Channelspecific Consumer Complaint Behaviour:
The Case of Online Complaining

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Abstract

As Internet is increasingly used for conducting business, numerous companies also offer customers the possibility to complain online. Though there is a large corpus of literature on complaining behaviour available, research on online complaining behaviour is still in its infancy. Moreover, channel-choice for complaining has scarcely been investigated into yet. This paper provides a brief overview on complaint responses and classifications of consumer complaining behaviour (CCB). Consequently, a suitable classification of complaint reactions with regard to online complaining is developed and the specific research questions to be answered in this research are addressed. Finally, the methodology as well as expected results are outlined.

Keywords: (online) complaining behaviour, channel choice behaviour, e-after sales services

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# Table of Content

1 Introduction 1
2 Literature Review: Complaint Responses and CCB-Typologies 2
3 Complaint Responses: A Channel-specific Classification 3
4 Research Questions 7
5 Methodology 8
6 Expected Results 9
7 Conclusion 10

# List of Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>CCB</td>
<td>Consumer Complaining Behaviour</td>
</tr>
<tr>
<td>OC</td>
<td>Online Complaining</td>
</tr>
<tr>
<td>OCCB</td>
<td>Online Consumer Complaining</td>
</tr>
</tbody>
</table>

# Table of Figures

<table>
<thead>
<tr>
<th>Figure</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>figure 3-1</td>
<td>Responses to a Critical Incident Causing Dissatisfaction.</td>
<td>4</td>
</tr>
<tr>
<td>figure 3-2</td>
<td>Optimal Complaint Response Pattern from a Corporate Perspective.</td>
<td>5</td>
</tr>
</tbody>
</table>
1 Introduction

Even if a company is committed to a high level of quality, mistakes and incidents leading to dissatisfaction are unavoidable.1 So the only way out is providing a good recovery system as well as knowing how customers react to a critical incident. The better a company deals with a complaint, the higher the (complaint) satisfaction will be. According to the recovery paradox, the successful resolution of a complaint may even lead to a higher overall satisfaction than before the critical incident, thus leading to higher profit for the company.2

Whereas service recovery has thoroughly been studied, including complaint management and consumer complaining behaviour (CCB), only scarce research on online complaint behaviour (OCB) has been conducted.3 With respect to the particular nature of complaint channels, it is highly plausible to assume that CCB is channelspecific. The channel may have a critical impact on how customers evaluate the recovery process.4 Though buying online enjoys increasing popularity, e-after sales service, and in particular online complaining (OC), is still in its infancy.5 This is expected to be changing, as after sales services in most of today’s markets are an important feature for creating a unique selling proposition.6

Nowadays most companies operate multiple channels (including Internet) and are therefore faced with the challenge of an adequate channel design which has to take into account channelspecific consumer behaviour.7 Given the differences between online and offline consumer behaviour, it is imperative to consider these divergences.8 Yet, it has remained in the dark whether the customers’ assessment of the e-channel for complaining is favourable and whether OC actually generates value for customers. Furthermore, complaint channel choice has been hitherto rarely examined.9 To gain deeper insight in online complaining behaviour (OCB), the following section will present a brief literature review on complaint responses and available classifications of them.

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1 See Bolfing (1989), p. 11.
3 See Cho et al. (2003); Cho et al. (2002a); Cho et al. (2002b); Harrison-Walker (2001); Lee/Hu (2005); Mattila/Mount (2003); Nasir (2004); Strauss/Hill (2001); Strauss/Pesce (1998); Tyrrell/Woods (2005).
4 See Mattila/Mount (2003), p. 136.
5 In 2005, almost seventy percent of the Swiss population were online and almost three quarters of them have already made one or more online purchases. In line with that, the e-commerce turnover is growing from year to year, see Bundesamt für Statistik (2005), n.p., WEMF (2005), p. 9.
2 Literature Review: Complaint Responses and CCB-Typologies

There are different customer reactions to a critical incident causing dissatisfaction, ranging from no action at all to expressing dissatisfaction in public and / or ending the relationship. For these complaint responses, a large corpus of literature is available. Previous research has produced numerous CCB typologies and classifications.\textsuperscript{10}

One of the earliest classification was the microeconomic approach suggested by Hirschman (1974): Exit, voice and loyalty.\textsuperscript{11} He considers exit – breaking the relationship with the company in question – as an active response to dissatisfaction. Breaking the relationship with the company in question, he considers exit as an active response to dissatisfaction. Whereas voice involves communicating the dissatisfaction to the company, hence giving the organisation a chance to recover and improve. Loyalty has been conceptualized by Hirschman (1974) as inactivity. Consequently, this concept has been refined and adapted by many scholars.

Differently to Hirschman (1974), loyalty is often labelled as silence in CCB research. In a microeconomic context, loyalty may convey the intended meaning of inactivity with due precision, but in the marketing-oriented field of consumer behaviour research, loyalty would be prone to misunderstandings, as this term usually describes “[…] a deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior.”\textsuperscript{12} Therefore, loyal customers as defined by Hirschman (1974) must neither be loyal nor completely inactive. In contrast to the original definition, these customers may or may not end the relationship. Silence is therefore a more suitable label for this complaint response. Though many authors define silence as no action at all, taking no communicative actions is a far more accurate definition.\textsuperscript{13} Customers are free to decide on their relationship status, regardless of expressing their dissatisfaction. Thus, no action at all means that customers neither take communicative actions nor that they end the relationship.

In the field of marketing, Day et al. (1981) and Singh (1990b) made significant contributions to structuring complaint responses. Day et al. (1981) introduced public and private action. Ty-

\textsuperscript{12} Oliver (1999), p. 34.
\textsuperscript{13} See e.g. Day et al. (1981), p. 88, Ping (1993), p. 323.
pically, public actions (e.g. complaining to the company) are visible for the company whereas private actions (e.g. spreading negative word-of-mouth) mainly remain undetected. And Singh (1990b) created a validated typology of complaint response styles and identified four different complaint response patterns: Passives, Voicers, Irate and Activists. Passives take no action at all whereas Voicers do exclusively complain to the company. Additionally to complaint to the company, Irate engage in negative word-of-mouth and / or may stop repatronage. Most involved are the Activists who complain to the company, to friends and relatives and to third parties. One of the most recent and comprehensive attempts to classify complaint reactions is suggested by Crié (2003) who distinguishes between behavioural and non-behavioural responses to dissatisfaction.

In the last decades, numerous different classifications and typologies have been suggested. A common denominator are the elements they consists of. By and large, each attempt is based on two or more of the five complaint responses to a critical incident causing dissatisfaction:

- **voice company**: The customer complains to the company (manufacturer or seller).
- **voice third party**: The customer complains to a third party organisation, such as a consumer organisation, courts, the media or a political organisation / politician.
- **negative word-of-mouth**: The customer talks to friends and relatives about the problem (s)he has encountered.
- **silence**: The customer decides to not communicate the dissatisfaction encountered.
- **exit**: The customer ends the relationship, i.e. stops patronizing the product / brand / company.

These options are not exclusive; customers may engage in several of these behaviours, resulting in CCB patterns. However, up to now, all previous efforts of structuring have been channel-indifferent, i.e. they ignored that voice may considerably vary over different channels. The author’s proposition to fill this research gap is presented in the next chapter in which a channel specific classification of complaint responses will be developed.

### 3 Complaint Responses: A Channelspecific Classification

To date, a classification with respect to online complaining has not yet been developed. The

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first step of this research project was hence to establish a channelspecific classification of complaint responses (figure 3-1). Undeniably, CCB is a multifaceted and complex construct. Numerous antecedents are said to be relevant, whereas the main trigger is dissatisfaction. But not all negative incidents lead to sufficient dissatisfaction for triggering CCB. A minor negative disconfirmation of the expectations resulting in dissatisfaction can be assimilated or forgotten by the customer. However, having exceeded a certain threshold of dissatisfaction, consumers will engage in CCB. With respect to multi-response patterns in CCB, the complaint responses are grouped into two main categories, communication and relationship status. All dissatisfied customers express their dissatisfaction in these two dimensions.

In case of communication, consumers can decide to remain silent or voice their dissatisfaction by complaining to the company, complaining to a third party and/or spread negative word-of-mouth; all of which can be done online as well as offline. Within the communication dimension, the voice options are not exclusive and can be combined. What has not been taken into account in previous classification attempts, is the communication channel for the voice options, though channel choice behaviour is very likely to vary. In face-to-face or telephone enquiries, complainants can react immediately if the proposed solution is not satisfactory.

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19 See Day et al. (1981), p. 93.
Whereas written communication (either offline by letter / fax or online by email / web form) does not allow complainants to force their communication partner to an immediate reaction to the criticism. So, customers complaining in writing need to trust that the company’s answer will fix the problem properly at the first go.

Concerning the relationship status, customers have to opt for repatronizing the product / brand / company in question or ending the relationship (exclusive choice). Together with the communication dimension, consumers can thus react with different patterns to dissatisfaction. Which combinations consumers are most likely to take is subject of a study currently conducted by this research unit. The optimal combination from a corporate perspective would be stay and voice company, preferably online (see figure 3-1).\(^{21}\)

Chances are that customers with a high complaint satisfaction will become loyal customers, which implies they search less for competitors’ offers and are less price-sensitive.\(^{22}\) In addition, the complaint information can be used for quality management, i.e. for solving the problem definitely so as to avoid future dissatisfaction as well as for improving existing

\(^{21}\) This corresponds with the group Singh (1990b), p. 81 identified as voicers.
products. In den Beschwerden geben Kunden Auskunft über ihre produktbezogenen Erfahrungen, die von ihnen wahrgenommenen Probleme, ihre enttäuschten Erwartungen, ihre Wünsche an das Unternehmen und über ihr zukünftig geplantes Verhalten. Discovering market needs for new products may be another valuable use of complaint information.

If dissatisfied customers do not complain, managers might be pleased in the short run. However, a low rate of voiced complaints does not necessarily imply that the company’s customers are satisfied. In fact, it is well known that voiced complaints only reflect the tip of the iceberg. Thus, companies often have not the faintest notion that their customers are dissatisfied. Unless a significant proportion of customers ends the relationship – in a corporate perspective – out of the blue, everything seems to be perfectly fine. Unfortunately, at this point it may be too late to regain those customers. To make matters worse, there are seldom clues why the customers chose exit, making it impossible to solve the underlying problem and stop further customer drain. Therefore, it is preferable that customers complain right after the critical incident, which offers the company the opportunity to react and recover.

The combination of exit, word-of-mouth and / or voice third party is likely to be the worst case for companies. They do lose a customer, but do not know why. In addition, other customers are warned and the corporate image may come to harm, which would deter potential customers from buying. Unaware of the detrimental communication, the company does hardly realize this and cannot take appropriate measures. Besides “direct” damage of losing customers without knowing why, this response pattern may cause additional financial loss, such as reduced customer acquisition, less repatronage and wasted cross-selling potentials.

For reducing the occurrence of these detrimental complaint response patterns, OC may be a promising solution. As channel matters, there is a need to re-examine CCB under the aspect of channel choice behaviour. The following chapter will address the research questions to be answered in this project.

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4 Research Questions

Basically, there are three questions to be answered. As there is only scarce empirical evidence on channel use for complaining, the first step will be to find out whether there is a shift from offline to online complaining or whether the overall number of complaints has increased due to the offering of a new complaint channel (research question 1).

Research question 1: Is there a shift in the distribution from offline to online complaints or does the overall rate of voiced complaints increase?

By means of a quantitative survey currently conducted by this research unit, complaint response patterns will be identified, thus revealing which combination of online and offline complaint responses consumers prefer to take. Due to the emergence of online communications, the pattern previously identified by other studies are likely to change (or at least to be complemented). For companies, it is of great interest whether OC can increase the rate of voiced complaints and decrease the number of customers who engage in negative word-of-mouth or complain to a third party (both either online or offline), as these two complaint responses may be highly detrimental to the company.

Furthermore, it should be revealed whether a shift from offline to online complaining generates additional benefits for companies, e.g. cost reduction. This will support the decision whether it is actually desirable for companies to offer online complaint possibilities.

Focusing on CCB, a second issue addresses the value of OC for customers (research question 2). In line with previous research, it is suggested that main benefits of OC are convenience as well as the possibility to complain anytime and anywhere, hence bearing less costs (both economic as well as psychological) than traditional complaint channels. Whether customers perceive these benefits as relevant, whether they appreciate other advantages of OC or whether they see no benefits in OC at all remains to be seen. Research question 2 will be examined from the corporate perspective as well as from the customer perspective, which allows to identify differences in perception. As there is no point in offering customer service that customers do not care about, companies must know their customers.

Research question 2: What value does OC generate for customers?

Costs and benefits involved with (online) complaint response are presumably key determinants for deciding which action(s) in which channel(s) to take. But so as to gain insight into OCCB, the remaining antecedents have to be examined as well (research question 3). Knowing the determinants for CCB channel choice will support companies in managing their efforts to guide channel choice behaviour.
Research question 3: Which determinants are relevant for OC?

How these three questions raised will be addressed is discussed in the following section.

5 Methodology

A quantitative study currently conducted by this research unit on a specific aspect of (O)CBB will provide the lacking empirical results about the complaint response patterns including online communication. For gaining first insights on how companies assess OC and which value they derive from it (research question 1), four to five case studies will be conducted. Thus, it can be determined whether the number of overall complaints increases or decreases after the introduction of OC (research question 1). It will grant access to the experiences companies have made with OC. Selection criteria for the case studies will be the sophistication of OC possibilities. There is no point choosing companies which do not offer such a solution at all or only one that is still in its infancy. On the short list are companies in industries which already use e-after sales services to some extent and offer rather advanced online complaint possibilities, e.g. telecommunication, finance or tourism.

To compare corporate assumptions with actual consumer expectations / experiences, companies participating in the case studies are questioned about the value they think OC generates for their customers (research question 2). For covering the customer perspective on costs and benefits of OC, a quantitative survey (either postal or online) will be conducted. Subjects of the study will be the customers of one company previously examined in the case studies. Thus, a comparison of the perceived value of OC from a customer and a corporate perspective can be drawn, which supports companies in identifying misconceptions about their customers.

The customer perception could be covered with a qualitative approach as well. However, for research question 3, the identification of determinants of OC, a quantitative study is more appropriate. Using inference statistics, the importance of each determinant can be established and it is possible to provide a general explanation (at least for the examined industry) why customers do (not) complain online.

Another argument in favour of this research design is the nature of qualitative and quantitative research. While qualitative research can stand alone, it is often used for exploratory purposes before a quantitative, explanatory study is conducted. Case studies yield typical insights and support the researcher in finding the relevant aspects of the topic. With the results of the qualitative preliminary research, surveys can be designed better, which in turn leads to results of higher quality.

Though there has not yet been any empirical research conducted for the research project, the
author has derived from the extensive literature review some assumptions about what could be plausible findings. These assumptions are presented in the next section.

6 Expected Results

Based on the literature review, OC is thought to have a stimulating effect on customers intending to express their dissatisfaction to the company (H1), resulting in an increase of the overall rate of voiced complaints. 29 Offering (and promoting) complaint possibilities over different channels is an indicator for customers that the company welcomes feedback and cares about it. As a result, customers assign a higher chance of success to their complaint. This in turn increases the probability of lodging a complaint to the company, as chances of success are one of the key determinants for deciding whether to complain or not. 30

The characteristics of the e-channel suggest that the threshold to complain online should be lower than offline. OC is said to be more convenient and less time-consuming (under provision that there is an easy to find feedback form or an email address), as it can be done everywhere and anytime, implying asynchronous communication (H1a). 31 Complaining online to the company may reduce both economic and psychological complaint cost for customers (H1b). 32 The psychological costs are lower as in a face-to-face or telephone interaction because immediate distressing reactions can be avoided, thus lowering the threshold to complain. In line with that, Goby (2006) provided empirical evidence that introvert persons use more often online communication than extrovert. 33 “The lack of physical closeness when communicating online may also help to mask the insecurity and awkwardness they feel around strangers and hence make communication easier.” 34 This would make a case for the stimulating effect of OC, resulting in a higher rate of voiced complaints.

The question is whether there is additionally a shift from – in a corporate perspective – undesirable responses such as negative word-of-mouth to complaining directly to the company, which would be a considerable advantage for companies as they could resolve the problem and even take measures to avoid a reoccurrence. It remains to be seen whether customers will use less often voice third party or negative word-of-mouth due to OC.

29 See Hong/Lee (2005), p. 91.
32 See for the following Hong/Lee (2005), pp. 96.
<table>
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<tr>
<th>H1</th>
<th>OC stimulates complaining to the company and thus increases the overall number of voiced complaints.</th>
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<tr>
<td>H1a</td>
<td>Customers will mainly appreciate the convenience of OC (less time and efforts required).</td>
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<tr>
<td>H1b</td>
<td>Both economic and psychological costs for OC are lower than in other channels.</td>
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As far as the determinants of OC are concerned, the “traditional” antecedants, e.g. episode-specific characteristics, are still expected to hold true. However, their importance is assumed to be different and there are likely some new determinants to be taken into account. The nature of the complaint cause as well as the complaint intention may be decisive for channel choice. For getting the frustration off their chest, customers do not need to communicate synchronously. But if they have an urgent problem which has to be solved immediately, oral communication might be far more suitable.

Moreover, personal characteristics such as Internet experience and computer literacy are assumed to be crucial for channel choice. Customers who have only limited online experience may lack knowledge how to complain online. As it is a new channel they are not (yet) accustomed to, they are likely to be sceptical to its reliability and prefer other means of expressing their dissatisfaction.

### 7 Conclusion

Issues of service recovery were neglected for quite a long time, it was not before the 1980ies that research on CCB was flourishing. Given that more and more products are interchangeable and that competition on price is on the increase (especially in the Internet where customers can search for the cheapest offer on price search engines and change provider with one click), it seems advisable to pay due attentinon to e-after sales services right now.

OC is one of the promising future issues for keeping customers happy and satisfied. Though preliminary results of the study on (O)CCB currently conducted suggest that only few use OC today, the odds are that more and more people will use the e-channel. Internet is expected to become a “normal” channel like telephone or letter.

This development may be beneficial for both customers and companies. Customers may profit from advantages such as convenience and cost reduction. Whereas companies could appreciate the stimulating effects of OC, the shortening of reaction time to a complaint (in comparison to letter) as well as the enhancement of their customer-friendly image. Knowing the determinants of channel choice for complaining, they could develop different service recovery plans so as to satisfy customers best. Moreover, cost could be cut considerably as customers take on
a part of the work previously done by employees (entering the problem in the corporate information system) and the asynchronous mode of communication helps to avoid bottlenecks in customer care capacity (unlike call centers which have to be prepared in advance to cover peak times). Finally, the use of complaint information for quality management could be considerably facilitated as the primary source is already machine-readable.\textsuperscript{35} There are no interpretation mistakes, no omissions and less judgment errors.

However, the drawbacks of OC must not be neglected. Interacting only with a machine, customers may miss the face-to-face contact. The use of OC may also be restricted by the lack of internet literacy. Companies need to know whether customers really want to complain online or not. There is no point investing money in OC, if customers are averse from using it. So as to profit from the benefits the e-channel provides and to be able to guide customers’ channel use, companies need to know what inhibits and what promotes the use of OC. Therefore the research questions why customers do (not) complain online and whether they would appreciate (and use!) a sophisticated OC solution are both of great scientific and practical interest.


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