How to Deliver Exceptional Customer Engagement

By using customer engagement techniques such as human-centric design and technological advances like sentiment analysis, organizations can drive meaningful interactions that result in greater trust and business results.
EXECUTIVE SUMMARY

As online spaces become more crowded and competition for attention increases, businesses of all shapes and sizes must proactively engage with new and existing customers. Many have failed to recognize this or adjust their strategies to motivate customers, providing the opportunity for smaller competitors to overcome their material disadvantages and apply thoughtful ways to engage customers and rapidly grow their business.

Sophisticated customer engagement focuses on the style, landing and content of all customer interactions. Evidence suggests that humor and entertainment have a greater power for engagement than facts and statistics. The best messages are relatable, emotive and have a human-centric design, which is necessary as people, especially online, tend to cluster around shared biases. The next level of customer engagement, which human-centric design enables, should seek to identify customer segments of shared biases and tailor messages for these segments, while seeking to grow trust by balancing their trust equation.

Sentiment analysis – i.e., using language processing and computational linguistics to quantify subjective information – can more precisely identify ways to effectively engage specific customer segments than traditional opinion polling methods. These fact-based, data-driven techniques will deliver business advantages by accurately assessing and aggregating customer mood and need.

Non-invasive measures that drive interactions between customer and organization will soon seem natural and easy, creating greater alignment between buyers and sellers.
Ultimately, customers will choose to spend money with your company, and spend more than their disengaged counterparts. Fully engaged retail banking customers bring in 37% more revenue; in consumer electronics, the number is 44% more, and in the hospitality industry, it’s 46% more. Customer engagement is vitally important to any organization's profitability. To prosper, businesses must develop a natural and dynamic engagement strategy.

Think about this scenario: You’re a market leader with global presence, an excellent offering and a sophisticated organizational structure; your rival is a one-office start-up with an unrefined product but is gaining ground fast.

Comparisons with this familiar-sounding scenario can be drawn with the 2016 U.S. Presidential campaign and EU Referendum. Consider Hillary Clinton, who is firmly part of the political establishment and has unrivalled spending power. Her opponent Donald Trump, an outsider with no experience and half of Hillary’s funds, still beat her by taking more electoral college votes despite losing the popular vote. Think about former UK Prime Minister David Cameron, whose generational campaign for Britain to remain in the European Union was undermined by a rival, with less concrete evidence to support many of the claims made. Why? In a nutshell: poor message targeting and ineffective engagement (among many other reasons).

This white paper provides a possible explanation for and a strategy to avoid such scenarios. To stay ahead, organizations must be at the forefront of and pursuing developments in how they interact with their audiences. Get your engagement wrong and there are rarely second chances.
TRADITIONAL CUSTOMER ENGAGEMENT IS UNDER THREAT

Why do companies and organizations spend so much time, effort and money to attract and enlist customers? They should just make sure they have the best product, right? Wrong. Data suggests that engaged customers spend at a premium of 23% on a typical customer, while an increase in customer retention of 2% is equivalent to 10% cost reductions. Customer engagement (CE) is about successfully landing a message to create affinity between the customer and the organization. However, with consumers being exposed to brand messages approximately 3,000 times a day, these messages and efforts can often be lost in the crowd and are decreasing in impact.

Companies are getting wise to the potential downsides and competition for customer attention is increasing, but how can any business hope to shout above the din of 2,999 other competing messages? In this environment, an inaccurate or misguided customer engagement strategy can spell disaster – such as when Bloomingdales misguidedly suggested that its customers should “spike your best friends’ eggnog when they aren’t looking,” or when United Airlines forcibly dragged a man bleeding from one of its flights in front of all the other passengers. What was once a passable CE and marketing strategy – maybe a few posters, a brief Twitter campaign and some basic follow-up emails – is now inadequate. The market has moved on.

It is possible to disrupt more established and higher spending rivals through a variety of customer engagement and marketing methods. One of these methods is to use direct, point-to-point communications; the archetypal example of this is Twitter. People feel greater affinity with messages that they receive through this method. Establishing these direct connections is becoming more difficult for businesses because of preference algorithms and the cacophony of social noise and competing brands. Individuals have a greater ability to craft their digital interactions and engagement in-line with their opinions and prejudices.

When offered a choice, people will choose to strengthen ties with the people and organizations who they already know and like. This tendency, combined with search and preference algorithms that exacerbate it, can therefore limit channels of new engagement to traditional (less effective) methods (e.g., billboards, banner ads, etc.). Engaging with these personal ecosystems of information and media in which people encapsulate themselves will be a major challenge to organizations during the next decade.

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Incumbents Have Failed to React in Time

Consider how Myspace, which was first out of the social networking blocks, lost its way and failed to engage users like Facebook did. It quickly became yesterday’s social media platform. Likewise, businesses cannot be complacent and must find a way of engaging and inspiring their targets. At a time when many products have minimal differentiation and are instantly comparable through the Internet, why should a customer care about your company? And can you honestly say that your business offers more than just a product?

Customers won’t care about your organization if they don’t feel connected to or inspired by you. Clinton’s political campaign and Myspace were too willing to rely on what had been compelling in the past and did not adapt. Everyone knows what happened to Myspace and how it has faded into irrelevance. A similar fate awaits businesses and executives who fail to recognize the need to evolve and adjust their marketing and customer engagement strategies.

Great Customer Engagement Can Help the Underdog

If there’s a loser, then chances are there’s a winner. Brexit and the U.S. election results were spectacular victories for two challengers who few gave a chance to at the beginning of 2016. Facebook has grown to a media behemoth at an incredible pace. How? By getting engagement right. For Brexit, there were seven times more “Leave” campaigners active on Twitter than “Remain” campaigners. During her campaign, Clinton raised and spent a total of $1.2 billion while Trump raised and spent $647 million. Trump was twice as efficient with the money he spent.

Facebook grew from one million users in 2004 to 1.23 billion users a decade later. Myspace is now ranked 2,154 by total web traffic, while Facebook sits at number three. Imagine having half the budget of your nearest rival and outperforming them in gross sales, or increasing your customer base by a factor of well over 1,000 in a decade. With the correct communications and engagement strategy, smaller and more dynamic competitors can have a disproportionate market influence and grow rapidly. In 2015, few gave Trump or Brexit a chance. Using this logic, an unknown entity could be your biggest threat in two years.

OVERHAUL YOUR CUSTOMER ENGAGEMENT STRATEGY

All businesses, including both disruptors or incumbents, can use customer engagement effectively by addressing message style, landing and content. Content and style of the message in a client communication is crucial in eliciting a response or desired behavior. Short, emotive messages are potent, and targeted to resonate with the recipient’s world view.
Emotions outweigh facts. With people’s limited attention span, placing this emotive message in a short, consumable manner is essential. It is no coincidence that the most retweeted post ever is a picture (Ellen DeGeneres at the Oscars [see below]). This is not to say that facts aren’t useful when reaching out to consumers. Facts can add real weight to an argument but must be used alongside emotive messaging. It has been found that tweets with a high entertainment value but low news/factual value perform far better in terms of driving audience engagement and traffic than tweets that were heavier in fact and content and lighter on humor. Evidence suggests that messages and engagement targeting high arousal emotions spread faster than rational, fact-based ones.

Messages are most effective when they discuss things that people can directly relate to and are expressed in common, plain language familiar to the audience. In a new communication culture receptive to simple-to-ingest messages, those with emotive content expressed simply will be the most successful. Emotive need not mean divisive; any emotion elicited increases impact, whether it is humor, curiosity, sympathy or excitement, to name a few. A tweet from Pedigree dog food of a picture of a caged dog with a pledge to donate dog food for every retweet was shared over 800,000 times – a perfect example of targeting sympathy to motivate engagement with a simple-to-ingest message.

**FOCUS YOUR STRATEGY ON HUMAN-CENTRIC DESIGN**

Each customer is a person – and not simply a data point – with aspirations, fears and motivations. Businesses need to understand that how they view the message and content they are producing may not be how their audience receives it. Different members of that audience will glean different meanings from the same message.
People with filters that are comparable to their world views tend to gravitate toward each other and create networks that react similarly to external stimuli—what scientists term “elective affinity” or “selective exposure.”

People filter the information that they receive through biases subconsciously developed since childhood. Research repeatedly shows that when presented with the same picture, video or document, people with different viewpoints will draw vastly different conclusions. These ideas cross over into the realm of psychology and political science, but they are something that any self-respecting content creator, marketing department or C-suite executive must be aware of.

A business may intend to say one thing, but leave its audience with an entirely different impression. Filtration through biases combines with the natural human instinct toward homophily (love of the same). This means that people with filters that are comparable to their world views tend to gravitate toward each other and create networks that react similarly to external stimuli – what scientists term “elective affinity” or “selective exposure.” Essentially, we like people similar to ourselves. In turn, these people are likely to cluster together (especially on the Internet) and communicate with each other. So how can this knowledge be used to positively affect your business? The answer is to develop a human-centric customer and content strategy. This can be achieved in two major ways, including growing trust and having dynamic customer profiles.

**Nurture Trust**

Trust between a business and its clients is a treasured commodity. Trust and customer interactions go hand-in-hand. Comcast is in the unenviable position of being among the least trusted companies in the U.S., and this is in large part due to negative perception of its customer interactions. We are far more likely to share information or give our time and attention to people we trust. When trust breaks, it can cost a company its existence. Two examples are Castlebeck care homes and Tiger Woods’ personal brand. Castlebeck went into administration (similar to bankruptcy in the U.S.) almost immediately after 11 of its care workers were found to be abusing patients. Tiger Woods
lost $22 million in endorsements within a year after scandals emerged in his personal life. How does an organization engender and grow trust? Part of the answer is to look at the balance of your trust equation:

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\frac{\text{Credibility} + \text{Reliability} + \text{Intimacy}}{\text{Self-Orientation}} = \text{Trust}
\]

To increase trust, an organization must decrease its perceived self-orientation. A business should not try and actively conceal its self-interest in its customer interactions. However, no one expects a business to be completely altruistic. Instead, it should invest time in strategizing on how best to frame its motive to targets.

**Interactions and engagement that seem honest, transparent and fair, as well as resonating with a person’s intrinsic sensibilities (i.e., human centric) will rapidly increase customer engagement.**

Developing the idea of reciprocity is important; building a mutual relationship in which both sides know where they stand and how the other gains will also help to increase intimacy with the customer/audience and decrease perceived self-orientation. For instance, many companies will justify asking for personal details online (such as a phone number). However, the most successful companies have taken this a step further by being explicit in trading personal data for personalized services. Customers are often willing to give up personal information to receive more curated offers and services. This can be seen among Internet giants (Google, Amazon, etc.) who have shown that they understand and continually refine this give-to-get ratio. (For more on this, read our book *How the Digital Lives of People, Things, and Organizations are Changing the Rules of Business.*)

Increasing intimacy is not about showing your audience/customer that you know all about them, which can even be a little disconcerting for some people. Intrusive or overly personal communications can merely highlight the asymmetry of intimacy that exists between businesses and their customers. You know their name, where they live, their contact details and their preferences; they don’t even know the name of the person interacting with them half the time. People no longer feel special or close to a company just because you send them an email offer on their birthday. Instead, it is important to demonstrate that your organization has the same values and thinks the same way as they do — that it understands and shares their motivations.

Trust reinforces customer engagement as people assign greater weight to reliable sources and are more likely to be motivated to action (engagement) with a trusted company. Interactions and engagement that seem honest, transparent and fair, as well as resonating with a person’s intrinsic sensibilities (i.e., human centric) will rapidly increase customer engagement.
Continuously Build Fluid Customer Profiles

Businesses need to invest in and develop a nuanced and compelling understanding of their customers. They need to understand the biases that are likely to influence their audience and develop identified segments of their audience. Each segment is likely to react in slightly different ways to the same message compared to other segments, but in roughly the same way within the segment.

In this way, businesses can tailor message content, timing and landing for maximum effectiveness. A static understanding will not suffice; continual adjustment and refinement are necessary. This essentially means making the customer feel if he would be friends with the company if the company were a person. Any company can do this for one particular set of people; the challenge is trying to be all things to all people, through subtle, targeted variations.

Unlock Key Customer Insights with Human-Centric Analysis

Our current understanding of peoples’ reactions and preferences is unquestionably flawed. In the UK referendum and U.S. election, commercial pollsters consistently predicted the wrong result. And companies are always misjudging the mood of the public (e.g., Pepsi). However, sentiment analysis can better allow companies to forecast a campaign’s likely effect and catch the faux pas before they are released to the wider public.

A traditional poll or focus group session would directly ask people for their opinions. However, this can produce a host of problems, not the least of which is demand characteristics. Sentiment analysis works in a fundamentally different way; it infers peoples’ opinions through the aggregation of vast amounts of online data (usually a data set of 800,000 or more), producing a reflection of organic opinions that have not been artificially requested but rather inferred from the information that people freely offer online.

As data proliferates and is collected for mining, sentiment analysis will only grow in relevance and accuracy. Sentiment analysis captures spontaneous and motivated behavior rather than contrived answers to survey questions. Many of us are familiar with the inconvenience of a feedback questionnaire or survey, and have probably filled them out with only perfunctory answers, too.

In today’s digital age, meaningful and accurate customer insight is possible without inconveniencing the audience. It’s time to phase out the survey as a means to measure customer engagement. Want proof? The final prediction produced by the SENSE-EU sentiment analysis program for the referendum result was 51.79% for “Leave” and 48.21% for “Remain” – a prediction to within 0.1% of the actual result.22
MAKE YOUR CUSTOMER ENGAGEMENT HOLISTIC AND INTIMATE

If a business evolves its content, marketing, and customer engagement to be more effective in style and substance, then customer interactions with the business will become more meaningful and personally significant. Understanding a customer’s drivers and online information ecosystem will enable a far more natural relationship with the business, fitting seamlessly into the customer’s online habits and preferences.

With a strategy designed to tap into the spectrum of human emotion over time, a customer’s interaction with your business — whether it’s through advertising, or customer care and engagement — will be much more holistic, rather than an incongruous adjunct to their online experience. Every business is, or will be, following an omnichannel engagement strategy, a basic and obvious step that is unlikely to help your organization compete. Instead, your business’s content/message needs to be embedded effectively into an individual’s daily online activities.

Through interaction with — and embedding into — personal information ecosystems surrounding each person, customers can be motivated to interact with each other around emotionally engaging content and stories. A cycle is created in which customers reinforce your message to each other, free of active intervention from your business and adding to the holistic and natural audience experience. Currently, these ideas are only being implemented in a piecemeal way, if at all, rather than as part of an overarching strategy for a complete customer experience.

Have a Shared Vision with Your Customers

There will be greater alignment between customer and business through balancing the trust equation and creating a sense of emotional empathy with the audience. Affinity creates loyalty, particularly through appealing to people’s implicit motivations and goals, which engages people at an emotional level. When a business understands the drivers that motivate market segments it wants to capture, it is far easier to align with the customer and differentiate from the rest by engaging beyond a superficial level.

Emotive differentiation is far more durable than differentiation based on small variation in technical details. Many markets feature products and brands with very similar characteristics (e.g., Coke and Pepsi, or McDonald’s and Burger King). A quick look at the marketing strategies of any of these brands will show how they try to establish themselves as more than just their product but as part of an aspiration or emotion.

Perhaps the best example of this is Nike’s 1999 release of a minute-long ad commemorating the career of Michael Jordan in which the only mention of its brand comes in the final shot. Nike made an explicit choice to tie its product (Air Jordan shoes) to the ideas of success, dedication and greatness. It has been rewarded with a shoe that has similar production costs to other lines but much higher margins. The Air Jordan XI “Legend Blue” style sold out within three hours and sold more than $80 million in its first week. Clearly, people will pay more for a brand that they connect with emotionally.
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When loyalty and affinity is generated through sophisticated and sensitive interactions, there will be opportunities for collaboration between business and customer. Collaboration is the ultimate stage of customer engagement, where customers can play an active role in shaping outcomes and promoting your business. It represents the perfect holistic and aligned experience; the business is successfully embedded into a person’s information ecosystem and affects them across an emotional spectrum – motivating them to contribute positively to the business.

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**Create a Virtuous Cycle of Cause, Effect and Improvement**

Such a future is possible through deeply understanding the customer. Sentiment analysis will replace labor and time-intensive polling and will yield more accurate results. People will not be continuously and tediously polled and surveyed for their opinion and reaction; instead it will be inferred on a macro level, allowing business to build a near real-time, evolving picture of their customers and prospects.

Businesses will be able to judge causality like never before and tie actions to reactions and outcomes with greater accuracy than was possible previously. Data in itself is not an end. However, businesses must read and interpret this fluid customer narrative that is derived from sentiment analysis. As they gain understanding and expertise, a virtuous cycle develops. Greater insight allows for more meaningful and targeted customer interactions across an emotional spectrum, which in turn yields higher quality, harder to obtain data leading to greater insight. And thus, the cycle begins again.

**How to Win Customer Engagement**

The engagement of customers and prospects is one of the most vital functions of a business. A superior customer engagement strategy can yield results that disrupt even the biggest organizations and propel underdogs to the top. To compete effectively, businesses must reimagine their customer engagement experience to be natural and dynamic.

A motivating campaign or a seamless and congruous interaction between organization and audience will increase brand loyalty, customer retention and customer acquisition. Get it right and you will possess a tool with the power to tip the balance in Presidential races and propel start-ups to success. Ignoring the winds of change could leave you in the company of HMV, Comet, Kodak, Woolworths and others: those that couldn’t read the weather of innovation and evolution and were ultimately swept into obscurity.
FOOTNOTES

21. Ibid.
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