A Complaints Handling System for the Hospitality Industry

Professor R. R. Ramphal
Graduate School of Business Leadership
University of South Africa
ramphrr@unisa.ac.za

Abstract

The hospitality and tourism industry is growing rapidly globally and will be faced with a huge influx of customers. Since this industry is also dependent on word-of-mouth and customer reviews to attract customers, it is important that visiting customers are satisfied with their experiences. On the flip side any public knowledge of bad experiences can damage the reputation of the organisation and this should be avoided at all costs. Some studies have suggested that companies that operate well-designed complaints-handling processes may experience higher levels of customer retention and loyalty. Recent thinking suggests that organisations should encourage complaints as this first-hand information and experiences from the customer can add value to the organisation if it is managed efficiently and effectively. Such a system must firstly be supported with an appropriate culture, commitment, facilities and personnel open to managing complaints and secondly for ensuring customer centric processes that are acceptable to the customer and to improve their satisfaction. The ISO 10002 standard provides guidelines on planning, operating, maintaining, analysing and improving a complaint handling system. This article provides structures and frameworks to implement ISO 10002 (Guidelines for a complaints handling system) developed from a study of related literature. A content analyses was conducted on 20 complaints handling management system documents. This will hopefully assist the operations managers in the hospitality sector to understand the requirements of a complaint system and facilitate easy implementation so as to enhance customer satisfaction.

Keywords: ISO 10002, complaint handling framework, customer satisfaction, customer service, service quality

Introduction

The experience and positive encounters enjoyed by customers of services offered in the hospitality industry is perhaps the most important factor that contributes to the success of this industry. According to Fluss (2014) outstanding customer service is often the primary differentiator between products and services making it essential for organisations to have a strong and efficient servicing infrastructure. Recently the demands for such encounters has become more eminent with the ability of customers (be it local or foreign) to post online reviews for anyone to see in a matter of seconds anywhere in the world.

Customers become dissatisfied and will complain when they experience products or services that perform below expectations (Oliver, 1997; Matusitz & Breen, 2009). Complaints should be attended to and resolved as soon as possible even though they may appear to be irritating, time-consuming and costly, otherwise it can lead to reputational damage caused by bad publicity. Handling customer complaints often represent the last opportunity that an organisation has to address the dissatisfaction from customers and to retain them (Vincent & Webster, 2005). Reactions from dissatisfied customers should be welcomed with open arms as direct feedback from customers gives the organisation an excellent opportunity to learn from and to correct mistakes and errors (Thøgersen, Juhl & Poulsen, 2003), restore customer confidence and to use the feedback strategically for organisational improvements (Johnston 2001; Ramsey, 2003; Hughes & Karapetrovic, 2006).

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It is well documented that many organisations are poor at handling customer complaints. Andreassen (2001) found in a study that 40% of customers who complained about service failures were subsequently dissatisfied with the organisations’ handling of their complaints, and noted that companies in general must improve their complaint resolution efforts dramatically. This is corroborated by similar research done by Estelami (2000) and Grainer (2003) indicating that 50% of complainants were dissatisfied with the complaint handling processes. These studies strongly suggest that poor complaints-handling processes account for additional dissatisfaction over and above that which originally gave cause for complaint (Ang & Buttle, 2012).

Theoretically, complaining was a natural consequence of low satisfaction, not an opportunity to increase satisfaction hence complaint resolution has become more important than complaints per se. The benefits of a good customer complaint management system should increase operational efficiency, by identifying trends and causes of complaints, resolve more complaints by adopting a more customer-focused approach, engage staff with new customer service training opportunities and monitor and continually improve the complaints handling process (BSI Group). Researchers now emphasize the potential for complaints management and service recovery systems to increase satisfaction (Smith, Bolton & Wagner, 1999). All of the information produced by customer complaints must be analysed to enable strategic planning (Merril, 2009). Therefore, just how complaints are handled and resolved should be a driver of satisfaction rather than a consequence of dissatisfaction.

Hence the objective of this article is to provide some knowledge on satisfaction, complaints, complaints handling and ISO 10002 (guidelines for the implementation of a complainants handling system). A management structure and a template for a complaints handling system conceptualised from the literature are included for the implementation of ISO 10002 in the hospitality industry.

The methodology used for this paper revolved around a study of literature related to complaints handling and complaints handling systems. This enabled the development of the frameworks presented in this article. A qualitative content analyses was conducted on 20 complaints handling policies of local and international organisations found on their respective websites to develop the complaints handling template. This content analyses identified the key areas essential for the complaints handling system.

**Literature Review**

**Customer Satisfaction**

The first step to complaints management is not to have a complaint at all and have total customer satisfaction. Hence it is important to understand the various customer satisfaction models in order to achieve this status. Willard (2000) broadly refers to two categories of models; the macro and micro models of customer satisfaction. Macro-models look at how customer satisfaction relates to constructs in marketing research while micro-models of customer satisfaction theorises the elements of customer satisfaction.

Examples of macro-models include the Traditional Macro-Model of Customer Satisfaction (Woodruff & Gardial, 1996), the Model of Linkage of Customer Value Chain to Customer Satisfaction (Woodruff & Gardial, 1996), the Model of Link Between Satisfaction and Value (Oliver, 1999), the Model of Two Levels of Satisfaction and Perceived Service Quality (Bitner & Hubbert, 1994) and the Model of Sources of Customer Satisfaction (Bateson, 1991). The models are shown in figure 1.
Willard (2000) outlines the basics of these macro models as follows:

The Traditional Macro-Model of Customer Satisfaction is based on the notion that perceived performance often differs from objective or technical performance, and determines satisfaction by comparing the performance to standards.

The model of Linkage of Customer Value Chain to Customer Satisfaction and the model of Link Between Satisfaction and Value highlights the concept of value (psychological feeling) as a driving force in determining satisfaction.

The model of Two Levels of Satisfaction and Perceived Service Quality highlights the construct of a "global" level of satisfaction (the overall service satisfaction) in contrast to the construct of a component level of satisfaction (the encounter service satisfaction). The model of Sources of Customer Satisfaction differentiates between technical service quality and perceived service and how satisfaction results from a comparison between expected service and perceived service and considers the consumer’s prior experience as "other data inputs" to shape current satisfaction with a service (Bateson, 1991).
Examples of micro models include The Expectations Disconfirmation Model, The Perceived Performance Model, Norms Model, Multiple Process Models, Attribution Model, Affective Models and Equity Models (Erevelles & Leavitt, 1992). According to Willard (2000) the customer establishes satisfaction based on comparing post-consumption experiences with pre-consumption expectations (Expectations Disconfirmation Model), the experience of an outcome (Perceived Performance Model), comparing perceived performance with some kind of a standard of performance indicating what the performance “should” be (Norms Model), comparing perceived performance with multiple standards (Multiple Process Models), integrating the effects attributes of the service (Attribution Model), considers emotion, liking, and mood influence (dis)satisfaction feelings in the experience (Affective Models) and considers procedural fairness; interactional fairness; and distributional fairness (Equity model).

Complaint Communication Theories

Complaining is an action-oriented response to a state of dissatisfaction with products and services (Thøgersen et al., 2003). Matusitz and Breen (2009) discuss the following communication theories that complaint handling personnel should be aware of when interacting with complainants requiring compensation; Argumentation Theory, the Foot in-the-Door (FITD) technique, and the Door in the Face (DITF) technique.

Argumentation Theory

Three major principles: (1) Arguments should be designed considering the dispositions of the receivers toward the information presented. (2) Sub-arguments supporting the primary argument should be meticulously designed, bearing in mind their strength of support. (3) Potent arguments should be brief, presenting only relevant and persuasive information and omitting less important facts or details (Corbett & Connors, 1999; Miller & Levine, 1996). An example could be when a guest is dissatisfied with the accommodation offered at a resort. Step 1 requires that the guest visits the customer service desk or reception and observes who the employees are, what kinds of personalities they have, and if they appear to be helpful and how to communicate with them. Step 2 requires the guest to present the sub-arguments such as the accommodation is unsuitable due to health reasons, or it’s too noisy, or inconvenient due to the kind of facilities offered. Step 3 requires the guest to present the case direct to the point, focusing on the problems and not on peripheral issues.

The Foot-in-the-Door Technique (FIDT)

The FIDT induces compliance and some kind of compensation for the poor service. Generally this theory advocates that the unsatisfied customer will explain about the poor service and recommend some kind of compensation from the provider. Once the provider agrees to the compensation, the customer starts negotiating for a greater compensation believing that the provider has been convinced of the poor service. For example a customer might not like the meal ordered at the restaurant and request a 10% discount after explaining to the manager that the meal was not as expected. Once the manager accepts this suggestion (the customer has a foot in the door), the customer retracts the suggestion of 10% discount and starts the negotiation of greater compensation (10% discount and two free drinks for example).

The Door-in-the-Face Technique (DITF)

In this case the initial compensation request by the dissatisfied customer is high and if refused then smaller levels of compensation are requested. In a study it was found that subjects who rejected a substantial initial request were twice as likely to agree to a smaller subsequent request (Cialdini, Vincent, Lewis, Catalan, Wheeler, & Darby, 1975). For example a visitor books a room at a hotel. On arrival he is dissatisfied due to the noise levels from neighbouring rooms and the poor condition of the bed. The visitor engages with the
manager and explains the poor experience and requests for a full refund. Upon refusal by
the manager (door in the face), the customer lowers the level of compensation to 10% to
which the manager will likely agree.

**Complaints handling**

There are many definitions of complaints handling. For example, Dee et al. (2004) define it
as a process that is used to resolve customer concerns. Johnston (2001) indicates that it
consists of many sub-processes for the receipt, investigation, settlement, prevention, and
recovery of complaints and Stichler and Schumacher’s (2003) definition is related to
correcting policies and systems to prevent future negative reoccurrences to the customer.
Complaints handing has an impact on customer retention and ultimately on revenue.
When a problem is resolved successfully, the satisfaction level of the customer is increased
and will tell five of their closest acquaintances about it compared to telling three if the service
was initially good (Eccles & Durand, 1998). However if the initial service was bad and not
resolved, the dissatisfied customer will tell between ten to twenty other people (Edvardsson,
Tronvoll & Höykinpuro, 2011). Typical factors contributing to dissatisfaction may involve
poor employee behaviour, poor reliability of service, and the cumbersome design of
information. (Friman & Edvardsson, 2003), which typical factors to complaint satisfaction
include adequacy/fairness of the outcome, access to organisation contact points,
friendliness, empathy, active feedback, and speed of response (Stauss, 2002). The
performance of a complaints handling should be based on evaluating the customer’s post-
complaint behaviour (Davidow, 2003).

Figure 2 illustrates complaints handling cycle as a section for complaining and a section for
resolution. If the customer is not satisfied with the resolution it has to be directed back into
the cycle or escalated to higher management.

![Complaints handling process](Figure 2: Complaints handling process) **Source:** Self developed

**Complaints handling system**

From a marketing and customer retention perspective, it is important to handle complaints
well. Even if a complaint is without justification, a complaints system that works well will at
least allow an individual to respond and give their account of the incident (Howarth, Tiernan,
Gillespie & Carstens, 2015). It is much better to embrace a complaint than to evade it. With understanding, empathy, action and honesty, a strong complaints handling system can benefit everyone involved.

Excellent complaints handling might pay off on the one hand by avoiding undesirable outcomes and on the other by achieving desirable outcomes. Some studies have suggested that companies that operate well-designed complaints-handling processes may experience higher levels of customer retention and loyalty (Ang & Buttle, 2006; Ang & Buttle, 2012; Homburg & Fürst, 2005).

Fluss (2014) advises that the ideal complaint or customer service and support application should include a practical and friendly user interface that can handle interactions from a variety of channels, including telephone, email, chat line, short messaging service (SMS) and social media. In addition the application should come with standard reporting templates, tools to analyse the data and generate reports, a content-sensitive knowledge management module and support case collaboration so that multiple people can address various issues at the same time.

Another tranche of complaints-related research has focussed on the interpersonal behaviours of complaints handling employees as they engage with customers. Boshoff & Allen, (2000) and Maxham & Netemeyer, (2003) indicate that the actions of customer contact employees are important influences on the resolution of complaints. Grube, Szmigin and Voss (2006) find that complainants value employees who are competent, friendly, motivated, active listeners and willing to fix the problem. Howarth, Tiernan, Gillespie and Carstens (2015) observes that having a good-quality standardised process for complaints handling, with well-trained staff in place, can help to avoid further anxiety for both parties. Furthermore, if employees take customers seriously and show respect, customers may also decide to continue the relationship with the business and continue to support it (Ang & Buttle, 2012). There are international standards that relate to complaint management as shown in the next section.

ISO Complaint management System

The complaint management standard developed by the International Organization for Standardisation (ISO) is meant to complement the ISO 9001 Quality Management System and comprises of three interrelated standards (Simon, Kafel, Nowicki & Casadesus, 2015; Dee et al. 2004). The three interrelated standards are as follows;


The first standard ISO 10001 outlines the characteristics of a customer satisfaction code of conduct. The purpose of codes of conduct is to manage customer expectations in an effort to prevent complaints (Dee et al., 2004). However, even with the establishment of appropriate codes of conduct, organisations are not always able to satisfy all their customers because customer expectations are always changing. ISO 10002 guidelines are for the processes facilitating the lodging, handling and resolution of a complaint. Failure of organisations to resolve complaints provides customers with a further option to escalate their complaint to an
external party such as an ombudsman or legal representative using the guidelines in ISO 10003. In a sense ISO 10001 has the organisation as the only participant, ISO 10002 had the organisation and the complainant as participants and ISO 1003 has the organisation, the complainant and the external party as participants.

However the discussion of this paper relates to ISO 10002: 2014 only. ISO describes the following characteristics of ISO 10002 on their website.

The fundamental basis of ISO 10002 is that the handling of complaints is considered as a process which can be applied to any organisation irrespective of size, location or sector. The prime objective is to provide guidelines on planning, design, operation, maintenance and improvement of a complaints handling system which should enhance customer satisfaction. The system should be supported by top management’s involvement and commitment to provide policies and resources and instil an open culture for complaints acceptance and subsequent handling. The system should be exposed regularly to the processes of audits and continual improvement. The main sections of the standard are (1) Scope, (2) Normative References, (3) Terms and definitions, (4) Guiding Principles, (5) Complaints Handling Framework, (6) Planning and Design, (7) Operation of the complaint handling process and (8) Maintenance and Improvement. The logical operation of these sections is illustrated in figure 3.

Figure 3. Sections of the ISO 10002 standard  Source: Hughes & Karapetrovic (2005)

Section (4) of the standard provides ten guiding principles for a complaints handling system which are related to the concepts of visibility, accessibility, responsiveness, objectivity, charges, confidentiality, customer focused approach, accountability and continual improvement. These principles imply that information about how, when and where to complain should be well publicised in the applicable languages and in different formats such as large print, Braille, audio tape, in-house television, and so forth in such a way that customer has easy access to the system comprising of the policies, procedures and complaint forms at any point in time and at no additional charge. In addition the complainant should be given a receipt of the complaint and the complaint resolved fairly, courteously, and confidentially without delay. The organisation should be committed to frequent reviews and improvement of the complaints handling processes.

A suggested organisational structure adopted from ISO 9001 implementation structure is given in figure 4 and Table 1. Figure 4 shows a brief framework where Top managers
provide resources and direction into a steering committee. The steering committee manages the implementation and operation of the complaints management system via the middle managers and complaints handling personnel. Table 4 provides more details on the tasks of each level of management linked to the corresponding clause of the ISO 10002 standard.

Figure 4: ISO 10002 management structure  Source: Self developed

<table>
<thead>
<tr>
<th>Top Management</th>
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<tbody>
<tr>
<td>• Develop and implement a customer focussed complaints handling policy (5.2)</td>
</tr>
<tr>
<td>• Establish relevant complaints handling organisational objectives (5.3.1a)</td>
</tr>
<tr>
<td>• Provide adequate resources to ensure the complaints handling process is efficient and effective (5.3.1c)</td>
</tr>
<tr>
<td>• Appoint a complaints handling management representative (5.3.1f)</td>
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<tr>
<td>• Conduct frequent complaints handling reviews (5.3.1h)</td>
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</table>
Table 1: ISO 10002 clauses across management structure  

**Steering Committee**
- The steering committee should be chaired by the appointed management representative.
- The composition of the committee should be representative of the management of the organisation.
- The frequency of meetings should be conducive to the size, complexity and business of the organisation.
- The purpose of the committee will be to:
  a. ensure the implementation of the complaints handling system and to ensure it is efficient and effective to the organisation, (5.3.2)
  b. develop complaints-handling procedures and standards ensuring harmonisation across the organisation, (7)
  c. facilitate such activities as training, workshops, conferences, employee competitions etc to promote a culture of customer-focused complaints handling, (6.4)
  d. collect, collate and analyse complaint handling data and report them to top management
  e. plan and conduct internal audits of the system, (8)
  f. ensure that there is a tracking system to monitor the progress of solving the complaint (7.3)
  g. ensure there are processes to identify, gather, classify, maintain, store and dispose of related records (8.1)

**Middle Management (within the area of responsibility) 5.3.3**
- Ensure the communication and understanding of the complaints handling policy.
- Ensure the system is implemented.
- Liaison with the complaints handling management representative on related issues.
- Ensure corrective actions are implemented when required.
- Provide status reports to the management representative.
- Ensure the personnel engaged with the system are trained, empowered and performance managed.

**Complaints – handling personnel**
- Understand and follow the policy.
- Comply with all procedures.
- Treat customers with courtesy and promptly respond to their complaints, (5.3.4)
- Ensure that the customer understands the complaint system.
- Demonstrate good interpersonal and communication skills, (5.3.4)
- Ensure the complaint is documented with all the required information, registered and a receipt issued, (7)
- Be objective when dealing with customers.
- Communicate the resolution taken to the complainant, (7.8)

**sales/markets (customer interface)**
- Ensure that the needs of the customers are understood within the organisation.
- Ensure that the customer is aware of the complaints management system and how to use it.
- Ensure that the complaints management system is open, effective, accessible and easy to use by customers.
- Ensure adequate communication to the customers.
- Monitor the level of satisfaction of complainants with the complaints handling process.
- Liaison with the complaints handling representative on related issues.
The following template is provided by studying many complaints handling systems that comply with the ISO 10002 standard.

**Results from the content analyses**

A document content analyses was conducted on 20 complaints management systems from local and international organisations. These documents are published on the respective organisation’s website. The analyses showed that these systems strongly followed the ISO 10002 requirements comprising of an introduction, definitions (for example ‘customer’, ‘complaint’, and ‘resolution’), guiding principles and the processes of handling a complaint. These are structured in the template below which can be easily adapted and implemented by an organisation.

**Template: Complaints Management system for organisation X**

**Introduction**

Organisation X seeks to maintain a high level of customer satisfaction and experience to our patrons and subsequently committed to maintaining its responsiveness to any dissatisfaction that may arise. In keeping with ISO 10002 (Customer Satisfaction – Guidelines for complaints handling in organisations). This complaints policy is to facilitate the receiving, handling and resolution of complaints raised in an efficient, effective and professional manner. This organisation is committed to;

- resolving complaints by means of a formal, professional, fair and practical resolution process
- take steps to investigate and respond promptly to a complaint
- deal with complaints in a timely and fair manner, with each complaint receiving due consideration in a process that is managed appropriately and effectively
- ensure that a full and appropriate level of redress is offered to the patron, without delay, where the complaint is resolved in favour of the patron

**Terms and definitions**

*(List any terms and definitions here)*

**Guiding Principles**

<table>
<thead>
<tr>
<th>Visibility</th>
<th>The complaints handling policy with addition supporting complaint forms is available on our website and at the reception desk</th>
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<tbody>
<tr>
<td>Accessibility</td>
<td>The policy is easy to obtain in English, Afrikaans, Zulu, Chinese, Japanese and French and easy to read.</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>Receipt of each complaint is acknowledged to the complainant immediately. Complaints will be handled in an efficient and effective manner. Complainants will be treated courteously and kept informed of the progress of their complaint throughout the complaint-handling process</td>
</tr>
<tr>
<td>Objectivity</td>
<td>Each complaint is addressed in an equitable, objective and unbiased manner through the complaints-handling process.</td>
</tr>
<tr>
<td>Costs</td>
<td>There will be no additional costs to the complainant for raising a complaint.</td>
</tr>
<tr>
<td>Confidentiality</td>
<td>Any personal identifiable information provided concerning the complainant is actively protected from disclosure unless</td>
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</table>
the complainant expressly consents to its disclosure.

<table>
<thead>
<tr>
<th>Customer focused approach</th>
<th>All management, staff and employees are committed to efficient and fair resolution of complaints.</th>
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<tbody>
<tr>
<td>Accountability</td>
<td>All management, staff and employees accept responsibility for effective complaints handling and will take appropriate action internally and/or externally to resolve the issue and prevent such issues from reoccurring.</td>
</tr>
<tr>
<td>Continual Improvement</td>
<td>The complaints handling process will be audited and reviewed periodically by the executive management, aiming to enhance its efficient delivery of effective customer experiences and satisfaction.</td>
</tr>
</tbody>
</table>

Handling a Complaint

a. How to make a complaint

(List the steps in the process to raise a complaint)

b. What information is required when making a complaint?
   - Received: This field will reflect the date on which the complaint is received.
   - Received From: The name and designation of the person that submitted the complaint must be entered here. It may be a client or a client’s representative.
   - Complainant surname and initials: Enter the surname and initials of the client making the complaint.
   - Complaint Description/Type: Short summary of the complaint.

c. Assistance with making a complaint

(Provide the details of the person nominated by the organisation to offer assistance)

d. Acknowledgement of complaints

Complaints will be acknowledged by means of a receipt.

e. What happens when complaint is received?

All complaints will be entered into a formal Complaints Register. The complaint will be initially reviewed and endeavour to resolve within XXXX working days. If the review takes longer, the complainant will be informed on progress, reasons for the delay and date for completion. A record of the complaint will be maintained for five years, as required by legislation.

f. Rights of complainants during the complaint process

- The complainant should have the right to enquire about the status of the investigation at any-time by contacting the contact employee.
- The complaint should have the right to contact the “complaints management representative” at any-time indicating any dissatisfaction with the system.
- The complainant has the right to engage with a nominated third party (for example an Ombudsman) if unhappy with the resolution provided. This must be done in writing within 7 days to.....(later date)

g. Response to a complaint

Once the complaint is resolved a written response will be provided to the complainant indication the outcome of the complaint and subsequent action steps.

Conclusion

The significance of this article is about providing knowledge and tools for the easy implementation of the ISO 10002 standard. It is important that managing customers is for the
organisation to ensure that the customer is initially satisfied which can be facilitated by applying one or more of the theories provided and to ensure that complaints are handled when they arise via a complaints management system. The organisation must have a strategy for outcomes of complaints such as formal apologies, gifts, refunds and discounts, which depend on evaluating the intention and seriousness of the complaint. Therefore it is important that complaints handling personnel are aware of such theories as Argumentation Theory, the Foot in-the-Door technique, and the Door in the Face Technique so as to evaluate the complaint intention.

Marketing, sales personnel and senior management need to encourage complaints from dissatisfied customers to improve satisfaction levels as well as to use the feedback to improve business processes. Companies that want to encourage customers to contact them when they have complaints should in particular focus on building a positive attitude towards them and providing marketing information encouraging customers to report any dissatisfaction and rewarding them for feedback.

This article provided frameworks for the implementation of the ISO 10002 standard which hopefully will provoke organisations such as those in the hospitality and tourism sector to recognise and implement it. Such organisations should be open to complaints, collect and record complaints, acknowledge receipt of the complaint, access the complaint for validity, resolve as soon as possible, give the information of resolution to the customer and determine areas for improvement from all the data gathered. In closing, effective complaint handling should improve customer satisfaction.

References


ISO (website) - http://www.iso.org/iso/catalogue_detail?csnumber=65712


