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A STUDY OF CUSTOMER RESOLUTION MANAGEMENT: THE INFLUENCE OF EFFECTIVE COMPLAINT-HANDLING PROCEDURES ON CONSUMER DECISIONS TO SHOP ONLINE

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A STUDY OF CUSTOMER RESOLUTION MANAGEMENT: THE INFLUENCE OF EFFECTIVE COMPLAINT-HANDLING PROCEDURES ON CONSUMER DECISIONS TO SHOP ONLINE

Research paper
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Abstract
As the volume of online shopping has increased, the number of complaints associated with online transactions has also risen. However, in business-to-consumer online shopping, there remains limited understanding of how the type of complaint procedures adopted by merchants influences consumers’ decisions to shop online. This study focuses on the influence of complaint-handling procedures on consumer decisions to shop online from both the consumer and merchant perspectives. The authors found that complaint-handling procedures have a significant influence on consumer confidence and trust, and therefore indirectly on their decision to shop online, especially in relation to the accessibility and responsiveness of such procedures. The results of this study are important insofar as they can assist online merchants to better incorporate customer experiences into their business strategies in the online environment.

Keywords: B2C, e-business, consumer complaint, merchants, online, purchasing, shopping.
1 Introduction

This paper presents the findings of a study that investigated the influence of complaint-handling procedures on consumer decisions to shop online. The study focused specifically on online consumers and merchants located in Melbourne, Australia. Online shopping is a growing trend in this country, with Australians spending between AUD$21.65 and AUD$24.2 billion on online retail in 2016 and 2017, respectively (NAB, 2016 and 2016a; 2017). In May 2018, online retail sales were generating AUD$26.08 billion in revenue for Australian businesses (NAB, 2018).

As online retail activities have increased in volume, the number of complaints related to online transactions has also risen. The Australian Competition and Consumer Commission (ACCC) identified that online shopping contributed a significant volume of complaints in 2017–18, when it received 16,949 reported complaints, up from 12,994 in 2016–17 (ACCC, 2018, p. 134). It was also estimated that the number of unreported complaints could be three to four times the current figures recorded by the ACCC. In June 2018, the Federal Trade Commission reported on the number of consumer complaints that it received from 10 countries between January 1 and June 30. Australia had the fourth-highest number after India, France and U.S. (Econsumer.gov, 2018).

In Australia, the ACCC provides information on consumer rights and on the courses of action a consumer can take to address a complaint regarding a merchant. However, the ACCC does not get involved in individual consumer disputes or intervene in complaint procedures on the consumer’s behalf. One possible course of action is for the consumer to contact the merchant to communicate the problem and agree on a satisfactory outcome. Alternatively, the consumer could take their complaint to an independent consumer advocacy group that provides advice on consumer rights and helps consumers deal with any problem or dispute they are having with a merchant or business.

There have been several studies on complaint-handling procedures in online shopping in other countries such as China (Hu et al., 2015), European Union (Cortés, 2010), Hong Kong (Au et al., 2009), New Zealand (O’Sullivan, 2015) and United States (Wu, 2013), but similar research in Australia context is limited. Ha and Coghill (2008; 2005) are the only authors who contributed to the understanding of issues associated with consumer complaint and protection about online shopping in Australia. Therefore, the nature of complaint-handling procedures and how they influence consumer decisions or experience to shop online has not been adequately studied in Australia.

Clearly, any unresolved or unreported complaints by unhappy consumers are of no benefit to merchants; because, consumer complaints can be used as valuable feedback that can provide an opportunity for merchants to better understand and rectify any issues that occur in online shopping. However, in the context of business-to-consumer (B2C) online shopping, the issue of how complaint-handling procedures influence consumer decisions to shop online has not been adequately addressed. Consequently, the objective of the current study is to address this gap in the research by providing insights on how complaint-handling procedures influence consumer decisions to shop online from both the consumer and merchant perspectives.

2 Consumer Complaints

Consumer complaints result from feelings of anger (Antonetti and Antonetti, 2016), dissatisfaction (Bearden and Teel, 1983; Singh and Widing, 2015), disappointment (Mattila and Ro, 2008; Prasetyo et al., 2016), borne of frustration, monetary costs, anxiety and/or tension (Albomoz and Martin, 2012).

For the consumer, making a complaint is a means of expressing their dissatisfaction with unfair business practices – for instance, when their expectations are not met or disappointment with a product or service arises (Hussain et al., 2015; Kowalski, 1996). When such dissatisfaction is experienced as intolerable by a consumer, they may choose to make a complaint (Ang and Butter, 2012).

The probability of achieving a successful post-complaint outcome by complaining influences consumers’ attitudes towards complaining. Research results obtained by De Matos, Vieira and Veiga (2012), Kim and Boo (2011), and Kim and Chen (2010) revealed that attitude towards complaining
and consumers’ pre- and post-complaint experiences were the most prominent factors affecting propensity to complain.

### 2.1 Propensity to Complain

The degree to which consumers feel apt to openly and directly stand up for their rights (that is, to voice a complaint) or, conversely, to avoid this behaviour (by not voicing a complaint) in relation to a service and/or product failure directly affects their propensity to complain (Chebat, Davidow and Codjovi, 2005).

Past research (Plyrnire, 1991; Chen et al., 2017) found that consumers tend not to share their emotional reaction (such as dissatisfaction) with either merchants or the public. To look someone in the eye and say, ‘I’m not satisfied’ is difficult for any consumer, just as it is difficult for merchants to accept such comments as genuine feedback (Hansen, Samuelsen and Andreassen, 2011). However, in the online environment this is not the case because the rise of the consumer voice has been fuelled by internet technology (Lee and Cude, 2012; Obeidat et al., 2017). The emergence of social media platforms (such as Facebook or Twitter), web surveys, online feedback forums, and product and service review sites has changed the psychology of consumer complaining. This has created an open forum in which consumers can be anonymous and feel disinhibited (Correa et al., 2015; Suler, 2004), and therefore tend to be much more candid in revealing and sharing their personal experiences. As a result, consumers can now exert their power to make their dissatisfaction known far and wide, and in ways that can have a lasting impact on the merchant or brand (Schivinski and Dabrowski, 2016; Pitt et al., 2002).

Hence, understanding the propensity of consumers to complain does not only enable frontline employees to identify consumers who are reluctant to complain even if they are not satisfied with the purchase experience; it also offers insights into when and why consumers complain (Janjua, 2017; Gursoy, McCleary and Lepsito, 2007).

#### 2.1.1 When and why do consumers complain?

Consumers frequently feel disgruntled or disadvantaged by a product or service, but it is not until they express their dissatisfaction, and sometimes take follow-up action, that they are seen to be making a complaint. Thus, a complaint will most often arise when a product or service does not do what it should do, such as a product breaks down or a problem associated with the product is not fixed. In some cases, the merchant’s complaints procedure itself is also an additional cause for concern, which leads to a consumer complaint. For example, consumers can feel that their rights have not been respected if the procedure process takes an inappropriate amount of time or is not fair and transparent (Sourdin and Thorpe, 2008).

Strong feelings of dissatisfaction are not the only antecedent to complaint behaviour. Some consumers complain in order to elicit a particular response, such as sympathy or approval, and are not necessarily seeking monetary compensation. In addition, an otherwise satisfied consumer might complain about a specific aspect of a business. In this context, complaints may reflect a consumer’s desire for the business to improve and are not necessarily an antecedent to complaint behaviour and/or switching behaviour (Cambra-Fierro et al., 2015; Bunker, 2008).

Besides considering when and why consumers complain, merchants also need to understand why some consumers are reluctant to complain.

#### 2.1.2 Why are some consumers reluctant to complain?

Merchants often perceive complaints as psychologically unpleasant because they are a means of hurting the complaint recipient’s feelings (Ray et al., 2015). This can lead merchants to personalise complaints – seeing them as personal attacks on their reputation – and be tempted to avoid consumers who deliver bad news, because no news is better than bad news. As a result, merchants are likely to ignore consumers who do not complain (Li et al., 2018; Homburg and Fürst, 2007).
Another issue that prevents complaints from being appropriately addressed is that they may not be well received by employees, and/or that such feedback is not invited. This may occur because employees on the frontline have difficulty accepting complaints as a form of feedback. Hence, it is no surprise that many consumers who have an issue choose not to make a complaint as they do not want to deal with an employee who is unresponsive to their concerns (Tronvoll, 2012). In this regard, only a small number of merchants actively encourage complaints and appreciate their value. In the case of such merchants, frontline employees are open to receiving feedback and not taking complaints personally, instead using them as an opportunity to address the consumer’s needs and improve business practice. And a merchant that does address all such problems and improve its practices can expect to receive few complaints in the future (Plynmire, 1991; Wu, 2013).

Considering the above discussion, a change in the complaint-handling procedures adopted by merchants may shift consumers’ pessimistic attitude towards complaining (Harun et al., 2018) because the uncertainty surrounding the likelihood of a successful outcome often serves as an impediment to consumers confronting merchants (Hansen, Samuelsen and Andreasen, 2011). Evidence shows that many merchants do not effectively manage complaints. Specifically, after a dissatisfying experience, consumers are often unable or reluctant to complain due to a lack of appropriate complaint channels (Wenfeng, 2015). Moreover, consumers who have an issue but choose not to complain are often found to be dissatisfied with the complaint-handling procedures available to them (Estelami, 2000). Hence, it is important to understand that the value of complaint handling represents its operational activities aimed at assisting consumers to resolve their complaints (Vos, Huitema and de Lange-Ros, 2008; Hansen, Wilke and Zaichkowsky, 2010). It is important to remember, the provision of a complaint-handling procedure does not equate to consumer satisfaction. An effective and sound complaint-handling process complements the business’s action in the marketplace, and allows the business to enhance its customer resolution management which can improve the customer experience (Cambrag-Fierro et al., 2016; Vázquez-Casielles et al., 2017).

3 Complaint-Handling Procedures

A complaint-handling procedure represents the operational activities of a business that are aimed at helping its consumers to resolve their complaints. It is a consumer-oriented business process consisting of front office activities, conducted online or offline via a responsive, effective and accessible procedure (Stauss and Seidel, 2005).

3.1 Complaint responsiveness

Complaint responsiveness is determined by the merchant’s willingness to address a transaction failure in a timely manner, and to offer a solution or compensation (Tax, Brown and Chandrashekar, 1998). It is also determined by the efforts of the merchant to ensure that there is no delay or intricacy in the customer complaint service (Aziz, 2016; Anderson and Swaminathan, 2011).

Jung et al. (2017) and Lu et al. (2018) found that consumers will be unlikely to voice their dissatisfaction if no reliable complaint procedures are available. Conversely, if the merchant’s response to a complaint appears to be effective and genuine, consumers will be more satisfied than they would if they had made no complaint in the first place (Hong and Lee, 2005).

Of particular relevance to the online shopping context, as underscored by Poleretzky, Cohn and Gimnicher, ‘In the physical world, if I make a customer unhappy, they’ll tell five friends, on the Internet they’ll tell 5,000’ (1999, p.76). And this is more pertinent than ever in today’s B2C e-commerce environment because news can travel 10 or 20 times faster via social media – a space in which consumers vent their anger or share their opinions on just about anything (Zhang et al., 2017) – and this reach can translate into a far broader impact on the merchant (McClellan et al., 2017).

Increasingly, consumers are turning to their smartphones, tablets and laptops to complain or spread negative reviews about merchants on forums and sites like Facebook, Twitter and Instagram (Grégoire et al., 2015; Schivinski and Dabrowski, 2016). This suggests that the merchant’s ability to respond to complaints as quickly as possible is of paramount importance. Thus, a timely response to an online complaint will enable merchants to avoid losing business opportunities (Einwiller and Steilen, 2015),
prevent unnecessary follow-up attacks from other consumers (Sparks and Bradley, 2017), and stop consumers from switching to competitors (Bergel and Brock, 2018).

3.2 Effective complaint handling

An effective complaint-handling procedure ensures that a consumer’s expectations in relation to their complaint are met or exceeded. This will demonstrate to the consumer that the merchant not only cares about them but will also take all necessary steps to meet their expectations (Black and Kelley, 2009). In order to identify how merchants should best handle complaints, it is essential to understand the ways in which consumers react to transaction failures and respond to the approaches taken by merchants to complaint handling (Gruber, 2011). In this regard, understanding consumer expectations around complaint handling will inform merchants of which elements of a complaint-handling procedure consumers value (Grainer et al., 2014). For instance, when merchants receive a complaint, they should make note of the problem, provide an explanation for why it occurred and rectify the problem in a timely manner. If consumers perceive that a complaint-handling procedure is effective, they will be persuaded of the value of voicing their complaints and their overall sense of confidence in online shopping will be enhanced (Hu et al., 2015; Ro and Mattila, 2015).

Consequently, it is crucial that complaint-handling procedures are forceful and effective. Gruber (2011) and Homburg and Fürst (2007) have raised concerns that, in most industries, consumers do not bother complaining and many merchants do not handle complaints effectively. In this context, the absence of complaints is therefore not a true indication of effective management or complaints.

3.3 Complaint accessibility

Complaint accessibility involves consumer awareness of the existence and functioning of a complaint-handling procedure and of the available options for lodging a complaint, as well as the provision of clear information on the procedure to consumers (Volkéry et al., 2012).

Some consumers decide not to complain, either because a complaints procedure is inaccessible and/or complicated (Cai and Chi, 2018), or because they do not believe that the outcome will sufficiently compensate them for the problems they have encountered (Ro, 2014), or because of a combination of the two. For example, a consumer who purchases a product online which then takes more than two weeks to arrive in the post may be required to complete lengthy forms and then email the customer service department to make a complaint, after which they are told to look up a call centre number if the product does not arrive in seven working days – thus requiring their engagement with a procedure that is unnecessarily complex (Prasongsukarn and Patterson, 2012). In this regard, some merchants deliberately make their complaint-handling procedures overly complex, and some do not provide any communication channels that enable their consumers to complain in a cost-effective, easy and uncomplicated way. In such cases, a consumer will be uncertain as to where or how to communicate a complaint or, even worse, may doubt the merchant’s interest in receiving their complaint.

4 Research Methodology

This section first explains why this research draws on the qualitative and grounded theory approach. It then outlines the selection of a sample that was based on this approach. And finally, this section explains the method of data analysis used in this study.

4.1 Qualitative and grounded theory approach

Given the scarcity of research on complaint-handling procedures that influence consumer decisions to shop online, we used qualitative data collection and analysis methods as a means of developing a detailed description of how complaint-handling procedures can influence consumer decisions to shop online. The aim of our study was not to generalize findings to the population but to provide insights from the interviewees’ experiences through their own words (Kim et al., 2009). Since our aim was to explore insights on complaint-handling procedures rather than to prove the theory deductively, hence, our decision to employ qualitative data collection and analysis was justified - the method of grounded
theory is helpful for understanding processes people use to cope with, respond to or alter their environment (Miles and Huberman, 1994).

Strauss and Corbin’s (1990) grounded theory analysis was drawn upon to analyse the data in the current research. This method analyses data to derive themes that become evident through iterative textual interpretation. The grounded theory approach was utilised to allow the interpretation to emerge from the responses of the study participants, and for understanding of the research context to be inductively derived from the empirical data (Bowen, 2008). Consequently, the findings provide a rich and meaningful interpretation of ordinary events (Miles and Huberman, 1994).

4.2 Data collection

This research used a combination of individual interviews and focus group discussions. Personal interaction with the respondents was determined to be crucial because it allowed for discussion that facilitated a greater depth of understanding, through clarification and expansion of their answers to our questions (Collis and Hussey, 2013). The strength of individual views can be tested through exposure to alternative perspectives in a natural way, uncovering new insights (Morgan, 1998) to form the main source of data. Moreover, through focus group discussion multiple views and opinions can develop into a group view because of social influences.

Semi-structured interviews with open-ended questions were carried out with 30 online consumers (Buyers) and six online merchants (Sellers); and two online consumer focus groups were conducted, each comprising six participants. The interviews and focus group discussions typically lasted for 60 minutes each. The responses were audio recorded and notes were taken during each interview. The interview responses were subsequently professionally transcribed, checked and edited. The transcript was sent to each interviewee, who was asked to confirm the contents or amend as needed. The decision regarding the number of people to interview was based on issues of data saturation – such that data collection is ended once a saturation point is reached beyond which no new issues will emerge (Strauss and Corbin, 1998).

All participants were selected based on their ability to provide information that would directly address the research goals, including their relevant experience in online shopping and their understanding of what online shopping involves. Purposive and snowball sampling was used in this study (Creswell, 2009). For instance, at the conclusion of each interview, interviewees were asked whether they could refer us to others who might provide similar insights on the topic. For the interview stage, consumer participants were selected based on their having an average of six years’ experience shopping online – for example, they had purchased between 10 and 12 physical items online locally and/or internationally in the past 12 months, with an average spend per transaction of AU$50–200. In selecting the sample of merchants, participants had to have at least five years’ experience in conducting an online business locally and internationally, with an average of 50 sales transactions per week and an average sale of AU$50–200 per transaction. For the focus group sessions, consumers who were invited to participate had to fulfil the eligibility criteria outlined above.

4.3 Data analysis

Data were analysed based on the coding technique proposed by Strauss and Corbin (1990) – open coding, axial coding and selective coding – to arrange the qualitative data into categories in order to observe any emerging patterns. This is a systematic process designed to make sense of rich research data by categorising and grouping similar examples from the data (Fendt and Sachs, 2008).

During the coding process, each relevant event is coded into as many subcategories of analysis as possible, as categories emerge to fit an existing category (Strauss and Corbin, 1990). As data collection progresses, each piece of data is ‘systematically and thoroughly examined for evidence of data fitting into categories’ (Isabella, 1990, p.13); thus, subcategories are continuously challenged and restructured as necessary. Likewise, because subcategories may have more than one dimension, the researcher also compares new data with each dimension in the subcategory. This will determine whether the dimension is inclusive and able to incorporate new incidents, or whether new subcategories and/or dimensions need to be created.
Data collection and analysis continue until the researcher reaches a state of saturation of themes, which is reliant on data collection, coding and analysis reaching a state of completeness, both within and across contexts (Goulding, 2002). For instance, once several incidents are coded into a single category, it becomes easier to identify whether subsequent incidents in the same category are illuminating new aspects of the category. If so, categories are not yet saturated and require further data collection, coding and analysis; if not, the category has reached the point of saturation. Glaser (1978) defines this process as theoretical sampling, meaning that the sampling of additional incidents, events, activities, populations, and so on is directed by the evolving theoretical constructs. In this way, the resulting theory is considered conceptually dense and grounded in the data.

By presenting the evidence via this research methodology and data analysis technique, this study allows the research findings to speak for themselves (Strauss and Corbin, 1990).

5 Findings

The analysis of the interview and focus group data led to the identification of the themes outlined below, which characterised the participants’ experience and understanding of complaint procedures in relation to online shopping.

5.1 Consumer interviews: Accessible and responsive complaint handling

Accessible and responsive complaint handling positively influences consumer confidence and increases consumer trust in merchants from two perspectives. First, a satisfactory outcome resulting from accessible and responsive complaint procedures effectively demonstrates the merchant’s accountability in handling problems. The consumer interviewees saw this as the most important form of support that a merchant can offer in relation to complaints. They did not consider that a genuine human error or mistake would hinder their shopping confidence or prevent them from returning to merchants. Instead, they were more concerned about receiving such support in exchange for accepting that mistakes can happen. One of the consumers stated that:

“People make mistakes and you can’t expect them to be 100% perfect. If they try to resolve the situation to my satisfaction, then I will give them a second chance. In any kind of service, it is the accessible customer support post purchase. If I buy a car and the car has a problem, I go back to them and they give me a good service and next time I will buy the same brand of car and probably from this same salesperson”.

Second, the consumer interviewees noted that accessible complaint handling allows them to voice their dissatisfaction and get the merchant’s immediate attention. They claimed that accessibility is thus a vital part of a complaint-handling procedure insofar as it reinstates consumer confidence. In this respect, the consumer interviewees reported that they had greater trust in a merchant who offers accessible complaint support than one who makes verbal promises based on written policies. In particular, responsiveness to complaints was seen to demonstrate the effectiveness of a complaint-handling procedure. In contrast, merchants who take an unresponsive approach or leave problems unaddressed will likely worsen consumer confidence and escalate the consumer’s perceived risk. The interviewees emphasised that the implementation of complaint-handling measures without delay enables consumers to deal better with their online shopping problems and potentially affect repeat purchase intention from the merchant. One of the consumers commented:

“If you have shown your attitude and responsiveness to fix this problem, it doesn’t only gain my trust and confidence, but this is a very trustworthy online merchant. It makes mistakes but it can also improve them and do better and so why couldn’t I trust them?”.

Uncomplicated complaint procedures and policies that are acted upon in a timely manner also improve consumers’ sense of confidence insofar as their rights have been clearly acknowledged by the merchant. The consumer respondents conveyed that such policies and practices ensure that consumers experience less worry and frustration – for example, in knowing where, when and how to complain. Consumers will also perceive that merchants who have clear and accessible complaint handling
policies and practices are prepared to fulfil their promises and will therefore be happy to maintain an ongoing shopping relationship with these merchants. One consumer noted:

“At least, well-established and clearly spelled out policies … will give me confidence because they are presenting what they are doing and what they will do if you are not happy, and that is a kind of trustworthiness and confidence because the terms and conditions are clear”.

In summary, the findings are consistent with Bijmolt (2014), Simon (2013) and, Singh and Widing (2015), who found that it is important that merchants address complaints promptly. The successful implementation of complaint measures will assist consumers to deal with the problems and to prevent consumers exiting the transactions (Bach and Kim, 2012; Chiu et al., 2009). Any irresponsible action and leave the problems unattended was likely to worsen consumer confidence and to escalate their perceived risks. A study by Ong and Teh (2016) further suggest that merchants have the responsibility to offer transparent and unambiguous complaint policies to assist consumers.

As a result, there is a need to show what the current complaint-handling procedures can accomplish, especially when consumers are seeking assurance and protection for their own purchase interest. Consumers are more likely to lose their purchasing confidence and their trust in merchants if complaint-handling procedures failed to fulfil its role as promised. Essentially, from the consumer perspective, delivering the promise of redress through an accessible and effective complaint handling system reflects the merchant’s truthfulness and responsibility in conducting business.

5.2 Merchant interviews: Accessible recompense practice

The merchants interviewed for this study understood that offering an accessible recompense procedure demonstrates merchants’ accountability in terms of clearly communicating with and caring for their online consumers. They noted that ensuring their accountability provides merchants with an opportunity to respond to problems that occur, reclaim their trustworthiness and maintain consumer confidence. Conversely, these respondents believed that if merchants fail to adopt such practices, problems faced by online shoppers will likely lead to distrust and unsatisfactory online shopping experiences among consumers. The merchant felt that it is a bad situation when consumers who are already disappointed with a transaction are further frustrated by the inability to communicate their problems with the respective merchant. In this scenario, consumers will be more likely to never return due to difficult complaint procedures which communicate that merchants are irresponsible and untrustworthy. One merchant commented:

“You definitely need those contact options and you need to respond promptly, or message service, whatever. Otherwise when someone calls up and they can’t get through then … basically it is like you were dealing with someone in the garage and that was not going to impress consumers”.

The evidence in relation to this finding suggests that complaint procedures need to be simple enough for consumers to understand. In addition, the merchant respondents believed that no one should impose any constraint on or make things difficult for consumers seeking assistance and/or compensation. It is also important that merchants demonstrate that they take a consumer’s problems seriously because it could be the last opportunity to regain one’s trustworthiness in their eyes. Therefore, when a consumer makes a complaint, merchants must initiate a convenient and flexible complaint-handling procedure, including the provision of accessible contacts, which allows consumers to express their dissatisfaction and communicate with the merchant. This will enable both merchants and consumers to work together on addressing the complaints. One merchant stated:

“I think it is as simple as having a channel through which the consumers can speak to you. You just have to give people the confidence that if they call or email there will be a response. It is for them to choose. If they are not satisfied, then they can call us and discuss what the best solution we could offer is”.

A flexible complaint procedure and policy are also advantageous in terms of allowing merchants to respond to problems and pacify unhappy consumers immediately, which is particularly important given that merchants cannot always anticipate what will happen in a transaction and when it will
happen. And consumers do expect such accessibility and flexibility. Thus, offering an accessible and effective procedure represents a win-win situation, because it allows merchants to address any problems in a timely manner while also meeting their customers’ expectations and proving their dependability and commitment. In contrast, offering complicated and confusing complaint procedures will be unlikely to benefit either party in the transaction. One of the merchants remarked that:

“Part of our online policy probably doesn’t go into every detail, but really just says the 14 days money back guarantee. So, we would definitely make people aware of it if they are not happy. Basically, what I am saying is maybe with just a paragraph saying that if your goods are faulty, we will replace those ... if you want to encourage online shopping, I think you need to work in a way that is fair for both parties”.

The merchants also discussed how it is sometimes difficult to respond in a timely and adequate manner to a consumer complaint because there is a small group of consumers who seek to exploit merchants’ flexible refund policies for their own benefit – for example, by returning a product or asking for a full refund after the product has been used or opened. One merchant said:

“We allowed them to change their mind ... [if items] are not being opened and played with. We will take it back if they pay the shipping fee to me and I will send the replacement item at my cost back to them, so we sort of shared it. I will pay both ways if it is faulty ... if you want to encourage online shopping, I think you need to work in a way that is fair for both parties”.

In brief, the findings are consistent with the existing literature that argues consumers will have less confidence in the merchants who offer limited initiatives or accessibility in making a complaint (McQuilken, 2010). Studies by Breitsohl et al., (2010) and Lin et al., (2011) also show that inaccessible and difficult complaint procedures will classify merchants as irresponsible and untrustworthy. Other research has also emphasized that it is imperative to offer multiple complaint options that are flexible and involve simple procedures and policy that enable consumers to communicate their dissatisfied purchase experience effortlessly (Knox and Van Oest, 2014; Tsarenko and Strizhakova, 2013; Kuo and Wu 2012). Undeniable, merchants have the obligation to offer accessible contacts and recompense procedures instead of trying to avoid their responsibilities by imposing complex complaint policies which may be ambiguous and could further confuse consumers.

5.3 Focus group discussion: Accessible and responsive complaint handling

The focus group discussion highlighted that, when problems occur in the online shopping environment, merchants have the opportunity to reinstate consumer trust and confidence to purchase online. Consumers will be unlikely to completely withdraw from a transaction if merchants can demonstrate their responsiveness and willingness to address their problems. Interestingly, the focus group participants noted that apologies from merchants do not necessarily increase their liability, and may in fact help to mitigate any damage caused to consumers’ trust and confidence. In contrast, the participants argued that merchants who fail to respond to consumer complaints will be more likely to experience damage to their reputation and escalated customer dissatisfaction beyond the level of the original complaint. According to one consumer:

“There was this comic book merchant that I purchased the book from and they sent me the wrong one. I emailed them a notice and they sent me an extremely fast reply that also served to reassure me the correct one will be shipped at no cost and I can keep the wrong one. That made me feel very loyal to that vendor because I enjoyed both the humorous response and very responsible attitudes and that makes me sure I will return to them for my future comic book needs”.

The focus group discussion also revealed that, in general, consumers do not trust the complaint-handling procedures offered by online merchants and do not feel confident that they will receive the support or compensation they need from merchants when unsatisfactory shopping experiences arise. The focus group participants perceived that no benefit is to be gained from making a complaint, and
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can be impractical to waste one's effort, time and cost on a complaint, especially when an inexpensive purchase is involved. This finding suggests that such problems are thus silently erode consumer satisfaction, without the merchants’ knowledge, and are resulting in consumers exiting the transaction and switching to a competitor. One of the consumers claimed:

“It’s just too hard sometimes because you don’t have the time to deal with it. If you need to return the books you have to pack it and post it. Whether they pay for the postage or not it doesn’t matter, but physically it is a lot to do. So, it has got to be worth it, really, because we haven’t got time for all that and this is why we go online”.

As reflected in the above quote, online consumers who have experienced such problems have limited patience with delayed responses to their complaints and expect a quick reply from merchants. It emerged from the focus group discussion that, so long as merchants offer an immediate response to a complaint, consumers will perceive the interaction as a positive one, and their confidence and trust in online shopping will be reinstated. Moreover, in a post-failure situation, consumers appear to be more emotional in the e-commerce environment than in offline transactions. Therefore, the implementation of accessible and responsive complaint-handling procedures in a post-failure situation will demonstrate a merchant’s competency and have the greatest influence on consumer satisfaction and confidence. One consumer noted:

“Amazon policy is that if the shipper has failed to deliver then you can contact customer service and they will reship the entire order at no cost. Amazon would have replied to that and say, ‘I am really sorry and it has obviously gone missing and we will ship you a new one’”.

A study by Singh and Widing (2015), Chen and Chou (2012), and Robertson et al., (2012) also discuss that consumers are likely to seek help from the merchants when they perceive complaint responsiveness to be high. On the contrary, when merchants are seen as unresponsive, consumers have less confidence to complain to the merchants (Orsingher et al., 2010; Gelbrich and Roschk, 2011). These findings are consistent with the existing literature that argues dissatisfied consumers were more reluctant to complain because they the perceived complexity in the procedures, and they believed irresponsible merchants offered insufficient support to consumers (Chang and Chin, 2011).

In summary, this study shows that flexible, responsive and uncomplicated complaint-handling procedures were important, especially when problems occurred at the point of online purchasing. Online consumers have less patience for delayed responses to their complaints and they expect a responsive and well-grounded reply from the merchants. This study also shows that this approach was a win-win strategy for the consumers and merchants. Consumers were confident and trusted the merchants, not only because the availability of complaint-handling procedures were effectively introduced, or problems were resolved responsibly, but the way merchants managed, such as competently demonstrated their accountability and concern for consumers.

6 Conclusion

This study has shown that complaint-handling procedures have a more direct impact on consumer confidence and trust than on the decision to shop online (see Figure 1), especially when an accessible and responsive complaint-handling procedure is provided. Indeed, the influence of complaint-handling procedures on consumer decisions to purchase online appears to not be as significant as was previously thought (Jung and Seock, 2017; Bijmolt et al., 2014; Choi and Choi, 2014). However, such procedures do have an indirect impact on the decision to shop online, which is mediated by their influence on consumer confidence and trust. Although explicit reference to what constitutes an effective complaint-handling procedure did not emerge from the data, the importance of an effective, accessible and responsive complaint-handling procedure was emphasised in both the interviews and focus group discussion. When a transaction fails, consumers expect merchants to take all the necessary steps to respond to them, compensate them and meet their expectations, highlighting that accessibility and responsiveness have an indirect impact on the effectiveness of a complaint procedure.
This study provides valuable insights into the importance of accessible and responsive complaint-handling procedures to consumers in the online environment. In this regard, it is worth noting that online shopping is growing not only locally but also internationally, and that the perceived risks of purchasing internationally are greater (Chiu et al., 2014; Pappas, 2016; Tandon et al., 2018); so an effective complaint-handling procedure becomes even more important in a competitive B2C e-commerce environment.

The data also suggested that consumers do not appear to consider the importance of an accessible and responsive complaint-handling procedure prior to making a decision to shop online. Nevertheless, it is argued here that the existence of a complaint procedure does influence consumer decisions in relation to online shopping, specifically in determining their level of trust in the merchant, but only as an afterthought. When problems occur with a transaction, consumer confidence and trust in online shopping are subsequently affected. And in this situation, an accessible and responsive complaint-handling procedure is needed to pacify consumers or respond to their problems, and demonstrate merchant trustworthiness and responsibility in dealing with such problems. Therefore, in cases where a complaint is significant, the merchant’s response becomes an important element in determining the consumer’s future propensity to shop online.

The findings of this study are consistent with previous research that has similarly demonstrated that difficulty in seeking redress or recompense for a complaint leads consumers to distrust merchants and lose confidence in online shopping (Bergel and Brock, 2018) because they perceive that they have little protection and that the purchase risks are high (Kuo et al., 2011). This is further supported by the studies conducted by Ozuem et al., (2017) and Schwab (2015), which showed that effective and responsive complaint handling enhances consumers’ shopping confidence and can reinstate consumers’ perceptions of merchant trustworthiness in the online shopping environment.

### 6.1 Practical implication, limitations, and future research

This research makes several noteworthy contributions. First, it enhances the understanding of how an accessible and responsive complaint procedure influences consumer decisions to shop online. Second, it addresses the lack of an explicit understanding that account for complaint procedures in current B2C e-business research and business practice. Third, as a result, it contributes to practical implication, as this research recognises the importance of having accessible and responsive complaint-handling procedures, and the relative impacts on consumer trust and propensity to shop online. Such understanding may help online merchants to consider ways to improve their complaint resolution management and revise their redress strategy, such as by incorporating more accessible and responsive complaint procedures into their business strategies in the online environment to improve the customer experience and develop a competitive advantage in a competitive B2C e-commerce environment.

As any research, this study has a number of limitations need to be acknowledged. First, the research methodology used in this study aims to produce findings that provide insights on how complaint-handling procedures influence consumer decisions to shop online, rather than to identify generalizable explanations. Second, the participants in this study were self-selected from the population and was not
from a random sample; thus the findings are not generalizable to all online consumers and merchants. Although there was sufficient evidence from different groups of participants that supported and confirmed the findings, they are nevertheless subject to the researcher’s bias, beliefs or assumptions. Other researchers who seek to replicate this study may generate different outcomes.

In terms of the relevance of this topic and growth in online shopping, possible future directions for research on this subject should be considered and further developed. The authors intend to develop a set of hypotheses to test the relationships between the concepts, categories and themes that emerged from this research to further assess the results. Distributing surveys to reach a larger number of online consumers and merchants will allow a greater number of participants to be involved and therefore may increase the generalizability of the results. Additionally, the current sample set could be approached again to identify how time has influenced complaint-handling procedures in their respective B2C e-commerce venture. Given the rapid changes in consumer’s experiences and demand, and the growth in general e-commerce activities and B2C online shopping in particular, it might be worthwhile to ask: would the influential themes that emerged in the current study be the same in a year or more in the future?

References


Complaint-Handling Procedures


Complaint-Handling Procedures
