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**Universität Bern**

# **Online Complaint Management @Swisscom**

## **A Case Study**

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## **Abstract**

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To date online complaint management has received only limited attention from both scholars and practitioners. This is expected to be changing because this new way of feedback management offers considerable advantages for businesses. For getting first descriptive insights into Swiss (online) complaint management, a case study with a major Swiss telecommunication company, Swisscom, was conducted. This working paper explores how complaint management, and in particular online complaint management, is used in this company.

In the case of Swisscom, most customers complain by telephone, which is also the company's preferred channel. But with regard to the low costs for dealing with complaints, the company would also like to promote the e-channel (email and web form), in particular when online communication replaces letters / faxes. In accordance with Zaugg/Jäggi (2006)'s study on complaining behaviour in the Swiss mobile communication market, customers complain most often about billing. Money seems to motivate customers most for complaining.

It has turned out in this case study that – at least in the next decades – the e-channel will not replace traditional channels in general. Yet, letters and faxes are expected to disappear (partly) if the company manages to offer a trustworthy and effective online complaining solution. Customers seem to consider online complaining mainly as a substitute for written communication. Thus, the e-channel can be seen complementary to channels like telephone or point of sales.

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## List of Abbreviations

ADSL	asymmetric digital subscriber line
CRM	customer relationship management
email	electronic mail
USP	unique selling proposition

## 1 Introduction

In 2005, almost seventy percent of the Swiss population were online and almost three quarters of them have already made one or more online purchases.<sup>1</sup> In line with that, the e-commerce turn over is growing from year to year. Though e-CRM enjoys increasing popularity, e-after sales service, and in particular online complaint management is still in its infancy. This is expected to be changing, as after sales services in most of today's markets are an important feature for creating a unique selling proposition (USP).

In addition, there is an increasing number of online complaint intermediaries waiting for dissatisfied consumers to lodge a complaint.<sup>2</sup> Combined with negative word-of-mouth on the internet, companies may face a challenging threat, in particular when they do not offer online complaining to their customers.<sup>3</sup> "E-complaints registered to a company are much more manageable from a public relation standpoint than e-complaints registered to some third party and posted for the world to read."<sup>4</sup> If the company ignores the e-channel for complaints, dissatisfied (internet) shoppers intending to express their dissatisfaction online may complain to such an online complaint intermediary or spread negative word-of-mouth online, for instance in a forum with thousands of users. As a result, companies are well advised to consider not only the costs of the service recovery, but also the costs of ignoring the complaint, e.g. lost repurchaser.<sup>5</sup>

In an exploratory study, Jäckle (2006) analysed third party complaints of ebay and Dell customers on the website <http://www.planetfeedback.com>. About 75 per cent of these dissatisfied customers turned out to have complained to the company first.<sup>6</sup> As a matter of fact, it was the inexistent or poor service recovery that made consumers use this third party complaint website. Therefore, companies seem to be well advised to offer online feedback.

However, online complaint management is not only a necessity, but also an enormous chance. Literature on electronic business makes it obvious that companies could tremendously benefit from electronic after sales services. For businesses, considerable advantages remain to be discovered and potentials to be exploited:

- Online complaining may encourage a new segment to complain, so the rate of unvoiced

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<sup>1</sup> See Bundesamt für Statistik (2005), n.p., WEMF (2005), p. 9.

<sup>2</sup> See for instance <http://www.planetfeedback.com> or <http://www.econsumer.gov/>.

<sup>3</sup> See Hong/Lee (2005), p. 98.

<sup>4</sup> Tyrrell/Woods (2005), p. 189.

<sup>5</sup> See Broadbridge/Marshall (1995), p. 16, Crié (2003), p. 72..

<sup>6</sup> See for the following Jäckle (2006), p. 90.

complaints could be reduced. This is crucial, as unvoiced complaints or negative word-of-mouth can be highly detrimental and cause long-term damages.<sup>7</sup>

- Hence, offering a possibility to complain online may avoid negative effects for the company due to negative word-of-mouth or complaints to a third party.
- Offering online complaining could increase the perceived customer-orientation. As a result, customers assume that their complaints will be more likely to succeed, which will reduce the rate of unvoiced complaints. In addition, the image of a customer-oriented company may be conducive to sales as well.
- The tasks linked to complaining can partly be shifted to the customers, e.g. customers have to put the complaint into their words whereas in a call center, an employee has to listen and to take notes. Moreover, online complaint information is genuine and not interpreted.
- As online complaints are transmitted friction-free, data quality is considerably better than for traditional complaints which have to be processed first.
- Presumably, companies can profit from a reduction of transaction costs due to the (at least partly) automated processes.
- In contrast to letters, companies get online complaints immediately. Thus, they have both more time to answer and a reduction of response time. As shown in several studies, response time to a complaint is a critical factor for complaint satisfaction.<sup>8</sup>

As far as Switzerland is concerned, there are hardly any facts and figures on the use of (online) complaint management in Swiss companies. It has remained in the dark how the above mentioned potentials are exploited. This case study of a Swiss telecommunication company will provide first insights into how Swiss companies use (online) complaint management.

## **2 Swisscom: Company and Context<sup>9</sup>**

Swisscom, a major Swiss telecommunication provider, attaches great importance to customer satisfaction and loyalty. Therefore it is particularly interesting to analyse how they handle customer complaints (see section 3). For this research, a key issue is online complaining (see section 4).

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<sup>7</sup> See Bolting (1989), p. 6, Swan/Oliver (1989), p. 52.

<sup>8</sup> See e.g. Strauss/Hill (2001), p. 69, Tyrrell/Woods (2005), p. 183.

<sup>9</sup> The sources for this case study are – if there is not cited another source – the interviews with the teamleader of the customer feedback team St.Gallen, a member of the customer feedback team St.Gallen and an employee of the marketing controlling & reporting department (conducted on September, 15<sup>th</sup> 2006 in the Swisscom Fixnet customer feedback centre St.Gallen).

To get a better understanding of the case, it is crucial to know the context. Thus, a brief overview of the Swiss telecommunication market is provided (section 2.1). Subsequently, the key facts and figures for Swisscom are presented (section 2.2). The introduction is concluded with some key issues concerning the marketing strategy (section 2.3).

## **2.1 The Swiss Telecommunication Market**

The Swiss telecommunication market has an overall volume of CHF 15 billions and generates jobs for 25'000 employees.<sup>10</sup> Due to its high saturation and competitiveness, companies try hard to poach customers and to keep their own ones happy and loyal. Prices are continually falling and customers tend to expect more for less money.

This high competitiveness is a relatively new phenomenon. Up to 1998, Swiss telecommunication market was a monopoly hold by PTT. After the liberalisation, Swisscom, an independent public limited group, became the successor company of PTT. To date, 170 companies would own a licence for fixnet telephony. However, only 43 companies offer their services.<sup>11</sup> And there are only four major national players offering comprehensive telecommunication solutions, including Swisscom, Sunrise, Cablecom and Econophone / Tele 2. As in some other European countries, the former monopolist has been able to maintain a considerable market share. In the case of Swisscom, it is 63 per cent for fixnet telephony (which is a core business of Swisscom Group).<sup>12</sup> In terms of number of customers, Sunrise is its most important competitor. But the most dangerous and strongest competitor is Cablecom, particularly with regard to Swisscom's entry in the TV business. Accordingly, Cablecom has not mainly been a telecommunication provider, but a cable TV network provider. The relevance of this competitor may be explained by the fact that digital TV / internet TV is assumed to be one of the up-and-coming sources of revenue. Thus, the future challenge for the telecommunication market can be subsumed under convergence, i.e. telecommunication providers will have to prove that they can offer integrated solutions for fixnet telephony, mobile telephony, VoiP, internet access and TV.

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<sup>10</sup> See Swisscom (2006b), n.p.

<sup>11</sup> See for the following Bundesamt für Kommunikation (2006), p. 20.

<sup>12</sup> See Bundesamt für Kommunikation (2006), p. 27.

## 2.2 Swisscom: Facts & Figures

In September 2006, the group was organised in five divisions<sup>13</sup>: Swisscom Fixnet AG, Swisscom Mobile AG, Swisscom Solutions AG, Swisscom IT Services AG and Related Businesses. The largest division of Swisscom Group is Swisscom Fixnet, which was unit of analysis for this case study. Swisscom Fixnet provides fixed network communications, among others internet access by the internet provider Bluewin. In table 2-1 the key figures are presented. Customers of Swisscom Fixnet are private consumers as well as SMEs and resellers.

	<b>Swisscom Group</b>	<b>Swisscom Fixnet</b>	<b>% of Group</b>
<b>Net turn over</b>	CHF 9.732 billions	CHF 5.308 billions	55%
<b>EBITDA</b>	CHF 4.171 billions	CHF 2.091 billions	50%
<b>employees (full-time)</b>	16.088	7.118	44%

table 2-1: Key Figures Swisscom Fixnet.<sup>14</sup>

Due to legal constraints, Swisscom is mainly focused on the Swiss home market.<sup>15</sup> In addition, the company has currently the mandate for providing basic services. Holding this so-called “last mile” implies that all households and companies using fixnet telephony pay a basic fee to Swisscom for the telephone line. Today, there are about 3.8 million telephone lines in Switzerland, most of which are ready for ADSL.

## 2.3 Marketing Strategy

Given the market’s competitiveness, companies pay particular attention to customer satisfaction and customer retention / loyalty. While some competitors like Sunrise and Tele 2 try aggressively to acquire new customers, Swisscom is more focused on a long-term strategy, i.e. keeping customers, but also winning back customers (which, of course, can be seen as customer acquisition as well). „In the year under review, Swisscom Fixnet held on to its leading competitive edge in the fixed network telephony market. This success was due largely to efficient marketing, attractive pricing and product offerings, and a clear customer focus that consistently finds expression in the sustained high level of customer satisfaction and loyalty.”<sup>16</sup> Customers seem to appreciate this - in comparison to the competitors - unobtrusive appearance. If Swisscom Fixnet engages in outbound activities, customers are mostly willing

<sup>13</sup> See Swisscom (2006a) , n.p.

<sup>14</sup> See Swisscom (2005), p. 6 and Swisscom (2005), p. 100.

<sup>15</sup> The Swiss confederation holds a majority of Swisscom shares.

<sup>16</sup> Swisscom (2005), p. 27.

to listen and do not shake the call centre agent off. The aim of customer retention / customer loyalty is also reflected in Swisscom's market position, which can be – based on customer surveys - characterised by values such as quality, reliability and technology. But the company is also seen as conventional and static.

In general, customers' expectations are rather high; they take a working telephone / internet access for granted. So it is not easy to satisfy them, let alone outdo the expectations and generate over-average customer satisfaction. Keeping customers happy is only a necessary, not a sufficient condition to customer loyalty.<sup>17</sup> This academic finding is once more illustrated by Swisscom customers who are highly satisfied; But, not all of those customers are loyal. Currently, an analysis is being conducted by Swisscom Fixnet why satisfied customers leave. A preliminary explanation is that telecommunication is a low involvement product and customers just expect to have telephone / internet access anytime. So, Swisscom managers assume that customer satisfaction does not play such a crucial role for customer loyalty as suggested by some literature. But there is at least one positive ramification of a high customer satisfaction: Former customers who were highly satisfied with Swisscom can be convinced relatively easily to change back to Swisscom.

### **3 Complaint Management**

As customer loyalty is a key target, the company must also pay particular attention to service recovery, i.e. they want dissatisfied customer to become satisfied again. Swisscom Fixnet has a special department for customer care, the service centre customer care (see figure 3-1). Feedback and complaint management is one task of this organisational unit. Within this unit, there are four customer feedback centres in Switzerland, one for each language area, resp. two for the larger Swiss German speaking part.

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<sup>17</sup> See Bruhn (2004), p. 432, Terlutter (2004), pp. 213.

## Swisscom AG, Company structure

At November 2006

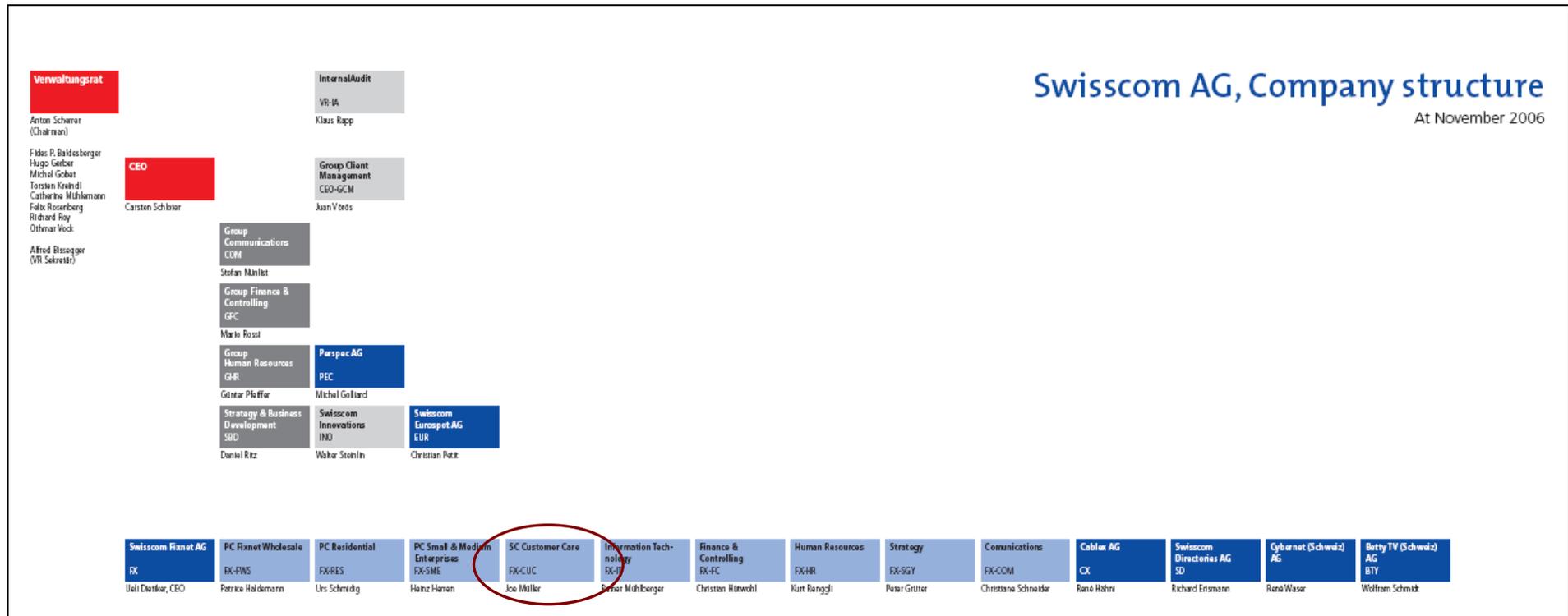


figure 3-1: Swisscom - Organisational Structure<sup>18</sup>.

<sup>18</sup> See Swisscom (2006a), n.p.

If dissatisfied customers want to lodge a complaint, they have different possibilities (see figure 3-2).

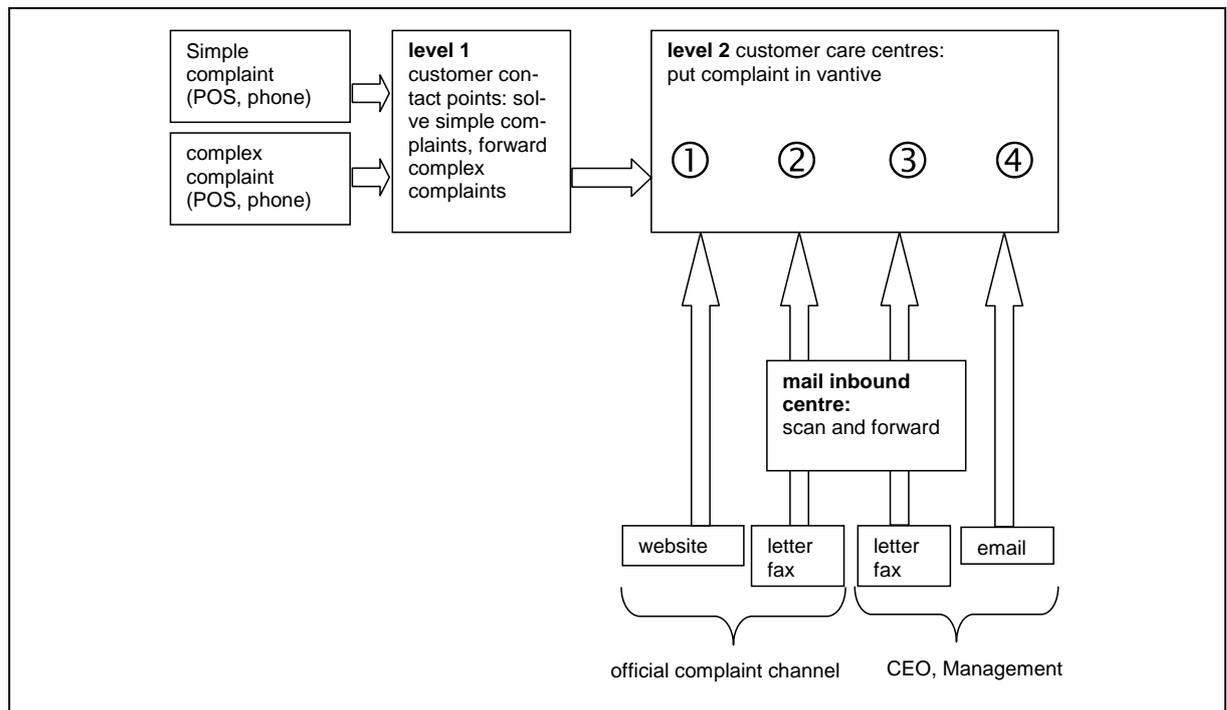


figure 3-2: Possibilities of Lodging a Complaint.

Basically, straightforward and simple oral complaints are dealt with right on the spot by the staff in the shops or on the telephone hotlines. Only the more complex problems as well as letters / faxes and online complaints are forwarded to a customer feedback centre which is specialized to handle such cases.<sup>19</sup> On this second level, customer care agents try to find a satisfying solution for the complaints. In addition, they deal with Fraud-clarifications, requests of the police, interception as well as demands of the specialist dealers.

To work on the complaints, the customer care teams use the software Vantive, which allows registering all cases and the corresponding information, including the correspondence between customer and customer care centre. Each complaint is registered as a case, regardless of the incoming channel. A complaint may come in on three different ways:

- by Vantive case: Incoming calls and emails / entries on the contact form on the website create automatically a case which is assigned to an agent.
- by mail inbound centre: Complaint letters and faxes are collected and converted into electronic texts centrally. These electronic documents are then distributed to a customer care centre.

<sup>19</sup> With customer feedback, Swisscom explicitly means both negative and positive customer feedback. However, the overwhelming part are customer complaints.

- by the CEOs' offices: Some customers think their complaint would be taken more seriously when they write it directly to the CEO. However, these complaints are redirected to the mail inbound centre.

Thus, all complaints can be managed electronically. A project which aims at improving service recovery is a company-wide first contact resolution, i.e. incoming feedback should be answered as quickly as possible regardless of the organisational unit, the channel and the product. Up to now, Swisscom Fixnet and Swisscom Mobile have used different systems (though there is read-only access for the respective organisational unit), which can make it difficult to react adequately to customer requests. But customers do not care whether they address the correct division, they just want to talk to Swisscom. Which channels they can choose to contact Swisscom is shown in the next section.

### 3.1 Customer Contact Channels

For getting in touch with Swisscom, four different ways are offered:

- toll-free telephone number
- feedback form on website<sup>20</sup> / email
- write a letter / fax to one of the customer care centre
- walk into a point of sale

In 2005, customer service answered 6.2 million calls, 5.3 million online orders, 4.0 million contacts in a point of sale, 1.1 million letters, 0.4 million emails and 0.2 million faxes.<sup>21</sup> As could be expected, the main communication channel for customer contact / customer feedback is the telephone (seventy per cent of the complaints).<sup>22</sup> On the second place is the e-channel (email and web form). Remarkable is the share of online communication, which can only be partly explained by the Bluewin customers (Swisscom's internet provider). A costly channel is points of sales. Originally, telecommunication providers planned to give them up. However, as they realised how important it is for customers just to walk into a point of sale and have the feeling "Now, I am with Swisscom", they reversed the process of reducing contact points.

Though the company has channel preferences for the feedbacks, there are no particular measures for steering channel choice behaviour. Swisscom's philosophy is that customers should

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<sup>20</sup> [http://www.swisscom-fixnet.ch/fx/privatkunden/kundencentre/kontakt\\_res/index.htm](http://www.swisscom-fixnet.ch/fx/privatkunden/kundencentre/kontakt_res/index.htm).

<sup>21</sup> See Swisscom (2005), p. 28. These figures include orders, information / enquiries, complaints and requests for changes.

<sup>22</sup> See for the following Swisscom (2005), p. 30.

choose the channel they feel most comfortable with. Having very heterogeneous customer segments implies that there are also distinctive channel preferences.

From a corporate perspective, Swisscom would like their customers to call for complaining as the company is a telecommunication provider. Because of its cost-efficiency, the e-channel should be promoted more strongly, in particular when online communication replaces letters / faxes. These latter two means of communication require considerable effort to be handled. Moreover, it takes more time to react to a letter as the delivery time has to be added. Swisscom has observed a decrease in letters / fax since the introduction of online complaint management, which implies that customers seem to consider online complaining mainly as a substitute for written communication. Taking also demography into account, the importance of the e-channel will be increasing as today the internet is often not an option for elderly people. When the generations used to online communication will grow old, they are already accustomed to this channel.

Today, online complaining is mainly used for incoming complaints. For answering, customer care agents often switch to the telephone, as synchronous communication is more suitable to solve a problem and it is easier to avoid misunderstandings. In addition, oral communication is thought to convey a more personal feeling than emails. Generally, Swisscom prefers the telephone for outbound activities.

### 3.2 Complaints: Facts and Figures

Over the last few years, Swisscom has noticed a tendency to less, but more complex complaints. This may be due to the increasing convergence of the different telecommunication products as well as to the higher product complexity. Configuring an ADSL internet access requires more technical skills and provokes more possibilities for making mistakes than plugging in a telephone for fixnet telephony. Thanks to a product–complaint reason matrix, Swisscom can very easily find out about which products customers complain most often and why (see table 3-1).

	Product 1	Product 2	Product ...	Product n
Reason 1	...	...	...	...
Reason 2	...	...	...	...
Reason ...	...	...	...	...
Reason n	...	...	...	...

table 3-1: Product-Complaint Reason Matrix.

This information then is used to improve the products / services as far as possible and sensible. However, for new product development the complaint information has not been used yet (but it is planned).

Investigating into the reasons why customers complain, it becomes evident that billing is the most frequent motivation; though virtually all of the invoices are assumed to be correct. This high amount of complaints concerning billing can be attributed to two reasons. First, every fourth customer complains about the comprehensibility of the invoice. So, customers just do not understand why they are charged. This is closely interconnected with the second reason, the 0900-numbers which involve considerable fees per minute. The suppliers operating these numbers often engage in racketeering and try to conceal what a call in fact costs.

As a result, Swisscom has numerous complaints which do not yield helpful complaint information at all. They only absorb resources, but offer no support in improving products or even developing new ones. Thus Swisscom would prefer to get different complaints, not dealing with billing issues. It seems tremendously difficult to stimulate customers to complain about anything else but money. However, complaint information like “Function xy of my new phone is really useless.” would provide a very valuable hint about how to improve / develop products and services. Consequently, finding and promoting complaint possibilities which are conducive to this category of feedback should be introduced. Online complaining seems to be one of them. How Swisscom customers can complain online is shown in the next section.

## 4 Online Complaint Management

As shown in section 3.1, customers can give online feedback by means of a form on the website. From the homepage (see figure 4-1), customers need to click twice to get to the customer feedback form.

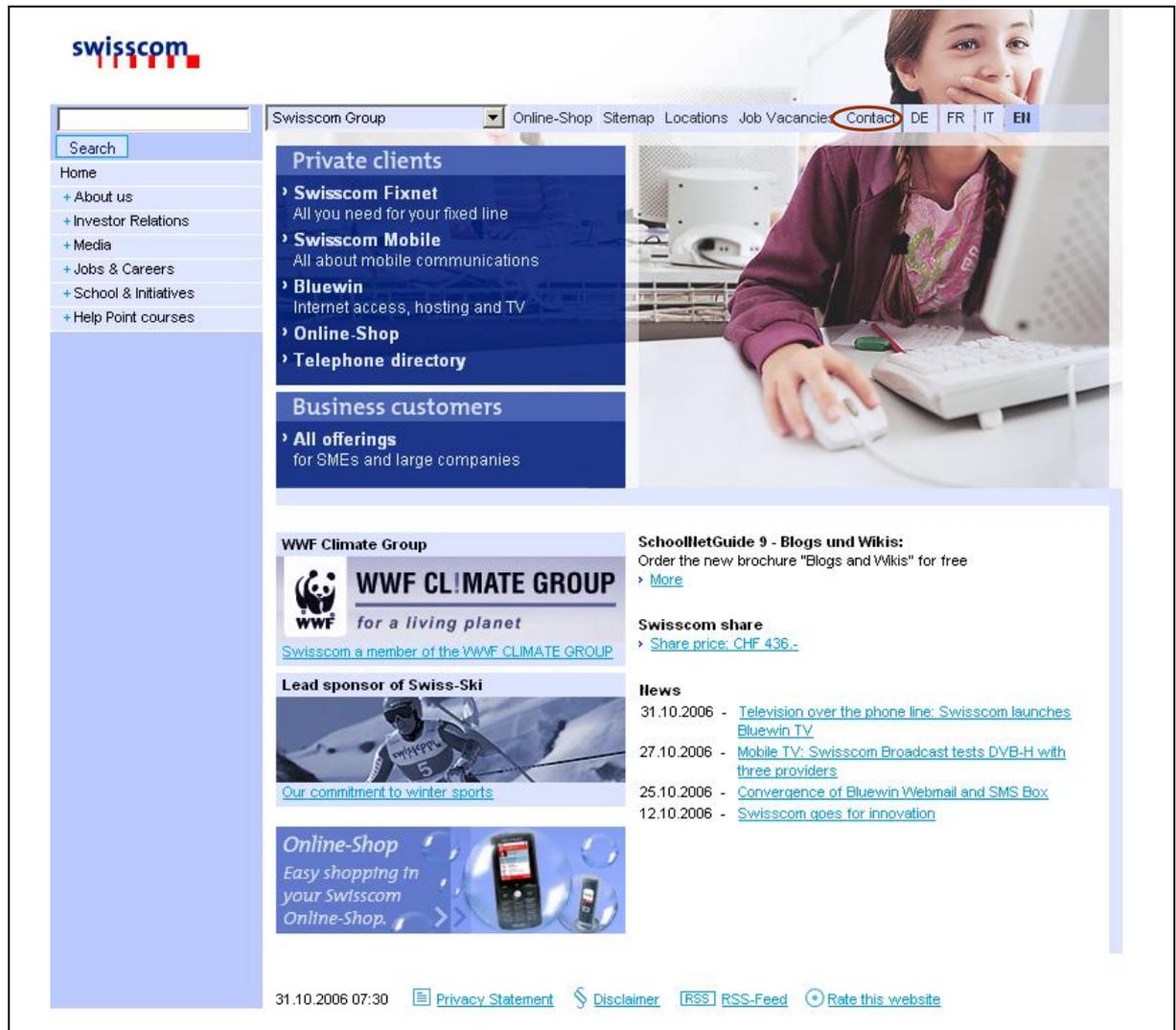


figure 4-1: Homepage Swisscom Group (<http://www.swisscom.com>).

First they have to select contact, then on the contact page under the column contact form “Swisscom Fixnet” (see figure 4-2).

The screenshot shows the Swisscom Group website's contact page. At the top left is the Swisscom logo. Below it is a search bar and a navigation menu with links like 'Home', 'About us', 'Investor Relations', 'Media', 'Jobs & Careers', 'School & Initiatives', and 'Help Point courses'. The main content area is titled 'Contact' and features a dropdown menu labeled 'I am...'. Below this are two columns: 'Telephone numbers' and 'Contact forms'. The 'Telephone numbers' column lists various services and their contact numbers, such as Swisscom Fixnet (0800 800 800), Swisscom Fixnet Fault Reporting Centre (175), Swisscom Mobile (0800 55 64 64), Swisscom Solutions (0800 724 724), Bluewin (0800 808 022), Swisscom Systems (0800 724 724), Swisscom Eurospot (0800 3876 7768), and Infoline (0800 89 46 36). The 'Contact forms' column lists 'Group headquarter:' and 'Group companies:'. The 'Group companies' list includes 'Swisscom Fixnet', 'Swisscom Mobile', 'Swisscom Solutions', 'Bluewin', 'Swisscom Systems', 'Swisscom IT Services', 'Swisscom Fixnet Wholesale', 'Swisscom Broadcast', 'Swisscom Immobilien', 'Swisscom Innovations', 'Swisscom Auto-ID Services', 'Swisscom Eurospot', 'Billag', 'Cablex', and 'Swisscom Directories'. The 'Swisscom Fixnet' link is circled in red. The footer contains the date '20.12.2004 09:21' and links for 'Privacy Statement', 'Disclaimer', 'Print', 'RSS', 'RSS-Feed', and 'Rate this website'.

figure 4-2: Webpage Contact Swisscom Group.

Alternatively, customers find their way to the feedback form by starting on the homepage of the Swisscom group, then selecting the Swisscom Fixnet. On this page, customers can select contact. The question is how intuitive this click path is for inexperienced customers. Frequent complainants will surely know that feedback forms / addresses are often hidden under contact. However, it remains to be seen how long it takes for a user with no previous complaining experience to find the feedback form (and of course to realize that the form can be used for complaints). Analysing the form, it becomes apparent that it is not a special complaint form but a general feedback / question form (see figure 4-3). So, the first sentence on the top is “Do you have questions, requests or suggestions”, which neither excludes nor encourages complaints. Obviously, customers are not explicitly encouraged to lodge a complaint. The category that comes closest to complaining is “criticism and suggestion”. Below on the form,

the customer contact centre phone number can be found. This is an indicator that telephone is the company's most important channel.

swisscom fixnet  
Simply in touch.

Swisscom Group | Online-Shop | Locations | Job vacancies | Sitemap | Contact | DE | F

Search

Home  
Private clients  
Business customers  
Swisscom Partner

Customer center  
My details  
Bills and costs  
Fixed network  
Bluewin Internet  
+ Help and Support  
Contact  
+ Important numbers  
www.bluewin.ch  
About Swisscom Fixnet

## Contact

Do you have questions, requests or suggestions?  
Please contact us!

\* mandatory details  
If you want to send us a mail first choose a subject area.\*

Fixed network  
 Bluewin TV  
 Other themes  
 Bills and costs  
 Criticism and Suggestion

Select category  
Special offers  
Connections and Services  
Fixed-network prices  
Apparatuses  
I wish to become client  
Other themes

Select category

Select category

Company

Title\*  Mrs  Mr

First name\* Surname\*

Street / No\* Postcode / City\*

Tel No\*

E-mail address, where you can be reached

Phone number where you can be reached during the day

Send

Our Customer Contact Center is open Monday - Friday from 07.00 to 22.00 and on Saturday from 08.00 to 17.00 on freephone 0800 800 800.  
If you would like to reach us from abroad, please call +41 848 800 811.  
[Click here](#) for further contact numbers and addresses.

figure 4-3: Feedback form Swisscom Fixnet.

In the beginning, it was a deliberate decision to hide the contact form so lest customers use it (too) much. Nowadays, this is identified as a major shortcoming and will hence be changed in the next years. There is no point designing a feedback website when nobody actually notices it.

This unobtrusive placement of the feedback form reflects the management's concern to get too many complaints. Originally, it would have been planned to print the URL and the email-address on the invoice. With regard to available customer care capacity however, this idea was dropped. Though it is acknowledged that the stimulation of complaints is important, Swisscom is well aware that providing sufficient capacity to deal with the complaints is

equally important. There are no special resources dedicated to online complaining, online complaints are dealt with in the call centre.

Apart from accessibility, the ease of use should be taken into account. For an effective and efficient complaint handling it is imperative that the online complaining solution is as easy as possible. A simple description field should do it. Ideally, customers do not need to think about to which subject the complaint belongs to. The task of sending the complaint to the appropriate person / organisational unit should be carried out automatically by software.

However, the degree of automation should not exceed a certain threshold. Some years ago, a large Swiss retailer company had an online feedback form with automatic generated responses. If the system had not been able to find an appropriate answer, customers were asked further questions in order to determine an appropriate answer. Depending on the questions, it took website users (too) much time and effort to have their questions answered.

An external study revealed that customers expect a well-grounded reply to their emails, not only an automatic generated confirmation. Important as a first, immediate confirmation of the successful transmission is, customers can also be lulled into a sense of false security. Therefore the company must try hard to reply to all emails in due time so as not to disappoint their customers again. Moreover, it is crucial to give complainants a personal contact address when writing back (either by mail or email).

According to the interviews, the decision for a web form – instead of email – was not a conscious design decision; it was sheer chance. There were neither particular reasons for introducing online complaint management nor did the company expect to profit. When the first website feedback form was launched, online complaint management was in its infancy and only very few companies already offered this complaint channel. Thus, online complaint management started with an arbitrary solution on the website. Only in the course of time realised the company what can be achieved by using the e-channel, e.g. dealing efficiently with negative feedback by means of automatic routing. Moreover, it has opened up new possibilities and generated new ideas on the subject of customer feedback.

Nowadays, the importance of the e-channel has become obvious; it is planned to further develop and promote online complaining. Soon, the project EasyMail which aims at facilitating the email handling will be launched. Emails will be treated like calls and are also supposed to enjoy the same priority as phone calls. Up to now, calls came first. With EasyMail, emails will appear on the screen like phone calls. Nevertheless, there is a difference between calls and emails concerning required response time. Calls have to be answered within seconds whereas emails should be answered within minutes.

A future channel for complaining which up to now has hardly ever been offered by companies would be text messages. But as there are only 160 signs for one message, this mode of communication is prone to misunderstandings. Swisscom has also started to think about a chat, i.e. real-time online communication. It is not yet planned to introduce such a solution as it has not been frequently used by companies. However, a chat solution would ideally supplement the complaint form on the website with synchronous communication. So far, instant messaging and avatars have not been discussed as possible complaint channels.

#### **4.1 Channelspecific Complaining**

The nature of the complaints varies over the channels. In comparison to oral complaints, the written feedback is considerably more hot-tempered and aggressive, probably because customers feel less inhibited. Another evidence of this finding is that complainants who have written a highly aggressive letter mostly react civilizedly and politely when called back. It would appear that letters are often used to get the anger off the customers' chest. But much to the amazement of Swisscom, customers use letters also for urgent matters, e.g. if the telephone line has been blocked. In accordance with the most frequent complaint reason, billing, there are also many letters with just the invoice and a handwritten comment.

The contact form / emails are often used for spontaneous matters. These feedbacks are considerably less formal than letters, e.g. missing the addressing and regard. Moreover, online comments are often that short (only two to three sentences) that the customer care agent does not understand the problem. In such cases, the agent has to call back for getting more details. Thus, online complaints are most suitable if the problem can be formulated in a few sentences. In case the matter is more extensive, but still simple, customers tend to write a letter, especially when they claim damages. Customers seem to think that letters are "more official". For complex complaints telephone is the most suitable channel, as it would otherwise be necessary to write to and fro until the problem is understood. In contrast to the other complaint channels, customers give more often positive feedbacks online, e.g. online shop customers who praise the fast fulfilment.

As far as the propensity to complain online is concerned, Swisscom managers think the affinity concerning the technology and the media competence are decisive for choosing a specific channel. As a proxy for these constructs, the products used can be taken into account. In particular, ADSL / multimedia users will have a high affinity to online complaints. Also young people are assumed to complain more often online. However, there are no data available on personality characteristics / sociodemography in relation to complaint channel

use. The author assumes that complaint channel preference also depends strongly on the costs involved and benefits generated. Therefore, the next two sections will shed a light on these issues. First, the corporate perspective is analysed, then the customers' point of view will be presented.

#### **4.2 Benefits and Drawbacks from a Corporate Perspective**

Because there was not a particular reason for introducing online complaint management, Swisscom had no expectations concerning benefits. Nor were there any aims to be achieved. Now that online complaint management is in operation, Swisscom has assumptions why and how they can profit from this new channel. But from both corporate and customer perspective neither the costs nor the benefits of e-complaining have been systematically analyzed.

One of the most obvious benefits is the shortening of the reaction time to a complaint fax or letter. For a smooth and quick processing of the complaint, the standardization of feedbacks due to the web form is highly beneficial. And as customer care agents do not have to put the oral feedback into a written form, the danger of misinterpretation is reduced. Additionally, online complaints are less labour-intensive for processing further.

A considerable potential of online complaining can be identified for new product development, e.g. the company could launch a forum to have the new product discussed. Thus, the company gets numerous useful clues what is appreciated and what absolutely needs to be improved. Generally, customers can be better stimulated to give feedback online than offline. But much to the amazement of the customer care unit, the marketing division does not display much interest in using complaint information. However, it is assumed that this will be changing with a new generation of marketing employees.

Potentially dangerous for companies might be that once an online complaint is successfully transmitted, nobody feels in charge of it and the feedback just end up in a disused mailbox. Or the go live of a complaint form / complaint email address can lead to such an amount of complaints that it exceeds the capacity of the customer care unit by far. With SPAM and pointless complaints, this capacity is even more overloaded. On the other hand, a too complicated complaint form may deter customers from complaining online and there would be far too less complaints in relation to the developing and maintenance costs.

Online feedback seems to encourage customers to be more blunt and insulting, which may have a negative effect on customer care agents. To make matters worse, feedbacks by web form / emails are more prone to misunderstandings than synchronous communication as users mostly keep it very short. In case of ambiguity, customer care agents cannot ask back

immediately. But according to Swisscom, the largest inhibitor for introducing online feedback is a company's low affinity to technology, not the potential threats.

### **4.3 Benefits and Drawbacks from a Customer Perspective**

Naturally, it is difficult to assess customer benefits from a corporate perspective without specific surveys. Because Swisscom did not conduct a cost-benefit analysis, the company can only guess at what benefits their customers derive from complaining online.

According to the interview partners' experiences, the e-channel may offer a viable alternative for consumers who do not take to calling. The inhibition threshold to contact customer care service may be considerably lower. In addition, customers can profit from the convenience of lodging a complaint anytime and anywhere. For complex complaints requiring someone else than the customer care agent, electronic complaints can be processed easier and faster. Often, the person in charge cannot be reached in the very moment of the complainant's call. Whereas an email can simply be forwarded and replied to as soon as possible. Customers do not have to wait until they are put through or called back, which may present a considerable benefit. One of the big challenges for Swisscom will be to reply to such emails within minutes.

Thus, a possible problem customers might be confronted with when complaining online is that they do not find the feedback form or the email will peter out. Some customers will not be satisfied with an oral or electronic answer, they want to have something tangible, e.g. a letter signed by the CEO. For many customers, email is too abstract; they do not yet have enough trust in online communication. A question that may emerge is whether the email indeed comes from Swisscom. Another major reason why not using online complaining is the underlying cause of the complaint, e.g. it is easier to call when having a complex matter to discuss.

## **5 Conclusion**

Given the high competitiveness of the market, telecommunication companies attach great importance to retain customers – either by high switching costs (spurious loyalty) or by convincing the customer that there is no better alternative (true loyalty). In particular companies aiming at true loyalty are strongly advised to offer excellent service recovery. Customers have to be encouraged to share their dissatisfaction instead of complaining with their feet or warning friends and relatives. But not only the message “your feedback is welcome” is important, customers need also appropriate communication channels to express their discontent. Taking into account the varying channel preferences and different complaint

reasons, Swisscom customers can use all common channels (telephone, online, face-to-face, fax, letter) just as the whim takes them. Thus, no customers should refrain from complaining because they cannot use the channel they would prefer.

Most often, customers complain by telephone, which is also preferred by Swisscom as the company is a telecommunication provider. But with regard to the low costs for dealing with complaints, the e-channel (email and web form) should also be promoted, in particular when online communication replaces letters / faxes. Determinants for customer complaint channel choice could not be found out in the case study; preliminary guesses strongly point to sociodemography, individual channel preference and complaint reason as influencing factors. In accordance with Zaugg/Jäggi (2006)'s study on complaining behaviour in the Swiss mobile communication market, customers complain most often about billing – regardless of the fact that there are probably hardly ever wrong invoices.<sup>23</sup> Money seems to motivate customers most for complaining. On the other hand, this category of complaint information does not yield much clues for companies to improve existing products / services or to develop new ones. Therefore, Swisscom would rather get customer feedbacks on specific features. It would appear that offering online complaining can be one way to stimulate this different category of feedback. The tendency could be even strengthened by offering customers an internet forum for discussing products and services, as suggested by a Swisscom manager.

Another finding that can be confirmed by the study of Zaugg/Jäggi (2006) is the importance of points of sales.<sup>24</sup> For both information search and complaining customers like to have face-to-face contact. Telecommunication providers have observantly spotted this trend and – after reducing branches – now offer more shops to give their customers a physical presence of the company.

It has turned out in this case study that – at least in the next decades – the e-channel will not replace traditional channels in general. At least partly, letters and faxes will disappear if the company manages to offer a trustworthy and effective online complaining solution. Customers seem to consider online complaining mainly as a substitute for written communication. However, the e-channel will be complementary to channels like telephone or point of sales. Why consumers decide to complain online is currently subject of research.<sup>25</sup> Companies can only profit from the benefits the e-channel provides and guide customers' channel use if they know what inhibits and what promotes the use of online complaining. But

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<sup>23</sup> See Zaugg/Jäggi (2006), p. 22.

<sup>24</sup> See Zaugg/Jäggi (2006), p. 28.

<sup>25</sup> A preliminary analysis can be found in Zaugg (2006).

also further research on the use of online complaint management in Swiss companies will be conducted. It has to be determined what advantages businesses in fact derive from online complaint management today and which potentials still lie dormant. There is no point investing money in online complaint management, if companies cannot realise substantial benefits and customers are averse from complaining online.

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