

# Complaint Resolution and Grievance Redressal in Hotels

P. Sravan Kumar\*

## Abstract

The hotel sector is expected to generate 2.3 million jobs in the coming year. The country has moved up 13 positions to 52nd rank from 65th in tourism and travel competitive index. The domestic tourism visits grew by 15.5 per cent during 2016, and foreign tourist arrivals on e-visa has more than doubled to over 10 lakhs. International hotel chains are expanding their investments in India and are likely to account for about 50 per cent of hotel rooms by 2022, from the current 44 per cent.

Since 1960, some 15,000 papers were presented across the world discussing guest satisfaction (Ekici et al. 2004, p. 189), but very little attention has been paid to the value perception and expectations guests have towards product delivery and satisfaction. Considering that guest expectations have gone up in the past 30 years and continue to do so, it is not an easy task for hotels to stay competitive and profitable unless they take guest complaints seriously and resolve the issues.

Guests are likely to search for evidence of value and satisfaction from three distinct sources: 1. People, 2. Process, and 3. Physical environment. (Petrick, 2004, p.398). Though there are a number of variable paradigms, this paper aims to explore a. The reasons for guest complaints, and 2. The processes hotels apply to resolve the guest complaints.

In this background, it is essential to explore and understand the issues concerning guest complaints. This paper primarily aims at understanding (a) what prompts a guest to raise a complaint, (b) what are the various processes open to hotels to resolve them, and (c) how does a fully resolved complaint effect a guest. This will be a qualitative research paper and will involve a survey through a structured questionnaire with random sampling, along with existing literature review.

**Keywords:** Guest Satisfaction, Complaints, Redressal

## Introduction

Foreign tourist arrivals have shown an increase of 4.5% (global average is 4.4%) in 2015, and domestic tourism has grown by 11.1%. India ranked 40<sup>th</sup> in international tourist arrivals but 14<sup>th</sup> in world tourism receipts, indicating the per capita spend is much higher in India than many other countries. As of 31<sup>st</sup> December 2014, the country had 2333 approved hotels with an inventory of 79567 rooms. The hotels in the non-approved and semi organized sector are estimated to be roughly of equal volume. These facts and figures, published in *India Tourism Statistics Book, 2015*, by Market Research Division, Ministry of Tourism, Government of India, 2016, point undoubtedly to a phenomenon where more and more people stay in hotels, and the trend is upward.

While this appears as a good news for hoteliers, it is not exactly so. While the occupancy factor across the country is increasing, the ARR and REVPAR figures are falling gradually, worrying the hotel owners and operators alike. One strong reason for this is the huge competition given by non-hotel accommodation sector comprising of BnB (Bed & Breakfast) units and homestay, which is picking up very fast. While the no frills accommodation is available for a lower price, full service hotels need necessarily to compete, and resultantly, the actual tariffs are falling.

So now it is an all out war to capture the customer rupee, or dollar. And the key to this is simple: “sheer customer delight”. It is imperative to have repeat customers to ensure profitability, and repeat sale is possible only when the customer is fully satisfied with his purchase, and accepts the value received for money paid is worth. Any let down is sure to take away business in the short term, and in the long term, hit the bottom line.

\* Consultant, Indian Plumbing Association, Hyderabad, Telangana, India. Email: hotelconsultant@rediffmail.com

Why is it important to manage guest complaints?

“Our business begins and ends with two words: guest experience”, said hotel magnate *Steve Wynn*, in NYU Hotel Investment Conference in 2015. Some things are timeless. He may have said this in 2015, but his statement holds good if it was said in 1987, or, even in 2050. Hotels cannot imagine to survive without engaging guests in memorable experiences at all times.

“The hotel industry has focused on product and brand for the past 50 years. For the next 50, it will be on relationships and databases”, said *Ashford CEO Monty Bennett*. “To sustain relationships, it is absolutely essential that each guest checks out completely satisfied, of his experience on all occasions”, said Starwood’s *Allison Reid*. On a seldom instance where he has raised a complaint, he will return to the hotel only when the complaint is solved to his satisfaction.

Why do hotel guests complain?

When guests take the time to bring an issue to your attention, consider it a gift. They are giving you an opportunity to make things right. The way you respond will have a decisive impact on the outcome. Complaint arises when expectations are not met. In other words, when a guest expects something but actually receives something less or inferior, it leads to disappointment, and thus gives rise to complaint. *The Hoteliers Handbook of Managing Guest Expectations in a Digital Age* says, in a hotel scenario, there are two types of expectations, explicit and implicit.

Explicit expectations mean, If the hotel promises a king size bed with a view of the ocean, an explicit expectation is created. These are easier to manage, since most of them are objective. It is very clear whether what you have promised is delivered or not. For example, if a guest books a room with an ocean view, but for some reason, is provided with a mountain view room, the customer is disappointed since it is not what he was promised, even if the mountain view and the room are better.

Implicit expectations are more subjective in nature and usually formed based on brand, location etc., They are harder to understand and manage. For example, OYO rooms advertise on their website that all their hotels offer fresh linen and clean bathrooms, and if a guest finds the bathroom unclean, it leads to disappointment. Likewise, if the guest is promised a complimentary breakfast

and if he had imagined a lavish buffet spread but was actually provided a single pre plated snack, it leads to disappointment and erosion of expectation.

Managing complaints is actually managing disappointments. While most guests raise a complaint as the situation occurs (in real time), others send in a complaint later. The chances are more a purposeful and immediate resolution when the complaint is raised in real time, though a complaint raised later is more likely to lead towards a long-term solution, and avoid similar situations henceforth.

Now we must understand that how are (customer) expectations formed? So basically, there are three main channels, according to *The Hoteliers Handbook to Managing Guest Expectations in the Digital Age*, Ebook, by *Sojern* are:

- a. Word of mouth: as many as 92% of customers trust a reference given by another customer. A positive feedback given about a hotel by a previous user will set expectations from the hotel.
- b. Customer service: If the guest receives promising responses to his/her queries, expectations will form.
- c. On-site experience: The way the guest is treated from the point of arrival for allow further expectations to form.

At certain point of time the guest complaints are beneficial for organisation. *Creighton university* had conducted a workshop on conflict management with the theme “The Problem: How to Manage Conflict” (*reference to be included*). The findings are not only interesting but also are relevant to hotel industry. Some of them are:

1. When hotel staff understand how to handle and resolve complaints, they are better suited to deal with future situations.
2. Conflict management will lead to professional growth and improvement of personal understanding.
3. Once a problem is identified and a complaint is resolved, it helps in preventing recurrence, promote productivity and enable the ability to foresee future issues.
4. Sometimes solving a guest complaint calls for a co-ordinated effort by more than one person. In such situations, it leads to forming and working together as teams, thereby foster a culture of team work,

collective responsibility and collective gain. When team members see the problem from different angles and come up with different solutions, it opens up new ways of thinking and promotes healthy performance.

5. Guest complaints promote among staff constructive and positive discussion, prevents antagonism and dislike, and prevents situations from getting out of hand. Complaints lead to new ideas, stimulate creativity, promote individual and group growth, and promote the overall functioning of the hotel.

## Literature Review

There are primarily three groups of customer satisfaction theories, namely, Expectancy disconfirmation, Equity, and Attribution. The expectancy disconfirmation theory suggests that customers form satisfaction judgments by evaluating the actual product/service. The most widely accepted conceptualization of the customer satisfaction concept is the expectancy disconfirmation theory. "The theory was developed by Oliver (1980), who proposed that satisfaction level is a result of the difference between expected and perceived performance. Satisfaction (positive disconfirmation) occurs when product or service is better than expected. On the other hand, a performance worse than expected, results with dissatisfaction (negative disconfirmation)".

The customers would form expectations prior to purchasing a product or service. Second, consumption or experience produces a level of perceived quality that is influenced by expectations. If perceived performance is only slightly less than expected performance, assimilation will occur, perceived performance will be adjusted upward to equal expectations. If perceived performance lags expectations substantially, contrast will occur, and the shortfall in the perceived performance will be exaggerated. Applying to hospitality industry, Atkinson (1988) stated that cleanliness, security, value for money and courtesy of staff determine customer satisfaction. Akan (1995) mentioned that the vital factors are the behavior of employees, cleanliness and timeliness. A study by Choi and Chu (2001) concluded that staff quality, room quality and value are the top three factors that determine customer satisfaction. It is pertinent to note all the parameters mentioned are volatile, that means, their physical condition and performance may change any

time, leading to a swing in perceived performance from highly satisfactory to highly unsatisfactory.

According to the SERVQUAL model, service quality can be measured by identifying the gaps between customers' expectations of the service to be rendered and their perceptions of the actual performance of service. It is based on 5 dimension of service. These dimensions are Tangibility, Reliability, Responsiveness, Assurance, Empathy.

The studies conducted in the hotel sector produce different outcomes with regard to the hierarchy of dimensions in contributing to overall evaluation of service quality. Akan (1995) reports "courtesy and competence of hotel personnel", Mei et al. (1999) report "employees", Saleh and Ryan (1992) report "conviviality", and Ekinci et al. (2003) report "intangibles" as the most important dimensions influencing the quality perception.

In hospitality industry, the success or failure of business depends on service. Some deliver consistently higher levels of customer service. The reason they do it is by realizing there is no other way to survive in an ever-increasing competitive environment. Most of times, customer service remains an intangible factor, and is essential, both as a means of satisfying ever-increasing customer service expectations, and to achieve business profitability (Erdly & Kesterson-Townes, 2002). In 2012, Cornell Hospitality presented a report from PKF Hospitality Research that showed guest satisfaction is heavily influenced by service, and that service plays a far greater role than price and location in the guest-purchase decision.

With competition continuing to grow, hotels are focusing on retaining existing customers, which is less expensive than attracting new ones. Hence, it is imperative to look at customer relationship over long term, or, the Customer Lifetime Value (CLV), rather than a single transaction only (Lovelock & Wirtz, 2007). According to Masberg and colleagues, "to the customer, only service may distinguish a business from its competition" (Masbert, Chase & Madlem, 2003, p.19).

The moment of truth - One of the definitions of quality in service is "meeting or exceeding customer expectations" (Kapiki, 2012). This embodies a concept known as Moment of truth (Beajean, Davidson & Madge, 2006), where a customer's interaction with front line employees

determines his opinion of the hotel. The moment of truth occurs perhaps from the moment the guest vehicle enters the porch, and lasts till he leaves the reception after check in. Hence, within a very short span of time, the hotel is expected to make or break its impression on the guest, by its service.

## Research Method

The present study is based on explorative method of research. The data was collected through both primary and secondary sources. A questionnaire was circulated to one hundred hotel guests, in three different hotels, all three-star category. The hotels were: Hotel Devaragam, Guruvayooru, Kerala, Hotel SVN Lake Palace, Vizianagaram, AP, and Hotel Royal Reve, Secunderabad, Telangana. It was designed to ascertain guest views on complaints in hotels and the hotels efforts to minimize and address them effectively. 84 responses were received, and 81 were considered after eliminating 3 for being incomplete. The source of collecting secondary data is from publications, research articles and journals of hospitality trade.

## Analysis of Findings

The feedback received from hotel guests, from three hotels in three states, throws up some interesting data, worth analyzing. One hotel was chosen in the state capital of Telangana, and two, each from an interior district headquarter of Andhra Pradesh, and from a pilgrimage mofussil of Kerala. In spite of the demographic diversity, the guest expectations were more or less uniform, as well as the guest approach. The hotel located in the state capital focused more on minimizing complaints, whereas the other two took a case by case approach, showing a pro-active policy by the first, and responsive by the other two. The seriousness in problem solving was uniform by

all of them. The guests too, demonstrated uniformity, and did not relax their expectations in a small town and have been equally demanding as in a state capital. Almost all guests have expressed unwillingness to excuse hotels not rising up to their promises.

## Findings

### Major Findings from Hotels (From the hotels where survey was conducted)

| Top 10 complaints in a hotel |                                                                    |
|------------------------------|--------------------------------------------------------------------|
| 1                            | Room too hot (air conditioning not adequate)                       |
| 2                            | Unfriendly rules (restaurant timings, swimming pool costume etc.,) |
| 3                            | Annoying (neighboring) guests                                      |
| 4                            | Lack of cleanliness                                                |
| 5                            | Pests and rodents in rooms and public areas                        |
| 6                            | Overcharging for services (print outs and Wi-Fi especially)        |
| 7                            | Bad food and tasteless beverages                                   |
| 8                            | Rude staff                                                         |
| 9                            | Uncomfortable beds                                                 |
| 10                           | Unsafe atmosphere and situations                                   |

Key characteristics of front line trouble shooters, as expressed by the owners of Hotel Devaragam, Guruvayooru, Kerala, on a personal interview are:

1. Treat customers and colleagues with courtesy and respect.
2. Create a positive first impression for customers.
3. Communicate clearly when sharing information.
4. Be conscious of the voice and body language.
5. Speak positively about the hotel at all times.

The questionnaire and the responses

### Section one: Participant Details

|                                                                              |               |                 |           |
|------------------------------------------------------------------------------|---------------|-----------------|-----------|
| Age: > 40 years 62                                                           | < 40 years 19 | Gender: Male 57 | Female 24 |
| Frequency of staying in hotels: < 2 times a month 52                         |               |                 |           |
| > 2 times a month 29                                                         |               |                 |           |
| Education: Below graduation 7                                                |               |                 |           |
| Graduation and above 74                                                      |               |                 |           |
| Occupation: Pvt 9 Corporate 27 Govt 8 Business 23 Professional 7 Housewife 7 |               |                 |           |
| Place of origin: Metro 14 Non metro city 43 Mofussil or district 17 Rural 7  |               |                 |           |

### Section two: About Guest Satisfaction, Complaints and its Resolution

|                                                                                                                     |
|---------------------------------------------------------------------------------------------------------------------|
| Do hotels generally provide good value for money?                                                                   |
| Mostly yes <b>53</b> /      Some times yes <b>15</b> /      Mostly no <b>13</b>                                     |
| Do you get upset when hotel fails to provide promised service?                                                      |
| Most of the times yes <b>37</b> /      Some times yes <b>28</b> /      Most of the times no <b>16</b>               |
| Do you make a specific complaint to front line staff when some thing goes wrong?                                    |
| Most of the times yes <b>14</b> /      Only on serious issues <b>42</b> /      Most of the times no <b>25</b>       |
| What satisfies you in resolution of a complaint?                                                                    |
| Sincere apology <b>17</b> / Apology plus resolution <b>51</b> / Apology plus resolution plus compensation <b>13</b> |
| What is the area of most complaints?                                                                                |
| Rooms <b>19</b> /      Food and beverage <b>33</b> /      House keeping <b>15</b> / others: <b>14</b>               |

### Section three: About Your Experiences When Complaints are Made

|                                                                                                                  |
|------------------------------------------------------------------------------------------------------------------|
| Do hotels, in regular course, take guest complaints seriously?      Yes <b>75</b> /      No <b>6</b>             |
| When the hotel acts against a complaint, is the action adequate?      Yes <b>52</b> /      No <b>29</b>          |
| What is the main reason for complaint? Staff attitude <b>41</b> /      Physical condition and comforts <b>40</b> |
| Do you pursue a complaint till it is totally solved? Yes <b>20</b> /      No <b>61</b>                           |
| Do you think staff training is a remedy to reduce guest complaints? Yes <b>67</b> /      No <b>14</b>            |

More than half of guests feel hotels provide value for money, while slightly less than half said they make a complaint when something goes wrong. However, majority of those who complain say the hotels act seriously on complaints, and provide resolution. More than two thirds of guests feel training has an impact on minimizing and solving guest complaints.

## Conclusion

Guests arrive with reasonable expectations and are generally prepared to excuse the hotel for minor lapses. However, in case of complaints, they do look forward for affirmative action, and are willing to adjust if the hotel expresses a sincere apology and attempts to rectify the situation. There is a good relationship between moment of truth and business performance of hotels. It is better to under-promise and over-deliver to achieve total customer delight. Training is an important element in preventing and managing guest-hotel conflict, and hotel managements should delegate sufficient functional authority to front line staff while handling complaints.

## Suggestions & Implication

The outcome of this study shows that hotels need to increase their efforts in retaining a guest, in addition to finding a new guest. It is now possible, due to hotel marketing portals and third party room aggregators to generate more enquiries and convert them into confirmed bookings. But in order to stay afloat without drowning in the ever expanding ocean of guest rooms, it is essential that the customer needs to be fully satisfied, each time. The responses of the sample guests also show that guests do take their complaints seriously, and will not excuse hotels which do not act upon them with equal seriousness.

A future study is suggested on the financial implications of guest complaint management on hotels, with specific reference to how the occupancy and revenue factors are affected because of dissatisfaction of guests. Also to study the impact of digital era in better service and quicker dispute resolution.

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