

COMPETENCE IS
NOT A
DIFFERENTIATOR -
COMPETENCE
WITH EMPATHY IS.

an·thro·lytics

In conjunction with:



2022

The Author



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Why Empathy is essential to better understand customers and how to apply it at scale in practice: Opening up the next frontier in retention and growth.

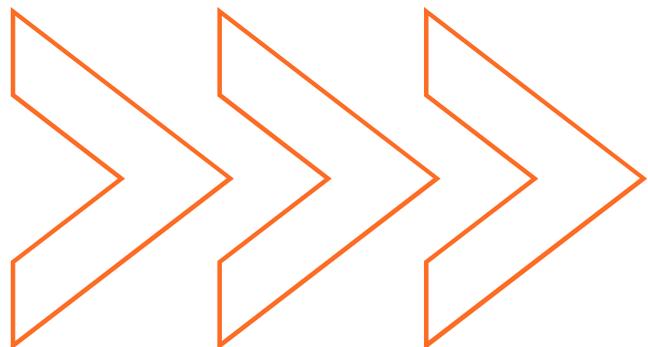


Table of Contents

05	Executive Summary
06	Who Should Read This Paper
09	Empathy - Understanding where customers are at
10	Capturing and Shaping Customer Emotions and Decisions
11	Empathy is the ability to understand another person's thoughts and feelings from their point of view
14	Putting Digital Empathy into Practice
15	Can we achieve empathy in a digital environment?
18	The Data Analytics Perspective of Digital Empathy
21	How to get started with Digital Empathy
22	Case Study: Tried and tested in a regional telecommunications company
23	Conclusion: Making a business more empathetic

Executive Summary

Research shows that emotions are the key factor when making a decision. Without any emotions, we are not able to decide. This is an important insight and essential to know when doing business. How about if you'd know how your customers feel before they tell you? And how about you can do that every day, at every vital touchpoint in their customer journey? This is Digital Empathy, and together with Predictive Behavioral Analytics at scale, companies can become more Customer Empathetic and hence create a sustainable positive impact on the triple bottom line of social, economic and environmental value.

Doing business has evolved from just finding the right balance of offer and demand. Companies now need to manage the entire ecosystem of stakeholders in an ethical way. Customers expect companies to know them - day by day. And empathy - understanding how others feel, and act accordingly - is the biggest driver of loyalty and repurchase. Future-oriented companies understand that Customer Lifetime Value (CLTV) is a more critical indicator than Acquisition Cost. The pandemic has also shown that understanding drivers of CLTV and knowing how to grow lifetime relationships makes companies more successful than acquisitions alone.

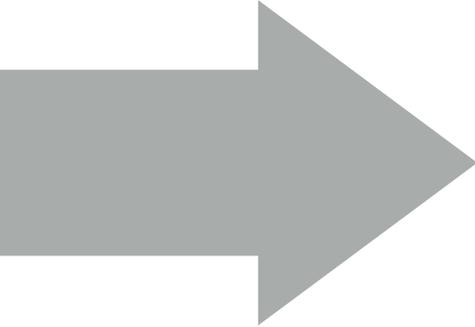
In almost any business today, operational efficiency has become a hygiene factor. Businesses and even their brands become commoditized. Together with the rush to digitalization, this has led to the fact that many companies have engineered themselves out of the relationships with their customers. And still, most Customer Experience Management and Customer Insight Methodologies haven't kept up and are based on 20-year-old thinking, when digital wasn't a "Thing".

The new winners in their respective verticals will be those companies that can put themselves in their customers' shoes best. Companies who understand where their customers are at, how they feel and how they want to be treated. Digital Empathy turns the Golden Rule on its head: Don't treat customers like you want to be treated, But: Treat customers like they want to be treated.

A Word About Ethics

Anthrolytics are committed to the most ethical applications of data processing possible. Our ambition is to support companies in maximising customer retention. By building out the ability to achieve early warning about customers who are becoming dissatisfied with a product or service, our clients can swiftly target emotionally sensitive engagement to act on this feedback. Our magic works only to smooth out shortfalls in customer expectations - it cannot transform a fundamentally flawed product. In short, our insights improve the value that the customer receives from the brand and helps reduce concern or stress on their part. Everyone wins.

If you would like to explore how Anthrolytics can help you embed digital empathy into your business, I would be delighted to hear from you at jonathan@anthrolytics.io.



WHO SHOULD READ THIS PAPER?

If you can answer yes to any of these questions, this
whitepaper is for you:

- Do you and your organization want to derive actionable insights from your customer data to sustainably improve the bottom-line impact?
- Does your organization struggle to differentiate itself from your competitors – do customers see you as a commodity provider, instead of as a partner?
- Does your organization use NPS and if so, is it struggling to understand the things that really influence customer behaviour?
- Does your organization use sentiment analysis to judge customer attitude and if so, do you find it too simplistic/crude to be reliable?
- Does your marketing department send out communications to people who didn't want to hear from you at that time?
- Does your organization just 'know' your customers, instead of understanding them in a practical way that leads to deeper, more valuable relationships?
- Does how a customer 'feel' have any role to play when you are deciding what to do next?
- Is your CX strategy based on an act of faith, rather than on data and insights about what your customers need and want?
- Do you and your organization know and understand the Return-on-Investment in your Marketing and Customer Experience Management efforts?
- Are your Executive Team fully bought into your Customer Insight, Marketing and Customer Engagement Strategies?
- If you could match up customers to employees in a way that is empathic and human – would your customers think of you differently?

Customer Experience Management needs some rework as it has become a victim of its OWN SUCCESS

Customer Experience is not new - the principles (if not the name) were laid down in the middle of the last century. Still, it really took off as a discipline after Robert Woodruff published his paper 'Customer value: The next source for competitive advantage' in 1997. Customer Experience Management is at the core of any customer-centric organization in today's world. Customer-centricity has been a winning strategy for a very long time and will undoubtedly continue to be so for much longer. It's customers who enable a business to exist. Understanding customers better, having insights to create foresight, and ultimately predicting behavior will be the decisive factor in building and staying in business.

When more than 20 years ago Fred Reichheld, Satmetrix, and the consultants of Bain and Co. applied the Net Promoter Score methodology, it was an immediate success although not yet a breakthrough. A short, optimal survey at the right touchpoint provided forward-looking companies with great insights and an opportunity to improve the relationship with their customers and hence also their Customer Lifetime Value. Undoubtedly, the concept was sleek, easy to use, and delivered immediate results. However, it took roughly 15 years for a breakthrough in mainstream businesses. And today, there is hardly any company that is not using these instant surveys to gather voice-of-the-customer data and to measure any touchpoint that is possible to measure and those that are impossible. This is certainly an excellent way to have a company and its teams manage customer relationships. And if a company is taking action based on these findings, even better.

The traditional way of actively managing the Customer Experience using Net Promoter Score has merits. Not overused and not over-focused on the score, it is an optimal way to manage the relationship with customers, to proactively let them know that the company cares, and provide a good learning opportunity for the organization. The drawback is that if it is mechanically overused and purely focused on achieving an indicator, the concept loses its strength.

Behavior, Technology, and Consumers have also evolved during these twenty years. The Net Promoter Score concept has become a victim of its success. Originally devised as a short, one-off measurement to assess the relationship, it often gets overused today for anything worth or not worth measuring. In many companies, the indicator has become more important than it stands for. For customers, this constant surveying has led to an oversaturation. The consequence of all that is significant survey fatigue among customers, and if you still get a response, the answers are heavily skewed. It's usually the excited or the frustrated ones who provide you with responses. Hence, it will not be easy to derive appropriate insights from this. The biggest - and not least important - portion of any customer base has usually given up on responding. How can companies know where they stand, what drives them, and how to increase their Customer Lifetime Value?

Consumer sentiment has changed. But neither companies nor CX methodologies have caught up with these changes. In almost any business today, operational efficiency has become a hygiene factor. Businesses become commoditized. The rush to digitalization has led to the fact that many companies have engineered themselves out of the relationships with their customers. And still, most Customer Experience Management and Customer Insight Methodologies hadn't kept up and are based on 20-year-old thinking, when digital wasn't a "Thing."



EMPATHY

UNDERSTANDING WHERE CUSTOMERS ARE

Humans are inherently emotional animals. Our emotional state profoundly impacts decision-making. When people are delighted or grateful, hormones are released that make them feel well, help them be creative, and make them crave more. When stressed or upset, a stress hormone helps us focus on fight or flight but prevents us from recalling positive memories or laying down new ones. These conditions shape our decision-making in all ways. Faced with strong emotions, choices, or a lack of information, we fall back on mental shortcuts – or our ‘biases’ – to make sense of a complex issue.

Empathy is the biggest driver of loyalty, as research shows. With more interactions happening digitally, it has become harder to understand the emotions created by a company’s operations, yet customers still expect to be understood how they feel. In addition, many companies are still primarily focused on driving operational improvement, reducing effort, and removing friction which has resulted in them unwittingly engineering out relationships with their customers; the cost of lower friction may have been a loss of traction.

Empathy is a hot topic in business right now: a query via your favorite search engine on empathy and business will yield tens of millions of results. Many organizations have now declared it the new competitive battleground and the natural evolution of Customer Experience (CX). Digital Empathy and Predictive Behavioral Analytics are new ways of combining data science with behavioral science to understand and predict human behavior. As proven by Neuroscience: all human decisions contain some emotion (which is not to say that all human decisions are emotional). However, this novel approach considers a range of factors that contribute to how we evaluate a situation and make a decision:

- The task and the context (what stimulated customers to act, what they want to do)
- What customers need (rational criteria like price, convenience)
- What customers want (emotional criteria like increased happiness, less fear)
- Internal biases (such as behavioral or unconscious biases)
- External influences (like recommendations, star ratings, and so on)
- Personal experience (what customers expect, based on their prior history)

Capturing and Shaping Customer Emotions and Decisions



When customers decide to exit a relationship with a brand, ignore an opportunity to extend their loyalty, or move from committed to neutral – companies know that the decision may not be carefully considered, reflected on, and rational.

Businesses often only discover that customers have already reached these decisions when it's too late. The opportunity to engage with the customer has already passed unnoticed. Worse, the departing or disgruntled customer will likely over-communicate their dissatisfaction, further risking adverse effects on the company's and product's reputation and brand. In markets with few barriers to customers moving between largely undifferentiated providers, the ability to predict their emotional state and to have the option to predict and interrupt a decision-making process is invaluable. Standard marketing and contact interventions can raise stress levels, be irrelevant, reinforce negativity or potentially sever a relationship.

There are significant opportunities: Let's assume a customer is joyful. Too often, a brand is blind to further strengthening the foundations of loyalty or the options for upselling. Equally, when a customer has a concern or complaint, a purely reactive business has little in the way of initiatives to offer to make things right predictably. Customers are transmitting signals – that are usually difficult to capture and interpret at scale.

Digital Empathy™ embeds a unique and evidence-based conceptual framework into its model of human decision-making. The foundation is laid by Kahneman and Tversky, Ariely, and the early work of Cialdini on persuasion. And it also integrates Boyd's OODA loop, the McKinsey 7Ss, and many other validated models. But the concept goes further than any other behavioral science-based practice in providing specific intellectual property and socio-technical tooling. For example, the idea draws on over twenty years of behavioral research developed for critical and often highly classified activities. Products and concepts have been used in environments as diverse as Commercial Businesses, Startup Environments, or International Security concerns.

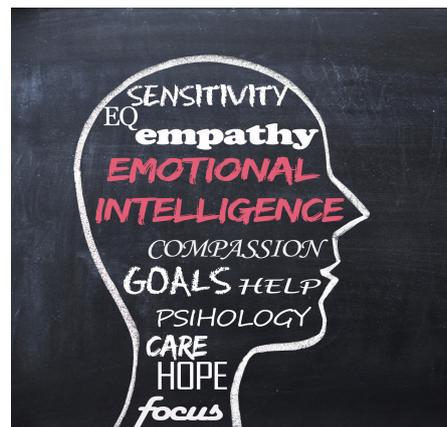
Empathy is the ability to understand another person's thoughts and feelings from their point of view

Like CX, corporate discussions about empathy are not new either. Still, in the industrial era of mass-production and mass-marketing (i.e., pre-commoditization), the debate was all about the features of the product and how they benefited customers. At that point, it felt like only the advertising department cared about how customers felt; everyone else was busying themselves making better 'stuff.' Most executives at the time thought that empathy was just 'being nice to people' and probably would cost much money to implement in any practical way.

'Empathy' is not felt. Empathy is not an emotion. Empathy is not a state of mind. Empathy might be a skill that some have (or can be trained or liberated by organizational culture to employ) - but no few come away from any intervention, meeting, or event saying, "I really felt they empathized with me." Surveyed, they may well agree - but survey answers are not reliable when the question is framed in that way.

Over the last decade or so, much attention has been focused on training Emotional Intelligence (EQ) for frontline staff. Techniques that include and bring together a basic understanding of what the customer is feeling, with an understanding of what the employee is feeling and using that to tailor the conversation - to establish rapport. The focus was on using language and 'in the moment' prompts for the next best action or analyzing conversations to support employee training.

However, reliance on EQ training for frontline staff as your primary model of delivering empathy has a significant drawback - it only works during a human-to-human interaction, for example, during a customer service call. EQ training for staff does little to improve all the non-human-led interactions - mobile, digital, automated, self-service and transactions, and so much of the attention has been about process excellence - making the process simple and easy. Delivering empathy at scale, across all channels, was consistently seen as 'too hard.'



As a result of the pandemic, many businesses moved much of their operations into digital delivery, often resulting in operational needs dictating the customer experience. Now, as the recovery begins, much of that digital investment will need to evolve and play a growing role in ongoing day-to-day customer interactions. As a result, the 'Dash to Digital' has become the 'Race to Recovery,' which is a marathon, not a sprint.

So can the empathetic core of customer experience management be rebuilt? Empathy is the competence of a company to understand customers (preferably dynamically and accurately) and act (in productive and permissive ways). As individuals, a fundamentally human activity, we spend a lot of our time guessing at how others might feel. As a result, we often get it wrong.

But it is also known that humans make their decisions shaped by their neurochemistry. People tend to pursue things that make them feel better about themselves. People tend to avoid shame. If there is unwanted stress, the ability to think clearly and make good choices is limited. If we aren't heard - we anger or terminate a conversation. But marketing, sales, and advertising across any channel are unsighted on customers' emotional disposition. Campaigns are being rolled out, and we measure their effectiveness. But we haven't considered how customers feel and whether now is the perfect (or a perfectly awful) moment to interact.

It is critically important (and challenging to achieve) insight into customers' emotional state. Because businesses have access to (or can start recording) recent interaction data with customers and customers' reactions to those interventions - it's now possible to anticipate their emotional state. Collating and analyzing this raw data creates the capacity to act with Digital Empathy. We can then engage with customers in an emotionally-tuned and uniquely beneficial way.



It's easy for CEOs, CXOs, and thought leaders (see numerous recent reports from Accenture, Gartner, Google, and others) to state that being empathetic leaders presiding over empathetic organizations and "delivering" empathy to customers is important. And of course, this is true. But, there's one massive problem: Customers don't experience 'empathy' - they experience the impact of a business having it.

Empathy is a competence that must be embedded into a business's DNA, conditioning every touchpoint that a brand provides for the customer. Empathy is the secret sauce of the wise and progressive company: where the business has strategic, operational, and tactical empathy for the customer. Corporate empathy ensures that emotionally-tuned actions and behaviors trigger positive neurochemical reactions (emotions) on the part of the customer. The customer experiences near perfection in all interactions (inbound and outbound) with that business. This builds retention, satisfaction (think NPS), customer and stakeholder ambassadorship for the brand, and sustainable profitability.

Digital Empathy is technology-driven collation and analysis of data to support emotionally informed and tuned decision-making. Whether in terms of strategy, marketing, sales, customer care, PR, and executive/crisis communications - Digital Empathy helps guide the business to transform, temper, sustain or accelerate particular emotional effects across the customer base. In other words, to produce neurochemical impacts in customers of delight, reassurance, a sense of achievement, satisfaction, commitment, confirmation of having been heard and so on.

PUTTING DIGITAL EMPATHY INTO PRACTICE

Until now, 'digital empathy' has been a design approach informing how the user experience and processes are designed (the core of human-centric design). However, it is still at heart as a process. The novel approach is much closer to the thinking behind hyper-personalization, where personalization (what we know about a customer) meets real-time customization (based on what they are trying to do and why).

The cognitive empathy component is delivered using data gathered from a mix of sources and Anthrolytics' Predictive Behavioural Analytics™ - in essence, predicting what an individual customer is feeling, why, and what they are likely to do next.

These behavioral insights are then used in operational environments to do a range of tasks: journey orchestration, campaign management, enable process automation (RPA/RDA), and so on. The difference comes in that these decisions and actions are partly informed by how the customer is feeling as well as what they functionally need.

For example, a mobile marketing campaign may be aimed at a segment of customers who meet the qualifying criteria, but some customers are offered a different treatment because they are more likely to respond to that one than the standard campaign. In a call center, inbound calls from customers who are likely to be emotionally charged can be routed to more experienced agents with higher EQ, whilst day-to-day calls are routed to normal agents.

To the customer, it feels like the organization is more human - more in tune with their daily lives; they get fewer poorly timed marketing messages, the offers they do get resonate with them better, and the organization is doing a better job of listening and anticipating what they want, when and how they want it.

CAN WE ACHIEVE EMPATHY IN A DIGITAL ENVIRONMENT?

A smart way to go about business model design, and therefore product and service design, is to view it through the eyes of the customers. Because who else is better equipped to talk about customer needs than the customers themselves? In turn, this promises to lead to insights that could help the company gain an enhanced competitive advantage.

The ability to know how the customers feel and think and why (cognitive empathy), feel what the customers are feeling (affective empathy), and understand their situation and feelings to the point of being moved to help (compassionate empathy), is an art that is by no means easy.

Understanding and caring for the feelings of others has always been fundamental to communication and social interaction. In face-to-face interaction, there is a widespread prevalence of empathy. But the traditional view is that experiencing empathy through computer-mediated communications can turn out to be more challenging than face-to-face communication.

This is generally said to be so mainly because of reduced interpersonal cues, such as body language, prosodic speech qualities, and so on, which decrease the information transmitted, obstructing affiliative interactions. As it is well known, a person's tone of voice can change the recipient's interpretation of a statement entirely, just like confident gestures can help convey assertiveness and close a business deal.

So, what happens in a world gone digital, a world saturated with online apps and stores? Can we get to know and experience what our customers feel like? Are customers becoming more distant from each other and businesses in the context of the ever-rising technology in the digital era? Perhaps. Or perhaps not.

But accepting this assertion at face value reduces human nature to a fraction of what it is. Humans as social beings are much more wonderfully complex, and the only truth we can stand is that there are no universal truths when it comes to people. Customers included.

For too long, there have been idealized mental models about what customers should be or behave like and consequently judged the success of our products and services based on achieving specific financial and non-financial performance metrics, such as sales growth or perceived product quality.

This is not to say that these indicators are no longer critical. Just that in today's context, they are insufficient in the quest of understanding and creating sustainable customer experience (CX) and business value. To grow is to challenge the status quo. We need new measures of success, and, as it turns out, Digital Empathy is one of the missing links.

There is plenty of evidence to support that Digital Empathy is not only possible but also that it attends to conditions specific to computer-mediated communication. For example,

Research shows that, while it may take longer, individuals develop empathic relationships, which in some cases could be even more intimate than face-to-face interactions. One reason for this lies in that for some individuals, increased anonymity and distance reduce inhibitions, facilitating more personal disclosures and leading to greater empathic connections.





Furthermore, individuals compensate for the lack of nonverbal cues by relying on alternate ways to communicate emotion, such as emojis. Some may feel confused by some emojis, but most of us understand and agree that 😊 expresses joy, while 😞 expresses sadness and 😡 expresses anger. Research has also shown that emoticons can be used to express humor and strengthen the intended message.

The above arguments show that learning to recognize, understand, feel, and communicate emotions in the digital space is already an essential skill for any business and even more critical given the massive role of the Internet in the age of coronavirus.

A customer who feels understood and supported is more likely to become loyal. This is because, intuitively, customers will tend to gravitate towards products and services designed to be sensitive and understand their personal needs and circumstances.

And businesses need to rediscover and ethically capitalize on the power of the human touch in a world that has gone digital. Ultimately, Digital Empathy is about empowering businesses to embrace a new dimension of their potential and step into the greatness to deliver exceptional experiences for their customers.

THE DATA ANALYTICS PERSPECTIVE OF DIGITAL EMPATHY

The hype around Artificial Intelligence and Machine Learning has seduced many but delivered to few. “Everyone wants to go to heaven, but nobody wants to die.” The truth is that many companies dream big and invest in moon-shot projects, but most of the time, they rely on consultancy that fails to live up to expectations. One of the main reasons for setbacks experienced by companies is when scientifically unsound solutions back ‘moon-shot’ proposals. As a result, a moon-shot project is going 10X bigger or better than any other project on the market. Nothing wrong with that. But the promise of highly profitable, ground-breaking projects can only be materialized if delivered by the right people with the right tools with the right amount of hard work. We are those right people with the right tools, and we do that hard work for you.

Because used in the right way, Artificial Intelligence and Machine Learning can help transform for the better. Artificial intelligence and Machine Learning systems can be used for a wide range of tasks, such as pattern recognition and anomaly detection, data mining, predictive modeling and analytics, conversational systems, and customer segmentation, to name a few. One of the areas where Artificial Intelligence and Machine Learning have shown particular capability is facial recognition and text-based emotion and sentiment analysis.

Novel combinations of methods and collaborations in machine learning (deep learning), computational approaches and computer graphics, mathematics and simulations, predictive analytics, and behavioral science to develop real-time computational models can detect and learn human emotion and behaviors.



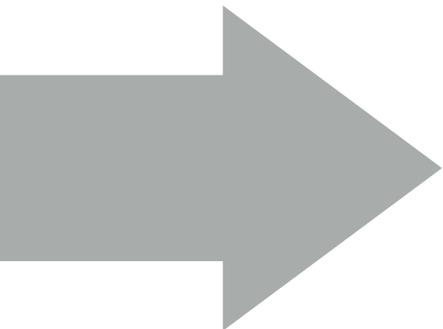
“Everyone wants to go to heaven, but nobody wants to die”.

Companies and their customers are diverse and unique and have specific ways of thinking, feeling, and acting. Therefore, there is no such thing as an average client or customer. While there are some basic patterns of individuality, people and their behaviors are complex and cannot be reduced to a simplistic, one-dimensional measure. Instead, when looking at companies and their customers as a whole entity, within their multiple dimensions, a Digital Empathy project can provide tailored solutions that accommodate all unique circumstances.

Digital Empathy builds competitive and strategic advantage by transforming customer data into actionable knowledge via building:

- Algorithms and systems to help your business detect and predict the emotions you create in every customer every day.
- AI solutions to help your business detect customer satisfaction so that you can maximize it and customer dissatisfaction so that you can reduce or eliminate it.
- Recommendation systems that increase personalization and humanize customer engagement.
- Data-driven customized plans that take into account your customers' profiles.

TREAT CUSTOMERS LIKE THEY WANT TO BE TREATED



At Anthrolytics, we would argue that "customers don't experience empathy; they experience the impact of the business having it." It's absolutely a good thing that empathy is now widely recognized as vital to the modern, socially-aware business which wants to engage with customers and stakeholders in a meaningful, ethical and high-impact manner.

It's not such a good thing that the term has become very much a fixture of those offering consulting founded on the classical mainstays of consumer psychology, re-treading approaches which have largely failed to improve the employee experience. The key reason why these efforts have failed before? Mainly because they lack conceptual capital. Relying on Maslow's hierarchy of needs, various psychometric approaches, and assorted metrics of varying reliability won't cut it. Conceptual capital refers to the fact that any organization has to have a robust and bespoke understanding of what it is they are attempting to do and why. Hence, anyone offering to help a business 'become empathetic' needs to be challenged on precisely how what they understand the impact of this to be.

When we think of a company being empathetic in its CX activities, what we really mean is that the customer (whether being engaged with on an inbound, outbound, reactive or active basis) has received messaging and behaviors that have created a desired emotional effect. Has the customer "felt us" or "had the feels" for the brand as a result of amazing service, instant solution-generation or something else? Listening to a complaint and neither validating nor resolving it is not empathetic. Passing a customer to another department who 'might' be able to help is not empathetic.

But the customer comes away with a refreshed emotional commitment to the brand: that's the result of a touchpoint with an empathetic organization delivered by a skilled and liberated service agent (or bot). Creating surprise, joy, astonishment, or delight - making a customer's day: that's emotion. That's value. That's loyalty and organic promotion with an enhanced NPS score right there.

However, all of the above emotional effects (at the neurochemical level) are the emergent property of deep, data-driven, authentic, and tailored digitally-empowered empathy. Complicated but not difficult - difficult because so much of the business may have to be re-engineered to allow it to deliver the surprise, joy, astonishment, delight, day-changing impact but, as they say, we have no choice but to re-engineer. Whether in micro-retail or at scale, we need the authenticity of genuine emotional connections with real people from real people. As Lt.Col Shannon of the US Marine Corps (made famous in 'The Men Who Stare at Goats') declared: 'We have no choice but to be wonderful'.



'We have no choice but to be wonderful'.

HOW TO GET STARTED WITH DIGITAL EMPATHY

Using Digital Empathy in Practice and at scale starts with Predictive Behavioral Analytics, combining data science with behavioral science to understand and predict human behavior. It does this by identifying what people care about and why - what matters enough to them that it influences their actions. These insights are then used to build a library of events that subtly influence customer behavior. Finally, by combining this with an understanding of a person's current mindset, it's possible to predict what decision they will probably take next - when one of those events occurs and act accordingly. The big difference with predictive behavioral analytics is its ability to do this at granularity at scale, speed, and frequently.

Digital Empathy also lays the foundation for an additional way to segment customers. Legacy segmentation methods approximately fit a group of customers but rarely serve a specific customer. As a result, most companies apply a segmentation approach that uses one or, at best, two dimensions. While demographics and psychographics allow you to define the significant segments people generically fall into, Empagraphic Segmentation will enable you to identify where they are precise.

While lots of solutions offer segmentation based on transactions or customer journeys, Digital Empathy adds the crucial third dimension: allowing to predict the likely emotional state of customers and the likely behavior this is likely to drive. This new dataset will enable you to deliver the right message, to the right person, at the right time, developing loyalty in your customers and achieving sustainable business results.

For leaders and strategists, Digital Empathy turns a Customer Experience (CX) vision into a practical, disciplined business strategy, with directly quantifiable results on the top and bottom line, as well as the ability to balance the cost and rewards of competing strategies.

Digital Empathy can be embedded within operational systems, providing automated decision-making based on the optimal next best action to take at the individual customer level. Furthermore, it allows organizations to anticipate customer behavior (rather than just responding to it).

The result is a customer experience that feels more 'human' and in touch with their needs - one for which they will pay more, be more loyal to and recommend. While human behavior is too complex and messy ever to model perfectly, this new approach gives an organization a unique and pragmatic tool for thinking about your relationship with all your customers and making better decisions.

These are all factors that contribute to a fast Return-On-Investment. And btw.: This also can increase brand value, gaining a competitive edge that is very hard to copy.

CASE STUDY

Tried and tested in a regional telecommunications company

The client, a well-known Telecommunications company, supplies pay-as-you-go mobile plans to a broad customer base of 4 million users. They were interested in developing a deep understanding of their customer's behaviors and emotions to develop more personalized and relevant communications to increase the average revenue per user (ARPU).

Analyzing customer data can be a complex task. We took the client's available verbatim data, including their 'voice of the customer survey and emails, and used natural language processing to identify critical topics and associated emotions. This allowed us to identify and create customer 'empagaphic segments' based on these emotions.

We then made a prediction on a sample segment of customers to create a target list of <1,000 customers who displayed positive emotions such as joy, satisfaction, and trust and were likely to be receptive to an upsell campaign. This, paired with demographic data that identified customers who could afford to increase their spending, allowed us to identify the group of customers with the most potential for increasing their spending.

The client then used this list to create a tailored marketing communications plan over 30 days and tracked customer behavior and sales changes.

Following the 30 days, the results of this campaign were compared to the pre-campaign period results to determine the outcome of the trial. By using complex analytics to create a more sophisticated customer segment and tailoring their marketing communications to this group, the client saw a **79% uplift in average revenue per customer**. This was an incredible result contributing to unprecedented revenue growth for any customer segment.



79 % Uplift in Average Revenue Per User (ARPU) in month 1



81% Uplift in Average Revenue Per User in first three months

as a result of using customer segmentation and personalisation targeting to communicate value.

Conclusion



Making a business more empathetic

The idea of Digital Empathy as 'the next best thing' in making products or services stand out from their competitors and in improving customer experience through meaningful, ethical, and authentic interaction is deeply alluring. However, what has been achieved in this field is just the tip of the iceberg. Imagine the possibilities!

Digital Empathy enables companies to meet customers where they are by turning the Golden Rule on its head. Instead of: "Treat customers the way you want to be treated yourself", it applies: "Treat customers the way they want to be treated themselves." That philosophy is a significant shift and significant for doing business. While too often, segmentation approaches today are being designed inside-out, in some good cases also based on demographic criteria such as age, geography, or buying power and in some very good cases on past behavior. Their emotional state is too often neglected. Digital Empathy takes the emotional state into account to build the right offerings and to manage the relationship in a humane way accordingly.

Neuroscience has shown that emotions are the fundamental driver for taking decisions. Understanding this will provide you with hard facts. It also allows you to design new approaches on how to manage a customer relationship. You will be better able to meet customers, where they are. Digital Empathy practically applied allows you to gain customer insights in a way that was not possible before. Digital Empathy also allows you to provide a Customer Experience that is superior as it is more specific to each customer: More personalized and more humanized. These are all factors that contribute to a fast Return-On-Investment. Faster identification of an account at risk and a competent recovery of the customer relationship can immediately translate into hard money.

Many companies have had a strong focus on digitalization over the past years. The COVID situation has sped up the move to customer interactions that are less personal. And many companies have outsourced important customer interactions, losing the human touch completely. Still, while everything has been digitizing fast; it is human elements that continue to make the difference. Whether in a Business-to-Business or in a Business-to-Consumer relationship; we are all humans. We have specific needs and wants; and also very specific emotions depending on the situation we are in right now. By understanding this and treating this with acceptance and respect we can build a better, more sustainable business that is creating value for its customers, employees, and stakeholders in general.

Contact anthrolytics

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