



DEMOGRAPHICS INFLUENCES ON CONSUMER COMPLAINT BEHAVIOR OF INSURANCE INDUSTRY IN SOUTH SUMATERA

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Abstract

The purpose of this study to examine hoe demographic characteristis contribute to consumers' decision on lifestyle variables, namely the direct and indirect demographic influence on channel usage frequency via cognitive and affective mediators with a questionnaire sent to A sample of 147 responden in Palembang (South Sumatera) collected randomly. Statistically this sample provided data at the 95% level of confidence within a maximum sampling error of 5% of the 147 responden in the sample, 124 completed interviews were obtained, yielding an 87% response rate.

Empirical evidance suggest that demographic variables' influence over consumers' usage frequency decision has both a direct and indirect components. Insurance manager will benefit from knowing demographics' characteristics have the desired direct and indirect impact on usage frequency. This information will improve insurance managers' effort to encourage customer to favour a specific delivery channel.

By clarifying the impact of demographic variables, the study provides more robust perception on their role as determinants of the , consumer values in relationship to apparel products.

Keywords: demographics variables, lifestyle variables, consumer values in relationship to apparel products.

Introduction

Despite the fact that there are a lot of penetration in Indonesian market by a local and Internatioal insurance company, in one of the article that I read, if we compares to Indonesian inhabitants which is estimated to 220 million people (www.Menkokesra.go.id), the insurance policy holder is just 12 millions people. So it is only 6 percent from total Indonesia population. Even if we compared to Indonesia neighbour countries like Malaysia and Singapore, this number is really really small. In

those countries, the number of Insurance policy holder is reaching 30-40 percent (www.republika.co.id). Since Indonesia market potential for Insurance is really big, there is no wonder Indonesia became a target by many International Insurance company. This situation is very different when we look back around 5-10 years ago. In those days, Indonesian Insurance company rule the market share. But I think now the situation is changing.

In 2006, Head of Indonesia Insurance Council, Hotbonar Sinaga predict that International insurance



company shall dominate Indonesia insurance market share in another 5 years. And I think he is right. Now, the name of International Insurance company such as "Prudential" or "Manulife" is very common to Indonesian people and I see that more and more Indonesian people became the holder of their insurance policy. Personally, I am glad that more and more Indonesian people is realizing the importance to have insurance policy, not only for their life insurance but also other insurance product such Health, House, Car, and Child educations. But as a moslem, I hope that Indonesian Islamic or Sharia Insurance industry can also cope with this condition and play their role to offer their exceptional Insurance products to the Moslem community in Indonesia. As one of moslem resident in the biggest moslem country in the world, it is my personal hope that Islamic or Sharia insurance industry became the major player in Indonesia Insurance industry market share. I do hope this can be materialized in the not so distant future.

Theoretical Framework

Consumer complaint behavior continues to be an issue of importance to marketers. Inherently, complaint behavior involves a negative response on the part of the consumer, or as Jacoby and Jaccard (1981, p. 6) define it, "action taken by an individual which involves communicating something negative regarding a product or service to either the firm manufacturing or marketing that product or service, or to some third-party organizational entity.

Day et al. (1981) suggest that consumer dissatisfaction may have far-reaching implications such as brand switching or store boycotts. Historically, complaint behavior has been analyzed in terms of consumer demographics (e.g., Miller 1970; Liefeld, Edgcombe, and Wolfe 1975; Pfaff and Blivice 1977) while more recent research suggests that complaint behavior is a function of both characteristics of the individual and the situation (Moyer 1985; Beardon and Crockett 1981; Wall, Dickey, and Talarzyk 1979).

Although several studies have focused attention on the importance of consumers' "inner states" or "internal influences" in relationship to complaining (Zaichkowsky and Liefeld 1977; Wall, Dickey, and Talarzyk 1977) a neglected approach has been to investigate the values which the complainer brings into the marketplace. Values, as defined by Kluckhohn (1951), are concepts of the desirable which influence selection from available modes, means, and ends of action. Early attempts to relate the study of human values to marketing were done by Rosenberg (1956) and Yankelovich (1964). More recently, research has focused on utilizing personal values as a basis for market segmentation (Scott and Lamont 1970; Vinson, Munson, and Nakaniski 1977; Vinson, Scott, and Lamont 1977; Munson and McIntyre 1979). The purpose of the present study was to investigate not only the demographic and lifestyle variables associated with complaint behavior, but, in addition and most importantly, to analyze the values of those that are most likely to complain in the

marketplace. The hypothesis for the study was that there would be differences in values, lifestyles, and demographics between complainers and non-complainers in relationship to apparel products.

Methodology

A sample of 147 responden in Palembang (South Sumatera) collected randomly. Statistically this sample provided data at the 95% level of confidence within a maximum sampling error of 5% of the 147 responden in the sample, 124 completed interviews were obtained, yielding an 87% response rate.

Measures

Variables included in the study consisted of three major groupings: (1) demographics, (2) lifestyle variables, and (3) consumer values in relationship to apparel products. The demographic variables consisted of age, household income, educational level, race, respondent's employment status, and family type (single parent, dual earner, traditional). Ten items from the Stanford Research Institute study of American Lifestyles (Mitchell 1983) were utilized as the lifestyle variables. These included questions about family life, social status, and money and each was measured on a four-point agree, disagree scale. A four-point scale, rather than the conventional five-point scale, was utilized because of the ease by which it could be administered on the telephone and to encourage subjects to take a stand on the dichotomies through using a forced

choice format rather than allowing a neutral stand.

Consumer values based on Stampfl's (1982) consumer value typologies constituted the apparel value variables. Value orientations of quality, quantity, want, need, fashion, aesthetics, and functionality were studied. One four-point Likert scale (strongly agree, agree, disagree, and strongly disagree) question was developed for each value for the product category of apparel. Apparel was chosen as the product category under study because of the frequency with which it is purchased and the possibility of product dissatisfaction. Each of the questions was validated by a panel of ten experts to ensure that the question developed measured the definition as stated. The experts were university professors from the School of Human Resources and Family Studies at the University of Illinois who were familiar with the assessment of products for consumer use. Overall, there was 67% agreement among the experts that the questions developed measured the definitions as stated.

Data Collection and Analysis

A pretest consisting of 32 interviews was conducted by professional telephone interviewers. A sample of 147 responden in Palembang (South Sumatera) collected randomly. Statistically this sample provided data at the 95% level of confidence within a maximum sampling error of 3.5%. Of the 147 responden in the sample, 124 completed interviews were obtained, yielding an 87% response rate. Questionnaire revisions



and an estimate of the average time required to administer the interview schedule resulted.

Result and Discussion

The results of the study indicate that demographic, lifestyle, and value differences between complainers and non-complainers do exist. The two demographic variables found to be significantly characteristic of complainers in this study (household income and education) tend to be consistent with previous research findings (e.g., Miller 1970; Liefeld, Edgecombe, and Wolfe 1975; Pfaff and Blivice 1977). This finding corroborates past results that complainers tend to be the most highly and financially successful segments in the marketplace. Due to their relatively high educational levels, they may be more aware of alternative modes for gaining satisfaction such as calling the Better Business Bureau, etc. Retailers might, therefore, recognize that complainers tend to be the most powerful segments in terms of success for their businesses by providing them with satisfactory goods. It is recommended that retailers handle complaints in such a manner that these more highly educated consumers do not take the complaint "out the door" and to another party.

These findings also suggest that not only Lay complainers be more "verbal" but they also may possess greater economic clout due to their higher income status. Of all customers, this is the customer the retailer should be most concerned about not

alienating. It, therefore, becomes even more imperative that the retailer deal with the complaint in a satisfactory manner. In many ways it is fortunate that the more verbal, higher income complainer gives the retailer an opportunity to "repair the damage done." Retailers need to view the complaint as an opportunity to regain customer loyalty rather than another irritation or problem. Salespersons (who are most likely to be the ones to interact with complainers) need to be thoroughly trained to effectively and positively deal with complaints. A "no questions asked" return policy simply may not be good enough anymore. Salespersons need to attempt to professionally restore a damaged relationship between the retailer and the customer. The importance of effectively dealing with the complaints of the higher income, better educated consumer takes on increased importance when it is realized that these customer segments will continue to grow due to maturation of the baby boom generation and dual-wage earner families.

Complainers were further distinguished from noncomplainers on lifestyle variables. Those consumers who prefer to be different rather than to do things the way other people do them tended to be complainers. This may indicate that the complainer values uniqueness, individuality or a sense of independence. In fact, this lifestyle perspective may be a key ingredient in allowing the consumer the freedom to complain. Apparently, this consumer is not afraid of being different (in fact, rather enjoys it) and may transfer this



attitude into the realm of shopping behavior. Perhaps, to this consumer, complaining represents a sense of being "different." If this is true, the act of complaining may be in itself a form of positive reinforcement.

The present study also sheds light on the personal consumer values that the complainer brings into the marketplace. For the product category of apparel, complainers tended to value functionality or practicality over aesthetics, and aesthetics over fashion or product newness.

It is recommended that future research addresses some of the issues and concerns raised in the present study. For example, to what extent is complaining a positively reinforcing behavior for certain individuals? For which individuals is complaining reinforcing? How and why has complaining behavior been learned? Another mode of research might experimentally manipulate various means by which salespersons handle customer complaints. Are complaints made by bright, articulate customers best handled by bright, articulate salespersons? Or would an opposite personality approach work better? A research study which investigates the intergenerational transfer of complaining behavior within the family might prove to be most interesting for all we know the kids just might be doing what they saw done.

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