CHAPTER I

INTRODUCTION

The alluring yet enigmatic Indian consumer, to many marketers has been the epi-centre of many a controversial market research. Goaded by his aspirations for the optimal use of his resources due to constraints of a stringent budget, the varieties in his reactions to products and services, are mind boggling. At times being shrewd, while at other times being unmindful of his lavish spending, the consumer goes about his day in a nonchalant, ever grumbling and condescending way. The Indian consumers are characteristically present at all exhibitions and sales, which promise the earth, purchasing stupendous quantities of the goods and services made available to them. A fact that makes the Indian consumer as unique as they come.

Interestingly this consumer expects impeccable quality and reasonable service in the market. The choice exercised by this consumer depends on his awareness of the ever-changing and elusive aspects of the services offered to him. Constantly searching for the high levels of standards he sets for the goods and services, at times confident, while at other times he flounders. Frequently he is exploited, put to a lot of stress and needless inconveniences, making him grapple with his meagre resources and time. Often bombarded with mammoth advertising promises, he gets more and more baffled by the enticing messages made by the multinational companies, which augments the consumer's frustration and feeling of being let down. Manufacturer's appalling indifference, intolerance and callousness when dealing with consumer dissatisfaction in a volatile market is to say the least, pathetic.

Globalization and the so-called economic forays into the market like economic reforms and competition have unleashed various packages to the consumer to cover up the deficiencies and technological lapses in products and services.
Consumers have been forced to retaliate by complaining. Complaining from time immemorial is an integral characteristic of human beings. A silent non-participation in an event may also be construed as a form of complaint. This study attempts to differentiate the various characteristics of the more vociferous complainers. It must be well remembered that those who do not complain may have a complaint against a particular event, service or product, but have only chosen to remain silent on the issue. Even amongst those who venture to complain, this study attempts to point out the level they reach out to complain in terms of the three variables namely time, money and resources.

The word “complaint” means expression of dissatisfaction. To express dissatisfaction, it is also imperative that the level of dissatisfaction should reach beyond the tolerance level of the particular consumer, for it is inherent in all consumers to brush aside minor irritations present in everyday occurrences.

The human behaviour being near unfathomable, an attempt has been made to study the relative behaviour patterns among the complainers and non-complainers in the three service areas namely Banking, Insurance and Medical. This study further attempts to differentiate the personality and the buyer characteristics of consumers who complain.

“To protest against inaction is our fundamental duty. Nothing can be achieved without protest and demand,” says Shri Jaspal Singh, Food and Civil Supplies Minister, Government of Gujarat (1995). There are some rights that a consumer is entitled to. One of them is the right to redress and recourse. When consumers do not get their money’s worth, they have to question the authorities and seek redressal. Consumers today make the wrong decisions due to the lack of information on choices. “Caveat Emptor”- buyer beware is a maxim that consumers must remember every
time they shop. There are so many products and services in the market with little or no difference, thereby even, an educated consumer is prone to confusion.

Products and services are required everyday by consumers. The consumers response to different products, different services are not the same and drastically vary. The psychological reaction to a particular image has much to do with the type of product/service the consumer chooses. Choice provides the consumer with the right to choose from the array of products and services. The consumer develops characteristic ways of evaluating products and services available to him. But what influences a choice? Much of what the consumer purchases is not based solely on economic values, like price, and utility of a product. Many of the purchasing decisions are made by consumers strongly influenced by the non-economic factors such as advertisements, discount offers, exchange offers and word-of mouth popularity. Most of the time, it is a good advertisement that influences a purchase decision. Advertising is a powerful tool which influences the buyer decision making process.

In the light of the above, the manufacturer/seller would find it necessary to have more satisfied customers than to merely increase the market share of the market. Consumer dissatisfaction could possibly result in their seeking redressal which in effect would be a negative propaganda. It is possible the manufacturer /seller may suffer financial losses or even legal action by dissatisfied consumers which would result in possible recalls of the product by the concerned authorities.

Dissatisfaction occurs due to many reasons, but the root cause is not getting, what was expected. This can happen when consumers are led to purchase a service due to tall claims made by advertisements, unsafe products, fraudulent business practices that limit competition. Thus dissatisfaction leads to complaint behaviour.
Dissatisfaction can be classified into Four types:

a) High Complaint: These are consumers who take legal action as a form of redressal.

b) Medium Complaint: These are consumers who just voice their dissatisfaction frequently.

c) Low Complaint: These are consumers who make a complaint rarely.

d) Non-Complainer: These are the silent sufferers, who never voice their dissatisfaction to the service provider.

There are many reasons to complain and many types of complaint behaviour, but they all depend on the service under consideration. Buyer behaviour may vary according to the service. Consumers undergo complex buying behaviour when they are highly involved and perceive significant differences among the services. They are highly involved when the services are risky, purchased infrequently and are highly self-expressive (Assael 1987).

**Definition of Consumer:**

According to the Indian Consumer Protection Act 1986, a consumer is any person who buys any goods for consideration which has been paid and partly promised or under any system of deferred payment which such use is made with the approval of such person, but does not include a person who obtains such goods for resale or for any commercial purpose.

What is a Complaint?

The Indian Consumer Protection Act, 1986 defines a complaint as a means of allegation in writing made by the complainant that:

1. an unfair trade practice or a restrictive trade practice has been adopted by any trader.
2. the goods bought suffer from one or more defects

3. the services hired or availed suffer from deficiency in any respect

4. trader has charged for the goods mentioned in the complaint a price in excess of the price fixed by or under any law for the time being in force or displayed on the goods or in any package containing such goods

5. goods, which will be hazardous to life and safety when used are being offered for sale to the public in contravention of the provisions of any law for the time being in force requiring traders to display information in regard to the contents, manner and effects of use of such goods.

**Definitions of Complaint behaviour:**

Consumer complaint is a confrontative coping style attached to an individual (Arndt 1976). Landon (1980) noted that complaining behaviour is "any action taken by an individual, which involves communicating something negative regarding a product or service to either the firm manufacturing or marketing that product or service or to some third-party organizational entity". Request or demand for an adjustment is one of consumer complaint (Jacoby and Jaccard 1981). Thus consumer complaint behaviour has been conceptualized as a "multiple set of behavioural and non-behavioural responses....triggered by a dissatisfactory purchase episode" (Singh 1988).

**Complaining Behaviour:**

Reactions to dissatisfaction in terms of complaining behaviour and redress seeking varies considerably. Frequently, consumers do not take action to alleviate market place problems. Day and Bodur (1978) found that reported cases of extreme dissatisfaction for which no action of any kind was taken, was 49.6% for non-durable products, 29.4% for durable products and 23.2% for services. Similarly, Andreasen
and Best (1977) reported that over half of all the non price purchase difficulties uncovered precipitated no action.

These results are corroborated by the earlier national survey of Warland, Herrman and Willits (1975). Surveys of sources of consumer dissatisfaction and reports of complaint action after unsatisfactory purchase experiences have enhanced understanding of consumer problems and consumer efforts to seek redressal (Beardsen and Teel 1983).

Day's Model of Complaint Behaviour:

According to Day (1980) consumers complain to achieve specific objectives. The consumer can provide explanations for the complaint action taken by him. There are two major options available to consumers who are dissatisfied with a purchase. The primary decision is whether to take some form of action or not. By taking no action, the consumer in effect decides to tolerate the dissatisfaction or to rationalize it. The main reason for taking no action is that pursuing an active course of action requires time and effort that may exceed the perceived value of any likely result.

Action in response to a state of dissatisfaction which can be private in nature such as switching brands, products or services. Conversely, the action may be such as demanding redress from the firm involved, complaining to the firm or some other organization or taking legal action against the firm.

**Consumer Dissatisfaction:**

A complaint from a consumer is an overt manifestation of dissatisfaction (Resnik and Harmon 1983). Complaints also serve as a feedback about product or service to the consumer and to the marketer. The response of a service provider/marketer could vary from total callousness/guarded acceptance or viewed as a matter of suggestion for improvement. This attitude of callousness is more reflected
in service industries. For it is well understood that there is no tangible transaction when a consumer buys a service. The service provider in particular, in many an occasion is unable to retrieve the mistakes committed which results in greater consumer dissatisfaction.

**Definition of consumer satisfaction – dissatisfaction:**

The definition of consumer satisfaction/dissatisfaction involves comparison of what one expected with what one actually received (Oliver 1981). If one gets what one expected, then one is satisfied (Hunt 1991). If one does not get what one expected, the expectation is said to be disconfirmed. A negative disconfirmation, that is, when actual is not as good as expected, it results in dissatisfaction. A positive disconfirmation when actual is better than expected, has received no treatment in literature.

Numerous definitions of satisfaction and dissatisfaction have been developed in the literature. 1) the normative deficit definition compares actual outcomes to what is culturally acceptable. 2) the equity definition (Evans 1982; Swan and Mercer 1981) deals with the comparison of gains in a social exchange—if the gains are unequal, the loser is dissatisfied. 3) the normative standard definition (Cadotte, Woodroff and Jenkins 1982) assumes that consumers develop expectations from their experiences regarding the level of performance they should receive from a brand. Dissatisfaction occurs when the actual outcome is different from the standard expectation. 4) the fairness procedural fairness definition (Goodwin and Ross 1989) derives from conflict resulting in search, and holds that satisfaction is a function of the consumer perceiving that he has been treated fairly. 5) an attributional definition emphasizes whose fault a disconfirmation, is not just the existence of a disconfirmation (Hunt 1991).
The study of consumer satisfaction:

The set of consumerism issues concentrating on the dissatisfaction has become a national concern. There have been calls for true measures of satisfaction at the macro and micro levels (Howard and Hulbert 1973; McNeal 1969; Wind and Douglas 1968). The word "satisfaction" refers to the global concepts. Its subsets consist of positive satisfaction and negative satisfaction (dissatisfaction).

Consumer satisfaction is an attitude in the sense that it is an evaluative orientation which can be measured. It is a special kind of attitude because by definition it cannot exist prior to the purchase or consumption of the attitudinal object (Czepiel and Rosenberg 1975). In structural terms the attitude is based on actual purchase/consumption experience.

Perceptions of that experience are compared with the motivations which underlie the action and the expectations previously formed concerning the outcome of the experiences, and are further modified by standards concerning desirable and normative outcomes (Czepiel and Rosenberg 1975).

As a concept, dissatisfaction has a substantive meaning for exceeding satisfactions—dissatisfaction and implies many actions, protesting consumer advocates, and rule-making Government officials. Dissatisfaction is a fire, it demands to be put out (Czepiel and Rosenberg 1975). Studies by Bearden and Teel (1983) have indicated that consumer satisfaction have been found to be inversely related to complaint behaviour.

Yet dissatisfaction typically explains only 15% of the variation in consumer behaviour. Thus dissatisfaction is not a sufficient condition for complaining to occur. Some have argued that dissatisfaction may not even be a necessary condition. Not all dissatisfied consumers complain, nor are all complainers dissatisfied. A small number
of complaints may also follow from too low consumer expectations, lack of relevant information, skills, time and accessible channels for complaining (Olander, 1976).

**Factors contributing to Dissatisfaction:**

1. **Satisfaction as a relative standard:**

   As Brickman and Campbell (1971) have pointed out, happiness or satisfaction appears to be distressingly transient. Satisfaction with a given level of accomplishment or a given state of environment easily fades away, and gives rise to a new and higher standard for gauging happiness/satisfaction. Helson’s (1964) Adaptation-Level theory of man’s perceptual functioning states that the subjective experience of a stimulus input is a functioning not of the absolute level of that input, but of the discrepancy between the input and past levels. This principle often applies to the processing of symbolic rewards and qualitative pleasures. Brickman and Campbell (1971) point out that the adaptation level is not necessarily a function of an individual’s temporal history (past rewards), but what Brickman and Campbell (1971) call temporal comparison. It can also be dependant upon the individual achievements in other spheres of his life, for example the adaptation level for occupational prestige may become related to his income level. This is spatial comparison by Brickman and Campbell (1971). Finally comparisons can be in groups, classes or nations similar to one’s own.

   The question of how a person sets comparison standards in order to be able to decide how satisfied he is, is a very complicated one. Some authors, like Brickman and Campbell (1971) introduce both adaptation level and level of aspiration to explain satisfaction phenomena. Sherif and Sherif (1964) also entertain the deal of a minimum and a maximum acceptance level, whereas other authors seem to think that one comparison standard is sufficient to explain obtained results. In marketing
literature, the concept "expectation" has been recently introduced as a construct needed for explaining satisfaction with a purchase (Carduso 1965; Olshavsky and Miller 1972; Anderson, 1963)

1. Satisfaction is held to be in relation to a standard:

The crux of these theories is that satisfaction is believed to be judged relative to a criterion whose level differs among individuals and groups according to previous experience and achievements in other spheres of life. Pfaff (1972) conducted a study in which Whites were found to be significantly more dissatisfied with clothing and with market goods than Blacks. Obviously the levels of aspiration and expectation held by Whites and Blacks respectively, must have had some influence on the results. It is hardly likely that Blacks buy clothing or goods in general of a higher quality than Whites do. Ratings of satisfaction, seem to be highly dependent upon comparisons with previous experiences and with peer groups. There is seldom a yardstick which is common to different groups or which stays put over time.

2. Unawareness of alternative options:

Consumer ignorance of alternative options makes options restricted thus leading to changes in satisfaction. Satisfaction with many consumer products in broad strata of the population is mainly a function of the non-availability of radically different alternatives with respect to price, content, energy conservation, environment protection. When radically different alternatives appear on the market, satisfaction with the established options change. New comparison objects are made available.

The consumers lack of information about the faults and virtues of alternative products and services has often been evidenced, but at times as knowledge increases, satisfaction decreases. Van Raaij (1976) found that subjects who collected more information before making their decision, and who considered more attributes in
making their choices are less satisfied with their choice. subjects who collected more information were more prone to believe that they could not have possibly chosen the best alternative.

Further more, Hill and Klein (1973) found that preplanning of actions was negatively to consumer satisfaction. Not only do those families, which carry their plans into action, most frequently appear to be dissatisfied with the outcome of their decision, but families which have most frequently been impulsive in making residence moves or purchases without prior plans congregate in the high satisfaction categories. Many studies seem to indicate that giving a person product information, which means providing him with more comparison objects, makes him subjectively less satisfied.

3. Cognitive Dissonance effects on Satisfaction:

It is frequently observed that most consumers declare after the purchase that they are satisfied with the goods bought. This is partly explained as the result of rationalization (Markin and Narayanan 1975). More specifically the explanation is offered in terms of the theory of cognitive dissonance, at least in cases where the consumer has been aware of the possibility of negative consequences before the purchase (Carlsmith and Freedman 1968). Though there is no data to indicate that cognitive dissonance phenomena applies with equal strength to all types of purchases and consumers. On the contrary, one can assume that the tendency to rationalize becomes more tempting as purchases take more of the consumers economic resources or become more important to him in other ways.

Consumers, who attach more importance to their consumption, or who find it difficult to give in to experienced dissonance in overt behaviour, for example do not know how, or do not dare to complain about a bad product or service or who have become disillusioned by earlier experiences of complaining, may be particularly prone
to reduce dissonance by increasing satisfaction with the chosen product (Raffee, Sauter and Silberer 1973).

4. The Pollyanna Hypothesis:

The Pollyanna Hypothesis, as formulated by Boucher and Osgood (1969) asserts that a universal human tendency in communicating with others is to use evaluative positive words more frequently and diversely than evaluative negative words. Man tends to look on the bright side of things. There seems to be much evidence that most persons exhibit such a tendency. It is likely that people tend to report more satisfaction than dissatisfaction when asked about their own situation (Olander 1977).

5. Disregard for Long Range and Societal Considerations:

Another issue concerns the extent to which respondents can be expected to pay attention to long range effects of their consumption patterns and purchasing habits, when reporting their consumer satisfaction/dissatisfaction ratings. The next problem is the concentration on personal as opposed to collective satisfaction in most instruments which has been developed for satisfaction assessment. Feldman (1971) makes a distinction between social satisfaction which a consumer receives from the approval of his behaviour by “immediate others” such as family and friends. Societal satisfaction which is based on the consumer knowledge that his behaviour benefits the larger society.

6. Expectancy Effects:

Another drawback of subjective satisfaction measures is that they appear to be vulnerable to biases of the type psychologists refer to as expectancy effects. Interviewees give answers not indicative of their “true” satisfaction, but the answers they think the investigator wants, or because they believe it to be in their own interests
to misrepresent views. Similarly consumers abstain from complaining because they fear reprisals.

7. Level of Satisfaction /Dissatisfaction:

Renoux (1973) makes a distinction between macro-marketing system dissatisfaction and micro-marketing dissatisfaction. The first type refers to discontent that is associated with specific products, dealers and producers. The second type can be divided into three areas: (1) shopping system dissatisfaction deals with the availability of products and types of retail outlets; (2) buying system dissatisfaction deals with the problems involved in selecting and purchasing products for the retail outlets; and (3) consuming system dissatisfaction results from problems in using goods and services. Czepiel, Rosenberg and Akerele (1975) use a somewhat similar framework, distinguishing among three levels of consumer satisfactions: (a) system satisfaction, (b) enterprise satisfaction and (c) product/service dissatisfaction.

Dissatisfaction Outcomes:

When consumers get dissatisfied what happens? There are three responses possibilities. The first two are Hirschman's (1970) categories of voice and exit. The third is retaliation (Hunt, 1991). Voice means that the dissatisfied consumer in some way verbally communicates the dissatisfaction to the seller. Unless the dissatisfied consumer voices dissatisfaction, the seller will not know of the dissatisfaction or how to correct it.

Voice may be high, medium or low. High voice means the consumer tells the store manager and may also go further to write or call the manufacturer or the store division manager. Medium voice means the consumer tells the sales clerk or the checkout person. Low voice means the consumer says nothing to anyone associated with the store or product (Hunt, 1991).
Exit means the dissatisfied consumer stops using the brand or store. Unless the dissatisfied consumer in some way lets the seller know why the exit occurred, the seller will not know of the dissatisfaction or how to correct it. High exit means the consumer makes a conscious decision, mostly in anger never to go to that store again or never to buy that brand again. Medium exit means the consumer makes a conscious decision to try not to use that store or brand in the future. Low exit means the consumer will continue using the store or brand as usual (Hunt 1991).

Retaliation means the dissatisfied consumer intentionally does something to hurt the store or business. If the consumer's dissatisfaction is of such intensity that there is an undeniable need to strike out and hurt the store, the dissatisfied consumer can do so by voicing never to shop there again, by making extensive efforts to tell many people how bad the store is, or by doing something to damage the store. High retaliation means physically damaging the store or its merchandise, causing loss to the store or deliberately going out of one's way to tell negative things about the store or brand. Medium retaliation means causing some minor inconvenience to the store or telling a limited number of people an account of what made him mad. Low retaliation means doing nothing to hurt the store.

**Response Styles of Dissatisfied Consumers:**

The study of dissatisfaction response styles appears to be one of the central areas of research. Response style is defined as a unique set of responses that one or more consumers utilize to deal with a particular dissatisfying situation (Singh 1990). What distinct styles do consumers use to communicate their dissatisfaction with products and services?

Despite the large number of studies done, the question remains unanswered. First the researchers used a simplistic response style, complainers and non-
complainers. Then the finer distinctions were offered with notions of public and private actions followed by a preponderance of studies using demographic and personality variables only. Then Gronhaug and Zaltman (1981) described the styles, activists and passivists, as those who complained to some formal party or took no action. Singh (1990) bought four distinct response styles called passives, voicers, irates and activists.

1. Passives: represents dissatisfied consumers whose intentions to complain are below average on voicing complaints to seller of the dissatisfying service. In the face of dissatisfaction this group is likely to take any action. As such this group appears to be consistent with the non-complaint segment in past research.

2. Voicers: characterizes dissatisfied consumers who are below average on private and third party actions. In particular, these consumers have little desire to engage in negative word-of-mouth or switch patronage or go to third parties. Instead, they are highest on the voice factor, implying that these consumers actively complain to the service provider to obtain redress.

3. Irates: represents angry consumers who depict about average private responses that is negative word-of-mouth to friends/relatives, stop patronage of retailer and just about average tendency to complain directly to sellers. In other words, these consumers not only complain directly to the service provider but also switch patronage and engage in negative word-of-mouth. However, these consumers are less likely to take third party actions.

4. Activists: represents dissatisfied consumers who are characterized by above average complaint activity on all three dimensions especially for complaining to third parties.
(Better Business Bureau, court actions, newspaper). This bears a close resemblance to the notion of the consumer activist—one who belongs to a consumerist agency and actively utilizes all channels of complaining, not only to seek individual redress but for social good (Grikscheit and Granzin 1975).

Hirschmann (1970) considers three options that face a dissatisfied consumer. (a) exit (b) voice (c) loyalty. Exit is voluntary termination of an exchange relationship. Exit decisions are perceived as "painful" since they involve some effort, such as switching costs and searching for alternatives. The voice option is viewed from a proactive perspective as "any attempt at all to change rather than escape from objectionable state of affair". Mostly attempts are directed at the management, or anyone who cares to listen. Like the exit option, the voice response entails effort and motivation on the part of the consumer. By contrast, Hirschman (1970) views the loyalty option as a passive response. That is, loyal consumers neither exit nor voice. Rather, they continue to stick with the dissatisfying product/seller and "suffer in silence" confident that things will soon get better. This loyalty in Hirschman's (1970) model does not necessarily imply positive feelings towards the seller.

Other potential responses include (a) switching brands or refusing to repatronize the offending store (b) making a complaint to the seller or to a third party and (c) telling others about the unsatisfactory product or retailer (Richins 1983). One Nationwide study in the United States by Technical Assistance Research Program (1979) reported that depending on the nature of the dissatisfaction, from 30% to over 90% of dissatisfied respondents did not intend to repurchase the brand involved. Data reported by Diener and Greyer (1978) indicated that 34% of those dissatisfied with a personal care products told others about their dissatisfaction. If the number of
consumers experiencing dissatisfaction is high enough, such responses may have lasting effects in terms of negative image and reduced sales for the firm.

A few dissatisfied consumers do not cause concern to many firms. Managers tend to use complaint rates rather than the complaint itself as dissatisfaction indicators and assume that if complaint rates are low, overall dissatisfaction is low and thus negative effects are negligible.

Definition of Consumer Service:

The Consumer Protection Act, 1986 in India defines services as "any services for a consideration which has been paid or promised or partly paid and partly promised or under any system of deferred payment and includes any beneficiary of such services other that the person who hires or avails of the services for consideration paid or promised or partly paid and partly promised or under any system of deferred payment, when such services are availed of with the approval of the first mentioned person." Service means performing duties of any description which is made available to potential users and include the provision of facilities in connection with banking, financing insurance, transport, processing, supply of electrical or other energy, board or lodging or both, entertainment, amusement or pursuing a news or other information, but does not include the rendering of any service free of charge or under a construct of personal service (The Consumer Protection Act, 1986 as amended by Act No. 50 of 1993).

Perceived Quality of services:

It is more difficult for consumers to evaluate the quality of services than the quality of products. This is true because of certain distinctive characteristics of services: their intangibility, their variability, the fact that services are simultaneously produced and consumed, and their perishability. To overcome the fact that consumers
are unable to compare services side by side as they do with products, consumers rely on surrogate clues to evaluate service quality. Since the actual quality of the service can vary from day to day, from one service provider to another, from customer to customer, marketers try to standardize their services in order to provide consistency of quality (Prathiba 1995).

Service Concept:

A service concept is a detailed description of a service offering that matches the chosen consumers needs and expectations. The most frequently quoted statement from the book, "Service America! Doing Business In The New Economy" is, "if you are not serving the customer, your job is to serve somebody who is". Everybody in the organization has customers either external "paying" customers or internal "working" customers. All organizations need to adapt in order to survive and prosper. Service organizations exist to survive as a function of their customer service quality, this is the primary survival strategy. To achieve service quality there needs to be a climate for service (Schneider and Chung 1993).

Importance of the study:

Why do consumers complain, when do they complain and how, are intriguing questions which this study attempts to investigate. In the Indian scenario, the consumer known for his patience and tolerance of defective products and sloppy services, frequently attributing these deficiencies to his fate or the planetary position in his horoscope (Srinivasan 1999). These signal a burning need for a systematic and organized consumer awareness program to usher in consumer consciousness or responsibility. With a view that at least in the new millennium consumers will assume an active role in changing the vagaries existing in the market.
From the managerial perspective, eliminating service defects will increase profits and maintain continuous consumer patronage. The existence of a large middle income consumers in the Indian market has inevitably ushered in the multinational companies with their exotic and extravagant promises in their media campaign and sales approaches. Thus unleashing sales campaigns and enticements on the unsuspecting consumer, who is woefully inadequate in evaluating service conditions, thus triggering dissatisfaction. This study is an attempt to awaken this slumbering consumer to act purposefully and effectively.