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Complaint management: A customer satisfaction learning process

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Abstract

Complaints should be considered an indicator of organizational performance assessment, signalling problems or failures in internal processes that need quick recovery in order to avoid migration of profitable customers. Organizations must learn that the consequences of losing customers are both profit decrease and negative word of mouth. The aim of the present study is to highlight the key features of an effective complaint management process, as a less expensive system of diagnosing and learning a company's weaknesses. Results focus on customer complaining behaviour and subsequently on the development and implementation of the service recovery strategy.

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1. Introduction

In certain circumstances, customers become almost inevitably unhappy due to various problems or difficulties that are not always under the direct control of the company. Encouraging clients to express their discontent is the first step recommended to managers in their effort to systematically learn about customer negative experiences, restore satisfaction and strengthen business relationships (Fornell, 1992).

Complaints should be considered an indicator of organizational performance assessment, signalling some problems or failures in internal processes that need quick recovery in order to avoid migration of profitable customers. Furthermore, organizations must learn that the consequences of losing clients are both profit decrease and negative word of mouth. In this context, the aim of the present study is to highlight which are the key features of an effective complaint management process, as a less expensive system of diagnosing and learning a company's weaknesses.

The paper presents a documentary research conducted in relationship marketing literature and involves a systematic and critical analysis of scientific articles, books and practical research evidences. Results focus on customer complaining behaviour and subsequently on the development and implementation of the service recovery strategy. As future perspective, complaint management systems provide significant advantages for companies in finding solutions to improve products and services, based of an active learning process focused on customer behaviour in case of dissatisfaction.

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2. Customer complaining behaviour

Complaint management is the process of dissemination of information aimed at identifying and correcting various causes of customer dissatisfaction (Fornell & Westbrook, 1984). It defines strategies used by companies to solve and learn from the previous mistakes in order to restore customer confidence in organizational reliability (Hart et al., 1990). Therefore, information gathered from customer complaints is of great significance for the quality management process, as it can be used to correct and learn about weaknesses in product quality and delivery system.

Customers become dissatisfied when product or service performances are not up to their expectations. Understanding the potential sources of dissatisfaction and customers' reactions to negative situations are mandatory requirements in the design of effective service recovery strategies. Customer responses to various errors or unpleasant incidents are not unique (Voinea et al., 2011). Thus, some individuals will initiate a public action, which may consist of: sending a complaint to the organization, complaining to a third party such as to a consumer association, or even trying to solve the problem through a legal action. In other cases, customers will make a private action and will send negative messages to other potential customers or they will end the business relationship, followed most likely by migration behaviour. There are also passive customers that will not perform any action, due to a low level of interest in that specific experience or in the product itself. This may be the case of fast moving consumer goods with minimum costs and risks for the individual (Lovelock & Wirtz, 2004).

Customer migration usually affects both current and future profitability through unfavourable word of mouth. Electronic communication channels enable customers who experience high levels of dissatisfaction to talk about their negative consumption experience with a large number of people (Stauss, 1997). Research on customer dissatisfaction has shown that only a small percentage of customers that had negative consumption experiences have submitted their complaints to the organizations. Some examples are given by the following facts: for every complained received by a company, there are nineteen other dissatisfied customers who did not make the effort to complain (Bateson & Hoffman, 1999). Of the total number of customers that felt dissatisfied with a particular product or service, only between five and ten percent made claims, and in some cases the percentage is even lower (Tax & Brown, 1998).

Customers who make complaints are providing an organization with the opportunity to solve certain operational malfunctions, to learn from negative situations and consequently to re-establish their satisfaction and trust. However, when they come to claim, customers have specific expectations on how the company should manage the complaint and on what compensation should be adequate to cover their psychological, financial and time costs. Therefore, customer satisfaction with the complaint management process is influenced by the concept of justice, highlighting customers' reactions to conflict contexts (Gilliland, 1993). In relationship marketing literature, justice is analyzed as a three-dimensional concept, including distributive, procedural and interactional justice (Tax et al., 1998).

Distributive justice concerns the compensation received by the customer as a result of the losses or inconveniences caused by a specific problem. The customer analyzes what the organization is willing to give in order to counterbalance the perceived negative experience and associated costs. Depending on the severity of the problem, the compensation can take various forms, such as: product repairs, product exchanges or replacements, free services, refunds, discounts, or only polite apologies (Kelly et al., 1993).

Procedural justice refers to customers' evaluations on the business procedures and systems used in the process of receiving and resolving complaints. From this perspective, complaint procedures should be flexible, easy to access and manage, and must be concluded in a convenient and timely manner (Tax et al., 1998). Customers have a negative perception in situation when they have to fill out difficult complaint forms, to send letters or to provide bureaucratic evidence about the product purchased. The use of such procedures does not send positive messages to customers about the management intentions to solve the difficulties occurred.

Interactional justice takes into account the assessments made by customers regarding the behaviour of those employees who are dealing with complaint management activities. Thus, customers expect to receive plausible explanations of the cause of dissatisfaction (Voinea, 2011). At the same time, they want to see that real efforts are

made to solve the problems and to eliminate the inconveniences. In this respect, employees must display courtesy, honesty, empathy and ethic behaviour during the communications process with dissatisfied customers, aiming to re-establish organizational credibility and avoid image damage (Constantinescu, 2011).

All three dimensions of justice are important for customers, but their specific value may vary according to individual profile in terms of personal expectations, experience, involvement, and expertise.

3. Designing the recovery strategy

Complaint handling involves the strategies used by companies to solve and learn from product and service failures in order to strengthen the organization's reliability in the eyes of the customer (Hart et al., 1990). Consequently, the development of an effective complaint management process must take into account customer expectations and justice dimensions in order to achieve higher levels of customer satisfaction and avoid switching behaviour.

Services recovery strategies must cover both internal and external complaint management objectives (Jeschke et al., 2000). Internal objectives are focused on employees that directly interact with customers facing difficulties and influence their subsequent satisfaction. The list of internal goals should contain: informing the employees about complaint management procedures, ensuring that policies and rules for handling complaints are accepted by employees, training and motivating employees to manage conflicts and to create positive experiences in customer interactions, developing an internal marketing approach. External objectives are focused on customers and must contain the following: regaining customer satisfaction, securing customer portfolio and straightening business relationship, extending sales through cross selling activities, generating positive word of mouth, collecting and using the customer complaints information to improve products, services and internal processes, avoiding negative perceptions and unfavourable influence on corporate image. Achieving external objectives depends on organizational commitment in meeting internal aims.

An effective recovery strategy involves carrying out planned activities, which can be summarized in three major steps: stimulate and receive complaints, resolve complaints, and send feedback to the customer (Bateson & Hoffman, 1999).

Actively encourage customers to express dissatisfaction is a necessary task for organizations, if we take into account the reluctance of customers to make complaints (Maxham III & Netemeyer, 2002). Therefore, a good way to stimulate complaints is to identify which are customer reasons for not sending a feedback to the organization, and then solutions can be sought to decrease or remove these obstacles.

According to Lovelock and Wirtz (2004), the barriers perceived by customers to express dissatisfaction are related to: customer inconvenience with complaining procedures, consumption of time and energy to complain, the lack of customer confidence in the actions performed by organizations to remedy the problems or to address the causes of dissatisfaction, the customer fear of being treated in a rude manner, to be scolded or to feel embarrassed in discussions with employees. Another barrier that may occur is the customer uncertainty about their own ability to evaluate the quality of products and services. This is especially the case with technical products, complex or specialized services in areas as medicine, architecture, law etc.

Various strategies are recommended to companies in order to decrease the above mentioned communication barriers. The first consists of feedback facilitation through free phone numbers, postal and electronic addresses written on all customer correspondence, business documents and communication materials. The second recommends ensuring customers about the importance of their complaint messages and organizational actions that will be performed to solve the problems (Michel, 2001). Thus, the customer should be informed about the service recovery procedures and product improvements by using telephone, mailing or e-mail contacts. The third strategy is to turn customer feedback into a positive experience by sending thanking messages to customers that complained and training employees to be courteous and polite to customers (Lovelock & Wirtz, 2004).

Organizations have developed various procedures to receive customer complaints. The most common involve the use of free telephone lines, physical forms found in the place of consumption, links on organizational web sites, and information obtained from qualitative and quantitative marketing researches (Bateson & Hoffman, 1999).

Employees who directly interact with dissatisfied customers are trained to follow a set of communication rules or behavioural norms to avoid possible conflicts. These involve admitting mistakes without taking a defensive attitude, sending a message of empathy to the customer, and estimating the time needed for recovery.

Once the company received customer claims, the complaint resolutions process begins. This process involves setting procedures to clarify what actions will be performed by employees in negative situations or bad customer experiences (Kelly et al., 1993). Procedures development is done by anticipating main areas or critical incidents in the business relationship. These involve situations and times when there is a high likelihood of errors occurrence. Therefore, identifying high frequency problems and their causes enables the organization to establish standards or predetermined solutions for employees' activity. Standards clarify issues about the period of time for complaint resolution, the way employees should communicate with the customer during settlement of the claim, the type and amount of compensation that will be provided to affected customers. At the same time, it should be noted that some procedural flexibility is needed in situations where new problems arise. The solution may consist of empowering front line employees to develop their own answers for service recovery (Mosora, 2012).

Sending feedback to the customers is the stage focused on the communication process, which takes place between the employee and the customer after settlement of the claim. The employee contacts the customer to inform him about complaint handling activities, causes that generated the problem and measures to be taken by the management in order to avoid a similar negative incident in the future (Jeschke et al., 2000). The message sent to the customer can be standardized (for routine problems) or customized (for special complaints) in terms of problem magnitude or customer value.

An important objective of this last stage is researching customer perceptions on the quality of complaint management process. Customer feedback is requested in order to identify the level of satisfaction with the compensation received, the speed of problem solving and other issues of complaint handling (Filip, 2011). The practice evidences show that prompt reaction of the organization and timely resolution of negative situations may lead to relationship continuity for about 95 percent of customers who have made a complaint.

4. Conclusions

Practical realities prove that dissatisfaction leads customers to both migration behaviour and negative referrals to other potential buyers, adversely affecting retention rates, profitability and organizational image. Therefore, customers who make complaints provide the company with additional chances to identify internal deficiencies and to develop an appropriate recovery strategy. This should focus on actively encouraging complaining behaviour and establishing effective procedures to solve problems, remove the causes of dissatisfaction, and provide prompt answers to affected customers. Consequently, by designing an integrated complaint management system, organizations have the opportunity to learn from customer feedback and to exploit this information in order to decrease weaknesses, improve business performance, avoid future negative experiences, and consequently re-establish customer satisfaction, loyalty and relationship commitment.

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