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Managing Consumers' Online Complaints

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Preface

In the age of information, the Internet has been changing various aspects of business practices and organizations. For example, it has dramatically reduced the cost of both consumer and business transactions. It also improved coordination both within and across companies, while giving them direct contact with customers. The Internet has particularly altered the power structure and relationship between companies and their customers, stakeholders, and the public.

Customers are now ready to access the Internet to articulate their opinions about companies and to complain vehemently if necessary. As the complaints on the Internet are exposed to a much larger audience, the Internet has become a bigger threat that could risk a corporate reputation. For example, an online complaint about the Korean national pension scheme ran like wildfire on the Internet, quickly reaching print and broadcast outlets in 2004. Facing this Internet crisis, the National Pension Corporation had extreme difficulty in explaining to the public why the complaints were based on inaccurate information. Several businesses including Kia Motors and Intel Korea have experienced similar cyber crises as well.

Although companies know that online complaints could damage their reputations, most do not respond to these complaints online, fearing that an inappropriate response would expand the dispute to the Internet users en masse. The companies seem to lack confidence in selecting appropriate response strategies to online complaints. However, a company's inactivity on the Internet does little to help mitigate more unnecessary attacks which could ultimately tarnish its reputation.

In this study, Dr. Young Lyoul Lee suggests recommendations on how companies can select an appropriate response strategy to online complaints. He indicates that the appropriate response strategies vary depending on the observers' perceived locus of responsibility for the problem. He sets forth recommendations by conducting a preliminary content analysis of a real complaint forum and two experiments of which subjects were undergraduate students.

This book is based on his doctoral dissertation, 'Consumer Complaints in the Internet Forum: An Exploratory Investigation of Corporate Response and Observer Evaluation,' submitted to the Department of Business Administration at the Graduate College of the Chung-Ang University in December 2004. In writing this book, the author benefited a great deal from Professor In Hyok Choi of the Department of Business Administration at the

Chung-Ang University, Professor Dan Berkowitz of the School of Journalism and Mass Communication at the University of Iowa, Professor Seokwoo Song of the Department of Information Systems and Operations Management at the University of Texas, Arlington and Ms. Mary Jeanette Moran, a writing instructor and Ph. D. candidate at the Department of English Literature at the University of Iowa. He also wishes to thank the Samsung Press Foundation and the JoongAng Ilbo for their sponsoring of a one-year study at the University of Iowa where much of this study was carried out.

I am hopeful that this book will provide marketing/PR managers with important guidelines for responding to online complaints and will also help stimulate more research on consumer's complaining behavior on the Internet.

Dr. Sung-Tae Ro
President
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Contents

Preface / 3

Chapter 1. Introduction / 11

Chapter 2. Psychology and Communication on the Internet /
19

2.1 Type of Users in the Internet Forum / 21

2.2 Internet Forum as a Public Sphere / 22

2.3 Cyberactivism / 23

2.4 Possible Miscommunication in the Virtual
Community / 24

2.5 Causal Attribution / 27

2.6 Vividness Effect / 30

2.7 Corporate Response Strategies / 32

Chapter 3. Content Analysis of Web site / 39

3.1 Background of Case / 41

3.2 Method of Analysis / 43

3.3 The Nature of Complaints in the 'Consumer's
Complaint Forum' / 44

3.4 The Dynamics of Discussion in the 'Consumer's
Complaint Forum' / 46

Chapter 4. Conceptual Model and Hypotheses / 53

- 4.1 Attributions of Responsibility / 56
- 4.2 Company Evaluation / 56
- 4.3 Consensus in Complaints / 58
- 4.4 Vividness in Complaint / 58
- 4.5 Corporate Response Strategies / 60

Chapter 5. Study 1 / 63

- 5.1 Methods / 65
- 5.2 Results / 73

Chapter 6. Study 2 / 81

- 6.1 Methods / 83
- 6.2 Results / 85

Chapter 7. Managerial Implications and Recommendations /
91

- 7.1 General Discussion / 93
- 7.2 Limitations / 97
- 7.3 Theoretical Implications / 99
- 7.4 Managerial Implications / 101
- 7.5 Conclusion / 104

References / 107

Appendix / 119

Abstract / 127

List of Tables

- Table 1. Descriptive Statistics of Complaints on Chosun.com / 45
- Table 2. Types of Complaints and Corporate Responses on Chosun.com / 47
- Table 3. Manipulation Checks for Consensus and Vividness / 75
- Table 4. Results for Consensus and Vividness Manipulation / 77
- Table 5. Effects for Dimension of Response Strategies for Company Attributions / 78
- Table 6. Multiple Comparisons for Company Attributions / 78
- Table 7. Effects for Dimension of Response Strategies for Complainer Attributions / 87
- Table 8. Multiple Comparisons for Complainer Attributions / 87
- Table 9. Effects for Dimension of Response Strategies for Shared Attributions / 88
- Table 10. Multiple Comparisons for Shared Attributions / 89
- Table 11. Summary of Hypothesis Tests / 89

List of Figures

Figure 1. Proposed Evaluation Model for Observers of
Complaints in the Internet Forum/ 55

Chapter 1

Introduction

“One Friday in June in 1999, a consumer wrote that his son had become sick after ingesting a beverage in question on the uk.food+drink.misc forum. This was picked up by an activist on the misc.invest.stocks forum, who was revealed to have posted more than 200 messages on such forums as alt.rush-limbaugh and alt.impeach.clinton. On this day many discussions were under way about the “poisonous” consequences of ingesting the company’s product in some chat-and newsgroup.” (Neil, 2000; 13)

This example shows how the Internet has become a forum for the dissatisfied, the frustrated, and the concerned to reach a large audience, and to potentially damage a company’s reputation. The free-for-all nature of the Internet has made the act of complaining much easier than doing so in the real world. Anyone with a grievance can voice their dissatisfaction if they have a sufficient motivation and access to and knowledge of the Internet. The proliferation of the Internet has given birth to a number of complaint sites-some are also called rogue sites-where dissatisfied consumers or activists can accuse companies of various misdeeds.

Several Korean companies have already suffered from Internet disasters. Kia Motors, giving way to the pressures by an online activist group, was forced to recall 24,618 units of its Sorento SUVs to check and upgrade the transmission

control components in June 2004. As of March 2005, this activist group is still demanding a complete replacement of the entire transmission unit of this particular car model, a demand that will cost 35 million US dollars for Kia Motors. Carrefour Korea also experienced a crisis in 2004 through the 'Consumer's Complaint Forum' on Chosun.com, an electronic edition and Web site of the *Chosun Ilbo*. A complaint about an insufficient compensation for an accident involving a burn of a customer at the mall brought as many as 69 replies within two months, most of which were criticizing and calling for a boycott against Carrefour Korea. There are more than 20 websites operating in Korea on the purpose of posting complaints, and dissatisfied customers in Korea created tens of anti-sites. In the United States, many companies including McDonald's, Intel, and Ford Motor Co. have been forced to try to repair the damage from an Internet disaster as well (Waltz, 1998; Middleberg, 1996). The Internet has become a bigger threat for companies.

However, there are no general recipes for dealing with online complaints. Little attention has been given to this topic in academic fields. Most companies' efforts to file suits against the owners of rogue sites have been fruitless. Professionals in marketing or public relations only suggest responding to them actively or handling them cautiously, though without any guidelines for specific situations (Casarez, 2002; Clark, 2001; Neil, 2000; Waltz, 1998;

Middleberg).

Although companies know that online complaints could damage their reputations, most, fearing that a response would escalate the issue, do not actively respond to these complaints online. Companies are also afraid that their specific compensation for each failure is exposed to the public. Because of these fears, some companies contact the online complainers individually and offer redress offline, or do nothing, dismissing their complaints online, according to my interviews with some managers at Korean companies.

The Internet complaint is essentially different from the conventional complaint in that the complaint messages are read and discussed by other potential customers. The Internet complaint forum functions as a public arena with a sense of community. Therefore, a company's inactivity in the Internet forum could allow more unnecessary attacks, not only from the original complainers but also other Internet users. Ultimately, this inactivity can threaten a company's reputation. In particular, the Internet complaint could be considered a negative word-of-mouth communication (WOMC), and negative WOMC has been proved to have a stronger influence on customers' brand evaluations than positive WOMC (Mizerski, 1982). Therefore, companies are in a dilemma in dealing with these online complaints.

This book deals with how companies can manage

consumer complaints in the Internet forum. More specifically, this study explores how companies can select a response strategy to protect their reputation according to the specific context of the complaint. To accomplish this goal, this study empirically assesses the effects of corporate response strategies according to the context of complaints.

In the Internet forum, there are three groups of users: “complainers”, “repliers” to the messages, and “observers” who only read the complaints or replies. Hereafter, I will refer to these groups as complainers, repliers, and observers.

This study limits the scope of research to the company’s response and observers’ evaluation of the company. This is because observers are a majority of users in the Internet forum, and their existence and development of evaluation of companies can cause critical differences from the conventional management of complaints, which has been carried out between the complainer and the company only. The observers are potential customers for companies and therefore their opinions will be critical sources for the companies’ marketing activities. This study addresses the following research questions:

RQ1: What company strategies will produce the most favorable evaluations from the observers according to the context of the complaint?

RQ2: How do observers attribute the responsibility for

the problem to the companies or complainers?

RQ3: In formulating response strategies to the complaints online, how should these strategies differ from “real world” strategies?

This study draws data from the ‘Consumer’s Complaint Forum’ on Chosun.com in South Korea because the complaint messages have more viewers of and repliers to original messages than any other complaint sites in the U.S. or South Korea. Furthermore, it is possible to observe companies’ responses to the complaints and the resulting replies in this forum, which are unavailable on other complaint sites.

This study conducts a preliminary content analysis and observation of ‘Consumer’s Complaint Forum’ as a means of identifying key variables for developing a conceptual model that describes relationships among consumer’s complaints and corporate responses. Then, by utilizing experimental scenarios, this study empirically tests the relationships implied by the model.

This study draws on theories from the fields of consumer complaint management, image restoration/crisis response strategy, communication in the virtual community, and attribution theory.

Chapter 2

Psychology and Communication on the Internet

2.1 Type of Users in the Internet Forum

In the Internet forum, we can recognize three groups of users: complainers, repliers to the messages, and observers who only read complaints or replies.

With regard to complainers, several scholars have tried to construct a taxonomy of consumers' complaining behavior. Based upon their distinct response styles, Singh (1990) proposed four consumer clusters: (a) passives, who are least likely to take any action in the face of dissatisfaction; (b) voicers, who actively complain to the service provider to obtain redress; (c) irates, who not only complain directly to the service provider but also switch patronage and/or engage in negative word-of mouth; and (d) activists, who actively utilizes all channels of complaining, such as the Better Business Bureau, court actions and newspapers, not only to seek individual redress but also see their complaints as advancing the social good. Previous studies had asserted that the understanding of distinct response styles helps companies improve the effectiveness with which they handle complaints (Singh, 1990; Dart and Freeman, 1994). Many of dissatisfied consumers did not report their dissatisfaction to the companies or to the third parties in the past since they felt that complaining was not worth their time or would not result in a favorable outcome (Bearden and Teel, 1983). Tax

and Brown (1998) indicated that only 5 percent to 10 percent of dissatisfied customers chose to complain following a service failure.

However, in contrast to the low levels of complaint behavior in offline service settings, most online customers complained to online retailer once the service failure occurred (Holloway and Beatty, 2003). In the Internet forum, complainers and repliers had more characteristics of the activist cluster in Singh's taxonomy.

As for the third group in the Internet forum, observers are referred to by several different names. In the literature on word-of-mouth communication (WOMC), people who hear WOMC from communicators are usually called "receivers" (Laczniak et al., 2001). In virtual communities, people who do not post messages and only read them are called "lurkers" (Illia, 2003). In a crisis management context, Coombs (2002) called those who rate an organization's reputation "observers". In this study, I'll call the third group "observers" because they do not write, but presumably they do develop evaluations of the concerned companies.

2.2 Internet Forum as a Public Sphere

The Internet complaint forum functions as a public arena with these three groups of users. Kellner (1998) states that the Internet has "created new public spheres of debate,

discussion, and information so that intellectuals who want to engage the public, to be where the people are at, and who thus want to intervene in the public affairs of their society should make use of these new communication technologies and develop new technopolitics.” A public sphere is a collection of private individuals who get together to discuss matters of common concern (Habermas, 1989).

Accordingly, the Internet complaint forum is essentially different from the conventional way of complaining in that the complaints are read by potential customers who do not have any direct relatedness with the complaints. At the very least, it can lead to negative word-of-mouth regarding the inability of the offended companies to meet consumer needs, fewer repeat purchases by the dissatisfied consumers, and fewer initial purchase by consumers influenced by hearing the negative comments (Dolinsky, 1994).

2.3 Cyberactivism

Consumers’ complaints have become even bigger threats for companies combined with an emerging form of online activity called cyberactivism. Cyberactivism is a new phenomenon, putting a pressure on corporations. The pressure is no longer the result of a long aggregation, but of an immediate and spontaneous network of relationships (Illia, 2003). On the Internet, dissatisfied consumers can

reach a large audience and trigger spontaneous action (Casares, 2002). Net users try to demonstrate the collective power and to resolve the problem with it. Cyberactivism has four typologies: online traditional activists, rogue Web sites and discussion groups, hackers and hybrid forms. Users publishing rogue Web sites sometimes use discussion groups in order to sensitize others on an issue they are involved with (Holtz, 2000). Rogue sites also publish information with the aim of damaging corporate images.

The problem is that even if rumors only appear in virtual “print”, they are deemed to be truths (Neil, 2000). Not responding to a rumor reassuringly means that credibility can be called into question, no matter how unjustified the claim or accusation. As a result of the proliferation of the Internet and cyberactivism, many companies have lost control over their communication (Laurence, 2001). Motion (2000) also asserts that the Internet is fundamentally challenging power relations and the way that organizations communicate.

2.4 Possible Miscommunication in the Virtual Community

Scholars have observed several behavioral characteristics in the virtual community that are different from a real community or a face-to-face communication situation.

This paper looks at what norms govern the virtual community. Then, it examines the possible miscommunication among members of virtual communities, focusing on aggression and group polarization as the main characteristics of miscommunication. This is because these phenomena will have special implication for managers who need to decide whether to respond or not to the online complaints.

Virtual communities are “social aggregations that emerge from the Net when enough people carry on those public discussions long enough, with sufficient human feeling, to form webs of personal relationships in cyberspace” (Rheingold, 1993). The virtual community is built on norms of collaboration, cooperation, and a willingness to share resources when others requested them (Wellman and Gulia, 1999). In the virtual community, communal norms appear to govern relationships between anonymous strangers (Mathwick, 2002). Accordingly, the prevalence of virtual communities suggests that for many Internet users, they fulfill an important social or psychological need (Joinson, 2003). Joinson (2003) summarized the psychological benefits of on-line social support: the benefits of being in the same boat; an ‘information bridge’ to many other sources of expertise unavailable in real life; and the physical and mental benefits of disclosure.

Although the Internet’s psychological spaces seem to

support and encourage a high level of altruism, they can at the same time release higher levels of aggression (Wallace, 1999). Aggression is commonly defined as any form of behavior with the goal of harming or injuring another living being, and it leaves open an enormous expanse of possibilities by which to do it (Wallace, 1999). On the Internet, verbal aggression in written form, targeted to or about another Internet user, is widely used. And as a type of aggression, verbal retaliation against other people or institutions occurs frequently in the virtual community. In Smith's observation of the Usenet newsgroups, the post directed to participants who submitted a brief personal ad was interpreted as an over-retaliation (Smith, 1997). Given this data, Wallace (1999) asserts that people can behave aggressively toward people who don't really deserve such harsh treatment. And, even more alarmingly, it also occurs when persons never deserved any retaliation at all.

These findings imply that online complainers can easily retaliate against companies with ease and hostility, even when the complaints are unfounded in facts.

Another miscommunication typical of group discussions is the group polarization. Group polarization is the peoples' tendency to become more extreme in their thinking following group discussions (Sia et al., 2002). Research in social psychology suggests that the phenomenon of group polarization may be partly responsible for the extremism

often seen on the Internet, and the apparent absence of moderate views about an issue (Wallace, 1999). In the online group experiment, Ross Hightower found that the subjects only contributed items that would reinforce the march toward group consensus rather than add complications and fuel debate. In the online context, this phenomenon was more than twice as common compared to the face-to-face groups (Hightower, 1995).

On the other hand, minority opinions online are not more valued than in off-line setting. On the surface, it appears that dissenters feel more liberated to express their views online than off, but, unfortunately, their online remarks have less influence on the rest of the group (McLeod et al., 1997). These findings imply that the Internet complaint forum is a place where a consensus toward a specific direction can be easily achieved.

A final form of miscommunication, very common in the virtual community is the use of false identities. People can also express their aggression by impersonating someone else.

2.5 Causal Attribution

Research demonstrates that people search for causes of events in a variety of domains (Weiner and Perry, 1988; Hilton and Jaspars, 1987). It is therefore true that potential

consumers use causal attributional reasoning when they evaluate consumer complaint about companies.

Attribution theory is a “theory about how people make causal explanations, about how they answer questions beginning with ‘why?’ It deals with the information they use in making causal inferences, and with what they do with this information to answer causal questions” (Kelley, 1973). Kelley (1973) proposed that people make causal inferences with the persons involved, the entities (the stimuli), and the time of the event (the circumstances). People make this causal inferences “by sampling three types of information: (a) consensus, describing other people’s behavior to the stimulus; (b) distinctiveness, describing the person’s behavior to other stimuli; (c) consistency, describing the behavior of the person with the stimulus at other times” (Hilton and Jaspars, 1987).

Kelley’s work was adapted to fit studies of negative word-of-mouth communication (WOMC) in the discipline of marketing. In a study exploring the impact of negative WOMC on consumers’ brand evaluation, messages include information about the (a) consensus of others’ views of the brand, (b) consistency of the communicator’s experience with the brand over time, and (c) distinctiveness of the communicator’s opinions of the focal brand versus other brands in the category (Lazniak et al., 2001).

McAuley, Duncan and Russel (1992) also identified four

causal dimensions people might use when making attributions: (a) stability, assessing if the event's cause happens frequently (stable); (b) external control, assessing whether or not the event's cause is controllable; (c) personal control, assessing whether or not the event's cause is controllable by the actor; (d) locus, assessing if the event's cause is something about the actor or the situation.

A company's responsibility for the problem should be perceived as strongest if the cause is stable, external control is low, and the locus is strongly internal (Coombs and Holladay, 1996). Logically, in the Internet complaint forum, the readers of complaints seek causes and make attributions. They try to identify who or what is responsible for the problem and then develop their evaluation of the concerned companies.

Here, the explanations that actors offer for an event can affect the perception of these attribution dimensions and the feelings created by the attribution (Coombs and Holladay, 1996). Therefore, communication can be used in an attempt to influence a person's attributions, or the subsequent feelings attached to those attributions (Coombs and Holladay, 1996). This paper then looks at the corporate response strategies which could affect a person's attributions.

2.6 Vividness Effect

The vividness of information is, according to Nisbett and Ross (1980, p.45), its capacity to “attract and hold attention to excite the imagination.” These researchers maintained that information is vivid “to the extent that it is (a) emotionally interesting, (b) concrete and imagery-provoking, and (c) proximate in a sensory, temporal, spatial way” and claimed that such information has more judgmental impact than pallid information.

The vivid messages are popularly believed to be more memorable and to have a greater impact on judgments than nonvivid material. However, the effect of vividness has been controversial in situations where attitude or persuasion is the criterion for judging message effectiveness (Kisieklius and Sternthal, 1986).

Kisieklius and Sternthal (1986) indicated that in a substantial number of studies no effect of vividness manipulations on attitudinal judgments was observed, whereas in other experiments the existence of a vividness effect on judgments was documented.

In all of these studies, vividness was manipulated via the concreteness of the verbal information presented, the presentation format (i.e., audio-visual, audio, picture, print), or the presence and absence of instructions to create a mental image.

Here, the studies that have manipulated vividness through presentation format have relied on mono-operationalization to represent the different levels of vividness.

Mugnill and Anand (1989) demonstrates that the effect of vivid attributes on the evaluation occurred only in the high elaboration condition.

Based on these results, Kim, Kardes and Herr (1991) show that the vividness effect is more pronounced for experts than for novices. Block and Keller (1997) indicate in health communication that vivid information is more persuasive than nonvivid information among high rather than low self-efficacy participants.

Kelly, Gaidis and Reingen Kelley (1989) indicate in this study that it may be difficult to develop messages in which subjects can perceive the difference between vividness and non-vividness. They suggest that one should not assume material will be vivid in the absence of such evidence of the difference between vivid and nonvivid messages.

One the other hand, in the Internet context, the vividness is defined as media richness (Coyle and Thorson, 2001) and this definition relates to the third element of Nisbett and Ross's definition of vividness ("proximate in a sensory, temporal, special way"), presented earlier. Coyle and Thorson (2001) indicate that increase in vividness is associated with more positive and more enduring attitudes toward the web site, with the manipulation of vividness as

having audio and video in web sites. This study focused on vivid presentations of messages, not on vivid messages.

In my study, I take the positive view on vividness effect because vividness is shown to influence on the attribution of blame. In addition, although there have been attempts to test the vividness effect in several off line contexts, the vividness in complaints on the Internet deserves testing as few researchers have approached this subject.

2.7 Corporate Response Strategies

Previous studies in the field of crisis communication have developed many lists of crisis response strategies. The objective of crisis management is salvation of corporate image, for loss of a positive corporate image may quickly translate into an economic loss. Customer boycotts and service complaints, which are most common in the Internet complaint forum, is a type of crisis (Skinner and Mersham, 2002). Crisis is defined as “unplanned events that directly or potentially threaten a company’s reputation” (Skinner and Mersham, 2002). Consumers’ complaints lodged in the Internet forum have especially strong characteristics of crisis in that these are read by the public and threaten corporate reputations. In this context, communicative strategies developed to respond to crisis situations could directly be applied to companies’ complaint management.

Benoit (1991) presents an integrated typology of five image restoration strategies: (a) denial, in which the accused either simply repudiates the accusation or shifts the blame elsewhere; (b) avoiding responsibility, in which the accused claims the lack of responsibility because the misdeed was a result of someone else's action; (c) minimization, in which the accused tries to reduce the perceived offensiveness of the act; (d) mortification, in which the accused admits the wrongful act and ask forgiveness; and (e) correction, in which the accused vows to correct the problem.

Coombs (1998) also presents the eight crisis response strategies: (a) an attack on the accuser, in which the crisis manager confronts the group or person that claims a crisis exists; (b) denial, in which the crisis manager claims that there is no crisis; (c) excuse, in which the crisis manager attempts to minimize organizational responsibility for the crisis; (d) victimization, in which the crisis manager reminds stakeholders that the organization is a victim of the crisis as well; (e) justification, in which the crisis manager attempts to minimize the perceived damage inflicted by the crisis; (f) ingratiation, in which the crisis manager praises stakeholders and reminds them of the past good works done by the organization; (g) corrective action, in which the crisis manager tries to prevent a repeat of the crisis and/or repair the damage done by the crisis; and (h) full apology, in which the crisis manager publicly accepts responsibility

for the crisis and request forgiveness from the stakeholders. These crisis response strategies can be ordered along a continuum ranging from defensive (putting organizational interest first) to accommodative (putting victims' concerns first) (Coombs, 1998). Defensive strategies claim there is no problem or try to deny responsibility for the crisis, whereas accommodative strategies accept responsibility, take remedial action, or both (Coombs, 1998). Coombs (1998) has not organized these crisis response strategies as a dichotomy, leaving such strategies as excuse and justification "in the middle".

However, in this study, drawing on the work of Greenberg (1990), these "in the middle" strategies are incorporated into defensive or accommodative category by the criterion of the 'acceptance of responsibility' by organizations. In Coombs' list of crisis response strategies, there are three types of explanation: excuse, justification, and ingratiation. Here, excuse is included in the defensive category as this explanation intends to remove the organization from responsibility. Justification is included in the accommodative category because, with this explanation, the organization basically accepts responsibility for the event but at the same time denies that the event has the negative quality attached to it (Colon and Murray, 1996). Ingratiation is also included in the accommodative category in that the organization accepts responsibility for the event, but at the

same time reminds stakeholders of the organization's past good works.

Meanwhile, Davidow (2003) proposed a framework to explain how the company's response to customer complaints has an influence on the post-complaint customer behavior. He proposed the six response dimensions: (a) timeliness, describing the speed with which a company respond to complaints; (b) facilitation, describing the policies and procedures that a company has in place to facilitate complaint handling; (c) redress, describing the compensation which includes product replacement, refund check, and free goods coupon; (d) apology, describing the company's saying it is sorry that something happened; (e) credibility, describing the degree to which a company's response is interpreted and explained credible by customers; and (f) attentiveness, describing the care and attention that the customer gets from the company.

This study adapts corporate response strategies to customer complaints in the Internet forum under four dimensions: defensive, accommodative, neutral and no action. The defensive dimension includes attacks on the accuser and shifting the blame to others (excuse). The accommodative dimension includes justification, apology and redress.

This study adds two dimensions of strategies to the accommodative-defensive dimensions that have been

developed in crisis management. The neutral dimension refers to the strategies that can be executed by organizations beyond the criterion of the 'acceptance of responsibility.' The neutral dimension includes 'mere expression of concern' and 'correction of false information.' These neutral strategies can be used in situations where the locus of responsibility is not clear or the degree of company responsibility is very weak.

No action means doing nothing online. No action (silence) is defined as a decision by an organization under siege to offer no substantive comment or to take no overt action (Smith, 2002). This strategy of choice may be simply to avoid any reference whatsoever to the untoward behavior (McLaughlin et al., 1983). However, PR professionals invariably warn of the risks of the strategy of no action. Smith (2002) indicates that strategic silence is likely to be accepted only by those publics that already trust the integrity of the organization. Silence also risks allowing negative statements to stand unchallenged, which could hurt the organization in the long run. By dismissing the issue, the company also risks slighting anyone who feels the issue is worthy of response. On the Internet, the strategy of silence could be even more problematic. Because the complaint messages are viewed by many people and remain in the Web page allowing other people to read them, only to prolong the crisis situation. Notwithstanding these risks,

this strategy could be an option for companies that can't offer enough redress to complainers or when intervention could make matters worse. In a study to examine the contexts within which individuals select a strategy of failure management, McLaughlin and her colleagues found that actors elected to make no response when they felt less guilt, when there was no overt reproach, when their instrumental goal (securing honoring) was unimportant, and when the failure was a severe offense (McLaughlin et al., 1983). Benoit (1995) asserted that this strategy seems to be founded on the hope that if left alone, the image problem may be forgotten.

Chapter 3

Content Analysis of Web site

3.1 Background of Case

This study analyzes data from the 'Consumer's Complaint Forum' on Chosun.com, the largest electronic newspaper in South Korea. The Chosun.com is an electronic edition and Web site of The *Chosun Ilbo* (Daily) with a daily circulation of 2.3 million. It had 1.26 million daily unique visitors as of September, 2003 according to the Nielsen Media Research. In March, 2004, *Chosun.com* ranked the 85th most-visited Web site worldwide based on the average of three months of traffic, according to Alexa.com (www.alexa.com), which evaluates the activity of Web sites worldwide. The well-established *nytimes.com*, the online edition and Web site of *The New York Times* ranked 71st under the same criteria.

This study draws on data from the 'Consumer's Complaint Forum' on Chosun.com because the complaint messages have more views and replies to original messages than any other complaint site in the U.S. or South Korea. In February, 2004, the average number of hits for each of the 593 postings on this forum received was 2,584, ranging from 370 to 15,900 hits.

This large number of hits makes managers in PR or the marketing divisions nervous about the complaints posted in this forum. According to my interviews with the PR managers at five Korean companies, they are all monitoring this site and checking for complaints against them regularly.

Most offended companies do not respond in this forum, usually fearing that a response would escalate the issue. Many of them seem to resolve disputes by contacting the complainers individually. But a small percentage of companies respond to the complaints and usually get the reaction from the complainers or repliers online.

Therefore, it is possible to observe companies' responses to the complaints and resulting replies in this forum, which is unavailable on other complaint sites. Although there are several complaint sites in the U.S., including some rogue sites like walmartsucks.com, they do not receive as many hits as Chosun.com and rarely contain the companies' responses. Thus, Chosun.com can provide useful data for analyzing the behavior of complainers and repliers with or without companies' intervention.

This forum is also unique in that a mainstream medium offers a place for criticizing companies, many of which also advertise on the site. Chosun.com operates the 'Consumer's Complaint Forum' in order to increase traffic and subsequently, attract more advertising. As of February 25, 2004, this forum had 4,760 messages posted in only 9 months of operation.

Another reason why this site has so much traffic has to do with the high use of the Internet among Koreans. According to the UCLA World Internet Report released by the UCLA Center for Communication Policy in January,

2004, South Korea was ranked the third out of 12 countries studied in percentage of overall Internet users (60.9%), surpassing Britain (59.2%), Japan (50.4%), Germany (45.9%), but less than the U.S. (71.1%) and Sweden (66.1%). Korea has the largest percentage (55.7%) of Internet users who are online an average of 10 hours or more per week, compared to the percentage in the U.S. (41%) in this study.

3.2 Method of Analysis

This study conducts a content analysis and observation of the 'Consumer's Complaint Forum' to identify key variables for developing a conceptual model. This preliminary research has two phases of analysis of data in the 'Consumer's Complaint Forum' on Chosun.com. It first analyzes all messages posted for one month to understand the nature of complaints and subsequent replies. Then it analyzes only the complaints which got companies' responses in this Internet forum to see the effect of company's response strategies and to derive patterns from these cases.

For the first phase of analysis, about 100 messages posted from May 15, 2003 to February 27, 2004 were randomly read as a pre-analysis to find factors by which the complaints could be categorized. It was found that user postings have four important categories: those that ask redress, those that

call for boycott on purchases, those that share similar experience, and others. All of the 593 messages posted in February, 2004 were read and the number of cases in each category was counted.

For the second phase of analysis, all 4,760 messages posted from May 15, 2003 to February 27, 2004 were loosely checked. Only 12 cases which have companies' online responses were found and observed.

3.3 The Nature of Complaints in the 'Consumer's Complaint Forum'

This study conducted a content analysis of one month of data, 122 complaints out of 593 postings (see Table 1). The major types for complaints were: asking a company for an apology or redress, calling for a boycott on purchases, sharing customers' experiences, and others (e.g., expressing a customer's opinion).

Table 1 indicates that most complainers utilized the forum not just as the place to ask for a company's response, but as the place to articulate their experiences of a certain product and/or service and to build the common viewpoint (sharing experience, 45.9%).

Complaints in the forum were related to products as well as services. Many complaints addressed more than one aspect of products and/or services. This study categorized

Table 1. Descriptive statistics of complaints on Chosun.com

| Descriptive Categories | Percentage /frequency |
|--|-----------------------|
| Complaint Type | |
| Monetary | 19.8% |
| Non-Monetary | 80.2% |
| Average Hits | 2,584 |
| Average Replies per Complaint | 2.5 |
| The Number of Cases which had companies' online responses | 2 |
| Complaint Category | |
| Ask Apology or Redress | 22.9% |
| Call for Boycott on Purchases | 13.1% |
| Share Experience | 45.9% |
| Others | 18.1% |

complaints into monetary (19.8%) and non-monetary ones (80.2%). The complaints related to products were mostly classified as monetary. Those related to services were typically classified as non-monetary. The complainers generally disclosed their identities (86.1%), but the researcher could not distinguish their genders. It is not possible to associate with their 'true' identity, but it seems that the complainers would express their true experiences. This study found more cases of anonymous replies than anonymous complaints.

Average hits indicated that there are huge volumes of observers who read the messages. The range of hits per message was from 370 to 15,900 during February, 2004. Each

complaint received an average of 2.5 reply messages. Among the 122 complaints, only two cases had a company's online response. Several other complainers indicated that they had a direct contact from the company (either by email or by letter). Among them, a couple of complainers reported that they had purged the complaint from the forum since they had received a reasonable response from the company.

Many of the complainers said they had already contacted the companies to settle the disputes, and were displeased with how their claims were handled. The complaint severity level tended to be high due to the nature of the Internet user's anonymity. Several complaints were extremely severe, and the researcher detected an even more severe tendency within the reply messages. Several complainers repeatedly posted the same message. One complainer presented the related message 39 times on the forum in one month.

3.4 The Dynamics of Discussion in the 'Consumer's Complaint Forum'

The analysis of the 12 cases with online company responses informed our knowledge of the dynamics of behavior among complainers, accused companies and repliers. Analytic induction from these cases indicated that some strategies work better than others in certain situations (see Table 2). In addition, it provided some insights on how

the observers could evaluate the accused company while reading these complaining and replying messages.

Table 2. Types of complaint and corporate responses on Chosun.com

| Nature of complaint | Company's Response | Reaction From Repliers |
|---|---|---|
| Delay of fix | Explanation | Praise for attentiveness Emphasis on the importance of A/S |
| Delay of After Service | Justification + Redress | None |
| Packaged sushi was not fresh | Justification + Redress | None |
| Packaged vegetable was rotten | Justification + Redress | None |
| Delivery of defected product | Justification + Redress | None |
| Unavailable redress + employee rudeness | Apology + Redress | Regret for late intervention |
| Delay of picking parcel up | Apology + Corrective Action | None |
| Insufficient redress for injured customer | Attacks on the accuser | Criticizing the company Advocating the company Attacking the advocator Questioning the reality Encouraging complainer |
| Delivery of defected product | Attack on the accuser | Criticizing the employee at the company |
| Deceptive labeling on the origin of product | Apology from Director Apology from Manager | Criticizing the company Encouraging complainer Understanding company |
| Dissatisfaction with product | Corrective Action | Can't find |
| Deceptive contract for a car purchase | Attacks on the accuser | Disappointed with the company Criticizing the company Reproaching complainer Questioning the reality |

The most common response strategy was a justification combined with an offer of redress. Four companies followed this strategy, which generally brought a positive, or at least not negative, reaction from complainers or repliers. Here, most messages tried to explain that companies were operating in the right manner and a problem arose as an unintentional error. Two out of four complainers in these cases expressed satisfaction after getting this response from the concerned companies on the Internet forum. The aggressiveness of complainers and controversies among repliers seemed to come to an end as a result of the offered explanations and compensation.

One company merely expressed concern for the accuser's inconvenience and left the phone number of the customer service department. This action brought along a praise from a replier for its attentiveness.

Apology as a response strategy was used in three cases. However, complainers showed mixed reactions depending on whether an apology was sufficient or not. In the case of an express delivery company criticized for its delayed pick up, an apology which looks sincere from the customer service department at the headquarters seemed to appease the complainer and other three repliers.

On the other hand, insincere or pseudo-apologies drew backlash from the complainers and other repliers. In the case of a restaurant chain, criticized for deceptive labeling of

the origin of food, the manager's apology was perceived as lying and drew subsequent attacks from the original complainer and other repliers. This incident brought a total of 17 hostile replies as the original complainer repeatedly raised the issue of the truth and sincerity of the apology through four messages. Similarly, when a pizza chain posted a message which was composed of only four short sentences and sounded like a totally automated or generalized apology, the complainer blasted the company, saying he became angrier because of its insincerity

Three cases are shown to select a strategy of "attacks on the accuser", in which the accused confronts the complainers. This strategy generally brought along counter attacks from the complainer who wanted to save his/her face and consequently escalated the issues. In the case of a retailer, the complainer accused the company of insufficient compensation for her 6-year-old daughter whose back was burned by hot oils from a container that fell while she was walking under it and attached the photo of her. As the complaint attracted attention from many Internet users, the public relations director at the retailer posted a message that explained the situation and exposed the complainer's intention to get more compensation than was determined appropriate by the insurance company. The public relations director also repudiated the complainer's assertions and warned of filing a lawsuit, posting the messages four times.

His response brought a kind of public outrage in the forum especially from compassionate parents who sympathized with the injured little girl. This complaint and the responses brought as many as 69 replies, most of which were criticizing and calling for a boycott against the retailer.

This pattern of “attacks on the accuser” and “face-saving counter-attack” and “the support for complainer from repliers” was very similar in a case regarding a deceptive car purchase contract from an auto manufacturer. Here, as two complainers and one activist lodged complaints almost every day, the concerned auto dealer posted messages twice to repudiate their assertions. The dealer tried to reveal that the complainers’ desire to buy cars at a much cheaper price led them to pay the price of cars up front to a salesperson who was not accredited by the dealer. Although the dealer’s refutation had some grounds, it got about 20 negative replies. One of these complainers indicated their messages were viewed by 10,000 people for about two months. On the other hand, as the two complainers and the activist posted the same message almost every day, like spamming, several forum members were able to reproach them. Eight repliers urged them not to post the same message any more and to resolve the problem by law. Another five repliers asked the activist, who is a pastor, not to use name-calling, swearing, and

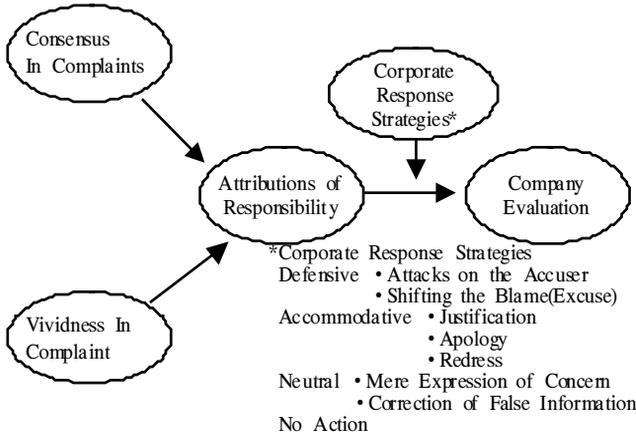
insults. This reproach seemed to neutralize the initial criticizing to the auto manufacturer, and might reduce further damage to manufacturer's image.

Chapter 4

Conceptual Model and Hypotheses

Figure 1 illustrates the predicted relationships among key variables in this study. This model assumes that consumers' evaluation of a company, that is how a company is perceived by its potential customers, is a critical source for its marketing activities, which are threatened by the complaints in the Internet forum. The model is focused on causal attribution, corporate response to complaints, and the evaluation of the company. In this proposed model, the attributions of responsibility influences the evaluation of the company. The corporate response strategies moderate the effects of the attributions of responsibility on the evaluation of the company. The attributions of responsibility are affected by the level of consensus in each complaint, and the level of vividness in a complaint in the Internet

Figure 1. Proposed evaluation model for observers of complaints in the Internet Forum



complaint forum. These situational variables, the consensus and the vividness in complaints, make up the “context of the complaint” which this study seeks.

4.1 Attributions of Responsibility

Social psychologists noted that observers often go beyond the attributions of causality to make judgments regarding who should be held accountable for an observed act in an interpersonal context (Lee, 2004). Likewise, consumers should assign responsibility for the problem after causal attribution to either the manufacturer, the consumer, or the situation (Griffin et al., 1992). In a crisis response study, crisis responsibility “refers to the extent of obligation a company has to its events and outcomes” from the perspectives of observers. (Coombs, 1996). Based on these studies, the company, the complainer, and the combination of the company and complainer are determined to be the base of causal attributions for the current study.

4.2 Company Evaluation

Consumers’ knowledge about a company is “conceptualized alternately as corporate reputation, corporate image, and corporate associations” (Sen and Bhattacharya, 2001). Corporate image represents the sum of beliefs, attitudes, and

impressions that customers have of the company (Barich and Kotler, 1991). Corporate reputation is formed by stakeholders' interpretation of informational signals from firms, the media, and other monitors (Formbrun and Shanlly, 1990). Sen and Bhattacharya (2001) argued that consumers' evaluations of the company are more sensitive to negative corporate social responsibility information than positive corporate social responsibility information. Coombs and Holladay (2002) found that a moderate correlation existed between crisis responsibility and organizational reputation in crisis contexts. Richins (1983) indicated that the firm's reputation can be tarnished through negative word-of-mouth behavior.

On the other hand, Laczniak, DeCrlo, and Ramaswami (2001) found that a direct relation existed between brand attitudes and communicator attributions generated in response to negative word-of-mouth communication about a particular brand. It suggested that when receivers associated the negativity of word-of-mouth communication messages with the communicator, they would increase their evaluations of the focal brand. Therefore, the following hypotheses are proposed:

Hypothesis 1-a: Observers will evaluate a company more negatively as they perceive the company to be more responsible for the problem.

Hypothesis 1-b: Observers will evaluate a company more positively as they perceive the complainer to be more responsible for the problem.

4.3 Consensus in Complaints

Richins (1984) stated that a consumer who receives the same negative word-of-mouth information from various sources is most likely to accuse the product or organization of dissatisfaction rather than the complainer. Conway and DiFazio (1990) observed that “high social consensus leads to causal attributions to the stimulus; low social consensus leads to causal attributions to the self”.

Hypothesis 2: Observers exposed to complaints in the condition of high consensus between the complainer and subsequent repliers will be more likely to attribute responsibility for the problem to the company than those observers exposed to complaints in a low-consensus condition.

4.4 Vividness In Complaint

Although the vividness effect was not shown to be as ubiquitous as one would expect (Taylor and Thompson, 1982), several studies attempted to test vividness effects on judgment and confirmed them. Block and Keller (1997) indicated in health communication that vivid information is

more persuasive than nonvivid information among high rather than low self-efficacy participants. As for product warning messages, vividness was also shown to increase accurate memory of the hazards associated with product use by enhancing cognitive elaboration on the content of product warning messages (Kelly, Gaidis and Reingen 1989). Coyle and Thorson (2001) indicated in the Internet context that the increase in vividness is associated with more positive and more enduring attitudes toward the web site, with the manipulation of vividness as having audio and video in web sites.

Hypothesis 3: Observers exposed to complaints in the high vividness condition will be more likely to attribute the responsibility for the problem to the company than those exposed to complaints in the low vividness condition

It is also possible that consensus in complaints and vividness in complaint could interact much like delivery and content interact in persuasion. According to McCroskey (1997), strong delivery and content have the greatest impact on persuasion when combined. Therefore, consensus in complaints and vividness in complaint when combined could have a greater impact on the perceived responsibility.

Hypothesis 4: Consensus in complaints and vividness in complaint will have an interaction effect on the attributions of responsibility.

4.5 Corporate Response Strategies

Extant studies find that corporate responses denoting acceptance of responsibility fostered more positive impressions of the organization, brand attitudes, and more supportive behavior (Lee, 2004; Coombs and Schmidt, 2000). Coombs (1988) suggested accommodative strategies are more useful when crisis responsibility is strong. He explains that stakeholders should expect accommodative strategies when they hold strong perceptions that the organization is responsible for the crisis.

***Hypothesis 5:** Observers who attribute the responsibility to the company will report more positive evaluation of the company when an accommodative response strategy is employed by the company than when the defensive, neutral, or taking no action strategy is used.*

Defensive strategies are suggested most useful when crisis responsibility or the resonance is weak (Coombs, 2000). Even a shifting-blame strategy, a type of defensive strategies, produced the same effect on organization's reputations and potential supportive behavior with the strategies of corrective action, mortification, and bolstering in a study of Texaco's racism crisis.

***Hypothesis 6:** Observers who attribute the responsibility to the complainer will report more positive evaluation of the*

company when a defensive response strategy is employed by the company than when the neutral, or taking no action strategy is used.

Several previous studies find that key determinants of customer satisfaction evaluations are service provider empathy and responsiveness (Johnson, 1995; Hocutt et al., 1997). Sparks and McColl-Kennedy (1998) find that service provider's concern is of particular importance in shaping customer satisfaction evaluations. In a crisis management, Coombs (1999) asserts that "organization should acknowledge and show concern for victim needs. This does not mean an organization has to take responsibility for a crisis. Expressing concern builds credibility with victims and other stakeholders".

Hypothesis 7: Observers who attribute the responsibility equally to the company and the complainers will report a more positive evaluation of the company when a neutral strategy is employed by the company than when the defensive or taking no action strategy is used.

Chapter 5
Study 1

5.1 Methods

Overview

This thesis explores how companies can select a response strategy to situations where the company is responsible, the complainer is responsible, or both are responsible for the problem. In study 1, one complaint scenario was developed to test the effectiveness of corporate response strategies to the kind of complaint where the company is perceived to be responsible for the problem. The complaint message had clear reasons for charging companies with a failure to properly provide product, therefore mainly brought company attributions from observers.

A 2 (consensus in complaints; high vs. low) X 2 (vividness in complaint; high vs. low) X 4 (corporate response strategies; defensive vs. accommodative vs. neutral vs. no action) full-factorial design was used in the experiment. As an appropriate experimental context, an online shopping mall was selected after reviewing several possible options. The online shopping mall is relevant to the experimental subjects -- college students -- as they represent an important market segment to the online retailing industry.

Dependent measures included a measure of the attributions of responsibility, and another measure of the evaluation of the company. Manipulation checks for the

independent variables were done.

Stimuli

(1) Complaint Scenarios: There are two independent variables

(consensus and vividness) with two levels (high and low) respectively. Therefore, four complaint scenarios were yielded: High Consensus and High vividness; High Consensus and Low vividness; Low Consensus and High vividness; Low Consensus and Low vividness.

Two stimulus messages, which show the levels of high and low consensus among complainer and subsequent repliers, were constructed. They were about a defected cappuccino maker that was purchased at an online shopping mall. Then, in order to manipulate the levels of vividness in a complaint scenario, the information in these two previously constructed complaints (high and low consensus) was changed to represent the high and low levels of vividness in complaint respectively, resulting in the four scenarios. This change of information would let the experiment avoid a threat that anything other than the experimental stimulus could affect the dependent variable.

High consensus was operationalized as having more than three-fourths of repliers supporting the original complaint. Low consensus is operationalized as having more than

three-fourths of repliers differing from the original complaint. The compliant message was written in either concrete/specific language (High Vivid condition) or in more abstract/general language (Low Vivid condition). For the high vivid condition, a photo related to the complaint was attached to the concrete message. The low vivid message did not have a photo attached. Previous researchers indicated the necessity of using both a photo and concrete language to generate enhanced levels of consumer understanding of the content of a complaint message (Kelly et al., 1989; Morris et al., 1986). In addition, as the attachment of photos to complaint messages is increasing in real Internet complaint forums, the inclusion of photos in a vividness manipulation in the experiment is meaningful. According to Coyle and Thorson (2001), one of the most important dimensions that differentiate new media from traditional media is the level of realism provided. Attachment of photo can serve to vary levels of realism in complaint messages.

In the stimulus messages, the name of company was deleted and renamed as ABC online shopping mall in order to get rid of the brand name effect on the evaluation of the company. In a study by Laczniak and his colleagues, they proved that the strength of a brand name influenced consumers' attributional processing of negative word-of-mouth communication (Laczniak et al., 2001). In another

study by Coombs and Holladay (1996), organizations with a poor performance history were perceived more negatively than organizations with a positive performance history. Before the messages were used in the experiment, three judges evaluated whether the high and low vivid complaints were equivalent in meaning. The judges were asked to respond to a short questionnaire designed to evaluate whether the two messages had the same facts. The judges unanimously agreed that the high and low vivid messages were equivalent in terms of meaning.

(2) Corporate Response Strategies Scenario: The corporate response messages were constructed to provide the four response strategies; defensive, accommodative, neutral, and taking no action.

These scenarios were written after looking at the actual response messages from companies on this bulletin board in order that the scenarios may look like real response messages. All of the messages were written under the name of the ABC online shopping mall, not indicating any specific positions of this company.

A defensive response message involved “shifting the blame to others”. An accommodative response message had multiple explanations of an apology, and a promise of full redress. A neutral response message involved just leaving the phone number of customer service department. Taking no action strategy was provided with a simple sentence that

“ABC shopping mall did not respond to the complaint at all”. The length of defensive and accommodative response messages was relatively equal, but the length of neutral response message was much shorter.

Measures

(1) Attributions of Responsibility

Attributions of responsibility were measured twice. First, participants were asked to assign the responsibility for the problem to either (a) company (b) complainer (c) both company and complainer equally. After selecting one locus of responsibility, participants were asked to answer the degree of responsibility using a two-item scale from Griffin, Babin and Darden’s (1992) work on responsibility and blame. The degree of responsibility was recorded on a 5-point scale ranging from 1 (strongly disagree) to 5 (strongly agree). The two items were: (a) “How responsible is the complainer?” (b) “How responsible is the company?”

(2) Evaluation of the Company

Participants’ evaluation of the company was measured with an organization’s reputation scale. This study modified Coombs and Holloday’s (2002) items by replacing the term public with consumers. The four items are: (a) “The organization is concerned with the well-being of its consumers.” (b) “The organization is basically HONEST.” (c)

“I trust the organization to tell the truth about the incident.”
(d) “Under most circumstances, I would be likely to believe what the organization says.” Originally ten, it was reduced to four items to save the space. Organization’s reputations were recorded on a 5-point scale.

Participants

A total of 408 male and female undergraduate students was recruited from several business classes at two universities in Seoul, Korea. Participants received extra course credit for their participation in the study. Because of missing data, 8 participants were dropped from the analysis. Thus, the final sample size was 400 (229 men and 171 women). Participants were randomly assigned to each of 16 cells. The sample distribution across the 16 cells ranged from a low of 8 (2.0%) to a high of 33 (8.3%).

Procedure

Sixteen Web sites were created specifically for this experiment. These sites resembled the real Internet complaint forum in the format of the bulletin board and in the manner of usage. The Web sites were constructed to correspond to the sixteen experimental cells. Participants were randomly assigned to one of the addresses of these

Websites. Thus, the experiment was conducted individually through use of the Internet. When the participants clicked the assigned sites, they encountered the instructions. The instructions read:

You are going to see some complaint message posted on the Internet complaint forum.

Please read the messages as you read them on the actual Internet site. If you don't want to read them, or only want to read a part of them, that's OK. I would like you to act as you do in an actual situation. I will ask you your opinions about the complaints and the companies. There are no right or wrong answers.

The next page of the instruction contained complaints messages and replies which could be opened by clicking on them. The participants were then guided to turn the page to the scaled 'attribution of responsibility' measure. After answering these questionnaires, participants were guided to read an instruction on imaginary corporate response messages. These instructions read: You are presented with company's responses to the complaint message you have already read. Please read these response messages.

The participants are then guided to turn the page to the scaled 'organization's reputation measure.

Covariates

The questionnaire included measures of a number of possible covariates. Participants were asked to indicate their gender, age, whether they have ever lodged complaints in the Internet forum, whether they have received responses from the targeted companies, and their general evaluation on the level of customer service at online shopping malls in Korea.

Manipulation Checks

In order to assess the effectiveness of the corporate response strategy manipulations, particular items were designed. These items tested if respondents would recognize the defining characteristic of the corporate response strategy used in a particular scenario. Two items were used to assess the perceptions of the accommodative dimension, "ABC shopping mall said it accepted responsibility of the problem" and "ABC shopping mall apologized for the problem." The defensive dimension was assessed with the item, "ABC shopping mall said it is not responsible for the problem". "ABC shopping mall shifted the blame to the product supplier." The neutral dimension was assessed with the item, "ABC company just showed its attentiveness to the complaint." Responses were recorded on a 5-point Likert

scale ranging from 1 (strongly disagree) to 5 (strongly agree). The effectiveness of complaint scenarios also got manipulation checks. The degree of consensus and vividness in complaints was recorded on a 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

5.2 Results

Manipulation Checks

Several measures were developed to ensure the efficacy of the consensus and vividness manipulations. The manipulation checks for the high consensus utilized a single-item measure, "more than three-fourths of repliers supported the original complaint." The manipulation checks for the low consensus information utilized the item, "more than three-fourths of repliers differed from the original complaint." An independent t-test for the consensus score confirmed that the high consensus scenario ($M=4.11$) and the low consensus scenario ($M=1.90$) are significantly different ($t=10.98$, $p<.001$).

The manipulation check for the vividness utilized three-item measures, "this message is concrete," "this message is rich," and "this message is clear." Coefficient ($\alpha=.74$) was used to assess the reliability of vividness scale used as a manipulation check. An independent t-test for the

summed vividness scores confirmed that the high vivid ($M=3.20$) and the low vivid ($M=2.87$) are significantly different ($t=2.38$, $p<.05$).

To examine perceptions of the organization's response to the complaints, multiple items assessing each of the response strategies were designed. A comparison of means for each item was performed in order to assess the effectiveness of manipulations. These items were recorded on a 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

Two items were used to assess perceptions of accommodative strategy dimension, "ABC shopping mall said it accepted responsibility for the problem" and "ABC shopping mall apologized for the problem". The analyses revealed that respondents did perceive the accommodative strategy scenario as intended: $M=3.97$, for "accepted responsibility", and $M=3.93$, for "apologized". Defensive strategy dimension was assessed with two items, "ABC shopping mall said it's not responsible for the problem" and "ABC shopping mall shifted the blame to others". The analyses revealed that for the scenario: $M=3.89$, for "not accepted responsibility", and $M=4.72$, for "shifted the blame".

The neutral strategy dimension was assessed with the items, "ABC shopping mall just showed its attentiveness to the complaint." "ABC shopping mall did not ignore the consumer's concern." The analyses revealed that for the

scenario, $M=4.00$, for “showed attentiveness”, and $M=3.83$ for “not ignored concern”. Respondents did perceive the neutral strategy scenario as intended. Taking no action strategy dimension was assessed with the single item, “ABC shopping mall did not show any responses to the complaint”. The analysis revealed that this dimension was perceived as intended: $M=4.28$. Overall, the analyses of the manipulation check items indicated that the intended experimental manipulations were successful. Table 3 summarized the analysis of the manipulation checks.

On the other hand, the reliability analysis produced an internal consistency of $\alpha=.89$ for organization’s reputations. This score fell within the acceptable range.

Table 3. Manipulation Checks for Consensus and Vividness

| | Consensus | | | | | | Vividness | | | | | |
|------|-----------|------|------|-------|----|------|-----------|------|-----|------|----|-----|
| | N | M | SD | t | df | <p | N | M | SD | t | df | <p |
| High | 47 | 4.11 | .91 | 10.98 | 95 | .001 | 47 | 3.19 | .64 | 2.38 | 95 | .05 |
| Low | 50 | 1.90 | 1.05 | | | | 50 | 2.87 | .69 | | | |

Test of Hypotheses

H 1 posits that there is a correlation between the attributions of responsibility and organization’s reputations. H 1-a predicts that company attributions generated in

response to the complaint are inversely related to post exposure organizational reputations. H 1-b predicts that complainer attributions generated in response to the complaint are directly related to post exposure organizational reputation. The results showed that 'attributions of responsibility' and organization's reputations are correlated. Pearson's Correlation result was significant: $r = -2.08$, $p < .05$ for company attributions, and $r = .141$, $p < .05$ for complainer attributions. Thus, H 1-a and H 1-b were supported. H 2 posits that participants exposed to complaints that have more consensus between the complainer and subsequent repliers will be more likely to attribute the responsibility for the problem toward the company. The F test indicated a main effect for consensus information on company attributions, $F(1,396) = 17.70$, $p < .001$. The results indicated that participants are more likely to attribute the responsibility to the company when exposed to the high consensus scenario ($M = 4.45$) as opposed to the low consensus scenario ($M = 4.20$). Thus, H 2 was supported. H 3 posits that participants exposed to a complaint that has more vividness will be more likely to attribute the responsibility for the problem toward the company. The F test indicated a main effect for vividness on company attributions, $F(1,396) = 5.84$, $p < .05$. The results indicated that participants are more likely to attribute the responsibility to the company when exposed to the high vivid scenario

($M=4.38$) as opposed to the low vivid scenario ($M=4.25$). H 3 was also supported. H 4 posits that consensus and vivid information have an interaction effect on the assignment of responsibility. However the results indicated no interaction effect: $F(1,396)=.41$, $p=.524$. Table 4 summarized the results for consensus and vividness manipulation.

Table 4. Results for Consensus and Vividness Manipulation

| | df | Sum of Squares | Mean Square | F | p |
|--------------|----|----------------|-------------|--------|------|
| Vividness | 1 | 2370 | 2.370 | 5.844 | .016 |
| Consensus | 1 | 7.174 | 7.174 | 17.693 | .000 |
| vivid*consen | 1 | .004 | .004 | .008 | .524 |

H 5 posits that observers who attribute the responsibility to the company will report more positive evaluation of the company when an accommodative response strategy is employed by the company than when the defensive, neutral, or taking no action strategy is used. In order to examine H 5, analyses were performed to a group who attribute responsibilities toward companies. For organizational reputations, the results revealed a significant difference between scenarios, $F(3,334)=84.28$, $p<.001$. Then, the Turkey post hoc test was performed. Participants rated the accommodative strategy scenario ($M=3.26$) as more likely to be welcomed than the neutral strategy scenario ($M=2.32$), taking no action scenario ($M=1.92$) and the defensive strategy

scenario (M=1.80). The results thus supported the H 5.

Table 5. Effects for Dimension of Response Strategies for Company Attributions

| | Response Strategy | N | Mean (S.D) | F |
|---------------------------|-------------------|-----|------------|----------|
| Organization's Reputation | accommodative | 86 | 3.26 (.85) | 84.28*** |
| | defensive | 105 | 1.80 (.62) | |
| | neutral | 74 | 2.33 (.68) | |
| | no-response | 23 | 1.92 (.51) | |

*** p < .001

Table 6. Multiple Comparisons for Company Attributions

(Turkey HSD)

| Dependent Variable | (I)RESPONSE | (J)RESPONSE | Mean Difference (I-J) | Std.Error | Sig. | 95% Confidence Interval | |
|---------------------------|---------------|---------------|-----------------------|-----------|------|-------------------------|-------------|
| | | | | | | Lower Bound | Upper Bound |
| Organization's Reputation | accommodative | defensive | 1.4640* | 9.863E-02 | .000 | 1.2106 | 1.7174 |
| | | neutral | .9441* | .1075 | .000 | .6678 | 1.2203 |
| | | no response | 1.3370* | .1079 | .000 | 1.0597 | 1.6142 |
| | defensive | accommodative | -1.4640* | 9.863E-02 | .000 | -1.7174 | -1.2106 |
| | | neutral | -.5199* | .1029 | .000 | -.7844 | -.2555 |
| | | no response | -.1270 | .1033 | .608 | -.3925 | .1385 |
| | neutral | accommodative | -.9441* | .1075 | .000 | -1.2203 | -.6678 |
| | | defensive | .5199* | .1029 | .000 | .2555 | .7844 |
| | | no response | .3929* | .1119 | .003 | .1055 | .6803 |
| | no response | accommodative | -1.3370* | .1079 | .000 | -1.6142 | -1.0597 |
| | | defensive | .1270 | .1033 | .608 | -.1385 | .3925 |
| | | neutral | -.3929* | .1119 | .003 | -.6803 | -.1055 |

An ANOVA was also performed on the dependent measures with gender, age, previous experience of lodging complaints on the Internet and previous experience of receiving responses from the targeted companies as covariates. Results revealed that the evaluation of the company was more positive for those who have ever received responses from the companies, $F(1,234)=6.61$, $p<.05$. Participants who have ever received responses from the companies reported higher rating for organizational reputation ($M=2.36$) as compared to the participants who have not received responses from the companies ($M=1.96$). The reason that the means are below 3 stems from the fact that almost all the participants attributed the responsibility for the problem to the company, and hence evaluated it quite negatively in this experiment. There were no other main or interaction effects of the covariates.

Chapter 6
Study 2

6.1 Methods

Overview

In Study 1, H 1 through H 5 were tested. However, H 6 and H 7 could not be tested with the scenario used in Study 1 because sufficient data for analysis were not yielded. The scenario used in Study 1 had been developed mainly to generate company attributions from observers.

Study 2 was designed to test the effectiveness of corporate response strategies to situations where (a) the complainer is responsible for the problem and (b) both the company and the complainer are equally responsible for the problem. Therefore, another complaint scenario was developed especially for generating (a) complainer attributions and (b) attributions to both the company and complainer. Study 2 examines the same organization, ABC online shopping mall, to be consistent with Study 1, but it examines a different product from Study 1. Examining different product would contribute to avoiding a risk of mono-generalization. Dependent measures included only a measure of the evaluation of the company.

Stimuli

(1) Complaint Scenario: One complaint scenario was

developed to test the effectiveness of corporate response strategies to the kind of complaint where the complainer or both the company and the complainer are perceived to be responsible for the problem. This complaint scenario was about the installation of a new digital camera purchased at the ABC online shopping mall. This scenario was obtained from a list of real complaints and revised slightly to generate complainer attributions.

(2) Corporate Response Strategy Scenarios: As with Study 1, the corporate response strategies were constructed to demonstrate the four response strategies: defensive, accommodative, neutral, and taking no action. So they looked like real response messages, these scenarios have been written after looking at actual bulletin-board response messages from companies. Here, a defensive response message involved “attack on the accuser,” although the message for the same strategy dimension involved “shifting the blame to others” in Study 1. The messages for the accommodative and the neutral strategies contained the same elements with those in Study 1. Taking no action was provided with a simple sentence that “ABC shopping mall did not respond to the complaint at all.” The length of defensive and accommodative response messages was relatively equal, but the length of neutral response message is much shorter.

Participants and Procedure

A total of 234 undergraduate students have been recruited from several business classes at two universities in Seoul, South Korea. Participants received extra course credit for their participation in the study. None of the Study 2 participants took part in Study 1. Participants were randomly assigned to one of the four experimental cells, which corresponded to the four response strategies. Participants were provided with a scenario and were asked to answer the locus of responsibility for the problem in the complaint scenario. Then, each participant was provided with one of the four corporate response scenarios and was asked to evaluate the company by completing the questionnaire.

Unlike Study 1, participants did not check the questionnaire concerning causal attributions generated from the degree of consensus and vividness in each complaint scenario because these relationships have already been tested in Study 1. The other procedures and instructions were identical to those in Study 1.

6.2 Results

The manipulation checks for the defensive strategy utilized two-item measures: "ABC shopping mall attacked

the accuser” and “ABC shopping mall did not accept its responsibility for the problem.” The analyses revealed that respondents perceived the defensive strategy scenario as intended: $M=3.76$, for “attack on the accuser” and $M=3.73$, for “accepted responsibility.” The manipulation checks for the other response strategies used the same measures as Study 1. The analyses of the manipulation check items for the other strategies were also successful. Further manipulation checks for consensus and vividness was not done because this study would not examine the variables of consensus and vividness.

H 6 posits that the defensive strategy will result in a more positive evaluation of the company than the neutral strategy or taking no action strategy when the complainer is perceived to be responsible for the problem. Regarding organizational reputations, F test results indicated a significant difference between corporate response scenarios, $F(3,228)=12.97$, $p<.001$. Post hoc analyses indicated that participants rated the neutral strategy scenario ($M=3.24$) more positively than the defensive strategy scenario ($M=2.82$) and the taking no action strategy scenario ($M=2.74$). Although the defensive strategy was shown to be slightly better than the taking no action strategy, it did not have a significance at the .05 level. Thus, H 6 was not supported.

Table 7. Effects for Dimension of Response Strategies for Complainer Attributions

| | Response Strategy | N | Mean (S.D) | F |
|---------------------------|-------------------|----|------------|-----------|
| Organization's Reputation | accommodative | 20 | 3.78 (.38) | 12.968*** |
| | defensive | 21 | 2.82 (.60) | |
| | neutral | 21 | 3.24 (.53) | |
| | no-response | 20 | 2.74 (.70) | |

*** p < .001

Table 8. Multiple Comparisons for Complainer Attributions

(Turkey HSD)

| Dependent Variable | (I)RESPONSE | (J)RESPONSE | Mean Difference (I-J) | Std. Error | Sig. | 95% Confidence Interval | |
|---------------------------|---------------|---------------|-----------------------|------------|------|-------------------------|-------------|
| | | | | | | Lower Bound | Upper Bound |
| Organization's Reputation | accommodative | defensive | .9036* | .1764 | .000 | .4404 | 1.3668 |
| | | neutral | .4869* | .1764 | .036 | 2.370E-02 | .9501 |
| | | no response | .9875* | .1786 | .000 | .5187 | 1.4563 |
| | defensive | accommodative | -.9036* | .1764 | .000 | -1.3668 | -.4404 |
| | | neutral | -.4167 | .1743 | .087 | -.8742 | 4.086E-02 |
| | | no response | 8.393E-02 | .1764 | .964 | -.3793 | .5471 |
| | neutral | accommodative | -.4869* | .1764 | .036 | -.9501 | -2.3696E-02 |
| | | defensive | .4167 | .1743 | .087 | -4.0858E-02 | .87424 |
| | | no response | .5006* | .1764 | .029 | 3.739E-02 | .9638 |
| | no response | accommodative | -.9875* | .1786 | .000 | -1.4563 | -.5187 |
| | | defensive | .3929E-02 | .1764 | .964 | -.5471 | .3793 |
| | | neutral | -.5006* | .1764 | .029 | -.9638 | -3.7387E-02 |

* The mean difference is significant at the .05

H 7 posits that participants who attributed responsibility to both the company and the complainer equally will report a more positive impression of an organization's reputation when a neutral strategy was employed by the company than when other strategies are used. As for organizational reputation, the results revealed that participants rated the accommodative scenario (M=3.40) more positively than the neutral strategy scenario (M=2.83). The neutral strategy, however, produced a better evaluation of the company than the defensive strategy scenario (M=2.32) and taking no action strategy scenario (M=2.24). Thus, H 7 was supported. Here, the order of the effectiveness for the four strategy dimensions were the same with the results for the experiment for observer attributions responsibility in Study 1.

Table 9. Effects for Dimension of Response Strategies for Shared Attributions

| | Response Strategy | N | Mean(S.D) | F |
|---------------------------|-------------------|----|------------|----------|
| Organization's Reputation | accommodative | 38 | 3.40 (.54) | 26.93*** |
| | defensive | 26 | 2.31 (.51) | |
| | neutral | 21 | 2.83 (.53) | |
| | no-response | 23 | 2.24 (.74) | |

*** p < .001

Table 10. Multiple Comparisons for Shared Attributions

| Dependent Variable | (I)RESPONSE | (J)RESPONSE | Mean Difference (I-J) | Std Error | Sig. | 95% Confidence Interval | |
|---------------------------|---------------|---------------|-----------------------|-----------|------|-------------------------|-------------|
| | | | | | | Lower Bound | Upper Bound |
| Organization's Reputation | Accommodative | defensive | 1.9036* | .1478 | .000 | .7076 | 1.4796 |
| | | neutral | .5680* | .1579 | .000 | .1556 | .9803 |
| | | no response | 1.1622* | .1534 | .000 | .7615 | 1.5628 |
| | defensive | accommodative | -1.0936* | .178 | .000 | -1.4796 | -.7076 |
| | | neutral | -.5256* | .1704 | .000 | -.9706 | 8.0704E-02 |
| | | no response | 6.856E-02 | .1633 | .608 | -.3655 | .5027 |
| | neutral | accommodative | -.5680* | .1579 | .000 | -.9803 | -.1556 |
| | | defensive | .5256* | .1704 | .000 | 8.070E-02 | .9706 |
| | | no response | .5942* | .1753 | .003 | .1365 | 1.0519 |
| | no response | accommodative | -.9585* | .1534 | .000 | -1.5628 | -.7615 |
| | | defensive | 6.856E-02 | .1633 | .608 | -.5027 | .3655 |
| | | neutral | -.5942* | .1753 | .003 | -1.0519 | -.1365 |

Table 11. Summary of Hypothesis Tests

| | Hypotheses | Results |
|-------|---|---------------|
| H 1-a | [Company attributions → Evaluation of the company] affects negatively. | Supported |
| H 1-b | [Complainer attributions → Evaluation of the company] affects positively. | Supported |
| H 2 | [High consensus → Company attributions] is more likely than [Low consensus → Company attributions] | Supported |
| H 3 | [High vividness → Company attributions] is more likely than [Low vividness → Company attributions] | Supported |
| H 4 | Consensus and vividness will have an interaction effect. | Not supported |
| H 5 | For company attributions, accommodative response strategies are more effective than any other strategies. | Supported |
| H 6 | For complainer attributions, defensive response strategies are more effective than neutral and taking-no-response strategies. | Not supported |
| H 7 | For shared attributions, neutral response strategies are more effective than defensive and taking-no-action strategies. | Supported |

Chapter 7

Managerial Implications and Recommendations

7.1 General Discussion

The results of experiment indicate that the consensus between the complainer and subsequent repliers is an important situational factor leading to the observers' attribution of responsibility and subsequently to changes in the evaluation of the targeted companies. The results of experiment indicate that vividness in complaint is also a major situational variable influencing the observers' attributions of responsibility for the problem. The vividness in complaint message seems to play a role in explanations' acceptability.

The results then indicate that the appropriate strategies vary depending on the observers' perceived locus of responsibility. As for response strategies: A defensive strategy is shown to be the least effective regarding organization's reputations in two situations where the company or both the company and the complainer are responsible for the problem. In the offline settings, although there are several studies that indicated the problems of defensive strategy (Lee, 2004; Taylor, 1997), defensive strategies are frequently suggested to be useful when the responsibility for the problem is weak (Coombs, 2000). A shifting-blame strategy, a type of defensive strategies, was proved to produce the same effect on organizations' reputations as the strategies of corrective action,

mortification and bolstering (Coombs and Schmidt, 2000). There are two possible explanations for this difference. First, in the online context, the relationships are formed with more communal orientation than in the offline context (Mathwick, 2002). On the Internet, this kind of communal orientation reflects concern for the welfare of others and is motivated by a desire to help them in times of need (Mathwick, 2002). Hence, when the observers are confronted with defensive responses by the companies, observers seem to feel disappointed by the company's "blame-shifting" or hurt by the company's "attack on the accuser". Second, in the online context, people can behave aggressively toward others (in this time, toward the company), even when the people (the company) never deserve any retaliation at all (Wallace, 1999). Perhaps future research will provide empirical explanations of this difference.

This research indicates that taking no action leads to the lowest evaluation of the concerned companies regarding organization's reputations when the responsibility for the problem is attributed toward a complainer, and toward both company and complainer. Taking no action result in negative evaluation when the responsibility for the problem is attributed toward the company or both the company and the complainer. Taking no action seems to be perceived to be the same as if the targeted companies dismissed the consumers' concerns. This finding is consistent with the

work by Conlon and Murray (1996) in the offline setting, in which avoid-the-issue responses resulted in less satisfaction than apologies and justifications. These results seem to have to do with the negative perceptions of unresponsive companies. In the context of political debate, unresponsiveness was attributed to the lack of one or more of four factors to facilitate responsiveness: attention to the other, understanding of the preceding communication, adequate response repertoire, or motivation to be responsive (Holtgraves and Davis, 1984). When this result is applied to the online complaints, unresponsiveness may make complainers and observers feel that the company is not properly informed and not paying enough attention to them. Observers might have an empathy with the ignored complainers and evaluate the unresponsive companies negatively.

On the other hand, a neutral strategy, such as a mere expression of concerns by informing the complainer of the customer service department phone number, reflects positively on an organization's reputation. This result is consistent with the work by Elsbach (1994), which indicated the importance of acknowledging that there is a problem even when the locus of responsibility is ambiguous.

An accommodative strategy has the most positive effect on an organization's reputations across all the locus of responsibility. Many communication literatures have

suggested utilizing an accommodative strategy when consumers perceive that the company is responsible for a problem (Coombs, 1998). For example, an apology is suggested in order to facilitate the reintegration of the offender into the community, thereby reducing the negative social consequences of the original offense (Patel and Reinsch, 2003). In the current study, even when the complainer is perceived to be responsible for the problem, the accommodative strategy is rated most positively regarding organization's reputations. These findings suggest that observers favor the companies' acceptance of responsibility for the problem in any situations on the Internet. However, an acceptance of responsibility can create legal liabilities or financial burdens for companies. Previous research performed in an offline setting suggests that even a small amount of compensation may be sufficient to restore a positive attitude about the company and enhance the likelihood of future purchases (Colon and Murray, 1996). However, on the Internet, a promise of partial redress may not satisfy the complainer but instead provoke repeated requests for more compensation, according to observations of real Internet complaint forums.

Finally, it should be noted that the behavior of complainers and repliers in the Internet forum may vary between cultures. Specifically, causal attributions vary across cultures (Choi et al., 1999). Cha and Nam (1985) indicated

that their Korean participants, unlike American participants, made very substantial use of consensus information when making attributions about actors' behavior. It is explained by an argument that Koreans are more capable of converting consensus information into knowledge about the power of a given situation, merely because they live in societies in which situations are more powerful (Choi et al., 1999).

7.2 Limitations

The results presented in the current study are limited by a number of factors, many of which can be addressed in future studies. First, this study suffers from the limitations common to studies using an experimental method and a student population. Although a Website was created specially for the experiments, respondents might have experienced the complaints in a somewhat artificial manner. Furthermore, students cannot represent the entire population in an Internet complaint forum, although they are core visitors to it.

Second, this research has adopted the concept of consensus as a main factor for causal attributions in a limited perspective. Attribution theory suggests that individuals use three types of information – consensus, distinctiveness, and consistency – for causal attribution and

have the potential to generate multiple and interactive attributional responses (Laczniac and DeCrlo, 2001). However, this study focuses only on consensus. Although consensus is thought to have the most significant effect on causal attributions in the online complaint context. This single variable can not explain whole attribution process.

Third, this study does not contain several considerable factors -- like speed, brand strengths, or individual propensity to complain -- which could be thought to influence causal attributions by observers. As for the speed of responses, a previous study indicated its importance in complaint management by e-mail (Strauss and Hill, 2001). However, this study did not include it because this study aims to observe the consensus between the complainer and subsequent repliers. As for brand strengths, this study deletes the names of companies in experiments because this study is intended to explore basic principles rather than sophisticated guidelines.

Fourth, this study manipulated vividness conditions with both a message and photo to represent a larger range of variation as the results of previous studies of the effects of vividness on judgment were mixed. Future studies need to manipulate vividness to represent a smaller range of variation.

Fifth, these experiments adopted multiple explanations (e.g. apology combined with redress) in company response

scenarios. Combined explanations may have advantages over single explanations in that they are mostly used in real company responses (Conlon and Murray, 1996). However, using multiple explanations could also be disadvantageous in assessing the effectiveness of single explanations.

Finally, the current study examined one type of organization (a onlineshopping mall) and two scenarios (a cappuccino maker and a digital camera) only. Hence, one should be cautious in generalizing the results to consumers' complaints of different types on the Internet. Future research may examine different type of complaints (e.g. product/service; high/low price products; monetary/non-monetary). Future research may examine the effect of tone in corporate response message, the range of apology and redress (e.g. full/partial redress), or the interaction between response dimensions.

7.3 Theoretical Implications

Although the results of the current study are of limited scope, they do suggest a number of theoretical implications. First, the approach of the current study has implications for the research of consumer complaint management. Recent studies in the field of consumer complaints have dealt with the concerned consumers only. These studies are divided into two categories: a company's response to customer

complaints (Colon and Murray, 1996; Davidow, 2003; Kelley et al., 1993) and a customer's response to complaint handling by the company (Blodgett et al., 1993; Richins, 1983; Singh, 1990). The typical findings in these two categories of study include consumers' satisfaction and dissatisfaction with a company's response. However, the current study deals with the behavior of observers (potential consumers), not on the behavior of the consumers. By doing so, this study brings a new orientation to the research of consumer complaints. As observers are a majority users in the Internet complaint forum, this observer-focused perspective will provide insights for the research of consumer complaints on the Internet.

Second, the findings of this study have implications for attribution research. Kelley's (1973) concept of consensus in the covariation model of causal attribution is shown to be applicable to an Internet forum context. Specifically, the current study brings in a new orientation to traditional attribution research by defining consensus as a behavior between a complainer and subsequent repliers in the Internet forum.

Third, the findings of this study have implications for the research of word-of-mouth communication. The consumer complaint in the Internet forum is a form of word-of-mouth communication. A basic difference between online complaints and traditional forms of word-of-mouth

communication is one that may facilitate consumer information search (Bickart and schindler, 2001). Whereas word-of-mouth communication involves the spoken word, consumers' complaints in the Internet forum share personal experiences and opinions transmitted by the written word. Of the two context variables in the online complaints – consensus and vividness -- vividness in written complaint has received much less consideration in the word-of-mouth communication literature. The finding of the current study that vividness in each complaint affects the causal attributions of observers (receivers) brings in new elements to the word-of-mouth communication research.

7.4 Managerial Implications

This study is exploratory in nature and its suggestions could only be applied to a complaint forum that involves a discussion among complainers, repliers, and companies. Nevertheless, the current study provides very useful data to set forth recommendations for PR or marketing managers.

The first managerial implication from this research comes in response to this question -- Should companies accept the Internet complaint forum as a new channel for receiving complaints for their companies? Some managers seem to resist adding this to their formal channels for handling complaints, according to interviews with several managers.

However, the power of the Internet complaint forum to potentially damage corporate reputations makes them disinclined to dismiss it anymore. The trend for consumers to make their complaints widely known on the Internet is expected to increase even more. Furthermore, in this research, company's unresponsiveness is shown to produce quite negative evaluations from the participants. Although most companies choose to say nothing in the Internet complaint forum in hope that the issue will disappear, taking no action strategy has the potential to destroy their brands, which was built for a long period. Companies, therefore, need to recognize this forum as a new channel for complaints and to respond to complaints in the Internet forum actively.

The second important implication is that a manager can start responding to complaints by identifying the level of the company's perceived responsibility, and this job can be done by looking at both the degree of consensus in complaints and the degree of vividness in a complaint in the Internet complaint forum. When the level of consensus or vividness in complaints about the focal company is high, the marketing or PR manager needs to think that the responsibility falls on his/her company.

Third, when a company is perceived to be responsible for the problem in the eyes of the public, it should select an accommodative response strategy. Assuming the

responsibility of the problem seems to satisfy the complainer and observers. Even a mere expression of concern sometimes diffuses the complainer's anger and frustration. However, it is frequently not easy for companies to assume the responsibility for the problem publicly because of several reasons. One team of researchers simply observe that "systems are structurally evasive when it comes to responsibility taking." (Tylor, 1997). More specifically, apologizing incurs legal liability and financial burden. When legal consequences of accommodative response have the potential to destroy the company, equivocation or strategic ambiguity could be considered by PR practitioners. Although this strategy may be advisable in the offline setting, it could bring more challenges from complainers or repliers on the Internet. Therefore, companies should also be cautious in employing the strategy of equivocation.

Fourth, even when the complainer is responsible for the problem, a defensive strategy is seldom advisable. Although the results of experiment indicate that the effectiveness of defensive strategy is slightly higher than taking no action in situation where complainer is perceived to be responsible for the problem, it does not mean that companies can use a strong defensive strategy. This is partly because the responsibility for the problem is attributed not by the companies but by the observers. According to Folkes (1987), buyers and sellers explain differently about the reasons for

product failure, and disagree on definitional issues over what constitutes appropriate action. Companies' judgment on the attributions of responsibility could be a lot different from that of observers. In addition, an attack on the accuser or blame-shifting could bring a face-saving counter attack or repeated attacks from complainers even when the company's explanations are firmly grounded. If a company has a need to refute a complaint, it needs to consider to include an expression of its concern for the complainer in the response message.

7.5 Conclusion

The purpose of this study was to explore how companies can select an appropriate response strategy to consumers' complaints in the Internet forum in order to protect their reputations. By conducting two experiments, this study found that consensus and vividness in complaints are important situational variables leading to the observers' attributions of responsibility for the problem. The results of experiments indicated that the appropriate response strategies vary depending on the observers' perceived locus of responsibility. Thus, these results provide marketing/PR managers with guidelines for understanding how observers assign responsibilities when encountering complaints in the Internet forums and which response strategy is appropriate

for a given context.

Based on observations of real Internet complaint forum, most companies do not actively respond to complaints about their product or service failures. In the current study, taking no action was shown to be the least effective in almost all locus of responsibility. Therefore, companies need to take action to avoid any negative effects on their reputations if they find consumers' complaints on the discussion forum.

However, it should be noted that a company's response to the complaint online could be a double-edged sword. This means that a company's response strategy should be appropriately selected according to the situation. When a company is under siege from the public, an attack on the accuser would be a big mistake because it would certainly bring a face-saving counter attack from the complainer and escalate the controversy. In this situation, a company's responses that look like joining a chat group discussion could result in pouring fuel on a fire.

Finally, this study suggests that companies need to bring as many complaints as possible to their official Web sites or to customer service departments offline. Although appropriate strategies online can contribute to the protection and improvement of the organization's reputation, there are also risks in the Internet forum. Internet users seem to believe in the collective power of the Internet and seemed to be persistent in seeking a redress or an apology. Companies

need to establish their official Web sites as the appropriate forum for their consumers' complaints.

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Appendix

Experiment Scenarios

Study 1 – Scenarios for Vividness Manipulation

High Vivid Complaint Scenario

I have ordered an espresso-cappuccino maker manufactured by Italy's DeLonghi from ABC Internet shopping mall on Jan. 30.

The espresso machine, known to produce unique taste coffee by using its milk separation function, was 115,000 won.

The product was delivered to our house today. My wife opened the packaging and telephoned me to let me know that the product appeared to be a used one. After I return home, I closely examined the machine, and the condition was extremely poor.

After I take the product outside the paper box, I found that plastic bag packaging of the machine was all wrinkled. The packaging was not even sealed with tape. The machine had some handprints outside. The plastic container for water, located behind the rear cover, was extremely filthy. There are two hoses in the machine, and the longer one had some white stains. I demand ABC shopping mall that it provide compensation immediately.



Low Vivid Complaint Scenario

I recently purchased an espresso coffee maker imported from a foreign country from ABC Internet shopping mall.

It supposed to be a good one, worth more than 110,000 won. It was delivered today, and my wife telephoned me and told me that the product had appeared to be a used one.

The condition was very suspicious after I opened the box at home.

After I took it out from the paper box, I found packaging strange. It was poorly sealed and several stains were

outside. Some parts were dirty.

I demand ABC shopping mall to provide compensation immediately.

Scenarios for High Consensus

1. Saengsim

As I read your complaint and see the photo, I was really disturbed by the state of the good. It looked like a product that was used for at least one week, not once or twice. Have you contacted the ABC shopping mall? I am so eager to know how they will respond.

2. Patrio

I clicked to this one after seeing the posting below, and I was so amazed. I laughed so much because it was so amazing. One more thing to add to my list of things that should be ignored - the ABC shopping mall.

3. sswf4

I often buy things from Internet shopping malls, and I am so upset about XYZ shopping mall. It takes 15 days for them to do the job, and they are never punctual. I am not sure why they even bother to open the question board. I really hate Internet shopping malls, but it's a dilemma because I have to use them.

4. aembellhs

The ABC shopping mall had sent stuff that was not ordered. I bought a bed and the photo showed a side table. When the good actually arrived, the side table was not included. I will never buy a thing from there.

Scenarios for Low Consensus

1. kyung

As I see the photo, it does not look like a used product. Isn't it possible that a new one can have a handprint on it? Aren't you overreacting that it's filthy? I wonder if you are demanding a refund because you simply changed your mind.

2. dean0213

I think the ABC shopping mall is still the best one. Their delivery is above average, and they take the goods back free, and the products and prices are good. When I make phone inquiry, they are very friendly. I will continue using the ABC shopping mall often. For your information, I have no connection with the shopping mall.

3. ilovecorp

Why would the ABC shopping mall send the used one on purpose? I work for the logistics industry, and I believe that

a sample or a display product was sent mistakenly. It's okay for you to just use it.

4. dong01

If you have bought the espresso maker from Delonghi at such a price, you've got it almost free. It costs more than 200,000 won if you buy one from a department store. In my opinion, I am satisfied with the ABC shopping mall. When I do Internet shopping, I buy almost 80 percent of the goods from the ABC shopping mall. You really had a good deal.

Corporate Response Scenarios

Accommodative

The ABC shopping mall provides a deep apology for making the mistake. We have checked with the delivery arm, and a sample, which had been displayed, was mixed with new products during the storage operation. The delivery department failed to notice such a mistake. The coffee maker was supplied from a specialized company of imported home appliances. We have sold thousands of the units so far, and this was the first time that such a mistake took place. The ABC shopping mall will provide the compensation for the wrong delivery. Please accept our apology.

Defensive

The ABC shopping mall will like to provide a short reply to your complaint. The coffee maker was supplied from a specialized company of imported home appliances. Therefore, you should contact DEF, the importer. The ABC shopping mall sells 100,000 kinds of goods everyday to 50,000 customers. We carry 300,000 kinds of goods. How can the ABC shopping mall be responsible for every single product? We advise you to call DEF, the importer, at (xxx-xxxx).

Neutral

The ABC shopping mall is asking you to call the customer service center at (xxx-xxxx). The ABC shopping mall sells 100,000 kinds of goods everyday to 50,000 customers. We carry 300,000 kinds of goods. The present portrayal of the ABC shopping mall was resulted from the customers' attentions and love. The ABC shopping mall is a company aiming at customer satisfaction and ethical management.

Study 2 – Complaint Scenario

I have purchased a Kodak CX7430 digital camera from the ABC shopping mall at 510,000 won. I connected it to my computer but could not use it because the connection failed.

I am not highly knowledgeable about computer or digital

camera. As a housewife in 30s, I probably know very basic things about computer. Women tend to know less about computers than men.

I inquired the problem with the ABC shopping mall, and they suggested that the problem might be the performance of the computer. But, my computer is from Juyeon Tech, a Pentium 3-1GHZ, and it functions fine. A consultant of digital appliances from the ABC shopping mall kindly provided me explanations over the phone, asking me to turn on the computer.

But, I am not quite sure about what I should do, because the terms were too difficult.

I don't want to hassle with the camera anymore because it is too complicated, and I don't want to learn anything more about the computer either. I really don't want to deal with this digital camera.

I asked the ABC shopping mall for a refund, but they said I cannot get my money back because the packaging was already open and failure in connection with the computer cannot be a valid reason for refund.

The consultant from the ABC shopping mall said I should ask Juyeon Tech's after service center to pay a visit and to help install the digital camera.

Isn't a company supposed to provide a refund unconditionally, when a customer asks for it? I will never buy a thing from the ABC shopping mall.

Corporate Response Scenarios

Accommodative

The ABC shopping mall wants to apologize for failing to provide easier and more thorough explanations on how to use the digital camera. Under our company's refund policy, there is no clause on the refund of the digital camera, but we will provide you a refund.

Defensive

The ABC shopping mall has contacted the responsible department and the digital alliance department consultant has done everything to serve you including providing a thorough explanation on how to connect the digital camera with the computer. It is a regretful problem that you do not know how to use a digital camera or a PC.

Neutral

Please contact the ABC shopping mall's customers service center by calling (xxx-xxxx).

No action

The ABC shopping mall has shown no response to Ms. Kwon's complaint. The ABC shopping mall, thus, judged that it has no reason to respond to her complain.

Abstract

Consumer complaints in the Internet forum have posed as a big threat for companies. However, little attention has been given to this issue so far. The users in the Internet forum can be categorized into three groups: complainers, repliers to the messages, and observers who only read the complaints or replies. This study explores how a company's response to complaints online affects the evaluation of the company by the observers, who are major users of the Internet forum. More specifically, this study examines how a company can select a response strategy to protect its reputation according to the context of the complaint.

The proposed model of this research assumes that observers' causal attributions influence the evaluation of a company. The corporate response strategies moderate the effects of causal attributions regarding the evaluation of the company. Causal attributions are affected by the level of consensus in each complaint, as well as its level of vividness. With a view to empirically testing these relationships implied by this conceptual model, two scenario-based experiments has been conducted.

The consensus between the complainer and subsequent repliers was found to be an important factor affecting the

assignment of responsibility. In addition, the impact of vividness manipulation on causal attributions was also confirmed. The results of the experiments indicated that the appropriate response strategies varied depending on the observers' perceived locus of responsibility. Implications for marketing/PR practitioners and academicians were discussed, and recommendations for future research has been offered.