OpenMarket

An **infobip** company

Empathy in the Age of AI – a research study

CX findings from businesses and consumers

Preface

The questions
What does a consumer-brand relationship mean in the AI era? How do you adapt to this changing bond? And how do you stay close to customers while gaining automation-related efficiencies? The Empathy in the Age of AI research study answers important questions like these.

The answers
More than 4,000 consumers and 600 CX leaders from large businesses took part in the study. Some of the findings are predictable. Others are surprising. Frustration with current lines of communication are clear. And the consensus – among both consumers and CX leaders – is that brands must become more empathetic as AI and automation spread.

Ultimately, the research delivers clear conclusions about the type of CX that could win brands loyalty – now and in the future.
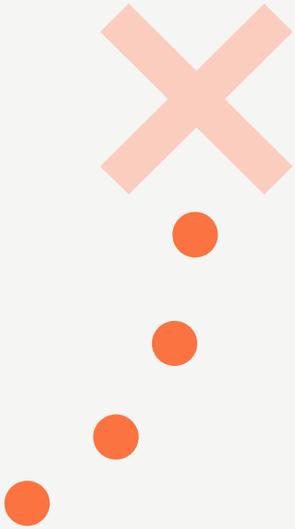
The who, what and why

We're OpenMarket – we help businesses use mobile messaging to connect with the people who matter most, in the moments that matter most. Seven of the world's ten biggest brands rely on us to interact with their audiences across the world.

The world of mobile messaging and CX is changing fast. So we commissioned an independent research company to help brands and interaction providers better understand how to help their customers. Our guide to the research can be found [here].

Its findings suggest that brands need to embrace AI and automation more wholeheartedly if they want to intensify customer relationships, and become more empathetic.

This strategy guide digs deeper. It investigates the implications of the research and helps you work out what to do next.

Research overview

Good research often starts with a hypothesis to test. Ours was that empathetic customer service is important to brands and consumers. But first we needed to nail down what empathy actually is – from the perspective of both parties.

We interviewed 4082 consumers (50% from the UK, and 50% from the US). We also cross-questioned 611 business respondents (again, 50% from the UK, and 50% from the US). The business respondents were senior professionals in large companies across a variety of sectors. All had responsibility for how technology is used to enhance and support customer interactions. In other words they were customer experience leaders.

Seniority of business respondents

36%	32%	32%

● VP / Director level
● Senior Manager level
● C-level

The business areas they worked in

25%	25%	15%	14%	11%	10%

- 🟠 Operations
- 🟣 Marketing
- ⚫ Sales
- ⚫ Customer Experience
- ⚪ Strategy
- ⚪ Customer Support

The size of their companies

45%	39%	16%

- 🟠 1000 – 4999 employees
- 🟣 500 – 999 employees
- ⚫ 5000+ employees

Contents

An introduction to empathy

Fluffy, fuzzy, imprecise...
Cards on the table. Empathy can seem a fluffy, fuzzy, imprecise term in the world of business and CX.
Take a moment to consider its dictionary definition:

> *Empathy: The action of understanding, being aware of, being sensitive to, and vicariously experiencing the feelings, thoughts, and experience of another.*
>
> —Macmillan Dictionary

See? Fluffy.

After all, brands are non-feeling 'things'. They don't have hearts that ache when they hear a customer groan about them in a focus group. They don't have stomachs that flutter when a customer leaves a good review. The notion of business empathy can appear even less relevant in the age of bots, AI and automation. After all, machines rather than humans are increasingly taking care of much of the customer's experience nowadays.

Modern tech is pretty amazing, but it can't 'vicariously experience the feelings, thoughts, and experience of another'. So, let's make a slight tweak to the definition of empathy:

Empathy: The action of understanding, being aware of, and acting on the feelings, experience and needs of your customers and prospects.

Suddenly, it fits. The relevance and importance of empathy to brands becomes obvious.

Consumers love empathy

The consumers we interviewed as part of this study voice strong feelings about the need for brand empathy. An overwhelming 87% say an empathetic approach to communication and customer experience is important. And 80% agree that brands should be more efficient and empathetic with their customers.

Businesses are even more convinced. A near-unanimous 98% recognize the importance of empathetic interactions across all channels.

Pretty convincing.

Meanwhile, just look at the business benefits of empathy – as articulated by consumers:

90% say empathetic interactions make them feel more valued. 90% would be likely to continue using an empathetic brand over alternatives.

90% would be likely to recommend an empathetic brand to others. 86% would be likely to spend more money with an empathetic brand. 89% would be more likely to trust an empathetic brand.

80%

Of consumers say brands should be more efficient and empathetic with their customers

The findings are conclusive. Developing empathetic relationships with customers looks like a no-brainer for brands. A foolproof way to attract customers who'll keep coming back for more while banging the drum for you to others.

But the concrete moves brands must make to become an empathetic company are less clear. That's what this research study ultimately reveals. So let's dive into the rest of the data.

Consumers' CX frustrations

The last ten years might be looked back on as a peculiar period for customer experience. It was supposed to be the decade in which CX came of age. Consumers everywhere had been promised their interactions with brands would become smooth and intuitive – leaving them feeling grateful, content, and loyal.

But the reality is, that's far from the truth. Consumers appear deeply frustrated. According to the research: 61% would like to reduce time spent dealing with brands online and 56% say most interactions with brands are overly complex.

Take a look at the table below. We asked consumers how well they think businesses today do at some crucial customer-service based tasks. The low figures suggest that many brands have work to do.

Consumers' perception of brand performance

Understanding when I need human assistance

25%	39%	28%	7%

Going out of their way to meet my needs

20%	44%	29%	7%

Enabling me to deal with needs in the fewest steps possible

19%	41%	32%	7%

Communicating with me via the channels I want

17%	38%	37%	8%

Understanding my needs at different times of the purchase process / relationship

17%	40%	35%	7%

● Not at all well
● Not particularly well
● Quite well
● Very well

Perhaps perceptions of brand performance would be even more negative if the world's great customer-obsessed brands – think: Apple, Amazon, Uber and a short list of others – were not around. After all, it's fair to assume that the great CX these brands consistently deliver boosts consumers' perception of the CX they generally receive.

Or perhaps the opposite is true. Maybe these brands set such high expectations that consumers feel the service they receive from others is sometimes not up to scratch?

Room for improvement
We asked consumers to list out their biggest frustrations about how brands interact with them. They ranked as follows:

1. Too much communication and spam

2. Time spent dealing with brands (for example, being kept on hold)

3. Communication that is too 'salesy' and not helpful enough

4. Having to remember a variety of login and password details

5. Generic and impersonal communications

You get the message: consumers think things could be better. And businesses agree. Some 96% of CX leaders voice concerns about their customer interactions. The top three are:

1. Communications are too generic / not personalized

2. Not knowing which channels to use and when

3. The complexity of customer experiences

But let's cut brands some slack here. When you consider the evolving communications arena, it's no wonder they sometimes fall short of delivering a good experience.

Changing times

It used to be that customers communicated with companies in person, by letter or by phone. Then came faxing, email, websites, mobile messaging, apps, portals, clouds and chatbots. Then there's Twitter, Facebook, Instagram and the other social media platforms.

Now factor in the growth of companies in recent years – largely powered by tech and globalization. Multiple teams with multiple processes are needed to deal with customers. It's become difficult to ensure a smooth, timely and consistent experience. Developing empathetic consumer bonds can feel next to impossible.

The good news? The research suggests there's an incredible opportunity for every business to take advantage of pent-up customer demand for empathetic engagement.

What constitutes empathy?

Brands need to be more empathetic. That's clear. But the million dollar question for them has to be: What does empathy mean for consumers?

Or to phrase it differently: What areas of CX should brands focus on in order to get closer to consumers?

We asked consumers which customer-service qualities brands needed to nail in order to be considered empathetic.

What brands should focus on to be more empathetic

Usefulness
86%

Speed
85%

Seamless / easy
84%

Personalized
80%

Empowering
80%

Timelines
79%

Engaging
73%
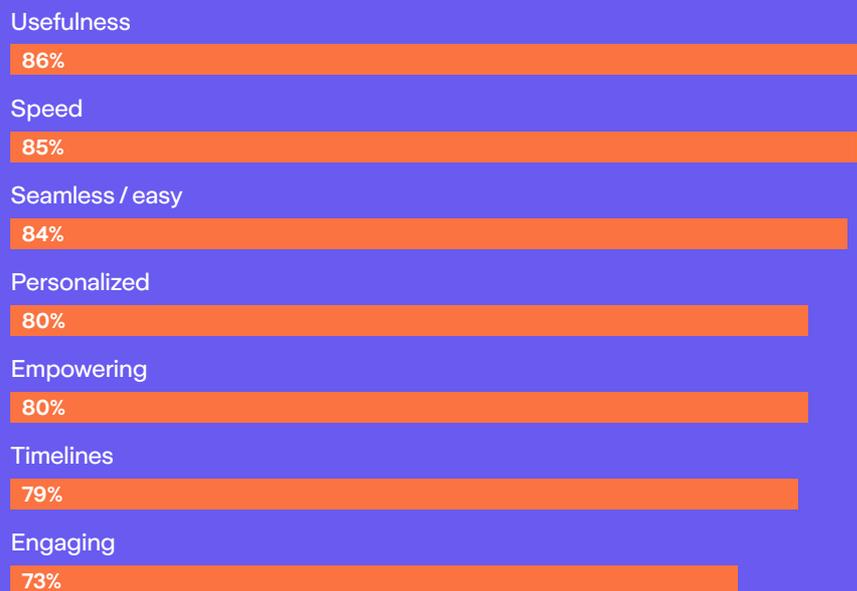
● Percentage of consumers that agree

Usefulness is a predictable top scorer. Likewise, the importance of speed and a seamless experience is no surprise. After all, waiting on hold or enduring friction have no place in an empathetic experience. When customers connect with you, they expect to be known and served on demand – regardless of the channel they're using.

The consumers who consider a personalized experience so important don't just want their names to be remembered. They want to be treated as individuals and to enjoy interactions based on preferences and needs.

Practical takeaways

To give further context to these findings, consumers were asked to outline specific actions brands can take in order to be considered empathetic. The top five answers were:

1. Deliver the right amount of communication (enough to help me, but not so much that it wastes time)

2. Make the effort to understand which channels I want to use in different circumstances

3. Be more proactive in communications, anticipate problems and offer support when I need it

4. Use technology to make communications as simple, engaging and interactive as possible

5. Ensure communications are integrated across channels
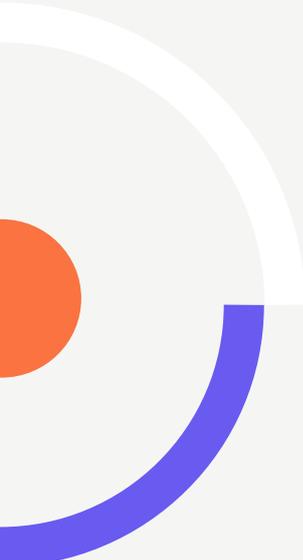
The responses are in line with the chart on page 14. Consumers call on brands to value their time, understand which channels they want to use, be there to anticipate problems, and make communications simple and seamless.

The consumers have spoken
The findings seem to leave brands with a choice:

1. Spend more money on CX – for example, by increasing numbers to handle calls or emails

    or:

2. Find efficient and effective ways to automate CX

The latter choice seems the more viable. Why? The research reveals almost two-thirds (63%) of CX leaders believe that CX demands are outpacing CX budgets.

But is it possible for an automated experience to be considered empathetic? The opinions consumers have so far offered on empathy suggest it can.

But let's drill down further.

Can tech deliver empathetic interactions?

The CX leaders surveyed are divided on whether tech, automation and AI can help businesses enjoy more empathetic interactions.

CX leaders
Can tech, automation and AI help businesses have more empathetic interactions?
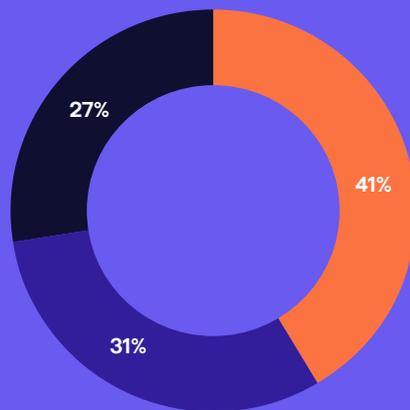
Consumers
Can tech, automation and AI help businesses have more empathetic interactions?

27%
41%
31%

- Yes
- No
- Don't know

15%
23%
63%
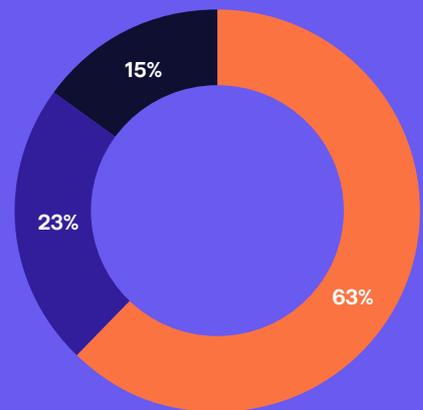
- Yes
- No
- Don't know

Just over two-fifths (41%) believe it can, while 31% are undecided. But consumers are far more positive.

Nearly two-thirds (63%) believe it can, while 23% are undecided. The 'yes' figure rises to 73% for under 35s. This compares with 58% for over 35s.

The difference in attitudes between generations isn't much of a surprise. Many young people have only ever known a world in which they interact with big brands through an interface.

A clear thread emerges from the research findings so far. The majority of consumers feel cared for when they enjoy smooth, automated brand interactions that save them time, address their individual needs, and are simple and engaging.

The data even suggests consumers can develop strong bonds with brands solely through good automated experiences. Another important finding supports this idea. Over two-thirds (67%) of consumers believe good automated experiences are just as important as human interactions.

67%

Of consumers believe good automated experiences are just as important as human interactions

This time the responses from both under 35s (68%) and over 35s (66%) are almost identical. CX leaders are even more convinced – with 78% agreeing.

Now think back to the findings on page 14 that detail the actions businesses can take to be thought of as empathetic. In almost all these examples, technology can help. This is great news for brands that want to develop more empathetic bonds with consumers, while keeping CX budgets down.

But inevitably, business isn't that simple. According to the findings from CX leaders, brands believe they have some mountains to climb first.

78%

Of CX leaders believe good automated experiences are just as important as human interactions

The business challenges of empathy

Brands know they need to undergo a CX revolution. Check out this chart:

When do we need to review and overhaul CX strategy?

- 🟠 Within the next 12 months
- 🟣 Within the next 18 months
- ⚫ Within the next 2 years
- ⚪ Within the next 3 years
- ⚪ Longer than 3 years

29%
26%
22%
13%
10%
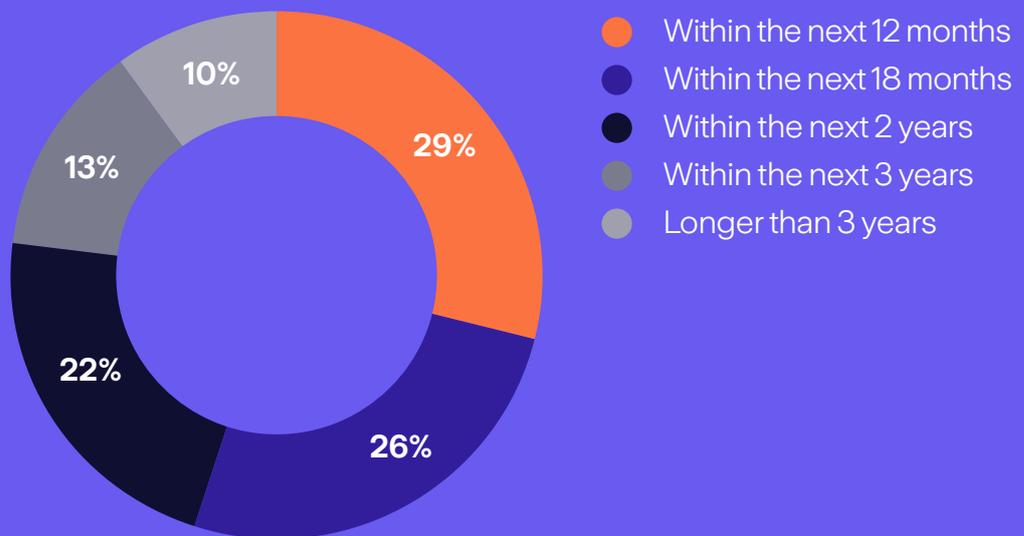
More than three quarters (77%) of CX leaders say their businesses need to review and overhaul their CX strategy within two years to ensure they become efficient and empathetic. More than half (55%) feel they need to do this within 18 months.

Why do CX leaders want to overhaul their CX?
This table sets out their key concerns:

CX leaders' concerns about their customer interactions

Too generic, not personalized
43%

Knowing which channels to use and when
40%

Too complex / customers moved from channel-to-channel or person-to-person
34%

Too much communication
32%

Low level of engagement or low open rates
29%

Too little communication
29%

Compliance (e.g. opt-ins)
23%

None of the above
4%
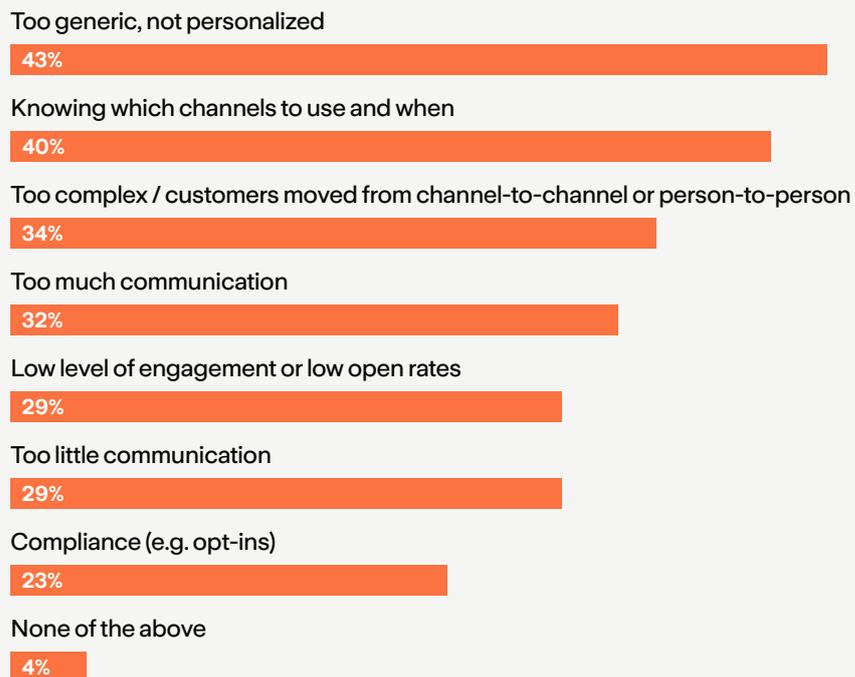
An inability to personalize customer experiences and use the right channels seem to be the biggest issues for CX leaders. There are worries about the complexity of customer journeys.

And trying to get customers to actually engage is understandably at the top of minds. How to address all these concerns is the big question for brands...

The findings in this chart lay bare the work required to successfully engage every customer across multiple communication channels.

The CX leader challenges when trying to design and deliver empathetic interactions

Integration with existing systems and processes
83%

Lack of expertise and resource to design workflows / processes
81%

Automated communication with customers on various channels
80%

Leveraging data and insights to optimize interactions
79%

Integration with existing systems and processes
77%

Silos and lack of data sharing across the business
76%

Building a business case for investment
76%

Compliance / regulatory concerns
75%

Lack of time
75%

Finding suitable platforms or partners
70%

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Note the high percentages of CX leaders that acknowledge the challenges they face in each area. This work includes the breaking down of data silos, integrating systems, getting processes in place, and ditching legacy systems to deliver communications that mirror customers' movements.

Getting the right channels in place for customers is also clearly essential. So let's dig deeper to find out which communication and CX channels consumers prefer in different situations.

Which channels in which situations?

Here's an important stat to kick this chapter off: Nearly four fifths of consumers (79%) want brands to understand which messaging channels they prefer.

This chart should help brands that want to do some early planning. We asked consumers to name the types of channels they consider to be ideal for communicating with brands.

Ideal channels for interactions

Email
54%

Mobile / SMS messaging
41%

Store / face-to-face
35%

Social media
24%

Call center
16%

Branded mobile app
16%

Messaging app
16%

Chatbots
8%
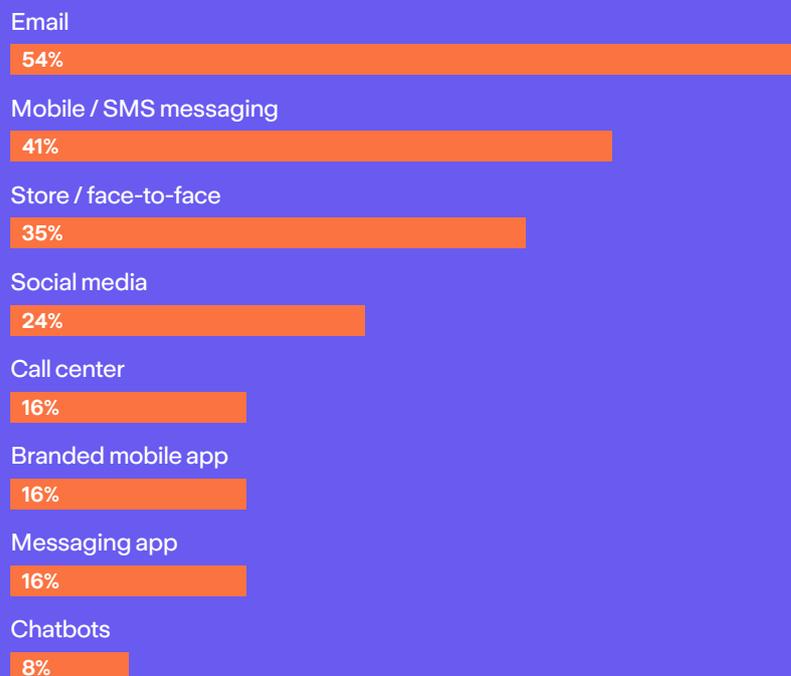
Email versus mobile messaging
Several interesting discussion points emerge. First off, email is a form of communication customers are clearly comfortable with. Mobile messaging is close behind. But further findings from our research study indicate that consumers often don't feel email is ideal for brand communications – especially when compared with mobile messaging.

For example: 60% say they find it less stressful to deal with brands via messaging than by email. And 83% say they are likely to receive and read mobile messages more quickly than every other channel.

What's more, nearly three-quarters (74%) say the mobile inbox is their primary communication method for 'getting things done'. A long list of these 'things' can be seen in the chart on the right, in which consumers set out different situations in which mobile messaging is useful.

Note these are all tasks and interaction situations that benefit from the fast and frictionless ability of mobile messaging to reach people at exact times and in exact places. For example, notifications, alerts and authentications are often required in an instant. Scheduling and rearranging reappointments might require some quick back and forth. And marketing messages or special offers are often time and place dependent.

Usefulness of mobile messaging in different situations

Notification & alerts / delivering critical information in real time
| 88% |

Scheduling or appointment setting and confirming
| 87% |

Billing and payments
| 83% |

Authentication, security, passwords
| 83% |

Customer service and support
| 80% |

Customer feedback and surveys
| 74% |

Marketing, special offers
| 74% |

Sales, new business, customer acquisition
| 68% |

Email has its great strengths. It's best when you're sending long documents a customer needs to save, but doesn't need to read right now. Or for when you're sending big content pieces like newsletters, brochures or product guarantees. At other times, there's no substitute for human interactions. They tend to be just right for complex customer service – when a real person needs to react to a customer's responses in real time.

But mobile messaging emerges from the research as a key channel to carry out many of the daily, interaction-intensive tasks previously carried out by humans. All in all, the research sends a signal to brands about mobile messaging's place in the CX mix.

Let's take another look at the chart from page 24, which details consumers' ideal interactions with brands. It's interesting to note the relative unpopularity of apps here. This finding is backed by another interesting stat from the research: 51% of consumers have deleted more apps than they have downloaded in the last year.

51%

Of consumers have deleted more apps than they've downloaded this year

The lack of trust consumers have in the call center experience is also evident – with only 16% seeing it as an ideal interaction. Anyone who has spent time being left on hold by company call centers in the past decade will understand why.

Chatbots also don't score highly. The idea of conversing with a robot doesn't seem to sit well with audiences. However, further data from the research suggests audiences might be more open to chatbot interactions than they realize.

Consumers' ideal interactions with brands

Email
54%

Mobile / SMS messaging
41%

Store / face-to-face
35%

Social media
24%

Call center
16%

Branded mobile app
16%

Messaging app
16%

Chatbots
8%
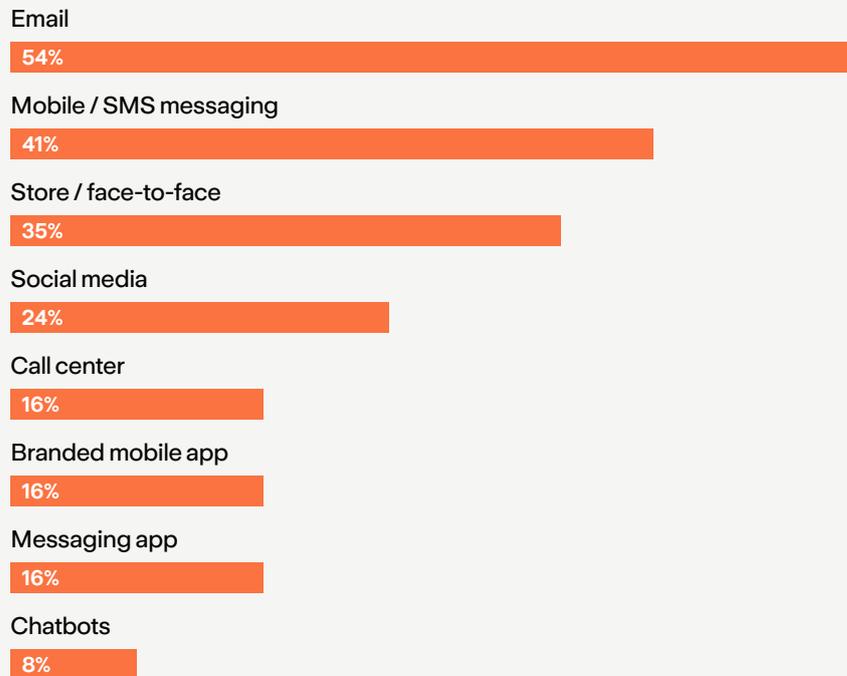
Talking with bots

This seemingly negative attitude to bots can be contrasted with the high score given to business-to-consumer mobile messaging – which is almost always an automated experience. Perhaps mobile messaging is so far ahead of bots in the popularity chart because it offers simple, fast experiences for consumers.

Mobile messages have also been restricted to yes/no or multiple choice answers, which means the channel hasn't been dogged by the AI failures we've experienced over the years with voicebots (think: automated assistants, and automated call-center systems).

So a quick question to ponder: what if customers were offered AI-powered conversations via the mobile messaging medium? Would this hold the potential of changing attitudes to chatbot-based experiences?

We'll soon know the answer. Conversations powered by natural language processing are coming to mobile messaging. Very soon customers will be able to converse with brand-representing 'bots' through their mobile messaging inbox.

Read our guide to AI-powered mobile messaging

How to use mobile messaging

Some 88% of businesses surveyed say it would be useful to understand which messaging channels consumers now prefer. This chart helps you do just that.

Consumers' preferred messaging platforms

Mobile inbox

51%	
61%	

Facebook Messenger

19%	
44%	

WhatsApp

16%	
34%	

Snapchat

5%	
15%	

Other

10%	
4%	

None of the above

20%	
7%	

● From trusted businesses
● From friends
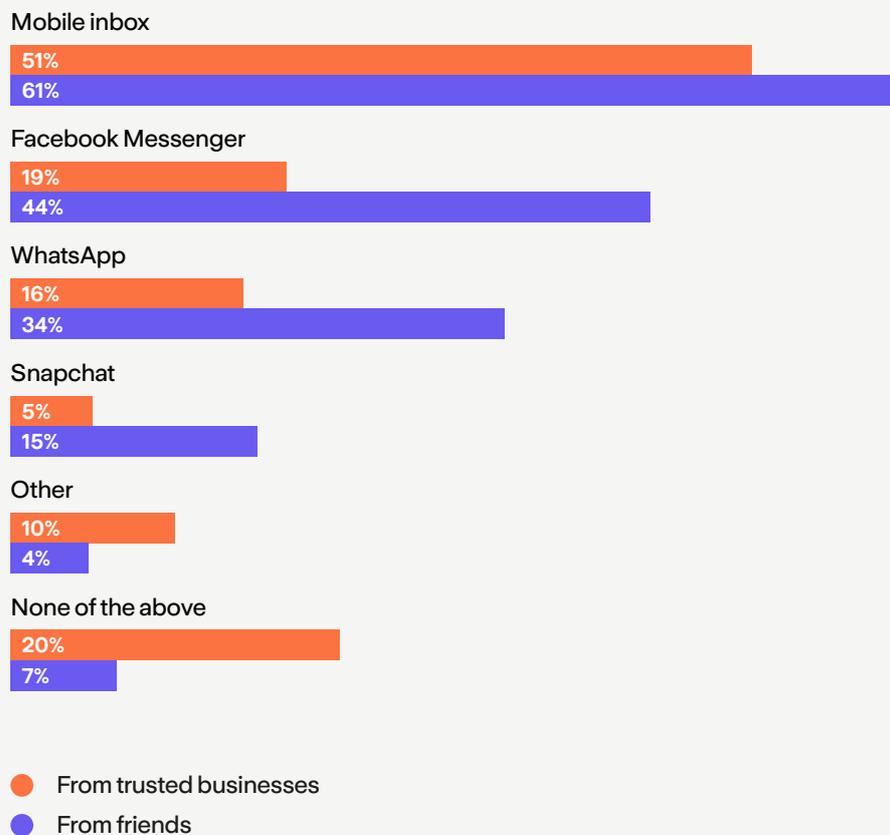
It's clear that messaging apps are rivaling the dominance of the mobile inbox when it comes to person-to-person messaging. But in business-to-consumer messaging, the traditional SMS inbox is still largely dominant – and is likely to remain so in the near future.

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However, bear in mind brands are only just starting to use messaging apps to communicate with customers. It might take time, but there's a chance consumers will grow more used to interacting with brands on these channels.

Adopting a multi-channel approach to messaging seems important, just as a multi-channel approach to all CX is crucial.

An appetite for richer messaging
Many brands, particularly in the US, have successfully used image-rich MMS messages to engage with audiences in recent years.

But the research suggests consumers have an appetite for even richer messaging experiences. Some 60% say that if business messages featured images, videos and app-like experiences, they would be more likely to use them.

Enter RCS – a video-rich, interactive, app-like messaging technology that shares the same inbox as SMS and MMS. It presents a big opportunity for brands. Think back to the demise of apps signaled by consumer responses in this research study. It seems that people don't want to have to download an app when they might only need to interact with it once or twice a year – for example to book plane or theater tickets.

RCS is the natural replacement. It's a way to interact with consumers in exactly the same way – but without requiring them to download anything onto their phone.

Read our guide to RCS messaging

Empathetic CX
The conclusions

The research reveals brands are finding it difficult to pull off the type of empathetic service they would like to offer. Especially as the customer communication landscape gets more complex.

But with an intelligent multi-channel comms strategy – executed on the right platform – brands have a huge opportunity to intensify customer relationships. Without blowing limited CX budgets.

Excitingly, it appears relationships forged in this way can be just as strong as those built on interactions with (human) brand representatives.

But brands need to focus on the detail of the findings. Consumers call on them to be available with help and support whenever possible. In other words, they want brands to use technology to maintain always-open lines of communication.

Humans + technology
Of course, human empathy and drive is required at the planning and implementation stage of automated interaction rollouts. From there on, empathetic interactions can be generated by customer CRMs linked to the right automated communication channels.

This is where the right platform matters. CX leaders say brands need support to overhaul systems. They've been crying out for a data-driven, multi-channel communication solution that makes delivering best-in-class, automated customer experiences easy.

That's why we built indigo, a new type of multi-channel messaging platform.
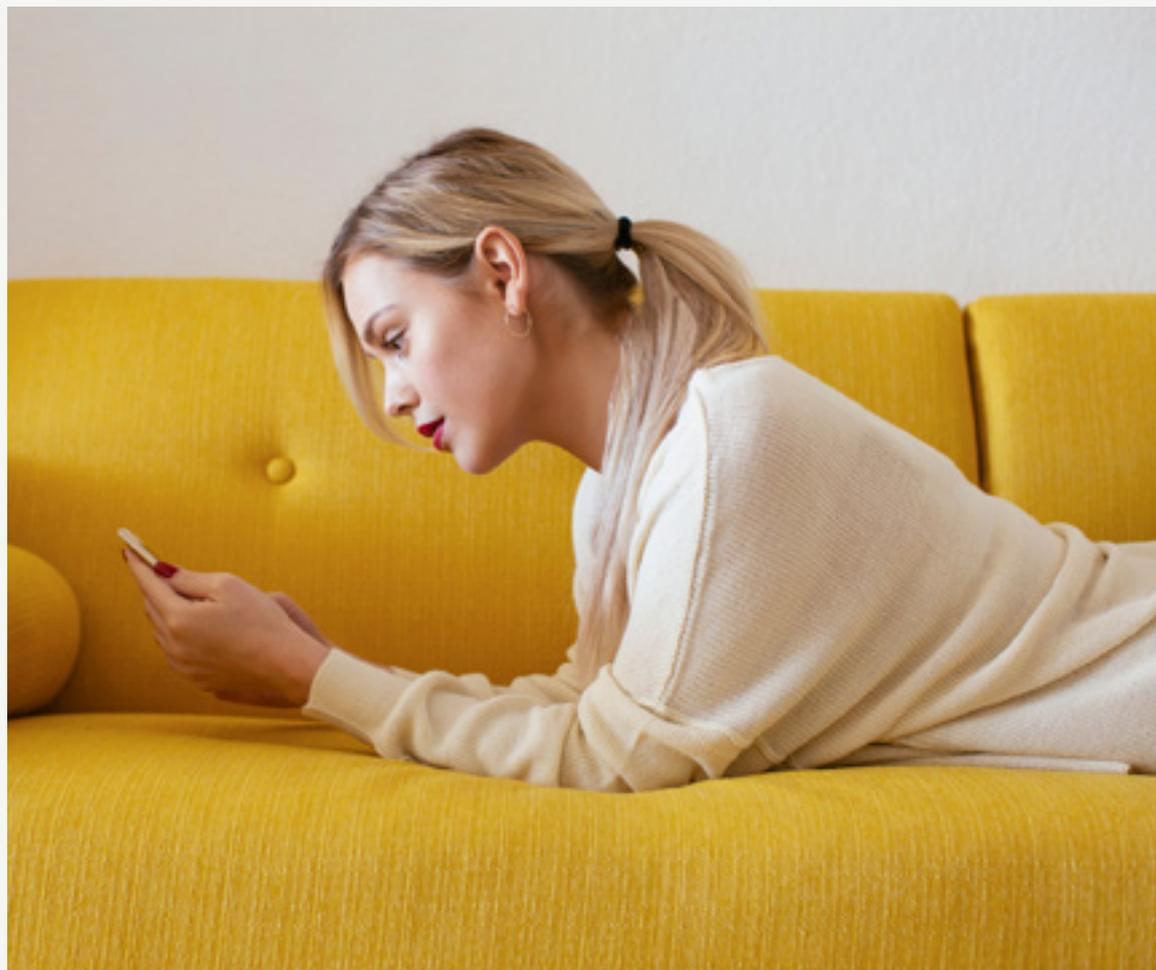
indigo by OpenMarket

indigo combines templated campaigns encoded with best-practice insights, an intuitive interaction builder, and a direct connection to the world's most reliable global messaging network – to help you deliver the right conversations, on the right channels, at the right time.

To make empathetic CX effortless.

Learn more

Multi-channel messaging

Discover how the indigo multi-channel messaging platform works.

Download the eBook

We are OpenMarket
As an Infobip company, we help the biggest brands in the world use mobile messaging to connect with people in the moments that count. When they need to be helpful and responsive in real time. When customer experience isn't just a buzzword, it's an obsession. We'd love to do the same for you.

OpenMarket
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