Customer Relationship Management:

analyzing differences of complaint management processes and procedures within the hotel environment: an investigation of differences between hotel groups, individually/privately/family-owned hotels and non-classified Lifestyle hotels within the luxury industry

Bachelor of Science: International Management

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AFFIDAVIT

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ABSTRACT

This thesis investigates the link between hotel groups, family-owned hotels and Lifestyle hotels within a luxury environment. The main aim is identification of differences of their processes and procedures within their complaint handling and why there are differences.

In addition to literature as a main source of information qualitative research, in form of semi-structured interviews was made use of. Therefore, a total number of three hotels, with different backgrounds and data were interviewed to being able to gain information to answer the research question. Moreover, all three hotels are located either in city center of Vienna or close surroundings of Vienna.

Precise evaluation of qualitative research shows that there some major differences between the hotels and their procedures and processes, however in most fundamentals all three hotels share the same opinions. Therefore, major differences can be found in measurability of complaints, as well as attitudes towards the necessity of training sessions or their approaches of integrating literature and theory in their strategy.

Recommendations emerging from this dissertation include small sample size, overwhelming amount of literature and interview information source.

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1. INTRODUCTION

1.1.   BACKGROUND INFORMATION

The hotel industry is a dynamic global phenomenon that demands a lot of attention and needs to be dealt with carefully. Especially customers are constantly demanding more standard for less money (Kandampully & Suhartanto, 2000). When back in the past two decades a room equipped nicely, restaurants, and other amenities were seen as luxury, most recently this has become a standard lifestyle that cannot impress a vast majority. Furthermore, the arise of the internet and price-comparison platforms have even broad a new challenge to the already complex world of hotels. Additionally, the competition is neither shrinking nor lacking behind and depicts a great threat for any company in this industry (Kandampully & Suhartanto, 2000).

The service industry has always been a very competitive and relatively challenging economy (Smith & Bolton, 1998). In recent years and especially also through events, such as the economic crisis, this branch has become even fiercer, more challenging and competitive. This has changed customers' expectations and shifted organizations strategic plans and goals more towards customer orientation and satisfaction (Smith & Bolton, 1998). As a result, the field of complaint management is a highly investigated and researched one. The need to keep customers satisfied and provide appropriate service recovery solutions provides companies with a competitive advantage. Some important breakthrough was done by the researchers Bateson in 1995 and also by Zemke and Schaaf in 1989. The researchers found out that in order to make up for the affects of one negative experience with an organization, as many as twelve positive experiences are necessary (Bateson, 1995) (Zemke & Schaaf, 1989).

This shows the increasing importance that is put on the diverse topic of complaint management, service recovery and customer retention. Furthermore, several authors suggest in their works that such failures and follow-up service encounters provide companies with a unique chance to demonstrate their commitment and to reinforce customer bond with the company (Berry & Parasuraman, 1991). Therefore, complaints should not always be seen as a negative experience for a company, more as a chance for improvement that could possibly bring more benefits than no complain at all (Berry & Parasuraman, 1991). Subsequently, this topic has reached increasing significance, especially in the past decades, as manages are now able to better understand and interpret the results and outcomes of such a vital field. It enables them to draw a connection between customers´ evaluations of a service failure; the following service encounters to compensate an error and the cumulative satisfaction and repatronage intentions. This results in a managerial evaluation of possible opportunity costs or benefits (Brown, Fisk, & Bitner, 1993).

Moreover, it has become even more important for hotels to continue standing out and gain competitive advantage. As it is difficult to differentiate and distinguish a service from one hotel to another, it has become imperative in the hotel industry to create a unique strategic and competitive advantage. Furthermore, the hotel industry is in need of creating customer loyalty as the overall goal of customer relationship management as discussed before. Several researchers suggest in their studies that loyalty may evoke a positive profit increase of 25 per cent up to 85 per cent (Reichheld & Sasser, 1990). Hence, a loyal customer is essential for the survival of a lucrative hotel and may determine success or failure. Hotels are, thus, warrant integrating and continuously working on their customer relationship management strategies (Kandampully & Suhartanto, 2000). Complaint management shows to be a determining role in enhancing hotels' market share (Kandampully & Suhartanto, 2000). Thus, given the change of consumer behavior and the fierce competition in the hotel industry challenges managers to focus even more on their customers and effective service recovery strategies (Kandampully & Suhartanto, 2000).

1.2. STUDY OBJECTIVES

Literature confirms complaint management is an essential topic in today´s hotel and tourism industry. Complaints are inevitable, however the way it is dealt with may greatly influence customer loyalty, satisfaction and perception (Smith & Bolton, 1998). Furthermore, the emergence of new trends, such as online complaint platforms, which increasingly influences customer decision-making, depicts new opportunities and challenges that hotels need to cope with accordingly. Additionally, customers´ perception of service recovery is a vital contributor to a successful complaint management and customer relationship management strategy. As mentioned above, the amount of available literature and studies is immense. Interestingly, studies focus mostly on luxury hotels and hotel-chains hotels when analyzing the topic of complaint management. However, a comparison between different types of hotels has yet only been investigated and examined in a limited setting. Therefore, it would be highly interesting to identify factors, influences and differences in complaint management and customer relationship management between hotels that have fundamental differences in their settings. Therefore, this study aims to find differences between complaint handling strategies in the hotel industry. Therefore, this study aims to answer the following question:

> *"What are the main differences in complaint handling between individually/family/privately-owned hotels in comparison to global hotel groups and Designhotels, and why is there a difference?"*

In doing so, this study aims to increase the understanding of the importance of customer relationship management in the specialized field of complaint management. Increasingly high standard demands and constantly shifting trends are only two reasons that perfectly state why this is a challenging topic that constantly needs improvement and update, as major trends and challenges from 20 years ago are not matching today´s. Furthermore, this work aims to provide guidance for managers. It may help to understand issues better or even reveal unknown ones. The paper further contributes to

an improved understanding of complaint management in their different settings, which factors determine it, but also aims to provide recommendations on how to enhance processes to further increase customer satisfaction.

2. LITERATURE REVIEW

This part of the dissertation gives an overview and introduction to the broad topic of Customer Relationship Management. Furthermore, it yields to show interrelationships between the more complex topics and theories. For facilitation of reading and understanding, this part includes headings and subheadings, which further show their affiliation. A lot of research and work has been done in this field already, therefore, it was of major importance for this dissertation to carefully evaluate them. Another challenge is the depiction of different perspectives and contradictions of various authors concerning diverse topics. This literature review starts by explaining the most important and essential basic terms and keeps on narrowing down and going more in depth later on.

2.1. CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

Customer relationship management is a broad and complex topic that is useful in numerous companies. In a marketing context customer relationship management is defined as a process of not only building, but also primarily maintaining a customer relationship that is economically profitable. In order to achieve this the company is in need to provide superior value and satisfaction for the customer. By customer-perceived value in this case is meant, that the customer evaluates the benefits for himself or herself. This is done by comparing the costs and benefits relative to those of comparative offers available on the market (Kotler, Armstrong, Harris, & Piercy, 2013). As mentioned above CRM is a steady process that involves three major steps. First of all it includes the acquisition of new customers, then the maintenance and lastly it involves growth, which refers to a growing customer basis.

Hereby, one can state that CRM is one of the key aspects in modern marketing design (Kotler et al., 2013).

Companies generally can decide to build their customer relationships on many different levels. The level is dependent on the target market and how the company decides to reach out to that market.

Therefore, customer relationship management and customer-managed relationships are closely linked and interconnected with one another. As similar as they might sound, customer-managed relationships build its foundation on customers' interaction with the company and also other customers. This shapes the relationship. It is a relatively new approach that steams from the increasing emerge of technology. Therefore, customers are "empowered by today´s new digital technologies" (Kotler et al, 2013, p. 16), which facilitate the communication between other customers and the companies. This approach is considered a two-way customer relationship, as it targets selected customers more precisely and does not rely on vague one-way mass media targeting. Further, it is more interactive and gives the customer more power than ever before. Such trends contribute to constantly change the approaches companies take to reach and satisfy customers in a most efficient way.

2.2. SERVICE ENCOUNTER

This section of the literature review is devoted to the increasingly important topic of service encounter, which is the basis of gaining an overall understanding of process a customer has to undertake before an effective customer relationship management comes into play. The term "service encounter" is described as the actual beginning of a service provision to a customer. More importantly for the topic of customer relationship management and complaint management, service encounter is the moment of truth for any service-oriented organization. A service cannot be stored and therefore is produced and used simultaneously (Zeithaml & Bitner, 2002). Looking at a situation of service provision from a customer point of view it clearly all starts with their impression of the service encounter of a company.

Therefor, customers start evaluating a service, whether or not a complaint occurs, with their encounter of the service provision (Lehtinen & Lehtinen, 1982). The authors Gil et al. (2008, p. 922) even interprets the work of Lehtinen et al and describe service encounters as " the origin of the whole chain of evaluations on the service result" (Gil, Berenguer, & Cervera, 2008). Investigating the whole concept of service encounters more into depth it becomes clear that is closely related to the field of psychology. In a 2012 published work by the authors Ma et al, which deals with "service encounter and customer psychological contract" the interconnection between service encounter, service quality, satisfaction or dissatisfaction is shown and explained. The influencing and decisive factors for customers during their evaluation process are (1) technological aspect, which are referred to as the result and (2) function itself, which is understood as the process (Ma & Deng, 2012). Additionally, the authors Shostack (1985) and Armstrong (1992) put emphasize on the inevitable part of personal interactions within the service encounter environment. Even though there are some other parts as well personal interactions are among the most researched and studied ones (Shostack, 1985) (Amstrong, 1992).

2.2.1. SATISFACTION

Customer satisfaction becomes increasingly more important to any company in any industry, that are yielding to be successful, both financially and economically. Especially marketeers have become even more interested in this complex topic, especially in the service industry, as customer satisfaction is even more important in this area than others. Additionally, to the immense amount of literature that can be found on this topic it is even more difficult to draw conclusions, as there is some confusion among certain authors. Therefore, researches have not yet come to a common conceptualization concerning the increasingly important topic of customer satisfaction. This issue creates difficulties when it comes to the point of choosing an appropriate definition for this term. Furthermore, it might become a problem when advancing valid measurements and then trying to analyze these empirical results (Giese & Cote, 2000).

According to Gil et al. (2008, p. 923) "many definitions describe satisfaction as an evaluation process, whose antecedents can be clearly identified ". Even though the two authors voiced some criticism to definitions describing customer satisfaction as "evaluative process" rather than an approach that puts more emphasis on the character itself. More in detail, they affiliate themselves more with an approach of satisfaction as a "summary affective response, which varies in intensity, reflecting satisfaction as a holistic evaluative outcome" (Giese & Cote, 2008, p. 923). Furthermore, the vital role of cognitions must be mentioned. It should be linked with customer satisfaction directly as it is an essential part of it. However, it might not be taking too importantly as it only is a fraction that contributes to the overall formation of satisfaction. Therefore, it can be concluded that cognition is not the same as satisfaction, but is an essential part of it. The authors Giese et al (2000, p. 923) describe customer satisfaction as "focusing on the response (construct) rather than the process (model) facilitates the operationalization of consumer satisfaction as a single construct unencumbered by various antecedents or consequences". The definition however is constantly changing and in most recent years and decades some authors put more emphasis on ideas supporting a more global measure that sees previous experiences as a part of the satisfaction set (Yu & Dean, 2001) (Gil, Berenguer, & Cervera, 2008). The authors Jones and Suh agree with this definition and explanation adding that this may contribute positively to gaining a better understanding on behavioral intentions of customers (Jones & Suh, 2000).

2.2.2. DISSATISFACTION

The unfortunate event of customer dissatisfaction will sooner or later affect all of us in different ways. However, this dilemma needs to be carefully and swiftly taken care of to maintain a loyal and trustworthy customer relationship between a company and its customers. In the service industry dissatisfaction is an omnipresent topic. Studies have already proofed the positive correction that exists between customer dissatisfaction and complaint behavior. Therefore the authors Helms et al (2008) suggest to focus on "eliminating sources of the most common complaints may be the most cost-efficient ways

to increase customer satisfaction and reduce complaint behavior" (p. 611). While this may sound logical and easy, most companies have rather focused their work on managing complaint rather than eliminating them. Of course supreme complaint management programs are efficient, however they do not address the actual problem. The more challenging part is depict by four opportunities customers have whenever an unfavorable event occurs. They can either decide to do nothing, complain, involve a third part and take overt actions against the company, or the may change provider and therefore, decide not to return to that company again. Most favorable for a company, however is option number two: a complaint. This is because a company may still take actions to compensate the bad experience and take appropriate action so that this may not happen again. The problem is that the number of complaining customers in drastically declining. This is due to the customers beliefs that complaining is not "worth the trouble" and "does not to any good" (Helms et a., 2008, p. 611). An additional contributor is growing cynicism (reference). Furthermore, many unsatisfied customers avoid face-to-face communication and preferably complain on internet platforms, where the mainly stay anonymous. TARP, technical assistance research programs, found that only four per cent of satisfied customers leave their comments on internet platforms, whereas 15 per cent of dissatisfied customers decided to use this communication tool for complaining. Not only word-of-mouse is gaining increasing popularity among dissatisfied customers also traditional word-of-mouth still play an important role. The Retailing Initiative at Wharton and the Verde Group of Toronto investigated this issue more closely and found out that a significant number of customers that have experienced an unfavorable shopping moment decided to make use of WOM. 31 per cent of customers spread the word and shared their personal negative experience with friends, family and others (Helms & Mayo, 2008). Lastly, the immense growth of the service sector has put even more pressure and importance on customer satisfaction and the avoidance of dissatisfaction (Helms & Mayo, 2008).

2.3. SERVICE FAILURE

2.3.1. SATISFACTION WITH COMPLAINT HANDLING

Satisfaction with complaint handling is as important as satisfaction in general, however is more challenging to companies. This is because customers have experienced some sort of discomfort and are complaining. The challenging part is that the company does not know what the customer expects, whereas in a setting with no complaint the company mostly knows what the customer expects. Recalling the definition of satisfaction, it can be concluded that satisfaction "is regarded as the central mediator of post-purchase behavior, linking pre-choice product beliefs to post-purchase cognitive structure, consumer communications, and repurchase behavior" (Westbrook; 1987; p: 28). This can similarly be applied to complaint handling. Considering that satisfaction with complaint handling works as a central mediator that links perception of fairness evaluation to the behavior and attitude resulting from the complaint. There is numerous empirical testing that confirms this theory. Customers with an experienced failure are more likely to show positive reaction toward a service provider after an effective complaint handling. This even goes as far as that customers are more satisfied with the service recovery than they would be with no failure occurrence at all. This confirms the influential effect a satisfactory and efficient service recovery can have. Especially in the hotel environment, effective recovery could either be a free upgrade, or a free meal or drink. Those are possibilities that are beneficial for both, the hotel and the customer, as they are not as cost intense as many others would be. Additionally, to the provision of compensation it is always valuable to provide the customer with an explanation on why this failure has occurred. This is helpful to gain some sort of understanding, even though this is not guaranteed. Contrary to this there is always another side to a successful dealing with complaints. This is presented by a cold and ignorant company that seems not very much interested in customer commitment, endurance or building a long-term relationship with them. This can be done by neither providing compensation nor explanation and therefore, showing

disrespect towards the customer. Furthermore, it is essential to keep in mind that repurchase intentions can be triggered by structural factors, which include competition, alternatives, changing costs, or contractual arrangements. Nevertheless, it is also vital to emphasis on attitudinal and behavioral consequences, however research focuses more on behavioral intentions. Both of them play an increasing role when building long-term customer relationships, which should always be a major goal in the service industry environment, especially with growing completion and fierce price wars. The need to satisfy customers even when they have already been dissatisfied before is the key point in determining a successful complaint handling strategy (Tax, Brown, & Chandrashekaran, 1998).

2.3.2. COMPENSATION

Compensation is a major driver in the field of complaint management and gains increasing importance. The authors Tax, Brown and Chandrashekaran (1998) demonstrated the connection between customers' evaluation of fairness and the level of compensation with an extraordinary interesting example by a company. Domino´s Pizza, an American pizza company decided to launch a new marketing strategy by introducing extremely customer friendly delivery conditions. Therefore, customers, whose pizza delivery took more than 30 minutes, were guaranteed to receive a free pizza. This, however was perceived as too bounteous from customers. This led the company to the decision to change their overly generous offer to a three dollar price reduction, when an order takes more than 30 minutes to be delivered.

Interestingly, a vast majority of customers perceived this change in strategy, even though it was not in their favor, as more reasonable and perceive it as fair.

In general there is said to be a three dimensional level of justice or fairness evaluation. Firstly, prior experience contributes widely to the evaluation of fairness (Tax, Brown, & Chandrashekaran, 1998) . Secondly, "the awareness of other customers´ resolutions plays a major role" (Tax et al, 1998, p. 62). Lastly, the "the perception of his or her own loss" contributes to their satisfaction afterwards" (Tax et al, 1998, p. 62).

These three biased dimensions decide whether a customer evaluate the complaint handling process and compensation as acceptable, fair or even superior. Additionally, it depends on what the company promised in advance, therefore, if a company guarantees "110 per cent satisfaction" customers tend to have different expectations than with no guarantee at all. Furthermore, customers with knowledge on how other customers were treated in a failure occurrence situation tend to expect similar treatments and enter a complaint situation with a different attitude.

Compensation may take several forms depending on the organizational strategy, industry they are operating in, flexibility and willingness to satisfaction. Most basic and formal one is a simple apology, maybe including an explanation why this failure has occurred. Some companies are willing to offer a price reduction, as in the above mentioned example. This is also still a more basic approach. Refund is relatively similar to a price correction and is also a popular and easy ways to turn a dissatisfied customer into a satisfied one. Other compensation strategies involve repairing, credits or replacements (Tax, Brown, & Chandrashekaran, 1998).

2.4. COMPLAINT MANAGEMENT

Complaint management is vital for any company as failure occurrence is inevitable. Even in the most prestigious and well-trained companies failure may occur. This is not the problem, it is more challenging to deal with these events efficiently and turn a dissatisfied complaining customer into a loyal one (Henneberg, Gruber, Reppel, & Naudé, 2015).

One essential part of complaint management includes the vital decision of both recovering and rebuilding customer satisfaction, loyalty and trust or letting customers go and change to competing companies. The according aftermaths must be taking into consideration according to the respective decision and situation (Berry & Parasuraman, 1991).

Additionally, it is always beneficial for a company to understand the reasons that led to this unfavorable situation as well as their expectations and motives. Further contributors might also be cultural aspects. Complaint management

yields to gain an understanding of all contributors that led the failure of the company and the expectation of customer. Also, what led to the lag between customer expectation and reality. There could also be other attributes, such as external influences, that contributed to the event. However, complaint management yields to find the most appropriate behavior for their employees "in order to remedy those occasions in which complaint voices dissatisfaction with a product, service, or process" (Henneberg et a., 2015, p. 254) (Henneberg, Gruber, Reppel, & Naudé, 2015).

2.5. COMPLAINT

A complaint can easily be understood as a way for customers to describe and articulate their inner and experienced dissatisfaction towards a product or a service. Therefore, complaints can be found in any industry of the economy. A complaint itself should be seen as a two-edged sword. On the one hand, it may bring a lot of harm to a company if not handled ideally. On the other hand, it can be very beneficial and improve customer retention, trust and loyalty. (Smith & Bolton, 1998)

2.6. QUALITY MANAGEMENT – SERVICE QUALITY

2.6.1. SERVICE VALUE

Service value is a highly researched and defined term that plays an extremely vital role for an industry in the service environment, but can be found in any industry worldwide. A vast majority of authors investigating this subject describe it as an evaluative judgment (Berry & Yadav, 1997) (Flint, Woodruff, & Gardial, 2002) (Monroe, 1992) (Woodruff, 1997). Another essential detail that needs to be added here is the fact that service value is experienced by the customer and can therefore be seen as subjective evaluation of a service experience. More explicitly using Gil et al. (2008, 922) wise words "value is not inherent to services" (Gil, Berenguer, & Cervera, 2008). This gives an explanation why every customer subjectively perceives service value individually. Furthermore, some authors refer to value as a two-way variable.

This emerged after Oliver (1999) proposed so. In this proposal he mentions the usage of the term trade-off and sets it equal to the terms "compensation" or "balance between benefits and sacrifices". To gain a better understanding of what this means most authors use the example of a quality to price ratio (Monroe, 1992) – also called "value for money" (Gil, Berenguer, & Cervera, 2008). This theoretical piece is not seen as modern anymore and must be updated, taking other factors into consideration as well.

Additionally, it is seen as a relatively simple representation of reality and by adding other factors this theory should become more realistic and sophisticated. Almost 30 years ago Zeithaml (1988, 14) already suggested a proposal that deals with the "global evaluation" in so far as customers development of perceiving a product/service as useful or not and describes it as "the perceptions of what he or she has received in contrast to what he or she has given" by "he or she" Zeithaml refers to customers. According to Oliver (1999; p: 45) "value is a positive function of what is received and a negative function of what is sacrificed". Furthermore, authors conclude that if the term value can be described as perception it may only be solely positive or negative (Gil, Berenguer, & Cervera, 2008). Quality should be seen as an essential part of value, however many other factors contribute to the creation of customer value as well (Gil, Berenguer, & Cervera, 2008).

2.6.2. WOM – WORD OF MOUTH

Word-of mouth generally refers to the "informal communication between consumers about the characteristics of a business or a product" (Kau et al.; 2006; p: 103). In todays´ interconnected world word-of-mouth communication often refers to digital communication among customer experiences.

WOM can be either positive or negative. Negative word-of-mouth is mostly directly linked to a negative experience with a company and often involves the occurrence of a failure followed by an unsatisfactory complaint management. Positive word-of mouth is preferred by all companies and can also occur after a failure has happened. In this case the company managed to satisfy the

customer with their complained handling strategy and customers are more likely to share goodwill (Kau & Loh, 2006).

Word-of-mouth communication is an interpersonal influence that is one of the most vital ones used when a customer makes a purchase decision. It has changed from a formal mainly face-to-face communication, to an electronic communication tool. The "my-friend-told-me" experience only contributes little to the overall word-of-mouth communication nowadays. There are special platforms that provide customers with all necessary information on their targeted purchase decision. The largest of these platforms is tripadvisor.com . It provides customers with unbiased travel reviews on different categories, such as restaurants, hotels, spas or attractions. As of 2007 more than 1,926,031 reviews have been uploaded on this platform and helped customers with their decisions. Especially in service industries, reviews and word-of mouth communication are essential. Customers are unable to try the service before purchasing and therefore rely on others´ experience or advise. Such products or services are referred to as high-risk purchases. This industry could and should use these tools to gain comparative advantages. As it can be updated 24/7 service industries need to provide and keep their standards high. Few bad reviews can have immense negative impacts on the company. And with todays´ advanced technology negative WOM can reach even more people than ever before. Therefore, marketers nowadays are taking advantage of the interpersonal influences. However, it only provides a company with a comparative advantage, if it acts as an early adopter. Furthermore, tourism and hospitality industry lags behind some other industries, which are more developed when it comes to dealing with digital word-of-mouth communication tools. This can again be used to gain some advantage in the intensely competitive market by being up-to-date on the technological progresses even those of other industries (Litvin, Goldsmith, & Pan, 2008).

This points out the changes an industry, such as tourism and hospitality and serviced industry went through the past decades. How changes influence company and customer decisions and why this is an essential part in dealing with customer complaints. According to Blodgett et al (1997) it is of major

importance to recognize the interconnectivity between interactional justice dimension and word-of-mouth interactions (Blodgett, Hill, & Tax, 1997).

2.6.3. CUSTOMER LOYALTY

Customer loyalty describes the actions of a customer who sticks to the same service provider whenever it comes to such a decision. Additionally, a loyal customer tends to recommend the service and preserves a steady positive attitude toward the respective provider. (Kandampully & Suhartanto, 2000)

Julander et al., (1997) suggests a two-dimensional model, which consists of a behavioral and an attitudinal part. The behavioral dimension deals with the behavior on repeated purchases and therefore depicts the existence or development over time of a preference towards a brand, product or service from the customer perspective. The attitudinal dimension however, put more emphasis on signs of a customer that might eventually become loyal. It focuses on the intention to recommend and repurchase a brand, product or service (Bowen & Shoemaker, 1998).

A customer is likely to become loyal if he/she starts repurchasing or even recommending an organizational service (Kandampully & Suhartanto, 2000).

2.6.4. CUSTOMER COMMITMENT

Customer Commitment is described as a process of a lasting devotion to preserve and maintain a relationship with customers (Morgen & Hunt, 1994). Kelley, Donnelly, and Skinner (1990, p. 322) perfectly describe the meaning of customer commitment in a straightforward statement as "the organizational commitment of service customers is indicative of the organization´s likelihood of developing or maintaining customer identification with organizational goals and values and retaining the service customer as an active participant in the service encounter". Furthermore, customer commitment is closely related to customer satisfaction, as satisfaction over some period of time consequently will lead to commitment (Fornell, 1992). In addition to this relationship commitment and loyalty are closely linked as well. According to the work of Gustafsson et al (2006) there exist two drivers of loyalty. Those drivers are two different dimensions of customer relationship commitment.

Firstly, there is affective commitment. It is it arises through "personal interaction, reciprocity and trust" (Gustafsso; 2006; p: 210). Secondly, there is calculative commitment. It observes the behavior of customers when changing costs and therefore evaluates their loyalty potential. Furthermore, it is important to understand the existing difference between satisfaction and commitment. On the one hand, there is satisfaction, which is a "backward looking" action. It captures the satisfaction on a "performance-to-date" basis. On the other hand, there is commitment, which is often described as a "forward looking" action. What is meant by this statement is basically that the above described dimensions capture and evaluate the strength of the relationship and the outcome, which is the commitment to "proceed forward" (Gustafsson; 2006; p: 211).

2.6.5. CUSTOMER RETENTION

Kaut et. al described customer retention as a "function of existing customers´ level of satisfaction" (2006; p: 103). Other authors, however put more emphasis on the close connection between loyalty and commitment. Therefore, an often-stated quote is that "loyalty is often interpreted as actual retention, which is a cornerstone of customer relationship management" (Gustafsson; 2006; p: 210). This one quote greatly facilitates the understanding of the complex interrelationships between a variety of topics that are essential for customer relationship management. Customer relationship management is greatly dependent on which drivers are currently essential for customer retention. Those drivers can constantly be changing, from higher quality to lower prices or vice versa. Also depending on whether affective or calculative commitment is more important at that time. Therefore, any organization should either focus on direct relationships with their customers or create switching barriers. Such switching barriers are directed towards competition (Gustafsson, Johnson, & Roos, 2006).

The two possibilities a company can choose from in order to succeed with their CRM strategies are further discussed in the next section of this dissertation.

2.6.6. AFFECTIVE AND CALCULATIVE COMMITMENT

Customer commitment may also be described as a desire to maintain a relationship. As commitment, loyalty and retention are the ultimate goals besides profit for many companies it is of major importance. Once this stage is reached customers do not need to be convinced to purchase your service or product, there is no fierce war with competition and most importantly maintaining customers is more cost efficient than acquiring new customers. Literature suggests two major dimensions when it comes to relationship commitment. Those two are mentioned above, however, are described in more depth in this section. On the one side there is calculative commitment. As the word already suggests it is a more rational approach that puts most of the emphasis on "economic-based dependence on product benefits due to a lack of choice or switching costs" (Gustafsson; 2006; p:211). The authors Gustafsson et. al define this dimension as the colder one. On the other side there is affective commitment. This is a more emotional approach and "develops through the degree of reciprocity or personal involvement that a customer has with a company, which results in a higher level of trust and commitment" (Gustafsson; 2006; p: 211).

2.6.7. CUSTOMER TRUST

Customer trust is a clear goal, not only in complaint management but more broader in the overall progress and process of any marketing relationship. The authors Morgen and Hunt (1994, p. 23) even described trust "when one party has confidence in an exchange partner´s reliability and integrity". Another description for trust stems from Holmes and Rempel 1989, p. 199) who describe that "trust is strengthened if partners are responsive in ways that acknowledge an individual´s particular needs and affirm their sense of worth". Especially in complain management and/or service recovery this plays a vital role.

2.7. SERVICE RECOVERY

2.7.1. SERVICE RECOVERY

Activities taken in order to respond to an unintentionally occurred failure in the service is referred as service recovery (Grönroos, 1988). Failures in service industries are inevitable and may even appear in the most prestigious and highly trained companies. However, companies can learn to recover and turn the most critical and dissatisfied customer into a loyal one. Therefore, employees not only need to be trained but should "go beyond their call of duty and win a customer for life". (Hart, Heskett, & Sasser Jr., 1990). But before doing so, there is a need of basic understanding of what a service failure is and how it occurs. A service failure is described not only as a meeting of customer expectations of a service or product, it even drops below their expectations and creates some sort of disappointment (Hess Jr., Ganesan, & Klein, 2003). This broadly sums up the main idea behind the complex topic of service recovery in the even more complex world of a service environment. However, a more precise explanation can be found by (Grönroos, 1988), who described service recovery as measures that can be taken by the responsible party in order to make up for the harm of a service failure.

A challenge and obstacle for many service-oriented industries is depicted by the inseparability of service creation and consumption. For service industries it is therefore even more difficult to maintain and promise a certain level of service quality to customers. Interestingly, this "prevents quality inspections of most services prior to delivery" according to Hess Jr. et al. (2003; p. 127) Furthermore, according to Berry (1980) (Berry L. L., 1980) it is of major importance for any company or industry to retain their customers and make them loyal. Thus trying to diminish customer dissatisfaction that stems from service failures is crucial.

However, service recovery should be seen as a rather small proportion in the broad field of complaint management there is some important difference in the definition of those two terms. The most obvious difference between complaint management and service recovery is that in service recovery a company tries to not avoid the point of complain and find proper solution even before a

customer is able to complain. Additionally, if it comes to this point that a customer complains the company tries to solve the issue before the customer is able to leave dissatisfied and angry (Lewis, 1996).

Several notable authors summarized some of the most challenging consequences of a not effectively working service recovery management as decisive for success of a company (McCollough M. A., 1995) If done exemplary the company can benefit from a lot of positive outcome, such as an improvement in their customer retention rate, positive word-of –mouth or an improved bottom-line performance (McCollough & Bharadwaj, 1992).

Complaint management and service recovery both fall under the category of retention strategies (Halstead, Morash, & Ozment, 1996).

Further interesting and exceptionally significant results that might have lead to a modification of traditional views and ideas of came from. In his work he proposed that there is a positive correlation between tolerance and the presence of a close customer relationship, meaning that customers can identify themselves with the organization and feel somehow connected to them. In depth, the author found out that customers might develop a buffer toward dissatisfaction if there is a social relationship with the company. This leads to the paradox of service recovery. Interestingly, service recovery can have different effects on various consumers. Consumers' attitude towards the company shows to either act like a buffer or it increase expectations of service recovery. Various authors refers to double and/or triple deviation effects, when the company is not able to successfully solve the failure.

2.7.2. JUSTICE DIMENSIONS

Justice in this case is seen as a process of evaluating a complaint-handling situation of a company as fair or not so fair. As a complaint is a dynamic process that consists of more than just one stage, there are different steps that are in need of a fairness evaluation by the customer. Those steps are referred as sequences. Each of these sequences undergoes a subject appraisal of fairness considerations, which further create a justice episode (Bies, 1987). In addition, important aspects include interpersonal treatment,

compensation or benefits as an outcome and process elements (Parasuraman et. Al., 1985; Taylor, 1994). Those factors play an important role in the subject evaluation of the fairness of each complaint process (Parasuraman, Zeithaml, & Berry, 1985) (Taylor, 1994). Several authors describe three different dimensions of justice; *distributive justice, procedural justice and interactional justice* (Tax, Brown, & Chandrashekaran, 1998). Distributive justice focuses merely efficiency and effectiveness (Deutsch, 1985). Procedural justice focuses on the process and procedures of decision-making. Lastly, interactional justice should be seen as the element of interpersonal behavior within the process and delivery of the outcome (Tax, Brown, & Chandrashekaran, 1998). To gain a better understanding of the importance of these justice dimensions they will be explained in great depth in the following section of this literature review.

Firstly, theories dealing with *distributive justice* primarily put their emphasis on the most effective and efficient allocation of costs and benefits (Deutsch, 1985). This dimension, is concluded by Austin as (1979, p. 24) "justice pertains not merely to outcome distributions, but also to how the distribution is arrived at and the manner by which it is implemented." (Austin, 1987)
Another definition describes this justice dimension as being concerned with the outcome of recovery efforts made by the organization (Greenbery, 1990) (Gilliland, 1993). Compensations could take several different forms depending on the severity of the inconvenience and the willingness of the organization. Such compensation could include monetary refund, free gift, discounts or an oral or written apology (Goodwin & Ross, 1992) (Blodgett, Hill, & Tax, 1997) (Hoffman & Kelley, 2000) (Tax, Brown, & Chandrashekaran, 1998).
Additionally to this, Blodgett et al. (1997) found interesting results when further investigating distributive justice. This justice dimension was found to have a significant effect on the repatronage of customers and a negative impact on the word-of-mouth intention (Blodgett, Hill, & Tax, 1997).

The second dimension justice is called *procedural justice.* Blodget et al. 1997, p 189 however, defines procedural justice as dealing with the "perceived

fairness of the policies, procedures and criteria used by the decision makers in arriving at the outcome of a dispute or negotiation". Issues with the dimensions include the aftermaths of low level of perceived procedural justice. In the majority of cases it triggers off negative emotions and feelings toward the service providers service recovery attempt (Schoefer & Ennew, 2005) (Weiss, Suckow, & Cropanzano, 1999). More interestingly, Chebat and Slusarczyk (2005) demonstrate that even though a slow service recovery triggers off negative emotions of a customer, a quick and service recovery does not automatically set off positive feelings towards the organization. Additionally, procedural justice aims at a continuation of the customer relation and therefore tries to solve complaints in a way that fulfills this criterion (Lind & Tyler, 1988).

The third justice dimension is named *interactional justice*. This dimension ignores the processes and procedures as such and concentrates on the interpersonal components. It deals with implementation of the processes on a personal treatment level (Gilliland, 1993) (Bies, 1987). (Shapiro, 1987). Additionally, this approach aims to understand and describe how it is even possible for people to feel unfairly treated even though all processes and procedures are perceived as fairly preceded. This is explained the interpersonal component, that lets people evaluated situations differently (Bies, 1987) (Shapiro, 1987). This part of dimensional justice is closely related to psychology and therefore Tax et al. (1998) suggested a five-element model that overlaps with organizational behavioral studies and psychological studies. The authors include the following five factors in their model: they start with a fair interpersonal treatment, which at the same time should depict honesty, politeness, effort, empathy and provision of a causal explanation on the incident (Tax, Brown, & Chandrashekaran, 1998). Furthermore, other authors put emphasis on the important role of employees in this context. Several researchers suggest in their works that in order to reestablish customer loyalty and satisfaction it is necessary for employees to show empathy, courtesy and sensitivity while dealing with the customer and their complaint. This is seen as an essential part in the process of complaint handling and contributes

positively to customers´ satisfaction (Davidow, 2003) (Homburg & Fürst, 2005) (Tax, Brown, & Chandrashekaran, 1998).

2.8. REPEATED FAILURES/ PRIOR EXPERIENCE

An essential part in repeated failure or prior experience plays the interaction between customer and employee during this process. More importantly, the employee's service recovery performance greatly contributes to a positive or negative outcome for the individual complaint. However, not everything is solely determined by the company but rather the customers prior experience with the service company is essential. It is even argued by authors that prior experiences plays a way more important role than expected. It goes as far as that even if there was a high satisfaction with the handling of a complaint that occurred in the past, but a similar failure befalls to the same customer again, even with extremely high effort the company might not be able to keep the customers loyalty and satisfaction (Liao, 2007). Two major theories underline the accuracy of the above mentioned statement. Both prospect theory and asymmetric disconfirmation confirm that customers put more emphasis on losses compared to their gains in the complaint management process. Accordingly, the negative consequences of repeated failures could have an even greater effect and therefore outweigh positive impacts on service recovery. Customers are moving towards a lower repurchase intention after a second failure has occurred in comparison to their repurchase intention after the first failure. Taking into consideration the same service recovery performance and evaluation by the customer. The customer has evaluated both as acceptable to them. Another theory that cannot be left out in this section is the attribution theory. However, it is described in great detail in the "Theory" part of this literature review. This theory generally states that customers tend to deduce failures are due to certain issues within a company and are stable and inherent. Such a point of view makes it even more difficult for any company to be successful in their complaint handling and does not allow failure at all. However, failures are inevitable and especially in service industries are a major component of strategy determination (Liao, 2007). This

part has shown the extreme interconnectedness between different topics, such as repeated failures, prior experience, knowledge on customer relationship management, service recovery processes and application of theories to the real world. As complex as this may sound, it becomes clearer as soon as examples are involved (Liao, 2007).

2.9. POST-PURCHASE CONSUMER BEHAVIOR

This next part of the literature review deals with the topic of post-purchase consumer behavior. It is a relatively old research topic, with hardly any changes in the outcome of literature. The challenge in with this topic is the interrelationship of researchers and the determination of the study field it belongs to. It is a widely disputed topic for both researchers of psychology and marketing. Therefore, it is already highly researched and examined. The post-purchase behavior is a process that starts before the actual experience of a service has even started. It all starts with a customer having an expectation on how the service might be, whether this is formed by previous experience, Word-of-Mouth communication, advertisements or so on. Then the customer experiences the service and after that evaluates it. Did expectation and reality match? It might be that the reality outperformed the expectation and the customer is satisfied. The customer is also satisfied, when the reality meets their expectation, but is dissatisfied with an underperformance for expectation and reality and ends up being dissatisfied. This is the fundament, where post-purchase consumer behavior is built on. More in depth: The likelihood of a customer to repurchase or use a service or even become loyal decreases with dissatisfaction and vice versa with satisfaction. But even more importantly, if the outcome of the comparison between expectation and actual performance turns out to be dissatisfactory, a customer may consider complaining. In this case the customer changes its expectation and adapts it to the new situation. Then evaluates the outcome of the complaint handling, includes the previous experience with the service. This results in the "final" consumer satisfaction or dissatisfaction, when complaints are involved.

This shows the increasing emphasis that is put on a professional complaint handling strategy and the interconnection between post-purchase behavior and repurchase intentions (Gilly & Gelb, 1982).

2.10. THEORIES:

2.10.1. PARADOX OF SERVICE RECOVERY / SERVICE RECOVERY PARADOX

The paradox of service recovery is an omnipresent and undisputely vital theory that is increasingly investigated and examined by researchers worldwide. Especially the work "The Profitable Art of Service Recovery" by (Hart, Heskett, & Sasser Jr., 1990) is to be found strikingly often when researching this topic. A widely often cited quotation "a good recovery can turn angry, frustrated customers into loyal ones. It can, in fact, create more goodwill than if things had gone smoothly in the first place"(p. 148) stems from their extraordinary work and perfectly sums up the main pillars and ideas behind this concept. The broad topic has even reached managers already, which greatly appreciate researchers work and more often rely on their findings. A reason for the increasing importance of the service recovery paradox is the financial aspect. As a successful recovery aims to retain valuable customers and keep them back from switching to competitors it of significant importance for a company to have a utterly understanding of the complexity and aftermath such a complaint recovery might cause. In the end the profitability will suffer from a not satisfying service recovery, which explains why managers are highly affected by this phenomenon (McCollough M. A., 1995). The work of (Michel, 2002) has even proofed a positive correlation between a good service recovery and positive word-of-mouth as a result in a service industry. However, the author chose the financial service industry as a sample. A representative number of 11,000 bank customers participated in a process-oriented survey to come to this final conclusion. His findings might also be applicable in other industries as well. The more interesting result of his work is the comparison of an error-free service, where customers tend to be satisfied with. Moreover, customers with an occurring

error and a good failure recovery tend to enjoy a higher overall satisfaction than customers with an initially satisfying service (Michel, 2002).

2.10.2. ATTRIBUTION THEORY

Attribution theory originates from the diverse field of psychology and emphasizes on the causes and inferences of behavior. However, it is not a single theory but more a collection of theories. Further it focuses on the study to explain processes of influence of evaluation and behavior of individuals. This social-psychological field greatly contributes to gaining a better understanding of customer decisions, behavior and evaluations. Furthermore, it is essential to point out that this theory takes into consideration that individuals do make their own decisions that are not always based and forced by environmental factors. Interestingly, some influential authors concluded that there are factors, which are relatively stable and some, however, are more likely to fluctuate with changing circumstances. Characteristics that are fluctuant are luck or effort. Stable characteristics might be depicted by the ability to do something. Additionally, two further dimensions have proofed to contribute to satisfaction of decision-making and recovery of failure occurrence. Those two dimensions have been classified as internal and external causalities. The internal dimensions deals with all factors and conditions that steam and are within a persons, whereas the external dimension focuses on the environmental aspects that surround the person. Attribution theory has contributed greatly to gain an insight into a failure experience. It has shown that if a customer feels that the company had control over the failure occurrence it has major negative impact on customer relationship. The customer then has a lower purchase intention and an increase desire to complain about the failure. In any case of dissatisfaction that steams from failure occurrence, where stable factors lead to this discomfort, monetary refund is preferred by most customers. This is due to the fact that customers believe that this failure could re-occur. Otherwise, customers prefer an exchange. This is when unstable factors are to be blamed. Attribution theory is not only helpful in the field of socio-psychology, but has contributed majorly to development of understanding customers

better. It further is an influential source for customer communication, satisfaction or in some cases dissatisfaction and repurchase intentions (Swanson & Kelley, 2001). Therefore, it is of importance for companies to understand this theory and see it as a useful tool to increase overall satisfaction and customer relationships.

2.10.3. EQUITY THEORY

Next theory that is introduced is a relatively old theory, that still proofs to be of major importance for service recovery. Equity theory is a popular tool that was introduced by Adams in 1965 in the determination of fairness. It shows again how closely the fields of customer relationship management and psychology are connected, as Adams focuses her works on the field psychologist. It is a theory that is helpful for companies in the evaluation of service recovery efforts. Additionally, it puts its emphasis on the fair resource distribution among all parties and factors involved. The theory states that customers feel treaded well and perceive it as a fair service recovery, when "their own economic outcome relative to their inputs are in balance" (Kau et al, 2006, p. 102). Contrary to this participants of a social exchange relationship feel unfairly treaded, when their input relative to the output is not justified or fair and therefore, it is perceived an inequity. Inputs are referred as any inconvenience that follows a failure occurrence. Outcomes are referred to as compensational strategies, such as refunds, apology, replacement, repair, correction of price, and so on.

This could be time, money, psychic or energy. It is concluded that inequity does not only lead to dissatisfaction but also to negative behavior towards the company (Kau & Loh, 2006). This theory is helpful for everyone involved, as both parties should perceive their input-outcome ratio as fair, taking into consideration the previously occurred failure.

2.10.4. HALO EFFECT

The halo effect is a term that steams from the field of psychology. It is described by Nisbett and Wilson (1977), who are two extraordinary experts in

the diverse field of psychology. In their work the described the halo effect as generally being defined "as influence of global evaluation on evaluations of individual attributes of a person, but this definition is imprecise with respect to the strength and character of the influence" (Nisbett et al; 1977; p:250). This shows their discomfort with an overall explanation. To better understand the halo effect in a marketing context, it can be described as a bias behavior toward certain services or products. If a customer experienced satisfaction or a favorable experience with one service or product this can rub off on other products or services offered by the same company. Furthermore, when considering people instead of a service or product it can be defined the following: people tend to judge people in favor of their attributes. Therefore, nice people seem to have favorable attributes and not as nice people tend to have attributes that are not as favorable. This phenomenon is also observed in the negative direction where it is called "horn" effect (Nisbett & Wilson, 1977). Therefore, it is not only essential for a company to satisfy their customers in terms of providing favorable services but also well-trained staff that may deal with customers professionally and efficiently make use of the halo effect.

2.10.5. LIFE CYCLE OF CUSTOMER COMPLAINT

Life Cycle of Customer Complaint is not a stereotypical theory it is more an extension to current literature, which evaluates employee service recovery behavior as essential. It is further discussed that this behavior indirectly as well as directly influences customer justice evaluations of a service recovery process. The cycle consists of five stages, which are further explained below:

1. Making/Providing an apology

   The first step in the Customer Complaint Life Cycle is the provision of an apology. According to Liao (2007; p. 477) "an apology is viewed as a valuable reward that redistributes esteem in an exchange relationship, conveys empathy and concern to customers who have experienced the inconvenience". This includes that the employee takes full responsibility for the negative experienced caused by the failure.

Additionally, it is advantageous to show some sort of repentance toward the customer. The company also shows respect by regretting all negative experiences caused by the inconvenience. And by even handling a complaint the company automatically takes the responsibility for the failure occurrence (Liao, 2007). Therefore, an apology positively contributes to customer evaluation of the service recovery process, including fairness. Last but not least, it enhances customer justice of both distributive and interactional level (Liao, 2007).

2. Problem Solving

After the company decided to provide an apology to make up for the failure occurrence, there is still a problem that needs to be solved. This next step deals with the "problem solving". Even though the company has taken full responsibility, customers still await the mistake to be corrected or the problem to be solved. This further contributes to reach a certain level of justices (McColl-Kennedy & Sparks, 2003). Research shows that customer satisfaction and quality evaluation can be influenced by the way employees´ deal and especially solve problems. This is even more important in the service industry, but plays a major role in any company and industry. If a company, however, does not deal with customer complaint in a right manner, it may lead to unpleasant and undesirable consequences. Such consequences may be even worse than an unspoken complaint. A customer may perceive the procedures as unprofessional and the company as not able to deal and solve failures and problems. They further feel an even bigger gap between what they expected and the actual outcome of the service and will evaluate the procedures used by employees´ and the service recovery process of the company as inadequate, as they are not capable of providing an appropriate solutions. An even bigger problem is depicted by the aftermath of such a behavior. Researchers refer to it as the "double deviation", which is created whenever service failures are followed by resolution failures. This unfortunate series of events is

further followed by an intensified dissatisfaction and perceived injustice by the customer (Liao, 2007).

3. Being Courteous

This next part is of high importance for the company and plays a vital role in the process of complaint handling. Even if being courteous seems usual and normal for most people, confrontation of criticism is not manageable with the same patience for everyone involved. The increasing amount of research and empirical testing shows that a well-trained, calm and polite employee that treats customers with respect is already halfway through the problem process. Such a behavior can diffuse the problem of a customer. Even though this is just happening in the mind of the customer, for the company it is an inexpensive way of helping customers and save their reputation. It is currently not possible to see the results of rude and disrespectful employee behavior of empirical testing, as researchers have not yet solely and explicitly examined this in prior studies. However, it in most studies consequences are assumed to be extremely harming for the organization. According to Liao (2007; p. 478) "polite treatment in itself is a desired social-emotional outcome customers expect to receive following a service failure and helps customers achieve and maintain a positive self-esteem". Furthermore, courteous is a legitimate claim, especially in service industries. It is the basis and therefore a fundamental element for customer satisfaction. If a company wants to be held in high esteem, politeness, respect, patience and friendliness are natural manners that need no extra mention (Liao, 2007).

4. Providing an explanation

With the next step a company aims to provide an explanation. This is essential in so far as the customer might acknowledge that it is not completely the organization´s fault or that a series of unfortunate events led to occurrence of a failure. Furthermore, an explanation may contribute to an enhanced customer satisfaction. Taking an example

may facilitate the understanding of the following statement: From an employee's perspective the provision of explanations contributes positively to the acceptance of bad news. For example, the unfortunate event of a pay cut. With no explanation at all by the employer, the employee may feel unfairly treated. But by providing an appropriate explanation that includes all information necessary for the employee to understand why the pay cut occurred, the employee may understand the circumstances better. Therefore, open communication is a vital keyword in the service recovery context. Customers may interpret an explanation as a valuable piece of information and outcome and "a means to understand and control their service environment" Liao (2007, p: 478). This all leads to a higher perceived justice by the customer and further may enhance customer loyalty towards the company. This step of the Life Cycle of Customer Complaints is interrelated and directly connected with interactional justice.

5. Prompt handling

The last step in the Life Cycle of a Customer Complaint is a step named "prompt handling". This is the last but equally important step in the cycle. The meaning of prompt handling is referred to the reactionary behavior of the employee. According to numerous authors, such as Bitner et al. (1990), Clemmer and Schneider (1993), Conlon and Murray (1996), Parasuraman, Zeithaml and Berry (1985) or Smith et al. (1999) the speed of reaction of an employee can be directly link to the customer satisfaction after a complaint has occurred. Furthermore, especially when it comes to the fairness evaluation during a complaint handling process, customers are often influenced by the timeliness of the decision-making process. As Liao describes in his work, customers may perceive a quick complaint handling as a "valuable and deserved outcome" (2007; p. 478). Additionally, it is a way of showing respect and taking responsibility of the failure that has occurred. It further enhances customer – employee communication and interactions. Contrary to a prompt handling a slow and tardy complaint

handling may have fatal consequences for the company. Customers perceive it as acknowledgement of guilt. Especially in the procedural justice this dimensions plays a major role and determines success or failure of a complaint process (Liao, 2007).

All in all, customer complaint offers any company an opportunity to correct their mistakes and re-perform their service. By following the above mentioned five-step model of customer life cycle of a complaint, it may even provide a company with a comparative advantage in the fierce market of an service industry. The model is a proposal of how complaint management can be solved in a professional and respectful manner, but can be enhanced and extended to yield a desirable outcome.

2.10.6. ISHIKAWA DIAGRAMS

Ishikawa diagrams are causal diagrams that facilitate depiction or graphical demonstration. It is primarily used for problem solving. A Japanese organizational theorist introduced this important theoretical help in the 1960s. The diagram is also known as, fishbone diagram, herringbone diagram, cause-and-effect diagram or Fishikawa. The reason for calling it the "cause-and-effect diagram" is simple. The diagram aims to capture causes that lead to some sort of problem, which is understood as the effect. The reason of calling it "fishbone" or "herringbone" diagram is even simpler. The form the diagram take and is arranged is similar to a fishbone. It can be used to solve major problems or just small inner company issues. Additionally to its great variety of field of application it is highly flexible. A major drawback, however, is that this model does not take into consideration the weights of certain causes and therefore, turns out to not be as accurate as other models might be.

In the dynamic hotel and tourism environment this model enjoys a high standing. It is popular among companies, such as hotels as it helps them to visualize processes and thus facilitates the detection of flaws in their processes, wherever complaints may arise (Kindlarski, 1984).

3. 3. METHODOLOGY

3.1.   3.1. QUALITATIVE RESEARCH

This next part of the dissertation is dedicated to the methodology used to reach desired results. The decision to focus on qualitative research rather than quantitative research was not influenced by the main research question *"What are the main differences in complaint handling between individually/family/privately-owned hotels in comparison to global hotel chains?, rather than by the addition of "Why are there differences". This question can be answered more easily in an in depth interview with a responsible employee from the according hotel department. Furthermore, qualitative research allows for more flexibility and therefore, can result in an unexpected," not previously thought of" result. Additionally, it gives the interviewed person more freedom to express their thoughts and explain their procedures in greater depth. It also allows for a more natural interaction between all parties involved.*

Qualitative research more generally is the use of small groups, individual people or in-context observation to gain in depth information on a desired topic to prove a hypothesis right or wrong or if there is need for improvement. Personal interview, however, is not the only way to make use of qualitative research, focus groups and participant observations are also popular tools of qualitative research. For sensitive topics interviews are quite useful (Mack, Woodsong, Macqueen, Guest, & Namey , 2005).

Furthermore, interviews are used to gain information and being able to answer all questions, whether these are subquestions or the research question itself. Moreover, the structure of the interview is essential and may influence the outcome of the study. Hence, semi-structured interview method is chosen in this work. Semi-structured interview is generally a formal interview method, which gives both interviewer and questioned person more freedom than a structured interview. It is made use of a guide, which is a list including major questions that are of importance. However, the questioned

person has freedom to give as much information on topics and questions as he/she prefers to, even questions that are not previously listed or documented. It provides both sides with some sort of flexibility and is thus is a popular tool when using qualitative methods. Hence, this method may shows findings that the research itself has not thought of before (Mack, Woodsong, Macqueen, Guest, & Namey , 2005).

3.2.   INTERVIEW GUIDE

Furthermore, a codebook is created that assists in the guidance of an interview. In this dissertation the codebook was divided into four major groups. Those groups are: general information, customer relationship management, complaint management, compensation and combined questions. Each of these headings included minimum one up to a maximum of thirteen questions, that a related to the specific heading. This is a quite helpful tool to ensure efficiency and structure. The codebook, including the prepared questions for the interviews is provided later on in the methodology. In addition, all interviews were held in German language and later on translated into English language by the writer of this dissertation.

Below is a presentation of the codebook, including all questions prepared prior to the interview:

General Information:
1. Information about the hotel
    a. Since when does it exist
    b. How many employees
    c. How many employees in the different areas
    d. How many beds
    e. Average length of stay
    f. High turnover rate?
    g. Main target group?
    h. Main season?

Customer Relationship Management – CRM:

1. What do you understand under the term "customer relationship management"
2. How important is CRM for your hotel? How much emphasis is put on it?
3. Is there an overall strategy for customer relationship management that is followed by the hotel
4. Would you consider it a success – or is there still need for improvement
5. Are you following up on competition strategies or isolating your CRM

Complaint Management:

1. What do you understand under the term "complaint management"
2. How important is complaint management for your hotel? How much emphasis is put on it?
3. How does a complaint process look like?
4. Do you react differently to complaints from different people – loyalty degree, for example?
5. Do you think that there are differences between the dealing with complaints within a chain and what are they?
6. Are employees encouraged to find solutions themselves?
7. How much freedom to act does the individual hotel have?
8. How much freedom to act does the individual employee have?
9. How much freedom to act does the managerial level have?
10. Are there special training sessions for employees or on a managerial level or are there no such training sessions?
11. Where do you receive the majority of complaints?
12. Do you see a shift/trend where customers complain?
13. How do you deal with online complaints?
14. Do you get complaints about your complaint management?
15. Are complaints measurable? In how far? (decrease in number of complaints)

Compensation:

1. How important is customer satisfaction, also when dealing with complaints?
2. How important is customer loyalty in this industry/for the hotel?
3. Is there a "general" compensation that every customer gets – or does it depend on the individual case, or what kind procedures do you have?
4. Which forms of compensations do you have?
    a. Monetary refund
    b. free gift
    c. discounts
    d. oral or written apology
    e. other
5. Which form of compensation do customers appreciate the most?

Combined questions:

1. How harming can negative WOM be for a hotel?
2. What should be paid extra attention on – avoidance of complaints – or – fast and efficient solution finding?
3. Do you use tools/literature that stem from notable researchers?
4. "The Hampton Inn" decided to implement the "service guarantee" strategy and could reach the highest customer retention rate in the industry. They did so by stating "If you're not satisfied, we don't expect you to pay. That's our commitment and your guarantee. That's 100% Hampton®".

    What is your specific strategy to retain customers after service failure and would you consider implementing such a strategy in your hotel? Do you think it is helpful to have such a strategy? Why or why not?

3.3.   SAMPLE

This study is mainly concerned with tourism industry and thereby focuses on the hotel environment. It was essential to choose sources carefully. Therefore, hotels with different backgrounds are chosen to serve as the main source of information. In this work three hotels are carefully evaluated and questioned to gain a better understanding of their work and being able to compare their strategies and gain an insight view into their business. All three hotel share certain similarities but do also contain fundamental differences.

The table below introduces the hotels by presenting hard facts:

	Hotel A (confidential)	Hotel B (The Ritz-Carlton Vienna)	Hotel C (25hours Hotel Vienna)
Star Categorization	4* superior	5 *	no star categorization
Type	privately-owned	chain hotel	chain hotel
Opening	summer 2008	2011 Vienna	2013 Vienna
Target market	1. seminar 2. leisure/wellness	1. well-traveled executives 2. celebrators	1. everyone 2. between 35-40
Location	Vienna surroundings	Vienna City Center	Vienna City Center

Figure 1 – Presentation of hard facts of Hotel A,B and C

4. RESULTS

4.1.   GENERAL INFORMATION ON THE HOTELS

Hotel A: This hotel is owned by a married couple, which currently holds one hotel property. Approximately 35-40 employees are currently working on spoiling their guests. The employees are responsible for a total number of 45 rooms, however the hotel is currently undergoing a drastic change and is almost doubling their current number of rooms to 85. Whether or which impacts this construction work will have on the number of employees remains

unclear. The average length of stay in this hotel is not measured as accurately as in the two others, and therefore, is a broader guess, which lies between two to three days on average. Moreover, the hotel does not have a high turnover rate concerning its employees. Their main season is all year with a low in summers and weekends in general. The hotel will try to compensate the lower number of stays on weekends by their currently on-going construction work, as this wish become a romantic weekend getaway spot for people.

Hotel B: The Ritz-Carlton is a worldwide operating hotel brand, which is owned by Marriott International. This brand currently consists of 91 hotels in 30 countries. The Ritz-Carlton, as an international hotel organization is employer to about 40,000 ladies and gentlemen, how they preferable name their employees. The Vienna-based hotel has a total number of 220 employees. Those 220 employees are responsible for 202 rooms in total. The average length of stay in this hotel is 3.7 days. Their turnover rate is a healthy average in the hotel environment. The main season is summer, fall and winter, which is almost all year around.

Hotel C: The 25 hours hotel is a growing and prospering hotel organization, which most recently has sold 30% of their ownership to the French hotel group Accor Hotels. It currently holds eight hotels, however is planning to double their number of hotels within the next few years. The Lifestyle hotel is currently employing 105-120 employees in their Vienna-based location and counts about 400 employees overall in all eight locations. This seems unevenly distributed among the locations, as the average would be 50 employees per location. This shows that the Vienna location is one of their biggest hotels. In contrast to this, in some cities, such as Hamburg 25hours hotels have a total number of three hotels or in Frankfurt even two. Taking further into consideration that the hotel in Vienna includes a total number of 217 rooms. The average length of stay is 2.3 and their turnover rate remains low. This hotel yields a utilization of 86%.

This is a short overview that provides the most fundamental and crucial information on each hotel and already shows major differences in certain areas.

It can clearly be seen that The Ritz-Carlton has by far the longest average length of stay with 3.7. However, as Hotel A does not actively measure this, it becomes a challenge to accept this as a point of evaluation.

The ratio employees to room is a great numeric measurement that depicts the emphasis each hotel puts on this very specific and essential resource planning. The Ritz-Carlton takes the lead in this category with an impressive ratio of more than 1:1. In comparison to this the 25hours hotels reach a ratio of 0.5:1, meaning that it has twice as many rooms as employees. The ratio of Hotel A lies between the one of the other two hotels and is closet to the average taking all three of them into consideration.

One is tempted to conclude that the hotel with the highest ratio provides the most intense and guest-oriented service, while this may be true in some cases, there are also other factors that influence this ratio.

4.2. CUSTOMER RELATIONSHIP MANAGEMENT

4.2.1. IMPORTANCE

Hotel A: For this hotel states that loyal guests are essential and customer relationship management´s goal is to make a guest a loyal one. Furthermore, satisfied and loyal guests are gaining in importance. Moreover, loyal guests are more easily handled, as remaining a loyal guest is not as difficult and also not as cost intensive than acquiring new guests.

Hotel B: Customer relationship management is essential, not only in the hotel environment. It however, is even more important to find the perfect way of dealing with this and understanding the needs and wants of guests. Customer relationship management does not only include complaint management, it further includes brand commitment, loyalty, satisfaction, engagement and many other important factors that contribute to a positive and lifelong relationship.

Hotel C: Customer relationship management is of major importance to any hotel. It is even more important to know how to make best use of it and work with it accordingly. Furthermore, it is in need of a salient strategy, which perfectly fits needs and wants of both, hotel and guests.

It can clearly be seen what an important role customer relationship management holds for all three hotels and this is not surprising considering the amount of literature that is available on this topic.

4.2.2. STRATEGY

Hotel A: As mentioned above, the overall strategy of this hotel is putting more emphasis on current, loyal and satisfied guests than putting lots of effort and resources into acquiring new guests and remain with an unknown output. However, the drastic change of the ongoing construction work will most probably call for acquisition of new guests, but this is not further amplified.

Hotel B: The overall strategy of The Ritz-Carlton is developed more accurately. They try to get at least six to ten per guest interactions a day. Those interactions include asking more detailed than general questions on their stay, including questions, such as what can be done to enhance one´s stay. The Ritz-Carlton as a part of Marriott International and as a worldwide operating hotel group with 91 hotels follows certain standards that are set by their headquarters and are followed by all hotels.

Hotel C: The overall strategy of the 25hours hotels is their special booking system, which includes a guest card index. This index facilitates processes within the hotel and also connects one hotel with all other hotels. Therefore, all hotels are well informed and always up-to-date. It further assists the hotel in Vienna to spoil a guest that had to face a challenge in another location. This provides them with the advantage of knowing all negative experiences of guests and turn these into positive ones and make their guests satisfied and loyal. Additionally, to this employees´ ability to be flexible and able to adapt to

certain situations is essential. Furthermore, their approach of guest contact remains relatively laid back, meaning that employees may freely choose their topic of communication with the guest, whether this is soccer, opera or any other topic of interest to the guest. Of course there are some "phrases" that need to be said, such as opening hours of different facilities or check-out time. The 25hours hotels see this freedom as a chance to enhance customer relationships.

All in all it can be said that all three hotels have chosen a different strategic approach. From a more laissez-faire over a slightly regulated with some standards to a more strictly regulated approach.

4.2.3. SUCCESS OF THE STRATEGY

Hotel A: In general there is always space for improvement. This hotel considers its way as a good one, however is constantly working on further improvements.

Hotel B: The Ritz-Carlton has a similar opinion on this topic, as there is no such thing as perfection and if there is no space for improvement that would be horrible.

Hotel C: The 25hours hotels agree to the statements of the other two hotels, as that improvement is always possible, desired and aimed. In addition to this the hotel has already gone through major improvements, one of them being their relatively newly introduced guest card index. Moreover, the steady growth of the group has led to an increase in standards from the headquarters. As back in 2013 the hotel in Vienna had to deal with every complaint on a completely individual basis with no standardized processes at all.

All three hotels share the same opinion, which is that there is always need and space for improvement, no matter which star categorization, group or

family-owned, or which size the hotel is. The approach of improvement is a constant aim, which contributes positively to the wealth of a hotel.

4.2.4. BENCHMARK APPROACH

Hotel A: The hotel does not compare its own customer relationship management to that of other hotels. It focuses solely on their operations within the hotel.

Hotel B: The Ritz-Carlton follows up on competition, meaning not only other hotels, also other organizations. This can take any form, a popular tool are easy test calls. However, other hotels benchmark The Ritz-Carlton more often than vice versa. Especially, their empowerment approach is often copied by other hotels. This is honorable for The Ritz-Carlton, as it shows the success of this tool. Therefore, the hotel does not hide any of their strategies.

Hotel C: The 25hours hotels normally do not follow up on their competition. However, it remains unclear whether or not the headquarters follows up on competitors. More focus is put on their hotel, as the send out mystery shoppers twice a year to check the performance of their hotel. This is stipulated by their headquarters in Hamburg. Their very last mystery shopper took place in October 2016 and resulted in 78%. This is satisfying to the hotel, however there is always space for improvement as above already mentioned.

The benchmark section of this dissertation shows that the three hotels do not agree in this point, as two hotels do not follow their competition as closely as The Ritz-Carlton does. The family-owned hotel and the 25hours hotels preferable focus on perfection of processes within their own hotel, whereas Hotel B concentrates on both perfection of processes within their hotel and keeping up on competition. Whether or not this is an essential and meaningful measurement to determine the success of customer relationship management remains unclear.

4.3. COMPLAINT MANAGEMENT

4.3.1. DEFINITION

Hotel A: The Ritz-Carlton Vienna sees complaint management as one part of CRM. And thereby, found out what many hotels have not yet figured out how to perfectly deal with complaint management. It is about the wants of guests and not about what the hotel is willing to give. Guests need and want fast and effective solutions to their problems. They do not want to be sent from one person to another. This needed to be understood and was followed by the invention of their empowerment approach. All employees, ladies and gentlemen, are empowered to find solutions. Empowerment is an action competence. The empowerment is a strategic approach, where employees are empowered to spend $2,000 a day per guest.

Furthermore, The Ritz-Carlton measures three specific indicators, which are essential in determination of the efficiency of their problem solving. Firstly, the number of defects voiced by the guest is vital. Secondly, satisfaction of problem solving is an indicator. Lastly, the so-called "first person resolution" is an increasingly important measurement that is put a lot of emphasis on, as the empowerment approach shows.

4.3.2. IMPORTANCE

Hotel A: Hotel A states that complaint management is important, as nobody is perfect and failures may occur. Furthermore, they see it as a chance for gaining improvement suggestions and gaining insights into how guests experience their services. In addition to this Hotel A invites guests in assisting in improving their processes. This shows the hotel, where there is still need and space for improvement. However, changes need a certain number of complaints or feedbacks in order to be valid and to see the need of this change.

Hotel B: For The Ritz-Carlton there is no question of the importance, as of course complaint management in a service dominant industry with people

working is essential. Failures do occur and that is not the problem. The better question is how to deal with the occurrence of failures.

Hotel C: Also the 25hours hotels agree on the immense importance complaint management has in today´s world. They have meetings once a quarter, which cover topics, such as expansion or changes. Most of the discussed topics stem from guest feedback, as this is essential and becomes increasingly important to the hotel. They even state that steady growth and expansion is depended on satisfied guests and therefore, they rely on their feedback.
The more challenging part, however, are guests that are not satisfied and decide to not voice their experienced inconvenience. The 25hours hotels realized that this may be due to cultural differences and tries to adjust to this a much as possible and remain flexible at all time.

In the point of importance there is clear agreement that it is crucial to find proper solutions to satisfy guests after the occurrence of failures. Additionally, there is nothing wrong with the occurrence of failures in such service dominant industry and it is not about avoiding them more about dealing with them accordingly. Furthermore, two hotels agree that only feedback from guests lead to changes that satisfy guests most likely. Moreover, this is a driver of growth.

4.3.3. VISUALIZATION –COMPLAINT PROCESS

Hotel A: The family-owned hotel differentiates between "loud" and "silent" guests. This is decisive for further procedures. On the one hand "loud" guests often demand hotel management, the same is informed right away. "Silent" guests on the other hand are dealt with by the receptionist directly.
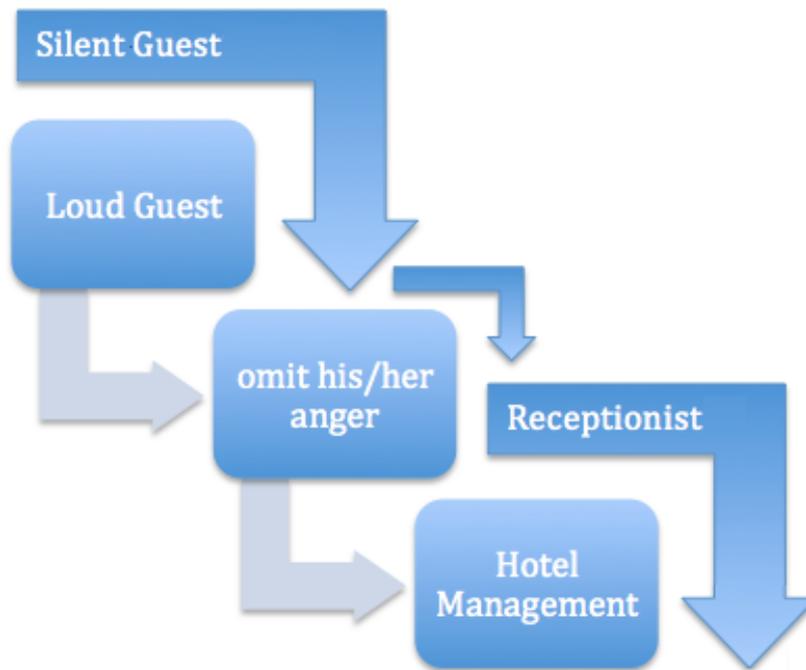
Figure 2 - Visualization complaint process Hotel A

Hotel B: During a complaint processes employees of The Ritz-Carlton draw back on the LEARN approach.

This, however, builds solely a basis. It is fundamental knowledge that all employees posses. In addition to this employees are encouraged to reduce any kind of barrier, interrupt ones work, takes notes and ask questions. Furthermore, it is important to The Ritz-Carlton that the employee takes full responsibly for any failure, no matter who caused it. It is not only important to fast and efficiently solve a problem, it is the aim to exceed guest's expectations and for this purpose The Ritz-Carlton holds training sessions for their employees.

Figure 3 - Visualization complaint process Hotel B - The Ritz-Carlton

Hotel C: The introduction of the guest card index allows the 25hours hotels a more individualized complaint management approach. Additionally, it allows

the hotel to be one step ahead and surprise guests by being extra attentive, which many appreciate. Moreover, as it is an interconnected program between all hotels it is possible that even when guests in another location have faced a challenge and then travel to the hotel in Vienna, the Vienna based hotel then may compensate and spoil the guest.

challanges of a guest

hotel up-to-date

react accordingly
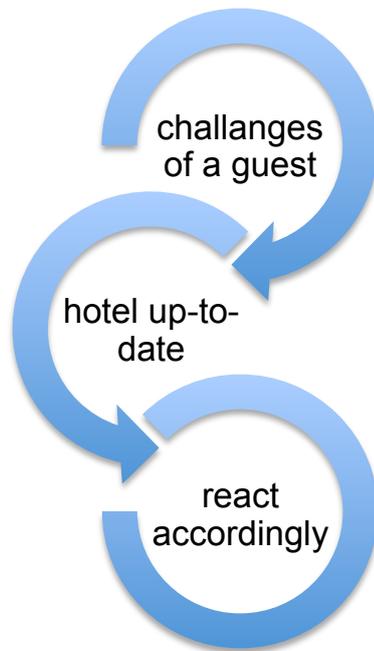
Figure 4 - Visualization of complaint process Hotel B - 25hours hotels

4.3.4. SEGMENTATION

Hotel A: Hotel A considers all guests no matter their race, age, religion or origin is the same. Most of their guests, however, are Austrians.

Hotel B: Every guest in The Ritz-Carlton Vienna is a VIP guest and treated the same. Furthermore, they point out that it is important not to treat guests differently. In addition to this their concept of equality is continued in their employee area. All employees, not matter if this is the general manager or the intern get the same freedom to act when it comes to complaint handling and solving.

Hotel C: Guests are treated the same way in this hotel as well, as every guest is a potential loyal one. Though, they categorize their guests and starting from

the tenth stay a guest becomes a regular one. This is also saved in their guest card index. The privilege that regular guests have is that they receive a handwritten welcome card and also a small gift of their preference.

All three hotels agree that there should not be any differences in how to treat guests. Hotel C, does not treat guests differently as such, but appreciates regular guests and tries to further enhance their stay by personal goodies to show their appreciation.

4.3.5. Employees´ Responsibilities and Freedom

Hotel A: Hotel A encourages employees to find solutions themselves. To facilitate and assist employees in their decision-making they are guided by the "Frankfurter Tabelle", a list for price reduction according to law. As the hotel is family-owned there are no standards from any headquarters. The individual employee has relatively high freedom to act, as not everything needs management approval. For the hotel it is valuable that the employee acts fast, as time is valuable and guests expect an efficient problem solution.

Hotel B: In The Ritz-Carlton employees are empowered to find solutions themselves. As mentioned above every employee gets the amount of $2,000 per day and guest, which is used to enhance the stay after a failure has occurred. Employees do not need to justify their decisions and there is no restriction, as this would solely hinder employees in their action competence. Therefore, their motto is "Feel free and do what you think is best for the guest". The specific amount of $2,000 is the same for every Ritz-Carlton and was set after some experience. It enables employees to remain flexible and gives them enough scope to make up for a bad experience. As the hotel is a five star hotel guests do not only pay a lot, moreover expect a lot. Therefore, it is unnecessary to argue with the guest, when it is possible to provide the guest with a positive experience to make up for a negative one. Guests might remember this more than their negative experience. This is what creates brand awareness.

Hotel C: The 25hours hotels have certain standards that need to be followed. However, they try to provide their employees with as much freedom in decision-making as possible. Furthermore, employees are encouraged to not only find fast and efficient solutions, but also make decisions without steady control and management approval. As already mentioned the 25hours hotels have certain standard. One of them is that every employee is able to spend the amount of 50€ per guest and per day to ensure their satisfaction in case of occurrence of a failure. This amount is stipulated by the headquarters. Furthermore, an employee does not need management approval for compensations that do not exceed the value of 50€.

It can be seen that in employees in all three hotels are encouraged to find solutions themselves. However, they have different levels of guidance and freedom for the purpose of ensuring guest satisfaction after a challenge has occurred.

4.3.6. TRAINING APPROACHES

Hotel A: For Hotel A there are no training sessions on a regular basis. However, before their construction work started they had a training session showing employees the most efficient way to deal with complaints that have to do with this issue and also to inform employees that there will be an increased number of complaints during this time.

Hotel B: The Ritz-Carlton Vienna holds training sessions in the third week of every employee. Learning is a main goal for this hotel and therefore, the hotel holds several more training sessions distributed over the year. Those sessions are not only focused on complaint management. Furthermore, there are daily trainings, the so-called line-ups. Employees talk about their day, this is done within the different departments. One of those meetings lasts for about 15 minutes and includes topics, such as challenges of the day, to keep everyone updated and also values of the Credo card are discussed. The hotel has a strong philosophy, which is recorded in their Credo card.

Hotel C: In the 25hours hotels every employee attends a total number of three training sessions at the moment. This year a fourth training session will be added. The individual training sessions are assembled by the human resource team. The topics of the sessions are fixed and do not change. The first topic deals with behavior. The second topic is feedback training, which is about complaint management. The third topic is essential training, which is about the philosophy of the 25hours hotels. The fourth and newest training session will deal with perfect communication, which includes perfect reaction in different situations. The length of the sessions varies between three to four hours each.

In this part the three hotels share only minor similarities. It becomes clear that the family-owned hotel makes only little use of training sessions or only when there is a special occasion for this. The two other hotels use training sessions on a regular basis to cover certain topics that are of major importance.

4.3.7. TYPES GUEST COMPLAINTS

Hotel A: Hotel A does not receive complaints in a specific department rather than get more general complaints.

Hotel B: The most common complaints at The Ritz-Carlton Vienna concern technical issues. This is due to the fact that the house is heritage protected and therefore, not many changes are allowed. A special challenge is depicted by their air-conditioning/heating system, as the house is quite old and possesses eight-meter high ceilings. Furthermore, in the pompous entrance hall includes many entrances, which make it impossible to heat the property accordingly in winter season. Unluckily there is no perfect solution to this, however many great ideas are still in progress by the hotel.

Hotel C: For the 25hours hotels a main challenge is their technology, as this is sometimes target to complaints. In the last mystery check housekeeping could reach a score of 95%. Also their internet was recently renewed to ensure high speed internet.

Two hotels share similarities in their types of complaints. Weaknesses of both hotels have to do with technology and therefore, are not directly service related issues as such. This could be due to the size of the hotel, as only the family-owned hotel does not share this challenge with the other two hotels.

4.3.8. TRENDS IN COMPLAINTS

Hotel A: This hotel describes their personal experiences on a shift or trend in complaints as having changed to a higher comfort and standard. As they explained in the personal interview their actions to become more sustainable and at the same time provided guests with a greater variety, turned out not be accepted by their guests. They received negative feedback by several guests and will change this back again.

Hotel B: In the luxury hotel industry there is no such trend. Guests in this category have a constant high expectation, which is good and their right. In addition to this The Ritz-Carlton invites their guests to evaluate them on TripAdvisor.com. This makes them a pioneer in this field. In general guests that voice their challenges are more likely to stay in contact with the hotel and also with the quality manager of The Ritz-Carlton Vienna. Whether comments are negative or positive both are very much appreciated.

Hotel C: The hotel sees a clear trend from fundamental and understandable complaints to fierce price negotiations with group bookings for example. This might be due to the increased use of internet, especially price comparison platforms and quality evaluations, such as review platforms.

All in all trends described by two hotels seem similar, as both refer to the change of guest expectations and fierce price wars. One hotel sees no shift or trend, as The Ritz-Carlton Vienna refers to the already high expectations in the luxury hotel industry that remain stable over time.

4.3.9. ONLINE COMPLAINTS

Hotel A: The hotel receives automated E-Mail, which informs them as soon as an online comment was submitted. Reception pre-checks it and then forwards it to the hotel management. This is because hotel management demands to do so, as they want to be up-to-date. The majority of complaints in this hotel are voiced directly in the hotel and not online. However, if online complaints occur solely negative ones are reacted to.

Hotel B: The Ritz-Carlton Vienna receives an increasing number of online complaints. The hotel deals with this by sharing social media reviews among the hotel, so that everyone is informed and up-to-date. This is one of their standards. Another one includes that the hotel reacts only to negative reviews, as positive ones are not necessary at the moment. A reason for this is that there are too many positive ones to react to every single one. However, the hotel makes one exception. Any negative or positive review shared on TripAdvisor.com is reacted to. This is because TripAdvisor.com was chosen to be their key review evaluation platform, which is most focused on. This area is managed by general manager and quality manager of the hotel.

Hotel C: In this hotel concierge and reception are equally responsible for dealing with online complaints. All comments, whether those are positive or negative ones are reacted to, as long as they are published on TripAdvisor.com and Holiday Check. Any comments on Facebook exceed the area of responsibility of reception and concierge and are dealt with by another department.

What sticks out here is the fact that two out of three hotels do not react to negative comments on the internet, or have picked only one site, which is most emphasized on. This may be due to the fact that one hotel receives too many and the other hotel relies more on direct complaints and therefore, only receiving a minority of their complaints online. The third hotel is the only one that reacts to comments of both types, negative and positive. This could be

because this hotel can still handle the amount of comments and manage to react to all of them equally.

4.3.10.   COMPLAINT MANAGEMENT COMPLAINTS

Hotel A: This hotel has not yet dealt with any complaints on their complaint management.

Hotel B: The Ritz-Carlton has not necessarily dealt with negativity towards their complaint handling strategy. They admit that there might the event that some guests are not 100% satisfied with the outcome of the complaint handling and therefore, may complain about the complaint management.

Hotel C: Luckily, this hotel has not yet experienced any inconvenience with their complaint handling.

The outcome of this part is short and the message clear. None of the hotels have had serious issues with complaints on their complaint management.

4.3.11.   MEASURABILITY

Hotel A: In this hotel it is possible to measure the number of complaints when considering the purpose of the seminar, to name an example. When the aim of the seminar is teambuilding the hotel knows that the number of complaints will be lower in comparison to if it is a seminar on an important topic with highly stressed-out guests. This increased pressure and level of stress contributes to the number of complaints according to information by Hotel A.

Hotel B: The Ritz-Carlton works together with "gallup", a market and attitude research company. They provide the hotel with important information, which often determines their strategic decisions. It was proved that the costs and financial expenditures when a problem occurs are very low with the first person, approximately 36€. This rises quickly. When guests have a total number of four different interactions before anything happens the costs go up

to 196€. More drastically, if nothing happens the hotel or more generally organization looses about 300€ only by not being able to provide an appropriate solution. This has contributed to the empowerment approach that was introduced by The Ritz-Carlton. This shows that it is a lot more efficient to provide employees with a certain amount of power in decision-making.

In addition, to this measurement, the hotel itself measures the three indicators mentioned above, number of defects, first person resolution and satisfaction of complaint handling, to evaluate effectiveness and efficiency of their strategic approaches.

Hotel C: An indicator that allows the hotel to measure the efficiency of their complaint handling would be if a guest deletes a comment or corrects the comment. This has already happened several times. Furthermore, some measurements are also done through their reports.

The part of measurability of complaints has been answered in three very different ways by the hotels. From an approach of differentiating guests aims of stay, over highly professional partner companies that provide the hotel with hard facts, back to online importance and changes of online behavior.

4.4. COMPENSATION

4.4.1. IMPORTANCE OF GUEST SATISFACTION

All three hotels agree on the importance of guest satisfaction and see it as an essential part of customer relationship management. Furthermore, they conclude that not only the hotel industry appreciates the value of satisfaction.

4.4.2. LOYALTY

Hotel A: Hotel A considers guest loyalty as an increasingly important part of customer relationship management. It further facilitates certain processes for the hotel, as they know what to expect and what the guest appreciates. Especially, for their seminar guests this is even more important and in order to

become loyal guests need to be satisfied with the service provided by the hotel.

Hotel B: Loyalty is important, however, commitment is even more important. Loyalty programs are useful tools that may assist reaching brand engagement. This is a main aim. To create a connection between the guest and the brand. The guest should not only be loyal to The Ritz-Carlton Vienna, the guest should become a loyal guest to the brand The Ritz-Carlton, no matter what location in the world.

Hotel C: For the 25hours hotels it is an essential part of business. They already have a high number of loyal guests, however some major changes within the hotel unfortunately, led to quite a loss of previously loyal guests.

Loyalty is equally important of all three hotels questioned. Differences in their strategic and operational approaches become clear. This may be due to their different target groups, which bring along different degrees of loyalty as a basis.

4.4.3. COMPENSATION APPROACHES

Hotel A
- reduction on Spa treatments
- coupons
- goodies send to the room

Hotel B
- dependend on defect and employee
- limit: $2,000

Hotel C
- completely individual
- limit: 50€
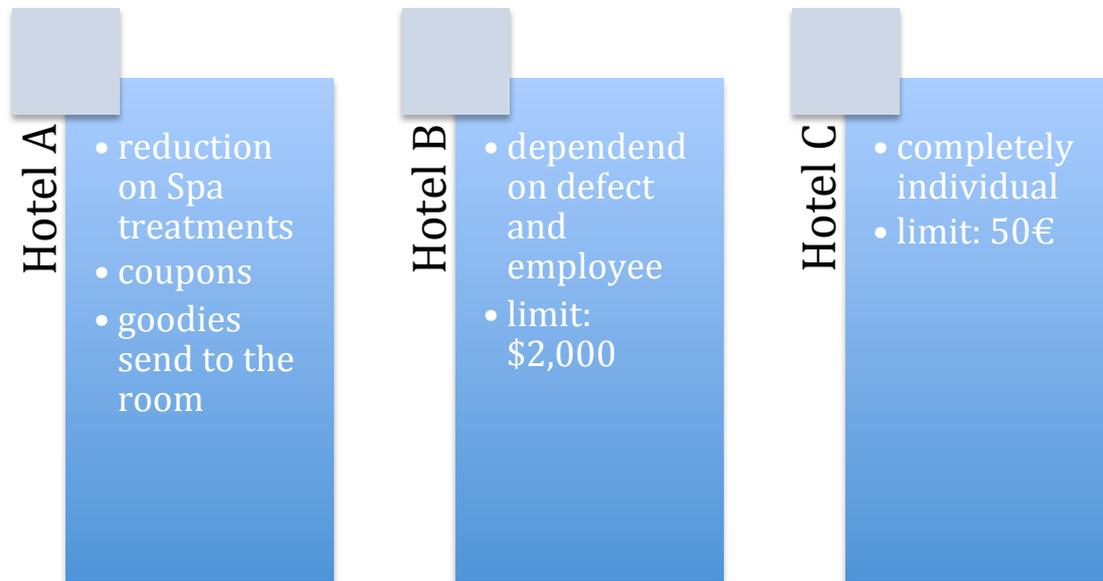
Figure 5 – Concept for compensation

Hotel A
- no monetary refund
- no free gifts

Hotel B
- no prepackaged goodie bags

Hotel C
- no monetary refund
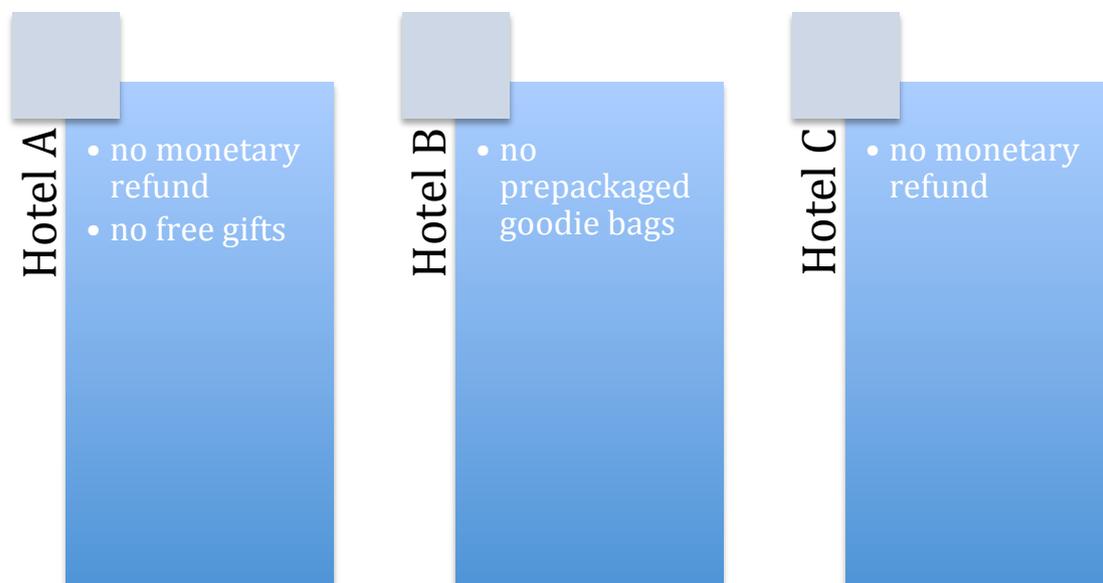
Figure 6 - Non-preferred types of compensation

One similarity between Hotel A and Hotel C is that both of them reject monetary refund, as a compensation approach. Hotel A further rejects the use of free gifts and has steered its compensation strategy towards coupons or

price reductions. The Ritz-Carlton gives full freedom of decision-making to their employees and therefore, anything is possible. They reject to be prepared for complaints in a way of having prepackaged goodie bags to hand over to the guest attempting to satisfy him/her. In case the $2,000 limit is exceeded managerial approval is necessary. This has barely happened yet. Similar to this is the approach of the 25hours hotels, with the only difference being the budget limit, which is set at 50€ in this case.

4.4.4. APPRECIATION OF COMPENSATION

Hotel A: Price reduction is among the most appreciated compensation types, especially for seminar participants and companies. For private guests such a generalization is a challenge, as it varies greatly and also depends on personal preferences.

Hotel B: The Ritz-Carlton Vienna agrees to the challenge of defining the most appreciated compensation among guests and adds that guests generally value empathy a lot. Moreover, some guests openly express their wishes and expectations. Further, the hotel points out that there are in deed guests who know how The Ritz-Carlton operates and deals with complaints, however only a small percentage of two percent tries to take advantage of their guest friendly strategy. As the hotel is already operating since 1983 and constantly growing, both revenue and guest commitment, there is no fear that this may cause negative impacts for the hotel.

4.5. COMBINED TOPICS

4.5.1. PERCEPTION OF IMPACT OF COMPLAINTS AND NEGATIVE WOM

Hotel B: Negative Word of Mouth is a powerful tool, therefore, it is shared within the hotel, in their daily communication. There is also a platform and guests are requested to fill out feedback forms to ensure negative word of mouth is not spread rather than communicated and shared with the hotel directly. Any feedback is shard among the hotel, so that every employee remains well informed and up-to-date at all time.

Hotel C: Negative word of mouth can be extremely harming. This is also confirmed by literature and theories. But even worse it spreads way faster and reaches more people than positives ones. Positive ones mostly remain within family or closest friends.

4.5.2. FOCUS

All three hotels agree that fast and efficient solution finding exceeds avoidance of failures. On the one hand avoidance of complaints seems to be impossible to reach according to Hotel A, B and C. On the other hand nobody is perfect and in service dominant industries failures are part of the learning process.

4.5.3. INTEGRATION OF THEORIES

Hotel A: This hotel does not put much emphasis on integration of theories. Therefore, they prefer a solely practical-based approach.

Hotel B: For this hotel theory and literature plays an important role, however it remains quite time consuming and therefore, too few time is left for this. Additionally, they see it as a necessity to be up-to-date on new studies or works.

Hotel C: Hotel C finds a good combination of integrating real-life experiences into their work. They follow up on how competition deals with complaints online and then evaluates them.

In the part of integration of theories there is a big difference between the hotels as Hotel B follows a purely theoretical approach, whereas Hotel A is the complete opposite by following an instinct approach. Hotel C seems to be a combination of both, as it preferably focuses on "real-life" situations and then evaluates them.

4.5.4. APPROACH TO BRAND SERVICE GUARANTEE

For this question the brand service guarantee of The Hampton Inn hotel was introduced to the three questioned hotels. It is part of the Hilton group and can be found in more than 2,000 locations in North America. Their guarantee is stated as followed "If you´re not satisfied, we don´t expect you to pay. That´s our commitment and your guarantee. That is 100% Hampton® (HamptonInn)" This guarantee has been successfully introduced and guided the hotel to yield the highest guest retention rate in the whole industry.

Hotel A: Hotel A rejects the idea of introducing a service guarantee, as they are a family-owned hotel and fear guests could take advantage by offering them such a pleasant opportunity. Especially, considering that their main target groups are still seminars, which would be too much of a financial risk for the small hotel. Furthermore, there is a lack of trust, considering the ongoing tensed and fierce price wars.

Hotel B: In the luxury hotel industry it is not about satisfaction, it is about complete satisfaction. Therefore The Ritz-Carlton Vienna would rather state, "If you are not 100% satisfied or very satisfied." Hence, it is an interesting approach that they have chosen. It would not work with this hotel due to the simple reason of this being a complete mismatch of The Ritz-Carlton philosophy and this guarantee. Their philosophy includes empowerment of employees and not guests. In addition to this, employees at this hotel take full responsibility and not guests. It is coward to hand the responsibility over to the guest. The change would further not be introduced, as the philosophy at this hotel works perfectly, however it remains tempting.

Hotel C: My interview partner could not imagine an introduction of such a strategy for the 25hours hotels Vienna. The opinion and message is clear "If someone books a service he/she should pay for this service accordingly". Furthermore, the strategy involves a high financial risk for the hotel. It then becomes not only difficult but also impossible to estimate potential revenues or losses. Interestingly, that is works out so well for The Hampton Inn.

To sum this statement up, neither of the hotels would seriously consider inventing such a strategy, as it involves high risk and gives too much power towards the guest. Still it remains an interesting phenomenon that seems to work out perfectly for this hotel. However, no further research has been done on possible reasons for introduction of this strategy. Still, achieving highest guest retention rate in the industry happens not just over night and confirms the success of the strategy.

5. CONCLUSION

The main question asked at the outset of this dissertation was, *"What are the main differences in complaint handling between individually/family/privately-owned hotels in comparison to global hotel groups and Designhotels, and why is there a difference?"* The findings of the qualitative, semi-structured interviews indicate that there are some major differences on the one hand, but on the other hand the hotels agree on some other arguments.

As shown in the results chapter of this dissertation already, all three hotels chosen are relatively young ones. None of the hotels is older than ten years. This facilitates the comparisons between them.

Furthermore, especially the Hotel B and C seem to share many similarities. Starting from a similar operating start, over a similar number of rooms to an akin location. However, what clearly is a difference between these two hotels is their number of employees in comparison to their number of rooms. This very specific proposition shows that that Hotel B even reaches a more than 1:1 ratio. As this hotel employs 220 specialists in their fields, but count a total number of 202 rooms only. Hotel C in comparison clearly lacks behind by providing a 0.5:1 ratio only. For hotel A this is also a very good measurement, however on a smaller scale. They currently have a 0.83:1 ratio, which is slightly above the average of all three hotels.

This may imply that employees are highly skilled in the 25hours hotels Vienna and more efficient, this could also imply that The Ritz-Carlton Vienna puts more emphasis on steady presence of their employees or many other

implications can be made based on this measurement, however this would clearly exceed the scope of this dissertation. This is just one indicator that already shows differences, however they are on a more general basis than customer relationship basis.

Furthermore, on the one hand all hotels agree on the importance to provide employees with a great amount of freedom, however on the other hand they cannot find a common ground on the level of guidance and freedom they provide their employees with. Starting with ranges from 50€ to $2,000, over standards from their headquarters to "Frankfurter Tabelle" guidance. It is inferred that employee´s freedom and responsibility is to a certain point depended on the size of the hotel.

Another essential differentiation is the use of training session. The bigger hotel the more use is made of regular training sessions in comparison the small family-owned hotel, which almost completely relinquishes.

Another interesting similarity the two group hotel share is their issues with technology, however this is not directly connected with service as such, it is an interesting indicator.

Additionally to this it is concluded that there is a positive relationship between size of hotel and regular use of training sessions.

Also for online complaints it can be seen that the family-owned hotel is not as active in this field, as they are directly forwarded to the hotel management, which is the same for The Ritz-Carlton Vienna. In addition to this similarity between Hotel A and The Ritz Carlton Vienna another similarity may be found between them. Both do only react to positive feedback, with TripAdvisor.com being an exception for Hotel B. However, it is concluded that there is no relationship between size of the hotel and online complaint handling strategy.

Next, the measurability of complaints has been answered from three very different perspectives. Whereas, it is clear that the bigger the hotel the more help they accept from outside to assist them in measurements and the more such measurements are demand. Therefore, it is inferred that headquarters

are in need to measure performance of individual hotels to being able to compare their performance with that of other hotels within the group.

Another, great difference is observed in the part of compensation. It can clearly be seen that there is a certain barrier to monetary refund as a compensation tool.

Furthermore, all three hotels agree on not being willing to seriously consider the strategic approach of The Hampton Inn, however remain curious, interested and especially surprised on the great success they enjoy.
In addition to this, this thesis concludes that small hotels are more likely to isolate their customer relationship management strategies than bigger hotel groups.

Last but nor least, a great difference remains in integration of theory. As smaller family-owned hotel prefers an instinct approach, Lifestyle hotels adopt a very practical, "real-life" approach and luxury hotels prefer a purely theoretical approach. This dissertation concludes that there is no relationship between ownership status, star categorization and integration of theory and literature.

Why those differences exist remains unclear, as there are lots of other factors that interfere a precise investigation of this question.

6. RECOMMENDATIONS

6.1.   FUTURE RESEARCH

There is quite a number of recommendations for future research of this thesis, which indicates that in the field of complaint management, even though it is already a highly researched one there is still a lot of room for studies, experiments and works to be done.

One recommendation includes the aspect of employee to room ratio. It could be of interest to further investigate reasons behind these immense differences within the ratios. Considering especially the differences between Hotel B and C.

In addition to this looking at complaint management not only from a different angle but also from many different angles could awaken interest. Taking into consideration employees and guests, as factors of measurements could not only provide new insights but also totally different conclusions. The employee perspective would be even more interesting, as they are mostly in direct contact with the guest, as soon as a complaint occurs, not considering online complaints or feedback forms.

Another recommendation and argument that is not covered by this dissertation is an economic approach. Especially, taking into consideration fierce price wars also among main competitors of hotels and how hotels react to price changes of competition. Also, considering the economic approach of The Hampton Inn would be highly interesting, in so far as how to deal with an uncalculated risk. Furthermore, the question of why the hotel even introduced such a strategy would be interesting? As The Ritz-Carlton has stated that their strategy works out perfectly there is no need to risk such a strategic change.

In addition to the already mentioned recommendations it could awaken interest to investigate and compare number of complaints between different hotels within a group or also two independent hotels.

Last but not least, research could be build using this dissertation as a fundamental basis to further investigate changes of Hotel A during their construction work and afterwards. What are their changes, was this a successful and useful change, did they make adjustments concerning their number of employees and could still remain their employee to room ratio?

6.2.　IMPLICATION FOR HOTELS

All three hotels are constantly working on improving their processes. After interviewing them and reading loads of literature on this topic, some recommendations for the hotels can be made.

Hotel A could introduce more standardized complaint processes, as according to literature guests prefer to know what to expect. Therefore, they could invent an updated guest binding approach.

In general all hotels are doing great and should continue their work as long as this is successful. Constantly asking guests for feedback and whether or not they have improvement suggestions give the guest the feeling of being needed and an important contributor. Therefore, this is a great opportunity to involve guests in development of processes and changes without giving them too much power.

7. LIMITATIONS

There are some limitations of this dissertation.

One major drawback includes the small sample size that was chosen, which empirically seen may not be very strong and not as valid as it could have been with a larger sample size. In addition to this it may be that the research question and their answer is refuted due to this lack of sample size. A larger sample size would have been more representative and could not as easily be refuted.

Furthermore, the overwhelming amount of literature does not contribute to a facilitation of providing an overview of already existing literature. Moreover, literature also shows several contradictions. Perfect evaluation of most relevant literature and theories for this dissertation depict difficulties that are quite challenging.

As evolved work it is hoped that some recommendations will be chosen for further investigation to provide some clarification on certain above mentioned topics.

Another limitation is the design of the interview, even though semi-structured procedure provides more freedom than a structured one, interconnectedness of topics remains challenging.

For some sections, such as benchmark, the meaningfulness remains unclear.

Last but not least, a clear limitation of the study is that people from different departments were interviewed. This could influence outcomes of the study, as those are different angles. This has not been taking into consideration by the disseration

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9. APPENDICES

9.1. INTERVIEW HOTEL A

9.1.1. GENERAL INFORMATION

Information about the hotel

    a. Since when does it exist: summer 2008

    b. How many hotels within the chain: 0

    c. How many employees: 35-40

    d. How many employees in the different areas: most in the service

    e. How many beds: 45 → expanding to 85

    f. Average length of stay: 1-2 days

    g. High turnover rate? No

    h. main season: all year → summer is a bit low

    i. main target group: seminar and private/leisure/wellness guests

    j. Star categorization: 4* superior

    k. Type: privately owned

    l. Location: Vienna surroundings

9.1.2. CUSTOMER RELATIONSHIP MANAGEMENT – CRM:

1. HOW IMPORTANT IS CRM FOR YOUR HOTEL? HOW MUCH EMPHASIS IS PUT ON IT?

It is very important, as satisfied and loyal guests become increasingly important, and loyal and satisfied customers are easier to remain than acquiring new guests.

2. IS THERE AN OVERALL STRATEGY FOR CUSTOMER RELATIONSHIP MANAGEMENT THAT IS FOLLOWED BY THE HOTEL

Focusing on remaining current and satisfied guests is essential. I would consider it even more vital than acquiring new ones, as the costs are a lot higher for the second one.

3. **WOULD YOU CONSIDER IT A SUCCESS – OR IS THERE STILL NEED FOR IMPROVEMENT**

There is always room for improvement, however our current strategy seems to be working pretty well.

4. **ARE YOU FOLLOWING UP ON COMPETITION STRATEGIES OR ISOLATING YOUR CRM**

No.

9.1.3. COMPLAINT MANAGEMENT:

1. **HOW IMPORTANT IS COMPLAINT MANAGEMENT FOR YOUR HOTEL? HOW MUCH EMPHASIS IS PUT ON IT?**

Very important, as nobody is perfect and therefore, failures occur and that is something that we accept and deal with it accordingly. It is not only about complaints, it is more about general feedback or improvement suggestions that are appreciated by the hotel. It is even more appreciated if they are received personally rather than online as it is easier to change something. Furthermore, guests are invited to assist in improving processes, show where there is still space to grow and become better.

However, a fact is that changes do not occur because one guest complains; it is also not only about the complaints also about feedback that we receive that lead to changes.

2. **HOW DOES A COMPLAINT PROCESS LOOK LIKE?**

As soon as the customer arrives at the reception to manifest a complaint, the receptionist is to differentiate between a "loud" and a "silent" complainer. This further is decisive for the complaint handling. A "loud" guest is mostly screaming at everyone, after letting the guest scream the hotel management is informed and further deals with this guest, as they often demand the management.

The reception is thankful for every feedback whether it is positive or negative and that is what they tell the guest. Every guest is provided with an apology, whereby the receptionist is taking notes, to being able to further investigate what went wrong. Further it must be differentiated between a severe failure

that cannot be solved solely by the reception division and therefore, the hotel management is informed. Or if it is a complaint that needs no management intervention.

The next differentiation is to be made between on-site, instant complaint, in hindsight or via E-Mail complaints.

If it is a feedback, such as "the food was too salty" that is something that already happened and cannot be changed now. Therefore, the receptionist provides an apology and it can only be hoped that the guest is revisiting again. There is no compensation, such as monetary refund, gift cards or discounts.

As it is difficult in hindsight, whereas when the complaint/feedback is expressed right when the failure occurs, the according division may provide some sort of compensation, such as invitation of a dessert or coffee. If it is a complaint concerning room temperature, this is something that is to be changed immediately, no notes necessary, complaint done.

If it is a complaint in hindsight, where the guest has already checked out and the feedback is received via E-Mail, this goes directly to the hotel management, which further decides whether this is a severe defect or not. However, such complaints are tricky.

It is more favorable if guest complains directly as there can still be something changed.

Seminar guests complain either right away if it is severe, or via E-Mail if a price reduction is yielded.

3. **IS THERE AN OVERALL STRATEGY FOR CUSTOMER RELATIONSHIP MANAGEMENT THAT IS FOLLOWED BY THE HOTEL**

Complaints that are correct and understandable should be dealt with accordingly with price reduction or other compensation possibilities. Complaints that are somehow absurd or ridicules should be defended by the concerning division and explained to the guest that this is how this house is and works. It is important to not get the reputation of "complaining for minors and getting compensation". (personal opinion, not directly hotel strategy). However, the hotel is following a special list, which is called "Frankfurter

Tabelle", so a guest is satisfied in a way that is conform to regulations. Therefore, reception does not have to report everything back to the management, as following the list is already approved by the management. Not that standardized.

4. **WOULD YOU CONSIDER IT A SUCCESS – OR IS THERE STILL NEED FOR IMPROVEMENT**

It is difficult to say. However, there is always space for improvement, even though our number of complaints is relatively low.

5. **DO YOU REACT DIFFERENTLY TO COMPLAINTS FROM DIFFERENT PEOPLE – LOYALTY DEGREE, FOR EXAMPLE?**

All guests are equally important and that is how they are treated. Most guests are Austrians and no English complaints arose yet.

6. **DO YOU THINK THAT THERE ARE DIFFERENCES BETWEEN THE DEALING WITH COMPLAINTS WITHIN A CHAIN AND WHAT ARE THEY?**

More standardized processes.

7. **ARE EMPLOYEES ENCOURAGED TO FIND SOLUTIONS THEMSELVES?**

Yes, however they are lead by a list, which facilitates them their decision-making.

8. **HOW MUCH FREEDOM TO ACT DOES THE INDIVIDUAL HOTEL HAVE?**

A lot, as it is a privately owned hotel, that decides everything on their own.

9. **HOW MUCH FREEDOM TO ACT DOES THE INDIVIDUAL EMPLOYEE HAVE?**

The individual employee has relatively high freedom to act in case of a complaint occurrence, not everything has to be reported back to the management. Employee should act right away, as time is valuable. Guest expects fast and efficient complaint handling, otherwise just gets more annoyed and furious.

10. HOW MUCH FREEDOM TO ACT DOES THE MANAGERIAL LEVEL HAVE?

A lot, as it is a privately owned hotel, that decides everything on their own.

11. ARE THERE SPECIAL TRAINING SESSIONS FOR EMPLOYEES OR ON A MANAGERIAL LEVEL OR ARE THERE NO SUCH TRAINING SESSIONS?

Recently, there was one training session due to the on-going construction work. So that employees know how to react and deal with such complaints accordingly. However, training sessions on regular basis are not yet established.

12. WHERE DO YOU RECEIVE THE MAJORITY OF COMPLAINTS?

Not a specific division, where a majority of complaints occur.

13. DO YOU SEE A SHIFT/TREND WHERE CUSTOMERS COMPLAIN?

It shifts towards complaining on a high comfort and standard level.

Example: Change in their starter creation, instead of two different starters a day, which then change everyday, the hotel changed to five different starters, remaining the same over a week, this change was made due to sustainability reasons. However, guests are unsatisfied with this change, even though they have a greater selection of starters, considering the average length of stay of 2-3 days. Guest feedback: reduction of variety. Due to several complaints, this will be changed back again.

14. HOW DO YOU DEAL WITH ONLINE COMPLAINTS?

They receive an automated E-Mail, when they are rated online. Reception reads through it and forwards it to the hotel management. Hotel management wants to read every single feedback. Positive ones are not answered, in contrast to negative ones, which are answered, however those are the minority. However, the majority of complaints are not received online.

15. DO YOU GET COMPLAINTS ABOUT YOUR COMPLAINT MANAGEMENT?

No.

16. ARE COMPLAINTS MEASURABLE? IN HOW FAR? (DECREASE IN NUMBER OF COMPLAINTS)

Depends greatly on which guests are currently in the hotel. The hotels knows exactly that when it is a seminar, that goal is teambuilding, people are more laid back and relaxed and therefore, complain less. In contrast to a seminar with an important topic and an exam, people are more tensed and there is a lot of pressure already therefore, tend to complain easier.

9.1.4. COMPENSATION:

1. HOW IMPORTANT IS CUSTOMER SATISFACTION, ALSO WHEN DEALING WITH COMPLAINTS?

Important, as for everyone, not only in this industry.

2. HOW IMPORTANT IS CUSTOMER LOYALTY IN THIS INDUSTRY/FOR THE HOTEL?

Extremely important, as it is easier than acquiring new guests. Furthermore, the hotel knows what to expect, what is valued by this guest and so on. Additionally, in the seminar business it is essential to have satisfied customers that enjoy their stay and revisits at the hotel. However, in the hotel industry in Vienna it might be different, as they enjoy a different target group.

3. IS THERE A "GENERAL" COMPENSATION THAT EVERY CUSTOMER GETS – OR DOES IT DEPEND ON THE INDIVIDUAL CASE, OR WHAT KIND PROCEDURES DO YOU HAVE?

No, every complaint or feedback is investigated and evaluated individually and according to the severity of the failure compensation is chosen.

4. WHICH FORMS OF COMPENSATIONS DO YOU HAVE?

Severe defects are compensated by offering a reduction on a spa treatment. Especially, last summer with the expansion, guests who were confirmed a pool area, which was not yet ready received such a coupon. Compensation, in forms of monetary refund, free gifts or discounts are only offered if the defect is severe and understandable. Seminar field was given price reduction due to the construction work in summer, however not many complaints occurred

during that time. Private guests, do sometimes get a goodie directly send to their room, whether this is sparkling wine or fruits.

5. WHICH FORM OF COMPENSATION DO CUSTOMERS APPRECIATE THE MOST?

Price reduction, especially seminar participants. With private guests it is a bit different and more difficult to generalize. It depends on the expectation of the complaining guest. Some appreciate small goodies, such as sparkling wine or fresh fruits sent to their room others, however are satisfied by providing them an explanation and an apology.

9.1.5. COMBINED QUESTIONS:

5. WHAT SHOULD BE PAID EXTRA ATTENTION ON – AVOIDANCE OF COMPLAINTS – OR – FAST AND EFFICIENT SOLUTION FINDING?

As when there are no complaints, it remains unknown what may be improved or went wrong. Errors may always occur, as humans are working and no robots. Nobody is perfect. Therefore, it is preferred to have complaints that are solved in a fast and efficient way.

6. DO YOU USE TOOLS/LITERATURE THAT STEM FROM NOTABLE RESEARCHERS?

No.

7. "THE HAMPTON INN" DECIDED TO IMPLEMENT THE "SERVICE GUARANTEE" STRATEGY AND COULD REACH THE HIGHEST CUSTOMER RETENTION RATE IN THE INDUSTRY. THEY DID SO BY STATING "IF YOU'RE NOT SATISFIED, WE DON'T EXPECT YOU TO PAY. THAT'S OUR COMMITMENT AND YOUR GUARANTEE. THAT'S 100% HAMPTON®".

WHAT IS YOUR SPECIFIC STRATEGY TO RETAIN CUSTOMERS AFTER SERVICE FAILURE AND WOULD YOU CONSIDER IMPLEMENTING SUCH A STRATEGY IN YOUR HOTEL? DO YOU THINK IT IS HELPFUL TO HAVE SUCH A STRATEGY? WHY OR WHY NOT?

No, this is not a possibility for us. As there are a lot of people out there that would take advantage of this offer. The hotel would be cautious. Especially, taking the main target group into consideration, which is seminars, this would

be too much of a risk, financially seen. There is not enough trust in seminar participants and companies booking for seminars, as there already is a fierce price war, where the hotel fights for every euro and cent with their guests, not in the private sector but seminar sector.

9.2. INTERVIEW HOTEL B

9.2.1. GENERAL INFORMATION: RITZ CARLTON VIENNA

INFORMATION ABOUT THE HOTEL

    a. Since when does it exist: 1983 Boston/ 2012 Vienna

    b. How many hotels within the chain? 91 hotels in 30 countries

    c. How many employees: 40,000/ 220 employees

    d. How many beds: 202 rooms in Vienna

    e. Average length of stay: 3.7

    f. High turnover rate? average

    g. main target group: well traveled executives, celebrators

    h. main season: summer, fall, winter

    i. star categorization: 5*

    j. Type: chain

    k. Location: Vienna city center

9.2.2. CUSTOMER RELATIONSHIP MANAGEMENT – CRM & COMPLAINT MANAGEMENT

1. HOW IMPORTANT IS CRM FOR YOUR HOTEL? HOW MUCH EMPHASIS IS PUT ON IT?

It is a vital part for every organization, not only in the hotel industry. What is even more important is that the organization knows how to deal with it and finds the perfect way for them. Addionally, understanding the needs and wants of guests is essential. Furthermore, CRM does not solely include complaint management only. It also includes brand commitment, loyalty, satisfaction and engagement.

2. Is there an overall strategy for customer relationship management that is followed by the hotel

Ritz Carlton has a lot of standards. One of these standards is that we try to get at least 6-10 interactions with each guest per day. It may not sound much but we try to make serious interactions by asking how their stay is or generally more open questions like "Is there anything I can do to enhance your stay" and also including the farewell checkout talk to ask "Was there anything that was not to your satisfactory during your stay".

3. Would you consider it a success – or is there still need for improvement – both CRM and complaint management

There is always room for improvement and it would be terrible if not. There is no thing like perfection.

4. Are you following up on competition strategies or isolating your CRM and complaint management

Yes. Not only other hotels also other organizations in general. This could be easy testing such as calls, however The Ritz-Carlton gets more benchmarked than vice versa. The Ritz-Carlton was the first one to introduce the empowerment approach and it is often copied. We make it public, it is no secret: The Ritz-Carlton has a leadership center, where other organizations gain insights in the philosophy via presentations. Radisson Blu had a "we can" approach and this was a bit copied and there the employee got a range of about 50€. Of course copying is always a possibility but if the philosophy is not firmly established it will not work out.

9.2.3. Complaint Management:

1. What do you understand under the term "complaint management"

Complaint Management is just one part of CRM. It is all about "what does the guest want". Many companies, that is a personal thought, preferable see what they want and what they are willing to give. However, it is all about what the guests want. A guest wants a solution, not being sent from one person to

another, neither fill out feedback form. All a guest wants is the problem to be solved, whether this is done by the intern, servant, chef or manager does not matter. If a company understands that, it understands complaint management. It is about fast and efficient solutions. The Ritz-Carlton found a good way to do so, it is called empowerment. Our ladies and gentlemen are empowered to find solutions. Empowerment is an action competence. This means that every employee is empowered to spend $2,000 every day per guest.

Important indicators are: number of defects: How many opportunities (call it opportunities and not complaints) are voiced by guests
How high is satisfaction of problem/complaint solving
And a very important indicator is the so called "first person resolution", meaning with how many people did the guest had to interact with before the problem was solved. The higher this score is, meaning the fewer people the guest had to interact with the higher is the satisfaction. A guest is not interested in repetition of the problem neither who is responsible for solving it.

2. **HOW IMPORTANT IS COMPLAINT MANAGEMENT FOR YOUR HOTEL? HOW MUCH EMPHASIS IS PUT ON IT?**

Complaint management is essential in the service industry. Failures and errors do occur, it is a work done by people. The better question is how to deal with it.

3. **HOW DOES A COMPLAINT PROCESS LOOK LIKE?**

It consists of some important elements:

Listening actively, which leads to taking notes, interrupting ones work, reducing barriers, asking questions, providing an immediate apology, not in the name of the team, not in the name of the management, the employee apologizes in his/her own name and takes full responsibility, no matter what opportunity this might be.

L - listen

E - emphasis

A - apologize

R - resolve

N – notify

It is further important to take full responsibility for whatever failure occurred. Solutions are also of major importance, finding fast solutions and on top exceed guest expectation. And for this purpose, for exceeding the expectations, training sessions are held for all ladies and gentlemen of The Ritz-Carlton.

4. DO YOU REACT DIFFERENTLY TO COMPLAINTS FROM DIFFERENT PEOPLE – LOYALTY DEGREE, FOR EXAMPLE?

No, that is not the way it should be. Every guest is a VIP to us. And also the GM has the same rights, in complaint handling, as the intern. And there are often wrong decisions, and than it is discussed, but there is no punishment, that is the way we learn.

5. DO YOU THINK THAT THERE ARE DIFFERENCES BETWEEN THE DEALING WITH COMPLAINTS WITHIN A CHAIN AND WHAT ARE THEY?

Yes, I worked in a family hotel and had to ask for permission if I can hand out a free coffee. That is very different, but understandable. It is their money that is involved and they want the power, in case there is something wrong. This is completely understandable

6. ARE EMPLOYEES ENCOURAGED TO FIND SOLUTIONS THEMSELVES?

Our ladies and gentlemen are empowered to find solutions. Empowerment is an action competence. This means that every employee is empowered to spend $2,000 every day per guest. The $ 2,000 stem from experience that was gained over the time. It is a lot for just trifles but it provides everyone with enough scope to be more flexible in such situations. The employee can easily invite the guest to stay one more night with this amount without asking. It is a

five star hotel with guests paying and expecting a lot and therefore, it is unnecessary to argue with the guest if he/she was not satisfied with one meal or so. The Ritz-Carlton has no barrier to compensation, if someone is not satisfied why arguing? It is better to provide the guest with a positive solution for a failure. Even if the guest will remember that for example in-room dining the other day was not good, however it was immediately taken off the bill when he/she mentioned it at the reception. This is what creates brand awareness, engagement and commitment.

7. HOW MUCH FREEDOM TO ACT DOES THE INDIVIDUAL HOTEL HAVE?

It is a worldwide organization and there are certain standards. Further everything is fixed by the headquarters. They invented the philosophy and they decide which range we get for compensation and the specific standards. The Ritz-Carlton Vienna could not say that one employee gets only 500€ or so. However, if the sum of 2,000 € is exceeded it needs to be approved by the GM.

8. HOW MUCH FREEDOM TO ACT DOES THE INDIVIDUAL EMPLOYEE HAVE?

Every employee is empowered to spend $2,000 every day per guest.

No matter, if it is the general manager or the intern, everyone has the same amount per day and per guest. Decision-making without asking a supervisor or anybody in advance and therefore, providing the employee with a certain amount of freedom. No need to justify decision. No restriction as this would hinder the action competence, and be contradictory. "Feel free and do what you think is good for the guest"

9. HOW MUCH FREEDOM TO ACT DOES THE MANAGERIAL LEVEL HAVE?

Same as every other employee in the hotel.

10. ARE THERE SPECIAL TRAINING SESSIONS FOR EMPLOYEES OR ON A MANAGERIAL LEVEL OR ARE THERE NO SUCH TRAINING SESSIONS?

There is a training in the third week of every employee. For the onboarding group there is this first training session after the first three weeks within the hotel. As learning is quite important for The Ritz-Carlton there are more training session within a year. Not only dealing with complaint management alone, more combined trainings. As there is a very strong philosophy, which can be seen in the Credo card, there are different service values. There are daily trainings, so-called line ups, every day employees talk about the day in every department, about 15 minutes. Topics include: challenges of previous day, so that everyone is informed about which guest had troubles with what, and everyday one part of the Credo card is discussed as well. Also trainings on "how to deal with different guests" and trainings on body language that is included in the first training session are offered. The standard is to have this first training within the first 60 days, Vienna does so after three weeks.

11. WHERE DO YOU RECEIVE THE MAJORITY OF COMPLAINTS?

Technical complaints are the most common ones at The Ritz-Carlton Vienna. Especially, air-conditioning is quite challenging, it is a relative old house, the challenge is that the house is heritage protected and therefore, not much can be changed. With a lot of entrances and 8-meter ceilings it is almost impossible to heat this area properly. There is no perfect solution to this in such months, however some ideas are in progress.

12. DO YOU SEE A SHIFT/TREND WHERE CUSTOMERS COMPLAINTS?

In the luxury hotel industry there is no such trend. Guests have a high expectation and this is their right that is good. It is preferred to have a guest that voices their issue than a guest that leaves without voicing it. My personal experience is that I am still more in contact with people that had opportunities and voiced them than others. Guests are also invited to share their comments with The Ritz-Carlton directly on TripAdvisor.com, which makes us a pioneer in this field. No matter what, positive or negative, guests are invited to share their opinions. Other guests should know when someone was not that happy with the hotel or service experience.

13. HOW DO YOU DEAL WITH ONLINE COMPLAINTS?

There is an increasing number of online complaints. The Ritz-Carlton has a lot of standards. Social Media reviews are shared among the hotel, as it is a worldwide organization there are standards for everything. The standard states that all negative reviews need to be reacted to, positive ones are not a necessity at the moment. There are just too many positive ones. TripAdvisor, however, is an exception. There, every review is answered, whether this is positive or negative. TripAdvisor.com is for The Ritz-Carlton the key review platform and therefore, most emphasis is put there. GM and quality manager are responsible for this field.

14. DO YOU GET COMPLAINTS ABOUT YOUR COMPLAINT MANAGEMENT?

Not necessarily, however some guests are maybe not a 100% satisfied with their solution, because they had different expectations or for example if there is a full lobby and the guest complains and "only" gets an apology, that is something that happens, there are human beings working and errors can occur.

15. ARE COMPLAINTS MEASURABLE? IN HOW FAR? (DECREASE IN NUMBER OF COMPLAINTS)

The Ritz-Carlton is working together with "gallup",a market and attitude research company . They show that the costs when a problem occurs, the financial expenditures are very low with the first person (approx.. 36 €), however becomes more and more expensive up to 196 € with the fourth person and if nothing happens it is about 300€. Therefore, we give more power to our employees so they can solve such problems in a fast and efficient way.

Further, there are these three indicators: satisfaction of complaint solution, first person resolution and number of defects, and that is measured by the hotel. There are goals of how many are allowed and how many should occur. Those standards stem from the headquarters. There are also measures for TripAdvisor.com.

9.2.4. COMPENSATION:

1. HOW IMPORTANT IS CUSTOMER SATISFACTION, ALSO WHEN DEALING WITH COMPLAINTS?

It is very important and as our research shows 6-8 positive guest interactions do not only lead to satisfaction but more importantly to commitment and that is even more essential. Guests that had a defect and were not as satisfied with their complaint handling are not as committed to the organization as others.

2. HOW IMPORTANT IS CUSTOMER LOYALTY IN THIS INDUSTRY/FOR THE HOTEL?

Very important, but even more important is commitment. It can be reached with different loyalty programs, which provide the guest with benefits but even more important is engagement, so that the guest feels connected to this brand. With The Ritz-Carlton loyalty is more worldwide, it is about brand commitment in no matter what city, not Vienna alone. Brand engagement is essential, guests should come to Vienna, but also go to New York or Budapest and stay at The Ritz-Carlton.

3. IS THERE A "GENERAL" COMPENSATION THAT EVERY CUSTOMER GETS – OR DOES IT DEPEND ON THE INDIVIDUAL CASE, OR WHAT KIND PROCEDURES DO YOU HAVE?

No. It is completely individual. If there is a huge thing like electricity cut, which happened in the last hotel, the hotel went to Hussel chocolate store and got some flashlights and placed them in every room with an apology card of the GM as a small compensation, however guests liked it a bit but were still a bit mad. This however, is something that is not measurable, it cannot be said that in how far it would have been different with no chocolate flashlight.

4. WHICH FORMS OF COMPENSATIONS DO YOU HAVE?

Everything depends on the defect and the employee. But there is no such goodie bag or anything already prepared to hand over, as this seems like the hotel is prepared for complaints. That is not how it should be.

5. **WHICH FORM OF COMPENSATION DO CUSTOMERS APPRECIATE THE MOST?**

It widely depends, however empathy is essential. Guests appreciate offers, however, there are some that openly express their wishes and expectations.

There are guests that know how The Ritz-Carlton works and as The Ritz-Carlton is already operating since 1983 and constantly growing, both revenue and guest commitment, there is no fear of guests taking advantage of that empowerment strategy. We are only talking about 2% that are doing so.

9.2.5. COMBINED QUESTIONS:

1. **HOW HARMING CAN NEGATIVE WOM BE FOR A HOTEL?**

Negative WOM is shared within the hotel, in the daily communication. There is a platform and also guests get questioned and fill out feedback and that is shared among the hotel, whether this is negative or positive.

2. **WHAT SHOULD BE PAID EXTRA ATTENTION ON – AVOIDANCE OF COMPLAINTS – OR – FAST AND EFFICIENT SOLUTION FINDING?**

It is impossible to avoid complaints and it is no goal. There are people working and defects may happen, it is just important how to deal with it accordingly. The Ritz-Carlton found a good way to do so and first person resolution is the fastest and most efficient way.

3. **DO YOU USE TOOLS/LITERATURE THAT STEM FROM NOTABLE RESEARCHERS?**

Yes, of course. You need be up-to-date and well informed. However, I wish I would read even more and I am working on doing so.

4. **"THE HAMPTON INN" DECIDED TO IMPLEMENT THE "SERVICE GUARANTEE" STRATEGY AND COULD REACH THE HIGHEST CUSTOMER RETENTION RATE IN THE INDUSTRY. THEY DID SO BY STATING "IF YOU'RE NOT SATISFIED, WE DON'T EXPECT YOU TO PAY. THAT'S OUR COMMITMENT AND YOUR GUARANTEE. THAT'S 100% HAMPTON®".**

WHAT IS YOUR SPECIFIC STRATEGY TO RETAIN CUSTOMERS AFTER SERVICE FAILURE AND WOULD YOU CONSIDER IMPLEMENTING SUCH A STRATEGY IN YOUR HOTEL? DO YOU THINK IT IS HELPFUL TO HAVE SUCH A STRATEGY? WHY OR WHY NOT?

We are not talking about satisfaction, more complete satisfaction. For The Ritz-Carlton it would more be "if you are not 100% satisfied or very satisfied". It is in deed a very interesting approach. It would not work with The Ritz-Carlton and here is why: as mentioned before other hotels often copy us and if we copy this, that is not part of our philosophy and our philosophy is empowerment and the employee may empower him/herself to find solutions and you should not give too much responsibility to the guest. I cannot give my responsibility to the guest. Our values state that every employee takes full responsibility. That is a bit coward to hand the responsibility over to the guest. We would not change, as we have a great philosophy that works perfectly, however it is an interesting and great idea.

9.3. INTERVIEW HOTEL C

9.3.1. GENERAL INFORMATION: 25HOURS HOTELS VIENNA

Information about the hotel

    a. Since when does it exist: 2013

    b. How many hotels within the chain? 8

    c. How many employees: over 400 in total/ 105-120 Vienna

    d. How many employees in the different areas: F&B

    e. How many beds: 217 rooms

    f. Average length of stay: 2.3 days

    g. High turnover rate? no

    h. main target group: everyone, but average age ~35-40 years

    i. star categorization: none

    j. Type: chain

    k. Location: Vienna city center

    l. utilization: 86%

m. Accor purchased 30%

9.3.2. CUSTOMER RELATIONSHIP MANAGEMENT – CRM:

1. HOW IMPORTANT IS CRM FOR YOUR HOTEL? HOW MUCH EMPHASIS IS PUT ON IT?

It is very important and essential to maintain a good strategy on customer relationship management and to know its importance and usefulness.

2. IS THERE AN OVERALL STRATEGY FOR CUSTOMER RELATIONSHIP MANAGEMENT THAT IS FOLLOWED BY THE HOTEL

Among the 25hours hotels there is special booking system that also includes a guest card index. This is a system that keeps all hotels updated on the most recent issues that guests had to face. This is useful to already being informed when a guest had a bad experience in Zurich and is now visiting Vienna, we can try to make up for a problem and compensate accordingly, so that the guest is fully satisfied again and may become loyal.

Furthermore, for 25hours hotels it is essential that employees are perfectly connected. A main keyword is "individuality" for our employees. Additionally, they need to be flexible and adaptable.

An employee should freely and individually contact the guests and freely choose what to talk about with him/her. If he/she prefers to talk to the guest about soccer because the employee found out the guest is a big soccer fan, he/she can do so. Of course there are some set phrases that need to be said, but customer relationship can clearly be strengthened by this freedom we give our employees.

3. WOULD YOU CONSIDER IT A SUCCESS – OR IS THERE STILL NEED FOR IMPROVEMENT

There is always space for improvement. However, we introduced the guest card index about a year ago and it has changed a lot so far. There is a constant improvement of standards and an increased number of standards that stem from the headquarters and are therefore, applicable in every hotel. Through this steady growth and progress of the group and the head office it

has lead to more standards. As back in 2013 there were no such standards and every complaint was dealt with completely different with no monetary standard or whatsoever.

4. ARE YOU FOLLOWING UP ON COMPETITION STRATEGIES OR ISOLATING YOUR CRM

Normally no, as far as I am informed. Maybe the headquarters does so, as they are specifying our standards. Once or twice a year there is a mystery shopper that is send out to check our performance. The headquarters in Hamburg stipulates this. The last one took place in October and we reached abut 78%, which could have been more but we are satisfied.

9.3.3. COMPLAINT MANAGEMENT:

1. HOW IMPORTANT IS COMPLAINT MANAGEMENT FOR YOUR HOTEL? HOW MUCH EMPHASIS IS PUT ON IT?

Complaint management is extremely important. Once every quarter there is a meeting, which covers topics concerning any changes or expansions for upcoming quarter. You cannot improve without feedback from guests. Also to find out if guests are satisfied with changes or current situations, therefore steady growth and expansion are depended on guest satisfaction. However, the most challenging part about this is guests that are not satisfied but decide to not voice their dissatisfaction. It is also important to consider cultural differences and understand them; in some cultures it is not common to complain others preferable increase their voices while complaining. Therefore, it is essential to understand that there are cultural differences, but also understand that this is not a source to blame and also consider the individuality of people without considering their cultural backgrounds.

2. HOW DOES A COMPLAINT PROCESS LOOK LIKE?

There is this guest card index that shows the employee, as soon as a guest has booked or reserved a room, that the guest has already experienced some issues with the any hotel within the group before. Any guest that experienced and also voiced a failure in any form, from negative comment to personal

direct complaint, gets categorized according to the severity of the failure in the booking system. And also if the guest voices a problem during his/her stay we are very attentive and the employee will ask the next day and days if now everything is fine now. Also our morning meetings help every employee to constantly be up-to-date and know who has problems with what and why. Our guests are not a number, we appreciate every guest and that is what we show them and what we want them to feel, see and experience. And it is in deed a bit challenging, taking into consideration that there are more than 200 rooms in this hotel.

As soon as a guest voices a complaint the employee takes notes (in the guest card index), in every hotel there is an excel list, which shows where complaints occurred (which departments). Also positive feedback is talked about in the meetings. In the restaurant every guest gets a little feedback sheet on the way and guests really like this idea and appreciate it. The same is for hotel guests when they check out. They receive a feedback sheet with some adverbs on them, from which they can freely choose to best describe their experience with the hotel and their stay.

3. DO YOU REACT DIFFERENTLY TO COMPLAINTS FROM DIFFERENT PEOPLE – LOYALTY DEGREE, FOR EXAMPLE?

No, not really, as every guest may turn into a loyal one day. A guest is a regular guest starting from the 10th stay, not night. This then is marked and saved in the system. Every regular guest gets a personal and handwritten welcome card and a small gift that he/she prefers, as we know preferences of regular guests.

4. DO YOU THINK THAT THERE ARE DIFFERENCES BETWEEN THE DEALING WITH COMPLAINTS WITHIN A CHAIN AND WHAT ARE THEY?

A chain has more standards and a family-owned has more individual freedom to act. In the 25hours hotels for example if a guest stays in the hotel for the 100th time employees may purchase an opera ticket or whatever are tastes and preferences of the guest for the value of 100€. And that then gests approved by the managers. This is written down for every hotel.

5. ARE EMPLOYEES ENCOURAGED TO FIND SOLUTIONS THEMSELVES?

We want the employee to keep as much freedom in decision-making as he/she needs and wants.

Employees are encouraged to not only find solutions themselves but moreover, to being able to make decisions without management approval.

6. HOW MUCH FREEDOM TO ACT DOES THE INDIVIDUAL HOTEL HAVE?

There are certain standards from the headquarters and the employee gets the freedom of compensating a guest with an amount up to 50€ to make a guest satisfied again, however this amount is a standard that is made accessible by the headquarters.

7. HOW MUCH FREEDOM TO ACT DOES THE INDIVIDUAL EMPLOYEE HAVE?

Every employee has the amount of 50€ per guest that can be used for compensation purposes without managerial approval. If there is any severe incident than a manager or the GM is already aware of that and will then decide upon a reasonable and fair compensation to make up for the inconvenience.

8. ARE THERE SPECIAL TRAINING SESSIONS FOR EMPLOYEES OR ON A MANAGERIAL LEVEL OR ARE THERE NO SUCH TRAINING SESSIONS?

Every employee attends three training sessions, which will be extended to four in 2017. The training sessions are assembled by employees of human resource team and cover topics, such as behavioral training, feedback training, that is complaint management training, essential training, that deals with the philosophy of 25 hour hotels as such. The fourth one that will be introduced soon deals more with perfect communication, such as how to react perfectly in different situations. Each session lasts for about 3-4 hours and therefore, is very intense.

9. WHERE DO YOU RECEIVE THE MAJORITY OF COMPLAINTS?

Technical complaints are target to most complaints at this hotel. Housekeeping received 95% at the mystery check. Internet is also renewed and perfectly working.

10. DO YOU SEE A SHIFT/TREND WHERE CUSTOMERS COMPLAIN?

Increasing number of complaints. Back in the days guests complained or gave feedback on fundamental and understandable issues. Nowadays, guests try everything, starting from fierce price negotiations with group bookings. But this is due to the increasing importance of internet. Everything is public, including prices, reviews and comments. Guests sometimes book only according to comments and ratings and this provides the guest with much more power than back in the days.

11. HOW DO YOU DEAL WITH ONLINE COMPLAINTS?

Concierge and reception deal with this, as they are mostly in contact with our guests. Comments on Booking.com, TripAdvisor.com and Holiday Check are commented whether they are negative or positive. Facebook is not dealt with by the reception.

12. DO YOU GET COMPLAINTS ABOUT YOUR COMPLAINT MANAGEMENT?

No.

13. ARE COMPLAINTS MEASURABLE? IN HOW FAR? (DECREASE IN NUMBER OF COMPLAINTS)

Yes, when a guest deletes a comment automatically. Or there was one guest that commented negatively on the internet, stayed objective and factual. We then invited her to visit us again and experience our hotel again. Some then do not delete the comment but write a new review and clarified the old one. It is all about giving and receiving.

Also through our reports it is measurable.

9.3.4. COMPENSATION:

1. HOW IMPORTANT IS CUSTOMER SATISFACTION, ALSO WHEN DEALING WITH COMPLAINTS?

In service industry it is essential and it makes one extremely happy and satisfied when you see that your guests are satisfied.

2. HOW IMPORTANT IS CUSTOMER LOYALTY IN THIS INDUSTRY/FOR THE HOTEL?

This is also essential. We have a lot of loyal guests, however when we underwent dome changes, guests had to stay at a standard room for the same price the previously stayed at a suite for. This has led to quite a loss of guest loyalty.

3. IS THERE A "GENERAL" COMPENSATION THAT EVERY CUSTOMER GETS – OR DOES IT DEPEND ON THE INDIVIDUAL CASE, OR WHAT KIND PROCEDURES DO YOU HAVE?

No, we react to every complaint with an individual compensation, as guests appreciate different compensations more and someone who does not drink alcohol would not appreciate sparkling wine or champagne.

4. WHICH FORMS OF COMPENSATIONS DO YOU HAVE?
   a. Monetary refund – never only service or discounts or voucher

5. WHICH FORM OF COMPENSATION DO CUSTOMERS APPRECIATE THE MOST?

When the employee reacts according to the tastes and preferences or is just flexible and asks "What can I do to make you happy" or so.

9.3.5. COMBINED QUESTIONS:

1. HOW HARMING CAN NEGATIVE WOM BE FOR A HOTEL?

It is extremely harming. Also as theory confirms negative feedback spreads way faster and reaches more people than positives WOM, which might only reached out to family and close friends.

2. **WHAT SHOULD BE PAID EXTRA ATTENTION ON – AVOIDANCE OF COMPLAINTS – OR – FAST AND EFFICIENT SOLUTION FINDING?**

This is more professional and avoidance is impossible.

3. **DO YOU USE TOOLS/LITERATURE THAT STEM FROM NOTABLE RESEARCHERS?**

Normally, not. Maybe just check how other companies react to online complaints but not on a regular basis.

4. **"THE HAMPTON INN" DECIDED TO IMPLEMENT THE "SERVICE GUARANTEE" STRATEGY AND COULD REACH THE HIGHEST CUSTOMER RETENTION RATE IN THE INDUSTRY. THEY DID SO BY STATING "IF YOU'RE NOT SATISFIED, WE DON'T EXPECT YOU TO PAY. THAT'S OUR COMMITMENT AND YOUR GUARANTEE. THAT'S 100% HAMPTON®".**
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I personally would say no to this. As my opinion to this is that if I book for a service I have to pay for this service accordingly. How is satisfaction determined? That is then the question. Further it is then not difficult for the hotel to determine their revenue and whether or not they make losses. This is an interesting question, especially considering that it works so well for them.