

THE CUSTOMER RAGE STUDY: AN INDEPENDENT STUDY OF CUSTOMER COMPLAINT-HANDLING EXPERIENCES



CUSTOMER RAGE STUDY

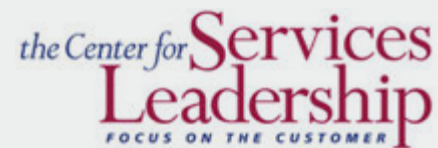
A profile of customer problems and complaint-handling experience in 2015:
Why is the level of customer service in America still declining?



Study conducted by:



In collaboration with:



KEY TAKE-AWAYS



HOW DOES RAGE AFFECT YOUR BUSINESS?

More than \$202 billion were at risk to businesses as a result of problems with products/services in 2015.

DID YOU KNOW?

60%

CITED THE MOST DAMAGE WAS WASTED TIME

35%

ONLY 35% ARE SATISFIED ON THE FIRST CONTACT

48%

OF COMPLAINANTS THAT BECOME SATISFIED WILL STILL RECOMMEND YOUR BRAND

14%

ONLY 14% OF COMPLAINANTS HAD THEIR PROBLEMS RESOLVED ON FIRST CONTACT

66%

TWO-THIRDS OF EVERYONE WITH A PROBLEM EXPERIENCED CUSTOMER RAGE

24%

WANT REVENGE!

KEY TAKE-AWAYS



TWO-PRONG APPROACH NEEDED

When applying both non-monetary and monetary remedies, complainant satisfaction almost doubled from:

37%

TO

73%

GETTING BUPKUS IS ON THE RISE

The percentage of complainants who felt they got NOTHING as a result of complaining increased from:

56%

IN 2013

TO

63%

IN 2015



It takes an average of 4.2 contacts to satisfy a complainant



"Your call is important to us, please continue to hold," is the most annoying customer service catchphrase



Complainant satisfaction is strongly correlated with increased brand loyalty in 2015

2x

In 2015, word of mouth resulting from dissatisfied complainants is more than double than the word of mouth communicated by satisfied complainants

EXECUTIVE SUMMARY

Companies may be losing more customers than keeping them because of ineffective customer service efforts, according to the latest Customer Rage Survey. **The study shows 54 percent of American households experienced at least one problem with products and services they purchased during the past 12 months**, an increase of 4 percent since 2013. Customers also are less satisfied with the service received when they complain. In fact, **63 percent of complainants reported they received “nothing” in return**. About \$202 billion in revenue is at stake for the businesses involved.

What is the Rage Study?

The independent 2015 Customer Rage Survey, the seventh study wave since the original conducted by the White House in 1976, offers a clear comparison of customer satisfaction over the years.

In the 1970s, the study found that dissatisfied complainants were more brand loyal than non-complainants, and as a result, American companies invested heavily in soliciting customer complaints. But the 2015 Customer Rage study shows that today’s dissatisfied complainants are 6 to 11 percentage points less brand loyal than non-complainants. **Brand loyalty lifts only if complaints are satisfactorily resolved**. Given that 60 percent of complainants are not satisfied, corporate America is engaging in customer care programs that might actually lose them customers.



What can you take away from this information?

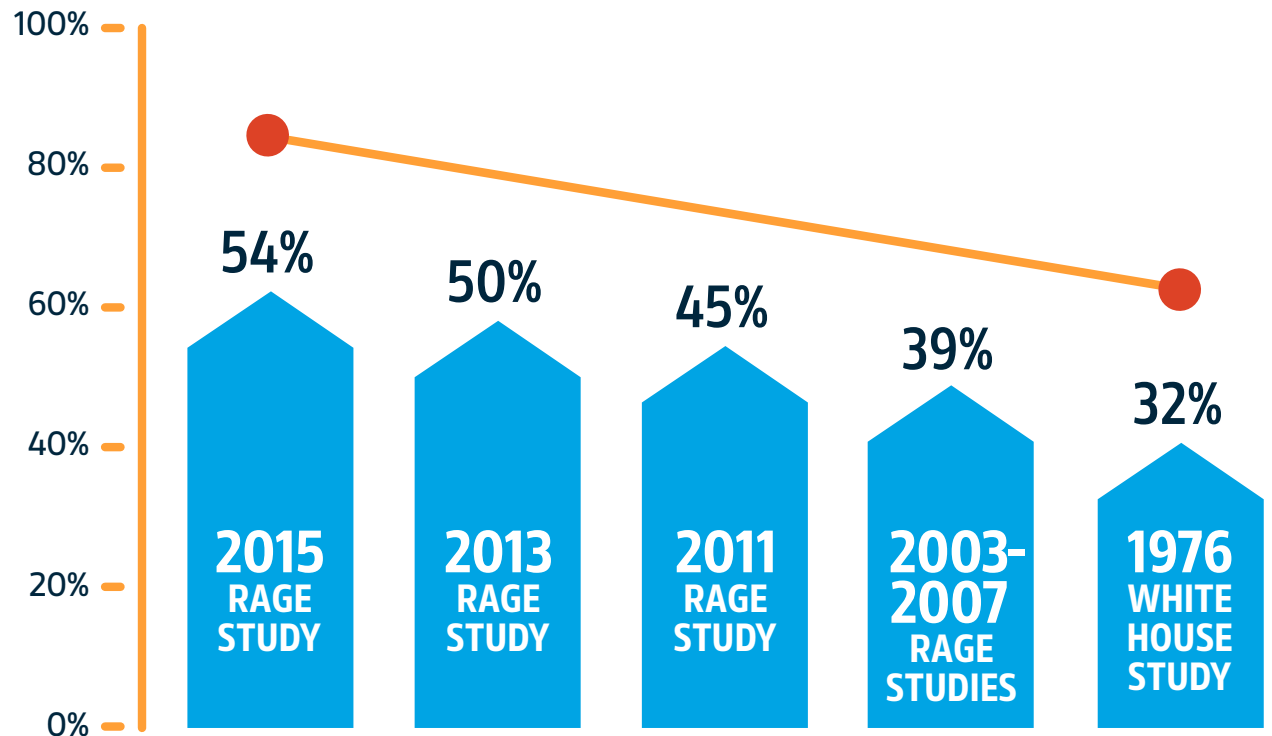
The following guide will provide insights that can be used to **develop a “blueprint” for a strong complaint handling program with the right policies, processes and trainings** to encourage greater customer loyalty and satisfaction.

HIGHLIGHTS FOR THE 2015 CUSTOMER RAGE STUDY SURVEY

The 2015 customer problem rate increased 4 percentage points over 2013 (54% vs. 50%). This is 22 percentage points higher than that reported in the 1976 White House Study.

PROBLEM EXPERIENCE STILL CONTINUING TO INCREASE

The number of households experiencing at least one problem during the past 12 months has dramatically increased, drastically hitting businesses where it hurts the most – their revenue.



% RESPONDENTS EXPERIENCING A PRODUCT/SERVICE PROBLEM IN THE PAST 12 MONTHS



VITAL STATISTICS

STUDY FINDINGS EXTRAPOLATED
TO THE NATION'S POPULATION¹

	2015	2013
Number of households experiencing at least one problem during past 12 months ²	60.5MM	56MM
Number of households experiencing rage ³	40MM	38MM
Number of households posting information about their most serious problem on at least one website	27MM	25MM
Revenue at risk to business⁴	\$202B⁵	\$76B

¹ Statistics apply to ONLY most serious problem during the past 12 months.

² Assuming 112,000,000 total U.S. households.

³ Based on "extremely" and "very upset" respondents.

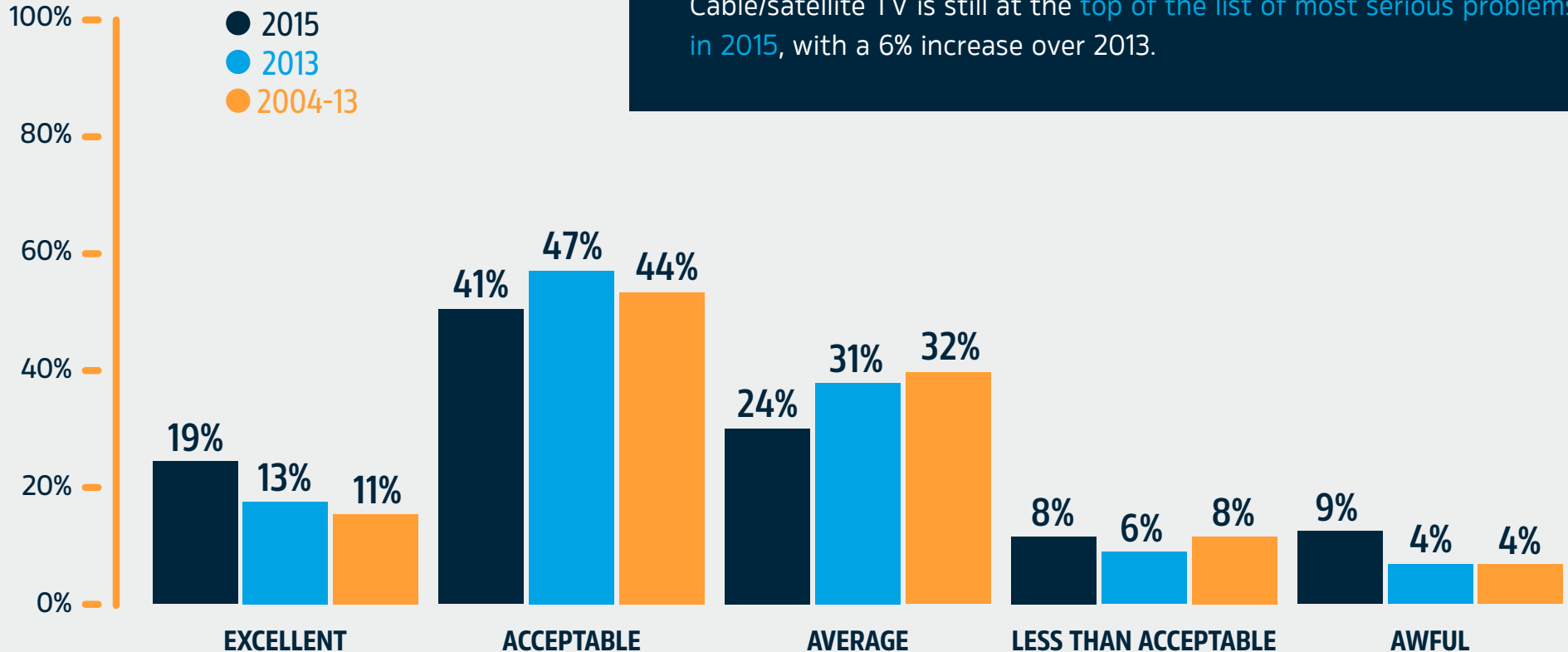
⁴ The mean cost of products/services subject to most serious problem multiplied by the number of households experiencing problems.

⁵ The large increase in revenue at risk is due largely to an increase in the mean cost of the products/services that caused the most serious problems.

CUSTOMER CARE LEVELS REMAIN "ACCEPTABLE"¹



% RESPONDENTS²



Who is leading the rage?

Cable/satellite TV is still at the top of the list of most serious problems in 2015, with a 6% increase over 2013.

¹ A comparable question was not asked in the initial wave (2003) of the Customer Rage Surveys.

² Among all respondents.



TOP FIVE

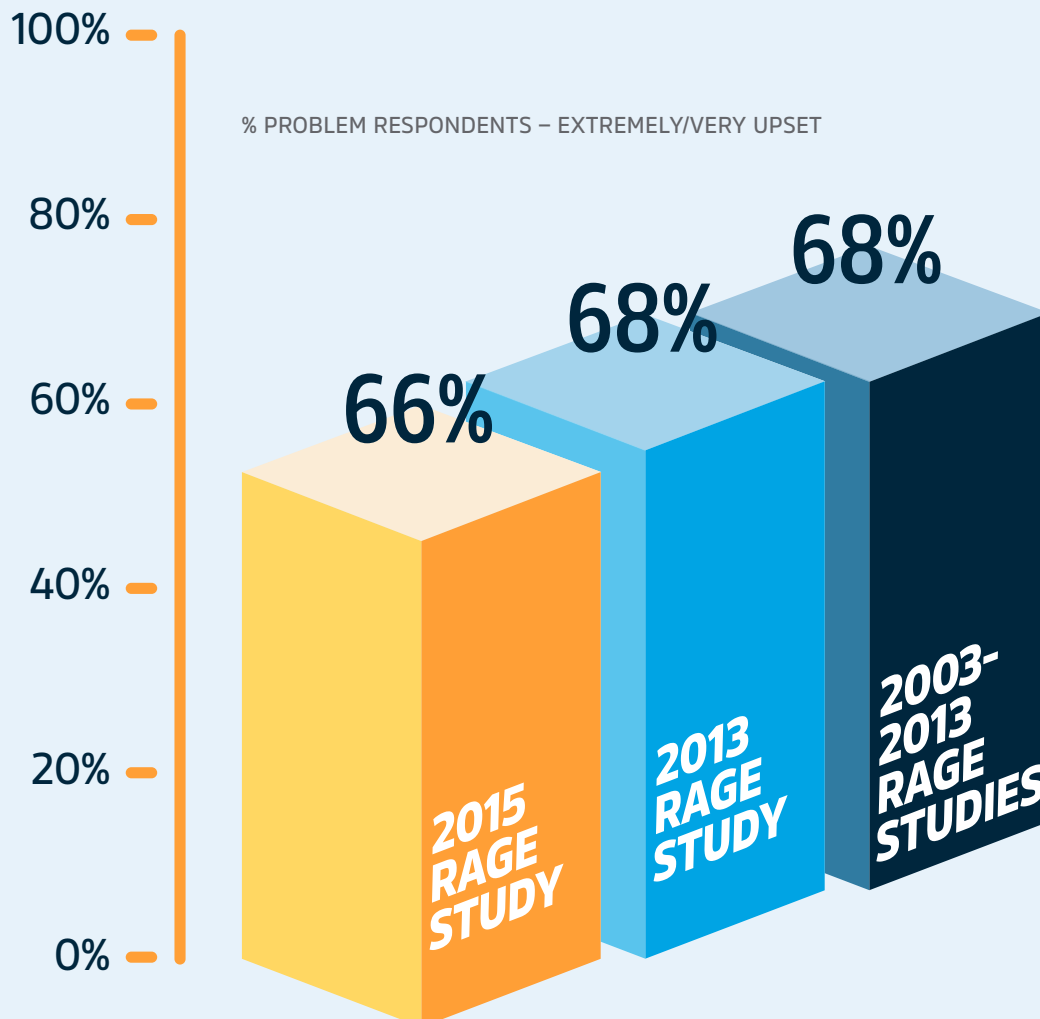
PRODUCTS/SERVICES THAT CAUSED THE MOST PROBLEM

PRODUCT/SERVICE TYPE	2015 PROBLEM RESPONDENTS	2013 PROBLEM RESPONDENTS	2003-13 PROBLEM RESPONDENTS
Cable TV/Satellite	23%	17%	9%
Telephone (land lines, cell)	18%	16%	12%
Automobile	11%	7%	10%
Computer services (e.g., Internet provider)	6%	5%	4%
Retailer	6%	4%	9%

13%

OF ALL PROBLEM RESPONDENTS IN 2015 SAID THAT THEIR MOST SERIOUS PROBLEM WAS WITH THEIR CELL PHONE (MORE FREQUENT THAN PROBLEMS WITH AUTOMOBILES)

LEVEL OF CUSTOMER RAGE STILL HIGH



66%

OR TWO-THIRDS OF ALL PROBLEM RESPONDENTS EXPERIENCED CUSTOMER RAGE

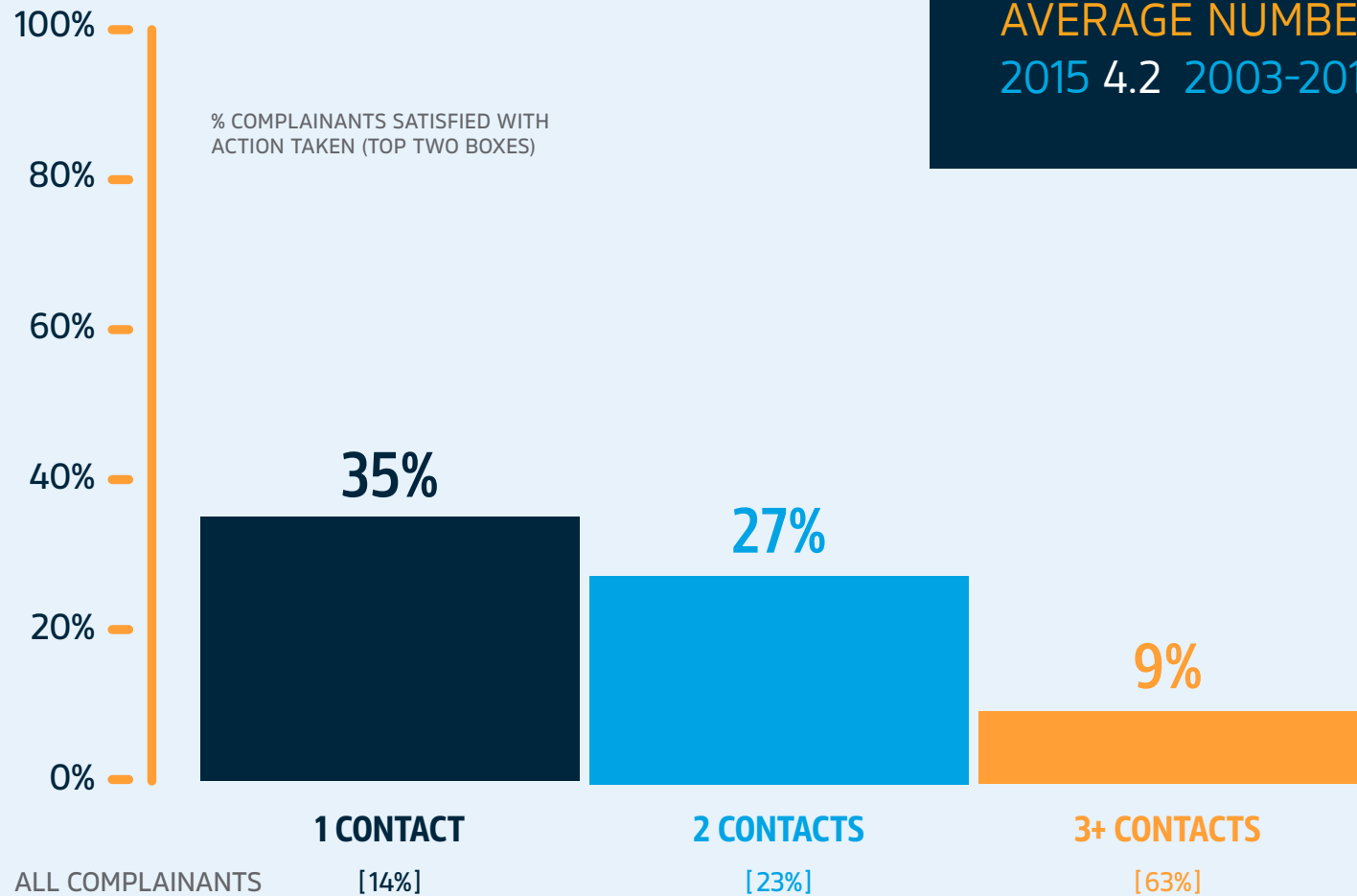
DAMAGES SUFFERED: LOST TIME REMAINS HIGH

TYPE OF DAMAGE	2015 PROBLEM RESPONDENTS	2013 PROBLEM RESPONDENTS	2003-13 PROBLEM RESPONDENTS
TIME	60%	62%	52%
MONEY	43%	40%	43%
PERSONAL INJURY	6%	5%	6%

60%

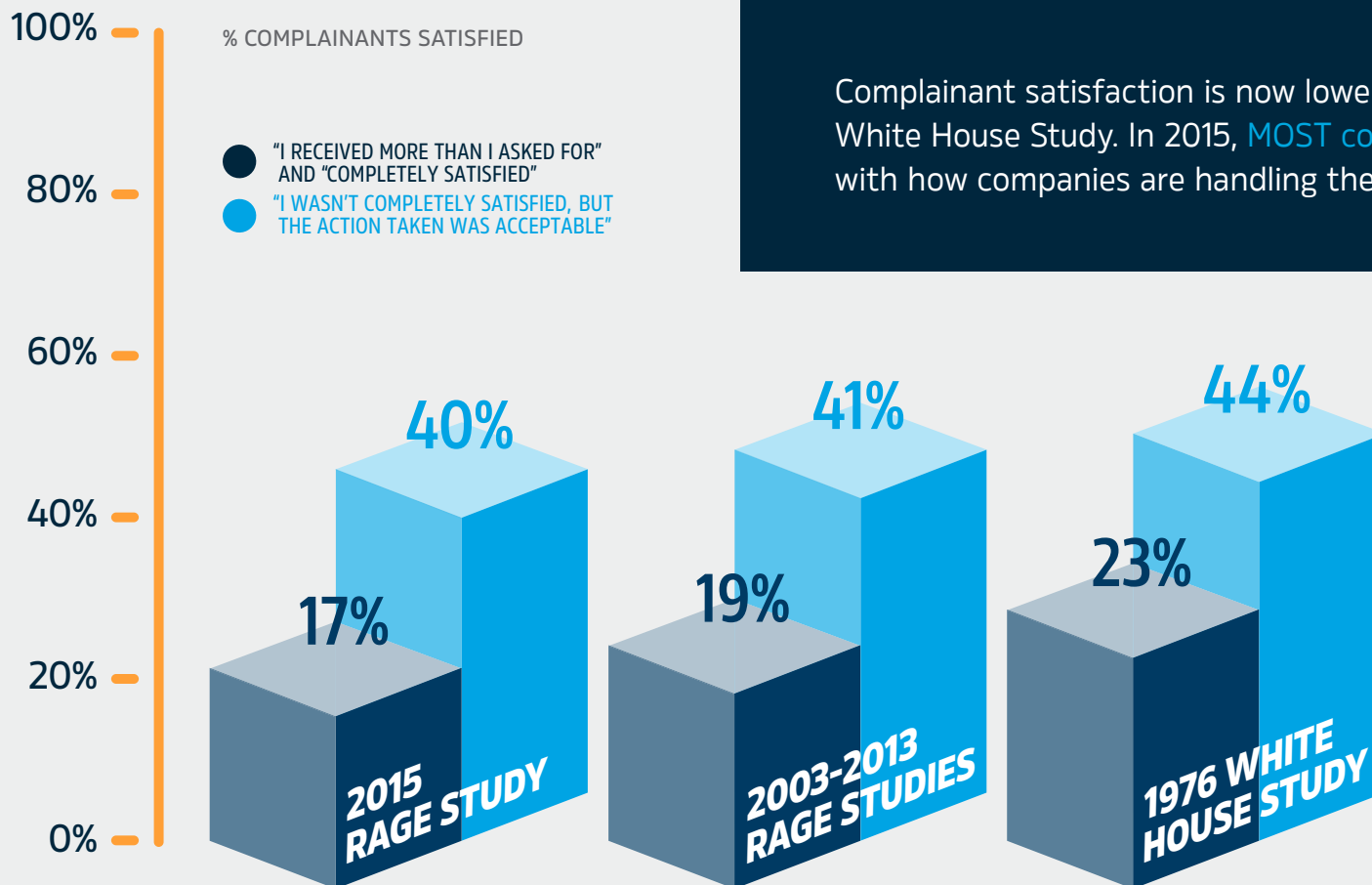
THE MOST FREQUENTLY CITED DAMAGE
RESULTING FROM CUSTOMER PROBLEMS
IN 2015 WAS LOST TIME

"PING-PONGING": STILL THE DEADLY GAME IN 2015



AVERAGE NUMBER OF CONTACTS
2015 4.2 2003-2013: 4.1

COMPLAINANT SATISFACTION CONTINUES TO DECREASE



Complainant satisfaction is now lower than that reported by the 1976 White House Study. In 2015, **MOST** complainants are still **DISSATISFIED** with how companies are handling their customer complaints.

WHAT RESULTED FROM THE COMPLAINT?

63% of complainants felt that they got NOTHING as a result of complaining; a seven percentage point increase since 2013. Those who reported getting something felt that they got very little or bupkus (e.g., 75% of complainants wanted an apology but only 28% got one).

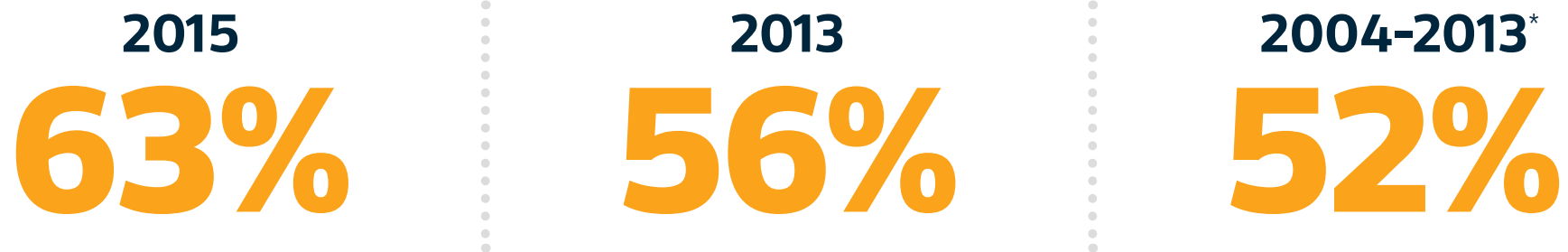
bupkus

Noun

(something worthless; nothing)

COMPLAINANTS REPORT GETTING “BUPKUS”

% of complainants who felt that they got **NOTHING**:



* A comparable question was not asked in the initial wave (2003) of the Customer Rage Surveys.

DOUBLE “BUPKUS” AGAIN

2015 comparison between what complainants wanted to get and what they got – **“DOUBLE BUPKUS”**

Key

● NON-MONETARY

● MONETARY

REMEDY	% WANTED	% GOT
To be treated with dignity	93%	32%
Offending company put itself in my shoes	83%	19%
An assurance that my problem would not be repeated	81%	15%
My product repaired/service fixed	80%	25%
An explanation of why the problem occurred	80%	18%
To be talked to in everyday language; not scripted response	79%	29%
A thank you for my business	76%	27%
An apology	75%	28%
Just to express my anger/tell my side of the story	58%	35%
My money back	57%	18%
A free product or service in the future	44%	8%
Financial compensation for my lost time, inconvenience or injury	42%	5%
Revenge	24%	2%
Other	14%	2%

WHY ARE COMPLAINANT SATISFACTION LEVELS LOW?



The reason for these low levels of complainant satisfaction is not that companies have failed to adopt upgraded programs to handle customer complaints. Programs such as complaint handling toll-free numbers, expanded remedies to compensate complainants for their problems with products/services, liberalization of warranty coverage, etc. have become standard corporate policies. The problem is, instead, that **companies are doing all the right things, but the wrong way**. (e.g., toll-free numbers: much too complicated automated response menus, not giving customer care agents adequate empowerment, understaffing so that complainants can't get through to agents in a timely manner, etc.).

It is important to note: If you are soliciting customer complaints, you better be ready to respond and correct them!

Does it pay to solicit complaints?

In the 1970s, the White House Study found that even dissatisfied complainants were 9 percentage points more brand loyal than non-complainants. As a result of this finding, **American companies have spent billions of dollars annually soliciting customer complaints**. In this case, there **did** seem to be a free lunch!

THE PROBLEMS ARE



**TOLL-FREE NUMBERS:
TOO COMPLICATED**



**AGENTS:
NO EMPOWERMENT**



**OPERATIONS:
UNDERSTAFFED**

IMPACT OF COMPLAINANT SATISFACTION IN 2015

Recommendations High for Satisfied Customers	
SATISFACTION	% WOULD RECOMMEND
SATISFIED	48%
MOLLIFIED	20%
DISSATISFIED	6%

Word-of-Mouth High in Dissatisfied Customers	
SATISFACTION	# OF PEOPLE WHO TOLD
SATISFIED	9.4
MOLLIFIED	19.1
DISSATISFIED	22.1

BRAND LOYALTY UPLIFT FROM SOLICITING COMPLAINTS¹



UPLIFT FROM NON-COMPLAINANTS TO:	Percentage Point Increase/Decrease in Brand Loyalty For:	
	MINOR PROBLEMS ²	MAJOR PROBLEMS ³
Satisfied Complainants	+33%	+44%
Dissatisfied Complainants	+9%	+9%

¹ In the White House Study, satisfaction with the action taken to resolve complaints was measured using a five-item, ordinal-word scale. Satisfaction was defined by the top three boxes ("received more than I asked for," "completely satisfied" and "not completely satisfied but the solution was acceptable"). Dissatisfaction was defined by the bottom two boxes ("not completely satisfied but I did get something" and "not at all satisfied").

² Where damages caused by most serious problem were valued at \$1 - \$5.

³ Where damages caused by most serious problem were valued at \$100+.

IT'S NOT ENOUGH TO JUST SOLICIT COMPLAINTS TO INCREASE BRAND LOYALTY

Just getting people to complain is no longer enough: the 2003-2015 Customer Rage Studies report that today companies must satisfy complainants in order for there to be an uplift in brand loyalty.¹

Today, dissatisfied complainants are now 6 to 11 percentage points less brand loyal than non-complainants. Therefore, there is a brand loyalty uplift **ONLY** if complaints are satisfactorily resolved. Given the fact that MOST complainants are not satisfied, **corporate America is spending billions of dollars annually on customer care programs that are actually losing them customers.** The lesson to be learned for corporate customer care practice, then, is **DO IT RIGHT, OR DON'T DO IT.**

UPLIFT FROM NON-COMPLAINANTS TO:	Percentage Point Increase/Decrease In Brand Loyalty For:	
	MINOR PROBLEMS ²	MAJOR PROBLEMS ³
Satisfied Complainants	+18%	+23%
Dissatisfied Complainants	-11%	-6%

¹ The dissatisfied response categories to the satisfaction with the action taken to resolve complaints question used by the Customer Rage studies differed from those used by the White House Study in two aspects. First, the fourth box response category used the terminology "but some action was taken" instead of "but I did get something." Second, a sixth response category was added: "I was not at all satisfied because no action was taken." Those responding to this sixth category were coded as dissatisfied complainants.

² Where damages caused by most serious problem were valued at \$20 or less. (An inflation adjustment was calibrated so that this value of damages is comparable to the \$1-\$5 figure used in the 1976 White House Study.)

³ Where damages caused by most serious problem were valued at \$400 or more. (An inflation adjustment was calibrated so that this value of damages is comparable to the \$100 or more figure used in the 1976 White House Study.)

A TWO PRONG STRATEGY IS NECESSARY FOR COMPLAINT HANDLING PROGRAM

REMEDIES COMPLAINANTS GOT:	% SATISFIED WITH ACTION TAKEN
Only Monetary ¹	37%
Only Non-Monetary ²	23%
Both Monetary And Non-Monetary	73%

37% TO **73%**

COMPLAINANT SATISFACTION ALMOST DOUBLED FROM 37% TO 73%, WHEN NON-MONETARY REMEDIES (E.G., AN APOLOGY) WERE ADDED TO MONETARY RELIEF

¹ Monetary remedies include product repaired/service fixed, money back, free product/service in future, or compensation for damages.

² Non-monetary remedies include treated with dignity, agent didn't use scripted response, assurance problem would not be repeated, an explanation why the problem occurred, a thank you for patronage, offending company showed empathy to complainant's concerns, opportunity to vent and an apology.

ONLINE POSTING OF CUSTOMER PROBLEMS INCREASES SIGNIFICANTLY

TYPE OF WEBSITE	% of Problem Households Who Posted:	
	2015	2011
Site Operated by Who Caused The Problem	22%	11%
Social Networking Site ¹	30%	19%
Social Media Site ²	3%	1%
Product/Service Review Site	6%	4%

72% vs. 11%

COMPLAINANTS STILL CONSIDER THE TELEPHONE THEIR PRIMARY CHANNEL FOR COMPLAINING BY A MARGIN OF MORE THAN 6 TO 1 OVER THE INTERNET (72% VS. 11%). IN-PERSON COMPLAINT FREQUENCY HAS GONE DOWN SINCE 2003

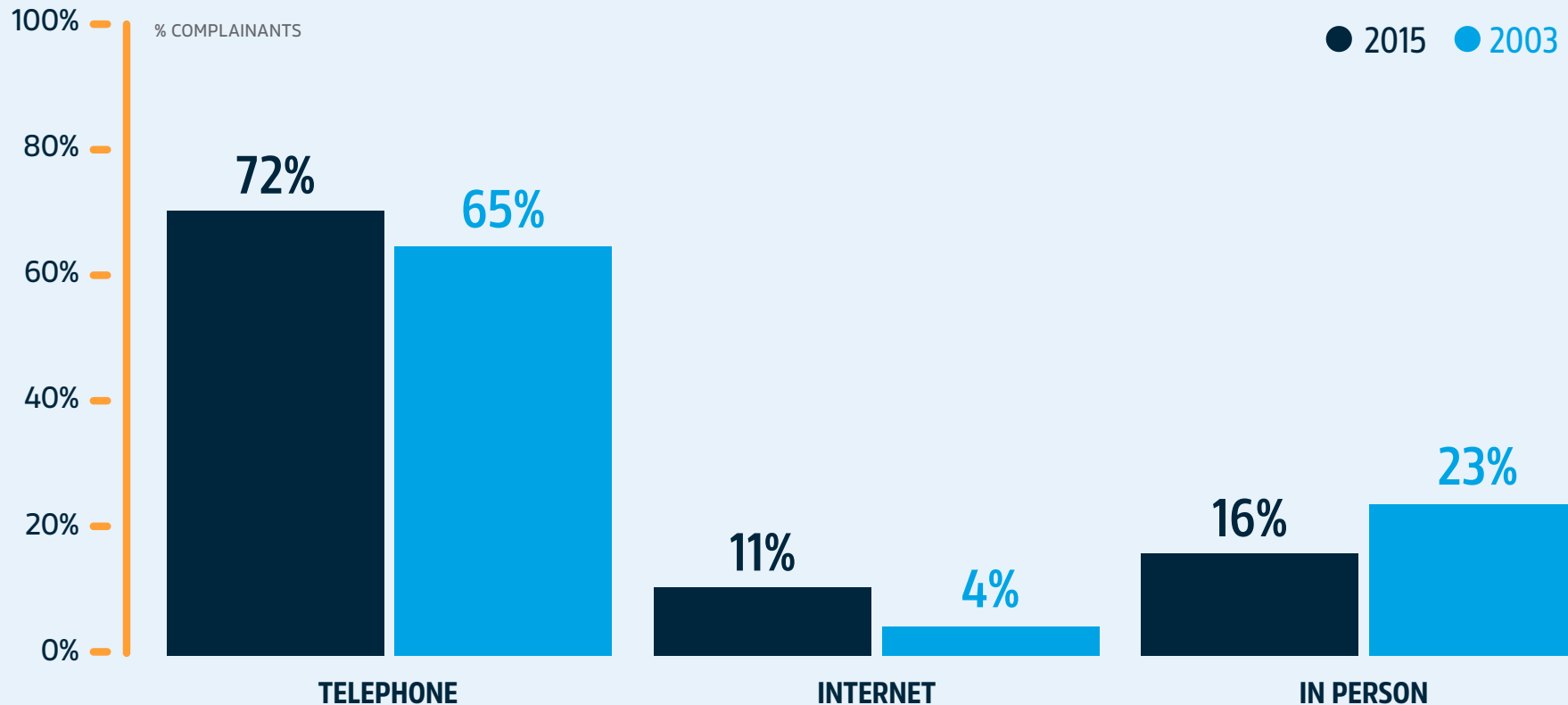
¹ Site where postings are shared with a list of friends, followers or contacts

² Site where people can post videos and pictures

TELEPHONE REMAINS PRIMARY CHANNEL FOR COMPLAINING



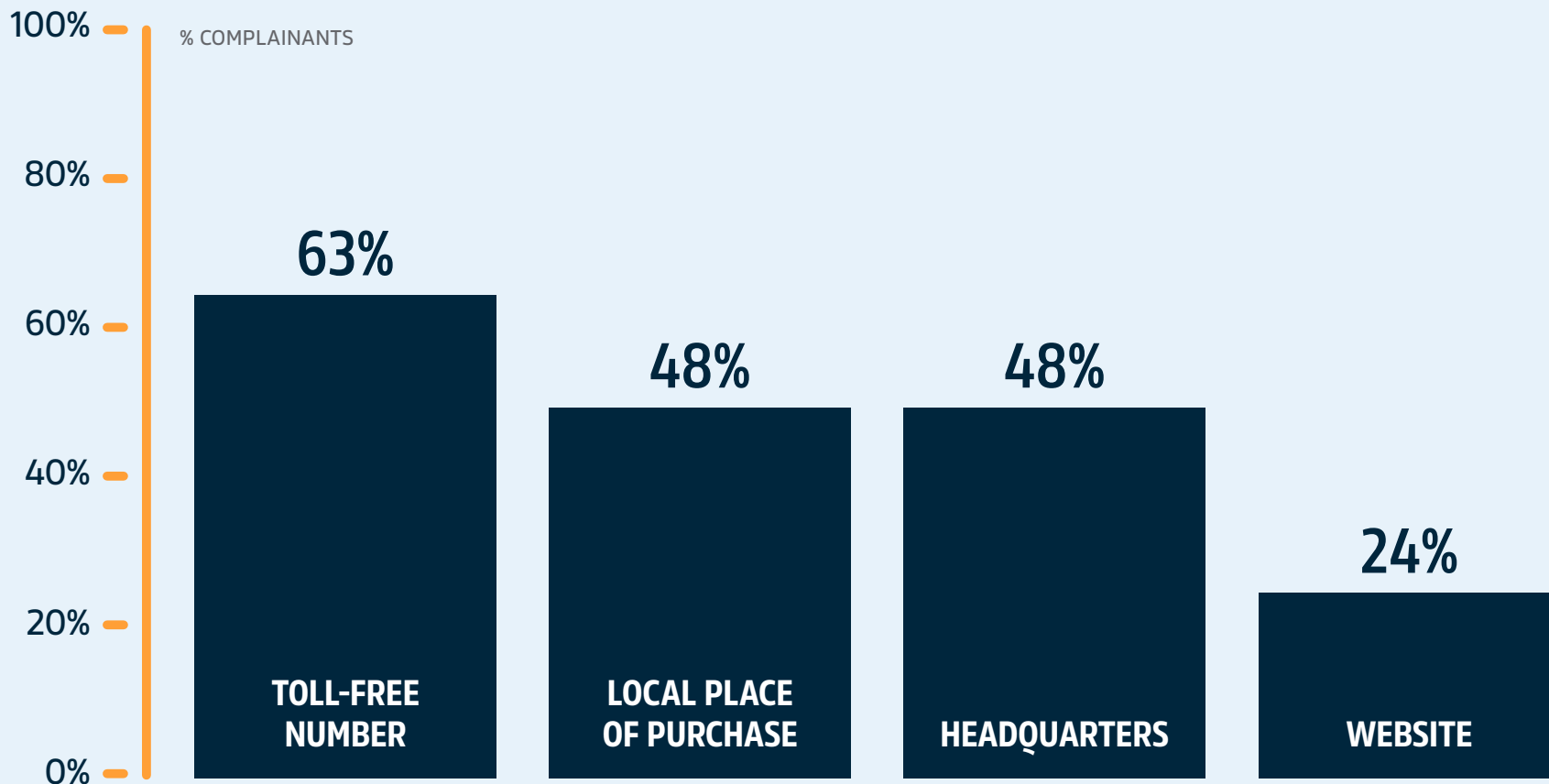
The telephone may still beat the Internet by a margin of more than 6 to 1 – **BUT THE INTERNET IS GROWING!**



¹ Paper complaints (mail, fax, etc.) were primary channels of complaining for 1% of complainants in 2015.

MAJORITY OF COMPLAINANTS COMPLAIN DIRECTLY TO THE BRAND¹

79% of **2015** respondents who experienced problems with products/services complained to the cause of their problems². 21% did not complain.



¹ In 2015, 94% of the entities that caused the respondents' most serious problems during the past 12 months were companies.

² Only 69% of problem households complained in the 1976 White House Study.

OTHER WAYS DISPLEASURE IS EXPRESSED

EXPRESSIONS OF DISPLEASURE	2015 PROBLEM RESPONDENTS
Shared the story with my friends/other people	86%
Threatened to talk with or contact management	61%
Decided I'd never do business/come back again	52%
Yelled or raised my voice	35%
Threatened to report the entity that caused the problem to a government regulatory agency	17%
Cursed/used profanity	15%
Threatened legal action	12%
Threatened to contact the media	10%

COMPLAINING TO THIRD PARTIES REMAINS LOW

THIRD PARTIES	2015 PROBLEM RESPONDENTS
Non-governmental agencies like the BBB	8%
Governmental consumer protection agencies	5%
Initiated legal action	3%

ANNOYANCE WITH CUSTOMER SERVICE CATCHPHRASES

Oftentimes when customers complain to companies, customer service catchphrases are used to respond. Complainants generally find these catchphrases annoying, and would like many of them banned.

THE MOST ANNOYING PHRASES

Such catchphrases constitute a real threat to complainant satisfaction because they are so frequently used as standard complaint-handling practice.



"YOUR CALL IS IMPORTANT TO US. PLEASE CONTINUE TO HOLD."

50% Annoying | 17% Ban

2 "THAT'S OUR POLICY."

45% Annoying | 15% Ban

3 "WOULD YOU LIKE TO TAKE A BRIEF AUTOMATED SURVEY AFTER THE CALL?"

40% Annoying | 7% Ban

4 "PLEASE GIVE ME TOP SCORES ON ALL THE QUESTIONS IN THE AFTER CALL SURVEY."

42% Annoying | 6% Ban

MOST ANNOYING CUSTOMER SERVICE "CATCHPHRASES"

CUSTOMER SERVICE CATCHPHRASES	All 2015 Respondents		
	% VERY ANNOYING	AVERAGE ANNOYANCE	% SHOULD BE BANNED
Your call is important to us. Please continue to hold.	50%	1.7	17%
That's our policy.	45%	1.8	15%
We are currently assisting other customers. Your call will be answered in the order in which it was received.	45%	1.8	15%
Can I get your account information again?	45%	1.8	7%
Please give me top scores on all the questions in the after call survey.	42%	1.8	6%
Would you like to take a brief automated survey after this call?	40%	1.8	7%
Please listen carefully. Our menu has changed.	38%	2.0	11%
I'll have to discuss that with my supervisor.	35%	2.0	9%
May I put you on hold for just a minute?	33%	2.0	4%
I want you to know that you're a valued customer of ours.	18%	2.3	2%
I want to apologize.	13%	2.5	1%
Have I resolved all of your concerns?	6%	2.7	1%
Is there anything else I can help you with today?	6%	2.8	0%
Have a nice day.	6%	2.8	1%
I will be happy to help you with your concern.	5%	2.8	1%

IN CONCLUSION



RAGE STUDY OUTCOMES: THE GOOD AND THE BAD



**GOOD
NEWS**

The **GOOD NEWS** is that satisfactorily handled complaints are associated with high levels of brand loyalty. This supports the conclusion of the White House Study that effective complaint handling practices can lead to increased profitability.

Industry leaders have validated this finding by realizing high ROI from their properly executed complaint handling initiatives. In such instances, **adoption of “best practices” has had a positive impact on the bottom line.**



BAD NEWS

The **BAD NEWS**, however, is that corporate complaint handling can be a double-edged sword. Ineffective policies lead to decreased levels of brand loyalty and negative ROI.

Unfortunately, this study finds that, from a macro-standpoint, complaint handling practices have proven ineffective. Levels of complainant satisfaction are lower today than in the mid-1970s when complaint handling departments were generally viewed as corporate backwaters. Today, most companies have adopted many of the correct polices but have failed to properly execute these practices. They are doing **ALL THE RIGHT THINGS, THE WRONG WAY**. Further, the upgraded investment in corporate complaint handling departments has evidently NOT kept up with customers' expectations.

The challenge in the 1970s was to convince senior management to invest adequate resources in corporate complaint handling programs. This challenge was successfully met, due in large measure, to the findings from the original White House Study. The 2003–2015 Customer Rage studies, however, suggest that this was a pyrrhic victory.

The challenge, then, is to take the substantial investment made by companies in upgraded complaint handling and make these policies work. The lesson to be learned for corporate customer care practice, then, is the same as was applicable in the mid-1970s: **DO IT RIGHT, OR DON'T DO IT!**

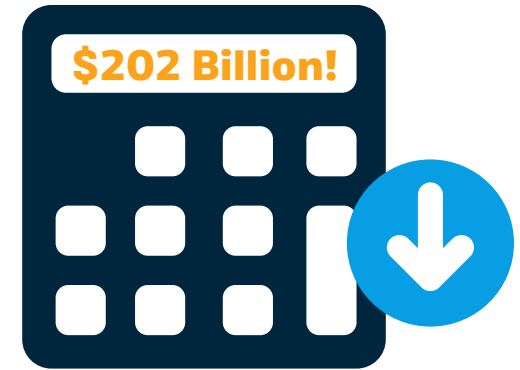
SUMMARY OF KEY FINDINGS

CORE RAGE STUDY QUESTIONS

- Problem rates continue to increase; the 54% problem incidence in 2015 is 22 percentage points higher than in the 1976 White House Study.
- Cable/satellite TV are still at the TOP of the 2015 most serious customer problem list (23%), while another 13% of problems are caused by cell phones.
- Two-thirds of everyone with a problem experienced customer rage (66%).
- Time lost is still the most often reported damage in 2015 as a result of the most serious problem. (60% of problem respondents lost time vs. 43% who lost money.) This is a big increase when compared to the lost time reported in the earlier waves of the Customer Rage Surveys. (Only 52% lost time in the 2003–2013 waves of the study.)
- 79% of respondents reporting a customer problem in 2015 complained to the entity that caused their most serious problem. (94% of the entities that caused the most serious problem were private companies.)
- In 2015, a majority of complainants (63%) contacted the toll-free number of who caused the problem.
- Only a small percentage of respondents in 2015 contacted a non-governmental third party (e.g., BBB) (8%) and/or a governmental consumer protection agency (5%) about their most serious problem.
- There were high levels of yelling and cursing in 2015 regarding the respondents' most serious problems; 35% for yelling and 15% for cursing.
- Complainant satisfaction is strongly correlated with increased brand loyalty in 2015.
- In 2015, word of mouth resulting from dissatisfied complainants is more than double (22.1 people told about the most serious problem) than the word of mouth communicated by satisfied complainants (9.4 people told about the most serious problem).

WOW!

More than **\$202 billion were at risk to businesses** as a result of American households' most serious problems with products/services in 2015. (This is almost triple the amount in 2013.) Given the low levels of complainant satisfaction reported by the Customer Rage Survey, it is safe to assume that **U.S. companies did not recover most of this** at risk revenue.



Even though companies have substantially **increased their spending on handling customer complaints** (billions of dollars annually on call centers, enhanced remedies, expanded Internet access, etc.), **complainant satisfaction in 2015 is lower than in the 1970s**. MOST complainants are dissatisfied with how their customer problems are being handled.

WHY IS COMPLAINANT SATISFACTION SO LOW IN 2015?

↓ HERE'S WHY

The percentage of complainants who felt that the time they spent complaining was **WORTHWHILE** was just **under half** in 2015.

Only 14% of complainants had their problems resolved on first contact. The 63% of complainants who made three or more contacts to resolve their problems reported a level of satisfaction 26 percentage points lower than that of "resolution on first contact" complainants.

The percentage of complainants **who felt they got NOTHING** as a result of complaining **increased** from 56% in 2013 to 63% in 2015.

The minority of complainants who felt they got something for their efforts didn't think they got very much (**i.e., they got bupkus**). This was the case for both monetary and non-monetary remedies.

STUDY METHODOLOGY

- Follow-up to 1976 White House Study
 - Core questions from White House Study repeated in Customer Rage Surveys
 - Results of Customer Rage Surveys compared to White House Study findings
- Seventh wave of Rage Surveys
- Completed August 2015
- Telephone survey interviewing a representative household sample of 1,000 respondents
- Completed interviews were 57% cell phone and 43% landline users
- 2015 results' overall margin of error is $\pm 1.9\%$ – 3.1% (at 95% confidence)
- 2013 results' overall margin of error is $\pm 1.9\%$ – 3.1% (at 95% confidence)
- 2003–2013 aggregated results overall margin of error is $\pm 0.7\%$ – 1.2% (at 95% confidence)
- Survey content
 - Core questions repeated from previous six Rage Surveys (2003–2013)
 - Focus on most serious problem with products/services experienced in the past 12 months
 - Special interest questions not asked in every wave of Customer Rage Survey to address topical issues



Mary Murcott
Dialog Direct
President of the Customer Experience Institute

"Bottom line, customer service can be a tool that develops lifelong relationships when it is done correctly. Like any business process, it needs to be continually evaluated and improved to deliver value to the customer. Many businesses lack a formal Service Recovery Program, which is based on customer's needs. Our Customer Rage Study pinpoints the 12 components of service recovery that customers most want to receive. It is a blueprint for successful complaint handling."

By applying the results of this study today, you can create a customer service recovery program that drives loyalty and revenue.

Be one of the **FIRST FIVE BRANDS** to get a **FREE 20-MINUTE PHONE CONSULTATION** from Mary Murcott – *President of the Customer Experience Institute for Dialog Direct.*

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