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ABSTRACT
This study focused on customer complaint management and how it affects the revenues of organisations in the hospitality industry in Kenya. The organisation selected as the research site was Nairobi Serena Hotel, which is part of a group of hotels with several hotels in different counties within Kenya. The respondents were the guests at the hotel. The study used quantitative research design to find out whether there was any evidence of a relationship between customer complaint management and increased revenues, and used a questionnaire as the data collection instrument. Ten initial copies of the questionnaire were sent to the Nairobi Serena Hotel guests for a pilot study to assess whether the guests fully understood the questions directed at them, these questionnaires were discarded and the data therein not considered in the final analysis. The researcher used test-retest reliability to measure the instrument reliability and the questionnaires were administered one week apart; the reliability coefficient was greater than 0.7, therefore the questionnaire developed was considered reliable. The questionnaire also had content validity since it covered all the facets of research carried out. The data collected was analysed with the use of SPSS and after the analysis, the researcher tested the hypothesis and accepted it, based on the data analysed. The findings of this study were important since they established the relationship between customer complaint management and revenues in an organisation; this informed the organisation on the prominence it ought to give customer service within the organisation. The findings of this research would be used for future reference by other academic researchers as well as by other organisations as they seek to increase their revenues through improved customer service. The findings indicated that complaint management has a substantial effect on the revenue earned in the hospitality industry. The study gave conclusion and recommendations for the result obtained.

Key Words: Customer Complaint Management, Revenue, Hospitality Industry
INTRODUCTION
Customer complaints usually arise when a client is dissatisfied with an organisation’s products, services or how they were handled by the organisation. For a long time, customers have had to put up with poor services; but with the emergence of the ‘new consumer’, they are no longer willing to put up with poor handling by an organisation, hence the increase in customer complaints in the 21st century (Cook, 2012). Many organisations have therefore been forced to handle customer complaints as satisfactorily as possible so as to avoid losing customers. Customer complaints should not be considered as negative by an organisation but instead should be looked at as an opportunity to make changes so as to keep their customers happy (Cook, 2012). The negative power of unresolved or poorly resolved complaints is huge and especially now so with the advent of social media, which will spread negative information about an organisation across national and even international borders. According to a research by Cook (2012); out of 25 dissatisfied customers, only one will complain to the organisation; 24 unhappy customers will not complain to the organisation but will instead tell an average of 10 people each of their bad experience, these ten will tell a further 5 people each. In total, about 1,200 people will get to hear about the poor service; most of these never having experienced the services of the organisation first-hand, therefore potential customers are lost. From these statistics, it is paramount for organisations to encourage customers to complain to them and in turn, the organisations must satisfactorily handle the complaints so as to keep their customers pleased. The debatable, longstanding question has been whether the customer is always right. To this question, Williams (2012) responds by saying that: the customer is always right because the customer’s perception is reality for them. This therefore means that if a customer perceives that an organisation does not treat them right, then this is their reality and they will therefore make their decisions based on this perception, which to them is a reality.

Hospitality defines the relationship between a host and a guest, where the host welcomes and caters to the basic needs of a guest, that is, food, drink and accommodation and in return, the guest pays a fee. The hospitality industry therefore refers to all the organisations that provide accommodation and/or food and/or drink to guests for a specified fee (Mackenzie & Chan, 2009). The hospitality industry has various sectors, which include the accommodation sector and the food and beverage sector. The accommodation sector includes any institution that offers a place for its guests to lodge; for example, hotels, guest houses, motels and inns. The food and beverage sector includes the organisations that offer food and drinks to the guests; for example restaurants and hotels (Mackenzie & Chan). While the hospitality industry’s basic product is accommodation, food and beverage, the industry is fast growing its products and product lines. For example, Serena Hotels, beyond the basic product expected, has also gone an extra mile to offer other products and services within the hotel such as: spa facilities, transport facilitation to and from the airport, salon and barber services as well as game drives in the wildlife parks. These extra products and services, offered at an additional fee, go a long way in ensuring that the guests have a memorable and enriched experience during their stay at the Serena Hotels (Serena Hotels, 2012).

In China, the hospitality industry is flocked by foreign hotels that have rushed in to ensure that they have a niche in this rapidly developing country. While approximately two and a half decades ago the industry was ruled by just two major players- Peninsula and Shangri-la, now the industry has attracted big international players such as Hilton, Hyatt, Kempinski, Intercontinental Hotels Group, Marriott, to mention but a few. The expansion of these multinational hotel groups into China was a major catalyst to the
phenomenal growth of the hospitality industry- in 1978, the hotel industry had only 137 properties, but by 2009, this number had grown up to 14,237. The government is seen to also play a key role in the growth of the hospitality industry when it introduced the Open Door Policy in 1978, thereby allowing China to invite external investment into China’s hospitality industry (Hardingham, 2012).

A number of African countries are experiencing phenomenal growth in their hospitality industries. In Ethiopia for example, the hospitality industry has encountered such great growth that the demand for quality hotel accommodation is greater than the supply. In Ghana, the second-fastest growing economy in the world in the year 2011, the hospitality industry was burdened that apparently people were renting out their houses to businessmen on business travel. In Nigeria, West Africa, a number of internationally reputable hotels are under construction as the hospitality industry grows. In Uganda, the accommodation facilities are few but it seems to be growing a niche in business travel, as businessmen are indicated to spend thrice as much and stay twice as long as the regular visitors. Tanzania on the other hand, had a target of close to one million tourists in 2011 but was short of hotel rooms that meet international standards- the country, though, has the potential to develop decent hotel facilities and is considering this development keenly (Industrial Development, 2012).

In a study carried out by Wadongo, Odhuno, Kambona and Odhuon (2010) within the hospitality industry in Kenya, where they compare different performance indicators, the total revenues achieved in a given period is ranked as a more important performance indicator compared to other indicators, including quality of service delivered to customers. It is therefore obvious that while many organisations value their revenues, they do not necessarily give a heavy focus to other indicators, such as quality of service delivered, that could increase these revenues. Quality of service delivered is a crucial indicator since high quality of service increases customer satisfaction and vice versa.

**Statement of the Problem**

One of the major reasons of existence for any profit-making organisation is to maximise on the profits they make. Profits are calculated by deducting expenses from an organisation’s revenues (Warren, Reeve & Duchac, 2009). This therefore means that a negative impact on revenues will have an adverse effect on an organisation’s profits; generally, the greater the revenue, the greater an organisation’s profits. Customer complaint in an organisation has a direct effect on an organisation’s revenues. While good customer service has the effect of increasing revenues, due to repeat customers as well as referrals from previous customers, poor customer service, on the other hand, has an adverse effect on revenue.

Many organisations have made an effort towards stemming the problem of poor customer service through induction of employees as they are employed by the organisation; the organisations in this case want to ensure that the new employees, who at this point are impressionable, are aware of the organisation’s expectations, in terms of customer service, (Cook, 2008). Other organisations have invested in continuous customer service training of the existing employees, so as to ensure that their employees are abreast in new trends in customer service (Evenson, 2011). Some organisations have even used mystery shoppers (Murley, 1997), who are trained evaluators in customer service, who visit an organisation incognito and report on their experience as customers- in this way, the organisation is able to have a first-hand report on what really happens on the ground.

Organisations have clearly invested in different methods of stemming the problem of customer complaints; however, there is still a gap between the organisations’ efforts and excellent customer service. Organisations seem to have made an
investment in improving customer service yet this investment does not seem to be paying off. This research therefore embarked on dealing with the existing gap between organisational effort toward improving customer service and the prevalent poor customer service in the organisation, which in turn has had a negative impact on an organisation’s revenues.

**Objectives of the Study**
The main objective of this study was to assess the effects of customer complaint management on revenue within the hospitality industry in Kenya.

**Conceptual Framework**
Customer complaint management is an essential part of customer service as complaints usually arise when clients are unhappy about something in the organisation (Cook, 2012). Complaints must be handled satisfactorily by the organisation to ensure that they do not lose their customers; a customer who is happy after an issue they raised has been resolved will most likely return to the organisation, hence increasing the organisation’s revenues through repeat business.

**Independent variable**  
Customer complaint management

**Dependent variable**  
Revenues within hospitality industry in Kenya

**Indicators**  
Repeat business referrals

![Figure 1: Conceptual Framework](Source: Author (2012))

**Empirical Review**

**Customer Complaint Management**
Cook (2012) gives grim statistics of how easy it is to lose customers and in turn loss of revenues occurs. According to Cook (2012), out of 25 unhappy customers, only one will complain of their bad experience while the other 24 will not complain to the company but to others outside the organisation. This has the prospective of loss of business, hence revenues, from potential customers who will have heard of the bad experience at this particular organisation; this is especially so with the advent of the internet and social media. Barlow and Moller (2008) have articulated that complaining customers are a gift since they give organisations another chance to woo them back even after they have disagreed; these customers are letting the organisation know where its weaknesses are and also telling the organisation that if they correct the problem, then they are willing to stay. Organisations spend huge chunks of their marketing budget seeking consumer and market information- if only they would tap into the customer complaints data, they would realise how rich a database they have readily available to them and at no cost (Barlow & Moller, 2008).

The problem with most organisations is that employees regard customer complaints as a personal attack, therefore taking a defensive stance against the customer, hence discouraging customers who would complain and in turn, loss of customers and revenues (Raab, Ajami, Gargeya, & Goddard, 2008). Ideally, organisations, instead of brushing off complaints and the complainants, need to develop a successful complaints management system that captures as much feedback from the clients as is possible, so as to minimise the number of unhappy customers who choose to complain to their social networks, therefore damaging the reputation of the organisation (Buttle, 2008) and in turn, cause loss of potential revenues.

A business interested in its revenues will not only consider customer complaints as excellent opportunities for improvement, but will also encourage customers to complain directly to them, ease the channels of complaints and resolve the issues mentioned, to the customers’ satisfaction (Evans & William, 2008). Barlow and Moller (2008) suggest that employees, as they
deal with complaining customers, should: adopt an open mind, see the complaints through the customers’ eyes and treat complaining customers as credible; this way, even when the customer is not right, the customer leaves the organisation with a positive memory of the organisation, therefore increasing their chances of returning.

Revenue
Revenue is the gross income amount, received from an organisation’s main activities (which include sale of products and services as well as use of assets and capital in the main operations of the organisation) and from which the entire organisation’s expenses and charges are subtracted so as to establish the net income (Murcko, 2012). Revenue is the total amount of money or revenue that an organisation receives, from customers, in exchange for its goods and services; it is the gross inflow of cash that is acquired through ordinary organisational activities and increases equity of the organisation (Alexander, Britton, & Jorissen, 2007). In the hospitality industry, revenue would therefore have its basic source from the accommodation services it provides and the food and beverages it serves within its restaurant section.

METHODOLOGY
The researcher used quantitative research design, whereby the problem was quantified and its prevalence understood by seeking for results that was projected to a larger population. The researcher selected to work with Nairobi Serena Hotel as her research site. The target population for this study was the customers in the hospitality industry in Kenya. This researcher used probability sampling, specifically random sampling, where each potential respondent was given an equal chance of being selected. The Nairobi Serena Hotel had a total of 195 hotel rooms (KAHC Guide, 2012). The researcher used SPSS (now also known as PASW), a software program, to analyse data into meaningful information (Flinders University, 2013).

FINDINGS
Complaint Management
On the response to whether respondents presented at least one complaint during their stay at the hotel, a complaint is an indication that the customer may not be happy about something within an organisation. A complaint made to an organisation is an indication that the customer is willing to report to the organisation so as to alert the organisation to make changes. This question was set to determine if the respondents had a complaint, if any, that they forwarded to the hotel. The findings were as indicated in figure 2.

Figure 2: Whether customers presented any complaint during their stay at the hotel
The result revealed that 11% strongly disagree, 9% of the respondents somewhat disagree and 5% remained neutral. 22% of the respondents somewhat agrees, with 44% strongly agreeing with the statement; 9% of the respondents did not find the question relevant.

On whether complaint(s) was speedily and satisfactorily resolved, complaint resolution restores a good relationship between and the customer that was previously aggrieved. This question sought to find out whether the respondents were happy with the way in which their complaints were resolved and how fast they were resolved. The results were as indicated in figure 3.

![Figure 3: Whether Complaints were speedily and satisfactorily resolved](image)

The findings revealed that 7% of the respondents were neutral, with 9% of the respondents somewhat agreeing. 53% of the respondents strongly agreed with the statement while 31% of the respondents did not find the question relevant.

On the response to whether customers complained about the same issue more than once, this question sought to determine whether once a complaint was raised with the hotel, not only was it dealt with, but also, that the issue did not recur. The findings were as indicated in figure 4.

![Figure 4: Whether Customers Complained about the Same Issue More Than Once](image)
The results revealed that 7% of the respondents strongly disagreed, 4% remained neutral, a majority of the respondents, at 53%, somewhat agreed while 31% of respondents did not find this question applicable in their cases. On the response to whether customers received an apology from the hotel staff after they made their complaint, an apology indicates that the person on the wrong accepts their mistake and wants to change. This question sought to find out if the members of staff had accepted their mistake and apologised to the aggrieved customer. The findings were as indicated in figure 5.

**Figure 5: Whether Staff Apologised to Complaining Customer**

The findings indicated that a majority of the respondent, at 62%, strongly agreed with the statement, 31% of the respondents did not find the question relevant and 7% of the respondents remained neutral. On response to whether customers would consider coming back for another stay at the hotel, for a customer to choose to go back to an organisation, it is an indication that they are contented with the services and products of that particular organisation. This question sought to determine whether customers would choose to go back to the hotel. The result was as shown in figure 6.

**Figure 6: Whether Customer would Return to the Hotel Again**
The findings revealed that 2% of the respondent remained neutral, 9% somewhat agreed and 67% of the respondent strongly agreed. Only 22% of the respondent failed to answer.

CONCLUSIONS AND RECOMMENDATIONS
Out of the respondents that filled the questionnaires, 44% strongly agree with the statement that they had at least one complaint during their stay at the hotel. A large 53% of the respondents strongly agreed with the statement their complaints were speedily and satisfactorily resolved. About the issue of not complaining again concerning the same issue, majority of the respondents, at 53%, somewhat agreed. The findings also indicated that a majority of the respondents, standing at 62%, strongly agreed with the statement that they did receive an apology from the hotel staff after they made their complaints. 67% of the respondents strongly agreed with the fact that they would consider coming back for another stay at the hotel.

Conclusions
Organisations spend huge chunks of their budgets seeking consumer and market information- if only they would tap into the customer complaints data, they would realize how rich a database they have readily available to them and at no cost. Complaining customers are a gift since they give organizations another chance to woo them back even after they have disagreed; these customers are letting the organisation know where its weaknesses are and also telling the organisation that if they correct the problem, then they are willing to stay. Ideally, organisations, instead of brushing off complaints and those lodging the complaints, need to develop a successful complaints management system that captures as much feedback from the clients as is possible, so as to minimise the number of unhappy customers who choose to complain to their social networks, therefore damaging the reputation of the organisation and in turn, cause loss of potential revenues. The researcher concluded that where the complaints of the customers were speedily and satisfactorily resolved and where they received an apology from the organisation regarding the same issue, then the customer would consider returning to the organisation.

Recommendations
The researcher, concerning the issue of customer complaint management, recommended that organisations have a total paradigm shift on how they view complaints from customers- from treating the customers as a nuisance to treating them as a gift- since complaining customers in essence take the time to let the organisation know its weaknesses and also allow the organisation to woo them back once their complaint has been satisfactorily resolved. Complaining customers must also be viewed as a rich source of consumer and market information that is furnished to the organisation at absolutely no extra cost, therefore saving the organisational costs.

Suggested Areas for Further Study
This study focused on external factors and how their customer complaint management affects revenues in the hospitality industry. Based on the research findings, the researcher established that customer complaint management has a major impact on the revenues of an organisation. With this in mind, the researcher would suggest that future studies are conducted in the same area but with a focus on internal customers, that is, employees. Generally, a contented employee will tend to offer excellent services to the external services, hence serve as an intervention for countering poor customer service offered by employees to external customers. Further research should also be conducted in other organisations that have a direct link to the hospitality industry for example, suppliers of the hospitality industry such as the agricultural sector.
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