



## Understanding the Level of Consumers' Awareness of Legal Rights through Consumer Complaints

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### **Abstract**

From a business point of view, it is known that the cost of acquiring new customers is much higher than the cost of retaining existing customers. In addition, inability to retain customers will both reduce cash flows and increase negative word-of-mouth. For this reason, it is vital to ensure customer satisfaction and establish long-term relations with the customer. Customer complaints can be used as an important instrument as ensuring consumer satisfaction will result in increased repeated sales, positive word-of-mouth communication and consumer loyalty. Even in the most corporate and consumer-oriented enterprises, consumer complaints about the goods and services they offer may arise. There has been an increase in academic studies on consumer complaint behavior since the 1970s. These studies focused on whether customers complain, when, why and how they complain, what their next intentions and actions might be, and how businesses respond, react, or should respond to consumer complaints. Depending on the developing internet technologies, it has become fast, effortless and cost-free for consumers to express their dissatisfaction with goods and services. Thanks to the increasing number of customer service units, complaint management platforms, and user forums, it has become easier than ever to make complaints and access existing complaints. It is a controversial issue to what extent consumers are aware of their legal rights, despite the fact that it has become so easy for the consumer to create and access content thanks to technology, and consumer protection laws have become widespread. In a dynamic world where continuous change is happening, reasons such as information asymmetry, and the fact that some actors on the supply side do not want the consumer to know and/or use their legal rights cause confusion in the consumer. The existence of new phenomena that came into our lives after developing technologies and those who abuse the situation and take advantage of legal loopholes before these concepts mature and before the relevant legal regulations. In this study, it has been tried to analyze the level of awareness of consumers about their legal rights through consumer complaints. For this, consumer complaints about the services offered by four telecommunication companies operating in Turkey were examined. At the end of the study, it was concluded that the created complaint categories form can be used as a tool to analyze the level of awareness the rights of the consumer.

**Keywords:** *Consumer Protection; Consumer Awareness; Consumer Complaints; Content Analysis*

## **1. Introduction**

The Industrial Revolution has changed production and consumption patterns in an unprecedented way. Emerging production technologies have provided important solutions to meet the increasing demand. Developing production technologies have offered important solutions to meet the increasing demand. The developments in information and communication technologies experienced with the introduction of the third millennium have also taken the production and logistics opportunities further than ever before. This unnamed new industrial revolution has allowed the consumer to choose between alternatives more than ever before in history. This situation, which is expressed as the consumer sovereignty, has become controversial due to some phenomena such as planned product obsolescence and information asymmetry. Consumers are exposed to thousands of messages every day. Deceptive and/or misleading message contents or marketing practices, and despite the ease of access, the pollution of information confuses the consumer.

Although the legal basis for consumer protection has been prepared in many countries, how aware consumers are of their rights is a controversial issue. For this purpose, the complaints reported by consumers regarding the services they receive from GSM operators operating in Turkey are examined. The basic characteristics of services (intangibility, heterogeneity, perishability, simultaneous production and consumption) make them more prone to complaint than goods (Rushton and Carson, 1985).

Complaints were first grouped into categories, then the relevant legal regulations were examined and a complaint coding template was created to make a comparison. In order to test the validity of this template, intercoder equivalence analysis was performed, which is used in content analysis methods.

## **2. Literature**

### **2.1. Consumer Protection History**

Although efforts to protect the consumer have a long history, it took time to gain a legal basis. It is seen that the first institutional efforts on consumer protection date back to 1928. The report, published by the American Bureau of Standards under the name "Consumer Report" and containing the product control results, has caused awareness in the consumer. With the effect of the increasing awareness level, the President of America J.F. Kennedy used the concept of consumer rights in 1962. Thus, consumer rights were formalized in America in 1962. The increasing activity of the consumer in the market economy has brought the issue of consumer protection to the agenda. Mass production has increased product diversity and increased competition has reduced purchasing costs. Although everything seems to be good for the consumer, the volume of attacks on consumer rights has also increased due to the increasing information asymmetry and abuses on the supply side (production, distribution, marketing activities). The consumer movement, which started with the establishment of consumer cooperatives in America in the middle of the 19th century, spread first to Europe and then to the whole world. Shafritz and Russell (2016), who argue that the reason for this rapid spread is the population growth and the increasing economic situation of the population, shows the development of the meat packaging industry in America as an example. The Pure Food and Drug Act, which was enacted in 1906, was prepared to regulate federal nutrition control. At that time, there were serious problems related to the production of meat products. For example, in sausage factories, meat contaminated during production, too much foreign matter is mixed into the content, and meat loading barrels are washed once a year (Shafritz and Russell, 2016). The table showing the history of consumer protection regulations in the USA is given below.

Table 1. Chronological Order of Consumer Protection Regulations in the USA

<b>Year</b>	<b>Related Regulation</b>
1850	Establishment of consumer cooperatives in the USA
1890	The first significant anti-competitive treaty and merger prevention law (Sherman Antitrust Act)
1928	The American Bureau of Standards publishes the test results for the control of the products under the name of "Consumer Report"
1960	Consumers International founded (membership organisation for consumer groups around the World) (International Organisation of Consumers Unions (IOCU))
1962	US President John F. Kennedy's emphasis on the fundamental rights of the consumer (four basic consumer rights=

In 1962, American President John F. Kennedy expressed four basic consumer rights, known as the Consumer Bill of Rights, in his presentation at the United States Congress. These fundamental rights are: the right to safety; the right to be informed; the right to choose and the right to be heard. The United Nations has expressed these four fundamental rights as eight rights. It did not take long for the consumer rights development in America to find a response in Europe. Nine years after Kennedy's historic speech based on consumer rights, it came to the fore at the Paris Summit of the European Economic Community. In 1985, the concept of consumer rights as articulated by Kennedy was extended to include the eight fundamental rights (expressed by Consumer International) and was endorsed through the United Nations Consumer Protection Principles (Von Hippel, 1986). These are: The right to; request the fulfillment of basic requirements, security and trust, free selection of goods and services, information, be trained, ask for compensation, be heard (represented), have a healthy environment. The Council of the European Union prepared the framework of the "New Acceleration Program for Consumer Protection Policy" in 1986 and after a review eight consumer rights explained by the Consumer International expanded to nine rights (added "right to complain"). Consumer rights proclaimed by the CI; the right to; protection from unsafe products, product information, a range of product choices, representation in government policy, products that satisfy basic needs, redress for grievances concerning unsatisfactory products, consumer education, and an environment that is not threatening to human well-being. Following this, the legal basis for consumer protection began to be established in the European Union Maastricht Convention in 1992. The general development of the process in Europe and some examples of directives are given in the table below.

Table 2. Chronological Order of Legal Regulations on Consumer Protection in Europe

<b>Year</b>	<b>Related Regulation</b>
1972	Consumer Policy came to the fore for the first time in the European Economic Community (Paris Summit)
1975	"Consumer Information and Protection Programme" accepted by Council of Ministers of EU (declared 5 rights)
1985	Unanimous adoption of "Universal Consumer Rights" at the United Nations General Assembly(declared 8 rights)
1985	Liability for defective products – Directive (85/374/EEC)
1992	Legal basis for consumer protection (Article 129a of the Maastricht Treaty)
1993	Unfair terms in consumer contracts - Directive 93/13/EEC
1997	Reorganization of the relevant legal structure (Article 153 of the Amsterdam Treaty)
1999	Certain aspects of the sale of consumer goods and associated guarantees – Directive 1999/44/EC
2000	Certain legal aspects of information society services, in particular electronic commerce, in the Internal Market ('Directive on electronic commerce') - Directive 2000/31/EC

2005	Unfair business-to-consumer commercial practices in the internal market – Directive 2005/29/EC (amending 84/450/EEC, 97/7/EC, 98/27/EC, 2002/65/EC)
2006	Misleading and comparative advertising - Directive 2006/114/EC
2006	The latest Consumer Protection Action Plan covering the years 2007-2013
2011	The Consumer Rights Directive - 2011/83/EU (amending 93/13/EEC and 1999/44/EC and repealing 85/577/EEC and 97/7/EC)
2011	Late payment in commercial transactions - Directive 2011/7/EU
2014	Markets in financial instruments - Directive 2014/65/EU
2015	Payment services in the internal market – Directive 2015/2366/EU (amending 2002/65/EC, 2009/110/EC, 2013/36/EU and Regulation (EU) No 1093/2010, repealing Directive 2007/64/EC)
2019	Certain aspects concerning contracts for the sale of goods – Directive 2019/771/EU (amending 2017/2394/EU and 2009/22/EC, and repealing 1999/44/EC)
2021	General Scheme of the Consumer Rights Bill (to consolidate and modernise consumer protection legislation)

It can be accepted that the European Union constitutes the most advanced consumer protection structure in the world. Considering the dynamic nature of production, consumption and exchange relations, the European Union develops new directives or constantly updates existing directives in order to protect the consumer.

### 2.1. Consumer Complaint Behaviour

Complaint can be accepted as a result of consumer dissatisfaction. Dissatisfaction occurs when consumer got a result from an exchange relation less than his/her expectancies. Peyrot and Van Doren (1994) state that the consumer has some expectations before the purchase and makes an evaluation by comparing their expectations and experiences after the purchase. Consumer expectations can be affected by different factors. for example, exposure to advertisements, previous experiences, personal needs and desires, opinion leaders, image of business or products (Michel, 2001).

Consumer complaint behavior (CCB) is receiving increasing attention from different aspects, both by different sectors and by academic researchers. Singh (1988) explained CCB as the consumer's way of expressing his/her dissatisfaction. According to Sing these are behavioral and non-behavioral responses which are triggered by perceived dissatisfaction of consumer. Broadbridge and Marshall (1995) define CCB as consumer's behavioral and non-behavioral responses to a consumption experience resulting in dissatisfaction. They argue that CCB begins with a consumption experience resulting in dissatisfaction and ends with the consumer's completion of behavioral and non-behavioral responses.

When the relevant literature is examined, it is seen that CCB consists of two basic behaviors. These are responsiveness and unresponsiveness. Unresponsiveness refers to the customer's; acceptance of the current state of dissatisfaction, believing that the business will not develop a solution, or ignoring the situation. This does not mean that the consumer has a positive attitude. This can also be seen as an accumulation for the CCB that will change in the future. The consumer's reactions may be one or more of the following (Metehan & Zengin, 2011): complain to the manufacturer or store, stop buying that brand or from that store, warn friends, tell about it to family members and friends, complain to government agency, take legal action against the issue, write a letter of complaint to administration, make a verbal complaint to management, leave a note to request box. It is understood that there are different taxonomies related to CCB in the literature. For example according to Singh (1988) there are three dimensions related with complaint responses. These are, Voice responses (actions directed to service provider), Private responses (stop buying, negative word), Third party responses (actions directed toward external agencies). Singh (1990a) also states that consumers can consider more than one option and develop

behavior as a combination of different responses. Day and Landon (1977) grouped the reactions to be developed against an experience that creates dissatisfaction as public and private. A public response refers to making a direct complaint, while a private response refers to using a negative word. Landon (1977) expressed some situational elements that shape consumer complaint behavior. These are: the level of dissatisfaction of the consumer, the importance of the product or service for the consumer, the gain to be obtained from the complaint, the personality of the consumer, the origin of the problem, the previous experiences with the goods or services and the complaint. Also Crie' (2003) states that many product dependent variables such as product price, product complexity, product durability can affect CCB. Consumer complaints provide opportunities for businesses to improve their management and marketing programs to ensure customer satisfaction and thus increase profitability (Huang, Huang, & Wu, 1996). In fact, every complaint can be seen as an opportunity to rectify the compromised or potentially endangered relationship between the consumer and the business. The long-term success or failure of the business depends on its ability to manage complaints (Ramsey 2003). Another reason of complaints can be seen as opportunities is the conclusion that customers who make complaints will be more loyal to the business if their problems are resolved reasonably than those who have never complained (Lewis, 1983). The main reason for this may be the belief that consumers who respond satisfactorily to their complaints will again offer a solution to future problems (Disney 1999). Despite the importance of the complaints trying to be expressed, some criticisms are also made regarding the scope of the academic researches. Fernandes and dos Santos (2007) note the following shortcomings in the literature on consumer complaint behavior: A significant portion of academic studies have focused on identifying what causes complaints and neglecting to compare their effects, the literature is fragmented and studies often take only a few determinants into account, the role of variables that make up individual differences is hardly taken into account.

### **3. Method**

After a purchase, the consumer is expected to cognitively evaluate the related service failure and then determine how to correct the situation that caused the dissatisfaction (Stephens ve Gwinner, 1998). However, despite the dissatisfaction experienced by consumers, it cannot be said that they always or in all cases develop a complaint behavior. Kotler (1994) emphasizes that a very large proportion of dissatisfied customers do not make a decision to complain to the company, many simply stop exchanging with the company.

There may be many reasons why the consumer does not exhibit a complaint behavior despite the negative experience and disappointment as a result. One of them is that the consumer is not aware of or does not know enough about the legal rights regarding the relevant situation. In this study, it is recommended to examine consumer complaints in order to determine how aware the consumer is of the legal rights and regulations that protect himself. Based on the assumption that complaints can be used as an important instrument in determining the level of awareness of consumers about their rights, this study focuses on the complaints received by businesses in five sectors operating in Turkey. In the first stage, 600 random consumer complaints were examined, the common aspects related to consumer rights were tried to be determined by considering the contents of the complaints, and a complaint coding scheme was developed in the light of the results. In the second stage, a total of 250 complaints, 50 for each year, were collected from the GSM, B2C e-commerce, banking, cargo services and durable goods sectors for the period covering the years 2017-2021. In the next stage, these complaints were filled in by two independent coders, taking into account the complaint coding scheme. Afterwards, Krippendorff's alpha value was calculated to determine the consistency and reliability between the coders.

#### **3.1. Complaint Coding Scheme**

A complaint coding scheme has been developed in order to carry out a content analysis aiming to measure the level of awareness of the legal rights of the consumer located in consumer complaints. This

form, which was developed by examining 600 complaints, consists of four main titles. The relevant main and sub-titles that make up the form are shown below.

**- Summary of the complaint (Consumer's claim that is the subject of the complaint )**

- Misinformation (1)
- Unfair Information (2)
- Depriving the Consumer of the Right to Complain and Obtain Information (3)
- Low Quality/Incomplete service (4)
- Non-compliance with contract (5)
- Failure to develop solutions to technical problems (6)
- Obstruction of the right of termination (7)
- Overcharge (8)

**- The state/level of knowing the consumer's rights**

- Information Owner (Acting in accordance with the article of the law/notifying the relevant article of the law in the complaint/citing) (1)
- Limited/Knowledge of Destiny (who knows how to go to Consumer Arbitration Committee) (2)
- Not Knowledgeable (I want my problem to be solved. Please help. Save me!, incomprehensible from the text of the complaint) (3)
- Unclear/no clear expression (4)

**- The effort of the consumer to seek his/her rights (parties he/she is looking for a solution)**

- Expectations from the responsible organisation (1)
- Waiting from online complaint platform (2)
- Legal Actions (3)
- Accepting the current state of dissatisfaction, and no response (4)
- No/Unclear expression (5)

**- Style of Expression / Expression of the Complaint**

- Emotional/Reactive (intense expression style as understood from the text “I won't be subscribing again!”) (1)
- Logical/Suggestion (a solution-oriented narrative style “Let my problem be solved. I will seek my right”) (2)
- Inertia (state of unresponsiveness, accepting the current situation or despair that a solution will be developed “I refer it to God!”) (3)

#### **4. Findings**

In order to measure the level of reliability between coders, the answers of two coders over 300 cases were analyzed and a consistency level of 53.7% was reached. The results of different encoder reliability calculation methods are as follows: Scott's Pi 0.421, Cohen's Kappa 0.445, Krippendorff's Alpha 0.422. According to these results, it is clear that the level of similarity between encoders is low and below the acceptable level (Cicchetti and Sparrow, 1981; Fleiss, 1981; Landis and Koch, 1977; Regier et. al.2012).

The reasons for complaints are analyzed on a sectoral basis and it is seen that the GSM sector; overcharges, inability to develop solutions to technical problems, not sticking to the contract, E-commerce sector; Non-compliance with the contract, low quality/incomplete service, overcharge, In the banking sector; overcharge, non-commitment to the contract, In the cargo transportation sector; low quality/incomplete service and failure to develop solutions to technical problems. In the durable goods

sector, low quality/incomplete service comes first. The most common complaints were poor quality, solution to technical problems, non-compliance with the contract and overcharge. When the state of knowing one's right is examined in terms of the sector; It has been understood that the sector that has the most rights information about is banking. The sectoral relationship with the effort to seek rights is questioned and it is observed that the consumer accepts the current situation in the problems related to the gsm, e-commerce and cargo sectors. On the other hand, in the white goods and banking sectors, there are more people who hope for help from outside the business (legal ways, third parties). The sectoral distribution of the expression style is examined and it is realized that there is a partially logical complaint style in banks and white goods, while emotional objections are observed in other sectors. According to the sectoral structure of the state of knowing one's right, the bank stands out as the sector with the most intensive knowledge. There is no significant difference for other sectors. It is understood that those who stated that they took legal action in their complaints or those who were observed to have a tendency to hit were more knowledgeable. It is thought that those waiting for a solution from the relevant business or the intermediary complaint site are not aware of the current consumer rights.

Basic complaint reason observed as low quality/incomplete service (33%), not developing solutions to technical problems (22.4%), non-compliance with the contract (17.6%), overcharge (17.2%). According to the results of the analysis, it was understood that 93.2% of the complaints were unaware of the consumer's rights, 4.8% had a limited level of knowledge, and only 2% had an awareness of the complaint. 3.6% of those who applied for legal means, 2.8% from the complaint site, 93.6% from the related business.

### ***Conclusions and Recommendations***

With this study, it is aimed to test whether the consumer's awareness of their rights can be understood from consumer complaints. A small portion of open-ended consumer complaints on a website operating in Turkey that accepts consumer complaints from all sectors has been taken into account. In the first stage, a complaint coding form was created. For this, approximately 600 complaints were examined and four main headings were formed regarding the scope of the complaint, taking into account the common bases. Afterwards, a short training was given to two independent coders and they were asked to analyze the complaints according to the coding form. After the pilot application, necessary revisions were made in the form and the coders were asked to fill in the updated form with the complaints. After this application, the commonality between the answers of the coders was analyzed. It was determined that the level of validity between coders was below the threshold accepted in the literature. The main reason for the low inter-coder validity was that the variables under the main headings in the complaint coding form did not fully address all sectors. In addition, the expression styles used by the consumers in the complaint texts sometimes made it impossible to evaluate. Another factor that is effective in the emergence of this result is that many sectors were not used in the process of preparing the coding form. In the continuation part of the analysis, some descriptive statistical analyzes were carried out considering the coding form. Considering the basic findings, it is seen that consumers are not aware of the legal rights that protect them. Probably as a result of this, consumers express their complaints with emotional language rather than creating a logical framework. It is understood that consumers tend to turn to third parties in the field of durable goods and banking services in the sectoral sense. There is a state of acceptance among consumers in other sectors. The majority of complaining consumers believe that the solution will be provided by the relevant business, which can be considered as an indication that they are not aware of the existing rights. In addition, the rate of those who think that the site that only publishes their complaints will also be a solution developer.

In conclusion, this study was not intended to test hypotheses. It is an effort to develop a method on how consumer complaints can be used as an instrument to determine the level of awareness of the consumer. Even low intercoder validity is significant in itself and will not affect the validity of the overall

study. Important results were obtained in this study, which was carried out to shed light on subsequent studies.

In future studies, it is thought that it will be beneficial to expand the test area by evaluating the subject over different sectors, more coders and larger samples. In addition, it will be possible to develop software that will dynamically determine the level of awareness of consumers regarding their legal rights with sentiment analysis, machine learning, artificial intelligence applications by making use of developing database management systems and applications. In advanced research, the process can be enriched with different perspectives by getting support from a sociologist and psychologist in the evaluation process of complaints.

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