

## **CUSTOMER CARE (DES 3102)**

**LECTURE :** 8

**TOPIC :** Managing customers' complaints, and understanding surveys.

**AIM :** To provide a basis understanding of the purpose and importance of having an effective complaints managing system.

### **LEARNING OUTCOMES:**

After completing the chapter you should be able to understand

1. Why customers complain, and priorities to establish when processing complaints?
2. Significance of managing complaints effectively.

### **TOPIC OUTLINE**

- 8.1 Facts about complaints
- 8.2 Points of complaining
- 8.3 What customers look for in handling complaints
- 8.4 Establishing a complaints system
- 8.5 Psychology of complaints handling and its practicalities



## 8.1 The facts about complaints

It is worth knowing a few edifying facts about complaints; unless you understand how and why customers do or do not complain, you cannot possibly hope to predict or alter their behaviour. Perhaps the scariest fact about complaints is how many customers never tell you when they are unhappy (or should that be 'ex-customers?'):

- For the average business, 96% of unhappy customers don't complain.

That means that for every complaint you get, there may be 24 customers out there who aren't giving you the chance to put things right, or even to find out what was wrong in the first place. The other contender for the title of 'scariest fact' is this one:

Q: Surely if the customers aren't complaining, they aren't that bothered. We need to concentrate on the ones who are complaining, don't we?

A: The ones who aren't complaining are bothered. They are often so bothered that they leave us without even telling us. The ones who complain are the ones who are at least giving us a chance to hang on to them.

- On average, an unhappy customer will tell between 10 and 16 other people (depending on the seriousness of the complaint) about their bad experience with you. That's double the average number that a satisfied customer will sing your praises to.
- Whoops! These statistics show how essential it is to minimise dissatisfaction among customers. But to look on the bright side, such as it is, it is well worth making sure that the complaints you do get are well handled, because:
- When a complainer is satisfied with your response, they will tell only half the number of people about the experience, and they will be positive in the way they talk about it.

What is more, the way you handle the complaint has huge impact on the likelihood of the customer buying from you again. The available statistics are slightly less specific here, because the figures vary more widely according to the type of industry and the product or service being brought. However, whatever your industry, the principle is clear:

- Up to 90 percent of dissatisfied customers who don't complain will never buy from you again.
- When a customer makes a complaint, and it is dealt with quickly and efficiently, however, between 80 and 95 percent will continue buying from you.

Losing a customer because they are dissatisfied has all sorts of repercussions. Not only have you lost a customer, but also one of your competitors has gained one. There is now, also, someone out there bad-mouthing you whenever your name comes up. If the customer is a business and any of the staff who dealt with move to another organisation which buys from you, there is a danger that this business, too, will be persuaded to abandon you in favour of one of your competitors.

**8.2** Although every complaint is individual - and should be treated as such - there are certain things which customers tend to want as a result of complaining. It is quite useful, especially if you're planning an overhaul of your department or organisation's complaint-handling system, to know what customers most often hope to gain by complaining. So here is a list, in descending order, of the reasons for complaining among customers surveyed:

- To get better service
- To get money or a service they are eligible for
- To get an explanation
- To prevent the same thing happening to others
- To get an apology
- ' To tell them what I thought of them '
- To get compensation
- To vent anger or frustration

It's interesting to note how many of these reasons for complaining do not require any recompense of material value from you. The customer frequently wants reassurance, wants to be taken seriously, wants to be treated as important, wants to be listened to, and wants to be given an explanation. It should be clear that if you have really good customer service, and always let your customers know that they are important, that you listen to them, and so on, you will generate far fewer complaints.

**8.3** Customers are more satisfied if you keep them posted while you are resolving their complaint than if you don't, even it takes longer time to resolve it.

Obviously there are limits here, and the customer would still rather have the speed and the information, but keeping them informed is vital. What if there is no progress for some reason? You should still contact them and let them know that you still haven't been able

to contact the technical manager, or find the missing order form, or whatever, but you'll get back to them again shortly.

Here is a list, in descending order, of the factors which customers quoted as being the most important in handling their complaints:

1. Speed
2. Being kept informed
3. Having a fair investigation
4. Having a clear procedure
5. Friendliness and helpfulness
6. Dealing with a named person

#### **8.4 The complaint system**

We've looked at the best approach to individual complaints to ensure the maximum number of satisfied customers. But you also have to operate a proper system of collating and analysing these complaints in order to make sure that you act to prevent them recurring, as we saw earlier.

There are plenty of different ways of organising the details of such a system, but they all have certain features in common to enable the organisation to benefit fully from the complaint if received. So here's a guide to the key features on an effective complaint handling system.

Define a 'complaint'. If everyone is going to be trained to handle complaints and be involved in the complaint-handling system - and we have established by now that they should be - there needs to be a consensus on what constitutes a complaint. Otherwise one person will be logging every contact with a customer who politely points out an error annoyed, or will omit to record those occasions when they reckon the problem was the customer's fault anyway.

#### **Log every complaint**

All complaints should be logged by the person who receives and handles the complaint. Relevant information can include the following:

- a) Name, address, phone number of customer
- b) Name of the person who handled the complaint
- c) Date of complaint
- d) Nature of complaint
- e) Action to be taken
- f) Customer's response to the solution agreed