



ASSOCIATION FOR CONSUMER RESEARCH

Labovitz School of Business & Economics, University of Minnesota Duluth, 11 E. Superior Street, Suite 210, Duluth, MN 55802

The Relationships Between Dissatisfaction, Complaints and Subsequent Behavior in Electronic Marketplace

Anne-Francoise Audrain-Pontevia, Rouen School of Management, France

Christine Balague, University of Sciences and Technology, Lille, France

This paper investigates customer dissatisfaction and complaining behaviour's effects on a large data-set for a major pure play e-tailer. It presents a theoretical framework and empirically examines twelve propositions. It first investigates the relationships between e-dissatisfaction (website and e-purchase dissatisfactions) on customers' exit, voice and word of mouth. It then focuses on customers' e-complaining behaviour subsequent variables such as exit and referral. In particular, customers satisfied with the company's response to their complaint are compared to others. Last, findings are discussed and contrasted to the traditional marketplace literature.

[to cite]:

Anne-Francoise Audrain-Pontevia and Christine Balague (2008) , "The Relationships Between Dissatisfaction, Complaints and Subsequent Behavior in Electronic Marketplace", in NA - Advances in Consumer Research Volume 35, eds. Angela Y. Lee and Dilip Soman, Duluth, MN : Association for Consumer Research, Pages: 475-482.

[url]:

<http://www.acrwebsite.org/volumes/13242/volumes/v35/NA-35>

[copyright notice]:

This work is copyrighted by The Association for Consumer Research. For permission to copy or use this work in whole or in part, please contact the Copyright Clearance Center at <http://www.copyright.com/>.

The Relationships Between Dissatisfaction, Complaints and Subsequent Behavior in Electronic Marketplace

Anne-Francoise Audrain-Pontevia, Rouen School of Management, France
Christine Balague, University of Sciences and Technology, Lille, France¹

ABSTRACT

This paper investigates customer dissatisfaction and complaining behaviour's effects on a large data-set for a major pure play e-tailer. It presents a theoretical framework and empirically examines twelve propositions. It first investigates the relationships between e-dissatisfaction (Web site and e-purchase dissatisfactions) on customers' exit, voice and word of mouth. It then focuses on customers' e-complaining behaviour subsequent variables such as exit and referral. In particular, customers satisfied with the company's response to their complaint are compared to others. Last, findings are discussed and contrasted to the traditional marketplace literature.

INTRODUCTION

The marketing literature reveals that complaint handling is strategic for companies. Effective complaint management has been shown to increase customer satisfaction and loyalty. It is now commonplace that a customer is worth the value he is complaining for (Fornell and Westbrook, 1984). A great deal of research has investigated customer complaining behaviour in offline environments. Surprisingly, in spite of the importance of marketing defensive strategies for e-tailers, still little is known regarding customer complaint processes and behavioural outcomes in this sector. Indeed, in year 2000, over 92% of online merchants were actively building a loyalty program (Abbott, Chiang, Hwang, Paquin and Zwick, 2000). Though, little research has been done to analyse and understand customers' online dissatisfaction and complaining behaviour outcome, but Cho, Im, Hiltz and Fjermestad (2002), Bansal, McDougall, Dikolli and Sedatole's (2004) researches. Cho *et al.* (2002) have investigated the impact of e-dissatisfaction on exit and propensity to complain, in both online and offline environments. They also analysed customers' propensity to complain impact on repeat purchase intention. Bansal *et al.* (2004) have explored the relationship between the overall web-satisfaction, referrals and retention. No research to our knowledge has empirically examined the impact of e-complaining on exit and referral in an Internet environment. This study explores the behavioral consequences of customers' dissatisfaction and complaints on customers' propensity to exit and recommend the Web site. It relies on a large data-set of over 7000 customers reporting their overall satisfaction, complaints, repeat purchase intentions and referrals for a major e-retailer: Expedia, the world-wide Internet travel leader. This research is the first one to the best of our knowledge to investigate the relationships between customer complaining behaviour and subsequent constructs such as exit or referral in electronic marketplace. Precisely, its purpose is two-fold. Firstly, it analyses the interrelationships among customer e-dissatisfaction, exit, complaining behaviour and referral. In this respect, it deepens Cho *et al.*'s (2002, 2003) and Bansal *et al.*'s (2004) researches. It then focuses on customers e-complaint consequences: Exit and referral. In particular, we investigated exit and referrals for complainers who were satisfied with the resolution of their complaint ('satisfied complainers') in contrast to non complainers. Similarly, we compared exit

and referrals for satisfied complainers to 'dissatisfied complainers' (i.e. complainers who were not satisfied with the resolution of their complaint). Lastly, we explored the above mentioned behavioural outcomes considering the nature of the complaint.

This paper is organized as follows. It first presents the research's conceptual framework. It then exposes the method and the results. Finally, the main findings are discussed, analysed and compared to what is known in the traditional marketplace.

CONCEPTUAL FRAMEWORK

Over the past decades, customer satisfaction, dissatisfaction and complaining behaviour have been shown to be the very cornerstone of marketing defensive strategies. Numerous researches have underlined that a satisfied customer is more loyal, buys more (Anderson and Sullivan, 1993), is less sensitive to product/service prices (Fornell, Johnson, Anderson, Cha, Everitt and Bryant, 1996), buys other products/services from the same company (Fornell, 1992) and generates positive word of mouth (Anderson 1998). Besides, it was found that satisfaction plays a key role in building companies shareholder value (Gruca and Rego, 2005). Fornell, Mithas, Morgeson and Krishnan (2006) reveal that firms which do better in terms of satisfying customers tend to generate a superior return on investment and yield higher profits. Similarly, dissatisfied customers have been identified as less loyal, to complain more and create negative word of mouth (Bearden and Teel, 1983). In the Internet settings, it has been argued that dissatisfaction and complaining behaviour can be detrimental to companies' long term profits (Reichheld and Shafter, 2000). However, there is a paucity of research on both e-dissatisfaction and e-complaining behavior's outcomes. Relying on Hirschman's (1970) micro-economic seminal framework as well as on previous findings in online or offline environments, we define an e-dissatisfaction and complaining behaviour framework.

Customers' e-dissatisfaction behavioral's consequences

According to Hirschman (1970), dissatisfied customers might exit (stop consuming the product/service), voice (tell the management what is wrong and what is expected), or remain loyal (continue to purchase the product/service). Numerous researches have investigated consumer dissatisfaction in offline environments. Scholars have suggested or shown that dissatisfied customers with the firm are more likely to exit (Maute and Forrester, 1983; Bolton and Bronkhorst, 1991). In online settings, Bansal *et al.* (2004) show that Web site satisfaction/dissatisfaction is significantly related to referral (likelihood to recommend), retention (likelihood to repurchase) and online conversion (number of online buyers and visitors expressed as a percentage). They define e-satisfaction as a Web site satisfaction, but do not investigate the e-purchase satisfaction's outcomes. Yet, the literature distinguishes two kinds of satisfaction: Satisfaction with the Web site (Reibstein, 2002) and satisfaction with the purchase process (Symanski and Hise, 2000; Anderson and Srinivasan, 2003). To our knowledge, no research has empirically investigated the consequences of e-purchase satisfaction on constructs such as complaining behavior, recommendation or exit. In line with these findings and definitions, we propose that customers who have lower levels of either Web site or e-purchase satisfactions are more likely to exit.

¹The authors would like to thank Thibaut Munier and Yseulys Costes from 1000Mercis.com

P_{1a,b}: *Customers who have lower levels of Web site satisfaction (P_{1a}) / e-purchase satisfaction (P_{1b}) are more likely to exit the Web site.*

In the traditional marketplace, scholars have shown that satisfaction is positively linked to word of mouth defined as informal communications between private parties concerning evaluations of goods and services. Silverman (1997) highlights that word of mouth is important to marketers because it can be a major potential source of future business. Anderson (1998) also demonstrated that dissatisfied customers engage in a greater word of mouth than satisfied ones. In an e-commerce context, Bansal *et al.* (2004) have shown that Web site satisfaction is also significantly related to referrals (they define as the likelihood to recommend) but did not investigate the impact of e-purchase satisfaction on likelihood to recommend. In line with this, we propose that customers who have lower levels of either web or e-purchase satisfactions are less likely to make positive recommendations to a relative.

P_{2a,b}: *Customers who have lower levels of Web site satisfaction (P_{2a}) / e-purchase satisfaction (P_{2b}) are less likely to recommend the Web site.*

Consistently with Hirschman's (1970) framework, researchers have demonstrated that dissatisfied customers are more likely to give voice than others. Cho *et al.* (2002) find that as degree of Web site dissatisfaction increases, so does the customer propensity to complain. We therefore propose that customers who have lower levels of either Web site satisfaction or e-purchase satisfaction are more likely to complain.

P_{3a,b}: *Customers who have lower levels of Web site satisfaction (P_{3a}) / e-purchase satisfaction (P_{3b}) are more likely to complain.*

Customers' voice behavioral's consequences in the e-commerce

Numerous scholars have shown that complainers are more likely to exit (Solnick and Hemenway, 1992). In online environments, it has been argued that searching and switching costs are low (Reichheld and Schefter, 2000). It is very easy for customers to exit the Web site. We therefore expect that customers who complain are more likely to exit the Web site.

P₄: *Customers who complain are more likely to exit the Web site than customers who don't complain.*

Although complaints may have severe consequences, a great deal of research has popularized the idea that satisfactory service recovery is profitable for companies (Hart, Heskett and Sasser, 1990; Smith and Bolton, 1998). TARP's (1979) results have highlighted that complaint resolution lead to increased loyalty. A well-handled problem of complaints will produce customers who are actually more loyal than those experiencing no problem at all. Additionally, Walther (1992) finds that complainers are more likely to buy again than non-complaining but dissatisfied customers. Therefore, knowing exit is just at a mouse click in the e-commerce, we may expect that,

P_{5a}: *'Satisfied e-complainers' (complainers who are satisfied with the complaint resolution) are less likely to exit the Web site than 'e-dissatisfied complainers' (complainers who are not satisfied with the complaint resolution).*

P_{5b}: *E-complainers are less likely to exit the Web site than non-complaining but Web site dissatisfied customers.*

TARP's results also reveal that 'satisfied complainers' recommend more strongly the company to relatives than 'dissatisfied complainers' (those who were given a dissatisfactory response). Reichheld and Schefter (2000) underlines that is also true for the e-commerce and points that the Internet amplifies the effects of word of mouth. Therefore, we propose that,

P_{6a}: *'Satisfied e-complainers' are more likely to recommend the Web site than 'e-dissatisfied complainers'.*

Bolton and Bronkhorst (1995) suggest that complainers' loyalty varies in magnitude according to the nature of their complaint. More precisely, relying on Gilly and Gelb (1982), they propose that customers complaining about a monetary loss are more likely to be satisfied with the firm's response and are less likely to exit. It is well known that customers often choose to buy on the Internet because they can compare prices and get the best price. We may therefore infer that, in online environment,

P_{7a,b}: *E-customers who complain about a payment problem are more likely to be satisfied with the firm's response (P_{7a}) and less likely to exit the Web site (P_{7b}) than customers who complain about other problems.*

METHODOLOGY

This research investigates dissatisfaction and complaining outcomes in the Internet fast growing industry. To do so, we explored a large and unique data set of over 7000 Expedia's customers. Expedia.com is the online leading travel planning and flight-booking site.

The sample

7458 customers answered an on-line survey three days after having bought on Expedia's Web site in 2006. The response rate was 29.5%. 46.9% of the respondents were men, 53.1% female. Interviewees' average age was 42 years old. Complainers were identified from a survey question about the purpose of calls to the customer service center (cf. Exhibit 1). Out of the 7458 interviewees, 1188 (15.92%) contacted the customer service center among which 561 complained (7.5%). Customers' complaints were classified in three categories: a) Payment problem; b) browsing / connection problem or c) problem related to the service they bought (cf. Exhibit 1).

The survey questionnaire

The survey consisted of online questionnaires. It measured customers' overall Web site satisfaction, overall e-purchase satisfaction and intention to recommend and repurchase on the site. Interviewees were also asked to submit some demographics and to indicate i) whether they contacted the customer service center; ii) the nature of their complaint and iii) their levels of satisfaction regarding the response given by Expedia to redress the problem they encountered. Overall Web site and e-purchase satisfactions were measured on single items. The scales consisted of five points Likert scales anchored very dissatisfied to very satisfied (cf. Exhibit 1). Intention to buy again is used here as a proxy measure of exit (a customer answering no to this question is considered as exiting the Web site). Intention to buy again on the Web site and to recommend the Web site to relatives were measured on five points scales anchored 'yes certainly' and 'no, certainly not'.

EXHIBIT 1

Survey items

Satisfaction items, measured on 5 points Likert scales (anchored 1= very satisfied to 5=very dissatisfied)

1. Overall, how satisfied are you with the buying process?
2. Overall, how satisfied are you with Expedia's Web site?

Loyalty item, measured on a 5 points semantic scales (anchored 1= Yes, certainly to 5 certainly not)

3. Do you intend to buy your next trip on Expedia?

Recommendation item, measured on a 5 points semantic scale (anchored 1= Yes, certainly to 5 certainly not)

4. Would you recommend Expedia to one of your near relative?

Customer service

5. Did you call Expedia's customer service during your shopping experience? (Yes/No)

6. If you have contacted the customer service, you did it in order,

- to have an information not available on the Web site

- to have side information,

- because you encountered a problem on the Web site (connection / browsing)

- because you prefer to pay by phone than on the Internet

- to claim regarding a purchase

- because you encountered a problem when paying on the site

- to get a customized piece of advice.

7. How satisfied are you with the answer that was given to you in comparison to your expectations, measured on 5 points Likert scales (anchored 1= very satisfied to 5=very dissatisfied)

RESULTS

Respondent demographics

The data indicate that 53.5% of the e-purchase dissatisfied customers are men while 50.1% of the Web site dissatisfied customers are women. Customers who declare dissatisfaction are 43 years old on average. Among the 561 complainers, 116 (20.7%) lodged more than one complaint. A total of 691 grievances were identified. Precisely, 44.1% of the complaints dealt with a payment problem, 36% with a Web site (either connection or browsing) problem and 19.82% with the purchased travel.

Customers' e-dissatisfaction behavioural consequences

To investigate the first two propositions (P_{1a} and P_{1b}) we compared the Web site satisfaction and e-purchase satisfaction for two groups: People who want to exit and people who do not want to exit. To do so we ran two chi-square tests. The results are presented in Tables 1a and 1b.

Consistently with our predictions and with the marketing offline literature, the data revealed that we should reject the null hypothesis H_0 in both cases (i.e. for both P_{1a} and P_{1b}). Customers who have lower levels of Web site satisfaction (P_{1a}) are more likely to exit ($\chi^2=788.71$; $p<0.01$). Similarly, customers who have lower levels of e-purchase satisfaction (P_{1b}) are more likely to exit ($\chi^2=708.92$; $p<0.01$).

In a similar fashion, we ran two chi-square tests to assess P_{2a} and P_{2b} . The results (cf. Tables 2a and 2b) support P_{2a} and P_{2b} . In both cases, the null hypothesis H_0 is rejected. Customers showing lower levels of Web site satisfaction are less likely to recommend ($\chi^2=1103.22$; $p<0.01$); which is also the case for customers having lower levels of e-purchase satisfaction ($\chi^2=1380.44$; $p<0.01$). Like in off-line context, customer satisfaction (either towards the Web site or e-purchase experience) is positively linked to customers referral.

Web site dissatisfaction has been shown to determine customer complaining behavior (P_{3a}). However, customer e-purchase dissatisfaction's impact on complaints has not been investigated yet. To examine P_{3a} and P_{3b} , we ran two chi-square tests. The results (cf. Table 3a & 3b) lead to reject the null hypothesis H_0 in both cases. Customers having lower levels of Web site satisfaction are more likely to complain ($\chi^2=312.93$; $p<0.01$), which is also the case for customers having lower levels of e-purchase satisfaction ($\chi^2=144.113$; $p<0.01$). Interestingly, the data indicate that, like in offline environments, a majority of dissatisfied customers does not complain. Tables 3a and 3b show that only 32.3% and 34.8% of web / e-purchase dissatisfied customers lodged a complaint.

Customers' e-complaints behavioural consequences

In line with the marketing offline literature, we proposed that complainers are more likely to exit the Web site than non complainers. To examine this proposition, we compared complainers versus non complainers' exit intentions with a chi-square test. Complainers were identified here as the people who called the customer service center either because they encountered a payment, browsing/connection problem or because they voiced about a purchase (cf. Exhibit 1). As shown in Table 4, the chi-square test's result clearly indicates that there is a significant difference between complainers versus non complainers ($\chi^2=24.85$; $p<0.01$). Indeed, 36.5% of the complainers' say they will exit versus 22.9% for the non complainers.

Yet, this finding might need qualifying since we cannot analyse customers who did not answer the survey. We may hypothesize that these customers were non-complainers who exited. Though, on the basis of the completed online questionnaires, we find that complainers are more likely to exit the Web site than non complainers. Interestingly also, 63.5% of the complainers declared they will not exit the Web site.

TABLE 1A
Web site Satisfaction & Exit (P_{1a})

	Very dissatisfied	Somewhat dissatisfied	Neither satisfied / nor dissatisfied	Somewhat satisfied	Very satisfied
Exit	64 (97%)	181 (58%)	117 (62.2%)	1188 (24.5%)	195 (9.5%)
Don't Exit	2 (3%)	131 (42%)	71 (37.8%)	3659 (75.5%)	1850 (90.5%)
Nb. Obs	66	312	188	4847	2045

TABLE 1B
E-Purchase Satisfaction & Exit (P_{1b})

	Very dissatisfied	Somewhat dissatisfied	Neither satisfied / nor dissatisfied	Somewhat satisfied	Very satisfied
Exit	102 (78.5%)	156 (62.4%)	39 (54.2%)	1037 (27.4%)	411 (12.7%)
Don't Exit	28 (21.5%)	94 (37.6%)	33 (45.8%)	2743 (72.6%)	2815 (87.3%)
Nb. Obs	130	250	72	3780	3226

TABLE 2A
Web site Satisfaction & Recommendation (P_{2a})

	Very dissatisfied	Somewhat dissatisfied	Neither satisfied / nor dissatisfied	Somewhat satisfied	Very satisfied
No Rec	98 (75.4%)	114 (45.6%)	28 (38.9%)	366 (9.7%)	159 (4.9%)
Rec	32 (24.6%)	136 (54.4%)	44 (61.1%)	3414 (90.3%)	3067 (95.1%)
Nb. Obs	130	250	72	3780	3226

TABLE 2B
E-Purchase Satisfaction & Recommendation (P_{2b})

	Very dissatisfied	Somewhat dissatisfied	Neither satisfied / nor dissatisfied	Somewhat satisfied	Very satisfied
No Rec	63 (95.5%)	125 (40.1%)	107 (56.9%)	389 (8%)	81 (4%)
Rec	3 (4.5%)	187 (59.9%)	81 (43.1%)	4458 (92%)	1964 (96%)
Nb. Obs	66	312	188	4847	2045

To assess the propositions P_{5a} and P_{5b}, we also ran chi-square tests. The first analysis (cf. Table 5a) revealed that ‘satisfied complainers’ (i.e. customers who received a satisfactorily answer from the company) are less likely to exit the Web site than dissatisfied complainers’ (i.e. than customers who did not receive a satisfactorily answer), which is consistent with the traditional marketing literature. The chi-square test rejects the null hypothesis H₀ ($\chi^2=12.33$; $p<0.01$). Additionally, the findings regarding P_{5b} (cf. Table 5b) also lead to reject the null hypothesis H₀ ($\chi^2=9.25$; $p<0.01$). Complainers here are less likely to exit the Web site than dissatisfied and non-complaining customers.

Considering satisfied complainers versus dissatisfied complainers’ likelihood to recommend (P_{6a}), the chi-square test result supports our prediction ($\chi^2=29.62$; $p<0.01$). 89.1% of the satisfied

customers declare they will recommend the Web site to relatives. Yet, surprisingly, 70.9% of the ‘dissatisfied complainers’ declare they will recommend again! This can be explained by the fact that either the problem was no that big, or because the price savings were worth the problem these customers encountered. Another explanation relies on the idea that the complaining process per se enhances complainers’ probability to recommend the Web site. Complaining to a customer service center is a unique opportunity to get in touch with the supplier. It also humanizes the supplier. This is why the complaining process is probably more critical in online settings than in the traditional marketplace.

Overall, like in the traditional marketplace, our findings underline the importance of service recovery. It shows that a ‘satisfied complainer’ exhibit a positive attitude toward the Web site since

TABLE 3A
Web site Satisfaction & Complaining Behavior (P_{3a})

	Very dissatisfied	Somewhat dissatisfied	Neither satisfied / nor dissatisfied	Somewhat satisfied	Very satisfied
Don't complain	88 (67.7%)	180 (72%)	67 (93.1%)	3477 (92%)	3085 (95.6%)
Complain	42 (32.3%)	70 (28%)	5 (6.9%)	303 (8%)	141 (4.4%)
Nb. Obs	130	250	72	3780	3226

TABLE 3B
E- Purchase Satisfaction & Complaining Behavior (P_{3b})

	Very dissatisfied	Somewhat dissatisfied	Neither satisfied / nor dissatisfied	Somewhat satisfied	Very satisfied
Don't complain	43 (65.2%)	255 (81.7%)	169 (89.9%)	4486 (92.6%)	1944 (95.1%)
Complain	23 (34.8%)	57 (18.3%)	19 (10.1%)	361 (7.4%)	101 (4.9%)
Nb. Obs	66	312	188	4847	2045

TABLE 4
Complaint & Exit (P₄)

	Complainers	Non-Complainers
Exit	91 (36.5%)	1654 (22.9%)
Don't Exit	158 (63.5%)	5555 (77.1%)
Nb. Obs	249	7209

TABLE 5A
Satisfied / Dissatisfied Complainers & Exit (P_{5a})

	Dissatisfied Complainers	Satisfied Complainers
Exit	107 (41.5%)	83 (27.4%)
Don't exit	151 (58.5%)	220 (72.6%)
Nb. Obs	258	303

TABLE 5B
Complainers vs. Web-Dissatisfied and Non-Complaining Customers & Exit (P_{5b})

	Complainers	Web-Dissatisfied & Non-Complainers
Exit	155 (37.3%)	12 (75%)
Don't exit	261 (62.7%)	4 (25%)
Nb. Obs	416	16

they recommend it in higher proportions than dissatisfied complainers. It also suggests that the customers complaining process is more crucial in online environments. Indeed, 70.9% of the dissat-

isfied complainers declare they will recommend the Web site while 75% of the web-dissatisfied non complaining customers declare they will not buy their next trip on this Web site again.

TABLE 6A
Satisfied / Dissatisfied Complainers & Recommendation (P_{6a})

	Dissatisfied Complainers	Satisfied Complainers
Recommend	183 (70.9%)	270 (89.1%)
Don't recommend	75 (29.1%)	33 (10.9%)
Nb. Obs	258	303

TABLE 7A
Monetary Complainers versus others Complainers & Satisfaction with the company's response (P_{7a})

	Very dissatisfied	Somewhat dissatisfied	Neither satisfied/ nor dissatisfied	Somewhat satisfied	Very satisfied	Nb. Obs.
Monetary complaint	22 (7.2 %)	25 (8.2%)	12 (3.9%)	103 (33.8%)	143 (46.9%)	305
Other complaint	52 (20.3%)	25 (9.8%)	7 (2.7%)	71 (27.7%)	101 (39.5%)	256

TABLE 7B
Monetary Complainers versus other Complainers & Exit (P_{7b})

	Monetary complainers	Other Complainers
Exit	169 (45.6%)	87 (45.8%)
Don't Exit	202 (54.4%)	103 (54.2%)
Nb. Obs	371	190

As far as the nature of the complaint is concerned (P_{7a} and P7b), we find mixed support. As shown in Exhibit 1, Expedia's customers can complain for different reasons. To analyse complaints related to payment problems in contrast to other complaints (cf. Exhibit 1), we ran two chi-square tests. The first one compares customers' propensity to be satisfied when they complained for monetary reasons to customers' propensity to be satisfied when they complained for another reason. The data shows that the null hypothesis H₀ must be rejected ($\chi^2=22.48$; $p<0.01$). Therefore, P_{7a} is supported. Customers who complain about a monetary problem are found to be more likely to be satisfied with the firm's response than other complainers (cf. Table 7a).

Contrarily, the chi-square test examining whether customers who complain about a monetary problem are less likely to exit than other complainers reveal that the null hypothesis H₀ cannot be rejected ($p=0.056$). P_{7b} is not supported. All complainers are equally expected to exit. The nature of the complaint does not make any difference here.

DISCUSSION AND CONCLUSIVE REMARKS

These findings show and therefore support that customers' Web site and e-purchase dissatisfaction have significant relationships with customer e-complaining behavior, Web site exit and referrals. It is based on a large data-set of over 7000 customers for a major e-retailer: Expedia. To our knowledge, this is the first

research to reveal connections between e-purchase dissatisfaction and e-customers' exit or word of mouth. Besides, it demonstrates that customer e-complaining behavior impacts their likelihood to exit the Web site and creates negative word of mouth. Additionally, this paper underlines the strategic importance of the complaining process and service recovery in online settings.

Precisely, the findings highlight that customer's web or e-purchase dissatisfactions entail a higher propensity to exit (P_{1a} and P_{1b}) and a smaller likelihood to recommend (P_{2a} and P_{2b}). 97% of the Web site very dissatisfied customers are found to intend to exit the Web site. Conversely, 90.5% of the very satisfied declare they will buy on Expedia again. Similar results are found for e-purchase satisfaction. Moreover, the data indicates that respectively 75.4% and 95.5% of the Web site and e-purchase very dissatisfied customers will not recommend the Web site to relatives; while 95.1% and 96% of the Web site and e-purchase very satisfied customers say they will. Consistently with both the online and offline literatures also, the results reveal that web / e-purchase dissatisfied customers are more likely to complain (P_{3a} and P_{3b}). Yet, it is important to notice that very few dissatisfied customers voice their complaint here. Indeed, as Tables 3a and 3b suggest it, over 70% of the web / e-purchase dissatisfied customers do not complain!

The findings also highlight that though complainers are more likely to exit the Web site (P₄), only 36.5% declare they will. We also find that though 89.1% of the 'satisfied complainers' declare

they will recommend the web site, 70.9% of the 'dissatisfied complainers' declare they will also recommend the Web site. Additionally, the data indicate that most of the dissatisfied complainers (58.5%) do not intend to exit the Web site, which again, is not consistent with the off-line literature. These findings suggest that the complaining process per se may increase customers' intentions to buy again and to recommend in off-line settings. Contrarily to offline buying situations, the complaining process is the unique opportunity for the customer to get in touch with the supplier. It humanizes the buyer-seller relationship and appears to increase considerably online customers' positive attitudes toward the Web site. For this reason, giving customers the opportunity to complain is probably more critical on-line.

Now, considering service failure recovery, the data clearly shows that complainers who are satisfied with the complaint resolution ('satisfied complainers') are less likely to exit the Web site than customers who are dissatisfied with the complaint resolution ('dissatisfied complainers') (P5_a). As shown in Table 5a, 41.5% of the 'dissatisfied complainers' versus 27.4% of the 'satisfied complainers' intend to exit the Web site. This therefore suggests that service failure recovery is strategic for online merchants too.

In line with our predictions too, the findings show that complainers are twice as much more likely to be loyal to the site than web dissatisfied but non-complaining customers (P5_b). This confirms that encouraging dissatisfied e-customers to complain helps managers to increase customers' e-loyalty and therefore build long-term profitable relationships. This also supports again that the complaining process per se plays a key role in the quest for online loyalty. This is all the more important as it has been shown that loyalty is more critical in online settings than in the traditional retail (Reichheld and Shefter, 2000).

Last, the results partially support the idea that customers complaining about monetary problems are less likely to exit the Web site and more likely to recommend than customers complaining about other problems (P7_a and P7_b). Although, the data clearly shows that customers who complain because they had a problem when paying on the Web site are more likely to be satisfied with the firm's response (P7_a), however we do not find that these customers are less likely to exit than customers who complain for other reasons (P7_b).

In conclusion, these findings are in line with most of our predictions. Overall, this research underlines, like in the traditional marketplace, the importance of customer dissatisfaction and complaining management for the growing e-commerce industry. This is all the more important since like we noticed before, marketing defensive strategies are more critical than in the traditional marketplace. Understanding dissatisfaction and complaining behaviour outcomes in e-commerce is also crucial since this sector is getting hyper competitive. The 2005 Forrester Research forecasts that US online retail sales in 2010 will account for 328.6 US \$ billions (double the amount compared to 2005). Interestingly, this research highlights that the complaining process per se plays a key role in creating online loyalty, since a large amount of 'dissatisfied complainers' (i.e. complainers who are dissatisfied with the complaint resolution) intend to buy again and recommend the Web site.

In an academic perspective, this research proposes an initial validation of complaint effects on customer subsequent behaviour. Based on a large representative e-customers dataset, it paves the way for future research on customer complaint behavioural consequences and calls for replications. Though our results are very encouraging, they encounter some limitations. The main limitation is due to the measurement of exit which is rendered here as a

customer intention to come back. It would be interesting to use real behavioural data. Another limitation is due to the fact that customers reported their complaints via a customer service call-center. Indeed, other channels are often used like e-mailing (Strauss and Hill, 2001), regular mail or anti domain sites to complain. It would therefore be interesting to study whether customer complaining behavior differs across these channels.

BIBLIOGRAPHY

- Abbott Michele, Chaing Kuan-Pin, Hwang Yong-Sik, Jerry Paquin, and Detlev Zwick (2000), "The process of on-line store loyalty formation," in *Advances in Consumer Research*, Vol. 27, eds. Stephen J. Hoch and Robert J. Meyer, Provo, UT : Association for Consumer Research, 145-150.
- Anderson Eugene W. (1998), "Customer satisfaction and word of mouth," *Journal of Service Research*, 1 (August), 5-17.
- Anderson, Eugene W. and Mary W. Sullivan (1993), "The antecedents and consequences of customer satisfaction for firms," *Marketing Science*, 12 (Spring), 125-143.
- Anderson, Rolph E. and Srinivasan (2003), "E-satisfaction and e-loyalty: A contingency Framework," *Psychology & Marketing*, 20 (February), 123-138.
- Bansal, Harvir S., Gordon H.G. McDougall, Shane S. Dikolli, and Karen L. Sedatole (2004), "Relating e-satisfaction to behavioral outcomes: an empirical study," *Journal of Services Marketing*, vol.18 (4), 290-302.
- Bearden William O. and Jesse E. Teel (1983), "An investigation of personal influences on consumer complaining," *Journal of Retailing*, 53 (Fall), 3-20.
- Bolton Ruth N. and Tina M. Bronkhorst (1995), "The relationship between customer complaints to the firm and subsequent exit behaviour," in *Advances in Consumer Research*, Vol. 22, eds. Frank R. Kardes and Mita Sujun, Provo, UT : Association for Consumer Research, 94-100.
- Cho, Yooncheong, Il Im, Roxane Hilz, and Jerry Fjermestad, (2002), "The effects of post-purchase evaluations factors on on-line versus off-line customers complaining behavior: Implications for customer loyalty," in *Advances in Consumer Research*, Vol. 29, eds. Susan M. Broniarczyk and Kent Nakamoto, Valdosta, GA : Association for Consumer Research, 318-326.
- Evanschitzky, Heiner, Gopalkrishnan R. Iyer, Josef Hesse, and Dieter Ahlert (2004), "E-satisfaction: a re-examination," *Journal of Retailing*, 80 (3), 239-247.
- Fornell, Claes, Sunil Mithas, Forrest V. Morgeson, and M.S. Krishnan (2006), "Customer satisfaction and stock prices: High returns, low risk," *Journal of Marketing*, 70 (January), 3-14.
- Fornell, Claes and Birger Wernerfelt (1988), "A Model for Customer Complaint Management," *Marketing Science*, 7 (Summer), 287-298.
- Fornell, Claes and Robert A. Westbrook (1984), "The vicious circle of consumer complaints," *Journal of Marketing*, 48 (Summer), 68-78.
- Gilly, Mary C. and Betsy D. Gelb (1992), "Post-purchase consumer processes and the complaining consumer," *Journal of Consumer Research*, 9 (December), 323-328.
- Gruca, Thomas S. and Lopo L. Rego (2005), "Customer satisfaction, cash-flow and shareholder value," *Journal of Marketing*, 69 (July), 15-130.
- Hart, Christopher, W.L., James L. Heskett, and W. Earl Sasser (1990), "The profitable art of service recovery," *Harvard Business Review*, (July-August), 148-156.

- Hirschman, Albert O. (1970), *Exit, Voice, and Loyalty*, Cambridge, MA:Harvard University Press.
- Maute Manfred F. and William R. Forrester (1993), "The structure and determinants of consumer complaint intention and behaviour," *Journal of Economic Psychology*, 14 (2), 219-47.
- Reibstein David J. (2002), "What Attracts Customers to Online Stores, and What Keeps Them Coming Back?" *Journal of the Academy of Marketing Science*, 30 (October), 465-473.
- Reichheld Frederick and Phil Schefter (2000), "E-loyalty, your secret weapon on the web," *Harvard Business Review*, 79 (July-August), 105-113.
- Reichheld Frederick and W. Earl Sasser (1990), "Zero defections: Quality comes to services," *Harvard Business Review*, 68 (September-October), 105-111.
- Rust Roland.T., Zahoric Anthony J. and Timothy C Keiningham .(1995), "Return on quality (ROQ): Making service quality financially accountable," *Journal of Marketing*, 59 (2), 58-70.
- Smith, Amy K. and Ruth Bolton (1998), "An experimental investigation of customers reactions to service failure and recovery encounters: Paradox or peril?" *Journal of Service Research*, 1 (August), 65-81.
- Solnick Sara J. and David Hemenway, (1992), "Complaints and disenrollment at a health maintenance organization," *Journal of Consumer Affairs*, 26 (1), 90-103.
- Strauss Judy and Donna J. Hill (2004), "Consumers complaints by e-mail: An exploratory investigation of corporate responses and customer reactions," *Journal of Interactive Marketing*, 15 (1), 63-73.
- Szymanski, David M. and Richard T. Hise (2000), "E-satisfaction: An initial examination," *Journal of Retailing*, 76 (Fall), 309-322.
- Technical Assistance Research Program (1979), *Consumer complaint handling in America: An update study*. Washington DC: White House Office of Consumer Affairs.
- Walther, George (1994), *Upside Down Marketing*, McGraw-Hill, Inc.