UNDERSTANDING SERVICE FAILURE AND COMPLAINT MANAGEMENT IN MARKETING ORIENTED ORGANISATIONS: A REVIEW

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Abstract
Although marketing-oriented organizations have customer satisfaction as a major goal, it is difficult (if not impossible) to provide 'zero defects' services. Service failures can and do occur. This is largely due to the nature of services, especially in high contact service encounters. If service failures cannot be avoided then organizations must have clear service recovery strategies to prevent customer defections. Organisations must be able to solicit customer complaints and properly handle these complaints to keep the customer satisfied. This paper reviews existing literature on service failure and complaint management in marketing-oriented organizations and identifies the strategies that organisations can use to keep the customers satisfied after experiencing a service failure.

Introduction
The basic principle in marketing is to satisfy the customer in order to enhance organizational performance. In practice not all customers are satisfied and even marketing –oriented organizations cannot guarantee 'zero defects' service every time.

Therefore some service dissatisfactions may be inevitable. Even in the face of these service failures, some organizations are able to retain their customers, and even increase their market share and profitability levels. This is because they are able to handle customer complaints effectively to the point that this will 'have an impact on customer satisfaction, repurchase intensions and the spread of word-of-mouth,' Ennew & Schoefer (2003).

If it is impossible to avoid service failure and dissatisfaction, then it becomes increasingly important for organizations to understand how to manage such occurrences and minimize their adverse effects.

This paper provides an overview of existing research relating to service failure and complaint management.

Service Failure
Service failure arises when customers experience a dissatisfaction because the service was not delivered as originally promised or expected. In effect, then, service failure arises from

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the customer's perception of a service experience and not from what the organization believes it has provided. Services failures can be classified as 1) service delivery failures, 2) failure to respond to customer needs and requests and, 3) unprompted and unsolicited employee action (Bitner, Booms & Tetreanaultl, 1990).

Service delivery failures
This category consists of three types of failures:
- Unavailable service- this refers to services normally available that are lacking or absent, for example, fully booked hotel.
- Unreasonably slow service- relates to services or employees that customers perceive as being extraordinarily slow in fulfilling their function. For example, lengthy queues at the enquiries counter in a bank.
- Other core service failures- this category is broad and reflects the various core services offered by different industries. For example, food service, baggage handling.

Failure to respond to customer needs and requests
This category involves responses to special needs and requests of customers, for example, dietary, psychological, language or social circumstances. Preparing a meal for a vegetarian would count as a special request.

Unsolicited and unprompted employee action.
The third type of service failure arises from employee behaviours that are totally unexpected by the customer. Ennew and Schoefer (2003) identify the categories of this group as 1) level of attention, 2) unusual actions, 3) cultural norms, 4) gelstat, and 5) adverse conditions.

Negative levels of attention to customers pertain to employees who have poor attitudes, ignore a customer and have behaviour inconsistent with an indifferent attitude. The unusual behaviour subcategory includes employee actions such as rudeness, abusiveness and inappropriate touching. The cultural norm subcategory refers to actions that violate cultural norms such as fairness and equality. The gelstat subcategory refers to customer evaluations that are made holistically as in the case of a customer who evaluates a holiday resort dissatisfying without identifying any specific incidents that cause this dissatisfaction. Finally, the adverse condition subcategory covers employee actions under stressful conditions, for example, customers are impressed by an employee who takes effective control of a situation when all others around him are 'loosing their heads'.

Organisations need to identify and understand the type of service failure they experience so as to identify an appropriate recovery strategy and to develop future policies to limit the occurrence of such service failures.

Understanding Customer Complaints

Complaints are a natural consequence of any service activity because "mistakes are an unavoidable feature of all human endeavour and thus of service delivery"(Boshoff, 1997). The process of putting the situation right is service recovery (Berry & Parasuraman, 1991).

Customer complaints are probably the most effective way of collecting information to put the situation right (Ennew and Schoefer, 2003). Unfortunately many customers do not complain following a service failure, but do engage in activities such as negative word-of –mouth (infect others with negative reports) and brand switching (defection) (TARP, 1986). This means that many organizations may miss out. It is recognized that complaints are necessary to institute a recovery. Without complaints a firm may be unaware that problems exist and unable to appease unhappy customers.

Singh (1990) identified four complaint response groups namely, passives, voicers, irates and activists. Passives fall below average on intentions to complain to any source. Voicers actively complain to service providers but show minimal interest

In providing negative word-of- mouth irates have a high tendency to complain to service providers and less likely to engage third- party actions. Finally, activists are customers who score above average on all complaint dimensions.

Factors influencing customer response styles
Customer response style is influenced by market factors, seller and service factors, and consumer factors (Ennew and Schoefer, 2003).

Market factors
In competitive markets with many sellers, dissatisfied buyers do not necessarily voice their complaints because they can easily exit and go elsewhere. The time and effort it takes someone to speak up is unlikely to pay off and brand switching is simpler. A monopoly market, in contrast to a competitive one, may actually increase complaining because customers are captive and defecting to another supplier is not a possibility; complaining is the only chance for improvement.

Sellers and service factors
Dissatisfied customers are more likely to complain to companies with a reputation of being responsive to complaints (Day & Landon, 1977). They are more likely to complain if the service is complex, expensive or considered important (Ennew and Schoefer, 2003) and tend not to complain about low-involvement purchases (Day and Landon, 1977).

Consumer factors
Many researchers concur that complainers occupy higher socio-economic levels in society (Singh, 1990; Moyer, 1984), higher income, education, and social involvement give them the confidence and motivation to speak up when they feel wronged.Consumer beliefs and attitudes have been associated with complaining behaviour. For example, persons who perceive that the marketing practice is unfair are likely to complain (Airman, Rajendra & Rhode, 1978). Consumers who attribute the problem to someone else and not themselves are also likely to complain (Richins, 1983).

Personality factors may also be involved in consumer complaining. Assertive people are more likely to complain whereas submissive persons are more likely to keep quiet (Bolfing, 1989) Emotions also influence consumer response style to a service failure. Some consumers blame the company or the employees for service failure. Such customers are likely to complain. Those customers who see the cause of the problem as situational (no one to blame) feel powerless to complain (Stephens & Ginner, 1998). Some customers just keep quiet because they empathise the employee who causes the problem (Stephens and Gwinner, 1998).

Managing customer complaints
While Gronroos (1990) contents that service recovery is concerned with the productive handling of complaints in order to resolve the problem a customer has with the organization, Gummerson (2002) sees recovery as more than settling a claim but as a restoration and strengthening of a long-term relationship. Bell & Zemke (1987) proposed five ingredients for recovery (complaint handling). These are:
- Apology- this must be first person apology rather than corporate apology.
- Urgent reinstatement-this is the gallant attempt to put things right even if it is not possible to correct the situation.
- Empathy- this is the feeling for customer's plight.
- Symbolic atonement- form of compensation that includes not charging the service or offering future service for free.
- Follow-up-this is the call to ascertain that the customer is satisfied with the recovery process.

Feinberg, Widdows, Hirch-Wyncott & Trappery (1990) also suggest that successful service recovery should include the following:
- Acknowledgement of the problem.
- Explanation of the reason for failure.
- Apology where appropriate
- Compensation

Au & Hui (2001) concur with suggestions by Feinberg, et al (1990) but add a fifth dimension that is voice. They argue that service recovery can occur if customers are allowed to express themselves fully to relevant personnel.

On the issue of reinstatement and compensation, Gummerson (2002) talks of seeking to 'delight the customer' through overcompensating the customer.Bitner, et al (1990); Feinberg, et al (1990) and Boshff (1997) suggest that dissatisfaction does not result from service failure (as most consumers do accept that things can go wrong) but from the organisation's response to the service failure.

Given that between 5 and 10 percent only of the dissatisfied customers choose to complain (Tax & Brown, 1998), it is important for organizations to create an environment that encourages consumers to complain and to react appropriately to then complain behaviour (Davidow & Dacin, 1997).
Some complaint soliciting strategies are:

- Setting up suggestion and other systems that maximize the customer's opportunity to complain. These include having
  -toll free numbers
  -outbound telemarketing activities
  -suggestion boxes
  -online suggestion and complaint forms.

- Going beyond the concept 'the customer is king' to 'the customer is partner'. Once the customer is treated as partner, then a win-win relationship is developed.

Characteristics of a good complaint management process
Johnston (2001) describes a good complaint management process as one characterised by:
- having clear procedures
- provision of speed response
- consistency of response
- having a single point of constant for complaints
- keeping the complaint informed
- having follow-up procedures to check with customers after resolution
- using measures based on cause reduction rather than complaint volume reduction.

These complaint management process measures strengthen the customer-organisation (seller) relationship

Benefits of excellent complaint management
Excellent complaint management can lead to levels of cumulative satisfaction that are higher than existing prior to service failure. Effective complaint handling can lead to higher levels of customer loyalty, increased repatronage (Smith & Bolton, 1998), higher level of customer retention and higher profitability index (Johnston, 2001).

Collier (1995) and Smith (1998) have noted that customers who experienced service failure told nine or ten individuals about the poor service experience, whereas the satisfied customer only told four or five individuals about their satisfactory experience.

Excellent complaint management will increase not only overall satisfaction but also positive word-of-mouth (Swanson & Kelly, 2001). This means that customers who were recovered successfully recommend the company to others.

Loyal customers may lower marketing costs since retaining customers is usually significantly cheaper than attracting new ones (Peters, 1987).

A key benefit of complaint management is that complaints can be used to support the drive for continuous improvement by focusing managerial attention on specific problem areas (Slack, Harland & Johnson, 1998)

Good systems to reduce complaints include 'doing things right first time'. This calls for employee empowerment. Employees need to have control over work situations. This leads to less stress, and in turn job satisfaction, organizational commitment, better job performance and health and this will have a direct impact on the organisation's performance.

Conclusions

The nature of services is that few organisations, if any, can offer 'zero defects' services. Service failure occurs when a service fails to live up to what was promised or what the customer expected. Customers understand that service failure can occur.

The customer complaints will then serve as the main indicator of service failure. What is significant in customer satisfaction is how organizations manage the service recovery process. Some customers do not complain. They may simply decide not to purchase from the organistion or they engage in negative word of mouth. Organisations need to actively encourage their customers to complain by adopting systems and procedures that allow constant flow of information between customers and the organization. The organization also needs to have a good complaint management process, which is characterized, by having clear procedures, consistency of response, keeping the customer informed and follow-up procedures after service failure resolution.

A proper management of the customer complaints leads to customer satisfaction, customer loyalty, increased repatronage, customer involvement in positive word-of-mouth activities, increase in market share and profitability levels.

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