Reputation Management Through Online Feedbacks in e-Business Environment

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ABSTRACT

Popularity of electronic business has changed the way people are transacting businesses around the globe. People are engaged in online businesses (like buying, selling, promoting or collaborating) without any physical or face to face contact with the trading partners. Correspondingly, the concept of reputation has become an as important pillar of the electronic business to provide some level of assurance about the quality of the traders as well as their products and services. In this scenario, online feedbacks have emerged as a valuable tool in reputation management and help in making a choice for the best quality online trading partners. Further, there is a strong need for the e-business companies to change their strategies and decision making process to build and manage their reputation via online feedbacks. In this paper, the reputation and reputation management through online feedbacks have been discussed with a specific focus on the electronic business (e-business). This paper examines the prevailing reputation models, which are based on online feedbacks and are used by the companies. Specific examples and cases have been added to highlight the present day industry scenario.

KEYWORDS

e-Business, Electronic Commerce, Reputation Management, Reputation Models

INTRODUCTION

In the past couple of years, the online environment has become so advanced, that not only the simple users or customers (like as buying a product from online shop, accessing social media sites, chatting or searching information) took the benefits from this environment but also a large number of business users (like vendors, sellers, companies etc.) have shifted towards this place for increased profits and visibility. Businesses are looking forward to the online environments not only to address the customers worldwide and serve them safely and securely, but also to collaborate with other businesses across the globe. This phenomenon is much more pertinent in the context of rapid developments in the field of e-business. With the large scale developments in information processing capabilities, growth of internet and portable devices, and development of electronic commerce standards, more and more people use the Internet to communicate with each other and shop online. Highlights of the developments in the global e-commerce industry have been presented below:

- Increasing internet penetration in businesses and providing convenience to consumers have taken the e-commerce industry to a high level and has been speeding up the online retail market around the world. E-business has a strong influence on the global economy (Ho et al., 2005; Durbhakula and Kim, 2011). The growth of e-business furnishes the overall business environment and productivity, enhancing practices for a country (Amit and Zott, 2001; Krovi, 2001). E-business is being adopted by countries of different sizes, culture and economies. When it comes to retail
According to AT Kearney’s, (2013) report, which examines the top 30 countries in ‘The 2013 Global Retail E-Commerce Index’:

- China’s $23 billion online market places it on the top with a 78 percent annual growth rate since 2006, its online retail market is expected to explode, reaching $81 billion over the next five years as the country’s infrastructure improves and online purchasing behaviors evolve.
- Japan, United States, United Kingdom have been ranked top 3 after china.
- India had not been able to come in the rank of the top 30 countries of the world due to the slow penetration of internet to their people as compared to these countries.


As far as the Indian e-commerce industry rising trend is concerned, the market is expected to reach $6 billion in 2015, a 70% increase over 2014 revenue of $3.5 billion (Gartner Report, 2014). The different portals offer various schemes and methods to users in order to gain more traffic. These sites offer coupons; cash back, daily deals and price comparison are proving to be a force multiplier for both online retailers and consumer internet companies including travel portals (Ganguly, 2014). The e-commerce market in India is mainly dominated by the online travel segment, while the electronic-retail segment has been witnessing the fastest rate of growth. The Indian online retail industry is expected to grow to a value of $56 billion in the next decade, hence there will be greater opportunity for affiliate sites and, on an average, a large e-commerce players typically partners with close to 50 affiliates, including price comparison and coupon sites as well as bloggers and individual customers (Ganguly, 2014). The online travel market is expected to grow in sales from $11.5 billion in 2012 to an estimated $30.61 billion in 2016 (Millward, 2012). The changeable shopping experience and rapid development of transaction facilities is further boosting opportunities for the remaining market segments. According to Indian famous online firm Flipkart, India’s e-commerce business jumped by more than 80 percent in 2013 and the momentum is likely to continue for at least the next five-six years and the e-commerce business in India is expected to reach around $50-70 billion by 2020 on the back of a fast growing internet-connected population and improvement in related infrastructure like payment and delivery systems (“India’s e-commerce industry may reach $70 billion by 2020”, 2014).

The development of internet and e-commerce market has resulted in a high scale growth in the number of online companies. Around 100000 new online companies were registered in India during 2013-2014 only (“Nearly one lakh new companies registered in India during 2013-14”, Economic Times, 2014). Due to which, the competition between the players in ecommerce space is also increasing to a significant level. The competition between the companies becomes so intense, that they are even ready to incur the losses to retain their prestige and users, and also to attract new users. For example, the Indian major companies: Flipkart, Amazon and Snapdeal, all of them have raised investments or have commitments of $1 Billion or more. This money is being burnt to acquire new customers, offer discounts and pump up products on offer.

Although, running an e-business in the online marketplace is like fishing in a river with millions of other fishermen, some of them are equipped with magic fishing nets that attract all the fish in the river. Where each fisherman would like to lay their hands on those magic fishing nets, some of them take the effort to weave their own nets to catch the fishes while others like to uses the existing ones. The reputation system acts like a fishing net to attract more users or people from the online marketplace and it also helps to users or customers to visit again the same business site. The reputation system increases the user engagement which leads to repeated visits, and these repeated visits further leads
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