# COMPLAINT IN FUNCTION OF CONSUMER SATISFACTION

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1

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## What is this lecture about …?

- Importance of quality and consumer orientation in business strategy (the role of complaints!)

- Complaint – definitions and aspects

- *Zagreb Airport Case*:
  - complaint gathering (resources, methods)
  - causes of complaints
  - correlations: complaints – passengers – investments

- Unrealistic expectation phenomenon

- Compliments in function of measuring consumer satisfaction

- Conclusion

2

# Words of introduction …

- Quality concept as strategic orientation ⇨ focus on **consumer satisfaction**

- Complaint management system – to measure consumer (dis)satisfaction

- *Marketing point of view*:
  importance for marketing research and company's positioning on market

# COMPLAINTS: definitions

- Briefly, "expression of discontent, regret, dissatisfaction with product…
  - **…** in written or orally
  - … from external or internal consumers
  - … on (un)reasonable grounds"

- *Marketing approach (Vranešević)*:
  - ✓ "opportunity to convert dissatisfaction into satisfaction"
  - ✓ "appreciable indicator of what problems consumers cope with, but did not expect"

- Different context*:* **requirement** for delivered product improvement (*obliged reaction!*)

## COMPLAINTS: aspects

- Market reaction to the quality level od product:

  1. Dissatisfaction is materialized in expressing it by letter, call, e-message… (*material aspect*)
  2. Consumer perception of product quality they are dissatisfied with   (*psychological aspect*)

  → most of consumers never get psychological component transformed into material one

## Facts to bear in mind…

- ✓ Lack of complaints  ⇌  lack of dissatisfied consumers

- ✓ 4-5% of dissatisfied consumers complain
  → 25 times more than formally registered

- ✓ The remaining 95%: "not worth complaining"

# COMPLAINT GATHERING: resources and methods (Zagreb Airport case)

- Determined procedure steps for complaint processing

- Identified methodology – monthly reports on complaints:

  - ✓ Number of complaints

  - ✓ Complaint causes analysis

  - ✓ Allocation to defined processes

  - ✓ Reject level

# Number of complaints on *Zagreb Airport services* from 2004 to 2009

| Year | Number of complaints | Number of passengers | Investments (in euro) | Number of complaints per 10.000 passengers |
|------|------|------|------|------|
| 2004 | 107 | 1.408.206 | 6.780.756 | 0,76 |
| 2005 | 89 | 1.551.519 | 4.145.499 | 0,57 |
| 2006 | 69 | 1.728.413 | 3.303.181 | 0,40 |
| 2007 | 113 | 1.992.455 | 5.028.697 | 0,57 |
| 2008 | 112 | 2.192.453 | 6.457.799 | 0,51 |
| 2009 | 93 | 2.062.242 | 1.401.802 | 0,45 |
| Total | 583 | 10.935.288 | 27.117.733 | 0,54 |

Source: Zagreb Airport Quality Department

# COMPLAINT ANALYSIS: causes of complaints (Zagreb Airport case)

| Year | Process management (in %) | Human factor (in %) | Equipment (in %) | Facilities (in %) | Others (in %) | Total (in %) |
|------|---------------------------|---------------------|------------------|-------------------|---------------|--------------|
| 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

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# CORRELATION:
## Number of complaints and passengers

The Spearman's rank correlation coefficient

⟹ to determine presence and intensity of positive correlation

**r' = 0,3715** ⟹ correlation of low intensity

*probable reason:* inconsistent use of methodology

**CORRELATION:**
**Number of complaints and amount of investments**

**r' = 0,60** ➡ good correlation ?!?

increase of investments in resources
⬇
higher level of service quality
⬇
fewer number of complaints

**Theoretically logical, but not happening in practice!**

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**What does happen in practice then?!**

increase of investments in resources
⬇
wider choice of services in offer
⬇
higher possibility of consumer dissatisfaction
➕
higher sensibility to perceived failures while offering services
⬇
**broader aspect of defining complaints** *and*

*unrealistic expectation* **phenomenon**

# UNREALISTIC EXPECTATION PHENOMENON

higher investments in quality + new services in offer

=   inferior quality + more complaints

**The more investing in quality, the wider base for potential failures and consumer dissatisfaction (complaints)!**

*To be recommended*: combining complaint management with other tools of consumer satisfaction measurement (compliment management?)

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# COMPLIMENTS
## for consumer satisfaction measurement

- **Compliment:** "public statement of satisfaction with someone's act or activity; publicly emphasizing the value of someone's act, public approval"

- the absolute number of compliments not indicative ⟹ use of relative numbers

## Number of compliments on *Zagreb Airport services* from 2004 to 2009

| Year | Number of compliments | Number of passengers | Investments (in euro) | Number of compliments per 10.000 passengers |
|------|------|------|------|------|
| 2004 | 30 | 1.408.206 | 6.780.756 | 0,21 |
| 2005 | 35 | 1.551.519 | 4.145.499 | 0,22 |
| 2006 | 40 | 1.728.413 | 3.303.181 | 0,23 |
| 2007 | 39 | 1.992.455 | 5.028.697 | 0,19 |
| 2008 | 26 | 2.192.453 | 6.457.799 | 0,12 |
| 2009 | 18 | 2.062.242 | 1.401.802 | 0,08 |
| **Total** | **188** | **10.935.288** | **27.117.733** | **0,17** |

Source: Zagreb Airport Quality Department

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## CORRELATION
## (Spearman's rank correlation coefficient)

**r' = -0,4285** for *absolute* number of compliments and passengers → average intensity, but negative

➡ more passengers from year to year didn't result in more compliments; *probable reasons:*

1. change of methodology for compliment gathering

2. unrealistic expectation phenomenon

**r' = 0,8286** for *relative* number of compliments and passengers → very good correlation

**r' = -0,0286** for absolute number of compliments and amount of investments → weak correlation, not of further interest

## Words of Conclusion ...

- ✓ Complaint management system – widely used, efficient for determining consumer (dis)satisfaction

- ✓ Consistent use of methodology for gathering and processing complaints is **A MUST** for periodical comparison

- ✓ Compliment management system – also useful consumer satisfaction indicator

# Questions…?   Comments…?

# Thank you for your attention!