E-complaint Services for Consumer Goods: Results from an Empirical Analysis in Italian Supermarkets

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Abstract: Customer satisfaction is one of the most important issues concerning business organizations of all types, which is justified by the customer-orientation philosophy and the main principles of continuous improvement of modern enterprises. Nowadays most companies operate multiple channels including Internet. For companies, receiving a complaint by Internet is particularly attractive as online complaint management increases both the efficiency and effectivity of complaint management. Moreover, complaint channel choice and online consumer complaining behavior have received only limited attention. The aim of this paper is to verify the after sale service of 138 companies producers of consumer goods. In particular, this study measures the response time and the quality of the answer after a complaint sent by email or web form. The sample is composed of food (no fresh, no private label) goods and they are randomly selected from the shelf of supermarket. In our sample, a small percentage of companies don't write the Internet site or an email address on the product's label (14%). Only large enterprises and multinational companies answer in less than 24-48 hours. Often they personalize the reply and only in few cases they surprise their customer with something the customer doesn't wait. Probably, small and medium enterprises don't consider the customer service a main component of the business.

Key words: web service; complaint; consumer goods; customer service

JEL codes: M300, M310

1. Customer Satisfaction and after Sale Service

Traditionally, companies have relied only on differentiation of products and services to retain their customers and also to satisfy the consumers. However, times have changed, due to fierce competition from new players entering the market, imitation of new features and increase in number of new offers, customers have acquired new choices and they have also become more price sensitive, which has forced marketers to adapt differentiated and customer oriented strategies in order to enable them to stand out in the competition and gain a competitive edge. According to Singh (2006), one of the fundamentally important drivers of organizational success is that enterprisers must take the needs and wants of their customers into account. That is the reason why the researcher such as Reicheld & Sasser (1990); Ciavolino & Dahlgaard (2007), Singh (2006); Carpenter (2008) have paid attention to the importance of customer satisfaction, loyalty and retention have been continuously paid attention

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Customer satisfaction is considered very important, it shows how firms are committed to provide quality product or services to their customers that eventually increase customer loyalty. Organizations have to provide better after sale services to retain and satisfy its customer. Making and retaining valuable relationship with customer while using every aspect of taking, retaining and enhancing customer is known as customer relationship management (Kotler & Armstrong, 2010). After-sale services make customer safeguard and without having an effective service, market share can be reduced. So services to customer are not business but it is the main component of the business (Bozorgi, 2007).

After-sales, referring to the activities taking place after the purchase of a product, has been seen as not only a profit source but also a significant differentiating factor among companies (Wise & Baumgartner, 1999). After-sales can of course be understood widely, to describe a variety of activities. However, it can also be seen as only a "product support" activity (Lele & Milind, 1997). Often remaining as the only point of contact with the customer after purchase (Gallagher et al., 2005), the support activities have a significant impact to brand perception and customer retention (Alexander et al., 2002).

Organizations are more customers oriented they have to satisfy their customers, the satisfied customer enables organization to retain more customers, which results in high sale turnover, higher productivity and profit to the organization. Customer satisfaction is related with loyalty of the customer and financially stable performance of the firm (Loveman, 1998). Customer satisfaction must be the primary objective of the organization for success and growth (Pertson & Willson, 1992).

2. Complaint Management on Internet

The management of complaints is a part of service provided to customers. "Service recovery is essential due to the inevitability of service failures" (Goodwin & Ross, 1992). If a company does not handle service complaints accordingly it may lead to negative and harming word-of-mouth and the customer will be lost to competition (Tax et al., 1998). According to Sparks and McColl-Kennedy (2001), service recovery is a necessary tool in order to keep ones good reputation, avoid bad PR and have satisfied as well as loyal customers.

According to Schoefer and Ennew (2005) regardless of the procedure, "customers expect a speedy, confident, fair and personalized complaint handing". Goodwin et al. (1992) found that an apology is a crucial part of the service recovery process and since it will diminish the negative feeling the customer has towards the company

Traditionally, customer complaints were regarded as negative events, i.e., as indicators of quality concerns or corporate failure. Hence, a majority of companies engaged in defensive communication strategies by denying the complaint issue, offering materialistic solutions 'out of courtesy' or simply ignoring the complaint (Dubé & Maute, 1998; Hansen et al., 2010).

Yet, with the rise of customer-centred marketing philosophies and the systematic development of relationship management strategies in the 1990s, complaints were increasingly understood to be personalized communication opportunities at the request of the customer (Homburg et al., 2010; Volkov, 2004).

The growing influence of the Internet at the start of the new century and the more recent social media networking trend have consequently exposed the passivity of prevailing complaint management strategies with regards to profiling and effectively communicating to e-complainers. As such, the public, intertextual and instantaneous character of online communication channels (e.g., public forums, virtual worlds or Twitter)

necessitates the transformation of existing complaint management approaches into pro-active, multidimensional and continuous e-communication strategies (Khammash & Griffiths, 2011).

From a consumer's perspective, the Internet has significantly lowered the psychological barriers to complain as customers are in full control over the extent and depth of the communication exchange with regards to content, timing, self presentational cues and subsequent reciprocity (Kozinets et al., 2010).

In the e-complaint context, the response speed constitutes the quality perceived by the customer. In this case a trade-off involves the choice between personal and automated response communication. Numerous studies indicate the superiority and positive effects of personalized feedback on e-consumers post-complaint evaluation (Smith et al., 2010). However, at the same time, online communication seems to carry an inherent expectation of timeliness, i.e., instantaneous feedback which, if delayed, has negative consequence on customers' corporate responsiveness perceptions (Matzler, 2005; Neale et al., 2006). Despite the aforementioned current predominance of automated e-mail response communication strategies, recent studies on complaint classification systems and agent-based complaint profiling systems seem to indicate a trend towards facilitated e-personalization of response message communication (Galitsky et al., 2009).

3. Methodology

The objective of this study is to verify the after sales services of manufacturers that sell customer goods. An empirical method has been used to measure the customer service.

Effective e-complaint service is a key to customer retention. Consumers asserting that they will not make a repeat purchase or continue with the company's services in bad experience. In order to attain new customers and retain the older one, an effective after sales service cannot be ignored. According to Palmer (2002) the main purpose of providing after sales services to customers is through this mechanism the company is able to maintain relationships with customers.

In this study we have selected 138 different goods from the supermarket. All the products have been selected randomly from the grocery. Following we present the main research phases:

(1) Product selection: food products, no fresh, and no private labels. Private labels are product sold under the retailers brand instead of the manufacturers (Burton and al., 1998) and in this study we aim to investigate the manufacturer's behavior. The price of products are between 1.10 € and 6.99 € because they are the foods most selling in the supermarkets (Nisticò & Anania, 2011).

(2) Channel detection: on the product usually there are or the internet site address, or customer service email, or a toll free number.

(3) Data base compilation: for every product we record the purchase date, the product, the company name, and all the information inherent the customer service.

(4) Simulation: we send a complaint by email or by form. In this message we declare that product we purchased has some problems or in the packaging ("Your package has a problem when I open it", "The product is very different from the image on the pack"), or in the taste ("In this batch the taste of the product is not like as usual"), or we needed more information about the mode of employ ("Can I use you product with…"). We record the day and the hour of sending in our data base.

(5) Waiting of the response. After this first contact, we wait the response. When an answer arrives, we analyze the message received.

(6) If the response time is greater than one week, we solicit the company using a different channel or the free toll number.

(7) Answer analysis. When the answer arrives, we analyze:

● Response time: It represents the period of time from the question to the answer. Response time have an impact on satisfaction level of after sales services. The satisfaction received from after sales service varies significantly with response time of solving complaints. The quicker the problem is resolved the more satisfied customers are with the services (Banerjee S., Singh P., 2013).

● New requests: it represents the need to solicit the company for an answer. These are surprising results given that past research has demonstrated that customer satisfaction is significantly affected by the difficulty to receive an answer (Stiefbold R., 2003).

● Personalization of the answer: Usually companies can answer in two ways: automated message; personalized message. The personalization has more value added than the automated answer or a preformatted message. Company can create strong bonds with customers by individualizing and personalizing relationships (Kotler & Keller, 2009).

● Complaints resolution: Explanation of the problem and highlighting of the solution. Halstead and Page (1992) demonstrate that for complainers who were dissatisfied with the product, however, satisfaction with complaint resolution did lead to significantly higher repurchase intentions (Halstead, Page, 1992).

● Plus: it represents something the customer doesn't wait. This is something different from the mere answers or apologizes, and can be a coupon, a gadget or a new product to test. The overall rule of thumb for compensation at service failures should be "well dosed generosity". Also, over-generosity does not seem to result in higher repeat purchase rates (Priluck & Lala, 2003)

4. Results

We checked 138 different goods selected in Italian supermarkets in the North Italy area. There aren't any customer service indicated on 19 labels, only the company address and in some cases a toll free number.

After the sending of the complaint, in 10 cases the answer arrived in a period beneath 24 hours, 18 cases within 48 hours and in 15 cases in a period beneath 72 hours. 37 companies did not answer. In a study, Zaugg (2001) affirms that while most customers expect an answer within 24 hours, customer care managers are convinced that two to three days is an appropriate response time for straightforward problems. This disconfirmation of customer expectations leads to a low perceived probability of success for online complaints, which in turn reduces the likelihood that computer-mediated communication will be chosen for complaining in future.

We sent 31 reminders when the response time was greater than a week. In this case, we have used or Web form or a toll free number. Only in 8 cases we received an answer. In the case on the telephone contact, often we found a pre-recorded message.

If we consider the total cases (82) with a response, 21 companies replied with automated messages, while in 61 cases companies used customized messages. Customers who feel they are treated as individuals are more satisfied with their experience and more inclined to remain loyal and loyal customers buy more, purchase more often (Ball et al., 2006), cost less to serve, and have higher retention rates. Authors stated that the cost of attracting a new customer is five times more than the cost of retaining an existing customer (Berry & Parasuraman, 1991;

Reichheld & Sasser, 1990). Loyalty is defined as a "deep commitment and for a customer to become and remain loyal, he or she must believe that the organization he has opted for will continue to offer the best choice alternative" (Oliver, 1999). Personalization of a message is very important because "Personalization is about building customer loyalty by building a meaningful one-to-one relationship; by understanding the needs of each individual and helping satisfy a goal that efficiently and knowledgeably addresses each individual's need in a given context" (Riecken, 2000).

Table 1   Main Results of the Research

		Total	No	Greater than 1 week	Between 3 days and 1 week	Between 2 days and 3 days	Between 1 day and 2 days	Less than 24 hours
Type of answer	Customized and solution	25		4		2	9	10
	Customized and postponement	36		11	6	10	9	
	Automatic response	21		16	2	3		
	No	37	37					
	Total	119	37	31	8	15	18	10
				Response time				

25 companies have explained the origin of the problem and suggested a solution, while 36 companies have postponed the solution to another email or contact. A justification has been commonly used, namely in 30% of the responses. This represents the "Responsiveness" in the Parasuraman and Berry's model. Responsiveness is the willingness to help customers and provide prompt service. A Johnston's study emphasizes that it is a crucial factor, as it is a key component in providing satisfaction and the lack of it is a major source of dissatisfaction (Johnston, 1995).

In 4 cases vendors exceeded expectations of customers. Kotler and Keller (2006) explained that the delivery of high customer value or exceeding expectations of customers, by what is important to customer, is the key to success. Gould (1995) supported it and added that the organization should exceed the expectations of the customers' especially on value, service and dealing with complaints because "a loyal customer serves as testimonial, distributes positive word-of-mouth, and loves to use the company's services". These are the best practices of our sample:

- A coffee company sent us a good to replace the old one;
- A company operating in the production and commercialization of bakery products and a manufacturer of branded chocolate and confectionery products sent us a sample of their goods.
- A producer of orange juice sent us a little gadget

Large enterprises and multinational companies (32) are more ready to solve a complaint by email. According with Schilirò, small and medium Italian enterprises highlight the low use the customer service (Schilirò, 2012). In our research, eight of ten companies that responded in less than 24 hours are large enterprises or they are a part of multinational group.

5. Conclusions

The main objective of the research was to identify if the customer goods manufacturers use an Internet based complaint service. Moreover, this study would evaluate the time to response and the quality of the message after a complaint. A large amount of companies writes the customer service address on the label. Only a little percentage

of our sample answer to the complaint in less than 24 hours, while a large percentage don't answer to complaint. This represents the lack of an effective e-complaint service on the majority of the sample. Likely, managers disregard evidence that shows how complaint service provides a significant financial return. In some cases, companies fail to make easy for customer to complaint or give feedback.

Large companies recognizing that current customers are a valuable asset base, while small and medium enterprises need to develop effective procedures for complaints following unsatisfactory experiences and they don't consider the customer service a main component of the business. Even if many researcher put in evidence that the personalization of the answer can create strong bonds with customers, in our sample many companies use preformatted email. Internet is mainly used to present products and company, but at moment doesn't represent an effective channel to manage complaints.

This research analyzed only food consumer goods. New researches should evaluate if exist differences between food and no-food industries. Another weakness of this study is the region of Italy of the sample. Many products have the origin from the same region. Perhaps a different sample in a different region can give different results.

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