

CUSTOMER'S TRUST MANAGEMENT IN POLISH E-COMMERCE – CASE STUDY

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E-commerce is one of the most important and fast-growing way of trading. The obstacles common in traditional market seem to lose their meanin here. More and more often the benefits given to the customers are remarkably alike among wide range of stores providing their merchandise via e-commerce service. Those features determinate the question in what way the customer's loyalty to the particular online store can be achieved and how the trust can be created and maintained. The main aim of the paper is to analyze the case of an online store and its trust-building strategies not related only with price of offered products, as well as presentation of the results of adopted actions which were to ensure increase in sales and to build strong market position of a multi-brand e-commerce retailer.

Key words: E-commerce, management, IT, trust

1. Introduction

E-commerce is still very debatable area. The possibility of implementation changes and improvements, either in IT sector or customer service, makes the dynamics of competition in this market particularly high.

The difference, however, between e-commerce and traditional trading is that not every change requires huge financial outlays. Most of changes implemented into e-commerce platforms are IT based, introduced in stages and tested on selected groups of users in real time.

What is more, factors typical for traditional market seem to be irrelevant in the process of customer loyalty building. Nevertheless, experience shows that online stores are focused on acquiring customers rather than building their trust or their own brand or image, what should be obtained. Implementing IT solutions, as well as IT-based marketing solutions into e-commerce ensures reaching this goal, what can be observed in managing practice.

The main objective of the paper, as well as the main goal for managing practice in e-commerce sector is not only to show the increase in sales of offered products but also to describe the process of brand recognition building among potential customers and steps required to achieve strong market position as a retailer. In order to reach those goals, trust-building strategies are implemented.

On the detailed level the article presents fields in which particular improvements, correlated with the main goal, were undertaken. The starting point was the diagnosis of purchase process in order to build clear customer's journey path. The next step was to define the moment of transformation customer into client so the particular marketing strategies as well as IT solutions could have been adopted into managing practice. Last, but not least detailed objective was to follow all implementations in real-market conditions in order to analyze their efficiency in terms of consumer's trust.

2. Research methodology

In 2004 American Marketing Association expanded marketing definition, which had been published in 1985. The currently used definition states that "marketing is an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationship in ways that benefit organization and its stakeholders" [1].

In order to organize the process accordingly to its definition, what is required the most is any information that a company can obtain about its customers, their satisfaction level, their needs, their brand awareness, as well as their motivation and behavior related to shopping (or in case of e-commerce online purchases).

Gathered information allows to build not only knowledge about firm's clients but, what is more important from organizational point of view, to predict, to plan and to prepare the trade offer for the customers, which will respond their needs. The marketing process organized around those action may be considered as both effective and efficient.

Information used further in managing process is mostly obtain from researches. Research is collecting specified data oriented on identifying (ex. market share research, market potential research, sales analysis research etc.) or solving (ex. market segmentation research, product research, pricing research etc.) a certain problem [2].

Scientific marketing research process includes several stages such as: identifying the problem or opportunity; conducting exploratory research; development of hypothesis; conducting conclusive research; building conclusion [1]. What is more, the subject of the research requires proper research methodology in order to collect precise data.

The research process should start by defining what type of data is needed to be collected. In order to focus on quality of research matter, qualitative research are prepared. The purpose of qualitative research is to explore people's behaviors as well as their motivation. Quantitative research is used to quantify the problem by way of generating numerical data or data that can be transformed into usable statistics [3].

The marketing research tools can base on primary as well as secondary data. Depending on their type those data are obtained from many sources.

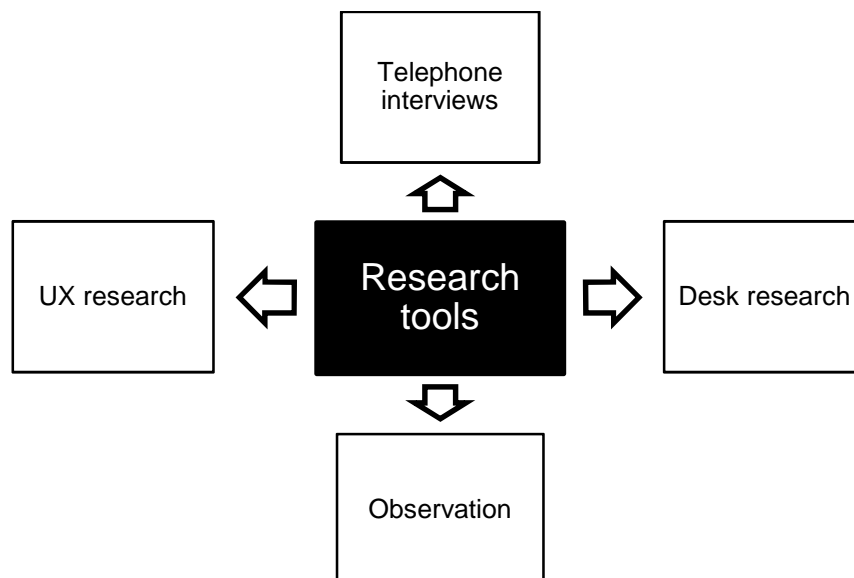


Figure 1. Marketing research tools

In case study, presented in the article, data were gathered by: UX research of a working online store, client's purchase process observation, telephone interviews conducted by Customer Service Centre and desk research including general overview of business competitors. Collected data were qualitative and referred to the customers' behavior during purchase process as well as any obstacles which occurred and interrupted it.

The main purpose for this paper was to show how important for any e-commerce retailer is to build trust-based relationship with its customer. First research hypothesis for such an objective can refer to the process of trust formation or, in other words, to the steps that can be undertaken by the retailer in order to gain such a trust as a result of careful client's behavior observation. The second hypothesis refers to the particular tools that can be used and implemented to form and then sustain long-lasting relationship with the client.

3. Electronic commerce - definition outlines

The Central Statistical Office in Poland defines e-commerce as "transactions carried out by networks, based on the IP protocol and other computer networks" and emphasizes that "the goods and services are ordered by these networks, but the payment and final delivery can be made in both ways on-line or off-line" [4]. However, according to quoted definition, orders received by phone, fax or e-mail are not part of e-commerce. Among enterprises operating in this area these forms are a supplement for electronic sales. They are considered as a communication channels.

The term "multi-channel" refers to the usage of at least two communication channels by the seller in order to conduct transaction [5]. Marketing channel is considered as a "point of contact with the customer or medium through which the company interacts with the consumer" [6].

In accordance to the business point of view and for the purposes of the following considerations those two channels are treated as a part of the e-commerce sales strategy.

The relation-building aspect of e-commerce clarifies when to analyze "E-commerce in Poland 2017" report prepared by Gemius for e-Commerce Poland and Polish Chamber of Digital Economy. In 2017, 54% of Polish Internet users shopped online, which is a 4% increase by the previous year and shows an unflagging upward trend in this market [7].

Among factors, which determine the choice of electronic purchases over other forms of shopping, mentioned by the participants of the research, were: 24/7 availability, comfortability, simplicity, taking less time and saving money.

Crucial information for building loyalty in e-commerce is the opinion of examined group towards the security of online shopping. In 2016, 43% of research participants claimed that shopping online is risky, while in 2017 such an opinion decreased down to 38%.

The results of these studies indicate growing consumers interest in online shopping and willingness to use e-commerce services.

4. Customer's trust

Marketing defines trust as building consumer relationship through trustworthy dialogue and unbiased information [8].

In case of out-of-date or questionable information the result may be in abruptness of shopping process.

4.1. Process of purchase

Entrepreneurs in e-commerce prepare marketing strategy based on possible and diagnosed consumer behavior, which can be shown on a funnel diagram.

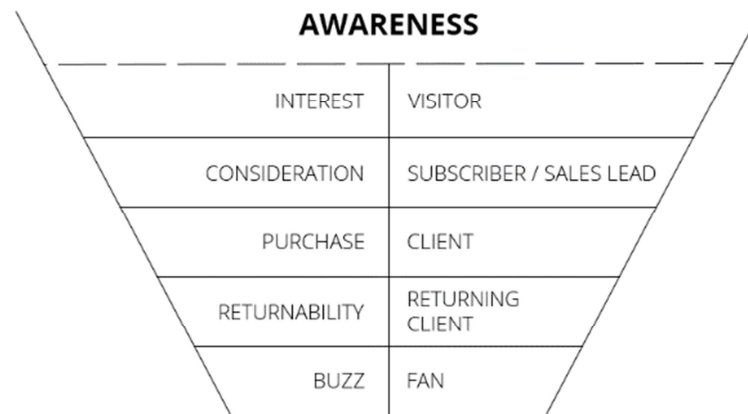


Figure 2. Sales funnel

Stage 0 - Awareness: The consumer is aware of the need of a commodity.

Stage 1: Interest/Visitor: The network user initiates the product purchase most often starting from entering general key phrases into search engines.

Building brand relationships with external stakeholders at this stage is mainly limited to creating convincing marketing messages.

Stage 2: Consideration/Sales Lead (Subscriber): The network user begins the initial recognition of the Internet as a market, selects online stores with products which meet his needs and visits websites of selected online stores.

In this stage, the website visitor has several options for further action, which will finally transform him into Subscriber: to narrow the search or to leave contact details in order to use store's advisory offer.

In response for visitors action and to build trust and consumer loyalty e-commerce store may optimize web page content quality through providing with useful and reliable information (both: product description and trade offer), access

to product opinion and UX optimization (ex. CTA), as well as contact customer via phone or e-mail or implement marketing automation solutions.

Stage 3: Purchase/Client: Subscriber (sales lead), deciding to finalize the transaction and stepping into purchase stage, becomes a client. A client is understood as a user who made a single purchase in any online store.

In order to induce safety an online store provides client with UX check-out process optimization, security of payment system and e-mail post-transactional information.

Stage 4: Returnability/Returning client: Satisfied by purchase and transaction service client is willing to make another order. By doing that may be considered as returning client.

The store may support client's returnability by marketing actions (ex. cross-selling offers, loyalty programs, extended "Thank you page") or sharing discount coupons for next order.

Stage 5: Buzz/ Fan: The client, who makes many purchases and who is very satisfied by any of them as well as the customer service and order fulfillment identifies with store brand and recommends it along with the products (buzz marketing).

4.2. Trust management as a marketing strategy

The importance of trust in e-commerce is meaningful. We define trust management as "a set of actions to create systems and methods that allow individuals to make assessments and decisions relating to the reliability of potential operations involving risks, related to other units (assessment of the credibility of other entities), and enabling the participants and owners of these systems to grow and proper represent their own credibility" [9].

Building one's own credibility is a complex and multi-stage process, however building trust will in the future attract loyal customers, as well as expanding the range of commercial activity to consumers currently unconvinced to this form of shopping. This expansion may be considered as a form of reaching an important market segment defined as "a group of buyers within the market, created by clients with similar needs" [10]. The main need of this segment is to trust the entity responsible for the online orders service.

Lee-Turban model of consumer confidence for online purchases emphasizes that trust depends on factors such as: trust in the e-seller treated as an element of its credibility; confidence in technology; trust in transaction security [11].

Therefore, an e-commerce company, building a trust management strategy, should pay special attention to those aspects that satisfy consumer's need for trust by: selecting appropriate logistic partners; selecting reliable and product-safe packaging service; offering safe and proven systems for handling online payments; providing reliable information about products availability; providing authentic

photos of offered products; an objective and comprehensive description of the products proposed; professional customer service (allowing for easy contact by phone, e-mail or personal with the store); clear and intuitive interface of the website; ensuring participation in credible opinion-forming programs; transparent shop regulations, returns, complaints, privacy policy of the user.

The elements mentioned above are necessary to build trust. In order to implement them it is crucial to involve all the staff of the online store, at every level.

The value of trust and its existence in business is unquestionable, the issue of measuring it becomes more problematic, though. There are, however, factors which can be observed and measured that can indicate the level of customer's trust. For such indicators one can consider: external programs for researching the level of client's satisfaction; cyclicity of orders; engagement in social media; indicator of emails openness; loyalty programs statistics; usage of discount coupons.

5. IT solutions for e-commerce

E-commerce is characterized by measurability of its clients operations. Modern e-commerce platforms to measure customers' activity use their own analytic tools, as well as external systems. Common practice is to summarize statistics from different sources in order to create extended reports.

5.1. Tools for customer's trust analysis

The most popular and accurate tool is Google Analytics, which in its basic free version indicates the traffic on the site divided into user's sessions and unique visits. Calling the session several times suggests that the user is considering purchase, analyzing products or information about the store itself.

An important information that can be obtained from the same tool is the user's journey map. It indicates, for instance whether the customer is familiar with store regulations, or looking for detailed information about the product.

Google Analytics also provides with special e-commerce reports that indicates turnover within a particular brand (in the case of multibrand stores) or within a particular product. Analyzing products with a similar features and price, of which only few are characterized by significantly higher sales, one can suspect that the description or photos for the rest of the products are not convincing and reliable enough. One can also assume that the the customer may be aware of a negative products' or brands' opinion. In this particular case the trust carefully built by the store towards its offer may be undermined not because of its own faulty strategy, but rather due to external factors.

An interesting tool for trust level measurement are programs recording the user's path. The installed script allows to register mouse movements, page scrolling, highlighted and user-clicked elements on the page. Analysis of the sessions recorded in this way perfectly shows on which elements of the page the user focused longer.

Specialized tools for analyzing various aspects of the website will indicate elements necessary to examine the level of customer satisfaction and trust, as well as verify the effectiveness of the implemented strategy of building client's trust.

5.2. CRM and marketing automation as a key tools for long-lasting relation building

Customer Relationship Management (CRM) in the most general definition is understood as “a set of procedures and tools important in managing customer contacts”[12]. CRM is thus understood in two ways, as a business strategy or as a definition of software used to manage customer relations.

CRM as a kind of software enables collecting customer information in the form of an index. Customers can be segmented based on any criteria. Most often, they are also placed on a specific stage of the mentioned sales funnel.

Using the CRM system the information about the client can be entered into database both manually or automatically. The first situation refers to all information obtained by the sales consultants while communicating with the client (ex. through phone). The second case involves scripts operating on the website, which track clients movements. What is particularly important is that the rules for the scripts are configured individually by the marketer, according to the needs. Obtained information is stored, but not every single one is used within the process of offer personalization.

Modern, technologically powerful CRM systems coupled with marketing automation systems allow to direct client's movements in an automated way. As a result of performing specific actions on the website (ex. purchase, entry to the product card), the customer receives subsequent tags or in response to a given event the system performs assumed action (ex. sending an email). The actions performed by the system are strictly correlated with client's purchase map or with estimated preferences based on previous behavior online.

Using meticulous annotations about customers, their preferences, previously used products, and even life situations mentioned in the conversation, strengthens the relationship between the online store and the customer. That suggests to the customer lack of anonymity and has a real impact on the client's sense of security.

Each time building a trust management strategy including CRM tools and marketing automation must be individually constructed. The use of IT tools in the communication process, conducted analytical activities and constant improvement of online store's UX are the key factors necessary to manage the trust of customers.

Online stores implementing these elements and effectively managing customer trust can significantly differentiate their offer from the competition, depart from the patterns of activities, practiced for years, thus saving significantly the advertising budget. At the same time, focusing their attention on maintaining customer relationships, they can engage much less funds than those necessary to acquire new customers.

6. Case study

The following case study was prepared based on the example of the online store, operating in the dermocosmetics sector. A characteristic feature of online stores in this industry is having the same range of products offered at the very similar prices (suggested by the producers for retail distribution). Those factors need to be taken into consideration while building the customer's trust strategy.

In the initial phase, analyzed store has adapted to the common methods of operation among competitors. Product prices were reduced to the lowest. In response to the prices offered by competitors on the market many times the price was lower by one grosz. Lowering prices gave the opportunity to obtain the first position in price comparison websites, which consumers are willing to use, and which can sort by prices. However, it turned out that such an action causes a never ending price fight until it falls below the break-even point.

The next step aimed at increasing the number of additional benefits that the customer will achieve by choosing the store's offer. The store focused on adding more and more attractive gifts to each order. Mostly those costly giveaways were cheaper full-size products, samples or gadgets. Competitive store used the same model of operation at the same time. The addition of freebies, however, started to increase costs of every transaction and the margin of offered products once again fell below the break-even point.

The next strategy was to implement a free delivery to the order, which also increased the transaction costs for the store. As in the previous strategies, in this case the value added effect was quickly compensated by the competitor. Each of these activities was aimed only at increasing the attractiveness of the offer in order to attract a customer, not to gain his loyalty.

The described activities were undertaken on the basis of analysis that the store had been conducting. It was observed that the client was not willing to return to the store to buy another product even though in case of dermocosmetics the effects of their usage are visible only after using several packages of certain treatment. Conducted analysis also showed that customers who bought the first product, did not buy another one, or bought a random product from, for instance, five-step treatment. The conclusion of this analysis was that the client, despite the need to continue the treatment, was not loyal to the store in which he was recently buying,

but he started the purchase process from the beginning, searching for stores offering the product and choosing the most attractive offer at that time.

Due to the fact that store and its competitor had reached the same point, in which the same products were offered, at the same prices, with free delivery and the same range of free gifts, and hence, there were no factors that could distinguish any of the stores in a way that attracts customers, special attention was paid to building loyalty and customer service, creating a separate strategy for these elements.

As part of its activities, described store began to pay special attention to the dialogue with customers in two areas: interpersonal communication maintained by the Customer Service Center (CSC) and automated communication via e-mail and SMS.

In order to improve interpersonal contact maintained by the CSC, quality monitoring standards of conversations were introduced. The procedure obliged the CSC employee to create annotations about the client based on the information obtained during the interview, as well as periodic contact with the client in order to present a new offer or inform about promotions.

As part of automated communication improvement, apart from regular mailing of newsletters, the store introduced sending segmented newsletters and post-trade messages encouraging participation in external programs for opinion polling.

None of the introduced changes was directly related to the purchase stage. The changes focused on building client's trust in the consideration stage as well as sustain it in the returnability stage.

7. Conclusion

The customer's trust towards the entity performing the transaction is particularly important in e-commerce. The implementation of appropriate IT tools, meticulous analysis and improvement of systems in terms of user experience has a real impact on the level of trust. The implementation of the trust management strategy influences the attractiveness of the offer and the competitiveness of the store among others, operating in the same market sector.

All mentioned and described actions may result in the increase in number of customers, returnability of customers, and undoubtedly clients' opinion about the store and its offer. Those factors are the background for considering the store as a reliable and trustworthy business entity, as well as are the key for its positive image building.

What is more, careful trust management strategy leads to advertising costs reduction aimed at attracting new customers. The returning customer is known to the store that answers accurately his needs and maintains a long-term relationship

with him. A motivated customer whose loyalty was acquired by the store in a well-thought-out management process can become a reliable source of store's income, as well as an informal marketing tool, by sharing thoughts about the store, offered products or customer service with other potential clients.

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