IDC

Delivering Empathy at Scale in a Digital World

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What is Empathy?

Understanding another person's experience by imagining oneself in that other person's situation.

1. Cognitive Empathy

Knowing how the customer feels and what they might be thinking. Sometimes called perspective-taking.

1. Cognitive Empathy

2. Emotional Empathy

When you feel physically along with the other person, as though their emotions were contagious.

What is Empathy?

1. Cognitive Empathy

2. Emotional Empathy

With this kind of empathy we not only understand a person's predicament and feel with them, but are spontaneously moved to help, if needed.

3. Compassionate Empathy

Market as a whole is moving into an Age of Empathetic Experiences

84% of customers believe that experience is as important as product or service

92% of customers report that customer experience (CX) has a great influence on their future purchase decisions

Over **80%** of enterprises globally report that CX programs will be a priority investment over the next two years

Customers Have Made Empathetic Experiences Crucial

Loyal customer are **5X** more likely to purchase again

Customers tell **9** people about a positive experience, and **16** about a negative experience
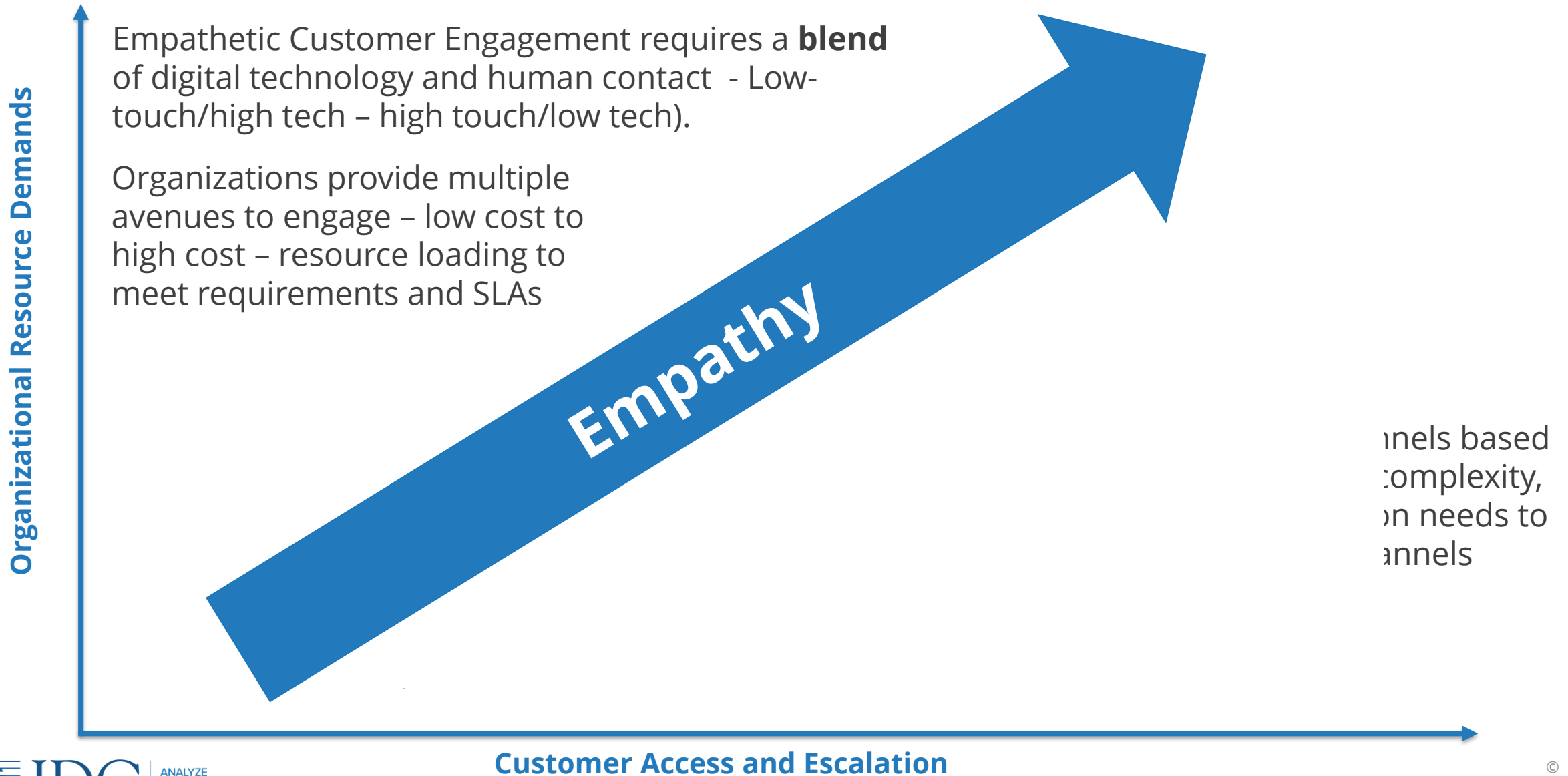
Technology's Role In Experience

By 2023, **65%** of consumers will be using voice, images and AR for interacting with brands with their mobile device, extending physical and digital experiences.

By 2025, **60%** of leading consumer brands and retailers will enhance customer engagements using emotion detection and management to influence purchasing.
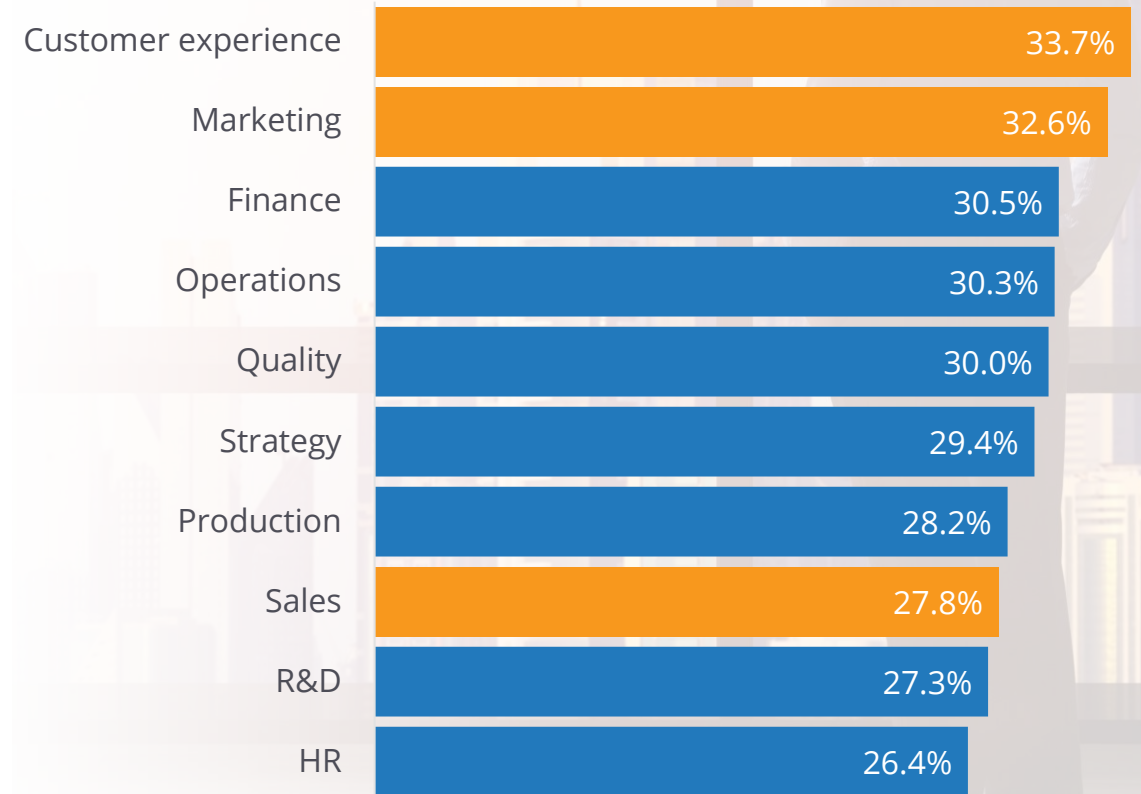
Empathetic Customer Engagement

Empathetic Customer Engagement requires a **blend** of digital technology and human contact - Low-touch/high tech – high touch/low tech).

Organizations provide multiple avenues to engage – low cost to high cost – resource loading to meet requirements and SLAs

Empathy

nnels based
complexity,
n needs to
annels

Organizational Resource Demands

Customer Access and Escalation

Companies are Competing on Experience

2021
$1.7 Trillion Technology to Digitally Transform the Enterprise

Top Business Functions Being Transformed

Business Function	Percentage
Customer experience	33.7%
Marketing	32.6%
Finance	30.5%
Operations	30.3%
Quality	30.0%
Strategy	29.4%
Production	28.2%
Sales	27.8%
R&D	27.3%
HR	26.4%

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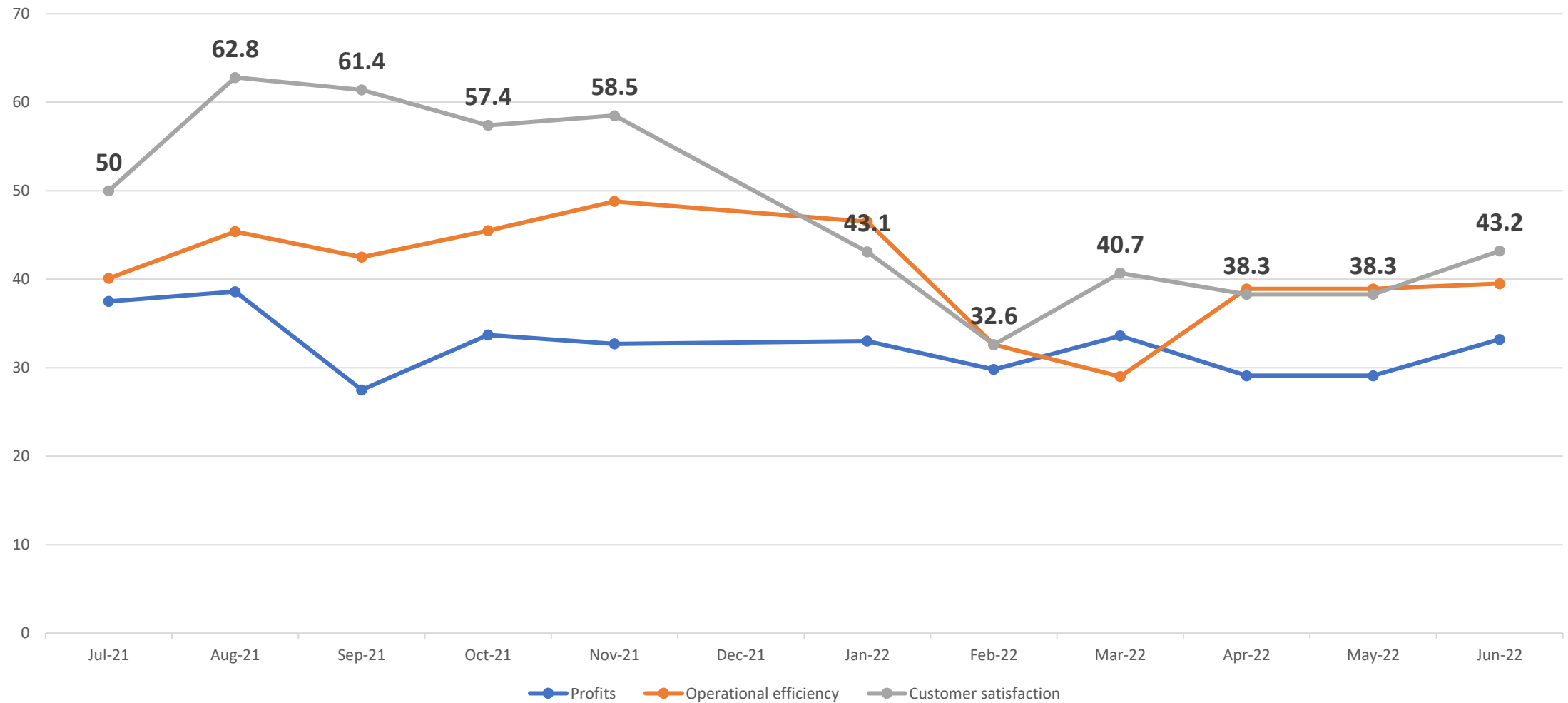How do organizations view an empathetic customer experience?

Sam Walton on Customer Experience

"There is only one boss. **The customer**. And he can fire everybody in the company from the chairman on down, simply by spending his money somewhere else."

Sam Walton

Customer Satisfaction Critical to C-Level Executives

Success in meeting CX goals remains challenging for most organizations

General average across
all enterprises

For organizations with a high-level CX strategy and
where efforts are managed at the corporate level


39.4%
Extremely Successful

40.1%
Extremely Successful

The fact that even within relatively mature organizations who manage CX strategically at the corporate level see similar levels of success as the general average, highlights that realizing value from whole journey experience transformations remains a challenge.

Distribution of CX Leaders vs. CX Followers

Most organizations are in the process of levelling up CX capabilities

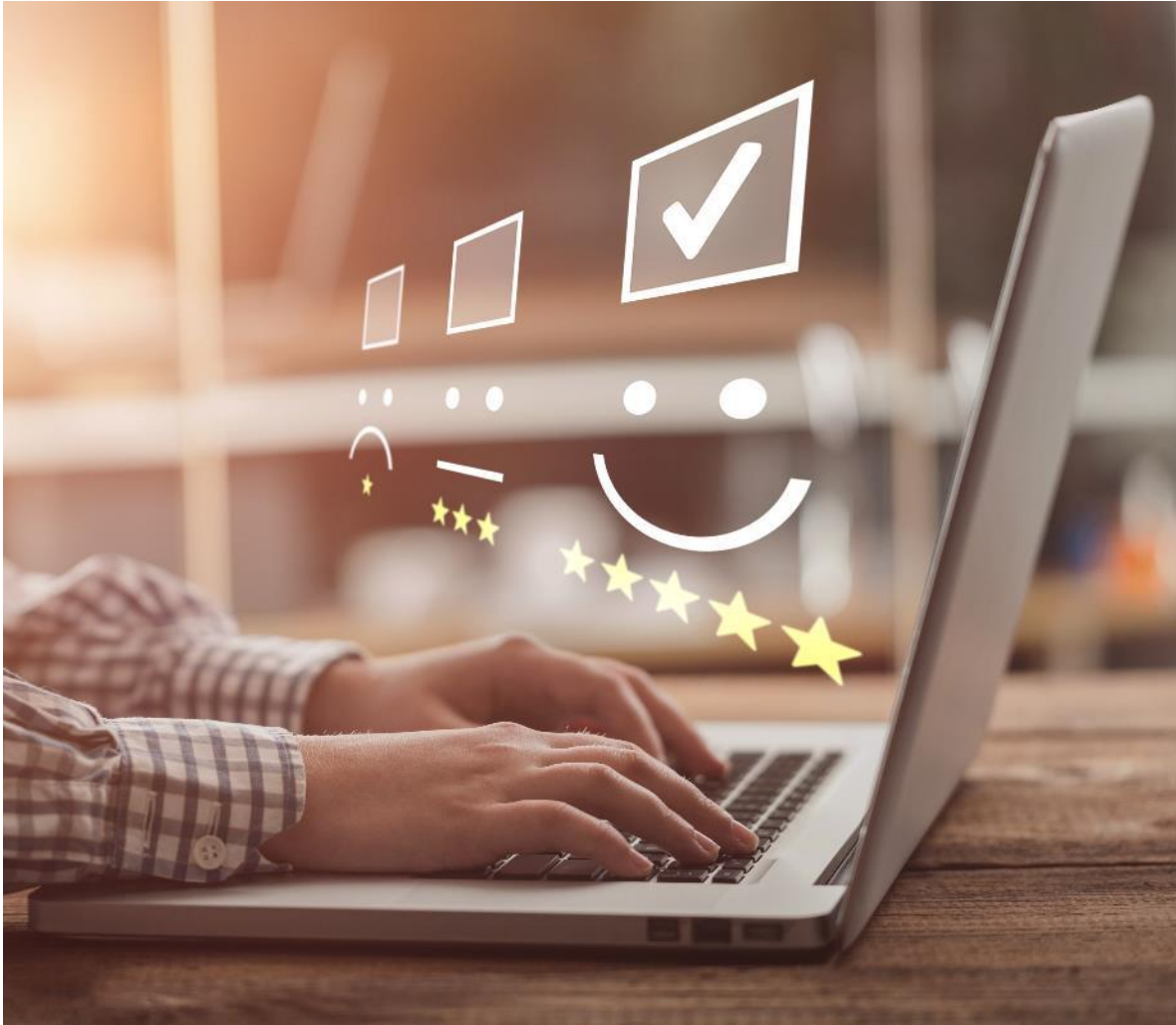Source: Future of Customers and Consumers Survey, IDC, September 2021, n = 510
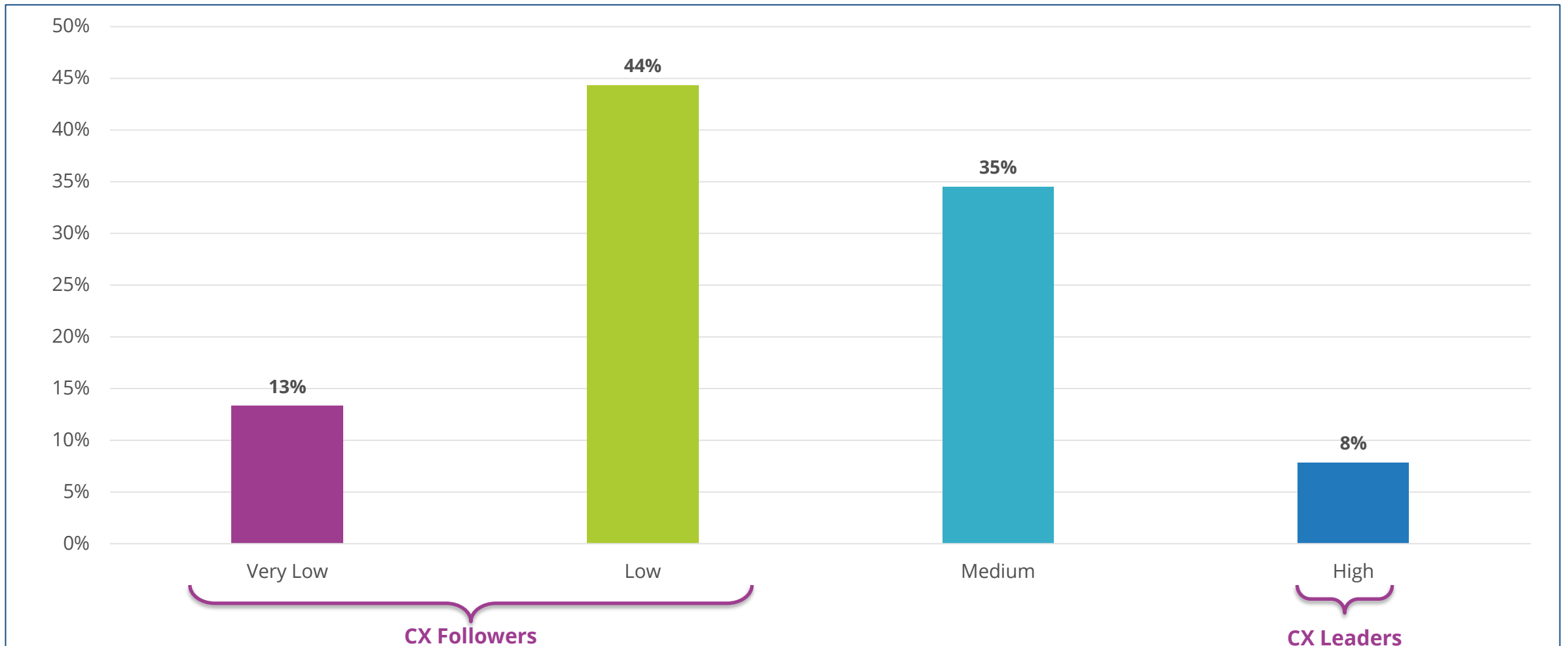
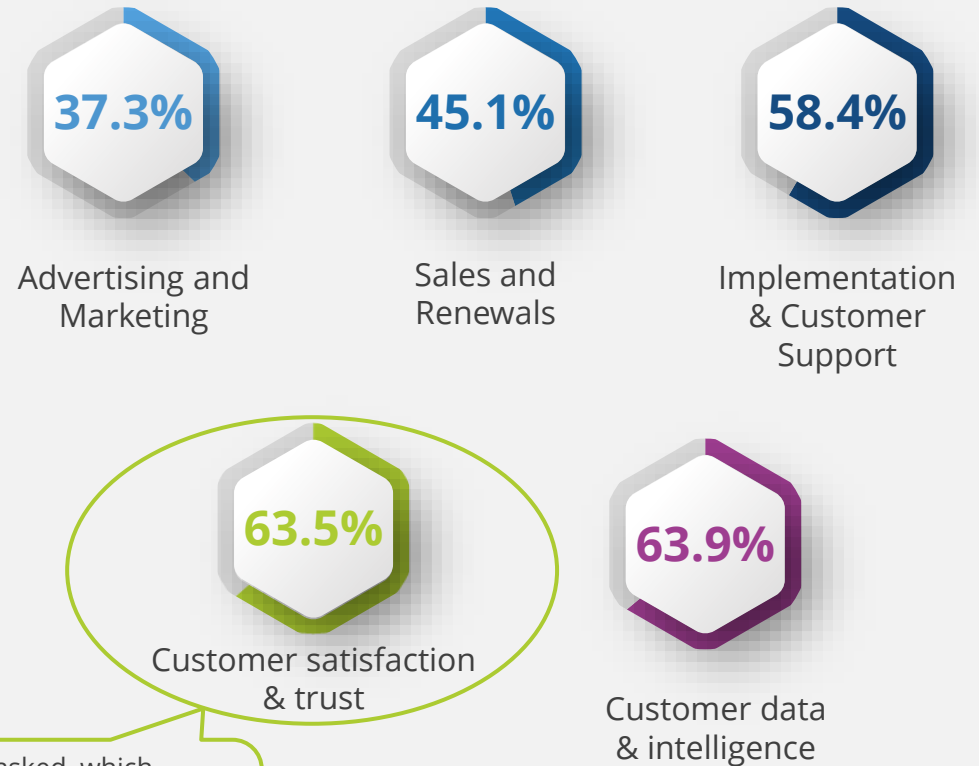# CX Leaders make customer experience a cross-enterprise, shared, C-level executive responsibility

Who is primarily responsible for enterprise-wide customer experience transformation efforts in your company?

Source: Future of Customers and Consumers Survey, IDC, September 2021, n = 510
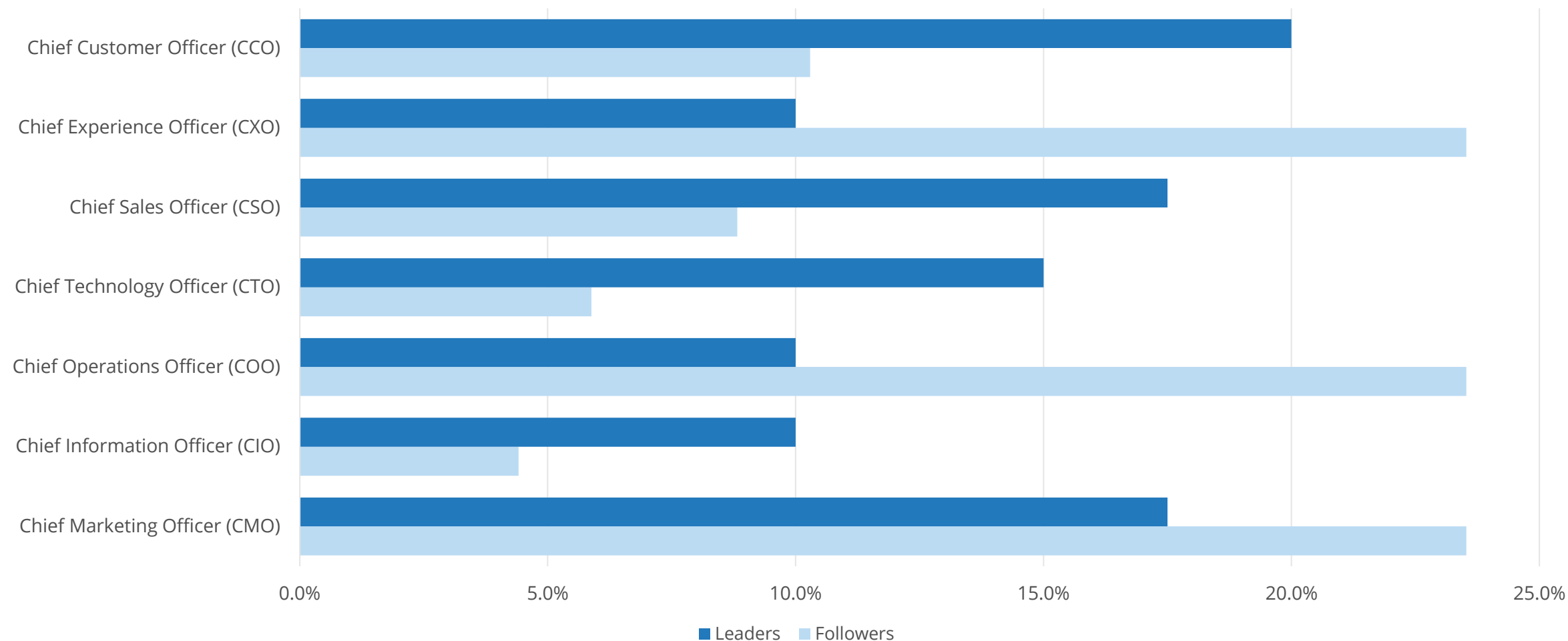
Broadly, types of CX initiatives align with business goals, with most companies focused on CSAT and improving customer intelligence capabilities

Q. What types of customer experience improvement initiatives is your company working on?

37.3% Advertising and Marketing

45.1% Sales and Renewals

58.4% Implementation & Customer Support

63.5% Customer satisfaction & trust

63.9% Customer data & intelligence

When asked, which initiative is a priority, over a third of enterprises, (34%), picked CSAT related initiatives

% of Respondents

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While the top reasons for CX initiatives are oriented toward benefitting the customer through better experiences and improving customer satisfaction...

Enterprises' primary goals for undertaking CX initiatives

| Goal	
Improve customer satisfaction (CSAT)	~39%
Improve customer acqusition	~38%
Deliver better customer experience	~33%
Increase employee productivity	~31%
Better retain customers	~30%
Strengthen security, regulatory/compliance adherence	~30%
Accelerate business model innovation (products/services)	~29%
Drive business growth and performance	~28%
Respond to disruptive threats from digital competitors	~21%
Reduce operational/product costs	~19%

Goals oriented towards customer benefits (Improve customer satisfaction, Improve customer acquisition, Deliver better customer experience)

...Organizations also see CX as a vehicle to improve internal operational efficiency

Enterprises' primary goals for undertaking CX initiatives

Goals oriented towards internal operational benefits of the enterprise
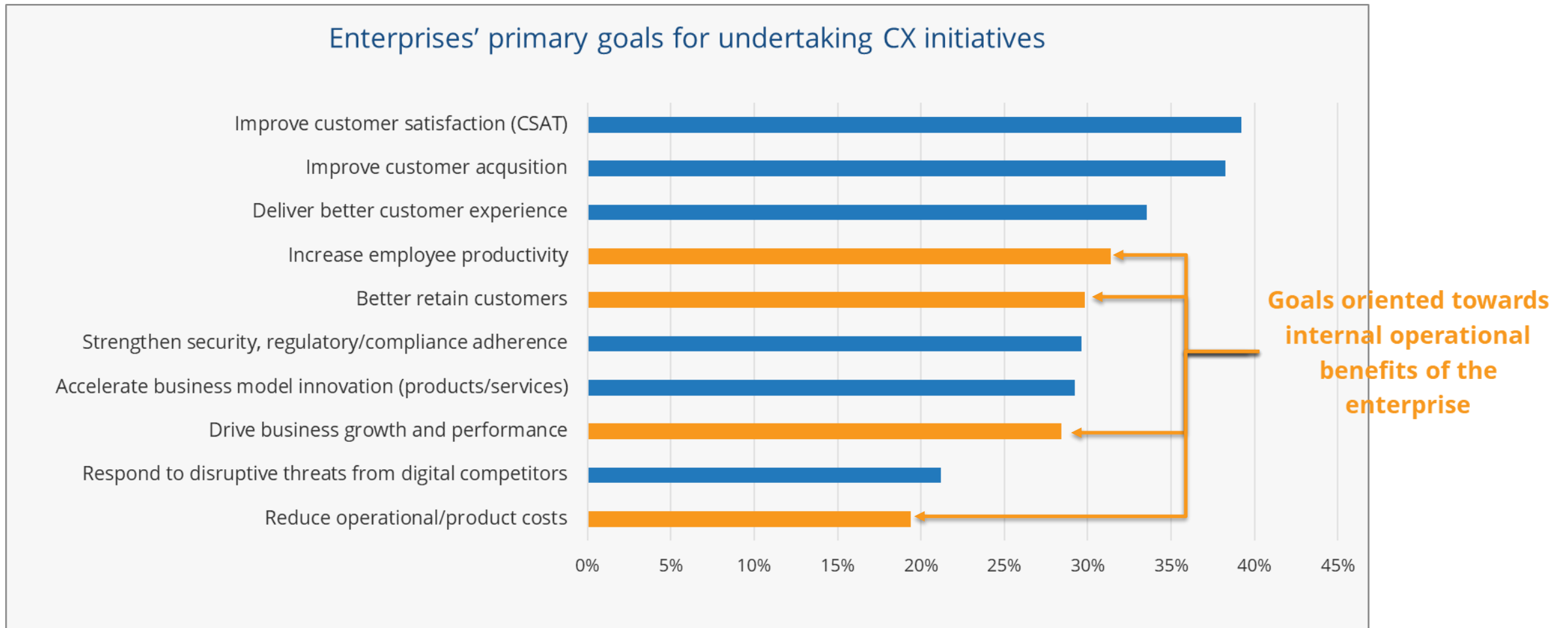
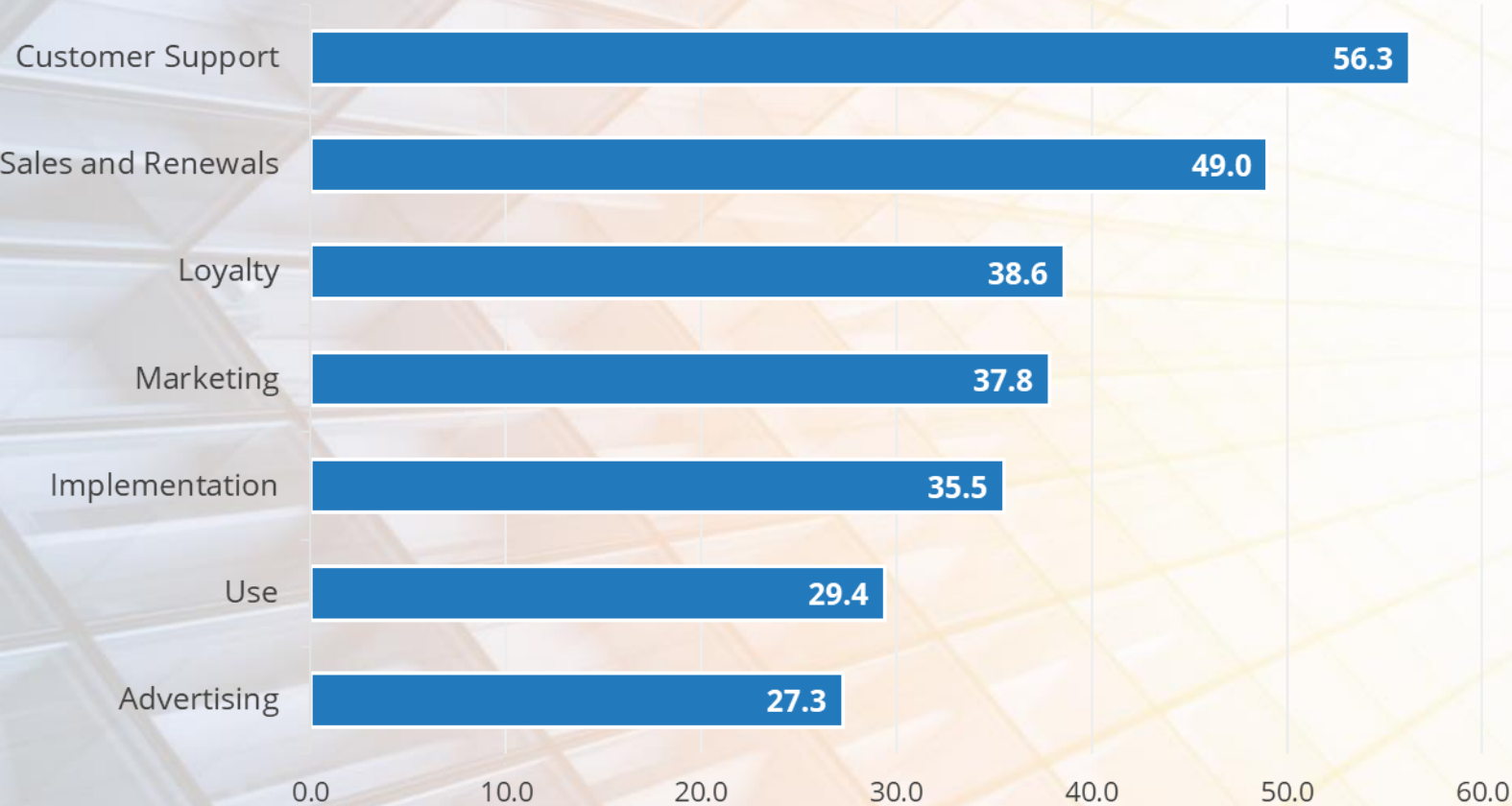# Customer data is the key to Empathy at Scale

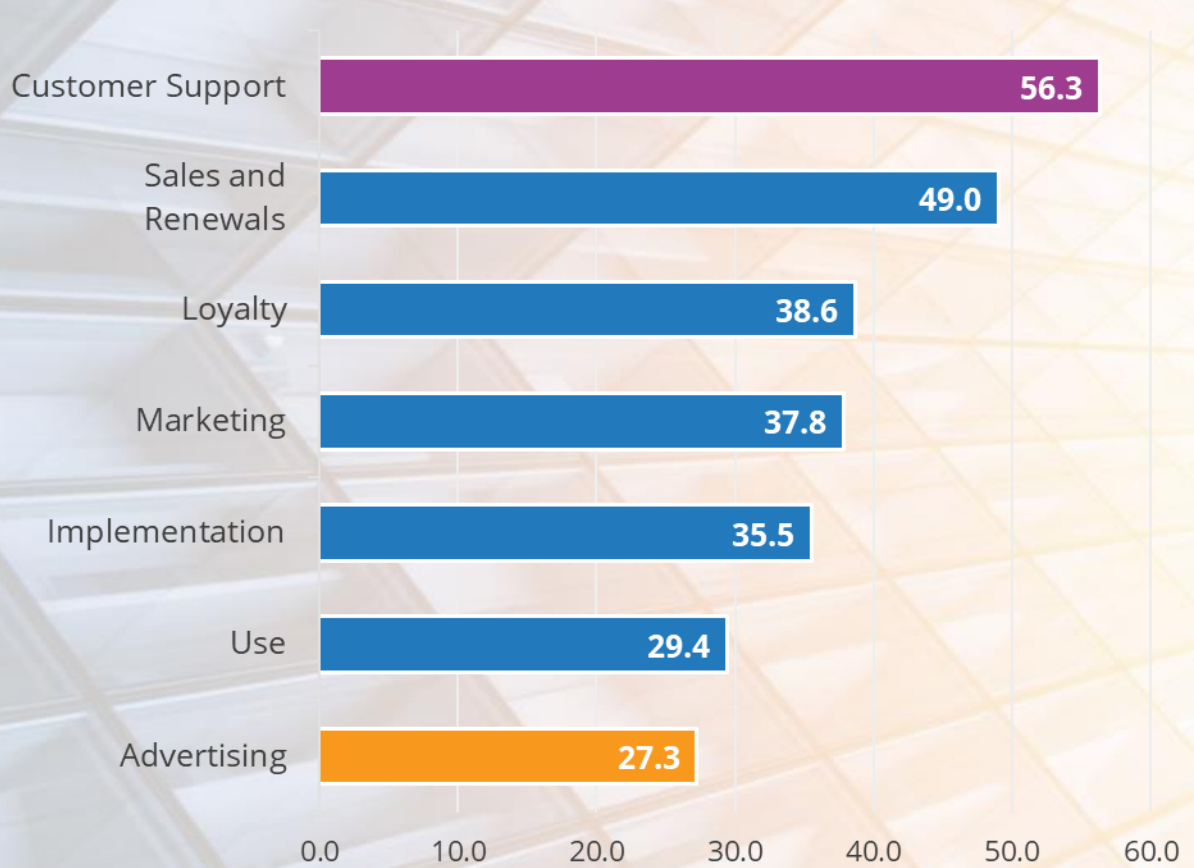# Gathering experience data is being prioritized across more complex customer journeys

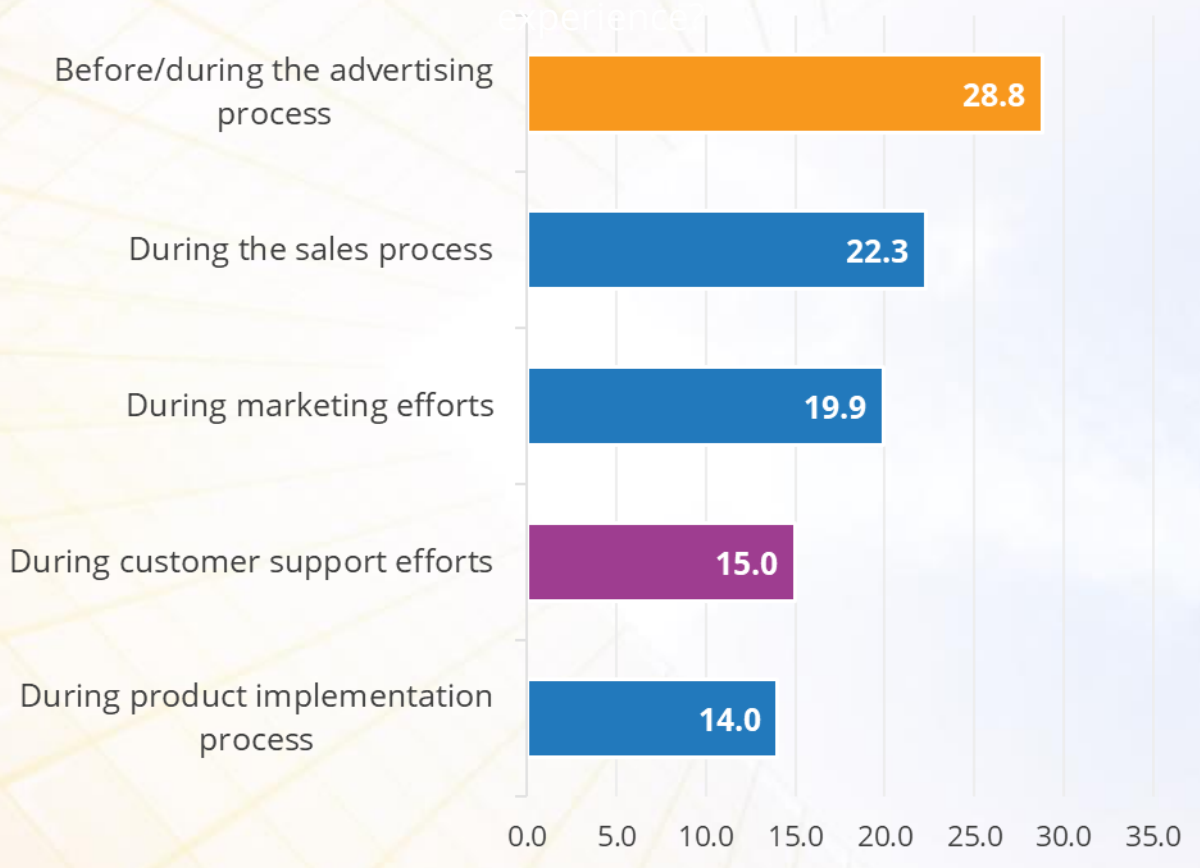| Category	Value
Customer Support	56.3
Sales and Renewals	49.0
Loyalty	38.6
Marketing	37.8
Implementation	35.5
Use	29.4
Advertising	27.3

The good news is that most organizations are prioritizing data collection during journeys with key moments that are crucial in impacting customer sentiment – i.e., customer service, sales/ renewals, and loyalty

Source: Future of Customers and Consumers Survey, IDC, September 2021, n = 510

Enterprises, however, miss the mark in extracting value out of data gathered; a missed opportunity to tap deeper into the rich insights available from the various customer support journeys

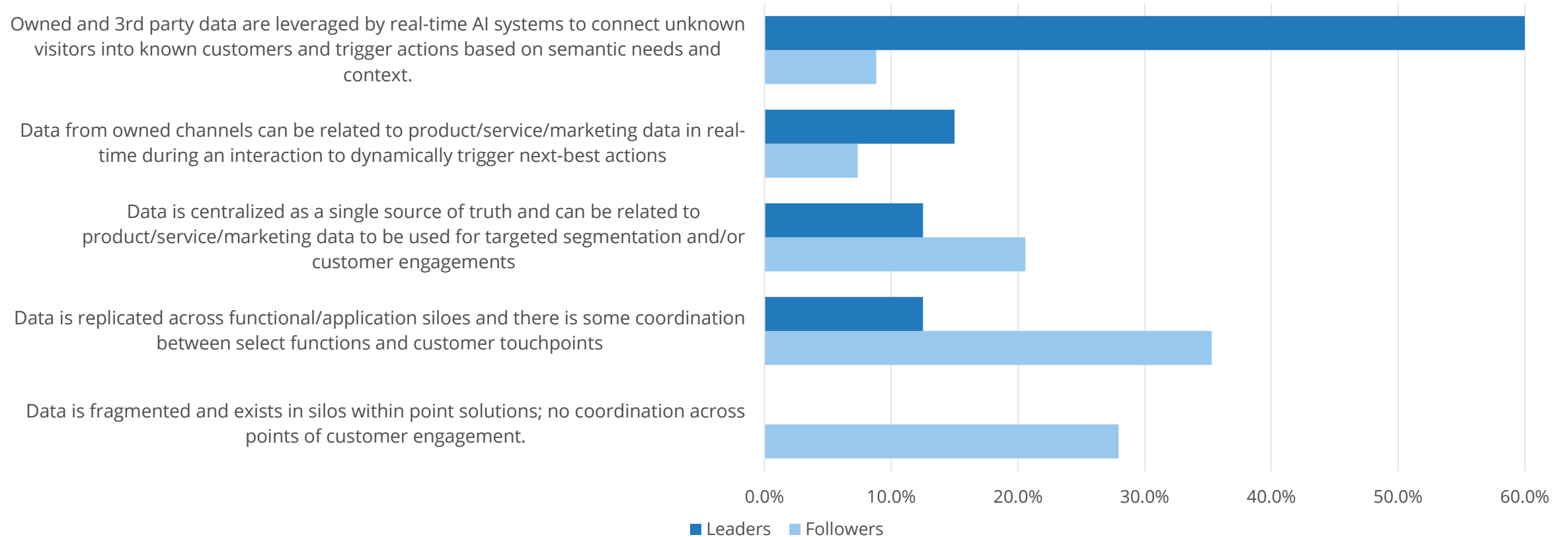**Q. During which part of the customer journey do you collect data on the customer experience?**

Category	Value
Customer Support	56.3
Sales and Renewals	49.0
Loyalty	38.6
Marketing	37.8
Implementation	35.5
Use	29.4
Advertising	27.3

Q. Data collected during which part of the customer journey has the most value to you in understanding the overall customer experience?

Category	Value
Before/during the advertising process	28.8
During the sales process	22.3
During marketing efforts	19.9
During customer support efforts	15.0
During product implementation process	14.0

CX Followers are more prone to have fragmented data across customer touchpoints and replicated data silos across business functions and applications
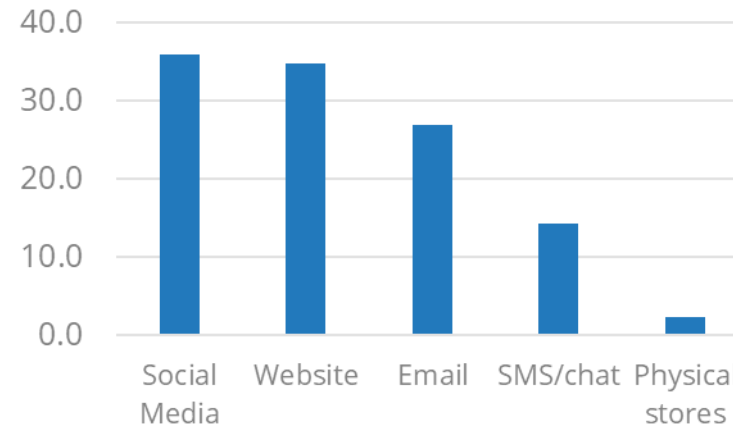
Which of the following best describes how your company uses customer data to drive customer engagement and journeys?

Chart categories (vertical axis):
- Owned and 3rd party data are leveraged by real-time AI systems to connect unknown visitors into known customers and trigger actions based on semantic needs and context.
- Data from owned channels can be related to product/service/marketing data in real-time during an interaction to dynamically trigger next-best actions
- Data is centralized as a single source of truth and can be related to product/service/marketing data to be used for targeted segmentation and/or customer engagements
- Data is replicated across functional/application siloes and there is some coordination between select functions and customer touchpoints
- Data is fragmented and exists in silos within point solutions; no coordination across points of customer engagement.

Horizontal axis: 0.0%, 10.0%, 20.0%, 30.0%, 40.0%, 50.0%, 60.0%
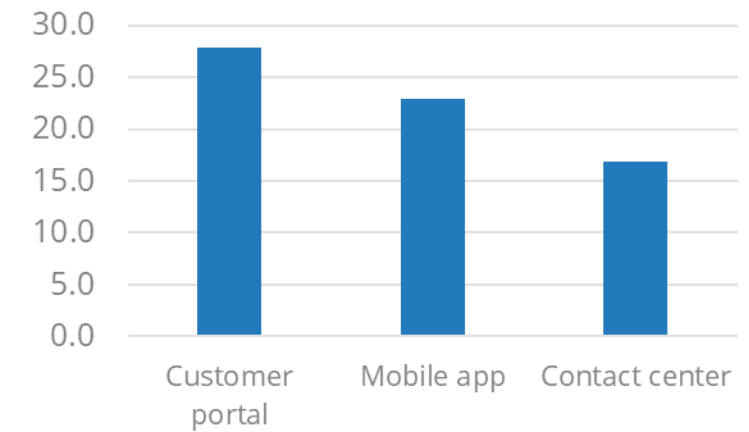
Legend: ■ Leaders ■ Followers

The future of experience is digital-first and fueled by customer data and analytics

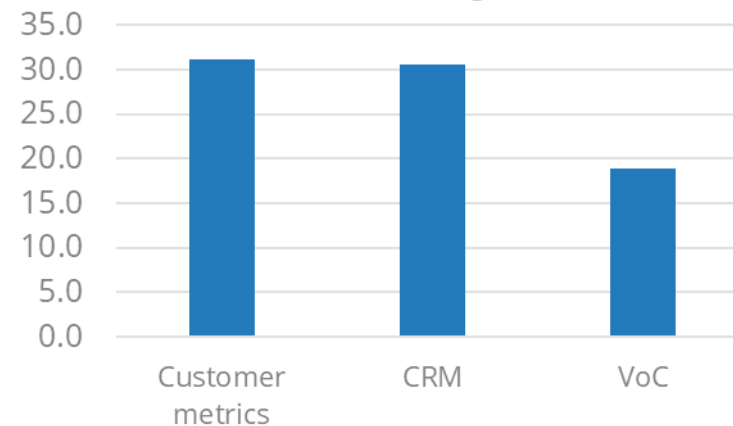Q. Which of the following areas are priorities for your company's customer experience initiatives?

Customer Engagement

Bar chart values (approximate):
- Social Media: ~36.0
- Website: ~35.0
- Email: ~27.0
- SMS/chat: ~14.0
- Physical stores: ~2.0

Customer care, support, & service

Bar chart values (approximate):
- Customer portal: ~28.0
- Mobile app: ~23.0
- Contact center: ~17.0

Customer Insights

Bar chart values (approximate):
- Customer metrics: ~31.0
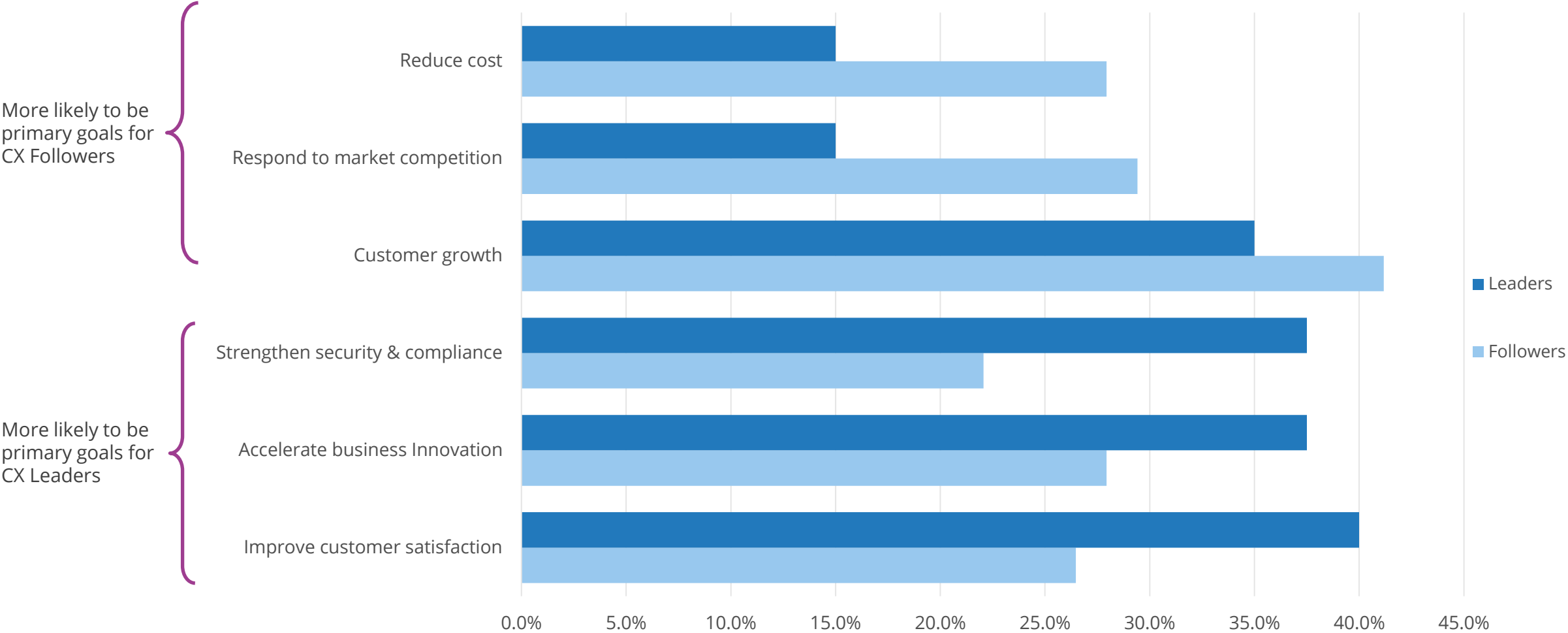- CRM: ~30.5
- VoC: ~19.0

34.9%

Data Analytics

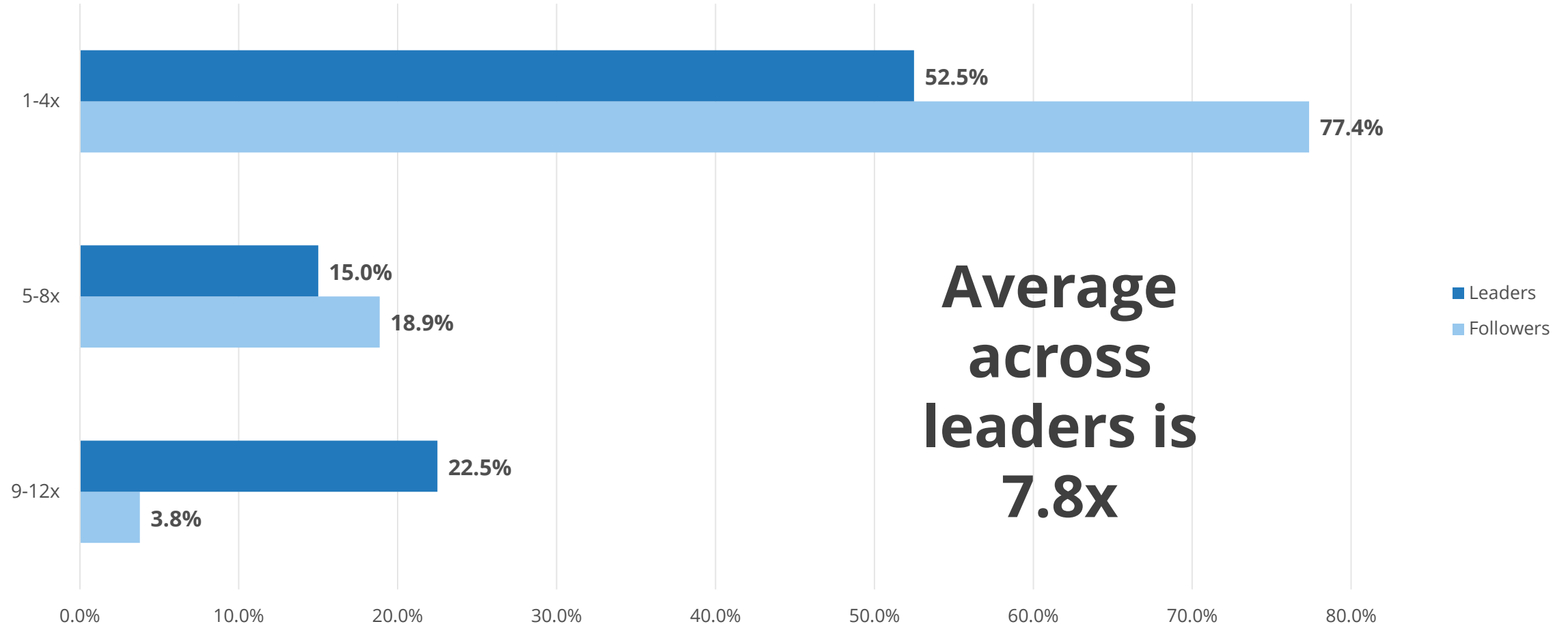What is the return on investment of an improved customer experience?

CX Followers are much more internally focused on cost and customer growth

What are your organization's primary business goals in taking on customer experience transformation initiatives?

More likely to be primary goals for CX Followers

- Reduce cost
- Respond to market competition
- Customer growth

More likely to be primary goals for CX Leaders

- Strengthen security & compliance
- Accelerate business Innovation
- Improve customer satisfaction

Legend: ■ Leaders   ■ Followers

X-axis: 0.0%, 5.0%, 10.0%, 15.0%, 20.0%, 25.0%, 30.0%, 35.0%, 40.0%, 45.0%

CX leaders see a better payoff from external focus on customer experience

For every dollar you have invested in improving the customer experience, what has been the revenue return on that dollar?

- Leaders
- Followers

Average across leaders is 7.8x

1-4x: Leaders 52.5%, Followers 77.4%
5-8x: Leaders 15.0%, Followers 18.9%
9-12x: Leaders 22.5%, Followers 3.8%

Future of an Empathetic Customer Experience

Enterprise level customer-centricity (driven by how companies are organized around CX and operational gaps to deliver a unified experience) is a critical hurdle impeding the full potential of Empathy at Scale

Q. What are your company's top 3 challenges in transforming and improving your customer experience?

30.4%
Differing priorities across teams/departments
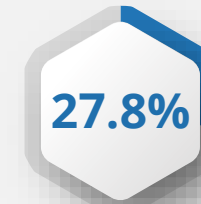
27.8%
Siloed customer data

25.9%
Proliferation of CX tools

25.3%
Other near-term priorities

21.6%
Infrastructure gap to support a digital enterprise

21.0%
Skills and people resources to improve CX

Source: Future of Customers and Consumers Survey, IDC, September 2021, n = 510

Future of Customer Experience Defined
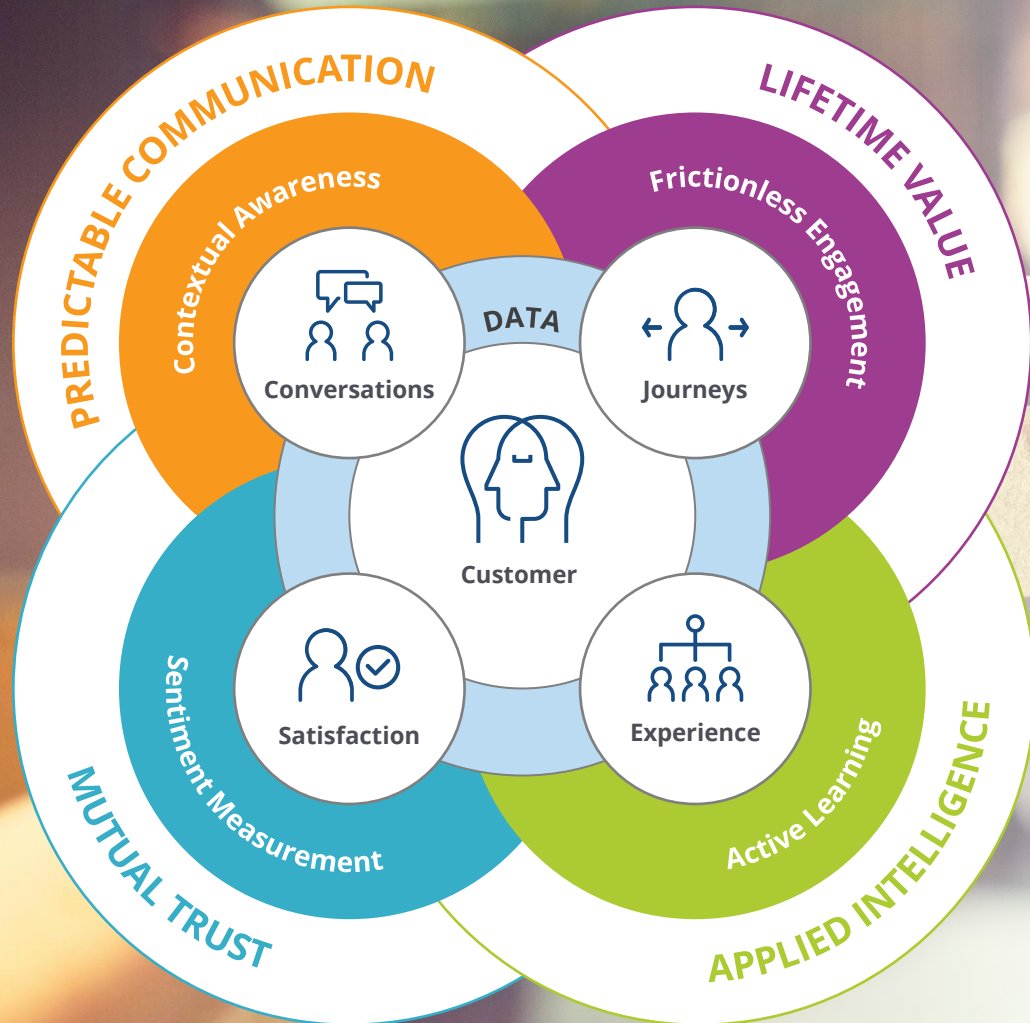
Is an **empathetic relationship** between customers and brands

Built on **what the customer wants** and how they **want to be treated**

Through the **technology** lens of **awareness, engaging, learning** and, **measuring**
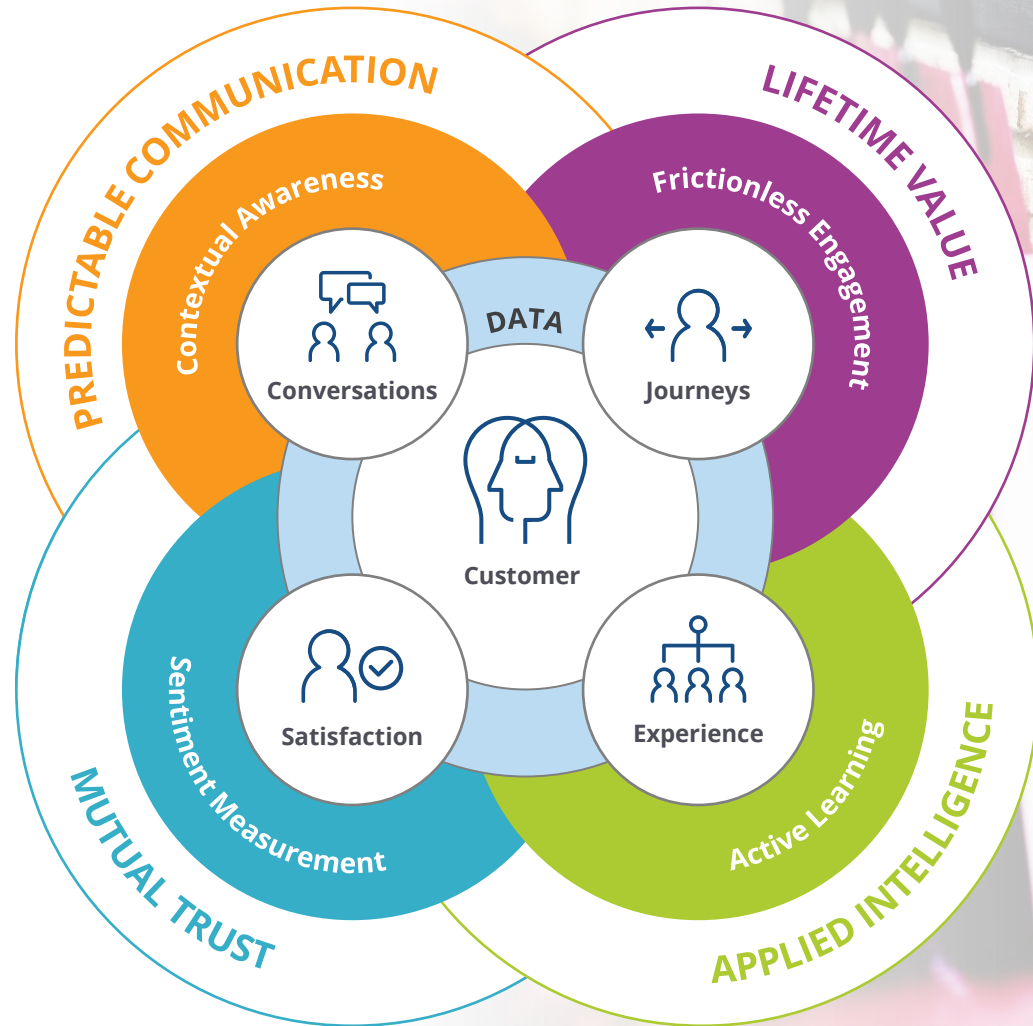
#EmpatheticEnterprise

Engaging the Customer

Conversations

Journeys

Customer

Satisfaction

Experience

Through the Lens of Technology

Contextual Awareness
Frictionless Engagement
Sentiment Measurement
Active Learning

DATA

Conversations
Journeys
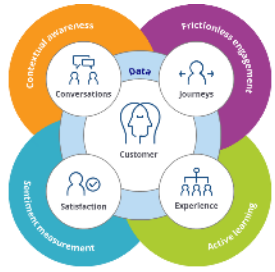Satisfaction
Experience

Customer

That Drive Business Outcomes

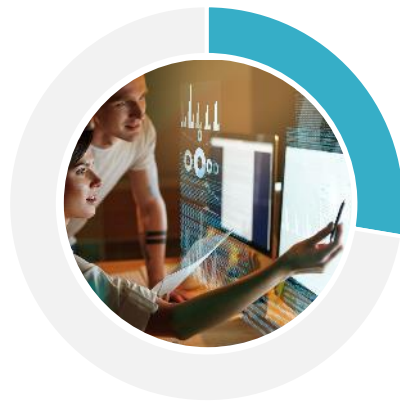# Customer experience technology investment priorities

Contextual Awareness

% of Respondents that are planning to invest in each of the technologies (2021/2022+)

29.8%
Conversational Applications
Live chat, chatbots, IVAs, messaging apps, video, digital avatars

27.6%
Engagement Analytics
Web analytics, clickstream

24.7%
IoT, Sentiment Analytics, Customer Intelligence Analytics

22.2%
Mobile apps, progressive web apps

Customer experience technology investment priorities

Frictionless Engagement

% of Respondents that are planning to invest in each of the technologies (2021/2022+)

31.4%	**28.0%**	**25.7%**	**23.7%**
Omni-channel customer service and sales	**Omni-channel advertising & marketing**	**Omni-channel commerce**	**Journey orchestration applications, Journey analytics**
Contact center solutions, customer service automation/RPA, intelligent self-service	Marketing automation, social media management platforms	Mobile, web, social, physical, Digital POS, Mobile Payments	

Customer experience technology investment priorities

Active Learning

% of Respondents that are planning to invest in each of the technologies (2021/2022+)

34.5%

Customer Data Platforms

32.4%

AI-based workflow automation/augmentation

31.2%

AI-based real-time recommendation platforms, customer targeting solutions

Customer experience technology investment priorities

Sentiment Measurement

% of Respondents that are planning to invest in each of the technologies (2021/2022+)

27.6%
Customer surveys & measurement solutions

VoC, customer feedback, CSAT, NPS

26.9%
Customer data privacy & consent management

23.9%
Sentiment detection & measurement

Tonal detection, emotion detection, sentiment analytics

22.5%
Social listening

Empathetic Customer Experience

Customer service

"Customer service shouldn't be a department; it should be the entire company."
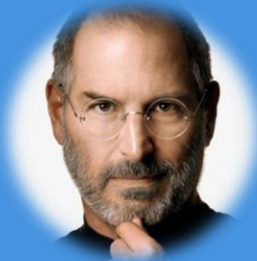
Tony Hsieh, CEO of Zappos

Feedback from customers

"Your most unhappy customers are your greatest source of learning."

Bill Gates

Empathetic Experience

Technology

"You've got to start with customer experience and work back toward the technology – not the other way around."

Steve Jobs

Integration

"Enduring companies are built on customer love. Great customer success teams work across the entire company providing customer feedback into product roadmap, supporting product usage, renewals, and so much more."

Aaron Levie, CEO box

Essential guidance

- Champion an organization wide customer centric culture and unify CX goals strategically across teams/departments

- Make customer data an enterprise service, not a departmental resource

- Seek strategic partnerships for specialized CX related talent competencies

- Integrate customer data and measurement programs more broadly to activate insights

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