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**Value creation using social media
in a virtual business model: how
Amazon approaches customer
service on twitter**

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ABSTRACT: With the growing popularity of social media sites, consumer-focused businesses across industry sectors have started conducting both promotional activities and customer service related interactions via the same platforms. Companies can no longer hope to keep expressions of customer dissatisfaction hidden from the public eye. This preliminary qualitative study examines the exchanges between Amazon and their customers on the micro blogging platform Twitter from over a period of 18 days. 2385 conversations involving 6518 tweets were analyzed and coded to achieve an understanding of how an online shopping site is approaching promotions and customer service issues. The study provides insight on how Amazon uses Twitter to interact with customers in relation to their enquiries, suggestions, and negative and positive feedback.

KEY WORDS: *customer service, social media, virtual business, value creation, e-word of mouth*

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1. Introduction

Closer integration with customers can add a responsive component or agility to a company's lean supply chain practice [1]. Day [2] suggests that fostering customer relationships by getting closer to customers is one of the fundamental keys to success. As highlighted by Green [3], the new generation of customers are immersed in an on-demand culture where they access and share information publicly via online social media platforms regardless of time or location. This has led to companies re-examining their business process in relation to customer interactions. The growing popularity of social media caused many companies to quickly adopt the trend. An analysis by Gartner predicted that by 2015, 20% of organizations that utilise social media beyond their marketing function will lead their industry in revenue growth [4].

Since its launch in 1995, the online retailer, Amazon, has come a long way. Starting its life as an online bookstore, Amazon now sells a wide variety of products via its website and is the largest online retail firm in the world. The company recognized the need for building its presence on social media platforms such as Twitter, Facebook and LinkedIn in order to get closer to customers and their peer groups. In 2011, Amazon hired a director of social media to spearhead their efforts in this area [17].

2. Literature Review

With the industrial revolution and the increasing attention to supply chain practice, the focus has shifted from a product-centric or push strategy [5] [6]. Customers consistently perceive firms that prioritize receiving and responding to customer opinions, as providing not only higher service quality, but also better physical product quality and employee performance [7]. A study by Lado et al. [8] showed that customer orientation is positively related with supply-chain relational capabilities, including "long-term relationship", "inter-organizational communication", "cross-functional teams", and "supplier involvement". Brady and Cronin [9] suggested that a "market information system" is required for collecting, analyzing, and distributing information of customer needs. An effective customer relationship management (CRM) system must be supported by business process, organizational culture, and technology [10].

Attitudinal data which included "interests, perceptions, preferences, beliefs, degree of involvement or criteria of choice, and reaction to alternative offers" is essential for a company's ability to predict instead of react [11]. Direct observation, focus groups, and market surveys are common methods in gathering this data, yet there are drawbacks of subjectivity and high resource investment. One of the keys to enhancing a firm's ability to understand and collaborate with customers is through interactive two-way communications between customers and organizations [12]. However, this interaction needs to occur in a non-threatening environment in order to best acquire valuable data [13]. CRM 2.0 or social CRM (combination of CRM and social tools) provides a great opportunity for such interactions [3].

3. Data Collection and Analysis

Amazon interacts in with customers in multiple languages via the @AmazonHelp customer service account on Twitter. This article examines 6518 tweets posted over a span of 18 days on the Amazon Help page (<https://twitter.com/AmazonHelp>) to understand the patterns of customer interaction during the peak period of Christmas and New Year. The data was retrieval from Twitter was automated by using a script written by the third author.

Content analysis was the main technique employed in this research. According to Krippendorff, [14] "content analysis provides new insights, increases a researcher understanding of particular

phenomena, or informs practical actions”. It is a technique suitable for analysing web-based content [15]. In this research, inductive content analysis was used. Inductive content analysis allows categories and issues to be derived from data without any predefined theories or prior assumptions [16]. Analysis and coding of the 6518 tweets was jointly performed by the first two authors.

4. Findings

The @AmazonHelp account on Twitter provides customer support helpdesk that allows customers to provide a range of feedback and request information. Figure 1 shows categories developed based on an analysis of the conversations. Out of 2385 conversations, 983 conversations (41.2%) were initiated with negative feedback or complaints (i.e., expression of negative sentiment) and amongst these, only 29 complaints got resolved on twitter. The rest were directed to Amazon’s customer service team through a link. Conversations in other languages constituted 9.4% of the total number of conversations and were not included in further analysis. Incomplete conversations (i.e., those conversations which were not completely within the time window of data collection) were also excluded from further analysis. Customer enquiries (26.8%) constituted the second largest set of conversations.

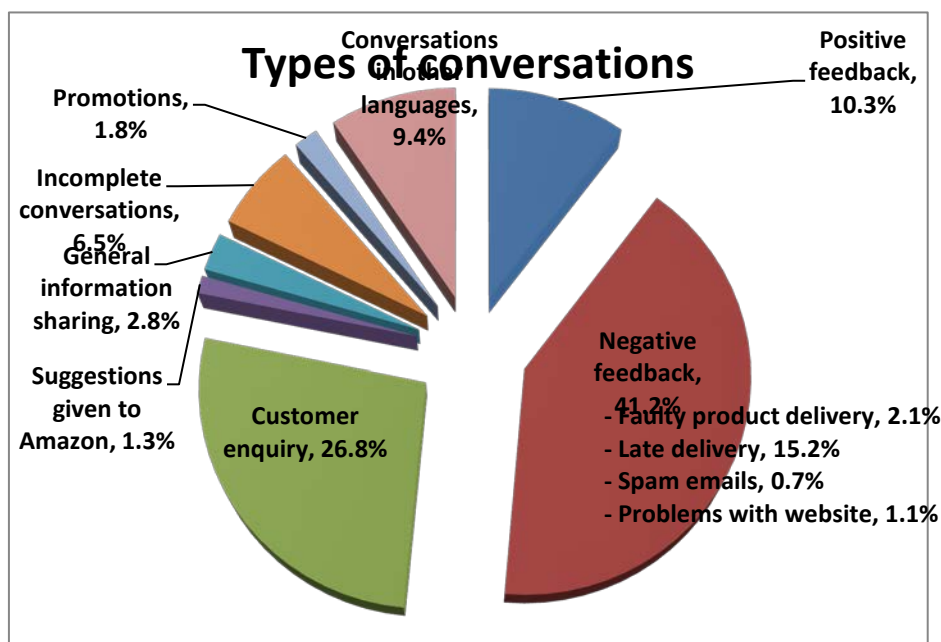


Fig. 1. Types of conversations identified from Amazon’s official customer support page on Twitter

With a number of of third party logistics companies and product suppliers involved in its supply chain, the interactions on Twitter provides Amazon with insight into the performance of partners. From the 983 conversations involving negative feedback or complaints (41.2%), 362 conversations (15.2%) were about late deliveries to customers by logistics companies like UPS, Fedex, DHL, Swedish Post and others. The conversations suggest opportunities for improvement in the delivery turnaround times of these companies during the Christmas and New Year holiday peak period. Interestingly, a majority of the customers complaining about late deliveries were Amazon prime customers who were entitled to free two-day shipping. Table 1 presents an example of a conversation regarding late delivery.

Table 1. A conversation regarding late delivery

Date/Time	Tweets	Username
Fri Dec 06,2013 20:23:29	Hmmm, well it's good to know that my @amazon package is still on schedule to be delivered on Thursday, Dec 5th, by 8pm....	PopeJewish
Fri Dec 06,2013 20:42:06	@popejewish Sorry your order didn't arrive when expected. Which one of our sites did you place the order on?	AmazonHelp
Fri Dec 06,2013 20:48:36	@AmazonHelp http://t.co/maXHmqJGkw , it's only a day late though. Was gonna file something tomorrow if still no package	PopeJewish
Fri Dec 06,2013 20:56:51	@popejewish If your order doesn't show up tomorrow, please let us know: http://t.co/qS9TPfPL9o so we can help.	AmazonHelp

During the data collection period 246 conversations were initiated with positive feedback (i.e., positive sentiments) were also posted. Table 2 shows an example of a conversation involving positive feedback. Customers commented on the ease of shopping with Amazon (9%) and on-time/ahead of time/quick delivery service provided by Amazon and its outsourced logistics service providers (21.5%). But positive feedback with regards to timely delivery constituted only 2.2% while the conversations regarding late deliveries constituted 15.2% of the total.

Table 2. A conversation involving positive feedback

Date/Time	Tweets	Username
Thu, Dec 19, 2013, 09:00:14	@amazon You all are truly amazing, I had my package stolen from my door and you all helped me out and haven blown me away! Thank you so much!	iamExilez
Thu, Dec 19, 2013, 12:16:15	@iamexilez Thanks for the kind words Tony! I love it when a plan comes together.	AmazonHelp

The loss of packages during transit, damaged products and a lack of timely problem resolution constituted key sources of disappointments that customers shared on Twitter. Logistics companies like UPS and Fedex seemed to be responding to customer queries on delivery related issues but failed to provide resolutions right away and/or directed queries to their own customer service platforms.

Customers also provided suggestions with regards to improvements in Amazon's current services, the replacement of some existing logistics service providers and additional features for the Amazon website. Table 3 shows an example of conversation involving a suggestion from a customer.

Table 3. A conversation involving a suggestion from a customer

Date/Time	Tweets	Username
Fri Dec 06, 2013 19:46:41	I would love it if @amazon would let me know when something on my wish list is going to be on lighting deal on that day.	H8dacold
Fri Dec 06, 2013 20:03:16	@h8dacold Thanks for the suggestion! I've passed it along to the correct department for you!	AmazonHelp

From the content analysis, a total of 640 conversations were initiated with customer enquiries. These involved queries with regards to refunds for products delivered to wrong address (0.9%), delivery of broken/faulty products (7.0%), and customers requesting cancellation of orders due to late delivery (3.9%). A significant proportion of enquiries were made in regards to refunds for membership cancellation made by prime customers who had received late deliveries on several occasions (26.6%). Table 4 shows an example of an enquiry based conversation. In this example, the customer is communicating with Amazon simultaneously via Twitter and online chat.

Table 4. An enquiry based conversation

Date/Time	Tweets	Username
Sat Dec 21, 2013 15:45:55	@amazonhelp hi, ordered a gift to be shipped to recipient, hasn't arrived yet but got email from you about returning it? Can you help?	LindsTR
Sat Dec 21,2013 15:53:53	@lindstr We sure can, please contact us using this link: http://t.co/EKXRLsnxJu .	AmazonHelp
Sat Dec 21,2013 15:55:45	@AmazonHelp thanks. The email I received came from cs-reply@amazon.com. Is that legit?	LindsTR
Sat Dec 21,2013 16:27:37	@lindstr When you contact us, we'll be able to verify. For info on how to identify e-mails that aren't from us: http://t.co/UAGZkT520L	AmazonHelp
Sat Dec 21,2013 16:29:10	@AmazonHelp I'm currently chatting online with a customer service person who doesn't understand what I'm saying, so I am sending an email.	LindsTR
Sat Dec 21, 2013 16:54:12	@lindstr Ok that sounds good. Keep us posted.	AmazonHelp

One of the expected benefits of social media based customer problem resolution is the ability to swiftly address complaints and generate electronic word of mouth (eWOM) via positive customer-to-customer interactions in the context of the product or organization. In Amazon's case, directing customers to their own customer service platform may serve as a means of keeping additional negative feedback or dissatisfaction with query resolution from being visible to a broader audience. Table 5 presents two conversations in both of which customers were directed to Amazon's customer service platform. The customer in the first conversation did not return to Twitter to provide further negative feedback. In the second conversation, the customer returned to the social media site to voluntarily report satisfaction with query resolution.

Table 5. Tweet directed to internal customer resolution platform for Amazon

Date/Time	Tweets	Username
A conversation where negative feedback is directed to Amazon's customer service platform:		
Sun Dec 22,2013 02:33:40	I actually hate that @amazon has been using the USPS for their 2 day Prime shipping. Have had more issues this year than ever. Not happy.	mrslion16
Sun Dec 22,2013 02:42:24	@mrslion16 We can take feedback about this for you. Use this link to reach us: http://t.co/EKXRLsnxJu	AmazonHelp
A conversation where a query is directed to Amazon's customer service platform:		
Sat Dec 21,2013 04:20:00	@AmazonHelp need help with a package containing Christmas gifts that says the package was left in a facility according to ups tracking pls.	courtasee
Sat	@courtasee Has the package missed the delivery date shown	AmazonHelp

Dec 21,2013 here: <http://t.co/y502OKh8RS>, if so, please contact us:
04:50:37 <http://t.co/Cmwa5UxvsH>
Sat @AmazonHelp all resolved thanks to customer service. Thank courtasee
Dec 21,2013 you!!
23:56:06
Sun @courtasee You're welcome! So glad to hear we could help. AmazonHelp
Dec 22,2013
00:28:42

Spam emails can be a significant source of problems for companies and their customers. Amazon recognizes this problem and provides its customers with advice regarding identifying whether an email is indeed from Amazon [18]. Out of 17 conversations regarding spam, 23.5% of conversations were about emails received by people who had not ordered anything from Amazon. Customers complaining about continuing to receive emails after unsubscribing from Amazon's newsletter or promotional emails contributed to 29.4% of the conversations regarding spam.

5. Discussions

Although Amazon has provided customer review sections on its website for a long time it has arrived on the social media scene relatively late [17]. With the hiring of a Director of Social Media in 2011, it has been focusing on developing its social media strategy. This preliminary research which examines the interactions between customers and Amazon, using the customer service account @AmazonHelp on Twitter, suggests that Amazon takes its social media based interactions with customers seriously and attempts to provide prompt and appropriate responses. Customers appear to contact Amazon to provide both positive and negative feedback as well as raise queries and share general information. It is possible that since the analysis was carried on data collected over the Christmas and New Year period, there were a high number of complaints related to late delivery. While further research would provide insight into whether these problems are as significant in other parts of the year, the feedback from customers could potentially be used by Amazon and its logistics service providers to improve their processes during peak periods.

The ubiquitous nature of social media is fostering business process changes in relation to customer relationship management. If managed well, the quality of customer service and the problem resolutions being provided via social media can serve to promote companies and their products to a global audience. The authors are currently involved in data collection and analysis activities that identify social media strategies and trends across a range of different industries.

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