



 cogito

THE ROI OF  
EMPATHY



## EMPATHY IS A CUSTOMER MANDATE

Customers have set a high bar for experience when engaging with a business. So, it's no surprise that phone professionals are expected to deliver empathy in every conversation. In fact, Cogito recently surveyed 2,000 domestic consumers and found that of the 71% who stated they engaged with a contact center at least once in the last six months, 44% said the *quality* of customer service is **the most important** component of how empathetic they perceived an organization to be.

But the simple truth is that being a phone professional is a challenging job. On average, phone professionals handle approximately 30 calls per day, each averaging a duration of around eight minutes. That roughly equates to 240 minutes each day, or 12,480 minutes each year of actively listening to and solving people's problems.

## TIMING IS EVERYTHING

While "always on" empathy is the customer demand, it is extremely hard to deliver, and even harder to deliver it consistently throughout the day. In fact, findings from a 2018 cross-industry survey (of over 450 phone professionals) shown in **Figure 1**, demonstrate that conversations tend to be easier during the first half of a phone professional's shift. Consequently, over the course of the second half of a shift (afternoon), a phone professional's ability to maintain a positive and energetic tone declines. This demonstrates that there are peak moments throughout everyday where empathy is easier to deliver, than others.

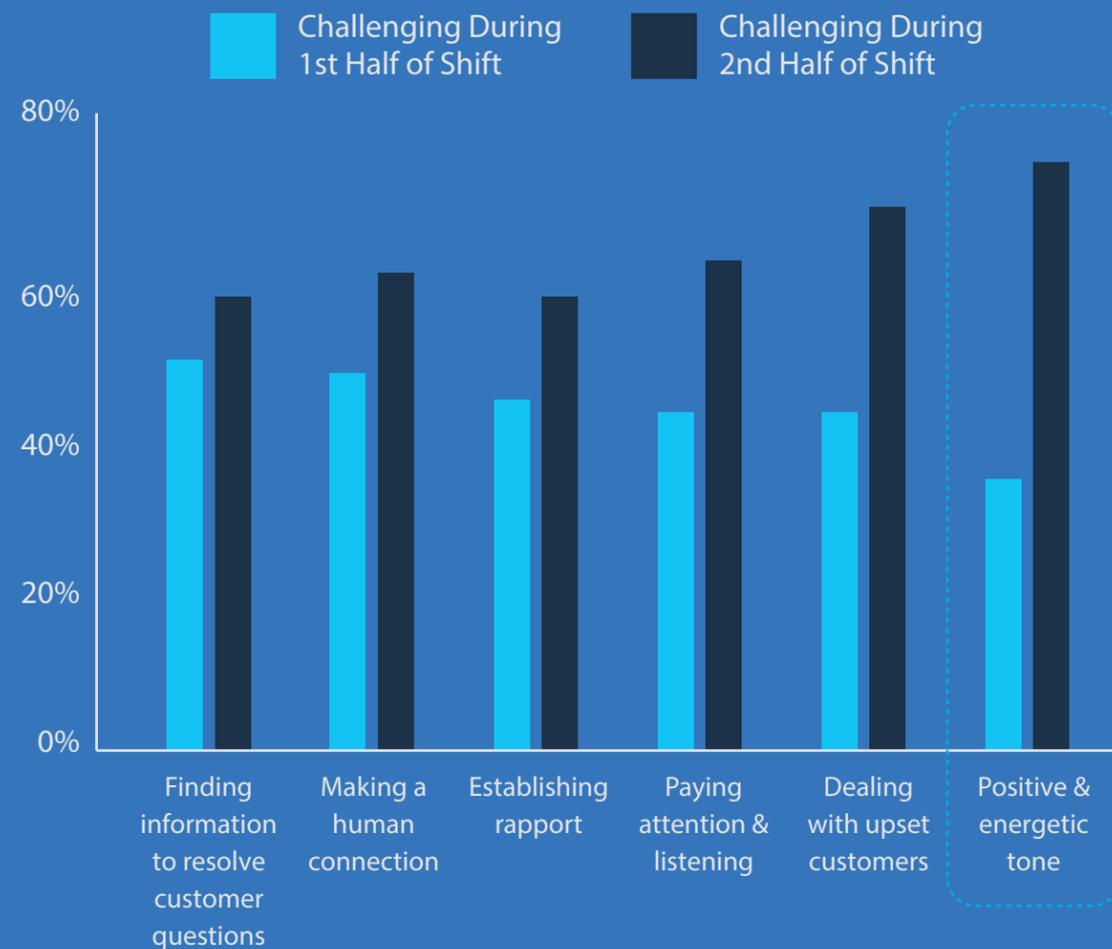


FIGURE 1

**While consistently creating high-quality *human* experiences is one of the biggest challenges facing businesses today, companies must find a way to ensure phone professionals can deliver the level of empathy customers expect – regardless of the time of day or any other variables that may impact performance and the customer experience.**

### WHY CONSISTENT EMPATHY IS SO HARD: COGNITIVE OVERLOAD AND COMPASSION FATIGUE

We know empathy is important to customers, yet we also know phone professionals are unable to consistently deliver it. But why? What it really comes down to is human capacity. This is especially true for those within financial services, healthcare, insurance and telecommunications, where phone professionals typically experience a large volume of highly complex customer touchpoints each day.

In addition to high call volumes, phone professionals must also navigate 20+ different tools at any given point in time – paired with trying to remember required policies, procedures and compliance language. This level of daily, intense pressure to meet the performance threshold can gradually build up, eventually resulting in professionals becoming mentally overwhelmed, known as **cognitive overload** – or the point at which one’s decision-making abilities begin to decrease. Once at the point of cognitive overload, phone professionals (understandably) become less focused on empathizing and more focused on completing a call and moving on to the next. But cognitive overload isn’t the only kind of stress that phone professionals experience.

Akin to a trauma nurse or army medic after a series of difficult situations, constantly helping people in need takes an emotional toll. In many circumstances, phone professionals experience a form of prolonged emotional stress called **compassion fatigue** – essentially making them “numb,” and unable to pick up on basic social signals in conversation. As a result, they can come across as tone deaf, uncaring or apathetic in conversation – a major reason why interactions don’t always go as planned for those working in customer service and support.



## THE IMPACT

### **FAR-REACHING FINANCIAL EFFECTS OF EMPATHETIC CUSTOMER EXPERIENCES**

When it comes down to it, emotion is a powerful force, especially as it pertains to customer experience. So much so that the research firm, Forrester, found that every [customer experience has three dimensions](#) known as the “three E’s” of CX: effectiveness, ease, and emotion. Their research shows that the emotions a customer experience evokes have greater influence over the quality of an experience more so than ease and effectiveness. And while ease and effectiveness are important, the data consistently identifies emotion as [THE number one driver of customer loyalty](#).

Because emotion is the biggest factor for loyalty, businesses must embrace the reality that, like phone professionals, customers are human beings and therefore emotionally-driven by nature. Therefore, by taking steps to ensure empathy is present during every customer interaction, businesses will be on the right path to create quality customer service, which will positively impact overall brand perception, as well as drive both top- and bottom-line ROI.

REVENUE INCREASES FROM A MODERATE IMPROVEMENT IN CUSTOMER EXPERIENCE

Additional revenues over 3 years for a typical company with \$1 billion in annual revenues (\$ million)

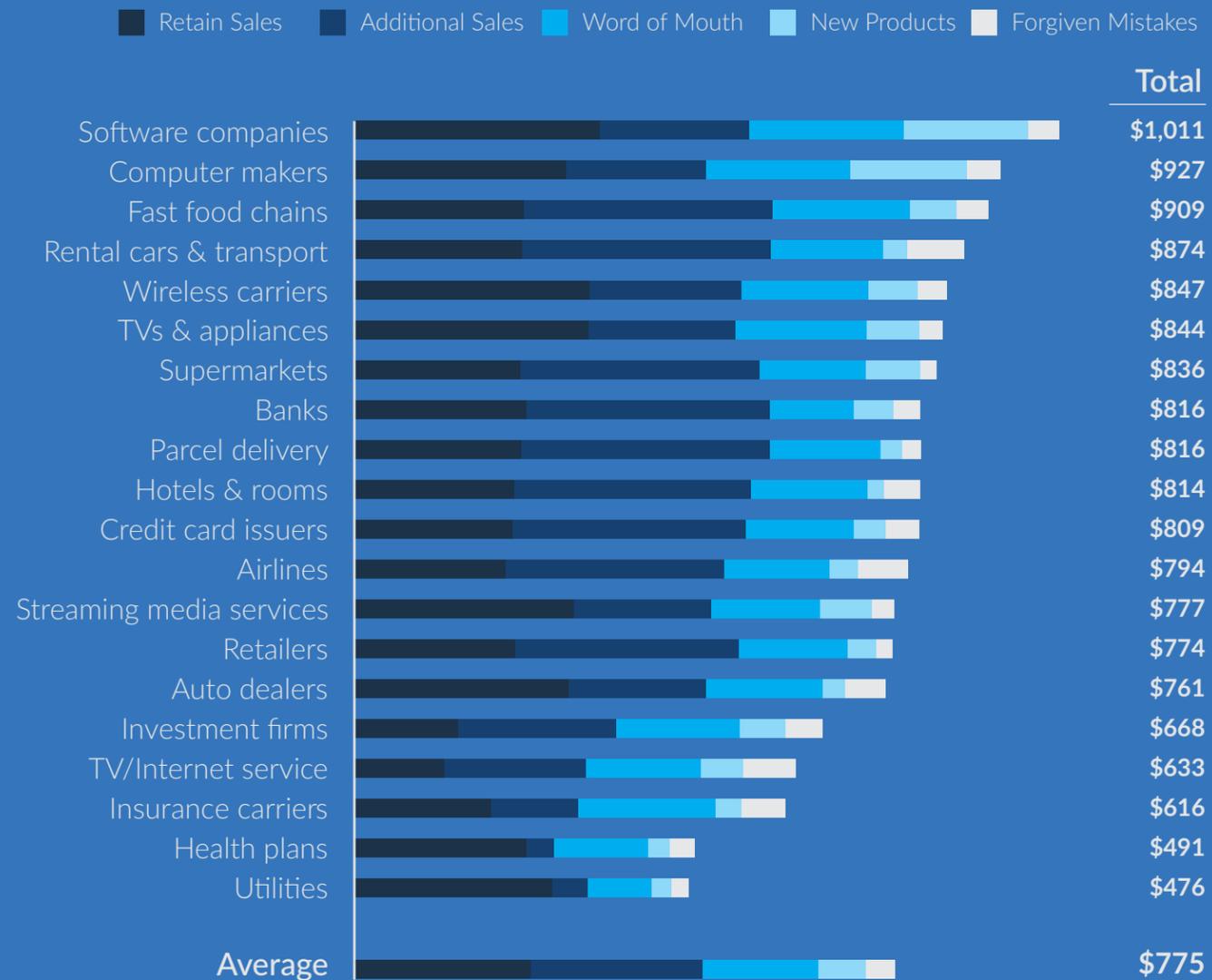


FIGURE 2 | SOURCE: TEMKIN GROUP, LLC

HOW DO YOU COMPUTE THE ROI OF EMPATHY



CUSTOMER LOYALTY



INCREASE WALLET SHARE



HAPPIER EMPLOYEES



INCREASED PRODUCTIVITY

BUT DON'T JUST TAKE OUR WORD FOR IT...

These days, more and more studies from analyst and research firms demonstrate concrete dollar values related to soft skills, like empathy. For example, to prove the business value of superior customer experiences, the **Temkin Group (acquired by Qualtrics)**, built a model to estimate how a modest improvement in customer experience would impact the revenue of a typical \$1 billion company across 20 industries. As shown in Figure 2, findings reveal that on average, companies can generate \$775 million in additional revenue over three years. For instance, wireless carriers show a majority of their increased revenue to be derived from customer retention. Considering how fervently they target average revenue per user (ARPU), and profitability increases over the lifetime of a customer, it's no surprise that retention is their largest opportunity for revenue gain. Similarly, gains and returns in financial services stem from a combination of both retention and upselling.

But regardless of what the combination might be, it's no longer up for debate if **customer experience** can impact company growth and revenue. In fact, it is suggested that by 2020, customer experience will overtake price and product as the key brand differentiator. Being more human and delivering empathy is not just good for conversations between phone professionals and customers, it's at the core of a sound business strategy.



Compassion will be central to treating our members as humans and core to how we engage with our members.

- Dave Wichmann, CEO, UnitedHealth Group®



## THE SOLUTION

### CREATING AN EMPATHY RESERVE

We know there is an ROI for delivering empathy. We know that C-level leaders are seeing these numbers and view the delivery of empathy in customer interactions as a differentiator for continued growth. But we also know that due to the limiting nature of things like cognitive overload and compassion fatigue, there is a gap between the frontline phone professionals who are tasked with this mission on a daily basis and their ability to consistently deliver.

**So, how can businesses close this gap? By empowering phone professionals with the necessary tools and skills to create and subsequently tap into their “empathy reserve”.**

Think of this reserve like a smartphone battery. Like humans, smartphones are often at their best in the morning – fully charged and prepared for an all-day bout of constant interaction that often starts before leaving the house. The more we use our smartphones, the more that battery will deplete over the course of the day – similar to the emotion-filled calls that deplete a phone professional’s ability to consistently deliver empathy.

Much as a smartphone’s battery life is augmented and improved by connecting it to a spare battery reserve – helping it maintain enough energy to power through a day of heavy use – phone professionals need their own reserve to emotionally power them up and deliver the right amount of empathy when it’s needed most.

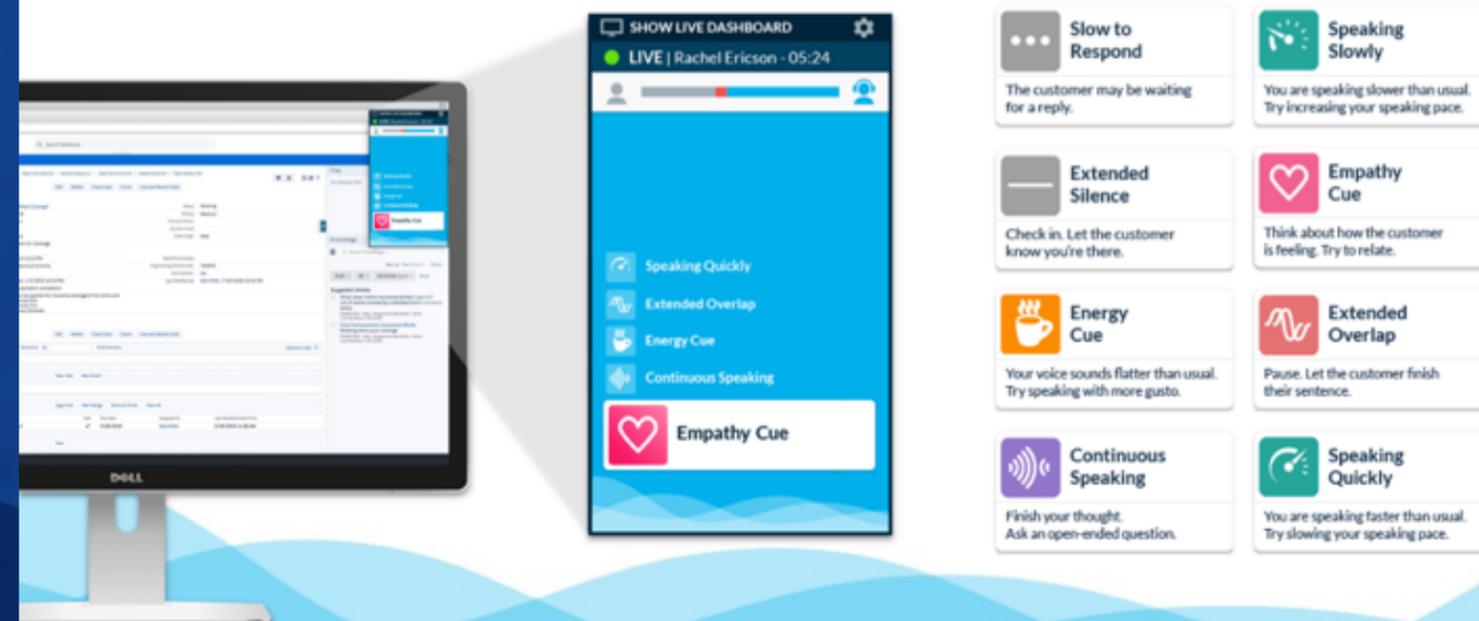
Not only does this enable phone professionals to consistently perform at peak performance, but it can positively increase a customer’s happiness level and a business’s bottom line long-term.

### HOW AN AI COACH CAN BOOST EMPLOYEE EMPATHY

Fortunately today, we live in a world where human abilities are augmented with technology on a daily basis. From smartphones that remind us of birthdays, phone numbers and important meetings, to automobiles with active collision warning systems, that detect when we’re straying from our lanes when driving. For phone professionals, their empathy reserve is powered by technology too.

At Cogito, we believe that the solution to providing an empathy reserve lies in embracing artificial intelligence (AI) to augment innate human abilities – we call this an [AI coach](#). By augmenting a phone professional’s emotional intelligence, we can empower them to make better connections and strengthen rapport with their customers more consistently, which ultimately creates more impactful and meaningful engagement. And because human performance varies throughout the day and among different employees, a dedicated AI coach can ensure empathy is consistently delivered – regardless of time of day, or who answers the phone.

This is achieved by **SENSING** behaviors in customer conversations in real-time. Within milliseconds, Cogito analyzes and **UNDERSTANDS** exactly what’s happening – based on algorithms built from the insights from tens of millions of phone conversations. Once Cogito has an understanding of a given situation, it then coaches’ professionals to have an immediate, positive **IMPACT** on the call by delivering in-the-moment guidance when it matters most. Finally, Cogito **MEASURES** customer and phone professional behavior, as well as the overall customer experience. With these insights, not only can phone professionals gain a better understanding of key areas for improvement, but executives can better **PREDICT** customer outcomes in order to make more informed decisions – on and off customer calls.

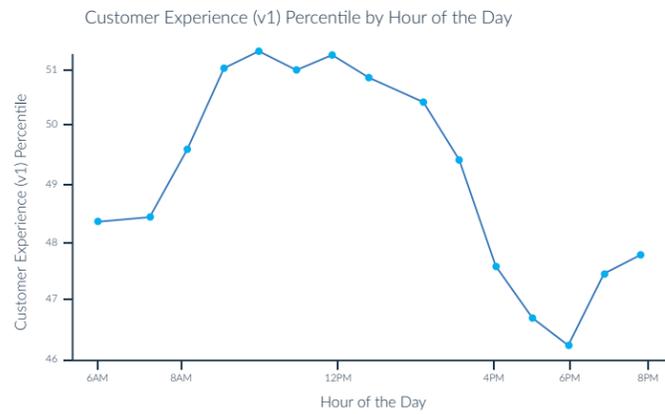


### REAL-TIME GUIDANCE

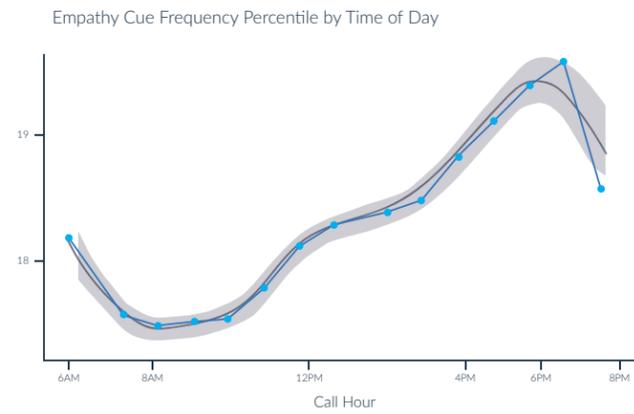
For phone professionals, Cogito’s live guidance is delivered in the form of intuitive notifications or nudges that appear when behavior modification is needed and fades away when the behavior has been changed to improve the conversation. See Figure 3.

Each of Cogito’s notifications is focused on driving specific change for key behaviors that frustrate customers and reduce productivity the most – such as silence and slow response, speaking quickly and interrupting. For example, Cogito can present an energy cue notification in the event the phone professional sounds apathetic to ensure that the customer and professional continue to have a positive conversation.

While all of Cogito’s notifications are important toward addressing negative behaviors, the Empathy Cue is one of the most critical, appearing when it detects elevated vocal energy in the voice of the customer – such as volume, pitch and tone. Often when phone professionals are bogged down with the more technical aspects of their job, it’s easy for them to lose track of the human element in the conversation. In this instance, the Empathy Cue serves as a reminder that there is another human on the other end of the line and that there is a great opportunity to make an emotional connection and have a positive impact – e.g. reminding and empowering the professional to tap into his or her empathy reserve.



Cogito measures the Customer Experience with a CX Score, using vocal signals from both the customer & the phone professional.



Just as phone professionals have claimed, delivering a quality customer experience becomes harder after about 25 calls.

FIGURE 4

To accurately demonstrate the effectiveness of real-time nudges for empathy and other behavior, Figure 4 shows how a customer experience score (CX score) can increase over the course of a morning, but decrease throughout an afternoon. This suggests it becomes more difficult to achieve high customer experience as a day progresses. The chart on the right, however, demonstrates the frequency at which the Cogito Empathy Cue can augment a phone professional's ability to maintain empathy when it gets harder, and when customers need it most.

Infusing empathy during pivotal moments of customer conversations with Cogito's AI can result in organizational gains – both in operational efficiency and customer satisfaction:

- **Operational efficiency** improves an organization's bottom line, allowing phone professionals and customers to have a more productive conversation that more quickly surfaces the necessary information to solve the customer's problems.
- **Customer satisfaction** resulting from a call center agent's ability to tune into the customer's wavelength more effectively, is driven by improved customer perception of the conversation and, subsequently, the organization as a whole. Long-term, this satisfaction creates lasting customer loyalty.

### HUMANA IS A SUCCESSFUL EXAMPLE

As one of the nation's largest and most respected health insurers, Humana constantly strives to improve both its customer and employee experiences. The insurer's ability to effectively communicate with customers during phone interactions has had a significant impact on its reputation, retention and satisfaction.



I look at technology as a way for us to engage with and help our customers. If we don't do it, someone else is going to.

– Bruce Broussard, CEO of Humana

With its commitment to continuous improvement and innovation, Humana implemented Cogito as part of their broader customer-centric initiatives to help improve employee engagement and better meet the rising demands of its customers. By helping coach employee speaking behavior and providing an instant measure of customer experience across all conversations, Cogito has enabled a 14% increase in Net Promoter Score (NPS), a 6.3% increase in issue resolution and a 7% reduction in Average Handle Time (AHT), compared to non-users. Overall, Humana has created better phone conversations, increased employee productivity and driven higher customer satisfaction.

### INSTANT, OBJECTIVE INSIGHTS INTO CUSTOMER EXPERIENCE

Beyond augmenting agent performance in-call, Cogito algorithms simultaneously calculate the aforementioned CX Score, which serves as an instant measure of customer perception. The CX score considers complex and non-linear computations executed across a robust data set, which not only considers a phone professional's behavior during an interaction – were they helpful or agitated, engaged or apathetic, confident or unsure – but perception of the conversation as a whole – based on things like tone, pitch, speaking rate and turn-taking patterns. All of these inputs (and more) directly impact a call's CX score.

CUSTOMER EXPERIENCE V1.1

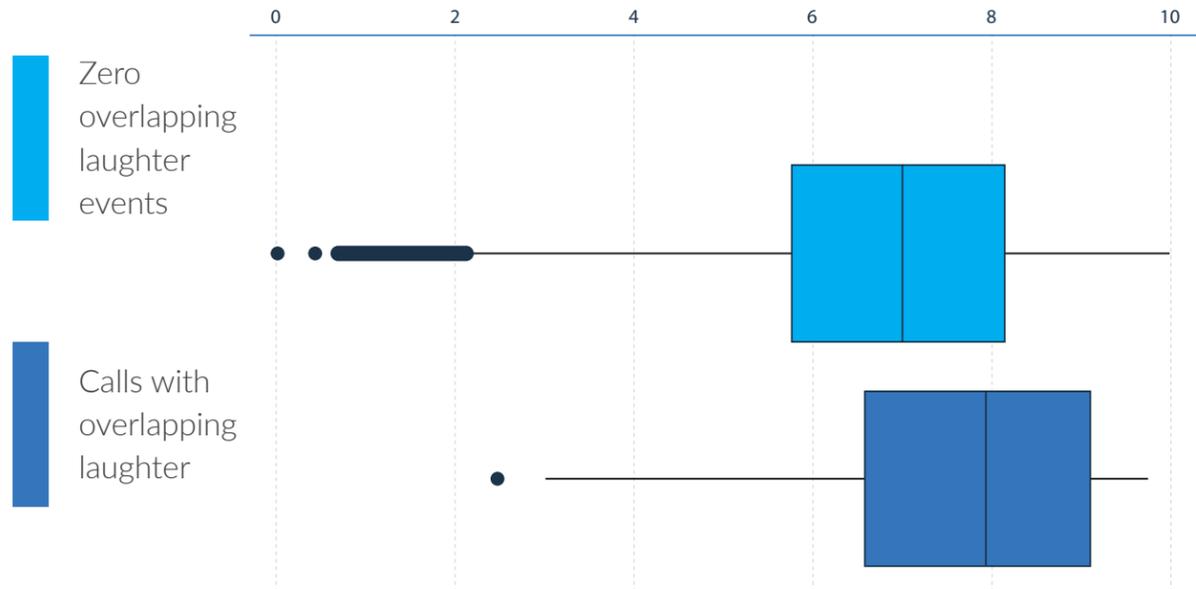


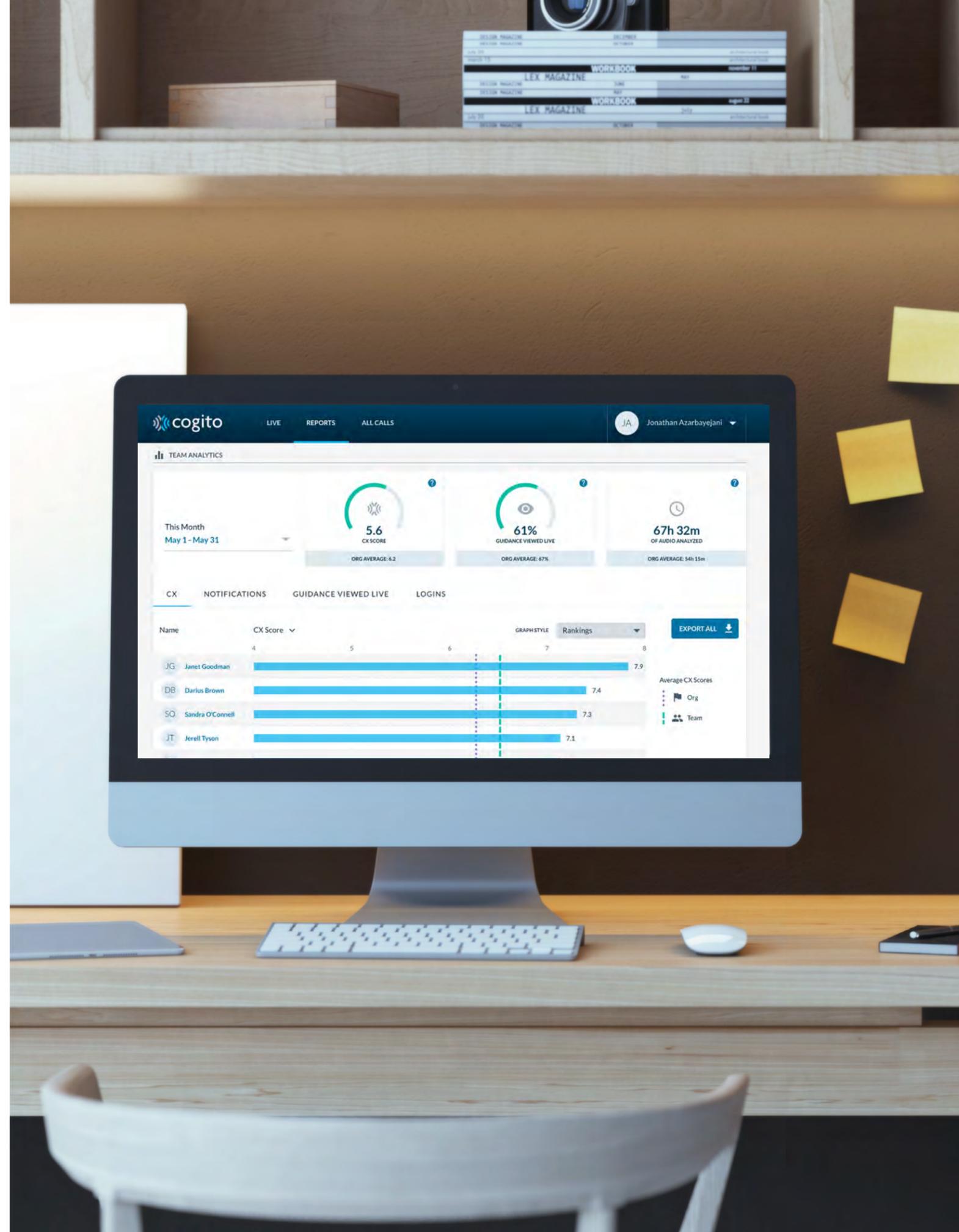
FIGURE 5

**Calls with overlaps, however defined, attract higher CX scores than calls without overlapping laughter moments.**

Cogito’s own [call analysis](#) has revealed laughter as a contributing factor to higher CX Scores. As shown in figure 5, calls containing shared or overlapping laughter are not only a powerful signal of empathy, but it can have a positive impact on the customer, generating a positive emotional response, and their perception of the conversation. Think of laughter as a social lubricant. Phone professionals who laugh on a call make customers feel more comfortable and those who respond to customer laughter increase general perception that the call went well, thus improving the overall customer experience.

A big (and differentiating) advantage of measuring customer perception is that Cogito can track these CX Scores for practically 100% of a call center’s conversations – creating a wealth of immediate, useful insights. For executives, these insights can be considered when making more agile business decisions. For supervisors, insights assist in outlining a clearer understanding of their team’s real-time status and customer experience history for future agent coaching needs, as well as a having stronger grasp of trends over time.

Together, all of Cogito’s notifications help to course-correct perceived negative behavior and ensure customers consistently receive engaged, empathetic and positive experiences, while also helping to limit variability in professional performance.





## WHEN EVERYONE WINS

### **GOOD FOR THE CUSTOMER, GOOD FOR THE PHONE PROFESSIONAL, GOOD FOR THE BUSINESS**

Empathy as a strategy results in a win-win-win. Phone professionals perform better at their jobs. Managers see their employees improve and gain insights into how they can improve customer experiences moving forward. And, customers on the other end of a call have great conversations with companies who they perceive as competent and caring.

Organizations that invest in this strategy will see tremendous ROI in the areas they are looking to improve most. More empathetic customer engagement will drive operational efficiencies – such as increased first call resolution – at the same time, improving customer experiences. But most importantly, customers will FEEL they are receiving a more consistent and empathetic experience.

**This is the ROI of Empathy.**



**Figure 1** | Cogito State of Empathy B2B Report, Researchscape International 2018

**Figure 2** | Temkin Group Q1 2018 Consumer Benchmark Study

**Figure 3** | Cogito Dialog Software Application

**Figure 4** | Cogito State of Empathy B2B Report, Researchscape International 2018

**Figure 5** | 2019 Cogito Analysis of 1 Million Calls