CHAPTER I

INTRODUCTION

The process of exchange is expected to benefit the buyer as well as the seller. The seller would like to earn revenue more than expenses and the buyer would like to have satisfaction more than price. The satisfaction is said to occur when the consumer achieves a cognitive state of being adequately rewarded in a buying situation.

Consumer satisfaction/dissatisfaction and complaining behavior (CS/D & CB) has been a topic of growing interest among researchers, practitioners and public policy makers. Researchers consider the study as important in the explanation and prediction of consumer repurchase intention and brand loyalty. Practitioners find it useful in understanding consumer dissatisfaction and in devising programmes to resolve consumer complaints. The nature and extent of consumer complaints in an industry seem to influence public policies with regard to consumer and social welfare.

In the present day world of competition, marketers tend to be competitive in providing satisfaction to
customers. Hence marketers may encourage feedback about consumption experiences so that consumers' evaluation of products is known to them. Consumers, on the other hand, may resort to complaining as they would like to have their grievances redressed. As a result, there are possibilities of consumers making complaints and marketers entertaining them.

Theoretically, consumer dissatisfaction is explained by expectation - disconfirmation paradigm, equity, attribution and experientially based affective feelings. But, a good number of studies have identified satisfied complainers, non- consumer complainers, professional complainers (who would like to profit from complaining) and complaints arising out of fear of future consequence (Jacobi and Jaccard, 1981). Therefore, it was found that all complaints do not originate from dissatisfaction. Similarly, past research also concluded that all dissatisfied consumers do not complain (Andreasen and Best, 1977). Thus, CD-CCB (Consumer Dissatisfaction - Consumer Complaining Behaviour) relationship was found to be weak.

This conclusion was intriguing from theoretical as well as managerial perspectives. The weak relation between CD and CCB has led current researchers to investigate
the role of mediating variables in determining complaining behaviour. Further, the weak relation between CD and CCB has led researchers to accept the fact that CB can be studied independent of CS/D.

Besides, past research in the area of CB is scant, unorganised, largely limited to survey methodologies and confined to American and European samples (Chiu et al., 1987). One of the studies (Villareal - Camacho, 1983) also found that the differences in CB of Mexicans and Americans were attributable to different cultural norms about complaining. No study has been conducted to explore whether there is any difference in CCB between US/Europe and India. The complaining behavior in India is expected to be different from that in US/Europe due to differences in culture. Though differences in culture and their possible impact on CB are not theoretically established in this study, the popular notion that India is culturally different from US/Europe provides the need for study on CCB in India. The other factors which would contribute to the differences in CCB are: level of consumerism, level of consumer education, the development of banking industry and the banking habits among customers in US/Europe and in India. The notion that the findings of the research conducted in different cultur-
al and economic environments are questionable on their applicability to Goan/Indian context has been a motivation for this study.

Services entail far greater consumer dissatisfaction than tangibles (Day and Bodur, 1977; Andreason and Best, 1977), yet research on CCB in services is limited (Singh, 1990). Services differ from tangibles because they are often produced and consumed simultaneously. Further, CCB in service industries is different from that in manufacturing industries because it involves communication of negative information to, and often against, the service provider with whom the customer has already developed relationship or wishes to develop it subsequently (Goodwin, 1986).

Further, past research (Singh, 1990), in general, have studied CCB variations across service categories such as health care, auto repair, banking, grocery, etc. rather than variations in service situations within a category. While study on CCB variations across service categories would help in understanding complaining behavior, the study on specific service category would enhance the applicability of findings and help in devising programmes to re-
solve complaints.

With regard to banking industry, the banker-customer relationship in India is relatively a long term one. Hence, customers may hesitate to complain or may engage in actions other than complaining directly to banks. Further, the relationship is monetary. The monetary aspect may motivate customers to complain by enabling them to specify their grievances in monetary units. Consequently, complaining behavior of customers in banks can be equally complex, if not more complex than in other service organisations. Considering all these aspects, besides being different from that in tangibles, CCB in banking services has the potentialities of having qualities different from CCB in other service industries. Therefore, study of complaints and complaining behavior of customers in banks appears to have potential to bring out new insights into the phenomenon of CCB in banking services. In order to minimise the possibilities of differences in culture across banks which would cause variations in CCB, only public sector commercial banks were chosen for the study.

A post-facto analysis on choice of Goa as the area for the study appears appropriate from different an-
gles. Goa is a heavily banked area. As on 31st March, 1992, average population per commercial bank branch was 4000 for Goa as against 11,000 (RBI, 1993) for the country as a whole. Such heavy banking is expected to create a higher level of competition among the banks. In a competitive market, customers' tendency to complain could be high. Further, the per capita GNP of Goa for 1991-92 was Rs.8096/- as against the national figure of Rs.7049/- (Economic Intelligence Service, 1993). The high per capita GNP may also lead to a higher tendency to complain among customers of banks due to better financial position.

The banks in Goa have higher level of deposits in relation to credits. As on March 20th, 1992 Credit-Deposit Ratio at all India level was 54.4% but it was 29.9% for Goa. Presumably, depositors, especially those with high amount of deposits, may have a higher propensity to complain than borrowers as the former might feel that they oblige the bank and latter might feel that they are obliged. Banks in Goa have a high level of deposits from Non Resident Indian (NRI) customers. NRI customers' propensity to complain could be high due to their exposure to better banking services abroad and privileged service and treatment promised to them by banks in India. Thus, complaining behaviour of bank
customers in Goa could be as complex as that in the rest of the country. However, choice of Goa as the area for study was based on convenience and appears appropriate for the above reasons.

Objectives

Broadly, the study attempts to understand CCB in banking services. Since the previous studies have reported weak relation between CD and CCB, the present study, rather than examining the relation, has attempted to understand CCB directly from real-life cases, complaint intentions of customers on complainable service situations and actual complaints. The study is expected to provide insights into the nature and process of complaining, complaining behavior, process of (non) redressal and post redressal/non-redressal patronage behaviour. The specific objectives of the study are as follows:

1. To understand complaints; the nature and process of complaining and the process of redressal.
2. To understand customer complaint intentions with respect to various complainable service situations.
3. To determine the predictability of complaining behaviour from customer complaint intentions.
4. To examine the role of demographic variables in determin-
ing the complaining behavior.

5. To determine the influences of redressal and possibilities of redressal on CB.

6. To ascertain the effect of (non) redressal on consumer patronage behaviour.

Research Method

Both primary and secondary data were used for the study. The primary data include quantitative as well as qualitative information. While the qualitative data were collected through case studies on complaints made, the quantitative data were collected through questionnaire method. The secondary data were collected mainly from papers published abroad as research on CCB in India is limited.

Ten detailed case studies were undertaken and the customer's as well as the banker's versions were obtained on each specific complaint. The process and content of complaints, process of (non) redressal, the customer's (dis) satisfaction about redressal and the banker-customer relationship after the (non) redressal were the main areas of investigation in case research. Both within-case and cross-case analyses were done. The tentative propositions drawn from the case studies formed a basis for choosing
variables for survey research.

Since the banking services comprise of a host of services such as advancing, accepting deposits and other services, a comprehensive list of complainable service situations was prepared to help measure complainability. Consumer complaint intentions data on service situations were used to measure complainability.

Consumers' propensity to complain was measured using the data on complaint intention and data on actual complaints made by consumers in the past. The data on consumer demographics, dissatisfying experience, actual complaints made and the redressal obtained or not, were collected through the questionnaire. The role of consumer demographics in determining dissatisfying experience, actual complaints and obtaining redressal was examined. The impact of redressal/non-redressal on consumer patronage behavior was studied. The specific methodological details are discussed in the respective chapters.

Chapterisation

The dissertation consists of seven chapters including introduction. The issues discussed in the remaining
chapters are presented below in brief.

In Chapter II, a review of research in the area of consumer complaining behaviour is done. The relevant research, specially on CCB rather than CS/D is reviewed, acknowledging the fact that the findings of the research conducted abroad are questionable on their applicability to Indian / Goan situation. The gaps in the previous research are identified and need for the study is highlighted in the chapter.

Chapter III contains the real-life case studies, giving the customer's as well as the banker's versions on each of the ten cases. The case analyses and tentative research propositions are presented in the chapter.

Complainability of various service situations in banks is discussed in Chapter IV. The chapter contains the complainable situations, their individual complainability, classification based on the nature of situations and the results of factor analysis.

Chapter V deals with customers' propensity to complain. Differences in mean propensities to complain:
across different demographic categories are presented in the chapter. In Chapter V the discriminant analysis results (a) between those who had dissatisfying experiences and those who did not have and (b) between those who made complaints and those who did not make complaints, with demographics as predictor variables are also given. While the complainability and the differences in mean propensities to complain were measured using data on complaint intentions, the discriminant analyses were based on the data on actual dissatisfying experiences and complaints.

In Chapter VI, the consumer responses to dissatisfying experiences are analysed. The chapter also contains the discriminant analysis between those whose complaints were redressed and those whose complaints were not, with demographics as predictor variables. Further, the effect of redressal/non-redressal on patronage behaviour is discussed in the chapter.

The major conclusions of the study, direction for future research and the managerial implications are given in Chapter VII.