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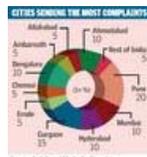
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Even as e-commerce firms try to get their models right, impatient consumers are crying foul – on online forums.

January 4, 2012: A March 2011 study by IAMAI and IMRB evaluated reasons why people looked for information but did not shop online. Ninety-nine per cent cited lack of trust: on safety of personal information and online financial transactions, and quality of merchandise. No wonder then that an estimated 80 per cent of the industry, pegged at over Rs 46,500 crore last year, belonged to ticketing, where the 'product' is known, and the transaction can be done by the neighbourhood travel agent – or Internet cafe assistant.

More than product issues, 2011, the year e-Commerce 'arrived' in India, saw cancellation of orders by service providers, delays in shipments, and delays in refunds being major themes of consumer dissatisfaction.

DELAYED? CANCEL!

One of the trends driving online product sales is the huge discounts on premium brands. Wafer-thin margins mean that companies are unlikely to stock up on inventory. And sometimes are unable to source on time.

FashionandYou.com estimates that 2 to 5 per cent of orders do not get fulfilled in the normal course. This number is reducing, says Pearl Uppal, Founder and CEO. "When we offer a 70 per cent discount, we have to operate on a no-inventory model. After we get an order, the inventory moves to the warehouses.



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In the last four months, the orders not getting fulfilled have dropped while sales have gone up," says Uppal.

Indiaplaza.in (formerly Fabmall) follows a no-warehouse model. The products are moved directly from vendors and distributors to consumers, resulting in marginally higher cancellations or delays, admits Founder and CEO K. Vaitheeswaran — but it's by design. "If I don't have a warehouse of my own but have a well-humming engine at the back-end, I would be able to deliver 92 or 95 per cent of my orders on time. With our own warehouses, the number would be 98 per cent. I don't want to keep all my customers happy; I want to make sure my business is profitable. As you scale up, can you afford to have warehouses the size of football stadiums?" he counters.

There are other perspectives too. **Naaptol.com** has 25 per cent of its business coming from its portal today (the rest being through tele-shopping), up from less than 10 per cent a year ago. Irrespective of the mode of ordering, consumer-led cancellations (7 to 8 per cent) are due primarily to delayed shipments. When the total shipments stand at 8,000 to 10,000 a day, those are gaps to be plugged. Manu Agarwal, Founder and CEO, believes that localisation is the way to go — to get close to the customer with owned warehouses. Naaptol's warehouses in Hyderabad and Mumbai now have a sibling in Delhi. There will be more.

"The logistics infrastructure in India is such that shipments do get delayed, and there are damages in transit in some cases. Unless we localise our logistics model, transit times will be high," adds Agarwal.

For **Snapdeal.com**, which deals with products (since the last six months) and localised services (since inception in February 2010 — restaurants, parlours, and such), the consumer grievances are felt more — predictably — at the products end. A hybrid model of holding inventory depending on category has helped ensure sourcing efficiency, explains Sandeep Komravelly, Head of Marketing. "It's practically impossible to have your own delivery model. Logistics partners typically have a reach of around 1,500 towns. When an order comes from beyond these towns, more partners are involved," he adds.

DELAYED REFUNDS

For players such as **Shopyourworld.com**, which deals with imported electronics goods, delay in customs clearances can mean delayed shipments — and cancellations. The other big source of dissatisfaction is delay in refunds. For Sandip Shah, Managing Director, consumer dissatisfaction is a cause for concern he wants to address.

He explains, "A lot of players face these issues. When the money gets paid by credit cards, sometimes banks take time to make the return. When it is in our control, as in the case of returns in Shopyourworld 'rupees', we do it in 24 hours."

A view shared by Indiaplaza's Vaitheeswaran: "We process the refund in 48 hours, as promised to the consumer. We are told by the bank that the refund should reflect in the consumer's account in three to four days. In our experience, it takes seven to 10 days. The consumer is not worried about where it gets delayed. They will blame us."

According to Naaptol's Agarwal, credit card refunds are not so much of an issue as COD refunds — a cheque has to be sent to the consumer. On average, it takes over 15 days for it to be credited to the consumer, he says.

Snapdeal's Komravelly adds, "With online payments, there are payment gateways and banks involved. With COD, there is a partner handling last mile delivery and collecting payments — there is a consolidation cycle involved. Where relevant, we offer to replace the product."

VENTING ONLINE

When consumers are unhappy, they talk more. And on social media, anonymity serves not just as a catalyst, but propels consumer angst into exaggeration.

Anonymity also does other things such as the creation of fake comments, as consumer reviews site Mouthshut.com has discovered over time. According to Mouthshut, e-Commerce sites are engaging in fake social media reviews now, something a few large brands in other categories did a few years ago. They have since matured and we need to give e-commerce players some time to do the same, says a spokesperson. He was responding to a *BrandLine* query on a large



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COLUMNISTS

A. Seshan

e-commerce player posting multiple positive comments on Mouthshut, which were subsequently removed.

“It’s not one player but many who are doing this, on and off. But we have systems tuned to detect fake reviews, abusive language and the like. More importantly, readers on sites such as ours can make out themselves when it’s a fake review,” he adds.

The virality and immediacy of the Web ensures that an impression is made on consumers, even if comments are false. With the nature of business being online, the impact of negative social media visibility is more on e-commerce players.

“There are many comments on social media — positive for one’s own company and negative against competition — that are stage-managed. Unfortunately, consumers don’t see such things, only the comments,” explains Vaitheeswaran. He notes that the anonymity of social media is being abused.

Indiaplaza is on the look out for a social media agency, while Shopyourworld is going to focus on social media complaints too. Naaptol does not have a social media team *per se*, but a team of people monitors consumer complaints to address them instantly.

“We believe that you cannot and should not suppress feedback on social media but rather act on them. The only way to address the situation is to ensure the consumer has a positive shopping experience,” says Naaptol’s Agarwal.

Fashionandyou is admittedly aggressive on customer relationship management on social media — inevitable, according to Uppal, in a ‘2.0 world’. “Customers tend to feel that social media is a place where their voice is heard better.

We are 24x7 on social media, addressing their complaints,” she adds.

Admitting there is scope for improvement, Snapdeal’s Komravelly says the number of complaints is minuscule when compared to the growth of e-commerce.

With expansion of the e-shopper base and number of e-commerce players, will service quality — and hence consumer satisfaction — decline? Players respond that with scale will come an improvement in efficiencies, and possibly a shake out. Perhaps then, the consumer will be e-King.

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