

Alida.

EMPATHY IN ACTION:

**The Business Value
of Customer Empathy**



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Empathy has an Image Problem.

Empathy: The ability to understand and share the feelings of another.

As the customer experience industry has evolved over the past decade, this simple word — which represents a multitude of complex human feelings — has become our north star. It's viewed as the critical input to creating experiences that are useful, effortless, and enjoyable for customers. As a discipline, we've collectively accepted that feelings of empathy and successful customer experience outcomes are inextricably linked.

More and more, these touchy-feely empathy narratives are finding their way into boardrooms and business meetings. And while this may initially sound like a positive move, some executives are tuning out and questioning what exactly the measurable business impact of all this empathy actually is.

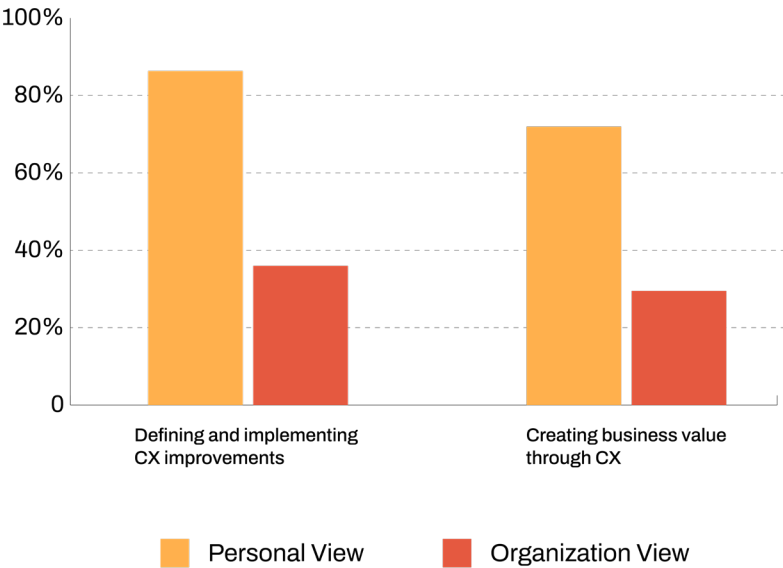
Our recent study — conducted together by Alida, Bodine & Co., and the Customer Experience Professionals Association — confirms this state of the world. We recently surveyed nearly 200 customer experience consultants (those who do customer experience work for clients) and in-house practitioners (those who do customer experience work for their own organizations) to understand their views on the value of empathy in their work.

Eighty-six percent of the in-house respondents said they personally believe that empathy is *necessary* for defining and implementing customer experience improvements — and a whopping 91% said it was necessary or helpful.


When we asked those same respondents how they believe their views on empathy compare to those of their employers, only 36% said that the organizations they work for agree that empathy is a necessity for customer experience improvements.

Even more illuminating:
When it comes to the notion of *creating business value through empathy*, just **72% of in-house respondents** said they personally believe that customer empathy is necessary to create business value — and only **30% said that their organizations do.**

Percent who agree that customer empathy is necessary for...



Base: 139 in-house customer experience practitioners surveyed in Fall 2021
Source: Alida, Bodine & Co., & The CXPA



“ Since my company is a profit-driven company, it’s very difficult for employees to keep a focus on customer empathy — even if they want to. Our profit weekly indicators push us to put profit first. ”

“ The company pays lip service to customer empathy — and if the right people are in the room, it bears more weight then when they aren’t. But it remains a ‘nice to have’ vs. a ‘must have.’ ”

These data point to a significant disconnect between how practitioners view the role of empathy in *their* day-to-day work and the role of empathy as a broader tool in their *organizations* to drive action and deliver business outcomes.

Is it possible to reconcile these differing perspectives?

This research explores the important — yet misunderstood and undervalued — topic of empathy, digs into the challenges we face as an industry, and points towards a more balanced path of **empathy in action** to guide our future work.

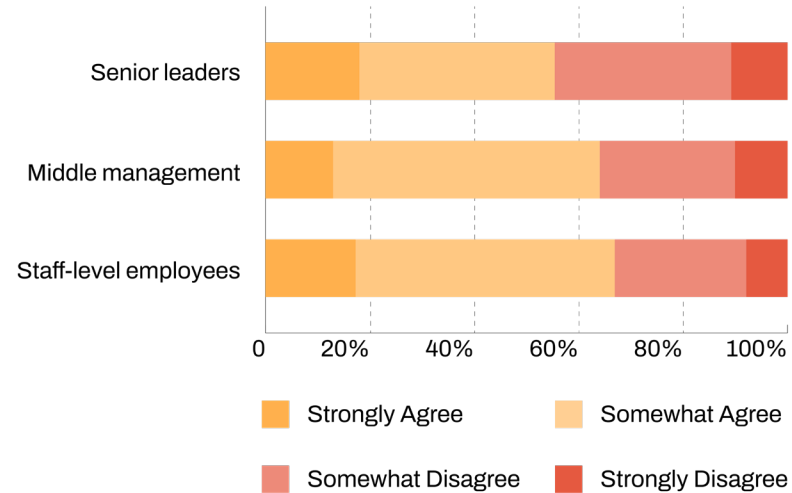
Challenge #1: Developing Empathy Across the Organization

As a starting point, we wanted to know how in-house practitioners perceived their organizations' effectiveness at helping employees develop empathy.

Just over half of respondents regarded their organizations as effective at **helping senior leaders develop customer empathy.**

The reported efficacy was only slightly better when it came to middle management and staff-level employees.

"My organization is effective at helping [group] develop customer empathy."



Base: 139 in-house customer experience practitioners surveyed in Fall 2021
Source: Alida, Bodine & Co., & The CXPA

What are **the top three impediments** these organizations face?

1

Making this a companywide priority:

The data revealed an unexpected sentiment that demonstrating empathy for customers is viewed by some organizations as *counterintuitive* to achieving business targets — whether those targets are related to product, service, or sales. One respondent said, “[Our] organization does not understand the impact of customer empathy. The energy and the focus are really on hitting sales goals only, with little or no mention of how customer empathy can actually help with sales goals.”

2

Making customer insights actionable for employees:

Nearly one in five respondents reported struggling to help employees know how to act on customer insights. One practitioner noted this lack of action as being “across departments [and due to] competing priorities driven by unique goals and [disparate] performance metrics.”

3

Creating a deep understanding of customers:

Our survey respondents are looking for deep insights that create an understanding of broad customer trends. One respondent said, “We have to stand in the customers’ point of view and think, ‘Why did they originally agree to do business with us?’” In addition, many respondents cited a lack of holistic data about *individual* customers — whether caused by multiple customer relationship management (CRM) platforms or customer data that’s segmented by department — as a significant impediment to developing empathy.

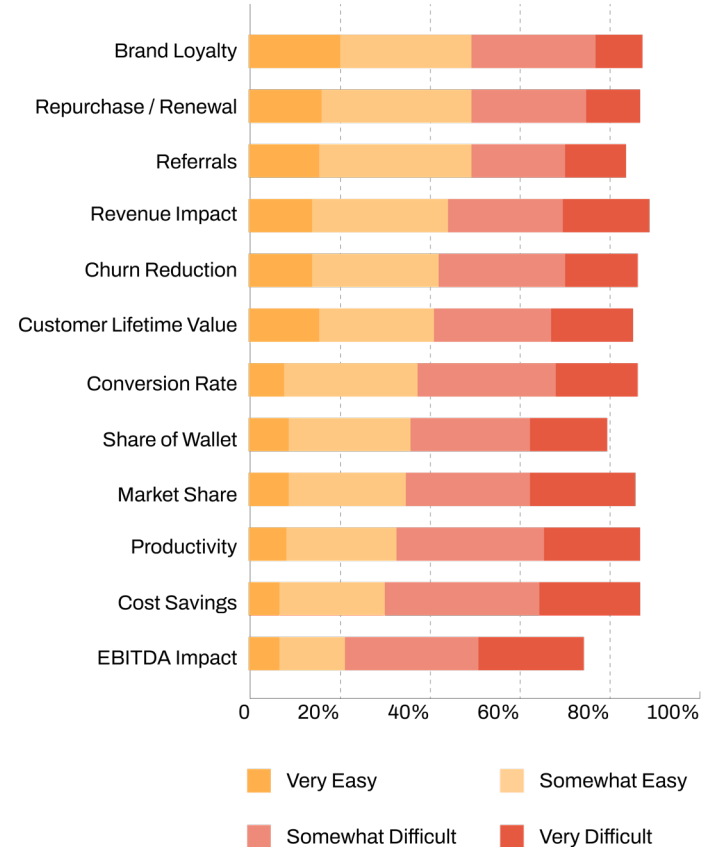
These top three reported barriers indicate — either explicitly or implicitly — that a lack of understanding of how to apply empathy in practical ways can actually impede the building of empathy in the first place.

Challenge #2: Measuring Empathy's Value

Over a third of the in-house practitioners in our study said that their **organizations don't understand the business value of customer empathy** — and 65% said that their **organizations don't measure it**.

When we asked all respondents to rate the ease or difficulty in connecting customer empathy to a series of business outcomes, we found that two of the top three outcomes rated as “easy” to connect to customer loyalty — brand loyalty and referrals — are generally considered *subjective* and *qualitative*. Further, brand loyalty — the only metric with fully one in five respondents saying it was “very easy” to connect with empathy — is arguably *the* most subjective on the list.

Ease or difficulty in connecting customer empathy to:



Base: 192 in-house customer experience practitioners and consultants surveyed in Fall 2021
Source: Alida, Bodine & Co., & The CXPA

What are **the top factors** that make it so challenging for organizations to measure empathy's business value?

1

Calculating the business value of customer empathy.

Respondents' answers reinforced the complexity that surrounds the concept of empathy: It's easier for employees to connect their *own feelings* about customers with *customers' reciprocal feelings* about their brands (e.g., brand loyalty) than with more quantifiable customer-facing or operational metrics.

2

Tracking the business value of customer empathy over time.

Consultants and in-house practitioners find it difficult to calculate the business value of customer empathy on a one-off basis — so it's not surprising that they also struggle to examine quantifiable business outcomes over longer periods of time.

3

Making this a companywide priority.

Our in-house respondents reported conflicting views across departments as to who owns empathy programs, as well as friction around how correlating resources will be funded. We also found a recurring theme regarding the nascent nature of customer experience programs at some organizations: "We are just learning words like 'customer experience,' so 'customer empathy' is maybe a year away."

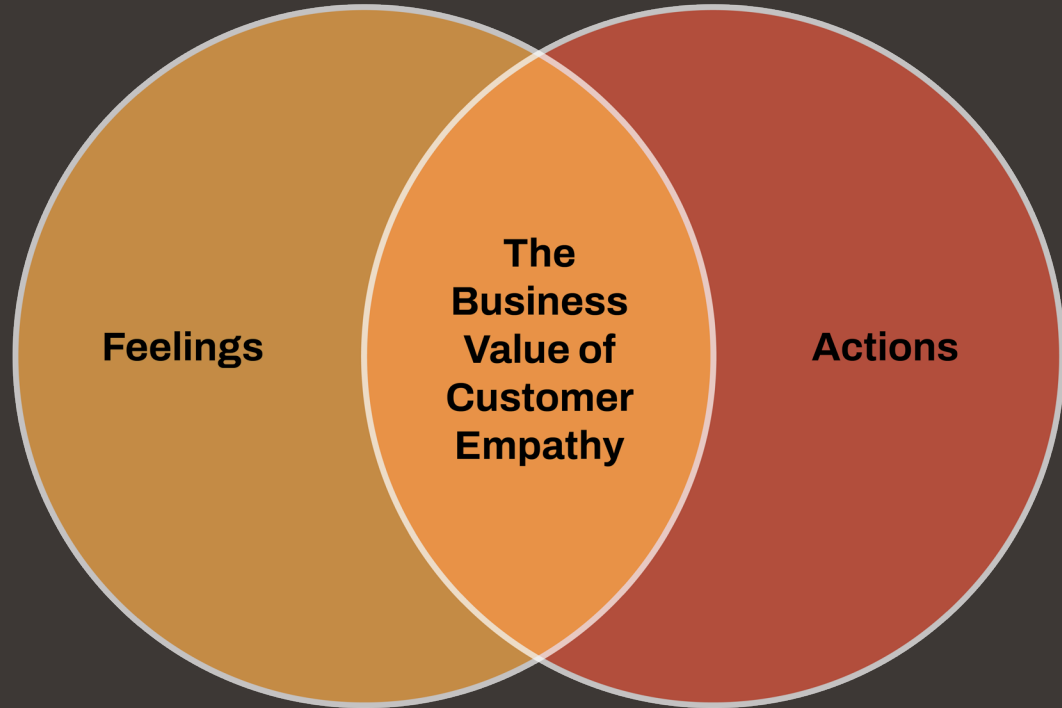
These responses demonstrate the difficulty in connecting customer empathy to a series of business outcomes — both subjective and objective, qualitative and quantitative. In short, it's challenging to turn feelings into numbers.

The Solution: An Action-Focused Approach To Customer Empathy

While we in the customer experience field have seen and believe in the benefits of empathy, this research shows the challenges and limitations of taking an emotion-based approach to customer experience programs.

The good news: There is a path forward that leverages the power of empathy with organizations' ultimate objective of producing tangible results.

For customer empathy to take hold as a boardroom-accepted driver of business outcomes, customer experience practitioners must balance the *feelings* that we're trying to evoke through customer insights with the actions colleagues can take for both improving the customer experience and driving the business forward. This requires some subtle but powerful modifications — what we call “**empathy-in-action pivots**” — to the way we conduct customer research, bring insights to our organizations, and share the results of our research initiatives.



Conducting customer research

The in-house practitioners and consultants in our study leverage three primary research tactics to uncover insights in service of developing customer empathy.

Conducting 1:1 customer interviews:

Zero-party research tactics like interviews provide researchers with an opportunity for in-depth analysis into each customer's personal story — and enable customers to intentionally and proactively share the information that they deem most important about themselves and their experiences.

Listening to customer calls:

Many customer calls are about the issues that are keeping them from accomplishing their goals — or making it harder for them to do so. Customer calls also provide a view into how frontline staff interact with and support customers.

Conducting observational research:

When researchers observe customers in their natural habitats — whether that be virtually or physically in their homes, their offices, airports, or shopping malls — they see what customers actually do. And what customers *actually do* is often different than what they *say* they do.



The empathy-in-action pivot:

Ask business stakeholders about the outcomes they feel are most tied to the interview topic, then add interview questions that explicitly address the drivers of these outcomes. For a business-to-business software company looking to expand within existing accounts, this could be: “How and when do you share your success stories with your colleagues?” For a business-to-consumer bank looking to decrease acquisition cost: “What information were you looking for online to help you make your decision?”



The empathy-in-action pivot:

Categorize calls by the reason each customer is calling in — and also by the business outcome those issues ultimately impact. For example, while two customers may call in because they're unable to accomplish a task on the website, one customer may be trying to update their profile and the other is trying to make a purchase. The first call is driving up cost to serve, while the second provides an opportunity for a cross sell or upsell.



The empathy-in-action pivot:

Before embarking on observational research, create a list of the behaviors that you expect to see, their corresponding business outcomes, and any possible barriers to those behaviors. For example, “We expect to see people trying on clothes, which is a driver of sales. Possible barriers include a long line for dressing rooms and out-of-stock sizes.” Use this exercise to prime your brain for watching with a keen eye for behaviors and environmental factors that lead to or block business value.

Bringing insights to your organization

Of course, the resulting customer insights aren’t going to develop customer empathy or have any impact on business outcomes if they become siloed within the organization. When sharing research insights with the express purpose of building customer empathy across the organization, our survey respondents lean on three chief communication tactics.

Telling individual customer stories.

Empathy is rooted in understanding, sharing, and connecting to others. And for millenia, we’ve relied on storytelling to do just that. Real-life stories, particularly about a named person or group of people, bring customer experience issues to light in a way that gives us someone (the customer!) to connect with and root for.

Sharing video clips.

Video clips fulfill the same purpose of customer stories — with the added connection of hearing and seeing the stories directly from customers themselves.

Creating journey maps.

Journey maps depict what customers do, think, and feel as they attempt to accomplish a goal or a task. By visualizing this information on a timeline, they become illustrations of customers’ collective stories.



The empathy-in-action pivot:

Our respondents agree that storytelling is a powerful tool for building customer empathy — especially when shared in service of a *specific business strategy*, rather than as a simplistic emotional narrative. So, while many customer stories are interesting, funny, or provocative on various levels, select only those anecdotes that directly address issues that are impeding progress towards your organizations’ top business priorities.



The empathy-in-action pivot:

When you present your results, share the results of your video surveys with a short “sizzle reel” to bring feedback to life. Add short text intros to your videos that explicitly call out the business problem the subsequent customer clips address — and outros with a compelling question or two that encourages employees to think about how they might empathetically approach a solution.



The empathy-in-action pivot:

Respondents noted that when they create journey maps in cross-functional, interactive sessions, they transform disparate data points into a shared understanding, which results in improved levels of empathy for customers. Conducted in this way, the journey mapping exercise provides “baby steps in the customer empathy journey” — raising participants’ awareness of what impacts customer trust, dissatisfaction, and loyalty.

Sharing the results of your research

When it comes time to publicize the tangible outcomes of customer research efforts, customer experience practitioners naturally focus on sharing *internally* within their organizations. The most successful practitioners also focus some of their attention and action *externally*.

Reporting out on experience improvements.

Customer experience practitioners can show the value of research investments by communicating to their organizations what they learned, what was done about it, and what the corresponding business results were.



The empathy-in-action pivot:

Before you pack up your bag of insights, show customers that their concerns matter by circling back with them. Closing the loop can take many forms: A post on social media announcing a change and thanking the customers who provided input, a list of customer feedback-led experience improvements on your website, or — in special circumstances — direct outreach to individual customers. This essential activity helps customers feel heard and increases the likelihood that they'll share feedback in the future.

Conclusion

Empathy.

This deceptively simple word — and the human connection it represents — has woven itself into boardrooms and business meetings, team calls and customer interviews. And while empathy can help us all better understand one another, our research has demonstrated the challenges and limitations of taking an emotion-based approach to customer experience programs.

For customer empathy to take hold as a boardroom-accepted driver of business outcomes, companies must balance the *feelings* evoked through customer insights with the *actions* colleagues can take for both improving the customer experience and driving business results.

Empathy is, in fact, a critical ingredient in the development of successful and profitable customer experiences when balanced with a bias to action.

About Bodine & Co.

Kerry Bodine is the co-author of *Outside In* and a globally recognized customer experience expert. She founded [Bodine & Co.](#) in 2014 on the belief that unified and profitable customer experiences must be built from within — and that requires new ways of working and thinking. Bodine & Co.'s products and service offerings help organizations make this critical shift by focusing on the area where customer needs and business outcomes overlap, an intersection we call “The Customer Experience Sweet Spot.”

About CXPA

Founded in 2011, the [Customer Experience Professionals Association](#) is the premier global non-profit organization dedicated to the advancement and cultivation of the Customer Experience profession.

About Alida

We believe in a world where customers are respected as the ultimate source of truth. We help companies make decisions with their customers, not for them. Hundreds of organizations worldwide rely on Alida to help build empathy for their customers, so they can anticipate changing needs and respond with agility.

Methodology

In the fall of 2021, we conducted a survey of 192 professionals about their views on customer empathy and empathy's impact on their organization. A breakdown of respondent demographics follows.

Title and Focus:

86% of respondents had “customer experience” or a similar term in their job titles. 14% did not. We only included those without “customer experience” or a similar term in their title if they reported regularly or exclusively doing customer experience work.

Organization type:

24% of respondents worked for a business-to-business (B2B) organization, 13% worked for a business-to-consumer (B2C) organization, and 31% worked for an organization that is both B2B and B2C. 18% worked for a customer experience agency or consultancy, and 10% were independent consultants.

Organization size:

51% of respondents worked for organizations with 1000 or fewer employees, and 49% worked for organizations with more than 1000 employees.

Throughout this report, decimals have been rounded to the nearest whole number. Respondent verbatims have been edited only for grammar, conciseness, or clarity.

Alida Total Experience Management (TXM)

Alida TXM brings together omnichannel listening, rapid analysis, and automated actions in a simple, scalable platform. It delivers 10X insights, 10X faster, for 10X return on investment.



Listen

Insight Communities

Engage in ongoing, two-way conversations with customers.

Surveys

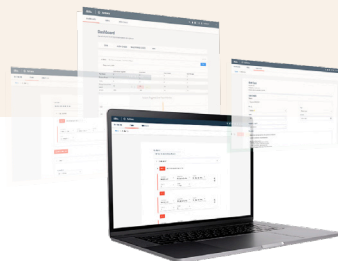
Get industry-leading response rates with easy to set up quantitative and qualitative surveys.

Digital Intercept Surveys

Gather in-the-moment customer feedback directly within your website, app, or digital product.

Video Surveys

Understand customers better by hearing their voices and seeing expressions.



Analyze

AI & Advanced Analytics

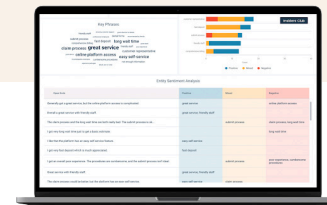
Spot patterns, prioritize issues, and predict changes with actionable reports and dashboards.

Sentiment Analysis

Understand customer emotions by turning voice and text into measurable information.

Integrations

Combine data from multiple sources to create a rich, holistic picture of each customer.



Act

Automated Actions

Close the loop by triggering follow-up surveys and communications with zero-touch automation.

Case Management

Address customer concerns with automated actions. Enable employees to act within their workflow to help customers faster.

Co-Creation Communities

Bring people together to validate, test, and innovate collaboratively.

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