

## DEVELOPMENT OF A CUSTOMER SERVICE SYSTEM IN ELECTRONIC COMMERCE

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**Abstract:** Information technologies and systems are developing rapidly. Therefore, there are significant changes in business entities' interaction. E-business is an effective tool to make settlements with customers, expand markets for goods and services, seek new partners, and create a positive image. Certain business types are more favourable to introduce e-commerce; thus, their development level is higher. These are trade in intangible goods, securities, banking services, software development and implementation, information services, distance learning, etc. The purpose of this paper is to determine electronic commerce features in customer warranty and service. The following methods were used: bibliometric and content analysis in processing and searching literary sources; comparing protection of consumers' interests; analysis and synthesis; consolidation and systematization, particularly in the analysis of legislation, literature, and statistics. Service and warranty are key commerce elements. They are customer services. For proper service and to be ahead of competitors, the consumers' feedback, complaints, suggestions, recommendations, claims, constant response should be set up. Protecting consumer rights in e-commerce is ensured by "On consumer rights protection", "On electronic commerce", etc. Improving regulations

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between a consumer and a seller, and finding new implementing ways are necessary. Ukraine should fulfill its international legal obligations. Despite the fact that protection of consumer rights is regulated, e-commerce is not properly established and there is a negative experience in using it because of poor government control. E-commerce stores' trends will allow achieving excellence, high ratings, and buyers' confidence. The country should have a high-quality e-commerce service.

**Key words:** service and warranty service, consumer protection, e-commerce, online store, innovation.

**JEL:** M21, M29, O10.

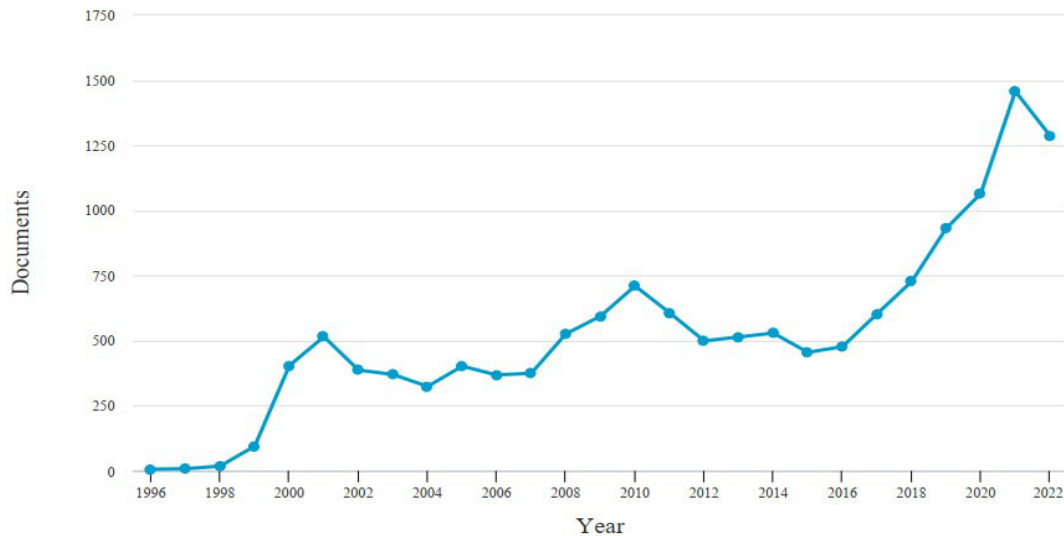
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### Introduction

In the traditional sense, doing business involves direct contact between a seller or service provider and a consumer. In this context, business relationships are very close, and a consumer usually has the opportunity to contact a manufacturer or seller directly. As a result, the personal component of business relationships has a significant impact on solving many fundamental and minor problems. In turn, in terms of e-commerce, the relationship between producers, sellers, and consumers is indirect. Networks, websites, and mobile communications eliminate the personal factor in a significant way. Nevertheless, the businesspersons' responsibility to consumers remains at a high level, especially when competition intensifies and the importance of goods and services quality in comparison with price increases. In today's world, if we take no notice of the market of high-tech products or services, the production problem is almost non-existent. The problems of functionality, quality, and safety are actual. Thus, the relevance of studying problematic aspects of warranty and customer service development is growing. It should be noted that in terms of e-commerce, the research on these issues is poorly formalized. Most scholars, including J. Cox, B. G. Dale (2001), P. Rita, T. Oliveira, A. Farisa (2019), J. Lee, M. S. Cha, C. Cho (2012), F. Hackl, R. Winter-Ebmer (2020), H. M. Chuang, Y. S. Chen, C. Y. Lin et al. (2016), S. Dhingra, S. Gupta, R. Bhatt (2020), Si. Yuna (2021), A. U. Rehman, S. Bashir, A. Mahmood et al. (2022), M. Ingaldi, R. Ulewicz (2018), L. Hafez, E. Elakkad, M. Gamil (2021) pay attention to studying empirical data on consumer satisfaction as well as situational factors, which is extremely important. Nevertheless, the fundamental factors of problems still remain poorly studied..

## Literature Review

The results of the study show that the interest in the development of e-commerce is high not only among scientists, but also in the business environment. For example, the Scopus database for the query “e-commerce” shows 14,255 results (search by document title as of 01.11.2022) and has been growing very significantly in recent years (Fig. 1).



Source: developed by the authors on the Scopus database (access: 1.11.2022).

*Figure 1. Dynamics of publications on e-commerce by years according to Scopus database*

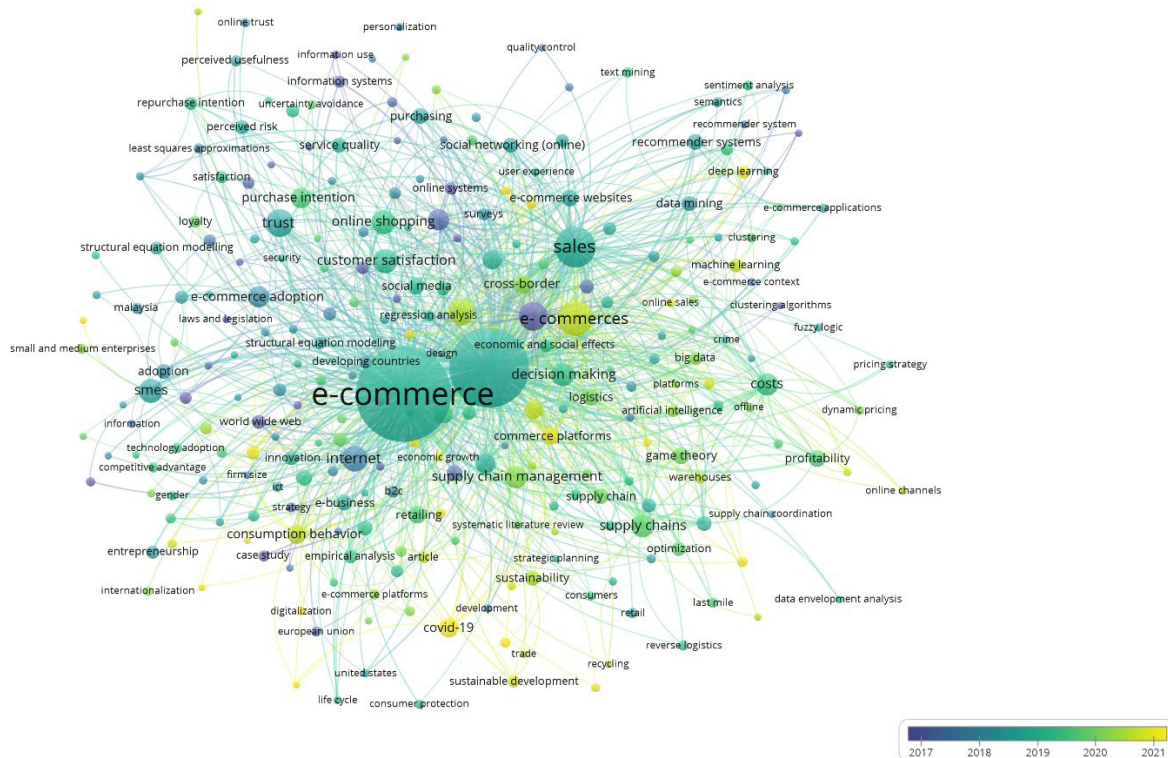
Despite the fact that the first articles on e-commerce were published in 1996 (in the Scopus database), more than 1,000 papers are published and indexed each year, with a peak of publication activity in 2021 (1,458 articles). However, since 2022 is still in progress, the previous record will probably be surpassed this year. The analysis of the results by country indicates that in terms of the number of studies on e-commerce, China (5,307 documents), the USA (1,931 documents) and India (848 documents) lead on a global scale. The analysis of the results in terms of research areas indicates that about a third (32.1%) of documents on e-commerce belong to computer sciences, 15.1% relate to business, management and accounting, and 14.9% relate to engineering.

In the following, we limited the scope of analysis according to the following criteria:

- (1) by type of document – only articles;



b2c e-commerce, blockchain). The developed chronological map (Fig. 3) clearly demonstrates temporal features in the dynamics of the use of the main concepts related to e-commerce in publications around the world.



Sources: developed by the authors based on the Scopus database.

*Figure 3. Network visualization of the chronology of the use of economic and related categories connected to e-commerce, 2013-2022*

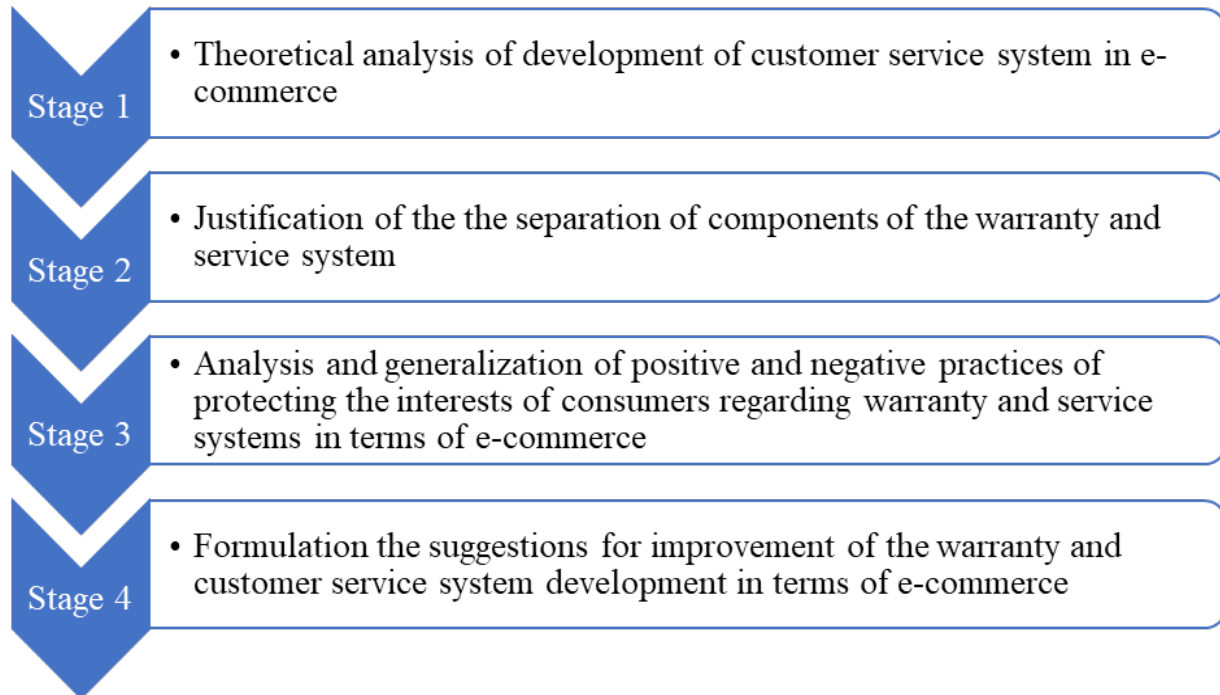
Thus, the issue of the development of e-commerce is relevant and is being studied in the world from different positions. The problem is that the features of e-commerce in terms of warranty and customer service are still scientifically unfounded. The important aspects of this problem (research questions) are:

- how to separate the components of the warranty and service system;
- which positive and negative practices in protecting the interests of consumers regarding warranty and service in terms of e-commerce can be identified;
- which proposals can be formulated regarding the improvement of warranty and customer service development in terms of e-commerce.

The purpose of this paper is to determine electronic commerce features in customer warranty and service.

### Methods

In the context of achieving the goal of this article, the following algorithm is proposed to analyze and determine the features of electronic commerce in warranty and customer service (Fig. 4).



*Source: developed by the authors*

*Figure 4. Algorithm for the study of the electronic commerce features in customer warranty and service*

The theoretical component of this study is based on the use of bibliometric and cluster analysis conducted using the VOSviewer tool based on the Scopus database. The following methods were used: content analysis in processing and searching literary sources (as a result, the warranty and service system components are separated); comparing protection of consumers' interests analysis and synthesis (as a result, the positive and negative practices in protecting the interests of consumers regarding warranty and service in terms of e-commerce are identified); consolidation and systematization, particularly in the analysis of legislation, literature, and statistics (as a result, suggestions to improve the warranty and customer service development in terms of e-commerce are formulated).

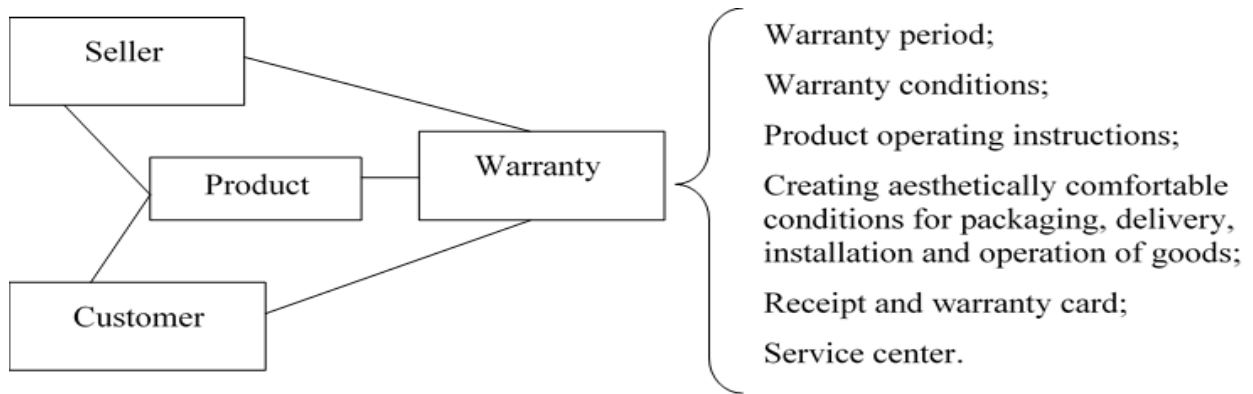
## Results and Discussion

### *4.1. Warranty and Service System Components*

The main component of the customer warranty and service system is the product warranty. To understand the guarantee function more accurately, the consumer service systems of online stores around the world, namely: Epicentrk.ua, Walmart, Allo.ua, Target, SuperTarget, and others are studied. On the website of each online store, there is a section “Exchange and refund” or “warranty service”, which contains detailed information on the terms of the warranty, as well as information on the conditions under which it is possible to exchange or return goods.

The features of warranty service: each product has its warranty period, so the seller indicates this period in the description of each product on the site or in Section “Exchange and Return”; some stores offer to hand over the product for warranty repair in three ways: independently provide the product to a service centre, transfer the product to one of the store chains, or send it by mail operator. However, most of the stores have the opportunity to provide repairs under warranty only when the goods are returned by mail to the seller; the websites of domestic online stores indicate information that according to the legislation of Ukraine, since 2017, the presence of a seal on the warranty card is not mandatory for the provision of services (Ordanini, 2011; Lukyanets, 2010; On consumer..., 1991); the websites of Ukrainian manufacturers and sellers of goods contain a provision from the law of Ukraine “On consumer rights protection” of 12.05.1991 №1023-XII. According to Article 9 of this law, a consumer has the right to exchange goods of proper quality within fourteen days, except the day of purchase, unless a longer period is announced by the seller. Exchange of proper quality goods is carried out if it is not used and if its commercial appearance, consumer properties, seals, labels, as well as a settlement document issued to the Consumer together with the goods sold, or an electronic settlement document is sent to the subscriber number or email address provided by the consumer. The same law specifies a list of goods that are not subject to return (Warranty... Amazon, 2022; Aliexpress, 2022; Walmart, 2022; Rozetka, 2022).

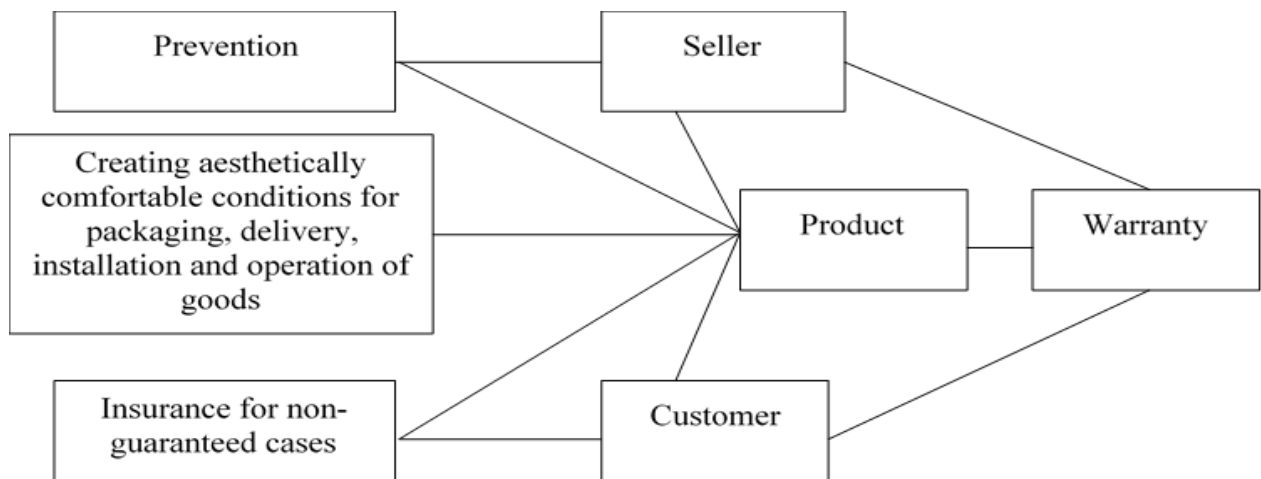
Thus, after researching the sites of international and domestic online stores, such as eBay Inc., Amazon, Walmart, Aliexpress, ROZETKA, Makeup, Lamoda and others, we can conclude that the standard warranty is mandatory. The diagram of such a service system is shown in Fig. 5.



Source: developed by the authors.

*Figure 5. Standard service system for goods consumers*

However, for many products (electronic devices, household appliances, parts for them, etc.), a seller usually offers an extended warranty (Fig. 6).



Source: developed by the authors

*Figure 6. Advanced Customer Service System*

This extended warranty allows using the warranty service for an additional fee for 1 or 2 years in addition to the standard warranty for the purchased device. This type of warranty works on the principle that one extended warranty covers only one item. If a customer has purchased two or more products and one package of the extended warranty, he/she can assign the extended warranty to any of them; it will not apply to other devices. The extended warranty is a paid service and is purchased at the request of a customer. The advantage of this type of warranty allows getting additional maintenance and saving money.



Therefore, having analyzed the current practice of consumer warranty and service systems in the field of e-commerce, as well as scientists' positions, in particular, the studies by A. Ordanini, V. Lukyanets and S. Zadorozhny, we come to the conclusion that the consumer warranty and service systems in the field of e-commerce are a set of relations between sellers and customers for the subject of preventive, warranty and insurance services for consumers, as well as providing them with services related to the creation of aesthetically comfortable conditions for packaging, delivery, installation and operation of goods (Ordanini, 2011; Lukyanets, 2010; Zadorozhny, 2017).

A comparative analysis of the standard and extended service system for consumers is presented in Table 1.

*Table 1.  
Common and distinctive features of standard and advanced customer service systems*

Characteristics of the system	Types of schemes	
	Standard	Extended
Provides a guarantee for a product	+	+
Provides the prevention of purchased goods	-	+
Provides the insurance for non-guaranteed cases of purchased goods	-	+
Provides the post-warranty service in service centers	+	+
It involves diagnostics, repair, or replacement of one product with another	+	+
Creating aesthetically comfortable conditions for packaging, delivery, installation and operation of goods	-	+

*Source: developed by the authors.*

As seen in Table 1, the systems provide almost the same list of services, that is, they provide a guarantee for the product; diagnostics, repair or replacement of one product with another; post-warranty service in service centres. However, the extended consumer service system, unlike the standard one, provides such additional services as insurance for non-warranty cases of purchased goods and prevention of purchased goods. Note, these additional types of services are quite attractive and useful for consumers, so the widespread service system is in great demand (Hlinenko & Daynovskyy, 2018).

***Analysis of positive and negative practices in the field of protecting the interests of consumers regarding warranty and service systems in the field of e-commerce***

In order to compare the consumer warranty and service systems in the context of e-commerce accurately, it is worth studying reviews from

consumers. This section reviews 20 online stores in Ukraine in order to give specific examples of how the system of protecting the interests of consumers works in practice. Stores that sell and produce goods in various fields of activity are presented to compare the warranty and service system as a whole. Some stores have branches in major cities of Ukraine, but in general, they sell on the Internet. To track the rating of stores based on reviews, the site [otzyvua.net](http://otzyvua.net) (The first..., 2022) is selected as the basis.

Table 2 considers stores in the field of e-commerce that have the best practices of consumer protection in the field of warranty and service.

*Table 2.  
Top 10 online stores with the best practices of consumer protection in the field of warranty and service*

Store's name	Evaluation of the warranty and service system
UkrSoft	The service system is at the highest level, the staff provides timely and high-quality support to customers. Users are guaranteed. More than 1,300 positive reviews.
Pratik	More than 1000 excellent customer reviews of good warranty and service system. The online store provides a wide range of products at a low price, so it is in demand.
Original OFF	In total, the store has over 300 satisfied customers. However, there are those who complain about the warranty service, namely problems with refunds, although the store's website indicates a 14-day warranty.
Garne	More than 80% of satisfied customers note that the quality and appearance of the product fully correspond to the description. The website indicates the warranty period-14 days, the seller provides all the services provided by the warranty service.
UPPS	90% of reviews about positive practices in using the store's services. The staff provides excellent advice and service, as well as feedback, as the store representative responds and helps customers with feedback or comments.
Taburetka	70% of reviews about the excellent work of the staff and their service. The store takes care of its customer base and provides the necessary support and advice in case of disputes.
Gold.ua	The store is in high demand, as it has a large assortment and a low pricing policy. More than 900 satisfied customers and each of them is valuable to the store
Telemart	In general, customers are satisfied with the staff service, attractive prices and quality of goods. However, there are consumers who have also had a negative practice regarding warranty service.
ANSWEAR	80% of customers are completely satisfied with the service and quality of the purchased products. The store is in demand because it provides an opportunity to purchase branded clothing at low prices.
Stylus	Most of the reviews are still positive, so the store can be classified in this category. However, due to the not always prompt work of the staff and problems with refunds, the store's rating gets worse.

*Source: developed by the authors.*

Next, let us look at online stores that have the worst practices of consumer protection in the field of warranty and service (Table 3). Such stores in Ukraine also have their place, since the state imperfectly exercises control over stores in the field of e-commerce, so there are online stores on the market with low quality of service and warranty system.

*Table 3.  
Top 10 online stores with the worst consumer protection practices in the field of warranty and service system*

Store's name	Evaluation of warranty and service system
ROZETKA	Service is at a low level, and consumers complain about the inefficient work of managers, poor quality of goods, irresponsible staff, and poor warranty service.
Bonprix	Customers are satisfied with the service, but they are not satisfied with the guarantees of the service at all. Due to the large number of dissatisfied consumers, the store has a low rating
Mobilac	Most dissatisfied customers complain about the poor service provided by the online store's employees.
Kasta	In general, the service system is good, but poor-quality goods and problems that arise during warranty cases significantly reduce the store's rating.
MAKEUP	The online store has a regular customer base, but it is necessary to improve the warranty and service systems in order to increase the rating.
TTT	The store should establish a warranty system and improve the skills of its staff to increase positive reviews and satisfied customers.
SKIDKA	The service of this online store is at a low level, the warranty system is satisfactory
LaGrande	Most customers rate the service of the online store unsatisfactory. The low rating was particularly affected by the unprofessional attitude of the staff to customers.
Leboutique	The quality of service in the online store does not meet the requirements, so the store is gradually losing demand in the market
CACTUS	The store has the lowest level among others. Users rate the service and warranty systems as unsatisfactory.

*Source: developed by the authors.*

Thus, after analyzing a number of domestic online stores, it is worth noting that the development of e-commerce in Ukraine is progressing rapidly. There is a sufficient number of sellers who comply with all the conditions stipulated by the legislation of Ukraine, provide customer service at the highest level and are equal to online stores in European countries. However, consumer protection in the field of warranty and services of some online stores is not at a high level. Consumers often complain about problems in the warranty system and poor quality of service. M. Vasilenko

and I. Kireeva argue that “the authorities are trying to regulate trade in the field of e-commerce with legislation and draft laws, but today the methods are not effective enough” (Vasilenko & Kireeva, 2020).

***Suggestions for improving the warranty and customer service system development in the context of e-commerce***

E-commerce is one of the most dynamic and competitive areas of business, which is changing both in terms of technology and business models. To be successful in this area, it is necessary to take into account all the factors and trends of its development. To do this, e-commerce entities must improve and develop logistics, improve the speed and quality of delivery; take into account the development of the “subscription purchases” direction; track the emergence of new mobile applications in the field of e-commerce; introduce a personalized service for certain groups of consumers; conduct effective advertising. Special attention in the process of conducting e-commerce, as noted by A. Sumets, M. Serbov, R. Skrinkovsky et al. “...It is necessary to pay attention to protecting the rights of consumers and ensuring their interests by increasing guarantees from business structures” (Sumets et al., 2021).

In the presented table (Table 4), the list of problems in the field of protecting the interests of consumers of goods regarding warranty and service systems in the field of e-commerce that the consumer, manufacturer and seller face, as well as ways to solve them and the expected effect of implementing the proposed solutions is indicated.

*Table 4.*

*Current problems of stores in the field of electronic commerce, ways of solving them and expected results*

<b>Problems</b>	<b>Ways of solving problems</b>	<b>Expected results</b>
The seller loses customers due to poor performance of service centers (some work too slowly, others do not provide high-quality services).	Creating a significant number of small service centers scattered across large and medium-sized cities. It is also necessary to recruit only professionals to work in service centers or train staff at the expense of the enterprise.	As a result, the number of service centers will increase, and customer assistance will be provided faster. The store will receive fewer customer complaints about the low level of service delivery, since only qualified sellers will work.

<p>Customers who purchase vehicles, household appliances and other valuable goods want to contact the service center for warranty repairs, but the warranty period has expired.</p>	<p>It is advisable for an online store to offer an extended warranty, which will be provided for an individual product for a certain period of time for a set fee. The consumer, having such a guarantee, will be able to use the services of the service center without hindrance after the end of the standard warranty.</p>	<p>Thus, the store will attract additional consumer attention; the number of customers will increase when choosing an online store; most consumers will prefer an online store that offers an additional extended warranty. Such a seller will have the trust and demand of consumers.</p>
<p>Often, customers refuse the services of an online store due to unsatisfactory staff service (poor advice, disrespect, and incompetence on the part of managers or hotline employees).</p>	<p>Analyze reviews of the services provided by the staff, offer clients to evaluate the service provided by the manager, improve the professionalism of the staff by completing mandatory regular training courses that will give them new knowledge each time and teach them creative service methods.</p>	<p>As a result, the store will not lose customers due to insufficient service, and employees will better understand their business, improve their knowledge regularly and apply innovations.</p>
<p>Users of the online store's delivery services had a negative service practice related to the delivery of damaged goods during transportation.</p>	<p>Products that have a high risk of damage during delivery to the customer should be packed properly. When packing products such as cosmetics or products containing glass parts, you should additionally consider protecting them from possible defects. It is appropriate to put a sticker on the packaging with a courier warning.</p>	<p>The number of negative customer reviews about poor delivery quality will decrease. Consumers will characterize the seller as a reliable supplier and give high ratings for the service.</p>
<p>There are cases when a customer decides to change a store after an unsuccessful experience of purchasing goods in it.</p>	<p>To avoid such incidents, the seller should provide additional bonuses, promotions, or gifts for subsequent purchases to consumers who have received poor service.</p>	<p>Thus, the online store will not lose a customer who is accidentally provided with poor-quality service. The consumer will be satisfied with taking care of as a customer.</p>
<p>There are customers (usually older people) who do not prefer online payment, so they refuse the services of an online store. Also, some customers refuse to pay in advance due to distrust of an unfamiliar seller.</p>	<p>For such customers, it is appropriate to provide for payment of goods to the courier or at the pick-up point of the goods. For greater consumer confidence, after making a payment, the customer must receive an electronic transaction document confirming the receipt of funds.</p>	<p>The store will be able to expand its customer base. Transfer of all operations in electronic format trading on a contractual basis can significantly help reduce risks in this area for both the seller and the consumer.</p>

Source: developed by the authors.

Although due to social and economic problems, Ukraine lags behind the United States and Western Europe, our state enters the global information space (Palamarchuk & Tymoshenko, 2018). Given the need to increase the competitiveness of the Ukrainian e-commerce sector in the world market, the development and improvement of institutional support for this sector of the economy is relevant. It is necessary for the development of e-commerce in Ukraine, to introduce a number of measures at the legislative and institutional level in accordance with the concept of the information society, in particular:

- introducing the latest information and communication technologies in all spheres of economic activity, increasing the level of automation and updating the processes of enterprises in the trade and manufacturing industries;
- improving the security of data transmission and processing;
- developing digital communication networks as a replacement for analog ones;
- providing state support to telecommunications development operators in remote regions of the country.

The introduction and development of tools for state regulation of e-commerce, the creation of regimes of the greatest legal assistance to the development of digital business in Ukraine is the basis for increasing the competitiveness of Ukrainian business entities both in the domestic and global markets (Patramanska, 2014). Also, in order to transfer domestic trade to a civilized channel, it is necessary to adopt a law on consumer protection in the field of e-commerce. It should contain a number of effective standards that work in the EU countries:

1. Prohibition of e-commerce to entities that do not disclose registration information. First, it is up to online stores, whose phone numbers are not verified or linked to the passport data of an individual entrepreneur.

2. The right to online stores' block websites that do not comply with identification requirements by a court decision. It is necessary to provide for an expedited procedure for judicial consideration of such claims by law.

3. A mechanism for depositing funds by banking institutions or marketplaces (an internet marketplace is a type of e-commerce website, where information about products or services is provided by third parties (Definition..., 2022). Such a tool works effectively, in particular, in China. The seller can receive funds from the consumer only after full fulfillment of its obligations. It is advisable for the state to conduct a powerful information campaign, that is, to explain the advantages of depositing funds in a

separate account and identify the risks of paying for goods or services in P2P format (transfer of funds from one individual to another). It is much safer and more reliable for both consumers and sellers to use the cash on delivery service. The main advantage of cash on delivery is that the customer pays for the order only after receiving and inspecting the product. There is no risk that the seller will not ship the goods after payment. The main disadvantage of cash on delivery is that the customer needs to pay a commission or percentage for transferring money by new mail to the seller.

4. Separation of functions of state policy formation and consumer rights protection. Provide the first function to the Ministry of Economy, the second one to the State Food and Consumer Service. The current model of trade regulation by the Ministry of Economy and the Ministry of Digital Development, and consumer protection by the State Food and Consumer Service does not provide effective regulation.

5. Official Register of virtuous online stores on the regulator's website. Such a tool corresponds to the European model of consumer protection. An example is the introduction in Germany, France, and Switzerland of a public register of bona fide sellers in the tax authorities (Boateng, 2016; Faldina & Mainka, 2020).

Despite the existing shortcomings and threats, the e-commerce market in Ukraine has all the prospects for development. Trends that have already developed in the United States, Europe, China, and other countries and relate to increasing customer orientation in trade will be relevant (Sak & Khovkhalyuk, 2020; Sumets et al., 2021).

## **Conclusions**

This study determines the electronic commerce features in customer warranty and service. The following conclusions are formulated on the basis of the performed work:

1. Warranty and service systems are key elements of trading, they are services that are provided to customers before and after purchasing. To have the proper service and allow it to stay ahead of competitors, the company should establish feedback with consumers, arrange the reception of complaints and suggestions, recommendations and complaints, and constantly respond to them.

2. Consumer rights protection in the field of electronic commerce is provided by the relevant provisions of the laws of Ukraine "On consumer

rights protection”, “On electronic commerce”, and others. Having studied the challenging issues in the field of consumer protection, it is concluded that it is necessary to improve the legal acts regulating the legal relationships between a consumer and a seller and find new ways to implement them.

3. A brief overview of consumer protection in the European Union shows how multifaceted and complex this set of issues is. That is why, in order for Ukraine to properly fulfil its international legal obligations to bring its national legislation closer to the relevant European standards, it is necessary to take into account the particularities and aspects of the legal regulation of this field in the EU at all stages of approximation: not only at the time of transposition, that is, bringing legislation into conformity with the requirements of the law, but also in the process of practical implementation of European requirements and standards (implementation), as well as in the framework of their enforcement.

4. Despite the fact that the country’s authorities regulate consumer rights protection with relevant draft laws, trade in the field of e-commerce is not established accordingly. Consumers often have a negative experience in using e-commerce store services because of the lack of government control over e-commerce. The study shows that the problematic aspects of service and guarantee services for consumers in the field of e-commerce are poor functioning of service centres; satisfactory guarantee system; poor service and incompetent staff; slow delivery, etc.

5. Applying the proposed trends will allow e-commerce stores to be successful, highly rated, and trusted by customers. The state should also help bring this area of trade to a new level, equating with highly developed countries and introducing draft laws that will allow the country to have a high-quality e-commerce service system. To improve the service and warranty system for consumers in the field of e-commerce, it is proposed to introduce a loyalty program for customers; improve the skills of the staff, in particular, employees of service centres; improve the warranty system through the introduction of an extended warranty service; improve delivery services due to high-quality packaging of goods; add cash on delivery service for purchased goods for consumers.

However, one of the key limitations of this study is the limited use of empirical data obtained from consumer surveys, which provides avenues for future research. In addition, the decision to grant Ukraine the status of a candidate for membership of the European Union indicates the need to continue the research aimed at studying and implementing the best European practices on the researched issue.



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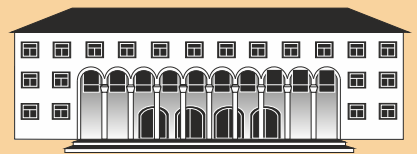
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