June 22, 2011 (Wednesday)   55th EOQ Congress

CONCURRENT SESSIONS   **Wednesday 8:30 – 12:30**
KEMPINSKI HOTEL CORVINUS   **Erzsébet tér 7-8, Budapest V.**

SALON REGIOMONTANUS   **Wednesday 8:30 – 10:30**

24.1. REFOCUSING QUALITY TO ENHANCE SERVICE TO CUSTOMERS I.

Session Chair: *György Mikó, Hungarian National Committee for EOQ, Hungary*

9.30   **Complaint in Function of Consumer Satisfaction**
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Miroslav Drljača, Zagreb Airport, Croatia

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COMPLAINT IN FUNCTION OF CONSUMER SATISFACTION

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ABSTRACT
Complaints are valuable information in modern business, either when regarded as a determined degree of materiality, or when regarded as an identified expression of consumer dissatisfaction with product quality. A well established, effective system of gathering, processing and analysing complaints enables an organisation to create information basis for decision making based on facts. This information basis allows one to efficiently establish and apply the measures for continuous improvement of product quality. Therefore, complaints are a kind of materializing a principle of the quality management system. They are also highly applicable in the field of market research.

In order to achieve system efficiency, it is necessary to continually use the same methodology of gathering and processing complaints. This enables both the parallel and the temporal comparison of gathered information. Thus, it is possible to accurately define trends of consumer satisfaction level. Moreover, it is particularly important to explore the cause of complaints arising.

The research, conducted from 2004 to 2009 in Zagreb Airport, indicates that there is a correlation between certain parameters, such as the number of complaints, the number of passengers and the investment rates. Higher investments in product quality do not consequently mean fewer complaints due to the „unrealistic expectation" phenomenon.

Due to the fact that only a negligible percentage of dissatisfied consumers are willing to express their dissatisfaction and file complaints to organisations, complaints management should be combined with other forms of consumer satisfaction measurements. One of the useful tools for measuring consumer satisfaction level is the compliment monitoring system, which should also be applied continually by using a unique methodology for the purpose of further information comparison. This will provide the background for further decision making.

Key words: complaints, quality, consumer satisfaction, unrealistic expectation phenomenon

1. INTRODUCTION

Organisations, which have not chosen a quality concept as their strategic orientation in doing business, do not sufficiently take consumer satisfaction level into consideration and very often neglect the possibilities offered by the effective system of gathering, processing and analyzing complaints and compliments. The development of such system is one of the tools for efficiently measuring consumer satisfaction. On the other hand, those organisations with quality concept built in their business strategies, measure consumer satisfaction using other methods as well, such as: measurement based on their own questionnaires and interviews with consumers, „mystery shopper" method, measurement based on external audit results, based on researches conducted by specialised scientific and other institutions (faculties, institutes, agencies, etc.), or based on the industrial standards of a certain industry (e.g. civil aviation).

A complaint should be not only registered, but also regarded as a *trigger* for initiating the whole process consisting the following: analysis, communication with the person who filed the complaint, making decisions and improvement plan, enforcement of planned activities for the purpose of the permanent elimination of complaint cause, as well as recontact with consumer and building a specific complaint in periodic report on consumer satisfaction measurement. Thus, it is contributed to the improvement of organisation quality system through the higher degree of materializing several quality management principles: consumer orientation, decision making based on facts and continuous improvement principle. It is also important from the marketing point of view, notably in the field of market research and organisation positioning on regional and global market.

2. DEFINITION OF COMPLAINT

Consumer complaint might be defined as an expression of dissatisfaction with a product or service, either orally or in writing, from an internal or external consumer. A comsumer may have a genuine cause for complaint, although some complaints may be made as a result of a misunderstanding or an unreasonable expectation of a product or service. How a consumer complaint is handled will affect the overall level of consumer satisfaction and may affect long-term consumer loyalty[1]. In other words, "these are defined as those raised by the customers. When the customer pays for a product or service, it is assumed that the product will work correctly or that the service received is as promised. Ideally, the customer will be satisfied, and there will be no complaints. If there is a problem and the customer complains about it, and the company should quickly answer the complaint and solve the customer's problem. This is often done through your company's customer service activity"[2]. Or, briefly, a complaint is an expression of discontent, dissatisfaction, regret, grief or resentment[3].

Some authors[4] find different aspects in defining complaint. A complaint could be defined as a mere expression of dissatisfaction caused by unfilled consumer expectations regarding product or service use value. On the other hand, a complaint is a specific requirement for the improvement of delivered product/service of worse quality than agreed upon.

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[1] Qfinance, General management (2011), http://www.qfinance.com/dictionary/customer-complaint; 11.05.2011.
[2] Customer Management iQ (2011), http://www.customermanagementiq.com/glossary/customer-complaints/; 11.05.2011.
[3] Dictionnary.Com (2011), http://dictionary.reference.com/browse/complaint; 11.05.2011.
[4] Zoran, B. (2001) *Bi se radi pritožili?,* Gospodarski vestnik, Ljubljana, p. 50-54

Vranešević defines *complaint* in more detail: „Regarded as an opportunity to convert dissatisfaction into satisfaction, complaints are an appreciable indicator of what makes consumers dissatisfied, what problems they cope with, but did not expect before purchase. A company might consider complaints as the excellent source of additional data for client satisfaction monitoring, in particular when first defining value for clients, what clients complain about and what should be removed in order to achieve their satisfaction. Besides, those data could serve as the continuos indicator of client satisfaction improvement after having taken the named measures"[5].

Despite different approaches of certain authors, complaint monitoring system is the useful source of data and information on the level of consumer satisfaction with a product or service. When establishing a complaint monitoring system, it is necessary to take into account the following:

- The sources of data on consumer dissatisfaction. From period to period the sources should be identical, so that the number of complaints is comparable. If the sources change, that fact should be by all means taken into consideration when conducting researches.
- The methodology of complaint gathering and processing, which should be identical in order to enable comparison. It is necessary to determine what is considered as a complaint, i.e. what form of dissatisfaction expression (only expressions which are addressed to an organisation in writing, or also orally), which should be adequately registered.
- The aim of the establishment and activation of complaint monitoring system, which shoul be, on the one hand, the monitoring and quantification of consumer satisfaction level with product or service quality, and, on the other hand, building the information basis as the starting poing for examining the real causes of product quality decline, namely of consumer dissatisfaction with its quality.
- Interpreting the number of complaints and drawing conclusions.
- The purpose which is not merely identifying the number of complaints and problem simplification, but also the analysis required for writing *Plan of corrective actions* that will be used for coping with the causes of consumer dissatisfaction.

Complaint could be regarded as market reaction to the quality level of a product or service, either from a material or psychological point of view. Material component refers to the fact that dissatisfaction, as a psychological state of being and the individual expression of that state, could be materialized in expressing dissatisfaction by letter, e-mail message, phone call, public performance etc.).

Psychological component refers to the consumer perception of product, service or organisation quality they are not satisfied with. That perception is usually more intense as soon as dissatisfaction occurs, and it often weakens eventually, even changes in general. However, if it is intense enough to last, it becomes an impression and could permanently damage organisation image.

Interpreting the number of complaints from a certain period should be carefully dealt with. The paucity of complaints does not necessarily mean the paucity of dissatisfied consumers. The number of complaints presents those consumers who have decided to express their

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[5] Vranešević, T. (2000) *Client satisfaction management*, Golden marketing, Zagreb, p. 198

dissatisfaction in writing. A certain number of dissatisfied consumers will never inform the organisation of their dissatisfaction and will never make any step which would transform the psychological into material component of complaint.

„Complaint monitoring system… is a significant source of additional data for monitoring client satisfaction, but it is necessary to point out its limitations: it mostly monitors dissatisfaction, i.e. problems in product or service use, and therefore it is rather the system for monitoring dissatisfaction; also, no matter how simple and easily used by clients, complaints will be addressed only by those with specific problems and willing to complain, and that is the minority of potentially dissatisfied clients and even fewer number of all clients in general"[6].

It seems quite difficult to unambiguously determine the number of really dissatisfied apart from those who have already complained to the organisation. There are some estimates that there are ten dissatisfied consumers behind one who has really complained. According to some researches, only 4% od dissatisfied consumers are willing to express their dissatisfaction, namely to give complaint to organisation[7], meaning there are 25 times more dissatisfied than formally registered. According to Kotler[8], who refers to different sources, 5% of all consumers complain, while the remaining 95% believe that it is not worth to complain, namely they do not know whom and how to complain. The half of those 5% consumers who complain says that the problem has been solved satisfactorily, which is miserably 2,5% of the total number of those who have had a reason to complain. Among those dissatisfied consumers, 90% of them do not want to purchase from that organisation any more.

For instance, the Quality Department of Zagreb Airport decided to monitor and analyze consumer complaints, as one of the methods for measuring consumer satisfaction, by determining the procedure for complaint processing. The procedure consists of the following steps:

- To take carefully each complaint into consideration,
- To register each complaint in *Book of complaints*,
- To sort out complaints into specified categories,
- To periodically (monthly) analyze all registered complaints,
- To periodically (monthly) report on consumer satisfaction level, based on the complaint analysis as one of the significant indicators,
- To suggest the actions for futher improvements within the report,
- To deliver the report to Quality Manager.

On the basis of the report, Quality Manager writes a note for Board of Directors and suggests decisions to be made in order to, primarily, eliminate the causes of complaint appearance.

3. RESOURCES AND METHODOLOGY FOR COMPLAINT GATHERING

In order to develop the complaint management system of Zagreb Airport, it was required to identify the sources of gathering complaints, as well as their commitment to make contact with complaint submitters, if the contact is possible to make. They also commited to writing

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[6] Ibid, p. 199
[7] Brown, S.A. (1995) *What Customer Value Most,* John Willey & Sons, p. 209
[8] Kotler, P. et al. (2009) *Marketing Management,* 1st European edition, Pearson Education Ltd, p. 392

monthly reports on complaints. In the course of communication development, more and more complaints had been addressed to the company electronically via its website.

Gathering complaints on basis of the identified methodology, as well as their processing and analysis, started in 2003, the 1st of May. The first report on the results of consumer complaint analysis was made in the year of 2003, comprising the period from 1st May till 31st December of the same year. Thereafter, complaints have been regularly gathered and processed, and reports have been made each month, as an important discussion base at the meetings of Board of Directors. In fact, discussions are focused on the quality level of services the company daily provides consumers with, and the measures that the company should undertake to eliminate complaint causes and to raise the quality level of their services. Thus, the company would also raise the level of consumer satisfaction constantly from period to period. The reports on complaints consist of the number of complaints, the analysis of complaint causes, the allocation of complaints to an appropriate business process and the identification of reject level.

According to the data from Table 1, there have been registered 583 complaints in total from 2004 to 2009. Looking at annual data, most complaints were received in 2007 (113) and in 2008 (112). However, the absolute number of complaints in a specific year is not really indicative and the comparison of absolute numbers per year might lead to a wrong conclusion about the level of consumer satisfaction.

Table 1   The number of complaints on the services of *Zagreb Airport* from 2004 to 2009

Year	Number of complaints	Number of passengers	Investments (in kunas)	Number of complaints per 10.000 passengers
2004.	107	1.408.206	50.177.593	0,76
2005.	89	1.551.519	30.676.696	0,57
2006.	69	1.728.413	24.443.542	0,40
2007.	113	1.992.455	37.212.357	0,57
2008.	112	2.192.453	47.787.710	0,51
2009.	93	2.062.242	10.373.332	0,45
Total:	**583**	**10.935.288**	**200.671.230**	**0,54**

Source: Zagreb Airport Quality Department

The number of passengers have changed within the research period. Therefore, it is necessary to calculate a relative indicator in order to draw correct conclusion about the level of consumer satisfaction measured by the number of complaints. That relative indicator is calculated as: *number of complaints/10.000 passengers*. It could be concluded that the level of consumer satisfaction, according to this indicator, was not the lowest in 2007, when the company received most complaints, because the relative indicator of consumer satisfaction was 0,57 complaints per 10.000 passengers in that year. Namely, the level of satisfaction was the lowest in 2004 when the company registered fewer complaints during the year, but the relative indicator was 0,76, which shows the higher number of complaints per 10.000 passengers, than in 2007.

4. CAUSES OF COMPLAINTS

Another important question for the analysis of complaints certainly refers to the causes of complaint appearance. Within the research period the data have been systematically gathered in a way that the causes were assigned to the following groups: 1) process management, 2) human factor, 3) equipment, 4) facilities and 5) others (Table 2).

Table 2   The causes of complaints from 2004 to 2009

Year	Process management	Human factor	Equipment	Facilities	Others	Total
2004.	51 %	23 %	11 %	9 %	6 %	100 %
2005.	73 %	25 %	2 %	0 %	0 %	100 %
2006.	67 %	30 %	3 %	0 %	0 %	100 %
2007.	58 %	30 %	12 %	0 %	0 %	100 %
2008.	60 %	37 %	3 %	0 %	0 %	100 %
2009.	52 %	42 %	6 %	0 %	0 %	100 %
Total:	**60 %**	**31 %**	**6,50 %**	**1,50%**	**1,00 %**	**100 %**

Source: Zagreb Airport Quality Department

Thanks to the analysis of complaint causes the company is able to consider how to direct its improvement actions, its additional investments and what business area holds hidden reserves. The analysis results present a significant information base for business decision making based on facts, materializing one of the eight quality management principles.

Figure 1   Pareto for the average share of complaint causes
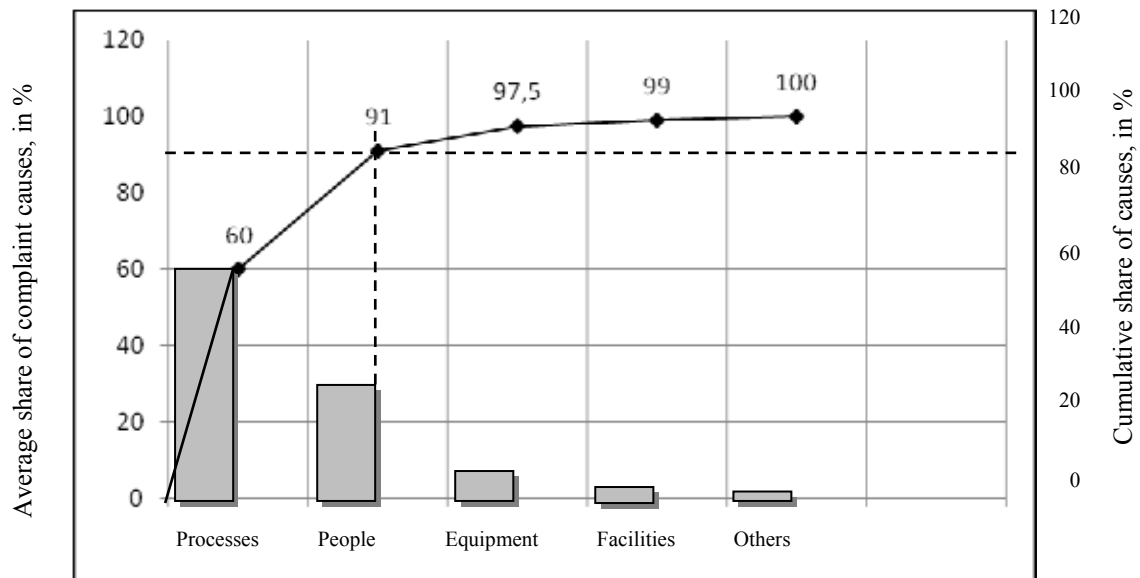
Source: Authors

Referring to Figure 1, it could be concluded that, within the research period, most complaints have been caused by process management (on an average 60%). People made on an average

31% of all mistakes. The equipment quality was the cause of 6,50% of the total number of complaints, the facilities quality 1,50%, and the other causes on an average 1% .

Pareto, as illustrated above, shows the causes that generate most problems. It is usually used to illustrate *the 80:20 rule,* which means that 80% of all problems are caused by 20% of all causes.

In the case of Zagreb Airport, it could be concluded that process management and human factor present on an average 91% causes of all complaints. Namely, while designing the programme of corrective actions and improvements, the emphasis should be put on those measures and activities which will improve the quality of business processes, the quality of managing those processes and the competency of employees. Any improvement in those two segments will significantly contribute to service quality, that is to decrease the number of complaints. The other causes, such as equipment, facilities and others, present the important minority of complaint causes and will certainly not be considered as priorities in dealing with the problems relative to the level of consumer satisfaction measured by the number of complaints.

5. CORRELATION BETWEEN NUMBER OF COMPLAINTS AND NUMBER OF PASSENGERS

Speaking of the number of complaints, determining the relative indicator is not sufficient for intensive analysis. Therefore, it is important to also determine the degree of positive correlation between the number of complaints in a specific year and another variable taken into consideration, for instance the number of passengers, investments (infrastructure, education, new technologies, etc.). The Spearman's rank correlation coefficient has been used for the purpose of determining the presence and intensity of positive correlation. By identifying the intensity of correlation between, on the one hand, the number of complaints and passengers and, on the other hand, the number of complaints and the amount of investments, it will be determined which correlation is more intense and has more influence on the number of complaints.

Table 4 Calculating the rank correlation coefficient for the data from Table 1

Year	Number of complaints	Number of passengers	Rank		Deviations $(X_{ri} - Y_{ri}) = d_i$	
	X_i	Y_i	X_{ri}	Y_{ri}	d_i	d^2_i
1	2	3	4	5	6	7
2006.	69	1.728.413	1	3	- 2	4
2005.	89	1.551.519	2	2	0	0
2009.	93	2.041.714	3	5	- 2	4
2004.	107	1.408.206	4	1	3	9
2008.	112	2.192.453	5	6	- 1	1
2007.	113	1.992.455	6	4	2	4
Total:	**583**	**10.914.760**	-	-	-	**22**

Source: Authors

The empirical value of the Spearman's rank correlation coefficient[9] between the number of complaints and passengers is $r' = 0,3715$. That indicates the correlation of low intensity and leads to the conclusion that the presence of other variables, with more significant influence on the number of complaints than the annual number of passengers, should also be examined. The calculation value of the variable does not reach the signification level of 0,05. The standard deviation for the number of complaints is $\sigma = 15,55$, meaning that the average frequency deviation from the mean is approwimately 15 complaints. The value of variance coefficient is $V = 16\%$, which means that the average frequency deviation from the mean is 16%. The standard deviation for the number of passengers is $\sigma = 0,276875$ or, in other words, the average frequency deviation from the mean is approximately 276.875 passengers. The value of variance coefficient $V = 15,24\%$ means that the average frequency deviation from the mean is 15%. In the case of Zagreb Airport, the reason is probably the inconsistent use of methodology, as they have been using new sources for complaint gathering from year to year. It specially refers to the year of 2004 when the positive rank difference was +3, which is too many of complaints in relation to the number of passengers.

6. UNREALISTIC EXPECTATION PHENOMENON

The empirical value of the Spearman's rank correlation coefficient between the number of complaints and the amount of investments is $r' = 0,60$. That indicates the good correlation of those two variables and means that the number of complaints depends on the amount of investments. The calculation value of the variable does not reach the signification level of 0,05. The standard deviation for the amount of investments is $\sigma = 13,67845$, meaning that the average frequency deviation from the mean is approwimately 13,6 milion kunas of investments. The value of variance coefficient is $V = 40,9\ \%$, which means that the average frequency deviation from the mean is 40%.

At first sight, it seems illogical because the increase of investments in the infrastructure quality, people and other resources should result in higher level of service quality and fewer number of complaints. However, this positive correlation eventually makes sense. The fact that the increase of investments in the infrastructure, people (education) or new service development increases the spectar of services consumers are provided with (renovating a passenger terminal, decorating a business class salon, w-lan signal, Internet connection, new services in catering facilities, new parking area with new parking payment system, etc.), also increases the possibility of more passengers dissatisfied by a certain service. On the other hand, the consciousness of market or consumer orientation also develops the sensibility for registering even the smallest sign of failure while offering services. Therefore, it is now being registered and treated as a complaint what has not been so far. The reason could be the new sources of complaint gathering, but also the new phenomenon which occurs in situations when investments in quality result in inferior quality, i.e. the number of complaints. It is the phenomenon of „*unrealistic expectations*".

Namely, by investing in quality and offering new services the level of consumer satisfaction is expected to increase, and the number od complaints should decrease. At the same time, investments in new services offered to passengers creates a wider base for potential failures

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[9] Drljača, M. (2010) *Total quality management models in function of improving business excellence,* doctoral dissertation, Faculty for management in tourism and hospitality, Opatija, p. 295-306

while offering services, which have not existed before as well as new services. Hence, new service in offer presents a base for new potential dissatisfaction, i.e. complaint.

Despite that this research has discovered the mentioned phenomenon, there is a need to continue research on determining the higher degree of positive correlation between the number of complaints and the number of passengers.

Complaint management is a demanding task which requires comprehensive knowledge of business processes, the system for gathering and processing complaints, unique methodology, consistent use of methodology and the appropriate attention of organisation authorities.

The fact that an organisation has implemented the system for complaint gathering and analysis represents the improvement of measuring the level of consumer satisfaction, and indicates that the organisation is market oriented. Nevertheless, market orientation is not sufficient, particularly in more developed integrations of management systems. Therefore, complaint management should be combined with other methods of consumer satisfaction measurement towards setting up the information basis for making effective business decisions in order to improve quality in general.

The transport companies in the Republic of Croatia, but also those on the foreign market, could not be compared on the basis of the number of complaints as the indicator of consumer satisfaction level because there is no formal obligation of their monitoring, nor unique methodology to enable their comparison.

7. COMPLIMENT AS A TOOL FOR MEASURING CONSUMER SATISFACTION

Compliment is „… public statement of satisfaction with someone's act or activity; publicly emphasizing the value of someone's act, public approval"[10]. As complaint, compliments also indicate the level of consumer satisfaction. The same system and instruments could be used for their gathering and analysis, as used for gathering and analizing complaints. The company Zagreb Airport uses the mentioned system. The sources for compliment gathering are the same as for complaint gathering. It is necessary to use the same methodology from period to period in order to enable the comparison, namely decision making on the changes in sense of increasing or decreasing the level of consumer satisfaction.

Table 5 The number of compliments on services from 2004 to 2009

Year	Number of compliments	Number of passengers	Investments (in kunas)	Number of compliments per 10.000 passengers
2004.	30	1.408.206	50.177.593	0,21
2005.	35	1.551.519	30.676.696	0,22
2006.	40	1.728.413	24.443.542	0,23
2007.	39	1.992.455	37.212.357	0,19
2008.	26	2.192.453	47.787.710	0,12
2009.	18	2.062.242	10.373.332	0,08
Total:	**188**	**10.935.288**	**200.671.230**	**0,17**

Source: Zagreb Airport Quality Department

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[10] Anić, V. (1994) *Dictionnary of Croatian language*, 2nd edition, Novi Liber, Zagreb, p. 698

As stated before in case of complaints, the absolute number of compliments is not so indicative and should be expressed in relative number. In the case of Zagreb Airport, the calculated number of compliments per 10.000 passengers in 2007 was 39 compliments in total, which is more than in 2004 (30), but the relative indicator was better in 2004 (0,21) than in 2007 (0,19).

On the basis of gathered data on compliments, it is possible to analize their structures and to sort them out by source (passengers, partners, service users, etc.). They could also be sorted out by cause (process, infrastructure, general impression, human factor, etc.).

Determining the correlation by calculating the Spearman's rank correlation coefficient, between the annual number of compliments and the annual number of passengers, results in empirical value $r' = - 0,4285$. Hence, it is a correlation of average intensity, but with negative sign, meaning the variables go into different directions. The standard deviation for the number of compliments is $\sigma = 7,709$, meaning that the average frequency deviation from the mean is approximately 8 compliments. The value of variance coefficient $V = 24,60\%$ means that the average frequency deviation from the mean is 25%. In other words, more passengers from year to year did not result in more compliments.

There are several possible reasons for that situation. The one reason is the change of methodology for compliment gathering, so that the gathering periods are not comparable by the same criteria. The second reason is psychological and could be explained by the "unarealistic expectation" phenomenon. In time, consumers get used to new services and higher quality level of those services. Subsequently, the quality level of standard service, considered as normal, rises and that service needs no compliment as the quality level of standard service gets higher and expected by consumers. Any service under that high, but now standard level of quality might generate more complaints. Therefore, more passengers does not necessarily mean the increase in absolute compliment number. The calculation of rank correlation between the relative number of compliments and the number of passengers gives $r' = 0,82857$, which means that the mentioned variables are very well or perfectly correlated, namely their solid correlation. The calculative value of variable is at the significance level of 0,05. The Spearman's rank correlation coefficient for absolute number of compliments and the amount of investments is $r' = - 0,02857$, meaning it is very weak correlation with opposite sign and will be no further analized.

The number of compliments is a useful data source for measuring the level of consumer satisfaction. That source should be consulted continuously using the unique methodology in order to enable period comparison. The mentioned indicator will not be sufficient for making decisions on the level of consumer satisfaction, but in combination with other tools for measuring consumer satisfaction it might significantly influence decision making based on facts.

The companies in Croatian, but also in foreign transport segment could not be compared on the basis of the number of compliments as the indicator of consumer satisfaction level because there is no formal obligation of their monitoring, nor unique methodology to enable their comparison.

8. CONCLUSION

Consumer satisfaction could be differently measured, and complaint is one of those frequently used tools, efficient in the process of determining the level of consumer satisfaction by product quality. While creating the system for gathering, processing and analizing complaints, there should precisely define complaint sources, methodology for gathering and processing complaints, as well as decision making, because thus the information basis is created for decision making based on facts. Those decisions will refer to the measures and actions for identifying and permanently eliminating the causes of complaint appearance, as well as the application of improvement measures and activities. It is important to use the same methodology for gathering and processing complaints during this process, so that the analysis results become comparable from period to period and the trend of consumer satisfaction level could be determined. The compliment monitoring system could be used in the same way, as one of consumer satisfaction indicators.

9. LITERATURE

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