
UCF Forum

9-25-2012

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STARS Citation

Severt, Denver E., "If You Expect to Succeed, be Wary of the 'Iceberg Effect'" (2012). *UCF Forum*. 183. <https://stars.library.ucf.edu/ucf-forum/183>

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If You Expect to Succeed, be Wary of the 'Iceberg Effect'

By Denver Severt
UCF Forum columnist
Tuesday, September 25, 2012

Have you ever walked away from a bad product or service experience thinking, “Did this just happen?” or “That was inconsiderate!”

Many times the dissatisfaction or disappointment grows with time. Studies suggest that as many seven out of 10 customers silently walk away dissatisfied with products and services.

And a typical unhappy customer tells 10 to 14 people about the experience, resulting in a negative ripple effect for the company. Since word of mouth is a powerful source of expectations for other customers, the spreading of personal complaints is dangerous and could potentially destroy a business.

The others who were told the story will likely repeat it and are likely to avoid the business.

Because only a relatively small number of product and service failures are known, many companies have unrealistic, elevated views of the service they deliver. Many refer to this as the “iceberg effect” of business performance. In this case, the business is a ship headed toward an unknown iceberg.

The tip of the berg is the reported and detected product and/or service failures. The unseen part represents the total of all silently dissatisfied guests who tell others and intend not to return to the business.

For example, here are some of my personal experiences of silent dissatisfaction that I tell people about:

The restaurant

I walked into my first visit at a reputable restaurant and was asked: “Did you have a reservation?” “No,” I replied. The hostess, with an almost empty restaurant, looked at her book, scratched off a table and replied, “Just one?”

Wondering why she characterized it as “just” one, I nodded. After being seated, I proceeded to order the \$29 rib eye with asparagus and rice instead of the french fries. No bread was delivered while I was waiting for the entrée, and when the steak was delivered it was served with asparagus and...fries.

Every time I tried to cut the steak – an average quality, thin 10-oz. cut – the very narrow and frail fork bent. The bending of the fork was the tipping point for this encounter. I silently left after I paid.

The endodontist

Upon referral from a dentist and nudged by pain, I booked an appointment with an endodontist for a root canal. After I arrived, the hostess with a neckline that was inappropriately low for a dental office processed my papers and placed me in line.

Once my name was called, I was ushered to an enthusiastic team. They seemed professional, had a clean office, and the technicians were friendly, all making me confident in their ability. The endodontist explained the process and then administered a shot for numbing. After a couple minutes, the technician said, “Please come with me.” I was led to the front desk, where the receptionist said, “Your total today will be \$750. How will you pay?”

Stunned at the odd timing for payment, I went to my car for my checkbook, though I thought of leaving. I returned to pay them, however, and was taken back to the original chair where the procedure was finished – almost. Upon leaving, I was told by the endodontist that a hole remained in the tooth that the dentist must fill within 30 days or the root canal would have been in vain. I left quietly. Don’t most professional businesses finish what they are trying to fix before you pay?

The hospital discharge

Not every hospital discharge is something to congratulate. A friend of mine was told he would be discharged in two days and placed in the care of Hospice. That is an organization that takes care of terminally ill patients in their end stages.

On the day prior to the discharge, I went to the hospital to visit. When I went to the desk to find out my friend's room number, the receptionist looked up and said:

“Congratulations, your friend has been sent home a day early!”

Congratulations?!?!? In this case, “I’m sorry” would have been the correct response instead of “Congratulations.”

To avoid the iceberg, companies need an effective system of detection and recovery for product and service failures. Once a problem is detected, a recovery attempt should be launched to correct the situation. A service/product recovery attempt that is responsive, sincere, apologetic, and restores value to the customer experience can create good news and loyalty.

Studies indicate that some customers are even more satisfied with a company after a successful recovery from a service or product failure. Some call this the recovery paradox, and satisfaction results because of the company's ability to fix mistakes.

Because of this, product and service failures are not usually horrific as long as they are detected and fixed. This garners trust as it shows the consumer how the business behaves when something goes wrong.

So the next time you are disappointed in a product or service, do yourself a favor as a customer: Tell the company and give them a chance to fix the mistake.

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