Professional complaint management as a challenge for tourism industry

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Introduction

Saturated (buyers) markets
High competition
Growth and profit maximization
Win and retain customers
Experienced customers
Substitutable products and services
Customer satisfaction and loyalty

The importance of customer satisfaction

1. Customer satisfaction for the long-term success
   - Re-purchase of product or service
   - Less price sensitive
   - Act as advocates
   - Positive word of mouth (WOM), positive customer reviews
   - Cross-selling activities
2. Cost for the acquisition of new customers 8:1
3. No guarantee for „problem-free“ services
   → Necessity for a well-established complaint management

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Basics of complaint management

- Reasons for complaint handling:
  - Re-establishment of customer satisfaction
  - Minimization of negative consequences of consumer dissatisfaction
  - Use of product/service evaluation by customer

Own illustration, based on Hinterhuber, Handlbauer & Matzler 2003
Basics of complaint management

- Reasons for complaint handling:
  - Re-establishment of customer satisfaction
  - Minimization of negative consequences of consumer dissatisfaction
  - Use of product/service evaluation by customer

Methodological approach

- 10 face-to-face interviews with employees
  - Detailed insight in all complaint related processes
  - Structure of complaint handling chain

- Analysis of all incoming complaints from German customers within one year (n=364)
  - Identification of the main causes for customer dissatisfaction
  - Structural information on complaint handling (time required to answer a complaint, amount of compensation)

Revealed gaps in complaint handling

- Lacking communication of complaint channels
- Identification and treatment of oral complaints as a major challenge
- Interruption of internal information transfer
Revealed gaps in complaint handling

- Lacking communication of complaint channels
- Identification and treatment of oral complaints as a major challenge
- Interruption of internal information transfer
- Difficulties in complying with time standards
Revealed gaps in complaint handling

- Difficulties in complying with time standards

<table>
<thead>
<tr>
<th>Duration of complaint handling</th>
<th>Number of complaints</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-7 days</td>
<td>160</td>
</tr>
<tr>
<td>8-14 days</td>
<td>140</td>
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<tr>
<td>15-21 days</td>
<td>120</td>
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<tr>
<td>22-28 days</td>
<td>100</td>
</tr>
<tr>
<td>≥ 29 days</td>
<td>80</td>
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</tbody>
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n = 364

Own illustration, 2012

Revealed gaps in complaint handling

- Lacking communication of complaint channels
- Identification and treatment of oral complaints as a major challenge
- Interruption of internal information transfer
- Difficulties in complying with time standards
- Insufficient evaluation of customer complaints

Revealed gaps in complaint handling

- Insufficient evaluation of customer complaints

Own diagram based on own data, 2010
Revealed gaps in complaint handling

- Lacking communication of complaint channels
- Identification and treatment of oral complaints as a major challenge
- Interruption of internal information transfer
- Difficulties in complying with time standards
- Insufficient evaluation of customer complaints
- Less cooperation between departments and rejection of recommendations
- Lacking managerial control on complaint handling

Recommendations

- Open communication of complaint channels and offensive calling for feedback
- Installation and communication of a contact person
- Staff training
- Report system for customer feedback
- Employee-empowerment

Conclusion

- Complaints contain customer's perception on price and quality of a product or service → valuable information for product/service optimization
- Several gaps identified in the complaint handling chain
- Communication between different departments within one company is a major challenge
- Employee-empowerment and digital customer relationship management tools as first approaches to improve the interaction between customer and company