

CUSTOMER SERVICE

## Fending Off Consumer Rage

*Most don't want their money back, just to be heard*

IN A RECENT SURVEY OF CUSTOMER SERVICE among a field of industries, financial services distinguished itself by making customers consistently angrier than any other industry. The Customer Care Alliance survey sought information about an individual's worst customer service experience, and when that experience involved a financial services firm, 100 percent of respondents admitted feeling "rage."

The CCA is a Virginia-based consortium of three customer service firms, which partnered with the Center for Services Leadership at the W.P. Carey School of Business at Arizona State University to conduct the study. CCA defines "rage" as being either extremely or very upset.

Scott Broetzmann, president of CCA and president of Customer Care Management and Consulting, says the survey of 1,000 people is intended to answer two broad questions: Does the billions of dollars spent on complaint handling technologies translate into brand loyalty? Is customer rage, popularized by occasionally bizarre road rage or air rage news stories, common or rare?

"Is customer rage just a once in a while crazy customer who forces the plane to land in Maine? Or is customer rage in fact part of the everyday fabric of business?" Broetzmann asks rhetorically. "The study makes clear that rage is an everyday cultural event that employees must be prepared to cope with."

And if this survey is any guide, banks must improve their coping skills significantly. Some 59 percent of respondents say they would not return to the bank, above the

survey average of all industries. What's more, 19 percent of respondents wanted to extract some kind of "revenge" from the institution, again well above the average. Professor Mary Jo Bitner, academic director at the Arizona State center, says that clearly "when a problem involves people's money, it's really important to them, and if there's a problem, they're going to be pretty upset. Overall, the revenge number was 11 percent, which indicates that people put a lot of trust in financial services firms and they depend on them. It's not like getting the wrong color shoes."

What is both encouraging and discouraging for bank executives is that while respondents who cited financial services firms typically wanted non-monetary solutions to their problems—such as an explanation (84 percent), an apology (58 percent) and assurance it wouldn't happen again (84 percent)—banks and other financial institutions were consistently unable to provide even these.

"The takeaway for financial institutions is that the percentage of people who wanted money back was actually lower than average," says Bitner. "People just want to be heard and they want an explanation. Yet only 11 percent of individuals dealing with financial services problems were satisfied with the results. Across all industries, 56 percent of respondents said they received nothing."

Adding to the frustration was the time needed to resolve problems. In fact, 61 percent said the problem resulted in a loss of time, while only 25 percent said the problem resulted

## Pipeline

### LENDERS PESSIMISTIC ON LOAN DEMAND

For the second quarter in a row, lenders' expectations for domestic loan demand dropped, according to Phoenix Management Services' quarterly survey on the lending climate in America. Only 32 percent of the 99 lenders responding to the survey expect corporate lending demand to rise, down markedly from the 55 percent who said the same the previous quarter. More than half of lenders (56 percent) predicted that loan demand for middle market and small business customers would rise, down from 70 percent the previous quarter. The most attractive industries to lenders were the same three that have topped the list for more than two years—light manufacturing (72 percent), industrial distribution (68 percent) and service companies (68 percent). But both light manufacturing and industrial distribution suffered sharp declines in enthusiasm from the previous quarter. Start-ups/new ventures were deemed the least attractive industry to lend to, with 60 percent naming them unattractive. Most lenders reported plans to maintain their existing loan structures, although there was an increase in the percentage of lenders who said they planned to tighten their current loan structures. A majority of lenders also reported plans to maintain their interest rate spread and fee structures on similar credit quality loans, but 15 percent, averaged across all size loans, said their institutions planned to reduce them.

### BIG BANKS LEAD ON-LINE PACK

Wells Fargo leads Watchfire GómezPro's Q4 2004 On-line Banker Scorecard for overall banking, followed by Bank of America, Citibank, E\*Trade and Huntington Bank, respectively. Released bi-annually, the scorecards capture how customers use financial services Web sites by measuring how well the sites facilitate the completion of specific user tasks. In addition to winning overall best Web site, Wells Fargo claimed the top spot in the privacy and security category. Bank of America took second place for overall best score with a site that balances functionality and ease of use, the analyst says. BofA was the only bank to finish in the top 10 for all categories and tasks.

in the loss of money. A big culprit in this, surmises Broetzmann, is banks' call-center technology, which institutions have aggressively rolled out since the 1980s. The result is what is known as ping-pong—sending customers through a continual maze of phone menus. According to the survey, the average number of contacts a person made at a financial institution to resolve a problem was 5.5, well above average. Only the telephone industry itself was higher, at 5.6.

"Customer care technologies

have created barriers to human beings at the companies who could solve the problem faster," Broetzmann says. Across all industries, 41 percent of those who only needed one contact to resolve a problem were satisfied. That percent drops to 29 percent if it took two contacts, and for three or more contacts the satisfaction percentage was just six. "A lot is going right at financial firms," says Broetzmann. "When it comes to customer care, if you've got a problem, forget it. It doesn't look like it's working at all."

—Michael Sisk