

CONSUMER DISSATISFACTION: IMPORTANCE OF HANDLING COMPLAINTS

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Abstract

Some customers are assertive and seek redress whenever they are dissatisfied with a product or service, while other customers are reluctant to complain no matter how dissatisfied they might be. There is considerable evidence that if a firm handles complaints well it tends to reduce the incidence of negative word-of-mouth, third party complaints, increases the likelihood of repurchase, thus spreading goodwill, and customers may become more loyal. Complaints by dissatisfied customers provide managers with an opportunity to learn about problems. The study suggests that courteous and respectful complaint-handling procedures might entice those dissatisfied customers, who would otherwise exit, to seek redress.

Keywords: dissatisfied; complaints; redress

Introduction

Complaining behavior may be viewed in terms of a set of possible customer responses to dissatisfying purchase experiences (Singh, 1988). Consumer complaining behavior has been understood as a post-failure response triggered by customer dissatisfaction (Oliver, 1980). Customer satisfaction/dissatisfaction is generally viewed as a subjective evaluation of the gap between expectations and performance outcomes, where negatively disconfirmed expectations lead to dissatisfaction (Oliver, 1997). Hirschman (1970) introduced a model of complaint behaviors. Under his taxonomy, dissatisfied consumers either withdraw from the relationship or attempt to repair or improve the relationship through communication. Singh (1990) proposed the most promising typology of consumer complaint behavior (1) voice: reflecting actions directed toward the seller; (2) private: involving negative word-of-mouth communication to friends and relatives and exit behaviors (switch brand/seller); and (3) third party: relating to actions directed towards taking legal action. Although service providers encourage dissatisfied consumers to voice their negative experiences so that they have an opportunity to correct the problems, not all dissatisfied customers complain directly to the service provider (Day et al., 1981). These silent

customers may engage in spreading negative word-of-mouth to friends/relatives or even taking third-party actions while using various channels of complaint (Singh, 1990).

Theoretical Foundations of Complaining Behavior

Several authors have noted that there is no single, comprehensive theory of complaining behavior (Blodgett et al., 1993). Rather, “the study of complaining behavior is based upon several different theories from various fields of study” (Blodgett et al., 1993, p. 402). The confirmation/disconfirmation paradigm (Oliver, 1980), along with research on satisfaction/dissatisfaction (Day, 1984). Hirschman’s (1970) theory of exit, voice, and loyalty; and attribution theory (Folkes, 1984) all help to explain why some dissatisfied consumers seek redress and thus give the retailer a chance to remedy the problem, while others silently exit, vowing never to shop there again. While these theories provide the theoretical foundation which allows us to better understand dissatisfied consumers’ initial complaining behavior(s), it is the concept of fairness (Clemmer & Schneider, 1996) that provides the theoretical framework for the study of dissatisfied consumers’ postcomplaint behavior(s). The concept of fairness, or justice, has its foundations in social psychology, and has been widely and successfully employed to explain individuals’ reactions to a variety of conflict situations.

Importance of Handling Complaints

The cost of attracting a new customer substantially exceeds the cost of retaining a current customer (Fornell & Wernerfelt, 1987). Building long-term relationships with customers is imperative for successful businesses. Gilly (1987) observed that if customers are satisfied with how their complaints are handled, their dissatisfaction can be reduced, and the probability of repurchase is increased. Furthermore, effective complaint handling can have a dramatic impact on the customer retention rate, deflect the spread of negative word-of-mouth, and improve profitability (Tax, Brown, & Chandrashekar, 1998). Inadequate and/or inappropriate company responses to service failures and mishandling of customer complaints influence not only the affected customers but also their friends and families via negative word-of-mouth communication (Hoffman & Chung, 1999). Keaveney (1995) found that core service failures and unsatisfactory employee responses to service failure accounted for more than 60% of the all

service switching incidents.

Conclusion

Retailers and service providers should encourage customers who are dissatisfied to seek redress (i.e. ask for a refund, exchange, or repair) so that they will then have a chance to remedy those problems and retain those customers' business. Retailers and service providers need to understand that some dissatisfied customers will not give the seller a chance to remedy the problem, either because they feel that the seller will not be willing to remedy the problem, or because they are reluctant to complain in general. Rather than seek redress, many of these dissatisfied consumers will instead vow never to shop there again and tell others about their dissatisfaction. The end result for the retailer or service provider is lost sales and profits. Considering that it costs five times as much to attract a new customer as it does to retain a current customer, retailers and service providers should strive to create an atmosphere that encourages dissatisfied consumers to seek redress. At the same time, dissatisfied consumers who seek redress expect to receive a fair settlement and to be treated with courtesy and respect. Consumers who receive such treatment, and perceive that justice has been done, are more likely to repatronize the seller. However, complainants who perceive a lack of justice are unlikely to repatronize the seller and may warn others not to shop there.

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