

Comments on  
“What Determines Consumer Complaining Behavior?”  
by Devesh Raval

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# New Insights About Consumer Complaint Behavior

- ▶ Novel dataset, available only in law-enforcement community: Consumer Sentinel Network
  - ▶ Combines millions of fed, state, private-source consumer complaints
  - ▶ Includes complainer's address, thus facilitating inclusion of ZIP code demographic info on complainers
- ▶ Then, combine with demographics of *victims of fraud* from a sample of four law-enforcement cases: does propensity to *complain* correlate with number and types of *victims*?
- ▶ Goals:
  - ▶ Deeper descriptive dive into *who complains* (w/detail on demographics)
  - ▶ Show how demographics of *complainers* compares to demographics of *victims*

# Intriguing Particulars of the Data

- ▶ Complaint rates by demographic data, to federal (FTC, CFPB), state gov't agencies, BBB, in comparison to general population:
  - ▶ Complaint rate is *higher* for areas w/high % black than w/low % black
  - ▶ Complaint rate is *lower* for areas w/high % Hispanic than w/low % Hispanic
  - ▶ Complaint rate is *higher* for areas w/high % college grad than w/low % college grad
  - ▶ Complaint rate is *higher* for areas w/high % unemployment than w/low % unemployment
  - ▶ Complaint rate is *lower* for areas w/higher HH size than w/low HH size
  - ▶ Complaint rate is *lower* in rural than urban areas
- ▶ Some differences in different sub-databases (CFPB is “different” than FTC, Sentinel overall)
- ▶ In short, some intriguing initial descriptives here

# Linking Complaint Data to Victim Data: Four Law Enforcement Actions

- ▶ Relative to “level of victimization,” high % black and high % Hispanic areas have *fewer* complaints, while high % college grades have *more* complaints
- ▶ This, despite heavily black areas having more complaints *relative* to the complaint rate in the general population
- ▶ Suggested inference: could the types of complaints in these sub-populations not reflect the types of victimization of concern in consumer-protection issues?
- ▶ Or, is there possibly a larger array of issues to “complain” about in these areas, only some of which concern victimization due to fraud?

# Questions

- ▶ Not clear whether the complaints database is restricted to *fraud* complaints; discussion of *victims* in the four case examples appears to focus on fraud
  - ▶ Seek to carve out fraud complaints specifically, if not already done, to ensure parallelism in the complaints and victims databases
- ▶ Clarify the temporal process from complaints → eventual action?
  - ▶ Alternative hypothesis for results: there is an “equilibrium” complaining process, where the “marginal complainer” is just indifferent between complaining and not
  - ▶ Perhaps “margin” is defined by (perceived) necessary # of complainers to induce action against the perpetuated fraud, and/or cost of complaining
  - ▶ Explain how victims are identified: are *all* victims ID'd? If not, what are implications for comparing the ratio of reported complainers to reported victims, across demographics, across cases, etc?
  - ▶ Thus, check the inference that a “low” ratio of complaints to victims could be a sign of insufficient “voice” by a population harmed by fraud

# Some Ideas for Continued Research

- ▶ Further focus “like” cases together
  - ▶ In the four cases examined here, two are payday loan frauds, one concerns computer anti-malware software fraud, and one is undisclosed
  - ▶ The two payday loan frauds have commonalities discussed in the paper
  - ▶ Could be fruitful not to pool them with the other two cases - since at least the anti-malware software example is different in the expected demographics of victims from the two payday loan cases
- ▶ Use info on *type* of complaint (e.g. product doesn't work; service poor; didn't give me a refund; misled me) rather than aggregating, as current analysis seems to do
- ▶ Delve into the issues these very interesting data suggest:
  - ▶ How many complaints is “enough” and why? Does this differ in different contexts?
  - ▶ What are the appropriate research/policy uses to which to put complaints data, if it is found that “too few” of some demographic populations tend to complain?
  - ▶ Is complaining “easy enough”?
  - ▶ How can we filter out spurious complaints from those suggesting real threats to consumer protection?
- ▶ In sum: this research makes a great start with a unique basic dataset, combined with other useful data, to more thoroughly paint the picture of complaint behavior and start to link it to law-enforcement actions - and it suggests several areas for further inquiry