

Build Empathy Into Your CRM Strategy to Increase Customer Loyalty

Published: 16 March 2016

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Within any CRM strategy, a focus on customer and employee empathy is fundamental to business success. IT leaders can play an important role in delivering this success through more empathetic product design and processes, and a better understanding of customer and employee needs.

Key Challenges

- There's a fine line between designing for empathy and engineering compulsive behavior, and IT needs to empathize with customers to win their business, as opposed to appearing invasive or manipulative.
- IT is strong on functionality review, but often not given requirements from the business to question the ability of functionality and process tools to respond to user needs, whether those users be customers, prospects, partners or employees.
- Often, IT and business owners look at empathy only as something that happens at a certain point in time, whereas it needs to be delivered by both products and services, and measured across the entire customer life cycle; from uncovering a need, to researching that need, buying, setting up the relationship (or using the product), and then all of the postpurchase activities that can occur.
- Organizations need to create empathy with their employees first, which in turn will have a direct impact on empathy with customers, but many organizations choose not to.

Recommendations

For IT leaders:

- Place greater emphasis on empathy in the design of products, processes and software for both employee and customer.
- Research and measure how customer and employee empathy results in better product and software usage and better process design.

- Inventory what empathy traits are required of products, consumer-facing systems and employees.
- Monitor customer and employee feedback to gauge what constitutes empathy from their perspectives, rather than from IT or the business.

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Strategic Planning Assumption

Through 2020, empathy in customer process design will have as great an impact on business growth as marketing activity.

Introduction

Unintentionally, businesses show a lack of empathy toward customers and employees alike, resulting in reduced loyalty.

Take as a simple example retail merchants. For even many large and purportedly omnichannel chains, when a customer calls into customer service about an issue with an item purchased in the physical store, the service representative has no knowledge of the transaction and must advise that the issue be resolved in the store. If the same customer calls back again, a different agent handling the call will have no idea that the customer had called in earlier. Online, the issue is the same. The website will acknowledge neither the store purchase, nor the return, nor be cognizant of the earlier phone calls. To complete the scenario, the mobile app is similarly disconnected. This, in effect, is what the merchant is advertising as an omnichannel — all channels, disconnected.

Disjointed experiences, in turn, increase churn and erode productivity. Developers of mobile and Web applications are turning to behavioral psychologists to help design software that is compelling, and even seductive, to form subtle states of compulsion in the user. Finding the line between empathy and ethically dubious applications will be key to long-term success.

Generally, IT has no working definition of empathy from which to develop business applications, systems and products. Empathy can be thought of as the ability to understand the emotions of another and demonstrate that you share in that emotion. There are aspects of shared knowledge and shared feelings inherent in any empathetic relationship. But from a business/consumer perspective, this does not mean that the business shares common values with the customer. The business wants growth and profit, while the customer wants a service of a certain kind.

The same is true of employees. The enterprise often fails to show much understanding for the needs of its staff: what motivates them, what excites them, what they fear and what their work goals are. This failure erodes employee confidence, which in turn can impact and be reflected in their interactions with the customers.

Employees who interact with customers may not relate to corporate goals. They may struggle with corporate policies. They may struggle with customer processes and the software they are given to perform their jobs. Understanding the state of employee motivation and experience is critical to business success, yet it is often not part of the review that managers undergo by executive leadership.

Learn About Empathy From Business-to-Business Relationships

To gain a proper understanding of what empathy at scale looks like, it is important to consider B2B relationships where empathy is already well-established. This helps to explain the continued focus on sales force automation technologies. At their core, these B2B applications aim at the heart of what business relationships are all about, namely:

- Explicit and implicit understanding of what the customer values
- Reaching out proactively before a situation develops or when a better offer is available
- Providing continuity over time
- Demonstrating the value of the relationship and knowledge of the account
- Trust

The challenge is to deliver empathy at scale. The roots of empathy in business-to-consumer (B2C) relationships stretch back to the beginning of commerce, when it was approached as more of a science for consumer-facing enterprises, and influenced by the groundbreaking work of Don Peppers and Martha Rogers over 20 years ago in "The One to One Future: Building Relationships One Customer at a Time."¹

In B2C, as in B2B, it is empathy across the entire end-to-end set of engagements with the business that leads to trust. Studies going back over 30 years show that certain behaviors and attitudes foster empathy (see "[The Structure of Empathy](#)").²

Researchers such as Paul Ekman, Daniel Goleman and Roman Krznaric are a few of the many writers who suggest that empathy is critical in any engagement, including between the enterprise and the customer.

Analysis

Place Greater Emphasis on Empathy in the Design of Processes and Software for Both Employee and Customer

Try as organizations might, customer processes often fail, and there are four key reasons:

1. Failure of executive leadership to explicitly state that empathy matters.
2. Lack of understanding of the customers. This means:
 - Their sentiment toward the business
 - Their experience with the enterprise's processes across channels
 - Their current reason for turning to the enterprise for help or advice
3. The software applications, interface design and workflow processes that are at their disposal fall short of providing a good, fast and convenient experience.
4. Failure of internal CRM applications and processes to engage customer-facing employees. Poor processes and bad software demotivate workers, resulting in an inferior employee experience and a poorer customer experience.

IT is not called upon to institutionalize empathy; the concept sounds more properly in the realm of psychology. However, business software designers around the world are discovering that engineering based on empathy leads to increased adoption of the software. This is because the IT team considers the end user of the system first, and in fact takes on the point of view of the customer or end user during the design, coding and testing phases.

Process and technology design for empathy are more critical for business than ever before, because empathy is a key component in establishing trust. Trust in business and government is on the decline. Surveys show that, across the globe, trust in business has declined (see, for example, the [2016 Edelman Trust Barometer](#), which in turn impacts customer loyalty to companies and their likelihood to purchase from them).

Many companies in the world now practice empathy. Companies such as The Vanguard Group, Nike, Singapore Airlines, American Express, Amazon, Whole Foods and The Walt Disney Company are known for their ability to understand how their employees and their customers want to be treated. Common traits that they share include:

- Knowing how to inventory their processes and rate them for empathy
- Knowing how to communicate to customers and employees what that means in practical terms
- Knowing how to personalize, or adjust, their customer engagements based on customers and their context
- Making managers accountable for achieving empathy in measurable ways

Research and Measure How Customer and Employee Empathy Results in Better Software Usage and Better Process Design

The same principles of empathetic design for CRM software will extend to process design for customer-facing employees, self-service software for customers on company websites, mobile application design, and partner management principles and systems.

Gartner recommends the following best practices:

- Inventory what empathy traits are required of customer-facing employees.
- Bring customers into the design and evaluation of CRM processes.
- Evaluate CRM software that will be used by customers and employees based on how the end process and functions respond to user needs (customers, prospects, partners and employees).

Inventory What Empathy Traits Are Required of Consumer-Facing Systems and Employees

A first step in measuring empathy is figuring out what it means in business terms. The ability to empathize has business value. A good example is the reinvention of the car salesman. Until around 2010, automobile dealerships scored very low on overall empathy. The sales person wanted the sale. Finance wanted loans. Service wanted service revenue. There was little analysis about the entire customer life cycle. Car dealership processes have undergone enormous change, in part because of greater transparency on pricing, in part because of completion, and in part due to the incredible power of social media to expose bad behavior.

Today, dealers understand the emotions and mindset of the prospective buyer. Though they might manipulate facts, play off of fears, and embellish certain features in response to eye movement, posture or even breathing to adjust the deal, they still consider the big picture more than ever before. The rise of social media has eroded their grip on pricing, discounting and financing, and has stripped them of many of their sales techniques or "tricks of the trade."

Now, the connection between purchase and subsequent postpurchase experience is what most builds trust, loyalty and further spending. The dealer aligns with the customer's intentions beyond the sale, understands the customer's point of view and primary concerns, and builds the systems and processes to support the customer's needs. The reason for great service is easy to demonstrate: only 30% of the profit for an automobile is in the sale; the remainder of it comes postsale. Ultimately, there is loyalty to the company after the sale if the rest of the experiences are

positive. A deep understanding of the entire customer experience within the automotive industry is reflected in design, features honed for emerging needs, messaging, targeted communications and customer service processes.

The lesson is that a better way to look at empathy is not in a point in time, but across the entire customer life cycle. This means from uncovering a need, to researching that need, buying, setting up the relationship (or using the product), and then all of the postpurchase activities that can occur. This puts the manufacturer (for example) in a better position to introduce more services emerging from the Internet of Things — service reminders, location-based services, in-car media, communications and payments are just some of the new opportunities.

Eight required traits make for an inventory of empathy with the customer:

1. Channel convenience — automated whenever possible
2. Timely response
3. Deep knowledge of the solution to the customer's problem
4. A "best guess" as to why the customer is reaching out
5. Reaching out to the customer whenever possible before an issue arises
6. Perception of helpfulness, friendliness and care
7. Perception of fairness
8. Perception of honesty

It Is the Customer Who Should Have the Final Say in Each of the Eight Traits — Not IT or the Business

IT leaders should bring customers into the design and evaluation of CRM processes. FedEx, Lego, Amazon, Disney and Southwest Airlines all use this approach. IT leaders should ask customers how they would prefer to engage the business for various types of support needs. They should also show them the CRM processes and ask them to weigh in on how convenient and helpful these processes are for them.

Internally, the right questions to ask are:

- Does the business adhere to the eight traits?
- Is empathy taught? Is it explained? Is it translated into specific behaviors?

IT needs to evaluate vendors' ability to deliver on functionality and process tools to respond to user needs — both customer and employee. IT should be able to show, explicitly, the human interface design scores from user experience ratings — from employees, partners, prospects and customers.

Gartner Recommended Reading

Some documents may not be available as part of your current Gartner subscription.

"Rethinking CRM Customer Service Fundamentals for a New Age"

"How to Get Your Customer Service Employees to Care About the Customer"

"Principles for the Future of CRM for Sales"

Evidence

¹ D. Peppers, M. Rogers, "The One to One Future: Building Relationships One Customer at a Time," Currency, 1993.

² J.A. Johnson, J.M. Cheek, R. Smither, "[The Structure of Empathy](#)," Journal of Personality and Social Psychology 1983, Vol. 45, No. 6, 1299-1312, American Psychological Association, 1983.

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