

What Determines Consumer Complaining Behavior?

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What Determines Consumer Complaining Behavior?

- Who complains to the Consumer Sentinel?
- What do they complain about?
- How do complaint rates compare to victimization rates?

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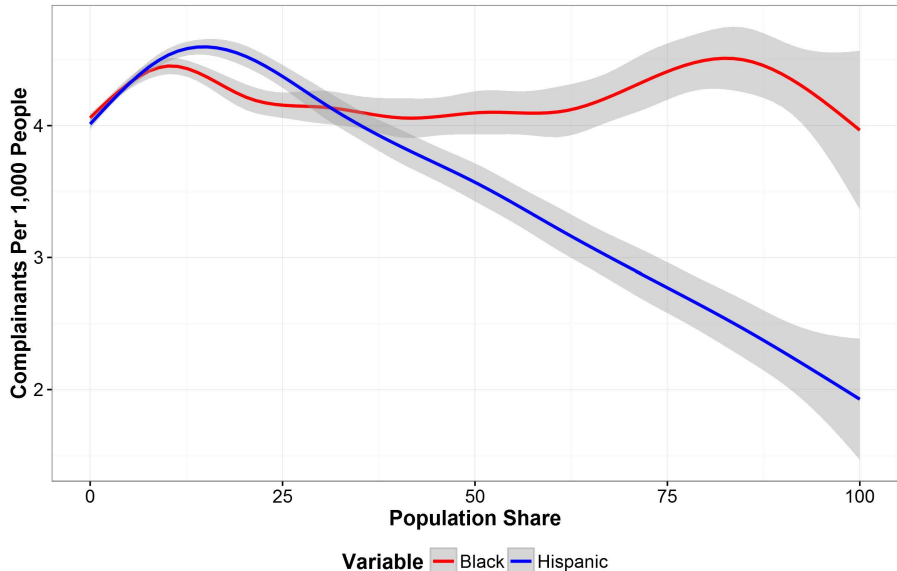
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Consumer Demographics

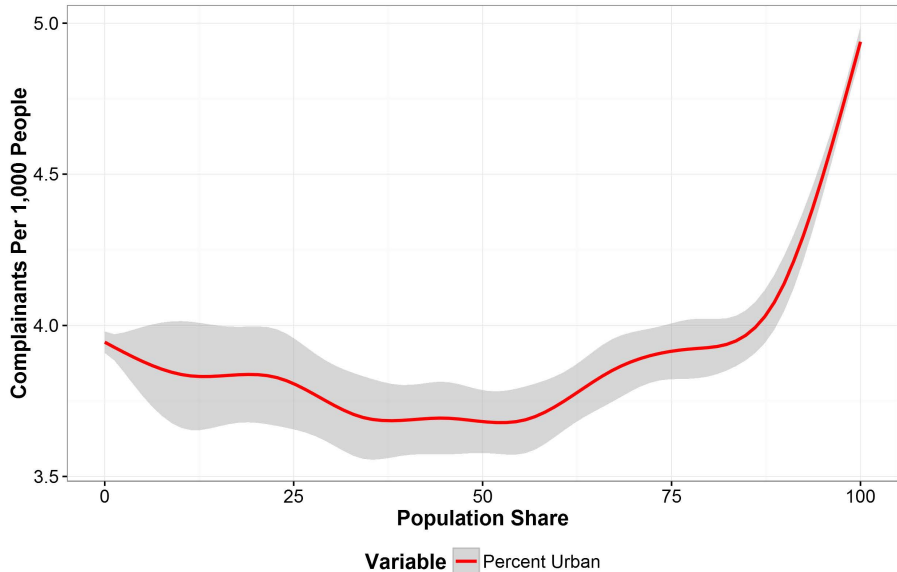
- Consumer Zip Code matched to ACS 2008-2012 Demographics
 - ▶ Race: **Percent Black, Percent Hispanic**, Percent Asian
 - ▶ Culture: **Percent College Graduates, Degree of Urbanization**
 - ▶ Cost of Time: Median Household Income, Unemployment Rate, Median Age, Household Size
- Examine how per capita complaint rate for Consumer Sentinel varies with demographics

- Data from 2015, excluding identity theft

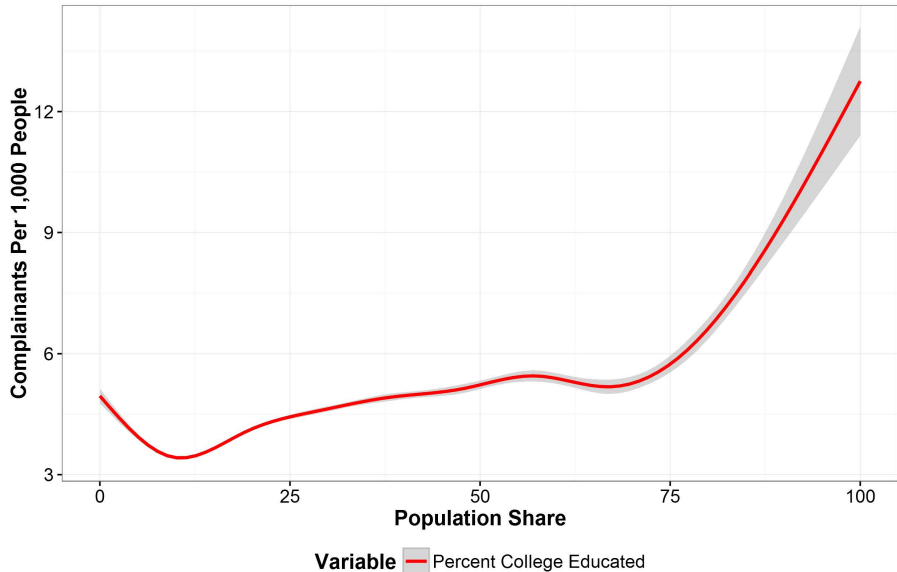
Do minority areas complain at different rates?



Do urban areas complain at different rates?



Do college educated areas complain at different rates?



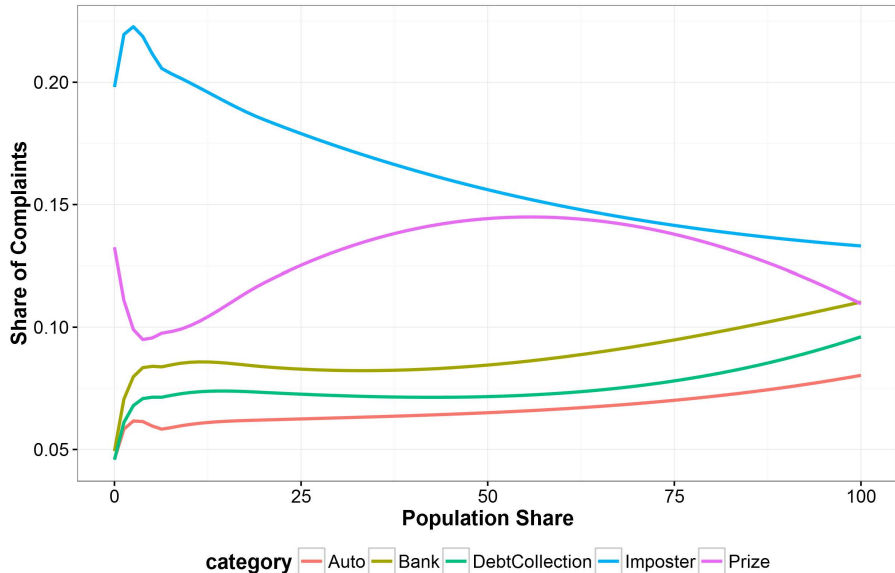
How do complaint rates vary across areas?

- Higher rates for black, college educated, higher unemployment areas
- Lower rates for Hispanic, rural, greater HH Size areas
- Small differences for median age and income

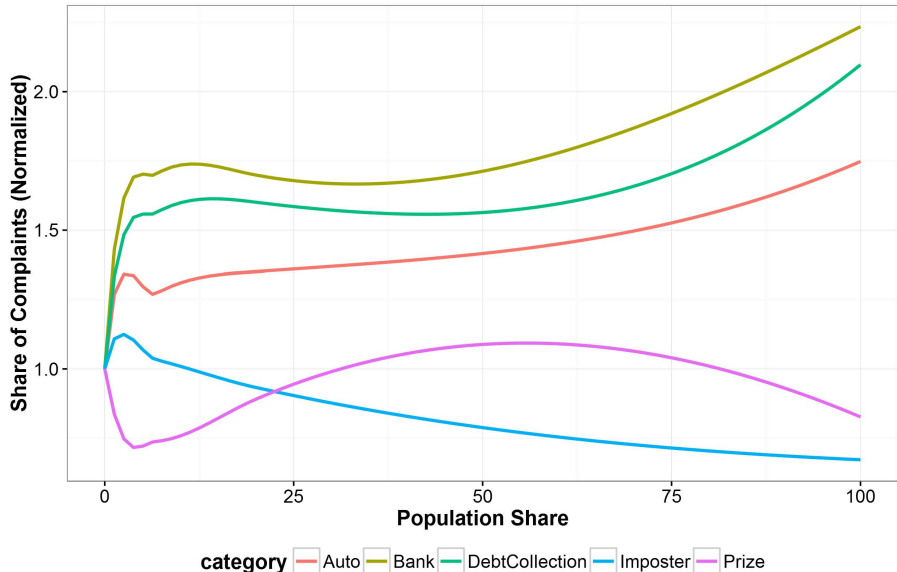
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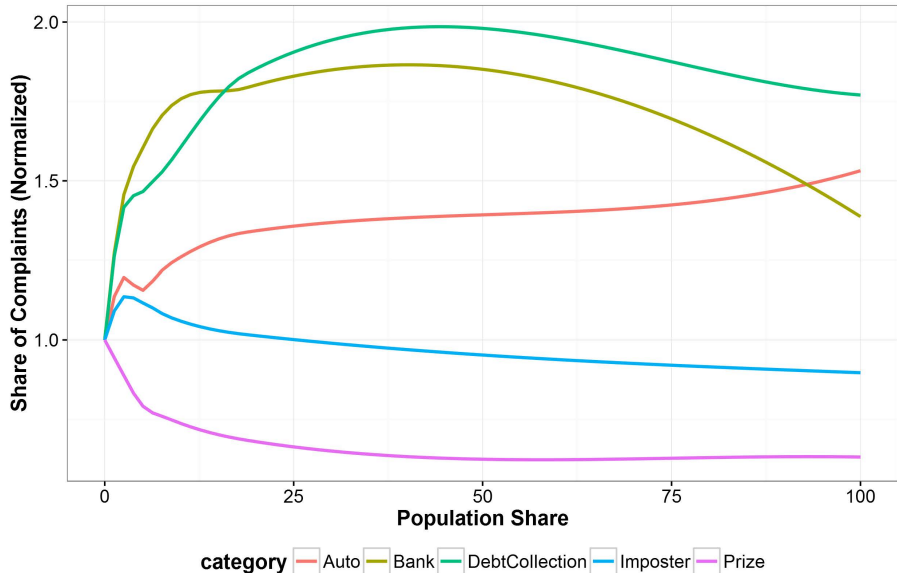
Minority areas complain about different issues (% Black)



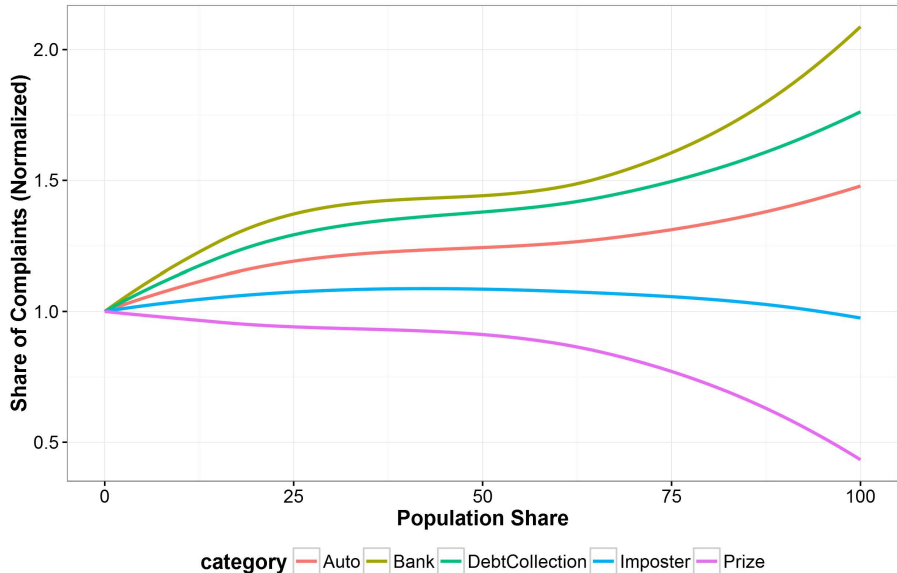
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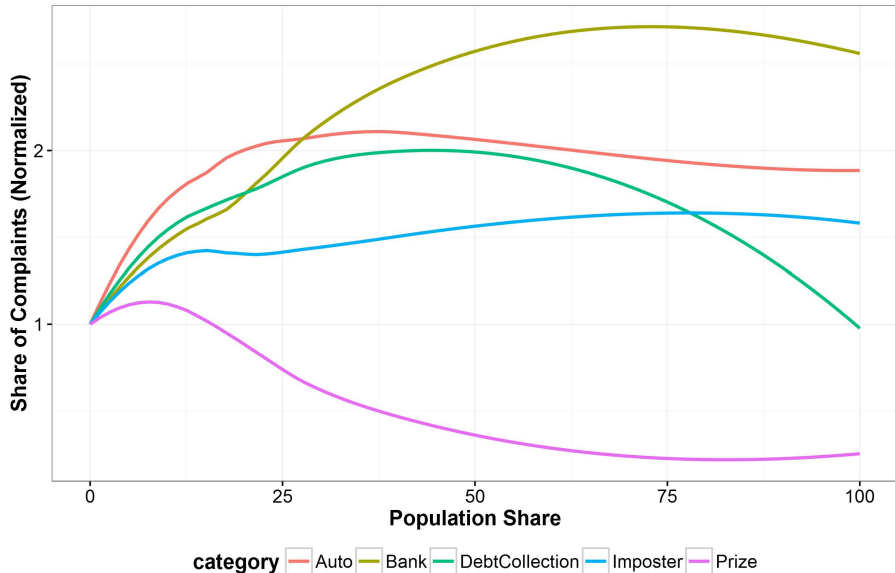
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- **How do complaint rates compare to victimization rates?**

Why do consumers complain?

- Higher rates of consumer complaints could reflect:
Higher Propensity to Complain

Worse Consumer Experience

- Typically difficult to disentangle these two stories

I separate the two using a set of legal cases

- Victim Datasets matched to Consumer Sentinel Network complaints
- Linked to demographics at zip code level
- Do policymakers learn about problems affecting all communities?

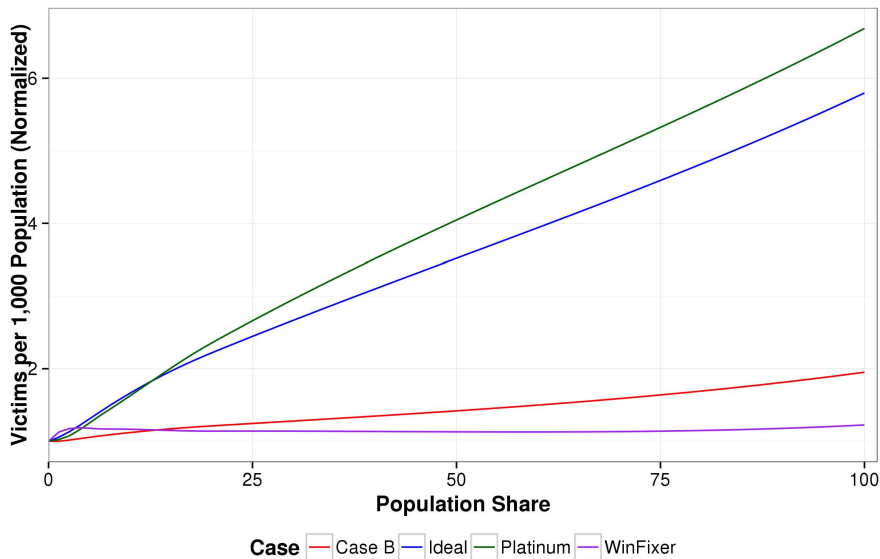
For four cases, I can compare victims to complaints

Case	Number of Victims	Number of Complaints
Case B	12,311,307	4,271
Ideal Financial	2,010,169	1,403
Platinum Trust	69,576	510
WinFixer	304,493	1,062

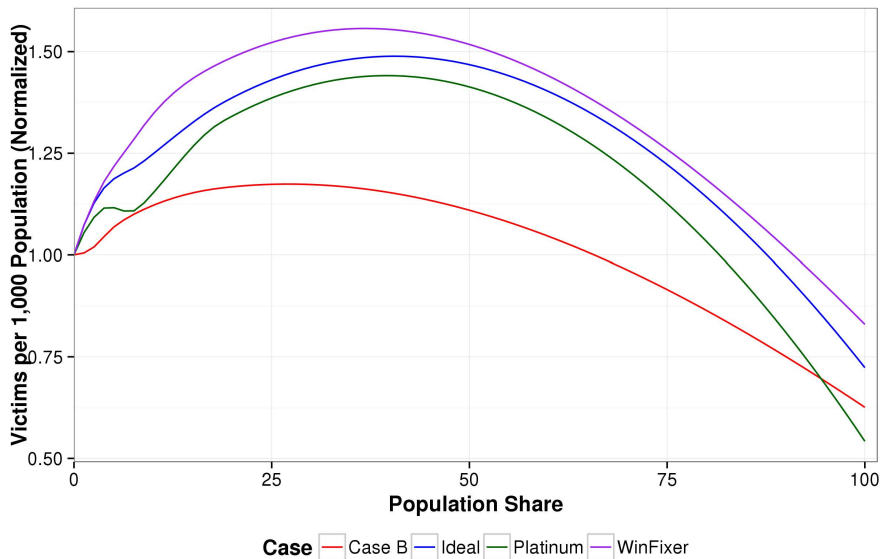
Complaint rates are correlated with victim rates

Case	Effect
Case B	0.125 (0.033)
Ideal Financial	0.151 (0.026)
Platinum Trust	0.155 (0.023)
WinFixer	0.173 (0.036)

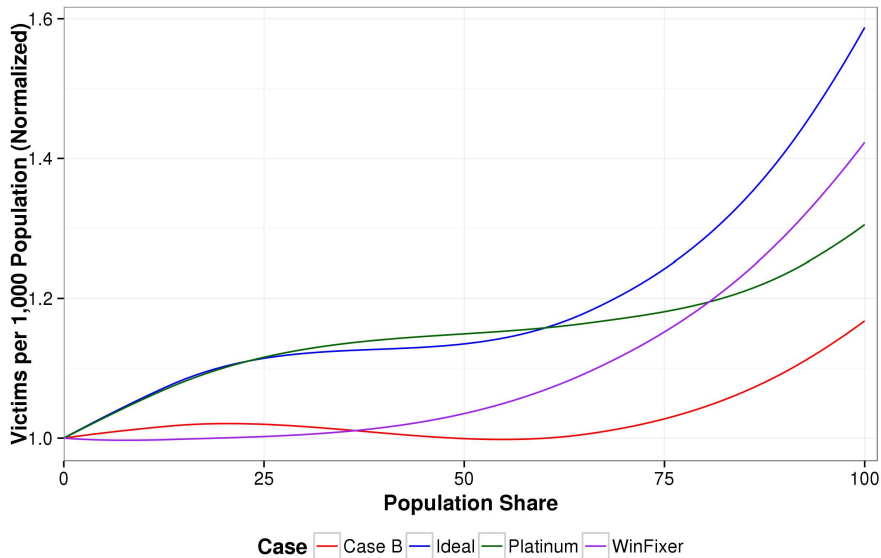
Victim rates vary widely by case (% Black) ...



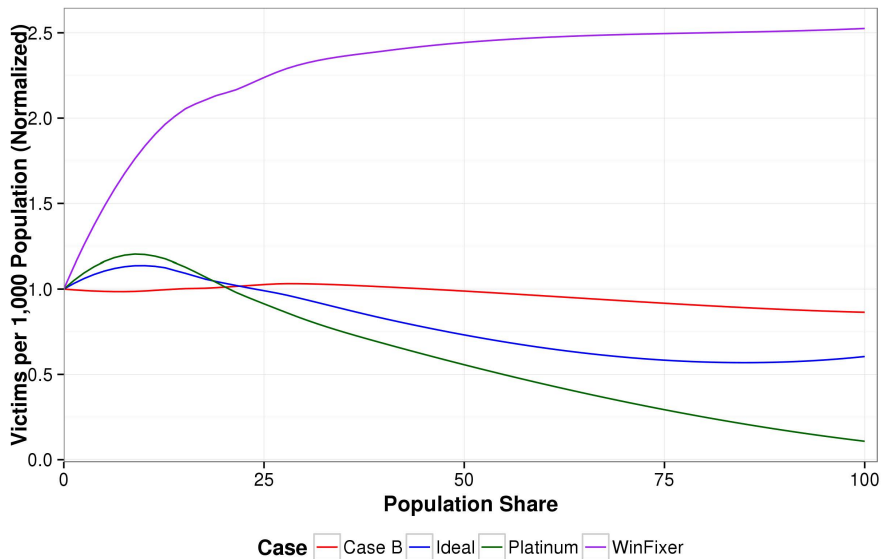
Victim rates vary widely by case (% Hispanic) ...



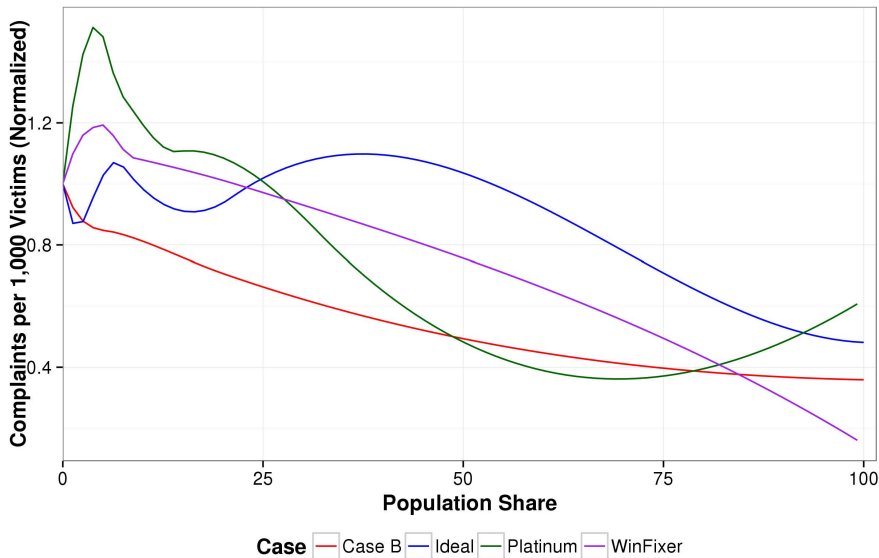
Victim rates vary widely by case (% Urban) ...



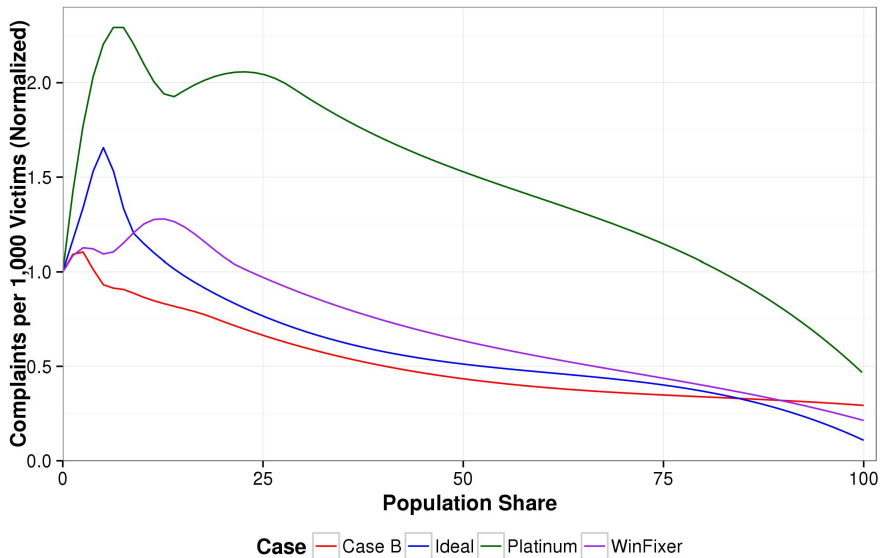
Victim rates vary widely by case (% College) ...



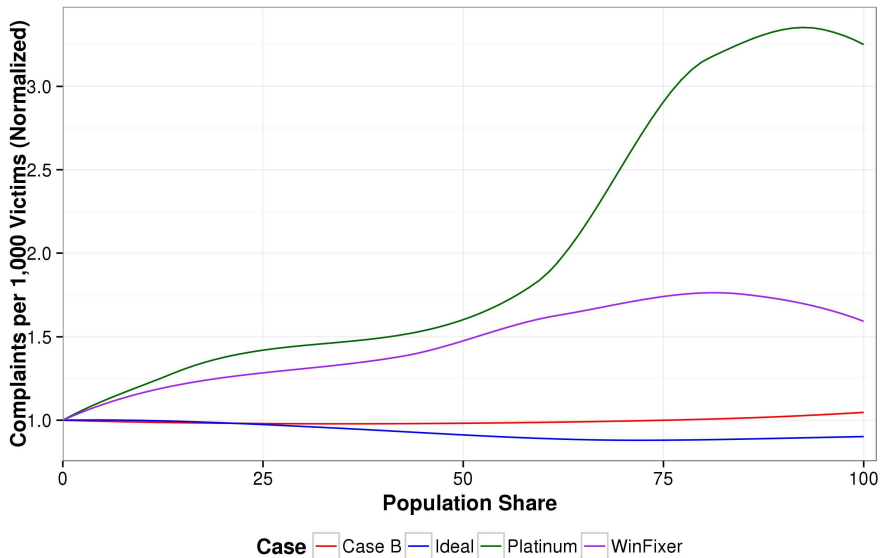
... but complaint rates lower in minority areas (% Black)



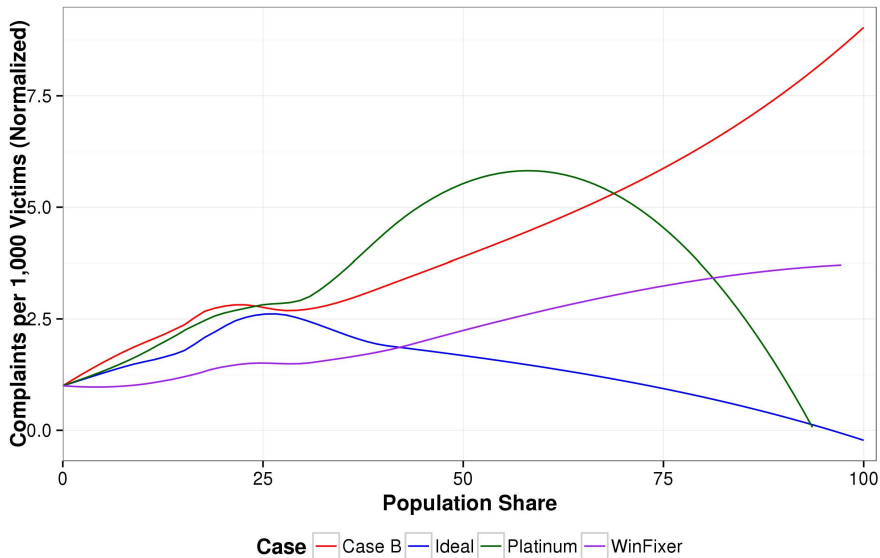
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... but complaint rates higher in urban areas



... but complaint rates higher in college areas



How can we account for differences in complaint propensity?

- Policy answer - Outreach

Contact groups that typically complain less

FTC: Outreach events

Marketer: Surveys / Incentives?

- Statistical answer - Weighting

Overweight complaints from groups that complain less

But: Need data on consumer experience to construct weights