

Strategic Use of Handling Customers Complaints for Marketing Effectiveness of Banks in Port Harcourt, Nigeria

Atuo Eucharia Chinasa
Department of Marketing
University of Port Harcourt
eucharia.atuo@uniport.edu.ng

DOI: 10.56201/jbae.v8.no1.2022.pg67.76

ABSTRACT

Customer complaints are crucial areas where organizations tend to pay enormous attention to, because they are inevitable and should be handled appropriately with utmost efficiency. The study is an exploratory study that attempts to examine the importance of handling customer complaints and how it can help in enhancing marketing effectiveness. This paper discussed the concepts of handling customer complaints by previous scholars. Furthermore, the paper discussed the different types of complainers, causes of customer complaints and also discussed the remedies or steps towards handling customer complaints and finally, how handling customer complaints can improve marketing effectiveness. The study concludes that an error-free services or transactions are almost impossible and that complaints are inevitable, and every organization encounter customer who complain. In other words, the study recommends, that firms should endeavor to minimize the level of service failure and provide quality complaint handling channels and departments to resolve customers complaints when they arise.

KEYWORDS: *Customer Complaints, Complainers, Marketing Effectiveness*

INTRODUCTION

Customer Complaints are very crucial areas that firms and captains of industry tends to pay critical attention to. Unfortunately, most firms do not pay sufficient attention in managing customer complaints (Stauss and Schoeler, 2004; Homburg and Furst, 2007). This is worrisome as managing customer's complaints are vital elements of important market intelligence (Priluck and Lala, 2009), which firms use in handling and correcting the actual cause of customer complaints and in -turn improve their customer services activities and customer relationship management (McCollough et al., 2000; Brown et al.,1996). Handling and managing customers complaints is an important aspect of providing quality customer performance effectively. Furthermore, due to the fierce and stiff competition amongst firms in the marketplace, customer awareness with respect to how products and services are being delivered to them has greatly increased and this has awakened service providers and firms to be intentional and mindful about quality service delivery to customers and clients. However, in certain scenario, some service failure occurs, which the firms are not under the control of these situations and often customers become unavoidably unhappy about the firm's service delivery. Encouraging customers to speak when they are dissatisfied helps organization to serve customers better and recognizing the need of pursuing long -term relationship with

customers (Bell and Luddington, 2006). In today's internet -driven world, customers are more powerful than ever, because, when they are not treated properly, the internet and the social networks are the first place they run to for complaints. A satisfied customers will share their beautiful experiences with the firm to just five persons, whereas an angry customer will tell their ugly experiences to five thousand persons and spread it like wildfire on social networks and communities. For each customer that complain, and send their feedbacks, there are over thousands of customers that do not complain but would rather stop doing business with the firm. Based on this, organizations are supposed to encourage customers to express their feelings, discontent and send feedbacks on how well the organizations has served them and thereby improve strong business relationships (Fornell, 1992).

Handling complaints should be seen as an indices of organizational performance assessment which points out some internal process of failures and challenges that needs quick and adequate response in order to enhance loyalty from the customers (Filip, 2013). Furthermore, organization are also enjoined to continually monitor the quality of services that the direct service providers deliver to their customers and encourage feedbacks from their customers. Organizations are also expected to provide an access route, where customers can lodge their complaints when they are not satisfied with the quality of service delivered to them. Thus, service providers are also encouraged to advise customers to speak up with the ugly experiences they had with the firm (Ateke and Kalu, 2016). The most crucial thing any firm wants to deal with is customer complaints and customer complaints are inevitable. It is the responsibility of the firm to minimize the number of complaints raised by customers. In other to do this effectively, firms will need to know the root cause of the complaints and what they can do to avoid them. Customer satisfaction is seen as comparison between what the customer expects and the actual performance they get, and when these expectations are not exceeded or met by the service providers, the customers tend to complain, (Gelbrich and Roschk, 2010). Customer complaint is an expression of dissatisfaction from the customer's end to the service provider and the firm (Landon, 1980). Getting feedbacks and complaints from customers are vital avenues of market intelligence where organizations use to amend and manage the real cause of the complaints and this helps in improving their service delivery, quality product and timely procedures and responses. Handling customer complaints helps firms to develop a good relationship management with customers and thereby increase their customer loyalty base and increase repeat purchase through word-of-mouth referrals. Yet most organizations in Port Harcourt, Nigeria are still struggling with developing and implementing a workable complaint handling department in their firms. And this have frustrated both potential and actual customers.

However, previous studies, such as Tronvoll, (2012); Thorson (2011); Kitapci and Dortyol, (2009); Davidow, (2003); Komunda, (2013); Massawe (2011); Ateke and Kalu, (2016); Filip, (2013); Bell, (2006), carried out studies on handling and managing customer complaints in different contexts, but to the best of the researcher's knowledge, there seem to be lacking in extant literature a theoretical study on the strategic use of handling customer complaints for marketing effectiveness of Banks in Port Harcourt, Nigeria. In other to bridge the gap in marketing literature the present study seeks to evaluate the use of handling customer and managing customer complaints to enhance marketing success of Banks in Port Harcourt, Nigeria.

1.2. STATEMENT OF THE PROBLEM

The bank industry as a service industry is the largest and strongest financial institutions in Nigeria provides financial services for both its potential and actual customers. The banks are expected to deliver services that are top-notch to their customers and deploy excellent

customer complaint handling system, that enables them to attend to customers complains and feedbacks attentively and timely. One would expect that the banks will deliver services that handles critical complaints from customers. However, many banks in Port Harcourt do not pay enough attention in handling customer complaints effectively and this has resulted to decrease in sales and profit margin and increase dissatisfaction from customers (Stauss and Schoeler, 2004; Homburg and Furst, 2007). Although, the banks are putting more efforts in improving their customer service activities to curb the high level of complaints in their services, thereby referring customers to use their customer service hotlines, self – service mobile app and their social media platforms to enable them to serve their customers better. With the above strategies, customers still feel neglected and dissatisfied because most of the platforms and apps used by these banks are most times not functional due to poor network or slow server of the banks, thereby putting the customer in a very ugly situation. It is the believe of the author of this paper, that the application of adequate and effectively customer complaint management and the allocation of professional customer service experts will to a large extent improve and enhance marketing effectiveness and in -turn reduce customer dissatisfaction of banks in Port Harcourt, Nigeria.

2.0. REVIEW OF RELATED LITERATURE

Theory of Handling Customer Complaints

Expectancy Disconfirmation Theory

Expectancy Disconfirmation Theory states that satisfaction can be connected to the level and the direction of the disconfirmation experience that happens because of comparing the organization's service delivery as against customer expectations. According to, Ekinci and Sirakaya (2004), disconfirmation theory states that satisfaction is the customer's fulfillment feedback or response. Furthermore, it is also a judgement that a product or service provides that bring about overall fulfillment.

The expectancy disconfirmation theory further states that consumers purchase goods and services with an assumed expectation that the products and services will bring about quality performance. (Atila and Fisun, 2001). In other words, the expectation level becomes a criterion to measure product quality and once the product or service has been consumed, the outcome of the experience is compared as against the expectations. If the outcome exceeds the expectation, the customer is looking for, then confirmation has occurred. Disconfirmation usually occurs where there is a difference between what the customer expects and the outcome of the product (Atila and Fisun, 2001). Expectancy disconfirmation theory (EDT) measures customer's expectations from perceived quality of product and service to anticipate customer satisfaction (Oliver, 1980; Patterson & Johnson, 1997; Spreng, 2003).

Expectancy disconfirmation theory usually has two variables in it, such as: Expectation and Perceived outcomes. Expectation is the prepurchase desire a customer is looking up to about a specific performance of a given product or service, perceived outcome is the after-purchase experience the customer has after using the product or service (Elkhani and Bakri, 2013)

Expectancy disconfirmation theory is a model that states that customers compare the performance of a product or service against their expectations. Furthermore, it states that satisfaction takes place when the perceived quality performance of a product or service meets or exceeds the expectations. In other words, when this perceived performance does not exceed expectations, it results to service failure which brings about customer complaints. Every customer expects a favorable experience from an organization and when these expectations are not met, disconfirmation has occurred, which is likely to bring about a

dissatisfied customer. To correct or meet these expectations, the organization needs to strategically handle and manage the customer and the experience appropriately, to avoid creating a negative word-of-mouth from customers, which can lead to decline in sales.

CONCEPTS OF HANDLING CUSTOMER COMPLAINTS

Complaint is an expression of dissatisfaction made by a customer to an organization that is related to his/her transaction with the organization regarding their products or services. While complaint handling is a process where the organization goes into action to respond or resolve the dissatisfaction explicitly. Complaints can also be seen as those actions that directly showcases dissatisfaction from the customer to the service providers (Halstead & Droge, 1991). Customers always complain when the given products or services offered are below their expectations. Thus, it is vital for service providers to note most dissatisfied customers are more likely to expression their grievances, than satisfied ones (Keiningham et al., 2015). In other words, handling customer complaints is the processes and actions of an organization that is directed towards addressing and managing customer complaints and recovering dissatisfied customers (Taleghani et al.,2011). Fornell and Westbrook, (1984), noted that handling complaints is the state of spreading information targeted at correction and managing the root cause of complaints and dissatisfaction from the clients. Complaint management and handling is also seen as the strategies employed by organizations to resolve, respond and learn from past mistakes in order to avoid the repeat of such mistakes (Hart et al.,1990). Customer complaints is when customers respond to various service failure or unpleasant events that are not favorable to them (Voinea et al.,2011).

TYPES OF COMPLAINERS

There exist at most five types of complainers that every organization will always encounter. Each one of them are different in their own unique way. They are typically motivated by their different needs, beliefs, behavior and attributes. These complainers are customers to most organizations and service providers, and it is of utmost important that organization learn and employ strategies on how to handle each of them (Wysocki et al.,2001). They include as follows:

- **Meek Customers:** These set of customers will never complain, most times, the service providers do not handle or treat them well in the cause of their transaction, but due to their nature, they will never complain about their experiences. Meek customers, rather than complain, they would keep quiet and never return to the organization again. Meek customers are always ready to cooperate, act appropriately.
- **Aggressive Customers:** Aggressive customers according Wysocki et al., (2011), are customers that often complain, and they always make it very loud and lengthy. Aggressive customer will listen and accept that problem exist and may likely stay for the issues to be resolved. Most often, they are being aggressive in return, and they do not respond or agree to excuses because a product or service drop in quality or service delivery.
- **High- Roller Customers:** These customers expect the best service from the organization and are willing to pay for it. They tend to complain in an orderly or mature way. High-roller customers focus more on results and are also interested how the firm handles or solves the problem. They usually listen respectively and questions fully to know the cause of the situation.
- **Rip -off Customers:** The aim of this type of complainers, is not to get the customer satisfied, but just to win by getting something or giving the customer what he/she is not entitled to. Rip-off customers is usually very objective.

- **Chronic Complainer Customers:** Chronic complainer customer do not always get satisfied. Something is always wrong with what the organization's products, services, and quality delivery. A chronic complainer customer's mission is to complain. Despite their complaining nature, they will never go away from the organization, they will keep patronizing the organization, and at the same complain about everything. Attending to chronic complainer customer requires extraordinary patience and the service provider must listen accurately and never express any form of frustration when handling them.

CAUSES OF CUSTOMER COMPLAINTS

Every organization get complaints daily and because it is inevitable, firms need to understand some of the causes of these customers complaints to enable them handle or avoid it. Some of the reasons why customers complain include the following:

Lack of Communication: When there is difficulty in speaking and explaining your experience with the service providers, it brings about frustration and dissatisfaction from the customers.

Poor Customer Service: Every customer organization must understand that whether their product is of good quality, and they deliver their services perfectly, the customer service personal might a problem to the organization, by completely being rude to customers and ignoring their requests.

Not Keeping Promises An organization or service provider that do not keep to their word to customers are more likely to lose their customers. Customers like it when, they are promised that the issues will be resolved in twenty-four (24) hours and it is done exactly the way, it was said to them.

Secondly, if customers are being told that their products or services will be ready or delivered to them in three (3) hours and its takes six (6), they will surely be annoyed with the firm and thereby start complaining.

Inability to have Contact with Service Providers: Customers will always complain when they find it difficult to reach an employee and explain their issues with them. Most often the customer hotlines are always busy that it poses difficulty in calling the call centers.

Leaving Customers Complain unresolved: When customers have issues with their transaction, they expect the issues to be resolved immediately or give them a timeframe that the issue will be resolved. But when the issues are unattended to customers tend to complain.

STEPS TO HANDLING CUSTOMER COMPLAINTS

Every business has customers that patronize them and competitors that also want these customers to switch over to them. Loyal customers are the bedrock of every business, and they tend to complain when they are not satisfied with the organization. However, there are steps or procedures for handling customer complaints with includes the following:

PROVIDE COMPLAINT DESK: When an organization provides a customer complaint box or desk, it means they are proactive and concerned about handling service failure and complaint which are inevitable in any business setting. When customers are given the opportunity to complain or send feedback, it encourages the customers to trust the organization and their promises in handling their issues.

LISTEN RESPECTFULLY

Listening and responding to customers politely and respectfully is huge to the customer. Customers enjoy it when they feel you have them at heart and want to hear them out and handle issues. Every customer deserves to be respected, when they transact with the organization, because they are the bedrock of any organization.

COMPENSATION POLICY

This is an established policy of the firm to compensate customers with the transaction goes beyond repair. When customers are given something of value as compensation instead of just apologizing is much valuable to them. The compensation policy of the firm is regarded as fairness, need, value and tangible reward of service recovery outcomes (Chebat & Slusarczyk, 2005; Writz & Mattila, 2004).

AGREE WITH THE CUSTOMER THAT A PROBLEM EXIST

In handling complaints as a service provider, always agree with the customer that the problem he or she is complaining about do exist and never you try to disagree or argue with customers when handling their complaints.

APPOLOGY

This is one of the strongest weapons in handling complaints. It is obviously that customers experience such issues and the first step in listening and resolving the issue is by apologizing to them. This however goes a long way in consoling the customer.

GIVE THE CUSTOMERS COMPLETE AND UNDIVIDED ATTENTION:

Customers get irritated when they receive undivided attention from the service providers, they tend to get frustrated and cause more harm to the organization. Giving customers complete attention when attending to their issues encourages them to be loyal to your firm despite the distracting wave of competitors in the marketplace.

RESOLVE AND FIX THE PROBLEM:

When every other thing is done, without resolving the problem, then nothing has been done. While apologizing and listening, respectfully ensure the complaint is resolved before the customer leaves or you endeavor to keep the deadline on when the issue will be resolved.

APPRECIATE THE CUSTOMER FOR COMPLAINING:

Complaints helps firms to work on the areas they are not doing well. Any customer that brings complaints to you wants to remain loyal to the firm. Otherwise, they can decide to quietly leave and spread their dissatisfactions with others and that can go a long way of destroying the firms' reputation.

MARKETING EFFECTIVENESS

Marketing effectiveness is a concept is seen as the process of enhancing the quality of spending to achieve the desired marketing objectives.

Furthermore, it is the quality where marketing managers improve on their spending to enable them to accomplish their short- and long-term result at a designated timeframe. Marketing effectiveness is further seen as the process where marketers go to market with the aim of improving their spending to achieve a better result in a short-term and

long- term period. Marketing effectiveness calls for managers to gather enough information to enable them plan effectively in resource allocation to the various markets, products and territories. Adu et al., (2001), posits that marketing effectiveness largely clings on the ability to execute marketing plans successfully at different levels of the firm.

HANDLING CUSTOMER COMPLAINTS AND MARKETING EFFECTIVENESS.

Information of customers on how they behave and react when complaints arise can help organization to enhance their marketing effectiveness. Knowing customer's flexible purchase decisions helps an organization to improve on their service delivery and in-turn increase their loyalty and profitability. Effective marketing activities entails that organization should handle customers courteously, give positive impression and keep them willing to come back again. When customer complaints are resolved as quickly as possible nine five percent (95%) of them will do business again with the organization due to their quality and effective complaint handling techniques. A satisfied customer will tell just five other people about how the firm resolve their issues, while a dissatisfied customer will spread their experiences all over the place. It is therefore important for firms to know that a loyal customer is worth ten times, the price of a single transaction or purchase by a new customer. In optimizing marketing effectiveness, customer relationship marketing is of great importance. Customer relationship marketing (CRM) plays the role of customer care and empathy. In this case, the quality of products and services are always high, and failures or complaints should not occur, but due to human error, there tend to be employees' mistakes, system break down and other self-service issues etc.

In other to resolve this, the service providers should immediately go into action to try to solve these issues and make corrections where necessary. It is also crucial that the organization looks at other areas where they can channel their resources in handling and managing complaints. In handling, customer complaints, efficiency and effectiveness are the main keys. And they are consistent in any organization's marketing activities, customers tend to be loyal, refer others and repeat purchase at every point in time, thereby increasing customer loyalty, sales growth, and profitability.

CONCLUSION AND RECOMMENDATIONS

It is of interest to note that complaints are inevitable, and every organization encounter customers who complain and will always have employees that make mistakes. An error-free service or transaction is almost impossible, and customers should realize that service failure cannot be eradicated totally from delivery any quality service. But it is necessary that firms strive to always deliver top-notch services to their customers, to avoid complaints and service failure frequently. Even firms that are efficient and have quality technologies and experienced professionals as employees still encounters service failure, which brings about complaints.

Organizations must therefore endeavor to minimize the level of service failure and provide quality complaint handling channels to deal with customer complaints when they come up.

Firms should also assign employees that have passion and empathy for people to handle customer complaints.

Finally, firms should always encourage customers to send them feedback about their experiences with the firm and their transactions with them.

REFERENCES

- Ateke, B. W. & Kalu, S. E. (2016). "Complaints Handling and Post- Complaint Satisfaction of Customers of Eatries in Port Harcourt, Nigeria. *International Journal of Research in Business Studies and Management*, 3 (21),16-26.
- Atila, Y. & Fisun, Y. (2001). "Measurement and Management issues in customer satisfaction research: Review, Critique and Research Agenda: Part two. *Journal of Travel and Tourism Marketing*, 10 (4), 81-11.
- Atila, Y. & Fisun, Y. (2001). "The expectancy- Disconfirmation Paradigm": A Critique. *Journal of Hospitality & Tourism Research*, 25 (2), 107-131.
- Bell, S. J. & Luddington, J. A. (2006)." Coping with customer complaints". *Journal of Service Research*, 8 (3), 192-204.
- Brown, S.W., Cowles, D. L. & Tuten, T.L. (1996)". Service recovery: Its value and limitations as a retail strategy" *International Journal of Service Industry Management*, 7(5),32-46.
- Chebat, J. C. & Slusarczyk, W. (2005). "How emotion mediate the effects of perceived justice on loyalty in service recovery situations: An empirical Study". *Journal of Business Research*, 58(5),664-673.
- Davidow, M. (2003). Organizational Response to customer complaints: What works and what doesn't. *Journal of Service Research*, 5 (3), 225-250.
- Ekinci, Y. & Sirakaya, F. (2004). "An examination of the antecedents and consequences of customer satisfaction". In crouch G. I, Predure, R. R., Timmermans,
- H. J. P, & Uysal, M. *Consumer Psychology of Tourism Hospitality and Leisure*, Cambridge, MA: CABI Publishing 189-202.
- Elkhani, N. & Bakri, A. (2013)." Review on expectancy disconfirmation theory" (EDT) model in B2C E-Commerce. *Journal of Information Systems Research and Innovation*. <http://seminar.utmspace.edu.my/jisri/>, 95-102.
- Filip, A. (2013). "Complaint Management: A customer satisfaction learning process. *Procedia-Social and Behavioral Sciences*, 93(9),271-275.
- Fornell, C. (1992). "A national Customer Satisfaction barometer: The Swedish experience. *Journal of Marketing*, 56, 6-21.
- Fornell, C., & Westbrook, R. A. (1984). "The various circle of consumer complaints". *Journal of Marketing* 48, 68-78.

- Gelbrich, K. & Roschk, H. (2010). "A meta-analysis of organizational complaint handling and customer responses. *Journal of Service Research*, 109467051387914.
- Halstead, D. & Droge, C. (1991). Consumer attitude towards complaining and the prediction of multiple complaint responses. *Advances in Consumer Research*, 18, 210-216.
- Hart, C. W. L., Heskett, J. L. & Sasser, W. E. (1990). "The profitable art of service recovery". *Harvard Business Review*. 68, 148-156.
- Homburg, C. & Furst, A. (2007). "See no evil, hear no evil, speak no evil: A study of defensive organizational behavior towards customer complaints. *Journal of Academy of Marketing Science*, 35 (4), 523-36.
- Keiningham, T. L., Frennea, C., Aksoy, L. A., & Mittal, Y. (2015). A five-component customer commitment model: Implications for purchase intentions in goods and services industries. *Journal of Service Research*, 1-18.
- Kitapci, O. & Dortyol, I.T. (2009). "The difference in customer complaint behavior between loyal customers and first comers in the retail banking industry: The case of Turkish Customers". *Management Research News*, 32 (10), 932-941.
- Komunda, M. (2013). "Customer Complaints Behavior, service recovery and behavioral intentions": Literature Review. *International Journal of Business and Behavioral Sciences*, 3(7), 1-29.
- Landon, E. I. J. (1980)," The direction of consumer complaint research", *Advance in Consumer Research*, 7, (2), 335-8.
- Massawe, M. D. L. (2011). Customer Satisfaction and Complaints as a means of gaining a competitive advantage in Hospital industry.
- McCullough, M. A., Berry, L. L. & Yadav, M. S. (2000). "An empirical investigation of customer satisfaction after service failure and recovery" *Journal of Service Research*, 3 (2), 121-37.
- Oliver, R. L. (1980). "A cognitive model of the antecedents and consequences of satisfaction decisions. *Journal of Marketing Research*, 17 (11), 460-469.
- Patterson, P. & Johnson, L. (1997)." Modelling the determinants of customer satisfaction for business -to-business professional services". *Journal of the Academy of Marketing Science*, 25 (1), 4-17.
- Prilick, R. & Lala, V. (2009)." The impact of the recovery Paradox on retailer -customer relationships". *Managing Service Quality*, 9(1), 42-59.
- Spreng, R. A. & T. J. P. Jr. (2003)." A test of Alternative measures of disconfirmation decision sciences". 34 (1).

- Stauss, B. & Schoeler, A. (2004). "Complaint Management Profitability: What do complaint manager know?" *Managing Service Quality*,14 (2/3),147-156.
- Taleghani, M., Largani, M.S., Gilaninia, S., & Mousavian, S. J. (2011)." The role of customer complaints management in consumer satisfaction for new industrial enterprises of Iran". *International Journal of Business Administration*, 2 (3),140-147.
- Tronvoll, B. (2012). "A dynamic model of customer complaining behavior from the perspective of service-dominant logic". *European Journal of Marketing* 46, (1/2), 284-305.
- Voinea, L., Pamfile, R. & Onete, B. (2011). "Marketing Effectiveness and Business Performance in the financial services industry". *Journal of Services Marketing*,15 (1), 18-34.
- Wirtz, J. & Mattila, A.S. (2004). Consumer responses to compensation, speed of recovery and apology after a service failure". *International Journal of Service Industry Management*, 15 (2), 150-166.
- Wysocki, A. F., Kepner, K.W., Glasser, M.W., Farnsworth, D. & Clark, J. L (2001). HROO5, Food and Resource Economics Department, UF/FAS Extension, May 2001.