The Study of Negative Service Encounters during Redeeming Process of Online Group-Buying

I-Ching Chen and Shueh-Cheng Hu

Abstract—To many consumers, online group buying has become one major way to shop, which has enjoyed fast growth in the arena of e-commerce. However, various redeeming disputes keep emerging along with increasing adoption of online group buying. This research work investigates the perceptions of online group buyers, identifies the critical incidents leading to consumers' dissatisfaction during redeeming processes, and gains insight into the reasons behind the dissatisfaction. Besides, a set of solutions for increasing customers' satisfaction were proposed accordingly.

Index Terms—E-commerce, online group buying, service encounter, redeeming disputes, critical incidents.

I. INTRODUCTION

With emerging of diverse online businesses, e-commerce becomes a major sales and consuming channel to most enterprises and people. Among others, online group-buying agents provide two-facet advantages for merchants as well as consumers. From merchants' standpoint, bulk transactions could be made through group-buying agents that collect group of individual customers who would not have gathered without a common agent. In addition, promotion activities could reach more customers via online agents. From customers' viewpoint, lower priced products and services become available due to the discount for bulk transactions.

The typical procedure of an online group-buying transaction is illustrated in Fig. 1. At the beginning of the procedure, customers get messages from agents either actively via browsing agents' Web sites, or passively via emails. After thinking over, customers complete the corresponding payment to obtain a voucher if they decide to consume a particular service later. The promotion activities and transactions are conducted online. Once customers obtain vouchers, they possess the rights consume the purchased items at pre-specified locations, date, and time, which were stated in the sales' terms and conditions. The redeeming service refers to the service encounter between customers purchasing vouchers and merchants providing services.
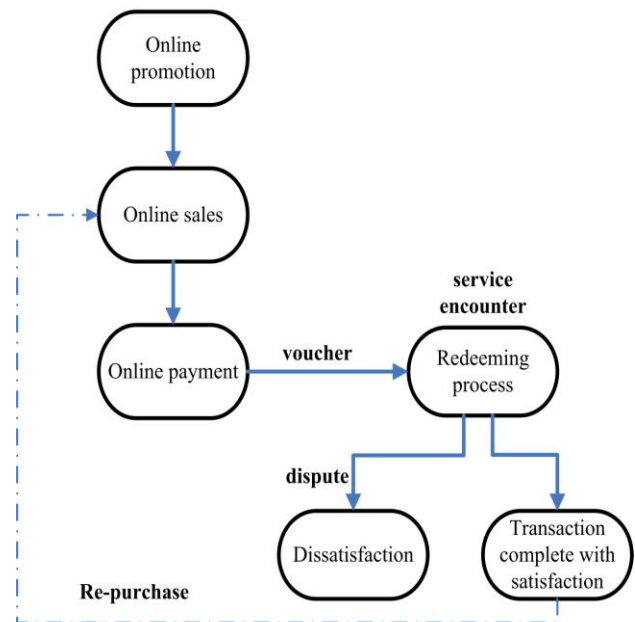

Fig. 1. Typical procedure of online group buying.

Various types of disputes arise in the course of the redeeming, which usually result in dissatisfaction toward merchants and/or online group-buying agents. According to prior research works, customers' dissatisfaction will make adverse impact on their re-purchase intention [1], [2], which is critical to business's revenue [3] and profit [4]. Obviously, if people do not come up with solutions for handling these disputes, subsequent unfavorable consequences will tarnish the image of the whole group-buying industry and shrink its revenue eventually. However, since it is a relatively new issue, researchers and practitioners pay rare attention to it.

In view of significance of the aforementioned issue and paucity of solutions, the present work aims to identify customers' dissatisfaction toward the redeeming procedure of online group-buying transaction, and investigate reasons behind the dissatisfaction. The anticipated contribution of the present work is providing participants of the group-buying industry concrete suggestions, which are helpful in improving the service quality of redeeming processes.

II. PRIOR STUDIES

Before presenting the work that investigates customers' dissatisfaction toward the redeeming procedure of online group-buying transaction, and the reasons behind them, relevant studies are reviewed first.

A. Eco-System of Online Group Buying

In an eco-system of online group buying, as depicted in

Fig. 2, an agent mainly plays an intermediary role between customers and merchants providing services. Agents build information systems for soliciting and managing both merchants and customers; broadcasting promotion messages on behalf of merchants; processing payments; delivering vouchers to customers. Once customers obtain vouchers, they can consume paid services on sites where merchants encounter their customers.

In online group-buying transactions, both cross-organization and cross-domain features exist simultaneously. The cross-organization feature refers to that a transaction needs to be completed with collaboration of agent and service providers. The cross-domain feature refers to that sales and all precedent activities are completed on the Internet, while service provisions need to be conducted physically. The two features distinguish the online group-buying from other types of businesses.
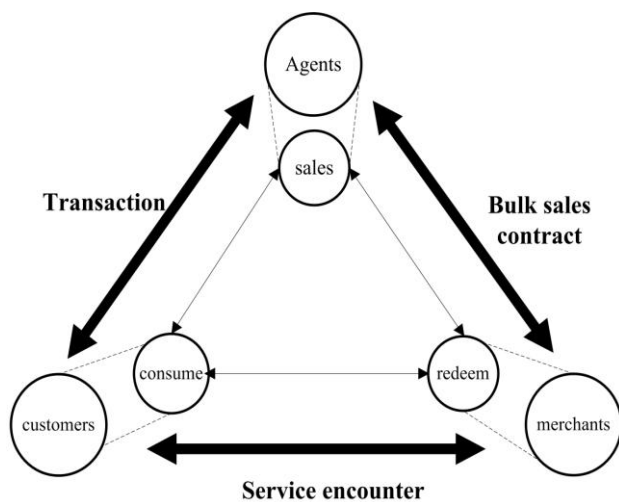

Fig. 2. The eco-system of online group buying.

B. Service Encounter

In the course of service encounters, customers interact with front-line merchants' staff. Customers personally experience and assess a merchant's service quality in the course of service encounter. Conventionally, merchants' staff play the most significant role in affecting customers' perceptions of service quality. Minimizing problems and promptly solving them during service encounters can reduce customers' dissatisfaction, which is critical to the retention of customers.

However, the combination of the cross-organization and cross-domain features complicates the reasons leading to customers' dissatisfaction and the consequent incidents. As a result, customers' dissatisfaction might not arise from poor service encounter only. Apparently, inconsistent descriptions and interpretations about the sales terms and conditions will cause portion of disputes. However, it is difficult to find out customers' dissatisfaction and the reasons with quantitative research approach. Accordingly, this research work took a qualitative approach.

C. Critical Incidents Technique

Critical incidents technique (CIT), a qualitative research approach was initially presented by Flanagan [5] about six decades ago, has being successfully applied in diverse domains [6]-[9] to find out the reasons behind effective and ineffective performance of organization personnel. The core concept of the CIT is critical incidents; they are well-described, real, and significant incidents of human behaviour, which significantly affect observers' perceptions, either positively or negatively. The widely adoption of the CIT by diverse domains during past 5 decades proves that it is a matured and stable research method [10].

The CIT is a systematic and inductive procedure that comprises the following five steps: (1) identifying the aim of the study and the research question; (2) identifying the types of incidents to be collected; (3) identifying the means of data collection; (4) analysing the collected data; and (5) categorizing and interpreting the data.

III. RESEARCH METHODOLOGY

The research work used critical incidents technique to identify what kinds of dissatisfaction the customers have experienced, and why they felt unsatisfied in the course of redeeming and consuming their paid services.

The research process started with investigating the perceptions of online group buyers through interviews, which comprised the following five questions and might be similar to story-telling activities.

- Q1. Do you remember a particular dissatisfying event or interaction with an employee of a service provider while you were redeeming and consuming your paid service?
- Q2. If an incident did happen, when did it happen?
- Q3. What did the staff do or say exactly?
- Q4. In your opinion, what specific circumstances led up to that dissatisfying incident?
- Q5. What do you think that made you feel the interaction was dissatisfying?

Researchers recorded details of events and behaviours that have been mentioned by participants and resulted in dissatisfaction while they were redeeming their paid services. A critical incident means it contributing to the dissatisfaction in a significant way. Obviously, the participants tend to tell the most memorable events if they were particularly dissatisfying. Not only incident's general descriptions, time, circumstances, reasons were all recorded.

There were 86 participants involved in this research, 74 of them completed the interview effectively; 35 (47.3%) are female and 39 (52.7%) are male. The participants were recruited based on their experience in group-buying; all invited participants had completed at least two group-buying transactions. 55 critical incidents were reported by these interviewees, and recorded by researchers. Because the questions of this research work are straightforward, the number of incidents (55) in this research work is adequate according to the requirement of the CIT method [5], which was specified by Flanagan.

IV. DATA ANALYSIS AND RESULTS

A. Classification Scheme

After collecting dissatisfying incidents from interviewees, this research tried to classified the 55 collected incidents according to the scheme presented by Bitner, Booms, &

Tetreault [11], because that scheme was designed for data in the domains of airline, hotels, and restaurants and the studied group-buying activities focus on transactions in domestic hotels and restaurants. According to their scheme, each recorded incident was classified into one of the following three groups by the 3 judges, respectively:

- Group 1. Employee response to service delivery system failures.
- Group 2. Employee response to customer needs and requests.
- Group 3. Unprompted and unsolicited employee actions.

The classification works were conducted by 3 different judges who possess the fundamental knowledge about the classifying scheme as well as the domains of hotels and restaurants.

B. Classification of Critical Incidents

Generally speaking, the 55 dissatisfactory incidents could be consistently classified by the 3 judges (classifiers), as Table I indicates.

TABLE I: INCIDENTS CLASSIFIED BY 3 INDIVIDUALS

No. of consistently classified incidents	Judge 1	Judge 2	Judge 3
Judge 1	55	--	--
Judge 2	37	55	--
Judge 3	40	34	55

TABLE II: SAMPLE INCIDENTS LEADING TO CUSTOMERS' DISSATISFACTION

Group	Description of incidents
G1. Employee response to service delivery system failures	1A. ask for refilling water, but no response till leave
	1B. made reservation in advance, but need to wait for seats.
	1C. food were served so fast that table hardly hold all of them.
G2. Employee response to customer needs and requests.	2A. ask to re-heat a dish, but waiter said it's temperature is standard and acceptable by most customers.
	2B. order a non-ice beverages, but served with lots of ice
	2C. felt that waiters seemed discriminate customers with group-buying vouchers from other customer who paid regular prices.
	2D. staff did see but not stop smoking in non-smoking area
G3. Unprompted and unsolicited employee actions	3A. ask for baby seats, but waiters said "looks like you do not need it"
	3B. waiters hurried us to order since there are lots of customers
	3C. loudly say customer's name via speaker
	3D. arrange a table close to toilets for us even when there are other options.
	3E. started to serve our dishes without cleaning table completely

The reliability checking of a CIT research work comprises two parts: one is the individual classifying consistency, another is inter-judge classifying consistency. The former one concerns whether the classifying works done by a particular judge is reliable (stable), this could be checked by comparing two classifying works done by the same judge, but at different time. According to prior studies [12]-[14], if the consistency rate of two classifying works done by a particular judge exceed 0.8, the particular judge did reliable classification. In this research work, the 3 judges' individual classifying consistency indices in the 3 groups are (0.83, 0.82, 0.90), (0.84, 0.81, 0.87), and (0.88, 0.88, 0.92), respectively. Obviously, the 3 judges' classification works were all reliable.

On the other side, inter-judge classifying consistency index measures whether there exist consensus of classification among judges or not. According to the formula presented by Holsti [15], the inter-judge agreement index of this work is 0.67, and the corresponding reliability is 0.86, which indicates the classifying of data by the 3 judges was reliable.

The 5 questions of the interview were reviewed by 3 domain experts, one of them operated travel agency, other two worked with relevant departments in universities. They thought that the descriptions of questions are clear and can find out what the researchers expected to explore; i.e., the face and expert validity of the instrument was confirmed.

There are 12 sampled incidents in Table II.

V. DISCUSSIONS AND CONCLUSIONS

This article presents a research work that aims to identify group-buyers' dissatisfaction during the process of redeeming paid services, as well as the reasons behind them. The CIT was used to conduct the work.

The findings are summarized in Table III. The figures show that group-buyers' dissatisfaction majorly come from employees' inappropriate response to customers' needs and requests (49.1%), followed by employees' inappropriate response to other core service failures (29.1%), and unprompted and unsolicited employee actions (21.8%).

Among the sources of the leading group of incidents, inappropriate response to special needs of customers topped the ranking, it accounts for 16.4% of all incidents. These dissatisfying incidents arose from that staff treated some special needs as exceptions that usually are out of scope of training and prior experience. This figure suggests that service providers had better build up standard operating procedures (SOP) in advance, in order to meet special needs of customers promptly and adequately; i.e., service providers need an exception handling mechanism. Furthermore, the SOP had better be revised regularly to meet new special needs.

Among the sources of the runner-up group of incidents, inappropriate response to unavailable service topped the ranking, it accounts for 14.5% of all incidents. After investigating the corresponding reasons, we found most of these incidents were caused by unclear or misleading sales terms and conditions. In general, customers possessing group-buying vouchers will receive a special (constrained, usually) version of services, which is different from those delivered to other customers. This phenomenon suggests that a clearly-defined terms and conditions of the sales should be provided to customers before they redeeming and consuming the services in person. An oral explanation to visited customers by staff before service provision should be an effective option.

TABLE III: SUMMARY OF CLASSIFIED INCIDENTS

Groups and sub-groups	Freq.	% in overall	% in category
Group1. Response to service delivery failures			
1A. Response to unavailable service	8	14.5%	50.0%
1B. Response to unreasonably slow Service	3	5.5%	18.8%
1C. Response to other core service failures	5	9.1%	31.3%
Sub-total of Group 1	16	29.1%	100.0%
Group 2. Employee response to customer needs and requests			
2A. Response "special needs" customers	9	16.4%	33.3%
2B. Response to customer preferences	7	12.7%	25.9%
2C. Response to admitted customer error	4	7.3%	14.8%
2D. Response to potentially disruptive others	7	12.7%	25.9%
Sub-total of Group 2	27	49.1%	100.0%
Group 3. Unprompted and unsolicited employee actions			
3A. Attention paid to customer	3	5.5%	25.0%
3B. Truly out-of-the-ordinary employee behavior	4	7.3%	33.3%
3C. Employee behaviors in the context of cultural norms	1	1.8%	8.3%
3D. Gestalt evaluation	1	1.8%	8.3%
3E. Performance under adverse circumstances	3	5.5%	25.0%
Sub-total of Group 3	12	21.8%	100.0%
Total	55	100.0%	

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