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# Telecommunications Policy

URL: [www.elsevier.com/locate/telpol](http://www.elsevier.com/locate/telpol)

## Consumer complaint behaviour in telecommunications: The case of mobile phone users in Spain



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### ARTICLE INFO

Available online 10 June 2015

#### Keywords:

Consumer complaint behaviour  
Mobile phones  
Consumer retention  
Consumer satisfaction  
Consumer loyalty  
Voice  
Exit  
Service failure  
Complainers

### ABSTRACT

This work analyses the post-purchase behaviour of mobile phone users once they have experienced a service failure. Taking into account the existing literature on Consumer Complaint Behaviour (CCB), a survey for 4249 individuals in Spain is used for specifying econometric equations that explain the determinants of the complaining decision and the impact that a proper complaint management may have on overall satisfaction. The results suggest that dissatisfaction is not a necessary condition for complaining and that the propensity to complain is different depending on the type of problem experienced by the customer. Another finding is that a proper handling of complaints by the company may constitute a source of improvement in the overall user satisfaction and profitability of the firm. This result is of interest for its implications when designing a company's marketing strategy. Accordingly it seems reasonable to use complaint management as a powerful tool to retain customers.

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## 1. Introduction

In the increasingly competitive telecommunications market, firms more and more pay attention to maintaining a loyal customer base. Loyal customers often cost less to service, spend a longer time with the company and provide a good source for new business. On the other hand, dissatisfaction diminishes the customer base and erodes the firm's reputation. Consumer dissatisfaction is a serious problem in the case of service industries with a large and negative impact on profitability (Reichheld & Sasser, 1990).

Obviously, customer retention (or the degree of loyalty of the consumer to the company) will be greater the higher the level of consumer satisfaction. Due to this, there exists quite a number of published papers (Bowen & Chen, 2001; Dubé & Maute, 1996; Garbarino & Johnson, 1999) showing the relationship between customer satisfaction and loyalty to the company. Thus, according to that literature, the goal of the company should be to attain the greatest possible satisfaction trying to avoid any service failure. But, in the real world service failures are almost unavoidable and, therefore, it is important to learn how to manage them to try to get a second chance from the customer.

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There exists a whole area of research, consumer complaint behaviour (CCB), which deals with the identification and analysis of all aspects involved in the consumer's reaction to a product or a service failure and the consequent perceived dissatisfaction.

The aim of this work is to contribute to a better understanding of post-purchase behaviour of telecommunications consumers in Spain. Assuming that failures will happen, the specific reactions will be analysed.

CCB has received wide attention since the seminal work by [Hirschman \(1970\)](#): the exit, voice and loyalty theory. According to this theory, a consumer facing dissatisfaction with a good (product or service), takes one of three possible actions: stop buying from the firm (exit), express discomfort with the current situation (voice), or remain silent (loyalty). Hirschman implied that a rational individual would choose his or her response following a thorough reasoning process that involves evaluating the costs and benefits of each action and its probability of success: for example, a loyal customer would choose to silently remain with the firm, believing that the costs of either complaining or searching for another supplier, would outweigh the likelihood of an improvement. Major conceptual contributions to this theory went deeper into the characterization of the consumer's responses to dissatisfaction: In [Day and Landon \(1977\)](#) responses are expanded by first making a distinction between action (voice and exit) and no action (loyalty). Action is then subdivided into "public" (voice) or "private" (exit and negative word-of-mouth). Public action means to seek redress by complaining either directly to the firm, to a third party or by taking legal action. In [Singh \(1990\)](#) consumers are classified into four types according to their responses: passives (those taking no action), voicers (those complaining directly to the firm), irates (angry consumers engaging in negative WOM) and activists (those who also complain to a third party seeking social benefit in addition to private redress).

Hirschman also pointed out the influence that industrial organization may exert on the consumer's action: in a monopoly the cost of exiting is very high (since it actually means giving up the good) and the likelihood of obtaining an improvement after voicing a complaint is very low (since the monopolist, being the sole provider, has no incentives to improve). Therefore, in a monopoly one would expect to observe mostly silent loyal customers. As competition increases, the cost of exiting declines and the probability of improvement after voicing rises, therefore it is more likely to observe customers that complain (voice) or that leave the firm (exit). This influence has also been supported by other studies (see [Andreasen, 1985](#); [Singh, 1991](#); [Kolodinsky, 1993](#); [Tronvoll, 2007](#)).

In an attempt to better understand CCB, a wide range of studies have focused in antecedents different from cost–benefit analysis and market structure. Individual dimensions such as demographic characteristics, customer experience, socio-cultural values, and psychological, emotional and personality traits, have been among the most studied factors affecting CCB (see [Crié, 2003](#); [Butelli, 2007](#)). However, the results regarding these dimensions are generally not robust in the sense that they vary across different products or services. Moreover, the complex interdependencies and relations between these dimensions may either enhance or diminish the influence of the economic drivers of CCB imbedded in the exit, voice and loyalty theory (i.e. the individual cost–benefit assessment and the market structure of the good). For instance, based solely in cost–benefit analysis, one should expect individuals with higher income to normally complain less because of their higher opportunity cost of time. Nonetheless, the majority of studies involving demographics (see [Tornvoll, 2007](#)) show a positive relation between higher income and complaining. The rationale behind this result is that higher income individuals are also usually more educated, more socially and politically involved, have more market experience and have more personal confidence levels; dimensions all of which have been found to have a positive influence on complaining (see [Tornvoll, 2007](#); [Butelli, 2007](#)).

Despite the extensive literature on CCB, there are few studies addressing the particular case of telecommunications consumers ([Nimako & Mensah, 2012](#); [Nimako, 2012](#)). This paper attempts to begin filling that void. The focus on telecommunications consumers is interesting in two ways. First, it contributes to the general CCB field since, as stated by previous research, post-purchase consumer behaviour is different depending on the characteristics of the product or service involved<sup>1</sup> ([Best & Andreasen, 1977](#); [Day & Landon, 1977](#)). Second, it is particularly interesting for the telecommunications sector because complaints have a direct impact on the customer's defection intention. As [Arnould, Price, and Zinkhan \(2004\)](#) pointed out, dissatisfied customers who do not complain are more likely to discontinue purchasing, which means, that they are more likely to defect than those who complain. In other words, the majority of complaining customers will continue to buy the product or service, compared to those who are dissatisfied but do not bother to complain ([Sheth, Mittal, & Newman, 1999](#)). So if operators are interested in avoiding customers leaving the company, it is essential to get a second opportunity for the company by promoting customer complaints and dealing with them appropriately.

There are several works dealing with the behaviour of Spanish telecommunications users ([Gijón, Garín-Muñoz, Pérez-Amaral, & López-Zorzano, 2013](#); [Garín-Muñoz, Gijón, Pérez-Amaral, & López, 2013](#)). Those works are about the satisfaction of users and its determinants. The present paper shares the same database with the studies mentioned above. A database of high quality, and which covers a variety of behavioural aspects of telecommunications consumers in Spain. But apart from this, the three papers analyze individual and distinct [distinct and different are the same word] questions related to consumer telecommunications. While the first two papers study consumer satisfaction (in one case, mobile users and, in the other, mobile internet users), the present paper examines the complaint behaviour of users who have declared a service

<sup>1</sup> Consumers seem to experience a greater propensity to complain about services than about products. It also appears to be particularly significant how essential the product or service is for everyday life.

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