

CONSUMER DISSATISFACTION INFORMATION NEEDS OF BUSINESS AND GOVERNMENT

Betty J. Diener, Old Dominion University*

INTRODUCTION

As the study of consumer dissatisfaction becomes more formalized, increasing attention is being given to efforts to identify the types of information that are available and/or need to be developed regarding the sources, degrees, and victims of consumer dissatisfaction.

For example, information is being collected that itemizes the types of consumer problems by industry and product category, the degree to which the problems are being experienced, and the demographic and attitudinal characteristics of the victims of those problems. These collections are important because it is only when the sources, degrees, and victims of dissatisfaction are known that it is possible to effect redress for problems occurring in the past, and to avoid similar problems occurring in the future.

Questions exist on the validity of the sources of the kinds of information listed above. Traditional sources of consumer dissatisfaction information to business and government agencies include both unsolicited consumer complaints and consumer surveys. One assumption is that consumer surveys give unbiased, representative information on sources, degrees, and victims of dissatisfaction...but at a high cost of information. Unsolicited consumer complaints, on the other hand, involve a low cost of information acquisition, but are assumed to be incomplete, unrepresentative, and biased.

One purpose of this paper therefore is to review published research to determine whether these assumptions are valid...whether in fact unsolicited consumer complaints are valid or invalid sources of information on consumer dissatisfaction, and also whether consumer surveys are always needed to establish levels of consumer dissatisfaction.

Another purpose of this paper is to explore the notion that there are differences between the sources and kinds of information on consumer dissatisfaction that are needed by business and the sources and kinds of consumer dissatisfaction information needed by government agencies. Business, it is felt, might only need dissatisfaction indicators, itemizing all the types of problems, whereas government agencies might need dissatisfaction measures, defining not only the types of problems, but also the degrees to which the problems are being experienced and the victims of those problems.

The structure of this paper then is to define dissatisfaction, to discuss the consumer dissatisfaction information needs of business and of government agencies, to define dissatisfaction indicators and measures and the adequacy of each in light of business and government agency needs...and thus to determine the usefulness and validity of unsolicited consumer complaints and consumer surveys as sources of consumer dissatisfaction information.

SOURCES OF DISSATISFACTION

There are a number of causes of consumer dissatisfaction, and, as the study of CS/D increases, so do the methods used to categorize the types of consumer dissatisfaction that can occur. Day (1977) and

Diamond, Ward, and Farber (1976) indicate that both marketing practices and product performance could be sources of consumer dissatisfaction. As shown below, most of the consumer dissatisfaction problems can be described as a management failure in one or more elements of the marketing mix.

The following are the four major categories of consumer dissatisfaction problems:

- 1) "Product Problems" - Products that break in use, have packaging or physical composition problems, fail to perform as represented, or cause personal injury or allergic reaction to the user.
- 2) "Price Problems" - Prices that create consumer dissatisfaction (particularly during inflationary periods) either due to the absolute price level, its rate of increase, or its perceived relationship to the quality of goods received.
- 3) "Promotion Problems" - Promotional information that is either incomplete (leading to an inappropriate purchase) or misleading and deliberately deceptive.
- 4) "Place Problems" - Transaction and post-transaction problems that are caused by the seller organization, such as with mail order transaction, or with the granting of credit, or the provision of delivery, repair, or warranties.

CONSUMER DISSATISFACTION INFORMATION NEEDS OF BUSINESS

Business and government have different motives and perspectives in studying consumer dissatisfaction (Landon, 1974). It may also be possible that each of these institutions needs different kinds and amounts of dissatisfaction information in order to be responsive to consumer needs.

Business, for example, is interested in studying consumer dissatisfaction in order to redress any past problems of the marketing mix (product, price, promotion, place), to voluntarily self-regulate their actions, and to minimize overall consumer dissatisfaction. Business is also interested in creating new products to fill gaps in the marketplace...voids where the absence of suitable products may have created consumer dissatisfaction.

While increased consumer satisfaction would presumably lead to increased sales or market share for a concerned business, it is also desirable for a business to avoid the negative results of dissatisfaction such as brand switching, increased government regulation, a bad reputation, or legal suits.

It is in the best interest of business to at least be aware of all the problems that are creating consumer dissatisfaction. It is possible for many companies to anticipate such problems by retaining and testing a sample of their production. Nevertheless there are always unexpected problems that occur...in product performance, in reactions to pricing or to advertising, etc. While it would not be efficient to respond to each individual complaint (some may not be justified, for example) in a sense of giving redress to each complaint,

it is necessary for a company to know what all the problems are. Then, it is possible to evaluate the problem and to determine the cost/benefits of correcting the problems and/or introducing new products.

One of the objectives of this paper is to determine whether current sources of consumer dissatisfaction information provide business with adequate information for identifying

- . all the problems consumers have with product/price/promotion/place
- . market opportunity gaps in the marketplace.

In particular, this paper will explore the validity of unsolicited consumer complaints in generating such information, relative to the cost and validity of consumer surveys.

UNSOLICITED CONSUMER COMPLAINTS

The primary source of information on consumer dissatisfaction problems is currently generated for business by unsolicited consumer complaints. The question to be addressed here is whether these complaints are good "indicators" of all of the sources of consumer dissatisfaction.

Complaint indicators can be defined as the itemization of sources of dissatisfaction, as opposed to measures of the levels or frequencies of dissatisfactions. An assumption is that it is in business' best interest to at least list and then evaluate the cost/benefit of correcting each problem. Thus it is necessary for business to have the information on each problem.

In order to be useful, unsolicited consumer complaints need to itemize or to parallel all the different types of problems that occur. If the complaints do this, they are, as Andreasen (1977) noted, more efficient sources of information than the more costly subjective satisfaction surveys, while also eliminating the survey bias problems of memory loss, yeasaying, etc. Hunt, (1977a) for example feels that the different kinds of problems do show up...even if not in the correct proportions or even if some are under or over-represented.

It is useful to see whether specific studies or surveys also support this notion...i.e., to see whether data generated by unsolicited complaints to either business or government agencies parallel the actual problems that exist. One way of verifying the validity of consumer complaints would be to see if they are also found in more costly consumer surveys, thus duplicating the information.

In fact, A.C. Nielsen's surveys of 1000 homes in 1975 and 1977 noted that the major problems identified in both years was the malfunctioning of aerosol packaging. This paralleled another study (Diener, 1974) which surveyed consumers and identified the aerosol problem and also studied consumer complaint files of major toiletries companies and found that the aerosol problem had been represented in those files.

In addition, Andreasen and Best's (1977) and Day and Bodur's (1977) consumer surveys identified auto repair, appliances, TV and audio equipment, and home repair industries as major sources of dissatisfaction. This closely paralleled both the files of companies in those industries, and also the experience of H.E.W. Office of Consumer Affairs, where unsolicited consumer complaints identified the same major sources of dissatisfaction.

The study of the personal care industry (Diener, 1974) offered perhaps the sharpest comparison of consumer perceptions of problems with manufacturer perceptions as supplied via unsolicited complaints.

In that study, 466 female respondents in 19 cities were surveyed by phone in winter, 1973, in order to determine consumer perceptions of problems with personal care products in the last year. In addition, manufacturer records of unsolicited consumer complaints were examined to determine whether those consumer needs had been communicated to business by consumers, and also then to see whether they had been communicated with enough impact (since only a low percentage of complaints are ever communicated) for business to be responsive.

The personal care problem categories that experienced the highest incidence of problems by regular users were

- . antiperspirants - 16% of the regular users experienced problems with skin irritations or stained clothes
- . mascaras - 13% of the regular users had problems with the product running or with eye irritation
- . hair spray - 11% experienced aerosol malfunction
- . feminine hygiene spray - 6% experienced skin irritations,

The next stage of the research was undertaken to review complaint files for 1971-1973 at 7 representative (by size, type of product, sex of user) personal care manufacturers. One purpose of this stage was to see if the manufacturers had been made aware, via unsolicited complaints, of the specific problems identified by the consumer survey. If so, the cost of auditing consumer complaints is a far less expensive way of obtaining the information than of conducting consumer surveys.

In each instance, the manufacturer files and the complaint summaries reflected these problems. In addition, it was frequently found that manufacturers had moved to respond to the problems as a result, in part, of the complaints. For example, in 1973, Mennen received an unusually high number of complaints about allergic reactions to a new antiperspirant, Mennen E. The product was removed by Mennen from the marketplace later that year.

Several manufacturers were also found to have developed new products as a response to the consumer complaints. Right Guard introduced a new non-staining formula, and several hair spray manufacturers in 1974 started introducing pump packages as alternatives to the aerosol packaging.

Although these are limited examples in a few industries, and are related to individual company files, they do show parallels with the information obtained about consumer dissatisfaction via unsolicited consumer surveys.

CONSUMER SURVEYS

Although consumer complaints and consumer surveys tended to overlap in terms of providing information on the sources of consumer information on dissatisfaction, there are areas in which consumer surveys provide business with information not available in consumer complaints.

Unsolicited consumer complaints, for example, are only infrequently useful in identifying product gaps in the marketplace. Unsolicited product suggestions or improvements can be received by a company but their acknowledgement or acceptance is usually discouraged on the basis of legal liability. Instead, consumer surveys are more frequently used, as Andreasen did (1977), to determine where products might be improved or new products might be developed.

Consumer surveys could also be helpful in determining the levels of consumer dissatisfaction (by determining the frequency of product use and also the frequency of problems) and also the victims of consumer dissatisfaction. Such information is not available from unsolicited consumer complaints.

CONSUMER DISSATISFACTION INFORMATION NEEDS OF GOVERNMENT

Government agencies are said to have different information needs from those of business. While business is concerned with consumer satisfaction from the orientation of sales and profit, agencies have as their objectives the protection of consumers through tools such as laws, trade regulation rules, and consumer education problems (Landon, 1977).

Government agencies need information on consumer dissatisfaction to know how well their existing tools are working, to know if new tools are needed, to know where best to intervene in the marketplace on behalf of the consumer, and also to direct such efforts into the most productive areas. These agencies need to establish public priorities (Handy, 1977; Bechtel, 1977), they need time series data so that they can tell whether the levels of problems are increasing (Hunt, 1977b), or, for problem areas previously identified, whether corrective programs were effective (Pratt, 1972). Finally, they need information on the types of people who were injured by such problems since injured consumers are frequently the very young, the old, the poor, or other groups with special needs.

If it is accepted that resource allocation is a top priority for this area, this allocation is probably best done based on information about the levels of consumer dissatisfaction. It would be inefficient for government agencies to address minor problems with infrequent occurrences in infrequently purchased products. Thus a key question in regard to government information needs is the best way to obtain information about levels of consumer dissatisfaction - consumer complaints or surveys.

Certainly, a great deal of CS/D literature indicates that unsolicited complaints do not make good measures of the intensity or levels of problems or of the people with those problems. The following reasons for this are given:

- . Many persons with complaints never complain. Surveys by both Nielsen (1977) and Diener (1974) indicated that less than 5% of those with problems complained either to business or government.
- . Complainers therefore are unrepresentative of the general population who have problems.
- . While the range of complaint types is available in unsolicited complaints to a government agency, just as for business, the true levels and intensity are not...more serious problems may be over-represented (Day & Bodur, 1977) and rates of product usage are not known (Day, 1977).

While acknowledging the logic of these arguments, it should still be noted that strong parallels have occurred in government agencies and overlaps between the information gathered on major sources of consumer dissatisfaction by unsolicited consumer complaints and by consumer surveys. As was mentioned before, the Office of Consumer Affairs of HEW has received a large number of complaints on auto service, appliances, TV and audio, and home repair services...areas also identified by consumer surveys.

Even with this overlap however there still appears to be a need to use consumer surveys for government - so that correct priorities can be established among the hundreds of product categories or industries. OCA people are the first to acknowledge that their letters tend to be more representative of their speech topics than of actual occurrences in the marketplace.

In addition, consumer surveys are needed to determine information on the characteristics of the victims of consumer dissatisfaction - information that is definitely not available on unsolicited consumer complaints.

SUMMARY

In summary, unsolicited consumer complaints, although not reflective of levels of consumer problems, are useful and valid sources of information to business on consumer dissatisfaction because they serve as indicators of the causes of dissatisfaction. For government needs, however, measures of consumer dissatisfaction are more appropriate, since government needs to have a basis upon which to establish priorities. In the cases of both business and government, it is impossible to obtain information about the aggrieved consumers from unsolicited consumer complaints and consumer surveys must therefore be used.

REFERENCES

- Andreasen, Alan R., "A Taxonomy of Consumer Satisfaction/Dissatisfaction Measures." Conceptualization and Measurement of Consumer Satisfaction and Dissatisfaction, Marketing Science Institute, 1977, 11-35.
- Andreasen, Alan R., and Best, Arthur, "Consumers Complain - Does Business Respond." Harvard Business Review, July - August, 1977.
- Bechtel, Gordon G., "A Model for Monitoring Consumer Satisfaction." Conceptualization, et. al., Marketing Science Institute, 1977, 187-214.
- Day, Ralph L., "Toward a Process Model of Consumer Satisfaction." Conceptualization, et. al., Marketing Science Institute, 1977, 155-183.
- Day, Ralph L., and Bodur, Muzaffer, "A Comprehensive Study of Satisfaction with Consumer Services." Consumer Satisfaction, Dissatisfaction and Complaining Behavior, School of Business, Indiana University, 1977, 64-74.
- Diamond, Stephen L, Ward, Scott, and Farber, Ronald, "Consumer Problems and Consumerism: Analysis of Calls to a Consumer Hot Line." Journal of Marketing, 40 (January, 1976), 58-62.
- Diener, Betty J., "Information and Redress: Consumer Needs and Corporate Responses; the Case of the Personal Care Industry." Doctoral Thesis, Cambridge, Mass., Harvard Business School, 1974.

Hardy, Charles R., "Monitoring Consumer Satisfaction with Food Products." Conceptualization, et. al., Marketing Science Institute 1977, 215-239.

a) Hunt, H. Keith, "CS/D - Overview and Future Research Directions." Conceptualization, et. al., Marketing Science Institute, 1977, 455-488.

b) Hunt, Keith H, "CS/D: Bits and Pieces." Consumer Satisfaction, et. al., 1977, 38-41.

Landon, E. Laird, Jr., "Consumer Satisfaction Differences Between Industry and Government." Conceptualization et. al., Marketing Science Institute, 1977, 355-362.

Nielsen, A.C. and Company, "A New Look at Consumer Attitudes Toward Product Quality," 1977.

Pratt, Robert W., Jr., "The ICS and Corporate Marketing Policy." Proceedings of the Third Annual Conference of the Association for Consumer Research (College Park, MD: Association for Consumer Research, 1972), 713-737.

* At the time this paper was originally presented, Dr. Diener was Assistant Dean of Case Western Reserve University. She is now Dean of the School of Business Administration at Old Dominion University.