Finding the root causes of customer complaints can help you fix problems as well as increase loyalty

You probably know the average number of customer complaints your customer service center receives each week. But do you know the root cause of these complaints?

John Goodman, president of Technical Assistance Research Programs (TARP), suggests that until you understand the causes of customer problems, you won’t be able to address them correctly. TARP, based in Arlington, Virginia, specializes in measuring and improving customer care. Goodman presented these views at the 13th annual International Call Center Management conference (ICCM) held recently in Chicago.

**Causes of customer dissatisfaction**

Goodman says the typical causes of customer dissatisfaction fall into five categories:

1. Defects caused by production or service failures and/or employee mistakes.
3. Misleading marketing.
4. Customer error or unreasonable expectations.
5. Customer is incorrect but makes a reasonable mistake.

Only problems in the first category, Goodman says, can be fully resolved within the confines of a company’s plant or service delivery operations. In the other four categories, either the customer or the marketing department causes or contributes to the problem.

As a customer service manager, there may not be much you can do to rectify marketing mistakes, other than inform marketing of the customer complaints they are causing.

But when a customer has unreasonable expectations or makes a mistake in using your product or service, there are some things you and your customer service department can do to reduce or even eliminate certain kinds of complaints.

**Error or unreasonable expectations**

Customers make mistakes, Goodman says, when they are uninformed about the proper use or assembly of the product and fail to read the directions. He offered the following example: One automobile manufacturer discovered that a large percentage of the complaints that vehicles’ cruise controls did not work were caused because the salesperson had failed to provide the customer with hands-on training on how to use the device when the vehicle was delivered.

The company resolved this problem by compensating salespeople for providing education to customers on how to use all of the vehicle’s options and how to maintain the car.

Not only did this drastically reduce the number of complaints the company received, but internal research showed that this educational session can also have a significant impact on customers’ long-term satisfaction and loyalty. However, had the company and its customer service department not been diligent in keeping track of root causes of customer complaints, this problem may have remained unresolved.

Customer incompetence can cause problems in virtually every industry, Goodman says. For example: A New York bank found that 80 percent of the complaints about wire transfer errors from a correspondent bank were the result of customers giving an incomplete or inaccurate address. A more extreme example, related by a communications executive, is a staff member who suggested that dusty floppy disks might be the cause of poor transmission quality. The client’s office manager replied, “Oh, no. I have just washed them with soap and water.” In addition, as a result of customer ignorance, technicians at some computer companies begin by asking customers who contact them questions such as, “Is it plugged in?” and “Is it turned on?”
Unreasonable customer expectations also account for problems. Goodman noted that one bleach manufacturer received suggestions to make its liquid bleach taste better — customers were using it to whiten their teeth!

If your customer surveys are uncovering ways customers are misusing your product, pass this information along to the marketing department so they can add appropriate labels on the product or help you develop a customer education program.

Reasonable mistakes

Customers cause problems by using products and service in ways other than they are intended, although their mistakes may be quite reasonable. Goodman provided the following example: Armstrong World Industries found that the low-maintenance, “no-wax” finishes on its floorings failed when customers cleaned the floors with abrasive powders that scratched the smooth surface, permanently destroying the low-maintenance property of the floor. Customers used these abrasive cleaners because older types of flooring had required them.

Armstrong’s customer service department undertook a preemptive educational call with each customer, preventing a problem that could have cost the company $12,000 in revenue per customer over the customer’s average period of loyalty. Instead of waiting for a complaint to be received, customer service called each new customer and imparted floor cleaning information to eliminate the problem.

Implications for action

If your customer service department is responsible for customer satisfaction surveys, two types of data must be gathered to identify the causes of dissatisfaction and develop strategies for their reduction. Goodman suggested the following:

1. A random sample of customers must be surveyed to determine the full range of problems that they have encountered. This, Goodman says, is because the complaint rate for marketing and product performance related problems is significantly lower (5 percent to 20 percent) than product defect/failure problems (25 percent-50 percent). The survey will pinpoint the range and loyalty impact of perceived failures.

2. The second set of data set to be collected is complaints about the full range of problems, including the cause. In this analysis, the volume is not as important as the cause of the dissatisfaction, Goodman says. In talking with the customer, the customer service agent should probe to identify the actual cause — improper use, improperly set expectations, or actual defect.

By combining the prevalence data from the random survey with the cause data from the complaint interviews, the key problems by cause can be identified. Then the team can take action on the whole range of causes of dissatisfaction.

Inexpensive ways to reduce problems

Once the customer-based problems and their causes have been identified, there are three inexpensive ways you can reduce or eliminate these problems.

1. Effective labeling or directions: Effective labeling or directions can inexpensively decrease customer problems. For example,

Case study: How customer education can reduce complaints

TARP recently conducted a study with Alamo Rent-a Car in which 2,000 customers were mailed a pamphlet, “A Consumer’s Guide to Renting a Car.” A survey was then sent to this group and to 2,000 consumers who had not received the pamphlet. Both groups had previously rented from Alamo at least once.

The results:

- Customers who had received the guide and then rented a car indicated a 24 percent higher level of overall satisfaction with Alamo than those who had not received the guide.
- Willingness to rent from Alamo next time was significantly higher (10 percent) among those who got the guide before renting, and the percentage indicating they would definitely rent again was 15 percent higher for those who received education.
- While overall problem experience was not lower, problems with rates and bills were significantly lower.

This study suggests that educating customers on your product or service can not only reduce customer complaints, but increase loyalty as well.
when Dannon Yogurt Company omitted the cautionary label regarding pits on cherry yogurt containers, complaints about broken teeth doubled. Instead of redesigning the screening process for cherry pits, the company reapplied the label, resulting in a more than 50 percent drop in complaints.

2. **Proactive education:** Preemptive education is a cost-effective way to resolve common customer problems. Vodafone proactively calls customers three weeks after cell phone activation. This call from a customer service agent solves any operating problems the customer may be having; it also assures proper expectations about the amount of the first bill, which is often more than the customer expected.

3. **Easily accessible assistance:** Easily accessible customer assistance is also an effective use of customer service resources. GRACO children’s products, a U.S. toy manufacturer, reduces returns and dissatisfaction by enclosing with its toys a card that reads, “Call us before you return one of our products to the store.” This enables customer service to attempt to solve any problem the customer may be having with the product.

In another example offered by Goodman, Dresser manufacturing now helps prevent damaged products by putting on all its complex fittings labels that say, “If this fitting doesn’t seem to fit, call us at 800-xxx-xxxx.”

In this way, customer service can talk to the installer before the product is damaged and returned.

**Steps to take**

To help reduce customer dissatisfaction — and in the process reduce complaint calls to your call center — follow these steps:

1. Collect data to determine the root cause of the customer complaints you are receiving.

2. Sort these causes into groups, such as product defect, marketing miscommunication, or customer ignorance/education problem.

3. Meet with your team to develop effective strategies to resolve the problem. Pass your findings and action plan on to top management so you can win their support in helping you solve the problem.

Remember, when the customer is the root cause of the problem, customer-oriented solutions like education can be both effective and cost saving.

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