

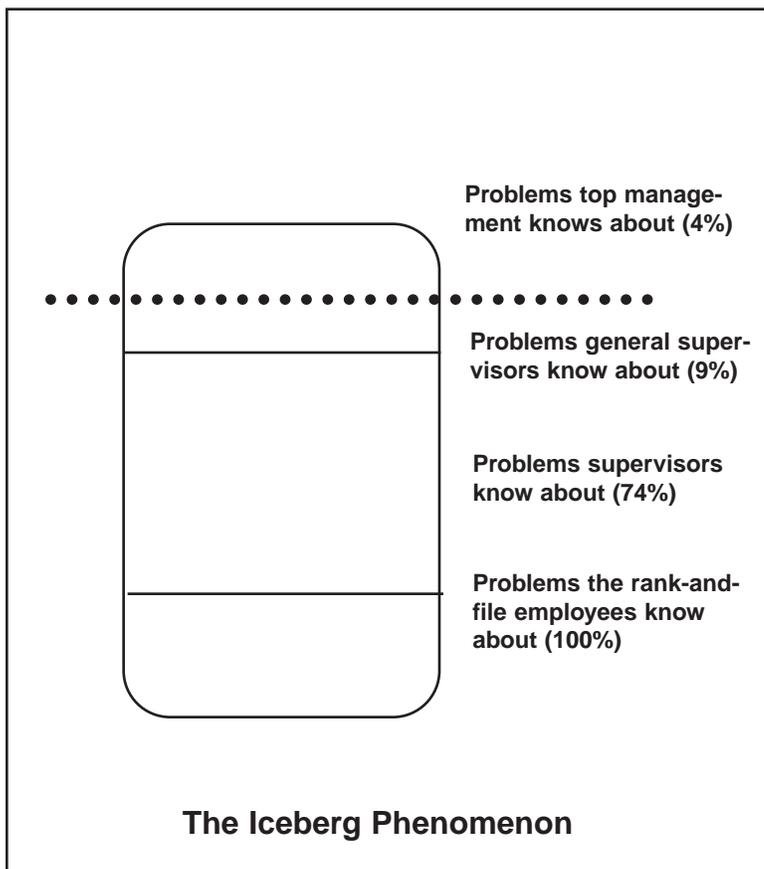
Service Quality Research/8 Eliciting and Analysing Customer Complaints

By Chuck Chakrapani

The Iceberg of Ignorance

The phenomenon of management not being aware of customer dissatisfaction is called the *iceberg*

Category	Awareness
Rank and File employees	100%
Supervisors	74%
General Supervisors	9%
Top Management	4%



of ignorance. Sydney Yoshida identified this phenomenon when he asked a cross section of workers in a large factory to note all significant problems they were aware of. (See Sydney Yoshida, Quality improvement and TQC management at Calsonic in Japan and Overseas paper presented at the Second International Quality Symposium, Mexico, 1989). This is how the problems broke out:

In the first article of this series we noted the following relationships:

- If there are 50,000 unhappy customers, only 2,000 will actually bother to complain.
- Only one out of those 2,000 will bother to take the complaint to the next level.

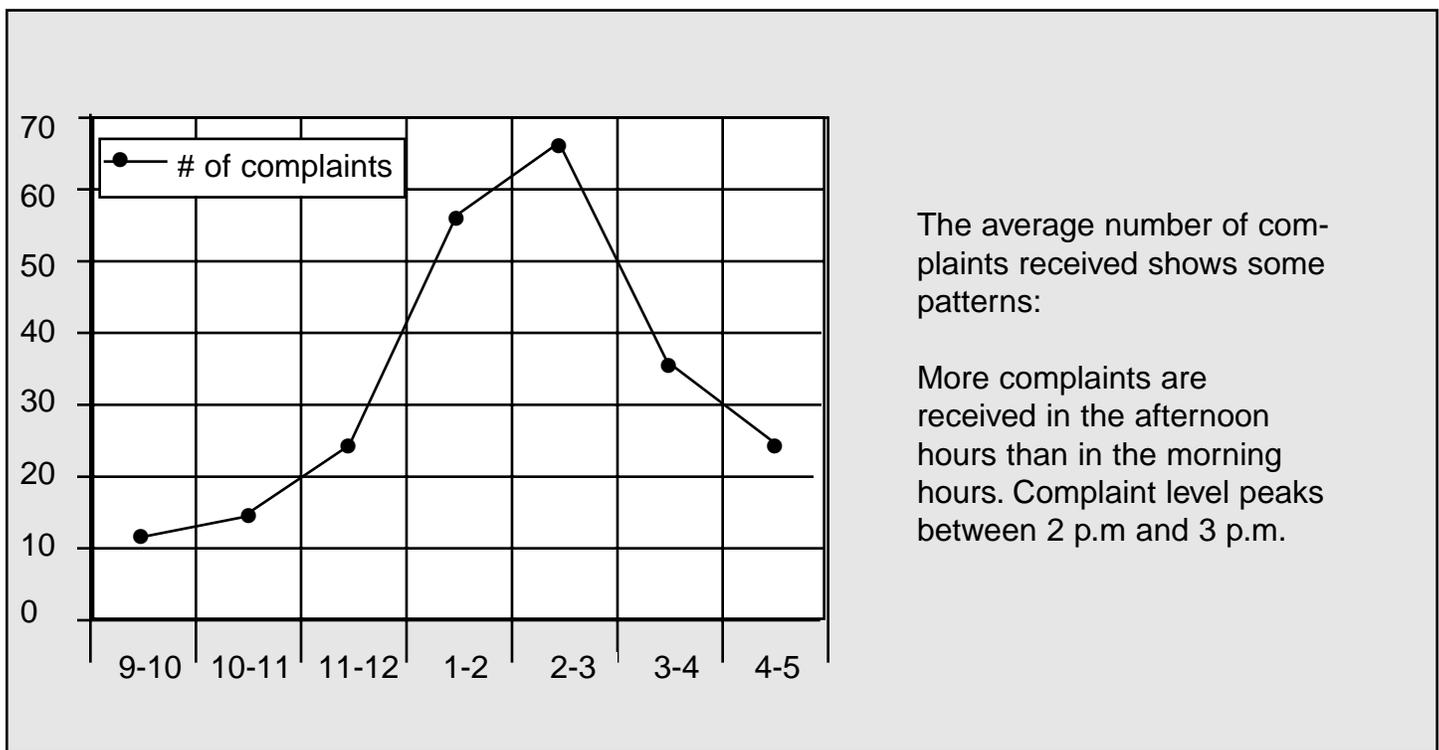
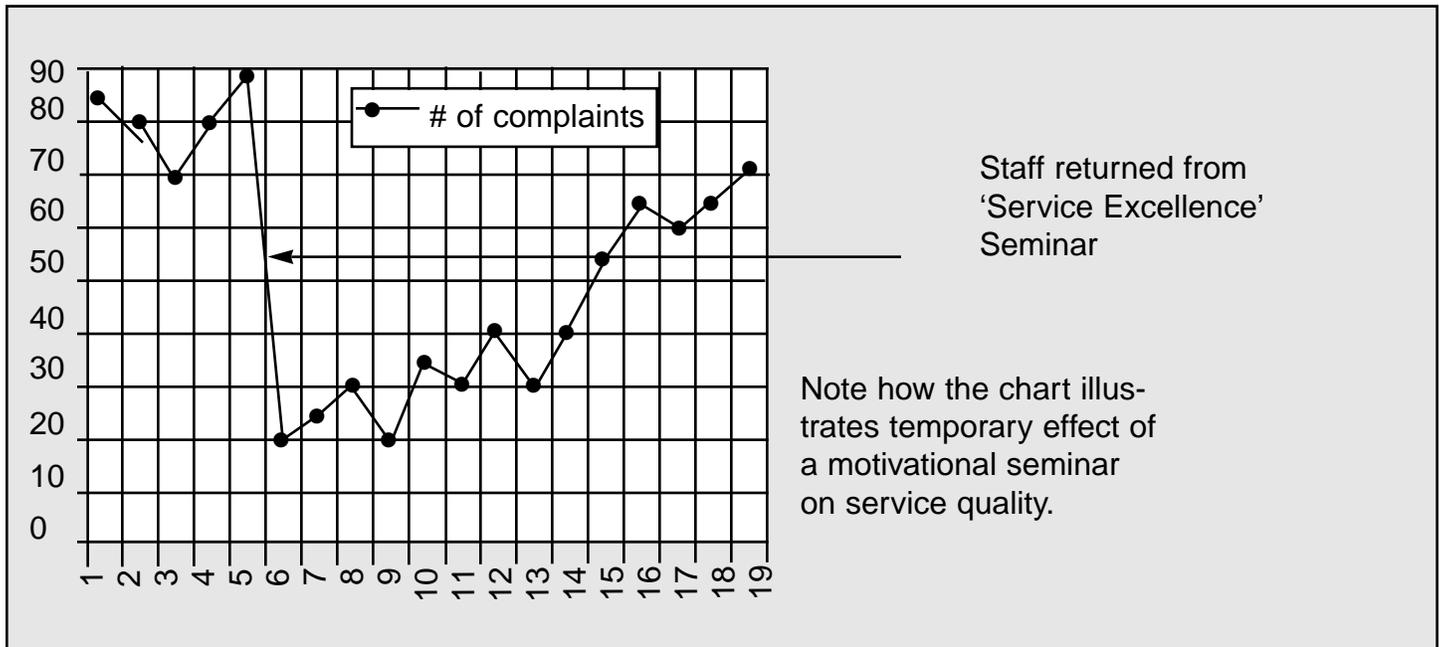
If we assume that the complaint is heard at the management level when the customer takes it to the second level, for every 50,000 dissatisfied customers, the management will be aware of one.

At the same time, the 50,000 dissatisfied customers will talk about their unhappiness to 400,000 to 800,000 people. They will not act as an advertising medium for you either (an estimated loss of 200,000 to 400,000 word of mouth recommendations).

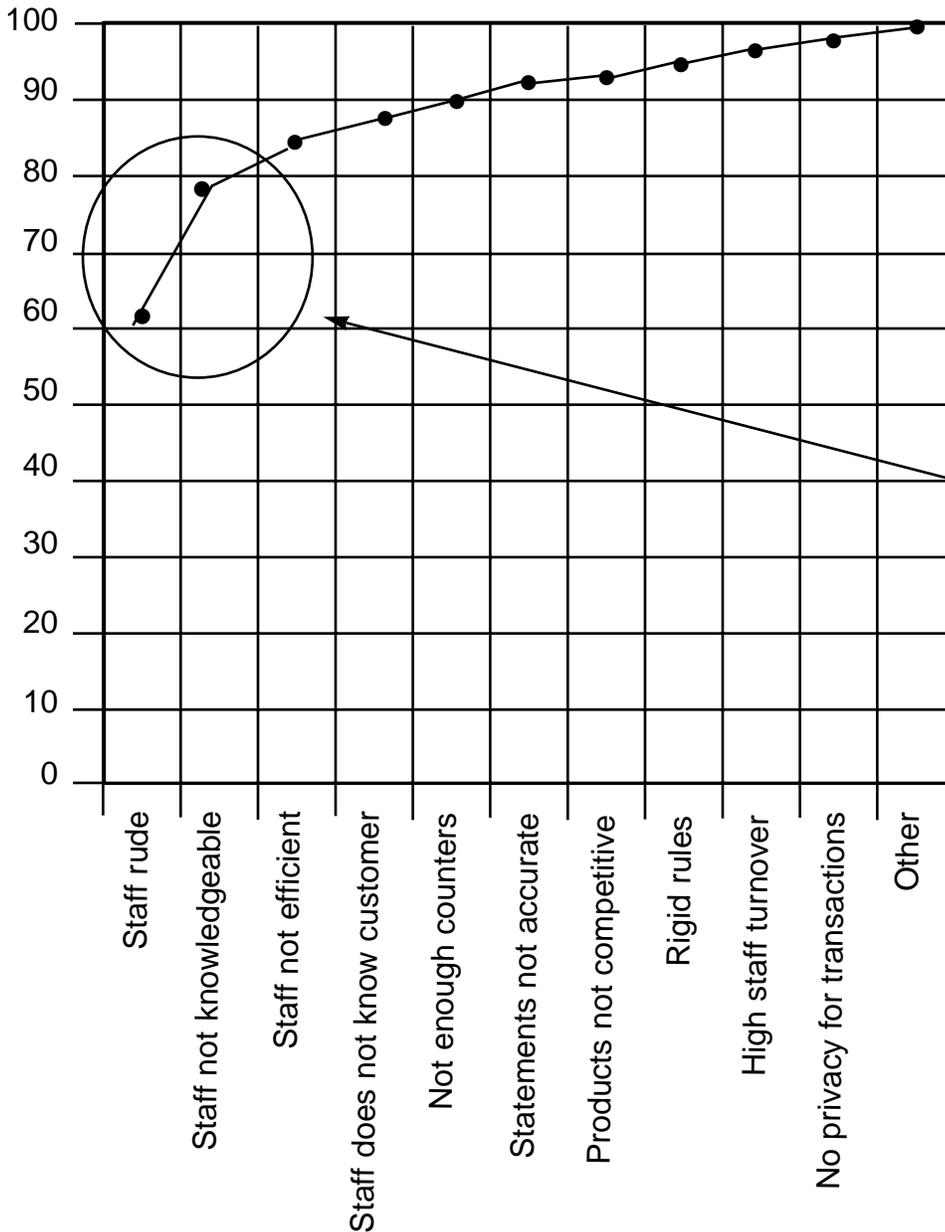
These are, of course, estimates derived from different studies, TARP in particular. However, even if these figures are exaggerated, there is no doubt that the general principles will hold in most instances.

The Importance of Customer Complaints

When we understand the significance of customer complaints and the loss or gain associated in dealing with them, it becomes obvious that a channel must be provided for customer complaints. It should be noted that many customers are polite and when they complain, it may not even be recognized as complaints by the recipients. A customer who is annoyed with a long line up may simply say to the employee "I am glad that I am not in a hurry to get back" which may not be perceived as a complaint by the employee.



Examples of Run Charts



Note that in this example, 80% of all complaints received belong to two basic categories: *Staff rudeness and Staff not knowledgeable*. This would suggest that training the staff to be polite and knowledgeable is highly leveraged in terms of service quality. Many customer complaints roughly follow the Pareto pattern. One or two groups of complaints account for over three-fourths of all complaints received.

Pareto Chart of Complaint Categories (Fictitious Data)

Another problem is that customers are more likely to complain about product attributes rather than about service attributes. Yet two-thirds of all customer problems have to do with service quality rather than with product quality. Nevertheless, people are less likely to complain about service quality.

Countering the Iceberg Phenomenon

What should management do to counter the iceberg phenomenon? There are at least three basic methods by which it can be done.

1. *Training Employees to Spot Complaints and Communicate Them to Management:* Management can train employees to identify customer statements that indicate the presence of a problem.

Employees can be trained to record the complaints (if necessary by eliciting them) and pass them to management on an ongoing basis. The only drawback in this procedure is that, in some cases, it may not be in the interest of the employee to pass on the complaints to his or her superiors.

2. *Providing a Vehicle for Customers to Complain:* Customers may be provided with an 800 number or some other device to voice their complaints whenever they feel like doing so. British Airways, for example, installed video complaint booths at Heathrow Airport in London and Kennedy Airport in New York. A disgruntled customer simply walks to the booth and talks about what went wrong. Such devices make it easy for the customer to complain. In addition, this information is available to anyone interested in service quality.

3. *Reaching the customer on a Regular Basis:* Another effective way to reach the customer is to ensure that every senior officer of the company talks to the customer on a regular basis - like every day. Doing so may result in solving a problem 'before it happens'.

Analysing Customer Complaints

Customer complaints can be elicited and recorded by any or all the above methods. Other methods are also possible. Once a system to capture customer complaints has been set up, the next step is to analyse the complaints. Obviously, there are a number of methods available to achieve this. I will discuss just three of these methods.

1. Content Tracking and Run Charts

Every customer complaint has at least two components: affective and cognitive.

The affective component tells us how a customer feels about the service he or she received whereas the cognitive component tells us about the underlying structure -the nature of the complaint. We can use either formal content analysis procedures or a simplified system of analysis as shown below:

1. Identify the following components of the complaints:

- What happened
- How did the customer see it
- What emotions accompanied customer perceptions
- What were customer expectations
- What was the nature of the complaint - product? service?
- What were customer suggestions of improvement

2. After collecting such information for a while (say one to three months) plot them on a run chart.

3. Plot all significant events related to service on the chart.

4. Stratify complaints and study the relationships.

2. Belief System Analysis (BSA)

When customers complain, they not only talk about what upsets them but actually tell us about their belief systems. They indicate how things should work for them to be happy customers. Although each customer may be different this analysis usually shows commonality of belief systems within a culture and how we may retain customers. Here are a few examples:

“Even though I have been a long-term customer, you have rejected my cheque...”

(Belief system: My loyalty deserves flexibility)

“Although I am a large customer, my cheque has to be countersigned by someone else before payment can be made...”

(Belief system: A large customer should not be kept waiting)

Belief system analysis establishes the significance of service lapses from the point of view of customers. It can show how service lapses were interpreted by customers. Once the basic patterns are understood, customer service can be structured in such a way that, for the most part, customers' belief systems are not challenged by the organization.

3. Pareto Chart Analysis

The Pareto chart is a way of identifying a small number of recurring problems. The underlying assumption of the Pareto chart is that a small category of seemingly innocuous problems could be generating most customer complaints.

To draw a Pareto chart,

- Group customer complaints in categories based on how similar they are to one another.
- Order them from the most to the least frequent.
- Cumulate the categories starting with the most frequent to the least frequent.
- Plot a line chart with the problem group on the x-axis and frequency on the y-axis.

Why the Pareto chart? Service variables tend to follow the Pareto pattern. (The Pareto principle states that the relationship between independent and dependent variables is not symmetrical. Thus, for example, 20% of the employees in an organization may be responsible for 80% of the productivity.)

Through the Pareto chart we can identify the variables that are responsible for the largest number of problems. An organization can channel its resources very effectively by concentrating on those variables closest to the y-axis, provided the chart exhibits a 'Pareto pattern'.

As mentioned earlier, complaints can be analysed in many other ways. Most such methods are conceptually simple.