



CAM²⁰¹⁹

Consumer Action Monitor



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Foreword

Our truth well told

Trust is everything

We're here to be fair and impartial and to help make the right decisions for everyone involved when complaints arise.

We strongly believe that trust is the backbone to truly great customer service and that by building trust between consumers and providers we can end detriment for good. To achieve this, businesses must put customer experience at the centre of their vision, today and tomorrow; deliver to consumers' expectations, meet their needs and operate with integrity and fairness always.

In this year's Consumer Action Monitor (CAM), using pioneering technology called Implicit Attitude Testing (IAT), we've been able to delve into the mind of the consumer and understand what they really think, what motivates them, what makes them satisfied and what makes them unhappy.

With the use of IAT, we're able to paint a more in-depth picture of the complex modern consumer and generate a far more accurate and honest understanding of the ever-changing complaints landscape.

This report focusses on three key themes: the impact of, and expectations around, new technology; Millennial attitudes and approaches to complaining; and the industry need to recognise and address consumers in vulnerable circumstances.



Executive summary

Beyond the figures, behind the stats

Now in its sixth year, the Consumer Action Monitor (CAM) is a trusted and respected barometer of customer service and customer experience in Great Britain.

With deeper, meaningful insight into the data in this year's CAM, we have an opportunity to look beyond the figures and behind the stats. This new knowledge can help us to transform customer experience and empower our participating companies and their consumers to develop long-term trust.

As well as the exciting new data in this year's report, there are some emerging trends for us to keep an eye on. At Ombudsman Services, we're always learning today to empower tomorrow. We believe that it's about us asking the right questions and challenging the data to provide meaningful insight which will help businesses to build stronger consumer relationships.

Methodology*

Research was commissioned by Ombudsman Services and carried out by Deltapoll between 4th - 8th March 2019.

Certain extrapolations have been made based on the findings in order to estimate the number of complaints that have taken place nationally, regionally and within particular industry sectors. These extrapolations, made by Deltapoll, are based on an ONS audited GB adult population figure of 50.3 million.

* Nationally representative, covering Great Britain, fieldwork with quotas by gender, age, region. 4,000 interviews of adults aged 16+. Fieldwork 4th - 8th March 2019.

SOME OF THE KEY FINDINGS FROM OUR 2019 RESEARCH ARE:



of consumers no longer have faith in businesses

- o Businesses must focus on re-establishing trust and gaining loyalty from customers for life

Complaints in 2019 have risen from an average of 2.5 in 2018 to



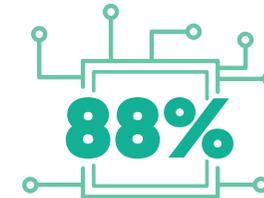
- o Despite the rise, many consumers are still not getting back what they want from the complaints process



suffered in silence – up by 30% (compared to 29% in 2017 and 40% in 2018)

The nature of many complaints is still passive, particularly with the emerging younger consumers:

- o Millennials, especially, are simply suffering in silence or grumbling on social media rather than actively complaining to businesses
- o 55% of consumers share complaints on social
- o Baby Boomers are much more determined (56%) to drive forward a complaint directly



of people agree that 'New technology should make complaining easier'

- o Yet 60% of people still believe the traditional complaints process will continue because of the need for a human touch



of vulnerable consumers suffered in silence rather than complaining (compared to 47% of the rest of the population)

- o The number of customers identifying as vulnerable is on the rise and it's important businesses know how to build relationships and service these consumers







How consumers really feel

The emotions behind
their decisions

10 How consumers really feel

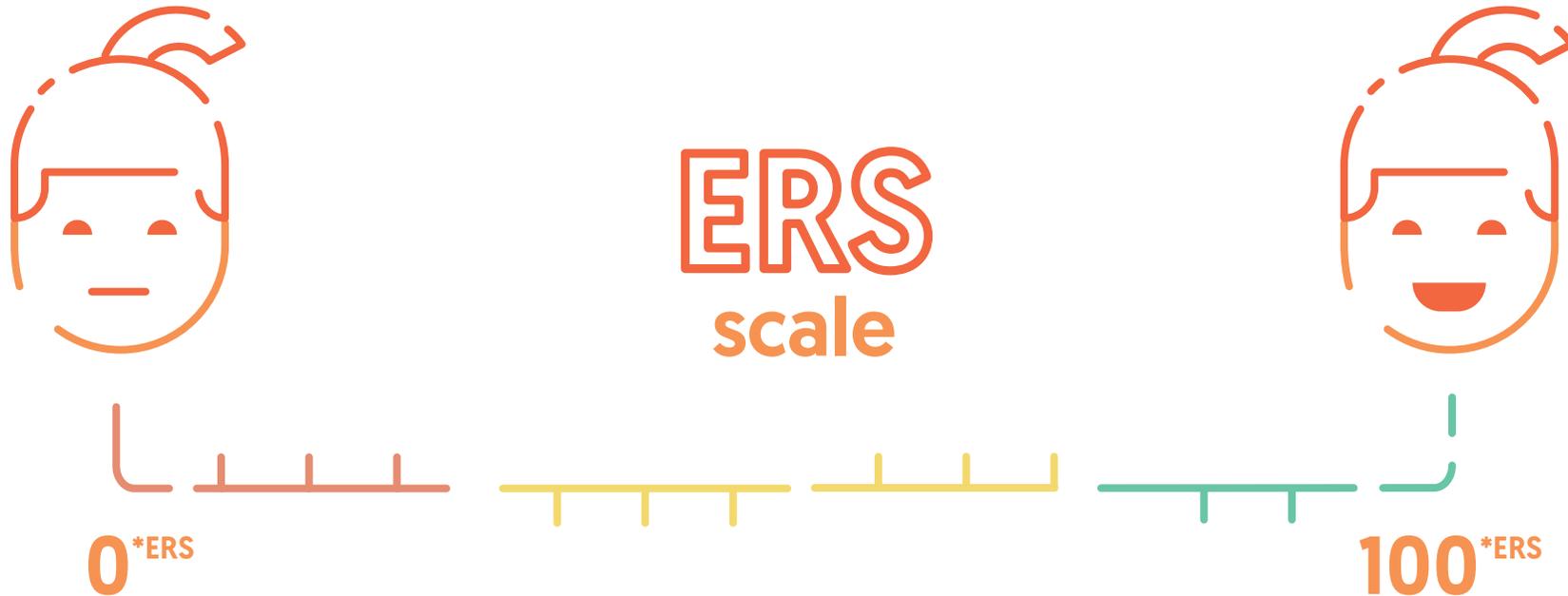
Implicit Attitude Testing (IAT) is helping us to understand the emotional drivers that sit behind decisions to complain about products and services.

Through the application of IAT, we've produced an Emotional Resonance Score (ERS) to any given response. This score combines the proportion of people who think in a certain way, with the extent to which they're emotionally committed to their view. This unique human perspective to the data helps us to understand if people have felt

obliged to give an answer that might not reflect how they actually feel (based on a whole host of conscious and unconscious decisions).

This is measured via speed of response to questions; neuroscience tells us that the faster people answer a question, the more belief or emotional certainty they tend to have in the answer they've given.

The ERS scale is from 0-100; so the higher the ERS (eg 80*ERS), the more emotional certainty consumers have in their response, which provides some meaningful insight that is highly valuable to act on.



Trust in businesses

It's important to get the customer journey right first time, from the outset not just at the point of complaint, in order to build a consumer's belief in a provider. This should in turn pay dividends given that a quarter of people (25%) say they're more likely to complain to a business they don't trust.

With 21% of consumers saying that they trust businesses less now than they did a year ago, there's evidently work to do in this area.

This may be reflective of the emerging younger cohorts. Millennials are perhaps the most fickle of groups in the way they consume brands, and are more likely to have their head turned by competitors' offers. That's not to say that brand loyalty can't exist here, but it will hinge heavily on trust, transparency, honesty and good communication.

Once that trust is established, businesses must work hard to maintain it and that's more important than ever when dealing with a complaint. Consumers identified a strong emotional connection of 77*ERS to the statement 'A well-handled complaint makes me more loyal'. This tells us that if businesses manage the complaints process well, customers are likely to remain committed.



With a high ERS score of **77*ERS**



21%

of consumers say they trust businesses less now than they did a year ago



25%

more likely to complain to a company they don't trust

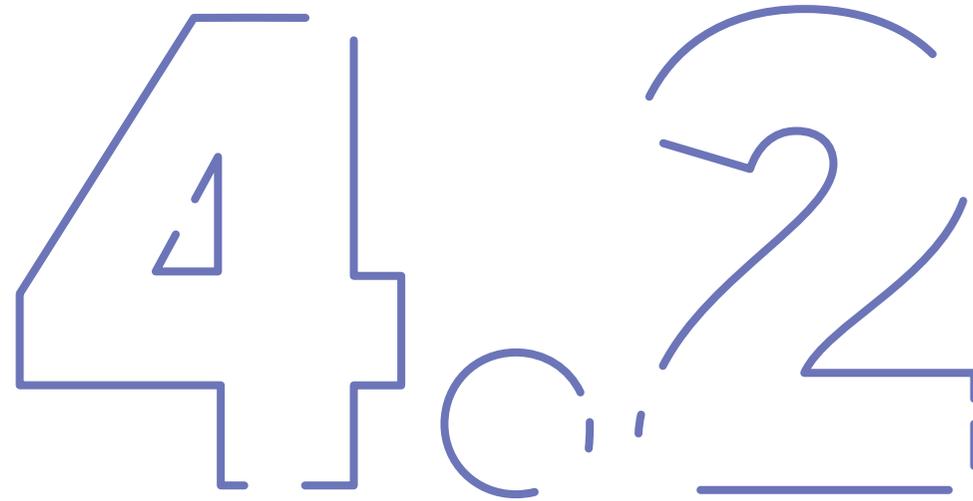


A changing landscape

The average number of complaints per person for 2019 is 4.2 (compared to 2.5 last year). Yet these complaints are often not being taken direct to the business in question.

This year has seen a significant increase in complaints per head. Throughout this report, we explore some of the reasons that could lie behind this. New technology and the rise of social media has created more channels through which to complain and also greater ease of access.

Millennial attitudes and approaches to complaining are also a step change from what's come before.



Average number of complaints per person for 2019

compared to **2.5** in **2018**

Yet these complaints are often not being taken direct to the business in question

The potential for persuasion

Bridging the detriment gap

If consumers feel they're not getting back what they want from the complaints process, we must listen to that and take action. If businesses are perpetually failing to meet customer expectations and there's a mismatch in what consumers demand and what providers supply, we'll simply witness a widening of the detriment gap.

This graph shows the Emotional Resonance Score (ERS) against some key statements we asked consumers this year and is broken down across different age groups. The figures in green indicate a strong emotional commitment to the response, meaning we can expect a deep-seated trueness to these statements.

A high ERS score is at times reflected across all the generational cohorts meaning this is an opinion shared by most consumers, and one which is felt strongly.

The results we can see here reflect the importance of trust in businesses: with the presence of loyal and harmonious relationships in place, consumers are far more likely to raise a complaint directly with their provider. How that issue is then handled, both in terms of speed and

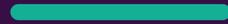
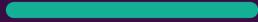
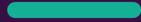
quality of response, is also crucial in maintaining and continuing to build that trust. Across each of the age groups there's a strong emotional commitment (at least 75*ERS) to the statement, 'A well-handled complaint makes me more loyal'.

Topping the poll of these high ERS value statements is, 'I just want problems sorted out first time' scoring a staggering 94*ERS (Baby Boomers) and 'New technology should make complaining easier' with an emotional resonance as high as 87*ERS (Generation X). This is further indication that the majority of consumers, despite age or circumstance, feel strongly about efficiency in process and experience in management when it comes to complaints.



*The vulnerable category has been defined by the following question from the research survey: An official definition of a well-functioning market is where companies are accessible to everyone, inclusive of all types of people, and responsive to the needs of all customers, including those in vulnerable situations. Based on this definition would you consider yourself to be in a vulnerable situation where you needed help dealing with a company, or not? Deltapoll survey 4th - 8th March 2019. 4,000 samples adults 16+. Representative UK population.





Technology

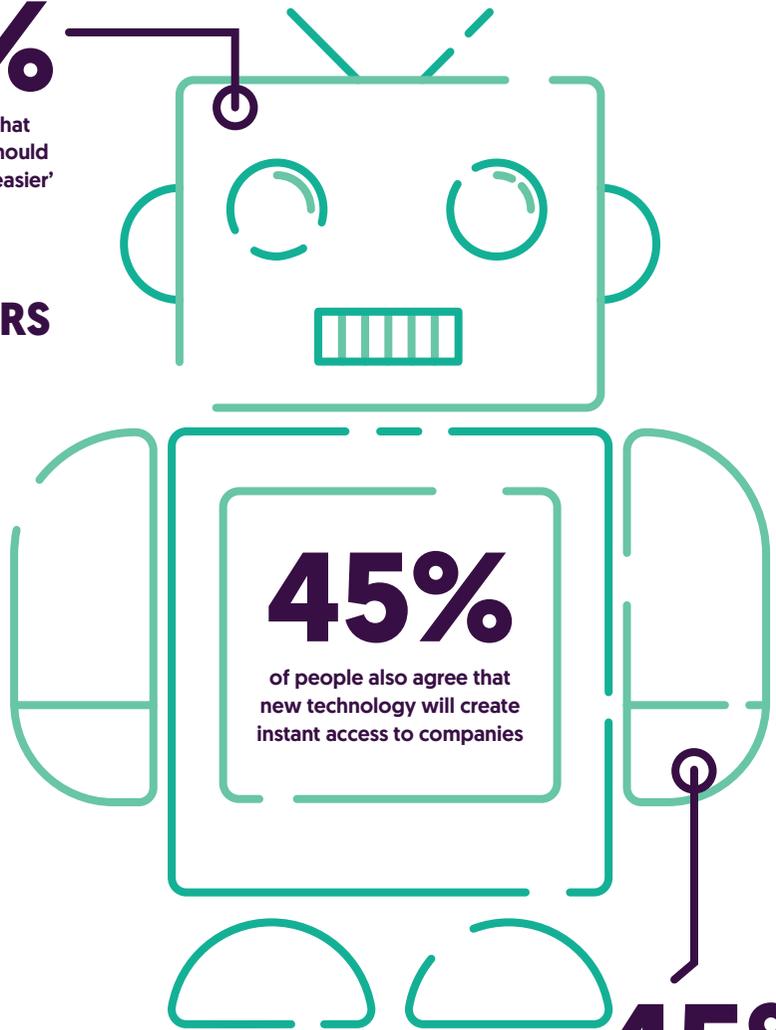
A powerful performer

88%

of people agree that
'New technology should
make complaining easier'

ERS score

86*ERS



45%

of people also agree that
new technology will create
instant access to companies

45%

of people believe that social
media makes businesses
more approachable

Technology is clearly changing the complaints landscape and evolutions in artificial intelligence may result in increased efficiency for businesses, making processes faster and fairer. This could be good news for consumer relationships as we've seen they consider performance and speed to be important elements when it comes to complaint management.

With potential to speed up the complaints process, technology is considered by most consumers to play a pivotal role, with 88% of people agreeing that 'New technology should make complaining easier' and believing this statement with emotional certainty (as shown in the high score of 86*ERS).

45% of people believe that technology will create instant access to businesses, thereby helping them to connect with businesses and vice versa. Additionally, 45% believe that social media makes businesses more approachable.

The need for speed

The Implicit Attitude Testing (IAT) results confirm that an efficiently handled complaint secures loyalty, reflected in a high Emotional Resonance Score (ERS) of 77*ERS. The need for speed also scores highly at 72*ERS.



Along with high expectations around technology is a belief that, quite simply, it should work. Failure to launch something properly may result in frustration which could deepen brand distrust and disloyalty. Significant testing of technology then is essential in order to meet consumers' needs and expectations with as few hiccups as possible.

We're seeing a new complaints environment emerge with technology taking centre stage; helping to facilitate a dialogue between companies and consumers as well as improving accessibility. Yet in terms of the 'human touch' becoming obsolete, 60% of people still believe the traditional complaints process will continue. Artificial intelligence may not end up being able to predict and resolve all situations, because its inability to understand human emotion might mean there's always a need for human connection in at least one link in the chain.

Additionally, the digital led approach may not suit all consumers. 73% of Baby Boomers don't believe that technology is always the answer (compared to 48% of Millennials).

It's clear that digital is fundamental for future processes and we're in support of a digital first outlook. But it's important to also consider how faceless such technology can be and that there's still a place for real people to make the complaints process inclusive as well as innovative.



60% of people still believe the traditional 'human touch' complaints process will continue.



**Disillusioned
and powerfully
passive**

2019 most complaints remain passive
findings show that in nature, with consumers sharing
their displeasure with friends and
family but doing nothing else.

These disillusioned passive complainers are not to be ignored, and in fact may have the potential to carry more power by quickly spreading their dissatisfaction through friends and family, creating significant, negative viral marketing for businesses and brands.

It's a positive step that more people are complaining so it's critical that businesses focus their customer experience on encouraging a shift from passive to engaged. This will help consumers feel empowered to push forward with a complaint rather than just 'scratch the itch' with a quiet grumble to people they know.

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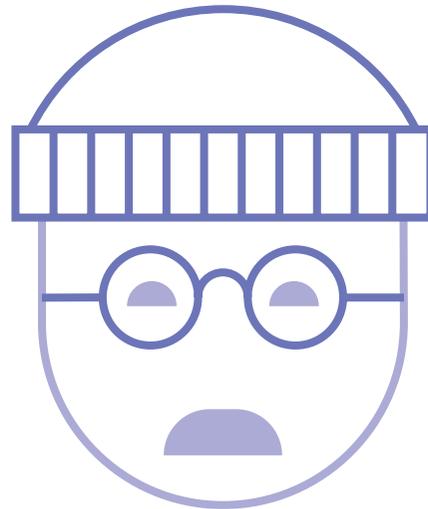
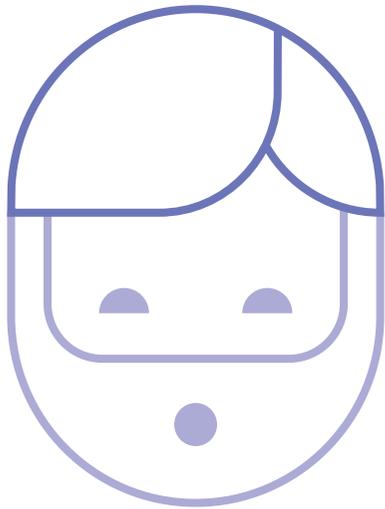


Generational behaviour

What a difference an age makes

38%
17-37 year olds

would choose to
complain to friends
and family but take
their complaint
no further



62%
of Millennials

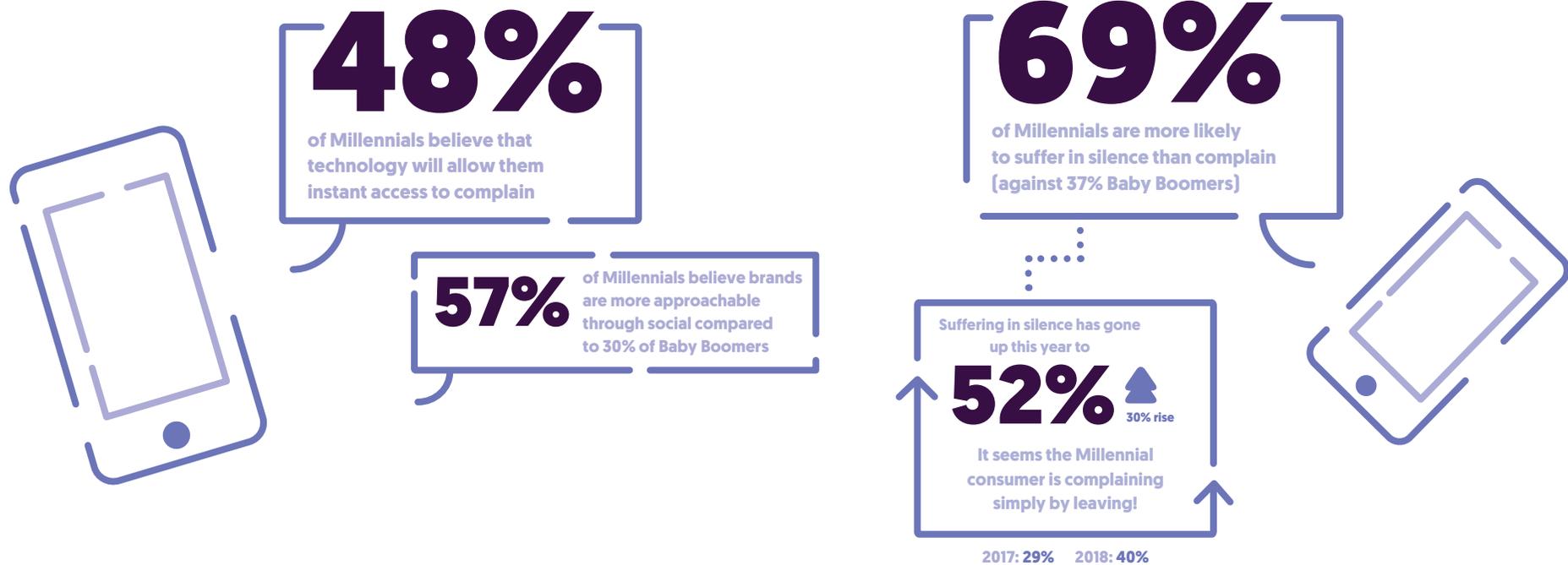
agree with
the statement
'Complaining fills
me with dread'

Millennials are perhaps the most emotionally deterred when it comes to actually complaining, with the 'Complaining fills me with dread' statement felt by 62% of this group.

Baby Boomers are the most determined [56%] to actively drive forward a complaint (Gen X – 41%, Millennials – 31%).

Millennials are more likely to take to social media platforms or just talk to friends and family to voice their frustrations, with 38% of Millennials choosing this over acting on a complaint.

Customer experience is more important than ever here.



Under the skin of Millennials

Millennials present a different profile to their predecessors and are potentially more switched on, hot headed and impulsive than any other group. They consume brands differently and it's evident a new level of understanding is required in order to build and maintain trustful, engaging business/consumer relationships.

Digitally more savvy than other consumer groups, and with an interest in immediacy, 48% of Millennials believe that technology will allow them instant access to complain and 57% believe that brands are more approachable through social media (compared to 30% of Baby Boomers). This suggests too that they're naturally less confrontational and find it easier to complain through technology platforms than face to face.

The reluctance to complain to a supplier directly because the idea

fills them with dread, or because they can't be bothered to do so, is likely to increase the number of Millennial consumers instead taking to Twitter and Facebook. This has the potential to damage the credibility of a brand.

If their expectations aren't met, Millennials are more likely to suffer in silence (69% compared to 37% of the Baby Boomer market) and has risen by 30% this year with now over half of disgruntled Millennial consumers confessing to leaving on the spot (40% in 2018 and 29% in 2017).

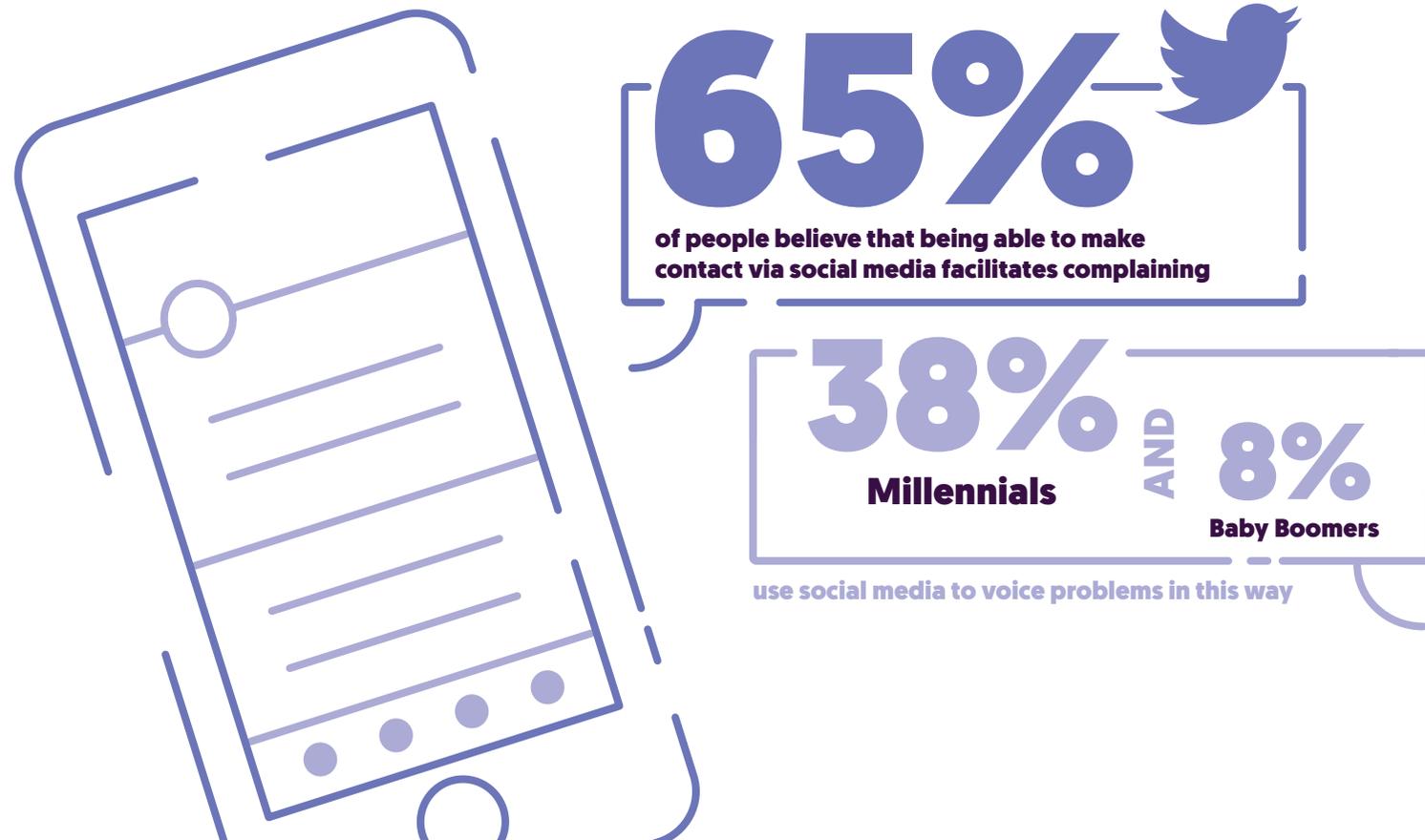
With little trust in providers and little patience to wait for results we're likely to see this figure steadily increase. It's vital that businesses strive to get under the skin of this cohort and attempt to build trust from the initial interaction, using tools which resonate with younger consumers, such as technology and social to create a relevant and engaging customer relationship.

Social media and complaints

The role of social media in this context is key. Complaining can sometimes feel like a lonely place for some already disillusioned consumers and our innate tribal mentality means many of us feel more comfortable in groups. The sense of safety in numbers, together with the development of technology makes for a powerful opportunity for social to tap into this emotional Achilles' heel.

Big platforms such as Facebook and Twitter make public complaining easier and drive a copycat syndrome amongst consumers. As many as 65% of people believe that being able to make contact via social media facilitates complaining.

The collective mindset of people voicing problems en masse can also build confidence in the individual consumer and encourage others to enter the complaint process. Again, this is particularly relevant to the young consumers with 38% of Millennials using social media in this way compared to only 8% of Baby Boomers.



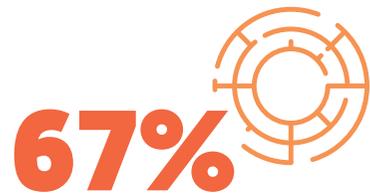


**Being clear on
vulnerability**

This year, 28% of people surveyed considered themselves vulnerable. Of this group, 67% don't even know where to begin in the complaints process (compared to 44% of the rest of the population), 64% said they felt filled with dread at the thought of complaining and 63% find the process highly stressful. This combination of factors means that people identifying as vulnerable are often simply not bothering to complain.

Regardless of the cause of vulnerability (financial hardship, age, bereavement, mental illness, etc), it clearly adds to a sense of feeling overwhelmed and confused when it comes to the prospect of raising a complaint. Consequently, a clear majority (70%) of consumers identifying as vulnerable choose to suffer in silence rather than complain.

In uncertain times, trust is everything. A deeper understanding and increased clarity on vulnerability will lead to businesses being better equipped to manage expectations and relationships.



of vulnerable customers don't even know where to begin in the complaints process (compared to 44% of the rest of the population)



of vulnerable people are filled with dread at the thought of complaining



find the process really stressful



of vulnerable customers suffered in silence rather than complaining (compared to 47% of the rest of the population)



**What can
businesses do?**

Some of the key findings this year are:

- o Trust in businesses has declined
- o While complaints have increased year-on-year, the emerging generation is choosing to complain to friends and family on social media over actively escalating complaints
- o How different generations approach consuming and complaining is key and should have a bearing on how they are supported and steered through the process
- o There's a sense of expectation about complaining, especially with the advent of new technology, and therefore an element of expectation management is required
- o Vulnerable consumers are at much greater risk of being let down by the complaints process

Businesses must be honest about what they believe a good consumer experience should be and be transparent with their consumers about what's achievable.

It's important that businesses recognise the changing complaints landscape and how this affects the way they consider consumer experience in relation to it. There's an increase in the number of complaints in 2019 but an additional emotional complexity surrounding them, with more vulnerable, pessimistic and demotivated consumers creating a shift towards passive behaviour.

If we can reduce the pessimism about outcome and remove the confusion about how to complain, this will help to build better relationships with consumers, create a more intuitive, customer centric approach and strengthen brand loyalty and trust. It will also instil faith in consumers that when things go wrong, it's worth complaining because a clear outcome can be expected.



A recent report by Ofgem about the quality of customer service in the energy sector, supports this notion of businesses needing to keep it simple and ensure they deliver brilliant basics. The report states the need for fairness and transparency in the sales process;

for simple products and services that meet consumer need; for easy accessibility to information whether online or through call centres; for clear, high quality and understandable communication and for well-trained professional staff.

We fully support these statements from Ofgem and can help our participating companies to implement them into their businesses, leading to a better customer journey and the development and maintenance of trust.

This should help to bridge the detriment gap and remove the inherent GB pessimism that 'it's not worth bothering'. Instead, by

believing they're being heard, consumers will feel at the heart of the business and this will help to improve retention, brand loyalty and life value – essential elements of the toolkit towards ending consumer detriment. In turn, consumers will not be going away feeling short changed but instead will learn that there's value in complaining.



Source: OFGEM 2019



Summary

A new world of colour

Using Implicit Attitude Testing (IAT) in this year's Consumer Action Monitor (CAM), we've shown that it's no longer enough to consider a series of black and white statistics to define human behaviour. Instead, we need to remember that consumers are real people and credit them with the heads and hearts that combine to drive more complex behaviour than we've previously accounted for.

The richer level of understanding gleaned from the Emotional Resonance Score (ERS) has added a new world of colour to the data, helping us to map the emotional landscape of the consumer and share it with you. We can use this new knowledge to support our participating companies in navigating ever-changing consumer needs and in building progressive, harmonious relationships with their customers.

We're in a time where trust in businesses has declined and half the population say that complaining fills them with dread. Consumers are increasingly identifying as vulnerable and are at a much greater risk of being let down by the complaints process. While complaints have increased year-on-year, the emerging

generation is choosing to complain to friends and family on social media over actively escalating complaints.

We can harness some of this inherent consumer frustration and drive positive action from it. We know that it's important to people that they see results and we've seen that the speed of response also brings its own value.

We can encourage younger consumers that there's value in raising a complaint directly with a provider, rather than taking to social media. To convince them, businesses must re-build trust and create the brand loyalty required to make the switched-on younger generation less likely to switch off.

It's more important than ever to build a lasting relationship with consumers and ensure that trust in any brand weaves throughout the customer experience, not just when a problem arises but from the first moment a consumer interacts with the brand. This modern customer centric approach should reassure consumers that any negative issues will be dealt with satisfactorily. If consumers genuinely believe they'll be listened to, they're more likely to complain actively rather than passively.

USING
IAT

Implicit Attitude Testing

— in this year's —

CAM 2019

Consumer Action Monitor

we've shown that it's
NO LONGER ENOUGH
to consider a series of

BLACK AND WHITE

statistics to define
human behaviour



Appendix

**This section includes key definitions
and statistics not covered in the main
body of the report.**

A background to IAT

Implicit Attitude Testing (IAT) works by calculating an Emotional Resonance Score (ERS) against any response.

Traditional question/answer survey methods (explicit response) gather rational reactions of people, which may be rather misleading. There are too many individual examples of this to mention, but let's consider the failure of the election polls in 2015, 2017 (and 1992); the idea that a Sony Walkman would never catch on; or indeed that Pepsi would sell more than Coke as a result of always winning the 'Pepsi Challenge'.

We know that people, by their very nature, are led by other people sometimes in a herd-like fashion. They may also have a tendency when questioned to say 'the right thing', or in fact the thing that they believe reflects them in the best light, morally and ethically.

Vulnerability

The vulnerable category has been defined by the following question from the research survey: An official definition of a well-functioning market is where companies are accessible to everyone, inclusive of all types of people, and responsive to the needs of all customers, including those in vulnerable situations. Based on this definition would you consider yourself to be in a vulnerable situation where you needed help dealing with a company, or not?*

* Deltapoll survey 4th - 8th March 2019. 4,000 samples adults 16+. Representative UK population.

Methodology online omnibus

- o The 2019 Consumer Action Monitor is the sixth annual report of its kind produced by Ombudsman Services.
- o Research was commissioned by Ombudsman Services and carried out by Deltapoll between 4th - 8th March 2019.
- o Certain extrapolations have been made based on the findings in order to estimate the numbers of complaints that have taken place nationally, regionally and within particular industry sectors. These extrapolations, made by Deltapoll, are based on an ONS audited GB adult population figure of 50.3 million.
- o Nationally representative, covering Great Britain, fieldwork with quotas by gender, age, region. 4,000 interviews of adults aged 16+. Fieldwork 4th - 8th March 2019.

OFGEM refer to when a consumer's personal characteristics combine with aspects of the market to create situations where that person is 'Significantly less likely than a typical consumer to protect or represent his or her interests in the energy market'.

OFCOM describe how 'Life events such as bereavement or illness can temporarily reduce people's ability to participate in society and /or increase their dependence on certain communications services'.

Our consumers explained

How we define the customer cohorts in the Consumer Action Monitor 2019.

Baby Boomers



56-74

Generation X



38-55

Millennials



17-37

Where people go to complain

Perhaps unsurprisingly, given what we've learnt this year about the younger generations' relationship with technology, we're seeing a reduction in the number of complaints made through traditional media (at only 11% this year). Instead, more than half of complaints are made through social, with this year seeing that figure now at 55%.

More people are taking their complaint to an Ombudsman in 2019 (26%) which is up from last year.

2019 FIGURES:



The numbers do not add up to 100 because people surveyed may have used multiple channels to complain about a single issue.



Complaints by sector

Of the total active complaints in 2019, retail continues to receive the lion's share, both in the online and offline areas. Energy and telecoms rank in third and fourth place respectively, closely followed by the transport sector.



Retail (online) **24%** ▲



Retail (offline) **20%** ▲



Energy **14%** ▲



Telecoms **12%** ▼



Public transport **11%** ▲



Water **8%** ◀▶



Banking **7%** ◀▶

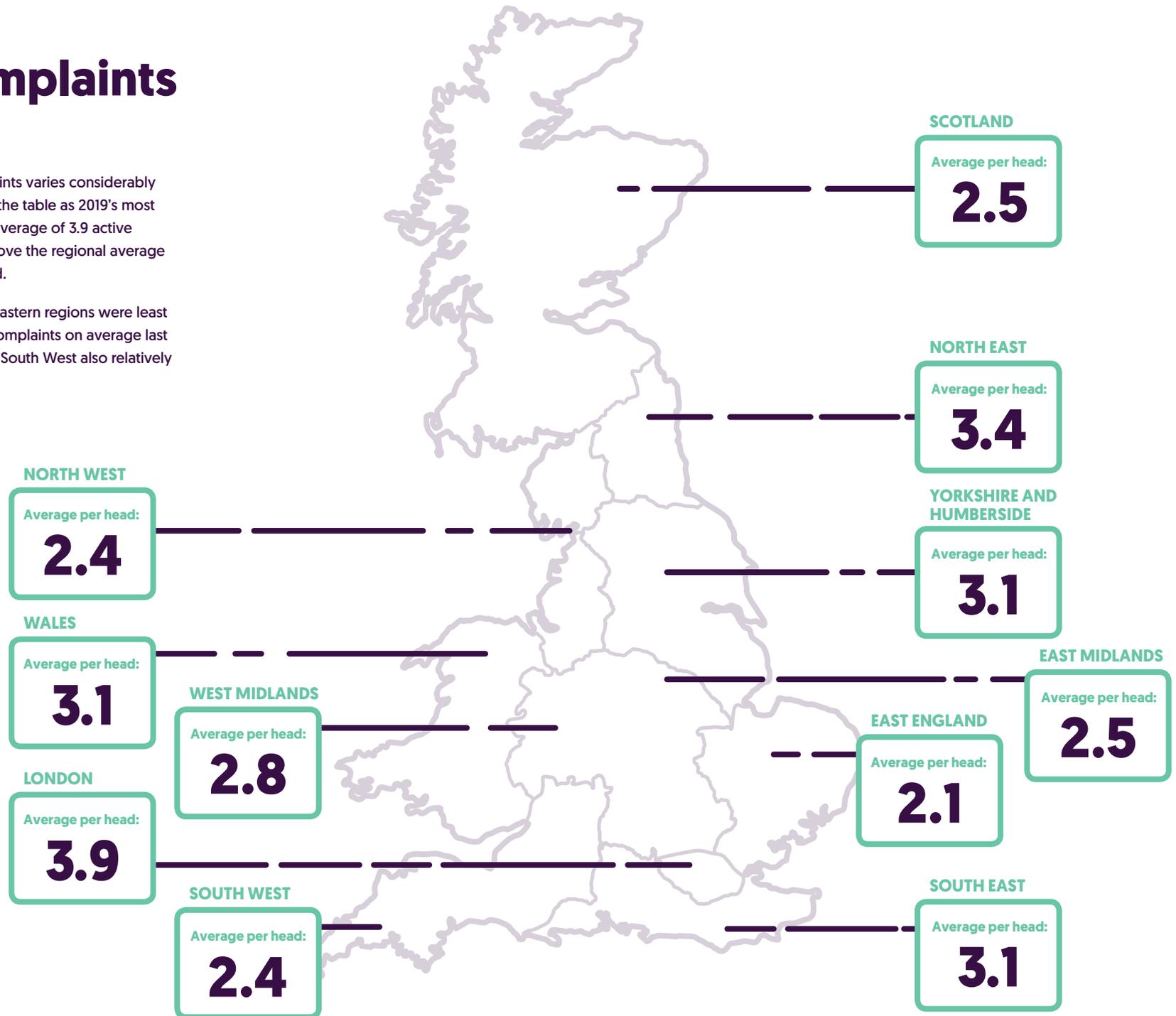


Leisure and tourism **3%** ◀▶

Active complaints by region

The number of customer complaints varies considerably by region, with London topping the table as 2019's most prolific complainers, making an average of 3.9 active complaints per person – well above the regional average of 2.9 active complaints per head.

In contrast, people in the South Eastern regions were least likely to complain with only 2.1 complaints on average last year, with counterparts in the far South West also relatively low-level complainers.





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