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Serving unfair customers

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Abstract

Companies commonly adopt "the customer is always right" maxim as a basic premise for delivering quality service. A close examination of customer behavior, however, reveals that customers can be not only wrong but also blatantly unjust. Unfair customers take advantage of being "always right" by demanding unwarranted privileges and compensation, adversely affecting companies and, in some cases, employees and other customers. Companies can actually strengthen their ability to deliver quality service by dealing effectively with unfair customers.
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1. Changing focus: From unfair companies to unfair customers

Ten years ago, we published an article titled "Service Fairness: What It Is and Why It Matters" (Seiders & Berry, 1998). Therein, we argued that poor service is not always linked to unfair company practices, but that unfair company practices are always linked to customer perceptions of poor service. We also argued that companies can pay a heavy price when customers believe they have been treated unfairly because customers' responses to perceived injustice often are pronounced, emotional, and retaliatory. We concluded by providing guidelines for managers on preventing unfairness perceptions and effectively managing those that do arise.

Fairness remains a critically important topic today, for it is essential to a mutually satisfactory exchange between two parties. Perceived unfairness undermines trust and diminished trust undermines the strength of relationships. Perceived unfairness is always a negative development. The focus of our original article was company unfairness to customers. Fairness, however, is a two-way street; thus, our present focus is customer unfairness to companies. This time, we examine how customers can be unfair, why it is important, and what companies can do about it.

We are ardent champions of the customer, but we do *not* believe in the maxim that "the customer is always right." Sometimes, the customer is wrong and unfairness often results. That the customer is sometimes wrong is a dirty little secret of marketing, known to many but rarely discussed in public — or in print. What better occasion to broach this unmentionable topic than *Business Horizons*' 50th anniversary?

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2. What is customer unfairness and why does it matter?

Customer unfairness occurs when a customer behaves in a manner that is devoid of common decency, reasonableness, and respect for the rights of others, creating inequity and causing harm for a company and, in some cases, its employees and other customers. Customer unfairness should be viewed independent of illegality because unfair customer behavior frequently is legal; repugnant, perhaps, but not necessarily illegal. Our focus in this article is legal customer behavior that is unfair, falling in the so-called "gray area" of company response.

When does a customer's bad judgment (or, when do bad manners) cross the line to "unfairness?" Three concepts are particularly useful in considering this question. The first is the severity of the harm the customer causes. The second is the frequency of the customer's problematic behavior. Fig. 1 shows increasing levels of these two factors: "minor," "moderate," and "extreme" for severity of harm and "uncommon," "intermittent," and "recurrent" for frequency of occurrence. Customer behavior that reaches either the "moderate" or "intermittent" level would usually earn the unfairness label. At these levels, the customer crosses a threshold.

The third concept is intentionality. The customer who seeks to take advantage and inflict harm, who willfully disrespects the rights of other parties, will almost always deserve the unfairness label. In some cases, customers may seek to harm a company that they believe has harmed them. The customers' behavior in this case is an act of retaliation. When customers blame a company for unfair treatment, there are fair and unfair ways of responding. Intentionally unfair behavior is usually indefensible.

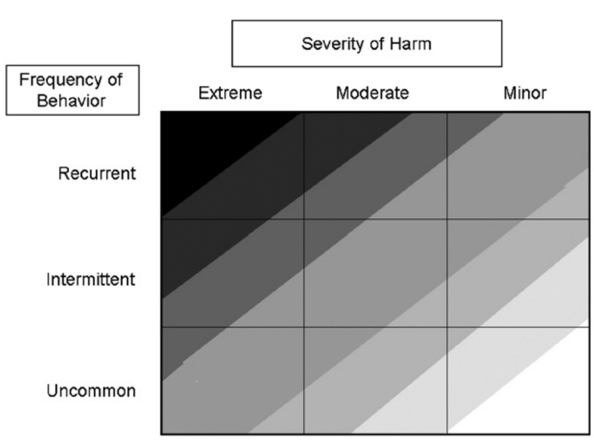

Figure 1 The threshold of customer unfairness. Adapted from Seiders and Berry (1998).

How do companies deal with unfair customers? We contacted executives from a variety of service organizations to solicit their opinions on the topic and to document examples drawn from their experiences. (We restricted our inquiries to consumer services executives based on the assumption that business-to-business services merit a separate exploration.) Our preliminary research reveals that some executives struggle with how to respond to customer unfairness. They don't want to respond in a way that confounds the company's commitment to quality service, which they and others worked hard to instill. Nor do they want to risk offending a still-profitable, albeit problematic, customer. The following comments from four executives illustrate:

- "I think there is a subservient or servant mentality to all service, and to stray from that causes confusion in taking clear and concise action that should be positive for the customer."
- "The lifetime cost of losing a guest exceeds $500, so we go to great lengths to avoid losing them, even when they're wrong. Rather than risk offending guests, we tend to let 'little things' go."
- "My philosophy is that the customer is always right to some degree. It is that matter of degree that determines the action of the company. I believe that if we ever think that the customer is 100% wrong, then we have a high risk of becoming arrogant and not being customer-focused. I know that this may sound crazy, but if we crack open the door to this idea, then I think we can very quickly go down the slippery slope."
- "We are just not used to thinking of guests 'crossing the line.' I don't know that I have ever set up boundaries. I always feel that guests have the right to say what they want and to do what they want, short of inconveniencing another guest or physically harming another guest or employee."

Our position is that companies cannot afford to ignore customer unfairness and should devise a plan to deal with it. Unfair customer behavior can exact a significant toll on employees' job satisfaction and weaken a company's overall service quality. We are not just speculating about this. Recent research by Rupp and Spencer (2006) found that customer injustice increased the degree of effort required for employees to manage their emotions in interpersonal transactions. This increased effort in what is termed *emotional labor* produces added stress,

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