

Antecedents and the Moderating Effect of Value Consciousness on Customer Complaints in the Social Commerce Industry*

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ABSTRACT: In comparison to the rapid rise in the number of restaurant daily deal service consumer complaints, relatively little attention has been directed at the features of deal consumers' complaint behaviors in academic research. In order to address this gap, this study examined the characteristics of complaint behaviors of consumers who purchase restaurant deals with a focus on three potential determinants (likelihood of success with the complaint, attitude toward complaining, and severity of the failure). Results indicated that the three proposed determinants emerged as critical factors that influence deal consumers to exhibit different complaint reactions to dissatisfactory experiences. Furthermore, it was discovered that the hypothesized relationships were moderated by value consciousness, in which high value-conscious deal consumers exhibited a higher complaint inclination than low-value conscious deal consumers.

Keywords: social commerce deals, consumer complaint behavior, value consciousness

INTRODUCTION

High service quality standards have not been enough to prevent numerous instances of restaurant daily deal promotion service failures. Several studies report that misleading or dishonest marketing claims, including overselling deals or inflated saving claims, cause deal purchasers to become frustrated, consequently lowering the likelihood of future purchases by increasing the risk associated with the discounted deal[1-3]. There are various ways for deal consumers to cope with their dissatisfaction with poor deal service in the course of a particular deal purchase experience[4]. Different deal consumers would respond differently to the unpleasant experience. Reactions may include recompense or even a refund of the failed service, the propagation of ne-

gative word-of-mouth (WOM), or the discontinuation of restaurant deal purchases[4,5].

However, research on the differences in online deal consumer complaint behaviors has been less extensive than for the traditional restaurant settings. Thus, this study intends to shed light on such behaviors by identifying some critical factors affecting restaurant daily deal consumer complaints. The potential moderating effect of value consciousness on complaint behavior is further investigated given that consumers more oriented toward procuring value from discounted deal purchases would be more likely to engage in complaint behaviors to remedy service deficiencies[1]. An increased understanding of consumer complaint behavior would allow restaurant deal managers to employ better strategies in recovering service failures. In short, this paper seeks

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to further the understanding of restaurant consumer complaint behavior by examining certain possible factors leading to complaint behaviors in an online setting.

LITERATURE REVIEW AND HYPOTHESES

Consumer Complaint Behavior(CCB)

The term consumer complaint behavior covers a range of responses to purchase experience dissatisfaction. Day[6] defined CCB as “the responses of an honest and reasonable consumer to dissatisfaction with a consumption experience.” Similarly, Landon [7] identified CCB as “an expression of dissatisfaction on a consumer’s behalf to a responsible party.” General consensus holds that CCB is caused by a negative emotional reaction to an unsatisfactory experience, with the sense of dissatisfaction a required component for the CCB designation[8].

Multiple complaint responses can also be broadly categorized into two subtypes: behavioral and non-behavioral[9]. Behavioral responses include any action through which consumers communicate their dissatisfaction (e.g., request for a refund or exchange), while non-behavioral responses represent not actions as much as a reluctance to purchase from or engage in a future relationship the particular service provider. Behavioral responses can be further classified into private responses (i.e., negative word-of-mouth or complaints to the service provider) and public responses (i.e., complaints to third parties or legal action).

There are three primary ways through which dissatisfied deal diners can express negative feelings, by appealing for financial recompense, by spreading negative word-of-mouth (WOM), or by simply not revisiting the establishment. Online mechanisms and the social nature of daily deals facilitate easy communication with service providers regarding negative feelings[10].

Severity of the Failure

Several studies have linked the severity of the service failure to a consumer’s complaint response[11]. Hess et al[9] defined severity of the failure as “the magnitude of loss that customers experience due to the failure. The severity of the failure is de-

termined through a comprehensive evaluation of the amount of money or time invested, product or incidence importance, and social visibility[6]. In short, how and if a consumer responds to an unpleasant service experience is influenced by how severe the consumer perceives the failure to be; in other words, a more severe service failure increases the likelihood of a complaint behavior action. Thus, restaurant deal consumers, when encountered with highly severe service failure, compared to consumers who perceive a less severe failure, are more strongly predisposed to respond to the negative service[5].

Likelihood of Success with the Complaint

Likelihood of success refers to an evaluation of the chances that a complaint will be successful and is defined as a deal consumer’s perception of how the restaurant brand or the deal company will respond appropriately to the complaint and satisfactorily remedy the problem[12]. Previous studies have confirmed that perceived probability of success would positively lead to various complaint behaviors. Deal consumers are more likely to complain if they feel that a company positively responds to complaint behaviors[13,14]. In contrast, deal consumers are less likely to report unpleasant experiences if they doubt a company’s sincerity in dealing with complaints. Instead, they tend to pass on negative word-of-mouth or discontinue their patronage of the restaurant or daily deal promotions.

Attitude toward Complaining

Attitude toward complaining, as a positive or negative evaluation, represents a consumer’s overall feeling about seeking redress when dissatisfied with service[6]. Prior to the complaint, many consumers evaluate whether complaining is an appropriate response based on their personal norms[15]. Deal consumers would respond differently depending on how they favor or disfavor complaining[16,17]. Deal consumers who feel that complaining is a positive behavior are more willing to actively seek remedies to daily deal service disappointments. Conversely, for deal consumers who feel complaining is a negative behavior, passive responses to service failures, such as negative word-of-mouth or not revisiting, are preferred. Thus, the following hypotheses are

proposed.

- H1: Higher levels of severity of the failure are related to higher levels of negative word-of-mouth.
- H2: Higher levels of severity of the failure are related to higher levels of complaints to the service provider.
- H3: Higher levels of likelihood of success with the complaint are related to higher levels of negative word-of-mouth.
- H4: Higher levels of likelihood of success with the complaint are related to higher levels of complaints to the service provider.
- H5: Higher levels of attitude toward complaining are related to higher levels of negative word-of-mouth.
- H6: Higher levels of attitude toward complaining are related to higher levels of complaints to the service provider.

Moderating Role of Value Consciousness

Value consciousness refers to a disposition to purchase items that are believed to be well worth the money[18,19]. Lichtenstein et al[19] defined it as reflecting "a concern for price relative to quality received". An assessment of utility from purchase would lead consumers to different purchase activities. Deal consumers who place great weight on the value presented by restaurant deals will exhibit a higher likelihood to complain than consumers for whom value is less of a concern[1,20]. Furthermore, some studies have related consumer value consciousness levels to the different responses to unsatisfactory service experiences. Harris and Mowen[21] observed that efforts to voice complaints to correct negative experiences stem from a desire to acquire value. Thus, consumers concerned with the utility of discounted restaurant deals would engage more in complaining activities in an effort to recover the loss from service failure. The related hypotheses are as follows.

- H7: Consumer value consciousness will moderate the relationship between (a) severity of the failure, (b) likelihood of success with the complaint, and (c) attitude toward complaining

and complaint behaviors(negative word-of-mouth and complaints to the service provider).

METHODS

Data Collection

The online consumer panel, Panelinsight (www.panelinsight.co.kr), was employed to collect the data for this study[22]. Panel members who volunteered to participate in the study survey were asked to respond to survey questions based on their own restaurant daily deal purchase experiences. Responses were collected through a critical incident approach in which panel participants were tasked with drawing upon the unsatisfactory service experience they could most clearly recollect[15]. To increase the representativeness of the sample, panel members were limited to those who had experienced unacceptable service failure at least one time within the last 6 months. All 250 responses were used in the final analysis since there were no missing values in any of the responses.

Measurement

The survey questionnaire used to test the proposed hypotheses was constructed through a review of the relevant literature. Multiple items were used to measure each of the six constructs (i.e., likelihood of success with the complaint[12], attitude toward complaining[16], severity of the failure[15], negative word-of-mouth[17], complaints to the service provider[17], value consciousness[1]. A five-point Likert scale, 1=strongly disagree and 5=strongly agree, was employed to measure all scale items.

Data Analysis

LISREL 8.5 was used to perform structural equation modeling (SEM) employing a maximum likelihood (ML) method in order to explore the structural interrelationship[24]. The measurement model was first tested using confirmatory factor analysis (CFA), as suggested by Anderson and Gerbing[23], and followed by the structural model to test the proposed relationships. A multi-group technique using a chi-square difference test was performed to assess the moderating effect of value consciousness [24].

RESULTS

Measurement Model

Overall measurement quality on convergent validity, discriminant validity, and reliability was estimated through a confirmatory factor analysis (CFA). Fit indices of measurement model were satisfactory ($\chi^2/df=1.92$; CFI=.97; TLI=.96; RMSEA=.06)[2]. Each of the measurement items loaded significantly on the intended constructs, supporting convergent validity. All loadings exceeded .6 and were statistically significant at $p<.001$ level. Average variance extracted (AVE) of each construct surpassed the recommended .50 value, ranging from .54 to .83, and also exceeded the squared correlations for each pair of constructs, thus establishing discriminant validity. Reliabilities of each construct were demonstrated with the Cronbach's alpha estimates ranging from .88 to .78 and composite reliability values ranging from .73 to .88.

Structural Model

As shown in Table 2, fit indices of the structural model were also good ($\chi^2/df=2.40$, $p<.001$; CFI=.95; TLI=.93; RMSEA=.07)[2]. Regarding the hypotheses testing, H1 and H2 presumed that severity of the failure is positively related to a restaurant daily deal consumer's negative word-of-mouth and complaints to the service provider. Severity of the failure had positive effects on both negative word-of-mouth ($\gamma^{11}=.31$, $t=4.56$, $p<.001$) and complaints to the service provider ($\gamma^{21}=.15$, $t=2.33$, $p<.05$), thus supporting H1 and H2. H3 and H4 stated that likelihood of success with the complaint is positively associated with restaurant daily deal consumer's negative word-of-mouth and complain to the service provider. Likelihood of success with the complaint did not significantly influence a consumer's complaint to the service provider ($\gamma^{12}=.08$, $t=1.16$, n.s.), but it did influence a consumer's negative word-of-mouth (γ^{22}

Table 1. Descriptive statistics and measurement quality

Variable	Mean	SD	CR	AVE	Cronbach's alpha
Severity of the failure	3.10	.65	-	-	-
Likelihood of success with the complaint	3.13	.83	.86	.67	.87
Attitude toward complaining	2.94	.78	.73	.54	.78
Negative word-of-mouth	4.03	.69	.88	.83	.88
Complaints to the service provider	3.68	.69	.82	.83	.82

* $p<.05$ ** $p<.01$.

Table 2. Hypothesized tests results

Hypothesized relationship	Proposed model	
	Coefficient	t-value
H1: Severity of the failure → Negative word-of-mouth	.31	4.56***
H2: Severity of the failure → Complaints to the service provider	.15	2.33*
H3: Likelihood of success with the complaint → Negative word-of-mouth	.08	1.16 ^{n.s.}
H4: Likelihood of success with the complaint → Complaints to the service provider	.30	4.14***
H5: Attitude toward complaining → Negative word-of-mouth	.14	1.89 ^{n.s.}
H6: Attitude toward complaining → Complaints to the service provider	.38	4.09***

* $p<.05$; ** $p<.01$; *** $p<.001$; n.s.=non-significant.

$=.30$, $t=4.14$, $p<.001$). Thus, H3 was not supported, although H4 was supported. Similarly, attitude toward complaining was not found to be significantly related to negative word-of-mouth ($\gamma^{13}=.14$, $t=1.89$, n.s.), but was related to complain to the service provider ($\gamma^{23}=.38$, $t=4.09$, $p<.001$). Thus, H5 was not supported, but H6 was supported.

Moderating Effect of Value Consciousness

For severity of the failure and negative word-of-mouth path, the chi-square difference between the free model ($\chi^2=168.43$, $df=103$) and the constrained model ($\chi^2=175.19$, $df=104$) was statistically significant ($\Delta\chi^2_{(1)}=6.76$, $p<.01$). The influence of severity of the failure on negative word-of-mouth was stronger among low value-conscious deal consumers ($\gamma=.78$, $t=4.97$) than among high value-conscious consumers ($\gamma=.29$, $t=3.75$).

The influence of severity of the failure on complaints to the service provider was also different across deal consumer's value consciousness level ($\Delta\chi^2_{(1)}=3.28$, $p<.01$). Low value conscious consumers ($\gamma=.43$, $t=3.21$) had a stronger relationship between severity of the failure and complaints to the service provider, than did high value conscious consumers ($\gamma=.18$, $t=2.16$).

DISCUSSION AND CONCLUSIONS

The purpose of this study was to examine the extent three variables, severity of the failure, likelihood of success with the complaint and attitude toward complaining, influenced two types of complaint behaviors, negative word of mouth and complaints to the service provider. Of the three, severity of the failure was the only variable that significantly influ-

Table 3. Moderating effects of value consciousness on negative word-of-mouth

Path to	Path from	Path estimate (t-value)	
		High value-conscious group	Low value-conscious group
Negative word-of-mouth	Severity of the failure	.29(3.75)***	.78(4.97)***
	Likelihood of success with the complaint	.09(1.12) ^{n.s.}	.13(0.99) ^{n.s.}
	Attitude toward complaining	.08(1.08) ^{n.s.}	.01(0.11) ^{n.s.}
Freed model: χ^2 [103]=168.43 – Constrained model: χ^2 [104]=175.19			

* $p<.05$; ** $p<.01$; *** $p<.001$ n.s.=non-significant.

Table 4. Moderating effects of value consciousness on complaints to the service provider

Path to	Path from	Path estimate (t-value)	
		High value-conscious group	Low value-conscious group
Complaints to the service provider	Severity of the failure	.18(2.16)*	.43(3.21)**
	Likelihood of success with the complaint	.30(3.53)***	.28(2.44)*
	Attitude toward complaining	.28(2.71)**	.34(2.49)*
Freed model: χ^2 [103]=168.43 – Constrained model: χ^2 [104]=171.71= $\Delta\chi^2_{(1)}=3.28$			

* $p<.05$; ** $p<.01$; *** $p<.001$ n.s.=non-significant.

enced both negative word of mouth and complaints to the service provider. Service providers should pay greater attention to minimizing, or ideally preventing, services failures in the first place since there is little a service provider can do to influence or lessen the impact of negative word of mouth after it has been started. A protocol that effectively manages the severity of service failures may be beneficial in reducing the level of consumer dissatisfaction resulting from negative daily deal service experiences.

The other two variables, likelihood of success with the complaint and attitude toward complaining, had a significant impact only on the path to complaints to the service provider behavior. Although complaints from deal consumers are undesirable and sometimes damage the image or reputation of service providers, they can offer restaurants and deal providers a second chance to reinforce customer satisfaction and loyalty if the complaints are properly handled. Complaints can also be employed as a strategic tool for businesses that seek to improve service quality over the long term, particularly given the importance of reducing the severity of service failures[1,17]. In this context, an increase in complaint behaviors should be encouraged, which as this study suggests can be accomplished by enabling customers to acquire an increased confidence in the likelihood of success with the complaint, as well as a more favorable attitude toward complaining. Clear and highly visible service guarantees from service providers declaring that any complaint will be properly and satisfactorily handled may sufficiently assure consumers of the likelihood that their complaint behavior will be worth the effort.

While it is difficult to directly influence attitudes toward complaining, service providers can appeal to the factors that affect attitudes, such as perceptions, prior complaint experience and locus of control. Service providers can assure customers that any feedback, including negative feedback, is a valued and positive component of the provider/customer relationship and even encourage feedback through the use of a points or mileage review system. This may be assisted through an expansion of the review system so that, in addition to rating products, consumers can rate the service provider's service quality, including dispute resolution, providing a ready

and clear affirmation of the importance of customer feedback and satisfaction.

This study also suggested the concept of value consciousness as a moderating factor affecting the six proposed relationships with the expectation that high value oriented customers would be more likely to engage in complaint behaviors. The fact the differences between low value and high value oriented customers were observed in only two of the six proposed paths implies that value consciousness is not the effective moderator expected of it. Indeed, unexpectedly, it was found that it was low value oriented customers, and not high value oriented customers, who more readily complained as a result of the severity of the service failure[21]. An explanation for this may be that, notwithstanding the low weight placed on the value from a restaurant deal, merely experiencing, or even perceiving, a service failure at all is sufficient to elicit a reaction strong enough to result in a complaint. However, these results could be validated across other contexts or cultures and include other factors possible at play and provide possible avenues for future research.

There are some limitations in this paper that can be addressed in future research. Firstly, this study was conducted based only on South Korean respondents. Secondly, the nature of the service failure could be more deeply examined, such as whether the failure was perceived during the online ordering process or with the product itself. Thirdly, personal consumer factors could also be considered, such as brand loyalty and perception of service failure severity.

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