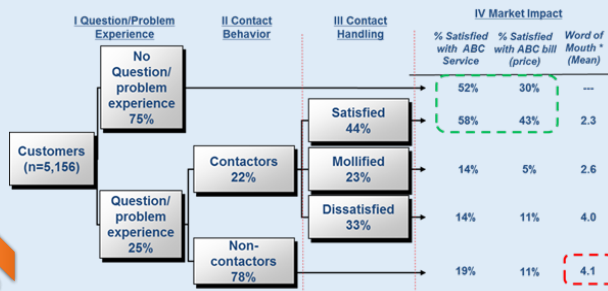


Consumer Complaint Behavior in Multiple Countries Common Strategies That Enhance Profits

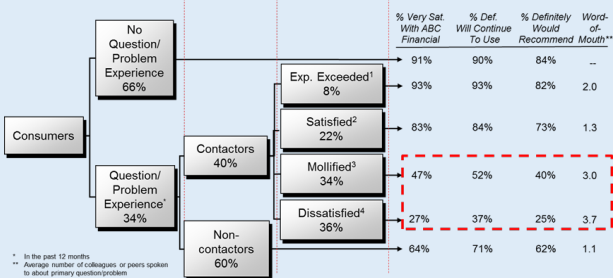
Research Questions and Methodology

- Do consumers complain in most cases? No!
- Do problems cause damage to loyalty and Word of Mouth? Yes!
- Is the Service Recovery Paradox confirmed? Yes!
- Findings are similar to 500 studies in 15 countries
- Random email survey of at least 12,000 customers
- 10-30% response rate – minimum 1,200 responses/each sample

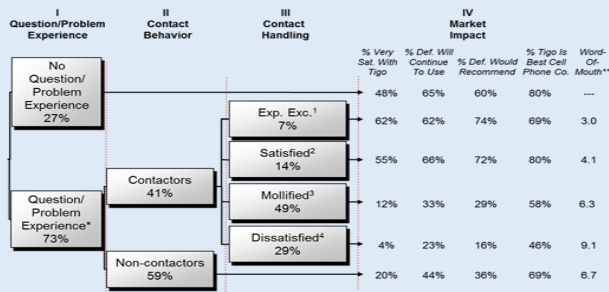
Japan Utility Company



USA Financial Services Consumers



Bolivia Telecom Consumers



Implications and Impacts

General findings from all three studies

Only 22-41 % of consumers complained about their most serious problems- reasons for not complaining usually given were that complaining will do no good, it is too much trouble to complain or fear of conflict
Of those who complained, less than 44% were satisfied with the outcome –those not satisfied were **40% less loyal**
In two of three studies, **when customers were satisfied, they were significantly more loyal than customers who had not had a problem, confirming the Service Recovery Paradox**
Dissatisfied customers always spread more word of mouth than satisfied customers - usually twice as much

The most important consistent finding was that non-complainants were significantly less loyal than customers with no problem or who were satisfied.

Strategies and Next Steps

Three key strategies are implied in every company:

- Problem prevention** - there are always a series of issues which are preventable via better communication, customer education and process changes
- Proactive communication** - there are many unavoidable situations where customers should be warned in advance
- Enhanced response** – every company can identify opportunities where front line customer service representatives (CSRs) can be given better tools and empowerment

The usual ROI for enhanced service support and problem prevention is at least 200% and often as high as 1,000%. **The payoff of investment in proactive, preventive and responsive service is usually ten times the investment made.**

A fourth strategy implied by the data is that aggressive solicitation of complaints is necessary to tap unvoiced complaints. However, this strategy should be deferred until the level of response success is at a consistently high level.

Opportunities for Future Research:

- Research non-complaint rates and impact of word of mouth in other industries and countries.
- Research similar behavior in business to business environments. This is being initiated at Arizona State University.