

# Complaints

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## Dealing with customers

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It may be hard to believe, but customer complaints are one of the best opportunities you have to keep your customers loyal. Your most dissatisfied customers can actually become your best ambassadors – if their complaints are handled properly.

### How do I set up effective complaint handling policy and procedures?

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Consider the following:

- involve your staff in developing your policy and procedures
- think of all the possible things that could happen and work out potential solutions
- establish a policy and procedures manual
- record your policy and procedures, circulate to staff and train them
- let your customers know they can provide feedback or make a complaint
- clearly publicising your contact details
- keep a record of all formal complaints
- make sure your internal systems can cope with the policy and that your staff act promptly to resolve customer complaints
- monitor your policy and procedures to make sure they're working effectively
- regularly review your manual and update as necessary.

### How do I deal with unhappy customers?

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The following steps will help you and your staff deal with disgruntled customers:

- **Listen.** Understand exactly what the problem is and let the customer know they have your full attention.
- **Acknowledge the problem.** Complaining can be difficult. Being sympathetic and calm will help alleviate the customer's stress.
- **Address the customer's needs.** Tell the customer you want to help improve the situation. Ask how they would like to proceed.
- **Communicate honestly.** Decide what can be done to fix the problem and tell them.
- **Follow-up.** Contact the customer within an agreed time-frame to make sure the problem was resolved.

## Fair Trading complaint handling service

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If a customer is still unhappy, they can reach out to NSW Fair Trading for assistance. Fair Trading provides information and assistance in negotiating a resolution and will usually contact your business by phone and attempt to sort out the problem.

## What are the facts about complaints?

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The facts are that:

- 73 percent of people will tell you if they are dissatisfied
- 48 percent of the most serious problems are sales and delivery related
- 52 percent of those who don't complain believed it wouldn't help to contact you.

But it doesn't stop there. The most disturbing facts are:

- 66 percent of those who complain are not satisfied with the way their complaint was handled
- 90 percent of those who are dissatisfied will not purchase from you again
- each dissatisfied complainant is likely to tell nine others of their bad experience.

The simple fact is, you are pushing profits out the door if you don't have an effective complaint handling policy, or staff who are not trained to handle complaints.

## Why should my business welcome complaints?

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For every one dissatisfied customer whose complaint you handle well:

- 83 percent will become loyal
- they will recommend you to **five** others.

By being able to identify any problems that are causing complaints, you have an opportunity to reduce the time and effort spent fixing them, as well as gaining a clearer picture of other ways to improve your business.

It's also worth asking for suggestions and compliments as well as complaints.

## How do I make sure customers are satisfied?

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### **Customer satisfaction formula**

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Doing the job right the first time + Effective customer contact handling = Increased customer satisfaction/brand loyalty

There are many benefits from welcoming complaints and handling them well. They include:

- fewer mistakes, less time spent fixing them
- improved product quality

- better understanding of customers' needs
- happier customers
- greater customer loyalty
- more customers through word-of-mouth advertising
- better understanding of your business
- less time and money spent attracting customers
- improved business reputation
- more repeat business
- a healthier bottom line.

US marketing guru, Jim Rosenfield said that an ageing population would make it crucial for marketers to retain existing customers; "Everyone knows that it is cheaper to retain a customer than to get a new one."

### **What if there are no complaints?**

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You might be receiving complaints but without any formal system of recording complaints they may not be properly addressed or communicated to management. Just because you're not receiving them doesn't mean your customers are satisfied.

### **Case study – Complaints. What complaints?**

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The management of a large retail chain believed it had very few complaints. Head office had no central system for recording and handling complaints and relied on information from individual store managers.

Head office management was unhappy to hear from NSW Fair Trading that it had received a significant number of complaints against the business over a period of three months. Without formal complaint records within the company, there was no opportunity to fix and prevent complaints from occurring in the future. Now the business has set up a centralised complaint handling system and has begun to train staff.

[Prev](#) Building customer relationships

[Next](#) Customer service guide

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<https://www.fairtrading.nsw.gov.au/trades-and-businesses/business-essentials/dealing-with-customers/complaints>

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