

Determinants of customer's complaint intention of Nanning's (China) retail store

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Abstract

The main purpose of this study were to identify the relationship between the demographic factors, level of dissatisfaction, perceived possibility of success, attitude toward complaint with complaint intention of customer of Nanning's (China) Retail Store. The customers who had previously shopping in Nanning's retail store was represented the sample of 450 respondents. The t-test , ANOVA and simple regression were used to analyzed the relationship. The finding shows that demographic factors has significant relationship with complaint intention. In addition, customer complaint intention and level of dissatisfaction, perceived possibility of success, attitude toward complaint are positive relationship with complaint intention. As a whole, this research provide valuable suggestions to retail stores in Nanning which provide knowledge of key factors which influences customer complaint intention.

The retail stores' manager can establish a perfect customer complaint handling, improve retail store performances to meet customer needs as well as retain old customers. Furthermore, they can attract new customers and earn more profit. Information in this research can also provide for follow researchers to explore the customer complaint intention in other industry.

Keywords: Customer, Complaint intention , Retail store, China

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Introduction

In recent years, China's economy has been developed rapidly, people's living standards has been improved greatly, and the people's purchasing power has also been improved greatly. At the same time, people's request of product or service are higher, people are increasingly seeking high quality products and services." In today's increasingly competitive environment, customers are becoming more discriminating in their purchases and making complaints about poor after-sales service, product quality and value for money" (Bard, 2007).

When the retail store offered the products or service that can't meet customers' need, customers will have different kinds of performance. Most of the customers tend to keep silent and select exit, such as stop buying from the retail store and turning to another retail store, or tell the dissatisfied experience to their friends and family through word-of-mouth communication (Ajzen and Driver, 1992). There are just a little customers choose to report the dissatisfaction with product or service directly to the retail store and ask for improvement (Tschlo, 1994). The customer's negative complain against the development of the retail store. Because only the customers know the real cause of the dissatisfaction and the root of the problems, if customers keep silent, there will be more and more problems. Finally the retail store will lose customers. Therefore, it is of great importance for the retail store to practice active management of customer's complaints via encouraging direct reports when dissatisfaction occurs, in order to discover valuable information underlying the complaint as the basis for further problem solving and service improvement.

The study introduces Hirshman's (1970) theory of exit, voice and loyalty as a basic framework in order to develop a more integrated complaint intention

influencing factor model, and research each factor's influence on customer's intention to complain in the context of Nanning's retail store.

Literature review

Hirschman's (1970) theory

Hirschman's (1970) theory was the first one conception about customer complaining behaviour. According to Hirschman's (1970) model, there are three options: exit, voice and loyalty. Exit refer to " some customers stop buying the firm's products or some members leave the organization". It is the situation that customers decide not to buy the product or service again. Voice refer to "the firms customers or the organization's members express their dissatisfaction directly to management or to some other authority to which management is subordinate or through general protest addressed to anyone who cares to listen". Hirschman pointed out that voice is the customer's complaint that expresses the dissatisfaction directly to the firm. Loyalty refer to "customers repeating purchase intention to some specific products or services in the future". It is a situation that customers not to complaint and to stay to accepting product or service. Hirschman pointed out that the customer who loyal should be les likely to exit when dissatisfied with the product or service of firm. Because loyal customers should be likely to give the firms opportunity to improve the product or service(Albert. Hirschman,1970).Hirschman's framework is very wide, and can be applied many areas, such as "social,economic,business firms,and organizations in general and so on". For example, for organization, Hirschman can explain the reason of dissatisfied employees leave a company.Also,for the marketing, Hirschman can uses the framework explain why some dissatisfied customers want to complaint to the firms.

Complaint intention

Complaint intention is a hot topic in the market , and there are many scholars who try to develop a framework to interpret and predict customers' complaint intention. Ajzen (1985) defined the complaint intention is "a motivation to perform a behavior and indicates the amount of time and effort that she/he is prepared to devote to ensuring that a particular action is undertaken". Many scholars believe that there are a lot of factors which influence customer complaints intention. For example ,some researchers believe a company's response and attitude towards will influence customers' complaint intention (Day and Landon, 1977). Besides some researchers argue that the severity of the problem, level of the price, and cost will influence customers' complaint intention (Richins, 1983). Torben and Judith (2010) suggest that the price of products, and product complexity and quality of products have effect on the customer complaint intention. Some scholars divided complaint intention into various types into analysis. Dong-Geun (2005) suggests that "the complaining intentions are divided into exit intention, negative word-of-mouth intention, direct voice intention, indirect voice intention, and third-party complaint intention". Also point out there are many factors influences on the complaint intention, such as perceived severity of dissatisfaction, attitude toward complaining ,likelihood of success, difficulty of complaining, service importance, external attribution, loyalty. In this study , focused on research level of dissatisfaction , perceived possibility of success and attitudes toward complaint influence in complaint intention.

Demographic

Demographic characters mainly refer to personal statistics such as gender, age , education leve and income. Many researchers studying customers complaint intention always examined by demographic variables. Nelson and Tam (2006)

suggests that demographic variables, have consistent effect on customer complaint. Li (2010) suggested that demographic characters play important roles in determining the complaint behavior. The hypotheses were analyze as below.

H 1.1: Complaint intention is dependent on gender

H 1.2: Complaint intention is dependent on age

H 1.3: Complaint intention is dependent on education level

H 1.4: Complaint intention is dependent on income

Level of dissatisfaction

Level of dissatisfaction is the result of the discrepancy between expected and realized performance or dissatisfaction with an attribute. Many authors agree that dissatisfaction is the cause of the customer complaint. So understand the level of dissatisfaction are very important for a retail store . Many article focusing on the relationship between level of dissatisfaction and complaint intention. Vincent and Terry (2003) described customer complaint intention as a function of dissatisfaction, and level of dissatisfaction is a very important factor that attributes to complaints. Besides, Singh (1998) point out that complaining is a result of dissatisfaction. Beatriz and Maria (2010) suggests that the level of dissatisfaction has a positive relationship with customers complaint intentions , and negative word of mouth comments to the supplier of the product or service or to third parties. Ruyter and Wetzels (2000) report that dissatisfaction has more negative effects on new customers than repeat customers who have a satisfactory global relationship based on previous encounters. Understanding customer dissatisfaction have a great effect on customer retention and long-term customer relationship retention (Stephens and Gwinner, 1998). So, any retail store want to attract new customers and establish long-term,repeat purchase relationships, the retail store need to pay attention to the customer dissatisfaction. The hypotheses were analyze as below.

H 2: Level of dissatisfaction is positively related with complaint intention

Perceived possibility of success

Perceived possibility of success is customer's subjective judgment of the probability of success in directly complaining and gaining expected utility." Richins (1983) suggest that the possibility of a success have relative with the customers complaint intention. The customers who have greater the perceived possibility of success would have the greater complaint intention to the firm. Singh (1988) found that the probability of a successful complaint plays a important role in understanding complain intention. The probability of a successful complaint can increase the customer complaint intention. It means that if customer believe that the firm will be accepted their complaints , they are more likely to express their complaint to the retail store. If customers think the retail store will not pay attention on the complaint intention, the customers will tend to keep silent and stop buy the product or service from the firm (Chulmin,2003) . The hypotheses were analyze as below.

Ha3: Perceived possibility of success is positively related with complaint intention

Attitudes toward complaint

Attitudes toward complaint is a behavior describe a person's salient beliefs regarding the perceived outcomes of performing through person's positive or negative evaluation of a relevant .Attitude toward complaining have played a important role in relation to service evaluations and customer complaint intentions. For example Erdogan and Norman (2011) pointed out that attitude toward complaining as an very important variable to understand the complaint intentions. According to Davidow (2003) attitude toward complaining is the customers who dissatisfied the product or service and in order to win compensation take action to complaint. In other words, it is an individual's tendency toward dissatisfied customers want to seeking redress from retail store. Day and Landon (1977) pointed out that the

customer who use positive attitudes to express the dissatisfaction are better than the customers negative attitudes toward complaint. Because most use negative attitude's customer will tend to silent and select exit, such as stop buying from the firm and turning to rival companies, this is unfavorable for the development of the enterprise. The hypotheses were analyze as below.

H 4: Attitudes toward complaint is positively related with complaint intention

Conceptual framework

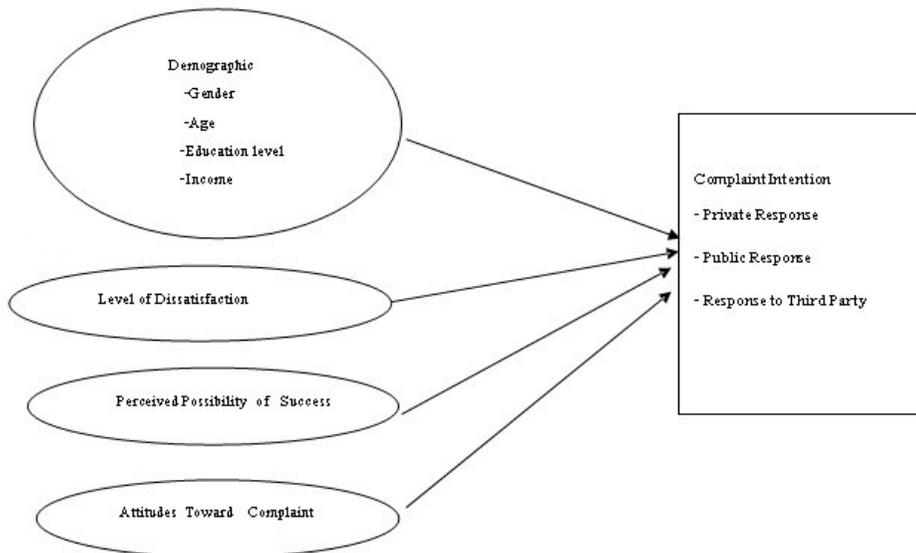


Figure Conceptual framework of the research

Methodology

This study investigates the determinants of customer's complaint intention of Nanning's (China) retail store. This research design use quantitative research method to collect primary data via questionnaire according to our study objective. The target populations were the customers who had previously shopping in Nanning's retail store will selected through random sampling approach to observe from the survey questionnaire.

Research instrument

The research instrument was divided into 3 parts with 26 questions. The customers profile information included gender, age, education level and income per month. Level of dissatisfaction was measured by three items. Perceived possibility of success was measured by three items. Attitudes toward complaint was measured by four items. Complaint intention was measured by ten items.

The data was conducted from questionnaires, customers from the Nanning city are select as the target respondents of the research. Target areas for distribution of questionnaire are at the retail store in Nanning city. The survey is conducted within the time frame of one month, October 2012.

Data analysis and result

Regarding the table 1, the demographic of respondent consist of gender, age, education Level and income. According to the gender category, there are 212 respondents are female, it consists of 52.3%. For age category, There were 159 respondents which is the largest group age among 26 to 35 years old, it consist of 39.3% of the respondents, The majorities of respondents have education level 36.5% (n=148) of under graduate. For the income, the big group is income among 1001-2000 Yuan per month, there are 92 respondents which consists of 22.7% of the respondents.

Table 1 Demographic of Respondent

| Demographic | Frequency | Percent |
|-------------------------------|-----------|---------|
| Gender | | |
| Male | 193 | 47.7 |
| Female | 212 | 52.3 |
| Age | | |
| Under 25 | 134 | 33.1 |
| 26-35 years | 159 | 39.3 |
| 36-45 years | 65 | 16.0 |
| More than 46 | 47 | 11.6 |
| Education Level | | |
| High school | 73 | 18.0 |
| Vocational school of colleges | 113 | 27.9 |
| Under graduate | 148 | 36.5 |
| Graduate | 71 | 17.5 |
| Income | | |
| Less than 1000 Yuan | 43 | 10.6 |
| 1001-2000 Yuan | 92 | 22.7 |
| 2001-3000 Yuan | 65 | 16.0 |
| 3001-4000 Yuan | 72 | 17.8 |
| 4001-5000 Yuan | 49 | 12.1 |
| More than 5000 Yuan | 84 | 20.7 |

Regarding the analysis, t-test and ANOVA were used to analyze the Demographic.

Table 2 Summary of Demographic

| Demographic | | Frequency | p | Relationship |
|-----------------|-------------------------------|-----------|-------|--------------|
| Gender | Male | 193 | 0.000 | Dependent |
| | Female | 212 | | |
| Age | Under 25 | 134 | 0.004 | Dependent |
| | 26-35 years | 159 | | |
| | 36-45years | 65 | | |
| | More than 46 | 47 | | |
| Education Level | High school | 73 | 0.000 | Dependent |
| | Vocational school or colleges | 113 | | |
| | Under graduate | 148 | | |
| | Graduate | 71 | | |
| Income | Less than1000 Yuan | 43 | 0.013 | Dependent |
| | 1001-2000 Yuan | 92 | | |
| | 2001-3000 Yuan | 65 | | |
| | 3001-4000 Yuan | 72 | | |
| | 4001-5000 Yuan | 49 | | |
| | More than 5000 Yuan | 84 | | |

According to the data in Table 2 reveal that in the resting demographic of respondents ,the gender, age, education level and income are dependent on the complaint intention. For the age , the younger customers are more inclined in complaint intention. For the education level, the high education customers are more inclined in complaint intention. For the income, the high income customers are more inclined in complaint intention.

The simple regression was used to analyze the level of dissatisfaction, perceived possibility of success and attitudes toward complaint .

Table 3 Summary of Simultaneous Simple Regression

| | R | R Square | Adjusted R Square | Sig. |
|----------------------------------|-------|----------|-------------------|-------|
| Level of dissatisfaction | 0.476 | 0.226 | 0.220 | 0.012 |
| Perceived possibility of success | 0.547 | 0.300 | 0.294 | 0.011 |
| Attitudes toward complaint | 0.486 | 0.236 | 0.228 | 0.016 |

According to the data in Table 3 indicates that there is a significant relationship between the complaint intention and level of dissatisfaction, because p value less than 0.05 , and reveal R is equal 0.476 which is the correlation between the observed and predicted values of complaint intention. The R Square is 0.226, meaning that level of dissatisfaction can explain 22.6% the change of complaint intention. The adjusted R square is 0.220, it indicates that 22% of the variability of complaint intention is accounted to the model.

There is a significant relationship between the complaint intention and perceived possibility of success, because p value less than 0.05 and Table 3 also reveal R is equal 0.547 which is the correlation between the observed and predicted values of complaint intention. The R Square is 0.300, meaning that perceived possibility of success can explain 30% the change of complaint intention. The adjusted R square is 0.294, it indicates that 29.4% of the variability of complaint intention is accounted to the model.

There is a significant relationship between the complaint intention and attitudes toward complaint, because p value less than 0.05 and Table 3 also reveal R is equal 0.486 which is the correlation between the observed and predicted values of complaint intention. The R Square is 0.236, meaning that attitudes toward complaint can explain 23.6% the change of complaint intention. The adjusted R

square is 0.228, it indicates that 22.8% of the variability of complaint intention is accounted to the model.

Discussion

This study aimed to research determinants of customer's complaint intention of Nanning's (China) retail store. Data from the customer of Nanning city. Results indicate that demographic, level of dissatisfaction, perceived possibility of success and attitudes toward complaint influence complaint intention.

Implication

This research proposes the suggestions on how retail store to practice active management of customers' complaints via encouraging direct reports when dissatisfaction occurs. The result of the research revealed the complaint intention is dependent on the demographic. In detail, the female is more inclined in complaint intention than male, younger customers more tend to complain than elder customers, and higher education and higher income are positively related to customers complaint intention. So for the demographic, the retail store should pay more attention on female customers who with the high income and high education and age under 25 years old. Also retail store need enhance customers perceived possibility of success, establishing warranty and guarantee system for products and service, improving the function of the customer service center. For the customers who had positive attitude toward complaint, in order to encourage customers to complain, retail store should setting up a complaining customers reward system.

Conclusion

The result of the study is finds the complaint intention is significant related with the demographic, and the female are more inclined complaint intention, also reveals that younger customers more tend to complain than elder customers, and higher education are positively related to customers complaint intention.

The study also finds that level of dissatisfaction is significant related with complaint intention, if the customer's dissatisfaction of level more high the complaint intention more strong. Perceived possibility of success is significant related with complaint intention, if customers believe that the retail store will be accepted their complaints, they are more likely to express their complaint to the retail store. And attitudes toward complaint is significant related with complaint intention, the customer who have higher attitude toward complaint will have higher complaint intention.

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