



XM INSTITUTE EBOOK

eBook: 25 Tips for Tapping into Customer Emotions

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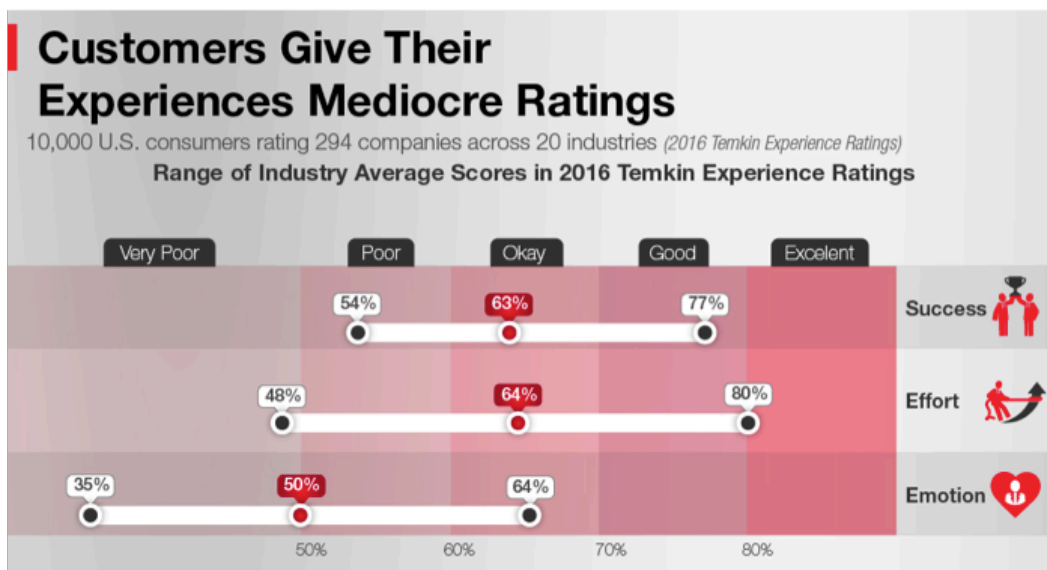
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EXECUTIVE SUMMARY

Emotions play an essential role in how people form judgments and make decisions. Consequently, a customer’s emotional response to an experience with a company has a significant impact on their loyalty to that company. To help you improve your customer experience, we’ve compiled a list of 25 examples from companies who are tapping into customer emotions, which you can emulate at your own organization.

COMPANIES MUST FOCUS ON CUSTOMER EMOTIONS

There are three components to any customer experience: *success*, *effort*, and *emotion*. Temkin Group research shows that of the three, *emotion* has the most powerful effect on customer loyalty, yet it remains largely ignored by most companies.



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This oversight is the product of a bygone era where emotions were considered fluffy and unscientific; however, recent scientific advances in the fields of neuroscience, behavioral economics, and experimental psychology have shown that emotions are fundamental to how people make decisions and form judgments, and thus play a vital role in a customer’s experience with a company. To help you elicit positive emotions in customers, we have identified 25 best practices across four areas:

- **Experience Design.** Incorporate customer emotions into design efforts
- **Organizational Personality.** Exhibit a consistent set of human-like characteristics
- **Organizational Empathy.** Treat customers with compassion and understanding

- **Customer Segmentation.** Use segmentation to personalize customers' experiences

Best Practice Areas	Tips for Tapping into Customer Emotions
<p>Experience Design Incorporate customer emotions into design efforts</p>	<ol style="list-style-type: none"> 1. Focus on evoking specific feelings. 2. Incorporate emotions into customer journey maps. 3. End on a high note. 4. Frame communications in a positive way. 5. Emphasize qualitative research over quantitative research. 6. Make an enemy. 7. Measure how well you evoke desired emotions. 8. Feature real customers' stories.
<p>Organizational Personality Exhibit a consistent set of human-like characteristics</p>	<ol style="list-style-type: none"> 9. Articulate a clear set of organizational beliefs – and stand by them. 10. Develop a tone of voice based around your core values. 11. Invite customers to participate in your charitable efforts. 12. Use stories to communicate corporate identity. 13. Use microcopy during online interactions. 14. Celebrate shared interests. 15. Create a sonic identity.
<p>Organizational Empathy Treat customer with compassion and understanding</p>	<ol style="list-style-type: none"> 16. Train employees to recognize customer personalities. 17. Greet customers warmly. 18. Teach employees to be empathetic. 19. Empower employees to surprise customers. 20. Encourage employees' natural empathy.
<p>Customer Segmentation Use segmentation to personalize customers' experiences</p>	<ol style="list-style-type: none"> 21. Personalize communications with customers. 22. Assign real-life emotions to customer personas. 23. Build a community of like-minded customers. 24. Route customers to agents based on caller's personality. 25. Use analytics to proactively head off negative emotions.

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Experience Design Tips

People are inherently emotional beings, and every interaction they have with a company makes them feel a certain way – whether the company intends them to feel that way or not. To make sure that these feelings are consistently positive, companies must incorporate customer emotions into their experience design efforts. Here are some ways they can do that:

1. **Focus on evoking specific feelings.** While companies should obviously design experiences that maximize positive emotions and minimize negative emotions, thinking of emotions solely in terms of “positive” and “negative” misses the subtlety and nuances that make experiences pleasurable and memorable. Instead, companies should figure out which specific feelings are relevant both to their brand and to a particular interaction, and then they should focus on eliciting those feelings. For example, the California state lottery recognized that people play lotto to feel a sense of anticipation and optimism, not because they expect to win. It thus redesigned its website to elicit these specific feelings in visitors, heightening

anticipation by revealing winning numbers slowly and dynamically and increasing optimism by showing visitors where they can find “lucky retailers” and by featuring stories of local winners.

- 2. Incorporate emotions into customer journey maps.** For each touchpoint on a Customer Journey Map (CJM), plot out which specific feelings your customers are currently experiencing and which ones you would like them to experience and then focus on bridging the gap between the two. When SunPower started building its CJM for residential customers, it specifically looked at how customers were likely feeling emotionally at each stage and tried to minimize the negative emotions and maximize the positive ones. For instance, it identified that presale customers likely felt confused, nervous, and excited. So it sought to reduce prospects’ confusion and anxiety by making it incredibly easy for customers to access information and learn more about what it’s like to install solar panels.
- 3. End on a high note.** According to the *peak-end rule*, different moments of an experience matter to different degrees. Instead of averaging their feelings through an entire encounter, when people recall an experience they overemphasize the peak, slope, and the end of the experience. Harrah’s data on the betting patterns of individuals showed that customers who over bet and lose money beyond a certain threshold are less likely to return to the casino. It therefore created a team of specialized employees—known as “Luck Ambassadors”—to strike up pleasant conversations with customers who incurred losses over this threshold and offer them a free meal at one of Harrah’s restaurants. By ending an otherwise disappointing experience on a free meal, customers still leave the encounter feeling like they won something.
- 4. Frame communications in a positive way.** Due to *framing effects* – a cognitive bias whereby people react to information differently depending on whether the positive or negative aspects of it are highlighted – how companies deliver news to customers will significantly impact their emotional state. So if a company needs to deliver bad news, it should minimize the negative aspects and highlight the positive aspects. For example, Osram Sylvania—a lighting company—examines call transcripts to uncover words that trigger negative customer emotions and lead to repeat calls, such as “can’t,” “won’t,” and “don’t.” The company then trains its call center representatives to use alternative phrasing, so instead of saying, “We don’t have that item in stock,” they say, “We’ll have stock availability for that item in two weeks.” Since implementing these changes, Osram Sylvania’s Customer Effort Score has dropped from 2.8 to 2.2—18.5% below average for B2B companies.
- 5. Emphasize qualitative research over quantitative research.** You cannot design emotionally engaging experiences without a solid grasp on who your target customers are—what they want, what they need, what makes them tick. While quantitative research may be useful for systematically comparing data, to design for customer emotions, you need a nuanced understanding of customers’ attitudes, behaviors, motives, and beliefs, and such insight can only be gleaned from qualitative research. For example, when Fidelity Investments originally mapped its online check-writing capabilities, it hypothesized that customers would want to add check-writing accounts over the phone, with or without a signature. However, when it introduced this idea to focus groups, they did not like it as they were unsure how Fidelity could accurately verify the caller and ensure they were

not overheard. This qualitative feedback enabled Fidelity to remedy the issue and work towards creating an environment that makes customers feel safe and secure.

- 6. Make an enemy.** The social groups people identify with—like being a Yankees fan, or an environmentalist, or a Trekkie—play an enormous role in their self-identity since groups both tell us who we are and make us feel good about ourselves. Groups form more quickly and enjoy stronger bonds when they have identified an adversary, which means that companies looking to tap into customers' tribal instincts and emotionally engage them should unite the group against a common enemy. For example, one of the reasons for customers' cult-like devotion to Apple is the company's carefully cultivated decades-long rivalry between Mac users and PC users. Apple's early commercials portray PC users as mindless automatons and Mac users as cool, creative nonconformists. Later Apple created the "I'm a Mac. And I'm a PC," commercials that personified MacBooks as casual, cool, and competent and PCs as genial, nerdy schmucks. These commercials not only laid out why logically switching to Apple was a good idea—no viruses, short boot times, no crashes, etc.—but they also constructed a social identity for Mac users.
- 7. Measure how well you evoke desired emotions.** The metrics you choose to track send a powerful message about what is important to your organization. If you are truly dedicated to making an emotional connection with customers, you need to measure how successfully you are eliciting positive feelings. For example, Bupa decided to focus on "love" as its core emotion, which it defines as "loyalty beyond reason." The healthcare provider measures customers' love by asking them to, "Imagine that an organization is like a person, some people like you, some people love you, and some people actively dislike you. Please drag and drop these companies into the following boxes." Customers then drag and drop Bupa—along with other healthcare firms—into one of four boxes: Love, Friend, Acquaintance, or Dislike.
- 8. Feature real customers' stories.** Companies should share real stories or photos of customers interacting with their products. Highlighting customers' stories makes them feel like they are truly an important part of a brand's community. For example, in 2014 Coca-Cola replaced its logo on bottles with the 250 most popular names of young Americans, along with endearments like, "bestie," "Mom," or "sister," and asked customers to share their stories and photos on social media sites like Facebook, Tumblr, Twitter, and Instagram using the hashtag #ShareACoke. Coca-Cola posted some of the photos on interactive billboards across the country, giving those customers a chance to share their stories with everyone. Ultimately, from the Share a Coke campaign, Coca-Cola's sales increased by 2.5% and 125,000 customers posted about the campaign in a two-month period.

Organizational Personality Tips

People relate to companies as if they are fellow human beings rather than inanimate corporate entities, and as such, companies hoping to emotionally engage customers need to exhibit human-like characteristics. Temkin Group calls this set of characteristics an *organizational personality*, and although it varies from company to company, this personality should always be distinctive, authentic, consistent, and compatible with target

customers. Here are some ways companies can use their *organizational personality* to form emotional connections with customers:

- 9. Articulate a clear set of organizational beliefs – and stand by them.** A company's beliefs are an integral part of its *organizational personality*, and when it violates its core beliefs in favor of short-term financial gains, customers will perceive the company as inauthentic and manipulative. For example, Southwest believes in the democratization of air travel and its stated purpose is "to connect people to what's important in their lives through friendly, reliable, and low-cost air travel." So when consultants pointed out that Southwest could make a fast profit by charging for bags (as all other airlines do), the airline instantly refused as such a fee would violate its core beliefs. Customers rewarded Southwest for staying true its brand values – which it touted in a "Bags fly free" campaign – with a \$1 billion in new revenue in the following nine months.
- 10. Develop a tone of voice based around your core values.** Tone – which encompasses word choice, word order, rhythm, and pacing – acts as a conduit for a company's *organizational personality*, breathing life into its text and conversations. While the precise tone a company wants to strike varies between companies, tone of voice should always be authentic, consistent, likable, and understated. For example, Innocent Drinks defines itself as "cheeky, fun, and every day," traits that translate into a causal, friendly tone. In one illustrative blog post, entitled "We like them pineapples," Innocent starts the discussion with, "Pineapples are great. Not only do they put the 'pina' in 'pina colada', they also inspired the hairstyle our mum wouldn't let us leave the house with in the 90's. Oh, and they taste really great in our recipes too. Bonus." To ensure that the entire business communicates in this same tone, Innocent thoroughly educates employees about its culture and background – it even has a book called "A Book About Innocent" – and once they have internalized the brand personality, the drinks company allows them to write whatever they want, keeping the rules of communication to a minimum.
- 11. Invite customers to participate in your charitable efforts.** As people, customers hold social and environmental values, and they want to feel like companies genuinely share those same values. In fact, studies show that when a company actively supports social or environmental issues, 93% of customers have a more positive image of that company and 88% will be more loyal. TOMS Shoes' mission statement is, "For every pair you purchase, TOMS will give a pair to a child in need. One for One." This purpose emotionally resonates with customers as now they aren't just purchasing a pair of shoes—they are participating in a movement that reflects their personal values.
- 12. Use stories to communicate corporate identity.** Telling and absorbing stories are part of our evolutionary makeup; they activate our mirror neurons, which help us remember and relate to the narrative. Because compelling stories resonate so strongly with people, companies should frame who they are as an organization in narrative form, rather than in disjointed claims or bullet points. Hubspot elegantly communicates its personality and corporate values by telling the story of how and why it was founded. The Internet marketing firm uses both video and text to explain that the founders—Brian Halligan and Dharmesh Shah—started Hubspot because they noticed that, "people have transformed how they live, work, shop, and buy, but

businesses have not adapted.” The story of its founding subtly, yet clearly communicates to customers that Hubspot values revolve around innovation, empathy, and ease-of-use.

- 13. Use microcopy during online interactions.** Microcopy (the small bits of text that provide instructions during an online experience) gives companies a non-invasive way of conveying their *organizational personality* during online interactions. Wufoo, for instance, used microcopy to display its distinct, playful personality. On its account creation page, under “Password” the microcopy read, “Like a secret agent,” and under “Account URL” it says, “Your one word nickname.” Simplicity also plays a key role in Wufoo’s personality, and it uses microcopy to make the sign-up process simpler, using it to give directions to customers like “At least 6 characters long” and, “Once more to verify” for the password boxes.
- 14. Celebrate shared interests.** People naturally bond with other individuals or groups who share their passions and pursuits, which means customers will feel more emotionally attached to companies who demonstrate enthusiasm for their interests. For example, Hagerty—an insurance provider for collector cars and boats—was started by a family whose genuine love of classic vehicles propelled them into the industry. One way the insurer communicates this shared passion with customers is by sending them cards that anthropomorphize their vehicle, thereby subtly communicating to customers that the insurer understands that the vehicle is loved like a member of the family. When a client adds a new vehicle to his policy, Hagerty sends a “new baby” card to congratulate him on the new addition. And because it knows how stressful submitting a claim on a classic vehicle can be, the insurer sends a “Get Well Soon” card addressed to the vehicle that has been in an accident.
- 15. Create a sonic identity.** Companies can use audio branding (which includes a company’s unique audio logo, functional sounds of products, brand theme, soundscape, and brand voice) to represent its *organizational personality* and evoke emotionally charged memories associated with the brand. For example, when Santander launched its new organizational philosophy – ‘Simple Personal Fair’ – it developed a musical strategy to go along with this philosophy and improve its brand recognition. The bank hired a famous composer to create a musical theme based on the three aforementioned qualities, and he wrote the “Santander Way,” which uses a seven-note hook that captures the company’s personality. Since its creation, the bank has used the Santander Way in every single brand communication, thus improving musical consistency across time, territory, and touchpoint.

Organizational Empathy Tips

Empathy and emotions are inextricably linked. People don’t like other people who can’t understand or recognize their feelings, and likewise, customers don’t like companies who show indifference to their emotions. Companies thus need to demonstrate the ability and willingness to treat customers with compassion and understanding. Here are some of the ways companies can display organizational empathy:

- 16. Train employees to recognize customer personalities.** Companies can mitigate negative emotions and increase positive ones by training call center agents to first recognize different customer personalities and then coaching them how best to

respond to each one. One major telecommunications provider is working on breaking customers up into six or seven personality types based on behavioral characteristics—such as someone who wants their hand held through the entire process versus someone who is constantly in a rush. The telecom giant is training their contact center agents on how to recognize clues indicating that a customer falls into a certain personality category and how to respond to each personality in a way that elicits the most positive emotions, like being reassuring to a customer who demonstrates anxiety by asking a lot of questions.

- 17. Greet customers warmly.** Customers often arrive at an interaction with prejudices—due to either expectations or prior interactions—and/or incidental emotions—feelings that have nothing to do with the situation at hand and can arise from things like weather, traffic, or a sports team losing. To temper any negative prejudices and incidental moods, companies should train employees to give customers a warm, friendly greeting, as good moods and smiles are contagious. For instance, the first step of Apple’s “APPLE 5 Steps of Service” model is “Approach Customers with a Personalized Warm Welcome,” which requires employees to approach a customer within 10 seconds or 10 feet of the store entrance with a warm, friendly greeting.
- 18. Teach employees to be empathetic.** Companies looking to elicit positive customer emotions should teach employees how to perceive how others feel, reflect on how their actions affect those feelings, and then adjust their actions accordingly. For example, NetSpend—a prepaid debit card provider—instilled a sense of empathy in all of its employees by having them spend a day living the life of a typical customer. The company divided everyone, from the CEO to the Customer Service Agents, into cross-functional teams of ten and gave each team a \$400 check, bus pass, and list of challenges that its customers usually face. The teams had to cash in the check and buy a NetSpend card, which they then used to purchase groceries, pay bills, and fill up with gas.
- 19. Empower employees to surprise customers.** Good surprises activate the pleasure centers of the brain and release a shot of dopamine (a feel good chemical), making an experience more enjoyable and memorable. Companies should therefore train employees to recognize opportunities to pleasantly surprise customers. The Ritz Carlton, for example, has embedded surprising guests into its culture. The hotel empowers employees to create unique, memorable, and personal experiences for guests by encouraging them to meet guests “unexpressed needs” and allowing them to spend up to \$2,000 to improve a guest’s experience. Employees thus go about their work in a constantly attentive state—summed up in the hotel’s phrase “Radar is on and Antenna is up”—and everyone, from the front-desk clerk to the bellhops to the bartenders carry a notepad in which they record guests’ both expressed and unexpressed needs, helping them brainstorm ways of surprising and delighting them.
- 20. Encourage employees’ natural empathy.** People are naturally empathetic, so instead of creating rules and metrics that hinder employees natural drive to connect with customers, companies should actively try to foster and reinforce employees’ empathy by encouraging them to share personal exchanges and genuinely listen to customer concerns. For example, Trader Joe’s aspires to create an environment where customers feel welcomed by employees who truly want to

have a personal relationship with them. Thus, the supermarket makes a concerted effort to ensure that technology doesn't get in the way of these human-to-human connections. For example, it delayed installing scanners at checkout for years over concerns that the "pinging" noises would interrupt the flow of conversation between customer and cashier (only finally installing them when it was absolutely sure they would not) and skipped installing a PA system and microphones in favor of a less intrusive bell system that uses a Morse Code-like method of communicating.

Customer Segmentation Tips

Appropriate segmentation helps companies to get a clearer picture of who exactly customers are as individuals, which enables them to design tailored experiences that best suit each customer's needs and desires. Here are some of the ways companies can use segmentation to connect with customers on an emotional level:

- 21. Personalize communications with customers.** Customers do not emotionally bond with companies who treat them like strangers. Instead of segmenting customers based on broad demographic information, try tailoring communications using their individual name, browsing history, favorites list, etc. For example, Lilly Pulitzer began deeply embedding name personalization into its direct mailing to new customers, many of whom were so delighted with their customized mail, they took pictures with it to post on social media. Lilly's highly personalized campaign succeeded in emotionally connecting with customers, leading to email and direct mail response rates that exceed the industry average.
- 22. Assign real-life emotions to customer personas.** Different types of customers will experience different types of emotions during an interaction. Customers' expectations of and emotional responses to an experience will vary by background, age, gender, interests, income, etc. For example, the prospect of online shopping may terrify an older customer but delight a younger one. A professional man may buy shoes that make him feel prideful and secure, while a college student may buy shoes that make him feel trendy and environmentally conscious. When Alliant Energy included distinct emotional drivers into each of its four personas, it was able to send more timely, relevant, and personalized emails to customers, resulting in doubled email engagement levels, a 150% increase in customer participation in programs, and increased satisfaction with the utility company.
- 23. Build a community of like-minded customers.** Customers are emotionally attached to the brands that are able to broadcast and reinforce their identity to their communities and connect them with other like-minded individuals. For instance, Nike's Nike+ online community—which provides members with numerous apps and resources to get them to commit to a healthy lifestyle—connects its more health-conscious customers to other users with similar interests so they can motivate and support each other. Members can become "friends" with others in the community and can challenge them in different events, set up and coordinate activities with them, and celebrate successes with them.
- 24. Route customers to agents based on caller's personality.** People emotionally connect to other people with whom they have a natural chemistry. As employees are the face of an organization, companies should route customer calls to the

agents they are most likely to get along with. For example, one leading healthcare provider identifies a customer's personality based on collected behavioral data and then routes their call to the available agent who is best able to communicate with that personality type according to past performance data. This results in shorter calls that are effective and satisfying for both the customer and the agent. Shortly after implementation, this healthcare leader saw a 13% reduction in average call time without any drop in satisfaction scores.

25. Use analytics to proactively head off negative emotions. Because negative emotions involve more thinking and more thorough information processing, people tend to remember bad experiences more vividly. Therefore, when possible, companies should use predictive analytics to uncover which customers are likely to feel upset and then reach out to them to proactively resolve their issue. For example, EMC has built a predictive model—using customer service operational metrics along with other internal metrics from across touchpoints—that anticipates how a customer feels about a service experience without needing to survey him. This advanced analytics initiative uses 86 data triggers and an advanced algorithm to identify which customers are likely dissatisfied and then empowers over 300 customer service managers to proactively contact the customer to discuss and resolve the issue. This initiative has led to a 153% increase in customer satisfaction.