



2013

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Courtney Droms
Butler University, cdroms@butler.edu

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Recommended Citation

Droms, Courtney, "Take It Back: Dynamic Consumer Goals in Retail Customer Service Transactions" (2013). *Scholarship and Professional Work - Business*. 113.
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Take It Back: The Impact of Dynamic Consumer Goals in Return and Exchange Interactions

COURTNEY M. DROMS

Product returns and exchanges are an important part of a consumer's postpurchase decision-making process and have economic and psychological consequences. Based primarily on a participant observation research, a conceptual model is developed that portrays two distinct process paths that occur during return transactions. The analysis incorporates previous research regarding goal-directed behavior and role and script theories in understanding the complexity of a return transaction. Consumers are identified as having both economic and social goals, and the change catalysts promoting shifts in goal focus as well as the interplay between these goals are represented in the model.

Product returns and exchanges are an important part of a retailer's service delivery and a consumer's postpurchase decision-making process. In general, product returns are expensive for both consumers and retailers in terms of financial and psychological costs. U.S. retailers receive over \$100 billion a year in returns, an amount that tops the GDP of two thirds of the countries of the world, with some product categories reaching a return rate of 35% (Trebilock, 2002). Not only is the monetary value of returns staggering, but according to recent research, the cost to a retailer or manufacturer of a single return averages around \$16 (Spencer, 2003), and consumer abuses of return policies are on the rise (Speights & Hilinski, 2005).

One of the many implications of these figures is the close linkage between retailer profitability and the rate and monetary value of product returns. Retailers are not the only ones to suffer from the cost of product returns as consumers incur monetary, time, and hassle costs during the process of returning the unwanted product. Furthermore, the social aspects associated with returning products can make returns even more difficult for consumers, and these interactions are truly co-created by consumers and retail employees. Because of the importance of returns and the potential impact on consumer satisfaction, retailers must focus on these transactions as a part of an overall service strategy.

The decision process of determining whether or not a consumer will make a product return or exchange for another similar product is an important postpurchase aspect of consumer decision-making. However, little is known about the decision processes regarding consumer returns or the actual experience of making a return or exchange. Here we examine the decision processes as well as the goal-directed behaviors that evolve during this consumer experience through participant observation research. The basic premise is that consumers often have goals other than strictly economic goals in return and exchange transactions, and the interplay among these goals affects the overall delivery of the service.

Returns and return policies is a domain that has received some attention in the marketing literature, but this research tends to focus more on the managerial aspects of the return process rather than the consumer perspective (Wang, 2004; Padmanabhan & Png, 2004). Consumers return products for a variety of reasons, but some of the most common are the failure of the product to meet needs or expectations, misunderstanding of proper product use, and product defect (Dubbs, 2001). Retailers have different internal policies for how employees should handle various types of returns (i.e., whether a returned product is reshelved if it does not meet expectations or is destroyed because of a defect). The present research seeks to enhance our understanding of the overall process of returning or exchanging a product as experienced by the consumer.

Specifically, the following research questions are addressed: (a) What are consumers' goals with respect to product return and exchange scenarios?; (b) How might the focal goal shift during a particular transaction?; and (c) How does the consumer co-create the service provided by the retailer during return and exchange interactions? This research contributes to the literature by providing a new perspective on the return and exchange process with the development of a grounded-theory framework for the interactions between employees and consumers during such processes at mass retailers. The qualitative nature of this research also contributes to the literature in the sense that until now there had been no previous participant observation work in this area. Previous work in relation to consumer satisfaction with service interactions have typically employed a critical incident technique (e.g., Bitner, Booms, & Mohr, 1994), but in order to fully capture the complexity of the return environment, we felt that observing consumers and employees in a natural store setting would most readily enlighten our research questions.

EXTANT RETURN RESEARCH

Although extant research about return policies exists mostly within the domain of logistics management, the topic has been addressed recently in marketing literature. Wood (2001) demonstrated how the endowment effect could create benefits to the retailer for offering a more lenient return policy within remote purchase environments. This endowment effect is manifested by assigning increased value to the possessions one owns and is likely to exist in both remote-purchase and in-person retail environments.

Remote-purchase environments, including online and catalog sales, are often more susceptible to product returns or consumer dissatisfaction because consumers do not have the opportunity to directly inspect the product until it actually arrives (Alba et al., 1997; Lynch & Ariely, 2000; Wood, 2001). This enhances the importance of return policies for consumers making remote purchases because, as Padmanabhan and Png (1997) suggested, consumers view return policies as a form of insurance (also see Davis, Hagerty, & Gerstner, 1998). This insurance can be a comfort for consumers in remote purchase situations in which disappointment with the product when it arrives may increase the consumer's likelihood of complaining (Cho, Im, Hiltz, & Fjermestad, 2002). Return policies may also be viewed as a signal of a product's quality (Mixon, 1999) or of the overall quality or image of the retailer itself (e.g., Nordstrom's famous generous return policy 1). Other research investigates strategies for trying to control the number and cost of product returns through modifications of return policies (Hess & Mayhew, 1997; Hess, Chu, & Gerstner, 1996). However, these policies typically revolve around identifying high-risk products or consumers and dealing with these issues accordingly.

A different perspective on return policies comes from the social psychology literature on decision outcomes. Gilbert and Ebert (2002) found that consumers prefer lenient return policies because such policies place less restriction on their capacity to change their mind about a purchase decision; however, the researchers find that satisfaction was actually higher for the consumers without an opportunity to change their mind. Consumers demand choice and decision freedom, yet this freedom does not increase satisfaction. Gilbert and Ebert's psychologically driven view would be argued against by others, including Che (1996), who stated, "consumers are always better off when the seller adopts the return policy."

Lenient return policies can lead to consumer abuses as well. Recent research reports on the variety of methods consumers use to defraud and abuse retailers. These abusive schemes include renting or “wardrobing” merchandise, credit card scams, and price arbitrage, which cost retailers \$ US 16 billion each year in total (Speights & Hilinski, 2005). Renting or wardrobing merchandise involves a consumer purchasing an item from a retailer, wearing or using the item once or twice, and then returning the item to the retailer as if it were new (Speights & Hilinski, 2005). In a credit card return scam, a consumer will return a product to a retailer and ask to have the money credited to a different credit card than the item was originally charged (McClain, 2005). Finally, price arbitrage can take several forms, including repackaging a cheaper item in an expensive item’s box and returning an item purchased at a discount for a full-price refund (Speights & Hilinski, 2005). As discussed in a later section, we observed evidence of each of these types of consumer frauds and abuses during our data collection.

The aforementioned research relates to the effect of return policies on consumer satisfaction. Although the research just reviewed provides valuable information about product returns, the perspective missing from this extant research is that of the consumer’s actual experience, including both verbal and nonverbal elements, within a return interaction. Prior literature has shown that the nonverbal communication between consumers and employees influences the consumer’s evaluations of the whole service experience, such that consumers who were satisfied with the service received evaluated the service provider as more attractive (Gabbott & Hogg, 2000). The ability of the consumer to detect non-verbal cues from an employee’s body language also has a positive effect on the consumer’s satisfaction with the employee (Puccinelli, 2005). Using participant observation research, we will address several aspects of consumers’ experiences with returning or exchanging products. In addition to the research questions mentioned previously, we also examine the occurrence of consumer abuses and frauds within our set of observations.

THEORETICAL FRAMEWORK

Several theories impact the overall understanding of the complexity of the consumer return process. Specifically, role and script theory, goal-directed behavior, and goal shifts will be reviewed and used to guide the present research. In a subsequent section, attribution theory (e.g., assigning blame for product or service failure), equity theory (e.g., evaluating the fairness of treatment by the retailer), and the theory of reciprocity (e.g., employee matching of the consumer’s verbal and nonverbal communication) are used to enlighten the discussion of social goals. Issues of satisfaction and complaint behavior, including returns and exchanges, have been addressed by prior research using these various theories and are essential to understanding consumer reactions in the present research.

Role and Script Theory

A conceptual framework, primarily based on role and script theory, is needed to explain the dynamic nature of goals within the return and exchange environment. The employee and consumer characteristics depend on each party’s understanding of and familiarity with their roles (Solomon, Surprenant, Czepiel, & Gutman, 1985) in the consumer service environment and the corresponding script (Schank & Abelson, 1977) they expect to follow. As Bitner et al. (1994) suggested, the consumer and employee interactions are usually very routine and follow a set of

commonly understood roles and scripts. Since most consumers are familiar with basic transactions in the marketplace, they tend to have rather well-defined notions of these scripts and the corresponding roles they must play. However, the interactions that deviate from these set roles and scripts are very intriguing and have far-reaching implications for mass retailers and marketing researchers.

Goal-Directed Behavior and Goal Shifts

A majority of this research is directed by the goal shifts that consumers undergo within the return and exchange environment. Consumers in these situations can have two types of goals: their primary economic goal (i.e., their desire to return or exchange the product), and their secondary social goals. We posit that consumers approach the return and exchange area with their primary economic goal of getting their money back or exchanging a product. Then, based on various characteristics of the return environment that will be discussed later, some consumers expand or shift their focus to achievement of secondary social goals. These secondary social goals encompass a variety of consumer and employee needs ranging from the need for mutual understanding (Mohr & Bitner, 1991; Ganesan, 1994; Bitner, 1995), the need for reciprocity in both verbal (Jacobs, Evans, Kleine, & Landry, 2001) and nonverbal interactions (Puccinelli, 2005), and the need for self-disclosure (Jacobs, Hyman, & McQuitty, 2001; White, 2004).

Conceptual Model

As depicted in Figure 1, our conceptual model shows the process a consumer encounters when returning or exchanging one or more products. The model reflects our basic assumption that most return processes begin with an economic goal. From the start of the process, the return transaction will follow one of two paths. The first, and expectedly more common, path leads straight from these economic goals to the final outcome satisfaction with the overall interaction. The second possibility depicted in the model is that the transaction will encounter some type of change catalyst that causes a consumer to deviate from the initial, strictly economic goal. These change catalysts, as determined through a grounded theory approach to data analysis (Spradley, 1980), include characteristics specific to the consumer, characteristics specific to the employee, aspects of the social environment, and characteristics specific to the product. Any one or a combination of these change catalysts will lead the consumer into the goal expansion or shift quadrant in which the transaction becomes more complex due to the consumer's shifting goal focus. Under this second, more complex path, the satisfaction with the outcome will be based on the entire transaction as the outcome relates to the accomplishment of the dual goals pursued. A more detailed description of the model, as well as supporting data, will be presented in a later section.

METHOD

The primary method used in this research is participation observation. Specifically, the researchers spent twenty hours unobtrusively observing return and exchange transactions in mass retailers over a four month period. 2 Observation sessions were all about one hour in duration and occurred at various times throughout the day and week. Each researcher observed at a different store location, taking extensive field notes at the actual location and creating expanded

accounts of these observations shortly thereafter (Spradley, 1980). Participant observation was determined to be an appropriate technique because we wanted to focus on the more mundane, actual transactions that consumers typically experienced. Previous research regarding consumer transactions has used the critical incident technique (e.g., Bitner et al., 1994), but in order to fully capture the complexity of the return environment, we felt that watching real consumers and employees would most readily enlighten our research questions. Importantly, consumers never questioned our presence in the environment; and therefore, we are confident that they did not adjust their behavior. In total, our data consisted of field notes of nearly 300 interaction episodes, involving a total of 385 people ($M = 1.3$ people), from observations at four different mass retail locations in the southeastern United States. Details about these interactions are included in Table 1. To clarify and supplement the observational data, three in-depth interviews were conducted with one employee and two consumers.

INTEGRATED FRAMEWORK AND FINDINGS

Findings based on our qualitative data will be discussed using the conceptual model previously introduced. First, the economic goals of the consumers observed are presented. Next, the various circumstances present across a wide variety of interaction episodes that cause deviations from the strictly economic goals are discussed as change catalysts. After considering these catalysts, findings related to the actual expansion or shifts in goal focus from economic to social will be presented. Finally, conclusions and future directions for research, including a more focused look at the outcome satisfaction variable, are discussed.

Consumer Economic Goals

The consumers who approached the return and exchange environment seemed to have explicit economic goals. The most common economic goal was to return a product for cash or credit. Illustrative interactions typically adhere to the following script from our field notes:

A 50-something female arrives (short hair). She is returning a dual package of Head and Shoulders, with a receipt. She provides no explanation and gets \$3.78 in return.

The second most common was to exchange a product for either an exact replica or for something very similar, as evidenced by this illustrative return script:

A woman in a blue shirt that said "Gamma Winner" on the back of it approached the employee with a small shoebox to [exchange] the shoes. She did not have a receipt, but only wanted to exchange the shoes. She left the shoes at the counter and returned in a few minutes with another pair of shoes. The swap appeared to go very smoothly.

The purely economic interactions, as exemplified in these examples, comprise a large part of our observational data (148 interactions). There could be multiple reasons why consumers only spend a limited amount of time in the return and exchange area. In recent research by Noble and Phillips (2004), low-level relationships, such as those one might develop with a mass retailer, often inspire relationship hindrance. In this case, rather than wanting to develop a relationship with a retailer, the consumer prefers interactions to remain at a much more superficial level by simply accomplishing straightforward economic goals. A variety of specific motivations underlying this relationship hindrance are evidenced in the present data, including preference for privacy, perceived process hassle, and perceived lack of payoff for time invested (Noble &

Phillips, 2004, p. 293). This type of straightforward, economically motivated transaction occurred fairly regularly for clothing items, typically because the consumer had purchased the wrong size or the wrong color (46% of the clothing exchanges).

These first two economic goals, receiving money back and receiving a new product, were by far the most common, occurring in 217 of our 299 interaction episodes, and were the basis for 75% of the interactions between employees and consumers in the return and exchange environment. However, the third type of economic goal was a bit more suspicious and in keeping with Speights and Hilinski's (2005) warning to retailers. We observed several instances of what appear to be consumers taking advantage of lenient return policies and/or lenient employees. We previously mentioned three types of consumer abuses: renting/wardrobing, credit card return scam, and price arbitrage. The following appears to be an illustration of renting or wardrobing:

At 5:50 p.m., a 50- to 55-year-old female enters the return area. She received an electric toothbrush as a gift and did not receive a gift receipt. However, her friends who purchased the toothbrush said it came from this store. Consumer wants to exchange it because it will not hold a charge. Consumer hands the box to the sales associate and goes off into the store to find a replacement. During a brief lull in traffic, the sales associate comments to the researcher that he is not sure what to do with the exchange because the bristles on the toothbrush are starting to look worn.

A credit card scam was defined as an individual returning an item and attempting to have money credited to a different credit card than the card on which the item was originally charged (McClain, 2005), the interaction that follows appears to be an example of this type of return fraud:

A 40- to 45-year-old male returning one chair cushion and two pillows. He had two receipts, one for the chair cushions and one for the pillows. For the chair cushions, he wanted to know how to get money back on his debit card. He was told this was not possible, he could only get the money back in cash. For the pillows, he said his mother had come in and bought them for him but he did not like them. He got cash back because he did not want the money to go back on his mother's card.

Finally, we observed both types of price arbitrage mentioned previously—repackaging a cheaper product in a more expensive box:

[During a lull in traffic] another associate is busy reorganizing returned merchandise, opens a VCR box, and finds that there is an old stereo instead in the VCR box.

We also observed a customer returning a product purchased at a discount for a full price refund:

At 6:58 p.m., a 60-year-old female returns shampoo, conditioner, and five packages of batteries, receives \$24.17 back in cash. At 7:02 p.m., the same consumer re-enters the return area with her 10- to 12-year old daughter. She brings back the cash received and the receipt and says to the manager that she didn't get the correct amount of change back. Manager looks at the receipt and says, "Yes you did." The consumer had used a coupon and that is why she got less money back than was listed as the retail price of the batteries. Consumer says, "My husband bought them and he never uses coupons," debate goes back and forth to try to get the consumer to understand that it was clearly indicated on the receipt that an instant coupon for \$3 was used and so instead of receiving the \$5.99 back per package of batteries, she should only receive \$2.99. Daughter speaks up and said that her dad said that they should get more money back. Manager tries to explain that this was not the case to both mother and daughter. They don't agree and ask instead for their batteries back and mother hands back the cash to the manager.

Change Catalysts

As mentioned previously, most of the interactions we observed followed the first path, and the employees and consumers only focused on their economic goals while acting out socially defined roles and scripts. However, consumers regularly violated these roles and scripts as

several factors consistently led to apparent script deviations. Through careful analysis of the data, four factors of role and script variants emerged: employee characteristics, consumer characteristics, product-specific circumstances, and environment-specific characteristics. These factors are defined as change catalysts because in situation-specific combinations, they encourage consumers to shift focus from solely economic goals to more socially based goals.

Employee and Consumer Characteristics

Individual characteristics of both employees and consumers can significantly impact any retail interaction and lead to a goal expansion or goal shift. In our observations, we specifically noted the employee and consumer personalities and the consumer's inherent need to meet certain goals, such as self-disclosure, reciprocity, and mutual understanding. For example, during one observation period, the employee working in the return and exchange area was talking and joking with every consumer who came in the door, regardless of the consumer's mood or nonverbal cues. On the other hand, if the employee prefers not to interact with consumers, they can limit the interaction to a purely economic goal. For example, during a different observation period, one of the two employees did not want to talk to anyone and kept all discussions to a minimum by indicating this very strongly with nonverbal cues to the consumers and her fellow employee.

These nonverbal tactics are used by consumers as well to indicate whether they want to have a discussion with the employee or whether they just want to perform their transaction. Service provider responses are especially critical when consumers express emotion, which would be associated with pursuit of social goals. When consumers display emotion within these service encounters the event has taken on personal significance and therefore the consequences of the employee's response are crucial (Menon & Dubé, 2004). In this case, it is obvious that the consumer desires an interaction that goes beyond basic economic goals.

Product-Specific Characteristics

Some of the product-specific circumstances we observed included the size and/or appearance of the clothing, the status of the product being returned (i.e., whether the product was broken or defective), and the type of product (e.g., an embarrassing product, a household product, a tool, etc.). For example, if the article of clothing being returned is the wrong size, some consumers feel the need to explain why they are returning the item, like the woman from our observation notes:

A 30-ish-year-old woman, curly orange hair, brings a shirt up, still in a Wal-Mart bag. Has receipt, which she pulls out of the bag and puts on the counter, next to the bag. The clerk removes the item—it's a shirt. The clerk doesn't ask, but the woman volunteers, "It's too small. I don't need my belly and all showing" (laughter). The woman receives cash back for her purchase and leaves.

Also, if the product was broken in some way, the consumer may feel the need to explain the circumstances under which it broke, like the couple next:

At 7:33 p.m., 25- to 30-year-old female and male want to exchange an indoor grill. They explain that they opened the box and there was a crack down the middle of the handle. Male consumer enters the store to find a replacement.

Social Environment

The environment-specific characteristics observed included the presence or absence of other consumers (e.g., consumers waiting in line), employees, and store management in the return and exchange area. For example, the employees act differently in the return and exchange area when they are alone and when a member of store management is around. During our observation period, we noted that the employees were more jovial and talkative among themselves and with consumers outside of the presence of store management. For example, the employees at one observation location thought that a researcher was actually a representative of the store management sent to “spy” on the employees, and during this observation period they were very quiet and matter of fact with the consumers.

When certain employee and consumer characteristics, product specific characteristics, and social environment issues are present, the interaction is likely to expand beyond a basic economic transaction. Any of these factors alone or in combination with others can cause deviations from the basic script associated with returns and exchanges. These script deviations in turn cause consumers to expand or shift their focus from economic to social goals.

Goal Shifts and Related Social Goals

Throughout the observation periods, consumers exhibited expansions or shifts in their goals from economic to social. Although the majority of the consumers approached the return counter with an objective of getting their money back by returning a product, many of these transactions evolved into lengthier interactions in which the consumer attempted to fulfill a more socially oriented psychological need. Specifically, four consumer social goals were identified including a need for justification, mutual understanding, reciprocity, and voice.

The first goal consumers exhibited was a need for justification. This goal was manifested in two basic formats. Some consumers earnestly sought the employee’s understanding of their reasons for returning or exchanging the product and affirmation that they were taking the appropriate course of action. For example, consider the following interaction:

A woman approaches [purple shirt]. She says “This is an XL—I need a 2X.” Clerk laughs, “I know how it is honey.” The consumer returns very quickly with another shirt. Consumer explains, “It was on the wrong hanger,” the employee responds, “Don’t ever go by those hangers!” They laugh and the exchange is completed.

Other consumers seeking justification simply wanted to state their reasons for the return, with no apparent need for the employee to affirm their actions. On many occasions, consumers provided long explanations for why products were defective and why they needed to be returned. For example, during one of our observations, a consumer was returning a bookshelf and felt the need to justify exactly why the bookshelf did not fit in her daughter’s dorm room:

A 20- to 25-year-old female wants to return a piece of furniture that is missing a part. She has been trying for the past month to get the new piece and has gotten fed up with waiting. The furniture is in her car and she needs help carrying it in, so clerk calls over the walkie-talkie for someone to come help her. Returns from the car with furniture, which turns out to be a white, wooden buffet, which is in pieces in the box, somewhat assembled. She purchased the buffet with a check and wants cash back rather than store credit.

Contrary to the previous example, this consumer does not seek affirmation, but is more interested in justifying her actions sufficiently to meet this social goal while simultaneously achieving the desired economic outcome.

The second social goal frequently displayed was the need for mutual understanding. Consumers seeking mutual understanding often approached the return counter with the desire to have the employee empathize with their situation, and the consumer wanted to understand the retail establishment's perspective (Bitner, 1990; Mohr & Bitner, 1991; Price, Arnould, & Deibler, 1995). Most of these interactions involved a more personal explanation from the consumer regarding the reason for the return or exchange in which the consumer feels comfortable revealing information beyond that of simple justification. The following situation with a male consumer attempting an exchange is a typical script for an interaction involving a need for mutual understanding:

At 6:08 p.m., a 40- to 45-year-old male consumer walks in rolling a girls' bike. He explains to the sales associate that he needs to exchange the bike he walked in with for a different one that his other daughter already has. He explains that it has caused a "riff" in the house because his two daughters have two different bikes. He leaves the bike at the exchange desk and enters the store.

As this example illustrates, the consumer entered the return area with the intention of exchanging the bike. However, after encountering a change catalyst, or combination of circumstances, he discloses information about his daughters and some problems at his house in the hopes that the store employee will empathize and understand his situation.

In order to differentiate this social goal from the previous social goal, the need to justify the return involves product-related disclosure, while the need for mutual understanding involves disclosing personal information that is not necessarily product related. In the above cases, as well as in many others, consumers offered explanations for their actions with absolutely no solicitation from the employee. In addition, during an interview, a female consumer revealed that she actually planned in advance exactly what she was going to say to the employee in order to justify her return. In both of these examples, the change catalyst was the consumer's need to justify her actions.

The third primary social goal involved the consumer's need to feel some sort of reciprocity from the employee behind the counter in the return and exchange area. This seemed to vary on an individual basis, but we observed that reciprocity could be in a verbal or nonverbal form. The verbal reciprocity was relatively easier to observe in that we could attempt to pick this up from hearing the conversation between the employees and the consumers. This form of reciprocity involved the employee matching the affect in the consumer's tone of voice in combination with both the employee and the consumer following the same script and playing their scripted roles. For example, in the following example, a female consumer is returning a food product:

A female consumer approaches, "Yes ma'am," says the employee. Woman goes into an explanation about how a box of cheesecake mix was not sealed on the inside when she opened it, and she wants her money back. Employee puts a disgusted look on her face and says, "Gross!" Completes transaction.

The nonverbal reciprocity was more difficult to observe in that it involved noting some of the consumer's facial expressions as well as their physical proximity to the employee and their general body language. The nonverbal reciprocity involves a matching of the employee and

consumer non-verbal cues. When there is no reciprocation from the employee to the consumer, the consumers tend to get annoyed. For example, in an interview of a store employee, she made the following statement regarding two female consumers, “Some ladies told me one time, you know, staying calm and being real nice to them just pisses them off more.”

Finally, the fourth social goal we detected was the need to be heard and have a voice. We observed several consumers approaching the return and exchange area with products in hand to return or exchange that would share various information with the employees that was not necessarily product related, not personal in nature, but simply something they wanted someone to listen to. For example, in the following interaction taken from our field notes, the woman was looking for adults to talk who would actually listen to her:

A middle-age female wants to pay on her [company] bill. With her are two children, one girl approximately college age and a substantially younger boy. The kids are messing with one another, bored, while mom conducts her business. Her business takes quite a while, and she talks with the associate about how nicely a pen writes, and they both verbally admire the pen.

The various social goals identified above demonstrate the richness of what might appear to be rather simple and routine interactions between service providers and consumers. Throughout our observations, it became apparent how crucial the handling of consumers and their goals during these consumer service transactions was in determining overall consumer satisfaction.

CONCLUSIONS AND FUTURE DIRECTIONS

This study provides a new perspective on the return and consumer interaction literature by providing a grounded-theory framework for the interactions between employees and consumers during the return and exchange process of mass retailers. The qualitative nature of this research also provides a new perspective on the existing body of literature in that until now there had been no previous participant observation work in this area. This type of research method was especially enlightening because we observed how real consumers acted in a return and exchange scenario. Although motives cannot be explicitly determined based on observation of both verbal and nonverbal behavior, the existence of multiple goals and shifts among these goals during the course of a transaction were evident through our unobtrusive method. In addition, our data was not susceptible to limitations concerning consumer memory as would be the case with a critical incident technique. As our results indicate, while many of the transactions are routine and follow set scripts, there are a number of transactions that deviate from these scripts and provide in a sense, some negative case analysis from previous research.

Based on the current data, deviations from the script involved with return and exchange transactions cause several variables other than the successful achievement of economic goals to influence the consumer’s judgment of overall outcome satisfaction. Specifically, if one or more change catalyst is present, the overall satisfaction level will be based on the employee’s ability to meet a variety of both social and economic needs. However, in a very routine transaction in which few words are spoken and the economic conclusion is quickly and satisfactorily reached, the judgment of outcome satisfaction is likely to be based solely on the efficiency and economic outcome of the transaction. In many such transactions that were observed, consumers left the customer service area in the same efficient manner in which the transaction had occurred. In prior research, disconfirmations of goals and expectations have been shown to be strong

antecedents of outcome satisfaction (Niedrich, Kiryanova, & Black, 2005). As this relates to our current research, future projects could examine the effects of the disconfirmation of a consumer's social goals on outcome satisfaction.

Although our methodology provided invaluable insights about real consumer interactions, several limitations exist. First of all, we interpreted situations to determine the goals consumers and employees have. Although we carefully reanalyzed and used multiple researchers to judge the validity of our interpretations, problems may exist concerning these interpretations. Second, in order to maintain unobtrusiveness in our observations sometimes portions of the dialogue between employees and consumers was inaudible. To reduce the potential problems this caused, we did not analyze or include in the development of our framework any conversations that we could not really understand. Finally, we acknowledge that determinations of consumer satisfaction were problematic because we could only infer based on the verbal and nonverbal cues witnessed in the environment.

In summary, this article provides a new perspective on the return and exchange transactions that occur in mass retailers. By examining this critical aspect of the retail experience and postpurchase decision-making process through participant observation, we learn that consumers have multiple goals while engaging in return and exchange transactions. Dependent upon the factors encountered in the return or exchange interaction, these goals will expand or shift, and thus the interaction will become more complex in nature. Understanding this complexity is beneficial to retailers.

Managerial Implications

Although this research was specifically conducted from a consumer's perspective, the results also have implications for managers. For example, managers can seek to control some of the change catalysts identified (e.g., characteristics of their employees and environment specific characteristics) in order to increase transaction efficiency. Also, our data indicate the importance of reciprocity and mutual understanding, and therefore managers can consider these findings when hiring new employees for the return and exchange area as well as developing training for their current consumer service employees. This training would serve to train employees to recognize and meet the needs of consumers, while becoming more adept at identifying possible consumer fraud and abuses. Finally, managers should be aware of the two different routes to a consumer's overall evaluation of a return or exchange interaction and prepare company policy and training procedures accordingly.

From one of the interviews we conducted, it seemed as though when the consumer is upset or angry about an aspect of the product return and the employee fails to acknowledge or reciprocate this affect, the consumer has an even more negative evaluation of the service encounter. This seems to counter the position of some retailers that their employees must always wear a smile.

Future Research Directions

The final construct shown in the conceptual model is outcome satisfaction. We did not explore overall consumer satisfaction within the present research methodology. Future research could

include conducting posttransaction surveys with consumers in order to assess their immediate evaluation of the retailer's service. Related future research could involve a closer investigation of consumer attributions. Consumer attributions may be a direct antecedent of goal shifts and therefore in turn impact outcome satisfaction. For example, the consumer may make an attribution for why they had a lengthy wait in line at the return counter, and these attributions may affect which goals they seek to achieve during the actual interaction with employees (Menon & Dubé, 2004). Therefore outcome satisfaction is impacted by the attributions made by individual consumers. Again, understanding these attributions would require additional data collected directly from the consumer.

Further understanding of the psychological mechanisms involved in these interaction episodes is warranted. In particular, propositions could be tested regarding the regulatory focus of consumers and their behaviors in the return and exchange environment based on the presence or absence of a receipt. As Higgins, Idson, Freitas, Spiegel, and Molden (2003) suggested, consumers with a promotion focus tend to have a risky bias, which could lead these consumers to engage in more suspicious or unethical return and exchange behaviors if they have not kept their receipts. Consumers with a prevention focus would be less likely to participate in unethical behaviors and would tend to hold onto and bring in their receipts, to be safe and secure in receiving their money back.

A closer evaluation of the efficiency and effectiveness of the similar retail interactions in terms of verbal and nonverbal reciprocity between the employee and the consumer in a laboratory setting could further research of consumer-employee interactions. From one of the interviews we conducted it seemed as though when the consumer is upset or angry about an aspect of the product return and the employee fails to acknowledge or reciprocate this affect, the consumer has an even more negative evaluation of the service encounter. This seems to counter the position of some retailers that their employees must always wear a smile. Finally, future research could analyze these return and exchange transactions to develop a typology of return strategies similar to the goal seeker and persuasion sentry strategies outlined by Kirmani and Campbell (2004). These strategies would have significant value for retailers in training their employees.

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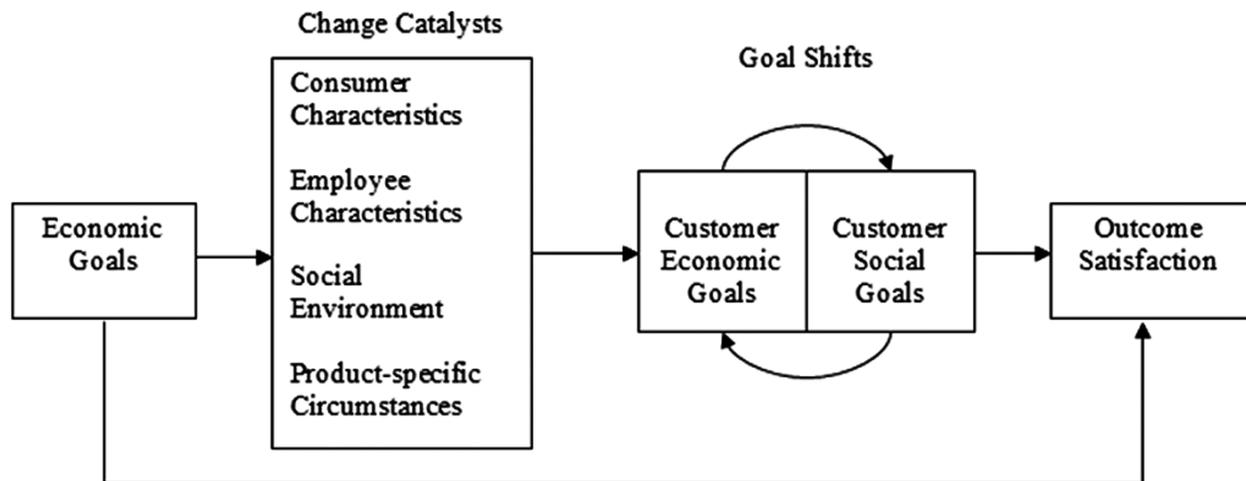


Figure 1 Conceptual Model

Table 1 Statistics From Observational Data

Category	Frequency
Adult gender	
Male	92
Female	219
Total	311
Age range	
Under 18	2
18-25	20
26-40	66
41-50	34
51-60	21
Over 61	17
Total	160
Group size	
Single adult	231
Combination of adults	28
Adult with one child	21
Adult with multiple children	11
Family (2 adults with 1+ children)	7
Total	298
Interaction type	
Return	161
Exchange	56
Other	76
Total	293
Presence of a receipt	
Yes	117
No	23
Unknown	90
Total	230