

Online complaint handling practices: Company strategies and their effects upon post-complaint satisfaction

Pierre-Nicolas Schwab

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Keywords: complaint-handling; online; double-deviation; perceived justice

JEL Classifications: M31

CEB Working Paper N° 15/005
February 2015

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ABSTRACT

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INTRODUCTION

The willingness of companies to be receptive to customer complaints is critical for company profitability and sustainability (Fornell & Wernerfelt 1987; Rust, Lemon & Zeithaml 2004). Effective complaint-handling increases re-purchase intention (Halstead & Page 1992), decreases negative word-of-mouth (Bolkan, Goodboy & Bachman 2011), increases positive word-of-mouth (Gelbrich & Roschk 2010), and may lead to even greater customer loyalty and satisfaction than if the associated service failure had not occurred (Magnini, Ford, Markowski & Honeycutt Jr. 2007; Michel & Meuter 2008). Despite this evidence, approximately one half to two thirds of firms fail to resolve complaints to the customer's satisfaction (Davidow 2012; Estelami 2000; Grainer, Broetmann, & Cormier 2003).

Over the last twenty-five years, research on customer complaints has predominantly focused upon the customer's side to the relative exclusion of organizational practices (Davidow 2003; Homburg, Fürst & Koschate 2010; Smith, Karwan & Markland 2012). Moreover, of the few studies that have examined the impact of complaint handling practices on post-complaint satisfaction, findings are inconclusive (Gelbrich & Roschk 2010; Orsingher, Valentini & de Angelis 2010), possibly as a result of wide variations between studies in the communication contexts involved. One might also question whether the findings from research conducted twenty years ago—when complaints were submitted by postal mail—are still relevant in the current era of e-technology: Despite the increasing use of the internet in customer-firm interactions, scant research attention has been paid to the issue of how organizational practices are shaped by computer-mediated communication (Davidow 2012). The inconsistencies in past research findings, together with the ever-changing nature of firm-customer interactions, means that further research is required on firms' complaint-

handling practices within an on-line context. The present study aims to examine: (1) the nature of firms' complaint handling practices in an online context and, (2) which practices are most strongly associated with post-complaint satisfaction. Unlike previous research—which has predominantly utilized experimental methods—the present study utilized a dataset of naturally occurring exchanges between complainants and firms. These exchanges spanned a period of eight years and the practices of 179 firms. The study hypotheses were derived from theory and research on the attributes of perceived justice.

Findings showed that firms rarely implement best practices for complaint handling; however, the use of bad practices—those that destroy customer satisfaction—is prevalent. Furthermore, a multinomial analysis revealed that the dimension of customer complaint handling that outweighs all others in terms of its relationship with post-complaint satisfaction is the provision of evidence that the customer's problem has been, or is about to be, solved.

LITERATURE REVIEW

Research in the area of customer post-complaint satisfaction has predominantly focused on the consumer's side and the antecedents of post-complaint satisfaction; much less research attention has been paid to organizational factors (Davidow 2003, Homburg et al. 2010; Smith et al. 2012). Perhaps unsurprisingly, therefore, firms' complaint handling practices are not changing as fast as one would hope. The present research draws upon justice theory and research to propose a list of effective organizational complaint-handling practices; it then examines the prevalence of these practices and their relationships with customers' post-complaint satisfaction.

Compensation

“Compensation” is a monetary benefit granted to the complainant to attenuate his/her dissatisfaction; as such, it can refer to a refund, replacement of the defective product with its non-faulty equivalent (or similar product), a discount on the purchase, or a discount / voucher for an upcoming purchase (Estelami 2000). Although no research to date has specifically focused on the effects of compensation in the context of online transactions, evidence from face-to-face transactions suggests that providing compensation increases post-complaint satisfaction (Gelbrich & Roschk 2011). Evidence also suggests that the majority of companies provide compensation when faced with a customer complaint (Hoffman, Kelley & Chung 2003); thus, companies generally appear to value compensation as an effective complaint handling strategy.

Findings from a recent meta-analytic review suggest that compensation is a powerful determinant of distributive justice (that is, the perceived fairness of outcomes) (Gelbrich & Roschk, 2010). Distributive justice is, in turn, strongly associated with post-complaint satisfaction (Orsingher et al. 2010), and may be the most salient determinant of transaction-specific satisfaction. In light of this evidence, the first two hypotheses to be tested in the present study are as follows:-

H1 : the majority of firms will respond to an online complaint by offering a compensation;

H2 : proposing a compensation to the complainant will be positively associated with post-complaint satisfaction.

Apology

Offering an apology is a powerful way to increase the likelihood of post-complaint satisfaction (Boshoff & Leong 1998; Davidow 2003; Goodwin & Ross 1990; Tax, Brown &

Chandrashekar 1998). It is perhaps unsurprising, therefore, that over 50% of companies receiving a complaint respond with at least one type of apology (Baer & Hill 1994). Apologies may be especially prevalent in the double-deviation context of the present study where complainants are forced to complain publicly to seek redress following a first unsuccessful direct attempt. The most frequent type of apology is a formulaic expression such as “we are sorry” and “we regret”, although approximately one-fourth of apologies take the form of excuse-making (Meier 1998). Both formulaic expressions of apology and excuses incorporate a firm’s acknowledgement of the existence of a problem; however, personal *responsibility* for the problem is denied in cases of excuse-making, but accepted (albeit implicitly) in cases of formulaic expressions of apology. Findings from survey research among dissatisfied customers generally show that excuses are viewed negatively (see, for example, Tax et al. 1998), likely because this form of apology involves citing an external cause or mitigating circumstance (Shaw, Wild & Colquitt 2003). Thus, Boshoff and Leong (1998) recommend that firms avoid excuses as much as possible.

Scott and Lyman’s (1968) taxonomy of ‘account statements’ makes a distinction between excuses and justifications. According to these theorists, the key difference between excuses and justifications is that whereas the former involves the denial of personal responsibility, the latter involves the *acceptance* of personal responsibility. However, justifications also comprise a denial of the pejorative (or negative) quality associated with the act that is the subject of the complaint; thus, justifications are regarded as more threatening and are more anger-provoking than are excuses (Meier 1998). Based upon the foregoing evidence, the following hypotheses are generated:-

H3 : the majority of firms receiving a complaint will provide at least one form of apology;

H4 : formulaic expression of apology will be the most frequently occurring type of apology, followed by excuses and justifications;

H5: when the firm's response to a complaint includes a formulaic expression of apology, post-complaint satisfaction will increase;

H6: excuse for service failure in terms of citation of an external (third party) cause will be negatively associated with post-complaint satisfaction;

H7: justifications for service failure will be negatively associated with post-complaint satisfaction.

Taking responsibility

Attribution theory posits that when a service failure occurs, the customer will spontaneously diagnose the causes of the failure (Weiner 1985). Although customers make inferences as to the causes of service failures along several dimensions (Weiner 2000), of particular relevance in the present context is whether the customer perceives the cause of the service failure as lying within the firm ('internal locus') versus out-with the firm ('external locus'). Since the very act of complaining indicates dissatisfaction and the attribution of blame to the culprit company, it can be assumed that the complainant perceives the locus of causality as lying within the firm (Folkes 1984, 1985). Thus, the culprit company must then decide whether to accept responsibility for the failure. Accepting responsibility is a core component of procedural justice, and when the company denies responsibility for a service failure, the situation worsens and the dissatisfied customer experiences heightened negative affect (Tax et al. 1998). In light of this theoretical and empirical evidence, it is unsurprising

that taking responsibility is regarded as a best practice for complaint management procedures (Homburg & Fürst 2005; Tax et al. 1998). On the basis of this evidence, the following hypotheses are posited:

H8a: taking responsibility for the service failure will be associated with increased post-complaint satisfaction;

H8b: refusing to take responsibility for the service failure will be associated with decreased post-complaint satisfaction.

Response Time

The speed with which a culprit firm responds to the customer's complaint is an aspect of procedural justice—that is, the perceived fairness of the means by which the ends are accomplished (Lind & Tyler 1988)—and is a significant correlate of post-complaint satisfaction (Estelami, 2000; Mattila & Mount 2003; Smart & Martin 1992; Tax et al. 1998). Estelami (2000) found that the promptness with which complaints were dealt with was the second most important characteristic of both delightful and disappointing complaint outcomes across a variety of goods and services. A key explanation for the influence of response time upon post-complaint satisfaction is that a prompt response shortens the period of time during which the dissatisfied customer endures negative emotions (Zhou, Tsang, Huang and Zhou 2014). Providing a timely response to customer complaints may be particularly important in the current era of internet technology which allows for instantaneous exchanges. Indeed, an increased dependence upon e-technology increases the customer's expectation of a prompt response to their complaint (Mattila & Mount 2003); this could, in turn, impose further pressure on companies to resolve complaints quickly. On the basis of the above evidence, the following prediction is proposed:-

H9: Promptness in responding to the customer's complaint will be positively associated with post-complaint satisfaction.

Process aspects (convenience, control, knowledge, flexibility)

The importance of the existence of clear processes for complaint-handling is advocated by many authors (Bhandari, Tsarenko & Polonsky 2007; Goodwin & Ross 1992; Goodwin & Ross, 1990; Johnston 2001; Martinez-Tur Peiro, Ramos & Moliner 2006; Michel, Bowen & Johnston 2009; Tax et al. 1998). Best practices include clear procedures that ensure the reliability of the complaint handling process, and the consistency of the outcome in a short timeframe. Complaint processing must be convenient for the customer (Bolting 1989)—that is, it should be based on a single point of contact, easy to access, and easy to use (Johnston 2001). Although the modern consumer expects companies to implement such procedures (Ong & Chan 2014), they frequently face obscure procedures to obtain redress and, consequently, experience frustration and dissatisfaction (Johnston 2001; Johnston & Mehra 2002; Tax et al. 1998).

Knowledgeable staff are an important means for achieving proactive service recovery (Durvasula & Lysonski 2010). Customers tend to believe that if a service recovery depends upon the employee then the employee assigned to their case must be the right one for satisfactory complaint resolution (Goodwin & Ross 1990). Thus, if the employee fails to demonstrate adequate knowledge of the rules and procedures for complaint-handling, the customer is likely to experience high levels of dissatisfaction (*cf.* Fiske & Taylor, 1991). The customer's perception that the firm representative lacks sufficient knowledge of internal complaint handling procedures can impact upon other dimensions of procedural justice such as convenience (Tax et al. 1998).

Notwithstanding the importance of the employee's knowledge of complaint-handling rules and procedures, service recovery situations often call for flexibility on the part of the employee. Flexibility pertains to the adaptability of procedures to reflect individual circumstances and, as a further component of procedural justice, is positively associated with customer satisfaction (Bitner, Booms & Tetreault 1990; Gelbrich & Roschk 2010; Narver & Slater, 1990).

The preceding review of the literature on process aspects of procedural justice leads to the following hypotheses:-

H10: the lower the convenience of the process, the lower the post-complaint satisfaction;

H11a: the complainant will feel more satisfied if the employee displays knowledge of the rules and procedures for complaint-handling;

H11b: the complainant will feel less satisfied if the employee displays no knowledge of the rules and procedures for complaint-handling;

H12a: the complainant will feel more satisfied if an employee displays flexibility in the application of rules and procedures;

H12b: the complainant will feel less satisfied if an employee lacks flexibility in the application of rules and procedures.

Politeness

Employee politeness—which has been measured largely in terms of politeness 'markers', such as 'Good Morning' or 'Thank You'—has a significant impact upon post-complaint satisfaction (Dickinger & Bauernfeind 2009; Mattsson, Lemmink & McColl 2004;

Orsingher et al. 2010), by preventing the exacerbation of negative feelings in the complainant (Davidow 2003; Tax et al. 1998) and inducing perceptions of interactional justice (Tax et al. 1998). Orsingher et al's. (2010) meta-analytic findings showed that politeness was the second most important antecedent of customer satisfaction. Within the specific context of online complaint handling, existing evidence suggests that most companies use at least four politeness markers: a salutation, addressing the complainant by his or her name, imparting the identity of the company and/or the company's representative, and 'Thank You' (Dickinger & Bauernfeind 2009; Strauss & Hill 2001).

Politeness can be conceptualized not only in terms of politeness markers, but also in terms of the broader dynamics of customer-firm exchanges. Specifically, according to Brown and Levinson (1987), individuals strive to simultaneously convey a positive image of themselves whilst defending their territory; these strivings map on to the concepts of 'positive face' and 'negative face', respectively. Where one party to an exchange fails to achieve these goals, one's face or the face of the other is threatened. Thus, according to this view, 'politeness' is a communication style—verbal or non-verbal—used by the communicator to maintain the listener's face. In the context of effective complaint-handling, this sociological perspective holds that politeness entails the *avoidance* of face-threatening acts (FTAs) towards the customer and the *acceptance* of face-threatening acts on either the company's face or the company representative's face. FTAs have been shown to play an important role in complaint-handling situations, and are significantly associated with customer loyalty (Schwab & Rosier 2013). The preceding evidence leads to the following hypotheses:-

H13: The majority of firms will use politeness markers when answering a customer complaint;

H14: politeness markers will be positively associated with post-complaint satisfaction;

H15a: FTAs on the customer's face will be negatively associated with post-complaint satisfaction;

H15b: FTAs on either the company's face or the company representative's face will be positively associated with post-complaint satisfaction.

Empathy

Precisely how empathy should best be conceptualized is the subject of considerable debate; however, theoretical perspectives generally fall into two categories: empathy as an emotional reaction to other people's experiences versus a cognitive understanding of other people's experiences (Preston & de Waal 2002; Wieseke, Geigenmuller & Kraus 2012) (cited in Simon, 2013). In the context of customer complaints, affective empathy is displayed when the firm's representative acknowledges the customer's status as a victim and tries to put her- or himself "in the shoes" of the customer; cognitive empathy is displayed when the firm's representative expresses her or his willingness to solve the problem and proposes a way to resolve the complaint.

Employee empathy is crucial for understanding and satisfying customer needs (Drollinger, Comer & Warrington 2006; Giacobbe, Jackson, Crosby & Bridges 2006) (cited in Simon, 2013). Simon (2013) found that the empathy bestowed by a firm representative elicits feelings of gratitude and satisfaction concerning the complaint outcome which, in

turn, leads to stronger repurchase intentions. On the basis of this evidence, the following hypotheses are formulated:-

H16a : the provision of affective empathy will be positively associated with post-complaint satisfaction;

H16b : the provision of cognitive empathy will be positively associated with post-complaint satisfaction.

Explanations

Appropriate explanations for service failure can enhance customer loyalty (Wang & Mattila 2011). An appropriate explanation is one that includes reasoned arguments in support of the firm's actions (Bradley & Sparks 2012). A lack of explanations as to why procedures were used in a certain way or why outcomes were distributed in a certain manner threatens perceptions of informational justice (Colquitt 2001; Greensberg 1993)—a component of interactional justice that relates to the perceived adequacy and candidness of explanations (Colquitt 2001); conversely, the provision of a factual account of the reasons behind a service failure enhances the customers' sense of informational justice (Mattila & Cranage 2005). Since adequate explanations also change the attributions that customers make for the service failure (Conlon & Ross 1997; Mattila & Patterson 2004), they are likely to be particularly important for post-complaint satisfaction in the double-deviation context in which blame has already been attributed to the firm (*cf.* Lee & Park 2004).

Although the effectiveness of an explanation is largely determined by its content (Bies 1987; Shapiro, Buttner & Barry 1994), explanation format is also likely to influence customer satisfaction. Theoretical evidence suggests that message recipients process

information not only via a central route (one based upon message content), but also via a peripheral route (one based upon superficial features such as source credibility and message length) (Petty & Cacioppo 1986). In support of this theorizing, Mattsson et al. (2004) found a positive correlation between the length of firms' responses to complaints and consumers' post-complaint satisfaction. Thus, the present study shall examine the role of both explanation quality and explanation length in customers' post-complaint satisfaction. Specifically, the final hypotheses to be tested in the present study are as follows:-

H17a: the presence of an explanation as to why the problem arose will be associated with increased customer satisfaction;

H17b: the absence of an explanation as to why the problem arose will be associated with decreased customer satisfaction;

H18: the greater the number of words provided in the firm's response to the customer's complaint, the higher the customer's satisfaction.

Context and Aims of the Present Study

The present study aimed to examine (1) the nature of firms' complaint-handling practices, and (2) the relationship between these practices on the one hand and customer post-complaint satisfaction on the other. Study hypotheses were tested within a real-life online double-deviation context involving exchanges between complainants and 179 firms.

METHODOLOGY

The present study used naturally occurring data from an online forum (www.lesarnaques.com) where interactions between complaining customers and firms take place. "Les Arnaques" is the largest online repository of complaints in French language and

has existed since 2003. The complaints posted on this forum generally follow the double-deviation scenario (Johnston & Fern 1999): The forum is permitted for use by French-speaking consumers in search of redress when a first (direct) complaint was either left unanswered or when the answer provided was deemed unsatisfactory; postings are disallowed unless the complainant has already attempted to contact the company directly. Les Arnaques represents a third party involved in the resolution of the complaint. This third-party role is played by the moderators of the forum and other consumers / fellow forum participants.

Sample

A total of 22336 exchanges between complainants and firms spanning an 8-year period were retrieved and archived. 74 of the 297 registered firms had been inactive. Of the remaining 223 registered firms, 22% had been active in the first 30 days only. The present study is based upon data from a sample of 936 exchanges between complainants and those firms who had been active on the forum in the first 30 days only. Exchanges in which the complainant did not respond to a firm's reaction were omitted from analysis. In order to eliminate the potentially confounding influence of other forum users' reactions to firms' answers on the complainant's response, all exchanges where the complainant was not the first to respond to the firm's answer were also omitted from analysis. These exclusions left us with a final sample of 523 exchanges involving 179 firms over an 8-year period. Further details of the sample characteristics are presented in Table 1.

Sample size	N=523
Date of the first answer to a customer complaint	September 6 th 2003
Date of the last answer to a customer complaint	September 9 th 2011
Number of companies in the sample	179
Geographical distribution of the companies in the sample	France : 169 United Kingdom 3 Switzerland 1 Belgium 2 The Netherlands 1 Germany 3
Status of the companies in the sample	Still alive : 124 No longer alive : 54 No information : 1

Table 1. Sample characteristics

It is not unusual in research of this nature to experience difficulties in identifying complaints (*cf.* Hogleve, Eller & Firmhofer 2013). In the present study, some messages referred to difficulties of communication with the firm; others reflected anxiety in relation to awaiting the delivery of a pre-purchased product. Nevertheless, since all messages conveyed criticism of a firm's behavior, we coded all messages as complaints. In order to enhance reliability we followed Hogleve et al's. (2013) coding methodology and removed messages that were not written in French (the official language of the forum).

Measurement of Post-Complaint Satisfaction

Since the forum did not include the provision for users to rate their satisfaction with the company's response to their complaint, the dependent variable—post-complaint satisfaction—was assessed by deducing satisfaction from the emotions conveyed by the complainant in the post appearing immediately (chronologically) after the company's response. Emotions can be reliably interpreted from texts (Leveau, Jhean-Larose & Denhière; 2011; Leveau, Jhean-Larose, Denhière, & Nguyen 2012), and this measurement technique has been used in previous customer satisfaction and complaint handling studies (for example, Mattsson et al. 2004; Smith & Bolton 2002). Satisfaction was rated by two independent coders on a 3-point scale (-1 = 'dissatisfied'; 0 = neither satisfied or dissatisfied; +1 = 'satisfied') (cf. Dröge & Halstead 2003). Discrepancies between coders were resolved through discussion. The inter-rater reliability coefficient was 0.96.

Measurement of Response Time

The response time of the company was measured as the difference (in hours) between the time the complaint was published online and the time the company's response was posted. Since some companies posted responses on Saturdays and Sundays, response time was not adjusted for weekend responses.

Measurement of Word Count

All forum exchanges were copied and pasted into Microsoft Word on individual pages. MS Word capabilities were used to determine the number of words in companies' answers (Conlon & Murray 1996). Automatic signatures were excluded from the word count.

Coding Procedure for the Perceived Justice Framework Components

Coding of the perceived justice dimensions followed the content analysis approach adopted in previous research (e.g., Cho, Im & Hiltz 2003). We started with the initial components of justice proposed by Tax et al. (1998) and completed it with items from Johnston (2001) and Davidow (2003). The perceived justice framework was divided into the *dimensions* of distributive, procedural, and interactional justice. Each of these dimensions consisted of specific attributes (for example, apology; compensation; politeness) to which we assigned distinct *components*. The components were detailed enough to enable precise and reliable coding. On the basis of these components, exhaustive coding instructions were devised and a coding guide was developed. Double blind coding was applied (*cf.* Baer & Hill 1994): Two independent coders worked in parallel following a brief training session and entered the binary codes 'yes/no' in a Microsoft Excel sheet to indicate whether the perceived justice attribute was present in the firm's response. Discrepancies between coders were highlighted in Excel and were resolved through discussion (Taylor 1999). A global initial inter-rater reliability coefficient of 0.9006 was reached. This rate is very high and shows that the coding procedures were precise and reliable. Individual inter-rater reliabilities for each attribute are presented in Table 2.

New categories that emerged during coding were added and the coding was revised accordingly (*cf.* Mayring 2004). Three new attributes emerged during the coding: The first pertained to a FTA made to the face of the firm's representative and mapped onto the notion that a first person apology (FTA for positive face) goes beyond a corporate apology and implicitly includes the acknowledgement of responsibility (Johnson & Fern 1999). The second new category was labelled "solved" and referred to situations where the problem had already been resolved or was about to be resolved. This code applied especially to situations where the customer complained that a product had not been delivered and the

company responded with evidence that it had been dispatched or was to be dispatched imminently. The third code was labelled “simple inquiry” and referred to situations where the company requested simple information from the customer in order to examine his/her complaint. This was typically the case when the customer omitted an order number, a customer number, or any other information that was necessary to enable the firm’s representative to identify him/her. This category was formed in order to distinguish between requests that were simple inquiries and requests that were more constraining and which posed a threat to the customer’s negative face.

Data Analysis

In order to examine the relationship between the attributes of perceived justice on the one hand and post-complaint satisfaction on the other, a multinomial logistic regression model on the independent variables was conducted. We considered a model with all variables and tested the Proportional Odds Assumption and the Global Null Hypothesis. We then calculated the Maximum Likelihood Estimates and Odds Ratios Estimates for each variable.

RESULTS

Descriptive Findings

The number and percentage occurrences of each perceived justice attribute are displayed in Table 2. The percentage frequencies relating to politeness markers show that only the opening phrase (code “HELLO”) and the closing phrase (code “BYE”) were used by the majority of firms in their responses (90.63% and 78.97%, respectively). Other markers were used much less frequently: Whereas the name of the employee and the name of the company were mentioned in slightly less than half of all cases (44.55% and 45.50%

respectively), addressing the customer by his/her name or pseudo and thanking her/him were used in less than a quarter of firms' responses (24.28% and 24.47% respectively). These findings lend partial support to our hypothesis that the majority of firms will use politeness markers when answering a customer complaint (H13).

Approximately two thirds (34.41%) of incriminated firms proposed a form of compensation to complaining customers. Thus, our prediction that the majority of firms will respond to an online complaint by offering a compensation (H1) is not supported.

Following Meier (1998) and Scott and Lyman (1968), we divided the excuse attribute of distributive justice into three distinct components: formulaic apologies (code "APO"), rejection of the failure on a third party (code "REJECT") and justifications (code "JUSTIF"). Apologies were distributed evenly so far as the emitter of the apology is concerned. In 60 occurrences, the apology was made on behalf of the company using formulations such as "we present you our excuses" or "on behalf of the company I'd like to present you our apologies". During coding, special attention was paid to locate the first person plural ("we", "our", "us") in firms' responses. In 57 cases, the apology was presented by the firm's representative using exclusively the first person singular ("I", "me", "my"); in 29 cases, the apology referred to both the company ("we" forms) and the company's representative ("I" forms).

The number and percentage frequencies of the three different types of apology (both singularly and in different combinations) are presented in Table 3.

Code	Description	Count	Percentage
APO + REJET	Formulaic Apology and rejection on third party	27	5,163%
APO + JUSTIF	Formulaic Apology and justification	19	3,633%
REJET + JUSTIF	rejection on third party and justification	2	0,382%
APO + REJET + JUSTIF	Formulaic Apology and rejection on third party and justification	1	0,191%
APO only	Formulaic Apology only	105	20,076%
REJECT only	Rejection on third party only	74	14,149%
JUSTIF only	Justification only	20	3,824%
TOTAL		248	47,419%

Table 3. Frequency occurrences of excuse-related justice components

The results presented in Table 3 show that slightly less than half of all firms (47,42%) proposed one (for example, justification only) or several (for example, formulaic apology plus justification) forms of apology. Thus, our hypothesis that the majority of firms receiving a complaint will propose at least one form of apology (H3) is rejected. The results in Table 3 also show that the formulaic expression of apology—either alone or in combination with another form of apology—was by far the most frequent type of apology (29,063%). followed by excuses (19,885%) and, lastly, justifications (8,030%). These latter findings fully support our hypothesis that the formulaic expression of apology will be the most frequent type of apology, followed by excuses and, lastly, justifications (H4).

Associations between perceived justice attributes and post-complaint satisfaction

The Score Test for the Proportional Odds Assumption was rejected, $\chi^2[33] = 51.31$,

$p < .05$. The global null hypothesis was also rejected. The results of the multinomial analysis are presented in Table 4.

One attribute of the organizational responses was significant at the 99% confidence level : “SOLVED”. This attribute emerged during coding from the need to differentiate immediate solutions from mere promises (to refund, compensate or exchange). The “SOLVED” attribute represented responses that provided an immediate solution to the problem and substantial evidence that the solution had been implemented or was about to be implemented. This attribute was particularly present in response to complaints that a product purchased online had not been received within the agreed timeframe. The firm’s response often contained evidence (for example, a tracking number) that the product had recently been dispatched. These “SOLVED” responses were associated with enhanced post-complaint satisfaction ($\beta = .55, p < .001$): enhanced post-complaint satisfaction was three times more likely when the firm’s response indicated that a solution to the problem had been, or was about to be, implemented (OR = 3.006; 95% CI = 1.921, 4.70).

Four other attributes emerged as significant (90% CI): “NAME” (whether or not the name of the complainant was mentioned in the answer), “FLEX-” (lack of flexibility), “RESP-” (when the firm refuses to accept the responsibility for the failure) and “FACE(+)_CUST” (a face-threatening act to the customer’s positive face; for example, an insult, reproach or mockery) (see Table 4). These significant findings (1) partially support our hypotheses that the presence of politeness markers will be positively associated with post-complaint satisfaction (H14) and FTAs on the customer’s face will be negatively associated with post-complaint satisfaction (H15a), and (2) fully support our hypotheses that (a) the complainant will feel less satisfied if an employee lacks flexibility in the application of rules and

procedures (H12b) and (b) the complainant will feel less satisfied if the employee refuses to accept responsibility for the failure (H8b). All other correlations were non-significant and the corresponding hypotheses were, therefore, rejected (see Table 4).

DISCUSSION

The present study aimed to examine (1) the nature of firms' complaint-handling practices in an online double-deviation context, and (2) the relationship between these practices on the one hand and customer post-complaint satisfaction on the other.

Predictions were derived from justice theory and existing research and practice concerning the attributes of effective organizational complaint-handling. Study hypotheses were tested within a real-life on-line double-deviation context involving exchanges between 179 firms and their customers. Many of the findings from the present study contrast sharply with those obtained in previous research on customer complaint-handling.

The Nature of Firms' On-line Complaint-Handling Practices

Although formulaic expressions of apology were the most frequently used type of apology, followed by excuses and justifications, apologies were surprisingly infrequent in the present dataset: Indeed, in approximately two thirds of firms' responses, an apology was entirely absent. One possible explanation for this finding concerns the context within which complaint-handling practices were examined—namely, in the very public arena of an online complaint forum: Companies may be motivated to *avoid* apologizing in this context since they might realize that, were they to apologize, they would be publicly accepting responsibility for failure and potentially exposing themselves to further criticism. A similar potential explanation holds for our finding that, despite the importance of compensation for perceived distributive justice (Gelbrich & Roschk 2010), compensatory offers were evident in

only around one third of firms' responses: Companies may have been hesitant to publicly offer a form of compensation to the complainant for fear that such offer would result in more requests for compensation than the firms—a large proportion of which were small and medium enterprises—could financially withstand. It is also reasonable to assume that it takes time and experience for companies to implement standardized online complaint handling procedures; since we analyzed only the responses of those firms who had been active for the first month of registration on the forum, the firms involved may not at that time have had formal complaint-handling practices in place.

That firms might not wish to apologize or offer compensation in the public arena of an on-line complaint-handling forum is understandable. However, what makes less intuitive sense is that in almost one quarter of the cases analyzed the company threatened the positive face of the customer by insulting, mocking, or making reproaches; similarly, although 20% of firms accepted responsibility for the service failure, a roughly equal proportion (15%) denied responsibility. It should be noted, however, that encounters that follow a service failure frequently give rise to interpersonal tension and conflict (*cf.* Bradley, Sparks, McColl-Kennedy, Jimmieson & Zapf 2010), and deviant employee behavior has been evidenced in several recent studies involving face-to-face and telephonic exchanges (Bradley et al. 2010; Fisk, Grove, Harris, Keaffe, Daunt, Russell-Bennett & Wirtz 2010; Yagil 2008). Findings from the present study support those obtained in these previous studies and, importantly, suggest that deviant employee behaviors extend to the e-communication context. Since acts that threaten the positive face of the customer were significantly (negatively) associated with post-complaint satisfaction, further research is urgently required in order to explore why many firms expose themselves to such highly blamable practices within the public setting of an online forum. For example, service failure

encounters are a major source of strain for the front-line employee (Grandey, Dickter & Sin 2004; Rafaeli 1989); such strain is likely to deplete the employee's mental resources and, as a result, lead to an increased frequency of deviant behaviors (*cf.* Baumeister, Bratslavsky, Muraven & Tice, 1998).

Our findings concerning the usage of politeness markers also diverge from those obtained in previous studies: Previous studies found that the majority of companies use at least four politeness markers: a salutation, addressing the complainant by name, imparting the identity of the company or the company's representative, and marks of gratitude (Dickinger & Bauernfeind 2009; Strauss & Hill 2001); however, the only markers that were used by the majority of firms in the present study were 'Hello' and 'Bye'. Only one quarter of firms' responses included the complainant's name. One possible explanation for this finding is that firms might regard on-line communication channels as informal (relative to traditional modes of communication; for example, postal mail). Since an absence of markers of gratitude (for example, 'thank you') is a cultural mark of a non-Anglo-Saxon context (Van Mulken & van der Meer 2005), our finding that these markers were used infrequently might be explained by the fact that the responses included in our analyses were predominantly from French firms.

Associations between perceived justice attributes and post-complaint satisfaction

In addition to revealing the prevalence of different complaint-handling practices, the present study also examined which attributes—from the perceived justice framework—are the most important correlates of post-complaint satisfaction. Relationships between four pre-established attributes and post-complaint satisfaction were (marginally) significant: use of the customer's name in the firm's response was positively associated with post-complaint

satisfaction, whereas the firm's denial of responsibility, lack of flexibility with established rules, and face-threatening acts to the customer's positive face were negatively associated with post-complaint satisfaction. Perhaps the most interesting finding in this respect is that the attribute with the strongest association with post-complaint satisfaction is one that emerged during the coding process, namely, 'solved': Enhanced post-complaint satisfaction was three times more likely when the firm's response indicated that a solution to the problem had been, or was about to be, implemented.

'Solved' responses were distinguishable from 'compensation' responses in that whereas the former related to responses that contained an immediate (or already implemented) solution, the latter pertained to a promise (for example, to refund or exchange a defective product). A possible explanation as to why a response that offered compensation was not associated with post-complaint satisfaction, whereas a 'solved' response was associated with enhanced satisfaction, is that 'solved' responses are more beneficial than offers of compensation in terms of relieving the feelings of anxiety that stem from a service failure. This is especially likely to be the case in the present 'double-deviation' context in which customers had already tried to seek redress directly with the firm: Perhaps, in this context, the complainer had already invested so much time and energy in their first attempt at seeking redress that their primary motive for using the forum was to obtain reassurance that their problem had been solved. Consistent with this reasoning, Holloway and Beatty (2003) found that beyond venting emotions, the primary motive for consumers' complaining behavior in an online retailing context was to obtain a solution to the problem. Holloway and Beatty's (2003) findings, together with those from the present study, suggest that customer satisfaction with complaint-handling in on-line contexts might be significantly

improved when firms provide the complainant with evidence that the problem has been, or is about to be, solved.

Our finding of a positive association between the use of the complainant's name and post-complaint satisfaction partially confirmed our hypothesis that politeness markers will be positively associated with post-complaint satisfaction. The fact that only approximately one quarter of firms' responses included the complainant's name may have increased the salience of this particular attribute (*cf.* Fiske & Taylor 1991), thus leading to enhanced post-complaint satisfaction. Consistent with this reasoning, politeness markers that occurred frequently—for example, salutations (90.63%) and closing phrases (78.96%)—had no significant associations with post-complaint satisfaction.

A further noteworthy finding is that the majority of significant associations between complaint-handling practices and post-complaint satisfaction pertained to poor practices: Specifically, rejecting responsibility, displays of lack of flexibility with established rules, and threats to the customer's positive face were each associated with reduced post-complaint satisfaction. A potential explanation for the fact that more negative—relative to positive—attributes were associated with post-complaint satisfaction relates to the role of negative affect in double-deviation scenarios: Since customers who complain and receive dissatisfactory recovery efforts experience dissatisfaction twice, pre-existing levels of negative affect among the complainants in the present study were likely very high (Voorhees, Brady & Horowitz 2006). Thus, poor complaint-handling practices may have exacerbated pre-existing high levels of negative affect and, in turn, adversely impacted upon post-complaint satisfaction (*cf.* Bitner et al. 1990). A similar (affect-based) explanation might also account for the fact that, contrary to expectations, formulaic expressions of apologies

were not associated with post-complaint satisfaction. In this double-deviation scenario, complainants' levels of negative affect may have been so high that a simple apology was ineffective. Further research should examine the potentially mediating role of negative emotions in the relationship between complaint-handling practices and post-complaint satisfaction.

The final finding that merits discussion concerns the absence of a significant association between responsiveness (time) and post-complaint satisfaction. Although this finding is inconsistent with predictions, meta-analytic findings suggest that the time taken by companies to execute complaint resolution procedures is of less importance to post-complaint satisfaction relative to other attributes of perceived justice. In addition, Gelbrich and Rosch (2010) reported no effect of procedural justice—to which the 'responsiveness' attribute belongs—upon post-complaint satisfaction. Finally, Zhou et al. (2014) found that a *delayed* response leads to better outcomes in “service separation” contexts such as that involved in the present study. Further research should examine additional conditions under which speed of response impacts upon post-complaint satisfaction and other evaluative outcomes.

Conclusions and Recommendations

Our findings lead us to concur with Davidow's (2012) observation that “Managers are not implementing the research”: Only a small minority of firms appear to be applying current best practices for complaint handling. Not only were best practices for complaint-handling infrequent, but poor complaint-handling practices—those that destroy customer-firm relationships—occurred in comparable proportions to these best practices; moreover, of the four (marginally) significant relationships between pre-established attributes of perceived

justice and customer satisfaction, three pertained to practices that destroy customer-seller relationships.

Our findings relating to the significant antecedents of post-complaint satisfaction possess important implications in terms of how companies might avoid reinforcing unfavorable service experiences: Our finding that a newly identified complaint-handling attribute ('solved') is the most important antecedent of satisfaction in the on-line complaint handling context suggests that, in double-deviation scenarios, firms can significantly enhance the post-complaint satisfaction of their customers by providing substantial evidence that the customer's problem has been solved or that a solution is being implemented. Several other practices may also be beneficial: Our findings suggest that use of the customer's name, avoiding both the denial of responsibility and face-threatening acts on the customer's positive face, and avoiding overly-rigorous adherence to company rules and procedures may each help to enhance post-complaint satisfaction. Adequate employee training and close monitoring of employees' complaint-handling practices are likely to be critical for the successful implementation of these practices (*cf.* del Río-Lanza, Vazquez-Casielles & Díaz-Martín 2009; Martinez-Tur et al. 2006; Tax et al. 1998).

Limitations

Despite the considerable efforts invested in the present study, the author acknowledges several methodological limitations that should be addressed in future research. Firstly, notwithstanding the selection of a large sample of company responses, the coding strategy adopted was perhaps overly simplistic. The majority of perceived justice attributes were coded in a binary manner and did not, therefore, account for more complex aspects of firms' responses. In order to account for the intensity of excuse-making, further

research might adopt the procedure used by Baer and Hill (1994) which measures repetitions in excuses across corporate responses. Second, the author acknowledges that his findings might not generalize to complaint-handling contexts different to the one studied here: High levels of emotion are especially likely in double-deviation contexts (Voorhees et al. 2006) and this may explain why, for example, face threatening acts to the customer's positive face were especially prevalent. Finally, the complaints posted on the forum largely related to on-line purchases. Complaints within the brick-and-mortar sector are less frequent; the present findings may not, therefore, generalize to B2C sectors.

Notwithstanding the above limitations, the present study is one of only a handful of studies to date that has conducted a comprehensive content analysis of a large sample of firms' responses to consumer complaints within an on-line double-deviation third-party context. As a result, it identified complaint-handling practices that, to the author's knowledge, have not been quantified in previous research; particularly noteworthy in this respect is the fact that a new attribute—'solved'—emerged as the most important antecedent of post-complaint satisfaction. Our findings suggest that customer post-complaint satisfaction in the on-line context might be significantly enhanced when companies respond with an immediate solution to the complainant's problem and address the complainant by name; at the same time, bad practices—for example, denying responsibility and engaging in face-threatening acts on the customer's positive face—should be avoided. Further research within the computer-mediated complaint-handling context is warranted by these findings.

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Dimensions of the perceived justice framework	components of justice (after Tax et al. 1998, Johnston 2001, Davidow 2003).	Specific attributes	Initial Inter-coder rate	Parameter and description	references	Percentage found
Distributive justice	Compensation	Compensation	0,8965	COMP : The answer contains a mention or proposal for compensation (reimbursement, refund, replacement, repair, credit)	Estelami (2000)	0,271510516
		Over-compensation	0,9770	COMP+ : The firm proposes more than the mere compensation (voucher for future purchase, extra cash compensation)	Estelami (2000)	0,07265774
	Apologies	Apology	0,8965	APO : Formulaic expression of apology	Conlon and Murray (1996), Scott and Lyman (1968), Meier (1998)	0,2791587
		Rejection	0,9080	REJECT : The firm rejects the responsibility on a third party		0,187380497
		Justification	0,9655	JUSTIF : The firm accepts responsibility but denies negative consequences		0,070745698
		Problem already solved	0,8620	SOLVED : The firm provides evidence that the complaint is already solved or about to be solved	Appeared during coding	0,263862333
		Simple inquiry	0,8620	INQU_COMP : The firm asks simple information (order number, customer number, reference, name) to process the complaint	Appeared during coding	0,206500956
Procedural justice	Taking responsibility	Taking responsibility	0,8045	RESP+ : The firm accepts to take over the responsibility	Bitner et al. 1990, Tax et al. 1998; McKoll-Kennedy and Sparks 2003	0,208413002
		Refusing responsibility	0,8850	RESP- :The firm refuses to take the responsibility of the failure		0,15296367
	responsiveness	Time to answer	n/a	TIME : Number of hours between time of complaint and time of response by the firm	Mattila and Mount (2003)	

	Inconvenience	Inconvenient process	0,9195	CONV- : The complainant is asked to follow another way to get his/her complaint addressed	Tax et al. 1998; Johnston 2001	0,040152964	
	Process	Process control	0,9310	PROC: The employee refers to specific procedures to handle complaints	Bhandari, Tsarenko and Polonsky 2007; Martinez-Tur et al. 2006	0,019120459	
	Flexibility	Lack of flexibility	0,9655	FLEX- : The employee refuses to deviate from the rules	Tax et al. 1998	0,034416826	
		Mark of flexibility	0,9655	FLEX+ :The employee adapts to specific circumstances and deviates from the rules		0,02676864	
	Knowledge	Lack of process knowledge	0,9885	KNOW- : The employee displays a lack of knowledge in terms of internal rules, processes	Johnston 2001	0,001692047	
		Mark of knowledge process	0,8965	KNOW+ : The employee knows the rules and processes, is able to refer to legal aspects to manage the relation with the customer		0,17428088	
	Interactional justice	Empathy	Affective empathy	0,8275	EMPAFF : The answer by the firm acknowledges the status of victim of the customer. The employee tries to put her/himself “in the shoes” of the client	McKoll-Kennedy and Sparks 2003; Blodgett et al. 1997; Mattila and Cranage 2005; Johnston 2001	0,281070746
			Cognitive empathy	0,6896	EMPCOG : The firm displays in its answer a willingness to solve the problem and/or proposes a way to resolve the complaint		0,29636711
		Explanations	Unlikely explanation	0,9425	INFO- : The answer contains an explanation for the failure that doesn't appear to be credible	Conlon and Murray (1996),	0,019120459
			Explanation for the failure	0,8275	INFO+ : The firm provides a credible explanation why the failure occurred		0,359464627
Politeness		Presence of salutation	0,9885	HELLO : The answer contains a salutation	Mattsson et al. 2004, Dickinger and Bauernfeind 2009	0,906309751	
		Name of complainant	0,9770	NAME : The opening phrase contains the name or pseudonym (on the forum) of the complainant		0,242829828	
		Closing phrase	0,9310	BYE : The answer contains a formulaic closing		0,78967495	

	is included		phrase		
	Mark of appreciation	0,9195	THANK : A “thank you” or a mark of gratitude is included in the firm’s answer		0,244741874
	Name of employee is included	0,9770	NAME_EMPLOY : The employee introduces himself/herself or signs with his/her name/function		0,445506692
	Name of company is included	0,8965	NAME_COMP : The name of the company is mentioned in the answer		0,455066922
	FTA on customer’s positive face	0,9080	FACE(+) _CUST : The answer of the firm criticizes the customer, insults or mocks him/her.	Brown and Levinson, 1987; Enache and Popa, 2008	0,240917782
	FTA on customer’s negative face	0,8850	FACE(-) _CUST : The firm requests the customer to provide evidences, ban him/her to do something.		0,160611855
	FTA on firm’s positive face	0,8505	FACE(+)_COMP : The firm apologizes, confesses guiltiness, doesn’t control its own emotions		0,31739962
	FTA on firm’s negative face	0,7816	FACE(-)_COMP : The firm makes a promise or accepts a proposal made by the customer		0,502868069
	FTA on firm’s representative positive face	0,8965	FACE(+)_REP : The firm’s representative apologizes, confesses guiltiness, doesn’t control his/her own emotions		0,166347992
	FTA on firm’s representative negative face	0,8965	FACE(-)_REP : The firm’s representative makes a promise or accepts a proposal made by the client		0,294455067

Table 2. Coding and percentage frequencies of the perceived justice attributes

Parameter	Maximum Likelihood estimates				Odds ratio estimates			Hypothesis	Significant ?
	Estimate	Standard Error	Wald Chi-Square	Pr > ChiSq	Point estimate	95% wald confidence limits			
Intercept	6.0399	328.6	0.0003	0.9853				n/a	n/a
Intercept	8.3449	328.6	0.0006	0.9797				n/a	n/a
HELLO	-0.2114	0.1693	1.5598	0.2117	0.655	0.337	1.272	H14	No
NAME	0.2215	0.1141	3.7728	0.0521	1.558	0.996	2.436	H14	Yes
BYE	0.1231	0.1234	0.9943	0.3187	1.279	0.788	2.075	H14	No
THANK	0.0771	0.1088	0.5023	0.4785	1.167	0.762	1.787	H14	No
NAME_EMPLOY	0.1432	0.0974	2.1607	0.1416	1.332	0.909	1.951	H14	No
NAME_COMP	0.0294	0.0931	0.0993	0.7526	1.060	0.736	1.528	H14	No
FACE(+)_CUST	-0.2432	0.1344	3.2744	0.0704	0.615	0.363	1.041	H15a	Yes
FACE(-)_CUST	-0.1659	0.1396	1.4116	0.2348	0.718	0.415	1.240	H15a	No
INQU_COMP	0.0405	0.1270	0.1019	0.7495	1.084	0.659	1.784	n/a	No
FACE(+)_COMP	-0.0280	0.1332	0.0442	0.8334	0.946	0.561	1.594	H15b	No
FACE(-)_COMP	-0.0355	0.1076	0.1087	0.7416	0.931	0.611	1.420	H15b	No
FACE(+)_REP	0.1705	0.1750	0.9491	0.3300	1.406	0.708	2.793	H15b	No
FACE(-)_REP	0.1754	0.1165	2.2676	0.1321	1.420	0.900	2.242	H15b	No
SOLVED	0.5503	0.1143	23.2025	<.0001	3.006	1.921	4.704	n/a	Yes
COMP	-0.0568	0.1136	0.2502	0.6169	0.893	0.572	1.393	H2	No
COMP+	0.1496	0.1778	0.7078	0.4002	1.349	0.672	2.708	H2	No
APO	0.1907	0.1818	1.1006	0.2941	1.464	0.718	2.986	H5	No
REJECT	-0.00053	0.1386	0.0000	0.9969	0.999	0.580	1.720	H6	No
JUSTIF	-0.1038	0.1947	0.2841	0.5940	0.813	0.379	1.743	H7	No
RESP+	-0.0145	0.1322	0.0119	0.9130	0.972	0.579	1.631	H8a	No
RESP-	-0.2694	0.1628	2.7371	0.0980	0.583	0.308	1.105	H8b	Yes
CONV-	0.3155	0.2520	1.5678	0.2105	1.879	0.700	5.047	H10	No
PROC	0.1724	0.3538	0.2376	0.6259	1.412	0.353	5.650	H11b	No
FLEX-	-0.6227	0.3553	3.0714	0.0797	0.288	0.071	1.159	H12b	Yes
FLEX+	-0.0182	0.2846	0.0041	0.9490	0.964	0.316	2.942	H12a	No

Parameter	Maximum Likelihood estimates				Odds ratio estimates			Hypothesis	Significant ?
	Estimate	Standard Error	Wald Chi-Square	Pr > ChiSq	Point estimate	95% wald confidence limits			
KNOW-	-6.9895	328.6	0.0005	0.9830	<0.001	<0.001	>999.999	H11b	No
KNOW+	-0.0123	0.1328	0.0085	0.9263	0.976	0.580	1.642	H11a	No
EMPAFF	-0.1306	0.1465	0.7952	0.3725	0.770	0.434	1.367	H16a	No
EMPCOG	0.00138	0.1184	0.0001	0.9907	1.003	0.631	1.595	H16b	No
INFO-	0.3539	0.3299	1.1507	0.2834	2.030	0.557	7.397	H17b	No
INFO+	-0.0250	0.1133	0.0485	0.8257	0.951	0.610	1.483	H17a	No
TIME	0.1208	0.1097	1.2122	0.2709	1.128	0.910	1.399	H9	No
Number of words	0.0918	0.0937	0.9580	0.3277	1.096	0.912	1.317	H18	No

Table 4. Results of the multinomial analysis