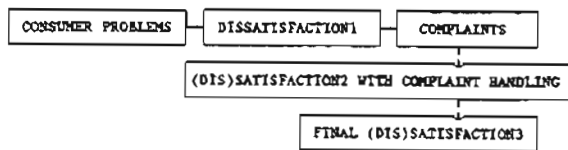


CONSUMER PROBLEMS AND SATISFACTION IN A RETAIL SETTING

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INTRODUCTION

It is generally accepted, that the (dis)satisfaction of the customers can be seen as an indicator of the functioning of the economic system, of social welfare, and of consumer products and services. In this study, consumer satisfaction in a retail setting is investigated. One should distinguish consumer problems, satisfaction/dissatisfaction (1) before complaining, consumer complaints, satisfaction/dissatisfaction with the complaint handling (2) and final satisfaction/dissatisfaction after complaining (3).



Consumer problems can be defined as the difference between the expected performance of a product or service and the realization of the product performance. The experience of problems with a product or a service often leads to dissatisfaction¹. However, problems attributed to oneself as a buyer will not lead to dissatisfaction.

Consumer complaints are often the result of dissatisfaction¹. A complaint is the uttering of a problem and the resulting dissatisfaction¹ to the retailer or the producer. Dissatisfaction, however, can also lead to some other forms of complaining behavior. The consumer can decide not to buy a good or service again. Another consequence may be negative word-of-mouth. In order to avoid the negative effects of dissatisfaction it is better to prevent the occurrence of problems, especially those problems leading to dissatisfaction¹ and complaining behavior.

Note the difference between dissatisfaction¹, dissatisfaction², and dissatisfaction³. The second kind of satisfaction/dissatisfaction is related to complaint handling. The third type of (dis)satisfaction is the result of the complaining behavior. It is the final satisfaction/dissatisfaction depending on how the complaint was handled by the retailer or producer.

In this study, consumer problem perception, satisfaction/dissatisfaction, and complaining behavior has been investigated for four products in a Dutch chain retail store, HEMA. The purpose of the study performed is twofold. The first purpose is to better understand the relations between problems, satisfaction and complaining behavior. The second purpose is (a) to investigate the satisfaction with four distinct product groups of a retailer, (b) the attributes which are important for the consumer when evaluating the product, and (c) the attributes leading to satisfaction/dissatisfaction.

Products

Four different products were chosen for this study based on the following considerations:

1. Products with a different degree of consumer involvement.
2. Products with a different degree of complexity.
2. Strongly based products of the retailer.
3. Products to be considered for product improvement.

The products that were selected based on these considerations are: (1) cheese; (2) underwear; (3) wristwatches; and (4) vacuum cleaners.

It is assumed that cheese and underwear have low levels of complexity and consumer involvement, whereas watches and vacuum cleaners have higher levels of complexity and involvement. Some of these products were considered by the retailer for improvement.

Research Design

The data were collected by verbal questionnaires. Before the questionnaires were constructed, four focus group discussions were held in the cities of Haarlem and Gouda (in March, 1988). Participants were women in the age group 20-50 years. This was done to obtain necessary information to construct the questionnaires.

- From the focus groups information was generated on:
- important attributes of each product.
 - frequent problems and complaining actions.
 - complaining behavior.
 - buying behavior.

With the help of the obtained information four different questionnaires were constructed; one questionnaire for each product. Each questionnaire contained questions on problems, satisfaction/dissatisfaction, and complaints. First consumers were asked to name the problems they had with the product. Secondly they were asked to rate their satisfaction with the attributes and the product. Thirdly it was asked whether they did undertake some complaining action.

The questionnaire survey was held in the week of October 24-29, 1988, in two different HEMA stores at the cities of Amsterdam-Osdorp and Amersfoort. The sample from in-store customers consisted of 266 respondents. The sample was composed as follows:

Cheese:	81 respondents.
Underwear:	63 respondents.
Watches:	80 respondents.
Vacuum-cleaners:	42 respondents.

RESULTS

Service Related Problems Versus Technical Problems

It appears that the higher the product complexity and the consumer involvement, the more problems were

reported. But not only the number of problems increase when complexity increases, also the kind of the problems is different with high product complexity. For cheese, all problems are service related. Underwear is a product with 16% service related problems, closely followed by watches. The vacuum cleaners have the lowest percentage service related problems.

The number of technical problems is just the other way round. Vacuum cleaners have the most problems relating to the product, whereas cheese has no technical problems (Table 1).

Table 1
Service Problems and Technical Problems With Products

	% Problems		Satisfaction	
	Service	Technical		
Cheese	5%	0%	100%	6.07
Underwear	30	84	16	6.06
Watches	34	89	11	6.07
Vacuum Cleaners	62	96	4	5.44

Consumers with and without problems are compared on their socio-demographic characteristics. No significant differences were found. However, the groups differed on the reasons they gave why they bought at the retailer HEMA. Consumers without problems gave more often as a reason of their purchase that they pay attention to the product quality. Consumers with problems gave as a reason that they like shopping at HEMA, that HEMA has reasonable prices, and that they appreciate the lenient return policy of HEMA. A conclusion might be that consumers paying attention to the products have more realistic expectations than consumers paying attention to the retailer attributes. Thus, the former group is less dissatisfied.

The attribution of the problems has to do with the kind of problem. The higher the percentage of problems related to service, the more consumers attribute the problem to the retailer. The higher the percentage technical problems, the more consumers attribute the problem to the producer or to themselves. When consumers think the occurrence of the problem is their own fault, they usually say so, because they didn't gather enough information before buying the product.

Problems Versus Satisfaction

Satisfaction with the four products is given in the last column of Table 1. The satisfaction is measured on a 7-point scale. In general consumers are satisfied with the four products, only for vacuum cleaners a lower satisfaction score has been obtained.

In this study the relationship between problems and satisfaction/dissatisfaction was investigated. In another study (Francken, Van Zon and Feenstra, 1985) it was found that the occurrence of problems is a necessary but not sufficient condition for dissatisfaction. In this study, we arrive at the same conclusion. Everyone without a

Table 2
Attribution of Problems

	% Problems				
	Retailer	Producer	Self	Other	
Cheese	100%	-	-	-	
Underwear	16	79	-	5%	
Watches	11	59	7%	22	
Vacuum Cleaners	8	58	31	4	

problem was at least fairly satisfied. Of all people with some problem about one-fifth was more or less dissatisfied. See Table 3 for the results, summed over the four products.

Table 3
Relationship Between Problems and (Dis)Satisfaction I

	No Problem	Some Problems
Very Satisfied	44%	18%
Satisfied	48	42
Fairly Satisfied	8	19
More or Less Dissatisfied	1	21

$X^2 = 55.59, p < 0.005$

Not only the presence of a problem may lead to dissatisfaction, the number of the problems is also of influence. The more problems are experienced, the more dissatisfied consumers will be.

Table 4
Relationship Between Number of Problems and (Dis)Satisfaction

	One Problem	Two or More Problems
(Very) Satisfied	65%	54%
Fairly Satisfied	26	8
More or Less Dissatisfied	9	38

$X^2 = 10.80, p < 0.005$

Attributes Leading to (Dis)Satisfaction

The direct measure of (dis)satisfaction is to ask consumers how satisfied they are about a product or service. Asking consumers only how satisfied they are with the product or service results in an measure of overall satisfaction. A product can be seen as composed of a set of attributes, marketing attributes as well as product attributes. When one wants to know the satisfaction with a product, it is not sufficient to measure overall satisfaction, but it is necessary to measure satisfaction with the different attributes. This gives rise to a multi-attribute

measure of satisfaction. Knowing the satisfaction with the different attributes, it is important to know the importance of the attributes to the consumer. If an attribute is not important, it doesn't matter much whether the consumer is or isn't satisfied about this attribute.

As mentioned, a part of the research problem was to identify the attributes that contribute most to (dis)satisfaction. In order to find these attributes the following method was employed:

1. Rating the attributes from most to least important.
2. A multiple regression analysis was performed. The dependent variable was overall satisfaction with the product. The independent variables were the satisfaction scores of the attributes.

In general, the satisfaction scores of the attributes which are significant in the regression, are among the five highest rated attributes.

Cheese

There were not many problems with the cheese bought at the retailer. Because of the low rate of problems a large number of customers was (very) satisfied.

One of the purposes of the study was to investigate which attributes contribute most to the overall satisfaction with cheese. The attributes important for buying and evaluating cheese, selected by stepwise multiple regression are the taste of the cheese and the expertise of the sales personnel. These attributes explain 30% of the variance in satisfaction with cheese.

$$y = 0.47 a_1 + 0.15 a_2 + 2.36 \quad R^2 = 0.30 \\ (5.05) \quad (2.34) \quad (3.80) \quad \delta e = 0.54$$

y = overall satisfaction with cheese.

a₁ = the taste of the cheese.

a₂ = the expertise of the sales personnel.

Underwear

About one-third of the respondents had one or more problems with underwear. Upon asking which problems were the worst, two problems were mostly named. One problem was that the shape of the underwear wasn't good. The other problem was that the quality durability didn't come up to expectations. These two problems were the problems that give rise to dissatisfaction. Other problems had less impact on the satisfaction with underwear.

This conclusion was confirmed performing a regression analysis. The attributes that explain the greatest part of the overall satisfaction with the underwear are:

$$y = 0.58 a_1 + 0.51 a_2 - 0.40 \quad R^2 = 0.77 \\ (6.26) \quad (4.73) \quad (2.10) \quad \delta e = 0.59$$

y = overall satisfaction with underwear.

a₁ = the shape of the underwear.

a₂ = the durability of the underwear.

Watches

About one-third of the consumers had one or more problems with wristwatches. The worst problem the consumers had, was a problem with the watch-string. The problem leading to relative more dissatisfied consumers were poor advice of the sales personnel and the watch going into pieces too soon. It was found by a survey question that wearers of a watch can be divided into two groups. One group are the people that wear a watch primarily as a functional article, i.e. to tell the time. The other group consists of people that wears a watch primarily as an ornament or accessory. We further assume that the attributes of importance for the overall satisfaction are different for both groups. We therefore split the group to perform the regressions. Different attributes were selected by the multiple regression analysis.

Functional watch:

$$y = 0.66 a_1 + 0.68 a_2 - 0.64 \quad R^2 = 0.65 \\ (6.78) \quad (5.43) \quad (2.67) \quad \delta e = 0.58$$

y = overall satisfaction with functional watch.

a₁ = the helpfulness of the personnel.

a₂ = the watch should give the right time.

Watch as an accessory:

$$y = 0.44 a_1 + 0.42 a_2 - 0.19 \quad R^2 = 0.80 \\ (4.00) \quad (3.50) \quad (0.71) \quad \delta e = 0.55$$

y = overall satisfaction with accessory watch.

a₁ = the choice between different watches.

a₂ = the watch should give the right time.

Vacuum Cleaners

Many consumers had one or more problems with vacuum cleaners. There are three kind of problems named. The worst problem was that the vacuum cleaner has not enough suction. The second problem had to do with handling the vacuum cleaner, e.g. too heavy, no usage directions. The third problem is that the vacuum cleaner breaks down too soon. The problems with the suction and the durability give rise to dissatisfied consumers. It is not surprising that the suction and guarantee proved to have the strongest effect on overall satisfaction.

$$y = 0.67 a_1 + 0.74 a_2 - 0.76 \quad R^2 = 0.60 \\ (6.50) \quad (3.80) \quad (1.50) \quad \delta e = 1.21$$

y = overall satisfaction with vacuum cleaner.

a₁ = the suction.

a₂ = the terms of the guarantee.

An overview of the attributes determining the overall satisfaction with the products is given in Table 5.

Herzberg's theory of job satisfaction predicts a discontinuous relationship between dissatisfaction and satisfaction. Attributes when absent lead to dissatisfaction which can't be compensated, are called hygienes. The presence of hygienes is thought to be natural and will not result in a satisfied consumer, but in a not-dissatisfied consumer (Swan and Combs, 1976; Maddox, 1981). Attributes which, given the presence of the hygienes, result in a satisfied consumer, are called the motivators.

The absence of these motivators will not lead to a dissatisfied consumer but to a not-satisfied consumer.

Table 5
Overview of the Determining Attributes

Cheese:	taste	
	knowledge personnel	
Underwear:	shape	*
	durability	*
Functional Watch	helpfulness of personnel	
	right time	
Watch as an Accessory:	choice	
	right time	
Vacuum Cleaner:	suction	*
	guarantee	

For the marked attributes (*) a "Herzberg" effect occurs. The products in question are the underwear and vacuum cleaners. Dissatisfaction with the shape or/and the durability of the underwear always leads to dissatisfied consumers. The dissatisfaction cannot be compensated by satisfaction with other important attributes. On the other hand satisfaction with these attributes leads to higher levels of satisfaction with the underwear and never to dissatisfaction with the product. The same holds for the suction of the vacuum cleaner.

Complaints

One would expect that consumers take more action to complain in case of problems and dissatisfaction with complex products such as the vacuum cleaner. However, most complaining action is done with cheese, next watches and underwear. The frequency of purchase and the purchase interval facilitates complaining about cheese. Problems with cheese are easily demonstrated. Problems with underwear are more difficult to prove. A low suction is difficult to demonstrate. Consumers also have less experience with vacuum cleaners than they have with cheese (Table 6).

Table 6
Complaining Behavior

	<u>% Complaints</u>	<u>Easily Demonstrated</u>
Cheese	75%	100%
Underwear	44	6
Watches	37	53
Vacuum cleaners	12	25

The way the complaint is handled determines the satisfaction/dissatisfaction after complaining. Normally consumers are satisfied with a replaced or repaired product. Otherwise dissatisfaction₂ is often the result.

In Table 7 the relation between satisfaction/dissatisfaction with the complaint handling and the type of compensation is given. Customers who got their money back or received a replacement or had their product

repaired, were (very) satisfied. Customer without compensation are fairly satisfied or dissatisfied.

Table 7
Relationship Between Satisfaction/ Dissatisfaction₂ and Type of Compensation

	<u>No Compensation</u>	<u>Money Back</u>	<u>Replaced/ Repaired Product</u>
(Very) Satisfied		17%	61%
Fairly Satisfied	6%		
More or Less Dissatisfied	17		
	23	17	61

The satisfaction/dissatisfaction₂ with the complaint handling and the final satisfaction/dissatisfaction₃ are related (Table 8), although in an asymmetrical way. Customers that are satisfied with the handling and outcome of their complaint, are frequently satisfied with the product. Customers that are dissatisfied with the handling and outcome of their complaint, are also dissatisfied with the product.

Table 8
Relationship Between Satisfaction/ Dissatisfaction₂ with the Complaint and the Final Satisfaction/Dissatisfaction₃ with the Product

	<u>Satisfaction/Dissatisfaction₃</u>		
<u>Satisfaction/ Dissatisfaction₂</u>	<u>Very Satisfied</u>	<u>Fairly Satisfied</u>	<u>More or Less Dissatisfied</u>
(Very) Satisfied	53%	7%	13%
Fairly Satisfied			7
More or Less Dissatisfied			20

Conclusion

The number of the problems as well as the kind of the problems is different for the four distinguished products. The higher the complexity of the product the more problems. Also the higher the complexity the more the problems are product related and not service related. A necessary condition for dissatisfaction is the presence of a problem. However not everybody who has one or more problems, is dissatisfied. Stated in another way, a problem is a necessary but not a sufficient condition for dissatisfaction. Dissatisfaction with a product is the result of dissatisfaction with an attribute. In turn this dissatisfaction with an attribute is the result of a problem relating to this attribute. Dissatisfaction is the result of the discrepancy between expected and realized performance.

To prevent dissatisfaction the retailer therefore has two options. One option is to adapt the expectations to the product so that expected and realized performance agree

with each other. These adaptations in product or in expectation should especially be made in those attributes that contribute most to satisfaction.

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