

It's About Treating The Customer "Right" All Of The Time
 by
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Postpurchase Will Receive The Most Attention in 2000

The major online shopping mantra of the 2000 holiday shopping season, and perhaps of the entire year 2000, is going to be the importance of the "postpurchase" stage of the buyer decision process. Why do I believe this? I see a pattern in the evolution of online retailing that mimics the buyer decision process (see Table).

Historical Time Markers	Major Focus Of Ecommerce Firms	Buyer Decision Process Stage
1995-1996	Identifying a problem to solve through an online service; generating awareness and building some traffic.	Problem Recognition
1997	Designing the site to present information in a reasonably useful form.	Information Search
1998	Driving traffic to the site and getting into the consumers consideration set.	Alternative Evaluation
1999	Systems to support high levels of traffic (without crashing) and stimulating high levels of purchase demand.	Purchase
2000	Fulfillment and customer satisfaction.	Postpurchase
2001*	Building comprehensive customer support networks and providing consumer advocates.	Relationship Building*

The primary focus of the ecommerce merchant pioneers were figuring out what consumers might buy online and what type of service to provide. Once "out there," ecommerce merchants focused on website design in order to better satisfy surfers/consumers informational needs (and move them forward along the path toward purchasing online). In 1998, with some pressures from Wall Street and the venture

capital community, online retailers focused on building significant traffic in order to 1) get into consumers' consideration sets and 2) generate revenues through online sales. Traffic increased; unfortunately, servers were down more often than was desired by consumers. In 1999, with the technical issues of server reliability resolved and the ability to handle high volumes of traffic in place, ecommerce merchants focused on generating sales; they were somewhat successful as online holiday season sales doubled in 1999, from about \$5 billion to about \$10 billion.

All was not perfect, however, in online retailer performance and customer satisfaction for 1999. Industry analysts (and some ecommerce professors too) highlighted a number of fulfillment and customer service lessons from the 1999 holiday shopping season; many of these were postpurchase related issues (e.g., see an article that I wrote for the Feb 15-28, 2000 issue of the MBA Bullet Point either at the end of this handout or go to <http://www.mbabulletpoint.com/2000/ch/hightech.cfm>). Given a buyer decision process perspective of ecommerce, it is clear to see that ecommerce merchants will focus significantly more on the postpurchase aspects of their performance in 2000.

(*Incidentally, the next trend that I see after this, is a focus on providing full service consumer advocacy along a comprehensive list of consumer needs. Relationship building is not theoretically recognized as a formal component of the buyer decision process. Nevertheless, if one thinks of the buyer decision process as one focused on generating a satisfying trial experience, then "relationship building" could be thought of as a set of activities focused on generating repeat purchase and loyalty.)

Key Concepts in Post Purchase Behavior

A consumer perceives and experiences events after "the sale is made." These perceptions or experiences can influence its behavior, and, in turn, this behavior may impact the *future* success of the seller (e.g., consumers talk and they are more likely to pass along information pertaining to a negative experience; consumers buy again).

Theories on cognitive dissonance (i.e., buyer's regret) and customer satisfaction receive the greatest attention in the study of consumers' postpurchase behavior.

Cognitive Dissonance

Cognitive dissonance is a feeling of discomfort based on some element of discord; when it occurs, it tends to be after decisions that were either important (e.g., buying a car online) or involved making a (tough) choice among a set of similarly valued alternatives (e.g., Roger Clemens deciding whether to wear a Red Sox or Yankees hat when he is inducted into the Baseball Hall of Fame ☺, or buying a computer direct from Dell or Gateway).

The means by which consumers reduce cognitive dissonance is by, in essence, rationalizing behavior or by reversing a course of action. For example, during the class discussion about the preassignment of buying the course text online, it was revealed that the range of prices paid by students was approximately \$55 - \$68; in addition, some students found lower prices online *after* placing an order. Some students expressed dissatisfaction with their text purchase when it was discovered that a significantly lower

price was available in the market place. Others expressed some slight imbalance (my word) and, then searched for information that would bolster their decision as a good one (this is sometimes referred to as a biased search for -- supportive -- information). Some of these students pointed out that they were buying from a reputable source with a high level of reliability and that it was “worth” it to buy from them as they wanted to make sure that they obtained the book in a timely enough manner.

Satisfaction

The process of comparing product performance to product performance expectations results in a felt level of satisfaction. The key equations for determining satisfaction are straight-forward.

When:

Product Performance \geq Product Performance Expectations

Product Performance $<$ Product Performance Expectations

The result is:

Satisfaction

Dissatisfaction

It doesn't take a rocket scientist to understand the importance of customer satisfaction. Satisfied customers are more likely than dissatisfied customers to return and to disseminate positive information about their experiences (which may influence others to purchase or disseminate the experience related information). A dissatisfied customer is more likely to spread negative information than is a satisfied consumer to spread positive information.

Less apparent, however, is the opportunity and threat created by the Internet and the Web with regard to improving customer satisfaction. Reasons for attending to these and improving customer satisfaction are because:

- The Internet enables it.
- Your competition is doing it.
- Consumers have come to expect it.
- You want to remain in business.

Customer Service Online: Do it or lose 'em

By [Professor Bruce D. Weinberg](#), *Boston University*

Since September of last year, as part of my [Internet Shopping 24/7 Research Project](#), I have been immersed in doing all of my shopping online. Since then I have not entered the dirt world (i.e., bricks-and-mortar). While I am willing to try a variety of Web sites, I continue to patronize only those sites/firms that treat me well, and earn my trust. As a result, my top ten lessons for treating customers well and earning their trust (and, ultimately, bucks) online:

10. Maintain tight security when handling customers' credit card numbers. CD Universe.com made front page news when "Maxim" held for ransom hundreds of thousands of its credit card files. This altered some consumers' trust for not only CD Universe, but also ecommerce sites in general.

9. Respond quickly to consumer requests for information or assistance. Frequently, firms either do not respond at all, or take several days to get back to a consumer's online inquiry. As a consequence, firms lose credibility in the eyes of its customers.

8. Simplify product returns and exchanges. Dear Barnes & Noble bricks-and-mortar, why can't a BarnesAndNoble.com customer return a book to you? The consumer perceives a single brand, not the reality of two separate operating enterprises. The Gap sets a good example as they consider both online and offline customers to be Gap customers, period. (It is not hard to figure out why Amazon.com invested \$100 million in Kozmo.com - fast deliveries and fast exchanges/returns.)

7. State upfront all order-related factors and the total cost of a transaction. It is outrageous that, in many instances, consumers need to load up a cart and go through the entire checkout process, short of the "confirm order" step, in order to find out the in-stock status of a product, the cost of shipping or the shipping options.

6. Deliver on time and when promised. ToysRus.com, though not alone in its failure to satisfy as promised, was the 1999 holiday shopping season torchbearer for "breaking childrens' hearts" and "poor fulfillment."

5. Provide live or software-based agent assistance online as it helps consumers get closer to finalizing a purchase with confidence (e.g., Lands' End live or Cozone's notebook advisor "Jill" and digital camera advisor "Laura").

4. Respect your customers' privacy. It may not be wise to track, store, disseminate and use information about customers without their consent or knowledge. Recently, [DoubleClick has come under intense scrutiny](#) for violating consumer privacy and has been hit with a lawsuit for unlawfully obtaining and selling private personal information.

3. Akamaize thyself. Web pages should be up and ready within at most 3-5 seconds.

2. Provide useful and direct information when consumers request information or assistance online. Uninformative boilerplate responses to customer inquiries are common and infuriating.

1. Don't underestimate the intelligence, savvy, and voice of online consumers. For example, you never know when David Letterman may profile your dot-com in his top ten "things that online shoppers hate about shopping online."

Steer clear of creating trustbusters. Online shoppers will ultimately reward only those firms that they trust for the long haul. Serve your customers well or be doomed to a life offline without a raft.