

# HOW EFFECTIVE COMPLAINT MANAGEMENT AFFECTS CUSTOMER RETENTION: THE CASE OF GROUP-BUYING SITE GROUPER.MK

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## Abstract

*In a highly competitive modern business world, keeping a dissatisfied customer is essential to any company, considering the high cost of acquiring new customers. It is easier than ever for dissatisfied customers to spread their experiences and bad word of mouth through the various media that new technology and the Internet offer. Therefore, handling customers' complaints effectively can be a critical factor in a customer's decision - whether to continue using the company's services or products or switch to a competitor. In this context, "effective" means minimizing costs for the company while achieving the intended or expected result. A content analysis of customer complaints emailed to the group-buying website Grouper.mk was conducted. A total of 220*

*complaints and related decisions were reviewed, analyzed, and categorized into six reasons for customer dissatisfaction and three ways to compensate for the dissatisfaction. In addition, the internal customer database analysis revealed that timely resolution of customer issues with the right approach resulted in 80% of all dissatisfied customers staying with the company. The analysis also showed that more frequent customers are more likely to remain after a complaint has been resolved than less frequent customers.*

**Keywords:** *complaint management, content analysis, customer complaints, customer satisfaction, e-commerce, group buying deal platform, CRM*

## 1. INTRODUCTION

The survival and achievement of higher profitability and greater loyalty of any business can be achieved through proper and effective management of relationships

with customers. The customer is the heart of any business, and managing customer relationships is no longer just a competitive advantage but a must. With the advantages offered by the Internet and related

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web technologies, managing customer relationships has become easier for businesses. The advent of e-commerce has changed many aspects of the modern business world. Companies can monitor and manage Internet-based e-commerce events. Interacting with customers at any level is possible and easy. At the same time, dissatisfied customers have the opportunity to make their dissatisfaction known and complain about the insufficient quality of the product or service, unpunctual delivery, dissatisfaction with the employees, and so on. And suppose the service provider does not offer its customers an easily accessible channel to voice their complaints and find a solution. In that case, they may make their dissatisfaction known on the available social networks, which can have even more far-reaching consequences. Therefore, companies should pay special attention to complaint management. This paper aims to show how important the handling of customer complaints is for building long-term, profitable relationships with customers. A content analysis of customer complaints received via email on Grouper's group buying platform was conducted to determine how complaint handling affects customer loyalty. To achieve this goal, the following research questions were formulated:

*RQ1. Do dissatisfied customers continue to buy, i.e., do they remain, regular customers if they are offered a solution to the problem?*

*RQ2. Does the compensation for dissatisfaction affect the buyer's decision to continue buying from the e-retailer?*

*RQ3. Are frequent customers more likely to be retained after dissatisfaction?*

The remainder of the study is organized as follows. Section 2 discusses the literature on customer relationship management,

customer complaint management, and the group buying model. It also explains the process of managing customer complaints at Grouper. Section 3 presents the data and methodology. Section 4 presents the empirical results, and Section 5 evaluates whether appropriate complaint management can help retain dissatisfied customers.

## 2. THEORETICAL BACKGROUND

### 2.1. Customer relationship management (CRM) and Customer experience management (CEM)

Customer Relationship Management (CRM) has been practiced since the early 1990s. Kotler & Armstrong (2014) point out that CRM is perhaps the most crucial concept in modern marketing. According to Bardicchia (2020), CRM enables a company to analyze and manage its interactions with its past, current, and potential customers. The author points out that CRM has changed in the digital age and is dramatically different from what it used to be. In the narrowest sense of the word, some marketers define CRM as a customer data management activity. However, the exact meaning of managing customers' individuality is the subject of much debate (Coltman, 2007). Park and Kim (2003) discuss the primary goal of CRM as effectively managing relationships with all customers, but communicating with them should be done on an individual basis. Payne and Frow (2013) emphasize that CRM should be positioned in the strategic context of the customer-centric approach. There are different definitions from many authors and companies, but the concept of managing customer relationships

consists of three main components: customer (the end buyer of the product or service); relationships (creating a trustworthy and appropriate customer through an intelligent relationship); and management (managing the business and attracting customers by placing the customer at the center of the company's processes).

Customer experience management (CEM) cannot be seen in isolation from CRM; in fact, customer experience is one of the essential building blocks of CRM. CEM is a distinct approach to respond to the rapidly growing demand from organizations for expertise on this issue (Fatma, 2014). Lemon & Verhoef (2016) state that the next area in which organizations will compete to increase their market share is customer experience management, which they define as "creating a strong customer experience" (p. 69). A study by Gartner (2016) shows that customer experience will be the most important competitive tool. 89% of companies plan to compete primarily on customer experience by 2017. Today's customers consider satisfaction to confirm their expectations, i.e., their satisfaction is their minimum expectation. Therefore, the main focus of companies today is to establish a link between customer satisfaction and their performance. Complaint management is a critical resource for turning customer complaints into change voices. Before a company can manage this experience, it must have a customer-centric vision and the right strategy. Although customer complaint handling cannot fully compensate for customer satisfaction from the initial experience (Hansen et al., 2010), it can undoubtedly be a vital component of its strategy for managing the customer relationship (Ramaseshan et al., 2006). Even a loyal customer can have a negative experience with services (Hansen et al., 2010). Therefore, it is essential to pay attention to effective, structured,

and systematic complaint management. In their research, Ateke et al. (2015) emphasized that companies need to address customer complaints promptly and ensure effective conflict resolution. They concluded that prompt and effective handling of complaints increases customer relationship quality and customer satisfaction and builds trust.

## 2.2. Customer complaint management

According to Drucker (1973), the only goal of any business is to "create a customer." Of course, it is also essential to keep the customer, if not even more critical, considering it is much more expensive to attract a new customer than to keep an existing one. Nevertheless, Dawkins & Reichheld (1990) claim that a 5% increase in customer retention leads to an increase in the customer's net present value of between 25% and 95% in a wide range of business environments. This assertion has generated considerable interest among academics and consultants to validate it. It is increasingly recognized that customers and products have a life cycle that companies must manage (Ang & Buttle, 2006). Customers are acquired, retained, and gained value. They climb a ladder of value (Gordon, 1998; Christopher et al., 1991), evolving from an unreliable, potential, or first-time customer to a more frequent customer and finally to a partner or advocate.

Nakibin et al. (2011) define a customer complaint as expressing a customer's dissatisfaction with a product, service, or purchase situation. A customer complaint can be a formal or informal report about a problem with a product or service (Tronvoll, 2012). In the long run, the way complaints are handled can affect companies' business success (Robert-Lombard,

2011). An interesting finding is presented by Fatma (2014) that a complaining customer whose problem is resolved becomes more loyal and makes more referrals than a customer who does not have a problem. On the other hand, poor handling of customer complaints can damage the relationship between the company and the customer and lead to dissatisfaction (Gelbrich & Roschk, 2010). Even more unresolved problems can encourage negative word-of-mouth, which causes potential customers to refrain from doing business with the company. A customer who is dissatisfied with the resolution of their complaint is unlikely to remain loyal to the company, and the chances of customer retention decrease significantly. As a result, poor handling of customer complaints leads to loss of customers and consequently loss of market share and reduction in company profitability (Awara, 2010). The inability of service providers to satisfactorily resolve customer complaints is one of the leading causes of customer dissatisfaction (Mulyanto, 2015). Excellent customer service can resolve customer problems quickly and satisfactorily and handle customer complaints to benefit both the customer and the company (Ateke & Onwujariri, 2014). Thus, customer service plays a strategic role in establishing, managing, improving, maintaining, and sustaining mutually satisfying seller-buyer relationships (Ogunnaike et al., 2014). Therefore, the success or failure of a business largely depends on customer service and effective resolution of customer complaints (Ateke & Onwujariri, 2014).

A complaint can be broadly defined as a pain or articulation of dissatisfaction or resentment toward companies or third parties (Ateke et al., 2015). Keiningham et al. (2015) point out that dissatisfied customers are more likely to complain than satisfied customers. The goal of regret may be to

inform the provider of what is subjectively perceived as harmful behavior or request compensation for the return (Strauss & Seidel, 2004).

Naylor (2003) notes that less than 50% of complaining customers ever receive a response from the company or a customer-friendly response. Dissatisfied customers who express their dissatisfaction through a complaint should not be ignored, as this inevitably leads to poor service (Salami & Emueje, 2015).

The Internet and e-commerce have created new opportunities to receive feedback from customers. By using the Internet as a communication tool, customers can share their experiences with a product or service and make them publicly available. Retailers can no longer ignore the power of the Internet for customers. Traditional companies have recognized this and have established themselves in the online world in various ways. Angelovska (2021) analyzed complaints in an online group buying company and categorized them based on the tone and expression in which the dissatisfaction was expressed and the expected resolution, and found six types of profiles of complainants expressing dissatisfaction. Proper online complaint management encourages repeat business and customer loyalty. 80% of customers who complain continue to use the company's services (Angelovska, 2021).

The business environment is becoming increasingly competitive, changing rapidly, driven by technology, and becoming very complex, decreasing customer loyalty. More than ever, it is crucial to have satisfied customers. Customer satisfaction is the single key to success (Szymanski & Henard, 2001). Schneider & Bowen (1999) point out that attention is gradually shifting to a concept such as "Customer Delight"

to emphasize that companies must strive to deliver excellence rather than just meeting customers' basic expectations. In the online world, decisions are made at the click of a mouse. It becomes vital to monitor critical information from start to finish across multiple processing channels in a timely and effective manner. This allows for quick response to the customer's needs and quality support, resulting in a healthy and lucrative relationship with the customer. The nature of customer complaints in an online transaction differs from those in a traditional shop (Cho et al., 2003). Complaints indicate dissatisfaction, but if they are handled satisfactorily, and the problem is resolved, then the dissatisfied customer is likely to be retained. Suppose a customer is dissatisfied with the service or product provided. In that case, there are several ways to express dissatisfaction, such as simply switching to another provider of such a service without expressing dissatisfaction to the retailer. A complaint about dissatisfaction with the service can be directed to the provider or through the media, spread as negative word of mouth, or sometimes by doing nothing (Huppertz, 2003).

### **2.3. The model of group buying**

The new business model of group buying through daily deals is based on the old group-buying model but has been enabled by information technology. Groupon first introduced the model, and it became so popular that it quickly spread to many countries worldwide through its clones (Angelovska, 2021). Malone et al. (1987) discuss that the Internet can reduce the number of intermediaries, resulting in lower transaction costs and higher communication efficiency. Many wholesale companies have their e-shops and sell directly to end consumers. Another opinion states that electronic markets will make some tasks of

intermediaries disappear, and a new generation of intermediaries with completely new tasks will emerge. Janssen (2000) calls these new intermediaries "cybermediaries" - cyber intermediaries or "electronic intermediaries" and defines them as "organizations operating in electronic markets to facilitate the exchange between producers and consumers by meeting the needs and the producers and consumers." Subramanian & Rao (2016) discuss that companies with group-buying websites can attract new consumers by offering daily deals with discounts. The new business model that provides merchants with an online place to promote and sell their products and services with discounts can be considered a new type of electronic intermediary. The group-buying model provides an intermediary between merchants and customers. The model provides a place where both can meet - the merchants attracted by the new tool to promote their products and services with discounts, and the customers attracted by great discounts and offers. The group-buying model is an intermediary between customers and merchants and depends on both sides. It supports and coordinates the trading processes through various functions. The group-buying website provides customers with attractive offers for various products and services with high discounts of up to 90% of the regular price (Angelovska, 2021). Different merchants provide many offers daily by promoting their products and services in front of thousands of potential customers. The sales representatives of the group buying websites identify dealers, arrange meetings, discuss lucrative offers, then negotiate the offers with the dealers, and when the agreed offers are ready, they are offered through the group buying platform. Customers purchase the offers and receive their vouchers, which they redeem with the merchant for the service or product within the specified redemption period.

Each offer has an expiration date (the date until which the customer can redeem the voucher) and other terms specified in the offer. The group-buying website, as an intermediary, collects a commission on each sale as compensation for bringing customers to the merchant. Grandhi et al. (2016) claim that companies that offer high discounts attract more customers and sales through group buying. Cao et al. (2018) question the concept of one-size-fits-all group discounts, as it may challenge customers' confidence in product quality.

The concept was first introduced by Grouper.mk in North Macedonia in January 2011, and several other group deal platforms were later launched. Grouper.mk acts as an intermediary between the companies that want to offer different products and services at discounted prices and the end customers who buy the offered products and services. The different offers range from household appliances to hotel accommodation, beauty and wellness salons, e-learning courses, etc. The offers are divided into three main categories - services, travel offers, and products. The online group buying model quickly became a bright spot in the North Macedonian mainland e-commerce market. It brought forth a group of online buyers and accelerated the development of the e-commerce market (Angelovska et al., 2019). Grouper was not only the first group-buying website in the Macedonian market but also became a leader in the e-commerce industry, helping to transform and illuminate the market. It helped hundreds of businesses enter the world of e-commerce, and thousands of customers completed their first online transaction on Grouper. In 2012 and 2013, the company held 40% of the market share in Northern Macedonia (Angelovska et al., 2019). The company serves over 250,000 registered users in cooperation with over

3,500 merchants. Over the years, Grouper's role in the development and success of e-commerce has been widely recognized in the country and internationally. In 2018, one of Grouper's founders was included in the Forbes 30 Under 30 for Europe in Retail and E-commerce, and for several years Grouper has received awards for the best e-commerce platform in the country. Grouper's success depends on both retailers and customers as an intermediary. Therefore, all activities should aim to satisfy both sides and adapt to the needs of both sides and the market. The original model of group buying has been modified and adapted to the market, retailers', and customers' preferences and behavior.

## 2.4. Complaints management in Grouper

Complaint management is about providing relief to dissatisfied consumers who complain. The complaint handling process can be summarized in three dimensions: complaining accessibility, customer-company interaction, and compensation policy which can serve as standard guidelines for effective complaint handling (Johnston, 2001). The customer must spend time and effort explaining their dissatisfaction to file a complaint. Therefore, they should trust that there is someone who will solve his problem if something goes wrong and that he has a place to express his dissatisfaction. (Angelovska, 2021). This is even more important for loyal customers who have built trust with the company.

### 2.4.1. *Complaining accessibility*

Companies must provide dissatisfied customers with an easy and user-friendly way to file a complaint and describe the reason for their dissatisfaction so that the company can respond and resolve the issue.

Suppose customers do not find an easy and accessible way to voice their dissatisfaction. In that case, a company may give the false impression that customers are mostly satisfied because it receives few complaints, while dissatisfied customers may find a new source and turn to competitors without ever voicing their dissatisfaction (Goodmann, 1990; Stephens & Gwinner, 1998). The communication channels available to customers to file a complaint with Grouper are: by phone call, Facebook message, a public comment through the Facebook fan page, Twitter, or Instagram, leaving a comment in the comment's deal section, or by sending an email. The "email" channel for complaints was selected as the most commonly used by Grouper customers in this research. The reason for using email complaints is also that the public comments left by customers in forums and social media are different and can be treated differently and considered as word of mouth, as opposed to a private message that the customer directs to the customer support center to solve their problem appropriately and compensate for their dissatisfaction (Angelovska, 2021).

#### *2.4.2. Customer-company interaction*

The attitude of the service provider and their willingness to resolve the complaint may be more critical to the customer than the actual resolution of the problem they receive (Lind & Tyler, 1988; Greenberg, 1990; Saxby et al., 2000; Davidow, 2003). According to Gruber et al. (2006), it is also essential for the customer to know that the customer service representative is willing, competent, and able to resolve their problem. If the complaint is raised by telephone, the customer service representative's immediate response, tone of voice, and remedial actions are evaluated, creating the customer's first impression, which is very important. On the other hand, if the complaint is

raised by email, the resolution of the issue may take a different form and use the more formal language after a thoughtful decision has been made.

#### *2.4.3. Compensation policy*

Compensation policies are efficient when driven by fairness, need value, and reward performance outcomes (Chebat & Slusarczyk, 2005; Wirtz & Mattila, 2004). The researchers hypothesize that fairness-based compensation policies will positively impact the company's evaluation of recovery. The dissatisfied customer should be compensated with a solution to the cause of dissatisfaction and aim to cover the loss suffered to restore trust (de Ruyter & Brach, 1993; Hui & Au, 2001).

### **2.5. Resolution of customer's complaints at Grouper**

Grouper is an online intermediary between merchants that promote their brands, services, and products through attractive discount promotions offered to end customers in the form of coupons. Therefore, customers visit the merchants' sites to redeem their purchased coupons for the pre-paid services or purchased products. When redeeming the coupon at the merchant, if the customer is dissatisfied with the service or product or has any other problem, they contact the intermediary with their complaint. When a dissatisfied customer submits a complaint, the customer service team analyzes and forwards it to the person responsible. The person responsible for resolving a complaint depends on its type. If the complaint relates to the merchant providing the business, customer service will forward the complaint to the sales representative responsible for that merchant. The sales representative must then contact the merchant and discuss the customer's problem to find

a solution. If the complaint is due to a technical issue, it will be forwarded to the appropriate person in the IT department for resolution. When informed of the solution offered by the appropriate persons, the customer service representative will formulate a response and take the necessary steps to resolve the issue. Resolution of the case may include a written explanation and resolution of the situation, a refund, or clarification of specific issues. Grouper's policy is to handle all complaints as quickly as possible and with great attention.

### 3. METHODOLOGY AND DATA

Qualitative data analysis reduces the amount of text collected by identifying and grouping categories to provide knowledge-based understanding. In this research, content analysis is used to determine the quantifiable categories by capturing the various aspects of the content of the given qualitative data (i.e., the text). Harrison-Walker (2001) points out that content analysis is an excellent method for analyzing customer complaints. McAlister & Erffmeyer (2003) define content analysis as follows: "Content analysis is a research method used to quantify and analyze words, concepts, and relationships in-text" (p. 345). This study uses secondary data from the Grouper database for content analysis. The subject of content analysis in this study is internal data consisting of 227 email complaints received by Grouper between December 27, 2012, and February 17, 2015. During data validation, it was found that the same customer sent seven repeated complaints with identical content multiple times. After removing the duplicates, 220 complaints were subjected to content analysis after cleaning the data. The content analysis process begins by reading the complaints received during the period studied to identify similarities in the

description of the problem that caused the dissatisfaction. By defining the categories of the problems described in the complaint, the content analysis quantifies the text messages that explain the cause of the dissatisfaction. After reading all the messages, relevant parameters for evaluating the customer complaint are identified, such as whether the complaint is relevant because the customer did not comply with the terms of use for the transaction. In addition, the reason for the customer's dissatisfaction serves as a parameter for the evaluation. The third parameter important for Grouper as an intermediary is whether the complaint expresses dissatisfaction with the merchant, i.e., whether the customer blames the merchant or the Grouper website. While identifying the reasons for dissatisfaction expressed by customers in the email, more than one reason for dissatisfaction was found in some cases. In such cases, the most important reason is considered the main reason for dissatisfaction in our analysis. In addition, as parameters for categorizing customers, email conversations with customer support were analyzed to find out whether complainants communicated politely or angrily. In addition, the email conversations were analyzed based on the type of compensation the customer expected for their dissatisfaction. The type of compensation is critical for the company - if the customer's dissatisfaction can be resolved with an explanation or apology, there is no cost to the company, and if the resolution is a correction or replacement with another product/service, there is some cost associated with that, while the least favorable or most expensive resolution is a money refund. Customer support is most successful when it manages to improve and resolve dissatisfaction through explanations and apologies.

To determine whether the resolution offered to the complaint was satisfactory



and whether the customer continues to use Grouper's services, we monitor customer retention after the complaint is resolved. Complainants' transactions with Grouper were analyzed before and after the complaint was resolved. The categorization results made by analyzing the content are quantified in numbers and percentages.

#### 4. EMPIRICAL FINDINGS

Below are all the categories that emerged from the content analysis of messages from dissatisfied customers and the number of occurrences of each category. Based on the results of the complaint processing and internal data before and after the complaint processing, answers to the research questions are developed.

Based on the similarities of the complaints described, the content analysis identified six reasons for customer dissatisfaction. The main reason for customer dissatisfaction was complications in redeeming the vouchers, i.e., the service provider made it difficult for the customer to redeem their vouchers, i.e., exchange them for the service or product. Difficulties in redeeming

the vouchers that led to dissatisfaction could be the merchant's refusal to make an appointment or reservation, i.e., giving priority to non-voucher customers, or the merchant's inability to provide service to the customer, etc., which was experienced by 48.6% of the customers who filed a complaint. The second reason for dissatisfaction is the quality of the company's services, which was indicated by 33.6% of customers in their complaints. 7.3% of complaints were due to dissatisfaction with the attitude of employees towards customers with vouchers, i.e., customers felt devalued. The first three reasons for dissatisfaction were related to the merchant's performance or lack of performance. The fourth reason is related to the reliability of the information contained in the offer and was given by 8.6% of the customers. The fifth reason for the complaint is that the discount is not valid, which was given by 1.4% of the customers, and the sixth reason is related to technical problems on the website, which was given by 0.5% of the customers. Table 1 shows the frequency of each reason for dissatisfaction. Most customer complaints relate to dissatisfaction with service providers.

**Table 1.** Frequency of reasons for dissatisfaction

Reasons for dissatisfaction	Complications experienced during the coupon redemption	48.6%
	Dissatisfaction with the quality of the merchants' service	33.6%
	Dissatisfaction with the attitude of the employees felt devalued because the customer held a coupon	7.3%
	Unreliable information presented in the deal	8.6%
	Not valid discounts	1.4%
	Technical problems with the site	0.5%

**Source:** Authors' computation

Some of the customers who complained did not comply with the terms of use of the particular deal, e.g., because the redemption period had expired, because the deal

was only valid on certain days of the week, because the terms of the deal required a reservation before visiting the shop, etc. Whether the customer adhered to the terms

of the deal is important, but customers who did not adhere to the terms of the deal account for only 4% of the total number of complaints. In most cases, the online buyer holds the online retailer where they made the transaction fully responsible. So if the product is damaged due to negligence of the shipping company making the delivery, they hold the seller of the product responsible, not the shipping company. Online businesses need to be aware of this and take care of any company involved in delivering the service/product to the end customer (Collier & Bienstock, 2006). To determine whether the customer blamed Grouper for

their dissatisfaction or blamed the retailer providing the service or product, an evaluation of each dissatisfied customer was conducted. 20% of the complaints blamed Grouper for the dissatisfaction, and 53% blamed Grouper partially. Only 27% of dissatisfied customers felt that Grouper was not responsible for their dissatisfaction and knew that Grouper was an intermediary rather than a service provider. The results shown in Table 2 confirm the above statement that the customer blames the online intermediary for their dissatisfaction with service providers or other parties involved in the process.

**Table 2.** Did the dissatisfied customer blame the online mediator?

Did the customer accuse Grouper of the dissatisfaction?	Yes	20%
	Partially	53%
	No	27%

**Source:** Authors' computation

In analyzing the response given to each customer as a solution to their dissatisfaction expressed in the submitted complaint, three approaches were distinguished. The frequency of the three types of resolution to the problems indicated in the complaints is shown in Table 3. Most complaints (56%) were resolved with a solution in the form of an explanation or apology that addressed

the problem that had caused the dissatisfaction. 36% of complaints were resolved with a money refund, and only 7.7% were resolved with a replacement of the product or a free service or its correction. It is essential to mention that the responses to the complaints received with proposed solutions to the customer's problem were timely and the same for all customers.

**Table 3.** Frequency of the ways how dissatisfied customers were compensated

How was dissatisfaction compensated?	Resolution of the dissatisfaction with explanation and excuse	56%
	Money refund	36%
	Substitution of the product or offered complimentary service or correction thereof	7.7%

**Sources:** Authors' computation

*RQ1: Do dissatisfied customers continue to buy, i.e. do they remain, regular customers, if they are offered a solution to the problem?*

To analyze the retention rate of customers who expressed dissatisfaction, the

customer profile and purchase history of customers who complained were evaluated. The number of coupons purchased by the customer was noted before the complaint was made and after the response was received, i.e., after the customer's problem

was resolved (Table 4). Of the total number of dissatisfied customers analyzed, 80%

continued to purchase from Grouper and thus remained customers.

**Table 4.** Does the customer remain a customer after the complaint resolution?

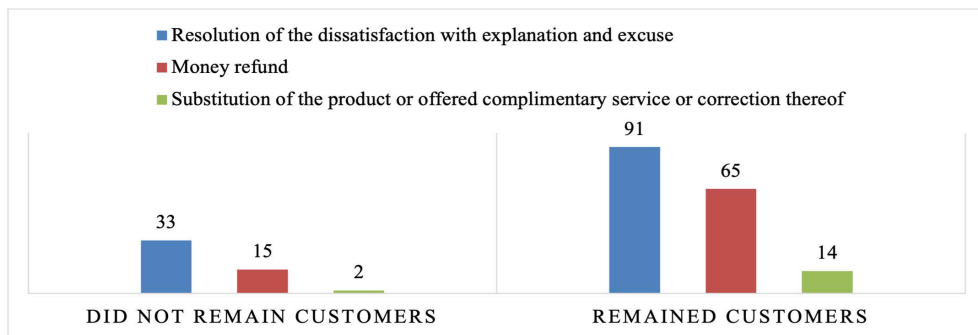
Did the customer continue purchasing after the complaint resolution and after obtaining adequate compensation?	Yes	80%
	No	20%

**Sources:** Authors' computation

*RQ2: Does the type of compensation for the dissatisfaction affect the buyer's decision to continue buying from the e-retailer?*

To investigate whether the type of compensation matters, we conducted cross-tabulation analysis of the data. The results are shown in Figure 1. Most customers who remained loyal to Grouper received either an

explanation or a resolution to their problem, leading to the conclusion that the type of problem resolution is not critical to customer retention and loyalty. Timely and friendly resolutions are important to customer loyalty. Of 80% of complainants who remain Grouper customers, 54% were helped with an explanation and resolution.



**Figure 1.** Ways of resolution of complaints to dissatisfied customers who did not continue to buy versus those who continued to buy

*RQ3: Are frequent customers more likely to be retained after dissatisfaction?*

The average customer at Grouper has purchased 8.5 coupons until February 2015. Of the total number of customers who remained Grouper customers after the dissatisfaction, 63% were customers who had purchased up to 8 coupons before the complaint. In contrast, more than 91% of

customers who used Grouper services frequently continued to make purchases after the dissatisfaction. Customers who had made more purchases were more likely to continue purchasing after the dissatisfaction, in contrast to customers who had made one or more purchases before the dissatisfaction (Table 5). Loyal customers are more likely to continue their loyalty even after complaints have been resolved.

**Table 5.** Customers who continued to use Grouper after dissatisfaction with the number of coupons purchased before complaint

Total number of purchased coupons from the customer	% of loyal customers
to 8	63%
9 - 20	91%
Over 20	97%

**Sources:** Authors' computation

## 5. CONCLUSION

An important aspect of building profitable customer relationships is the timely and effective management of customer complaints. This study aims to help understand the important issue of managing customer dissatisfaction in the form of a complaint. To obtain answers to the research questions, a content analysis of 220 complaints received via email on the Grouper website was conducted. In addition, the internal customer database was used for the purpose of the research. Six reasons for dissatisfaction were distinguished. The most common reason for customer dissatisfaction was the unpleasant experience of redeeming the voucher at the retailer and the unsatisfactory quality of the service provided (82%). The majority of customers who complained (73%) felt that the intermediary was responsible for the dissatisfaction, regardless of whether the problem was with the retailer or the service provider. This underscores the role and responsibility of the intermediary in handling customer complaints, as dissatisfied customers complain directly to the intermediary and expect resolution. On the other hand, the intermediary is dependent on the merchants whose services and products it distributes, so good management of relationships with merchants is also critical. It is important to note that the intermediary handled the customer's complaints in a timely and efficient manner and offered

a solution to the customer's problem. The solution to the customer's problem could take three forms: an explanation that eliminates the problem, i.e., fixes the problem, a refund, or the offer of a complementary product or service that compensates for the dissatisfaction. The research showed that complaint resolution is important. 80% of dissatisfied customers continue to shop, meaning they remain repeat customers after receiving a resolution to their problem. Timely and friendly resolutions are important for customer loyalty. Of the 80% of complainants who remain Grouper customers, 54% were responded to with an explanation and a resolution. The type of resolution did not prove to be a key factor in whether the customer remained a customer or stopped using the site's services in the future. Only 20% of customers left the site after their complaint was resolved and 90% of them were customers who had purchased up to 8 vouchers. 80% of dissatisfied customers were regular customers with more than 8 purchased vouchers. Regular customers are more likely to be loyal and remain customers after successfully compensating for their dissatisfaction. Successful complaint management is proving vital for businesses and the findings of this research have theoretical and practical implications. Companies must strive to develop efficient processes for resolving customer complaints and pay attention to the dissatisfaction expressed by customers.

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### KAKO EFIKASNO UPRAVLJANJE PRITUŽBAMA DJELUJE NA ZADRŽAVANJE KUPACA: SLUČAJ GRUPNE KUPOVINE GROUPER.MK

#### Sažetak

U današnjem, visoko konkurentnom poslovnom svijetu, održavanje zadovoljstva kupaca ključne je za bilo koje poduzeće, uzimajući u obzir visoke troškove pridobivanja novih kupaca. Nezadovoljnim je kupcima lakše nego ikad komunicirati svoja iskustva i negativnu reputaciju, koristeći različite medije, koji nastaju zbog utjecaja novih tehnologija i Interneta. Stoga efikasno upravljanje pritužbama može biti kritični čimbenik u donošenju odluka kupaca o daljnjem korištenju proizvoda i usluga, ili prelasku kod konkurencije. U ovom se kontekstu „efikasnost“ tumači kao minimiziranje troškova za poduzeće, uz ostvarivanje namjeravanog, odnosno očekivanog rezultata. Provedena je analiza sadržaja prigovora kupaca, poslanih e-mailom poduzeću za internetsku grupnu kupovinu

*Grouper.mk*. Ukupno je pregledano 220 prigovora i pratećih odluka o njihovom rješavanju te su isti kategorizirani u šest skupina, s obzirom na izbor nezadovoljstva, odnosno tri skupine, s obzirom na način kompenziranja nezadovoljstva. Nadalje, analiza interne baze podataka otkrila je da je pravovremeno rješavanje prigovora, uz korištenje pravog pristupa, rezultiralo lojalnošću 80% nezadovoljnih kupaca. Također se pokazalo da je vjerojatnije da će česti kupci ostati lojalni, nakon uspješnog rješenja prigovora, negoli povremeni kupci.

**Ključne riječi:** upravljanje prigovorima, analiza sadržaja, zadovoljstvo kupaca, e-trgovina, platforma za grupnu kupovinu, CRM