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Does a Better Satisfaction Ranking Mean a Better Company?

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Charter Communications was in the dog house with the Better Business Bureau until the bureau's most recent customer satisfaction ranking, which gave Charter an "A." Does that mean Charter saw the error of its ways and started taking care of its customers? Not exactly.

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So many customers were complaining about [Charter Communications](#) (Nasdaq: CHTR) two years ago that the [Better Business Bureau](#) issued an extraordinary warning under this headline: "Customers doubt Charter's commitment to service."

This week, the BBB unveiled a new grading system and gave Charter an "A."

But an A for what? Customer satisfaction? Not exactly, although the BBB says that's part of its scoring.

As Charter's case illustrates, a company can get thousands of complaints from unhappy customers and still get a good grade from the BBB.

Not Only About the Number

That's because the bureau's ratings depend heavily on how and how quickly companies respond to the BBB.

On Tuesday, the BBB site began ranking some 66,000 St. Louis area businesses with letter grades ranging from A+ (the best) to F (the worst).

The grading system "represents the BBB's degree of confidence that the business is operating in a trustworthy manner and will make a good faith effort to resolve consumer concerns."

According to the BBB, 85 percent of the score is based on three factors: The number of complaints, their severity, and whether the company makes a good-faith effort to resolve complaints with the BBB.

Secret Formula

The BBB also uses 13 other factors -- including how long the business has been operating, whether advertising is truthful, and whether it is BBB-accredited and "committed to BBB standards."

The BBB says its complex formula for combining all 16 factors into a single letter grade is secret. The bureau doesn't want bloggers or other competitors stealing its formula.

As for Charter, the BBB's latest report says customers still are filing "numerous" complaints about the following:

- Billing practices.
- Referring customer bills to collection agencies in error.
- Customer service.
- Honoring service appointments.

Those allegations are reflected in the BBB's statistics, which show 4,129 complaints against Charter during the last 36 months. That's more than double the number during a comparable period two years ago.

Charter says a major reason for the increase is that the St. Louis BBB now gets complaints from Charter customers across the country. Two years ago, the majority of complaints came from local customers.

Charter is the nation's fourth-largest [cable](#) operator, with 5.1 million customers.

Under the Gun

The BBB says executives from Charter's Town and Country, Mo., headquarters began meeting regularly with the bureau after the BBB's warning.

"We have seen dramatic improvement," says Michelle Corey, president and CEO of the BBB of Eastern Missouri and Southern Illinois. Today, Charter answers all complaints and has resolved all unresolved complaints, she adds.

The BBB's definition of "resolved" doesn't mean the customer is satisfied.

For example, the BBB lists 1,269 Charter complaints about billing or collection issues as resolved, although customers didn't acknowledge any resolution. That could mean those customers felt their problems weren't resolved -- or that they simply didn't respond when asked.

The BBB also questioned Charter's advertising claim about a range of savings, but says Charter agreed to modify the ad.

At the Bottom

Customer satisfaction surveys in the February issue of *Consumer Reports* magazine list Charter at or near the bottom of each survey.

For bundled Internet, phone and [TV service](#), Charter ranked last -- 10th out of 10 providers. For Internet service alone, Charter ranked 23rd out of 25. For phone service, Charter ranked 18th out of 19. For TV service, Charter was 15th of 16 providers.


Charter says it is working hard to improve service. It says CR's surveys are a year old with a limited number of respondents and don't reflect recent customer service improvements. (CR says it conducted its surveys last spring, with 30,164 to 42,939 respondents per survey.)

Another company with numerous complaints that still got a passing grade is [DirecTV](#) (Nasdaq: DTV) of California, the largest U.S. satellite dish provider.

DirecTV got more than 24,000 complaints, the BBB says. DirecTV was listed on Thursday as having a C- grade, down from a C the day before, the BBB says. Grades can change at any time.

The vast majority of St. Louis area companies got positive grades, Corey said. Of 66,526 companies, nearly seven of every 10 got a B- or better.

There were 3,905 with an A+, compared to 2,519 with an F.

"We encourage people that aren't satisfied with a company that has a good grade to contact us," Corey says. "We'll be happy to get a resolution to the problem." 

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