

# Changing Contexts of Customer Service in the Social Media Era: Challenges and Opportunities for Indian e-tail Industry

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## Abstract

The research aims to analyse the impact of social media on customer service provided by the E-tailing companies in India. The analysis depicted that antecedent variables of customer service such as personal greetings, idea generation, loyalty benefits, and feedback mechanisms have a positive impact but they fail to create an impression on the consequence variables such as loyalty development, time efficiency, and knowledge creation. Researchers conclude that the lack of clarity in media vehicles communication, proliferation of e-tailing, and their rivalry create issues among the consumers of E-tail companies.

**Keywords:** Customer Engagement, Social Media, E-tailing

## 1. Introduction

Assortment availability and proliferation of marketing communication platforms conveying details of these assortments have hastened the pace of consumer purchasing. It has exerted pressure on the customer service domains (Hayes & Dredge, 1998). The ever increasing customer acquisition costs over retention costs force companies to enhance their service skills. Today,

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organisations are focussing on providing customer service seamlessly within a shorter duration. Further, these organisations offer huge flexibility to customer choice sets. Added to this, they have become customer friendly and honest in their relationship building processes. Apart from this, organisations are offering solutions to problems that affect the value and quality of the firm. In the process of customer service excellence, organisations work hard to improve systems, process, technology, and information (Knapp, 2014). The advent of social media technology attracted the millennial in a significant manner. Its collaborative characteristics and real time features enticed the next generation customers. Thus, it has become necessary for the marketers to offer their customer service using the social networking platform (Gibson, 2013).

## **2. Review of Literature**

Customer service is the interaction between a customer and the company (Flitter & Flitter, 2009). It begins with helping people efficiently in real time situations (Collier, 2010). E-tailers use multiple platforms to provide customer service. Further, customer service is differentiated as customer support and customer complaint resolution. Customer support is the domain of customer service that responds to the queries about products on social media (Hootsuite, 2017) which is predominantly used by E-tailers (Salesforce.com, 2017). 90% of the world's internet population uses social service (Hill-Wilson & Blunt, 2013). It is important to note in this regards that there is a difference between the use of social media by the large companies and the relatively smaller ones due to the proximity of the latter towards their customers (Collier, 2010).

E-tailers rely on social media for customer service due to its availability to consumers (Collier, 2010). It also helps E-tailers to understand the complaints and resolve them quickly (Kelly, 2012; Salesforce.com, 2017). However, customer complaints have a potential to explode suddenly on the social media platforms and companies might face a situation wherein controlling the sudden increase in requests become difficult (Wollan, Smith, & Zhou, 2010).

## 2.1 Social Listening and New Product Development

Marketers must pay heed to the customer's social engagement to get valuable insights and to provide the right customer service (Shankman, 2010). It was observed that in the case of telephonic customer service, complaints were directly received and addressed by customer support executives whereas in the case of social media, though complaints were lodged by the customers, they were visible to other customers (Baer, 2016). Social media based customer service encourages new product ideas from the customer (Hill-Wilson & Blunt, 2013). Samsung, a telephone manufacturer asked the customer to draw what he wanted on the phone and the same art was made accessible on the phone to add a surprise element for the customer (Buffer Blog, 2015). Another company, Starbucks started 'My Starbucks Idea' to get new ideas for their company that included customer desires and experiences (Buffer Blog, 2015). After developing the product using the ideas from the customer, the organisations prepared the list of possible questions customers could ask about the product and added the responses to the queries. This resulted in making the process more transparent to the customers (Hootsuite, 2017).

## 2.2 Customer Engagement via Personal Greetings and Societal Messages

Customer support or a positive customer service begins with understanding customer needs (Carroll, 2011). The motto of positive customer service is not just to provide the information but to exceed customer expectations as well (Carroll, 2011). This intention has resulted in gaining better returns on investment. Positive customer service begins with welcoming the customer to the organisation's social space, offering help, providing customer space, giving detailed product information, and thanking the customer for using the company service (Collier, 2010). Few E-tailers provide personal greetings and general information as well (Zendesk, 2017). This has resulted in 'better service impact' (Fresh Sparks, 2017). Further, authentication by customer support executive signature (Buffer Blog, 2015) increased customer loyalty. Added to this, brands like Sega, Sainsbury, Tesco, Old Spice, Netflix, Taco Bell, and Smart Car used humorous content to increase customer service of the organisation (Smart Insights, 2017).

### **2.3 Feedback Mechanisms**

According to Zendesk (2017), white paper organisations encourage customers to provide feedback on social networking sites. The paper also stressed on the importance of companies answering customer questions on social platforms and not on the company web-page. Today, the customer expects an organisation to hear their grievances expressed on social media (Gibson, 2013). While in the past, customer complaints were of a similar type, social media flexibility for an individual customer interaction has complicated complaint resolutions as customer service departments has to deal with individual feedbacks (Solomon, 2012).

In case of customer complaint resolution or negative customer service, the process begins with noting the customer feedback (Shepley, 2017). After noting the customer complaint, E-tailers identify the source media of the complaint (Zendesk, 2017). Further, complaints are filtered to have only organisation related complaints (Shepley, 2017). These complaints or comments arise due to technical or non-technical gaps. Thus, E-tailers understand the sentiment of the feedback, and reply to the same (Zendesk, 2017). After that, the customer service team discusses the mode of service recovery (Shepley, 2017) and draws up a tentative response for providing the feedback. According to Zen desk (2017), services must be rendered on a priority basis. Service or product requests should be considered urgent along with any issue that may go viral (Act.com, 2017).

The strategies adopted by organisations to provide the customer service might vary. Few organisations use the same channel wherein the customer feed the complaint (Turner & Shah, 2014; Zendesk, 2017), not necessarily on the company's webpage. However, other organisations stress on the importance of customers visiting the company's social page. They provide the link on the channel through which the customer can put a complaint and divert it to their social page (Service, 2017). Moreover, many e-commerce portals respond to the customers' queries utilising the private space, that is, personalised social media or e-mails (Baer, 2016). This helps the portals control the proliferation of the viral effect.

## **2.4 Service Failure and Recovery Management**

It is a complex task on social media. Few organisations put their customer service failures and actions on social media to ensure better customer service (Service, 2017). Further on, many customers put their negative feedback on social media to get the attention of the company. However, when the problem is resolved, the company puts a series of posts on the process of the problem resolutions. This increases the online reputation of the company. The role of the company on service recovery does not end after the transaction. Organisations encourage customers to give feedback and provide them a right feedback (Carroll, 2011).

## **2.5 Employees' Role in the Customer Service**

To provide a better customer service, a customer support executive is supposed to be trained for handling interactions, negotiating or managing customer permissions, and preparing responses for the customer queries with FAQs (Hootsuite, 2017). This increases the service efficiency of the companies.

## **2.6 Loyalty Development and Advocacy**

There are several issues with reference to loyalty development and advocacy. It is shown that organisations who resolve the problems raised by the customer on social media reflect better scores on parameters such as loyalty (Baer, 2016; Forbes.com 2017). Further, in order to develop better loyalty and advocacy time becomes as important marker since customers expect early replies (Fresh Sparks 2017), some as early as on the very same day (Zen desk, 2017).

# **3. Consequences of Customer Service**

## **3.1 Knowledge**

Social media based customer service increases customer knowledge (Salesforce.com, 2017). Customers' comments, feedbacks, and reviews are important for the success of the organisation. Few organisations provide incentives for customer reviews that in turn help them to get positive social services (Carroll, 2011). Thus, E-tailers provide resources on multiple platforms of social media to enhance their knowledge of customer service (Kelly, 2012).

### **3.2 Savings**

A good social customer service reduces the financial burden (Hill-Wilson & Blunt, 2013) by increasing the revenue (Hootsuite, 2017). However, Finger and Dutta (2014) believe that if social media is not used properly, it tends to increase the cost of the company.

### **3.3 Dissatisfaction**

Organisations that do not provide replies to customer queries have a higher churn rate (Act.Com, 2017). Further, disgruntled customers who do not receive replies from the customer service executives share their views with friends and families. Apart from this, few of them take the issue to the top management (Fresh Speaks, 2017). To avoid all these complications, some E-tailers conduct a prior research about social media. It is imperative for researchers to note that prior social media research has not eliminated negative feedback. According to Charlesworth (2014), 60% of companies with prior social media research still encounter complaints occasionally.

### **3.4 Loyalty**

Customer service has direct impact on loyalty (Hootsuite, 2017). Self-service on the social media platforms by the customer increases their loyalty towards the organisation (Solomon, 2012). Further, loyal customers turn into advocates if their problems have been resolved by customer service executives previously (Baer, 2016).

### **3.5 Time**

Customer service on social media saves time (Hill-Wilson & Blunt, 2013) and enhances brand reputation (Hootsuite, 2017).

After critically examining the literature review pertaining to the customer service on social media, in the next section, the paper proposes a comprehensive theoretical model on the antecedents and consequences of customer service using social media.

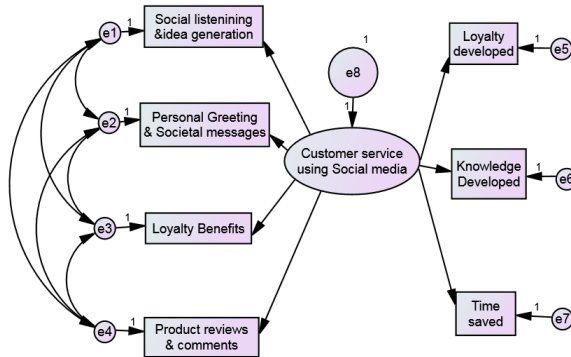


Fig 1: Theoretical Model of antecedents and consequences of customer service using social media

#### 4. Research Methodology

This descriptive research was carried out in 168 cities and responses were collected from 1119 respondents. Researchers used the e-mail interview method and Google form questionnaire instruments to collect the data. Further, the researcher used a simple random sampling method to gather the data required for the research. Further, the data was analysed by Structural Equation Modeling method using AMOS.

#### 5. Results and Discussion

The primary data collected was analysed using the Structural Equation Modeling method. The model has achieved minimum with chi square 10.646 d.f. 8 and probability level 0.223. The model fit summary explained in Appendix 1 had the following measures:

Table 1: Model fit summary of Structural Equation Modeling

Sl.No	Measure	Research value	Acceptable value/ range
1	CMIN	1.331	1 to 3
2	GFI	0.997	0.9 and above
3	AGFI	0.991	0.9 and above
4	NFI	0.982	0.9 and above
5	RFI	0.952	0.9 and above
6	IFI	0.955	0.9 and above
7	TLI	0.988	0.9 and above
8	CFI	0.995	0.9 and above
9	RMSEA	0.17	0.8 and less
10	PCLOSE	0.991	Close to 1

The data in Table 1 depicts the model fit

The regression weights in Appendix 3 proved that the customers provided new ideas after dedicated social listening by the e-tailers (N=1111,  $t=0.549$   $p>0.05$ ). The research found that personal greetings and societal messages had a positive influence on the customer service (N=1111,  $t=0.813$   $p>0.05$ ). Further, feedback mechanisms that encouraged product comments and reviews by the customers also had a significant influence on the customer service (N=1111,  $t=-0.521$   $p>0.05$ ). It was also noticed that loyalty benefits given by the customer support was well received by the customer (N=1111,  $t=-0.549$   $p>0.05$ ). However, the customer service initiatives by E-tail companies on the social media could not create the required knowledge among the consumers (N=1111,  $t=5.637$   $p<0.05$ ) due to the blurring of relevant and irrelevant information on the social media. Time saving was another factor that the customers expected from the customer service department of E-tail companies which did not go well (N=1111,  $t=5.228$   $p<0.05$ ). Loyalty benefits though provided by the companies and received by the customers, could not turn them into loyal customers (N=1111,  $t=4.696$   $p<0.05$ ) as well.

## 6. Conclusion

The above results and discussions conclude that E-tailing and social media are both at a nascent stage in India. The E-tailer initiatives in



providing product information, getting feedback, passing loyalty benefits, and involving them in the new product development received positive responses. However, high expectations, cluttered social and E-tailing space confuses the customer. It creates doubt among the consumers about the information received rather than helping in the development of customer knowledge. Multiple platforms and several E-tailing sites actually increased customer time rather than reducing it. Thus, the paper asserts that the industry requires further consolidation. Furthermore, the entry of new and big companies helps in providing loyalty benefits to the customer but does not guarantee their loyalty to the particular organisation. Thus, the research concludes that E-tailers in India should provide more focus on customer service consequences using the right metrics. There is further scope of research in understanding the antecedent variable influence on each consequence variable using several metrics, the influence of some of which have been outlined in the paper.

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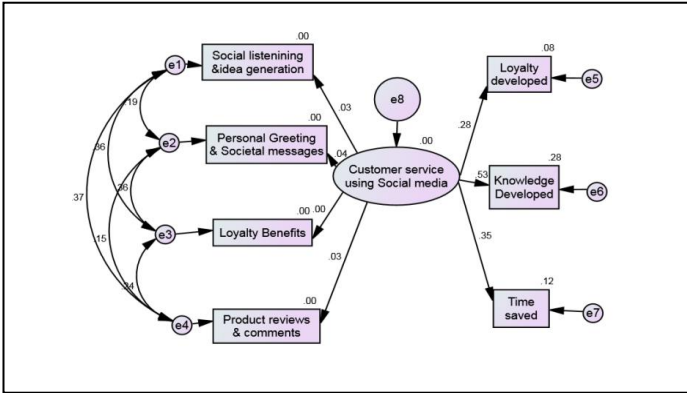
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## Appendix

Appendix 1: standardised regression weights of the model



Appendix 2: Model Fit Summary

### CMIN

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	20	10.646	8	.223	1.331
Saturated model	28	.000	0		
Independence model	7	582.334	21	.000	27.730

### RMR, GFI

Model	RMR	GFI	AGFI	PGFI
Default model	.008	.997	.991	.285
Saturated model	.000	1.000		
Independence model	.203	.857	.809	.642

### Baseline Comparisons

Model	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Default model	.982	.952	.995	.988	.995
Saturated model	1.000		1.000		1.000
Independence model	.000	.000	.000	.000	.000

## RMSEA

Model	RMSEA	LO 90	HI 90	PCLOSE
Default Model	.017	.000	.041	.991
Independence Model	.155	.144	.166	.000

## Appendix 3: Standardised regression weights of model

			Estimate	S.E.	C.R.	P	Label
New Idea	<---	Customer Service	.033	.060	.549	.583	par_7
Personal Greeting	<---	Customer Service	.051	.062	.813	.416	par_8
Loyalty	<---	Customer Service	-.003	.058	-.059	.953	par_9
Product Comments	<---	Customer Service	.030	.058	.521	.602	par_10
Knowledge	<---	Customer Service	.267	.047	5.637	***	par_11
Time	<---	Customer Service	.171	.032	5.288	***	par_12
Loyalty Impact	<---	customer service	.112	.022	4.969	***	par_13