

ROOTS: A FOLK HISTORY OF THE CONSUMER SATISFACTION LITERATURE

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ABSTRACT

A folk history of the development of consumer satisfaction, dissatisfaction and complaining behavior is presented.

INTRODUCTION

This document is a "folk" history of one of the most successful streams of research in marketing--consumer satisfaction/dissatisfaction and complaining behavior. The persons involved and the early events which led to the creation of momentum in the field are the topics of interest. This is largely a "human interest" story. It is also a case study which illustrates how to generate interest in a new area that interests you.

As with all folk histories, there will be a certain "fuzziness" brought on by the passage of time about who instigated or contributed to what and when events actually occurred. In compiling this history, we solicited the recollections and comments of many of those who were there 15-20 years ago. If there are contradictions and parallel events, this is normal in folk histories.

The authors wish to thank the many people who conversed with them about this topic in the last year, and wish to apologize to any whose contributions we fail to acknowledge. We especially wish to thank the following who contributed substantial information to the folk history: H. Keith Hunt, Robert O. Herrmann, Rex H. Warland, Alan Andreasen, John Kennedy, and Hans B. Thorelli.

ORIGINS AND EARLY STUDIES

The origins of consumer satisfaction/dissatisfaction as topics of study are obscured in history, but certainly interest in them has existed around for many decades as seen in the organizations dedicated to their study. For example, the Council of Better Business Bureaus

(BBB) was founded in 1970 by the merger of the National Better Business Bureau (founded in 1912) and the Association of Better Business Bureaus (founded in 1921). The BBB is supported by 240,000 business and professional firms in all fields, and there are 200 autonomously operated local BBBs. Although the BBBs are focally interested in consumer satisfaction/dissatisfaction (CS/D), they collect statistics more than conduct research. Other organizations, such as governmental bodies, also have strong interests in consumer satisfaction, but little organized work was done on the topic until the first conference organized by H. Keith Hunt and the first national study conducted by Ralph L. Day.

There were a few very early precursors to the organized CS/D studies which became common from the late 1970's to the present. Surprisingly some of the earliest were cross-cultural studies of satisfaction. In what must be one of the earliest such studies, Has B. Thorelli, currently at Indiana University, studied consumer satisfaction using comparative testing reports in Germany, the United States, and Norway during 1969-70. This study discovered that "Information Seekers" are also largely the "vigilantes" (Thorelli's term) of the marketplace in terms of complaining behavior and vocalizing dissatisfaction. Thorelli's first conference contribution was based on this research and was titled, "On Complaining in Norway and the Role of the Information Seekers."

During the summer of 1972, Robert Herrmann and Rex Warland were involved with pretesting a questionnaire for a large study on the consumer movement and its potential impact on the food industry. As a transition between sections of the survey instrument, a couple of open-ended questions were inserted: "Lately, have you gotten good and mad about the way you were treated as a consumer?" and "What did you do about it?" Jane Willits, a graduate student at the time, noted that several of those who were dissatisfied were not complaining. This was the first finding

relative to the "dissatisfied/not complaining" category. Subsequent results of the study showed that businesses could not regard the volume of complaints they received as an accurate indicator of consumer dissatisfaction with their products.

What was probably the first dissertation in the United States on consumer satisfaction was written by John Miller and chaired by Thorelli at Indiana University in 1972. It was titled *Satisfaction and Modes of Response to Dissatisfaction for Supermarket Customer Segments*. Miller's work was critical in conceptualizing satisfaction and dissatisfaction.

One of the first studies in consumer market place experiences in a Less Developed Country, was conducted as part of a research project in Consumer Emancipation and Economic Development in Thailand. In that study, Thorelli and associates interviewed representative samples of over a thousand Thai consumers from all over the country about satisfaction with consumption. This study was followed up in 1981 with a similar study in the People's Republic of China. This led to publication of a paper comparing consumer satisfaction among Thai, Thai-Chinese and mainland Chinese.

As important as these early studies were in creating a foundation for later work, they were isolated instances. Few governments were interested in consumer satisfaction as evidenced by the paucity of funding for studies. Businesses were not at all interested in the topic. Alan Andreasen attributes the lack of business interest to a near universal belief at the time that complaint episodes should be ignored. If complaints were recognized or recorded, they would potentially mean two things: 1) the manager was doing a bad job, and 2) identified problems would require (either collectively or individually) money and time to correct and such would affect the bottom line. Andreasen believes these were seen by business as a "double whammy," and so problems were almost universally ignored. He also attributes a then popular belief among business people that most complaints were generated by a relatively small group of cranks. Later research by Andreasen and Best concluded the "incurable complainer" was a myth.

GETTING STARTED

Since in general neither governments nor businesses were interested in consumer satisfaction and related topics, how was the field launched? Andreasen suggests that much was due to people who had an interest in public policy and the following account bears that out.

As Hunt recalls, a specific discussion at the Federal Trade Commission in late 1973 or early 1974 led to holding a conference and much of the subsequent work. The Office of Policy Planning and Evaluation (OPPE) was responsible for developing a rational budgeting system which could verify that FTC money was being spent on those areas which most needed it.

At this time, there were two primary sources of information about consumer problems. First the FTC received numerous letters and phone calls complaining about various problems, products, and companies. Second, the FTC had access to the files of the Better Business Bureau that indicated the number of complaints in different categories. The OPPE used the BBB data as the basis for its budget rationale.

While the BBB data were readily available and easy to work with, the academics at the OPPE realized there was no way to judge the representativeness of the data. This concern led Edward Heiden, then director of the OPPE, to start thinking in terms of a national survey of consumer satisfaction and dissatisfaction which would be gathered in more academically satisfying way and which would allow extrapolation to the national population.

At about this time, Day received a call from the FTC looking for a consumer behavior specialist. Some of the consumer specialists on staff at the FTC had spoken of the concept of consumer satisfaction and that sparked the FTC to seek someone to create a study on the topic. At the time, Day had lost his enthusiasm for the line of research he had been pursuing, and this call made it possible for him to leave that area and begin anew. Day joined the OPPE. This was the real start of the fruitful relationship between Day and Hunt that did so much to begin the CS/D&CB stream of research.

Heiden had approached Hunt first about the possibility of a national survey on consumer

perceptions and Hunt was pretty excited until the pitifully inadequate funding which had been put aside was mentioned (about \$20,000). As Hunt tells it, he laughed and said it would take a lot more than that to do such a study, and he turned his attention elsewhere.

But when Day arrived at the FTC, Heiden introduced the topic again and Day also explained, just as Hunt before him, that the study could not be done for so little money. However, Day said he thought it a very interesting idea and he would spend more time on it. As Hunt phrased it, he wrote the study off because the money wasn't there to do the study, and Dr. Day took it on because it was an intrinsically interesting and important research question.

So Day's assignment was to design the first large scale study of consumer satisfaction in consultation with Edward Heiden, Keith Hunt, and Laird Landon. The study was envisioned to be quite large in breath and depth of content as well as sample size. Heiden wanted to get together a consortium of federal agencies to fund the project as the FTC itself had no money to fund it. To accomplish the research, it was expected that about \$200,000 would be needed. Even though the money had not been committed, Day proceeded to begin designing the project. Unfortunately, although much work went into designing the study, the consortium was never actually formed so funding was not forthcoming for the project.

GROUPS ON THE SCENE

Andreasen and Day suggest that there were basically two broad classes of work going on at this time relative to establishing a firm foundation for the CS/D research. Some, such as Laird Landon, were trying to think theoretically about what we mean by CS/D. Others, such as Kjell Gronhaug, were trying to develop empirical descriptions and explanations of parts of the process.

There were also scholars trying to develop a comprehensive framework for tracking CS/D. This group included Hunt and Day from the FTC, Arthur Best and Andreasen from the Ralph Nader group, and Anita and Martin Pfaff and Charles Handy from the USDA group. The TARP group

also became involved through responding to a Request for Proposals to do the study Day had initially developed.

These people attempted to work across highly bureaucratic structures and overcome varying backgrounds and perspectives to arrive at some consensus of what the definitions and processes of CS/D were. It was apparently not an easy process.

While most of those involved were from public policy groups, according to Andreasen, Don Hughes from Sears was the "principal token corporate person."

TWO EARLY NATIONAL STUDIES

After the failure to find funding in Washington for the national study Day was working on, a Canadian doctoral student at Indiana University working on his dissertation (Steve Ash) was contacted by the Canadian Government through the office of Consumer and Corporate Affairs Canada, about the project. Apparently word of the study had reached the Canadian government through the grapevine and sparked interest there. While the study was in danger of not getting past the planning stage in the U.S. due to the lack of funding, the Canadian government through Ash's leadership were enthusiastic about the research and funded the project at the appropriate level: \$270,000 approximately. In return, the Canadian government obtained the first comprehensive and careful study of consumer satisfaction, dissatisfaction and complaining behavior (CS/D) ever conducted. The participants were Canadian citizens and so the survey was bilingual in English and French (a little less than 50/50). Some of the research results were subsequently summarized and printed in government documents.

It is interesting to contrast attitudes prevalent in Canada and the U.S. at that time. John Kennedy, now of the University of Western Ontario, suggests that the Canadian Consumer & Corporate Affairs Department at the federal level was a strong one. The post of cabinet minister for this department was a major one and considered a stepping stone for potential Prime Ministers. The Department was spending large amounts of money on CS/D research. About half the provinces had "tougher" consumer legislation in the works. All

this ended with the start of the recession which altered government priorities to saving jobs.

About this time, Technical Assistance for Research Programs (TARP) conducted a study as well. The Office of Consumer Affairs became interested in the topic and Laird Landon moved there where the basics of the study were laid out and a Request for Proposal circulated. TARP obtained the contract and did the national survey which approached the topic from a little different point of view than Day's Canadian study, but the results were not published until 1979, so the effect of the TARP study on early momentum for the field was minimal although its impact on subsequent research and thought in CS/D was immense.

SEEKING CRITICAL MASS

All those connected with the project hoped that this initial research would serve as the catalyst to numerous other projects that would lead to a stream of CS/D research within the consumer behavior discipline. In order to get a new research stream launched, a certain critical mass must be reached. The task became to reach that critical mass.

Keith Hunt is one individual who has a talent for getting people enthused about projects he feels are important. At that time, people in the consumer behavior area were talking about CS/D, but doing little or no research in the area. Using his persuasive abilities and a little networking, Hunt managed to obtain a direct grant from the National Science Foundation (NSF) for the purpose of achieving the critical mass necessary to launch CS/D research. Hunt managed to obtain the NSF grant through his relationship with George Brosseau, an NSF administrator who had adopted consumer research as one of his pet areas. The Marketing Science Institute (MSI) sponsored the conference, in part due to Hunt's long time friendship with Steve Greyser who was then the Director of MSI. Day and Hunt thought at this point that they had it made. Critical mass, they thought, was inevitable. But not so.

The NSF funding was for a three stage project. The first stage would be to invite professionals who had already done work on the general topic of CS/D and provide an opportunity

for an exchange of ideas. The underlying assumption was that doing so would foster interactions among the participants which would lead to new ideas and new research endeavors. The second stage was publication of the papers and an overview of discussion comments. The third stage called for a state-of-the-art paper coauthored by three or four leaders in the field.

The workshop was held April 11-13, 1976 at the O'Hare Inn, Chicago, Ill. The number in attendance was not large: only about twenty.

Although several countries were represented at the workshop and only those who were thought to have an interest in CS/D were invited, the workshop failed to generate the level of research expected by the organizers. It may be that the combination of relatively small numbers of attenders and the rather primitive state of knowledge in the CS/D area acted to severely limit the research impact of the workshop.

The situation at this time was that all the seed money from the National Science Foundation had been spent and there appeared to be little result for the expenditure. In retrospect, this may have been less than entirely accurate. There was some additional increase generated in CS/D research and ever so slowly additional papers were being accepted for publication on the topic. Also it simply takes time for people to become acquainted and interested in any new area. In any event, believing that the goal of the workshop had not been achieved and that, even worse, CS/D would not "get off the ground" at all unless additional measures were instituted, Keith Hunt went back to the National Science Foundation to get another grant. The NSF felt they had been quite generous already and turned down the request.

It was felt that another event was needed in order to increase the rate at which CS/D research was being done and the money was not going to come from the National Science Foundation. So within a few months of the request to the NSF being rejected, Ralph Day approached the dean of the business school at Indiana University about underwriting a conference on the topic. The resulting conference was very successful and 20 to 30 papers emerged as a result. This event was successful in creating the critical mass and momentum necessary to attract research attention. It became clear that the conference format was

superior to the workshop format in accelerating the rate of research in the CS/D area. But it may be that the conference format would not have been successful without the priming which occurred as a result of the prior workshop.

Several persons were particularly productive in CS/D research and formed part of the core group. One particularly active participant in the area was Richard Oliver who was the "free thinker" of the group and, he held strong opinions on how CS/D was to be nurtured. John Swan was also one of the early activists and is still doing research in the area. He was among the first to research patient satisfaction and this differing context provided greater exposure for CS/D. Betty Diener also contributed to the critical mass in pioneering CS/D. She went on to become involved in politics.

SUMMARY: HOW TO LAUNCH A FIELD

Hunt and Day created interest in the topic of consumer satisfaction in several ways. They tapped government and other public sources of funding, took advantage of networking opportunities, and produced research on the topic. They also sought out persons producing related work in other fields and brought those people together to share ideas at the workshop and later at the conference. The papers and discussions produced at the workshop and conference were published and disseminated. Most of all, they did not give up even in the face of insufficient resources and apparent lack of interest; rather they had faith and continued to work.

WHERE ARE WE NOW?

CS/D is still a healthy, viable area of research for governments and academicians. But the thrust of the field now comes from business whose adopted watch words are "Customer Satisfaction."

This is evident in mass promotions as well as in the creation of public affairs positions, 1-800 twenty-four hour customer hotlines, and management seminars to name only a few outward signs. Complaints are now viewed in business as an opportunity to improve the firm's offering rather than as secret to keep hidden.

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