Energizing Companies through Customer Compliments

While complaint management has received much attention, customer compliments and their systematic handling have been largely ignored. Based on two empirical studies, this article suggests that customer compliments bear great potential for benefiting firms, and gives recommendations on how managers can enable, stimulate, and amplify positive customer feedback.

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Advances in digital technology, above all the internet and social media, have resulted in increasing opportunities for interactions between customers and firms. As a result, customers approach firms not only via phone and email but also via blogs, Twitter, Facebook, and other media channels. Not surprisingly, the amount of feedback that firms receive from customers – both directly and indirectly – has increased over the last years (Liu/Zhang, 2010).

While research investigates how firms and employees should react to these increasing interactions (e.g., Hennig-Thurau et al. 2012; Schögel/Mrkwicka 2011), insights are lacking on how firms and especially employees are affected by the increasing amount of feedback they receive in these interactions. We address this gap with two large-scale studies in which we investigate (a) the status quo of firms’ customer feedback management and (b) how customer complaints and compliments are related to employee outcomes such as emotional exhaustion or employee productivity. Our research shows that while most firms take care of customer complaints (or in a broader sense of any form and type of negative customer feedback), less than half pay adequate attention to customer compliments (or in a broader sense to any form and type of positive customer feedback). Regarding the consequences of customer feedback on employees, our findings indicate that customer feedback on employees, our findings indicate that customer complaints increase emotional exhaustion among employees and decrease employee productivity and employee retention while customer compliments have the opposite effect, i.e. customer compliments decrease emotional exhaustion among employees and increase employee productivity and employee retention. Consequently, this article provides insights into why the common practice of focusing on customer complaints might be a double-edged sword, and suggests that customer compliments are at least equally as important as customer complaints. Based on interviews with some of the managers of the surveyed firms, we develop a process model and give recommendations on how firms may unleash the potential inherent in customer compliments.

**Status Quo of Customer Feedback Management**

Managers’ prevalent way of thinking regarding feedback management is represented by the following statement: “We are pleased about positive customer feedback but their complaints are more important for us. We react to them...”

**Statement of a Call Center Advisor**

“It’s a sad fact of customer service that while complaints get logged, formalized and circulated, compliments and thanks are often just briefly expressed to one individual before disappearing off into the ether, never to be acknowledged again. It’s a shame, because for many customer service professionals these are the moments that make the job rewarding.” Carver 2013
and can learn from them” (personal communication with the customer feedback manager of a Swiss manufacturing firm). Customer feedback management encompasses the planning, implementation and control of all measures a firm takes related to customer complaints and compliments (Stauss 2011). Accordingly, it includes the subareas of complaint and compliment management. Many firms focus on customer complaints for at least two reasons: first, research has found a positive relationship between complaint satisfaction and customer loyalty (Homburg/Fuerst 2005) and second, firms strive to improve their processes and offerings based on their learnings from customer complaints (e.g. Wirtz et al. 2010). This latter position goes hand in hand with the claim that “complaints are a firm’s best friend” (Larivet/Brouard 2010, p. 537).

It is a different story regarding customer compliments. Although the relevance of customer compliments was pointed out more than ten years ago (Kraft/Martin 2001), researchers have only just started to investigate the importance, effects, and processes of a systematic compliment management. As an exception, Stauss (2011) developed a conceptual model for customer complimenting behavior and described a process model for a systematic compliment management. However, insights into the actual prevalence of complaint and compliment management practices and the resulting effects on employees and on corporate success are missing.

“The common practice of focusing on customer complaints may be a double-edged sword; customer compliments are at least equally as important as customer complaints.”

Hence, we first investigated the current state of how (more and less successful) firms manage negative and positive feedback. In order to do so, we gathered data from 70 German service firms in 2013 asking whether they take heed of customer complaints and compliments. In addition, managers were asked to rate the overall success of their firm. Figure 1 displays the results of this investigation. Many firms take care of customer complaints but less than half of all firms also take heed of customer compliments. Thus, compliment management clearly lags behind complaint management. Importantly,

**Fig. 1** Taking Heed of Customer Compliments as a Differentiating Factor

| Percentage of firms that take heed of negative and positive customer feedback |
|-----------------------------|-----------------------------|
| Taking heed of negative customer feedback ("complaints") | Taking heed of positive customer feedback ("compliments") |
| 79% | 55% |
| 81% | 32% |

Source: Survey among 70 German service firms (mean-split of successful and unsuccessful firms)
while successful and unsuccessful firms do not differ in their attention towards complaints, we found that 55% of successful firms take heed of compliments, but only 32% of unsuccessful firms do so.

In order to learn more about these differences, we followed up with the same firms and asked their management to evaluate to what degree they systemically manage negative as well as positive customer feedback. For this assessment, we chose the following three categories: (1) stimulation, i.e. actively asking customers to give feedback, (2) systematization, i.e. continuously gathering customer feedback in a systematic way, and (3) dissemination of customer feedback, i.e. actively spreading customer feedback within the organization. Figure 2 displays the firms’ actual feedback management practices which were also related to their success. We found that successful firms manage both complaints and compliments in a more active and systematic manner than less successful firms. However, while we only found relatively small differences regarding complaint management practices and corporate success, one of the key differentiating factors between more and less successful firms appears to be the stimulation.

Management Summary
Today, the amount of customer feedback which firms and employees receive on a regular basis is increasing. Whereas most firms focus on customer complaints and manage those systematically, our research shows that successful firms also take heed of customer compliments and actively stimulate, systemize, and disseminate customer compliments more often than unsuccessful firms. Additionally, our results revealed that employee productivity and retention is higher, and emotional exhaustion is lower, in firms with frequent customer compliments. These findings suggest that customer compliments have at least the same potential of benefiting the firm as customer complaints. To this end, we present a process model and levers for benefiting most from customer compliments.
systemization, and dissemination of positive customer feedback. In other words, a firm’s compliment management practices and its success are positively related.

Because of these compelling results which highlight the potential inherent in customer compliments, we set our focus on customer compliment management, in particular on the three aspects of compliment management in which successful firms differed from less successful firms. More specifically, we wanted to identify potential reasons and obstacles why firms neither stimulate nor systemize nor disseminate customer compliments. We therefore interviewed some of the managers and confronted them with our results. In the following, we summarize the insights obtained on why some firms pay less attention to compliments as compared to complaints:

- **No stimulation:** First of all, in many firms neither the management nor the employees stimulate customers to give positive feedback. This might be due to the fact that firms do not even expect positive customer feedback because of their one-sided focus on customer complaints. The following anecdote from a German transportation company illustrates this lack of positive expectations: An employee of a call-center who deals with customer questions and complaints all day long was so surprised to hear a positive customer statement, he did not even know where to put it in the over-engineered customer management system because there was just no category for customer compliments.

- **No systematization:** Many firms do not gather customer compliments continuously and systematically. In the managers’ view, positive customer feedback does not require any corrective action of the firm so they do not see the need for gathering customer compliments systematically. However, many managers overlook the fact that customer feedback might not only tell firms what to change but also what to keep. In times of ongoing change knowing the firm’s strengths might be crucial.

- **No dissemination:** Positive customer feedback is often not systematically disseminated within the firm. Instead, customer compliments are mostly trapped at the point of entry and not forwarded to anyone. As opposed to that, in cases of customer complaints, firms invest resources to retrace the production or service delivery process to detect the origin of the problem and the employees who are

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**Fig. 3 How Customer Feedback is Linked to Employee Outcomes**

Source: Survey among 10,953 employees of 80 German firms (data sources: employee group 1: negative and positive customer feedback; employee group 2: affective climate; employee group 3: emotional exhaustion; top management: productivity and retention).
accountable for it. Much fewer firms do the same, namely retracing the origination processes, when there is positive customer feedback. They do not invest the time and effort to find the team or employee for whom the praise and applause would have been meant. Besides the costs in terms of time and effort, managers are also afraid to disseminate customer compliments because they fear that employees will rest on their laurels and reduce their efforts.

“Many managers overlook the fact that customer feedback might not only tell firms what to change but also what to keep.”

Overall, these aspects form an obstacle which firms might have to overcome in order to be successful in the long term. To provide even more evidence why relying solely on customer complaint management while neglecting compliment management is outdated, we here present a rather new perspective on how to look at customer feedback management, by looking at the influences of complaints and compliments on employees.

The Neglected Influences of Complaints and Compliments on Employees

So far, managerial practice and existing research mostly consider negative customer feedback as a source for organizational learning and improvement, and hence as a desired, positive stimulus (e.g., Larivet/Brouard 2010; Wirtz/Tomlin 2000). For example, at Charles Schwab Corporation, a brokerage firm in San Francisco, managers do a daily review of customer complaints which their subordinates received the day before in order to derive required actions for improvement (Markey et al. 2009). However, very few studies have considered other consequences of customer feedback. In particular, the consequences on an organization’s affective climate and employee reactions to both negative and positive customer feedback are largely ignored by the customer feedback management literature.

This is an important shortcoming as research on employees’ affective state at work found that work events which are related to customers may arouse emotions such as anger or happiness among employees (Basch/Fisher 2000). Although Maslach posited that “clients have as much power to hurt staff with their comments as they do to reward them” (1978, p. 120), we know very little about employees’ affective reactions to customer complaints and compliments. On top of that, in times when everyone can find customer feedback via blogs, Twitter, Facebook, and other media channels, customer feedback might not only affect service and front-line employees but also employees across the entire firm. We therefore carried out a large-scale study in order to learn more about the affective and behavioral consequences of customer feedback on the entire workforce.

We based our conceptual model on affective events theory which illustrates potential linkages between customer feedback and employee outcomes. The central notion of affective events theory is that emotional situations at work elicit emotional reactions of employees and that those reactions influence employees’ work attitudes and behavior (Weiss/Cropanzano, 1996). In our model, we considered both negative and positive customer feedback as affective work events. The emotional reactions of employees were represented by a firm’s affective climate and the affect-driven employee outcomes by emotional exhaustion, employee productivity, and employee retention (see figure 3).

In order to test our model, we collected survey-based data in 80 German firms across different industries entailing the responses of 10,953 employees. Employees of each firm were randomly distributed to certain subgroups of survey questions. One group of employees was asked whether they receive negative and/or positive customer feedback, a second group of employees how they evaluate the affective climate of their organization, and a third group of employees how they evaluate the level of their emotional exhaustion. Top managers

Main Propositions

• More and less successful firms differ in the active management of customer compliments.
• Negative as well as positive customer feedback influences the entire organization. This means customer feedback affects all employees, even those without direct customer contact.
• Firms should implement customer-, organization-, and employee-related levers in order to enable and stimulate customer compliments and to amplify their energizing effects.
provided data on employee productivity and retention rates. In addition, we included leadership quality, which was rated by a fourth group of employees; factors like firm size and industry affiliation were used as control variables. Figure 3 shows the revealed linkages. In detail, we found that customer complaints are directly linked to emotional exhaustion among employees. Furthermore, customer complaints have a negative effect on a firm’s affective climate. This also explains why customer complaints reduce employee productivity and employee retention while they increase emotional exhaustion. Our findings on the negative effects of customer complaints are remarkable and should be alarming for firms which heavily receive and disseminate customer complaints. In contrast, customer compliments are indirectly linked to a decrease of emotional exhaustion and an increase of employee productivity and employee retention because they are positively linked to a firm’s affective climate. We conclude that customer compliments are a source of motivation for employees which help to reduce emotional exhaustion and to retain employees. Importantly, the effects of positive and negative work events go beyond the general positive impact of leadership quality.

“Customer complaints are directly and positively linked to emotional exhaustion among employees.”

Benefits from Customer Compliments
Given our findings that successful firms manage customer compliments systematically and that customer compliments have positive effects on employees, we developed a process model which describes and summarizes how to benefit most from customer compliments. The four steps are: taking heed of customer compliments, enabling and stimulating customer compliments, amplifying customer compliments, and conserving customer compliments. In the following, these four steps, which are illustrated in figure 4, are described in detail.

Taking Heed of Customer Compliments
In a first step, it is crucial that firms pay attention to customer compliments. Customer compliments are largely a matter of conscious perception (Kraft/Martin 2001). Thus, taking into consideration the possibility that customers might express their appreciation, gratitude, and happiness towards employees and the firm may already increase the amount of customer compliments perceived by managers and employees. In addition, individuals’ perception of compliments and their personal relation to compliments and positive feedback are influenced by the cultural context and factors like socialization or education. As a consequence, managers should gain awareness about these individual and contextual factors and, whenever possible, incorporate contextual factors when training the perceptual capacities and attitudes of employees concerning compliments.

Stimulating and Enabling Customer Compliments
Having increased the attention towards customer compliments, the next step is to reflect on factors that may stimulate customer compliments and enable them to unfold their motivational forces. As depicted in figure 4, we suggest levers that refer to customers, organizations, and employees.

Customer-Related Levers
• Rename your firm’s feedback management. Due to the dominant mindset regarding customer complaints, some firms call their customer feedback management and the corresponding platform for customers ‘complaint management’, which makes it almost impossible for customers to provide compliments. So, firms should rename their feedback management platform with the neutral term of ‘customer feedback’ or ‘customer compliments and complaints’. Such neutral wording may avoid bias and prompt customers to come up with compliments for employees and the firm.
• Use innovative channels for gathering feedback. As many firms ask for customer feedback, customers may get tired of providing feedback. So, creative ways and unusual channels might be necessary to stimulate and excite customers to provide feedback. For example, a Swiss hospital person...

Lessons Learned
• Managers should become aware that customer feedback influences the affective climate of a firm.
• In addition to complaints, firms should also actively manage customer compliments.
• Managers should enable and stimulate customer compliments and amplify their motivating effects.
alized its customer feedback management and introduced Linda, a real person, as the customer feedback manager who is accessible to all patients as well as the general public. The campaign was called “Tell it to Linda”. The use of multiple channels and the personalization led to a tremendous increase of received customer feedback in total (584 customer comments in total compared to 111 comments in previous years).

- Thank customers for compliments. It is essential that firms thank customers for their compliments. Although this recommendation is obvious, many firms do not take the time to come back to customers in a grateful manner and to positively resonate to customer compliments. When not doing so, they miss a chance to foster customers’ loyalty and to stimulate further compliments from customers. Moreover, a firm’s reaction to customer compliments may also include showing the expected or real positive impact to customers. For example, the customer may be informed that the manager and the whole team were very pleased about his/her positive comments and that everyone will do their best to provide the same excellent experience next time.

**Organization-Related Levers**

- Make top management commitment visible. As with many strategic initiatives, visible top management commitment is a crucial factor. Top managers must understand the need for managing customer compliments systematically before new systems and processes can be implemented if necessary. Top managers should personally care about customer compliments and address them in front of leaders and employees. Through such behavior they act as role models and pave the way for customer compliments penetrating the entire organization.

- Implement a systematic compliment management. Based on the findings of our studies, we recommend to implement a systematic compliment management. In doing so, firms should first clarify their goals for managing customer compliments systematically. As highlighted throughout this article, potential goals of customer compliment management are leveraging employee motivation and employee retention, learning about the company’s strengths, strengthening customer loyalty, or improving the affective climate. If firms have decided on their specific targeted intentions, they can

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**Fig. 4 Benefiting from Customer Compliments**

- Taking heed of compliments
- Conserving compliments
- Benefiting from compliments
- Amplifying compliments
- Enabling and stimulating compliments

**Customer-related levers**

**Organization-related levers**

**Employee-related levers**

Source: Adapted from Kipfelsberger (2013)
make better decisions on the systems and processes they want to establish in order to handle customer compliments systematically and strategically. Firms which have already established a complaint management system may incorporate the systematic and continuous management of customer compliments.

- Create customer touch points for every employee. Firms should create customer touch points for every employee, even for those who do not work in the front line. Such close – even though irregular – contact to customers will enable employees to receive customer feedback and especially customer compliments firsthand. For example, Hilti, a designer, manufacturer and marketer of high-quality power tools, machines and equipment for construction and building maintenance professionals located in Liechtenstein, has issued the guideline that at least 60 percent of their employees need to do some direct sales work (Bruch/Vogel 2011).

Employee-Related Levers

- Spread customer compliments across the company. Firms should actively spread customer compliments, as does Barmer GEK, an insurance company headquartered in Wuppertal, which gathers all customer compliments on whiteboards and positions these in places frequently passed by employees. Alternatively, customer compliments may also be posted on the intranet.

- Empower employees. Firms should empower their employees because empowered employees feel more responsible for their work outcomes. Consequently, they will more keenly experience customer compliments as they will feel accountable for them.

- Reward employees and teams based on customer compliments. In order to leverage the natural motivation to report or forward positive feedback, organizations should consider using the amount and quality of customer compliments for performance evaluation purposes (Wirtz et al. 2010). However, as getting publicly praised or monetarily rewarded might motivate employees to fake customer compliments, a safeguard has to be built in, e.g. by rewarding the entire team for customer compliments.

“The basic idea is to keep the experience of customers’ appreciation in the staff’s memory as part of the firm’s bright history.”

Amplifying the Power of Customer Compliments

- Use unusual ways of spreading positive feedback. In order to amplify the motivational force of customer compliments, firms should actively spread positive customer feedback within the entire organization in a way that catches employees’ attention, as exemplified by an internal communication campaign of Audi AG, an automotive firm headquartered in Ingolstadt. Managers of the communication department selected representative customer comments which had been published on Facebook, balancing positive and negative customer feedback. They printed the catchy statements such as “Love at first sight” on large-format banners and posters and put them up in manufacturing halls, staff restaurants, and firm buildings during the weekend without informing employees in advance (see figure 5). When the employees came back on Monday morning, they were surprised to find these aesthetically attractive banners, which evoked a vivid dialogue about customer feedback.

- Share stories about customer compliments. Leaders should always be on the look-out for stories, facts, and figures regarding customer compliments, absorb them and share them with their teams. In doing so, leaders signal to employees that customer compliments are important, valued, and desired. Furthermore, leaders are in a good position to reinforce the received customer recognition. They can share the appreciative customer quotes during team meetings or

Fig. 5  Spreading Customer Compliments at Audi AG

Source: © AUDI AG (Translations, left panel: “I won’t drive any other car!”, right panel: “This is art – not a car!”)
send an e-mail to the team including a personal remark of praise.

- Cultivate celebration rituals. Firms should amplify the signaling effect of customer compliments by cultivating rituals for celebrating customer compliments in special events such as employee town hall meetings. Teams might be honored in public if they have received special customer compliments. Such staging of customer compliments with the associated team might serve as a motivational role model for other teams.

**Conserving Customer Compliments**

The fourth and last step is to conserve the best customer compliments, gifts, and stories in an appreciative and appealing way. The basic idea here is to keep the experience of customers’ appreciation in the staff’s memory as part of the firm’s bright history. Firms should use such customer compliments in their annual reports, in employee brochures, or even in the process of staff onboarding. For example, Swiss International Air Lines had received a personal painting from a customer in which he made a strong compliment to the firm. In order to share such a special gift with all employees, Swiss included a photo of this painting in its employee brochure.

**Conclusion**

While we acknowledge that customer complaints may help to stimulate learning processes and lead to improvements, our research revealed the negative affective consequences of customer complaints on employees and on the organizational climate. In contrast, customer compliments act as energizers: they motivate employees, help to retain the workforce, and even increase productivity. Therefore we suggest that managers pay at least the same attention to compliments as they pay to complaints. In particular, they should stop fearing that customer compliments might lead employees to rest on their laurels. In order to benefit most from customer compliments, managers should follow the processes described above.

**References**


