How Emotional Customer Complaints Impact Profitability

A BrainTrust Insights Case Study

Executive Summary

Why pay attention to customer complaints? Do complaints matter in the long run? Business stakeholders must pay attention to customer complaints because complaints affect three key revenue drivers. Additionally, not only must businesses pay attention to complaints, but they must pay attention to the emotional strength of those complaints.

First, unaddressed, strong-emotion complaints **damage reputation**. With reputational decline comes lower engagement with a company, from repeat purchases to word of mouth.

Second, unaddressed, strong-emotion complaints lead to **adverse financial resolutions**. In this paper, we will see how unaddressed, strong-emotion complaints are more likely to require financial compensation to resolve a complaint than weak-emotion complaints.

Third, unaddressed, strong-emotion complaints mean that businesses must **spend more heavily in new customer acquisition** to backfill lost customers. In a recent earnings call by Booking Holdings, Inc.[1], customer acquisition costs are rising, especially on digital channels like Facebook.

In this paper, we'll examine the identification of unaddressed, strong-emotion complaints, including how to classify them and score them, and how to match the emotions to business outcomes.

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[1] http://ir.bookingholdings.com/events-presentations , Q3 17 call

Situation Analysis

Identifying and addressing the emotions of customers in the complaints process is essential to satisfying customers, retaining customers, and preventing more serious actions such as lawsuits. Historically, the credit reporting industry has done a poor job of identifying and classifying customer issues and their emotional impacts.

Additionally, financial issues are among the top reasons of stress in adults[2] and few industries face more scrutiny than the financial services industry. Within that industry, few companies deal with more complaints than credit reporting services. Consumers won't stick around if they feel that customer service is lacking[3].

These two factors - high-value/high-importance services and highly-emotional, high-stress processes for customers - create the potential for severe crises with customer complaints in the credit reporting industry.

BrainTrust Insights examined 51,260 customer complaints from a credit reporting customer database over a 6-year period to draw out insights about what made consumers unhappy, which situations provoked significant emotional responses, what actions companies took, and what impact the resolutions had on the company's bottom line.

2

https://www.statista.com/statistics/675233/situations-and-areas-of-life-where-adults-felt-stressed-us/

3

https://www.statista.com/statistics/810562/customers-by-share-lost-due-to-poor-service-experience/

Methodology

BrainTrust Insights polled a credit reporting customer database of 51,260 complaints about credit reporting products, services, and issues by customers, classifying the complaints in one of five major categories:
- Credit card and related issues
- Mortgages and related issues
- Fraud and fraudulent transactions
- Data breaches and compromised identities
- Bankruptcy and adverse financial events

The database was anonymized and stripped of any potential personally identifiable information (PII) including mailing addresses, contact information, account numbers, and other identifiers.

BrainTrust Insights then used two machine learning libraries to classify every complain against eight emotions using the NRC machine learning library based on EmoLex and Plutchik's wheel of emotions:
- Negative
  - Anger
  - Disgust
  - Fear
  - Sadness
- Positive
  - Anticipation
  - Joy
  - Surprise
  - Trust
- Overall average sentiment

Analysis

Before we assess consumer behavior, let's examine the overall landscape. What topics (broad consumer financial concerns) and issues (specific kinds of complaints) are most common among the 51,260 complaints?

Issues and Topics

Issue1	Avg. Topicbankrupt	Avg. Topicbreach	Avg. Topiccc	Avg. Topicfraud	Avg. Topicmortgage
Closing on a mortgage	0.000	0.000	0.000	0.000	1.000
Excessive fees	0.000	0.125	0.625	0.125	0.625
Confusing or missing disclosures	0.000	0.000	1.000	0.200	0.200
Incorrect information on your report	0.177	0.176	0.150	0.329	0.159
Unable to get your credit report or credit score	0.031	0.143	0.195	0.179	0.141
Problem with fraud alerts or security freezes	0.036	0.716	0.166	0.687	0.113
Problem with a credit reporting company's inve..	0.236	0.139	0.106	0.223	0.098
Problem with a company's investigation into an exist..	0.047	0.156	0.188	0.109	0.094
Problem with customer service	0.000	0.344	0.281	0.406	0.094
Fraud or scam	0.027	0.216	0.405	0.297	0.081
Identity theft protection or other monitoring services	0.019	0.615	0.077	0.192	0.058
Improper use of your report	0.015	0.767	0.117	0.341	0.033
Credit monitoring or identity theft protection s..	0.016	0.661	0.335	0.315	0.031
Confusing or misleading advertising or marketing	0.191	0.429	0.238	0.000	0.000
Unexpected or other fees	0.000	0.333	0.056	0.222	0.000

Figure 1. Topics and issues categorized. The darker the box, the stronger the relationship.

Overall, we see mortgage-related issues, excessive fees, and problems with credit freezes as the most significant, common events in the complaints.

Digging deeper, we see five topics (columns) and fifteen issues (rows) quantified. The darker a box is, the more that topic is related to that issue. For example, complaints where the primary topic was mortgages correlate perfectly with issues about closing in on a mortgage. Excessive fees in credit reporting also bears a strong relationship to the topic of mortgages in consumer complaints.

In the topic of fraud and fraudulent transactions, we see the top complaint issue is problems with fraud alerts and credit freezes, followed by issues with customer service.

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In the topic of credit cards, confusing or missing credit reporting disclosures are the most cited issues, followed by excessive fees.

In the topic of data breaches and identity theft, improper use of credit report data, problems with fraud alerts and freezes, and identity theft reporting services (a lucrative product line for credit reporting companies) all vie for top issues.

In the topic of bankruptcy and adverse financial events, problems with a credit reporting company's investigation takes the top slot; however, note that it is significantly weaker than the other topics.

All these topics are high-stress topics from a customer perspective. A customer whose identity has been compromised is expecting rapid, aggressive action; if they're unable to perform straightforward actions such as freezing their credit records, they will react negatively.

Now that we know the landscape, let's look at the emotions involved.

Issues and Emotions

Issue1	Avg. Anger	Avg. Disgust	Avg. Fear	Avg. Sadness
Confusing or missing disclosures	-0.400	-0.200	-0.400	-0.400
Closing on a mortgage	-1.000	-1.000	-2.000	-1.000
Unable to get your credit report or credit score	-1.141	-0.559	-1.148	-1.626
Identity theft protection or other monitoring services	-1.192	-0.519	-1.289	-1.308
Improper use of your report	-1.408	-0.569	-1.307	-1.177
Credit monitoring or identity theft protection services	-1.539	-0.722	-1.342	-1.642
Fraud or scam	-1.541	-0.541	-1.027	-1.649
Problem with customer service	-1.594	-0.656	-1.188	-1.844
Confusing or misleading advertising or marketing	-1.667	-0.714	-1.429	-1.857
Incorrect information on your report	-1.715	-0.728	-1.509	-1.850
Problem with a company's investigation into an existing issue	-1.719	-0.828	-1.969	-1.844
Excessive fees	-1.750	-0.875	-1.000	-1.750
Problem with fraud alerts or security freezes	-1.751	-0.710	-1.650	-1.710
Unexpected or other fees	-1.778	-0.389	-0.500	-0.944
Problem with a credit reporting company's investigation into an existin..	-1.958	-0.723	-1.604	-2.045

Figure 2: Issues and related emotions. The darker the box, the stronger the emotional response in customer complaints.

Fear, anger and sadness are the strongest sentiments among the complaints.

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Digging into the issues, we see anger at its strongest around problems with credit reporting investigations, followed by anger at unexpected fees and trouble with fraud alerts.

We see disgust highest around issues closing on a mortgage, excessive fees, and investigation into existing issues.

We see fear strongest around mortgage issues - no surprise, as losing an opportunity at buying a home due to credit issues is scary - followed by investigation results and fraud alerts.

We see sadness around investigation results and incorrect data.

Combined, we see contextually-relevant emotions and their issues. When people experience life-changing events - such as buying a home or having their identity compromised - they do not expect or want complications from credit bureaus and credit services. They expect resolution of their problems, and emotions such as anger, sadness, and fear become prominent in their language.

Why does such language matter? In an era when corporate reputation and brand reputation matter - and when bad news travels at the speed of the Internet - managing reputation through exceptional service is mandatory.

The actionable insight here for the credit reporting company is to address the issues around the strongest negative emotions first.

In the CRM data, issues are decomposed into sub-issues, tactical steps the company took that caused strong emotional responses. To bring the actionable insights to life, let's dig into these sub-issues to help the company know what to do better or what to stop doing.

Subissues and Emotions

Sub.issue1	Avg. Anger	Avg. Disgust	Avg. Fear	Avg. Sadness
Problem getting your free annual credit report	-0.806	-0.383	-0.841	-1.164
Personal information incorrect	-0.987	-0.329	-0.989	-0.976
Information that should be on the report is missing	-1.000	0.000	-1.375	-1.375
Problem canceling credit monitoring or identify theft p..	-1.026	-0.439	-0.868	-1.342
Information is missing that should be on the report	-1.106	-0.512	-1.299	-1.524
Credit inquiries on your report that you don't recognize	-1.115	-0.326	-0.916	-0.982
Information is incorrect	-1.229	-0.521	-1.479	-1.583
Account information incorrect	-1.301	-0.503	-1.122	-1.705
Other problem getting your report or credit score	-1.415	-0.703	-1.398	-2.004
Old information reappears or never goes away	-1.451	-0.609	-1.349	-1.729
Received unsolicited financial product or insurance off..	-1.460	-0.378	-1.081	-1.351
Didn't receive services that were advertised	-1.476	-0.720	-1.231	-1.490
Problem with product or service terms changing	-1.482	-0.734	-1.504	-1.583
Investigation took more than 30 days	-1.540	-0.600	-1.273	-1.444
Reporting company used your report improperly	-1.608	-0.738	-1.582	-1.305
Difficulty submitting a dispute or getting information a..	-1.736	-0.667	-1.400	-1.944
Account status incorrect	-1.738	-0.782	-1.556	-2.317
Was not notified of investigation status or results	-1.753	-0.615	-1.370	-1.684
Received unwanted marketing or advertising	-1.867	-0.967	-1.733	-1.300
Billing dispute for services	-1.941	-0.831	-1.619	-2.127
Their investigation did not fix an error on your report	-2.043	-0.754	-1.680	-2.110
Public record information inaccurate	-2.067	-0.959	-2.087	-2.138
Information belongs to someone else	-2.137	-0.904	-1.747	-1.737
Problem with personal statement of dispute	-2.163	-0.801	-1.911	-2.763
Report provided to employer without your written aut..	-2.395	-1.290	-2.237	-2.263

Figure 3: Sub-issues and related emotions. The darker the box, the stronger the emotion.

When we dig into the emotions about specific sub-issues, specific actions the credit reporting company took or details about the issues, we see some dominant trends.

The sub-issue that causes the most anger and fear? When a credit reporting company provides a report to an employer without written authorization. Stopping or changing that practice would fix a significant issue across multiple negative emotions.

Inaccurate/incorrect information also dominates multiple negative emotions, as will an investigation that does not lead to a correction of an error.

Using these insights is straightforward; many are practices that a company could discontinue or alter immediately. For example, receiving unwanted marketing or advertising, a source of anger, is straightforward to fix. Ensuring customers are notified of investigation status and results is straightforward to fix. Fixing inaccurate information is straightforward to fix.

Many of these issues are operational, process-based issues. Fixing them would likely yield other benefits throughout the organization.

Finally, let's look at outcomes. When we examine the broad topics versus the outcomes the company delivered, we see:

Company Responses and Topics

Company.response.to.con..	Avg. Topicbankrupt	Avg. Topicbreach	Avg. Topiccc	Avg. Topicfraud	Avg. Topicmortgage
	0.000	0.000	1.000	0.000	0.000
Closed with monetary relief	0.007	0.147	0.737	0.225	0.212
Closed with non-monetary relief	0.144	0.236	0.170	0.414	0.118
Closed with explanation	0.148	0.251	0.137	0.269	0.121
Untimely response	0.124	0.072	0.033	0.248	0.131

Figure 4: Topics and their outcomes. The first row represents no outcome, the customer issue is unresolved. Darker squares indicate higher frequencies of each topic and outcome.

What we see above is alarming; credit card-related issues remain among the highest unresolved issues. In terms of an actionable focus for the company, fixing what's wrong in this part of the company is essential.

The second row is important: **issues that required the company to compensate customers.** Credit card-related issues again dominate this resolution, which means that the operational problems here have clear financial impacts on the company.

In the topic of mortgage-related issues, this is also the highest frequency outcome, which means that mortgage-related credit reporting/reporting issues cost the company money. Obviously, no company wants to lose additional money

Finally, let's examine how emotional valence - specific emotions - relate to the outcomes companies needed to produce.

Company Responses and Emotions

Company.response.to.con..	Avg. Disgust	Avg. Fear	Avg. Anger	Avg. Sadness
	-4.000	-2.000	-4.000	-1.000
Closed with explanation	-0.670	-1.452	-1.659	-1.731
Closed with monetary relief	-0.918	-1.577	-2.167	-2.522
Closed with non-monetary relief	-0.714	-1.523	-1.829	-1.802
Untimely response	-0.556	-1.248	-1.425	-1.732

Figure 5: Emotions and their outcomes. The first row represents no outcome, the customer issue is unresolved. Darker squares indicate higher frequencies of each emotion and outcome.

In examining the negative emotions of the complaints that were filed, and the outcomes those complaints yielded, we look to row three above. In each of the negative emotions for closed, resolved complaints, **the most frequent outcome from a complaint with strong emotion is closed with monetary relief**. This is a clear warning sign to the company, and to companies in general: pay attention to the emotional state of customers at the time of complaint. The stronger the emotion - especially sadness and anger - the more likely it is you'll end up paying money to the customer as part of the resolution.

Next Steps

What have we learned from the exhaustive analysis? A few key takeaways:

1. **Emotions in customer complaints have a strong relationship with business outcomes**. If companies neglect to address emotional complaints early and thoroughly, they may end up paying more, having an adverse effect on the bottom line.
2. **Emotions in customer complaints can be classified and quantified**. No longer do complaints need to languish in an obscure data prison. With modern machine learning software, businesses can make far more data actionable.
3. Next steps in addressing customer complaints may be obvious; **emotional strength and business outcomes help to prioritize what needs to be fixed first**. Many business are anecdotally aware of what's wrong within the organization, but having clear prioritization of what will alleviate the strongest customer concerns could help move projects along.

What is your company doing to analyze customer complaints? Are you burying them in a CRM, never to be analyzed, or are you identifying key issues that could be costing you time and money?

Contact Information

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