

KEY FINDINGS & IMPLICATIONS FROM THE 2020 NATIONAL CUSTOMER RAGE STUDY

*An Independent Study Of The State Of Corporate Complaint-Handling In America
With A Focus On The Role Of Social Media As A Complaint-Handling Channel*



2020 NATIONAL CUSTOMER RAGE STUDY



Executive Summary

2020 NATIONAL CUSTOMER RAGE STUDY

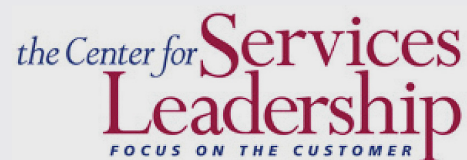


Customer Care Measurement & Consulting (CCMC) – in collaboration with the Center for Services Leadership at the W.P. Carey School of Business at Arizona State University and Kraft Heinz – brings you the release of key findings and implications from the 2020 National Customer Rage study.

The independent 2020 National Customer Rage study, the ninth study wave since the original such study conducted for the White House in 1976, offers a clear comparison of customer satisfaction with corporate customer care efforts across decades, and it shows that corporate America is risking a striking \$494 billion in revenue by doing things the wrong way when it comes to customer care.

Study conducted by

In collaboration with



STUDY METHODOLOGY

FOLLOW-UP TO 1976 WHITE HOUSE STUDY

Core questions from
White House study
repeated in Customer
Rage studies

Results of Customer
Rage studies compared
to White House study
findings

NINTH WAVE OF THE RAGE STUDY

COMPLETED FEBRUARY 2020

Internet survey
interviewing a
representative
household panel of
1,026 RESPONDENTS

2020 results' overall
margin of error is
 $\pm 1.8\% - 3.0\%$
(AT 95% CONFIDENCE)

2017 results' overall
margin of error is
 **$\pm 1.9\% - 3.1\%$ (AT 95%
CONFIDENCE)**

2003–2015 aggregated
results overall
margin of error is
 $\pm 0.7\% - 1.1\%$
(AT 95% CONFIDENCE)

SURVEY CONTENT

Core questions repeated
from previous eight Rage
studies (2003–2017)

Focus on most serious
problem with products/
services experienced
in the past 12 months

Special questions to
address social media as a
complaint-handling channel

KEY TAKE-AWAYS

Customer rage is fueled by customers wasting considerable time complaining and getting little in return



Product & service problems are commonplace...	...yet complaining is an effortful experience...	...and all too often, customers get very little in return for their effort...	...except for rage and frustration
66% About two-thirds of households experienced a product or service problem in the past 12 months	2.9 Customers make an average of nearly three contacts to resolve their complaint	58% More than one-half of complainants indicated that they got NOTHING as a result of complaining	65% Nearly two-thirds of everyone with a problem experienced customer rage
			

KEY TAKE-AWAYS

Mediocre corporate complaint-handling costs businesses dearly



While most customers don't get much in return for complaining, many exact their revenge by taking their business elsewhere...

12%

Only about one in eight less-than-satisfied complainants will recommend the offending company



...and sharing their woes and rage with friends and neighbors...

17%

Say that they want to raise public awareness of what they experienced

2x

Dissatisfied complainants tell twice as many people about their experience compared to satisfied complainants



Taken together, billions are at risk to businesses

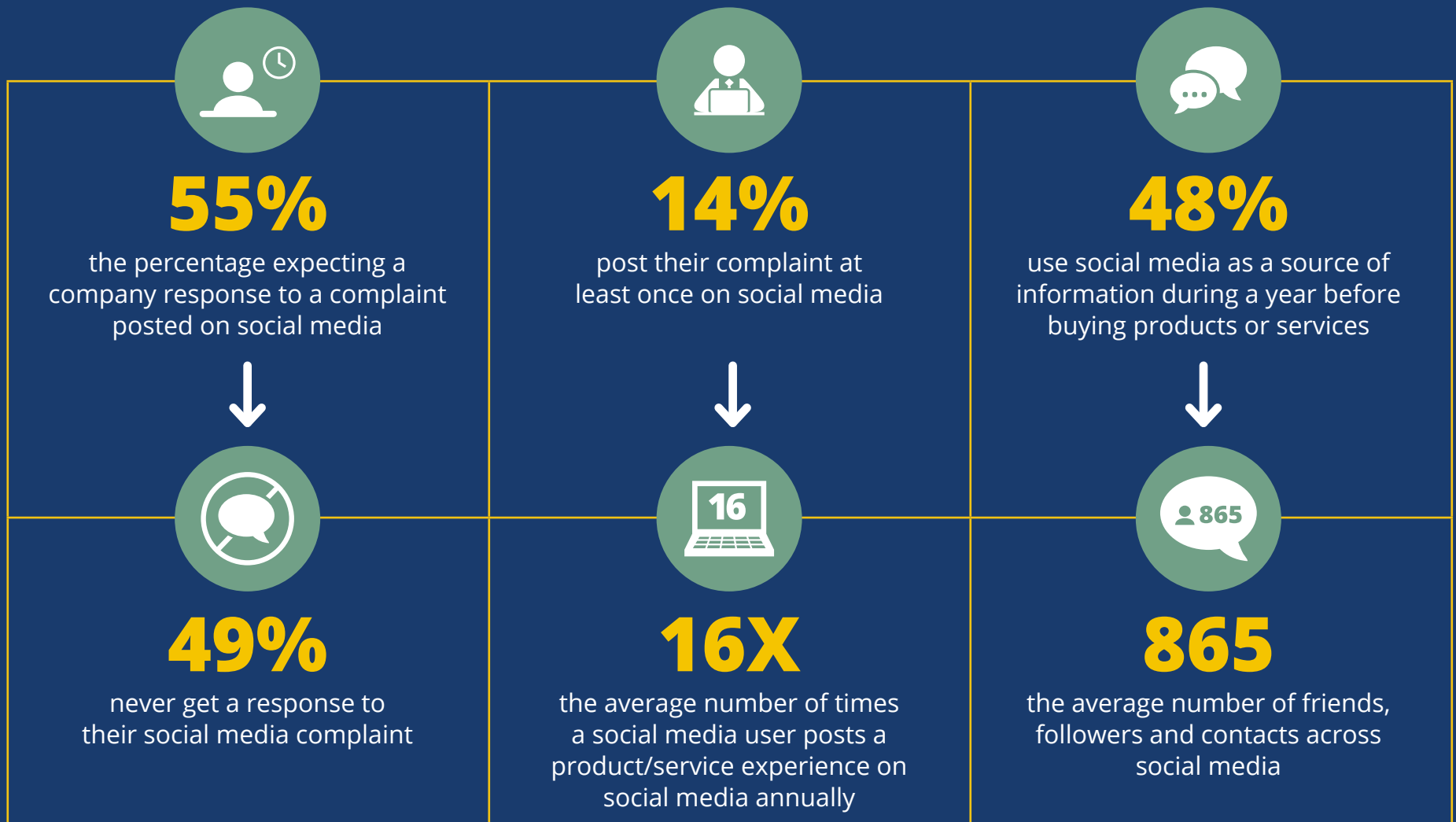
\$494B

Billions are at risk to businesses as a result of customer problems and ineffectual complaint handling



KEY TAKE-AWAYS

Social media has emerged as a lead actor in the customer experience drama



THE CUSTOMER RAGE STORY: 2020



What is the National Rage study?

The independent 2020 Customer Rage study, the ninth study wave since the original conducted by the White House in 1976, offers a clear comparison of complainant 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 2020 Customer Rage study shows that today's dissatisfied complainants are 22 percentage points less brand loyal than non-complainants. **Brand loyalty increases only if complaints are satisfactorily resolved.** Given that most complainants are less than satisfied, corporate America is engaging in customer care programs that might actually lose them customers.

Problems on the rise, satisfaction with complaint-handling still relatively low, and many companies failing to earn the customer retention and marketing benefits of social media complaint-handling

Companies may be losing more customers than keeping them because of ineffective customer care, according to the latest Customer Rage study. **The study shows 66% of American households experienced at least one problem with products and services they purchased during the past 12 months**, an increase of 10 percentage points since the 2017 Rage study. While customers are more satisfied with the service received when they complain, **58% of complainants reported they received “nothing” in return.** All together, about \$494 billion in revenue is at stake for the businesses involved.

Social media is an ever-present conduit for forming, maintaining and strengthening communities. This study corroborates a variety of other research which suggests that social media likely also plays a pivotal role in mediating the commerce of the customer experience.

Whether leveraged for pre-purchase research to surreptitiously examine others' product/service observations, or for post-purchase griping about one's own experience, social media has emerged as a lead actor in the customer experience drama.

What can you take away from this information?

The following insights will provide guidance that can be used to **develop a “blueprint” for strengthening complaint-handling programs with the right policies, processes and training** to yield greater customer loyalty and satisfaction.

THE CUSTOMER RAGE STORY: 2020 VITAL STATISTICS¹



	2020
Number of households experiencing at least one problem during past 12 months ²	84.9MM
Number of households experiencing rage ³	55.2MM
Number of households posting information about their most serious problem on at least one website	13.2MM
Revenue at risk to business ⁴	\$494B

When extrapolated to the nation's population, the vital statistics from the 2020 National Customer Rage study suggest that complaint-handling has a profound impact on the broader customer experience. Consider these facts:

- **Maybe the quality of products and services today isn't what we so often assume it to be.** A vast majority of US households experience problems with products and services that they purchase.
- **Problems and ineffective complaint-handling contribute to a significant incidence of customer rage in the marketplace and leave behind a meaningful digital imprint.** More than two-thirds of US households with a product or service problem report feeling rageful and some 13 million households post their experience on at least one website.
- **Complaint-handling is big business.** Ineffectual complaint-handling puts \$494 billion in revenue at risk.

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

² Assuming 128,579,000 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.

2020 NATIONAL CUSTOMER RAGE STUDY

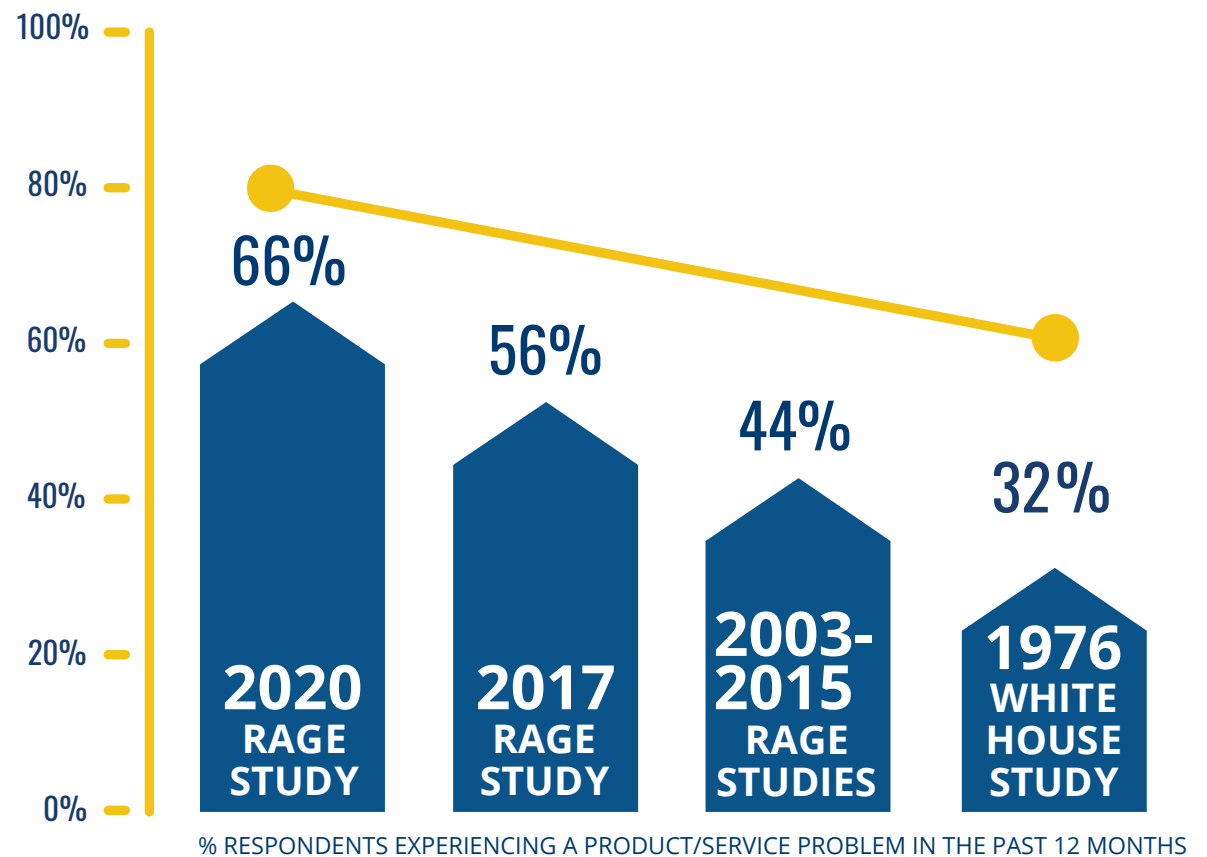


Core Findings

CUSTOMER PROBLEM EXPERIENCE CONTINUING TO INCREASE

The 2020 customer problem rate increased 10 percentage points over 2017 (up from 56% to 66%). Customer problem experience is 34 percentage points higher than that reported in the 1976 White House study.

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





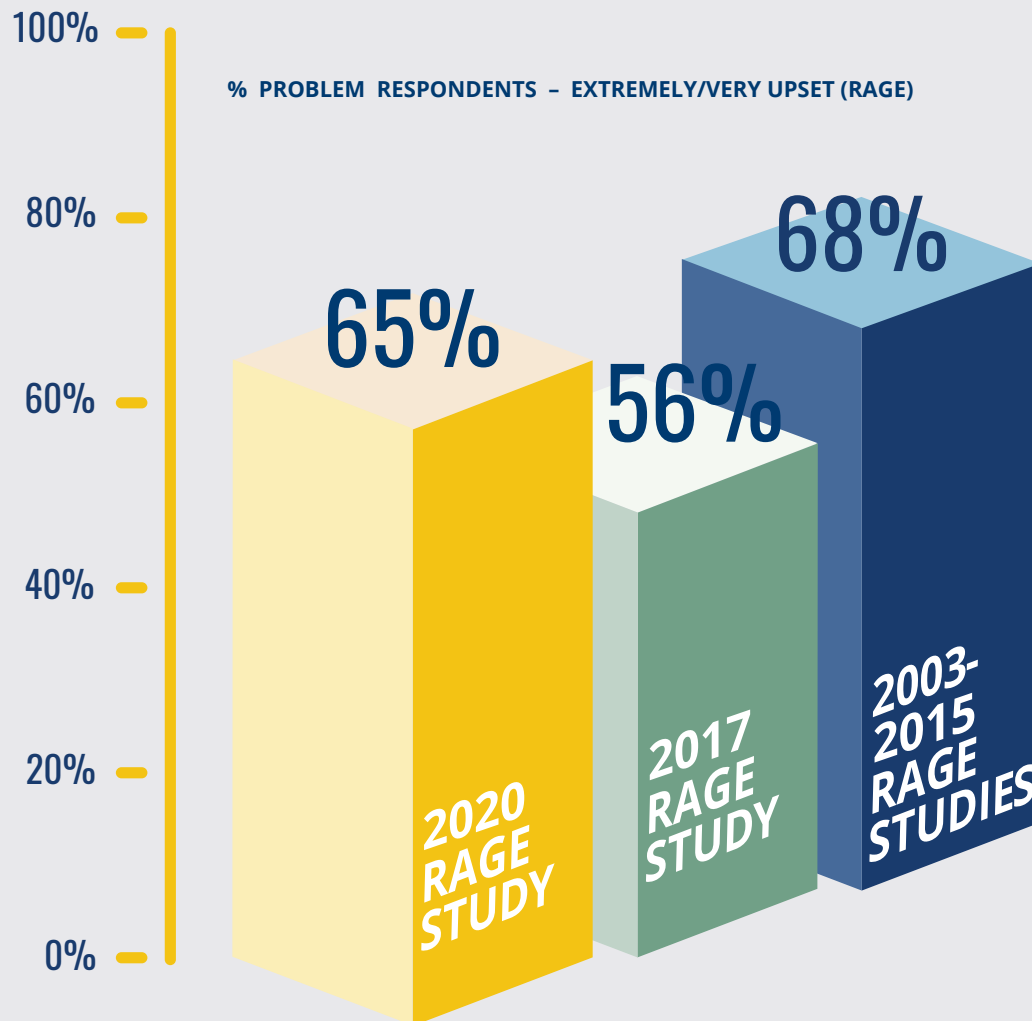
TOP FIVE

PRODUCTS/SERVICES THAT CAUSED THE MOST PROBLEMS

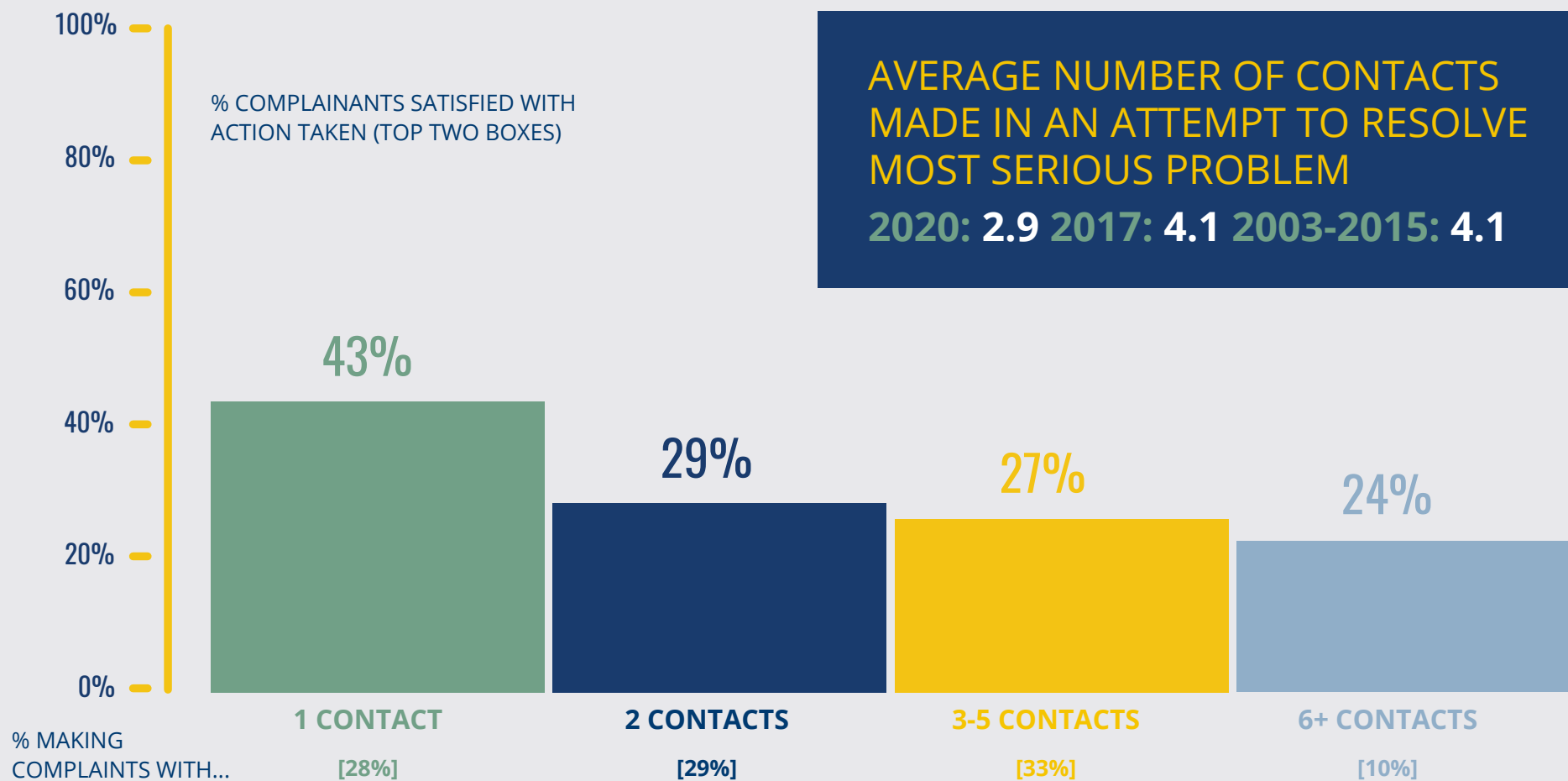
PRODUCT/SERVICE TYPE	2020 PROBLEM RESPONDENTS
Computer (internet, e-mail, software, hardware, tech support)	19%
Cable/Satellite TV	18%
Automobile	12%
Cell Phone	6%
Airline ¹	5%

¹ Airline new to the list, replacing Retailer from past waves of Rage study.

LEVEL OF CUSTOMER RAGE FOR MOST SERIOUS PROBLEM STILL HIGH



COMPLAINING IS AN EFFORTFUL EXPERIENCE – CUSTOMERS MAKE AN AVERAGE OF NEARLY 3 CONTACTS TO RESOLVE A PROBLEM



DESPITE THEIR CONSIDERABLE
EFFORTS TO GET HELP, MOST
COMPLAINANTS STILL FEEL
THEY GET “BUPKIS”



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

2020
58%
GOT NOTHING

2017
51%
GOT NOTHING

2004-2015*
54%
GOT NOTHING

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

EVEN AMONG COMPLAINANTS WHO GOT SOMETHING, COMPARATIVELY FEW GOT WHAT THEY *REALLY* WANTED

Most complainants aren't unreasonable. Many want simple, non-monetary remedies that have a lot to do with being valued.

Key

● NON-MONETARY

● MONETARY

There is a considerable gap between what complainants want and what they get.



REMEDY	% WANTED TO GET	% ACTUALLY GOT	DIFFERENCE
Money back	35%	14%	-21
An explanation of why the problem occurred	31%	7%	-24
Product repaired/service fixed	31%	13%	-18
An assurance that the problem would not be repeated	27%	4%	-23
An apology	27%	11%	-16
To be treated with dignity	18%	5%	-13
Raise awareness about the problem I experienced	17%	3%	-14
Financial compensation for my lost time, inconvenience, or injury	17%	5%	-12
Free product or service in the future	15%	6%	-9
Just to express my anger/tell my side of the story	12%	3%	-9
A thank you for my business	12%	6%	-6
An answer in everyday language/more than a scripted response to my problem	11%	2%	-9
Offending company put itself in my shoes	8%	2%	-6
Revenge	3%	2%	-1

COMPLAINANTS ARE MOST SATISFIED WHEN THEY GET *BOTH* MONETARY RELIEF AND NON-MONETARY REMEDIES

43% TO 60%

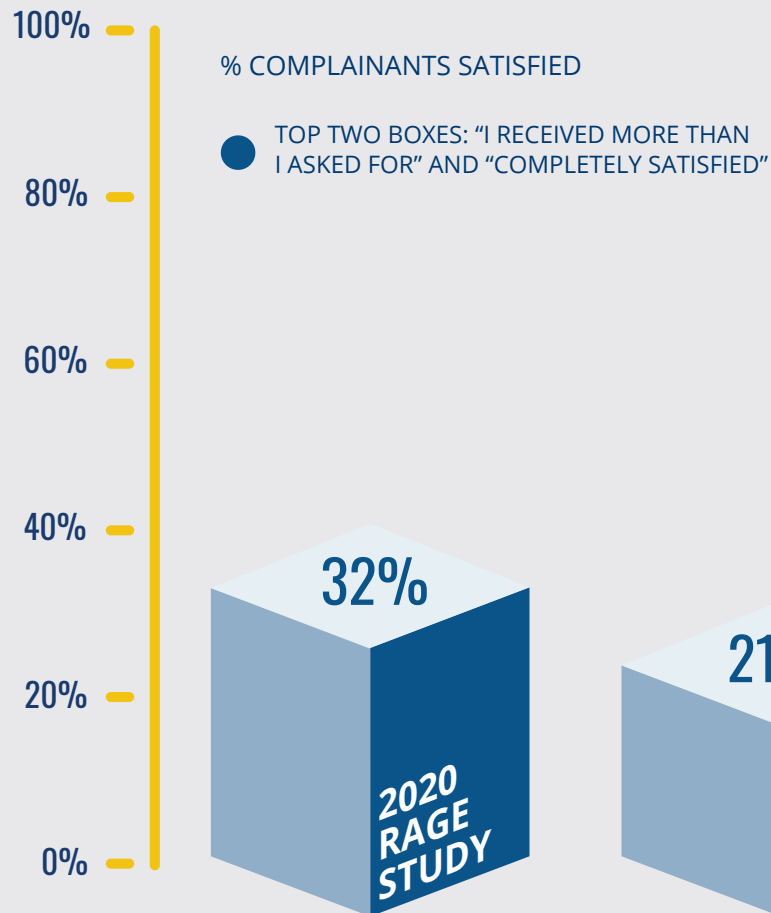
COMPLAINANT SATISFACTION INCREASED DRAMATICALLY WHEN NON-MONETARY REMEDIES (E.G., AN APOLOGY) WERE ADDED TO MONETARY RELIEF

REMEDIES COMPLAINANTS GOT	% SATISFIED WITH ACTION TAKEN
Only Monetary ¹	43%
Only Non-Monetary ²	50%
Both Monetary and Non-Monetary	60%

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, an apology, and raising awareness.

SURPRISINGLY, COMPLAINANT SATISFACTION IMPROVED IN 2020

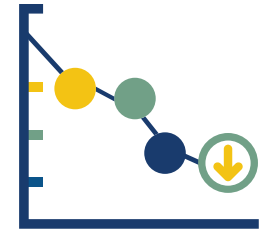


While complainant satisfaction took a big jump in 2020, **a vast majority of complainants are still not satisfied** with how companies are handling their customer complaints.

CUSTOMERS LEAST SATISFIED WITH COMPLAINT-HANDLING EXPERIENCE FOR CELL PHONE & AIRLINE PROBLEMS

PRODUCT/SERVICE TYPE	% RAGE	% SATISFACTION WITH COMPLAINT-HANDLING	% FIRST CONTACT RESOLUTION	MEAN NUMBER OF CONTACTS TO RESOLVE COMPLAINTS
Computer (internet, e-mail, software, hardware, tech support)	67%	32%	31%	2.7
Cable/Satellite TV	61%	38%	32%	2.3
Automobile	63%	29%	26%	2.7
Cell Phone	64%	27%	19%	3.7
Airline	77%	28%	20%	3.5

WHY ARE COMPLAINANT SATISFACTION LEVELS LOW?



The reason for these low levels of complainant satisfaction is not that companies have failed to adopt and invest in upgraded programs to handle customer complaints. Programs such as complaint-handling toll-free numbers, self-service offerings, expanded remedies to compensate complainants for their problems, corporate websites, and a host of other initiatives, have become standard company policies. The problem is, instead, that **companies are doing all the right things, but the wrong way.**

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**



**USER
UNFRIENDLY
WEBSITES**



**OUTSOURCING
CUSTOMER CARE
CONTACT CENTERS**

If you are soliciting customer complaints, you better be ready to respond and correct the problems raised by customers!

INEFFECTIVE COMPLAINT-HANDLING YIELDS CUSTOMER CHURN AND SIGNIFICANT NEGATIVE WORD OF MOUTH ADVERTISING

Recommendations Higher for Satisfied Complainants	
COMPLAINANT SATISFACTION LEVELS	% WOULD RECOMMEND
SATISFIED	71%
MOLLIFIED	19%
DISSATISFIED	4%

Word-of-Mouth Higher for Dissatisfied Complainants	
COMPLAINANT SATISFACTION LEVELS	AVERAGE # OF PEOPLE TOLD
SATISFIED	3.7
MOLLIFIED	5.1
DISSATISFIED	7.0

TODAY IT'S NOT GOOD ENOUGH TO JUST SOLICIT COMPLAINTS – YOU HAVE TO SATISFY COMPLAINANTS TO EARN BRAND LOYALTY BENEFITS

In 1976, companies earned brand loyalty benefits by simply encouraging customers to complain. Here, brand loyalty vs. non-complainants increases *regardless* of their satisfaction level.

	1976 WHITE HOUSE STUDY		2020 NATIONAL CUSTOMER RAGE STUDY
Complainant Satisfaction ¹	Percentage Point Increase/Decrease In Brand Loyalty Vs. Non-Complainants		
	Minor Problems ²	Major Problems ³	
Satisfied Complainants	+33%	+44%	+12%
Dissatisfied Complainants	+9%	+9%	-22%

However, in 2020, companies earn less brand loyalty for satisfying complainants than they did in 1976. More importantly, brand loyalty benefits can only be earned by satisfying complainants. Companies that invite complainants but don't satisfy complainants actually decrease brand loyalty (vs. the brand loyalty of non-complainants).

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"). The dissatisfied response categories to the satisfaction with the action taken to resolve complaint's 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 \$1-\$5.

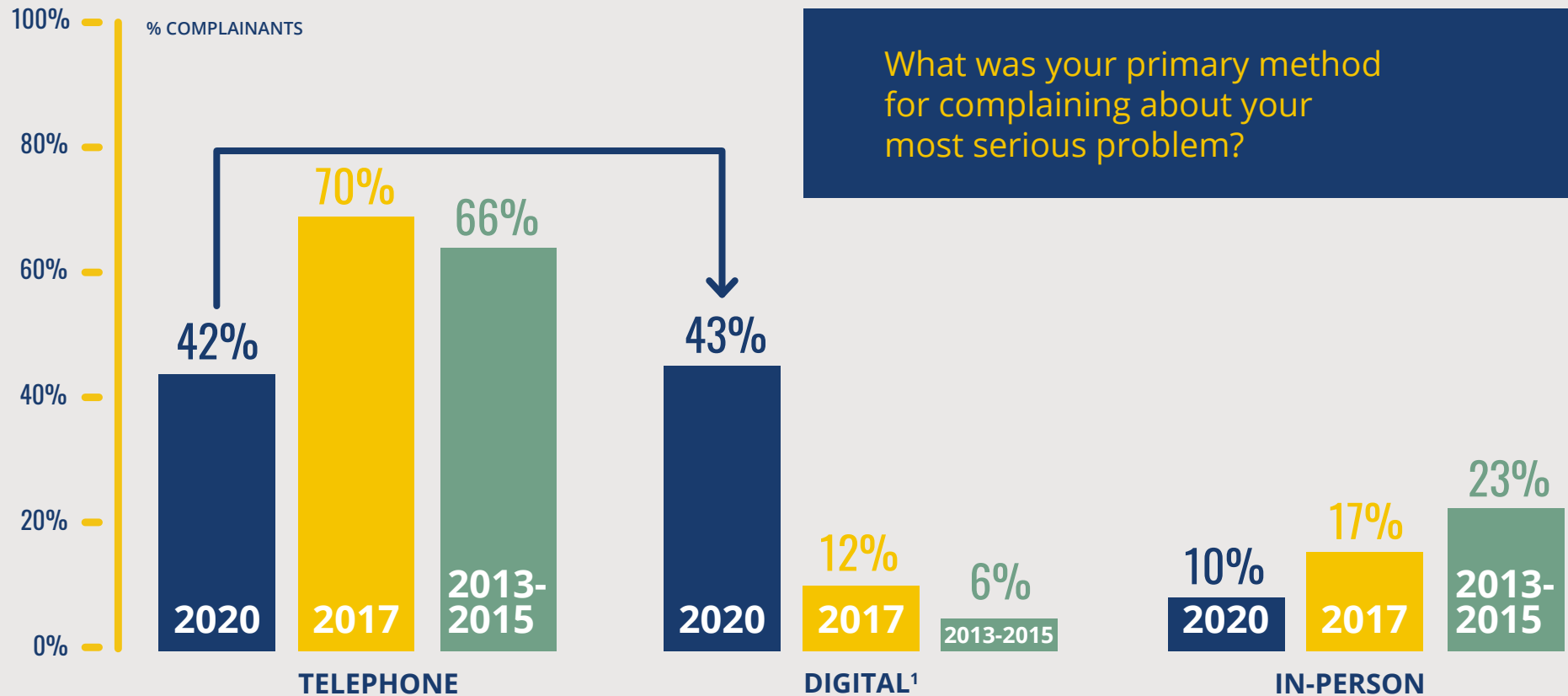
³ Where damages caused by most serious problem were valued at \$100+.

2020 NATIONAL CUSTOMER RAGE STUDY



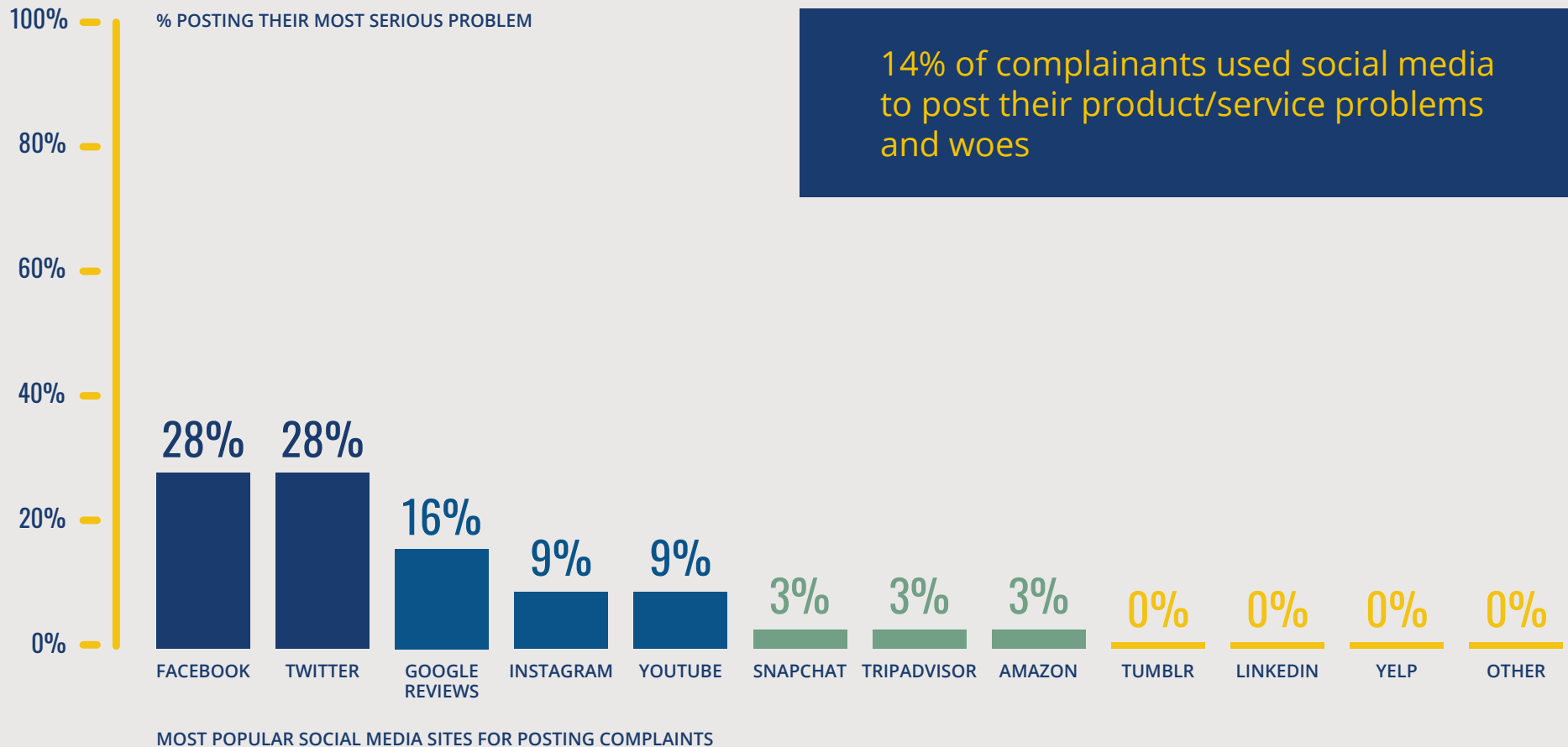
*Focus On The Role
Of Social Media As A
Complaint-Handling Mechanism*

COMPLAINANTS ARE INCREASINGLY ABANDONING TRADITIONAL COMPLAINT-HANDLING CHANNELS IN FAVOR OF DIGITAL CHANNELS

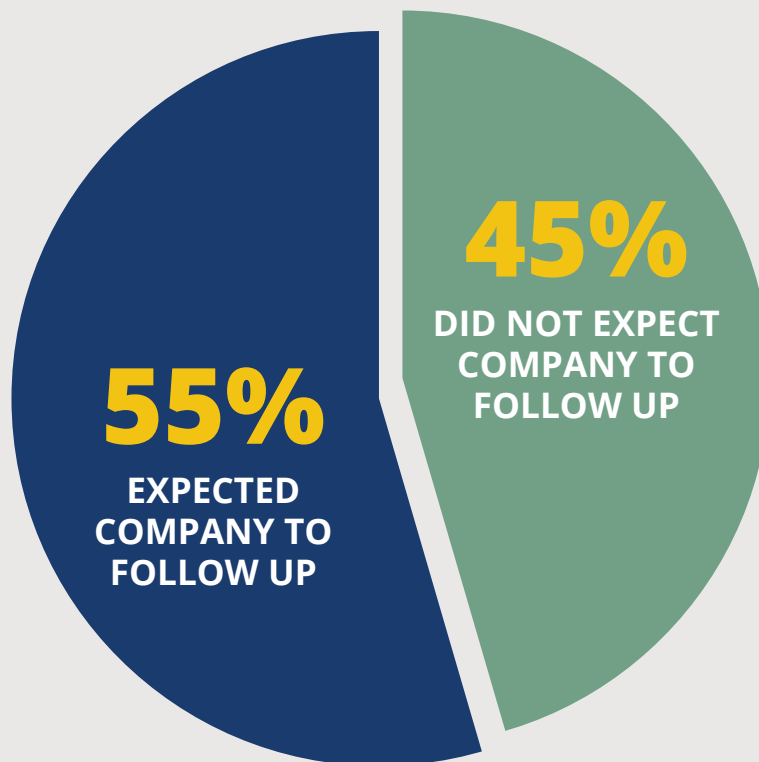


¹ Includes: e-mail, live chat, company website, social media, and review site.

SOCIAL MEDIA HAS BECOME A PLATFORM FOR POSTING PRODUCT/SERVICE COMPLAINTS, WITH FACEBOOK & TWITTER LEADING THE WAY

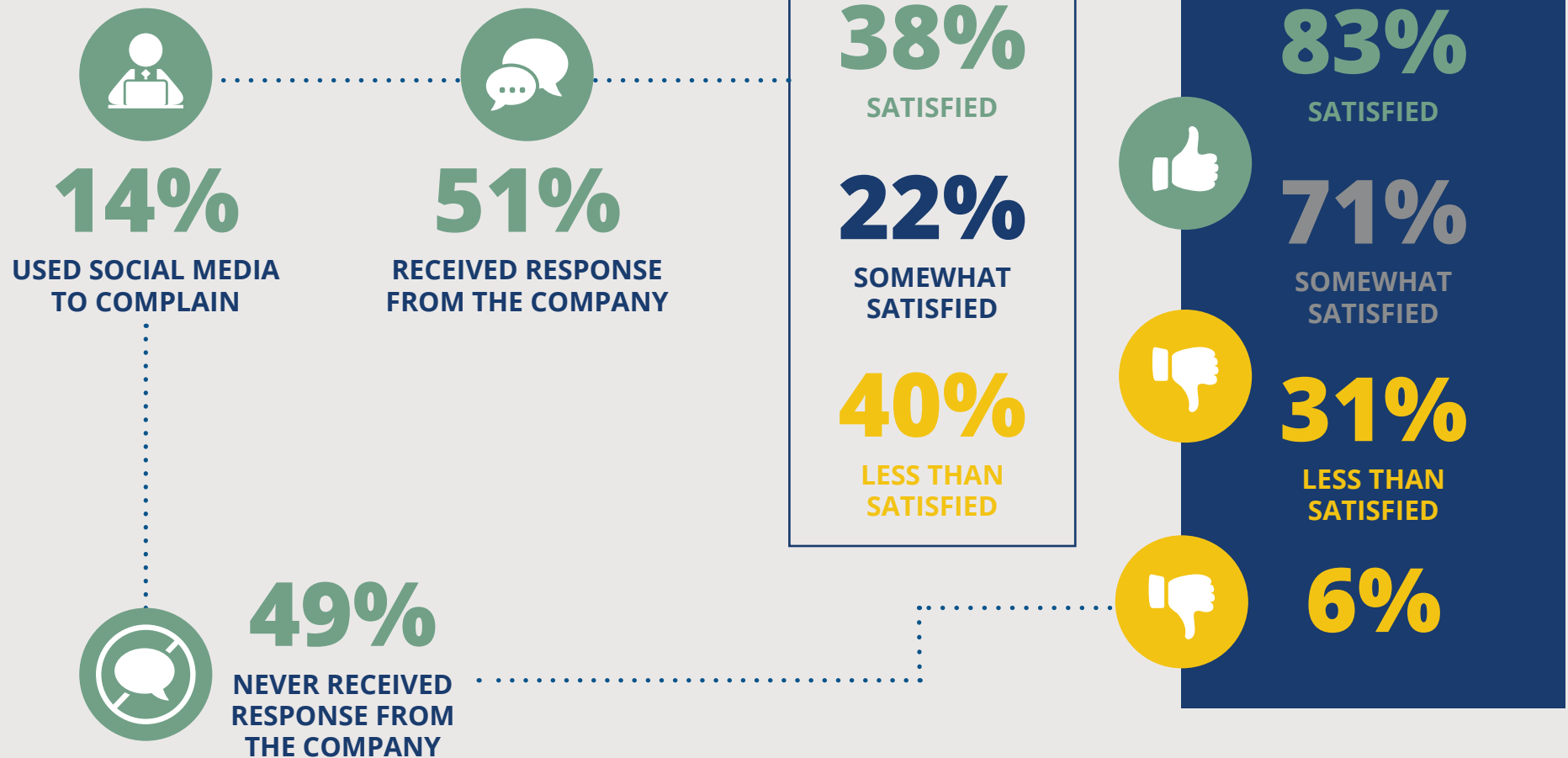


MORE THAN ONE-HALF OF THOSE WHO NEVER RECEIVED A RESPONSE TO THEIR POSTED COMPLAINT ON SOCIAL MEDIA EXPECT THE OFFENDING COMPANY TO REACH OUT TO THEM



[If you didn't receive a response]
Did you expect to receive
a response to your
tweets/postings?

SOCIAL MEDIA AS A COMPLAINT-HANDLING CHANNEL – LIFTS THE BRAND WHEN COMPANIES RESPOND EFFECTIVELY, DESTROYS BRAND EQUITY WHEN COMPANIES IGNORE POSTS



FOR BETTER OR WORSE, SOCIAL MEDIA HAS BECOME A PIVOTAL PORTAL FOR PRE-PURCHASE REASONING & POST-PURCHASE GRIPING¹

SOCIAL MEDIA	% OF RESPONDENTS
Facebook	70%
Amazon	46%
YouTube	46%
Instagram	36%
Twitter	34%

48%

the percentage of customers visiting social media to gauge others' product & service experience

38X

the number of times prospects will scan social media each year for pre-purchase reconnaissance

865

the average number of friends/followers/contacts across social media reported by study participants

16

the average number of times study participants posted product/service experiences on social media annually

SOCIAL MEDIA	% OF RESPONDENTS
Facebook	65%
Twitter	33%
Amazon	31%
Instagram	31%
YouTube	23%

¹ Among all study participants (N=1,026)

IN CONCLUSION



RAGE STUDY OUTCOMES: THE GOOD, THE BAD, & THE EMERGING TREND



**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, **the adoption of “best practices” has had a positive impact on the bottom line.**



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 generally proven ineffective. Levels of complainant satisfaction are only marginally higher 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 policies but have failed to properly execute these practices. They are doing **ALL THE RIGHT THINGS BUT 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 2003–2020 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!**



EMERGING TREND

Social media has become an ever-present conduit for forming, maintaining and strengthening communities. This study corroborates a variety of other research which suggests that social media likely plays a pivotal role in mediating the commerce of the customer experience.

Whether leveraged for pre-purchase research (to surreptitiously examine others' product/service observations), or for post-purchase griping about one's own experience, social media has emerged as a lead actor in the customer experience drama.

SUMMARY OF KEY FINDINGS

Problem rates continue to increase; the 66% problem incidence is 34 percentage points higher than in the 1976 White House study.	More than \$494 billion was at risk to businesses as a result of problems with products/services.	Customer problems related to computers (19%), cable/satellite TVs (18%), automobiles (12%) and cell phones (6%) are still at the TOP of the 2020 most serious problem list.
Nearly two-thirds of everyone with a problem with a product/service experienced customer rage (65%).	72% of problem households submitted a complaint about their most serious problem.	16% of all problem households posted a public complaint about their experience on at least one website.
The internet has caught up with the telephone as the primary channel for complaining (43% for internet vs. 42% for telephone).	Only 32% of complainants were satisfied with the response they received, while 58% reported they got nothing as a result of complaining.	Problem households directly told a mean of 9.4 people about their most serious problem. Respondents using social media had a mean of 865 friends/followers/contacts: the potential of over 90 times more than traditional word of mouth.

Year after year, study after study, it continues to remain true that complainant satisfaction is strongly correlated with increased brand loyalty. It pays to satisfy your customers.



Scott M. Broetzmann
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Customer Care Measurement & Consulting

Despite the overwhelming emphasis and meaningful resources that companies have invested in the customer experience, when it comes to problem handling, the reality today is customers are experiencing more problems than ever before, are typically less than satisfied with corporate responsiveness to their complaints, and “earn” an astonishingly low customer ROI for the effort. So why so often is it that I dread the experience of asking companies for help with a problem? Maybe the **National Customer Rage study** can serve as a starting point for an enlightened dialogue about overcoming a transactional approach to complaint-handling and the use of a more sincere set of metrics for discerning what customers really want and a company’s abilities to meet those needs.

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

Contact Scott Now >

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