



Research Paper

When Faced With A Defective Product, Do We Claim More In The United States Than They Do In Mexico? Comparative Study

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ABSTRACT: This paper presents empirical evidence about complaining behavior and the boycott or word-of-mouth strategies developed by Mexicans and Mexican-Americans when facing a dissatisfaction. A two phase study was designed with 25 unstructured electronic surveys and an online questionnaire answered by 144 Mexicans and 102 Mexican-American, which allow researchers to compare differences in behavior. The results indicate that Mexican Americans complain more than Mexicans, and also Mexican Americans have a higher expectation that the Company will act favorably on a complaint. In addition evidence was found that Mexican-Americans tend to be more moderate than Mexican in their strategy of punishing a seller either with a word-of-mouth or boycott strategy. From these findings, companies should consider some kind of compensation for dissatisfaction especially for Mexicans residing in Mexico since they use the strategy of negative word-of-mouth spread with family and Friends to cope with the discontent created by the defective product.

KEYWORDS: Complain behavior, Dissatisfaction, Word-of-Mouth, Mexican-Americans

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I. INTRODUCTION

In the US as of 2014, out of the total of 55.4 million Hispanics, 63% were Mexican-Americans, representing 17.4% of the US population [1]. Aware of the size of this market, companies are interested in attracting them as customers and having them satisfied with the products and services that they offer. However, products are sometimes flawed, and dissatisfaction can arise. Several studies have focused on consumers' dissatisfaction and their tendency to complain [2;3;4;5]. Generally, studies focus on different aspects of consumer complaint behavior, such as the intensity of dissatisfaction [6], seller's reputation and environmental aspects [7], and influence of the company's actions [8], among others. There are few studies that focus on the behavior of migrant consumers in the US (a country where consumer guarantees are extensive), who spent their formative years in an emerging economy such as Mexico where the culture of demanding consumer rights is not as developed. The purpose of this article is to understand the relationships among the intention to assert a claim for a defective product, the expectation that the store will reimburse or change the article, and the strategy that the consumer would follow to spread it among their friends or definitely not buy at that store anymore. The relationships of demographic variables, such as gender, age, income level, level of education, and number of years of living in the US, were also evaluated. By understanding the relationships among these variables, US companies that offer their products to the Mexican-American consumer segment and Mexico-based transnational corporations can develop better service and warranty strategies for their customers.

II. BACKGROUND TO CONSUMER COMPLAINING BEHAVIOR

Consumer complaining behavior has been systematically studied to understand consumers' perceptions and reactions to dissatisfaction with the failure of a product or service. There are classifications of this Consumer Complaining Behavior (CCB) [9; 10; 11]. [10] identified three dimensions of complaining behavior intentions that include word-of-mouth: 1) actions directed at the seller/producer; 2) informal complaining actions involving friends and relatives; and 3) formal complaints to agencies not directly involved in the transaction.

It is important to know consumer complaining behavior since there is evidence that complaints are a useful source of information relevant to companies to improve their products or services; according to [12], "the more complaints are generated the better." However, not all customers complain, and this puts the company at risk of losing them [13; 14]. But what happens to consumers who grew up in a country where guarantees were limited and currently live in another country where these guarantees are broader? What is the difference in their complaining behavior in relation to those who continue to live in their country of origin?

Cultural and Context Differences

Cultural differences in consumer behavior have always been recognized as a factor affecting consumer patterns. On the one hand, as mentioned by [15], Mexico is a country with a large number of monopolies in an emerging economy, which offers a limited amount of buying alternatives, and in which complaining to the seller is not common. On the other hand, it is important to consider that according to the classification by [16], Mexico is placed 32nd in the dimension of individualism (as opposed to collectivism) when compared with the US, which occupies the 1st place. A country with a smaller number is interpreted as being more intense in the cultural dimension/characteristic measured. Thus, having a market context in Mexico, in which it is not common for companies to offer compensation for a defective product, the intention to claim and the expectation of obtaining a response from the supplier accepting responsibility are minimized. Likewise, a consumer coming from a collectivist culture has the alternative to resort to negative word-of-mouth by communicating it to their friends and not buying there again.

In this exploratory study, we focus on understanding the word-of-mouth of an informal complaint involving friends and relatives; this is to understand it as one of the coping strategies that consumers use and as a boycotting strategy as well: "Do not buy again in that establishment."

III. METHODOLOGY

In the first phase, 25 unstructured electronic surveys were conducted covering five topics, mainly using open-ended questions with Mexican middle-class professionals residing in Mexico. This study explored the perception of Mexicans in relation to how accessible companies in Mexico are in dealing with the complaint of a consumer whose purchase proved to be defective. The categories of products were identified, in which it is generally more common to find complaint situations, and in which positive or negative experiences are known in relation to this subject. With this information, the products to be evaluated to outline the scenarios of the quantitative phase were identified.

In the second phase, an online questionnaire was administered where three scenarios were proposed; the products—a blouse or shirt, a jacket, and a DVD—identified in the exploratory phase would have a flaw. This questionnaire was distributed in Mexico to people with medium-medium-high socioeconomic income with purchasing power, and in the US, it was administered to people with the same profile who migrated to that country. A sample with these characteristics was sought to obtain information from consumers who had resources with which the products are paid for and could thus complain in some manner in the event of dissatisfaction. The questionnaire consisted of two sections: 1) outlining the scenario and evaluating the intention to complain, expectation of product exchange or reimbursement from the store, and the probability of not returning to buy in that store and alerting friends and family not to buy in that store and 2) demographic variables including gender, age, income level, level of education, years of living in the US, and ethnicity (Mexican or Mexican-American). The responses of the variables in section 1 were recorded on a 7-point scale where 1 = Total Disagreement, or Very Unlikely, and 7 = Total Agreement, or Highly Likely, as applied to each sentence. The final sample of the study consisted of 246 participants.

To determine whether there are differences in complaining behavior and to identify the boycott or word-of-mouth strategies that would be used in the face of dissatisfaction, the following hypotheses were considered:

H1: Mexican-American consumers complain more than Mexican consumers in the face of a faulty product situation.

H2: Mexican-American consumers have a higher expectation than do Mexican consumers that the company will act favorably on a complaint.

H3: Mexican consumers alert their friends and family more about not buying at a store with which they have had a less-than-desirable experience than do Mexican-American consumers.

IV. RESULTS

The hypotheses can be tested using data from the Mexican and Mexican-American consumer reaction survey in the case of failures in the service of three products: a blouse (shirt), a DVD, and a jacket.

As mentioned in the survey description, each individual answered on scales of 1 through 7 about their expectation that they would obtain some sort of compensation for product failure, their opinion on whether the seller would refuse to refund, their refusal to complain or request for reimbursement or compensation, and their attitude of post-complaining strategies, such as alerting friends about bad service or boycotting the supplier by refusing to buy again at that store.

In total, the answers of 246 individuals (the sample), of whom 144 were Mexican and 102 were Mexican-American, are available. Women constituted 62% of the sample of Mexicans as against constituting 52% of the sample of Mexican-Americans. The characteristics of the individuals were very similar; both samples had a median age of 25–34 years and a monthly income of 16000–30000 pesos per month. Similarly,

the samples preferably comprise individuals of professional or higher education. Mexican-Americans had an average of 5 years of living in the US.

Table 1 presents the median attitudes shown by the individuals in the combined sample for each segment according to ethnicity, as well as the simple t statistic of the median difference.

Table 1
Medians and Differences in Medians of Attitudes with the Average Product Failure Scenario

	Total	Mexicans	Americans	Student's t test
Refund expectation	4.87	5.184	4.426	6.6047***
Not held liable	4.512	5.649	4.422	3.1161***
Intent to complaining	5.27	5.333	5.181	0.7329
Alert friends	5.14	4.771	4.147	2.8668***
Not buying there again	5.303	5.625	4.848	3.7729***
Remarks	246	144	102	

Note: *** p < 0.01, ** p > 0.05, * p < 0.1
Source: Prepared by the authors

Apparently, there is no significant difference in the intention to complain or the act of complaining about failures although we did not control for the rest of the variables that affect this decision. However, for the rest of the variables—expectations of compensation and strategy against rejection—the averages are higher for the sample of residents in Mexico than they are for the sample of Mexicans residing in the US.

To have a better appreciation of refund dynamics, simple regression models that explain the variation in the main attitudes of the process should be considered. We are interested in explaining three variables: the intention to complain, given the failure that was raised in the scenario, and the strategies to deal with a seller's eventual reluctance to accept the rationale behind an individual's complaint—preventing friends from buying at that store and the consumer's refusal to buy again from that supplier. In the first equation, we propose that the intention to complain depends positively on the expectation that the seller will relent and negatively on the expectation that the seller will refuse. In addition, we incorporated a dichotomous variable indicating whether an individual was Mexican-American and belonged to a particular age group.

The second and third equations explain the extent to which a buyer would prevent their friends from buying at a store and the consumer's refusal to buy again from that supplier. In these cases, the main variable is an individual's intent to complain, and we assume that the higher this intent, the greater the consumer's reaction in their word-of-mouth and boycott strategies to punish the seller for inflicting a loss on them without any compensation at all. By including the Mexican-American dichotomous variable, we can identify why the reaction may be different between both groups of individuals in the sample.

Thus specified, the set of three equations is actually a recursive system, which is why the ordinary least squares method produces unbiased and consistent estimators of the true population parameters—the reason why this method was chosen. The results of the three regression equations are presented in Table 2.

Table 2
Estimates of Regressions of Attitudes to Product Failures

	Intent to complain	Alert friends	Not buying there again
	(1)	(2)	(3)
Constant	4.2984*** (0.5405)	4.2942*** (0.3324)	3.8582*** (0.3664)
Intent to complain		0.2154*** (0.0555)	0.2628*** (0.0608)
Refund expectation	0.2496*** (0.0674)		
Not held liable	-0.1171* (0.0704)		
Mexican-American	0.7470* (0.4493)	-1.2038*** (0.1795)	-0.7676*** (0.1965)
Age			
25–34	0.7929** (0.3135)	0.4575** (0.1776)	0.6586*** (0.2098)
45–64			0.5151* (0.2970)
Years of living in the US			
R2	0.1276	0.223	0.1559
Sum of square errors	482.04	461.108	552.19
F	5.73***	17.29***	11.13***

Note: *** $p < 0.01$, ** $p > 0.05$, * $p < 0.1$

Source: Prepared by the authors

As can be seen from column (1), the intention to complain tends to be greater when the expectation of complaining is greater or the perception that the seller refuses to compensate because of the fact that the product was already used is less, which is consistent with the hypotheses previously developed. Interestingly, the Mexican-American variable is marginally significant at 10%, which indicates that once both positive and negative expectations with respect to the seller, the consumer's age, and the individual's years of residence in the US are controlled for, Mexican-Americans have a greater intention to complain than Mexicans. Finally, the evidence points to young adults being more likely to complain about a product failure.

Equations (2) and (3) tell the same story. The more likely one is to complain, the greater the reaction in terms of alerting friends about the situation (word-of-mouth) or refusing to buy again at that establishment (boycott). Conversely, with two individuals—one Mexican and the other a Mexican residing in the US—with the same intention of complaining, results show that the Mexican-American tends to be more moderate than the Mexican in their strategy of punishing a seller. For both word-of-mouth and the boycott strategy, the coefficients of the intention and ethnicity variables are significant at the 1% level, and in general, the adjustment benefits are quite acceptable.

In summary, judging from the estimates presented here, we can conclude that the evidence suggests that an individual tends to be more likely to complain when the positive expectations of a claim are higher than their perception of rejection by the seller. Further, the attitude to punish a seller through word-of-mouth and boycott strategies is greater with a greater propensity to complain. But there are differences depending on where an individual resides—Mexico or the US; if Mexican-American, an individual has a greater propensity to complain in comparison with a Mexican national but is more moderate in their strategy of dealing with rejection by a supplier than a consumer residing in Mexico.

It should be clarified that it was tested whether the ethnicity or Mexican-American condition also affected the sensitivity of the dependent-independent variables, but since the coefficients were not significantly different than zero or 10%, they were omitted from the analysis. Likewise, different controls were tested that apparently do not modify the results presented here, such as income, gender, and education; however, since their coefficients were not significantly different than zero, they were omitted from the estimates to avoid redundancy inflating the variance of the mistakes.

V. CONCLUSIONS

The results of this comparative exploratory study show that there are differences in the behavior of Mexican and Mexican-American consumers and their coping strategies in the face of a negative response from a supplier to accepting responsibility for a defective product. Companies should be aware that when there is the expectation of a favorable response to a complaint from a supplier, the likelihood of consumers making complaints is greater. In a context such as that of companies in the US, where the culture of greater confidence toward customers who complain prevails, and therefore, complaints are solved without much evidence (for example, proof of purchase valid for a certain period of time), consumers—even when they have been educated in a country with fewer and smaller guarantees—will demand their rights. Conversely, it was shown that Mexicans residing in Mexico not only complain less than Mexicans living in the US with respect to a defective product but also use the strategy of negative word-of-mouth and spreading dissatisfaction to their friends and family to cope with the discontent created by the defective product. Companies should keep this characteristic in mind and develop complaint strategies, with some kind of compensation for dissatisfaction, since access to social networks now generates a greater diffusion of negative word-of-mouth (Allen, 2001).

Constraints and Future Lines of Research

The main constraint of this research is the over-representativeness of the educated segment in the sample; since both groups—Mexican and Mexican-American—have a level of professional or higher education. This limits the generalization of results to other customer segments. For this, replicating this study with a sample that includes different profiles of studies is recommended.

It is also recommended that this study be complemented with an analysis of other cultural dimensions that can explain the specific mechanisms that influence this type of behavior a little further; also, it is essential to identify whether it is a phenomenon that still exists when measured with consumers who are migrants from different cultures to the US. This study also focused on tangible products; however, it is important to replicate it in the services arena (e.g., restaurants, professional services, and hotels) to understand how results change when the intangibility of a service or experience is present in which you have a product-service combination.

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