Complaining Behaviour: One, Two or Three Types?

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Abstract

This paper examines three competing views on the dimensionality of complaining behaviour. Some researchers have measured voice complaint behaviour with one dimension while other researchers have used between two and three dimensions when measuring voice complaint behaviour. Using first-order CFA this paper tests and finds support for the hypothesis that there are three voice complaint behaviours: complaints direct to seller, complaints to friends and family and finally complaints to a third party. The results of this paper suggest that complaining behaviour should not be measured uni dimensionally. Considering complaining behaviour as one thing reduces richness of explanation and, hence, marketers ability to manage the different types of complaining behaviour. This paper also finds support for research that customers in competitive industries such as insurance are more likely to voice complaints directly to the company or to a third party. Measuring three types of complaining behaviour will provide more guidance for marketers seeking to reduce some types of voice complaint behaviours while promoting other types of voice complaint behaviours. Insurance marketers should seek to encourage complaints direct to the insurance company rather than to third parties where complaints could potentially be more harmful to the insurers reputation.

Key words: Complaining Behaviour, Confirmatory Factor Analysis, Measurement, Voice.

Introduction

The literature presents competing views about the dimensionality of complaining behaviour. Many studies support a multidimensional view of complaining behaviour. However, there are differing views about the number of voice complaint behaviours. Despite the view in many studies that voice complaint behaviours are multidimensional some researchers have use a uni dimensional structure where all facets of voice complaint behaviour are embodied within a single complaining behaviour construct.

The task presented here is to test Singh's (1988) original hypothesis that voice complaint behaviour is a three-factor structure comprising direct to seller complaints, complaints to friends and family and finally complaints to a third party against two alternate hypotheses: a) that complaining behaviour is a two-factor structure comprising soft and hard options, and finally b) that complaining behaviour is a one-factor structure in which there is no distinction between different complaining behaviours.

Literature Review

Complaining behavior is important for marketers. A summary of more than 60 empirical articles by (Davidow 2003) indicates four key consequences of complaint behavior. These are

satisfaction, word-of-mouth, repurchase, and attitude to company. Complaining behaviour can been described as the set of all behavioural responses portrayed by consumers which involve the communication of negative perceptions relating to a consumption episode, which is often triggered by dissatisfaction with that episode (Day 1984; Rogers and Williams 1990). Consumers, fundamentally, have three alternatives for action when complaining (Andreasen and Manning 1990; Hirschman 1970; Rogers and Williams 1990; Singh 1988, 1990). These alternative actions include exiting; direct voice behaviour and/or amplified voice behaviour. The focus of this paper is voice behaviours.

Voice behaviors: Three, two or one dimensions?

Singh (1988) developed a taxonomy of voice behaviors, which suggested that customers voice complaints in three different ways:

1. Complaints can be directed direct to seller.
2. Complaints can be directed to friends/family, (this has also been referred to as negative word of mouth in the literature e.g. Robertson, Bove and Pervan, 2003), and finally,
3. Complaints can be directed to a third party or independent organisations.

The literature suggests the direction of voice complaints is hierarchical (Feick and Price, 1987) with strategies often being combined (Singh and Wilkes, 1996). Most people voice complaints to the supplier or to their family/friends before they complain to a third-party (Feick and Price, 1987). Feick and Price (1987) classifies suppliers and family and friend complaints as being "easy options" with third party complaints being a "hard" option, as the effort required to voice a complaint to a third party is higher and thus less likely to occur (Hogarth, English and Sharma, 2001). This hierarchical process of complaint has also been confirmed by (Singh and Wilkes, 1996). Feick and Price's (1987) and Singh and Wilkes (1996) hierarchical view of complaining behavior suggests there are two types of complaining behavior:

1. Hard – complaints to third parties.
2. Soft – complaints to suppliers and families.

Despite views in the literature that voice behaviours are multi-dimensional many researchers have measured complaining behaviour as a uni dimensional construct (for examples see Bloemer, Ruyter and Wetzels, 1999; Ruyter, Wetzels and Bloemer 1998; Yu and Dean, 2001).

The impact of industry on complaining behaviour

Complaining behavior can be affected by industry type. There is research that suggests that customers are less likely to voice complaints in the medical industry while they are more likely to switch to a competitor for automotive services (Singh and Wilkes, 1996). Customers are more likely to voice complaints to family and friends than to a supplier or 3rd party in industries that are loose monopolies (for example airlines) compared to industries that are more competitive (Singh and Pandya, 1991; Kolodinsky, 1995). This would suggest that customers are more likely to complain to the insurer or to a 3rd party in the Australian insurance industry, which is a competitive industry offering customers a wide variety of alternatives for their insurance needs.

Methodology

A mailing list of 2,500 insurance customers was purchased from Australian Mailing Lists (AML). Questionnaires containing the measures were accompanied with a reply paid envelope and mailed to respondents. Following the initial section, respondents completed questions relating to trust, loyalty and complaining behaviour towards the most frequently used insurance company followed by demographic questions.

A total of 732 completed surveys were returned, which represents an initial response rate of 29%. Of this number, 227 customers met the pre-qualifying criteria (purchase in the past twelve months), which represents' a less than effective response rate of 9%. Additional efforts to collect data from non-respondents were not possible due to financial constraints. However, the response rate is comparable to other consumer marketing research studies (Green, Tull and Albaum, 1988). Measures of complaining behaviour were sourced from (de Ruyter, Wetzels and Bloemer, 1998; Ganesh, Arnold and Reynolds, 2000; Soderlund, Vilgon and Gunnarsson, 2001; Yu and Dean, 2001).

CFA focuses solely on how, and the extent to which, the observed variables are linked to their underlying latent factors. More specifically, CFA is concerned with the extent to which the observed variables are generated by the underlying hypothesised latent constructs, and thus strengths of the regression paths from the factors to the observed variables (the factor loadings) are of primary interest (Byrne, 2001). Non-hierarchical models were used in this research. Non-hierarchical models are not subsets of one another; instead, they usually represent competing theories about the phenomenon under study (complaining behaviour) (Kline, 1998). Non-hierarchical models must be used in this research because the models are not subsets of one another. In other words, the models in this research do not have identical items and factors and as such are no hierarchical.

According to Kline (1998) the $x^2_{difference}$ statistic can be used as a test of significance only for hierarchical models. The value of the x^2 statistic from two non-hierarchical models can still be compared but the difference between them cannot be tested for significance (Kline, 1998). The researcher must consider a number of parameters, because more complex models tend to fit the data better (Kline, 1998). The Akaike Information Criterion (AIC) allows models of varying complexity to be compared (Kline, 1998). The AIC is a modification of the goodness of fit x^2 statistic that includes a "penalty" for complexity by adjusting for the number of parameters in the model (Kline, 1998). Models with fewer degrees of freedom- more complex ones – get larger reductions in their x^2 value. Given two non-hierarchical models, the one with the lowest AIC is preferred (Kline, 1998). Note: AIC can be less than zero (Kline, 1998).

The model to be tested in hypothesis 1 (left box in Figure 1) is that there are three types of voice complaint behaviours. The three types are direct to seller complaints, complaints to friends and family and finally complaints to a third party. The model to be tested in hypothesis 2 (centre box in Figure 1) postulates that complaining behaviour is a two-factor structure consisting of soft and hard complaining behaviour options. Complaints to friends and family and complaints to the seller load on the "soft option" factor. While it seems obvious that the structure for complaining behaviour is best represented by a multidimensional model some researchers still measure,

complaining behaviour as a uni dimensional construct. Hypothesis 3 (right box in Figure 1) tests a uni-dimensional or single-factor complaining behaviour model. The competing models are presented schematically in figure 1.

Figure 1: Competing models to be tested
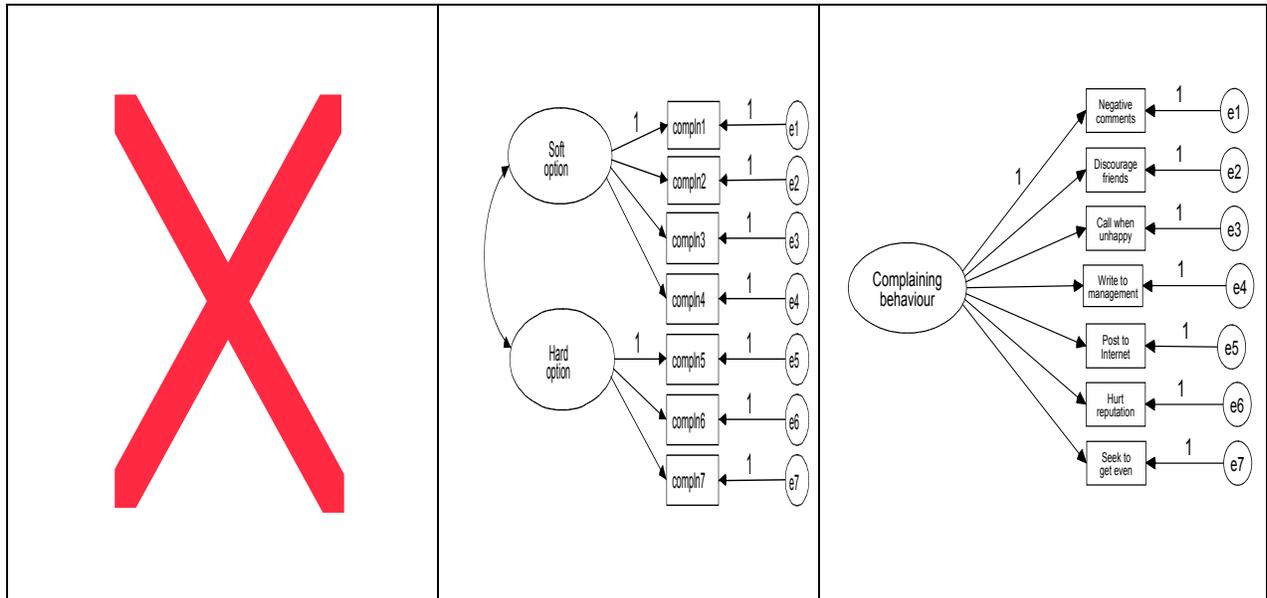
Results and discussion

The descriptive statistics for the three types of voice complaint behaviours are presented in this section in Table 1 followed by the results of the competing models in Table 2.

Table 1: Descriptive Statistics and Intercorrelations for Study Constructs

Complaining behaviour	Mean	St Dev	Complaints to friends	Complaints to seller	Complaints to 3rd party
Complaints to friends and family	2.33	1.66	1.0		
Complaints to seller	5.09	1.73	0.1	1.0	
Complaints to third parties	2.74	1.62	0.4	0.2	1.0

The descriptive statistics suggest that consumers are most likely to voice complaints direct to their insurance company with a mean of 5.09 (1.73) out of a total 7. Customers are least likely to voice complaints to friends and family in the Australian insurance industry with a mean of 2.33 (1.66) out of a total 7. This supports research by Kolodinsky (1995) and Singh and Pandya (1991) whose research findings suggest that customers are more likely to voice insurance

complaints direct to the insurer or to a 3rd party rather than to friends and family in the Australian insurance industry, which is a competitive industry. The correlations or strength of the association between the constructs are weak suggesting there are differences between the three types of complaining behaviour.

Table 2: Selected Goodness of Fit Statistics for the competing models

Statistic	Acceptable Level	Three factor model	Two factor model	One factor model
Standardized root mean square residual	0.08			
Chi-square (x^2)	p>0.05 (at the a=0.05 level)	**15.04** **p=0.24**	85.98 p=0.000	203.31 p=0.000
Degrees of freedom (df)		**12**	13	14
Tucker-Lewis Index (TLI)	<=0.95	**0.99**	0.75	0.39
Bollen's Index (IFI)	<=0.95	**0.99**	0.85	0.61
Comparative Fit Index (CFI)	<=0.95	**0.99**	0.85	0.59
Root Mean Square Error of Approximation	>=0.06	**0.03**	0.16	0.25
Normed chi-square	1.0< x^2/df<3.0.	**1.25**	6.6	14.5
Akaike Information Criterion (AIC)		**47.04**	115.98	231.31

As indicated in Table 3 the x^2 value for the two and one-factor models represent a poor fit to the data and a substantial decrement from the overall fit of the three-factor model (x^2=15.04). As expected, all other fit indices reflect the fact that complaining behaviour is not well represented by the hypothesised one and two factor models. In particular the CFI values of 0.75 and 0.39 and the RMSEA values of 0.16 and 0.25 for the two and one-factor models respectively are strongly indicative of inferior fit.

Conclusions and future research

In summary it is evident from the analysis in this paper that both the two-factor and one-factor models of complaining behaviour represent a misspecification of factorial structure for complaining behaviour. Based on these findings we can conclude that there are different types of voice complaint behaviours as proposed by Singh (1988). Dimensions of complaining behavior include direct to seller complaints, complaints to friends and family and finally complaints to a third party.

Researchers and marketers must consider the three types of complaining behaviour and they must understand that voice complaint behaviour differs between industries. For example, marketers in competitive industries such as insurance should be most concerned with complaints to the insurer or to a 3rd party rather while marketers in loose monopoly industries such as airlines should be most concerned with complaints to friends and family. Measuring and monitoring the (relevant) three types of complaining behaviour provides more guidance for marketers seeking to manage

complaining behaviour. These findings have important implications for marketers. For example, insurance marketers should seek to encourage complaints direct to the insurance company rather than to third parties where complaints could potentially be more harmful to the insurers reputation.

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