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Global Competition Through Service



Customer Rage: It's Not Always About the Money

Seventy percent of American consumers report having a bad customer-service experience that left them "upset" or "extremely upset" in the last 12 months, according to a new national survey.

Experts call it "customer rage," and the madness is growing.

What are we mad about? Company response to complaints about telephones -- including wireless -- rank number one, followed closely by financial services and bad travel or leisure experiences. Surprisingly, perhaps, computers ranked second-to-last, behind retail and automobiles.

"In a time when so many companies consider themselves 'best in class' or 'providers of world-class satisfaction,' how is it that so few customers are satisfied with how their problems or complaints are handled?" asks Scott Broetzmann, president of Customer Care Measurement and Consulting, the Alexandria, Va., firm that leads the Customer Care Alliance in conducting an annual "customer rage" study. Co-sponsoring the study is the Center for Services Leadership at the W. P. Carey School of Business. Broetzmann reported the findings at the CSL's 16th annual Compete Through Service Symposium in Tempe, Ariz.

The numbers are startling. Forty-six percent of study participants report being dissatisfied with how a company handled their complaint, an increase of 4 percent since the 2004 study. Thirty-one percent say the company's remedy was mollifying, while just 23 percent were satisfied.

As a result, Broetzmann claims, "there's money being left on the table." Industry lore holds that a dissatisfied customer will tell twice as many people about their bad experience than a satisfied customer will confide in about their good experience. The 2:1 damage ratio jumps to 3:1 in the worst-case scenario. People tell their friends, family, co-workers and neighbors about the bad experience; the more technologically savvy sorts spread tales across the Web on look-what-they-done-to-me-ma sites. Check out www.ripoffreport.com or www.complaints.com for a brief sample of what people may be saying about your company -- or competitors.

But feedback from the new study indicates that the angriest consumers negatively influence about 18 other customers, not just a couple. And business lost from those would-have-been customers may make the difference between outdistancing a competitor's sales or falling behind.

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The customer-rage study results are based on telephone surveys of more than 1,000 respondents in August, 2005. Respondents were asked about their most serious problem experienced with products or services in the past year. The study has an error margin of 3 percent.

Sometimes it's the little things that poison company-customer relationship. Rage study respondents said the sentence they most dislike hearing is the common "that's not my department" response from a company representative.

The feeling is mutual. Asked to describe the biggest challenge to doing their job well, customer-service reps most often checked the box for "dealing with difficult or insensitive customers." Bad managers, stupid company policies and other irritations took a back seat to the crabby customers.

But despite the increasingly obvious incongruence between company rhetoric and what consumers *and* their own employees report experiencing, "complaint handling is still the red-headed stepchild of corporate strategy to wow and delight customers," Broetzmann notes. "It's like the crazy uncle you don't talk about, despite having such a significant impact on revenue."

Maybe that's because plenty of dissatisfied customers stew rather than explode. The extroverted type who paints his car yellow and parks it in front of the car dealership with a sign declaring it a lemon is relatively rare. Much more common are consumers, already distressed over a malfunctioning product or faulty service, who "already have a predisposition, a chip on the shoulder, a belief that their problem won't be resolved properly," he explains. "The broader definition of customer rage has more to do with mentality and a set of unmet expectations."

He may be right. The last time you called the telephone company to dispute a bill or hauled an endlessly beeping microwave back to the big-box store, did you feel defensive? Mentally run through your "evidence?" Prepare an ultimatum, expecting that it was the only way to get satisfaction?

More than half of rage-study respondents report heading into the remediation process already uncertain if they will be heard, much less dealt with fairly. "They expect that asking for help will be a challenge, so they get their guard up," Broetzmann says. Bottom line: 40 percent of complainants felt they got "nothing" after contacting the company.

Study results dispute a couple of crucial beliefs about customer motivation and expectations. For example, call-center and store policies are often based on the assumption that "customers are unreasonable and want something for nothing," he says.

But 69 percent of customers surveyed said their first priority was getting an "explanation of why problem occurred" along with an "assurance that the problem wouldn't be repeated." Next, they wanted the product repaired or service fixed, along with a thank-you for doing business with the company.

Tying for fifth and sixth place: getting an apology and being given a chance to vent. Interestingly, the demand many companies fear most -- "money back" -- actually ranked seventh with unhappy consumers. "Most people want

simple or non-monetary remedies to resolve their problems and complaints, which overturns one of the universal truths companies use to guide their policy-making," he notes.

All too often, though, their non-monetary expectations went unmet. For instance, less than one-fourth of complaining customers say they got an explanation of why the problem occurred. Companies did best in listening to customers vent.

Another gem from the study: customers count their time spent getting their complaint heard and resolved as more important than the money lost, a concept Broetzmann calls "customer's return on investment." Upset customers reported losing a median four hours to the complaint process, but more than one-third (37 percent) said they lost more nine or more hours. Asked if the time spent was "worthwhile," almost half (47 percent) said no.

Unfortunately, products will fail and services falter, so customer-service problems are inevitable, he continues. And since our economy is increasingly service-based, and services are often harder to deliver problem-free, customer rage is likely to boil over even more often.

Finding simple, creative ways to acknowledge the premium customers place on their time may be the most cost-effective method of decreasing the inevitable incidence of customer rage, Broetzmann theorizes.

"Companies and customers share an overlapping interest in the efficiency of handling complaints, but it is the customers who show a much lower return on their investment than companies," he notes. "Companies can marginalize the cost of complaint handling through technology and outsourcing, but customers cannot."

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