The Compliant Customer

Customer-centricity may sound like a good idea. But a new breed of companies focuses instead on getting the customer to comply with a company's systems.

BY EDWARD KASABOV

In academic marketing literature, companies are often advised to adopt an approach of "customer-centricity" that places an emphasis on customers' needs and wants. What's more, much of what has traditionally been written about market and marketing research assumes that interactions with dissatisfied customers and feedback obtained from them are valuable forms of research. We are told that complainers provide valuable market intelligence to companies for free. But what if, in the Internet age, companies have more efficient ways of gaining insights into customers' wants and needs than personal interactions with dissatisfied customers?

Today, some innovative businesses are practicing what Alex J. Warlow and I have defined as a "customer compliance business model." Such companies, which we call CCBMs, have used tools such as the Internet and call-center technologies extensively — and have in the process offered a new approach to handling customer complaints, service recovery, fulfillment strategies and market research. CCBMs — which can be found in a range of industries, such as travel, e-retailing and financial services — have grown their market share and expanded their markets by offering good value and a high level of service at considerably lower prices.

In particular, these companies have often introduced highly innovative service failure recovery and complaint management practices. We argue that CCBMs have replaced the costly "customer-centricity" thinking that is frequently recommended in academic marketing literature with "customer compliance" business models, where customers are expected to comply with a company's systems, thereby allowing the company to reduce costs and pass on the savings to their customers. In return for compliance with company systems — such as following a company's automated procedure for ordering via its Web site or interacting with voice recognition software during a phone call — customers are rewarded with low prices and good service. What's more, many customers appear to have become "compliant" and understand CCBM systems well.

While some experts have advised that customer complaints offer valuable information to companies, the intelligence gathering and analysis value of complaints may be less useful to CCBMs. Even though the notion of research through complaint gathering and processing may be appealing, CCBMs are often able to monitor online sales transactions instantly and can typically obtain information faster, cheaper and more accurately through analysis of real-time sales and reports on trends and comparative Web sites. Finally, CCBMs in some industries, such as travel, tourism and leisure, are increasingly using computer-driven algorithms to link price with current demand.

Some CCBMs have also, in effect, attempted to minimize customer complaints, both by investing in online self-help systems on their Web sites and by maximizing the perception of effort on the part of any dissatisfied customer who attempts to complain through nonelectronic means. CCBM Web sites generally have very good systems for tracking and amending orders and even for returning goods, and some have generous return policies. However, a telephone number may not be prominent on a CCBM's Web site — and in some cases, a phone number may not be
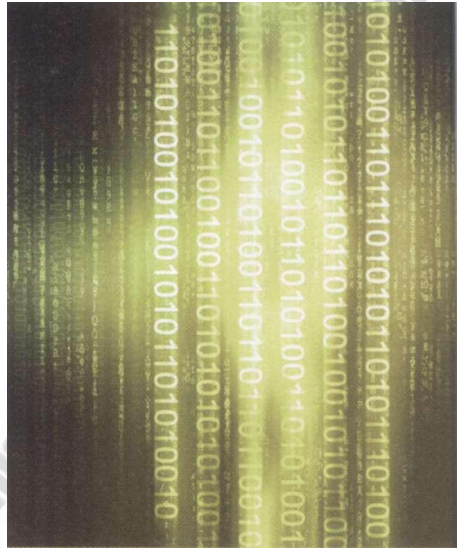
provided at all, or phone support may be offered only as a paid-for service. Instead, such CCBMs rely heavily on their Web sites to collect information about customers, their preferences and the level and sources of satisfaction and dissatisfaction. The online self-service support systems tend to satisfy the majority of customers while offering savings to the company.

CCBMs can use their Web sites to gather feedback and monitor customer behaviors, as well as customers' responses to campaigns and promotional efforts. (CCBMs can also use the Internet itself as an observation tool, to gather consumers' views from venues such as online discussion forums.) Database marketing and the extensive use of detailed profiles of past, current and prospective customers are valuable tools for carrying out marketing research. Instead of relying upon personal contact with customers and one-to-one methods of data collection, CCBMs have embraced online, automated marketing approaches to researching customers and their needs and building relationships with them.

Contrary to arguments frequently found in marketing texts that practitioners need to encourage feedback by simplifying complaint

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procedures and minimizing perceptions of effort on the part of complaining customers, some CCBMs have focused on making customers "compliant" with their company systems. To CCBM practitioners, any activity that is not valuable to data gathering and that can be executed in a more cost-effective manner is seen as expendable. That is precisely what is happening to some methods and techniques of intelligence gathering that we read about in academic articles but that are growing harder to find in practice.

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