

Market Search and Customer Empathy

Introduction

What is the Role that Consumer Empathy Plays in Market Research? Empathy is a core characteristic of helping and caring interactions and thus is fundamental to service. Marketing is focused on the value of empathy as it leads to improved service quality perceptions and successful sales outcomes. That is why it is of key importance to entrepreneurship and the process of market search. When starting a venture, you should most definitely consider empathy as an integral part of your marketing efforts for reaching your targeted audiences.

The 2018 State of the Workplace Empathy Report by Businessolver found that “87% of CEOs agree the company’s financial performance is tied to empathy”. According to CareerBuilder 2019 report, candidates’ soft skills are increasingly important when applying for jobs. 92% of employers say soft skills, including empathy, will be important in determining if they will hire candidates. Companies are reacting to the benefits of using empathy consistently in leadership, as it will help them gain advantage, for example increased customer satisfaction, happier employees, higher revenue and stronger brand.

Empathy is a key factor for successful interactions between customers and frontline

Basically, **empathy is a tool for effective human interactions.**

Although it can be defined and measured in many ways, it is typically viewed as encompassing both a cognitive and an affective component. **Cognitive empathy** is the ability to understand other people’s perspectives, to see their point of view and to anticipate their reactions. **Affective empathy** is the ability to feel an emotional response congruent with the perceived welfare of others. Labeled **empathic concern**, this form of empathy enables a person to sense and respond to another’s emotions without experiencing the stimuli that prompted this emotion.

Empathy is an important psychological phenomenon, and in the service marketing literature, it has been shown to be **a key factor for successful interactions between customers and frontline employees.** It promotes helping behaviour, social support, service quality perceptions, sales performance and forgiveness following service failures.

Research has shown that **empathy is not simply inborn, but can be taught and learned, it can be developed over time just like a muscle,** through exercising this important human skill every day.

This enables us to harness the power of empathy into a business advantage. This course will aid you with knowledge and insights how to properly utilise empathy to achieve your business goals.

Your company as beneficiary of empathy

Empathy offers a broad range of benefits at the micro, meso and macro levels. To the target individual and even the ingroup to which the individual belongs, empathy motivates helping behavior, facilitates social bonding and enhances social support. Empathy benefits the company by improving perceptions of service quality, increasing consumer compliance, promoting customer forgiveness after a service failure, offering some protection of brand reputation and enabling design thinking. Last, empathy contributes to a kinder, gentler society by improving moral decision-making, reducing prejudice, and discouraging anti-social behaviour in service settings. **Although the benefits of empathy serve the agent (individual, organization / company and society), the effects of empathy spill over to each level.**

Introducing empathic policies across your business process could be beneficial to your company in various ways:

- **Contributes to service quality, consumer compliance and sales performance**

Empathy, defined in terms of its manifestations, essentially is **a company's display of a caring attitude and individualized attention to customers**. Empathetic service personnel are more in tune with the subtle social signals that indicate that customers are **in need or in distress**, and it is their ability and willingness to take the perspective of customers and respond to them in a sensitive congruent way that leads to positive service quality perceptions. For example, perceiving a health professional as empathetic leads to greater adherence to therapy and increased profitability through satisfaction. Moreover, research shows that, cognitive empathy of the employees increases their ability to accurately identify customers' hierarchy of needs.

Furthermore, **empathy has a positive impact on sales performance**. For example, the relationship between salespeople's customer-oriented attitudes and behaviour (as perceived by customers) is strengthened when their empathy is high. Salespeople who practice empathetic listening also achieve **successful selling outcomes**. A salesperson's empathy strengthens the positive association between perceiving and regulating emotions and also customer participation, citizenship behaviour and commitment to the salesperson. Moreover, **cognitive empathy increases the quality of the relationship** (assessed in terms of trust, commitment, reciprocity and exchange

efficiency) between business solution customers and their project manager or consultant.

When customers are induced to feel empathy for the service provider, **satisfaction with the service increases**. For example, athletes' empathy for their coach increased their satisfaction levels with the training they received during the season. This potential for customers' empathy to alter their perceptions of the service provider's performance is an angle worthy of further exploration. For example, research suggests that customer feelings of empathy for a service provider increase service convenience perceptions (by lowering perceived time and energy costs).

- **Evoking empathy in customers will improve their service quality evaluations and promotes forgiveness**

An individual will forgive another to the extent that he or she experiences empathy. **Forgiveness reduces the motivation to seek revenge and/or remain estranged** from the offending individual and increases the motivation to pursue conciliatory courses of action to help restore the damaged relationship. Research findings indicate that **customer empathy attenuates the negative effects of customer dissatisfaction on customer loyalty** by enhancing forgiveness. This is because empathetic customers are likely to attribute situational factors rather than personal dispositions to the causes of service failures. Similarly, high empathy for customers attenuates your employee's desire to extract revenge for any uncivil behavior by reducing blame attributions. However, if members of your team have already assigned blame to customers or the act of empathizing fails to provide an excuse for their uncivil behaviour, empathy increases rather than decreases the likelihood of enacted revenge. Relatedly, following a service failure, an empathy bias in employees who are empowered to respond to customers who voice their dissatisfaction can help restore customer trust. **Individuals primed with an empathy bias rather than a self-sufficiency bias take greater responsibility for customers' service failure** and are more willing to respond to the integrity violation. Similarly, **the simple act of offering an empathetic statement in response to a negative online review** improves customers' rating of the response:

- **Empathy for service providers or customers facilitates forgiveness following a service failure by reducing attribution of blame. Moreover, it protects brand reputation**

Negative word-of-mouth expressed in brand online reviews that consumers perceive as unfair trigger feelings of empathy for the affected brand, especially when the brand is relatable and "person-like". This empathetic concern activates positive consumer responses intended to compensate the brand, such as liking of the brand, willingness

to pay, likelihood to recommend and patronage intentions. The levels of positive consumer responses can even exceed those resulting from a positive online review, especially under conditions of high trait empathy.

- **Empathy for a brand protects the brand from negative word-of-mouth reputational damage. It enables design thinking**

Design thinking offers a structured methodology for generating innovation, which begins by developing an understanding of users' needs and behaviour by observing users in their natural environments and developing empathy for them. Empathy leads to a deep understanding for markets "to be" rather than the firm's technological capabilities. For example, **an empathetic grasp of the meaning of customers' worlds not only informs design thinking but is likely to improve value-in-context service experiences.**

- **Empathy is crucial for successful design thinking for service innovations.**

Not only is empathy a key component of design thinking but also teaching design thinking in action can unblock empathy in prison inmates, thereby reducing their chances of reoffending. Also, design thinking can serve an intervention to improve the empathy skills of transgressed populations.

- **Evoking empathy in buyers or suppliers will discourage unethical negotiation practices for service.**

Research suggests that male customers with low levels of trait empathy are at risk, as they are predisposed to display anti-social behaviour such aggression, especially under the influence of alcohol when they are cognitively

High-empathy individuals may categorize an event as non-threatening by virtue of their different interpretations of the motives behind the behaviour of the other (cognitive empathy). Although both high- and low- empathy individuals may interpret an event as threatening or goal blocking, high-empathy individuals are less

aggressive because they anticipate the consequential suffering of the other (empathic concern). Conversely, the behaviour of low-empathy individuals is not tempered by the vicarious experience or recognition of the emotional states of others.

Empathy as a tool for reaching our entrepreneurial goals

Living in an age of big data has vastly changed how we understand and interact with consumers. Quantitative data is telling us the “who, what, when, where, how-s” of consumer behaviour. Yet, we are swimming in this information without any context of the “why.”

Advertisement has evolved into dominantly online, software-dependent, mind-reading data business. However, drowning in big data, brands often struggle to connect the dots in ways that allow them to be predictive or uncover reasons behind particular behaviors. Relying on quantitative data alone makes it hard to understand consumers holistically and can result in missing really big and important emerging trends.

Since their invention, computers have been used for solving cold, logical problems and have been based on linear mathematics and statistical processes. However, the game has been changed by digitalization and rapidly developing new technologies. In recent years, we have realized that we can raise computers’ capabilities to a new level by making empathy, emotions and emotional intelligence integral to IT and technology. We can make computers genuinely understand people and their behaviour and feelings.

This new perspective has been emphasized in the development of artificial intelligence in particular, with technology being brought closer to the user in the form of chatbots and service robots, for example. But because artificial intelligence has been unable to fully understand moods and emotions, it has not been easy to make it genuinely intelligent and approachable.

In addition to algorithms and big data, more behavioral data, empathy and emotional intelligence will be needed in the development of artificial intelligence, so that technology can be genuinely integrated with everyday life. When artificial intelligence truly understands emotions, it will revolutionize the way in which people interact with technology.

However, despite its continuous development and clear benefits, digitalization could also build walls between people. Although the Internet and new digital channels have expedited and eased human communications and contacts, they could also limit our natural ways of sharing our feelings with each other. At worst, technology can prevent people from experiencing the empathy that is critical to living alongside others.

In terms of doing business and starting your company, empathy can be used to:

- engage customers in co-creation of value, which can increase loyalty, trust, innovation, and competitive advantages;

- understand your audience’s struggles, and demonstrating respect and empathy with your business solutions, can help you achieve your business goals;



- “to recognize and share the emotions of another person”, thus understanding not just what customers (current and prospective) are doing, but why they are behaving, thinking and feeling in certain ways, or why they are not.

Tips for Empathy-Based Marketing policies

Here are some ways to build empathy into your marketing strategy for better connections and more significant results.

- **Help Instead of Sell**

Trying to push a sale by leading with hooks in your messaging won’t help you build trust. Instead, try focusing your content marketing efforts on helping your

audience by delivering content consistently that solves relevant problems.

- **Get in Touch with Your Customers’ Feelings**

Empathetic storytelling can help you create a meaningful bond with readers. Creating narratives around real challenges and situations helps customers see themselves in your story.

- **Think Like Your Customer**

Step into their shoes and walk through the path they may take when researching and finding a solution to their problem. Doing this will help remove any bias you may have and see from a different perspective.

- **Focus on How You Can Make Your Customer’s Life Better**

Regardless of what you market, it serves a need (or you wouldn’t have a business). Focus on the benefits of your content rather than product or service features. You can develop a brand story to show how your product or service will save a customer time or money, make their process more efficient, or make their life easier.

- **Be Clear, Not Confusing**

Have you ever seen a brand promotion and thought, “What the heck was that?” If your message confuses people, it will also repel them. Even if you’re selling the most complex service or product on the market, your message must be clear and easy for non-experts to understand.

- **Listen Closely to Your Customers, and Be Willing to Evolve**

Listening may be the most vital part of being an empathetic marketer. You’ll learn a lot from your customers – both the happy and unhappy ones. Take time to listen to their frustrations, desires, and constructive criticism. Implement changes as necessary.

To successfully introduce empathic policies in your start-up, you should also consider:

- **Ensuring the happiness of your employees and the interaction with them**

- Give your employees more freedom in everyday decision making.
- Listen. Be present. Ensure that employees get training on emotional intelligence (EQ). If we aren’t emotionally intelligent, we are slaves of our impulses, as EQ allows us to control our emotions.
- Encourage people to talk about their development needs. Create an environment where development and admitting weaknesses are accepted and even welcomed.
- In challenging situations, like reducing people, treat them with understanding and respect so that you can proudly face them afterwards, even if they had moved on. Support them with references or recommendations for another position.
- When giving negative feedback deliver the message with empathy. That helps break down the barrier and eliminate defensive response.
- Create a culture where it is safe and expected to bring out new ideas, and people know that leaders listen to them without judgment.
- When you have a team where opinions differ vastly, don’t reject somebody’s idea even if you feel it is the furthest from what you are thinking. Instead, dig deeper and ask: “where do you base that opinion on” or “what makes you convinced that is the best thing?”. Be open - don’t assume, bypass, or belittle anyone.
- Evaluate ways of working. If the management sits away from employees, the culture of open innovation suffers. Move the management team where people are, ensure anyone can come and speak to them when they have ideas or productive feedback. This will speed up the rate for new innovations and demonstrate respect towards employees.

- **Empathy equals customer experience**

- Ensure you understand customer needs. Don't assume.
- Provide outstanding customer experiences: anticipate a customer's needs and exceed their expectations by orchestrating moments of delight.
- Start by analysing the current processes and then evaluate which one of them could be transferred into meeting the customer needs better.
- Recognize customers' emotions and respond accordingly, personalizing your response.
- Give your employees a set of phrases to act as guidelines for acknowledge customers emotions.
- **It also increases revenue via customer satisfaction and referrals**
 - In customer meetings, don't focus on what you want. Instead, ensure you know what the customer wants to achieve, what they are missing, and what would fulfill their goals. This helps you get a win-win solution.
 - Never say "the customer is being difficult". Customers aren't difficult but have a driver you might not understand. With empathy you can find out what it is.
- **Empathy is a driver for brand strategy**
 - Ensure that your brand narrative resonates on a personal level with customers. The key is to create meaningful one-on-one connections, welcome new innovations and improve your roadmap based on customer feedback.
 - Create content to address precise problems and provide flexible solutions.

Wrapping-Up

Closing this lesson, check out these videos: <https://youtu.be/0lwfdOShFqo> | https://youtu.be/P7A2oSEw_Gk | <https://youtu.be/30AmpVaxwEA> | and reflect (in your team if possible) on how empathy is used in the presented cases and what are the key take-aways from them?

Continue your entrepreneurial journey with our other course modules.

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