Unpleasant Market Experience and Consumer Complaint Behavior

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Abstract

The 33% increase in number of complaints received by the National Consumer Complaint Centre (NCCC) in 2007 compared to previous year can mean two things: i) consumer are aware more of their rights or ii) the suppliers of goods and services perform worse in 2007. Unsatisfied consumer in either pre- or post consumption, complaint because of the unpleasant experiences in the consumption process or that the product perform below their expectation. The survey which utilized stratified random sampling with 61.7% of response rate was recorded. The objectives of the study are to analyze unpleasant experiences and complaint behavior among consumer. Findings indicated that respondents who are female, living in rural area and has higher level of assertiveness were more likely to encounter unpleasant experiences in marketplace. Further analysis indicated that, unpleasant experiences were mainly influenced by assertiveness rather than socio-demographics background or consumer knowledge.

Keywords: Consumer unpleasant experiences, Consumer complaint behavior

1. Introduction

Despite going programs by relevant authorities and wide coverage by the media on the plight of victims of financial fraud, such as pyramid scheme, access device fraud involving credit and debit card, electronic fund transfer fraud, telecommunication and computer fraud, many are still knowingly or unknowingly falling prey to the activities of fraudster. National Consumer Complaint Centre (NCCC) recorded a total of 24,873 complaints in 2007 (NCCC report, 2007) which resulted from unpleasant market experiences or dissatisfaction. Some consumer experiences dissatisfaction after purchasing and during consumption, these include various products and services provides by the unscrupulous business. To note almost 74% reported that they had at least one bad experience when buying products or service (AARP, 1999). The most common consumer complaints studied in this survey involve defective products or items or services that were not delivered when promised. The overall proportion of consumer in this study report that at least one bad experience had unchanged from 1993 to 1998. All these bad experiences will simply resulted dissatisfaction among consumer and complaining behavior. Consumer complaints were also as an outcome of dissatisfaction, which in many cases perceived a negative manner (Donoghue and Klerk, 2006). Hence, the objectives of the study are:

1. To analyze unpleasant experiences and complaint behavior among consumer

2. To assess profiles of complaint behavior among consumer

3. To determine factors associated with unpleasant experiences among consumer

2. Literature review

2.1 Unpleasant experiences, dissatisfaction and complaint behavior

Experience is defined as the totality of a person's perception, thoughts and encounter by the consumers (Oliver, 1994). There are several types of consumption or used experiences which are i) experience with different products; ii) experience with similar products; and iii) experience with new product. These experiences can have either a direct or indirect influence on consumer satisfaction or dissatisfaction.

Previous studies on consumer dissatisfaction were more related to consumer disappointment. Bahr (1980) in his study stated that disappointment is one of measurement reason that being used as a substitute for dissatisfaction due to unfulfilled expectations. Which is product performance does not meet consumer expectation. Consumer unfulfilled expectation were mostly attributes to dissatisfaction or bad experiences or unpleasant experiences. While, in other study relate consumer dissatisfaction directly to product or performance expectation. Chen-Yu, Williams and Kincade (1999) in his study showed that performance expectation was a significant determinant of consumer dissatisfaction or satisfaction at the purchase stage. Hence, consumer dissatisfaction is seriously resulted from the discrepancy between expected and realized performance and dissatisfaction with an attribute which often arises from poor business practices (Adamson, 1991; Schouten and Van Raiij, 1990). Consumer satisfaction or dissatisfaction may relate to a particular feature or characteristic of a product or service, or it may relate a whole (European Commission, 2005). While, Bernhardt (1981) found that elderly consumers were reported to be less satisfied with their purchases compared to the younger group.

Consumer complaint behavior most probably were associated with consumer unsatisfied problem or unpleasant experiences. This is because bad experiences can lead to a negative feelings and consequently complaints. Hawes and Arndt (2007) found that a higher level of consumer complaints indicates dissatisfied consumer. As such, bad experiences would lead to a negative feeling and good experiences would lead to positive feelings, which, both of these experiences would resulted a complaints behavior either for a bad report or complimentary.

Various factors play an important role in complaint behavior such demographic factors such as age, gender and education level (Han et al., 1995). Age differences were found in the likelihood of having a dissatisfying experience, the demand for complaint actions, and the effects of determinants on complaint behavior (Lee and Ferrer, 1999). Based on previous findings, higher level of education was associated with the number of complaints as better-educated people know where and how to complaints (Day and Landon, 1977; Edgecombe et al., 1975; Han et al., 1995; Herrman et al., 1975; Mayer and Morganosky, 1987) compared to the lower education level. According to Haron and Paim (2008) lower income and education group have been identified as having most problem in unfair deals and deceptions in the market compared to the other consumer groups. While, personality and psychology factor as intervening variables caused delay or prevention from complaining due to the fear of confrontation and intimidation (Dacin and Davidow, 1997). In addition, consumers who are less assertive and conservative tend to have a lower self-confidence and afraid to take a risk towards complaining behavior (Keng and Liu, 1997). While, elderly are less likely to report a dissatisfying experience, though those who do express dissatisfaction are likely to take actions just like young consumers (Lee and Ferrer, 1999).

3. Research Methods

3.1 The Data

The data was obtained from a study on "Consumer Empowerment in a Globalized Market, funded by the Ministry of Higher Education, Malaysia under the Fundamental Grant Scheme. The survey covers the central region of Peninsular Malaysia namely the state of Selangor and the Federal Territories of Kuala Lumpur. Both places were chosen because Selangor is the most industrialized state and Kuala Lumpur is a metropolitan area in the Peninsula. As such, residents in both areas were more likely to be greatly exposed to various consumer related program conducted by various organizations.

The state of Selangor consisted of nine districts; i) Petaling, ii) Gombak, iii) Ulu Langat, iv) Sabak Bernam, v) Kuala Selangor, vi) Ulu Selangor, vii) Klang, viii) Kuala Langat and ix) Sepang. The district of Kuala Selangor, a non metropolitan city which consisted of nine subdivisions was randomly selected to represent the state of Selangor. Within the district of Kuala Selangor, three subdivisions namely Kuala Selangor, Jeram, and Bukit Rotan were randomly selected. Similarly, three zones within the Federal Territories of Kuala Lumpur, namely

North, Central and South Kuala Lumpur were randomly selected. The list and map of housing areas were obtained from the Municipal office in each location.

The study collected data from residents of low cost housing in both areas. The rationale was that residents of low cost housing were more likely to be low income households with lower purchasing power and educational background. A total of 617 respondents were participated in this study. The data was collected using a set of questionnaires administered by trained enumerators with 61.7% of response rate.

3.2 Variable definition and data analysis

Consumer's unpleasant experiences in the market were assessed by asking consumers if they had experience such as following when purchasing good and/or services in the market: A newly purchased electrical or other good is not functioning (defective); A product warranty is not honored by the company; High charges for utility bills; A service you paid for was not delivered within the time it was promised; You were given a written estimate for a repair work; but the final bill turned out to be much higher than the estimate; You had your car repaired; but it still not functioning well after you drove home; Poor workmanship for house renovation; and Late delivery of a newly purchased house by developer. The respondents indicated either "yes" or "no" to each of the listed experiences.

While, consumer complaining behaviors were assessed by three types of action; i) those who had bad experiences but did not took action, ii) those who had bad experiences and took passive action, and iii) those who had bad experiences and took active action.

The Hierarchical Multiple Regression analysis was used to determine factors associated to unpleasant experiences. While, consumer complaints behaviors were analyzed using descriptive analyses and Chi square test.

4. Findings

A total of 617 respondents were participated in the study with 320 (51.9%) respondents consisted of adult males. Majority of the respondents are 26 to 54 years old, whom are mostly married (85.3%). The majority (84.3%) of the respondents had secondary school education and lower, while 15.7% reported to have had higher than secondary education. The mean monthly household income for the sample was RM2,232.93 (SD= 1668.61).The mean income for this sample was significantly lower than that of the National average of about RM3, 249 for Malaysia in general, and RM3,956 for urban areas in 2004 (Ninth Malaysia Plan, 2006). However, when assessed against the Poverty Line Income (PLI) of each respective areas (i.e. Kuala Lumpur and Selangor), only 11% of the respondents fell below the PLI, thus categorized as poor households. As such, majority of the respondents were consisted of low income group households.

Respondents were mostly experiences unpleasant situation after consumption activities, as such, newly purchased electrical or good which is defective (28.5%). In fact, respondents in this study, also experiences a high charge for utility bills (21.2%) and car repaired but still not functioning (16%). Other than that, average respondents have a unpleasant experiences with services provided, such, higher final bills than estimate (8.4%), no product warranty provided by the company (8.3%), service paid was not delivered within the time it was promised (8.1%), poor workmanship for house renovation (7.0%) and late delivery of a newly purchased house developer.

The types of consumer complaint behavior was associated by sex, where more female than male prefer passive complaint approach. In contrast more male than female would prefer the active complaint approach. This can be explained by the differences personality hold by differences group. This contradict with the previous studies, that shows consumer complaining behavior were influenced by the age but more likely influenced by gender of the respondents.

Hierarchical Multiple Regression was use to identify the predictors of unpleasant experiences. The 1st Model found that female and those who lives in rural area are more likely to encounter unpleasant experiences. In terms of psychological factors (2nd Model) those who has higher level of assertiveness was more likely to encounter unpleasant experience. However, education and consumer knowledge are not the significance predictor.

5. Conclusion and implication

The study generally found that respondents who are female, living in rural area and has higher level of assertiveness were more likely to encounter unpleasant experiences in marketplace. Assertiveness was identified as main influence to unpleasant experiences rather than socio-demographics background or consumer knowledge. Most of the respondents still experienced unpleasant experiences despite having knowledge related to

consumerism. Therefore, this calls for a more rigorous consumer education programs and intervention to mould the right personality and attitude among the consumers so that they become more prudent and reflective. Consumer education can be start since child to educate them to make a smart and good choice during purchasing, avoid impulse buying and educate them to reject unnecessary purchasing. At the same time, the business sector should give consumers value for money spent apart from conducting their activities in a fair and ethical manner. As this would encourage consumers as the backbone of any economy to spend more and wisely so it would be little production and few jobs so that country can recover faster from the spillover effects of a looming recession in the developed countries.

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Table 1. Sample Characteristics

Variables	All sample (N=617)	
	Frequency (n)	Percentage (%)
Age (Mean=44 years old, SD = 12.23)		
≤ 25		
26 – 54	36	5.8
55 and above	447	72.4
	134	21.7
Sex		
Male	320	51.9
Female	297	48.1
Marital status		
Single	91	14.7
Married	526	85.3
Level of education		
Secondary and lower	520	84.3
Upper Secondary or higher	97	15.7
Location		
Urban	342	55.4
Rural	275	44.6
Household income (M=RM2, 232.93, SD=1668.61,		

Table 2. Distribution of respondents who had encounter bad experienced in the market

Types of unpleasant experiences	Bad Experiences				No action		Action					
	Yes		No				Passive		Active			
									Deal with company		Involved third party	
	n	%	n	%	n	%	n	%	n	%	n	%
A newly purchased electrical or other good is not functioning	176	28.5	441	71.5	35	5.7	94	15.2	47	7.6	4	.6
A product warranty is not honored by the company	51	8.3	566	91.7	24	3.9	37	6.0	8	1.3	1	.2
High charges for utility bills	131	21.2	486	78.8	72	11.7	52	8.4	3	.5	6	1.0
A service you paid for was not delivered within the time it was promised	50	8.1	567	91.9	25	4.1	34	5.5	7	1.1	1	.2
You were given a written estimate for a repair work, but the final bill turned out to be much higher than the estimate	52	8.4	565	91.6	22	3.6	23	3.7	8	1.3	7	1.1
You had our car repaired, but it still not functioning well after you drove home	99	16.0	518	84.0	21	3.4	46	7.5	36	5.8	-	-
Poor workmanship for house renovation	43	7.0	574	93.0	20	3.2	19	3.1	8	1.3	4	.6
Late delivery of newly purchased house by developer	28	4.5	589	95.5	18	2.9	12	1.9	2	.3	4	.6

Table 3. Distribution of respondents who had encountered bad experiences and took action

| Variable | Consumer complaint | | | | | | Total | | Pearson Chi Square |
| | Did nothing | | Passive complaint | | Active complaint | | | | |
	n	%	N	%	n	%	n	%	
Age Below and 25	5	1.7	6	2.0	6	2.0	17	5.7	n.s
26 - 54	33	11.0	109	36.3	88	29.3	230	76.7	
55 and above	9	3.0	21	7.0	23	7.7	53	17.7	
Sex* Male	28	9.3	59	19.7	71	23.7	158	52.7	$\chi^2 = 8.619$, p =.013
Female	19	6.3	77	25.7	46	15.3	142	47.3	
Household Income Below and RM6900.00	46	15.3	133	44.3	113	37.7	292	97.3	n.s
RM6900.00 and above	1	.3	3	1.0	4	1.3	8	2.7	
Marital status Single	9	3.0	12	4.0	19	6.3	40	13.3	n.s
Married	38	12.7	124	41.3	98	32.7	260	86.7	
Level of education Secondary and below	39	13.0	111	37.0	95	31.7	245	81.7	n.s
Upper secondary or higher	8	2.7	25	8.3	22	7.3	55	18.3	
Location Urban	25	8.3	79	26.3	64	21.3	168	56.0	n.s
Rural	22	7.3	57	19.0	53	17.7	132	44.0	

*$p \leq 0.05$

Table 4. Summary of Hierarchical Regression Analysis to determine factors associated with unpleasant experiences

| Model | Unstandardized Coefficients | | Standardized Coefficients | Sig. |
	B	Std. Error	Beta	
Model 1: Socio economic status (F 617 =3.653 , df = 5, p ≤ 0.01, Δ R²=0.021)				
(Constant)	15.073	.488		.000
Age	.007	.115	.003	.949
Sex	.247	.111	.090	.026
Household Income	-.374	.386	-.039	.332
Level of education	-.078	.158	-.021	.619
Location*	.369	.111	.133	.001
Model 2: Psychological factors (F 617 =5.423, df = 6, p ≤ 0.01, Δ R²=0.041)				
(Constant)	16.886	.685		.000
Assertiveness*	.126	.034	.148	.000
Model 3: Consumer Knowledge (F 617 =4.179, df = 8, p ≤ 0.01, Δ R²=0.040)				
(Constant)	16.890	.705		.000
Consumer rights	.025	.117	.009	.832
Self assessed consumer knowledge	-.111	.115	-.039	.337