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Abstract

Redress is an important customer support mechanism in B2C e-business to win customer confidence in online purchases. Although some form of redress has been considered in different parts of the world, it is still at an inception stage regarding its application to B2C e-business. This paper introduces redress and provides an explanation of themes related to redress in B2C e-business identified from a review of literature. The focus of this paper is on the role of redress in B2C e-business; allowing consumers access redress, and how redress an important aspect of customer relationship management as well as trust in B2C e-business. The paper highlights the need for research on redress in B2C e-business.

Keywords: B2C E-Business, Consumer Complaint, Redress, Trust.

1 Introduction

E-business is now a well developed trade, which has dramatically changed the traditional business concepts, transactions and relationships between suppliers and consumers globally (Egan et al. 2003, Elifoglu 2002). Business to consumer (B2C) e-business revolution has changed its focus from web site design and transaction issues (Turban et al. 2006) in the last decade to more intrinsic developments of customer service including customer relationship management (Chen, Chen and Kazman 2007), reverse logistics (Dissanayake and Singh 2007), personalisation (Stavrakis, Darzentas and Darzentas 2008), trust and security issues (Pittayachawan, Singh and Corbitt 2007). Consumers are taking advantage of the benefits of B2C e-business such as convenience, time and cost savings, more options, quick search and electronic payment methods. The

suppliers are capitalising on the operational gains of e-retailing and global markets. E-business transactions around the world are taking place in millions of dollars. In the USA retail e-business transactions in 2008 resulted in $1,018.8 billion, (U.S. Census Bureau 2008), in Canada it was worth $12.8 billion in 2007 (Statistics Canada 2008), in the United Kingdom (UK) it was $116.6 billion (eMarket 2008) and in Australia $11.35 billion in 2006 (ACNielson 2009). Although e-business offers operational advantages over traditional business (Colby & Parasurawan 2003) and convenience (Venkatraman 2000) to consumers, Wymbs (2000) emphasises that e-business is still not without challenges.

Many consumers, are still reluctant to engage in e-business purchases because of a lack of confidence in online merchants, and trust to engage in exchanges that involve online payments (Cho 2004, Gefen et al. 2008). Types of e-consumer complaints recorded by the Australian Council for Consumer Complaints (Australia Government The Treasury 2002), include misleading advertising or prices, domain name changes, pyramid selling, unsolicited goods or services, warranty matters, anti-competitive measures and unconscionable conduct. Therefore it is imperative to have a complaints system and redress for consumers in the B2C e-business to enhance trust in this business arena.

In this paper we present and discuss a review of literature on the role of redress, the consumer complaints, how customers voice their complaints, why redress is a business opportunity and how redress enhances consumer trust.

1.1 Redress

According to Mattila and Wirtz (2004) redress is the initiation of a complaint action on the aggrieved consumer's part, to rectify a problem. The consumer could be seeking a replacement, a refund, or a repair, depending on the type of dissatisfaction with online purchase. Ha and Coghill (2007) explain that redress is the provision of internal complaint handling systems and services to resolve disputes. According to OECE (2005) redress refers to compensation or economic return, whether in the form of a monetary remedy (replacement for damages, restitution, or other monetary relief) or a remedy with a restorative element (exchange of good or service, specific performance or rescission of a contract).

In traditional business, redress refers to post-purchase complaint requiring some form of compensation or satisfaction. Consumer redress needs were studied from the perspectives of needs and responses, while from manufacturers' perspective, regulatory approaches were considered (Diener & Greyser 1978). This was initiated in the USA in 1969, which allowed consumers the right to express their dissatisfaction and have their complaints heard, reviewed, investigated, and receive feedback and compensation (Hogarth & English 2002).

Developments on redress for e-business date back to 1999 when OECD (Organization for Economic Co-operation and Development) developed guidelines for consumer protection in the context of Electronic Commerce to address consumer complaints and resolve disputes. The developments of consumer protection and redress guidelines continued, with the introduction of International Consumer Protection and Enforcement Network (ICPEN) (ICPEN 2008), the International Chamber of Commerce (ICC) (ICC 2003 & 2003a) and International Standards Organizations (ISO) (OECD 2005).

In 2007, a new improved recommendation on Consumer Dispute Resolution and Redress was developed by the OECD member countries (OECD 2007 & OECD 2005). In 2005 European Union (EU) launched ECC-Net and it is an EU-wide network to assist consumers seeking redress for cross-border complaints and disputes. In Australia, the Australian E-business Best Practice Model (BPM) was developed and released by the Australia Government Treasury in 2003 as a set standard for consumer protection in e-commerce, and businesses were encouraged to deploy redress in online sales. In 2006, Australian Guidelines for Electronic Commerce replaced BPM (Australia Government Treasury 2007) with the objective to enhance consumer confidence. To do this they provided a set of guidelines to help businesses deal with online consumers, of which redress is a standard. The Commission of the European Community (2008, p 2) supported B2C e-business in EU countries by providing "access to redress consumers when their rights are violated by traders promote confidence in the market and improves the performance of e-business". This was also to promote retail in the European Union online market and protect cross-border customers.

The above schemes indicate that redress has been recognized as an important element for promoting B2C e-business. However, the schemes are high level and legislative based; at this stage they do not address consumer issues directly. Furthermore, consumers are not aware of these schemes and how redress will affect them when they make a purchase from a B2C online merchant.

1.2 Redress and Consumer Complaint

A consumer's propensity to complain about an unsatisfactory experience is contingent upon the perception that he/she is able to effectively lodge his/her issue with an appropriate authority. The complaint efficacy leads to the perception that the effort to voice the complaint will result in a renewed sense of satisfaction (Susskind 2005). Consumers seeking redress and repatronage are highly dependent on their perception of the outcomes they will receive (Blodgett, Granbois and Walters 1993). Consumers are more likely to express their dissatisfaction and voice their complaints if they have an optimistic perception that businesses will respond to their concerns (Chebat, Davidow & Codjovi 2005, Karatepe & Ekiz 2004). This view is supported by Dolinsky (1994), Crie (2003) and Spreng, Harrell & Mackoy (1995), who suggest that if consumer complaints are well handled, easy to access, flexible and a simple process, consumers are more likely to take advantage of redress and shop online confidently.

However, there is ample evidence that many businesses do not handle consumer complaints effectively. Consumers are often unable or reluctant to complain due to a lack of appropriate complaints channels and services (McCollough, Berry & Yadav 2000). A proper system to redress complaints will also help businesses to understand the type of customer services and relationship management issues critical for B2C e-business (Jones, McCleary and Lepisto, 2002). An efficient and effective consumer complaints system will enhance consumer satisfaction as well (Ngai et al, 2007). Thus resolving problems successfully will have a positive influence on consumers (Abrams & Paese1993) encouraging them to make return purchases from the online supplier. This view is supported by Tax, Brown and Chandrashekaran (1998) who suggest that satisfaction with consumer complaint handling has a direct impact on trust and commitment from consumers.

Types of consumer complaints that require redress according to the Australian Best Practice Model (2003) include merchandise or service never received (28%), failure to honour refund policy (7%), billed for unordered merchandise or service (6%), unauthorised use of identity/account information (4%), cannot contact merchant (12%), merchandise or service not in conformity with order (3%), other misrepresentation (3%), failure to honour warranty or guarantee (3%), other variations (17%), undisclosed or unsubstantiated charges (3%) and defective or poor quality (4%). Dissanayake and Singh (2007) reveal that in the Australian E-Business, customers seek redress for damaged products, delivery of wrong products due to ordering error, warranty and guarantee, late delivery, and expired products.

In B2C e-business transactions, redress is not just a mechanism that allows consumers to make a complaint (Liu & McClure, 2001), it gives businesses a second chance to restore trust. In view of this, redress to consumers are grounded in the belief unresolved issues can lead to lost of consumers to other businesses (McAlister & Erffmeyer 2003, Defranco et al. 2005). Ha & Coghill (2008) is of the opinion that consumers can enforce redress by demanding an appropriate complaints system. Karande, Magnini and Tam (2007), assert that encouraging consumers to voice their complaints in most cases enhances consumer satisfaction rating. The information gathered can be disseminated and used in the businesses for enhancements and preventive measures in B2C e-business transactions (Gursoy et al. 2007). Similarly, Mittal, Huppertz & Khare (2008) suggest that the opportunity of capturing feedback from consumer complaints also helps reduce perceived risks and develop relevant redress mechanisms. Thus it is important for businesses to provide consumers complaint channels.

Literature discussion above emphasises on the need for an effective consumer complaint system, and a quick and satisfactory response to the complaints to win consumer confidence. It is also apparent that types of consumer complaints vary from receiving the wrong product to wrongful billing.

2 Redress is a Business Opportunity

An effective recovery process is an opportunity, for business to mitigate reprisal from consumers (Maxham 2001). Consumers who experience a good recovery would show enhanced levels of satisfaction and increased future purchase intentions (Ok, Back & Shanklin, 2006). Tyrrell and Woods (2004) suggest that service recovery restores consumer confidence and satisfaction.

A proper redress is a business opportunity for developing an effective customer service and maintaining customer relationship in B2C e-business (Jones, McCleary and Lepisto, 2002). The complaint handling strategies businesses deploy will establish greater business reliability (Hart, Heskett & Sasser 1990). Redress is also an essential part of marketing feedback for businesses (Ong 2005). Therefore, redress is an opportunity in B2C e-business practices, and helps businesses win consumers and achieve success.

2.1 Redress and Customer relationship Management

Some researchers suggest that a business recovery effort can reinforce customer relationship. Customer relationship management (CRM) is about knowing and understanding your customer better and effectively using that knowledge to capture their total experience with business, and to boost revenue growth and profitability (Stefanou, Sarmaniotis & Stafyla 2003).

In B2C e-business, CRM is creating value and providing support services for the consumers (Boulding et al. 2005). A successful CRM requires attachment to a stable and consistent approach that focuses on the objectives of maintaining customer relationships and solving their problems and addressing issues to improve the overall services in general (Cho et al. 2002 & 2002a). However, successful CRM cannot work alone; it requires services to handle, resolve, and manage solutions when consumers seek redress to improve the overall CRM in the business. Hence, it is not good enough for a business to claim to be CRM focused, it matters what and how it manages the relationship.

An integrated approach to CRM is with re-engineering customer value through better service recovery (Chen & Popovich 2003) with reactive and proactive efforts to mitigate and restore any damage caused to consumers. CRM also helps aggrieved consumers receive support and satisfaction (Valenzuela et al. 2006, Ok, Back & Shanklin 2006). Handling consumer complaints satisfactorily and redressing their issue is maintaining a good customer relationship management in e-business.

This is supported by Cho et al. (2002 & 2002a), Zineldin (2006), Mithas et al. (2005), Kanousi (2005), and Larivière & den Poel (2005) who are addressing redress as an important aspect of CRM for customer satisfaction and trust. Redress is thus important for consumers and for the CRM strategies.

2.2 Redress and Trust

Redress and trust are important concepts in B2C e-business. Holmes & Rempel (1989) are of the opinion that consumer trust is strengthened if businesses are reactive in acknowledging and addressing consumer issues winning their trust. Consumer trusting beliefs, satisfaction and emotion also influence consumer confidence subsequently increasing trust in B2C e-business (Liao, Chen & Yen 2007, Ajzen 2002). In B2C e-business, trust exists when consumer has confidence in business's benevolence and integrity (Jøsang, Keser & Dimitrakos 2005, Wu & Chang 2006), making redress another resources for trust.

Earlier studies on the success of B2C e-business from Gefen & Straub (2004), Grabner-Kräuter & Kaluscha (2003), and McKnight et al. (2002) emphasise on the importance of winning consumer confidence to commit to a purchase. When consumers have confidence in sellers' reliability and integrity (Morgan & Hunt 1994), trust will develop in the B2C e-business (Tax, Brown & Chandrashekaran, 1998). Redress is an essential element of trust in B2C e-business (Katsh 2006, Cullen & Reilly 2007, Ong 2005, and McKnight and Chervany 2002).

Some of the concerns of consumers in the B2C e-business environment include risks of delivery of the right product, the possibility of wrongful billing, risks with credit card information (Mahmood, Bagchi & Ford 2004), fraudulent website (McKnight &

Choudhury 2006), prolong delivery and selling the consumer's private information to other organisations (Pavlou, Liang and Xue 2007). These perceived risks associated with e-can easily be won with redress and improve trust. Redress therefore supports trust in B2C e-business (Kim & Kim 2005). Hoffman and Novak (1999) and Srinivasan (2004) have supported this view by explaining that, consumers feel they lack control over transactions in e-business, making trust an important aspect of B2C e-business. Also, knowledge of redress enhances trust which supports e-business transactions (Tan & Thoen, 2002, Suh & Han 2003, Tang 2007, Jones 2003, Jarvenpaa, et al. 2000, Ruppel et al.2003).

3   Discussion

The above discussion of literature as well as the opinions of Brewer (2007) and Ha & Coghill (2008) emphases the need for a proper framework for consumer protection in terms of redress. This is supported by Calliess (2006) and Rule & Friedberg (2005) who suggests that redress will enhance mutual trust and confidence in global B2C e-business. From the analysis of literature discussed above, the themes that emerge from redress in B2C are presented in Table One below.

Table 1: B2C E-Business Redress Themes

Literature on Redress	Literature Sources	Themes
Redress is at a developing stage in different parts of the world to support B2C e-business	OECD (2005& 2007), ICPEN (2008), ICC (2003 & 2003a), Australia Government Treasury (2007), The Commission of the European Community (2008, p 2), European Union (2005)	Redress is the much needed complaint action in B2C
B2C e-business complaints can range from error in ordering to the delivery of damaged goods	Dissanayake and Singh (2007), Mahmood, Bagchi & Ford (2004), McKnight & Choudhury (2006), Pavlou, Liang and Xue (2007), Australian BPM (2003)	For redress in B2C e-business it is imperative to allow a customer complaint system
Redress will enable businesses to understand what customers require helping them to improve customer service	Jones, McCleary and Lepisto (2002), Liu and McClure (2001), Gursoy et al. (2007), Mittal, Huppertz & Khare (2008), Ong (2005)	Redress is a business opportunity
Business are starting to look at redress as an important aspect of CRM	Chen & Popovich (2003) Cho et al. (2002 & 2002a) , Zineldin (2006), Mithas et al. (2005), Kanousi (2005), Larivière & den Poel (2005)	Redress is a type of customer relationship management
An effective customer complaint system and return service to customers wins customer confidence and gives credibility to business	Hart, Heskett & Sasser (1990), Dolinsky (1994), Spreng, Harrell & Mackoy (1995), Tax, Brown & Chandrashekaran (1998), Liu & McClure (2001), Crie (2003), Tyrrell & Woods (2004), Susskind (2005), Ngai et al. (2007), Karanre, Magnini & Tam (2007), Gefen & Straub (2004), Grabner-Kräuter & Kaluscha (2003), McKnight et al. (2002).	Redress enhances customer trust in the B2C e-business environment

This paper aimed to explore the role of redress in B2C e-business. The discussion above highlights that redress has a very important role in B2C e-business. It identified several themes that need to be explored further with online consumers. The main themes in relation to redress identified in Table One are discussed below.

Redress has been recognised as one of the important elements of B2C e-business for winning consumer confidence to make return purchases. It is being developed as legislation to support online sales in Europe, Australia and the USA. Consumer complaints in B2C e-business are related to products as well as delivery and transactions. Without redress customer confidence in B2C sales could continue to suffer. Therefore it is imperative to have a customer complaint system in all B2C e-businesses to redress the issues. Redress allows businesses to develop business strategies suitable to win customers and increase market share. It can help achieve a competitive advantage and satisfied consumers who can promote the business by word of mouth and make return purchases. Thus redress is a business opportunity. The success of B2C e-business is dependent on consumers committing to a purchase, thus providing apt customer service is an important requirement in this environment. It can support and maintain customer relationship management. Redress in B2C e-business enhances trust by ensuring that the business is genuine, reliable and cares for its customers. It is an important element of trust that has not been widely explored.

Research to date on B2C e-business has shifted from technology and transaction issues to the benefits of collaboration (Huang, Li & Zeng 2007, Schroth 2007, Lai & Turban 200) and use of web 2.0 technologies (Liu, Hirano, & Niwano 2008, Lin 2008,). In addition, other research (Miyazaki and Fernandez 2001, Kolsaker et al. 2004, Malhotra, Kim & Agarwal 2004; Shergill and Chen 2005; Liu et al. 2005, Meinert et al. 2006, Hui & Wan 2007) in B2C e-business is focused on issues relating to security and privacy. However, research on issues such as redress in this environment is sparse and warrants exploration of types of redress required by customers to improve e-business sales, and win consumer confidence.

4   Conclusion

The evolving B2C e-business defines a new challenge for research exploring the role of redress in B2C e-business. Businesses should view the option of redressing consumer complaints as a business opportunity to restore trust, offer acceptable customer services and to get customers to make return purchases. Indirectly, redress not only allows businesses to resolve complaints but to learn from the complaints the type of services needed for customer support in this environment. In this paper we have identified the role of redress in B2C e-business as an element of trust, as a business opportunity, as a customer service and relationship management, and more importantly, the need to explore its role in B2C e-business as experienced by customers and online businesses.

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