

## PERCEPTIONS OF VALUE IN COMPLAINT HANDLING SERVICE ENCOUNTERS

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### ABSTRACT

Recently, Woodruff and Flint (2006) have backed Vargo and Lusch's (2004) service-dominant (S-D) logic model stressing the role of value as a customer experiential phenomenon. According to the model, value is not embedded in products or services but always "value-in-use", which means that customers experience value during interactions with service or product bundles in use situations. Companies, therefore, can only make value propositions as customers eventually decide what they regard as being of value to them. The following paper focuses on what complaining customers value in personal complaint handling service encounters. In particular, the aim of the paper is to investigate whether male and female complainants value the same or different aspects in these encounters. Complaint satisfaction can prevent customers from switching to other providers, reduce negative word-of-mouth communication and even generate positive communication about the company (Stauss 1999). Customer complaints are still most likely to be made in person to a contact employee (Brown 2000), and so such employees play a crucial role in creating complaint satisfaction. This study suggests that in such face-to-face situations, the perception of the complaint handling encounter and the overall evaluation of the company's complaint resolution process will be largely influenced by the employee's response. Direct contact employees may try to categorize their customers in order to better organize, interpret, and evaluate their interaction (Sharma and Levy 1995; Szymanski 1988). Such categorization can help contact employees to reduce complexity and to structure the customer complaint interaction more effectively. They could adjust the complaint handling process to customers' expectations and needs based on their observable characteristics such as gender, which is a category that is frequently used to segment target groups and to explain consumer behavior. Although several research studies have already demonstrated that male and female customers have different preferences, information processing and decision-making styles (e.g. Iacobucci and Ostrom 1993), only a few (e.g. Keng et al. 1995) have investigated whether male and female customers differ in their complaining behavior.

Given the current lack of knowledge in this area of complaint handling service encounters, an exploratory qualitative research study was conducted with the aim of developing a deeper understanding of the attributes (qualities and behaviors) of effective customer contact employees that male and female complainants value. We wished to investigate how contact employees should behave and which qualities they should possess, and to understand the underlying benefits that male and female complainants look for. Woodruff and Flint (2006) suggest that customer value research should focus more on means-end theory as it supports Vargo and Lusch's (2004) "value-in-use" concept. Customers experience value by attaching meaning to products or services; this paper uses the means-end approach to investigate what male and female complainants value in personal complaint handling service encounters. The means-end approach (Gutman 1982), to which Vargo and Lusch (2004) referred to in their seminal work, reveals the attributes of products, services or behaviors (the "means"), the consequences of these attributes for the consumer, and the personal values or beliefs (the "ends"), which are satisfied by the consequences.

The study was carried out amongst postgraduate students aged between 20 and 45 years ( $X=24.8$ ) enrolled in a business management course at a European university. 40 laddering interviews with 19 male and 21 female respondents with complaining experience were conducted. The results of the study indicate that above all both male and female complaining customers need to be taken seriously as individuals. The fact that interpersonal factors such as friendliness and listening skills are important, indicates that customers want to satisfy their basic needs first and their expectations and consumption or complaint handling needs second (Oliver 1997; Schneider and Bowen 1995). Thus, companies should not only focus on dealing with complaints efficiently, but also offer, what Chebat et al. (2005, p. 340) term "psychological compensation" by redressing complaining customers' emotions as well. The results revealed similar concepts for female and male respondents, for example, both groups want contact employees to be competent, friendly and active listeners. The analysis of the hierarchical value maps also reveals the differences in what male and female complainants value: female customers were more able than male respondents to develop strong associations on the highest level of abstraction (value level) and to link consequences with several values. Female customers also tended to be more emotionally involved than male customers as they wanted employees to apologize for the problem and as they sometimes need time to calm down and relax. By contrast, male complainants were interested in a quick solution.

References Available on Request.