

## CUSTOMER COMPLAINT MANAGEMENT, SERVICE QUALITY AND MARKETING PERFORMANCE IN THE SERVICE INDUSTRY

**OLUWASANMI, Oluwaseun Ph.D.**

Department of Business Management and Entrepreneurship,  
School of Management Sciences and Social Sciences,  
Miva Open University  
E-mail: oluwaseun@miva.university

**ADEYEMI, Emmanuel Adewale Ph.D.**

Department of Business Management and Entrepreneurship,  
School of Management and Social Sciences,  
Miva Open University, Abuja.  
E-mail: adewale@miva.university

**AKANJI, Ebunoluwa Olamide**

Department of Marketing and Consumer Studies,  
Faculty of Economics and Management Sciences,  
University of Ibadan  
E-mail: olamidemii@gmail.com

### Abstract

*Customer Complaints Management (CCM) in service firms is imperative to the improvement of marketing performance (MP). Complaint management can also be an important strategy for minimizing dissonance between businesses and clients especially when service quality is taken into consideration. This study therefore explores the mediating role of service quality in the relationship between customer complaint management and marketing performance of selected firms in the service industry, using Nigeria as a case in point. Equity theory provided thought direction for the study based on a survey research design with a quantitative research approach. Copies of a validated questionnaire were shared and a total 218 valid responses were analyzed with the aid of the Jamovi advanced mediation model software to study the relationships between the independent variable—customer complaint management, measured by apology, compensation, and prompt response—and the dependent variable—marketing performance, measured by customer loyalty; with the variables having direct effects, indirect effects and total effects. The total effects show the following the p-value figures, compensation (0.028, 0.008 & 0.001), which means compensation has a significant effect on marketing performance; prompt response (0.363, 0.370, & 0.014), this means that prompt response has just an erratic effect on marketing performance; and apology (0.085, 0.061 & 0.258), which implies that apology has an insignificant effect on marketing performance. Overall, this study concludes that service quality does not have a significant mediating effect in the relationship between CCM and MP. It is recommended, amongst others, that firms in the service sector should regularly monitor and evaluate the effectiveness of complaint management strategies by using customer complaints as feedbacks refine approaches and ensure expectations of customers are met.*

**Keywords:** Apology, Compensation, Customer Complaints Management, Marketing Performance, Prompt Response, Service Quality.

## Introduction

The effects of bad service delivery and the increased imperatives of complaint management are exemplified by the unfavourable publicity that firms typically face via the social media today. The swiftness and adaptability of information and communications technology augment the adverse possibilities of escalating client grievances, thereby underscoring the need for proficient complaint management for service firms. In recent times, the heightened complaint climate has resulted in online firestorms of bad press and reviews that have enormous financial ramifications (Herhausen, Stephen, Dhruv, Jochen & Marcus, 2019; Pfeffer, Zorbach & Carley, 2014).

Most service firms typically find it economically imperative to maintain a complaint management system that aids in managing potentially dissatisfied customers because the benefits of customer loyalty are substantial for a company's cash flow and market value (Brown & Smith, 2023). This is critical especially when customer acquisition costs are taken into account. Therefore, it is important for firms to convert unhappy clients into devoted and loyal customers in the future; however, doing so frequently comes at a high cost and demands a lot of work (Fornell & Wernelfelt 1988; Kotler & Armstrong, 2013).

Customer complaints are observed to be frequent in the service sector due to its intangible nature and common face-to-face customer engagements. Dissatisfaction and unfavourable outcomes can result from service failures traceable to human error, technological malfunctions, or variances between client expectations and service outcomes. Customers who experience dissonance may become dissatisfied and express their displeasure through negative word-of-mouth (online and offline), customer churn, and/or reports to regulatory authorities that may eventually cause harm to the company's reputation and brand image, (Kotler & Armstrong, 2013; Zeithaml, Bitner & Gremler, 2006). Therefore, firms looking to improve their competitiveness must understand how customer complaint management (CCM) affects marketing performance (MP) in their specific markets (Kotler & Armstrong, 2013; Lemon & Verhoef, 2016).

Customer loyalty is a critical success factor in today's service-oriented marketplace. The service industry, in particular, struggles to meet and exceed customer expectations because it relies on satisfying intangible experiences. Of the many factors that impact customer perceptions, managing customer complaints stands out as a crucial component that profoundly influences MP,

(Kotler et al., 2018). Therefore, keeping service customers is undoubtedly an imperative that will influence the long-term success of any enterprise in today's service-driven economy, given the assumption that loyal customers are a vital ingredient of sustainable business operation (Chereh, Wang, & Liao, 2017).

Although, the essential influence that customer complaints have on organizational performance, service standards, and loyalty has been well-documented in the past (Brown & Smith, 2023; Chen, Chen & Wang, 2022); nevertheless, further research and empirical validation are required to fully understand the dynamics of how specific CCM techniques affect MP in the service sector, especially in developing countries like Nigeria. This is as a result a result of the fact that proactive complaint management has become more important than reactive complaint management that is prevalent in developing countries that desire to diversify their economy away from dependence on non-renewable natural resource like crude oil, to services.

Therefore, understanding the precise implications of CCM on MP using in the Nigerian service sector is imperative at this point in time given the increasing importance of the sector to the economy. Some extant literature sparsely investigated the variables independently without considering the impact of their interactions on MP (Oghojafor et al., 2012). Therefore, the primary objective of this study is to close this knowledge gap by investigating the individual and combined effects of CCM variables such as apology, compensation, and prompt response on MP. In addition, the study investigates the effect of service quality, as a mediating variable, in the relationship between the dependent variable (marketing performance) and independent variable (customer complaint management).

## **Literature Review and Hypotheses Development**

### **Marketing Performance (*Customer Loyalty*)**

Adamson (2019) opined that effective CCM have favourable effect on customer loyalty which ultimately leads to greater customer retention rate and also offer insightful information about consumer preferences. Therefore, failing to address or improperly manage consumer complaints can result in unfavorable word-of-mouth, harming the brand's reputation and having a detrimental effect on MP. This is because customers who are dissatisfied are prone to talk about their bad experiences, which might seriously discourage new customers from interacting with the brand (Okumus, 2019). In the service

sector, retaining a strong market position and drawing in new clients depend heavily on customer satisfaction. Customers may stop doing business with a company if they don't feel that they are being treated fairly or loyally. This may result in a decline in word-of-mouth referrals and customer retention, both of which are critical for drawing in attracting new clients and building customer loyalty (Reichheld, 2006; Reichheld & Schefter, 2000).

### **Customer Complaints Management**

The way complaints are addressed is believed to have a direct effect on the loyalty of the clientele. Service firms may attract new business while keeping their current clientele by promptly and satisfactorily managing complaints as satisfied consumers tend to be brand advocates and loyalists (Muhammad & Huma, 2017; Oranusi, et al., 2021). The efficient management of customer complaints is essential for augmenting MP as it fosters consumer contentment, quality perception, propels ongoing engagement, and aids in customer retention (Islam et al., 2021; Hsieh et al., 2014).

However, when handling complaints, it is critical for a service provider to comprehend the reasons behind consumers' exhibition of different complaint behaviours, especially when those behaviours do not entail directly voicing a complaint to the organization (Gruber & Schlegelmilch, 2016).

This is especially true for the Nigerian service sector as, customers therein have high quality standard expectations for the quality of services they get, and unsatisfactory handling of complaints can swiftly undermine patron loyalty and trust (Okoye et al., 2019; Oru & Madumere, 2022). With inherent possibilities of service failures, rebuilding client trust and their opinion of the quality of the services can be greatly aided by compensation, prompt response, and apology (Davidow & Dacin, 2007; Adebayo & Ogunnaike, 2014). Service firms in Nigeria's may therefore boost customer loyalty and consequently, improve their MP by giving priority to apology, prompt response and compensation as part of their CCM plans. It is on the front that subsequent subsections in this study are hypothesized.

### **Mediating Role of Service Quality**

Services are experiences that are subjectively assessed and involve both simultaneous production and consumption. In the relationship between CCM and MP, service quality has been observed to play a crucial mediating function. This is because customers' views of the quality of the service they receive may

not align with the actual quality of the services provided (Boakye et al., 2015; Ismail & Mokhtar, 2016; Osarenkhoe & Byarugaba, 2017). Therefore, due to the generally deferred user-based definition of service quality, its attainment is by continuously meeting and going beyond the expectations of the client (Michel, et al., 2009; del Rio-Lanza, et al., 2009). This study therefore posit; ***H<sub>1</sub>: Service quality has a positive mediating effect in the relationship between customer complaints management and marketing performance.***

## **Measures of Customer Complaints Management**

### ***i. Compensation***

In the context of service quality, compensation describes the steps that providers take to make up for errors or shortcomings that clients may have encountered. Compensation is a tool used to rebuild consumer confidence, trust, and happiness in the event of service failures. Strategies for compensation that work well include providing discounts, refunds, free services, or thoughtful gestures to show regret and goodwill (Jain & Gupta, 2023). Organizations can reduce negative perceptions and maintain long-term relationships by demonstrating accountability, justice and a commitment to service recovery by immediately and fairly compensating customers for service failures. Service quality and marketing success can both be significantly impacted by paying out compensation that is suitable in response to customer complaints (Jain & Gupta, 2023; Maxham & Netemeyer, 2002). Consumers are therefore more likely to believe that the service is of a high calibre and therefore spread good word of mouth about it when they obtain just and sufficient recompense for their complaints. The following hypothesis is therefore postulated; ***H<sub>2</sub>: Compensation has a positive effect on marketing performance.***

### ***ii. Prompt response***

The promptness with which a service provider responds to questions, requests, or grievances from clients is referred to as prompt response. Clients' opinions of the entire service experience are perceived to be directly impacted by rapid response, which is a crucial component of service quality (Singh & Verma, 2020). Customers feel appreciated and respected when they receive prompt, proactive responses to their requirements, which increases their loyalty (Gounaris & Dimitriadis, 2003; Singh & Verma, 2020). Prioritizing quick response allows service providers to show their dedication to responsiveness and customer-centricity, which can enhance service quality perceptions and

set them apart from rivals (Singh & Verma, 2020). Therefore, customers are more likely to think well of the service and be inclined to keep doing business with the company when they receive a timely and effective response to their concerns (Adebayo & Ogunnaike, 2014; Gounaris & Dimitriadis, 2003). This study therefore hypothesizes thus; **H<sub>3</sub>: Prompt response has a positive effect on marketing performance.**

### **iii      *Apology***

An essential part of customer complaints management is apology, which is admitting faults or weaknesses in the service and offering regret or remorse to the impacted clients. An authentic and heartfelt apology can go a long way toward regaining the trust, confidence, and satisfaction of customers when service expectations are not fulfilled (Holger & Susanne, 2012; Smith et al., 2018). A well-crafted apology exhibits compassion, responsibility, and a readiness to deal with the matter in a timely and suitable manner. Service providers who use effective apologetic techniques into their service quality plan can leverage customer relationships and loyalty to build on service failures, which in turn improves service quality perceptions and organizational reputation; although a poor apology decreases consumer loyalty (Holger & Susanne, 2012). The following hypothesis is therefore derived; **H<sub>4</sub>: Apology has a positive effect on marketing performance.**

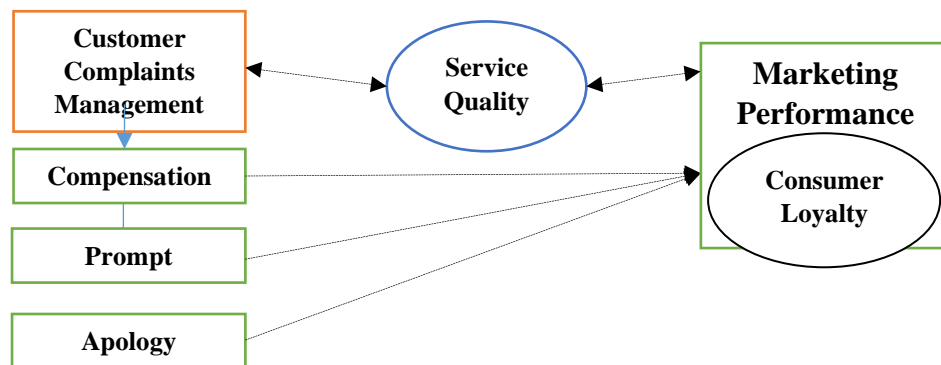
## **Theoretical Review**

Equity theory offers valuable insights into how customers perceive fairness in complaint management processes. Although equity theory offers a theoretical framework for comprehending how customers respond to service failures and complaint resolution, there is conflicting empirical evidence regarding its practical applicability. Propounded by John Stacy Adams in the 1960s, equity theory posits that people make an effort to uphold justice in all of their social interactions, including interactions with service providers. A key element influencing how customers file complaints is their perception of justice during the service interaction. Customers' reaction can be strongly influenced by how fair and equitable they perceive the settlement procedure to be. In order to lessen the detrimental effects of customer complaints on MP in the service sector, it is imperative to put into practice efficient complaint management techniques that give priority to equity and fairness through distributive justice, interactional justice, and procedural justice (Ginn, Stone, & Ekini, 2010).

In the context of service failures, equity theory appears to be plausible because customers typically sense injustice after a service failure. Equity theory therefore offers a useful paradigm for influencing customer perceptions of satisfaction, purchase intent, and many other factors when injustices occur (Gruber & Schlegelmilch, 2016). Although equity theory is perceived to be based on the concept of fairness, this study posit that it is possible for one or both sides in a service relationship to sense inequality in an exchange (Gruber & Schlegelmilch, 2016; Michel et al., 2009). While the theory has its limitations, such as its narrow focus on fairness and mixed empirical support, it remains a relevant framework for understanding and improving CCM in the service industry. By addressing fairness concerns, service providers can enhance customer satisfaction, mitigate negative word of mouth, and ultimately improve their MP.

## Conceptual Framework

**Figure 1:** Conceptual Framework.



**Source:** Authors' Conceptualization.

The conceptual framework, developed based on literature, posits that CCM typically affects MP (customer loyalty) when mediated with service quality. Therefore, the analysis and planning of efficient CCM techniques are expected to influence MP through service quality. The following primary hypothesis is therefore derived; *H<sub>5</sub>: Customer relationship management has a positive effect on marketing performance through service quality.*

## **Methodology**

### **Sample and Data collection**

Customers and management staff in the customer care department of two service firms (one in telecommunications and one in banking) constituted the research population of the study. Due to the large number of approximate members of the population and the lack of accessible database in this regard, a total enumeration of available respondents was carried out. Out of the 300 responses received over 4 weeks from a targeted google form survey (structured close-ended questionnaire), 218 were found useful. The responses were measured using a four-point Likert scale because it gives room for a straight forward way to scale the intensity of a respondent's stance because data gathering on customer complaints cannot be left open to uncertain responses.

### **Method of Data Analysis**

Jamovi advanced mediation model (JAMM) software was used for the analysis of the study, in order to examine the collected primary data. To ensure accuracy, the data collected was meticulously inspected, sorted, and coded before being merged into frequency tables. Factor analysis was used to analyze the data while the direction (indirect, direct and total effects) and intensity of relationships between three sets of variables are measured using JAMM.

### **Reliability and Validity Test**

After data collection, the coded data underwent a Cronbach alpha analysis to assess its dependability. Alternative pre-test respondents participated in a pilot survey and the feedback obtained facilitated a streamlined overhaul of the questionnaire, ensuring that it was easily understandable by all categories and segments of respondents. The aggregate value of the Cronbach alpha is 0.766 which implies that the scale is reliable since it is higher than 0.7 (see table 2). Also, face validity technique was used to determine the instrument's validity. Faculty and two industry professionals determined that the questionnaire was pertinent to the subject at hand and truly addressed the problems brought up by the inquiry.



**Table 2:** Reliability test

Scale Reliability Statistics			
		Cronbach's $\alpha$	
Scale		0.766	

**Source:** Data analysis output.

## Empirical Analysis

### Variable Description

The measurement of relationship between the variables and their proxies (see table 3).

**Mediating variable:** Service quality

**Dependent variable:** Marketing performance measured with customer loyalty.

**Independent variable:** Customer complaints management measured with compensation, prompt response and apologizing.

**Table 3:** Variables and Proxies

Variables	Customer Complaints Management	Proxies 1	Proxies 2	Proxies 3
1	Compensation	Payment	Price method	Price policy
2	Prompt Response	Prompt answer	Complaint procedure	Well-versed Staff
3	Apology	Medium of Apology	Apologizing culture	Time of Apology

**Source:** Jain & Gupta (2023); Muhammad & Huma (2017); Ogbojafor et al., (2012); Singh & Verma (2020); Smith et al. (2018).

### 5.2 JAMM mediation analysis output

Indirect effect; Direct effect and Total effect.										
				95% C.I. (a)						
Type	Effect	Estimate	SE	Lower	Upper	$\beta$	z	P		
Indirect	COM PN1 ⇒ SQ ⇒	0.00 829	0.0 339	- 0.05 823	0.0 748	0.00 426	0.2 44	0.8 07		

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<b>Typ e</b>	<b>Effec t</b>	<b>Esti mat e</b>	<b>SE</b>	<b>Low er</b>	<b>Up per</b>	<b>β</b>	<b>z</b>	<b>P</b>	
<b>Dire ct</b>	COM PN1 ⇒ SQ ⇒ Loyal ty	0.34 696	0.1 573	0.03 872	0.6 552	0.17 820	2.2 06	0.0 27	
	COM PN2 ⇒ SQ ⇒ Loyal ty	0.28 864	0.1 412	0.01 187	0.5 654	0.19 103	2.0 44	0.0 41	
	COM PN3 ⇒ SQ ⇒ Loyal ty	0.75 397	0.2 302	0.30 283	1.2 051	0.25 575	3.2 76	0.0 01	
	PRM PR1 ⇒ SQ ⇒ Loyal ty	0.13 649	0.1 770	- 0.21 040	0.4 834	0.08 990	0.7 71	0.4 41	
	PRM PR2 ⇒ SQ ⇒ Loyal ty	0.11 262	0.1 925	- 0.26 468	0.4 899	0.06 740	0.5 85	0.5 59	
	PRM PR3 ⇒ SQ ⇒ Loyal ty	0.53 167	0.3 115	- 0.07 893	1.1 423	0.14 174	1.7 07	0.0 88	

	APO LG1 ⇒ SQ ⇒ loyal ty	0.24 101	0.1 683	- 0.08 884	0.5 709	0.15 645	1.4 32	0.1 52	
	APO LG2 ⇒ SQ ⇒ loyal ty	0.21 141	0.1 746	- 0.13 079	0.5 536	0.13 924	1.2 11	0.2 26	
	APO LG3 ⇒ SQ ⇒ loyal ty	0.22 488	0.2 224	- 0.21 107	0.6 608	0.08 891	1.0 11	0.3 12	
<b>Type</b>	<b>Effect</b>	<b>Estimate</b>	<b>SE</b>	<b>Lower</b>	<b>Upper</b>	<b>β</b>	<b>z</b>	<b>P</b>	
<b>Total</b>	COM PN1 ⇒ SQ ⇒ Loyal ty	0.35 525	0.1 612	0.03 927	0.6 712	0.18 245	2.2 04	0.0 28	
	COM PN2 ⇒ SQ ⇒ Loyal ty	0.37 486	0.1 421	0.09 639	0.6 533	0.24 809	2.6 38	0.0 08	
	COM PN3 ⇒ SQ ⇒ Loyal ty	0.84 654	0.2 341	0.38 773	1.3 054	0.28 715	3.6 16	< . 00 1	
	PRM PR1 ⇒ SQ ⇒ Loyal ty	0.16 477	0.1 812	- 0.19 043	0.5 200	0.10 853	0.9 09	0.3 63	

	PRM PR2 ⇒ SQ ⇒ Loyal ty	0.17 610	0.1 963	- 0.20 864	0.5 608	0.10 539	0.8 97	0.3 70	
	PRM PR3 ⇒ SQ ⇒ Loyal ty	0.76 093	0.3 107	0.15 193	1.3 699	0.20 286	2.4 49	0.0 14	
	APO LG1 ⇒ SQ ⇒ loyal ty	0.29 549	0.1 716	- 0.04 092	0.6 319	0.19 182	1.7 22	0.0 85	
	APO LG2 ⇒ SQ ⇒ loyal ty	0.32 734	0.1 751	- 0.01 575	0.6 704	0.21 561	1.8 70	0.0 61	
	APO LG3 ⇒ SQ ⇒ loyal ty	0.25 760	0.2 278	- 0.18 888	0.7 041	0.10 185	1.1 31	0.2 58	
Note: Confidence intervals computed with method: Standard (Delta method)									
Note: Betas are completely standardized effect sizes									
Note: COMPN=Compensation; PRMPR=Prompt Response; APOLG=Apology									
Note. Loyalty is a measure of marketing performance in this study									

Source: Authors' Computation, 2024; JAMM output, 2024

## Restatement of Hypotheses and Discussion of Findings

### *A-Indirect Effects (service quality as a mediator between CCM and MP)*

***H<sub>1</sub>: Service quality has a positive mediating effect in the relationship between customer complaints management and marketing performance.***

The indirect effect data outcomes shows the effect service quality, as the mediating variable, has in the relationship between CCM and MP. The p value

for the relationship between compensation 1 i.e. payments and MP mediated by service quality is 0.807 which is higher than 0.05 which indicates that it is insignificant. This implies that service quality does not mediate the relationship between payments and MP. However, the p value for the relationship between compensation 2 i.e. price method and MP mediated by service quality is 0.032 which is less than 0.05. This indicates service that quality mediates the relationship price method and MP. On the contrary, the p value for the relationship between Compensation 3 i.e. price policy and MP mediated by service quality is 0.105 which is higher than 0.05 indicates that service quality does not mediate the relationship between price policy and MP. From the preceding results, considering the measures of compensation (payment, price method, price policy), only price method is found to have a significant relationship on MP when mediated by service quality.

Further, the p value for prompt response 1 i.e. prompt answer and MP mediated by service quality is 0.469; which is higher than 0.05. This indicates that service quality does not mediate the relationship between prompt answer and MP. The p value for prompt response 2 i.e. complaint procedure and MP mediated by service quality is 0.166. This is higher than 0.05 and indicates that service quality does not mediate the relationship between complaint procedure and MP. The p value for prompt response 3 i.e. well-versed staffs and MP mediated by service quality is 0.018. This is less than 0.05, and indicates that service quality mediates the relationship between well-versed staffs and MP. From these results, considering the measures of prompt response i.e. prompt answer, complaint procedure and well-versed staffs, only well-versed staffs is found to have a significant relationship on MP when mediated by service quality.

Further, the p value for apology 1 i.e. medium of apology and MP mediated by service quality is 0.172; which is higher than 0.05. This indicates that service quality does not mediate the relationship between medium of apology and MP. However, the p value for apology 2 i.e. apologizing culture and MP mediated by service quality is 0.025. This is less than 0.05 and indicates that service quality mediates the relationship between apologizing culture and MP. The p value for apology 3 i.e. time of apology and MP mediated by service quality is 0.504. This is higher than 0.05, and indicates that service quality does not mediate the relationship between time of apology and MP. From these results, considering the measures of apology i.e. medium of apology, apologizing culture and time of apology, only apologizing culture is found to have a significant relationship on MP when mediated by service quality.

***B1-Direct Effects (compensation and marketing performance)******H<sub>2</sub>: Compensation has a positive effect on marketing performance.***

The direct effects data outcomes show the direct relationship between the independent variable i.e. customer complaints management and the dependent variable – MP, without considering the mediator. In this context, the p value for the relationship between payments and MP, 0.027, is less than 0.05. This indicates that payments is positively significant on MP. Also, the p value for the relationship between price method and MP is 0.041 which is also less than 0.05. This indicates that price method has a positively significant effect on MP. On the contrary, p value for price policy and MP is 0.001. This is lower than 0.05 and therefore indicates that price policy is positively significant to MP.

***B2-Direct Effects (prompt response and marketing performance)******H<sub>3</sub>: Prompt response has a positive effect on marketing performance***

The p value output for prompt response proxies 1,2,3 shows 0.441, 0.559 and 0.088 which is higher than the 0.05 threshold. These indicates that prompt response proxies do not have a relationship with MP and all are insignificant.

***B3-Direct Effects (apology and marketing performance)******H<sub>4</sub>: Apology has a positive effect on marketing performance.***

In addition, the p value figures for apology 1,2,3 shows 0.152, 0.226, and 0.312. They are also higher than 0.05. This also implies that apology also does not have a relationship with MP and all are insignificant.

***C-Total Effects (customer relationship management and marketing performance)******H<sub>5</sub>: Customer relationship management has a positive effect on marketing performance through service quality.***

The total effects combine both the direct and indirect effects outcomes, providing an overall measure of the relationship between the independent variable and the dependent variable through the mediator. Observably, the p value for the relationship between payments and MP, 0.028, is less than 0.05. This indicates that payments is positively significant on MP. Also, the p value for the relationship between price policy and MP is 0.008 which is also less than 0.05. This indicates that price method has a significant effect on MP. Similarly, p value for price method and MP is 0.001. This is indicates that price method is significant to MP. Overall, the total effects show that compensation

has a significant effect on MP. These findings support the submission of Jain & Gupta (2023) and Reichheld & Scheffer (2000). They opined that offering compensation when appropriate can restore trust and demonstrate the firms' willingness to make amends.

Further, the total p value output for prompt response proxies 1,2,3 (prompt answer, complaint procedure and well versed staff) shows 0.363, 0.370 and 0.014. Prompt answer and complaint procedure reports figures higher than the 0.05 threshold. These indicates that prompt answer and complaint procedure do not have a significant relationship with MP, while well-versed staff (0.014) reports a significant relationship with MP. Overall, this implies that prompt response has just an erratic effect on MP. This finding partially corroborate the conclusion of Oru & Madumere (2022) that responsiveness significantly influence the marketing performance of banks; and Singh & Verma (2020) who noted that although prompt responses convey the notion the firm values customer time and priorities resolving issues, quality of service rendered to customer does not really impact loyalty or affect marketing performance.

In addition, the p value figures for apology 1,2,3 shows 0.085, 0.061, and 0.258. They are also higher than 0.05 threshold. This also implies that, on the overall, apology and its proxies do not have a relationship with MP and all are insignificant. This finding partially supports the submission of Jain & Gupta, (2023). They opined that apology has a positive but insignificant effect on marketing performance; although Smith et al. (2018) suggested that a sincere apology validates the customer's experience and demonstrates a commitment to improvement.

According to Osarenkhoe & Byarugaba (2017), service quality is a significant mediator in the relationship between customer complaint behaviour and customer loyalty. However, this study focused on the behavioural aspects of customer complaints and not its management. Notably, the analyses in this study demonstrates that compensation plays a significant role in driving marketing performance through service quality. Observably, the direct effects results on prompt response and apology shows that they also contribute to MP, but their effects are more variable and often mediated by service quality. The results therefore highlight the importance of effective complaint management strategies, particularly those involving compensation, in enhancing service quality and ultimately boosting MP. This is in affirmation of the submission of Oranusi, et al., (2021) that customer complaint management has a positive significant relationship with customer retention;



and early submission by Reichheld & Scheffer (2000) who noted that dissatisfied customers who feel their complaints are ignored are more likely to defect to competitors, although effective complaint management can help retain customer and foster loyalty which will translate to increased marketing performance.

## **Conclusion**

The general objective of the study was to investigate the effects of CCM on MP measured with customer loyalty and mediated by service quality. This study concludes that service quality does not have a significant mediating effect in the relationship between CCM and MP. While prompt response showed some significant indirect, its direct effects on MP were not consistently significant. Apology had varying effects on the loyalty of customers, with apologizing culture showing significant indirect and total effects, indicating that a sincere apology can enhance service quality and, in turn, customer loyalty. Significant, direct and cumulative effects of compensation - particularly price method and price policy - on customer loyalty was also observed in the study.

## **Recommendations**

Based on findings of this research study, the following recommendations are made for stakeholders;

- i. Firms in the service industries should engage in customized apology and prompt response approaches since apologizing has an inconsistent effect, apologies should be personalized to specific needs and emotions of the customers. Prompt response should be quick but as well address customer's specific concerns. Firms should also engage more in compensating aggrieved clients, as this study has shown that clients clearly prefer compensation to other CCM strategies.
- ii. Also, firms should regularly monitor and evaluate the effectiveness of complaint management strategies, using customer complaints as feedbacks and data to refine firm approaches, thereby ensuring that the expectations of customers are met. By focusing on these areas, organizations can improve customer loyalty, enhance service quality, and effectively manage customer complaints, leading to better overall customer loyalty and MP.
- iii. Focus should be on service improvements, even though service quality did not show a significant mediating effect between the

- independent and dependent variables; firms should enhance compensation strategies, like creating clear and fair compensation policies understood by both employees and customers.
- iv. The theory adopted which is equity theory provides a good explanation for the relationship between customer loyalty and CCM as reported in the study. Clients want justice/fairness in their dealings with businesses, and efficient complaint handling techniques - such as compensation, prompt response, and apology – may help bring back the perception of equity. By addressing this, firms can enhance their customer loyalty which ultimately improves MP.

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