

## CUSTOMER EXPERIENCE PARTNERS

## The Melting 'Iceberg' of Customer Complaints



In 1999, before the social media mushroom, and while the Internet was just becoming popular, the Office of Consumer Affairs investigated American corporations' response to customer complaints. The study found information flow mimicked an iceberg. **95% of all customer questions and complaints were buried beneath the surface, never reaching corporate management!** In 50% of the problems, customers: 1) simply didn't care enough to pursue the issue; 2) felt the process of writing letters or wading through call center phone menus was too cumbersome; or 3) didn't bother to express a complaint because they assumed they would be ignored.

**In 45% of the cases, customers attempted to communicate** their problem, complaint or question. But they only communicated it to a 'line employee' (a clerk, a teller, a cashier, or service rep, etc.). These folk either lacked a process to push the issue upstairs or had learned that there were few rewards in their corporate structure for the bearer of new problems and negative comments.

**Only 5% of the problems ever "saw the light of day", reaching the attention of corporate management.**

### The Information Avalanche

And then along came Internet blogs, 'review sites', and Facebook and Twitter. This new environment offered unhappy customers an alternative channel; if not for resolution, then at least for revenge. Lacking a response from offending corporations, they could publicly voice their complaints and problems to hundreds, thousands, and even millions of other consumers.

So where is corporate management now? Corporations unaccustomed to actively listening to their customers have forced unhappy customers to seek out the newer, *public channels* of communication. And some of those corporations are blasé enough to not even be monitoring their status in the social media. So they have no clue how desperate their unhappy customers are. They are not only losing existing customers but are having the "well of potential customers" poisoned each day through negative electronic word of mouth.

Other corporations have (in our opinion) overreacted to the new environment. They have done so by pulling funding - and their best people - from their traditional customer service centers in order to monitor and respond to customer problems and complaints posted in the social media. This is a dangerous trade-off; they're conditioning their customers to bypass traditional *private* customer service channels, and to expect unrealistic and costly attention online. In doing so, they push their costs even higher and reward public exposure.

### A Snowballing Problem

Hindsight is 20-20 vision. If customers' problems, complaints and questions had been better handled through traditional one-on-one call centers, customers' search for alternative means would have been lessened. Corporations wouldn't now need to confront them publicly in the social media. It's time to improve the traditional customer service channels before customers completely abandon them and each and every problem and complaint is aired publicly.

For a different approach to managing customer word of mouth contact:

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