COMPLAINING AND PRAISING IN NON-PROFIT EXCHANGES: WHEN SATISFACTION MATTERS LESS

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ABSTRACT

This study examines the "postpurchase" communications of a distinctive and powerful segment of the population in the context of their satisfaction with the non-profit organizations for which they have established major trusts. Our analysis of data provided by 476 detailed personal interviews with a representative sample of donors of charitable trusts in excess of $1 million indicates that donors' complaints and plaudits are closely associated with satisfaction and related measures only when the target of their comments is external to the exchange. Communications to the management of the organization apparently reflect the nature of the donor-manager relationship rather than donor satisfaction. The implications are discussed in terms of theory extension for post-exchange communication and practical considerations for non-profit organizations.

INTRODUCTION

The literature on postpurchase attitudes, which now includes scores of articles examining postpurchase communications, focuses in most cases on negative communications. Few compare complaining behaviors to their positive and influential counterpart, praising behaviors. All are set in the context of commercial exchanges. That is, the customer gives money in exchange for a product, either a good or a service. The brief review that follows establishes a field of reference for the present study.

Non-Profit Exchanges

Exchange, the offer of value in return for value, is the central concept in marketing (Bagozzi 1975, Berkowitz et al. 1979). Charitable giving is a service exchange just like any other in that the donor (the "consumer", i.e., the one who pays the price) is giving money in exchange for value (Kotler, 1982). The donors of charitable funds, however, do not expect to get value for themselves or others close to them directly; rather they are contributing to the support of an organization that provides services to beneficiaries somewhat removed from themselves (Guy and Patton 1988). The exchange pattern here is fundamentally the same as in commercial exchanges except that the value actually received by the donor is likely to be not only extremely intangible (e.g., gratitude from and/or recognition by the charity) but also indirect (e.g., positive feelings about being of use to society) (Kotler 1982).

The importance of studying non-profit exchanges from the marketing perspective has been advocated in the marketing literature for decades (Kotler and Levy 1969; Lovelock and Weinberg 1978; Shapiro 1973). In an era of increasing emphasis on shifting the burden of social services to the private sector, such an examination becomes even more pertinent. Of necessity, this type of exchange concerns a particular subsegment of the population: the very wealthy. While the behavior may not be typical of all consumers, it is critical to the understanding of this market, for they not only pay the price, but also to a great extent control the product as well. To date, however, there has been little empirical or theoretical work published on any aspect of marketing in the non-profit sector, and nothing that examines the post-exchange communications of charitable donors.

Postpurchase Communications

Consumers' postpurchase communications may vary on many dimensions: frequency, duration, intensity, and so on; but their most exhaustively studied aspects appear to be valence and target. Postpurchase communication with negative

valence, usually called complaining, has been the most heavily examined of the possible forms. Some researchers have used the term "complaining" to signify all negative communications about a purchase episode (Singh and Howell 1985; Warland et al. 1984). Richins (1983a, 1987), however, restricts the term "complaining" to attempts to remedy an unsatisfactory situation by communicating with the provider (a target internal to the transaction) or with an external party who has potential power such as a lawyer or the Better Business Bureau. Day and Landon (1977a) designate both these targets as "public". Singh (1990) segments those who do such public complaining into two groups: "Voicers", who complain directly to the provider, and "Activists", who complain to a third party. The other possible external target type consists of friends or relatives. Communication denigrating a marketing organization or product to these other potential consumers has been variously labeled "private complaining" (Day & Landon 1977a) or "negative word-of-mouth" (Richins 1983b). People who engage in this behavior Singh calls "Irates". See Table 1 for a comparison of terms.

Table 1
Comparison of Complaint
Labeling Approaches

	Internal	External	
Target	Provider	Attorney/ Bet. Bus. Bur.	Friend/ Relative
Day & Landon	Public Complaining		Private Complaining
Richins	Complaining		Word-of-Mouth
Singh	"Voicers"	"Activists"	"Irates"

At the other end of the valence dimension are positive communications, such as compliments or praise. As with negative communications, these may be targeted either toward internal or external parties. However, even though word-of-mouth (WOM) has been repeatedly shown to have a major effect on purchase decisions (Arndt 1967, Herr et al. 1991, Richins 1983b), neither positive WOM to other potential customers nor praise directly to the provider has received as much attention as complaining in models of post-purchase behavior. Notable exceptions are two studies that have looked at both positive and negative post-purchase communications in the context of satisfaction level and relative frequency of type of communication. Both Cadotte and Turgeon (1988) and Swan and Oliver (1989) found praising to be generally related to satisfaction and significantly more frequent in their samples than was complaining.

Dissatisfaction, of course, has been generally associated with negative communications (Bearden and Teel 1983; Day & Landon 1977b; Halstead 1989; Woodruff et al. 1983). Congruently, satisfaction has been generally associated with positive communications. Swan and Oliver (1989) found a positive correlation between satisfaction and positive postpurchase communications both to the provider and to parties external to the transaction among automobile buyers. Similar positive relationships between satisfaction and praise to the provider also have been reported in two studies of the lodging industry (Cadotte and Turgeon 1988; Robinson and Berl 1980).

These relationships between satisfaction and postpurchase communications are, however, far from perfect. It is well known that most people who are dissatisfied do not complain (Day 1984). Swan and Oliver (1989) found that some automobile buyers both praised and complained. Furthermore, in the same study a significant percentage of those who were more-satisfied-than-not complained. Many attempts have been made to account for ambiguities of this sort by examining the mutual interdependence of dissatisfaction with various personal and situational factors_in complaining behavior (Day 1984; Landon 1977). Although many reviewers (Andreasen and Manning 1990; Kolodinsky and Aleong 1990; Russo 1979; Singh 1990) conclude that evidence for the power of such determinants of complaining (e.g., race, age, income, community involvement, etc.) has been generally weak, some studies are of particular interest for the present analysis. Various measures of social involvement and value orientation have been

shown to be associated with negative communications. Warland et al. (1984) showed that community involvement is positively associated with complaining behavior. Richins (1987) showed that negative WOM (but not complaining to the provider) is related to extent of social interactions. Didow and Barksdale (1982) demonstrated increased complaining when the purchase price and the social risk of the exchange are high. And, Rogers and Williams (1990) show a strong relationship between consumers' values and their complaining behavior.

Relationship to the Present Analysis

Since marketing models are purported to apply to both for-profit and non-profit organizations, and since these models have identified factors that affect the nature of post-exchange consumer behaviors in for-profit service settings, it is worth exploring the applicability of these models to non-profit settings. The present analysis is based on a large study which, although its principal purpose was to examine donor motivations_in major charitable contributions, produced interesting results relating to post-donation communications by the donor about the non-profit organization. In this study, we direct our attention to post-exchange communications that are either positive (praising) or negative (complaining) in valence and are directed toward targets either internal or external to the transaction.

METHOD

This study was based on structured personal interviews with donors of large charitable trusts. The survey was large and complex both in its content and its procedures. A description of the sample, the process used to collect the data, and our analytical approach are summarized below.

Sample

The population from which the sample was drawn consisted of all the individuals who had made charitable trusts in the USA in 1989 in excess of $1 million. For reasons of practical survey administration, we limited our sample to those living in the four most frequently named

cities of residence in that population: New York City, Chicago, Los Angeles, and Palm Beach. The sample was constituted through the cooperation of twelve major national legal and financial firms that establish such_trusts, and who were compensated for their role by receiving a summary analysis of the survey data. The cooperation of the donors themselves was secured by personal request from the officer or partner of the professional firm who had established their trust. Each donor-respondent was compensated by the donation of $200 in their name to the charity of their choice. The cooperation rate was virtually 100%, and produced a final sample of 476 individuals believed to be highly representative of those who establish major charitable trusts.

The respondents were typically well-educated, married, and elderly. About two-thirds were female (68.3%). Almost 44% of them were over 65 years old and more than 87% were currently married. Almost 57% were college graduates, and an additional 27% had some graduate school. They were distributed across the four cities: New York City 31%, Chicago 32%, Los Angeles 20%, and Palm Beach 17%.

The amount of money each respondent placed under the subject trust averaged $2.4 million ($\pm$ $0.6 million). The range of organizations for which the trusts were established was broad, with more than 40% of them in arts and education. Donors typically chose their particular organization because its goals were consistent with their personal values, they had a good friend or relative who was associated with it, and the organization needed what they could give. They had also donated money to an average of 4.9 ($\pm$ 2.6) other non-profits in the same_year. Almost 52% of the respondents were on the board of directors of the non-profit.

Process

The interviewers were social science graduate students who had been carefully trained in personal interviewing techniques and who were supervised in the course of the survey by one of the authors. The interviews themselves began with a short period of social conversation followed by a general description of the study. Then the relevant response scale was presented and its use explained.

As each question was asked respondents viewed a copy of the appropriate scale and provided their responses orally to the interviewers who recorded them on the scoring sheet. The interviews were conducted individually at a place of the respondents' choice, usually their homes, and averaged about two hours in length.

The questionnaire used in the interview contained sections addressing various aspects of the respondent's relationship with the non-profit and the professional service firms that established the trust as well as a few basic demographic characteristics of the respondent. The parts of the questionnaire that are relevant to this study focused on the respondents' experiences with the non-profit and their likely future behavior with regard to the organization. Ratings were provided on 10-point scales labeled at the end points, "Not at all True/Satisfied/etc." and "Perfectly True/Satisfied/etc." The questionnaire had been pretested and revised with a subset of the sample to assure that participants would be able to respond appropriately.

The data generated by this interview technique are believed to be highly valid and reliable because they pertained to an event in the respondent's life that was recent (within the last twelve months), unique (most had set up only one such trust during the period), and important (the value of the trusts averaged almost $2.5 million). The potential problem of skewness expected with the satisfaction data was addressed by the use throughout of the ten-point scale, thus allowing the respondents to make finer discriminations than with shorter scales (Fornell 1991).

Analytical Approach

Only a portion of the large amount of information generated by this survey was examined in this study. We have limited our scope to postdonation communications about the non-profit to its managers or with other potential donors. This analysis is further limited by the complexity of the relationships among the variables on which data were collected. Time constraints recommended a detailed consideration of only those variables most closely associated with the communications of interest. That is, the independent variables may be thought of as

representing four successive levels of proximity to the postdonation communication. At the most remote level are the demographic characteristics of the donors (e.g., age, marital status, education level, etc.). At the next level are the "objective" features of the transaction such as size of the trust. At the next level are the "subjective" aspects of the transaction such as the donor's assessment of the quality of the non-profit's services. Closest in time to the postdonation communication is the donor's overall feeling of satisfaction with the exchange. Our analysis concentrates on these latter two levels, and simply identifies indications of variables at the earlier levels that may warrant further investigation.

RESULTS AND DISCUSSION

The most interesting feature of the data produced by this study are the relationships between target and valence of the postdonation communications and donors' attitudes toward the non-profit. These are shown in Figures 1, 2, and 3.

Communications with Outsiders

Figure 1 presents the percentage of respondents who estimated their likelihood, at each of ten levels, of communicating with other potential donors to the non-profit. The light bars represent the likelihood of the donor's complaining about the organization and urging others to donate their money elsewhere (mean = 1.2, s.d. = 0.8), and the dark bars represent the likelihood of the respondents urging others to donate to this organization (mean = 7.7, s.d. = 1.9). It is clear that there is a much stronger tendency to encourage others to donate to the respondent's non-profit than to discourage them (p < .000).

The pattern of high likelihood of positive WOM almost parallels the pattern of highly positive attitudes reported about the non-profit shown in Figure 2. The dark bars represent the percentage of respondents who rated their satisfaction with the non-profit at each level (mean = 8.2, s.d. = 1.2). The half-tone bars represent the percentage of respondents who rated the organization's competence at each level (mean = 8.0, s.d. = 1.1). The light bars represent

Figure 1
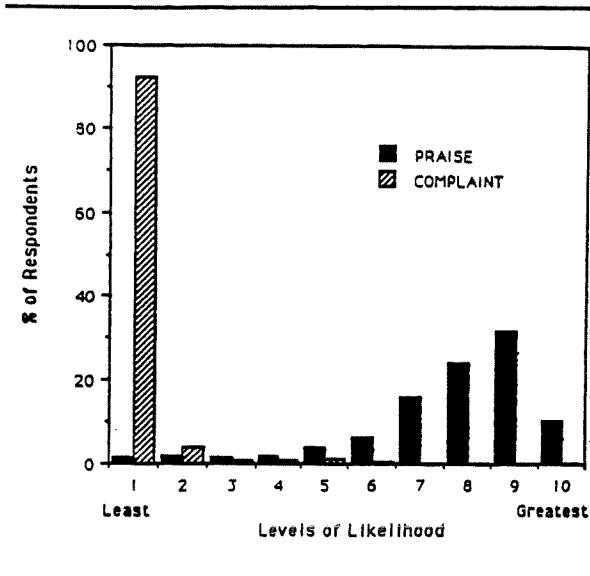**Likelihood of Conveying Positive or**
Negative Comments to Other
Potential Donors

Figure 2
Ratings of Positivity Toward
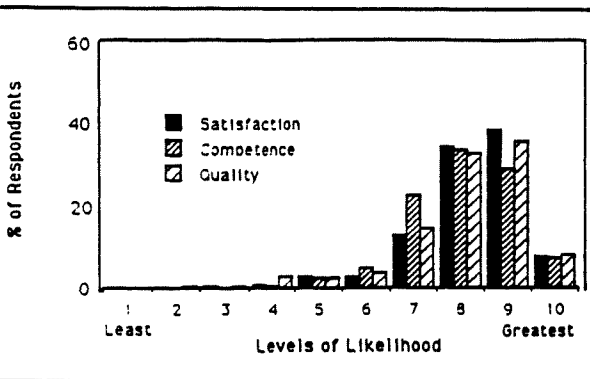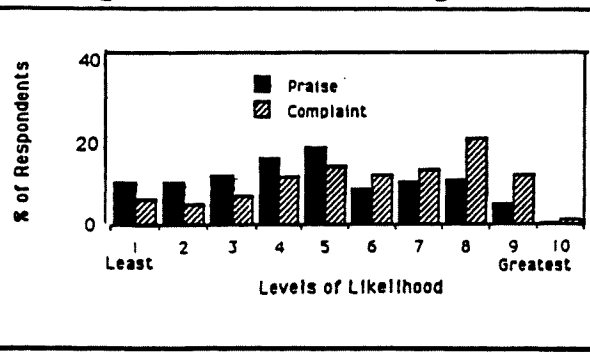**Non-Profit Organization on**
Three Measures

Figure 3
Likelihood of Conveying Positive or
Negative Comments to Management

the percentage of respondents who rated the quality of service provided by the non-profit (mean=8.1, s.d.=1.4). Here we see that for all three measures of attitude about their association with the organization, the means are quite high and the variation across respondents is low.

This graphic indication of relationship between positivity of attitudes toward the non-profit and positive communications targeted toward potential donors is supported by the results of multiple regression analysis which showed likelihood of positive WOM to be associated with quality of service (B=.34, p<.000), the non-profit's competence (B=.30, p<.000), and the donor's ratings of their own competence (B=.21, p<.000). (Note: Satisfaction is correlated with the ratings of the organization's competence (r=.31, p<.001) and their quality of service (r=.28, p<.001) and thus does not appear in the final regression equation.) Together, these measures account for 19% of the variance in donor's ratings of their tendency toward positive WOM. The proportion of donors with any intention to complain was small (<8%), and the regression for negative WOM shows only a very small relationship with one predictor (satisfaction: B=-.12, p<.000), which has negligible predictive power (R2=.04).

These results are not at all surprising in themselves. We would expect on the basis of all the empirical and theoretical work that has gone before for WOM to be associated with satisfaction and quality measures. If anything, we may be surprised that there is so little tendency towards negative WOM given that satisfaction was not perfect. The significant negative correlation (r=-.36, p<.001) between the donors' rating of the similarity between their own and the non-profit's goals and their likelihood of negative WOM supports the speculation that the donors who have made a very large and personal commitment to the non-profit would be loath to attack it openly and thereby risk damaging their own and the organization's image.

Communications with the Non-Profit

What makes the above results interesting is their contrast with the analyses of the data on communications with the organization. Figure 3

shows the percentage of respondents who estimated their probability of communicating with the managers of the non-profit. The light bars represent the likelihood of complaining to the non-profit (mean=5.9, s.d.=2.4), and the dark bars represent the likelihood complimenting (mean=4.7, s.d.=2.3). It is clear here that there is a stronger tendency to complain than to praise (p<.000), and that there is relatively higher variability across the respondents than with external communications. This pattern is difficult to explain in light of the attitude data alone: Respondents, while highly satisfied, were predominantly inclined to complain.

Attempts to elucidate this point by regression analyses of measures of the subjective aspects of the charitable exchange and satisfaction accounted for only a small proportion of the variance (R2=.08) in praising to the managers of the organization (involvement: B=.27, p<000; quality of service: B=.21, p<.05), and none of the variance at all for complaining to managers. These results beg the question of what is associated with praising and complaining to managers. For this reason we regressed praising and complaining on an expanded set of predictor variables that included measures of the change in attitude over the period of the donor's association with the non-profit organization. The additional explanatory value was negligible.

We also reviewed the correlations of these two variables with donor demographics and measures of objective features of the exchange. There were a few significant associations, most of them to the effect that both the likelihood of praising managers and of refraining from complaining to them are related to involvement with and investment in the organization. Positively associated with tendency to praise are total time donated to charity (r=.17, p<.001), dollar value of the trust (r=.14, p<.01), and serving on the board of directors (chi square = 14.3, d.f.= 6, p<.05). Negatively associated with likelihood of complaining are similarity of goals (r=-.13, p<.01) and serving on the board of directors (chi square = 27.6, d.f. = 6, p<.001). The intention to complain was positively associated only with age of the donor (r=.17, p<.001). However, informal comments made by the donors during the survey strongly suggest that among this population there is a belief

that giving a large donation entitles the donor to complain to the non-profit's managers whenever anything occurs that is not to the donor's exact liking.

CONCLUSIONS

This study presents intriguing information about the postpurchase communication behavior of a critical consumer element in an increasingly important domain: wealthy individuals' charitable exchanges. The analysis supports the extension of existing theory linking satisfaction and word-of-mouth communications to non-profit transactions. Both positive and negative communications with other potential donors were influenced by satisfaction and related measures of quality. Managers of non-profit organizations -- educational, cultural, and the like -- would be well advised to satisfy their current donors in the interest of stimulating future donations from others.

However, in their communications with the managers of the non-profit organization, the rich really do appear to be different. Neither complaining nor praising to the organization itself is much related to measures of satisfaction and quality. Praising the managers directly seems to be related to degree of involvement with the charity, but complaining -- contrary to the literature about commercial transactions -- is not. Instead it is suggested that donors may see themselves in this exchange situation not as customers, but as quasi-employers entitled -- or even obliged -- to oversee and criticize the nonprofit, no matter what their basic satisfaction may be.

This situation may not indicate that the marketing model is irrelevant for direct complaining in non-profit exchanges, but rather that the special, possibly power-based, relationship between buyer (donor) and seller (non-profit manager) overshadows the effects of satisfaction and that communications in this context may not have the same meaning that we have come to understand for complaining and praising managers in the for-profit sector. Further research on the effects of buyer role and behavioral involvement in a variety of service exchanges is needed to clarify these possibilities.

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