Online Grocery Shopping in Developing Countries – Jordanian Consumers as Case Study

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ABSTRACT

This study investigated customer willingness towards online grocery shopping in the Jordanian context, chosen as a case of a developing country. It explores the customers’ general attitudes towards buying groceries on the Internet with respect to promoting and inhibiting factors. Online grocery shopping has grown rapidly in developed countries, for the benefit and convenience of customers there. Such services remain in their infancy in developing countries. This study was conducted by formulating hypotheses. These hypotheses were investigated by designing an appropriate questionnaire, and then the collected data was analyzed using SPSS. The data analysis clearly shows that customers’ attitudes are favorable towards online grocery shopping for the long term. Moreover, the majority of respondents agreed with the statements used to identify the promoting factors as well as the inhibiting factors of online grocery shopping.

Keywords: Developing Countries, Inhibiting Factors, Jordan, Online Grocery Shopping (OGS), Online Shopping, Promoting Factors

1. INTRODUCTION

The rapid spread of ICT around the world in recent years has been driven by the achieved benefits new technologies have engendered. ICT played an important role in bridging the gap between the developed and the developing countries, and facilitated rapidly increasing wealth and several improvements in terms of social and personal welfare (Mofleh, 2008).

In this era, the Internet has been increasingly used to facilitate online business transactions, not only between different business entities, but also between business entities and customers (Kurnia & Chien, 2003). Online Grocery Shopping (OGS) is one of the Internet business applications that received much attention in the last few years (Kurnia & Chien, 2003). It entails the ordering of groceries online; the web site of the grocery store offers an electronic ordering interface for customers, then the retailer processes the goods (selection, packaging and
delivery) to the customer (Kurnia, 2008). It has many potential benefits for customers, mainly in terms of better prices, larger selection, convenience and time-saving (Burke, 1997; Darian, 1987; Ghazali, Mutum, & Mahbob, 2006). However, customers’ attitudes towards OGS are still skeptical, mainly because of worries about product quality, product delivery, and security and privacy issues (Ghazali et al., 2006; Scott & Scott, 2008).

Retailers ultimately obtain significant benefits from OGS due to increased revenues and reduced costs (Van Akkeren & Cavaye, 1999; MacGregor & Vrazalic, 2005). However, groceries are one of the most difficult objects to sell online; material flows are different from information flows, the number of frequent customers is large, the shopping basket may contain many items, and very critical delivery systems may be required (Kurnia & Chien, 2003). Furthermore, online grocery shopping is anchored in local contexts and environments (due to logistical factors), rather than the ‘global marketplace’ which is a tenet of e-commerce; for example, a retailer can easily sell digital products throughout the world, whereas it is very difficult to sell fresh food in the same way. Compared to electronics, books and clothing, grocery goods typically have low value-to-weight ratios, limited delivery time windows and the shelf-life limitations of perishable goods (Kurnia & Chien, 2003).

While OGS adoption has been concentrated in developed countries, the capacity of developing countries to accept the business has been negligible. This could be explained by the differences in ICT readiness levels, social and cultural environments, political environments, business conditions and consumers’ attitudes towards online shopping in developed and developing countries (Kurnia, 2008). Jordan is a developing, middle-income country with limited natural resources, however it is considered as a liberal and modern economic regional model for developing countries (MOP, http://www.MOP.gov.jo). This is due to its highly capable population, strong leadership and active private sector, who are working hand in hand toward embracing novelties in many fields, especially ICT (Al-Qirim, 2010).

This study investigates Jordanian consumer willingness to adopt OGS in general, and to highlight the nature of expected consumer attitudes towards OGS expressed by the gained benefits or the faced barriers. The results of this study can serve as a basis for future exploration. It is hoped that it will benefit grocery product retailers, and those who are planning to invest in this new retail format in future.

The paper structure is divided into sections; the second section is the literature review, the third indicates the methodology, the fourth presents the results of data analysis and discussion, and finally the conclusion summarizes the findings of this research.

2. LITERATURE REVIEW

2.1. Online Grocery Shopping

Online grocery shopping was first offered in the United States in the late 1980s (Kurnia, 2003), when many US-based retailers such as Peapod, Streamline and Netgrocer entered the online market. Since then, European countries like Switzerland, Sweden, Denmark, Finland, the UK and other developed nations such as Australia, Japan and Singapore followed the market trends, and many big grocery retailers have also appeared in these countries, such as Tesco, Sainsbury’s, Albert Heijn and Carrefour (O’Connor, 1998). Table 1 gives examples of the world’s leading grocery companies. Initially there was a lot of optimism about selling groceries online, and it was thought that this industry would be among the fastest growing online businesses around the world because of the high-volume, low-margin characteristics of the sector (i.e., food and logistics); net cost savings would be made by automation (i.e., online shopping). However, the optimism was replaced by skepticism when Webvan (the pioneer of online grocery business, based in the USA) decided to file for bankruptcy in July 2001 due to its inability to find an optimal and sustainable business model (Tanskanen, Yrjölä,
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