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Omni-channel retailing:

Is it "Order online pick-up in store" service viable in the Portuguese grocery industry?

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Aknowlogments

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“There’s not a customer who wants to shop just by catalog or just by store. Everybody has different needs and those needs may even differ depending on the day or the time of day. “

- **Richard Thalheimer, CEO and Founder, Sharper Image**

“Consumers are increasingly comfortable mixing stores, catalogs and the Internet into their shopping experience. Retailers must integrate their channels or risk losing wallet-share to more responsive competitors.”

- **Jeffrey Grau, senior analyst, eMarketer**

“Making sure that customers have an exceptional shopping experience is at the top of the list for retailers"

- **Kathy Grannis and Scott Krugman, NRF foundation**

“A successful omni-channel strategy should not only guarantee a retailer’s survival. It should deliver the kind of revolution in customer expectations and experiences that comes along every 50 years or so.”

- **Darrell Rigby, Harvard Business Review**

Abstract

Title: Omni-channel retailing: Is it “Order online pick-up in store” service viable in the Portuguese grocery industry?
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It is impossible to continue to ignore the online grocery retailing’s statistics. The services available are not capturing enough consumers turning the online channel more in a customer service strategy than in a business capable of bringing economic value to the companies that are investing on it.

The “Order online pick-up in store” service addresses two important issues: convenience and time saver. Such an innovative service acts as a competitive differentiator capable of improving the all customer’s shopping experience which will be reflected on the company’s sales volume. A key point of this dissertation is approaching the launching of this new service more as a complement than as a competitor of the existing independent online channel.

This dissertation aims to understand first – in the perspective of the perceived risk theory – which have been the barriers for customers not buying groceries over the internet. Then, it will be analyzed - using the results of a questionnaire - if the introduction of the “Order online pick-up in store” service is viable in the Portuguese grocery industry.

The questionnaire’s results show that a large group of people would be interested in using this service – benefiting from the absence of a service fee, saving time and a better products’ quality control. The number of participants willing to change occasionally the store where they normally buy their grocery products in order to use this service suggests that managing a cross-channel strategy is of utmost importance for the players present in the competitive Portuguese grocery market.

Resumo

Title: Omni-channel retailing: Is it “Order online pick-up in store” service viable in the Portuguese grocery industry?
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É impossível continuar a ignorar as estatísticas sobre o comércio *online* nos supermercados. Os serviços disponíveis no mercado Português não estão a capturar um número suficiente de consumidores, tornando o canal de vendas *online* mais numa estratégia de serviço ao cliente do que num negócio capaz de trazer valor acrescentado às empresas que têm investido neste tipo de serviços.

O serviço de “Encomende online, levante na loja” aborda dois pontos importantes: comodidade e poupança de tempo. O proporcionamento de um serviço inovador como este actua como diferenciador competitivo capaz de melhorar toda a experiência de compra do consumidor, o que se irá reflectir no volume de vendas da empresa. Um ponto fulcral desta dissertação é abordar o lançamento deste novo serviço mais como um complemento do que como uma alternativa de competição ao já existente canal de vendas *online* e independente.

O objectivo desta dissertação é primeiro perceber, na perspectiva da teoria do risco captado, quais têm sido as barreiras para os consumidores não comprarem produtos de supermercado através da internet. Em seguida, irá ser analisado, usando os resultados de um questionário, se a introdução de um serviço “Encomende online, levante na loja”, é viável na indústria de bens de grande consumo Portuguesa.

Os resultados do questionário mostram que um elevado número de pessoas estaria interessada em usar este serviço – beneficiando da ausência de taxas de serviço, economização de tempo e um melhor controlo da qualidade dos produtos. O número de participantes propensos a trocar a loja, onde normalmente compram os seus produtos de supermercado, para poderem usufruir deste serviço indica que gerir uma estratégia de integração de canais é fundamental para os intervenientes no competitivo mercado Português de bens de grande consumo.

Table of Contents

Introduction

The current dissertation is part of the Masters of Science in Business Administration from *Católica Lisbon School of Business and Economics*, and it is integrated in the "Cases on Marketing Strategies" Dissertation Seminar. This dissertation follows the purpose of understanding to what extent the introduction of an "Order online pick-up in store" service is viable in the Portuguese grocery market. Throughout this document it will be analyzed the launch of this new and innovative service more as a complement of the existing independent online channel than as a competitor of it.

The possibility to order groceries online for the Portuguese households is not a new trend – *Pingo Doce* launched the online channel in 1998 – but recent studies show that it is far away from being a success, with only 3% of the Portuguese consumers buying in 2010 some product to a grocery store via the online channel (ACEPI, Kantar Worldpanel. 2010). Currently, there are three companies – *Continente, Jumbo and El Corte Inglês* – in the Portuguese market offering to their customers the possibility of ordering grocery products via internet. The online department of these companies reveals that despite the fact that in the last years the number of clients buying online has registered a slightly growth they still see the online channel more from the standpoint of customer service rather than as an isolated business (Calé, 2011).

What is preventing the success of a service able to bring so much convenience to customers? There are a variety of reasons that can help us understanding the poor performance that numbers reveal about this service, like the high risk that customers perceive when purchasing online and the fact that the habit of buying in person is still high with customers enjoying to physically examine a product - which is even more relevant when we analyze the grocery industry due to the perishable features of the products. Clients' resistance to the online channel becomes even more difficult to break if we take into account the current financial situation of Portugal and the fact that buying groceries online implies the payment of a service fee.

However, even with the independent online channel facing some challenges to impose itself as a serious alternative for the offline channel it is more important than ever for companies to create new and innovative ways to improve the all shopping experience of their customers - consumers are becoming more demanding and making conscious decisions about where to shop based on their expectations for good service (Grewal, Krishnan and Lindsey-Mullikin, 2008). Whilst buying all their groceries in an independent online channel or in a physical store suits all the expectations of some clients there is still room to create new services – and here stands the whole idea behind the launching of a "Order online pick-up in store" concept – capable of giving to a great number of customers a seamless shopping experience which can be an effective way to improve their satisfaction levels and therefore their loyalty towards the company.

It is time to look for the different purchasing channels not as silos but as complementary services, when buying on an online channel customers enjoy a higher lever of convenience but unlike a store, it is difficult to create an atmosphere online (Saxtan, 2007). An effective cross-channel strategy giving the possibility to customers to buy when, where and how they want with the digital and physical arenas complementing each other will increase sales and lower costs (Rigby, 2011).

To better understand the viability of an omni-channel strategy with the launching of a new service like the "Order online pick-up in store" - in the context of the Portuguese grocery industry, where recent innovations like the independent online channel had poor adhesion - this dissertation will address four <u>key research questions</u>:

KRQ1. Is there room for one more channel in the Portuguese grocery industry?

KRQ2. Will people adhere to a service of "Order online pick-up in store" applied to grocery stores?

KRQ3. Launching a new channel like the "Order online pick-up in store" one can help grocery stores to increase their market share?

KRQ4. What type of customer is more willing to adopt a system of "Order online pick-up in store"?

Relevance of study

Studying the introduction of a service like the "Order online pick-up in store" is useful taking into account the characteristics of the grocery industry, an industry with a very harsh competition and marked by low-margins, situation that becomes more relevant - knowing the benefits that a service like this can have in loyalty levels and impulse buying - within the financial crisis that is affecting the income of the population, namely in Europe.

Academically, it is important to better understand why the consumer acceptance has been quite high within some product categories - like accommodation and books – contrarily to the online grocery industry where retailers have faced difficulties in reaching breakeven. Hence, and as several authors have pointed there is a need for more research concerning online grocery shopping behavior (Hansen, 2006)

Finally, this dissertation enhances the readers’ knowledge not only about the Portuguese grocery industry but also with economical concepts like multichannel, omni-channel, loyalty, perceived risk and impulse buying.

Methodology

I began my work by reading an article presented in the magazine “Harvard Business Review” from December 2011, which was suggested by my coordinator Pedro Celeste. This article addresses the concept of Omni-channel retailing, an idea that retailers must find new and innovative ways to interact with their customers through different channels. It was explicit in the article that in a near future it will be of utmost importance to blend the physical and the online channel in order to offer clients a seamless shopping experience which would enable a differentiation from the competitors and hence an increase in the revenues.

The content presented in the article made me start questioning which industries could benefit the most with an efficient cross strategy among different channels in the Portuguese market. I had the impression that would be more interesting to analyze an industry with many clients and with sufficient financial resources to invest in a new service despite the worrying current financial situation that Portugal has been living in the last years. Hence, I decided to study the introduction of a new service in the Portuguese grocery industry.

After choosing the topic I elaborated some key research question to better address the main aim of this dissertation. In order to have a more interesting approach to the theme of the dissertation I analyzed academic articles and books which gave me a better theoretical background to develop my study.

The all research was made through EBSCO database which enabled me to find information present in academic articles – mainly from top journals – and books. By analyzing some of this information and applying a "spider web" technique I was able to address in a consistent manner the theme of my dissertation which helped me in creating the literature review section. Moreover, in order to answer the key research question in a more accurately way I used:

1. **Primary data**

In the articles researched while developing this dissertation I did not find data –as it was expected – about the introduction of a service like the "order online pick-up in store" in Portugal. Moreover, data about the online consumption habits of Portuguese people in the grocery industry is really scarce, hence and to better address the key research questions formulated I created an online questionnaire made on the server *questionpro.com*.

The questionnaire was only available via internet which immediately excludes all respondents that do not use internet in their daily lives, all the participants were Portuguese and older than 18 years old, the features of the participants avoid biases which enables more accurate results.

Private messages were sent - in order to reach the maximum possible number of answers - to family and friends where the link to answer the questionnaire was included together with a message asking to re-send the e-mail in order to obtain a snowball effect. It was possible to get 149 answers which assure a significant degree of statistical relevance.

2. **Secondary data**

The secondary data was provided by information present in market studies carried on by European institutions like Eurostat and ENISA about consumption over the internet. It was also collected information present in the websites of the most important grocery companies of the Portuguese market, newspapers, academic articles and books.

LITERATURE REVIEW

Chapter Introduction

The world is at the dawn of a new era where technology enables a better communication among millions of people bringing new ways of getting information. The Internet offers consumers not only access to a vast amount of information but also an alternative way of making purchases at home (Forsythe and Shi 2003). This influences our culture and is shaping how we relate with each other and the way we consume.

The internet rose new needs on consumers making them more demanding. A study carried out in 2011 by the Eurostat reveals that more than 50% of the Portuguese population between 16 and 74 years old uses internet at least once a week (Figure 1). This number – based on the statistics released by the same study about the high internet usage by the generation between 16 and 24 years old - tends to increase exponentially in the future.

Many of the technology that in the last decade seemed futuristic and fanciful is now available at reasonable prices and it will be more and more omnipresent. This is only the beginning and it is already creating loads of new opportunities in the grocery industry. The shopper has now access to copious amounts of information and total price transparency is almost a reality, consumer expectations changed – becoming higher and higher. Pressure is being added to traditional companies due to an increasingly more complex customer needs and decreasing product margins which have developed a growing interest in extending their service business. (Gebauer et al., 2008).

1. Multichannel retailing - the importance of a cross-channel strategy

In the last years –with more and more people having access to the internet – online retailing has become a pervasive phenomenon that has profoundly affected the structure of many different industries (Enders and Tawfik, 2009). The convenience associated with the online shopping where companies are available for their customers anytime and anywhere caused major changes making the e-commerce one of the most popular internet activities, with the number of internet users making some kind of online purchase more than doubling reaching in the EU-27 a percentage of 43% in 2009 (Eurostat).

Hence, like in other industries grocery companies – that traditionally concentrate their efforts only in a "brick-and-mortar's" presence – have to follow the trends that arose as a consequence of technological developments and invest in a multichannel approach.

Multichannel retailing is the set of activities involved in selling merchandise or services to consumers through more than one channel (Levy and Weitz 2009). The goal of this desertion is neither looking for the different channels available in the grocery industry nor study the importance of having a multichannel approach in a competitive advantage point of view but look into the effectiveness of grocery companies offering to their customers a cross-channel strategy.

Multichannel retailing is not a new trend, it emerged a long time ago and many studies have been made about this concept. Recently, it has registered a massive growth - customers are becoming increasingly familiar with the benefits of using more than one channel when taking the decision of buying a product or a service. The growth that online shopping has registered in the last years together with a customers’ desire of gaining benefits and have cost advantages made multichannel retailing a key source of competitive advantage (Grau 2009; Chatterjee 2010).

However looking to what companies previous experienced whilst offering the opportunity to use more than one channel to their customers and by previous academic research the success of multichannel retailing relies on how well the different channels are integrated among them and how cross-channel policies are developed. It is of utmost importance to take advantage of potential synergies of a well integrated system where the different channels are not autonomous and independent from one another enabling a seamless shopping experience to customers (Van Baal and Dach, 2005; Chatterjee,2010; Schramm-Klein et al. 2011; McGoldrick and Collins 2007).

Multichannel – financial outlook

Previous studies show that companies providing a multichannel experience are able to get great compensations regardless the major advantages that some customers perceive when – during their shopping experience – have the ability to use more than one channel. The decision companies take when offering multiple channels to their customers can have positive effects on their financial performance (Geyskens, Gielens and Dekimpe 2002) since multichannel shoppers spend more (Wall Street Journal, 2004).

T. R. Kushwaha concludes in his study of 2007 that multichannel consumers buy more frequently, the number of items purchased is higher at each time the shopper consumes and most important they spend more in comparison to those customers using only one channel. Customers that purchase from the web and the store tend to have higher sales volume which makes them more valuable to the company than those customers who purchase just from the web, or just from the store (Neslin, Shankar, 2007).

Moreover, retailers find multichannel shoppers more profitable (Grau, 2005) and “the empirical evidence that the average multichannel customer buys more and is more valuable than the single channel customer is reaching the point of an empirical generalization” (Neslin, Shankar, 2007).

However we can also find in previous academic studies that there is no certainty about why multichannel customers spend more, the main reason can be associated with the accessibility to different channels and the advantages associated with it or only because multichannel customers have higher incomes (Verhoef, Neslin, and Vroomen 2007).

Loyalty – consequences of a multichannel approach

The competition among the grocery industry became higher in the last years; customers increased their expectations about the services provided by retailers both online and in person (Grewal, Krishnan, Lindsey-Mullikin, 2008). This led to an increase in advertising expenses, the launch of loyalty cards and the offering of discounts to customers more frequently. All of the situations just stated are among others strategies that companies are using to increase the loyalty of their customers. Previous academic research pointed repurchase, recommendation and supplementary purchases as dimensions of customer loyalty (Schramm-Klein, Wagner, Steinmann and Morschett, 2011).

When retailers provide to their customers the opportunity of shopping across multiple channels they are differentiating themselves from their competitors offering one additional service which can facilitate the purchase process of each consumer. Evidence present in academic studies states that consumers’ retention tend to be higher for retailers offering services like “Order online pick-up in store” than for retailers who restrict ordering and pick-up to a single channel (Chatterjee, 2010). When helping their customers for example in the ordering phase or in the payment phase retailers are offering shopping convenience (Chatterjee, 2010).

The convenience provided by retailers to their customers – by offering a higher range of shopping options - extends the business relation and fosters long-term loyalty (Dholakia, Zhao and Dholakia

2005).

When retailers approve policies of cross-channel they expand their services offering their customers new alternatives during the different stages of the purchasing process. This creates a new channel where customers are able to move from one channel to another according to their needs or preferences. In case this new channel is positively evaluated – with the customer being aware of its benefits and utility – it will have a positive image and will increase the trust customers have in the whole retail channel system (Verhagen and van Dolen, 2009). Previous academic studies related the contribution that high levels of trust and a positive image have in loyalty formation and customer retention. (Sirdeshmukh, Singh and Sabol 2002; Verhagen and van Dolen, 2009; Bloemer and Ruyter, 1998).

There are examples all around the world of companies increasing their revenues by selling products over the internet - like books, travel packages and software – making of crucial importance an investment in the online channel to capture new clients and to offer a better service for the old ones. But while Internet-based retailing has become an important channel for most product categories, it has so far made only relatively modest inroads into grocery retailing (Enders and Tawfik, 2009). In the second point of the literature review it will be analyzed – based on academic studies – what have been preventing customers to adhere to the online channel on a more consistent basis.

2. Barriers of e-commerce - Perceived risk on online transactions

More and more people are using internet on a daily basis both for professional reasons and in their personal lives. Internet brings many benefits and there are already many services available online that facilitate the all purchasing process and are really time-savers for customers.

However, although the use of Internet is highly diffused among the Portuguese population less than one third of all internet Portuguese users shopped online in 2011 (Eurostat; Figure 2). Moreover - according to the Eurostat year book of 2010 - from all the purchases made online the majority (51%) is related with travel and accommodation.

In what e-commerce is concerned consumers are still "window-shoppers" (Forsythe and Shi, 2002), this means that there are still many customers that use the online channel to get information in the pre-purchase phase but then switch the channel in the purchase phase, opting for the offline channel.

Academic studies relate the fact of many consumers using the online channel only to gather information with existing barriers that prevent or dissuade them from buying online, such as credit card frauds or concerns about the disclose of personal information. If consumers perceive some kind of barriers their intentions of buying through the internet will be negatively affected (Forsythe and Shi, 2002).

I will analyze these barriers applying the concept of perceived risk. Perceived risk is related with the uncertainties consumers have when engaging in a new activity and the beliefs that using the Web is not totally safe or entails negative consequences (Glover and Benbasat, 2011; McKnight, Choudhury and Kacmar, 2002).

The components of perceived risk have slightly differences depending on which academic is studying it. In this dissertation I will analyze five different components - financial risk, performance risk, security risk, privacy risk and transaction risk - which are those more associated with the reasons - pointed by consumers in a study made by Eurostat - for not buying over the internet in 2009.

2.1 Financial risk

Financial risk is related with the uncertainty of incurring on monetary losses whilst performing some kind of purchase over the internet. These losses can be related with the possibility of the product characteristics being different from the ones expected or the uncertainty of not receiving the products at all even after having paid for them (Biswas and Biswas, 2004). The financial risk tends to be lower if the credibility of the retailer is higher (Crespo, 2009).

2.2 Performance risk

The possibility of a product does not fulfill the expectations consumers put during the purchase phase is considered as performance risk (Crespo, 2009). This type of risk tends to be higher in the grocery industry due to the perishable characteristics of some products. Costumers are not able to fully determine the attributes and the quality of products like vegetables and fish over the internet. This type of product among others present at the grocery stores have limitations in delivering sensory input through the Web which turns them less appealing to customers (Cho, 2011).

Consumers "love being able to touch, feel and see it" (Grau, 2010). In the Eurostat study of 2009 the preference to shop in person was pointed as the main reason for not buying over the internet. Consumers still use the click format (internet) to get information and comparing product alternatives but they show greater preference to use the brick-and-mortar channel for purchase and payment (Burke 2002).

2.3 Security Risk

Although the benefits associated with the online shopping environment are unquestionable it also provides criminals with the opportunities to defraud unsuspecting consumers and retailers, to steal money and to steal financial and personal data (ENISA, 2011). A study carried by Eurostat in 2009 pointed that about one third of the European Union's population hasn't made any online purchase due to security reasons. The majority of the e-consumers believe that is too easy to have a credit card stolen online (Caswell, 2000).

The perceptions about the security level play a crucial role in enhancing customer satisfaction during their online experience (Heim and Field, 2007). It is of utmost importance to have a good communication policy about the security level of the company's website - by informing costumers about the investments made in security the retailer is able to reduce the security risk (Bhatnagar; and Ghose, 2004).

A good way of lowering this risk is adopting a system of portable POS (point of sale) that is used when products are delivered at home. With a portable POS system customers instead of being obliged to use their credit card over the internet they can use a debit card to complete the purchasing phase.

2.4 Privacy Risk

Privacy is a key driver of online trust (Bart, Shankar, Sultan and Urban, 2005). Crespo in 2009 defined privacy risk with the potential loss of control over personal information, information that in a first moment costumers may think will be used for one purpose can be used by a third party for another different purpose without their knowledge or permission.

Not only the improper release of information like name, age or occupation of the customer is perceived as privacy risk. When buying online all the purchases made will be registered, and what one can view this characteristic of the online channel as a good way of keeping track on their expenditures other can see it as a outrage to the their privacy right.

The innumerous advantages of e-commerce and customers’ expectations about the online channel are affected with the possibility of personal information being distributed to other companies or customer anonymity not be maintained which increases the privacy risk, affecting negatively the customer satisfaction (Heim and Field, 2007)

2.5 Transaction Risk

The fifth risk identified was the transaction risk which is related with technical difficulties that customers tend to perceive when buying online. Customers have reluctances in using new technologies which can prevent them from buying groceries online if they perceive the all process of shopping too complex (Hansen, 2006)

The website should provide a high standard of performance. Broad product selection, fast page loading, server reliability and the ease of navigation are pointed as crucial factors among others to a pleasant shopping experience for customers in the online environment. An online shopping cart will be abandon in eight seconds if the website is operating too slowly or the all process is perceived to be too complicated (Grewal, Krishnan, Lindsey- Mullikin, 2008; Tamimi, Sebastianelli, Rajan, 2005).

These are risks – mentioned in previous academic studies - that customers associate most with the e-commerce of groceries and by studying them we can understand in part some of the reasons why the online channel still have not persuade as many people as it was expected in the grocery industry. For example, in the US market the category groceries had a weak growth in the last years and the forecasts do not predict any sudden variation at least until the year 2015 (figure 3). In the next point of the literature review we will analyze the option of “Order online pick-up in store”, an old concept that applied in this industry may help ensure business success and offer customers a seamless shopping experience.

3. Order online pick-up in store – a new service, a new alternative

With the competition on an increasing trend and customers assuming a more demanding behavior is more important than ever that grocers are able to provide a good service and a unique shopping experience to their clients. Grocers “must turn shopping into an entertaining, exciting, and emotionally engaging experience” (Darrell, 2011).

The “Order online pick-up in store” system is one more strategy to fulfill the demand of customers to shop where, when and how they want integrating the best attributes of the online and the “brick-and-mortar” channel.

As it was previously covered in the literature review it is crucial that retailers apply total cross-channel integration. The different channels can not be managed as silos but be integrated with each other giving customers for example the possibility to place an order online and make the necessary changes before or during their visit to the store where the purchasing phase will be completed, additionally the customer has the option of benefiting from all the other services provided by the grocery store such as the shipping service.

There are a range of strengths that we can associate with the introduction of one more channel like the “Order online pick-up in store” in the perspective of the retailer. Some of them were already mentioned before, first there is the premise that multichannel customers tend to buy more frequently, in more quantity and spend more in comparison with the one channel type of customer; second the possibility of this new channel be a source of loyalty and third the reduction of the perceived risks associated with the online shopping, reduction caused for example by the possibility of not having the obligation of revealing personal details or the chance of checking the products in person.

We can find other strengths related with this new channel in previous academic studies, the most important is the match between the saving time associated with the online channel and the higher impulse buying customers have whilst buying on a physical store.

Customers save more time when they order online. The amount of products that a costumer can view in a short time on the internet is higher comparing with the physical store which provides a significant form of time convenience (Grewal, Iyer and Levy, 2004), however this time convenience does not only bring benefits to the customer. In an “Order online pick-up in store” concept customers are expected to stay inside the store buying more products that were not previously ordered online. Hence, it is expected a more impulse buying behavior from consumers since 75% of our buying decisions are made after entering in a physical store (Iris, 2002).

Impulse buying

Knowing by previous academic studies that impulse buying tends to be lower on the online channel (Kacen, 2002) it is expectable that while ordering groceries online customers will add first to their shopping list those products that they buy on a frequent basis which are essential in their daily lives. In an "Order online pick-up in store" concept - as it was already mentioned - it is expectable that customers while visiting the store find the need to purchase auxiliary items, as so they may add some more products to their list before paying for what they previously ordered online, products that they forgot to order or just products that customers prefer to look in person before buying. Since a range of products were already ordered online the customer has much less time pressure during the all shopping experience, hence with the time pressure decreasing it is expectable that the impulse buying behavior increases (Iyer, 1989). The irresistible urges responsible for an impulsive shopping behavior are higher inside the store comparing with the online channel. Moreover the time availability will be higher if the customer had the opportunity to order some products online before visiting the store which will contribute to a better experience and possibly higher expenses.

The "Order online pick-up in store" brings a lot of advantages to consumers and one of the ways to differentiate it from an independent online channel is not charging for the service provided. This is possible due to the profitability of the all service even in the absence of a customer fee either by the higher clients' expenses made or because of higher levels of loyalty.

However, there are some challenges that grocery stores must take into account when providing an innovative service like the "Order online pick-up in store". The products ordered online will be at the disposal of the clients when they arrive to the store, this is only possible if employees are coordinated and prepared to answer to each online order, having the respective products ready at the time scheduled between the client and the company. This will definitely increase the work load of the current employees and with more clients using this new channel the need to hire more people will be inevitable, which will represent a cost increase to the company.

However, the most important challenge faced by the grocery stores when adopting a system like this one is not the prospective of increasing the costs but the fact of not having sufficient compensations as a consequence of this cost increase. It can happen that clients using the “Order online pick-up in store” service do not behave as expected, in the absence of a service fee they can easily go to the store, pay for their products and leave. Hence, they are taking advantage of the all channel, using the service but not entering in the store to buy more items as expected. If clients adopt this type of behavior the benefits to the grocery store - that were mentioned before, such as the increase of the impulse behavior as a consequence of a decrease in the customer’s time pressure - are reduced, which can jeopardize the profitability of the all strategy.

There are other features that grocery stores have to take into account. A service like this one requires room inside the store to keep the products before the customer arrival which can hamper the introduction of this new channel in smaller shops. However, the fact that employees will face the clients can have great advantageous in what feedback is concerned. In an independent online channel the only time that there is a personal interaction between the client and the company is the moment when all the products ordered are delivered in the client’s house or office. Hence, having any kind of feedback from the client can be more difficult compared with a situation where the client is inside the store. The physical store gives its operators customer feedback, any modification made on the service or in some products as a consequence of a client’s suggestion leads to a sales increase (Saxtan, 2007).

Analysis of the Industry, Questionnaire Results and Discussion

Chapter Introduction

In this chapter we started to analyze the Portuguese grocery industry to comprehend which services – related with the online channel – have been offered to the Portuguese consumer in order to understand if in fact the "Order online pick-up in store" is an innovative service on this market. Then we will interpret the results of each question made on the online questionnaire and finally formulate conclusions based on the questionnaire results and verify if these results help us to better address the key research questions formulated before.

Analysis of the industry

The competition in the Portuguese grocery industry is harsh. In the last years some big companies have launched an online channel in order to provide a better service to their clients and to differentiate themselves from their competitors. These companies perceived the need to develop a competitive advantage by using all their resources to meet the needs of their customers (Grewal, Krishnan, Lindsey-Mullikin, 2008). In this part of the dissertation we will analyze which services grocery companies are providing to their customers and the costs that customers must disburse to take advantage from them. This part just pretends to study the services that are associated with the online channel and not other type of services like the home delivery service or the possibility of ordering by phone.

Continente Online

From all the companies currently managing an online channel in Portugal *Continente* was the first player to enter in this business. It started in 2001, a time when the internet penetration was not very high in Portugal which complicated a lot the first years of the *Continente Online.*

The service has been growing and it covers already 65% of the Portuguese territory. A customer using the online channel must pay a fee that ranges from 3€ to 10€, depending on the time customers are available to receive the groceries they ordered.

Continente Online has an innovative service unique in Portugal. In addition to the option of receiving the groceries at home or in the office customers can pick their products in the parking lot of some stores, benefiting of the lowest value of service fee. In this stores where customers wait for their groceries inside the car it is easy to predict that the launching of a service like the "Order online pick-up in store" would be easier to implement since the logistics is quite similar without a significant cost growth.

El Corte Inglés online

The El corte Inglés launched their online service in 2004, it started in order to answer the needs of those clients that were used to order by fax and telephone. The value of the online sales has been growing on a constant pace but the company assumes that this value is still not significant in the total value of sales.

The company offers the opportunity to their clients to acquire more products – like electronically ones – together with their groceries which have helped the all service to grow. Currently, the service fee has a fixed cost of 6€, however for clients spending more than 100€ the service fee is free.

@Jumbo

Jumbo belongs to the French group *Auchan* which decided to launch the online channel in Portugal in 2007. From the three companies offering the online channel in the Portuguese grocery industry *Jumbo* is the one which registers the highest growing rate with the number of orders growing more than 10% last year.

In order to use this service customers must pay a service fee that varies between 6€ and 8€ depending on the hour that customers pretend to receive their groceries. One of the reasons that may explain the growth of Jumbo's online channel is the 10€ discount that the company offers to customers that use this service for the first time.

Pingo-Doce Online

The group *Jerónimo Martins* through the chain *Pingo Doce* was the first company in Portugal launching the online service in the Portuguese grocery industry in 1998, it was first named *Pingo Doce Compra Directa* and in 2000 after some strategic changes it was renamed *Pingo Doce Online.*

Although there is no much data available about the performance of the service it is easy to assume that it performed below the expectations since in 2003 the group decided to suspend all the online channel activities. In the company's public information there is no reference about the possibility of re-launching this service.

Questionnaire Results

In order to better address the key research questions elaborated in the introduction of this dissertation an empirical study was elaborated, which took the form of an online questionnaire. In this part the results of the questionnaire will be analyzed to make preliminary conclusions about, among other issues, the viability of launching an "Order online pick-up in store" service in the Portuguese grocery industry.

Profile of the sample

The questionnaire was available through a link on *questionpro.com* and it was distribute to family and friends who were then invited to pass it to other persons in order to get the maximum possible number of answers and more accurate results.

A total number of 245 persons clicked in the link. From this number 185 started the questionnaire and 149 completed it, which gives a completion rate of 80.54%. Only the answers of the participants that completed the questionnaire will be analyzed, from those who completed it the average time spend on it was four minutes.

All the persons were older than 18 years old and since the questionnaire was only available online all the participants are familiar with the use of internet. This dissertation studies the introduction of a new retailing channel in the Portuguese grocery industry which requires the use of internet and so – and to avoid any type of biases – making available this questionnaire for non-internet users would take accuracy to the final results.

E-commerce – have you ever used it?

The first question of the questionnaire - presented after a short message where the participants where informed about the purpose of the all questionnaire – was addressed in order to understand how many participants had ever made any type of online purchase.

The results show that 128 participants, which represent 85.91% of the sample, have bough at least once a product or a service through a web-site, and that 21 participants (14.09%) never had this experience.

The Portuguese statistics released by INE reveal that in 2010 only 9.5% of the population ordered a product or a service over the internet. The values are quite distinct, however they can not be compared since this questionnaire was only available for internet users and was made in 2012.

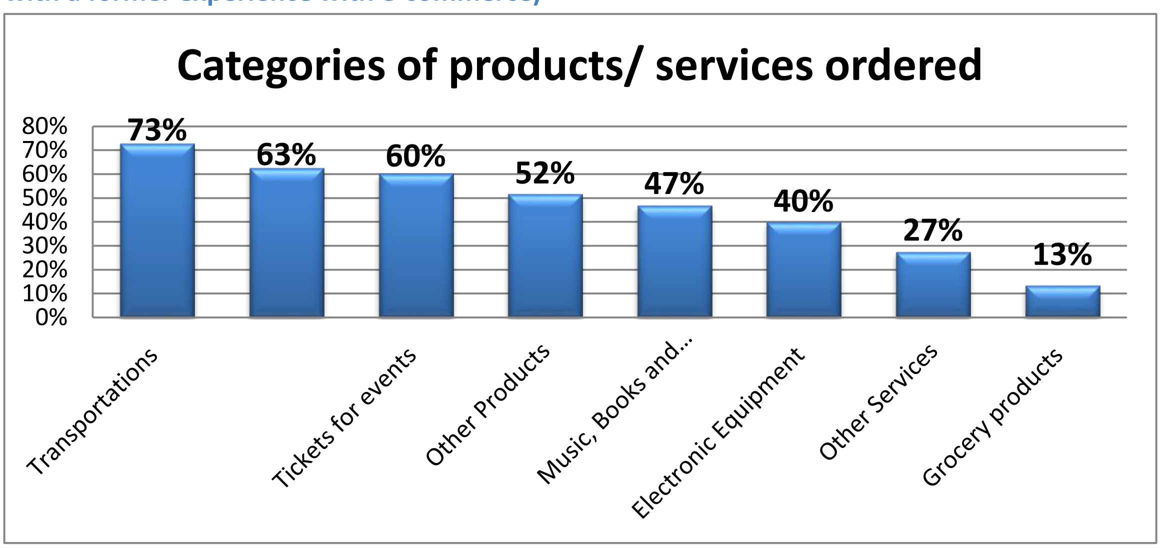
The next question of the questionnaire was only available for those participants who answered "YES" in the first question – in other words, the participants with any type of experience with e-commerce. Its purpose is to understand better some of the consumption habits of the Portuguese population using e-commerce.

Online channel - Types of goods and services bought or ordered

This question was intended to understand – for those participants that had at least one experience with e-commerce - which categories of product or service are more significant when talking about the use of the online channel. Hence, it will be easier to understand if the online channel in the grocery industry is following the growing trend of the e-commerce.

The questionnaire proposed – without restrictions – the following categories: holiday accommodation; transportations; grocery products; tickets for events; electronic equipment; music, books and films; other products like clothes and finally other services such as restaurants or coupons for example. In the following table we can see which type of goods and services were purchased by the participants with at least one e-commerce's experience.

Table 1. Types of goods and services bought or ordered over the internet (as % of participants with a former experience with e-commerce)



This question was asked to 128 participants - those who had a former experience with e-commerce. All the categories together counted 479 answers meaning that each participant has on average bought a product or a service in 3.74 different categories. The values obtained are quite high in all of the categories, in comparison for example with statistics from Eurostat meaning that this sample shows a much higher experience with e-commerce.

However, more important than looking to the numbers is compare the differences among these categories. As a matter of example, while 73% of the 128 participants have an experience with the category “transportations” only 13% have it with the category “grocery products”. Like in other studies, this results show that the online channel in the grocery industry has little adhesion when comparing with other industries.

E-commerce – how it is perceived?

In this section the participants were asked – independently of their former experience with e-commerce – how do they evaluate some of the components of the online channel. The components tested were security; ease of use; privacy; speed of all process; Information available; technical assistance and quality control. Next, these seven components will be independently analyzed and connected with the five different risks mentioned in the Literature review part. From the results achieved an overall matrix scorecard was made (Figure 7).

Security

One third of the European Union’s population has not made any online purchase due to security reasons (Eurostat). Security is a crucial issue when we analyze the online channel and many investments were made by companies to turn e-commerce more and more trustful, reducing the perceived security risk. The results of our questionnaire show that almost 80% of the participants evaluate the security in the e-commerce as positive or very positive with only 2% evaluate it as very negative.

Ease of use

This component is directly related with the transaction risk. The results of the questionnaire show that the majority of the participants do not evaluate the e-commerce as complex or difficult to use. More than 90% of the answers evaluated the ease of use as positive or very positive which can be in part explained by the sample's experience in buying goods or services through the online channel.

Privacy

The potential loss of control over personal information can be enhanced when using internet. Customers' satisfaction can be highly affected by the privacy risk, the results of the questionnaire reveal that more than 20% of the participants evaluate the component privacy as negative or very negative. However, the majority of the sample evaluated the privacy in the e-commerce as positive(50,34%) with 9,40% of participants evaluating it as very positive.

Speed of all process

Many factors can influence the overall satisfaction of customers towards this component, from the velocity that the website is operating to the time that customers take to receive their products after ordering them – this becomes more important in the grocery industry where the client has to wait for the company to bring their products. From all the components under analysis this was the only one not being evaluated as very negative with more than 80% of the participants evaluating the speed of all process when buying online as positive or very positive. It is important to take into account that participants are evaluating both products as services, buying a service on the online channel is quite different from buying a product since unlike a service when clients order a product they still have to wait for it to arrive.

Information available

The online channel is still used by many customers to get more information of a certain product or a service, or even to make a price comparison between different stores, even if in the end they decide to use the physical store to complete the purchasing phase. However, the questionnaire results show that there are still 14% of participants that evaluate this component as negative or very negative, with the great majority of participants evaluating as positive the information available on the web.

Technical assistance

The technical assistance was the component that had the worst evaluation on this questionnaire. More than 40% of the participants evaluate it as negative or very negative with only 4% evaluating it as very positive. These results are quite expectable since this is one of the greatest weakness of the online channel, on a presence of any kind of difficulty or doubt people prefer and find easier to talk in person with an assistant than solving their problems via online.

Quality control

When buying online is more challenging for customers to evaluate the attributes of a product or a service. This is quite important in the grocery industry due to the perishable characteristics of some products. Moreover, the preference to shop in person was pointed as the main reason for EU's customers for not buying over the internet (Eurostat). The results of the questionnaire show that the participants evaluate the quality control as positive, however one quarter evaluate this component negatively.

Where do you buy your grocery products?

It was asked to participants to choose from a list a maximum of two grocery companies - with presence in Portugal - where they normally buy their products. The two players with a higher market share in the Portuguese grocery industry were as expected the ones with a higher percentage, 43% of the participants chose the group *Jerónimo Martins (Pingo-Doce and Feira Nova)* and 32% chose the group *Sonae (Continente/Modelo)*. For the rest of the grocery companies there is some emphasis in the group *Auchan (Jumbo)* with 8.5% and in the German chain *Lidl* with 6.3% of participants referring to buy their grocery products on these stores. It is important to refer that both the group *Jerónimo Martins* and the group *Lidl* still do not manage any type of online channel.

Cross-channel strategy – a new shopping experience

The first questions were aimed to know better the participants – their preferences and their experiences about e-commerce – after these first questions, it was briefly described the concept of "Order online pick-up in store". A new concept present in other countries such as the United States of America, through the international chain *Walmart*, where by using a cross-channel strategy the customers order their products via web and later pick-up the products ordered in store.

“Order online pick-up in store” service – will customers adhere?

It was explained to participants that this concept does not pretend to compete with the traditional online channel, it is a service free of any kind of fee and that customers manage a pre-defined list of products through their mobile or computer which can be altered before or during the visit to the store. After describing the “Order online pick-up in store” service, the participants were invited to answer if they would consider using this service in case the grocery store where they normally buy their products adopted it, the results show that 77% of participants answered “Yes” (Figure 8).

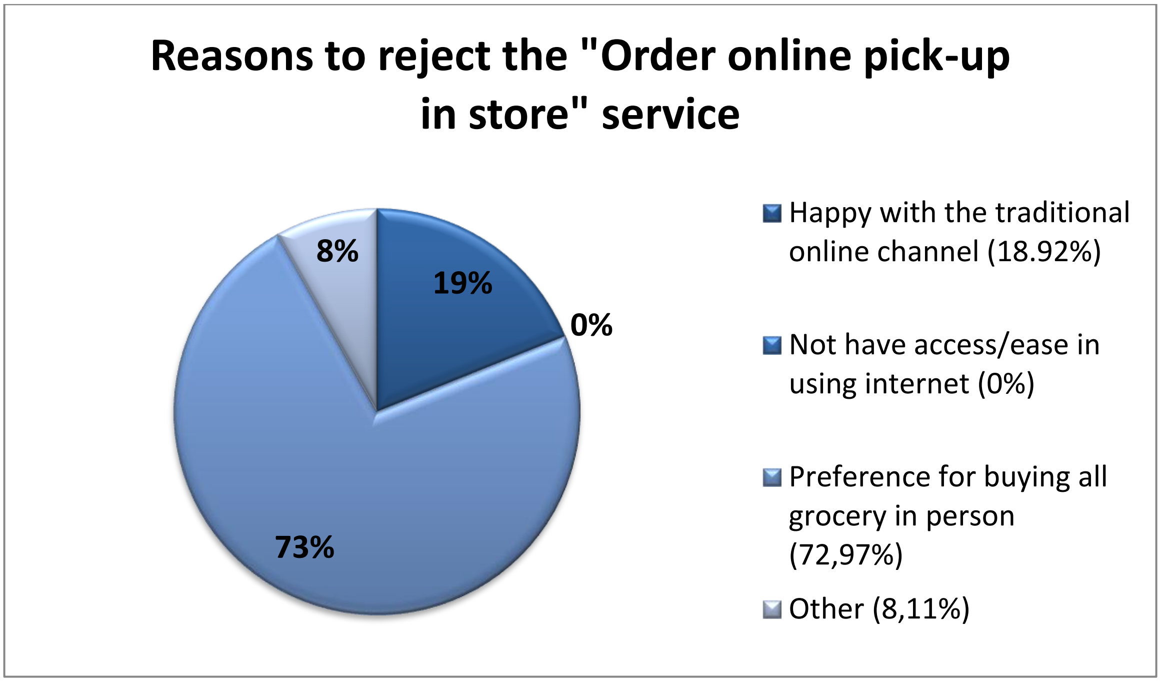
In order to answer the key research questions formulated in the beginning of this dissertation many data and former academic studies were analyzed, however the fact that 77% of our participants answered “Yes” to this question enhances the importance of this study and helps us to understand that there is still room for the introduction of innovations capable of improving the all shopping experience to the customers of the Portuguese grocery industry.

As important as knowing if customers consider adopting the “Order online pick-up in store” service is understanding the reasons behind the acceptance or rejection of a service like this one. Depending on the participants’ answer about the possibility of adopting this innovative service a new question arose. First we will comprehend the reasons behind the rejection of this service and then the reasons to consider accepting it.

“Order online pick-up in store” – causes to reject this service

The hypothesis of using this service was rejected by 23% of the sample. In order to comprehend the reasons behind the choice of this participants a question was formulated in the questionnaire, which may help grocery companies to better understand their customers’ needs during the all shopping experience. The results are presented in the following table:

Table 2. Reasons pointed by customers to do not consider using the "Order online pick-up in store" service



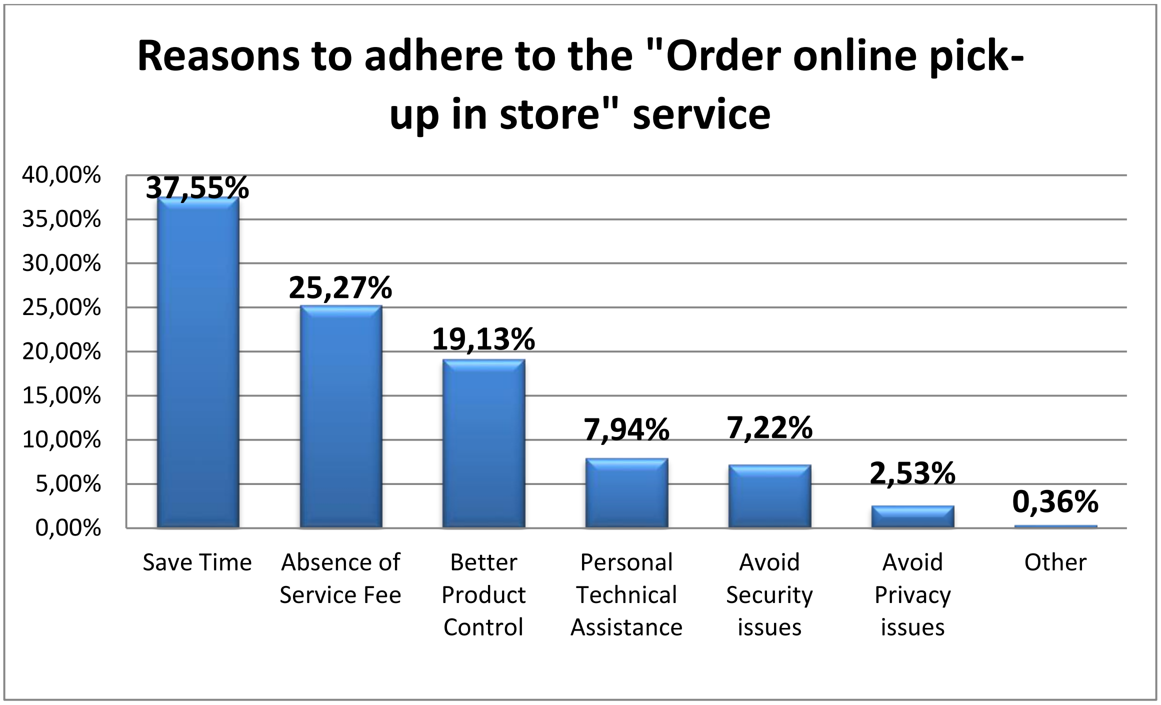
The results show that difficulties in using the online channel is definitely not the reason why the participants would not adhere to this service, not even one participant pointed this as the reason which is understandable as this is an online questionnaire so it is expectable that every participant has some experience with internet, finding more easier to use online services.

The main reason that is keeping away some of the participants of gaining interest by this service is the preference for buying all groceries in person. Like it was already mentioned in this dissertation people "love being able to touch, feel and see it" (Grau, 2010). Based on a study made by Eurostat from 2009 this is the main reason pointed by the EU's population to not buy products over the internet. The service "Order online pick-up in store" brings some advantages, one being the fact that the clients have the capability of checking all the products while in store even if they ordered them online. However, even with this advantage part of the market is still reluctant with buying some of the products over the internet. Participants also pointed being happy with the traditional online channel (18.92%) as the reason for not adhere to this service, among other reasons (8.11%).

"Order online pick-up in store" – causes to adhere to this service

After a brief explanation about the "Order online pick-up in store" - a service that may be known by some of the participants because although it is not present in the Portuguese grocery stores it is present in other industries – more than 75% of the participants stated that they consider using this service in case it is launched in Portugal. To these participants a new question arose to better understand the benefits they expect to achieve while using this cross-channel strategy.

Table 3. Reasons pointed by customers to consider using the "Order online pick-up in store" service



The results show that the main reason – pointed by 37.55% of the participants - to consider using the "Order online pick-up in store" service is the chance to save time. The absence of a service fee is pointed as an added value by a quarter of the participants flexible to the use of a cross-channel strategy, as it is known the independent online channel requires the payment of a service fee which take many customers to lose interest on the service.

Others factors pointed by participants must also be enhanced as the better product control - very important due to the perishable characteristics of some of the grocery products – a more efficient technical assistance and the reduction of the perceived security risk. The results show that only a small value of participants considers the avoidance of privacy issues as a benefit while using a service like the "Order online pick-up in store".

“Order online pick-up in store” service as a competitive differentiator

The “Order online pick-up in store” service is still not provided by any of the players in the Portuguese grocery industry. Hence, the first grocery company managing a service like this will have the opportunity to offer to their clients a different shopping experience which will work as a competitive differentiator.

What we ought to understand is if customers would be willing to change the place where they normally buy their grocery products in order to benefit from a new service provided in another store.

The questionnaire results show that 76% of the participants that consider using a service like the “Order online pick-up in store” are willing to change occasionally their usual grocery store in order to benefit from this service. A small number of participants (1.75%) would definitely change the grocery store where they normally buy their products and 22% would continue shopping in the same place even if the competition offered a new service (Figure 9).

Sex, Age and Income of participants

From those participants completing the questionnaire 59% were male and 41% female (Figure 10). The mean age is quite low – from all the respondents 55% were under 24 years old - which can help to justify some of the high numbers obtained in this questionnaire such as the high percentage of e-commerce users or the ease of use with internet tools pointed by many participants. Of the other participants 27.5% were between 25 and 40 years old, 13.4% between 40 and 65 years old and only 4% were older than 65 years old (Figure 11).

Regarding participants’ household income 50% has a year income lower than 25.000 euros. There were 23% of participants which household income was higher than 50.000 euros (Figure 12)

Further on we will try to understand if any of these variables have a directed influence on the level of acceptance of the “Order online pick-up in store” service. After studying these variables it may be possible to indicate which customer type is more willing to adopt a cross-channel strategy like this.

Results discussion

The purpose of this questionnaire is to understand a variety of customers’ conducts and consumption habits towards the e-commerce that will help us to understand if the “Order online pick-up in store” service is viable in the Portuguese grocery industry.

After analyzing the questionnaire’s results it was found that a large number of participants have some kind of e-commerce experience. The categories of products or services most ordered through the online channel are “transportations” and “holiday accommodation”, regarding the category “grocery products” only 13% of the participants with e-commerce experience pointed to ever had ordered this type of products – the lowest value of all the categories present in the questionnaire. This values are in line with the results of other studies - namely from Eurostat – and they help us to understand that the online channel in the grocery industry is not following the growing trend of e-commerce in general which enhances the importance of studying the viability of launching an “Order online pick-up in store” service as a complement of the traditional online channel. Moreover, the majority of the participants make their regular grocery shopping in stores where the online channel is still not provided.

When it was asked to participants to make an evaluation of the e-commerce – independently of their former experience in ordering products or services over the internet – it was found that the “technical assistance” and the “quality control” are the components which generate more concerns with many participants evaluating them in a negatively way. The “Order online pick-up in store” service by leading the client to the store is able to diminish the risk perceived by customers about these two components, hence improving the all shopping experience.

Then, it was briefly explained the way the “Order online pick-up in store” service works and the importance of managing this service more as a complement than a competitor of the traditional online channel. The objective was understand if participants would consider using this service in case it was launched in the Portuguese grocery industry - the results were unequivocal with 77% of participants answering affirmatively. The main reasons to use this service pointed by those who answered positively were the possibility of saving time, the inexistence of service fees and the better quality control of the products. The participants who answered negatively to the possibility of using this service based their answer on the preference for buying every single product personally or because there are satisfied with the current online system.

The following question of the questionnaire was aimed to understand if launching an “Order online pick-up in store” service would work as a competitive differentiator. The participants – only those who consider using this service - were asked if they would be willing to change the store where they normally buy their grocery products for another store where this service was provided. It was found that more than three quarters of these participants are willing to change occasionally the place where they normally shop. This information is of utmost importance for grocery stores taking into account the high competition present on the Portuguese grocery industry.

“Order online pick-up in store” service –income, age and sex analysis

It was found that the participants with a higher income have more experience with e-commerce and evaluate more positively the component “ease of use” and “speed of all process” in the online channel. Moreover, the classes with a household income between 25.000 and 50.000 euros are those more receptive to the launch of this new service.

The number of participants with more than 65 years old represent only 4% of the all sample, hence the analysis by age segment will be more focused on an eventual difference in the three age segments under than 65 years old (18-25; 25-40 and 40-65). Assessing these three segments it was found that younger segments have more experience with e-commerce, but more relevant is the acceptance towards the “Order online pick-up in store”. In the age segment between 40 and 65 years old only 55% of participants answered affirmatively when questioned about the eventual usage of this service, value quite distinct from the younger segment where almost 82% of participants answered positively.

When the participants were divided according to their sex it was found that the male ones have more experience with the online commerce and evaluate in a more negative way the component “technical assistance” in the e-commerce. It was also found that the female segment is much more reluctant in considering the use of the “Order online pick-up in store” service. The differences between women and men evident on this study have been already mentioned in previous academic studies and reveal that women may not like online shopping as much as men do (Caswell, 2000).

CONCLUSIONS

Conclusions

This dissertation had as main purpose to study the viability of launching an “Order online pick-up in store” service in the Portuguese grocery industry, to reach this purpose four key research questions were postulated:

KRQ1. Is there room for one more channel in the Portuguese grocery industry?

KRQ2. Will people adhere to a service of “Order online pick-up in store” applied to grocery stores?

KRQ3. Launching a new channel like the “Order online pick-up in store” one can help grocery stores to increase their market share?

KRQ4. What type of customer is more willing to adopt a system of “Order online pick-up in store”?

After reviewing the existent literature and analyzing the results of an online questionnaire some preliminary conclusions were formulated in previous chapters helping to reach the final conclusions regarding these four research questions:

KRQ1. More and more people in Portugal are using the internet on their daily lives (Figure 1), this fact together with the idea - reasoned on several articles - that clients using more than one sale channel tend to spend more, to buy more frequently and to be more loyal enhanced the importance of grocery stores managing an online channel. However, by literature analysis and based on the questionnaire’s results it was found that the online channel in the grocery industry is not following the growing trend of the e-commerce in general. This fact arises from the existence of shopping barriers which increase customers’ perceived risk. In order to diminish customers’ perceived risk and to offer a seamless shopping experience to their clients, grocery stores must introduce a perfect cross-channel strategy. Hence, and given the characteristics of the **“Order online pick-up in store”, there is room for this service in the Portuguese grocery industry.**

KRQ2. In an “Order online pick-up in store” service the online and the offline channel support and complement each other, hence it gives the opportunity to customers of taking advantage of the best attributes of each channel. Independently of the added value that this service arise to those who use it, the company can also take great benefits while managing a cross-channel strategy. In fact the “Order online pick-up in store” service leads to increased total sales (Chatterjee, 2010) which permits grocery stores to provide this service to their clients for free. This efficient union between components like no service fee, time saving and convenience explains in part why more than **76% of the participants consider using this service**. The value is quite high and representative, a level of service's acceptance like this one should be taken into account by the players of the Portuguese grocery industry.

KRQ3. Currently only three players manage an online channel in the Portuguese grocery industry – *Continente, Jumbo* and *El corte Inglés.* Moreover, the managers of these channels still see the online channel more from the standpoint of customer service rather than as an isolated business (Calé, 2011). In a competitive industry like the grocery one it is of utmost importance to suit all customers' expectations, the first grocery store launching an innovative service like the "Order online pick-up in store" will definitely have a competitive advantage. The questionnaire results show that - from all the participants considering using a service like this - more than three quarters would change occasionally the store where they normally buy their products in order to use the "Order online pick-up in store" service. Hence, **launching a cross-channel strategy like this is definitely a way to conquer market share.**

KR4. The questionnaire results show that the classes with a household income between 25.000 and 50.000 euros are those more receptive to the use of an "Order online pick-up in store" service. Concerning the age, definitely the younger the segment the higher is the acceptance towards the launching of this new service. Finally, the male participants also show more willing to adopt a cross-channel shopping experience. Hence, taking into account the questionnaire results the **type of Portuguese customer more willing to use the "Order online pick-up in store" service is a male, younger than 40 years old and with a household income between 25.000 and 50.000 euros.**

This dissertation gives insights about the Portuguese grocery industry, namely how the grocery stores are managing the online channel and how a new and innovative service can offer a competitive advantage capable of increasing revenues, market share and loyalty by offering to clients a seamless shopping experience. **The literature and the questionnaire results present in this dissertation show that the "Order online pick-up in store" is viable in the Portuguese grocery industry.**

Study limitations

Although the many insights brought by this dissertation there is much more work to do on this topic. The limited time to conclude the project together with the dimension of the subject prevented a deeper analysis about the risks that customers perceive when deciding to use or not the e-commerce which would be useful to better understand the reasons behind the lack of success of the online channel in the Portuguese grocery industry.

It would be good to repeat this questionnaire to other group of people, the sample used comprises many young participants which may had biased the final results.

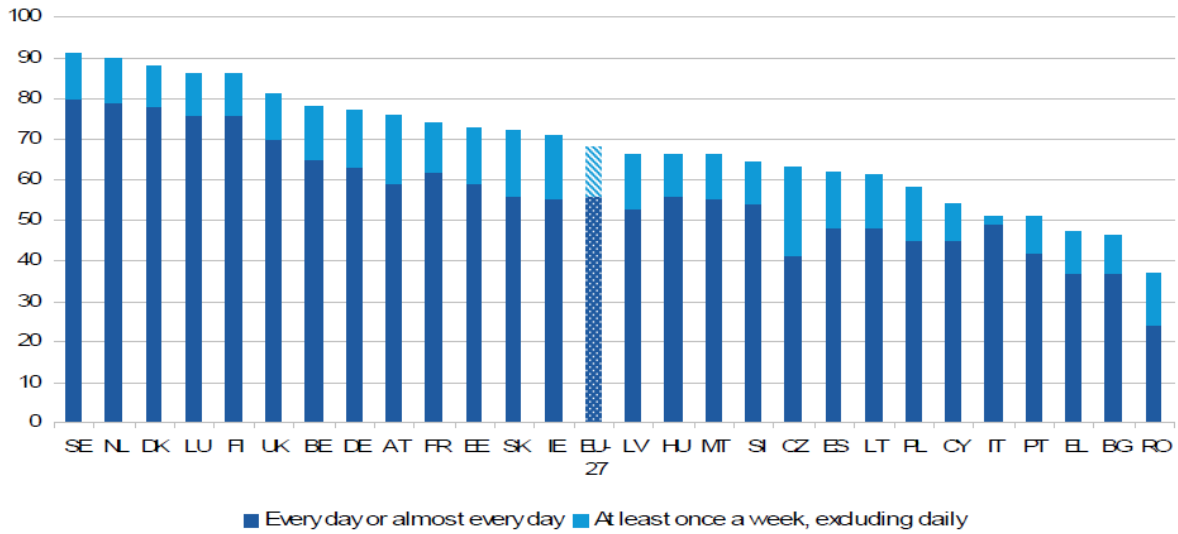
Further research

Future studies on this topic should focus on the differences between men and women shoppers since the questionnaire results show that women are more reluctant in using the “Order online pick-up in store” service. A deeper analysis of this trend would be useful to better understand the shopping habits of customers in the grocery industry which can have high implications on the way marketers are targeting grocery clients.

This dissertation studies the viability of launching a cross-channel strategy in the Portuguese grocery industry. However, it studies the “Order online pick-up in store” service which only represents one possible way of the cross-channel strategy – order online and then pick-up the products in a physical store. It is of utmost interest to study the same cross-channel strategy but in another way where the customer creates a product list not by choosing the products online but by QR codes, the products are later delivered at home. This innovation is already a reality for some South Korean consumers (Figure 15)

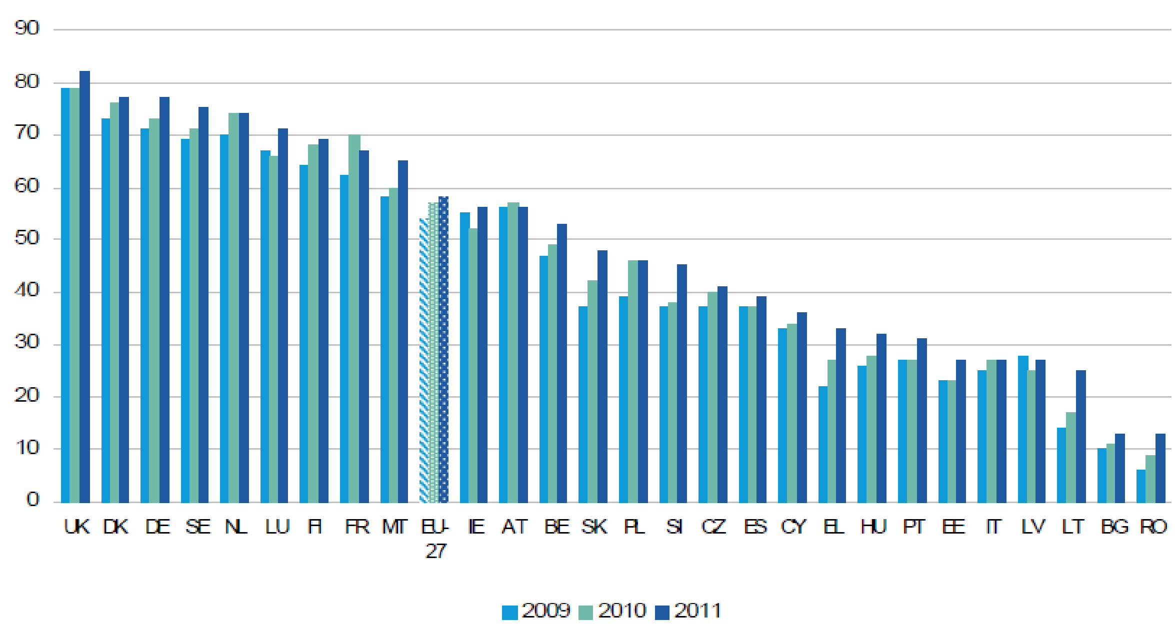
EXHIBITS

Figure 1.Individuals who used the internet at least once a week, 2011 (% of individuals)



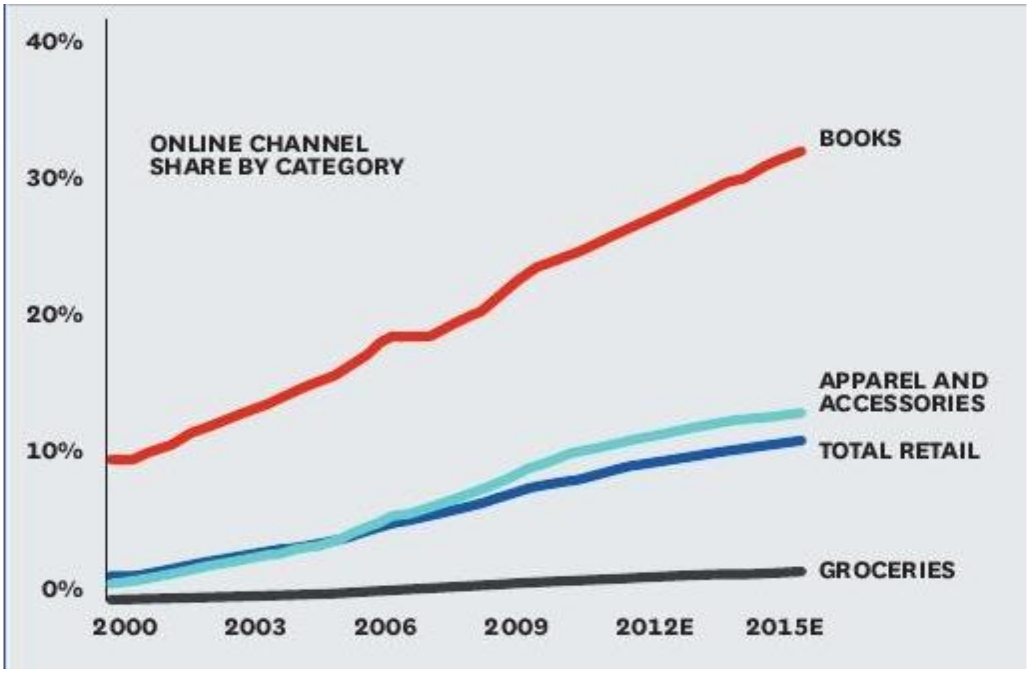
Source: Eurostat, “Internet use in households and by individuals in 2011”, 2011

Figure 2.Internet users who bought or ordered goods or services for private use over the internet in the last 12 months, 2009-2011 (% of internet users)



Source: Eurostat, “Internet use in households and by individuals in 2011”, 2011

Figure 3.E-commerce sales in US by category, including 2012-2015 forecasts.



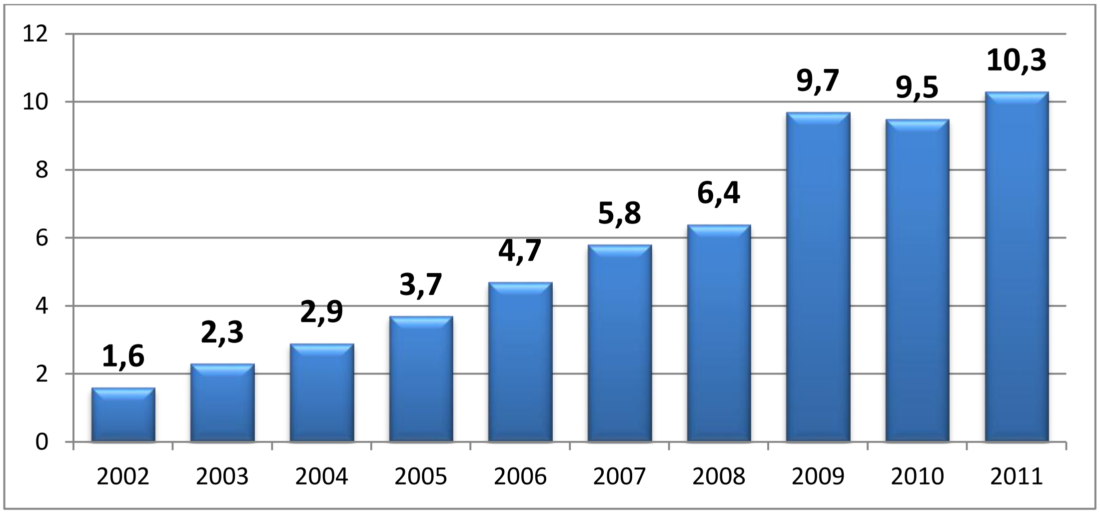
Source: <u>The Future of Shopping, Harvard Business Review; Dec2011</u>

Figure 4. Three US industries scored for key drivers (1=low; 5=high)

	BOOKS	APPAREL AND ACCESSORIES	GROCERIES
PRICE			
PRICES OFTEN LOWER ONLINE (DELIVERED)	5	3	1
DIGITIZED PRODUCTS CREATE LOWER COSTS	5	1	1
VALUE OF PRICE COMPARISONS	5	3	2
SELECTION			
VALUE OF BROAD ASSORTMENTS	5	4	3
VALUE OF CUSTOMIZATION	2	3	1
SEARCHES IN STORES OFTEN FUTILE	4	3	2
CONVENIENCE			
RESEARCH AND INFORMATION INTENSITY	5	3	2
WEB TOOLS TRUMP STORE EXPERIENCE	4	2	2
EASE OF DELIVERY AND RETURNS	5	3	1
TRUST			
RELIABILITY OF PRODUCT DESCRIPTIONS	5	2	2
FRUSTRATION IN STORES	4	4	2
TRUST IN ONLINE RETAILERS	5	3	1
TOTAL	54	34	20

Source: <u>The Future of Shopping, Harvard Business Review; Dec2011</u>

Figure 5. Individuals between 16 and 74 years old using the e-commerce between 2002-2011 (%)



Source: **<u>INE, Inquérito à Utilização de Tecnologias da Informação e da Comunicação pelas Famílias 2011</u>**

Figure 6. Participants who bought or ordered goods or services for private use over the internet

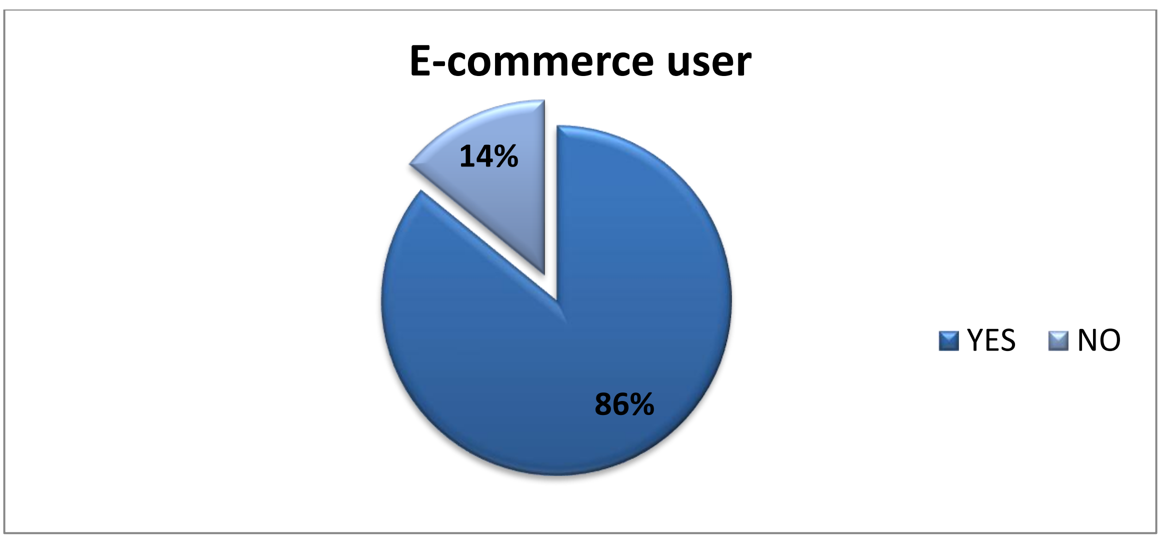


Figure 7. Overall matrix scorecard, how customers perceived different components of the e-commerce.

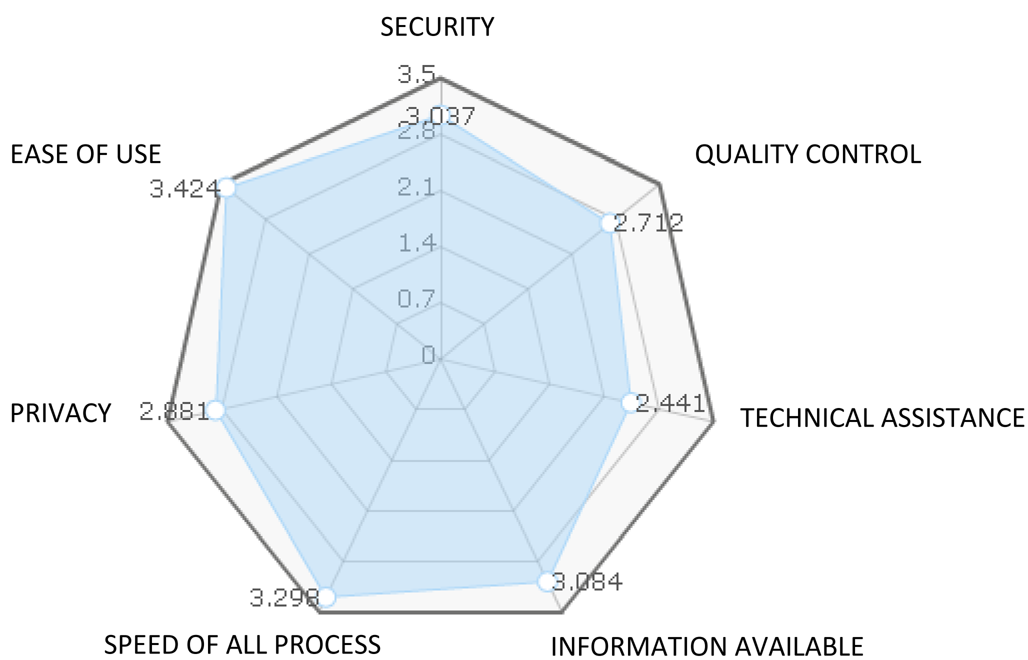


Figure 8. Participants that would consider using an "order online-pick up in store" service

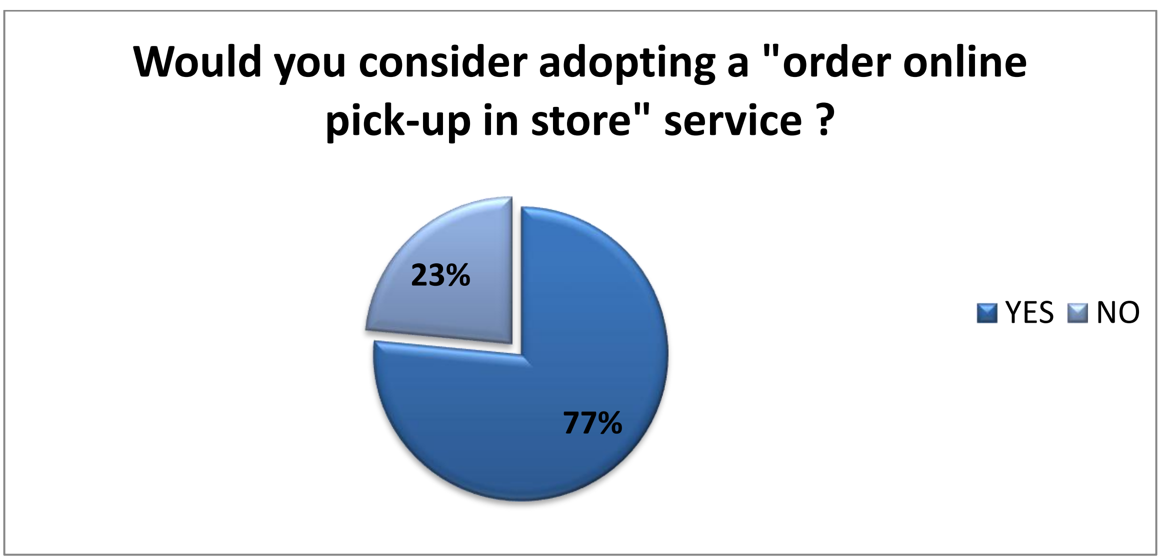


Figure 9. Customers willing to change from grocery store in case a competitor store starts managing an "Order online pick-up in store" service (as a % of participants that consider using this service)

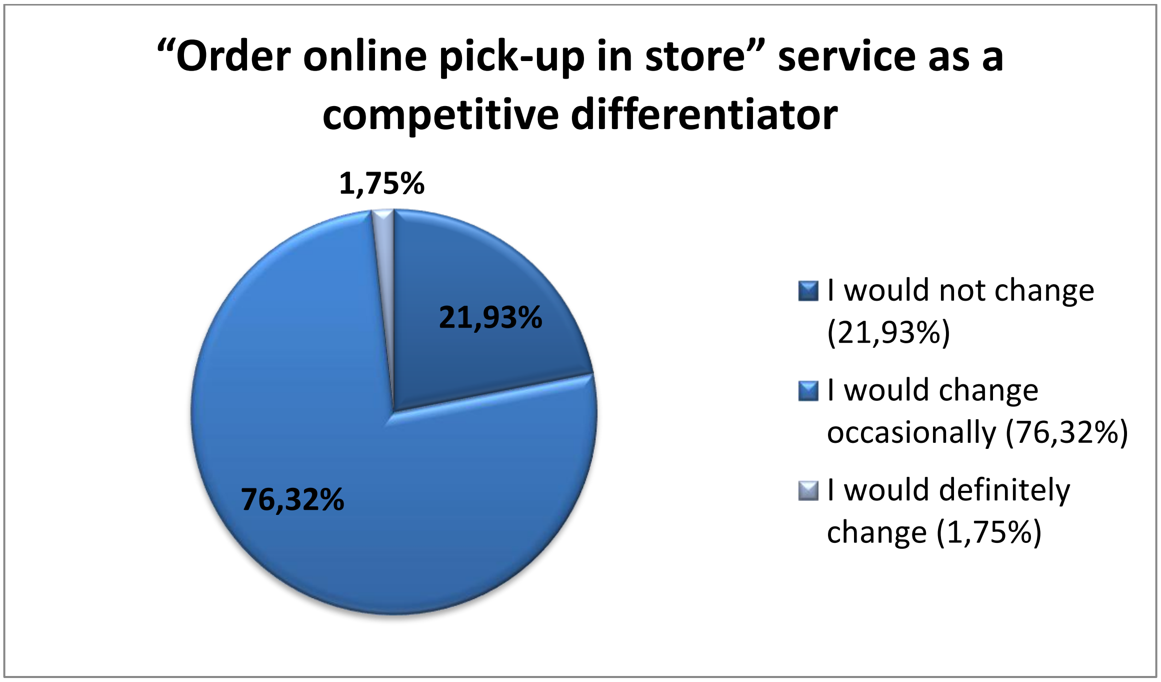


Figure 10. Sex of the Participants that completed the questionnaire

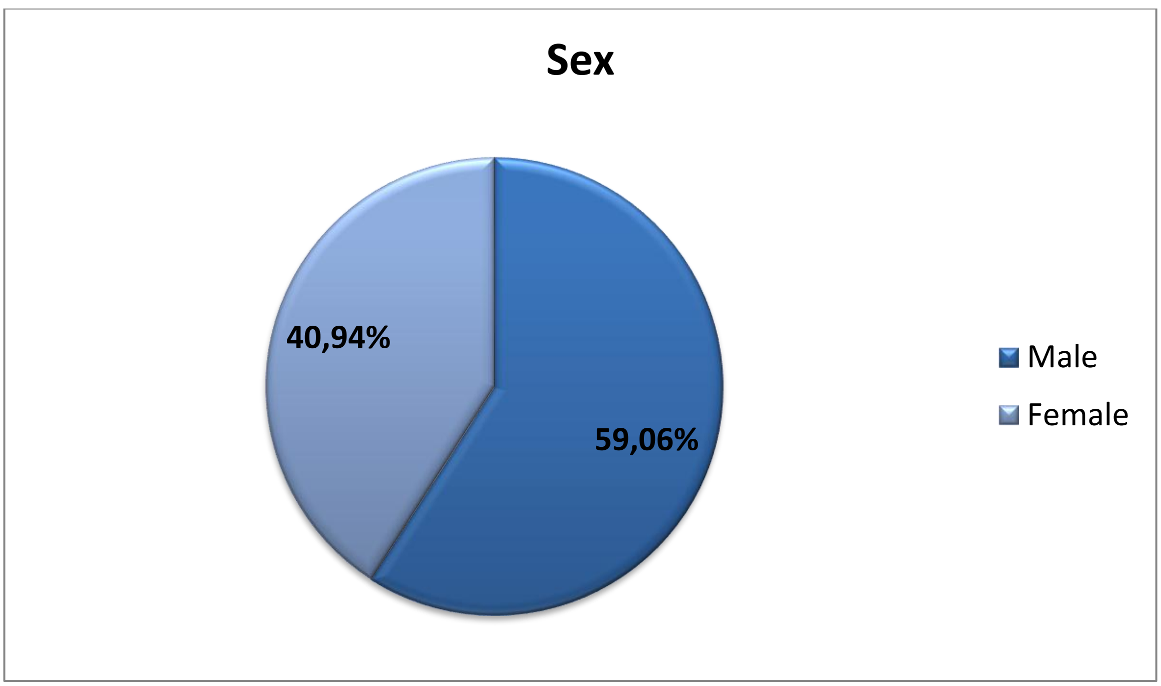


Figure 11. Age of the Participants that completed the questionnaire

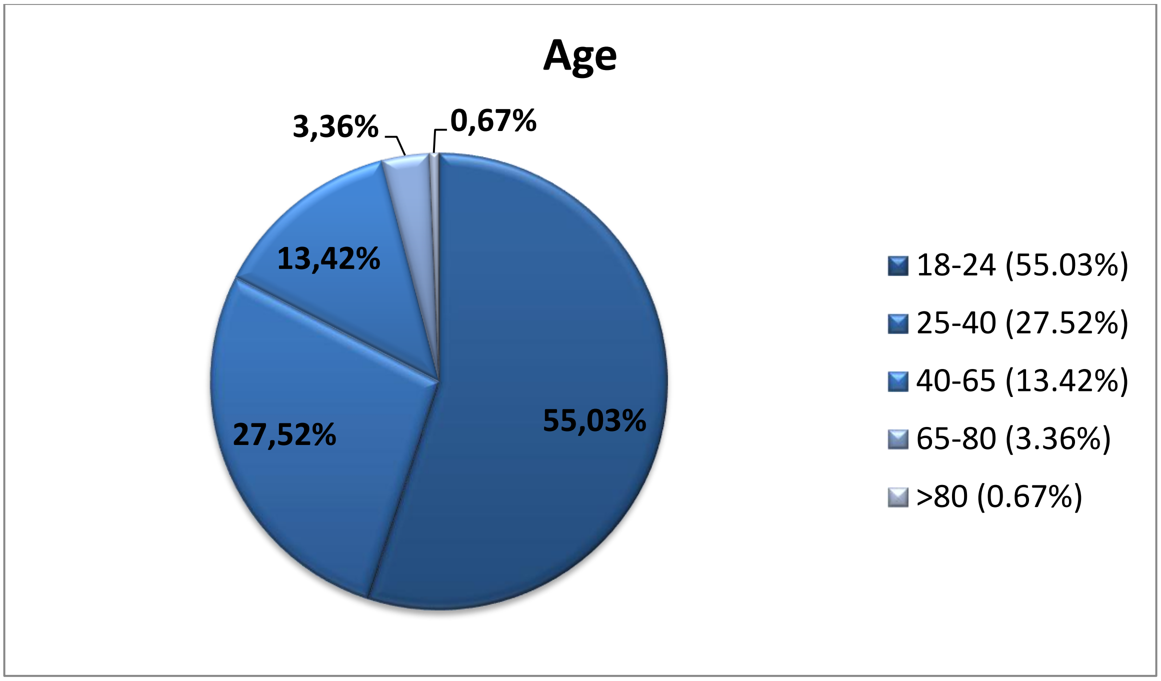


Figure 12. Income of the Participants that completed the questionnaire

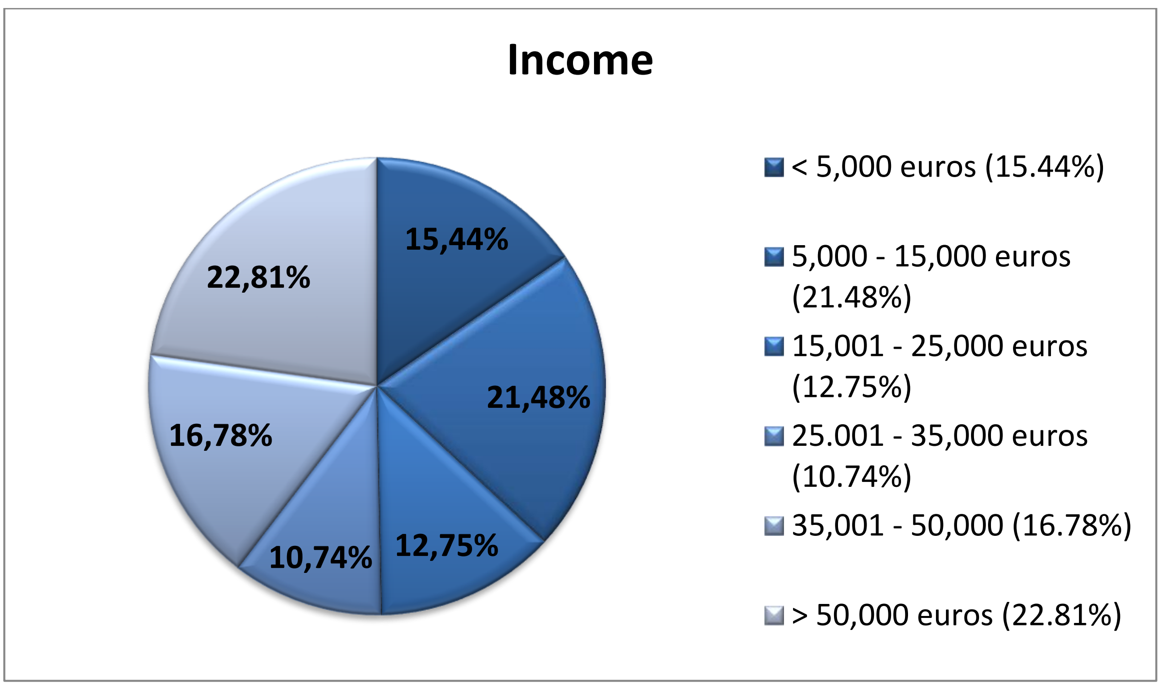


Figure 13.Cross-channel strategy applied in the grocery store Tesco

Tesco builds virtual shops for Korean commuters

A visual experiment in mobile supermarket shopping has done very well for Tesco in South Korea

Tesco’s South Korean network of shops, called Home Plus, have grown to become the country’s second-largest supermarket after E-Mart since launching in 1999, but number two is never enough for Tesco. How, they asked themselves, can we become number one?

One way, they reasoned, is to expand their online sales rather than spending a lot of money opening new shops. As South Korea has more than 10 million smartphone users in a population of less than 50 million, it made sense to look at mobile shopping as much as websites for desktops.

Just like everybody else, South Koreans are busy at home and tired after a long day at work so offering the opportunity to shop while doing something else has a lot of value. Tesco settled on commuters waiting for their train: they have time on their hands and the must have jobs, so they’re likely to have money but little time.

Rather than expect them to search through menus labeled with tiny text that says such unattractive things as ‘fish’ or ‘homeware’, they plastered the glass walls of subway stations with pictures of their products, laid out just as they’d be in a traditional shop. The ‘shelves’ featured QR codes - squares filled with a black and white pattern, unique to the product in question, they’re a more versatile successor to the bar code - which could be scanned by the traveller’s mobile phone, building up a shopping basket in the few minutes before the train arrives. If your train comes before your basket is complete, you can carry on shopping without the pictures and codes if you wish.

Deliveries are arranged to arrive in minutes or hours, rather than days, so the groceries will be in the shopper’s kitchen that night and there is no need to wait in to collect them.

The application was developed with Cheil Worldwide, an advertising and online development group.

To work in the UK, two vital pieces of infrastructure would be required: mobile connectivity on all forms of public transport, including the tube networks in London, Glasgow and other cities, and a fleet of delivery vans set up for fast reactions. At the time of writing, the earliest available slot for a delivery to my address in London is on Wednesday afternoon.

Most of the big supermarkets in the UK have mobile-optimized websites for online shopping and Ocado’s iPhone app has won several awards, but Home Plus’s subway poster shops pushed the idea of mobile shopping into the minds of people who could use it right where they are, right now. Their sales increased 130 per cent in three months, and their number of registered users went up by 76 per cent. They are now number one for online groceries and the gap between them and E-Mart has narrowed offline. Whether you see their virtual stores as a display advertising campaign or a new way of building supermarkets in spaces that already exist, that’s a remarkable achievement.

Source: **The telegraph website; http://www.telegraph.co.uk/technology/mobile-phones/8601147/Tesco-builds-virtual-shops-for-Korean-commuters.html**

Questionnaire

Caro participante, este questionário faz parte de uma pesquisa no âmbito de uma tese de mestrado da *Católica Lisbon School of Business and Economics*. Não existem respostas certas ou erradas, o questionário é anónimo e todas as respostas serão confidenciais. Não demorará mais de 3 minutos. Agradeço já pela sua participação!

1. Já alguma vez comprou um produto/serviço através da internet?

    1. Sim
    2. Não

2. Que categoria(s) de produto/serviço adquiriu através da internet?

    1. Serviços hoteleiros
    2. Transportes
    3. Supermercado
    4. Bilhetes para espectáculos
    5. Equipamento electrónico (hardware, software)
    6. Filmes, música, livros
    7. Outros produtos (roupa, equipamento para casa, financeiro, etc..)
    8. Outros serviços (tratamentos de beleza, restaurantes, cupões, etc..)

3. Independentemente de alguma ter realizado compras online como avalia o comércio através da internet?

	Muito negativo	Negativo	Positivo	Muito Positivo	NS/NR
Segurança	❑	❑	❑	❑	❑
Facilidade de uso	❑	❑	❑	❑	❑
Privacidade	❑	❑	❑	❑	❑
Velocidade de todo o processo	❑	❑	❑	❑	❑
Informação disponível sobre o produto	❑	❑	❑	❑	❑
Assistência técnica	❑	❑	❑	❑	❑
Controlo da qualidade do produto/serviço	❑	❑	❑	❑	❑

4.Em que cadeia de supermercados realiza normalmente as suas compras? (escolha no máximo 2 opções)

1. Continente/Modelo
2. Intermarche/Ecomarche
3. Lidl
4. Pingo Doce/Feira Nova
5. Jumbo/Pao de açucar
6. Minipreço/Dia
7. E.Leclerc
8. Aldi
9. Sá
10. Other

Actualmente para clientes que não aderiram ao sistema de compras ao domicílio (por razões de segurança, por preferirem comprar pessoalmente, etc..) existem cadeias de supermercado (ex.: Walmart, EUA) que permitem aos seus clientes encomendar – através de uma lista pré-definida que poderá ser alterada a qualquer momento – as suas compras através do computador ou telemóvel e mais tarde recolhê-las no supermercado que desejar. O cliente poderá, durante a sua visita à loja, aumentar ou diminuir a sua selecção de produtos antes de efectuar o pagamento em dinheiro ou em cartão. Este serviço não tem qualquer taxa adicional e não pretende rivalizar com o sistema de compras ao domicílio.

5.Se o supermercado onde normalmente realiza as suas compras adoptar um sistema como descrito anteriormente acredita que poderá vir a usar este serviço?

1. Sim
2. Não

6.Se respondeu sim à pergunta anterior, quais serão os principais benefícios que prevê adquirir ao adoptar um serviço como este? (Seleccione 2/3 opções)

1. Economizar tempo
2. Não ter problemas de segurança
3. Não ter problemas de privacidade

4. Usufruir de assistência pessoal dos trabalhadores da empresa
5. Controlar melhor os produtos que compra (validade, estado de conservação, etc..)
6. Benefícios das compras online mas sem taxas de entrega
7. Other

7. Na eventualidade de um supermercado, na sua zona de residência, que normalmente não utiliza para realizar as suas compras adoptar um serviço como o descrito anteriormente o que acredita que poderá acontecer?

1. Continuarei a utilizar o meu supermercado de preferência independentemente da concorrência ter um serviço que me agrada
2. Poderei vir a optar esporadicamente pelo supermercado da concorrência por ter disponível este serviço.
3. Irei mudar definitivamente de supermercado.

6. Se respondeu não à pergunta anterior, qual a razão porque não prevê adoptar este novo serviço?

1. Estou satisfeito com o sistema actual de compras ao domicílio
2. Não tenho acesso/ facilidade de uso com a internet
3. Gosto de comprar todos os produtos pessoalmente
4. Other

____

8. Sexo

1. Feminino
2. Masculino

9. Idade

1. 18-24
2. 25-40
3. 40-65
4. 65-80
5. >80

10. Rendimento anual do agregado familiar

1. <5.000 Euros
2. 5.000 - 15.000 Euros
3. 15.001 - 25.000 Euros
4. 25.001 - 35.000 Euros
5. 35.001 - 50.000 Euros
6. >50.000 Euros

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