Report of Gearbest's business process improvement

15 October 2020

Jason Ching Yuen Siu

Situation

Gearbest is one of the biggest e-commerce websites headquartered in China. Its revenue has dropped drastically from 21 million USD in 2018 to 961000 USD in 2020 (Zoominfo, 2020). Therefore, the scope of this analysis is to explain why the root problem is customer service and provide the solution.

Problem

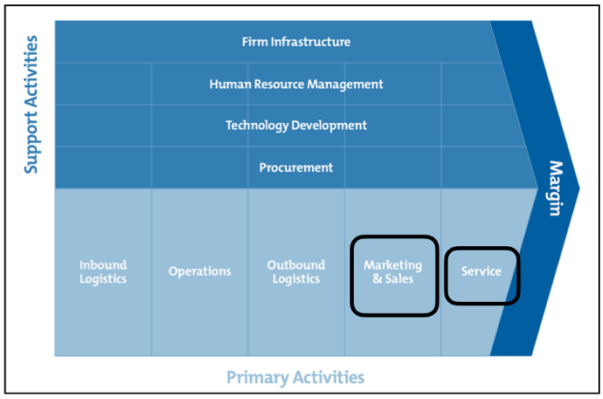


Figure 1.2 : Mindtools.Pty Ltd (2020). Value chain indicates that too much focus on marketing but not on services. Retrieved from https://www.mindtools.com/pages/article/newSTR_66.htm

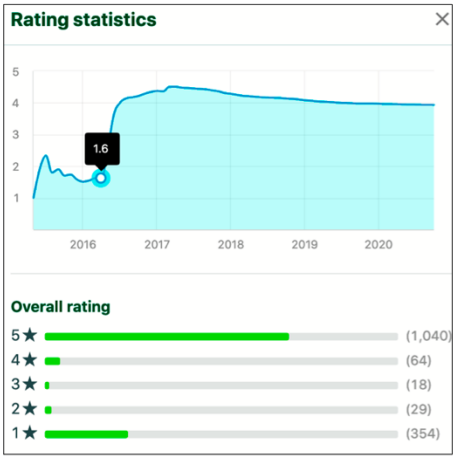


Figure 1.1 : ProductReview.Pty Ltd. (2020). Trend on the number of review on Gearbest. Retrieved from ProductReview.com

The inadequacy of value between marketing and services constitutes its major revenue drop. Catey Hill deemed that fake reviews emerge when its number increases within a short period of time and has photo-less profiles (Hill, 2018). The reviews on productreview.com (ProductReview, 2020) and britainreviews.co (Britainreviews, 2020) share signs of fake reviews (Appendix 1). The increased rating statistics shows that they bought a lot of reviews (Figure 1.1).

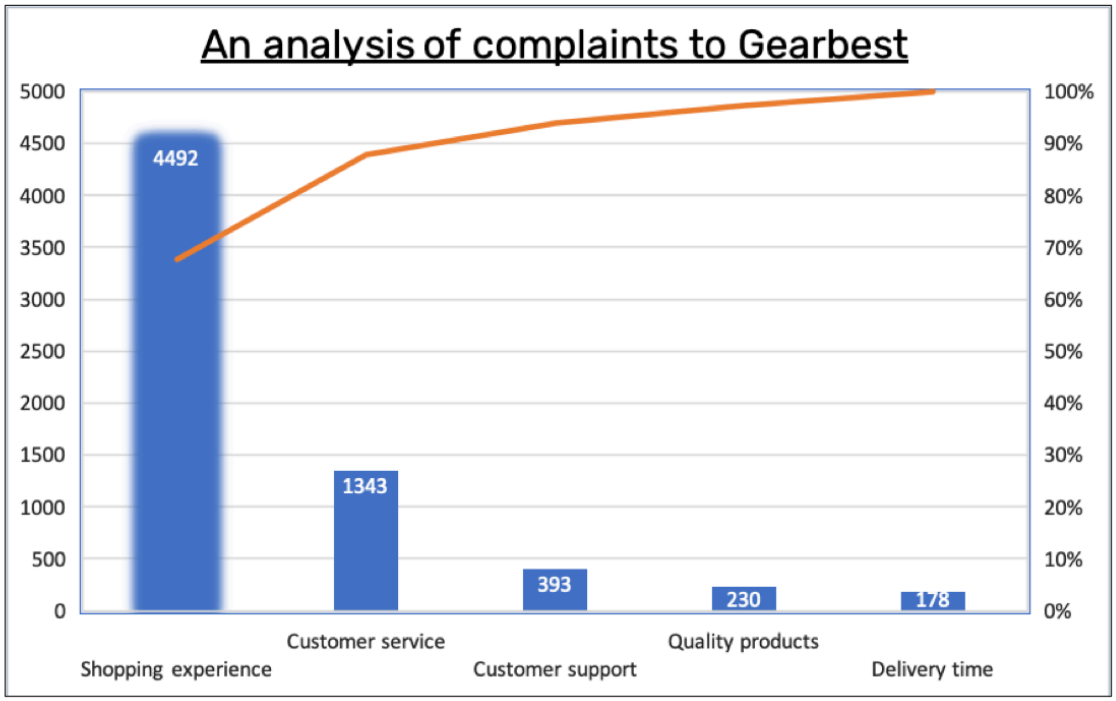


Figure 1.3 : Pareto chart of an analysis of complaints to Gearbest

Meanwhile, product review websites — sitejabber.com (Sitejabber, 2020) has 10,704 complaints on Gearbest, 4492 of which regard the shopping experience as bad (Figure 1.3). The analysis shows Gearbest offers many dissatisfactory customer support and services. Thus, it indicates that Gearbest invests lots in marketing but little in services. The root problem is its discontent with customer service and support (Appendix 3). According to the Pareto chart above, if Gearbest focuses on its more than 20% of resource on services, 80% of shopping experience can be enhanced.

The following case study describes how the Gearbest's customer support process is inefficient.

Case study

Warren bought a digital gadget on Gearbest in which they claim to offer the best-quality products in quick delivery (Appendix 4). However, he received the product after 1 month and found it to be damaged. He emailed Gearbest to complain about the late arrival of the shipment and products found to be damaged (known as problem Y in the Figure 1.4). He found the customer support terrible due to its delayed replies. It took him nearly a month to resolve the problem Y. Therefore, the below analysis depicts its inefficiency with a long cycle time.

Limitation

1. The hindrance of the research is that it is hard to get access to Gearbest's internal process and its data. Therefore, the Figures 1.4 and 1.6 are taken from customers' perspectives. All numbers for the following Figures are estimated on average based upon the information reference from online forums like sitejabber.com (Sitejabber, 2020) and Warren's shopping experience.

Process activity chart - Current Process								
Case description	Complaint about the late arrival of the shipment and products found to be damaged. The following chart is taken from the perspective of Warren for who is the customer							
Case reference number : **Analyst :** **Step no.**	**00123012** **Jason Siu** **Details of method**	**Operation**	**Inspection**	**Objects transport**	**Delay**	**Storage**	**Time**	**Query status**
1	Sends an email about a query of problem Y	●	■	→	D	△	0.25 working days	Start
2	Waits for frontline employees from Gearbest to classify Y problem (whether it is pre-sales or post-sales services)	●	■	→	D	△	0.5 working days	Pending
3	Waits to receive confirmation email about the classified case and its case reference number	●	■	→	D	△	0.5 working days	Pending
4	Waits for the frontline employees to send the classified case to the appropriate the relevant personnel from Gearbest	●	■	→	D	△	0.5 working days	Pending
5	Waits for the relevant personnel to take in charge of the case and then ask Warren for further questions so as to identify problem Y	●	■	→	D	△	3.5 working days	Pending
6	Replies the questions and wait for the solution	●	■	→	D	△	0.25 working days	Pending
7	Waits the Personnel to ask involved party investigate problem Y	●	■	→	D	△	3- 14 working days	Pending
8	Waits problem Y to be resolved	●	■	→	D	△	1 working days	Pending
9	Waits for the involved party send the solution to personnel	●	■	→	D	△	0.5 working days	Pending
10	Waits for the Personnel to send the reason to Warren	●	■	→	D	△	0.5 working days	Finish

Figure 1.4 : Process activity chart of the current process for Gearbest's customer support

Inefficient process

Figure 1.4 shows that the process Gearbest is handling for problem Y has 11 activities. There are 2 loops of activities. It is assumed Gearbest acknowledges this process given that they might outsource their customer service to third parties.

The first loop (Step 1 to 6) is focused on case confirmation, which took 5.5 days. Gearbest manually classify problem Y and issue the case number. The case information is sent to relevant personnel which is the logistics department here.

The second looped activity (Step 7 to 11) is the investigation of problem Y, which took 5 to 16 days. After gathering enough information from Warren, the personnel ask the involved parties to investigate why the received product was damaged. The involved parties are logistics companies and suppliers in this context. After finding the solution, they send it to the personnel who will then return it to Warren.

Therefore, this process is extremely inefficient. The average handle time is 17-day-long on average with 8 delays (Figure 1.4).

Solution

To tackle the problem of after-sales services, Gearbest could strengthen its technology development as support activities (Figure 1.2).

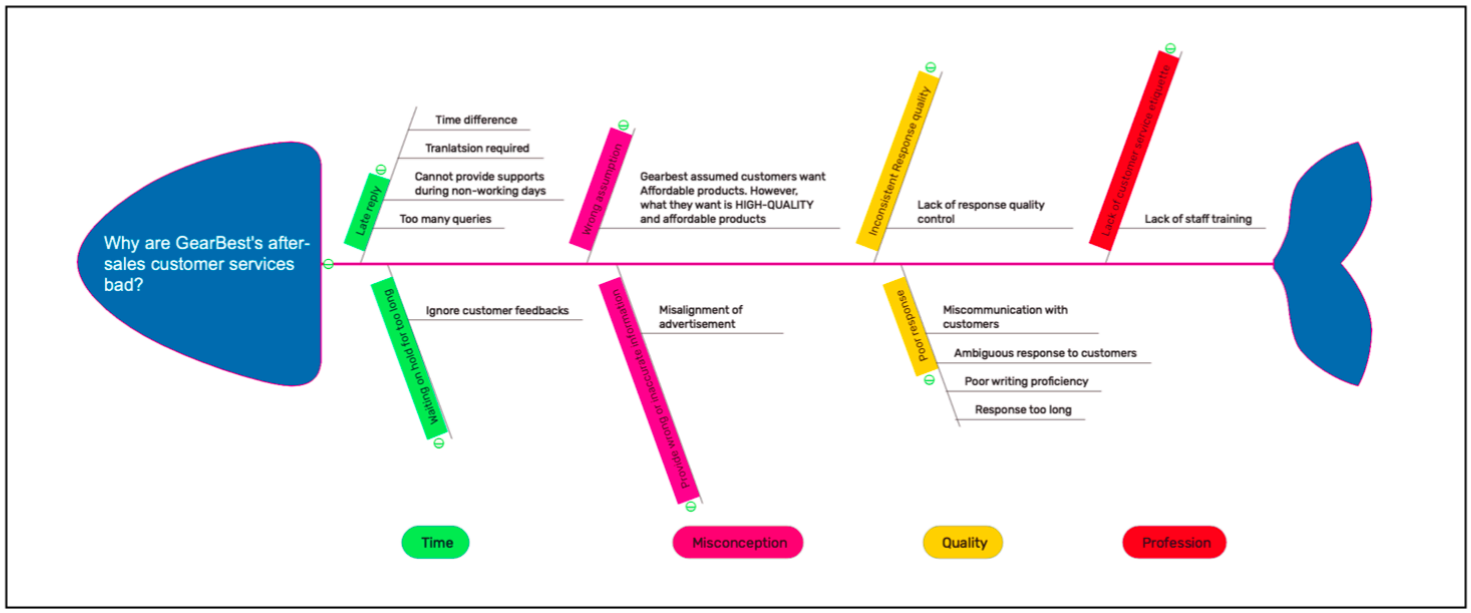


Figure 1.5 : Fishbone chart about why Gearbest's after-sales customer services are bad

A CRM system applying artificial intelligence (AI) technology can accelerate the classification of complaints. It took 1.5 days (Steps 2 - 4) for Gearbest to classify the complaints into before-sales or after-sales service before sending the confirmation email to Warren which is highly inefficient. This first-response time is necessary as it correlates with customer satisfaction (Insightsquared, 2020). Moreover, 77 % of customers say valuing their time is the most important thing a company can do to provide a great customer experience (Morgan, 2019). Using advanced technology could shorten the first-response time and hence enhance the shopping experience.

The reason activity 5 (Figure 1.4) takes so long is that customers often ask FAQs (The green label in Figure 1.5). This delayed others' complex queries. In addition, as a multi-national company, they often have people speaking customers' languages to reply to their emails. However, this takes time to refer the cases to translators. If Gearbest advances their technology like AI Chatbots, not only can it filter 33 % of queries using resources like FAQs but also provide multi-lingual responses 24/7 without delay (Pattersen, 2020).

The second reason consumers found responses unsatisfactory is about quality (The orange label in Figure 1.5). While there are numerous queries similar to Warren's issues, the response quality depends on whom to reply. The trained AI can ensure consistent quality control of messages. Surprisingly, if Gearbest integrates its AI chatbot software into the CRM system, the system analyses conversation history and replies to emails using customers' preferred voice and tone delay (Pattersen, 2020). Therefore, it betters the quality control of responses.

Implications for this solution

However, the above conclusions are based on a mature model of AI. It is possible for Gearbest to leverage the bank of customer information into the CRM system. In addition, what AI can solve is only on efficiency but not effectiveness (Figure1.9). AI chatbots mitigate the issues over time and quality. That means Gearbest still needs to find objectives aligned to what customers demand. They still need a well-trained crew of customer services to solve complex queries.

Process activity chart - Proposed Process								
Case description	Complaint about the late arrival of the shipment and products found to be damaged. The following chart is taken from the perspective of Warren who is the customer							
Case reference number : **Analyst :** **Step no.**	**00123012** **Jason Siu** **Details of method**	**Operation**	**Inspection**	**Objects transport**	**Delay**	**Storage**	**Time**	**Query status**
1	Sends an email about a query of problem Y	●	■	→	D	▲	10 - 20 minutes	Start
2	Waits for AI chatbots to categorise the problem Y Note : AI chatbots decide whether it is pre-sales or post-sales services and the types of support	●	■	→	D	▲	1 minute	Pending
3	Waits to receive the automated confirmation email with the case reference number made by AI chatbot	●	■	→	D	▲	1 minute	Pending
4	Waits for AI chatbot to send the classified case to the appropriate the relevant personnel	●	■	→	D	▲	1 minute	Pending
5	Waits for the follow-up personnel to be asked for further questions so as to identify the problem Y. Note : This is more effective as AI chatbots have already filtered the FAQ, only complex queries needs to be solved	●	■	→	D	▲	2 working days (33% more efficient based on research)	Pending
6	Asks the questions to the involved party to investigate the problem Y	●	■	→	D	▲	3-14 working days	Pending
7	Waits for the involved party to find the solution of the problem Y	●	■	→	D	▲	0.5 working days	Pending
8	Waits to receive solution made by the involed party	●	■	→	D	▲	1 working days	Pending

Figure 1.6 : Process activity chart of the current process for Gearbest's customer support

Process redesign

This is how the process can be improved with 3 changes by applying AI technology.

AI chatbots act as virtual assistants to handle these tedious and repetitive tasks based on the mechanism (Chart 1.8). The strength of AI is to find the patterns of keywords in customer's emails. The confirmation email can also be automated in 1 minute. Therefore, the first loop of activities (Step 2 - 4) has been optimised to 3 minutes.

AI chatbots diminish the duration it takes to ask personnel questions. The reason it took so long was that personnel often received similar questions from many customers. They have to answer these FAQs manually. Unlike AI chatbots, they can answer as quick as seconds and filter those FAQs so that the personnel could concentrate on answering complex queries. Based on the research, this query time is shortened 33% (Pattersen, 2020).

The third change is that customers can directly chat to the involved party. The reason that the second loop took so long is because customers had to ask for a solution through the contacts of personnel (Step 7 - 11). That means, for example, Warren can directly talk to the involved parties like the supplier to investigate why the goods received were damaged and ask for further help.

Method	*Current process*	*Proposed process*
Operation	1	1
Inspection	1	1
Objects transport	0	0
Delay	8	6
Storage	0	0
Total	10	8
Average handling time (Cycle Time)	17 days	13.5 days
Work-In-Process (WIP)	1700 per year	1350 per year
Change	-20.60%	

Figure 1.7 : General process chart of current process and proposed process

The improved process has 2 changes with the cycle time reduced to 13.5 days, which has been diminished 20.6% (Figure 1.7).

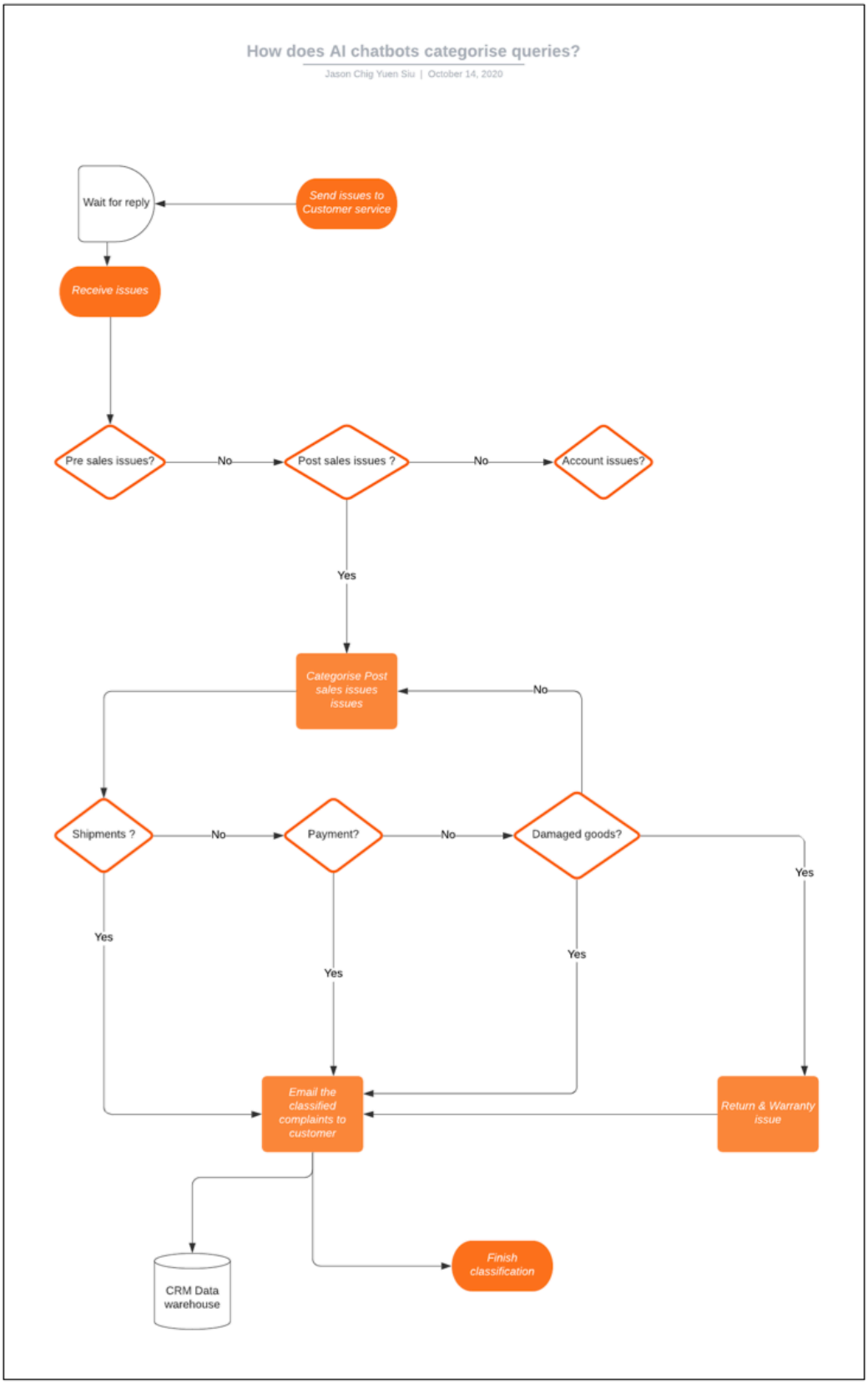


Figure 1.8 : How Artificial Chatbots categorise customers' queries for Gearbest customer support

Summary of IT

AI chatbots raise productivity and ensure consistency.

WIP in the system is decreased. Assumed Gearbest has 50 staff handling 5000 customer complaints per year on average. Gearbest finishes with one complaint for 17 days on average. The WIP decreased from 1700 to 1350 supports per year (Figure1.7). As mentioned about how AI chatbots shorten cycle times, having 350 fewer complaints in the system means the ratio of outputs to inputs is higher and hence increases productivity.

While AI chatbots can perform sentiment analysis, chatbots are less mechanic in which they can reply to messages based on customers' emotions. The messages are closer to humans which ensures every response is high-quality. Moreover, chatbots as a first touchpoint also help Gearbest's staff gain a better picture of customers. For example, when chatbots talk to Warren, their conversation history is stored in the data warehouse (Figure 1.8). If he contacts Gearbest again, the agents can retrieve that history from the CRM system to better understand his needs. If Warren asked lots of questions about affordability and quality, staff might understand his concern about the cost-performance ratio of products and ensure the answers to queries are customised to it. With larger datasets, therefore, using chatbots is a proactive approach to help staff customise every response and ensure its consistency.

Conclusion

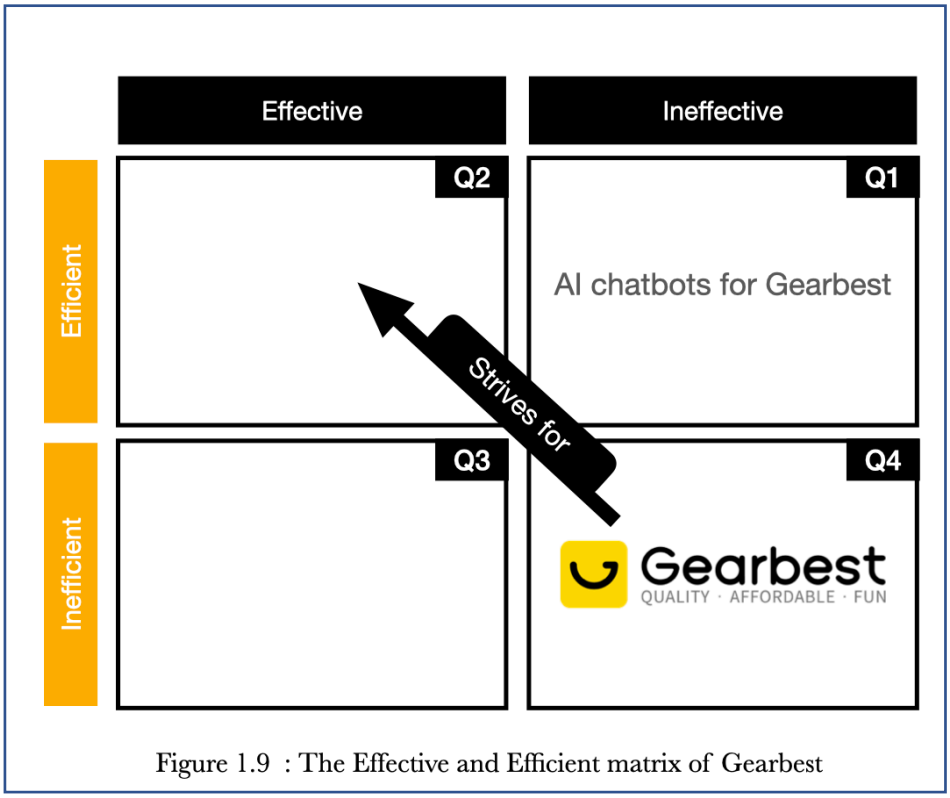


Figure 1.9 : The Effective and Efficient matrix of Gearbest

This analysis explains how Gearbest's inefficient process of customer support can be improved. Its major cause of revenue drop is the bad customer support (Q4 in Figure 1.9). As AI technology is getting more mature, the trend of integrating corporation's assets like talents and data into advanced technology is emerging. The future of Gearbest depends on how well they leverage this advanced technology to improve their business process of customer support. As demonstrated how Gearbest could benefit from the emerging technology in shortening the cycle time, their staff could focus on answering complex queries like Warren's. However, ultimately, this solution limits to increase the efficiency (Q1 in Figure 1.9). Gearbest still needs to understand customers' objectives. Such that they could build their word of mouth and improve customer's shopping experience (Q2 in Figure 1.9).

Reference

Britainreviews. (2020). Review on Gearbest from Britainreviews. Retrieved from https://britainreviews.co.uk/online-shopping/gearbest-uk-reviews-experiences-opinions-complaints

Hill, C. (2018). 10 secrets to uncovering which online reviews are fake Retrieved from https://www.marketwatch.com/story/10-secrets-to-uncovering-which-online-reviews-are-fake-2018-09-21

Insightsquared. (2020) 3 Ways to Reduce Your First Response Time. Retrieved from https://www.insightsquared.com/blog/3-ways-to-reduce-your-first-response-time/

Morgan, B. (2019). 50 Stats That Prove The Value Of Customer Experience. Retrieved from https://www.forbes.com/sites/blakemorgan/2019/09/24/50-stats-that-prove-the-value-of-customer-experience/#1baf75734ef2

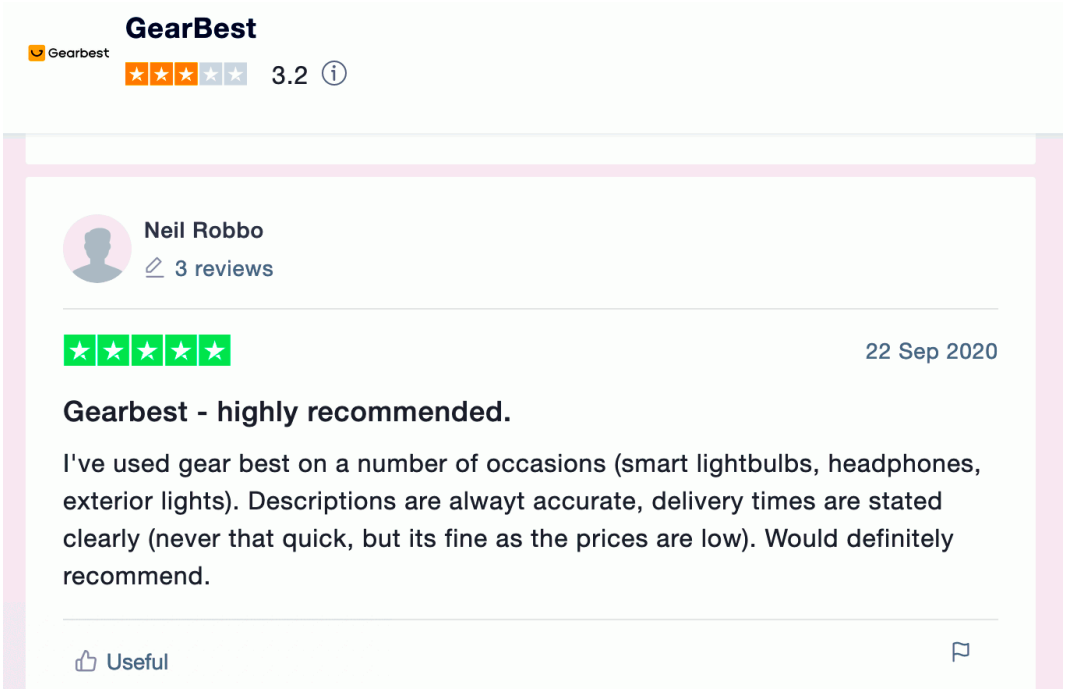
Pattersen, K. (2020). How customer service chatbots are redefining customer engagement with AI. Retrieved from https://www.intercom.com/blog/customer-service-chatbots/#chatbot

ProductReview. (2020). Product review on Gearbest. Retrieved from https://www.productreview.com.au/listings/gearbest

Sitejabber. (2020). Review on Gearbest. Retrieved from https://www.sitejabber.com/reviews/gearbest.com

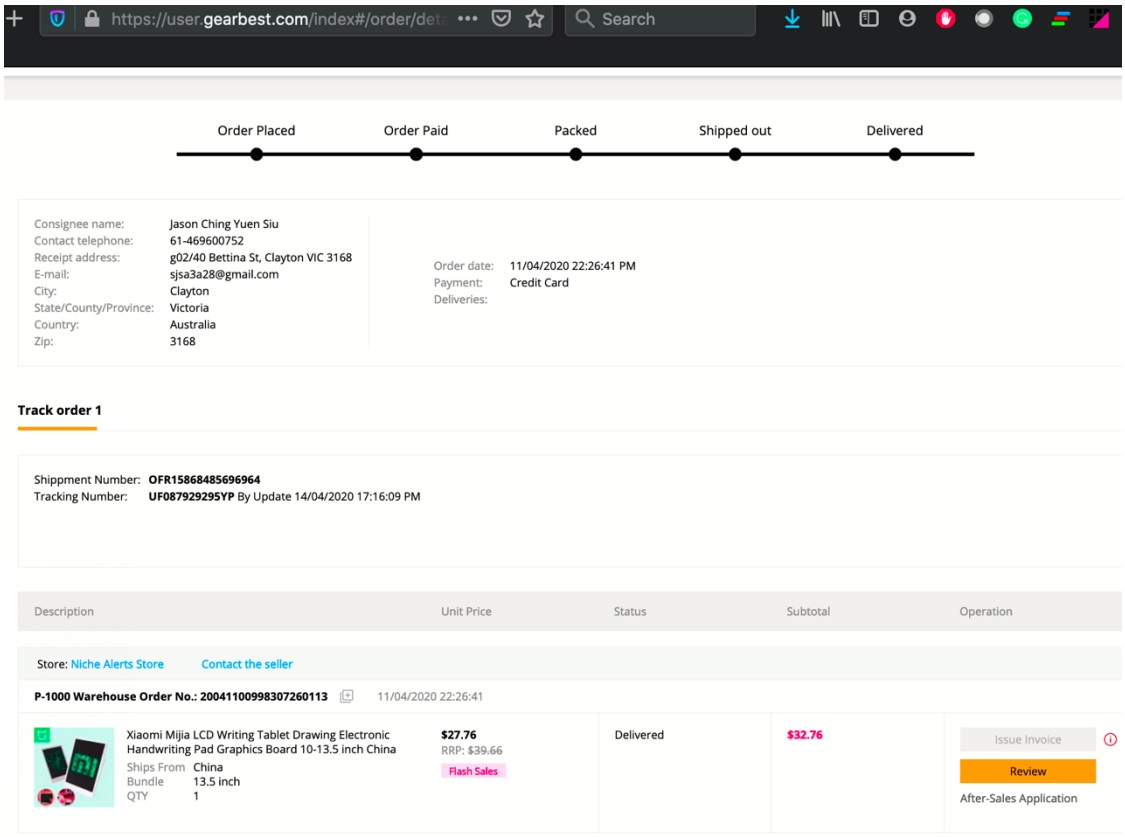
Zoominfo. (2020). Gearbest Company Insights. Retrieved from https://www.zoominfo.com/c/gearbest/359051230?__cf_chl_jschl_tk__=bf6e58fe75ff31a20eecbd92eea761efae687cc9-1602483510-0-AU8yh_PgsYqqit88SRsuz2j-sKjwkcO9Zs789PhElZO2jfU-NapblatXNwBDLkSRHh5bmutiGfHZ6Hly9W_UoIVyg540DDgbyx8GPAoaAkcYkHMVsWxpXQ1RoSkVoiKV19sSO5rz1lQ_t8B-oD9bgmpWqP1_TWsAlFBVz7eJNbn-W9XdiUZruNuc0KdvuGJWMbFLmEVhVmvtQTKteHgggsuJD9SSfSy_k84UNK1u4i7LZzheLCar8MnnyxcqsY3sR4xC-4AMF7lARZ_2eIno0sXZeT0XK4B8rmuonuU6eRoVmg7b8O1BaJW8_MgkHD0L9zU0Dun1s0rw9VRy2y0arVI

Appendix

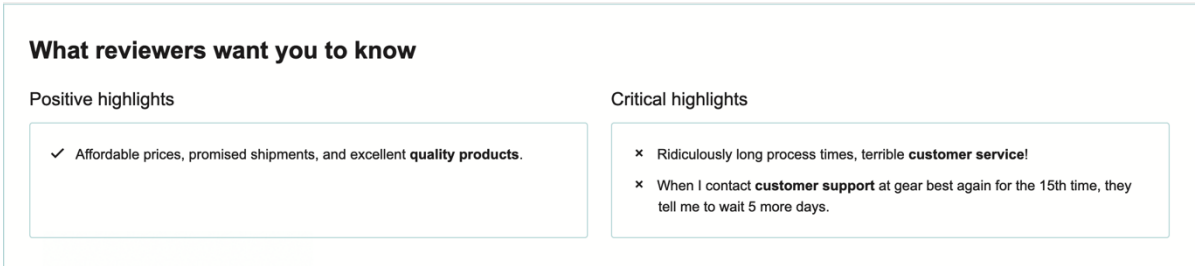


Appendix 1: Fake review 1. Retrieved from ProductReview.com (Sign 1: There is a typo, indicating the reviewer's mother language is not English.)

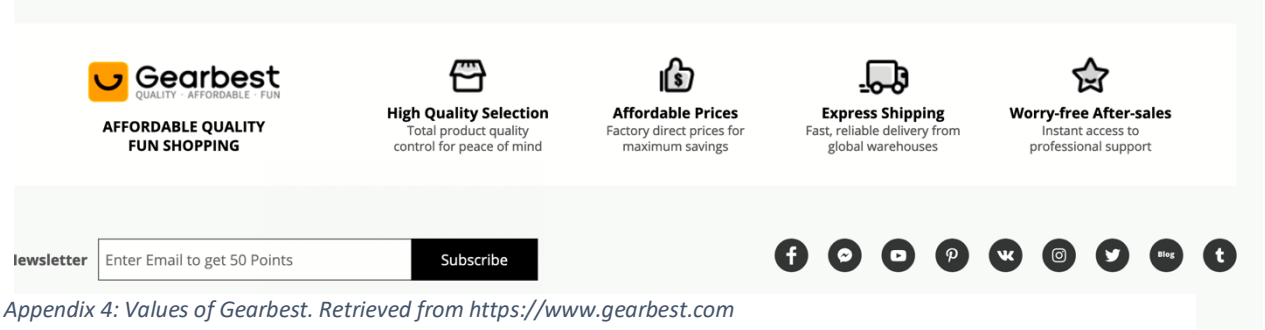
Appendix 1: Fake review 2. Retrieved from ProductReview.com (Sign 2: There is some gramatical mistakes in Italian and no the profile photo. It is written in Italian meaning that the review is across different languages.)



Appendix 2: Transaction record for the case study



Appendix 3: Summary of the Gearbest's review. Retrieved from https://au.sitejabber.com/reviews/gearbest.com



Appendix 4: Values of Gearbest. Retrieved from https://www.gearbest.com