

# ***Why the Customer Care Revolution has Failed: How Companies Misuse the Telephone when Responding to Customers***

***Marc Grainer, Jeff Maszal, & Scott M. Broetzmann***

## **I. The Failure of the Customer Care Revolution**

In 1976, The White House Office of Consumer Affairs sponsored a nation-wide study of corporate customer complaint-handling practices. A national probability household survey, conducted as part of this study, found that only 23% of respondents were satisfied (expectations exceeded/completely satisfied) with how their most serious customer complaints had been handled during the preceding year. Other results from the study found that companies could earn a very high Return on Investment (ROI) when they handled customer complaints effectively.<sup>1</sup>

Thirty years ago, when this White House study was conducted, companies spent relatively few resources on customer care practices. Few toll-free, complaint handling call centers existed. Customer care was generally viewed as an administrative cost; not a potential profit center.

As a result of this White House study, the increasingly competitive commercial market place, and the rise of the consumer measurement during the last quarter of the 20<sup>th</sup> century, American companies now invest billions of dollars annually on their customer care programs. This new emphasis on customer care is best symbolized by the advent of corporate call centers. The telephone has replaced the letter as the primary means customers use to communicate with companies. Today it is hard to find a major company that doesn't operate a call center. (These call centers handle complaints, answer questions, provide technical support, process sales, etc.) Their aim has been to make it easy for customers to "talk to" corporate America.

On the basis of this major investment in customer care, it has been assumed that consumers are more satisfied today, than they were thirty years ago, with how companies handle their complaints about products/service. To test this assumption, the authors have fielded a national tracking survey since 2003 that monitors complainant satisfaction using the same question as the original White House study. The results of this tracking survey have been quite surprising.<sup>2</sup>

Between 2003 – 2005, complainant satisfaction (expectations exceeded/completely satisfied) with how the respondents' most serious complaints were handled during the preceding year averaged only 19%. This is four percentage points lower than in the mid-1970's, when, for most companies, customer care was an afterthought. It is in this context that it can be argued that the customer care revolution of the last thirty years has been a failure.

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<sup>1</sup> A detailed description of the findings from this study is provided in [A National Survey of Complaint Handling Practices Used by Consumers](#), NTIS PB-263-082 (Washington, D.C.: Office of Consumer Affairs, 1976).

<sup>2</sup> Three such tracking studies have been conducted: Grainer, M., [Customer Rage – the Multibillion Dollar Sinkhole: A Case of Customer Rage Unassuaged](#), October, 2003; Grainer, M. [First Results of the 2004 National Customer Rage Study: A Case of Customer Rage Unassuaged](#), November 5, 2004; and, Broetzmann, S. & Grainer, M., [November 2, 2005](#). The findings from these studies can be found at <http://www.cccareall.org>.

The question then becomes: why has complainant satisfaction dropped when customer care has become such a top corporate priority? While rising customer expectations may be an explanatory factor, this alone can not justify today's low levels of complainant satisfaction. Instead, the misuse of the telephone is probably a much more important cause.

Because much of the enhanced investment in upgraded complaint handling has focused on telephony applications, it is reasonable to assume that the decrease in complainant satisfaction rests, in large measure, with poorly thought out and executed call center practices. This article reports the findings from a study that asked customers to rate the impact of typical telephone customer care practices on complainant satisfaction. *The aim is to pinpoint those practices that cause the most dissatisfaction so that companies can correct these deficiencies and, thereby, make better use of the telephone to handle customer complaints in the future.*

## **II. A Study of Telephone Customer Care Practices**

The authors conducted a study of telephone customer care practices in late 2005/early 2006. Using a 0 – 10 point scale (where “10” meant “WOULD SIGNIFICANTLY INCREASE YOUR SATISFACTION” and “0” meant “WOULD SIGNIFICANTLY DECREASE YOUR SATISFACTION”), a representative national sample of households that had complained about product or service problems during the preceding year was asked to rate the impact of selected telephone customer care practices on its satisfaction. Eighty-five telephone customer care practices were rated. Three hundred eighty-eight respondents participated in this study.<sup>3</sup>

Those telephone customer care practices that received a mean score of 2.5 or below were considered to have a STRONG NEGATIVE impact on complainant satisfaction. The 16 customer care practices that fell in this STRONG NEGATIVE, fit into the following eight categories:

- Telephone technology
- Sales campaigns
- Outsourcing outside the United States
- Requiring customers to “pay” for the complaint call
- Requiring customers to repeat information
- Agent response practices
- Satisfaction surveys
- Resolution

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<sup>3</sup> Broetzmann, S. & Grainer, M., May, 2006.

### III. How Companies Misuse the Telephone when Responding to Customer Complaints

#### Telephone Technology

Table 1 identifies the telephone technology, customer care practices that were most often rated as having a STRONG NEGATIVE impact on complainant satisfaction. Here the primary culprit was the inappropriate use of automated telephone systems. All things being equal, customers preferred talking to live agents over using automated telephone technology. Being forced to use this technology without an option to talk to a live agent had an especially negative impact on satisfaction. (This practice scored 83<sup>rd</sup> out of the 85 customer care practices being rated).

However, the good news for business is that if telephone technology is used appropriately it can have a significant positive impact on complainant satisfaction. For example, having the option to talk to a live agent at the beginning of the automated telephone menu scored a strongly positive rating of 7.87. Likewise, using a recording to tell customer how long they will have to wait before talking to a live agent scored 7.32.

**Table 1.**

<b>Telephone Technology Customer Care Practices</b>	<b>Dissatisfaction Scores</b>
When they transfer you to another department, you have to use an automated telephone system before you can talk with an agent	2.43
A recording tells you to leave a voicemail message because of high call volume	2.39
Instead of being put on hold, you get a busy signal when calling	2.33
You try to avoid using the automated telephone system by pressing "0", but you still can't reach a live agent	2.16
You're told how to reach a person only after you've had to listen to a long message	2.15
When you must use an automated telephone system, there's no option to talk to a person	1.19

While voice mail certainly has a role in both personal and commercial telephonic communication, customers don't like to use this technology when complaining. In a similar vein, customers don't want to receive a busy signal when submitting complaints. These practices suggest that companies don't value their customers.

The message here is quite simple. Used correctly, telephone technology can both increase productivity and complainant satisfaction. Used inappropriately, both productivity and satisfaction will suffer and most likely lead to a loss of brand loyalty.

#### Sales Campaigns

Many call centers that handle complaints try to piggyback sales campaigns onto their response to customer problems. The thought is that, once the company has the customer on the telephone, it's possible to "kill two birds with one stone." While from a productivity standpoint such practices may seem to make sense, the findings reported in Table 2 argue strongly against mixing sales efforts with complaint handling. Even after the complaint has been resolved, trying to sell customers products or services had a STRONG NEGATIVE impact on satisfaction. Playing recorded advertisements when customers are on hold, likewise, received a low negative score of 2.82.

**Table 2**

<b>Sales Campaign Customer Care Practices</b>	<b>Dissatisfaction Scores</b>
After resolving your complaint, they try to sell you other products or services	1.58
Before resolving your complaint, they try to sell you other products or services	1.23
You say “no” when they try to sell you other products or services and they refuse to give up	1.01

Outsourcing Outside the United States

Over the last five years, a major political hot button has been the issue of outsourcing. In the call center business, outsourcing, especially outside the United States, has been embraced by many industries.

Labor is by far the biggest cost of operating call centers. Therefore, in an effort to decrease customer care costs, many companies have outsourced complaint handling to call centers in countries where staffing costs are much lower than in the United States. The question is, can these cost savings be justified when balanced against the impact of such outsourcing on complainant satisfaction?

When customers believe that their complaints are being handled by a call center outside the United States, this form of outsourcing received a STRONG NEGATIVE score of only 2.01. (Even outsourcing to an agency in the United States received a low negative score of 3.29.) Customers simply don't like having their complaints handled by outsourcing agencies. Customers may also be reacting to poorly trained agents, accent problems, lack of empowerment, etc.

While outsourcing outside the United States may be cost justified in certain specialized circumstances (e.g., technical computer applications), this study suggests that, when dealing with complaint handling for the general consumer population, outsourcing outside the United States may not be advisable. (Lowering the cost of responding to complaints does not benefit a company if such outsourcing results in dissatisfied complainants and lower brand loyalty.)

Requiring Customers to “Pay” for the Complaint Call

During the last three decades, thousands of toll-free call centers have been established to handle customer complaints. As a result, customers have come to expect that companies will provide such toll-free access.

A more recent trend has been corporate efforts to cut overhead. Although telephone charges account for a relatively small percentage of the typical call center budget, some companies have cut costs by no longer providing toll-free access. Again, the question is what impact does such cost cutting have on complainant satisfaction?

The customer care practice of not providing toll-free access received a STRONG NEGATIVE rating of 1.67. While the absolute out-of-pocket cost to customers is generally small, customers may feel that, like with outsourcing, having to “pay” to complain is a sign that companies don't value their business. Given the ever decreasing cost of telecom services and the significant negative impact on satisfaction, companies would be wise to keep providing toll-free access to their call centers.

### Requiring Customers to Repeat Information

On the basis of anecdotal data, one of the most maddening customer care practices is having to repeat information that has already been provided. This ranges from customers having to repeat long numeric ID numbers to being asked to restate the reason why they're calling. In this instance, the anecdotal data mirrors the survey results. Having to repeat information received a STRONG NEGATIVE score of 2.15.

Basic case tracking (CRM) software should preclude the need to repeat case-related information when the caller is transferred to a second agent or when the customer makes a follow-up call. Numeric ID's are often used to access information from the company's customer database. If these links are in place, customers should not be asked for their numeric ID twice. Most modern call centers, then, should not need to ask their customers to unnecessarily repeat information.

### Agent Response Practices

Talking too fast and an inability to understand agents because of their accents received STRONG NEGATIVE ratings of 2.38 and 1.98, respectively.

The speed problem is often a result of setting unrealistically high agent call-handling quotas. When this is the case, the data suggest that quantity is less important than quality. Handling fewer calls well is better than closing more calls badly. Productivity at the cost of complainant satisfaction will rarely translate into increased brand loyalty.

Accent is a more complex issue. In some cases, accent can impede understanding. Failure to successfully communicate with customers makes it difficult to resolve their complaints. Accent can also suggest outsourcing outside the United States. As the results of this study have shown, such outsourcing causes significant customer dissatisfaction.

While training can sometimes improve agent response practices (proper greetings, anger defusion techniques, etc.), speed and accent problems are more often a result of strategic call center policies; not a deficiency in the agent skills. In this instance, misplaced productivity and cost concerns can result in quite low complainant satisfaction.

### Satisfaction Surveys

Over the last three decades, many call centers have adopted a policy of fielding satisfaction surveys. Callers are interviewed to determine how well these centers are resolving customer complaints. Survey results are used to pinpoint areas in need of improvement as well as in incentive programs to reward superior agent performance. It is also felt that such satisfaction surveys may create a "Hawthorne effect." By adopting a survey program, a company demonstrates concern for its customers which, in and of itself, can increase complainant satisfaction.

Unfortunately, study results point to a potential downside to fielding satisfaction surveys. When companies don't address the specific reasons customers identify in the survey for their dissatisfaction, overall complainant satisfaction suffers quite seriously; a STRONG NEGATIVE rating of 1.62. This study found that customers expect companies will take action on the problems they identify when responding to satisfaction surveys. Unless such an expectation is met, much of the benefit resulting from this customer care policy may be lost.

### Resolution

As would be expected, complainants getting what they asked for to resolve their product/service problems had the strongest impact on satisfaction. Getting none of the things they asked for received the lowest score of the 85 customer care practices that were rated; a STRONG NEGATIVE score of 0.66. Conversely, getting everything that they asked for received the highest rating; a score of 8.92.

In the real world, of course, resolution of customer complaints is not necessarily an all or nothing proposition. While it may not be feasible to give complainants everything they want, it is generally possible to give complaining customers something (partial compensation, an apology, an opportunity to vent, etc.). Getting partial resolution to the customers' problems scored 3.55. Although, still a negative rating; this customer care practice received a score more than five times higher than then giving complainants "nothing".

Therefore, when full resolution of the complaint is not possible, businesses may be wise to consider offering a partial remedy.

### **IV. Summary**

The conclusion of this article is that misusing telephony can result in significant dissatisfaction when companies handle complaints. Used appropriately, however, telephone customer care practices can produce quite high levels of complaint satisfaction. The message to business is to avoid the eight categories of telephone customer care practices identified by this study. By doing so, it should be possible to better realize the potential of corporate call centers as vehicles for handling customer complaints.

## About The Authors

Marc Grainer is co-founder and Chairman of Customer Care Measurement & Consulting (CCMC). Jeff Maszal is Vice President, Sales & Marketing for CCMC. Scott M. Broetzmann is co-founder and President of CCMC.

CCMC provides measurement and consulting services to a variety of multinational companies pursuing leading edge customer care strategies.

For further information about CCMC, please visit [www.customercaremc.com](http://www.customercaremc.com) or contact Jeff Maszal at [jeff@customercaremc.com](mailto:jeff@customercaremc.com).