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Marsha L. Richins

Negative Word-of-Mouth by Dissatisfied Consumers: A Pilot Study

While marketing scholars have emphasized the importance of customer satisfaction, few studies have examined in detail consumers’ responses to dissatisfaction. This study examines correlates of one possible response—telling others about the dissatisfaction—and identifies variables that distinguish this response from others. Variables investigated include the nature of the dissatisfaction, perceptions of blame for the dissatisfaction, and perceptions of retailer responsiveness. Marketing management and consumer behavior research implications are discussed.

Introduction

MARKETING firms have traditionally been interested in customer satisfaction, and with good reason. Customers continue to purchase those products with which they are satisfied, and in telling others about particularly pleasing products, they may influence the brand perceptions of those with whom they communicate.

Prior to the 1970s little was published in the marketing literature about customer satisfaction. Partially in response to the consumer movement, however, interest in this topic rapidly grew. Several conferences were held (e.g., Day 1977, Hunt 1977) and articles began appearing in the marketing literature. A number of these studies discussed the appropriate ways to measure satisfaction levels (Andreasen 1977, Westbrook 1980). Others investigated the causes and sources of dissatisfaction (Day and Landon 1976; Diamond, Ward and Faber 1976), and some addressed the theoretical bases of satisfaction (Oliver 1980, Swan and Combs 1976). While work progressed in this area, however, much less attention was given to consumers’ reactions to dissatisfaction. 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.

The potential impact of these responses on a firm can be significant. One nationwide study (Technical Assistance Research Programs 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 Greyser (1978) indicated that 34% of those dissatisfied with a personal care product 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.

Many firms have not worried about these negative effects because they believed few consumers were dissatisfied with their products. Managers tended to use complaint rates as dissatisfaction indicators and assumed that if complaint rates are low, overall dissatisfaction is low and thus the negative effects described above are negligible. A number of studies (Best and Andreasen 1977, Day and Landon 1976) have
challenged this assumption. While estimates of the incidence of complaints in response to dissatisfaction vary, it is generally accepted that the incidence of complaints is lower than the incidence of either of the other responses. In addition, the vast majority of complaints are made at the retail level, and when small-ticket items are involved, information about the complaint is rarely passed on to manufacturers. Thus, frequency of reported complaints, especially at the manufacturer's level, may grossly underestimate consumer dissatisfaction and the firm's vulnerability to negative word-of-mouth; brand switching will be greater than the number of registered complaints would lead managers to believe.

While little research has studied responses to dissatisfaction directly, some areas of the consumer behavior literature appear at least indirectly relevant to the three possible responses.

**Repeat Purchase Behavior**

Repeat purchase behavior is most often addressed in brand loyalty research. Much of this literature has been concerned with conceptualizing, measuring and modeling brand loyalty. The effects of a dissatisfactory experience on repeat purchase behavior have rarely been investigated directly.

One study (Technical Assistance Report Programs 1979) reported that those dissatisfied customers who made a complaint about their dissatisfaction reported higher repurchase intentions than those who did not complain, even if their complaint was not satisfactorily handled. Newman and Werbel (1973) noted that consumers not fully satisfied with a brand are less likely to repurchase that brand than satisfied customers. Many researchers believe that brand loyalty includes a positive attitude or preference toward a brand as well as simple repeat purchase (Jacoby and Chestnut 1978). Beyond this, however, little is known about the influence of dissatisfaction on brand loyalty and switching.

**Complaint Behavior**

The second possible response to dissatisfaction—making a complaint in an attempt to remedy the dissatisfaction—has received more attention in the literature. This research appears to have grown directly out of the consumer movement, and perhaps the majority of the studies have been based on analysis of private or government agency complaint files. Some generalizations that have emerged from research on consumer complaining include the following:

- Those who complain when dissatisfied tend to be members of more upscale socioeconomic groups than those who do not complain (Warland, Herrmann and Willitts 1975).
- Personality characteristics, including dogmatism, locus of control, and self-confidence, are only weakly related to complaint behavior, if at all (Settle and Golden 1974, Zaichkowsky and Liefeld 1977).
- The severity of the dissatisfaction or problems caused by the dissatisfaction is positively related to complaint behavior (Lawther, Krishnan and Valle 1979; Swan and Longman 1973).
- The greater the blame for the dissatisfaction placed on someone other than the one dissatisfied, the greater the likelihood of complaint action (Lawther, Krishnan and Valle 1979; Valle and Koeske 1977).
- The more positive the perception of retailer responsiveness to customer complaints, the greater the likelihood of complaint action (Grabicke 1980; Granbois, Summers and Frazier 1977).

**Word-of-Mouth**

Word-of-mouth (WOM) behavior, the third response to dissatisfaction, has received the least attention of all three areas and is often subsumed under the opinion leadership rubric. In applying opinion leadership findings to dissatisfaction responses, however, a number of limitations become evident. Most writers have considered only positive and not negative word-of-mouth (though it is mentioned by both Arndt (1968) and Dichter (1966)), and it is usually discussed in terms of informing others about new products (diffusion of innovations) rather than consumer communications about existing products. Finally, those engaging in negative WOM activities may not actually be opinion leaders. A review of work investigating impacts of negative information on consumers (Weinberger, Allen and Dillon 1981) listed only one study (Arndt 1968) investigating negative word-of-mouth. Thus this literature sheds little light on dissatisfaction response. While a few studies in the dissatisfaction literature have examined negative WOM activities, these have been limited to reporting the incidence of this behavior. No published research has examined why some dissatisfied consumers engage in WOM while others do not, nor have correlates of negative word-of-mouth activity been investigated. This is clearly a gap in understanding consumer behavior, since several researchers (Lutz 1975, Wright 1974) have found that consumers seem to place more weight on negative information in making evaluations (see, however, Scott and Tybout 1981). In addition, it is well-accepted by marketing scholars and managers that nonmarketing dominated sources of information are given substantial weight by consumers in forming opinions and making product decisions.
Scope of the Empirical Investigation

The study reported here investigates WOM communication as a response to dissatisfaction. Its first objective is to determine whether the same variables that affect complaining also affect WOM. Of the many variables showing a relationship to complaining, three were chosen for this investigation: Severity of the dissatisfaction or problems caused by the dissatisfaction, attributions of blame for the dissatisfaction, and perceptions of retailer responsiveness to complaints. Three hypotheses relevant to this objective were developed.

H1: As the severity of the problem associated with a dissatisfaction increases, the tendency to engage in negative WOM activities increases.

H2: The greater the blame for the dissatisfaction placed on members of the distribution channel (marketing institutions), rather than on the consumer, the greater the tendency to engage in negative WOM.

H3: The more negative the perception of retailer responsiveness to complaints about dissatisfaction, should they be registered, the greater the likelihood the dissatisfied consumer will engage in negative WOM. If an individual is dissatisfied with a product but believes attempts to achieve remedy through marketing channels will be either unsuccessful or require extensive effort, it is conceivable that a less risky and less effortful response, telling others about the dissatisfaction, will be undertaken.

The second objective is to identify variables determining which response to dissatisfaction, among those available, a consumer will make. Some of these responses may be ranked a priori by the level of effort involved. Doing nothing, for instance, requires no effort or resources, while making a complaint often involves a great deal of effort and inconvenience. Telling others about the dissatisfaction requires a low to intermediate level of effort expenditure. Brand switching is more difficult to rank. The effort involved here depends in part on the availability of acceptable substitutes at retail stores the consumer regularly patronizes, search required to identify these substitutes, and other variables. For this study, variables influencing the three responses ranked on effort were examined to determine which response to dissatisfaction a consumer may make.

One variable that may influence consumer response is dissatisfaction severity. If a dissatisfaction is very minor, a consumer may take no action at all. For very serious dissatisfactions, however, a great deal of effort might be expended in response. A second variable is blame attribution. If the consumer blames him/herself for the dissatisfaction, e.g., through carelessness in the choice or use of the product, no action may be taken. Thus:

H4: The more serious the problem associated with a dissatisfaction, the greater the effort a consumer is likely to expend in response to the dissatisfaction.

H5: The greater the blame for the dissatisfaction placed on marketing institutions, the greater the effort a consumer is likely to expend in response to the dissatisfaction.

For those dissatisfactions serious enough to arouse some action, the choice of action depends on a number of variables. One important variable that may influence this choice is consumer perception of retailer responsiveness.

H6: For those consumers taking some action in response to dissatisfaction, the less positive the perception of retailer responsiveness should a complaint be registered, the greater the likelihood the action will involve WOM but not complaint behavior.

Data Collection

The investigation was carried out in two stages. In exploratory work, depth interviews were conducted with eight adult consumers to probe their beliefs about the variables included in the hypotheses. Next, exploratory questionnaires containing open-end items were administered to 53 adult consumers and 72 college students to identify relevant aspects of unsatisfactory experiences and complaint situations and to identify attributions consumers make. Based on this work and extensive pretesting, a questionnaire was developed for use in the descriptive phase of research.

The final version of the questionnaire consisted of four major sections: (1) identification of the dissatisfaction, problem severity and response; (2) attributions of blame and responsibility for the dissatisfaction; (3) perceptions of the complaint situation and the costs and benefits associated with it; and (4) demographic items. The questionnaire was administered to a sample of middle to upper middle-class adult male and female consumers in Austin, Texas. All respondents were prescreened, and only those who had experienced a dissatisfaction with either a clothing item
or a small or large appliance within the prior six months were questioned. These two product categories were chosen because they are relatively dissimilar, yet adult consumers of both sexes can be expected to have had experience with them. The use of different product classes in the analysis also increases the generalizability of findings beyond a single product class if relationships among variables are similar for the two classes.

Interviewers visited respondents’ homes, prescreened respondents, dropped off the questionnaires and returned the following day to pick up completed forms. Two call-backs were used for initial contact and three call-backs for questionnaire-pick-up when necessary. Of the 261 individuals who reported dissatisfactions, completed questionnaires were obtained from 214, a response rate of 82%. Of this number 13 were eliminated for incomplete responses on one or more sections of the survey, leaving a sample size of 201 cases for analysis. A breakdown of the sample by sex and relevant product is shown below:

<table>
<thead>
<tr>
<th></th>
<th>Appliances</th>
<th>Clothing</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Males</td>
<td>40</td>
<td>19</td>
<td>59</td>
</tr>
<tr>
<td>Females</td>
<td>80</td>
<td>62</td>
<td>142</td>
</tr>
<tr>
<td>Total</td>
<td>120</td>
<td>81</td>
<td>201</td>
</tr>
</tbody>
</table>

WOM and complaint rates did not differ significantly for the two product groups (WOM $\chi^2 = 1.50$, df = 1, $p = .22$; complaint $\chi^2 = 1.14$, df = 1, $p = .29$).

### Analysis and Findings

The primary dependent variables for this study were consumer responses to dissatisfaction. The WOM communication response was defined as the act of telling at least one friend or acquaintance about the dissatisfaction, and 57.2% of the sample did so. Expression of dissatisfaction to family members was not included in the definition. Complaining was defined to include complaints to retailers, manufacturers or third parties such as the Better Business Bureau or some government agency; 33.3% of the sample reported making at least one such complaint. A significant number of respondents, 32.3%, engaged in neither WOM nor complaining behavior. Tests of the hypotheses are reported below.

#### WOM and Problem Severity

Data analysis showed that for this sample, as the severity of the problem associated with a dissatisfaction increased, the tendency to engage in negative WOM increased. Based on exploratory work and results reported by Robinson (1979), four variables were used to measure problem severity: Length of problem ownership before dissatisfaction arose, whether the product could be used although it was unsatisfactory, how difficult it would be for the individual to repair the product, and product price. The first two variables display a negative relationship with perceptions of

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### Table 1

<table>
<thead>
<tr>
<th></th>
<th>Word-of-Mouth</th>
<th>Complaint Behavior</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Problem severity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Length of ownership</td>
<td>-.10</td>
<td>-.12</td>
</tr>
<tr>
<td>Usability$^b$</td>
<td>-.06</td>
<td>-.04</td>
</tr>
<tr>
<td>Difficulty of repair</td>
<td>.16</td>
<td>.22</td>
</tr>
<tr>
<td>Product price</td>
<td>.21</td>
<td>.24</td>
</tr>
<tr>
<td><strong>Attributions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent of external attributions</td>
<td>.19</td>
<td>.21</td>
</tr>
<tr>
<td><strong>Probability of remedy</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Highest</td>
<td>-.15</td>
<td>.12</td>
</tr>
<tr>
<td>Average</td>
<td>-.16</td>
<td>.14</td>
</tr>
<tr>
<td>Probability of preferred remedy</td>
<td>-.13</td>
<td>.14</td>
</tr>
<tr>
<td><strong>Trouble involved—probability of</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special trip to complain</td>
<td>.06</td>
<td>-.03</td>
</tr>
<tr>
<td>Time and effort filling out form</td>
<td>.17</td>
<td>-.11</td>
</tr>
<tr>
<td>Difficulty finding complaint procedure</td>
<td>.21</td>
<td>-.12</td>
</tr>
<tr>
<td>Being treated rudely</td>
<td>.25</td>
<td>-.08</td>
</tr>
<tr>
<td>Having to hassle someone</td>
<td>.19</td>
<td>-.09</td>
</tr>
<tr>
<td>Being blamed for the dissatisfaction</td>
<td>.04</td>
<td>-.11</td>
</tr>
<tr>
<td>Becoming embarrassed while making the complaint</td>
<td>.04</td>
<td>-.07</td>
</tr>
</tbody>
</table>

$^a$Coefficients ≥ .16 are significant at $p < .01$; coefficients > .12 are significant at $p < .05$.

$^b$Phi coefficient; all other coefficients are point biserial.
problem severity and thus with WOM, while the others are positively related. Length of ownership and product cost were measured on continuous scales; usability was measured as a bivalent dichotomous variable, and difficulty of repair was measured on a 5-point scale. Point biserial correlations between these variables and WOM are reported in Table 1. For comparison, correlations with complaint behavior are also shown. Since correlations for the two separate product classes are not significantly different for any of the variables, only correlations for the combined sample are reported. While all correlations are of the expected sign, those calculated for length of ownership and product usability are not significant at p < .05.

These analyses tend to support H1, although not strongly. The more serious the problem associated with the dissatisfaction, the more likely consumers are to tell others about it.

**WOM and Attributions**

H2 proposed that when greater blame for a dissatisfaction is placed on marketing institutions than on the consumer, there will be more negative WOM. This hypothesis was also supported. The survey instrument, developed from depth interviews and exploratory questionnaires, contained a list of 26 possible attributions of blame one might apply to a dissatisfaction. One-half of these placed the blame externally (e.g., the dissatisfaction occurred because the quality of the materials and/or workmanship was inferior) and one-half were internal attributions (e.g., the dissatisfaction occurred because the respondent didn’t adequately inspect the product before buying it). Respondents checked as many attributions as applied to the particular dissatisfaction situation.

To control for variability in number of responses checked, H2 was tested using an index measure. The total number of external attributions indicated by each respondent was divided by the total number of attributions indicated, yielding a percentage measure. A respondent marking three attributions, two of them external, would thus score .67 on this index. Point biserial correlations between this index and WOM is .19, as reported in Table 1. As hypothesized, those individuals marking a higher percentage of external attributions of blame are more likely to tell others about their dissatisfaction. Since an index of percentage of internal attributions is the exact complement of the external index, it would show the same level of correlation with WOM but in the opposite direction. Thus, external attributions of blame are positively related to WOM, and internal attributions negatively related.

**WOM and Retailer Responsiveness**

Retailer responsiveness can be measured on two dimensions. One dimension is the retailer’s willingness to provide a remedy for the dissatisfaction should a consumer complain. The second dimension measures the extent to which the retailer makes the complaint handling mechanism available, including the number of barriers a consumer may face in making a complaint. Analysis indicated that both dimensions relate to negative WOM in response to a dissatisfaction.

To evaluate the first dimension, respondents were asked to report on a four-point scale the likelihood of receiving each of three possible remedies should they complain: repair of the product, replacement or refund of the purchase price. They also reported which of these three remedies they most preferred.

The nature of the product involved in the dissatisfaction undoubtedly affects consumers’ expectations of remedy and the form of remedy. Appliances, especially larger ones, are usually repaired rather than replaced if they are faulty. For less expensive items such as clothing or small appliances, replacement or refund of the purchase price is a more likely remedy than product repair. Because of the diverse nature of the product classes involved in this study, measures independent of these product influences were necessary. Three measures were used: the highest perceived probability for any of the three remedies, the average of the probabilities that each of the three remedies would occur, and the perceived likelihood of receiving the remedy the respondent indicated he/she would most prefer. The correlations between these measures and WOM are reported in Table 1. Those individuals who have low confidence in the effectiveness of making complaints are more likely to tell others about their dissatisfaction than those expecting remedy.

With regard to the inconvenience or barriers deterring a complaint, respondents were asked a series of questions concerning their perceptions of complaining and the complaint interaction. Five items in this series related directly to the trouble involved in making a complaint and two concerned psychological variables. Respondents were asked to rate the likelihood of each event occurring. Point biserial correlations between these perceptions and WOM are presented in Table 1. Neither of the psychological variables showed a relationship with WOM, nor did the more objective variable of making a special trip to the store to complain. This latter finding is no doubt due to the extremely low variance on this item, with 82% of total sample respondents indicating that it was somewhat to very likely that a special trip would be required. Though the relationships shown in Table 1 are not extremely strong, they do support
H3: the more negative a consumer’s perceptions of retailer responsiveness to consumer complaints, the more likely that individual is to engage in negative WOM.

Problem Severity, Attributions and Consumer Action

The remaining analyses presented in this report concern consumers’ choices of action once dissatisfaction occurs. For the analyses reported in this section, the sample was divided into three groups depending on responses to dissatisfaction. Sixty-five respondents in the sample neither complained nor told others about their dissatisfaction experience, 69 engaged in WOM activities but did not complain, and 67 actually made complaints to the retailer or manufacturer involved. Some individuals in this latter group engaged in WOM in addition to making a complaint. It was assumed that members of the first group had made the least effort in response to the dissatisfaction, members of the third group had made the most effort, while the second group exerted an intermediate level of effort.

H4 proposed that greater problem severity is associated with greater effort expenditure in response to a dissatisfaction. This hypothesis was supported using two-way analysis of variance with group membership according to action taken and product class as independent variables. Responses to the problem severity variables included in H1 were the dependent variables.

Results by product class are shown in Figure 1. To illustrate, in the first entry in Figure 1 the group who made a complaint and were dissatisfied with an appliance item had owned the product, on the average, for 2.19 weeks when the dissatisfaction occurred; those complaining about a clothing item had owned the product for 1.19 week (a little more than 1 day) when the dissatisfaction occurred. These numbers can be compared with those for the WOM group and the group who neither complained nor engaged in WOM immediately following.

In the analyses reported in Figure 1, the same variables that correlated with WOM as tested in H1 also differed significantly among the three dissatisfaction response groups. Difficulty of repair and product price were highest for those individuals who complained and were lowest for those who neither complained nor told others of their dissatisfaction. The WOM group fell between these groups for these variables. As expected, duration of ownership before the dissatisfaction arose showed the opposite relationship. Usability shows a mixed pattern and differences among groups are not statistically significant. These findings support H4: Those consumers who engaged in more energetic responses were those who experienced greater problem severity resulting from the dissatisfaction.

In the analysis reported in Figure 1, differences between product classes were significant for only two of the variables, length of ownership when the dissatisfaction occurred and price of the unsatisfactory product. The latter product difference is expected, since appliances as a class are generally more expensive than clothing. With respect to the length of ownership, dissatisfaction with clothing items was noted much sooner after purchase than was dissatisfaction with appliance items. Perhaps because of the com-

![Figure 1: Group Means: Problem Severity and Attributions](chart.png)
plexity of appliances, problems may not appear until the product has been used for a period of time. All differences between product classes are attributable to main effects, since no interaction effect was significant at $p < .05$. Thus, the nature of the relationships between the problem severity variables in Figure 1 and action taken are the same for the two product classes.

Attributions data for the three groups are also reported in Figure 1 with significant differences among groups in the directions predicted by H5. The complaint group made the greatest percentage of external attributions, and the group who neither complained nor engaged in WOM made the lowest. Thus, the greater the blame for the dissatisfaction placed on marketing institutions, the greater the effort a consumer is likely to expend in response to the dissatisfaction.

**Retailer Responsiveness and Consumer Action**

To determine the effect of perceptions of retailer responsiveness on the kinds of action dissatisfied consumers make, only responses of those consumers sufficiently dissatisfied to take some action—either WOM or actual complaint—were examined. Perceptions of those who complained were compared with perceptions of individuals engaging in WOM, again using two-way analysis of variance. Results for the two product classes are shown in Figure 2. Those individuals who complained had more positive percep-
tions of retailer responsiveness on all variables except two, relating to the likelihood of having to make a special trip to complain and the likelihood of becoming embarrassed while complaining.

There were significant product differences for two of the variables reflecting retailer responsiveness—consumers who experienced dissatisfaction with an appliance had lower expectations of remedies for their dissatisfactions and greater expectations of experiencing difficulty in finding the appropriate complaint procedure should they complain. Since these product differences again are due only to main effects, the nature of the relationship between retailer responsiveness and action taken are the same for the two product classes.

These analyses provide rather strong support for H6. If a consumer is dissatisfied enough to take some action in response to a dissatisfaction, the less positive the perception of retailer responsiveness, the greater the likelihood the action will involve WOM but not complaint behavior. In examining the results for this and other hypotheses, however, caution is appropriate since the use of multiple univariate tests increases the chances of finding statistical significance.

**Combined Effects**

To determine the combined effects of the variables in H4, H5 and H6 on consumers’ choices of responses to dissatisfaction, a three-group discriminant analysis using the three groups previously identified was performed using as predictors the variables included in the tests of preceding hypotheses. (For probability of remedy tested in Hypothesis 6, only one variable—average probability of remedy—was included in the analysis because of extreme multicollinearity among the variables.) To incorporate the main effects for product class noted in Figures 1 and 2, a dummy variable for product class was added to the analysis. Two functions significant at p < .01 emerged from the discriminant analysis. Table 2 lists function coefficients, canonical correlations and group centroids. To determine the variance accounted for by these functions together, the statistic $I^2$ (Peterson and Mahajan 1976) analogous to $R^2$ in multiple regression analysis, was calculated (and equaled .37 for these data). In classification analysis, the discriminant functions predicted correct group membership in 63% of the cases, nearly twice the frequency anticipated by chance.

<table>
<thead>
<tr>
<th>TABLE 2</th>
<th>Discriminant Analysis Results</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Standardized Function Coefficients*</td>
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<tr>
<td></td>
<td>1</td>
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<tr>
<td><strong>Problem severity</strong></td>
<td></td>
</tr>
<tr>
<td>Length of ownership</td>
<td>-.35</td>
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<tr>
<td>Usability</td>
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<tr>
<td>Difficulty of repair</td>
<td>.46</td>
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<tr>
<td>Product price</td>
<td>.59</td>
</tr>
<tr>
<td><strong>Attributions (percent external attributions)</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>.54</td>
</tr>
<tr>
<td><strong>Retailer responsiveness—probability of:</strong></td>
<td></td>
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<tr>
<td>Remedy if complaint made</td>
<td>.32</td>
</tr>
<tr>
<td>Special trip to complain</td>
<td>.14</td>
</tr>
<tr>
<td>Time and effort filling out forms</td>
<td>-.22</td>
</tr>
<tr>
<td>Difficulty finding complaint procedure</td>
<td>-.25</td>
</tr>
<tr>
<td>Being treated rudely</td>
<td>.17</td>
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<tr>
<td>Having to hassle someone</td>
<td>-.18</td>
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<tr>
<td>Being blamed for the dissatisfaction</td>
<td>-.32</td>
</tr>
<tr>
<td>Becoming embarrassed while making the complaint</td>
<td>-.01</td>
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<tr>
<td><strong>Product class</strong></td>
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<tr>
<td></td>
<td>.17</td>
</tr>
<tr>
<td><strong>Eigenvalue</strong></td>
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<tr>
<td><strong>Canonical correlation</strong></td>
<td>.51</td>
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<tr>
<td><strong>Group centroids</strong></td>
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<tr>
<td>Complained</td>
<td>.82</td>
</tr>
<tr>
<td>Word-of-mouth</td>
<td>-.27</td>
</tr>
<tr>
<td>Did neither</td>
<td>-.56</td>
</tr>
</tbody>
</table>

*Loadings of .35 or greater are in boldface.
Thus, the three sets of variables used in this study concerning consumers' perceptions of the dissatisfaction and retailer responsiveness do a relatively good job of predicting consumer response to a specific dissatisfaction.

Earlier it was suggested that severity of the problem situation caused by the dissatisfaction and attributions of blame determines whether action is taken in response to dissatisfaction and the effort involved in this response. Further, perceptions of retailer responsiveness affect which response should be invoked, if any occur at all. This hypothesis receives further support in an examination of the discriminant functions and group centroids shown in Table 2. The items loading most highly on Function 1 relate to problem severity and attributions; those loading highly on function 2 relate primarily to perceptions of retailer responsiveness and product class. With respect to group centroids, the complaining group scored highest of the three groups on function 1, the WOM group scored highest on function 2, and the group who neither complained nor told others of their dissatisfaction scored the lowest on both functions. This result further supports the contention that problem severity is the crucial determinant of effort of response, while the choice between WOM and complaint behavior is influenced by perceptions of retailer responsiveness.

Conclusions and Implications

This study has shown that the nature of the dissatisfaction problem, consumers' attributions of blame for the dissatisfaction and perceptions of the complaint situation are related to responses to dissatisfaction. Further, these relationships apply to varied product classes.

These findings have several implications for management. When a minor dissatisfaction is experienced, consumers' responses often are minimal. Most often consumers neither complain nor spread negative reports of the product involved. When the dissatisfaction is serious enough, consumers tend to complain, regardless of other factors in the situation. It is at moderate levels of dissatisfaction that management policy may have the most impact. If complaints are encouraged, the retailer has the chance to remedy legitimate complaints and win back a customer who may also make positive reports to others, enhancing goodwill. Even if the complaint is not settled to the consumer's satisfaction, he/she is more likely to repurchase than if no complaint is made (Technical Assistance Research Programs 1979). If complaints are discouraged, fewer consumers may indeed complain; instead, they may tell others of their unsatisfactory experiences and may not repurchase the product in the future. Some level of dissatisfaction is inevitable in the marketplace. Even with conscientious quality control, there will be some defects and some dissatisfied customers. But the way management deals with these dissatisfactions can have important impacts on brand and store image.

There are a number of steps a marketing institution can take to decrease the impact of dissatisfaction that occur and lessen the incidence of negative word-of-mouth. At the least, they need to show their customers that they are responsive to legitimate complaints. Manufacturers may do this through detailed warranty and complaint procedure information on labels or in package inserts. Some companies have even offered toll-free telephone numbers to receive customer comments and complaints. Retailers can show their receptivity through store signs, inserts in monthly customer billings and by positive employee attitudes. Perhaps the best way to show responsiveness to customer complaints is by prompt and courteous handling of legitimate dissatisfactions. Such responsiveness may avert negative WOM and may even create positive WOM.

This study noted that consumer perceptions of institutional responsiveness depended on which product was the source of dissatisfaction. Perceived responsiveness for complaints about appliance items was lower than for clothing items. Consumer perceptions are usually (though not always) based either on prior personal experience or reports of the prior experiences of others. It is undoubtedly more expensive to remedy a dissatisfaction concerning an appliance because these items are more expensive. Retailers may be reluctant to make these expenditures and may communicate this reluctance by making complaint procedures more difficult. Also, dissatisfactions with appliance items tend to occur farther from the point of purchase than dissatisfactions with clothing items. By the time the dissatisfaction occurs, the retailer's warranty on the product may have expired, so the complaint is referred to the manufacturer who usually provides a longer warranty period. While the manufacturer may indeed remedy the dissatisfaction, this referral step adds more paperwork and delay, sometimes creating the impression of unresponsiveness.

In dealing with complaints, marketing institutions must examine not only the costs of the remedy but the costs of not settling the complaint as well. These latter costs are, of course, more difficult to assess, but managers must be aware that they include the potential for negative WOM in addition to the potential lost repeat business.

This study also has important implications for consumer behavior researchers. While it has shown that a number of variables both within and outside management control affect consumer responses to dissatisfaction, this single study has only scratched the sur-
face. One area needing further investigation is brand switching in response to dissatisfaction. Despite research on brand loyalty, it is not clear how frequently brand switching in response to dissatisfaction occurs, how the nature of the dissatisfaction influences switching, what kinds of products are more susceptible to this response, and a host of other details. The phenomenon of negative word-of-mouth also bears further investigation, including determination of the extent of negative WOM and its effects on recipients of negative communications concerning products and retailers. Additional factors that may influence negative WOM such as personality variables (including sociability), situational variables (e.g., proximity of others when the dissatisfaction occurs) and attitudinal variables (e.g., attitudes toward business), also need investigation.

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