# PERCEIVED RECOURSE AND REDRESS RISK (PRRR): CONCEPTUALISATION AND PRELIMINARY SCALE DEVELOPMENT

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# STATEMENT OF ORIGINALITY

This is to certify that to the best of my knowledge, the content of this thesis is my own work. This thesis has not been submitted for any degree or other purposes.

I certify that the intellectual content of this thesis is the product of my own work and that all the assistance received in preparing this thesis and sources have been acknowledged.

ZURAIDAH SULAIMAN

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# ABSTRACT

Prior to purchase, consumers often consider the potential problems or risks that may relate to that particular purchase, and they develop implicit theories on how to resolve the anticipated problems. Consumers expect that retailers are able to handle their complaints and resolve problems effectively. However, the diversity of today's business processes means that consumers' efforts in seeking proper recourse and redress often end in frustration. This has given rise to consumers' perceived lack of effective and efficient complaint management systems, creating a barrier to purchasing – this is termed "Perceived Recourse and Redress Risk" (PRRR).

This research posited that existing purchase risk dimensions – performance, financial, privacy, physical, psychological, social, time, and convenience risks – do not adequately capture consumers' PRRR as a barrier to purchase, and formal scales for measuring constructs that are directly central to recourse and redress failures do not exist. The aim of this research was to improve our understanding of types of risk (i.e. PRRR) related to consumers' perceived lack of effective and efficient complaint management systems. It also investigated the potentially risky purchase contexts that influence the salience of consumers' PRRR prior to making a purchase. New items were developed to measure these aspects of perceived risk.

This PRRR research consisted of three separate studies: Study 1 (content analysis), Study 2 (item refinement) and Study 3 (experiment). Results from the experiments showed that consumers perceived a higher level of PRRR when they used an interactive complaint channel compared to when they used a remote complaint channel to seek redress; a higher PRRR for online purchases compared to offline purchases; and a higher PRRR for purchases that involved a foreign retailer compared to purchases from a locally owned retailer. Purchase platform and consumers' level of ethnocentrism did not moderate the impact of both complaint channel and retailer's country of origin on consumers' level of PRRR. However, when the main effect results were analysed, they showed that consumers' level of ethnocentrism did influence the way consumers assessed PRRR.

Across all the hypothesis tests, dimensions of PRRR such as "Unreturned", "Transferred", "Inaction", and "No Action due to Policy" showed more consistent significant effects than other dimensions (i.e. "Invalid", "Rudeness", "Extended Delay", and "Incompetence"). It was concluded that it is important for organisations to focus on these four most significant PRRR dimensions in order to provide efficient and effective complaint management systems to consumers.

PRRR remains a key factor influencing purchases in certain product categories and purchase contexts; thus, reducing perceptions of consumers' lack of effective and efficient complaint management systems is a good opportunity for retailers to enhance their business and audit their operations – especially their complaint management capability – before a service guarantee is offered. The results of this research shed light on effective complaint management systems and suggest that certain changes in the way complaints are handled could result in different and more desirable consumer behaviours, so affecting consumer loyalty.

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# **LIST OF ACRONYMS** (based on alphabetical order)

CCB – Consumer Complaint Behaviour

CMC – Computer-Mediated Communication

COO – Country of Origin

PRRR – Perceived Recourse and Redress Risk

SST – Self-Service Technology

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# Chapter 1

# INTRODUCTION

## 1.1    Research Overview

Consumers often anticipate potential problems or risks prior to making a purchase. Although these problems may not be significant for routine purchases or frequently bought products, they may affect consumers' purchasing decisions in the case of high risk, novel or first time purchases. These potential purchase problems are classified into various types of perceived risk dimensions, typically known as performance, financial, privacy, physical, psychological, social, time (temporal) and convenience risks (e.g. Bauer, 1960; Cunningham, 1967; Jacoby and Kaplan, 1972; Jarvenpaa and Tood, 1996; Featherman and Pavlou, 2003).

What do consumers consider doing if something goes wrong with the purchase? To cope with the perceived risks noted above, consumers often develop, prior to purchase, implicit theories on how to resolve the anticipated problems. Consumers need to be able to envisage the steps to be executed when they encounter difficulties with their purchase. They need to not only be aware of the possible options to resolve problems, but also be confident that such actions can be executed successfully, otherwise the purchase could seem too risky.

In certain problematic purchase situations, the retailers may be at fault; for instance, in the case of a defective or malfunctioning product *(performance and physical risk),* a double charge to the credit card *(financial risk),* or late delivery *(temporal and convenience risk).* Purchase problems can also be instigated by an external party; for example, where the product is broken during delivery *(performance risk),* credit card fraud *(financial risk),* or theft of private information *(privacy risk).* Where such problems are anticipated, consumers may consider in advance what their possible recourse action will be – such as informally notifying the retailer, asking to talk to the manager, or filing

a complaint to remedy the situation – or whether it would be possible for them to seek compensation in terms of a replacement or a refund (full or partial) from the retailer.

In other cases, the consumers themselves may have made the mistake, such as selecting the wrong colour, size or model that clashes with their personality *(psychological and social risk),* or subsequently finding a better deal elsewhere *(financial risk).* In these cases, the consumer expects to be able to exchange the item or be given a refund with no questions asked. Other problems can include product failure due to the consumers' carelessness *(performance and physical risk*) or accidental double-click of the purchase button *(financial risk).* In these circumstances, an enquiry into the return policy, warranty, or money-back guarantee may be appropriate.

In other words, prior to making a purchase, consumers implicitly consider how the retailer will react when problems are brought to the retailer's attention. Consumers expect that the available procedures of recourse will work properly. They need to feel assured that retailers are competent to fulfil their recovery promises in a reliable manner (Singh and Sirdeshmukh, 2000; Garbarino and Lee, 2003), will show a sincere interest in solving problems, and treat the consumers with respect (Lee and Lin, 2005). In short, consumers need to be convinced that the existing complaint channels are available, adequate, working efficiently, responsive, and able to resolve arising problems. Consumers are only likely to undertake the purchase if they are able to generate a sufficient level of confidence in any necessary recourse action.

However, the diversity of today's business processes means that consumers' efforts in seeking proper recourse and redress often end in frustration. The present research suggests that this frustration has given rise to consumers' perceived lack of effective and efficient complaint management systems, creating a barrier to purchasing – this perceived shortcoming of complaint management systems is termed "perceived recourse and redress risk" (PRRR). PRRR is conceptualised as a consumer's fear that a retailer's reaction and efforts of remedy will fail to result in satisfaction. As PRRR may not be relevant to routine and everyday purchases, this research further highlights the potentially

risky purchase contexts that influence the salience of PRRR prior to making a purchase. These purchase contexts are introduced in a later section. The comparisons between PRRR and the existing risk dimensions are discussed in the next chapter.

## 1.2    Research Problem

A variety of factors can cause problems in a business transaction, and sometimes they are outside the retailer's control. Systems are not foolproof, technological flaws occur, and the pervasive nature of service and human failures cannot be wholly eliminated (Hart, Eskett and Sasser, 1990; Lovelock and Wirtz, 2011). The perceived risk literature suggests that "consumers are more often motivated to avoid mistakes than to maximise utility in purchasing" (Mitchell, 1999, p. 163). This means that, prior to purchase, consumers often consider the potential problems that may relate to that particular purchase.

The literature identifies that anticipated purchase problems or risks can include the possibility of product malfunction (Bhatnagar, Misra and Rao, 2000), payment error (Forsythe, Liu, Shannon and Gardner, 2006), credit card fraud or identity theft (Avira Report, 2011). Consumers also have fear about inadequate data protection, falsified customer reviews, out-of-date information and unauthorised information collection (Garbarino and Lee, 2003). Others anticipate being injured or falling ill as a result of a defective or harmful product or by spoiled or contaminated food (Tsiros and Heilman, 2005).

Some consumers are concerned about an unnecessary delay in receiving the items, wrong delivery, no delivery at all, and poor product condition during delivery (Cho, 2010). Others experience a post-purchase regret or "change of mind" when buying a product that is not approved by their friends or that clashes with their personality (Featherman and Pavlou, 2003). Consumers also often anticipate difficulty in understanding the general terms and conditions regarding after-sale services (e.g. guarantees, exchange policy,

guidelines or additional charges for returning products) (Cho, Im, Hiltz and Fjermestad, 2001; Cases, 2002; Cho, 2010).

The development of e-commerce adds a series of further problems. These include a lack of face-to-face assistance during the order process, website navigation difficulties, lack of information quality, and failure of a system's performance (e.g. slow website downloading time and broken links). The risk of on-time delivery, security, confidentiality and privacy issues are also perceived to be heightened in online purchases due to the lack of physical presence and tangibility (Cho, Im, Hiltz and Fjermestad, 2001; Holloway and Beatty, 2003).

When any of these noted purchase problems occur, consumers need to be assured that their efforts in seeking proper recourse and redress will succeed. Prior to making a purchase, consumers expect that retailers are able to handle their complaints and resolve problems effectively (Shapiro and Nieman-Gonder, 2006). Consumers expect their complaint messages to be responded to and given immediate attention.

However, there are numerous instances where consumers are dissatisfied with recourse and redress procedures provided by retailers. In some situations, consumers simply do not know where to go or what to do in order to resolve their purchase problems. Others are not able to find any contact number on the retailer's website when they want to seek recourse and redress, eventually deciding not to complain at all (Ahmad, 2002). There is ambiguity as to what consumers can expect from retailers' recovery efforts and uncertainty over who is to blame when things go wrong with a purchase (McCollough, 2010). Some consumers anticipate that complaining is unpleasant and may not be worth the effort, especially when the outcome is uncertain; others believe that no one would be concerned or willing to resolve their problem (TARP, 1986; Stephens and Gwinner, 1998; Lovelock and Wirtz, 2011). Many consumers also report how existing complaint channels have failed to meet their redress expectations; for example, unanswered complaint emails or phone calls, as well as employees' rudeness and incompetence in solving problems (Harrisson-Walker, 2001; Nasir, 2004; Bunker and Bradley, 2007).

This mismanagement of complaints is thought to increase consumers' perceived risk prior to purchase.

Research reports that 36% of companies had busy toll-free telephone numbers, while 26% of companies did not respond at all to email correspondence (Morganowsky and Buckley, 2000) – it is not surprising that consumers anticipate that their recourse and redress expectations are at risk when complaints are not responded to at all. Although organisations are highly encouraged to respond to customers' complaints within 48 hours (Matila and Mount, 2003), 56% of companies were found not to do this (Morganowsky and Buckley, 2000). Evidence from the industry also shows that 90% of businesses are not equipped to handle the large volume of customer emails (Jones, 2001). Consumers also suffer from long wait times (Ahmad, 2002) when their complaint calls or emails are passed around, forwarded or transferred from one employee to another.

A review of phone calls made to a Hewlett Packard call centre (VocaLabs, 2011) indicated that for a typical complaint call, 16% of the complainer's time was spent listening to hold music, while 15% of the call duration was spent talking to an automated machine. When a support employee finally attended to the call, as much as 44% of the call duration was used to instruct the caller to look up and read out the related information (i.e. model numbers, file numbers); this step, which took a significant amount of time, was deemed unnecessary as the information should already be known and accessible through the company's database. Consequently, only 16% of the call time was utilised to discuss the customer's actual problem and nothing was done in terms of progress towards solving the customer's problem. As a result, customers were often reluctant to recommend Hewlett Packard to their friends and colleagues due to the bad customer service received. In short, research suggests that consumers have very good reasons for considering the effectiveness of a company's recourse and redress process prior to making a purchase.

## 1.3    Research Motivation

Research shows that generally only 5% to 10% of dissatisfied consumers actually file a formal complaint (Tax and Brown, 1998). It is estimated that for every complaint a company receives, there are 26 other consumers who are unhappy but do not bother to complain (Swift, Ross and Omachonu, 1998). Lovelock and Wirtz (2011) determined that the rate of formal complaints made to a public bus company was incredibly low – about three complaints for every one million passenger trips, while only 3% of unhappy airline passengers actually complained about their meals. When consumers decide not to complain, they forgo their opportunity to resolve the problem and the company is denied the opportunity to improve the situation and thus retain the customer (Hirschman, 1970; Stephens and Gwinner, 1998; Lovelock and Wirtz, 2011).

When a consumer anticipates that a retailer's complaint management procedures may be deficient, the overall risk involved in the purchase seems higher. It is important to investigate the growing concern related to this risk because the perceived likelihood of the success or failure of the recourse and redress process represents an important but under-researched aspect of perceived risk. Consumers are likely to alter their purchase behaviour or engage in any number of negative actions based on the complaint management rendered by retailers (e.g. spread negative word of mouth, exit/boycott, brand switching or report to third party) (Tax and Brown, 1998; Corbitt, Thanasankit and Yi, 2003, Holloway and Beatty, 2003).

This research posits that previous purchase risk dimensions do not adequately capture consumers' PRRR as a barrier to purchase. To date, many authors have predominantly attributed consumers' reluctance to purchase offline and online to apparent barriers (e.g. performance, physical, financial, privacy, psychological, social, time and convenience risks). However, fears associated with the absence of reliable and tangible complaint management systems have not been examined within the theoretical context of perceived purchase risk. With this motivation, this research proposes PRRR as an extension to the existing risk dimensions. In certain purchase contexts, consumers may consider the likely

effectiveness of recourse and redress processes beforehand. If they are not convinced that these processes will yield a satisfactory outcome, they may not purchase a product, even if other types of risk are considerably low.

The literature reveals a considerable amount of research on failed service recovery, its relationship with complaint management, and its effect on consumers' satisfaction. In particular, the service recovery and consumer complaint behaviour (CCB) literature gives insight into how consumers evaluate retailers' responses to their complaints at the post-purchase stage. For example, during a complaint process, consumers evaluate the retailers' responses as "appropriate or not" based on how such efforts match up with their expected "desired" responses (Gilly and Gelb, 2002; Matilla and Mount, 2006). Researchers have also investigated how recovery efforts influence satisfaction or relationship quality (e.g. McCollough, Berry and Yadav, 2000; Maxham and Netemeyer, 2002; Hess Jr., Ganesan and Klein, 2003; Mattila and Mount, 2006; Shapiro and Nieman-Gonder, 2006; Schoefer and Diamantopoulos, 2008b). Many of these studies have linked complaint behaviour and service recovery to perceived fairness theory (i.e. distributive/outcome justice, procedural justice, and interactional justice) (e.g. Blodgett, Hill, and Tax, 1997; Tax, Brown, and Chandrashekaran, 1998; Smith, Bolton and Wagner, 1999; McCollough, Berry and Yadav, 2000; Bechwati and Morrin, 2003; Holloway, Wang and Parish, 2005; Shapiro and Nieman-Gonder, 2006; Schoefer and Diamantopoulos, 2008; Vázquez-Casielles, Álvarez and Martín, 2010; Gelbrich and Roschk, 2011).

What is not known is how consumers reason – prior to making the actual purchase – regarding the effectiveness of complaint management. Research in this field has not investigated the issues of failed service recovery and complaint management from the perceived risk theoretical perspective. The present research attempts to discuss complaint channel failures in light of the perceived risk literature and aims to fill the gap by proposing consumers' negative perceptions of complaint management as a potential purchase risk, known as PRRR.

Further, the findings in CCB research denote the increasing importance of efficient complaint handling procedures. From this literature, much is known about the nature of consumer complaints in general (Harrison-Walker, 2001; Nasir, 2004; Bunker and Bradley, 2007), the taxonomy of different complaint responses and actions (i.e. behavioural vs. non-behavioural responses, private vs. public actions) (Day and Landon, 1977; Day, 1980; Richins, 1983), and the classification of complainers (Singh, 1988; Singh 1990). With the changing nature of traditional business to e-commerce and e-transaction, recent CCB research has investigated complaints in online contexts (Harrisson-Walker, 2001; Nasir, 2004, Tyrrell and Woods, 2004; Bunker and Bradley, 2007; Ward, and Ostrom, 2006).

Despite the extraordinary growth of CCB research in general, complaint channels have largely received inadequate attention, with the exception of some research (e.g. Ahmad, 2002; Mattila and Wirtz, 2004; Zaugg, 2006; Robertson and Shaw, 2006; Shapiro and Nieman-Gonder, 2006; Lee and Cude, 2012; Sandes and Urdan, 2013). However, these studies have only investigated the motivations that influence complaint channel choice (e.g. Snellman and Vihtkari, 2003; Mattila and Wirtz, 2004), the descriptive analysis of frequently used complaint channels (e.g. Ahmad, 2002; Chen, Huang and Hsaio, 2003), and the effects of complaint channel choice on customer satisfaction, loyalty and complaining behaviour (e.g. Ahmad, 2002; Shapiro and Nieman-Gonder, 2006).

Very little research has investigated the failure or breakdown of different complaint channels. For the small amount of existing research on this topic, the majority of studies have focused primarily on qualitative work and content analysis, where the themes are generally classified as complaint failures (Harrisson-Walker, 2001, Nasir, 2004, Lee and Hu, 2004; Bunker and Bradley, 2007). Those studies have not developed quantifiable scales for use in further research. Although some studies have made an effort to investigate the responsiveness of complaint channels in resolving problems, such research is limited in evidence, conceptual development and theory. Complaint channel breakdowns are usually only partially considered, as evident from a few indirect items or single-item measures embedded in previous questionnaires (e.g. in Miyazaki and

Fernandez, 2001; Ahmad, 2002; Corbitt and Thanasankit, 2003; Holloway and Betty, 2003; Mattila and Wirtz, 2004; Teo and Liu, 2007). There has not been any empirical appraisal or published work on formal measurements of perceived risk related to failed complaint channels. Formal scales for measuring constructs that are directly central to PRRR do not exist.

The conceptualisation of PRRR can contribute to overall perceived risk research. Rather than speaking in general terms of potential inherent purchase risks related to failed service recovery, the focus can shift to a more specific level of analysis. As this specific PRRR related to the pre-purchase evaluation stage is understood, organisations can improve their complaint management processes and better risk-reducing system interfaces and mediums can be developed and communicated to consumers. A proper understanding of the media used to elicit complaints and the reasons for their breakdowns may result in better strategies to address and resolve those complaints (Fornell and Westbrook, 1984).

## 1.4    Perceived Recourse and Redress Risk (PRRR)

Perceived purchase risk reflects consumers' judgements of the probability of negative outcomes following a purchase (Bauer, 1960; Cunningham, 1967; Lovelock and Wirtz, 2004). This research aims to extend the existing perceived purchase risk dimensions by adding a type of risk that relates to consumers' negative perceptions, that may be formed prior to purchase, toward retailers' complaint management systems. This risk is termed "perceived recourse and redress risk" or PRRR. As PRRR may not be relevant to routine purchases or frequently bought products, this research later investigates the potentially risky purchase contexts that influence the salience of consumers' PRRR prior to making a purchase.

"Recourse" is defined as "the use of (someone or something) as a source of help in a difficult situation" (Oxford Dictionary, 2011) and "an opportunity or choice to use or do something in order to deal with a problem or situation" (Merriam-Webster, 2011). From

an economics point of view, "recourse" is a term used to describe "the legal right to demand compensation or payment" (Oxford Dictionary, 2011), while "redress" is a "remedy or compensation for a wrong or grievance" (Oxford Dictionary, 2011). Mattila and Wirtz (2004) defined redress seeking as the remedy and rectification of a problem or "righting a wrong".

In this research context, redress seeking is the act of complaining initiated by a disgruntled consumer with the objective to rectify a problem with the retailer. The consumer is trying to correct an unsatisfactory purchase incident; for example, the consumer may require a form of compensation like a replacement, refund (full or partial), repair, or some other solution from the retailer (Adams, 1965; Deutsch, 1975; Mattila and Wirtz, 2004).

Perceived recourse and redress risk, or PRRR, is proposed as a consumer's fear that a retailer's reaction and efforts of remedy will fail to result in satisfaction. In other words, prior to purchase, consumers doubt the adequacy and reliability of the retailers' complaint management systems in the case that something goes wrong with their purchases. Consumers have preconceived ideas about the potential negative outcomes that may result after they complain; for example, they often anticipate that irresponsible retailers will totally ignore their complaint emails or phone calls or show no urgency in responding to such complaints. Existing forms of risk in the literature imply that consumers anticipate problems prior to purchase; PRRR implies that consumers anticipate problems when solving their problems.

PRRR also constitutes consumers' lack of confidence in making a purchase, stemming from their inability to predetermine the "next step" should their initial attempt to contact the company fail to produce an adequate response. Importantly, consumers lack faith that enquiries or complaints will result in appropriate action by the retailer. If consumers cannot imagine in advance of making the purchase that the complaint will be resolved satisfactorily, they might abandon the purchase. These aspects form the basis of PRRR formulated by consumers at the pre-purchase evaluation stage.

The nature of purchases has changed dramatically in recent years. Globalisation and the growth of e-commerce worldwide have transformed the way we do business. Hence, the knowledge of PRRR is more useful and relevant to businesses now than before. PRRR can offer an alternative explanation to why online shopping websites are visited by thousands of browsers daily, but only a few of these visits actually translate into sales (Bellman, 2001; Forsythe, Liu, Shannon and Gardner, 2006; Nielsen, 2008). For instance, the *Australian Productivity Commission Retail Report 2011* indicates that many foreign online retailers are selling identical products at cheaper prices than Australian stores or websites (The Australian, 2011). This is because Australian retailers have to pay for GST and high custom import duties imposed by the government. Further, Australia's geographic isolation has caused Australian retailers to suffer higher wholesale prices charged by international suppliers. Due to this international price discrimination, it seems difficult for Australian retailers (either offline or online) to compete with foreign online retailers. Previous research on shopping motives has also indicated that a lower price is one of the significant utilitarian functions (other than convenience, variety and product quality) that motivates consumers to shop (Reynolds, 1974; Sheth, 1983; Korgaonkar, 1984). It is no surprise that price remains a priority, especially in the current difficult economic climate (ForeSee Results, 2009).

However, consumers do not always take advantage of lower price, contrary to economic principles. Although the price may seem attractive, purchasing with online or foreign retailers may be perceived as risky, especially if things go wrong with a purchase. This is supported by Hise and Gabel (1995) who found that customer service is especially critical when foreign vendors are perceived as offering similar products at comparable prices. Whitley (1991) also stated that consumers are more likely to switch retailers due to service concerns rather than price or product issues.

In the online purchase environment, a research by Vizu Corporation (2007) revealed that 50% of respondents reported they have had at least one serious problem when making a purchase. As a result, customer service performance emerged as the leading factor in decision making for more than 48% of the shoppers; this was followed by 37.5% who

cited factors related to price, 8.7% on amount of selection, and 5.8% on ease of transaction. Further, 66% of respondents admitted that they would be more willing to purchase online if it was guaranteed that retailers would carry out their post-purchase responsibilities. These findings support the hypothesis that simply offering a low price is not necessarily a successful business model for many retailers. Consumers must have confidence in a retailer's ability to deliver on its promises before they will likely undertake the purchase. It can be inferred that the retailers who address and meet this need upfront by reducing PRRR can increase consumers' confidence to hit the "Buy" button, hence generate more sales.

## 1.5    Purchase Contexts Influencing the Salience of PRRR

In certain purchase contexts, PRRR appears to be more salient than in other contexts. These purchase contexts have many distinct disadvantages that separate them from other purchase contexts, and in these situations it is harder for the consumer to visualise the success of the complaint management process if things go wrong with their purchase. The pre-purchase contemplation effort is intensified in these purchase contexts, and consumers are more likely to generate possible mental scenarios about how adequate their complaint outcome will be. If the consumer cannot imagine, in advance of making the purchase, that the complaint will be resolved satisfactorily, they might abandon the purchase. The more salient the PRRR, given the purchase context, the less likely it is that they will make a purchase.

For example, consider the following scenario where a shopper may experience some difficulties in attempting to resolve a purchase dispute. Under these purchase contexts, it is theorised that the consumer is more likely to consider the PRRR prior to purchase.

> *Imagine a consumer who decides to purchase a new business suit for an important interview. After searching the Internet, she decides to purchase from one of the online clothing stores **(online shopping platform)** due to the massive discounts given. From the retailer's website, the consumer comes to learn that the*

*online store is a new and unknown retailer that has been online since last year* **(poor reputation).** *In addition, the online store is a foreign owned and operated retailer* **(foreign-based retailer).** *The retailer's physical stores exist in multiple locations but are all far away and outside the country* **(huge geographical distance).** *After two weeks, the consumer realises from her credit card statement that she has been overcharged $150. She then decides to contact the online store to correct this error. She lodges a complaint via email* **(remote complaint communication channel)** *as advised by the retailer.*

According to the scenario, the online retailer operates in a remote place in cyberspace, precluding any direct contact by the consumer. From a consumer's perspective, it may be more difficult to envisage the recourse and redress actions to be taken when they encounter any problems with their online purchase. The Internet environment has largely eliminated face-to-face interactions, thus making it harder to establish identity online. Consumers may feel uneasy about dealing with a "faceless" retailer when considering potential deception (Darian, 1987). Both the consumer and retailer may not always know who they are actually dealing with, thus increasing the salience of PRRR in this purchase context. It is harder to determine exactly what consumers should do and where they should go to seek redress if something goes wrong with their online purchases. More importantly, online shoppers lack faith that enquiries or complaints will result in appropriate action by the online retailers. It is also much easier for the consumer to imagine that initial enquiries or complaints will simply be ignored. Consumers may also find it difficult to determine the "next step" should their initial attempt to contact an online retailer fail to produce an adequate response.

 The scenario is different for offline shopping or if the retailer exists both online and offline. Teo and Liu (2007) assert that consumers anticipate, in multi-channel integration, to resolve disputes successfully. For example, consumers believe they are able to return the products they bought online to any of the retailer's physical stores and seek a refund. Consumers also expect that they can request after-sales services from the retailer offline for products they bought online, and vice-versa. In an offline shopping scenario, a

disgruntled consumer has the opportunity to further resolve the overcharging problem with the retailer in a face-to-face manner – the consumer can simply attempt to visit the retailer's physical store and rectify the problem. Dissatisfied consumers can approach the customer service desk face-to-face to give someone "a piece of their mind", or contact the store directly and easily as necessary, highlight the overcharging problem and lodge a proper complaint or seek redress, most probably without significant financial or time loss. The consumer may produce all the necessary documents as evidence (i.e. hardcopy version of credit card statement, receipt as proof of purchase, valid self-identification, and other supporting documents). In the case of a faulty product or wrong size or colour due to "change of mind", the consumers are aware that they can return the product directly to the customer service desk.

The fact that the retailer exists only overseas (i.e. in distant locations), makes it more difficult for the consumer to obtain compensation or a refund than if they had purchased the business suit from a nearby store. If things go wrong with the purchase it would cost the consumer a huge amount of time and effort, and it is nearly impossible to get to the physical location (e.g. a consumer making a purchase online in Australia, but the physical store exists only in a remote location in Norway). Hence, consumers perceive that PRRR is more salient when dealing with a foreign-based retailer compared to a domestic-based retailer because of the geographical distance between the consumer and the retailer.

The scenario also depicts the effect of ethnocentrism; in particular, how a retailer's country-of-origin image (COO) might influence consumers' PRRR. In the scenario, a foreign retailer is characterised as being foreign owned and operated. The notion of overestimation of domestic retailers and underestimation of foreign retailers is also used to explain consumers' PRRR – for ethnocentric consumers, PRRR is likely to be more salient when they are dealing with a foreign retailer than with a domestic retailer. Ethnocentric consumers tend not to trust a foreign company to do the "right thing" should something go wrong with their purchase.

The online shopping scenario also suggests that the retailer's reputation is a factor that influences how PRRR is formulated at the pre-purchase stage. When the consumer seeks redress from a retailer with an unknown or low reputation, they may have doubts about how the complaint outcomes will unfold. This is because a retailer's reputation acts as an indicator of the company's reliability (Moorman and Deshpande, 1992). A reputable retailer also serves as a means to reduce purchase uncertainty and generate a feeling of trust that encourages transactions with the company (Xie, Teo and Wan, 2006). Based on these arguments, it is theorised that PRRR is salient in the context where the purchase is made from a retailer with a low or unknown reputation.

The scenario also demonstrates how mode of complaint communication might influence the way consumers assess the PRRR prior to purchase. In certain purchase contexts – for example, online or home shopping – consumers have to rely on email, fax or letter with a more anonymous and distant customer support employee should they have any queries. Often, it is unknown to the consumer prior to purchase whether the existing complaint channels provided by the online retailer will be adequate and working efficiently. In this purchase context, consumers can anticipate that it is easier for irresponsible retailers to totally ignore the complaint or show no urgency in responding to such complaints. In addition, when using interactive channels (e.g. face-to-face and phone) to seek redress, complainers can rely on the content of language and audio cues (i.e. variation in intonation, volume, pitch, etc.) to reach an understanding. Remote complaint channels (e.g. email, fax or letter) lack social cues, and thereby force the communication to be limited to what is written. Therefore, a retailer that provides only remote channels (a mail or email address) for customer enquiries is likely to trigger higher levels of PRRR than a retailer that provides interactive channels (a telephone number or the location of a customer service facility).

## 1.6    Objectives and Organisation of the Thesis

The objectives of this research are to:

1.  Qualitatively identify the aspects of consumers' PRRR and different purchase contexts that are likely to evoke high levels of PRRR

2.  Develop a multi-item scale in order to quantify each underlying dimension of PRRR and conduct preliminary psychometric tests on the scale

3.  Measure whether PRRR is more likely to be an important barrier to purchase in certain contexts compared to others (e.g. online versus offline purchasing, remote versus interactive complaint channels, foreign versus domestic retailers)

To achieve the objectives above, several procedures were conducted at different stages of this research. This section provides an overview of the remainder of the thesis:

**Chapter 2 (Literature Review)** provides an overview of the research issues by presenting a review and synthesis of consumers' perceived purchase risk literature. This chapter compares and contrasts the proposed PRRR with the different existing forms of purchase risk. Chapter 2 concludes with an overview of the scale development methodology adopted for this research, and sets up of the exploratory research (Study 1). The arguments put forward in this chapter will contribute to the formulation of research questions, hypotheses, the conceptual framework and methodology outlined in the next chapters.

**Chapter 3 (Qualitative Method – Content Analysis)** details the qualitative research design for Study 1. The objective of Study 1 is to illuminate the nature of recourse and redress failures. In particular, Study 1 reviews the post-complaint feedback posted on *www.Complaints.com* about consumers' dissatisfaction after they failed to obtain adequate recourse and redress outcomes from various retailers. Chapter 3 describes the content analysis approach, selection criteria for data collection, coding, and categorisation schemes that were adopted. This chapter also justifies the selection of

*www.Complaints.com,* an independent consumer complaints website, as the data source for the content analysis.

**Chapter 4 (Qualitative Findings)** reports the findings of the exploratory Study 1 content analysis of complaints posted to *www.Complaints.com*. Study 1 discovers patterns in the recourse and redress processes expected by consumers, which are subsequently violated by retailers. These failure themes form an important basis for the PRRR construct proposed by this research. The qualitative findings also aid the development of a scale to measure the PRRR construct and quantitative methodology that follows in the next chapter.

**Chapter 5 (Item Development and Refinement)** presents the various phases involved in the development, refinement and validation of the PRRR scale. This chapter details the item pool generation based on the themes uncovered in Study 1 and reports the item refinement stage (Study 2). It further demonstrates the initial assessment of the reliability and validity of the PRRR scale. Chapter 5 also examines the convergent and discriminant validity of the scale in respect to a measure of performance risk typically used in the literature. The assessment of nomological validity is also carried out in Study 2.

**Chapter 6 (Hypotheses Development)** builds on the findings of Study 1 (content analysis) and Study 2 (item refinement). It derives a set of research questions and hypotheses whether PRRR is more likely to be heightened in certain purchase contexts, providing an assessment of the nomological and predictive validity of the PRRR scale. Chapter 6 concludes with the conceptual framework to be tested in Study 3 (experiment).

**Chapter 7 (Quantitative Method – Experiment)** discusses in detail the experimental survey methodology used to test the hypotheses outlined in Chapter 6. It presents information regarding Study 3, which includes the experiment and online survey methodology; validity and reliability of the survey instrument; development of the hypothetical scenarios; manipulations and measures of key variables; and data collection procedure.

**Chapter 8 (Experiment Findings)** reports the empirical results of the survey experiment of Study 3.

**Chapter 9 (Conclusion)** presents the conclusion of the research as well as establishing the contribution of the research. Finally, limitations and avenues for further research are explained.

# Chapter 2

# LITERATURE REVIEW

## 2.1    Introduction

Chapter 2 reviews and combines the vast literature on consumers' perceived purchase risk. By describing, comparing and contrasting the different types or dimensions of purchase risk (i.e. performance, financial, privacy, physical, social, psychological, temporal and convenience risks) to the proposed perceived recourse and redress risk (PRRR), Chapter 2 identifies the present research's theoretical contribution. This chapter then presents the overall scale development methodology for this research. It concludes by setting up Study 1, which explores the themes typically posted on complaint websites when consumers choose to make public their failures to obtain adequate recourse and redress outcomes from various retailers. The arguments put forward in this chapter will then contribute to the formulation of research questions, hypotheses and methodology outlined in following chapters.

## 2.2    Perceived Purchase Risks

Perceived risk reflects consumers' judgements of the probability of a negative outcome and is a factor that triggers pre-purchase contemplation of possible purchase problems (Bauer, 1960; Ingene and Hughes, 1985; Lovelock and Wirtz, 2004). Consumer behaviours related to perceived risk have been the central subject of numerous studies over the past 50 years (e.g. Bauer, 1960; Cox, 1967; Cunningham, 1967; Bettman, 1973; Dowling's 1986; Taylor, 1974; Greatorex and Mitchell, 1993; Mitchell, 1999; Chaudhuri, 1997; Cases, 2002; Forsythe, Liu, Shannon and Gardner, 2006). Perceived purchase risk has been conceptualised as a function of two components: uncertainty about the potential outcomes of a purchase, and the possible consequences of these outcomes (Bauer, 1960). Bauer (1960, p. 390) further claimed that "consumer behaviour involves risk in the sense

that any action of a consumer will produce consequences which he cannot anticipate with anything approximating certainty, and some of which at least are likely to be unpleasant".

Cox and Rich (1964) conceptualised perceived risk as "the nature and amount of risk perceived by a consumer in contemplating a particular purchase decision" (Cox and Rich, 1964, p. 33). It is theorised that when perceived risk exceeds an individual's acceptance value and is extremely high, it can cause a consumer to postpone or avoid a purchase entirely (Roselius, 1971; Greatorex and Mitchell, 1993). High risk perception can also cause a consumer to make attempts to reduce the risk involved (Roselius, 1971; Dowling, 1986). When the latter is chosen, a variety of risk handling strategies are evoked in the consumer (Dowling, 1986). Increased shopping confidence is obtained by reducing the different aspects of risk perceived by consumers.

The perceived purchase risk literature has defined and classified risk into several dimensions (see Table 1), performance risk, financial risk, privacy risk, physical risk, social risk, psychological risk, and time and convenience risk (e.g. in Cunningham, 1967; Jacoby and Kaplan, 1972; Peter and Tarpey, 1975; Shimp and Bearden, 1982; Stone and Gronhaug, 1993; Miyazaki and Fernandez, 2001; Featherman and Pavlou, 2003; Forsythe and Shi, 2003). Although previous researchers argue that these dimensions differ in their conceptual definitions, Cunningham (1967) claimed that all risk ultimately stemmed from performance risk.

## Table 1: Conceptual definition of perceived purchase risk dimensions

| Risk Dimension | Conceptual Definition | | |
|---|---|---|---|
| | Dholakia (1997), adapted from Stone and Gronhaug (1993) | Pires, Stanton, Eckford (2004), adapted from Peter and Tarpey (1975) and Jacoby and Kaplan (1972) | Featherman and Pavlou (2003) |
| *Performance* | The risk associated with inadequate and/or unsatisfactory performance of the product. | The chances of the item failing to meet the performance requirements originally intended of the purchase. | The possibility of the product malfunctioning and not performing as it was designed and advertised and therefore failing to deliver the desired benefits *(adapted from Grewal Gotlieb and Marmorstein, 1994).* |
| *Financial* | The risk associated with losing money because of functional failure of the product, high repair costs and equivalent of better product available at lower cost. | The likelihood of suffering a financial loss due to hidden costs, maintenance costs or lack of warranty in case of faults. | The potential monetary outlay associated with the initial purchase price and the subsequent maintenance cost of the product. *(adapted from Grewal, Gotlieb and Marmorstein, 1994).* Also includes the recurring potential for financial loss due to fraud. |
| *Privacy* | Not included. | Not included. | The potential loss of control over personal information, such as when information is used without one's knowledge or permission. |
| *Physical* | The risk associated with physical danger because of use of the product. | The probability of the purchase resulting in physical harm or injury. | Not included. |
| *Social* | The risk associated with the unfavourable opinions of the consumer by others because of the product. | The likelihood of the purchase resulting in others thinking of the consumer less favourably (external psychological risk). | The potential loss of status in one's social group as a result of adopting a product or service, looking foolish or untrendy. |
| *Psychological* | The risk associated with the non-congruence between the product and the buyer's self-image or self-concept. | The chances of the specific purchase being inconsistent with the personal or self-image of the consumer. | The risk that the selection or performance of the product will have a negative effect on one's peace of mind or self-perception *(adapted from Mitchell, 1992).* Also includes the potential loss of self-esteem (ego loss) from the frustration of not achieving a buying goal. |
| *Time (Temporal) and Convenience)* | The risk associated with age/inefficient use of time because of the product. | The probability of the purchase resulting in lost time in terms of delivery, fitting or customisation, or in repair/down-time. | The potential time loss when researching and making the purchase, learning how to use a product or service only to have to replace it if it does not perform to expectations. |
| *Overall Risk* | Not included. | The likelihood that purchase of the item will result in general dissatisfaction of the consumer. | The general measure of perceived risk when all criteria are evaluated together. |

The present research suggests that previously identified perceived risk dimensions are inadequate for explaining consumers' reluctance to purchase in certain contexts. Thus, "perceived recourse and redress risk" (PRRR) is proposed as an extension to the existing risk dimensions. In this research context, PRRR is conceptualised as consumers' fear that a retailer's reaction and effort of remedy following a bad purchase will fail to result in satisfaction. The comparisons between the existing risk dimensions and PRRR are discussed in the following section. Further empirical evidence showing how PRRR is distinguished from other types of risk previously studied is demonstrated with convergent validity and discriminant validity tests later in Chapters 5 (Item Development and Refinement) and 8 (Experiment Findings).

## 2.3      Multiple Dimensions of Perceived Purchase Risks

The academic literature originating in the 1960s shows that consumers perceive more than one type or dimension of risk prior to making a purchase. Following Jacoby and Kaplan's (1972) method of perceived risk cataloguing, the researcher has analysed and tabulated the different dimensions of perceived risk employed in previous studies, whether as components of overall perceived risk or as operational definitions, in a matrix form. Table 2 shows that although knowledge about risk has expanded over time, a few dimensions frequently appear in the literature, which are central to the concept of perceived risk. These dimensions cover different aspects of loss and uncertainty. Despite the limitations of any of the perceived risk studies, through their collective work, certain patterns are apparent. From Table 2, it appears that the trend in research on perceived purchase risk mainly focuses on dimensions such as financial, performance and physical risks, and there is much less research available on privacy, time and convenience risks.

**Table 2: Multiple dimensions of perceived risk (arranged based on year of publication)**

| Researcher | Year | Dimensions | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | **Fin** | **Per** | **Phy** | **Pri** | **Psy** | **Soc** | **Tim** | **Con** | **Ovr** |
| Bauer *conceptual paper* | 1960 | | | | | | | | | |
| Cunningham | 1967 | | X | X | | | | | | |
| Roselius | 1971 | X | | X | | X | | X | X | |
| Deering and Jacoby | 1972 | | | | | | | | | X |
| Jacoby and Kaplan | 1972 | X | X | X | | X | X | | | X |
| Peter and Tarpey | 1975 | X | X | | | X | X | | X | |
| Shimp and Bearden | 1982 | X | X | | | | | | | |
| Dunn, Murphy, and Skelly | 1986 | X | X | | | | X | | | |
| Festervand, Snyder and Tsalikis | 1986 | X | X | X | | X | X | X | X | |
| McCorkle | 1990 | X | X | | | | X | X | | |
| Murray and Schlacter | 1990 | X | X | X | | X | X | | X | |
| Venkatraman and Price | 1990 | X | X | | | | | | | |
| Stone and Gronhaug | 1993 | X | X | X | | X | X | X | | X |
| Grewal, Gotlieb and Marmorstein | 1994 | X | X | | | | | | | |
| Sitkin and Weingart | 1995 | | | | | | | | | X |
| Jarvenpaa and Tod | 1996 | X | X | | X | X | X | | | |
| Tan | 1999 | X | X | X | | X | X | X | | |
| Bhatnagar, Misra and Rao | 2000 | X | X | | X | | | | | |
| Jarvenpaa, Tractinsky, and Vitale | 2000 | | | | | | | | | X |
| Miyazaki and Krishnamurthy | 2002 | | | | | | | | | X |
| Lee and Tan | 2003 | X | X | X | | X | X | X | | |
| Forsythe and Shi | 2003 | X | X | | X | X | | X | X | |
| Corbitt, Thanasankit and Yi | 2003 | X | X | | | X | X | X | | |
| Featherman and Pavlou | 2003 | X | X | | X | X | X | X | | X |
| Gurhan-Canli and Batra | 2004 | | X | | | | | | | |
| Ko, Jung, Kim and Shim | 2004 | X | X | X | | X | X | X | | |
| Lovelock and Wirtz | 2004 | X | X | X | | X | X | X | | |
| Tsiros and Heilman | 2005 | X | X | X | | X | X | | | |
| DelVecchio and Smith | 2005 | X | X | | | | | | | |
| Laroche, Yang, McDougall, and Bergeron | 2005 | | | | | | | | | X |
| Mieres, Martin and Gutierrez | 2006 | X | X | X | | X | X | X | | |
| Forsythe, Liu, Shannon and Gardner | 2006 | X | X | | X | | | X | X | |
| Teo and Liu | 2007 | | | | | | | | | X |
| Buttner and Goritz | 2008 | | | | | | | | | X |

*Fin* – *Financial Risk;* *Per* – *Performance Risk;* *Phy* – *Physical Risk;* *Pri* – *Privacy Risk;* *Psy* – *Psychological Risk;*

*Soc* – *Social Risk;* *Tim* – *Time Risk;* *Con* – *Convenience Risk;* *Ovr* – *Overall Risk*

Cunningham (1967), Jacoby and Kaplan (1972), and Peter and Tarpey (1975) agreed that risk could be considered from a few dimensions, namely, the performance, financial, opportunity/time, social, and psychological loss. Cunningham (1967), however, introduced safety loss as another dimension of risk and claimed that all risk ultimately stemmed from performance risk. Jacoby and Kaplan (1972) then added physical loss into the perceived risk dimensions. McCorkle (1990) introduced message source (not included in Table 2) as another perceived risk for in-home shopping, apart from the four previously identified risk dimensions: financial, performance, social, and time risks. Financial, performance, and social risks have been classified as product or brand-related perceived risks, while time and message source risks are dealer-related perceived risks (McCorkle, 1990).

Many researchers have also attempted to group all potential risks encountered by online shoppers (Forsythe and Shi, 2003). Jarvenpaa and Todd (1996–1997) classified perceived risk in online shopping into five dimensions, similar to risk in offline shopping: economic, social, performance, privacy, and personal (psychological) loss. However, only three types of risk are said to be prevalent in the online shopping context, namely financial, product and information risk (Bhatnagar, Misra and Rao, 2000). These risks are seen as major barriers in realising the full potential of online shopping. Featherman and Pavlou (2003) also identified privacy risk as another risk dimension relevant to online shopping. Physical or safety risk was dropped from the dimensions of online perceived risk as the online context was claimed to not incur any threat to human life (Featherman and Pavlou, 2003).

Although many authors have attributed consumers' reluctance to purchase offline and online to different types of perceived risks (e.g. performance, physical, financial, privacy, psychological, social, time and convenience risks), barriers associated with the absence of reliable and tangible complaint management systems has not been examined within the perceived purchase risk theoretical context. This anticipated shortcoming of complaint management systems is termed "Perceived Recourse and Redress Risk" (PRRR), and the

results of this research are proposed as an extension to the existing perceived purchase risk literature.

The following sub-sections will review the different dimensions of perceived purchase risks in further details. Each section will also compare and contrast each respective risk dimension to the proposed PRRR, in order to identify the present research's theoretical contribution.

### 2.3.1    Performance or Product Risk

Performance risk has been identified as one of the risk dimensions that could limit consumers' commitment to purchase various products (Korgaonkar, 1982; McCorkle, 1990; Van den Poel and Leunis, 1996). Performance risk, also known as product risk, is the fear that a brand or product will not perform as expected, will be defective, and/or will fail to meet the performance requirements originally intended (Jacoby and Kaplan, 1972; Horton, 1976; Peter and Tarpey, 1975; Cases, 2002; Kim, Ferrin and Rao, 2008). Performance risk is often related to functional aspects of the product. Grewal, Gotlieb and Marmorstein (1994), as described in Featherman and Pavlou (2003), further defined performance risk as "the possibility of the product malfunctioning and not performing as it was designed and advertised and therefore failing to deliver the desired benefits".

Performance risk is thought to result from poor product choice that is largely due to consumers' inability to accurately judge the quality of the product, especially in non-store or online shopping (Bhatnagar, Misra and Rao, 2000; Xie, Teo and Wan, 2006). Consumers' capabilities to assess products online are inhibited by barriers to touching, feeling and trying out a sample of the product. Consumers must base their purchase decisions on images and text descriptions of the product, which in an actual store is available for direct inspection. Inaccurate product colours and insufficient information on product quality also result in increased product performance risk (Forsythe, Petee and Kim, 2002; Forsythe and Shi, 2003; Forsythe, Liu, Shannon and Gardner, 2006).

In contrast, perceived recourse and redress risk (PRRR) refers to a consumer's fear that the retailer's attempts to resolve the defective product problem will not result in satisfaction. For example, in order to overcome performance risk, it has been an implicit assumption that the consumer can always contact the retailer and arrange for a product return. Prior to purchase, the consumer may expect a satisfactory outcome from the retailer when he/she complains about the faulty product. In this case, PRRR includes the probability that the employee will refuse to replace the product at all due to the company's policy, or the product replacement will exceed the promised delivery time. In essence, performance risk refers to a *possible* problem (e.g. faulty product) after the purchase. PRRR refers to a possible problem (e.g. retailer fails to resolve complaint) following a *definite* problem (e.g. faulty product) after the purchase.

### 2.3.2 Financial Risk

Perceived financial risk, or economic loss, is described as consumers' potential monetary loss or fear of unexpected costs (Roselius, 1971; Horton, 1976; Derbaix, 1983; Sweeney et al., 1999) in the case of a bad purchase (Cases, 2002), not getting a "good deal", or paying too much in obtaining a product or service. Purchases can be financially risky when the products or services are offered elsewhere at a lower price (Corbitt, Thanasankit and Yi, 2003). Financial risk also includes the possibility of being overcharged for a purchase (Forsythe, Liu, Shannon and Gardner, 2006). Venkatraman and Price (1990) concur that financial risk is when the product purchase affects a consumer's financial ability to buy other products, and when there is fear of a price fall soon after the consumer buys the product.

Financial risk is also regarded as a perceived loss associated with hidden costs, maintenance costs, or a lack of a warranty in the case of faults (Peter and Tarpey, 1975; Jacoby and Kaplan, 1972; Lovelock and Wirtz, 2004). Grewal, Gotlieb and Marmorstein (1994) further summed up financial risk as "the potential monetary outlay associated with the initial purchase price as well as the subsequent maintenance cost of the product". Financial risk also covers consumers' perceived monetary loss due to additional handling

and shipping costs or product exchange, especially for home shopping (Korgaonkar, 1982; Van den Poel and Leunis, 1996) and online shopping (Cases, 2002). It also includes the fear of double transactions happening because of a technological error or accidental double-click of the purchase button (Kim, Ferrin and Rao, 2008).

Several online shopping studies expand financial risk to include the recurring potential for financial loss due to credit card fraud (e.g. in Featherman and Pavlou, 2003; Fram and Grady, 1997; Bhatnagar, Misra and Rao, 2000; Forsythe and Shi, 2003; Bhatnagar and Ghose, 2004). They claimed that perceived financial risk is mainly driven by consumers' fear of giving away confidential credit card information on the Internet (Jarvenpaa and Todd, 1996–1997; Cases, 2002), and has been cited as a major obstacle to online purchases (Maignan and Lukas, 1997).

The concept of PRRR is distinguished from that suggested by the concept of financial risk. Financial risk is the fear of monetary loss or unexpected costs in the case of a bad purchase, while PRRR is the consumer's fear that the retailer's effort in response to the monetary loss will fail. For example, when a consumer experiences a double-charge to their credit card, he or she has a pre-conceived idea that the retailer can resolve this problem, although it will incur extra time and effort. According to Dowling (1986), the consumer simply shifts the financial loss to time and convenience loss, another risk for which he or she perhaps has more tolerance. However, the retailer may not easily be able or willing to resolve the overcharging problem, the support employees may be incompetent to tackle this type of financial problem, or the complaint may not reach the right department, amongst other reasons. Another example, in the case of price matching guarantees, a retailer who promises "to match any advertised price for up to 3 months after purchase" is essentially reducing consumers' financial risk. However, the retailer may refuse to honour the said guarantees for a random local newspaper advertisement that offers the product at a cheaper price. This becomes PRRR although the consumer may have initially paid a very low price with the retailer. These aspects form the PRRR proposed by the current research.

### 2.3.3 Privacy Risk

Perceived privacy risk is related to the disappointment, frustration and shame experienced if one's personal information is disclosed during purchase. Perceived privacy risk, also considered as information risk, is associated with the security and confidentiality of private information (Fram and Grady, 1997; Bhatnagar, Misra and Rao, 2000). Much of the literature on privacy risk originates from direct marketing (Phelps, Nowak and Ferrell, 2000; Sheehan and Hoy, 2000). This risk corresponds to a consumer's fear of losing control over personal and financial information that will be collected without his/her knowledge and permission (Jarvenpaa and Todd, 1996–1997; Featherman and Pavlou, 2003; Milne and Culnan, 2004). Perceived privacy risk relates to the invasion of a consumer's private life, which could lead to loss of anonymity on the Internet (Cases, 2002; Forsythe and Shi, 2003). It is also attributed to the fear that personal information is being circulated to an unauthorised party, or combined with other information such as "cookies", that are secretly collected over the Internet to profile the behaviours of individuals for target selling (Dommeyer and Gross, 2003). The extreme case is where a consumer is "spoofed", meaning a criminal uses their identity to perform fraudulent transactions or an Internet offence, and this cyber crime is termed "identity-theft" (Featherman and Pavlou, 2003). As more consumers are now browsing and shopping online, via mobile and tablet devices, there is a growing concern about identity theft and the use of personal information online (Avira Report, 2011).

Due to perceived privacy risk, consumers are usually reluctant to provide, or tend to falsify, personal information in order to access information on certain website (Jacobs 1997; Hoffman, Novak and Peralta, 1999; Featherman and Pavlou, 2003; Xie, Teo and Wan, 2006). Almost 95% of online users declined to provide personal information to Web sites, while 40% provided fabricated demographic data when asked to do so (Hoffman, Novak and Peralta, 1999). Around 83% of online users refused to surrender personal information to a business or company and over 44% of online users avoided specific Web sites because of suspicious privacy practices (Harris Interactive, 2001).

Similar to general online browsers, online consumers also face risks to their privacy when they visit online retailers' web sites (Miyazaki and Fernandez, 2000).

Perceived privacy risk also includes the fear of credit card fraud (Kim, Ferrin and Rao, 2008). Consumers worry about credit card fraud when they are required to submit credit card information via the Internet (Fram and Grady, 1997; Jacobs, 1997; Hoffman, Novak and Peralta, 1999; Forsythe and Shi, 2003; Forsythe, Petee and Kim, 2002; Featherman and Pavlou 2003; Forsythe, Liu, Shannon and Gardner, 2006). Consumers believe there is a higher possibility of having credit card information stolen and misused by unscrupulous parties for online shopping (Caswell, 2000; Forsythe and Shi, 2003). This is because of computer system invasions through viruses and stolen Internet access (Andrews and Boyle, 2008). Conversely, the present research argues that privacy risk issues involving credit card fraud are also relevant to offline shopping. Andrews and Boyle (2008), through their qualitative analysis, suggested that consumers are as much, if not more, at risk when using their credit card in a normal offline shopping scenario. Confidential credit card information could be recorded and stolen (i.e. credit card fraud) offline, just as easily as in an online transaction.

To distinguish between privacy risk and PRRR, consider a scenario where, prior to purchase, a consumer anticipates things that might go wrong with his or her credit card information that is submitted during purchase. There is a possibility of credit card fraud or identity theft where private information is stolen and misused by dishonest parties. This is known as privacy risk. Under these circumstances, the consumer may contemplate in advance how the retailer will react when he or she complains about the fraud. The consumer's PRRR is formed at this stage, when he or she believes that the retailer will not be able to address the enquiries about the stolen private information. Prior to purchase, consumers can also envisage that their complaint about the fraud will not be handled to their complete satisfaction.

## 2.3.4   Physical Risk

Physical risk reflects risks to safety or health (Cases, 2002) or the probability of the purchase resulting in physical harm or injury (Jacoby and Kaplan, 1972; Peter and Tarpey, 1975). For example, consumers have concerns when buying medical products, or consumable items such as food and groceries, that those products being considered for purchase might be harmful, unhealthy or cause injury to them. Tsiros and Heilman (2005), in their perishable foods in grocery shopping research, found that perceived physical risk associated with the health and safety concerns in purchasing and consuming an unhealthy perishable good has increased consumers' frequency in checking expiration dates.

Featherman and Pavlou (2003) claimed that the online research context does not incur any threat to human life; therefore, physical or safety risk is not included as a dimension of online perceived risk. However, the present research argues that physical risk is also relevant to online shopping. For example, online grocery purchases may increase consumers' physical risk due to fear of potentially becoming ill. This is due to consumer's inability to inspect the consumable products, hence receiving perishable goods that are close to their expiration date. Physical risk in online shopping can also occur when consumers receive tainted and spoiled food products due to delayed delivery.

Perceived physical risk also differs from PRRR. Physical risk is the fear of the purchase resulting in personal injury or damage to possessions, or risk to safety or health. For example, when a consumer thinks that purchasing groceries online may expose them to sickness due to delayed delivery, he or she may perceive the purchase to comprise high physical risk. The consumer then engages in a further pre-purchase contemplation, wondering what will be their next recourse action following the bad grocery purchase. In this situation, the consumer's PRRR may include the belief that they may be unsuccessful with their attempts to make any initial contact with the company. Consumers can also anticipate that their complaints about the spoiled perishable products or contaminated food will be ignored or would lead to no adequate corrective action by the retailer.

**2.3.5   Psychological and Social Risk**

Psychological and social risks are types of risk that do not stem from any wrongdoing by the retailer, but because the consumer has simply made a bad decision. Psychological risk is described as the chance of the specific purchase being inconsistent with the personal or self-image of the consumer (Jacoby and Kaplan, 1972; Peter and Tarpey, 1975). Mitchell (1992) claimed that psychological risk occurs when the selection or performance of a product or service will have a negative effect on the consumer's peace of mind or self-perception. It also reflects an individual's disappointment in himself/herself when a transaction fails (Cases, 2002). Featherman and Pavlou (2003) described psychological risk as a potential loss of self-esteem or ego from the frustration of not achieving a buying goal.

Social risk is regarded as one of the perceived risk dimensions in the earlier studies on home shopping (Korgaonkar, 1982; McCorkle, 1990; Van den Poel and Leunis, 1996). Social risk is the fear of being embarrassed, guilty, or to be thought of less favourably when the purchase is discovered by others in society, especially friends and family (Jacoby and Kaplan, 1972; Peter and Tarpey, 1975). This risk can cause consumers a potential status loss in their social group or affiliation because of adopting a product or service which makes them look foolish or not trendy (McCorkle, 1990; Featherman and Pavlou, 2003). This risk is higher for products that are likely visible to friends or visitors, for instance, clothing, accessories, and household furnishings (McCorkle, 1990). For this context, those who are highly regarded and popular among family, friends, and associates have higher social risks. Roselius (1971) termed this type of perceived risk as ego loss – that is, when a consumer feels foolish or other people make him or her feel foolish due to a product's failure. Perceived psychological and social risks are also related to fear of the reaction of friends and family concerning the use of a particular purchase platform (e.g. the Internet) as a mode of purchase (Cases, 2002; Milne and Culnan, 2004).

PRRR is set apart from psychological risk and social risk as conceptualised in previous research. For instance, a consumer may perceive a high psychological or social risk when

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considering the purchase of a business suit that is not approved by his or her friends. A "change of mind" may then occur when the consumer realises that the business suit purchased clashes with his or her personality or self-image. Although the retailer is not at fault in these situations, the consumer may expect to be able to exchange the suit or to be given a refund or some other solution, with no questions asked. However, the retailer may refuse the consumer's right for product return, or neglect the consumer's post-purchase regret. In this situation, PRRR stems from the anticipation that the retailer may refuse the right to return the product, or neglect the consumer's post-purchase regret. The consumer may also anticipate in advance that his or her attempts at seeking redress or returning the product may result in rude treatment by the customer support staff.

### 2.3.6   Time and Convenience Risk

Time (temporal) and convenience risk is the fear of wasting time during a purchase (Roselius, 1971; Cases, 2002). During the pre-purchase stage, time and convenience risk includes the time wasted researching and deciding on the purchase (Featherman and Pavlou, 2003), difficulty in navigating and submitting the order for online purchases, as well as finding suitable stores or online shopping sites to complete the purchase (Forsythe, Petee and Kim, 2002; Forsythe and Shi, 2003; Forsythe, Liu, Shannon and Gardner, 2006). This type of risk also results from disorganised or confusing websites and pages that are too slow to download (GVU's 9th WWW User Survey, 1998; Forsythe, Liu, Shannon and Gardner, 2006), or may be due to information saturation. McCorkle (1990) termed this time loss between the order of merchandise and receipt of merchandise as front-end perceived time-loss risk.

This risk dimension also covers situations during the post-purchase stage where consumers need to spend time and effort in learning how to use a product or to replace it if it does not perform to expectations (Featherman and Pavlou, 2003). This is termed as back-end time and convenience loss risk by McCorkle (1990). This risk is heightened when the product purchased results in lost time in trying to return unsatisfactory merchandise, fitting or customisation, or in repair/down-time (Jacoby and Kaplan, 1972;

Peter and Tarpey, 1975; McCorkle, 1990). Delivery risk is also associated with time and convenience risk, which is the fear of potential delays due to a long delivery time, difficulties in receiving ordered merchandise, and not receiving the product on time as promised (McCorkle, 1990; Cases, 2002; Forsythe, Liu, Shannon and Gardner, 2006). Time and convenience risk, especially in terms of delivery, is likely to be higher for online purchases.

PRRR is conceptually different from the time (temporal) and convenience loss risk suggested in the literature. A consumer may perceive a high level of time and convenience loss risk due to a potential delay in delivery for his/her ordered product. In this situation, a consumer who is frustrated with the delivery time may lodge a direct complaint to the retailer. The consumer expects the retailer to be responsive in providing them with a solution. In this situation, PRRR is the fear that a retailer may neglect the consumer's enquiry regarding the delay, that complaints are left hanging, and that consumers are uninformed on any updates or follow-ups pertaining to the delivery. This can lead to consumers' frustration when complaints are not handled to their complete satisfaction. Worse still, when delays occur, the consumer will not know who to turn to and seek redress from in the first place. In essence, temporal and convenience risk concerns the possibility of a delay in delivery. PRRR anticipates the delivery problem and is concerned with how the retailer will respond to a complaint about the delay.

## 2.4 Overall View of Perceived Purchase Risk and PRRR

In deciding a purchase, consumers are said to have maximum and minimum risk thresholds (Roselius, 1971; Dowling, 1986; Greatorex and Mitchell, 1993). The worse the possible outcome and the more likely it is to occur, the higher the perception of purchase risk. It is theorised that when purchase risk is high (i.e. exceeds the consumer's maximum tolerable level), the consumer can abandon a purchase entirely, or attempt to reduce the risk involved (Roselius, 1971; Dowling, 1986; Greatorex and Mitchell, 1993). When the latter is chosen, a variety of risk handling strategies are evoked in the

consumer. Dowling's (1986) risk propositions state that when consumers attempt to reduce risk, their efforts can either,

> *"... (1) reduce the perceived uncertainty about the product, and/or (2) reduce the adverse consequences to be suffered if the product proves to be unsatisfactory, and/or (3) shift the consumer from one type of loss to another for which he or she has more tolerance"* (Dowling, 1986, p. 204).

For the first proposition, consumers have been known to depend on various risk relievers prior to making a purchase. A "risk reliever" is defined as any strategy, action, method or mechanism to reduce perceived risk until consumers feel confident enough to decide to purchase the product (Roselius, 1971; Cases, 2002). The literature provides insight into several risk reduction methods to overcome different types of perceived risks. For example, to reduce the risk of a faulty product *(performance risk),* consumers may rely on brand image, reputation, and price as quality guide. Others depend on money-back guarantees, warranties, and free trials, or seek endorsements from formal and informal sources (e.g. Roselius, 1971; Akaah and Korgaonkar, 1988; Tan, 1999). Further discussion on this stream of research can be found in the *Appendix.*

Based on Dowling's second proposition, consumers can also *"reduce the adverse consequences to be suffered if the product proves to be unsatisfactory".* For example, consumers expect that, when the product is faulty *(performance risk),* and consumers decide to complain, they need to be assured that their efforts in seeking proper recourse and redress will succeed. If consumers cannot imagine in advance of making the purchase, that the complaint will be resolved satisfactorily, they might abandon the purchase. When consumers anticipate that a retailer's complaint management procedures are deficient, the overall risk involved in the purchase seems higher. These aspects form the basis of PRRR proposed by the present research. PRRR is briefly defined as a consumer's fear that a retailer's effort in response to the consumer's complaint following a bad purchase will fail to result in satisfaction.

Relating to the third risk proposition, *"shift the consumer from one type of loss to another for which he or she has more tolerance"*, a consumer may be prepared to absorb the consequences of a faulty product *(performance risk)* in an attempt to reduce the cost of purchase or get a good deal during a sale period *(financial risk)*. This signifies that the consumer is willing to accept a certain type of risk in order to achieve his or her buying goal. In an effort to reduce the financial risk the consumer is shifting the loss to the performance risk – another risk for which he or she perhaps has more tolerance. Subsequently, in order to overcome performance risk, it has been an implicit assumption that the consumer can always return the faulty product or seek refund, and expect a satisfactory outcome. Although this attempt at reducing performance or product risk may succeed, it involves a certain amount of time and effort. The performance risk is simply transformed into *time (temporal) and convenience risk.*

PRRR refers to consumers' fear that attempts to resolve problems after consumers complain to the retailer will not result in satisfaction, and consumers can anticipate problems with recourse and redress problems prior to making a purchase. In the case of the faulty product, PRRR includes the probability that the retailer will not replace the product at all due to the company's policy, the solution to replace the product will exceed the promised delivery time, or the retailer will be rude while trying to resolve the problem. Essentially, existing perceived risk dimensions (i.e. product performance, financial, privacy, psychological, social, physical, temporal and convenience risks) refer to a *possible* problem after the purchase. PRRR refers to the risk or a possible problem following a *definite* problem after the purchase, and this type of risk has been largely overlooked in the perceived risk literature.

## 2.5    Scale Development Procedures

The preceding review of literature aids the conceptualisation of the PRRR construct. PRRR is briefly defined as a consumer's fear that a retailer's effort of remedy in response to the consumer's complaint following a bad purchase will fail to result in satisfaction. A list of potential items related to PRRR was reviewed and compiled by searching the

literature on perceived risk, failed service recovery, service expectation, and consumer complaint behaviour (CCB). However, from the literature, it is concluded that there has not been any empirical appraisal or published work on formal measurements of perceived risk related to failed complaint channels. Formal scales for measuring constructs that are directly central to recourse and redress failures do not exist. To address this oversight, it is  appropriate to develop new items to measure these aspects of perceived risk.

This section presents the overview of the scale development methodology adopted for this research, and sets up the exploratory research (Study 1). The various phases involved in the development, refinement and validation of the "Perceived Recourse and Redress Risk" or PRRR scale are briefly explained.

The research is grounded in the scale development procedures introduced by Churchill (1979) and refined by DeVellis (2003). This standard and unified framework of scale development procedures have been widely adopted by other marketing researchers (e.g. Bagozzi, 1980; Peter, 1981; Gerbing and Anderson, 1988; Arnold and Reynolds, 2003; Wolfinbarger and Gilly, 2003; Forsythe, Liu, Shannon and Gardner, 2006; Macdonald and Uncles, 2007; Walsh, Hennig-Thurau, and Mitchell, 2007). The procedures for the scale development of online shopping perceived risk used by Forsythe, Liu, Shannon and Gardner (2006) were utilised for contextual guidance.

Guided by the procedures proposed by Churchill (1979), Gerbing and Anderson (1988), and DeVellis (2003), the development of the new PRRR scale draws from qualitative inquiry and quantitative analysis. The scale development consists of three separate studies, which is also parallel to the sequential exploratory strategy suggested by Creswell (2009) when a researcher is building a new instrument. *"The sequential exploratory strategy is often discussed as the procedure of choice when a researcher needs to develop an instrument because existing instruments are inadequate or not available. Using a three-phase approach, the researcher first gathers qualitative data and analyses it (Phase 1), and uses the analysis to develop an instrument (Phase 2) that*

*is subsequently administered to a sample of a population (Phase 3)"* (Creswell, 2009, p. 212).

Figure 1 is a schematic depiction of the three-phase scale development procedures and the corresponding task elaboration for each stage employed in this research. Study 1 provides the basis for generating an initial pool of items to measure PRRR through a detailed literature review and an exploratory inquiry using content analysis. Study 1 examines the complaints posted to a non-commercial third party website, and categorises all recourse and redress failures as experienced by consumers. These failure categories and their sub-categories form the basis for generating the initial items for the new scale. Study 1 also assesses the content validity of the PRRR categories and the initial pool of items.

Subsequently, Study 2 reduces and refines the pool of PRRR scale items to a smaller set of items using a series of exploratory factor analyses (EFA). Study 2 then provides an initial assessment of the reliability, as well as the convergent, discriminant and nomological validity of the PRRR scale.

Finally, Study 3 is conducted to assess the PRRR scale in different purchase context and to examine its nomological and predictive validity. This confirmatory stage analyses data collected from scenario-based experiments.

**Qualitative Inquiry [Study 1]**

Step 1 — Specify Domain of the Construct

Step 2 — Generate Sample of Items and Assess Validity and Reliability

**Literature search:**
- Perceived risk, failed service recovery, service expectation, consumer complaint behaviour (CCB)

**Content analysis of complaint website:**
- Discovery of failed recourse and redress categories
- Content validity (face validity)
- Intercoder reliability

**Item development:**
- Based on failed recourse and redress categories discovered from content analysis

**Item Refinement [Study 2]**

Step 3 — Collect Pilot Data

Step 4 — Purify Measure and Assess Validity and Reliability

**Pilot study:**
- Online survey experiment using convenience sample (snow ball technique)

**Item refinement:**
- Exploratory Factor Analysis (EFA):-
- Dimensionality
- Initial construct validity (convergent, discriminant, and nomological validity)
- Reliability (Coefficient Alpha)

**Experiment [Study 3]**

Step 5 — Collect Main Data

Step 6 — Assess Reliability

Step 7 — Assess Validity

Step 8 — Develop Norms

**Main observation:**
- Online survey experiment using convenience sample (subject pool of undergraduate and postgraduate business students)
- Scenario manipulations

- Reliability (Coefficient Alpha)

- Exploratory Factor Analysis (EFA):-
- Dimensionality
- Construct validity (convergent and discriminant validity)
- Analysis of Variance (ANOVA), Multiple Analysis of Variance (MANOVA):-
- Nomological and criterion validity (Predictive validity)

- Practical Utility

**Figure 1: Procedures for scale development adapted from the procedures suggested by Churchill (1979), Gerbing and Anderson (1988), and DeVellis (2003)**

## 2.6    Exploratory Study into PRRR

PRRR is briefly defined as a consumer's fear that a retailer's effort of remedy in response to the consumer's complaint following a bad purchase will fail to result in satisfaction. As the first objective of this research is to identify the nature of consumers' PRRR, Study 1 was designed to review the actual conflict resolution experiences faced by consumers. In particular, Study 1 content analysed post-complaint feedback typically posted on complaint websites after consumers chose to make public their failures to obtain adequate recourse and redress outcomes from various retailers. Consumers' bad experiences dealing with complaint processes are publicised on these websites, providing the researchers real insight into why consumers are complaining and how the retailers react to problems. *Www.complaints.com,* an example of an independent third party complaint website, was chosen to help illuminate the nature of failed recourse and redress processes.

Such websites provide the exact reasons for the breakdown of the recourse and redress process, and thus, more precisely indicate the nature of PRRR. These failure themes aid in the conceptualisation of the PRRR construct. The complaint websites also reflect and inform consumers about the kinds of purchase contexts where recourse and redress processes fail to achieve customer satisfaction, and in fact, do the opposite – leave customers utterly dissatisfied. Hence, Study 1 findings also provide insights into different purchase contexts that are likely to evoke high levels of PRRR, prior to making a purchase.

# Chapter 3

# QUALITATIVE METHOD – CONTENT ANALYSIS

## 3.1    Introduction

The previous chapters proposed that consumers perceive purchases to involve higher risks when it is difficult for them to formulate an adequate theory of conflict resolution at the pre-purchase stage. The main aim of Study 1 is to discover patterns in the recourse and redress processes expected by consumers, which are subsequently violated by retailers. Study 1 seeks to provide evidence that these failures definitely exist and they represent breakdowns in retailers' complaint handling management systems. These failure themes form the basis for multiple dimensions of the perceived recourse and redress risk (PRRR) construct. PRRR is briefly defined as a consumer's fear that a retailer's effort of remedy in response to the consumer's complaint following a bad purchase will fail to result in satisfaction. Study 1 findings also provide insights into the types of purchase contexts likely to evoke high levels of PRRR.

Chapter 3 details the qualitative research design for Study 1. It describes the content analysis approach, selection criteria for data collection, the coding, and the categorisation schemes that were adopted. This chapter also justifies the selection of *www.Complaints.com,* an independent consumer complaints website, as the data source for the content analysis.

## 3.2    Qualitative Research Questions

Study 1 seeks to understand the nature of recourse and redress failures experienced by offline and online shoppers. In essence, the focal interest is to investigate and seek evidence about complaint failures*,* where consumers post complaints to a third party website as an avenue to vent their negative experiences after their attempts to seek recourse and redress have failed. These expectation gaps are framed as a representation of

failures in retailers' complaint handling management systems. It is posited that these kinds of failures increase consumers' PRRR for future purchases. Hence, Study 1 is driven by a set of research questions below:

*RQ1 – What are the recourse and redress failures that lead to consumers complaining on the Complaints.com website?*

*RQ2 – How frequently do various type of recourse and redress failures occur?*

*RQ3 – What are the existing problematic complaint channel(s) that consumers first used before they posted their experience on the Complaints.com website?*

*RQ4 – Do recourse and redress failures differ between offline and online purchases?*

*RQ5 – What are consumers' dissatisfaction responses following the recourse and redress failures?*

## 3.3    Content Analysis Approach

Exploratory research is appropriate for areas that are not yet well-established in terms of their underpinning theoretical framework. The research method selected for Study 1 was content analysis of an independent third party complaint website. Content analysis is defined as a scientific, organised, and replicable method of observation that involves the classification, tabulation and evaluation of symbolic contents that are hidden in all data forms of recorded communications such as in printed matter, words, texts, images, sounds and roles (Kolbe and Burnett, 1991; Mayring, 2000; Krippendorff, 2004; Krippendorff, 2012), with the intention to uncover the emergent patterns or themes.

Content analysis is an objective and systematic procedure to reduce a mass of texts into fewer categories based on explicit rules of coding, in order to highlight the relevant themes according to the researcher's concern (Neurendorf, 2002; Krippendorff, 2012). The different meanings that the data brings to different people is made known through the application of scientific theories, empirical evidence, grounded intuitions, knowledge of reading habits, or plausibly argued propositions to aid the data reduction and categories' production (Marshall and Rossman, 2010); Krippendorff, 2012).

Kerlinger (1964) suggests the definition of content analysis as:

> *"Instead of observing people's behaviour directly, or asking them to respond to scales, or interviewing them, the investigator takes the communications that people have produced and asks questions of the communications."* (Kerlinger 1964, p. 544)

In this study, textual content analysis is performed on a complaint website's posting to provide insights into the nature of recourse and redress failures faced by consumers. At this stage, content analysis acts as an empirical starting point for generating new research evidence about this occurrence under investigation (Kolbe and Burnett, 1991). As the scope of this initial portion of the research is exploratory in nature, the concern is not the "representativeness" of the sample size, but whether or not the analysis captures the essence of what is under study, and whether new observations offer additional insights. Instigated by an interest in understanding the nature of complaining about recourse and redress failures and their implications, the complaint website entries are not examined for their accuracy of facts, but are used as an indicator of themes. This study has considered the possibility that some of the complaints posted might be exaggerated (Bunker and Bradley, 2007), and there is no confirmation whether the failures happened to the degree claimed by each of the disgruntled consumers.

### 3.4    Source of Data

### 3.4.1   Complaint Websites

Complaint data from a third party website were chosen as the data source of this preliminary study. Complaint data have been suggested in previous research as being useful for analysis of consumer discontent over time and across products (Gronhaug and Arndt, 1980). An exploratory study using online data is appropriate as user engagement in online communication is normally voluntary, thus the written statements provided prevent the researcher from transforming "reality into text" (Loft, 2004). Online complaint data is authenticly from the consumers and unprocessed (i.e. complaints posted to third party websites are written by consumers in their own words). In contrast, complaints data from call centre or customer service department of a company have been

processed based on support employee's interpretation. Further, these data are typically inaccessible, as they are normally made private, not opened to the public, and stored in a concealed form.

As third party complaint websites are public, researchers are able to view all the messages and feedback posted by contributors. Hence, researchers' understanding of consumer's dissatisfaction are developed from viewing complaints about problems related to bad purchases. These complaint websites broadcast and publicise the list of recourse and redress failures, therefore providing researchers insights into why consumers are complaining and how the retailers react to the problems.

There is an abundance of independent websites that facilitate consumers to complain. For example, a search on "complaints website" on Google returned about 27,500,000 hits, while "complaint blog" generated about 27,100,000 hits (Google Search, 2011). These third party, non-commercial complaint websites, blogs, and forums act as feedback systems that are dedicated to the information exchange of various types of products and services from any company around the world. Examples of these websites include:

***Better Business Bureau (bbbonline.org)*** **-** This site is owned by a non-profit organisation, BBB, that promotes consumer protection and business self-regulation in e-commerce through consumer education (http://www.bbbonline.org/about/press). Complaints submitted to this site by registered consumers are not made public. Instead, the site provides the product descriptions and ratings. It is claimed that consumers favour this site as a source of information due to the BBB's reputation for reliability and its non-profit status. The site is a source of information for consumers prior to purchase, especially when doing business with companies they have not dealt with previously.

***Planetfeedback.com*** – This complaint site is one of the leading public online consumer feedback services. Planetfeedback.com directs consumers' comments and complaints to companies "quickly and effortlessly" (http://planetfeedback.com). Registered users are

allowed to express their feedback and share opinions with others; and all documents which include letters and contact information are saved in a database.

*eComplaints.com –* This site encourages consumers to voice their concerns to companies who sell faulty products or services. At the same time, eComplaints.com provides other consumers information to aid purchase decisions (http://www.ecomplaints.com). Complaints published by eComplaints.com are sent to the companies, which in turn encourages companies to reply and use the information to improve their products or services. This is believed to assist companies create and maintain a competitive advantage and remain profitable.

As time goes by, the trend is that these third party complaint websites become more industry-specific, company-specific and area-specific as illustrated by the examples below:

*http://www.btcomplaint.com/ -* A British Telecom (BT) Customer Services Complaints site, set up by Cam Winston, a BT Customer who was tired and fed up with the poor customer service received. All complaints on BT are compiled into reports and sent to BT office annually for further investigation.

*http://www.penciltrick.com/* - This complaint site was born out of frustration at the lack of rights offered to consumers in Canada, and Toronto in particular. The concept is based on the idea that the pen is mightier than the sword. The aim of the website is to publish the consumer's personal experiences with various retailers and government agencies. Consumers are encouraged to name and shame those who have treated them with lack of dignity, respect or fairness. All posts are uncensored to promote open discussion of the issues. The companies mentioned are freely encouraged to submit a response.

*http://www.notgoodenough.org/ -* "Not Good Enough", an Australian-based complaint site, was founded by Dr. Fiona Stewart back in 2001, as her reaction to Qantas' irresponsible acts. The airline was overloaded, there were massive queues, counters were

closed and the Qantas lounge was a mess. However, Qantas did not seem to care or rectify the chaos. The further aim of the site is get consumer voices heard; it provides consumers with an online space to seek advice, share experiences and learn accordingly. The site then uses the media to highlight gripes that are posted on the site. This is done on regular radio spots, TV and in the print media. It also provides companies with paid access to consumer feedback from the site. This allows organisations real-time access to what consumers are saying about them and their competitors. This means solutions are faster and more effective, and this is regarded as a win-win situation.

*http://hobokentaxicomplaints.blogspot.com/* - The objective of this complaint website is to aid the residents of Hoboken in New Jersey, and especially the customers of Hoboken taxi services, to understand their consumer rights, share their concerns and establish a fair and consistent taxi service.

*Complaintline.com* – This site was developed by Karen Chalmers-Scott to address the absence of a coordinated online resource to help Australian consumers know where to go to lodge complaints. Complaint Line gives consumers easy access to external dispute resolution schemes, codes of conduct and codes of practice, customer contracts and other customer initiatives to help them sort out problems they may have with all sorts of service providers.

There are also personal complaint websites or blogs being set up to encourage complaints; for example, *http://www.hellopeter.com/*, *http://penwars.wordpress.com/*, and *http://purpleheadedearls.blogspot.com/*, among others.

The types of alternative complaint media identified above offer an additional advantage for consumers to vent their frustrations, identify the offending company, and disseminate information to a potentially large audience. Negative words can spread instantly, hence complaints and grievances can be amplified within minutes. Frustrated consumers feel that complaint sites serve as a better channel to voice their feedback and make some sort of an impact (Harrison-Walker, 2001). By publishing complaints on the Internet, these

consumers see themselves as crusaders for the common good by helping others avoid similar problems (Ward and Ostrom, 2006).

As these types of sites seem to be growing in number and popularity, it is important to understand what consumers are complaining about on third party websites. Are the existing complaint channels provided by companies to consumers inadequate? The fact that many consumers publicise complaints through online complaint websites or forums suggests that these consumers were dissatisfied with the retailer's ability to resolve the problem (Harrison-Walker, 2001). It is not surprising that almost 75% of consumers who turned to a third party website first complained directly to the company (Jackle, 2006), while many others utilised the third party complaint website or forum as their first attempt to lodge a formal complaint (Harrison-Walker, 2001). Consumers believe that third party websites are easier for them to identify and access rather than complaining directly to the company (Harrison-Walker, 2001). This reason may also explain why most consumers refused to go to governmental agencies or consumer organisations to seek redress (Nasir, 2004). The assessment of consumer dissatisfactions that are publicised via third party channels, such as complaint websites, blogs or forums, is beneficial to discover the issues and reasons consumers are complaining, thus assisting retailers to design better complaint-handling management systems (Goetzinger, 2007). Retailers need to be alert that on-going improvements and careful consideration of complaint channel's availability and efficiency are important for retaining customer loyalty.

### 3.4.2 Justification for Using *www.Complaints.com* Website

Study 1 analysed complaints data collected from the consumer complaints website *www.Complaints.com* as illustrated in Figures 2 and 3. In *Complaints.com*, consumers are able to read entries previously posted by other complainers, and are also allowed to write their own complaints about a specific company, product or service. All complaints in this website are indexed by Google and Yahoo search engines.

In determining which website or blog to be used in this study, several criteria were considered. *Complaints.com* was established in May 2000, and has been written about in major business publications such as The Wall Street Journal, Business Week Magazine, Reader's Digest, The Washington Post, PC World Magazine, Wired News, and other publications (Complaints.com, 2013). *Complaints.com* is one of the top ten complaint websites in the world (Alexa, 2013a). It is ranked sixth for popularity that is calculated using a combination of average daily visitors to the site and page views. These metrics are updated daily based on the trailing three months (Alexa, 2013b). Besides that, the webmasters of *Complaints.com* granted consent for the researcher to analyse posts on the website and publish any results from the analysis.

The name of the site was also among the critical deciding factors. The name given to a website is an important aspect of its identity because it conveys a lot of information on what the site is about, what social members are likely to be involved, and what their world-view is likely to be (Milne, 2004). Hence, "*Complaints.com – Consumers in Control*" was chosen because the name is a self-explanation that the website is all about general complaints, is not specific to any service or product, and portrays complainers as its members.

The *Complaints.com* website was also chosen as the data source due to its advanced and large database of complaints contributed from complainers worldwide. It stores diverse posts on complaints about different companies and their distinct products or services, and the problems or dissatisfying incidents experienced by the consumers. It is thus expected that *Complaints.com* will show diversity in recourse and redress problems experienced by the consumers, while data from call centres or customer service centres focus on the product lines or services offered by a single company. The site receives complaints about online and offline shopping, thus facilitating the comparison of both shopping platforms.

Although there are many complaint websites in existence, Study 1 investigates failures in recourse and redress procedures or, in this context, complaint channel failures. The study is not interested in pet peeves, moans and whinges where consumers are venting anger,

frustration and hate towards any parties, retailers or organisations in a website or blog. Rather, Study 1 is focused on web entries that clearly convey consumers' frustration with the channels they initially used to file a complaint. As such, *Complaints.com* suits this requirement, so it was chosen instead of other complaint websites or blogs. *Complaints.com* also provides a clean and neat layout that is user-friendly and adds to the positive points of choosing the site for this content analysis exercise.



**Figure 2: Layout of *Complaints.com* main page**

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# Harley Davidson Customer Service-Oxymoron

Harley Davidson Motorcycles
US
harleydavidson.com

I purchased a new, 2008, Harley Davidson Heritage Softail in 2-2008. I loved the bike and it ran great for about 4 mos. After that, I began to experience difficulties starting when it was hot. The bike is in the shop at Thunderbird Harley Davidson, in Albuq. NM, for the 3rd time with the same issue. It's been there 2 weeks now and they still do not know what is wrong.

I called Harleys customer service number on Sept. 26 and was told someone would get back with me. Didn't happen. In talking with the woman , I told her I would like my bike fixed or replaced. She informed me someone would be in touch and Harley doesn't have a "buy back program" and no one contacted me.

Sept.29 I sent a registered letter with my complaint and heard nothing.

I was told by the dealer, on Sept. 22, that a part had been ordered, but they didn't believe it would solve the problem. The part came in Oct.2 and I was informed it was the wrong one, so they would have to reorder.

I contacted Harley Davidson customer service again, today,Oct 3, and was told they would look into it and call me right back. That was 4 1/2 hours ago, it's 5:35pm my time, and still nothing.

I have an extended warranty on the bike that pays up to $75 a day for a rental but rentals are $170 a day. No one has even offered to work anything out with me on that. I don't even have 5,000 miles on this bike

From: Message Author (click here to email author)
Date: Monday, 21-Sep-09 13:41:55 CDT

| Business: Reply Online | Consumer: Comment On This |

Complaint #: 187620

**Figure 3: Sample of *Complaints.com* website entry**

## 3.5 Data Collection

The sampling technique employed in this content analysis study was non-probability sampling, in which the researcher's personal judgement was involved somewhere during the selection process. This research utilised purposive sampling where the researcher handpicked the sample observations with a belief that the observations would serve the stated research objective. This was in line with Creswell's (2003) opinion that purposive sampling seeks participants, cases or sights that will fittingly assist the researcher to solve the research problem. For Study 1, the purposive samples were chosen based on the guidelines to filter each complaint entry. This was to ensure that the complaint entries could provide enough evidence to answer all the qualitative research questions for the entries to be included as samples. These guidelines are further explained in the following section.

A total of 115 complaint entries within the four months of August, September, October and November 2008, were downloaded from *Complaints.com*. All entries were historical in nature due to the website's archive function, which allows for the preservation of postings in their original published format. Consistent with the objective of Study 1, understanding the nature of recourse and redress failures, Study 1 only selected entries where posters had already sought recourse and redress from the company and failed to get a satisfactory outcome. It was not interested in entries complaining about the initial purchase.

### 3.5.1 Selection Criteria

Neurendorf (2002, p. 107) mentions that the variables planned for content analysis should be connected with the research questions, as "this process will ensure a logical progression from conceptualisation of an issue through measurement and a result that addresses what the researcher has in mind". Some criteria were utilised to clearly identify whether each complaint entry should be included in the analysis and they are driven by the research questions. Justifications why it was important to code each complaint entry

based on these criteria will be explained in the next chapter. If a complaint entry did not fit all of the following selection criteria, the entry was not recorded:

i)    The recourse and redress failure(s) experienced by consumers when using complaint channel is revealed, for example, the case of unreturned calls or emails, invalid phone numbers or email addresses, no action being taken by support employees, consumers being treated rudely, etc;

ii)   The failing complaint channel(s) is clearly stated, for example, phone, email, face to face, letter or fax;

iii)  There is a specific mention of the platform, either online or offline, that the consumer initially used to purchase the products or services;

iv)   The complainers indicated their dissatisfaction responses following the recourse and redress failures, for example, spreading negative word of mouth, exit, boycott or switch, report to third party, etc;

v)    The main product or service category that the consumers are complaining about the recourse and redress failures is pointed out (e.g. airlines, automobiles, banking and financial, books, computer, food and beverages, home furnishing, etc.).

## 3.6    Coding Scheme and Categorisation

Ideas that people verbalise can often be grouped in some way because they are related to, or refer to, the same topic, and this is known as a 'theme'. The researcher read through all the complaint entries iteratively and noted the instances of various core themes. The unit of analysis for the content analysis was the combination of words and themes to identify patterns in the data. More specifically, the researcher analysed direct complaint quotations and their follow-ups or feedback from other complainers in the *Complaints.com* website. These quotations are the units of analysis for this study, and are coded and analysed according to the research questions. Figure 4 summarises the procedures involved in Study 1 content analysis.

| | |
|---|---|
| **Content Analysis** | - Preliminary data collection and analysis of *Complaints.com* entries<br>- Introduction to the concept of recourse and redress failures<br>- Analysis of recourse and redress failure themes for both offline and online shoppers<br>- Open and axial coding using August 2008 datasets<br>- Focused coding using September to November 2008 datasets |
| **Themes Aggregation and Analysis of Broader Categories** | - Development of coding guidelines<br>- Iteration between axial (inductive) and focused (deductive) coding<br>- Theoretical definition on the categories and sub-categories of recourse and redress failures<br>- Extraction of samples from complaint website datasets to assist definition of categories<br>- Aggregation of themes and refinement of the conceptual definition |
| **Taxonomy and Construct Production** | - Descriptive analysis of frequency and percentage<br>- Generation of taxonomy for violations of solace theory<br>- Grounded definition of concepts and categories |

**Figure 4: Procedures involved in content analysis of Complaints.com**

### 3.6.1   Open and Axial Coding

The coding type used in the first stage of the content analysis was an "open and axial coding" technique proposed by Strauss and Corbin (1990). In this stage of the research, the content analysis was conducted with no *a priori* categories. Rather, themes were identified as they emerged in the textual data. The researcher developed coding guidelines and applied an inductive coding process to capture the key aspects of the themes in the raw data, which were deemed the most important themes given the research questions (Creswell, 2002). The number of initial coding guidelines was not limited in order to allow the generation of themes based on new instances (Pope, Ziebland and Mays, 1997).

In this study, the researcher developed data categories using an emergent coding protocol, which was established through iterative readings of the complaint entries. The researcher started with one entry in *Complaints.com* and coded all categories related to each research question (i.e. purchase platform, complaint channels, recourse and redress

failures, dissatisfaction responses and product or service category). Each of the complaint entries was examined line-by-line and assigned representative labels (categories). All themes were defined and further refined iteratively by extracting real examples from the *Complaints.com*; this procedure was then repeated across all entries. Only the complaint entries within the month of August 2008 were used for this inductive content analysis exercise. Coding guidelines and category definitions were produced from this stage to capture the key aspects of each theme and to guide further analysis of the raw data.

### 3.6.2   Focused Coding

The open and axial coding scheme was followed by "focused coding", where additional data from the months of September to November 2008 was analysed from the *Complaints.com* website. All categories related to the research questions were coded based on *a priori* categories obtained from the inductive content analysis above. This stage refined the categorisation of each theme, enhanced the definition, and added to the description of each theme by cross-referencing each category to the related literatures. During this stage of the content analysis, categories were also compared to one another to search for connections or similar emerging themes, which sometimes resulted in two or more themes being aggregated into a broader category.

### 3.6.3   Iteration

New instances emerged as the researcher progressed with the "focused coding". Therefore, further refinement of category groupings and definitions was necessary. Overlapping and not-mutually exclusive categories were improved and further refined at this stage. This task was important as in a single complaint's entry, there was a possibility that more than one theme was expressed for each pre-specified category. Spiggle (1994) has discussed this iteration process, where the researcher bounces back and forth between open and focused coding, implying no sequential relationship between these stages. Frequent references are made between data collection and data inference phases, which allows for a more cohesive data interpretation. The iteration process (in Figure 5)

between focused coding (deductive) and axial coding (inductive) phases used in Study 1 also permitted the researcher to verify and refine the categories.
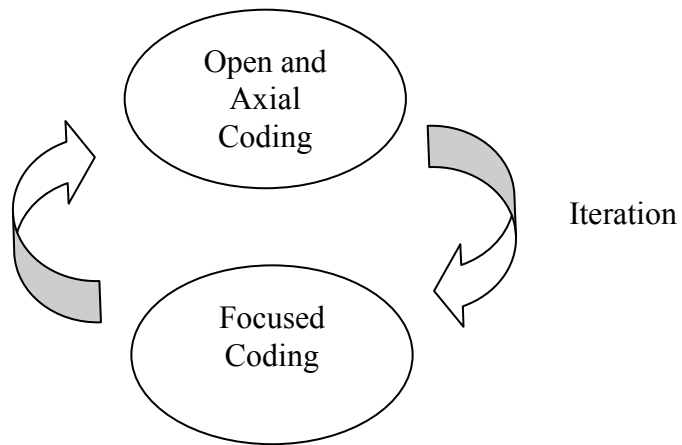


**Figure 5: Iteration process between open and axial coding (inductive phase) and focused coding (deductive phase) for content analysis in Study 1**

## 3.7 Content Validity

In Study 1, a number of procedures were carried out to establish the face validity of the initial nine recourse and redress failure categories generated from the content analysis. These content validity stages are summarised in Table 3 below:

**Table 3: Content validity for Study 1**

| Type | Sample Size |
|---|---|
| Research team | n = 3 (researcher and 2 supervisors) |
| Intercoder reliability | n = 2 (researcher and 1 Marketing postgraduate student) |

The first step to verify the content validity (i.e. face validity) involved a procedure where the categories generated from content analysis of *Complaints.com* website were screened and scrutinised by the research team (n = 3; the researcher and 2 supervisors). This procedure was conducted to identify duplicate themes and overlapping categories, as well as to remove potential sources of ambiguity. As a result, some themes were merged thus reducing the initial number of eleven major categories of complaint failures to nine final categories, as in Table 4 below.

**Table 4: Recourse and redress failure categories developed from Study 1 content analysis of Complaints.com website**

| Original Categories | Final Categories |
|---|---|
| 1: Invalid/Not Available | 1: Invalid/Not Available |
| 2: Unreturned/No Response | 2: Unreturned/No Response |
| 3: No Urgency | 3: No Urgency |
| 4: Transferred | 4: Transferred |
| 5: Rudeness | 5: Rudeness |
| 6: No Action Due To Policy | 6: No Action Due To Policy |
| 7: Inaction/Hanging | 7: Inaction/Hanging/Uninterested |
| 8: Uninterested | 8: Extended Delay |
| 9: Extended Delay | 9: Incompetence/Wrong Solution |
| 10: Wrong Solution/Uncorrected | |
| 11: Incompetence | |

Merged: 7: Inaction/Hanging, 8: Uninterested, 9: Extended Delay

Merged: 10: Wrong Solution/Uncorrected, 11: Incompetence

## 3.8     Inter-coder Reliability

The next step in achieving content validity was to establish an inter-coder reliability. The objective of inter-coder reliability assessment was to measure whether all categories were encoded in the same way by all coders. In this study, a postgraduate student was recruited to code a number of the same 115 complaint entries as the researcher. The student was provided with the table of definitions and examples of all categories. The student coded the complaint entries independently by the complaint categories as they emerged from the entries, and the results were then compared. Each complaint entry was coded as having a theme present (1) and absent (0), hence each observation had a several-digit row of ones and zeros. Percent agreement, Scott's pi, Cohen's kappa, and Krippendorff's alpha were all used to assess inter-coder reliability for each coded category. ReCal, an online inter-coder reliability web service that offers multiple coefficients was used to calculate all the reliability  results (Freelon, 2010).

The final coding comparison between the two analysts (n = 2, researcher and 1 postgraduate student) showed a high level of agreement with coefficient values above 0.70 for all categories, while most are above 0.80 and 0.90 (please see Table 5). Neuendorf (2002) reviews on acceptable level of reliability concludes that "coefficients of 0.90 or greater would be acceptable to all, 0.80 or greater would be acceptable in most situations, and below that, there exists great disagreement" (Neuendorf, 2002, p. 145). The criterion of 0.70 is often used for exploratory research (Lombard, Snyder-Duch and Bracken, 2002).

**Table 5: Inter-coder reliability assessment for each category**

| Variable/ Category | Percent Agreement | Scott's Pi | Cohen's Kappa | Krippen-dorff's Alpha | N Agree-ments | N Disagree-ments | N Cases | N Decisions |
|---|---|---|---|---|---|---|---|---|
| *Purchase Platform* | | | | | | | | |
| Online/Offline | 92.17 | 0.84 | 0.84 | 0.84 | 106 | 9 | 115 | 230 |
| *Complaint Channel* | | | | | | | | |
| Face-to-Face | 95.65 | 0.81 | 0.81 | 0.81 | 110 | 5 | 115 | 230 |
| Phone | 95.65 | 0.88 | 0.88 | 0.88 | 110 | 5 | 115 | 230 |
| Email | 96.52 | 0.92 | 0.92 | 0.92 | 111 | 4 | 115 | 230 |
| Website | 98.26 | 0.79 | 0.79 | 0.79 | 113 | 2 | 115 | 230 |
| Letter/Fax | 98.26 | 0.82 | 0.82 | 0.82 | 113 | 2 | 115 | 230 |
| *Recourse ad Redress Failures* | | | | | | | | |
| Unreturned | 90.43 | 0.77 | 0.77 | 0.77 | 103 | 12 | 115 | 230 |
| Invalid | 96.52 | 0.81 | 0.81 | 0.81 | 111 | 4 | 115 | 230 |
| No Urgency | 90.43 | 0.78 | 0.78 | 0.78 | 104 | 11 | 115 | 230 |
| Transferred | 93.91 | 0.78 | 0.79 | 0.78 | 108 | 7 | 115 | 230 |
| Incompetence | 92.17 | 0.81 | 0.82 | 0.81 | 106 | 9 | 115 | 230 |
| Inaction | 89.57 | 0.77 | 0.77 | 0.77 | 103 | 12 | 115 | 230 |
| No Action | 93.04 | 0.77 | 0.77 | 0.77 | 107 | 8 | 115 | 230 |
| Extended Delay | 92.17 | 0.72 | 0.72 | 0.72 | 106 | 9 | 115 | 230 |
| Rudeness | 93.91 | 0.78 | 0.79 | 0.78 | 108 | 7 | 115 | 230 |
| *Dissatisfaction Responses* | | | | | | | | |
| NWOM | 96.52 | 0.93 | 0.93 | 0.93 | 111 | 4 | 115 | 230 |
| Exit | 90.43 | 0.78 | 0.78 | 0.78 | 104 | 9 | 115 | 230 |
| Switch | 94.78 | 0.78 | 0.78 | 0.78 | 109 | 6 | 115 | 230 |
| Report | 93.04 | 0.77 | 0.77 | 0.77 | 107 | 8 | 115 | 230 |
| None | 96.52 | 0.93 | 0.93 | 0.93 | 111 | 4 | 115 | 230 |
| *Complained Product/Service* | | | | | | | | |
| Product/Service | 95.65 | 0.88 | 0.88 | 0.88 | 110 | 5 | 115 | 230 |

# Chapter 4

# QUALITATIVE FINDINGS

## 4.1    Introduction

This chapter reports the findings of the content analysis of complaints posted to *www.Complaints.com*. Study 1 discovers patterns in the recourse and redress processes expected by consumers, which are subsequently violated by retailers (Sulaiman, Areni, and Miller, 2009). These failure themes form an important basis for the PRRR construct proposed by this research. PRRR is briefly defined as a consumer's fear that a retailer's effort of remedy in response to the consumer's complaint following a bad purchase will fail to result in satisfaction. The qualitative findings aid the development of a scale to measure the PRRR construct and quantitative methodology that follow in the next chapter.

Previous complaints research highlights the nature of complaints in general (Bunker and Bradley, 2007; Harrison-Walker, 2001; Nasir, 2004), the taxonomy of different complaint responses and actions (i.e. behavioural vs. non-behavioural responses, private vs. public actions) (Day and Landon, 1977; Day, 1980; Richins, 1983), the classification of complainers (Singh, 1988; Singh 1990); the motivations that influence complaint channel choice (Mattila and Wirtz, 2004), and the descriptive analysis of frequently used complaint channels (Chen, Huang and Hsaio, 2003). Study 1 extends the dimension of consumer complaint behaviour (CCB) research by focusing on themes directly related to complaining about complaint failures (i.e. consumers' recourse and redress failures, and their dissatisfaction responses following the failures). In essence, it attempts to answer the question: What kind of recourse and redress failures do consumers complain about on public complaint websites? The answer to this question may provide insights into the types of purchase contexts likely to evoke high levels of PRRR.

As mentioned in Chapter 3, the primary objective of conducting Study 1 is to seek answers to the following questions:

*RQ1 – What are the recourse and redress failures that lead to consumers complaining on the Complaints.com website?*

*RQ2 – How frequently do various type of recourse and redress failures occur?*

*RQ3 – What are the existing problematic complaint channel(s) that the consumers first used before they posted their experience on the Complaints.com website?*

*RQ4 – Do recourse and redress failures differ between offline and online purchases?*

*RQ5 – What are consumers' dissatisfaction responses following the recourse and redress failures?*

The initial part of the qualitative data analysis in this chapter addresses RQ1, RQ2, and RQ3, with subsequent sections focusing on RQ4 and RQ5.

**4.2 Themes Related to Recourse and Redress Failures**

The content analysis of 115 entries of *Complaints.com* website yielded 274 failure cases that are grouped under nine core types of recourse failures and five complaint channels (Sulaiman, Areni, and Miller, 2009). To summarise, Table 6 presents the themes of frequently encountered recourse and redress failures based on different complaint channels, and their conceptual definitions are reviewed below:

**Table 6: Nine core themes or categories related to recourse and redress failures across different channels**

| Recourse and Redress Failures | Complaint Channel | | | | | |
|---|---|---|---|---|---|---|
| | Interactive = 199 | | Remote = 75 | | | |
| | Face-to face | Phone | Email | Website | Letter/ Fax | Total* |
| Invalid/Not Available | 1 | 9 | 2 | 2 | 1 | 15 (5.5%) |
| Unreturned/No Response | 0 | 24 | 21 | 2 | 6 | 53 (19.3%) |
| No Urgency | 3 | 20 | 7 | 1 | 0 | 31 (11.3%) |
| Transferred | 3 | 12 | 4 | 1 | 1 | 21 (7.7%) |
| Rudeness | 6 | 25 | 2 | 1 | 0 | 34 (12.4%) |
| Inaction/Hanging/Uninterested | 6 | 28 | 10 | 0 | 1 | 45 (16.4%) |
| No Action due to Policy | 6 | 12 | 6 | 0 | 0 | 24 (8.8%) |
| Extended Delay | 2 | 13 | 3 | 0 | 0 | 18 (6.6%) |
| Incompetence/Wrong Solution | 3 | 26 | 3 | 1 | 0 | 33 (12.2%) |
| **Total**\*\* | 30 (10.9%) | 169 (61.7%) | 58 (21.2%) | 8 (2.9%) | 9 (3.3%) | 274 (100%) |

*The total\* of complaint failures and total\*\* of complaint channels do not tally to 115 (complaint entries under investigation) as complainers may have used multiple complaint channels and encountered multiple channel failures in each entry.*

**4.2.1 Invalid/Not Available**

A fundamental part of consumers' recourse and redress expectations is that correct and valid contact details will be provided when filing complaints. In an online shopping context, for example, high quality information (i.e. accurate, current, and relevant) that is displayed in websites would help to reduce the levels of perceived uncertainty and risk related to online transactions (Kim, Ferrin and Rao, 2008). Hence, it is not surprising that consumers feel that their recourse and redress expectations are violated when the phone

numbers or email addresses posted on the company's website or given by the company's personnel are invalid or wrong, as indicated in these quotes extracted from the content analysis of *Complaints.com* website:

*"I also find it inappropriate that there **is actually no escalation path or e-mail address** on the MLB.com site." [Complaint #: 187676]*

*"The Michigan call center proceeded to give an **incorrect number** for the CA/NV customer complaint center." [Complaint #: 187401]*

This recourse and redress failure theme is supported by previous research where consumers were not able to find any contact number on the retailer's website, thus they eventually decided not to complain at all (Ahmad, 2002). In the present study, the complainers revealed that there are cases where no specific phone number or mailing address existed that could be utilised to further resolve their disputes:

*"I asked the rep if there was someone in the financial office that I could speak with and she advised me that there **was no telephone number for that department**. There was no one of authority I could talk with per the customer service department nor anyone to write. **I asked for phone numbers and mailing address but none given**. They said not to mail any correspondence with my bill as this was not the same departments." [Complaint #: 184087]*

*"The first answer was that the **info is clearly stated on the website**. Which is not true as beside foreign countries Guam and South Korea, **no other country [email address] is mentioned**." [Complaint #: 187676]*

### 4.2.2   Unreturned/No Response

Another expectation that builds up to consumers' formulation of recourse and redress assurance is when consumers expect to receive a response to their complaint or enquiry. Unfortunately, retailers, as revealed from the content analysis, often violate this particular expectation. The highest failures of complaint channels are related to emails or phone calls not being responded to at all. This theme of recourse and redress failure supports the findings that customer service employees do not respond to email messages and phone calls (Nasir, 2004). It also supports findings by Morganowsky and Buckley (2000), that

36% of companies had busy toll-free telephone numbers, while 26% of companies did not respond at all to email correspondence (Morganowsky and Buckley, 2000). This recourse and redress failure is exemplified by the following quotes from the complaint website. The "no response" episodes resulted in consumers being unsuccessful with their attempts to make any initial contact with the company.

*"The Reward Depot **would not answer any emails** requesting my password and user name to check status of my "Free" prize. After virtually dozens of emails I **have received no response** to why there are no confirmations of my completing ANY of the offers on their site." [Complaint #: 187417]*

*"I have tried to call them, but they **don't answer the phone**."*
*[Complaint #: 184092]*

*"All the other Air India numbers I've looked up online don't answer **(they just ring and ring)** so it's not a very convincing system all around." [Complaint #: 184084]*

*"I had made 3 more phone calls to the store; I have **had no response or acknowledgment**." [Complaint #: 184066]*

*Of all five messages that I have sent directly to davestools.com, I **have yet to receive a response** from the company." [Complaint #: 187862]*

*"I have continued to call and email and 5 days later, still **have no apology, explanation, or even a response (much less the repair I needed)**."*
*[Complaint #: 187702]*

There is also evidence from *Complaints.com* that customer support lines are only answered by an answering machine or a message box, with some even prompting the consumer for a password. This failure theme is demonstrated by previous research where some consumers were frustrated particularly when they received pre-composed replies that did not address individual's problem  (Ahmad, 2002).

*"I left two postings on their site for help, and, after much searching found a number (1 973 242 0078) but **I could only leave a message** there." [Complaint #: 184084]*

*"They do not respond to email, and **the phone number listed is for a voicemail box that requires a password** to even leave a message." [Complaint #: 187417]*

*"I have written several emails to their customer service address and only received **automated responses** saying that a customer service representative will respond to my message within 48 to 72 hours. [Complaint #: 187862]*

### 4.2.3   No Urgency

This study also conceptualises consumers' expectations to receive a timely response following a complaint as another implicit theory of recourse and redress success. Findings show that in the context of call centres, timeliness is an important determinant of satisfaction with complaint handling (Matila and Mount, 2006). Previous work on e-communication also demonstrates that consumers expect quick responses to their emails (Strauss et al., 2001). As such, call centres are highly encouraged to respond to customer's complaints within 48 hours (Matila and Mount, 2003). Yet, Morganowsky and Buckley (2000) found that 56% of companies did not respond to email correspondence within 48 hours. Research also found that consumers were frustrated when their emails were responded to only after six days (Ahmad, 2002). Study 1 supports these findings, where one of the recurring violations of recourse expectation through all the complaints analysed, is the tendency to establish the first contact only after several tries or after a long duration of time has passed, as expressed in the below quotes:

*"I did **receive emails from them after 19 emails** were sent." [Complaint # 187417]*

*"**Two months later**, they finally opened the box, then after many emails and phone calls, agreed to repair it!" [Complaint #: 187601]*

*"I contacted the company via **email numerous times**, only to be told they would get a new pump out to us right away." [Complaint #: 184102]*

This kind of complaint channel failure of no urgency testifies to the fact that businesses are not prepared to handle the large volume of customer emails (Jones, 2001).

### 4.2.4   Transferred

Consumers expect that their opinions or complaints should reach the relevant department or personnel immediately once they are submitted, and that the communication should not be lost in the complaint channel (Corbitt, Thanasankit and Yi, 2003). This expectation of complaint channels thus forms another implicit theory of recourse and redress success that consumers have prior to purchase. However, some complaints, as illustrated below,

indicate that this expectation is violated when complaint calls or emails get passed around, forwarded or transferred from one employee to another:

> *"Everytime I call, the manager is not in or "busy", a few times I am **transferred**, I am on hold for at least an hour.. sometimes 3 hours."* [Complaint #: 187697]

> *"I called back, got another service tech person after being **transferred 3 times**."* [Complaint #: 184076]

> *"I got on the phone and **worked my way through four operators** before I could relay the story."* [Complaint #: 187702]

> *"**I contacted Robbie** at Trusty Transport regarding delivery. **He sent me a phone number** to call of a trucking company to find out where the car was at."* [Complaint #: 184110]

> *"**Ms Merkelson** said nothing other than **to call Mr Smith**."* [Complaint #: 184099]

> *"The **first call center** handler was incompetent and refused to refer to supervision, dropping the call to a **national call center** with someone who had no idea of why the call was referred, with the national call center dropping the **call back to Michigan** (when the original call was routed from California).* [Complaint #: 187401]

There is also evidence of a violation of recourse expectations when the complainers get passed or transferred from one complaint channel to another (e.g. the consumer initially complained via phone, but was directed to use a face-to-face channel).

> *"I **called** the PO and lodged a complaint they informed me I **needed to come in person** so the next day I did just that."* [Complaint #: 187466]

> *"I myself then **went to the store and spoke to the manager** who promised to investigate and **pass my complaint on to their head office**, after I had made **3 more phone calls** to the store."* [Complaint #: 184066]

> *After multiple back and forth, the answer is "**Please call the toll-free customer service hotline** at 1-866-800-1275 in order to better assist you and perhaps improve your experience." And I was actually thanked with "Thank you again for taking the time **to write**!"* [Complaint #: 187401]

> *"Everytime I **called the 800 number**, I get a recording **to go to the website**, if you have questions. I dont have questions, I just want my money refunded back to me!"* [Complaint #: 184170]

### 4.2.5 Rudeness

Another recourse and redress expectation formulated prior to purchase is related to the expectation that support staff will be polite, respectful, and courteous to consumers during interactions. However, this expectation is violated where, in some cases, consumers' attempts to obtain service recovery via complaint channels result in rude treatment by the support staff. The following quotes convey that consumers were dissatisfied when support staff hung up on them, lashed out with harsh words, provoked consumers, and even took the side of problematic co-workers. This recourse violation theme coincides with the findings emerging from previous studies of complaints by Harrison-Walker (2001) and Bunker and Bradley (2007), where rudeness seems to top the reasons for consumer dissatisfaction.

*"Customer service supervisor Oscar Perez was unhelpful, **rude** and apparently uninformed of his own company. [Complaint #: 187366]"*

*"However, they are very **rude**, short, and make you feel like you wrote the check knowing that it wouldn't clear and that you could care less about it. I know that Cross Check is trying to collect a payment for my NSF Check, but there is a limit to the way a collection agent or customer service (whatever they want to call themselves) representative should act. **Rude is not one of them**." [Complaint #: 184083]"*

*"And the manager I dealt with - called Maz - was extremely unprofessional. Not only did he fail to phone me back after promising to, but when I said that Man Utd was the best club in the world and that I just wanted its customer service to match that, he **hung up on me**." [Complaint #: 187359]*

*"This people would lie to me every time and when I finally demanded some answers and asked some tough questions, **they hung up on me.** [Complaint #: 188060]*

*"I told them I am going public with them, he basically **laughed and told me to go for it.**"[Complain #: 190268]*

*"When I told the store manager, he basically acted as if I was lying saying she **(the rude employee) is always polite**!" [Complaint #: 187900]*

### 4.2.6 Inaction/Hanging/Uninterested

Obtaining a resolution to the problem every time consumers seek redress using the complaint channels, is one of the important determinants of consumers' satisfaction with complaint handling systems (Matila and Mount, 2006). This theme is regarded as another consumers' recourse and redress expectations prior to purchase. However, it is apparent through the content analysis that consumers are dissatisfied when the customer service employees or the responsible parties in the company take no remedial actions following the complaints. Many consumers are uninformed of any updates or acknowledgements on their complaints at all, whereas in some cases the complaints are being left hanging with no solution given by the retailer. This theme of recourse and redress failure is pointed by the following quotes:

*"**But I am still waiting** for the same to be received. Whenever I call the HP Redemption office, they replied me that the gift will be sent within 10-14 days. The same type of response has been given, when I emailed them."* [Complaint #: 18731]

*"I contacted the company via email numerous times, only to be told they would get a new pump out to us right away. It's now September, and **still nothing**. The last response from them (July, after I emailed them) was that they were "waiting for pumps to arrive from Hong Kong". They have made **zero attempts to follow up** on this matter, and I am sure they are hoping I would just go away."* [Complaint #: 184102]

*"I called the Walgreen district office (205-682-8078) and they said they would call me back **but have not done so yet**."* [Complaint #: 184099]

*"Let me tell you, today is October 7th, almost a month since my design was completed and I have yet to receive my cards or my money back. (..) **Always promising** that someone would call me back, that they would talk to their managers, that I would get my money back.. **none of it has happened yet**!!!"* [Complaint #: 188060]

*"It is now 17 days later and my vehicle **is still not fixed.**"* [Complaint #: 187446]

*"I called Carplaza to see if they could take it in for repairs because it was still under warranty. This went on for 4 days I kept calling and **they kept saying "Oh I'll tell a service guy" and they never did.**"* [Complaint #: 187340]

Another recurring aspect of this theme is when consumers received negative feedback from support employees who are considered unprofessional. These employees conveyed their lack of empathy by reflecting negative cues, such as being unmotivated, uninterested, and not wanting to assist the consumer. These are exemplified by the quotes below:

*"I have had no follow-up from the Owner and the Manager (Taurean) claims that it is not his fault and **will take no blame** and **basically it is not his problem.**"*
*[Complaint #: 187505]*

*As per her Boss, I can complain any where, nobody can take action against him and also he replied that **"You complain first then only I will send my person for repairing".** [Complaint #: 187298]*

### 4.2.7    No Action Due to Company Policy

Another emergent theme from the content analysis is that consumers are disappointed when the customer support representative cites their "company policy" as the restriction for them not executing the expected remedy for the dispute. This is considered as another risk to consumer's recourse and redress expectations, as illustrated by the following quotes:

*"I received another email from Robbie stating that once the vehicle is loaded on the truck, he is done and that **legally everything is out of his hands and no longer controls it** and that I can "seek and demand all you (I) want"." [Complaint #: 184110]*

*"The factory (Napoleon) won't talk to me because I am **not a dealer or installer**." [Complaint #: 187579]*

*"I filed a complaint and also filed for insurance reimbursement. I was denied the insurance coverage because **I didn't have any receipts**." [Complaint #: 187466]*

*"Despite my complaints the Post Master General claims there is nothing he can do because there is **no proof of the contents worth and no proof the carrier is guilty of theft**." [Complaint #: 187466]*

*"I spoke to the Manager and was told there is nothing he could or would do for me, **"we do not carry that mattress any longer, contact the mattress manufacturer".**"*
*[Complaint #: 187451]*

*"She said oh well that doesn't matter I need **proof of income** and I looked over the contract stipulations and there's nothing that says I need anything."* [Complaint #: 187340]

*"I tried to return it to the **AT&T store** and they said "You **can only return the iphone to an Apple store".**"* [Complaint #: 184191]

*Mr Smith offered no satisfaction other than saying, **"That's just the way it is."*** [Complaint #: 184099]

## 4.2.8 Extended Delay

Prior to purchase, consumers seem to envisage that there is an acceptable response time while attaining service recovery, and they anticipate the necessary delays in resolution (Matila and Mount, 2006). However, delays become a critical issue in a business transaction when consumers perceive them as unnecessary (Davidow, 2003). When the retailer's recovery efforts failed to honour the stated time frame or initially promised delivery time, consumers regarded this as a violation to their recourse expectation. This theme differs from the theme previously mentioned, No Urgency. No Urgency is the delay that happens when a consumer attempts to establish the first contact with the retailer (i.e. pre-solution delay). In other words, No Urgency is a recourse failure when the retailer fails to give a timely response following a complaint. Extended Delay is the unnecessary delay that occurs after the retailer had promised to offer a solution to the problem (i.e. post-solution delay). When Extended Delay happens, consumers unhesitatingly complained to the *Complaints.com* website as manifested by the quotes below:

*"I called Samsung on Sept 9. They said I **would receive replacement monitor within 2 weeks. (....) Three weeks later** got call from Samsung, they don't have any replacement monitors."* [Complaint #: 187558]

*"When I complained to customer executives they replied that the sim will be **activated within 24hrs, but this did not happen**."* [Complaint #: 187424]

*"I kept calling and they kept lying to me..telling me that the cards were on the way..**to give them up to 48 hrs..48 hrs would pass and no cards**. Everytime I called I got the*

*same lies.."cards on the way, give us 48 hours, if you don't get a call back, we will reimburse you for your money." [Complaint #: 188060]*

*"I called Brother and was told that since it was still under warranty they **would replace it in 3-4 business days**. **In 7 days I called and was told that the swap was cancelled**, and Brother "called" me many times to let me know. [Complaint #: 192114]*

*"I was told the most quickest way to obtain a refund was to reactivate my service..which I did..and I **should get a refund within 3-5 business days**. I called back today, 9-5-08 and **was told that it would be 7-10 days before a decision was made** and **would have to wait** even still for the actual refund." [Complaint #: 184087]*

### 4.2.9  Incompetence/Wrong Solution

Consumers anticipate being treated by competent support staff who are able to relay clear and accurate answers to specific queries in their attempt to rectify problems. This is another recourse and redress expectation that consumers have prior to purchase. However, the content analysis reveals that consumers felt that although some remedial measures had been offered, the dissatisfying situation remained uncorrected or unimproved. The company initially offered an acceptable solution, but then failed to execute that solution, often making matters worse in the process. This is caused by support employees' incompetence, lack of knowledge or experience on the subject matter under complaint, and inept complaint handling skills. The specific theme is demonstrated below, and it corresponds to the finding by Ahmad (2002) where some consumers reported that their problems were not resolved to their satisfaction by the company.

*"I kept calling and each time they sent someone who made the **problem worse**." [Complaint #: 187430]*

*"I was on the phone with the tech support person in India for 1 1/2 hours. He then disconnected me. My computer **had more problems now then when I called**." [Complaint #: 184076]*

*"I have made dozens of phone calls to Stoves Direct.com and spoke with various people with result being the same, **it still doesn't work**." [Complaint #: 187579]*

*"The first call center handler was **incompetent** and refused to refer to supervision." [Complaint #: 187401]*

*"I'll never buy a Dell again. Their tech people **do not know what they are doing**." [Complaint #: 184076]*

*"I'm sorry, but we have **no way of knowing what kind of services we provided** you during the periods in question." [Complaint #: 184119]*

*"Samsung telephone support sucks. Every person you talk to has **to start from the beginning, they can't provide information on the status** of getting your money or replacement monitor." [Complaint #: 187558]*

*"I finally had to get a hold of a manager of the service department and they **said they didn't know** it was a lemon and **no one told them about it**." [Complaint #: 187340]*

Another recurring aspect of this theme is when consumers were given the wrong guidance or inaccurate advice that led to misinformation and miscommunication between complainers and support staff, as exemplified below:

*"I phoned up the next day to follow up on my email (..). So **I asked for the address to be changed** to what I had sent them via email and they could not answer me. (..) They proceeded to send the top **out to the wrong address** in full knowledge that I would never receive it." [Complaint #: 187359]*

*"I've been trying to get a simple answer from MLB.TV on if the games will be blocked out in Germany. The first answer was "The info is clearly stated on the web site"??. Which is **not true** as beside foreign countries Guam and South Korea, no other country is mentioned." [Complaint #: 187676]*

*"Finally I was able to speak to a live person who told me the shipment was damaged. I finally got them **straightened out, and they realized it was the first shipment that was damaged.**" [Complaint #: 187547]*

## 4.3    Taxonomy of Typical Recourse and Redress Failures

Figure 6 below shows a taxonomy of recourse and redress failures (i.e. complaint channel failures) as an outcome of the content analysis. The process flow is a summary of the nine failure themes that are arranged based on their order of occurrence in the complaint channel. It aids the grasp of an overall and clearer understanding of the issues leading to complaining about recourse and redress failures, that are faced by both online and offline shoppers.

First, disgruntled consumers try to communicate their complaints using available channels provided by retailers, either remote (e.g. email, letter) or interactive (e.g. face-to-face, phone). If the complainers are *unsuccessful with their attempts* to make any initial contact with the company, it could be because the relevant details needed to complain (i.e. responsible customer service person, toll-free number, customer service email address or postal address) are either not available or wrongly given by the retailers **(Invalid/Not Available).** Another possibility is that the retailers refuse to answer or respond to their complaint efforts at all **(Unreturned/No Response).**

Next, the consumers are *able to establish contact* with the retailer, but only after numerous attempts. At this stage, either the consumers attain the first contact only after several tries or a long time lapse **(No Urgency),** or their complaint calls, emails or letters are passed around, forwarded and transferred from one person to another, or between departments (**Transferred**). Besides that, consumer attempts at seeking redress via the complaint channels sometimes result in rude treatment by the support staff (**Rudeness**).

Subsequently, although the complaints eventually manage to reach the intended responsible support staff, there is a likelihood that *no remedial solutions* are offered to the complainers with any concrete explanation. At this stage, complaints are left hanging and consumers are uninformed on any updates or follow-ups. In some cases, the support staff seem to lack interest in solving the dispute (**Inaction/Hanging/Uninterested**). Another reason for no resolution being given is when the support staff cite "company policy" as the restriction for not executing the expected remedy for the dispute (**No Action Due to Company Policy**).

Lastly, complainers ultimately manage to attain resolution, but in a *dissatisfactory manner*, such as when the recovery efforts fail to honour the expected time frame or promised delivery time (**Extended Delay**). There are also situations where the disputes remain uncorrected due to support staff's incompetence and lack of knowledge, experience and skills to handle complaints (**Incompetence/Wrong Solution).**
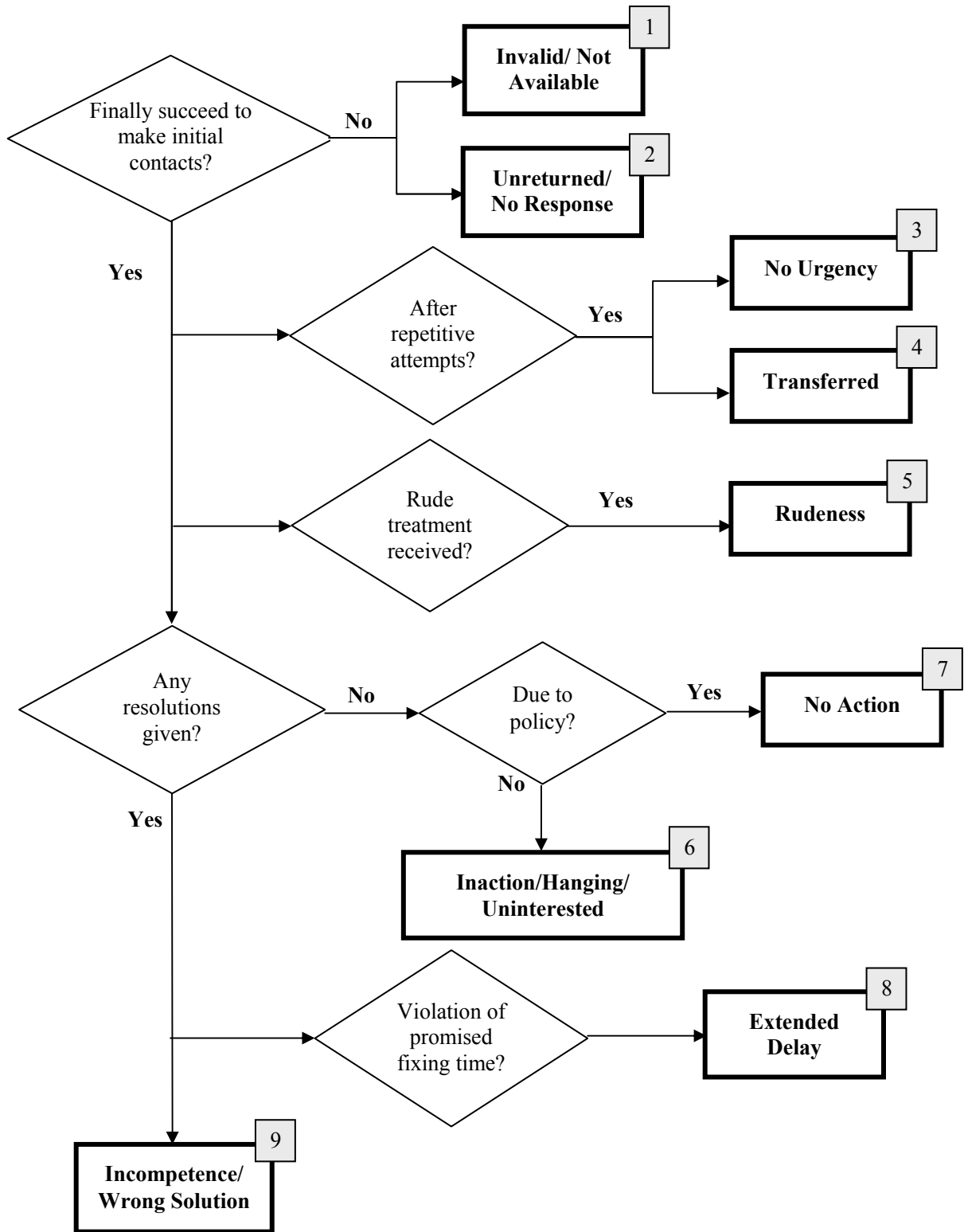
**Figure 6: Taxonomy of recourse and redress failures generated from findings of Study 1**

The findings of Study 1 content analysis also provide insights into other factors affecting the likelihood of success in seeking recourse and redress, such as the complaint channels used by the consumers.

## 4.4     Complaint Channels

A proper understanding of consumers' post-purchase behaviour, including the way they voice complaints, may result in a better understanding of consumers' needs and expectations. This could also influence the way retailers serve consumers in the future (Corbitt, Thanasankit and Yi, 2003). Many channels exist for consumers to communicate their complaints (Goetzinger, 2007). Heterogeneous consumer segments signify preferences for different complaint channels, and consumers are able to choose the channel they feel most comfortable with (Ahmad, 2002; Holloway and Beatty, 2003; Zaugg, 2006). Previous work in complaint behaviour (CCB) and self-service technology (SST) shows that complaints are expressed either by interactive or remote channels, depending on consumers' complaining motivations (Mattila and Wirtz, 2004; Robertson and Shaw, 2009). Despite their importance, the trend in CCB research indicates that complaint channels have received inadequate attention in the literature (Mattila and Wirtz, 2004; Zaugg, 2006; Robertson and Shaw, 2006).

Study 1 investigates the type of existing problematic complaint channels used by consumers before they vent their dissatisfactions on the third party complaint website (i.e. RQ3). The findings may provide insights into the types of purchase contexts likely to evoke high levels of PRRR.

**Table 7: Complaint channels used by consumers prior to complaining to Complaints.com**

| Complaint Channel | | | | | |
|---|---|---|---|---|---|
| Interactive = 103 | | Remote = 41 | | | Total* |
| Face-to face | Phone | Email | Website | Letter/Fax | |
| 12.2% (14) | 77.4% (89) | 27% (31) | 3.5% (4) | 5.2% (6) | 125.3% (144) |

*The total\* of complaint channels do not tally to 115 (complaint entries under investigation) as complainers may have previously used multiple complaint channels in each complaint case.*

Table 7 depicts that consumers mostly complained about recourse and redress problems that they encountered by phone. From the 115 complaints analysed, 52% were posted by online shoppers. This suggests that, the large amount of online shoppers in the sample may probably inflate the phone percentage. When problems occur, online shoppers normally have to rely on phone or email communications with a more anonymous and remote customer service employee to resolve disputes. However, between phone and email, consumers often choose interactive complaint channels (phone) over remote or electronic channels (email) as they believe that interactive channels provide interpersonal and social interaction, hence have a higher likelihood of organisational response (Ahmad, 2002; Walker, Craig-Lees, Hecker and Francis, 2002; Snellman and Vihtkari, 2003; Robertson and Shaw, 2006). As for offline shoppers, even though they are purchasing at the store (face-to-face interaction), phone communication is preferred over face-to-face when they encounter problems, as phone is regarded as the fastest mode of complaint communication (Ahmad, 2002). These reasons could probably explain why phone is a dominant channel in the analysis compared to other complaint channels.

### 4.4.1   Interactive Channels

Interactive complaint channels function based on oral communication (Tax and Brown, 1998), and are the type of "rich media" that allows a real-time perception of several non-verbal cues, such as facial expression, bodily gestures, and tone of voice or language (Daft and Lengel, 1984). Interactive complaint channels include face-to-face complaints to personnel, or complaining over the phone, and are regarded as the most common direct communication channels (Mattila and Wirtz, 2004; Robertson and Shaw, 2009). In computer mediated communication (CMC) disputes research, face-to-face is regarded as the "richest" communication channel, while phone is considered as less rich due to the absence of visual cues (Daft and Lengel, 1984; Mei Du et al, 2003).

Consumers tend to prefer interactive complaint channels (e.g. face-to-face or phone) partly because of the real-time response advantage (Mattila and Wirtz, 2004; Zaugg, 2006). The consumers can react immediately if the retailer does not satisfactorily agree to

the proposed solution. Although some consumers reported long waiting time (i.e. being put on hold) when using the phone, it was regarded as the fastest mode of complaint communication (Ahmad, 2002). Research suggests that consumers with redress-seeking (Nyer, 1997) or compensation motivations prefer interactive channels to resolve disputes (Mattila and Wirtz, 2004; Zaugg, 2006). CCB research also indicates that face-to-face and phone are the types of oral communications that are better suited to convey sincerity and empathy during complaint handling (Tax and Brown, 1998). The interpersonal component of the recovery process is said to be present in phone communication, as a consumer is in direct communication with a service representative (Tax and Brown, 1998; Holloway and Beatty, 2003). Disgruntled complainers can rely on the content of language and audio cues (i.e. variation in intonation, volume, pitch, etc.) to reach an understanding and resolve disputes.

On the other hand, the disadvantages of interactive complaint channels include cost, if it is not done on a toll-free number (Ahmad, 2002). Miscommunication could occur during recourse and redress due to language barriers and cultural diversity (Zaugg, 2006). Consumers who are prone to shame (i.e. personality factors) will avoid voicing complaints using interactive channels (Stephens and Gwinner, 1998; Menon and Dube, 1999; Mattila and Wirtz, 2004).

**4.4.2   Remote Channels**

Remote complaint channels include written modes of communication, such as posted letters, faxes, email or electronic messages (Mattila and Wirtz, 2004). There are almost no non-verbal cues such as facial expression, bodily gestures, and tone of voice or volume in written communications (Daft and Lengel, 1984). Remote complaint channels lack interactional human elements, thereby forcing the interaction to be limited to what is written (Holloway and Beatty, 2003). Hence, this type of communication has traditionally been referred to as lower in social presence (Kiesler et al, 1984; Hiltz et al, 1986; Rice and Love, 1987; Walther and Burgoon, 1992).

Some known advantages of remote complaint channels include their appropriateness for venting frustration (Mattila and Wirtz, 2004). Remote channels are often desired by low self-esteem complainers, as these channels allow them to remain anonymous in order to reduce embarrassment. The major benefit of remote channels is the convenience to complain anytime and anywhere (Ahmad, 2002). Consumers are not restricted by retail operating hours or required to take a special trip to the retail location, hence these channels are perceived as more cost-efficient (Ahmad, 2002; Zaugg, 2006).

Nevertheless, there are some disadvantages associated with remote complaint channels. Previous research has established the miscommunication of emotional content via email during complaining (Ahmad, 2002; Holloway and Beatty, 2003). Further, when using email to communicate complaints, there is the fear that those complaint emails do not reach the intended party; this could be due to technical glitches on the network. In CMC disputes research, written communication is categorized as the "poorest channel" since feedback is slow (Daft and Lengel, 1984). There is also a risk where complaint emails are not replied to or read at all. As for letter complaining, it takes longer for letters to reach the recipient and for feedback to be returned. For complaint cards or surveys, this restrictive format inhibits freedom to elicit actual feelings on unsatisfying marketplace encounters.

## 4.5    Purchase Platforms

Another objective of Study 1 is to investigate whether the type of recourse and redress failures differed for offline versus online purchases (i.e. RQ4). The answer to this question may also provide insight into the types of purchase contexts likely to evoke high levels of PRRR prior to the purchase.

Online shopping platforms include all Internet purchasing such as Internet stores, online banking transactions, online gaming and e-commerce, as clearly indicated in the blog entry (i.e. "pure click" businesses). For example:

> "I bought a ticket for my son through Cheaptickets.com and my son had the worst time in traveling." [Complaint #: 187694]

Offline shopping platforms are defined as all physical methods of purchasing a product or obtaining a service except using the Internet (i.e. "brick and mortar" and "brick and click" businesses). For example, in a blog entry from *Complaints.com*, this is exemplified as:

> *"I came into your store and purchased two dining rooms and an office desk with a credenza on August 6th. I paid by check and my total purchase was $7,633."*
> *[Complaint #: 187593]*

**Table 8: Online and offline shopping platforms used to purchase product or obtain service, according to recourse and redress failure themes**

| Recourse and Redress Failures | Purchase Platform | | |
|---|---|---|---|
| | **Online** | **Offline** | **Total** |
| Invalid or Not Available | (7.8%) 9 | (0.9%) 1 | (8.7%) 10 |
| Unreturned or No Response | (15.7%) 18 | (13.9%) 16 | (29.6%) 34 |
| No Urgency | (11.3%) 13 | (9.6%) 11 | (20.9%) 24 |
| Transferred | (6.1%) 7 | (7.8%) 9 | (13.9%) 16 |
| Rudeness | (13.9%) 16 | (12.2%) 14 | (26.1%) 30 |
| Inaction, Hanging or Unresolved | (17.4%) 20 | (14.8%) 17 | (32.2%) 37 |
| No Action due to Policy | (5.2%) 6 | (10.4%) 12 | (15.6%) 18 |
| Extended Delay | (7.0%) 8 | (7.0%) 8 | (14%) 16 |
| Incompetence or Wrong Solution | (8.7%) 13 | (7.8%) 17 | (16.5%) 30 |
| **Total**** | (93.1%) 110 | (84.4%) 105 | (177.5%) 215 |

*\* Each percentage is calculated over the total number of 115 observed complaint entries*
*\*\* Total percentage of violation for both purchase platforms does not total 100%, as complainers may have encountered multiple failure themes in each blog entry.*

Findings from the content analysis, as shown in Table 8, indicated that other than "Invalid" or "Not Available", the percentages are similar for online and offline purchases, indicating similar types of recourse and redress failures for both platforms. From the 115 complaints analysed, 52% were posted by online shoppers while 48% were from offline shoppers.

This reflects that, even though the overall market share for online shopping is still low (i.e. less than 10% of total retail spending as cited in Verdict (2005), US Census Bureau (2006), CNN (2007), and Weltevreden (2007)), the percentage of complainers who are also online shoppers seems high. This could possibly indicate that there is something systematically wrong in the way online shoppers have been treated while trying to seek redress, and it could indicate a general failure of complaint management in the online shopping platform. However, it might also be the case consumers who make online purchases are far more likely to use Internet complaint channels like complaint websites, forums, or blogs in general, where their technological expertise increases the likelihood of online purchases and posting online feedback about those purchases.

## 4.6    Consumer Dissatisfaction Responses

In addition to posting on third party websites, consumers may engage in any number of dissatisfaction responses, as in Table 9, based on the complaint management rendered by retailers (Corbitt, Thanasankit, and Yi, 2003). Dissatisfaction responses are the kind of actions that consumers intend to or engage in due to their unresolved complaints (e.g. negative word of mouth, exit/boycott, brand switching or report to third party). Another objective of Study 1 is to investigate the type of consumers' dissatisfaction responses following the recourse and redress failures (i.e. RQ5).

**Table 9:  Consumers dissatisfaction responses based on online and offline purchase platforms**

| Dissatisfaction Responses | Purchase Platform | | |
|---|---|---|---|
| | **Online** | **Offline** | **Total** |
| Negative Word of Mouth | (15.7%) 18 | (11.3%) 13 | (27.0%) 31 |
| Exit/Boycott | (9.6%) 11 | (11.3%) 13 | (20.9%) 24 |
| Switching | (8.7%) 10 | (2.6%) 3 | (11.3%) 13 |
| Report to Third Party/Legal Action | (8.7%) 10 | (6.0%) 7 | (14.7%) 17 |
| Do Nothing/Not Available | (20.0%) 23 | (19.1%) 22 | (39.1%) 45 |
| **Total**** | (62.7%) 72 | (50.3%) 58 | (113.0%) 130 |

**** *Total percentage of dissatisfaction responses for both purchase platforms does not total 100%, as complainers may have encountered multiple dissatisfaction responses themes in each blog entry.*

### 4.6.1   Negative Word of Mouth

One of the recurring dissatisfaction themes through all the complaints analysed is the tendency for complainers to spread bad messages or warn friends and relatives about the negative experience. This theme of dissatisfaction response supports the findings that dissatisfied complainers who choose to seek redress engage in negative word-of-mouth behaviour based upon the perceived likelihood of redress success (Richins, 1983; Blodgett, Granbois, and Walters, 1993; Singh, 1990; Swanson and Kelly, 2001). Previous studies have shown that this kind of exchange of thoughts, ideas, or comments between two or more consumers, can have a significant impact on the consumer purchasing process (e.g. Richins, 1983; Furse, Punj, and Stewart, 1984; Price and Feick, 1984; Brown and Reingen, 1987). Negative word of mouth as an outcome of recourse and redress failures is expressed, for example, in these quotes:

> *"This was the first and last time that I take a ticket thru Cheaptickets.com and **I will make sure to tell everyone about his ordeal** because it was really a hell time and no one can explain it but himself, so here i am writing so everyone knows what to expect at some airports." [Complaint #: 187694]*

*"I just don't want anyone to waste their money on their products when they don't stand behind what they import to sell. (..) I just **want to find ways to warn other families** of this company and their products, money is too tight nowadays to waste, let alone disappoint your children. Just beware when you purchase a toy from Summit Toys!"* [Complaint #: 184102]

*"They had made it so impossibly hard for me to claim my lost bag that at this point I am turning to you the reader of my Qatar Airways nightmare. (..) Thank you so much for reading my story **please pass it on** & if you fell to the same ludicrous fate by a major airline who thinks they can get away with mistreating & humiliating their costumers after they get their air fare & our bags checked in. We should prove them wrong by voicing or experience & demanding our rightful compensation for our material losses as well as the peace of mind lost in the time that was wasted dealing with them. I have also included a forum for all of us gather on & fight back for our rights together. There will soon be a free email service on this site, a chatting service, & more."* [Complaint #: 192236]

### 4.6.2 Exit/Boycott

Exit is a type of dissatisfaction response that is considered active and destructive, and manifests itself when consumers "disassociate themselves from the object of their dissatisfaction" (Hirschman, 1970 p. 30). Day (1980) classifies this type of personal decision to discontinue usage or patronage as boycotting. Exit also has been cited as the strongest and most consistent influence on complaint behaviour responses (Maute and Forrester, 1993). Some complaints, as extracted from *Complaints.com* below, indicate that consumers often decided to stop or discontinue shopping, or cease from being a patron for the particular product or service following recourse and redress failures:

*"After I hung up I got more steamed and decided to email the company telling them I don't want vouchers as **I am never purchasing their product ever again** and demanded compensation."* [Complaint #:192197]

*"I assure everyone **that was the last time I used the Postal system** for any type of shipping or delivery."* [Complaint #: 187466]

*"Thanks for keeping my $50 on your overpriced crap, I **won't ever deal with this company again**. Horrendous customer service."* [Complaint #: 186987]

### 4.6.3 Switch

Following recourse and redress failures, consumers often renounced their loyalty by purchasing a product or service different from that previously or usually purchased. This theme of dissatisfaction response discovered from the content analysis of *Complaints.com* verifies the previous findings that switching intent has a strong relationship with consumers' perceptions of the redress outcome and retailer's responsiveness (Richins, 1987). Consumers who perceive that complaining is convenient and complaints will be handled satisfactorily are reported to less likely to switch brands and more likely to increase repeat purchase (Yi, 1990).

*"I am **transferring my balance to another credit card** and will no longer do business with this company but I wanted others to BEWARE!!" [Complaint #: 187558]*

*"My experience in last year with Dell, deliver and service issues has been good. I'll **stick with Dell and not buy another Samsung product**." [Complaint #: 192203]*

*"Often times people buy items with rebate in order to try the products, but now I will not buy anything else from them and **will stick with big American companies** that have reliable products and their customer service exist." [Complaint #: 187786]*

### 4.6.4 Report to Third Party/Legal Action

Third-party complaints represent a higher-order action than complaining to friends, family, the salesperson, or the company itself (Feick, 1987). Consumers who perceive there is a lack of fairness in the retailer's complaint management or are dissatisfied with retailer's unresponsiveness are likely to take legal action and seek third-party intervention (Day and Landon, 1977; Bearden and Teel, 1983). Hence, it is not surprising that the findings from the content analysis of *Complaints.com* website also revealed that consumers often complain to external bodies such as consumer associations or official organisations, report to legal authorities, or contact third party organisations (e.g. Better Business Bureau) when recourse and redress failures occur. This theme of dissatisfaction response is exemplified in the quotes below:

*"There is still no resolution and am preparing **to take them to court** for the value of the car."* [Complaint #: 184110]

*"I then wrote the company an e-mail saying that I did not appreciate how I was being treated and I was **going to contact the BBB** and every other complaint place I could find."* [Complaint #: 192136]

*"I will be **contacting consumer affairs** and the BBB and writing many letters, and to those people who have complaints against this horrid company, I suggest you do the same. Eventually the right people will get the right amount of complaints and take action."* [Complaint #: 179961]

*"So, I wrote the Company owner Mark last Friday, Oct 31 to get his company to return my down payment or I will use all the legal relief available to get their company to return my fund (..) I am also **filing all the Reports I can get against this company at Federal, State and City level** and will continue to do so UNTIL THEY COME TO THEIR SENSES AND RETURN MY $150 TO ME."* [Complaint #: 192215]

### 4.6.5   Do Nothing or Not Available

Singh (1988, p. 104) considered non-behavioural dissatisfaction responses such as "forget about the incident and do nothing" as valid complaint responses. In this study, consumers who indicated no clear future intended action regarding the company or product, although their recourse and redress expectation had been violated, were categorised as "Do Nothing".

### 4.7   Product and Service Category

The content analysis of 115 complaint website entries highlights the main product or service category that the complainers are complaining about, as charted in Figure 7. From the analysis, kitchen and home furnishing is the second highest complained product category after broadcasting, telecommunication and broadcasting services.
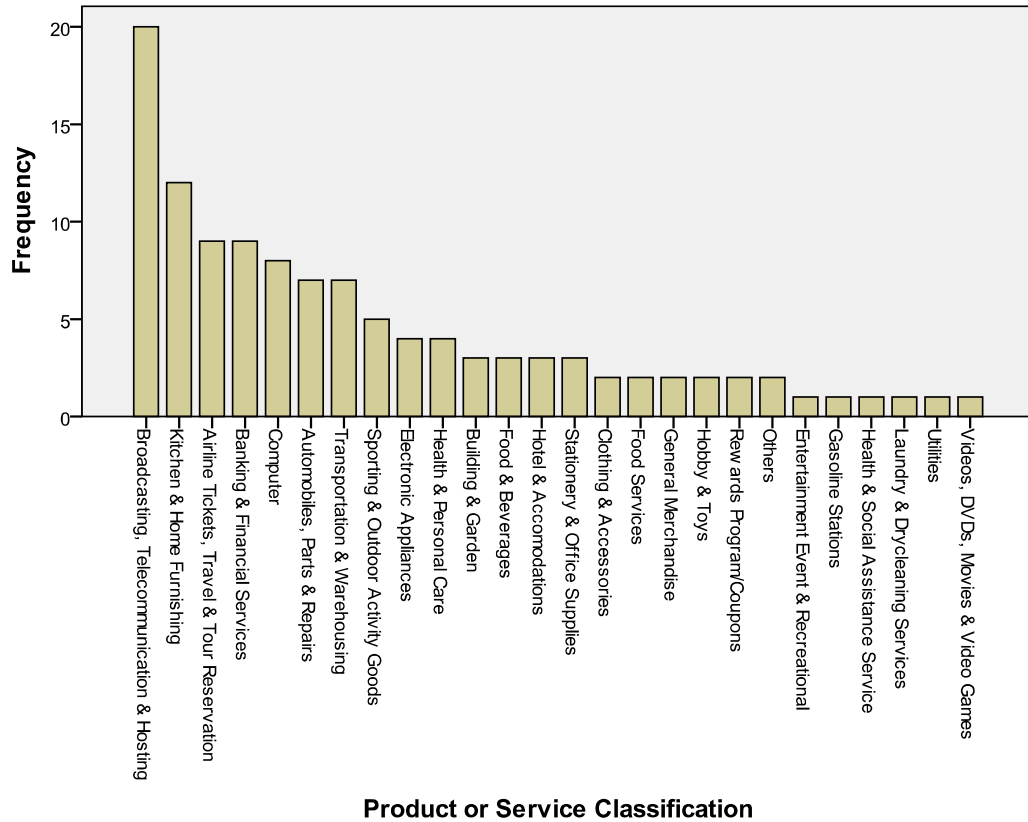
**Figure 7: Main product and service category highlighted in Study 1 content analysis of Complaints.com**

As reported in this chapter, the Study 1 content analysis discovered many categories in its findings, such as the shopping platforms, failing complaint channels (phone, email, face to face, letter or fax), type of recourse and redress failures, dissatisfaction responses following recourse and redress failures, as well main product or service categories. The failure categories obtained from Study 1 (content analysis) may indicate the kinds of recourse and redress problems consumers anticipate in advance of making a purchase – they are the possible dimensions of PRRR. Hence, the failure categories provide the basis for generating an initial pool of items to measure PRRR. Study 1 findings are also brought forward into the quantitative stage, Study 2 (item refinement) and Study 3 (experiment), which are further explained in the following Chapter 5.

# Chapter 5

# ITEM DEVELOPMENT AND REFINEMENT

## 5.1    Introduction

A review of the literature indicates there is no published research on formal measurements or scales for perceived risk related to failed complaints or the recourse and redress risk concept. To readdress this, scale items have been developed to measure these aspects of perceived risk. The new scale is proposed as an extension the perceived risk scales introduced and tested by previous research.

Chapter 4 reported findings from Study 1 (content analysis) on nine recourse and redress failure categories as experienced by consumers (Sulaiman, Areni and Miller, 2009). The nine failure categories provided understanding on existing problems faced by consumers in regard to retailers' complaint handling management. These categories and their sub-categories form the basis for generating the initial items for the new Perceived Recourse and Redress Risk (PRRR) scale. PRRR is briefly defined as a consumer's fear that a retailer's effort of remedy in response to the consumer's complaint following a bad purchase will fail to result in satisfaction. Chapter 5 presents the PRRR scale developed using standard psychometric procedures (e.g. dimensionality, validity, and reliability). The item development and refinement procedures of the PRRR scale (Study 2) are explained in the subsequent sections. As the PRRR scale has not been formally tested, this further emphasises the need to assess the validity and reliability of the new scale.

## 5.2    Items Generation

The first step of the scale development procedure is to refine the definition of the construct of interest (Churchill, 1979). In this manuscript, this consist of an indepth literature review (Chapters 1 and 2) that was followed by an exploratory inquiry on complaints submitted to the *Complaints.com* website using the content analysis method

(Chapters 3 and 4). The next step is to generate a pool of items that captures the domain as specified. The PRRR scale is designed as a multidimensional scale to understand the specific risks consumers have in regard to their perceived likelihood of an unsuccessful recourse and redress process. For this study, item generation was executed based on the content of the *Complaints.com* entries and used to define and specify aspects of each of the PRRR dimensions discovered in Study 1.

Based on the nine final failure categories (or dimensions) obtained from Study 1, a candidate pool of items was generated. Following Hair et al's recommended guidelines (2010), six to eight items were written to represent each underlying dimension. The relevant verbatim quotes, extracted from *Complaints.com*, were referred to while generating the items for each PRRR dimension. This procedure yielded a total of 58 items in the initial pool (see Table 10) to represent the nine PRRR dimensions. Items with "slightly different shades of meaning" (Churchill, 1979, p. 68) were also added into the item pool of the PRRRS because identical statements can potentially generate different answers and provide a better foundation for the final scale.

**Table 10: Number of items generated to represent each recourse failure category**

| Recourse and redress categories (Dimensions) | Original number of items |
|---|---|
| Invalid/Not Available | 6 |
| Unreturned/No Response | 6 |
| No Urgency | 6 |
| Transferred | 6 |
| Rudeness | 8 |
| Inaction/Hanging/Uninterested | 6 |
| No Action due to Policy | 7 |
| Extended Delay | 6 |
| Incompetence/Wrong Solution | 7 |
| **Total** | **58** |

Figure 8 and Table 11 illustrate the procedure for how the initial items were developed to represent each PRRR dimension in the final scale. "Transferred" was chosen as a specific example.

| Extracting of verbatim quotes from *Complaints.com* describing each PRRR dimension | → | Specifying the definition of the PRRR dimension and grounding to the literature | → | Developing specific scale items to measure the PRRR dimension |
|---|---|---|---|---|
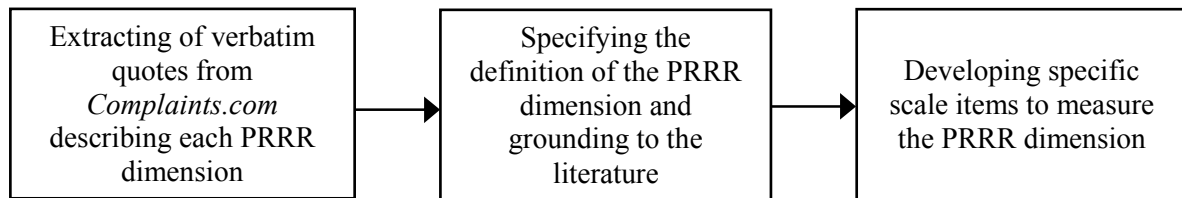
**Figure 8: Procedures for item pool generation guided by the quotes discovered from content analysis**

First, the relevant verbatim quotes from *Complaints.com* that described the PRRR dimension associated with complaints being "Transferred" were referred to. For example, consumers have a preconceived idea that their opinions or complaints should reach the relevant department or personnel immediately once they are submitted, and that the communication is not lost in the complaint channel (Corbitt, Thanasankit and Yi, 2003). This expectation of retailers' reactions forms a notion of recourse and redress success that consumers have prior to purchase. However, this expectation is violated by the retailers as illustrated by the specific quotes from *Complaints.com*. Several quotes have lent evidence that the complaint calls or emails were passed around, forwarded or transferred from one employee to another. There is also evidence of a recourse failure when the complainers get passed or transferred from one complaint channel to another (e.g. the consumer initially complained via phone but was directed to use a face-to-face channel). Hence, one dimension of PRRR is whether consumers anticipate being transferred or passed around prior to making a purchase, and whether this perceived risk influences their purchase likelihood.

As summarised in Table 11, the verbatim quotes that guided the conceptualisation of PRRR related to "Transferred" dimension were noted. The final quotes worthy of being selected to further facilitate each item generation were then compiled and grouped

together. To develop each "Transferred" item, key important words and sentences in the quotes that reflected the theme were highlighted (in bold). The same procedure was then adopted for the remaining PRRR dimensions.

**Table 11: An example of scale item development to measure a specific PRRR dimension, "Transferred"**

**(r)** – *reverse coded items*

| Verbatim quotes related to "Transferred" extracted from Study 1 content analysis | Items developed for "Transferred" |
|---|---|
| *"I talked to the **assistant manager Brandy Merkelson** on 9/4 and to **store manager (Jeremy Smith)** at 205-942-2982 on 9/5. Ms Merkelson said **nothing other than to call Mr Smith**. Mr Smith offered no satisfaction other than saying, "that's just the way it is." [Complaint #: 184099]*<br><br>*"After contacting **Corey the manager**, he instructed me **to call Christie Brisco** 973-465-7401 to take care of the repair." [Complaint #: 187824]*<br><br>*"I **asked for their supervisor** and they put me on hold then finally came back and asked me **to call another direct number**." [Complaint #: 182622]* | **I would be served by the right person in the company without my complaint being passed around from one person to another. (r)** |
| *"Everytime I call, the manager is not in or 'busy,' a few times I am **transferred**, I am on hold for at least an hour… sometimes 3 hours." [Complaint #: 187697]*<br><br>*"I called back, got another service tech person after **being transferred 3 times**." [Complaint #: 184076]* | **I would find that my initial complaint would be transferred from one person to another.** |
| *"I **called the PO** and lodged a complaint they informed me I **needed to come in in-person** so the next day I did just that." [Complaint #: 187417]*<br><br>*"Everytime I **called the 800 number**, I get a recording **to go to the website**, if you have questions. I don't have questions, I just want my money refunded back to me!" [Complaint #: 184170]*<br><br>*"After multiple back and forth, the answer is '**Please call the toll-free customer service hotline** at 1-866-800-1275 in order to better assist you and perhaps improve your experience.' And I was actually thanked with 'Thank you again for taking the time **to write**!'" [Complaint #: 187401]*<br><br>*"The only time it went to **their answering machine** was in April, asking me **to email** them at unlock AT magix.net." [Complaint #: 187786]* | **I would be instructed to use other complaint method after I lodged my initial complaint to the company.** |

| | |
|---|---|
| *"I got on the phone and worked my way through **four operators before I could relay the story**." [Complaint #: 187702]*<br><br>*"I myself then went to the store and spoke to the manager who **promised to investigate** and pass my complaint on to their head office, **after I had made 3 more phone calls** to the store." [Complaint #: 184066]* | **I would need to communicate with a few people in the company before my problem would be resolved.** |
| *"The **first call center** handler was incompetent and refused to refer to supervision, dropping the call to a **national call center** with someone who had no idea of why the call was referred, with the national call center **dropping the call back to Michigan** (when the original call was routed from California)." [Complaint #: 187401]* | **My complaint would be transferred from one branch to another for my problem to be resolved.** |
| *"I called Sony and spoke to at least 10 different people because everybody was **passing to another department**." [Complaint #: 192119]*<br><br>*"When we **called them to tell them that our first payment** wasn't due yet why did they send it to the collection, they replied they do not have information about us that we would have **to talk to the collection agency**." [Complaint #: 180422]* | **My complaint would reach the right department in the company the first time. (r)** |

## 5.3    Content Validity

Few researchers have directly examined the issue of content validity or the representativeness of the content of the perceived risk measure (Dowling, 1986). Content validity is the extent to which the meanings of the concept are captured by the measures (Babbie, 1992; Nunnally and Bernstein, 1994). Careful execution of the earlier steps of scale development procedures is important as mentioned by Churchill (1979): "Specifying the domain of the construct, generating items that exhaust the domain, and subsequently purifying the resulting scale should produce a measure which is content or face valid and reliable" (Churchill, 1979, p. 70).

A number of procedures were carried out to establish the face validity of the initial PRRR categories and pool of items generated in Study 1. These content validity stages are summarised in Table 12.

**Table 12: Content validity for Study 1**

| Type | Sample size | Unit of analysis |
|---|---|---|
| Research team | n = 3 (researcher and 2 supervisors) | PRRR categories discovered from content analysis of *Complaints.com* website |
| Inter-coder reliability | n = 2 (researcher and 1 Marketing postgraduate student) | Complaint entries extracted from *Complaints.com* website |
| Expert panel | n = 3 (Marketing academics) | Item pool developed based on nine PRRR categories |
| Research team | n = 3 (researcher and 2 supervisors) | Item pool developed based on nine PRRR categories |

The first and second step to verify the content validity (i.e. face validity) was explained in Chapter 3. The research team (n = 3; the researcher and two supervisors) evaluated the face validity of the PRRR categories discovered from content analysis. Subsequently, an inter-coder reliability test was carried out to further verify the content analysis findings. A postgraduate Marketing student was recruited to code the same 115 complaint entries as the researcher. The final coding comparison between the two analysts (n = 2; researcher and one postgraduate student) showed a high level of agreement.

This present section describes the further content validity assessment conducted on the initial pool of PRRR scale items. These scale items were developed based on the nine PRRR dimensions obtained through content analysis. To ensure content validity, items were written across the content domain of each PRRR category, as in Table 13. The 58 items in the initial pool seemed to capture the essence of the nine PRRR dimensions discovered in Study 1.

**Table 13: Initial item pool for PRRR scale generated based on nine failure categories discovered in Study 1**

| Categories (PRRR factors) | Content domain (Definition and examples of PRRR dimensions) | Items to represent each PRRR dimension in pilot questionnaire |
|---|---|---|
| **1. Invalid/ Not Available** | The extent to which consumers perceive that the customer service contact details would not be available, would be invalid or wrong, or that the consumers are not able to seek recourse and redress.<br><br>Example of quotes:<br>"I asked the rep if there was someone in the financial office that I could speak with and she advised me that there was no telephone number for that department. There was no one of authority I could talk with per the customer service department nor anyone to write. I asked for phone numbers and mailing address but none given. They said not to mail any correspondence with my bill as this was not the same department." [Complaint #: 184087]<br><br>"The Michigan call center proceeded to give an incorrect number for the CA/NV customer complaint center." [Complaint #: 187401] | **A1:** I would not be able to contact the retailer because the customer service contact details would not exist.<br>**A2:** I would not be able to contact the retailer because there would be an error or typo in the customer service contact details.<br>**A3:** I would be able to contact the retailer because the available customer service contact details would be correct. **(r)**<br>**A4:** I would not be able to contact the retailer because no customer service contact details would be provided by the retailer.<br>**A5:** I would be able to contact the retailer because I would know the specific customer service contact details to contact. **(r)**<br>**A6:** I would be able to contact the retailer because the customer service contact details given would be accurate. **(r)** |
| **2. Unreturned/ No Response** | The extent to which consumers perceive that when they seek recourse and redress, their emails or phone calls would not be responded to at all or would be answered by an automated response system.<br><br>Example of quotes:<br>"The Reward Depot would not answer any emails requesting my password and user name to check status of my 'Free' prize. After virtually dozens of emails I have received no response to why there are no confirmations of my completing ANY of the offers on their site." [Complaint #: 187417]<br><br>"I have tried to call them, but they don't answer the phone." [Complaint #: 184092] | **B7:** I would be able to communicate with someone right away. **(r)**<br>**B8:** I would find that my complaint would not be responded to by anyone.<br>**B9:** I would think that the customer support service was always busy.<br>**B10:** I would be responded to by an automated response system saying that the customer service representative is busy.<br>**B11:** If I had to leave a message, I would find that a customer service representative would contact me back immediately. **(r)**<br>**B12:** I would find that my complaint would be attended by a customer service representative. **(r)** |

| | | |
|---|---|---|
| **3. No Urgency** | The extent to which consumers perceive that when they seek recourse and redress, they would be able to establish the first contact with the retailer only after several tries or after a long duration of time has passed.<br><br>Example of quotes:<br>"*I did receive emails from them after 19 emails were sent.*" *[Complaint # 187417]*<br><br>"*Two months later, they finally opened the box, then after many emails and phone calls, agreed to repair it!*" *[Complaint #: 187601]* | **C13:** I would have to leave several messages before somebody responded to my complaint.<br>**C14:** I would need less time (either minutes/hours/days) than expected before somebody attended to my complaint. **(r)**<br>**C15:** I would need to contact the retailer only once for somebody to respond to my complaint. **(r)**<br>**C16:** I would not need to wait for an extended amount of time when I contact the retailer. **(r)**<br>**C17:** I would only receive a response from the retailer after leaving several messages on the automated response system.<br>**C18:** A long time would pass before I would receive the first response from the retailer. |
| **4. Transferred** | The extent to which consumers perceive that when they seek recourse and redress, their complaint would be passed around, forwarded or transferred from one employee to another, or from one complaint channel to another (e.g. the consumer initially complained via phone but was directed to use a face-to-face channel).<br><br>Example of quotes:<br>"*I called back, got another service tech person after being transferred 3 times.*" *[Complaint #: 184076]*<br><br>"*I got on the phone and worked my way through four operators before I could relay the story.*" *[Complaint #: 187702]* | **D19:** I would be served by the right person in the company without my complaint being passed around from one person to another. **(r)**<br>**D20:** I would find that my initial complaint would be transferred from one person to another.<br>**D21:** I would be instructed to use other complaint method after I lodged my initial complaint to the company.<br>**D22:** I would need to communicate with a few people in the company before my problem would be resolved.<br>**D23:** My complaint would be transferred from one branch to another before my problem was resolved.<br>**D24:** My complaint would reach the right department in the company the first time. **(r)** |

| | | |
|---|---|---|
| **5.**<br>**Rudeness** | The extent to which consumers perceive that their recourse and redress effort would result in rude treatment by the support staff, for example, the support staff would lash out with harsh words, provoke consumers, and take the side of problematic co-workers.<br><br>Example of quotes:<br>*"Customer service supervisor Oscar Perez was unhelpful, **rude** and apparently uninformed of his own company."*<br>*[Complaint #: 187366]*<br><br>*"I told them I am going public with them, he basically **laughed** and **told me to go for it.**"*<br>*[Complaint #: 190268]* | **E25:** The employee would be rude, ignorant and not bother to introduce himself/herself when I contacted the company.<br>**E26:** The employee would be polite and respect me when I contacted the company. **(r)**<br>**E27:** The employee would end the communication when I tried to fix the problem.<br>**E28:** The employee would not lie to me when I tried to fix the problem. **(r)**<br>**E29:** The employee would use abusive and unacceptable language, or use negative tone during our communication.<br>**E30:** The employee would not discriminate me when I contacted the company. **(r)**<br>**E31:** The employee would provoke me when I tried to fix the problem.<br>**E32:** The company would side with the problematic employee when I tried to fix the problem. |
| **6.**<br>**Inaction/**<br>**Hanging/**<br>**Uninterested** | The extent to which consumers perceive that when they seek recourse and redress, the retailer would not take any remedial actions following the complaints, the retailer would not give any updates on the problem, and complaints are being left hanging with no solution given by the retailer. Support staff would be unmotivated, uncaring, and not wanting to assist the consumer.<br><br>Example of quotes:<br>*"I called the Walgreen district office (205-682-8078) and they said they would call me back **but have not done so yet.**"*<br>*[Complaint #: 184099]*<br><br>*"I have had no follow-up from the Owner and the Manager (Taurean) claims that it is not his fault and will take no blame and **basically it is not his problem.**"*<br>*[Complaint #: 187505]* | **F33:** I would be left without any status updates of my problem.<br>**F34:** I would receive a follow-up response as promised by the company. **(r)**<br>**F35:** I would be given a satisfactory explanation and/or the solution that I was supposed to receive. **(r)**<br>**F36:** I would find that my complaint would be left hanging by the company.<br>**F37:** I would receive negative responses from an unmotivated, bored, uninterested and uncaring employee.<br>**F38:** I would be given the apology I was supposed to receive. **(r)** |

| | | |
|---|---|---|
| **7.**<br>**No Action**<br>**due to Policy** | The extent to which consumers perceive that when they seek recourse and redress, the customer support staff would cite the "company policy" as the restriction for them not executing the expected remedy for the problem.<br><br>Example of quotes:<br>*"I received another email from Robbie stating that once the vehicle is loaded on the truck, he is done and that **legally everything is out of his hands and no longer controls it and that I can 'seek and demand all you (I) want.'"** [Complaint #: 184110]*<br><br>*"Despite my complaints the Post Master General claims there is nothing he can do because there is **no proof of the contents worth and no proof the carrier is guilty of theft."** [Complaint #: 187466]* | **G39:** I would be informed that there was nothing the company could do to fix my problem because the payment overcharged problem was my issue with the bank/financial institution, and not an issue with the company.<br>**G40:** I would be informed that due to company policy, the company could not refund the overcharged amount.<br>**G41:** I would be denied as the company would claim that I failed to provide a proper proof of purchase other than the receipt.<br>**G42:** I would be assisted by the company when I provided them with the receipt. **(r)**<br>**G43:** I would find that the company would hide behind policy and guidelines to avoid solving my problem.<br>**G44:** The company would inform me that the situation was out of their hands and they had no control over the problem.<br>**G45:** I would find that the company would be transparent in solving my problem as everything was clearly stated in the company policy. **(r)** |
| **8.**<br>**Extended**<br>**Delay** | The extent to which consumers perceive that when they seek recourse and redress, the retailer's recovery efforts or solutions given would fail to meet the initially stated time frame or promised delivery time.<br><br>Example of quotes:<br>*"I called Samsung on Sept 9. They said **I would receive a replacement monitor within 2 weeks.** (….) **Three weeks later got call from Samsung, they don't have any replacement monitors."** [Complaint #: 187558]*<br><br>*"When I complained to customer executives they replied that the sim will **be activated within 24hrs, but this did not happen."** [Complaint #: 187424]* | **H46:** I would need to allow a great amount of time for the company to correct the problem.<br>**H47:** I would receive a solution in an acceptable amount of time. **(r)**<br>**H48:** I would expect the company to not honour the promised delivery time to correct the problem.<br>**H49:** I would anticipate an unreasonable delay before the company corrected the problem.<br>**H50:** I would have to wait less time (either minutes/ hours/days) than expected for the company to correct the problem. **(r)**<br>**H51:** I would anticipate that the company would exceed its stated time frame to correct the problem. |

| | | |
|---|---|---|
| **9.**<br>**Incompetence/**<br>**Wrong Solution** | The extent to which consumers perceive that although some remedial measures had been offered following their recourse and redress effort, the dissatisfying situation remained uncorrected or unimproved due to support employees' incompetence, lack of knowledge or experience.<br><br>Example of quotes:<br>*"I was on the phone with the tech support person in India for 1 1/2 hours. He then disconnected me. My computer **had more problems now than when I called.**" [Complaint #: 184076]*<br><br>*"I have made dozens of phone calls to Stoves Direct.com and spoke with various people with result being the same, **it still doesn't work.**" [Complaint #: 187579]*<br><br>*"The first call center handler was **incompetent** and refused to refer to supervision." [Complaint #: 187401]* | **I52:** I would find that the solution given by the employee would fail to correct the problem.<br>**I53:** I would not be able to fix the problem due to the employee's lack of knowledge.<br>**I54:** I would not be able to fix the problem due to the employee's lack of experience.<br>**I55:** I would be able to fix the problem because the employee is competent and has a good problem solving skill. **(r)**<br>**I56:** I would find that my problem would become worse with the given solution.<br>**I57:** I would receive good guidance and accurate advice from the company when I tried to fix the problem. **(r)**<br>**I58:** I would anticipate that miscommunication and misinformation would occur when the company tried to give me a solution. |

**(r)** – *reverse coded items*

To further assess the content validity, three panel or Marketing experts who had completed considerable research in consumer behaviour and scale development assessed the initial pool of PRRR scale items (n = 3; Marketing faculty members of a major university in Australia). The expert panel judged the face validity of the appropriateness and representativeness of the items included in the initial PRRR scale item pool. Based on their comments, some of the items were rewritten to provide more clarity, while a number of the items were worded in a way that they would be reverse-coded. This procedure conforms to Churchill's (1979) step for item generation where "some of the statements would be recast to be positively stated and others to be negatively stated to reduce 'yea' or 'nay' saying tendencies" (Churchill, 1979, p. 68).

Finally, the content validity of the PRRR scale items was once again assessed by the research team (n = 3; the researcher and two supervisors) before the scale was administered for Study 2 (item refinement). The content validity involved a thorough evaluation of the item wording and improvement on any ambiguous or poorly worded items. As a result, some of the 58 items were modified driven by face validity considerations. From the final 58 items, 23 were reverse-coded. The 58-item PRRR scale was then submitted to a scale refinement and validation process (Study 2), as described in the next section.

## 5.4     Item Refinement (Study 2)

The steps described in the previous sections assist in establishing content validity (i.e. face validity) but are inadequate for producing a *scale* that has construct validity (Churchill, 1979; Nunnally and Bernstein, 1994). Therefore, Study 2 was conducted to test the initial pool of items tapping into PRRR scale, further examine scale reliability, and as an early assessment of the convergent, discriminant and nomological scale validity.

Exploratory Factor Analysis (EFA) was used for item reduction and to establish discriminant validity between the PRRR construct and other risk constructs (i.e.

Performance Risk). This step was parallel to previous research, where scale refinement and purification include the process of item refinement and EFA to provide preliminary estimates of the scale reliability, dimensionality and construct validity (i.e. convergent and discriminant validity) (Churchill, 1979; DeVellis 2003; Forsythe, Liu, Shannon and Gardner, 2006).

*Convergent Validity*

Convergent validity of a scale can be achieved if the different items used to measure the same construct have a strong correlation (Churchill, 1979). Convergent validity was assessed by examining the factor loadings of each item with its intended dimension. According to Campbell and Fiske (1959), convergent validity refers to all items measuring a construct actually loading on a single factor. In Study 2, the convergent validity test was carried out by utilising EFA to obtain a more in-depth judgement of the dimensionality of PRRR (Hair, Anderson, Tatham and Black, 2006). Convergent validity was established when items measuring each PRRR dimension loaded onto a single factor along with other items measuring that dimension, as theorised earlier in the conceptual definition (Study 1).

*Discriminant Validity*

Discriminant validity is indicated by the low correlation between the scale of interest and other scale(s) that are supposedly not measuring the same construct (Heeler and Ray, 1972). In other words, discriminant validity refers to the extent that two different scales are relatively distinctive and novel, not simply a reflection of one another (Churchill, 1979; Heeler and Ray, 1972). Scales that are highly correlated may be measuring the same construct rather than different construct (Campbell and Fiske, 1959). In Study 2, the Performance Risk scale was included in the questionnaire to test for discriminant validity between the proposed PRRR construct and other perceived risk constructs. To establish the discriminant validity, items intended to measure each PRRR dimension should not load onto a factor corresponding to other dimensions, and should not load onto the Performance Risk construct.

Among all the existing perceived risk dimensions, Performance Risk was chosen for the purpose of discriminant validity. Performance Risk has been proven in the literature as being the most important and strongest influence on purchase decisions compared to other risks. For example, research by Jacoby and Kaplan (1972), Kaplan, Syzbillo and Jacoby (1974), and Brooker (1984) identified several risk dimensions: Psychological, Financial, Performance, Physical and Social Risk for tangible product purchase. However, in these studies, Performance Risk had the highest correlation with overall perceived risk.

The final questionnaire for Study 2 consisted of a revised scale of 58 items for PRRR, six items for Performance Risk (each with seven-point Likert-type response format), and questions on demographic information. The items tapping into respondents' perceptions of Performance Risk were derived from a review of perceived risk literature. The six Performance Risk items and their sources are described in Table 14:

**Table 14: Items for Performance Risk factor adapted from perceived risk literature for the purpose of discriminant validity**

| Item | Source |
|---|---|
| I believe that the business suit purchased may be of inferior quality. | Corbitt, Thanasankit and Yi (2003) |
| I believe that the business suit would provide the level of benefit that I would be expecting. **(r)** | Stone and Gronhaug (1993) |
| I believe that the business suit would function satisfactorily. **(r)** | Shimp and Bearden (1982) DelVecchio and Smith (2005) |
| I believe that the business suit would not meet my needs and desires very well. | Murray and Schlacter (1990) |
| I believe that the business suit would perform as I expected it to do. **(r)** | Shimp and Bearden (1982) Venkatraman and Price (1990) Stone and Gronhaug (1993) Gurhan-Canli and Batra (2004) |
| I believe that I will be likely to have problems with the performance of the business suit. | Venkatraman and Price (1990) DelVecchio and Smith (2005) |

*Nomological Validity*

Nomological validity checks whether a construct is correlated with other theoretically related constructs or variables (Cronbach and Meers, 1955). In Study 2, the PRRR scale was tested against a conceptually related construct, the purchase platform (offline vs. online shopping groups), in order to establish evidence of the nomological validity of the scale.

Study 2 theorises that when things go wrong with the purchase, consumers' PRRR is likely to be higher in an online shopping platform compared to an offline shopping platform. Online shoppers do not have the advantage of interpersonal communications as there are no face-to-face customer service representatives to deal with directly. The impersonality of the Internet environment and lack of social context (MacKenzie, 1999; Cho, Im, Hiltz and Fjermestad, 2001) increase the salience of PRRR. Based on the comparison of mean scores, the PRRR scale is nomologically valid if there is a significant difference in the mean scores between online shoppers and offline shoppers.

### 5.4.1   Data Collection

Study 2 employed a convenience sample recruited via the snowball technique. The survey questionnaire was administered online over a three-week period. It was pertinent to decide how to deliver the questionnaire to the sample respondents as this decision affects the response rate, cost, speed, sample size and length of the questionnaire. The online survey provided the advantages of lower administration costs (Cooper and Schindler, 2006) and faster response rates compared to conventional mail surveys (Ilieva, Baron and Healey, 2002; Wygant and Lindorf, 1999).

Survey invitations were initially emailed to potential respondents in the researcher's mailing list. The email notified them of the survey's objective, which was to understand consumers' experiences with retailers' complaint management systems when things go wrong with a purchase. The email also extended the invitation for the respondents to participate by clicking on the survey web link that was managed by Lime Survey, an

online data collection application. The use of cookies in Lime Survey inhibited respondents from completing the survey multiple times. The questionnaire employed a forced answering approach that was formatted in the online survey to avoid missing data issues. Further, the online survey was also formatted to control for privacy concerns so that the survey could be completed by respondents anonymously (Grossnickle and Raskin, 2001).

To test for nomological validity of the PRRR scale, Study 2 respondents were randomly assigned to two experimental groups (i.e. Group A online shoppers and Group B offline shoppers) that were exposed to one of two different vignettes or written hypothetical scenarios. The construction of the two scenarios was based upon actual failure incidents and event chronologies that led to the complaints, as posted by the complainers in *Complaints.com* website.

As described in Table 15, Group A respondents read about a dispute (i.e. overcharged payment) for a hypothetical online purchase. Group B respondents read about the same dispute that occurred in an offline context. By reading a hypothetical scenario, respondents then engaged in a role-playing exercise (Carlsmith et al., 1976). Respondents were instructed to put themselves in the place of a dissatisfied consumer who was seeking recourse and redress from the retailer following the dispute. Phone complaining was described as the communication medium between the consumer and the retailer.

**Table 15: Scenario for Group A and Group B**

| Statement | Group A (Online Shoppers) | Group B (Offline Shoppers) |
|---|---|---|
| **Opening** | Imagine that you decide to get yourself a new business suit for an important interview. | |
| **Manipulation: Purchase platform** | You search the websites of several available *online clothing stores* and decide to purchase at *www.XYZ.com*. The *website* displays the clothing and apparel with product codes, product descriptions, and photographic images. All products are arranged in categories (i.e. coats, t-shirts, jeans, dresses, etc.) on the *website*, and shoppers can choose to purchase products using the shopping cart function. You select the business suit, place it in the *electronic shopping cart,* and fill out the payment and delivery information on the *website*. All of the information you provide to *XYZ.com* is correct and accurate at the time of purchase. The business suit is on sale and you only need to pay $150 for the purchase, instead of the recommended retail price of $300. | You search for information about *clothing stores* and decide to shop at a store named *XYZ in the city.* The company has *five retail stores* that are located in different areas. *At the store,* you select the business suit, before negotiating the final price with a *shop assistant*. The shop assistant agrees to give a discount so that you only need to pay $150 for the purchase, instead of the marked retail price of $300. She then writes the payment details on a hand-written receipt. You go to the cashier to pay with a credit card. However, the credit card payment system is not working. The cashier takes your credit card details, scans the business suit's barcode and refers to the information on the hand-written receipt. You feel satisfied with the purchase and go home. |
| **The dispute** | After 2 weeks, you realise from your credit card statement that you were charged $300, even though you were supposed to be billed only $150. Thus, you have been overcharged by $150. | |
| **The recourse and redress** | You decide to contact *XYZ.com* to correct this error. You search for the customer service toll-free number on the retailer's website. You decide to lodge a complaint via phone, as advised by the retailer. | You decide to contact *XYZ* to correct this error. You search for the customer service toll-free number. You decide to lodge a complaint via phone, as advised by the retailer. |

Following each scenario, the respondents were asked to rate the likelihood of several events occurring as a result of their phone complaint. They responded to 58 statements regarding PRRR. Respondents were also asked to rate their perception of Performance Risk relating to six items. All items were anchored on a seven-point Likert scale, ranging from *Very Unlikely* (1) *to Very Likely* (7).

In the scenarios, retailers XYZ and XYZ.com were used to control for the potential bias of prior attitude and experience towards any particular existing brand or company. A similar approach was used in previous research where fictitious retailers with neutral names were utilised in the scenarios instead of referring to real brand names or companies (e.g. in Tan, 1999; Mattila and Wirtz, 2004).

The product category and price were also controlled by making them constant across both offline and online experiment groups. Clothing was selected for this pilot study as it was among the common complained about product category highlighted by the complainers in *Complaints.com*. Apparel and clothing were also classified among the most popular online product categories after books (Nielsen, 2008) and for cross-channel shopping (eMarketer, 2009). Besides that, the online apparel retail business has the largest market share of total retail sales for the product category, followed by computer accessories and auto parts (Shop.org, 2007). Each respondent imagined the purchase of a business suit for an interview, which was similar to previous perceived risk studies where purchasing a winter coat has been used by Jacoby and Kaplan (1972) and Baumgartner and Jolibert (1978). The purchase of the business suit was also considered to be appropriate for both genders.

### 5.4.2        Descriptive Results

After three weeks, 100 respondents participated in the online study. Data obtained in Study 1 were screened for outliers and missing values. Five responses were deleted because of incomplete answers (i.e. a large portion of missing data); that left 95 usable responses for analysis. All responses gathered by the online survey were automatically stored and organised in a Microsoft Excel and SPSS file format. This is another advantage of using an online survey, as the data could be saved into a format desired by the researcher (Ilieva et al., 2002). This function could expedite the data analysis stage and reduce clerical errors that may occur during data transfer between paper questionnaires and analysis software.

Table 16 provides the means and standard deviations of items measuring respondents' PRRR and Performance Risk for online (Group A) and offline (Group B) shopping groups. DeVellis (2003) suggests the examination of mean and variance of each item in a scale to check that the means are close to the centre of the range of possible responses (i.e. for this study, 4 on a seven-point scale) and that the variances are relatively high. Extreme mean values are not desirable because the item may not be worded strongly

enough or may not be detecting certain values of the construct. Low variances are not desirable because the item may not be differentiating among individuals that possess various levels of the construct being measured. Based on these criteria, all items show no extreme means or low variances; hence, no item was deleted from the scale.

Among the 58 PRRR items for online shopping (Group A), the highest mean is 5.22 for the item measuring "Unreturned/No Response" factor: *"I would think that the customer support service was always busy"*. The six items measuring the "Invalid/Not Available" factor have the lowest means between 2.71 and 3.53, while the six items measuring the "Transferred" factor have the highest means between 4.42 and 5.09.

For respondents in the offline shopping group (Group B), the highest mean is 5.22; also for the item measuring "Unreturned/No Response" factor: *"I would be responded to by an automated response system saying that the customer service representative is busy"*. Similar to Group A, the six items measuring the "Invalid/Not Available" factor show the lowest means of 2.44 to 3.34, while the six items of the "Transferred" factor for offline shopping have the highest means of 4.30 to 5.18.

**Table 16: Descriptive information of the initial PRRR items and Performance Risk items for online and offline shopping groups (1 = Very Unlikely to 7 = Very Likely)**

| Initial item pool for PRRR | N | Mean | Standard Deviation | N | Mean | Standard Deviation | N | Mean | Standard Deviation |
|---|---|---|---|---|---|---|---|---|---|
| | Group A: Online Shopping | | | Group B: Offline Shopping | | | Both Group A and B | | |
| **1. Invalid/Not Available** | | | | | | | | | |
| **A1:** I would not be able to contact the retailer because the customer service contact details would not exist. | 45 | 3.53 | 1.753 | 50 | 3.12 | 1.710 | 95 | 3.32 | 1.734 |
| **A2:** I would not be able to contact the retailer because there would be an error or typo in the customer service contact details. | 45 | 3.31 | 1.649 | 50 | 2.80 | 1.629 | 95 | 3.04 | 1.650 |
| **A3:** I would be able to contact the retailer because the available customer service contact details would be correct. **(r)** | 45 | 2.71 | 1.487 | 50 | 2.44 | 1.264 | 95 | 2.57 | 1.373 |
| **A4:** I would not be able to contact the retailer because no customer service contact details would be provided by the retailer. | 45 | 3.40 | 1.851 | 50 | 3.34 | 2.026 | 95 | 3.37 | 1.935 |
| **A5:** I would be able to contact the retailer because I would know the specific customer service contact details to contact. **(r)** | 45 | 3.42 | 1.751 | 50 | 3.16 | 1.856 | 95 | 3.28 | 1.802 |
| **A6:** I would be able to contact the retailer because the customer service contact details given would be accurate. **(r)** | 45 | 2.89 | 1.402 | 50 | 2.66 | 1.334 | 95 | 2.77 | 1.364 |
| **2. Unreturned/No Response** | | | | | | | | | |
| **B7:** I would be able to communicate with someone right away. **(r)** | 45 | 4.22 | 1.770 | 50 | 3.92 | 1.700 | 95 | 4.06 | 1.731 |
| **B8:** I would find that my complaint would not be responded to by anyone. | 45 | 4.00 | 1.581 | 50 | 4.08 | 1.563 | 95 | 4.04 | 1.564 |
| **B9:** I would think that the customer support service was always busy. | 45 | **5.22** | 1.536 | 50 | 5.06 | 1.695 | 95 | 5.14 | 1.615 |
| **B10:** I would be responded to by an automated response system saying that the customer service representative is busy. | 45 | 5.11 | 1.682 | 50 | **5.22** | 1.569 | 95 | 5.17 | 1.615 |
| **B11:** If I had to leave a message, I would find that a customer service representative would contact me back immediately. **(r)** | 45 | 4.71 | 1.792 | 50 | 4.52 | 1.887 | 95 | 4.61 | 1.835 |
| **B12:** I would find that my complaint would be attended by a customer service representative.**(r)** | 45 | 3.51 | 1.471 | 50 | 3.30 | 1.432 | 95 | 3.40 | 1.447 |
| **3. No Urgency** | | | | | | | | | |
| **C13:** I would have to leave several messages before somebody responded to my complaint. | 45 | 4.24 | 1.612 | 50 | 4.30 | 1.607 | 95 | 4.27 | 1.601 |
| **C14:** I would need less time (either minutes/hours/days) than expected before somebody attended to my complaint. **(r)** | 45 | 4.36 | 1.654 | 50 | 4.22 | 1.670 | 95 | 4.28 | 1.655 |
| **C15:** I would need to contact the retailer only once for somebody to respond to my complaint. **(r)** | 45 | 4.29 | 1.646 | 50 | 4.62 | 1.665 | 95 | 4.46 | 1.655 |
| **C16:** I would not need to wait for an extended amount of time when I contact the retailer. **(r)** | 45 | 4.16 | 1.692 | 50 | 4.56 | 1.740 | 95 | 4.37 | 1.720 |
| **C17:** I would only receive a response from the retailer after leaving several messages on the automated response system. | 45 | 4.02 | 1.725 | 50 | 4.50 | 1.729 | 95 | 4.27 | 1.735 |
| **C18:** A long time would pass before I would receive the first response from the retailer. | 45 | 5.04 | 1.522 | 50 | 4.80 | 1.604 | 95 | 4.92 | 1.562 |

| Initial item pool for PRRR | N | Mean | Standard Deviation | N | Mean | Standard Deviation | N | Mean | Standard Deviation |
|---|---|---|---|---|---|---|---|---|---|
| | Group A: Online Shopping | | | Group B: Offline Shopping | | | Both Group A and B | | |

**4. Transferred**

| Initial item pool for PRRR | N | Mean | Standard Deviation | N | Mean | Standard Deviation | N | Mean | Standard Deviation |
|---|---|---|---|---|---|---|---|---|---|
| **D19:** I would be served by the right person in the company without my complaint being passed around from one person to another. **(r)** | 45 | 4.62 | 1.527 | 50 | 4.64 | 1.893 | 95 | 4.63 | 1.720 |
| **D20:** I would find that my initial complaint would be transferred from one person to another. | 45 | 5.09 | 1.411 | 50 | 5.18 | 1.674 | 95 | 5.14 | 1.548 |
| **D21:** I would be instructed to use other complaint method after I lodged my initial complaint to the company. | 45 | 4.42 | 1.373 | 50 | 4.30 | 1.632 | 95 | 4.36 | 1.508 |
| **D22:** I would need to communicate with a few people in the company before my problem would be resolved. | 45 | 4.67 | 1.462 | 50 | 4.90 | 1.657 | 95 | 4.79 | 1.564 |
| **D23:** My complaint would be transferred from one branch to another before my problem was resolved. | 45 | 4.47 | 1.575 | 50 | 4.72 | 1.807 | 95 | 4.60 | 1.697 |
| **D24:** My complaint would reach the right department in the company the first time. **(r)** | 45 | 4.76 | 1.464 | 50 | 4.86 | 1.773 | 95 | 4.81 | 1.626 |

**5. Rudeness**

| Initial item pool for PRRR | N | Mean | Standard Deviation | N | Mean | Standard Deviation | N | Mean | Standard Deviation |
|---|---|---|---|---|---|---|---|---|---|
| **E25:** The employee would be rude, ignorant and not bother to introduce him/herself when I contacted the company. | 45 | 3.56 | 1.407 | 48 | 3.31 | 1.518 | 93 | 3.43 | 1.463 |
| **E26:** The employee would be polite and respect me when I contacted the company. **(r)** | 45 | 3.36 | 1.264 | 48 | 3.19 | 1.394 | 93 | 3.27 | 1.328 |
| **E27:** The employee would end the communication when I tried to fix the problem. | 45 | 3.31 | 1.328 | 48 | 2.92 | 1.334 | 93 | 3.11 | 1.339 |
| **E28:** The employee would not lie to me when I tried to fix the problem. **(r)** | 45 | 3.98 | 1.288 | 48 | 3.48 | 1.353 | 93 | 3.72 | 1.338 |
| **E29:** The employee would use abusive and unacceptable language, or use negative tone during our communication. | 45 | 2.76 | 1.228 | 48 | 2.77 | 1.588 | 93 | 2.76 | 1.417 |
| **E30:** The employee would not discriminate me when I contacted the company. **(r)** | 45 | 3.47 | 1.517 | 48 | 3.38 | 1.482 | 93 | 3.42 | 1.491 |
| **E31:** The employee would provoke me when I tried to fix the problem. | 45 | 3.38 | 1.386 | 48 | 2.92 | 1.528 | 93 | 3.14 | 1.471 |
| **E32:** The company would side with the problematic employee when I tried to fix the problem. | 45 | 3.51 | 1.272 | 48 | 3.79 | 1.529 | 93 | 3.66 | 1.410 |

**6. Inaction/Hanging/Uninterested**

| Initial item pool for PRRR | N | Mean | Standard Deviation | N | Mean | Standard Deviation | N | Mean | Standard Deviation |
|---|---|---|---|---|---|---|---|---|---|
| **F33:** I would be left without any status updates of my problem. | 43 | 4.21 | 1.656 | 48 | 4.10 | 1.561 | 91 | 4.15 | 1.598 |
| **F34:** I would receive a follow-up response as promised by the company. **(r)** | 43 | 3.77 | 1.212 | 48 | 3.48 | 1.429 | 91 | 3.62 | 1.331 |
| **F35:** I would be given a satisfactory explanation and/or the solution that I was supposed to receive. **(r)** | 43 | 3.79 | 1.226 | 48 | 3.15 | 1.220 | 91 | 3.45 | 1.258 |
| **F36:** I would find that my complaint would be left hanging by the company. | 43 | 4.19 | 1.258 | 48 | 3.62 | 1.511 | 91 | 3.89 | 1.418 |
| **F37:** I would receive negative responses from an unmotivated, bored, uninterested, and uncaring employee. | 43 | 3.70 | 1.520 | 48 | 3.52 | 1.487 | 91 | 3.60 | 1.497 |
| **F38:** I would be given the apology I was supposed to receive. **(r)** | 43 | 3.23 | 1.428 | 48 | 3.00 | 1.255 | 91 | 3.11 | 1.337 |

| Initial item pool for PRRR | N | Mean | Standard Deviation | N | Mean | Standard Deviation | N | Mean | Standard Deviation |
|---|---|---|---|---|---|---|---|---|---|
| | Group A: Online Shopping | | | Group B: Offline Shopping | | | Both Group A and B | | |
| **7. No Action due to Policy** | | | | | | | | | |
| **G39:** I would be informed that there was nothing the company could do to fix my problem because the payment overcharged problem was my issue with the bank/financial institution and not an issue with the company. | 41 | 4.20 | 1.735 | 46 | 3.46 | 1.696 | 87 | 3.80 | 1.744 |
| **G40:** I would be informed that due to company policy, the company could not refund the overcharged amount. | 41 | 3.93 | 1.649 | 46 | 4.02 | 1.795 | 87 | 3.98 | 1.718 |
| **G41:** I would be denied as the company would claim that I failed to provide a proper proof of purchase other than the receipt. | 41 | 4.12 | 1.470 | 46 | 4.15 | 1.751 | 87 | 4.14 | 1.615 |
| **G42:** I would be assisted by the company when I provided them with the receipt. **(r)** | 41 | 3.24 | 1.135 | 46 | 2.76 | 1.177 | 87 | **2.99** | 1.176 |
| **G43:** I would find that the company would hide behind policy and guidelines to avoid solving my problem. | 41 | 4.37 | 1.356 | 46 | 3.98 | 1.795 | 87 | 4.16 | 1.606 |
| **G44:** The company would inform me that the situation was out of their hands and they had no control over the problem. | 41 | 4.10 | 1.463 | 46 | 3.83 | 1.742 | 87 | 3.95 | 1.613 |
| **G45:** I would find that the company would be transparent in solving my problem as everything was clearly stated in the company policy. **(r)** | 41 | 3.78 | 1.255 | 46 | 3.54 | 1.410 | 87 | **3.66** | 1.337 |
| **8. Extended Delay** | | | | | | | | | |
| **H46:** I would need to allow a great amount of time for the company to correct the problem. | 41 | 4.44 | 1.484 | 46 | 4.83 | 1.582 | 87 | 4.64 | 1.540 |
| **H47:** I would receive a solution in an acceptable amount of time. **(r)** | 41 | 3.71 | 1.383 | 46 | 3.72 | 1.440 | 87 | 3.71 | 1.405 |
| **H48:** I would expect the company to not honour the promised delivery time to correct the problem. | 41 | 3.68 | 1.540 | 46 | 4.09 | 1.518 | 87 | 3.90 | 1.533 |
| **H49:** I would anticipate an unreasonable delay before the company corrected the problem. | 41 | 4.29 | 1.487 | 46 | 4.43 | 1.515 | 87 | 4.37 | 1.495 |
| **H50:** I would have to wait less time (either minutes/hours/days) than expected for the company to correct the problem. **(r)** | 41 | 4.07 | 1.439 | 46 | 4.41 | 1.257 | 87 | 4.25 | 1.349 |
| **H51:** I would anticipate that the company would exceed its stated time frame to correct the problem. | 41 | 4.41 | 1.322 | 46 | 4.54 | 1.312 | 87 | 4.48 | 1.311 |

| Initial item pool for PRRR | N | Mean | Standard Deviation | N | Mean | Standard Deviation | N | Mean | Standard Deviation |
|---|---|---|---|---|---|---|---|---|---|
| | Group A: Online Shopping | | | Group B: Offline Shopping | | | Both Group A and B | | |
| **9. Incompetence/Wrong Solution** | | | | | | | | | |
| **I52:** I would find that the solution given by the employee would fail to correct the problem. | 41 | 3.68 | 1.293 | 45 | 3.78 | 1.295 | 86 | 3.73 | 1.287 |
| **I53:** I would not be able to fix the problem due to the employee's lack of knowledge. | 41 | 3.85 | 1.558 | 45 | 3.87 | 1.561 | 86 | 3.86 | 1.550 |
| **I54:** I would not be able to fix the problem due to the employee's lack of experience. | 41 | 3.93 | 1.523 | 45 | 3.80 | 1.546 | 86 | 3.86 | 1.527 |
| **I55:** I would be able to fix the problem because the employee is competent and has a good problem solving skill. **(r)** | 41 | 3.29 | 1.289 | 45 | 3.29 | 1.141 | 86 | 3.29 | 1.207 |
| **I56:** I would find that my problem would become worse with the given solution. | 41 | 3.66 | 1.407 | 45 | 3.51 | 1.180 | 86 | 3.58 | 1.288 |
| **I57:** I would receive good guidance and accurate advice from the company when I tried to fix the problem. **(r)** | 41 | 3.20 | 1.249 | 45 | 3.18 | 1.114 | 86 | 3.19 | 1.173 |
| **I58:** I would anticipate that miscommunication and misinformation would occur when the company tried to give me a solution. | 41 | 4.51 | 1.227 | 45 | 4.49 | 1.392 | 86 | 4.50 | 1.308 |
| **10. Performance Risk** | | | | | | | | | |
| I believe that the business suit purchased may be of inferior quality. | 41 | 4.54 | 1.227 | 44 | 4.00 | 1.347 | 85 | 4.26 | 1.311 |
| I believe that the business suit would provide the level of benefit that I would be expecting. **(r)** | 41 | 3.59 | 1.117 | 44 | 3.27 | 1.246 | 85 | 3.42 | 1.189 |
| I believe that the business suit would function satisfactorily. **(r)** | 41 | 3.73 | 1.225 | 44 | 3.14 | 1.091 | 85 | 3.42 | 1.189 |
| I believe that the business suit would not meet my needs and desires very well. | 41 | 3.90 | 1.200 | 44 | 3.57 | 1.169 | 85 | 3.73 | 1.189 |
| I believe that the business suit would perform as I expected it to do. **(r)** | 41 | 3.56 | 1.246 | 44 | 3.09 | 1.030 | 85 | 3.32 | 1.157 |
| I believe that I will be likely to have problems with the performance of the business suit. | 41 | 4.39 | 1.202 | 44 | 3.55 | 1.389 | 85 | 3.95 | 1.362 |
| **Valid N (listwise)** | **41** | | | **44** | | | **85** | | |

In Study 2, PRRR scale was tested against a conceptually related construct, the purchase platform (offline vs. online shopping groups), to establish evidence of the nomological validity of the scale. Purchase platform was used as the independent variable for testing nomological validity of PRRR scale. Based on the comparison of mean scores of the two groups (online vs. offline shoppers), the PRRR scale is nomologically valid if there is a significant difference in the mean scores between online shoppers and offline shoppers.

Through a visual inspection of the descriptive findings of the two groups in Table 16, all items regarding PRRR for online shopping respondents (Group A) show higher means than those of the offline shopping respondents (Group B). This signifies that PRRR are perceived to be higher in the online shopping platform than offline. However, most of the items for "No Urgency", "Transferred" and "Extended Delay" in Group B display higher means when compared to Group A.

The results of independent t-tests for the independent variable (purchase platform) against the dependent variables (PRRR scale) demonstrates there were no significant difference between the two groups of offline and online shoppers. The results are found in the *Appendix F*. Hence, the nomological validity of the PRRR scale was assessed again in Study 3.

### 5.4.3    Item Purification (Exploratory Factor Analysis)

One of the goals of Study 2 was to develop a concise scale measuring PRRR which can easily be administered in Study 3 (experiment). Therefore, only items with the best psychometric quality were chosen (Nunnally and Bernstein, 1994). This section reports the process and the results of the scale refinement in order to confirm the underlying dimensions of PRRR and to obtain a reliable instrument for Study 3.

The data from Study 2 was analysed using Statistical Package for the Social Sciences (SPSS). Exploratory Factor Analysis (EFA) in SPSS 18 was used as an item reduction method; hence, numerous iterations of factor solutions were performed to find the best final solutions in each phase of scale purification. Factor loadings were examined to identify the appropriateness of items under each derived factor. In each EFA, the Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy (MSA) and the Bartlett's test of sphericity were also examined to determine the suitability of the data for factor analysis (Hair et al., 2010). Finally, the reliability of the items measuring each factor was assessed for the final factor solution to obtain a reliable instrument for the main study. Cronbach's alpha test for internal consistency was performed to achieve this purpose.

### 5.4.4    Principal Component Analysis (PCA) Results

A series of EFA using Principal Component Analysis (PCA) with varimax rotation was employed as a data reduction method in this study. Although the final sample size of 95 respondents for Study 2 satisfied the minimum 50 observations recommended by Hair et al. (2010), it did not meet the requirement of the ideal sample size for PCA with 64 variables. Hair et al. (2010) recommends at least five times as many observations as variables for EFA, making a minimum sample size of 320 for 64 scale items. As the large number of 64 items for Study 2 meant running a full EFA would be suboptimal, the nine PRRR dimensions were analysed two dimensions at a time. A series of PCA was repeated using the same 95 responses. The six Performance Risk items were also

included in some of the PCA iterations along with two other PRRR dimensions, to test for discriminant validity.

Each iteration consisted of EFA being run on 18 to 20 items measuring either two PRRR dimensions with Performance Risk, or only three PRRR dimensions. Table 17 showed the list of pairs for each EFA iteration.

**Table 17: Series of Principal Component Analysis (PCA) conducted in Study 2**

| Iteration Pairs | Dimensions | | | Number of items (variables) for each EFA | KMO measure of sampling adequacy | Bartlett's test of sphericity (Sig.) |
|---|---|---|---|---|---|---|
| 1 | Invalid | Unreturned/ No Response | Performance Risk | 6 + 6 + 6 = 18 | 0.768 | 0.00 |
| 2 | No Urgency | Transferred | Performance Risk | 6 + 6 + 6 = 18 | 0.799 | 0.00 |
| 3 | Rudeness | Inaction/ Hanging | Performance Risk | 8 + 6 + 6 = 20 | 0.813 | 0.00 |
| 4 | No Action (Policy) | Extended Delay | Performance Risk | 7 + 6 + 6 = 19 | 0.752 | 0.00 |
| 5 | Incompetence/ Wrong Solution | No Urgency | Performance Risk | 6 + 7 + 6 = 19 | 0.769 | 0.00 |
| 6 | Incompetence/ Wrong Solution | Inaction/ Hanging | Performance Risk | 7 + 6 + 6 = 19 | 0.850 | 0.00 |
| 7 | Unreturned/ No Response | Extended Delay | Rudeness | 6 + 8 + 6 = 20 | 0.805 | 0.00 |
| 8 | Invalid | Incompetence/ Wrong Solution | No Urgency | 6 + 6 + 7 = 19 | 0.752 | 0.00 |
| 9 | No Urgency | Inaction/Hanging | Incompetence/ Wrong Solution | 6 + 6 + 7 = 19 | 0.834 | 0.00 |
| 10 | Invalid | Transferred | No Action (Policy) | 6 + 6 + 7 = 19 | 0.767 | 0.00 |
| 11 | Inaction/ Hanging | Unreturned/ No Response | Transferred | 6 + 6 + 6 = 18 | 0.894 | 0.00 |
| 12 | Extended Delay | Inaction/ Hanging | Invalid | 6 + 6 + 6 = 18 | 0.795 | 0.00 |
| 13 | Unreturned/ No Response | Extended Delay | Incompetence/ Wrong Solution | 6 + 6 + 7 = 19 | 0.827 | 0.00 |

The first step in the item reduction process involved examining the correlations between items to make sure they met the requirements necessary to apply factor analysis (Hair et al., 2010; Bearden, Hardesty and Rose, 2001). Several assumptions had to be examined, although conceptual assumptions are more critical than statistical assumptions (Hair et al., 2010). Visual inspection of the correlation matrix revealed that the PRRR items in all series of iterations had a number of correlations greater than 0.30, which justified the application of factor analysis (Hair et al., 2010).

Another statistical test to measure the presence of correlations among the variables is the Bartlett test of sphericity. This test provides the statistical probability that the correlation matrix has significant correlations among at least some of the variables. Bartlett's test of sphericity should be statistically significant ($p < 0.05$) for the factor analysis to be considered appropriate (Bartlett, 1954; Pallant, 2007). All series of EFA iterations performed on the pilot data (see Table 17) reached statistical significance with $p = 0.00$. This provides support that the data were appropriate for factor analysis.

The Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy (MSA) quantifies the degree of intercorrelations among the variables and the appropriateness of factor analysis. An MSA value of 0.80 or above is interpreted as meritorious; 0.70 or above is considered as middling; 0.60 and above is mediocre; while a value below 0.50 is unacceptable (Hair et al., 2010). As summarised in Table 17, this test resulted in KMO values above 0.70 for all series of EFA iterations, further supporting the factorability of the correlation matrix.

When deciding the number of factors to be retained for interpretation, this study followed the criteria recommended by Hair et al. (2010). The criteria used in Study 2 were standard latent root criterion with eigenvalues > 1.0, percentage of variance criterion where the solution accounts for at least 60% of the total variance, and scree test criterion by choosing factors before the inflection point. By comparing and contrasting each factor structure derived from several trial solutions, the best factor structure that represents the data can be achieved (Hair et al., 2010). In each series of EFA iteration, a three-factor structure was chosen as the final solution.

Factor loading scores were used to evaluate an item's loading on each PRRR factor. A higher factor loading signifies a closer association between an item and the factor (Vogt, 1999). Values greater than ±0.50 are generally considered necessary for practical significance (Hair et al., 2010). In addition to this guideline, sample size should also be considered. The sample size for Study 2 was 95. Hair et al. (2010) recommended that if the sample size is between 85 and 100, factor loadings of 0.60 are required to achieve statistically significant results. Based on this recommendation, only items with the minimum factor loadings of 0.60 were retained at each series of EFA. Each item's communality was also examined, representing the amount of variance accounted for by the factor solution for each item (Hair et al., 2010). Low values (less than 0.3) could indicate that the items do not fit well with the other items in its component. Removing items with low communality values may increase the total variance explained (Pallant, 2007). As the objective of Study 2 was data reduction in order to achieve a parsimonious and efficient scale, several problematic items were identified for potential deletion in each EFA iteration. These included items with factor loadings less than 0.60 (i.e. poor convergent validity), items that had more than one significant loading or cross loading (i.e. poor discriminant validity), and items with communality values that were too low (less than 0.50). However, all items measuring Performance Risk were retained in all series of EFA because they were included for assessing discriminant validity.

In Study 2, for an item to be retained, it had to demonstrate adequate convergent and discriminant validity when included with the Performance Risk items and all possible pairs of the PRRR dimensions. From the series of EFA, all six items measuring Performance Risk always seemed to be loaded on the same factor, which supported there was discriminant validity between this factor and the PRRR factors.

Table 18 reports on the factor solution tables along with the varimax rotated factor loadings for one of the EFA iterations (i.e. the pair for Rudeness, Inaction, and Performance Risk). Detailed test results for all the other pairs of EFA iterations are included in *Appendix E.*

**Table 18: EFA to test Rudeness, Inaction and Performance Risk**

Series 3: Varimax Rotated Factor-Loading Matrix (Run 1)

| Items measuring Rudeness, Inaction and Performance Risk factors | Component | | | | Reason for deletion |
|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | |
| E25_Rudeness_NoSelfIntroduction | **0.70** | 0.29 | 0.15 | 0.21 | |
| **E26_Rudeness_Impolite**** | 0.34 | 0.36 | 0.30 | 0.52 | **No significant loading** |
| E27_Rudeness_EndCommunication | **0.71** | 0.24 | 0.00 | 0.27 | |
| E28_Rudeness_Lie | 0.20 | 0.08 | -0.14 | **0.78** | |
| E29_Rudeness_AbusiveLanguage | **0.75** | 0.23 | 0.08 | 0.13 | |
| **E30_Rudeness_Discriminate**** | 0.11 | 0.38 | 0.08 | 0.54 | **No significant loading** |
| E31_Rudeness_Provoke | **0.83** | 0.09 | 0.01 | 0.15 | |
| E32_Rudeness_Siding | **0.75** | 0.00 | -0.06 | -0.12 | |
| F33_Inaction_NoStatusUpdates | 0.27 | **0.77** | -0.11 | 0.00 | |
| F34_Inaction_NoFollowUp | -0.02 | **0.76** | 0.04 | 0.29 | |
| F35_Inaction_NoExplanation | 0.08 | **0.80** | 0.24 | 0.06 | |
| **F36_Inaction_Hanging**** | 0.40 | 0.69 | 0.03 | 0.13 | **Cross loading** |
| **F37_Inaction_Unmotivated**** | 0.55 | 0.65 | -0.07 | -0.02 | **Cross loading** |
| **F38_Inaction_NoApology**** | 0.16 | 0.56 | 0.36 | 0.32 | **No significant loading** |
| PerformanceRisk_1_InferiorQuality | 0.14 | 0.18 | **0.58** | -0.47 | |
| PerformanceRisk_2_LackBenefit | -0.09 | 0.19 | **0.77** | 0.15 | |
| PerformanceRisk_3_NotFunctionSatisfactorily | -0.18 | 0.17 | **0.85** | 0.03 | |
| PerformanceRisk_4_NotMeetNeedsDesires | 0.33 | -0.13 | **0.65** | 0.00 | |
| PerformanceRisk_5_NotPerformAsExpected | -0.11 | 0.19 | **0.87** | 0.00 | |
| PerformanceRisk_6_ProblemWithPerformance | 0.19 | -0.25 | **0.70** | -0.08 | |

** Items Deleted
Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
Rotation converged in 6 iterations.

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This particular EFA Series 3 to test Rudeness, Inaction and Performance Risk resulted in an MSA value of 0.813, while the total variance explained by this four-factor structure was 64.71%. Items E26, E30 and E38 with factor loadings below 0.60, and items F36 and F37 with cross loading problems, were deleted from this iteration. Conceptually, "Rudeness" means consumers' attempts to complain using the complaint channels result in rude treatment by the support staff. Most deleted items in this EFA iteration are reverse-coded items that might have confused the respondents while rating the "Rudeness" items. As it was not possible to obtain meaningful factor structures after the elimination of those items, the next run of EFA continued. For the second run, the overall MSA dropped to 0.759. However, the percentage of explained variance improved to 68.98%. Four factors still surfaced from the EFA iteration, so the researcher decided to keep the factor structure but to exclude the one-item factor (E28) from further analysis.

**Series 3: Varimax Rotated Factor-Loading Matrix (Run 2)**

| Items measuring Rudeness, Inaction and Performance Risk factors | Component | | | | Reason for deletion |
|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | |
| E25_Rudeness_NoSelfIntroduction | 0.17 | **0.72** | 0.29 | 0.25 | |
| E27_Rudeness_EndCommunication | 0.03 | **0.73** | 0.23 | 0.26 | |
| **E28_Rudeness_Lie\*\*** | -0.08 | 0.20 | 0.13 | **0.89** | Single loading |
| E29_Rudeness_AbusiveLanguage | 0.05 | **0.80** | 0.20 | -0.11 | |
| E31_Rudeness_Provoke | 0.01 | **0.84** | 0.04 | 0.15 | |
| E32_Rudeness_Siding | -0.08 | **0.75** | -0.05 | -0.12 | |
| F33_Inaction_NoStatusUpdates | -0.08 | 0.32 | **0.71** | -0.04 | |
| F34_Inaction_NoFollowUp | 0.07 | 0.05 | **0.80** | 0.28 | |
| F35_Inaction_NoExplanation | 0.24 | 0.15 | **0.82** | -0.05 | |
| PerformanceRisk_1_InferiorQuality | **0.58** | 0.12 | 0.08 | -0.40 | |
| PerformanceRisk_2_LackBenefit | **0.78** | -0.07 | 0.24 | 0.13 | |
| PerformanceRisk_3_NotFunctionSatisfactorily | **0.85** | -0.15 | 0.21 | -0.02 | |
| PerformanceRisk_4_NotMeetNeedsDesires | **0.65** | 0.32 | -0.19 | 0.00 | |
| PerformanceRisk_5_NotPerformAsExpected | **0.86** | -0.09 | 0.19 | -0.12 | |
| PerformanceRisk_6_ProblemWithPerformance | **0.72** | 0.15 | -0.34 | 0.00 | |

\*\* Items Deleted
Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
Rotation converged in 5 iterations.

For the final run, overall MSA improved to 0.773. The percentage of explained variance dropped to 65.03% but still accounts for at least 60% of the total variance (Hair et al., 2010). Although item E32 survived the EFA, the researcher decided to delete this item because conceptually it seemed that the item should not be part of the aspects to be measured by "Rudeness" as conceptualised earlier in Chapter 4. All items measuring Performance Risk again seemed to be loaded on the same factor, which verified the discriminant validity between this factor and the other two PRRR factors (i.e. "Rudeness" and "Inaction").

**Series 3: Varimax Rotated Factor-Loading Matrix**

**(Run 3 – Final Structure)**

| Items measuring Rudeness, Inaction and Performance Risk factors | Component | | | |
|---|---|---|---|---|
| | 1 | 2 | 3 | |
| E25_Rudeness_NoSelfIntroduction | 0.15 | **0.74** | 0.32 | Rudeness |
| E27_Rudeness_EndCommunication | 0.00 | **0.76** | 0.27 | |
| E29_Rudeness_AbusiveLanguage | 0.07 | **0.79** | 0.18 | |
| E31_Rudeness_Provoke | 0.01 | **0.85** | 0.05 | |
| E32_Rudeness_Siding | -0.06 | **0.74** | -0.09 | |
| F33_Inaction_NoStatusUpdates | -0.07 | 0.31 | **0.69** | Inaction |
| F34_Inaction_NoFollowUp | 0.04 | 0.08 | **0.84** | |
| F35_Inaction_NoExplanation | 0.25 | 0.15 | **0.80** | |
| PerformanceRisk_1_InferiorQuality | **0.63** | 0.08 | 0.02 | Performance Risk |
| PerformanceRisk_2_LackBenefit | **0.76** | -0.06 | 0.27 | |
| PerformanceRisk_3_NotFunctionSatisfactorily | **0.84** | -0.15 | 0.23 | |
| PerformanceRisk_4_NotMeetNeedsDesires | **0.65** | 0.32 | -0.18 | |
| PerformanceRisk_5_NotPerformAsExpected | **0.86** | -0.10 | 0.19 | |
| PerformanceRisk_6_ProblemWithPerformance | **0.72** | 0.14 | -0.33 | |

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

Rotation converged in 5 iterations.

**5.4.5    Summated Scale and Reliability Analysis**

Table 19 presents the summated scale as an outcome of the EFAs performed in Study 2. The iterative series of EFAs using PCA with varimax rotation resulted in the removal of 28 items from the initial 58 items in the PRRR scale due to cross loading or low factor loadings. In the end, 27 of the original items were retained, three items were rephrased, while two items were added. The EFAs resulted in a finalised pool of nine PRRR factors with 32 items to be administered in Study 3 (experiment).

Reliability analysis was also performed on each PRRR dimension in Table 19 to check for internal consistency. The coefficient alphas values for all of the PRRR dimensions are greater than or very close to the 0.70 cut-off as proposed by Nunnally and Bernstein (1994). These values also meet with Hair et al's. (1998) criteria where the lower limit for exploratory research may be decreased to 0.60. The Performance Risk scale, which was used for the purpose of testing for discriminant validity between PRRR scale and other perceived risk scale, had a coefficient alpha value of 0.84.

**Table 19: Reliability estimates and status of items for PRRR factors after EFA**

(r) – *Items were reverse coded before analysis*

| List of items measuring PRRR factors | Cronbach's Alpha Coefficient |
|---|---|
| **1. Invalid/Not Available** | |
| **Items Retained:**<br>**A1:** I would not be able to contact the retailer because the customer service contact details would not exist.<br>**A2:** I would not be able to contact the retailer because there would be an error or typo in the customer service contact details.<br>**A4:** I would not be able to contact the retailer because no customer service contact details would be provided by the retailer | **0.79** |
| **Items Deleted:**<br>**A3:** I would be able to contact the retailer because the available customer service contact details would be correct. **(r)**<br>**A5:** I would be able to contact the retailer because I would know the specific customer service contact details to contact. **(r)**<br>**A6:** I would be able to contact the retailer because the customer service contact details given would be accurate. **(r)** | |
| **2. Unreturned/No Response** | |
| **Items Retained:**<br>**B8:** I would find that my complaint would not be responded to by anyone.<br>**B9:** I would think that the customer support service was always busy.<br>**B10:** I would be responded to by an automated response system saying that the customer service representative is busy. | **0.76** |
| **Items Deleted:**<br>**B7:** I would be able to communicate with someone right away. **(r)**<br>**B11:** If I had to leave a message, I would find that a customer service representative would contact me back immediately. **(r)**<br>**B12:** I would find that my complaint would be attended by a customer service representative. **(r)** | |
| **3. No Urgency** | |
| **Items Retained:**<br>**C17:** I would only receive a response from the retailer after leaving several messages on the automated response system.<br>**C18:** A long time would pass before I would receive the first response from the retailer. | |
| **Item Rephrased:**<br>**C13:** I would have to leave several messages before somebody responded to my complaint.<br>***Changed to:***<br>**C13:** I would have to *contact the retailer several times* before somebody responded to my complaint. | **0.66** |
| **Items Deleted:**<br>**C14:** I would need less time (either minutes/hours/days) than expected before somebody attended to my complaint. **(r)**<br>**C15:** I would need to contact the retailer only once for somebody to respond to my complaint. **(r)**<br>**C16:** I would not need to wait for an extended amount of time when I contact the retailer. **(r)** | |

| 4. Transferred | |
|---|---|
| **Items Retained:** | |
| **D19:** I would be served by the right person in the company without my complaint being passed around from one person to another. **(r)** | |
| **D20:** I would find that my initial complaint would be transferred from one person to another. | **0.89** |
| **D23:** My complaint would be transferred from one branch to another before my problem was resolved. | |
| **D24:** My complaint would reach the right department in the company the first time. **(r)** | |
| **Items Deleted:** | |
| **D21:** I would be instructed to use other complaint method after I lodged my initial complaint to the company. | |
| **D22:** I would need to communicate with a few people in the company before my problem would be resolved. | |

| 5. Rudeness | |
|---|---|
| **Items Retained:** | |
| **E25:** The employee would be rude, ignorant and not bother to introduce him/herself when I contacted the company. | |
| **E27:** The employee would end the communication when I tried to fix the problem. | **0.85** |
| **E29:** The employee would use abusive and unacceptable language, or use negative tone during our communication. | |
| **E31:** The employee would provoke me when I tried to fix the problem. | |
| **Items Deleted:** | |
| **E26:** The employee would be polite and respect me when I contacted the company. **(r)** | |
| **E28:** The employee would not lie to me when I tried to fix the problem. **(r)** | |
| **E30:** The employee would not discriminate me when I contacted the company. **(r)** | |
| **E32:** The company would side with the problematic employee when I tried to fix the problem. | |

| 6. Inaction/Hanging/Uninterested | |
|---|---|
| **Items Retained:** | |
| **F33:** I would be left without any status updates of my problem. | |
| **F34:** I would receive a follow-up response as promised by the company. **(r)** | **0.76** |
| **F35:** I would be given a satisfactory explanation and/or the solution that I was supposed to receive. **(r)** | |
| **Items Deleted:** | |
| **F36:** I would find that my complaint would be left hanging by the company. | |
| **F37:** I would receive negative responses from an unmotivated, bored, uninterested and uncaring employee. | |
| **F38:** I would be given the apology I was supposed to receive. **(r)** | |

| 7. No Action due to Policy | |
|---|---|
| **Items Retained:** | |
| **G39:** I would be informed that there was nothing the company could do to fix my problem because the payment overcharged problem *(broken items problem)* was my issue with the bank/financial institution *(shipping/transportation)*, and not an issue with the company. | **0.89** |
| **G41:** I would be denied as the company would claim that I failed to provide a proper proof of purchase other than the receipt. | |
| **G43:** I would find that the company would hide behind policy and guidelines to avoid solving my problem. | |
| **G44:** The company would inform me that the situation was out of their hands and they had no control over the problem. | |
| **Items Deleted:** | |
| **G40:** I would be informed that due to company policy, the company could not refund the overcharged amount. | |
| **G42:** I would be assisted by the company when I provided them with the receipt. **(r)** | |
| **G45:** I would find that the company would be transparent in solving my problem as everything was clearly stated in the company policy. **(r)** | |

| 8. Extended Delay | |
|---|---|
| **Items Retained:** | |
| **H48:** I would expect the company to not honour the promised delivery time to correct the problem. | |
| **H51:** I would anticipate that the company would exceed its stated time frame to correct the problem. | |
| **Items Rephrased:** | **0.67** |
| **H49:** I would anticipate an unreasonable delay before the company corrected the problem. *Changed to:* **H49:** I would anticipate *a delay that would exceed the company's specified response time* when they corrected problem. | |
| **H50:** I would have to wait less time (either minutes/hours/days) than expected for the company to correct the problem. **(r)** *Changed to:* **H50:** I would have to wait less time (either minutes/hours/days) than *promised* for the company to correct the problem. **(r)** | |
| **Items Deleted:** | |
| **H46:** I would need to allow a great amount of time for the company to correct the problem. | |
| **H47:** I would receive a solution in an acceptable amount of time. **(r)** | |

| 9. Incompetence/Wrong Solution | |
|---|---|
| **Items Retained:**<br>**I52:** I would find that the solution given by the employee would fail to correct the problem.<br>**I56:** I would find that my problem would become worse with the given solution. | **0.69** |
| **New Items Developed:**<br>I would anticipate that the dissatisfying situation would be improved with the given solution. **(r)**<br>I would have more problems now with the given solution when compared to before I contacted the company. | |
| **Items Deleted:**<br>**I53:** I would not be able to fix the problem due to the employee's lack of knowledge.<br>**I54:** I would not be able to fix the problem due to the employee's lack of experience.<br>**I55:** I would be able to fix the problem because the employee is competent and has a good problem solving skill. **(r)**<br>**I57:** I would receive good guidance and accurate advice from the company when I tried to fix the problem. **(r)**<br>**I58:** I would anticipate that miscommunication and misinformation would occur when the company tried to give me a solution. | |
| **10. Performance Risk** | |
| **J59:** I believe that the business suit purchased may be of inferior quality.<br>**J60:** I believe that the business suit would provide the level of benefit that I would be expecting. **(r)**<br>**J61:** I believe that the business suit would function satisfactorily. **(r)**<br>**J62:** I believe that the business suit would not meet my needs and desires very well.<br>**J63:** I believe that the business suit would perform as I expected it to do. **(r)**<br>**J64:** I believe that I will be likely to have problems with the performance of the business suit. | **0.84** |

It is worth noting that most of the positively worded items from the initial PRRR dimensions did not load as expected. It was first thought that these items might form new PRRR dimensions. However, in subsequent iterations of EFA, the items were found to be inconsistent and so they were eliminated. Previous methodological research confirms that reverse-polarity items often have a problematic impact on scale unidimensionality (Herche and Engelland, 1996); hence, the deletion of these items in Study 2 is commonplace. Research on Confirmation-Disconfirmation Theory in service research (e.g. Schoefer and Diamantopoulos, 2008) mentions how both positive and negative affects can be co-activated at the same time. Conflicting emotions can co-occur in complex situations (e.g. Cacioppo and Bernston, 1994; Larsen et al., 2001; Williams and Aaker, 2002) such as service recovery encounters where various attributes exist (e.g. resolution speed, politeness, honesty, etc.). Each attribute is a potential source of pleasure or frustration; hence, the likelihood of positive and negative co-experiences is enhanced.

The EFAs in Study 2 also resulted in rewording of some items in the PRRR scale. For example, "No Urgency", item C13, *"I would have to leave several messages before somebody responded to my complaint"*, was rephrased to *"I would have to contact the retailer several times before somebody responded to my complaint"*. This amendment was considered necessary to make the statement more natural and suitable for both contexts of email and phone complaint. Item E32, *"The company would side with the problematic employee when I tried to fix the problem"*, survived the EFA but was also deleted. After careful consideration, siding is not part of the aspects to be measured by "Rudeness".

Item H49, *"I would anticipate an unreasonable delay before the company corrected the problem"*, was changed to *"I would anticipate a delay that would exceed the company's specified response time when they corrected problem"*. Item H50, *"I would have to wait less time (either minutes/hours/days) than expected for the company to correct the problem"*, was changed to *"I would have to wait less time (either minutes/hours/days) than promised for the company to correct the problem"*. These items were rephrased to reflect the conceptual definition of "Extended Delay" (in Chapter 4). "Extended Delay" is when the retailer failed to honour their promised time frame when giving out the solution. It is not about any ordinary delay normally experienced by the consumer.

Items I53, I54, I55, I57 and I58 were initially intended to form part of the "Incompetence/Wrong Solution" dimension. These items refer to employees' incompetence, lack of knowledge and lack of experience to handle the complaint, as well as miscommunication. Based on the conceptual definition in Chapter 4, these items were initially considered to pass the face validity test and allowed to remain as part of the "Incompetence" dimension. However, in different series of EFA iterations, some of these items seemed to load onto different factors, while some did not survive the EFA. These problems have generated different factor structures for "Incompetence/Wrong Solution" in different EFA iterations. Due to the unstable factor structure, the researcher decided to delete some of the items and create two additional items that reflected only "Wrong Solution" rather than "Incompetence".

# Chapter 6

# HYPOTHESES DEVELOPMENT

## 6.1    Introduction

This research proposes consumers' perceived recourse and redress risk (PRRR) as a new type of perceived risk or barrier to purchase. PRRR is briefly defined as a consumer's fear that a retailer's effort of remedy in response to the consumer's complaint following a bad purchase will fail to result in satisfaction. Study 1 in Chapter 4 (content analysis findings) identified aspects of PRRR and different purchase contexts that are likely to evoke high levels of PRRR. Subsequently, Study 2 in Chapter 5 (item development and refinement) presented the scale development, purification and validation of a multi-item scale to quantify each underlying aspect of PRRR. This research now seeks to confirm whether PRRR is more likely to be an important barrier to purchase in certain purchase contexts compared to others. The purpose of Study 3 (main experiment) is to empirically assess how levels of PRRR vary in different purchase contexts, providing a further assessment of the nomological and predictive validity of the scale.

Thus, Chapter 6 builds on the findings of Study 1 (content analysis) and Study 2 (item refinement) to derive a set of research questions and hypotheses as to whether: consumers' PRRR differs when complaints are communicated via remote versus interactive channels; when the retailer is a foreign versus locally-owned company; and, when a hypothetical purchase is made online versus offline. This chapter also outlines the interaction effect hypotheses: How does the purchase platform influence the effects of complaint channel and retailer's COO on consumers' PRRR. The effect of consumer's ethnocentrism on the relationship between retailer's COO and PRRR is also investigated. Chapter 6 concludes with the conceptual framework to be tested in Study 3 (main experiment).

**6.2      Quantitative Research Questions and Hypotheses Development**

This research draws on consumer complaint behaviour (CCB), service recovery, dispute resolution, computer-mediated communication (CMC), self-service technology (SST) and ethnocentrism literature to develop and experimentally test a conceptual framework that links the complaint channel (remote vs. interactive), retailer's country of origin (foreign vs. locally-owned), and purchase platform (offline vs. online shopping) with PRRR. Below is a set of research questions and their associated hypotheses that will be tested in Study 3, and the expected relationship between the constructs. These hypotheses guide the experimental design, which will be further discussed in Chapter 7.

*RQ1 – Does consumers' PRRR differ between a remote complaint channel (i.e. email) and an interactive complaint channel (i.e. phone) used by the consumer?*

Many channels exist for consumers to communicate their complaints (Goetzinger, 2007). Heterogeneous consumer segments signify preferences for different complaint channels, and consumers are able to choose the channel they feel most comfortable with (Ahmad, 2002; Holloway and Beatty, 2003; Zaugg, 2006). Previous work in complaint behaviour (CCB) and self-service technology (SST) shows that complaints are expressed either by interactive or remote channels, depending on consumers' complaining motivations (Mattila and Wirtz, 2004; Robertson and Shaw, 2009).

This study examines how different modes of complaint communication might influence the way consumers assess PRRR. Previous research on complaint failures indicates that when shoppers encountered problems with their purchases, 54.7% preferred to communicate via phone, while 33.7% via email (Holloway and Beatty, 2003). Similar to findings by Ahmad (2002), 51.4% chose to complain via phone and only 48.6% via email. Lovelock and Wirtz (2011) concluded that more than 99% of complaints were communicated face-to-face or over the phone, while less than 1% of all complaints were submitted via other channels (i.e. email, letters, customer feedback cards or company's website). These findings indicate that when problems occur, consumers believe that

recourse and redress processes are better handled with an interactive channel (i.e. phone) rather than a remote channel (i.e. email).

Recourse and redress handling is a complex task that involves exchanging information, asking and answering questions, exchanging opinions, bargaining and negotiating, and it is also high in socio-emotional content. Given the implicit promise of fairness by retailers, consumers expect to be treated fairly and become angry when they are treated otherwise. When things go wrong with a purchase, consumers tend to become more emotional than they usually are in normal transactions (Casado-Diaz, Mas-Ruiz and Kasper, 2007; Bitner, Booms and Tetreault, 1990); hence, consumers become more concerned with interpersonal aspects of a retailer. This signifies the importance of socio-emotional exchanges during the recourse and redress process (Fang, Chiu and Liang, 2010).

In CMC dispute research, Daft and Lengel (1984) assert that complex tasks that are high in socio-emotional content and require organisation and rapid feedback have to be dealt with via "rich media" (i.e. face-to-face or phone). This media type allows a real-time perception of several non-verbal cues, such as facial expression, bodily gestures, and tone of voice or language. Although phone is considered less rich compared to face-to-face interaction due to the absence of visual cues, written communication is categorised as the poorest channel since feedback is slow and there are virtually no non-verbal cues (Daft and Lengel, 1984; Gillieron, 2008).

CCB research also indicates that oral communication is better suited to convey sincerity and empathy than written communication during complaint handling (Tax and Brown, 1998; Holloway and Beatty, 2003). By using interactive channels or richer media to complain and seek redress (face-to-face or phone), disgruntled complainers can rely on the content of language and audio cues (i.e. variation in intonation, volume, pitch, etc.) to reach an understanding and resolve disputes. The interpersonal component of the recovery process is said to be present in phone communication, as a consumer is in direct communication with a service representative. The real-time interaction allows the

complainers to explain problems in detail, clarify matters, and exhibit emotions like anger, frustration and urgency, which may lead to a faster resolution of the problem (Kaufman, 1999).

Remote complaint channels (email and letter) typically lack social and emotional cues, thereby forcing the communication to be limited to what is written. Previous CCB research has established the miscommunication of emotional content via email during complaining. Consumers are dissatisfied with email complaints due to lack of interactional human elements that are vital to service recovery (Ahmad, 2002; Holloway and Beatty, 2003). These interactional deficiencies include "poor interactions with customer service personnel; insincere, generic, and impersonal recovery efforts; and a lack of apology and explanation for the failure" (Shapiro and Nieman-Gonder, 2006, p. 130). Further, CMC research shows that it could take people "longer to type and read than to talk and listen" (Kiesler and Sproull, 1992, p. 108). As the visual and non-verbal cues are crucial in recourse and redress interactions, consumers feel the lack of those cues in remote complaint channels will likely increase their PRRR when things go wrong with the purchase. Consumers anticipate the case of "Rudeness", "Inaction", "Extended Delay" and/or "Incompetence" are likely to be higher when they seek redress with remote complaint channel (email and letter) rather in interactive (phone and face to face).

The CMC literature claims that email encourages uninhibited and aggressive communications (i.e. "Rudeness") as people are less influenced by social norms (Landry, 2000). Hence, the tendency to speak more strongly and spontaneously or known as "flaming" is high, and it is challenging to calm down an irritated party through the mere use of emails (Gillieron, 2008; Kiesler, 1986; Walther and Burgoon, 1992). Rude remarks such as swearing, insults, name calling and hostile comments are claimed to occur eight times more frequently in CMC than in face-to-face discussion (Kiesler and Sproull, 1992; Thompson and Nadler, 2002). The literature on dispute resolution mentions that technological deficiencies could be a factor that slows down information transfer (Gillieron, 2008). Hence, when using email, there is the fear that complaints will not reach the intended party due to technical glitches on the network (i.e. "Invalid"). Email

complaints have a higher risk of not being replied to or read at all (i.e. "Unreturned" or "No Response").

Email exchange is an asynchronous and relatively slow mode of communication that allows interruptions and absences (Gillieron, 2008). Hence, it is believed that email slows down the recourse and redress process and can lead to frustration for parties expecting a quick answer to their messages (i.e. "No Urgency", "Extended Delay", "Transferred"). As for other types of remote channels, such as letters, it takes longer to get to the recipient (i.e. "No Urgency") and for feedback to be returned (i.e. "Extended Delay"). For complaint cards or surveys, the restrictive format inhibits freedom to elicit actual feelings of dissatisfaction. Based on the above arguments, it is theorised that consumers using remote complaint channels (e.g. email) perceive higher PRRR.

Therefore, a retailer that provides only remote channels (a mail or email address) for customer enquiries is likely to trigger higher levels of PRRR in the consumers than a retailer that provides interactive channels (a telephone number or the location of a customer service facility). This study explores the effect of different complaint channels on consumers' perceptions of PRRR; hence, the following hypothesis is proposed:

> **H1: Consumers' PRRR is higher when consumers seek redress with a remote complaint channel (i.e. email) compared to situations when they use an interactive complaint channel (i.e. phone).**

***RQ2a – Does consumers' PRRR differ based on the retailer's country of origin (foreign-owned vs. locally-owned)?***

This study also investigates how retailer's country of origin (COO) might influence the way consumers assess PRRR. Previous research investigates how consumers use COO information to evaluate product quality (Knight, 1999; Hong and Wyer 1989, 1990; Klein, Ettenson and Morris, 1998; Li and Wyer 1994; Maheswaran 1994), product risk (Nes and Bilkey, 1993; Yavas and Tuncalp, 1985), and services (Speece and Pinkaeo, 2002; Javalgi, Cutler and Winans, 2001; Harrison-Walker, 1995; Bruning, 1997; Shaffer and O'Hara, 1995; Kaynak, Kucukemiroglu and Kara, 1994). However, no research has investigated the direct relationship between COO and service recovery expectations. The closest research has linked the COO effect to service recovery of supplementary services, which include warranties, guarantees or customer help lines (Ahmed, d'Astous and Lemire, 1997; Hise and Gable, 1995; Okechuku, 1994). The present study aspires to add to knowledge in this area by examining how a retailer's COO might affect a consumer's PRRR. In this study, the retailer's COO is defined as a foreign retailer (i.e. foreign-owned and operated retailer that exists in multiple locations in another country and has only recently moved to Australia) versus a domestic retailer (i.e. locally-owned and operated retailer that exists in multiple locations in Australia).

This study theorises that it is more difficult to resolve recourse and redress with a foreign retailer that often has different cultural values to the consumer. The literature suggests that consumers form biases (i.e. cultural or national stereotyping) where they prefer services from their own country, more economically developed countries, or countries with similar culture (Laroche, Eggert and Bindl, 2007; Javalgi, Cutler and Winans, 2001; Hofstede, 1980; Ueltschy). Studies of airline preferences (Bruning, 1997; Kaynak et al., 1994), and insurance and education providers (Speece and Pinkaeo, 2002) found that consumers prefer domestic providers in contrast to those based in or managed by foreign countries. Positive customer experiences increase when there is cultural similarity between the provider and the consumer (Hopkins, Hopkins and Hoffman, 2005; Farhoomand, Tuunainen and Yee, 2000). It is more difficult for consumers to trust a

service provider that is culturally distant from them than a service provider in their home country (Thelen, Thelen, Magnini and Honeycutt, 2008).

Home country bias also appears to be based upon the belief that foreign service providers offer a lower level of service than domestic service workers (Thelen, Thelen, Magnini and Honeycutt, 2009). For example, during recourse process, consumers believe that foreign service providers will not be able to process information consistent with the rhythm that the domestic retailer and the consumer would have in common (i.e. "Unreturned", "No Urgency", "Incompetence"). Consumers also have concerns about purchasing from a foreign retailer, especially in regards to inadequate follow-up and after-sale activities (Hise and Gable, 1995).

Consumers may also worry about the security and safety of their private and sensitive information being processed by foreign retailers. The offshore service literature mentions that privacy concerns are heightened when consumers are served by foreign service providers (Thelen, Magnini and Honeycutt, 2009). Consumers have concerns with different security or privacy standards in different countries, hence are apprehensive about where their private information is sent to (i.e. "Unreturned", "Incompetence", "No Action due to Policy"). Some consumers claimed that other countries lack strict laws regarding fair business practices or privacy protection (ThelenGupta and Seshasai, 2004; Ahtisaari, 1997; Kalakota and Whinston, 1996). Hence, consumers limit the amount and type of information shared during recourse interaction, and some refuse to provide any private information at all. This issue may lead to higher PRRR, for example, in terms of "Inaction/Hanging" or "Wrong Solution".

Communication and accent anxiety form another bias when consumers deal with foreign retailers during recourse interaction. Consumers perceive accented speech negatively, and they are more sensitive to a foreigner's accent than accented speech by a native speaker (Thelen, Thelen, Magnini and Honeycutt, 2009). Studies show that Standard English speakers are more effective and are given a higher status than non-Standard English speakers (Brennan and Brennan, 1981). This is a problem because although English has

become the lingua franca, many countries still seek to maintain their cultural identities during a business transaction, which is often expressed in their native languages (Farhoomand, Tuunainen and Yee, 2000; Lee and Dewitz, 1992). Using Standard English is still a problem to a certain degree in countries that have less exposure to English (Farhoomand, Tuunainen and Yee, 2000). As different language tone and accented speech can irritate consumers, this study posits that it is more difficult to resolve recourse and redress with a foreign retailer when compared to purchases that involve a domestic retailer. Foreign retailer's accents made communication problematic with both consumers and retailers having to repeat themselves. Higher misunderstanding can occur during recourse process that leads to higher PRRR (i.e. "Rudeness", "Incompetence", "Wrong solution", "Transferred").

In summary, people feel more comfortable dealing with others who share similar attributes and interpersonal norms to themselves (i.e. language, communication, style, demeanor) as it facilitates open communication, helps develop mutual understanding, and strengthens interpersonal bonding (Spake, Beatty, Brockman and Crutchfield, 2003; Hopkins, Hopkins and Hoffman, 2005). Hence, there is often an interaction discomfort due to perceived differences in behavioural norms between people from different cultures. Recourse and redress handling emphasises both the consumer and retailer's comfort during an interaction. Thus, if a consumer feels uncomfortable while interacting with a foreign retailer, the consumer may be unwilling to comply with the retailer or supply information needed to complete the recourse process, making it more difficult to achieve a satisfactory recourse and redress outcome.

> **H2a:** **Consumers' PRRR is higher for purchases from a foreign retailer compared to purchases that involve a locally-owned retailer.**

***RQ2b – Does the effect of retailer's country of origin on PRRR depend on consumers'***
***ethnocentrism?***

This study also examines how the level of consumers' ethnocentrism might influence the way retailers' COO affects PRRR. Consumer ethnocentrism is related to the COO, where both concepts induce certain attitudes toward products or services from abroad (Ruyter, Birgelen and Wetzels, 1998). Consumer ethnocentrism, which has its roots in sociology (Sumner, 1906), represents deeply held beliefs and preferences for domestic products and services based on nationalistic evaluation (Ruyter, Birgelen and Wetzels, 1998) and patriotic emotions (Pecotich, Pressley and Roth, 1996). Ethnocentric consumers believe that purchasing foreign products is wrong because it hurts the domestic economy, causes loss of jobs and is unpatriotic. In contrast, non-ethnocentric consumers evaluate objects "on their own merits without consideration for where they are made" (Shimp and Sharma, 1987, p. 280).

Previous studies from the field of international business and international marketing have provided mixed results on the effects of ethnocentrism. Ethnocentrism was proven a significant covariate of COO on perceptions of service quality (Pecotich, Pressley and Roth, 1996). Research has linked consumers' ethnocentrism to domestic versus foreign product evaluations (Baumgartner and Jolibert, 1978; Shimp and Sharma, 1987; Sharma, Shimp and Shin, 1995; Balabanis, Diamantopoulos, Mueller and Melewar, 2001; Balabanis and Diamantopoulos, 2004; Chattalas, Kramer and Takada, 2008); purchase intention (Han, 1988; Pecotich, Pressley and Roth, 1996); domestic versus foreign advertising (Moon and Jain, 2001); choice of store (Good and Huddleston, 1995), as well as domestic versus foreign service providers; for example, in airline and banking (Pecotich, Pressley and Roth, 1996), higher education (Ferguson, Dadzie and Johnston, 2008), and telecommunications, mail services, medicine supply and public utilities such as gas and electricity (De Ruyter, Birgelen and Wetzels, 1998).

For highly ethnocentric consumers, the COO has a higher effect on product/service evaluations, on purchase intentions, and willingness to buy foreign products/services.

Highly ethnocentric consumers usually focus on the COO cue; hence, they perceive purchasing foreign products as unpatriotic and socially undesirable (Balabanis, Diamantopoulos, Mueller and Melewar, 2001), as well as inferior and threatening (Pecotich, Pressley and Roth, 1996). However, Gurhan-Canli and Maheswaran (2000a,b) found no significant mediating effects of the ethnocentrism variable in their COO study of mountain bikes. The present study explores the effects of ethnocentrism by extending the construct to consumers' PRRR. Further, there is no research that has investigated the direct relationship between consumers' ethnocentrism and service recovery expectations.

This study theorises that ethnocentric consumers do not trust a foreign company to do the "right thing" should something go wrong with their purchase. The main principle behind consumer ethnocentrism is the distinction of attitudes towards two groups of products of service providers: domestic (in-group) and foreign (out-group). Members of an in-group universally view fellow members as being superior and more worthy than non-members or out-groups (Levine and Campbell, 1972; Chattalas, Kramer and Takada, 2008). This notion is supported by Triandis (1994) who suggests that ethnocentric people tend to view the behavioural norms of their own culture as correct compared with other cultures. An ethnocentric consumer may exhibit cultural narrowness tendencies, for example, they may reject other culturally "unalike" objects, ideas or people (Adorno, Frenkel-Brunswik, Levinson and Sanford, 1950) when interacting with a foreign retailer.

In this study, the link between ethnocentrism and COO is transposed to the service recovery domain (i.e. PRRR construct). For high ethnocentric consumers, PRRR is hypothesised to be higher when they are dealing with a foreign retailer rather than with a locally-owned retailer. The following hypothesis is proposed:

> **H2b: The effect of the retailer's country of origin on PRRR is stronger for**
> **consumers high rather than low in ethnocentrism.**

***RQ3a – Do consumers' levels of PRRR differ between offline and online purchases?***

The perceived risk literature shows that consumers perceive higher risk when purchasing through non-store shopping or online compared to in-store shopping or by face-to-face interaction with salespersons. This may be because they are unable to inspect products physically prior to a purchase and it is more difficult to return faulty products (Akaah and Korgaonkar, 1988; Spence et al., 1970; Cox and Rich, 1967; Bhatnagar, Misra and Rao, 2000; Xie, Teo and Wan, 2006). Perceived risk has also been revealed as a factor that differentiates online visitors, who only search for information, from actual purchasers (Forsythe, Liu, Shannon and Gardner, 2006). Although Internet shopping was developed in the 1990s as a way to purchase many kinds of products and services, most online audiences are still "window shoppers" – they use information gathered online to make purchases offline (eStats, 1998; GVU's 10th WWW User Surveys, 1998; Bellman, 2001; Porter, 2001). It seems that the situation has not changed greatly over the past decade with the Internet still mainly used as a multi-channel research tool (Nielsen, 2008).

This study theorises that PRRR is anticipated prior to purchase, and consumers' PRRR is likely to be higher in an online shopping platform compared to an offline shopping platform. Interactions and transactions on the Internet have higher uncertainties than face-to-face exchanges as the reduced communication makes it harder to establish identity and more difficult to observe important non-verbal physical cues (Guerra, Zizzo, Dutton and Peltu, 2003). Practically, humans use non-verbal cues to detect dishonesty and deception (Wallace, 2001). The Internet environment prevents face-to-face communications between consumers and retailers and, as such, hinders the utilisation of those non-verbal cues. This makes the Internet a place where "it is easy to lie and get away with it" (Wallace, 2001, p. 51). The impersonality of the Internet environment and lack of social context (MacKenzie, 1999; Cho, Im, Hiltz and Fjermestad, 2001; Garbarino and Lee, 2003) also makes impersonation on the Internet easier (Wallace, 2001), hence reducing the ability to establish trust online. Consumers may feel uneasy about dealing with a "faceless" retailer, so they may think about potential deception occurring during the transaction (Darian, 1987).

The online shopping experience is still relatively underutilised and new to many consumers, which makes it more likely that problems will occur on the Internet than in the offline shopping context (Ko, Jung, Kim and Shim, 2004; Harris, Grewal, Mohr and Bernhardt, 2006). In an Internet shopping context, consumers are also exposed to more new threats that are not as prevalent in an offline platform. These problems include a lack of help desk information during the order process, difficulty in website navigation, lack of information quality, and failure of a system's performance (e.g. slow website downloading time and broken links). Risk of on-time delivery, security, confidentiality and privacy issues are also heightened in the online shopping environment due to the lack of physical presence and tangibility (Schubert and Selz, 1999; Cho, Im, Hiltz and Fjermestad, 2001; Holloway and Beatty, 2003).

Based on the arguments above, this study suggests that consumers' PRRR is likely to be higher for online shopping compared to offline shopping. Online shoppers do not have the advantage of interpersonal communications as there are no face-to-face customer service representatives to deal with directly. For online purchases, it is more difficult to imagine a satisfactory outcome because the retailer is not physically present, which then limits certain actions by consumers to seek recourse and redress. Both the consumer and retailer may not always know who they are actually dealing with, thus increasing the salience of PRRR in this purchase context. Online shoppers may find it harder to determine what exactly they should do and where to go to seek redress if something goes wrong with their online purchases. More importantly, they lack faith that enquiries or complaints will result in appropriate action by the online sellers who are operating in cyberspace. A consumer is more likely to wonder whether an online retailer will respond to a complaint because there is no store location to visit, no customer service desk to approach, and no store manager to confront face-to-face. The hypothesis for this relationship is therefore:

> **H3a: Consumers' PRRR is higher for online purchases compared to offline purchases.**

***RQ3b – Does the effect of complaint channel on PRRR depend on the purchase platform?***

This study suggests that the nature of the purchase platform (i.e. offline or online) imposes different consumer expectations regarding the effectiveness of complaint channels (i.e PRRR). Interpersonal interaction encourages consumers' confidence and post-purchase satisfaction, and the lack of it may increase consumers' propensity to complain (Alba, Lynch, Weitz, Janiszewski, Lutz and Wood, 1997). During online shopping, consumers and retailers interact using the Internet as a mediating environment, meaning that this platform clearly lacks interpersonal interaction, preventing face-to-face communications between consumers and retailers (Cho, Im, Hiltz and Fjermestad, 2002; Garbarino and Lee, 2003; Chang and Chin, 2011; Lee and Cude (2012); Sandes and Urdan, 2013). The nature of online shopping also hinders the utilisation of non-verbal cues between consumers and retailers; thus, it limits certain remedial actions that could be carried out by retailers when things go wrong with a purchase (i.e. "No Urgency", "Inaction", "Wrong Solution").

When problems occur, online shoppers typically have to rely on email or phone communications with a more anonymous and remote customer service employee to resolve disputes. Hence, consumers perceive online shopping as more risky when contact phone numbers or email addresses are not provided (Lim, 2003). It is also unknown to the consumer whether these complaint channels provided by the online retailer will be adequate and working efficiently. In the online purchase platform, consumers can anticipate that it is easier for irresponsible online retailers to totally ignore complaint emails or phone calls, or show "No Urgency" in responding to such complaints. The use of remote complaint channels (email, letter, fax) that also inherently lack interpersonal communication and non-verbal cues will likely inflate the feeling of remoteness between a retailer and a consumer in the online shopping platform. This feeling may ultimately lead to frustration while both parties are trying to resolve the problem (Gillieron, 2008).

By comparison, offline shoppers are not limited to the choice of email and phone communications when they seek recourse and redress. A disgruntled consumer can often resolve the problem with the retailer in a face-to-face manner – the consumer can simply visit the retailer's physical store, and approach the customer service desk in order to rectify the problem. Employees are physically present (face-to-face communication) to answer any questions or doubts the consumer may have about the purchase, and the retailer can quickly take necessary measures for remedy (Ahmad, 2002).

Based on the above arguments, it is inferred that purchase platform (either offline or online) will determine the impact of complaint channel on PRRR. Specifically, it is speculated that the online shopping platform will exaggerate the negative influence of the remote complaint channel on PRRR and introduce more problems. In the offline shopping platform, the impact of complaint channel on PRRR is not as crucial as for online shopping. The following hypothesis is proposed to confirm the interaction:

> *H3b: The effect of the complaint channel on PRRR is stronger for online*
> *purchases compared to offline purchases.*

***RQ3c – Does the effect of retailers' country of origin on PRRR depend on the purchase platform?***

This study also investigates whether the effect of retailers' COO on consumers' PRRR is purchase context specific. Specifically, this study predicts that there may be an interaction effect between purchase platform (offline vs. online) and retailers' COO that influences consumers' PRRR.

The COO literature provides evidence that technological factors of country stereotypes influence the COO effect on product evaluations (Martin and Eroglu, 1993; Heslop and Papadopoulos, 1993). Online purchasing is a type of technology-based transaction where consumers participate in service delivery with very limited interpersonal contacts (Meuter et al., 2000; Snellman and Vihtkari, 2003). In the online shopping platform, retailers minimise face-to-face contacts or human intervention through technological applications or standardisation of online services (Cho, 2007). The complexity of online shopping is supported by a growing number of technology applications including search tools (e.g. browsers, search engines); booking and reservation systems (e.g. online databases, electronic catalogues); message exchange applications (e.g. electronic data interchange (EDI), 1800 numbers, emails); and payment, monitoring, and enforcement systems (e.g. credit cards, debit cards, smart cards, card authorisation, electronic funds transfer and automated clearinghouses) (Farhoomand, Tuunainen and Yee, 2000; Garcia, 1997). The advancement in communications technology allows domestic consumers to interact with foreign retailers without either party leaving their respective countries (Thelen, Thelen, Magnini and Honeycutt, 2008). When an online purchase goes wrong, it is speculated that consumers and retailers would increasingly rely on most of these technological applications to assist them with the interaction and to ensure instant movement of information during the recourse and redress process.

However, the phenomenal growth of the Internet and the rapid advances in web technologies and standards may affect the smoothness of business processes between certain countries. Due to the mismatch of technological advancement between countries,

several technical issues arise; for instance, incompatibility of hardware and software, different infrastructural issues, inadequacy of telecommunications links, insufficient bandwidth for data transmissions, as well as lack of universal communications protocols and security standards that are seen as major barriers to online shopping (Farhoomand, Tuunainen and Yee, 2000; Zwass, 1996; Deans and Kane, 1992; Rietveld and Janssen, 1990). Hence, there is often a mismatch between a country in which a system is designed and a country in which the system is used, and this may lead to the failure of the system (Jordan and Burn, 1997). Due to these technical mismatches between the foreign retailer and domestic consumers, it is speculated that when things go wrong with a purchase, consumers perceive that it is more difficult to resolve problems. The online shopping platform will inflate the effect of retailers' COO on consumers' PRRR (i.e. "Invalid/Not Available", "Unreturned", "No Action due to Policy").

For offline shopping, the stereotypical perception of retailers' technological advancements in resolving problems is not as prevalent as it is for online shopping. When things go wrong, the dependency of offline shoppers on Internet and web technologies during recourse and redress may not be as crucial as it is for online shoppers. Offline shoppers can utilise interpersonal interaction, face-to-face communications and non-verbal cues when seeking redress for offline shopping problems. Employees are physically present (face-to-face communication) to answer any questions or doubts the consumer may have about the purchase; hence, the retailer can quickly take necessary measures for remedy (Ahmad, 2002). There is almost no judgment of a retailer's COO – based on technologically advanced or technologically backward countries – to resolve problems in an offline shopping platform.

This study posits that consumers have higher PRRR when dealing with foreign retailers due to differing legal systems (i.e. different rules of trade and commerce) set by different countries. The online shopping platform heightens consumers' PRRR (i.e. "No Action due to Policy", "Incompetence") due to the absence of standard regulations in this purchase context (Lee and Tan, 2003; Tan, 1999). The lack of effective legal mechanisms for settling disputes in online shopping is the biggest barrier to the growth of online

shopping (Gillieron, 2008; Garcia, 1997; Deans and Kane, 1992).There are various issues affecting online shopping such as the rules that govern the flow and use of information within and across borders (King and Sethi, 1992). In offline shopping, business transactions between the retailer and consumer are bound by the same legal system. The situation may be different for online shopping, where retailers and consumers are regularly subject to different jurisdictions (Gillieron, 2008). For example, "considering the fact that the average transaction on the Internet amounts to USD146, one does not need to be an economist to realise that a French citizen will never spend several thousand dollars to bring an action in a US Court for a breach of contract" (Gillieron, 2008, p. 3).

In summary, this study anticipates that the purchase platform (offline versus online) will moderate the effect of retailers' COO (foreign versus local) on PRRR. Specifically, it is speculated that the nature of online shopping platform that lacks face-to-face contact will exacerbate the negative effect of a foreign retailer on consumers' PRRR (i.e. "Unreturned", "Extended Delay", "No Urgency") and introduce more problems. The following hypothesis is proposed to confirm the interaction:

> *H3c: The effect of the retailer's country of origin on PRRR is stronger for online purchases compared to offline purchases.*

## 6.3    Research Model

PRRR is briefly defined as a consumer's fear that a retailer's effort of remedy in response to the consumer's complaint following a bad purchase will fail to result in satisfaction. Based on the research questions and hypotheses developed above, Figure 9 presents the research model depicting the variables of purchase platform, complaint channel, retailer's country of origin (COO), ethnocentrism, the PRRR, and their relationships to be tested in the experiments. In the proposed research model, the nine dimensions of PRRR are the dependent variables, in particular, the likelihood that each type of PRRR dimension will occur. Purchase platform, complaint channel, and retailer's COO are modeled as three independent variables. The purchase platform is expected to moderate the relationships between complaint channel and retailer's country of origin and the PRRR. Similarly, ethnocentrism is expected to moderate the relationship between the retailer's COO and the PRRR.
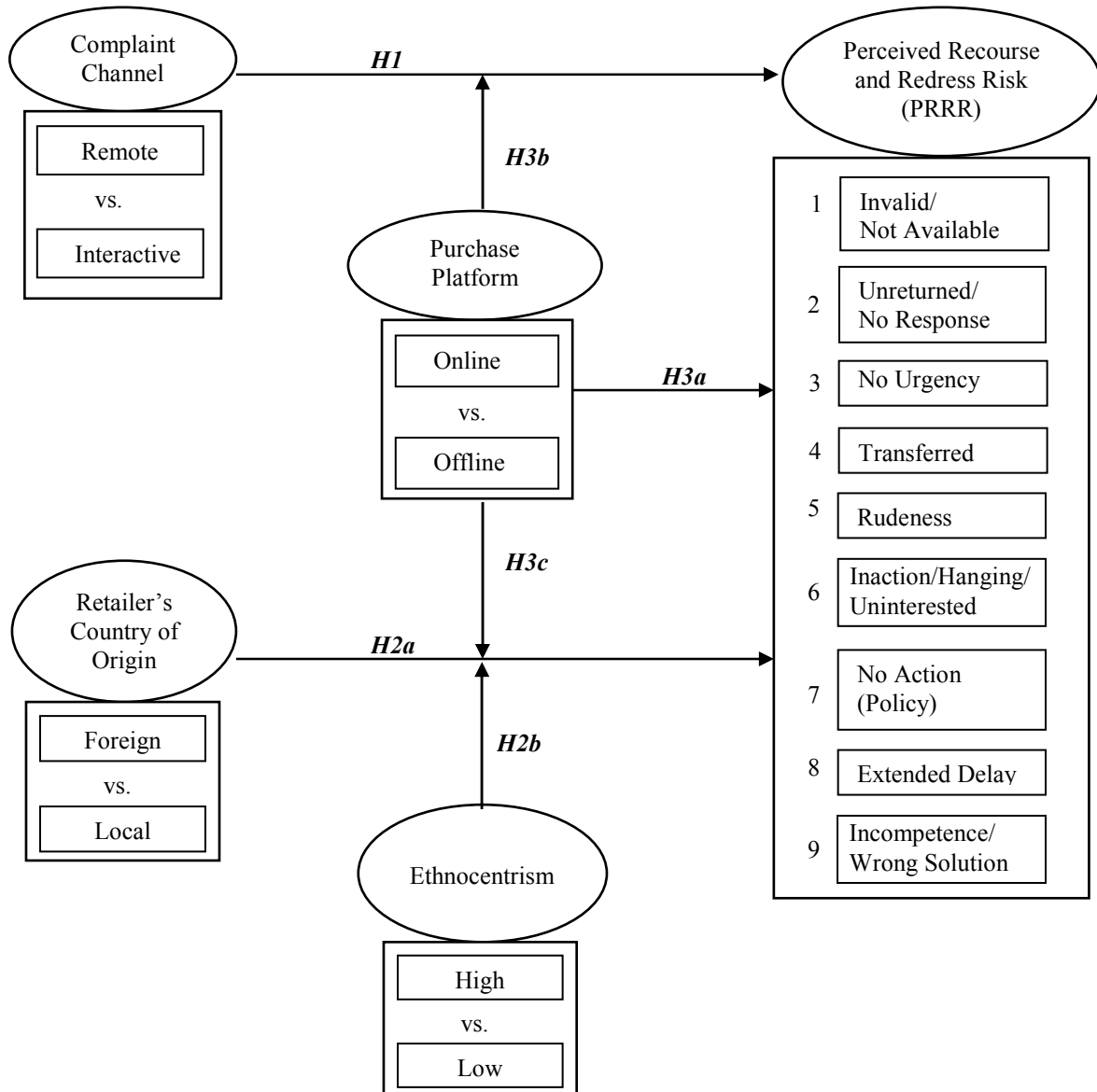
**Figure 9: Research model**

# Chapter 7

# QUANTITATIVE METHOD – EXPERIMENT

## 7.1    Introduction

PRRR is briefly defined as a consumer's fear that a retailer's effort of remedy in response to the consumer's complaint following a bad purchase will fail to result in satisfaction. Following Study 1 (content analysis) and Study 2 (scale development), the main objectives of Study 3 (experiment) are to assess the PRRR scale in different purchase contexts and to examine its nomological and predictive validity. This chapter details the methodology used to test the model and the associated hypotheses from Chapter 6. This confirmatory stage analyses data collected from scenario-based experiments that manipulate whether a hypothetical purchase is made online versus offline, complaints are communicated via remote (email) or interactive (phone) channel, and whether the retailer is a foreign or locally-owned company. Each scenario will be based on the actual conflict resolution experiences examined in Study 1 (content analysis). Chapter 7 presents information regarding the design of Study 3, which includes the experiment and online survey methodology, sample, hypothetical scenarios, manipulations and measures of key variables, as well as data collection procedure.

## 7.2    Experimental Design

The hypotheses stated in Chapter 6 are to be tested using scenario-based experiments (Harris, Grewal, Mohr and Bernhardt, 2006; Shapiro and Nieman-Gonder, 2006; Mattila and Wirtz, 2004). Weiner (2000, p. 387) supports the use of scenarios to examine service encounters because they "permit examination of the variable of most concern and often allow the best theory testing by enabling the investigator to gather all the needed responses". Experimental studies have also been used effectively in addressing consumers' assessments of perceived risks (Pires, Stanton and Eckford, 2004; Grazioli

and Jarvenpaa, 2000; Dowling and Staelin, 1994; Murray and Schlacter, 1990; Festervand et al., 1986).

The experimental design for Study 3 is shown in the matrix in Table 20. The experiment consists of two 2 x 2 between-subjects full factorial experiments, which resulted in four treatment groups for each experiment. Both experiments were designed to examine the effects of three purchase contexts (independent variables) on consumers' PRRR (dependent variables). The three independent variables were manipulated in the scenario – whether the hypothetical purchase is made online versus offline (purchase platform), whether complaints are communicated via remote versus interactive channels (complaint channel), and whether the retailer is a foreign versus locally-owned company (retailer's COO). With this two 2 x 2 between-subjects full factorial design, each respondent engaged consecutively in two different experiments – Experiment I followed by Experiment II.

**Table 20: Design matrix for two 2 x 2 between-subjects full factorial experiment**

| Treatment group | Experiment I (2 x 2) | | Experiment II (2 x 2) | | Planned respondents | Completed responses |
|---|---|---|---|---|---|---|
| | Purchase platform | Complaint channel | Purchase platform | Retailer's country of origin | | |
| 1 | - (online) | - (remote) | + (offline) | + (local) | 75 | 75 |
| 2 | + (offline) | - (remote) | - (online) | + (local) | 75 | 71 |
| 3 | - (online) | + (interactive) | + (offline) | - (foreign) | 75 | 72 |
| 4 | + (offline) | + (interactive) | - (online) | - (foreign) | 75 | 70 |
| **Product** | Clothing (business suit) | | Glassware (glass set) | | | |
| **Purchase problem** | Overcharged payment | | Broken items | | | |
| **Total respondents** | | | | | **300** | **288** |

Having the same respondents engaged consecutively in two 2 x 2 experiments increased the number of respondents in each group, thus offering the researchers greater statistical power relative to sample size instead of having eight groups (i.e. 2 x 2 x 2 between-subjects full factorial design). As the same respondents were used in both experiments, some potential issues such as threats to internal validity (i.e. carryover or practice effects, tracking memory over time, respondent's fatigue) should be addressed. As such, internal validity needs to be controlled through counterbalancing (Minke, 1997); that is, to systematically vary the stimuli for the groups in Experiment II. First, participants in Group 1 who previously answered questions about online shopping were now assigned to the offline shopping scenario, and vice versa. Second, the product and purchase problem were varied in Experiment II with different stimuli.

Similar to the pilot study, clothing was selected for Experiment I, as it was among the most commonly complained about product categories in *Complaints.com*. Apparel and clothing were also classified among the most popular online product categories after books (Nielsen, 2008) and for cross-channel shopping (eMarketer, 2009). For Experiment II, glassware was chosen as it was discovered from the content analysis of *Complaints.com* that kitchen and home furnishing is the second highest complained product category after broadcasting, telecommunication and broadcasting services. The purchase of the business suit and glass set was also considered to be appropriate for both genders.

## 7.3    Sample

The sampling method used for this research is non-probability sampling. This research utilises convenience sampling, where the sample was selected from the University of Sydney's Discipline of Marketing participant pool without incurring the cost or time required to select a random sample.

Students are appropriate pilot respondents as they possess similar characteristics and experiences to other types of consumers in the case of service failures (Craighead,

Karwan and Miller, 2004). Moreover, students should be able to report unsatisfactory experiences in both offline and online shopping platforms, and they are therefore in a position to relay comparative responses to all items in the questionnaire (Cho, Im, Hiltz and Fjermestad, 2002). Further, students are a highly aware and potentially influential segment of the population (Pecotich, Pressley and Roth, 1996).

The respondents were recruited through a web-based system used in the Discipline of Marketing's participant pool. Included in the pool were the undergraduate and postgraduate students who enrolled in certain units of study offered by the discipline in each semester. Students, with consent from the lecturer of each unit, are allowed to participate in various studies being advertised to earn 2% of their overall course marks. Students are informed about the participation pool at the beginning of each semester. Participation in the study was voluntary and was one of the many projects students could complete. This procedure for recruiting participants has received the University's Human Research Ethics Committee (HREC) approval in previous research from the discipline.

A sampling frame is a list that identifies the individual elements of the population from which the sample was drawn (Pedhazur and Schmelkin 1991; Sedlack and Stanley 1992). The sampling frame for this main study was business students in the University of Sydney, Australia. As shown in the previous Table 20 describing the experimental design, the study was planned with a total of 300 respondents, with 75 respondents in each treatment group. The sample size of approximately 300 allows the researchers to detect the main effects with sufficient statistical power for this type of experiment design. In three days, 300 business students registered to participate in the online survey. Random Allocation Software (Saghaei, 2004) was used to randomly match each respondent to each of the four groups. Of these signed-up students, 295 actually responded to the survey after one week; this is an initial response rate of 98%. Out of the 295 responses, seven responses were removed because of incomplete answers, which left 288 usable responses obtained from the four experimental groups for the final analysis. Out of the 288 responses, there were 75 from Group 1; 71 from Group 2; 72 from Group 3; and 70 from Group 4 (refer to Table 20).

Similar to Study 2 (pilot study), all responses gathered by the online survey were automatically stored and organised in a Microsoft Excel and SPSS file format. This was to expedite the data analysis stage and reduce clerical errors that may occur during data transfer between paper questionnaires and analysis software. Missing data were not an issue as a forced answering approach was used.

## 7.4     Survey Administration

Similar to Study 2 (item refinement) described in Chapter 5, an online survey was also used to administer the questionnaire for Study 3 (experiment). Respondents were presented with a webpage citing a detailed description of the study. The online study was described as being "for students who would like to share their opinions about how their complaints are being managed by retailers". Students who were interested in participating simply needed to sign up by entering their student identification (SID) numbers into the registration page. Registered students for Study 3 captured by the recruitment system were then sent a confirmation email together with an external web link to the online survey that was managed by Lime Survey, an online data collection application. The online survey was opened to the registered students over a one-week period. The usage of a unique ID (i.e. "token") in Lime Survey prevented respondents from completing the survey multiple times and eliminated those who were not part of the population of interest. The questionnaire employed a forced answering approach that was formatted in the Lime Survey to avoid missing data issues. Further, the online survey was also formatted to control for privacy concerns so that the survey could be completed by respondents anonymously (Grossnickle and Raskin, 2001). Once the students completed the online study successfully, the researchers then communicated their SID to the participant pool website's manager, who then contacted the relevant lecturers.

## 7.5    Experiment I

For Experiment I, two independent variables (purchase platform and complaint channel), each run at two levels, were tested on the dependent variables (PRRR). The total number of treatment groups resulting from all possible combinations of the levels was four with a 2 (purchase platform: online, offline) x 2 (complaint channel: remote, interactive) design. Three hypotheses, developed in the preceding chapter, were tested:

> **H1:    *Consumers' PRRR is higher when consumers seek redress with a remote complaint channel (i.e. email) compared to situations when they use an interactive complaint channel (i.e. phone)***

> **H3a:   *Consumers' PRRR is higher for online purchases compared to offline purchases***

> **H3b:   *The effect of the complaint channel on PRRR is stronger for online purchases compared to offline purchases***

### 7.5.1   Procedure

Figure 10 depicts the task sequence executed by each respondent in Experiment I. Firstly, each respondent was randomly assigned to one of the four treatment groups. After reading the information at the welcome page and giving consent for their participation in the study, respondents proceeded with reading the instructions that started with: *"This study seeks to understand your experiences with retailers' complaint management systems when things go wrong with a purchase. Imagine yourself as a consumer who is trying to correct an unsatisfactory purchase incident. For example, you may require something like a replacement, refund (full or partial), repair, or some other solution from the retailer."*

For Experiment I, respondents were asked to read Scenario 1 describing an overcharged payment for a business suit. Scenario 1 manipulated the purchase platform (online or offline) and the complaint channel (remote or interactive). Respondents then used the information provided in Scenario 1 to respond to measures of the dependent variables (i.e. the likelihood of PRRR occurring after they complain). This was followed by questions about the manipulation check, overall perceived risk, and other perceived risk dimensions (i.e. Performance Risk, Financial Risk, and Time and Convenience Risk).
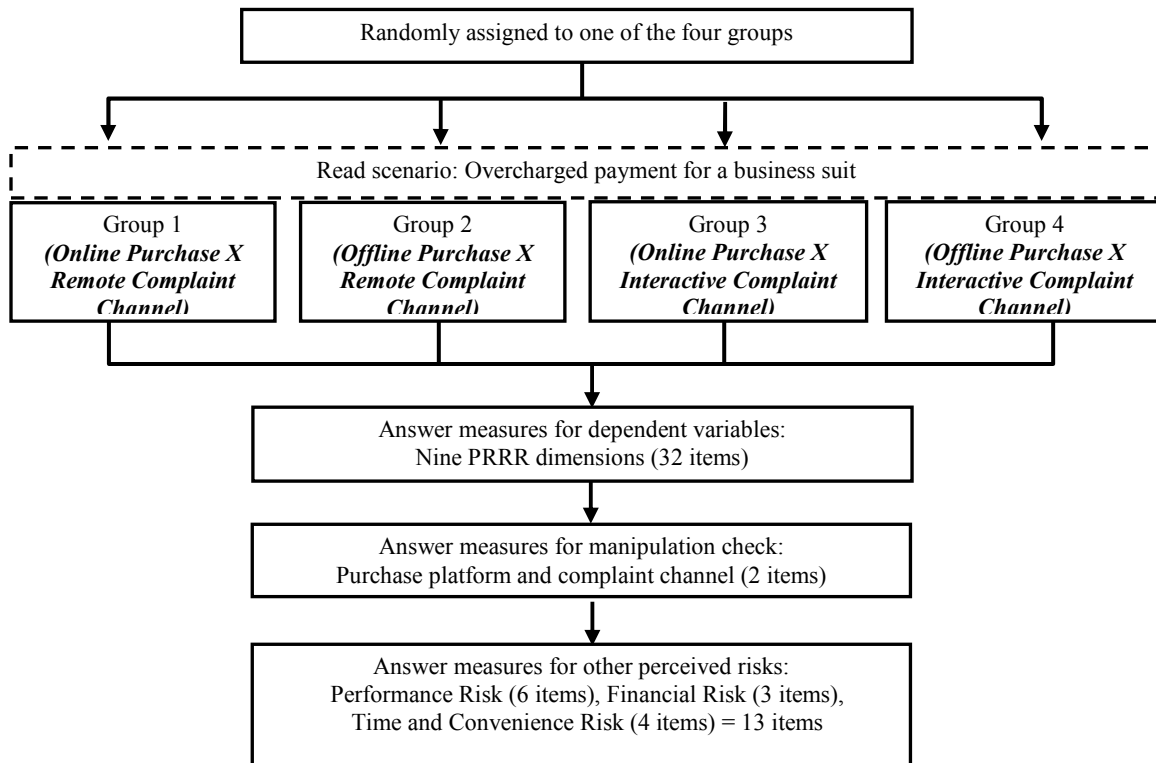


**Figure 10: Summary of the task sequence for Experiment I**

## 7.5.2 Independent Variables

In Experiment I, the scenarios were constructed to manipulate two independent variables: purchase platform and complaint channel. The independent variables are operationalised in the scenarios to extract and clarify respondents' attitudes, intentions, perceptions, opinions, judgements or beliefs in different situational contexts (Finch, 1987; Hill, 1997). Both independent variables are categorical variables as described in Table 21:

**Table 21: Manipulation of independent variables in the scenarios (Experiment I)**

| Factor | Levels | |
|---|---|---|
| Purchase platform | **Online (-)**<br>Product purchase on the Internet | **Offline (+)**<br>Product purchased at the store |
| Complaint channel | **Remote (-)**<br>Using email as the communication medium for recourse and redress | **Interactive (+)**<br>Using phone as the communication medium for recourse and redress |

## 7.5.3 Scenarios

PRRR is briefly defined as a consumer's fear, formed prior to purchase, that a retailer's effort of remedy in response to the consumer's complaint following a bad purchase will fail to result in satisfaction. One of the research objectives mentioned earlier is to measure whether PRRR is more likely to be an important barrier to purchase in certain contexts compared to others (e.g. online versus offline purchasing, remote versus interactive complaint channels, foreign versus domestic retailers); hence, providing further assessment of nomological validity of the PRRR scale. This objective is translated in Study 3 via scenario manipulations to investigate the effects of the different purchase contexts on PRRR.

Written hypothetical scenarios or vignettes allow respondents to discuss sensitive experiences and express their own perceptions on topics that are familiar to them while remaining detached (Finch, 1987). Hypothetical scenarios have been used in previous empirical research on service recovery to elicit responses from respondents (Goodwin and Ross, 1992; Blodgett, Hill and Tax, 1997; Boshoff 1997; Boshoff and Leong, 1998;

Smith and Bolton, 1998; Smith, Bolton and Wagner, 1999; McCollough, Berry and Yadav, 2000).

Experiment I used scenario-based experiments to investigate the effects of purchase platform and complaint channel on PRRR. Hence, four variants of the questionnaire with different scenario combinations were administered to 295 respondents. The respondents in four experimental groups were exposed to different hypothetical scenarios (refer to Table 22 – the levels of manipulations are in italics and bold). The construction of all scenarios was based upon the actual recourse and redress failure incidents and event chronologies that led to the complaints, as posted by consumers in *Complaints.com* website analysed in Study 1.

Each scenario started with a background statement of either a hypothetical offline or online product purchase that was aimed at varying the first independent variable manipulation, the purchase platform. The second independent variable, complaint channel, was manipulated in Experiment I by varying how the respondent contacted the retailer to seek recourse and redress. One of two common modes of complaint communication was described in each scenario: a phone call to the retailer's toll-free number or an email to the retailer's customer service email address.

**Table 22: Scenarios for Experiment I**

| Statement | Level of manipulations | |
|---|---|---|
| **Opening** | Imagine that you decide to get yourself a new business suit for an important interview. | |
| **Manipulation: Purchase platform** | You search the websites of several available *online clothing stores* and decide to purchase at *www.XYZ.com*. The *website* displays the clothing and apparel with product codes, product descriptions and photographic images. All products are arranged in categories (i.e. coats, t-shirts, jeans, dresses, etc.) on the *website*, and shoppers can choose to purchase products using the shopping cart function. You select the business suit, place it in the *electronic shopping cart,* and fill out the payment and delivery information on the *website*. All of the information you provide to *XYZ.com* is correct and accurate at the time of purchase. The business suit is on sale and you only need to pay $150 for the purchase, instead of the recommended retail price of $300. | You search for information about *clothing stores* and decide to shop at a store named *XYZ in the city*. The company has *five retail stores* that are located in different areas. *At the store,* you select the business suit before negotiating the final price with a *shop assistant*. The shop assistant agrees to give a discount so that you only need to pay $150 for the purchase, instead of the marked retail price of $300. She then writes the payment details on a hand-written receipt. You go to the cashier to pay with a credit card. However, the credit card payment system is not working. The cashier takes your credit card details, scans the business suit's barcode and refers to the information on the hand-written receipt. You feel satisfied with the purchase and go home. |
| **The dispute** | After 2 weeks, you realise from your credit card statement that you were charged $300, even though you were supposed to be billed only $150. Thus, you have been overcharged by $150. | |
| **Manipulation: Complaint channel** | You decide to contact XYZ.com to correct this error. You search for the *customer service email address* on the retailer's website. You decide to lodge a complaint *via email*, as advised by the retailer. | You decide to contact XYZ to correct this error. You search for the *customer service toll-free number*. You decide to lodge a complaint *via phone*, as advised by the retailer. |

### 7.5.4 Dependent Variables

In Experiment I, the dependent variables measuring nine PRRR dimensions were measured via a 32-item PRRR scale. These items were developed based on the recourse and redress failure categories discovered in Study 1 (content analysis), and further refined in Study 2 (item refinement). Table 23 lists the items measuring each dimension of PRRR, all of which were anchored on a seven-point Likert scale, ranging from *Very Unlikely* (1) *to Very Likely* (7).

**Table 23: Items measuring the dependent variables**

**(r)** – *reverse coded items*

| PRRR Dimensions | Items<br>(1 - Very Unlikely to 7 - Very Likely) |
|---|---|
| **1. Invalid/Not Available**<br>**(3 items)** | **A1:** I would not be able to contact the retailer because the customer service contact details would not exist.<br>**A2:** I would not be able to contact the retailer because there would be an error or typo in the customer service contact details.<br>**A3:** I would not be able to contact the retailer because no customer service contact details would be provided by the retailer. |
| **2. Unreturned/No Response**<br>**(3 items)** | **B4:** I would find that my complaint would not be responded to by anyone.<br>**B5:** I would think that the customer support service was always busy.<br>**B6:** I would be responded to by an automated response system saying that the customer service representative is busy. |
| **3. No Urgency**<br>**(3 items)** | **C7:** I would only receive a response from the retailer after leaving several messages on the automated response system.<br>**C8:** A long time would pass before I would receive the first response from the retailer.<br>**C9:** I would have to contact the retailer several times before somebody responded to my complaint. |
| **4. Transferred**<br>**(4 items)** | **D10:** I would be served by the right person in the company without my complaint being passed around from one person to another. **(r)**<br>**D11:** I would find that my initial complaint would be transferred from one person to another.<br>**D12:** My complaint would be transferred from one branch to another before my problem was resolved.<br>**D13:** My complaint would reach the right department in the company the first time. **(r)** |
| **5. Rudeness**<br>**(4 items)** | **E14:** The employee would be rude, ignorant and not bother to introduce him/herself when I contacted the company.<br>**E15:** The employee would end the communication when I tried to fix the problem.<br>**E16:** The employee would use abusive and unacceptable language, or use negative tone during our communication.<br>**E17:** The employee would provoke me when I tried to fix the problem. |
| **6.Inaction/Hanging/**<br>**Uninterested**<br>**(3 items)** | **F18:** I would be left without any status updates of my problem.<br>**F19:** I would receive a follow-up response as promised by the company. **(r)**<br>**F20:** I would be given a satisfactory explanation and/or the solution that I was supposed to receive. **(r)** |
| **7. No Action due to Policy**<br>**(4 items)** | **G21:** I would be informed that there was nothing the company could do to fix my problem because the payment overcharged problem *(broken items problem)* was my issue with the bank/financial institution *(shipping/transportation)* and not an issue with the company.<br>**G22:** I would be denied as the company would claim that I failed to provide a proper proof of purchase other than the receipt.<br>**G23:** I would find that the company would hide behind policy and guidelines to avoid solving my problem.<br>**G24:** The company would inform me that the situation was out of their hands and they had no control over the problem. |

| | |
|---|---|
| **8. Extended Delay**<br>   **(4 items)** | **H25:** I would expect the company to not honour the promised delivery time to correct the problem. |
| | **H26:** I would anticipate that the company would exceed its stated time frame to correct the problem. |
| | **H27:** I would anticipate a delay that would exceed the company's specified response time, when they corrected problem. |
| | **H28:** I would have to wait less time (either minutes/hours/days) than promised for the company to correct the problem. **(r)** |
| **9. Incompetence/Wrong**<br>   **Solution**<br>   **(4 items)** | **I29:** I would find that the solution given by the employee would fail to correct the problem. |
| | **I30:** I would find that my problem would become worse with the given solution. |
| | **I31:** I would anticipate that the dissatisfying situation would be improved with the given solution. **(r)** |
| | **I32:** I would have more problems now with the given solution when compared to before I contacted the company. |

## 7.5.5 Manipulation Checks

The manipulation check items in Table 24 were included at the end of Experiment I to ensure that the purchase platform (online/offline) and complaint channel (remote/interactive) manipulated in each scenario were seen by respondents in that way.

**Table 24: Items measuring the manipulation checks for Experiment I**

| Manipulation | Items<br>(1 – Strongly Disagree to 7 - Strongly Agree) |
|---|---|
| **1. Purchase Platform**<br>   **(1 item)** | **J35:** I would need the Internet to purchase from the retailer. |
| **2. Complaint Channel**<br>   **(1 item)** | **J36:** I believe that the method to lodge the complaint allows for fast two-way communication. |

## 7.5.6 Other Perceived Risks

In Study 3, three types of perceived purchase risk scales – Performance Risk, Financial Risk, and Time and Convenience Risk – were included in the questionnaire to test for discriminant validity between the proposed PRRR scale and other perceived risk constructs. As the name implies, the Performance Risk scale measures the degree to which the respondent perceived there are chances of the business suit or glass set failing to meet the performance requirements originally intended of the purchase. Performance Risk was measured with six items that were previously validated in Study 2 (item

development). In order to measure each of the Financial Risk and Time and Convenience Risk, existing items were sourced from past studies on perceived risk, as in Table 25. Financial Risk was measured with three items pertaining to the likelihood of losing money because of the purchase, while Time and Convenience Risk was measured with four items regarding the probability of the purchase resulting in a waste of time and effort.

**Table 25: Items measuring other perceived purchase risks for discriminant validity purpose**

**(r) –** *reverse coded items*

| Other perceived purchase risk scales | Items<br>(1 – Strongly Disagree to 7 - Strongly Agree) |
|---|---|
| **1. Performance Risk**<br>**(6 items)**<br>Adopted from:<br>*Study 2 (pilot study)*<br>**(alpha = 0.84)** | **L38:** I believe that the business suit *(glasses)* purchased may be of inferior quality.<br>**L39:** I believe that the business suit *(glasses)* would provide the level of benefit that I would be expecting. **(r)**<br>**L40:** I believe that I will be likely to have problems with the performance of the business suit *(glasses)*.<br>**L41:** I believe that the business suit *(glasses)* would function satisfactorily. **(r)**<br>**L42:** I believe that the business suit *(glasses)* would not meet my needs and desires very well.<br>**L43:** I believe that the business suit *(glasses)* would perform as I expected it to do. **(r)** |
| **2. Financial Risk**<br>**(3 items)**<br>Adopted from:<br>*Grewal, Gotlieb, Marmorstein (1994), Journal of Consumer Research;*<br>*Shimp and Bearden (1982), Journal of Consumer Research.*<br>**(alpha = 0.77)** | **M44:** I believe that purchasing the business suit *(glasses)* is risky considering the monetary investment involved.<br>**M45:** I believe that purchasing the business suit *(glasses)* would cause me to lose money because of the possibility of maintenance and/or repair costs.<br>**M46:** I believe that purchasing the business suit *(glasses)* is risky, given the potential financial expenses associated with the purchase. |
| **3. Time and Convenience Risk**<br>**(4 items)**<br>Adopted from:<br>*Mieres, Martin and Gutierrez (2006), European Journal of Marketing*<br>**(alpha = above 0.90 for all the four scales used in the study)** | **N47:** I believe that purchasing the business suit *(glasses)* would be a waste of time and effort due to its bad result.<br>**N48:** I believe that purchasing the business suit *(glasses)* would be a waste of time and effort if I have to change it later.<br>**N49:** I believe that I would waste time and effort with possible complaints and refunds as a consequence of purchasing the business suit *(glasses)*.<br>**N50:** I believe that purchasing the business suit *(glasses)* would be a nuisance due to wasted time and effort caused by purchasing something that is worthless. |

## 7.6    Experiment II

Experiment II was designed to provide further evidence on how other factors, such as retailer's COO, may influence PRRR. The total number of treatment groups resulting from all possible combinations of the levels was four with a 2 (purchase platform: online, offline) x 2 (retailer's COO: foreign, local) design. Three possible hypotheses were derived from the previous chapter to test the effects of these variables on PRRR:

> **H2a:** *Consumers' PRRR is higher for purchases from a foreign retailer compared to purchases that involve a locally-owned retailer.*

> **H3a:** *Consumers' PRRR is higher for online purchases compared to offline purchases.*

> **H3c:** *The effect of the retailer's country of origin on PRRR is stronger for online purchases compared to offline purchases.*

### 7.6.1    Procedure

Following Experiment I, respondents then proceeded to Experiment II. Figure 11 shows the task sequence executed by each respondent in Experiment II. At this stage, each respondent read Scenario 2 and proceeded to answer the questions that follow. Scenario 2 detailed a purchase dispute about a broken glass set and varied information about the purchase platform (online or offline) and the retailer's COO (foreign or local). Similar to Experiment I, respondents then answered questions about the dependent measures (i.e. the PRRR), manipulation check, overall perceived risk, Performance Risk, Financial Risk, and Time and Convenience Risk. On completion of the survey, each respondent was asked to answer the CETSCALE for measuring their level of ethnocentrism, and several demographic questions about their gender, age, country of birth, citizenship, years living in Australia and ethnicity. The entire procedure took approximately 45 minutes.

```
┌─────────────────────────────────────────────────────────┐
│          Randomly assigned to one of the four groups      │
└─────────────────────────────────────────────────────────┘
┌─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─┐
│          Read scenario: Broken item of a glass set        │
└─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─┘
```

| Group 1 *(Offline Purchase X Local Retailer)* | Group 2 *(Online Purchase X Local Retailer)* | Group 3 *(Offline Purchase X Foreign Retailer)* | Group 4 *(Online Purchase X Foreign Retailer)* |

```
┌─────────────────────────────────────────────────────────┐
│   Answer measures for dependent variables:                │
│   Nine PRRR dimensions (32 items)                         │
└─────────────────────────────────────────────────────────┘
┌─────────────────────────────────────────────────────────┐
│   Answer measures for manipulation check:                 │
│   Purchase platform and retailer's COO (2 items)          │
└─────────────────────────────────────────────────────────┘
┌─────────────────────────────────────────────────────────┐
│   Answer measures for other perceived risks:              │
│   Performance Risk (6 items), Financial Risk (3 items),   │
│   Time and Convenience Risk (4 items) = 13 items          │
└─────────────────────────────────────────────────────────┘
┌─────────────────────────────────────────────────────────┐
│   Answer measures for moderating variable:                │
│   Ethnocentrism (10 items)                                │
└─────────────────────────────────────────────────────────┘
┌─────────────────────────────────────────────────────────┐
│   Answer demographic questions (6 items)                  │
└─────────────────────────────────────────────────────────┘
```

**Figure 11: Summary of the task sequence for Experiment II**

## 7.6.2   Independent Variables

In Experiment II, the scenarios were constructed to manipulate the independent variables: purchase platform (online vs. offline) and retailer's COO (foreign vs. local). Both independent variables are categorical variables as described in Table 26 below:

**Table 26: Manipulation of independent variables in the scenarios (Experiment II)**

| Factor | Levels | |
|---|---|---|
| Purchase platform | **Online (-)** Product purchased on the Internet | **Offline (+)** Product purchased at the store |
| Retailer's country of origin | **Foreign (-)** - Foreign-owned and operated retailer - Exists in multiple locations in another country, and only recently moved to Australia | **Local (+)** - Locally-owned and operated retailer - Exists in multiple locations throughout Australia |

### 7.6.3 Scenarios

Experiment II manipulated the effects of purchase platform and retailer's COO on PRRR. Similar to Experiment I, four variants of the questionnaire with different scenario combinations were administered to the same respondents (refer to Table 27). The respondents in four experimental groups were exposed to different hypothetical scenarios.

Similar to Experiment I, each scenario started with a background statement of either a hypothetical offline or online product purchase that was aimed at varying the first independent variable manipulation, the purchase platform. The second independent variable, retailer's COO, was manipulated in Experiment II by varying the statement about the retailer's ownership and operation.

**Table 27: Scenarios for Experiment II**

| Statement | Level of manipulations | |
|---|---|---|
| **Opening** | Imagine that you decide to get yourself a nice set of six glasses to match your dinner plates for a special occasion. | |
| **Manipulation: Purchase platform** | You search the websites of several available *online kitchenware stores* and decide to purchase at *www.ABC.com*. The *website* displays the kitchenware items with product codes, product descriptions and photographic images. All products are arranged in categories (i.e. glasses, plates, cutleries, etc.) on the *website*, and shoppers can choose to purchase products using the shopping cart function. | You search for information about *kitchenware stores* and decide to shop at a store named *ABC in the city*. The company has *five retail stores* that are located in different areas. |
| **Manipulation: Retailer's country of origin (COO)** | From the company's website, it comes to your attention that ABC.com is a *foreign owned and operated retailer*. ABC.com operates in *multiple locations in another country and has only recently moved to Australia.* | From the company's brochure, it comes to your attention that ABC is a *locally owned and operated retailer*. ABC operates in *multiple locations throughout Australia.* |
| **The purchase** | You select the matching glass set, place it in the *electronic shopping cart* and fill out the payment and delivery information on the *website*. The glass set will be delivered to your home address in 5 working days. All | *At the store,* you search for the matching glass set, but the specific set you wanted is out of stock. You are offered an option for the glass set you wanted to be delivered to your home address in 5 working days. You accept |

| | of the delivery information you provide to **ABC.com** is correct and accurate at the time of purchase. | the offer due to the special discounts, then ***go to the cashier*** and pay for the glass set. All of the delivery information you provide to ***ABC*** is correct and accurate at the time of purchase. |
|---|---|---|
| **The dispute** | After 5 days, the glass set arrives and you sign the delivery confirmation. You open the box and realise that two of the glasses are broken. | |
| **The recourse and redress** | You decide to contact **ABC.com** to correct this error. You decide to lodge a complaint via either phone or email, as advised by the retailer. | You decide to contact **ABC** to correct this error. You decide to lodge a complaint via either phone or email, as advised by the retailer. |

## 7.6.4   Dependent Variables

Similar to Experiment I, the respondents were again instructed to answer a 32-item PRRR scale as the dependent variables (labeled as A1b to I32b in the data file).

## 7.6.5   Manipulation Checks

Similar to Experiment I, respondents were asked to answer two manipulation check items (in Table 29). These were included to ensure that the purchase platform (online/offline) and retailer's COO (foreign/local) that were manipulated in each scenario were seen by respondents in that way.

**Table 28: Items measuring the manipulation checks for Experiment II**

| Manipulation | Items (1 – Strongly Disagree to 7 - Strongly Agree) |
|---|---|
| **1. Purchase platform (1 item)** | **J35b:** I would need the Internet to purchase from the retailer. |
| **2. Retailer's country of origin (1 item)** | **J36b:** I think that the retailer's country of origin is Australia. |

### 7.6.6   Other Perceived Risks

In Experiment II, the respondents were again instructed to respond to the three perceived risk scales – Performance Risk, Financial Risk and Time and Convenience Risk – as in Experiment I. These scales were included in the questionnaire to test for discriminant validity between the proposed PRRR scale and other perceived risk constructs.

### 7.6.7   Moderating Variables (CETSCALE)

For Study 3, ethnocentrism is used as a moderating variable between retailer's COO and PRRR. For highly ethnocentric consumers, PRRR is hypothesised to be higher when they are dealing with a foreign retailer rather than with a locally-owned retailer. The hypothesis for this interaction effect is expressed as:

> **H2b: The effect of the retailer's country of origin on PRRR is stronger for consumers high rather than low in ethnocentrism.**

Shimp and Sharma (1987) developed a measure of ethnocentrism with the 17-item consumers' ethnocentric tendency scale (CETSCALE). The original CETSCALE measured a respondent's attitude toward the appropriateness of purchasing American-made products versus those manufactured in other countries. The revised scale has been adopted in a variety of languages and countries.

Table 28 lists the reduced 10-item version of the CETSCALE (Netemeyer, Durvasula and Lichtenstein 1991; Shimp and Sharma, 1987) utilised in Experiment II to assess the respondent's beliefs about buying foreign products as a possible moderator between retailer's COO and consumers' PRRR. Research by Shimp and Sharma (1987) and Netemeyer, Durvasula and Lichtenstein (1991) found the CETSCALE to meet reliability and validity requirements. The evidence suggests that this scale can be used with confidence across national boundaries.

**Table 29: Items measuring the CETSCALE as the moderating variables**

| Factor | Items (1 – Strongly Disagree to 7 - Strongly Agree) |
|---|---|
| **CETSCALE** **(10 items)** Adopted from: *Shimp and Sharma (1987)* **(alpha = between 0.94 and 0.96 for the scale in four samples used in the study)** | **CET1:** Only those products that are unavailable locally should be imported. **CET2:** Local products, first, last, and foremost. **CET3:** Purchasing foreign-made products is unpatriotic. **CET4:** It is not right to purchase foreign products because it puts local people out of jobs. **CET5:** A person of a country should always buy local-made products. **CET6:** We should purchase products manufactured in our country instead of letting other countries get rich off us. **CET7:** We should not buy foreign products, because this hurts local business and causes unemployment. **CET8:** It may cost me in the long-run but I prefer to support local products. **CET9:** We should buy from foreign countries only those products that we cannot obtain within our own country. **CET10:** Local consumers who purchase products made in other countries are responsible for putting their fellow people out of work. |

### 7.6.8 Demographic Variables

On completion of the scenario, each respondent was asked to answer several demographic questions about their gender, age, country of birth, citizenship, years living in Australia and ethnicity. Please refer to *Appendix C* for the full version of the questionnaire.

# Chapter 8

# EXPERIMENT FINDINGS

## 8.1    Introduction

This research defines PRRR as a consumer's fear that a retailer's effort of remedy in response to the consumer's complaint following a bad purchase will fail to result in satisfaction. As previously outlined, this research consists of three separate studies; Study 1 (content analysis), Study 2 (item refinement) and Study 3 (main experiments). The previous chapter presented the experimental design methodology employed to test the research hypotheses. There were two, 2 x 2 between-subjects full factorial experiments in Study 3 identified as Experiment I and Experiment II.

This chapter presents the empirical results of the experiments. It starts with the descriptive results in the first section, is followed by Exploratory Factor Analysis (EFA) that reassesses the dimensionality of the nine PRRR factors, and concludes with an examination of the discriminant validity between the proposed PRRR scale and other perceived risk constructs. The next sections present the results of Experiment I and Experiment II to provide support for the nomological and predictive validity of the PRRR scale. This is accomplished using an analysis of variance (ANOVA) for manipulation checks and multiple analysis of variance (MANOVA) to test the six hypotheses developed in Chapter 6. The final section of this chapter reports the test results of whether ethnocentrism moderates the relationship between the retailer's COO and the PRRR, which was tested using multiple regression analyses.

## 8.2    Descriptive Results

For Study 3 (main experiments), the total sample for the study was 288 respondents, consisting of 181 (63%) females and 107 (37%) males. Respondents were undergraduate and postgraduate students at an English-speaking university. The mean age of the

respondents was 22.25 years (ranging from 18 to 50 years of age). Respondents had lived an average of 12.12 years in Australia (ranging from less than 1 year to 50 years).

Many ethnic groups were represented in the sample, with the largest groups being Chinese (*n* = 101, 35%) and Australian (*n* = 88, 31%). Other ethnic groups represented were American (*n* = 14, 5%), Vietnamese (*n* = 6, 2%), English (*n* = 5, 2%), Indian (*n* = 5, 2%), Greek (*n* = 4, 1%), Italian (*n* = 4, 1%), Lebanese (*n* = 3, 1%), and Canadian (*n* = 1, 0.3%). Fifty-seven (20%) respondents did not provide their ethnicity. Prior to conducting statistical analyses, data were examined for outliers and cleaned. Reverse-scored items on the scales were recoded. In Table 30 and 31, summary statistics for the PRRR subscales (i.e. the nine PRRR factors), and the other three perceived risk scales (i.e. Performance Risk, Financial Risk, and Time and Convenience Risk) are presented.

**Table 30: Descriptive statistics for PRRR Scale (Experiment I)**

| PRRR Factors | No. of Items | N | Mean | SD |
|---|---|---|---|---|
| Invalid | 3 | 288 | 2.81 | 1.31 |
| Unreturned | 3 | 288 | 4.39 | 1.18 |
| No Urgency | 3 | 288 | 4.30 | 1.24 |
| Transferred | 4 | 288 | 4.76 | 1.09 |
| Rudeness | 4 | 288 | 3.01 | 1.23 |
| Inaction | 3 | 288 | 3.89 | 1.01 |
| No Action (Policy) | 4 | 288 | 4.00 | 1.26 |
| Extended Delay | 4 | 288 | 4.44 | 0.96 |
| Incompetence | 4 | 288 | 3.41 | 0.92 |

**Table 31: Descriptive statistics for other perceived risks scales (Experiment I)**

| Perceived Risks | No. of Items | N | Mean | SD | Cronbach's Alpha |
|---|---|---|---|---|---|
| Performance Risk | 6 | 288 | 3.57 | 0.93 | 0.87 |
| Financial Risk | 3 | 288 | 3.71 | 1.20 | 0.82 |
| Time and Convenience Risk | 4 | 288 | 4.20 | 1.18 | 0.79 |

## 8.3    Dimensionality and Reliability

As discussed previously, the dimensionality of each PRRR factor is established when items measuring each factor are strongly associated with each other, and represent a single concept or dimension. Factor analysis plays an important role in making an empirical assessment of the dimensionality by determining the total number of factors and the relationship of each item to each factor (Hair et al., 2010).

The Exploratory Factor Analyses (EFAs) conducted during Study 2 (item refinement) using the sample size of 95 examined the dimensionality of the nine PRRR factors. In Study 3 (Experiment I), dimensionality was assessed with EFA using data from a different sample (i.e. undergraduates and postgraduates students) to confirm the PRRR scale factor structure. It is important to replicate the factor structure using different samples, hence reducing error due to chance (MacCallum, Roznowski and Necowitz, 1992). Thus, in Study 3, the EFA using Principal Component Analysis (PCA) with varimax rotation was used on a larger sample ($n = 288$) with a different demographic profile to reassess the multidimensionality of the PRRR scale.

Similar to the previous Study 2 (item refinement), the results of the EFA from Study 3 showed Bartlett's Test of Sphericity to be statistically significant ($p < 0.05$), hence supporting the use of the data for factor analysis (Bartlett, 1954; Pallant, 2007). The Measure of Sampling Adequacy (MSA) quantifies the degree of intercorrelations among the variables and the appropriateness of factor analysis. The EFA for Study 3 resulted in Kaiser-Meyer-Olkin MSA value above 0.80, which is interpreted as sufficient (Hair et al. 2010), further supporting the data for factor analysis.

Factor loadings scores were used to evaluate an item's loading on each PRRR factor. Sample size was taken into account for each factor loading to be considered significant. For the Study 3 experiments, the sample size was 288. Hair et al. (2010) recommended that if the sample size is between 250 and 350, factor loadings of only 0.35 are required to achieve statistically significant results (i.e. sufficient item to factor correlation).

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The EFA results from the factor solution tables in Study 3 (Experiment I) with the varimax rotated factor loadings demonstrated a dimensionality of the PRRR scale almost similar to the dimensionality results in Study 2 (item refinement). Detailed test results for the initial factor structure for this EFA are included in *Appendix G*. The total variance explained by this nine-factor structure was 65.84%. However, several items were found to have cross loading problems when EFA was run with a larger sample size in Study 3. They were item B4, *"I would find that my complaint would not be responded to by anyone"*; item C7, *"I would only receive a response from the retailer after leaving several messages on the automated response system";* item C9, *"I would have to contact the retailer several times before somebody responded to my complaint";* and item H25, *"I would expect the company to not honour the promised delivery time to correct the problem"*. These four items were candidates for deletion. The one-item factor, I31, *"I would anticipate that the dissatisfying situation would be improved with the given solution",* was the only positive worded item measuring "Incompetence" that did not load as expected. I31 was also excluded from further analysis to simplify the factor structure.

Following the deletion of five items from the EFA in Study 3 (Experiment I), the total number of items retained for the PRRR final scale was now 27, instead of 32 as in the previous Study 2 (item refinement). The EFA was run again, as in Table 32 below, with only these 27 items to ensure the stability of the PRRR factors.

## Table 32: EFA results (dimensionality) and reliability for Experiment I

**Varimax Rotated Factor-Loading Matrix (Final Structure)**

| PRRR Items | Component | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| **1. Invalid – Cronbach's Alpha 0.80** | | | | | | | | |
| **A1:** I would not be able to contact the retailer because the customer service contact details would not exist. | 0.15 | 0.09 | 0.03 | **0.84** | 0.04 | 0.06 | 0.07 | -0.02 |
| **A2:** I would not be able to contact the retailer because there would be an error or typo in the customer service contact details. | 0.22 | 0.02 | 0.05 | **0.72** | 0.32 | -0.07 | -0.03 | -0.03 |
| **A3:** I would not be able to contact the retailer because no customer service contact details would be provided by the retailer. | 0.15 | 0.09 | -0.02 | **0.85** | 0.04 | 0.18 | 0.08 | -0.02 |
| **2. Unreturned – Cronbach's Alpha 0.70** | | | | | | | | |
| **B5:** I would think that the customer support service was always busy. | 0.10 | 0.03 | 0.12 | 0.05 | 0.01 | 0.06 | **0.82** | 0.01 |
| **B6:** I would be responded to by an automated response system saying that the customer service representative is busy. | 0.02 | 0.08 | 0.17 | 0.02 | 0.10 | 0.10 | **0.81** | 0.12 |
| **C8:** A long time would pass before I would receive the first response from the retailer. | 0.29 | 0.21 | 0.16 | 0.14 | 0.03 | 0.08 | **0.54** | 0.26 |
| **3. Transferred – Cronbach's Alpha 0.77** | | | | | | | | |
| **D10:** I would be served by the right person in the company without my complaint being passed around from one person to another. **(r)** | 0.01 | 0.13 | **0.67** | 0.01 | -0.13 | 0.11 | -0.04 | 0.28 |
| **D11:** I would find that my initial complaint would be transferred from one person to another. | 0.07 | 0.19 | **0.74** | -0.05 | -0.01 | 0.02 | 0.29 | 0.08 |
| **D12:** My complaint would be transferred from one branch to another before my problem was resolved. | 0.12 | 0.03 | **0.78** | 0.02 | 0.16 | 0.00 | 0.18 | -0.08 |
| **D13:** My complaint would reach the right department in the company the first time. **(r)** | -0.05 | 0.06 | **0.76** | 0.09 | -0.02 | 0.26 | 0.07 | 0.08 |
| **4. Rudeness – Cronbach's Alpha 0.86** | | | | | | | | |
| **E14:** The employee would be rude, ignorant and not bother to introduce him/herself when I contacted the company. | **0.77** | 0.10 | 0.14 | 0.18 | 0.04 | 0.15 | 0.06 | 0.12 |
| **E15:** The employee would end the communication when I tried to fix the problem. | **0.77** | 0.15 | 0.04 | 0.13 | 0.16 | 0.17 | 0.11 | 0.07 |
| **E16:** The employee would use abusive and unacceptable language, or use negative tone during our communication. | **0.78** | 0.11 | 0.00 | 0.12 | 0.30 | 0.00 | 0.03 | 0.00 |
| **E17:** The employee would provoke me when I tried to fix the problem. | **0.72** | 0.22 | -0.02 | 0.23 | 0.31 | 0.12 | 0.19 | 0.03 |
| **5. Inaction – Cronbach's Alpha 0.70** | | | | | | | | |
| **F18:** I would be left without any status updates of my problem. | 0.31 | 0.27 | -0.02 | 0.08 | -0.11 | **0.61** | 0.18 | 0.13 |
| **F19:** I would receive a follow-up response as promised by the company. **(r)** | 0.15 | 0.02 | 0.16 | 0.02 | 0.15 | **0.79** | 0.04 | 0.12 |
| **F20:** I would be given a satisfactory explanation and/or the solution that I was supposed to receive. **(r)** | 0.03 | 0.10 | 0.18 | 0.12 | 0.22 | **0.75** | 0.07 | 0.10 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **6. No Action (Policy) – Cronbach's Alpha 0.80** | | | | | | | | |
| **G21:** I would be informed that there was nothing the company could do to fix my problem because the payment overcharged problem *(broken items problem)* was my issue with the bank/financial institution *(shipping /transportation)* and not an issue with the company. | 0.11 | **0.72** | 0.06 | 0.12 | 0.16 | -0.03 | 0.07 | 0.07 |
| **G22:** I would be denied as the company would claim that I failed to provide a proper proof of purchase other than the receipt. | 0.18 | **0.73** | 0.01 | 0.05 | 0.08 | 0.08 | 0.06 | 0.13 |
| **G23:** I would find that the company would hide behind policy and guidelines to avoid solving my problem. | 0.03 | **0.74** | 0.23 | 0.01 | -0.02 | 0.27 | 0.10 | 0.14 |
| **G24:** The company would inform me that the situation was out of their hands and they had no control over the problem. | 0.17 | **0.77** | 0.15 | 0.05 | 0.27 | 0.06 | 0.04 | 0.05 |
| **7. Extended Delay – Cronbach's Alpha 0.62** | | | | | | | | |
| **H26:** I would anticipate that the company would exceed its stated time frame to correct the problem. | 0.17 | 0.19 | 0.14 | -0.05 | 0.26 | 0.05 | 0.15 | **0.63** |
| **H27:** I would anticipate a delay that would exceed the company's specified response time, when they corrected problem. | 0.16 | 0.20 | 0.19 | -0.02 | 0.28 | 0.05 | 0.19 | **0.67** |
| **H28:** I would have to wait less time (either minutes/hours/days) than promised for the company to correct the problem. **(r)** | -0.06 | 0.04 | 0.01 | -0.03 | -0.18 | 0.21 | 0.01 | **0.75** |
| **Incompetence – Cronbach's Alpha 0.74** | | | | | | | | |
| **I29:** I would find that the solution given by the employee would fail to correct the problem. | 0.21 | 0.34 | 0.09 | 0.09 | **0.56** | 0.26 | 0.06 | 0.16 |
| **I30:** I would find that my problem would become worse with the given solution. | 0.26 | 0.12 | -0.11 | 0.10 | **0.74** | 0.07 | 0.00 | 0.06 |
| **I32:** I would have more problems now with the given solution when compared to before I contacted the company | 0.21 | 0.15 | 0.04 | 0.17 | **0.74** | 0.09 | 0.09 | 0.03 |

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
Rotation converged in 7 iterations.
*Note: The EFA results produced a similar factor structure to that obtained in Experiment II.*

The final structure of the EFA results in Table 32 above confirms that PRRR has multiple dimensions, where each dimension was represented by a separate factor. The results provide support there is stability for the PRRR scale factor structure across different samples. However, items B5, *"I would think that the customer support service was always busy"* and B6, *" I would be responded to by an automated response system saying that the customer service representative is busy"*, that were supposed to measure "Unreturned", loaded on "No Urgency". Therefore, it was decided to merge these items as one PRRR factor, known as "Unreturned". Following this merge, the final number of factors (dimensions) for the PRRR scale in Study 3 was eight instead of nine in Study 2.

The "Unreturned" factor is conceptually defined as consumers' expectations that their attempts to make any initial contact with the company would be unsuccessful because of their complaints or enquiries would always be answered by the retailer's answering machine or a message box. "Unreturned" also covers a situation where consumers are able to establish contact and receive a response, but only after a long time has passed.

Reliability analysis was also performed on each PRRR factor (dimension) to check for internal consistency. The reliability score, as measured by Cronbach's alpha should exceed a threshold of 0.70, although a 0.60 level can be used in exploratory research (Hair et al., 2010; Nunnally and Bernstein, 1994). As illustrated in Table 32, the Cronbach's coefficient alpha ranged from 0.62 to 0.86 for the PRRR factors, suggesting that Study 3 establishes the reliability of each PRRR factor.

As mentioned earlier, dimensionality was also assessed in Study 3 (main experiments), to confirm the PRRR scale factor structure that emerged in Study 2 (item refinement). Table 33 below indicates a comparison of EFA results in Study 2 (item refinement, $n = 95$) and Study 3 (main experiments, $n = 288$). The table summarises the final status of each item and the Cronbach's Alpha values for each PRRR factor after conducting the EFA in the two studies.

**Table 33: Comparison of EFA results (dimensionality) and reliability between Study 2 (item refinement) and Study 3 (main experiments)**

| PRRR Items | Final Status of Items | |
|---|---|---|
| | Study 2 (n = 95) | Study 3 (n = 288) |
| **1. Invalid** | | |
| **Cronbach's Alpha** | **0.79** | **0.80** |
| **A1:** I would not be able to contact the retailer because the customer service contact details would not exist. | Retained | Retained |
| **A2:** I would not be able to contact the retailer because there would be an error or typo in the customer service contact details. | Retained | Retained |
| **A3:** I would be able to contact the retailer because the available customer service contact details would be correct. **(r)** | Deleted | – |
| **A4:** I would not be able to contact the retailer because no customer service contact details would be provided by the retailer. | Retained | Retained |
| **A5:** I would be able to contact the retailer because I would know the specific customer service contact details to contact. **(r)** | Deleted | – |
| **A6:** I would be able to contact the retailer because the customer service contact details given would be accurate. **(r)** | Deleted | – |
| **2. Unreturned** | | |
| **Cronbach's Alpha** | **0.76** | **0.70** |
| **B7:** I would be able to communicate with someone right away. **(r)** | Deleted | – |
| **B8:** I would find that my complaint would not be responded to by anyone. | Retained | Deleted |
| **B9:** I would think that the customer support service was always busy. | Retained | Retained |
| **B10:** I would be responded to by an automated response system saying that the customer service representative is busy. | Retained | Retained |
| **B11:** If I had to leave a message, I would find that a customer service representative would contact me back immediately. **(r)** | Deleted | – |
| **B12:** I would find that my complaint would be attended by a customer service representative.**(r)** | Deleted | – |

| 3. No Urgency | | |
|---|---|---|
| **Cronbach's Alpha** | **0.66** | **–** |
| **C13:** I would have to leave several messages before somebody responded to my complaint.<br>**New in Study 3:** I would have to contact the retailer several times before somebody responded to my complaint. | Retained and Rephrased | Deleted |
| **C14:** I would need less time (either minutes/hours/days) than expected before somebody attended to my complaint. **(r)** | Deleted | – |
| **C15:** I would need to contact the retailer only once for somebody to respond to my complaint. **(r)** | Deleted | – |
| **C16:** I would not need to wait for an extended amount of time when I contact the retailer. **(r)** | Deleted | – |
| **C17:** I would only receive a response from the retailer after leaving several messages on the automated response system. | Retained | Deleted |
| **C18:** A long time would pass before I would receive the first response from the retailer. | Retained | Retained and Merged with "Unreturned" |
| **4. Transferred** | | |
| **Cronbach's Alpha** | **0.89** | **0.77** |
| **D19:** I would be served by the right person in the company without my complaint being passed around from one person to another. **(r)** | Retained | Retained |
| **D20:** I would find that my initial complaint would be transferred from one person to another. | Retained | Retained |
| **D21:** I would be instructed to use other complaint method after I lodged my initial complaint to the company. | Deleted | – |
| **D22:** I would need to communicate with a few people in the company before my problem would be resolved. | Deleted | – |
| **D23:** My complaint would be transferred from one branch to another before my problem was resolved. | Retained | Retained |
| **D24:** My complaint would reach the right department in the company the first time. **(r)** | Retained | Retained |
| **5. Rudeness** | | |
| **Cronbach's Alpha** | **0.85** | **0.86** |
| **E25:** The employee would be rude, ignorant and not bother to introduce him/herself when I contacted the company. | Retained | Retained |
| **E26:** The employee would be polite and respect me when I contacted the company. (r) | Deleted | – |
| **E27:** The employee would end the communication when I tried to fix the problem. | Retained | Retained |
| **E28:** The employee would not lie to me when I tried to fix the problem. (r) | Deleted | – |
| **E29:** The employee would use abusive and unacceptable language, or use negative tone during our communication. | Retained | Retained |
| **E30:** The employee would not discriminate me when I contacted the company.(r) | Deleted | – |
| **E31:** The employee would provoke me when I tried to fix the problem. | Retained | Retained |
| **E32:** The company would side with the problematic employee when I tried to fix the problem. | Deleted | – |

| 6. Inaction | | |
| --- | --- | --- |
| **Cronbach's Alpha** | **0.76** | **0.70** |
| **F33:** I would be left without any status updates of my problem. | Retained | Retained |
| **F34:** I would receive a follow-up response as promised by the company. **(r)** | Retained | Retained |
| **F35:** I would be given a satisfactory explanation and/or the solution that I was supposed to receive. **(r)** | Retained | Retained |
| **F36:** I would find that my complaint would be left hanging by the company. | Deleted | – |
| **F37:** I would receive negative responses from an unmotivated, bored, uninterested, and uncaring employee. | Deleted | – |
| **F38:** I would be given the apology I was supposed to receive. **(r)** | Deleted | – |
| **7. No Action (Policy)** | | |
| **Cronbach's Alpha** | **0.89** | **0.80** |
| **G39:** I would be informed that there was nothing the company could do to fix my problem because the payment overcharged problem was my issue with the bank/financial institution and not an issue with the company. | Retained | Retained |
| **G40:** I would be informed that due to company policy, the company could not refund the overcharged amount. | Deleted | – |
| **G41:** I would be denied as the company would claim that I failed to provide a proper proof of purchase other than the receipt. | Retained | Retained |
| **G42:** I would be assisted by the company when I provided them with the receipt. **(r)** | Deleted | – |
| **G43:** I would find that the company would hide behind policy and guidelines to avoid solving my problem. | Retained | Retained |
| **G44:** The company would inform me that the situation was out of their hands and they had no control over the problem. | Retained | Retained |
| **G45:** I would find that the company would be transparent in solving my problem as everything was clearly stated in the company policy. **(r)** | Deleted | – |
| **8. Extended Delay** | | |
| **Cronbach's Alpha** | **0.67** | **0.62** |
| **H46:** I would need to allow a great amount of time for the company to correct the problem. | Deleted | – |
| **H47:** I would receive a solution in an acceptable amount of time. (r) | Deleted | – |
| **H48:** I would expect the company to not honour the promised delivery time to correct the problem. | Retained | Deleted |
| **H49:** I would anticipate an unreasonable delay before the company corrected the problem. New in Study 3: I would anticipate a delay that would exceed the company's specified response time when they corrected the problem. | Retained and Rephrased | Retained |
| **H50:** I would have to wait less time (either minutes/hours/days) than expected for the company to correct the problem. (r) New in Study 3: I would have to wait less time (either minutes/hours/days) than promised for the company to correct the problem. (r) | Retained and Rephrased | Retained |
| **H51:** I would anticipate that the company would exceed its stated time frame to correct the problem. | Retained | Retained |

| 9. Incompetence | | |
|---|---|---|
| **Cronbach's Alpha** | **0.69** | **0.74** |
| **I52:** I would find that the solution given by the employee would fail to correct the problem. | Retained | Retained |
| **I53:** I would not be able to fix the problem due to the employee's lack of knowledge. | Deleted | – |
| **I54:** I would not be able to fix the problem due to the employee's lack of experience. | Deleted | – |
| **I55:** I would be able to fix the problem because the employee is competent and has a good problem solving skill. **(r)** | Deleted | – |
| **I56:** I would find that my problem would become worse with the given solution. | Retained | Retained |
| **I57:** I would receive good guidance and accurate advice from the company when I tried to fix the problem. **(r)** | Deleted | – |
| **I58:** I would anticipate that miscommunication and misinformation would occur when the company tried to give me a solution. | Deleted | – |
| **New in Study 3:** I would anticipate that the dissatisfying situation would be improved with the given solution. **(r)** | Newly Developed | Deleted |
| **New in Study 3:** I would have more problems now with the given solution when compared to before I contacted the company. | Newly Developed | Retained |
| **Deleted Items** | 28 | 5 |
| **Rephrased Items** | 3 | – |
| **New Items** | 2 | – |
| **Total Items** | 32 | 27 |
| **Total Factors (Dimensions)** | 9 | 8 |

The comparison Table 33 above showed the removal of 28 items in Study 2 (item refinement) from the initial 58 items in the PRRR scale. At this stage, 27 of the original items were retained, three items were rephrased, while two new items were added to the scale. When EFA was further run with a larger sample size in Study 3 (main experiments), five more items were deleted, resulting in a total number of items retained for the PRRR scale of 27 instead of 32 as in the previous Study 2. The final number of factors for the PRRR scale in Study 3 was eight instead of nine in Study 2. As mentioned earlier, this was because two items that were supposed to measure "Unreturned" loaded on "No Urgency". Hence, these items were merged as one PRRR factor, known as "Unreturned". The Cronbach's coefficient alpha for each PRRR factor in both Study 2 and Study 3 exceeded the 0.60 threshold (Hair et al., 2010; Nunnally and Bernstein, 1994), suggesting that the reliability of each PRRR factor was consistent across different samples.

## 8.4 Discriminant Validity

In Study 3 (main experiments), three existing scales of perceived purchase risk – Performance Risk, Financial Risk, and Time and Convenience Risk – were used to test the discriminant validity between the proposed PRRR construct and other perceived risk constructs. EFA using Principal Component Analysis (PCA) with varimax rotation was run on Experiment 1 data to assess the discriminant validity.

The Kaiser-Meyer-Olkin MSA value and Bartlett's Test of Sphericity results showed that the experiment data were appropriate for factor analysis, with MSA value above 0.80 and $p < 0.05$. The EFA results in Table 34 below show discriminant validity of the PRRR factors and the three risk scales from Experiment I. The total variance explained by the factor structure was 65.45%.

**Table 34: EFA results (discriminant validity) for Experiment I**

Rotated Component Matrix[a]

| PRRR Items | Component | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | |
| **A1:** contact details not exist | 0.05 | 0.08 | 0.13 | 0.10 | 0.02 | 0.04 | **0.83** | 0.08 | 0.09 | -0.07 | Invalid |
| **A2:** error or typo in contact details | 0.23 | 0.06 | 0.23 | 0.01 | 0.05 | 0.25 | **0.71** | -0.05 | -0.14 | 0.00 | |
| **A3:** not provided by the retailer | 0.06 | 0.06 | 0.15 | 0.09 | -0.02 | 0.02 | **0.85** | 0.08 | 0.16 | -0.01 | |
| **B5:** support service always busy | 0.02 | 0.14 | 0.12 | 0.04 | 0.11 | 0.00 | 0.04 | **0.79** | 0.04 | -0.05 | Unreturned |
| **B6:** automated response system saying customer service busy | 0.09 | 0.00 | 0.02 | 0.08 | 0.18 | 0.09 | 0.03 | **0.79** | 0.07 | 0.10 | |
| **C8:** long time before first response | 0.07 | 0.07 | 0.27 | 0.22 | 0.17 | 0.09 | 0.14 | **0.53** | 0.06 | 0.25 | |
| **D10:** without complaint passed around **(r)** | 0.04 | 0.02 | 0.02 | 0.14 | **0.69** | -0.08 | 0.00 | -0.04 | 0.08 | 0.33 | Transferred |
| **D11:** transferred from one person to another | -0.02 | 0.12 | 0.05 | 0.20 | **0.73** | 0.03 | -0.06 | 0.31 | 0.05 | 0.00 | |
| **D12:** transferred from one branch to another | 0.06 | 0.05 | 0.09 | 0.04 | **0.75** | 0.15 | 0.01 | 0.21 | 0.01 | -0.19 | |
| **D13:** reach the right department the first time**(r)** | -0.03 | 0.13 | -0.03 | 0.07 | **0.77** | 0.00 | 0.09 | 0.05 | 0.23 | 0.09 | |
| **E14:** employee rude, ignorant and not bother to introduce him/herself | 0.08 | 0.02 | **0.75** | 0.11 | 0.14 | 0.08 | 0.19 | 0.06 | 0.13 | 0.13 | Rudeness |
| **E15:** employee end communication | 0.18 | 0.08 | **0.73** | 0.16 | 0.03 | 0.18 | 0.13 | 0.10 | 0.17 | 0.06 | |
| **E16:** employee use abusive language, negative tone | 0.06 | 0.07 | **0.73** | 0.12 | -0.02 | 0.34 | 0.11 | 0.05 | 0.05 | -0.14 | |
| **E17:** employee provoke | 0.12 | 0.02 | **0.68** | 0.22 | -0.03 | 0.32 | 0.24 | 0.20 | 0.13 | -0.07 | |

| Item | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | Factor |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **F18:** left without status updates | 0.10 | 0.12 | 0.34 | 0.29 | -0.02 | -0.13 | 0.05 | 0.19 | **0.56** | 0.13 | Inaction |
| **F19:** receive follow-up response **(r)** | 0.11 | 0.02 | 0.16 | 0.03 | 0.17 | 0.14 | 0.02 | 0.05 | **0.78** | 0.08 | |
| **F20:** given a satisfactory explanation and/or solution **(r)** | 0.14 | 0.02 | 0.07 | 0.10 | 0.20 | 0.21 | 0.14 | 0.04 | **0.66** | 0.13 | |
| **G21:** nothing the company could do | 0.15 | 0.01 | 0.13 | **0.72** | 0.07 | 0.13 | 0.10 | 0.05 | -0.10 | 0.08 | No Action (Policy) |
| **G22:** failed to provide proper proof | -0.04 | -0.03 | 0.15 | **0.72** | 0.01 | 0.14 | 0.07 | 0.06 | 0.09 | 0.08 | |
| **G23:** hide behind policy/guidelines | 0.06 | 0.00 | 0.03 | **0.75** | 0.24 | 0.01 | 0.01 | 0.11 | 0.24 | 0.11 | |
| **G24:** situation out of hands and no control over problem | 0.06 | 0.08 | 0.14 | **0.77** | 0.13 | 0.28 | 0.05 | 0.05 | 0.07 | -0.06 | |
| **H26:** exceed stated time frame to correct problem | -0.13 | 0.09 | 0.09 | 0.21 | 0.11 | **0.46** | -0.07 | 0.24 | 0.18 | **0.36** | Extended Delay |
| **H27:** delay that exceed company's specified response time | -0.02 | 0.05 | 0.15 | 0.21 | 0.20 | **0.45** | -0.06 | 0.27 | 0.08 | **0.47** | |
| **H28:** wait less time (either minutes /hours/days) than promised **(r)** | -0.07 | 0.03 | -0.03 | 0.08 | 0.04 | -0.04 | -0.06 | 0.06 | 0.17 | **0.80** | |
| **I29:** solution fail to correct problem | 0.08 | 0.05 | 0.19 | 0.34 | 0.08 | **0.61** | 0.10 | 0.06 | 0.25 | 0.01 | Incompetence |
| **I30:** problem worse with solution | 0.25 | 0.11 | 0.28 | 0.13 | -0.12 | **0.65** | 0.09 | -0.04 | 0.03 | -0.03 | |
| **I32:** more problems with solution compared to before | 0.20 | 0.02 | 0.24 | 0.14 | 0.05 | **0.67** | 0.19 | 0.04 | 0.01 | -0.03 | |
| **L38:** business suit *(glasses)* inferior quality | **0.66** | 0.13 | 0.06 | 0.15 | -0.03 | -0.05 | 0.04 | 0.09 | 0.19 | -0.17 | Performance Risk |
| **L39:** business suit *(glasses)* provide benefit that would be expecting **(r)** | **0.76** | 0.14 | 0.08 | 0.06 | 0.01 | 0.03 | -0.01 | -0.11 | 0.13 | 0.02 | |
| **L40:** problems with performance of business suit *(glasses)* | **0.76** | 0.17 | 0.09 | 0.03 | 0.09 | 0.05 | 0.06 | 0.15 | 0.04 | -0.09 | |
| **L41:** business suit *(glasses)* would function satisfactorily. **(r)** | **0.78** | 0.05 | 0.08 | -0.04 | -0.05 | 0.12 | 0.02 | -0.03 | 0.11 | 0.00 | |
| **L42:** business suit *(glasses)* would not meet needs and desires | **0.70** | 0.19 | -0.01 | 0.07 | 0.06 | 0.20 | 0.15 | 0.13 | -0.01 | -0.07 | |
| **L43:** business suit *(glasses)* would perform as expected **(r)** | **0.79** | 0.17 | 0.02 | 0.02 | 0.00 | 0.06 | 0.12 | -0.02 | -0.02 | 0.17 | |
| **M44:** business suit *(glasses)* risky because monetary investment | **0.40** | **0.49** | 0.33 | 0.02 | 0.10 | -0.11 | -0.06 | 0.04 | -0.17 | 0.04 | Financial Risk |
| **M45:** business suit *(glasses)* lose money because maintenance, repair | **0.52** | **0.50** | 0.24 | 0.00 | -0.07 | 0.09 | 0.04 | 0.07 | -0.23 | -0.06 | |
| **M46:** business suit *(glasses)* risky because financial expenses | **0.45** | **0.58** | 0.27 | 0.00 | 0.03 | 0.01 | 0.05 | 0.05 | -0.23 | 0.07 | |
| **N47:** business suit *(glasses)* waste of time and effort due to bad result | **0.39** | **0.64** | 0.13 | 0.09 | 0.10 | 0.14 | 0.10 | 0.00 | -0.02 | 0.06 | Time and Convenience Risk |
| **N48:** business suit *(glasses)* waste of time and effort if have to change | 0.18 | **0.72** | -0.20 | -0.07 | 0.03 | -0.06 | 0.05 | 0.12 | 0.11 | -0.11 | |
| **N49:** waste time and effort with complaints and refunds | 0.00 | **0.76** | -0.01 | 0.12 | 0.07 | 0.05 | 0.03 | 0.05 | 0.19 | 0.13 | |
| **N50:** business suit *(glasses)* nuisance due to wasted time and effort purchasing something worthless. | 0.27 | **0.72** | 0.08 | -0.06 | 0.14 | 0.15 | 0.08 | 0.04 | 0.04 | -0.03 | |

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 8 iterations.

*Note: The EFA results produced a similar factor structure to that obtained in Experiment II.*

From the results in Table 34, all 27 items measuring PRRR seemed to converge on eight separate factors, while all other items measuring Performance Risk, Financial Risk, and Time Convenience Risk loaded as expected. However, "Extended Delay" did not hold up as a distinct PRRR dimension. Although Financial Risk appeared to cross load with Performance Risk and Time Convenience Risk, these three perceived risk constructs all loaded on different factors than any of the PRRR factors. In this research, Financial Risk did not hold as a distinct factor indicating that the nature of risk may have evolved over time and online purchase context may have changed the nature of Financial Risk. The EFA results, however, confirmed that discriminant validity exists between the proposed PRRR construct and Performance Risk, Financial Risk, and Time Convenience Risk constructs.

## 8.5    Experiment I: Effects of Purchase Platform and Complaint Channel on PRRR Factors

Experiment I was designed to provide evidence on how factors, such as complaint channel and purchase platform, may influence consumers' PRRR. For Experiment I, two independent variables, purchase platform (online/offline) and complaint channel (remote/interactive), were tested on the dependent variables (PRRR factors), to investigate the main effect of purchase platform, the main effect of complaint channel, and the interaction effect of purchase platform by complaint channel on the PRRR factors.

Four versions of the hypothetical scenario, that manipulated the two independent variables, purchase platform (online/offline) and complaint channel (remote/interactive), were assigned to four experimental groups in Experiment I (see *Appendix B* for all versions of scenarios). Respondents were asked to read the scenario and try to imagine themselves as a consumer who is trying to correct an unsatisfactory purchase incident (i.e. require a replacement, refund, repair, or some other solution from the retailer). Respondents were then asked to use the information provided in the scenario to respond

to the measures of the dependent variables (PRRR factors). Table 35 summarises the number of respondents, which were almost equal, in each group for Experiment I.

**Table 35: Sample size for each group in Experiment I**

| Experiment I | | Complaint Channel | | Total |
|---|---|---|---|---|
| | | Remote | Interactive | |
| Purchase Platform | Online | 75 | 72 | n = 147 |
| | Offline | 71 | 70 | n = 141 |
| Total | | n = 146 | n = 142 | n = 288 |

### 8.5.1 Manipulation Checks

Two manipulation check items were included at the end of Experiment I to determine whether the respondents perceived each scenario in Experiment I as intended. A manipulation check was conducted via a one-way ANOVA to examine whether respondents in the online and offline purchase platforms differed on the manipulation check item, *"I would need the Internet to purchase from the retailer."* Results from the one-way ANOVA were significant with $F$ (1, 286) = 62.48, $p$ < 0.001. Specifically, respondents in the Online Purchase platform condition ($n$ = 147) reported a significantly higher mean score ($M$ = 4.56, $SD$ = 1.66) in regard to the question, *"I would need the Internet to purchase from the retailer"* than did respondents ($n$ = 141) in the Offline Purchase platform condition ($M$ = 3.10, $SD$ = 1.46). This result showed that the respondents in Online Purchase platform condition and the Offline Purchase platform condition perceived each scenario in Experiment I as intended.

A second manipulation check for Experiment I was conducted to examine whether respondents in the two complaint channel conditions (interactive, remote) differed on the manipulation check item, *"I believe that the method to lodge the complaints allows for a fast two-way communication."* Results from the one-way ANOVA were not significant with $F$ (1, 286) < 1. Respondents in the Remote (email) Complaint Channel condition ($n$ = 146) reported a mean score ($M$ = 4.00, $SD$ = 1.50) similar to the mean score ($M$ = 4.08, $SD$ = 1.66) of the Interactive (phone) Complaint Channel condition ($n$ = 142). The

previous literature indicated that one of the advantages of interactive complaint channels (e.g. face-to-face or phone) includes the real-time response advantage (Mattila and Wirtz, 2004; Zaugg, 2006); hence, they are regarded as the fastest mode of complaint communication (Ahmad, 2002). However, respondents in both the email channel and phone channel conditions reported that it was neither likely nor unlikely that their respective method to lodge a complaint was an effective means for a fast two-way communication. This manipulation result needs to be considered in context with hypothesis H1 (the effect of complaint channel on consumers' PRRR) and H3b (the interaction effect of purchase platform by complaint channel on consumers' PRRR).

### 8.5.2  Hypotheses Tests (Nomological and Predictive Validity)

The EFA results in section 8.3 established the dimensionality of eight PRRR factors; hence, each distinct factor is now treated as a separate dependent variable. A 2 (purchase platform: online, offline) X 2 (complaint channel: remote, interactive) multiple analysis of variance (MANOVA) was performed to investigate the main effect of complaint channel *(H1),* the main effect of purchase platform *(H3a),* and the interaction effect of purchase platform by complaint channel *(H3b)* on the PRRR factors.

Before proceeding with the MANOVA analysis, some preliminary tests were run to check whether the experiment data conformed to the assumptions underlying MANOVA. The Box's M statistic was used to test for the homogeneity of covariance matrices. The result was not significant ($p > 0.001$), indicating that the covariances for dependent variable (PRRR factors) were approximately equal across all experiment groups. Levene's statistic was further used to test for the homogeneity of variance for each dependent variable (PRRR factors). The result was also not significant ($p > 0.05$) for all PRRR factors, signifying that the error variance of each dependent variable was equal across all experiment groups. These results showed that the experiment data conformed to the assumptions of homogeneity of covariance matrices and homogeneity of variance; hence, the experiment data was suitable for MANOVA.

***H1: Consumers' PRRR is higher when consumers seek redress with a remote complaint channel (i.e. email) compared to situations when they use an interactive complaint channel (i.e. phone).***

There were 146 respondents in the Remote Complaint Channel (email) condition and 142 respondents in the Interactive Complaint Channel (phone) condition. The results from the 2 X 2 MANOVA revealed a significant multivariate main effect of complaint channel (remote versus interactive) on the PRRR factors, $F(8, 277) = 2.62$, Wilks $\lambda = 0.93$, $p < 0.05$, partial $\varepsilon^2 = 0.070$. This means that there was a difference in the PRRR factors between respondents in Remote Complaint Channel (email) condition and Interactive Complaint Channel (phone) condition. In other words, the type of complaint channel used by the consumers influenced the way they evaluated the PRRR factors. Wilks' Lambda ($\lambda$) value was reported in this study as Tabachnik and Fidell (2006) generally support reporting it in multivariate statistic instead of the other values (i.e. Hotelling's Trace, Roy's Largest Root, or Pillai's Trace). Partial $\varepsilon^2$ is the measures of effect size, which indicates the proportion of variance that is accounted for by each of the main effects, interactions, and error in a MANOVA (Tabachnik and Fidell, 2006). The partial $\varepsilon^2$ value of 0.070 showed that only 7.0% of the between subjects variance is accounted for by complaint channel effect plus the error variance.

The univariate result of the 2 x 2 MANOVA was then examined to determine how respondents in the two complaint channel conditions differed on all of the PRRR factors. The univariate effects showed there was a significant difference between complaint channel conditions on the "Unreturned" factor of the PRRR, $F(1, 286) = 9.31$, $p < 0.05$, partial $\varepsilon^2 = 0.032$, with the Interactive Complaint Channel (phone) condition reporting a higher mean score ($M = 4.82$, $SE = 0.10$) than the Remote Complaint Channel (email) condition ($M = 4.40$, $SE = 0.10$). In other words, respondents in the phone complaint condition perceived that their phone complaints were more likely to be unreturned or be treated as not urgent than did respondents in the email complaint condition. The partial $\varepsilon^2$ value of 0.032 showed that 3.2% of the variance was accounted for by "Unreturned" factor plus the error variance.

There was also a significant difference between complaint channel conditions on the "Transferred" factor of the PRRR, $F(1, 286) = 12.30$, $p < 0.05$, partial $\varepsilon^2 = 0.041$ with the Interactive Channel (phone) condition reporting a higher mean score ($M = 4.98$, $SE = 0.09$) than the Remote Channel (email) condition ($M = 4.55$, $SE = 0.09$). This means that respondents in the phone complaint condition perceived that their phone complaints were more likely to be transferred than did respondents in the email complaint condition. The partial $\varepsilon^2$ value of 0.041 showed that 4.1% of the variance was accounted for by "Transferred" factor plus the error variance, more than "Unreturned" factor.

In summary, the result for overall multivariate effect was significant, while the results for the univariate effects showed that complaint channel only significantly differed on two specific PRRR factors, "Unreturned" and "Transferred". No other significant univariate effects were found in regard to the main effects of complaint channel on PRRR factors, indicating that there was no real difference between Interactive Channel (phone) and Remote Channel (email) respondents with respect to "Invalid", "Rudeness", "Inaction", "No Action due to Policy", "Extended Delay", and "Incompetence". For the univariate effects for "Unreturned" and "Transferred", they were in opposite directions than that predicted by H1, where it was hypothesised that consumers using remote complaint channels (email) would perceive higher PRRR than those using interactive complaint channels (phone). Therefore, H1 was not supported.

These results should be considered in conjunction with the manipulation check that showed there was no difference in perceptions between Interactive Channel (phone) and Remote Channel (email) respondents when they assessed the respective channels as effective means for a fast two-way communication. These results, when considered together, imply that the level of consumers' PRRR was almost equal regardless of the type of complaint channel they used.

*H3a: Consumers' PRRR is higher for online purchases compared to offline purchases.*

There were 147 respondents in the Online Purchase condition and 141 respondents in the Offline Purchase condition. Results from the 2 X 2 MANOVA yielded a significant multivariate main effect of purchase platform (online versus offline) on the PRRR factors with $F$ (8, 277) = 2.44, Wilks $\lambda$ = 0.93, $p <$ 0.05, partial $\varepsilon^2$ = 0.066. This means that there was a difference in the PRRR factors between respondents in Online Purchase condition and Offline Purchase condition. In other words, the type of purchase platform used by the consumers influenced the way they evaluated the PRRR factors. The partial $\varepsilon^2$ value of 0.066 showed that only 6.6% of the between subjects variance is accounted for by purchase platform effect plus the error variance.

The univariate result of the 2 x 2 MANOVA was then examined to investigate whether respondents in the two purchase platform conditions differed on all of the PRRR factors. A review of the univariate effects showed that purchase platform differed on specific PRRR factors. More specifically, there was a significant difference between purchase platform conditions in regard to "Transferred" factor of the PRRR, $F$ (1, 286) = 4.47, $p <$ 0.05, partial $\varepsilon^2$ = 0.015, with the Online Purchase condition reporting a higher mean score ($M$ = 4.90, $SE$ = 0.09) than the Offline Purchase condition ($M$ = 4.63, $SE$ = 0.09). This suggests that respondents in the Online Purchase condition perceived that their complaints were more likely to be transferred than the respondents in the Offline Purchase condition. The partial $\varepsilon^2$ value of 0.015 showed that 1.5% of the variance was accounted for by "Transferred" factor plus the error variance.

Significant differences were found between purchase platform conditions in regard to the "Inaction" factor of the PRRR, $F$ (1, 286) = 4.80, $p <$ 0.05, partial $\varepsilon^2$ = 0.017, with the Online Purchase condition reporting a higher mean score ($M$ = 4.03, $SE$ = 0.09) than the Offline Purchase condition ($M$ = 3.77, $SE$ = 0.08). In other words, respondents in the Online Purchase condition perceived that their complaints would result in inaction by the retailer than did respondents in the Offline Purchase condition. The partial $\varepsilon^2$ value of

0.017 showed that 1.7% of the variance was accounted for by "Inaction" factor plus the error variance.

One final significant result was found between purchase platform conditions in regard to the "No Action" factor of the PRRR, $F(1, 286) = 6.25$, $p < 0.05$, partial $\varepsilon^2 = 0.022$, with the Online Purchase condition reporting a higher mean score ($M = 4.19$, $SE = 0.11$) than the Offline Purchase condition ($M = 3.82$, $SE = 0.10$). This means that respondents in the Online Purchase condition perceived that their complaints would result in no action by the retailer due to the company's policy than did respondents in the Offline Purchase condition. The partial $\varepsilon^2$ value of 0.022 showed that 2.2% of the variance was accounted for by "No Action" factor plus the error variance, and this was the highest compared to "Transferred" and "Inaction".

In summary, the result for overall multivariate effect was significant, while the results for the univariate effects showed that purchase platform significantly differed on three specific PRRR factors, "Transferred', "Inaction" and "No Action". No other significant univariate effects were found in regard to the main effects of purchase platform on PRRR factors, indicating that there was no real difference between respondents in Online Purchase and Offline Purchase conditions with respect to "Invalid", "Unreturned", "Rudeness", "Extended Delay", and "Incompetence". For "Transferred', "Inaction" and "No Action". As for significant univariate effect, "Transferred', "Inaction" and "No Action", the MANOVA results were consistent with H3a, where it was hypothesised that online consumers would perceive higher PRRR than offline consumers. Therefore, H3a was supported.

*H3b:   The effect of the complaint channel on PRRR is stronger for online purchases compared to offline purchases*

The results from the 2 X 2 MANOVA documented that there was not a significant purchase platform by complaint channel interaction effect on the PRRR factors with $F$ (8, 277) = 0.35, Wilks $\lambda$ = 0.99, $p > 0.05$, partial $\varepsilon^2$ = 0.010. The purchase platform by complaint channel interaction effect accounts for a smaller between subjects variance (only 1.0%) plus the error variance, compared to the percentages accounted by the main effect of complaint channel (7.0%) and main effect of purchase platform (6.6%) in the previous H1 and H3a.

A review of the univariate effects showed that purchase platform by complaint channel did not significantly predict any of the PRRR factors. More specifically, there was not a significant purchase platform by complaint channel interaction effect on the PRRR factor of "Invalid", $F$ (1, 284) = 0.01, $p > 0.05$; the PRRR factor of "Unreturned", $F$ (1, 284) = 0.24, $p > 0.05$; the PRRR factor of "Transferred", $F$ (1, 284) = 0.07, $p > 0.05$; the PRRR factor of "Rudeness", $F$ (1, 284) = 1.01, $p > 0.05$; the PRRR factor of "Inaction", $F$ (1, 284) = 0.05, $p > 0.05$; the PRRR factor of "No Action", $F$ (1, 284) = 0.71, $p > 0.05$; the PRRR factor of "Extended Delay", $F$ (1, 284) = 0.27, $p > 0.05$; and the PRRR factor of "Incompetence", $F$ (1, 284) = 0.19, $p > 0.05$. Based on these results, H3b was not supported.

These findings indicate that purchase platform (either offline or online) did not determine the impact of complaint channel on consumers' level of PRRR. Specifically, it can be concluded that the online shopping platform did not exaggerate the negative influence of the interactive (phone) or remote (email) complaint channel on PRRR.

**8.6    Experiment II: Effects of Purchase Platform and Retailer's COO on PRRR Factors**

Experiment II was designed to provide further evidence on how factors, such as retailer's country of origin (COO) and purchase platform influence consumers' PRRR. Two independent variables, purchase platform (online/offline) and retailer's COO (foreign/local), were tested on the dependent variables (PRRR factors), to investigate the main effect of purchase platform, the main effect of retailer's COO, and the interaction effect of purchase platform by retailer's COO on the PRRR factors. Consumers' ethnocentrism was also examined in Experiment II to assess its moderating effect on the relationship between the retailer's COO and the PRRR factors.

Four versions of the hypothetical scenario, that manipulated the two independent variables, purchase platform (online/offline) and retailer's COO (foreign/local), were assigned to four experimental groups in Experiment II (see *Appendix B* for all versions of scenarios). Similar to the procedure in Experiment I, respondents were asked to read the scenario and try to imagine themselves as a consumer who is trying to correct an unsatisfactory purchase incident (i.e. require a replacement, refund, repair, or some other solution from the retailer). Respondents were then asked to use the information provided in the scenario to respond to the measures of the dependent variables (PRRR factors). Table 36 summarises the number of respondents, which were almost equal, in each group for Experiment II.

**Table 36: Sample size for each group in Experiment II**

| Experiment II | | Retailer's COO | | Total |
|---|---|---|---|---|
| | | Foreign | Local | |
| Purchase Platform | Online | 70 | 71 | n = 141 |
| | Offline | 72 | 75 | n = 147 |
| Total | | n = 142 | n = 146 | n = 288 |

### 8.6.1 Manipulation Checks

Two manipulation check items were included at the end of Experiment II to determine whether the respondents perceived each scenario in Experiment II as planned. Similar to Experiment I, a manipulation check was conducted via a one-way ANOVA to examine whether respondents in the two purchase platform (online, offline) conditions differed on the manipulation check item, *"I would need the Internet to purchase from the retailer."* Results from the one-way ANOVA were significant with $F (1, 286) = 112.50$, $p < 0.001$.

Respondents in the Online Purchase platform condition ($n = 141$) reported a significantly higher mean score ($M = 5.18$, $SD = 1.65$) in regard to the question, *"I would need the Internet to purchase from the retailer"* than did respondents ($n = 147$) in the Offline Purchase platform condition ($M = 3.11$, $SD = 1.66$). This result provided support that the respondents in Online Purchase platform condition and the Offline Purchase platform condition perceived the scenarios in Experiment II as intended, indicating that the purchase platform manipulation was successful.

For Experiment II, a second manipulation check was conducted via a one-way ANOVA to examine whether respondents in the two retailer (foreign, local) conditions differed on the manipulation check item, *"I think that the retailer's country of origin is Australia."* Results from the one-way ANOVA were significant with $F (1, 286) = 136.78$, $p < 0.001$, indicating that the retailer's COO manipulation in each scenario was successful. Specifically, respondents in the Local Retailer condition ($n = 146$) reported a significantly higher mean score ($M = 4.82$, $SD = 1.35$) than did respondents ($n = 142$) in the Foreign Retailer condition ($M = 2.72$, $SD = 1.69$). This result provided support that the Foreign Retailer condition and Local Retailer condition that were manipulated in each scenario were perceived by respondents as intended.

### 8.6.2 Hypotheses Tests

In Experiment II, a 2 (purchase platform: online, offline) X 2 (retailer's COO: foreign, local) MANOVA was conducted to examine the main effect of retailer's COO *(H2a)*, the main effect of purchase platform *(H3a)*, and the interaction effect of purchase platform by retailer's COO *(H3c)* on the PRRR factors. The potential moderating effect of consumers' ethnocentrism on the relationship between retailer's COO and PRRR factors *(H2b)* was also examined in Experiment II using a series of general linear models (GLM) via multiple linear regression analyses.

*H2a: Consumers' PRRR is higher for purchases from a foreign retailer compared to purchases that involve a locally-owned retailer.*

There were 142 respondents in the Foreign Retailer condition and 146 respondents in the Local Retailer condition. Results from the 2 X 2 MANOVA showed that there was a significant multivariate main effect of retailer's COO (foreign versus local) on PRRR factors with $F$ (8, 277) = 2.62, Wilks $\lambda$ = 0.93, $p < 0.05$, partial $\varepsilon^2$ = 0.070. This means that there was a difference in the PRRR factors between respondents in Foreign Retailer condition and Local Retailer condition. In other words, the retailer's COO influenced the way consumers evaluated the PRRR factors. The partial $\varepsilon^2$ value of 0.070 showed that 7.0% of the between subjects variance is accounted for by retailer's COO effect plus the error variance.

The univariate result of the 2 x 2 MANOVA was then examined to determine how respondents in two retailer's COO conditions differed on all of the PRRR factors. The univariate effects showed there was a significant difference between retailer's COO conditions on the "Unreturned" factor of the PRRR, $F$ (1, 286) = 9.31, $p < 0.05$, partial $\varepsilon^2$ = 0.032, with the Foreign Retailer condition reporting a higher mean score ($M$ = 4.82, $SE$ = 0.10) than the Local Retailer condition ($M$ = 4.40, $SE$ = 0.10). This means that respondents in the Foreign Retailer condition perceived that their complaints were more likely to be unreturned or be seen as not urgent than did respondents in the Local Retailer

condition. The partial $\varepsilon^2$ value of 0.032 showed that "Unreturned" accounted for 3.2% of the variance plus the error variance.

There was also a significant difference between retailer's COO conditions on the "Transferred" factor of the PRRR, $F(1, 286) = 12.30$, $p < 0.05$, partial $\varepsilon^2 = 0.041$, with the Foreign Retailer condition reporting a higher mean score ($M = 4.98$, $SE = 0.09$) than the Local Retailer condition ($M = 4.55$, $SE = 0.09$). In other words, respondents in the Foreign Retailer condition perceived that their complaints were more likely to be transferred than did respondents in the Local Retailer condition. The partial $\varepsilon^2$ value of 0.041 showed that 4.1% of the variance was accounted for by "Transferred" factor plus the error variance, and this was higher than "Unreturned" factor.

In summary, the result for overall multivariate effect was significant, while the results for the univariate effects showed that retailer's COO only significantly differed on two specific PRRR factors, "Unreturned" and "Transferred". No other significant univariate effects were found in regard to the main effects of retailer's COO on PRRR factors, indicating that there was no real difference between respondents in Foreign Retailer and Local Retailer conditions with respect to "Invalid", "Rudeness", "Inaction", "No Action due to Policy", "Extended Delay", and "Incompetence". As for the univariate effects of "Unreturned" and "Transferred", they were consistent with H2a, where respondents perceived that it would be more difficult to resolve recourse and redress with a foreign retailer when compared to purchases that involve a locally-owned retailer. Therefore, H2a was supported as there was a difference in the PRRR factors between respondents in Foreign Retailer condition and Local Retailer condition.

*H3a: Consumers' PRRR is higher for online purchases compared to offline purchases.*

There were 141 respondents in the Online Purchase condition and 147 respondents in the Offline Purchase condition. The 2 x 2 MANOVA analysis in Experiment II also showed significant multivariate main effects of purchase platforms (online versus offline) on PRRR factors with $F$ (8, 277) = 2.44, Wilks $\lambda$ = 0.93, $p < 0.05$, partial $\varepsilon^2$ = 0.066. This means that there was a difference in the PRRR factors between respondents in Online Purchase condition and Offline Purchase condition. In other words, the type of purchase platform used by the consumers influenced the way they evaluated the PRRR factors. The partial $\varepsilon^2$ value of 0.066 showed that 6.6% of the between subjects variance is accounted for by purchase platform effect plus the error variance.

The univariate result of the 2 x 2 MANOVA was then examined to investigate how purchase platform differed on all of the PRRR factors. A review of the univariate effects showed that purchase platform differed on specific PRRR factors, "Transferred", "Inaction" and "No Action". More specifically, there was a significant difference between purchase platform conditions in regard to "Transferred" factor of the PRRR, $F$ (1, 286) = 4.47, $p < 0.05$, partial $\varepsilon^2$ = 0.015, with the Online Purchase condition reporting a higher mean score ($M$ = 4.90, $SE$ = 0.09) than the Offline Purchase condition ($M$ = 4.63, $SE$ = 0.09). This suggests that respondents in the Online Purchase condition perceived that their complaints were more likely to be transferred than did respondents in the Offline Purchase condition. The partial $\varepsilon^2$ value of 0.015 showed that a mere 1.5% of the variance was accounted for by "Transferred" factor plus the error variance.

A significant difference was also found between purchase platform conditions in regard to the "Inaction" factor of the PRRR, $F$ (1, 286) = 4.80, p < 0.05, partial $\varepsilon^2$ = 0.017, with the Online Purchase condition reporting a higher mean score ($M$ = 4.03, $SE$ = 0.09) than the Offline Purchase condition ($M$ = 3.77, $SE$ = 0.08). In other words, respondents in the Online Purchase condition perceived that their complaints would result in inaction by the

retailer more so than respondents in the Offline Purchase condition. The partial $\varepsilon^2$ value of 0.017 showed that the "Transferred" factor accounted for 1.7% of the variance.

One final significant result was found between purchase platform conditions in regard to the "No Action" factor of the PRRR, $F(1, 286) = 6.25$, $p < 0.05$, partial $\varepsilon^2 = 0.022$, with the Online Purchase condition reporting a higher mean score ($M = 4.19$, $SE = 0.11$) than the Offline Purchase condition ($M = 3.82$, $SE = 0.10$). This means that respondents in the Online Purchase condition perceived that their complaints would more likely to result in no action by the retailer due to the company's policy than did respondents in the Offline Purchase condition. The partial $\varepsilon^2$ value of 0.022 showed that 2.2% of the variance was accounted for by "No Action" factor plus the error variance, and this was the highest compared to "Transferred" and "Inaction".

In summary, the result for overall multivariate effect was significant, while the results for the univariate effects showed that purchase platform significantly differed on three specific PRRR factors, "Transferred', "Inaction" and "No Action". No other significant univariate effects were found in regard to the main effects of purchase platform on PRRR factors in Experiment II, meaning that there was no real difference between respondents in Online Purchase and Offline Purchase conditions with respect to "Invalid", "Unreturned", "Rudeness", "Extended Delay", and "Incompetence". For the significant univariate factors, "Transferred', "Inaction" and "No Action", the MANOVA results were consistent with H3a. These results suggested that when things go wrong with an online purchase, consumers perceive that it is more difficult to resolve problems compared to in an offline setting; hence, H3a was supported.

*H3c:   **The effect of the retailer's country of origin on PRRR is stronger for online purchases compared to offline purchases.***

The results from the 2 X 2 MANOVA showed no significant purchase platform by retailer's COO interaction effect on the PRRR factors, $F$ (8, 277) = 0.35, Wilks $\lambda$ = 0.99, $p > 0.05$, partial $\varepsilon^2$ = 0.010. The purchase platform by retailer's COO interaction effect accounts for a smaller between subjects variance (only 1.0%) plus the error variance, compared to the percentages accounted by the main effect of retailer's COO (7.0%) and main effect of purchase platform (6.6%) in the previous H2a and H3a.

Further examination of the univariate effects showed that purchase platform by retailer's COO interaction effect did not significantly predict any of the PRRR factors. Specifically, there was not a significant purchase platform by retailer interaction effect on the PRRR factor of "Invalid", $F$ (1, 284) = 0.01, $p > 0.05$; the PRRR factor of "Unreturned", $F$ (1,284) = 0.24, $p > 0.05$; the PRRR factor of "Transferred", $F$ (1, 284) = 0.07, $p > 0.05$; the PRRR factor of "Rudeness", $F$ (1, 284) = 1.01, $p > 0.05$; the PRRR factor of "Inaction", $F$ (1, 284) = 0.05, $p > 0.05$; the PRRR factor of "No Action", $F$ (1, 284) = 0.71, $p > 0.05$; the PRRR factor of "Extended Delay", $F$ (1, 284) = 0.27, $p > 0.05$; and the PRRR factor of "Incompetence", $F$ (1, 284) = 0.19, $p > 0.05$. Based on these results, H3c was not supported.

These findings indicate that purchase platform (either offline or online) did not determine the impact of retailer's COO on consumers' level of PRRR. Specifically, it can be inferred that the online shopping platform did not exaggerate the negative influence of the foreign or local retailer on PRRR.

***H2b: The effect of the retailer's country of origin on PRRR is stronger for consumers high rather than low in ethnocentrism.***

H2b hypothesised that there would be a significant interaction between retailer's COO and consumer level of ethnocentrism. Table 37 below shows the descriptive statistics of the ethnocentrism scale.

**Table 37: Ethnocentrism scale (CETSCALE) descriptive statistics**

|  | N | Mean | SD | Cronbach's Alpha |
|---|---|---|---|---|
| Ethnocentrism Scale | 288 | 3.00 | 1.05 | 0.90 |

To address H2b, a series of general linear models (GLM) via multiple linear regression analyses for moderation were conducted. The benefit of GLM via multiple linear regression is that predictor variables can be categorically or continuously coded variables, while the criterion variable must be continuously-coded (Rosenthal and Rosnow, 2008). In this study, the PRRR criterion variables were coded on an interval (continuous) scale. Moderation was tested by using multiple linear regression analyses, in accordance with the seminal work by Baron and colleagues (e.g. Baron and Kenny, 1986; Frazier, Tix, and Baron, 2004). In accordance with GLM for moderation (Baron and Kenny, 1986; Frazier et al., 2004), the ethnocentrism scale was centered (i.e. the mean was computed to 0) and the Local versus Foreign Retailer groups were coded as 1 = Local Retailer and 0 = Foreign Retailer. A product term was created to represent the interaction between the predictor variable of retailer group and the moderating variable of ethnocentrism (Frazier, et al., 2004). The uncentered ethnocentrism variable was entered on the first step of the multiple linear regression model, followed by the retailer type on the second step of the model, and the ethnocentrism by retailer interaction term on the third and last step of the multiple linear regression model.

In regard to the PRRR "Invalid" factor, the overall model was significant with $F_{(3, 284)}$ = 5.23, $p < 0.05$. When examining specific predictors, there was a significant main effect

of ethnocentrism on the PRRR "Invalid" factor, $\beta = 0.16$, $t$ (284) = 2.10, $p < 0.05$. Consumers with higher levels of ethnocentrism were more likely to expect that the contact details provided by the retailer would be invalid than consumers with lower levels of ethnocentrism. There was not a significant main effect of retailer's COO (local versus foreign) on the PRRR invalid scale, $\beta = -0.01$, $t$ (284) = -0.08, $p > 0.05$. There was not a significant interaction effect (ethnocentrism by retailer's COO) on the PRRR "Invalid" factor, $\beta = 0.09$, $t$ (284) = 1.12, $p > 0.05$.

In regard to the PRRR "Unreturned" factor, the overall model was significant, $F$ (3, 284) = 4.23, $p < 0.05$. When examining specific predictors, there was not a significant main effect of ethnocentrism on the PRRR "Unreturned" factor, $\beta = 0.13$, $t$ (284) = 1.62, $p > 0.05$. There was a significant main effect of retailer's COO on the PRRR "Unreturned" scale, $\beta = -0.18$, $t$ (284) = -3.01, $p < 0.05$. In other words, respondents in the Foreign Retailer condition reported that their complaints were more likely to be unreturned or be seen as not urgent than did respondents in the Local Retailer condition. There was not a significant interaction effect (ethnocentrism by retailer's COO) on the PRRR "Unreturned" factor with $\beta = 0.09$, $t$ (284) = 1.12, $p > 0.05$.

In regard to the PRRR "Transferred" factor, the overall model was significant, $F$ (3, 284) = 4.27, $p < 0.05$. When examining specific predictors, there was not a significant main effect of ethnocentrism on the PRRR "Transferred" factor, $\beta = 0.04$, $t$ (284) = 0.55, $p > .0.05$. There was a significant main effect of retailer's COO on the PRRR "Transferred" factor, $\beta = -0.20$, $t$ (284) = -3.50, $p < 0.05$. In other words, respondents in the Foreign Retailer condition reported that their complaints were more likely to be transferred than did respondents in the Local Retailer condition. There was not a significant interaction effect (ethnocentrism by retailer type) on the PRRR "Transferred" factor, $\beta = -0.06$, $t$ (284) = -0.74, $p > 0.05$.

In regard to the PRRR "Rudeness" factor, the overall model was significant, $F$ (3, 284) = 5.01, $p < 0.05$. When examining specific predictors, there was a significant main effect of ethnocentrism on the PRRR "Rudeness" factor, $\beta = 0.20$, $t$ (284) = 2.61, $p < 0.05$.

Consumers with higher levels of ethnocentrism were more likely to expect that they would receive rude treatments when complaining than did consumers with lower levels of ethnocentrism. There was not a significant main effect of retailer's COO on the PRRR "Rudeness" scale, $\beta = 0.01$, $t\ (284) = 0.11$, $p > 0.05$. There was not a significant interaction effect (ethnocentrism by retailer's COO) on the PRRR "Rudeness" factor, $\beta = 0.03$, $t\ (284) = 0.42$, $p > 0.05$.

In regard to the PRRR "Inaction" factor, the overall model was not significant, $F\ (3, 284) = 1.33$, $p > 0.05$. When examining specific predictors, there was not a significant main effect of ethnocentrism on the PRRR "Inaction" factor, $\beta = 0.02$, $t\ (284) = 0.28$, $p > 0.05$. There was not a significant main effect of retailer's COO on the PRRR "Inaction" scale, $\beta = -0.10$, $t\ (284) = -1.71$, $p > 0.05$. There was not a significant interaction effect (ethnocentrism by retailer's COO) on the PRRR "Inaction" factor, $\beta = 0.04$, $t\ (284) = 0.53$, $p > 0.05$.

In regard to the PRRR "No Action" factor, the overall model was not significant, $F\ (3, 284) = 1.21$, $p > 0.05$. When examining specific predictors, there was not a significant main effect of ethnocentrism on the PRRR "No Action" factor, $\beta = 0.09$, $t\ (284) = 1.11$, $p > 0.05$. There was not a significant main effect of retailer's COO on the PRRR "No Action" factor, $\beta = -0.08$, $t\ (284) = -1.37$, $p > 0.05$. There was not a significant interaction effect (ethnocentrism by retailer's COO) on the PRRR "No Action" factor, $\beta = -0.10$, $t\ (284) = -1.26$, $p > 0.05$.

In regard to the PRRR "Extended Delay" factor, the overall model was not significant with $F\ (3, 284) = 0.04$, $p > 0.05$. When examining specific predictors, there was not a significant main effect of ethnocentrism on the PRRR "Extended Delay" factor, $\beta = 0.00$, $t\ (284) = 0.04$, $p > 0.05$. There was not a significant main effect of retailer's COO on the PRRR "Extended Delay" factor, $\beta = -0.01$, $t\ (284) = -0.85$, $p > 0.05$. There was not a significant interaction effect (ethnocentrism by retailer's COO) on the PRRR "Extended Delay" factor, $\beta = -0.02$, $t\ (284) = -0.29$, $p > 0.05$.

In regard to the PRRR "Incompetence" factor, the overall model was significant, $F$ (3, 284) = 8.20, $p < 0.05$. When examining specific predictors, there was a significant main effect of ethnocentrism on the PRRR "Incompetence" factor, $\beta = 0.25$, $t$ (284) = 3.30, $p < 0.05$. Consumers with higher levels of ethnocentrism were more likely to expect that the customer service representative would be incompetent in resolving their problems than consumers with lower levels of ethnocentrism. There was not a significant main effect of retailer's COO on the PRRR "Incompetence" factor, $\beta = 0.02$, $t$ (284) = 0.31, $p > 0.05$. There was not a significant interaction effect (ethnocentrism by retailer's COO) on the PRRR "Incompetence" factor, $\beta = 0.05$, $t$ (284) = 0.59, $p > 0.05$.

In summary, contrary to H2b, consumers' level of ethnocentrism did not moderate the impact of retailer's COO (either foreign or locally-owned) on PRRR. Although H2b was not supported, the main effect results showed that consumers' level of ethnocentrism did influence the way consumers assess several factors of the PRRR, such as "Invalid", "Rudeness", and "Incompetence". Specifically, this specific main effect findings showed that high ethnocentric consumers perceived that it is more difficult for them to resolve recourse and redress when compared to low ethnocentric consumers.

From the descriptive analysis, respondents represented many ethnic groups. The majority of those that provided their ethnicity were Chinese (n = 101, 35%) and Australian (n = 88, 31%). Hence, for H2b, the multiple linear regression was run again on respondents who were identified as Australians (n = 88) to investigate the potential interactions of ethnocentrism with respondents' ethnicity.

In regard to the PRRR "Invalid" factor, the overall model was not significant with $F$ (3, 84) = 1.49, $p > 0.05$. When examining specific predictors, there was not a significant main effect of ethnocentrism on the PRRR "Invalid" factor, $\beta = 0.51$, $t$ (88) = 1.48, $p > 0.05$. There was not a significant main effect of retailer's COO (local versus foreign) on the PRRR invalid scale, $\beta = -0.05$, $t$ (88) = -0.49, $p > 0.05$. There was not a significant interaction effect (ethnocentrism by retailer's COO) on the PRRR "Invalid" factor, $\beta = -0.33$, $t$ (88) = -0.96, $p > 0.05$.

In regard to the PRRR "Unreturned" factor, the overall model was significant, $F$ (3, 84) = 3.86, $p$ < 0.05. When examining specific predictors, there was not a significant main effect of ethnocentrism on the PRRR "Unreturned" factor, $\beta$ = 0.16, $t$ (88) = 0.46, $p$ > 0.05. There was also no significant main effect of retailer's COO on the PRRR "Unreturned" scale, $\beta$ = 0.11, $t$ (88) = 1.08, $p$ > 0.05. There was not a significant interaction effect (ethnocentrism by retailer's COO) on the PRRR "Unreturned" factor with $\beta$ = -0.08, $t$ (88) = -0.23, $p$ > 0.05.

In regard to the PRRR "Transferred" factor, the overall model was not significant, $F$ (3, 84) = 2.12, $p$ > 0.05. When examining specific predictors, there was not a significant main effect of ethnocentrism on the PRRR "Transferred" factor, $\beta$ = -0.53, $t$ (88) = -1.54, $p$ > 0.05. There was not a significant main effect of retailer's COO on the PRRR "Transferred" factor, $\beta$ = 0.16, $t$ (88) = 1.51, $p$ > 0.05. There was not a significant interaction effect (ethnocentrism by retailer type) on the PRRR "Transferred" factor, $\beta$ = 0.63, $t$ (88) = 1.84, $p$ > 0.05.

In regard to the PRRR "Rudeness" factor, the overall model was significant, $F$ (3, 84) = 3.19, $p$ < 0.05. When examining specific predictors, however, none emerged as significant. There was not a significant main effect of ethnocentrism on the PRRR "Rudeness" factor, $\beta$ = 0.12, $t$ (88) = 0.36, $p$ > 0.05. There was not a significant main effect of retailer's COO on the PRRR "Rudeness" scale, $\beta$ = -0.17, $t$ (88) = -1.67, $p$ > 0.05. There was not a significant interaction effect (ethnocentrism by retailer's COO) on the PRRR "Rudeness" factor, $\beta$ = 0.17, $t$ (88) = 0.49, $p$ > 0.05.

In regard to the PRRR "Inaction" factor, the overall model was not significant, $F$ (3, 84) = 0.23, $p$ > 0.05. When examining specific predictors, there was not a significant main effect of ethnocentrism on the PRRR "Inaction" factor, $\beta$ = 0.16, $t$ (88) = 0.46, $p$ > 0.05. There was not a significant main effect of retailer's COO on the PRRR "Inaction" scale, $\beta$ = 0.01, $t$ (88) = 0.06, $p$ > 0.05. There was not a significant interaction effect (ethnocentrism by retailer's COO) on the PRRR "Inaction" factor, $\beta$ = -0.08, $t$ (88) = -0.23, $p$ > 0.05.

In regard to the PRRR "No Action" factor, the overall model was not significant, $F$ (3, 84) = 0.24, $p > 0.05$. When examining specific predictors, there was not a significant main effect of ethnocentrism on the PRRR "No Action" factor, $\beta$ = -0.24, $t$ (88) = -0.66, $p > 0.05$. There was not a significant main effect of retailer's COO on the PRRR "No Action" factor, $\beta$ = 0.02, $t$ (88) = 0.15, $p > 0.05$. There was not a significant interaction effect (ethnocentrism by retailer's COO) on the PRRR "No Action" factor, $\beta$ = 0.28, $t$ (88) = 0.78, $p > 0.05$.

In regard to the PRRR "Extended Delay" factor, the overall model was not significant with $F$ (3, 84) = 0.24, $p > 0.05$. When examining specific predictors, there was not a significant main effect of ethnocentrism on the PRRR "Extended Delay" factor, $\beta$ = -0.3, $t$ (88) = -0.07, $p > 0.05$. There was not a significant main effect of retailer's COO on the PRRR "Extended Delay" factor, $\beta$ = -0.05, $t$ (88) = -0.44, $p > 0.05$. There was not a significant interaction effect (ethnocentrism by retailer's COO) on the PRRR "Extended Delay" factor, $\beta$ = 0.11, $t$ (88) = 0.30, $p > 0.05$.

In regard to the PRRR "Incompetence" factor, the overall model was significant, $F$ (3, 84) = 2.78, $p < 0.05$. However, none of the specific predictors emerged as significant. There was not a significant main effect of ethnocentrism on the PRRR "Incompetence" factor, $\beta$ = 0.55, $t$ (88) = 1.63, $p > 0.05$. There was not a significant main effect of retailer's COO on the PRRR "Incompetence" factor, $\beta$ = -0.14, $t$ (88) = -1.34, $p > 0.05$. There was not a significant interaction effect (ethnocentrism by retailer's COO) on the PRRR "Incompetence" factor, $\beta$ = -0.31, $t$ (88) = -0.91, $p > 0.05$.

In summary, similar to the results when multiple linear regression was run on all respondents (n = 288), consumers' level of ethnocentrism did not moderate the impact of retailer's COO (either foreign or locally-owned) on PRRR. This is probably because among the Australian respondents, there could be those who did not rate the retailer's COO (either local or foreign) based on the ethnocentrism. In other words, they do not have high level of ethnocentrism probably because they are not "purely" belong to Australian ethnic due to their mixed parentage and exposure to other cultures.

# Chapter 9

# DISCUSSION AND CONCLUSIONS

## 9.1    Introduction

The aim of this research was to extend the existing perceived purchase risk dimensions in the literature. This research proposed consumers' Perceived Recourse and Redress Risk (PRRR) as a new type of risk or barrier to purchase. This risk relates to consumers' negative perceptions, formed prior to purchase, toward retailers' complaint management systems. PRRR is a consumer's fear that a retailer's reaction and efforts of remedy in the case that something goes wrong with their purchase, will fail to result in satisfaction.

**Chapter 1** of the thesis presented an overview of the problems related to the ineffectiveness of complaint management systems in today's businesses – which motivated this research – and further introduced the notion of PRRR in the context of pre-purchase evaluation. **Chapter 2** reviewed and synthesised consumers' perceived purchase risk literature, then compared and contrasted the proposed PRRR with the different existing forms of purchase risk. Chapter 2 literature review discovered that there has not been any published work on formal measurements or scales of perceived risk related to failed complaint channels or the recourse and redress risk concept. To address this issue, it was appropriate to develop scale items to measure these aspects of perceived risk. The new scale was proposed as an extension to the perceived risk scales introduced and tested in previous research. Chapter 2 concluded with an overview of the scale development methodology adopted for this research.

**Chapter 3** detailed the content analysis research design as a qualitative approach for Study 1, in order to highlight the nature of recourse and redress failures. Study 1 (content analysis) reviewed the post-complaint feedback posted on *www.Complaints.com* about consumers' dissatisfaction after they failed to obtain adequate recourse and redress

outcomes from various retailers. Following this, **Chapter 4** reported the findings of Study 1 (content analysis) by identifying the nine aspects (dimensions) of PRRR and different purchase contexts that are likely to evoke high levels of PRRR. The nine failure categories shed understanding on existing problems faced by consumers in regard to retailers' complaint handling management. These categories and their sub-categories form the basis for generating the initial items for the proposed PRRR scale.

Subsequently, **Chapter 5** presented the development, refinement, and validation of a multi-item PRRR scale using standard psychometric procedures to quantify each underlying aspect of PRRR. The chapter detailed the item pool generation based on the themes discovered in Study 1 (content analysis) and further reported the outcome of Study 2 (item refinement). Chapter 5 also demonstrated the initial assessments of the reliability and validity (convergent, discriminant and nomological) of the PRRR scale. **Chapter 6** built on the findings of Study 1 (content analysis) and Study 2 (item refinement). It derived a set of research questions and hypotheses as to whether PRRR is more likely to be heightened in certain purchase contexts: whether consumers' PRRR differs when complaints are made via remote vs. interactive channels; when the retailer is a foreign vs. locally-owned company; and when a hypothetical purchase is made online vs. offline. This research also investigated the interaction hypotheses as to whether the purchase platform moderates the effects of complaint channel and retailer's country of origin (COO) on consumers' PRRR, and whether consumer's ethnocentrism moderates the relationship between retailer's COO and PRRR. Chapter 6 summarised these hypotheses in a conceptual framework to be tested in Study 3 (experiment).

**Chapter 7** discussed the experimental survey methodology used to test the hypotheses outlined in Chapter 6. The chapter presented information regarding the experiment and online survey design; validity and reliability of the survey instrument; development of the hypothetical scenarios; manipulations and measures of key variables; and data collection procedures. **Chapter 8** tested the hypotheses outlined in Chapter 6 and confirmed whether PRRR is more likely to be heightened in certain purchase contexts compared to others. To fulfil this objective, Study 3 (main experiments) was conducted to assess the

PRRR scale under different purchase contexts, thus further providing an assessment of the nomological and predictive validity of the PRRR scale.

This chapter, **Chapter 9**, starts with a discussion of how the PRRR scale evolved over the course of the study, presents the conclusions of the research, and establishes the contributions of this research. This is followed by a discussion of Chapter 8 experiment results (Study 3), and then the limitations and avenues for further research are presented. Finally, the theoretical and managerial implications drawn from the results of this research are highlighted in the final section of this chapter.

## 9.2 Main Research Contribution – Evolution of the PRRR Scale

The major achievements of this research are the conceptualisation, development and validation of a scale to measure Perceived Recourse and Redress Risk (PRRR). The PRRR scale was designed as a multidimensional scale to understand the specific risks consumers have in regard to their perceived likelihood of an unsuccessful recourse and redress process in the event that something goes wrong with their purchase. The development of the PRRR scale has relied on appropriate scale development procedures, supported by information gained from both qualitative inquiry and quantitative analysis. The results from the three studies – Study 1 (content analysis), Study 2 (item refinement) and Study 3 (main experiments) – supported the proposed scale of PRRR in terms of multidimensionality, reliability, content validity (face validity), construct validity (convergent and discriminant validity) and predictive validity (nomological validity).

In summary, the PRRR scale demonstrated evidence of content validity from the face validity and inter-coder reliability tests in Study 1. Internal consistency analysis, item analysis and Exploratory Factor Analyses (EFAs) in Study 2 and Study 3 supported the multidimensionality and construct validity (convergent and discriminant) of eight dimensions of PRRR. The new PRRR scale demonstrated further evidence of construct validity, as the findings from Study 2 and Study 3 revealed discriminant validity exists between the PRRR construct and three types of perceived purchase risk studied by

previous researchers: Performance Risk, Financial Risk, and Time and Convenience Risk. Figure 12 summarises the evolution of the PRRR scale over the course of the research and highlights the main contributions of the research.

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│ │  Study 1 (Content Analysis and Item Generation)  │                          │
│ └─────────────────────────────────────────────────┘                          │
│ Literature search:                                                            │
│ - Perceived risk, failed service recovery, service expectation, consumer complaint behaviour (CCB) │
│ Content analysis:                                                             │
│ - Open and axial coding of Complaints.com website entries (n = 115)           │
│ - Discovered recourse and redress failure categories (total PRRR categories = 9) │
│ - Assessed content validity: face validity/researcher judgement (n = 3), inter-coder reliability (n = 2) │
│ Item development:                                                             │
│ - Based on 9 failure categories and sub-categories discovered from content analysis │
│ - Generated initial pool of PRRR items (total PRRR items = 58)                │
│ - Assessed content validity: face validity/expert judgement (n = 3), face validity/researcher judgement (n = 3) │
│ - Modified items (total reverse-coded PRRR items = 23)                        │
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Study 1 (Content Analysis and Item Generation)

**Literature search:**
- Perceived risk, failed service recovery, service expectation, consumer complaint behaviour (CCB)
**Content analysis:**
- Open and axial coding of *Complaints.com* website entries (n = 115)
- Discovered recourse and redress failure categories (total PRRR categories = 9)
- Assessed content validity: face validity/researcher judgement (n = 3), inter-coder reliability (n = 2)
**Item development:**
- Based on 9 failure categories and sub-categories discovered from content analysis
- Generated initial pool of PRRR items (total PRRR items = 58)
- Assessed content validity: face validity/expert judgement (n = 3), face validity/researcher judgement (n = 3)
- Modified items (total reverse-coded PRRR items = 23)

Study 2 (Item Refinement)

**Pilot study:**
- Online survey experiment (n = 95)
**Item refinement:**
- Exploratory Factor Analysis (total initial PRRR items = 58)
- Assessed multidimensionality (total PRRR factors = 9)
- Assessed initial construct validity (convergent and discriminant validity with 6 Performance Risk items)
- Retained 27 items, deleted 28 items, rephrased 3 items, added 2 items (total refined PRRR items = 32)
- Assessed reliability of 9 PRRR factors (Coefficient Alpha range between 0.66 and 0.89)
- Assessed initial construct validity (nomological validity) using online/offline purchase platform groups

Study 3 (Main Experiments)

**Main observation:**
- Online survey experiments using business students subject pool (n = 288)
- Scenario manipulations using two 2 x 2 full factorial experiment design (total experiment groups = 4)
- Exploratory Factor Analysis (total initial PRRR items from Study 2 = 32)
- Deleted 5 items (total final PRRR items = 27)
- Assessed multidimensionality (total initial PRRR factors from Study 2 = 9)
- Merged 2 factors (total final PRRR factors = 8)
- Assessed construct validity (convergent and discriminant validity with 6 Performance Risk items, 3 Financial Risk items, and 4 Time Convenience Risk items)
- Assessed reliability of 8 PRRR factors (Coefficient Alpha range between 0.62 and 0.86)
- Assessed construct validity (nomological validity) and criterion validity (predictive validity) with 6 hypothesis tests (using final 27 PRRR items, 8 PRRR factors)
- Analysis of Variance (ANOVA), Multiple Analysis of Variance (MANOVA), Multiple Regressions

**Figure 12: Main research contributions – Evolution of the PRRR scale across the three studies**

*Study 1 (Content Analysis)*

One of the main objectives of this research was to identify the aspects of consumers'
PRRR and different purchase contexts that are likely to evoke high levels of PRRR. This
was achieved in Study 1 via two methods. Firstly, by reviewing and compiling a list of
potential items related to PRRR through searching the literature on perceived risk, failed
service recovery, service expectation, and consumer complaint behaviour (CCB).
Secondly, by reviewing the post-complaint feedback typically posted on a third-party
complaint website, *Complaints.com*, about consumers' dissatisfaction after they failed to
obtain adequate recourse and redress outcomes from various retailers. As shown in Study
1, the content analysis of 115 web entries of *Complaints.com* identified many categories
such as the type of purchase platforms ("Offline" and "Online"); failed complaint
channels ("Phone", "Email", "Face to Face", "Letter or Fax"); type of recourse and
redress failures ("Invalid", "Unreturned", "No Urgency", "Transferred", "Rudeness",
"Inaction", "No Action due to Policy", "Extended Delay", and "Incompetence");
dissatisfaction responses following recourse and redress failures ("Negative Word of
Mouth", "Exit", "Switch", and "Report to Third Party"); as well main product or service
categories. Study 1's findings were brought forward into the quantitative stage – Study 2
(item refinement) and Study 3 (main experiments).

In Study 1, 11 initial categories of complaint failures were generated: "Invalid/Not
Available", "Unreturned/No Response", "No Urgency", "Transferred", "Rudeness", "No
Action Due To Policy", "Inaction/Hanging", "Uninterested", "Extended Delay", "Wrong
Solution/Uncorrected" and "Incompetence". However, driven by the content validity (i.e.
face validity) assessment conducted by the research team (researcher and two
supervisors), some themes were merged due to duplication and overlapping categories.
"Inaction/Hanging" was merged with "Uninterested", while "Wrong
Solution/Uncorrected" was merged with "Incompetence", thus reducing the initial
number of 11 major categories of complaint failures to nine final categories. Another
content validity assessment (i.e. inter-coder reliability) was then conducted on the nine
final complaint failure categories. The final coding comparison between the two analysts
(researcher and another postgraduate student) showed a high level of agreement with

coefficient values above 0.70 for all nine recourse and redress failure categories, while most were above 0.80 and 0.90.

Another objective of Study 1 was to develop a multi-item scale to quantify each underlying dimension of PRRR. The nine recourse and redress failure categories and their sub-categories obtained from Study 1 (content analysis) reflected the kinds of recourse and redress problems consumers anticipate in advance of making a purchase – they are the dimensions of PRRR. These failure categories formed the basis for generating an initial pool of items to measure PRRR. Based on the nine final failure categories (or dimensions), a candidate pool of items was generated; six to eight items were written to represent each underlying dimension, and the relevant verbatim quotes extracted from *Complaints.com* were referred to while generating the items for each PRRR dimension. This procedure yielded a total of 58 items in the initial pool to represent the nine PRRR dimensions. To ensure content validity, items were written across the content domain of each PRRR category, and to further assess the content validity, three Marketing faculty members who had completed considerable research in consumer behaviour and scale development judged the face validity of the appropriateness and representativeness of the items included in the initial pool of PRRR scale items. Based on their comments, some of the items were rewritten to provide more clarity, while a number of the items were worded in a way that they would be reverse-coded. Finally, the content validity of the PRRR scale items was once again assessed by the research team (researcher and two supervisors) before the scale was administered for Study 2 (item refinement). The content validity involved a thorough evaluation of the item wording and improvement of any ambiguous or poorly worded items. As a result, some of the 58 items were modified and 23 of them were reverse-coded. The 58-item PRRR scale was then submitted to a scale refinement and validation process in Study 2.

***Study 2 (Item Refinement)***

Another main objective of the research was to reduce and refine the pool of PRRR scale items to a smaller set of items, and to further confirm the multi-item PRRR scale. These objectives were achieved in Study 2 (item refinement) and the subsequent Study 3 (main experiments). Using the sample size of 95 in Study 2, a series of EFAs using Principal Component Analysis (PCA) with varimax rotation was employed as the item reduction method and to provide an early assessment of multidimensionality, reliability, construct validity (convergent and discriminant validity), and predictive validity (nomological validity) of the PRRR scale.

As the objective of Study 2 was data reduction, the original pool of 58 PRRR items was reduced and only items with the best psychometric quality (reliability and construct validity) were chosen. Convergent validity was established when items measuring each PRRR dimension were loaded onto a single factor along with other items measuring that dimension, as theorised earlier in the conceptual definition (Study 1). To test for discriminant validity between the proposed PRRR construct and other perceived risk constructs, the Performance Risk scale was also included in the questionnaire. To establish the discriminant validity, items intended to measure each PRRR dimension should not load onto a factor corresponding to other dimensions, and should not load onto the Performance Risk construct. In Study 2, several problematic items were deleted in the EFAs, and they were items with factor loadings less than 0.60 (i.e. poor convergent validity), and items that had more than one significant loading or cross loading (i.e. poor discriminant validity). Twenty-eight items were removed from the initial 58 items in the PRRR scale, 27 of the original items were retained, three items were rephrased, while two new items were added to the scale. However, the total number of PRRR factors (dimensions) remained at nine after the EFAs in Study 2, indicating the multidimensionality of the PRRR scale. All six items measuring Performance Risk always seemed to be loaded on the same factor, which verified the discriminant validity between this factor and the PRRR factors.

Reliability analysis was also performed on each PRRR dimension in Study 2 to check for internal consistency. Results showed that the coefficient alpha for all nine PRRR factors was in the range of 0.66 to 0.89, providing evidence of PRRR scale reliability. The PRRR scale was then tested against a conceptually related construct – the purchase platform (offline vs. online) – to establish evidence of the nomological validity of the scale. The results of the independent t-tests for the independent variable (purchase platform) against the dependent variables (PRRR scale) demonstrated that for all of the PRRR dimensions, there was no significant difference between the two groups of offline and online shoppers (i.e. Sig. 2-tailed value above 0.05). Hence, the nomological validity of the PRRR scale was assessed again in Study 3 with a bigger sample size.

### Study 3 (Main Experiments)

Study 3 was conducted to reassess the multidimensionality, reliability, and discriminant validity of the PRRR scale using data from a different sample (i.e. undergraduate and postgraduate students). Study 3 also examined how levels of PRRR varied in different purchase contexts, providing further assessment of the nomological and predictive validity of the scale. This confirmatory stage analysed data collected from two 2 x 2 between-subjects full factorial scenario-based experiments that manipulated whether a hypothetical purchase is made online versus offline, complaints are communicated via a remote (email) or interactive (phone) channel, and whether the retailer is a foreign or locally-owned company.

When EFA was run with a larger sample size of 288 in Study 3 (main experiments), the results for multidimensionality, reliability and discriminant validity in Study 3 provided support that there is stability for the PRRR scale across different samples. The factor solution tables with the varimax rotated factor loadings demonstrated a dimensionality of the PRRR scale almost similar to the dimensionality results in Study 2 (item refinement). However, five more items were deleted in Study 3, resulting in the total number of items retained for the PRRR scale being 27 instead of 32 as in the previous Study 2. Following that, the final number of PRRR factors in Study 3 was eight instead of the nine in Study 2. As mentioned, this was because two items that were supposed to measure

"Unreturned" loaded on "No Urgency". Hence, these items were merged as one PRRR factor, known as "Unreturned". The Cronbach's coefficient alpha ranged between 0.62 and 0.86 for the PRRR factors, suggesting that Study 3 established the reliability of each PRRR factor similar to Study 2. In Study 3, three existing scales of perceived purchase risk – Performance Risk, Financial Risk, and Time and Convenience Risk – were included to reassess the discriminant validity between the proposed PRRR construct and other perceived risk constructs. From the EFA results, all 27 items measuring PRRR converged on eight separate factors, while all other items measuring Performance Risk, Financial Risk, and Time Convenience Risk loaded as expected on different factors from any of the PRRR factors. These EFA results confirmed that discriminant validity exists between the proposed PRRR construct and Performance Risk, Financial Risk, and Time Convenience Risk constructs.

Another objective of Study 3 (main experiments) was to investigate how levels of PRRR varied in different purchase contexts, providing a further assessment of the nomological and predictive validity of the scale. Nomological validity of the PRRR scale was supported, as the findings from Study 3 revealed that PRRR is more likely to be an important barrier to purchase in certain contexts compared to others.

Specifically, results from the experiments showed that consumers perceived a higher level of PRRR when they used an interactive complaint channel (i.e. phone) compared to when they used a remote complaint channel (i.e. email) to seek redress; a higher PRRR for online purchases compared to offline purchases; and higher PRRR for purchases that involved a foreign retailer compared to purchases from a locally-owned retailer. As for the interaction effects, the analysis indicated that purchase platform (either offline or online) did not moderate the impact of both complaint channel and retailer's country of origin on consumers' level of PRRR. Consumers' level of ethnocentrism also did not moderate the impact of retailer's COO (either foreign or locally-owned) on PRRR. However, when the main effect results were analysed, they showed that consumers' level of ethnocentrism did influence the way consumers assessed PRRR – specifically, high ethnocentric consumers perceived that it was more difficult for them to resolve recourse

and redress when compared to low ethnocentric consumers. Table 38 provides a summary of results for the hypothesis tests conducted in Study 3 (main experiments).

**Table 38: Summary of the hypothesis testing results**

| Hypothesis | Results | Multi-variate Effect | PRRR Dimensions (Significant Univariate Effect) | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Invalid | Unreturned | Transferred | Rudeness | Inaction | No Action due to Policy | Extended Delay | Incompetence |
| **H1:** Consumers' PRRR is higher when consumers seek redress with a remote complaint channel (email) compared to situations when they use an interactive complaint channel (phone). | Hypothesis not supported | Significant | | X | X | | | | | |
| **H3a:** Consumers' PRRR is higher for online purchases compared to offline purchases. | Hypothesis supported | Significant | | | X | | X | X | | |
| **H3b:** The effect of the complaint channel on PRRR is stronger for online purchases compared to offline purchases. | Hypothesis not supported | Not significant | | | | | | | | |
| **H2a:** Consumers' PRRR is higher for purchases from a foreign retailer compared to purchases that involve a locally-owned retailer. | Hypothesis supported | Significant | | X | X | | | | | |
| **H3c:** The effect of the retailer's country of origin on PRRR is stronger for online purchases compared to offline purchases. | Hypothesis not supported | Not significant | | | | | | | | |
| **H2b:** The effect of the retailer's country of origin on PRRR is stronger for consumers high rather than low in ethnocentrism. | Hypothesis not supported | Not significant | | | | | | | | |
| Consumers' PRRR is higher for consumers high rather than low in ethnocentrism | | | X | | | X | | | | X |

**X** – PRRR dimensions with significant univariate effects

In general, across all the hypothesis tests, some dimensions of PRRR such as "Unreturned", "Transferred", "Inaction", and "No Action due to Policy" showed more consistent significant effects than other dimensions. It can be concluded that it is important for organisations to focus on those four PRRR dimensions more so than the other dimensions in order to provide efficient and effective complaint management systems to the consumers. Other PRRR dimensions such as "Invalid", "Rudeness", "Extended Delay", and "Incompetence" were found to be not that prevalent in all of the hypotheses. These findings were inconsistent with the literature, where consumers reported they were not able to find any contact number on the retailer's website (i.e.

"Invalid"), hence they decided not to complain at all (Ahmad, 2002). "Rudeness" also emerged in previous studies of complaints by Harrison-Walker (2001) and Bunker and Bradley (2007), where this factor seemed to top the reasons for consumer dissatisfaction. "Extended Delay" was also thought of in previous complaint literature to be a critical issue in a business transaction when consumers perceive delays in complaint resolution as unnecessary (Davidow, 2003). Findings from Study 3 also did not correspond to the finding by Ahmad (2002) where some consumers reported that their complaints were not resolved to their satisfaction by the company due to the support employees' "Incompetence".

## 9.3    Discussion of Experiment Findings

***H1: Consumers' PRRR is higher when consumers seek redress with a remote complaint channel (i.e. email) compared to situations when they use an interactive complaint channel (i.e. phone)*** – Hypothesis not supported

The multivariate results from the MANOVA analysis showed there was a significant difference between respondents in the Remote Complaint Channel (email) condition and the Interactive Complaint Channel (phone) condition on the PRRR factors. This result indicates that complaint channel influences the way consumers evaluate the PRRR factors. This result was expected, as the literature indicated that when consumers encounter problems with their purchases, they assess the two complaint channels (i.e. email and phone) differently based on their perception of the nature of the two communication channels. Consumers would not prefer to complain using email due to the absence of interactional human elements (Ahmad, 2002; Holloway and Beatty, 2003; Shapiro and Nieman-Gonder, 2006). As non-verbal cues are crucial in recourse and redress interactions, consumers feel the lack of those cues in remote complaint channels (email) can increase their PRRR when things go wrong with the purchase. In contrast, the interpersonal component of the recovery process is said to be present in phone communication. The real-time interaction allows the complainers to clarify matters and exhibit emotions like anger, frustration and urgency; hence, can lead to a faster problem

resolution (Kaufman, 1999). By using interactive complaint channels (phone), consumers can rely on the content of language and audio cues (i.e. variation in intonation, volume and pitch) to reach an understanding and resolve disputes.

However, when the univariate results were examined, the only significant differences between the complaint channel conditions were in regard to the "Unreturned" and "Transferred" PRRR factors. Further inspection of the mean scores for the "Unreturned" and "Transferred" PRRR factors indicated that respondents in the Interactive Complaint Channel (phone) condition reported slightly higher levels of PRRR than respondents in the Remote Complaint Channel (email) condition. These results were opposite to H1, where it was hypothesised that consumers using remote complaint channels (email) would perceive higher PRRR than those using interactive complaint channels (phone). These Study 3 results, however, corroborated the findings of the previous content analysis in Study 1 (Chapter 4). The content analysis indicated that the "Transferred" problem mostly occurred with interactive complaint channels (i.e. phone) rather than remote channels (i.e. email). It was conceptualised in Study 1 that "Transferred" is a PRRR factor where consumers perceive that their complaints are likely to be passed around and forwarded from one employee to another, or one department/branch to another. "Unreturned" is a PRRR factor where consumers perceive their attempts to make any initial contact with the company would be unsuccessful because their complaints or enquiries are always answered by the retailer's answering machine or a message box. "Unreturned" also covers a situation where consumers are finally able to establish contact and receive a response, but only after a long time has passed.

Respondents in the Interactive Complaint Channel (phone) condition perceived that their phone complaints were more likely to be "Transferred" or "Unreturned", as the way organisations do business today has changed – person-to-person customer interactions are decreasing while technological-based interactions are on the rise (Shapiro and Nieman-Gonder, 2006). In this age where companies now outsource their customer service operations, call centres are often located offshore. Respondents probably perceive the overseas call centres to be unresponsive due to the fact that these centres are processing

thousands of calls per hour, every day. In this context, phone may not be perceived as genuinely interactive anymore. The call centre interactions lack the social and emotional cues that should present in traditional phone interactions. Customer service representatives simply deliver rehearsed, standardised, and non-customised scripts to callers when trying to resolve recourse and redress, which makes the communication not interpersonal or interactive at all.

As for the respondents in the Remote Complaint Channel condition (email), they would have probably accepted the fact that the asynchronous nature of email exchanges could allow interruptions and absences (Gillieron, 2008). Thus, respondents in the Remote Complaint Channel condition might have tolerated the relatively slow mode of email communication in responding to their recourse and redress, and may not really be as frustrated as respondents in the Interactive Complaint Channel when their complaints were "Unreturned" or "Transferred". A few computer-mediated communication (CMC) and dispute resolution scholars depict using email to seek recourse and redress as effective, as email communication allows the involved parties to think carefully about their viewpoints before posting their messages (Moore et al., 1999; Baumann 2002; Kaufmann-Kohler and Schultz, 2004). The time lag involved in typing an email may encourage people to pay more attention to the important content of messages. This can decrease the emotional stress and hence avoid confrontation during the recourse and redress process.

In summary, the implication of these findings to businesses is that phone communication with the overseas, external call centre employees may not have as many advantages over email complaints as once thought. Consumers perceive that hearing a person's voice may not have the same effect it once did; hence, establishing and maintaining call centres may not be worth the investment in the long run. Businesses must also provide email communication as an alternative method to complain as consumers may dislike having to call customer service departments.

*H3a: Consumers' PRRR is higher for online purchases compared to offline purchases* – Hypothesis supported

The multivariate results from the MANOVA analysis showed there was a significant difference between respondents in the Online Purchase condition and the Offline Purchase condition on the PRRR factors. This result indicates that purchase platform influences the way consumers evaluate the PRRR factors. The present findings seem to be consistent with other perceived risk research which found that consumers perceive higher risk when purchasing through online compared to offline (Bhatnagar, Misra and Rao, 2000; Xie, Teo and Wan, 2006; Forsythe, Liu, Shannon and Gardner, 2006; Ko, Jung, Kim and Shim, 2004; Harris, Grewal, Mohr and Bernhardt, 2006).

However, when the univariate results were examined, there were significant differences between purchase platform conditions in regard to only three specific PRRR factors – "Transferred", "Inaction" and "No Action due to Policy". Further inspection of the mean scores for "Transferred", "Inaction" and "No Action due to Policy" indicated that respondents in the Online Purchase condition reported higher levels of PRRR than respondents in the Offline Purchase condition; hence, H3a was supported. This result suggests that when things go wrong with an online purchase, it would be more difficult for consumers to seek recourse and redress or solve their complaints compared to when purchases are made offline at the store.

Consumers expect that their opinions or complaints should reach the relevant department or personnel immediately once they are submitted, and that the communication should not be lost in the complaint channel (Corbitt, Thanasankit and Yi, 2003). However, this study showed that respondents in the Online Purchase condition perceived that their complaints were more likely to be "Transferred", or get passed around and forwarded from one employee to another, than the respondents in the Offline Purchase condition. One possible explanation for this could be that in the online shopping platform, both the consumer and retailer may not always know who they are actually dealing with, thus increasing the salience of the "Transferred" PRRR factor in this purchase context. It is

harder to determine exactly what consumers should do, where they should go to seek redress, and who they should contact if something goes wrong with their online purchases. In contrast, for offline shopping, a disgruntled consumer could resolve the problem or lodge a complaint with the retailer in a face-to-face manner without being "Transferred" – the consumer could simply visit the retailer's physical store, confront the store manager or approach the specific customer service desk and rectify the problem.

Although consumers expect to obtain a resolution to a problem every time they seek redress using the complaint channels (Mattila and Mount, 2006), results from this study showed that respondents in the Online Purchase condition perceived that customer service employees or the responsible parties in the company would take no remedial actions ("Inaction") following the complaints, more so than respondents in the Offline Purchase condition. One possible explanation is that for online purchases, it is more difficult to imagine a satisfactory outcome as the retailer is not physically present. This limits certain actions by consumers to seek recourse and redress. The Internet has been referred to as a place where "it is easy to lie and get away with it" (Wallace, 2001, p. 51); hence, this context makes impersonation much easier (Wallace, 2001). In this case, "it is easy to do nothing and get away with it". Consumers may feel apprehensive about dealing with a "faceless" retailer in online shopping, so they may think about "Inaction" as potential deception by the retailer. Consumers lack faith that enquiries or complaints will result in appropriate action by the online retailers as it is harder to establish identity in the online environment (Guerra, Zizzo, Dutton and Peltu, 2003).

Another significant PRRR factor for H3a is "No Action due to Policy", where consumers are disappointed when the customer support representative cites their "company policy" as the restriction to them not executing the expected remedy for a dispute. This PRRR factor was perceived as higher by respondents in the Online Shopping platform, probably because for offline shopping, the consumer may produce all the necessary documents as evidence (i.e. hardcopy version of credit card statement, receipt as proof of purchase, valid self-identification, and other supporting documents). In the case of a faulty product

or wrong size or colour due to "change of mind", the consumers were aware that they could return the product directly to the customer service desk.

In summary, findings from this study have implications for the management of online businesses, especially the "click only" companies that do not have offline stores. Although it is important for all businesses, either online or offline, to get their complaint management systems just right in order to retain the customers, it is much crucial for online businesses. Online shopping is more impersonal and remote experience where there is nobody to talk to and nothing to see or touch. For online businesses, customer service is the only way to connect with the consumers and to convince them. Hence, online businesses should focus and drive all effort to improve on the three dimensions of PRRR, namely the "Transferred", "Inaction" and "No Action due to Policy". Online businesses should ensure that complaints reach the relevant department or personnel immediately once they are submitted and that the complaints are not passed around. Online businesses must ensure to staff their support center appropriately and in operation 24/7, so when consumers do contact the company, they do not have long waits or transfers that can frustrate them due to not enough or wrong staff being assigned to deal with complaints. Online businesses could also invest in online customer service technologies including real-life chat, virtual agents, intelligent FAQs and email management software. Online businesses should provide comprehensive and searchable FAQs section in their websites that also covers the topic of "company policy". This would enable consumers to obtain answers more quickly and avoid lengthy correspondence or many customer queries. These could then remove the pressure off customer service staff. Besides that, support staff must also be well trained to be flexible in executing the company policy according to the needs of the situations, and ensure that the policy does not restrict the support staff in executing the expected remedy for a complaint.

***H2a: Consumers' PRRR is higher for purchases from a foreign retailer compared to purchases that involve a locally-owned retailer*** – Hypothesis supported

The multivariate results from the MANOVA analysis showed there was a significant difference between respondents in the Foreign Retailer condition and the Offline Purchase condition in how they evaluate the PRRR factors. This result indicates that retailer's country of origin (COO) influences the way consumers evaluate the PRRR factors. The present findings seem to be consistent with other research which found that consumers form biases (i.e. cultural or national stereotyping) where they prefer services from their own country or countries with a similar culture (Ueltschy, Laroche, Eggert and Bindl, 2007; Javalgi, Cutler and Winans, 2001; Hofstede, 1980). Studies of airline preferences (Bruning, 1997; Kaynak et al., 1994) and insurance and education providers (Speece and Pinkaeo, 2002) also found that consumers prefer domestic providers in contrast to those based in or managed by foreign countries. Literature shows that people feel more comfortable dealing with others who share similar attributes and interpersonal norms to themselves (i.e. language, communication, style, demeanor), as it facilitates open communication, helps develop mutual understanding, and strengthens interpersonal bonding (Spake, Beatty, Brockman and Crutchfield, 2003; Hopkins, Hopkins and Hoffman, 2005).

When the univariate results were examined, there were significant differences between purchase platform conditions in regard to two specific PRRR factors – "Unreturned" and "Transferred". Further inspection of the mean scores for the "Unreturned" and "Transferred" factors revealed that respondents in the Foreign Retailer condition reported higher levels of PRRR than respondents in the Local Retailer condition; hence, H2a was supported. Specifically, when things went wrong with a purchase, consumers perceived that it would be more difficult to resolve recourse and redress with a foreign retailer when compared to purchases that involved a locally-owned retailer.

This study defined "Unreturned" as a PRRR factor where consumers expect that their attempts to make any initial contact with the company would be unsuccessful because

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their complaints or enquiries are always answered by the retailer's answering machine or a message box. "Unreturned" also constitutes the tendency for consumers to establish the first contact and receive a response only after a long time has passed. Results from this study showed that respondents in the Foreign Retailer condition perceived that their complaints were more likely to be "Unreturned" than did respondents in the Local Retailer condition. One explanation for this could be that a foreign retailer may have different cultural values to the consumer. During the recourse process, consumers believe that foreign retailers would offer a lower level of service than local workers (Thelen, Thelen, Magnini and Honeycutt, 2009). Foreign retailers would not be able to process information consistent with the pace that the local retailer and the consumer would have in common; thus, this could lead to "Unreturned" complaints by the foreign retailer.This study also showed that respondents in the Foreign Retailer condition perceived that their complaints were more likely to be "Transferred", or forwarded, and get passed around than the respondents in the Local Retailer condition. This result may be explained by the fact that communication and accent anxiety due to different language tone and accented speech can form another bias when consumers deal with foreign retailers (Thelen, Thelen, Magnini and Honeycutt, 2009; Farhoomand, Tuunainen and Yee, 2000; Brennan and Brennan, 1981). Misunderstandings could irritate both the retailers and consumers; hence, this would lead to a complaint being "Transferred" between employees, departments, and even branches.

In summary, implication of this finding to businesses is that, foreign retailers should focus on improving their complaint management systems especially in avoiding complaints from being "Unreturned" and "Transferred". To compensate for the perceived shortcomings of different cultural values, inconsistent pace of information processing, and language barrier that could lead to "Unreturned" and "Transferred" complaints, retailers should improve on the localisation of customer service. Foreign retailers could invest in having a multilingual customer support team that will help to improve the international customer experience. The use of native-speaking contractors and translators to take care of customer enquiries should also be considered.

***H3b:*** ***The effect of the complaint channel on PRRR is stronger for online purchases***
***compared to offline purchases*** – Hypothesis not supported

***H3c:*** ***The effect of the retailer's country of origin on PRRR is stronger for online***
***purchases compared to offline purchases*** – Hypothesis not supported

The H3b and H3c hypotheses considered how the relationship of complaint channel and retailer's COO with consumers' PRRR are moderated by the online or offline platform in which purchases occur. Findings from the analysis indicated that purchase platform (either offline or online) did not determine the impact of both complaint channel and retailer's COO on consumers' level of PRRR. Specifically, the online purchase platform did not exaggerate the negative influence of the interactive (phone) or remote (email) complaint channel on PRRR. It is also inferred that the online purchase platform did not inflate the negative effect of retailer's COO (either foreign or locally-owned) on consumers' PRRR. Given the lack of a main effect of complaint channel in H1, the failure to observe the interaction effect for this hypothesis is not surprising. These results should be considered in conjunction with the manipulation check that showed there was no difference in perceptions between Interactive Channel (phone) and Remote Channel (email) respondents when they assessed the respective channels as effective means for fast two-way communication. The literature indicated that one of the advantages of interactive complaint channels (e.g. face-to-face or phone) includes the real-time response (Mattila and Wirtz, 2004; Zaugg, 2006); hence, they are regarded as the fastest mode of complaint communication (Ahmad, 2002). However, respondents in both the email and phone channel conditions reported that it was neither likely nor unlikely that their respective method to lodge a complaint was an effective means for fast two-way communication. These results, when considered together, imply that the level of consumers' PRRR was almost equal regardless of complaint channel type that they used.

An alternative explanation for the disconfirmation of the moderating influence of purchase platform might involve the student sample used in the experiment. The majority of the respondents, 143 (49.7%), were aged between 21 and 25 years old, followed by a younger age group, 125 (43.4%), that were less than 20 years old. As a result, the sample

did not mirror the population as a whole. The possible interference of respondent's age cannot be ruled out. The relatively young consumer group is said to have a high familiarity and comfort with technology (Smith and Swinyard, 2003); hence, they have more favourable attitudes toward technology (Miyazaki and Fernandez, 2001; Siu and Cheng, 2001). They spend more time than any other consumer segment on their computers or on the Internet. To these technology savvy groups of respondents, interactional human elements and non-verbal cues may be less crucial in recourse and redress interactions as they may have been exposed to and are familiar with more types of communication channels, both remote (email) and interactive (phone). This is supported by Dabholkar (2000), who reported that consumers who are comfortable with technology might have lower levels of "need for interaction" with the retailer. Therefore, handling complaints or recovering from failures using remote channels (i.e. email) might be particularly well-received by these technology savvy consumers. Consequently, this resulted in no difference in level of perceptions between respondents in different conditions when they evaluated the PRRR factors in this study.

***H2b: The effect of the retailer's country of origin on PRRR is stronger for consumers high rather than low in ethnocentrism –*** Hypothesis not supported

Findings from the multiple regression analysis showed that interaction hypothesis H2b was not supported, indicating that consumers' level of ethnocentrism (either high or low) does not determine the impact of retailer's COO (foreign or locally-owned) on PRRR. It was hypothesised that high ethnocentric consumers do not trust a foreign company to do the "right thing" should something go wrong with their purchase. However, the present findings did not support the hypothesis. This is inconsistent with other research which found that highly ethnocentric consumers usually focus on the COO cue; hence, they perceive purchasing foreign products as unpatriotic and socially undesirable (Balabanis, Diamantopoulos, Mueller and Melewar, 2001), as well as inferior and threatening (Pecotich, Pressley and Roth, 1996).

Although H2b was not supported, the main effect results showed that consumers' level of ethnocentrism did influence the way consumers evaluate several factors of the PRRR, such as "Invalid", "Rudeness", and "Incompetence". Specifically, these main effect findings showed that high ethnocentric consumers perceive that it is more difficult for them to resolve recourse and redress when compared to low ethnocentric consumers. "Invalid" is a consumer's expectation that the contact details (e.g. phone numbers or email addresses) to contact the retailers when things go wrong with a purchase are not available, not provided, or wrong. The main effect hypothesis was supported, indicating that High Ethnocentric respondents are more likely to expect that the contact details provided by the retailer would be "Invalid" than the Low Ethnocentric respondents. "Rudeness" is defined as consumers' expectation that their attempts to seek recourse and redress would result in rude treatment by the support staff. Consumers would expect the support staff to hang up on them, lash out with harsh words, provoke consumers, and take the side of problematic co-workers. The main effect hypothesis was supported, indicating that High Ethnocentric respondents are more likely to expect "Rudeness" by the customer support staff when they complain, than the Low Ethnocentric respondents. "Incompetence" is when consumers feel that although some remedial measures have been offered as an acceptable solution to their complaints, the dissatisfying situation remains uncorrected or unimproved. Consumers perceived that this may be caused by support employees' incompetence, lack of knowledge or experience on the subject matter under complaint, and inept complaint handling skills. The main effect hypothesis was supported, indicating that High Ethnocentric respondents are more likely to expect that the customer service representative would be "Incompetent" at resolving their problems more so than the Low Ethnocentric respondents.

Consumer ethnocentrism is the distinction of attitudes towards two groups of products or service providers (in-group and foreign) based on nationalistic evaluation and patriotic emotions. Members of an in-group view fellow members as being superior and more worthy than non-members or out-groups (Levine and Campbell, 1972; Chattalas, Kramer and Takada, 2008). In this study, High Ethnocentric respondents were more likely to perceive high PRRR for "Invalid", "Rudeness" and "Incompetence" rather than the Low

Ethnocentric respondents, because ethnocentric people tend to view the behavioural norms of their own culture (in-group) as correct compared with other cultures (out-groups). An ethnocentric consumer may exhibit cultural narrowness tendencies; hence, they may reject other culturally "unalike" objects, ideas or people (Adorno, Frenkel-Brunswik, Levinson and Sanford, 1950). It was not surprising that High Ethnocentric respondents found that other people (e.g. foreign company) who are out-group would not serve them well as they do not trust them to do the "right thing" should something go wrong with their purchase.

Overall, although results for H2b did not support the assumption of a moderating role of ethnocentrism on retailer's COO, it was an interesting null result. Why would ethnocentrism (high or low) produce a main effect on PRRR but not interact with retailer's COO (foreign or locally-owned)? From the descriptive analysis, respondents represented many ethnic groups, with the largest groups being Chinese ($n = 101$, 35%) and Australian ($n = 88$, 31%). Other ethnic groups represented were American ($n = 14$, 5%), Vietnamese ($n = 6$, 2%), English ($n = 5$, 2%), Indian ($n = 5$, 2%), Greek ($n = 4$, 1%), Italian ($n = 4$, 1%), Lebanese ($n = 3$, 1%), and Canadian ($n = 1$, 0.3%). Fifty-seven (20%) respondents did not provide their ethnicity. Although the majority of those that provided their ethnicity were Chinese and Australian, the potential interactions of ethnocentrism with respondents' ethnicity were not examined (e.g. Australians versus other ethnics). Although it was not hypothesised earlier, in hindsight it makes some sense that consumers who belong to different ethnic groups would evaluate ethnocentrism differently, hence producing different interaction effects for retailer's COO. The main effect of respondents' ethnicity or COO on the PRRR factors was also not an *a priori* hypothesis in this study; therefore, it should be explicitly tested in further studies. Further studies could pinpoint specific respondents' ethnic background and respondents' countries of origin.

## 9.4 Limitations and Improvement for Future Work

This research has its own limitations. Clearly, further research is required to increase our understanding of consumer complaint behaviour in the context of perceived purchase risk and, ultimately, our ability to predict such behaviour. This section discusses the limitations of this research and suggestions for future research. This research suggests that there may be additional factors that could be linked to the salience of the PRRR dimensions such as retailer's reputation and geographical location. Suggestions to improve the design of experiments, assessment of predictive validity and usage of Confirmatory Factor Analysis (CFA) are also discussed in this section.

### 9.4.1 Other Potential Factors Influencing the Salience of PRRR

To develop a more comprehensive PRRR model, future research should consider the potential roles of other critical factors in influencing PRRR; for example, a retailer's reputation (low versus high) and geographical boundary between consumer and retailer (distant versus nearby). These factors were not examined in this research in order to reduce the complexity of the experimental design, to minimise the interaction effects and to avoid respondents' fatigue while answering the survey. The potential effects on PRRR of these additional factors are discussed below.

*Retailer's Reputation*

The perceived risk literature suggests the retailer's and company's reputation as a factor that may affect how consumers formulate their decision prior to purchase (e.g. Akaah and Koragaonkar, 1988; Gurhan-Canli and Batra, 2004; Roselius, 1971; Shimp and Bearden, 1982; Tan, 1999; Xie, Teo and Wan, 2006). Roselius (1971, p. 57) defines a risk reliever related to store image as "buying the brand that is carried by a store which you think is dependable, and relying on the reputation of the store". Store image has been acknowledged as a significant indicator that greatly influences the perception of various risk dimensions, such as time, psychological and financial risks (Roselius, 1971). For online shopping, Milne and Culnan (2004) found that a consumer's perception of online

privacy risk is especially high when they interact with a company or a website with little or no reputation, while Quelch and Klein (1996) argued that consumers favour websites that represent a retailer with which they are already familiar with through its offline stores. To reduce online privacy risk, consumers regard the company's reputation as a signal that provides assurances of the information safety (Gefen, Karahanna and Straub, 2003; Xie, Teo and Wan, 2006). From the service recovery literature, the role of company image has been highlighted in response to service failure, and its impact on customer loyalty has been investigated (Sajtos, Brodie and Whittome, 2010).

Based on the above evidence from the literature, the present research suggests that the retailer's reputation may be a factor that influences consumers' PRRR at the pre-purchase stage. When a consumer seeks redress from a retailer with an unknown or bad reputation, he or she may doubt how the complaint outcomes will unfold. This is because a retailer's reputation acts as an indicator of the company's reliability (Moorman and Deshpande, 1992) and quality (Andreassen and Lindestad, 1998a). Based on these arguments, it is likely that consumers' PRRR is higher when the purchase contexts involve a retailer with a bad or unknown reputation. A store with a good reputation is believed to be honest and concerned about its customers (Doney and Cannon, 1997). This increases consumers' confidence in their overall services and practices, thus lessens the need to depend on other cues. Company reputation can serve as a means to reduce uncertainty, thus encouraging transactions with the company (Xie, Teo and Wan, 2006). The proposition below is suggested for future research:

***Consumers' PRRR is higher for purchases from a retailer with an unknown or bad reputation compared to purchases that involve a retailer with a good reputation.***

### *Geographical Distance*

Perceived risk literature also indicates that geographical distance between the consumer and the retailer has effects on mutual interactions (Taylor, 1971; Senior, 1979), and hence, may impact consumers' overall perceived risk (Korgaonkar, 1982; Lim, 2003; Cho, 2010). Consumers perceive higher risk when they are not able to touch or feel the items prior to purchase, and have greater concerns about the hidden charges for shipping

or purchase taxes due to geographical distance (Cho, 2010). This factor is conceptually different from the retailer's country of origin (COO) factor that was investigated early on in this research. Retailer's COO (foreign versus local) deals with consumers' perception of a retailer that has different cultural values, attributes and interpersonal norms to themselves (i.e. language, communication, style, and demeanour), while retailer's geographical distance (far versus nearby) is a kind of cognitive distance that refers to "people's beliefs about distances between places in large-scale spaces, places which are far apart and obscured so as not to be visible from each other" (Montello, 1991, p. 101). In the geography literature, Taylor (1971) and Senior (1979) described the general distance decay model, which indicates that as distance increases there is a reduction in mutual interactions; and the gravity model that reflects how the geographical attractiveness of a physical company location diminishes as the distance to this location increases. It is believed that in order to overcome distance, consumers need to invest in physical effort and time resources, additional monetary expenditures and transportation costs. Cho (2010) claimed that perceived risk due to distance is related to consumers' accessibility, as it determines the different levels of interactions between retailers and customers (Cho, 2010). Distance is defined as "the need for accessibility by customers to a firm's physical service network such as headquarters office, distribution centre, or customer support centre that enables customers to have face-to-face contact with service providers when they need it" (Cho, 2007, p. 496).

Based on the arguments above, a retailer's geographical location (far versus nearby) may be a factor that influences consumers' PRRR prior to purchase. Specifically, the present research suggests that consumers perceive higher PRRR when dealing with a distant versus nearby retailer – consumers do not believe that distant retailers will do the "right thing" should something go wrong with their purchase, due to the geographical location and accessibility between retailers and consumers. Distant retailers give rise to a higher PRRR as purchases often involve hidden charges caused by shipping costs due to distance, and this is cumbersome when things go wrong with a purchase that may involve product return, reimbursement, money-back guarantee and other after-sale services. The fact that the retailer is located in a store nearby can reduce the amount of PRRR. This is

because consumers are aware that they can walk into the retailer's office or contact the store directly and easily as necessary if things go wrong after a purchase. The following research proposition is suggested to be tested in future research:

*Consumers' PRRR is higher for purchases from a distant retailer compared to purchases that involve a nearby retailer.*

### 9.4.2 Design of Experiment

Another limitation of this research is that the consumer preference for different complaint communication modes was not accounted for. Rather, each respondent was randomly assigned to a scenario which described only one of the complaint channels (either phone or email). Thus, another potential research direction could be to investigate how allowing consumers to choose their preferred complaint channel (i.e. phone, email, face-to-face, fax, letter, etc.) can affect their level of PRRR.

Besides that, using the nine categories of complain channel failures generated from Study 1 (content analysis), a counterbalanced within subjects experiment design could be conducted, where consumers read scenarios with a series of combined manipulations (e.g. online/offline, foreign/domestic, close/far geographical proximity, search good/experience good, among others). Given those combinations of purchase contexts, respondents are then asked to rate the likelihood of PRRR dimensions as well as the other risk dimensions (e.g. performance, financial, etc.) to occur. The sample should be large enough for this experiment design such that Confirmatory Factor Analysis CFA) could be conducted. Alternatively, depending on the number of ways of purchase context manipulations, the design could also consider the respondents to rank or rate their store preference given carefully selected combinations, thus running conjoint analysis. Doing so would probably illuminate the part-worths of PRRR dimensions. Other studies that incorporate similar research design and context to the one suggested by the reviewer, for example the study by Tan (1999), that utilises experimental design, conjoint analysis and part-worths plots of consumers' risk perception of Internet shopping, and the effectiveness of several risk-reducing strategies would be referred to as a guide.

### 9.4.3 Predictive Validity

Predictive validity is demonstrated by the correlation between the scale and the criterion variable (Nunnally and Bernstein, 1994). To further assess the predictive validity of the PRRR scale and to extend the PRRR theoretical model, a measure of future purchase intention could be employed as the criterion variable to address whether PRRR affects the decision to purchase. In the present research, Study 2 and 3 were both designed in the context of an individual having made a purchase, and then having done so to speculate on the likelihood of PRRR. Thus, as tested in these two studies, the researcher did not address pre-purchase evaluation, as well as the existing purchase risk literature that the research intends to extend and complement.

### 9.4.4 Sample Size for Exploratory Factor Analysis (EFA)

The sample size in Study 2 was too small (i.e. 95) to appropriately accomplish the EFA and establish the discriminant validity of the PRRR scale. Hair et al. (2010) recommends at least five times as many observations as variables for EFA, making a minimum sample size of 320 for 64 scale items used in this research. However, rather than using a sufficiently large sample (i.e. minimum of 320), three dimensions (i.e. either two PRRR dimensions and one Performance Risk dimension, or three PRRR dimensions) were randomly chosen to be analysed at a time. A series of PCA was repeated using the same 95 responses. Given that there were 10 dimensions being explored, there should be 120 combinations of three dimensions. However, Study 2 only examined 13 combinations of the dimensions. As one of the goal of Study 2 was to demonstrate discriminant validity, the outcome of which could very well be affected by the limited number of combination of dimensions examined (i.e. only 13).

### 9.4.5 Confirmatory Factor Analysis (CFA)

This research follows the guideline for scale development procedures by DeVellis (1991; 2003) and Comrey (1998), where they did not present CFA as a necessary step in scale

development. However, particular focus should be given to the role of Confirmatory Factor Analysis (CFA) – a Structural Equation Modeling (SEM) technique – as a more appropriate method for confirming the dimensionality, reliability, and construct validity of the PRRR scale found in the Exploratory Factor Analysis (EFA). CFA can increase confidence in the structure and psychometric properties of a proposed measure (Hair et al., 2006; Noar, 2003; Netemeyer et al., 2003; Gerbing and Anderson, 1988); however, a larger sample size is needed to improve the observation to item ratio. The sample size of 288 in Study 3 (main experiments) limited the types of analyses that can be done. If a split-half procedure is to be conducted (i.e. perform both EFA and CFA), then a sample size of 500 or more would be preferable to allow one portion of the data set to be used for EFA and the other portion for CFA.

## 9.5    Research Contributions and Implications

Despite the limitations, the present research was successful in determining a new type of perceived risk related to failed complaints or unsuccessful recourse and redress processes, creating a barrier to purchasing. This perceived shortcoming of complaint management systems is termed "perceived recourse and redress risk" (PRRR). This section presents the implications drawn from the results of this research. Firstly, theoretical implications are highlighted as contributions of this research to the body of related literature. Next, managerial implications are described to provide implications of this study to organisations, marketers, retailers or managers.

### 9.5.1   Theoretical Implications

This research offers several scholarly contributions. First, it complements and adds to the stream of perceived risk studies. The conceptualisation of PRRR has contributed to overall perceived risk dimensions (Cunningham, 1967; Jacoby and Kaplan, 1972; Jarvenpaa and Tood, 1996; Bhatnagar, Misra and Rao, 2000; Cho, Im, Hiltz and Fjermestad, 2001; Featherman and Pavlou, 2003; Forsythe, Liu, Shannon and Gardner, 2006; Cho, 2010). This PRRR research consisted of three separate studies, each with their

own set of objectives: Study 1 (content analysis), Study 2 (item refinement) and Study 3 (experiment). One of the objectives of Study 1 was to provide a comprehensive literature review on perceived purchase risks, with particular emphasis on the absence of research about risk related to failed complaints or unsuccessful recourse and redress processes. In Study 1, a historical overview of the evolution of the perceived risk construct in marketing since the 1960s was produced as an outcome of the review and synthesis of consumers' perceived purchase risk literature. From the matrix table and analysis, it was concluded that although knowledge about perceived risk has expanded over time, a few dimensions frequently appear and the trend in this research stream mainly focuses on financial, performance and physical risks. There is much less research on privacy, time and convenience risks. Further, fear associated with the absence of reliable complaint management systems has not been examined within the perceived risk theoretical context. The present research suggested that the previously identified perceived risk dimensions are inadequate for explaining consumers' reluctance to purchase in certain contexts. As was shown in this research, in certain purchase contexts, consumers consider the likely effectiveness of recourse and redress processes beforehand. If they are not convinced that these processes will yield a satisfactory outcome, they may not purchase a product, even if other types of risk are considerably low.

This research was successful in distinguishing PRRR, conceptually and empirically, from previous conceptions of purchase risks. The objective was achieved, where Study 1 conceptually compared and contrasted the proposed PRRR with those existing purchase risk dimensions, hence identifying the present thesis' theoretical contribution. PRRR was conceptualised as consumer's fear that a retailer's reaction and effort to remedy following a bad purchase will fail to result in satisfaction. In essence, existing perceived risk dimensions (i.e. product performance, financial, privacy, psychological, social, physical, temporal and convenience risks) refer to a *possible* problem after the purchase, while PRRR refers to a possible problem with the complaint process following a *definite* problem after the purchase. This type of risk has been largely overlooked in the perceived risk literature.

This research also contributes to our understanding of consumer complaint channels, an under-researched area in CCB research stream. Specifically, this research extends our understanding on the nature of complaint channel failures and the potentially risky purchase contexts that influence the salience of complaint channel failures (i.e. type of complaint channel used, purchase platform, and retailer's country of origin). Review of the literature revealed that there is abundant of research on failed service recovery, its relationship with complaint management, and its effect on consumers' satisfaction (McCollough, Berry and Yadav, 2000; Maxham and Netemeyer, 2002; Hess Jr., Ganesan and Klein, 2003; Mattila and Mount, 2006; Shapiro and Nieman-Gonder, 2006; Schoefer and Diamantopoulos, 2008b). Many studies have linked CCB and service recovery to perceived fairness theory (i.e. distributive/outcome justice, procedural justice, and interactional justice) (e.g. Blodgett, Hill, and Tax, 1997; Tax, Brown, and Chandrashekaran, 1998; Smith, Bolton and Wagner, 1999; Holloway, Wang and Parish, 2005; Shapiro and Nieman-Gonder, 2006; Vázquez-Casielles, Álvarez and Martín, 2010; Gelbrich and Roschk, 2011). What is lacking is research on how consumers reason regarding the effectiveness of complaint management, prior to making the actual purchase. Despite the growth of CCB research in general, complaint channels have received inadequate attention. More specifically, very little research has investigated the failure or breakdown of different complaint channels (Ahmad, 2002; Holloway and Beatty, 2003; Shapiro and Nieman-Gonder, 2006). This present research then adds to the small body of research investigating complaint channel failures (i.e. remote vs. interactive channel). The present research thus discussed complaint channel failures in light of the perceived risk literature; hence, it filled the gap by proposing different types of complaint channels as one of the potential factors influencing consumers' level of PRRR. This research provides insight that consumers using interactive complaint channels (phone) would perceive higher PRRR than those using remote complaint channels (email).

From the literature, it is also evident that no prior studies on complaint channel failures have developed quantifiable scales for use in further research. Although some studies have made an effort to investigate the responsiveness of complaint channels in resolving

problems (Ahmad, 2002; Mattila and Wirtz, 2004; Zaugg, 2006; Robertson and Shaw, 2006; Shapiro and Nieman-Gonder, 2006; Lee and Cude, 2012; Sandes and Urdan, 2013), such research is limited in evidence, conceptual development and theory. Complaint channel failures were only partially considered, as evident from a few indirect items or single-item measures embedded in previous questionnaires (e.g. in Miyazaki and Fernandez, 2001; Ahmad, 2002; Corbitt and Thanasankit, 2003; Holloway and Betty, 2003; Mattila and Wirtz, 2004; Teo and Liu, 2007). Formal scales for measuring constructs that are directly central to recourse and redress failures do not exist. Thus, the need for a scale to assess this type of purchase risk related to consumers' perceived lack of effective and efficient complaint management systems was justified and the PRRR scale was developed. The new PRRR scale was proposed as an extension to the perceived risk scales introduced and tested in previous research.

This research also extends our understanding of how purchase platform (online vs. offline) influences the way consumers evaluate the PRRR factors. Findings from this research seem to be consistent with other perceived risk research which found that consumers perceive higher risk when purchasing through online compared to offline (Bhatnagar, Misra and Rao, 2000; Xie, Teo and Wan, 2006; Forsythe, Liu, Shannon and Gardner, 2006; Ko, Jung, Kim and Shim, 2004; Harris, Grewal, Mohr and Bernhardt, 2006). This result suggests that when things go wrong with an online purchase, it would be more difficult for consumers to seek recourse and redress or solve their complaints compared to when purchases are made offline at the store.

It was also identified that no prior studies have investigated the relationship between COO and service recovery expectations. Most previous COO studies have only investigated how consumers use COO information to evaluate product quality, product risk and services. The closest research in this area that relates to service recovery has linked the COO effect only to supplementary services, which include warranties, guarantees or customer help lines. The present research was successful in filling the gap in the literature by examining how retailer's COO influences consumers' level of PRRR. Specifically, it was found from this research that when things went wrong with a

purchase, consumers perceived that it would be more difficult to resolve recourse and redress with a foreign retailer when compared to purchases that involved a locally-owned retailer. These findings adds to the current literature that shows how people feel more comfortable dealing with others who share similar culture, attributes and interpersonal norms to themselves (i.e. language, communication, style, demeanor), as it facilitates open communication, helps develop mutual understanding, and strengthens interpersonal bonding (Speece and Pinkaeo, 2002; Spake, Beatty, Brockman and Crutchfield, 2003; Hopkins, Hopkins and Hoffman, 2005; Ueltschy, Laroche, Eggert and Bindl, 2007).

From the literature, it was also found that previous research has only linked consumers' ethnocentrism to domestic versus foreign product evaluations, service quality, purchase intention, domestic versus foreign advertising, choice of store, as well as domestic versus foreign service providers (Shimp and Sharma, 1987; Pecotich, Pressley and Roth, 1996; Ruyter, Birgelen and Wetzels, 1998; Balabanis and Diamantopoulos, 2004; Chattalas, Kramer and Takada, 2008). The present study explored the effects of ethnocentrism by extending the construct to perceived risk theoretical context. Specifically, findings from this research indicate that consumers' level of ethnocentrism (either high or low) does not moderate the impact of retailer's COO (foreign or locally-owned) on PRRR. However, consumers' level of ethnocentrism influences the way consumers evaluate several factors of the PRRR which showed that high ethnocentric consumers perceive that it is more difficult for them to resolve recourse and redress when compared to low ethnocentric consumers.

### 9.5.2   Managerial Implications

This research contributed in terms of empirical appraisal or formal measurements for perceived risk related to failed complaint management systems. The PRRR scale developed in this research captures a variety of factors or dimensions on failed complaint management systems or recourse and redress failures. Hence, some types of research problems could lend themselves to the use of the PRRR scale, for instance, in perceived risk, CCB, service recovery, and service guarantee research. Understanding consumers'

perceived risk helps marketers to view the world through consumers' eyes (Mitchell, 1999). Therefore, it is critical for retailers and marketers to know the types of risk perceptions that individuals have before they consider purchasing a product or service. The present research was intended to improve our understanding of a type of risk (i.e. PRRR) that is related to consumers' perceived lack of effective and efficient complaint management systems, hence creating a barrier to purchase. This research showed that PRRR remains a key factor influencing purchases in certain product categories. Thus, reducing perceptions of consumers' lack of effective and efficient complaint management systems, especially to overcome "Unreturned", "Transferred", "Inaction" and "No Action due to Policy" PRRR factors, is a good opportunity for retailers to enhance their business.

The implication of this work is that the PRRR scale can be used to assist in the understanding of consumers' expectation of retailers' complaint management systems. Rather than speaking in general terms of potential inherent purchase risks related to failed service recovery, the focus can shift to a more specific level of analysis. This PRRR scale can further be used for organisations to audit their operations, especially their complaint management capability, before a service guarantee is offered. As this specific PRRR related to the pre-purchase evaluation stage is understood, organisations can improve their complaint management processes, and better risk-reducing system interfaces and mediums can be developed and communicated to consumers. The results of this research shed light on effective complaint management systems, particularly suggesting that certain changes in the way complaints are handled could result in different and more desirable consumer behaviours, perhaps affecting consumer loyalty. As shown in Study 1 content analysis findings, consumers may alter their purchase behaviour or engage in any number of negative actions based on the complaint management rendered by retailers (e.g. spread negative word of mouth, exit/boycott, switching or report to third party) (Day, 1980; Singh, 1990; Tax and Brown, 1998; Corbitt, Thanasankit and Yi, 2003; Holloway and Beatty, 2003; Hong and Lee, 2005).

Thus, to retain the customers, it is important for organisations to put in place efficient and effective complaint management systems (Ahmad, 2002). The complaint management

system should make filing a complaint easy, through a variety of complaint channels including phone and email (Ahmad, 2002; Mattila and Wirtz, 2004; Lee and Cude, 2012; Sandes and Urdan, 2013). The customer service representatives should be trained in the specific skill sets (i.e. communication, creative thinking, and decision-making skills) and encouraged to connect emotionally with the complainers and offer genuine efforts to resolve their problems (Kandampully, 1998; Ahmad, 2002). Further, customer service representatives should be empowered with the actual authority to act in order to achieve a successful service recovery (Hart et al., 1990; Shapiro and Nieman-Gonder; 2006).

Examining consumers' PRRR can provide retailers with direction to improve their business. A proper understanding of the several different media used to elicit complaints (i.e. complaint channels) in different purchase contexts and the reasons for their failures in such contexts may result in better strategies to address and resolve those complaints (Fornell and Westbrook, 1984; Lee and Cude, 2012; Sandes and Urdan, 2013). The findings from this research provide insights into the potentially risky purchase contexts that influence the salience of PRRR prior to making a purchase (i.e. complaint channel, purchase platform, retailer's country of origin, and ethnocentrism). Specifically, this research found that consumers' PRRR is likely to be higher when consumers seek redress with an interactive complaint channel (i.e. phone), for purchases made online, from a foreign retailer, and for consumers high in ethnocentrism. Also, some dimensions of PRRR such as "Unreturned", "Transferred", "Inaction", and "No Action due to Policy" showed more consistent significant effects than other dimensions. Thus, businesses should focus on those four PRRR dimensions more so than the other dimensions in order to provide efficient and effective complaint management systems to the consumers.

The implication of these findings to businesses is that consumers probably perceive the call centres to be unresponsive due to the fact that these centres are processing thousands of calls per hour, every day. In this context, phone may not be perceived as genuinely interactive anymore. Businesses should then realise that establishing and maintaining call centres probably may not be worth the investment in the long run, hence they must provide email communication as an alternative method to complain. If businesses realise

that phone communication is indispensable, they could reduce the need to transfer phone calls from one person to another or one department to another by using different phone numbers to identify why customers are calling. However, caution must be given as to not have too many numbers as this will confuse the consumers. Intelligent routing system could also be adopted to identify the consumer by their phone number, their likely enquiry and then map to the most appropriate person in-charge accordingly. Businesses must also reassure consumers that their complaints will be taken seriously and will be responded as quickly as possible. However, businesses must refrain from making promises that they cannot keep. Support staff must also be trained to inform consumers whether their problems can be resolved in the same day, or whether more time is needed to investigate and resolve their complaints. In all cases, businesses must take effort to inform consumers of the progress of their complaints. Businesses must have service recovery procedures as well as company complaint handling policies clearly put in place, and actively communicate those to consumers.

Findings from this study also have implications for the management of online businesses, especially the "click only" companies that do not have offline stores. Although it is important for all businesses, either online or offline, to get their complaint management systems just right in order to retain the customers, it is much crucial for online businesses. Online shopping is more impersonal and remote experience where there is nobody to talk to and nothing to see or touch. For online businesses, customer service is the only way to connect with the consumers and to convince them. Hence, online businesses should focus and drive all effort to improve on the three dimensions of PRRR, namely the "Transferred", "Inaction" and "No Action due to Policy". Online businesses should ensure that complaints reach the relevant department or personnel immediately once they are submitted and that the complaints are not passed around. Online businesses must also ensure to have enough manpower as their support team and always ready to work around the clock, 24 hours a day, and 7 days a week, to attend to consumers' enquiries. Online businesses could also invest in online customer service technologies including real-life chat, virtual agents, intelligent FAQs and email management software. A comprehensive and searchable FAQs section in their websites or email newsletters,

that includes information on "company policy", would enable consumers to obtain answers more quickly and remove the pressure off customer service staff.

For foreign retailers, in order to improve on the localisation of their customer service, they could invest in having a multilingual customer support team and the use of native-speaking contractors and translators to take care of customer enquiries. Thus, another implication of this research relates to how retailers are able to better match the customer service assistance that is provided in different consumer contexts. Managers are better able to handle consumers' PRRR when they are equipped with an improved understanding of consumers' attitudes toward complaint management in different purchase platforms, using different complaint channels, and involving different retailers' country of origin.

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**APPENDIX A**

**(RISK REDUCTION STRATEGIES)**

**Risk Reduction Strategies**

As explained in Chapter 2 (Literature Review), when a product's perceived risk exceeds the consumer's maximum tolerable level (i.e. extremely high), there are a few strategies for risk resolution (Roselius, 1971). A "risk reliever" is defined as any strategy, action or mechanism to reduce perceived risk until consumers feel confident enough to decide to purchase the product (Roselius, 1971; Cases, 2002). It is thus evident that, to attract prospective customers, retailers are required to reduce consumers' perceived risks at the pre-purchase evaluation stage.

Risk relievers involve interrelated contributions from economic, psychological, organisational, technological systems, and legal domains (Guerra, Zizzo, Dutton and Peltu, 2003). Many measures have been suggested by diverse paths of research to alleviate different types of purchase problems and mistakes (as in Grazioli and Jarvenpaa, 2000; Benantar, 2001; Miller, 2006; Lwin and Williams, 2006; Kim, Ferrin and Rao, 2008). Some measures taken are within a theoretical context, while some have been tested empirically using fieldwork. Table 1 lists studies examining several risk relievers. Risk relievers can entail both technological approaches and non-technological efforts.

From Table 1 below, it is obvious that different solutions have been offered to overcome different types of perceived purchase risks discovered by previous research. In spite all this, it is not as obvious from the literature how PRRR can be alleviated by adopting similar approaches below. Reducing PRRR has become more important now as consumers are realising that imperfect business transactions can occur both offline and online. Human mistakes and technological flaws are unavoidable, while the pervasive nature of service failures cannot be wholly eliminated. Hence, consumers still anticipate that things might go wrong with their purchase, despite the growing body of knowledge about different risks and their relievers for assisting consumers' purchase decisions.

**Table 1: Some of the risk reduction strategies from the perceived risk literature**

| Risk Reduction Strategies | Year | Dimensions | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Fin | Per | Phy | Pri | Psy | Soc | Tim | Con | Ovr | Rec |
| **Non-Technological Strategies:** | | | | | | | | | | | |
| **Warranties** | | | | | | | | | | | |
| - *Barsky* | 1995 | | | | | | | | | X | |
| - *Corbitt, Thanasankit, and Yi* | 2003 | | | | | | | | | X | |
| - *Lwin and Williams* | 2006 | | | | | | | | | X | |
| **Money-Back Guarantees** | | | | | | | | | | | |
| - *Roselius* | 1971 | | | | | | | | | X | |
| - *Akaah and Korgaonkar* | 1988 | | | | | | | | | X | |
| - *Tan* | 1999 | X | X | X | | X | X | X | | | |
| - *van den Poel and Leunis* | 1999 | | | | | | | | | X | |
| - *Corbitt, Thanasankit, and Yi* | 2003 | | | | | | | | | X | |
| - *Wang, Beatty, and Fox* | 2004 | | | | | | | | | X | |
| **Return Policies** | | | | | | | | | | | |
| - *Corbitt, Thanasankit, and Yi* | 2003 | | | | | | | | | X | |
| - *Wang, Beatty, and Fox* | 2004 | | | | | | | | | X | |
| **Service Guarantees** | | | | | | | | | | | |
| - *Kandampully and Butler* | 2001 | | | | | | | | | X | |
| **Alternative Dispute Resolution (ADR)** | | | | | | | | | | | |
| - *Guerra, Zizzo, Dutton and Peltu* | 2003 | | | | | | | | | X | |
| - *Miller* | 2006 | | | | | | | | | X | |
| **Regulation and Legislation** | | | | | | | | | | | |
| - *Guerra, Zizzo, Dutton and Peltu* | 2003 | X | | | X | | | | | | |
| **Rewards** | | | | | | | | | | | |
| - *Xie, Teo and Wan* | 2006 | | | | X | | | | | | |
| **Free Sample/Trial** | | | | | | | | | | | |
| - *Roselius* | 1971 | X | | | | | X | X | | | |
| - *Akaah and Korgaonkar* | 1988 | | | | | | | | | X | |
| - *Tan* | 1999 | X | X | X | | X | X | X | | | |
| **Brand's Reputation** | | | | | | | | | | | |
| - *Roselius* | 1971 | X | | | | | X | X | | | |
| - *Tan* | 1999 | X | X | X | | X | X | X | | | |
| - *Van den Poel and Leunis* | 1999 | | | | | | | | | X | |
| - *Mieres, Martin and Gutierrez* | 2006 | X | X | X | | X | X | X | | | |
| **Retailer's Reputation** | | | | | | | | | | | |
| - *Roselius* | 1971 | X | | X | | | X | X | | | |
| - *Akaah and Korgaonkar* | 1988 | | | | | | | | | X | |
| - *Tan* | 1999 | X | X | X | | X | X | X | | | |
| - *Yoon* | 2002 | | | | X | | | | | | |
| - *Gefen, Karahanna, and Straub* | 2003 | | | | X | | | | | | |
| - *Xie, Teo and Wan* | 2006 | | | | X | | | | | | |
| - *Mieres, Martin and Gutierrez* | 2006 | X | X | X | | X | X | X | | | |
| - *Kim, Ferrin, and Rao* | 2008 | X | | | X | | | | | | |
| **Partnerships**<br>(e.g., with other well-known businesses)<br>- *Corbitt, Thanasankit, and Yi* | 2003 | | | | | | | | | X | |

| | Year | Fin | Per | Phy | Pri | Psy | Soc | Tim | Con | Ovr | Rec |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Information Quality** | | | | | | | | | | | |
| - *Kim, Ferrin, and Rao* | 2008 | | | | | | | | | X | |
| **Endorsement** | | | | | | | | | | | |
| - *Roselius* | 1971 | | | | | | | | | X | |
| - *Akaah and Korgaonkar* | 1988 | | | | | | | | | X | |
| - *Tan* | 1999 | X | X | X | | X | X | X | | | |
| **Brand Loyalty/Experience** | | | | | | | | | | | |
| - *Roselius* | 1971 | | | | | | | | | X | |
| - *Akaah and Korgaonkar* | 1988 | | | | | | | | | X | |
| - *Mieres, Martin and Gutierrez* | 2006 | X | X | X | | X | X | X | | | |
| **Product Cost/Price** | | | | | | | | | | | |
| - *Roselius* | 1971 | | | | | | | | | X | |
| - *Akaah and Korgaonkar* | 1988 | | | | | | | | | X | |
| - *Grewal, Gotlieb and Marmorstein* | 1994 | X | X | | | | | | | | |
| - *Van den Poel and Leunis* | 1999 | | | | | | | | | X | |
| **Positive Word of Mouth** | | | | | | | | | | | |
| - *Roselius* | 1971 | X | | | | X | X | | | | |
| - *Corbitt, Thanasankit, and Yi* | 2003 | | | | | | | | | X | |
| **Online Shopping Experience** | | | | | | | | | | | |
| -*Forsythe, Liu, Shannon, and Gardner* | 2006 | X | X | | | | X | X | | | |

| **Risk Reduction Strategies** | **Year** | **Dimensions** | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | **Fin** | **Per** | **Phy** | **Pri** | **Psy** | **Soc** | **Tim** | **Con** | **Ovr** | **Rec** |
| **Technological Strategies:** | | | | | | | | | | | |
| **Privacy-Enhancing Technologies**<br>(e.g., encryption, public key infrastructure) | | | | | | | | | | | |
| - *Bimani* | 1996 | | | | X | | | | | | |
| - *Sherrard and Buchanan-Oliver* | 2000 | | | | X | | | | | | |
| - *Benantar* | 2001 | | | | X | | | | | | |
| **Online Privacy Notice** | | | | | | | | | | | |
| - *Culnan and Armstrong* | 1999 | | | | X | | | | | | |
| - *van den Poel and Leunis* | 1999 | | | | X | | | | | | |
| - *Milne and Culnan* | 2004 | | | | X | | | | | | |
| - *Wang, Beatty, and Fox* | 2004 | | | | X | | | | | | |
| - *Xie, Teo, and Wan* | 2006 | | | | X | | | | | | |
| **Third Party Seals and**<br>**Digital Certificates** | | | | | | | | | | | |
| - *Grazioli and Jarvenpaa* | 2000 | X | | | X | | | | | X | |
| - *Burke and Kovar* | 2000 | X | | | X | | | | | | |
| - *Miyazaki and Krishnamurthy (2000)* | 2000 | | | | X | | | | | | |
| - *Sherrard and Buchanan-Oliver* | 2000 | X | | | | | | | | | |
| - *Mauldin and Arunachalam* | 2002 | X | | | X | | | | | | |
| - *Hu, Lin, and Zhang* | 2003 | X | | | X | | | | | | |
| - *Kim, Ferrin, and Rao* | 2008 | X | | | X | | | | | | |
| **Alternative Mode of Payments**<br>(e.g., digital token, e-cash, virtual account) | | | | | | | | | | | |
| - *Guerra, Zizzo, Dutton and Peltu* | 2003 | X | | | X | | | | | | |

*Fin* – *Financial Risk;* *Per* – *Performance Risk;* *Phy* – *Physical Risk;* *Pri* – *Privacy Risk;* *Psy* – *Psychological Risk;* *Soc* – *Social Risk;* *Tim* – *Time Risk;* *Con* – *Convenience Risk;* *Ovr* – *Overall Risk;* *Rec* – *Recourse/Redress Risk*

## A. Non-technological Strategies

The influence of positive word of mouth, money back guarantees, return policies, warranties and partnerships with well-known businesses are thought to relieve consumers' perceived risk (Corbitt, Thanasankit and Yi, 2003). Concerns for financial, product performance and time/convenience loss are said to decline with increased online shopping experiences (Forsythe, Liu, Shannon and Gardner, 2006). Kim, Ferrin and Rao (2008) introduced a model representing factors that can be directly or indirectly controlled by vendors through website design (e.g. information quality and the conduct of business transactions in terms of business reputation) as risk relievers. Besides that, there is also strong evidence of the ability of rewards and a company's good reputation to decrease consumers' perceived privacy risk (Xie, Teo and Wan, 2006).

### *Warranties and Money-Back Guarantees*

Warranties are a form of safeguard or safety net, and can be legally enforced. In certain industries, such as computer manufacturing, warranties are expected by the consumers. Companies are expected to stand behind their products so that potential harm to a company's reputation or court litigation could hinder them from acting dishonestly with respect to warranties (Grazioli and Jarvenpaa, 2000). Warranties are normally manifest in the form of statements about product quality or performance, and are considered an important part of a firm's marketing strategy, based on the assumption that consumers will perceive a product to be of higher quality when such statements are present versus when they are not (Barsky, 1995). The presence of a website warranty significantly influences consumer perception that the risk associated with online shopping is reduced (Lwin and Williams, 2006). A money-back guarantee (Corbitt, Thanasankit and Yi, 2003) is another kind of safeguard demanded by customers to reduce their perceived risks.

### *Alternative Dispute Resolution (ADR)*

Another strategy that is believed to reduce overall perceived risk is the availability of alternative dispute resolution (ADR) procedures (Guerra, Zizzo, Dutton and Peltu, 2003; Miller, 2006). When consumer attempts to fix a problem directly with the business are

not successful, ADR is a quicker and cheaper option to resolve disputes rather than taking matters to court. It involves mediation and arbitration using a neutral third party, and is increasingly used by consumers and retailers (OECD, 2002). A mediator is the third party that aids the consumer and retailer to resolve the problem and arrive at an agreement through a facilitated dialogue, but is not involved in the decision making; while an arbitrator is the third party who gathers information from both consumers and retailers and makes a decision.

*Regulation and Legislation*

Different regulatory and legal frameworks are established to address different risk concerns. For example, there are laws that have been motivated by concerns over consumer protection from computer-based crime (Guerra, Zizzo, Dutton and Peltu, 2003). Crimes related to electronic systems (e.g. financial fraud, identity theft, unauthorised access, network disruption, phishing, privacy infringements, computer espionage and piracy) have led to computer-related laws such as criminal information legislation enacted in US, UK, Germany and Sweden, and the Electronic Funds Transfer Act of America. The laws include some regulations that limit the collection of consumers' personal data, emphasise on clearly specified uses of the personal data, and underline the importance of security safeguards to protect those data (OECD, 2002).

**B. Technological Strategies**

Although security is perceived by some to be a significant barrier to Internet shopping, Peterson, Balasubramanian and Bronnenberg (1997) argue that the issue of transaction security is a short-term technological problem. Research to improve financial security on the Internet is endless, especially from the computer science and business information system domains. There are some trust-enhancing technological products and services already in the market to decrease perceived risk.

*Privacy-Enhancing Technologies (PETs)*

In order to decrease consumers' perceived risk, retailers are continuously looking for an approach that signals the security of financial transactions on their online shopping sites. Security technologies, such as encryption and digital certificates embedded into websites, have caught the attention of practitioners and researchers (Grazioli and Jarvenpaa, 2000; Bhatnagar, Misra and Rao, 2000). These technologies are designed to avoid third party tampering and eavesdropping and help protect the privacy and integrity of the communications between parties in online shopping. The use of Internet public key infrastructure in e-commerce sites (Benantar, 2001), and Securing Commercial Internet (Bhimani, 1996) are other efforts to decrease privacy risk. Instruments such as online privacy notices and the Platform for Privacy Protection (P3P) are also devised to promote personal information disclosure in the Web environment (Xie, Teo and Wan, 2006; Rifon, LaRose and Choi, 2005; Milne and Culnan, 2004; Das et al., 2003; Culnan and Armstrong, 1999).

Privacy-enhancing technologies (PETs) is another strategy that has been introduced to diminish consumers' perceived risk (OECD 2001). PETs are technological tools that offer a range of functionalities, such as the capability to filter "cookies" and other tracking technologies, and to provide consumers with data protection via encryption. PETs also allow for "anonymous" web browsing and email, and provide automated management of individual data on a consumer's behalf. PETs are also employed to notify consumers if a website is in violation of a particular privacy principle, and to block this unsafe site from taking a particular action without the consumer's consent.

*Third Party Seals*

Consumers' reliance in the presence of assurance mechanisms and trust mechanisms, such as third party seals, decreases their perceived risk, which in turn increases trust toward the online store (Grazioli and Jarvenpaa, 2000). An Internet seal is a means of authenticating the identity of a site and of assuring that the site possesses some desirable property (e.g. high security standards) that has been verified by a trusted third party. For

instance, the "CPA WebTrust" Seal issued by the American Institute of CPA; the "BBBOnLine" seal made available by the Bureau of Better Business; the "SureServer" seal by Wells Fargo; and the "SecureSite" seal by Verisign, indicate that the websites displaying them adopt up-to-date security technology and are registered with a bank or associated with a valid company. Seals are based on digital certificate technology (Grazioli and Jarvenpaa, 2000). The presence of third party seals does decrease consumers' perceived risk (Kim, Ferrin and Rao, 2008). These results still emphasise that third-party seals are an important factor in online commerce because they impact on purchase intentions and decisions by reducing consumers' perceptions of risk. Previous research testifies that the presence of assurance seals has a significant impact on consumers' trust of online transactions (Hu, Lin and Zhang, 2003; Kovar, Burke and Kovar, 2000; Mauldin and Arunachalam, 2002; Zhang, 2004)

*Alternative Mode of Payments*

One trust-enhancing innovation that seeks to substitute the use of credit cards in e-commerce transactions is the "digital token" (Guerra, Zizzo, Dutton and Peltu, 2003), which is also known as e-cash, digital cash, or virtual accounts (Rothfeder, 1997; Bhatnagar, Misra and Rao, 2000) which are obtained from "token" suppliers. This electronic money is used as an alternative mode of payment, instead of credit cards and real money, in online transactions. Digital tokens reduce consumers' perceived financial and privacy risk as they only record and collect data between the consumer and token suppliers' interaction, rather than between consumer and retailer.

# APPENDIX B

# (SCENARIOS FOR STUDY 3 –

# MAIN EXPERIMENTS)

# EXPERIMENT I

| Group | Experiment I | |
|---|---|---|
| | **Purchase Platform** | **Complaint Channel** |
| 1 | - (online) | - (remote) |
| 2 | + (offline) | - (remote) |
| 3 | - *(online) | + *(interactive) |
| 4 | + *(offline) | + *(interactive) |
| Product | *Clothing (interview business suit) | |
| Purchase Problem | *Overcharged payment | |

*The scenarios were also tested earlier during Study 2 (item refinement)*

**GROUP 1 (Manipulations: Online Purchase Platform x Remote Complaint Channel)**

Imagine that you decide to get yourself a new business suit for an important interview.

You search the websites of several available *online clothing stores* and decide to purchase at *www.XYZ.com*. The *website* displays the clothing and apparel with product codes, product descriptions, and photographic images. All products are arranged in categories (i.e. coats, t-shirts, jeans, dresses, etc.) on the *website*, and shoppers can choose to purchase products using the shopping cart function.

You select the business suit, place it in the electronic shopping cart, and fill out the payment and delivery information on the website. All of the information you provide to XYZ.com is correct and accurate at the time of purchase. The business suit is on sale and you only need to pay $150 for the purchase, instead of the recommended retail price of $300.

After 2 weeks, you realise from your credit card statement that *you were charged $300,* even though you were *supposed to be billed only $150. Thus, you have been overcharged by $150.*

You decide to contact XYZ.com to correct this error. You search for the *customer service email address* on the retailer's website. You decide to lodge a complaint *via email,* as advised by the retailer.

**GROUP 2 (Manipulations: Offline Purchase Platform x Remote Complaint Channel)**

Imagine that you decide to get yourself a new business suit for an important interview.

You search for information about *clothing stores* and decide to shop at a store named *XYZ in the city*. The company has *five retail stores* that are located in different areas.

At the store, you select the business suit, before negotiating the final price with a shop assistant. The shop assistant agrees to give a discount so that you only need to pay $150 for the purchase, instead of the marked retail price of $300. She then writes the payment details on a hand-written receipt. You go to the cashier to pay with a credit card. However, the credit card payment system is not working. The cashier takes your credit card details, scans the business suit's barcode and refers to the information on the hand-written receipt. You feel satisfied with the purchase and go home.

After 2 weeks, you realise from your credit card statement that *you were charged $300,* even though you were *supposed to be billed only $150. Thus, you have been overcharged by $150.*

You decide to contact XYZ to correct this error. You search for the *customer service email address*. You decide to lodge a complaint *via email,* as advised by the retailer.

**GROUP 3 (Manipulations: Online Purchase Platform x Interactive Complaint Channel)**

Imagine that you decide to get yourself a new business suit for an important interview.

You search the websites of several available *online clothing stores* and decide to purchase at *www.XYZ.com.* The *website* displays the clothing and apparel with product codes, product descriptions, and photographic images. All products are arranged in categories (i.e. coats, t-shirts, jeans, dresses, etc.) on the *website*, and shoppers can choose to purchase products using the shopping cart function.

You select the business suit, place it in the electronic shopping cart, and fill out the payment and delivery information on the website. All of the information you provide to XYZ.com is correct and accurate at the time of purchase. The business suit is on sale and you only need to pay $150 for the purchase, instead of the recommended retail price of $300.

After 2 weeks, you realise from your credit card statement that *you were charged $300,* even though you were *supposed to be billed only $150. Thus, you have been overcharged by $150.*

You decide to contact XYZ.com to correct this error. You search for the *customer service toll-free number* on the retailer's website. You decide to lodge a complaint *via phone,* as advised by the retailer.

**GROUP 4 (Manipulations: Offline Purchase Platform x Interactive Complaint Channel)**

Imagine that you decide to get yourself a new business suit for an important interview.

You search for information about *clothing stores* and decide to shop at a store named *XYZ in the city.* The company has *five retail stores* that are located in different areas.

At the store, you select the business suit, before negotiating the final price with a shop assistant. The shop assistant agrees to give a discount so that you only need to pay $150 for the purchase, instead of the marked retail price of $300. She then writes the payment details on a hand-written receipt. You go to the cashier to pay with a credit card. However, the credit card payment system is not working. The cashier takes your credit card details, scans the business suit's barcode and refers to the information on the hand-written receipt. You feel satisfied with the purchase and go home.

After 2 weeks, you realise from your credit card statement that *you were charged $300,* even though you were *supposed to be billed only $150. Thus, you have been overcharged by $150.*

You decide to contact XYZ to correct this error. You search for the *customer service toll-free number.* You decide to lodge a complaint *via phone,* as advised by the retailer.

# EXPERIMENT II

| Group | Experiment II | |
| --- | --- | --- |
| | **Purchase Platform** | **Retailer's Country of Origin** |
| 1 | + (offline) | + (local) |
| 2 | - (online) | + (local) |
| 3 | + (offline) | - (foreign) |
| 4 | - (online) | - (foreign) |
| Product | Glassware (glass set) | |
| Purchase Problem | Broken items | |

**GROUP 1 (Manipulations: Offline Purchase Platform x Local-Owned Retailer)**

Imagine that you decide to get yourself a nice set of six glasses to match your dinner plates for a special occasion.

You search for information about *kitchenware stores* and decide to shop at a store named *ABC in the city.* The company has *five retail stores* that are located in different areas.

From the company's brochure, it comes to your attention that ABC is a *locally owned and operated* retailer. ABC operates in *multiple locations throughout Australia.*

At the store, you search for the matching glass set, but the specific set you wanted is out of stock. You are offered an option for the glass set you wanted to be delivered to your home address in 5 working days. You accept the offer due to the special discounts, then go to the cashier and pay for the glass set. All of the delivery information you provide to ABC is correct and accurate at the time of purchase.

*After 5 days, the glass set arrives and you sign the delivery confirmation. You open the box and realise that two of the glasses are broken.*

You decide to contact ABC to correct this error. You decide to lodge a complaint via either phone or email, as advised by the retailer.

**GROUP 2 (Manipulations: Online Purchase Platform x Local-Owned Retailer)**

Imagine that you decide to get yourself a nice set of six glasses to match your dinner plates for a special occasion.

You search the websites of several available *online kitchenware stores* and decide to purchase at *www.ABC.com.* The *website* displays the kitchenware items with product codes, product descriptions, and photographic images. All products are arranged in categories (i.e. glasses, plates, cutleries, etc.) on the *website*, and shoppers can choose to purchase products using the shopping cart function.

From the company's website, it comes to your attention that ABC.com is a *locally owned and operated* retailer. ABC.com operates in *multiple locations throughout Australia*.

You select the matching glass set, place it in the electronic shopping cart, and fill out the payment and delivery information on the website. The glass set will be delivered to your home address in 5 working days. All of the delivery information you provide to ABC.com is correct and accurate at the time of purchase.

*After 5 days, the glass set arrives and you sign the delivery confirmation. You open the box and realise that two of the glasses are broken*.

You decide to contact ABC.com to correct this error. You decide to lodge a complaint via either phone or email, as advised by the retailer.

**GROUP 3 (Manipulations: Offline Purchase Platform x Foreign-Owned Retailer)**

Imagine that you decide to get yourself a nice set of six glasses to match your dinner plates for a special occasion.

You search for information about *kitchenware stores* and decide to shop at a store named *ABC in the city.* The company has *five retail stores* that are located in different areas.

From the company's brochure, it comes to your attention that ABC is a *foreign owned and operated* retailer. ABC operates in *multiple locations in another country,* and has only recently moved to Australia.

At the store, you search for the matching glass set, but the specific set you wanted is out of stock. You are offered an option for the glass set you wanted to be delivered to your home address in 5 working days. You accept the offer due to the special discounts, then go to the cashier and pay for the glass set. All of the delivery information you provide to ABC is correct and accurate at the time of purchase.

*After 5 days, the glass set arrives and you sign the delivery confirmation. You open the box and realise that two of the glasses are broken.*

You decide to contact ABC to correct this error. You decide to lodge a complaint via either phone or email, as advised by the retailer.


**GROUP 4 (Manipulations: Online Purchase Platform x Foreign-Owned Retailer)**

Imagine that you decide to get yourself a nice set of six glasses to match your dinner plates for a special occasion.

You search the websites of several available *online kitchenware stores* and decide to purchase at *www.ABC.com.* The *website* displays the kitchenware items with product codes, product descriptions, and photographic images. All products are arranged in categories (i.e. glasses, plates, cutleries, etc.) on the *website*, and shoppers can choose to purchase products using the shopping cart function.

From the company's website, it comes to your attention that ABC.com is a *foreign owned and operated* retailer. ABC.com operates in *multiple locations in another country,* and has only recently moved to Australia.

You select the matching glass set, place it in the electronic shopping cart, and fill out the payment and delivery information on the website. The glass set will be delivered to your home address in 5 working days. All of the delivery information you provide to ABC.com are correct and accurate at the time of purchase.

*After 5 days, the glass set arrives and you sign the delivery confirmation. You open the box and realise that two of the glasses are broken.*

You decide to contact ABC.com to correct this error. You decide to lodge a complaint via either phone or email, as advised by the retailer.

# APPENDIX C

# (SAMPLE OF QUESTIONNAIRE –

# FOR GROUP 1)

# PERCEPTIONS OF RETAILERS'
# COMPLAINT MANAGEMENT SYSTEMS

## **GROUP 1**

**Welcome and thank you for taking the time to participate in this online study.**

This study is part of a PhD thesis at The University of Sydney, Australia. It explores consumer complaint behaviour when things go wrong with a purchase. Hence, the information that you provide will help organisations to improve their complaint management processes, which in turn will help consumers receive better service.

This study should take approximately 45 minutes to complete. As an incentive for you to complete this study, you will be awarded 2% of your overall course marks.

All of the information that you provide will be treated with confidentiality. The results of this study will be published in the academic literature and at academic conferences. No individuals will be identifiable in the report, and all data obtained through this study will be kept in a locked office at The University of Sydney, Australia. Should you wish to withdraw from this study, all relevant information you have provided will be deleted from the records. If you have any queries about the questionnaire or the research, please feel free to contact the researchers at charles.areni@sydney.edu.au or zsul2103@uni.sydney.edu.au

Your participation is greatly appreciated!

There are 32 questions in this survey.

**PARTICIPANT INFORMATION STATEMENT**

Please read this information carefully.

(1)     What is the study about?

We are interested in how people evaluate their experiences with retailers' complaint management systems.

(2)     Who is carrying out the study?

This study is being conducted by Professor Charles Areni, Dr Rohan Miller and Zuraidah Sulaiman in the Discipline of Marketing, Business School.

(3)     What does the study involve?

You will be asked to read TWO scenarios and then answer a series of questions about your perceptions on retailers' complaint management systems and redress seeking procedures if things go wrong with a purchase, as depicted in the scenarios.

(4)     How much time will the study take?

The entire session, including the questionnaires, takes around 45 minutes.

(5)     Can I withdraw from the study?

Being in this study is completely voluntary – you are not under any obligation to consent and, if you do consent, you can withdraw at any time without affecting your relationship with the researchers or The University of Sydney. However, if you do choose to withdraw from this study you will not receive course credit for your participation.

(6)     Will anyone else know the results?

All aspects of this study, including results, will be strictly confidential and only the researchers will have access to information on participants. A report of the study may be submitted for publication, but individual participants will not be identifiable in such a report.

(7)     Will the study benefit me?

The results of this study will help organisations to improve their complaint processes, which in turn will help you to receive better service.

(8)     <u>Can I tell other people about the study?</u>

We would appreciate it if you did not communicate with others about the details of this study after completion, especially other students in the Business School. Any discussion could affect the results obtained from subsequent participants in the study.

(9)     <u>What if I require further information?</u>

When you have read this information, Professor Areni (contactable on 9351 6485) will be happy to discuss it with you further and answer any questions you may have.  If you would like to know more at any stage, please feel free to contact either researcher.

(10)    <u>What if I have a complaint or concerns?</u>

Any person with concerns or complaints about the conduct of a research study can contact the Deputy Manager, Human Ethics Administration, University of Sydney, on +61 2 8627 8176 (Telephone); +61 2 8627 8177 (Facsimile) or ro.humanethics@sydney.edu.au (Email).

**PARTICIPANT CONSENT**

In giving my consent to participate in this study, I acknowledge that:

(1) The procedures required for the study and the time involved have been explained to me, and any questions I have about the study have been answered to my satisfaction.

(2) I have read the Participant Information Statement on the previous page, and have been given the opportunity to discuss the information and my involvement in the project with the researcher/s.

(3) I understand that I can withdraw from the study at any time without affecting my relationship with the researcher(s), any of my lecturers, the Business School or the University of Sydney now or in the future. However, if I withdraw from the study I will not receive course credit for my participation.

(4) I understand that my involvement is strictly confidential and no information about me will be used in any way that reveals my identity.

(5) I understand that being in this study is completely voluntary – I am not under any obligation to consent.

(6) I understand that I can stop the study at any time if I do not wish to continue and that any information collected from me up until that point will be erased or destroyed.

Do you give consent for your participation in the study, and are you ready to proceed?

Please choose only one of the following:

- ⭘Yes
- ⭘No

## INSTRUCTIONS

Your cooperation in reading and following the instructions below is appreciated.

1) This study seeks to understand your experiences with retailers' complaint management systems when things go wrong with a purchase. Imagine yourself as a consumer who is trying to correct an unsatisfactory purchase incident. For example, you may require something like a replacement, refund (full or partial), repair, or some other solution from the retailer.

2) Please read SCENARIO 1 and SCENARIO 2 carefully, then proceed to answer the questions that follow each scenario.

3) Many of the questions will require you to draw upon your prior knowledge of purchasing and complaining if you have previously encountered a problem with a purchase. There are no right or wrong answers. We are simply interested in your personal opinions.

4) For each question, on a scale of 1 to 7 (where 1 = *Very Unlikely* and 7 = *Very Likely)*, please indicate the possibility of the events happening when you complain.

5) Please indicate your response by clicking on the slider provided. When a value appears at the position that you select, the question has been completed. You can then move to the next question. You may change your answer by simply clicking at another position on the slider.

6) Please make sure that you answer ALL questions, although some might appear to be similar.

7) You can refer to the scenario again at any time while answering the questions.

**SCENARIO 1**

*Imagine that you decide to get yourself a new business suit for an important interview.*

*You search the websites of several available online clothing stores and decide to purchase at www.XYZ.com. The website displays the clothing and apparel with product codes, product descriptions and photographic images. All products are arranged in categories (i.e. coats, t-shirts, jeans, dresses, etc.) on the website, and shoppers can choose to purchase products using the shopping cart function.*

*You select the business suit, place it in the electronic shopping cart, and fill out the payment and delivery information on the website. All of the information you provide to XYZ.com is correct and accurate at the time of purchase. The business suit is on sale and you only need to pay $150 for the purchase, instead of the recommended retail price of $300.*

*After two weeks, you realise from your credit card statement that you were charged $300, even though you were supposed to be billed only $150. Thus, you have been overcharged by $150.*

*You decide to contact XYZ.com to correct this error. You search for the customer service email address on the retailer's website. You decide to lodge a complaint via email, as advised by the retailer.*

The following statements refer to the possible situations that you might encounter <u>when you try to make the initial contact</u> with XYZ.com.

Drawing from your previous experience with complaint procedures and thinking about the scenario with the XYZ.com retailer, and the overcharged payment problem, please rate the likelihood that the following outcomes would occur when you try to fix the problem with XYZ.com using email.

**<u>A: Invalid/Not Available</u>** *(variable name is hidden from respondent)*

**A1**     I would not be able to contact the retailer because the customer service contact details would not exist.

**A2**     I would not be able to contact the retailer because there would be an error or typo in the customer service contact details.

**A3**     I would not be able to contact the retailer because no customer service contact details would be provided by the retailer.

**<u>B: Unreturned/No Response</u>** *(variable name is hidden from respondent)*

**B4**     I would find that my complaint would not be responded to by anyone.

**B5**     I would think that the customer support service was always busy.

**B6**     I would be responded to by an automated response system saying that the customer service representative is busy.

The following statements refer to the possible situations that you might encounter <u>after you attempt to establish the initial contact </u>with XYZ.com.

Drawing from your previous experience and thinking about the scenario with the XYZ.com retailer, and the overcharged payment problem, please rate the likelihood that the following outcomes would occur when you try to fix the problem with XYZ.com using email.

**C: No Urgency** *(variable name is hidden from respondent)*

**C7**    I would only receive a response from the retailer after leaving several messages on the automated response system.

**C8**    A long time would pass before I would receive the first response from the retailer.

**C9**    I would have to contact the retailer several times before somebody responded to my complaint.

**D: Transferred** *(variable name is hidden from respondent)*

**D10**    I would be served by the right person in the company without my complaint being passed around from one person to another.

**D11**    I would find that my initial complaint would be transferred from one person to another.

**D12**    My complaint would be transferred from one branch to another before my problem was resolved.

**D13**    My complaint would reach the right department in the company the first time.

**E: Rudeness** *(variable name is hidden from respondent)*

**E14**    The employee would be rude, ignorant and not bother to introduce him/herself when I contacted the company.

**E15**    The employee would end the communication when I tried to fix the problem.

**E16**    The employee would use abusive and unacceptable language or use negative tone during our communication.

**E17**    The employee would provoke me when I tried to fix the problem.

Assuming that you had finally managed to reach the intended responsible employee at XYZ.com, the following questions refer to the possible situations that you might encounter next.

Still thinking about the scenario with the XYZ.com retailer, and the overcharged payment problem, please rate the likelihood that the following outcomes would occur when you try to fix the problem with XYZ.com using email.

**F: Inaction/Hanging/Uninterested** *(variable name is hidden from respondent)*

**F18**    I would be left without any status updates of my problem.

**F19**    I would receive a follow-up response as promised by the company.

**F20**    I would be given a satisfactory explanation and/or the solution that I was supposed to receive.

From the scenario, you have been overcharged and denied a $150 discount promised by XYZ.com. Assuming that you had finally managed to reach the intended responsible employee at XYZ.com, the following statements refer to the possible situations that you might encounter in regard to XYZ.com company's policy.

Still thinking about the scenario with the XYZ.com retailer, and the overcharged payment problem, please rate the likelihood that the following outcomes would occur when you try to fix the problem with XYZ.com using email.

**G: No Action due to Policy** *(variable name is hidden from respondent)*

**G21**    I would be informed that there was nothing the company could do to fix my problem because the payment overcharged problem was my issue with the bank/financial institution, and not an issue with the company.

**G22**    I would be denied as the company would claim that I failed to provide a proper proof of purchase other than the receipt.

**G23**    I would find that the company would hide behind policy and guidelines to avoid solving my problem.

**G24**    The company would inform me that the situation was out of their hands and they had no control over the problem.

Assuming that XYZ.com had ultimately promised to offer a solution to your problem, the following statements refer to the possible situations that you might still encounter.

Still thinking about the scenario with the XYZ.com retailer, and the overcharged payment problem, please rate the likelihood that the following outcomes would occur when you try to fix the problem with XYZ.com using email.

**H: Extended Delay** *(variable name is hidden from respondent)*

**H25**   I would expect the company to not honour the promised delivery time to correct the problem.

**H26**   I would anticipate that the company would exceed its stated time frame to correct the problem.

**H27**   I would anticipate a delay that would exceed the company's specified response time, when they corrected problem.

**H28**   I would have to wait less time (either minutes/hours/days) than promised for the company to correct the problem.

**I: Wrong Solution** *(variable name is hidden from respondent)*

**I29**   I would find that the solution given by the employee would fail to correct the problem.

**I30**   I would find that my problem would become worse with the given solution.

**I31**   I would anticipate that the dissatisfying situation would be improved with the given solution.

**I32**   I would have more problems now with the given solution when compared to before I contacted the company.

The following statements refer to your <u>overall perceptions about the retailer.</u>

On a scale of 1 to 7 (where 1 = *Strongly Disagree* and 7 = *Strongly Agree)*, please indicate the extent to which you disagree or agree with each statement:

**J: Manipulation Check** *(variable name is hidden from respondent)*

**J35**    I would need the Internet to purchase from the retailer.

**J36**    I believe that the method to lodge the complaint allows for a fast two-way communication.

**O: Overall Perceived Risk** *(variable name is hidden from respondent)*

**O51**    I believe that, in general, purchasing products from the retailer is risky.

**O52**    I feel comfortable purchasing products from the retailer.

**O53**    I believe that the level of uncertainty is high when purchasing products from the retailer.

**O54**    I would label the option of purchasing products from the retailer as something positive.

The following statements refer to your perceptions about the <u>business suit</u> purchased in the scenario.

On a scale of 1 to 7 (where 1 = *Strongly Disagree* and 7 = *Strongly Agree)*, please indicate the extent to which you disagree or agree with each statement:

**L: Performance Risk** *(variable name is hidden from respondent)*

**L38**    I believe that the business suit purchased may be of inferior quality.

**L39**    I believe that the business suit would provide the level of benefit that I would be expecting.

**L40**    I believe that I will be likely to have problems with the performance of the business suit.

**L41**    I believe that the business suit would function satisfactorily.

**L42**    I believe that the business suit would not meet my needs and desires very well.

**L43**    I believe that the business suit would perform as I expected it to do.

**M: Financial Risk** *(variable name is hidden from respondent)*

**M44**    I believe that purchasing the business suit is risky considering the monetary investment involved.

**M45**    I believe that purchasing the business suit would cause me to lose money because of the possibility of maintenance and/or repair costs.

**M46**    I believe that purchasing the business suit is risky, given the potential financial expenses associated with the purchase.

**N: Time and Convenience Risk** *(variable name is hidden from respondent)*

**N47**    I believe that purchasing the business suit would be a waste of time and effort due to its bad result.

**N48**    I believe that purchasing the business suit would be a waste of time and effort if I have to change it later.

**N49**    I believe that I would waste time and effort with possible complaints and refunds as a consequence of purchasing the business suit.

**N50**    I believe that purchasing the business suit would be a nuisance due to wasted time and effort caused by purchasing something that is worthless.

**SCENARIO 2**

*Imagine that you decide to get yourself a nice set of six glasses to match your dinner plates for a special occasion.*

*You search for information about kitchenware stores and decide to shop at a store named ABC in the city. The company has five retail stores that are located in different areas.*

*From the company's brochure, it comes to your attention that ABC is a locally owned and operated retailer. ABC operates in multiple locations throughout Australia.*

*At the store, you search for the matching glass set, but the specific set you wanted is out of stock. You are offered an option for the glass set you wanted to be delivered to your home address in five working days. You accept the offer due to the special discounts, then go to the cashier and pay for the glass set. All of the delivery information you provide to ABC is correct and accurate at the time of purchase.*

*After five days, the glass set arrives and you sign the delivery confirmation. You open the box and realise that two of the glasses are broken.*

*You decide to contact ABC to complain and correct this error. You decide to lodge a complaint via either phone or email, as advised by the retailer.*

The following statements refer to the possible situations that you might encounter <u>when you try to make the initial contact</u> with ABC.

Drawing from your previous experience with complaint procedures and thinking about the scenario with the ABC retailer, the broken items problem and your complaint, please rate the likelihood that the following outcomes would occur when you try to fix the problem with ABC.

**A: Invalid/Not Available** *(variable name is hidden from respondent)*

**A1**    I would not be able to contact the retailer because the customer service contact details would not exist.

**A2**    I would not be able to contact the retailer because there would be an error or typo in the customer service contact details.

**A3**    I would not be able to contact the retailer because no customer service contact details would be provided by the retailer.

**B: Unreturned/No Response** *(variable name is hidden from respondent)*

**B4**    I would find that my complaint would not be responded to by anyone.

**B5**    I would think that the customer support service was always busy.

**B6**    I would be responded to by an automated response system saying that the customer service representative is busy.

The following statements refer to the possible situations that you might encounter <u>after you attempt to establish the initial contact</u> with ABC.

Drawing from your previous experience and thinking about the scenario with the ABC retailer, the broken items problem and your complaint, please rate the likelihood that the following outcomes would occur when you try to fix the problem with ABC.

**C: No Urgency** *(variable name is hidden from respondent)*

C7      I would only receive a response from the retailer after leaving several messages on the automated response system.

C8      A long time would pass before I would receive the first response from the retailer.

C9      I would have to contact the retailer several times before somebody responded to my complaint.

**D: Transferred** *(variable name is hidden from respondent)*

D10    I would be served by the right person in the company without my complaint being passed around from one person to another.

D11    I would find that my initial complaint would be transferred from one person to another.

D12    My complaint would be transferred from one branch to another before my problem was resolved.

D13    My complaint would reach the right department in the company the first time.

**E: Rudeness** *(variable name is hidden from respondent)*

E14    The employee would be rude, ignorant and not bother to introduce him/herself when I contacted the company.

E15    The employee would end the communication when I tried to fix the problem.

E16    The employee would use abusive and unacceptable language or use negative tone during our communication.

E17    The employee would provoke me when I tried to fix the problem.

Assuming that you <u>had finally managed to reach the intended responsible employee</u> at ABC, the following questions refer to the possible situations that you might encounter next.

Still thinking about the scenario with the ABC retailer, the broken items problem and your complaint, please rate the likelihood that the following outcomes would occur when you try to fix the problem with ABC.

**F: Inaction/Hanging/Uninterested** *(variable name is hidden from respondent)*

**F18**   I would be left without any status updates of my problem.

**F19**   I would receive a follow-up response as promised by the company.

**F20**   I would be given a satisfactory explanation and/or the solution that I was supposed to receive.

In the scenario, you have received items from ABC retailer that were broken during delivery. Assuming that you had finally managed to reach the intended responsible employee at ABC, the following statements refer to the possible situations that you might encounter in regard to ABC company's policy.

Still thinking about the scenario with the ABC retailer, the broken items problem and your complaint, please rate the likelihood that the following outcomes would occur when you try to fix the problem with ABC.

**G: No Action due to Policy** *(variable name is hidden from respondent)*

**G21**   I would be informed that there was nothing the company could do to fix my problem because the broken items was my issue with the shipping/transportation, and not an issue with the company.

**G22**   I would be denied as the company would claim that I failed to provide a proper proof of purchase other than the receipt.

**G23**   I would find that the company would hide behind policy and guidelines to avoid solving my problem.

**G24**   The company would inform me that the situation was out of their hands and they had no control over the problem.

Assuming that ABC had ultimately promised to offer a solution to your problem, the following statements refer to the possible situations that you might still encounter.

Still thinking about the scenario with the ABC retailer, the broken items problem and your complaint, please rate the likelihood that the following outcomes would occur when you try to fix the problem with ABC.

**H: Extended Delay** *(variable name is hidden from respondent)*

**H25**   I would expect the company to not honour the promised delivery time to correct the problem.

**H26**   I would anticipate that the company would exceed its stated time frame to correct the problem.

**H27**   I would anticipate a delay that would exceed the company's specified response time, when they corrected problem.

**H28**   I would have to wait less time (either minutes/hours/days) than promised for the company to correct the problem.

**I: Wrong Solution** *(variable name is hidden from respondent)*

**I29**   I would find that the solution given by the employee would fail to correct the problem.

**I30**   I would find that my problem would become worse with the given solution.

**I31**   I would anticipate that the dissatisfying situation would be improved with the given solution.

**I32**   I would have more problems now with the given solution when compared to before I contacted the company.

The following statements refer to your <u>overall perceptions about the retailer.</u>

On a scale of 1 to 7 (where 1 = *Strongly Disagree* and 7 = *Strongly Agree)*, please indicate the extent to which you disagree or agree with each statement:

**J: Manipulation Check** *(variable name is hidden from respondent)*

**J35**    I would need the Internet to purchase from the retailer.

**J36**    I think that the retailer's country of origin is Australia.

**O: Overall Perceived Risk** *(variable name is hidden from respondent)*

**O51**    I believe that, in general, purchasing products from the retailer is risky.

**O52**    I feel comfortable purchasing products from the retailer.

**O53**    I believe that the level of uncertainty is high when purchasing products from the retailer.

**O54**    I would label the option of purchasing products from the retailer as something positive.

The following statements refer to your perceptions about the matching glass set purchased in the scenario.

On a scale of 1 to 7 (where 1 = *Strongly Disagree* and 7 = *Strongly Agree)*, please indicate the extent to which you disagree or agree with each statement:

**L: Performance Risk** *(variable name is hidden from respondent)*

**L38**     I believe that the glasses purchased may be of inferior quality.

**L39**     I believe that the glasses would provide the level of benefit that I would be expecting.

**L40**   I believe that I will be likely to have problems with the performance of the glasses.

**L41**     I believe that the glasses would function satisfactorily.

**L42**     I believe that the glasses would not meet my needs and desires very well.

**L43**     I believe that the glasses would perform as I expected it to do.

**M: Financial Risk** *(variable name is hidden from respondent)*

**M44**     I believe that purchasing the glasses is risky considering the monetary investment involved.

**M45**     I believe that purchasing the glasses would cause me to lose money because of the possibility of maintenance and/or repair costs.

**M46**     I believe that purchasing the glasses is risky, given the potential financial expenses associated with the purchase.

**N: Time and Convenience Risk** *(variable name is hidden from respondent)*

**N47**     I believe that purchasing the glasses would be a waste of time and effort due to its bad result.

**N48**     I believe that purchasing the glasses would be a waste of time and effort if I have to change it later.

**N49**     I believe that I would waste time and effort with possible complaints and refunds as a consequence of purchasing the glasses.

**N50**     I believe that purchasing the glasses would be a nuisance due to wasted time and effort caused by purchasing something that is worthless.

The following statements refer to your <u>general perceptions about purchasing local and foreign products.</u>

On a scale of 1 to 7 (where 1 = *Strongly Disagree* and 7 = *Strongly Agree)*, please indicate the extent to which you disagree or agree with each statement:

**CET1** Only those products that are unavailable locally should be imported.

**CET2** Local products, first, last, and foremost.

**CET3** Purchasing foreign-made products is unpatriotic.

**CET4** It is not right to purchase foreign products because it puts local people out of jobs.

**CET5** A person of a country should always buy local-made products.

**CET6** We should purchase products manufactured in our country instead of letting other countries get rich off us.

**CET7** We should not buy foreign products, because this hurts local business and causes unemployment.

**CET8** It may cost me in the long-run but I prefer to support local products.

**CET9** We should buy from foreign countries only those products that we cannot obtain within our own country.

**CET10** Local consumers who purchase products made in other countries are responsible for putting their fellow people out of work.

**<u>Demographics</u>** *(variable name is hidden from respondent)*

**Personal Details**

Please indicate your personal background.

**Gender:**

Please choose only one of the following:

- ○Female
- ○Male

**Age:**

Please write your answer here:


**Country of Birth:**

Please choose only one of the following:

- ○Australia
- ○Other than Australia (please specify):


**Citizenship:**

Please choose only one of the following:

- ○Australian
- ○Other than Australian (please specify):


**Number of years living in Australia:**

Please write your answer here:

**Ethnicity:**

Please choose only one of the following:

- ○Australian
- ○English
- ○Vietnamese
- ○Chinese
- ○Indian
- ○Greek
- ○Maori
- ○American
- ○Italian
- ○Lebanese
- ○Kurdish
- ○Canadian
- ○Other ethnicity (please specify):

**FEEDBACK**

Are you interested in receiving feedback about the results of this study? If yes, we will email them to you once the results are published.

Please choose only one of the following:

- ○Yes
- ○No

Thank you very much for your participation!

Please ensure that you click the "Submit" button below.

The University of Sydney values your opinions and appreciates the time you have taken and your cooperation to complete this questionnaire!

Submit your survey.

Thank you for completing this survey.

# APPENDIX D

# (SUMMARY OF ITEMS USED IN

# PREVIOUS PERCEIVED RISK SCALE)

## Summary of Previous Items Used in Perceived Risk Scale

*(r) – the item is reverse coded*

| Risk Variable | Author | Item |
|---|---|---|
| **1. Financial Risk** | **Roselius (1971)** | **Money Loss (No item, only the definition):**<br>When some products fail, our loss is the money it takes to make the product work properly, or to replace it with a satisfactory product. |
| | **Jacoby and Kaplan (1972)** | **Financial Risk Item:**<br>What are the chances that you stand to lose money if you try an unfamiliar brand of [experimental product], either because it won't work at all, or because it costs more than it should to keep it in good shape?<br>*(1: Low chance of losing money … 9: High chance of losing money)* |
| | **Peter and Tarpey (1975)** | **Financial Loss Item:**<br>I think that it is *(1: Improbable … 7: Probable)* that the purchase of a [brand] would lead to a financial loss for me because of such things has its poor warranty, high maintenance costs, and/or high monthly payments.<br><br>As far as I'm concerned, if this financial loss happened to me, it would be *(1: Unimportant … 7: Important)* |
| | **Shimp and Bearden (1982)** | **Financial Risk Items:**<br>Considering the investment involved, how risky would you say purchasing the [experimental product] would be?<br>*(1: Not risky at all … 9: Very risky)*<br><br>Given the expense involved with purchasing the [experimental product] today, how much risk would you say would be involved with purchasing the new [experimental product]? **(r)** *(1: Substantial risk … 9: Very little risk)*<br><br>How risky do you feel it would be for you to purchase this new [experimental product]? *(1: Not risky at all … 9: Very risky)* |
| | **Venkatraman and Price (1990)** | **Financial Importance Items:**<br>For the statements listed below, please indicate the importance each has when you are making a purchase decision:<br><br>The purchase affects my financial ability to buy other products *(1: Very unimportant … 5: Very important)*<br><br>There is a fall in prices soon after I buy the product *(1: Very unimportant … 5: Very important)* |

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| | |
|---|---|
| **Murray and Schlacter (1990)** | **Financial Loss Item:**<br>What is the probability that a purchase of an unfamiliar alternative for a [experimental product] will lead to a financial loss for you because it would function poorly or would not meet your expectations based on the amount of money required to pay for it? *(1: Extremely Improbable…. 7: Extremely Probable)* |
| **Stone and Gronhaug (1993)** | **Financial Risk Item:**<br>My purchasing a personal computer within the next 12 months for use at home would be a bad way to spend my money. *(1: Extremely Agree…. 7: Extremely Disagree)* |
| **Grewal, Gotlieb, Marmorstein (1994)** | If I bought a personal computer for myself within the next 12 months for use at home, I would be concerned that the financial investment I would make would not be wise. *(1: Extremely Agree…. 7: Extremely Disagree)*<br><br>If I bought a personal computer for myself within the next 12 months for use at home, I would be concerned that I really would not get my money's worth from this product. *(1: Extremely Agree…. 7: Extremely Disagree)* |
| | **Financial Risk Item:**<br>**(based on Shimp and Bearden's (1982) scale (alpha = 0.77)**<br>Considering the potential investment involved, for you to purchase the [product] would be:<br>*(1: not risky at all… 7: very risky)*<br><br>I think that the purchase of the [product] would lead to financial risk for me because of the possibility of such things as higher maintenance and/or repair costs.<br>*(1: improbable….7: very probable)*<br><br>Given the potential financial expenses associated with purchasing the [product], how much overall financial risk is associated with purchasing the [product]?<br>*(1: very little risk… 7:substantial risk)* |
| **Tan (1999); Lee and Tan (2003)** | **Financial Risk Items:**<br>I would pay a competitive price for this product *(1: Unlikely…. 6: Likely)*<br><br>I would incur low maintenance costs. *(1: Unlikely…. 6: Likely)* |

| Bhatnagar, Misra and Rao (2000) | **Financial Risk Items:**<br>Providing credit card information through the Web is riskier than providing it over the phone to an off-line vendor. |
| --- | --- |
| | Providing credit card information through the Web is riskier than providing it to some unknown store when traveling. |
| | Providing credit card information through the Web is just plain foolish. |
| | Providing credit card information through the Web is the single most important reason I don't buy through the Web. |
| | Providing credit card information through the Web is riskier than faxing it to an offline vendor. |
| | Providing credit card information through the Web wouldn't matter if the products/services were of a higher quality. |
| | Providing credit card information through the Web wouldn't matter if the process were considerably lower. |
| | Providing credit card information through the Web wouldn't matter if the Web vendor was well-known. |
| | It is safer to use credit cards when making purchases from Web vendors. [r] |
| Forsythe and Shi (2003) | **Perceived Financial Risk Item:**<br>I do not trust that my credit card number will be secure. *(Yes/No)* |
| Corbitt, Thanasankit and Yi (2003) | **Financial Risk Item:**<br>I believe that on-line purchases are risky because the products / services may be available at a lower price somewhere else. *(1: Strongly Disagree … 7: Strongly Agree)* |
| Featherman and Pavlou (2003) | **Financial Risk Items:**<br>What are the chances that you stand to lose money if you use the Internet-bill-payment service? *(1: Low … 7: High Chance of Losing Money)* |
| | Using an Internet-bill-payment service subjects your checking account to potential fraud. |

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| | *(1: Strongly Disagree … 7: Strongly Agree)* |
| | My signing up for and using an Internet-bill-payment service would lead to a financial loss for me. *(1: Improbable … 7: Probable)* |
| | Using an Internet bill-payment service subjects your checking account to financial risk. *(1: Strongly Disagree … Agree)* |
| **Ko, Jung, Kim and Shim (2004)** | **Financial Risk Item:** If I purchase a scanner from a reputable Internet shopping site, I might lose my money. *(1: Strongly Disagree… 7: Strongly Agree)* |
| **Lovelock and Wirtz (2004)** | **Financial Risk Items:** Will I lose money if I make the investment recommended by my stockbrocker? |
| | Will I incur a lot of unanticipated expenses if I go on this vacation? |
| | Will repairing my car cost more than the original estimate? **Personal Risk Item:** |
| **Tsiros and Heilman (2005)** | How likely would you be to feel financial angst from paying for the following product and then having it not perform up to its expectation? |
| **DelVecchio and Smith (2005)** | **Financial Risk Items:** Considering the investment involved, purchasing a [experimental product] would be risky. |
| | Given the financial expenses associated with purchasing a [experimental product], there is substantial financial risk. |
| | I would worry about the cost of purchasing a [experimental product]. |
| | Given the financial commitment, I may regret purchasing a [experimental product]. |
| | I could lose a significant amount of money if I ended up with a [experimental product] that didn't work. |
| | Due to the financial commitment, I am unlikely to buy a [experimental product]. |
| **Mieres, Martin and Gutierrez (2006)** | **Financial Risk Items:** You think that buying it is a waste of money. |

| **Forsythe, Liu, Shannon and Gardner (2006)** | You are worried that it is not worth the money spent. |
| | You think that it is not a wise way of spending money. |
| | **Financial Risk Items:** |
| | I can't trust the online company. |
| | I may not get the product. |
| | I may purchase something by accident. |
| | My personal information may not be kept. |
| | I may not get what I want. |
| | My credit card number may not be secure. |
| | I might be overcharged. |

| Risk Variable | Author | Item |
|---|---|---|
| | **Cunningham (1967)** | **Certainty Item:**<br>Would you say that you are: *very certain, usually certain; sometimes certain; or almost never certain* that a brand of headache remedy [fabric softener, dry spaghetti] you haven't tried will work as well as your present brand?<br><br>**Self –Confidence Item:**<br>Would you say that you feel: very confident; usually confident; sometimes confident; or almost never confident about your ability to tell whether one headache remedy [fabric softener, dry spaghetti] brand actually worked as well as another brand? |
| **2. Performance Risk** | **Jacoby and Kaplan (1972)** | **Performance Risk Item:**<br>What is the likelihood that there will be something wrong with an unfamiliar brand of [experimental product], or that it will not work properly?<br>*(1: Low functional risk … 9: High functional risk)* |
| | **Peter and Tarpey (1975)** | **Performance Loss Item:**<br>I think that it is *(1: Improbable … 7: Probable)* that the purchase of a [brand] would lead to a performance loss for me because it would run extremely poorly.<br><br>As far as I'm concerned, if this performance loss happened to me, it would be *(1: Unimportant … 7: Important)* |
| | **Shimp and Bearden (1982)** | **Performance Risk Items:**<br>How sure are you about the [experimental product]'s ability to perform satisfactorily? **(r)** *(1: Not sure at all … 9: Very sure)*<br><br>Considering the possible problems associated with [experimental product]'s performance, how much risk would you say would be involved with purchasing the new [experimental product]? *(1: Very little risk … 9: A great deal of risk)*<br><br>In your opinion, do you feel that the new [experimental product] if introduced would perform as well as other [experimental product] now on the market? **(r)** *(1: Would not perform as well …9: Would perform as well)*<br><br>How confident are you of the [experimental product]'s ability to perform as expected?<br>*(1: Very confident …9: Not confident at all)* |

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| **Venkatraman and Price (1990)** | **Performance Importance Items:**<br>For the statements listed below, please indicate the importance each has when you are making a purchase decision:<br><br>There are unanticipated performance problems after the purchase *(1: Very unimportant … 5: Very important)*<br><br>The product does not do the things I expected it to do *(1: Very unimportant … 5: Very important)* |
| **Murray and Schlacter (1990)** | **Performance Loss Item:**<br>What is the probability that a purchase of an unfamiliar alternative for a [experimental product] will lead to a **performance loss** for you because it would function poorly or would not meet your needs, desires, or expectations very well? *(1: Extremely Improbable…. 7: Extremely Probable)* |
| **Stone and Gronhaug (1993)** | **Performance Risk Items:**<br>As I consider the purchase of a personal computer for myself within the next 12 months for home use, I worry about whether the product will really perform as well as it is supposed to. *(1: Extremely Agree… 7: Extremely Disagree)*<br><br>If I were to purchase a personal computer for myself within the next 12 months for home use, I become concerned that the computer will not provide the level of benefit that I would be expecting.<br>*(1: Extremely Agree…. 7: Extremely Disagree)* |
| **Grewal, Gotlieb, Marmorstein (1994)** | The thought of purchasing a personal computer for myself within the next 12 months for home use causes me to be concerned for how really dependable and reliable that product will be. *(1: Extremely Agree…. 7: Extremely Disagree)*<br><br>**Performance Risk Items:**<br>**based on Shimp and Bearden's (1982) scale (alpha = .90)**<br><br>How confident are you that the [product] will perform as described?<br>*(1: Very confident. 7: Not confident at all)*<br><br>How certain are you that the [product] will work satisfactorily?<br>*(1: Certain… 7: Uncertain)*<br><br>Do you feel that the [product] will perform the functions that were described in the advertisement?<br>*(1: Do feel sure… 7: Do not feel sure)* |

| Source | Items |
|---|---|
| **Tan (1999); Tan and Lee (2003)** | **Performance Risk Item:**<br>The [product] would fail to perform to my satisfaction. *(1: Unlikely…. 6: Likely)* |
| **Bhatnagar, Misra and Rao (2000)** | **Product Category Risk: (No item, only the definition):**<br>This risk is associated with the product itself. This risk is allied with the consumers' belief regarding whether the product would function according to their expectations.<br>Respondents were asked to rank some products based on their perceptions of risk in general, and resulted in the below conclusion:<br>- Product risk increases as the technical complexity of the product increases.<br>- Product risk is higher for products associated with higher ego-related needs.<br>- Product risk increases with the price of the product.<br>- Product risk will be higher for product categories where feel and touch are important. |
| **Forsythe and Shi (2003)** | **Perceived Product Performance Risk Item:**<br>It is difficult for me to judge the quality of a product/service. *(Yes/No)* |
| **Corbitt, Thanasankit and Yi (2003)** | **Performance Risk Items:**<br>I believe that on-line purchases are risky because the products / services delivered may fail to meet my expectations.<br>*(1: Strongly Disagree …7: Strongly Agree)*<br><br>I believe that on-line purchases are risky because the products / services delivered may be of inferior quality.<br>*(1: Strongly Disagree …7: Strongly Agree)*<br><br>I believe that on-line purchases are risky because the products / services delivered may be dangerous to use.<br>*(1: Strongly Disagree …7: Strongly Agree)* |
| **Featherman and Pavlou (2003)** | **Performance Risk Items:**<br>The Internet-bill-payment service might not perform well and create problems with my credit.<br>*(1: Strongly Disagree …7: Strongly Agree)*<br><br>The security systems built into the Internet-bill-payment service are not strong enough to protect my checking account. *(1: Strongly Disagree … 7: Strongly Agree)* |

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| | What is the likelihood that there will be something wrong with the performance of the Internet-bill-payment service or that it will not work properly? *(1: Low … 7: High Functional Risk)* |
| | Considering the expected level of service performance of the Internet-bill-payment service, for you to sign up for and use it would be. *(1: Not Risky At All … 7: Risky)* |
| | Internet-bill-payment service servers may not perform well and process payments incorrectly. *(1: Strongly Disagree … 7: Strongly Agree)* |
| **Gurhan-Canli and Batra (2004)** | **Performance Risk Items:** The decision to purchase a(n) [experimental product] involves high risk. |
| | [Experimental product] has the same chance as regular [experimental product] of not performing as expected. **(r)** |
| | The likelihood of [experimental product] performing as expected is significantly lower than the likelihood of standard [experimental product] performing as expected. |
| **Ko, Jung, Kim and Shim (2004)** | **Performance Risk Item:** If I purchase a scanner from a reputable Internet shopping site, the product might fail to perform to my satisfaction. *(1: Strongly Disagree … 7: Strongly Agree)* |
| **Lovelock and Wirtz (2004)** | **Functional Risk Items:** Will this training course give me the skill I need to get a better job? |
| | Will this credit card be accepted wherever and whenever I want to make a purchase? |
| | Will the dry cleaner be able to remove the stains from this jacket? |
| **Tsiros and Heilman (2005)** | **Product Quality Risk Item:** How likely is it that the following product will not meet your expectations as it approaches its expiration date? |
| | How likely is it that the quality of the following product gets worse as the product approaches its expirations date? |

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| **DelVecchio and Smith (2005)** | **Performance Risk Items:**<br>I am certain that a [experimental product] would work satisfactorily **(r)**<br><br>You are likely to have problems with the performance of your [experimental product].<br>If a [experimental product] malfunctions, the consequences can be fairly severe.<br>Buying the wrong [experimental product] can lead to very negative outcomes.<br>You need to be careful when buying a [experimental product] since a lot can go wrong when you use it.<br><br>There is little that can go wrong when using a [experimental product] **(r)** |
| **Mieres, Martin and Gutierrez (2006)** | **Functional Risk Items:**<br><br>You are suspicious of the quality.<br><br>You are afraid that its resistance level may not be sufficient. (kitchen roll) /<br>You are afraid that it may not leave your hair in good condition. (shampoo)<br><br>You are afraid that its absorption level may not be sufficient. (kitchen roll) /<br>You are suspicious of the ingredients used in its manufacturing. (shampoo)<br><br>You think that it is not going to give you a good result. |
| **Forsythe, Liu, Shannon and Gardner (2006)** | **Product Risk Items:**<br>I can't examine the actual product.<br><br>The size may be a problem with clothes.<br><br>I can't try on clothing online.<br><br>I am unable to touch and feel the item.<br><br>I must pay for shipping and handling.<br><br>I must wait for merchandise to be delivered. |

| Risk Variable | Author | Item |
|---|---|---|
| **3. Physical Risk** | **Cunningham (1967)** | **Consequences Item:**<br>We all know that not all products work as well as others. Compared with other products, would you say that there is: *a great deal of danger; some danger; not much danger; or no danger* in trying a brand of headache remedy (fabric softener, dry spaghetti) you never used before? |
| | **Roselius (1971)** | **Hazard Loss (No item, only the definition):**<br>Some products are dangerous to our health or safety when they fail. |
| | **Jacoby and Kaplan (1972)** | **Physical Risk Item:**<br>What are the chances that an unfamiliar brand of [experimental product] may not be safe; i.e., may be (or become) harmful or injurious to your health?<br>*(1: Very safe … 9: Very unsafe)* |
| | **Peter and Tarpey (1975)** | **Physical Loss Item:**<br>I think that it is *(1: Improbable … 7: Probable)* that the purchase of a (Brand) would lead to a **physical loss** for me because it would not be very safe or would become unsafe.<br><br>As far as I'm concerned, if this **physical loss** happened to me, it would be *(1: Unimportant … 7: Important)* |
| | **Murray and Schlacter (1990)** | **Physical Loss Item:**<br>What is the probability that a purchase of an unfamiliar alternative for a [experimental product] will lead to a **physical loss** for you because it would not be very safe, would become unsafe, or would be dangerous or harmful?<br>*(1: Extremely Improbable…. 7: Extremely Probable)* |
| | **Stone and Gronhaug (1993)** | **Physical Risk Items:**<br>One concern I have about purchasing a personal computer for myself within the next 12 months for use at home is that eye strain for some members of the family could result, due to overuse of the computer.<br>*(1: Extremely Agree…. 7: Extremely Disagree)*<br><br>My purchase of a personal computer for myself within the next 12 months for use at home leads to concerns about whether the product could lead to some uncomfortable physical side-effects such as bad sleeping, back aches, and the like.<br>*(1: Extremely Agree…. 7: Extremely Disagree)*<br><br>Because personal computers may not be completely safe, when I contemplate purchasing a personal computer for myself within the next 12 months for use at home, I become concerned about potential |

physical risks associated with this product. *(1: Extremely Agree.... 7: Extremely Disagree)*

| Reference | Items |
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| **Tan (1999); Lee and Tan (2003)** | **Physical Risk Item:**<br>Using the [product] would not cause danger to my health or safety *(1: Unlikely.... 6: Likely)* |
| **Ko, Jung, Kim and Shim (2004)** | **Physical Risk Item:**<br>If I purchase a scanner from a reputable Internet shopping site, the product might cause danger to my health or safety.<br>*(1: Strongly Disagree.... 7: Strongly Agree)* |
| **Lovelock and Wirtz (2004)** | **Physical Risk Items:**<br>Will I get hurt if I go skiing at this resort?<br><br>Will the contents of this package get damaged in the mail?<br><br>Will I fall sick if I travel abroad on vacation? |
| **Tsiros and Heilman (2005)** | **Product Quality Risk Item:**<br>How likely is it that consuming a spoiled product of the following grocery item may lead to a health risk? |
| **Mieres, Martin and Gutierrez (2006)** | **Physical Risk Items:**<br>You are afraid that it may not be safe for you or your family.<br><br>You are afraid that it may damage your health.<br><br>You think that it may cause you some physical harm.<br><br>You consider that it may be dangerous for you or some member of your family. |

| Risk Variable | Author | Item |
|---|---|---|
| 4. **Privacy Risk** | **Featherman and Pavlou (2003)** | **Privacy Risk Items:**<br>What are the chances that using an Internet-bill-payment service will cause you to lose control over the privacy of your payment information? (1: *Improbable … 7: Probable*)<br><br>My signing up for and using an Internet-bill-payment service would lead to a loss of privacy for me because my personal information would be used without my knowledge. (*Improbable … 7: Probable*)<br><br>Internet hackers (criminals) might take control of my checking account if I used an Internet-bill-payment service.<br>(1: *Strongly Disagree … Strongly Agree*) |

| Risk Variable | Author | Item |
|---|---|---|
| **5. Psychological Risk** | **Roselius (1971)** | **Ego Loss (No item, only the definition):**<br>Sometimes when we buy a product that turns out to be defective, we feel foolish, or other people make us feel foolish. |
| | **Jacoby and Kaplan (1972)** | **Psychological Risk Item:**<br>What are the chances that an unfamiliar brand of [experimental product] will not fit in well with your self image or self-concept (i.e., the way you think about yourself?<br>*(1: Low Psychological Risk … 9: High Psychological Risk)* |
| | **Peter and Tarpey (1975)** | **Psychological Loss Item:**<br>I think that it is *(1: Improbable … 7: Probable)* that the purchase of a (Brand) would lead to a **psychological loss** for me because it would not fit in well with my self-image or self-concept (i.e., the way I think about myself).<br><br>As far as I'm concerned, if this **psychological loss** happened to me, it would be *(1: Unimportant … 7: Important)* |
| | **Murray and Schlacter (1990)** | **Psychological Loss Item:**<br>What is the probability that a purchase of an unfamiliar alternative for a [experimental product] will lead to a **psychological loss** for you because it would not fit well with your self image or self-concept (i.e., the way you think about yourself)? *(1: Extremely Improbable…. 7: Extremely Probable)* |
| | **Stone and Gronhaug (1993)** | **Psychological Risk Items:**<br>The thought of purchasing a personal computer for myself within the next 12 months for use at home makes me feel psychologically uncomfortable. *(1: Extremely Agree…. 7: Extremely Disagree)*<br><br>The thought of purchasing a personal computer for myself within the next 12 months for use at home gives me a feeling of unwanted anxiety. *(1: Extremely Agree…. 7: Extremely Disagree)*<br><br>The thought of purchasing a personal computer for myself within the next 12 months for use at home causes me to experience unnecessary tension. *(1: Extremely Agree…. 7: Extremely Disagree)* |
| | **Tan (1999); Lee and Tan (2003)** | **Psychological Risk Item:**<br>The [product] fits well with my image *(1: Unlikely…. 6: Likely)* |

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| **Forsythe and Shi (2003)** | **Perceived Psychological Risk Item:** <br> I do not trust that my personal information will be kept private. *(Yes/No)* |
| **Corbitt, Thanasankit and Yi (2003)** | **Psychological Risk Item:** <br> I believe that on-line purchases are risky because the products / services delivered may fail to fit well with my personal image or self-concept. *(1: Strongly Disagree… 7: Strongly Agree)* |
| **Featherman and Pavlou (2003)** | **Psychological Risk Items:** <br> The Internet-bill-payment service will not fit in well with my self-image or self-concept. *(1: Low … 7: High Psychological Risk)* <br><br> The usage of an Internet-bill-payment service would lead to a psychological loss for me because it would not fit in well with my self-image or self-concept. *(1: Improbable… 7: Probable)* |
| **Ko, Jung, Kim and Shim (2004)** | **Psychological Risk Item:** <br> If I purchase a scanner from a reputable Internet shopping site, the purchase might have a negative effect on my peace of mind. *(1: Strongly Disagree… 7: Strongly Agree)* |
| **Lovelock and Wirtz (2004)** | **Psychological Risk Items:** <br> How can I be sure that this aircraft won't crash? <br><br> Will the consultant make me feel stupid? <br><br> Will the doctor's diagnosis upset me? |
| **Tsiros and Heilman (2005)** | **Personal Risk Item:** <br> How likely are you to think less of yourself as an experienced shopper if you were to buy the following grocery item and then find that it did not meet your standards of quality? |
| **Mieres, Martin and Gutierrez (2006)** | **Psychological Risk Items:** <br> Buying it will you feel uncomfortable with yourself. <br><br> Buying it makes you feel unhappy or frustrated. <br><br> It does not fit in well with the concept you have of yourself. <br><br> It makes you doubt whether you were right in buying it. |

| Risk Variable | Author | Item |
|---|---|---|
| 6. Social Risk | **Jacoby and Kaplan (1972)** | **Social Risk Item:** What are the chances that an unfamiliar brand of [experimental product] will affect the way others think of you? *(1: Low social risk … 9: High social risk)* |
| | **Peter and Tarpey (1975)** | **Social Loss Item:** I think that it is *(1: Improbable.. 7: Probable)* that the purchase of a (Brand) would lead to a **social loss** for me because my friends and relatives would think less highly of me. As far as I'm concerned, if this **social loss** happened to me, it would be *(1: Unimportant … 7: Important)* |
| | **Murray and Schlacter (1990)** | **Social Loss Item:** What is the probability that a purchase of an unfamiliar alternative for a [experimental product] will lead to a **social loss** for you because others would think less highly of you? *(1: Extremely Improbable…. 7: Extremely Probable)* |
| | **Stone and Gronhaug (1993)** | **Social Risk Items:** If I bought a personal computer within the next 12 months for use at home, I think I would be held in higher esteem by my associates at work. *(1: Extremely Agree.... 7: Extremely Disagree)* The thought of buying a personal computer within the next 12 months for use at home causes me concern because some friends would think I was just being showy. *(1: Extremely Agree.... 7: Extremely Disagree)* My purchase of a personal computer within the next 12 months for use at home would cause me to be thought as being foolish by some people whose opinion I value. *(1: Extremely Agree.... 7: Extremely Disagree)* |
| | **Tan (1999); Lee and Tan (2003)** | **Social Risk Item:** My friends and relatives would think more highly of me if I buy this [product]. *(1: Unlikely…. 6: Likely)* |
| | **Featherman and Pavlou (2003)** | **Social Risk Items:** What are the chances that using the Internet-bill-payment service will negatively affect the way others think of you? *(1: Low … 7: High Social Risk)* |

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| | My signing up for and using an Internet-bill-payment service would lead to a social loss for me because my friends and relatives would think less highly of me. *(1: Improbable … 7: Probable)* |
| **Corbitt, Thanasankit and Yi (2003)** | **Social Risk Item:**<br>I believe that on-line purchases are risky because it may cause others to think less highly of me. *(1: Strongly Disagree… 7: Strongly Agree)* |
| **Ko, Jung, Kim and Shim (2004)** | **Social Risk Item:**<br>If I purchase a scanner from a reputable Internet shopping site, my friends or relatives will judge my purchase.<br>*(1: Strongly Disagree… 7: Strongly Agree)* |
| **Lovelock and Wirtz (2004)** | **Social Risk Item:**<br>What will my friends think of me if they learn that I stayed at this cheap motel?<br><br>Will my relatives approve of the restaurant I have chosen for the family reunion dinner?<br><br>Will my business colleagues disapprove of my selection of an unknown law firm? |
| **Tsiros and Heilman (2005)** | **Personal Risk Item:**<br>How likely would guests in your home be to think less of you for serving them a poor quality product? |
| **DelVecchio and Smith (2005)** | **Social Risk Items:**<br>If I buy a [experimental product], other people are likely to know that I own and use it (Bearden and Etzel 1982).<br><br>If I buy a [experimental product], other people are likely to evaluate my purchase.<br><br>If I buy a [experimental product], people will see me using it.<br><br>If I buy a [experimental product], people will ask me questions about it.<br><br>If I buy a [experimental product], I will probably have to explain to some people how I chose it. |

| **Mieres, Martin and Gutierrez (2006)** | **Social Risk Items:**<br>You are worried that, if you buy it, the esteem your family or friends have for you may drop.<br><br>You are afraid that, if you buy it, it may negatively affect what others think of you.<br><br>You think that, if you buy it, others will not see you the way you want them to.<br><br>You are afraid that, if you buy it, others may look down on you. |
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| Risk Variable | Author | Item |
|---|---|---|
| 7. Time Loss Risk | **Roselius, 1971** | **Time Loss (No item, only the definition):**<br>When some products fail, we waste time, convenience, and effort getting it adjusted, repaired, or replaced. |
| | **Stone and Gronhaug (1993)** | **Time Risk:**<br>My purchasing of a personal computer within the next 12 months for use at home makes me concerned that I would have to spend too much time learning how to use the computer. *(1: Extremely Agree…. 7: Extremely Disagree)*<br><br>The demands on my schedule are such that purchasing a personal computer within the next 12 months for use at home concerns me, because it would create even more time pressures on me that I don't need. *(1: Extremely Agree…. 7: Extremely Disagree)*<br><br>My purchasing of a personal computer within the next 12 months for use at home could lead to an inefficient use of time from playing computer games, understanding software packages, and so forth. *(1: Extremely Agree…. 7: Extremely Disagree)* |
| | **Tan (1999); Lee and Tan (2003)** | **Timing Risk Item:**<br>I would have to waste time and effort getting the [product] repaired or replaced when it fails. *(1: Unlikely…. 6: Likely)* |
| | **Forsythe and Shi (2003)** | **Perceived Time/Convenience Loss Risk Item:**<br>It is faster/easier for me to purchase locally. *(Yes/No)* |
| | **Corbitt, Thanasankit and Yi (2003)** | **Time Risk Items:**<br>I believe that on-line purchases are risky in terms of time because the products / services delivered may fail to be delivered within the expected time frame. *(1: Strongly Disagree… 7: Strongly Agree)* |
| | **Featherman and Pavlou (2003)** | **Time Risk Items:**<br>If you had begun to use an Internet-bill-payment service, what are the chances that you will lose time due to having to switch to a different payment method? *(1: Low … 7: High Loss of Time Risk)*<br><br>My signing up for and using an Internet-bill-payment service would lead to a loss of convenience of me because I would have to waste a lot of time fixing payments errors. *(1: Improbable … 7: Probable)* |

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| | Considering the investment of my time involved to switch to (and set up) an Internet-bill-payment service makes them.<br>*(1: Not Risky At All … 7: Very Risky)*<br><br>The possible time loss from having to set-up and learn how to use e-billpay makes them.. (1:*Not Risky At All… 7: Very Risky)* |
| **Ko, Jung, Kim and Shim (2004)** | **Time Risk Item:**<br>If I purchase a scanner from a reputable Internet shopping site, I might waste my time or effort getting the product repaired or replaced. *(1: Strongly Disagree… 7: Strongly Agree)* |
| **Lovelock and Wirtz (2004)** | **Temporal Risk Items:**<br><br>Will I have to wait in line before entering the exhibition?<br><br>Will service at this restaurant be so slow that I will be late for my afternoon meeting?<br><br>Will the renovations to our bathroom be completed before our friends come to stay with us? |
| **Mieres, Martin and Gutierrez (2006)** | **Time Risk Items:**<br>You are afraid that it may be a waste of time due to its bad result.<br><br>You are afraid that buying it will be a waste of time if you have to change it for another brand.<br><br>You are afraid that you may waste time with possible complaints and refunds as a consequence of buying the product.<br><br>You consider that buying the product may be a nuisance due to wasted time as a consequence of buying something that may be worthless. |
| **Forsythe, Liu, Shannon and Gardner (2006)** | **Time/Convenience Risk Items:**<br>It is too complicated to place order.<br><br>It is difficult to find appropriate websites.<br><br>The pictures take too long to come up. |

| Risk Variable | Author | Item |
|---|---|---|
| **8. Convenience Loss Risk** | **Peter and Tarpey (1975)** | **Convenience Loss Item:** I think that it is *(1: Improbable … 7: Probable)* that the purchase of a [brand] would lead to a **loss of convenience** for me because I would have to waste a lot of time and effort getting it adjusted and repaired. |
| | | As far as I'm concerned, if this **loss of convenience** happened to me, it would be *(1: Unimportant …7: Important)* |
| | **Murray and Schlacter (1990)** | **Convenience Loss Item:** What is the probability that a purchase of an unfamiliar alternative for a [experimental product] will lead to a **loss of convenience** for you because you would have to waste a lot of time and effort before having your needs satisfied? *(1: Extremely Improbable…. 7: Extremely Probable)* |
| | **Forsythe and Shi (2003)** | **Perceived Time/Convenience Loss Risk Item:** It is faster/easier for me to purchase locally. *(Yes/No)* |
| | **Forsythe, Liu, Shannon and Gardner (2006)** | **Time/Convenience Risk Items:** It is too complicated to place order. |
| | | It is difficult to find appropriate websites. |
| | | The pictures take too long to come up. |

| Risk Variable | Author | Item |
|---|---|---|
| **9. Overall Perceived Risk** | **Jacoby and Kaplan (1972)** | **Overall Perceived Risk Item:**<br>On the whole, considering all sorts of factors combined, about how risky would you say it was to buy an unfamiliar brand of [experimental product]?<br>*(1: Not risky at all … 9: Extremely risky)* |
| | **Deering and Jacoby (1972)** | **Overall Perceived Risk Item:**<br>How certain are you that a brand name of this product you haven't tried will work as well as your present brand? |
| | | We all know that not all products work as well as others; compared to other products, how much danger would you say there is in trying a brand of this product that you have never used before? |
| | | How confident would you say you are about judging the quality of the product? |
| | | Buying a product that gives you good results may be more important for some products listed than for others. How important would you say it is for this product to satisfy you? |
| | | The investment you make when you buy a product includes your time and energy as well as money. In terms of the time, money, and overall effort required to buy this product, how much would you say you invest? |
| | | Can most shoppers guess ahead of time how dependable this product will be if it is used over and over again? |
| | | Before buying this product, can almost anyone tell how good its materials are and how well it is put together? |
| | | Can almost any shopper predict what the bad results will be if this product fails? |
| | | In general, does this product tend to fulfill your expectations? |
| | | Is it obvious why someone like yourself would want this product? |

| | |
|---|---|
| **Stone and Gronhaug (1993)** | <u>**Overall Risk Item:**</u><br>Overall, the thought of buying a personal computer within the next 12 months causes me to be concerned with experiencing some kind of loss of I went ahead with the purchase. *(1: Extremely Agree… 7: Extremely Disagree)*<br><br>All things considered, I think I would be making a mistake if I bought a personal computer within the next 12 months for my use at home. *(1: Extremely Agree… 7: Extremely Disagree)*<br><br>When all is said and done, I really feel that the purchase of a personal computer within the next 12 months poses problems for me that I just don't need. *(1: Extremely Agree… 7: Extremely Disagree)* |
| **Jarvenpaa, Tractinsky, and Vitale (2000)**<br>**\*based on Sitkin and Weingart (1995)** | <u>**Risk Perception:**</u><br>How would you characterize the decision of whether to buy a product from this web retailer? *(significant opportunity / significant risk)*<br><br>How would you characterize the decision of whether to buy a product from this web retailer? *(high potential for loss / high potential for gain)* **(r)**<br><br>How would you characterize the decision of whether to buy a product from this web retailer? *(very positive situation / very negative situation)*<br><br>What is the likelihood of your making a good bargain by buying from this store through the Internet? *(very unlikely / very likely)* **(r)** |
| **Miyazaki and Krishnamurthy (2002)** | <u>**General Risk Item:**</u><br>In general, I feel that purchasing products or services over the Internet is risky. *(1: Strongly Disagree … 7: Strongly Agree)*<br><br>I typically feel comfortable using the Internet to purchase goods or services. **(r)** *(1: Strongly Disagree … 7: Strongly Agree)*<br><br>Purchasing things over the Internet is a safe thing to do. **(r)** *(1: Strongly Disagree … 7: Strongly Agree)* |
| **Featherman and Pavlou (2003)** | <u>**Overall Risk Items:**</u><br>On the whole, considering all sorts of factors combined, about how risky would you say it would be to sign up for and use Internet-bill-payment service? (1: *Not Risky At All … 7: Very Risky*)<br><br>Using Internet-bill-payment service to pay my bills would be risky. *(1: Strongly Disagree… 7: Agree)* |

Internet-bill-payment service is dangerous to use. (1: *Strongly Disagree … 7: Agree*)

Using Internet-bill-payment service would add great uncertainty to my bill paying. (1: *Strongly Disagree … 7: Agree*)

Using Internet-bill-payment service exposes you to an overall risk. (1: *Improbable … 7: Probable*)

| | |
|---|---|
| **Laroche, Yang, McDougall, and Bergeron (2005)** | **General Perceived Risk Items:**<br><br>There is a good chance I will make a mistake if I purchase [experimental product].<br><br>I have a feeling that purchasing [experimental product]. will really cause me lots of trouble.<br><br>I will incur some risk if I buy [experimental product]. in the next twelve months.<br><br>[Experimental product] is a very risky purchase. |
| **Teo and Liu (2007)** | **Perceived Risk Items:**<br><br>I believe that the risk of purchasing online from this e-commerce vendor is very high.<br>*(1: Strongly Disagree … 7: Strongly Agree)*<br><br>There is a high probability of losing a great deal by purchasing online from this e-commerce vendor.<br>*(1: Strongly Disagree … 7: Strongly Agree)*<br><br>There is great uncertainty associated with purchasing online from this e-commerce vendor.<br>*(1: Strongly Disagree … 7: Strongly Agree)*<br><br>Overall, I would label the option of purchasing online from this e-commerce vendor as something negative.<br>*(1: Strongly Disagree … 7: Strongly Agree)* |

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| **Buttner and Goritz (2008)** | **Perceived Risk Items:** |
| --- | --- |
| | Participants rated how likely they assumed these risks to occur when buying at an online pharmacy. |
| | Information about your illnesses and/or your use of medication falls into the hands of unauthorized people. *(1: Not at all … 7: Yes, definitely)* |
| | You are wrong or inadequately advised. *(1: Not at all … 7: Yes, definitely)* |
| | You receive counterfeit, adulterated or expired medication. *(1: Not at all … 7: Yes, definitely)* |
| | Your bank account or credit card is charged improperly. *(1: Not at all … 7: Yes, definitely)* |
| | Medication is damaged during delivery (e.g. breakage or interruption of cold chain). *(1: Not at all … 7: Yes, definitely)* |
| | Your personal data (e.g. e-mail or postal address) are used for other purposes than indicated (e.g. spam). *(1: Not at all … 7: Yes, definitely)* |
| | The promised medication is delivered too late or not at all. *(1: Not at all … 7: Yes, definitely)* |

# APPENDIX E
# (ALL SERIES OF EXPLORATORY FACTOR
# ANALYSIS FOR STUDY 2 –
# ITEM REFINEMENT)

*EFA Series 1 – Invalid, Unreturned, and Performance Risk*

For this Series 1 EFA, Principle Component Analysis (PCA) with Varimax rotation produced the first run with five factors by using the default eigenvalues of 1 as a cutoff. The KMO MSA value was 0.768, while the five-factor solution explained 70.36% of the variance, which exceeded the threshold value suggested by Hair et. al (2010) for social sciences. In this EFA, two items (A6 and B12) failed to load on any factor significantly, while one item (B10) was problematic with cross loading. These three items (**in bold) were deleted in this run.

**Series 1: Varimax Rotated Factor-Loading Matrix (Run 1)**

| Items measuring Invalid, Unreturned, and Performance Risk factors | Component | | | | | Reason for Deletion |
|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | |
| A1_Invalid_NotExist | 0.05 | **0.82** | 0.01 | 0.34 | 0.04 | |
| A2_Invalid_Error | -0.14 | **0.73** | 0.07 | 0.03 | 0.36 | |
| A3_Invalid_Incorrect | 0.35 | **0.62** | 0.11 | -0.19 | -0.22 | |
| A4_Invalid_NotProvided | -0.14 | **0.76** | 0.07 | 0.21 | -0.02 | |
| A5_Invalid_DontKnowSpecific | 0.06 | 0.30 | **0.73** | 0.08 | 0.17 | |
| **A6_Invalid_Inaccurate**\** | 0.38 | 0.59 | 0.56 | -0.07 | 0.07 | **No significant loading** |
| B7_Unreturned_NotRightAway | 0.08 | 0.07 | **0.74** | 0.29 | 0.04 | |
| B8_Unreturned_NotAnswered | 0.09 | 0.24 | 0.15 | **0.70** | 0.26 | |
| B9_Unreturned_Busy | -0.04 | 0.16 | 0.29 | **0.80** | -0.07 | |
| **B10_Unreturned_AutomatedResponse**\** | 0.05 | -0.03 | 0.47 | 0.66 | -0.29 | **Cross loading** |
| B11_Unreturned_NotImmediately | -0.01 | -0.12 | **0.70** | 0.29 | -0.12 | |
| **B12_Unreturned_Unattended**\** | 0.59 | 0.23 | 0.45 | 0.15 | -0.24 | **No significant loading** |
| PerformanceRisk_1_InferiorQuality | **0.55** | 0.02 | -0.38 | 0.36 | 0.28 | |
| PerformanceRisk_2_LackBenefit | **0.83** | -0.07 | 0.12 | -0.03 | 0.14 | |
| PerformanceRisk_3_NotFunctionSatisfactorily | **0.85** | 0.04 | -0.03 | 0.07 | 0.21 | |
| PerformanceRisk_4_NotMeetNeedsDesires | 0.29 | 0.23 | 0.09 | -0.04 | **0.75** | |
| PerformanceRisk_5_NotPerformAsExpected | **0.80** | -0.02 | 0.12 | -0.07 | 0.35 | |
| PerformanceRisk_6_ProblemWithPerformance | 0.35 | -0.09 | -0.08 | 0.06 | **0.76** | |

\** Items Deleted
Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
Rotation converged in 9 iterations.

After removing the three items, the second run of the EFA produced a four-factor solution. The MSA now dropped to 0.712, and the variance explained by this four-factor solution also slipped to 65.02%. In this run, another three items were detected for possible elimination; A3 and B8 due to factor loadings less than 0.60, and B9 because of cross loading. Therefore, these three items were deleted and the next run of EFA continued.

**Series 1: Varimax Rotated Factor-Loading Matrix (Run 2)**

| Items measuring Invalid, Unreturned, and Performance Risk factors | Component | | | | Reason for Deletion |
|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | |
| A1_Invalid_NotExist | 0.06 | **0.85** | 0.17 | 0.06 | |
| A2_Invalid_Error | 0.06 | **0.79** | -0.02 | -0.04 | |
| **A3_Invalid_Incorrect**\*\* | 0.17 | 0.47 | 0.09 | -0.61 | **Cross loading** |
| A4_Invalid_NotProvided | -0.13 | **0.77** | 0.15 | -0.04 | |
| A5_Invalid_DontKnowSpecific | 0.11 | 0.28 | **0.67** | -0.23 | |
| B7_Unreturned_NotRightAway | 0.06 | 0.09 | **0.78** | 0.01 | |
| **B8_Unreturned_NotAnswered**\*\* | 0.24 | 0.39 | 0.45 | 0.46 | **No significant loading** |
| **B9_Unreturned_Busy**\*\* | -0.05 | 0.28 | 0.62 | 0.44 | **Cross loading** |
| B11_Unreturned_NotImmediately | -0.10 | -0.12 | **0.82** | -0.02 | |
| PerformanceRisk_1_InferiorQuality | **0.64** | 0.09 | -0.13 | 0.34 | |
| PerformanceRisk_2_LackBenefit | **0.78** | -0.15 | 0.17 | -0.29 | |
| PerformanceRisk_3_NotFunctionSatisfactorily | **0.85** | 0.00 | 0.09 | -0.14 | |
| PerformanceRisk_4_NotMeetNeedsDesires | **0.64** | 0.32 | -0.02 | 0.07 | |
| PerformanceRisk_5_NotPerformAsExpected | **0.85** | -0.08 | 0.11 | -0.18 | |
| PerformanceRisk_6_ProblemWithPerformance | **0.70** | 0.03 | -0.11 | 0.31 | |

\*\* Items Deleted
Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
Rotation converged in 5 iterations.

For the third run, the overall MSA slipped to 0.689 and the percentage of explained variance dropped to 64.21%, but still considered satisfactory in the social sciences (Hair et al., 2010). The examination of the three-factor structure showed that three items for "Invalid" (A1, A2 and A4) loaded on the same factor, while one item A5 loaded together with other items (B7 and B11) for "Unreturned". Hence, these two factors "Invalid" and "Unreturned" were run again with other PRRR factors in the next series of EFA iterations to confirm the factor structure. Performance Risk seemed to be loaded on the same factor, which verified the discriminant validity between this factor and the other two PRRR factors.

**Series 1: Varimax Rotated Factor-Loading Matrix**

**(Run 3 – Final Structure)**

| Items measuring Invalid, Unreturned, and Performance Risk factors | Component | | | |
|---|---|---|---|---|
| | 1 | 2 | 3 | |
| A1_Invalid_NotExist | 0.07 | **0.85** | 0.13 | ⎫ |
| A2_Invalid_Error | 0.07 | **0.78** | -0.02 | ⎬ Invalid |
| A4_Invalid_NotProvided | -0.11 | **0.82** | 0.16 | ⎭ |
| A5_Invalid_DontKnowSpecific | 0.11 | 0.29 | **0.71** | |
| B7_Unreturned_NotRightAway | 0.05 | 0.11 | **0.80** | |
| B11_Unreturned_NotImmediately | -0.10 | -0.07 | **0.83** | |
| PerformanceRisk_1_InferiorQuality | **0.64** | 0.07 | -0.20 | ⎫ |
| PerformanceRisk_2_LackBenefit | **0.78** | -0.19 | 0.19 | ⎪ |
| PerformanceRisk_3_NotFunctionSatisfactorily | **0.85** | -0.04 | 0.08 | ⎬ Performance Risk |
| PerformanceRisk_4_NotMeetNeedsDesires | **0.64** | 0.34 | 0.01 | ⎪ |
| PerformanceRisk_5_NotPerformAsExpected | **0.86** | -0.05 | 0.16 | ⎪ |
| PerformanceRisk_6_ProblemWithPerformance | **0.70** | 0.07 | -0.12 | ⎭ |

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
Rotation converged in 4 iterations.

*EFA Series 2 – No Urgency, Transferred, and Performance Risk*

A similar process was again employed on Series 2 measuring "No Urgency" and "Transferred" factor with Performance Risk. This test resulted in 0.799 for MSA value, which supported the factorability of the correlation matrix. The total variance explained by this four-factor structure was 65.04%. The examination of the factor matrix required removal of four items because their factor loadings were lower than 0.60 (C16, D21 and D22) and cross loading (C18). The EFA Series 2 continued with the next run.

**Series 2: Varimax Rotated Factor-Loading Matrix (Run 1)**

| Items measuring No Urgency, Transferred, and Performance Risk factors | Component | | | | Reason for Deletion |
|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | |
| C13_NoUrgency_SeveralMessagesToPerson | 0.16 | -0.25 | **0.68** | 0.17 | |
| C14_NoUrgency_MoreTime | 0.11 | 0.10 | 0.08 | **0.86** | |
| C15_NoUrgency_NotOnce | **0.76** | -0.11 | -0.09 | 0.20 | |
| **C16_NoUrgency_ExtendedTime**\*\* | 0.24 | -0.33 | 0.03 | 0.40 | **No significant loading** |
| C17_NoUrgency_SeveralMessagesToMachine | 0.03 | -0.15 | **0.71** | -0.05 | |
| **C18_NoUrgency_LongTime**\*\* | 0.58 | 0.04 | 0.62 | -0.09 | **Cross loading** |
| D19_Transferred_PassedAround | **0.83** | 0.05 | 0.10 | 0.14 | |
| D20_Transferred_TransferredPerson | **0.77** | 0.01 | 0.41 | 0.16 | |
| **D21_Transferred_OtherMethod**\*\* | 0.39 | 0.19 | 0.53 | 0.39 | **No significant loading** |
| **D22_Transferred_FewPeople**\*\* | 0.58 | 0.14 | 0.54 | 0.11 | **No significant loading** |
| D23_Transferred_TransferredBranch | **0.81** | 0.06 | 0.25 | -0.09 | |
| D24_Transferred_NotRightDepartment | **0.83** | 0.00 | 0.04 | 0.13 | |
| PerformanceRisk_1_InferiorQuality | 0.05 | **0.69** | 0.31 | -0.20 | |
| PerformanceRisk_2_LackBenefit | 0.12 | **0.74** | -0.19 | 0.24 | |
| PerformanceRisk_3_NotFunctionSatisfactorily | 0.18 | **0.80** | -0.25 | 0.17 | |
| PerformanceRisk_4_NotMeetNeedsDesires | -0.11 | **0.66** | 0.02 | -0.24 | |
| PerformanceRisk_5_NotPerformAsExpected | 0.23 | **0.82** | -0.35 | 0.04 | |
| PerformanceRisk_6_ProblemWithPerformance | -0.18 | **0.70** | 0.04 | 0.03 | |

**Series 2: Varimax Rotated Factor-Loading Matrix (Run 1)**

| Items measuring No Urgency, Transferred, and Performance Risk factors | Component | | | | Reason for Deletion |
|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | |
| C13_NoUrgency_SeveralMessagesToPerson | 0.16 | -0.25 | **0.68** | 0.17 | |
| C14_NoUrgency_MoreTime | 0.11 | 0.10 | 0.08 | **0.86** | |
| C15_NoUrgency_NotOnce | **0.76** | -0.11 | -0.09 | 0.20 | |
| **C16_NoUrgency_ExtendedTime**** | 0.24 | -0.33 | 0.03 | 0.40 | **No significant loading** |
| C17_NoUrgency_SeveralMessagesToMachine | 0.03 | -0.15 | **0.71** | -0.05 | |
| **C18_NoUrgency_LongTime**** | 0.58 | 0.04 | 0.62 | -0.09 | **Cross loading** |
| D19_Transferred_PassedAround | **0.83** | 0.05 | 0.10 | 0.14 | |
| D20_Transferred_TransferredPerson | **0.77** | 0.01 | 0.41 | 0.16 | |
| **D21_Transferred_OtherMethod**** | 0.39 | 0.19 | 0.53 | 0.39 | **No significant loading** |
| **D22_Transferred_FewPeople**** | 0.58 | 0.14 | 0.54 | 0.11 | **No significant loading** |
| D23_Transferred_TransferredBranch | **0.81** | 0.06 | 0.25 | -0.09 | |
| D24_Transferred_NotRightDepartment | **0.83** | 0.00 | 0.04 | 0.13 | |
| PerformanceRisk_1_InferiorQuality | 0.05 | **0.69** | 0.31 | -0.20 | |
| PerformanceRisk_2_LackBenefit | 0.12 | **0.74** | -0.19 | 0.24 | |
| PerformanceRisk_3_NotFunctionSatisfactorily | 0.18 | **0.80** | -0.25 | 0.17 | |
| PerformanceRisk_4_NotMeetNeedsDesires | -0.11 | **0.66** | 0.02 | -0.24 | |
| PerformanceRisk_5_NotPerformAsExpected | 0.23 | **0.82** | -0.35 | 0.04 | |
| PerformanceRisk_6_ProblemWithPerformance | -0.18 | **0.70** | 0.04 | 0.03 | |

** Items Deleted
Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
Rotation converged in 7 iterations.

For the second run, after removing the above four items, four factors still surfaced from the EFA iteration. This four-factor solution produced the overall MSA of 0.771, which was slightly lower than the previous four-factor solution with 18 items. However, this factor solution's ability to explain the total variance increased to 69.73% from the previous solution's 65.04%. In this iteration, item C14 was a candidate for deletion as it single loaded on the fourth factor. The next run of EFA continued.

**Series 2: Varimax Rotated Factor-Loading Matrix (Run 2)**

| Items measuring No Urgency, Transferred, and Performance Risk factors | Component | | | | Reason for Deletion |
|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | |
| C13_NoUrgency_SeveralMessagesToPerson | 0.22 | -0.18 | **0.71** | 0.20 | |
| **C14_NoUrgency_MoreTime**\*\* | 0.16 | 0.05 | 0.05 | **0.92** | Single loading |
| C15_NoUrgency_NotOnce | **0.76** | -0.12 | -0.14 | 0.14 | |
| C17_NoUrgency_SeveralMessagesToMachine | 0.10 | -0.04 | **0.79** | -0.08 | |
| D19_Transferred_PassedAround | **0.85** | 0.09 | 0.11 | 0.11 | |
| D20_Transferred_TransferredPerson | **0.80** | 0.05 | 0.34 | 0.11 | |
| D23_Transferred_TransferredBranch | **0.83** | 0.07 | 0.16 | -0.09 | |
| D24_Transferred_NotRightDepartment | **0.85** | 0.01 | 0.00 | 0.08 | |
| PerformanceRisk_1_InferiorQuality | 0.07 | **0.71** | 0.22 | -0.15 | |
| PerformanceRisk_2_LackBenefit | 0.13 | **0.69** | -0.32 | 0.20 | |
| PerformanceRisk_3_NotFunctionSatisfactorily | 0.16 | **0.77** | -0.32 | 0.23 | |
| PerformanceRisk_4_NotMeetNeedsDesires | -0.12 | **0.69** | -0.03 | -0.29 | |
| PerformanceRisk_5_NotPerformAsExpected | 0.19 | **0.77** | -0.45 | 0.09 | |
| PerformanceRisk_6_ProblemWithPerformance | -0.19 | **0.75** | 0.05 | 0.07 | |

\*\* Items Deleted
Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
Rotation converged in 6 iterations.

For the final run of Series 2, the overall MSA slightly improved to 0.773. The percentage of explained variance dropped to 66.45% but still considered satisfactory. The examination of the three-factor structure showed that four items for "Transferred" (D19, D20, D23 and D24) converged on the same factor producing a clean structure. However one item (C15) measuring "No Urgency" was problematic, which also loaded together with "Transferred". Hence, the researcher decided to stop the EFA for Series 2 at this point, while "No Urgency" was run again with other PRRR factors in other EFA iterations. Performance Risk again seemed to be loaded on the same factor, which verified the discriminant validity between this factor and the other two PRRR factors (i.e. "No Urgency" and "Transferred").

**Series 2: Varimax Rotated Factor-Loading Matrix**

**(Run 3 – Final Structure)**

| Items measuring No Urgency, Transferred, and Performance Risk factors | Component | | |
|---|---|---|---|
| | 1 | 2 | 3 |
| C13_NoUrgency_SeveralMessagesToPerson | 0.27 | -0.17 | **0.67** |
| C15_NoUrgency_NotOnce | **0.77** | -0.14 | -0.14 |
| C17_NoUrgency_SeveralMessagesToMachine | 0.09 | -0.01 | **0.80** |
| D19_Transferred_PassedAround | **0.86** | 0.09 | 0.10 |
| D20_Transferred_TransferredPerson | **0.82** | 0.05 | 0.33 |
| D23_Transferred_TransferredBranch | **0.80** | 0.07 | 0.18 |
| D24_Transferred_NotRightDepartment | **0.85** | 0.00 | 0.00 |
| PerformanceRisk_1_InferiorQuality | 0.06 | **0.72** | 0.21 |
| PerformanceRisk_2_LackBenefit | 0.16 | **0.67** | -0.37 |
| PerformanceRisk_3_NotFunctionSatisfactorily | 0.21 | **0.75** | -0.37 |
| PerformanceRisk_4_NotMeetNeedsDesires | -0.16 | **0.70** | 0.00 |
| PerformanceRisk_5_NotPerformAsExpected | 0.21 | **0.75** | -0.49 |
| PerformanceRisk_6_ProblemWithPerformance | -0.17 | **0.75** | 0.01 |

Transferred (D19, D20, D23, D24)

Performance Risk (PerformanceRisk_1 through PerformanceRisk_6)

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
Rotation converged in 5 iterations.

## EFA Series 3 – Rudeness, Inaction and Performance Risk

Series 3 of the EFA resulted in 0.813 for MSA value, while the total variance explained by this four-factor structure was 64.71%. Items E26, E30, and E38 with factor loadings below 0.60 and items F36 and F37 with cross loading problem were candidates for deletion. These five problematic items were eliminated from this iteration. However, it was not possible to obtain meaningful factor structures after the elimination, so the next run of EFA continued.

**Series 3: Varimax Rotated Factor-Loading Matrix (Run 1)**

| Items measuring Rudeness, Inaction, and Performance Risk factors | Component | | | | Reason for Deletion |
|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | |
| E25_Rudeness_NoSelfIntroduction | **0.70** | 0.29 | 0.15 | 0.21 | |
| **E26_Rudeness_Impolite**\*\* | 0.34 | 0.36 | 0.30 | 0.52 | **No significant loading** |
| E27_Rudeness_EndCommunication | **0.71** | 0.24 | 0.00 | 0.27 | |
| E28_Rudeness_Lie | 0.20 | 0.08 | -0.14 | **0.78** | |
| E29_Rudeness_AbusiveLanguage | **0.75** | 0.23 | 0.08 | 0.13 | |
| **E30_Rudeness_Discriminate**\*\* | 0.11 | 0.38 | 0.08 | 0.54 | **No significant loading** |
| E31_Rudeness_Provoke | **0.83** | 0.09 | 0.01 | 0.15 | |
| E32_Rudeness_Siding | **0.75** | 0.00 | -0.06 | -0.12 | |
| F33_Inaction_NoStatusUpdates | 0.27 | **0.77** | -0.11 | 0.00 | |
| F34_Inaction_NoFollowUp | -0.02 | **0.76** | 0.04 | 0.29 | |
| F35_Inaction_NoExplanation | 0.08 | **0.80** | 0.24 | 0.06 | |
| **F36_Inaction_Hanging**\*\* | 0.40 | 0.69 | 0.03 | 0.13 | **Cross loading** |
| **F37_Inaction_Unmotivated**\*\* | 0.55 | 0.65 | -0.07 | -0.02 | **Cross loading** |
| **F38_Inaction_NoApology**\*\* | 0.16 | 0.56 | 0.36 | 0.32 | **No significant loading** |
| PerformanceRisk_1_InferiorQuality | 0.14 | 0.18 | **0.58** | -0.47 | |
| PerformanceRisk_2_LackBenefit | -0.09 | 0.19 | **0.77** | 0.15 | |
| PerformanceRisk_3_NotFunctionSatisfactorily | -0.18 | 0.17 | **0.85** | 0.03 | |
| PerformanceRisk_4_NotMeetNeedsDesires | 0.33 | -0.13 | **0.65** | 0.00 | |
| PerformanceRisk_5_NotPerformAsExpected | -0.11 | 0.19 | **0.87** | 0.00 | |
| PerformanceRisk_6_ProblemWithPerformance | 0.19 | -0.25 | **0.70** | -0.08 | |

\*\* Items Deleted
Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
Rotation converged in 6 iterations.

For the second run, the overall MSA now dropped to 0.759. However, the percentage of explained variance improved to 68.98%. After removing the above five items, four factors still surfaced from the EFA iteration. In this iteration, the researcher decided to keep the factor structure, but to exclude the one-item factor (E28) from further analysis.

**Series 3: Varimax Rotated Factor-Loading Matrix (Run 2)**

| Items measuring Rudeness, Inaction, and Performance Risk factors | Component | | | | Reason for Deletion |
|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | |
| E25_Rudeness_NoSelfIntroduction | 0.17 | **0.72** | 0.29 | 0.25 | |
| E27_Rudeness_EndCommunication | 0.03 | **0.73** | 0.23 | 0.26 | |
| **E28_Rudeness_Lie**\*\* | -0.08 | 0.20 | 0.13 | **0.89** | **Single loading** |
| E29_Rudeness_AbusiveLanguage | 0.05 | **0.80** | 0.20 | -0.11 | |
| E31_Rudeness_Provoke | 0.01 | **0.84** | 0.04 | 0.15 | |
| E32_Rudeness_Siding | -0.08 | **0.75** | -0.05 | -0.12 | |
| F33_Inaction_NoStatusUpdates | -0.08 | 0.32 | **0.71** | -0.04 | |
| F34_Inaction_NoFollowUp | 0.07 | 0.05 | **0.80** | 0.28 | |
| F35_Inaction_NoExplanation | 0.24 | 0.15 | **0.82** | -0.05 | |
| PerformanceRisk_1_InferiorQuality | **0.58** | 0.12 | 0.08 | -0.40 | |
| PerformanceRisk_2_LackBenefit | **0.78** | -0.07 | 0.24 | 0.13 | |
| PerformanceRisk_3_NotFunctionSatisfactorily | **0.85** | -0.15 | 0.21 | -0.02 | |
| PerformanceRisk_4_NotMeetNeedsDesires | **0.65** | 0.32 | -0.19 | 0.00 | |
| PerformanceRisk_5_NotPerformAsExpected | **0.86** | -0.09 | 0.19 | -0.12 | |
| PerformanceRisk_6_ProblemWithPerformance | **0.72** | 0.15 | -0.34 | 0.00 | |

\*\* Items Deleted
Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
Rotation converged in 5 iterations.

For the final run of Series 3, overall MSA improved to 0.773. The percentage of explained variance dropped to 65.03%, but still accounts for at least 60% of the total variance (Hair et al., 2010). Although item E32 survived the EFA, the researcher decided to delete this item because conceptually, it seemed that the item should not be part of the aspects to be measured by "Rudeness". All items measuring Performance Risk again seemed to be loaded on the same factor, which verified the discriminant validity between this factor and the other two PRRR factors (i.e. "Rudeness" and "Inaction").

**Series 3: Varimax Rotated Factor-Loading Matrix**

**(Run 3 – Final Structure)**

| Items measuring Rudeness, Inaction, and Performance Risk factors | Component | | | |
|---|---|---|---|---|
| | 1 | 2 | 3 | |
| E25_Rudeness_NoSelfIntroduction | 0.15 | **0.74** | 0.32 | Rudeness |
| E27_Rudeness_EndCommunication | 0.00 | **0.76** | 0.27 | |
| E29_Rudeness_AbusiveLanguage | 0.07 | **0.79** | 0.18 | |
| E31_Rudeness_Provoke | 0.01 | **0.85** | 0.05 | |
| E32_Rudeness_Siding | -0.06 | **0.74** | -0.09 | |
| F33_Inaction_NoStatusUpdates | -0.07 | 0.31 | **0.69** | Inaction |
| F34_Inaction_NoFollowUp | 0.04 | 0.08 | **0.84** | |
| F35_Inaction_NoExplanation | 0.25 | 0.15 | **0.80** | |
| PerformanceRisk_1_InferiorQuality | **0.63** | 0.08 | 0.02 | Performance Risk |
| PerformanceRisk_2_LackBenefit | **0.76** | -0.06 | 0.27 | |
| PerformanceRisk_3_NotFunctionSatisfactorily | **0.84** | -0.15 | 0.23 | |
| PerformanceRisk_4_NotMeetNeedsDesires | **0.65** | 0.32 | -0.18 | |
| PerformanceRisk_5_NotPerformAsExpected | **0.86** | -0.10 | 0.19 | |
| PerformanceRisk_6_ProblemWithPerformance | **0.72** | 0.14 | -0.33 | |

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

Rotation converged in 5 iterations.

*EFA Series 4 – No Action (Policy), Extended Delay, and Performance Risk*

The first run for EFA Series 4 was performed on 19 items measuring two PRRR factors, "Extended Delay" and "No Action" with Performance Risk factor. This initial iteration generated a four-factor structure. The MSA index was 0.752 and 63.08% of the total variance was explained by this solution. Examination of the factor matrix required removal of three items (H48, H49, and H51) because their factor loadings were lower than 0.60. One item (H46) was also removed due to cross loading problem. After deletion of the four items, 15 items remained to continue another run of EFA for Series 4.

**Series 4: Varimax Rotated Factor-Loading Matrix (Run 1)**

| Items measuring No Action, Extended Delay and Performance Risk factors | Component | | | | Reason for Deletion |
|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | |
| **H46_ExtendedDelay_GreatAmountOfTime**\*\* | 0.52 | -0.16 | 0.65 | 0.10 | **Cross loading** |
| H47_ExtendedDelay_UnacceptableTime | 0.20 | 0.16 | **0.76** | 0.21 | |
| **H48_ExtendedDelay_NotHonourDeliveryTime**\*\* | 0.50 | 0.01 | 0.32 | 0.21 | **No significant loading** |
| **H49_ExtendedDelay_UnreasonableDelay**\*\* | 0.49 | -0.23 | 0.54 | 0.17 | **No significant loading** |
| H50_ExtendedDelay_MoreTimeThanExpected | 0.20 | 0.07 | **0.79** | -0.19 | |
| **H51_ExtendedDelay_ExceedTimeFrame**\*\* | 0.41 | -0.41 | 0.22 | 0.20 | **No significant loading** |
| G39_NoActionPolicy_CouldDoNothing | **0.80** | 0.10 | 0.04 | 0.02 | |
| G40_NoActionPolicy_CouldNotRefund | **0.74** | 0.00 | 0.09 | -0.21 | |
| G41_NoActionPolicy_DeniedNoProof | **0.83** | 0.04 | 0.17 | -0.06 | |
| G42_NoActionPolicy_NotAssisted | -0.09 | 0.14 | -0.04 | **0.78** | |
| G43_NoActionPolicy_HideBehindPolicy | **0.81** | -0.03 | 0.26 | 0.03 | |
| G44_NoActionPolicy_NoControl | **0.85** | 0.11 | 0.16 | 0.17 | |
| G45_NoActionPolicy_NotTransparent | 0.12 | 0.08 | 0.14 | **0.70** | |
| PerformanceRisk_1_InferiorQuality | 0.24 | **0.57** | -0.17 | 0.31 | |
| PerformanceRisk_2_LackBenefit | -0.02 | **0.75** | 0.26 | 0.13 | |
| PerformanceRisk_3_NotFunctionSatisfactorily | -0.14 | **0.81** | 0.16 | 0.30 | |
| PerformanceRisk_4_NotMeetNeedsDesires | 0.22 | **0.67** | -0.14 | -0.07 | |
| PerformanceRisk_5_NotPerformAsExpected | -0.10 | **0.88** | 0.20 | 0.04 | |
| PerformanceRisk_6_ProblemWithPerformance | 0.02 | **0.68** | -0.15 | 0.00 | |

\*\* Items Deleted
Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
Rotation converged in 7 iterations.

In second run, both MSA value (0.764) and total variance explained (68.04%) have now increased compared to the previous run. However, after removing the above four items, four factors still surfaced from the EFA iteration. The researcher now decided to delete two items measuring "No Action" (G42 and G45) because they were loaded on the fourth factor.

**Series 4: Varimax Rotated Factor-Loading Matrix (Run 2)**

| Items measuring No Action, Extended Delay and Performance Risk factors | Component | | | | Reason for Deletion |
|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | |
| H47_ExtendedDelay_UnacceptableTime | 0.25 | 0.09 | **0.78** | 0.27 | |
| H50_ExtendedDelay_MoreTimeThanExpected | 0.26 | 0.03 | **0.81** | -0.16 | |
| G39_NoActionPolicy_CouldDoNothing | **0.81** | 0.07 | 0.06 | 0.06 | |
| G40_NoActionPolicy_CouldNotRefund | **0.76** | -0.02 | 0.04 | -0.16 | |
| G41_NoActionPolicy_DeniedNoProof | **0.82** | 0.05 | 0.15 | -0.08 | |
| **G42_NoActionPolicy_NotAssisted**\*\* | -0.09 | 0.15 | -0.11 | **0.79** | **Loading on fourth factor** |
| G43_NoActionPolicy_HideBehindPolicy | **0.84** | -0.06 | 0.24 | 0.09 | |
| G44_NoActionPolicy_NoControl | **0.87** | 0.08 | 0.14 | 0.22 | |
| **G45_NoActionPolicy_NotTransparent**\*\* | 0.12 | 0.04 | 0.18 | **0.72** | **Loading on fourth factor** |
| PerformanceRisk_1_InferiorQuality | 0.22 | **0.60** | -0.16 | 0.31 | |
| PerformanceRisk_2_LackBenefit | -0.02 | **0.73** | 0.31 | 0.14 | |
| PerformanceRisk_3_NotFunctionSatisfactorily | -0.15 | **0.80** | 0.23 | 0.29 | |
| PerformanceRisk_4_NotMeetNeedsDesires | 0.20 | **0.69** | -0.13 | -0.10 | |
| PerformanceRisk_5_NotPerformAsExpected | -0.09 | **0.85** | 0.26 | 0.07 | |
| PerformanceRisk_6_ProblemWithPerformance | 0.00 | **0.75** | -0.17 | -0.06 | |

\*\* Items Deleted
Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
Rotation converged in 5 iterations.

In this final run, although the percentage of explained variance slightly slipped to 66.85%, the overall MSA value improved to 0.786. The result of this final run for Series 4 showed that "Extended Delay" only had two items. Hence, the researcher decided to run "Extended Delay" once again with other PRRR factors. The EFA Series 4 was stopped at this point while waiting to compare the result of "Extended Delay" in other EFA iteration. As in the previous EFA series, Performance Risk items were again loaded on the same factor, which verified the discriminant validity between this factor and the other two PRRR factors (i.e. "Extended Delay" and "No Action").

**Series 4: Varimax Rotated Factor-Loading Matrix**

**(Run 3 – Final Structure)**

| | Component | | |
|---|---|---|---|
| | 1 | 2 | 3 |
| H47_ExtendedDelay_UnacceptableTime | 0.25 | 0.11 | **0.81** |
| H50_ExtendedDelay_MoreTimeThanExpected | 0.25 | -0.02 | **0.76** |
| G39_NoActionPolicy_CouldDoNothing | **0.80** | 0.09 | 0.08 |
| G40_NoActionPolicy_CouldNotRefund | **0.76** | -0.04 | 0.04 |
| G41_NoActionPolicy_DeniedNoProof | **0.82** | 0.04 | 0.12 |
| G43_NoActionPolicy_HideBehindPolicy | **0.84** | -0.05 | 0.26 |
| G44_NoActionPolicy_NoControl | **0.86** | 0.12 | 0.18 |
| PerformanceRisk_1_InferiorQuality | 0.22 | **0.65** | -0.10 |
| PerformanceRisk_2_LackBenefit | -0.03 | **0.74** | 0.34 |
| PerformanceRisk_3_NotFunctionSatisfactorily | -0.16 | **0.82** | 0.28 |
| PerformanceRisk_4_NotMeetNeedsDesires | 0.20 | **0.67** | -0.16 |
| PerformanceRisk_5_NotPerformAsExpected | -0.10 | **0.84** | 0.28 |
| PerformanceRisk_6_ProblemWithPerformance | 0.00 | **0.73** | -0.20 |

No Action (Policy) — items G39 to G44

Performance Risk — items PerformanceRisk_1 to PerformanceRisk_6

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
Rotation converged in 5 iterations.

## EFA Series 5 – Incompetence, No Urgency and Performance Risk

In EFA Series 2, the items measuring "No Urgency" did not load on the same factor. Hence, the items were run again in this EFA series with "Incompetence" and "Performance Risk". The first iteration for this Series 5 generated four factors. Three items (C15, C16 and I56) were removed due to no significant loadings (less than 0.6). The MSA value for this iteration was 0.769 and total variance explained was 65.20%.

**Series 5: Varimax Rotated Factor-Loading Matrix (Run 1)**

| Items measuring Incompetence, No Urgency, and Performance Risk factors | Component | | | | Reason for deletion |
|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | |
| C13_NoUrgency_SeveralMessagesToPerson | 0.02 | -0.22 | **0.66** | 0.22 | |
| C14_NoUrgency_MoreTime | 0.07 | 0.16 | 0.08 | **0.64** | |
| **C15_NoUrgency_NotOnce**\*\* | 0.59 | -0.10 | 0.16 | 0.53 | **No significant loading** |
| **C16_NoUrgency_ExtendedTime**\*\* | -0.15 | -0.19 | 0.20 | 0.57 | **No significant loading** |
| C17_NoUrgency_SeveralMessagesToMachine | -0.04 | -0.12 | **0.72** | -0.06 | |
| C18_NoUrgency_LongTime | 0.35 | 0.04 | **0.70** | 0.15 | |
| I52_Incompetence_FailToCorrect | **0.82** | 0.14 | 0.28 | -0.13 | |
| I53_Incompetence_LackKnowldge | **0.86** | 0.11 | 0.27 | -0.21 | |
| I54_Incompetence_LackExperience | **0.85** | 0.12 | 0.27 | -0.20 | |
| I55_Incompetence_Incompetent | **0.78** | 0.11 | -0.08 | 0.22 | |
| **I56_Incompetence_ProblemWorse**\*\* | 0.52 | 0.23 | 0.38 | -0.29 | **No significant loading** |
| I57_Incompetence_NotGoodGuidance | **0.77** | 0.08 | -0.20 | 0.25 | |
| I58_Incompetence_Miscommunication | 0.30 | 0.01 | **0.73** | 0.19 | |
| PerformanceRisk_1_InferiorQuality | 0.08 | **0.66** | 0.25 | -0.23 | |
| PerformanceRisk_2_LackBenefit | 0.25 | **0.69** | -0.30 | 0.18 | |
| PerformanceRisk_3_NotFunctionSatisfactorily | 0.18 | **0.82** | -0.21 | 0.21 | |
| PerformanceRisk_4_NotMeetNeedsDesires | 0.14 | **0.62** | -0.01 | -0.39 | |
| PerformanceRisk_5_NotPerformAsExpected | 0.29 | **0.80** | -0.29 | 0.10 | |
| PerformanceRisk_6_ProblemWithPerformance | -0.20 | **0.77** | 0.06 | -0.08 | |

\*\* Items Deleted
Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
Rotation converged in 8 iterations.

After removing the above three items, four factors still surfaced from for the second run of EFA Series 5. Both MSA value (0.773) and total variance explained (70.01%) have now increased compared to the previous run. One item (C14) seemed to be single loaded on the fourth factor, hence was excluded from further analysis.

**Series 5: Varimax Rotated Factor-Loading Matrix (Run 2)**

| Items measuring Incompetence, No Urgency, and Performance Risk factors | Component | | | | Reason for Deletion |
|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | |
| C13_NoUrgency_SeveralMessagesToPerson | 0.00 | -0.22 | **0.71** | 0.14 | |
| **C14_NoUrgency_MoreTime**\*\* | 0.00 | 0.04 | 0.18 | **0.80** | **Single loading** |
| C17_NoUrgency_SeveralMessagesToMachine | -0.03 | -0.09 | **0.70** | -0.15 | |
| C18_NoUrgency_LongTime | 0.33 | 0.05 | **0.73** | 0.09 | |
| I52_Incompetence_FailToCorrect | **0.83** | 0.16 | 0.27 | -0.11 | |
| I53_Incompetence_LackKnowldge | **0.88** | 0.14 | 0.26 | -0.16 | |
| I54_Incompetence_LackExperience | **0.87** | 0.15 | 0.26 | -0.15 | |
| I55_Incompetence_Incompetent | **0.78** | 0.07 | -0.05 | 0.24 | |
| I57_Incompetence_NotGoodGuidance | **0.77** | 0.01 | -0.13 | 0.41 | |
| I58_Incompetence_Miscommunication | 0.27 | 0.02 | **0.75** | 0.12 | |
| PerformanceRisk_1_InferiorQuality | 0.10 | **0.71** | 0.24 | -0.14 | |
| PerformanceRisk_2_LackBenefit | 0.26 | **0.65** | -0.28 | 0.32 | |
| PerformanceRisk_3_NotFunctionSatisfactorily | 0.16 | **0.76** | -0.20 | 0.39 | |
| PerformanceRisk_4_NotMeetNeedsDesires | 0.19 | **0.66** | -0.11 | -0.33 | |
| PerformanceRisk_5_NotPerformAsExpected | 0.29 | **0.77** | -0.28 | 0.24 | |
| PerformanceRisk_6_ProblemWithPerformance | -0.18 | **0.79** | 0.02 | -0.05 | |

\*\* Items Deleted
Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
Rotation converged in 6 iterations.

For the third run of EFA Series 5, both the MSA value (0.782) and total variance explained continued to increase (72.34%). This iteration also produced a four-factor solution as in the previous run. Two more items were deleted (I55 and I57) due to cross loading reason before the next run continued.

**Series 5: Varimax Rotated Factor-Loading Matrix (Run 3)**

| Items measuring Incompetence, No Urgency, and Performance Risk factors | Component | | | | Reason for Deletion |
|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | |
| C13_NoUrgency_SeveralMessagesToPerson | -0.01 | -0.11 | **0.75** | -0.20 | |
| C17_NoUrgency_SeveralMessagesToMachine | 0.05 | -0.34 | **0.63** | 0.10 | |
| C18_NoUrgency_LongTime | 0.30 | 0.08 | **0.77** | 0.01 | |
| I52_Incompetence_FailToCorrect | **0.86** | 0.07 | 0.22 | 0.15 | |
| I53_Incompetence_LackKnowldge | **0.93** | 0.02 | 0.19 | 0.16 | |
| I54_Incompetence_LackExperience | **0.91** | 0.03 | 0.19 | 0.16 | |
| **I55_Incompetence_Incompetent**\*\* | 0.67 | 0.47 | 0.06 | -0.20 | **Cross loading** |
| **I57_Incompetence_NotGoodGuidance**\*\* | 0.64 | 0.53 | 0.00 | -0.31 | **Cross loading** |
| I58_Incompetence_Miscommunication | 0.28 | -0.03 | **0.75** | 0.03 | |
| PerformanceRisk_1_InferiorQuality | 0.11 | 0.29 | 0.24 | **0.65** | |
| PerformanceRisk_2_LackBenefit | 0.14 | **0.73** | -0.17 | 0.31 | |
| PerformanceRisk_3_NotFunctionSatisfactorily | 0.03 | **0.83** | -0.06 | 0.38 | |
| PerformanceRisk_4_NotMeetNeedsDesires | 0.27 | 0.10 | -0.22 | **0.72** | |
| PerformanceRisk_5_NotPerformAsExpected | 0.20 | **0.74** | -0.19 | 0.45 | |
| PerformanceRisk_6_ProblemWithPerformance | -0.14 | 0.29 | -0.03 | **0.75** | |

\*\* Items Deleted
Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
Rotation converged in 16 iterations.

In the final run of this series, the MSA value now dropped to $0.769$, and so did the total variance to 67.43%. One item (I58) that was supposedly meant to measure "Incompetence" seemed to be loaded on "No Urgency". Hence, the researcher decided to run "Incompetence" again with other PRRR factors in other EFA series to confirm the factor structure.

**Series 5: Varimax Rotated Factor-Loading Matrix**
**(Run 4 – Final Structure)**

| Items measuring Incompetence, No Urgency, and Performance Risk factors | Component | | | |
|---|---|---|---|---|
| | 1 | 2 | 3 | |
| C13_NoUrgency_SeveralMessagesToPerson | -0.22 | 0.03 | **0.72** | No Urgency |
| C17_NoUrgency_SeveralMessagesToMachine | -0.13 | 0.01 | **0.71** | |
| C18_NoUrgency_LongTime | 0.06 | 0.33 | **0.74** | |
| I52_Incompetence_FailToCorrect | 0.15 | **0.87** | 0.20 | |
| I53_Incompetence_LackKnowldge | 0.13 | **0.95** | 0.17 | |
| I54_Incompetence_LackExperience | 0.13 | **0.94** | 0.16 | |
| I58_Incompetence_Miscommunication | 0.00 | 0.33 | **0.72** | |
| PerformanceRisk_1_InferiorQuality | **0.67** | 0.13 | 0.25 | Performance Risk |
| PerformanceRisk_2_LackBenefit | **0.71** | 0.19 | -0.27 | |
| PerformanceRisk_3_NotFunctionSatisfactorily | **0.83** | 0.08 | -0.16 | |
| PerformanceRisk_4_NotMeetNeedsDesires | **0.62** | 0.18 | -0.09 | |
| PerformanceRisk_5_NotPerformAsExpected | **0.82** | 0.22 | -0.26 | |
| PerformanceRisk_6_ProblemWithPerformance | **0.76** | -0.19 | 0.05 | |

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
Rotation converged in 5 iterations.

# EFA Series 6 – Unreturned, Extended Delay, and Rudeness

The first run for EFA Series 6 was performed on 20 items measuring three PRRR factors, "Unreturned", "Extended Delay" and "Rudeness". This initial iteration generated six factors. The MSA index was 0.805, which is interpreted as meritorious and 71.97% of the total variance was explained by this solution. The examination of the factor matrix detected that six items (B7, B11, H47, H48, H50 and E26) were problematic, hence were removed in the first run.

**Series 6: Varimax Rotated Factor-Loading Matrix (Run 1)**

| Items measuring Unreturned, Extended Delay, and Rudeness factors | Component | | | | | | Reason for Deletion |
|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | |
| **B7_Unreturned_NotRightAway** | 0.02 | 0.00 | 0.58 | 0.50 | 0.01 | 0.33 | **No significant loading** |
| B8_Unreturned_NotAnswered | 0.39 | 0.10 | 0.08 | **0.67** | -0.16 | -0.09 | |
| B9_Unreturned_Busy | 0.14 | 0.16 | 0.05 | **0.84** | 0.14 | 0.02 | |
| B10_Unreturned_AutomatedResponse | 0.04 | 0.38 | 0.25 | **0.69** | 0.02 | 0.18 | |
| **B11_Unreturned_NotImmediately**\*\* | -0.19 | 0.37 | 0.40 | 0.43 | 0.01 | 0.23 | **No significant loading** |
| B12_Unreturned_Unattended | 0.05 | -0.08 | **0.77** | 0.27 | 0.25 | -0.10 | |
| H46_ExtendedDelay_GreatAmountOfTime | 0.11 | **0.77** | 0.28 | 0.21 | 0.08 | 0.04 | |
| **H47_ExtendedDelay_UnacceptableTime**\*\* | 0.18 | 0.40 | 0.69 | 0.04 | 0.11 | 0.03 | **Cross loading** |
| **H48_ExtendedDelay_NotHonourDeliveryTime**\*\* | 0.33 | 0.42 | 0.22 | 0.13 | 0.45 | -0.40 | **No significant loading** |
| H49_ExtendedDelay_UnreasonableDelay | 0.29 | **0.78** | 0.15 | 0.08 | 0.06 | 0.10 | |
| **H50_ExtendedDelay_MoreTimeThanExpected**\*\* | -0.03 | 0.54 | 0.55 | 0.14 | -0.21 | 0.17 | **No significant loading** |
| H51_ExtendedDelay_ExceedTimeFrame | 0.14 | **0.72** | -0.31 | 0.23 | 0.06 | 0.00 | |
| E25_Rudeness_NoSelfIntroduction | **0.72** | 0.21 | 0.18 | 0.27 | 0.10 | 0.15 | |
| **E26_Rudeness_Impolite**\*\* | 0.45 | 0.05 | 0.59 | -0.11 | 0.23 | 0.32 | **No significant loading** |
| E27_Rudeness_EndCommunication | **0.73** | 0.15 | -0.03 | 0.11 | 0.35 | 0.12 | |
| E28_Rudeness_Lie | 0.18 | 0.18 | 0.18 | 0.14 | 0.15 | **0.84** | |
| E29_Rudeness_AbusiveLanguage | **0.80** | 0.06 | 0.17 | -0.12 | 0.32 | -0.13 | |
| E30_Rudeness_Discriminate | 0.15 | 0.06 | 0.20 | 0.02 | **0.82** | 0.14 | |
| E31_Rudeness_Provoke | **0.81** | 0.16 | -0.07 | 0.16 | 0.02 | 0.17 | |
| E32_Rudeness_Siding | **0.75** | 0.04 | 0.10 | 0.12 | -0.36 | -0.11 | |

\*\* Items Deleted
Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
Rotation converged in 9 iterations.

A second run EFA was performed for Series 6 producing better factor structures for "Unreturned", "Extended Delay" and "Rudeness". The MSA reduced to 0.782 compared to the first run, and this four-factor solution explained 67.46% of the total variance which was smaller than 71.97% of the first six-factor solution. One item (B12) loaded on two factors, one items (E28) had factor loading below 0.60, while one item (E30) single loaded on the fourth factor. These three items were removed from further analyses.

**Series 6: Varimax Rotated Factor-Loading Matrix (Run 2)**

| Items measuring Unreturned, Extended Delay, and Rudeness factors | Component | | | | Reason for Deletion |
|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | |
| B8_Unreturned_NotAnswered | 0.37 | **0.68** | 0.12 | -0.18 | |
| B9_Unreturned_Busy | 0.14 | **0.79** | 0.17 | 0.08 | |
| B10_Unreturned_AutomatedResponse | -0.02 | **0.78** | 0.35 | 0.24 | |
| **B12_Unreturned_Unattended\*\*** | 0.04 | 0.47 | -0.23 | 0.60 | **Cross loading** |
| H46_ExtendedDelay_GreatAmountOfTime | 0.03 | 0.39 | **0.71** | 0.28 | |
| H49_ExtendedDelay_UnreasonableDelay | 0.23 | 0.18 | **0.79** | 0.18 | |
| H51_ExtendedDelay_ExceedTimeFrame | 0.18 | 0.06 | **0.77** | -0.17 | |
| E25_Rudeness_NoSelfIntroduction | **0.69** | 0.33 | 0.23 | 0.20 | |
| E27_Rudeness_EndCommunication | **0.72** | 0.08 | 0.19 | 0.31 | |
| **E28_Rudeness_Lie\*\*** | 0.13 | 0.16 | 0.33 | 0.50 | **No significant loading** |
| E29_Rudeness_AbusiveLanguage | **0.82** | -0.10 | 0.02 | 0.31 | |
| **E30_Rudeness_Discriminate\*\*** | 0.18 | -0.08 | 0.07 | **0.78** | **Single loading** |
| E31_Rudeness_Provoke | **0.82** | 0.11 | 0.22 | 0.06 | |
| E32_Rudeness_Siding | **0.74** | 0.21 | 0.00 | -0.22 | |

\*\* Items Deleted
Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
Rotation converged in 7 iterations.

After removing three items, the 11 remaining items now produced a three-factor solution. While the MSA increased to 0.80, the percentage of variance explained also increased to 68.42% in this iteration. In this final run for Series 6, "Unreturned" (items B8, B9, and B10) was as the same factor structure as in Series 5, while "Rudeness" (items E25, E27, E29, E31, and E32) was similar to Series 2. This signifies a stable structure hence, the researcher decided to keep these two factor structures. However, the solution for "Extended Delay" (items H46, H49, H51) was different compared to in Series 4 where only two items survived the EFA (H47, H50). Hence, the researcher decided to rephrase some of the items for "Extended Delay" and cross checked with the conceptual definition again.

**Series 6: Varimax Rotated Factor-Loading Matrix**

**(Run 3 – Final Structure)**

| Items measuring Unreturned, Extended Delay, and Rudeness factors | Component | | | |
|---|---|---|---|---|
| | 1 | 2 | 3 | |
| B8_Unreturned_NotAnswered | 0.32 | 0.08 | **0.69** | Unreturned |
| B9_Unreturned_Busy | 0.12 | 0.15 | **0.86** | |
| B10_Unreturned_AutomatedResponse | 0.00 | 0.38 | **0.78** | |
| H46_ExtendedDelay_GreatAmountOfTime | 0.06 | **0.81** | 0.34 | |
| H49_ExtendedDelay_UnreasonableDelay | 0.24 | **0.85** | 0.14 | |
| H51_ExtendedDelay_ExceedTimeFrame | 0.14 | **0.70** | 0.09 | |
| E25_Rudeness_NoSelfIntroduction | **0.71** | 0.24 | 0.35 | Rudeness |
| E27_Rudeness_EndCommunication | **0.75** | 0.22 | 0.12 | |
| E29_Rudeness_AbusiveLanguage | **0.85** | 0.12 | -0.11 | |
| E31_Rudeness_Provoke | **0.82** | 0.18 | 0.15 | |
| E32_Rudeness_Siding | **0.71** | -0.04 | 0.19 | |

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
Rotation converged in 5 iterations.

## EFA Series 7 –Invalid, Incompetence, and No Urgency

This first run of EFA Series 7 produced an almost similar percentage of variance explained (68.87%) to the previous iteration. However, the overall MSA dropped to 0.752. After reviewing the factor loadings, three items were eliminated from further analysis because two items (C14 and I56) loaded less than 0.60, while one item (C15) had cross loading problem.

**Series 7: Varimax Rotated Factor-Loading Matrix (Run 1)**

| Items measuring Invalid, Incompetence, and No Urgency factors | Component | | | | | Reason for Deletion |
|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | |
| A1_Invalid_NotExist | 0.16 | **0.86** | 0.05 | 0.17 | 0.05 | |
| A2_Invalid_Error | -0.07 | **0.64** | 0.16 | 0.41 | -0.10 | |
| A3_Invalid_Incorrect | 0.23 | 0.14 | -0.02 | **0.76** | -0.16 | |
| A4_Invalid_NotProvided | 0.12 | **0.86** | 0.03 | 0.06 | 0.12 | |
| A5_Invalid_DontKnowSpecific | 0.01 | 0.19 | 0.22 | **0.60** | 0.45 | |
| A6_Invalid_Inaccurate | 0.33 | 0.35 | -0.14 | **0.69** | 0.35 | |
| C13_NoUrgency_SeveralMessagesToPerson | 0.05 | -0.10 | **0.72** | -0.07 | 0.14 | |
| **C14_NoUrgency_MoreTime**** | 0.06 | 0.01 | 0.03 | 0.07 | 0.53 | **No significant loading** |
| **C15_NoUrgency_NotOnce**** | 0.52 | 0.16 | 0.10 | -0.17 | 0.64 | **Cross loading** |
| C16_NoUrgency_ExtendedTime | -0.23 | -0.10 | 0.24 | 0.04 | **0.65** | |
| C17_NoUrgency_SeveralMessagesToMachine | -0.05 | 0.08 | **0.75** | 0.15 | -0.08 | |
| C18_NoUrgency_LongTime | 0.34 | 0.22 | **0.66** | -0.06 | 0.22 | |
| I52_Incompetence_FailToCorrect | **0.87** | 0.06 | 0.24 | 0.04 | -0.04 | |
| I53_Incompetence_LackKnowldge | **0.88** | 0.18 | 0.22 | 0.08 | -0.11 | |
| I54_Incompetence_LackExperience | **0.87** | 0.19 | 0.22 | 0.07 | -0.11 | |
| I55_Incompetence_Incompetent | **0.75** | 0.02 | -0.12 | 0.21 | 0.29 | |
| **I56_Incompetence_ProblemWorse**** | 0.49 | 0.59 | 0.23 | 0.06 | -0.21 | **No significant loading** |
| I57_Incompetence_NotGoodGuidance | **0.70** | 0.03 | -0.18 | 0.34 | 0.27 | |
| I58_Incompetence_Miscommunication | 0.27 | 0.26 | **0.70** | -0.02 | 0.21 | |

** Items Deleted
Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
Rotation converged in 7 iterations.

In second run, the EFA was performed on the 16 remaining variables after deletion of the three items. In this four-factor solution, the MSA value slightly improved to 0.757, but the total variance explained slipped to 67.90%. It seemed that items A5 and C16 were loaded together on the same factor. They were supposed to measure different factors "Invalid" and "No Urgency" respectively. As such, these two items were removed in order to simplify the factor structures.

**Series 7: Varimax Rotated Factor-Loading Matrix (Run 2)**

| Items measuring Invalid, Incompetence, and No Urgency factors | Component | | | | Reason for Deletion |
|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | |
| A1_Invalid_NotExist | 0.16 | **0.84** | 0.13 | -0.03 | |
| A2_Invalid_Error | -0.03 | **0.76** | 0.12 | 0.10 | |
| **A3_Invalid_Incorrect**** | 0.32 | 0.47 | -0.18 | 0.21 | **No significant loading** |
| A4_Invalid_NotProvided | 0.11 | **0.79** | 0.16 | 0.01 | |
| **A5_Invalid_DontKnowSpecific**** | 0.13 | 0.32 | 0.17 | **0.72** | **Loading on fourth factor** |
| **A6_Invalid_Inaccurate**** | 0.44 | 0.53 | -0.17 | 0.59 | **No significant loading** |
| C13_NoUrgency_SeveralMessagesToPerson | 0.02 | -0.12 | **0.72** | 0.09 | |
| **C16_NoUrgency_ExtendedTime**** | -0.19 | -0.18 | 0.28 | **0.66** | **Loading on fourth factor** |
| C17_NoUrgency_SeveralMessagesToMachine | -0.07 | 0.15 | **0.68** | 0.04 | |
| C18_NoUrgency_LongTime | 0.31 | 0.13 | **0.73** | 0.11 | |
| I52_Incompetence_FailToCorrect | **0.85** | 0.04 | 0.28 | -0.11 | |
| I53_Incompetence_LackKnowldge | **0.86** | 0.19 | 0.28 | -0.18 | |
| I54_Incompetence_LackExperience | **0.85** | 0.19 | 0.27 | -0.19 | |
| I55_Incompetence_Incompetent | **0.80** | 0.04 | -0.06 | 0.26 | |
| I57_Incompetence_NotGoodGuidance | **0.77** | 0.12 | -0.15 | 0.27 | |
| I58_Incompetence_Miscommunication | 0.23 | 0.21 | **0.75** | 0.08 | |

** Items Deleted
Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
Rotation converged in 6 iterations.

In this final run, the three-factor solution explained 69.10% of the variance which is improved from the previous run. The solution had the overall MSA value increased slightly to 0.782 from 0.757 of the previous four-factor solution. In this final run for Series 6, "Invalid" (items A1, A2, and A4) was as the same factor structure as in Series 1, while "No Urgency" (items C13, C17, and C18) was similar to Series 5. This signifies a stable structure hence, the researcher decided to keep these two factor structures. However, the solution for "Incompetence" (items I52, I53, I54, I55, I57, and I58) was different compared to in Series 5. Hence, the researcher decided to decided to run "Incompetence" again with other PRRR factors in the next EFA series.

**Series 7: Varimax Rotated Factor-Loading Matrix**

**(Run 3 – Final Structure)**

| Items measuring Invalid, Incompetence, and No Urgency factors | Component | | | |
|---|---|---|---|---|
| | 1 | 2 | 3 | |
| A1_Invalid_NotExist | 0.19 | 0.08 | **0.86** | Invalid |
| A2_Invalid_Error | -0.02 | 0.13 | **0.75** | |
| A4_Invalid_NotProvided | 0.16 | 0.07 | **0.85** | |
| C13_NoUrgency_SeveralMessagesToPerson | 0.00 | **0.77** | -0.11 | No Urgency |
| C17_NoUrgency_SeveralMessagesToMachine | -0.08 | **0.72** | 0.12 | |
| C18_NoUrgency_LongTime | 0.33 | **0.71** | 0.18 | |
| I52_Incompetence_FailToCorrect | **0.86** | 0.26 | 0.01 | |
| I53_Incompetence_LackKnowldge | **0.87** | 0.25 | 0.16 | |
| I54_Incompetence_LackExperience | **0.86** | 0.24 | 0.15 | |
| I55_Incompetence_Incompetent | **0.80** | -0.06 | 0.06 | |
| I57_Incompetence_NotGoodGuidance | **0.77** | -0.13 | 0.11 | |
| I58_Incompetence_Miscommunication | 0.25 | **0.73** | 0.23 | |

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
Rotation converged in 4 iterations.

*EFA Series 8 – Incompetence, Inaction, and Performance Risk*

The first run for EFA Series 8 was performed on 19 items measuring two PRRR factors, "Incompetence" and "Inaction" with Performance Risk factor. The main purpose Series 8 was to confirm the factor structure for "Incompetence" that seemed to produce different solutions in the previous EFA series. The first run generated a four-factor structure. The MSA index was 0.85 and 70.63% of the total variance was explained by this solution. Examination of the factor matrix required removal of three items (H33, H36, and H37) due to cross loading problem.

**Series 8: Varimax Rotated Factor-Loading Matrix (Run 1)**

| Items measuring Incompetence, Inaction and Performance Risk factors | Component | | | | Reason for Deletion |
|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | |
| I52_Incompetence_FailToCorrect | **0.83** | 0.33 | 0.12 | 0.11 | |
| I53_Incompetence_LackKnowldge | **0.88** | 0.31 | 0.10 | 0.09 | |
| I54_Incompetence_LackExperience | **0.87** | 0.31 | 0.10 | 0.10 | |
| I55_Incompetence_Incompetent | 0.35 | **0.74** | 0.10 | 0.08 | |
| I56_Incompetence_ProblemWorse | **0.66** | 0.02 | 0.22 | 0.24 | |
| I57_Incompetence_NotGoodGuidance | 0.34 | **0.81** | 0.03 | -0.15 | |
| I58_Incompetence_Miscommunication | 0.32 | 0.05 | -0.04 | **0.77** | |
| **F33_Inaction_NoStatusUpdates**\*\* | 0.61 | 0.43 | -0.17 | 0.25 | **Cross loading** |
| F34_Inaction_NoFollowUp | 0.07 | **0.71** | -0.04 | 0.44 | |
| F35_Inaction_NoExplanation | 0.25 | **0.77** | 0.12 | 0.22 | |
| **F36_Inaction_Hanging**\*\* | 0.35 | 0.48 | 0.01 | 0.61 | **Cross loading** |
| **F37_Inaction_Unmotivated**\*\* | 0.67 | 0.26 | -0.09 | 0.41 | **Cross loading** |
| F38_Inaction_NoApology | 0.36 | **0.63** | 0.23 | 0.06 | |
| PerformanceRisk_1_InferiorQuality | 0.18 | -0.06 | **0.66** | 0.27 | |
| PerformanceRisk_2_LackBenefit | -0.02 | 0.44 | **0.68** | -0.19 | |
| PerformanceRisk_3_NotFunctionSatisfactorily | -0.09 | 0.37 | **0.80** | -0.05 | |
| PerformanceRisk_4_NotMeetNeedsDesires | 0.34 | -0.11 | **0.65** | -0.13 | |
| PerformanceRisk_5_NotPerformAsExpected | 0.07 | 0.36 | **0.80** | -0.15 | |
| PerformanceRisk_6_ProblemWithPerformance | -0.02 | -0.19 | **0.77** | 0.09 | |

\*\* Items Deleted

**Series 8: Varimax Rotated Factor-Loading Matrix (Run 1)**

| Items measuring Incompetence, Inaction and Performance Risk factors | Component | | | | Reason for Deletion |
|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | |
| I52_Incompetence_FailToCorrect | **0.83** | 0.33 | 0.12 | 0.11 | |
| I53_Incompetence_LackKnowldge | **0.88** | 0.31 | 0.10 | 0.09 | |
| I54_Incompetence_LackExperience | **0.87** | 0.31 | 0.10 | 0.10 | |
| I55_Incompetence_Incompetent | 0.35 | **0.74** | 0.10 | 0.08 | |
| I56_Incompetence_ProblemWorse | **0.66** | 0.02 | 0.22 | 0.24 | |
| I57_Incompetence_NotGoodGuidance | 0.34 | **0.81** | 0.03 | -0.15 | |
| I58_Incompetence_Miscommunication | 0.32 | 0.05 | -0.04 | **0.77** | |
| **F33_Inaction_NoStatusUpdates\*\*** | 0.61 | 0.43 | -0.17 | 0.25 | **Cross loading** |
| F34_Inaction_NoFollowUp | 0.07 | **0.71** | -0.04 | 0.44 | |
| F35_Inaction_NoExplanation | 0.25 | **0.77** | 0.12 | 0.22 | |
| **F36_Inaction_Hanging\*\*** | 0.35 | 0.48 | 0.01 | 0.61 | **Cross loading** |
| **F37_Inaction_Unmotivated\*\*** | 0.67 | 0.26 | -0.09 | 0.41 | **Cross loading** |
| F38_Inaction_NoApology | 0.36 | **0.63** | 0.23 | 0.06 | |
| PerformanceRisk_1_InferiorQuality | 0.18 | -0.06 | **0.66** | 0.27 | |
| PerformanceRisk_2_LackBenefit | -0.02 | 0.44 | **0.68** | -0.19 | |
| PerformanceRisk_3_NotFunctionSatisfactorily | -0.09 | 0.37 | **0.80** | -0.05 | |
| PerformanceRisk_4_NotMeetNeedsDesires | 0.34 | -0.11 | **0.65** | -0.13 | |
| PerformanceRisk_5_NotPerformAsExpected | 0.07 | 0.36 | **0.80** | -0.15 | |
| PerformanceRisk_6_ProblemWithPerformance | -0.02 | -0.19 | **0.77** | 0.09 | |

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
Rotation converged in 7 iterations.

After deletion of the three items, a three-factor solution was generated. The MSA value has now slipped slightly to 0.839, and so did the total variance explained to 66.68%. The factor structure for "Incompetence" was again different compared to Series 5 and Series 7. Due to the unstable structure, the researcher decided to delete some of the items for "Incompetence" and cross checked with the conceptual definition again. In order to create a stable instrument for the Main Study, two additional items were developed for "Incompetence".

**Series 8: Varimax Rotated Factor-Loading Matrix (Run 2)**

| Items measuring Incompetence, Inaction and Performance Risk factors | Component | | |
|---|---|---|---|
| | 1 | 2 | 3 |
| I52_Incompetence_FailToCorrect | 0.42 | 0.13 | **0.77** |
| I53_Incompetence_LackKnowldge | 0.40 | 0.11 | **0.83** |
| I54_Incompetence_LackExperience | 0.40 | 0.11 | **0.82** |
| I55_Incompetence_Incompetent | **0.78** | 0.09 | 0.31 |
| I56_Incompetence_ProblemWorse | 0.09 | 0.21 | **0.73** |
| I57_Incompetence_NotGoodGuidance | **0.84** | 0.07 | 0.18 |
| I58_Incompetence_Miscommunication | 0.09 | -0.15 | **0.62** |
| F34_Inaction_NoFollowUp | **0.71** | -0.09 | 0.18 |
| F35_Inaction_NoExplanation | **0.79** | 0.11 | 0.22 |
| F38_Inaction_NoApology | **0.66** | 0.23 | 0.31 |
| PerformanceRisk_1_InferiorQuality | -0.04 | **0.62** | 0.28 |
| PerformanceRisk_2_LackBenefit | 0.44 | **0.70** | -0.13 |
| PerformanceRisk_3_NotFunctionSatisfactorily | 0.36 | **0.79** | -0.10 |
| PerformanceRisk_4_NotMeetNeedsDesires | -0.09 | **0.68** | 0.28 |
| PerformanceRisk_5_NotPerformAsExpected | 0.36 | **0.81** | -0.02 |
| PerformanceRisk_6_ProblemWithPerformance | -0.22 | **0.77** | 0.02 |

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
Rotation converged in 6 iterations.

**APPENDIX F**

**(INDEPENDENT SAMPLES T-TEST:**

**FOR NOMOLOGICAL VALIDITY IN**

**STUDY 2)**

**Group Statistics**

| | group | N | Mean | Std. Deviation | Std. Error Mean |
|---|---|---|---|---|---|
| Invalid/Not Available | Group A (Offline_Phone) | 45 | 3.4148 | 1.59094 | .23716 |
| | Group B (Online_Phone) | 50 | 3.0867 | 1.39128 | .19676 |
| Unreturned/No Response | Group A (Offline_Phone) | 45 | 4.7778 | 1.35027 | .20129 |
| | Group B (Online_Phone) | 50 | 4.7867 | 1.29846 | .18363 |
| No Urgency | Group A (Offline_Phone) | 45 | 4.4370 | 1.20567 | .17973 |
| | Group B (Online_Phone) | 50 | 4.5333 | 1.31794 | .18638 |
| Transferred | Group A (Offline_Phone) | 45 | 4.7333 | 1.20769 | .18003 |
| | Group B (Online_Phone) | 50 | 4.8500 | 1.60436 | .22689 |
| Rudeness | Group A (Offline_Phone) | 45 | 3.2500 | 1.05529 | .15731 |
| | Group B (Online_Phone) | 48 | 2.9792 | 1.29425 | .18681 |
| Inaction/Hanging/ Uninterested | Group A (Offline_Phone) | 43 | 3.9225 | 1.08827 | .16596 |
| | Group B (Online_Phone) | 48 | 3.5764 | 1.19443 | .17240 |
| No Action due to Policy | Group A (Offline_Phone) | 41 | 4.1951 | 1.30326 | .20353 |
| | Group B (Online_Phone) | 46 | 3.8533 | 1.51527 | .22341 |
| Extended Delay | Group A (Offline_Phone) | 41 | 4.1159 | .91018 | .14215 |
| | Group B (Online_Phone) | 46 | 4.3696 | 1.09003 | .16072 |
| Incompetence | Group A (Offline_Phone) | 41 | 3.6707 | 1.16517 | .18197 |
| | Group B (Online_Phone) | 45 | 3.6444 | 1.10073 | .16409 |
| PerformanceRisk | Group A (Offline_Phone) | 41 | 3.9512 | .77839 | .12156 |
| | Group B (Online_Phone) | 44 | 3.4356 | .97529 | .14703 |

**Independent Samples Test**

| | | Levene's Test for Equality of Variances | | t-test for Equality of Means | | | | | 95% Confidence Interval of the Difference | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | F | Sig. | t | df | Sig. (2-tailed) | Mean Difference | Std. Error Difference | Lower | Upper |
| Invalid/Not Available | Equal variances assumed | 1.912 | .170 | 1.072 | 93 | .286 | .32815 | .30598 | -.27946 | .93576 |
| | Equal variances not assumed | | | 1.065 | 87.985 | .290 | .32815 | .30815 | -.28425 | .94054 |
| Unreturned/No Response | Equal variances assumed | .390 | .534 | -.033 | 93 | .974 | -.00889 | .27190 | -.54882 | .53104 |
| | Equal variances not assumed | | | -.033 | 91.071 | .974 | -.00889 | .27246 | -.55010 | .53232 |
| No Urgency | Equal variances assumed | .066 | .798 | -.370 | 93 | .712 | -.09630 | .26015 | -.61291 | .42031 |
| | Equal variances not assumed | | | -.372 | 92.972 | .711 | -.09630 | .25893 | -.61047 | .41788 |
| Transferred | Equal variances assumed | 2.644 | .107 | -.397 | 93 | .692 | -.11667 | .29393 | -.70036 | .46703 |
| | Equal variances not assumed | | | -.403 | 90.274 | .688 | -.11667 | .28964 | -.69206 | .45873 |
| Rudeness | Equal variances assumed | 3.699 | .058 | 1.102 | 91 | .273 | .27083 | .24583 | -.21748 | .75915 |
| | Equal variances not assumed | | | 1.109 | 89.317 | .270 | .27083 | .24422 | -.21441 | .75608 |
| Inaction/Hanging/ Uninterested | Equal variances assumed | .281 | .597 | 1.439 | 89 | .154 | .34609 | .24054 | -.13185 | .82403 |
| | Equal variances not assumed | | | 1.446 | 88.971 | .152 | .34609 | .23930 | -.12939 | .82158 |
| No Action due to Policy | Equal variances assumed | 1.340 | .250 | 1.121 | 85 | .265 | .34186 | .30487 | -.26429 | .94802 |
| | Equal variances not assumed | | | 1.131 | 84.901 | .261 | .34186 | .30223 | -.25905 | .94278 |
| Extended Delay | Equal variances assumed | .032 | .859 | -1.170 | 85 | .245 | -.25371 | .21680 | -.68476 | .17734 |
| | Equal variances not assumed | | | -1.182 | 84.659 | .240 | -.25371 | .21456 | -.68034 | .17291 |
| Incompetence | Equal variances assumed | .006 | .940 | .108 | 84 | .915 | .02629 | .24437 | -.45967 | .51225 |
| | Equal variances not assumed | | | .107 | 82.131 | .915 | .02629 | .24503 | -.46114 | .51371 |
| Performance Risk | Equal variances assumed | 1.816 | .182 | 2.681 | 83 | .009 | .51561 | .19229 | .13315 | .89808 |
| | Equal variances not assumed | | | 2.703 | 81.128 | .008 | .51561 | .19078 | .13604 | .89519 |

*Note: Independent-samples t-test is run on items that are retained in Study 2 (Item Refinement)*

In Study 2, an independent-samples t-test was conducted to compare the PRRR for online and offline shopper groups to establish evidence of the nomological validity of the scale. Based on the results above, there is no significant difference in the mean scores between two groups of offline and online shoppers (i.e. Sig. 2-tailed value above 0.05) for all PRRR dimensions; hence the nomological validity of the PRRR is not supported.

The researcher has decided to assess the nomological validity again in Study 3.

# APPENDIX G

# (OUTPUT FOR STUDY 3 –

# MAIN EXPERIMENTS)

# Demographic Profile
**Descriptive Statistics**

**Gender:**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Female | 181 | 62.8 | 62.8 | 62.8 |
| | Male | 107 | 37.2 | 37.2 | 100.0 |
| | Total | 288 | 100.0 | 100.0 | |

**Age:**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 18 | 16 | 5.6 | 5.6 | 5.6 |
| | 19 | 26 | 9.0 | 9.0 | 14.6 |
| | 20 | 62 | 21.5 | 21.5 | 36.1 |
| | 21 | 46 | 16.0 | 16.0 | 52.1 |
| | 22 | 39 | 13.5 | 13.5 | 65.6 |
| | 23 | 32 | 11.1 | 11.1 | 76.7 |
| | 24 | 32 | 11.1 | 11.1 | 87.8 |
| | 25 | 9 | 3.1 | 3.1 | 91.0 |
| | 26 | 5 | 1.7 | 1.7 | 92.7 |
| | 27 | 2 | .7 | .7 | 93.4 |
| | 28 | 5 | 1.7 | 1.7 | 95.1 |
| | 29 | 1 | .3 | .3 | 95.5 |
| | 30 | 2 | .7 | .7 | 96.2 |
| | 31 | 2 | .7 | .7 | 96.9 |
| | 32 | 1 | .3 | .3 | 97.2 |
| | 34 | 1 | .3 | .3 | 97.6 |
| | 36 | 1 | .3 | .3 | 97.9 |
| | 39 | 1 | .3 | .3 | 98.3 |
| | 40 | 2 | .7 | .7 | 99.0 |
| | 43 | 1 | .3 | .3 | 99.3 |
| | 44 | 1 | .3 | .3 | 99.7 |
| | 50 | 1 | .3 | .3 | 100.0 |
| | Total | 288 | 100.0 | 100.0 | |

**Age Group:**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Less than 20 Years Old | 125 | 43.4 | 43.4 | 43.4 |
| | 21 to 25 Years Old | 143 | 49.7 | 49.7 | 93.1 |
| | 26 to 30 Years Old | 11 | 3.8 | 3.8 | 96.9 |
| | More than 30 Years Old | 9 | 3.1 | 3.1 | 100.0 |
| | Total | 288 | 100.0 | 100.0 | |

**Number of Years Living in Australia:**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Less than 5 Years | 122 | 42.4 | 42.4 | 42.4 |
| | 6 to 10 Years | 11 | 3.8 | 3.8 | 46.2 |
| | 11 to 15 Years | 14 | 4.9 | 4.9 | 51.0 |
| | 16 to 20 Years | 77 | 26.7 | 26.7 | 77.8 |
| | 21 to 25 Years | 52 | 18.1 | 18.1 | 95.8 |
| | More than 25 Years | 12 | 4.2 | 4.2 | 100.0 |
| | Total | 288 | 100.0 | 100.0 | |

**Mean for Age and Years Living in Australia:**

| | N | Minimum | Maximum | Sum | Mean | Std. Deviation |
|---|---|---|---|---|---|---|
| Age | 288 | 18.00 | 50.00 | 6408.00 | 22.2500 | 4.06481 |
| Years Living in Australia | 288 | .000 | 50.000 | 3492.450 | 12.12656 | 9.657982 |
| Valid N (listwise) | 288 | | | | | |

**Country of Birth:**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Australia | 133 | 46.2 | 46.2 | 46.2 |
| | Others | 155 | 53.8 | 53.8 | 100.0 |
| | Total | 288 | 100.0 | 100.0 | |

**Country of Birth [Other]:**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | | 135 | 46.9 | 46.9 | 46.9 |
| | China | 55 | 19.1 | 19.1 | 66.0 |
| | Hong Kong | 14 | 4.9 | 4.9 | 70.8 |
| | USA | 14 | 4.9 | 4.9 | 75.7 |
| | Malaysia | 6 | 2.1 | 2.1 | 77.8 |
| | Sweden | 6 | 2.1 | 2.1 | 79.9 |
| | Singapore | 5 | 1.7 | 1.7 | 81.6 |
| | Taiwan | 5 | 1.7 | 1.7 | 83.3 |
| | South Korea | 4 | 1.4 | 1.4 | 84.7 |
| | Thailand | 4 | 1.4 | 1.4 | 86.1 |
| | UK | 4 | 1.4 | 1.4 | 87.5 |
| | South Africa | 3 | 1.0 | 1.0 | 88.5 |
| | Bosnia | 2 | .7 | .7 | 89.2 |
| | India | 2 | .7 | .7 | 89.9 |
| | Italy | 2 | .7 | .7 | 90.6 |
| | Peru | 2 | .7 | .7 | 91.3 |
| | Russia | 2 | .7 | .7 | 92.0 |
| | Vietnam | 2 | .7 | .7 | 92.7 |
| | Bangladesh | 1 | .3 | .3 | 93.1 |
| | Belgium | 1 | .3 | .3 | 93.4 |

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| | Bolivia | 1 | .3 | .3 | 93.8 |
| | Bulgaria | 1 | .3 | .3 | 94.1 |
| | Canada | 1 | .3 | .3 | 94.4 |
| | Chile | 1 | .3 | .3 | 94.8 |
| | Croatia | 1 | .3 | .3 | 95.1 |
| | Fiji | 1 | .3 | .3 | 95.5 |
| | Finland | 1 | .3 | .3 | 95.8 |
| | France | 1 | .3 | .3 | 96.2 |
| | Germany | 1 | .3 | .3 | 96.5 |
| | Guatemala | 1 | .3 | .3 | 96.9 |
| | Indonesia | 1 | .3 | .3 | 97.2 |
| | Philippines | 1 | .3 | .3 | 97.6 |
| | Refuse to Answer | 1 | .3 | .3 | 97.9 |
| | Saudi Arabia | 1 | .3 | .3 | 98.3 |
| | Serbia | 1 | .3 | .3 | 98.6 |
| | Spain | 1 | .3 | .3 | 99.0 |
| | Sri Lanka | 1 | .3 | .3 | 99.3 |
| | Switzerland | 1 | .3 | .3 | 99.7 |
| | Venezuela | 1 | .3 | .3 | 100.0 |
| | Total | 288 | 100.0 | 100.0 | |

**Citizenship:**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Australian | 157 | 54.5 | 54.5 | 54.5 |
| | Others | 131 | 45.5 | 45.5 | 100.0 |
| | Total | 288 | 100.0 | 100.0 | |

**Citizenship [Other]:**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | | 166 | 57.6 | 57.6 | 57.6 |
| | Chinese | 49 | 17.0 | 17.0 | 74.7 |
| | American | 13 | 4.5 | 4.5 | 79.2 |
| | Hong Kong | 9 | 3.1 | 3.1 | 82.3 |
| | Swedish | 6 | 2.1 | 2.1 | 84.4 |
| | Malaysian | 5 | 1.7 | 1.7 | 86.1 |
| | Singaporean | 5 | 1.7 | 1.7 | 87.8 |
| | Taiwanese | 5 | 1.7 | 1.7 | 89.6 |
| | British | 4 | 1.4 | 1.4 | 91.0 |
| | Thai | 4 | 1.4 | 1.4 | 92.4 |
| | Italian | 2 | .7 | .7 | 93.1 |
| | Saudi Arabian | 2 | .7 | .7 | 93.8 |
| | South Korean | 2 | .7 | .7 | 94.4 |
| | Belgium | 1 | .3 | .3 | 94.8 |
| | Canadian | 1 | .3 | .3 | 95.1 |
| | Filipino | 1 | .3 | .3 | 95.5 |

| | | | | | |
|---|---|---|---|---|---|
| | French | 1 | .3 | .3 | 95.8 |
| | German | 1 | .3 | .3 | 96.2 |
| | Guatemalan | 1 | .3 | .3 | 96.5 |
| | Indonesian | 1 | .3 | .3 | 96.9 |
| | International | 1 | .3 | .3 | 97.2 |
| | Netherlands | 1 | .3 | .3 | 97.6 |
| | Peru | 1 | .3 | .3 | 97.9 |
| | Spanish | 1 | .3 | .3 | 98.3 |
| | Sri Lankan | 1 | .3 | .3 | 98.6 |
| | Switzerland | 1 | .3 | .3 | 99.0 |
| | Uruguayan | 1 | .3 | .3 | 99.3 |
| | Venezuelan | 1 | .3 | .3 | 99.7 |
| | Vietnamese | 1 | .3 | .3 | 100.0 |
| | Total | 288 | 100.0 | 100.0 | |

**Ethnic**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Chinese | 101 | 35.1 | 35.1 | 35.1 |
| | Australian | 88 | 30.6 | 30.6 | 65.6 |
| | Others | 57 | 19.8 | 19.8 | 85.4 |
| | American | 14 | 4.9 | 4.9 | 90.3 |
| | Vietnamese | 6 | 2.1 | 2.1 | 92.4 |
| | English | 5 | 1.7 | 1.7 | 94.1 |
| | Indian | 5 | 1.7 | 1.7 | 95.8 |
| | Greek | 4 | 1.4 | 1.4 | 97.2 |
| | Italian | 4 | 1.4 | 1.4 | 98.6 |
| | Lebanese | 3 | 1.0 | 1.0 | 99.7 |
| | Canadian | 1 | .3 | .3 | 100.0 |
| | Total | 288 | 100.0 | 100.0 | |

# Exploratory Factor Analysis (EFA) for Dimensionality

**KMO and Bartlett's Test**

| | | |
|---|---|---|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | | .867 |
| Bartlett's Test of Sphericity | Approx. Chi-Square | 3808.472 |
| | df | 496 |
| | Sig. | .000 |

**EFA Results (Dimensionality) for Experiment I**

**Varimax Rotated Factor-Loading Matrix (Run 1 – Initial factor structure)**

| PRRR Items | Component | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| **A1:** I would not be able to contact the retailer because the customer service contact details would not exist. | 0.14 | 0.07 | 0.05 | **0.82** | 0.05 | 0.07 | -0.03 | 0.08 | 0.01 |
| **A2:** I would not be able to contact the retailer because there would be an error or typo in the customer service contact details. | 0.22 | 0.03 | 0.00 | **0.70** | 0.04 | 0.30 | -0.03 | -0.05 | 0.07 |
| **A3:** I would not be able to contact the retailer because no customer service contact details would be provided by the retailer. | 0.14 | 0.08 | 0.11 | **0.85** | -0.03 | 0.03 | 0.00 | 0.16 | 0.03 |
| **\*\*B4:** I would find that my complaint would not be responded to by anyone | 0.15 | 0.20 | **0.45** | **0.42** | 0.07 | 0.01 | 0.24 | 0.08 | 0.18 |
| **B5:** I would think that the customer support service was always busy. | 0.07 | 0.00 | **0.75** | 0.03 | 0.16 | 0.09 | -0.01 | 0.07 | -0.16 |
| **B6:** I would be responded to by an automated response system saying that the customer service representative is busy. | 0.00 | 0.05 | **0.75** | -0.04 | 0.19 | 0.14 | 0.06 | 0.14 | -0.13 |
| **\*\*C7:** I would only receive a response from the retailer after leaving several messages on the automated response system. | 0.19 | 0.19 | **0.59** | 0.25 | 0.08 | 0.04 | 0.10 | 0.07 | **0.39** |
| **C8:** A long time would pass before I would receive the first response from the retailer. | 0.26 | 0.21 | **0.61** | 0.09 | 0.11 | -0.03 | 0.25 | 0.07 | 0.23 |
| **\*\*C9:** I would have to contact the retailer several times before somebody responded to my complaint. | 0.28 | 0.16 | **0.51** | 0.25 | 0.12 | -0.06 | 0.17 | 0.00 | **0.54** |
| **D10:** I would be served by the right person in the company without my complaint being passed around from one person to another. **(r)** | 0.02 | 0.14 | -0.04 | -0.04 | **0.66** | -0.16 | 0.22 | 0.15 | 0.18 |
| **D11:** I would find that my initial complaint would be transferred from one person to another. | 0.07 | 0.18 | 0.32 | -0.06 | **0.74** | -0.01 | 0.06 | 0.03 | 0.04 |
| **D12:** My complaint would be transferred from one branch to another before my problem was resolved. | 0.11 | 0.02 | 0.19 | 0.08 | **0.78** | 0.16 | 0.00 | -0.04 | -0.12 |
| **D13:** My complaint would reach the right department in the company the first time. **(r)** | -0.06 | 0.07 | 0.11 | 0.10 | **0.73** | -0.06 | 0.09 | 0.25 | 0.13 |
| **E14:** The employee would be rude, ignorant and not bother to introduce him/herself when I contacted the company. | **0.76** | 0.11 | 0.12 | 0.18 | 0.11 | 0.00 | 0.12 | 0.15 | 0.10 |
| **E15:** The employee would end the communication when I tried to fix the problem. | **0.76** | 0.16 | 0.16 | 0.15 | 0.02 | 0.14 | 0.11 | 0.15 | 0.08 |
| **E16:** The employee would use abusive and unacceptable language, or use negative tone during our communication. | **0.78** | 0.10 | 0.02 | 0.13 | 0.02 | 0.33 | 0.03 | 0.00 | -0.06 |
| **E17:** The employee would provoke me when I tried to fix the problem. | **0.70** | 0.21 | 0.19 | 0.22 | -0.01 | 0.33 | 0.04 | 0.12 | 0.07 |
| **F18:** I would be left without any status updates of my problem. | 0.30 | 0.26 | 0.21 | 0.10 | -0.02 | -0.12 | 0.15 | **0.58** | -0.05 |
| **F19:** I would receive a follow-up response as promised by the company. **(r)** | 0.14 | 0.02 | 0.04 | 0.03 | 0.17 | 0.16 | 0.13 | **0.78** | 0.03 |
| **F20:** I would be given a satisfactory explanation and/or the solution that I was supposed to receive. **(r)** | 0.04 | 0.12 | 0.11 | 0.12 | 0.16 | 0.17 | 0.07 | **0.76** | 0.08 |

| PRRR Items | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|---|
| **G21:** I would be informed that there was nothing the company could do to fix my problem because the payment overcharged problem *(broken items problem)* was my issue with the bank/financial institution *(shipping/transportation)* and not an issue with the company. | 0.10 | **0.72** | 0.09 | 0.13 | 0.06 | 0.15 | 0.11 | -0.05 | 0.02 |
| **G22:** I would be denied as the company would claim that I failed to provide a proper proof of purchase other than the receipt. | 0.17 | **0.73** | 0.09 | 0.02 | 0.00 | 0.07 | 0.09 | 0.10 | 0.11 |
| **G23:** I would find that the company would hide behind policy and guidelines to avoid solving my problem. | 0.03 | **0.74** | 0.11 | 0.04 | 0.24 | -0.02 | 0.17 | 0.26 | -0.12 |
| **G24:** The company would inform me that the situation was out of their hands and they had no control over the problem. | 0.17 | **0.77** | 0.06 | 0.06 | 0.15 | 0.27 | 0.07 | 0.07 | 0.01 |
| **\*\*H25:** I would expect the company to not honour the promised delivery time to correct the problem. | 0.11 | 0.23 | 0.03 | 0.28 | 0.06 | **0.36** | **0.56** | -0.07 | 0.02 |
| **H26:** I would anticipate that the company would exceed its stated time frame to correct the problem. | 0.17 | 0.16 | 0.13 | -0.06 | 0.16 | 0.24 | **0.61** | 0.10 | -0.12 |
| **H27:** I would anticipate a delay that would exceed the company's specified response time, when they corrected problem. | 0.14 | 0.18 | 0.20 | -0.03 | 0.20 | 0.26 | **0.69** | 0.07 | 0.06 |
| **H28:** I would have to wait less time (either minutes/hours/days) than promised for the company to correct the problem. **(r)** | -0.04 | 0.03 | 0.03 | -0.08 | 0.00 | -0.26 | **0.67** | 0.26 | 0.00 |
| **I29:** I would find that the solution given by the employee would fail to correct the problem. | 0.20 | 0.34 | 0.09 | 0.13 | 0.07 | **0.51** | 0.24 | 0.24 | 0.05 |
| **I30:** I would find that my problem would become worse with the given solution. | 0.26 | 0.14 | 0.04 | 0.11 | -0.14 | **0.69** | 0.12 | 0.08 | 0.14 |
| **\*\*I31:** I would anticipate that the dissatisfying situation would be improved with the given solution. **(r)** | 0.03 | -0.04 | -0.09 | 0.02 | 0.10 | 0.26 | -0.10 | 0.05 | **0.72** |
| **I32:** I would have more problems now with the given solution when compared to before I contacted the company. | 0.21 | 0.17 | 0.13 | 0.16 | 0.01 | **0.68** | 0.05 | 0.12 | 0.11 |

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
Rotation converged in 24 iterations.
**\*\*** Deleted items after EFA that were excluded from further analysis

| PRRR Items | Component | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| **1. Invalid – Cronbach's Alpha 0.80** | | | | | | | | |
| **A1:** I would not be able to contact the retailer because the customer service contact details would not exist. | 0.15 | 0.09 | 0.03 | **0.84** | 0.04 | 0.06 | 0.07 | -0.02 |
| **A2:** I would not be able to contact the retailer because there would be an error or typo in the customer service contact details. | 0.22 | 0.02 | 0.05 | **0.72** | 0.32 | -0.07 | -0.03 | -0.03 |
| **A3:** I would not be able to contact the retailer because no customer service contact details would be provided by the retailer. | 0.15 | 0.09 | -0.02 | **0.85** | 0.04 | 0.18 | 0.08 | -0.02 |
| **2. Unreturned – Cronbach's Alpha 0.70** | | | | | | | | |
| **B5:** I would think that the customer support service was always busy. | 0.10 | 0.03 | 0.12 | 0.05 | 0.01 | 0.06 | **0.82** | 0.01 |
| **B6:** I would be responded to by an automated response system saying that the customer service representative is busy. | 0.02 | 0.08 | 0.17 | 0.02 | 0.10 | 0.10 | **0.81** | 0.12 |
| **C8:** A long time would pass before I would receive the first response from the retailer. | 0.29 | 0.21 | 0.16 | 0.14 | 0.03 | 0.08 | **0.54** | 0.26 |
| **3. Transferred – Cronbach's Alpha 0.77** | | | | | | | | |
| **D10:** I would be served by the right person in the company without my complaint being passed around from one person to another. **(r)** | 0.01 | 0.13 | **0.67** | 0.01 | -0.13 | 0.11 | -0.04 | 0.28 |
| **D11:** I would find that my initial complaint would be transferred from one person to another. | 0.07 | 0.19 | **0.74** | -0.05 | -0.01 | 0.02 | 0.29 | 0.08 |
| **D12:** My complaint would be transferred from one branch to another before my problem was resolved. | 0.12 | 0.03 | **0.78** | 0.02 | 0.16 | 0.00 | 0.18 | -0.08 |

| Item | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|---|---|---|---|---|---|---|---|---|
| **D13:** My complaint would reach the right department in the company the first time. **(r)** | -0.05 | 0.06 | **0.76** | 0.09 | -0.02 | 0.26 | 0.07 | 0.08 |
| **4. Rudeness – Cronbach's Alpha 0.86** | | | | | | | | |
| **E14:** The employee would be rude, ignorant and not bother to introduce him/herself when I contacted the company. | **0.77** | 0.10 | 0.14 | 0.18 | 0.04 | 0.15 | 0.06 | 0.12 |
| **E15:** The employee would end the communication when I tried to fix the problem. | **0.77** | 0.15 | 0.04 | 0.13 | 0.16 | 0.17 | 0.11 | 0.07 |
| **E16:** The employee would use abusive and unacceptable language, or use negative tone during our communication. | **0.78** | 0.11 | 0.00 | 0.12 | 0.30 | 0.00 | 0.03 | 0.00 |
| **E17:** The employee would provoke me when I tried to fix the problem. | **0.72** | 0.22 | -0.02 | 0.23 | 0.31 | 0.12 | 0.19 | 0.03 |
| **5. Inaction – Cronbach's Alpha 0.70** | | | | | | | | |
| **F18:** I would be left without any status updates of my problem. | 0.31 | 0.27 | -0.02 | 0.08 | -0.11 | **0.61** | 0.18 | 0.13 |
| **F19:** I would receive a follow-up response as promised by the company. **(r)** | 0.15 | 0.02 | 0.16 | 0.02 | 0.15 | **0.79** | 0.04 | 0.12 |
| **F20:** I would be given a satisfactory explanation and/or the solution that I was supposed to receive. **(r)** | 0.03 | 0.10 | 0.18 | 0.12 | 0.22 | **0.75** | 0.07 | 0.10 |
| **6. No Action (Policy) – Cronbach's Alpha 0.80** | | | | | | | | |
| **G21:** I would be informed that there was nothing the company could do to fix my problem because the payment overcharged problem *(broken items problem)* was my issue with the bank/financial institution *(shipping/transportation)* and not an issue with the company. | 0.11 | **0.72** | 0.06 | 0.12 | 0.16 | -0.03 | 0.07 | 0.07 |
| **G22:** I would be denied as the company would claim that I failed to provide a proper proof of purchase other than the receipt. | 0.18 | **0.73** | 0.01 | 0.05 | 0.08 | 0.08 | 0.06 | 0.13 |
| **G23:** I would find that the company would hide behind policy and guidelines to avoid solving my problem. | 0.03 | **0.74** | 0.23 | 0.01 | -0.02 | 0.27 | 0.10 | 0.14 |
| **G24:** The company would inform me that the situation was out of their hands and they had no control over the problem. | 0.17 | **0.77** | 0.15 | 0.05 | 0.27 | 0.06 | 0.04 | 0.05 |
| **7. Extended Delay – Cronbach's Alpha 0.62** | | | | | | | | |
| **H26:** I would anticipate that the company would exceed its stated time frame to correct the problem. | 0.17 | 0.19 | 0.14 | -0.05 | 0.26 | 0.05 | 0.15 | **0.63** |
| **H27:** I would anticipate a delay that would exceed the company's specified response time, when they corrected problem. | 0.16 | 0.20 | 0.19 | -0.02 | 0.28 | 0.05 | 0.19 | **0.67** |
| **H28:** I would have to wait less time (either minutes/hours/days) than promised for the company to correct the problem. **(r)** | -0.06 | 0.04 | 0.01 | -0.03 | -0.18 | 0.21 | 0.01 | **0.75** |
| **Incompetence – Cronbach's Alpha 0.74** | | | | | | | | |
| **I29:** I would find that the solution given by the employee would fail to correct the problem. | 0.21 | 0.34 | 0.09 | 0.09 | **0.56** | 0.26 | 0.06 | 0.16 |
| **I30:** I would find that my problem would become worse with the given solution. | 0.26 | 0.12 | -0.11 | 0.10 | **0.74** | 0.07 | 0.00 | 0.06 |
| **I32:** I would have more problems now with the given solution when compared to before I contacted the company | 0.21 | 0.15 | 0.04 | 0.17 | **0.74** | 0.09 | 0.09 | 0.03 |

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
Rotation converged in 7 iterations.
*Note: The EFA results produced a similar factor structure to that obtained in Experiment II.*

# Exploratory Factor Analysis (EFA) for Discriminant Validity

**KMO and Bartlett's Test**

| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | | .856 |
|---|---|---|
| Bartlett's Test of Sphericity | Approx. Chi-Square | 5214.362 |
| | df | 780 |
| | Sig. | .000 |

**Rotated Component Matrix[a]**

| | Component | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| A1 | 0.05 | 0.08 | 0.13 | 0.10 | 0.02 | 0.04 | **0.83** | 0.08 | 0.09 | -0.07 |
| A2 | 0.23 | 0.06 | 0.23 | 0.01 | 0.05 | 0.25 | **0.71** | -0.05 | -0.14 | 0.00 |
| A3 | 0.06 | 0.06 | 0.15 | 0.09 | -0.02 | 0.02 | **0.85** | 0.08 | 0.16 | -0.01 |
| B5 | 0.02 | 0.14 | 0.12 | 0.04 | 0.11 | 0.00 | 0.04 | **0.79** | 0.04 | -0.05 |
| B6 | 0.09 | 0.00 | 0.02 | 0.08 | 0.18 | 0.09 | 0.03 | **0.79** | 0.07 | 0.10 |
| C8 | 0.07 | 0.07 | 0.27 | 0.22 | 0.17 | 0.09 | 0.14 | **0.53** | 0.06 | 0.25 |
| D10 | 0.04 | 0.02 | 0.02 | 0.14 | **0.69** | -0.08 | 0.00 | -0.04 | 0.08 | 0.33 |
| D11 | -0.02 | 0.12 | 0.05 | 0.20 | **0.73** | 0.03 | -0.06 | 0.31 | 0.05 | 0.00 |
| D12 | 0.06 | 0.05 | 0.09 | 0.04 | **0.75** | 0.15 | 0.01 | 0.21 | 0.01 | -0.19 |
| D13 | -0.03 | 0.13 | -0.03 | 0.07 | **0.77** | 0.00 | 0.09 | 0.05 | 0.23 | 0.09 |
| E14 | 0.08 | 0.02 | **0.75** | 0.11 | 0.14 | 0.08 | 0.19 | 0.06 | 0.13 | 0.13 |
| E15 | 0.18 | 0.08 | **0.73** | 0.16 | 0.03 | 0.18 | 0.13 | 0.10 | 0.17 | 0.06 |
| E16 | 0.06 | 0.07 | **0.73** | 0.12 | -0.02 | 0.34 | 0.11 | 0.05 | 0.05 | -0.14 |
| E17 | 0.12 | 0.02 | **0.68** | 0.22 | -0.03 | 0.32 | 0.24 | 0.20 | 0.13 | -0.07 |
| F18 | 0.10 | 0.12 | 0.34 | 0.29 | -0.02 | -0.13 | 0.05 | 0.19 | **0.56** | 0.13 |
| F19 | 0.11 | 0.02 | 0.16 | 0.03 | 0.17 | 0.14 | 0.02 | 0.05 | **0.78** | 0.08 |
| F20 | 0.14 | 0.02 | 0.07 | 0.10 | 0.20 | 0.21 | 0.14 | 0.04 | **0.66** | 0.13 |
| G21 | 0.15 | 0.01 | 0.13 | **0.72** | 0.07 | 0.13 | 0.10 | 0.05 | -0.10 | 0.08 |
| G22 | -0.04 | -0.03 | 0.15 | **0.72** | 0.01 | 0.14 | 0.07 | 0.06 | 0.09 | 0.08 |
| G23 | 0.06 | 0.00 | 0.03 | **0.75** | 0.24 | 0.01 | 0.01 | 0.11 | 0.24 | 0.11 |
| G24 | 0.06 | 0.08 | 0.14 | **0.77** | 0.13 | 0.28 | 0.05 | 0.05 | 0.07 | -0.06 |
| H26 | -0.13 | 0.09 | 0.09 | 0.21 | 0.11 | **0.46** | -0.07 | 0.24 | 0.18 | **0.36** |
| H27 | -0.02 | 0.05 | 0.15 | 0.21 | 0.20 | **0.45** | -0.06 | 0.27 | 0.08 | **0.47** |
| H28 | -0.07 | 0.03 | -0.03 | 0.08 | 0.04 | -0.04 | -0.06 | 0.06 | 0.17 | **0.80** |
| I29 | 0.08 | 0.05 | 0.19 | 0.34 | 0.08 | **0.61** | 0.10 | 0.06 | 0.25 | 0.01 |
| I30 | 0.25 | 0.11 | 0.28 | 0.13 | -0.12 | **0.65** | 0.09 | -0.04 | 0.03 | -0.03 |
| I32 | 0.20 | 0.02 | 0.24 | 0.14 | 0.05 | **0.67** | 0.19 | 0.04 | 0.01 | -0.03 |
| L38 | **0.66** | 0.13 | 0.06 | 0.15 | -0.03 | -0.05 | 0.04 | 0.09 | 0.19 | -0.17 |
| L39 | **0.76** | 0.14 | 0.08 | 0.06 | 0.01 | 0.03 | -0.01 | -0.11 | 0.13 | 0.02 |
| L40 | **0.76** | 0.17 | 0.09 | 0.03 | 0.09 | 0.05 | 0.06 | 0.15 | 0.04 | -0.09 |
| L41 | **0.78** | 0.05 | 0.08 | -0.04 | -0.05 | 0.12 | 0.02 | -0.03 | 0.11 | 0.00 |
| L42 | **0.70** | 0.19 | -0.01 | 0.07 | 0.06 | 0.20 | 0.15 | 0.13 | -0.01 | -0.07 |
| L43 | **0.79** | 0.17 | 0.02 | 0.02 | 0.00 | 0.06 | 0.12 | -0.02 | -0.02 | 0.17 |
| M44 | 0.40 | **0.49** | 0.33 | 0.02 | 0.10 | -0.11 | -0.06 | 0.04 | -0.17 | 0.04 |
| M45 | 0.52 | **0.50** | 0.24 | 0.00 | -0.07 | 0.09 | 0.04 | 0.07 | -0.23 | -0.06 |
| M46 | 0.45 | **0.58** | 0.27 | 0.00 | 0.03 | 0.01 | 0.05 | 0.05 | -0.23 | 0.07 |
| N47 | 0.39 | **0.64** | 0.13 | 0.09 | 0.10 | 0.14 | 0.10 | 0.00 | -0.02 | 0.06 |
| N48 | 0.18 | **0.72** | -0.20 | -0.07 | 0.03 | -0.06 | 0.05 | 0.12 | 0.11 | -0.11 |
| N49 | 0.00 | **0.76** | -0.01 | 0.12 | 0.07 | 0.05 | 0.03 | 0.05 | 0.19 | 0.13 |
| N50 | 0.27 | **0.72** | 0.08 | -0.06 | 0.14 | 0.15 | 0.08 | 0.04 | 0.04 | -0.03 |

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 8 iterations.

# Manipulation Checks (Experiment I)

**Dependent Variable: [I would need the Internet to purchase from the retailer.]**

**Descriptives**

| J35 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Std. Deviation | Std. Error | 95% Confidence Interval for Mean | | | |
| | N | Mean | | | Lower Bound | Upper Bound | Min | Max |
| Offline | 141 | 3.10 | 1.456 | .123 | 2.86 | 3.34 | 1 | 6 |
| Online | 147 | 4.56 | 1.664 | .137 | 4.29 | 4.83 | 1 | 7 |
| Total | 288 | 3.84 | 1.725 | .102 | 3.64 | 4.04 | 1 | 7 |

**Test of Homogeneity of Variances**

J35

| Levene Statistic | df1 | df2 | Sig. |
|---|---|---|---|
| 2.946 | 1 | 286 | .087 |

**ANOVA**

J35

| | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|
| Between Groups | 153.100 | 1 | 153.100 | 62.475 | .000 |
| Within Groups | 700.868 | 286 | 2.451 | | |
| Total | 853.969 | 287 | | | |

**Dependent Variable: [I believe that the method to lodge the complaints allows for a fast two-way communication.]**

**Descriptives**

| J36 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Std. Deviation | Std. Error | 95% Confidence Interval for Mean | | | |
| | N | Mean | | | Lower Bound | Upper Bound | Min | Max |
| Remote channel | 146 | 4.00 | 1.495 | .124 | 3.76 | 4.24 | 1 | 7 |
| Interactive channel | 142 | 4.08 | 1.659 | .139 | 3.80 | 4.35 | 1 | 7 |
| Total | 288 | 4.04 | 1.576 | .093 | 3.86 | 4.22 | 1 | 7 |

**Test of Homogeneity of Variances**

J36

| Levene Statistic | df1 | df2 | Sig. |
|---|---|---|---|
| 1.908 | 1 | 286 | .168 |

**ANOVA**

J36

| | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|
| Between Groups | .432 | 1 | .432 | .173 | .677 |
| Within Groups | 712.148 | 286 | 2.490 | | |
| Total | 712.580 | 287 | | | |

# Manipulation Checks (Experiment II)

**Dependent Variable: [ I would need the Internet to purchase from the retailer.]**

**Descriptives**

| J35b | N | Mean | Std. Deviation | Std. Error | 95% Confidence Interval for Mean | | Min | Max |
|---|---|---|---|---|---|---|---|---|
| | | | | | Lower Bound | Upper Bound | | |
| Offline | 147 | 3.11 | 1.656 | .137 | 2.84 | 3.38 | 1 | 7 |
| Online | 141 | 5.18 | 1.653 | .139 | 4.90 | 5.45 | 1 | 7 |
| Total | 288 | 4.12 | 1.949 | .115 | 3.90 | 4.35 | 1 | 7 |

**Test of Homogeneity of Variances**

J35b

| Levene Statistic | df1 | df2 | Sig. |
|---|---|---|---|
| .219 | 1 | 286 | .640 |

**ANOVA**

J35b

| | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|
| Between Groups | 307.921 | 1 | 307.921 | 112.497 | .000 |
| Within Groups | 782.826 | 286 | 2.737 | | |
| Total | 1090.747 | 287 | | | |

**Dependent Variable: [ I think that the retailer's country of origin is Australia.]**

**Descriptives**

| J36b | N | Mean | Std. Deviation | Std. Error | 95% Confidence Interval for Mean | | Min | Max |
|---|---|---|---|---|---|---|---|---|
| | | | | | Lower Bound | Upper Bound | | |
| Local Retailer | 146 | 4.82 | 1.348 | .112 | 4.60 | 5.04 | 1 | 7 |
| Foreign Retailer | 142 | 2.72 | 1.690 | .142 | 2.44 | 3.00 | 1 | 7 |
| Total | 288 | 3.78 | 1.852 | .109 | 3.57 | 4.00 | 1 | 7 |

**Test of Homogeneity of Variances**

J36b

| Levene Statistic | df1 | df2 | Sig. |
|---|---|---|---|
| 13.226 | 1 | 286 | .000 |

**ANOVA**

J36b

| | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|
| Between Groups | 318.551 | 1 | 318.551 | 136.774 | .000 |
| Within Groups | 666.102 | 286 | 2.329 | | |
| Total | 984.653 | 287 | | | |

# Hypothesis H1, H3a and H3b (Experiment I)

## General Linear Model (TWO-WAY MANOVA)

**Between-Subjects Factors**

| | | Value Label | N |
|---|---|---|---|
| Platform Exp I: offline or online | 1.00 | Offline | 141 |
| | 2.00 | Online | 147 |
| Channel Exp I: remote or interactive | 1.00 | Remote channel | 146 |
| | 2.00 | Interactive channel | 142 |

**Box's Test of Equality of Covariance Matrices[a]**

| Box's M | 103.702 |
|---|---|
| F | .912 |
| df1 | 108 |
| df2 | 178369.161 |
| Sig. | .732 |

Tests the null hypothesis that the observed covariance matrices of the dependent variables are equal across groups.

a. Design: Intercept + Platform_Exp_I + Channel_Exp_I + Platform_Exp_I * Channel_Exp_I

**Multivariate Tests[a]**

| Effect | | Value | F | Hypothesis df | Error df | Sig. | Partial Eta Squared | Noncent. Parameter | Observed Power[c] |
|---|---|---|---|---|---|---|---|---|---|
| Intercept | Pillai's Trace | .975 | 1360.827[b] | 8.000 | 277.000 | .000 | .975 | 10886.612 | 1.000 |
| | Wilks' Lambda | .025 | 1360.827[b] | 8.000 | 277.000 | .000 | .975 | 10886.612 | 1.000 |
| | Hotelling's Trace | 39.302 | 1360.827[b] | 8.000 | 277.000 | .000 | .975 | 10886.612 | 1.000 |
| | Roy's Largest Root | 39.302 | 1360.827[b] | 8.000 | 277.000 | .000 | .975 | 10886.612 | 1.000 |
| Platform_ Exp_I | Pillai's Trace | .066 | 2.443[b] | 8.000 | 277.000 | .014 | .066 | 19.545 | .899 |
| | Wilks' Lambda | .934 | 2.443[b] | 8.000 | 277.000 | .014 | .066 | 19.545 | .899 |
| | Hotelling's Trace | .071 | 2.443[b] | 8.000 | 277.000 | .014 | .066 | 19.545 | .899 |
| | Roy's Largest Root | .071 | 2.443[b] | 8.000 | 277.000 | .014 | .066 | 19.545 | .899 |
| Channel_ Exp_I | Pillai's Trace | .070 | 2.617[b] | 8.000 | 277.000 | .009 | .070 | 20.938 | .921 |
| | Wilks' Lambda | .930 | 2.617[b] | 8.000 | 277.000 | .009 | .070 | 20.938 | .921 |
| | Hotelling's Trace | .076 | 2.617[b] | 8.000 | 277.000 | .009 | .070 | 20.938 | .921 |
| | Roy's Largest Root | .076 | 2.617[b] | 8.000 | 277.000 | .009 | .070 | 20.938 | .921 |
| Platform_Exp_I * Channel_Exp_I | Pillai's Trace | .010 | .350[b] | 8.000 | 277.000 | .945 | .010 | 2.800 | .167 |
| | Wilks' Lambda | .990 | .350[b] | 8.000 | 277.000 | .945 | .010 | 2.800 | .167 |
| | Hotelling's Trace | .010 | .350[b] | 8.000 | 277.000 | .945 | .010 | 2.800 | .167 |
| | Roy's Largest Root | .010 | .350[b] | 8.000 | 277.000 | .945 | .010 | 2.800 | .167 |

a. Design: Intercept + Platform_Exp_I + Channel_Exp_I + Platform_Exp_I * Channel_Exp_I
b. Exact statistic
c. Computed using alpha = .05

**Levene's Test of Equality of Error Variances[a]**

| | F | df1 | df2 | Sig. |
|---|---|---|---|---|
| PRRR Invalid (mean, A1 A2, A3) | 1.029 | 3 | 284 | .380 |
| PRRR Unreturned and No Urgency (mean, B5, B6, C8) | .547 | 3 | 284 | .650 |
| PRRR Transferred (mean, D10, D11, D12, D13) | .498 | 3 | 284 | .684 |
| PRRR Rudeness (mean, E14, E15, E16, E17) | .287 | 3 | 284 | .835 |
| PRRR Inaction (mean, F18, F19, F20) | .684 | 3 | 284 | .562 |
| PRRR No Action (mean, G21, G22. G23, G24) | 1.954 | 3 | 284 | .121 |
| PRRR Extended Delay (mean, H26, H27, H28) | 1.088 | 3 | 284 | .355 |
| Incompetence (mean, H29, H30, H32) | .181 | 3 | 284 | .909 |

Tests the null hypothesis that the error variance of the dependent variable is equal across groups.
a. Design: Intercept + Platform_Exp_I + Channel_Exp_I + Platform_Exp_I * Channel_Exp_I

**Tests of Between-Subjects Effects**

| Source | Dependent Variable | Type III Sum of Squares | df | Mean Square | F | Sig. | Partial Eta Squared | Noncent. Parameter | Observed Power[i] |
|---|---|---|---|---|---|---|---|---|---|
| Corrected Model | PRRR Invalid (mean, A1 A2, A3) | .238[a] | 3 | .079 | .046 | .987 | .000 | .138 | .058 |
| | PRRR Unreturned and No Urgency (mean, B5, B6, C8) | 14.418[b] | 3 | 4.806 | 3.616 | .014 | .037 | 10.849 | .792 |
| | PRRR Transferred (mean, D10, D11, D12, D13) | 19.145[c] | 3 | 6.382 | 5.662 | .001 | .056 | 16.987 | .945 |
| | PRRR Rudeness (mean, E14, E15, E16, E17) | 1.648[d] | 3 | .549 | .361 | .781 | .004 | 1.083 | .121 |
| | PRRR Inaction (mean, F18, F19, F20) | 8.035[e] | 3 | 2.678 | 2.628 | .051 | .027 | 7.884 | .640 |
| | PRRR No Action (mean, G21, G22. G23, G24) | 13.813[f] | 3 | 4.604 | 2.944 | .033 | .030 | 8.832 | .695 |
| | PRRR Extended Delay (mean, H26, H27, H28) | 1.549[g] | 3 | .516 | .519 | .670 | .005 | 1.556 | .156 |
| | Incompetence (mean, H29, H30, H32) | .278[h] | 3 | .093 | .076 | .973 | .001 | .227 | .063 |
| Intercept | PRRR Invalid (mean, A1 A2, A3) | 2274.346 | 1 | 2274.346 | 1318.011 | .000 | .823 | 1318.011 | 1.000 |
| | PRRR Unreturned and No Urgency (mean, B5, B6, C8) | 6111.198 | 1 | 6111.198 | 4598.450 | .000 | .942 | 4598.450 | 1.000 |
| | PRRR Transferred (mean, D10, D11, D12, D13) | 6533.658 | 1 | 6533.658 | 5797.121 | .000 | .953 | 5797.121 | 1.000 |
| | PRRR Rudeness (mean, E14, E15, E16, E17) | 2611.200 | 1 | 2611.200 | 1715.889 | .000 | .858 | 1715.889 | 1.000 |
| | PRRR Inaction (mean, F18, F19, F20) | 4369.547 | 1 | 4369.547 | 4287.919 | .000 | .938 | 4287.919 | 1.000 |
| | PRRR No Action (mean, G21, G22. G23, G24) | 4616.076 | 1 | 4616.076 | 2951.382 | .000 | .912 | 2951.382 | 1.000 |
| | PRRR Extended Delay (mean, H26, H27, H28) | 6046.228 | 1 | 6046.228 | 6073.415 | .000 | .955 | 6073.415 | 1.000 |
| | Incompetence (mean, H29, H30, H32) | 3248.237 | 1 | 3248.237 | 2646.923 | .000 | .903 | 2646.923 | 1.000 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Platform_ Exp_I | PRRR Invalid (mean, A1 A2, A3) | .163 | 1 | .163 | .095 | .759 | .000 | .095 | .061 |
| | PRRR Unreturned and No Urgency (mean, B5, B6, C8) | 1.715 | 1 | 1.715 | 1.291 | .257 | .005 | 1.291 | .205 |
| | PRRR Transferred (mean, D10, D11, D12, D13) | 5.033 | 1 | 5.033 | 4.465 | .035 | .015 | 4.465 | .558 |
| | PRRR Rudeness (mean, E14, E15, E16, E17) | .119 | 1 | .119 | .078 | .780 | .000 | .078 | .059 |
| | PRRR Inaction (mean, F18, F19, F20) | 4.894 | 1 | 4.894 | 4.803 | .029 | .017 | 4.803 | .589 |
| | PRRR No Action (mean, G21, G22. G23, G24) | 9.773 | 1 | 9.773 | 6.249 | .013 | .022 | 6.249 | .702 |
| | PRRR Extended Delay (mean, H26, H27, H28) | 1.290 | 1 | 1.290 | 1.296 | .256 | .005 | 1.296 | .206 |
| | Incompetence (mean, H29, H30, H32) | .014 | 1 | .014 | .012 | .914 | .000 | .012 | .051 |
| Channel_ Exp_I | PRRR Invalid (mean, A1 A2, A3) | .063 | 1 | .063 | .036 | .849 | .000 | .036 | .054 |
| | PRRR Unreturned and No Urgency (mean, B5, B6, C8) | 12.375 | 1 | 12.375 | 9.312 | .002 | .032 | 9.312 | .860 |
| | PRRR Transferred (mean, D10, D11, D12, D13) | 13.858 | 1 | 13.858 | 12.296 | .001 | .041 | 12.296 | .938 |
| | PRRR Rudeness (mean, E14, E15, E16, E17) | .001 | 1 | .001 | .000 | .983 | .000 | .000 | .050 |
| | PRRR Inaction (mean, F18, F19, F20) | 3.068 | 1 | 3.068 | 3.011 | .084 | .010 | 3.011 | .409 |
| | PRRR No Action (mean, G21, G22. G23, G24) | 3.024 | 1 | 3.024 | 1.934 | .165 | .007 | 1.934 | .283 |
| | PRRR Extended Delay (mean, H26, H27, H28) | .007 | 1 | .007 | .007 | .935 | .000 | .007 | .051 |
| | Incompetence (mean, H29, H30, H32) | .025 | 1 | .025 | .021 | .886 | .000 | .021 | .052 |
| Platform_ Exp_I * Channel_ Exp_I | PRRR Invalid (mean, A1 A2, A3) | .013 | 1 | .013 | .008 | .930 | .000 | .008 | .051 |
| | PRRR Unreturned and No Urgency (mean, B5, B6, C8) | .321 | 1 | .321 | .241 | .624 | .001 | .241 | .078 |
| | PRRR Transferred (mean, D10, D11, D12, D13) | .076 | 1 | .076 | .068 | .795 | .000 | .068 | .058 |
| | PRRR Rudeness (mean, E14, E15, E16, E17) | 1.540 | 1 | 1.540 | 1.012 | .315 | .004 | 1.012 | .171 |
| | PRRR Inaction (mean, F18, F19, F20) | .047 | 1 | .047 | .046 | .830 | .000 | .046 | .055 |
| | PRRR No Action (mean, G21, G22. G23, G24) | 1.105 | 1 | 1.105 | .706 | .401 | .002 | .706 | .133 |
| | PRRR Extended Delay (mean, H26, H27, H28) | .268 | 1 | .268 | .270 | .604 | .001 | .270 | .081 |
| | Incompetence (mean, H29, H30, H32) | .233 | 1 | .233 | .190 | .663 | .001 | .190 | .072 |
| Error | PRRR Invalid (mean, A1 A2, A3) | 490.067 | 284 | 1.726 | | | | | |
| | PRRR Unreturned and No Urgency (mean, B5, B6, C8) | 377.427 | 284 | 1.329 | | | | | |
| | PRRR Transferred (mean, D10, D11, D12, D13) | 320.083 | 284 | 1.127 | | | | | |
| | PRRR Rudeness (mean, E14, E15, E16, E17) | 432.185 | 284 | 1.522 | | | | | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | PRRR Inaction (mean, F18, F19, F20) | 289.406 | 284 | 1.019 | | | | | |
| | PRRR No Action (mean, G21, G22. G23, G24) | 444.187 | 284 | 1.564 | | | | | |
| | PRRR Extended Delay (mean, H26, H27, H28) | 282.729 | 284 | .996 | | | | | |
| | Incompetence (mean, H29, H30, H32) | 348.518 | 284 | 1.227 | | | | | |
| Total | PRRR Invalid (mean, A1 A2, A3) | 2766.556 | 288 | | | | | | |
| | PRRR Unreturned and No Urgency (mean, B5, B6, C8) | 6503.111 | 288 | | | | | | |
| | PRRR Transferred (mean, D10, D11, D12, D13) | 6861.000 | 288 | | | | | | |
| | PRRR Rudeness (mean, E14, E15, E16, E17) | 3046.875 | 288 | | | | | | |
| | PRRR Inaction (mean, F18, F19, F20) | 4660.778 | 288 | | | | | | |
| | PRRR No Action (mean, G21, G22. G23, G24) | 5066.000 | 288 | | | | | | |
| | PRRR Extended Delay (mean, H26, H27, H28) | 6331.222 | 288 | | | | | | |
| | Incompetence (mean, H29, H30, H32) | 3600.111 | 288 | | | | | | |
| Corrected Total | PRRR Invalid (mean, A1 A2, A3) | 490.305 | 287 | | | | | | |
| | PRRR Unreturned and No Urgency (mean, B5, B6, C8) | 391.846 | 287 | | | | | | |
| | PRRR Transferred (mean, D10, D11, D12, D13) | 339.228 | 287 | | | | | | |
| | PRRR Rudeness (mean, E14, E15, E16, E17) | 433.832 | 287 | | | | | | |
| | PRRR Inaction (mean, F18, F19, F20) | 297.441 | 287 | | | | | | |
| | PRRR No Action (mean, G21, G22. G23, G24) | 458.000 | 287 | | | | | | |
| | PRRR Extended Delay (mean, H26, H27, H28) | 284.277 | 287 | | | | | | |
| | Incompetence (mean, H29, H30, H32) | 348.796 | 287 | | | | | | |

a. R Squared = .000 (Adjusted R Squared = -.010)
b. R Squared = .037 (Adjusted R Squared = .027)
c. R Squared = .056 (Adjusted R Squared = .046)
d. R Squared = .004 (Adjusted R Squared = -.007)
e. R Squared = .027 (Adjusted R Squared = .017)
f. R Squared = .030 (Adjusted R Squared = .020)
g. R Squared = .005 (Adjusted R Squared = -.005)
h. R Squared = .001 (Adjusted R Squared = -.010)
i. Computed using alpha = .05

# Estimated Marginal Means (TWO-WAY MANOVA)

## 1. Grand Mean

| Dependent Variable | Mean | Std. Error | 95% Confidence Interval | |
|---|---|---|---|---|
| | | | Lower Bound | Upper Bound |
| PRRR Invalid (mean, A1 A2, A3) | 2.811 | .077 | 2.659 | 2.964 |
| PRRR Unreturned and No Urgency (mean, B5, B6, C8) | 4.608 | .068 | 4.474 | 4.742 |
| PRRR Transferred (mean, D10, D11, D12, D13) | 4.765 | .063 | 4.641 | 4.888 |
| PRRR Rudeness (mean, E14, E15, E16, E17) | 3.012 | .073 | 2.869 | 3.155 |
| PRRR Inaction (mean, F18, F19, F20) | 3.896 | .060 | 3.779 | 4.014 |
| PRRR No Action (mean, G21, G22. G23, G24) | 4.005 | .074 | 3.860 | 4.150 |
| PRRR Extended Delay (mean, H26, H27, H28) | 4.583 | .059 | 4.468 | 4.699 |
| Incompetence (mean, H29, H30, H32) | 3.359 | .065 | 3.231 | 3.488 |

## 2. Platform Exp I: offline or online

| Dependent Variable | Platform Exp I: offline or online | Mean | Std. Error | 95% Confidence Interval | |
|---|---|---|---|---|---|
| | | | | Lower Bound | Upper Bound |
| PRRR Invalid (mean, A1 A2, A3) | Offline | 2.787 | .111 | 2.570 | 3.005 |
| | Online | 2.835 | .108 | 2.622 | 3.048 |
| PRRR Unreturned and No Urgency (mean, B5, B6, C8) | Offline | 4.531 | .097 | 4.340 | 4.722 |
| | Online | 4.685 | .095 | 4.498 | 4.872 |
| PRRR Transferred (mean, D10, D11, D12, D13) | Offline | 4.632 | .088 | 4.460 | 4.805 |
| | Online | 4.897 | .089 | 4.721 | 5.073 |
| PRRR Rudeness (mean, E14, E15, E16, E17) | Offline | 3.032 | .104 | 2.828 | 3.237 |
| | Online | 2.992 | .102 | 2.791 | 3.192 |
| PRRR Inaction (mean, F18, F19, F20) | Offline | 3.766 | .083 | 3.602 | 3.930 |
| | Online | 4.027 | .085 | 3.859 | 4.194 |
| PRRR No Action (mean, G21, G22. G23, G24) | Offline | 3.821 | .103 | 3.617 | 4.024 |
| | Online | 4.189 | .105 | 3.982 | 4.396 |
| PRRR Extended Delay (mean, H26, H27, H28) | Offline | 4.650 | .084 | 4.485 | 4.816 |
| | Online | 4.516 | .082 | 4.354 | 4.678 |
| Incompetence (mean, H29, H30, H32) | Offline | 3.352 | .093 | 3.169 | 3.536 |
| | Online | 3.367 | .091 | 3.187 | 3.546 |

## 3. Channel Exp I: remote or interactive

| Dependent Variable | Channel Exp I: remote or interactive | Mean | Std. Error | 95% Confidence Interval | |
|---|---|---|---|---|---|
| | | | | Lower Bound | Upper Bound |
| PRRR Invalid (mean, A1 A2, A3) | Remote channel | 2.796 | .109 | 2.582 | 3.010 |
| | Interactive channel | 2.826 | .110 | 2.609 | 3.043 |
| PRRR Unreturned and No Urgency (mean, B5, B6, C8) | Remote channel | 4.401 | .095 | 4.213 | 4.588 |
| | Interactive channel | 4.815 | .097 | 4.625 | 5.006 |
| PRRR Transferred (mean, D10, D11, D12, D13) | Remote channel | 4.545 | .088 | 4.372 | 4.718 |
| | Interactive channel | 4.984 | .089 | 4.809 | 5.159 |
| PRRR Rudeness (mean, E14, E15, E16, E17) | Remote channel | 3.011 | .102 | 2.810 | 3.212 |
| | Interactive channel | 3.014 | .104 | 2.810 | 3.217 |
| PRRR Inaction (mean, F18, F19, F20) | Remote channel | 3.793 | .084 | 3.629 | 3.958 |
| | Interactive channel | 4.000 | .085 | 3.833 | 4.166 |
| PRRR No Action (mean, G21, G22. G23, G24) | Remote channel | 3.902 | .104 | 3.699 | 4.106 |
| | Interactive channel | 4.107 | .105 | 3.901 | 4.314 |
| PRRR Extended Delay (mean, H26, H27, H28) | Remote channel | 4.579 | .083 | 4.416 | 4.741 |
| | Interactive channel | 4.588 | .084 | 4.423 | 4.753 |
| Incompetence (mean, H29, H30, H32) | Remote channel | 3.369 | .092 | 3.188 | 3.549 |
| | Interactive channel | 3.350 | .093 | 3.167 | 3.533 |

| Dependent Variable | Platform Exp I: offline or online | Channel Exp I: remote or interactive | Mean | Std. Error | 95% Confidence Interval | |
|---|---|---|---|---|---|---|
| | | | | | Lower Bound | Upper Bound |
| PRRR Invalid (mean, A1 A2, A3) | Offline | Remote channel | 2.779 | .156 | 2.472 | 3.086 |
| | | Interactive channel | 2.795 | .157 | 2.486 | 3.104 |
| | Online | Remote channel | 2.813 | .152 | 2.515 | 3.112 |
| | | Interactive channel | 2.856 | .155 | 2.552 | 3.161 |
| PRRR Unreturned and No Urgency (mean, B5, B6, C8) | Offline | Remote channel | 4.357 | .137 | 4.088 | 4.626 |
| | | Interactive channel | 4.705 | .138 | 4.434 | 4.976 |
| | Online | Remote channel | 4.444 | .133 | 4.182 | 4.706 |
| | | Interactive channel | 4.926 | .136 | 4.659 | 5.193 |
| PRRR Transferred (mean, D10, D11, D12, D13) | Offline | Remote channel | 4.694 | .126 | 4.446 | 4.942 |
| | | Interactive channel | 5.100 | .127 | 4.850 | 5.350 |
| | Online | Remote channel | 4.397 | .123 | 4.155 | 4.638 |
| | | Interactive channel | 4.868 | .125 | 4.622 | 5.114 |
| PRRR Rudeness (mean, E14, E15, E16, E17) | Offline | Remote channel | 2.958 | .146 | 2.670 | 3.246 |
| | | Interactive channel | 3.107 | .147 | 2.817 | 3.397 |
| | Online | Remote channel | 3.063 | .142 | 2.783 | 3.344 |
| | | Interactive channel | 2.920 | .145 | 2.634 | 3.206 |
| PRRR Inaction (mean, F18, F19, F20) | Offline | Remote channel | 3.911 | .120 | 3.675 | 4.147 |
| | | Interactive channel | 4.143 | .121 | 3.905 | 4.380 |
| | Online | Remote channel | 3.676 | .117 | 3.446 | 3.905 |
| | | Interactive channel | 3.856 | .119 | 3.622 | 4.091 |
| PRRR No Action (mean, G21, G22. G23, G24) | Offline | Remote channel | 4.025 | .148 | 3.733 | 4.317 |
| | | Interactive channel | 4.354 | .149 | 4.059 | 4.648 |
| | Online | Remote channel | 3.780 | .144 | 3.496 | 4.064 |
| | | Interactive channel | 3.861 | .147 | 3.571 | 4.151 |
| PRRR Extended Delay (mean, H26, H27, H28) | Offline | Remote channel | 4.615 | .118 | 4.382 | 4.848 |
| | | Interactive channel | 4.686 | .119 | 4.451 | 4.920 |
| | Online | Remote channel | 4.542 | .115 | 4.315 | 4.769 |
| | | Interactive channel | 4.491 | .118 | 4.259 | 4.722 |
| Incompetence (mean, H29, H30, H32) | Offline | Remote channel | 3.333 | .131 | 3.075 | 3.592 |
| | | Interactive channel | 3.371 | .132 | 3.111 | 3.632 |
| | Online | Remote channel | 3.404 | .128 | 3.153 | 3.656 |
| | | Interactive channel | 3.329 | .131 | 3.072 | 3.586 |

# Hypothesis H2a, H3a and H3c (Experiment II)

## General Linear Model (TWO-WAY MANOVA)

**Between-Subjects Factors**

|  |  | Value Label | N |
|---|---|---|---|
| Platform Exp II: offline or online | 1.00 | Offline | 147 |
|  | 2.00 | Online | 141 |
| Retailer Exp II: local or foreign | 1.00 | Local Retailer | 146 |
|  | 2.00 | Foreign Retailer | 142 |

**Box's Test of Equality of Covariance Matrices[a]**

| Box's M | 103.702 |
|---|---|
| F | .912 |
| df1 | 108 |
| df2 | 178369.161 |
| Sig. | .732 |

Tests the null hypothesis that the observed covariance matrices of the dependent variables are equal across groups.

a. Design: Intercept + Platform_Exp_II + Retailer_Exp_II + Platform_Exp_II * Retailer_Exp_II

**Multivariate Tests[a]**

| Effect |  | Value | F | Hypothesis df | Error df | Sig. | Partial Eta Squared | Noncent. Parameter | Observed Power[c] |
|---|---|---|---|---|---|---|---|---|---|
| Intercept | Pillai's Trace | .975 | 1360.827[b] | 8.000 | 277.000 | .000 | .975 | 10886.612 | 1.000 |
|  | Wilks' Lambda | .025 | 1360.827[b] | 8.000 | 277.000 | .000 | .975 | 10886.612 | 1.000 |
|  | Hotelling's Trace | 39.302 | 1360.827[b] | 8.000 | 277.000 | .000 | .975 | 10886.612 | 1.000 |
|  | Roy's Largest Root | 39.302 | 1360.827[b] | 8.000 | 277.000 | .000 | .975 | 10886.612 | 1.000 |
| Platform_ Exp_II | Pillai's Trace | .066 | 2.443[b] | 8.000 | 277.000 | .014 | .066 | 19.545 | .899 |
|  | Wilks' Lambda | .934 | 2.443[b] | 8.000 | 277.000 | .014 | .066 | 19.545 | .899 |
|  | Hotelling's Trace | .071 | 2.443[b] | 8.000 | 277.000 | .014 | .066 | 19.545 | .899 |
|  | Roy's Largest Root | .071 | 2.443[b] | 8.000 | 277.000 | .014 | .066 | 19.545 | .899 |
| Retailer_ Exp_II | Pillai's Trace | .070 | 2.617[b] | 8.000 | 277.000 | .009 | .070 | 20.938 | .921 |
|  | Wilks' Lambda | .930 | 2.617[b] | 8.000 | 277.000 | .009 | .070 | 20.938 | .921 |
|  | Hotelling's Trace | .076 | 2.617[b] | 8.000 | 277.000 | .009 | .070 | 20.938 | .921 |
|  | Roy's Largest Root | .076 | 2.617[b] | 8.000 | 277.000 | .009 | .070 | 20.938 | .921 |
| Platform_ Exp_II * Retailer_ Exp_II | Pillai's Trace | .010 | .350[b] | 8.000 | 277.000 | .945 | .010 | 2.800 | .167 |
|  | Wilks' Lambda | .990 | .350[b] | 8.000 | 277.000 | .945 | .010 | 2.800 | .167 |
|  | Hotelling's Trace | .010 | .350[b] | 8.000 | 277.000 | .945 | .010 | 2.800 | .167 |
|  | Roy's Largest Root | .010 | .350[b] | 8.000 | 277.000 | .945 | .010 | 2.800 | .167 |

a. Design: Intercept + Platform_Exp_II + Retailer_Exp_II + Platform_Exp_II * Retailer_Exp_II
b. Exact statistic
c. Computed using alpha = .05

**Levene's Test of Equality of Error Variances[a]**

| | F | df1 | df2 | Sig. |
|---|---|---|---|---|
| PRRR Invalid (mean, A1 A2, A3) | 1.029 | 3 | 284 | .380 |
| PRRR Unreturned and No Urgency (mean, B5, B6, C8) | .547 | 3 | 284 | .650 |
| PRRR Transferred (mean, D10, D11, D12, D13) | .498 | 3 | 284 | .684 |
| PRRR Rudeness (mean, E14, E15, E16, E17) | .287 | 3 | 284 | .835 |
| PRRR Inaction (mean, F18, F19, F20) | .684 | 3 | 284 | .562 |
| PRRR No Action (mean, G21, G22. G23, G24) | 1.954 | 3 | 284 | .121 |
| PRRR Extended Delay (mean, H26, H27, H28) | 1.088 | 3 | 284 | .355 |
| Incompetence (mean , H29, H30, H32) | .181 | 3 | 284 | .909 |

Tests the null hypothesis that the error variance of the dependent variable is equal across groups.
a. Design: Intercept + Platform_Exp_II + Retailer_Exp_II + Platform_Exp_II * Retailer_Exp_II

**Tests of Between-Subjects Effects**

| Source | Dependent Variable | Type III Sum of Squares | df | Mean Square | F | Sig. | Partial Eta Squared | Noncent. Parameter | Observed Power[j] |
|---|---|---|---|---|---|---|---|---|---|
| Corrected Model | PRRR Invalid (mean, A1 A2, A3) | .238[a] | 3 | .079 | .046 | .987 | .000 | .138 | .058 |
| | PRRR Unreturned and No Urgency (mean, B5, B6, C8) | 14.418[b] | 3 | 4.806 | 3.616 | .014 | .037 | 10.849 | .792 |
| | PRRR Transferred (mean, D10, D11, D12, D13) | 19.145[c] | 3 | 6.382 | 5.662 | .001 | .056 | 16.987 | .945 |
| | PRRR Rudeness (mean, E14, E15, E16, E17) | 1.648[d] | 3 | .549 | .361 | .781 | .004 | 1.083 | .121 |
| | PRRR Inaction (mean, F18, F19, F20) | 8.035[e] | 3 | 2.678 | 2.628 | .051 | .027 | 7.884 | .640 |
| | PRRR No Action (mean, G21, G22. G23, G24) | 13.813[f] | 3 | 4.604 | 2.944 | .033 | .030 | 8.832 | .695 |
| | PRRR Extended Delay (mean, H26, H27, H28) | 1.549[g] | 3 | .516 | .519 | .670 | .005 | 1.556 | .156 |
| | Incompetence (mean, H29, H30, H32) | .278[h] | 3 | .093 | .076 | .973 | .001 | .227 | .063 |
| Intercept | PRRR Invalid (mean, A1 A2, A3) | 2274.346 | 1 | 2274.346 | 1318.011 | .000 | .823 | 1318.011 | 1.000 |
| | PRRR Unreturned and No Urgency (mean, B5, B6, C8) | 6111.198 | 1 | 6111.198 | 4598.450 | .000 | .942 | 4598.450 | 1.000 |
| | PRRR Transferred (mean, D10, D11, D12, D13) | 6533.658 | 1 | 6533.658 | 5797.121 | .000 | .953 | 5797.121 | 1.000 |
| | PRRR Rudeness (mean, E14, E15, E16, E17) | 2611.200 | 1 | 2611.200 | 1715.889 | .000 | .858 | 1715.889 | 1.000 |
| | PRRR Inaction (mean, F18, F19, F20) | 4369.547 | 1 | 4369.547 | 4287.919 | .000 | .938 | 4287.919 | 1.000 |
| | PRRR No Action (mean, G21, G22. G23, G24) | 4616.076 | 1 | 4616.076 | 2951.382 | .000 | .912 | 2951.382 | 1.000 |
| | PRRR Extended Delay (mean, H26, H27, H28) | 6046.228 | 1 | 6046.228 | 6073.415 | .000 | .955 | 6073.415 | 1.000 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Incompetence (mean, H29, H30, H32) | 3248.237 | 1 | 3248.237 | 2646.923 | .000 | .903 | 2646.923 | 1.000 |
| Platform_ Exp_II | PRRR Invalid (mean, A1 A2, A3) | .163 | 1 | .163 | .095 | .759 | .000 | .095 | .061 |
| | PRRR Unreturned and No Urgency (mean, B5, B6, C8) | 1.715 | 1 | 1.715 | 1.291 | .257 | .005 | 1.291 | .205 |
| | PRRR Transferred (mean, D10, D11, D12, D13) | 5.033 | 1 | 5.033 | 4.465 | .035 | .015 | 4.465 | .558 |
| | PRRR Rudeness (mean, E14, E15, E16, E17) | .119 | 1 | .119 | .078 | .780 | .000 | .078 | .059 |
| | PRRR Inaction (mean, F18, F19, F20) | 4.894 | 1 | 4.894 | 4.803 | .029 | .017 | 4.803 | .589 |
| | PRRR No Action (mean, G21, G22. G23, G24) | 9.773 | 1 | 9.773 | 6.249 | .013 | .022 | 6.249 | .702 |
| | PRRR Extended Delay (mean, H26, H27, H28) | 1.290 | 1 | 1.290 | 1.296 | .256 | .005 | 1.296 | .206 |
| | Incompetence (mean, H29, H30, H32) | .014 | 1 | .014 | .012 | .914 | .000 | .012 | .051 |
| Retailer_ Exp_II | PRRR Invalid (mean, A1 A2, A3) | .063 | 1 | .063 | .036 | .849 | .000 | .036 | .054 |
| | PRRR Unreturned and No Urgency (mean, B5, B6, C8) | 12.375 | 1 | 12.375 | 9.312 | .002 | .032 | 9.312 | .860 |
| | PRRR Transferred (mean, D10, D11, D12, D13) | 13.858 | 1 | 13.858 | 12.296 | .001 | .041 | 12.296 | .938 |
| | PRRR Rudeness (mean, E14, E15, E16, E17) | .001 | 1 | .001 | .000 | .983 | .000 | .000 | .050 |
| | PRRR Inaction (mean, F18, F19, F20) | 3.068 | 1 | 3.068 | 3.011 | .084 | .010 | 3.011 | .409 |
| | PRRR No Action (mean, G21, G22. G23, G24) | 3.024 | 1 | 3.024 | 1.934 | .165 | .007 | 1.934 | .283 |
| | PRRR Extended Delay (mean, H26, H27, H28) | .007 | 1 | .007 | .007 | .935 | .000 | .007 | .051 |
| | Incompetence (mean, H29, H30, H32) | .025 | 1 | .025 | .021 | .886 | .000 | .021 | .052 |
| Platform_ Exp_II * Retailer_ Exp_II | PRRR Invalid (mean, A1 A2, A3) | .013 | 1 | .013 | .008 | .930 | .000 | .008 | .051 |
| | PRRR Unreturned and No Urgency (mean, B5, B6, C8) | .321 | 1 | .321 | .241 | .624 | .001 | .241 | .078 |
| | PRRR Transferred (mean, D10, D11, D12, D13) | .076 | 1 | .076 | .068 | .795 | .000 | .068 | .058 |
| | PRRR Rudeness (mean, E14, E15, E16, E17) | 1.540 | 1 | 1.540 | 1.012 | .315 | .004 | 1.012 | .171 |
| | PRRR Inaction (mean, F18, F19, F20) | .047 | 1 | .047 | .046 | .830 | .000 | .046 | .055 |
| | PRRR No Action (mean, G21, G22. G23, G24) | 1.105 | 1 | 1.105 | .706 | .401 | .002 | .706 | .133 |
| | PRRR Extended Delay (mean, H26, H27, H28) | .268 | 1 | .268 | .270 | .604 | .001 | .270 | .081 |
| | Incompetence (mean, H29, H30, H32) | .233 | 1 | .233 | .190 | .663 | .001 | .190 | .072 |
| Error | PRRR Invalid (mean, A1 A2, A3) | 490.067 | 284 | 1.726 | | | | | |
| | PRRR Unreturned and No Urgency (mean, B5, B6, C8) | 377.427 | 284 | 1.329 | | | | | |
| | PRRR Transferred (mean, D10, D11, D12, D13) | 320.083 | 284 | 1.127 | | | | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | PRRR Rudeness (mean, E14, E15, E16, E17) | 432.185 | 284 | 1.522 | | | | |
| | PRRR Inaction (mean, F18, F19, F20) | 289.406 | 284 | 1.019 | | | | |
| | PRRR No Action (mean, G21, G22. G23, G24) | 444.187 | 284 | 1.564 | | | | |
| | PRRR Extended Delay (mean, H26, H27, H28) | 282.729 | 284 | .996 | | | | |
| | Incompetence (mean, H29, H30, H32) | 348.518 | 284 | 1.227 | | | | |
| Total | PRRR Invalid (mean, A1 A2, A3) | 2766.556 | 288 | | | | | |
| | PRRR Unreturned and No Urgency (mean, B5, B6, C8) | 6503.111 | 288 | | | | | |
| | PRRR Transferred (mean, D10, D11, D12, D13) | 6861.000 | 288 | | | | | |
| | PRRR Rudeness (mean, E14, E15, E16, E17) | 3046.875 | 288 | | | | | |
| | PRRR Inaction (mean, F18, F19, F20) | 4660.778 | 288 | | | | | |
| | PRRR No Action (mean, G21, G22. G23, G24) | 5066.000 | 288 | | | | | |
| | PRRR Extended Delay (mean, H26, H27, H28) | 6331.222 | 288 | | | | | |
| | Incompetence | 3600.111 | 288 | | | | | |
| Corrected Total | PRRR Invalid (mean, A1 A2, A3) | 490.305 | 287 | | | | | |
| | PRRR Unreturned and No Urgency (mean, B5, B6, C8) | 391.846 | 287 | | | | | |
| | PRRR Transferred (mean, D10, D11, D12, D13) | 339.228 | 287 | | | | | |
| | PRRR Rudeness (mean, E14, E15, E16, E17) | 433.832 | 287 | | | | | |
| | PRRR Inaction (mean, F18, F19, F20) | 297.441 | 287 | | | | | |
| | PRRR No Action (mean, G21, G22. G23, G24) | 458.000 | 287 | | | | | |
| | PRRR Extended Delay (mean, H26, H27, H28) | 284.277 | 287 | | | | | |
| | Incompetence (mean, H29, H30, H32) | 348.796 | 287 | | | | | |

a. R Squared = .000 (Adjusted R Squared = -.010)
b. R Squared = .037 (Adjusted R Squared = .027)
c. R Squared = .056 (Adjusted R Squared = .046)
d. R Squared = .004 (Adjusted R Squared = -.007)
e. R Squared = .027 (Adjusted R Squared = .017)
f. R Squared = .030 (Adjusted R Squared = .020)
g. R Squared = .005 (Adjusted R Squared = -.005)
h. R Squared = .001 (Adjusted R Squared = -.010)
i. Computed using alpha = .05

## Estimated Marginal Means (TWO-WAY MANOVA)

### 1. Grand Mean

| Dependent Variable | Mean | Std. Error | 95% Confidence Interval | |
|---|---|---|---|---|
| | | | Lower Bound | Upper Bound |
| PRRR Invalid (mean, A1 A2, A3) | 2.811 | .077 | 2.659 | 2.964 |
| PRRR Unreturned and No Urgency (mean, B5, B6, C8) | 4.608 | .068 | 4.474 | 4.742 |
| PRRR Transferred (mean, D10, D11, D12, D13) | 4.765 | .063 | 4.641 | 4.888 |
| PRRR Rudeness (mean, E14, E15, E16, E17) | 3.012 | .073 | 2.869 | 3.155 |
| PRRR Inaction (mean, F18, F19, F20) | 3.896 | .060 | 3.779 | 4.014 |
| PRRR No Action (mean, G21, G22. G23, G24) | 4.005 | .074 | 3.860 | 4.150 |
| PRRR Extended Delay (mean, H26, H27, H28) | 4.583 | .059 | 4.468 | 4.699 |
| Incompetence (mean, H29, H30, H32) | 3.359 | .065 | 3.231 | 3.488 |

### 2. Platform Exp II: offline or online

| Dependent Variable | Platform Exp II: offline or online | Mean | Std. Error | 95% Confidence Interval | |
|---|---|---|---|---|---|
| | | | | Lower Bound | Upper Bound |
| PRRR Invalid (mean, A1 A2, A3) | Offline | 2.835 | .108 | 2.622 | 3.048 |
| | Online | 2.787 | .111 | 2.570 | 3.005 |
| PRRR Unreturned and No Urgency (mean, B5, B6, C8) | Offline | 4.685 | .095 | 4.498 | 4.872 |
| | Online | 4.531 | .097 | 4.340 | 4.722 |
| PRRR Transferred (mean, D10, D11, D12, D13) | Offline | 4.632 | .088 | 4.460 | 4.805 |
| | Online | 4.897 | .089 | 4.721 | 5.073 |
| PRRR Rudeness (mean, E14, E15, E16, E17) | Offline | 2.992 | .102 | 2.791 | 3.192 |
| | Online | 3.032 | .104 | 2.828 | 3.237 |
| PRRR Inaction (mean, F18, F19, F20) | Offline | 3.766 | .083 | 3.602 | 3.930 |
| | Online | 4.027 | .085 | 3.859 | 4.194 |
| PRRR No Action (mean, G21, G22. G23, G24) | Offline | 3.821 | .103 | 3.617 | 4.024 |
| | Online | 4.189 | .105 | 3.982 | 4.396 |
| PRRR Extended Delay (mean, H26, H27, H28) | Offline | 4.516 | .082 | 4.354 | 4.678 |
| | Online | 4.650 | .084 | 4.485 | 4.816 |
| Incompetence (mean, H29, H30, H32) | Offline | 3.367 | .091 | 3.187 | 3.546 |
| | Online | 3.352 | .093 | 3.169 | 3.536 |

### 3. Retailer Exp II: local or foreign

| Dependent Variable | Retailer Exp II: local or foreign | Mean | Std. Error | 95% Confidence Interval | |
|---|---|---|---|---|---|
| | | | | Lower Bound | Upper Bound |
| PRRR Invalid (mean, A1 A2, A3) | Local Retailer | 2.796 | .109 | 2.582 | 3.010 |
| | Foreign Retailer | 2.826 | .110 | 2.609 | 3.043 |
| PRRR Unreturned and No Urgency (mean, B5, B6, C8) | Local Retailer | 4.401 | .095 | 4.213 | 4.588 |
| | Foreign Retailer | 4.815 | .097 | 4.625 | 5.006 |
| PRRR Transferred (mean, D10, D11, D12, D13) | Local Retailer | 4.545 | .088 | 4.372 | 4.718 |
| | Foreign Retailer | 4.984 | .089 | 4.809 | 5.159 |
| PRRR Rudeness (mean, E14, E15, E16, E17) | Local Retailer | 3.011 | .102 | 2.810 | 3.212 |
| | Foreign Retailer | 3.014 | .104 | 2.810 | 3.217 |
| PRRR Inaction (mean, F18, F19, F20) | Local Retailer | 3.793 | .084 | 3.629 | 3.958 |
| | Foreign Retailer | 4.000 | .085 | 3.833 | 4.166 |
| PRRR No Action (mean, G21, G22. G23, G24) | Local Retailer | 3.902 | .104 | 3.699 | 4.106 |
| | Foreign Retailer | 4.107 | .105 | 3.901 | 4.314 |
| PRRR Extended Delay (mean, H26, H27, H28) | Local Retailer | 4.579 | .083 | 4.416 | 4.741 |
| | Foreign Retailer | 4.588 | .084 | 4.423 | 4.753 |
| Incompetence (mean, H29, H30, H32) | Local Retailer | 3.369 | .092 | 3.188 | 3.549 |
| | Foreign Retailer | 3.350 | .093 | 3.167 | 3.533 |

**4. Platform Exp II: offline or online * Retailer Exp II: local or foreign**

| Dependent Variable | Platform Exp II: offline or online | Retailer Exp II: local or foreign | Mean | Std. Error | 95% Confidence Interval | |
|---|---|---|---|---|---|---|
| | | | | | Lower Bound | Upper Bound |
| PRRR Invalid (mean, A1 A2, A3) | Offline | Local Retailer | 2.813 | .152 | 2.515 | 3.112 |
| | | Foreign Retailer | 2.856 | .155 | 2.552 | 3.161 |
| | Online | Local Retailer | 2.779 | .156 | 2.472 | 3.086 |
| | | Foreign Retailer | 2.795 | .157 | 2.486 | 3.104 |
| PRRR Unreturned and No Urgency (mean, B5, B6, C8) | Offline | Local Retailer | 4.444 | .133 | 4.182 | 4.706 |
| | | Foreign Retailer | 4.926 | .136 | 4.659 | 5.193 |
| | Online | Local Retailer | 4.357 | .137 | 4.088 | 4.626 |
| | | Foreign Retailer | 4.705 | .138 | 4.434 | 4.976 |
| PRRR Transferred (mean, D10, D11, D12, D13) | Offline | Local Retailer | 4.397 | .123 | 4.155 | 4.638 |
| | | Foreign Retailer | 4.868 | .125 | 4.622 | 5.114 |
| | Online | Local Retailer | 4.694 | .126 | 4.446 | 4.942 |
| | | Foreign Retailer | 5.100 | .127 | 4.850 | 5.350 |
| PRRR Rudeness (mean, E14, E15, E16, E17) | Offline | Local Retailer | 3.063 | .142 | 2.783 | 3.344 |
| | | Foreign Retailer | 2.920 | .145 | 2.634 | 3.206 |
| | Online | Local Retailer | 2.958 | .146 | 2.670 | 3.246 |
| | | Foreign Retailer | 3.107 | .147 | 2.817 | 3.397 |
| PRRR Inaction (mean, F18, F19, F20) | Offline | Local Retailer | 3.676 | .117 | 3.446 | 3.905 |
| | | Foreign Retailer | 3.856 | .119 | 3.622 | 4.091 |
| | Online | Local Retailer | 3.911 | .120 | 3.675 | 4.147 |
| | | Foreign Retailer | 4.143 | .121 | 3.905 | 4.380 |
| PRRR No Action (mean, G21, G22. G23, G24) | Offline | Local Retailer | 3.780 | .144 | 3.496 | 4.064 |
| | | Foreign Retailer | 3.861 | .147 | 3.571 | 4.151 |
| | Online | Local Retailer | 4.025 | .148 | 3.733 | 4.317 |
| | | Foreign Retailer | 4.354 | .149 | 4.059 | 4.648 |
| PRRR Extended Delay (mean, H26, H27, H28) | Offline | Local Retailer | 4.542 | .115 | 4.315 | 4.769 |
| | | Foreign Retailer | 4.491 | .118 | 4.259 | 4.722 |
| | Online | Local Retailer | 4.615 | .118 | 4.382 | 4.848 |
| | | Foreign Retailer | 4.686 | .119 | 4.451 | 4.920 |
| Incompetence | Offline | Local Retailer | 3.404 | .128 | 3.153 | 3.656 |
| | | Foreign Retailer | 3.329 | .131 | 3.072 | 3.586 |
| | Online | Local Retailer | 3.333 | .131 | 3.075 | 3.592 |
| | | Foreign Retailer | 3.371 | .132 | 3.111 | 3.632 |