



Beware of Dissatisfied Consumers: They Like to Blab

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It's cold and rainy and the parking lot outside the store is packed, except for a spot way out in the corner. The shopper pulls up, only to find a shopping cart blocking the space. Inside, the store is jammed. The digital cameras are hard to find, and it's impossible to know why one costs \$150 and another \$300. The two models that are on sale are out of stock, and it takes a clerk five minutes to bring another one from the back of the store. At checkout, the line is stalled while those on either side are flowing smoothly. Finally, when the customer reaches the cashier, he is told his \$25-off coupon is not valid until the next day.



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Wharton marketing professor [Stephen J. Hoch](#), who suffered through this scenario first hand during a recent shopping trip, says customers are bound to talk about these kinds of experiences. And, according to new Wharton research, such word-of-mouth communication should be a big cause of concern to retailers.

Results of The Retail Customer Dissatisfaction Study 2006 -- conducted by The [Jay H. Baker Retailing Initiative](#) at Wharton and The Verde Group, a Toronto consulting firm, in the weeks before and after Christmas 2005 -- show that only 6% of shoppers who experienced a problem with a retailer contacted the company, but 31% went on to tell friends, family or colleagues what happened. Of those, 8% told one person, another 8% told two people, but 6% told six or more people. "Even though these shoppers don't share their pain with the store, they do share their pain with other people, apparently quite a *few* other people," says Hoch.

Overall, if 100 people have a bad experience, a retailer stands to lose between 32 and 36 current or potential customers, according to the study.

The complaints have an even greater impact on shoppers who were not directly involved as the story spreads and is embellished, researchers found. Almost half those surveyed, 48%, reported they have avoided a store in the past because of someone else's negative experience. For those who had encountered a problem themselves, 33% said they would "definitely not" or "probably not" return. "This storytelling has even more impact on the people the story is told to than the people who told the story," says Hoch. The data is based on a survey of 1,186 shoppers.

Those surveyed were asked to discuss their most recent shopping experience. Half said they had at least one problem. On average, survey respondents reported experiencing three problems on the shopping trip, during which they spent an average of \$163. The top three categories of merchandise purchased were clothing, 23%; groceries, 16%; and electronics, 12%.

Paula Courtney, president of The Verde Group, says the exponential power of negative word-of-mouth lies in the nature of storytelling. "As people tell the story the negativity is embellished and grows," she says. For example, the first time the story is told, it might be about a customer service representative who was rude. By the time the third or fourth person hears the story, the customer service representative becomes verbally abusive. "To make a story worth telling, there has to be some entertainment value, a shock value," says Courtney. "Storytelling hurts retailers and entertains consumers."

Why don't shoppers confront the retailer directly? "If they were boiling mad, they would complain to the management during the store visit or maybe after, but they don't do that very often," says Hoch. "Some people figure it's going to happen again and they can't do anything about it. They are resigned to it. But the main reason they don't complain is it's too difficult to go out of their way to deal with every service slight."

Indeed, the survey showed that 46% of those who had a problem expect they would definitely or probably experience the same problem in the future.

Jammed Parking Lots, Crammed Merchandise Racks

Parking was a major source of aggravation for shoppers, according to the survey. It topped the list of problems, with 40% of those surveyed reporting dissatisfaction in the parking lot.

According to William Cody, managing director of the Baker Initiative, parking problems set the stage for customers to "arrive angry," which can make them more likely to have a troubled shopping experience. Most retailers, he says, don't consider the parking lot to be part of their operations, but he advises them to take a closer look at their landlord's management of parking problems and try to come up with creative solutions.

He notes that during the Christmas selling season one mall in New Jersey hired people to wave flags -- indicating available parking spots -- at shoppers circling to find space. Even if this doesn't speed up the parking process, Cody says the presence of the flag wavers might provide some psychological comfort to shoppers by signaling the stores were at least attempting to address their concerns.

In addition to parking problems, shoppers surveyed complained that it took a long time for them to be waited on (24%) or to pay (33%). Shoppers who had to wait for service complained about it to 2.1 other people, on average, and those who had to wait a long time to pay told an average of 1.4 people.

Customers' time has become an important part of the retail value equation, along with price, merchandising and other traditional components of the industry, according to Courtney. "Retailers haven't caught up to the phenomenon that consumers have no time. Time is a rare and precious thing." Yet because the Internet allows shoppers to buy around the clock, there is more pressure on retailers to respect their customers' time. "The Internet has erased all the boundaries that existed with shopping in terms of when you can shop."

Courtney told about her own experience buying a briefcase in an airport shop in Philadelphia. She used her mobile phone to call her husband in Toronto and ask him to go online to research the brand. He discovered that the same model, which was on sale for \$475 in the airport, was available online for \$230. Courtney used the information to negotiate a 50% reduction in price at the airport store. "We are much savvier shoppers," she says. "We have no time and we don't want to overpay -- all the more reason retailers have to worry."

Meanwhile, she adds, retailers continue to focus on merchandise, jamming stores with inventory that overwhelms customers and cuts into the time they have to shop. According to the survey, shoppers are likely to tell 2.5 people, on average, about their inability to find an item because the store was cluttered with merchandise. "Retailers are putting as many jeans and shirts out as they can get on the racks." In the end, she points out, retailers will wind up reducing the price on merchandise to make up for the negative experience, eroding their profit margins.

Gatherers vs. Grazers

According to Hoch, the survey shows some slight differences in attitudes among shoppers who were reporting their experiences at a mass merchant versus a specialty store. "People who are in a specialty store are more in the pleasure-seeking experience, while people going to a mass merchant are on a mission."

He notes the study did not find huge differences in the attitudes of male and female shoppers, although men were more likely to complain. "It's clear that males are hunters and gatherers and females are grazers and gleaners. When the male is frustrated in his attempt to get the task accomplished, he is more likely to be irritated. Females are more interested in the customer service interaction."

Cody says retailers historically have paid a great deal of attention to how to satisfy the customer, but have not been too interested in finding out what makes them dissatisfied. "In retail, it's hard to focus on the dissatisfied because your customers are anonymous, unlike a direct sales or business-to-business model. Wal-Mart has 100 million shoppers a week, so it's hard to do. Historically it has focused more on product and experience as a way to create satisfaction."

And despite the value in learning about consumer gripes, retailers have resisted asking their customers what they do wrong for fear of stirring up negative thoughts, Courtney adds. "They have been reluctant to present consumers with a laundry list of things they may have experienced because it would turn people off."

Retailers, Cody suggests, need to find ways to get customers to share complaints with management, not friends and family. One way is for retailers to ask customers to check a box on their credit card slip indicating they had a problem at the store. Retailers could then attempt to follow up, or give the customer a phone number or web address to make their complaints directly. If nothing else, he says, it would give the customer a chance to blow off steam. That could prevent them from spouting off to others who might then embellish the experience and make matters that much worse for the retailer.

Courtney recommends that retailers pay closer attention to recruitment and hiring of front-line sales people and other workers with direct customer contact. "The least-trained, lowest-paid people are the ones you put in front of your customers, particularly during the Christmas season."

As for Hoch, good cheer goes a long way for retailers at any time of year, he says. "Retailers that are responsive and friendly are more likely to smooth over issues than those that don't try to be as friendly as possible. Maybe something as simple as a greeter at the beginning of the store or at the end would help. Some people say the personal touch doesn't matter, but I disagree."

Consumers, too, can take steps to head off dissatisfying shopping trips, adds Courtney. First, they should take their complaints directly to the retailer. "Don't we all, as consumers, benefit from telling the company?" she asks. "We recommend that the first thing is to complain to the person closest to the problem. If someone is rude, confront that person. Or if you don't want to do that, take it to the store manager."

Customers should never escalate the problem, she cautions. "We encourage complaining, not yelling. It never pays to be abusive as a customer. You might just be escorted to the door if there is an emotional experience. If something has made you very upset, don't do anything about it until you can let your emotions pass."

She suggests consumers go back the next day or make contact by telephone or in writing. "Be as factual as possible. It lends credibility to your story and makes you not sound like a crazy lunatic." In addition, consumers should shop around and not return to stores where they had a bad experience. "The erosion of business is the only way to wake up retailers, to get them focused on the customer's experience."

Finally, if a retailer refuses to respond to dissatisfied customers, shoppers should feel free to spread the word. "If all else fails, we do encourage you to tell all your friends and family. Don't tell five people, tell 35 people," says Courtney. "Retailers need to know that if they don't listen, it will hurt their bottom line."

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