



The Good in Grievances

BY JAY GARCIA

While it can be confronting having to deal customer complaints, these disputes can be a valuable opportunity for retailers to deal directly with consumers and improve their business.

As a retailer, one of the most crippling but equally rewarding things to deal with is customer complaints. While criticism can be a difficult thing for people to handle, it gives opportunity for improvement while offering an insight into how consumers view your brand, products and services.

Julia Makin is the Executive Director of Vent2Me, an independent customer-complaints portal that resolves customer grievances between organisations and consumers.

"Vent2Me specialises in marketing strategies for small-to-medium retailers who require guidance and assistance with service marketing and traditional marketing strategies," Julia says. "We aim to be at the forefront of customer-related issues. Vent2Me has vast experience with the benefits and downsides of the internet and social media as a tool for retailing and the exchange of information between like-minded individuals."

Retailers can often feel uneasy about customer complaints, unable to see the constructive value of such criticisms.

"Retailers should not be scared of customer complaints," Julia says. "Instead, they should relish the fact that a customer has taken the time to notify the retailer of their complaint. This is a contentious point to argue because no one likes receiving a complaint; in fact, most consumers don't like making them either. It's when retailers make complaint resolution difficult that retailers—both online and bricks-and-mortar—should begin to worry.

"Customer complaints have increasingly become an important element for retailers due to the growth of social media, intense competition through online retailers and higher disposable income. It's important to note that for every complaint made directly to an organisation, there are many more that are spread through word-of-mouth or social media. Gone are the days where consumers might tell nine people about a bad customer-service experience; instead, with just the click of a button, consumers can now share their bad customer-service stories with millions of like-minded consumers, such as was the case with the Click Frenzy fiasco in November 2012," Julia says.

That fiasco, for those who missed it, involved an online sale that was supposed to 'stop a nation' with several retailers offering deep discounts on a single day—Australia's answer to the United States' Black Friday or Cyber Monday. Moments after the sale launched, however, the site crashed, leaving hundreds of thousands of customers empty-handed. Complaints soon permeated social media networks, earning the Twitter hash tag #clickfail thousands of hits.

"Without customer complaints, retailers cannot grow or improve their service offerings. Although retailers may feel that consumer loyalty no longer exists, the truth is that consumers will spend more at a retailer with whom they feel valued. Retailers spend so much time trying to acquire new customers that they forget about their current loyal customer base; retailers need to understand that it is easier to retain existing customers than to acquire new ones.

"One way to effectively gain a competitive advantage is by encouraging your customer base to become 'voicers'. These types of consumers only complain directly to the organisation and do not undertake negative word-of-mouth communication. These consumers also offer retailers the invaluable opportunity to receive immediate feedback which can result in immediate service recovery and improvements.

"It really comes down to the fact that retailers can only fix a problem if they are aware of it."

Every year, different consumer-watchdog organisations publish figures regarding customer complaints across various product categories. Recent figures from NSW Fair Trading, released by Fair Trading Minister Anthony Roberts, highlighted how refunds remain the main cause of consumer complaints, while grievances with group buying and discount deals have escalated. ▶

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According to the report, the top 10 consumer complaints to Fair Trading in 2011–2012 were:

1. household electrical, white goods and gas appliances
2. group-buying and discount vouchers and coupons
3. used cars or motorcycles
4. furniture, furnishings and bedding retail
5. house construction
6. clothing, footwear, accessories and jewellery retail
7. travel and tourism
8. motorcar repairs and maintenance
9. solar photovoltaic panels
10. new cars or motorcycles.

According to Mr Roberts, more than 44,000 complaints were made to Fair Trading in that period. Of these, more than 5,000 were about refunds—the most common consumer grievance across all product categories—suggesting start-ups need to revisit their refund policies. Mr Roberts expressed particular concern about the number of complaints relating to group buying and discount deals.

Another major source of complaints for Australians is our national telecommunications industry. The Telecommunications Industry Ombudsman (TIO) receives a variety of complaints from Australian consumers unhappy with telco services. The most common complaint of 2012 was customers receiving a large bill due to mobile phone roaming charges on returning to Australia after travelling overseas. Many of these instances suggest that consumers receive little information about mobile roaming and the charges associated with the service before they leave the country.

Compared with the previous year, new mobile complaints to the TIO about disputed roaming charges increased in 2011–2012 by almost 70 per cent, to more than 4,100. However, between April and September 2012, there has been a positive trend of decreases in roaming complaints. In April to June, complaints about disputed roaming charges almost halved compared with the previous quarter, and there was a further 6 per cent decrease from July to September 2012.

However, the amounts that consumers dispute in these complaints have been increasing. The proportion of mobile roaming complaints with disputed amounts above \$5,000 has increased from 4.7 per cent in September 2011 to 10.4 per cent in September 2012.

Between 1 October 2011 and 30 September 2012, the TIO received 156 complaints about roaming that involved disputed amounts between \$5,000 and \$10,000. The TIO also received 79 complaints with disputed amounts above \$10,000.

Julia's organisation has received a variety of complaints throughout its existence, and she notes that many grievances have developed as a result of unfulfilled customer expectations.

"Complaints resulting from overpromising are the most widely reported issue that Vent2Me receives from consumers," she says. "There appears to be a growing trend with dissatisfaction, especially with online retailers

such as Kogan and group-deal sites that started up to be an alternative to main retailers. As these sites have grown, so has the expectation of their customer base.

"In our opinion, it's not necessarily the cheapest price that attracts customers nowadays, but it's the perceived quality they receive from the purchase. Common frustrations result from [customers] being promised that the item will be delivered within a certain amount of time, only to be disappointed that it hasn't arrived yet. With group-deal sites, consumers are increasingly frustrated by the lack of adequate service provided by the voucher organisation and the retailer itself."

With online shopping becoming a dominant force in retail, the nature of customer complaints has changed.

"We are not surprised that complaints have been targeting online retailers, as online was

seen as a safe haven for frustrated consumers," Julia says. "Traditional bricks-and-mortar retailers now have an amazing opportunity to take back some of the market, not just by offering discounts but by offering the benefits of being able to physically try the product or service before purchase. If bricks-and-mortar retailers want to compete with online, they need to improve their supply-chain logistics. If a consumer could get the item they wanted without delay just by visiting the store, we can assure you that they would purchase it in-store, rather than waiting for it to be delivered from an online outlet."

To deal with these common complaints, retailers need to bear some things in mind.

"Don't over-promise; it's as simple as that," Julia says. "And acknowledge customer complaints, not for the PR benefits but because, as the retailer, you are actually admitting a mistake was made. Retailers should also ensure they have the right channels in place for resolving complaints. Research shows that 90 per cent of consumers prefer to resolve complaints via the phone, yet most retailers have hidden their phone number from their website. Instead, consumers are forced to fill out lengthy enquiry forms and wait for the retailer to get back to them. The phone is often the quickest and easiest way to resolve complaints, and it also ensures no paper trail is left, which benefits retailers.

"All complaints need to be answered within three business days. Any further delay results in a more frustrated consumer. If a retailer has a social media page, expect that you will receive negative comments on it from time to time. Do not delete these; instead, acknowledge them. As a retailer, the worst thing you can do is ignore complaints."

As the face of Australian retail keeps changing with new developments in online and service, customers are expecting more from retailers, and many retailers are simply neglecting the most basic premise of retail: customer service.

"Online retail has definitely made things worse, and confused both customers and retailers," Julia says. "Consumers first went online due to the fact they could save money, but are now starting to realise that although they may have saved money, the quality of the product or experience was not as enjoyable as first perceived. As a result, customers are less forgiving of retailers and the customer now demands more of retailers than before.

"It's common now for consumers to know more about the product or service they are

purchasing than the retailer itself because they have researched the item extensively. If a retailer wants to compete, they need to be able to provide more than just the best price; they need to be able to provide the best service possible including the fastest delivery, warranty conditions and so forth. The main lesson to learn from the proliferation of online retail is that customers hate waiting. Regardless of whether you are a traditional or an online retailer, you need to have effective waiting strategies in place or the customer will switch to another retailer."

There is a great deal of value in listening to customer complaints. Retailers need to recognise these grievances—not as attacks, but as opportunities for improvement. It's been said that the customer is always right, and their criticisms could outline a fundamental flaw within your retail operation. Take the time to listen to customer complaints; be sure not to promise anything that you can't deliver on, and always remember that the power rests in the consumer's hands. Without customers, there is no business.

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