E-COMMERCE RETAIL FAILURES – THE CASE OF THAI GROUPON

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ABSTRACT

This thematic paper is aimed to be useful for case study of e-commerce retail failures. E-commerce practitioners will gain knowledge behind the case of Thai Groupon's failure. Case study method and manager interviews have been conducted to gain the company's factual insight. Double deviation theory has been adopted in order to identify Thai Groupon's service failure and understand the nature of customer perception towards e-commerce service failure as a whole. The data has been collected from Thai Groupon's 2015 April–July Customer Feedback Records and Customer Satisfactory (CSAT) Reports, and 217 relevant cases were identified, and interviews from 15 of junior and senior managers will complement in the findings. According to the result, the most concentrated complain belongs to Groupon's service delivery system or product failure, and the most frequently complained cases are: slow or unavailable service, website system failure, and bad information. Only 6 cases or 3.7 percent were response to customer needs and requests as Thai Groupon has been attentive on the subject. 23 cases were on classification of recoveries, with the highest frequency being of failure escalate. This paper also discovered additional customer's requirements

KEY WORDS: Electronic Commerce / Service Failure / Groupon / Online Shopping

39 pages

CONTENTS

CONTENTS (cont.)

LIST OF TABLES

LIST OF FIGURES

CHAPTER I

INTRODUCTION

1.1 Background and Problem Statement

Thailand is considerably an attractive target for foreign direct investment. Thailand appeared to be one the most viable destinations, ranking at number 5 among 22 countries at the total score of 58.97 (Bloomberg, 2014)(See Figure 1)

Best Emerging Markets 2014: Countries

Rank	Country		Total Score	Rank	Country		Total Score
1	China		69.61	12	Turkey		48.33
2	South Korea		68.44	13	Hungary		46.19
3	Malaysia		62.04	14	Russia		45.78
4	Chile		59.26	15	Brazil		45.65
5	Thailand		58.97	16	Philippines		45.30
6	Panama		58.78	17	Mexico		43.75
7	Peru		57.26	18	Indonesia		39.59
8	Latvia		56.30	19	South Africa		38.31
9	Poland		53.24	20	Morocco		37.89
10	Czech Republic		52.63	21	India		28.55
11	Colombia		48.93	22	Egypt		20.03

Figure 1.1 Best Emerging Markets 2014: Countries
Source: Bloomberg (2014)

Additionally, further on this paper, it is found in the literature review that Thai e-commerce market is of high growth potential. According to Kalakota & Robinson (2003), E-commerce is all digital transactions occurring mainly online and through websites, and, for e-commerce to take place, the transactions have to be made by exchanging value—like money—for products or services (Laudon & Traver, 2011). There are, nonetheless, two main arguments on the boundaries of e-commerce. Some experts argue that e-commerce encompasses all marketing activities of electronic-based corporations whereas others argue it is only a part of all E-business activities (Kalakota &

Robinson, 2003; Rayport & Jaworski, 2003). Tessabehji (2003) stated that e-commerce, although the term can be applied accordingly to unique concepts, helps save cost, boosts efficiency, allows customization and eases international market penetration. However, Tessabehji (2003) also added, there are a few drawbacks such as clutter of information, access cost, new to some cultures, reliability and security concerns

On September 22, 2015, Thai Groupon announced its employees that the company was discontinuing. I was there, hearing the bad news first-handedly. Groupon is an international e-commerce business giant based in Chicago and last year, it has increased gross billings by 32 percent and revenue by 24 percent, with gross profit of $1.55 billion from grossing $1.50 billion in the previous year (Konz & Roberts, 2015). They also found that the sales of vouchers and products sold before cancellations and refunds has exceeded 100 million and the rest of world units increased 340 percent, generating 141 percent in billings growth.

Groupon is looking strong and confident and Thailand is a potential market with promising future, but why did Groupon abandon its Thai branch? As this skepticism arose, I have researched into previous studies and reports which will be analyzed in the literature reviews. The topics include E-commerce Market in Thailand, the Case of Groupon and Upset Customers: Double Deviation.

1.2 Objective:

To find the reasons behind Thai Groupon's e-commerce business failure.

1.3 Research Questions:

1. What were dissatisfying experiences from Groupon's customers' point of view that have stopped them from purchasing product or service deals from Thai Groupon?

2. What were product or service failures and recoveries that have happened recently at Thai Groupon?

CHAPTER II
LITERATURE REVIEW

2.1 E-commerce Market in Thailand

ATKearney (2014) reported that 19 million Thai people or 29 percent of the total population use online media. Out of this number, 14 million are shopping online with 58 percent of them purchasing products and services via mobile devices such as tablets and smartphones. It is also reviewed in the report that the e-commerce sales of Thailand, among Malaysia, Philippines, Indonesia and Vietnam, takes only one percent or less of total domestic retail sales. Thai e-commerce market has a vast growth potential when compare to that of China's or Europe's, but the market requires more awareness and promotion and it has to establish security trust, since 62 per cent of shoppers are not willing to provide credit-card information via online (Nation, 2015). Lately, the launch of 4G internet and the rise of the number in smartphone users have allowed convenient mobile shopping, which is expected to grow rapidly in the future (Boonnoon, 2015).

Not only is Thai e-commerce market a high potential market, it is also relatively new and is yet to be strongly established or widely recognized thorough the country. In an industry of a market in developing stage, new firms hold higher hazard rates such as greater possibility to fail over a period of time (Kauffman & Wang, 2001).

2.2 The Case of Groupon

Groupon is a global e-commerce that connects local merchants with its subscribed customers, using price and discovery strategy (Groupon, 2015). Last year, Groupon made the world's fastest growing business (Rushton, 2014). This year, Rich Williams, Groupon's COO, announced the termination of approximately 1,100 positions mainly in international deal factory and customer service, and the ceasing of operations in Morocco, Panama, the Philippines, Puerto Rico, Taiwan, Thailand and Uruguay

branches, following Greek's and Turkey's (Williams, 2015). Groupon CEO Eric Lefkofsky indicated that the company will be better off in a long run to focus and invest in fewer countries (Kosoff, 2015). It could be pointed out that Thai Groupon was not a profitable branch among their over 40 locations around the globe.

Appold (2015) speculated three reasons that caused Thai Groupon closure:

1. Thai Groupon was competing with a more established and locally adapted rival: Ensogo. Ensogo was launched in 2010 (Ensogo, 2015). It has gained local adaption, entrusted payment methods and even came up with Line stickers. Groupon, in the meantime, was struggling for budget from its Chicago headquarter for a messaging app stickers.

2. Groupon's strongest strategy is email marketing but email plays a small role in Thai lifestyle. Ensogo, on the other hand, has been connecting with customers via more popular word-of-mouth, social media channels and mass-media advertising.

3. In Thailand, local (or service) deals are better received than product deals. Groupon selling unbranded products and services at the same time might have caused loss of potential profit.

2.3 Upset Customers: Double Deviation

Customers have expectation on the products or services they have prepaid and when they are not receiving what they anticipated – wrong items or foul services – or not receiving at all, they tend to vent their frustration online, publicizing negative word of mouth, and they now have valid reasons to stop purchasing from the same e-commerce website (Bayan, 2000). When online service fails to meet customers' expectation, it leads to a negative attitude towards the company unless the company manages the recovery successfully, but, according to Lee & Park (2010), recovery actions tend to fail more often than not. They also found that recovery failure brings double deviation – reinforcement in customers' existing negative perception that results in severe dissatisfaction. When product or service fails customer's expectation, it can cause anger, and when the recovery of a given issue continues to fail, it ought to reinforce such negative emotion and even bring a desire to revenge (Bonifield & Cole 2007; Grégoire & Fisher 2008)

Certain cases of double deviation resulted in retaliation, or leaving the e-commerce company for good, and switching to other e-commerce retailers (Bonifield & Cole 2007; Grégoire & Fisher 2008; Casado-Díaz et al. 2009). The failure of recovery after the initial failure of service increases the distress and, based on one study, cease more than half of the customers from returning to the service (Mount, 2012). From the given cases, if a company fails to provide and recover their offerings, it could lose existing customers. Brown (2014) pointed out that keeping existing customers is more profitable than gaining new ones, and thus losing the existing will consequently affect the company in long term.

It is vital to earn credibility from customers in both offline and online businesses and, in the case of e-commerce, when the online transaction comes down to offline practice, the company should be able to offer transparent tracking, guaranteed delivery and return policies, ensuring on timely product delivery in decent condition or redeeming services with quality, and can be return or refund if not (bwired, n.d.).

2.4 A Study of E-commerce Retail Failure and Recovery

Stemmed from double deviation, Forbes et al. (2005) has conducted a research in e-commerce retail, or e-tail, failure and recovery in 2005 among 377 respondents based on retail (brick and mortar) failure and recovery study in 1993 by Kelley et al (Forbes et al., 2005; Kelley et al., 1993). For e-tail failure, Forbes et al (2005) divided respondents into (see Figure 2):

1. Service delivery system or product failure

A. Slow or unavailable service: the delay of product delivery is viewed as the second most critical failure according to their study.

B. System pricing: the mischarging, double- or triple-charging, or tax-charging on nontaxable items.

C. Packaging errors: shipping wrong products, partial of the intended purchase, or more contents than the placed order is discovered as the most frequent failure in the study.

D. Out of stock: the unavailability of the products went without any notification.

E. *Product defect:* the arrived products are disorder, malfunctioning or defected.

F. *Bad information:* the product information presented on the website is misleading, inaccurate or lacking, regardless of the product itself.

G. *Website system failure:* apart from how the website is not user-friendly, difficult to browse, confusing and malfunctioning, the way the pictures or videos of the merchandises are inaccurately portray is also counted.

2. Response to customer needs and requests

A. *Special order or request:* misconducted customization of a specifically product such as incorrect airline ticket is the most critical failure under this study.

B. *Customer error:* customer provides mistaken credit card number or address.

C. *Size variation:* the received product, usually garment, does not fit the customer due to the variation of the size from recognized size standard.

Table I Retail and e-tail failures

Failure type		Kelley *et al.* (1993) retail failures frequency (%)	Present study e-tail failures frequency (%)
Group 1. Response to service delivery system/product failure			
1A.	Policy failure	14.1	–
1B.	Slow/unavailable service	4.1	15.9
1C.	System pricing	1.8	6.1
1D.	Packaging errors	3.2	43.0
1E.	Out of stock	2.4	2.9
1F.	Product defect	33.3	12.2
1G.	Hold disaster	2.3	–
1H.	Alterations and repairs	4.2	–
1I.	Bad information	5.1	5.3
1J.	Web site system failure	–	4.5
Group 1 total		70.5	89.9
Group 2. Response to customer needs and requests			
2A.	Special order/request	6.5	3.2
2B.	Customer error	1.5	3.2
2C.	Size variation	–	3.7
Group 2 total		8.0	10.1
Group 3. Unprompted and unsolicited actions			
3A.	Mischarged	13.5	–
3B.	Accused of shoplifting	0.8	–
3C.	Embarrassments	4.4	–
3D.	Attention failures	2.9	–
Group 3 total		21.6	0.0

Figure 2.1 Retail and e-tail failures

Source: Forbes et al. (2005)

Then, they identified the e-tail's recovery strategies (see Figure 3):

Table II Retail and e-tail recovery strategies

Recovery type	Kelley *et al.* (1993) retail recoveries frequency (%)	Present study recoveries frequency (%)
Discount	3.3	3.8
Correction	12.3	37.0
Manager intervention	1.8	–
Correction plus	3.2	15.8
Replacement (via original channel)	26.2	5.4
Apology	8.0	1.6
Refund	12.3	5.1
Customer-initiated correction	0.9	–
Store credit	1.7	1.9
Unsatisfactory correction	5.6	3.5
Failure escalation	7.6	5.1
Nothing	17.2	18.3
Replace at brick and mortar	–	2.7

Figure 2.2 Retail and e-tail recovery strategies

Source: Source: Forbes et al. (2005)

3. Classification of recoveries

A. *Discount:* the company corrects the failure and also provides a discount on the purchased item.

B. *Correction:* solving specifically the issues without providing anything extra that that, such as fixing broken merchandises, paying for shipment and replace incorrect item with apology.

C. *Correction plus:* solving the issues and giving additional compensation like letting the customer keep the wrongly-delivered items, giving additional free items, giving gift cards and discount on future purchase.

D. *Replacement:* the e-tailer replaces the defected product that the customer has received and takes care of the shipping or any extra cost.

E. *Apology:* when the company merely apologizes to customer due to their service failure but takes no other attempt to tackle the problem. This strategy scored the second lowest satisfaction level in their findings.

F. *Refund:* the company pays back the money for the item that the customers decided to return.

G. *Store credit:* like refund with the payment in the form of store credit instead of money

H. *Unsatisfactory correction:* when customers have to pay for shipping of replacement items or they have received wrong replacement.

I. Failure escalate: the methods of recovery has become complicated. The scenarios include when customers have to make several calls or contacts in order to reach the right person at the e-tail to solve their issues, when customers try to return purchased items but encounter difficulties, and when the company tries to recover an issue but fails to do so.

J. Nothing: either the company or the customer did not do anything about the product or service failure.

K. Replace at brick and mortar: customers bring their issue to the company brick and mortar store or office for replacement or other solution. This strategy is most favorable in their study although such recovery is least likely to happen for the customers.
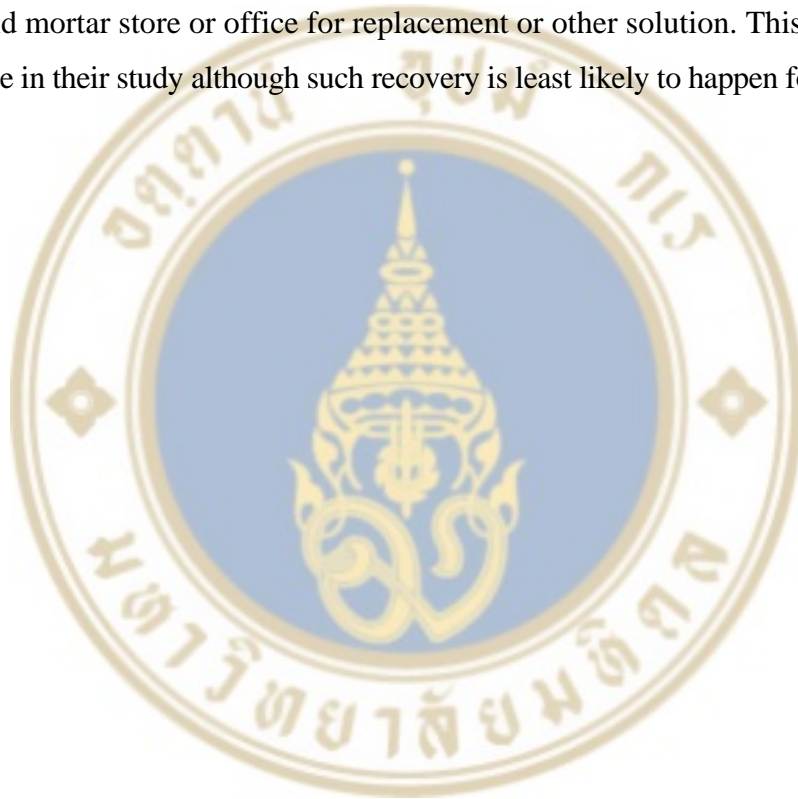
CHAPTER III
RESEARCH METHODOLOGY

Secondary research has been conducted in the literature review to gain insight and understanding of the background of the research subject as it should take place before primary research (Castleberry, 2001).

In primary research, qualitative research approach has been chosen. Qualitative research is utilised to understand elementary motives, opinions and reasons, and to gain depth and insight of the problem (Kamberelis & Dimitriadis, 2005). As the sample size is considerably small and respondents are selected to suit the study, qualitative research is proper for this paper (Flick, 2007). The methods using in this study are semi-structured interview and case study. Interview, when planned and conducted properly, is an effective tool to gain others' perspectives and can supply rich information (Qu & Dumay, 2011). Interviews allow consideration in part of culture and can be tailored to the area or scope of a study to access specifically required information (Rubin & Rubin, 1995).

3.1 Semi-Structured Interview

Semi-structured interviews in particular are conducted with the presumption that the questions are readily understood by the interviewees and the interviewing method can be tailored to them to gain their perspective, but are done so under a systematic theme (Qu & Dumay, 2011). Semi-structured interviews aim to obtain attitudes, opinions and perceptions; or background information such as professional knowledge, factual data and process explanation, or both (Harrell & Bradley, 2009). Questions are planned ahead of the interview sessions and are mainly open-ended as to prevent researcher bias and result framing, while permitting the interviewer to deduct into specified answers (Harrell & Bradley, 2009; Panucci & Wilkins, 2010).

In order to hear from both sides of the story, this study will incorporate semi-structured interviews with samples of 15 managers of Thai Groupon, including 7 partner managers, 2 heads of logistic, 1 head of quality assurance, 1 head of operation, 1 head of sales, 1 head of marketing, 1 head of customer service and 1 head of editorial. These managers were considered eligible as they have been working and experienced real situations at Thai Groupon for over a one-year course, and they were from different areas of supervision that they could provide variety of knowledge into the problems. The manager samples' number has been curbed due to speculated convenience of the respondents and time constraint. As of the aforementioned limitations, methods of conduction will be face-to-face and via telephone. Each interview session will be voice recorded for later analysis. Reflective note taking will as well be taken place during the interview to assist the researcher in evaluation and comprehension of the data (Boch & Piolat, 2005)

3.2 Case Study

To clarify the intrinsic causal of the research problem, case study is one of the most adequate approaches. It intends to pursuit the "how" and "why" in reality context (Ekanem, 2007). It is also considered reliable since the researcher is disabled from manipulating the subjects' behaviour and it takes the conditions of the context in the study into account (Yin, 2003). The propose of case study is to explore the issues from various perspectives without taking information out of context, and data variation is required in its conduction (Baxter & Jack, 2008).

To conduct the case study, access to Thai Groupon's documents and records has been made available for this research. The reports that have been retrieved and of which are appropriate are as follow:

- Customer Feedback Record of April, 2015
- Customer Feedback Record of May, 2015
- Customer Feedback Record of June, 2015
- Customer Feedback Record of July, 2015
- Customer Satisfactory (CSAT) Report of April, 2015
- Customer Satisfactory (CSAT) Report of May, 2015

- Customer Satisfactory (CSAT) Report of June, 2015
- Customer Satisfactory (CSAT) Report of July, 2015

Thus the research methodology will be using semi-structured interview and case study. The interviews are to be conducted one-on-one with each of the 15 interviewees composing of the firm's managers via face-to-face or telephone. The main questions will be open-ended. Voice recording and reflective note taking will be complementing the interviews. The previously stated reports of the company will be analysed for the case study. This research was conducted to gain insight of the case of Thai Groupon's close down, and it has reached into the customers' verdicts and managers' experiences. This section would cover the synopsis of the key problems to conclude the findings from the available data and collected information. Only some selected quotes from the data source and the interview records were selected to demonstrate the findings, so not to gloss over the section and distract readers from the key points. The data would be classified into service delivery system or product failure, response to customer needs and requests, and classification of recoveries. The results would later put into percentage in pursuing the important failures that had happened most frequently and likely to have been accounted for Thai Groupon's e-commerce retail failure.

CHAPTER IV
RESEARCH FINDING

4.1 Introduction

This research was conducted to gain insight of the case of Thai Groupon's close down, and it has reached into the customers' verdicts and managers' experiences. This section would cover the synopsis of the key problems to conclude the findings from the available data and collected information. Only some selected quotes from the data source and the interview records were selected to demonstrate the findings, so not to gloss over the section and distract readers from the key points.

From all customer's suggestions and complains, 217 cases of Thai Groupon's customers have been derived from all provided suggestions and complaints in the 2015 April–July Customer Feedback Records and Customer Satisfactory (CSAT) Reports. It is found that 159 cases, or 73.3 percent, were paralleled with a study of e-commerce retail failure and recovery by Forbes et al. (2005). On the other hand, 58 new cases were discovered and made up for 26.7 percent. Out of 159 congruent cases, 130 cases fell under service delivery system or product failure – or 81.8 percent, 6 cases were response to customer needs and requests – 3.7 percent, and 23 belonged to classification of recoveries – 14.5 percent. The most repeated and critiqued was the service delivery system or product failure. The least to have occurred was the response to customer's needs and requests. Classification of recoveries, in contrast to the two previously mentioned, was given only four topics out of twelve e-tailer recovery strategies from the available company's customers' documents. As a consequence, in order to analyse the classification of recoveries the information collected from the interviews of Thai Groupon's managers was reviewed in addition to the documents.

4.2 Service Delivery System or Product Failure

From 130 cases of service delivery system or product failures, the most frequently mentioned are: slow or unavailable service (43 times or 33.1 percent), website system failure (32 times or 24.6 percent), and bad information (23 times or 17.7 percent), respectively. The least repeated cases are system pricing and out of stock; each has been stated 4 times and sharing a 3.1 percent (See Table 4.1).

Table 4.1 Customer's response to service delivery system or product failure

Failure type	Forbes et al. (2005)		Present study	
	Frequency	Freq (%)	Frequency	Freq (%)
A. Slow or unavailable service	60	15.9	43	33.1
B. System pricing	23	6.1	4	3.1
C. Packaging errors	162	43.0	5	3.8
D. Out of stock	11	2.9	4	3.1
E. Product Defect	46	12.2	19	14.6
F. Bad information	20	5.3	23	17.7
G. Website system failure	17	4.5	32	24.6
Total	339	89.9	130	100

4.2.1 Slow or unavailable service

Delay delivery was documented 43 times – 33.1 percent of 130 cases – in the course of 4 months, making it the top of all service delivery system or product failures. A pattern has emerged: it was suggested 6 times that Groupon should not have taken up to 7 days to deliver their products. According to the managers, Thai Groupon had a 7-day delivery policy for Bangkok and 10-day policy for areas outside of the capital city. Some customers stated that Groupon's delivery policy took too long to wait, and that there are other e-commerce websites who can deliver faster than Groupon. Some of the comments even compared Groupon to other e-commerce websites:

'Groupon has always been late on shipping. I would buy from Lazada if they have the same products.'

'Groupon was the most late on shipping compare to other sellers I have bought from. They should learn from Zalora.'

'It's faster to order from other webs.'

'I've never bought a deal from anywhere else and became as disappointed as buying from Groupon.'

Another pattern is: the late delivery of some specific types of products, such as smartphones. Lateness of delivery was said to have been from 3 weeks to a couple of months, and sometimes lateness was accompanied with other failures, such as late delivery with packaging errors, and late delivery with product defect. Some customers decided to contact the merchants (suppliers of the products or services) on the issue:

'The delivery was 3 weeks late and without follow up from Groupon's staff. I had to check with Quantium, the merchant, to find out the status of my product (and they gave me the answer right away). I've never bought a deal from anywhere else and became as disappointed as buying from Groupon.'

'[I've been through] late delivery and broken products. I had to contact the merchant directly for replacement. I lost trust in Groupon and would never buy merchandises from them again.'

As severe disappointments were spotted in the above examples, and Forbes et al. (2005) has found in their study that slow or unavailable service is perceived as the second most severe failure, Thai Groupon's slow or unavailable service has stirred strong dissatisfaction and frustration:

'Sometimes it took months to wait for my products and without follow up from Groupon's staff. It wasn't all right to wait for months.'

'Products did not deliver on time. I had to call Groupon several times until they could find out for me where my product was in the delivery process. I was very disappointed.'

'I made a purchase on 24 April, but it was 20 May and I haven't received my product. Although I've paid them and called them, nothing happened. I wouldn't be satisfied even if Groupon gave my money back.'

'Product failed to deliver on given time and with rare occasions of follow up from Groupon's customer's service. This has been very disappointing. I had enough of purchasing from Groupon.'

4.2.2 System pricing

From the same set of reports, charging errors appeared 4 times, or 3.1 percent of the 130 available cases under service delivery system or product failure. In spite of the shortage of record, angers were detected:

'Groupon cheated on my payment.'

'They double charged me when the website was error. It resulted in complication to get my money back. I won't buy from Groupon again if the deal were not that interesting.'

4.2.3 Packaging errors

Packaging errors happened 5 times in the record, contributing for 3.8 percent. Incidents included receiving missing contents and rusty merchandises, receiving products in wrong sizes, and receiving the entire product but missing the guidebook. This failure has appeared and documented very few times, but, on the contrary, Forbes et al. (2005) found packaging errors to be the largest failure of e-commerce at 162 occasions.

4.2.4 Out of stock

Like system pricing, the out of stock issue was mentioned 4 times and at 3.1 percent. Although the study of Forbes et al. (2005) counted only incidents that the sold-out items were unannounced, this study of Thai Groupon has included deals that were identified as sold-out but were not removed from their websites as such cases emerged as customers' suggestions.

4.2.5 Product defect

Product defect was repeated in the 4-month customer case files 19 times, which was equivalent to 14.6 percent of the 130 cases. Bad quality products and services were mentioned all together 10 times. Defected or broken products and counterfeit

products were each claimed 5 times. One expressed distress and how Groupon lost its credibility and another even stated a decision to switch to other e-tailer:

> 'I bought a flash drive from Groupon. It later turned out to be a counterfeit and I could no longer used it. I lost my trust in Groupon.'

> 'They sold me defected products and, as I live far outside Bangkok, the replacement would cost me too much money and time, so at last I became fed up with Groupon and switched to iTrueMart. I wouldn't buy from Groupon again.'

4.2.6 Bad information

Bad information arose 23 times, or 17.7 percent of all 130 service delivery system or product failures. Customers stated that the deal information on Thai Groupon's website was obscure, omitted or unclear, for 8 times, including:

> 'The [service] deal came with omitted conditions and I ended up buying three of them while I could only use one. Groupon should have made the conditions clear.'

> 'I bought a cabinet from Groupon. It turned out to be made of paper and the paper tore off after less than a year of use. Groupon did not mention on their website that the cabinet was made of paper.'

Furthermore, 7 times customers felt the information and overall look and feel of the products were overpromising; 3 of them claimed that the actual products were far from what to be expected from the website's pictures and detail. On local (service) deals, it was mentioned 3 times that Groupon should update their providers' information such as location and opening hours.

Interestingly, the matter of counterfeit, as found in product defect, was repeated under bad information, and it had emerged 3 times:

> 'I doubted if cosmetics or electronics items on Groupon were authentic or counterfeit.'

> 'Groupon should be clear whether their products were authentic or mirrored.'

4.2.7 Website system failure

This failure was presented 32 times out of 130 cases in the documents, resulting in the second most documented service delivery system or product failures in the study, accounting for 24.6 percent. It was detected 7 times that Groupon's website became complicated to use when customers purchased many items at once. And, equally, the complaint on difficulties in browsing Groupon's mobile site and application was raised 7 times. Apart from that, some of the complications and untrusting feelings were:

> 'I was uncertain of how to fill in my address as it was not clear on the website.'
>
> 'The website was not user-friendly. I had to fill in the branch of the service location.'
>
> 'I felt insecure in filling my credit card info on Groupon's mobile app.'
>
> 'I filled in my personal information but couldn't get by it several times. The website was error.'
>
> 'I couldn't use the discount code.'
>
> 'The friend referral programme has been complicated and I didn't think it worth 50 Baht to refer to a friend.'
>
> Preferences for Ensogo, a competitor, over Groupon were spotted:
>
> 'Groupon's website system has been slow and non-user-friendly, and the colour was unattractive. Ensogo is better.'
>
> 'Printing coupons had been complicated. I switched to Ensogo.'

Nevertheless, certain thought-provoking points and ideas, which could be considered for the website improvement, were raised from the 4-month customer reports:

> 'Groupon should have the 'Go to top' button on the website.'
>
> 'Groupon's website should have included the date of purchase.'
>
> 'They should have improved their categorisation. It was harder to browse the web and search for products compare to other websites.'
>
> 'They should have a comment section, so I could read from other buyers before I decided to buy something from Groupon.'
>
> 'They should state shipping fee, if any.'

'Groupon should have shipment tracking system.'

4.3 Response to Customer Needs and Requests

From the 159 applicable cases in the company's customer data, only 6 cases – 3.7 percent – belong to response to customer needs and requests. Due to the shortage of record, it was decided that the available data are not suitable to quantify. Unable to provide digits, the manager interview's information would be used to complement the analysis.

4.3.1 Special order or request

There was one found case from Thai Groupon's Customer Satisfactory (CSAT) Reports on special order or request:

'I purchased 3 items; 1 with discount. I received 2 items that I paid full price, but Groupon cancelled my purchase on the item with discount. They claimed that item was not standardized. If that was the case, then I very much doubt why they didn't cancel all 3 of them.'

The mistakes on special order or request were considered rare according to 3 Groupon managers. One stated that Groupon's coding system was reliable and stable, and wrong voucher code has never happened. Another has commented that, on occasions, it was the customer who had tried to redeem the used vouchers with no-longer applicable codes.

According to Forbes et al (2005), special order or request had the most severe effect for customers. Thus, it could be concluded that Groupon has done right keeping this failure minimal to none.

4.3.2 Customer error

Customer error made up to 4 cases in the topic, all involved customer confusion and misunderstanding of Groupon's credit card and bank account payment charging system. It was expected that the customers and people in general would avoid admitting or highlighting their mistakes (Forbes et al, 2005; Epley, 2014).

From the interviews, 9 of the managers revealed that customers unintendedly made mistakes in giving personal information often. These information contained incorrect or missing addresses, e-mails and telephone numbers. However, 2 managers argued that some customers had deliberately provided false personal information. "…Many cases that I've seen were not innocent mistakes. For example, they gave make-up names or alternate identities. This has happened quite frequently on product deals," revealed a manager. The other manager stated, "…Facebook accounts were provided instead of actual first and family names. It then has resulted in shipping issue: customers couldn't take the shipment because their Facebook names did not match their real names." It is speculated that some customers had purposely used their Facebook or alternate identities because they were new to e-commerce transaction. As reviewed in the literature, Thai e-commerce market has yet to gain wide market share as it is relatively new and not wholly established in the country (ATKearney, 2014; Boonnoon, 2015; Nation; 2015).

4.3.3 Size variation

Similar to special order or request, size variation issue was discovered in Thai Groupon's Customer Satisfactory (CSAT) Reports just once:

'I bought a bed sheet but it did not fit my bed. The actual size did not match what it was stated on the web.'

When asked, 5 of the managers pointed out that Groupon was very specific with size and measurement. Items were hand-measured at Thai Groupon's office and their sizes were detailed on the website. Additionally, 7 of them believed that it could have been the mistakes of the customers as they might not have read the product details, and in that case, Groupon would not refund or replace for them. Therefore, the problem of size variation has been uncommon.

4.4 Classification of Recoveries

There were 23 cases on classification of recoveries, taking 14.5 percent from 159 found cases. Moreover, the reported incidents could be classified into only 4 out of 11 categories according to the study of Forbes et al. (2005) (See Table 4.2).

Table 4.2 Classification of recoveries

Recovery type	Forbes et al. (2005)		Present study	
	Frequency	Freq (%)	Frequency	Freq (%)
A. Discount	14	3.8	n/a	-
B. Correction	138	37.0	1	4.3
C. Correction plus	59	15.8	n/a	-
D. Replacement	20	5.4	n/a	-
E. Apology	6	1.6	n/a	-
F. Refund	19	5.1	n/a	-
G. Store credit	7	1.9	n/a	-
H. Unsatisfactory correction	13	3.5	5	21.7
I. Failure escalate	19	5.1	12	52.2
J. Nothing	68	18.3	5	21.7
K. Replace at brick and mortar	10	2.7	n/a	-
Total	373	100.2	23	99.9

Customers' comments alone in Thai Groupon's Customer Feedback Records and Customer Satisfactory (CSAT) Reports of April–July, 2015 demonstrated that failure escalate has occurred most frequently at 12 times or 52.2 percent, followed by unsatisfactory correction and nothing at 5 times and 21.7 percent each. Correction was mentioned 1 time and made 4.3 percent. It could not be concluded from the company's data alone as the interviews with managers otherwise declared that Thai Groupon has more recovery methods than the given 4.

4.4.1 Discount, correction, correction plus, replacement, apology, refund, store credit, and replace at brick and mortar

Even though customers did not refer to discount, 12 of the managers clarified that Groupon provided discount on recovery instances, and 5 explained that discount might range from 5–20 percent of deal's price depended on the nature of each different case. As 4 managers stated that customers, who received discount, had been accepting, satisfied and even happy, it was speculated that the customers did not complain and

thus discount was not recorded in Customer Feedback Records and Customer Satisfactory (CSAT) Reports.

On correction, from the said 8 recovery types, correction appeared 1 time in the company's documents:

'I bought some perfume and Groupon called me up and offered to replace it with a new product. They played fair.'

Most managers argued that Groupon made correction, and 4 explained that Groupon would inform customers first when they had detected mistakes. However, one stated that, "it would be investigated case by case to see if it were our fault," and, "sometimes customers had to pay some small fees." Still, there were verdicts that Groupon performed correction: "The customers found what they have brought to be a knockoff, and Groupon took responsibility by replacing for them, free of all charges."

In addition, correction plus was also verified through the interviews, yet it was considerably few:

"…We provided additional Groupon credits if the customer was still not satisfied with our correction…"

"…Usually we completed the correction, and that was it. But if afterward, the customers did not find the correction acceptable, we gave them rewards…"

"…In general, we did not give anything extra…"

For replacement, which was not available in the company's documents, about half of the managers ensured that Groupon has covered the cost for customers, in particular when it was the company's mistake such as product defect or packaging error. For eager customers, some managers said they preferred to pay for special delivery fee so that they could obtain a replacement at quicker rate.

Recovery types of refund and store credit were confirmed by all managers to have been practised at Thai Groupon. It was also found that cash refund was favourable over store credit. However, 3 managers admitted that, after investigation, not all cases were eligible for refunding or returning in store credit because it had been customers' mistakes, or the alleged cases were lacking in evidences, and Groupon could merely apologise. Apology, which did not include other fixation to the problem, then applied.

In their study, Forbes et al. (2005) found replace at brick and mortar to be the most favourable recovery type and had the least likeness to inspire switching. This paper, despite its inability to assess in number of occurrences, had registered from the manager interviews that customers were satisfied with replacing at brick and mortar because they felt that it is the fastest method and that they had control over the situation. Even so, according to 8 managers, Groupon could not always replace merchandises on every customer visit, because they did not keep the products in their warehouse or the products had run out of stock. When that happened, they said Groupon would opt for replacing with substitute products, refunding, or shipping replacement to customers later after restocking the products.

4.4.2 Unsatisfactory correction

Unsatisfactory correction occurred 5 times in the 23 cases found in Thai Groupon's data, accounting for 21.7 percent. It was stated 2 times that Groupon did not cover the cost for replacement of defect products. The rest of the cases are:

'Groupon replaced me with old merchandises that I had to refund.'

'I bought a photo studio set and there was one defected lamp. I wanted to replace the lamp but had to return the whole set for replacement. Then Groupon informed me that the products were out of stock and they refunded me instead. I was disappointed because I intended to use that photo studio set.'

'They shipped me with missing contents, but the items were out of stock, so I had to take something else from the store to substitute.'

4.4.3 Failure escalate

Taken from the 23 countable cases of the available Thai Groupon's Customer Feedback Records and Customer Satisfactory (CSAT) Reports of April–July, 2015, failure escalate scored over half of them at 12 times, or 52.2 percent. It was the most frequently complained recovery failure. It was criticised 3 times on difficulties in getting customers' problems across to Groupon, and 4 times on Groupon's tardiness in replacing products. Some cases of the failure escalated through complications but did not receive a complete fix:

'I called them for product replacement because they have shipped wrong item, but two months after that, nothing happened.'

'I had them looked into my problem in February, and they emailed me in April that they would fix it in one week. I've been waiting until now.

'I had to call Groupon several times for correction of my case, but they just promised me and nodded it off. They had not been a help at all.'

The study as well discovered expressions of strong dissatisfactory and intention to stop returning to Groupon:

'When I called up, Groupon staffs weren't so polite or helpful about my case. There are better sellers out there and I won't come back to Groupon again.

'I had called Groupon and they had promised to ship my product within the day. Well, so I wanted it within the day. I didn't want to call them again.'

'It was difficult to get my problem across and I grew tired of it [Groupon].'

Apart from that, it had also found that failure escalation affected Groupon's creditability:

'It had been difficult to contact Groupon and had them on my problem. They did not confirm anything on it and I couldn't know how things were going. I felt insecure to use my credit card with Groupon.'

4.4.4 Nothing

Nothing was spotted 5 times, which is 21.7 percent of the 23 cases of recovery classification in the accessible customer data in the course of 4 months. It was suggested 2 times that Groupon should have should have informed the customers if the shipment would be late. While it was stated 2 times, but on different cases, that nobody from the company had informed the customers when their products did not arrive and in the end they had to call the company for refund. One of the cases elaborated:

'Groupon did not contact or inform for 2 months when my order was not arriving.'

4.5 Other Customer's Requirements

The record of customers also reviewed some complains and suggestions that are not found in the previous study that this research is based. From the 217 cases, 58 statements are newly retrieved, which is equates to 26.7 percent, and they could be categorised into demand for more products and services, demand for more sales promotions, unfair treatment from service suppliers, impolite customer service, verification of authenticity, and others (See Table 4.3)

Table 4.3 Customer's requirements

Customer's requirement type	Frequency	Frequency (%)
A. Demand for more products and services	22	37.9
B. Demand for more sales promotions	12	20.7
C. Unfair treatment from service suppliers	10	17.2
D. Impolite customer service	5	8.6
E. Verification of authenticity	4	6.9
F. Others	5	8.6
Total	58	99.9

Demand for more products and services on Groupon was put 22 times – at 37.9 percent of the 58 requirements – and is the most frequently suggested. For 14 times customers suggested that they wanted to see more deals on well-known hotels or restaurants, and 8 times they wanted to find more variety of the deals.

The second most frequently occurring opinion is demand for sales promotions: 12 times, or 20.7 percent. Customers were asking for more instances of promotions other than seasonal ones, special discount for frequent buying members, and loyalty programme. Half of them argued strongly that sales promotions would positively affect their purchase decisions.

The third is unfair treatment from service suppliers. Cases that fall into this type are ones that customers had no issues with purchasing from Thai Groupon, but

received slow, unfair or no services from the merchants or service suppliers. Some of the criticisms are:

'They [the service suppliers] treated me like I'm a second-grade customer.'

'They claimed that they were fully booked and rejected my service.'

On this issue, more than half of the managers explained that Groupon had no authority over service suppliers and their performances. 5 of them stated further that inappropriate service suppliers would be blacklisted and permanently removed from Groupon, however problems had to happen before the blacklisting and removal decisions.

Impolite customer service on Groupon's part has appeared in the reports 5 times and at 8.6 percent, with all incidents being over-the-phone. Equally to impolite customer service, other cases as well appeared 5 times (8.6 percent) – 3 times on sending too frequent email, and 2 times on coupons being expired too quickly.

Notwithstanding the fact that verification of authenticity recurred only 4 times and generating for 6.9 percent, the research has identified complains and concerns on authenticity of Groupon's merchandises were accumulated for 8 times. As previously reviewed, 5 customers stated clearly that Groupon has sold them counterfeit products, and 3 customers were sceptical of the authenticity of branded products such as cosmetics and electronics.

CHAPTER V
CONCLUSION

5.1 Discussion

The findings present that dissatisfying experiences from Groupon's customers' point of view that have stopped them from purchasing product or service deals from Thai Groupon are strong on slow or unavailable service, product defect, website system failure and failure escalate. Product or service failures and recoveries that have been documented over the last four months before the company's closure include failure types of slow or unavailable service, system pricing, packaging error, out of stock, product defect, bad information, website system failure, special order or request, customer error and size variation; and service types of correction, unsatisfactory replacement, failure escalate and nothing. From the findings all together, customers were most likely to complain when they were dissatisfied by Groupon's e-tail failure, and least likely to mention when Groupon managed to recover or even provide satisfactory service. This is possibly because customers can identify an occurrence of failure with more confidence in online service setting (Meuter et al., 2000). Moreover, due to the nature that e-commerce business is unable to develop interpersonal relationship with customers, which has shown to influence customer's perception toward brick and mortar retailers, may as well be the reason for the severe feelings on Groupon's failure (Kelly et al., 1993; Price & Arnould, 1999; Gutek et al., 1999).

Parallel to the based study of e-commerce retail failures and recovery strategies by Forbes et al. (2005), the most speculatively strong failure in the findings is slow or unavailable service. In spite of the fact that slow and unavailable service emerged in their study at lesser ratio – 15.9 percent – than the case of Thai Groupon – 33.1 percent, they have found slow and unavailable service to obtain the highest magnitude of failure at 5.32, along with special order or request, which was at 5.33. The cause of slow or unavailable service, according to Groupon's managers, has been because the company had little control over the suppliers. Some measures Groupon had taken were blacklisting

and removing suppliers, and charging past due fee. However, these measures were exercised after the failures had occurred and could not prevent them from happening. Apart from slow or unavailable product, the findings also unveiled other essential failures include website system failure and failure escalate. On website system failure, one of the most recurring points was: customers found difficulties in purchasing several items at a time, and another was difficulties in using Groupon's mobile site. Failure escalate, on another aspect, is the most complained recovery type. The findings also uncovered that successful recoveries received small credit while failed recoveries were emphasised.

The findings further exhibit that some customers had stop purchasing from Groupon, switched to other e-tailers, or threatened to take one or both of the actions. Customers are likely to consider alternative purchase sources, despite the fact that e-commerce is relatively new in Thailand. The propensity of switching is high probably because the cost of online switching is low and the ease is high (Bergeron, 2001; Forbes et al., 2005; Zemke & Connellan, 2001). It is also proposed that in e-commerce environment for internet users to move from one to another in e-commerce environment as the required effort and time are low (Bergeron, 2001).

As Thai Groupon was not able to form emotional value from interpersonal relationship with its customers due to its online circumstance's nature; did not have sufficient control over its suppliers, which has resulted in slow or unavailable service; did not offer user-friendly or competent online platforms on both the web and the mobile site; and its satisfying recovery strategies were under appreciated while its failed ones, especially failure escalate, were highlighted.

5.2 Managerial Implications

A necessary implementation that Thai Groupon should have taken before it was ordered to cease operation is perhaps to exercise more control over its suppliers. It has been made obvious that scarce controllability of its suppliers has led to many failures including slow or unavailable service, packaging errors and product defects. In addition, certain service suppliers have performed unfair treatments on Groupon's customers. This research suggested that it would be best for e-commerce retailer to prevent their

suppliers from malpractices, corruption or unprofessional mistakes, which would discredit the e-tailers. Legal action is one of the alternatives to tackle with this issue, nonetheless, it is also suggested that the e-tailers ought to research their suppliers before agreeing on business terms with them. Furthermore, in the case of Thai Groupon, it was the company's responsibility to prevent failure of its own part, such as system pricing, bad information and website system failure. Complains on Groupon's impolite customer service and verification of authenticity are glaring cases that should have had been under its direct control. Regardless, it is impossible not to make mistakes, and to face customer retention challenge, this research suggested that e-tailers should establish a relationship with customers. Social media interaction is advised as a substitute for face-to-face interaction. However, it would be beneficial for an e-tailer if it could establish a touchpoint in order to create interpersonal relationship with customers.

5.3 Theoretical Implications

In addition to the implications for managers, the research findings of this study may also have implications for theory structuring and other academic purposes as this research was conducted, it has discovered new information that has not been added to previous studies of Forbes et al. (2005) and Kelley et al. (1993). Two of the most frequently occurred has been picked up. First, it is significant to note that customers have demanded highly for more products and services to be available on Groupon. In retail studies, customers prefer stores that offer more variety and in organised displays (Hoch et al., 1999; Leigh, 1982). However, as cultural differences affect customers' perception on variety, and in a climate of e-commerce retail, a question in future e-commerce research is to find out the effects of product variety on online consumers (Ahmed et al., 2009). Second, demand for sales promotions has also been highlighted in the findings. Sales promotions are temporary tools employed to attract customers by adding benefit or incentive (Boddewyn & Leardi, 1989). Special discount and loyalty programme are most requested sales promotions in the findings and, taking other sales promotion types into consideration, the future research can investigate into the effective sales promotion strategies for e-commerce businesses (Malik & Zaidi, 2012). Overall, apart from avoiding

service failure and double deviation, researching would help e-commerce businesses to understand their customers and forecast market trend.

5.4 Limitations and Future Research

Even though the findings have uncovered reasons that led to the case of Thai Groupon's e-commerce retail failure, the research contains limitations. First, the data and information were gathered from Groupon's documents and managers, while customers were not brought into question for depth and point of views. As Groupon has ceased its operations, observation was impossible to practise and more documents were unable to retrieve. The company's data were anonymous and thus it could not classified the samples' demographic and backgrounds. As the research has been focusing on the theory of double deviation, which emphasises customers, management and supplier aspects were not included in the study.

Still, this research is an example case of e-commerce failure in Thailand. It is intended to be a guideline for practitioners and a basis for future research. As this research is the case of Thai Groupon, it is important to look into other e-commerce retailers for comparison and better understanding. In terms of future research, it is recommended to investigate the validity of double deviation theory, and to gain data from wider source. A quantitative research method is suggested along with observation, case study and qualitative research. Executing a demographic classification is also another direction for customer-centred research.

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APPENDICES

Appendix A: Interview Questions

Key questions are open-ended as to gain both opinions and factual information from the respondents (Harrell & Bradley, 2009; Qu & Dumay, 2011). Corresponding to Forbes et al. (2005)'s Typologies of E-commerce Retail Failures and Recovery Strategies—a research based on Kelley et al. (1993), following questions are proposed.

Filter questions for customers:

- Have you ever purchase deals from Groupon?
- Have you ever experienced problems or difficulties with Groupon's services or products?

Part 1: Service delivery system or product failure

- Can you give some examples of those problems?
- What kind of problems do you find the most dissatisfying and why so?
    A. *Slow or unavailable service*
- How did you feel when the product delivery was delayed? Did you do something about it? What happened next?
    B. *System pricing*
- When you encountered overcharging, how did it affect you? Can you describe the experience? What did you do after that?
    C. *Packaging errors*
- Can you explain the case that you have received wrong products / products with some missing contents?
    D. *Out of stock*
- How did it affect you when the deal you would like to purchase was sold?
- What happened when you purchased a deal that was out of stock but not notified? How do you feel about it?
    E. *Product defect*

- How do you feel when you have received bad/malfunctioned products?

  F. Bad information

- What kind of information deal's information on Groupon's website that you think has been misleading? Can you give examples?

- What do you think when the product or service you received did not match the expectation that the web content has stated?

  G. Website system failure

- In your opinion, what were some difficulties in browsing or using Groupon's website and when you encountered them, how was it?

Part 2: Response to customer needs and requests

  A. Special order or request

- How was it when your voucher code (purchased from Groupon) could not be redeemed at the service provider?

- When you have found out that the voucher code/date in fine prints/information was incorrect, what happened?

  B. Customer error

- Have you ever fill in incorrect personal information? If yes, can you recall some incidents?

- In cases that customer's information such as address or credit card number were incorrect, what happened next? Can you describe some occasions?

C. Size variation

- How did you feel when the item (clothing) you have brought did not fit? Did you do something about it?

Part 3: Classification of recoveries

- What have Groupon done when you contacted them about their product or service's problem? Can you provide some examples?

- Were you satisfied with such recovery method? Why?

- What would you expect when there were mistakes or problems in product or service deals you have brought?

- What were some of the most common recovery methods? Were they effective?

  A. Discount

- How do you feel when Groupon has solved the problems and given you discount?

- How much should the discount be to make you feel justified?

- How does the discounting make you feel?

- What per cent was Groupon willing to discount in recovery cases?

- How did the customers react to the discount?

  B. Correction

  C. Correction plus

- Can you give some example and describe how Groupon has made correction with your issue?

- What were some benefits the company has provided in additional to the correction?

  D. Replacement

- In the case of mailing the wrong items back to Groupon, did you have to pay for shipping?

- When Groupon has covered shipping cost for you, how did that make you feel?

  E. Apology

- How do you feel when Groupon just apologized to their error and did nothing else about it?

- Why did Groupon only apologize and not recover the mistakes?

  F. Refund

  G. Store credit

- What do you think about getting the money back when you return the deal?

- What do you think about Groupon's 7-day return policy?

- Do you prefer, money or store credit and why?

  H. Unsatisfactory correction

- How do you feel when you have to pay for shipping in order to replace the product? (link to D. Replacement)

- How was it when you have returned the incorrect/dissatisfying product but then Groupon has sent you an incorrect content? Please explain this situation.

  I. *Failure escalate*

- What were some complication/difficulties in reaching Groupon and getting the company's attention on your issue? Can you give some examples?

- What were some difficulties in solving customer's problems?

  J. *Nothing*

- Can you describe the case that Groupon did not try to help with their product or service mistakes?

- How did such situation impact you?

- What had led to the missing of action in these cases?

  K. *Replace at brick and mortar*

- Why did you choose to replace items by visiting Groupon's office?

- Did the problem solve when you have visited the office?

- What happened when there were no products to exchange at the office?

Note:

- Questions may be applied in different order due to the nature of different cases and the flow of conversation.

- Questions may be adapted to interviewee's status, e.g. some of them may be targeted to customers so they will be adjusted or improvised in asking managers.