

SOLVING CUSTOMER COMPLAINTS: A STUDY OF MULTIPLE COMMERCIAL SETTINGS

Gurău Călin

Groupe Sup de Co Montpellier Business School, France

Theme: *Many reports stress the importance of solving customer complaints in order to maintain customer satisfaction, but also to learn from mistakes and further improve the customer service. However, relatively few empirical studies have been conducted regarding the effect of complains handling activities on customer satisfaction and on company-customer relationships.*

Objectives of research: *This paper attempts to identify the main elements of the complaints handling strategy that are considered essential for customers, and their effect on customer satisfaction.*

Literature analysis/previous research: *Previous studies define a complaint as a conflict between a consumer and a business organisation in which the fairness of the resolution procedures, the interpersonal communication and behaviour, and the outcome of the complaint resolution process are the principal evaluative criteria used by the customer. In our opinion, a complaint is not necessary a conflict, however, it can create a conflict between a customer and a business organisation, when the answer to the consumer's complaint is not satisfactory. Therefore, the way in which business organisations deal with consumer complaints can significantly influence the consumers' level of satisfaction and loyalty.*

Research methodology: *The empirical analysis of primary data collected through face-to-face interviews with 150 French customers provides a detailed picture of the specific elements of complains handling which are perceived as important in four different settings defined in relation to the perceived importance of the product or service, and the emergency of the experienced problem.*

Results: *The identified elements of the complaint-handling procedure have a variable importance from one element to the other, and in the context of various complaint situations. This finding highlights the fact that, depending on each situation, the factors that will determine customer's satisfaction, and that will shape the final perception of the complaint service, will be different. On the other hand, the study presents and discusses the effect of various dimensions of the complaints handling strategy on the customer satisfaction.*

Implications: *The findings of this study indicate the specific elements that should be improved by companies in order to enhance the quality of the complaint-handling process in various transactional situations.*

Contribution of author/authors: *The present paper compares the importance of the various dimensions already identified by researchers in relation to four different situations defined by the variation of two subjective dimensions: the importance associated by the customer to the product and the emergency level of the product/service failure.*

Keywords: *customers' complaints, customers' satisfaction, multiple commercial settings*

Cod JEL: *M31*

Introduction

Many reports stress the importance of solving customer complaints in order to maintain customer satisfaction, but also to learn from mistakes and further improve the customer service. However, relatively few empirical studies have been conducted regarding the effect of complains handling activities on customer satisfaction and on company-customer relationships. This paper attempts to identify the main elements of the complaints handling strategy that are considered essential for customers, and their effect on the customer satisfaction. The empirical analysis of primary data

collected through face-to-face interviews with 150 French customers provides a detailed picture of the specific elements of complaints handling which are perceived as important in four different settings defined in relation to the perceived importance of the product or service, and the emergency of the experienced problem. On the other hand, the study presents and discusses the effect of various dimensions of the complaints handling strategy on customer satisfaction.

The effect of customer complaints

Tax, Brown and Chandrashekar (1998) define a complaint as a conflict between a consumer and a business organisation in which the fairness of the resolution procedures, the interpersonal communication and behaviour, and the outcome of the complaint resolution process are the principal evaluative criteria used by the customer. In our opinion, a complaint is not necessary a conflict, however, it can create a conflict between a customer and a business organisation, when the answer to the consumer's complaint is not satisfactory. Therefore, the way in which business organisations deal with consumer complaints can significantly influence the consumers' level of satisfaction and loyalty (Blodgett, Hill and Tax 1997; Kelley, Hoffman and Davis 1993; Levesque and McDougall 1996). In the market environment, customers' complaints represents an opportunity for the business organisation to identify problems in its production or service process, to remedy these problems, and, by doing this, to positively influence consumers' perception about the professionalism of the organisation, which may determine an increase of customer satisfaction and customer loyalty (Blodgett, Hill and Tax 1997). From a relationship marketing point of view, consumer complaints are the external and visible manifestation of a crisis in the relationship between company and customer (Tax, Brown and Chandrashekar 1998). This crisis can be successfully solved, determining the continuation of the relationship, or can deepen further, if the customer is dissatisfied with the way in which his/her complaint is managed by the firm (Dos Santos and Von der Heyde Fernandes 2008; Tax and Brown 1998).

Previous studies have attempted to identify the elements that define the quality of complaint resolution for customers (Gilliland 1993; Goodwin and Ross 1992). Tax, Brown and Chandrashekar (1998) focused on the concept of justice, as it is perceived by customers in relation to complaint resolution activities. The three main dimensions of justice identified by researchers (Blodgett, Hill and Tax 1997; Smith, Bolton and Wagner 1999; Tax, Brown and Chandrashekar 1998) are distributive, procedural and interactional justice. Distributive justice can be considered as an expression of the equity theory (Dos Santos and Von der Heyde Fernandes 2008), which involves the allocation of benefits and costs between the parties interacting in a transaction situation. For customer complaints resolution, the focus is rather on the tangible compensations offered by the company to the wronged customer (such as product replacement or refund). Procedural justice involves the procedures used by the company during the complaint handling process, which can be evaluated from the point of view of flexibility, accessibility, process control, decision control, response speed and acceptance of responsibility (Blodgett, Hill and Tax 1997; Tax, Brown and Chandrashekar 1998). Finally, interactional justice concerns the way in which the company interacts with the wronged customer during the complaint-handling process, in terms of courtesy, honesty, offering explanations, empathy, endeavour and offering apologies (Tax and Brown 1998; Tax, Brown and Chandrashekar 1998).

The existing studies have investigated the reaction of consumers to various elements of the complaint-handling process, using as basis of analysis specific situations of product or service failures, however, no comparative studies have been realised for various types of products and/or services. However, the complaint behaviour and the requirements of the same customer can vary in relation to the subjective importance associated to various products and/or services, and with the emergency level of the failure. The present paper attempts to address this literature gap, by comparing the importance of the various dimensions already identified by researchers in relation

to four different situations defined by the variation of two subjective dimensions: the importance associated by the customer to the product and the emergency level of the product/service failure. On the other hand, the level of customers' satisfaction regarding the dimensions of the complaint resolution process is also investigated.

Research methodology

To investigate the importance of various elements of the complaint-handling process, and their influence on satisfaction, both secondary and primary data have been collected and analysed. In the first stage of the research process, the existing literature on consumer complaints and on the influence of various elements of the complaints-handling process on customer satisfaction was accessed and investigated. These secondary data offered a clear perspective of the theoretical and practical aspects of this phenomenon, and provided the necessary information for the development of a list of questions for primary data collection. This list of question was tested in a pilot face-to-face interview with 10 consumers, the results being used to improve the order and the wording of questions. The resulting list of questions was used to realise face-to-face interviews with 150 French consumers. The consumers were approached while sitting in one of the cafes of a large commercial centre in Montpellier France, and invited to participate in this study concerning complaint resolution. The interviews lasted between 15 and 30 minutes, the respondents being asked first to consider their behaviour during the complain process, and identify the essential elements of the complaint-handling process. Then, the respondents were asked to remember specific situations in which they addressed complaints about products or services to business organisations, in four different situations.

The situations were selected by the respondents from their own experience since the perception of importance and/or emergency is subjective. Among the situations selected by consumers, the following are exemplifying well the four categories of complaints:

- high importance-high emergency: complaint about a new car, or complaint about medical services;
- low importance-high emergency: complaint about the service in a restaurant, complaint about Internet or mobile phone connection;
- high importance-low emergency: complaint about newly acquired furniture;
- low importance-low emergency: complaint about the quality of a music CD or of a DVD.

Although a large number of respondents have experienced a large variety of complaint situations in the last three months, not all of them were capable to provide answers for all the four situations described above.

Considering each type of complaint situation, the respondents were invited to associate specific levels of importance to the elements of the complaint-handling process identified above, associating a number from 1 to 10 to each element (where 1 indicated very low importance, and 10 very high importance). Each respondent then provided the level of satisfaction associated with each element of the complain-handling situations that he/she experienced recently. The answers were recorded on a separate document for each respondent, the interviewer realising together with the respondent a clarification/standardisation of various elements indicated by the consumer. Then, the answers were codified and introduced into the SPSS for general descriptive analysis. The quantitative results were complemented by the qualitative interpretation of the comments provided by various respondents regarding the complaint situations, their perception and their behaviour towards to business organisation.

Presentation and analysis of findings

The general profile of answers

As indicated above, not all 150 respondents were able to remember a complaint situation for each of the four categories of circumstances defined in the project. The number of answers was also restricted by the time limit considered for analysis - the last three months. Table 1 indicates the number and the percentage of complaint situations discussed by respondents for each of the four categories. 96% of respondents indicated that they had a complaint situation of low importance, low emergency in the last three months. For the other situations, the percentages are less important; however, even the most extreme situation characterised by high importance, high emergency circumstances was experienced by 28% of respondents. The possible explanation of these findings is either that the quantity of the goods and services provided nowadays by companies is less than satisfactory in many cases, or that the respondents are very exigent and complaint-active. Indeed, previous studies have indicated that French customers are more inclined to express their dissatisfaction in comparison with other nationalities (Jasper 2007). Finally, both these explanations can be true and inter-related, the general quality of the goods and services provided determining a behavioural transformation in the general mass of consumers.

Table 1. The number and percentage of complaint situations described by respondents

Situation	Frequency	Percentage
High importance-high emergency	42	28
High importance-low emergency	101	67.3
Low importance-high emergency	123	82
Low importance-low emergency	144	96

The essential elements that define the quality of the complaint-handling process

The essential elements that define the quality of the complaint-handling process do not correspond exactly to the criteria identified by Tax, Brown and Chandrashekar (1998), and then categorised as distributive, procedural and interactional justice. This classification is rather abstract and although represents a useful bundling of various elements under the same general logic, in reality it does not correspond to the natural perception of the customer, who tends to consider these elements in relation to the logical order of activities in a complaint-handling situation. The respondents have indicated the following elements:

- accessibility: the complaint service should be easily accessible in terms of location, communication channels and availability of personnel;
- reactivity: the attitude of the complain personnel should be reactive rather than passive; as soon as they receive a complaint, the specialised service must adopt an active attitude to guide the dissatisfied customer through all the phases of the complaint resolution process;
- personalisation: the complaint personnel should address every customer as a specific person, with particular needs, wants and feelings, adapting in a flexible way the process of complain resolution to the specific personal circumstances of the plaintiff;
- responsibility: the complaint personnel should accept the responsibility of the company, apologise and provide explanations, and have a responsible behaviour in handling and solving the complaint;
- rapidity: the complaint service should apply professional procedures for a quick resolution of the complaint situation;
- quality: most respondents indicated here the quality of the solution provided to the complaint situation, but some of them have also emphasised the quality and the professionalism required for each stage of the complaint resolution process.

It is interesting to note that in the mind of respondents, the criteria identified and classified by Tax et al. (1998) are not isolated and static, but rather dynamic and interactive, influencing, and being influenced by other elements. The vision provided by the respondents in this study is more synthetic and holistic than the criteria defined by Tax et al. (1998), which provide an interesting insight in the order and structure of subjective perceptions regarding the evaluation of the complaint-handling situation.

The subjective importance of various elements of the complaint-handling process

The average importance of the elements described above varies from one complaint situation to another (see Table 2). The circumstances of each specific situation clearly influence the subjective perception of respondents. In a high importance, high emergency situation all the elements of the complaints-handling process are associated with high levels of importance. The most important elements are reactivity (9.32), rapidity (9.21), and personalisation (9.05). When the complaint situation is characterised by high importance but low emergency, the level of importance associated with accessibility, reactivity and rapidity decrease; however, personalisation, quality and responsibility become more important. The hidden message of respondents is that they are willing to wait more time for complaint resolution, but on the other hand they expect a high quality, customised solution to their problem.

Table 2. The average values of the level of perceived importance

	H.imp.- H.em.	H.imp.- L.em.	L.imp.- H.em.	L.imp.- L.em.
Accessibility	7.85	7.14	7.06	6.36
Reactivity	9.32	6.21	8.55	4.78
Personalisation	9.05	9.08	5.27	2.69
Responsibility	7.23	7.66	5.36	5.72
Rapidity	9.21	6.69	8.48	3.56
Quality	9.17	9.23	5.34	5.29

For the complaints characterised by low importance and high emergency, the reactivity, rapidity and accessibility of the complaints service are significantly important for customers. However, the low importance associated to the product/service which is the subject of the complaint determines lower expectations in relation to quality, responsibility and personalisation. For a low importance, low emergency complaint situation, the average importance of all elements decreases below 7. The customers are expecting a good accessibility and responsibility of the complaint service and a good quality of the solution, but are less exigent regarding the reactivity, rapidity and personalisation.

The presentation of these data using average values does not permit a detailed analysis of the various groups of consumers, based on the level of perceived importance. In fact, 15-20% of the respondents have indicated high importance levels to all the elements of the complaint-handling process, in all the four categories of situations, arguing that the complaint resolution service has to be characterised by overall quality and professionalism in all complaint situations. 25-30% of respondents have provided very similar above average values to all the elements of a situation, introducing some differentiation among various situations. Finally, the rest of respondents provided differentiated levels of importance both among the various elements of the complaint-handling process, as well as from one complaint situation to another. These respondents provided rich comments to explain their perception, and spent more time thinking about the most appropriate answers.

The level of satisfaction associated with the complaint-handling process

The respondents have indicated a variable level of satisfaction in relation to various elements of the complaint-handling process. On the other hand, the perceptions about the level of importance and the emergency of the complaint significantly influence the level of satisfaction indicated by customers. In order to simplify the presentation of data, the score between 8 and 10 was interpreted as high satisfaction, the score between 4 and 7 as a medium level of satisfaction, and between 1 and 3 as a low level of satisfaction.

Table 3. The level of high satisfaction associated by respondents with various elements

	H.imp.- H.em.	H.imp.- L.em.	L.imp.- H.em.	L.imp.- L.em.
Accessibility	57.7	75.3	63.5	77.9
Reactivity	44.8	62.4	75.1	45.8
Personalisation	70.3	51.7	71.9	33.8
Responsibility	71.2	49.6	46.4	29.3
Rapidity	35.7	62.3	66.1	48.9
Quality	42.4	38.5	53.8	42.6

For all elements of the complaint-handling process in a high importance-high emergency situation, the percentages are not very high. Responsibility has the highest percentage of highly satisfied customers (71.2%), but at the other extreme, the respondents indicate that rapidity, quality and reactivity should be significantly improved. In a high importance, low emergency complaint situation, the percentages of highly satisfied customers increase regarding accessibility, reactivity and rapidity, maybe because the expectations of respondents are more moderate. On the other hand, the customers perceive significant problems with quality, responsibility and personalisation. The interpretation in this change of perceptions is the expectation of consumers that the quality the service should be significantly improved in the case in which the company does not have to respond quickly to the complaint. The respondents that provided information about their satisfaction in a low importance, high emergency situation seem to be quite satisfied with the reactivity, personalisation, rapidity and accessibility of the complaint service, but many indicate that responsibility should be improved. For a low importance-low emergency complaint situation the percentage of highly satisfied respondents is quite important in what concerns accessibility, but the scores are lower than 50% regarding the other dimensions of the complaint-resolution process. This situation can be explained by the low level of resources invested by firms in solving this type of complaint situation, which may be determined by the low value of the product/service sold.

Concluding remarks

This study has attempted to investigate the way in which French customers perceive the complaint-handling process in various complaint situations. The complaint handling process was analytically decomposed in a number of elements that are considered important by the respondents. These elements have, however, a variable importance from one element to the other, and in the context of various complaint situations. This finding highlights the fact that, depending on each situation, the factors that will determine customer's satisfaction, and that will shape the final perception of the complaint service, will be different. The respondents have also indicated the level of satisfaction that they associate with every element of the complaint-handling process in four different complaint situations, which can provide important information regarding the dimensions that should be improved during customer-company interaction.

This paper has a number of research limitations determined by the applied methodological approach. The presented findings do not permit a deep understanding of the way in which individual customers perceive the complaint-resolution process managed by companies. The

results are descriptive and synthetic, despite the attempt to define and contrast four different complaint situations. Future studies should attempt to combine the quantitative analysis of data with a more qualitative approach, based on mini case studies, in order to complement the general description of the investigated phenomenon with an understanding of the particular factors and elements that can ultimately influence the decision of the consumer to continue or not the relationship with the company. On the other hand, a similar study should be initiated in the area of B2B marketing.

References

- Blodgett, Jeffrey, Hill, Donna and Tax, Stephen. "The Effects of Distributive, Procedural, and Interactional Justice on Postcomplaint Behavior." *Journal of Retailing* 73(1997): 185-210.
- Dos Santos, Cristiane Pizzuti and Von der Heyde Fernandes, Daniel. "Antecedents and Consequences of Consumer Trust in the Context of Service Recovery." *Brazilian Administration Review* 5(2008): 225-244.
- Gilliland, Stephen. "The Perceived Fairness of Selection Systems: An Organizational Justice Perspective." *Academy of Management Review* 18(1993): 694-734.
- Goodwin, Cathy and Ross, Ian. "Salient Dimensions of Perceived Fairness in Resolution of Service Complaints." *Journal of Consumer Satisfaction/Dissatisfaction and Complaining Behavior* 2(1992): 87-92.
- Jasper, Cynthia. "Cross-national differences in satisfaction/dissatisfaction and complaint behaviour concerning apparel products." *International Journal of Consumer Studies* 13(2007): 151-159.
- Kelley, Scott, Hoffman, Douglas and Davis, Mark. "A Typology of Retail Failures and Recoveries." *Journal of Retailing* 69(1993): 429-452.
- Levesque, Terrence and McDougall, Gordon. "Customer Dissatisfaction: The Relationship Between Types of Problems and Customer Response." *Canadian Journal of Administrative Sciences* 13(1996): 264-276.
- Smith, Amy, Bolton, Ruth and Wagner, Janet. "A model of customer satisfaction with service encounter involving failure and recovery." *Journal of Marketing Research* 36(1999): 356-372.
- Tax, Stephen and Brown, Stephen. "Recovering and Learning from Service Failure." *Sloan Management Review* 40(1998): 75-89.