

CUSTOMER COMPLAINT BEHAVIOR: AN EXAMINATION OF CULTURAL VS. SITUATIONAL FACTORS

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ABSTRACT

The purpose of this research is to assess the extent to which cross-national differences in customer complaint behavior are due to cultural vs. situational factors. Previous research indicates that in collectivist and high-uncertainty avoidance cultures, dissatisfied customers are unlikely to complain to the seller, and instead are more likely to silently exit (taking their business elsewhere) and warn others about the offending company. Other evidence, though, indicates that culture has only a minor impact on customer complaint behavior, and that situational factors (i.e., retail policies) better account for these differences. This is an important issue, as effective recovery management first requires that dissatisfied customers voice their complaints to the seller. In order to gain a better understanding of this issue, three studies were conducted: two qualitative and one empirical. Collectively, the results indicate that the decision to voice a complaint and seek redress is influenced more by situational variables than by cultural factors. Given that recovery management has been shown to increase market share and profitability, these findings should be of value to all marketers.

INTRODUCTION

Understanding how cultural values and business practices in different countries influence consumer behavior is critical for global marketers. For retailers and service providers that are entering foreign markets, it is especially important to understand the key factors that impact customer satisfaction/dissatisfaction, complaint behavior, and recovery outcomes. A plethora of research indicates that dissatisfied customers in other countries react differently than those in the U.S. (e.g., Hui and Au 2001; Mattila and Patterson 2004; Reimann, Lünemann, and Chase 2008; Chan and Wan 2009; Mayser and von Wangenheim 2012; Liu, Wang, and Leach 2012). Several studies, for example, indicate that in collectivist and high-uncertainty avoidance

cultures dissatisfied customers are unlikely to complain to the seller, and instead are more likely to silently exit (taking their business elsewhere) and warn others about the offending company (Hernandez, Strahle, Garcia, and Sorensen 1991; Watkins and Liu 1996; Liu and McClure 2001; Liu, Furrer, and Sudharshan 2001; Chan and Wan 2008). Other evidence, though, indicates that culture has only a minor impact on customer complaint behavior (Schoefer 2010), and that situational factors (i.e., retail policies) better account for these differences (Blodgett, Hill, and Bakir 2006). This issue has important implications for retailers and service providers, as effective recovery management first requires that dissatisfied customers voice their complaints to the seller and seek redress (i.e., request a refund, exchange, repair, or apology). Indeed, the decision to seek (or not seek) redress is the critical element in the satisfaction/dissatisfaction → complaint behavior → recovery process, as it determines whether the offending firm is allowed an opportunity to address the situation, and in doing so convert a potentially lost customer into a loyal patron. Given that recovery management has been shown to increase market share and profitability (Fornell and Wernerfelt 1987, 1988; Cambra-Fierro, Melero, and Sese 2015) a better understanding of the relative impact of cultural vs. situational factors on customer complaint behavior should be of value to all marketers. If culture is shown to have a dominant impact on dissatisfied customers' decision to voice (or not voice) their complaints and seek redress, companies that are entering foreign markets characterized by high levels of collectivism, uncertainty avoidance, and/or power distance (e.g., India, China, Turkey) stand to gain little advantage by implementing U.S.-style recovery management policies and procedures. On the other hand, if situational factors play a larger role, companies that effectively implement and promote recovery management policies and procedures in these

markets stand to gain a competitive advantage. The purpose of this paper is to further address this issue.

CUSTOMER COMPLAINING BEHAVIOR AND RECOVERY FRAMEWORK

The customer dissatisfaction, complaining behavior, and recovery framework is well established. For various reasons, dissatisfied consumers do not always attempt to exchange or return the product (Stephens and Gwinner 1998; Blodgett and Anderson 2000). Some choose instead to simply exit and/or engage in negative word-of-mouth. As previously mentioned, the decision to seek (or not seek) redress is critical for retailers and service providers, since dissatisfied customers who complain provide the seller with an opportunity to recover. Previous research has shown that this decision is dependent upon personal (e.g., assertiveness), cultural (e.g. power distance), and situational factors (e.g., attribution of blame). For an overview, see meta-analyses by Orsingher, Valentini, and de Angelis (2010) and Gelbrich and Roschk (2011). Once a dissatisfied customer complains, the seller's recovery effort is the key determinant of perceived justice, overall satisfaction, word-of-mouth, and repatronage behavior. Importantly, complainants who subsequently perceive high levels of justice (interactional, distributive, and procedural), and are satisfied with the seller's recovery efforts, oftentimes become more loyal and profitable customers (Smith and Bolton 1998; Blodgett and Li 2007). Many of them also reward the firm with positive word-of-mouth (Blodgett and Anderson 2000; de Matos, Fernandes, Leis, and Trez 2011), thus generating goodwill, which in turn attracts new customers (Wangenheim and Bayón 2007) and increases profits.

A key situational variable that affects complaint behavior is "likelihood of success" (Chebat, Davidow, and Codjovi 2005). Dissatisfied customers who perceive that the seller will be responsive to complaints are more likely to seek redress, thus giving the seller a chance to recover. Dissatisfied customers who perceive that the seller will be uncooperative, however, are more likely to silently exit and shop elsewhere; and to retaliate (Grégoire and Fisher 2008) by warning family and friends not to patronize the seller, and by posting negative online reviews (Pfeffer, Zorbach and Carley 2014). In order to convey a high likelihood of success many retailers and service providers in the U.S. have adopted liberal return and exchange policies and "guarantee"

satisfaction. Knowing that it is more costly to replace a lost customer than to remedy a complaint (Hart, Heskett, and Sasser 1990) many U.S. retailers and service providers make it easy for dissatisfied customers to return or exchange items. Retailers and service providers in other parts of the world, however, maintain more restrictive policies, and operate with an implicit understanding that "all sales are final." Even in highly developed countries such as France, Germany, Switzerland, Israel, and Japan, the retail environment is not as accommodating as in the U.S. (Blodgett et al. 2006). As a result, dissatisfied customers in many other countries are more apt to perceive that the seller will be uncooperative, and thus are less likely to seek redress and instead are more likely to exit and engage in negative word-of-mouth.

Previous research indicates that the underlying psychological traits driving satisfaction/dissatisfaction, complaint behavior, and recovery outcomes vary across cultures. Chan and Wan (2008), for example, found that Americans attributed greater responsibility to sellers for outcome failures, whereas Chinese consumers attributed greater responsibility to sellers when process failures occurred. Other studies have found that Asian complainants who received an explanation perceived higher levels of fairness, whereas compensation was more effective with American complainants (Mattila and Patterson 2004); and that Mexican-Americans react more strongly than Chinese-Americans when the service failure is severe (Meng, Wang, Peters, and Lawson 2010). Researchers have attributed these differences to cultural factors, such as individualism-collectivism, uncertainty avoidance, and power distance (for definitions of these cultural values, see Hofstede 2001). Indeed, Reimann et al. (2008) reported that individuals living in countries that are characterized by high levels of uncertainty avoidance are less satisfied when their service expectations are not met; and Wong (2004) found that in high power distance cultures (such as Singapore) apologies are more effective than compensation in restoring satisfaction, improving repurchase intentions, and generating positive word-of-mouth. Other researchers have found that cultural values interact with a firm's recovery tactics to influence customers' perceptions of fairness (Patterson, Cowley, and Prasongsukarn 2006); and that the effects of justice and recovery satisfaction on post-complaint intentions and behavior are moderated by uncertainty avoidance and power distance (de

Matos et al. 2011). Collectively, these studies seem to indicate that culture has a substantial impact on complaint behavior. However, recent studies indicate that the effects of culture on customer complaint behavior are relatively minor. Schoefer (2010), for example, found that culture explained only 2% - 4% of the variance in recovery satisfaction; and meta-analyses by Orsingher, Valentini, and de Angelis (2010) and Vaerenbergh, Orsingher, Vermeir, and Larivie`re (2014) reveal that its effects on different facets of complaint behavior are fairly small. These latter findings are significant, in that they suggest that cross-cultural differences in customer complaint behavior are due, to a greater extent, to situational factors.

Before proceeding further, it is important to note that most studies that have investigated cross-cultural complaint behavior have compared individuals in Asian countries (e.g., China, South Korea, Singapore, India) to those in the U.S. (e.g., Le Claire 1993; Mattila 1999; Wong 2004; Schoefer 2010). The U.S., however, differs from these countries not only in terms of culture; but also regards to many of the underlying situational factors that affect the likelihood of successful complaint resolution. Although it is widely recognized that U.S. culture is more individualistic, with lower levels of power distance and uncertainty avoidance than Asian cultures (Hofstede 2001); the U.S. also has the most liberal and "consumer friendly" return policies in the world. Previous cross-cultural studies, however, have not accounted for this latter difference, and in failing to do so may have overstated the impact of culture on complaint behavior. To more accurately assess its causal impact on customer complaint behavior one must also control for situational factors.

THREE STUDIES

The purpose of this research is to better assess the relative influence of cultural vs. situational factors on customer complaint behavior. To do so, three studies were conducted: two qualitative and one empirical. The two qualitative studies were undertaken in order to better understand how the retail environment in India differs from that in the U.S., and the extent to which complaint behavior (or more specifically, the decision to seek redress) in that country is dependent upon this situational factor. In Study 1 we content analyzed feedback from 25 Indian immigrants and foreign nationals living in the U.S., and in Study 2 we analyzed insights from 34 consumers in India. A third

study was then conducted in order to overcome the limitations associated with qualitative studies, and thus enhance the validity of this report. Study 3 utilized a quasi-experimental approach. Indians living in the U.S. and a cohort group in India were asked to respond to a set of scenarios, each of which described a situation in which a recently purchased product became defective or was the wrong size, and their answers were compared.

Study 1

A logical starting point to assess the influence of cultural vs. situational factors on complaint behavior is to query individuals who were born and raised in another country and are now living in the U.S. Based on the understanding that one's underlying cultural values are enduring (Schwartz 1994; Triandis 1995; Hofstede 2001) and thus do not change significantly after coming to the U.S., immigrants and foreign nationals provide rich insight into the factors that affect complaint behavior. Study 1, therefore, focused on immigrants and foreign nationals from India; and utilized a qualitative approach to uncover any significant differences in retail policies in India vis-à-vis the U.S., and to better understand how these differences influence consumer complaint behavior. It is well-recognized that qualitative studies can reveal rich details and insights, and are especially appropriate in the early stages of research (Denzin 2001). Individuals originally from India were chosen for three reasons: 1) convenience – as there are many Indian immigrants and foreign nationals living in the U.S., 2) the retail environment in India is substantially different from that in the U.S., 3) Indian culture differs substantially from that of the U.S. Indeed, several studies confirm that Indian culture is highly collectivist (e.g., Sinha, Sinha, Verma and Sinha 2001), whereas U.S. culture is more individualistic (Hofstede 2001; Triandis 1995). According to Hofstede, Hofstede, and Minkov (2010), India scores a 48, 77, 56, 40, and 51 on individualism/collectivism, power distance, masculinity, uncertainty avoidance, and long-term orientation, respectively; whereas the U.S. scores a 91, 40, 62, 46, and 26 on these same dimensions.

A convenience sample of 25 individuals who were born and raised in India, but now live in the U.S., provided in-depth written responses to several open-ended questions. In exchange for their participation participants were given a \$5 gift card to Starbucks. Subjects ranged in age from 22 to 63.

Some had lived in the U.S. for a relatively short time (one year or less), while others have been in the U.S. for over twenty-five years. Each person had been in India within the past three years; hence each was well aware of any differences between U.S. and Indian retail policies. When asked whether their cultural values had changed since coming to the U.S. a few respondents stated that they had become more confident and outgoing; however, none indicated that their underlying cultural values had changed significantly. See Appendix 1 for a profile of each respondent.

In general, respondents were asked to provide insights regarding differences in U.S. retailers' return and exchange policies versus those in India. They were also queried as to whether customers in India can return items that are not defective (e.g., a jacket that turned out to be the wrong size, or a blouse that did not match one's skirt); and whether they can return items that have been used, but quickly became worn out or defective (for example, a pair of running shoes that fell apart after being worn only a few times). Informants were also asked whether it is common for retailers in India to guarantee satisfaction with money-back guarantees, and encourage consumers to "try a product for 30 days" with the understanding that they can return it and get their money back if not satisfied. Another question posed to respondents was whether they would be equally as likely to return an unsatisfactory item and ask for a refund, or to exchange the item, if they were in India; i.e., as compared to when in the U.S.

CONTENT ANALYSIS

A grounded theory approach was used in conducting content analyses (Strauss and Corbin 1990). Several research assistants read through the entire set of responses, and together arrived at a set of underlying themes. Respondents' open-ended responses were then categorized according to the theme(s) that best reflected their response. Two raters independently categorized the responses. When finished, their categorizations were compared, and inter-rater reliability scores were calculated. Inter-rater reliability averaged 95%. In those instances in which the raters' classifications varied, a third individual acted as an arbitrator to arrive at a consensus.

Study 1 Results

Content analyses clearly indicate that the "return and exchange" policies prevalent among Indian retailers are more restrictive than those in the U.S. Indeed, only 16% of informants indicated that retail policies in India are similar to those in the U.S.; i.e., that customers in India can easily return items and receive a refund, or exchange a product for another item. Another 12% reported that although customers typically cannot return items, they can exchange these products. In contrast, 72% reported that exchanges are uncommon, or are not allowed at all. See Table 1, sections A and B. A key finding is that most retailers in India do not provide cash refunds; some, though, will offer store credit. Respondent #5 described the situation by stating "Cash back is something rare", and respondent #14 wrote that "In most cases shopkeepers almost never give you the money back. They will exchange your product or ask you to take something of equal worth."

Ninety-two percent of respondents further indicated that exchanges are allowed only for "valid" reasons (e.g., the item clearly is defective, it was never opened, has never been used, the price tag/label is still on item, and the customer has a receipt); see sections C and D of Table 1. One individual (#17), for example, wrote that "In India if the items are opened and used they do not take it back", and another (#20) stated that "I have not known of any store that will return an item that has been used and quickly wears out." A majority of informants also reported that Indian retailers do not allow customers to return items simply because they were the wrong size or color. Respondent #2 stated that "It's very rare for retailers to accept goods on the grounds of wrong choices made ... retailers do so only when it is proven that the good sold was defective."

Content analyses also revealed that the likelihood of a return or exchange in India is largely dependent upon the relationship between the customer and the store owner. Indeed, 28% reported that exchanges are more likely if the customer and store owner have a close relationship; see Table 1, sections E and F. Respondent # 21, for example, indicated that "there is no concept of returning the merchandise in India. ... only when the customer and the store owners have developed a trust relationship over the years" and respondent # 23 stated that "it is almost impossible to return or exchange even if the items are defective or have never been opened or used. ... however, if the customer is personally known

Table 1
Coded Responses from Indian Nationals Living in the U.S.
n = 25

A. Is it common for retailers in India to allow customers to return or exchange items?		
1.	YES, most retailers allow returns/refunds <i>and</i> exchanges (i.e., the policy is similar to the U.S.)	16%
2.	Returns/refunds typically are not offered, but exchanges are fairly common.	12%
3.	Returns/refunds are not offered, although not common <i>once in a while</i> exchanges are allowed.	60%
4.	Retailers in India do not allow returns <i>or</i> exchanges.	12%
B. Do Indian retailers offer cash refunds, store credit?		
1.	Most retailers in India provide cash refunds, just like retailers in the U.S.	0%
2.	Cash refunds are uncommon. Instead, store credit is offered, or an exchange.	52%
3.	Issue was not specifically addressed	48%
C. Conditions in which customers are allowed to exchange items		
1.	Customers can exchange items for almost any reason. Similar to the U.S.	4%
2.	Even if an item is defective it usually cannot be returned or exchanged.	4%
3.	Exchange is possible only for a "valid" reason; e.g., the item clearly is defective, item was never opened, and/or if the price tag/label is still on item and customer has receipt.	92%
D. Can item be exchanged if wrong size, color, not opened, customer did not like it, etc.?		
1.	Most Indian retailers allow exchanges for wrong size or color, etc.; same as in U.S.	12%
2.	Indian retailers typically <i>do not</i> return/exchange for wrong size, color, don't like it.	36%
3.	Not specifically addressed	52%
E. Extent to which return/exchange depends on relationship with the retailer or store owner:		
1.	Returns/exchange not common. Only if the customer and store owner have a close relationship it is possible.	28%
2.	Not addressed	72%
F. Extent to which likelihood of return/exchange varies across type of store:		
1.	Returns/exchanges are more likely at department and chain stores.	24%
2.	Not addressed	76%
G. Is it common for retailers in India to guarantee "satisfaction, or your money back"?		
1.	No, this does not happen in India. Extremely rare, if ever.	64%
2.	Not common, but some bigger retailers (department stores, chain stores) are now doing so.	12%
3.	It depends on the type of item. It typically happens only for cosmetics or electronic items, and in those cases the guarantee is from the manufacturer.	20%
4.	YES, it is common, pretty much like in the U.S.	4%
H. Do retailers in India encourage consumers to "try for 30 days", etc.?		
1.	NO, never.	60%
2.	Not common, but some retailers (department and chain stores) in bigger cities are doing so.	16%
3.	YES, it is common.	4%
4.	Only in certain product categories, such as cosmetics, that are backed by manufacturer.	12%
5.	Issue not addressed.	8%
I. Would you be equally as likely to return an unsatisfactory item if you were in India (i.e., as compared to the US)?		
1.	I would not even try in India. No chance of success.	24%
2.	Less likely if in India. Although I might try, I realize that I would probably not be successful.	32%
3.	If I was in India I might try to exchange it, whereas if I was in the U.S. I would simply return it.	16%
4.	There would be no difference in my behavior. I would take it back just like I would in the U.S.	28%

by the store owner, there is a better chance of returning or exchanging the item". It also appears that returns and/or exchanges are more likely at department stores and chain stores, as compared to small, local stores.

As shown in Table 1, sections G and H, 64% of respondents indicated that "satisfaction or your money back" guarantees do not exist in India, and 60% reported that retailers do not promote trial offers (e.g., "try it for 30 days, and bring it back if not satisfied"). Respondent #20 commented "I have never come across any retailer in India to guarantee satisfaction ... it is a uniquely a U.S. policy". A few individuals, however, indicated that some of the major department stores and chain stores in bigger cities are starting to guarantee satisfaction; but in most cases these promises are initiated and backed by the manufacturer and pertain to specific product categories, such as cosmetics and electronics. Indeed, respondent #10 wrote that "retailers give such kind of guarantees only in case of consumer durable goods such as TV, refrigerator, microwave etc. ... but in all these cases these guarantees are backed by the manufacturers."

Interestingly, 56% of respondents indicated that they would be unlikely or less likely to attempt to return an unsatisfactory item for a refund or exchange if they were in India, as compared to the U.S.; and another 16% said they would simply attempt to exchange the product, whereas if they were in the U.S. they would ask for a refund. See Table 1, section I. Respondent #2, for example, remarked "I would be more inclined to do so in America rather than in India [because] my chance of a refund is almost negligible." Things appear to be changing somewhat, though, as indicated by respondent #11, who wrote that "If you had asked this question 10 years ago I would have said NO. But today the mall culture and computerized system has brought the limited return policies."

Overall, Study 1 clearly indicates that retail policies in India are more restrictive and less consumer friendly than in the U.S. The findings also suggest that situational factors affect consumers' propensity to seek redress when dissatisfied with a product, as a majority of respondents indicated that they would be unlikely to seek a refund if they were in India (i.e., as compared to the U.S.). Based on the understanding that cultural values are deeply embedded and enduring (Hofstede 2001), any differences in an individual's behavior while living in the U.S. – vis-à-vis one's actions while in his or her

home country – can be largely attributed to situational factors. In this case, it appears that consumer complaint behavior might be influenced more by the prevailing retail policies than by cultural values. In those situations in which a customer and a seller have built a trusting relationship refunds and exchanges are more common; however, U.S.-style "satisfaction guaranteed" policies are not widely promoted in India.

Study 2

In order to further understand retail policies in India, and how these situational factors affect consumer complaint behavior, a second qualitative study was conducted with individuals living in New Delhi, India. The observations derived from this study complement those of Study 1 and enhance the validity of the content analyses. Once again, a convenience sampling approach was used. All 34 respondents were working adults and part-time graduate students. The sample was fairly evenly split between males and females, and most were married, with moderate to high income levels. See Appendix B for profiles of each subject. Similar to Study 1, individuals responded to open-ended questions, indicating whether retail stores in their country allow customers to return or exchange defective items, as well as items that are *not* defective (e.g., clothing that was the wrong size or color). They were also asked if they can return or exchange items that have been used for a short amount of time (e.g., a jacket whose zipper broke after only two weeks); and whether it is common for retailers and service providers to promise "satisfaction guaranteed, or your money back", or to encourage consumers to "try a product for 30 days and return it if not satisfied." In exchange for their participation, subjects were given a coupon to a local restaurant chain. The questionnaire, and respondents' answers, were in English.

As in Study 1, we used a grounded theory approach to conduct the content analysis (Strauss and Corbin 1990). Based on similar themes as in Study 1, respondents' open-ended responses were categorized by two research assistants. Inter-rater reliability averaged 91%. In those instances in which the raters' classifications varied a third individual acted as an arbitrator to arrive at a consensus.

Study 2 Results

Indian respondents were first asked whether it is common for retailers in their country to allow

customers to return or exchange items. All subjects (100%) indicated that cash refunds are not allowed, or are uncommon. Only 29% reported that exchanges are common; in contrast, most (71%) wrote that exchanges are allowed only at large, well-known stores; or that the customer has to argue with the store to exchange an item. See Table 2, section A. Respondent #25, for example, wrote that “Exchange and refund depends on the type of store, product and personal relationship. Refunds are not common but exchanges are possible if defect is not caused by the customer.” Thirty-six percent indicated that retailers in India do not allow consumers to return items that were the wrong size or color, and 91% reported that most retailers do not allow customers to return items that became defective after little use (e.g., a jacket whose zipper broke after only one week of use); see Table 2, sections B and C. Shedding light on this issue, respondent #21 wrote “Yes, the consumers can exchange but it depends upon the type of store. If it is a big store then they will exchange it provided they

produce the bill and also exchange it within a week. But small stores do not exchange the product,” and #29 stated “After using the product it is very difficult to return the product or get it exchanged. It can happen only when there would be any pre-ascertained and mutually agreed terms and conditions.” Respondent #13 noted that “Defective products can be exchanged with great deal of difficulty (20% chance) but no refund can be obtained.” Overall, 89% indicated that “satisfaction or your money back” guarantees are not common in India, and that typically such “promises” come with terms and conditions that negate the guarantee. Indeed, respondent #11 stated “Retailers do not make such guarantees. If they say so it is not meant to be taken seriously, especially in case of small retailers.” Moreover, in most situations, these guarantees are made by the manufacturer, rather than the retailer; see Table 2, section D.

A. Is it common for retailers in India to allow customers to return or exchange items?		
a.	Cash refunds are common	0%
b.	Cash refunds are <i>not</i> common, but exchanges are common.	29%
c.	No refunds; exchanges depend on the type of store (bigger, well-known stores)	65%
d.	For exchanges you have to argue with the store for it to happen	6%
B. Can consumers return items simply because of wrong size or color, etc.?		
a.	Most retailers allow exchanges for wrong size or color (with receipt and not used)	74%
b.	Happens at large, well-known chains, or depends on relationship with retailer.	24%
c.	This does not happen in my country.	2%
C. Can customers return items that become defective after being used (e.g., a jacket whose zipper broke after only two weeks)?		
a.	Yes	9%
b.	Only at large, well-known stores and with durable products (e.g., electronics)	47%
c.	No, does not happen, or not common.	44%
D. Is it common for retailers to guarantee “satisfaction, or your money back” or to offer “try it for 30 days and return it if not satisfied”?		
a.	YES, it is fairly common.	11%
b.	It happens, but with terms and conditions that make it not valid.	21%
c.	It depends on the type of item (cosmetics, electronics) or store. In such cases the guarantee typically is from the manufacturer.	20%
d.	No, this does not happen in my country; not common.	47%

Overall, the findings from Study 2 are consistent with those from Study 1, and provide further evidence that retail policies in India are significantly less generous than those in the U.S. Consumers living in India indicated that refunds are uncommon, and for the most part, only large and well-known stores will exchange items. In many cases, customers who later discover that an item is the wrong size or color are stuck with the item. Unlike in the U.S., items that become defective soon after purchase cannot be returned or exchanged.

Study 3

In order to better disentangle the effects of culture and situational factors on complaining behavior, a third study was conducted, comparing Indian immigrants and foreign nationals living in the U.S. to a cohort group in India. Study 3 utilized a quasi-experimental design (Cook and Campbell 1979). Indians living in the U.S. and a cohort group in India were presented with several scenarios, each describing an imaginary situation pertaining to a product they had recently purchased, and which was the wrong size or had become defective. After reading each scenario they were asked to respond to a series of questions.

In India, data was collected from adult, part-time graduate students, who in return for their participation were given a choice of a coupon for the school cafeteria or a nice ballpoint pen. The questionnaire and answers were in English. In the U.S., participants were recruited via email. To qualify, U.S. participants had to have been born and raised in India, and had to be at least 21 years of age. U.S. participants were given their choice of a \$5 gift card to either Amazon or Starbucks.

A total of 140 respondents participated in the study; 68 were Indians living in the U.S. and 72 were cohorts in India. A total of three scenarios were employed; however, each participant was presented with only two of these. One scenario described a situation in which after wearing a recently purchased shirt a couple of times the stitching in one of the sleeves had come undone, and a gap in the seam appeared. Another scenario described a situation in which an individual had purchased a new jacket but did not try it on in the store because it was the size the person normally wears. However, after getting home and removing the price tag this person discovered that it did not fit very well, and was

disappointed. A third scenario pertained to a recently purchased DVD/DVR player, which worked fine at first but after several months did not function properly. In each case respondents were asked to indicate the likelihood that the store would refund their money, give store credit, or exchange the item.

In order to control for culture, respondents were also presented with a set of items designed to measure individualism/collectivism, uncertainty avoidance, power distance, masculinity, and Confucian Dynamism. Items were adapted from scales developed by Hofstede (2001), Schwartz (1994) and Triandis (1995). In order to ensure the validity and reliability of the scales the items were factor analyzed. As anticipated, the cultural values items loaded on five factors, with reliability ranging from .71 to .79. Importantly, a series of t-tests revealed no significant differences between Indian nationals in the U.S. and their cohorts in India across each of the five cultural values; see Table 3. This finding is important, as it rules out culture as an explanatory variable for any subsequent differences between the two groups of subjects (i.e., regarding the perceived likelihood of receiving a refund, exchange, or store credit).

	US Indians (n=68)	Cohorts (n=72)	t	df	Sig. (2-tailed)
Uncertainty Avoidance	5.16	5.31	.833	138	.406
Power Distance	3.33	3.24	.315	138	.753
Collectivism	4.80	4.84	.170	138	.866
Masculinity	5.57	5.84	1.481	138	.141
Confucian Dynamism	5.08	5.41	1.591	138	.114

Study 3 Results

The responses of Indians living in the U.S. and their cohorts in India were compared via a series of planned t-tests. The findings revealed significant differences between the two groups across each of the three scenarios. For the scenario in which the stitching in a recently purchased shirt had come undone, Indian cohorts perceived a significantly lower likelihood of receiving a refund as compared to their counterparts in the U.S. ($\bar{x} = 3.07$ vs. 5.76), as well as a lower likelihood of being able to exchange the item ($\bar{x} = 5.27$ vs. $\bar{x} = 6.19$) or being granted store credit ($\bar{x} = 3.25$ vs. $\bar{x} = 6.21$). Similarly, for the scenario in which the customer discovered that the jacket was

the wrong size, Indian cohorts reported a lower likelihood of receiving a refund ($\bar{x} = 2.31$ vs. $\bar{x} = 5.73$), store credit ($\bar{x} = 3.14$ vs. $\bar{x} = 5.91$), and of being able to exchange the item ($\bar{x} = 5.05$ vs. $\bar{x} = 6.00$). For the scenario in which the DVD/DVR player become defective, Indian cohorts once again indicated a significantly lower likelihood of a refund or store credit (2.91 vs. 5.84), or exchange (3.84 vs. 5.80), as compared to Indian nationals in the U.S. See Table 4, sections A, B, and C. Overall, these findings clearly indicate that retail policies in India are not as favorable to consumers as compared to those in U.S.

A. Shirt Scenario	US Indians (n=42)	Cohorts (n=41)	t	df	Sig. (2-tailed)
Likelihood of Refund	5.76	3.07	10.49	81	.000
Likelihood of Store Credit	6.21	3.25	10.67	80	.000
Likelihood of Exchange	6.19	5.27	3.39	81	.001
B. Jacket Scenario	US Indians (n=44)	Cohorts (n=42)	t	df	Sig. (2-tailed)
Likelihood of Refund	5.73	2.31	15.16	84	.000
Likelihood of Store Credit	5.91	3.14	10.36	84	.000
Likelihood of Exchange	6.00	5.05	3.52	84	.001
C. DVD/DVR Scenario	US Indians (n=44)	Cohorts (n=43)	t	df	Sig. (2-tailed)
Likelihood of Refund or Store Credit	5.84	2.91	10.92	85	.000
Likelihood of Exchange	5.80	3.84	6.59	85	.000

CONCLUSIONS

The overriding purpose of these three studies (two qualitative, and one empirical) was to better understand the relative influence of situational versus cultural factors on complaint behavior. Study 1 and Study 2 demonstrated that retail policies in India regarding returns and exchanges are much more restrictive and less consumer friendly than commonly found in the U.S. Together, Study 1 and Study 3 demonstrate that the decision to seek (or not seek) redress when dissatisfied with a product or service is influenced to a large degree by situational factors. Study 1 provides anecdotal evidence, and Study 3 provides empirical evidence, that situational factors have a greater impact on overt complaint behavior as compared to culture.

In Study 1, having confirmed that respondents' cultural values have not changed since coming to the U.S., any variations in their complaint behavior – depending whether they are in India or the U.S. – can reasonably be attributed to situational

factors. In this case, the most obvious factor is the return and exchange policies of retailers in the two countries. Similarly, in Study 3, having controlled for cultural values across the two groups, any differences in their estimates as to likelihood of receiving a refund, store credit, or exchanging the item must be due to underlying differences in retail policies. In India, where the return and exchange policies are highly restrictive, the “likelihood of success” is low, and hence it is logical that dissatisfied consumers are somewhat reluctant to seek redress. In the U.S., though, where the return and exchange policies are consumer friendly and the likelihood of success is high, dissatisfied customers – regardless of their underlying cultural values – are much more likely to return or exchange items that do not perform up to their expectations. These findings challenge the notion that culture is the driving force behind differences in redress seeking behavior across national boundaries. Of course, more work needs to be done to disentangle the effects of cultural and situational variables on consumer complaint behavior.

LIMITATIONS

With any given study there are limitations, of course. In this case, however, some of the methodological limitations are overcome by the fact that multiple and different types of studies were conducted. Study 1, like many qualitative studies, was limited in that it was based on a convenience sampling of only a few individuals whose background, values, and experiences might not be fully representative of the general population of India. However, this limitation was largely overcome with the addition of Study 2, which yielded similar findings, and by Study 3, which controlled for cultural values. None of these studies, though, attempted to control for other socio-demographic (e.g., income, education, social group), situational (e.g., product importance, problem severity, time and effort required to complain), or personal variables (consumer confidence) that might influence complaint behavior. As a result, although this study clearly indicates that retail policies have a substantial influence on complaint behavior, it is impossible to more explicitly quantify the effects of each possible type of variable.

This study was also limited in scope, in that it addressed only the impact of culture vs. situational factors on overt complaint behavior, and not on recovery outcomes such as trust and loyalty. Although it appears that situational factors have a

greater impact on the decision to seek (or not seek) redress when dissatisfied with a product or service, culture might have a larger impact on recovery outcomes such as trust, loyalty, and word-of-mouth (in-person and online). Further research is needed to better assess direct and indirect effects of both factors.

SUMMARY

Retailers and service providers that develop policies based on an accurate understanding of the effects of situational and cultural variables on consumer behavior have an advantage in the global marketplace. An assumption that consumers in countries that are highly collectivist (or are characterized by higher levels of power distance or uncertainty avoidance) are unlikely to seek redress when dissatisfied with a product or service, might lead to missed opportunities. Instead of focusing predominantly on acquiring new customers, retailers operating in these countries might also adopt recovery management policies and procedures that facilitate loyalty. By offering consumer friendly return policies (like those in the U.S.), retailers can signal a higher "likelihood of success" and reduce consumers' perceived risk. By encouraging dissatisfied customers to seek redress, retailers and service providers can remedy problems and retain these customers. Doing so is less costly than attracting new customers; and moreover, many of these individuals will become more loyal customers and generate valuable goodwill via positive word-of-mouth and online reviews. As previously mentioned, effective recovery management can ultimately lead to higher market share and greater profits (Fornell and Wernerfelt 1987, 1988). We readily acknowledge, though, that implementation of more liberal return policies is not without its challenges (e.g., preventing abuses, effective training of employees, etc.)

In conclusion, it is hoped that these findings will lead to more sophisticated research designed to assess the relative influence of situational and cultural factors on consumer complaint behavior. These findings certainly do not imply that culture has no influence on consumer complaint behavior at all; nonetheless, they do call into question the magnitude of its effect. It is hoped that this exploratory study will lead to further investigations regarding the impact of cultural vs. situational factors on consumer complaint behavior and recovery outcomes.

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