THE IMPACT OF ONLINE SALES ON CUSTOMER SERVICE

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Abstract

The internet has affected the structure and performance of various distribution networks. The goal is to understand what drove the successful introduction of online sales in some networks and not others, and how these networks are likely to evolve. Similar to our consideration with distribution networks, we build a scorecard based on how online sales affect a supply chains ability to meet customer needs and the cost of meeting those needs.

Keywords: Online shopping, retailing, e-tailing**, etc.**

1. Introduction

Online sales are growing at an astonishing rate, with online sales now accounting for around one quarter of the total retail market. Retailers who ignore e-commerce may see their trade lessening as customers continue to shift to ordering products online. We start by studying how online sales affect customer service elements such as response time, variety, availability, customer experience, time to market, visibility, and return ability. We also look at factors such as direct sales and the ability to offer flexible pricing that help companies selling online.

2. Response time to customers

When selling physical products that cannot be downloaded, customer requests take longer to fulfill through online sales than in a retail store because of the shipping time involved. Thus, customers who require a short response time may not use the internet to order a product. There is no such delay, however, for information goods. The Internet has facilitated almost instantaneous access to movies, and books in digital form.

3. Product variety

A company selling online finds it easier to offer a larger selection of products than a bricks and mortar store. For example, Walmart.com offers a much larger selection of products than Wal-Mart stores do. Offering the same selection at a store would require a huge location with a correspondingly large amount of inventory.

4. Customer experience

Online sales affect customer experience in terms of access, customization, and convenience. Unlike most retail stores that are open only during business hours, the internet allows a customer to place an order at any convenient time. Online sales also allow a firm to access customers who are geographically distant. Using the internet, a small specially retail store located near Chicago can reach customers all over the United States or even the world. Access to online sales is limited only by the customers' access to the internet. The internet offers an opportunity to create a personalized buying experience for each customer. For example, Amazon displays product that are related to what customers have recently purchased. Firms that focus on mass customization can use the internet to help customers select products that suits their needs. For example, Pella allows customers to design their windows on the Pella website. For both consumers and companies, online sales can increase the case with which one does business. Customers do not have to leave home or work to make a purchase. For many companies selling online, such as peapod, information from past purchases is used to significantly speed up order placement for the customer.

5. Faster time to market

A firm can introduce a new product much more quickly online as compared with doing so via physical channels. A firm that sells electronics through physical channels must produce enough time to stock the shelves at its distributors and retailers before a starts to see revenue from the new product. A firm selling online, in contrast, makes a new product available online as soon as the first unit is ready to be produced. This is evident at walmart.com where larger new TVs go on sale well before they are sold at Wal-Mart stores.

6. Ordered visibility

The internet makes it possible to provide visibility of order status. From a customers' perspective, it is crucial to provide this visibility because an online order has no physical equivalent to a customer shopping for an item at a retail store.

7. Returnability

Returnability is harder with online orders which typically arrive from a centralized location. It is much easier to return a product purchased at a retail store. The proportion of returns is also likely to be much higher for online orders because customers are unable to touch and feel the product before their purchase. Going online thus increases the cost of reverse flows.

8. Direct sales to customers

The internet allows manufacturers and other members of the supply chain that do not have direct contact with customers in traditional channels to get customer feedback and build a relationship with the customer. Social networking channels such as Feedback and Twitter allow firms to pitch products and promotions directly to customers.

9. Flexible pricing, product portfolio, and promotions

The changing prices and assortments online, the internet allows a company selling online to manage revenues from its available product portfolio much more effectively than do traditional channels. Promotion information can be conveyed to customers quickly and inexpensively using the internet as long as the business has access to its customer network. Group on is one company that has used social networking online to push promotions to customers.

10. Efficient funds transfer

The internet and cell phones can enhance the convenience and lower the cost of revenue collection, especially in small amounts.

11. Conclusion

The rise of online sales has affected both customer service and costs in supply chains. Online sales allow a firm to offer greater product variety and improve product availability by centralizing inventories. This is especially beneficial for low-volume, high variety products. The online channel also improves the customer experience by providing 24 hour access and allowing a more customized experience.

12. Reference

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