An Empirical Study to Evaluate the Impact of Demographic Variables to Complaint Behavior of Customers in a Dine-In Restaurant Industry: A Case of Graduate Students

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ABSTRACT

This paper examined the relationship between demographic variables and frequency of dining out to customers’ complaint behavior and assessed the relationship between complaint behavior and behavioral intentions. Respondents were 428 graduate students from a major Metropolitan city in the Philippines. The Test for Independence ($\chi^2$) was used to verify any statistical relationship between the variables. Out of the six proposed hypotheses, only one found strong data support. The results suggested that the propensity to complain differed significantly only across the dining frequency while gender, age, and income accounted for no significant difference. Results also suggested that a positive but weak relationship exists between the customer’s behavioral intentions and the complaint behavior of the sample group. However, the intentions after the service failure incident did not differ significantly even after a complaint was filed. The results imply there are other factors that are likely to influence customers’ decision to complain.

KEYWORDS

Behavioral Intent, Customer Complaint Behavior, Metro Manila, Restaurant, Service Failures and Recovery, Services Marketing and Management

INTRODUCTION

Whether the restaurant serves a $50 or a $5 a plate dinner, service is a crucial element to the entire dine-in experience of the customer. And while impeccable service is a goal of restaurateurs, it remains unavoidable to find customers dissatisfied at one point in time. For instance, when front line employee fails to provide the expected service (i.e., unfriendly, rude, slow or not knowledgeable server), or customer’s expectations were not met (i.e., selected food on the menu is out of stock, food served was not according to what was ordered, either it was the wrong order, overcooked, undercooked, or spoiled), customers perceive this as a service failure. Even the atmosphere (i.e., the cleanliness, smell and temperature) and the physical appearance (i.e., signage, lights and fixtures, color of the curtains

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and wall) of the restaurant may affect customer’s perception of a service rendered. Most often than not, a restaurant that is unpleasant to the five senses is perceived as service failure. When there is service failure or an event wherein a service encounter does not meet customer’s expectations, it is likely for that customer to resort to complaints.

Complaining is often expressed by voicing out one’s discontentment towards the event or the person. Those who choose to complain, may either do it directly towards the service provider (i.e., customer calls the attention of the waiter, manager, or supervisors), or indirectly through third parties (i.e., customer tells her experience to family and friends or online to strangers). Other method of expressing complaints can be done through external agencies. When customer’s experience about complaining is positive, it was observed by this researcher that customer would do the behavior again (i.e., complain) when a service failure happens and the opposite is also true.

The scope of this study is limited to the first set of individuals — those who complained directly to the service provider — because logically, it is within the control of the restauranteurs to fix the problem on site than let unhappy customers get out of the dining place and complain to third parties, which is beyond their control. It is also said that service providers should encourage their customers to voice out their dissatisfaction so that firms may be given the opportunity to resolve the problem and turn the negative situation to a positive one. Else, dissatisfied customers may not only stop patronizing the service firm but also may engage in negative word of mouth communication. Since acquiring new customers can be more expensive than maintaining one (Solomon, Marshall, & Stuart, 2015), the ultimate purpose of resolving service failures is to keep customers happy and build a long term relationship with them.

This study is significant because as the Philippine economy progresses, the world takes notice of it. This is evident with the increasing number of visitors the country received for the past 6 years (from 2010 - 2015). In its official report, the government claimed the country surpassed for the first time the five million mark of visitors. At the end of 2015, Philippines welcomed 5,360,682 visitors up by 10.91% from 2014 (“Uninterrupted, robust tourism, 2016). The increase in visitors also increased the international tourism receipts by 5.92% (roughly $50M or ₱227.62B). In addition, the National Statistics Coordination Board of the Philippines (www.nscb.gov.ph) reported that the gross domestic product (GDP) of the country has been steadily increasing at a rate of around 6 to 7 percent per annum since 2012. And one of the major contributors to the growth of the GDP is coming from the services industry, with an average of 57 percent contribution from 2012 - 2015. As a consequence of the increase in the number of visitors to the Philippines and the growth of the economy, the restaurant industry is booming. The contribution is evident in the proliferation of restaurants around the metropolitan cities and the foot traffic in areas where dine-in restaurants are located. One just needs to go to food strips, complexes and malls to see the burgeoning restaurant industry. Cruz (2015) shared the same observation in his article “Rise of the middle class and casual dining.” Thus, the proliferation of medium to high end restaurants in Metropolitan cities (local and foreign-owned) makes it crucial for restaurant owners to better understand customer complaint behaviors and how they affect post-complaint behavioral intentions to help restaurateurs thrive in the intensely competitive industry.

In this study, graduate students were selected for two reasons. First, graduate students would likely be the future spenders of the country since there is prospect of higher purchasing power once they earn their graduate degree (i.e., in Business Administration, Finance, Law). Second, graduate students are mature enough to launch a complaint without the assistance of any guardian or parent.

In order for restaurateurs to effectively manage customer complaints, they have to understand the factors that affect customers’ propensity to complain. Does experience affect one’s propensity to complain? Does demographic characteristics magnify the propensity to complain? Is there any difference between complainers and non-complainers in regards to repeat purchase and word of mouth communication? Would non-complainers continue to patronize the restaurant? Or would they engage in negative word of mouth communication? These are some of the questions that this study aims to answer. Several studies on service failure were on the influence of demographic variables to
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