

Managing international distributors' complaints: an exploratory study

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Abstract

Purpose – Complaint management is at the heart of customer relationship management. While many studies have analyzed a client's complaint behavior in business-to-business (B2B) relationships, there is a lack of research in the study of complaints by distributors from different countries. The purpose of this paper is to explain the following two main objectives: to analyze if the complaint management strategy of a manufacturer varies depending on the type of international distributor used (indirect exporters, direct exporters and commercial subsidiaries); and to analyze the potential effects of complaint management on the satisfaction and fidelity of distributors and the quantity of complaints that they put.

Design/methodology/approach – A stratified probabilistic sampling method was used, dividing the entire population of distributors of a leading Spanish manufacturer into three different groups. In total, 79 valid responses were obtained as follows: 24 per cent from indirect exporters (organizational commitment Grade 1), 68 per cent from direct exporters (organizational commitment Grade 2) and 8 per cent from commercial subsidiaries (organizational commitment Grade 3). Partial least squares were used to analyze the proposed relationships.

Findings – The results have confirmed that the procedure for resolving the complaint and its length (resolution time) depends on the seriousness of the complaint (the type of complaint). In turn, the resolution of the complaint influences the satisfaction of the vendor and the latter will influence its fidelity. Regarding the number of complaints, those distributors with the highest number of complaints satisfactorily resolved are those who remain loyal to the company. On the contrary, it is not possible to affirm that the type of distribution channel affects the types of complaints that are presented. Different kinds of distributors of the same manufacturer (indirect exporters, direct exporters and commercial subsidiaries) complain equally. In addition, those whose complaints take longer to resolve are not significantly less satisfied. Even more, low-satisfied distributors will present more complaints than the most satisfied ones.

Originality/value – First, this study investigates if different kinds of distributors with different international commitments (indirect exporting, direct exporting and commercial subsidiary) behave differently in terms of claims and complaints. Second, this paper analyzes the role of complaint management in international B2B relations to improve distributors' satisfaction and loyalty; but considering the joint impact of three dimensions of a successful complaint management strategy that literature usually has examined separately as follows: what (the type of complaint), how it is resolved (management procedure) and when it is closed (duration).

Keywords Business-to-business marketing, Customer satisfaction, Customer loyalty, Market entry, Distributors, Degree of internationalization, Complaint management

Paper type Research paper

MANAGING INTERNATIONAL DISTRIBUTORS' COMPLAINTS: AN EXPLORATORY STUDY

Purpose (mandatory)

Complaint management is at the heart of customer relationship management. While many studies have analyzed a client's complaint behavior in business-to-business relationships, there is a lack of research in the study of complaints by distributors from different countries. In this scene two main objectives guide our work: (1) to analyze if the complaint management strategy of a manufacturer varies depending on the type of international distributor used (indirect exporters, direct exporters and commercial subsidiaries) (2) to analyze the potential effects of complaint management on the satisfaction and fidelity of distributors, as well as the quantity of complaints that they put.

Design/methodology/approach (mandatory)

A stratified probabilistic sampling method was used, dividing the entire population of distributors of a leading Spanish manufacturer into three different groups. 79 valid responses were obtained: 24% from indirect exporters (organizational commitment grade 1), 68% from direct exporters (organizational commitment grade 2) and 8% from commercial subsidiaries (organizational commitment grade 3). Partial Least Squares (PLS) was used to analyzed the proposed relationships.

Findings (mandatory)

Our results have confirmed that the procedure for resolving the complaint and its length (resolution time) depend on the seriousness of the complaint (the type of complaint). In turn, the resolution of the complaint influences the satisfaction of the vendor, and the latter will influence its fidelity.

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On the contrary, it is not possible to affirm that the type of distribution channel affects the types of complaints that are presented. Different kind of distributors of the same manufacturer (indirect exporters, direct exporters and commercial subsidiaries) complain equally. In addition, those whose complaints take longer to resolve are not significantly less satisfied. Even more, low-satisfied distributors will present more complaints than the most satisfied ones.

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First, this study investigates if different kind of distributors with different international commitment (indirect exporting, direct exporting, commercial subsidiary) behave differently in terms of claims and complains.

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1. INTRODUCTION

Complaint management is at the heart of customer relationship management (CRM); it is the most complete resource available to convert customer complaints into voices of change. The sales process no longer ends with the closing of the sale, but incorporates the post-sale stage, a key step to achieving customer loyalty, satisfaction and trust, as explained by Askariadzad and Babakhani (2015). If this is true in national markets where the customer is closer to the supplier, it becomes more relevant in the international context and in business-to-business (B2B) sales contexts, since business customers buy large volumes of products and services. Managing and maintaining loyal B2B clients can ensure greater revenues for the supplier (Rauyruen and Miller, 2007). Hence, the growing phenomenon of globalisation is generating new and more complex economic and business environments.

Companies do not always resolve the conceptual delimitations that they seem to require in the complex management of international companies (Villareal, 2005).

While many studies have analyzed a client's complaint behavior from the point of view of business-to-business relationships (for example, Smith and Bolton, 1998;; Homburg and Fürst, 2005), there is a lack of research in some specific fields (Davidow, 2003), such as the study of complaints by clients from different countries. So, a first contribution of the present study is to investigate if different kind of distributors (indirect exporting, direct exporting, commercial subsidiary) behave differently in terms of claims and complains in the international sphere. Therefore, if a manufacturer complaint management strategy works similar for all its international distributors. In terms of the seminal work of Fornell and Wernerfelt (1988), complaint management "is a defensive tool: how to manage grievances from current customers in such a way that the dissatisfied customer does not desert the firm". According to Homburg and Fürst (2005), a complaint management strategy is based on three pillars: type/seriousness of the complaints (what), complexity of the resolution procedures (how) and time of resolution (when). The relationship among these key dimensions in complaint management remains under-investigated in B2B relationships. As Homburg and Fürst (2005, p. 1) have underlined, "whereas many complaint studies have analyzed customer behavior, there is a lack of research from a company perspective". So, a second contribution is to analyze if complaint management in international business-to-business relationships could help to improve distributors' satisfaction and loyalty; but considering the join impact of these three dimensions that literature usually has examined separately: what (the type of complaint), how it is resolved (management procedure) and when it is closed (duration).

In this scene, the current study aims to achieve two major objectives: (1) to analyze if the complaint

management strategy of a manufacturer varies depending on the type of international distributor used (indirect exporters, direct exporters and commercial subsidiaries); and (2) to analyze the potential effects of complaint management on the satisfaction and fidelity of distributors, as well as the quantity of complaints that they put.

To achieve this goal, this study examines a Spanish manufacturer in the metal-mechanical sector that produces and markets products made in both Spain and a second production center in another country. The sample is composed of 79 distribution customers of this manufacturer, located in different international markets, that have different formats of internationalization (from simple export to foreign manufacturing). The manufacturing company thus belongs to a multinational group and has commercial subsidiaries and representatives throughout the world, resulting in a range of international clients of different profiles.

2. CONCEPTUAL FRAMEWORK

2.1. *THE MANAGEMENT OF CLAIMS AND COMPLAINTS*

Despite the precautions adopted by organizations in the company-distributor relationship, problems often appear. The management of complaints is identified with the way the company handles complaints (O'Loughlin and Coenders, 2002). Companies must measure the management of complaints as the quality perceived by the client with regard to complaint-handling. The literature has verified the existence of a causal relationship between complaints and client satisfaction with the resolution of the complaint because most clients who are very dissatisfied leave the relationship without complaining (Chakraborty *et al.*, 2007). Thus, the highest levels of satisfaction may be due to better perception of the quality of complaint management. There are fewer studies that address the impact of complaint management on loyalty in industrial marketing. However, Hansen *et al.* (1996) point out the importance of managing behaviour towards the complainant and assert that an ineffective response to a buyer's claim harms the seller's reputation, which results in a change of supplier and a loss of fidelity.

Claims and processes to handle complaints are highly important because poor handling of complaints has the potential to generate adverse effects on customer satisfaction and loyalty (Reicheld and Sasser, 1990; Rust and Zahorik, 1995; Anderson *et al.*, 1994; Tronvoll, 2007). A negative experience with a complaint can be a decisive element, not only in terms of the level of customer satisfaction but also in relation to their loyalty to the company (Pruyn and Smidts, 1998).

Disconfirmation Theory proposes that salespeople do not always meet the buyer expectations and, to

date, no one has documented the types of expectations salespeople may fail to meet (Kaski, Hautamaki, Pullins and Kock, 2017). As these authors investigate in the B2B context, an inadequate response to prior expectations can trigger claims and complains by clients affected by these faults. To solve this, Homburg and Fürst (2005) pointed out the necessity to develop a complaint management strategy built on three key pillars to understand the disconfirmation of expectation: (i) what, (ii) how, and (iii) when:

- (i) **What:** This refers to the types of complaints according to their importance/seriousness. A minor (simple) complaint does not reduce the use of the product and its resolution is easy, while a major complaint can leave the distributor in a compromised and convoluted situation. Kelley and Davis (1994) talked about the seriousness of a complaint and identified several types of failures that lead to a complaint: lack of availability of personnel with the appropriate skills, slowness, administrative errors, unwanted product, defective product, etc. For this reason, they suggested that failures can vary in severity/importance (from trivial to very serious).
- (ii) **How:** This refers to the complaint management procedure; that is, the form of resolution. There are complex procedures which require the return of the defective goods for an in-depth analysis of the failure and even the replacement of the product. Kelley *et al.* (1993), for example, dealt with different types of compensation, which could be ranked according to the complexity of the resolution: correction, substitution, discount and credit note. Not all companies are well informed about how to deal successfully with service failures or about the impact of complaint management strategies (Homburg and Fürst, 2005). Approximately half of the clients who complain are not satisfied with the processing of the complaints (Estelami, 2000). Tax *et al.* (1998, p. 60) affirmed that many companies are not well informed about how to successfully deal with failures. So companies in general must improve their efforts dramatically to resolve complaints (Andreassen, 2001, p. 47). Complete and structured feedback from the client improves their perception of how quickly their claim is resolving (Gilly, 1987), increasing the probability that the employee handling the complaint will offer the client the opportunity to explain their problem and thus increase their perception that the process is under control (Homburg and Fürst, 2005).
- (iii) **When:** This refers to the duration; it is the time spent resolving the complaint. Katz (1992) introduced the temporal factor of complaints. In an increasingly complex society, where most people have less time, the speed of response to a claim is one of the most

important attributes (Katz, 1992). Homburg and Fürst (2005) argued that the quality of the guidelines of the complaint resolution procedure is related to the standard of time and, therefore, is positively linked to the speed of handling complaints.

As the literature suggests, these three pillars may be related to each other. In the first place, the type of complaint seems to be related to the resolution procedure, but the efforts to resolve a complaint will depend on the magnitude of the failure (Stone, 2011). A less serious complaint will require significantly simpler resolution procedures; an increase in the importance of the complaint will result in increased complexity of its resolution procedure. In industries where technology advances very quickly, for example, it can take time to identify whether the problem lies in the product itself, and in which component, or if it is in the software or information that the software wants to access (Stone, 2011). Depending on the origin of the problem, the complexity of the action will be different. In other words, a complaint can be resolved more easily (simply by paying money) or in a more complex manner (taking legal action or analyzing the quality of the problem in greater detail). This way of resolving the complaint (how) is not alien to the type of complaint. As indicated by Stone (2011), the company should improve the performance quality of the recovery service during the resolution of the complaint and ensure that the matter is managed by the best members of the team, who should classify and analyze what is wrong, see when it happened and why. Stone also noted that the company must give the client updated information about his or her complaint during this process. Therefore, it can be stated that:

- **H1: If the seriousness of a complaint by a distributor-client increases, the complexity of the resolution by the manufacturer will increase.**

Secondly, with regard to when to resolve the complaint, it is evident that the complaints that take longer to resolve are those that are more serious. That is, as the importance/severity of the complaint increases, the lapse of time until it is resolved is greater. In particular, some studies reveal that in products and services that involve complex experiences for the client over a period of time, complaint management is often integrated into a broad project focused on the client in which a real-time analysis is required (Stone, 2011). In the B2B context, Henneberg *et al.* (2015) asserted that the client always expects a quick reaction. Therefore, we propose a second hypothesis in which a direct relationship is established between ‘what’ and ‘when’; that is, the severity/importance of the complaint and the duration/time elapsed for its resolution.

- **H2: If the seriousness of a complaint of a distributor-client increases, the resolution duration/time will increase.**

2.2. THE TYPE OF INTERNATIONAL DISTRIBUTOR AND ITS EFFECT ON COMPLAINT MANAGEMENT

The type of international distributor will determine the way claims and complaints are attended abroad. With low commitment entry modes (indirect and direct exporting) more ‘domestic’ routines are likely to be followed in terms of collecting information, distributing information in the organization and designing a corporate response to the market (Armario *et al.*, 2008). In this scene, a severe complaint management strategy needs to be adopted to avoid the end of the relationship because complaints tend to be more serious and have more difficult and long resolution procedures. As Zairi (2000) argued, international clients do not tolerate mistakes, and fragile and poor management processes are not accepted when this type of distribution channels are used.

When companies adopt committed entry modes to attend international markets (such as commercial subsidiaries), the relationship between the supplier and the demand becomes closer. Therefore, the complaint management strategies could be simpler; because complaints are simpler, resolution procedures will be easier and resolution times shorter. In the words of Blomstermo *et al.* (2006), the amount of relational friction between sellers and buyers will decrease when manufactures use entry forms that allow greater control of the relationship (commercial subsidiaries).

All of this occurs regardless of the country in which the company operates. As Barry, Dion and Johnson (2008, P. 121) have remarked “although considerable progress has been made in advancing cross-cultural research into the domain of relationship strength, studies to date have produced inconclusive and conflicting results”. In their study no support was given for the impact that national culture has on B2B relationships. The same conclusions were obtained in the works of Schultz (2000) and Schultz, Gouveia, Cameron, Tankha, Schmuck and Franěk, (2005), supporting that the context might not influence individual attitudes. As these group of authors have found “the similarity of the patterns among values across cultures is truly impressive” (p.458). This helps to explain why distributors from high context cultures such as Japan could not differ from distributors of low-context cultures such as the United States. In this scene, the type of distributor will determine its responses, not the context from which it comes. As Thakur and AlSaleh (2018) corroborate, in B2B relationships, different country samples lead to similar findings because the context is not so relevant.

In sum, as the level of involvement of a company in foreign markets grows, with well-planned forms of entry which entail an increase in control, the greater will be the company’s proximity to the external client (Brouthers and Brouthers, 2003). This means that a company’s relationship with the client will suffer less friction than that suffered by companies that approach foreign markets by opting for less stable support, which allows for greater improvisation. Child and Hsieh (2014) affirmed that

companies that follow formats to enter foreign markets that allow more proximity to the client will know the client better since they have more information. Consequently, the complaints of the final client (those that arrive at the factory) will be lower as they are easier to resolve by the client company. Thus, less serious claims are presented when committed distributors are used (foreign subsidiaries), while more serious complaints related to the product are manifested by less committed distributors (exports through third parties). Hence:

H3: If a foreign distributor-client has a close relationship with the manufacturer (foreign subsidiary), the seriousness of its complaints will decrease.

2.3. EFFECTS OF COMPLAINT MANAGEMENT ON B2B RELATIONS: SATISFACTION, FIDELITY AND QUANTITY OF COMPLAINTS SUBMITTED

Results of previous research show that many companies still handle complaints ineffectively (Homburg and Fürst, 2005). Most customers who complain are dissatisfied with the way their claims have been handled (Lewis and McCann, 2004). Companies that do not handle complaints effectively essentially stop perceiving the possibility of a new direction in the relationship with their clients (Rothenberger *et al.*, 2008).

Although a recent study by Álvarez *et al.* (2010) highlighted the importance of the management of complaints between organisations (B2B), the literature on the management of complaints in the commercialization of the business is rather scarce when compared with the Business to Consumers (B2C) literature (for example, Johnston and Mehra, 2002; Tronvoll, 2007).

The existing research in B2B tends to compare the different ways in which complaints are handled, or the effect that these activities have on the satisfaction of the buyer (Durvasula *et al.*, 2000). These studies, however, do not provide information about the client's expectations regarding complaint resolution procedures. Thus, a review of the literature over a 20-year span indicates that the area of claims management is still under investigation (Williams and de Plouffe, 2007). The recent work of Hübner *et al.* (2018) highlighted the relevance of studying claims and complaints in B2B relationships, as aspects such as the service recovery paradox (SRP) have not been documented in this context.

From the literature, various models have been proposed to try to explain the antecedents and consequences of satisfaction and loyalty, with complaint management occupying different positions. In the European Customer Satisfaction Index model (ECSI Technical Committee, 1998), the management of complaints is included as an antecedent of loyalty. However, some researchers

introduce this construct as an antecedent of trust and the consequence of satisfaction (Askariazad and Babakhani, 2015). Customer satisfaction models related to this (Swedish Customer Satisfaction Barometer SCSB, Norwegian Customer Satisfaction Barometer NCSB, American Customer Satisfaction Index ACSI) conclude that complaints are related to customer satisfaction and, consequently, to the success of the business (Johnson *et al.*, 2001). Another line of research (Johnson *et al.*, 2001) argues that the management of complaints is, in fact, the common thread leading to satisfaction and loyalty.

In sum, previous literature concludes that the management of complaints and customer satisfaction are not independent. Pruyin and Smiths (1998) pointed out that a negative customer experience affects both satisfaction and customer loyalty. Similarly, while a poor resolution can result in a negative evaluation (Bitner *et al.*, 1990), a good one can increase customer satisfaction and loyalty beyond the level before the failure (Smith and Bolton, 1998). Homburg and Fürst (2005) stated that the relevance of the management of complaints is emphasized by studies that indicate return on investment can be high and even exceed 100% (Technical Assistance Research Program, 1986). This is supported by the literature within the framework of the management of complaints and claims, which defends the relationship between satisfaction and loyalty (Spreng *et al.*, 1995).

Several authors (Kelley *et al.*, 1993; Johnston and Mehra, 2002; Homburg and Fürst, 2005) show that not all complaints are resolved in the same way. There are some that are solved simply by means of an economic restitution; more complex complaints require repair or replacement of the product and a more detailed analysis of the problem. This ends up affecting satisfaction, insofar as client assessments of the resolution of the complaint may differ, depending on the degree of magnitude (severity) of the failure. The results of studies carried out both in the field and in the laboratory show that agile and positive management of a claim has a positive effect on customer satisfaction and consequently on the intention to repurchase, while the severity of the failure and the repetition thereof reduce this positive impact on satisfaction (Liao and Hui, 2007).

In sum, and based on previous research lines, it can be affirmed that:

H4: If the complexity of resolving a complaint of a distributor client increases, overall satisfaction with the manufacturer will decrease.

Regarding the duration of the complaint, works such as that of Homburg and Fürst (2005) consider that the longer the resolution of a complaint lasts, the lower will be the level of satisfaction finally reached by the client.

Fast complaint management refers to the speed of response to a customer's complaint. The speed of

response has been related to customer satisfaction (Parasuraman *et al.*, 1988; Clemmer and Schneider, 1993; Conlon and Murray, 1996; Smith, 1999). In addition, giving the client the opportunity to make decisions influences perceptions about the decision made (Conlon and Fasolo, 1990). In the context of service recovery, customers can see a prompt response as a valuable and deserved result. Responses that arrive late, on the other hand, will make clients see the guilt of the company (Conlon and Murray, 1996), which results in the perception of injustice. In fact, the speed with which complaints are handled has been identified as an important determinant of procedural fairness perceived by the client (Clemmer and Schneider, 1993; Wirtz and Mattila, 2004).

From this point of view, the following hypothesis is formulated:

- **H5: If the duration of a complaint of a distributor-client increases (longer resolution time), overall satisfaction with the manufacturer will decrease.**

Additionally, it is noted that the satisfaction achieved by the distributor has an impact on its loyalty to the manufacturer. Indeed, as noted by Johnson *et al.* (2001) and other authors (Reicheld and Sasser, 1990; Rust and Zahorik, 1995; Anderson, 1994; Tronvoll, 2007), the complaints are related to customer satisfaction and, consequently, to the success of the business, which has a lot to do with the loyalty of its clientele. Globally, satisfaction greatly affects loyalty through its ability to build strong relationships between companies and customers (Johnson *et al.*, 2001). Thus, it could be stated:

- **H6: If the overall satisfaction of the distributor-client increases, loyalty to the manufacturer will increase.**

Recently, the International Organization for Standardization (IOS) 9000 made the scope of customer satisfaction the focus of the standard. The standard requires IOS 9000 certified companies to collect and analyse customer satisfaction data and use this information to improve organisational performance (Bond and Fink, 2003). More specifically, the literature maintains that customer satisfaction is the key to customer retention (Kotler, 1994, p. 20). Numerous studies have revealed the contribution of satisfaction to customer loyalty (Heskett *et al.*, 1994; Oliver, 1999). Spreng *et al.* (1995) claimed that the increase in customer satisfaction reduced the number of complaints and management costs incurred in resolving them. These affirmations lead us to state the following hypothesis:

- **H7: If the overall satisfaction of the distributor-client increases, the number of complaints presented to the manufacturer will decrease.**

Although most studies analyse the relationship between satisfaction and loyalty in B2C contexts, several authors have shown that this relationship also exists in the B2B context (Eriksson and

Vaghult, 2000; Lam *et al.*, 2004). Maxham and Netemeyer (2002) argued that if the client had experienced other similar failures with the company, even a high recovery effort in the face of current demand might not be enough to generate customer satisfaction. Russell (1982) indicated that environmental stimuli are linked to behaviour; just as an attractive environment directly influences the client's mood, repeated failures will make customers think that failures are a consequence of inherent problems in the service company. Such attribution will make customers unhappy with the company's pattern of repeated failures, making it difficult to please them despite recovery efforts, and they will end up leaving the relationship without further complaints. Maxham and Netemeyer (2002) found in a longitudinal study that customers who experienced a second failure in the same company had considerably lower satisfaction and intention to repurchase than after the first recovery, although both recoveries were evaluated as acceptable by the customers.

Therefore, satisfaction has a direct effect on loyalty as reflected in H6 (more satisfied customers are more loyal), but there is also an indirect effect as long as satisfied customers have fewer complaints (H7). In this way, customers satisfied with the way in which their complaints have been resolved will remain loyal to the company, entrusting it with the resolution of new incidents in difficult situations. The previous argument helps us to state a final hypothesis in which the number of complaints and the loyalty of the client are related.

- **H8: If the number of complaints satisfactorily resolved by a distributor-client increases, client loyalty to the manufacturer will increase.**

(Figure 1)

3. METHODOLOGY

3.1. *SAMPLE AND RESEARCH APPROACH*

To get our objectives, an empirical research was performed with the help of a Spanish manufacturer in the metal-mechanical industry that represents one of the top firms in Spain in terms of quality and design. It has a well-known and reputed brand. Its products are used as decorative elements to furnish well known clothing stores and luxury hotels, among others. The retailers buy the products of our company frequently because it sells high design complementary products. So, the manufacturing business unit (MBU) served as the unit of analysis. This firm founded in 1961 counts on presence in Spain and more than 11 countries in Europa (60%), America (15%), and Asia (25%).

To carry out the research, a stratified probabilistic sampling method was used, dividing the entire population of distributors of this firm into three different groups (indirect exporters, direct exporters and commercial subsidiaries). The selection of the sample was carried out in a random way in order to guarantee that each client had the same opportunities to be selected and to avoid sampling and systematic biases. This assures us that the extracted sample is representative. Table 1 shows the study data sheet.

Of the 700 distributor-clients who filed a claim, the sample was reduced to 79 records corresponding to the distributor-clients from whom a questionnaire response was obtained. Given that the size of the population was known, an error of 3.5% was obtained for a confidence level of 95% (estimating the maximum error committed in the estimation of proportions $p = q = 0.5$). When the manufacturing company used different distributors to attend the same market (sometimes adopting different forms of entry, such as indirect exporting, direct exporting, commercial subsidiary), each distributor was considered as a different unit of analysis, reporting its own assessment to evaluate the management of complaints and claims of the manufacturer.

We replicated Bidee *et al.*'s (2013, p. 523) procedure to avoid potential non-response bias by conducting wave analysis, which compares early and late respondents according to diverse variables. The *t*-tests showed no significant differences between both groups, alleviating concerns about a non-response bias.

(Table 1)

3.2. VARIABLES MEASUREMENT

Table 2 shows the scales used to measure each concept studied in the present work: (i) type of international distributor; (ii) management of complaints; and (iii) effects perceived by the client (satisfaction, loyalty, number of complaints). The type of distributor was measured based on the proposal of Chetty (1999); satisfaction and duration of the complaints are based on Parasuraman *et al.* (1988); fidelity is measured according to Spreng *et al.* (1995); the seriousness of the complaint is in line with Morris and Reeson (1978); the procedures for resolving complaints are according to Clemmer and Schneider (1993); and the frequency of complaints follows Spreng *et al.* (1995). Given

that this was an international market research, single measures were used to approximate some concepts in order to facilitate the understanding and readability in different languages and different countries (Lee, Kang and Kang, 2019). It's important to point out that our manufacturer also preferred this type of singular measures to avoid burning its distributors with long surveys used in the past, which provoked much lower response rates.

(Table 2)

3.3. *DATA ANALYSIS TECHNIQUES*

Prior to the contrast of hypotheses, descriptive statistics were used for the preliminary characterization of the data. Of the 79 registrations obtained, 19 distribution companies were included in the indirect export modality (24%) (organizational commitment grade 1), 68% were international agents and distributors to whom the product is directly exported (organizational commitment grade 2) and 8% were commercial subsidiaries (organizational commitment grade 3). Table 3 shows the complete characterization of the sample and the complaints.

(Table 3)

In order to estimate the relationships established in the theoretical model, the data was processed through structural equation models, using a variance-based approach through Partial Least Squares (PLS) because the data set was small. In this way, complex variables were incorporated, and it was possible to examine relationships of dependence simultaneously in order to predict the dependent variables of the study, such as satisfaction, number of complaints and fidelity. The ultimate purpose of this multivariate analysis lies in the contrast of the hypotheses in order to reach interesting conclusions.

Following the steps recommended by Aldás (2012) for the use of the estimation algorithm in PLS, the structural model was estimated, evaluating the relationships between the constructs, through the path coefficients, and their significance (Wixom and Watson, 2001; Chin *et al.*, 2003).

4. RESULTS AND DISCUSSION

Prior to the hypothesis test, the psychometric characteristics of the measuring instrument were analyzed together with the characterization of the sample.

4.1. *RELIABILITY, CONVERGENT VALIDITY AND DISCRIMINANT VALIDITY*

In order to check the validity of the construct, convergent validity and discriminant validity were

verified, which in PLS are estimated through factorial validity. Following Askariazad and Babakhani, (2015) PLS is easy to use and is able to estimate very complex models that include single items to measure some constructs (in their study “perceived value” and “complaints handling”).

After analyzing the loads there was no need to eliminate any item since all were greater than the minimum values recommended in the literature. This is from 0.55 (Falk and Miller, 1992) to 0.6 (Bagozzi and Baumgartner, 1994) and 0.7 (Carmines and Zeller, 1979). Next, the reliability and validity of the obtained values were verified being all values of Cronbach’s α (simple reliability) are higher than 0.7 (Nunnally and Bernstein, 1994), and the values of the composite reliability index of each construct (CRI) above 0.6 (Bagozzi and Yi, 1988). These results confirm that all the constructs used in the study are highly reliable. Likewise, it was found that the convergent validity was adequate when contemplating that the average extracted variance (AVE) reached a value higher than 0.5 (Fornell and Larcker, 1981; Chin, 1998b), confirming that the shared variances between the construct and its measurements were greater than that shared with the error.

A discriminant validity analysis was then done to make sure that the factors were not related (Campbell and Fiske, 1959) (*although only one factor was multi-item scale*). Discriminant validity is achieved when correlations between indicators and constructs are not high. The cross-loadings in Table 4 show that the loads of the same factor are higher (principal diagonal) than the loads in other factors. Likewise, the discriminant validity was verified by the AVE analysis (Fornell and Larcker, 1981), checking whether each construct was different from others. To this end, the correlations between the constructs and the average variance extracted from each latent variable was obtained. This method shows discriminant validity when the variance shared between two constructs (measured through the square of their correlations) is less than the average variance extracted from the measure indicators of any of the constructs (Ulaga and Eggert, 2005).

Table 4 also shows how the shared variance between the construct and the AVE is higher than that shared with other constructs. The values of the main diagonal (square root of the AVE) are over the values that are below. Hence, it can be concluded that the discriminant validity offers satisfactory values, according to the Fornell-Larcker criterion.

In addition, the HTMT (Heterotrait-Monotrait Ratio) ratio was obtained in order to know whether there is a risk of discriminant non-validity. This occurs when the MT/HT ratio is greater than 0.85 or 0.90, but this is not the case in this study.

(Table 4)

4.2. **STRUCTURAL MODEL ANALYSIS**

Once the psychometric properties were checked, the structural model was analyzed in order to contrast the established relationships in our hypotheses. PLS allows checking the validity through the analysis of Student's *t*-statistics. Also, this statistical tool works when single measures are used to measure some concepts (Lee, Kang and Kang, 2019).

The level of significance of the path parameters indicates the strength in the relationships between independent and dependent variables. In addition, the R^2 value for each dependent variable is equivalent to the variance of the latent dependent variables. Thus, the R^2 value measures the predictive power of a model for each dependent variable (Chin *et al.*, 2003; Ko *et al.*, 2005). High R^2 values indicate a better fit of the model (Haenlein and Kaplan, 2004). According to Falk and Miller (1992), values lower than 0.1, even though statistically significant, would provide very little information; that is, the hypotheses related to this factor would have a low predictive level.

As shown in Table 5 (last row) values lower than 0.1 were obtained for the following variables: number of complaints, complexity of the complaint and resolution of the complaint. Thus, variables that include these concepts have a low predictive power. However, other indicators must be evaluated together with the R^2 . The predictive relevance was analyzed with the Stone-Geisser test (Q^2), using the blindfolding technique, which omits part of the data to re-estimate the parameters of the model based on the rest of the cases, repeating the model until each unit of the data has been omitted and estimated (Aldás, 2012). Predictive validity was also determined by the Q^2 statistic of each latent variable. As shown in Table 5, the values are not greater than zero in all cases, thus showing that the hypotheses related to the number of complaints (NUMBER), severity of the complaint (SERIOUSNESS), resolution of the complaint (RESOLUTION) and customer satisfaction (SATISFACTION) have low predictive capacities in estimating values. This may be due to the sample size or the items used to measure each factor.

This analysis has allowed us to confirm the existence of stable relationships in five of the eight structural relationships proposed, since the value of the Student *t*-statistic is significant in these five cases. Table 5 shows the results for the hypotheses based on the coefficients obtained and the significance of each of them.

(Table 5)

These results coincide to a large extent with the hypotheses proposed in that they make it possible to explain the presence of significant relationships between the management of complaints, satisfaction and loyalty, but not with the type of distributor used.

With regard to the procedure for resolving the complaint and its length (resolution time), both depend on the seriousness of the complaint (the type of complaint). This confirms H1 and H2 respectively. In turn, the resolution of the complaint influences the satisfaction of the client (H4), and the latter will influence fidelity (H6). As for the number of complaints, those customers with the highest number of complaints satisfactorily resolved are those who remain loyal to the company (H8).

It is not possible to affirm that a greater organizational commitment (type of international distributor) is related to the type of complaint (H3). It has also not been verified that the length of time it takes to resolve the complaint influences the customer's satisfaction (H5), nor that the latter has an impact on the number of complaints filed by the client (H7). This means that customers whose complaints take longer to resolve are not significantly less satisfied; even more significantly, low-satisfied customers will present more complaints than the most satisfied ones. Figure 2 shows the representation of the structural model.

5. CONCLUSIONS, IMPLICATIONS, LIMITATIONS AND FUTURE LINES

5.1. CONCLUSIONS

The present work focuses on the management of complaints and claims in the B2B context in an international sphere. With a sample of 79 distributors of a Spanish multinational manufacturing company in the metal-mechanical sector, certain conclusions and managerial implications have been extracted that could be extended to medium-size multinational firms focused on quality and design, that attend different countries from different continents. To this end, they choose alternative entry modes to succeed (indirect exporting, distributors/direct exporting and commercial subsidiaries

With this premise, our results lead to concluded that the type of distributor does not play a significant role in this model, probably due to the scarcity foreign commercial subsidiaries (high degree of organizational commitment) who answered our questionnaire. In spite of this, it should be remembered that “small sample sizes are typical of many B2B markets” (Thomas, 2016, p. 821). So, it's possible to affirm that, although internal clients (commercial subsidiaries) might be, in theory quite different, our results have not corroborated this point. That is, in our sample, the different kind of distributors do not differ in terms of claims and complains: an indirect distributor, an exporter and a commercial subsidiary complain the same. The closeness of a distributor-client (commercial subsidiary) does not seem to reduce complaints and claims in our study. In line with Homburg and Fürst (2005), our results corroborate that not all companies and employees are well informed about how to deal successfully with service failures, and they attend equally all of their clients.

A second conclusion related to our untested hypotheses is that the time it takes to resolve a complaint will not influence the overall satisfaction of the distributor with the manufacturer. A long but well-resolved complaint seems to have in our study a better prognosis than a complaint that is quickly resolved but in a very superficial way. As explained by Homburg and Fürst (2005), this may be due to the fact that the client's perception will improve when the company offers the client the opportunity to quietly explain their problem, since this is an effective procedure for re-establishing the relationship (Gilly, 1987), even if the time elapsed is very long.

Therefore, based on Disconfirmation Theory, these results lead us to conclude that distributors' responses (satisfaction and fidelity) do depend on the type of complaints and claims (seriousness) and the way in which they were addressed (how). That is, prior expectations will be further disconfirmed as the seriousness of the complaint and the complexity of the resolution procedures increase. However, the period of time that elapses until this happens would not be as relevant to disconfirm previous expectations.

Third, our results show an absence of a relationship between client satisfaction and the amount of complaints, in line with Askariazad and Babakhani's (2015) results. That is, more satisfied clients do not complain less. This could be due to, as Naumann (2010) pointed out, the frequency of complaints could vary depending on the degree of satisfaction but just up to a certain level, because the relationship between both factors tended to approach a certain limit asymptotically. Specifically, our results show that the overall satisfaction of the distributors has no influence on the number of complaints presented to the manufacturer. This leaves open the possibility of investigating in the future why these differences occur.

5.2. IMPLICATIONS

The conclusions reached can be useful to sales executives or those in charge of the development and implementation of B2B business strategies. Four main implications have been identified.

First, with regard to the number of complaints, the results curiously demonstrate that those customers with the highest number of resolved complaints will be more loyal to the company. Just as in the ECSI model (ECSI Technical Committee, 1998), complaints are considered interesting precursors of loyalty. As early stated by Gilly and Hansen (1985) in their pioneer work, well-resolved complaints offer opportunities to retain loyal customers. The work of Gruber (2011) gives some guidance as to how complaining customers want to be treated by frontline employees. For example, 'frontline employees may be trained to adapt their behavior to their customers' underlying expectation' (p. 1).

In this scene, managers operating abroad and using alternative entry modes should invest on forming frontline employees to deal with complaints and claims quickly and efficiently in different idioms and considering different situations. In addition, it would be helpful to introduce indicators of success to reward those workers who best recover dissatisfied distributors.

Second, as pointed out by Maxham and Netemeyer (2002), a second failure with the same company causes a decrease in the intention to repurchase. If the experience in the resolution of the complaint was positive, this would lead to an increase in confidence, reinforcing the relationship between the client and the manufacturer when new incidents occur. However, it is always better to avoid problems. Therefore, manufacturers should try to minimize distributor complaints to reduce the abandonment rate. So, particularly when operating abroad and quality products are offered, its highly recommended the use of virtual listening mechanisms to better known distributors reponses. They should be updated and revised to ensure its speed and customization. Strategic thinking maps can be an interesting tool to this end.

Third, the relationship between the resolution of complaints and customer satisfaction has been corroborated. In line with Pruyin and Smiths (1998) and Smithand Bolton (1998), a negative experience of the customer will affect both customer satisfaction and loyalty, while a positive customer experience can augment satisfaction and loyalty even beyond the starting level. This result lead to recommend an efficient post-sale technical service in B2B environments, where innovative maintenance, repair and operation services should be introduced to get a international competitive advantage, particularly when operating in industrial markets that search for quality and design.

Lastly, the results show that satisfaction greatly affects loyalty, confirming the work of Johnson *et al.* (2001). Therefore, customer loyalty programs, such as discount vouchers and special guarantees, are recommended for this kind of companies to get greater benefits in the international scene.

5.3. LIMITATIONS AND FUTURE RESEARCH LINES

As mentioned previously, this research has certain limitations that give rise to future research lines. This analyses was done for a particular context, considering a single manufacturing company operating in a certain sector. The sample could be expanded to a larger number of client-distributor companies, analysing other manufacturing companies and other sectors. In line with previous works (Laurell, Achtenhagen and Andersson, 2017), the present paper is limited to one longitudinal, in-depth case. Future studies could be done with bigger sample (including more internal clients-distributors) to improve managerial implications.

The measurement instruments used should be revised to add other potential variables that could

improve or worsen the management of complaints and claims. In addition, given that a moderating variable permits the analysis of whether the intensity of the relationship between variables or constructs varies between sub-samples (Slater and Narver, 1994), use of the model for future analysis of the moderating power of internationalization is recommended. More specifically, the moderating role of culture as an exogenous variable could be considered in order to contrast all the relationships of the model in two different scenarios: customers/sellers from high context countries and customers/sellers from low-context. Related to the sample size, PLS was used, in spite of the critiques that this tool has received in the literature (Lee and Cadogan, 2013); for example, that it only accounts for measurement errors for each indicator but not for model correlated errors.

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Figure 1. Theoretical model.

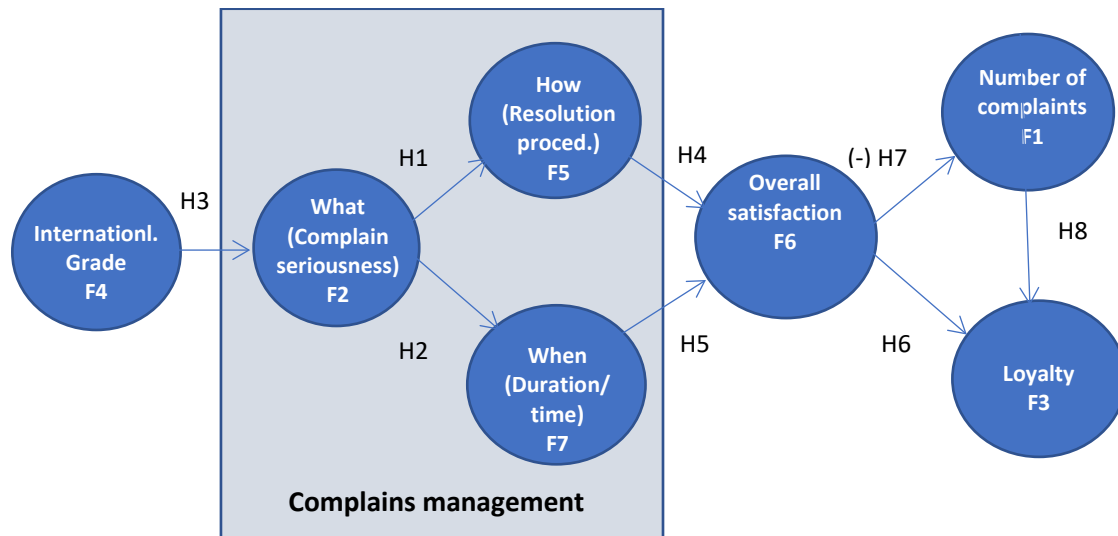


Figure 2. Measuring model.

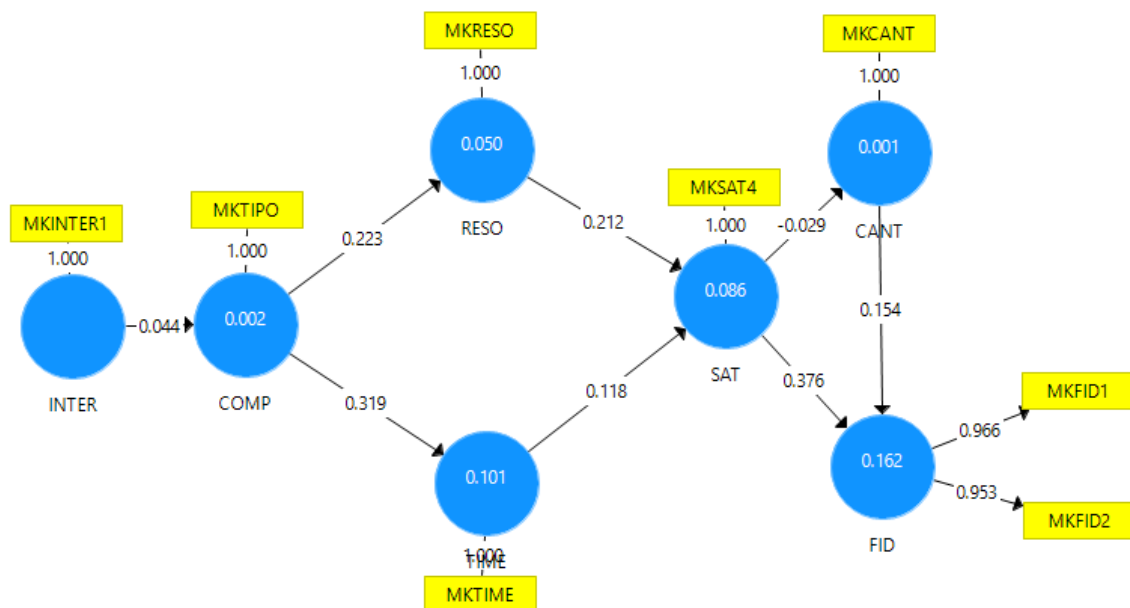


Table 1. Study data sheet.

Study data sheet	Sample
Study type	Experimental quantitative research
Population	700 Distribution companies that have filed a claim
Scope	International
Data collect procedure	Structured questionnaire Database of customer complaints distributors collected by a manufacturing company
Sampling procedure	Stratified random probabilistic sampling
Probabilistic error	3.5 (population size=700)
Sample size	79 companies that answer the questionnaire
Data analysis	Software: PLS Technique: SEM through Partial Least Squares - PLSPM

Table 2. Measurement Variables focused to the client-distributor

CONCEPT	ITEMS	SOURCE	OTHER STUDIES
Complains frequency NUMBER F1	1 Item: How many complaints have been received from each distributor? (reclassified from 1 to 3) 1. < 5 2. between 5 to 10 3.>10	Spreng, Harrell and Mackoy, 1995	Brouthers and Brouthers, 2003 Blomstermo, Deo Sharma, and Sallis, 2006
Difficulty in resolving the complaint SERIOUSNESS F2	1 Item: how complicated was the management of the complaint (from 1 to 3) 1. Low (no charge and no samples) 2. Medium (requires samples to be analysed) 3. High (requires technical intervention)	Clemmer and Schneider, 1993	Smith and Bolton, 1998 Wirtz and Mattila, 2004 Lewis and McCann, 2004
LOYALTY F3	2 Items: Future buyer intention of the distributor (from 1 to 3) Mean: 2,9358974 Standard Deviation: 0,2465209 1. Low 2. Medium 3. High Intention to recommend the manufacturing company (from 1 to 3) Mean: 2,9615385 Standard Deviation: 0,1935524 1. Low 2. Medium 3. High	Spreng, Harrell and Mackoy, 1995	Eriksson and Vaghult, 2000 Johnson, Gustafsson, Andreassen, Lervik, and Cha, 2001 Maxham and Netemeyer, 2002 Lam, Shankar, Erramilli and Murthy, 2004 Liao Hui, 2007
Type of distributor TYPE F4	1 item: degree of organizational commitment of the distributor: 1. Indirect exporting (Low) 2. Direct exporting (Medium) 3. Commercial subsidiary (High)	Chetty, 1999	Hunt and Lambe, 2000 Villareal, 2005 Blomstermo, Deo Sharma and Sallis, 2006 Henneberg, Gruber, Thorsten and Reppel, 2015
Complain complexity / RESOLUTION F5	1 item: How serious was distributor complaint (from 1 to 3) 1. Low 2. Medium 3. High	Morris and Reeson, 1978	Conlon and Murray, 1996 Liao Hui, 2007
SATISFACTION F6	1 item: global satisfaction of the distributor with the manufacturer company (from 1 to 3) 1. Low 2. Medium 3. High Mean: 2,8987342 Standard Deviation: 0,3432476	Parasuraman, Zeithaml, and Berry, 1988	Bitner et. al 1990 Clemmer and Schneider, 1993 Spreng, Harrell and Mackoy, 1995 Conlon and Murray, 1996 Smith and Bolton, 1998 Smith, 1999 Eriksson and Vaghult, 2000 Lewis and McCann, 2004 Homburg and Fürst, 2005 Liao, Hui, 2007
Time spent in the resolution of the complaint TIME	1 item: Days elapsed until the complaint was solved (reclassified from 1 to 3) 1. < 15 days	Parasuraman, Zeithaml, and Berry, 1988	Clemmer and Schneider, 1993 Conlon and Murray, 1996 Smith, 1999 Homburg and Fürst, 2005

F7	2. between 15 to 30 days 3.>30 days		
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Source: own elaboration

Table 3. Sample profile.

Type of distributor	%	Frequency (categorical variables)
Indirect export	24%	19
Direct export	68%	54
Foreign commercial subsidiary	8%	6
Complain severity	%	Frequency
Low	14%	11
Medium	47%	37
High	39%	31
Average duration (days)	%	Frequency
Low	24%	19
Medium	10%	8
High	66%	52

Table 4. Discriminant Validity

	Fornell-Larcker Criterion Values below the main diagonal <vales of the AVE (table 4)						
	F1	F2	F3	F4	F5	F6	F7
F1 NUMBER Number of complaints	1,000	0,220	0,143	0,320	0,298	-0,029	0,312
F2 SERIOUSNESS Complaint Seriousness	0,220	1,000	0,307	0,044	0,223	0,327	0,319
F 3 LOYALTY Customer Loyalty (1)	0,151	0,318	0,966	-0,076	0,371	0,381	0,267
F 3 LOYALTY Customer Loyalty (2)	0,121	0,267	0,953	-0,061	0,279	0,329	0,253
F4 TYPE OF DISTRIBUTOR Internationalization	0,320	0,044	-0,072	1,000	0,011	-0,091	0,123
F5 RESOLUTION Complaint resolution	0,298	0,223	0,342	0,011	1,000	0,276	0,543
F6 SATISFACTION Customer Satisfaction	-0,029	0,327	0,372	-0,091	0,276	1,000	0,233
F7 TIME. Complaint length	0,312	0,319	0,272	0,123	0,543	0,233	1,000
	HeteroTrait-MonoTrait Ratio (HTMT<0.85 or 0.90						
	F1	F2	F3	F4	F5	F6	F7
F1 NUMBER Number of complaints							
F2 SERIOUSNESS Complaint Seriousness	0.220						
F3 LOYALTY Customer Loyalty	0.148	0.319					
F4 TYPE OF DISTRIBUTOR Internationalization	0.320	0.044	0.074				
F5 RESOLUTION Complaint resolution	0.298	0.223	0.354	0.011			
F6 SATISFACTION Customer Satisfaction	0.029	0.327	0.387	0.091	0.276		

F7 TIME. Complaint length	0.312	0.319	0.284	0.123	0.543	0.233	
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Table 5. Hypotheses testing

	Beta standardized	T value (bootstrap)
COMPLAINTS CHARACTERISTICS RELATIONSHIPS		
H1: SERIOUSNESS of the complaint-> Complaint RESOLUTION	0.223*	1.817
H2: SERIOUSNESS of the complaint -> TIME resolution	0.319***	2.803
RELEVANCE OF INTERNATIONALIZATION TO EXPLAIN COMPLAINS		
H3: INTERNATIONALIZATON -> SERIOUSNESS of the complaint	0.044ns	0.471
ANTECEDENTS OF SATISFACCTION		
H4: Complaint RESOLUTION -> Customer SATISFACTION	0.212*	1.459
H5: TIME resolution -> Customer SATISFACTION	0.118ns	0.084
EFFETS OF SATISFACTION		
H6: Customer SATISFACTION -> Customer LOYALTY	0.376***	9.208
H7: Customer SATISFACTION -> NUMBER of complaints	-0.029ns	0.537
H8: NUMBER of complaints -> Customer LOYALTY	0.154**	2.170
R2 NUMBER of complaints = 0.001; Q2 = -0.08 R2 SERIOUSNESS of the complaint = 0.002; Q2= -0.02 R2 Customer LOYALTY = 0.162; Q2 = 0.03 R2 INTERNATIONALIZATION = n.a. Q2 = n.a. R2 Complaint RESOLUTION = 0.05; Q2 = -0.005 R2 Customer SATISFACTION = 0.1; Q2 = 0.04 R2 TIME resolution (length)= 0.101; Q2 = 0.038		

Note: * p<0.1; ** p<0.05; *** p<0.01