

The voice of the Chinese customer: Facilitating e-commerce encounters

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Numerous studies report the failure of Western e-commerce experiences to effectively engage the Chinese customer. While culture shapes significantly customers interpretation of their e-commerce experience we have not considered the way (dis)satisfactory determinants shape managerial action outside the Western world. Our action research design, spread over a six year period, integrates critical incidents to facilitate managerial reflection. We surface a new dimension of respect while revealing important distinct interpretations of existing dimensions. Our narrative, that integrates a prototypical e-commerce experience, acts to crystalize fundamental insights for management of Chinese e-commerce encounters.

About the authors

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Introduction

E-commerce can be seen as a great global equalizer of service delivery and consumption (Klaus, 2013). Yet, a surprising number of high-profile Western companies have stumbled in their China e-commerce efforts. Drivers of online (dis)satisfaction, within Greater China, appear to have aspects not well understood by many global firms. This paper reports e-commerce encounters that do not fit neatly into existing service constructs, and how management deals with culturally salient dimensions that run counter to Western assumptions.

Customers globally, in a world largely built around digital technology (Generation C) (Hardey, 2011), are naturally motivated to engage with online shopping opportunities. China's Taobao, a consumer-to-consumer online shopping website, has 370 million registered users and holds approximately 90% of the local online customer market with sales of US\$160.5 billion in 2012 (Mu, 2012; Wang & Ren, 2012). Across greater China, such as in Taiwan, the largest online sales portal PChome is a dominant feature of the local cyber landscape with total sales of US\$415m in 2011 (M.O.P.S., 2011). Unlike their Western counterparts, most Asian consumers purchase online through portals that offer goods from a diverse range of retailers and a spectrum of services (Wen, 2010). PCHome, in Taiwan, like Taobao, in China, offers entertainment and business news, product reviews, auctions, and micro-storefronts for individuals and small businesses. Amazon and EBay, the two leading online retailers (US\$48.07Bn and US\$11.65Bn in respective revenue in 2011) (United States Securities and Exchange Commission, 2011) also act as retail platforms for retailers, but there is a noticeable divergence from the Far-East Asian approach.

Existing online service encounter research has focused on the categories consumers perceive in their encounters (e.g., Holloway & Beatty, 2008). Specific channels, or even general approaches, however, may involve factors not previously understood by researchers. More importantly, the role of culture cannot be overlooked, as different online channel orientations are quite obvious to anyone visiting locally created portals, such as Taobao and PChome. On the surface, these sites are visually busy and crowded compared to their Western counterparts. At a deeper level, they attempt to create a relationship important to local Chinese culture that Western firms entering the Greater China region often overlook. This is symptomatic of the way Western online retailers have stumbled in China; overlooking fundamental modifications to meet local (Chinese) market expectations (Wang & Ren, 2012).

This current study employs an action research design centered on facilitating managerial understanding involved in designing the Chinese customers' e-commerce experience. We explore this topic by joining with a local entrepreneur to develop a research partnership over a six-year period. This provides an excellent opportunity to explore the topic from a Chinese customer's perspective.

Critical incident technique (CIT) is used for data collection within the action research framework. Identifying key positive and negative events, respondents supply the incidents of CIT. When collated, these recalled incidents form categories of dis/satisfaction that researchers use to answer research questions and firm service managers use to improve service quality. The current results show, through CIT data, that although respondents' dissatisfaction categories have commonality with published consumer research findings, but there are important and significant internalized differences that are specific to Chinese consumers.

Most relevant is the emergence the category of respect, where Chinese customers linked service dissatisfaction and satisfaction with culturally salient values. These findings serve to crystalize management understanding towards redefining a more contextually bound e-commerce approach.

Our approach introduces the voice of the Chinese customer that challenges preconceived understanding and crystalizes into managerial insights and action. These new perspectives anchor in a critical incident study of Chinese customer e-commerce (dis)satisfaction that identifies critical issues as a means of advancing our action research approach. Through our research based interventions a richer understanding emerges of how to configure e-commerce offerings for local Chinese customers.

The remainder of this paper is structured as follows: we briefly review e-service (dis)satisfaction before introducing culturally defined perceptions of Western customers. Next we discuss the action research process before moving to findings. Discussion of the relevance of findings to theory and manage of the e-commerce experience for Chinese customers follows. We end with reflection, conclusion, and limitations.

E-service (dis)satisfaction

Technologically mediated encounters are best understood as opportunities for reciprocal engagement with customers, rather than a new form of sale promotion (Schultz, 2013; Mamic & Almaraz, 2013). This makes it important to understand what engagement means from customers' perspectives in less familiar cultural settings, such as the Chinese. Understanding satisfaction with engagement requires a focus on those factors outside the zone of tolerance, related to issues that are critical to customer experience (Johnston, 1995). Thus, understanding

sources of satisfaction is important to managers in order to avoid failures as they engage customers in technologically based encounters (Holloway & Beatty, 2008).

The limited research addressing (dis)satisfaction in Chinese cultural settings remains tied to macro behavioral models and their associated quantitative (Western) survey instruments. As Smith and Reynolds (2002) show, any macro level theory, may not apply well within a specific space or among specific consumers. The risk is misinterpretation or overlooked local (dis)satisfiers that influence customers' perceptions. Researchers report existing offline service quality dimensions neglect a significant proportion of the dimensionality driving Chinese customers' evaluations (Feinberg, Ruyter, Trappey, & Lee, 1995; Imrie, Cadogan, & McNaughton, 2002; Stanworth, 2009). Warden, Stanworth, Chen, and Hwang (2012) point out the importance of grounded data collection in avoiding generalities that align with theory but not with individuals' local experiences.

Academic attention has been directed towards dissecting the dimensions of online service quality, rather than the drivers of (dis)satisfactory encounters (Holloway & Beatty, 2008). This orientation focuses on how e-service is consumed by customers in the absence of employee interaction, such as ease of navigation, on-time delivery, and privacy (Parasuraman, Zeithaml, & Malhotra, 2005; Wolfingbarger & Gilly, 2003). Measurements of relationship between dissatisfaction and technological attributes of the service encounter do not account for the heterogeneity of satisfaction and dissatisfaction antecedents (Lin, Wu, Liao, & Liu, 2006).

Chinese customer

There is growing evidence that the Chinese customer engages with and evaluates service experiences in subtly different, but important, ways from his/her Western counterpart (Furrer, Liu, & Suharshan, 2000; Tse & Ho, 2009). Offline, physical, service satisfaction

research reveals Chinese customers' concerns form unique service quality dimensions, when compared to Western customers (Stanworth, 2009). Imrie (2002) finds the dimensions of sincerity, politeness, and generosity salient to Chinese consumers' off-line service quality evaluations. Kettinger and Lee (1994) argue for Asian-specific factors to explain customer satisfaction. While Feinberg et al. (1995) find service quality dimensions differ across Taiwan, America, and the Netherlands. The distinct nature of Chinese off-line service quality reflects the norms and values embedded in Chinese culture.

Even with the size and increasing importance of the Chinese market, few studies examine the specifics of Chinese customers' (dis)satisfaction in off-line service. Stanworth (2009) finds Chinese social intercourse norms, such as Chin-chieh, relating to expressions of warmth, closeness, and helpfulness, are instrumental to creating customer delight, in contrast to policy and procedure behaviors, often linked to dissatisfaction. These highly culturally specific values point to a rich tapestry of service (dis)satisfaction. Findings like these show that high level service abstractions may not be applicable across all cultural settings. More importantly, such abstractions are not actionable by management. It is important to ensure that expressions of opinion reflect those views rather than abstract word choices (Pettit 2013). A grounded approach can enrich and expand theoretical abstractions and views, while acting as a confirmation and clarification of service satisfaction theory.

Research methodology

Action research

Action research is a well-established strategy that integrates scholars and practitioners in exploring organizational phenomena (Raelin, 1999). The approach centers on producing knowledge in vivo that is both derived from and applicable to specific managerial

contexts. Such an approach can act as a confirmatory test of theories-in-use, allowing them to be challenged when they fail to achieve desired consequences (Greenwood, 1998). This critical surfacing and critiquing of assumptions takes place in the dialectical relationship between reflection and action. Reflection acts as a precursor to action that in turn invites further action and subsequent reflexivity with a refinement of approaches (Høyrup, 2004). Over numerous iterations, the researcher becomes more receptive to alternative reasoning by allowing knowledge to crystalize between self-knowledge, action, and knowledge-of-other (Raelin, 1999).

Action research requires reflective tools and processes encouraging personal managerial reflection. Critical incidents provide the means to understand underlying trends, motives, or structures (Gray, 2007). Events become critical as they are framed in a wider social or organizational context (Tripp, 1993). This reveals assumptions on which beliefs are built, allowing critical reflection (Mezirow, 1990). Our approach follows Street and Meister's (2004) action research stages of description (action planning and action taking), reflection/commentary (evaluating), and theory building (specifying learning and diagnosing) leading to another cycle (see Figure 1).

Insert Figure 1 about here

Research process

We choose as our action research focus, internet startups registered in the Taiwan local market. After contacting a number of startups, through local business associations and university business incubators, we began regular contacts with three entrepreneurs in Taiwan. These were purposively sampled (Robson 1992) based on four criteria. First, candidate informants were recent start-ups (less than a year). Second, their business was proximal to the researchers. Third, candidates' core businesses were sales through consumer-facing web

interfaces. Fourth, they were willing to share information while being open to discussing and making changes based on our feedback. This approach gave us the opportunity to understand how customer (dis)satisfaction shaped the emergence of an e-business in a Chinese context. This approach enabled us to have regular access to informants and the company location. Within a few months, we developed a close and open communication channel with a manager opening an online store that supplied information services and implemented a platform for translation services. Mr. Lee (not his real name) only asked for anonymity, otherwise becoming a complete and total open participant in the action research process.

We progressed through four main iterations of action planning, executing modified approaches, reflecting on results and isolating learning points to inform the next cycle of action. Over a six year period, we met with Mr. Lee and documented both our reactions to unfolding events involving his internet startup. Over some periods, our contact was minimal. At other times, depending on business events, our interaction was more regular and intense. During research meetings we reviewed the approaches that had been implemented and customers' reactions in order to isolate factors that informed the next phase of development. While these discussions were often free flowing, we took ample contemporaneous notes that two of the researchers discussed after each meeting. This procedure is integral to narrative-based theory development, typical in action research, that involves the evolution from empirical observation to more generalizable relationships (Van de Ven & Poole 1995). Although challenging, requiring clarification of the main actors and meanings surrounding unfolding events, this process forms the basis for theoretical insights.

Reflection at the end of the second iteration revealed the limits of Mr. Lee's current experience in a way that invited an intervention to stimulate reflection between

experience, knowledge and action. Gray's (2007) recommends integrating critical incidents into cycles of managerial action and reflection. This provides a mechanism to integrate the customers' value system into processes of reflection on actions (Brookfield, 1991). Critical incidents also have the advantage of integrating natural content into the research process that increases the connection between the researcher, the topic and respondent (Schillewaert, De Ruyck, & Verhaeghe, 2009). Thus, we undertook a critical incident technique survey in order to integrate customer perceptions into the cycle of reflection and action.

We solicited critical incidents using questions adapted and translated to Mandarin from Meuter, Ostrom, Roundtree, and Bitner (2000). This online questionnaire elicited detailed descriptions, from respondents, about why an e-commerce transaction was (dis)satisfying. After pilot testing and refinement, the instrument was uploaded to a commercial webhosting service. Following Bitner et al.'s (1990) stipulations, a valid incident: involved e-commerce transactions represented by a discrete (dis)satisfying episode. We removed those incidents not satisfying this criterion as well as vague incidents. This process left 245 valid incidents for analysis of which 143 (58%) were satisfactory and 102 (42%) dissatisfactory; a sufficient sample size (Gremler 2004). The sample contains more female (70%) than male (30%) respondents with age ranging from 20 to 50 years of age and the majority falling into the 21-30 (63%) range. Our analysis followed the approach taken in other studies (e.g., Bitner et al. 1990; Gremler 2004; Keaveney 1995) in order to arrive at categories of (dis)satisfactory dimensions. The quality of the collected data was established using interater analysis that demonstrated the categories crossed required thresholds of agreement (e.g., Gremler 2004).

Analysis yielded grounded insights that stimulated reflection on action that underpinned two further iterations of action research. By integrating the CIT survey results into

the action research process, we created what Greenwood (1998) labels a double loop. During the course of our study we took extensive field notes while, where possible, recording our interviews with Mr. Lee. By integrating the perspectives of all three researchers into our research relationship with Mr. Lee, along with observations and other categorical data, we achieved triangulation and increased research robustness (Denzin, 1989). Our next section reports on the start of our action research that integrates the rich detail of our CIT findings.

Research context and results

Our action research component focused on Mr. Lee, originally from Taiwan, who moved to the United States to study. Mr. Lee was greatly impressed by the internet boom of online shopping during the late 1990s and early 2000s. An avid user of online retailers Amazon and Buy.com, Mr. Lee returned to Taiwan thinking to start a local internet business with little to no overhead and no fixed offices, depending rather on a fully automated process.

After observing the Taiwan market environment, Mr. Lee planned to offer translation services online. He considered himself well qualified to understand the business requirements. Mr. Lee also felt the market was ripe for a fully electronic solution, which would facilitate the interaction between customers and translators. His goal was to develop a support system facilitating customers in specify their requirements, including a feature allowing clients to choose a specific translator. The system, with some intervention from Mr. Lee, would then allocate work to a translator along with the client's instructions. The translator re-upload the finished work, leaving the automated system to send notifications to the customer and accept online payments. This business model appealed to Mr. Lee since it would be more scalable and efficient than existing walk-in translation offices, while also satisfying customers' needs for convenience and speed.

Our discussion with Mr. Lee impressed us in his emphasis that the online services run independent of staff interactions. Chinese texts, such as business and government reports would come in, and Mr. Lee's software would route jobs to contractors who then uploaded completed translation jobs. Clients, Mr. Lee assumed, then downloaded and completed payment.

From the outset, clients raised numerous questions about interaction with the website and relished opportunities for personal interaction on the specifics of how their jobs should be executed. At this stage, our discussion with Mr. Lee led to the reflection that customers lacked knowledge about e-commerce and the process of arranging translation work through the website. This indicated that while a stable e-commerce platform was achieved, customers were reluctant to substantially engage with either the interface or related processes.

An e-commerce system minimizing employee contact, while easy to use, was the aspiration for the business. Our interaction with Mr. Lee quickly surfaced customers' continued desire for contact that we diagnosed as a lack of knowledge about the shopping process on the site. This clarified the next stage of action to create user guides, refine the purchase process, and carry out extensive pre-testing with customers. In the face of all these significant improvements to usability, customers' continued to seek contact. The situation felt paradoxical; Mr. Lee's system was patently easy to use, yet customers were reluctant to engage with it. This invited a more critical surfacing of new knowledge to direct and refine action to more realizable goals. Our CIT findings provide a rich platform for interplay between customers' perspectives and Mr. Lee's aspirations (see Figure 2 and appendix).

Critical incidents formed four categories for both satisfactory and dissatisfactory incidents. Fulfillment and IT make up the majority of incidents (74 and 32, respectively, for dissatisfactory and 88 and 68, respectively, for satisfactory). Capability to deal with problems

makes up the next two categories, but respondents show they are especially sensitive to what they view as respect.

CIT category: Fulfillment

Fulfillment is normally recognized as the core aspect upon which e-service encounters are judged (Holloway & Beatty, 2008; Massad, Heckman, & Crowston, 2006). Current results strongly reflect this with 162 mentions by 50% of respondents. We label this category *fulfillment*, which includes both satisfactory and dissatisfactory incidents depending on the extent to which customers believe expectations towards quality of the goods, accuracy of delivery, accuracy of description and delivery time are met. This category is built upon five and six subcategories for satisfaction and dissatisfaction, respectively.

Insert Figure 2 about here

Fulfillment, when satisfying, delivers on the core promises related to price, description, quality of goods, delivery time, and delivery accuracy. Among these, delivery time is mentioned most frequently, as next day delivery, “I transferred [the money] that day, getting the goods next day. Great efficiency!” (SAT#23¹). The sub-category of *price* satisfies when the product price was lower than the competition and/or when the seller gave special concessions, such as an incident described by a satisfied respondent, “I got the book I wanted on the online and got a very nice discount” (SAT#252). Leading dissatisfaction impressions are problems with description, “The pictures online looked pretty. However, the real products were made of bad material. This made me feel they had used good commodities for promotion but the bad one for selling” (DIS#145). Closely behind are the subcategories of delivery time, “But I didn't see

¹ Note: ‘SAT’ refers a satisfying incident, ‘DIS’ to a dissatisfying incident and ‘#xx’ identifies a particular respondent.

anything one month after payment.” (DIS#158), and quality of goods, “The webpage reported all the products were new, but I received one that looked used” (DIS#141).

Dissatisfaction about fulfillment includes the subcategory of inflexible, which does not appear in satisfactory incidents. Respondents report this category in relation to the system process and how issues make it difficult to collect the goods, “The time to pick up my ticket is not flexible or convenient” (DIS#244). The technology of an e-service is also core to previous findings of satisfaction, also found in the current study and reported next.

Managerial reflection: Fulfillment

Our discussions with Mr. Lee showed that from the start of his entrepreneurial effort, fulfillment played a role in the business, with delivery time and quality two attributes clients paid special attention to. From the start, however, fulfillments never moved through the smooth e-process he envisioned. “Every customer wants to tell us about the special situation of their translation, but I am trying to make the process efficient,” Mr. Lee reported.

Mr. Lee’s target market segment was high-end clients willing to pay above market price for a better quality product. Client expectation of turnaround time was also something Mr. Lee reported he needed to manage up front, “When customers call asking for discounted pricing, which is often, I need to explain our higher quality, which they appreciate.” Automated processes were often interrupted by, “Clients taking up a lot of phone time, and even asking for face-to-face meetings—almost always focused on price.” Mr. Lee’s Website was quite clear in describing his service’s advantages, but he felt clients preferred to establish a relationship. “They feel if they can see me in person, it will be hard for me to refuse a favor,” Mr. Lee reported to us.

Chinese customers attribute great significance to interpersonal contacts since such interactions provide opportunities to build mutual understanding and trust. In other situations, such as train ticket purchases, we have observed customers often choose a ticket clerk over a vending machine; despite having to endure long lines of customers. With direct personal contact comes the opportunity to ask questions, deal with problems, and feel the warmth of human responses. Mr. Lee's experience, exposing this cultural preference, reveals how firms benefit from maintaining a person-to-person contact in a way that complements use of electronic channels.

CIT category: IT

The technology of online service delivery is seen as core by respondents, consisting of 34 and 25 percent of satisfiers and dissatisfiers, respectively. System design is the interface experienced during the service encounter and led to satisfaction (10%) when information delivered was perceived as timely and presented within an easy to use interface, "I could see what was still available through the system" (SAT#193).

System design issues caused respondents to experience negative feelings in five percent of all reported dissatisfactory incidents. Poor system design was blamed when respondents experienced a lack of information and privacy concerns, "The information was not clear and the interface wasn't easy to understand" (DIS#200).

The sub-dimension of convenience, 24 percent of satisfiers, is one of the main reasons for online use. Reducing shopping effort and saving time, when experienced, are important to satisfaction, "I can get the product through convenience stores near where I live. I can also pay in the convenience store. It is convenient for me because I don't use credit card" (SAT#177). Most of the technology dissatisfactory incidents are related to convenience, totaling

20 percent of all dissatisfaction reports. Negative mentions are driven by experiences of an unstable system and difficulties in accessing the system supporting online shopping, “The system is so unstable. It crashed right before I was about to finish the transaction” (DIS#298).

Managerial reflection: IT

Mr. Lee possesses an advanced degree in computer software engineering and is nimble in his business site’s development. The competitive advantage of the business, in his mind, is the automated features. Some customers shared this vision, but Mr. Lee often struggled with what he saw as customer inability to complete the most simple of online tasks, “A client called me and told me that the system is hard to use, but it is just a shopping basket, I mean this is exactly what Amazon does.”

Simply executing the process for customers turned out to be much more challenging than Mr. Lee anticipated. Time spent, for example, on creating a secure upload and storage feature, was of little use when clients simply avoided the whole system by emailing their documents--asking for Mr. Lee’s staff to do any uploading required. Thus, one of the core efficiencies of the original business goal was continuously bumping up against what Mr. Lee perceived as inefficiencies.

Mr. Lee reported, “I originally thought we could get away without any front line staff at all. I mean, how hard is it? The clients already have the material in electronic format, but even just logging in often seemed more than they were willing to do.” Convenience for these customers revolved around the ability to call for support over the telephone. Convenience was often understood in a broad sense. So simple online tasks such as selecting a proofreader or uploading a paper became convenient by being able to quickly resort to interpersonal support

Rather than a lean operation, Mr. Lee reluctantly employed staff for answering phone inquiries 12 hours a day, seven days a week. A few customers fully appreciated and took advantage of the technology on offer, “Our very best clients are totally into the convenience the technology brings, and they use all the features, but this is a small minority.”

Emerging from the data is a clear integration of relationship with the service provider, without any separation caused by online interaction. The online component is viewed as the front line employee from years past. In many ways this pragmatic position reflects the reality that people are still at the heart of the system. Interactions with technology, seem like an over emphasis on rules and process that only serve to get in the way of authentic interpersonal interactions. Respondents in this study, in fact, did not lower their service expectations because the interaction was mediated by technology. In fact, whether interacting with automated systems or humans, respondents indicated respect as a source of satisfaction (18 percent of satisfying incidents) and dissatisfaction (16 percent of dissatisfying incidents).

CIT category: Respect

This dimension signals the sellers’ integrity towards supporting the buyer. We label this category *respect* and its significance to e-service encounters is clear with 18% and 16% of satisfying and dissatisfying mentions, respectively. Respect combines satisfactory and dissatisfactory incidents reflecting impressions of the seller’s approach to the e-service encounter through the subcategories of attitude and care.

Respect, when satisfying, draws on impressions of attitude towards the e-service encounter. The customer has a sense of warm attitude when the seller actively services them, “I didn’t know how to shop online. It was the vendor who taught me how, step-by-step on messenger” (SAT#43). This extended to sellers’ actively sharing practical insights: “She also

chatted with me and told me some tips” (SAT#43). Positive attitude also report as the seller’s warm and friendly reactions to the customer’s difficulties in completing purchases, “I got some problem during transfer. Therefore, I delayed the payment for quite a long time. When I contacted the vendor, his attitude was always so chin-chieh, and he contacted me proactively and frequently. It was very sweet” (SAT#15). The seller’s warm attitude, conveyed through patient explanation, led to the possibility of the customer accepting a less than perfect product, “The vender communicated the information patiently and showed the product in details. However, the buyer found a problem with the product (it readily crashed when taking photos). While it is not perfect, it is acceptable” (SAT#199).

Leading dissatisfactory impressions of the seller’s attitude are blaming the customer, “I found the product I received was not clean. I called them and they told me that they did check before sending. They suggested that I was the person who made it dirty. I was very, very dissatisfied with their reaction” (DIS#54). Passively dealing with customers’ questions or problems, closely followed, “The call center replied to me with a bad attitude. It took me lots of time to communicate with them” (DIS#421).

Satisfaction with respect includes the subcategory of care which is not part of the dissatisfactory incidents. Customers refer to the sellers follow up after dispatch, “The seller also called me to ask if I’ve received the product and if the product was correct and without any damage” (SAT#343). Customer evaluations attend to the timeliness of the seller’s follow up, “I can track the exactly time the products would arrive. But before it arrived, he gave me a call” (SAT#114).

Managerial reflection: Respect

Early on, Mr. Lee was convinced service issues just needed some changes in local attitudes. As he told us, during the first six months of operation, “If my clients can just get used to the automated approach, they will like the system.” After another year of operation, Mr. Lee reflected on his earlier attitude, “Everything for Chinese is about developing the relationship. I forgot this during my time in America. When I tried to make the business all online, with as little interaction as possible, I was actually alienating a large part of the market. Some people accepted this, but most did not.”

Mr. Lee recognized customers build “relationships with people—not cold machines” and so reluctantly re-examined his approach. The cost of outsourcing phone support was unattractive while even, “hiring local employees means hours of time supervising their etiquette. They are so passive when looking at a customer account.” Mr. Lee constantly felt pressure to try and improve his staffs’ efficiency and quality of contact to avoid costs that negated the value of his business model.

Clients’ reactions to Mr. Lee’s early attempts to encourage total online independent use of the system were met with resistance and even hostility, to his surprise. He later explained this, “Pushing clients to be independent can easily cause a loss of face, which is something you want to avoid at all costs.” Rather than explanations of how to use the technology, customers were actually seeking a relationship based on respect from Mr. Lee, who pointed out the importance of spending more time with clients, rather than less, “I have to network a lot more than I thought, even attending meetings and retreats hosted by clients.” This reveals the importance of associating people with technology. Chinese customers are not technologically illiterate or adverse, however, they do place an importance on signals – such as

respect – to gauge the genuineness of the firm’s service effort. By associating with his customers, Mr. Lee was actually building trust and communicating trust towards using his software. The technology, in a Chinese cultural setting, is surrounded by the human element. This is in stark contrast to the Western tendency to judge technological systems on their own merits—just the hard and cold facts.

CIT category: Assistance

Policies of return/exchange of online purchases vary greatly across internet firms. It is clearly an issue of risk that consumers pay attention to, but firms must balance with associated costs. Three percent of respondents reported easy return policies as a source of satisfaction, “The vendor offered to collect any returns themselves.” Mirroring satisfaction are two percent of respondents reporting dissatisfaction with return policy, “The vender told me that I can change a new product but I have to pay the post fee myself” (DIS#274).

Managerial reflection: Assistance

Mr. Lee’s business was forced to deal with assistance issues much sooner than he had expected. “My goal is to give my customers the best translation quality, but the problem is, many of them do not know what good quality English is—that is why they need my service to start with,” Mr. Lee reported. Requests for refunds and extended free service began early on, as Mr. Lee pointed out, “Occasionally a client has asked for a refund, but I don’t think that is a customer I can keep or even want, so I am not very open to refunds. I do, however, work with clients, on a case-by-case basis, to give them extra service if they are a client I want to retain.” The translation service turned out to be more heterogeneous than Mr. Lee expected. A clear refund policy would have put much of the business at risk, in Mr. Lee’s perspective.

To avoid requests for refunds on completed translations, Mr. Lee implemented an option for clients to purchase partial translations, jobs where clients could pay an amount they felt comfortable with. When the equivalent amount of translation work was completed, the job was opened for the client to check and approve further work. This circuit breaker or milestone-like approach allowed new customers to gain confidence in the process and product, and greatly reduced refund requests. Mr. Lee pointed out, “By letting a client buy what he or she feels comfortable with and then following up with more contact, we generate a relationship that builds trust.” Effective marketers and sales professionals understand the need to engage with clients’ purchase cycles. Assistance reveals the importance of engaging with clients to understand their purchase preferences. This category did not exhibit any particular cultural overtones. By responding appropriately, Mr. Lee found an avenue to adjust systems in order to better engage with clients’ patterns of purchasing.

Discussion

Customer perception of the constituents of good service inevitably is culture bound (Zeithaml & Bitner, 1996). Online transactions are simply the most recent trend in channel development—not fundamentally altering the importance of culture. A popular view is that global trends represent a standardized approach and homogeneity in customer (dis)satisfaction experiences. These culturally constructed dimensions influence perceptions, even when wrapped in labels that sound universal, like fulfillment and IT. Making such universal assumptions, numerous prominent American online retailers (including eBay, Expedia, Groupon, Amazon, and Yahoo!) overlook subtle, but vital, perspectives and consequently struggle to replicate their success in China and other markets (Wang & Ren, 2012). Our CIT

results indicate this is the case of internet transactions, in Greater China, where respondents raise relationship based perspectives as key contributors to (dis)satisfaction.

Researchers argue that efficiency and fulfillment are critically important to website service quality (Parasuraman et al., 2005). The core e-commerce elements of fulfillment and IT are noted by the current study's respondents as leading to dissatisfaction and satisfaction. These CIT events appear on their surface to be universal, but our action research results show that fulfillment and IT, for individuals, can be culturally bound. This point is reinforced through the dimension of respect, reported by respondents.

Our action research design surfaces the specifics of customers' evaluations of e-commerce encounters. This acts as the basis of reflection for the prototypical e-commerce manager in our study in a way that crystalizes insights towards managing Chinese customers' e-service encounters. We discovered the promise of fulfillment, through automated processes often conflicted with customer expectations of personal access and staff availability. This reflects deep seated culturally anchored preference for how fulfillment is achieved. Our findings suggest a collision between the Western assumption of systems and processes as a route to reliable fulfillment and the Chinese desire for interpersonal interactions that communicate the sincerity of employees, underpinning product delivery (M. J. Chen, 2002; X.-P. Chen & Chen, 2004).

Action research findings show that IT issues are far from absolute. Local management expressed frustration that while developing interfaces following established (Western) standards, clients raised cries of dissatisfaction about unfriendly interfaces. The response was to increase staff numbers and maximize customer/staff interaction, exactly what the original automated approach sought to avoid.

The respect dimension is novel to the Chinese context; not referenced in existing research on e-service quality. Chin-chieh, for example, is integral to respect in the Chinese offline context as it communicates positive signals towards developing relationships (Imrie et al., 2002; Stanworth, 2009). An active approach, also salient to offline encounters, demonstrates sincere attempts to help the customer (Stanworth, 2009). This non-technological issue is a core cultural value that local management reported as a key driving aspect of an online business.

Conclusion

Firms with a strong Web-presence may find fully automated systems of customer service lacking when dealing with service issues in some cultural contexts. Chinese customers expect a more socially integrated approach that reflects a warm attitude and an informed service provider. Customers seek feelings of respect, something a fully automated process is challenged to accomplish. Lack of respect, as a dissatisfier, is made up of events where poor service attitude is subjectively felt, which includes passive service. Given the nature of technology interfaces, how a system can avoid the perception of passivity may be an insurmountable challenge. As Wang and Ren (2012) point out, in relation to Baidu (China's leading search engine):

“Therefore, it has a huge sales force that does an enormous amount of hand-holding with customers, educating them about every aspect of online search and advertising . . . Google may have a better search engine, but we know what Chinese customers need and how to sell to them.”

The current study reveals Chinese customers’ contextualize their service experience within the paradigm of a relationship. Contact with an efficient system, a Western ideal (e.g., Meuter et al., 2000), in the absence of human interaction, communicates the experience as dissatisfying in a way that repels rather than engages the customer. This

distinction for the Chinese online customer is that relations and interpersonal interactions are fundamental (Markus & Kitayama, 1991).

Researchers find differences in Web interface usability across cultures (Nisbett & Masuda, 2003). Chinese culture influenced websites tend to have more elements with independent pieces of information (Reinecke, Schenkel, & Bernstein, 2010), giving them a busy appearance. Chinese may have less of an issue hunting for information than Western users who prefer specific and targeted information to be presented (Miyamoto, Nisbett, & Masuda, 2006), which may reflect an Asian preference for holistic perception. Current results reinforce this holistic emphasis as part of Chinese consumers' online (dis)satisfaction as part of fulfillment, IT, assistance, and especially respect.

Limitations

A number of factors limit the scope and generalizability of this work. The action research approach produces rich descriptive data that it may not be generalizable to all situations. The CIT results are limited to online auction customers and other online businesses sectors in the Chinese context may experience dissimilar service failures and successes. Our (dis)satisfactory dimensions are confirmed through the experiences a local entrepreneur and, although found actionable, may not parallel other manager experiences. Further work can qualify alignment of e-commerce management in Chinese cultural contexts. The dimension of respect is not included in existing quantitative survey's, which is the advantage of grounded work like the current study, however, further quantitative studies can estimate the validity and reliability of the respect dimension.

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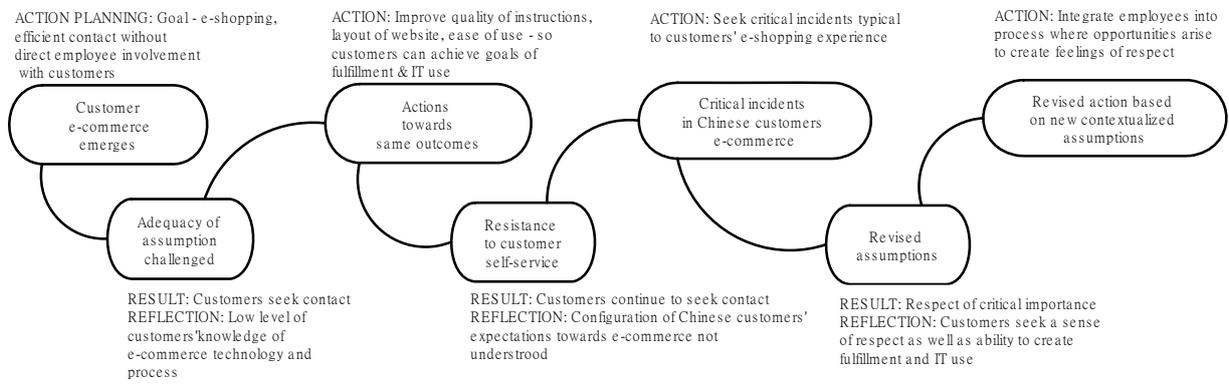


Figure 1 Research flow

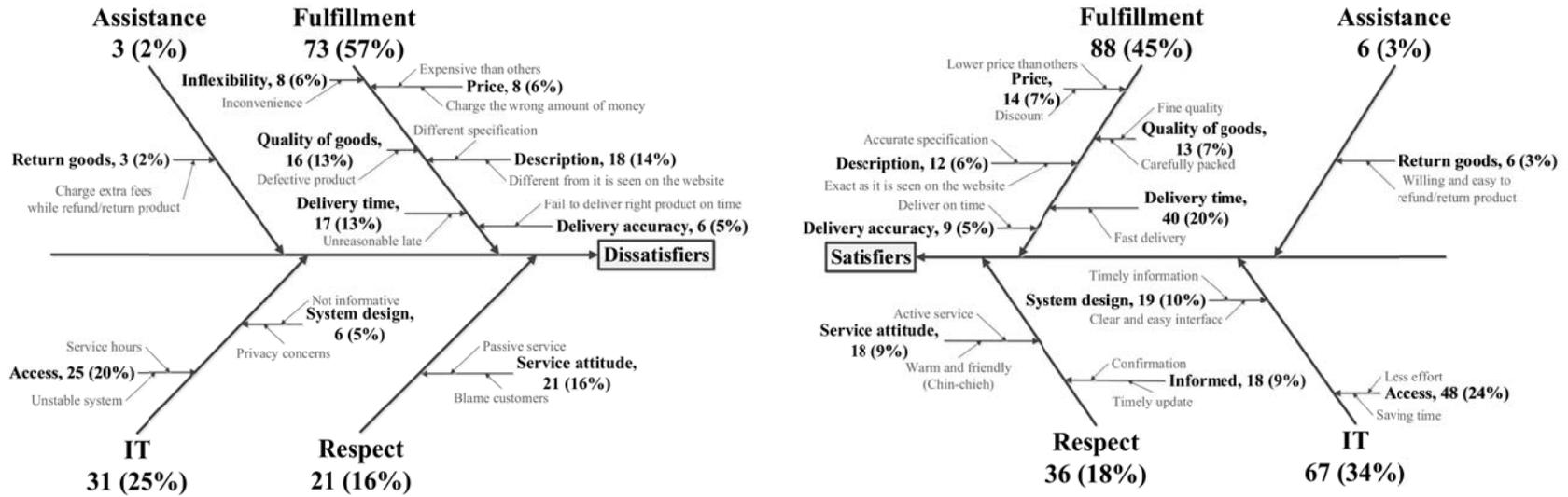


Figure 2 Chinese customer (dis)satisfaction with e-commerce encounters

Appendix 1 – Detailed classification of (dis)satisfying encounter dimensions

Attribute	Satisfying incidents			Dissatisfying incidents			Total		
	N of judgments	% of judgments	N of incidents	N of judgments	% of judgments	N of incidents	N of judgments	% of judgments	N of incidents
1. Respect	36	18%	33	21	16%	21	57	18%	54
Service attitude	36	18%	33	21	16%	21	57	18%	54
2. Fulfillment	88	45%	88	73	57%	74	161	50%	162
Description	12	6%	12	18	14%	18	30	9%	30
Delivery accuracy	9	5%	9	6	5%	6	15	5%	15
Delivery time	40	20%	40	17	13%	17	57	18%	57
Quality of goods	13	7%	13	16	13%	16	29	9%	29
Price	14	7%	14	8	6%	9	22	7%	23
Inflexible	—	—	—	8	6%	8	8	2%	8
3. Assistance	6	3%	6	3	2%	3	9	3%	9
Return goods	6	3%	6	3	2%	3	9	3%	9
4. IT	67	34%	68	31	25%	32	98	31%	100
Convenience	48	24%	48	—	—	—	48	15%	48
System design	19	10%	20	6	5%	6	25	8%	26
Access	—	—	—	25	20%	26	25	8%	26
	197			128			325		