

An Exploration of Consumer Complaint Behavior towards the Hotel Industry: Case Study in Macao

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Abstract

Macao has experienced positively exponential growth with the liberalization of the gaming industry in 2002. This profit-generating territory has attracted many international chain companies, such as Las Vegas Sands Corporation, Wynn Resorts Limited, MGM Resorts International, and Starwood Hotels and Resorts Worldwide, LLC, to establish their businesses in Macao. However, Macao is currently experiencing its worst downturn since 2002. Hotel operators should strive to continuously improving the services that they offer to survive the keen competitive environment. These operators should acquire feedback by encouraging and facilitating the complaint process to improve service quality and meet customer expectations. When customers encounter service failure, they engage in different coping strategies such as inertia, negative word-of-mouth, third party complaint, and voice (Kim, 2010). This study aims to explore the complaint behavior of customers toward the hotel industry in Macao. A qualitative approach is adopted with a sample of 30 respondents who have stayed in Macao hotels. Semi-structured questions are asked through in-depth interviews. The reasons for the complaints and complaint behavior of the customers have been identified, and recommendations are given based on the results of the analysis to provide insights for industry practitioners.

Keywords: customer, complaint behavior, hotel industry, Macao

1. Introduction

1.1 Background

Macao, which is officially known as the Macao Special Administrative Region (SAR) of the People's Republic of China, is a special administrative region of Mainland China. Macao lies on the western side of the Pearl River Delta across Hong Kong, which is approximately 64 km to the east (Macao Government Tourist Office, 2016). Macao was administered by Portugal from the mid-16th century until late 1999. Sovereignty over Macao was transferred to China on December 20, 1999. The policy of "one country, two systems" states that the State Council of the People's Republic of China is responsible for military defense and foreign affairs, whereas Macao maintains its own legal system, the public security force, monetary system, customs policy, and immigration policy. The political and economic systems of China would not be imposed on Macao, which would enjoy a "high degree of autonomy" in all matters, except for foreign affairs and defense, for the subsequent 50 years (MGTO, 2016). After the turnover of Macao, the service sector expanded rapidly and the SAR government set a clear policy direction whereby tourism, gaming, conventions, and exhibitions comprised the "head" and the service industry was the "body;" these sectors would be responsible for driving the overall development of other industries (Gaming Inspection and Coordination Bureau, 2016).

1.2 Evolution of the Tourism Industry in Macao

The tourism industry is one of the biggest industries that can provide various advantages in terms of economic, environmental, and social aspects (Zaei & Zaei, 2013). Gaming, hotel, heritage, and event markets have been strongly emphasized and become the most essential segments within the tourism industry in Macao. The Macao gaming industry can be traced back to the 16th century, when Macao first opened its harbor to visitors. At that time, gambling stalls were spread over streets and lanes and were operated by bankers given that no gaming regulation was implemented. The government legalized gaming in 1847 to fill its depleted coffers and diversify its leading economic activities. Hou Heng Co. and Tai Heng Co. operated casinos in 1930 and 1937, respectively.

Tourism resources and infrastructure were limited at that time. In 1962, the Sociedade de Turismo e Diversões de Macao (STDM) gained the franchise to operate casinos. It also operated a ferry service, which brought millions of visitors to Macao. The promotion of the government enhanced the development of the hotel sector and other business opportunities. Hence, between the 1970s and 1980s, several hotels with international standard and high quality of service, such as Lisboa, Mandarin Oriental, and Hyatt Regency, were established and entered the gaming market. The gaming industry started to boom toward the late 19th century; thus, gaming tax provided the main income for the government. Since then, Macao has become famous for its gaming industry and has earned the appellation “Monte Carlo of the Orient” (DICJ, 2016). Gradually, in 2002 and 2003, the central government initiated the relaxation of “Hong Kong and Macao Tour” regulations and the “Free Individual Traveler Scheme,” respectively. These regulations restructured visitor profile. Mainland China visitors have replaced Hong Kong visitors and have accounted for the largest tourism market in Macao (Pao, 2004).

The liberalization of the gaming license in 2002 opened the gate for foreign investors. The monopolized gaming era ended, but the grand moment of the tourism industry began. Numerous new casinos, hotel complexes, and resorts with different themes and atmospheres were constructed. Domestic hotels were refurbished and reconstructed. In addition, various facilities and forms of entertainment were introduced to add value to the service experience, thereby uplifting the overall service quality in the tourism sector.

Simultaneously, “The Historic Center of Macao” was successfully inscribed as a World Heritage Site on July 15, 2005, and is currently recognized as the 31st World Heritage site in China. The 25 sites encompass historical and cultural architectures and landscapes that can fully demonstrate Macao as a unique city with a blending of eastern and western cultures. This event of historical visit significantly increased awareness of the city and attracted culture lovers to visit Macao (The Cultural Affairs Bureau, 2005). Thus, Macao has successfully transformed from a colony of Portugal to a well-known world-class tourism destination.

Macao Statistic and Census Services (DSEC, 2017) reported that despite the slight downturn in 2008 and 2009, the number of visitor arrivals in Macao exhibited an upward trend and upheld a positive growth until 2014. In 2015 and 2016, visitor arrivals decreased slightly to 30,714,628 and 30,950,336, respectively. Mainland China still accounts for the largest tourism market in Macao, followed by Hong Kong, Taiwan, the Republic of Korea, Japan, the Philippines, Thailand, Malaysia, the United States of America, and Indonesia. The lodging sector has become a critical tourism resource to support the tourism industry and the economy of Macao given that the number of tourist arrivals continuously increases.

1.3 Macao Hotel Industry Overview

The Macao SAR government has set up a legal regime that regulates hotel establishments in Macao to achieve full supervision and quality control. Hotel Industry and Similar Industries defines a hotel establishment as a property that provides lodging service with or without the supply of meals or other complementary services to the public in exchange for money from the guests (MGTO, 2016). Since the liberalization of the gaming license in 2002, Macao has attracted many international chain companies, such as Las Vegas Sands Corporation, Wynn Resorts Limited, MGM Resorts International, and Starwood Hotels and Resorts Worldwide, LLC, to establish their businesses in this profit-generating territory (DICJ, 2016). Some local hotel operators have also renovated their properties and developed existing businesses. As of the end of December 2016, 107 hotel establishments (32 five-star hotels, 17 four-star hotels, 15 three-star hotels, 11 two-star hotels, and 32 guest houses) provide 36,278 guest rooms in Macao (DSEC, 2017). Since 2002, 39 hotel establishments have been added to the lodging industry. In terms of room supply, data shown that 27,324 rooms have been added to accommodate guests; moreover, supply exhibits a dramatic expansion of 305%. (Macao Statistic and Census Services, 2017)

1.4 Problem Statement

However, Macao is currently experiencing its worst downturn since 2002. Figure 1 indicates that the gross gaming revenue has fallen to a six-year low of MOP 224,128 million (DSEC, 2017). Macroeconomic and political factors in China, including anti-corruption measures, shortening of the visa period, prohibiting middle-/high-level public servants from visiting Macao, anti-money laundering and strict monitoring of UnionPay, are the principal direct causes. The effects of other tightened regulations, such as the smoking ban and the removal of UnionPay devices in casinos, are relatively minimal (Liu et al., 2015). Some of the casinos forced their employees to take unpaid leaves to reduce overhead cost (Macao Daily Times, 2015). Kwok Chi Chung, an independent non-executive director in Jimei, stated that junket operators had no other option but to cut costs by reducing the number of employees due to the declining casino market in Macao. Kwok stated that terminating casino staff was difficult for organizations, but establishments had no other option considering that their profits were slim (World Casino News, 2015). During the boom, however,

investments have been made in extravagant projects, and expensive new integrated resorts, such as MGM Cotai and Louis XIII, are currently under construction and slated to open this year. Nevertheless, the hotel occupancy rate dropped by 6.69 percentage points to 81.5% in 2015 and slightly increased to 83.3% in 2016 (DSEC, 2017).

With the decreasing demand and fierce competition, establishing interaction with customers through high-quality customer service is important to remain one step ahead of rivals. Hotel practitioners should improve tourism service quality in accordance with the goal of MGTO (2016). Industry professionals and skilled service providers are considered as critically significant elements to cultivate and develop a successful tourism sector of Macao. Macao must continuously raise service quality and efficiency, as well as enhance tourist convenience to become a world-class tourist destination. Therefore, the service quality of hotel practitioners should be uplifted to remain competitive in the midst of fierce competition. Yavas et al. (2003) suggested that companies should focus on customer satisfaction since it is closely related to the increase of revenues, the reduction of costs, the improvement of service quality, and the establishment of market shares. To achieve sustainable market success, companies should pay attention not only to satisfied customers but also to dissatisfied customers since consumer dissatisfaction can lead to complaints, negative word of mouth (WOM), and even suspension of repatronize (Yuksel et al., 2006). Accordingly, complaints are useful and important resources that allow companies to rectify problems and increase consumer satisfaction (Nyer, 2000).

1.5 Study Rationale and Objectives

Customer complaints convey important information directly from customers and are a major indicator of customer dissatisfaction. Complaints are a critical source of information to improve services. Successful handling of complaints can resolve crises and help maintain customer loyalty. Therefore, from a customer relationship management (CRM) perspective, complaint-related knowledge must be collected and analyzed. Previous studies have investigated customer complaints and complaint behavior (Heung & Lam, 2003). Ngai et al. (2007) studied the Consumer Complaint Behavior (CCB) of Asians and non-Asians toward hotel services. Hui & Au (2001) studied the complaint behavior of Chinese and Canadian tourists toward hotel services. Despite immense interest on the topic, scientific studies conducted on dissatisfaction complaints toward the hotel industry of Macao remain scarce. Research on the current complaint-handling practices in the hotel industry of Macao is also limited. Therefore, the present study aims to investigate CCB in the hotel industry of Macao and to provide recommendations for industry practitioners to improve service quality.

To explore CCB in the hotel industry of Macao and to provide recommendations for industry practitioners to improve service quality, this study aims to achieve the following objectives:

- 1) To examine customer perception toward complaints in the hotel industry of Macao
- 2) To investigate CCB toward the hotel industry of Macao
- 3) To provide recommendations for industry practitioners to improve the complaint-handling process.

The hotel industry is one of the major pillars of the economy of Macao. However, the slump in the gaming revenue, the decline in occupancy rate, and the reduction in room revenue have significantly affected the economy of Macao. This study provides insight into the importance of effective complaint-handling practices and service recovery for hotel practitioners. The literature review provides additional knowledge that supports the contributions of this study as follows:

- 1) It builds a conceptual framework for CCB to further illuminate its effects on the hotel industry.
- 2) It increases knowledge of CCB among industry practitioners and assist them in improving service level, complaint handling, and service recovery.
- 3) It is in line with the goal of the Macao SAR government to improve tourism service quality.

Therefore, this study is significant for helping industry practitioners improve service quality and increase service satisfaction.

2. Literature Review

The success or failure of businesses in the tourism and hospitality industries depends on service. Therefore, customer satisfaction has long been a matter of concern in these sectors. Customer expectations must be satisfied to achieve a high level of customer satisfaction. However, realizing customer expectation is difficult unless customers provide feedback regarding their opinions. Sanes (1993) stated that customer feedback is available in many forms, and complaint is the most useful and meaningful source of information. Many studies have emphasized that customer complaints should be welcomed and encouraged by service providers due to the

reason that they generate valuable and important information (Nyer & Gopinath, 2005). A complaint allows a service provider to obtain useful customer feedback for achieving improvements to increase customer satisfaction, loyalty, long-term sales, and profits (Fornell & Wernefelt, 1987).

Although customer complaints are inevitable, customer satisfaction plays a vital role in sustaining the existence of hotel enterprises in the current highly competitive environment (Ngai et al., 2007). Barlow (1996) indicated that customer complaints are important for the improvement of hotel operators because complaints make operators aware of the problems, and thus, they are able to rectify them in a timely and spontaneous manner. Successful service companies recognize that although attracting new customers is important, retaining a close relationship with current customers is probably more vital in terms of profitability (Johnson & Selnes, 2004). Power & Driscoll (1992) determined that improving the customer retention rate of a company by 20% has the same effect on profits as reducing costs by 10%. In addition, a company can achieve profit improvement of 25% to 85% by decreasing customer defection by only 5% (Reichheld & Sasser Jr., 1990). Hotel managers must understand CCB in the hotel industry considering the huge cost of losing a customer, which outweighs the cost of performing corrections or any resolution in complaint handling.

2.1 Service in Nature and Characteristics

Services are economic activities between two parties, which imply an exchange of values between a seller and a buyer in the marketplace. Although customers expect to obtain values from their service purchases in exchange for their money, time, and effort, these values originate from value-creating elements rather than from transfer of ownership (Lovelock & Wirtz, 2004, p. 15).

The field of services marketing was developed in the late 1970s after it separated from the field of goods marketing (Gummesson, 2007). Services differ from tangible goods. They are distinguished according to four unique characteristics: intangibility, inseparability of production and consumption, heterogeneity, and perishability (Zeithaml et al., 1985). Focus on service characteristics has influenced the development of key concepts, such as service quality, customer satisfaction and dissatisfaction, and CCB.

2.2 Why Customer Complaint or not Complaint

Huang et al. (1996) suggested that the intention of consumers to complain is related to their evaluation of the probable consequences and value of lodging a complaint. Lovelock & Wirtz (2004) proposed the following four main purposes of complaining:

- (1) To obtain compensation, individuals complain to recover economic loss by seeking a refund, compensation, or by having the service performed again (Chebat et al., 2005).
- (2) To express their anger, complaining can help customers rebuild their self-esteem and vent their anger (Nyer, 1997).
- (3) To help improve service, when customers are highly involved in a service, they provide feedback to achieve service improvement.
- (4) For altruistic reasons, some customers feel bad if they fail to voice a problem, which will cause difficulties to other people if the problem remains uncorrected. Downton (2002) reported that only 1 out of 20 customers would complain. A large majority of customers do not complain because they believe that complaining will not do them any good, or they do not have the time or the energy to complain. Villarreal-Camacho (1983) explained that some people do not complain because they are unfamiliar with the channels or systems for complaints.

2.3 CCB

Extensive research has been conducted on CCB, which is defined by Jacoby & Jaccard (1981) as “an action taken by an individual which involves communicating something negative regarding a product or service either to the firm manufacturing or marketing that product or service, or to some third-party organizational entity” (p. 6). In one of the early attempts to conceptualize CCB, perceived consumer dissatisfaction is posited as a significant predictor of CCB (Bearden & Teel, 1983). Landon (1977) stated that CCB results from the combination of the discrepancy between expectations and performance and the importance of this discrepancy to the consumer. Singh (1988) argued that CCB is triggered by feelings of perceived dissatisfaction, and the perception of dissatisfaction with services is the prerequisite to qualify consumer responses as CCB. Evidently, when consumers are more dissatisfied, they are more likely to engage in complaint behavior. Albrecht & Zemke (1996) stated that only 5% of the dissatisfied customers actually complain since most of them are unwilling to take the time and trouble to take action or to engage in uncomfortable conversations. Bearden & Teel (1983) also stated that consumer dissatisfaction could only explain less than 20% of the variance in CCB. If service provider

fails to obtain such valuable feedback, then the opportunity to solve the problem and retain a customer is lost (Hirschman, 1970). Effective resolution of customer problems can positively affect customer trust and commitment (Tax et al., 1998), which can ultimately strengthen the competitiveness of a hotel.

Several complaint response models have been previously suggested. The conceptual foundation of CCB can be established based on two important frameworks: the exit, voice, and loyalty framework of Hirschman (1970) and the complaining behavior taxonomy of Day & Landon (1977). Hirschman (1970) indicated that people in a deteriorating relationship have three basic response options: exit the relationship, voice dissatisfaction, or remain quiet and stay in the relationship (loyalty). Day & Landon (1977) developed a two-level hierarchical CCB taxonomy. The first level distinguishes action from no action. If action was taken, then it was labeled as either public or private in the second level. Public actions include seeking remedy or refund from the service provider, whereas private actions refer to personal boycott of the brand, WOM communication to others, and ceasing to patronize the services. Conversely, if no action is taken, then the situation is described as “forget about it” and “do nothing” as the dissatisfaction is not worth the time and effort to take any action (Day et al., 1981).

Singh & Howell (1988) stated that CCB comprises several behavioral or non-behavioral responses, and some or all of which are triggered by perceived dissatisfaction with the purchase experience. Behavioral responses within CCB constitute reaction that conveys customer dissatisfaction (Landon, 1977). These responses can include addressing the issue directly with the service provider, seeking for a legal resolution or third party involvement, or spreading negative WOM. Non-behavioral responses cover situations in which the customers forget or do nothing to express dissatisfaction (Day et al., 1981). Singh (1988) classified complaint behavior into voice responses (e.g., seeking resolution from the service provider or no action), private responses (e.g., WOM communication), and third party responses (e.g., performing legal action).

2.4 Factor Effect CCB

Numerous studies have attempted to identify variables that directly or indirectly affect CCB. However, the findings occasionally contradict with one another because many variables can relate to the complaint behavior. Becker et al. (1999) argued that the complaint tendency of a person is related to the severity of the problem, price, and cost associated with the complaint. Although dissatisfaction is the prerequisite to CCB responses, it is insufficient for facilitating complaint behavior. Blodgett et al. (1993) emphasized that the tendency of a consumer to complain to a company is based on his/her attitude toward complaint, which consist of the perceived value of the complaint and the possibility of a successful consequence.

Kim et al. (2010) proposed an integrated conceptual framework for the service recovery process in relation to CCB using cognitive appraisal theory as its foundation. This model indicated that initial dissatisfaction leads to cognitive appraisal, which in turn, will determine the coping tactics of the consumer. This integrated conceptual framework is illustrated in the next section.

2.5 Conceptual Framework

The conceptual framework that portrays the CCB process is presented in Figure 1. It represents an adaptation of the cognitive appraisal process that is mostly attributed to the works of Lazarus and his colleagues (Lazarus, 1966, 1991, 1991; Lazarus & Folkman, 1984; Lazarus & Launier, 1978). The framework involves elements of CCB and the service recovery process by identifying the cognitive processes of customers in perceived service failure and recovery, their coping strategies, and the influencing variables to their behavior and consequences.

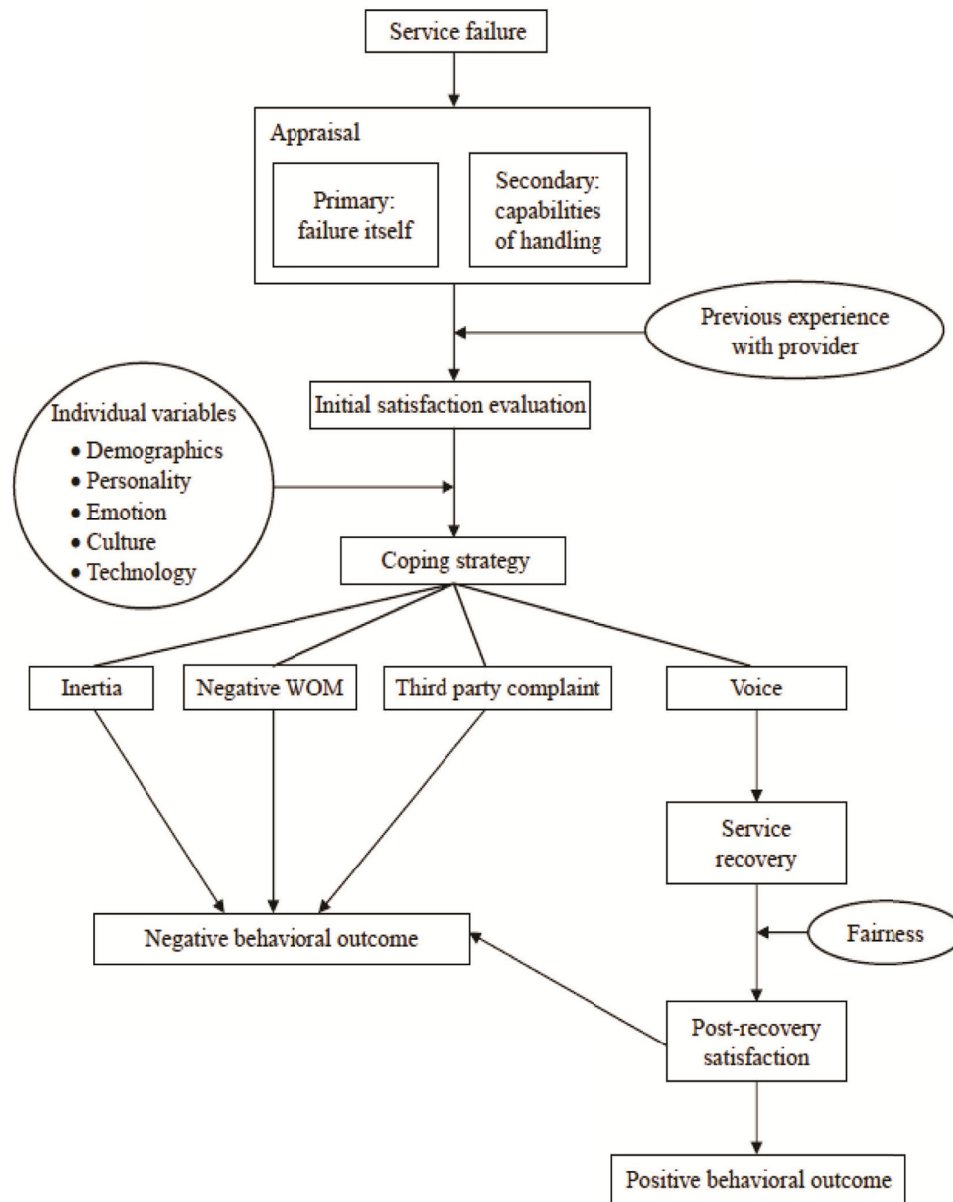


Figure1. Integrated conceptual framework for CCB

Source: Kim et al. (2010)

2.6 Cognitive Appraisal of Dissatisfying Service Experience

The model called “theory of cognitive appraisal” was proposed by Lazarus and his colleagues; it explained the reaction of people to a negative incident, and thus, their way of coping with stressful situations (Lazarus, 1966). The cognitive appraisal of an event is an evaluation of the significance of the event to the well-being of an individual (primary appraisal) and the potential to cope with a dissatisfying experience (secondary appraisal). Therefore, depending on the situation and personal factors, the same event may be stressful to one individual, but not to another, where stressful event is defined as a situation that exceeds the psychological resources of an individual (Lazarus & Launier, 1978). Primary and secondary appraisals may occur simultaneously and interactively (Lazarus, 1991).

In the primary appraisal stage, customers evaluate the seriousness of a service failure (Richins, 1983). First, dissatisfied customers decide if the problem is relevant to their goals. Second, they assess the extent to which the dissatisfying event inhibits their goals. Finally, they evaluate their level of ego involvement. Stephens & Gwinner (1998) asserted that dissatisfied experiences are more likely to be appraised as stressful when they

hinder the attainment of a relevant consumption goal and affect the self-esteem of an individual. In addition, Richins & Verhage (1985) stated that the price of a service may affect the primary appraisal process. When the customer is more involved with a consumption situation, he/she is more likely to take time, effort, and money, to complain a problem (Lau & Ng, 2001).

Stephens and Gwinner (1998) proposed that secondary appraisal refers to the perceived ability of the customer to deal with a dissatisfying experience. Secondary appraisal considers three elements: (1) attribution of responsibility for the event, (2) expectation of future failure, and (3) evaluation of the coping potential of an individual (Lazarus, 1991). For the first element, individuals assign blame for the incident. These blame attributions may be external (someone else is responsible), internal (the consumer is responsible), or situational (no one is responsible) (Weiner, 1986). For the second element, consumers assess what will happen in the future. If the situation will get better in the future on its own, then the intensity of the stressful event is less and coping actions may not be required. The third element depends on several personality traits and situational constraints, such as estimated costs, time and effort to voice (Day & Landon, 1977), as well as the reputation of the service provider for responsiveness (Richins & Verhage, 1985). Furthermore, the possibility of success is linked to the propensity of consumers to complain (Hirschman, 1970).

2.7 Coping Strategies after Initial Satisfaction Evaluation

Due to the differences in goals, ego-involved beliefs, and coping potential, the same situation may be appraised differently by various individuals or even by the same individual at varying times (Lazarus, 1966). Stressful encounters have elements of harm or threat and may trigger negative emotions like anger (Lazarus & Folkman, 1984). Consumers decide on their coping strategies to reduce stress. These coping strategies are categorized into three types as follows: (1) problem-focused, (2) emotion-focused, and (3) avoidance (Lazarus & Folkman, 1984).

Problem-focused coping strategy is implemented when consumers feel harm or threat to their personal well-being, but also perceive themselves to have strong coping potential. It can take the form of face-to-face, phone, or E-mail. In contrast to problem-focused, emotion-focused coping strategies are directed inward and aimed at regulating the mental responses of an individual. These strategies are directed toward managing the mental state of an individual rather than directly addressing the problem. Westbrook (1987) proposed that individual who feels responsible for a negative incident will feel shame and will not complain.

Lastly, avoidance-based coping means ignoring the situation, and thus, taking no action. Consumers typically believe that complaining is not worth the time and effort (Day & Bodur, 1978) or will not achieve any resolution (Day & Ash 1979); thus, they physically withdraw from the situation. Avoidance coping is common when a market is highly competitive, and dissatisfied consumer can switch or exit easily (Hirschman, 1970).

The definition of coping strategies have been refined based on private versus public actions and on various motivations to complain (Day & Landon, 1977; Singh, 1988). Kim et al. (2010) built on previous research and proposed a conceptual model, which includes four coping strategies, as follows:

- (1) taking no action (inertia),
- (2) negative WOM,
- (3) complaining to the service provider directly, and
- (4) complaining to a third party.

2.7.1 Inertia

Zeelenberg & Pieters (2004) defined inertia as the position where some customers remain passive, and therefore, fail to take action in response to a service failure. Tax & Brown (1998) proposed that only 5% to 10% of dissatisfied customers actually complain because the perceived cost of complaining exceeds its potential benefits, thereby leading to inaction (Day, 1984). Whether an individual complain or not can also be predicted based on personality variables. Bodey & Grace (2007) proposed that attitude-toward-complaining and propensity-to-complain are two factors that discriminate between the two groups. Dissatisfied consumers may continue patronage because the time and effort associated with complaining is high and they are not motivated to consider other options (Solomon, 1994). However, when sufficient alternatives arise or the disappointment level increases, these dissatisfied customers may suddenly switch behavior (Oliver, 1997).

2.7.2 Negative WOM

WOM refers to informal communications between private parties regarding to evaluation of goods and services (Fornel & Bookstein, 1982) rather than formal complaints to the companies. If the complaint is appropriately

handled, then the customer may engage in positive WOM (Shields, 2006). The American Technical Assistance Research Program (TARP) discovered that a dissatisfied consumer will inform an average of nine to ten people about their experience, and these people, in turn, will warn others not to purchase products or services from that company (Furlong, 1993). WOM communication covers all communications of customers with the members of their social and professional networks (Anderson, 1998). Sundaram et al. (1998) indicated four motives for negative WOM:

- (1) altruism (e.g., to prevent others from experiencing the same problem),
- (2) anxiety reduction,
- (3) vengeance,
- (4) advice seeking.

Singh (1990) labeled individuals with a high intention of negative WOM as irate. Within the last decade, the advent of Web 2.0 and the diffusion of social media caused a shift from a “top-down” business-to-consumer marketing paradigm to a “peer- to-peer” (P2P) process of information construction and distribution (O’Connor, 2008).

2.7.3 Powerful Electronic WOM (e-WOM)

Negative WOM communication has developed a new dimension in recent years due to technological advancements. WOM can now be communicated over the Internet as e-WOM. Bailey (2004) indicated four types of corporate complaint websites: (i) individual sites developed by disgruntled customers or former employees, (ii) corporate complaint sites, (iii) intermediate sites, and (iv) consumer protection agency sites. E-WOM has helped consumers develop (collective) power over companies given that a negative online comment can seriously affect the reputation of a company (Hennig-Thurau et al., 2004). Under the old rules, if you upset a customer, then we can expect that they will tell seven of their friends. At present, however, one upset customer “could potentially impact your business negatively in front of hundreds or even thousands of prospects” (Cockrum, 2011, p. 2) Therefore, managing and monitoring online complaints is vital to hospitality service provider in the current digitalized and competitive world.

2.7.4 Third Party Complaint

A third-party complaint indicates that customers lodge their complaints to external parties such as a consumer advocacy group, consumer affairs, a regulatory agency, or even a civil or criminal court. Singh (1998) stated that third party complaint behavior is directed toward objects that are external to the social circle of the consumer and not directly related to the dissatisfying experience, such as newspapers and legal agencies. They are important because they represent a higher order of action than other coping strategies, such as simply complaining to friends, family, or the company (Feick, 1987). For example, dissatisfied customers can lodge their complaints to third party such as the Macao SAR Government Consumer Council. Although third party action represents a relatively small percentage of dissatisfied consumers who utilize third party agencies, this action can result to a considerable amount of money loss by the firm (e.g., settlement of lawsuit), have immense public relation implications, and constitute an under-researched phenomenon (Singh, 1989).

2.7.5 Voice

Hirschman (1970) defined voice as directed to a high authority and intended to cause change or improvement to an existing, objectionable state. A complaint allows the service provider to obtain customer feedback, which is useful in making improvements to increase customer satisfaction, loyalty, long-term sales, and profits (Fornell & Wernerfelt, 1987). Therefore, compared with other coping strategies, voice is the least harmful to business because complaints provide feedback that may help improve the quality of service (Fornell & Wernerfelt, 1987). Moreover, voice is an effective means that allows the service provider to dampen the anger of a complaining customer (Blodgett, Hill, & Tax, 1997). The plan of consumers to voice indicates that they believe the company can redress the problem (McKee et al., 2006). Multiple coping strategies may also be used by a dissatisfied consumer following a service failure (Richins, 1987). For example, when the dissatisfied hotel guest has waited a long time for the corrective action to happen, he/she may choose to spread negative WOM regarding the hotel.

However, the motivation behind voicing a complaint is also interesting to many researchers. “Illegitimate voice” may occur out of the monetary, ego, or disruptive motivations of consumers rather than out of service failure (Prim & Pras, 1999). Thus, a database that captures the content for further examination and to be used in formulating guidelines for service quality improvement and complaint handling is important.

2.8 Moderating Variables of Consumer Responses to Service Failure

Previous studies have shown that the coping strategies utilized by dissatisfied customers depend on individual differences or their past relationship with the service provider. Several important individual-level variables are presented in the next section.

2.8.1 Role of Past Experiences

Previous studies have shown that the prior satisfaction of customers directly affects their subsequent satisfaction judgments (LaBarbera & Mazursky, 1983). Woodruff, Cadotte, & Jenkins (1983) argued that a favorable prior experience with a service provider increases the likelihood of a favorable evaluation of the current service encounter. However, perceived losses caused by service failures are weighed heavily by customers who are previously satisfied with the service (Bitner et al., 1990). Mattila (2004) proposed that emotional bonding causes customers to be more lenient toward service providers during service failures. Therefore, firms must perform everything in their power to ensure that their best customers do not become their worst enemies (Grégoire & Fisher, 2008).

2.8.2 Role of Demographics and Personality Traits

The reactions of dissatisfied customers are rooted in their cognitive processes; thus, they are heavily influenced by individual traits and characteristics (Stephens & Gwinner, 1998). Demographic factors such as age, education level, and income also affect complaint behavior (Day & Landon, 1977; Jacoby & Jaccard, 1981; Heung & Lam, 2003). For example, Morganowsk and Buckley (1987) stated that consumers who complain publicly are young, with high incomes, and high education level. However, some studies have proposed that older adults, low income groups, and individuals with few years of education do not necessarily react passively to dissatisfaction (Gronhaug & Zeltman, 1981).

Furthermore, gender may influence CCB. However, the results are inconsistent. For example, Huang et al. (1996) proposed that males are more likely to expect to get things straight, thereby resulting in more complaints from males than females. Babakus et al. (1991) and Reiboldt (2002) also indicated that men are more likely to complain than women. By contrast, some studies found that female consumers are more concern about having their views heard during service recovery efforts than males (McColl-Kennedy & Sparks, 2003). These contradictory findings suggest that further research is required to clarify the relationship between the personality traits and demographic profiles of customers and their complaint behavior.

2.8.3 Role of Emotions in Driving Consumer Responses to Service Failures

Emotions occur when environmental events or the mental processes of individuals trigger psychological changes. Service failure frequently results in negative emotions, particularly when dissatisfies customer perceives the service recovery effort to be unfair (McColl-Kennedy & Sparks, 2003). Furthermore, Bougie, Pieters, & Zeelenberg (2003) proposed that anger is a complete mediator for public complaint behavior and negative WOM, but a partial mediator for service provider switching behavior.

2.8.4 Role of Culture

Hofstede (1980) defined culture as the collective programming of the mind which distinguishes one group of people from another. Various dimensions of culture, such as power distance, individualism versus collectiveness, and uncertainty avoidance, may contribute to customer propensity to complain (Liu & McClure, 2001). First, Hofstede (1980) referred to power distance as the extent to which less powerful members of a society accept that power is distributed unequally. Power distance is wide in Asian countries (e.g., Japan, India, China) but narrow in many non-Asian cultures (e.g., the United States, Canada, Australia) (Mattila, 2000). Liu and McClure (2001) proposed that Asian customers are more likely to engage in negative WOM.

Second, the dimension of individualism versus collectiveness refers to the degree to which individuals are integrated into groups (Huang et al., 1996). Mills & Clark (1982) stated that people in a collectivist culture are interdependent within their in-groups (e.g., family, nation), provide priority to the goals of their in-groups and shape their behavior on the basis of in-group norms. By contrast, in an individualistic culture, people are autonomous and independent from their in-group, and they prioritize their personal goals over those of their in-groups (Triandis, 2001). Liu & McClure (2001) asserted that in collectivist nations such as Japan, China, and Hong Kong, consumers consider voicing their complaints as disturbing; however, they are likely to warn family members and friends about their bad experiences.

Third, individuals from high uncertainty avoidance cultures are more resistant to change, more fearful of failure, and less likely to take risks than people from low uncertainty avoidance cultures (Huang et al., 1996).

2.8.5 Role of Technology in Service Failures and Service Recoveries

The emergence of self-service technologies (SSTs) is rapidly replacing the traditional approach to business and service delivery in the hospitality industry (e.g., automated check-in and check-out). Customer reactions to technology-based failures should be urgently understood (Meuter et al., 2003). SST is a technological interface that allows consumers to produce a service that is independent of the direct involvement of a service employee (Meuter et al., 2000). However, Meuter et al. (2000) proposed that for technology-related failures, it is difficult to handle complaint effectively. For example, if a hotel guest failed to check in through a self-check-in/out kiosk, then he/she may not easily solve the problem through the same kiosk. Holloway & Beatty (2003) stated that generic recoveries such as long delays, poor customer support, and poor communication are common problems in technology-based recovery efforts. Therefore, an effective online complaint handling system should be implemented to help hotels retain their customers.

2.9 Service Recovery

Zemke & Bell (1990) described service recovery as “a thought-out, planned process for returning aggrieved customers to a state of satisfaction with the firm after a service or product has failed to live up to expectations” (p. 43). Tax & Brown (2000) indicated that an effective service recovery can prevent consumer disappointment and can even salvage a relationship. If an individual has the belief that the company consistently implement service recovery when service failures occur, his/her behavioral intentions are favorable (Swanson & Kelley, 2001). However, effective service recovery remains a challenge (Miller et al., 2000).

2.9.1 Fairness Theory

The actions of service providers in response to a service failure comprise a combination of psychological recoveries and tangible efforts. The most recent research that explains how customers evaluate service recovery efforts involves justice theory. Justice theory is based on a 3D view of the concept of fairness which comprises distributive justice, procedural justice and interactional justice.

Distributive justice is the perceived fairness of an outcome, such as compensation (Deutsch, 1985). Procedural justice is the perceived fairness of the process used to redress failure, such as flexibility of the procedure and company policies (Lind & Tyler, 1988). Interactional justice is the perceived fairness of the manner that the consumer is treated, such as the provision of an explanation and apology (Bies & Shapiro, 1978). Equity theory states that the behavior of customers is influenced by the assessment of their contribution (e.g., money and effort) and the reward (e.g., favorable service experience) that they receive (Austin & Walster, 1974). Justice theory and equity theory propose that perceptions of fairness are induced when a consumer compares interaction, procedure, and outcomes with other customers or his/her prior experience.

2.9.2 Behavioral Outcomes

Customers who complain should be provided with a satisfactory response. Hoffman et al. (1995) asserted that when service failures occur, reaction of the service provider can potentially either reinforce a strong customer bond or change a minor problem into a major incident. All recovery strategies influence the post-recovery behavior of customers in a new consumption situation (Kim et al., 2010). Therefore, some behavioral outcomes can be positive (e.g., positive WOM, post-purchase intention, and repurchase) or negative (e.g., negative WOM, complain to a third party, and switching behavior).

2.9.3 Positive and Negative Behavioral Outcomes

If service recovery is enacted effectively, then it can favorably affect behavioral outcomes. Previous works have suggested that service recovery is positively linked to repatronize intention and recommendation behavior (Mattila, 2001). By contrast, customer dissatisfaction may result when customers do not perceive the recovery efforts of service providers to be fair or do not satisfy their expectations. Thus, negative coping strategies (e.g., negative WOM, voice) for the initial service failure may be repeated after a double failure.

2.10 Research Gap

Despite the immense interest on the topic, minimal scientific research has been conducted on dissatisfaction complaints toward the hotel industry of Macao. Most of the studies on this subject have been conducted in foreign countries; hence, the results may be inapplicable to the Macao hotel industry. Moreover, slight emphasis is placed on Chinese CCB. In Macao, the largest proportion of tourist arrivals is from Mainland China (DSEC, 2017). Chinese customer behavior differs from that of customers from Western countries. Thus, the study of Chinese CCB is vital. Furthermore, research on the current complaint-handling practices in the hotel industry of Macao remains limited. Accordingly, the present work fills in this gap by investigating CCB toward the hotel

industry of Macao and providing recommendations for industry practitioners to improve service quality.

3. Methodologies

A descriptive qualitative research design was adopted in this study. Visitors with an unpleasant experience in a hotel in Macao were selected as the respondents. Descriptive research designs collect evidence that helps the researcher to determine the “who,” “what,” and “where” of single or multiple cases (Yin, 1994). Such research designs are typically the best methods for collecting in-depth information that can demonstrate relationships and describe the world as it exists. This study used the descriptive research design to explore CCB toward the hotel industry and collect in-depth information from customers (i.e., “who”) about their complaint behavior toward the hotel industry (i.e., “what”) of Macao (i.e., “where”) (Kulatunga et al., 2007).

A qualitative in-depth interview approach was adopted in this study to investigate CCB toward the hotel industry of Macao. An in-depth interview helps explore the experience of interviewees and the meaning they make out of their experience (Seidman, 1998). An in-depth interview also helps identify and solve unforeseen problems encountered in the industry (Jennings, 2001). A semi-structured format with open-ended questions was used. This format also helps determine the “why” or “how” questions in single or multiple cases (Yin, 1994), and thus, provide “thick descriptions” (Geertz, 1973; Woodside & Wilson, 2003).

Secondary research is research based on already existing secondary resources (Jennings, 2001). In the current study, secondary research methods included articles in academic journals, published books, newsletters, newspapers, unpublished reports, and government publications and websites.

Purposive sampling is adopted in an in-depth interview considering the suggestion of Fletcher and Plakoyiannaki (2010) that random sampling is not preferred in case studies. Sara (2009) indicated that purposive sampling refers to the selection of units based on personal judgment rather than randomization. Purposive sampling does not only help maximize the depth and richness of data (Dicicco-Bloom & Crabtree, 2006), but also ensure that the different characteristics of the interviewees are included in the research (Sara, 2009).

Dworkin (2012) asserted that the minimum sample size required to reach saturation and redundancy in grounded theory studies is 30 participants. Furthermore, Lewis & Ritchie (2003) argued that the use of a small sample size ensures that a research is rich in constituencies and represents diversity.

The research questions were based on the framework proposed by Kim et al. (2010). Campell & Werner (1970) reported that the back-translation technique is the most widely used method for achieving translation equivalence in a cross-cultural research. Visitors were selected as the target respondents; hence, the questionnaire was constructed using the back-translation method to make the questions comprehensible in both English and Chinese. To maintain construct validity, the English version and the version translated into Chinese were compared to ensure that the translation was accurate and did not induce bias in the research. The back-translation method has also been found to identify most inadequacies (Altinay & Paraskevas, 2008). A pilot test was conducted in January 2017 to revise unclear questions, and thus, avoid misunderstanding with the interviewees. Holsti (1968) initiated content analysis as “any technique for making inferences by systematically and objectively identifying the special characteristics of a message” (p. 151). Content analysis had been adopted for this study. The purpose of content analysis is to provide an overall understanding of the data. Data were summarized and organized based on the available themes by using a “bottom-up” grounded approach. The summaries indicated the interview threads and maintained the context of the quotes obtained from the interviews, which were applied widely as examples in the research.

4. Finding and Discussion

A total of 30 participants were interviewed in this study (Table 1). These participants were visitors from the top 10 source markets in 2016. The age of the interviewees ranged from 18 to 65 years and were distributed as follows: 6.7% (2 out of 30) were 18 to 25 years, 23.3% (7 out of 30) were 26 to 33 years, 36.7% (11 out of 30) were 34 to 41 years, 16.7% (5 out of 30) were 42 to 49 years, 10% (3 out of 30) were 50 to 57 years, and 6.7% (2 out of 30) were 58 to 65 years. Approximately 56.7% of the respondents (17 out of 30) were male and 43.3% (13 out of 30) were female. In terms of education level, 63.3% (19 out of 30) were bachelor’s degree holders; 13.3% (4 out of 30) were high school graduates; 13.3% (4 out of 30) were certificate, diploma, or higher diploma degree holders; and 10% (3 out of 30) were master’s degree holders. Among the participants, 100% (30 out of 30) encountered unpleasant hotel service experience, whereas 60% (18 out of 30) eventually complained to the hotel management.

Table 1. Shown interviewees's profile

No.	Gender	Age	Citizenship	Education Level	Income (in dollars)	Level MOP	Unpleasant Service experience		Hotel Complaind to the hotel	
							Yes	No	Yes	No
P01	Male	34 to 41	Philippines	Bachelor's Degree	\$8001 to \$16,000	to	✓		✓	
P02	Male	34 to 41	US	Bachelor's Degree	\$32,000 to 40,000	to	✓		✓	
P03	Female	26 to 33	China	Bachelor's Degree	\$8001 to \$16,000	to	✓		✓	
P04	Male	34 to 41	Malaysia	Master's Degree or above	\$24,000 to 32,000	to	✓			✓
P05	Male	26 to 33	Philippines	Bachelor's Degree	\$16,000 to \$24,000	to	✓		✓	
P06	Female	34 to 41	US	Bachelor's Degree	\$24,000 to 32,000	to	✓			✓
P07	Male	26 to 33	Thailand	Bachelor's Degree	\$32,000 to 40,000	to	✓		✓	
P08	Female	26 to 33	Hong Kong	Bachelor's Degree	\$32,000 to 40,000	to	✓		✓	
P09	Male	42 to 49	Malaysia	Bachelor's Degree	\$32,000 to 40,000	to	✓			✓
P10	Female	26 to 33	China	Certificate, Diploma or Higher Diploma	\$16,000 to \$24,000	to	✓			✓
P11	Male	34 to 41	Republic of Korea	Bachelor's Degree	\$32,000 to 40,000	to	✓			✓
P12	Female	42 to 49	Japan	Certificate, Diploma or Higher Diploma	\$32,000 to 40,000	to	✓			✓
P13	Female	34 to 41	Hong Kong	Bachelor's Degree	\$40,001 above	or	✓		✓	
P14	Male	42 to 49	US	Master's Degree or above	\$40,001 above	or	✓			✓
P15	Male	58 to 65	China	High school	\$40,001 above	or	✓			✓
P16	Male	50 to 57	Japan	Master's Degree or above	\$40,001 above	or	✓		✓	
P17	Male	34 to 41	Hong Kong	Bachelor's Degree	\$32,000 to 40,000	to	✓		✓	
P18	Female	18 to 25	Taiwan	Certificate, Diploma or Higher Diploma	\$16,000 to \$24,000	to	✓		✓	
P19	Male	34 to 41	Singapore	Bachelor's Degree	\$24,000 to 32,000	to	✓		✓	
P20	Female	50 to 57	Taiwan	Bachelor's Degree	\$40,001 above	or	✓		✓	
P21	Male	34 to 41	Malaysia	Bachelor's Degree	\$24,000 to 32,000	to	✓		✓	
P22	Male	50 to 57	Indonesia	Bachelor's Degree	\$24,000 to 32,000	to	✓			✓
P23	Female	58 to 65	China	High school	\$40,001 above	or	✓		✓	
P24	Male	34 to 41	China	Bachelor's Degree	\$32,000 to 40,000	to	✓		✓	
P25	Female	42 to 49	Hong Kong	High school	\$32,000 to 40,000	to	✓			✓
P26	Male	18 to 25	China	Certificate, Diploma or Higher Diploma	\$8000 or under		✓		✓	
P27	Female	26 to 33	US	Bachelor's Degree	\$40,001 above	or	✓		✓	
P28	Male	34 to 41	Republic of Korea	Bachelor's Degree	\$32,000 to 40,000	to	✓			✓
P29	Female	42 to 49	US	High school	\$40,001 above	or	✓		✓	
P30	Female	26 to 33	Taiwan	Bachelor's Degree	\$24,000 to 32,000	to	✓			✓

4.1 Consumer Perceptions towards Hotel Complaints

From the opinions of the diverse selection of interviewees, most the respondents are found to be rational and objective when dealing with complaints. They claimed that they will search for further information regarding a complaint before making a decision on not choosing a hotel. Some of the respondents have also indicated that receiving a complaint is common due to various social media platforms. A hotel receiving a complaint is understandable given that customer complaints are an inevitable part of the hospitality industry. This observation indicates that the habit of complaining is common among the general public.

However, some respondents expressed that they will not choose a hotel that has received complaints due to the following reasons:

(1) Since many options are available in the market. The respondents have considerable choices of hotels in Macao. A total of 107 hotel establishments (32 five-star hotels, 17 four-star hotels, 15 three-star hotels, 11 two-star hotels, and 32 guest houses) are available in Macao, which can provide up to 36,278 guest rooms to tourists and visitors (DSEC, 2017).

(2) High room rates. As of February 31, 2017, the average room rate of three- to five-star hotels in Macao is MOP 1,280.50 (MGTO, 2017). The room rate is high, and thus, the risk of losing money is unjustified.

(3) Not wanting to risk ruining their vacation. When visiting Macao, all tourists are expecting a relaxing and enjoyable trip. A bad experience in any hotel may ruin their vacation, and hence, visitors will prefer to avoid taking such risk.

4.2 Main Reasons for Complaining

The respondents have indicated that the main reason for complaints is the quality of staff service, followed by the quality of room attributes. This result is in line with that of Parasuraman et al. (1991), who found that hotel customers want a clean and secure room as well as an accommodating and friendly staff.

The two most common service failures experienced by the respondents are related to slow check-in/check-out and staff issues. Hotel guests are generally intolerant of long waiting times. The check-in/check-out problems can be solved by adding more express check-in/check-out facilities for the guests. For staff issues, rude, unhelpful, and inefficient staff was the most common problem mentioned by the respondents. These findings provide insight for hotel practitioners into the importance of courteous and speedy service.

Wong et al. (1999) found that employee behavior and appearance are the most important predictors of service quality in hotels. Therefore, hotel practitioners should ensure that the core product, which is the bedroom, should be provided with consistent high quality. Moreover, some of the complaints are related to the auxiliary service which is poor transportation arrangement. Most three- to four-star hotels in Macao provide free shuttle bus with routes to various locations such as the port. Therefore, a transportation service is gradually becoming a basic fundamental amenity that a hotel should have.

4.3 CCB toward Macao Hotels

4.3.1 Voice versus Inertia

Despite the fact that 100% of the respondents have encountered an unpleasant experience during their stay in a hotel in Macao, only 60% have actually complained to the hotel management. They complained either to the person in charge or to the manager. Some of the respondents wrote a complaint letter or complained through the official website of the hotel. They complained to 1) correct the problem, 2) receive prompt service, 3) receive compensation, 4) express anger, 5) receive apologies, 6) gain awareness, and 7) follow-up the problem. As mentioned in Chapter 2, a complaint allows the service provider to obtain customer feedback that is useful in making improvements, which will help increase customer satisfaction and loyalty, as well as long-term sales and profits (Fornell & Wernefelt, 1987). Therefore, compared with other coping strategies, voice is the least harmful to companies because it provides feedback that may help improving service quality (Fornell & Wernefelt, 1987).

By contrast, 40% (12 out of 30) of the respondents did not complain to the hotel management although they have encountered an unpleasant experience because they 1) do not want to spoil their vacation, 2) feel embarrassed, 3) lack of awareness, and 4) believe that complaining is useless/no point of arguing. This observation is particularly true among tourists, who typically have limited time to spend in a destination but are also unfamiliar with the local language and the complaining procedure in the area (Ekiz, 2009).

In addition, this finding is consistent with the findings of Le Claire (1993) in which Chinese consumers were found to be more hesitant to voicing complaints due to face saving, require for interpersonal harmony, and

moderation. This is because a public argument is regarding to the face-losing act and damages interpersonal harmony (Heung & Lam, 2003), as mentioned in Chapter 2. Most Chinese passengers think complaining to the hotel staffs face-to-face would be embarrassing. Also, some of them are unaware of their rights and do not know the procedure and channel to complain.

4.3.2 Third Party Complaint

Only 3.3% of the respondents claimed that he/she will raise the complaint to external agencies such as the Macao Consumer Council. Moreover, 90% of the respondents expressed that they will not raise the complaint to external agencies due to following reasons: 1) time constraint, 2) minor issue, 3) no idea where to raise the complaint, 4) reporting is useless, 5) not wanting to spoil their vacation, and 6) reporting is not worth their time and effort. As mentioned in a previous section, the respondents are tourists visiting Macao, and thus, they may have no idea where to make the complaint given that they are unfamiliar with the place and the local language. In addition, they usually have limited time and a tight schedule. Thus, they are less willing to be involved in raising complaints since such action may be time-consuming and costly. Moreover, the results are unpredictable.

4.3.3 WOM

The findings of many scholars have been found consistent, where unhappy customers frequently voice their displeasure in the form of negative WOM to other current and potential customers (Voorhees et al., 2006), nearly all of the respondents in the present study have indicated that they will demonstrate their anger regarding the incident by sharing the experience with their family and friends. In addition, recent web technology advancements have enabled online customers to express their concerns and negative experiences regarding hotel services over the Internet. Such technology also offers customers with confidentiality while they share negative experiences to the public. Therefore, 46.7% of the respondents claimed that they will share the incident by posting it on their social media accounts or on travel forums to blast out negative WOM effectively and to release their anger. Under the old rules, if you upset a customer, then you can expect him/her to tell seven of his/her friends. At present, however, one upset customer “could potentially impact your business negatively in front of hundreds or even thousands of prospects” (Cockrum, 2011, p. 2). Therefore, managing and monitoring online complaints are vital to any hospitality service provider in the current digitalized world.

4.3.4 Boycott/Switch

The majority of the respondents claimed that they will switch to another hotel or simply leave the hotel. Some respondents even claimed that they will boycott the hotel group in other regions. Marketing scholars have argued that the cost of gaining a new customer can be as high as five to six times the cost of retaining an existing one (Boldgett et al., 1995). Hence, this situation is a matter of serious concern.

4.3.5 Recovery Strategies of Hotels

Surprisingly, only 16.7% of the respondents indicated that their problem has been redressed. In particular, 33.3% of the respondents claimed that the hotel failed to solve the incident, whereas 40% claimed that the hotel had no response because they did not make any complaint. The respondents indicated that a hotel rectifies a problem through strategies such as 1) providing compensation, 2) taking immediate action, 3) offering apologies, and 4) correcting the problem.

However, the actual actions taken by the hotels were considerably below the expectations of the respondents. The respondents have suggested a list of recovery actions that they expect a hotel to use to rectify their particular problems, with each respondent mentioning an average of two to three actions. These actions include 1) correcting the problem, 2) offering apologies, 3) providing compensation, 4) taking immediate action, 5) providing an explanation, 6) conducting sufficient training for their staff, 7) demonstrating respect, 8) taking follow-up action, 9) showing sincerity, 10) providing exceptional treatment, and 11) ensuring managerial intervention. Most of the respondents claimed that they expect an apology, an explanation, or simply, respect for their complaint and not some tangible compensation as the management may misunderstand them. This result is consistent with the findings of Bitner et al. (1990), who determined that an explanation of why a failure occurred is an inexpensive and quick method of recovery that can lead to increased levels of guest satisfaction. However, hotel practitioners seem to be unaware of this condition, and thus, complaints are handled poorly.

Consequently, 90% of the respondents claimed that they will not stay in the same hotel again. Their reasons of not staying are 1) having many available alternatives and 2) being too disappointed with the service. The respondents who have complained but the hotel have failed to correct the problem are all certain that they will boycott the hotel. For the respondents (5 out of 30) who have complained and the hotel has redressed the problem, only two will stay in the same hotel again. They choose to remain because of the convenient location or

reasonable price of the hotel, which causes them to accept a certain level of dissatisfaction. The remaining three respondents will not stay in the same hotel due to the attitude of the staff. As mentioned in Chapter 2, all recovery strategies influence the post-recovery behavior of customers in a new consumption situation (Kim et al., 2010). When a service failure occurs, the reaction of the service provider can either potentially reinforce a strong customer bond or transform a minor problem into a major incident (Hoffman et al., 1995).

4.4 Recommendations to Management on Devising Policies to Improve Complaint Handling and Service Recovery

This study highlights the importance of encouraging hotel practitioners to study CCB given that the actual complaint-handling and service recovery strategies used currently by hotels in Macao are ineffective and even considerably below the expectations of the respondents. Service failure is inevitable in the hotel industry, and thus, effective service recovery strategies are essential to prevent customers from switching to competitor, spreading negative WOM, and decreasing associated costs (DeTienne et al., 2008). Staff-related problem is the main factor that leads to dissatisfaction. Thus, training should be provided. First, professional training should be regularly provided to the staff (including hotel staff and casino staff) to improve the efficiency of processes, such as the procedure of check-in/check-out process, to be ready to meet the increasing expectations of guests. A constant reminder that employees should always be polite, sincere, helpful, considerate, and should always prioritize the welfare of their guests that can be provided during daily briefing. To ensure that bedrooms are clean and comfortable with all the items in proper working condition, training should be provided to the members of the housekeeping staff who are frequently neglected because they are usually casual laborers who do not have direct contact with guests. In addition, a few respondents have indicated the lack of non-smoking rooms. Hotel practitioners should prepare more rooms as non-smoking rooms.

Furthermore, hotel practitioners should identify an appropriate strategy to handle complaints and to review their services constantly. In addition to regular job trainings, trainings that focus on complaint-handling should be provided. Hotel practitioners can use this study as a reference given that the respondents have provided a list of recovery actions that they expect a hotel to use to rectify their particular problems. Every complaint case should be recorded properly, and data should be classified according to the time of complaint, the type of complaint, the solutions to the complaint, and guest responses to the solutions. Complaint cases should be reviewed to prevent future complaints.

Nevertheless, given that only 60% of the respondents have complained, hotel guests probably do not complain until it is too late to rectify problems. Therefore, hotel practitioners should actively seek out failures to correct them before any complaint is raised. Instead of simply handing out questionnaires or comment forms upon exit or check-out, hotels should identify problems during the duration of the stay of the guests, such that correcting the problem will not be too late. First, once guests have settled in their room after check-in, they can be telephoned by the hotel staff to check if everything is okay, thereby allowing correction action to be implemented promptly. Second, a comment card can be placed in each room, which will be collected daily by the housekeeping staff. In this manner, guests can voice their dissatisfaction conveniently, and correction of the problem can be done promptly once the housekeeping staff collected the comment card. Moreover, guests will be more willing to comment as the process will not make them feel embarrassed. Third, for guests who have complained or have experienced a problem, the hotel staff can perform follow-ups to check if they are satisfied with the resolution. A follow-up letter can be sent in case the guest has already checked-out. However, most of the respondents claimed that prevention of complaints is more important than service recovery effort to maintain customer loyalty. As the result, constantly studying consumer expectations, reviewing service quality, and continuously examining employee performance can be adopted to gain positive WOM, enhance customer loyalty, and ultimately increase profit.

5. Conclusion

With the decreasing demand and fierce competition in the hotel industry of Macao, hotels should improve and maintain their service quality to stand out and remain one step ahead of their competitors, and consequently, satisfy the increasing expectations of customers. The present study has shed light on various aspects of service failure and recovery as experienced by visitors in Macao hotels. The main reason for complaints is the quality of staff service, followed by the quality of room attributes. The most common coping strategy, among all those specified in the study, is to spread negative WOM. The study also found that given that all the respondents are tourists, they typically have limited time to spend in a destination and are unfamiliar with the local language and the complaining procedure in the area. Therefore, they tend to take no action (inertia) or spread negative WOM. This is particularly true among the Chinese customer that attributed to face issue and conflict avoidance implied

by the cultural values of individualism-collectivism. In addition, considering that a wide variety of hotel choices are available in Macao, dissatisfied customers exhibit a high propensity to switch or boycott a hotel. Although the majority of the respondents voiced their complaints to the hotel management, the actual complaint-handling and service recovery strategies used by hotels in Macao are ineffective and considerably below the expectations of the respondents. Most of the hotel respondents decide to switch or boycott a hotel, even after service recovery has been performed.

5.1 Practitioners' Implications

Hotel management should identify appropriate strategies to handle complaints and should constantly review and maintain their services. Quality of service encounters are frequently determined by the performances of front-line staff members, whose experiences and commitment may differ from one another. Management should provide guidelines for the staff to follow with regard to handling complaints appropriately. Apart from the usual job trainings, trainings that focused on complaint-handling and service recovery strategies should also be provided. Complaint cases should be reviewed and a constant reminder during daily briefings is suggested.

Most of the respondents expressed that the intention of their complaint is to obtain an apology, an explanation, or simply, respect, and not tangible compensations. However, majority of the respondents were dissatisfied with the service recovery measure of their hotel and claimed that they will not stay in that particular hotel again. Therefore, management should study CCB. Nevertheless, the prevention of complaints is more important than service recovery effort. Thus, a study of consumer expectations, a review of service quality, and continuous examination of service staff performance should be adopted to obtain positive WOM, enhance customer loyalty, and ultimately, increase profit. Industry practitioners should also be aware of “no-action” customers, especially those from Mainland China since more than half of the visitor arrivals in Macao came from mainland China. Management should pay attention to customers, actively ask for feedback, and communicate with them to gain information regarding their satisfaction of the service.

5.2 Academic Implications

Academic researchers should pay attention to “no-action” customers since they have considerable options and are inclined not to repatronize. Previous studies have ignored this kind of customers and have underestimated the power of social media, consumer-related factors, and service-specific factors. Service cost, service failure type, and failure magnitude affect CCB as well. A new taxonomy of CCB provides a special view for reasoning behind the formulation of research for prospective studies regarding consumer dissatisfaction with the service failure of hotels in Macao. To conclude, in order to gain goodwill, establishments should provide quality service that can meet the expectations of their customers and reduce dissatisfaction. Previous studies have shown that the coping strategies adopted by dissatisfied customers depend on individual differences, such as personality traits, demographic characteristics, culture, or past relationship with the service provider.

6. Limitations and Further Research

This study evolved from the personal and observation that considerable literature, including the use of secondary data analysis and in-depth interviews, hence this study secured in the result of being constrained. Existing journals suggested that 12 interviews in general would be appropriate to obtain sufficient interesting findings (Rowley, 2012). This study has elaborated a sample size of 30 was chosen in the present study. Nevertheless, identical findings still occurred. These research findings have limitations because of the form of approach used to select hotel guests. The interviewees were selected based on purposive sampling. Visitors from the top 10 source markets in 2016 were chosen as interviewees. These respondents might be unable to represent the perspective of all visitors to Macao. Therefore, the result may only be valid in the Macao market. Although the interviewees had different features and characteristics to generate an extensive finding, the sample size remained small relative to the number of tourist arrivals, and thus, might be unable to reflect the overall perception of complaint toward the hotel industry of Macao.

A focus on current service problems might have been preferable. Continuing research can expand the sample size using alternative methods of sampling such as nationality, length of stay, purpose of trip, and group or sole visitor, among others. In addition, this research considered service failure and recovery only from the perspective of guests. Respondents were required to recall their experience from memory, which might lead to missing information. In addition, respondent interpretation of the incident can be subjective, and thus, may induce bias. Therefore, the perception of hotel managers should also be investigated.

Most of the respondents claimed that they did not complain because it is not worth their time and effort. Despite having noticed the fact that there are numerous hotel choices available. The respondents were tourists visiting

Macao and typically had limited time and a tight schedule. Thus, they are unwilling to be involved in raising complaints as it may be time-consuming and costly, with unpredictable results.

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