

SOME CORRELATES OF CONSUMER DISSATISFACTION
WITH RETAIL COMPLAINT HANDLING PERFORMANCE

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Abstract

The viability of modern-day retail organizations is largely contingent upon the ability of management to monitor and respond constructively to consumerism. Although retailers have made considerable progress in this direction, consumer dissatisfaction remains with certain facets of retail performance, including the capability of retailers to satisfactorily resolve customer complaints.

Introduction

The consumer movement has progressed and become increasingly visible since the decade of the sixties. Consumerism has become a critical component of the retailer's environment, confronting retail decision-makers with new challenges and demands which cannot be ignored if the retail firm is to survive in today's competitive and highly regulated environment. Indeed, the importance of retail responsiveness to consumer pressures is underscored by Moyer's (1975) contention that many retailers may be forced to function as consumer advocates in the near future--a radically new role for most traditional retail managements.

Although Peterson (1974) has demonstrated that retailers can respond profitably to consumerism pressures and Hollander (1972) has shown that many of the variables underlying retail-directed consumerism activities are controllable, actual retail performance in the consumerism arena remains an unsettled issue. Peterson, St. Marie, and Sturdivant (1977) have cited the need for a re-establishment of consumer confidence in retail organizations; Dornoff and Tankersley (1975) have raised serious questions regarding socially responsible business conduct by retail managers; MacLachlan and Spence (1976) have shown that public trust in retail institutions has declined in certain instances; Berry and Wilson (1977) have called for various measures designed to increase corporate citizenship at the retail level; and organizational and managerial changes have been suggested for increasing retail responsiveness (Berry, et al., 1976).

Constructive, profitable responsiveness to consumerism at all levels of distribution is contingent upon a thorough understanding of the composition, magnitude, and motivations of dissatisfied consumer segments. Underlying this premise is the assumption that consumer dissatisfaction with business performance is not a generalized phenomenon but, rather, varied or segmented and possibly determined situationally. Support for this position is to be found in Herrman's (1970) early observation that the consumer movement in general consists of distinct groups pursuing diverse goals and objectives and, also, in various research efforts directed at profiling consumer activists (e.g., Bourgeois and Barnes, 1979). To date, however, relatively little research has appeared in the marketing literature specifically addressing the issue of consumer satisfaction/dissatisfaction with retail performance regarding consumer-related difficulties. It is this task which the present study addresses by focusing upon consumer perceptions of retail complaint handling performance.

Specifically, attitudinal, behavioral, and sociodemographic variables associated with consumer satisfaction/dissatisfaction with retail complaint handling performance will be examined and implications for retail management discussed.

The Study

Data for the study were compiled as a part of an ongoing mail survey of consumer attitudes toward various consumerism issues and dispute resolution mechanisms. A simple random sample of 400 recent purchasers of major consumer durable goods was generated in a large, Southern metropolitan area in the Spring of 1980. Telephone prenotification was conducted where possible prior to mailing, resulting in an overall response rate of 44.5 percent (N=178).

The questionnaire contained a battery of 24 attitudinal items designed to be responded to on five-point, Likert-type scales. A variety of issues relating to various aspects of marketing and government performance and consumer satisfaction in the area of consumer protection and welfare were addressed by the statements. Information was also obtained about consumer activism in, and knowledge about, various agencies, programs, and remedial alternatives presently available to consumers. Additionally, a variety of standard demographic and socioeconomic data was generated, including memberships and participation in various types of organizations.

The sample was divided into two groups by dichotomizing responses to the statement, "Most retailers have little or no ability to effectively handle consumer complaints." Respondents agreeing with the statement (N=83) were assumed to be critical of retailer performance in complaint handling; those disagreeing with the statement (N=95), were assumed to be positive in their evaluation. Attitudinal, behavioral, and sociodemographic variables associated with the two groups were then examined by means of cross-tabulation and correlation analysis.

Findings

Attitudinal Variables

Relationships between the grouping variable and the remaining 23 attitudinal statements were examined *vis-a-vis* Pearson product moment correlations and cross tabulations. The results of this phase of the analysis are reported in Table 1.

Statistically significant correlations were obtained between the grouping variable and 12 of the 23 statements. As expected, those respondents critical of retail performance--those in agreement with the grouping variable--also tended to agree that it is ". . . generally advisable to go directly to the manufacturer" with product-related problems. This orientation may reflect a decline in many consumers' historical reliance on the retailer as a problem solver in the product area, possibly as a result of the greater accessibility of manufacturers to the consuming public through such devices as consumer "hot lines." Alternatively, the

TABLE 1

ATTITUDINAL CORRELATES OF CONSUMER DISSATISFACTION WITH RETAILER COMPLAINT HANDLING

Statement	Correlation Coefficient	Significance	Percent Agree ^a		Chi Square	Significance
			Critical	Noncritical		
It is generally advisable to go directly to the manufacturer with product problems.	.3080	.003	89.0	74.7	5.019	.03
Unions are necessary to protect employees against the power of big business.	.2643	.001	52.4	35.8	4.310	.04
Business profits are too high.	.3128	.001	58.8	37.6	6.867	.01
Tougher laws are needed to protect the consumer.	.3384	.001	84.1	51.1	20.050	.01
"Let the customer beware" is still the rule today.	.1777	.010	86.3	69.9	5.867	.02
Most product warranties are slanted in favor of the seller.	.2051	.003	89.0	74.7	5.019	.03
Credit makes things too easy to buy.	.1104	.071	94.0	81.9	4.835	.03
Most consumers don't understand credit terms.	.2750	.001	80.7	61.7	6.797	.01
Consumers are well informed about the products they buy.	-.1308	.043	39.0	56.5	4.638	.03
Most company complaint departments do a good job of handling problems.	-.3869	.001	33.7	60.6	11.727	.01
Most companies listen to customer complaints, but don't do anything about them.	.4951	.001	75.3	35.8	25.919	.01
Most consumer complaints involve such small amounts of money that it's not worth going to court.	.1985	.004	84.1	51.1	20.050	.01

^a"Critical" refers to group agreeing with grouping variable; "Noncritical," those disagreeing.

responses may suggest that many consumers view retailers as being relatively ineffectual and powerless in resolving tangible, product-related problems; i.e., as a result of the trend toward mass merchandising and the subsequent decline of specialized, shop-oriented retail businesses.

Critical subjects tended to be more attuned or sensitive to an imbalance of power between business and the individual. This is suggested by their more frequent agreement that unions are necessary to protect employees and that business profits are too high. Consistent with these responses, this same group tended more frequently to agree that tougher consumer protection legislation is needed and that the classical doctrine "let the buyer beware" is still the guiding philosophy of business. Additionally, they also agreed more often that product warranties are biased or "slanted in favor of the seller"--a response which can also be interpreted from a balance of power perspective.

Although both groups had high absolute agreement frequencies with the statement "Credit makes things too easy to buy," sharp differences were evident between the groups regarding the issue of consumer understanding of credit terms. Clearly, the critical retail performance group was far more likely to agree that most consumers don't understand credit terms, thus suggesting that Truth-in-Lending legislation may have been relatively ineffectual in the opinion of many consumers. Consistent with their negative response toward credit term clarity, the critical retail performance

group also tended more often to disagree that consumers today are well-informed about the products they buy--information about products including, presumably, credit terms attached to these purchases.

Finally, the critical group consistently expressed more frequent dissatisfaction with existing dispute-resolution alternatives available to consumers. They were far less likely to agree that company complaint departments are effective in resolving consumer problems; they agree more frequently that companies listen to customer problems, but fail to take action to resolve them; and they tend to report that the court system is not a viable alternative for most consumers, given the small amounts involved in the majority of consumer transactions.

Consumer Activism

Consumers critical of retail performance were expected to be relatively more active in terms of actions taken against businesses than respondents exhibiting a positive orientation toward retail complaint handling. To test this hypothesis, several questions were asked of respondents pertaining to awareness of and participation in various agencies and programs directed at resolving consumer disputes. Specifically, respondents were questioned about their awareness, knowledge, and utilization of arbitral and mediatory programs; actions taken against businesses through small claims courts; and usage rates of such quasi-independent agencies as Better Business Bureaus. Additionally, information was

obtained regarding level of satisfaction with each agency or program from those subjects reporting active participation.

Several findings are of interest. First, statistically significant differences in participation rates and levels of satisfaction were not obtained between the two groups; critical respondents were no more likely to have taken action through small claims courts or to have filed a complaint with the Better Business Bureau than were noncritical subjects. Secondly, the absolute utilization rates of all identified programs and agencies were surprisingly low, averaging less than five percent for both groups. Thirdly, for those respondents who did report active participation, satisfaction with the performance of the agencies or programs in question was consistently low for both groups. Thus, in sum, it cannot be concluded on the basis of these results that it is the consumer activist who tends to be critical of retail complaint handling performance. Rather, many consumers who are critical of retailer performance are not necessarily active in dispute resolution agencies and programs directed at resolving consumer disputes. Clearly, this finding may reflect low awareness levels of the availability of these programs and/or the perception by many consumers that they simply are not viable.

Demographic and Socioeconomic Characteristics

Demographic and socioeconomic variables generally did not effectively differentiate the two groups. Statistically significant differences were obtained only for age, education level, and union membership. Critical respondents tended to be younger; cross tabulation analysis revealed that 41 percent of this group was under 35 years of age, compared to 25.8 percent of the noncritical group. Somewhat surprisingly, the noncritical group was found to have generally higher education levels; 76.8 percent reported college training, for example, compared to 60.2 percent of the critical group. Consistent with their pro-union attitudes reported earlier, respondents who were critical of retailer performance more frequently reported union experience; 36.6 percent of this group reported that they presently belonged, or had previously belonged, to a labor union, compared to 23.4 percent of the noncritical group.

Again, the nonsignificant findings are of interest. Statistically significant differences were not obtained for a variety of sociodemographic variables, including occupation, marital status, family size, stage in family life cycle, geographic mobility, race, and annual household income.

Discussion

The retailer is the consumer's direct link with the entire marketing channel. As such, the performance of retailers in resolving consumer problems and complaints is of direct relevance to firms at all levels of distribution. Consumer dissatisfaction with retail performance may, obviously, precipitate tougher, more restrictive legislation, further restricting the activities of firms at all levels within the marketing channel.

The results of this survey suggest that consumer dissatisfaction with retail complaint handling is widespread. Over 46 percent of the subjects contacted agreed that retailers were ineffective in resolving consumer complaints. This finding is consistent with Barksdale and Perreault's (1980) recent conclusion that consumerism remains widespread and Stanley and Robinson's (1980) contention that the gap between business and consumer perceptions on consumerism issues and performances may be widening, rather than decreasing.

Consumer dissatisfaction with retail complaint handling may represent only the tip of a much larger iceberg. Indeed, the results of the study suggest that there are a number of correlates associated with retail dissatisfaction, including attitudes toward dispute resolution mechanism, the adequacy of existing consumer protection legislation, and a perceived "caveat emptor" philosophy guiding big business.

The retailer attempting to respond constructively to consumerism pressures may be in a particularly difficult position from an operational perspective. The efficacy and efficiency of any retailer-initiated program is, obviously, contingent upon the ability of management to communicate effectively with dissatisfied consumers. As with any segmentation strategy, there is the requirement of identification--the ability to target marketing efforts precisely and efficiently. However, the results of this survey indicate that dissatisfied retail customers may not be readily identifiable in terms of traditionally relied upon attributes. For example, it was not possible to construct any definitive sociodemographic profile of the dissatisfied retail consumer. Further, it cannot be concluded that the dissatisfied, critical retail consumer is an activist who frequently files complaints at local Better Business Bureaus, confronts merchants in small claims courts, and so forth.

Given the apparent generality of retail dissatisfaction, future research must address other, more diverse correlates of consumer retail dissatisfaction if operational strategies are to be developed. For example, life style variables and situational factors would seem to warrant attention. Additionally, more detailed sets of sociodemographic variables should be evaluated; i.e., by simultaneously initiating controls on multiple variables. Finally, and perhaps most importantly, the sources of retail dissatisfaction must be the subject of future research if a constructive, responsible retail response is to be forthcoming.

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