AN EXPLORATION INTO THE EFFECTIVENESS OF COMPLAINT MANAGEMENT MODULES

by

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ABSTRACT

The paper examines customer complaint management modules from the following perspectives: academic, end user, and vendor. The results of our literature review have identified the following five key components of an ideal complaint management system: (1) categorize, track and analyze complaints to improve learning (2) offer transparency, formal procedures and automatic escalation to improve procedural justice (3) attract complaints to ensure firms have an opportunity to retain customers (4) offer standardized redress subject to customer lifetime value calculations to ensure distributive justice (5) train employees to improve interactional justice.

Experiences surveys were conducted with two employees of a large Canadian bank for two reasons: 1) to compare and contrast what this banks complaint management system versus the academic literature 2) to determine what were the causes of any shortcomings in the system. The results of the interviews suggest that the banks current system is lacking in two key areas: 1) the ability to offer standardized redress 2) the ability to attract complaints.

After the interviews, a product offering analysis was completed on the CRM provider for the aforementioned bank. The CRM provider's complaint management software seems to be lacking in three key areas 1) the ability to offer standardized redress 2) the ability to attract complaints 3) the ability to aide in the training of employees.

EXECUTIVE SUMMARY

The paper examines customer complaint management modules from the following perspectives: academic, end user, and vendor. The results of our literature review have identified the following five key components of an ideal complaint management system: (1) categorize, track and analyze complaints to improve learning (2) offer transparency, formal procedures and automatic escalation to improve procedural justice (3) attract complaints to ensure firms have an opportunity to retain customers (4) offer standardized redress subject to customer lifetime value calculations to ensure distributive justice (5) train employees to improve interactional justice.

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After the interviews, a product offering analysis was completed on the CRM provider for the aforementioned bank. The CRM provider's complaint management software seems to be lacking in three key areas 1) the ability to offer standardized redress 2) the ability to attract complaints 3) the ability to aide in the training of employees. With these shortcomings mind, guidelines for future research were drafted.

The authors of this paper have a similar recommendation for both complaint management system vendors as well as purchasers of such systems. Vendors should recognize the components of an ideal complaint management system and incorporate these features into their product offerings. Purchasers of these systems should also recognize the components of an ideal complaint management system and ensure that their systems have these features.

DEDICATION

Vishal Raniga: To my beloved wife Jennifer and to my parents. None of this

would have been possible without your support.

Carey Moore: To my wonderful girlfriend, Ciska, for her great insights and

wisdom.

ACKNOWLEDGEMENTS

We would like to thank the dedicated faculty at Simon Fraser University who have helped us complete this journey. In addition, we would also like to thank Professor Gary Mauser for his guidance.

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1 INTRODUCTION

1.1 Introduction:

CRM providers often note in their promotional material that an increase in customer loyalty can substantially increase profitability. For example, the websites of Lynk Software Inc. and Customer Expressions both sections cite a 1998 TARP studythat states , "A 5% increase in customer loyalty can result in a 100% increase in profitability."(Customer Loyalty. . . (2004), Customer Retention Facts, (2004)). Oracle stated in an online promotional video, "with effective customer service systems, you can: improve agent productivity by up to 27%, reduce customer churn by as much as 10%, increase resolution during first contact by as much as 100% and increase cross-sell / up-sell revenue."(Demo, (2004)). In the same video, Oracle asked, "How many customers did you loose today due to poor service?", then with noticeable stress it added, "Do you even know how your customers feel about your service?".(Demo, (2004)). Another provider, TCR, asked readers of their website to think about the potential benefits by stating," Imagine if you were able to reduce customer loss just by 20%, and that your attrition rate is low – say 20%. This is the same as increasing sales by 4%." (Reduce Attrition, (2004)). These CRM providers are clearly suggesting a CRM service module from their respective companies could help recover customers. Yet, even with such a potentially large benefit to the bottom line companies have failed to implement such systems successfully. In fact, James Brewton and William Schiemann noted in their research that:

- Gap Gemini Ernst and Young reports that 70% of CRM initiatives fail
- Meta Group reports 90% of enterprises cannot show a positive return on CRM

- Gartner reports that as much as 75% of CRM initiatives have not fundamentally enhanced the customer experience (Brewton, J. & Schiemann, W. (2003))

Why then, are these implantations failing if the potential return is so great ?

Many studies have determined that implementation was largely the reason for CRM initiative failure (Badgett, M, Ballou, S & LaValle, S. (2004), Brewton, J. & Schiemann, W. (2003), Cholewka, K. (2002), Pololske, A. (2002)). Those studies noted there were no clear supporters of the CRM initiative; how IT personnel were trying to force marketing staff to conform to the technical feasibility of the programmes and how expectations were not met. But what does it mean, "expectations were not met"? Does that mean that CRM providers oversold their products or does it mean that purchasers were naïve about what they were purchasing? Or does it mean that neither the CRM provider nor the purchaser understood how customer relationship management really worked.

The unclear nature of the results warrants further research simply because the cost of these investments are high and the potential increase in productivity so great.

2 PURPOSE

The purpose of this paper is to explore potential reasons for companies' dissatisfaction with CRM modules. This paper will focus specifically on complaint management modules, or as CRM vendors often call them service modules. After the research is complete specific hypotheses will be put forth in the future research section.

This research is valuable for both the purchaser of CRM modules and the vendors of CRM modules and the users of CRM modules. For purchasers, it will remind them that their expectations should be clearly defined before they enter into very expensive contracts. For vendors, it will help focus them on how to manage their customer's expectations more reasonably. For users, it will force them to consider their level of understanding of complaint resolution.

3 METHODOLOGY

3.1 Research Design

Exploratory research is the most suitable research design to use at this stage of understanding because little is truly known about what satisfaction meant to the purchasers and users of CRM service modules. It is crucial to step back from the technical aspects of the various modules and determine what front line employees believe would be valuable for improving complaint management and then compare that to what CRM vendors are offering. With this knowledge one could identify specific variables to isolate and test to determine if satisfaction is possible with the various offerings.

3.1.1 Literature Review

In order to gain the necessary background knowledge a literature review about complaint management and complaint resolution will be completed. It will give the audience and author's the necessary knowledge to identify valid components of an appropriate system and then the components of an ideal system will be identified. That knowledge will be used to interview experienced professionals and it will also be used to evaluate the service module offerings. It should be noted that the authors are not attempting to build a checklist for which to evaluate CRM vendors' modules, instead the knowledge will be used to understand how CRM vendors address the components and on a more basic level if they are aware of the various components of a successful complaint management system.

3.1.2 Experience Surveys

Experience surveys will be used to explore the knowledge level of stakeholders with the purpose of trying to identify what their expectations for a complaint management system would be. This type of research is appropriate for exploratory research because it gives us an opportunity to gain a deep understanding of the subjects. It also gives us the flexibility to probe the subjects' responses and to receive unexpected information.

3.1.3 Exploratory Methods Not Used

Some traditional exploratory methods were not used in this research and a brief explanation of why may be useful. Focus groups were not used because the target of the research was to identify individuals' knowledge about complaint management and their understanding of an ideal system, therefore having people discuss their ideas in the open may have lead to one dominant opinion that did not reflect the diversity of understanding. Selected Cases were not used because companies rarely admit multi-million dollar mistakes and therefore it was hard to identify companies that failed in their CRM implementation and it would have been even more difficult to get them to describe them. Ethnography or specifically netnography was explored as a serious alternative research methodology but it was impossible to find a sufficient number of online discussions that focused on this narrow topic. There were many discussions about how to make CRM modules work technically but there were not enough discussions about what the users were expecting to gain from the modules or what their knowledge of complaint resolution was.

3.2 Data Collection

The interviews were conducted in person and were recorded on a computer for easy retrieval and analysis. The subjects were encouraged to expand on their answers and to add any information they thought would be useful. The topic of research was not explained until after the interview at which time the topic was discussed off the record. The authors agreed to keep the subjects name and the institution at which they work confidential.

3.3 Context

In an attempt to try to collect comparable information, the banking industry was selected as the context for this research. The banking industry in Canada is an appropriate choice because the 'Big Five' banks have all invested in CRM initiatives over the past five years and they have large diverse customer bases that make personalised customer-to-business relationships difficult to manage. Furthermore, CRM vendors actively promote to the financial industry and they frequently bundle their product offerings especially for it.

3.4 Sample

In-depth one-hour interviews were conducted with a front line employee and a branch customer service manager. They were targeted because they deal specifically with complaints on a daily basis and a significant part of their job is to resolve complaints effectively. In short they are the contact point for complaining customers and therefore have validity in explaining how the process is, not how it should be. We chose not to interview senior level management because their interpretation of how the process is working or should work is not relevant to understanding the results of the implementation. Additionally CRM vendor sales staffs were targeted for interviews, but

they became reluctant to be interviewed once the authors identified themselves as MBA students. The sales staff consistently referred us to their websites. They stated that they were not allowed to discuss their products with anyone who was not a potential purchaser and that we should review their product descriptions as an indication of what they offer. Therefore, we were forced to analyse the vendor's sales promotional material to ascertain what they are offering. We chose to analyse Oracle.com in depth by reviewing a data sheet for Oracle iSupport 11i, by reviewing Oracle's web pages associated with their service module and reviewing an online promotional video.

3.5 Analysis

The interviews were first listened to in their entirety and then common topics and concerns were identified between the two subjects from the bank. Then their discourse was analysed for commonalities and differences. Their respective understanding of complaint management and resolution was then clarified and a potential list of expectations was created.

The website was first read in detail and then the offerings were summarized and grouped into the valid components of a complaint resolution system, as identified in the literature review. The areas that the CRM module addressed were compared with the ideal system from the literature review and with the subjects understanding of what a system should have. Finally, it was determined if the CRM module could meet the expectations of the front line complaint handlers.

4 LITERATURE REVIEW

Morgan & Hunt (1994) explained that trust and commitment lead to improved business results and mutually beneficial relationships. Therefore, the antecedents of trust need to be identified and understood in order to improve relationships with customers.

According to Siredenshmukh, D., Singh J., & Sabal, B. (2001) trust is created by operational competence, operational benevolence and problem-solving orientation. To them a problem-solving orientation is how a company anticipates and resolves problems and complaints. Ergo, a company can increase their customer's trust in their organization by effectively resolving complaints. In fact, Tax, S. S., & Brown, S. W. (1998) support this notion with their findings. Resolving complaints gives a company an opportunity to build trust with its customers. We can envision the following links between complaint management and positive outcomes for companies.

Figure 1: Relation of Complaint Management to Positive Outcomes. Source: Figure by authors, based on Siredenshmukh et al. 2001 & Tax et al. 1998
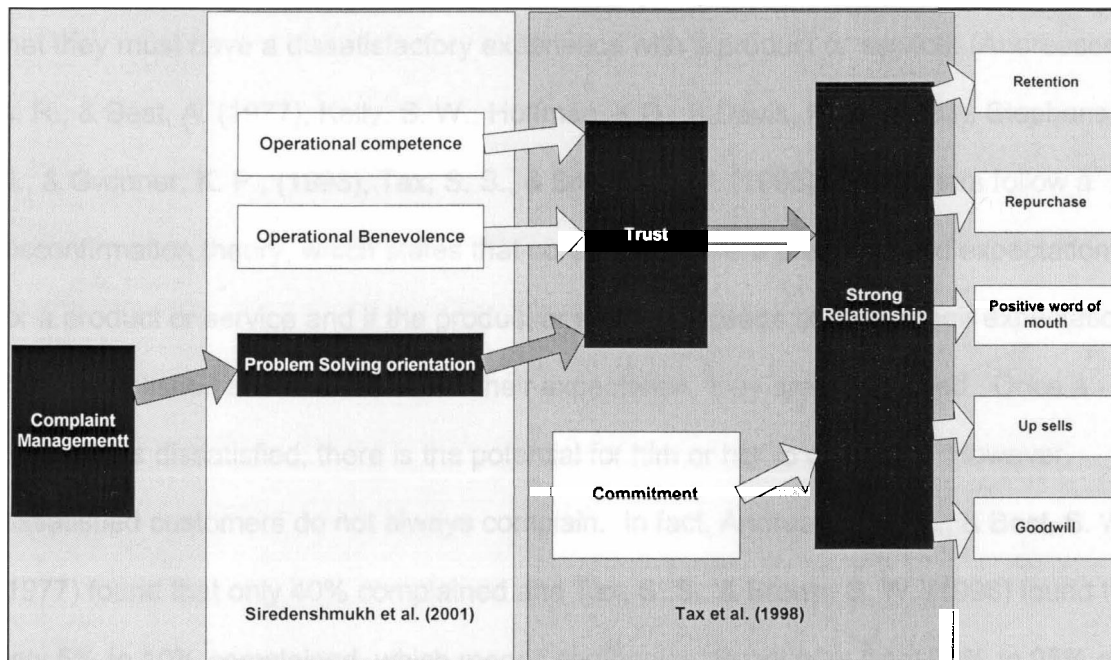
Considering the relationships depicted above, companies need to know how can they improve their complaint management   As it was noted in the introduction It is suggested by Customer Relationship Management (CRM) vendors' promotional materials that companies can improve their complaint management practices by utilizing complaint management applications. However, it is our belief that companies must first fully understand customer complaining behaviour before they can improve their complaint management practices. If they do not, they risk falling into the intuitive trap that quality complaint management is simply the reduction of complaints, when in fact quality complaint management practices should increase the number of complaints (Fornell, C., & Wernerfelt, B. (1998), Stephens, N., & Gwinner, K. P. (1998)).

4.1 Complaining Behaviour

4.1.1 Which Customers Complain?

Most complaint research implies that a prerequisite for customers to complain is that they must have a dissatisfactory experience with a product or service. (Andreasen, A. R., & Best, A. (1977), Kelly, S. W., Hoffman, K.D., & Davis, M. A. (1993), Stephens, N., & Gwinner, K. P., (1998), Tax, S. S., & Brown, S. W. (1998)) Customers follow a disconfirmation theory, which states that consumers have a preconceived expectation for a product or service and if the product or service exceeds or meets their expectation, they are satisfied and if it falls below their expectation, they are dissatisfied. Once a customer is dissatisfied, there is the potential for him or her to complain. However, dissatisfied customers do not always complain. In fact, Andreasen, A. R., & Best, S. W. (1977) found that only 40% complained and Tax, S. S., & Brown, S. W. (1998) found that only 5% to 10% complained, which means companies do not hear from 60% to 95% of dissatisfied customers.

The times when a service failure occurs should be looked at as an opportunity to build customer relationships and for organizations to show customers how valuable they are. Hart, C. W. C., Heskett, J. L., & Sasser, W. C. (1990) summarize the importance of customer trust, commitment, and ultimately satisfaction when they said that the battle for market share is won not by analyzing demographic trends, ratings points, and other global measures but rather by pleasing customers one at a time.

Gupta, S., Lehmann, D. R., & Stuart, J. A. (2004) defined the value of a customer as the expected sum of discounted future earnings and they demonstrated their valuation method by using publicly available data for five firms. They found that a 1% improvement in retention, margin, or acquisition cost improves firm value by 5%, 1%,

and 1%, respectively. That means that a 1% improvement in retention has almost a five times greater impact on firm value than a 1% change in discount rate or cost of capital.

Some companies seeking to forge closer relationships with their customers have embraced advances in CRM technologies. With the advent of CRM technologies, the customer lifetime value (CLTV) measure has become easier to conceptualize and calculate. Usually, the CLTV calculation is based on the expected purchases of a single customer and adjusted back to the present day using a discount rate (Ryals, L. (2002)). Ideally, this calculation should also include costs borne by the customer. It is possible to quantify the total losses from complaining customers who leave an organization using the CLTV concept. Considering how much it costs to lose a customer, few recovery efforts are too extreme (Hart, C. W. C., Heskett, J. L. & Sasser, W. C. (1990))

In order to understand fully who complains, we need to investigate why some people do not complain. There has been much research into consumer complaining behaviour and there have been a number of antecedents of complaining identified. They generally include:

- degree of customer dissatisfaction,

- importance of the purchase,

- perceived benefits/cost from complaining,

- personal characteristics,

- situational influences.

All of these factors have been identified as determinants of complaining behaviour (Singh, J. & Wilkes, R. E. (1998), Landon, E. L. (1977), Singh, J. (1990), Warland, R. H., Hermann, O. R., & Willits, J. (1975), East, R. (2000)). However, there has been some debate about how important the degree of dissatisfaction is in

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determining the likelihood of a customer complaining (Day, R. L. (1984), Malafi, T. N., Cini, M. A., Taub, S. L., & Bertolami, J. (1993), Singh. J. & Howell, R. (1985)).

It is impossible to make a generalization about who complains because the effect of the identified antecedents on individual complainers is determined by the interactional effects of the various antecedents. The implication of this observation for managers means that companies cannot implement a targeted complaint management system based on the profile of a typical complainer. A quality complaint system must be able to attract a wide variety of individuals. Not, for example, only those people who have the self-confidence and time to complete and mail a card. It must be able to attract those people who typically do not complain. We feel that a quality complaint system must attract complaints.

4.1.2 When do customers complain?

Stephens, N. and Gwinner, K. P. (1998) developed a comprehensive model using cognitive appraisal theory to explain why some people do not complain. This is an important contribution to the complaint literature because it models how consumers may use a variety of coping strategies when faced with similar states of dissatisfaction with a product or service. It demonstrates that based on a consumer's appraisal of a service, a consumer may engage in problem focused coping, emotion focused coping or avoidance coping (see figure 2). The managerial implication of this is that a company must try to get its customers to use problem focused coping or direct complaining when they are faced with a dissatisfactory experience. Companies can increase the likelihood of a customer complaining by giving the customer more power in their relationship. They could offer money back guarantees, a clear path for complaints and constantly remind their customers that their company wants to receive feedback.

Figure 1: A Cognitive- Emotive Process Model of Consumer Complaining Behaviour. Stephens, N. and Gwinner, K. P. 1998. By permission .
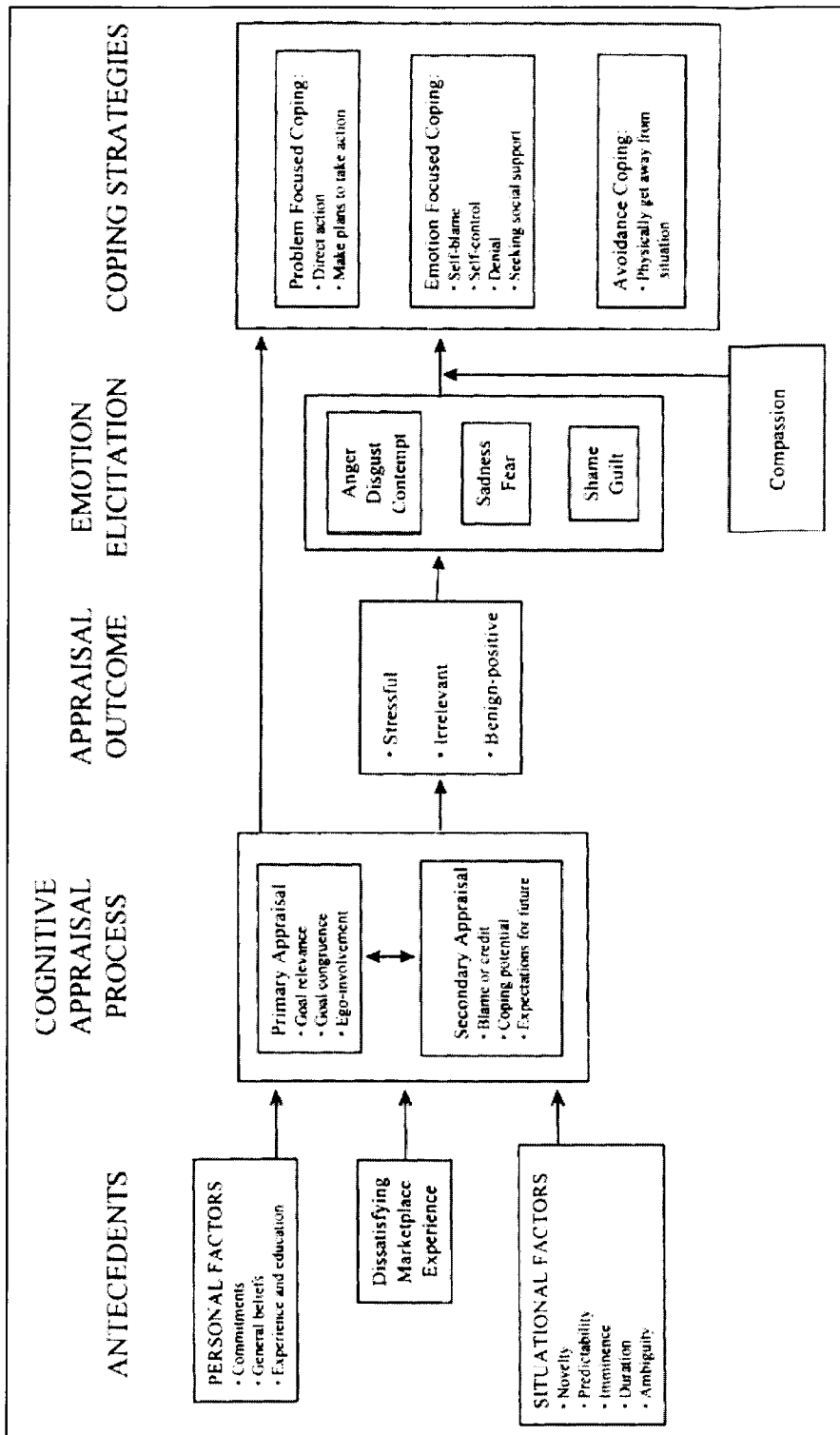
4.1.3 What do customers want when they complain?

Tax, S. S., Brown, S. W. & Chandrashekaran, M. (1998) researched across several contexts (e.g. legal, organizational, buyer-seller, marriage) and found the concept of justice to be valuable in explaining individuals' reactions to conflict situations. Tax, S. S., Brown, S. W. & Chandrashekaran, M. (1998) used a three dimensional view of justice to describe different types of outcomes that may be sought by the complainant.

Distributive justice - deals with decision outcomes and focuses on the allocation of benefits and costs. A consumer evaluates these two aspects based on whether the outcome was perceived to be deserved; met one's needs, and/or was fair.

Procedural justice - deals with decision making procedures and perceived fairness of the means by which the ends are accomplished. There are five elements of procedural justice that appear particularly relevant to complaint evaluations: a fair complaint procedure is easy to access, provides the complainant with some control over the disposition, is flexible, and is concluded in a convenient and timely manner.

Interactional justice - deals with interpersonal behaviour in the enactment of procedures and delivery of outcomes. Research reveals five potential factors that contribute to interactional justice: fair interpersonal treatment, polite, concern and honesty, provision of an explanation, and meaningful effort in resolving a conflict.

They believe that these three dimensions of justice lead to satisfaction, which in turn leads to repurchase intentions and positive word of mouth, or at least reduced negative word of mouth.

Davidow, M. (2000) researched six organizational response dimensions and directly related these to satisfaction, word of mouth, and repurchase. The six dimensions he investigated were: timeliness, facilitation, redress, apology, credibility and

attentiveness. By comparing the justice model with Davidow's six dimensions, we can see that Davidow's dimensions fit quite nicely into the three types of justice. Procedural justice is characterized by timeliness and facilitation. Distributive justice is characterized by redress. Interactional justice is characterized by attentiveness, apology and credibility. Davidow's expanded model (2003) shows the relationship clearly (see figure 3).

Figure 1: Post-Complaint Customer Behaviour Responses Model. Davidow, M., 2000. By permission.
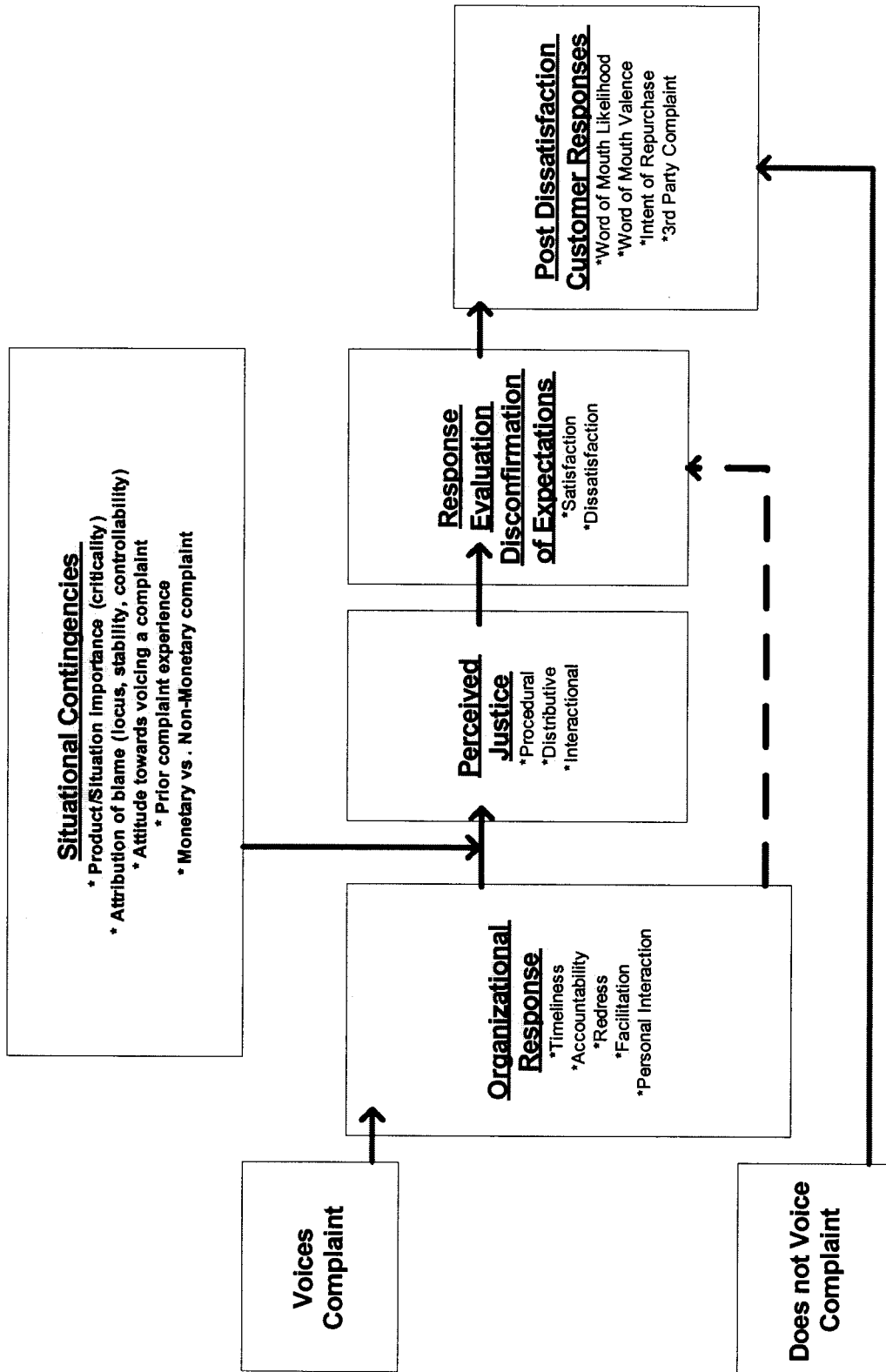
His six dimensions are useful because they give us specific areas of complaint management to improve. For example, facilitation describes the policies, procedures, and structures that are in place that make it possible for customers to complain. Using that definition of facilitation, we can develop specific tactics that can be used to improve facilitation such as providing a toll free number for complaints or making a user friendly complaint form. His dimensions also help us identify areas that CRM software could be useful.

4.2 Ideal Customer Complaint System

From our review, we believe an ideal customer complaint system should attract dissatisfied customers, evaluate the customer's profitability to an organization and then allow the company to recover the customer if desired. The following diagram shows the author's vision.

Figure 4: Ideal Customer Complaint System.
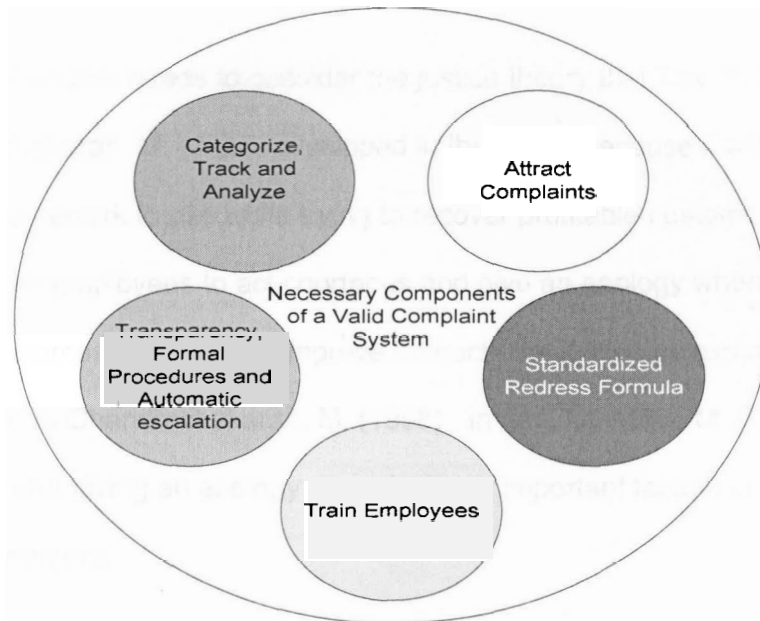
First, an ideal system needs to attract complaints because as Tax, S. S., & Brown, S. W. (1998) found 60% to 95% of dissatisfied customers do not complain, which makes it very difficult for companies to retain those customers. Attracting more complaints would, at least, give companies an opportunity to realize the benefits that Gupta, S., Lehmann, D. R., & Stuart, J. A. (2004) noted when they found that a 1% improvement in retention improves firm value by 5%. The Cognitive-Emotive process that Stephens, N. and Gwinner, K. P. (1998) developed demonstrated how complicated it is to get dissatisfied customers to complain and it should be considered when developing complaint solicitation tactics.

Second, an ideal system should be subject to a CLTV profitability equation similar to the one Ryals, L. (2002) described in his work because ultimately companies are in business to create profit. Such a calculation would also enable companies to learn which segments are unprofitable and it would help prevent potential customer fraud. It would also allow for standardised redress calculations, which would help complaining customers feel like they are being treated equally.

An ideal system needs to consider the justice theory that Tax, S. S., Brown, S. W. & Chandrashekaran, M. (1998) developed in their work because it will give the companies a framework to use while trying to recover profitable customers. Companies need to train their employees to act courteous and give an apology when warranted to complaining customers as a way to improve interactional justice as explained by Tax, S. S., Brown, S. W. & Chandrashekaran, M. (1998). In fact, Davidow, M. (2000) found that being attentive and giving an apology were the most important factors in recovering a dissatisfied customers.

The system should also be transparent, have formal procedures and offer automatic escalation as a way to increase the perception of procedural justice. Davidow, M. (2000) called this factor timeliness and facilitation. Offering clear and transparent procedures will give the complaining customer confidence in the system and the belief that the company is taking them seriously.

Finally, the system needs to be able to categorize, track and analyse complaints so that the organization can learn from its experiences and hopefully improve its services and products. Capturing data from complaints could quickly give a company an insight into which services and products are unpopular or unprofitable. Tracking complaints like a parcel is tracked with a courier would also give the perception of increased procedural justice as described by Tax, S. S., Brown, S. W. & Chandrashekaran, M. (1998).

4.3 CRM

4.3.1 CRM Defined

CRM has been a very popular business topic for the last few years. At this point, it may be useful to define what CRM is not.

- CRM is not a technology

- CRM is not a software application

- CRM is not data mining and making customized offers

- CRM is not the ability to have customer information available across an organization

In essence, CRM is the vision to continually improve the relationship with your customer, and the culture to execute this vision. CRM application, elaborate as they may be, are just a means to an end.

4.3.2 Key Aspects of the CRM Definition

The authors of this paper believe that CRM includes the following:

1.   Know your CUSTOMER, his or her needs, wants and motives

2.   Appreciate the length, width and depth of the RELATIONSHIP between the customer and your organization

3.   Proper MANAGEMENT of all interactions with the customer

For a CRM program to succeed, companies first need to create a customer strategy (Rigby, P. K., Reichheld, F. F. & Schefter, P. (2002)). Companies must start by determining which customers they want to build relationships with and which they don't. These variables allow companies to have different relationships with customers. Clearly some relationships are better then others. Companies may want to segment their customer base into groups, ranging from the most profitable to the least lucrative. Segmenting will help clarify the appropriate response: Invest to win back or grow profitable relationships; manage costs to make lower-margin segments worthwhile; or divest unattractive segments. Every customer has different needs and wants as well as different current and potential value.

5 PERSONAL INTERVIEWS

The authors conducted personal interviews to assess the state of CRM with a customer service representative and a customer service manager from a major Canadian bank. Press releases indicate that this bank bought and implemented a complete CRM system from a large CRM provider more than two years ago. According to Rigby et al. (2002) most CRM systems are implemented and functioning within a 24 month timeframe. The intent of this exploratory research was to compare the theories from the literature vis-à-vis the current practices at the organization in question.

5.1 Interviewee Background

Greg is a 26-year-old Vancouverite by birth who has worked at Bank X as a teller since he finished university four years ago. Greg wants to progress his career with Bank X and he takes his job quite seriously. Greg believes in treating people fairly and he prides himself in being courteous.

Jane is a 33 year old bank X employee who has worked in various positions during her eight year tenure. She is currently employed as branch customer service manager. The branch customer service manager is in charge of the complaint management process at the branch level. Previous to this role she was employed as a provincial customer service manger at Bank X. Provincial customer service managers field complaints that were not successfully resolved at the branch level. She believes in empowering her team of bank tellers to make the right decisions with respect customer complaints and is a self described complaint guru.

The following is a synopsis of the interviews Greg and Jane partook in.

5.2 Complaining Behaviour

Greg's and Jane's branch is in a middle class neighbourhood in Vancouver and he believes the client base is not skewed towards any particular demographic. Greg typically has 50 client interactions in a given eight-hour shift of which one or two are complaint related. These complaints may be coupled with another transaction such as a withdrawal. The most common types of complaints Greg encounters from clients are identification (e.g. "I shouldn't have to provide ID, I was in here three weeks ago") and service charge (e.g. "Why should I pay fees for a withdrawal") related. Greg has witnessed more complaints originate from older clients that have been customers of the bank for a long time. The number of complaints cited by Jane is one formal complaint per day for all tellers. Jane believes that most complaints originate from the queues often encountered by bank cliental. She typically receives 3 or 4 complaints per month on wait times. Jane sometimes feels frustrated with clients because "they don't mind waiting at the grocery store or The Bay, but most people hate to wait at the bank. I think this double standard exists because we are dealing with money."

Greg feels that his company; and more specifically, his branch welcome complaints. In spite of this receptive atmosphere for complaints, Greg believes that most people who are unhappy about some element of their banking experience do not complain. Greg listed the following reasons why clients might not complain:

- too lazy to complain

- do not have the confidence to complain

- have had bad experiences in the past complaining

- believe that bank service is inherently poor.

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Greg's response validates some of the antecedents in the cognitive-emotive process model of consumer-complaint behaviour (Stephens, N. & Gwinner, K. P. (1998)). For example, predictability (i.e. situational factor identified by Stephens, N. & Gwinner, K. P. (1998)) did have a role in the clients' behaviour (i.e. banks service is always poor, why should I complain).

Greg estimates that only 10% of unhappy clients take the effort to lodge a complaint. Based on this estimate and the aforementioned 1-2 complaints per shift, one can estimate that approximately 10-20% of all branch clients are unhappy. As noted in TARP (1986), our interview also reveals that only a very small percentage of customers who are dissatisfied complain. Jane also feels that most unhappy clients do not complain. She supports this claim by stating that most restaurant patrons do not complain when they are unhappy about a meal. When asked if a certain type of customer more likely to complain, Jane responded that the vast majority of complainers are aggressive, determined, and strong willed. She is unaware of any company initiatives to attract complaints beyond a toll free number. Clearly, Jane's response indicates that the current complaint management system does not attract a wide cross section of complaints from clients (such as complaints from the meek, undetermined, and weak willed).

When asked, "Do some people have unwarranted complaints?" the answer was a resounding, "yes." Greg cites the example of clients who complain when asked to present identification. Jane believes that unwarranted complaints come from 'chronic complainers'. She describes these people as "never being happy" in life and she feels that they are never satisfied with complaint resolution solutions. She estimates that 10% of people who complain to be chronic complainers. Our literature review did not mention the existence of this group of people.

According to Greg, most people have a purpose when they complain.

"Most people just want to be heard. They want to know that someone is willing to listen to them and that someone cares. Sometimes people want a form of monetary compensation. This usually happens when people are complaining about service fees or nominal charges on things like money orders. I usually do what I can for them."

5.3 Evaluation of customers

While reviewing the details of a customer's account, Greg's bank has made a dichotomous customer ranking scheme available to the customer service representative: VIP and non-VIP. It is not entirely clear to Greg why some clients are VIP and others are not. His best guess is that those clients who have a certain amount of assets are given the VIP designation. After some probing, Greg goes on to say that there is no way to determine the relative profitability of one VIP/non-VIP customer vis-à-vis another VIP/non-VIP customer. Greg says that he often spends a few moments reviewing the customer profile to determine how valuable a client is before proceeding with the transaction. The method he uses to determine client worth is unsystematic and therefore this evaluation system lacks procedural justice as noted by Tax et al. (1998). A well functioning CRM system would standardize the evaluation process. However, it is unclear to us if the bank is deliberately withholding detailed segmentation information from the customer service representatives. Perhaps additional customer information is made available to more senior employees.

Jane responded yes when asked, 'are some customers more valuable then others'? She describes three classes of valuable customers which include:

1.   Customers who are more profitable than other customers.

2.   Loyal customers who come into the bank regularly. These customers develop a rapport with the bank staff and are jovial people.

3.   Customers who refer a lot of people to the bank. Some customers are valuable because they have referred their entire family.

Jane and Greg were unsure how customer profitability was calculated.

5.4 Complaint Management - Using Customer Specific Information

Greg and Jane were asked to respond to the following scenario:

"Two clients have identical financial assets and liabilities with your bank. They both use the same products and services. One client pays bills and transfers money between accounts daily on the Internet while the other client does the same activities with a teller. One day, both clients come into the branch and complain about a money order fee and they each ask for a reversal. What would you do?"

Greg's response was, "I would probably reverse the charge for the guy who banks with tellers, because I assume I would recognize him. The other guy I am not so sure about."

Jane said she would wave the charge for the person she knew (the less profitable customer). According to her, both customers would be flagged as equally profitable. After further probing (and explaining that one customer is more costly to serve) our respondent indicates that perhaps something is being done about this 'corporately' but at the branch level, 'we don't look at customers that way'.

The reader should note that according to financial industry publications it is much more costly to bank with a teller compared to banking on the Internet. Greg's and Janes response to this scenario indicates that Bank X does not consider customer profitability when determining redress. Consistent with what we found in the literature review, our

interview also reveals that little has been done to apply customer value information to companies' complaint management.

5.5 Company Response

I then asked if complaints were handled differently depending on if a customer was a VIP client. Greg's response was, "It's really up to my discretion. Within my power, I can do certain things for clients, being a VIP is one of the things (criteria) I would consider. " Greg goes on to explain that how polite a customer is plays a big role in determining the type of service they will receive. As one can see from Greg's answer, the variability in response suggests a lack of procedural justice for clients. The perceived level of politeness should not determine the level of service a client receives.

With this statement in mind, I asked Greg, how is the amount of financial redress determined in a complaint resolution situation. Greg explained that there was no magic number that appeared on his screen and that it was left to his discretion within certain limits (Jane later explained that this limit was $50). If the client was unhappy with the level of redress, they would typically ask to speak to a manager or supervisor. Jane mentioned during her interview that at the branch level not many customers ask for monetary compensation (perhaps two clients in the last six months have asked for a nominal amount of compensation). Many customers just want to be heard. At the regional level, all customers want monetary compensation.

Greg indicated that supervisors occasionally overturned a teller's decision with respect to complaint resolution.

> "I think for the most part they want to set a good example. Managers have to lead by example. They can't give away the farm and they need to enforce the banks policies. It is not clear to me why some decisions are overturned.   I guess in some instances the squeaky wheel gets the grease."

When asked do you ever overturn decisions made by tellers, Jane's response was "Oh yah, I do but without making them look dumb." She explains that sometimes she restrains herself from jumping in when an incorrect decision has been made by a teller. After the customer leaves, she might have a discussion with the employee and asks "what could we have done differently to make the customer happy." However, bigger issues typically require immediate intervention.

This example of complaint resolution suggests that both procedural and distributive justice may be compromised in current procedures because of personal discretion systems.

My next question was with respect to the timeliness of complaint resolution. Greg and Jane responded that most complaints are resolved quickly, while the customer is in the bank. Occasionally, some complaints require a few days to resolve. In those instances, the teller typically calls the client to conclude the resolution. Tellers are allowed to apologize on behalf of the bank if the bank is at fault. When asked if this practice was introduced during a training session, Greg replied "I have had hardly any customer satisfaction training; mostly product training. They try to hire people who have good customer service skills. I guess it is assumed you will know what to do in most situations."

Jane described a very different company training policy. She said that all branch employees had completed complaint management training. Jane confirmed Greg's hunch that bank X hires individuals who will be able to facilitate complaints even though all new hires go on a two day course which includes a complaint management component.

5.6 Post Complaint

Greg admits that neither complaints nor post recovery satisfaction are measured in any systematic fashion at the branch level. In addition, his bank does maintain a customer satisfaction index, which is based on post transaction phone calls. Jane indicated that all complaints elevated to the regional level were categorized and tracked. We think that Bank X should modify its CRM application so it can track and categorize complaints at the branch level.

5.7 Final thoughts on the Interview

We believe the bank should capitalize on complaints by developing a system that categorizes, tracks, and analyzes complaints. This information could be used to tailor future product offerings. On a similar note, post recovery satisfaction data could help Bank X evaluate their complaint resolution efforts. Finally, the interviewees did not seem to appreciate the value of attracting complaints.

5.8 Interviews Summary

Figure 5: Bank X Complaint System Compared to Ideal Customer Complaint System.
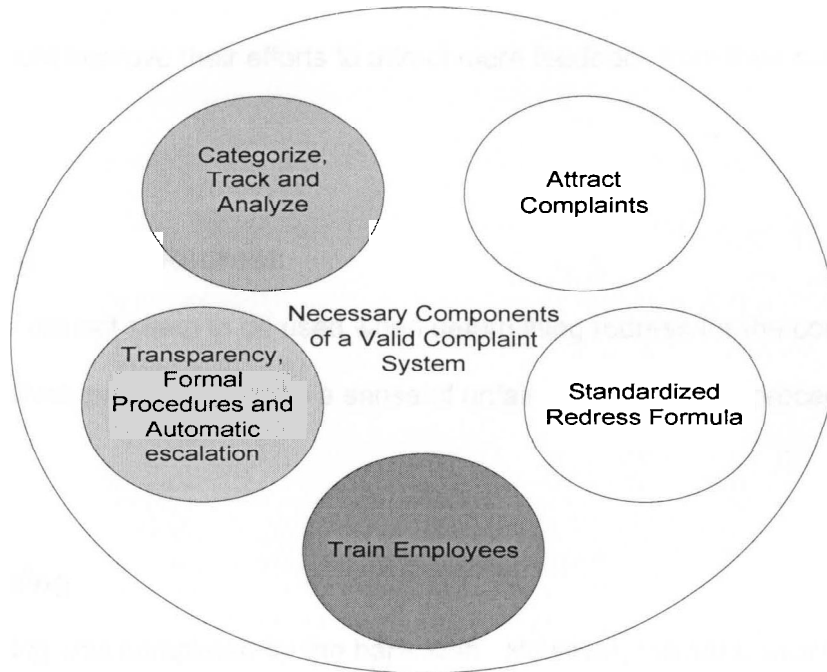
5.8.1 Categorize, Track and Analyze

The interviewees demonstrated that their bank recorded complaints and that it compiled them on a regional level but it was limited to recording the complainers that are forceful enough to escalate the complaint to the next level. However, there was little mention of how the complaints were analyzed or used for organizational learning.

5.8.2 Transparency, Formal Procedures and Automatic escalation

Bank X has a fairly transparent escalation system and it seems that the regional managers have a number of procedures to follow while dealing with complaints.

5.8.3 Attract Complaints

Interestingly, both interviewees mentioned that only a small percentage of dissatisfied customers complain, but they did not seem interested in that fact. Certainly, their bank could improve their efforts to attract more feedback from their customers.

5.8.4 Standardized Redress

CLTV did not seem to be used when determining redress for the complaining customers, which probably leads to a sense of unfair distributive and procedural justice with banks.

5.8.5 Training

Training was completed by the bank staff. However, the bank seems to rely mostly on their hiring skills to ensure the quality of complaint handling.

6 ORACLE ISUPPORT 11I

Information concerning Oracle's product offering was taken from Oracle's Canadian website, www.oracle.com, on the advice of Mr. Ali X. He referred us to Oracle's website because he refused to discuss their product offerings with MBA students. As a result we were forced to analyse two videos from Oracle's website and one spec sheet for Oracle iSupport 11i.

6.1 History of Oracle

Oracle was founded in 1977 as a relational database company. Since then it has grown to a company with over 40,000 employees and revenues exceeding 10 billion US dollars. Its primary business remains database and file management software, but it has expanding into developing applications for the information in the databases (hoovers.com). Other notable business units include customer relationship software, business intelligence software and marketing and sales software. It is a recognized world leader in data management and Oracle's website claims that its technology can be found in 98 of the Fortune 100 companies (Oracle.com).

6.2 The Promises

Oracle iSupport 11i promises to increase customer satisfaction by enabling the customer to solve many of their own problems. It is a self-service module that suggests that customer satisfaction will increase if the customer can solve his or her inquiry quickly. It also stresses that less time will be used by a company's service staff because the customers who need service will be able to solve their own problems.

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6.3 The Offering

Oracle's product offering addresses two of the areas that were identified in the literature search as important components of a complaint management system.

Figure 6: Oracle's Product Offering Compared to Ideal System.
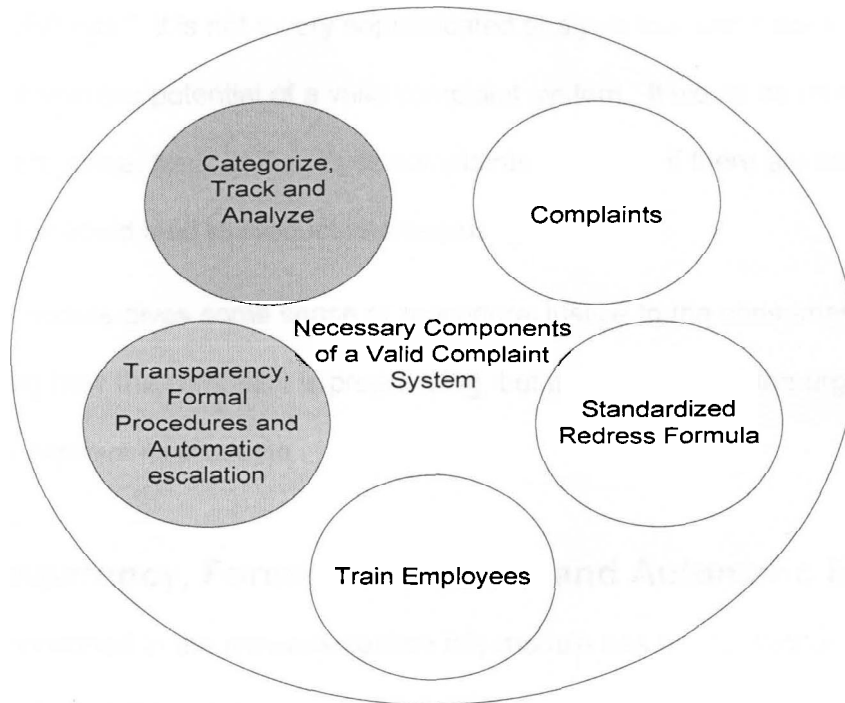
6.4 Categorize, Track and Analyze

This module has the ability to categorize and track but it does not have the ability to analyze well. It can track complaints and it can allow the customer to view the progress of the complaint by showing the most recent action taken related to the complaint. It also has the ability to categorize the information as long as it is entered into a template. The critical aspect of this is that the template must be designed correctly and that could be a potential source of dissatisfaction. It is quite feasible that the wrong information could be recorded due to a poor template, which could be the result of labour inadequacy.

The analysis capability is limited to ranking the self service solution that was most useful for previous readers. That type of system is commonly used by software providers. Generally customers are given a block of text that explains a potential solution for their problem and then they are asked to rank the usefulness of the text. Finally, the programme calculates the cumulative per user ranking and then lists them in order of "usefulness." It is not a very sophisticated analysis tool and it does not address the important learning potential of a valid complaint system. It would be much better if they could categorize, track and analyse complaints to realise if there are common complaints that could lead to product improvements.

This module gives some sense of procedural justice to the consumer by demonstrating how the complaint is progressing, but it does not help the organization learn how to improve its products.

6.5 Transparency, Formal Procedures and Automatic Escalation

As mentioned in the previous section this module has an element of transparency in that the customer can view how the complaint is progressing online but it does not define formal procedures that need to be followed nor does it have an escalation option. It seems that these procedures could be built into a system based on the templates. However, the templates would have to be designed effectively in order to get a valid system.

6.6 Attract Complaints

There was nothing in this module to make it easier for customers to complain. There were three basic data entry modes, telephone, online and in-person, which does not address the traditional problem of getting the large number of dissatisfied customers, which Tax, S. S., & Brown, S. W. (1998) found in their work, whom are uncomfortable

complaining to express their dissatisfaction. This type of self-service on-line system will not help companies reach most of their dissatisfied customers.

6.7 Standardized Redress

Though Oracle's financial services website video explained how important it was to have metrics for profitability, it did not explain how those metrics were built into this system. In fact it did not even mention how the customer's calculation could be used (Customer Profitability, 2004).

6.8 Training

Training is obviously important because of the complicated nature of effective complaint resolution, but not surprisingly it was not addressed by Oracle. It is probably unfair to judge Oracle by their lack of training, but they could have at least mentioned how important it is to offer interactional justice while resolving complaints.

6.9 Expectations Not Met

Overall Oracle's product offering seems to suggest that resolving a complaint quickly is the most important aspect of a service module. They stress that their system can recognize solutions that work and present them to customers in a bid to decrease the amount of contact the proposed company's staff have with their complaining customers. Furthermore they stress the self-service aspect of their modules which would not help resolve the interactional aspect of complaint resolution. In essence, Oracle believes that customers should be put through the system as quickly as possible to reduce the amount of wasted time the proposed company uses for any given solution. Oracle's modules will not provide a total solution and in fact they will only hide the problems quickly.

6.10 Can the Customer Be Satisfied?

After reviewing what the interviewees are doing and value and what Oracle is offering, it seems that any CRM service module purchased would not be satisfactory because the five areas that were identified in the literature review were not addressed. Both Oracle and the interviewees seem to believe that resolving the complaint quickly is the most important aspect of complaint resolution and both of their systems are built to minimize the contact time with the complaining customer. There seems to be a lack of appreciation for attracting complaints and for learning from them. Without such a disposition it is unlikely that customers will ever feel that they are receiving justice while complaining at Bank X.

7 FUTURE RESEARCH

There seems to be a substantial difference between what the academic research identifies as important components of a consumer complaint resolution system and what the frontline staff believes is a valid system and what Oracle is offering as a solution. Therefore, we believe that descriptive research needs to be completed into the possible lack of understanding and/or knowledge of the academic research. The lack of improvement from CRM service modules may simply come from ignorance about customer complaint resolution, which would have implications for training and expectations about the potential benefits of CRM service modules.

7.1 Information Desired

It would be impossible for companies to be satisfied with CRM complaint resolution systems unless they have a clear understanding of what the system will offer and how it will fit into the overall solution. Therefore, the exact level of knowledge of a complete complaint management system should be broadly assessed.

7.1.1 Inquiry 1: Employees and CRM providers do not appreciate the importance of attracting complaints

Through the literature review it became obvious that a very important aspect of any successful complaint resolution system must attract complaints. Yet, throughout all of our analysis it was rarely stressed as important. It would be useful to identify how important attracting complaints are to employees.

7.1.2 Inquiry 2: Companies do not value receiving complaints.

Related to inquiry 1, receiving complaints was not rewarded and it was often seen as a negative, which may explain why employees do not appreciate the importance of attracting complaints.

By combining inquiry 1 and inquiry 2 one may be able to explain why companies do not actively attract complaints well, which may explain why overall satisfaction levels have not increased with the advent of electronic complaint management systems.

7.1.3 Inquiry 3: Handling a complaint quickly is more highly valued than other aspects of complaint resolution.

Though handling a complaint quickly is important, the literature review showed that it was not the only important aspect for post complaint satisfaction. Other important areas are the politeness of the staff and how transparent the solution is. By identifying how employees value different aspects of the process we could identify areas of a company's solution that need to be improved.

7.2 Descriptive Research

An indirect structured questionnaire should be used to assess the knowledge level and and/or understanding of the staff with regard to customer complaint resolution. As the survey is intended to discover the level of understanding it should remain indirect because the respondents may not want to complete it if they feel like their knowledge is being assessed.

The unit of analysis would be the knowledge and understanding level of complaint resolution.

We propose to complete an online survey with a target population of 100 employees because it would give a sufficient sample for analysis. The survey should be administered through a web survey service such as SurveyMonkey.com. That type of survey is very inexpensive and all of the information collected can be downloaded into excel spread sheets for data purification. Once in an excel spread sheet the data can be moved to statistical programs such as SPSS or SAS for analysis.

8 DISCUSSION & CONCLUSION

With the advent of vast data-warehouses and increased computing power it should be possible to track, analyze and learn as an organization at a very rapid pace. However, many attempts to do this have lead to dissatisfactory results, which we believe are at least partially a result of a lack of fundamental understanding of how the overall system should work. In the case of complaint resolution, we have found that the system in place at Bank X lacks in two areas, attracting complaints and learning from complaints, which the literature review identified as important for a successful complaint resolution system. Furthermore, Oracle's service module would only make the system process the complaints faster. Purchasing such a CRM system would not improve Bank X's customer satisfaction because both the CRM system and the system at the Bank are not the optimal systems. A deep understanding of what an ideal system would be should always be identified before proceeding with the purchase of a CRM system.

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