

Customer Complaints - They Are Just the Tip of The Iceberg!

Contributed by Juliet Mumford
Friday, 21 September 2007
Last Updated Monday, 05 October 2009

Juliet Mumford of Intelligent Insight explains why measuring customer satisfaction reaches far beyond counting the number of customer complaints.

Often when I talk to clients about measuring customer satisfaction, I'm told that they already know they have satisfied customers because they very rarely receive any complaints. It therefore may be as much of a surprise to you as it is to them that using customer complaints as a measure of overall satisfaction can be about as useful as rearranging the deckchairs on the Titanic! Here's why!

I'd like you to put yourself in the shoes of a customer. It shouldn't be too difficult as we are all customers every day of our life. Let's imagine you go out for dinner with a loved one or friends. As the night progresses, it becomes clear that the service at the restaurant is not as slick as you would have liked, and the food is ok but nothing out of this world. Despite the restaurant's shortcomings, when the waitress comes over at the end of your meal and asks, "Did you enjoy your meal?" what do you say? I'm not a betting woman, but my money would be on you responding with something along the lines of "It was lovely, thank you." Why? Because: most people feel they will ruin a lovely evening by complaining; it's generally too late to do anything about it anyway, so what's the point; and most people don't like to complain face to face because it feels confrontational.

However, when our friends and family suggest going to the same restaurant for dinner, what do we do? We tell them that they shouldn't bother and list off all the reasons why they should go elsewhere. Sound familiar? So why would your customers be any different?

Recognising this phenomenon, BA decided to conduct its own research to see what happened with its complaints procedure. Remarkably, they discovered that only 8% of customer complaints were ever registered with a customer services representative – in other words, just the tip of the iceberg. Instead, 23% talked to the nearest employee, and a further 69% suffered in silence and did not tell anyone at BA. Had BA been basing its customer satisfaction on the number of complaints received they would have only been looking at a tiny part of the total picture.

Very few dissatisfied customers complain, making this a meaningless measure of customer satisfaction.

Very few customers will complain directly to you, but that does not mean that they won't complain to other people. In fact in reality it's quite the opposite! Let's think back to the restaurant example I gave at the beginning of this article. Realistically, how many people would you tell if you thought a restaurant was offering bad food and service?

A research study conducted by TARP research back in 1999 discovered that on average an unhappy customer will tell 10 people about their experience. In turn, these 10 people will each tell a further 5 people, meaning that a total of 50 people will have heard about their bad experience. A sobering thought, wouldn't you say?

What's even more frightening, however, is that if we work on the basis that only one out of every ten of your dissatisfied customers registers a complaint with you, then in total, for every formal complaint you receive, 500 people will have heard about your customers' problems!

Customers very rarely complain to the service/ product provider. Instead they will tell their friends, who will in turn tell their friends, creating a pyramid of dissatisfaction.

The good news is that this is not a problem without a solution. Equally, the solution is something that can be achieved by resorts large and small. In essence, you simply need to ask your customers what they think of you!

Now don't get me wrong, it takes a brave organisation to ask their customers to give their honest opinions, and you have to be prepared to take the rough with the smooth. However, it is only those organisations that understand what makes their customers unhappy that are able to put improvements in place for the future.

Ultimately, if you conduct a customer satisfaction survey it will not only give you a benchmark of where you are today, but if you ask the right questions in the first place, it will also enable you to highlight your priorities for improvement so that you know you are putting your energies into those areas that are of the highest importance to your customers. Ultimately, you can't manage what you don't measure.

The key to the success of your business is held by your customers. Only by understanding them better will you be able to

unlock your business's future potential.

Measuring customer satisfaction is only the first step of course. It's what you do with the findings that will make the real difference. By turning the insight into action, in other words, by making the necessary changes that will improve the satisfaction of your customers your business could benefit from:

- Improved customer retention
- Increased sales as satisfied customers tend to buy more often and a wider range
- Increased control over your customers because you understand your customers better
- More referrals generated from your current customers

How much incremental revenue would even a small increase in each of these areas give to your business? As I said, I'm not a betting woman, but I'd take a gamble that it would be far less than the investment required to conduct a customer satisfaction survey.

If you are interested in finding out more about how Intelligent Insight can work with your business to increase revenues through improved customer satisfaction, please contact Juliet Mumford on 00 44 1536 373182, or visit www.intelligentinsight.co.uk