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## UNIT 9 GRIEVANCE AND COMPLAINT MANAGEMENT SYSTEM

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### 9.0 OBJECTIVES

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After studying this unit, you should be able to:

- identify the reasons of customer complaints;
- describe the behaviour and types of complainers;
- explain the complaint management process; and
- handle customer complaints effectively.

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### 9.1 INTRODUCTION

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Retail organizations often experience customer grievances and complaints. The large size and volume of operations and the variety of customers generally leads to the generation of grievances at some part or the other in day to day operations. The roots of any grievance and complaint can be either an operational issue or human interaction. The non availability of the desired products sufficient choices, absence of some product lines, shop layout, visual merchandising, poor performance, delayed performance, no performance or part performance and so on may be reasons for the grievances. Besides the procedural and human related dissatisfactions, there may be failures in support services also. Human factor is the key element for generation of grievances. The contact person's performance in providing service really is a source for satisfaction if it is positive and dissatisfaction if it is negative. No matter how good the retailing organization is in designing the service offer, one loose connection in the team of employees can upset any thing.

As far as customers are concerned you are the company. This is not a burden, but the core of your job. You hold in your hands the power to keep customer coming back - perhaps even to make or break the company. Therefore treat every customer as if they sign your paycheck, because they do. Customer complaints are the school books from which we all learn.

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## 9.2 REASONS FOR CUSTOMER GRIEVANCES

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Robert Warlow has identified six reasons for the customer grievance due to employee interactions.

1. **Bad Attitude:** There's no getting away from it – some people have a bad day every day! The way they speak to people is enough to turn the most mild mannered of customers against your company. They act as if the customer is an interference to their daily routine. These type of people are the ones who never acknowledge your presence when you are standing in front of them, or still chat away on the phone. Such employees are undesirable at customer contact positions. Retailers should identify such employees and get them away from customers.
2. **Not Willing To Seek a Solution:** These people are the ones who may acknowledge a customer's problem but just won't be bothered to find a solution; it's too much hassle. The stock answer is, "I can't help. It's company policy." Their favourite words are "I can't", "Yes, but", "won't", "shouldn't". They can find nothing positive to help the customer. If this happens, your customers walk away thinking you are a 'can't do' instead of a 'can do' business.
3. **Not Giving Full Product Explanations:** Your product may be the best in the world, but if it doesn't do what the customer wants then you have one unhappy purchaser. Also there may be a lack of understanding by the salesperson of how the product or service meets the customer's requirements or the sales staff may be too anxious for a sale – persuading the buyer that the product is just right when it clearly doesn't fit what the client needs.
4. **Not Willing To Admit a Mistake:** Isn't it refreshing to hear someone say, "Do you know, you're right. We really messed this up." If you get this as an opening line when making a complaint, you immediately know you're in business.
5. **Not Keeping You Up To Date:** In any effective complaint handling process, everything can be done according to the book, but it can all be thrown away if the client is not kept up to date. A complaint, followed by days of silence, allows doubt and anger to bubble up again. Get 'strong' characters to face the complaints, people who are not intimidated and are happy to solve problems.
6. **Broken Promises:** This is probably the most frequent reason for human cause of complaint; 'Yes, I'll do that for you. Leave it to me.' What happens? Nothing! The impression given is that your staff just don't care, or that the customer is not important. Impress upon your staff the importance of following through on their promises. Any broken promise will compound a complaint.

In a readers survey conducted by **BusinessWeek** magazine regarding their experiences with customer service. it was found out that the major reasons for customer grievance were slow response time, uniformed customer service representatives and unfriendly customer service representatives. (Business Week, May 24,2002)

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## 9.3 BEHAVIOUR OF AGGRIEVED CUSTOMERS

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Different customer behave differently when they identify and experience service deficiencies and failures. Rama Mohana Rao K. identified the following behavioural responses from customers with grievances.

1. **Take it easy:** These consumers do not take the service failure seriously and do not try to find fault with the service provider. They generalise the reasons for such failure as their own fault or that of the situation. These people continue their loyalty with the service provider. They will not distort the company's reputation. They react only when the failures are repetitive.
2. **Wait for failure the second time:** These consumers do not want to blame the

service provider without adequate reason. They may express their displeasure over the failure to the contact employees and advise them to ensure that such things do not happen again. When they experience failure for the second time, then they move to make a formal complaint.

- 3 **Do not complain but vote with the feet:** These consumers are silent but an action-oriented group. They do not believe in complaining to the service provider and settle the grievance. Instead, they simply find a new service provider and break the relationship with the existing service provider. The service provider loses these consumers.
- 4 **Complain but do not shift loyalty:** These consumers are rational in their approach. They do not keep quiet when something goes wrong. They look positively for change in the service provider and expect a sincere response. They provide opportunities to the service provider to rectify gaps and mistakes and improve the service quality to the level of consumer expectations. These consumers do not speak ill of the company in public.
- 5 **Complain; seek compensation; promote negative word-of-mouth; do not continue:** When there is a service failure these consumers act similar to the earlier group. The difference is that these people will not continue loyally with the organisation and will move towards competitors. These consumers are not ready to sacrifice their costs due to service failure or deficiency. They react quickly, make a formal complaint and sometimes pick quarrels with the contact employees. They engage in promoting negative word-of-mouth against the service provider. They seriously look for redressal of their grievance and they continue to fight with the service provider until they are compensated.

## 9.4 TYPE OF COMPLAINERS

Based on the behaviour of the complainers, they can be classified into five types (Wysocki, Kepner and Glasser).

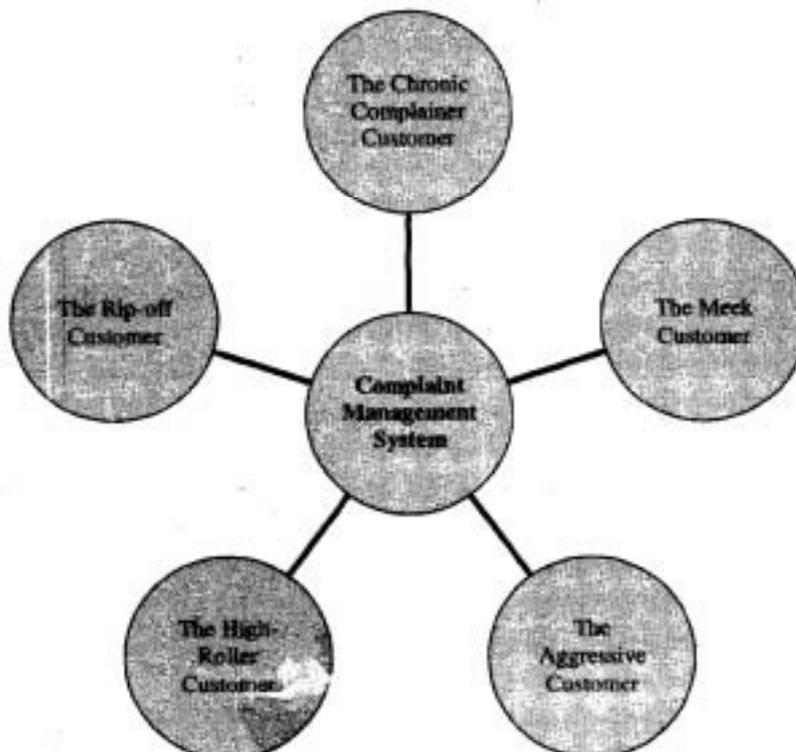


Fig. 9.1: Types of Complainers

1. **The Meek Customer:** These customers generally will not complain. The retailing companies must work hard at soliciting comments as well as complaints from this type of customers.
2. **The Aggressive Customer:** This type of customer behave in a opposite way than that of a meek customer. This customer readily complains seriously and at length. These customers need to be handled carefully. The contact persons should not lose temper in dealing with the aggressive customer. They should listen the complain patiently, agree that the problem exists and communicate their proposal to resolve the problem and also the time frame for solving the problem.
3. **The High-Roller Customer:** This type of customer expects the absolute best and is willing to pay for it. He/she complains in a reasonable manner. It is necessary to listen these customers respectfully and actively and question carefully to find out the cause of the problem. Generally, the high roller customers are not interested in excuses.
4. **The Rip-Off Customer:** The goal is not to get the complaint satisfied but rather to win by getting something the customer is not entitled to receive. A constant and repetitive "not good enough" response to satisfy this customer is a sure indicator of a rip-off artist.
5. **The Chronic Complainer Customer:** Is never satisfied; there is always something wrong. This customer's mission is to whine. Yet, he is your customer, and as frustrating as this customer can be, he cannot be dismissed.

### Activity 1

Identify any three types of complaints you have observed in a retail firm.

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## 9.5 COMPLAINT MANAGEMENT

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The goal of a business including retailing is to achieve customer satisfaction and retention. Effective complaint management is one of the important areas to ensure customer satisfaction. The complaints of the customers have to be looked at in a constructive, positive and professional perspective. Mohamed Zairi suggested the desirable perspectives of understanding customer complaints. Look at the following:

- They are a way of receiving feedback from customers and therefore necessary means for putting into action improvement plans.
- They are a tool for preventing complacency and harnessing internal competencies for optimising products and services.
- They are a useful way of measuring performance and allocating resources to deal with the deficient areas of the business.
- They are a useful "mirror" for gauging internal performance against competition and best in class organisations.
- They are a useful exercise for getting nearer the customer and understanding them better.

Complaint management is the formal process of recording and resolving customer complaints. It is an integral part of every business. It is necessary not only from customer service point of view, but also from regulatory point of view. In all the countries there are regulatory bodies that have established specific requirements for capturing,

investigating, **resolving** and reporting customer complaints. The best practiced retail organization consider complaints as opportunities for improvements and achieving excellence in service quality. Companies can obtain priceless knowledge through complaints because complaints contain the direct **voice** of the customers. Companies should understand the link between complaint resolution and customer loyalty. Studies have established that the efficiency in resolving a complaint leads to stronger customer loyalty.

Most organizations face big challenges in complaint management. Organizations generally

- Suffer from a lack of systematic approach to complaints handling.
- Do not recognize the importance of customer complaints at a strategic level.
- Are ill-equipped in terms of systems and processes for logging in complaints, processing them, etc.
- Are not proficient with measurement and in particular in non-financial areas such as customer satisfaction and complaints.
- Have adverse cultures and too much of "blame and reprimand" practices.
- Have not embraced the concept of quality management and its related concepts.

There may be many more problems in a retailing organization as far as handling customer complaints is concerned.

## 9.6 THE COMPLAINT MANAGEMENT PROCESS

There are five stages in the customer complaint management process.

1. Complaint registration
2. Classification of customer complaints
3. Analysis and reporting of trends
4. Management action
5. Continuous improvement of complaint process

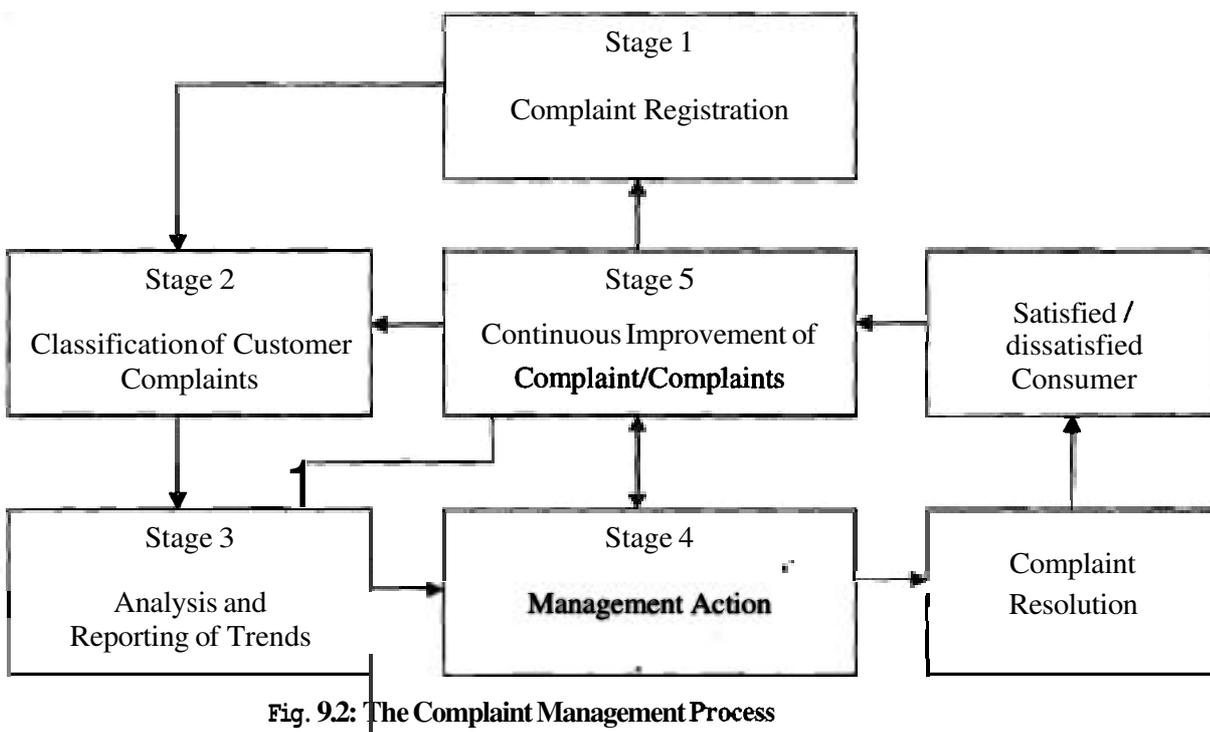


Fig. 9.2: The Complaint Management Process

1. **Complaint Registration:** It is the first stage of complaint management process. Companies need to develop a process mechanism to facilitate customers to register complaints. Customers should feel convenient to voice their grievances with the company. The system designed should eliminate time, energy and other costs of customers. It should encourage the customer to register complaints.
2. **Classification of customer complaints:** The complaints registered should be classified based on the nature of the complaint, product or service, major or minor, department wise, etc. Such classification helps in grouping the complaints to study the reasons and facilitate for speedy resolution.
3. **Analysis and reporting of trends:** Once complaints are classified, the data should be analyzed and reported on a regular basis. The goal of analysis is to identify themes or trends that occur with **front-line** service delivery. This is done with an eye towards both regulatory matters, and those that help improve customer experiences.
4. **Management action :** With issues identified, actions must be taken to improve front-line service delivery. This may include updating customer service standards, improving communications, or providing additional training to staff on **products/** services. Actions should remedy systemic issues. Changes should be monitored closely to ensure that actions result in fewer customer complaints.
5. **Continuous improvement of complaint process:** Although a complaint management process may exist, it is important to know how well it is working. Ask key questions to customers who use the system, including whether or not they view the process as accessible, easy to use, and fair. This will identify areas for improvement. Since research indicates that complaints handled professionally and in a timely manner result in customers continuing to do business with a company, it is essential that customers who complain are satisfied with the complaint management process. This will not only help retain business, but will also reduce the damage that negative "word of mouth" has with existing or potential customers.

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## 9.7 GUIDELINES FOR HANDLING COMPLAINTS

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Christopher Lovelock and Wirtz formulated the following guidelines for handling customer complaint effectively.

1. **Act quickly.** If the complaint is made during service delivery, time is of the essence in achieving a full recovery. Even when full resolution is likely to take longer, fast acknowledgement remains very important.
2. **Admit mistakes, but don't be defensive.** Acting defensively may suggest that the organization has something to hide or is reluctant to fully explore the situation.
3. **Show that you understand the problem from each customer's point of view.** Seeking situations through the customers' eyes is the only way to understand what they think has gone wrong and why they are upset. Service personnel should avoid jumping to conclusions with their own interpretations.
4. **Don't argue with customers.** The goal should be to gather facts to reach a mutually acceptable solution, not to win a debate or prove that the customer is an idiot. Arguing gets in the way of listening and seldom diffuses anger.
5. **Acknowledge the customer's feelings,** either tacitly or explicitly (for example, "I can understand why you're upset"). This action helps to build rapport, the first step in rebuilding a bruised relationship.
6. **Give customers the benefit of the doubt.** Not all customers are truthful, and not all complaints are justified. But customers should be treated as though they have a

valid complaint until clear evidence to the contrary emerges. If a lot of money is at stake (as in insurance claims or potential lawsuits), careful investigation is warranted. If the amount involved is small, it may not be worth haggling over a refund or other compensation. However, it's still a good idea to check records to see whether there is a past history of dubious complaints by the same customer.

7. **Clarify the steps needed to solve the problem.** When instant solutions aren't possible, telling customers how the organization plans to proceed shows that corrective action is being taken. It also sets expectations about the time involved, so firms should be careful not to over promise!
8. **Keep customers informed of progress.** Nobody likes being left in the dark. Uncertainty breeds anxiety and stress. People tend to be more accepting of disruptions if they know what is going on and receive periodic progress reports.
9. **Consider compensation.** When customers do not receive the service outcomes they have paid for or have suffered serious inconvenience and/or loss of time and money because the service failed, either a monetary payment or an offer of equivalent service in kind is appropriate. This type of recovery strategy may also reduce the risk of legal action by an angry customer. Service guarantees often lay out in advance what such compensation will be, and the firm should ensure that all guarantees are met.
10. **Persevere to regain customer goodwill.** When customers have been disappointed, one of the biggest challenges is to restore their confidence and preserve the relationship for the future. Perseverance may be required to defuse customers' anger and to convince them that actions are being taken to avoid a recurrence of the problem. Truly exceptional recovery efforts can be extremely effective in building loyalty and referrals. You will study more about service recovery in the next unit.

**Treat** complaints as gifts and one who complains as your friend.

**LEARN - Dissatisfied Customer Are Gold**

In every business, mistakes happen and customers get angry. But when a problem is faced properly and stays fixed... customers' loyalty actually increases! Here are five steps you can take to, not only resolve but actually build loyalty.

\* **LISTEN** carefully to your customer. You need to stop everything you are doing and give customer 100% of your attention. Active listening requires a lot of effort and cannot be accomplished when we are distracted.

\* **EMPATHIZE** with your customer's **concerns**. Let him know that you sincerely care about his problem even if you don't agree with his comments.

\* **APOLOGIZE** even if you are not the cause of a problem. When said sincerely, the words "I'm **sorry**" can diffuse as much as 95% of most people's anger.

\* **RESOLVE** the problem. Let the customer know you are on his side and will do **everything** you can to help him get the problem resolved. If only an employee in **another** department can fix it, help make the transition smooth so the customer doesn't have to tell him the story more than once.

\* **NOW** is the time to address the problem. The faster a mistake is fixed, the more likely it is that the customer will give your company another chance.

**The** best way to handle a situation in which the customer is angry or upset is to remember the acronym **LEARN** and apply the five steps listed above. Then feel great about the positive difference you made in that person's day!

The above steps would help you in converting angry customers into loyal ones. There is an old saying that the customer is always right. But those of you who deal with customers on a regular basis may not fully agree with this. Is it right that customers can become abusive and the company's representatives must listen to him? Some customers may be unreasonable and nasty. Some are so angry that anything you do will not satisfy them. However, the number of such customers is just a tiny fraction. And the companies must be prepared to lose these customers. But remember, how unpleasant a customer may be, it is not your job to prove him wrong or teach him a lesson. Put an emotional distance between you and the customer, customer anger is not personally about you, so don't take it personally. Also learn to let go the things- don't carry the baggage to the next customer.

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## 9.8 LET US SUM UP

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Grievance and complaint management is an important part of the retail management. In view of its interactions with large number of customers across the regions and cultures and a very wide range of product offerings, the possibility of consumer grievances is very high. The retailers should understand consumer complaints as opportunities to rectify errors in the system and go with continuous improvements. The system designed for the purpose should encourage the customers to complain and ensure speedy and appropriate complaint resolution. The retailing companies need to understand the behaviour of the complainers and find appropriate ways to satisfy them. An efficient complaint management system helps the organization to build a loyal customer base and reap the benefits of lifetime value of the customers.

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## 9.9 KEY WORDS

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<b>Aggressive Customer</b>	: The customer who makes a complaint even for a minor failure.
<b>High Roller Customer</b>	: The customer who expects the best things and willing to pay for them.
<b>Rip-off Customer</b>	: The customer who expects some extra benefit through complaint.
<b>The Meek Customer</b>	: The customer who will not complain generally.

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## 9.10 TERMINAL QUESTIONS

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1. Explain the reasons for customer grievances in a retail organization.
2. Explain the various types of complainers.
3. Explain the complaint management process.
4. Explain the guidelines that you will follow in handling customers complaints.

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