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MEDIA RELEASE

Complaints can provide 1000% ROI for business - new research leads to better customer service

Research has revealed that every dollar invested in complaints handling has potential returns of investment of up to \$10 for a business.

Further, the research has found that the return on investment of good complaint handling can be as high as 1000% for organisations.

The research by SOCAP Australia and undertaken by the University of Newcastle, found that the benefits of effective complaints handling is higher than previously thought, and could affect millions of Australians who complain to businesses each year.

The greatest benefits to business were through extended benefits, including: customer satisfaction; customer retention; staff satisfaction; and customer lifetime value as well as product improvements made as a result of feedback.

NSW Minister for Innovation and Better Regulation Matt Kean launched the SOCAP Australia UON report, *ROI of Effective Complaints Management*, for World Consumer Rights Day today.

"In today's world, word-of-mouth is no longer restricted to a circle of friends but can be online and around the globe in minutes," Mr Kean said.

"A stronger complaints handling system will maintain the goodwill of customers and ensure traders remain accountable when things go wrong."

The SOCAP Australia UON *ROI of Effective Complaints Management* Report has been able to put a dollar value on the business benefits of handling complaints well, while also demonstrating that ineffective complaints handling may result in significant losses for an organisation.

"Many companies are not adequately identifying, recording and measuring the extended benefits that occur as a result of effective customer complaints management, and as a result cannot adequately measure the cost and return on investment to their business," said SOCAP Chief Executive Fiona Brown.

“This research has a powerful impact for business to review its complaints handling process and show bottom line results and extended company-wide benefits flowing from effective complaints handling.”

More than six million Australians make a complaint to a private business or public organisation each year. The report delivers a framework for organisations to verify that complaint and customer relations departments are not merely “cost centres” but add value to a business which can be effectively calculated in dollar terms.

“We know effective complaint handling is good for business, however, before now we haven’t been able to put a dollar value on this, and now we can. It enables companies, and the professional staff who manage complaints, to value the work they do and add that value back into the business,” Mrs Brown said.

“In some cases the return on investment for business is 1000%, meaning manifest changes to product and services can occur. This results in a better overall experience for consumers.”

Head of the research, Professor Tania Sourdin from the University of Newcastle said:
“Our report makes the distinction between direct costs and escalation costs, and indirect costs. This study clearly indicates the substantial financial returns to the organisation when effective customer complaints management is delivered, particularly when extended benefit is generated.”

For more information or to organise an interview please contact **SOCAP Chief Executive Fiona Brown** at fbrown@socap.org.au and on 02 8095 6427 or 0419 280 234.

View the SOCAP Australia UON **ROI of Effective Complaints Management Report** at socap.org.au