Internet Shopping: The Supermarket Model and Customer Perceptions

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ABSTRACT

It has been widely speculated that new markets and customers can be reached through the use of the Internet and new ways of conducting business can be developed. A major growth in electronic commerce (EC) is organisations that directly interact with their customers (business-to-consumer EC). The supermarket sector is at the forefront of this development. However, little empirical evidence is documented to reveal whether consumer shopping patterns have significantly changed toward Internet shopping. By using a case study approach and a questionnaire survey, this study reports the Internet shopping models adopted by the major UK supermarkets, and examines consumer shopping behaviour and their attitudes toward the Internet for grocery shopping.

Keywords: Internet shopping, consumer behaviour, electronic retailing, picking-up centers, supermarket industry

INTRODUCTION

The grocery retail industry has traditionally had a rather complex trading structure and manual processes. E-commerce has provided a great opportunity for substantial cost saving and the shortening or eradication of supply chains (Ng et al., 1998). The grocery retail industry was a pioneer in the use of trading networks based on electronic data interchange (EDI). EDI automated basic business transactions resulting in faster and less error prone transactions (Norris et al., 2000). For example, goods spend less time in depots and arrive fresher at supermarkets (Seth & Randal, 1999). Less intermediaries and errors in the supply
chain means reduced distribution costs, and improvements in delivery times (Strader & Shaw, 1997).

It is observed that most supermarkets have embraced the Internet and now offer their customers the facility to shop online together with delivery services in many cases (Kinsella, 2000). Supermarkets are also looking to entice shoppers into buying more than the basics and are exploring new ideas and innovations to make grocery shopping more interesting. The perceived Internet benefits by merchants have been widely discussed, i.e., improved inventory control, customization of offering, quick delivery to customers and online advertising (Spar & Bussgang, 1996; Poon, 2000). It is speculated that on-line shopping offers supermarkets not only the opportunity to gain new customers but to improve customer loyalty. Further it gives supermarkets the ability to analyse customer buying patterns for improving customer services. A recent study on consumer reactions to Internet shopping by Jarvenpaa and Todd (1997) found that consumers do not entirely appreciate the new way of shopping as speculated. For example, consumers are impressed by the breadth of stores on the WWW, but disappointed with the depth and prices of a merchant’s offerings; consumers feel Internet shopping is generally enjoyable, but at the same time frustrating; goal-directed shopping is proven difficult although consumers perceive the potential for time saving. Consumers have negative responses to customer services on the WWW. Jarvenpaa and Todd’s (1997) study sheds lights on consumer reactions to on-line shopping in general, but not specifically on on-line grocery shopping. The aim of this study is to develop further understanding of Internet shopping in the supermarket sector by examining:

1) How supermarkets as merchants offer online shopping services with a focus on the picking-up model

2) How customers perceive the Internet shopping channel with a comparison to the conventional supermarket shopping. For example, will shoppers be tempted from physically visiting a supermarket to buying their groceries over the Internet?

**METHODOLOGY**

A case study approach is used to explore the supermarket online shopping model. The two largest UK supermarkets – Sainsbury and Tesco – are chosen, because the two companies use different picking-up models, which significantly distinguish the two types of online grocery shopping. The study is based primarily on secondary data sources, largely from the two companies’ websites, company internal reports and consultants’ reports.

Studying the consumer’s perception on traditional and online supermarket shopping is based on a questionnaire survey that is conducted primarily in three cities in the south of England. The questionnaire was distributed electronically (via e-mail) to 210 contacts of the authors. The criteria for selecting the sample is that the person contacted owns a PC and/or had ready access to the Internet. One hundred sixty valid responses were received which
E-Commerce Adoption in Small Firms: A Study of Online Share Trading
www.igi-global.com/chapter/commerce-adooption-small-firms/25773?camid=4v1a