

COMPLAINTS OUTLOOK 2022

It's emotional

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HUNTSWOOD



FOREWORD

I'm delighted to introduce the latest instalment of our Complaints Outlook series, which is a product of Huntswood's market-leading, original research into the complaints landscape. We again focus on the emotional experience of customers engaging in the end-to-end complaints journeys of organisations across financial services and utilities.

Despite the success of last year's report, we felt there was more depth to explore, and more to discover. With this in mind, we've committed this year to a deeper understanding of firms, front line staff and consumers, which has in turn resulted in deeper insight into the emotions displayed by customers, and what these mean to your firm.

This year, our leap forward in terms of insight includes a focus on how valued customers are made to feel by the firms they complain to. We have been able to map the emotional signatures of customers who feel valued and unvalued in order to form strong predictors of their propensity to continue - or cease - being a customer of your firm. Understanding the process elements which promote retention (and exactly how they do this) creates an immense opportunity for firms to make focused and proportionate changes which have already been proven effective.

After more than two years spent processing the emotions we endured during the COVID-19 pandemic, it's understandable that we are now feeling more attuned to our emotions, whether they derive from our experiences, our interactions or our treatment of others (and their treatment of us). This has not only become clear in circumstances such as being disconnected from our families, but in our everyday interactions, including with the companies we choose to connect with. Customers are becoming more aware of what they should expect from these connections, and are also attuned to the awareness of those around them - be it social media, what companies in other areas of their lives are doing, or what family and friends are talking about.

Perhaps customers are attaching a different value equation to their lives, with shifting expectations around how they would like to be valued in exchange for their hard-earned custom? This is something companies should investigate, embrace and challenge themselves to understand. Thankfully, what we see in the report demonstrates this principle in action across much of the industry.

It's an honour for Huntswood to be able to utilise its insight and expertise to help organisations see complaints in a new light. I hope you enjoy the insight we have presented in the following pages, as much we enjoyed producing it. Let's learn from our increased understanding of emotions and use the difficulties of the last two years to inform our future.

Remember, it's emotional!



LUCY GILLY
COMMERCIAL DIRECTOR
HUNTSWOOD



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COMPLAINTS LANDSCAPE

THE TRANSFORMATIONAL IMPACT OF A GLOBAL PANDEMIC IS EVIDENT ACROSS INDUSTRY. CUSTOMER NEEDS AND EXPECTATIONS HAVE EVOLVED AND THE WAYS IN WHICH ORGANISATIONS ARE EXPECTED TO SUPPORT THEM CONTINUE TO CHANGE.

Complaints has been no different; whilst overall volumes continued to reduce through ongoing national lockdowns in 2021 to the lowest levels recorded since 2016, firms' wider operational needs have challenged complaints functions, as organisations have pulled together to get through unprecedented levels of customer contact.

As complaint volumes have begun to rise alongside the gradual 'reopening' of society, many organisations are now looking to define the 'new normal' and what it means for the complaints landscape in 2022 and beyond.

The Complaints Outlook 2022 aims to support firms with the insight to plan for this new normal, making positive and forward-looking change.

COMPLAINTS THEMES FOR 2022

These are the most prevalent themes that our participants and wider industry are focused on in the coming year.

ECONOMIC IMPACTS

The impact of the pandemic and recent geopolitical factors means that we are heading into a period of substantial economic uncertainty. Energy and fuel prices are soaring as the energy price cap alone increased by an average of £700 per year, with further rises likely in the Autumn. This, along with general rises in food and household goods, means inflation is set to reach its highest levels since the 1980s, and with wage growth lagging behind, UK households face their biggest decline in living standards for a generation.

This all equates to more widespread financial pressure for customers, many of whom have experienced financial difficulty through the pandemic and are increasing in their propensity to complain about service issues and value as a result.

COMPLAINTS TRENDS

Firms will need a clear view on their policy and approach to resolving higher volumes of dissatisfaction expected to be driven by growing cost pressures for customers. An example is how organisations identify and resolve disputes driven solely by price, as opposed to more material, service-related issues.

Financial support and collections operations have scaled at pace to meet customer needs over the last 18 months and will continue to be critical infrastructure in supporting customers and small-to-medium enterprises (SMEs) as economic impacts continue to bite. If, as predicted, levels of financial hardship become more widespread, pressure on organisations' approach to financial support is likely to continue driving this as a dissatisfaction and complaints theme through 2022.

The increased prevalence of fraud and evolving nature of scams affecting consumers is an industry-wide challenge that is driving customer contact and resulting in higher volumes of complex complaints. These emerging complaint types will require policy decisions and revised customer treatment strategies to ensure fair outcomes and a positive experience is consistently delivered to customers.

Substantial borrowing in the SME market through the pandemic and rising debt levels through 2021 is likely to drive several complaints themes within this population. Servicing issues for a large customer base, continued financial support required through the recovery period and ongoing strengthening of financial crime controls are likely to remain challenges for firms through 2022.

WAYS OF WORKING

Having established remote and hybrid working complaints operations through necessity, organisations are now assessing the opportunity to more permanently adjust ways of working to provide greater flexibility to colleagues and gain access to a wider talent pool outside of traditional regions. Key developments on the approach to recruitment, onboarding, training and ongoing support for colleagues are expected within many complaints teams seeking to adopt this model through 2022.

This is a double-edged sword which poses the challenge of attrition as a running theme through 2022. This is due to more competition in the market for complaints talent, paired with the increased choice for complaints handlers afforded by more permanent home working and hybrid models.

Therefore, how firms seek to formalise and balance their ways of working with talent strategy will have knock-on implications as far as capacity and competence within complaints teams are concerned.

DIGITAL

Building increased digital touchpoints into the complaints journey and allowing customers to self-serve on less complex issues or updates is a continued opportunity which we see firms seeking to drive benefit from this year.

Many of our participating firms see changing or modifying complaints platforms as a crucial gateway to improving the capture and visibility of customer data through the complaints journey, along with the automation of simple but important complaints processes to drive efficiency.

Along with technology driving operating model improvements, our participants are also seeking to increase operational handling efficiency by re-organising teams and processes that deal with complaints at first point of contact to drive improvements in these measures.

CUSTOMER EXPERIENCE

Achieving the right balance between improving the standard of complaints handling whilst achieving the previously mentioned efficiency gains is another area that participants see further opportunity in 2022. The ability to simplify the complaints journey across channels to create improvements in customer experience, satisfaction and Net Promoter Score (NPS) is a priority for several organisations.

This includes a focus on driving effective root cause analysis (RCA) to enhance wider customer journeys to remove the causes of complaints.

REGULATION

Proposed rules outlining a new Consumer Duty is a common theme amongst our financial services participants when outlining focus areas for the coming year. In particular, they are preparing for its impact on their approach to complaints, as well as understanding if the wider customer principles lead to increased levels of complaint activity.

INTRODUCTION

A RUNNING THEME THROUGH OUR COMPLAINTS OUTLOOK RESEARCH IS THE OPPORTUNITY THAT COMPLAINTS REPRESENT TO BUILD RELATIONSHIPS AND ADVOCACY WITH YOUR CUSTOMERS.

This critical touch point can hold benefits for organisations when managed well, but conversely, if it is managed poorly, the negative impact can be significant.

We have previously built the business case outlining the customer, commercial and conduct benefits of an operating model that focuses on retention and advocacy - therein lie opportunities to create 'moments of truth' with customers.

In our 2021 research we identified the highly emotional nature of the complaints journey for customers. We demonstrated stark differences in customers' emotional journey, as well as the subsequent impacts on retention, which depend on how effectively different stages of the process were handled by organisations.

This allowed us to identify key focus areas for firms to improve their customers' experience and emotions through the complaints journey, with associated benefits of retention and customer advocacy.

Last year's findings on emotions have heavily influenced this year's approach. We have been able to produce more powerful insight through statistical analysis on the specific customer emotions that firms encounter through their complaint journeys. In turn, we have reached detailed conclusions and delivered practical recommendations to help firms continue to maintain complaints excellence.

SHOW ME I'M VALUED

Six key themes that impact on a customer's experience and their future relationship with a firm were identified in 2021. Our research showed that when executed effectively, these themes resulted in positive customer experiences and customers feeling valued throughout their complaints journey.

Using data-driven research and analysis, our 2022 report interrogates these themes further. We have identified those themes which are the most important to get right to ensure customers feel valued and how organisations can focus their efforts on improving their complaints approach to achieve this.

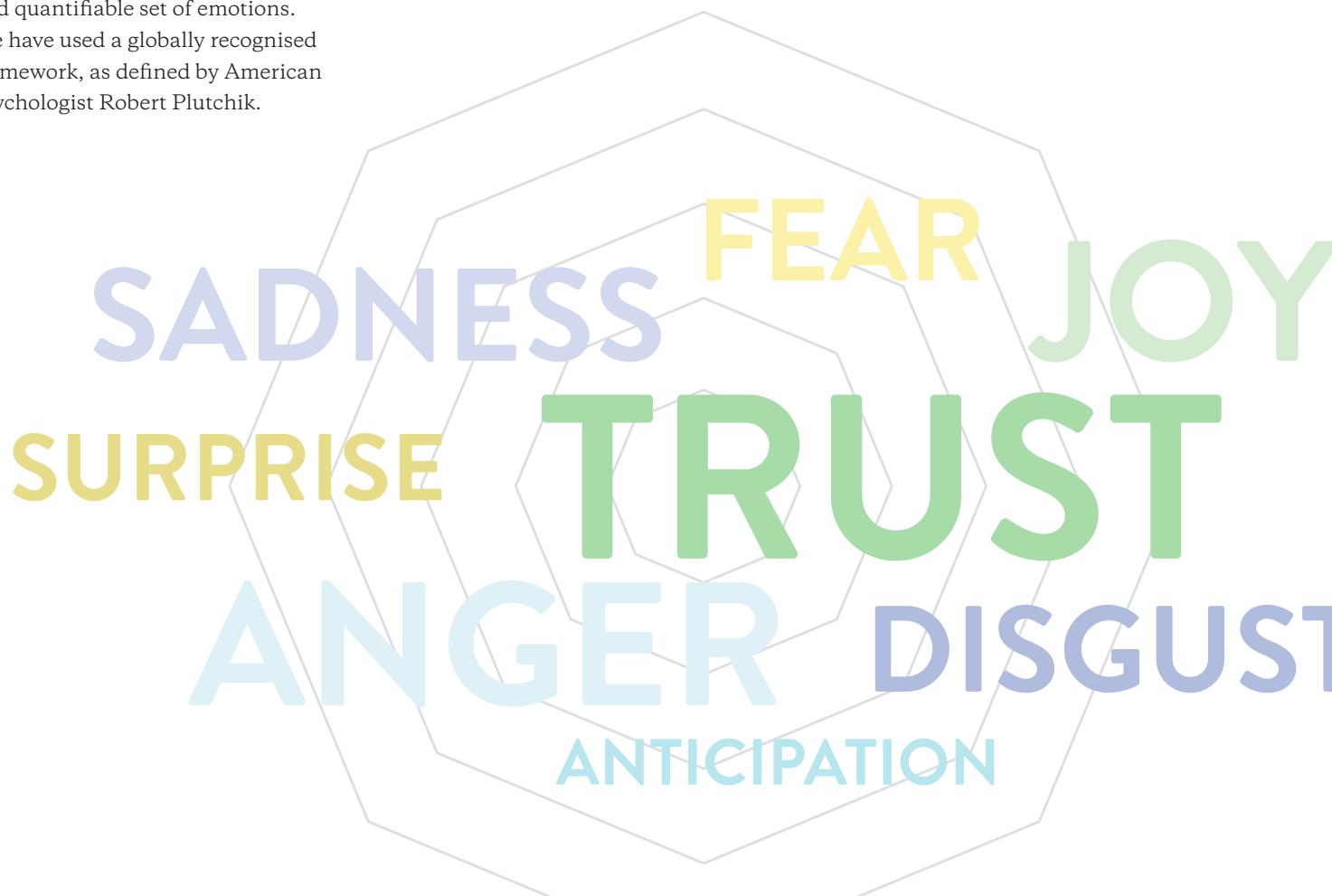
The data clearly indicates that making customers feel valued while resolving their complaint has the most powerful impact on customer experience and, ultimately, retention.

IT'S EMOTIONAL

Delivering an emotionally engaging experience leads to customers feeling valued. Therefore, last year's research began to explore the emotions that customers felt throughout the complaints journey. This was typically defined on a scale of 'happy' to 'unhappy'.

This year, we take our analysis to the next level by interrogating customer emotions over the course of their complaints journey using a rigorous and quantifiable set of emotions. We have used a globally recognised framework, as defined by American psychologist Robert Plutchik.

By using 2022's data to explore the emotions experienced by customers in greater detail, we provide actionable insight for firms to make decisions around how they improve their complaints process.



SIX KEY THEMES INTO ONE FUNDAMENTAL PRINCIPLE

IN LAST YEAR'S COMPLAINTS OUTLOOK WE IDENTIFIED THE SIX FACTORS GOVERNING A CUSTOMER'S EXPERIENCE AND THEIR FUTURE RELATIONSHIP WITH THE PROVIDER:

1. Make it easy for me to complain
2. Let me speak to the right person straight away
3. Show me I'm valued
4. If it's your fault, say sorry
5. Keep me updated
6. Don't let me hear that it's happened again

Having established these themes last year, in 2022, we have subsequently developed a deeper understanding of which are the most important to customers, and why.

Customer emotion and retention data from this year's research, related to the six key themes, highlights that some are far more important for firms to get right than others. Crucially, we can show that when organisations do these poorly, they stand to lose most of their customers who complain.

Making a customer feel valued along their complaints journey is, by some distance, the most important thing to get right: 90% of the customers who felt most valued were retained, whilst only 21% of the customers who felt least valued were.

However, it is clear from our research that there is no universal set of actions for making customers feel valued, so how do you make a customer feel valued during their complaints journey?

By making the entire process as easy as possible.

The concept of making it easy goes further than the initial process of making a complaint, but ensuring that customers find their entire complaints journey easy to engage with. When the overall complaints journey was easy, 83% of customers remain with their provider, whereas only 26% remain when finding it difficult.

So what are the key points along the complaints journey that firms need to get right? Through our research, we have identified three critical stages at which firms stand to gain considerable customer value. These three key points become clear when assessing the retention and emotional impacts of the themes outlined last year. They are:

- **Get it right first time**
- **Keep me updated**
- **Say sorry to me**

Whether the initial stages of a complaint are executed correctly can govern the customer's emotional response to your firm and the subsequent complaint journey. Resolving complaints at first point of contact (FPOC), offering a range of contact channels and sending acknowledgements quickly all have a significant, demonstrable impact on customer retention.

Keeping customers updated effectively is similarly crucial - only 40% of customers who had to chase for updates on their complaint remained with their provider.

The third key point is simple. Customers want to know your firm is sorry; an apology can of course be owed because your firm is at fault, but conversely, simply apologising for a customer's inconvenience can have a galvanising effect on your relationship. Even where an apology is not part of the process, genuinely empathising with a customer's situation is a powerful way of creating positive emotions, and stemming the flow of customers leaving. Just 38% of customers who did not receive an apology remained with their provider following their complaint.

How effectively these key points are applied in practice throughout the complaints journey underpins whether a firm's customers feel valued.

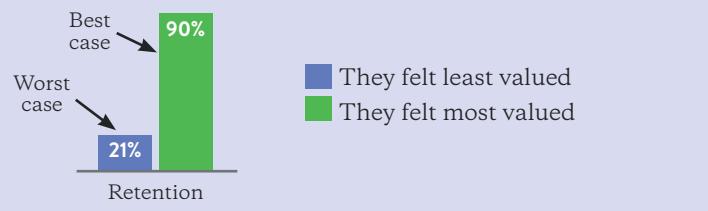
**HOW DO YOU MAKE A CUSTOMER
FEEL VALUED DURING THEIR
COMPLAINTS JOURNEY?
BY MAKING THE ENTIRE PROCESS
AS EASY AS POSSIBLE.**

The six themes paramount to customer satisfaction were established in our 2021 research. This year, we have established which are the most important, and to what extent, by underperforming across any of the themes, you stand to lose customers.

Each graph below shows the percentage of customers a firm retained when delivering the best and worst-case scenarios.

SHOW ME I'M VALUED

Feeling valued is a product of the entire complaints journey - it cannot be achieved through one or two actions and is, in effect, underpinned by the other themes.



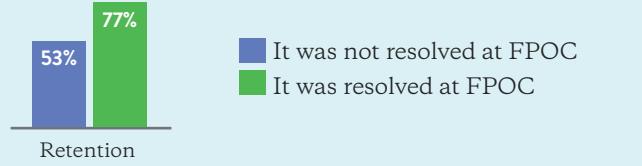
MAKE IT EASY FOR ME TO COMPLAIN

Making it easy for customers to initially raise their complaint is important, but unless the entire complaints journey is easy to engage with, it holds little advantage in isolation.



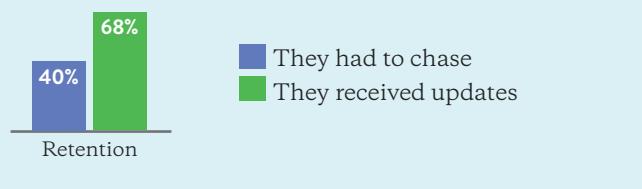
LET ME SPEAK TO THE RIGHT PERSON STRAIGHT AWAY

Speaking to the right person immediately can see your complaint resolved at FPOC. This can deliver a great experience, however, a firm's response post-FPOC can be just as important.



KEEP ME UPDATED

There is a big difference in retention between customers who have to chase to obtain an update on their case versus those who are kept updated as a matter of course.



IF IT'S YOUR FAULT SAY SORRY TO ME

It doesn't have to be an admission of fault (though if your firm is at fault, you should apologise!). Simply saying sorry because the customer felt the need to complain increases trust and satisfaction.



DON'T LET ME HEAR THAT IT'S HAPPENED AGAIN

Although an issue reoccurring appears to have a lesser effect on retention, firms should bear in mind that this is in addition to the customers who left the first time the issue took place.



MAKING A CUSTOMER FEEL VALUED IS THE
MOST IMPORTANT THING TO GET RIGHT,
**HOWEVER, THERE IS NO SINGLE FACTOR THAT
MAKES A CUSTOMER FEEL VALUED**

MAKE THE CUSTOMER FEEL VALUED

MAKE THE COMPLAINTS JOURNEY EASY

=

GET IT RIGHT FIRST TIME

+

KEEP ME UPDATED

+

SAY SORRY TO ME

OUR PRINCIPLE OF HOW TO MAKE A CUSTOMER FEEL VALUED LOOKS AT
THE END-TO-END COMPLAINTS JOURNEY BY ASSESSING THREE CORE
ELEMENTS THAT MAKE A COMPLAINT JOURNEY EASY.

PLUTCHIK'S WHEEL OF EMOTIONS

IN THE COMPLAINTS OUTLOOK 2021, WE ASSESSED THE EMOTIONS OF CUSTOMERS THROUGH THEIR COMPLAINTS JOURNEY BY ASKING QUESTIONS ABOUT THEIR FEELINGS AT A GIVEN STAGE OF THEIR COMPLAINT. THIS HELPED US UNDERSTAND CUSTOMER HAPPINESS (OR UNHAPPINESS), BUT WE CAN GO DEEPER THAN THIS.

An aim of the Complaints Outlook 2022 is to quantify these emotions in greater detail to understand the drivers of specific emotions throughout the journey, and what implications these have for the relationship between customer and organisation.

This has been achieved by utilising American psychologist Robert Plutchik's 'Wheel of Emotions', an industry standard model of emotions, which can be seen opposite.

Plutchik's wheel has eight spokes. Each contains one of a set of eight primary emotions (see those

capitalised) - anger, fear, sadness, joy, disgust, trust, anticipation and surprise. These are our basic emotions, linked to impulsive behaviours related to survival. For example; contact with an unfamiliar object would result in surprise; fear is related to a threat or danger which triggers the fight or flight response.

These eight groups of primary emotions are the basis for all other emotions experienced by people as a response to their environment.

Each spoke represents an emotional group, which intensifies as it moves from the outer to inner part of the wheel. We refer to each emotional group by the name in the middle ring, i.e. joy, anger etc. The wheel also outlines 'opposing' emotional states, for example, joy is opposed by sadness, and trust as opposed by disgust.

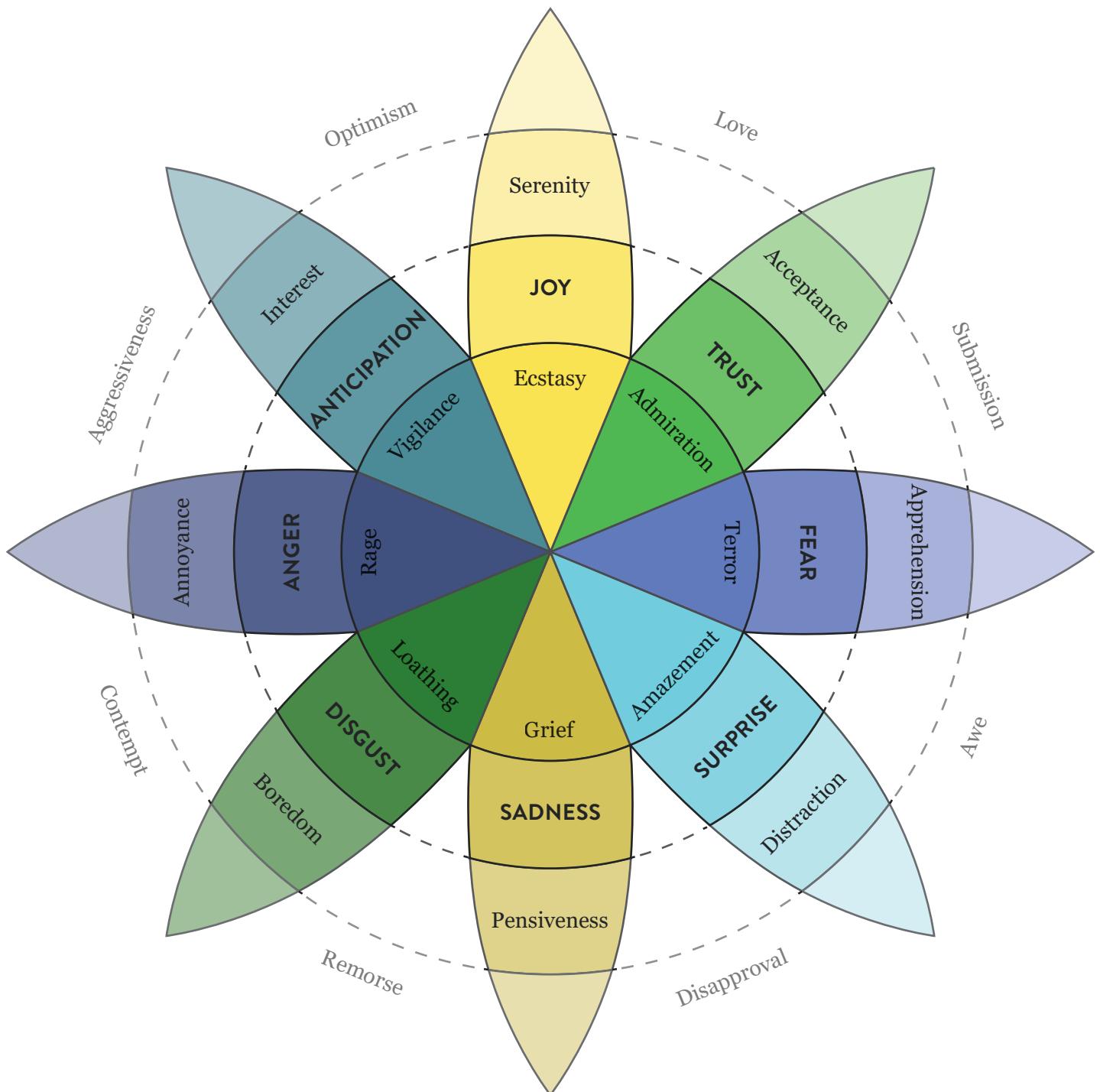
In between the spokes we see mixing, where two emotions can combine to form more complex emotions. For example, a combination of joy and anticipation creates optimism, or joy and trust combines to form love.

Plutchik goes even further than we show here with his emotional combinations. Almost any two combinations that are not opposites are possible, leading to a wide variety of secondary and tertiary emotions. For example, sadness and anticipation combines to form pessimism, or joy and surprise produces delight.

When asking emotion-based questions in our surveys, we offered people the full range of 24 emotions. Our analysis used a weighted calculation which focused on the eight primary emotions in order to ensure the balance between deep insight and practical application.

Plutchik's model helps to pare down the thousands of emotions that humans feel into channels which makes them easier to work with statistically. This allows a robust quantitative analysis that lets us interpret more meaningful insight surrounding a customer's emotional state along their complaint journey, resulting in robust drivers and implications for firms.

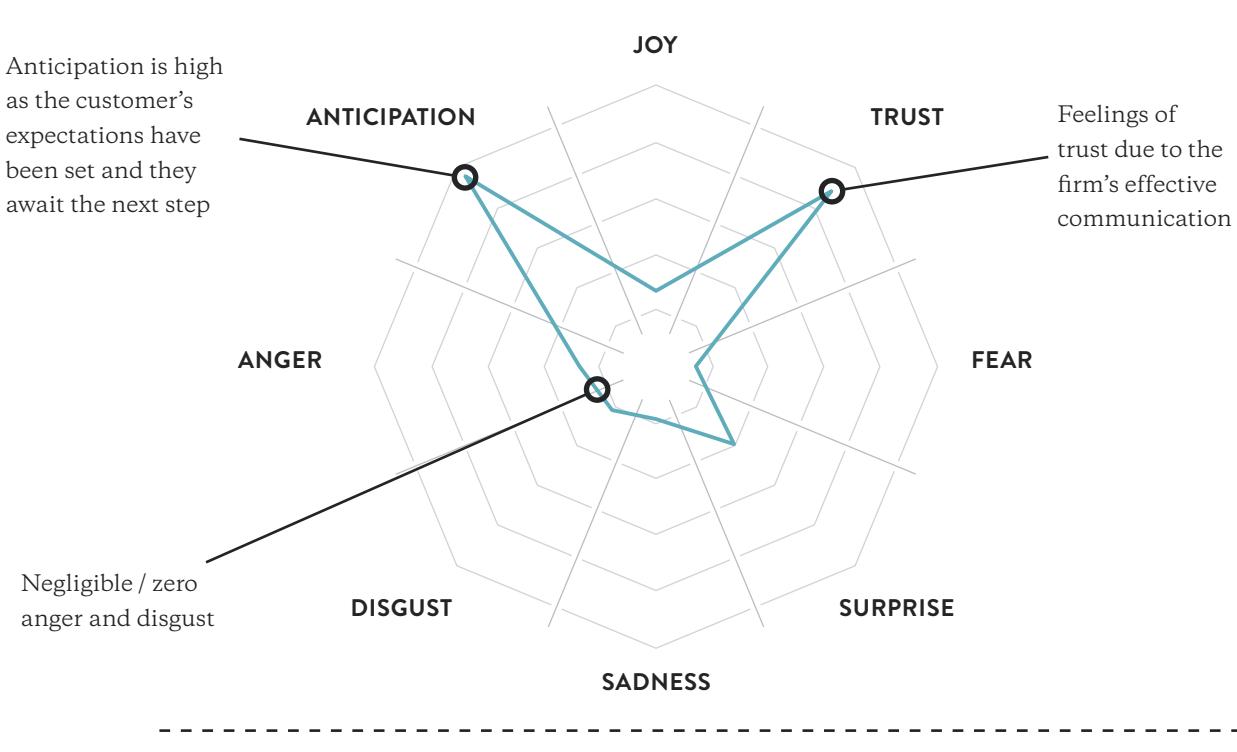
PLUTCHIK'S MODEL ALLOWS US TO INTERPRET MORE MEANINGFUL INSIGHT SURROUNDING A CUSTOMER'S EMOTIONAL STATE ALONG THEIR COMPLAINT JOURNEY



Plutchik's Wheel of Emotions

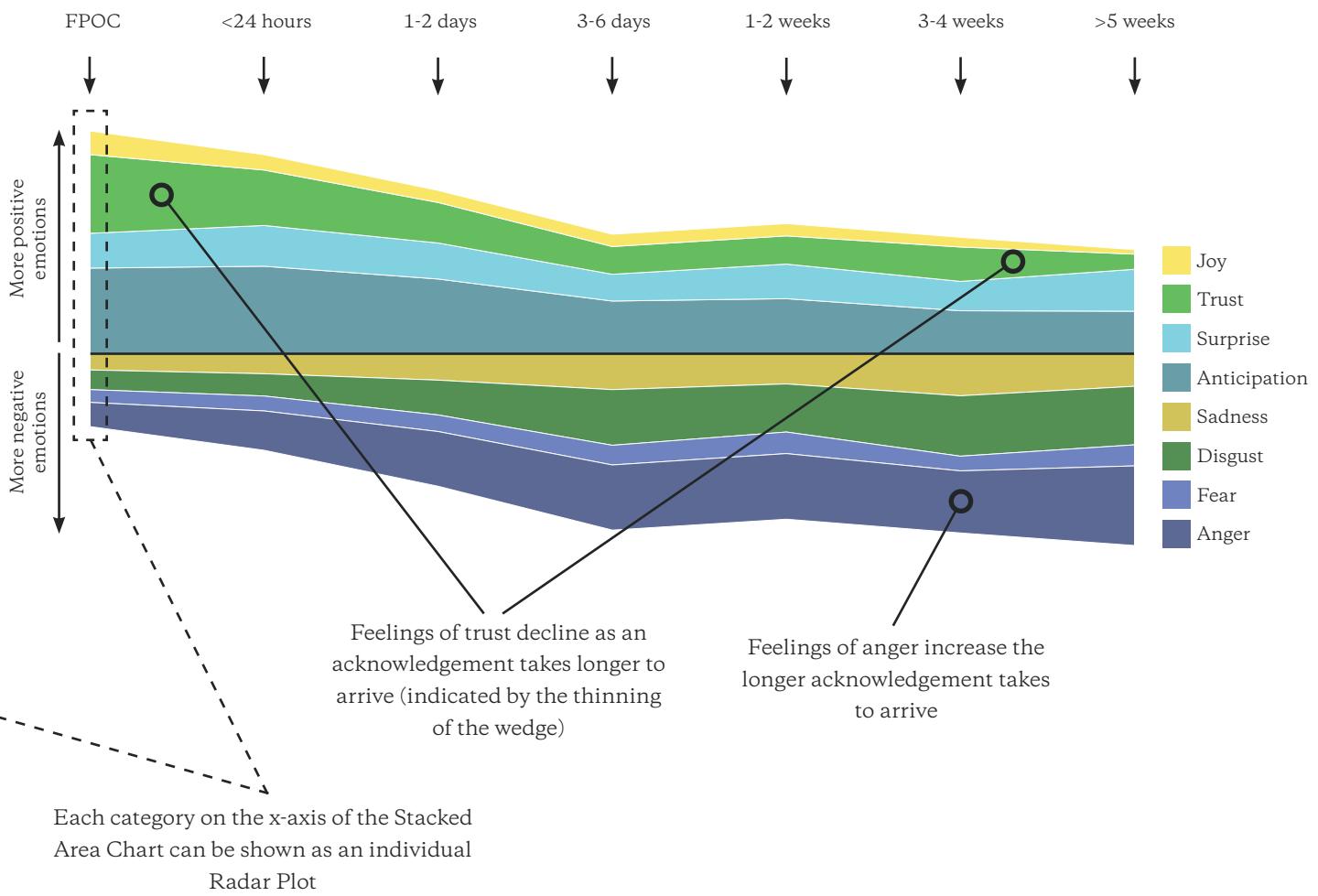
PLUTCHIK RADAR PLOT EXPLAINED

Below is a typical visual that shows the emotions measured in our respondents, and is used frequently in this study. The extent to which the plot extends outwards indicates the intensity of the emotion felt. The example below asks “how did you feel after receiving your complaint acknowledgment immediately?”.



PLUTCHIK STACKED AREA CHART EXPLAINED

The emotions shown on the radar plot are the same as those highlighted on the stacked area chart below. Here we can see how respondents' emotions change across different criteria. In this case, we show customer emotions depending on how long their complaint acknowledgement took to arrive. We show positive and neutral emotions above the x-axis, negative emotions below.



COMPLAINTS - IT'S EMOTIONAL

WHEN A CUSTOMER HAS MADE A COMPLAINT TO A FIRM, IT IS BECAUSE SOMETHING, SOMEWHERE HAS GONE WRONG.

Complaints can be an emotional roller-coaster for customers, and demanding for the individuals handling them. So what do the customers want from their experience? What, as a firm, do you need to do to ensure a smooth journey to a successful resolution?

In our customer survey, we asked how valued people felt while their complaint was ongoing and once it had been resolved. We discovered that the degrees to which people feel valued is tightly correlated with not only how well their entire complaints journey went, but the emotions they felt at each stage.

The benefit of customer emotional response data is that it allows us to understand what they are thinking with far greater granularity than when just asking a binary question of whether they felt valued or not.

Opposite, we have plotted the emotions of the respondents who felt most and least valued by the firms they complained to, in addition to those who felt neither valued or unvalued.

The customers who felt most valued showed the primary emotions of trust, joy and a hint of surprise (in dark blue). This, in most cases, involved a complaints journey where the customer was regularly updated, was treated with respect and the firm said sorry.

We can translate the levels of joy and trust shown by these customers as a signature for feeling valued.

Conversely, customers who had a difficult complaints journey displayed negative emotions (shown in black) which are made up of mainly anger, disgust and sadness. We can associate these emotions with the feeling of being unvalued.

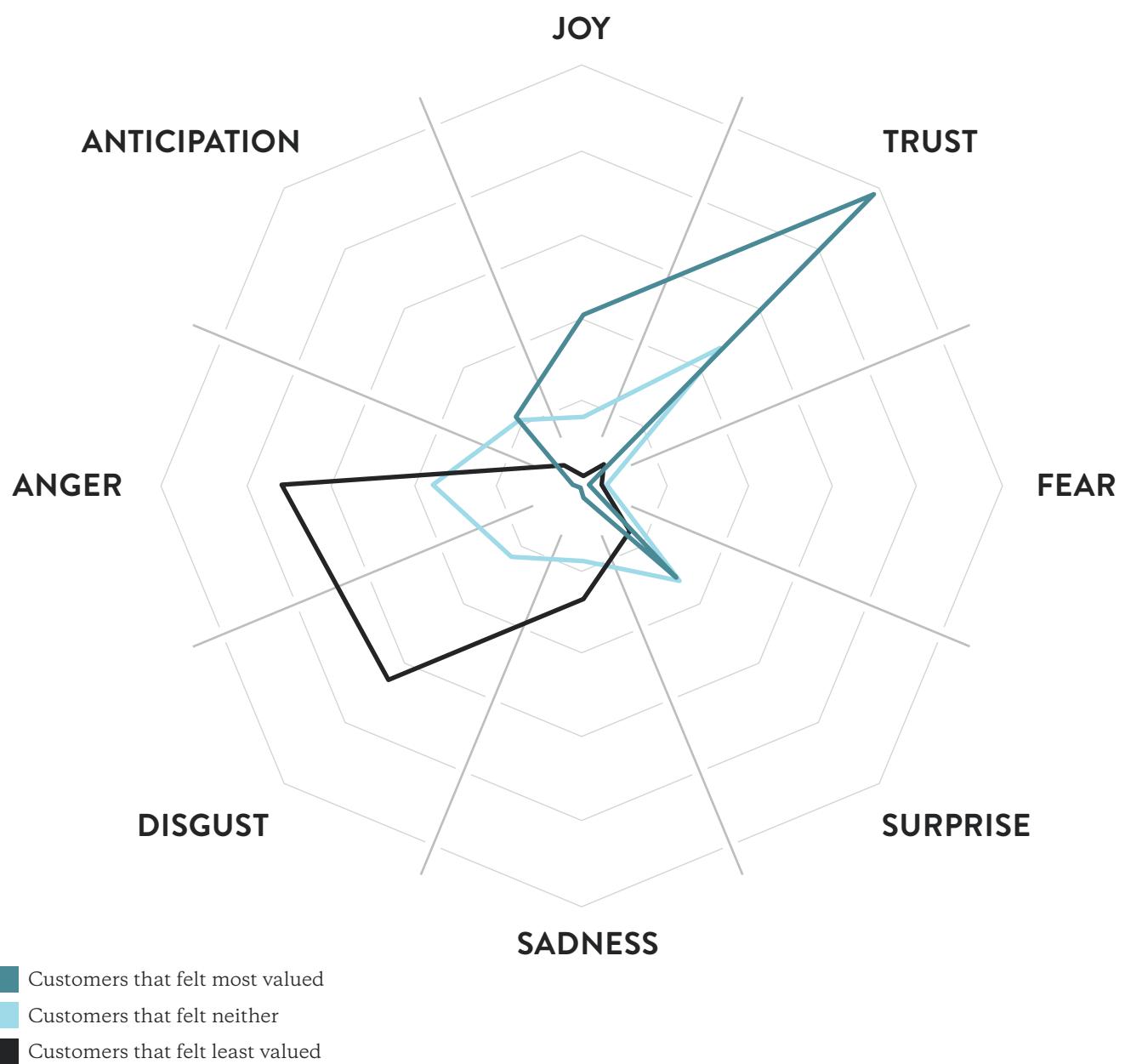
As we have outlined, feeling valued is the most important aspect of the customer's complaints journey. The valued and unvalued emotional signatures shown here crop up again and again when looking at all aspects of the complaints journey, and give us a very effective way of quantifying how valued customers feel.

VALUE IS A COMPLEX TOPIC AND NOT ONE THAT CAN BE RESOLVED BY INDIVIDUAL ACTIONS OR PROCESSES.

However, the data is very clear that firms can make their customer feel valued by making their complaints journey as easy as possible.

VALUED AND UNVALUED CUSTOMERS HAVE THEIR OWN UNIQUE EMOTIONAL SIGNATURES.
WE USE THEM TO IDENTIFY THESE GROUPS THROUGHOUT OUR EMOTIONAL DATA

CUSTOMER EMOTIONS AT RESOLUTION – MOST TO LEAST VALUED



In Plutchik's Wheel of Emotions, the basic emotions combine to form secondary emotions which are seen on the outer ring.

With regards to our customers who felt valued, trust and joy combined to produce love, trust and surprise produced curiosity and joy and surprise produced delight. Eliciting these positive emotions in your customers on a consistent basis produces true promoters and advocates of your brand, who are more likely to recommend your firm through positive feedback and peer recommendations.

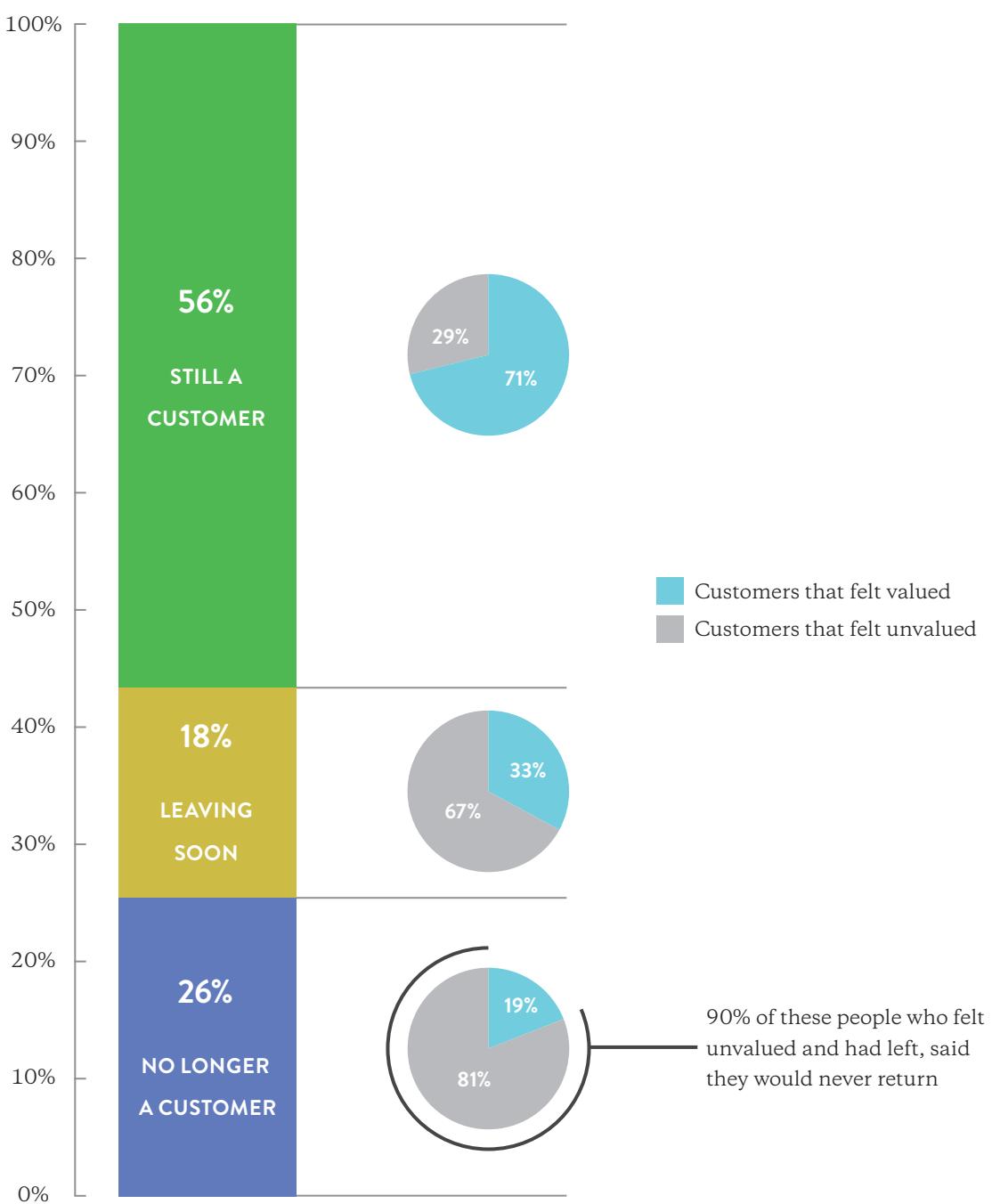
Sadly, the opposite is true for those who feel least valued. Those negative emotions - anger, disgust and sadness - combine into contempt and remorse. This produces detractors who may cease to use your services, likely never to return. This of course comes with the damaging effects of negative reviews, and previous customers telling others not to form a relationship with your organisation.

The data to the right shows the correlation between feeling valued and retention. 81% of those who were no longer customers felt unvalued, with nearly 90% of those customers telling us that they will never use the services of the organisation they made their complaint to again.

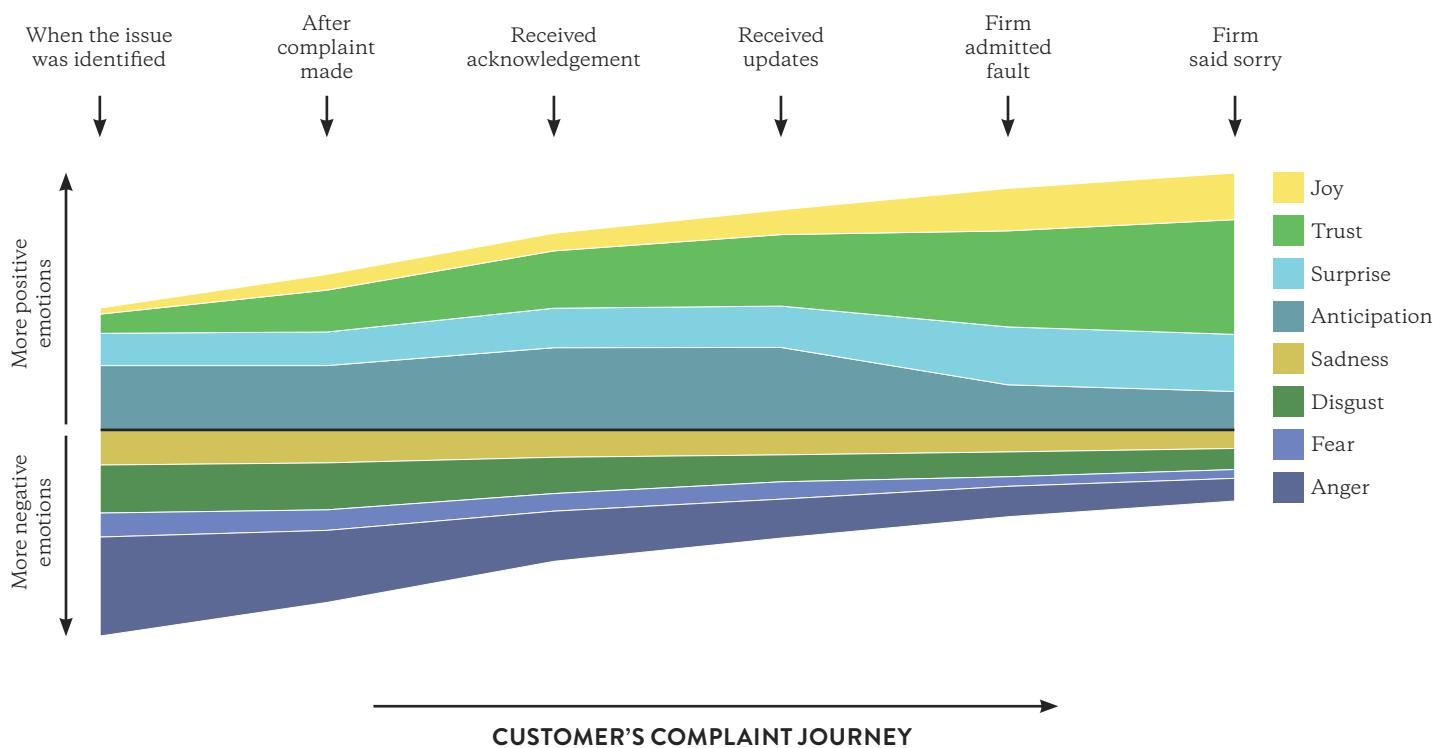
When we explore the opposite outcome, where customers are still with their organisation, more than two thirds of them felt valued.

Naturally there are many contributing factors within each category, but what this clearly demonstrates is the power that a complaint has over customer retention. With the majority of large organisations reporting complaint volumes in the hundreds of thousands per year, the influence a successful complaints function can have on customer retention should not be underestimated.

OVERALL CUSTOMER RETENTION AND HOW VALUED THEY FELT



CUSTOMER EMOTIONS OVER THE COURSE OF THEIR COMPLAINT JOURNEYS WHEN FIRMS WERE SUCCESSFUL



By using Plutchik's emotional model, we gain a much deeper understanding of what's going on in the customer's mind, and the associated decisions they make.

Above is an example of the overall emotions felt over the course of many complaint journeys where firms were successful and the customers found their entire complaints journey easy.

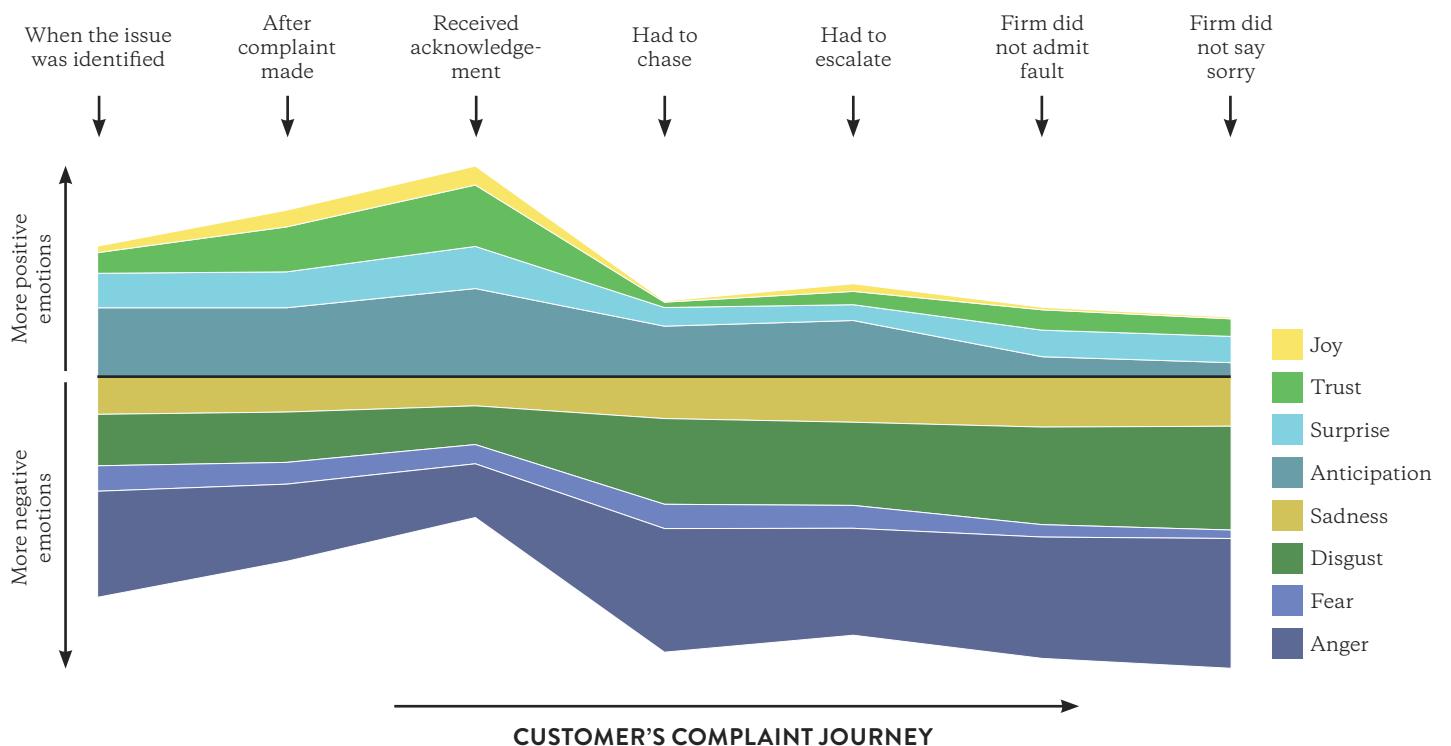
In this example, the customer received an acknowledgement and updates, and the firm said sorry and admitted fault.

It's natural to see more negative emotions at the beginning stages of a complaint. However, in this case as the complaints progress, negative emotions, mainly anger and disgust, reduce and are replaced by positive emotions such as trust and joy.

Some negative emotion remains at the end of the complaint, but there is almost four times the amount of positive emotion.

We know, by looking back at Plutchik's Wheel of Emotions, that trust plus joy combines to form love, while other secondary combinations such as joy and surprise equal delight. We end up with very happy, content customers.

CUSTOMER EMOTIONS OVER THE COURSE OF THEIR COMPLAINT JOURNEYS WHEN FIRMS WERE UNSUCCESSFUL



Conversely, if we look at complaint journeys that were unsuccessful, we see a very different picture. In this case, we see the same starting emotions, mainly anger, sadness, disgust and plenty of anticipation, but as the complaint progresses, and steps such as updating customers or making apologies are missed, these emotions just intensify.

If we look back at Plutchik's Wheel of Emotions, we know that anger plus disgust combines into contempt, while other combinations such as sadness and disgust equal remorse.

Now we end up with a customer who has no respect for the firm and regrets their decision to ever have been involved with them in the first place. They will likely leave and never come back.

HOW WELL DID FIRMS HANDLE CUSTOMERS' COMPLAINT JOURNEYS?

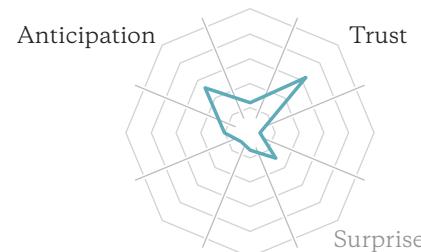
The correlation between the feeling of being valued and retention is clear and, further to this, retention is also a great predictor of how successfully or unsuccessfully customers' complaint journeys were handled. The data to the right makes this clear, not only in terms of retention, but the emotions which come to the fore after the customer made the complaint and at the point of resolution.

When complaint journeys are handled successfully, retention is high at 83%. We compare the emotional signatures of customers who feel valued when we look both at the emotions after they had made their complaint, and when it was resolved.

As we move down to complaint journeys that were handled less successfully, we see a gradual shift; fewer customers are retained and negative emotions become more prevalent. Ultimately, only 26% of customers are retained, and almost all in this category clearly present the emotional signatures of people who feel unvalued.

VERY SUCCESSFULLY

CUSTOMER EMOTIONS AFTER THEY MADE A COMPLAINT



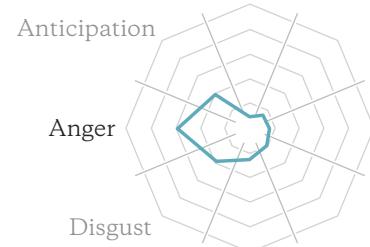
QUITE SUCCESSFULLY



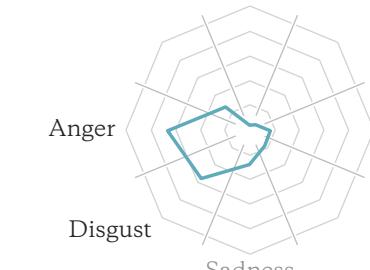
NEITHER



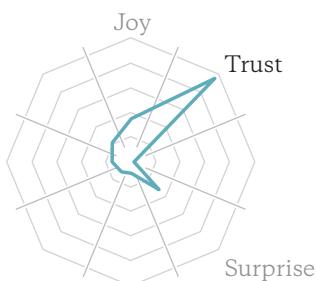
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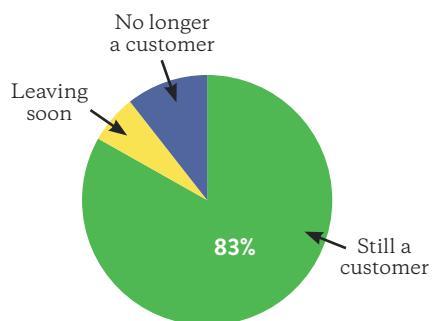
VERY UNSUCCESSFULLY



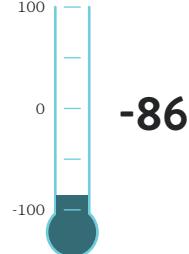
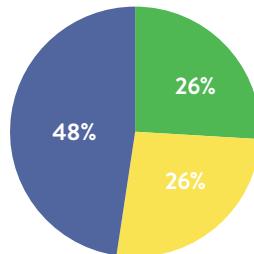
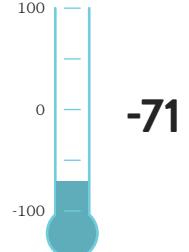
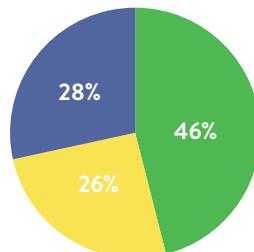
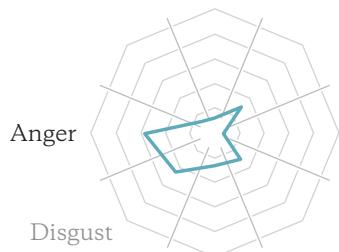
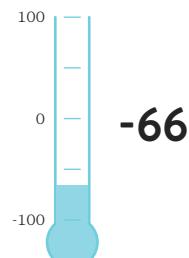
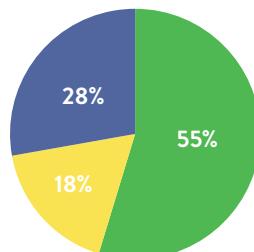
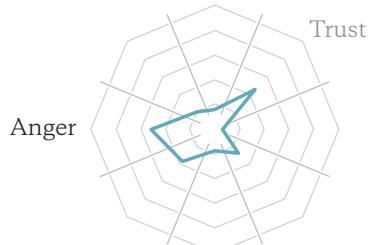
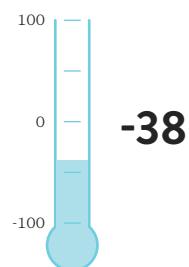
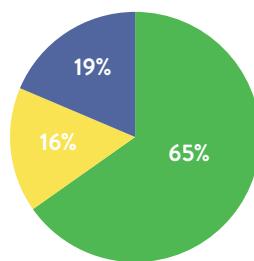
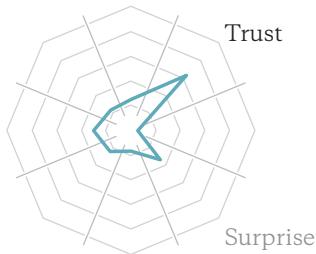
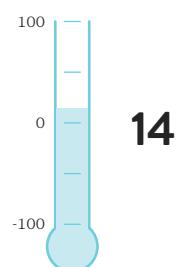
CUSTOMER EMOTIONS AT THE POINT OF RESOLUTION



RETENTION



NPS



GET IT RIGHT FIRST TIME

Getting it right first time goes beyond the ease with which a customer can find and engage with a firm's complaints process. Here, we are placing a focus on the ability to get the initial stages of the journey right first time to create an easy overall complaints journey. For example, resolving a complaint at first point of contact through a customer's preferred channel, or quickly identifying which complaints are complex enough for escalation and referring the customer to the correct team to support them. Having the knowledge and processes embedded across customer-facing teams to take the correct course of action is critical in delivering a seamless, easy complaints journey for the customer which leaves them feeling supported and valued at resolution.

PREFERRED INITIAL COMPLAINTS CHANNELS

Ensuring that customers can engage through their preferred method to outline their issue is the first step in setting their complaint journey up for success. It is clear from this year's research that continuing to offer a choice of complaints channels for each stage of the journey remains very important.

17% of customers were not able to use the channel of their choice to make a complaint and when this happens, the impact on their emotions at the very start of the journey is stark.

More negative emotions are prevalent in those customers who were not able to use their preferred channel, the level of trust is reduced by almost 50% and there is around 45% more anger and disgust going into the journey. This can have big implications on firms' ability to make the rest of the journey successful.

Phone was by some distance the most preferred channel amongst our customer population. However, this does not tell the whole story. It was also the most common

non-preferred channel, with these customers typically preferring a digital alternative. Interestingly though, a number of customers using other channels, particularly webform and email, would have preferred to use the phone.

This re-enforces the view that there is no 'one size fits all' approach to channels and that over-emphasising any one channel will exclude some customers from their preferred channels.

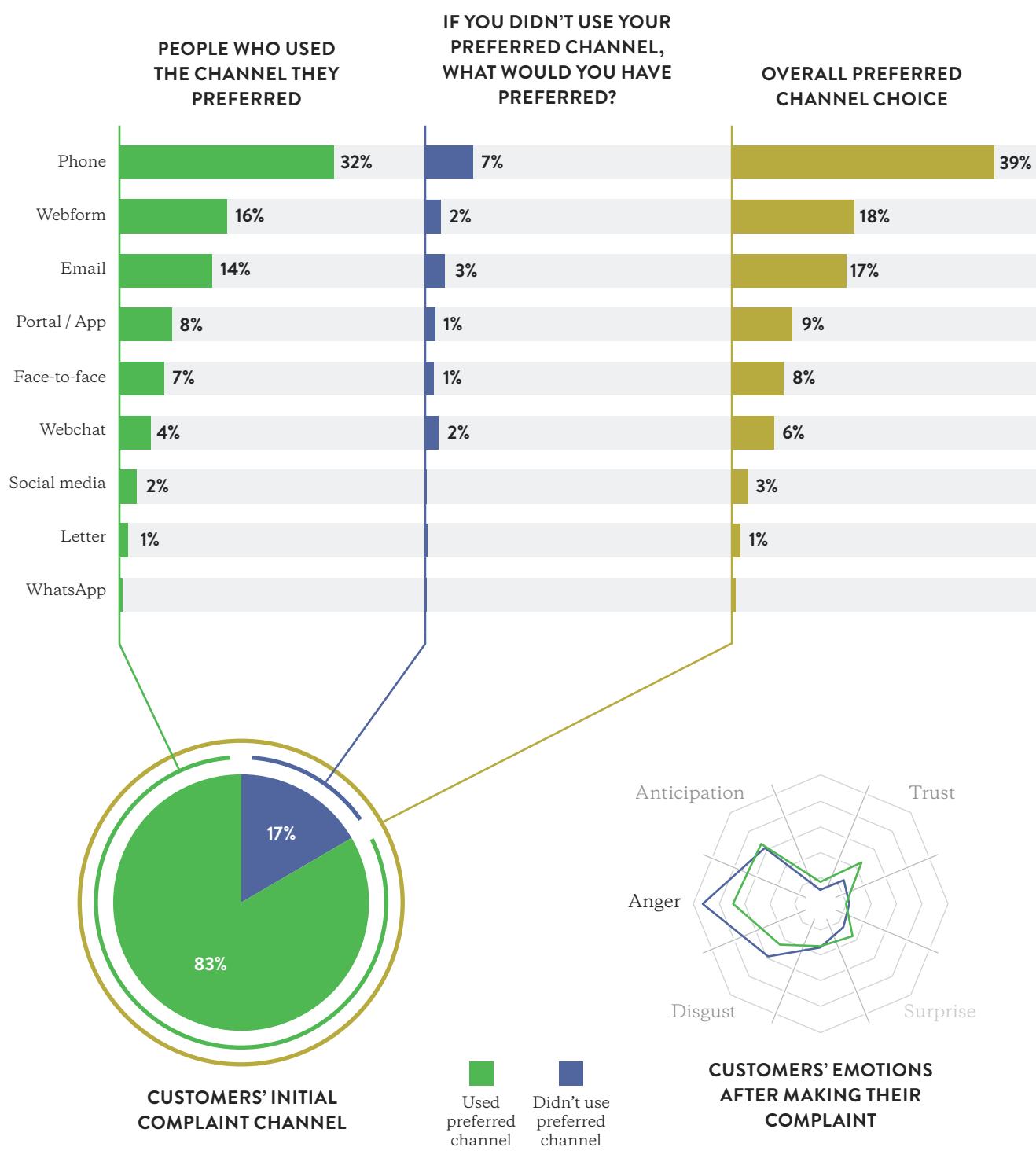
The most effective way of ensuring that customers can engage in a manner that suits them is to offer as many channels as practically possible to meet the needs of your customer demographics. Firms should assess several things to ensure that they benefit from this approach.

Firstly, do you have a range of channels available through which to complain? Our firm data would suggest by and large the answer is yes, but there are some gaps, particularly in digital channels such as mobile apps and webchat.

Secondly, are you signposting available channels effectively? There is a risk of excluding customers from their preferred channels if you place greater emphasis on initial contact channels.

Finally, and most importantly, is there a consistent approach across available channels to deliver a journey that is easy and gets it right first time? Our research would suggest that this is the biggest challenge. Delivering a good experience for customers using their preferred channel ultimately drives the highest advocacy.

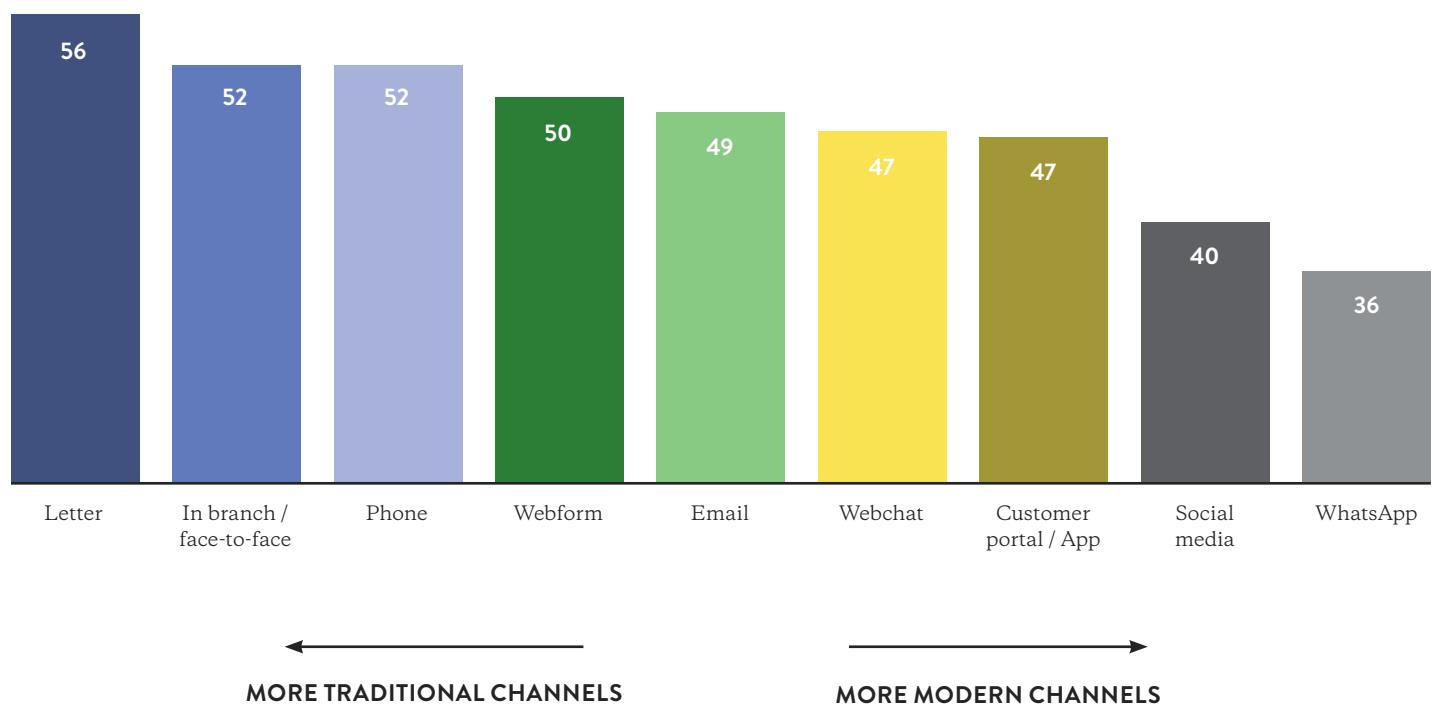
Thinking practically, there is unlikely to ever be a point where 100% of customers are using their preferred channel. There were many customers in our survey who used their preferred channel but ultimately had a bad experience. Importantly, there were customers who felt very valued through their experience despite not using their preferred channel, which ultimately shows the opportunity for firms who deliver a consistent journey across channels.



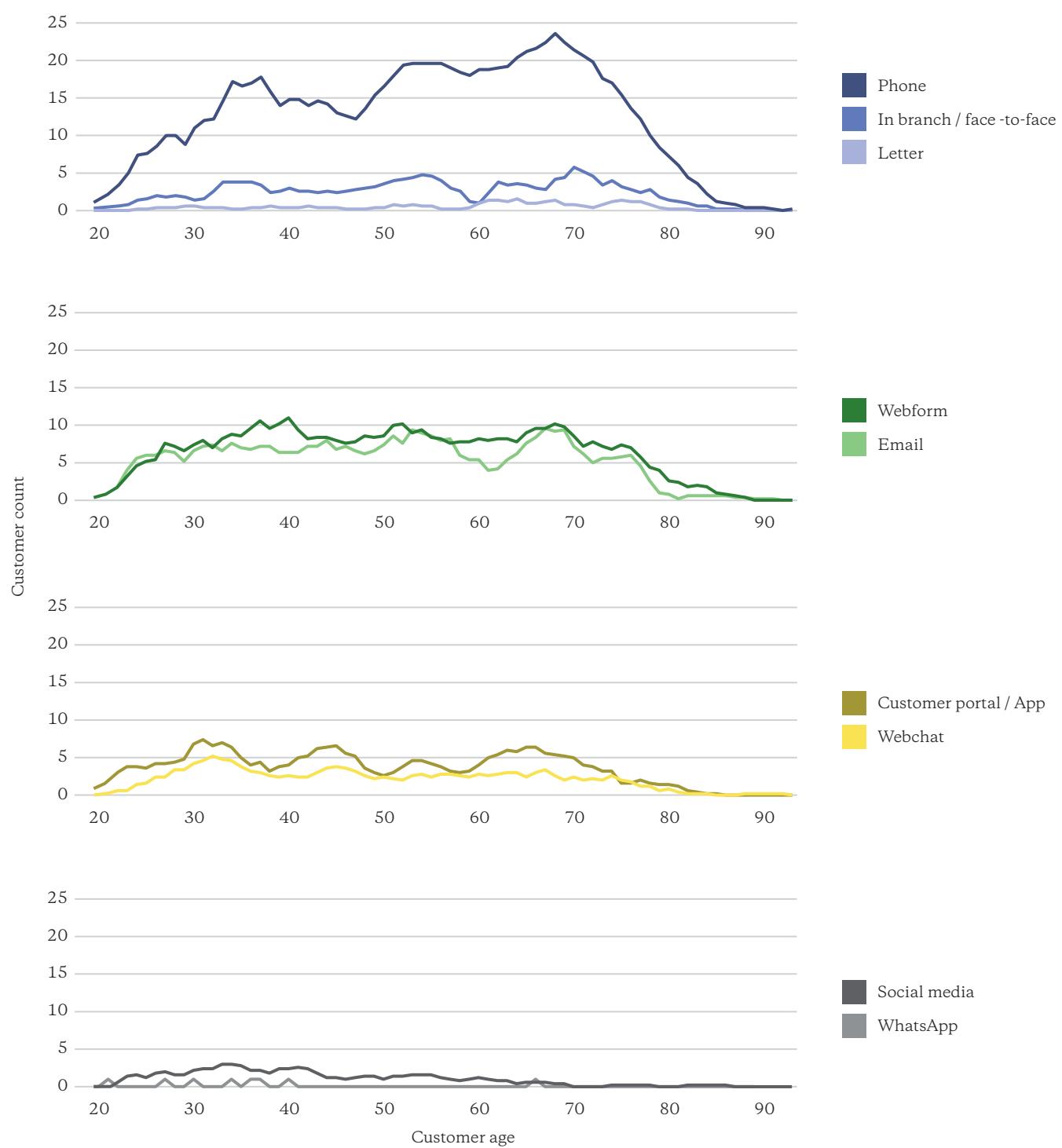
INITIAL COMPLAINT CHANNELS

Unsurprisingly, the trend remains that older demographics continue to engage via more traditional means such as letter, in-branch or over the phone, whilst younger generations use more modern channels such as mobile apps, social media and instant messaging.

AVERAGE CUSTOMER AGE BY WHICH INITIAL CHANNEL THEY USED



INITIAL CHANNEL – USAGE BY CUSTOMER AGE



The most common single channel for customers making initial contact remains phone, although at 37%, this is a reducing trend and down from 42% from 2021.

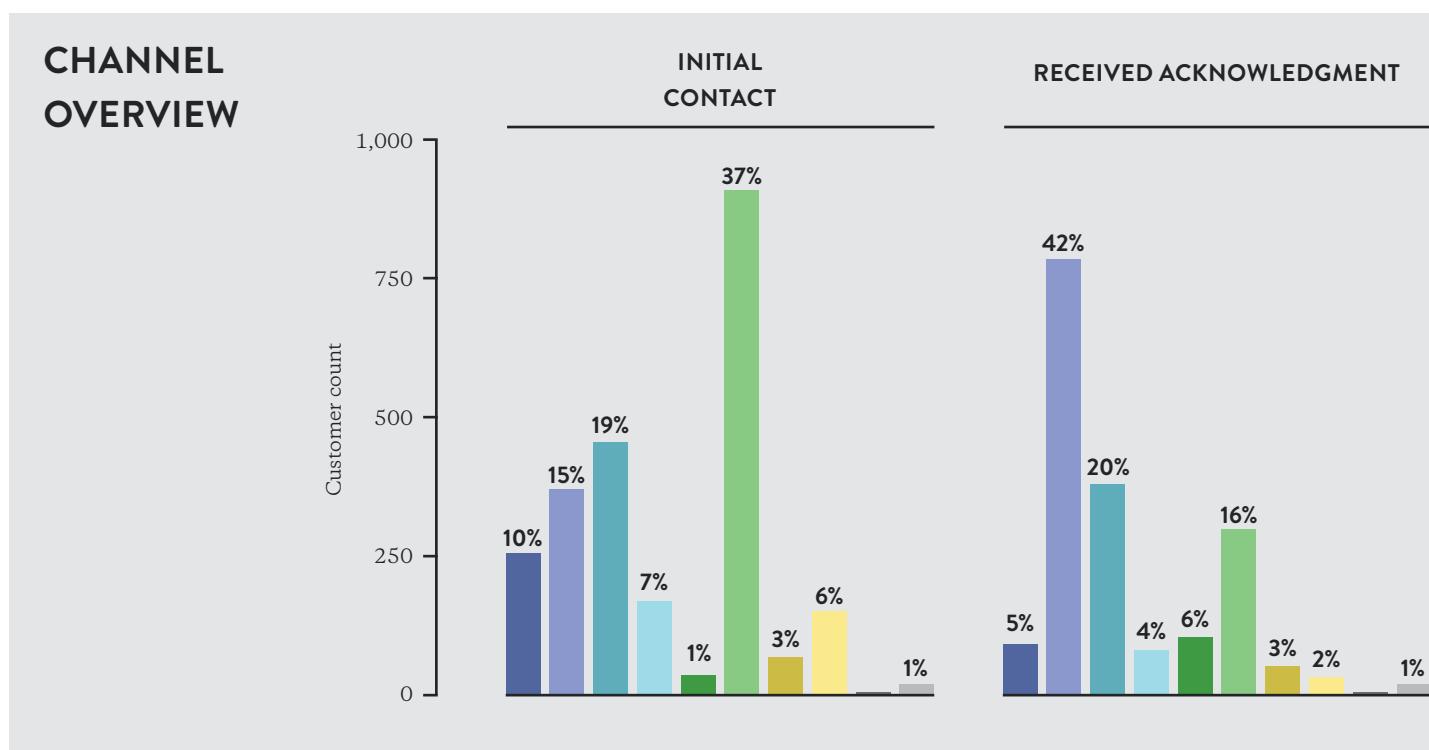
Whilst the phone remains the most used initial contact channel, this does not tell the whole story. The proportion of customers making a complaint through a non-voice channel (app, email, webform and webchat) rose to 50% in this year's research and is a rising trend, up from 38% last year.

Interestingly the proportion of these complaints coming through customer apps has risen substantially, which points to the evolving preference of customers as well as the availability of these channels becoming more widespread.

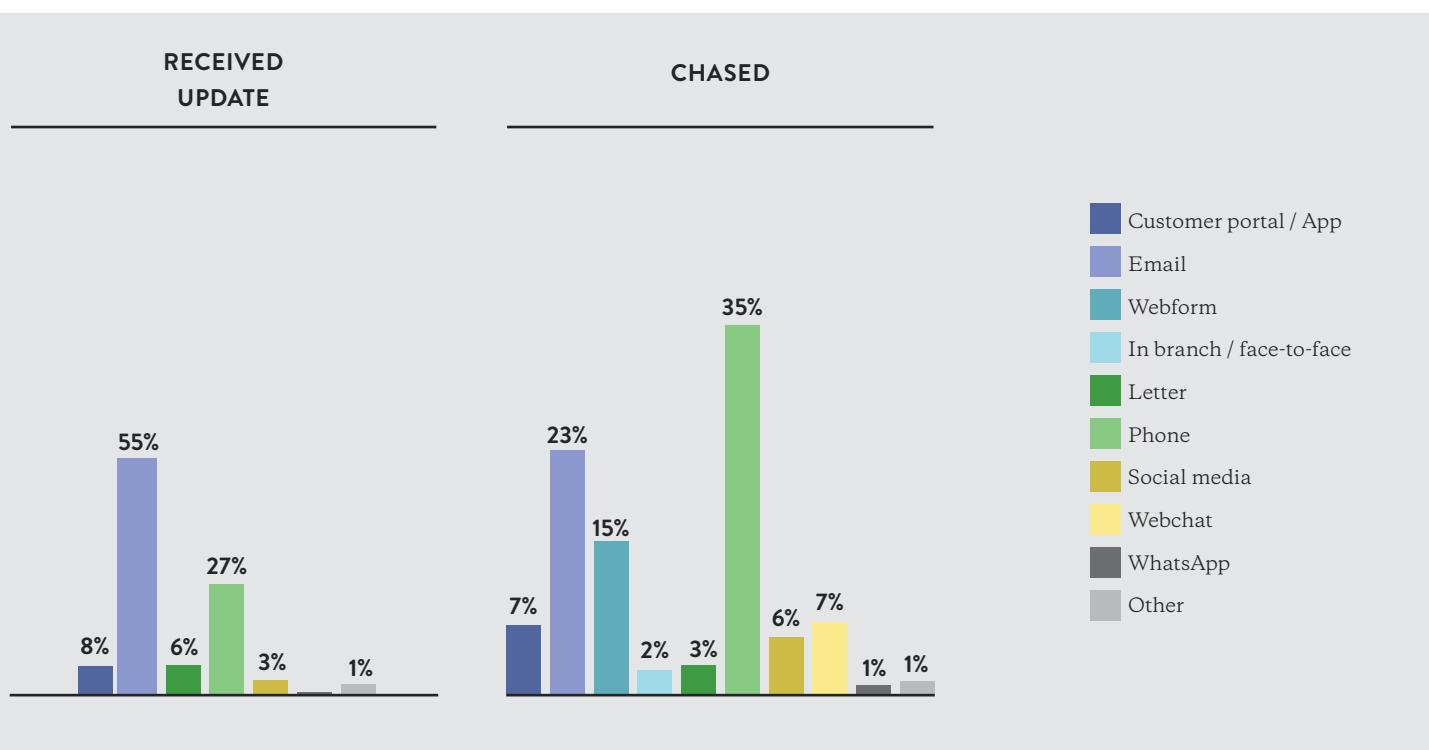
Whilst instant messaging channels such as SMS and WhatsApp are becoming more available to customers, the use of these channels has remained relatively low across the complaints journey and are at similar levels to last year.

Emailing remains the most widely used channel for firms formally acknowledging complaints and providing customers with updates on progress. This outlines an opportunity for organisations to improve their ability to engage with customers using their channel of choice for the entire complaints journey.

For example, fewer customers who complain via a mobile app are receiving acknowledgements and updates in the same way, which could be leading to perceived delays and the negative impact that this has on their emotions through the journey.



PHONE REMAINS THE MOST USED INITIAL CHANNEL, BUT THE PROPORTION OF CUSTOMERS MAKING A COMPLAINT VIA A NON-VOICE CHANNEL (APP, EMAIL, WEBFORM, WEBCHAT) HAS RISEN BY 32% SINCE LAST YEAR.



BEST PRACTICE CASE STUDY

MAXIMISING THE USE OF MULTI-CHANNEL ENGAGEMENT CAPABILITY

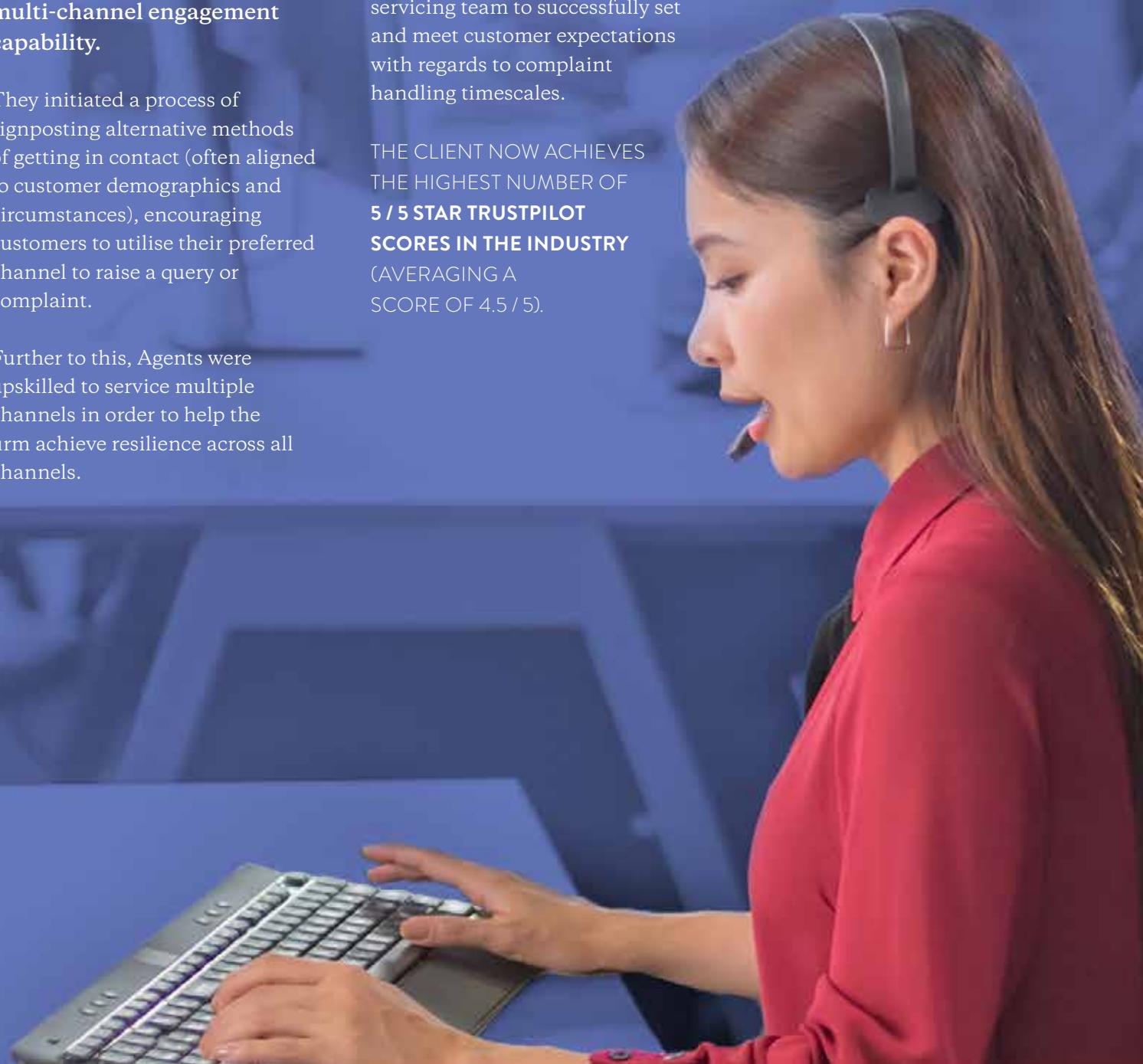
A leading water firm wanted to maximise the use of its multi-channel engagement capability.

They initiated a process of signposting alternative methods of getting in contact (often aligned to customer demographics and circumstances), encouraging customers to utilise their preferred channel to raise a query or complaint.

Further to this, Agents were upskilled to service multiple channels in order to help the firm achieve resilience across all channels.

This 'de-stressed' the telephony channel and allowed the customer servicing team to successfully set and meet customer expectations with regards to complaint handling timescales.

THE CLIENT NOW ACHIEVES THE HIGHEST NUMBER OF
5 / 5 STAR TRUSTPILOT
SCORES IN THE INDUSTRY
(AVERAGING A
SCORE OF 4.5 / 5).



This is where we start to see differences in customers' preferred channels versus the reality of their emotional experience. When assessing how customers felt after they had made their complaint, it is clear that certain channels drive more positive emotions at the initial stages of the complaint journey.

Whilst the number of customers complaining via social media is small, this typically creates the most positive emotions and points to the progress made by the industry to incorporate social media channels into their complaints operating models.

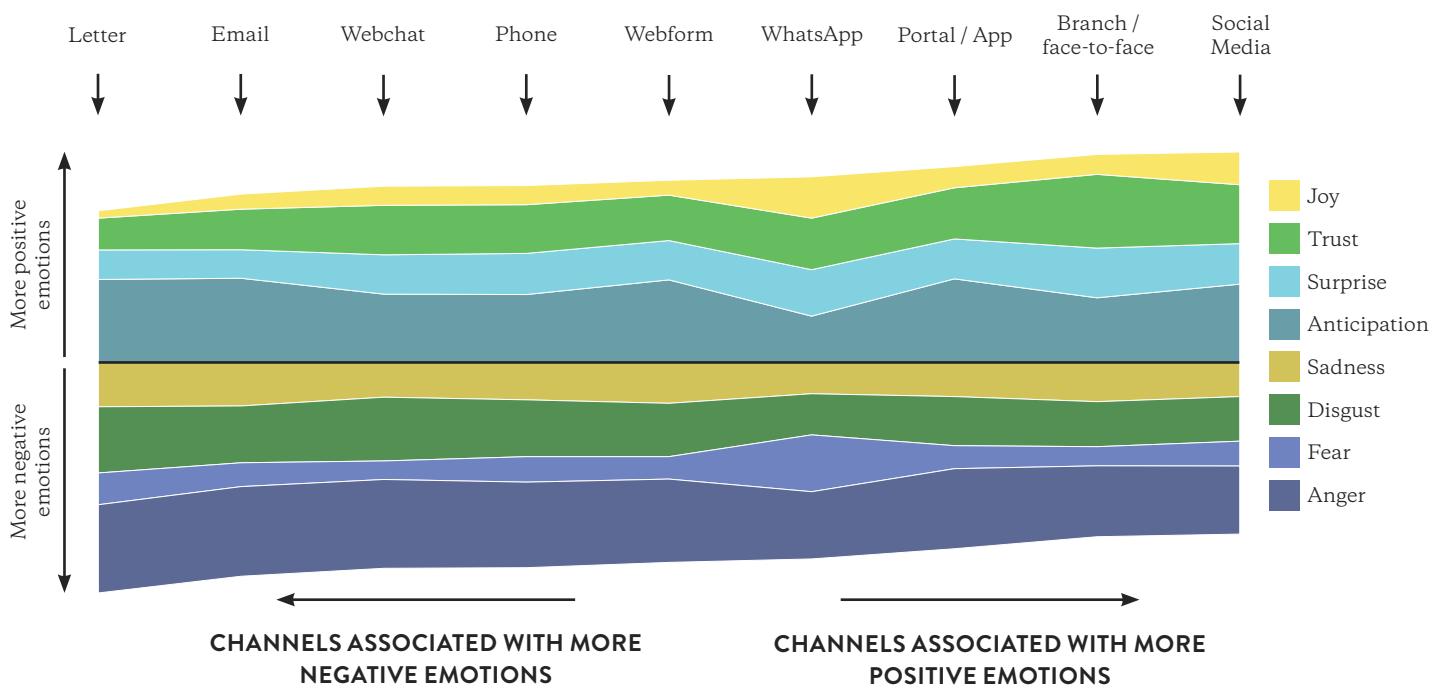
We also must not avoid the interpersonal approach and the positive emotions displayed by those who complained face-to-face in a branch, where levels of trust in particular increase from the very start of the journey. A branch-based, face-to-face approach is not a practical option for firms across many industries, but organisations should be thinking about how to blend a more interpersonal approach across other channels, including digital. Video calls, for example, are a great way to achieve this.

Digital channels, particularly mobile apps and instant messaging, promote

more positive emotions at the point of raising a complaint when compared to phone, email and letter. This points to the continued opportunity for firms to drive adoption amongst a customer base that enjoys engaging via their device.

Getting the balance between positive customer experiences and operational efficiency is a key focus across industry. We will come to explore further the channels and operating models we see driving efficiency, but this emotional insight can be used to improve experience for customers by building on processes that firms currently have in place.

CUSTOMER EMOTIONS AFTER THEY HAD MADE THEIR COMPLAINT - BY CHANNEL



AN EFFICIENT RESOLUTION

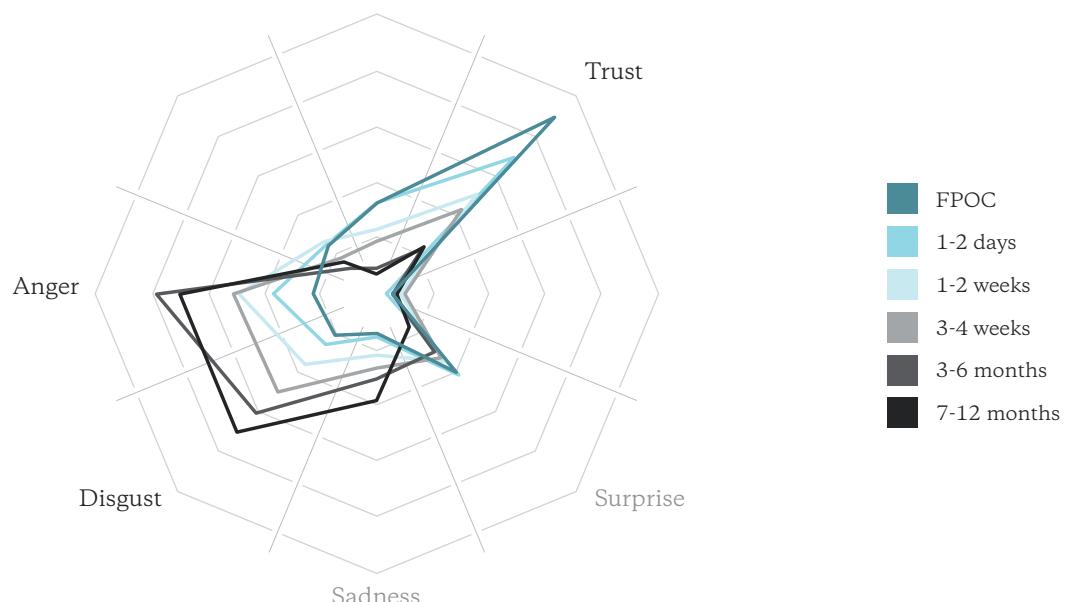
As we discovered in previous iterations of the Complaints Outlook, the longer a complaint takes to resolve, the more likely it is that a customer will leave afterwards.

Customers tell us that unnecessary delays and a complaints journey that takes longer than needed to reach a resolution makes them feel less valued, and the connection to retention is clear.

When looking at the impact of resolution times on customer emotions, there is a very clear shift from the positive emotions from those customers having their complaint resolved quickly, to the negative emotions for those complainants who waited a month or more to reach resolution.

The difference in emotions displayed at each end of this spectrum very much mirrors the emotions we associate with feeling valued.

CUSTOMER EMOTIONS AT RESOLUTION - HOW LONG DID IT TAKE TO RESOLVE?



BEST PRACTICE CASE STUDY

EMPOWERING STAFF WITH THE SUPPORT THEY NEED TO RESOLVE CUSTOMER ISSUES FIRST TIME

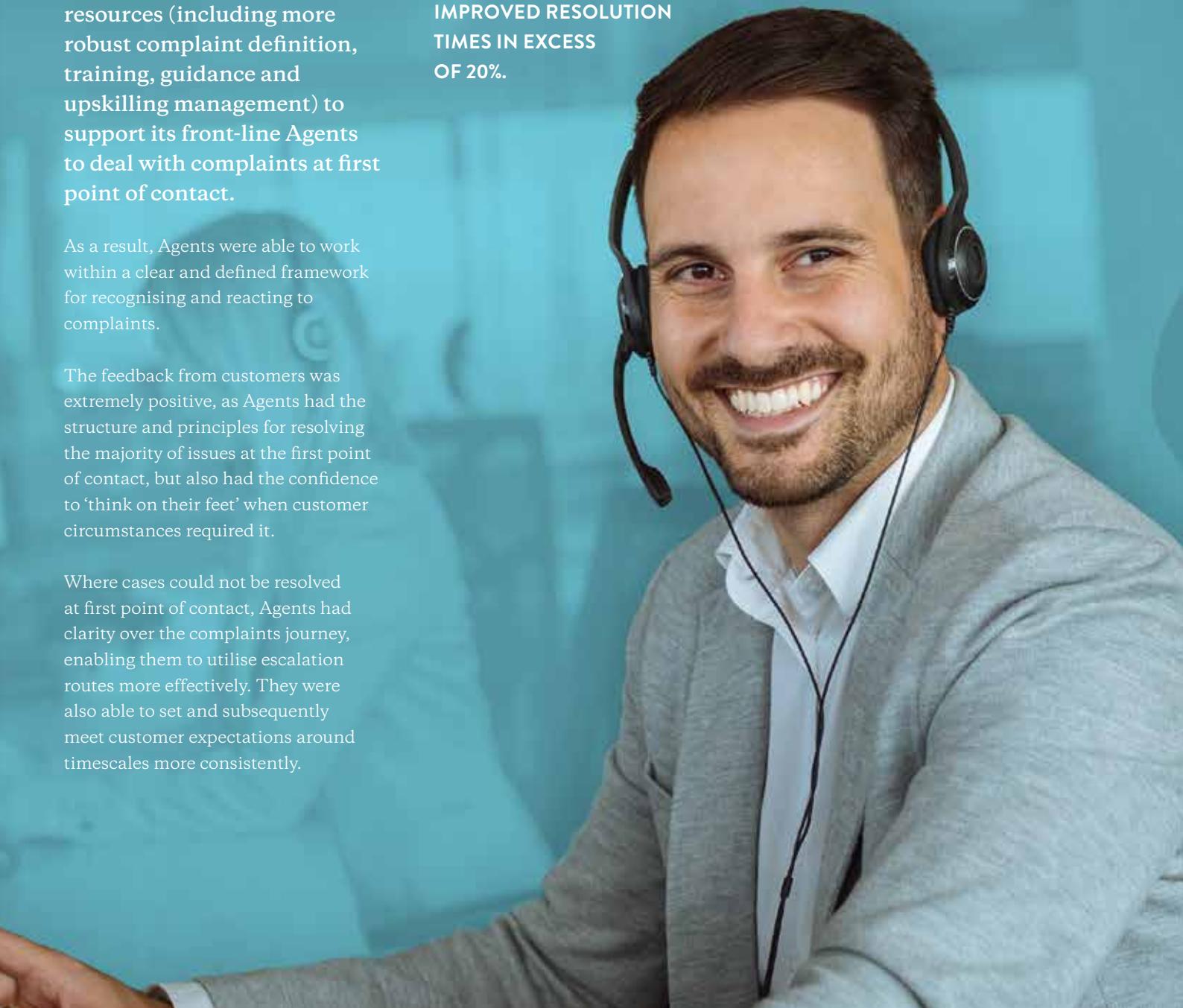
A household insurer recently re-designed its operating model, delivering a suite of resources (including more robust complaint definition, training, guidance and upskilling management) to support its front-line Agents to deal with complaints at first point of contact.

As a result, Agents were able to work within a clear and defined framework for recognising and reacting to complaints.

The feedback from customers was extremely positive, as Agents had the structure and principles for resolving the majority of issues at the first point of contact, but also had the confidence to 'think on their feet' when customer circumstances required it.

Where cases could not be resolved at first point of contact, Agents had clarity over the complaints journey, enabling them to utilise escalation routes more effectively. They were also able to set and subsequently meet customer expectations around timescales more consistently.

THEIR WORK RESULTED IN AN INCREASE IN FPOC RESOLUTION AND **EFFICIENCY GAINS VIA IMPROVED RESOLUTION TIMES IN EXCESS OF 20%.**



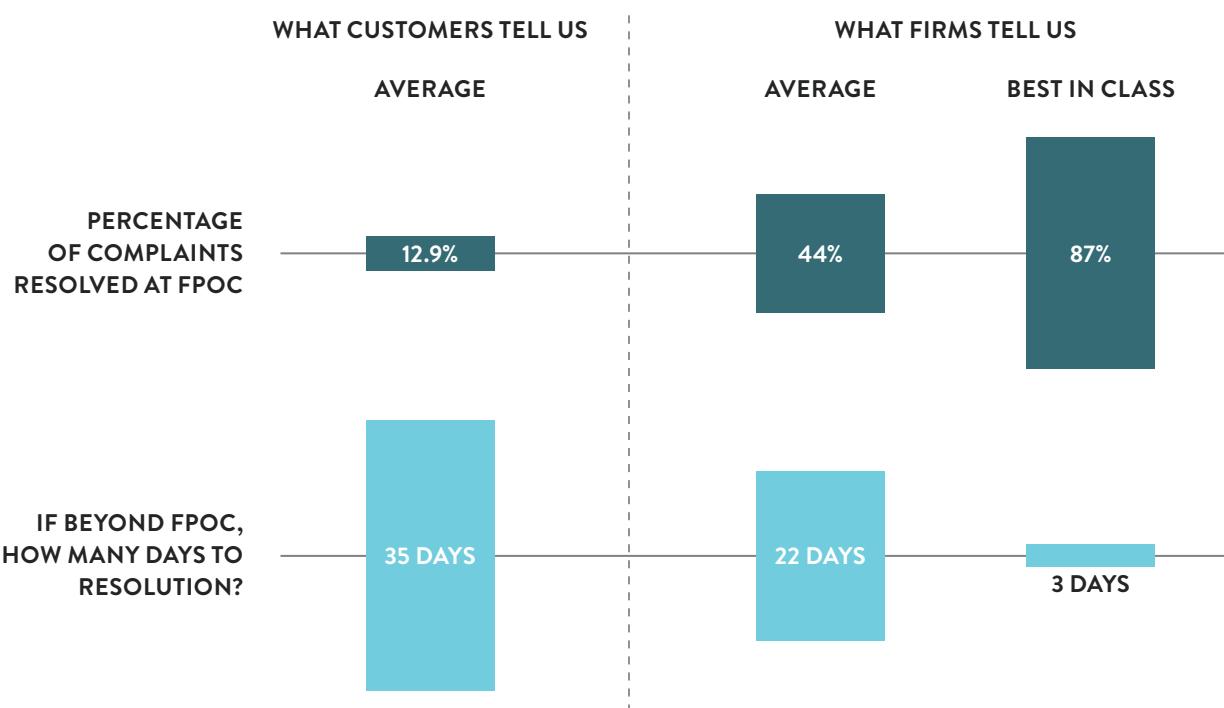
This year we asked customers who are remaining with their providers following a complaint whether they will be leaving soon. This was to understand the full impact of a sub-optimal complaints journey on customer retention. This uncovered a significant proportion of additional customers who have not left their provider yet, but are likely to, typically at the end of a contract rather than being able to leave straight away.

The data re-enforces previous findings and outlines that resolving complaints as quickly as reasonably possible is more important than ever, with firms standing to lose as many as 40% of their customers whose complaints are not resolved within the first week.

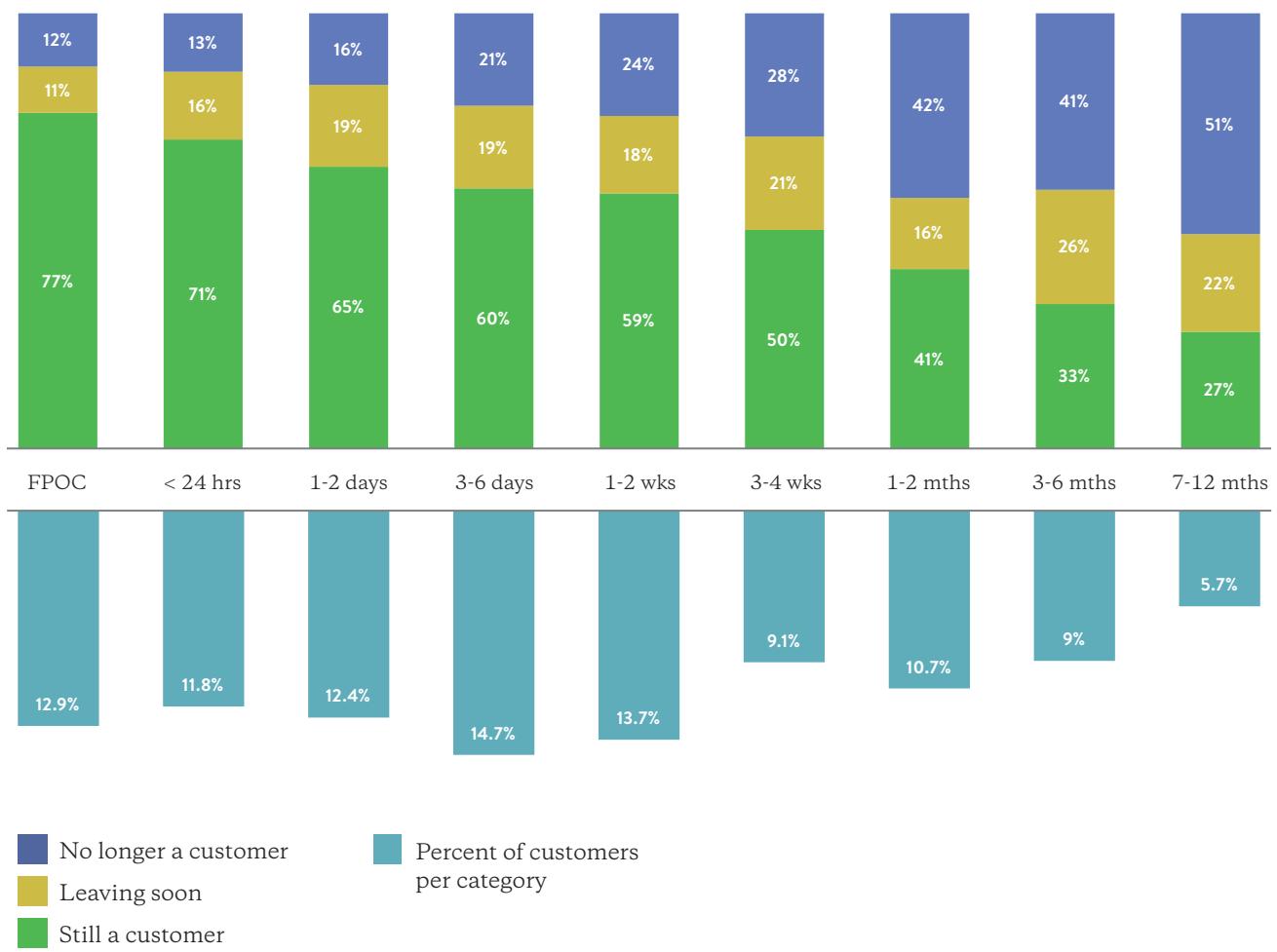
12.9% of customers said their complaint was resolved at first point of contact, whereas on average, firms believe they are resolving complaints at first point of contact 44% of the time, with best-in-class performers as high as 87%.

When not resolved at first point of contact, our firm participants tell us that on average a complaint is open for 22 days before resolution. Best in class providers can limit this to three days, whereas most respondents state that this is, on average, 10 days, with some as high as 40. This tallies with the 50% of complaints from our customer population that took over a week to resolve, and points to the undoubtedly opportunity for firms to find ways to reduce unnecessary delays in the journey and expedite resolution.

TIME TO RESOLUTION - THE FIRM / CUSTOMER PERCEPTION GAP



RETENTION BASED ON HOW LONG THE COMPLAINT TOOK TO RESOLVE



According to our customer data, initial complaint channels do have an impact on resolution times.

The benefits to those firms with the ability to signpost and deal with complaints in a face-to-face or branch environment is undeniable, with 57% of complaints resolved at first point of contact and 90% within two weeks.

Telephony as a channel remains very important, it is still a significant channel of preference for customers and can drive good resolution times. 16% of complaints made via the phone were resolved at first point of contact and 52% within the first week. The challenge in adopting this approach is maintaining capacity within operations to deal with complaints quickly and achieving and maintaining the competence to deliver an experience that, whilst faster, is undertaken in a way that delivers the right outcome and promotes positive emotions, thus making customers feel valued.

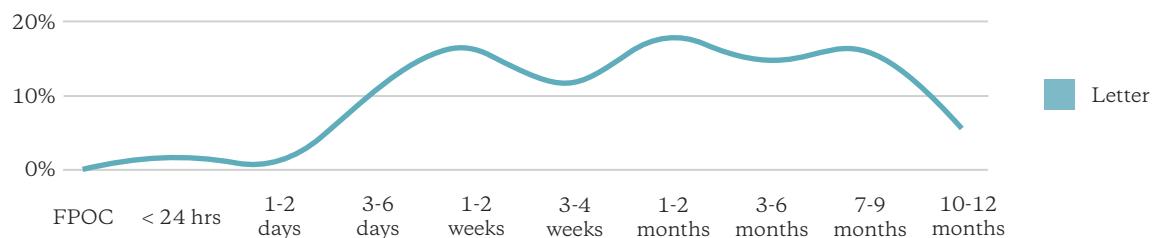
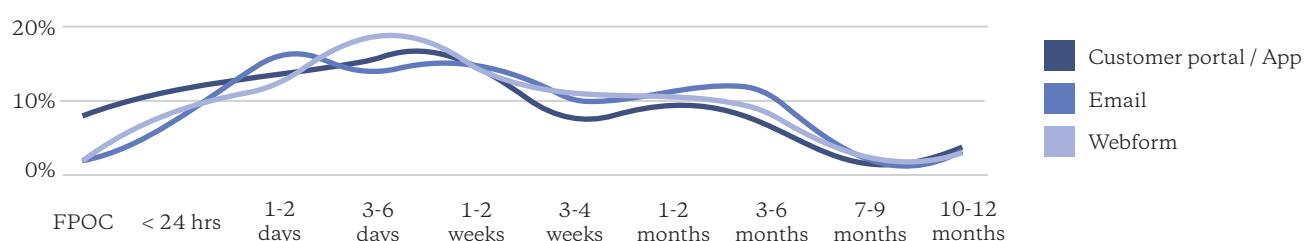
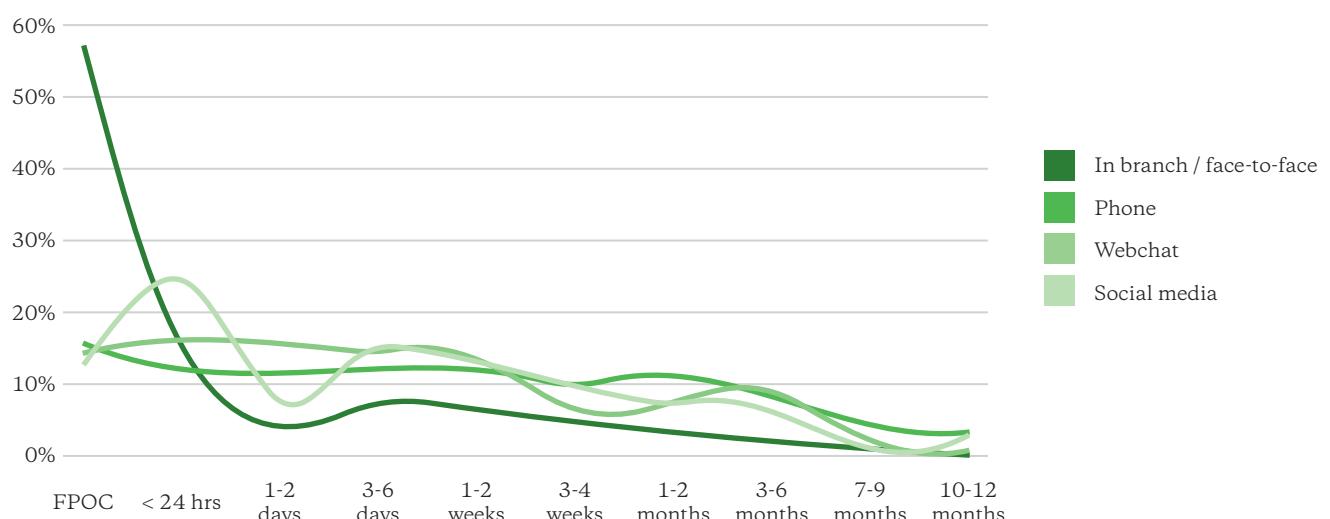
The benefit of getting this approach right is clear, our firm survey and industry insight suggests that organisations with significant capability and a telephony-led approach are the ones achieving the highest first point of contact and sub-three day resolution rates. Those specifically operating a warm hand-off or direct contact number into centralised complaints teams equipped with telephony skills are achieving the most impressive results across the board, with resolutions as high as 97% in the first three days.

Digital channels such as mobile app and webchat, whilst not quite as effective at resolving complaints at first point of contact, do resolve significant proportions of complaints within a window of one day to two weeks. They are often seen by customers as easier channels to engage with, promoting more positive emotions. These channels also present the biggest opportunity for efficiency gains and cost savings.

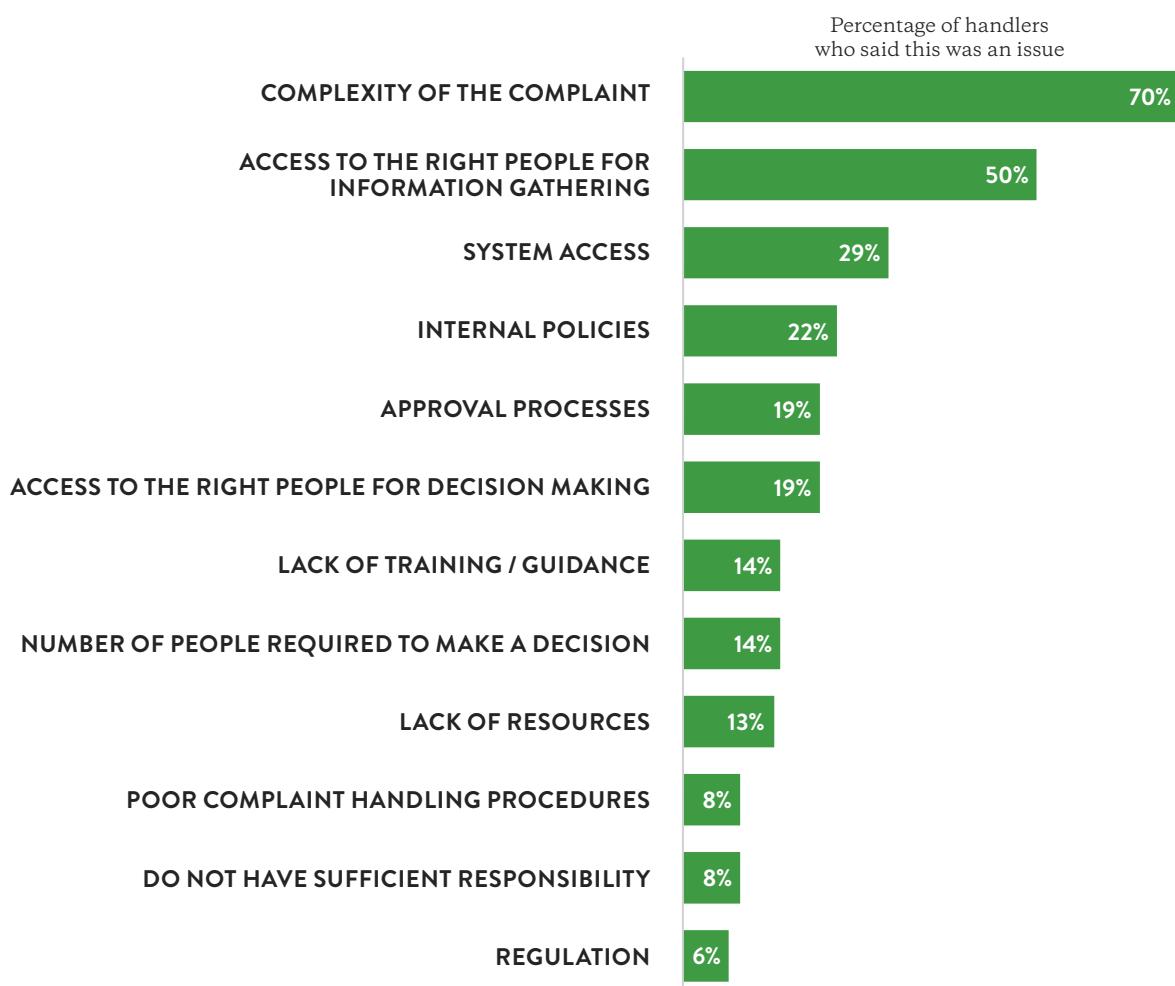
Letters, emails and the use of webforms were the least effective channels in terms of resolution times, with 69%, 41% and 39% of complaints respectively taking longer than two weeks to resolve.

Channel availability is important, and many customers' preference was to use a webform or email. However, our data shows these channels are less effective at enabling quick resolution, and they produce a poor experience for many customers. So, it is unsurprising that some organisations have begun to consider removing webforms altogether in favour of alternative approaches.

HOW LONG DID YOUR COMPLAINT TAKE TO RESOLVE, BY INITIAL CONTACT CHANNEL



IF HANDLERS ARE MANDATED TO RESOLVE AT FPOC, BUT CANNOT, WHY NOT?



In our complaint handler survey, we asked our respondents how long it took them, on average, to resolve a complaint at first point of contact as opposed to those that go beyond that. They said it took two-to-six times more of their time to deal with complaints that are not resolved straight away.

Clearly, a key factor in complaints going beyond first point of contact is that they are typically more complicated, therefore requiring access to information or people often outside of the handler's immediate reach.

This was clearly the case when we asked complaint handlers with a mandate to resolve complaints at first point of contact for the main reasons why they are not able to.

Interestingly though, fewer than half of the providers in our firm survey told us that all Complaint Handlers had a mandate to achieve a resolution at first point of contact. Empowering colleagues to help customers and to seek resolution in real-time is critical to achieving an efficient journey, ensuring that individuals have access to the right information to resolve complaints is key to that, and an area where firms should understand their current position versus best practice.

HANDLERS TELL US, FOR EACH COMPLAINT...



1 HOUR WORK
IF RESOLVED
AT FPOC



2-6 HOURS
WORK IF TAKEN
BEYOND FPOC

An interesting discovery we made during our research is what Complaint Handlers think customers feel once their complaint has been resolved, is somewhat misguided.

If we look again at the emotions we associate with feeling valued and unvalued at resolution, we see that the most valued customers feel that characteristic joy-trust-surprise signature.

We asked handlers what they think customers feel at resolution – what they told us is this exact combination of emotions, those that we associate with feeling very valued. It isn't filtered, we didn't ask what valued customers feel, this is the true representation of what handlers think ALL customers feel at resolution.

However, it is clear from our customer survey that there is huge variation in how valued customers feel at the end of their complaint. We know that a significant proportion (42%) of customers feel unvalued at resolution.

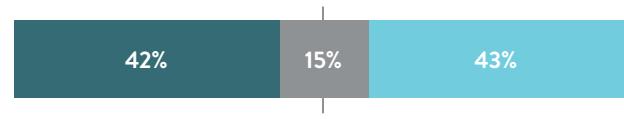
This shows us that Complaint Handlers understand the end goal of their customer, but that they do not possess a full appreciation of the effects of the complaint process on a customer's emotions.

This perception gap could be due to a combination of factors, for example:

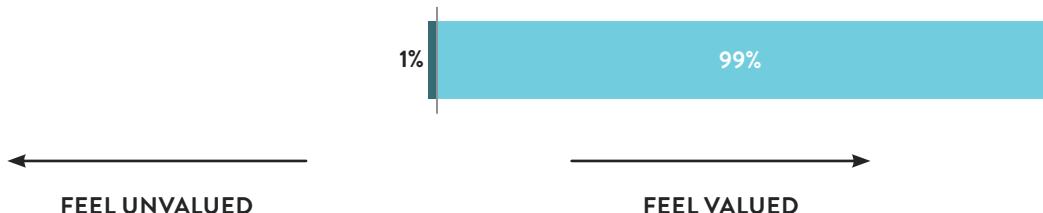
- Customers being happy with their Complaint Handler, but the complaint has taken too long to resolve, or has gone badly
- The Complaint Handler has followed their firm's process but this doesn't mean the customer feels valued
- The customer had the right outcome but in the wrong way, for example, a speedy resolution, but no compensation, or no apology, for example
- In some cases the Complaint Handlers may lack empathy, which could be resolved with appropriate skills training, guidance or support.

CUSTOMER VALUE AT RESOLUTION

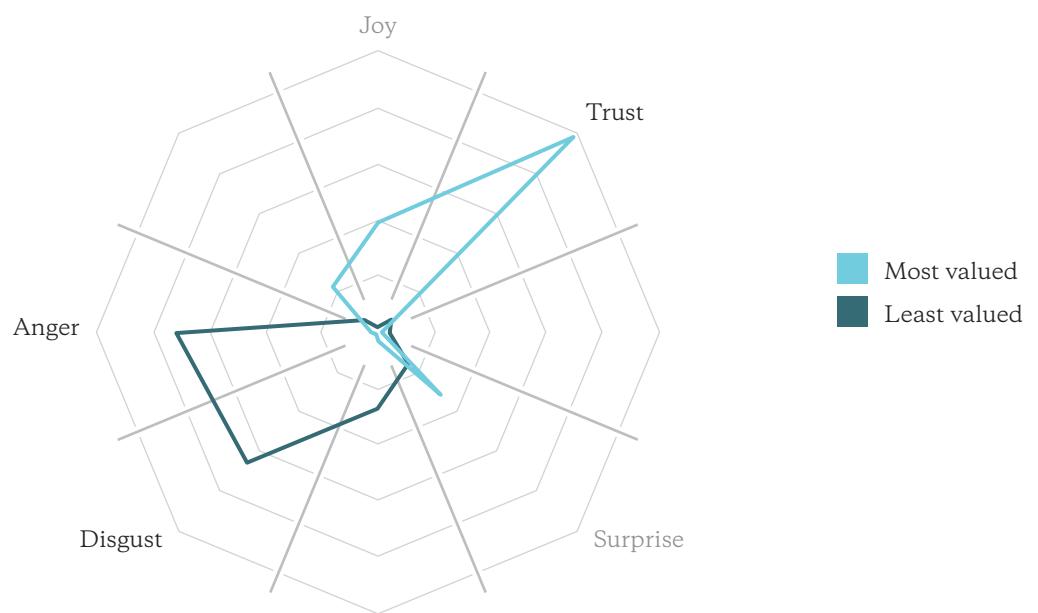
WHAT CUSTOMERS TELL US



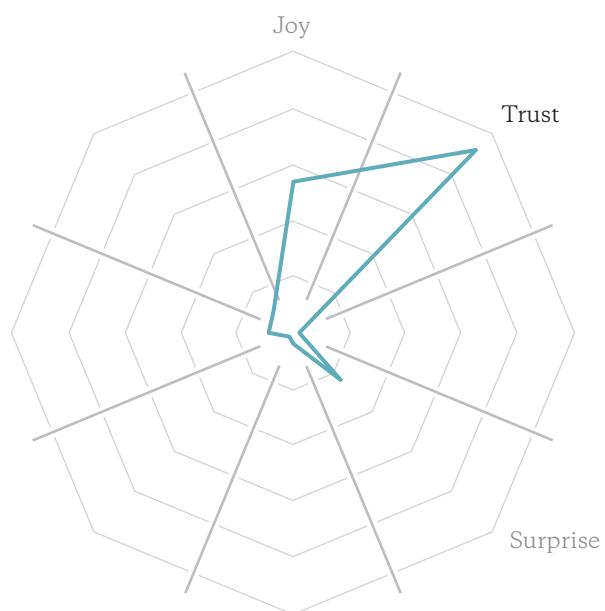
WHAT COMPLAINT HANDLERS THINK



CUSTOMER EMOTIONS AT RESOLUTION



WHAT DO HANDLERS THINK CUSTOMERS FEEL AT RESOLUTION?



BEST PRACTICE CASE STUDY

TRUST IN THE FRONT-LINE COMPLAINT HANDLERS TO ENCOURAGE FPOC

Three successful high street banks do not shy away from instilling trust in the first line to encourage FPOC resolution of complaints.

Agents are empowered to offer resolutions of significant value; up to £5,000 in the case of one firm. This gives them the autonomy to deliver proportionate solutions for customers based on the specific interaction and their unique set of circumstances.

Agents are subject to a robust quality framework that ensures adherence to process and that quality standards remain high. This approach both challenges and empowers Agents, reflecting the trust their businesses place on them. The teams resolve 60 - 70% of complaints at first point of contact - an eye-opening figure within a contact centre environment.

Conversely, another firm does not allow their Agents to offer significant monetary sums when resolving customers' issues on the front line and, further to this, they don't ask colleagues to resolve at FPOC - in fact only 10% of complaints are resolved this way.

What they do exceptionally well, however, is immediately transfer the call to their dedicated Complaints Team, while ensuring their central team is resourced to cope with this additional demand.

There can be greater control of quality in this scenario, as a smaller group of colleagues is resolving complaints. The firm averages three days to resolve a complaint. While they don't resolve many complaints at first touch, they nonetheless resolve all their complaints in a timely manner.

BOTH APPROACHES WORK REALLY WELL FOR THE FIRMS WHO HAVE APPLIED THEM, WHICH SHOWS THAT THE **BEST COURSE OF ACTION FOR ACHIEVING COMPLAINTS SUCCESS CAN BE FOUND BY LOOKING AT THE UNIQUE ELEMENTS OF YOUR BUSINESS MODEL, ITS CUSTOMER BASE AND THE CAPABILITY IN THE DIFFERENT AREAS OF YOUR BUSINESS.**



TIMELY ACKNOWLEDGEMENTS

Where a complaint cannot be resolved at first point of contact, providing the customer with an acknowledgement is the first important step in keeping them engaged and updated through the journey.

24% of customers did not receive an acknowledgement of their complaint, with 45% of our firm respondents stating that the timeliness and quality of their complaint acknowledgements was average at best.

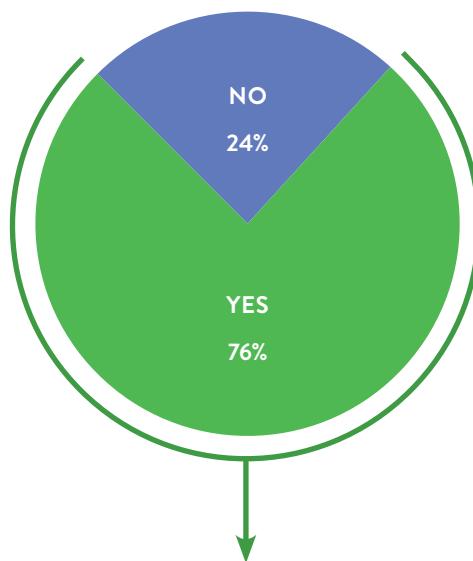
This should be a clear area of focus for firms to get right. It plays directly into the effectiveness of the update strategy and the impact of not doing it well at this early stage of complaint journeys is clear.

33% of acknowledgements were sent to customers immediately after making their complaint and 61% within 24 hours.

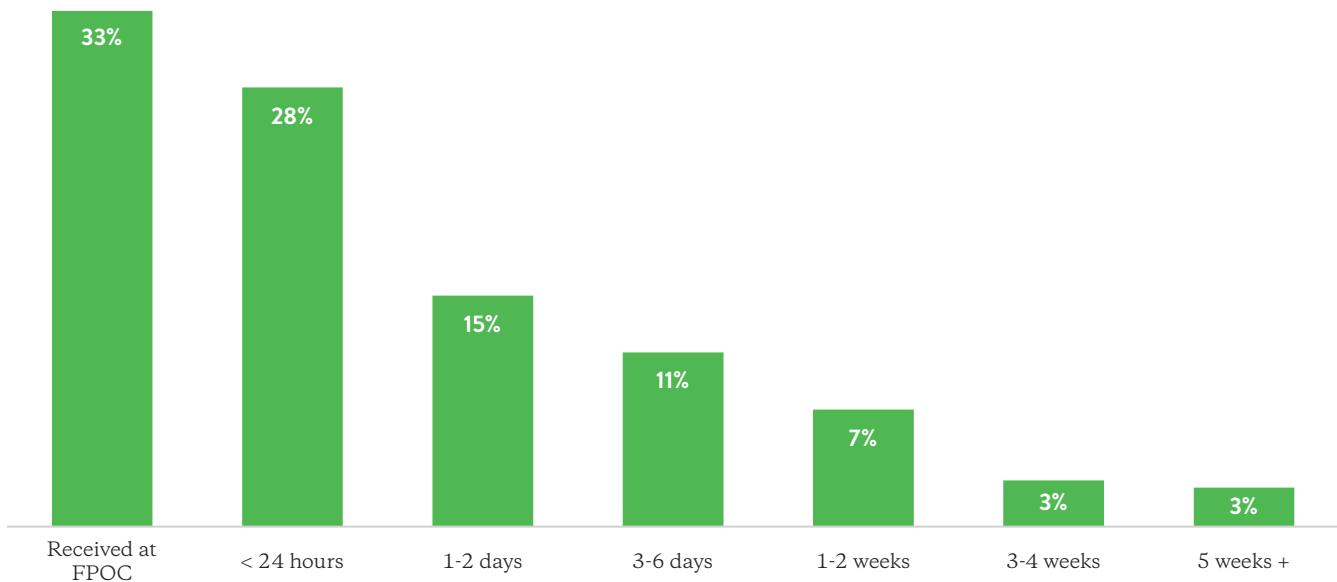
Setting expectations for when further contact will take place (and, where possible, a timeframe for resolution) is a positive step in promoting trust in the early stages of the complaint.

FIRMS HAVE A 24-HOUR WINDOW TO SEND
ACKNOWLEDGEMENTS BEFORE THE EMOTIONAL
EXPERIENCE RAPIDLY STARTS TO DETERIORATE

IF THE COMPLAINT WAS NOT RESOLVED AT FPOC, DID THE CUSTOMER RECEIVE ACKNOWLEDGMENT?



IF SO, HOW LONG DID THE ACKNOWLEDGMENT TAKE TO RECEIVE?

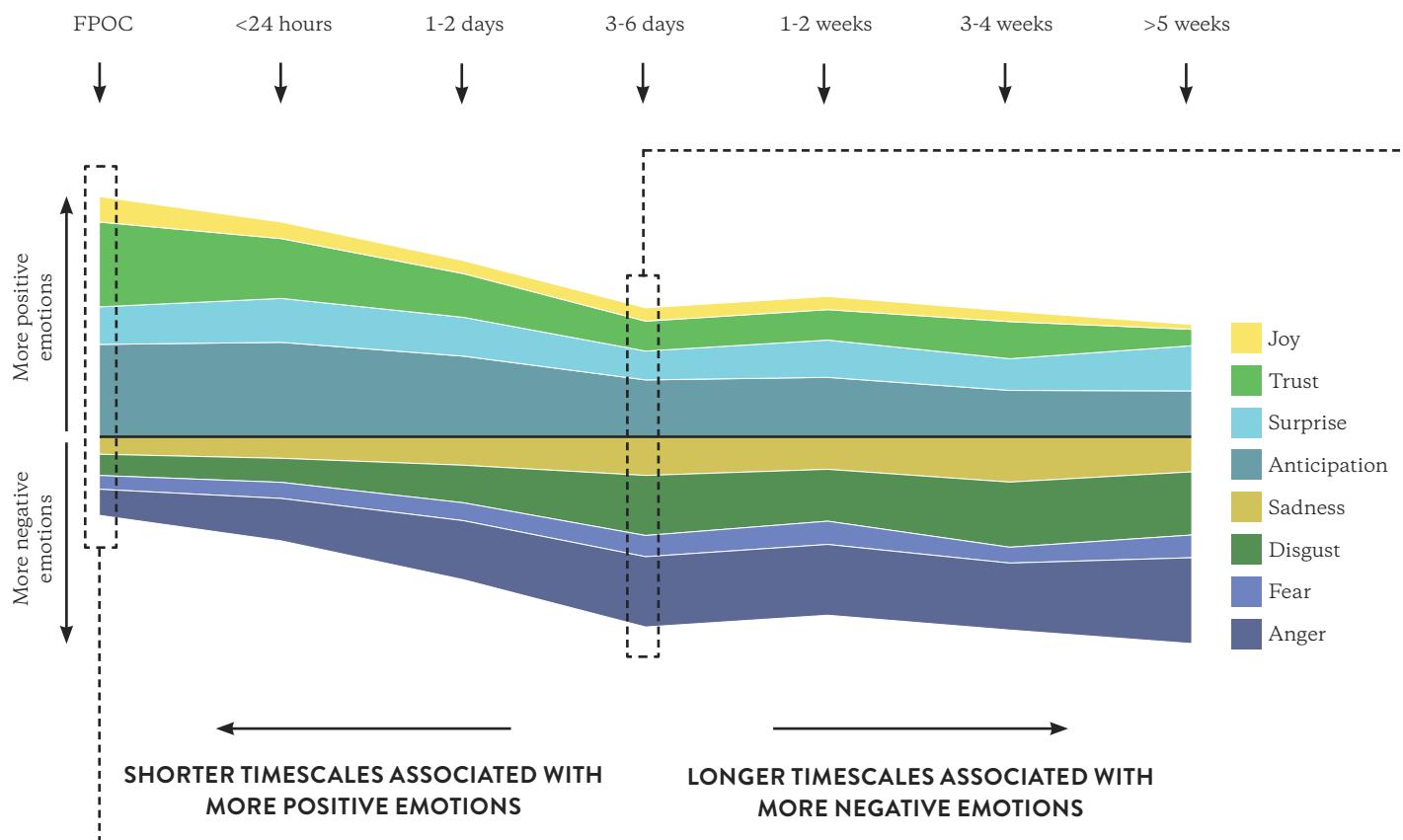


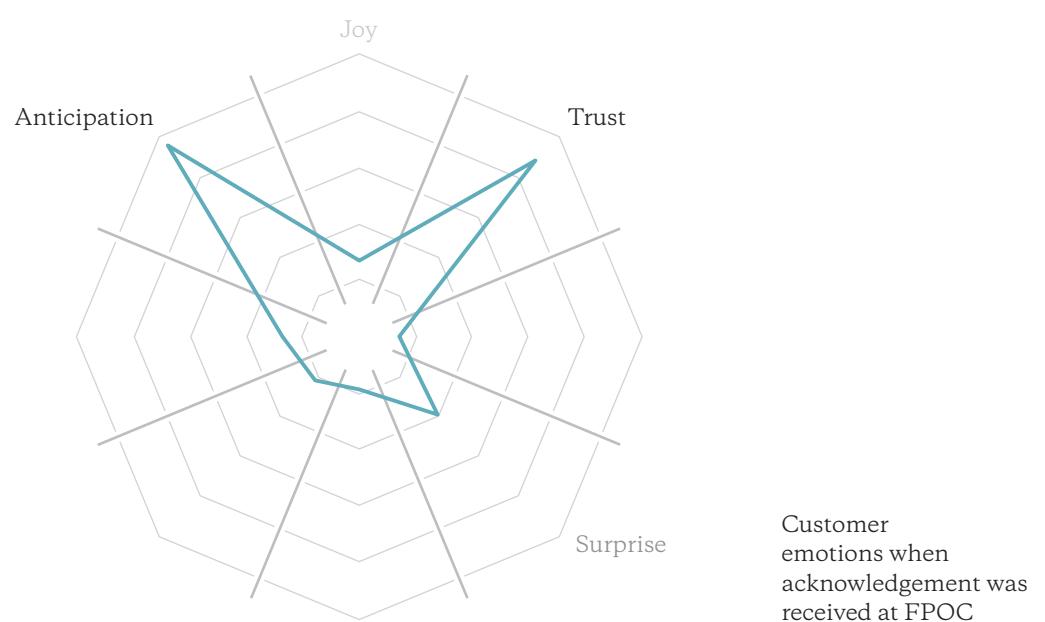
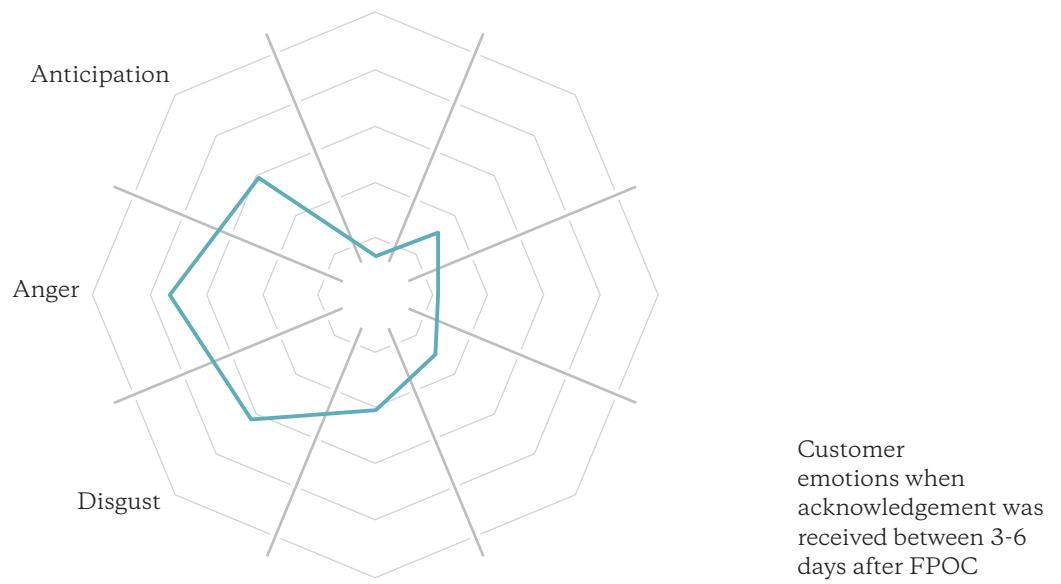
It is after this 24-hour window where the emotional experience rapidly starts to diminish. Over the course of the next week, the remaining 39% of customers felt levels of trust decrease and anger becoming more prevalent.

As we described earlier, valued and unvalued customers leave very characteristic signatures in their emotional data. It is this that we once again see reflected in the emotional data associated with receiving an acknowledgment. The longer it took, the more unvalued the customer felt.

Timeliness is only one element. From a quality perspective, we see that acknowledgements that are personalised, contain the key points of the complaint and outline next steps are driving the most positive emotions when paired with timeliness.

HOW LONG DID YOUR ACKNOWLEDGEMENT TAKE TO RECEIVE?







BEST PRACTICE CASE STUDY

REDUCING THE AVERAGE WAIT TIMES OF CUSTOMERS

A UK utilities provider firm needed to improve the complaint hand-off process to help expedite acknowledgement and further actions required on complaints.

They developed a bespoke decision matrix incorporating formal SLAs which were measured and reported on a daily basis. This was combined with training to provide clarity around escalations into the Complaints department. This allowed the firm to provide accurate timescales and set expectations with customers.

The firm further improved their approach through a daily broadcast which allowed Agents to set accurate time expectations depending on the case type and volume of work within the department at that time.

SINCE THIS WAS IMPLEMENTED, THE TIMESCALE FOR FURTHER ACTIONS BEING EXECUTED ON CASES HAS REDUCED FROM AN AVERAGE OF SEVEN DAYS TO ONE, AND THE FIRM IS COMPLETING 40% MORE CASES WITH THE SAME FTE NUMBERS, IMPROVING CUSTOMER WAIT TIMES, AVERAGE HANDLING TIMES AND, ULTIMATELY, CUSTOMER SATISFACTION.



KEEP ME UPDATED

WHEN A CUSTOMER MAKES A COMPLAINT, THEIR NATURAL RESPONSE IS TO SEEK RESOLUTION AT FIRST POINT OF CONTACT. HOWEVER, FROM THE FIRM'S PERSPECTIVE, BOTH UNDERSTANDING THE COMPLAINT AND ACCESSING ALL OF THE REQUIRED INFORMATION CAN TAKE TIME.

A further challenge is the ever-increasing expectations of customers, who have become accustomed to being inundated with information and visibility when it comes to goods and services.

Good examples of this include delivery companies providing regular updates on a parcel's journey, the ability to monitor quiet and busy areas on a train, or being able to see where on its route your bus is.

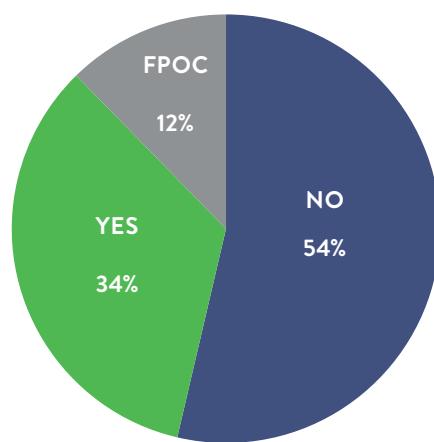
It is clear within complaints management that this inherent expectation is not often catered for.

We asked our customer respondents if they received updates regarding their complaint. 12% had their complaint resolved at first point of contact and didn't need updates, 54% didn't receive anything, leaving only 34% that had.

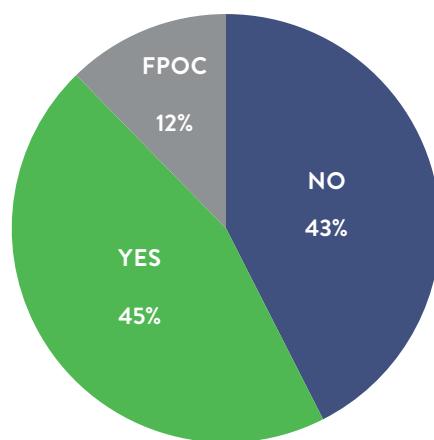
To validate whether speed of response negated the need for an update, when we explored whether customers had to chase for an update, 45% said they had. This means that almost half of our respondents were not updated as frequently or effectively as they would have liked.

An important point here is that a significant number of people who chased did so two-to-three times, which represents a cost to a business.

DID THE CUSTOMER RECEIVE UPDATES?



DID THE CUSTOMER HAVE TO CHASE?



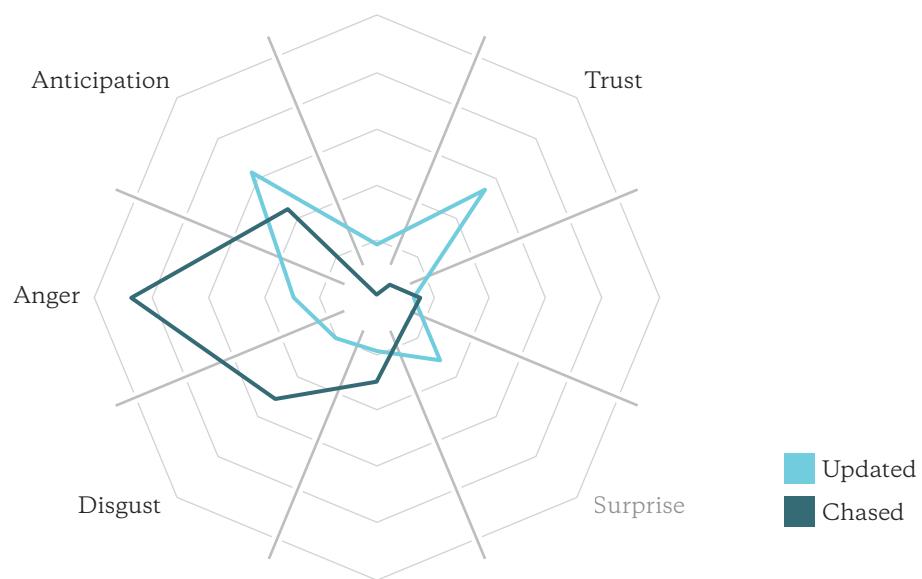


It's no surprise that the emotions associated with being kept updated versus having to chase are very different. Customers who were updated had a mostly positive experience, displaying emotions that we associate with value. Conversely, customers who have to chase are filled with those emotions we associate with being unvalued.

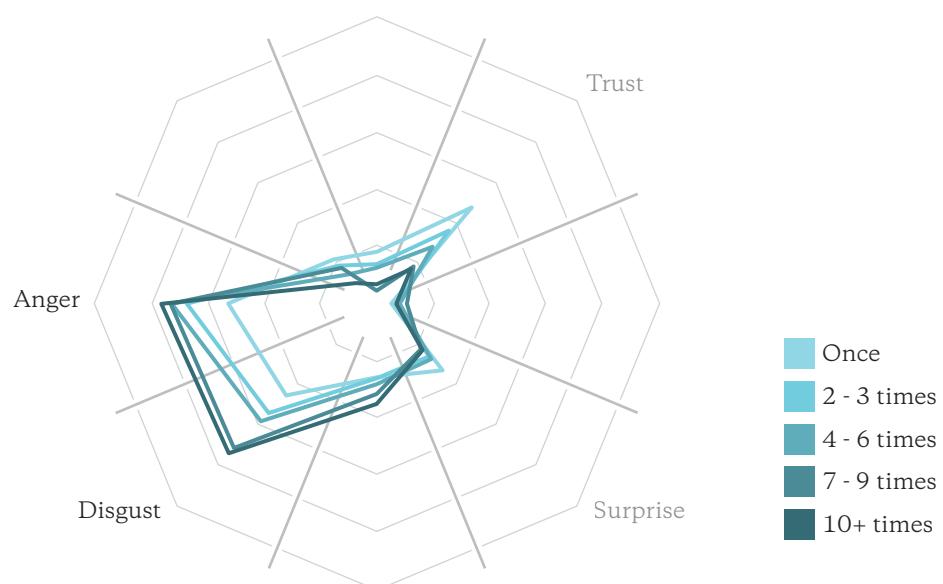
When we look specifically at the emotions customers experience at resolution where they have had to chase, there is a direct correlation between the number of times chased and the levels of negative emotion.

The emotional response we see from the 17% of customers who had to chase seven or more times has the exact signature of the most unvalued customers, again demonstrating the value of keeping your customer regularly updated.

CUSTOMER EMOTIONS WHEN UPDATED VS HAVING TO CHASE



CUSTOMER EMOTIONS AT RESOLUTION VS NUMBER OF TIMES TO CHASE



Retention of customers who have raised a complaint, despite the fact they were at one point dissatisfied, can provide a greater financial return than new customers to your organisation, as there is a greater likelihood of them becoming a promoter and influencing others.

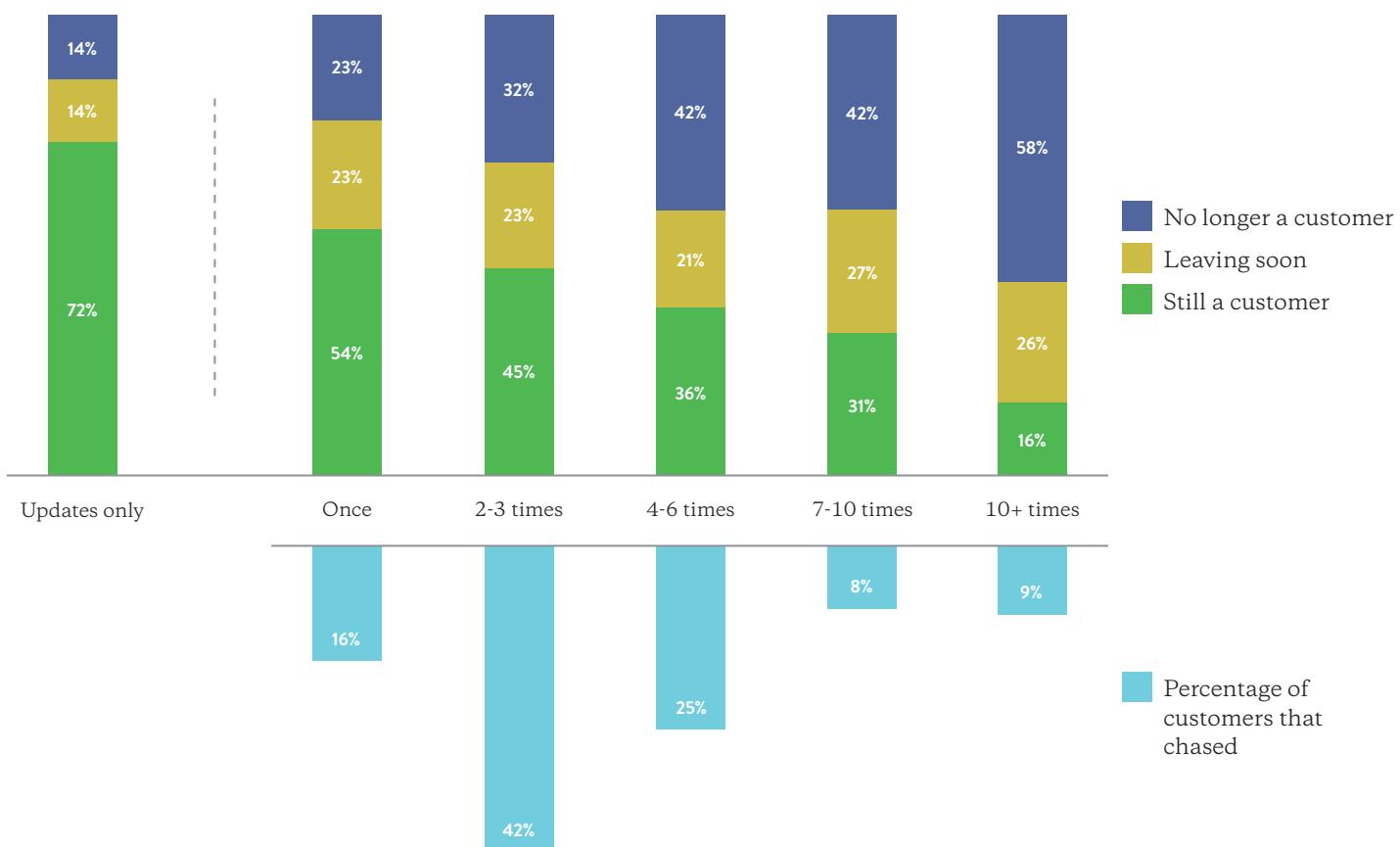
Through analysis of customer responses, we can see that levels of retention are significantly lower where customers have had to chase.

Where they have chased just once, the data shows just under half of customers leave. The graph below shows the decreasing trend of retention based on the increasing number of times customers had to chase for an update. At the extremes customers have had to chase ten or more times. When this is the case, retention rates are reduced to just 16%.

Although a customer having to chase ten or more times may seem excessive, nearly one in ten respondents told us they had to chase this frequently.

Due to the volume of customers citing that they had to chase on multiple occasions for updates, we conducted a deeper review of the respondent's complaint journey.

RETENTION VS HOW MANY TIMES DID THE CUSTOMER HAVE TO CHASE?



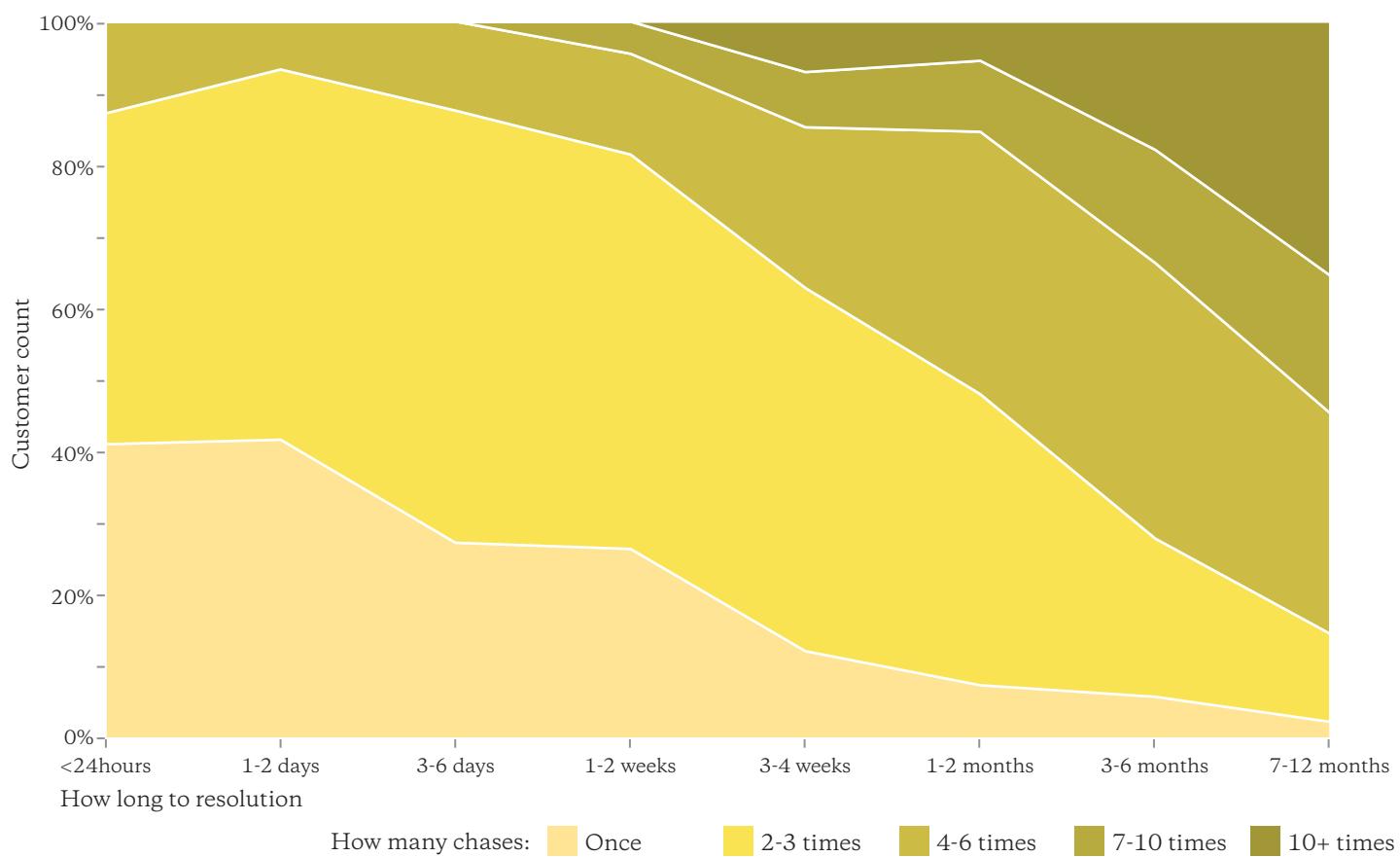
The graph below is a plot of the length of time a complaint took to resolve versus the number of times a customer had to chase their complaint resolution. This clearly shows a trend that where complaints are resolved within the initial two week period the number of chases remains stable with, typically, one-to-three recorded. This emphasises the value of providing an update along with setting realistic resolution expectations and acting

with transparency when a complaint cannot be resolved either at first point of contact or within 24 hours.

After two weeks, we observe a significant increase in chasing, as the number of customers who have chased more than four times begins to make up a much more significant percentage of the sample. This is also when we see the greatest decrease in retention and the characteristics of unvalued emotional signatures begin to play through.

A driver for customers chasing early in the process (borne out in the verbatim comments) is the use of generic acknowledgement correspondences which fulfil regulatory requirements, but frequently give little comfort or context to a customer. Further work is required on these communications to help create clarity for customers on the next steps whilst also setting realistic expectations in respect of resolution timelines and update points.

TIME TO RESOLUTION VS HOW MANY TIMES THE CUSTOMER CHASED



BEST PRACTICE CASE STUDY

ALIGNING THE CUSTOMERS OUTCOMES WITH THE EXPECTATIONS SET AT THE OUTSET

Clients focusing on effective communication around complaints are far more likely to minimise further dissatisfaction and additional work.

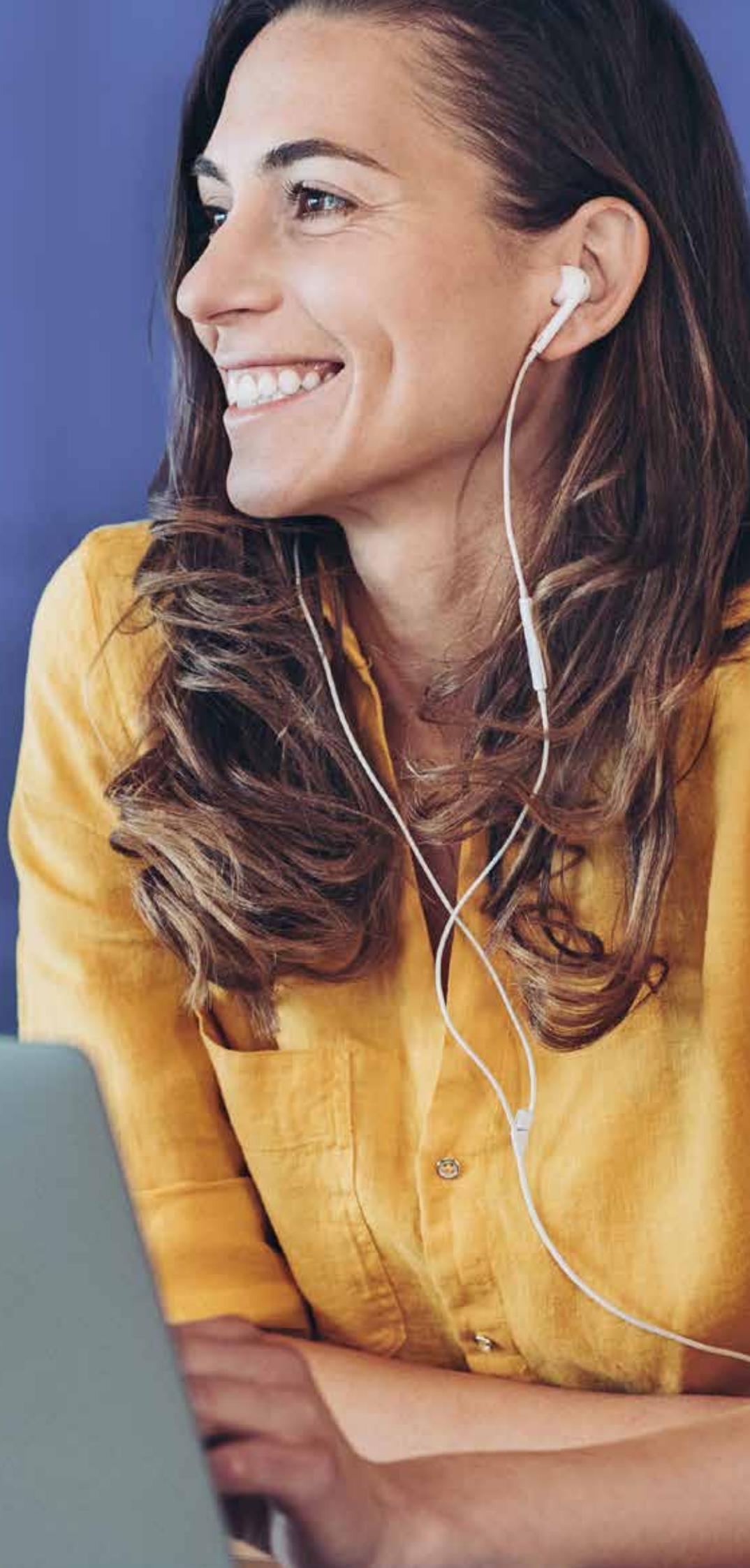
We have observed many instances with our clients where communications aligned to industry rules and timescales - with those rules and timescales clearly referenced - helps prevent repeat contacts from existing complainants (so long as the firm successfully works to those deadlines).

A leading energy firm's keen focus on customer outcomes when re-engineering its complaint handling process ensured a significant improvement in expectation setting with customers.

This was achieved through increased clarity and focus on 'next steps' in written and aural communications, which minimised further contact and allowed the firm to focus on resolution. Further to this, workflow and robotics were introduced to free up Agents' time and allow them to focus on the customer.

Quality scores subsequently improved from 72% to 96%.

THIS HIGHER STANDARD OF OUTCOMES RESULTED IN A **CLEARANCE OF THE CLIENT'S COMPLAINTS BACKLOG WELL AHEAD OF EXPECTATIONS**, AS CUSTOMERS' OUTCOMES ALIGNED TO THE EXPECTATIONS SET AT THE OUTSET.

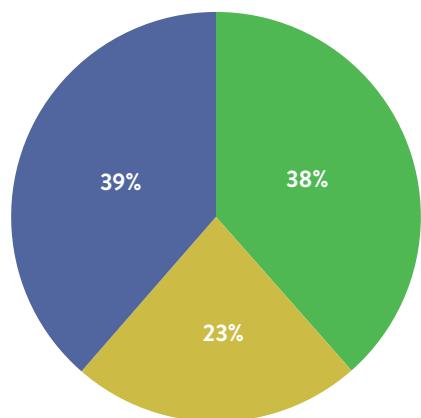


When we segment customers who only chased (and didn't receive any updates), and those who received updates (and didn't have to chase), we see an even more extreme difference in overall retention (34%) between the two.

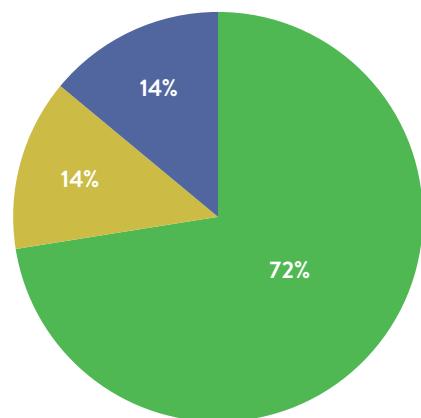
In circumstances where a customer has had to chase, but hasn't received any updates, the probability of the customer leaving increases significantly, with only 38% people indicating they stayed with their organisation when receiving this level of service.

In contrast, a completely different outcome was observed where customers were updated and did not have to chase a resolution to their complaint, with 72% indicating they stayed with their organisation.

RETENTION WHEN CUSTOMER HAD TO CHASE AND RECEIVED NO UPDATES



RETENTION WHEN CUSTOMER RECEIVED UPDATES AND DIDN'T HAVE TO CHASE



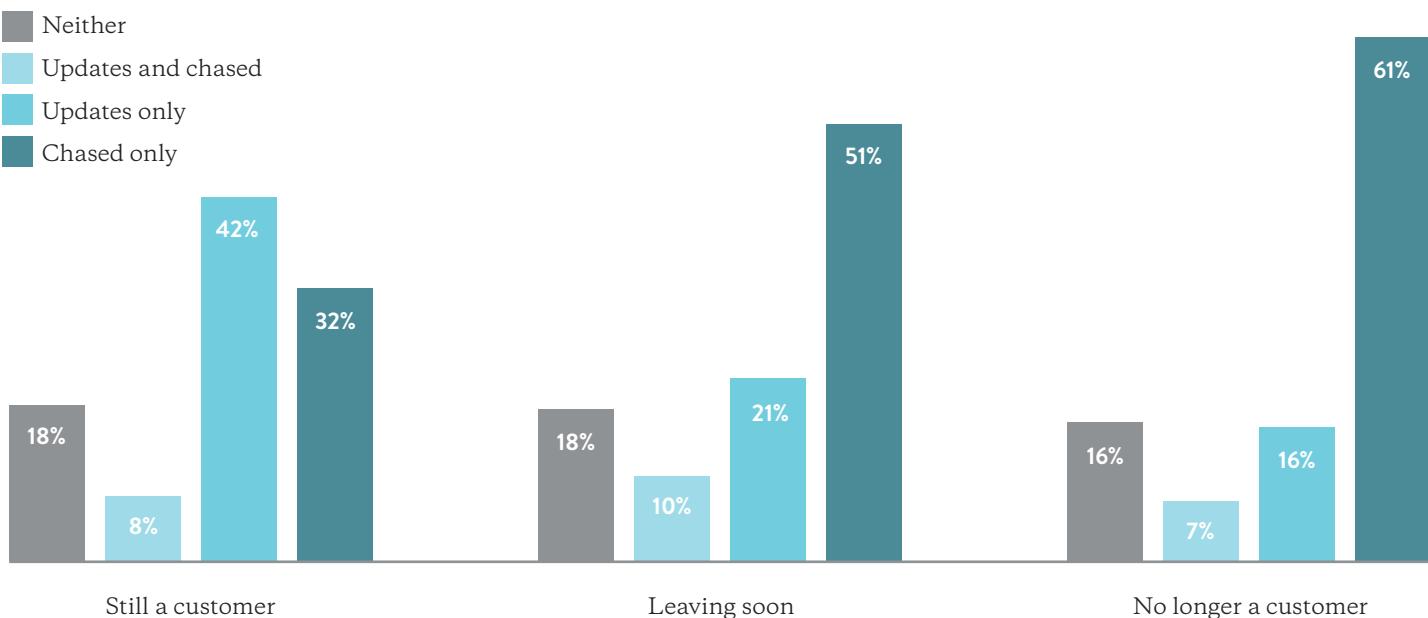
- Still a customer
- Leaving soon
- No longer a customer

An interesting pattern emerges when we group customers by their retention status and overlay the level of updates they were provided. It is evident that most people (eight in 10), regardless of their retention status, did receive information about their complaint at some point, whether this was via chasing or whether they were proactively updated. This clearly demonstrates how important it is to customers that they are regularly updated on their complaint.

Only one in three firms advised that they provide proactive updates to their customers with complaints. The remainder had limited consistency on when they issue an update - or only provide an update when they were required to. This supports the customer data, further highlighting a need to recalibrate how firms update customers during their complaints journey.

Another interesting insight from the firm data is very few complaint functions track the number of contact points they have with a customer, naturally, this would include updates or chasing. Given how important it is to make the customer's complaint journey as effective as possible, it is recommended that operational KPIs be formed around this metric to help inform the performance of the complaints operation.

UPDATES AND CHASING VS RETENTION



Earlier in the report it was referenced that 55% of customers are updated via email, followed by phone at 27%. However, the channel a customer is updated on is largely out of their control, so what do they feel happiest with?

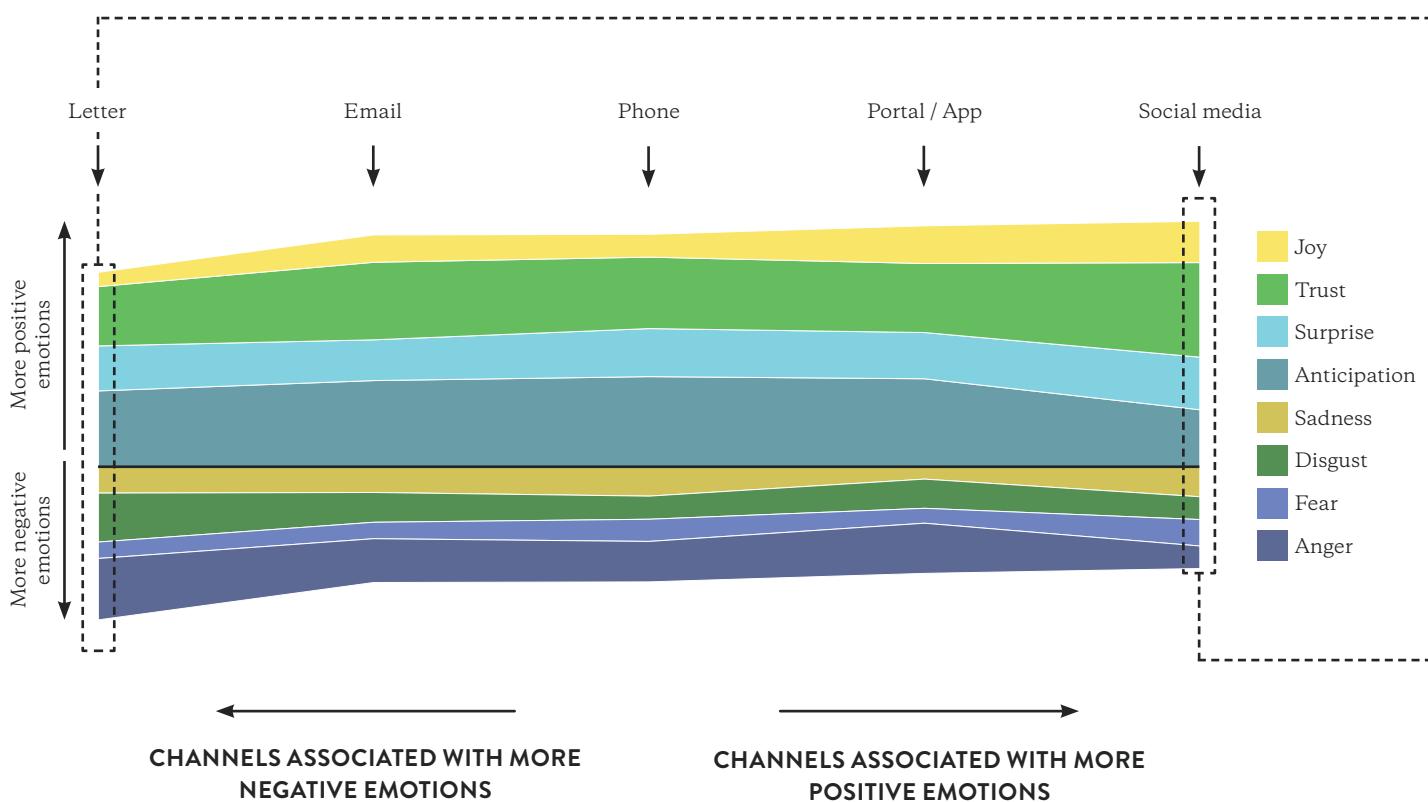
When comparing the emotions customers feel when they were updated versus the channel they were updated on, some informative trends begin to appear.

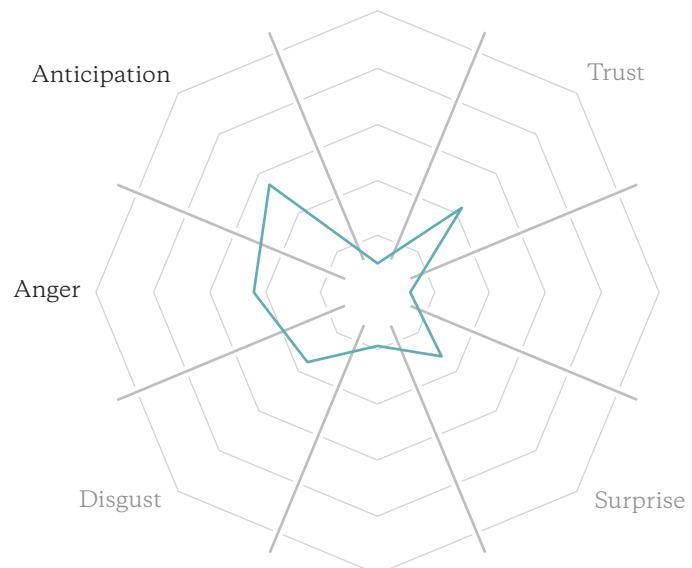
Overall, customers have more positive emotions than negative, which is to be expected, as we have outlined that people are generally positive when receiving updates.

It is clear that customers experience the same levels of emotion for the majority of update channels, with a general improvement seen when using digital channels. There are three outliers in phone, email and, in particular, letter, all associated with more negative emotions than other channels.

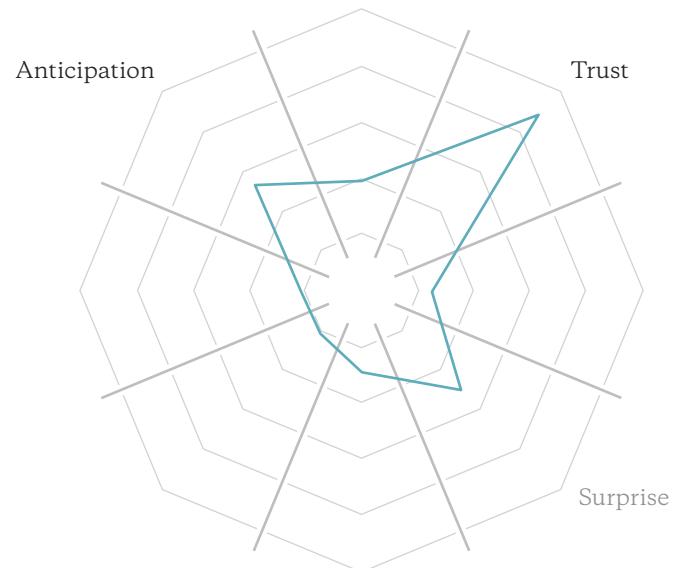
Receiving an update by letter is associated with the most negative emotions (broadly a 50 / 50 mix of positive and negative). This is likely due to the additional time it takes to receive a letter, as well as creating an impression that any response to the firm also needs to be made via letter.

CUSTOMER EMOTIONS BY WHICH CHANNEL THEY WERE UPDATED ON





Customer emotions
when updated via
letter



Customer emotions
when updated via
social media

Since we've looked at the emotions associated with update channels, it's worth looking at the emotions that are associated with which channels customers use to chase.

We have already established that customers feel very negative emotions when they are forced to chase, and it does not make a material difference which channel is used. They are virtually all equally associated with the most intense feelings of anger, disgust and sadness.

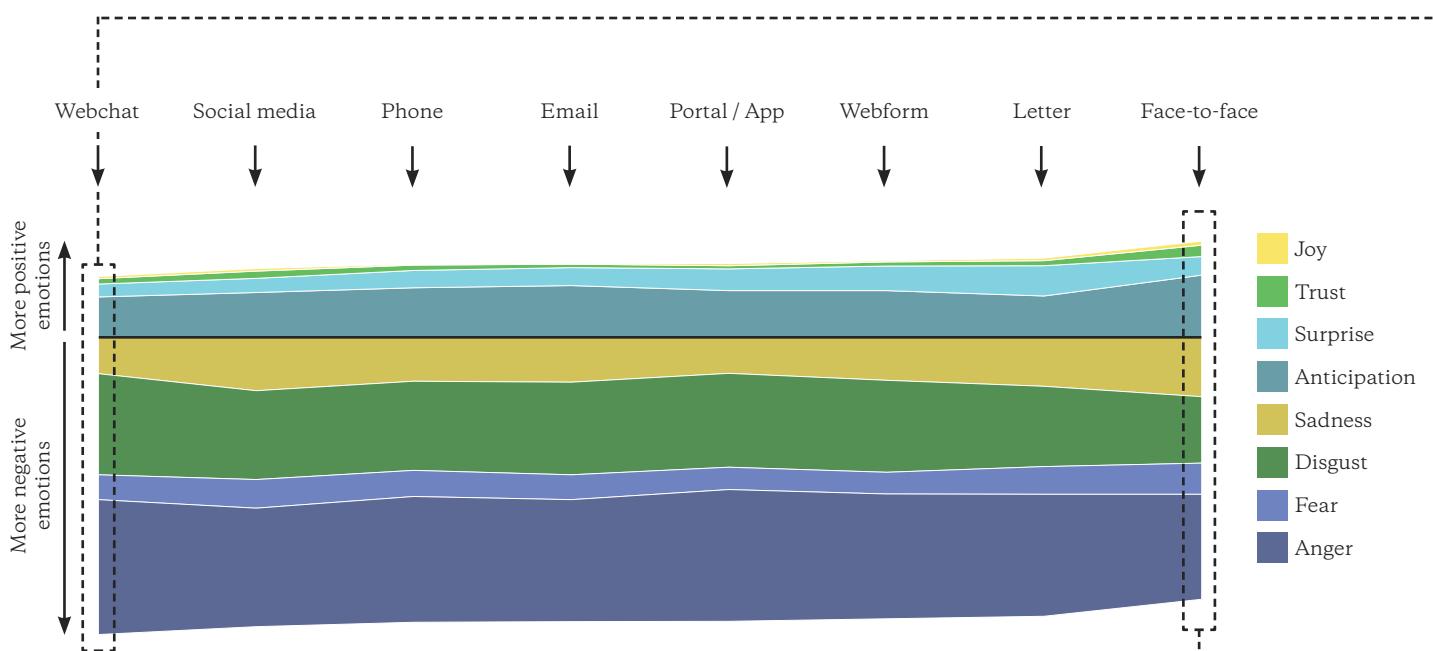
The only slight stand out is chasing in a face-to-face setting, which has marginally lower levels of negative emotions.

Ultimately, customers will always want to be informed and kept up-to-date on how their complaint is progressing. They want information, and the onus should be on the firm to proactively provide it - as frequently as possible, even if there has been no change.

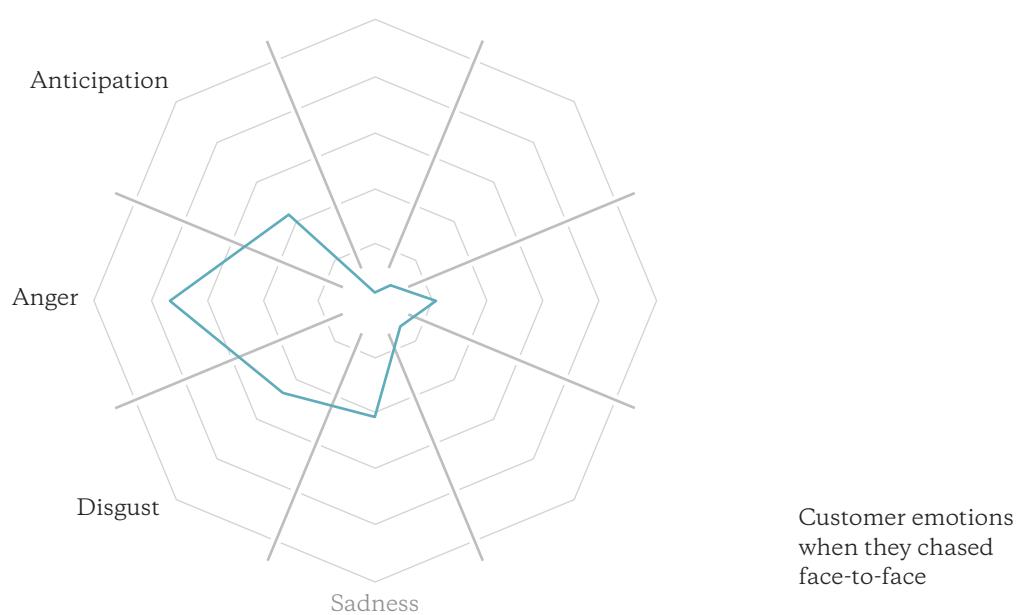
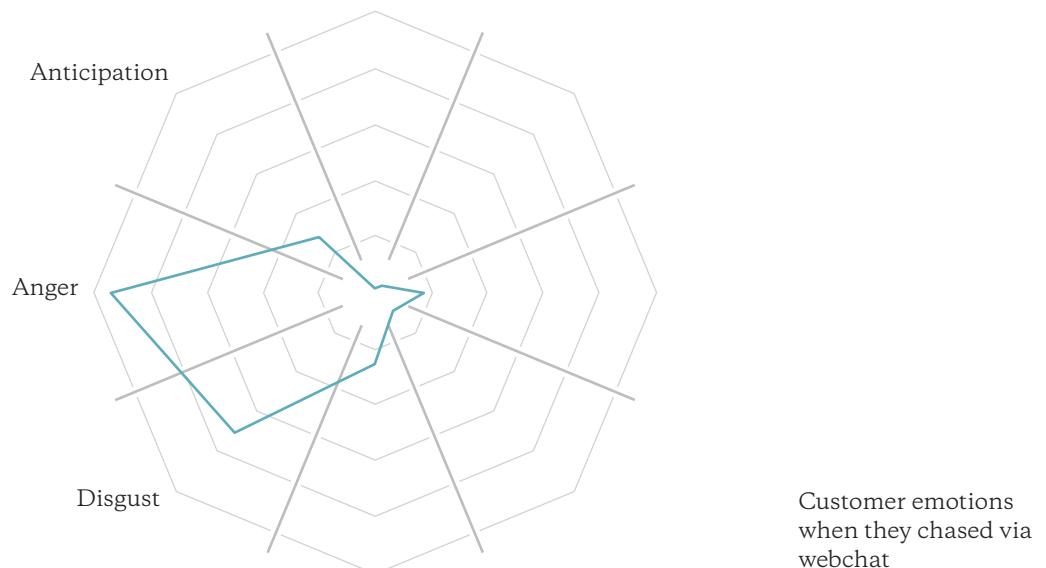
No matter how you look at the data, when a customer has to chase, they will always feel less valued.

Having to chase is one of the defining characteristics of a complaints journey that has been executed poorly; the customer has already been inconvenienced by an issue (regardless of the eventual complaint decision / resolution), and may feel that chasing represents a further inconvenience which adds insult to injury.

CUSTOMER EMOTIONS BY WHICH CHANNEL THEY USED TO CHASE



ALL CHANNELS ARE ASSOCIATED WITH NEGATIVE
EMOTIONS WHEN CUSTOMERS FELT THE NEED TO CHASE



SAY SORRY TO ME

SAYING SORRY IS SUCH A SIMPLE THING TO DO, AND YET IN SO MANY CASES THIS DOESN'T HAPPEN. ADMITTING FAULT CAN BE A BIT TRICKIER DEPENDING ON THE FINAL OUTCOME OF A COMPLAINT, BUT AN APOLOGY CAN BE OFFERED WITHOUT AN ADMISSION OF FAULT.

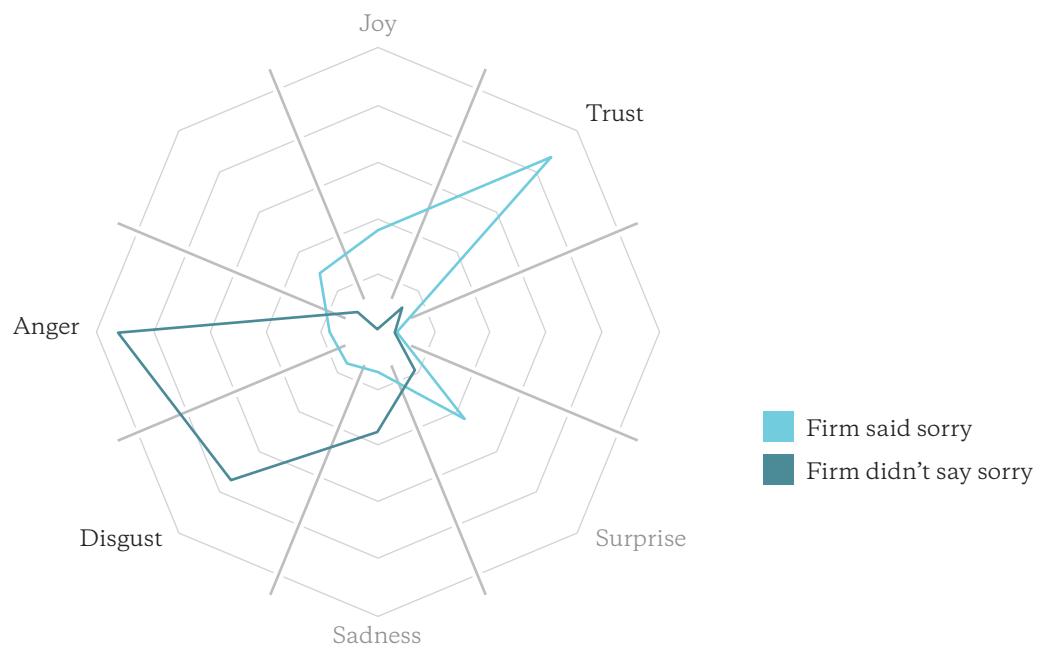
Indeed, just under 50% of our firm respondents were able to say that they say sorry to their customers for feeling the need to complain close to 100% of the time.

This is clearly an emotive subject, and our customer data reflects that. We see a huge disparity in customer emotions when a firm said sorry or when they received an admission of fault compared with when they did not.

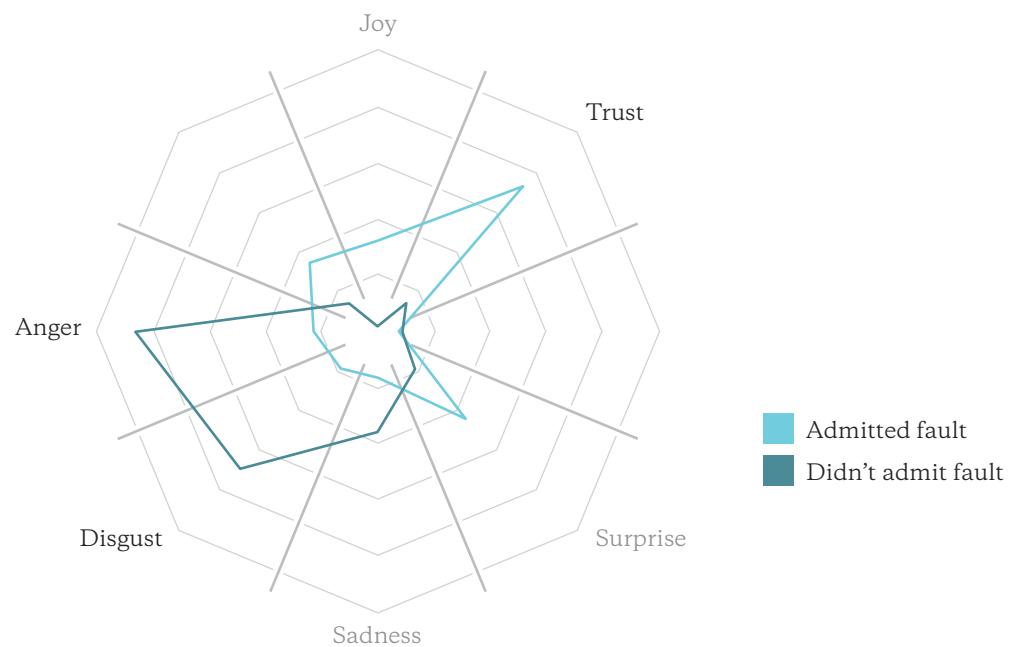
When firms said sorry (and made an admission of fault, if appropriate) we see a strong emotional response that displays the characteristics of feeling valued - arguably the strongest in our entire set of customer data. It is clear that not only are customers surprised to hear their provider say sorry (in a positive way), it also goes a very long way to build trust between the customer and the firm.

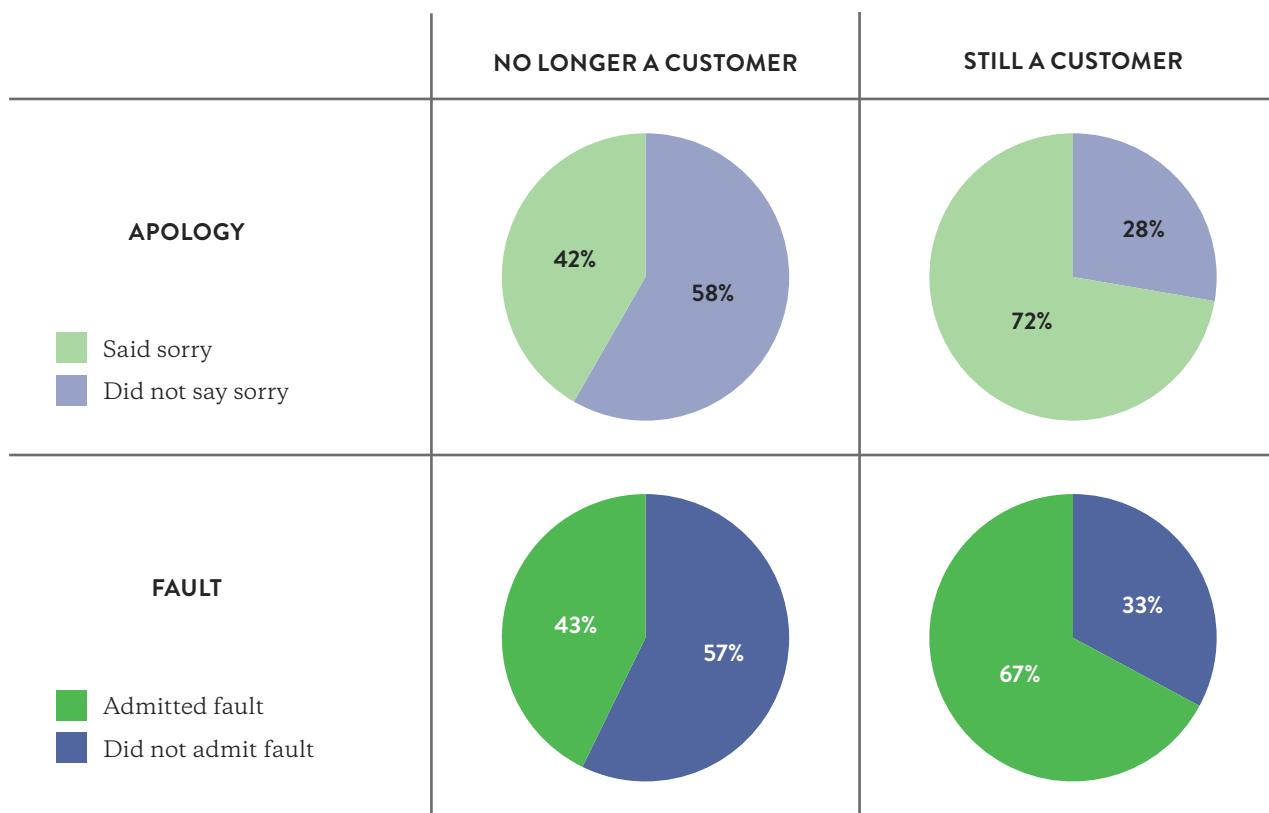
On the other hand, when an apology or subsequent admission of fault is not forthcoming, customers' main emotional response was that of anger, disgust and sadness. This tells us that they were feeling particularly unvalued, and demonstrates that a simple principle such as offering an apology can have a significant impact.

CUSTOMER EMOTIONS WHEN A FIRM SAID SORRY (OR DID NOT)



CUSTOMER EMOTIONS WHEN FIRM ADMITTED FAULT (OR DID NOT)





From our customer data, we can see a 30% difference in retention between customers where their firms said sorry, compared with those who didn't, while there is a 26% difference when firms admitted fault or not.

These insights point to the clear commercial and customer benefits for firms that invest the time to outline a clear policy and embed a consistent approach to saying sorry to customers. Whilst as expected, providing both an apology and admission of fault results in the most positive emotions felt by

customers, it is interesting to look at which one in isolation has the most positive impact.

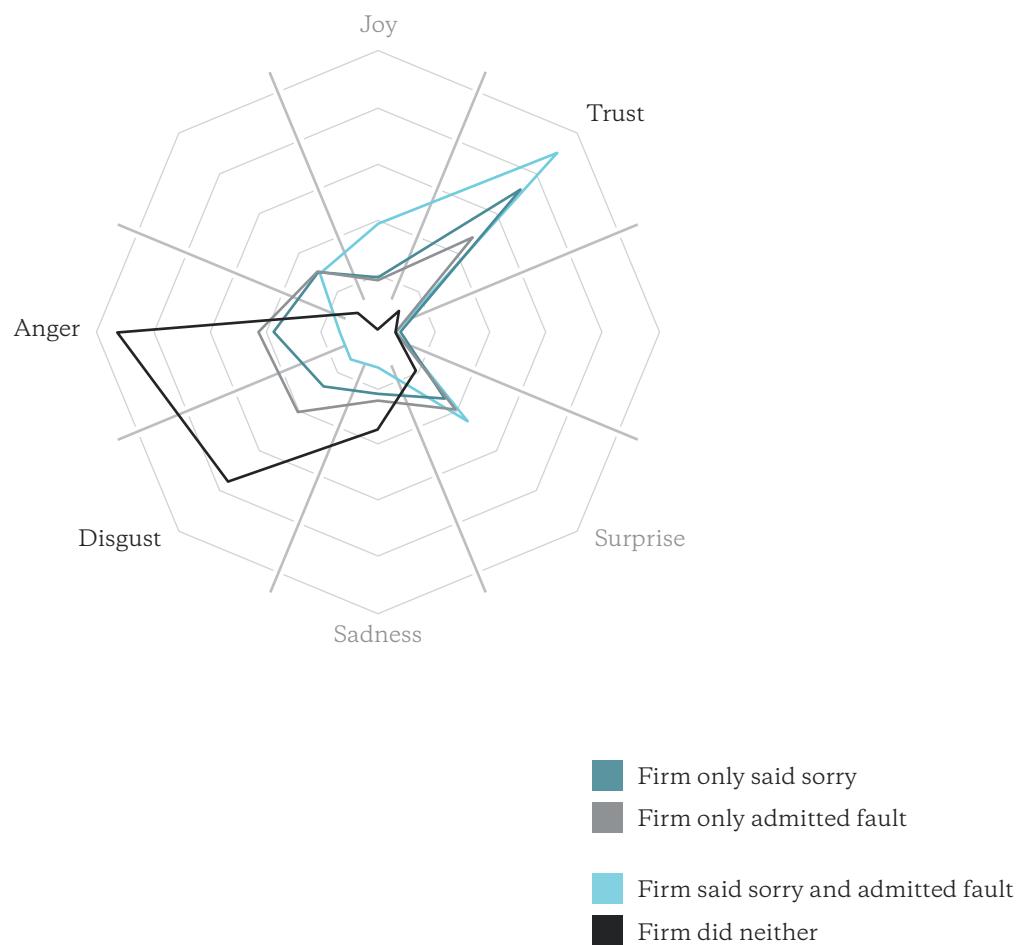
Saying sorry alone resulted in a far more positive emotional response than just an admission of fault without an apology, resulting in more trust and less anger and disgust.

This shows that saying sorry is more important than just an admission of fault, but in an ideal world, where the complaint is upheld in favour of the customer, they will receive both.

Finding a way of saying sorry for the situation that the customer finds themselves in (i.e. offering an apology, regardless of whether the firm is at fault) represents an opportunity to build more positive customer emotions through the complaints journey.

This is a positive step where firms can build more trust with customers, helping them feel more valued.

CUSTOMER EMOTIONS AT RESOLUTION



We asked our firm and Complaint Handler participants how often they say sorry and admit fault to customers who complain.

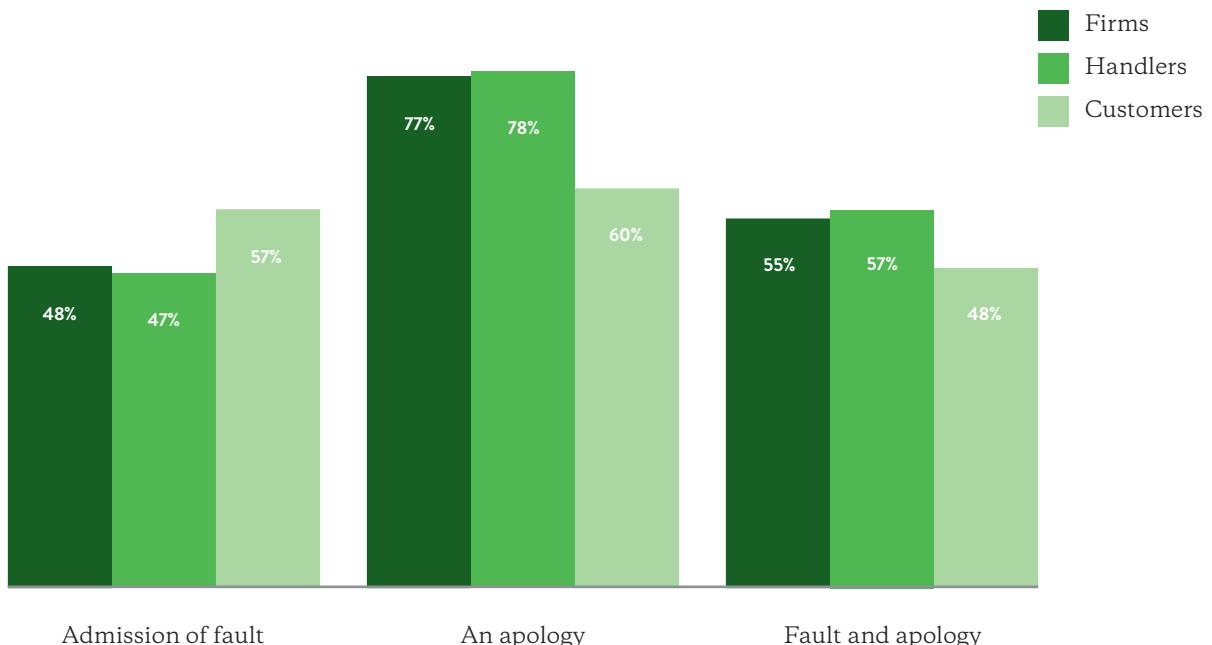
Firms and Complaint Handlers told us that they say sorry to customers 77% - 78% of the time. There is a perception gap here, as 60% of customers told us that they received an apology.

Considering what an important part of a successful complaint journey it can be, firms should be aspiring to say sorry 100% of the time, even if it's just apologising that the customer felt they needed to complain in the first place. Less than half of our firm participants were able to confirm that they say sorry all the time.

Firms should therefore take the opportunity to assess how an apology is delivered to customers and whether they are genuine and explicit enough to be heard, but more importantly, believed.

Interestingly, a higher percentage of customers believed that they got an admission of fault from their providers. This difference is unexpected, and we believe it can be attributed to customers conflating a complaint resolution and an admission of fault. This insight only makes the apology an even more important factor in trying to make customers feel valued following a complaint.

ADMISSIONS OF FAULT AND SAYING SORRY, PERCENT OF THE TIME GIVEN / RECEIVED



BEST PRACTICE CASE STUDY

DELIVERING A MORE HUMAN APPROACH TO COMPLAINT HANDLING

A global bank's complaints department wanted to shift their focus from processes to outcomes.

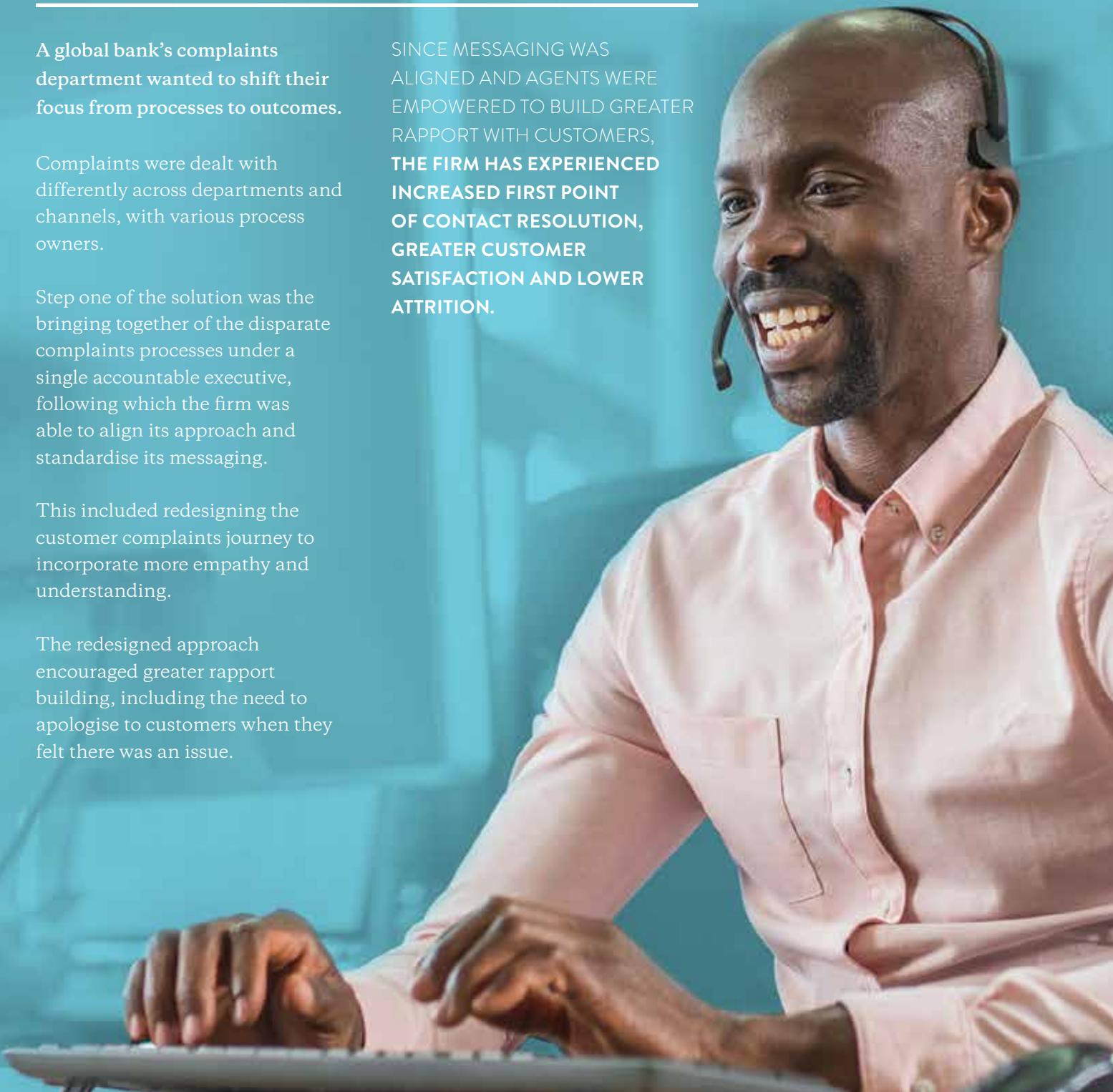
Complaints were dealt with differently across departments and channels, with various process owners.

Step one of the solution was the bringing together of the disparate complaints processes under a single accountable executive, following which the firm was able to align its approach and standardise its messaging.

This included redesigning the customer complaints journey to incorporate more empathy and understanding.

The redesigned approach encouraged greater rapport building, including the need to apologise to customers when they felt there was an issue.

SINCE MESSAGING WAS ALIGNED AND AGENTS WERE EMPOWERED TO BUILD GREATER RAPPORT WITH CUSTOMERS, **THE FIRM HAS EXPERIENCED INCREASED FIRST POINT OF CONTACT RESOLUTION, GREATER CUSTOMER SATISFACTION AND LOWER ATTRITION.**



CONCLUDING THE COMPLAINT EFFECTIVELY

Getting to the right outcome for the customer first time is crucial to give firms the best chance to retain them following a complaint. Whilst only 6% of our customer sample had to escalate (to a third party such as an Ombudsman) following a decision, it had dire consequences on customer attrition, with almost 80% of customers leaving their provider after having to escalate.

For the purposes of this paper, "compensation" is defined as what customers are provided in terms of distress / inconvenience or 'goodwill' payments, rather than formal redress following proven financial loss.

In these cases, we saw a small increase in retention (8%) when a customer

received something as opposed to nothing. It is worth noting, however, that whilst there is a positive impact on both emotions and retention, it is nowhere near as significant as saying sorry.

It is particularly interesting when looking at what firms provide customers as compensation. Whilst it might not be immediately obvious, it can make a big difference to retention. A simple cash payment is the worst type of compensation when considering its impact on retention. In fact, in our customer sample it made virtually no difference when compared to giving nothing at all.

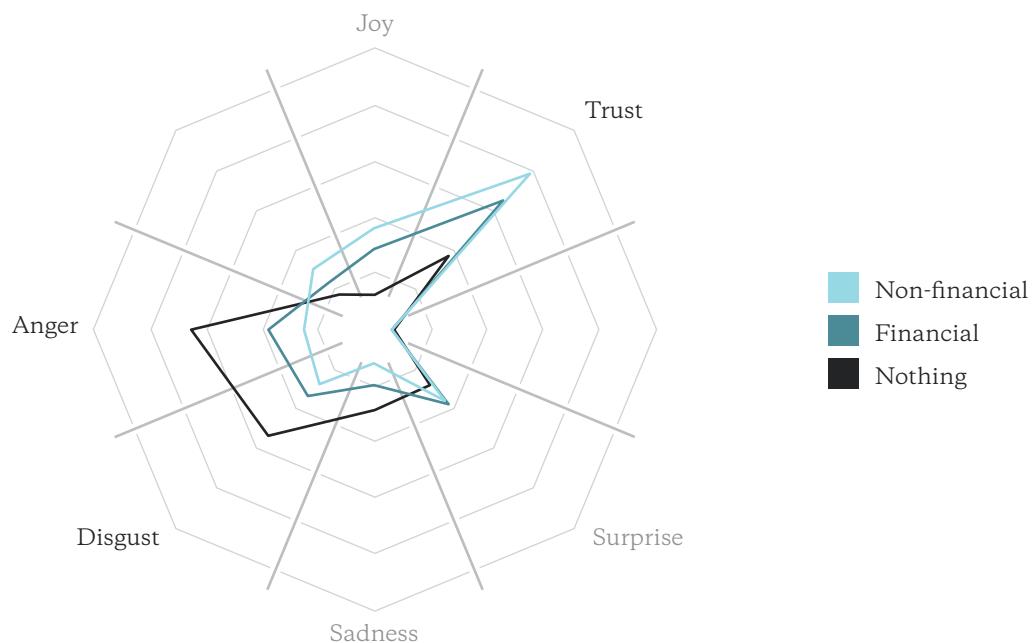
However, it was the most common form of compensation provided to

customers in both our customer and firm survey.

Our firm respondents noted a range of other compensation options, including charity donations, flowers, discounts and gift vouchers, with the latter having the most positive impact on retention - although it is worth noting that these were all provided as goodwill gestures as opposed to redress.

What is clear from the data is that saying sorry, along with a goodwill gesture, is one of the best ways of delivering a very strong feeling of value while keeping retention rates high. A gesture of goodwill without an apology is pointless - it makes very little difference to retention.

EMOTIONS AT RESOLUTION – CUSTOMER COMPENSATION



RETENTION VS COMPENSATION



SUMMARY AND RECOMMENDATIONS

THROUGHOUT THE COMPLAINTS OUTLOOK 2022 REPORT WE HAVE OUTLINED KEY INSIGHTS FOR FIRMS AIMING TO DELIVER A COMPLAINTS JOURNEY THAT LEAVES CUSTOMERS FEELING VALUED AT RESOLUTION (THE BIGGEST DRIVER OF RETENTION AND ADVOCACY FOLLOWING A COMPLAINT).

Balancing customer, operational and regulatory objectives is not easy. Organisations are striving to deliver positive complaints experiences for customers against the backdrop of economic challenges, volatile complaints volumes and in an environment where cost savings are becoming increasingly important. For many firms, this all needs to be delivered within the parameters of a challenging regulatory framework.

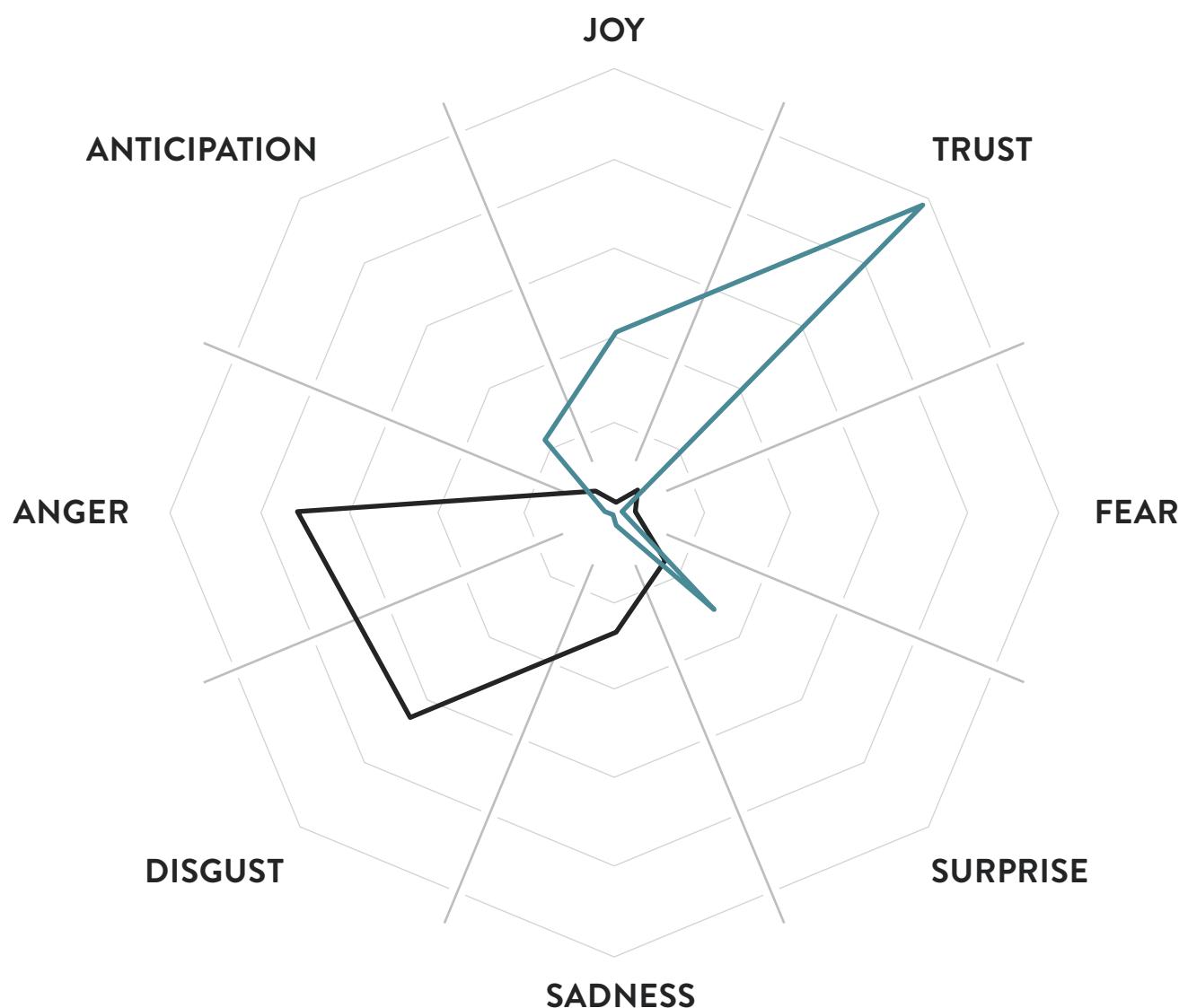
The fundamental principles of effective complaint handling from a customer perspective play through strongly, and the differences in their emotional state when the process is executed well, versus poorly, are clear.

Organisations should be focusing their efforts on ensuring that, as a minimum, the following principles are at the centre of their complaints approach:

- 1.** Resolve the complaint or issue at the first point of contact if it is possible to do so. If a complaint is too complex to resolve straight away, there is an opportunity to resolve it within one to two weeks, where the chances of retaining that customer are relatively high.
- 2.** Send regular and informative updates to complainants. This goes beyond generic, templated updates - they should be informative for the customer in setting expectations on future contact and resolution timescales.
- 3.** Always say sorry to your customers - as well as admitting fault - when upholding their complaint. Even in the absence of fault, saying sorry for the situation that your customer finds themselves in shows empathy and goes a long way towards building trust and other positive emotions.

Using insight from our participant surveys and view of best practice as the UK's leading complaints partner, we have outlined on the next page some key considerations and recommendations for firms to take forward in their approach to delivering complaints excellence.

CUSTOMER EMOTIONS AT RESOLUTION – MOST TO LEAST VALUED



- Customers that felt most valued
- Customers that felt least valued

RECOMMENDATION SUMMARY

1. Offer a wide range of initial complaints channels, give customers their preferred choice
2. Reduce the reliance on webforms
3. Use app functionality for complaints capture
4. Automate triage of simple issues through in-app questioning
5. Offer a direct complaints telephone number
6. Don't underestimate the importance of staff empowerment and appropriate training
7. Ensure a clear complaint definition and training to accurately capture complaints versus dissatisfaction
8. Dedicate triage teams to assessing materiality and accurately categorising more complex issues
9. Use video call functionality to promote face-to-face interaction

MAKING THE COMPLAINT

GET IT RIGHT FIRST TIME

IDENTIFY THE ISSUE

1. Use app and webchat functionality for issue identification
2. Equip customer services and contact centre colleagues to resolve customer issues, as well as enabling 'live' escalation
3. Utilise social media content and sentiment tracking
4. Ensure effective complaints signposting to promote awareness of the process

1. Agree update schedule with the customer to prevent chasers
2. Ensure visibility of complaint status in app, with messaging functionality between customer and complaint handler
3. Introduce interdepartmental SLAs when updates rely on information from other teams
4. Assign a single Complaint Handler to resolve more complex complaints end-to-end, along with direct contact details

KEEP ME UPDATED

ACKNOWLEDGEMENTS

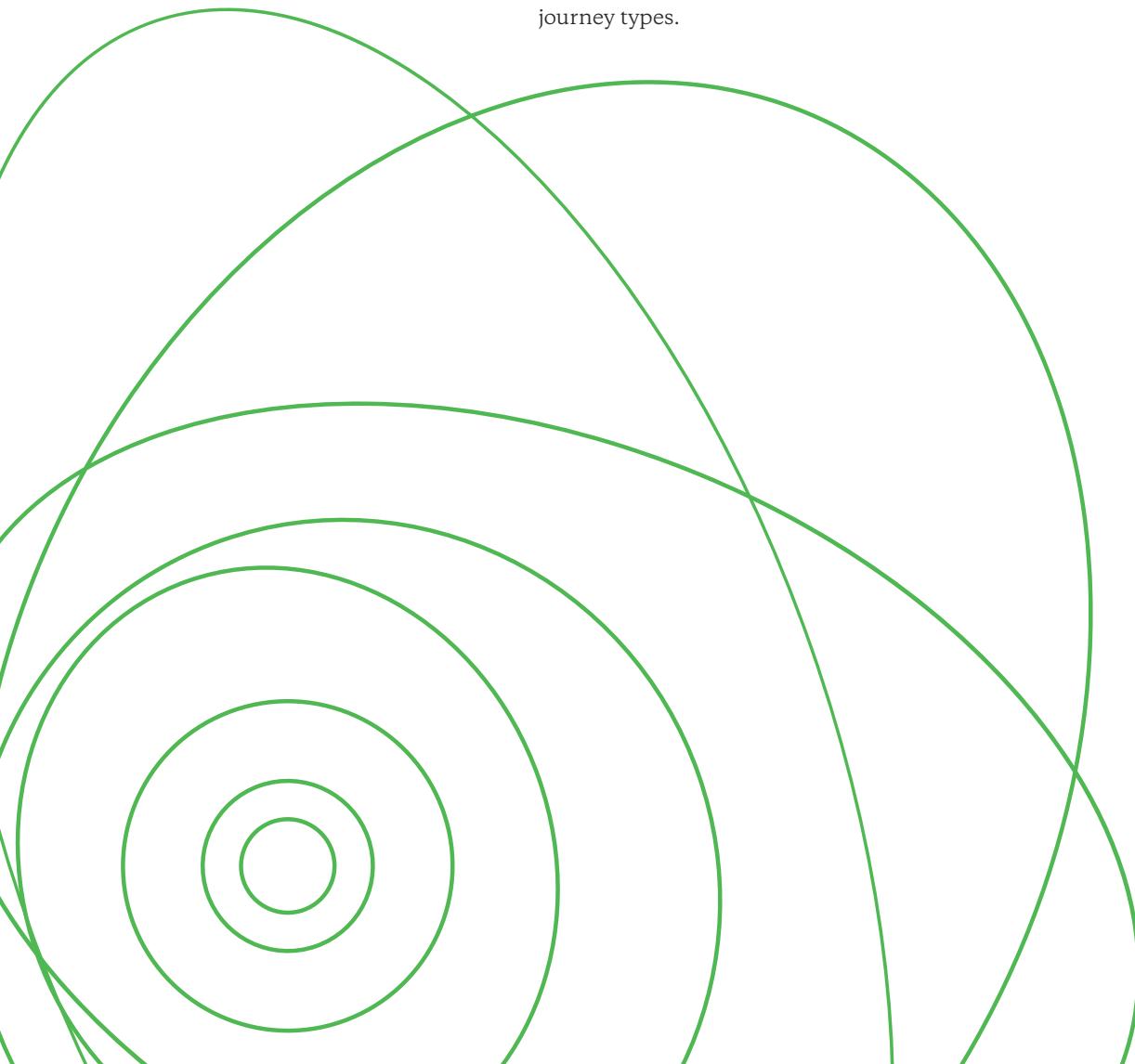
1. Send immediate acknowledgement via digital (app), SMS or email where this is the customer's channel of choice
2. Speak to the customer if possible - contact on day one with a follow-up cycle before formal correspondence
3. Personalise acknowledgements and set - and meet - customers' expectations around next steps
4. Use the opportunity to ask for relevant missing information to aid investigation

SAY SORRY TO ME

1. Accept that the customer has had a problem and say sorry 100% of the time. It may not be the firm's fault, but the customer is in need of help
2. Admit fault where complaints are upheld in favour of the customer
3. Without saying sorry, a goodwill gesture is ineffective; doing both is the most effective at resolution
4. Benchmark and adapt distress and inconvenience compensations matrix regularly, based on Ombudsman decisions, to prevent escalation

RESEARCH METHODOLOGY

WE HAVE ONCE AGAIN BROUGHT THREE STRANDS OF RESEARCH TOGETHER TO FORM A CLEAR UNDERSTANDING OF THE COMPLAINTS LANDSCAPE AND BEST PRACTICE ACROSS MULTIPLE SECTORS.

A large, abstract graphic on the left side of the page consists of several overlapping green circles of varying sizes, creating a sense of depth and overlap. The circles are thin-lined and light green.

Three research questionnaires tailored for firms, Complaint Handlers and complainants, asked a wide range of questions, encompassing a typical complaints journey. Questions often incorporated Plutchik's emotional model, allowing us to tie our insight to his theory. Mapping respondents' emotional states to the eight primary emotions allowed us to compare detailed responses from a range of journey types.

WHO TOOK PART?



Firms

Detailed complaints data was collected from 19 firms across a range of sectors to understand their current complaints approach and best practices.

Participating Firms

Aviva
AXA Insurance
Bank of Ireland UK
Barclays
E-on Energy
Hastings Direct
HSBC
Lloyds
Metro Bank
Monzo
Nationwide
NatWest
NewDay
OVO energy
Santander
Totemic
UK Power Networks
Virgin Money

Complaint Handlers

An important strand of our research was to understand the experience and approach of 180 colleagues on the front-line supporting consumers through their complaints journey, identifying how the human element can impact complaints excellence for consumers and organisations.

Consumers

2,530 customers were surveyed online, carried out by our research partner YouGov. The survey was undertaken in late 2021 and included consumers who had a complaint resolved within the last 12 months across a variety of sectors and providers. Using YouGov's proven research methodology and deep understanding of its members, our consumer respondents covered a broad cross-section of UK society.



ABOUT HUNTSWOOD

WE ARE HUNTSWOOD. THE PEOPLE WHO PUT PARTNERSHIP FIRST. A TRUSTED TEAM WITH THE INSIGHT, EXPERTISE AND PACE TO CREATE BETTER OUTCOMES FOR OUR CLIENTS, THEIR CUSTOMERS AND THE COMMUNITIES THEY'RE PART OF.

We deliver resourcing, outsourcing and advisory services from complaints to customer service, remediation to resilience - bringing together the people, processes and knowledge businesses need to succeed. We're built on the ambition to make a positive difference.

It's what Huntswood has done since we opened our doors 25 years ago, and it's what every single one of us strives for today. Over the years, we've grown from a two-person team to a nationwide service provider - accepting bigger challenges, exceeding clients' expectations and empowering each other every day.

We put the right people in the right place at the right time - whether it's our dedicated team of Associates or our Board. Together, we've got the outstanding track record of delivery, the depth of expertise and the flexibility of approach to be the trusted partner our clients deserve.

WE STAND WITH OUR CLIENTS WITHOUT QUESTION WORKING ON THEIR TERMS TO SHARE OUR INSIGHT WHENEVER AND WHEREVER THEY NEED IT.

The pressure for businesses to deliver higher quality services at lower costs is growing. Firms are reinventing how they operate, execute and communicate - adapting to new ways of working and responding to changing customer needs in different ways.

We're here to help clients as the landscape evolves and new challenges arise. We advise and consult as a trusted partner in times of change - offering ultimate flexibility to help clients create value and meet demand with confidence.

We deliver insight for better outcomes, and that means being there to help clients navigate change, invest in the future and meet challenges head-on. It means helping them anticipate what's next and solving problems before they even arise - with minimum risk every step of the way.

Together, we are a dependable, genuine team on a mission to provide insight, build the best relationships and create better outcomes - when and where it matters most.

WE ARE HUNTSWOOD. THE PEOPLE WHO PUT PARTNERSHIP FIRST

CONTRIBUTORS

**MARTIN DODD****CHIEF EXECUTIVE OFFICER**

Martin has held a variety of senior roles, including being responsible for complaint handing at Lloyds Banking Group, where he led a 50% reduction in volume over an 18 month period. As Managing Director of Connect, a Lloyds Banking Group company, he was responsible for 7,500 people and over 11 locations, connecting with customers across multiple channels and leading the back-end processing operations teams.

In his role as Lloyds Bank's Group Ambassador for the Midlands, Martin helped businesses in the region to prosper. He has also been a non-executive director of Motability Operations, the company responsible for delivering the motability scheme to over 600,000 disabled people.

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**CRAIG KOCH****HEAD OF INSIGHTS**

Before starting at Huntswood in 2021, Craig worked in the oil and gas industry as an exploration geologist for 15 years. This role required compiling and analysing large amounts and types of data from many different sources, weaving it into coherent and compelling stories in order to assess the geological risk of basins from around the world. He has managed a wide variety of projects, from small assessments of oil company acreage to large, multi-year projects for several oil and gas Ministries of African and Middle Eastern countries.

At Hunstwood, he has most recently been using his skills researching and writing Huntswood's latest Complaints Outlook report.

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LUKE WOOTTON

DIRECTOR OF CLIENT RELATIONSHIPS

Luke joined Huntswood in 2012 and has since undertaken a variety of roles in support of the conduct and operational needs of our clients, across sales and servicing, quality assurance, complaints, collections and remediation.

His experience spans several sectors including Consumer Credit as it transitioned to FCA authorisation, leading our Insurance and Wealth industry engagement as we helped clients adapt pension reforms and supporting our Banking clients through operational challenges posed by the global pandemic.

Luke has been a key contributor to the entire complaints outlook series of research from 2016 to present day.

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BEN GARRATT

DIRECTOR OF CLIENT SOLUTIONS AND TRANSFORMATION

Ben has worked at Huntswood since 2010, and has a wealth of experience across a variety of sectors.

Since joining Huntswood, Ben has had valuable input into the set-up and delivery of numerous large scale operations, including numerous claims and complaint handling operations of differing sizes and scales, has overseen operational management and driven internal processes and policy.

Ben's experience includes being part of the management team which oversaw a major complaint handling exercise for a top tier retail bank which impacted 180,000 customers.

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LUCY GILLY

COMMERCIAL DIRECTOR

Lucy is an experienced commercial leader who has worked in a number of sectors undertaking legal and commercial roles. Since joining Huntswood in 2015, she has led our in-house legal function. Prior to her time at Huntswood, Lucy worked for some of the world's largest data, software and technology companies, starting her career at Reuters before spending time working with a number of venture capital firms on their start-up investments as a commercial and legal representative. Her present role involves the leadership of Huntswood's Legal, Procurement, Marketing and Commercial departments. In addition to this, Lucy supports our Chief Executive Officer in developing our commercial plans which includes our Strategic Partnerships.

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NOTES RELATING TO HUNTSWOOD

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