

two days is 5.4801¢ which is slightly more than 5.4794¢, which is 2 x 2.7397¢. Perhaps a simpler example would be to start with 2¢ a day and show how \$10,000 would earn \$2.00 the first day and \$2.0004 the second day...to \$757.23 in 365 days. Thus, 2¢ can be translated to 7.30% APY (Annual Percentage Yield).

The teacher with a Texas Instrument BA-35 (which retails for less than \$20 or on sale for less than \$15) can demonstrate the simplicity of interest, using *Cents-ible Interest*. Also, *Check Your Interest* tables [2] provide a multitude of tables for testing one's skills in computing interest for various numbers of days. Such inexpensive calculators eliminate the need for arduous calculations. The better students and teachers, of course, will insist on knowing the built-in algebraic formulae.

In summary, *Cents-ible Interest* holds promise of making interest approachable, understandable and useful to a larger number of students, with less effort and frustration for teachers. *Cents-ible Interest* will "Make Interest-Teaching Easy".

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CONSUMER COMPLAINT LETTERS: RESPONSES BY ORGANIZATIONS

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Consumer advocates and consumer educators encourage individuals to seek redress for unsatisfactory service and poor product performance. The need for consumers to take the initiative in their own interest has increased as a result of reduced governmental protection and deregulation. Effective consumer complaint resolution

has implications for consumer welfare, marketing management, and market efficiency.

Do organizations respond to consumers who take the initiative, speak in their own behalf, and seek redress? Do respondents vary in the type and size of organization which they represent? Do organizations vary in the time and form of response? Do organizations resolve complaints? Are organizational responses related to the writing of complaint letters by consumers in the future?

PURPOSE

The purposes of the study were to analyze organizational responses to consumer complaint letters and determine consumer intent when writing complaint letters. The term "complaint" was defined as consumer dissatisfaction expressed in writing to a party capable of responding. Emphasis was placed on the step in the complaint process which involved an organization's response to the complaint. Organizations included manufacturers, wholesalers and retailers, and government bodies.

Organization responses to consumer letters were tabulated as to response rate, form, and time as well as complaint resolution. Form of response was examined for relationships with product cost and characteristics of the organizations including type and size of organization and job title of the respondent. Future contact with organizations for redress was also studied; determining whether the consumer would again seek to resolve a complaint by writing a letter.

PROCEDURES

College students in a consumer economics class wrote letters to express dissatisfaction with a good or service and to seek redress for the problem. Three hundred and fifty-three letters were written by individual students regarding actual problems that they, a friend, or a relative had experienced. Each letter was individually written in the student's personal style, incorporating suggestions from a class discussion of effective complaint procedures. The letters were mailed to the organizations; and students anxiously awaited a response.

The use of individualized letters on actual complaints allowed for examination of the situation that consumers actually experience when seeking redress. Other studies have attempted to determine

response to consumer complaints using fabricated complaints sent to a random sample of companies.

The methodology of following an organization's response to an actual complaint letter was chosen to avoid the self-report biases identified by Landon [3]. Results of consumer complaint behavior can be biased if not documented in a timely manner. A time lapse between complaint-response and data collection would allow time for selective retention and unreliable recall regarding complaint communication.

Students completed a questionnaire regarding the complaint procedures, organization's response, complaint resolution, and other background information. Response time for organizations was limited to a college semester, and no attempt was made to follow-up on letters received after that time limit.

Business organizations were classified as to type and sales volume using business directories and other sources. If information about the organization was not available, missing values were assigned.

FINDINGS

Organizations responded to 74 percent of the complaint letters. Type of organization and business sales volume were significantly related to receipt of a response. Manufacturers and large businesses (sales volume over one billion dollars) were more likely to respond than not respond. National retailers, local retailers, and businesses with small sales volume (less than one million dollars) were more likely to not respond. Only cases receiving organization responses were analyzed further for response time, response form, and complaint resolution.

RESPONSE TIME

Mean time for receipt of a response was 19 days. Twenty-eight percent of the responses were received within 10 days and an additional 60 percent in the next 11 days. Thus, a total of 88 percent of the responses were received within three weeks of writing the letter. The remaining 22 percent of responses took longer than three weeks to arrive. Type of organization was significantly related to response time

as shown in Table 1. Manufacturers were slower to respond than would be expected and government bodies faster to respond than expected. Business sales volume was not significantly related to response time.

Table 1. Response Time^a by Organizational Characteristics^b and Product Cost^c.

Characteristics	10 days or less	11 days- 3 weeks	more than 3 weeks	Total	Chi Square Values
	n (E) ^d	n (E)	n (E)	n	
Type of Organization					
Manufacturer	27 (38.2)	59 (56.1)	56 (47.7)	142	
Wholesaler	5 (4.3)	7 (6.3)	4 (5.4)	16	
National Retailer	7 (8.6)	14 (11.9)	9 (10.1)	30	
Local Retailer	11 (7.5)	9 (3.6)	8 (9.4)	28	
Government & Education	18 (9.9)	11 (14.6)	8 (12.4)	37	17.24**
Total	68	100	85	253	
Title of Respondent					
Consumer Affairs Manager ^e	20 (31.9)	47 (42.5)	46 (38.6)	113	
Owner/President	10 (6.8)	7 (9.0)	7 (8.2)	24	
Marketing ^f	14 (8.7)	9 (11.7)	8 (10.6)	31	
Miscellaneous ^g	6 (7.6)	12 (10.2)	9 (9.2)	27	
Total	16 (11.0)	13 (14.7)	10 (13.3)	39	16.86**
Total	66	88	80	234	
Cost in Dollars					
No Charge ^h	9 (5.7)	6 (8.2)	6 (7.4)	21	
.01 thru 1.00	5 (7.0)	10 (10.2)	11 (8.8)	26	
1.01 thru 5.00	18 (22.9)	34 (33.2)	33 (28.9)	85	
5.01 thru 20.00	16 (17.3)	26 (25.0)	22 (21.8)	64	
20.01 thru 100.00	10 (9.7)	18 (14.1)	8 (12.2)	36	
100.01 thru 8,000.00	11 (6.5)	6 (9.4)	7 (8.2)	24	12.77**
Total	69	100	87	256	

^a Length of time for receipt of organizational response in days
^b Includes only organizations that sent responses
^c Includes goods and services
^d Expected cell frequency calculated from marginal totals

^e Includes department or regional manager
^f Includes public relations and sales product managers
^g Includes quality control, product specialist, personnel
^h Includes goods and services that would be difficult to value.

The title of the organization respondent was significantly ($p < .05$) related to response time as shown in Table 1. Consumer affairs professionals were slower to respond than expected while managers and owners/presidents were faster to respond than expected. Product cost was significantly related to the organization's response time as shown in Table 1.

Form of Response

The majority of organization responses (67 percent) were by letter. Almost 16 percent of the responses were by telephone calls and 12 percent were by sending a coupon or replacement product unaccompanied by a letter.

Table 2. Type of Response by Organizational Characteristics^a and Product Cost^b

Characteristics (n)	Letter Response	Other Response	Chi Square n (%)	Values
	n (%)	n (%)	Total	
Type of Organization (252)				
Manufacturer	116 (68.6)	25 (30.1)	141 (56.0)	
Wholesaler	8 (4.7)	8 (9.6)	16 (6.3)	
National Retailer	16 (9.5)	14 (16.9)	30 (11.9)	
Local Retailer	7 (4.1)	21 (25.3)	28 (11.1)	
Government & Education	22 (13.0)	15 (18.1)	37 (14.7)	42.83***
Business Sales Volume (annual) (192)				
<\$1 million	8 (6.3)	16 (25.0)	24 (12.5)	
\$1 million to \$1 billion	49 (38.3)	23 (35.9)	72 (37.5)	
>\$1 billion	71 (55.5)	25 (39.1)	96 (50.0)	14.36***
Title of Respondent (234)				
Consumer Affairs	98 (59.0)	15 (22.1)	113 (48.3)	

Manager ^c	16 (9.6)	8 (11.8)	24 (10.3)	
Owner/President	16 (9.6)	15 (22.1)	31 (13.2)	
Marketing ^d	15 (9.0)	12 (17.6)	27 (11.5)	
Miscellaneous ^e	21 (12.7)	18 (26.5)	39 (16.7)	28.12*

Cost in Dollars (255)

No Charge ^f	10 (5.8)	11 (13.1)	21 (8.2)	
.01 thru 1.00	16 (9.4)	10 (11.9)	26 (10.2)	
1.01 thru 5.00	62 (36.3)	23 (27.4)	85 (33.3)	
5.01 thru 20.00	47 (27.5)	16 (19.0)	63 (24.7)	
20.01 thru 100.00	24 (14.0)	12 (14.3)	36 (14.1)	
100.01 thru 8000.00	12 (7.0)	12 (14.3)	24 (9.4)	10.07*

- a Includes only organizations that sent response
- b Includes goods and services
- c Includes department or regional managers
- d Includes public relations and sales product managers
- e Includes quality control, product specialist, personnel
- f Includes goods and services that would be difficult to value. (e.g. television program.)

***p < .001
* p > .10

Form of response was compared to organizational characteristics as reported in Table 2. Response forms included two groups: letters and all other types of responses. There was a significant difference in response form for types of organizations. Manufacturers were 38.5 percent more likely to send a letter than use any other response form. Local retailers were 21.2 percent more likely to respond to the complaint using some means other than a letter.

A significant difference was found between form of response and sales volume of the business (Table 2). Organizations with less than one million dollars in sales were 18.7 percent more likely to use nonletter than letter responses. Businesses selling over one billion dollars were 16.4 percent more likely to use nonletter than letter responses.

Form of organization response varied with title of that organization's respondent as reported in Table 2. Consumers affairs personnel were 36.9 percent more likely to send a letter compared with a nonletter response. Yet, other categories of respondents were not as oriented towards letter writing. An owner/president was 12.5 percent more likely to respond with something other than a letter. The miscell-

aneous category which included quality control, product specialist, and personnel respondents were 13.8 percent more likely to send a response other than a letter. Response form was weakly related to product cost as shown in Table 2.

COMPLAINT RESOLUTION

Rate of complaint resolution was also determined. Seventy-one percent of consumers receiving responses indicated that the organization had resolved the complaint. Another 20 percent were uncertain that their complaint with the organization was resolved and nine percent felt that the complaint was not resolved by the organization.

CONSUMER ACTIVISM

Participants in the study were also asked if, as a result of participating in the project, they would again write a complaint letter. Eighty-two percent of the participants would seek redress by writing a letter to an organization. Intent to write future letters was not significantly related to receipt of a response, length of wait for the response, or complaint resolution.

CONCLUSIONS AND IMPLICATIONS

Responses to 353 consumer complaint letters in the present study indicate that organizations do respond to consumer complaint letters, but some are more responsive than others. A majority of the organizations did respond; however, one-fourth of the letters did not receive a response. Organizations who did not respond to the letters might consider establishing procedures for responding to consumer complaints. A similar implication was noted in the Goodman, Frainer, and Megna Study [2] which recommended that complaint-handling be given higher priority, that the benefits be stressed, and that more cost effective methods be employed. Companies that identify, acknowledge, and manage complaints could maintain and increase consumer loyalty, which was less costly than attracting new customers.

Most organizations responded to the consumer's complaint within three weeks. However, only 28 percent of the responses were received within 10 days and 22 percent took longer than three weeks.

It would appear that many organizations do not give an immediate response to consumer complaints as was suggested by Ryan and Martinson [4]. Organization characteristics which were associated with quicker response time were government bodies, owners/presidents, and managers. However, manufacturers and consumer affairs staffs responded at a slower rate than expected. Business sales volume was not significantly related to response time.

Organizational responses were predominantly letters sent to consumers. Manufacturers were more likely to respond using letters, but local retailers were likely to find another means to respond. Close to one-third of the organizations viewed telephoning and/or sending a coupon or replacement product as an acceptable way to respond.

It appeared that organizations who responded resolved nearly three-fourths of the complaints, which is similar the Better Business Bureau settlement rate [1]. This finding that one-fourth of the complaints were not resolved suggests that those organizations with complaint-handling procedures need to upgrade those procedures.

Eighty-two percent of the students stated that they would again write letters regardless of receiving a response, length of time for response, or complaint resolution. This may imply that students who wrote the letters learned their consumer rights and are also likely to take responsibility for seeking those rights. Hence, letter writing as an initial means of seeking consumer redress is a worthwhile venture and an appropriate use of instructional time.

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