Freshchat benchmark:** 4.5

The CSAT score is a numerical measure of customer satisfaction and is usually calculated based on a short survey that customers fill out after their conversation is resolved. It refers to the customer satisfaction score received after a conversation on a five point scale

- **Tip:** Create simple and accessible surveys that will encourage more customers to respond. This will ensure that your CSAT score accurately represents your customers' sentiments.

8.2 Benchmark your team

Use this worksheet to set targets for your team based on the benchmarks you've seen in this report.

#	Metrics (KPIs)	Freshchat benchmark 2023	Your current performance	Your aspirational benchmark for 2023
1	First Assign Time	<1m		
2	First Response Time	3m		
3	Resolution Time (L1)	27m		
4	Resolution Time	4h 48m		
5	First Contact Resolution	74%		
6	CSAT	4.5		

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