# THE ANALYSIS ON THE IMPORTANCE OF THE REPUTATION MANAGEMENT IN RELATION TO E-COMMERCE SUBJECTS

## Fedorko R., Bačík R., Keruľová V.[*]

**Abstract**: The article deals with specific aspects of the issue of e-commerce and reputation management. The main aim of the article is to identify factors determining the success of the e-commerce process with a focus on reputation management variables. Based on this, our aim was to identify the importance of selected factors of e-commerce and their impact on the reputation of e-commerce subjects under the model B2C business with a primary focus on the actual point of sale – e-shop. The studied variables included the selected features of the website such as clarity and intuitive design, contact details, methods of communication, easy and well-functioning search, responsive design for mobile devices, or well-written Terms and Conditions. Primary data collection was conducted on a random basis in early 2015 in the region of Eastern Slovakia. A total of 226 respondents were surveyed, after the quality control of data the analysis featured 201 respondents. From the analysis results it is clear that the features subjected to the correlation analysis influence respondents' Internet shopping behavior only marginally. The aim of the article is to also evaluate the possibilities this issue brings for marketing managers as well as owners of e-commerce subjects.

**Key words:** e-business, e-commerce, reputation, management, image, B2C

## Introduction

The impact of globalization leads to a faster and wider dissemination of technology. Today, thanks to the unlimited possibilities of the Internet and information technology companies have new opportunities in the sale, distribution, and especially in communication with its customers. To anticipate and meet the needs of current and potential consumers, enterprises must be able to reach specific target segments through selected marketing communication tools (Gburová and Matušíková, 2016; Szabo et al., 2013). The Internet has revolutionized the whole business world. Electronic stores are replacing the so-called brick and mortar stores, and consumers may buy various goods from the comfort of their homes. Electronic commerce is currently a widespread form of business and almost every modern company offers its products and services via online shops (Rajnoha et al., 2016; Ferencová et al., 2014; Svatosová, 2013; Cselényi et al., 2005). Nowadays, it is vital for enterprises to be better than their competition since the market is

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**POLISH JOURNAL OF MANAGEMENT STUDIES**
Fedorko R., Bačík R., Keruľová V.

**2017**
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saturated with different products and services. The issue of e-commerce has been addressed by several authors such as Bačík et al. (2015) who focused on factors influencing the consumer buying behavior on the Internet, Pei et al. (2015) who focused on customer experience in B2C model of e-commerce, Maity and Dass (2014) who focused on consumer decision-making across modern and traditional sales channels. A good reputation and attractive image are one of the crucial competitive advantages. Building a positive reputation is an important part of making a company's name on the virtual market. Using Internet marketing tools may now determine the success of the company.

We agree with Sasko (2014), who states that in today's digital era each company should pay attention to its online reputation. Companies started to actively use online marketing and communicate with their customers through various online channels. Companies are now also interested in what people think and what opinions their share with their "friends". More and more people are now searching for opinions and reviews online and only then they decide to make a purchase or select their favorite. A problem arises when after entering the name of the company in the search we end up with negative reviews that naturally attract attention.

In conditions of fierce competition companies are becoming increasingly aware of the value of their reputation since good reputation comes a long way. The company's reputation affects the market position of the company. Companies are trying to build a good name by producing and selling quality products and services, or by being reliable and responsible towards their customers (Smolag et al., 2016; Öüzturk et al., 2013; Pollák et al., 2015).

It should also be understood that corporate communication can effectively support integrated processes of the company. This is a key component of the reputation management. Reputation management of the company then assures long-term competitive advantage (Helm et al., 2011; Lajcin et al., 2012).

According to Svoboda (2009) reputation management has not yet created a unique instrument that would be different from the image of the company. These two notions are almost indistinguishable. However, the notion of image now moves toward the reputation management, despite the fact that both notions strive to create a good reputation and positive image of the company. For now, these two notions are to coexist. We can find many authors concentrate on issues of reputation management, such as Jolivet et al. (2016), Yan et al. (2015), Walker and Dyck (2014), Fang et al. (2014), Cai et al. (2014), Hruza et al. (2014), Zhang et al. (2013), Servaes and Tamayo (2013),

We agree with Sasko (2010), who states that the primary concern of reputational management is to ensure that the brand is perceived positively and customer-oriented. It should be noted that good reputation could be lost in an instant. Reputation management and its activities today are even more at the forefront than they once were, mainly thanks to the Internet and new forms of communication that connect people on a much wider level. The impact of one opinion may thus influence a considerable number of people.

## Methodology

In these turbulent times characterized by continued progress in Internet technologies and a strong competition, the implementation of activities related to reputational management is in our view imperative. In light of the above, the main objective of the analysis was to identify the importance of selected factors of e-commerce and their impact on the reputation of e-commerce of subjects under the model B2C business with a primary focus on the actual point of sale – e-shop. In relation to the main objectives we have formulated the following hypotheses:

*$H_1$: We assume that there is a significant relation between different variables of a web site from the point of view of e-shop's reputation and the frequency of online shopping.*

Empirical material needed for the research was collected using the exploratory data collection method - questionnaire. Questions were formulated in a way respondents had an opportunity to express their approval or disapproval with particular questions using the so-called Lickert scale. In addition to the above questions the questionnaire also featured multiple choice questions.

Given the nature of the analyzed variables we made use of the correlation analysis which examined the tightness of the statistical dependence between quantitative variables. When assessing the statistical significance of differences in age, gender and economic we made use of $\chi 2$ test. To verify the hypotheses set we made use of the gamma correlation coefficient, which is most suitable in the case a sample consists of extreme values between two intensive variables.

**Table 1. Age structure of respondents**

| Category | Number | Cumulative frequency | Relative frequency | Cumulative relative frequency |
|---|---|---|---|---|
| 18 - 24 years | 71 | 71 | 35.32 % | 35.32 % |
| 25 - 34 years | 69 | 140 | 34.33 % | 69.65 % |
| 35 - 44 years | 40 | 180 | 19.90 % | 89.55 % |
| 45 - 54 years | 19 | 199 | 9.45 % | 99.00 % |
| above 55 years | 2 | 201 | 1.00 % | 100.00 % |
| IN TOTAL | 201 | 201 | 100.00 % | 100.00 % |

The primary data collection was conducted by random sampling of respondents in February and March 2015 in the region of Eastern Slovakia. A total of 226 respondents were surveyed, after the quality control of data the analysis featured 201 respondents. The sample consisted of approximately the same number of men - 49.00% and women - 51.00%. The age structure of respondents was dominated by a group of 18-24 years old respondents with a share of 35.32%, followed by those aged 25-34 years with a share of 34.33%. The third largest group in terms of age was the respondents aged 35-44 years with a share of 19.90 % (Table 1).

**POLISH JOURNAL OF MANAGEMENT STUDIES**
Fedorko R., Bačík R., Keruľová V.

**2017
Vol.15 No.1**

In terms of the economic status, the sample group was dominated by those employed with a share of 49.25%. The second most represented group of respondents was students with a share of 37.31%. Self-employed or entrepreneurs represented 8.96% of the sample. Those unemployed represented the share of 1.99%, and the group of people on maternity leave represented 2.49 %.

**Results**

The results of the analysis show that the group of analyzed respondents has a positive attitude towards online shopping. Up to 85.57% of the respondents expressed a positive attitude toward this form of shopping. Taking a closer look at the number, very positive attitude toward online shopping expressed 43.78% of respondents, a comparable share of 41.79% see online shopping as positive. Only 5.47% of respondents expressed a negative attitude to this form of shopping, which is an interesting finding. Neutral stance was taken by 8.96% of respondents. Generally it can be stated that online shopping is perceived in a really positive way (Table 2).

**Table 2. Attitude toward online shopping**

| Category | Number | Cumulative frequency | Relative frequency | Cumulative relative frequency |
|---|---|---|---|---|
| Very positive | 88 | 88 | 43.78 % | 43.78 % |
| Positive | 84 | 172 | 41.79 % | 85.57 % |
| Neutral | 18 | 190 | 8.96 % | 94.53 % |
| Negative | 7 | 197 | 3.48 % | 98.01 % |
| Very negative | 4 | 201 | 1.99 % | 100.00 % |
| IN TOTAL | 201 | 201 | 100.00 % | 100.00 % |

The analysis also provided an answer to the question on how often do respondents do online shopping. The highest proportion of respondents 28.36 % stated they purchase goods and services online once a month. 12.44 % of respondents stated they do only shopping once a week. Based on the results of the analysis it can be stated that the group is being dominated by respondents who do not do online shopping very often. Specifically, 56.71% of respondents stated they do online shopping once in three months or even less frequent than that.
Table 3 shows that 24.38% of respondents stated they do online shopping once in three months, 22.38% once in six months and 9.95% once a year.
In order to fulfill the set objective of the analysis we have investigated the importance of the selected variables of websites of e-commerce subjects in terms of reputational management. As shown in Table 4, the most important variables for respondents are *clarity of the website and easy intuitive use of an e-shop* (98.01%).

**Table 3. Frequency of online shopping**

| Category | Number | Cumulative frequency | Relative frequency | Cumulative relative frequency |
|---|---|---|---|---|
| Once in a year | 20 | 20 | 9.95 % | 9.95 % |
| Once in six months | 45 | 65 | 22.38 % | 32.33 % |
| Once in three months | 49 | 114 | 24.38 % | 56.71 % |
| Once in a month | 57 | 171 | 28.36 % | 85.07 % |
| Once a week | 25 | 196 | 12.44 % | 97.51 % |
| Several times a week | 2 | 198 | 1.00 % | 98.51 % |
| Never | 3 | 201 | 1.49 % | 100.00 % |
| IN TOTAL | 201 | 201 | 100.00 % | 100.00 % |

*Easy and well-functioning search* is important for 97.52 % respondents, the same number goes for *easily accessible contact details* (95.52%) and *Terms and Conditions clearly stated (*96.52%). The least important variables included are the *mobile-friendly version of the shop* (28.36%) and its *design* (18.41 %).

**Table 4. The importance of the selected variables of an e-shop in terms of its image**

| Category | 1 | % | 2 | % | 3 | % | 4 | % | 5 | % |
|---|---|---|---|---|---|---|---|---|---|---|
| Clarity and easy intuitive use | 160 | 79.60 | 37 | 18.41 | 1 | 0.50 | 3 | 1,49 | 0 | 0.00 |
| Design | 80 | 39.80 | 74 | 36.82 | 10 | 4.98 | 25 | 12.44 | 12 | 5.97 |
| Fast communication (e.g. live chat) | 126 | 62.69 | 44 | 21.89 | 7 | 3.48 | 17 | 8.46 | 7 | 3.48 |
| Easily accessible contact details | 136 | 67.66 | 56 | 27.86 | 1 | 0.50 | 7 | 3.48 | 1 | 0.50 |
| Easy and well-functioning search | 138 | 68.66 | 58 | 28.86 | 0 | 0.00 | 4 | 1.99 | 1 | 0.50 |
| Mobile-friendly version | 72 | 35.82 | 63 | 31.34 | 9 | 4.48 | 35 | 17.41 | 22 | 10.95 |
| Terms and Conditions clearly stated | 125 | 62.19 | 69 | 34.33 | 3 | 1.50 | 3 | 1.50 | 1 | 0.50 |

*Key: 1 – the most important; 5 – the least important*

Following the analysis, the degree of dependence of the examined variables was defined using the correlation coefficient Gamma. Based on the findings described in Table 5 it is clear to us that the above mentioned variables have only a marginal impact on the frequency of online shopping.

**POLISH JOURNAL OF MANAGEMENT STUDIES**
Fedorko R., Bačík R., Keruľová V.

**2017**
**Vol.15 No.1**

**Table 5. Results used to test the hypothesis $H_1$**

| Category | Coefficient Gamma | Correlation assessment |
|---|---|---|
| Clarity and easy intuitive use | -0.075 | low correlation |
| Design | -0.086 | low correlation |
| Fast communication (e.g. live chat) | -0.084 | low correlation |
| Easily accessible contact details | 0.075 | low correlation |
| Easy and well-functioning search | 0.065 | low correlation |
| Mobile-friendly version | 0.035 | low correlation |
| Terms and Conditions clearly stated | 0.023 | low correlation |

Based on the analysis of the findings described above we are forced to refuse the hypothesis H1 and accept the alternative hypothesis formulation which is as follows:

*$H0_1$: We assume that there is no significant relation between different variables of a web site from the point of view of e-shop's reputation on the frequency of online shopping.*

## Summary

From the results of the analysis it is clear that the features subjected to the correlation analysis influence respondents' Internet shopping behavior only marginally. Low values could be the result of a relatively strict methodology using the gamma coefficient; however, we do not expect significant changes for the other coefficients mainly due to the statistical properties of the file. Low values of the gamma coefficient and therefore a weak dependence between the individual features of the website and the frequency of online shopping were caused mainly by huge difference between minimum and maximum values of respondents' responses. These huge differences are responsible for the fact that the relationship between the features subjected to the correlation analysis and frequency of online shopping seems trivial.

In terms of reputational management and associated activities the research points to several important findings. The research have identified the most relevant variables affecting image of an e-shop from the point of view of consumers (Table 4). Based on the results we suggest marketing managers engaged in e-commerce to focus on improvements in areas such as *easy navigation and intuitive features on a website, product search function, easily accessible contact information, and transparent terms and conditions.* The results of our research follow-up the research carried out by Flavián et al. (2006), whose results point to the fact that the increased usability of websites has a positive effect on the satisfaction of its users. Moreover, the research shows that a proper website positively affects customer loyalty. A similar view is shared by Luo et al. (2016), according to whom the quality

of the website has a great influence on psychological perception of users, and further affect their attitude or behavior, as in the case of traditional store environment atmosphere.

The analysis pointed out an interesting finding which confirms the fact that the issue of e-commerce is a broad area of knowledge, the importance of which is now undeniable and is expected to grow. E-commerce subjects often face the challenge of how to stand out from the competition and win a competitive battle in the online environment. One way to distinguish oneself from the general competition is to build a positive reputation. A company with a good reputation may attract the attention of customers and win them over the competitive company. Building a positive reputation is a long-term affair and requires a lot of attention since building a good reputation is a tiresome process that may take several years. Destroying one's reputation takes only a second.

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**POLISH JOURNAL OF MANAGEMENT STUDIES**
Fedorko R., Bačík R., Keruľová V.

**2017**
**Vol.15 No.1**

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## ANALIZA ZNACZENIA ZARZĄDZANIA REPUTACJĄ W ODNIESIENIU DO PODMIOTÓW E-COMMERCE

**Streszczenie:** Artykuł dotyczy konkretnych aspektów e-commerce i zarządzania reputacją. Głównym celem artykułu jest zidentyfikowanie czynników decydujących o sukcesie handlu elektronicznego, ze szczególnym uwzględnieniem zmiennych zarządzania reputacją. Naszym celem było określenie znaczenia wybranych czynników handlu elektronicznego i ich wpływu na reputację przedmiotów handlu elektronicznego w ramach modelu biznesowego B2C, ze szczególnym uwzględnieniem rzeczywistego punktu sprzedaży - e-sklepu. Badane zmienne obejmowały wybrane cechy witryny, takie jak przejrzystość i intuicyjny wygląd, dane kontaktowe, sposoby komunikacji, łatwe i dobrze funkcjonujące wyszukiwanie, responsywny projekt dla urządzeń mobilnych lub dobrze napisane Warunki Umowy. Podstawowe zbieranie danych przeprowadzono w sposób losowy na początku 2015 roku, w regionie Słowacji Wschodniej. Łącznie przebadano 226 respondentów, po kontroli jakości danych wyróżniono 201 respondentów. Z wyników analizy jasno wynika, że cechy poddane analizie korelacyjnej jedynie nieznacznie wpływają na zachowania zakupowe konsumentów. Celem artykułu jest także ocena możliwości, jakie ta kwestia daje menedżerom marketingu, a także właścicielom podmiotów związanych z handlem elektronicznym.

**Słowa kluczowe:** e-biznes, e-commerce, reputacja, zarządzanie, wizerunek, B2C

## 關於電子商務項目信譽管理重要性的分析

摘要：本文涉及電子商務和信譽管理問題的具體方面。本文的主要目的是確定影響電子商務流程成功的因素，重點是聲譽管理變量。基於此，我們的目標是確定電子商務選擇因素的重要性及其對B2C業務模式下電子商務主體聲譽的影響，主要關注實際銷售點電子商店。研究的變量包括網站的選定功能，如清晰度和直觀的設計，聯繫方式，通信方式，搜索功能簡單，功能正常，移動設備響應式設計或精心編寫的條款和條件。2015年初在斯洛伐克東部地區進行主要數據收集工作。對226位受訪者進行了調查，數據質量控制後分析了201位受訪者。從分析結果可以看出，相關性分析的特徵影響了受訪者的網絡購物行為。本文的目的是評估這個問題為營銷經理以及電子商務主體所有者帶來的可能性。

關鍵詞：電子商務，電子商務，聲譽，管理，形象，B2C