

PROBLEMS WITH CREDIT CARDS: AN EXPLORATION OF CONSUMER COMPLAINING BEHAVIORS

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ABSTRACT

Using data from the Survey of Consumers, this descriptive study attempts to provide a holistic picture of complaining behaviors, problem resolution, and satisfaction with the complaining process. We find less than one out of six households reported a problem; of those, nearly all took some sort of private or public action. About 7% used third parties, 11% took private action and 82% voiced to seller; over half (55%) exited. Consumers seemed to use a cost/benefit approach to complaining; those with more at stake took more assertive actions and spent more time pursuing their complaint. Consumers whose problems were resolved were more satisfied with the outcome and with the complaining process.

INTRODUCTION

Consumer complaining behavior has been studied extensively. We know about the antecedents of complaining, who complains and who doesn't, who people complain to, how and when they complain, which factors are associated with getting a problem resolved, and consumers' satisfaction with the complaining process. However, for the most part, these complaining behaviors have been studied separately in different studies with different data sets. To date, there has been little that could be characterized as a comprehensive, in-depth exploration of complaining behaviors or a holistic picture of how these behaviors are interrelated.

For the past 5 years, credit cards have been the number one complaint received by federal financial regulators (Federal Reserve Board, 2000). In addition, credit and lending complaints are in the top five complaint categories listed by

the National Association of Consumer Agency Administrators and the Consumer Federation of America (NACAA, 2000). Also, consumer credit has caught the eye of Congress, both in their deliberation of bankruptcy reform and in ongoing legislative initiatives related to credit and credit cards (LaFalce, 2001). Thus, credit cards seem to be an appropriate subject for a case study on consumer complaining behaviors.

The purpose of this descriptive study is to explore the complaining behaviors of consumers who experienced problems with credit cards. In particular, we investigate the prevalence of problems, the characteristics of consumers with problems (more specifically, those who complain), the types of complaining behaviors consumers exhibit, the complaining processes consumers follow, the resolution or other outcomes of the complaining process, and satisfaction with the complaining process. We also investigate consumers' attitudes and how these relate to complaining behaviors.

BACKGROUND ON CREDIT CARD MARKETS

American consumers are using credit cards more than ever. More than 75% of the adult population in the United States have a credit card (Nilson Report, 2000) with an average of 4.2 cards per cardholder (Nilson Report, 1998). Estimates show that by the year 2015, 80% of the adult population will hold a credit card (Nilson Report, 2000). In 2000, credit card issuers mailed a record of 3.54 billion solicitations with over one billion solicitations in the fourth quarter alone. This corresponds to an average of three credit card offers per month per household (BAI Mail Monitor, 2001). During 1998, a total of 429.2 million VISA and MasterCard were in

circulation (Federal Reserve Board, 1999). Between 1991 and 2001, consumers' outstanding revolving credit grew from \$247 billion to \$669 billion (Federal Reserve Board, 2001).

Currently, over 6,800 depository institutions issue VISA and MasterCard credit cards and independently set the terms and conditions of their plans (Consumer Reports 1998; Federal Reserve Board 1999). However, competition has changed credit card issuers' pricing strategy (Federal Reserve Board 1999). Credit card issuers are competing by waiving annual fees, providing enhancements, and since the early 1990's, lowering interest rates. In the past, credit card issuers offered programs with a single-interest rate, but more recently many of them have offered a broad range of card plans with differing interest rates depending on consumers' credit risk and usage patterns. For example, they offer lower rates to existing customers who have good payment records (prime or A markets) while maintaining relatively high rates for higher-risk (sub-prime or B/C markets) or late-paying cardholders. This aggressive competition has resulted in widening the variety of credit card choices for consumers, as well as potential problems.

PREVIOUS WORK IN THE CONSUMER COMPLAINT ARENA

Research on Problems and Complainers

There is a substantial body of literature profiling the nature and extent of problems consumers face in the marketplace and the factors associated with complaining about these problems (see Robinson, 1979, Andreasen, 1988 and Perkins, 1993 for bibliography and overviews of the state-of-the-art as of those dates). Best & Andreasen (1977) found an average 20 percent problem rate among infrequently and frequently purchased products and services, although these varied from 9 percent (cosmetics) to 35 percent (automobile repairs). Others have found rates as low as 14 percent for financial and insurance

services (Day & Bodur, 1978) to as high as 48 percent for "ever having a problem with either a good or service" (the type of good or service was unspecified; Office of Fair Trading, 1986; see also Leigh and Day, 1981 and Zussman, 1983). Researchers have attributed complaining rates to how an industry is structured (Singh, 1991; Kolodinsky, 1995). Complaints appear to be higher in industries that have greater competition.

Turning to who bothers to complain when they experience a problem, we again find a range of complaining rates. Oster (1980) reports on Better Business Bureau data with product complaint rates ranging from one complaint for ever 20 million transactions (for food/grocery stores) to one complaint for every 300 transactions (for home furnishings). She also cites service complaint rates ranging from one complaint for every 1.6 million transactions (for hotels and motels) to one complaint for every 500 transactions (for roofing). These rates, however, seem extraordinarily low and may be a vestige of the BBB data set. Best & Andreasen (1977) report complaining rates ranging from 14 percent (for cosmetics) to 59 percent for mail order purchases. The Technical Assistance Research Program (TARP, 1979) reported that 31 percent of consumers with problems did not complain, while an A.C. Nielsen study (1981) found that for "small problems" only 3 percent would complain and 30 percent would return the product; the remaining 67 percent would do nothing. In a 2001 follow-up study, TARP reported complaining rates of 16 percent for "serious problems with no field or retail contact" to 0.05 percent (one in 2000) for "less serious problems, where there is an extensive field service organization" (TARP, 2001; p. 8).

Consumers' propensity to complain is influenced by their assessment of the costs and benefits (Landon, 1977; Richins, 1980; Day et al, 1981; Gronhaug and Gilly, 1991; Cho and Joung, 1999) and their estimate of the probability of success (Day et al, 1981; Blodgett et al, 1995; Kolodinsky, 1995). There are situational characteristics that influence complaining

behaviors, including degree of dissatisfaction (Oliver, 1986; Maute and Forrester, 1993) and perceived alternatives (Maute & Forrester, 1993). Consumers' attitudes toward seeking redress are also important determinants (Hirschman, 1970; Richins, 1980, 1982; Bearden, 1983; Singh, 1990; Cho & Joung, 1999), as are the consumers' ability and motivation to complain (Oliver, 1997). The marketplace and industry structure also influences complaining behaviors; for example, consumers dealing with "loose monopolies," such as the medical services industry, may have different complaining behaviors than when dealing with more competitive markets (Andreasen, 1985; Singh, 1991; Kolodinsky, 1993). Kolodinsky (1995) also identifies constraints (e.g. time available) and learning (e.g. previous complaining experiences) as factors influencing consumer complaining behaviors.

Typologies of Complaining Behaviors

The seminal framework used to categorize complaining behaviors is that of Hirschman (1970) who identified three categories: 1) loyalty (that is, not complaining), 2) exit (stop using the dissatisfying product or service), and 3) voice (complaining). Over the years there have been numerous modifications made to this typology. The concepts of private action (complaining to family and friends or other word of mouth complaining) versus public action as well as differentiating between voicing to sellers/merchants versus voicing to third parties have been developed and incorporated into this typology by Best & Andreasen (1977), Singh (1988, 1989, 1990), Kolodinsky & Aleong (1990), Kolodinsky (1995), and Lee & Soberon-Ferrer (1996, 1999).

The Complaining Process – What Do You Do and When Do You Do It?

Few studies have attempted to explore and identify a hierarchy of consumer complaint behavior. Some studies have attempted to rank or

rate complaining activities in a hierarchy of degree of intensiveness, usually from the very passive (decide not to buy the product or service or deal with that company again) to the most assertive (consult/hire a lawyer). Gronhaug (1977) studied the likelihood that consumers who complained to a seller would go on to complain to a consumer agency. He found that 85% of consumers using a local consumer agency had tried to solve the problem by first going to the seller/merchant; thus, for all but 15%, the hierarchy is to first try for resolution with the seller before involving a third party.

Outcomes of Complaints and the Complaint Process

Consumers' expectations about the outcome of the complaint may differ by whether there is money involved (Gilly & Gelb, 1982), although nonmonetary influences were also important in consumers' satisfaction with the outcome. Gilly (1987) provides an overview of post-complaint studies and consumers' satisfaction with the complaint response. Some of these studies focused on resolution of the problem (TARP, 1979), while others are less specific as to whether the satisfaction is with the resolution or with the response to the complaint, which may not be a resolution per se. Oftentimes, outcomes are measured as re-purchase intentions (Gilly, 1987; Bennett, 1997; Oliver, 1997; Fisher et al, 1999) or willingness to recommend the product or service to others (Hogarth & English, 1997; Fisher et al, 1999). Nyar (2000) presents some evidence that consumers who were encouraged to complain actually were more likely to purchase the service complained about (in this case, a health club membership). On the other hand, Kolodinsky (1993) found that even when complaints are resolved, consumers have lower probabilities of repurchasing.

Using satisfaction with the outcome as their measure of resolution, Best & Andreasen (1977) found that satisfaction rates ranged from 30 percent (for complaints about car parking) to 81

percent (for complaints about washers and dryers). Fisher et al. (1999) measured the discrepancy between the offer of resolution from the seller and the consumer's preference for resolution; most consumers felt the resolution offered was insufficient.

In summary, while a lot is known about various parts of the complaining process and complaining behaviors, no single study has provided a holistic picture of how these complaining behaviors and processes relate. This study begins to fill that gap.

DATA

The Surveys of Consumers were initiated in the late 1940s by the Survey Research Center at the University of Michigan. The purpose of these surveys is to measure changes in consumer attitudes and expectations with regard to consumer finance decisions. Each monthly telephone survey of 500 households includes a set of core questions covering consumer attitudes and expectations along with socioeconomic and demographic characteristics (see Curtin, 2001 for more information).

In October through December, 2000, the Federal Reserve Board commissioned additional questions on the Surveys of Consumers, including specific questions on consumers' complaining behaviors; the resulting data set included 1,500 respondents. In particular we asked about consumers' holding of secured credit cards (credit cards that require a security deposit), bank-type credit cards (Visa, MasterCard, Discover, American Express Blue), travel and entertainment cards (American Express, Diners Club), and store-based credit cards (Sears, Penneys, etc.); their satisfaction with these cards, and any problems they had with these cards.

We then asked a series of follow-up questions on the most recent problem consumers experienced, including information on the nature of the problem; the amount of money involved; the steps consumers took to resolve the problem and the order of these steps; whether the problem

was resolved and how it was resolved (e.g. money was recovered); the amount of time spent pursuing resolution; and satisfaction with the outcome of the complaint and with the complaint process. If consumers did not pursue the problem or stopped pursuing the problem, we asked follow-up questions on reasons for not taking further action. Finally, we asked a series of questions on preferences for how to register complaints (phone, e-mail, in-person, etc.) and a set of questions related to consumers' knowledge and attitudes about credit cards, financial institutions, and complaining.

RESULTS

Who Has a Problem?

Of the 1,500 respondents, 1,062 indicated they had at least one credit card. Of these, 166 (15.6%) indicated they had at least one problem within the past 12 months (Table 1). Overall, there were 428 separate problems reported by these 166 households (an average of 2.6 problems per household over the 12-month period). Two-fifths (44.6%) indicated they had only one problem, one-third (35.5%) indicated they had two or three problems, one out of seven (14.5%) indicated they had four to six problems, and one out of 20 (5.4%) indicated they had seven or more problems (Table 2). These results indicate that credit card problems appear to lie within the range found by Best & Andreasen (1977).

Demographically, respondents with credit card problems were more likely to be single, slightly younger, more highly educated, had higher income, and were more likely to live in the western region than respondents without problems (Table 1).

Respondents with problems reported lower satisfaction ratings with their cards (Table 3). For example, respondents with bank-type cards and no problems rated their satisfaction at 8.3 out of 10, while those with a problem rated their satisfaction at 5.7. This satisfaction differential was even larger for those with secured cards;

Table 1
Demographic Characteristics of Households

<u>Characteristic</u>	<u>By type of action taken on problem</u>								
	<u>Have credit card and problem</u>	<u>Have credit card and no problem</u>	<u>Have credit card</u>	<u>Full sample</u>	<u>No action</u>	<u>Private action</u>	<u>Voiced to seller</u>	<u>Third party</u>	<u>Any problem</u>
Number of households	166	896	1,062	1,500	6	18	131	11	166
As % of all households with a problem	100	-	-	-	3.6	10.8	78.9	6.6	100
As % of households with credit cards	15.6	84.4	100.0	-	0.6	1.7	12.3	1.0	15.6
Demographic Characteristics									
Marital Status & Gender									
Married	59.0	62.3	61.8	57.2	33.3	55.6	61.1	54.5	59.0
Single male	19.9	15.1	15.8	17.4	66.7	11.1	19.1	18.2	19.9
Single female	21.1	22.7	22.4	25.6	0.0	33.3	19.8	27.3	21.1
Race or Ethnicity									
White	87.8	85.0	85.5	82.6	100.0	94.1	88.5	63.6	87.8
Black	5.5	8.3	7.9	8.6	0.0	5.9	5.4	9.1	5.5
Hispanic	3.0	3.4	3.4	5.4	0.0	0.0	2.3	18.2	3.0
Other or missing	3.7	3.2	3.3	3.4	0.0	0.0	3.8	9.1	3.7
Age -Mean	44.3	47.8	47.2	47.4	49.5	43.6	45.0	34.4	44.3
Age -Median	44	45	45	45	47	43	45	32	44
Education									
Mean	14.7	14.2	14.2	13.7	14.5	14.2	14.8	13.6	14.7
Median	15.5	14	14	14	14.5	16	16	14	15.5
High school or less	21.7	30.9	29.5	37.8	16.7	27.8	19.8	36.4	21.7
Some college	28.3	29.2	29.1	28.7	50.0	16.7	26.7	54.5	28.3
College or more	50.0	39.8	41.4	33.5	33.3	55.6	53.4	9.1	50.0
Region									
Northeast	19.3	21.1	20.8	20.2	16.7	27.8	19.1	9.1	19.3
Midwest	19.3	24.9	24.0	24.7	33.3	11.1	18.3	36.4	19.3
South	35.5	33.1	33.5	34.7	33.3	44.4	35.9	18.2	35.5
West	25.9	20.9	21.7	20.3	16.7	16.7	26.7	36.4	25.9
Family Income									
Mean	67,667	65,027	65,440	58,714	45,625	58,333	72,427	38,273	67,667
Median	50,000	50,000	50,000	50,000	49,375	48,750	52,000	40,000	50,000
<=20,000	9.6	10.6	10.5	15.5	0.0	22.2	6.9	27.3	9.6
20,001 -40,000	23.5	20.4	20.9	22.4	33.3	11.1	23.7	36.4	23.5
40,001 -80,000	38.6	47.7	46.2	44.0	66.7	38.9	38.2	27.3	38.6
>80,000	28.3	21.3	22.4	18.1	0.0	27.8	31.3	9.1	28.3

those without problems rated their satisfaction at 7.7, compared to 4.2 for those with problems.

Respondents with problems tended to have more cards than those with no problem (Table 2). Respondents with problems were more likely to

hold a bank card in combination with a travel and entertainment or store card. They appeared to have the same APR (annual percentage rate) on their credit cards as those without problems (14.8% APR vs. 15.1% APR, respectively), but

Table 2
Credit Card Characteristics of Households

Characteristic	By type of action taken on problem								
	Have credit card and problem	Have credit card and no problem	Have credit card	Full sample	No action	Private action	Voiced to seller	Third party	Any problem
Number of households	166	896	1,062	1,500	6	18	131	11	166
Number of households by type of card									
Bank only	54	386	440	440	3	5	45	1	54
Bank and other	89	342	431	431	3	11	69	6	89
Other only	4	120	124	124	-	1	3	-	4
Bank and secured	8	15	23	23	-	-	5	3	8
Secured only	5	14	19	19	-	-	4	1	5
Bank, secured, and other	5	11	16	16	-	-	5	-	5
Secured and other	1	8	9	9	-	1	-	-	1
No card	-	-	-	438	-	-	-	-	-
Percentage of households by type of card									
Bank only	32.5	43.1	41.4	29.3	50.0	27.8	34.4	9.1	32.5
Bank and other	53.6	38.2	40.6	28.7	50.0	61.1	52.7	54.6	53.6
Other only	2.4	13.4	11.7	8.3	-	5.6	2.3	-	2.4
Bank and secured	4.8	1.7	2.2	1.5	-	-	3.8	27.3	4.8
Secured only	3.0	1.6	1.8	1.3	-	-	3.1	9.1	3.0
Bank, secured, and other	3.0	1.2	1.5	1.1	-	-	3.8	-	3.0
Secured and other	0.6	0.9	0.9	0.6	-	5.6	-	-	0.6
No card	-	-	-	29.2	-	-	-	-	-
Number of cards									
Mean	3.7	2.7	2.9	2.9	3.8	2.9	3.8	3.5	3.7
APR on credit card with highest balance or most often used									
Mean	14.8	15.1	15	15.2	11.7	14.7	14.6	18.4	14.8
Median	16	16	16	16	13	16	16	18	16
Percentage of households that are revolvers									
	68.1	59.9	61.2	43.3	83.3	61.1	66.4	90.9	68.5
Number of months carry balance for those that are revolvers (over the past 12 months)									
Mean	8.0	7.3	7.5	7.4	11.6	7.6	8.1	4.9	8.0
Median	12	7	8	8	12	12	12	2.5	12
Number of problems									
1	44.6	-	7.0	3.0	33.3	55.6	45.8	18.2	44.6
2-3	35.5	-	5.6	2.4	50.0	38.9	34.4	36.4	35.5
4-6	14.5	-	2.3	1.0	16.7	5.6	13.7	36.4	14.5
7-9	1.8	-	0.3	0.1	0	0	2.3	0	1.8
>=10	3.6	-	0.6	0.2	0	0	3.8	9.1	3.6
Total number of problems	428	-	428	428	13	31	343	41	428
Average number of problems	2.6	-	0.4	0.3	2.2	1.7	2.6	3.7	2.6

Table 3
Degree of Satisfaction & Seriousness of Problems, by Type of Credit Card

	Problem with Card	No Problem with Card	All Obs.
Degree of satisfaction (0 being not satisfied at all and 10 as satisfied as could be)			
For those with a secured card, satisfaction with secured card	4.2	7.7	6.8
For those with a bank card, satisfaction with bank card	5.7	8.3	8.0
Seriousness of problems (0 being not serious at all and 10 being extremely serious)			
For those with a problem on secured card, seriousness of problems	6.6	-	6.6
For those with a problem on bank card, seriousness of problems	4.8	-	4.8
Total number of observations with a secured card	16	51	67
Total number of observations with a bank card	135	775	910

they were more likely to be revolvers (individuals that carry over a balance) and to revolve over longer periods of time.

Of the 166 households reporting credit card problems, the largest proportion of the most recent problems, 75%, were with bank-type cards, the most prevalent type of card (Table 4), followed by travel and entertainment and store cards (designated as "other") at 17%; nearly 8% had their most recent problem with a secured credit card. Fees (annual, late payment, cash advance, and application fees; penalty charges; and interest rates and terms) were the most frequently reported problem (36%), followed by billing errors (28%) and other (credit reporting, credit limits, pre-approved solicitations, debt collection, unauthorized use of the card, perks, disclosure problems; 27%). Most problems, 77%, were with the credit card issuer, although one out of six (16%) reported a problem at point-of-sale.

In general, people were relatively dissatisfied with the problems they encountered; these were serious problems. On a scale of 0 (slightly dissatisfied) to 10 (absolutely furious), the mean was 6.3 and the median was 7. The amount of money involved in the dispute/complaint was highly skewed; the average was around \$900, with a median of \$100 (Table 5).

With respect to knowledge and attitudes, respondents with problems were more likely to say they knew what to do with a credit card

problem, they were bothered if they did not complain, and they had slightly more negative attitudes toward financial institutions (Table 6).

Who Complains?

Who, then, bothered to complain? Surprisingly, 96% (160 out of 166) reported taking some action on their problem (Table 1). Given the small number of non-complainers (those reported as "no action" in the tables), the characteristics of complainers become identical to those with problems. That is, they were more likely to be single, slightly younger, more highly educated, had higher income, and were more likely to live in the western region.

Due to the low number of non-complainers, it was not possible to conduct further statistical tests between complainers and non-complainers. However, it appears that non-complainers may tend to hold more credit cards (4 versus 3, at the median), have lower APRs, be more likely to revolve, and carry a balance longer than complainers (Table 2).

Non-complainers seemed more likely to have problems with bank-type cards, while a higher proportion of complainers reported problems with secured cards (Table 4). Non-complainers seemed more likely to report other problems (credit reporting, credit limits, pre-approved solicitations, debt collection, unauthorized use of the card,

Table 4
Credit Card Characteristics of Households by Type of Action Taken on Problem

	No <u>action</u>	Private <u>action</u>	Voiced <u>to seller</u>	Third <u>party</u>	Any <u>problem</u>
Number of households by type of action	6	18	131	11	166
Number of households that exited by type of action	-	15	65	11	91
Percentage of households by type of card with problem			(141)*	(12)*	
Bank only	83.3	77.8	72.5	45.5	71.7
Bank and other			5.3		4.2
Other only	16.7	16.7	13.7	27.3	15.1
Bank and secured*			1.5	9.1	1.8
Secured only*		5.6	6.1	18.2	6.6
Bank, secured, and other*					
Secured and other*			0.8		0.6
No card	-	-	-	-	-
Type of card with most recent problem					
Bank	83.3	77.8	76.3	45.5	74.7
Other	16.7	16.7	16.8	27.3	17.5
Secured	0.0	5.6	6.9	27.3	7.8
Type of problem on card with most recent problem					
Billing errors	16.7	22.2	28.2	45.5	28.3
Customer service	0.0	11.1	9.9	0.0	9.0
Fees	33.3	33.3	35.9	36.4	35.5
Other	50.0	33.3	26.0	18.2	27.1
Entity with which the problem is associated					
Credit card issuer	66.7	83.3	77.1	72.7	77.1
Credit bureau			2.3	9.1	2.4
Point of sale	33.3	11.1	16.0	9.1	15.7
Credit card issuer, credit bureau, and point of sale			0.8		0.6
Don't know, not applicable		5.6	3.8	9.1	4.2
Dissatisfaction with problem (0 being "slightly dissatisfied" and 10 being "absolutely furious")					
Mean	5.3	5.6	6.3	7.9	6.3
Median	5	6	7	10	7.0
Hours to resolve/resolving problem					
Mean	-	1.7	3.3	7.0	3.4
Median	-	1	1	2.5	1
Months pursued/pursuing problem					
Mean	-	3.1	1.9	4.5	2.2
Median	-	1	1	4	1
Number of Different Actions Taken**					
1	-	44.4	39.7	-	37.5
2-3		55.6	48.1	9.1	46.3
4-5			12.2	72.7	15.0
6-7				9.1	0.6
8	-	-	-	9.1	0.6
Average Number of Different Actions Taken**	-	1.8	2.2	4.7	2.3

* Overall, 141 respondents voiced to seller and 12 respondents complained to a third party with multiple problems or on more than one type of card.

All other data reflect the single, most recent problem.

** This refers to the number of different actions taken and not the number of *total* actions taken

perks, disclosure problems, etc.), while complainers were more likely to say their problems related to billing errors or fees.

As might be expected, non-complainers seemed less dissatisfied than complainers. For those that took no action, the mean dissatisfaction

Table 5
Amount of Money Involved and Recovered by Type of Action Taken on Problem

	<u>No</u>	<u>Private</u>	<u>Voiced</u>	<u>Third</u>	<u>Any</u>
	<u>action</u>	<u>action</u>	<u>to seller</u>	<u>party</u>	<u>problem</u>
Number of households by type of action	6	18	131	11	166
Households that had money involved with problem					
Number of households	4	14	109	10	137
As % of all households	66.7	77.8	83.2	90.9	82.5
Total amount of money involved	199	8,055	102,972	10,667	121,893
Amount of money involved for households that had money involved with problem					
Mean	50	620	953	1,067	903
Median	45	100	100	500	100
Households that had money involved with problem and recovered any amount of money					
Number of households	-	3	63	4	70
As % of all households that had money involved	-	21.4	57.8	40.0	51
As % of all households	-	16.7	48.1	36.4	42
Total amount of money recovered	-	600	16,838	1,717	19,155
Percent of money recovered	-	7.4	16.4	16.1	15.7
Amount of money recovered for households that had money involved with problem and recovered any amount of money					
Mean	-	200	267	429	274
Median	-	200	60	345	95
% of money recovered (of the total amount involved) for those that had money involved with problem & recovered any money					
Mean	-	56.7	84.7	100	84.4
Median	-	50	100	100	100

score was 5.3 out of 10, compared with 5.6 for those taking private action, 6.3 for those voicing to seller, and 7.9 for those using a third party (Table 4).

Furthermore, non-complainers seemed to have less at stake with their problems. The average amount involved in the problems of non-complainers was \$50 compared with over \$900 for the complainers (Table 5).

Although we could not test for significance, it seems that there may be knowledge and attitudinal differences between non-complainers and complainers. For example, non-complainers seemed less likely to read news about financial issues but seemed to feel more informed and knowledgeable about credit cards and what to do with a problem (Table 6). They were less likely to say they complained when dissatisfied but more likely to say that consumers should do this. They

also seemed to have more positive attitudes toward financial institutions.

The Complaining Process – Who Do You Complain To?

Of the numerous typologies that exist for classifying complaining behaviors, we opted to use the private action/public action categories. Because of our special interest in third-party complaining, we subdivided the public action category into "voice to seller" and "third party" (Singh, 1988). The majority of people with problems that took action, 131 or 82%, were categorized as complaining to the seller (the credit card company, the bank, the point-of-sale; Table 1). The next largest group, 18 or 11%, was categorized as private action (complaining to friends and family or exiting without any other

Table 6
Attitudinal Characteristics of Households

<u>Characteristic</u>	<u>By type of action taken on problem</u>								
	<u>Have credit card and problem</u>	<u>Have credit card and no problem</u>	<u>Have credit card</u>	<u>Full sample</u>	<u>No action</u>	<u>Private action</u>	<u>Voiced to seller</u>	<u>Third party</u>	<u>Any problem</u>
Number of households by type of action taken	166	896	1,062	1,153*	6	18	131	11	166
Attitudinal Characteristics									
Knowledge									
Read news about financial issues	52.4	50.9	51.1	50.7	16.7	38.9	57.3	36.4	52.4
Use inform. to decide about fin. services	75.9	74.3	74.6	74.6	83.3	55.6	78.6	72.7	75.9
Knowledgeable about credit cards	77.1	78.3	78.2	77.3	100.0	61.1	78.6	72.7	77.1
Know what to do with a credit card problem	81.9	88.3	87.3	87.4	100.0	72.2	84.0	63.6	81.9
Consumer Assertiveness									
Bothered when do not complain	75.9	71.0	71.8	71.3	50.0	66.7	80.2	54.5	75.9
Complain when dissatisfied	66.3	65.3	65.4	64.9	33.3	55.6	70.2	54.5	66.3
Consumers should complain when dissatisfied	93.4	94.6	94.4	93.8	100.0	88.9	93.9	90.9	93.4
Can say no to sellers	91.0	89.7	89.9	89.6	66.7	77.8	93.9	90.9	91.0
More likely to act on unsatisfactory experience	66.9	65.6	65.8	65.5	66.7	50.0	67.9	81.8	66.9
Attitude Towards Banks									
"Let the buyer beware" is the motto of fin. inst.	54.2	53.8	53.9	53.8	33.3	38.9	55.7	72.7	54.2
Most fin. inst. care only about profit	57.8	52.6	53.4	53.3	50.0	61.1	54.2	100.0	57.8
Fin. inst. control "things" that cause consumers prob.	53.0	53.7	53.6	53.5	50.0	38.9	54.2	63.6	53.0
Attribution									
Reluctant to ask to explain if do not understand	22.9	22.7	22.7	23.2	16.7	22.2	21.4	45.5	22.9
Top three preferences in method of complaining about credit card									
Complaining in person	42.1	31.2	32.9	32.2	16.7	62.5	42.0	27.3	42.1
Calling a toll free phone number	93.9	93.0	93.2	93.3	100.0	100.0	93.9	81.8	93.9
Calling a non-toll free phone number	29.3	34.9	34.0	34.2	33.3	50.0	27.5	18.2	29.3
Complaining through an internet web-page	16.5	15.8	15.9	15.8	0.0	6.3	18.3	18.2	16.5
By regular mail	39.0	42.9	42.3	42.3	66.7	37.5	35.9	63.6	39.0
By e-mail	42.1	34.8	35.9	35.8	50.0	18.8	43.5	54.5	42.1
By fax	16.5	19.7	19.2	19.3	16.7	6.3	16.8	27.3	16.5
Some other method	0.6	0.1	0.2	0.3	0.0	0.0	0.8	0.0	0.6

* The attitudinal questions were only asked to the respondents that had a credit card. Although there were 1,153 respondents that said that they had a credit card, 1,062 answered the questions regarding the type of credit card they owned.

Table 7
Type of Action Taken for Those with a Problem and Who Took Action*

<u>Type of Action</u>	<u>Private action</u>	<u>Voiced to seller</u>	<u>Third party</u>	<u>Any action</u>
Collective Actions				
Just private	16.7	--	--	1.9
Just seller	--	40.5	--	33.1
Just exit	38.9	--	--	4.4
Private & seller	--	9.9	--	8.1
Private & exit	44.4	--	--	5.0
Seller & exit	--	25	--	20.6
Third party & exit	--	--	45.5	3.1
Private, seller & exit	--	24.4	--	20.0
Private, third party & exit	--	--	54.6	3.8
Specific Actions				
Complain to family and friends	61.1	34.4	54.5	38.8
Stop using the credit card in question	77.8	45.0	100	52.5
Decide not to use the instit. associate with problem in the future	38.9	33.6	72.7	36.9
Contact the credit card issuer	--	100	90.9	87.5
Contact the Better Business Bureau	--	--	54.5	3.8
Contact a lawyer about legal action	--	--	54.5	3.8
Contact local/state agency	--	--	9.1	0.6
Contact Federal Reserve System	--	--	9.1	0.6
Contact other federal agency	--	--	--	--
Go to court	--	--	9.1	0.6
Take other actions	--	3.1	9.1	3.1
Total number of observations	18	131	11	160
As % of all observations that took action (n=160)	11.3	81.9	6.9	100

* There are 6 observations with a problem that took no action

activity). As expected from other studies, the smallest group, 11 or 7%, reported using some third party (a Better Business Bureau; a federal, state or local agency; a lawyer; or went to court) in their complaint.

We included Hirschman's concept of "exit" as a separate activity over and above the classification scheme above. A substantial proportion of the respondents, 55%, stopped using the credit card or stopped using the financial institution involved with the problem (Table 4). The proportion of exiters was highest among those who used third parties (100% exited) and those who took private action (83%).

We also looked at the collective complaining activities of respondents according to the private action/public action categories (Table 7). Two out of five respondents used only one type of complaining channel (private action, voice to seller, exit) while three-fifths used multiple channels. It is interesting to note that among respondents that contacted third parties, more than half, 54 percent, contacted a lawyer. This is greater than the combined action of contacting a local, state or federal agency. It may be the case that few people know the functions of financial regulatory agencies at both the state and federal level.

Table 8
Order in which Took Action for Those with a Problem

	<u>First</u>	<u>Second</u>	<u>Third</u>
For all households with a problem that took action*			
Complain to family and friends	13.8	23.0	17.8
Stop using the credit card in question	15.0	41.0	23.3
Decide not to use the instit. associate with problem in the future	3.1	12.0	37.0
Contact the credit card issuer	68.1	19.0	13.7
Contact the Better Business Bureau		1.0	2.7
Contact a lawyer about legal action			4.1
Take other actions		4.0	
Unknown			1.4
Total number of observations	160	100	74
As % of all observations that took action (n=160)	100.0	62.5	46.3
For all households that took private action			
Complain to family and friends	38.9	20.0	50.0
Stop using the credit card in question	50.0	40.0	25.0
Decide not to use the instit. associate with problem in the future	11.1	40.0	25.0
Total number of observations	18	10	4
As % of all observations that took private action (n=18)	100.0	55.6	22.2
For all households that voiced to seller			
Complain to family and friends	10.7	24.1	17.2
Stop using the credit card in question	8.4	43.0	22.4
Decide not to use the instit. associate with problem in the future	2.3	7.6	43.1
Contact the credit card issuer	78.6	20.3	15.5
Take other actions		5.1	
Unknown			1.7
Total number of observations	131	79	58
As % of all observations that voiced to seller (n=131)	100.0	60.3	44.3
For all households that took a third party action			
Complain to family and friends	9.1	18.2	9.1
Stop using the credit card in question	36.4	27.3	27.3
Decide not to use the instit. associate with problem in the future		18.2	9.1
Contact the credit card issuer	54.6	27.3	9.1
Contact the Better Business Bureau		9.1	18.2
Contact a lawyer about legal action			27.3
Total number of observations	11	11	11
As % of all observations that took a third party action (n=11)	100.0	100.0	100.0
Reason for not taking any action for those that took no action			
Not worth time or effort	33.3		
Did not think it would help	33.3		
Happened too recently	16.7		
No response	16.7		
Total number of observations	6		
As % of all observations with a problem (n=166)	3.6		

* There are 6 observations with a problem that took no action

Again, significance testing for differences was difficult due to small and uneven cell sizes.

However, it is the case that respondents who used third party complaint mechanisms seem different

from those who took private actions or voiced to sellers. Respondents who used third parties were more likely to be single, minority, younger, less educated live in the Midwest or West, and have lower incomes (Table 1). While they tended to have the same number of cards as those who took private action or complained to sellers, they had higher APRs, and a larger proportion were revolvers, although they revolved over shorter periods of time (Table 2). They also reported an average of 3.7 problems with the credit cards they have, compared with 1.7 problems for those who took private action and 2.6 for those who voiced to sellers.

Respondents who used third parties were more likely to have problems with secured credit cards or other credit cards (including store credit cards), and they were more likely to report that the problem was a billing error (Table 4). In comparison to respondents who used other avenues of complaining, respondents who complained to a third party were more likely to report that the problem was with a credit bureau (as opposed to the card issuer or point of sale). Those in the third party complaint category also reported higher levels of dissatisfaction with their problems (a mean of 7.9 out of 10; Table 4) and a higher amount of money involved in their complaint (a mean of over \$1,000 with a median of \$500; Table 5).

There were also some differences in knowledge and attitudes among the respondents by the type of action they took (Table 6). Those using third parties were less likely to read news about financial issues and were less likely to say they knew what to do about a credit card problem. They reported being more assertive; they were more likely to say they would act on an unsatisfactory experience, and they were willing to ask for explanations if they did not understand something in a transaction. They also held more negative attitudes toward financial institutions than those who took other actions.

The Complaining Process: What Steps Do Consumers Take?

Table 6 displays the steps taken in the complaining process for respondents that had a problem and took some sort of action. Overall, 68% of all respondents contacted the credit card issuer as their first step in the compliant process. The second and third steps, however, are more dispersed among different types of actions. The most frequently reported action in the second step of the complaint process was to discontinue the use of the credit card in question; 41% used this method. Of those that went on to take a third step, 37% reported that they had decided not to use the institution associated with the problem in the future.

It is also important to know if the overall order of first contacting the credit card issuer, followed by discontinuing the use of the problematic credit card, and finally not using the institution associated with the problem differs by the type of action taken. While a significant proportion of the respondents who voiced to seller follow this pattern, respondents who took only private action(s) exhibited a very different complaining behavior pattern. Generally, this group's first action was to "stop using the credit card in question." If their first action was not "stop using the card," this tended to be their second step. For those that stopped using the card as the first step, their second step was to not use the institution associated with the problem. Their most frequently reported third action was to complain to family and friends.

Like the respondents that voiced to seller, more than one half of the respondents that took a third party action contacted the credit card issuer as the first step. Their second step tended to be either to contact the credit card issuer or to stop using the credit card in question. Only one respondent contacted a third party, a Better Business Bureau (BBB), in the second step of the complaint process. It is primarily in the third step that respondents contacted a third party. Of all respondents that took a third party action, 45.5%

Table 9
Degree of Satisfaction with Complaint Process by Type of Action Taken on Problem

	No <u>action</u>	Private <u>action</u>	Voiced <u>to seller</u>	Third <u>party</u>	Any <u>problem</u>
Number of households still pursuing problem	-	-	12	4	16
Number of households with problem left unresolved	6	10	29	-	45
Number of households with problem resolved	-	8	90	7	105
Percent of households still pursuing problem	-	-	9.2	36.4	9.6
Percent of households with problem left unresolved	100	55.6	22.1	-	27.1
Percent of households with problem resolved	-	44.4	68.7	63.6	63.3
Number of households still pursuing problem & exited	-	-	5	4	9
Number of households with problem left unresolved & exited	-	8	22	-	30
Number of households with problem resolved & exited	-	7	38	7	52
Percent of households still pursuing problem & exited	-	-	41.7	100	56.2
Percent of households with problem left unresolved & exited	-	80.0	75.9	-	66.7
Percent of households with problem resolved & exited	-	87.5	42.2	100	49.5
For those still pursuing the problem					
Degree of satisfaction* with complaint process so far	-	-	3.5	1.3	3
For those with problem left unresolved					
Degree of satisfaction* with complaint process	-	3.2	2.6	-	2.7
Degree of satisfaction* with how things turned out	-	5.4	2.5	-	3
Num. of hholds not comp. satisf. with how things turned out	-	5	25	-	30
As % of households with problem left unresolved	-	50.0	86.2	-	66.7
Reason for not taking any other action for those who were not comp. satisf. with how things turned out and problem left unresolved (in percents)					
Not worth time or effort	-		44.0		36.7
Did not think it would help	-	20.0	24.0		23.3
Did not know what else to do	-	40.0	8.0		13.3
Thinking about taking some action in the future	-		4.0		3.3
Fin. instit. explained its policies but situation still not satisfactory	-	20.0	16.0		16.7
The problem was resolved	-	20.0	4.0		6.7
For those with problem resolved					
Degree of satisfaction* with complaint process	-	6.7	6.2	5.1	6.2
Degree of satisfaction* with how things turned out	-	8.1	8.0	8.3	8.0
Num. of hholds not comp. satisf. with how things turned out	-	3	49	3	54
As % of households with problem resolved	-	37.5	54.4	42.9	51.4
Reason for not taking any other action for those who were not comp. satisf. with how things turned out and problem resolved (in percents)					
Not worth time or effort	-	33.3	36.7		35.2
Did not think it would help	-		10.2	33.3	11.1
Did not know what else to do	-	33.3	10.2		11.1
Thinking about taking some action in the future	-		4.1		3.7
Realized I was mistaken	-				
Fin. instit. explained its policies but situation still not satisfactory	-		4.1		3.7
My spouse, friend or relative is handling the issue now	-		4.1		3.7
The problem was resolved	-		26.5	33.3	25.9
No response	-	33.3	4.1	33.3	5.6
Number of households that did not know what else to do					
For those still pursuing problem	-	-	-	-	-
For those with problem left unresolved	-	2	2	-	4
For those with problem resolved	-	1	5	-	6
Total number of households	-	3	7	-	10
Percent. of households that did not know what else to do (As percent. of all households with a problem (n=166))					
	0.00	1.81	4.22	0.00	6.02

* 0 being "not satisfied" and 10 being "very satisfied"

contacted either a BBB or a lawyer about legal action as the third step in the complaint process. Since we know that all of these respondents at some point contacted a third party, and 54.5% did so in either the second or third step, we can conclude that almost half of these respondents are taking at least a fourth step in the complaint process. Although we were not able to calculate the sequence of steps after the third step, we were able to estimate the total number of different actions taken. Ninety percent of all respondents that contacted a third party took at least four diverse steps in the complaining process (Table 4). Furthermore, we were also able to determine whether respondents that took a third party action during the second or third step in the complaint process continued to take other actions. Of these 6 households, 5 proceeded to take other actions even after contacting a third party.

Not only is it important to know the action and sequence that consumers with credit card problems took in order to resolve their problem, but the tenacity with which they pursued the problem. Of all respondents with a problem that took action, 62% took a second action while 46% took a third action. Consumers that took a private action were the least likely to continue taking actions in order to resolve their problem. Fifty five percent of this group took a second step and only 22% took a third step. Respondents that voiced to seller maintain almost the same pattern as the overall sample of respondents with a problem that took action; 62% took a second step while 46% took a third action. Again, the most interesting result is for those that took a third party action. These respondents all took a second and third step and, as explained earlier, ninety percent took a fourth step as well. Three of these households even contacted a third party on more than one occasion. Therefore, it appears that even after complaining to a third party these consumers were still not satisfied.

Consumers using third party mechanisms invested more hours in resolving their problems (7 hours, compared with 3 for those voicing to seller and 2 for those taking private actions) and

pursued their problems over a longer span of time (4.5 months, compared with 2 for those voicing to seller and 3 for those taking private actions). In part, this time spent may be a reflection of the fact that using a third party is a second or third step in the complaining process and people using third parties had already invested time in prior complaint activities.

Although less than 4% of the consumers with a credit card problem took no action, it is of importance to know why. The two main reasons for not taking any action were because they did not think that it was worth their time or effort or because they did not think it would help.

While we did not ask consumers how they implemented the steps in their complaining process, we did ask about their preferences for how to register a complaint (Table 6). By far, the preferred method was for a toll-free phone number; this result held across all categories of complaining actions (ranging from 82% to 100%). The second-most preferred method for complaining, however, seems to depend on complaint experience. Among those with problems as well as those who voiced to sellers, their preference is to complain in person or via e-mail (42%). Those who took a private action preferred to complain in person (63%), while those who used third parties preferred to use regular mail (64%). It may be that those with third-party experience realize that they may need to send in documentation for their complaint and already have an expectation of using the mail.

Outcomes

Arguably, the most important issue in the consumer complaint process, at least from the point of view of the consumer, is the final outcome of the complaint. Of the 166 consumers with a credit card problem, 9% were still pursuing the problem, 27% had a problem left unresolved, and 63% were able to resolve the problem (Table 9). Looking at the rates of resolution by type of action presents a different picture. The six respondents who took no action had their problem

left unresolved. Of the 18 respondents that took a private action, 8 had resolved their problem while 10 said that their problem was left unresolved. Consumers that voiced to the seller present results similar to that of the whole sample of consumers with a problem (63% resolved). Respondents that took a third party action were either able to resolve their problem (63%) or were still pursuing the problem during the time the survey was carried out (36%).

Another result of the complaining process, for those who had money involved in the problem, is whether or not they were able to recover any amount of money. Four-fifths (82%) of consumers had some amount of money involved in their complaint (Table 5). In total, these consumers reported that they had \$121,000 involved in their complaints. Among those who had money involved in their complaints, half recovered some or all of their money. However, the amount recovered by these households totaled \$19,155, or only 15 percent, of the money involved. Of those that recovered some amount of money, consumers that complained to a third party or the seller recovered all, or substantially all, of their money (100% and 84%, respectively).

The Surveys of Consumers also asked questions regarding a consumer's satisfaction with the complaint process. Since the outcome of the complaint (i.e. whether or not the problem was resolved or is still being pursued) is arguably related to a consumer's overall satisfaction with the process, we explored the degree of satisfaction in the complaint process by final outcome of the complaint (see Table 9). Consumers that were still pursuing the problem and that had taken a third party action were the most dissatisfied with the complaint process, with an average satisfaction rate of 1.3 out of 10. However, since these individuals are still pursuing the problem, it is possible that once the final outcome is known, their degree of satisfaction might change.

Consumers with problems left unresolved were more dissatisfied than those with their problems resolved both in terms of the complaint process (2.7 versus 6.2 out of 10, respectively) as

well as how things turned out (3 versus 8, respectively). Among those with the problem left unresolved, those who took private action were more satisfied than those who voiced to seller. Of this same group, 50% of consumers who took private action and 86% of consumers who had voiced to seller were not completely satisfied with the final outcome. When these respondents were asked why they took no other action since they were not completely satisfied with the outcome, the respondents gave different answers depending on the type of action taken on the problem. For consumers that took a private action, not knowing what else to do was the main reason for not taking any other action. On the other hand, respondents that had voiced to seller believed that the problem was not worth their time or effort or that taking another action would not help.

Among consumers that were able to resolve their problem, the consumers that had taken a third party action were the least satisfied with the complaint process (5.1 out of 10) but were the most satisfied with the final outcome (8.3 out of 10). Because we know that these respondents pursued the most "aggressive" actions and on average spent more time to resolve their problem, it makes sense that they would be the least satisfied with the process itself. On the other hand, consumers that had voiced to seller were the most dissatisfied with the final outcome. More than one half of the consumers that had resolved their problem and had voiced to seller were dissatisfied with how things had turned out. The main reason for why they had taken no other action was because it was not worth their time or effort.

Another way to analyze a consumer's overall satisfaction with the credit card or financial institution is to look at their exit rates by type of resolution (problem resolved, problem unresolved, still pursuing problem). Of the 16 households that were still pursuing the problem, 56% had exited. As might be expected, respondents that said that their problem was left unresolved were the most likely to exit; 66% of these 45 households exited. Even households that

reported to have resolved their problem show high exit rates. Of these 105 households, almost one half exited.

From a policy perspective, it is also important to address the consumers who did not know what else to do during their complaint process. Of the 166 respondents with a problem, 10 respondents at some point answered that although they were not completely satisfied with the way things turned out, they did not know what else to do as part of the complaint process. Of these 10 respondents, 6 of them had resolved their problem while 4 had not. It is interesting to note that none of the respondents at the two ends of the spectrum, those that took no action and those that took a third party action, stated this as a reason for either not pursuing any action or further action.

DISCUSSION

Our survey found that less than one out of six households reported having some sort of credit card problem within the past 12 months. This seems low relative to the findings of other studies, but may be in line with problem rates associated with other financial products and services.

Of those that reported having a problem, very few people did nothing (only 4% were "loyal" in Hirschman's typology). This is very contradictory to other complaint data that show that only a small proportion of people with problems bothers to complain, although it is consistent with complaining behavior studies in competitive industries. In part, this may be due to consumers' high level of dissatisfaction (recall that the median level of dissatisfaction was 7 on a scale of 0 to 10); the more dissatisfied consumers are, the more likely they are to do something. It may also be due to the dollar amounts at stake or because complaining when a credit card is involved is relatively easy. For example, the Fair Credit Billing Act allows consumers to withhold amounts in dispute until the dispute is resolved, so the cost to consumers is relatively easy to bear.

As with other studies, we found that few people, about 7%, used third parties. Thus, for

state and federal policy makers, this means that even a few complaints represent a lot of people with problems.

Unlike other studies, we found high exit rates; 91 out of 166 respondents (55%) indicated they stopped using the card or the financial institution. Interestingly, 100% of those who complained to third parties also exited; 83% of those who took a private action also exited; and half (50%) of those who complained to the seller (the credit card issuer or point of sale) exited. It may very well be that these high exit rates are characteristic of the credit card market in general. This market is highly competitive and information about other cards often comes to the consumer in the form of mail solicitations and advertising. Consumers may be so well-informed about their other options and choices that entry and exit is made quite easy. For businesses in this competitive industry, the bottom line is to realize that even if problems are solved, there is a high likelihood that consumers will switch providers.

It appears that consumers are responding to a cost/benefit analysis of complaining. That is, consumers who were more dissatisfied and who had more money at stake pursued the more assertive behaviors (voice to seller, use third party), even though these actions took more time. Consumers who used third party mechanisms reported spending the most time, both in terms of hours spent resolving the problem and overall elapsed time spent on the problem. However, these third party complainants also tended to recover a higher proportion of the amounts involved in their dispute (recall that people complaining to third parties had the highest dollar amounts involved in their disputes).

For consumers, the apparent complaining hierarchy is 1) go to the seller, 2) stop using the card (i.e. exit) and 3) stop using the institution (also exit). We found that using a third party is generally a third or fourth step; everyone in our study that used a third party had taken other steps prior to contacting a third party. It is clear that only the tenacious make it to this point.

Another interesting observation is that

although 54 percent of the respondents that took a third party action contacted the credit card issuer as the first step in the complaint process, they did not do so to the same degree as the respondents that voiced to seller. These respondents were four times more likely than those that had voiced to seller to report that they had stopped using the credit card in question as their first step in the complaining process. This could actually have made the complaining process longer since in many instances a problem, such as a billing error, cannot be resolved by merely discontinuing the use of the credit card.

Confirming the results of others, we find that consumers whose problems have been resolved were more satisfied with the complaining process and with the outcome of their complaint. For three groups of consumers – those taking no action on their problems, those not completely satisfied with their outcomes, and those not pursuing an unresolved problem further-- the most common reasons for not taking further action were that they did not think it was worth the time or effort or that further efforts would help.

Although consumers that had resolved their problems were more satisfied with the complaint process and with the outcome of their complaint, it is important to note that one half of these households still exited. Therefore, solving the problem is not a guarantee that the consumer will continue to use the card or the financial institution. Due to the competitive nature of this industry, credit card companies might have to make a greater effort to try to salvage the customer relationship

SUMMARY

This study has focused on describing the complaining behaviors of consumers, using credit cards as a case study. We found that problems were not as prevalent as shown in other studies but that reported complaining behaviors were substantially higher than other studies. Consumers in our study were much less likely to do nothing and much more likely to exit than

those in other studies. We found that consumers tend to voice to the seller but that they often follow up with either exiting or using a third party. We found that a substantial proportion (63%) had resolved their problems and an additional 10% were still in the complaint-resolution process.

Because our descriptive findings are so contrary to those found in the literature, they seem to raise more questions than they answer. To what extent do our findings reflect the particular marketplace of the early 21st century? Do they simply represent the highly competitive credit card marketplace, or are they indicative of other consumer markets? If the former, what other such competitive markets may show similar findings with respect to complaining behaviors?

In the future, a more integrated analysis is needed within a multivariate framework to better understand the interrelationships among some of the characteristics of the consumers in our data set and to address the above questions.

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