The Effect of Online E-Grocery on Customer Values in the Iranian Market

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Abstract:

Appropriate understanding of customers’ needs plays a major role in the success of the commercial enterprises. Customers’ needs interact with their perceived values; hence, understanding Customer Value is a key to success in almost all transactions including online shopping.

Development of online shopping also depends on appropriate defining of customers’ values and with due consideration to the fail and fall of large companies such as WebVan in the US (that was incorporated with huge investment) in-depth surveys on customers’ values has got importance and several researches have been conducted in the US and Europe, especially in the Scandinavian countries.

The present research is to investigate the Customers’ Values in that are proactively influential on e-grocery shopping in the Iranian market. This has been achieved through a survey among the SHAHR VAND Chain Store Co.’s customers who have been asked to provide information in this respect through questionnaire.

The results proved that the Customers’ Values are similar to elsewhere, but with different ranking.
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Chapter One

1. Introduction

In this chapter the general background and the research problem, problem statement, research questions, and research objectives of our thesis will be provided.

1.1 General background

The present century has been named “The population explosion century” and “The information explosion century”.

There are deep sited reasons to believe that “the information explosion” has made so drastic changes in the life of human beings in every aspect, that, this event can be named “Information Revolution” and ranks atop “The Industrial Revolution”. This revolution has become possible by evolution of information technology and innovation of “Internet”.

On the other hand, “The population explosion” has made the cities larger and the distances longer. This has resulted in accessibility of demands, no matter the type and form, by everybody who is in need of, in a poor and unsatisfactorily manner.

Internet in its turn has made remarkable changes in the business environment and has eliminated distances between the suppliers and customers, clients and contractors, sellers and purchasers, information seekers and providers, service seekers and providers, etc.

In this research, we are going to investigate the extent of Information Technology and application of Internet in e-Business as a whole, and e-grocery in particular, in the Iranian Market, focusing on Customer Values.

In this research we also will look into what the effective factors concerning customer values and the effects of e-grocery on customer values are in the Iranian market.

1.2 Research Problem

Customer values are in the focal point of marketers. These values shall be determined and defined, then shall be satisfied and evolved.

E-business diversifies the distribution channels and involves different customer values. In the Iranian market, e-business is growing, and e-grocery can also grow rapidly at its shadow.
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The evolution of e-grocery in the Iranian market depends on recognizing and defining of the customer values and realizing their effects on performance and development of e-grocery.

1.3 Problem Statement
As stated in “General Background” above, the interaction between “Population Explosion” and “Information Explosion” and the consequences which have resulted in innovation of “Information Technology” is an obvious fact.

Internet is one of the most powerful engines in development of Information Technology.

E-Business is one of the outcomes of internet.

The recent introduction and growth of e-Business has brought about quite a number of opportunities for both businesses and customers.

E-grocery as one of the fast growing fields of e-business involves some advantages, by which, the customers are benefited and its development is embedded in understanding and appreciation of these advantages.

In fact, development of e-grocery is not only a consequence of population growth, or, because people living in the large cities and having to spend much of their time in commuting, or being busy with their jobs, have no choice but to appreciate it, nonetheless besides all, e-grocery has been able to provide them with satisfaction in many aspects.

With the Internet as a commercial medium, new ways of doing business have developed in almost every industry sector. In some sectors, new and efficient Internet business models have gained a strong foothold, whereas in others, business is done on the Web primarily in identical manners as on the physical markets (B. Anckar, 2002).

The internet as a whole can be viewed as a value added service, with the value being information (Bengamine & Wingant, 1995).

Of all the categories of goods that companies have attempted to sell over the Internet, few have been trickier than groceries (Baker, 2000).

Tigert (2001) asserts that a number of factors seem to be significant reasons for the collapse of many pure play Internet grocery retailers:
First, they have failed in achieving a competitive advantage over the traditional "Bricks and Mortar" food retailers on those dimensions that drive the consumer store/channel choice process. Second, they have failed in developing profitable business models and, third, they have dramatically overestimated the size of the market for grocery shopping from the home.
As a result, no company has so far succeeded in making a profit in this business (Baker, 2000; Ring and Tigert, 2001). Nevertheless, the convenience provided by e-grocery is the top priority to meet online consumers’ needs (Lohse & Spiller, 1998).

Several factors seem to hinder the suitability of this product category for e-commerce:

- **First**, groceries are and will always remain tangible offerings, meaning that a full commercial cycle is unattainable via a network.
- **Second**, groceries are perishable products, which would suggest that consumers generally prefer to physically examine the quality of the products prior to the purchase (Canedy, 1999; Baker, 2000).
- **Third**, due to the tangibility and the perishable nature of the offerings, the e-grocery business will remain local in character.
- **Fourth**, due to the high operational costs involved in e-grocery (cf. Kääriäinen et al., 2001), prices are unlikely to be competitive on the Web (B. Anckar, 2002).

A viable reason for the reluctance of consumers to trade on the Internet lies in the fact that the initial Web services have offered little – if any – added value for potential customers in comparison to traditional methods of shopping (B. Anckar, 2002).

Gupta and Chatterjee (1997) consider the reasons for purchasing reluctance to be security and privacy concerns, credibility and reliability of Web vendors. Burke (1997) argues that many people are also reluctant to try new technologies. Jones and Biasiotto (1999) argue that until consumers feel comfortable with the technology, adoption rates for Internet shopping remain low in most retail categories. In this case none of these reasons became a barrier, as the customers were regular users of e-mail and the Web, and the Retailer and particularly the Wholesaler were also well known to the customers.

Sheth and Sisodia (1997) argue that a significant barrier to broader adoption of home shopping is greater value consciousness and the delivery charge, and that the future success of marketers will depend on their ability to deliver total customer convenience (H. Ahola, 2000).

It is believed that customers do estimate which offer will deliver the most value for them. They are believed to be value-maximizers, within the bounds of search costs and limited knowledge, mobility and income.

It is also believed that buyers will buy from the firm that they perceive to offer the highest customer delivered value.

Customer delivered value is the difference between the total customer value and total customer cost.

The total customer value is the bundle of benefits customers expect from a given product or service (product value, services value, personnel value and image value).
Total customer cost is the bundle of costs customers expect to incur in evaluating, obtaining, and using the product or service (monetary cost, time cost, energy cost and psychic cost) (Kotler P. 1997) (H.Ahola, 2000).

K.Tanskanen (2002) states that disabled people and people not owning car, also busy double-income families are generally considered a potential user of e-grocery services.

The critical question is therefore if e-grocery offers sufficient value that all or most types of consumers could be considered as potential customers. This, in turn, depends on both the quality of the service that the e-grocery offers and on the customers’ valuation of their spare time (K.Tanskanen, 2002).

According to B.Anckar, (2002), from the perspective of a single grocery retailer, online or offline, customer value can be created in four different ways; namely, by offering:
1. Competitive prices;
2. A broad and/or specialized assortment;
3. Superior shopping convenience; and
4. Superior customer service (in all these four broad categories, a comparison to physical retail outlets as well as competing online grocers is implied).

What does a grocery retailer need to do to set up a profitable e-grocery channel?

K.Tanskanen, (2002) states that, six actions that together outline a blueprint for setting up a successful e-grocery operation can be listed as below:

i. Focus on customer density and build operating systems locally – copy and paste the working system to make it big.

ii. E-grocery is loyalty business – build and maintain trust.

iii. The buying power should be at least as strong as supermarkets have.

iv. Take care of operational efficiency and provide a high service level – utilize reception boxes and start with a store based service – switch to a hybrid model and build dedicated fulfillment centers when local business volumes justify it.

v. A good ordering interface and availability of product information are basic requirements, e-Demand and e-Category management are powerful new opportunities.

vi. Enlarge the range of products offered to high margin non-grocery items when an effective logistics system to households is built and there is a base of loyal customers.

Is daily food suitable for Web format?
Peterson et al. (1997) argue that when products are low cost and frequently purchased, the conventional retail channel tends to dominate the Internet channel with
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respect to transaction and distribution function, because, these functions do not offer economies of scale to the Internet marketer. However, they conclude that if the value proposition is intangible or informational, the advantage shifts to the Internet marketer.

On the other hand, Burke (1997) suggests several reasons for marketing food on the Web. For example, everyone has to eat, and shopping for food in a conventional store takes a lot of time and grocery shopping is also inefficient. In addition, most people do not like grocery shopping (Burke, 1997); (cf. Boedeker 1997).

Yet, daily consumer goods may not be the easiest product category to move from a physical to a virtual environment (H. Ahola, 2000).

Is there a suitable segment for Web marketing? Sheth and Sisodia (1997) argue that evolving technology and changing lifestyles are the driving forces moving consumers towards the Web. As people start to change the way they work, communicate, and spend their leisure time, they will change the way they do business with companies. Women who are affluent, technically literate, and interested in shopping (Järvenpää, S. L. and Todd P. A. 1997.), consumers who have time or mobility constraints, including dual-income households, single-parent families, and the disabled (Burke, 1997) and shoppers who already have computers, high-speed connections and computing skills (Gupta, S. and Chatterjee, R. 1997.) are all potential customers. The hi-tech-consumers in this case provide a most promising segment for Web shopping (H. Ahola, 2000).

Iran has a relatively young population, with a considerably high growth rate.

Iranian cities are growing rapidly and industrial estates and workplaces are getting farther and more distant from the residential districts. Therefore, time and distance are becoming critical factors in the Iranians’ daily life.

To date, little research has been completed regarding e-grocery in Iran. This roots in this fact that e-grocery is not popular in Iran yet, due to unavailability of infrastructures, such as but not limited to, unavailability of credit cards and supportive banking system, and poor data communication systems. However, recently some department stores and a few numbers of pioneers have started with e-grocery, using debit cards, while operating in very limited areas and in a very primitive level.

However, having a relatively young population, Iran has a good potential which can be considered as a development ground for e-grocery, once it is in place and well introduced.
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1.4 Research Questions

The following research questions can be formulated based on the presented Introduction and the captioned Problem Statement:

Research Main Question: “What are the effects of e-grocery on customer values in the Iranian Market?”

Research Sub-question 1: “What customer values are more concerned in e-grocery in the Iranian Market?”

Research Sub-question 2: “What customer values are more effective in e-grocery in the Iranian Market?”

Research Sub-question 3: “What market segment(s) can be targeted for e-grocery in the Iranian Market?”

Research Sub-question 4: “How the effective customer values are ranked in the targeted segments for e-grocery in the Iranian Market?”

1.5 Research Objectives

This research is aiming at understanding and defining the effects of e-Grocery on Customers’ Values in the Iranian Market, in order for development of this field of e-Business, with due consideration to the potentials of its up-growth, which is a result of population growth and evolvement of Internet application in Iran.

In this context, this research is trying to find the market segments in Iran, in which, e-grocery may be most appreciated, and will define the customer values in these segments, with regard to customers’ behavior and customers’ desires.

We also will rank the values that aid stimulating the customers in order for proceeding further with e-grocery in these segments, as well.

The usage of different sources is called “Triangulation”. This means that the researcher has the opportunity to obtain multiple measures of the same phenomenon, which in turn adds to the validity (Yin, 1994).

In this research, it is intended to, if required, conduct multiple case studies, in order for improve the validity of data.

It l includes interviews and questionnaires in the conducted field survey.
Chapter Two

Literature Review and Frame of References

2.1 Introduction

In this chapter, we have focused on recent literatures published in Journals. This chapter has been structured and ordered according to the research main and sub-questions, provided in Chapter one. In doing so, we have passed the main and sub-questions of our research through the literatures, and pick up the relevant references and cues and construct our Frame of References accordingly. We have tried to review the selected literatures and pick the hints and references and bring them in this Chapter in a general to specific order. In this context, at the first stage, general key factors and terms e.g., grocery & grocery industry, internet, e-commerce and customer value, etc., have been defined, using definitions and descriptions provided in the literatures and books. Then, the key factors on the sub-questions such as price, convenience, choice, etc., have been defined as explained in the literatures.

In order to fulfill this purpose, chronology and priority of tasks have been considered and observed. The reliability and recentness of literatures have been our main concern and have been considered.

2.2 Grocery & Grocery Industry

“Groceries and other food retailers operate in one of the more mundane, yet fundamental and pervasive industry segments in the world. Everyone eats, thus everyone must purchase food from some retail outlet. Consequently, the Grocery industry is a huge, fragmented and enormously competitive environment”. (Kelly Delaney et al., 2003 pp.187)

“Food retailing accounts for 36 recent all retail turnover in Great Britain (Central Statistical Office, 1990). In the UK food is the largest single category of household expenditure and together with other groups, which are partly sold in supermarkets, such as household goods, leisure goods, clothing, tobacco and alcoholic drink account for a large share of consumer shopping (Central Statistical Office, 1991)”. (Russell Aylott et al., 1998, pp.363)

“Multiple retail companies now dominate the sector, to the threat and decline small independent businesses (Verdict, 1996; Dawson, 2000). These independent stores face increased pressure from the multiple retailers’ superstores, small stores formats (such as the high street Metro stores) and petrol forecourts, and many are being squeezed out of existence altogether (Crewe and Forster, 1993).” “Independents who “enjoyed” over 60 per cent of the market share in 1950 have seen this market share halve by 1995 to just over 30 per cent (Sparks and Findlay, 2000).” (Adelina Broadbridge et al., pp.394)
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2.3 Internet

Internet is: “the name given to the collective electronic network of computers and computer networks which are inter-connected throughout the world – started with the ARPAnet at the US Dept. of Defense. (Steven C. Perkins (sperkins@andromeda.rutgers.edu))

“The internet as a concept dates back to the cold war. This concept was developed as networks of computers which were remotely linked by the US Department of Defense in order to counteract vulnerability to enemy attack. ARPANET (Advanced Research Projects Agency Network) was then established in the late 1960s to network US government defense institutions, and the standards which were developed for this system remain at the core of the internet.” (R. A. Opoku et al, 2004, pp. 3)

“Until the advent of World Wide Web in 1990, the Internet was almost entirely unknown outside universities and corporate research departments and was accessed command line interfaces such as telnet and FTP. Since then it has grown to become an almost-ubiquitous aspect of modern information systems, becoming highly commercial and a widely accepted medium for all sorts of customer relations such as advertising, brand building, and ON-LINE sales and services.” (The Free on-line Dictionary of Computing- 1993-2004 Denis Howe)

“The Word Wide Web can be best described as a gopher in disguise, in that the menu has been made more visually interesting by the addition of graphics, pictures and sound.” (Ning Chen et al, 2004, pp. 1)

In “hyper Dictionary” Internet is defined as “ a computer network consisting of a worldwide network of computer networks that use the TCP/IP network protocols to facilitate data transmission and exchange”.

Internet refers to the global information system that:

1 is logically linked together by globally unique address space based on the “Internet Protocol (IP)”, or its subsequent extensions follow-ones;
2 is able to support communications using the Transmission Control Protocol (TCP/IP) suite or its subsequent extension follow-ones, and/or other IP- compatibles; and
3 provides uses or makes accessible, either publicly or privately, high level services layered on the communications and related infrastructure described herein. (Federal Networking Council (FNC) – Internet Monthly Report, October 1995)

“The explosive growth of the Internet has revolutionized many aspects of daily life (Fetto, 1999; Rutledge, 2000). Recent statistics tell us that people the world over are using the
internet in ever-increasing numbers, with estimate ranging from 505 million (Global Reach, 2001) to 513.41 million people online throughout the world (NUA Ltd, 2001). There is much to be learned about how the Internet fits in people’s lives, how they use it as a part of a set of choices, and what deters them from using it for certain purposes, such as making purchases.” (Carol Kaufman-Scarborough et al, 2002, pp. 333)

“The Internet is one such recent breakthrough that is taking place worldwide, and today more than 25,000 people gain Internet access every hour. This growth offers great opportunities and great challenges for existing businesses and potential customers.”

“…, the Internet allows consumers to seek the lowest price, and a firm can solicit bids from more suppliers.” (Zita Zoltary Paprika, 2003- pp 26)

2.4 E-Commerce

E-Commerce consists of the buying, selling, marketing and servicing of products or services over computer network. (BambooWeb Dictionary)

“E-Commerce is defined as: “the purchase of goods, services or other financial transactions in which the interactive process is mediated by information or digital technology at both locationally separate ends of interchange. Electronic commerce is part of the broader world of e-business, a term which encompasses everything from web based EDI to the offering of a kidney, marijuana or even an unborn baby on a consumer-to-consumer auction site, from electronic procurement to e-banking a web-based customer servicing.” (Jason Rutter and Dale Southerton, 2000)

“Sheth and Sisodia argue that evolving technology and changing lifestyles are the driving forces moving consumers towards the Web.” (Helena Ahola et al, 2000, pp. 4)

“According to the (Chartered Institute of Marketing), marketing can be defined as: The management process for identifying, anticipating and satisfying customer requirements profitably.

There are many, varied definitions of e-commerce: Zwass’s (1996); definition of e-commerce is adopted describing Internet commerce as: “The sharing of business information, maintaining business relationships, and conducting business transactions by means of Internet-based technology.” (Chia Chi Lin, 2003)

“Reduced transaction costs and barriers to entry have brought the e-commerce economy closer to the utopian concept of perfect competition, which assumes complete access to information, many buyers and sellers, zero transaction costs, and no barriers to entry or exit.” (Zita Zoltary Paprika, 2003-pp26)
“E-commerce is based on the expedient decision-making approach. It supports customers’ requirements for speed and comfort. Therefore buying online is not a big challenge or cultural shock for Western shoppers, but it is quite unusual for the reflective customers of the east. In the Western marketplace, e-commerce does not change people’s shopping habits and traditions, only the channel of the transaction. Moreover, because goods are less expensive online than in shopping malls, people are stimulated to shop online.” *(ibid)*

“Reflective shoppers get some support from e-commerce as well. They like to investigate products precisely and consciously.” *(ibid)*

“However, e-commerce offers the opportunity for quick choices and lets customers surf and learn about all options. Because of its fast development and acceptance, e-commerce could modify customer behavior and shopping habits in the West and East. Entrepreneurial and investment opportunities exist in e-commerce across three evolutionary stages:

- Companies that serve domestic markets only,
- Those that serve a geographical region’s population, and
- Those that serve worldwide markets.

Opportunities within each stage reflect the maturity of a country’s market and business infrastructure. For greater success, e-commerce needs to recognize the different cultural backgrounds and needs of Eastern and Western people.” *(ibid)*

*Savoie & Raisinghani (1999)* state that: e-commerce is the current manifestation of a wave to provide a customer with instant access to all the products/services he/she could need or want at any given time and the touch of a button. *Fiore (2001)* argues that: e-commerce means selling products, services and information over the Net. Based on *Bloch et al.*’s definition for e-commerce, *Murphy (2001)* extends this to include; activities such as the provision of information to customers, marketing and support activities. According to *Anderson Consulting (1999)* e-commerce can be defined as: the conduct of business among e-enterprise [1] and consumers, where e-business means: A business enterprise with the capability to exchange value electronically.” *(Chia Chi Lin, 2003.)*

E-business is associated with advantages/disadvantages/barriers and successes, as described hereunder:

“The increased use of the Internet has suggested that there may be many advantages to both suppliers and customers in using e-commerce in a Web-based environment. However, disadvantages have also been expressed. E-commerce has at least five disadvantages:

1- The largest is the lack of physical contact (human interaction), which prevents scrutiny of products and lack of face-to-face interaction. *(Skyrme, 2001)*

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(2)- Communication is different on the Internet because the interaction between the Website and the customer is often one way, the Web site providing information to the customer. *(Cox and Dale, 2001)*

(3)- It is difficult to capture visitors’ attention as the Internet offers millions of Web sites.

(4)- A staggering volume of information has expressed the uneven quality to customers.

(5)- Online users are more upscale and technically oriented than the general population, making them ideal for computers, electronics, and financial services but less so for mainstream products *(*Kotler, 2000)*."

"One further aspect of electronic shopping however is the effect of such shopping on customer loyalty. Without any direct contact between the customer and any of the staff of the company it becomes much harder to affect that loyalty and customers are more able to switch between outlets. The quality of service provided is the only factor which can affect that loyalty, and the accountability effect becomes less obvious. A customer will demonstrate a failure in the required level of accountability in the electronic environment, not by complaining but by switching to an alternative supplier. Consequently that accountability must be focused on in terms of customer satisfaction.” *(ibid)*

" Arthur Andersen/Rosen (2000) point out that some of the causes of problems such as conservatism in shopping habits, limitations in bandwidth technology, distribution problems, and lack of profitability of e-tailors are also important to influence the development of e-commerce.

Moreover, Kotler (2000) indicates the following key barriers to e-commerce growth:

- limited consumer exposure and buying;
- Skewed user demographics and psychographics;
- Security;
- Privacy;
- Consumer backlash; and ethical concerns over the use of “cookies”.

Other barriers for e-commerce include poorly organized sites, slow downloads, and difficulties in finding information, according to McQuitty and Peterson (2000).

Finally Oliver (1997) has especially considered that the critical questions for e-commerce growth are whether customers will accept an electronic form of receiving information and performing transactions instead of the physical shopping experience is one of life’s small rituals and social pleasures. ” *(ibid)*

2.5 Electronic Shopping (e. Shopping) & e-Groceries

“As the economy and society have changed, so retailers have responded and shopping as an activity has altered enormously *(Dawson and Broadbridge, 1988)*. Food retailing is one of the most dynamic and rapidly changing sectors of British industry bearing little comparison with the business that operated 50 years ago.” *(Adelina Broadbridge et al, 2002- pp.394)*
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“Online shopping is a relatively recent phenomenon, giving consumers the opportunity to perform at least one aspect of the buying process online.” According to (Anderson & Henrikson, 2000); “Electronic grocery shopping has been defined as shopping when at least part of the transaction is started electronically via third party services or the Internet, but paying and logistics are not necessarily performed digitally.” (Carl Lewis, et al, 2003-p.207)

“The business model of an E-Shop represents one form of electronic commerce where the sellers and buyers interact electronically, except for deliveries.” (Helena Ahola et al, 2000 p.2)

“Burke suggests several reasons for marketing food on the Web. For example, everyone has to eat, and shopping for food in a conventional store takes a lot of time and grocery shopping is also inefficient. In addition, most people do not like grocery shopping; cf. Boedker. Yet, daily consumer goods may not be the easiest product category to move from a physical to a virtual environment.” (ibid)

“With the steady growth of electronic commerce, many traditional retailers find that the Internet is a new channel of selling their goods. More and more conventional retailers have started selling online.” (ibid)

“Ward & Lee (2000) examined whether consumers used brands as sources of information when shopping online. They found that recent adopters of the Internet would be less proficient at searching and would rely more on brands. Thus, online shoppers are more likely to buy goods from the online braches of the well established traditional retailers even if they charge higher prices.” (Xiaolin Xing et al, 2004)

“With the Internet as a commercial medium, new ways of doing business have developed in almost all industries. ….. As far as the suitability of groceries for e-commerce is concerned, differing opinions have been presented in the academic and the business press since the mid-1990s:
- grocery e-tailing is about to become big business (Adersen Consulting, 1998)
- the biggest on-line market” (Killgren, 1999),

,while others (e.g Corral, 1999) have been far less optimistic about the future of electronic grocery shopping (EGS).

Although there may be a continuing uncertainty about the viability of EGS (Baker, 2000), the widespread demise of online grocers, including many big players and ambitious projects (see Ring and Tigret, 2001) has certainly made the pessimistic view prevalent among researchers, industry representatives, and investors. (Bill Ankar et al, 2002)

“Selling groceries over the Internet is a tricky business (Baker 2000) due to several factors which seem to hinder the suitability of this product category for e-commerce, i.e.:
• groceries are and will always remain tangible offerings, meaning that a full commercial cycle is unattainable via a network.
• groceries are perishable products, which would suggest that consumers generally prefer to physically examine the quality of the product prior to the purchase (Canedy 1999; Baker, 2000).
• due to the tangibility and the perishable nature of the offerings, the e-grocery business will remain local in character.
• due to the high operational costs involved in e-grocerying (cf. Kämäräinen et al., 2000), prices are unlikely to be competitive on the Web.” (ibid)

“Having considered the daily grocery shopping as a chore the consumers dislikes most next to going to the dentist (Corral, 1999), Electronic-Grocery-Shopping (EGS) is associated with some undeniable benefits.” (ibid)

“However, at the same time, there are some viable reasons for reluctance of consumers to broadly adopt with EGS, namely:
• security and privacy concerns, credibility and reliability of Web vendors (Gupta and Chatterjee 1997)
• reluctance of many people to try new technologies (Burke 1997)
• high delivery charges (Sheth and Sisodia 1997)”

Notwithstanding the arguments and contradicting reasons and examples about advantages and disadvantages of e-grocery, “Hamilton (1999) believes that: e-shopping offers a service that is more or less impossible to implement for physical retailers, e.g. offering specialty foods, items that are novel, foreign or challenging to track down locally, which grocers can do it well on-line.” (ibid)

“As overall E-Commerce actively continues its steady expansion social and economic trends indicate potential in the E-Grocery sector. The E-Grocery sector is still an emerging market, with a low adoption rate in both market coverage and customer base.”

“Preliminary results indicate that an ideal consumer for E-Grocery services (either pick-up or delivery) is 25 to 44 years old, has at least a college degree, household income between $50,000. and $100,000., and is likely to have children. These consumers are also less price sensitive than in-store shoppers because they have high opportunity costs of their time and more interested in convenience than price.” (Casie Berning et al, 2004)

“Is daily food suitable for Web format? Peterson et al. argues that when products are low cost and frequently purchased, the conventional retail channel tends to dominate the Internet channel with respect to transaction and distribution function, because these functions do not offer economies of scale to the Internet marketer. However, they conclude that if the value proposition is intangible or informational, the advantage shifts to the Internet marketer. On the other hand, Burke suggests several reasons for marketing food on the Web. For example, everyone has to eat, and shopping for food in a conventional store takes a lot of time and grocery shopping is also inefficient. In addition, most people do not like grocery shopping; cf. Boedeker. Yet, daily consumer goods may not be the easiest product category to move from a physical to a virtual environment.” (Ahola, H. et al, 2000.)
“Is there a suitable segment for Web marketing? Sheth and Sisodia argue that evolving technology and changing lifestyles are the driving forces moving consumers towards the Web. As people start to change the way they work, communicate, and spend their leisure time, they will change the way they do business with companies. Women who are affluent, technically literate, and interested in shopping, consumers who have time or mobility constraints, including dual-income households, single-parent families, and the disabled and shoppers who already have computers, high-speed connections and computing skills are all potential customers. The hi-tech-consumers in this case provide a most promising segment for Web shopping.” (ibid)

“Most of the strategic efforts in the Internet-grocery business today focus on improving the purchasing transaction and physical distribution of goods. Unfortunately, without offering their customers more value, simply improving ordering and fulfillment does not make Internet-grocery shopping a viable competitor to the current supermarket business model. Some of the potential new “values” include operating concepts (Sameros et al., 2000), with different service levels (Punakivi and Saranen, 2001; Punakivi et al., 2001).”

“What does a grocery retailer need to do to set up a profitable e-grocery channel? Next, we will present six actions that together outline a blueprint for setting up a successful e-grocery operation:

1. Focus on customer density and build operating systems locally – copy and paste the working system to make it big.
2. E-grocery is loyalty business – build and maintain trust.
3. The buying power should be at least as strong as supermarkets have.
4. Take care of operational efficiency and provide a high service level – utilize reception boxes and start with a store-based service – switch to a hybrid model and build dedicated fulfillment centers when local business volumes justify it.
5. A good ordering interface and availability of product information are basic requirements e-Demand and e-Category management are powerful new opportunities.
6. Enlarge the range of products offered to high margin non-grocery items when an effective logistics system to households is built and there is a base of loyal customers.” (ibid)

“If the e-grocers want to take a substantial piece of the grocery market, they have to offer their customers more value for their money than traditional grocers. The question is, however, whether the current business model of the e-grocers is sufficient for creating this additional value.
A study entitled “Early learnings” from Consumers Direct Cooperative, an Adersen Consulting led consortium of 31 organizations, identified six major groups of potential on-line grocery shoppers.

These six groups are presented in below table:
<table>
<thead>
<tr>
<th>No.</th>
<th>Group</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Shopping avoiders</td>
<td>Dislike grocery shopping</td>
</tr>
<tr>
<td>2</td>
<td>Necessity users</td>
<td>Limited in their ability to go to the store for some reason</td>
</tr>
<tr>
<td>3</td>
<td>New technologists</td>
<td>Typically young and comfortable with technology</td>
</tr>
<tr>
<td>4</td>
<td>Time starved</td>
<td>Insensitive to price and will pay extra to free up their schedule</td>
</tr>
<tr>
<td>5</td>
<td>Responsibilities</td>
<td>Have available time and get an enhanced sense of self-worth from shopping</td>
</tr>
<tr>
<td>6</td>
<td>Traditional shoppers</td>
<td>Older, avoid technology and genuinely enjoy shopping in a store</td>
</tr>
</tbody>
</table>

* (Johanna Smaros et al, 2000)

2.6 The Iranian Market

In order to have a better understanding about the environment in which this research is going to be done, we believe some general and basic information shall be provided. We have referred to internationally reliable sources and databases to select data and information that are relevant to our research topic and research criteria.

2.6.1 Geographical information

Iran, officially (The) Islamic Republic of Iran, republic (1995 est. pop. 64,625,000.), 636,290. sq. mi (1,648,000. sq. km), SW Asia. The country’s name was changed from Persia to Iran in 1935. Iran is boarded on the north by Armenia, Azerbaijan, Turkmenistan, and the Caspian Sea; on the east by Afghanistan and Pakistan; on the south by the Persian Gulf and the Gulf of Oman; and on the west by Turkey and Iraq.

The Shatt al Arab forms part of the Iran-Iraq boarder. Tehran is the capital, largest city and the political, commercial, and industrial center of the nation. *(World Bank)*

2.6.2 Land

Physiographically, Iran lies within the Alpine-Himalaya mountain system and is composed of a vast central plateau rimmed by mountains. *(The Columbia Encyclopedia, Sixth Edition)*

<table>
<thead>
<tr>
<th>Country Background Information (Mid.2002)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
</tr>
<tr>
<td>2</td>
</tr>
<tr>
<td>3</td>
</tr>
<tr>
<td>4</td>
</tr>
<tr>
<td>5</td>
</tr>
<tr>
<td>6</td>
</tr>
</tbody>
</table>

*Development Data Group, WORD BANK*
### ICT Infrastructure & Access (2001)

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Telephone mainline per 1000 people</td>
<td>169</td>
</tr>
<tr>
<td>2</td>
<td>(Telephone mainline) in large cities per 1000 people</td>
<td>381</td>
</tr>
<tr>
<td>3</td>
<td>Waiting list (Thousands)</td>
<td>1,155</td>
</tr>
<tr>
<td>4</td>
<td>Revenue per line $</td>
<td>398</td>
</tr>
<tr>
<td>5</td>
<td>Cost of local call ($ per 3 minutes)</td>
<td>0.02</td>
</tr>
<tr>
<td>6</td>
<td>Mobile phone (per 1000 people)</td>
<td>32</td>
</tr>
<tr>
<td>7</td>
<td>Daily Newspaper (per 1000 people)</td>
<td>28</td>
</tr>
<tr>
<td>8</td>
<td>Radios (per 1000 people)</td>
<td>281</td>
</tr>
<tr>
<td>9</td>
<td>Television sets (per 1000 people)</td>
<td>163</td>
</tr>
</tbody>
</table>

*Development Data Group, World Bank*

### Computer and Internet Access

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Personal computers (per 1000 people)</td>
<td>55.8</td>
<td>75.0</td>
</tr>
<tr>
<td>2</td>
<td>Internet users</td>
<td>250.0Thous</td>
<td>3.2Mill.!!</td>
</tr>
</tbody>
</table>

*Development Data Group, World Bank*

### Population & People (1)

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Population (total, million)</td>
<td>65.5</td>
<td>66.4</td>
</tr>
<tr>
<td>2</td>
<td>Population growth (annual %)</td>
<td>1.6</td>
<td>1.3</td>
</tr>
<tr>
<td>3</td>
<td>Literacy total (% of age 15 and above)</td>
<td>74.8</td>
<td>(74.8+)</td>
</tr>
<tr>
<td>4</td>
<td>Literacy Female (% of age 15 and above)</td>
<td>67.5</td>
<td>70.4</td>
</tr>
<tr>
<td>5</td>
<td>Proportion of adolescent (10-19, %)</td>
<td>---</td>
<td>27.0</td>
</tr>
</tbody>
</table>

*Development Data Group, World Bank*

### Population & People (2)

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Population Ages 10-24 (% of total)</td>
<td>37.0</td>
</tr>
<tr>
<td>2</td>
<td>Population Ages 10-24</td>
<td>24,800,000</td>
</tr>
</tbody>
</table>

*PRB The World’s Youth 2000*

### Population & People (3)

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>2004</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Population over age 65 (%)</td>
<td>5.0</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Population under age 15 (%)</td>
<td>33.0</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Urban population (%)</td>
<td>67.0</td>
<td></td>
</tr>
</tbody>
</table>

*PRB 2004 World Population Data Sheet*

### Population & People (4)

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Male primary school enrolment (%)</td>
<td>86.0</td>
</tr>
<tr>
<td>2</td>
<td>Female primary school enrolment (%)</td>
<td>89.0</td>
</tr>
</tbody>
</table>

*UNFPA Population & Reproduction Health Country Profile, 2003*
Chapter 2: Literature Review and Frame of References

<table>
<thead>
<tr>
<th>Population &amp; People (5)</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Total female</td>
<td>35,400,000</td>
</tr>
<tr>
<td>2 Women age 15-49</td>
<td>18,800,000</td>
</tr>
<tr>
<td>3 Women per 100 Men</td>
<td>96</td>
</tr>
<tr>
<td>4 Fem. labor force participation(%,Ages15-64)</td>
<td>30.0</td>
</tr>
<tr>
<td>5 Male labor force participation(%,Ages15-64)</td>
<td>80.0</td>
</tr>
</tbody>
</table>

*PRB 2002 Women of Our World

<table>
<thead>
<tr>
<th>Population &amp; People (6)</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Illiterate Female ages 15-19 (%)</td>
<td>15.0</td>
</tr>
<tr>
<td>2 Illiterate Male ages 15-19 (%)</td>
<td>6.0</td>
</tr>
</tbody>
</table>

*PRB The World’s Youth 2000

2.7 Customer and Customer Value

Customer is: “Any person or organization involved in the channel of distribution or decision (other than competitors) whose action can affect the purchase of the firm’s product and services. It encompasses both the firm’s existing customers and those potential customers it seeks for the future. It focuses on those persons or organizations that can influence the decision to purchase the firm’s products and services. Thus, the notion of customer is broadened far beyond the entity (person, family, or organization) the exchange money (or goods and services) for the firm’s products or services”. (Noel Capon et al, pp86)

“The principal of customer value very simply states that success in targeted market segments is directly related to the firm’s ability to provide value to customers. ……A corollary of this principal is that although firms develop, produce, and deliver products and services, customers perceive value only in the benefits that these products and services provide.” (Noel Capon et al, pp15)

According to (Philip Kotler et al, pp 822), customer value is: “the customer’s assessment of the product’s overall capacity to satisfy his or her needs.”

“It is believed that customers do estimate which offer will deliver the most value for them. They are believed to be value-maximizers, within the bounds of search costs and limited knowledge, mobility and income. It is believed that buyers will buy from the firm that they perceive to offer the highest customer delivered value. Customer delivered value is the difference between the total customer value and total customer cost. The total customer value is the bundle of benefits customers expect from a given product or service (product value, service value, personnel value, and image value). Total customer cost is the bundle of costs customers expect to incur in evaluating, obtaining, and using the product or service (monetary cost, time cost, energy cost, and psychic cost). (Helena Ahola et al, 2000)
“Customers face a vast array of product and brand choices, prices and suppliers. How do they make their choices? We believe that customers estimate which offer will deliver the most value. Customers are value examiners, within the bounds of search costs and limited knowledge, mobility and income. They form an expectation of value and act on it. Whether or not the offer lives up to the value expectation affects both satisfaction and purchase probability.

**Customer Perceived Value (CPV)** is the difference between the prospective customer’s evaluation of all the benefits and all the costs of an offering and the perceived alternatives.” *(Philip Kotler, pp60)*

Companies address needs by putting forth a value proposition, a set of benefits they offer to customers to satisfy their needs. The intangible value proposition is made physically by an offering, which can be a combination of products, services, information and experience.

Value is given by:

\[
\text{Value} = \text{Benefits} - \text{Costs}
\]

- **Benefits** = Functional benefits + Emotional benefits
- **Costs** = Monetary Costs + Time Costs + Energy Costs + Psychic Costs  

*(Philip Kotler, pp 11)*

“Delivering superior customer value is a key to success in an increasingly competitive environment.” *(Charles W. Lamb, Jr. et al, pp. 10&19)*

“From the perspective of a single grocery retailer, online or offline, customer value can created in four different ways; namely, by offering:

1. competitive prices;
2. a broad and/or specialized assortment;
3. superior shopping convenience; and
4. superior customer services

*(Ankar B. et al, 2002)*

“Blackwell et al. (2001, p. 147) indicates that: The winners in “clicks and order” retailing, like their predecessors in “bricks and mortar” retailing, will be those who know how to take care of the customer better than competitors and provide better solutions than were available to consumers in the past, which play a significant role in influencing customer satisfaction are customer need, customer value and customer cost. The technology of e-commerce determines what can be offered to customers, but only customers determine which of those technologies will be accepted. The key to success for e-commerce lies in knowing customers. Thus, much e-commerce research has been done regarding customer behavior, value and satisfaction.

Customer delivered value is a result of comparison of total customer value with total customer cost. There are a number of models that have been developed to assist our understanding of value that customers expect from a given product or service (e.g. Engel et al., 1995; Murphy, 2001). For example, Holbrook (1999) lists: efficiency, convenience and quality of products or services as customer value, and Ravald and Gronroos (1996) list:
purchase price, acquisition cost, transportation, risk of failure or poor performance, as customer cost.” (Chia Chi Lin, 2003)

“It is believed that customers do estimate which offer will deliver the most value for them. They are believed to be value-maximizes, within the bounds of search costs and limited knowledge, mobility and income. It is believed that buyers will buy from the firm that they perceive to offer the highest customer delivered value. Customer delivered value is the difference between the total customer value and total customer cost. The total customer value is the bundle of benefits customers expect from a given product or service (product value, services value, personnel value and image value). Total customer cost is the bundle of costs customers expect to incur in evaluating, obtaining, and using the product or service (monetary cost, time cost, energy cost and psychic cost).” (Helena Ahola, et al, 2000)

“To quote Hardrell (1994, cited in Danaher and Haddrell, 1996, p. 4): A review of the literature revealed over 40 different scales used to measure consumer product or service satisfaction, from retail to airline settings. As they mention, many different scales have been considered to measure customer satisfaction. Let’s consider three main scales which play a significant role in determining customer choices:

1. Customer need;
2. Customer value; and

A deeper understanding of the interactions these should go a long way in enabling more effective measurement in the customer satisfaction field. (ibid)

A fundamental concern of customer satisfaction is to understand why customers buy a range of products/services from a particular company or business. According to Solomon (1999), needs can be differentiated along two dimensions:

1. Utilitarian (a desire to achieve some functional or practical benefit); and
2. Hedonic (an experiential need, involving emotional responses or fantasies).

(ibid)

One way of achieving customer satisfaction is through understanding customer value, as perceived value is considered an important contributor to customer satisfaction (Woodruff, 1997). Value is considered to be an important constituent of customer satisfaction. In shopping, a value is often held dear to many customers’ hearts. A person’s set of values plays a very important role in consumption activities many products and services are purchased because people believe these products will help to attain a value-related goal (Solomon, 1999, p. 117). Values affect customers in determining evaluative criteria, answering the question, “Is this product for me?” Value can be defined as principles or standards of an individual, group, organization or society as whole (Kenny, 1994). They reflect an individual or collective judgment as to what is valuable or important in life. (ibid)

Moreover, values are by their very nature abstract, vague and subjective (Kenny, 1994). They reflect what people do and what guides behavior, i.e. what is done at work and how it is done reflects the values people hold. (ibid)

Values can and do mean various things to different customers. Woodruff and Gardial (1996) argue that satisfaction and value are complementary, yet distinct constructs. (ibid)
As Ravald and Gronroos (1996) observe the theories of consumer behavior research argue that “value” is constantly used in a context meaning values of consumers. Peter and Olson (1993), however, discuss another meaning of value, the value or utility the consumers receive when purchasing a product. Monroe (1990) defines customer perceived value as the ratio between perceived benefits and perceived sacrifice. (ibid) Kotler’s (2000) definition is similar to Monroe’s. Customer delivered value is the difference between total value and total customer cost. Total customer value is the bundle of benefits customers expect from a given product or service. Total customer cost is the bundle of costs customers expect to incur in evaluating, obtaining and using the product or service. Much research has been done in helping managers to understand what their customer value and to relate it developing marketing strategies (e.g. Mentzer et al., 1997; Walters and Lancaster, 1999).

Research suggests that the following major benefits for suppliers are involved, as witnessed by the views expressed of Kotler (2000) and Skyrme (2001):

- 24-hour, 365-day opening;
- Lower costs;
- Efficiency gains;
- Extended market reach;
- Quick adjustments to market conditions;
- Influence customer purchases; and
- Improved customer service. (ibid)

According to Kotler (2000) and Skyrme (2001), e-commerce also provides a number of benefits to customers:

- Convenience;
- Information;
- Fewer hassles;
- Low procurement costs;
- Streamlined process;
- Private shopping; and
- Transaction can be instant.” (ibid)

“Information technology can be of great help to improve the aspects of inconvenience. Electronic retailing will remove much of the pedestrian traffic, mean fewer shops, allow shoppers to shop from home, and generally reduce the location value of the retail premises which may be represented only by an Internet page. Open 24 hours per day, seven days per week, the Web is well suited to be the point of customer contact for a wide range of self-service applications (e.g. overnight shipping, technical, home banking and travel reservations) (Schwartz, 1997). It means that the electronic customer can “shop” at his/her leisure anywhere, at anytime, and always have the same level of service. The capability of Web sites provides information and service direct to customer efficiently, automating transactions/servicing (Hughes, 2001). Shoppers who desire to make a purchase will find a number of relevant data if they spend time
searching for information online. In other words, the e-customer can know whether the shop has the type of product he/she is seeking easily.” (ibid)

“The electronic channel permits an organization to provide customers with a range of value criteria:

- Convenience;
- Personalization and interactivity;
- Availability of vendor information;
- No pressure from salespeople; and
- Saving of time.” (ibid)

“A survey was recently carried out among 243 US consumers who currently buy their groceries online, asking their reasons for buying online (Morganosky and Cude, 2000).

Over 70 percent of the respondents reported convenience and saving time as their primary reason for buying groceries online. The other reasons mentioned were physical constraints, hatred of grocery shopping or grocery stores, buying for business, an inability to avoid impulse buying, and the fact that the respondents do not like standing in line.” (Kari Tanskanen et al, 2002)

2.7.1 Convenience

“Convenience is the top priority to meet online consumers’ needs”. (Lohse and Spiller, 1998, Page 8)

Convenience proved to be a major factor in development of e-grocery experienced by Tesco; “Tesco is marketing online groceries as a convenience, not as a low price option”. (Kelly Delaney et al, 2003)

“One possible advantage is the ease of linking customer request to inventory”
Ordering online would reduce the number of questions pertaining to the physical location of products.”
“Customers may find it easier to search the database than the entire physical store. In addition, given that so many items purchased in grocery stores are regular, repeat purchases, a customer can utilize a standing order format, only customizing it occasionally.
This would greatly reduce the self-sourcing burden.”
“Most importantly, the ease of shopping from home is likely to out weight the self-sourcing activity from many today’s busy individuals.”
“In online shopping, by picking groceries for the consumer, grocer takes back some of the work that consumers used to do themselves.” (ibid)

“Customers are much more likely to waste time walking up and down store aisles for an item they can not find.” (ibid)

Possibility of shopping from anywhere and at anytime is considered as convenience provided by e-commerce and is an indisputable consumer benefit as well. (Ankar B. et al, 2002)
“In contrast to what has been commonly proposed and predicted, the customers who shop groceries online purely for reasons of convenience tend to be surprisingly few.” (Ankar B. et al., 2002)

“Another dimension of shopping convenience is related to the assortment issue: customer value can also be created through individually tailored storefronts, e.g. with specialized assortment.” (Ankar B. et al., 2002)

“With Web technology, any virtual grocery store could easily become a specialty store for these customer segments, with systems, on demand, showing only products that fit the special diet of particular customer.” (ibid)

“Chiger (2000) says about 67% of these online shoppers agreed that Convenience was the main reason they had bought via the Internet with 41% mentioning price as another factor.” (Casie Berning et al, 2004)

“In many cases, convenience and time-management are the key drivers among e-shoppers (Change and McFarland, 1999)”

“Surveys of customers indicate their frustration with the lack of convenience provided by “brick and mortar” stores. They report problems with crowded store conditions, out of stock merchandise, and poorly-trained salespersons, promoting shoppers to search for more favorable ways to brows and to purchase. In fact, retailers have been criticized for developing in-store strategies based on their own convenience, rather than that for their customers (Seiders et al., 2000).

Convenience is a more complex notion than simply providing quick checkouts or locations close to home. In fact, shoppers are thought to clearly differentiate among various dimensions of convenience or retailer attractiveness (Alba et al., 1997). Several types of convenience can be considered throughout the shopping process. For instance, products that are easy to reach possess “access convenience”, while products that are easy to find and to compare exhibit “reach convenience” (Seiders et al., 2000). “Possession convenience” occurs when products are easy to obtain, while ease of purchase and return enable shoppers to have “transaction convenience”. In addition, shopping that is quick and without delays embodies “time convenience”. Shopping close to home, home delivery, and shopping through non-store methods at home are all ways of gaining “place convenience”. (Carol Kaufman-Scarborough et al, 2002)

E-shopping offers a similar set of conveniences, and also introduces some new conveniences for shopping. For instance, while e-shopping attempts to be quick and efficient, its round the clock availability adds a dimension of “schedule convenience” that allows the shopper to access merchandise and make comparisons regardless of the time of day (Bellman et al.,1999). E-shopping can be fit into one’s schedule, and can be started, paused, and resumed when interruptions occur. (ibid)

In addition, “shopping bots” or search engines, such as mysimon.com, are computer-engineered Web sites that search for specific product categories, tailored to consumer’s specific tastes. These screening agents create a list of Internet sites that
carry the category, plus prices, attribute information, and evaluations by experts and novice users, expanding “search convenience” to include comparisons. Such “comparison convenience” allows the e-shopper to go beyond their self-defined consideration set, as the shopping “robot” assembles a broader consideration set that is likely to include unfamiliar brands and retailers that may be acceptable once they are identified (Alba et al., 1997). Since e-shopping can be carried out from one’s home, work, school, or other locations, it also provides “energy convenience”. That is, since travel to the store is not required, and all comparisons can be done online, it is thought to reduce the mental and physical energy required to identify and evaluate alternatives. There is no need to multiple stores, or carry merchandise through the store into one’s car, and into one’s home. (ibid)

Finally, e-shopping is available to all those who use a computer. While there are limitations in terms of vision, hearing, and other disabilities, it can be argued that e-shopping eliminates many of the structural barriers that disabled shoppers have encountered in the bricks and mortar setting. This is another aspect of “access convenience” – the merchandise offered online can be inspected, compared, evaluated, and purchased without regard to many disabling conditions.” (ibid)

### 2.7.2 Price, Pros and Cons

“Price is the one element of the marketing mix that produces revenue; the other elements produce costs. Prices are the easiest marketing-mix element to adjust; product features, channels, and even promotion take more time. Price also communicates to the market company’s intended value positioning of its product or brand.” (Philip Kotler, pp. 470)

“Price can be looked upon as the amount for which a product or service is exchanged, or offered for sale to potential purchases, irrespective to the value or worth.” (Tony Proctor, pp. 321)

“Even if the grocer can perform this work(picking groceries for the consumer) more efficiently than the consumer, this will result in a cost increase. Such a cost increase is acceptable if and only if the consumer is willing to pay for it. Hence the implicit match between marketing and operation strategy for current online grocers is to charge consumers for this service. This service is attractive to consumers who are very busy and willing to pay for that.” (Kaemaerainen V. et al, 2001.)

“The concluding results presented in Figure 3 show that the e-grocery home delivery service can be actually be cheaper compared to the current costs of household customer visiting a supermarket.” (ibid)

“The simulation results show that e-grocery home delivery service can actually be as much as 43 per cent cheaper to current costs of customers visiting the store using their own car and spare time.” (ibid)

“A commonly stated consumer benefit of e-commerce is the possibility for price reductions resulting from increased competition as more suppliers are able to compete in an electronically open marketplace (Turban et al., 1999), as a result of reduced selling
prices due to reduction in operational costs (Brynjolfsson and Smith, 2000), and manufacturers internalizing activities traditionally performed by intermediaries. (Benjamin and Wigand, 1995) This benefit is in line with the facts that:
- Competing by price is the most frequently used method in the grocery business, and,
- Groceries are everyday necessities for which most consumers are loathing to pay a premium. (Baker 2000)" (Kaemaeraeinen V. et al, 2001.-pp. 41)

“Although e-grocery shopping has a lot to offer, a problem is that consumer prices are often higher than in traditional supermarket.”
“These high prices are a result of inefficient home delivery and picking.” (ibid)

“Chiger (2000) says about 67% of these online shoppers agreed that convenience was the main reason they had bought via the Internet with 41% mentioning Price as another factor.” (Casie Berning et al, 2004)

2.7.3 Choice
“Studies have shown that the assortment is an important factor in store choice (Arnold et al., 1983, 1998), and as the wider selection of items and the wider availability of hard-to-find products has been seen as an important consumer benefit of e-commerce (see for example, Alba et al., 1997).” (Ankar B. et al, 2002)

2.7.4 Customer Service
“From the customer’s point of view, home delivery is a new service that makes life easier, especially for people who have difficulties in getting to a store or who do not have time for shopping (see for example, Morganosky and Cude, 2000).” (Kaemaeraeinen V. et al, 2001 -pp41)

Order picking for consumers is a customer service provided by e-grocers. (ibid)

Round the clock ordering and purchase possibility is a customer service offered by e-grocers (Kelly Delaney et al, 2003.)

“The actual home delivery transportation is usually an additional service provided using third party service providers. The home delivery service providers are using several different delivery concepts and service levels defined by e-grocers. By service levels we mean, for example, the delivery time window offered for the customers, i.e. how long the customer has to stay at home waiting for the delivery.” (ibid)

“Operational alternatives include intermediary and direct. From a consumer’s point of view, the business model Internet grocers use is the same old thing; the only difference is that ordering takes place using the Internet and the items are delivered to the customer’s home. Upon closer examination though, there are actually two different business models (Kaemaeraerinen et al., 2001a, b). In the first model, Internet-grocers serve as an intermediary in the supply chain by picking groceries from a
supermarket or “cash and carry”, and delivering these to the households. This Intermediary model is based on an assumption of occasional deliveries and small sales volumes but requires quick home delivery. When sales volumes are sufficiently large, it will need a totally new direct channel between the producers and the consumers. In this business model, Internet-grocers purchase items straight from producers or importers, stock products in local distribution centers and deliver directly to consumers. Streamline and Webvan in the USA, and Matomera in Sweden operate on this model. When the number of customers increases, order packing must take place in the distribution centers rather than in supermarkets to achieve better services and lower costs. To further decrease delivery costs, flexible method of receiving must be devised for customers. These service level alternatives will be described below. (Sachiko Ogawara et al, 2003)

Attended reception is when goods are delivered with customers receiving them in person. On the other hand, if the goods are dropped off at the location without requiring customer presence, it is called unattended reception. In the latter, some kind of boxes must be in place for the delivery. Since unattended reception incurs the installation cost of boxes for new customers, this model slows down the company growth. For a company that looks for fast growth, perhaps attended reception is necessary. However, once the repetitive purchasing and stable demand of goods begin to take place, unattended reception proves to be more convenient to customers and more cost effective to companies. According to Punakivi and Saranen (2001), the unattended reception reduces home delivery costs by up to 60 per cent. However, due to its high cost and requiring customer commitment, unattended delivery has not been widely used. (ibid)

Two types of boxes may be used in unattended deliveries: reception box and the delivery box. The reception box is simply a refrigerated, customer-specific reception box installed at customer’s garage or home yard. The delivery box is an insulated secured box equipped with a docking mechanism that deliverers can drop off and secure at the customer site. The reception box is a more effective mechanism for home deliveries since it requires less space on the truck. On the other hand, delivery box requires a smaller cost to achieve the unattended reception that potentially enables a faster growth rate and higher flexibility in the future. The drawback is the additional cost of collecting the empty boxes later.” (ibid)

2.7.5 Respect

E-grocery customers are relieved from disrespectfulness of queuing in the busy lines of supermarkets for a long time especially after a hectic day; “The busyness of UK grocery stores is legendary and is well described by the term “trolley rage”, i.e. customers who are frustrated and stymied by the crowded markets.” (Kelly Delaney et al, 2003.)

Lack of face-to-face interaction in e-commerce (Boyer et al, 2002) sometimes is beneficial for customers to get relieved from facing with tired and frown cashiers and being disrespected consequently.
(Donal Daly, 2002) in “Online Customer Respect” report argues: “Through interviews with users and multiple site visits across a range of web sites included in, and outside of, the scope of this report, six main elements of customer respect were identified. These are:

1. Privacy,
2. Transparency,
3. Principles,
4. Responsiveness,
5. Simplicity,
6. Attitude” (ibid)

“These principles, when not appropriately put into practice, cause damage to the company and create great frustration for the customer.” (ibid)

This report states that: “In defining the algorithms to calculate the Customer Respect Index (CR Index) we determined that the latter five elements (i.e. all except Privacy) constitute the core of the CR Index online. In addition to the 5 core elements, Privacy is awarded a score as a separate element. Parts of a company’s privacy policy, its language therein, or its accessibility, all have impact on the other measures whereas the Privacy Index is solely based on the privacy policy itself.” (ibid)

• “Privacy is a factor that causes great concern to online customers” (ibid)
• “The transparency Index focuses on how explicit companies are about their privacy policies and use the personal data.” (ibid)
• “The principles by which a company operates are gauge we can use to speculate on the moral guardrails or ethical boundaries that govern the action of the main players in the company.” It is defined as: “the degree to which companies protect the personal data submitted to them and how much control they give to the visitor regarding the use of their data.” (ibid)

• Responsiveness which indeed has some overlaps with principles and may be treated somehow as a subset of principles, according to this report deals with: “how quickly and thoroughly companies respond to a general customer inquiry.” (ibid)
• “The Simplicity element looks at how well designed the site is in terms of ease of use for visitor. Every customer or prospect that visits the site is investing valuable time and effort.” (ibid)

• As far as Attitude is concerned, the report says that: “Definitely the most nebulous of the six indices, the Attitude Index examines a company’s treatment of its customer, its tone of communication, and the efficacy of customer service evidenced by its response to queries.” (ibid)

“Gupta and Chatterjee consider the reason for purchasing reluctance to be security and privacy concerns, credibility of Web vendors.” (Helena Ahola et al, 2000)
2.8 Theoretical Frame of References

2.8.1 E-Commerce
E-Commerce consists of the buying, selling, marketing and servicing of products or services over computer network. *(BambooWeb Dictionary)*

“E-Commerce is defined as: “the purchase of goods, services or other financial transactions in which the interactive process is mediated by information or digital technology at both locationally separate ends of interchange.

“Electronic commerce is part of the broader world of e-business, a term which encompasses everything from web based EDI to the offering of a kidney, marijuana or even an unborn baby on a consumer-to-consumer auction site, from electronic procurement to e-banking a web-based customer servicing.” *(Jason Rutter and Dale Southerton, 2000)*

“Sheth and Sisodia argue that evolving technology and changing lifestyles are the driving forces moving consumers towards the Web.” *(Helena Ahola et al, 2000, pp. 4)*

There are many, varied definitions of e-commerce: Zwass’s (1996); definition of e-commerce is adopted describing Internet commerce as: “The sharing of business information, maintaining business relationships, and conducting business transactions by means of Internet-based technology.” *(Chia Chi Lin, 2003)*

“Reduced transaction costs and barriers to entry have brought the e-commerce economy closer to the utopian concept of perfect competition, which assumes complete access to information, many buyers and sellers, zero transaction costs, and no barriers to entry or exit.” *(Zita Zoltary Paprika, 2003-pp26)*

“E-commerce is based on the expedient decision-making approach. It supports customers’ requirements for speed and comfort. Therefore buying online is not a big challenge or cultural shock for Western shoppers, but it is quite unusual for the reflective customers of the east. In the Western marketplace, e-commerce does not change people’s shopping habits and traditions, only the channel of the transaction. Moreover, because goods are less expensive online than in shopping malls, people are stimulated to shop online.” *(ibid)*

"However, e-commerce offers the opportunity for quick choices and lets customers surf and learn about all options. Because of its fast development and acceptance, e-commerce could modify customer behavior and shopping habits in the West and East. Entrepreneurial and investment opportunities exist in e-commerce across three evolutionary stages:
- Companies that serve domestic markets only,  
- Those that serve a geographical region’s population, and
Those that serve worldwide markets. Opportunities within each stage reflect the maturity of a country’s market and business infrastructure. For greater success, e-commerce needs to recognize the different cultural backgrounds and needs of Eastern and Western people.” *(ibid)*  
E-business is associated with advantages/disadvantages/barriers and successes, as described hereunder:  
“The increased use of the Internet has suggested that there may be many advantages to both suppliers and customers in using e-commerce in a Web-based environment. However, disadvantages have also been expressed. E-commerce has at least five disadvantages:  
(1)- The largest is the lack of physical contact (human interaction), which prevents scrutiny of products and lack of face-to-face interaction. *(Skyrme, 2001)*  
(2)- Communication is different on the Internet because the interaction between the Website and the customer is often one way, the Web site providing information to the customer. *(Cox and Dale, 2001)*  
(3)- It is difficult to capture visitors’ attention as the Internet offers millions of Web sites.  
(4)- A staggering volume of information has expressed the uneven quality to customers.  
(5)- Online users are more upscale and technically oriented than the general population, making them ideal for computers, electronics, and financial services but less so for mainstream products *(Kotler, 2000).* *(Chia Chi Lin, 2003.)*

**2.8.2 Grocery & E-grocery**  
“Groceries and other food retailers operate in one of the more mundane, yet fundamental and pervasive industry segments in the world. Everyone eats, thus everyone must purchase food from some retail outlet. Consequently, the Grocery industry is a huge, fragmented and enormously competitive environment”. *(Kelly Delaney et al, 2003 pp.187)*  

“Multiple retail companies now dominate the sector, to the threat and decline small independent businesses *(Verdict, 1996; Dawson, 2000). These independent stores face increased pressure from the multiple retailers’ superstores, small stores formats (such as the high street Metro stores) and petrol forecourts, and many are being squeezed out of existence altogether *(Crewe and Forster, 1993).” “Independents who “enjoyed” over 60 per cent of the market share in 1950 have seen this market share halve by 1995 to just over 30 per cent *(Sparks and Findlay, 2000).” *(Adelina Broadbridge et al, pp.394)*

“Online shopping is a relatively recent phenomenon, giving consumers the opportunity to perform at least one aspect of the buying process online.”
Chapter 2 : Literature Review and Frame of References

According to (Anderson & Henrikson, 2000); “Electronic grocery shopping has been defined as shopping when at least part of the transaction is started electronically via third party services or the Internet, but paying and logistics are not necessarily performed digitally.” (Carl Lewis, et al, 2003-pp.207)

“Burke suggests several reasons for marketing food on the Web. For example, everyone has to eat, and shopping for food in a conventional store takes a lot of time and grocery shopping is also inefficient. In addition, most people do not like grocery shopping; cf. Boedker. Yet, daily consumer goods may not be the easiest product category to move from a physical to a virtual environment.” (ibid)

“Selling groceries over the Internet is a tricky business (Baker 2000) due to several factors which seem to hinder the suitability of this product category for e-commerce, i.e.:

- groceries are and will always remain tangible offerings, meaning that a full commercial cycle is unattainable via a network.
- groceries are perishable products, which would suggest that consumers generally prefer to physically examine the quality of the product prior to the purchase (Canedy 1999; Baker, 2000)
- due to the tangibility and the perishable nature of the offerings, the e-grocery business will remain local in character
- due to the high operational costs involved in e-grocerying (cf.Kämäräinen et al., 2000), prices are unlikely to be competitive on the Web.”(ibid)
- “Having considered the daily grocery shopping as a chore the consumers dislikes most next to going to the dentist (Corral, 1999), Electronic-Grocery-Shopping (EGS) is associated with some undeniable benefits.” (ibid)
- “However, at the same time, there are some viable reasons for reluctance of consumers to broadly adopt with EGS, namely:
  - security and privacy concerns, credibility and reliability of Web vendors (Gupta and Chatterjee 1997)
  - reluctance of many people to try new technologies (Burke 1997)
  - high delivery charges (Sheth and Sisodia 1997)”

“Preliminary results indicate that an ideal consumer for E-Grocery services (either pick-up or delivery) is 25 to 44 years old, has at least a college degree, household income between $50,000. and $100,000., and is likely to have children. These consumers are also less price sensitive than in-store shoppers because they have high opportunity costs of their time and more interested in convenience than price.” (Casie Berning et al, 2004)

“If the e-grocers want to take a substantial piece of the grocery market, they have to offer their customers more value for their money than traditional grocers. The question is, however, whether the current business model of the e-grocers is sufficient for creating this additional value.
Chapter 2: Literature Review and Frame of References

A study entitled “Early learnings” from Consumers Direct Cooperative, an Adersen Consulting led consortium of 31 organizations, identified six major groups of potential on-line grocery shoppers. These six groups are presented in below table:

<table>
<thead>
<tr>
<th>No.</th>
<th>Group</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Shopping avoiders</td>
<td>Dislike grocery shopping</td>
</tr>
<tr>
<td>2</td>
<td>Necessity users</td>
<td>Limited in their ability to go to the store for some reason</td>
</tr>
<tr>
<td>3</td>
<td>New technologists</td>
<td>Typically young and comfortable with technology</td>
</tr>
<tr>
<td>4</td>
<td>Time starved</td>
<td>Insensitive to price and will pay extra to free up their schedule</td>
</tr>
<tr>
<td>5</td>
<td>Responsibilities</td>
<td>Have available time and get an enhanced sense of self-worth from shopping</td>
</tr>
<tr>
<td>6</td>
<td>Traditional shoppers</td>
<td>Older, avoid technology and genuinely enjoy shopping in a store</td>
</tr>
</tbody>
</table>

* (Johanna Smaros et al, 2000)

2.8.3 The Iranian Market

<table>
<thead>
<tr>
<th>Country Background Information (Mid.2002)</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Poverty ( % of population below $ 1 a day)</td>
</tr>
<tr>
<td>- Adult Literacy rate ( % age 15 and under)</td>
</tr>
<tr>
<td>- Urban Population ( % of total population)</td>
</tr>
<tr>
<td>- GNI per capita (Atlas Method. $)</td>
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<tr>
<td>- GNI per capita (PPP. $)</td>
</tr>
<tr>
<td>- GDP growth ( 1990-95 and 1995-2002. %)</td>
</tr>
</tbody>
</table>

(Development Data Group, WORLD BANK)

<table>
<thead>
<tr>
<th>ICT Infrastructure &amp; Access (2001)</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Telephone mainline per 1000 people</td>
</tr>
<tr>
<td>- (Telephone mainline) in large cities per 1000 people</td>
</tr>
<tr>
<td>- Waiting list (Thousands)</td>
</tr>
<tr>
<td>- Revenue per line $</td>
</tr>
<tr>
<td>- Cost of local call ($ per 3 minutes)</td>
</tr>
<tr>
<td>- Mobile phone (per 1000 people)</td>
</tr>
<tr>
<td>- Daily Newspaper (per 1000 people)</td>
</tr>
<tr>
<td>- Radios (per 1000 people)</td>
</tr>
<tr>
<td>- Television sets (per 1000 people)</td>
</tr>
</tbody>
</table>

(Development Data Group, WORLD BANK)

<table>
<thead>
<tr>
<th>Population &amp; People</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Population (total, million)</td>
<td>65.5</td>
<td>66.4</td>
</tr>
<tr>
<td>- Total female</td>
<td>35,400,000.</td>
<td></td>
</tr>
<tr>
<td>- Fem. labor force participation (% , Ages15-64, 2002)</td>
<td>30.0</td>
<td></td>
</tr>
<tr>
<td>- Male labor force participation (% , Ages15-64, 2002)</td>
<td>80.0</td>
<td></td>
</tr>
</tbody>
</table>

(PRBI 2002 Women of Our World)
2.8.4 Customers’ Value
According to (Philip Kotler et al, pp 822), customer value is: “the customer’s assessment of the product’s overall capacity to satisfy his or her needs.”

“It is believed that customers do estimate which offer will deliver the most value for them. They are believed to be value-maximizers, within the bounds of search costs and limited knowledge, mobility and income. It is believed that buyers will buy from the firm that they perceive to offer the highest customer delivered value. Customer delivered value is the difference between the total customer value and total customer cost. The total customer value is the bundle of benefits customers expect from a given product or service (product value, service value, personnel value, and image value). Total customer cost is the bundle of costs customers expect to incur in evaluating, obtaining, and using the product or service (monetary cost, time cost, energy cost, and psychic cost). (Helena Ahola et al, 2000)

“Customers face a vast array of product and brand choices, prices and suppliers. How do they make their choices? We believe that customers estimate which offer will deliver the most value. Customers are value examiners, within the bounds of search costs and limited knowledge, mobility and income. They form an expectation of value and act on it. Weather or not the offer lives up to the value expectation affects both satisfaction and purchase probability.

Customer Perceived Value (CPV) is the difference between the prospective customer’s evaluation of all the benefits and all the costs of an offering and the perceived alternatives.” (Philip Kotler, pp60)

Companies address needs by putting forth a value proposition, a set of benefits they offer to customers to satisfy their needs. The intangible value proposition is made physically by an offering, which can be a combination of products, services, information and experience.

Value is given by:
\[
\text{Value} = \frac{\text{Benefits}}{\text{Costs}} = \frac{\text{Functional benefits + Emotional Benefits}}{\text{Monetary Costs + Time Costs + Energy Costs + Psychic Costs}}
\]

(Philip Kotler, pp 11)

“From the perspective of a single grocery retailer, online or offline, customer value can created in four different ways; namely, by offering:
1 competitive prices;
2 a broad and/or specialized assortment;
3 superior shopping convenience; and
4 superior customer services
(Ankar B. et al, 2002)

Customer delivered value is a result of comparison of total customer value with total customer cost. There are a number of models that have been developed to assist our
understanding of value that customers expect from a given product or service (e.g. Engel et al., 1995; Murphy, 2001). For example, Holbrook (1999) lists: efficiency, convenience and quality of products or services as customer value, and Ravald and Gronroos (1996) list: purchase price, acquisition cost, transportation, risk of failure or poor performance, as customer cost.” (Chia Chi Lin, 2003)

“It is believed that customers do estimate which offer will deliver the most value for them. They are believed to be value-maximizes, within the bounds of search costs and limited knowledge, mobility and income. It is believed that buyers will buy from the firm that they perceive to offer the highest customer delivered value. Customer delivered value is the difference between the total customer value and total customer cost. The total customer value is the bundle of benefits customers expect from a given product or service (product value, services value, personnel value and image value). Total customer cost is the bundle of costs customers expect to incur in evaluating, obtaining, and using the product or service (monetary cost, time cost, energy cost and psychic cost).” (Helena Ahola, et al, 2000)

One way of achieving customer satisfaction is through understanding customer value, as perceived value is considered an important contributor to customer satisfaction (Woodruff, 1997). Value is considered to be an important constituent of customer satisfaction. In shopping, a value is often held dear to many customers’ hearts. A person’s set of values plays a very important role in consumption activities many products and services are purchased because people believe these products will help to attain a value-related goal (Solomon, 1999, p. 117). Values affect customers in determining evaluative criteria, answering the question, “Is this product for me?” Value can be defined as principles or standards of an individual, group, organization or society as whole (Kenny, 1994). They reflect an individual or collective judgment as to what is valuable or important in life. (ibid)

As Ravald and Gronroos (1996) observe the theories of consumer behavior research argue that “value” is constantly used in a context meaning values of consumers. Peter and Olson (1993), however, discuss another meaning of value, the value or utility the consumers receive when purchasing a product. Monroe (1990) defines customer perceived value as the ratio between perceived benefits and perceived sacrifice. (ibid) Kotler’s (2000) definition is similar to Monroe’s. Customer delivered value is the difference between total value and total customer cost. Total customer value is the bundle of benefits customers expect from a given product or service. Total customer cost is the bundle of costs customers expect to incur in evaluating, obtaining and using the product or service. Much research has been done in helping managers to understand what their customer value and to relate it developing marketing strategies (e.g. Mentzer et al., 1997; Walters and Lancaster, 1999).

According to Kotler (2000) and Skyrme (2001), e-commerce also provides a number of benefits to customers:
- Convenience;
- Information;
• Fewer hassles;
• Low procurement costs;
• Streamlined process;
• Private shopping; and
• Transaction can be instan.” (ibid)

“The electronic channel permits an organization to provide customers with a range of value criteria:
• Convenience;
• Personalization and interactivity;
• Availability of vendor information;
• No pressure from salespeople; and
• Saving of time.” (ibid)

2.8.4.1 Convenience

“Convenience is the top priority to meet online consumers’ needs”. (Lohse and Spiller, 1998, Page 8)

Convenience proved to be a major factor in development of e-grocery experienced by Tesco; “Tesco is marketing online groceries as a convenience, not as a low price option”. (Kelly Delaney et al, 2003)

Possibility of shopping from anywhere and at anytime is considered as convenience provided by e-commerce and is an indisputable consumer benefit as well. (Ankar B. et al, 2002)

“In many cases, convenience and time-management are the key drivers among e-shoppers (Change and McFarland, 1999)”

Convenience is a more complex notion than simply providing quick checkouts or locations close to home. In fact, shoppers are thought to clearly differentiate among various dimensions of convenience or retailer attractiveness (Alba et al., 1997). Several types of convenience can be considered throughout the shopping process. For instance, products that are easy to reach possess “access convenience”, while products that are easy to find and to compare exhibit “reach convenience” (Seiders et al., 2000). “Possession convenience” occurs when products are easy to obtain, while ease of purchase and return enable shoppers to have “transaction convenience”. In addition, shopping that is quick and without delays embodies “time convenience”. Shopping close to home, home delivery, and shopping through non-store methods at home are all ways of gaining “place convenience”. (Carol Kaufman-Scarborough et al, 2002)

E-shopping offers a similar set of conveniences, and also introduces some new conveniences for shopping. For instance, while e-shopping attempts to be quick and efficient, its round the clock availability adds a dimension of “schedule convenience” that allows the shopper to access merchandise and make comparisons regardless of the time of day (Bellman et al., 1999). E-shopping can be fit into one’s schedule, and can be started, paused, and resumed when interruptions occur. (ibid)
In addition, “shopping bots” or search engines, such as mysimon.com, are computer-engineered Web sites that search for specific product categories, tailored to consumer’s specific tastes. These screening agents create a list of Internet sites that carry the category, plus prices, attribute information, and evaluations by experts and novice users, expanding “search convenience” to include comparisons. Such “comparison convenience” allows the e-shopper to go beyond their self-defined consideration set, as the shopping “robot” assembles a broader consideration set that is likely to include unfamiliar brands and retailers that may be acceptable once they are identified (Alba et al., 1997). Since e-shopping can be carried out from one’s home, work, school, or other locations, it also provides “energy convenience”. That is, since travel to the store is not required, and all comparisons can be done online, it is thought to reduce the mental and physical energy required to identify and evaluate alternatives. There is no need to multiple stores, or carry merchandise through the store into one’s car, and into one’s home. (ibid)

Finally, e-shopping is available to all those who use a computer. While there are limitations in terms of vision, hearing, and other disabilities, it can be argued that e-shopping eliminates many of the structural barriers that disabled shoppers have encountered in the bricks and mortar setting. This is another aspect of “access convenience” – the merchandise offered online can be inspected, compared, evaluated, and purchased without regard to many disabling conditions.” (ibid)

2.8.4.2 Price

“Price is the one element of the marketing mix that produces revenue; the other elements produce costs. Prices are the easiest marketing-mix element to adjust; product features, channels, and even promotion take more time. Price also communicates to the market company’s intended value positioning of its product or brand.” (Philip Kotler, pp. 470)

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•Responsiveness which indeed has some overlaps with principles and may be treated somehow as a subset of principles, according to this report deals with: “how quickly and thoroughly companies respond to a general customer inquiry.” (ibid)

•“The Simplicity element looks at how well designed the site is in terms of ease of use for visitor. Every customer or prospect that visits the site is investing valuable time and effort.” (ibid)

Gupta and Chatterjee consider the reason for purchasing reluctance to be security and privacy concerns, credibility of Web vendors.” (Helena Ahola et al, 2000)
2.9 Emerged Frame of References

E-grocery & Iranian customers' value

E-Grocery & Iranian Customers' Values
Chapter 3: Operationalisation & Research Methodology

3.1. Introduction

Due to the particulars and characteristics of e-grocery, it is obvious that not very many of grocery consumers are the potential customers of e-grocery. This research is planned to gain insight into e-grocery in the Iranian Market, and the customer values that are influential in this sector.

In this chapter, the area of questions and field study under operationalisation is conceptualized and the methodology of carrying out of field study and the processing and analyzing of gathered data is explained.

In doing so, following operationalisation as the first step, the e-grocery market segment and the target customers in the Iranian Market in which the field study is focused on is defined.

Being a pioneer in e-shopping in Iran, SHAHR-VAND Chain Stores has acquired valuable experience in this sector and possesses a data bank which is found very useful to explore facts and information, based on which the Iranian consumers are motivated to do e-grocery, so almost ten rounds of meetings were held with the management of SHAHR-VAND Chain Stores in order for defining and planning the survey, and it was intended the population sample be drawn from SHAHR-VAND Chain Stores’ data bank, on random basis.

The research instrument, i.e. questionnaires, was composed accordingly.

However, due to the fact that SHAHR-VAND Chain Stores has stopped its e-grocery at the moment and has its e-shopping system under reconstruction, the population sample has been drawn out of the SHAHR-VAND Chain Stores’ recorded files and from the current shoppers, chosen randomly.

Hence, these customers are considered as the population of this segment, out of which, sampling design is formulated and the population sample is drawn.

3.2. Operationalisation

This dissertation aims to determine and define which customer values are more effective and influential in motivating consumers to do e-grocery in the Iranian Market. Furthermore, the thesis will try to prioritize and rank these values. In fulfillment of this, the following issues have to be studied:

- **The impact of convenience on motivating the Iranian consumers in doing e-grocery.**

Convenience is the top priority to meet online consumers’ needs. However, convenience is meaningful more for those consumers who are limited in time, or consider conventional grocery shopping as a chore, or are after convenience in terms of access/reach/possession/transaction/place/schedule/search/comparison/energy, and at the same time.
Studying the importance of these factors among the Iranian potential e-grocery customers will reveal how effective the convenience could be in motivating them in doing e-grocery and will give evidence of the impact of convenience.

- **The impact of price on motivating the Iranian consumers in doing e-grocery.**

A commonly stated consumer benefit of e-commerce is the possibility for price reductions resulting from increased competition as more suppliers are able to compete in an electronically open marketplace, as a result of reduced selling prices due to reduction in operational costs. Nonetheless, price can be looked upon as the amount for which a product or service is exchanged, or offered for sale to potential purchases, irrespective to the value or worth.

Although e-grocery shopping has a lot to offer, in many instances the consumer prices are often higher than in traditional supermarkets. This results from the costs of picking groceries by the e-grocer. Such a cost increase is acceptable if and only if the consumer is willing to pay for it. On the top of that, the consumers shall pay the transportation and delivery charges which will further increase the actual landed cost of the purchases.

However, price as a customer value for all customers including e-grocery consumers is probably one of the perceived values in e-grocery, hence, the importance and influence of this factor on motivating the Iranian potential e-grocery customers shall be verified and measured.

- **The impact of choice on motivating the Iranian consumers in doing e-grocery.**

E-grocery, as a virtual shop, potentially and systematically is not bounded and limited in space and location compared to conventional supermarkets. This advantage is a result of using suppliers’ warehouses and gives the e-grocers the possibility of providing their customers with a wider selection of brands, qualities, prices, packaging, types, etc. In such environment the consumers are benefited from a broader choice in comparison with corner supermarkets. The choice as a customer value shall be investigated among the Iranian potential e-grocery customers and its importance as a motivation for doing e-grocery shall be measured and defined.

- **The impact of customer services on motivating the Iranian consumers in doing e-grocery.**

Some customers services such as but not limited to, order picking and order delivery, irrespective to the delivery spot are integral parts of all e-grocery business models. The range of services varies based upon market
competition, customer behaviors and other environmental characteristics of the market. The most influential customer services on motivating the Iranian potential e-grocery customers shall be studied and the impact of this factor in attracting this group of customers to e-grocery business in Iran must be defined and measured.

- **The impact of respect on motivating the Iranian consumers in doing e-grocery.**

  In an electronic transaction, respect shall be looked into in the e-business context. This implies that respect in e-grocery contextually refers but not limited to, privacy/ transparency/ principals/ responsiveness/ simplicity and attitude. These principals, when not appropriately put into practice, cause damage to the company and create great frustration for the customer. Moreover, getting customers relieved from lining-up behind the counters of busy superstores, or facing with tiered and frustrated frown cashiers may implicitly construed as respecting the customers. Cultural attitudes of customers define which of the aforesaid elements are considered as the most important ones in a given market. The importance and the limit of influence of respect factors in motivating the Iranian customer in doing e-grocery shall be examined compared with other motives.

### 3.3. Delimitation

As discussed earlier, e-business and e-shopping is in its early stages in the Iranian market. Hence, this research is focused on only one source of data, i.e. SHAHR-VAND as the first mover. This may raise doubtfulness about applicability of results in other geographical and cultural areas different from the area in which SHAHR-VAND is operating. Therefore, the main delimitation of this dissertation is the source of data, i.e. SHAR-VAND chain superstores’ data bank, as Population, from which a representative sample is drawn.

Another delimitation of this thesis is lack of previous such studies in the Iranian market.

More to these, time and budget constraints do not allow us to extend such study to other sources.
3.4. Methodology

In this section, the research approach, research strategy, data source, validity and reliability will be discussed. These topics are ordered in a way to show the link between the gathered data and the information resulted thereof, and the research main and sub-questions.

3.5. Research Approach

[Denzin & Lincoln (1994) argue that there are two approaches available for researchers: quantitative approach & qualitative approach.

Eldabi et al (2002) identified quantitative research typically has a “logical and linear structure”, in which hypothesis take the form of expectations about likely causal links between the constituent concepts identified in the hypotheses. Thus, the determination of the causal links specified by the hypotheses will result in acceptance, or rejection of the theoretical proposition. Hence, quantitative research places emphasis on methodology, procedure and statistical measures of validity. Quantitative research methods also rely on the measurement and analysis of statistical data, to determine relationship between one set of data to another. The measurement of these variables may produce quantifiable conclusion.

Bryman (1993) criticized quantitative research methods for their apparent orderliness and linearity, and their lack of concern over the influence of resource constraints. Gable (1994) suggested that for quantitative research to succeed in elucidating causal relationships, or in providing descriptive statistics, the instrument must ask the right questions, in the right way. Gable (1994) considers quantitative research to be relatively weak when used with the objective of discovery and during data collection. This is because once the research is underway there is little an investigator can do upon realizing that the crucial item has been omitted from questionnaire, or discovering that a question is ambiguous, or being misinterpreted. Gable (1994) therefore suggests that the researcher should have a good idea of the answers sought before starting the research like a survey. Hence, traditional quantitative survey research would appear to serve as a methodology of verification rather than discovery.

According to Creswell (1994), quantitative approach is defined as “ an inquiry process of understanding a social or human problem, based on building a complex, holistic picture, formed with words, reporting detailed views of informants, and conducted in a natural setting.”

Qualitative researchers consider that it is not possible to assign meaning to phenomenon (or behavior) without describing the context and understanding the position of the people who affect, or are affected by the phenomenon. Consequently, a qualitative investigation is interested in distilling meaning and understanding
phenomenon. However, qualitative research is not concerned with the measurement and qualification of the phenomenon but acquiring an understanding of the natural setting of the phenomenon through observation (Weick, 1984; Irani et al., 1999).

Marshall and Rossman (1989) have identified the premises that from the underlying rationale for qualitative research. First, human behavior is significantly influenced by the setting in which it occurs, therefore, it is necessary to study this behavior in this settings. The physical setting and inter-normalized norms, roles and values are crucial and the researcher must operate in a setting where these variables exist. Qualitative research therefore provides a systematic, empirical strategy for answering questions about people in their own bounded social context, with the researcher interfering as little as “humanly” possible during the enquiry. In this circumstance, people make sense of their own experiences and create their “own” reality (Locke et al., 1993).

Second, some techniques associated with experimental or quantitative research often influence the finding of the study. This is often the case because the subject may not be able to articulate it through the research condition, i.e. that of feelings, interaction and behavior. Finally, a researcher can not understand human behavior without understanding the framework in which subjects interpret thoughts, feelings and actions (Eldabi et al., 2002).

Bryman (1993) described qualitative research as an “approach that studies the social world, and seeks to describe and analyze the culture and behavior of humans and their groups, from the point of view of those being studied.”

In spite of the strengths of qualitative research, such methods do have inherent weaknesses (Miles and Huberman, 1984). The collection and analysis of data are time-consuming because of many types of data are collected. Hence, the sheer volume of data obtained may overwhelm the researcher and thus inhibit data analysis. Qualitative data analysis techniques are also considered “not easy”, as such methods are considered not well established (Cavaye, 1996).

Bryman (1993) has identified a number of contentious issues regarding the use of qualitative research approaches. First, the inability of the researcher to interpret events from the subject’s point of view is questioned without biases. Thus, a multi-method approach to data gathering can address this issue to certain degree (Lin, 1976). Second, the relationship between theory and research can be weak, as qualitative research approaches are criticized for not instilling theoretical elements. Finally, the extent to which qualitative research can be generalized beyond the confines of a particular case is questioned, i.e. limited external validity (Eldabi, et al., 2002).

Bell (1996) and Cohen and Manion (1994) suggested that researchers can address this issue through demonstrating that the study was conducted within a structured methodology, which is guided by theoretical concepts and models and the use of a number of data gathering methods and processes. Qualitative research however does not offer the pretence of replication, as controlling the research setting destroys the interaction of variables and therefore affects the underlying philosophy of this
In terms of reasoning, *inductive* & *deductive* reasoning are two general approaches that may result in acquisition of new knowledge. *Deductive* reasoning is a theory testing process that takes its starting point from an established theory or generalization, and then seeks to see whether the theory applies to specific instances. In contrast, *inductive* reasoning is a theory building process that starts with observations of specific instances, and then seeks to establish generalizations about the phenomenon under investigation (Hyde, 2000).

Based on the captioned discussions and with due consideration to the fact that the aim of this thesis is to draw general conclusions about the opinions in the selected sample, the *quantitative* approach has been found to be best suited. From the reasoning point of view, this research is an *inductive* one.

### 3.6. Data Source

The sources of information used in order to create this dissertation are the data bank of SHAHR-VAND Chain Stores and interviews made with some of SHAHR-VAND Chain Stores’ managers.

### 3.7. Data Source Background

SHAHR-VAND Chain Stores belong to SHAHR-VAND Goods Service Co. (Joint Stock) that has been incorporated on Nov. 1993 in Iran under registration No. 100753. Its headquarter situates at: No.103, Sh. Saeidi Street, Africa Blvd., Tehran. SHAHR-VAND started with its first store upon incorporation, with a total area of 15’300. M$^2$, out of which, about 3’450. M$^2$ was allocated for sales. A year later, two more stores inaugurated and the number of stores increased to 6 in the subsequent year. At present, 10 SHAHR-VAND stores are operational in Tehran with a total area of 78’813 M$^2$ and a total 28’672 M$^2$, as sales area.

SHAHR-VAND Chain Stores started e-shopping through its web-site: [www.shahrvandonline.com](http://www.shahrvandonline.com) about 3 years ago. A year after, e-selling stopped and SHAHR-VAND Chain Stores’ management decided to have it upgraded and reconstructed.


As far as grocery items are concerned, under *Food Stuff Department*, there are 10 divisions i.e. (1)Dairy Products, (2)Vegetables, (3)Meat & Fish, (4)Cereal, Grains &
Chapter 3: Operationalisation & Research Methodology


On March 2005, almost 1870 grocery items are listed by Food Stuff Department in SHAHR-VAND’s web site. However, the system will be operational as soon as upgrading and reconstruction are finalized.

3.8. Sample Selection

“One important step when conducting a survey is to select the sample size (i.e. the size of the population that is to be studied). However, the larger the size of the sample, the greater its precision or reliability, but there are constraints to be dealt with. The constraints are time, staff and cost. (Chisnall, 1997) (Greger Lundbäck, Mikael Söderberg, 2000)

“Selecting the unit of analysis, or the case is crucial. Case selection must be determined by the research purpose, question, propositions and theoretical context, but there will also be other constraints that impact on case selection. These include accessibility (whether the data can be collected from the case individual or organization), resources (whether resources are available to support travel and other data collection and analysis costs), and time available (Rowley 2002).

Perry (1998) further argued that a researcher can use one case study only if one or more of the three justifications in Yin (1994) apply, and the appropriateness of two or more theories can be tested in each case but several case studies should usually be used in postgraduate research because they allow cross-case analysis to be used for used for rich theory building.” (Robert Ankomah Opoku & Mohammad Naeem Khan, 2004

The constraints put forward by Rowley (2002) apply to this research; hence, the focus of this study is limited to SHAHR-VAND Chain Stores’ data bank which also provided the sample space.

“Romano (1989) maintained that there are no precise guides to the number of cases to be included in the literature recommending the use of case studies hardly specify how many cases to be developed. This decision is up to the researcher.

In selecting case, Stake (1994) revealed that representative is not the criteria for case selection rather the guarded choice of each should be made such that it either predicts similar results for predictable reasons or produces contrary results for predictable reasons. Eisenhardt (1989) argues that; “the random selection of cases is neither necessary, nor even profitable.”
Pattton (1990) listed 15 strategies of “purposeful sampling” (in contrast to “random sampling”) which can be used to select cases.” (Robert Ankomah Opoku & Mohammad Naeem Khan, 2004

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With due consideration to above, the sample size has been determined with a precision rate of 0.5% and confidence level of 95%, based on the following calculation:

\[ n = \frac{Z^2 \alpha / 2}{\alpha^2} \frac{P (1-P)}{\alpha^2} \]

in which:

- \( n \) = Sample size;
- \( Z \) = The value of standard variate at a given confidence level (to be read from the table giving the areas under normal curve) and it is 1.96 for a 95% confidence level;
- \( \alpha \) = Maximum error
- \( P = 0.5 \) as population proportion to estimate the most conservative of the sample size

Hence, the sample size is:

\[ n = \frac{(1.96)^2 (0.5) (0.5)}{(0.1)^2} = 96 \]

3.9. Data Collection

“According to Yin (1994) there are six sources of evidence useful in case studies namely; documentation, archival records, interviews, direct observations, participant observations, and physical artifacts. Rowley (2002) argued that each of these different sources requires different approaches to their interrogation, and is likely to yield different kinds of insights. Each source has its strength and weaknesses, and the richness of the case study evidence base derives largely from this multi-facetted perspective yield by using different sources of evidence.” (Robert Ankomah Opoku & Mohammad Naeem Khan, 2004)

“Wiedersheim-Paul & Eriksson (1997) states that a survey provides a situation where the cost per answer is low both in time and money.” (Greger Lundbäck, Mikael Söderberg, 2000)
Chapter 3 : Operationalisation & Research Methodology

However, according to Rowley (2002): “data collection and in general the execution of a good case study depends crucially upon the competence of the researcher.” “(Robert Ankomah Opoku & Mohammad Naeem Khan, 2004

As we wanted to do our survey among the present and potential e-grocery customers of SHAHR-VAND Chain Stores, we found out the most feasible and reasonable way of accomplishing this without large investments in time and money was via a mail questionnaire. However, the critical issue that arose was how these customers could be reached and would be responsive to the questionnaires. These issues could be resolved by co-operation of SHAHR-VAND Chain Stores, by providing customers’ contact addresses and their recommendation to their customers for being co-operative.

In order to receive necessary assistance from SHAHR-VAND Chain Stores, an introductory letter explaining the objectives and purpose of the survey was served by Lulea University of Technology.
In this introductory letter SHAHR-VAND Chain Stores was assured about confidentiality and was promised to receive the findings of the survey for their perusal.

In formulating and designing of the questionnaires, conformity with research questions and operationalization were the main concerns of the researchers. Nonetheless, this survey could not be completed without assistance and direct involvement of SHAHR-VAND Chain Stores.
Therefore, in the meetings with Marketing Deputy and R&D Deputy as well as …… Deputy of SHAHR-VAND Chain Stores, followed by series of meetings with market survey officers of SHAHR-VAND Chain Stores, it was concluded that the questionnaires be composed of a combination of questions, useful to attain information on e-shopping, including but not limited to e-grocery.
Hence, the influence of SHAHR-VAND Chain Stores over the design of the questionnaires was observed.

The response rate was greatly concerned in this survey. “Chisnall (1997) claims that by offering the respondents some sort of gain, the response will increase.” (Greger Lundbäck, Mikael Söderberg, 2000

It was thought that offering a possibility of winning a prize from SHAHR-VAND Chain Stores by taking part in a lottery would encourage respondents to answer the survey. The researcher had their contribution in preparing this prize.
3.10 Variables

The variables in this survey, based on which the questionnaires are composed, can be listed as follows:

- Convenience
- Price
- Choice
- Services
- Respect

The questions in the questionnaires are so composed to provide the researchers with knowledge about the motives of the Iranian customers in doing e-shopping for the grocery items.

3.11 The Questionnaire

The questionnaire had to be composed in Persian language, as annexed hereto. The responses were transferred into an English version of the questionnaire, according to the attached sample, upon receipt. This required ample work and diligence in order for being exact. The questionnaires were accompanied with a covering page, in which the purpose of the survey was described by the researchers. Furthermore, SHAHR-VAND Chain Stores also contributed with a text, explaining how the results could gain the customers as well as SHAHR-VAND Chain Stores in developing and enhancing the customer services in Food Stuff Department.

Engineering of the questionnaire was in a way to make the questionnaire appealing to the respondents, in order to help increasing the response rate as much as possible.

The questionnaire was designed in 3 main parts. The first part contained nineteen questions to provide information about evaluation of remote purchasing approach by the customers and defining the customers’ expectations. However, the majority of the questions raised in this section are general questions which are not directly linked with the previously presented operationalisation and variables thereto. The researches had to yield to this condition set as a prerequisite by SHAHR-VAND Chain Store management. The answers to this part would give researchers the information necessary for e-shopping motives and constraints, as well as the most critical factors that influence e-shopping including e-grocery. In this section, Likert scale has been observed only where applicable.

All questions were closed questions. It means that the answers to these questions are predefined and fixed and just needs to be check-marked by the respondents. The opposite to closed questions is open question that means the answer calls for repose more than a few words. (Kaulio, 1999; Chisnall, 1997)

In the second part of the questionnaire, containing twenty two questions, the idea of customers about e-shopping and brick-and-mortar shopping has been put into question. All questions in this part are in Likert scale and are closed questions. Except
4 questions which refer to general aspect of e-shopping all questions are directly linked to the variables of the dissertation.

Third part of the questionnaire comprises of five screening questions, provides researchers with the information necessary for gender, age, income, literacy, etc. classification.
The Likert scale was employed because it provides simple means for the respondent to answer questions about the degree of feelings. Furthermore, “the Likert scale is regarded to have high reliability and simple construct (Chsnall, 1997)”.

In order to further refine and enhance the clarity of the questionnaire, the initial sample of the questionnaire was given to a small group of six respondents and some of the questions were modified, reworded and changed accordingly.

However, over 100 of questionnaire and introductory letter packages were prepared. In almost a week, the packages were hand delivered to the addresses received from SHAHR-VAND Chain Stores. The answers were collected within 10 days later. The collected answers were delivered to market survey department of SHAHR-VAND Chain Stores, where the survey results investigation and data extraction were planned and coordinated with SHAHR-VAND staff.
The investigation was carried out during July 2005. The method chosen for distribution and collection of questionnaires maintained 100% response rate and a high reliability level.

3.12 Validity and Reliability

High validity and reliability has been major concerns in this dissertation. So, much effort had to be invested in creating these two principal factors.

3.12.1 Validity
“The validity aspect revolves around how well the questionnaire is able to measure what it is aimed to measure. The main types of validity are the internal and the external validity.
The internal validity refers to how well the theories and operationalised definitions are connected.
The external validity revolves around how correlation shall be made between the results of the measurement when using the operationalisations, and the reliability (Wiedersheim-Paul & Eriksson, 1997).”

In order to improve the validity of the results of this dissertation, researchers with careful deliberation bridged the questions with the variables previously mentioned in operationalisation. However, due to the fact that SHAHR-VAND Chain Stores management influenced the composition of the questions so that it contain some
questions with no direct relevance to the variables, but in line with e-grocery in
general, and researchers could not deviate from this precondition, the responses
mainly to the first section of the questionnaire had to be refined in the stage of data
input.

Nevertheless, regardless the usage of the included general questions by SHAHR-
VAND Chain Stores, these general questions helped the respondents to get the overall
idea of the survey better and be exact in responses as much as possible. Therefore
researchers believe that general questions have helped improving of the validity.

3.12.2 Reliability

"Reliability refers to the stability and consistency of the results derived from
research: to the probability that the same results could be obtained if the measures
used from research were replicated (Chisnall, 1995, p.34).

Widersheim-Paul & Eriksson (1997) describes some fallacies that are to avoid in
order attaining high reliability. One of these is measuring error, which in turn consists
of respondent errors, gauging errors, and errors that are effect of the interplay
between the interviewer and the respondent.

The respondent errors are such errors that are due to the fact that respondents
sometimes are unable or unwilling to provide truthful answers.

The gauging errors arise when a questionnaire entails erroneously formulated
questions, wrong order of question elect eras (Wiedersheim-Paul & Eriksson, 1997)"
(Greger Lundbäck, Mikael Söderberg, 2000)

In order to minimize the probability of a biased research, this dissertation started with
a considerable literature review. The literatures were carefully selected among the
valid e-grocery, e-shopping, and customer value related articles recently published in
the reputable and well-known journals. By doing so, reading from only one author or
reading only about one topic has been held at a minimum.

A scrupulous manner in language and wording has been maintained minimizing
respondent errors.

Moreover, clarity and transparency of the questions helped avoiding ambiguous or
emotional charged formulations. More to this, the sample survey conducted by giving
the questionnaire to a small group of six respondents, further helped in minimizing
the respondent error.

The gauging errors have been kept minimized by maintaining order and similarity of
the task of the questions.

However, due to the fact that the source of this thesis is only one company, namely
SHAHR-VAND, although it is a large and pioneer in this field, it is hard to assess the
extent and magnitude of reliability in this thesis. If similar survey were done in the
near future and among the similar population, i.e. people of a large city like Tehran, it
is likely to have similar findings. Nonetheless, if such study be carried out some years
later, or in other cities with different culture, living style and customers’ buying behavior of inhabitants, less similarity in results and findings would be expected.

3.13 Non-responses

“According to Chisnall (1997), the non-response is a critical limitation of a mail survey. The main problem of non-response is that the one that do not respond could have very different opinions compared to the ones that have answered the survey.”

*(Greger Lundbäck, Mikael Söderberg, 2000)*

Based on reviews we as the researchers have made a response rate of 50% were found adequate. In order to maintain such a rate, 200 customers were selected on random basis from the data bank of SHAHR-VAND Chain Stores. Besides, prize incentive used to boost the return rate of the survey.
Chapter 4: Data Presentation

4.1 Introduction

In this chapter the results of the survey is dealt with. Questions 1 to 19 except three questions i.e. 2, 14 & 15 in the first section, and questions 10, 11, 20 & 22 in the second section as well as all questions in the third section deal with generality of e-shopping and e-grocery. The general questions are verified and the results of verification are presented. Although the results of survey on the questions directly liked with the operationalisation have been in the focal point of the researchers and are presented separately.

4.2 General results

Figure 4.1 shows sex distribution in the representative sample which is very close to the national sex pattern of Iran. This further shows the appropriate level of reliability of the findings.

![Sex Distribution](image)

Figure 4.1 - Sex Distribution

The results show that 52 number (53 %) of the respondents are female in the age of 21 to 60, out of them 83% is employed with an income rage of 150'000. to 700'000. Tomans per month.

The male respondents are 46 persons (47 %) in the age of 21 to 70 and a monthly income of 200'000. to 1'200'000. Tomans.
Figure 4.2 represents age distribution of the respondents, both male and female.

![Figure 4.2 - Age Distribution of the Respondents](image)

Figure 4.3 demonstrates the monthly income of the male and female respondents.

![Figure 4.3 - Monthly Income of Male and Female Respondents](image)

The results also indicate that a majority of respondents, except for 11%, are with higher education degree.

Figure 4.4 indicates the education distribution of the male and female respondents.
In section two of the questionnaire, questions 10 to 19 are made for those respondents who agree and like to do e-shopping. According to the results 67% of the respondents are agreeable and 33% disagree.

Figure 4.5 reflects the distribution of agreeable and disagreed respondents.

4.3 Other aspects
Some other aspects have been asked in the questionnaire to determine which factor of goods have more potential in stimulating growth of e-grocery in the Iranian market, from customers' point of view. These factors are mentioned as follows and for each of them; there is a graph which shows Iranian customers' opinion about the importance level of the factor for different type of goods:

4.3.1 The Quality
According to Fig. 4.6 below; Deli with 28% & Dairy Prod. with 25% are more sensitive to quality, according to the responses.
4.3.2 Brand name

According to Fig.4.7 below, Cosmetics & Sanitary items with 32% and Cleaning & Washing items with 20% are more sensitive to brand name from the point of view of the respondents.

4.3.3 Freshness

According to Fig 4.8 below, Deli with 30%, Dairy Prod. with 29% & Vegetables with 28% are more sensitive to freshness, based upon the responses.
4.3.4 Touch/See or Taste

According to Fig 4.9 below, Deli with 23% and Vegetables with 22% are more sensitive for being touched/seen or tasted in buying process according to the respondents.
4.3.5 Respondents' Willingness to e-grocery

The survey result shows 66% of respondents are agreeable to buy their required grocery items via e-grocery, while 34% of respondents disagree, as Fig. 4.10 below demonstrates.

![Fig. 4.10 Agreed and Disagreed respondents](image)

4.3.6 Opinion of Male & Female respondents about e-grocery

The result of survey shows different idea of male and female about their willingness about e-grocery; while 78% of male have answered yes to willingness about e-grocery; just 58% of female are willing to e-grocery. However, in general the majority of respondents are for e-grocery. The Fig. 4.11 below represents the rate of willingness among male and female respondents.

![Fig. 4.11 Rate of Willingness to e-grocery shopping among the male & female respondents](image)
4.4 Results of Operationalisation Variables

4.4.1 Convenience

While some of the general questions somehow reflect convenience, questions 1 to 4 as well as 7 to 9 and 14 and 15 from the second section of the questionnaire are directly and indirectly focused on convenience and over 28 percent of the respondents fully agree with the idea that internet shopping for e-grocery items is convenient, while 49 percent agree, 16 percent is passive, 6 percent disagree and 1 percent fully disagree with the idea.

Figure 4.12 below represents the responses about convenience with distinction of male and female respondents for each choice of answer.

![Figure 4.12 - Convenience from the view point of Male and Female Respondents](image)

4.4.2 Price

Question 2 of the first section implies the price. Findings show that 15% of the respondents believe that price is an important factor in buying dairy products, 19% consider importance of price for deli, 9% for crops, 13% for vegetable, 3% for beverages, 11% for dried fruits and nuts, 3% for compotes and cans, 14% for cosmetics and sanitary items, 7% for cleaning and washing items, while 6% believe that price is not an important factor for none of the said items (Fig 4.13).
Chapter 4 : Data Presentation

Figure 4.13 – Importance of price in grocery goods' category

In the second section questions 5 & 6 are focused on price. Result of the survey shows that 6% of the respondents fully agrees with the matter that e-grocery shopping is more economical, while 34% agrees, 45% is passive, 14% disagrees and 1% fully disagrees (Fig 4.14).

Figure 4.14 - E-grocery shopping is more economical

As far as being more expensive is concerned, 5% fully agrees, 34% agrees, 45% is passive, 11% disagrees and 5% fully disagrees (Fig 4.15).
4.4.3 Choice

Questions 12 & 13 are focused on choice, and 1% of the respondents fully agree that choice in e-grocery shopping is an interesting advantage, and 40% agrees with this matter, 44% is passive, 14% disagrees and 1% fully disagrees (Fig 4.16).

4.4.4 Customer Services

Questions 14 and 15 from the first section of the questionnaire and questions 16 and 17 from the second section are focused on customer services. According to the findings from the questions raised in 24% of the respondents are in a position to pay extra charge for home delivery of the orders while 76% have rejected it. However, based on the results of the question 16 from the second section 29% of the respondents fully agree that home delivery is an interesting advantage in e-grocery shopping and 56% agree with idea, 14% is passive, 1% disagree and nobody fully disagrees(Fig 4.17).
Figure 4.17 - Home delivery is an interesting advantage in E-grocery shopping

The result of question 15 from the first section indicates that 31% of the respondents agree to set a time window to receive their orders, while 69% are unable to comply with such setting. Moreover, the findings of question 17 of the second section of the questionnaire show that 15% of the respondents fully agree that information services provided in the web sites of the e-shops is stimulating e-grocery shopping, while 46% agrees, 34% is passive, 5% disagrees and nobody fully disagrees with the idea (Fig 4.18).

Figure 4.18 - Information in the web sites is stimulating E-grocery shopping

4.4.5 Respect

In the second section of the questionnaire, questions 18, 19 and 21 deal with respect. The results show that 23% fully agree with idea that e-grocery shopping is associated with respect, while almost 50% agree, around 18% is passive, over 8% disagree and around 1% fully disagree with that (Fig 4.19).
Figure 4.19 - E-grocery shopping is associated with respect

Nevertheless, questions 10, 11, 20 and 22 of this section are about general attractions of e-grocery shopping and findings show that a majority of over 37% is passive about these attractions and 30% are against the idea, while over 23% agree with that. However, over 7% is fully agreeable and almost 6% fully disagree(Fig 4.20).

Figure 4.20 - General attractions of E-grocery shopping

The following graph illustrates the finding of the second section of the questionnaire (Fig 4.21).
Figure 4.21 – Second section of questionnaire results
Chapter 5: Data Analysis and Conclusions

Introduction

In this chapter the results from the survey will be analyzed in the first section, in order to make it possible a general conclusion is drawn and the research questions be answered. In the second section, the provided theoretical frame of references will be compared to the results. In this section, the comparison will show how far and to what extent the theoretical frame of references and results match and the gaps will be defined. The third part of this chapter contains the recommendations and implications of the researchers of this dissertation. In the forth section of this chapter suggestions for further research will be made by the researchers.

5.1 Analysis of the Results

With due regards to the research questions and the results attained through the survey it is possible to depict e-grocery in the Iranian market and appreciation of the Iranian customers based upon the seated perceived values.

In this section of Chapter 7, the perceived values and results will be examined in the frame research questions.

5.1.1 The Impact of Convenience on motivating The Iranian Customers in doing e-Grocery:

Convenience plays a major role in development of almost all new systems and methods introduced to market. Convenience has been the key factor in development of traditional grocery and converting it into e-grocery, by which customers shop around and do their grocery shopping more conveniently and more pleasantly.

Only 7 (a 6+1) percent of respondents disagree and fully disagree with the idea that e-grocery is a convenient way of doing grocery shopping through internet, and 16% showed passive. At the same time a considerable percentage of the respondents, i.e. 79% agree and fully agree with that.

In the absence of a competition in this sector of the market even higher rate of dissidence was expected. However, by analyzing the results it is obvious that Convenience is a key factor for the Iranian customers in e-grocery shopping.

5.1.2 The Impact of Price on motivating The Iranian Customers in doing e-Grocery:

Although Price is one of the concerns of the shoppers, it is always looked upon as the amount for which a product or service is exchanged, irrespective to the value or worth. That is way a mixed result has been attained through the survey. It is concluded that almost all respondents are reluctant to pay a premium for purchased
Chapter 5: Data Analysis and Conclusions

goods through e-grocery. However, in the second section of the questionnaire most of them, i.e. 59% if we consider the passive portion; believe that e-grocery can not be expected to be as economical as traditional grocery shopping. In another part of the questionnaire only 15% of the respondents disagree and fully disagree with the fact that e-grocery shopping could be more expensive than grocery shopping. Nevertheless, as far as Price is an element and factor in shopping which is linked with other costs, e.g. time / effort / choice / etc., and is associated with gains such as convenience / respect / prestige / etc., it has not been found as a major factor in neither motivating nor discouraging the Iranian customers in doing e-grocery.

5.1.3 The Impact of Choice on motivating The Iranian Customers in doing e-Grocery:
According to the survey a relatively small portion of the respondents, i.e. 15% (14+1), disagree and fully disagree with the idea that choice is not an important and interesting factor in e-grocery. However, 41% (1+40) of them fully agree and agree with it. Taking into consideration the passive respondents, it can be concluded that Choice is considered relatively important for the Iranian e-grocery customers.

5.1.4 The Impact of Customer Service on motivating The Iranian Customers The Impact of Choice on motivating The Iranian Customers in doing e-Grocery:
Although a large portion of respondents in the survey showed their reluctance in paying an extra charge for home delivery of the ordered goods, a considerable portion, i.e. 85% (15+46) fully agree and agree with the fact that home delivery as a Customer Service is one of the most interesting and attractive factors of e-grocery. Nonetheless, being 34% of the respondents as passive, it can be concluded that some of the respondents may either not have a positive or negative experience with the task or assess Customer Service as a complex task compromising of different interactive factors that can not be answered through one or two questions. This survey proved that Customer Service and home delivery as an instance of Customer service is appreciated very much by the Iranian e-grocery customers.

5.1.5 The Impact of Respect on motivating The Iranian Customers in doing e-Grocery:
The survey proved that a total 73% (23+50) fully agree and agree that e-grocery is associated with respect for the shoppers by giving them the chance not to queue at the counters of the shops or being caught in a crowded shop. However, among different factors that can be construed as respect, e.g. being treated by shop attendants and staff, the Iranian showed their interest to the prestige which is associated with e-grocery shopping as a contemporary way of shopping.
Chapter 5: Analysis and Conclusions

5.1.6 Ranking of the Customer Values
Taking into account the percentage of fully agree and agree respondents to the captioned factors, the following ranking is concluded from the viewpoints of the Iranian customers of e-grocery:

1. Customer Service 85% - Fully Agree & Agree
2. Convenience 79% - Fully Agree & Agree
3. Respect 73% - Fully Agree & Agree
4. Choice 41% - Fully Agree & Agree
5. Price 19% - Fully Agree & Agree

5.2 Comparison between the Theoretical Frame of References and Findings
Comparison between the theoretical frame of references and findings is examined hereunder.

5.2.1 E-commerce
With a comparison between the theoretical frame of references and the analyzed findings, it is concluded that e-commerce and internet shopping is appreciated in Iran in the same manner as to other countries with due consideration to the local particulars. This sector is developing locally in accord with development of internet and communication infrastructures.

5.2.2 E-grocery
Although e-grocery is in its early stages in the Iranian market, the middle class people and above, mainly educated young people are the main customers of this sector. However, e-grocery looks to have a very close similarity in the experiences it had in the other places.

5.2.3 Iranian Customers
A sex pattern and indexes, close to the ones defined for the Iranian population, can be seen in the e-grocery customers in the Iranian market.

5.2.4 Customers’ Values
Iranians’ Customer Values are very similar to the customers’ values elsewhere; however, it is influenced by cultural and economical factors. These values are likely different in ranking compared to other nations. According to the references reviewed in this dissertation, in many cases convenience, choice, customer services, and price are highly considered by the customers in order and respect comes in the bottom of the list, while these Customers’ Values are ranked differently in Iran, as mentioned under 5.1.6, herein above.
5.3 Suggestions for extending research

The survey undertook in this research was focused on a group of customers of a particular chain stores company, in a mega-city. The said chain store company does not operate in all zones of the city and it operates in the selected areas identified by the market study and defined base on its STP.

There is an important question on how far and to what extent we can generalize the conclusions drawn out of these findings.

It seems that the determinants for different groups of people living in different areas of the city for doing or avoiding e-grocery shopping can vary.

This survey did not extend the study into other groups of people living in the residential complexes and district at the edge of the mega-city.

Due to some facts, young generation is the main inhabitant of these residential complexes consisting of several high-rise buildings with small flats. Taking into account that young generation is computer literate in a high rate, work hard and is time limited, loves fun and normally is not new system avoider, hence these places can also be targeted for carrying out further research.

Moreover, other large cities of Iran like ISFAHAN, MASHAD, TABRIZ, etc., can be other places to be surveyed in the future in order to make it possible more generalized conclusion could be drawn on this subject in the Iranian market.


Casiie Berning, Stan Ernst, and Neal H. Hooker, April 2004 – “E-Grocery: Who is the Ideal Consumer?”- OHIO State University, AEDE-RP-0043-04, Hooker.27@osu.edu


Reference


Noel Capon & James Hulbert -Marketing Management in the 21st Century-Chapter 4, pp 86

Ning Chen & Wen Ma, 2004: Pricing Strategy, Master’s Thesis, LUTH, pp. 1


Philip Kotler and Gary Armstrong and John Saunders and Veronica Wong -Principals of Marketing- Third European Edition, pp 822


Reference


شناخت انتظارات مشتری و ارزيابی روش خرید غیرحضوری از فروشگاه‌های شهرنود

1- به چه میزان به مروغ‌بیت احتیاج شده در شهرنود اطمینان دارید؟

<table>
<thead>
<tr>
<th>خیلی کم</th>
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<th>متوسط</th>
<th>زیاد</th>
<th>خیلی زیاد</th>
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در صورت قابلیت می‌توانید در هر سوال تا حداکثر 3 گزینه را با گذاشته.

2- در انتخاب کدامیک از اقلام ذیل، قیمت برای ضرب شا بیشترین اهمیت را دارد؟

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<tr>
<th>لبنی</th>
<th>پروتئینی</th>
<th>نوشیدنی</th>
<th>سبزیجات</th>
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<td>لوازم آرایشی</td>
<td>نظافت</td>
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</table>

3- در انتخاب کدامیک از اقلام ذیل، کمیت برای ضرب شا بیشترین اهمیت را دارد؟

<table>
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<th>پروتئینی</th>
<th>نوشیدنی</th>
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<td>لوازم آرایشی</td>
<td>نظافت</td>
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</table>

4- در انتخاب کدامیک از اقلام ذیل، تازگی برای ضرب شا بیشترین اهمیت را دارد؟

<table>
<thead>
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<th>لبنی</th>
<th>پروتئینی</th>
<th>نوشیدنی</th>
<th>سبزیجات</th>
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<td>لوازم آرایشی</td>
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</table>

5- در انتخاب کدامیک از اقلام ذیل، نام گاری (معروفیت) برای شا بیشترین اهمیت را دارد؟

<table>
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</table>
6- کدام‌کی از اقلام ذیل، را حتماً قبل از خرید بايد از نزديک\nديده/تجزیه و يا تصمیم گانيد؟

لبنى  پروتيني  خواربار
سبريگات  نازم
هچکدام  آرایشي
نتافت  ستشو

d- خريدن گوار و یا ماهانه تا چه ميزان برای شما\nجمه تفریجی و لذت پذيری دارد؟

کم  متوسط  زياد

7- چه عاملی شا را از همه بیشتر در خریدن‌های روژانه/هفته‌گی و یا\nماهانه رنج میدهند؟

ایستا  پیدا  کردن
درصف  کالا
کار
کمیود وقت و صرفه
(نام بريد):

8- آیا حاضرید مایحتاج روژانه/هفته‌گی/ماهانه خود را؛ بدون\nمراقب حضوری خریداری گانید؟

بلي  خیر

9- در صورت باخ مثبت به سوال فوق؛ کدام‌کی از اقلام ذیل را حاضریت\nبهم س克制 امری ضروری خریداری گانید؟

در صورت گقابل می‌توانید بیشتر از یک گزینه را علامت بزنید.

لبنى  پروتيني  خواربار
سبريگات  نازم
هچکدام  آرایشي
نتافت  ستشو

d- چه روشي را جهت پرداخت در خريد غيرحضوری: ترجيح میدهيد؟
پيش  اعتباري  نقدی
سابر (نام بريد)

11- چه روشي را جهت سفارش در خريد غيرحضوری، ترجيح ميدهید؟

ابنزنی  تلفنی  آبوگان

12- چه روشي را جهت سفارش در خريد غيرحضوری، ترجيح ميدهید؟

(نام بريد):
۱۳- چه روشی را جهت انتخاب کالا مورد نظر در خرید غیرحضوری، ترجیح می‌دهید؟

اینترنتی  کاتالوگ  توضیحات  سایر (نام)
تلفن
ایراتور

۱۴- در خرید غیرحضوری، آیا حاضرید بابت سرویس غویل در منزل، هزینه‌ای مازاد برهمقت کالا بپردازید؟

بلی  خیر

۱۵- در خرید غیرحضوری، آیا حاضری زمانی معین از روز را به انتخاب خودتان جهت دریافت کالا در منزل بگذارد؟

بلی  خیر

۱۶- مهم‌ترین عاملی را که به نظر شما موجب توسعه خرید غیرحضوری می‌گردد چیست؟

صرف‌جویی در هزینه
سهولت و راحتی
تنوع بیشتر
پرستیز سایر (نام بردید):

۱۷- چه نوع اطلاعاتی در صورتی که چگونه مایحتاج روزمره خود را از طریق اینترنت انتخاب کنید؛ برای چه بیشترین اهمیت را دارد؟ (لطفاً ترتیب اهمیت را با شماره‌ای ۱ تا ۵ مشخص کنید).

تصمیم‌گیری
تصوير کالا
تاریخ
امکان
مصرف
نام گویی
قیمت (نام بردید):

۱۸- در سفارش‌دهی و خرید اینترنتی مایحتاج روزانه کدامیک از ویژگی‌های ذیل به نظر شما ضروری‌ترین ویژگی است؟

امکان جستجو کالا
طبیعت بندی موضوعی کالا
پیشنهاد کالا براساس خرید قبلی شا
سرعت وب
پیشنهاد کالا براساس مقایسه قیمت‌ها
19- کدامیک از عوامل فرعي ذيل را برای یک وب سایت ارائه می‌دهید؟ 

سادگی صفحات منشی
وجود سرگرمی صفحات منشی

وجود اخبار اطلاعات سهام، بورس سایر (نام بريد): 

............................................
۱- در روش غیرحضوری اینترنتی پیدا کردن کلیه مورد نظر راجلی است.

۲- در روش غیرحضوری اینترنتی دسترسی به مشخصات کالا راجلی است.

۳- در روش غیرحضوری اینترنتی حذف شدن مکان خرید (دستی/نرمیکی) یک مزیت جدای است.

۴- در روش غیرحضوری اینترنتی سرعت خرید و در اختیار کردن کالا بیشتر است.

۵- خرید غیرحضوری اینترنتی مقررات به صرفه جوی است.

۶- در خرید غیرحضوری اینترنتی قیمت کالا کمتر است.

۷- در خرید غیرحضوری اینترنتی موجب کاهش جوی زمان است.

۸- شناخت روزی بدون خرید غیرحضوری اینترنتی، مزیت جدایی است.

۹- در روش غیرحضوری اینترنتی، ارزی کمتری از خریدار کردن می‌شود.

۱۰- در روش غیرحضوری اینترنتی کنیت کالا مطلوب کردن است.

۱۱- در خرید غیرحضوری اینترنتی لس نکردن کالا، کم‌دوختی ایجاد گرند.

۱۲- قدرت انتخاب در خرید غیرحضوری اینترنتی، مزیت جدایی است.

۱۳- در خرید اینترنتی، گزینه‌های بیشتری برای مشتری دارد.

۱۴- برنامه‌ریزی امروز زمان‌های خرید غیرحضوری اینترنتی، سهل‌تر است.

۱۵- راهنمایی تصوری و نوشتاری در صفحات اینترنت را به راهنمایی شاخصی فروشگاهی ترجیح می‌دهم.

۱۶- در روش غیرحضوری اینترنتی حالت و نقل کالا توسط فروشگاه، مزیت جدایی است.

۱۷- اطلاعات موجود در سایت در خرید اینترنتی موجب ترغیب به خرید است.

۱۸- خرید غیرحضوری اینترنتی یک روش مطابق روز امروز است.

۱۹- حذف صفحه خرید، در روش خرید غیرحضوری اینترنتی یک مزیت جدایی است.

۲۰- خرید غیرحضوری اینترنتی داشته‌شدن از خرید حضوری است.

۲۱- در خرید غیرحضوری اینترنتی، عدم رویارویی شدن با افراد مختلف در یک مکان یک مزیت جدای است.

۲۲- انتقال گریه جدید غیرحضوری اینترنتی به دیگران برای افزایش است.
امروز همان‌طور که جشن انتهايی پرسشنامه را پيشه رو دارد، باخ برای این قسمت ما را در مخاطب‌نامه این نظرسنجی پارسی می‌خواهد.

جنسيت

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سن (سال): 18-20

شغل:

استادانشگاه دبير - پزشک
مهندس حقوقدان کارمند
دانشجو خانه‌دار آزاد نام

سرای برید: ...........................................
نام برید: ...........................................

سطح درآمد ماهیانه (تومان): 30-40

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سطح خصیلات: 30

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<td>فوق ليسانس دیپلم</td>
<td>دیپلم</td>
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از همکاری و شرکت‌های این نقش‌مندی تشکر می‌کنیم.
Dear Customer;

As a pioneer in setting-up internet stores in Iran, SHAHR-VAND Stores has a plan underway to develop this sector. Development and enhancement of such selling system roots in deep understanding of the customers' desires, and to plan for satisfying such desires. You are selected by our computer system as one of the 200 customers of SHAH-VAND as the source of information requires in polling. By allocating a few minutes of your precious time, you will help us in better recognizing such desires. Your cooperation will contribute leading us towards favorable results. In return to this collaboration, one of the respondents will receive a NOKIA Mobile set as a gift, based on drawing lots, and we hope you are the winner of this gift. In the event you wish to know about the results of this polling, you may contact Mr./Ms……………… in ………… department. Your personnel information, even though very limited, except those used in screening of respondents, will be merely used in drawing lots. Once again, we wish to thank you for your cooperation with your store. Please rest assured that your cooperation will provide us an opportunity in further extension of our most sincere and best services to you and other citizens.

With Regards
Marketing & Sales Manager
Dear Citizen!

You are kindly requested to allocate some minutes of your precious time and fill-in this questionnaire. Thank You

Realizing the Customer’s Expectations and appraisal of remote shopping in SHAHR-VAND Chain Stores

1- How far do you believe- in the quality of goods offered in SHAHR-VAND Stores?

- Very High
- High
- Average
- Low
- Very Low

You may check-mark three answers of your choice, prioritizing by 1 to 3, in each question.

2- In which of the followings, “Price” is the most important factor for you?

- Dairy Prod.
- Deli
- Crops
- Vegetables
- Beverages
- Dried Fruits & Nuts
- Cans & Compotes
- Cosmetics & Sanitary Items
- Cleaning & Washing Items
- None

3- In which of the followings, “Quality” is the most important factor for you?

- Dairy Prod.
- Deli
- Crops
- Vegetables
- Beverages
- Dried Fruits & Nuts
- Cans & Compotes
- Cosmetics & Sanitary Items
- Cleaning & Washing Items
- None

4- In which of the followings, “Freshness” is the most important factor for you?

- Dairy Prod.
- Deli
- Crops
- Vegetables
- Beverages
- Dried Fruits & Nuts
- Cans & Compotes
- Cosmetics & Sanitary Items
- Cleaning & Washing Items
- None

5- In which of the followings, “Band Name (Popularity)” is the most important factor for you?

- Dairy Prod.
- Deli
- Crops
- Vegetables
- Beverages
- Dried Fruits & Nuts
- Cans & Compotes
- Cosmetics & Sanitary Items
- Cleaning & Washing Items
- None

6- Which of the following goods must be seen / tasted or touched before purchase?
7- How far daily / weekly or monthly shopping is a fun for you?
☐ Very High  ☐ High  ☐ Average  ☐ Low  ☐ Very Low

8- Which of the followings you consider as a chore in daily/weekly or monthly shopping?
☐ Lining-up  ☐ Searching for needed goods  ☐ Shop’s crowdness  ☐ Going back and forth to shops  ☐ Carrying goods home
☐ Time constraint for shopping  ☐ Others. (Please Explain)

9- Are you interested in remote shopping?
☐ Yes  ☐ No

[If “Yes” to the question 9 above please continue, otherwise go to question 20]

10- Which of the following items you are more interested to shopping remotely? (You may select more than item)
☐ Dairy Prod.  ☐ Deli  ☐ Crops  ☐ Vegetables  ☐ Beverages
☐ Dried Fruits & Nuts  ☐ Cans & Compotes  ☐ Cosmetics & Sanitary Items  ☐ Cleaning & Washing items  ☐ None

11- Which method of payment you prefer most in doing remote shopping?
☐ Depositing  ☐ Credit  ☐ Cash  ☐ Others.(Please indicate)….

12- In doing a remote shopping, which way you prefer most in placing an order?
☐ Via Internet  ☐ Subscription  ☐ By Telephone  ☐ Others.(Please indicate)

13- What way of choosing of your needs do you prefer in doing remote shopping?
☐ Via Internet  ☐ Via Catalogue  ☐ Description by an operator  ☐ Others(Please indicate)
14- Are you in a position to pay an extra charge for home delivery in remote shopping?
   Yes [ ]  No [X]

15- Are you in a position to stay home, at a time window set forth by you, to receive your order?
   Yes [ ]  No [X]

16- In your opinion, which of the following factors is more influential in development of remote shopping?
   [ ] Convenience  [ ] Cost saving  [ ] Time saving
   [ ] Variety of Choice  [ ] Home delivery  [ ] Complementary information in the site
   [ ] Prestige  [ ] Others (Please name)

17- In doing shopping via internet, which of the following characteristics are of the highest importance to you?
   [ ] Picture of the goods  [ ] Weight  [ ] Price
   [ ] Expiry Date  [ ] Brand Name  [ ] Others (Please name)

18- Which of the following factors facilitates an internet shopping of daily needs, in the most?
   [ ] Web site’s speed  [ ] Browsing  [ ] Goods’ classification
   [ ] Price comparison  [ ] Order based on your previous purchase  [ ] Providing auctions
   [ ] Offering new goods  [ ] Others (Please name) 

19- Which of the following sub-factors are more useable in a web sit providing daily needs?
   [ ] Plainness  [ ] Decorated pages  [ ] Having entertainment
   [ ] Daily news  [ ] Stock, Burse, Gold, etc., information  [ ] Others (Please name)
<table>
<thead>
<tr>
<th>Statements and Questions</th>
<th>Fully Agree</th>
<th>Agree</th>
<th>Passive</th>
<th>Disagree</th>
<th>Fully disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. In e-grocery shopping, finding goods is easier</td>
<td></td>
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<tr>
<td>2. In e-grocery shopping, the goods’ information is more convenient to access</td>
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<tr>
<td>3. In e-grocery shopping, elimination of the place of purchase (Proximity/Distantness) is</td>
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<tr>
<td>an interesting advantage</td>
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<td>4. In e-grocery shopping, purchasing and having the goods is faster</td>
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<tr>
<td>5. E-grocery shopping is more economical</td>
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<tr>
<td>6. In e-grocery shopping, the price of goods is higher</td>
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<td>7. E-grocery shopping is associated with time saving</td>
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<td>8. Round-the-clock purchasing possibility in e-grocery shopping is an interesting</td>
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<tr>
<td>advantage</td>
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<td>9. E-grocery shopping takes lesser energy from the shopper</td>
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<tr>
<td>10. In e-grocery shopping, the quality of the goods is higher</td>
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<td>11. In e-grocery shopping, not touching of goods is not a limitation</td>
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<td>12. In e-grocery shopping, choice extent is an interesting advantage</td>
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<tr>
<td>13. E-grocery shopping is associated with a broader choice extent for the shopper</td>
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<td>14. E-grocery shopping makes daily life planning easier</td>
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<td>15. I prefer pictorial and written guiding in the web pages to the oral guiding of the</td>
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<tr>
<td>sale staff</td>
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<tr>
<td>16. In e-grocery shopping, delivery of goods by the shop is an interesting advantage</td>
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<tr>
<td>17. In e-grocery shopping, the provide information on the web site provokes more</td>
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<tr>
<td>purchase</td>
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<tr>
<td>18. E-grocery shopping is a contemporary way of shopping</td>
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<tr>
<td>19. In e-grocery shopping, elimination of lining-ups is an interesting advantage</td>
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<tr>
<td>20. E-grocery shopping is more fun than the brick-and-mortar shopping</td>
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<tr>
<td>21. Not facing with different people in the same place is in interesting</td>
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<tr>
<td>advantage in e-grocery shopping</td>
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<tr>
<td>22. It is interesting for me to transfer my e-grocery shopping experience to others</td>
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</tbody>
</table>
Dear Fellow-Citizen!

Now, you have the last part of the questionnaire in your front. Your answers to this part will help us in analyzing the results of this poll.

<table>
<thead>
<tr>
<th>Sex</th>
<th>Male □</th>
<th>Female □</th>
<th>Car</th>
<th>I have □</th>
<th>I don’t have □</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marital Status</td>
<td>Married □</td>
<td>Single/Divorced □</td>
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<tr>
<td>Having a job</td>
<td>Yes □</td>
<td>No □</td>
<td>Having an incumbent spouse</td>
<td>Yes □</td>
<td>No □</td>
</tr>
</tbody>
</table>

**Age**
- 18 – 20 □
- 21 – 30 □
- 31 – 40 □
- 41 – 50 □
- 51 – 60 □
- 61 – 70 □
- Over 70 □

**Job / Occupation**
- University professor □
- Teacher □
- Doctor □
- Engineer □
- Lawyer □
- Officer □
- Student □
- Housewife □
- Self -Employed □
- Other □

**Income level [ in TOMAN, ( 10 Rials) ]**
- Below 200 000. □
- 200 000.-300 000. □
- 300 000.-500 000. □
- 500 000.-700 000. □
- 700 000.-1 000 000. □
- Over 1 000 000. □

**Education Level**
- PhD □
- Ms □
- Bs □
- Technician □
- High School □
- Below High School □

“We wish to thank you for your participation in this research.”