



Customer service and complaints

Dealing with complaints in your business

It costs much less to keep an existing customer than to win a new customer, so retaining existing customers is more profitable for business.

Providing good customer service is not as hard or as costly as you may think. You don't need to do a business course or send your staff away for lengthy training. This page contains some simple guidelines to help business owners and managers establish their own policies and systems to resolve customer complaints effectively.

What good customer service means

Good service builds customer loyalty

If a company has effective customer complaints systems in place, many of those customers with questions or problems can be retained. Satisfied complainants can be nearly as, or even more loyal than, customers who did not have a problem.

Mediocre service drives customers away

Even if things do not go badly, research suggests that some customers will still leave because they are not totally satisfied with the service.

Poor service drives customers away

And they will not always come back and give you the chance to put it right. Often you will be the last person to hear about your customer's problem. Many New Zealanders will not bother to complain to the business concerned. They will talk to their friends and 'talk' with their feet by taking their custom elsewhere. Even if they do complain to you, you could still lose a number of these customers after only their first complaint.

Negative word of mouth is spread and believed at twice the rate of positive word of mouth. And social media such as Facebook and Twitter allow people to share consumer experiences - both positive and negative - straight away.

Things customers say they value highly include:

- having a problem fixed first time, and on time
- having confidence that you know what you are doing
- not being blamed for the problem
- showing concern for their situation
- being kept informed of progress
- being advised what they can do to help avoid the problem recurring.

Handling complaints

Examples of poor complaint handling which we have seen include:

- not having any way for customers to make their complaints to you
- not having a system to record complaints
- failing to acknowledge there is a problem
- not taking responsibility for the problem, and repeatedly giving the customer the run-around by making them deal with other staff
- blaming the customer for the problem, or saying no-one else has complained
- lack of knowledge of the problem
- lack of knowledge of consumer law
- taking too long to respond
- having staff with no authority to make decisions to help the customer
- offering no solution or offering a solution which is unlikely to resolve the problem
- promising to contact the customer and not doing so.

Customers are looking for their problem to be easy to report, acknowledged and dealt with quickly, sensitively, and fairly.

The following checklists include ideas to help achieve the above principles and to help you develop good complaints handling systems.

Reporting the problem

Ensure that your contact details are readily available to customers – eg, in the Yellow Pages of the telephone book.

When the problem is reported

- Thank the customer for bringing the problem to your attention.
- Treat the customer with empathy, courtesy, patience, honesty and fairness.
- Speak to the customer in person, and do not rely solely on written complaints, or records of conversations.
- Show the customer that you clearly understand their problem by listening and taking notes.
- Ask questions to clarify the situation.
- Do not jump to conclusions, apportion blame, or become defensive.
- Summarise back to the customer your understanding of the problem.
- Respond to the problem quickly, tell the customer how it will be handled and tell them when they can expect a response.

Solving the problem

- Tell the customer you are taking responsibility for dealing with the problem.
- Familiarise yourself with any background information. This could include checking internal records, speaking to staff and checking how this compares with the customer's version of events.
- Be solution-focused by involving the customer in this process.
- Make sure the customer is happy with the proposed solution before going ahead.
- Ensure that the solution meets any legal obligations. If the customer is asking for more than their legal right and you feel they are making an unrealistic demand, explain what the law says. You could refer them to this website or the Citizens Advice Bureau to check on their legal rights.
- Where there are no legal obligations, offer a solution that in the circumstances best meets the needs of your business. For example, if the law says a customer is entitled to a repair, you may be willing to offer a replacement if that is what the customer wants. The cost of satisfying the customer is likely to be less than the cost of losing them.
- Make sure you do what you promised to do, and don't delay – quick action will keep customers happy, but stalling and delays will lose customers. If there is going to be a delay, tell the customer.
- Tell the customer what your business will do to prevent the problem from happening again.

Following up after the problem

- Keep a record of the complaint, and what you have agreed with the customer.
- Invite the customer to inform you promptly if they are not satisfied.
- Keep a record of all problems and complaints raised.
- Use these records to help you evaluate your complaints handling systems. They can help you identify recurring problems with particular goods you sell or services you offer.
- Check how well and how quickly your staff are handling complaints. Use the information to decide
 - do I have an adequate way of handling each type of complaint?
 - do staff know what our policy is for handling the different types of complaint?
 - what training do staff need?
 - do staff need better information about the product?
 - should I be stocking this brand?

Making repairs

Having good systems in place ensures repairs are carried out correctly, within a reasonable time, and that the customer is kept informed. This is essential to ensuring the customer has confidence in your work.

Checklist

This checklist can be used in a wide range of industries and situations where repairs are carried out:

- Demonstrate that you understand the problem and respect a need for urgency.
- Confirm and explain to the customer in plain language the cause of the problem, and the repair work you will carry out.

- Advise the customer of the shortest time it will take to fix the problem, and confirm that this is acceptable to the customer
- Advise the customer of the cost to fix the problem if the customer is not entitled under law to a free repair. Providing a written quote or estimate could eliminate disputes over the price at a later date.
- Gain the customer's approval before you begin fixing the problem, to ensure there are no misunderstandings.
- Don't argue with the customer over the cause of the problem.
- Take responsibility for investigating and fixing the problem. If you believe that misuse is the cause of the problem, take steps to investigate it.
- Make all reasonable attempts to do what you say you're going to do.
- Notify the customer if there are any changes to the agreed repairs or additional work is required. Remember if you carry out unauthorised work, the customer may not have to pay for this.
- Ensure you have the customer's contact details so you can contact them easily if necessary.
- Advise the customer when the repair is completed.
- Provide the customer with a record of the repair work.
- Where appropriate, explain what you have done to remove the problem and prevent it recurring and ensure the customer has a manual or instructions for using the appliance.
- Invite the customer to contact you promptly if the repair is not working as they expected.

Developing a complaints policy

[For information on how to develop a complaints policy in your business, visit this section.](#)