Studies about financial information [23], sales forces [43], exhibitions [15], etc., can be found in the strategic intelligence literature. But customers’ complaints are generally sidestepped, when they are links between the company and its environment. This is why complaint management and its interaction(s) with strategic intelligence needed to be studied, notably in order to model it. In addition to the theoretical objective of this paper (linking strategic intelligence and complaint management), a more managerial aim is to encourage the use of “daily” or at least ordinary commercial processes to develop or improve a strategic intelligence system.
1 Introduction
Most managers agree on the fact that strategic intelligence is, theoretically, needed in their organizations. But when talking about the concrete implementation of such a process, a legitimate uncertainty crops up: How can it be done? How much will it cost? The fear of the cost of a strategic intelligence system can deter managers from implementing one. But so does the fear of its presumed complexity.

Of course, strategic intelligence can have a very sophisticated organizational shape (an Intelligence head office, or a specific information system, for instance). But companies can also use existing information processes to contribute to an intelligence system. Thus, some authors put the stress on the fact that lots of information already exist within companies and is simply not circulated. Le Bon [43] shows that if the salespersons are naturally collecting marketing intelligence, lots of them don’t forward new pieces of information. Their managers have to motivate them and to develop a positive attitude towards strategic intelligence, in order to make them play the game.

So strategic intelligence development can go through what is already available in the firm [14]. It is important to give managers some food for thought and counsels in order to introduce or expand strategic intelligence culture in existing organizational systems. After all, most firms don’t have to build a strategic intelligence system from scratch.

Studies about financial information [23], sales forces [43], exhibitions [15], etc., can be found in the strategic intelligence literature. However, customers’ complaints are generally sidestepped. This is why complaint management and its interaction(s) with strategic intelligence needed to be studied, notably in order to model it. In addition to this theoretical objective, a more managerial aim is to encourage the use of “daily” or at least ordinary commercial processes to develop or improve a strategic intelligence system.

Those objectives being exposed, Part 2 presents the concepts used in this research. Part 3 will be dedicated to the models and variables, and Part 4 to managerial implications. Section 5 presents concluding remarks.

2 Fundamental concepts
Fundamental concepts to the paper are complaint management and strategic intelligence.

2.1 Strategic intelligence
One of the focuses of this paper is strategic intelligence. Strategic intelligence could be defined as the output of the informational process by which an organisation stays attuned to its environment in order to make decisions and then act in pursuit of its objectives. Strategic Intelligence may be viewed as a global process, which can be divided into four different types of more specific processes [13, 16, 34, 46].
- Technological Intelligence is concerned with the technological dimension of an organisation’s product, service or production process.
- Competitive Intelligence is related to actual and potential competitors. This type of scanning affects all the other scanning processes.
- Commercial intelligence involves the clientele dimension and the supplier dimension
- Societal Intelligence is concerned with all other elements, such as demographic, economic, socio-cultural, political, and others.
Even if an organisation could receive the different types of intelligence using customer complaints, the main contribution of complaints will be on Commercial Intelligence (clientele dimension). It is also known as Marketing Intelligence [39, 71].

The strategic intelligence process itself includes three components: input, cycle and output. The inputs are the needs of the information users. The outputs are the products resulting from the scanning activities. Those products will influence decisions and actions. Depending on the cycle phases, these products can be data, information or knowledge. The scanning process itself, called the intelligence cycle, can be divided into two subcycles: the gathering cycle and the protection cycle (see Figure 1).

![Intelligence Cycle diagram](image)

**Figure 1: Intelligence Cycle**

The gathering cycle has four phases: planning, collection, analysis and dissemination [25, 28, 51, 58]. In the planning phase, the organisation identifies the intelligence needs of its management team. Collection is the acquisition of relevant data. Analysis creates information by linking data together and identifying patterns and trends. During the dissemination phase, results are transmitted to decision makers.

The intelligence cycle also includes the protection cycle [41, 53, 56], which is shown in Figure 2. During the planning phase of this cycle, organisations, knowing that it is impossible and costly to protect everything, identify critical assets and determine their protection requirements. Vulnerability analysis
assesses the weaknesses that may exist in relation to protection needs. Risk and threat assessments estimate the potential effects of vulnerabilities on organisational activities and serve as a basis for designing protection and security measures. Protection includes counter-intelligence to safeguard information from others (competitors, hackers), and security to enforce the laws and protect against criminal attacks [22]. Both the gathering cycle and the protection cycle include a learning component at the end to evaluate past actions and react accordingly for the future.

### 2.2 Complaint management

Complaint management is a widely studied subject in marketing literature. The objective of this section is not to present an exhaustive literature review for customer relationship specialists, but to remind some essential characteristics in order to present our model and explain how complaint management can be useful to strategic intelligence.

A customer complaint can be defined as the customer’s protest to the firm to obtain an exchange, refund or apology [63]. It is a negative feedback from the customer [8]. The complaint could be considered reasonable or unreasonable [50].

Customer reaction can be divided into two main moments. First, the initial customer reaction follows a business transaction for a product/service. Second, the subsequent actions or customer reaction follows the business reaction.

The first (initial) reaction can be analyzed using Hirschman typology. Initial dissatisfaction can be divided into two main categories: exit and voice [3, 47]. Those reactions are not mutually exclusive and can be simultaneous or chronological. Different customers will have different objectives in their complaints. Some may look for a redress or recovery action; some may only want to comment on a situation.

The exit response is probably the worst for the organization because customers will stop buying the product/service and change their patronage. They could also switch brands or reduce their consumption.

The voice response is the one with which this paper is more directly concerned. Complaint is the main form of voice response. It can be directed to the organization, but it also to friends and consumer organizations. The last ones could bring the dispute into the legal system or to the public forum by organizing a boycott or setting up a protest web site [72]. In some cases, the organization will be able to receive the voice response. In other cases, word of mouth (WOM) will circulate among friends and the organization will never be aware of the business failures and the comments. By complaining, it is a second chance offered to the organization by the customer. However, some customers can be viewed as jaycustomers. This refers to customers deliberately acting in an abusive manner, resulting in problems for the organization, its employees, and other customers [30]. This type of complainer should be treated with great attention.

The second customer reaction depends on the satisfaction with the reaction recovery and can increase the level of complaint and provide more information for strategic intelligence purposes [69]. A third response can also be found in Hirschman’s typology: the loyalty response, seen as a passive response [47]. It could be referred as the wait-and-see approach. The customer does nothing for the moment, what makes this third kind of reaction of lesser importance for this study.
Resistances to complaint management are numerous [17]: customers viewed as moaners, complaints considered as denunciations, suppliers being incriminated, other emergencies… Negative reactions are not, at first sight, what a firm wants to listen to or watch. However lots of studies show the positive impact of complaints. For example, complaining could
- increase consumer satisfaction, product evaluation and purchase likelihood by allowing customers to vent their dissatisfaction [40, 54]
- heighten the customer retention rate [5, 68]
- limit the spread of potentially damaging negative word-of-mouth information [10, 11]
- enhance the likelihood of repurchase [24]
- have a positive impact on customer loyalty [3]…

Thus, complaints management’s contribution to a company’s results can follow different paths. Most of the time, authors [35] highlight this one: Complaint Management → Satisfaction → Loyalty → Profitability. It follows the perspective of Customer Relationship Management (CRM). But we believe that another path has to be explored: Complaint Management → Strategic Intelligence → Competitive Advantage. The first step of this route (Complaint Management → Strategic Intelligence) is now going to be presented.

3 Using customer complaints for strategic intelligence

3.1 Processes interaction

A conceptual model linking customer complaints with strategic intelligence is proposed (see Figure 2). It is an exploratory and theoretical model that sketches our ramblings.

Figure 2 presents a model of interaction between strategic intelligence and complaint process. A transaction (product or service) occurs between the two main stakeholders of the relationship: customer and business. In that exchange, a reaction is generated by the customer. Some factors affect customer behavior (customer characteristics, context and customer attitudes) that will not be developed here because they are not directly related to the interaction between complaints process and strategic intelligence. For example: age, personal values, price of the good, ease to complain, level of commitment…).

The customer reaction itself could be classified in three main categories: positive (compliments, positive word of mouth, commitment…), neutral (do nothing, request for information), or negative. When the reaction is negative, a complaint (or nothing, or negative word of mouth…) could be made and should start a complaints cyclical process (for more details, see figure 3). If so, the complaint could generate a business reaction. This business reaction is both the reaction of the organization itself and that (those) of the employee(s) in contact with the client. The organization reaction and the employees’ reaction are impacted by factors (characteristics, context and attitudes). Only those which are important are presented below.
Employee perceptions have an impact on customer behavior and perception of justice [32, 49]. Concerning employee attitude towards the customer, will be discerned avoidance, collaboration, accommodation, and competition [7, 8, 9]. Of course, certain attitudes of the employees are preferable in order to have an efficient complaint management: Reliability; promptness, experience with complaints, seeking behavior…
Business characteristics, attitude, and context are also very important for complaint management. In particular, the existence of professional standards, the existence of consumer associations, the level of competition, human resources training, managerial style, reputation sensibility, or costs of compensation will make the business more or less attentive to its complaint management.

Those elements are usual components quoted in complaints literature. On the model is also depicted the strategic intelligence process with its two subcycles. Both subcycles interact with the complaint management system:

- **Gathering cycle and complaint process**: on Figure 2, a dotted arrow goes from complaint process to strategic intelligence process. It is the symbol for the information flow that, coming from complaints handling, feeds the gathering cycle. Therefore complaints are a source of Marketing Intelligence. Complaints are “weak signals” [6, 44], early indicators of a company’s dysfunction, bells rung by the clients, but only if stimulated and managed [38]. Indeed, in the field of mass consumption products, only 4% of unsatisfied clients complain [31], even if that rate increases with the cost of the products. The very low complaint level makes taking into account client’s comments even more important. Intelligence that can be collected will be presented below (see “Intelligence collected by complaint management” page 11).

- **Protection cycle and complaint process**: a second dotted arrow goes from strategic intelligence to the client, through complaint process. It depicts the protective effects of a good complaint management on the firm’s image and reputation. The piece of information and/or compensation given to an unsatisfied customer will help preventing or limiting negative impacts of the client’s dissatisfaction (positive subsequent reaction). In fact, as already said, the voice of the consumer is not always directed towards the company which is the cause of his dissatisfaction. If there is no complaint management system, or if the company reaction is not appropriate in the client’s mind, there is a potential danger of a negative word of mouth or of a public action (through a consumers’ association, for instance). Both can damage the firm’s reputation and brand image. As a patent can help protecting the knowledge of a company, a good complaint management can protect a brand or a reputation, in other words, intangible assets of a company. Quite recently, the French cable operator Noos was unable to answer to the very numerous complaints of its clients. It chose to change name, following such an important reputation worsening, that getting things back on an even keel was unthinkable [1]. When a negative rumour spreads (whatever it is truly based on or not), the complaint management system will be in the firing line, and will have to answer questions or retain worried clients. Procter & Gamble has been receiving mails related to its so-called relationship with Satan for years after the birth of this rumour. The protection of the firm, which is one of the functions of strategic intelligence, can also be performed through complaint management. The complaint process gives the opportunity to prevent or fight rumours and to respond to false (or true!) blames.

It appears that both components of strategic intelligence can rely on complaint management. Complaint management is a process that connects a firm with its environment (like sales, for example, do). Consequently, it is a place where information can get inside and outside the company. Thus strategic intelligence can rely on it (when existing).

Complaint management is already known for its client knowledge function. It is obvious that it can also have a strategic intelligence function. In order to better describe variables which are important for its implementation or improvement (in strategic intelligence perspective), we now present the complaint process.
3.2 Key elements of complaint process for strategic intelligence

The complaining behavior is a dynamic and complex process [11]. Many factors affect stakeholders’ reactions. Figure 2 presents some details on the complaint process of our model. The model consists of a description of the customer complaint system and draws on the ideas from many authors [4, 7, 10, 12, 18, 19, 20, 21, 33, 48, 50, 55, 57, 60, 61, 62, 63, 66, 67, 68, 73] to develop the synthesis resulting in the model.

In reviewing the literature pertaining to customer complaints, many constructs are identified. Among others, the concepts of reactions, intentions, causes, behaviors, justice, actions, and initiatives are discussed. Underlying those concepts, the central theme is customer satisfaction and the mixed results in antecedents and outcome determination [67].

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Figure 3 - Complaint process
The complaint process distinguishes two set of concepts (outside and inside the circle in Figure 2). The first series is concerned more directly with the complaint itself. The second series is more concerned with the initiatives and the environment of the complaint system. Both series are mutually informed by the customer and the business perspectives.

- **Cause of complaints**

There could be many causes for a complaint. Based on Estelami [18], it is possible to list the major reasons for complaints: core product/service failure, billing, scheduling, slow service, pricing, inappropriate employee behavior, consumer did not like product anymore, product did not fit, product not compatible, delivery problem, poor repair work, damaged product while in repair, poor product design.

- **Customer intention**

Customer intention is an important variable in the complaining behavior [38, 45, 47, 61, 69]. In many studies, it represents the major variable studied to explain the complaining behavior.

- **Mode of entry**

The mode of entry for complaints varies a lot (variety of points of entry and variety of formats). Some are solicited and others are voluntary. Some are written and others are oral. Examples are: front-line employees, intermediaries, managers, third party recipients of complaints, complaint cards, suggestion cards, satisfaction cards, web site questionnaires, surveys, personal letters, email, oral comments requested, informal oral comments. Depending on the mode of entry, strategic intelligence collection might be easier or harder. For example, written satisfaction cards are easier to process systematically, compared to informal oral comments. Different industries have standard practices to solicit and handle complaints, like the praise and assessment cards in the hospitality industry [36, 70].

- **Redress / recovery actions**

Following a complaint, businesses will react and will or will not offer something to the complainant. Those actions are important because effective service recovery can have a positive impact on consumer trust and commitment [10, 68]. Without a proper response, organizations may create additional customer annoyance [27]. Defensive marketing with compensation could be seen as more cost effective than advertising [21]. Kelley, Hoffman and Davis [37] identify twelve redress/recovery strategies: discount for problems or inconvenience, correction (e.g. repair, adequate information), manager/employee intervention, correction plus (compensation added to correction), replacement, apology (oral/written), refund, customer initiated correction, business credit, unsatisfactory correction, failure escalation and “nothing”. The last three strategies are considered unacceptable recovery strategies, and should not be used when designing a complaint process.

- **Perceived justice**

Subsequent customer satisfaction will depend on the business’s reaction and the perceived justice [59, 64]. The perceived justice concept can be divided into three dimensions: distributive justice, procedural justice, interactional justice [10, 48, 50, 68]. All refer to fairness. Distributive justice refers to the fairness of the remedy in the exchange (outcomes). Procedural justice refers to the fairness of the procedures and policies used (decision-making procedures). Interactional justice refers to the manner in which a customer is treated fairly during the complaint process (interpersonal behavior).

With a concern for strategic intelligence, the mode of entry, recovery actions and perceived justice are very important. First, in order to have an efficient gathering cycle, the complaint process has to be able to incorporate complaints, no matter which form they take (mode of entry). Second, the type of recovery action chosen by the company influences the perceived justice (by the client), thus his future talk about the brand or the firm, which could reach other clients or prospects.
The second group of variables (inside the circle on figure 2) is related to measures taken by the organization or other stakeholders to improve the environment of the complaint system.

- Preventive initiatives

The organization could implement preventive initiatives to help prevent failures or to set in place the basics to handle complaints. Examples are quality control, customer service policies, codes of conduct, refunds, return and exchange policies, guarantees, training activities, benchmarking, internal audit, product trial, etc.

- Internal handling initiatives

The organization could implement internal handling initiatives to practically handle complaints. Examples are toll-free complaints assistance, in-house customer service representatives, published refunds, return and exchange policies, organization ombudsmen, adherence to complaints handling standards (ISO10002), etc.

- External handling initiatives

Some industries and organizations will voluntarily or be forced to implement external handling initiatives to practically handle complaints using a third party as an intermediary. Examples are dispute resolution mechanisms using third-party mediation and arbitration, private tribunals, outsourced call-centers, industry association ombudsmen.

- Public court system

In cases of conflict and the absence of resolution, the public court system could be used by the customer. Court systems vary depending on each legal jurisdiction and will differ in different countries.

The three first types of measures can be helpful to strategic intelligence, because they have a direct influence on collection (gathering cycle) and protection measures (protection cycle). In particular, it will be easier to quickly settle an efficient crisis communication process (protection measure in case of a negative rumor) if complaint management is not outsourced.

The steps of complaint management being presented, next section will give more details about the information that can be collected using a complaint management system.

3.3 Intelligence collected by complaint management

Intelligence coming from complaints represent a source of strategic opportunity [29]. Talking about data coming from clients, not only marketing intelligence will be collected [71], but also other types of intelligence.

Table 1 presents several examples of potential strategic intelligence that could be gathered from complaints [2, 26]. As shown in table 1, complaints are a marketing information source, but can also be used for competitive, technological or societal intelligence [13, 16, 34, 46].

Table 1 can be helpful for the design of collection grid that would be used to gather customer complaints. The responsibility of strategic intelligence managers is to help marketers to design the grid, then to analyze and disseminate it to the people concerned in the firm. All dissemination solutions are possible, from very informal systems in small businesses [42] to inter-related databases in big companies.
| **Technological** | New product/service on the market, default in product/service quality, new product or production process by a competitor, new product of a supplier… |
| **Competitive** | Product/service by competitors, comparison with competitor’s product/service; perception of the organization by the client; perception of the competitors by the client… |
| **Commercial** | Reasons for customer satisfaction/dissatisfaction, failure examples, client expectations, client needs, client requirements, customer service evaluation, other suppliers of the client, level of customer loyalty, customer experience, quality of relationship, reasons for brand preferences, possible solutions to a problem, complaint rate and frequency, level of return, history of some transactions, types of information sought, preferred mode of entry for complaints, pricing sensibility, preferred pricing structure, billing problems, satisfaction with resolution and business reaction, future purchase timing, explanations on account receivables, problem with a salesperson/distributor, retention rate… |
| **Societal** | Client needs by age group or location, new trends, protest web sites, protest organizations… |

### 4 Managerial and research implications

The most important managerial implication from this research is to present an integrated model of customer complaints associated with strategic intelligence. Understanding of customer complaints could help view the complexities of the complaint management system and all the factors affecting it. Hopefully our paper is helpful to managers who want to better understand/design a complaint management system “strategic intelligence oriented”.

The paper emphasizes the usefulness of complaints in gathering strategic intelligence. Resources (human, financial, material) should be allocated to capture complaints data in a systematic way. Considering the importance of complaints from an information perspective, marketing people should consider the complaints as a strategic source to gain a better understanding of customer issues, but also of a larger marketing environment. They also should be aware that such intelligence is of a great importance for some other non-marketing managers.

Strategic intelligence managers should benefit from collaboration with marketing managers and employees. It is ordinary said that a great part of information is already within the company. The strategic intelligence department should make sure that data held by client service are correctly handled and disseminated.

Having said that, even though customer complaints are an interesting and useful source of information [54], they should not be the only one. As mentioned by Moyer [52], complaint-handling systems must be complemented by other intelligence-gathering instruments to avoid the bias of complainers (exaggerations, for instance). Triangulation with other sources should be looked at for a better view of the real world and of the customer base.

Finally, as already said, a good complaint management is an efficient way to protect intangible assets such as brands or reputation. When a company is not capable of good complaints receipt and treatment, negative words of mouth and rumors can occur more easily. Unsatisfied clients well treated will less damage firm’s image, and will eventually disseminate positive words of mouth.
For academic researchers, the model offers an integrated way to present propositions as syntheses of past research. It should help shape a research program linking marketing (more specifically, customer complaints) and strategic intelligence. It also identifies a variety of variables studied in the past. Future research should focus on identifying the supported relationship between different variables, identifying propositions, testing the various propositions and clearly establishing the relationships between variables identified. A link with profitability of complaint management should be looked at to assess the performance measurement of the complaint management [65].

5 Conclusion

This paper has explored the complexity of customer complaints. A small portion of dissatisfaction results in complaints. Therefore, complaints should be examined very carefully because they could bring relevant information for strategic intelligence, and their handling could help preserving the reputation of the firm. That relevance explains why two research domains are related in the paper, namely customer complaints and strategic intelligence.

Therefore, customer complaints could be viewed as critical activities of an organization under the leading authority of marketing managers. Marketing activity could have an impact on strategic intelligence and an impact of strategic intelligence on marketing activity could be found. Both provide insight to each other into the decision-making process. The issue of complaint management and the association with strategic intelligence represents an important theme for continued research. Complaint could open a dialogue between the customer and the business and could also open a dialogue between researchers in marketing and strategic intelligence.

6 References


