

# **Online shopping relationship as collaborative decision process :**

## **A focus on online buyer-seller interactions**

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### ABSTRACT

In this research, it is considered that an online shopping relationship can be observed and analysed as an online and collaborative decision, where - at least - a seller, a buyer and a website share information, knowledge, know-how, experience, competence and responsibilities.

A survey, based on the case of wine shopping online, offers as evidence the crucial nature of socially mediated interactions in e-commerce, whether by telephone or e-mail. Six fundamental types of interactions in this context, together with their origins in terms of the levels of complexity and individual competence required on both sides, are also put forward. So, too, are the goals and forms of intervention and collaboration process in the online shopping relationship, and in the online- buying decision process.

KEYWORDS : online buying decision, mediated interaction, customer relationship, e-commerce, wine.

### INTRODUCTION

In this research project, it is considered that an online shopping relationship can be observed and analysed as a collaborative decision process, where - at least - a seller, a buyer and a website interact. Therefore, social mediated interactions which contribute to this specific context and make online purchase possible, are of interest.

The starting question which has been used to explore online buying decision and this set of social mediated interactions refer to the seller's role in the online shopping relationship. What "game" are sellers in an Internet selling company playing ? What are their roles, given that the selling function is driven by the website ?

A few years ago, many e-commerce companies had decided to reduce, or even to nullify, the scope of their buyer-seller relationship and thus opportunities of online collaboration and deliberation within the shopping process. This move was followed by the development of customer relationship management (CRM) tools and a subsequent, progressive disappearance of the 'salesman'. E-bay and Amazon - since 2002 - have stopped answering directly any e-mail from their users. On websites, topics such as : "help" ; "FAQ"<sup>1</sup> ; and online questionnaires, have replaced direct contact by telephone, or by e-mail. As a consequence, e-sellers obliged their customers to search for information themselves, or to complete a (not

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<sup>1</sup> FAQ : Frequently Asked Questions

always appropriate) questionnaire. Online collaboration between sellers and buyers decreased and the buyers became more isolated. Even though this might often still be the case for major companies, a growing number of commercial websites have changed their customer relationship strategies : the 'return of the salesman' is to be found in Internet shopping. It is a phenomenon which is evidenced by the presence of telephone numbers on homepages ; Internet users are invited to interact directly with the company ; the same goes for making 'contact' by e-mail. These companies have developed a real online sales force, charged with the careful management of customer relations.

What difference does it make ? A better buyer-seller collaboration can be observed ? What are the origins, composition, structure, and goal of the buyer-seller interactions in e-commerce ? What different forms of interaction are considered, and how are they defined ? What is the role and - by the way - the status and the level of collaboration of employees who have to respond to customer enquiries ? Do they play the part of a 'salesman' - and/or adviser as decision support - or do they only take orders online ? Are they an integral part of the online purchasing process and what is their place within online selling strategy ?

In order to explore these questions, a survey was conducted – resting on a study of buyer-seller interactions for an online company selling wine. Before the methodology carried out and the survey's results are shown and discussed, a quick look at the literature is proposed in the next paragraph.

## 1. THE CASE ON MEDIATED INTERACTIONS IN ONLINE SHOPPING

Since G.H Mead (1934), the academic literature dedicated to interaction in social sciences has been very rich. Erving Goffman (1982) defines social interaction as the reciprocal influence of individuals upon one another's actions when in one another's immediate physical presence. Talking about interaction in online shopping relationships is specific because of the mediated situation of these interactions. The special case of mediated interaction, rather than that of "face-to-face", is of particular interest. The "co-presence" evoked in most definitions is here modified and transformed into a mediated presence. Can we still talk about social interactions in this case, whereas the time and space unit are intrinsically linked to the definition of social interaction itself ? It is argued in this research that there is no problem at all, if it is considered that the Internet and new IT have the particular ability to modify the space/time framework and that these interactions are specific. Furthermore, let's remember that, even though Goffman has more interest in face-to-face, he himself considers mediated encounters, contacts and mediated interactions.

As far as the marketing literature is concerned, especially in online shopping and relationship marketing, it is quite surprising that the interaction concept itself is not really explored. Research works mainly focus on dimensions such as loyalty, trust and satisfaction (eg. Bauer, Grether, Leach, 2002 ; Bergeron, 2001) , but not on the interactions within the customer relationship research field - more technical - studies tools, processes and softwares of CRM<sup>2</sup> projects (eg. Brown, 2006 ; Meyer-Waarden, 2004 ; Lefébure & Venturi, 2005).

In this research, online interactions are considered as the basis of online shopping relationship. The interaction concept has to be distinguished from that of relationship (and influence), which is not always clearly done, as Marc and Picard (1989) notice. More precisely, online interactions are studied here within the framework of online shopping relationship, focusing on online buying decisions and collaboration processes.

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<sup>2</sup> CRM : Customer Relationship Management

## 2. QUALITATIVE METHODOLOGY BASED ON *IN SITU* OBSERVATION

An online CRM survey was conducted - resting on a study of buyer-seller interactions for an online company selling wine. In terms of methodology, this research - in a leading online wine seller in France, over a four-month period - was based on *in situ* observation (Miles and Huberman, 2002).

The first stage consisted in an observation of the seller's job in the sales department and a collection, in an ethnographic way, of a maximum of buyer-seller interactions, whether by e-mail or telephone. The second stage consisted in the analysis of these specific online interactions (specific in a sense that they are online but "off web" – i.e. not on the website).

Interviews with that company's employees, as well as with major leaders in the French market, completed the empirical investigation.

Research results were - in part - then framed, so as to specify these interactions and to define fundamental roles assumed, on one side, by managers - involved in online selling - who have a responsibility for customer relations and, on the other side, by buyers shopping online. The substance and forms of interactions which contribute to online collaboration were offered as evidence.

## 3. RESULTS : ROLES AND INTERACTION TYPES IN THE ONLINE SHOPPING RELATIONSHIP

The analysis indicates that most interactions deal with aftersales and refer to multiple forms of interactions and roles. Pre-purchase interactions, notably dealing with buying decision aid and prescriber's role are also of importance. They contribute to improve online selling and service relationship.

More precisely, this research shows that 'salesmen' in an Internet selling company do not actually do much selling. They are, in a broader sense, veritable customer managers who endorse much more than a simple transactional function and can take part actively in the buying decision process. The required levels of individual competence are both multiple, and profound, as they have to assume at least six fundamental roles: contact, supplier, negotiator, informer, compensator and prescriber. The following table presents the synthesis of these results.

**Table 1. Roles and interaction types in the online shopping relationship : synthesis**

<i>Role-type played by the "seller"</i>	<i>Main function assumed</i>	<i>Main interaction themes</i>	<i>Role-type played by the customer</i>
contact	'human' presence	existence and history of www.com	sender – receiver
supplier	supplying	order cancellation	customer
negotiator	negotiation	price promotions	negotiator
informer	inquiry	order management quotation ; wine availability	buyer
compensator	compensation	delivery time	victim customer
prescriber	prescription buying decision aid	shelf-life ; vintage's quality degustation ; discovery	buyer

The contact's role refers to interactions initiated by new potential customers in order to make sure the company exists for real. They contact the dotcom with a first mail or call in the first stages of the online relationship. The existence of the company is proven by this "human presence".

The supplier's role is the narrower. The customer already knows the company and its products. He even made his choice thanks to the website and only gets in an online relationship by mail or telephone to make his order registered. The online collaboration is very limited and the supplier-customer interaction is limited to an order's registration.

The negotiator's role refers to the customer's negotiation attempts. Sellers refuse most of the time to play this role. Interactions mainly focus on prices (promotional gifts are also concerned).

As far as the informers' role is concerned, interactions are of higher complexity. The customer is looking for specific information held by the dotcom (eg. product availability, quotation, delivery time – especially in case of delay...). The customer starts the interaction and asks the seller to furnish this information. The seller's field of collaboration is strictly delimited by the customer.

The compensator's role is only to be played in case of dysfunction. In case of late delivery for example, or unavailable wine, the dotcom offers a better wine for the same price in order to compensate an unaccomplished selling promise.

Finally, the prescriber's role is the richest and the most complex for both interactants. He refers, according to Hatchuel's concept (1995), to an intervention on the buying relationship, by giving the buyer information he lacks. This prescriber's role is intrinsically associated to an online buying decision aid project (Stenger, 2006, 2007, 2008).

**Table 2 –Competences required by interactants and levels of collaboration**

<i>Symbolic actors</i>	<i>Competence required on the customer's side</i>	<i>Competence required on the seller's side</i>	<i>Level of collaboration</i>
sender - receiver	low	very low	low
customer - supplier	high	low	low
negotiator - negotiator	medium	medium	low (to high)
buyer - informer	medium / high	high	medium
victim customer - compensator	high	high	medium / high
buyer – prescriber	low to high	very high	high

Levels and forms of collaboration within the online shopping relationship are also versatile. Collaboration can be high for three of the online interaction types, those focused on :

- negotiation - even though the seller refuses as much as possible to negotiate in order to sell at the initial fixed price and selling conditions - ,

- compensation - in this case, the seller tries to compensate for bad delivery time by offering free gifts,
- prescription - in this last case, the online shopping relationship can be seen as a full collaborative process where buyer, seller and website share information, knowledge, experience, competence and preferences to achieve a decision of better quality, coming from the collaboration process.

#### 4. DISCUSSION AND CONCLUSION

This research offers as evidence the crucial nature of socially mediated interactions in e-commerce, whether by telephone or e-mail, and the variety of interactions in this context.

The survey carried out only focused on the particular case of wine shopping. As wine is a polymorphous good : it can be considered as a cultural good, a technical good , it can also be a luxury good, a leisure good, a “terroir” and farm good... In this sense, wine shopping potentially represents a wide variety of buying decision process. Surveys on other markets would obviously be of interest anyway.

The whole analysis gives a better understanding of the roles of managers in charge of online customer relationships, of the main associated functions, and of the main interaction themes - in the case of wine shopping. The origins of these interactions in terms of contents, levels of complexity and individual competence required on both sides, are also put forward. So, too, are the goals and forms of intervention and collaboration process in the online shopping relationship, and in the online buying decision process.

In the context of e-commerce, the selling function is mainly dedicated to the website and associated with a project of dematerialization of the customer relationship management (CRM) and of delegation of the CRM towards various information systems. The collaboration with the customer is usually not encouraged but avoided. This research illustrates that another way is possible. Online buyer-seller interactions can be essential to dotcoms and improve the service relationship to the customer.

Distance and length of time contribute to create interactions in online shopping. If online purchases are overestimated, online relationships are underestimated, according to Lendrevie et al. (2006). We agree with them on the second point. The significance (in terms of quantity and content) of online interactions by e-mail and telephone can be considered as customer’s resistance to sustain a relationship and enable a certain collaboration. It can also be interpreted as the customer’s refusal of a complete CRM dematerialization and the customer’s willingness to really take part of the online shopping relationship. The seller, part of the selling and buying decision processes can be dematerialized and replaced by IT and online automatised procedures. But the customer himself, refuses to disappear in a large dematerialization process.

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