



ONLINE SHOP REALIZATION. 1. RECENT PROBLEMS OF CUSTOMER SERVICE

Jonas Žaptorius^{1,2 a}

¹ Department of Marketing, Vilnius Business College
Kalvarijų str. 125, LT-08221, Vilnius, Lithuania

² Department of Financial Engineering, Vilnius Gediminas Technical University
Saulėtekio str. 11, Vilnius, Lithuania

Received 2 July 2008, accepted 3 November 2008

ABSTRACT The main idea of this article is devoted to the online customer service issues. Several influence factors such as companies focus on customer service, creation of customer service standards, human resources, customer relationship management will be identified and analyzed. The efficient customers service online is determined by such factors as a speed of response to electronic requests, the qualification of personnel, used customer service tools, call centers, standards of customer service and recourses in compliance with the standards of the real situation.

Keywords: E-commerce; Customer-friendly manner; Adjustment factors; Customer's verbal recommendations; Business-to-consumer; Price reduction; Communication tools; Business online.

Short title: Online shop service - 1

^aCorresponding author, email: jonas@outlook4team.com, phone: +370 656 34422

Introduction

Modern competitive environment, all trade organizations are forced to fight for every customer in order to keep the market at the significant level. Advanced tools prepared in this competition have a special focus on customer service. Service quality is becoming a strategic factor for organizations that provide strong competitive advantage over the other market participants.

In recent decade, a big number of companies started their business online, but only a small part has managed to gain a competitive advantage. On the contrary, a large part simply went bankrupt. Therefore unrealistic expectations and an incorrect use of business model might be pointed out as the main reason for failure. However, it is necessary to emphasize the successful development of the Internet activities. It is very important to understand consumer expectations and their ability to adjust. Particular attention should be paid to customer satisfaction area in order to avoid dissatisfied customer cases.

With the rapid development of technologies efficient customer service has acquired a broader meaning not only in stores but also in cyberspace. Customer services, depending on business areas, include more factors and criteria from which the customer chooses one or another product or service. Three, four decades ago the idea of global information network (the current Internet network), could have looked attractive for many users. However, today the network is used by approximately 800 million various users worldwide. The Internet as a global network allows smaller networks to be joined by millions of users worldwide. For a long time, the Internet was mostly academic research and work tool. Recently, many businesses and individual consumers all around the world have realized the potential of the Internet and its pos-

sibilities. Today, people all over the world can use the Internet to obtain information, communicate with each other, have access to a wide range of services and information resources, to buy and sell goods and services in cyberspace. It is more than obvious that the Internet covers many areas, rapidly changing the traditional business organization with new entrepreneurial principles. However traditional customer problems occur in this field also.

1. Customer problems (how to sell, how to buy)

The online stores usually sell things or services. Users are satisfied as long as the online store is able to meet or exceed their expectations. However, in the case when these needs are not fully satisfied, it is necessary to carefully examine the causes and take appropriate adjustment factors. The customer must be provided with the broadest possible range of communication tools, namely the possibility to contact the company in a customer-friendly manner. In traditional business transaction, the buyer contacts the seller. Therefore, in the case of failure, the seller may urgently take the necessary measures to tackle the problem. However, online shoppers communicate with the information system, and therefore the possibility to contact the staff quickly and easily is limited.

In case of complaints it is necessary to respond quickly and take actions to solve the problem of dissatisfied customers. Thus, to retain customer loyalty, it is essential to find proper and quick solution to the problem. Company's future success may greatly depend on satisfied customer's verbal recommendations. Fig. 1 represents the scheme of online service and customer service relationship.

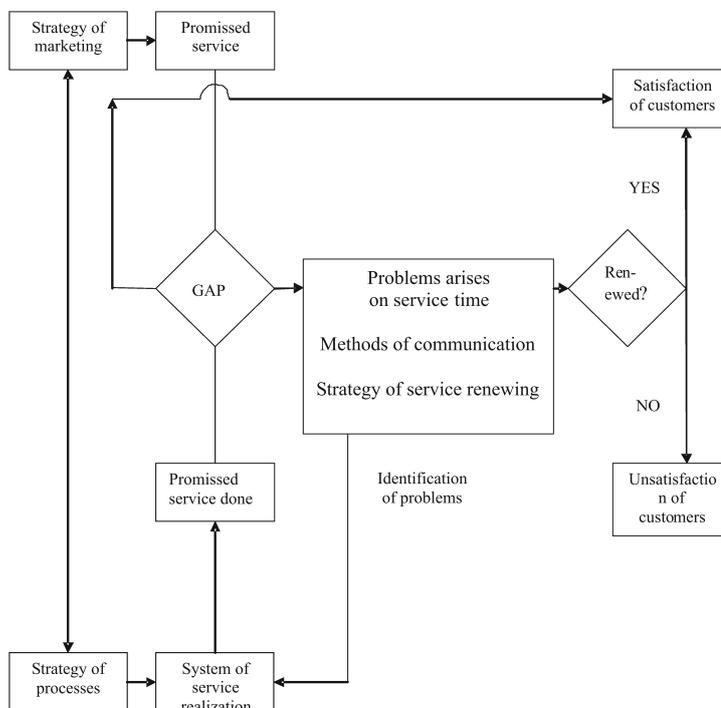


Fig. 1. Relationship of online service and customer service

Sohel Ahmad claims that the 67.4% of the respondents used e-mail for communication, while 31.8% had chosen phone as the preferred method. However, if customers faced a problems, 48.6% of them used e-mail, and 51.4% of them preferred phone. This indicates that when the problem arises clients prefer "live" telephone communication. Some customers were dissatisfied when they could not contact the company by phone [1].

It should be noted that users should be able to contact the online shops by telephone. Reducing the cost by withdrawing the telephone customer service may seem profitable, but data of Sohel Ahmad study shows that the possibility to communicate only by email may lead to the loss of customers. This can have a great negative impact on the outcome of the price reduction. Online shopping may cost more by giving customers access to communicate. On the other hand, it should be noted that some customers can not describe the problem which had occurred by e-mail communication. [1].

It is expected that volume of online sales will continue to grow significantly as more and more people in the world use the Internet as a shopping tool. However, despite the significant rise in sales via the Internet, there is evidence that sellers are willing to use all the possibilities. The dilemma is how to turn internet searchers into actual buyers and make them loyal customers. It was calculated that some online buyers represent only 2.8÷3.2% of the site's visitors. One of the main reasons is the lack of customer service quality. Another reason that some online shoppers do not receive answers to their questions. Whereas online sellers criticise the high costs to attract new customers leading to the failure to give them proper care.

Although customer service is the subject of many authors and a great number of researches, most of them confide in the traditional trade or services. The majority agrees that the appropriate customer service is the key to success, but the sales of goods or services via the Internet is still an obscure study of what factors are important to the customers.

The previous research supports the opinion of the critically important role in the process of vendor selling goods in traditional stores. Poor customer service has been identified as one of the main reasons for which many shopping centers are losing their customers and sales. According to Chain Store Age report, almost 75% of successful buyers accentuate the seller, while more than 80% of dissatisfied buyers accuse the seller.

However, the vendor who serves customers in traditional retail store way, while online shopping, does not exist. Obviously it leads to the lack of service, because online buyers may expect assistance similar to the traditional shopping. Internet shopping in some cases can be complicated and difficult without a sales assistant, but it is unlikely that the online shops would limit their activities. These issues will be discussed furthermore.

2. Hardware/software problems

Services offered to Internet users are extremely important for *Business-To-Consumer* (B2C) E-commerce field. Essential services to help consumers to buy a product online could be described as follows: i) search of products; ii) quick response to user queries, iii) assistance in completing the buying process; and iv) the confidence and assurance of data security.

Electronic search is an extremely important service on the In-

ternet. Users are comfortable that the service is available 24 hours a day, seven days a week. This information is available in a form of online catalogues, which includes: i) product description and price; ii) payment methods; iii) consumer opinion about the product; iv) possibilities of product search by keyword; v) advertising in various search sites. Customers will also assess the information on complementary products in the search process. Also positively evaluated links to additional information that may be necessary for users.

The research has shown that customers particularly welcome the electronic responses to the requests, order confirmation, delivery and payment information sent by e-mail even if it is an automatic response. It should be emphasized that an electronic response helps to strengthen the relationship between the seller and the consumer compensating the lack of attention in a typical store. The users also appreciate the emails with confirmations or apologies for delays as well as information about new products and sales.

Online businesses particularly welcome the orders received via the Internet, comparing them to the abundance of faximiles, especially "decoding" hand-written documents. Online orders have their standard form. Therefore error probability is reduced resulting in better consumer satisfaction. Customers should be given access to review the history of orders and check their order status. It is also important for a customer to know the final product price before shipping. Although the majority of E-commerce organizations allow their customers to shop freely providing the opportunity to choose the most convenient method of payment (for example, payment by check, money order or cash on delivery), an electronic payment method should be encouraged. Electronic transfer saves time and ensures the accuracy of information.

E-business companies which provide services to the clients have to evaluate the security of payment transmissions and information security significance to business processes. Our studies have shown that many potential buyers terminate their transactions due to security issues. Safety of personal data, knowing that it will not be disclosed to the third parties also strengthens customers trust [2].

To ensure trust and security, vendors should constantly show attention to their customers, who have to be informed about the latest security. Knowing this, the buyers will definitely rely on secure websites. While promoting sales online, sellers have to reply to customer requests, the site should publish answers to frequently asked questions and also contain photos of products and to get consumer feedback.

Electronic commerce research has confirmed that the majority of sellers use the Web (World Wide Web) to inform customers about new products and services. In order to serve customers better before and after the sale process, sellers will also use technologies such as electronic mail, fax and online service. E-business organizations are also aware of the importance of new and "fresh" information site. It helps to attract customers and get them to visit the site more often. Organizations also use the multimedia to customers who are interested in presenting new products. [3]

Table 1. Factors influencing consumer

Factors	Comments
Benefits	Easy access to the site, a user-friendly interface.
Contents of Information Structure	Information is useful, up-to-date, laconic, not repeating, relevant, not much commercials. Clearly defined structure and web site data. The text on the site is divided into appropriate, well-marked subdivisions. Large text- blocks are reduced.
Regularity of links	Site includes links that are appropriate and correct. No links to sites which are being developed or designed.
Search	Implemented website page and information search system. Search results are precise, and provide a useful reference list in the shortest term.
Design	Site design must be user-attractive. Each page should have graphical elements related to page information. Convenient printing view settings (background should not be dark).

In the meantime, customers claim that completing various forms online and sending them takes more time. It also showed that the site projects, where navigation is difficult and ease [3].

After several marketing researches some interesting facts revealed. As example, electronic service quality may be significantly increased through implementation of new service tools and technologies. Using such tools companies according to the most popular searching results on the internet could gather information about individual needs of customers and offer several implementations for the market. Also, implementing technologies intended to gather information about separate clients allow easily understand individual current needs and their dynamics to offer best business solution. Systemizing current needs dynamics helps in developing only relevant services for particular group of clients. Moreover, personalized offers and advertisements for various client groups help to receive friendliness and loyalty of customer.

Maximum efficiency could be achieved through supplying whole relative service set, starting with product description, order, payment and finishing after-sales services. Only implementation of all these services allows introducing company as online consumer representative to potential clients. In that case consumers receive real service from initial contact to purchase and delivery. Ideally, smooth service in refund and complaints cases must be ensured to increase convenience and confidence of each client.

E-services concept as one of the key success factors in electronic business was studied briefly from theoretical as well as practical point of view. Electronic service could be defined as service in cyberspace. Therefore, electronic service role definition is highly important. Up to 8 million GBP of benefit could be lost as consequence of pure service. Despite the fact that number of consumers exploring electronic services benefits increases, high quality service must be ensured. Negative consumers experience could complicate internet market development.

3. Complex estimation

According to theoretical recommendations, nearly 70÷75 % of network (web) budget should be devoted to development of electronic services. Main reason is electronic conception understanding much wider than only orders, electronic orders organization and e-mail connections. Contribution of each available electronic service and electronic providers is forming the future of electronic commerce. [4]

Electronic service researches have been started recently. Van Riel describes five electronic service components in his works (see Ref. [5]) as follows: i) main service; ii) facilitation of services; iii) the promotion of the service; iv) complementary services; v) user interface, allowing customers to access services. Nowadays, theory based on two main approaches. First focuses on technological user interface, its improvement and expansion. Meanwhile, the second uses existing high-quality services theory as a basis for further scientific research.

Increasing quality of electronic services allows to achieve better efficiency and quality of services provided to customers. Main aim of designers is to understand the need of consumer, and correspondingly, aim of academic researchers to evaluate internet facilities and describe suitable structure of electronic system. Unfortunately, only few researches have been performed to explore factors forming quality. Most complicated task of electronic system designer is a creation of high-profile web site, which could be competitive comparing to huge number of competitors. One of the ways would be creation of attractively designed web site, using bright colors, Java scripts, video and audio tools, etc or achievement of high functionality of the system [4].

Six criteria of consumer impact according to Abel are well-known: i) benefits; ii) content; iii) structure; iv) linking regularity; v) search; vi) appearance. Table 1 represents the factors influencing consumer in detailed manner.

Dholakia and Rego intended for creation of functional and attractive site suggest using following features: regular data updating; sufficient incoming and outgoing web site links; distinctive details (.gif animation and other); partner banners.

Z. Yang [6] suggested variation of factors which are impacting service quality, showed in Table 2.

Summing up, different approaches for achieving high quality and efficiency could be applied, both design features and functionality factors. Differences between approaches appear because of various user needs, depending on user. Content of web site, target audience are also important. Optimal result could be achieved combining functionality, design, content and innovative factors to satisfy each customer.

Obviously, implementation of all earlier mentioned actions influence higher cost of web site design, operation. However, it allows becoming competitive on the internet market and makes perfect investment for the market leadership over time [6].

Jessica Santos submitted an electronic service quality model, which is described in Table 3.

Table 2. Internet service quality factors according Yang, see Ref. [6]

Factors	Comments
Reliability	Accuracy of order, prompt delivery and correct account generation.
Responsiveness	Quick responses to customer queries, call or e-mail messages (in time), quick and convenient information search.
Access	Includes contact details of the company's home address, e-mail addresses, telephone and fax numbers, company representatives, access to online chat and other communication tools.
Ease of use	Easily memorable site address (URL), a well-planned and structured web design, convenient navigation, laconic and clear information.
Attentiveness	Consists of an individual seller's attention, the personal gratitude and the possibility to carry out searches or leave comments in a user-friendly way.
Credibility	Associated with the online activities of the organization's history, received awards, promotions and banners of business partners.
Security	Ensures personal data privacy and security, minimizes risks while purchasing on the Internet.

Earlier described model is suitable for companies, have developed their business as based on the internet or plan it in near future. Two main web site phases could be determined: designing and operating. Several factors which determine quality of service should be mentioned. It is essential to create simple, convenient and at the same time attractively designed system.

Secondary factors such as regular links, structure and content according to Santos are less important on the first phase. However, on operating stage other features are important, so designer should ensure constant information updating, data reliability, implementation of searching system and communication with customers. Several language interface, as well as, data and payment safety would be benefits of the web site.

Conclusions

The complex needs of society become the new challenges for e-business opportunities, so it is very important well-timed and

effective implementation of innovations. It is estimated that the number of online buyers is only 2.8 ÷ 3.2% for all the visitors. One of the main reasons of this is lack of customer service quality. The study reported two problems.

1. Insufficiently fast answer to the electronic queries. This leads to such factors as unreality of labor standards, avoidance of them or its absence, insufficient management attention to this problem.

2. Insufficiently comprehensive and clear answer. This problem should be solved by improving personnel skills, properly allocated work-load and all the process should be under continuous control. The process' control in case of the Internet service is much easier. It may be done by managers, because there is no direct contact between a customer and an employee.

Table 3. E-mail. A model of service quality

	Creation	Exploitation	
Inner search, inner navigation	Simplicity	Reliability	Frequent updates of contents
Colors, graphics, pictures, animations	Design	Effectiveness	Data transfer, search, navigation
True references, time-after-time renewing	Structure and distribution of references	Support	Easy instructions, FAQ, help, on-line help
Specific information; interactivity according to the country tradition	Content	Communication and security	Multilanguage portal

References

1. Abels, E.G., White M.D. and Hahn, K. (1999) A user-based design process for Web sites // *OCLC Systems and Services*, Vol. 15 No. 1, pp. 35-44.
2. Szymanski, D.M. and Hise, R.T. (2000) E-satisfaction: an initial examination // *Journal of Retailing*, Vol. 76 No. 3, pp. 309-22.
3. Agnė Vezbergienė (2005) Klientų lojalumas: kaip jį suprasti ir išmatuoti // *Marketingas*, Nr.5. (In Lith.)
4. Alsop, S. (2000) The dawn of E-service // *Fortune*, Vol. 138, pp. 243-4.
5. van Riel, A.C.R., Liljander, V. and Jurriens, P. (2001) Exploring consumer evaluations of e-services: a portal site // *International Journal of Service Industry Management*, Vol. 12 No. 4, pp. 359-77.
6. Yang, Z. (2001) Consumer perceptions of service quality in Internet-based electronic commerce // *Proceedings of the 30th EMAC Conference*, 8-11 May, Bergen.