Online Shopping: A Cross National Empirical Study of WalMart and ICA Ettan Västerås
Abstract

Purpose: After three years of studying economics and business administration, we are highly motivated to finish our studies by doing a research about online shopping, which is a topic highly interests both of us. Our main goal is to find out what online market strategies that are employed by the grocery stores ICA Ettan-Västerås of Sweden (IEV) and Walmart-California of the USA (WCU). A secondary objective for us is to study ICA Ettan’s online customer behavior.

Method: To achieve our goals, we have conducted interviews with managers of the two stores. Additionally, we have randomly asked 20 customers of the Swedish Ica Ettan to fill in questionnaires.

Results: We have found out that both Walmart and Ica Ettan Västerås offer online shopping, but they but there are some differences in their e-CRM strategies. Despite the empirical data has shown that IEV’s customers demand for personalization service and special promotions online, the store has not paid attention to these needs. The store also charges extra money for the delivery service, which is something against the wishes of its customers this study shows. Walmart on the other hand gives special offers and personalized service in cheap price, which is a sign that Walmart pays special attention to e-CRM.

Conclusion: Clearly enough, people need motivations to shift from offline to online grocery trading. These motivations, as ICA Ettan’s customers stated, and also as it are evident from the relatively success of Walmart, as follows: personalization, special offers and the ability to do price comparisons. Definitely, the Swedish store needs to work in that in order to gain in its online business.
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1 Introduction

Indeed the internet revolution has changed dramatically our lifestyles. It is unsurprising thus that e-commerce has gained momentum over the last decade in the today’s world where many people increasingly regard Facebook and Google as essentials. Virtual commerce offers cheap marketing and communicating channels, as well as less-time consuming method of trading. Online shopping gives the consumers the advantage of saving time and relaxingly checking the promotions of the products at any time at home.

Moreover, the ever-increasing internet users makes it possible to share the online retailing experience with other fellow colleagues or family members and get instant feedbacks from them (Oppenheim & Ward, 2006). Study after study has indicated an increasing trend of online shopping. In 2008, it has been found that 91% of the internet users in the Nordic Countries have shopped online (Europa, 2009). A recent research has reached similar result in number of countries; remarkably in South Korea, hitting the 99% level (Achille, 2010).

Yet these findings do not simply mean a goodbye to the offline retailing. Online sales account for only 2% and 6% of all retail sales in the United States and Canada respectively (Witiger, 2010). Undoubtedly, one could conveniently obtain a cheap book online, and possibly save time by searching for a used hardware through the WWW world; however, the case is different when buying products such as milk or bread. Unlike books or computers, grocery products need quicker and special delivery system satisfies the need of customers which is enormously costly. According to Anckar, Jelassi and Walden (2002, p.211), “product characteristics are important for the feasibility of internet trading”. This explains why products like books, DVDs and games, airline tickets and electronic equipments are traded often over the internet, while grocery products come all the time at the bottom of the most frequently sold products online (Achille, 2010; Europa, 2009).

In fact, despite many grocers in the 1990s were encouraged by the revolution of the internet, many dot-com businesses such as Webva, Streamline, Home grocer and Shoplink were closed down (Ramus and Nielsen, 2005). The tangibility and the perishable nature of the grocery
products, as well as the high operational costs involved in e-grocery make this type of business unsuitable via the internet (Anckar, Jelassi and Walden 2002, p. 212).

Yet the era in which online business is luxurious has already ended as today’s society is becoming literally governed by the computer screen and increasingly dependent on the internet. Hence, if grocers do not find a foothold in this space-age technology, they will likely suffer huge consequences in this world of everyday innovation. In fact, this type of e-commerce, although challenging, it is interesting, and as the case with other products, its online purchasing is on the rise. The point at issue is how to efficiently make the online grocery business profitable, and at the same time satisfies the needs of the online buyers. To achieve this uneasy goal, emphasis is put by researchers on what is termed as the electronic customer relationship management (e-CRM), which has become the new currency in academia to increase the customers’ satisfactions and loyalty, and thus, promoting online marketing skills and capabilities (Scullin et al. 2004).

This paper is dedicated to, through taking a US and a Swedish grocery retailers as examples, investigate the best online marketing strategies for enhancing e-grocery.

1.1 Problem

A lot of research works have been done in online shopping both qualitatively and quantitatively (Alcazar and Kastås, 2011; Nilsson, 2007). In today’s society where people always seem to be lacking time, online shopping has become very popular. Since internet is commonly used in both Sweden and USA, which are witnessing rapid growth technology, we suggest that there is a huge amount of potential online customers who might be missed by retailers. We feel that Sweden have got a huge potential to develop the online shopping especially since it is such a consumer-oriented country. Moreover, a lot of online companies were established during the dot-com era, but only a few were able to survive the intense competitive trend. Those unsuccessful dot-com companies have failed due to unplanned online marketing strategies since most thought that, selling online might be the same as selling in the stores. In addition, some of these companies
did not know the usefulness of their customers’ information in marketing activities, which has contributed to low sales volume and growth.

1.2 Research questions

The research questions try to find out the kind online marketing strategies used by Walmart and ICA Ettan Västerås in their online shopping activities. It will also try to have the perspective of the customers of ICA Ettan so a general picture of their needs will be known. In light of that, our research questions are formulated as follows:

• Which strategies at Walmart and ICA Ettan Västerås, within the field of electronic Customer Relationship Management (e-CRM) are being used when it comes to offering online shopping? We think this is vital since successful managing of the customer relationship leads to customer satisfaction and loyalty, and thus, increasing the online trading.

• What are the employed online marketing strategies concerning product, price and trust?

• How does the online shopping consumer behavior look like at ICA Ettan Västerås?

1.3 Purpose

The aim of this paper is firstly to scrutinize the online marketing strategies used by the grocery retailers IEV and WCU. Secondly, we shall investigate the online customer behavior of the grocery store IEV, hoping to find out what could enhance its online retailing.

1.4 Delimitation
As all studies, our dissertation has some limitations. Due to the fact that the interview with Walmart’s manager was done via the phone, we must acknowledge that this, unlike face to face interaction, results in getting limited information. This has made it difficult sometimes to verify the answers, and most importantly, missing sometimes information that is vital to the process of analysis. We should not forget also noting that the results of this research are confined to grocery business; indeed online buyers’ attitude is different when buying other products like computer and airline tickets.

It is crucial to point out here that the conclusions of this study are only applicable in Sweden, the US, and to a less degree, to societies where people have high adoption for online shopping. For instance, in countries where they suffer political instability, the price might not be an issue, and instead the security could be what people are concerned about.

1.5 **Access to literature and databases**

Most of the literatures used in this study were obtained from the university library and other hard copy books. We also used the gigantic and relevant databases provided to us from Mälardalens university library.

1.6 **Target Group**

We think this study is beneficial to Swedish grocery stores which do not offer online shopping. Of course this research is valuable to other stores which were not successful in their online retailing.

In the following, we give examples of these stores: Hemköp, Coop and Willys etc but the authors found ICA Ettan very interesting and worthwhile to study.
1.7 Literature review

When starting our research, the first question was in mind is this: what are the factors that enhance e-commerce in general and e-grocery in particular? After conducting extensive research, we have realized that e-grocery differs from e-commerce in that it is challenging and not as successful as other types of e-commerce due to the fact that the nature of grocery products requires unique delivery system. Nevertheless, the vast majority of the researches on e-commerce (whether dealing with groceries or not) scrutinize issues such as price, trust and product differentiations. Therefore, we have decided to design our theoretical framework according to studies on e-commerce in general, with talking into consideration the special nature of e-grocery.

We have chosen to focus on three areas when working with this research: electronic customer relationship management (e-CRM), factors enhancing online shopping, and finally, online consumer behavior.

The idea behind working on e-CRM is the statement that online sellers and particularly those who trade with the daily-needed products (e.g. groceries) need to understand the needs and the preferences of their potential customers. There are different researches attempt to answer this puzzle: some asserts the need for offering customized and differentiated service; others pay particular attention to the price and the delivery system. It is crucial thus to learn about the customer’s wishes and attitudes before designing the online marketing plan. Herein designing an e-CRM strategy would be a must in any online marketing strategy since it allows us to deeply track the online shoppers’ information.

We have mainly drawn upon Lazakidou’s work (2008) to outline the features of e-CRM. We found it important also to generally refer to customer relationship management (CRM) since one can argue it is the origin of e-CRM.

In the second part of the theories, we discuss the factors that enhance online marketing. Instead of picking up a readymade model, we have chosen in this part to cite different studies in order to attempt to give a comprehensive picture of the factors influencing online trading. We referred to Scullin et al. (2004) for highlighting the importance of product differentiation in e-commerce;
the works of different researchers (e.g. Lal & Sarvary, 1999; Jarvenpaa & Todd 1997; Kotler & Keller, 2006). We have also drawn on number of studies to stress the need for building trust in the process of online trading. As far as online retailing is concerned, there is an emphasis in academia on the trust issue because e-commerce is still not adopted by many people in many countries due to the fact that trading over the internet is risky (Monsuwe, 2004, Gefen, 2000). The vast majority of researchers (e.g. Monsuwe) stress the need for ensuring security and privacy; others (Lee & Turban, 2001) argue that the web site usability and its ability to perform the task are vital on building trust over the internet.

As for the online consumer behavior, we have used Galvez-Cruz and Renaud’s article about the consumers of e-grocery. Specifically, we have chosen to focus on the model of Brown et al (2006) on consumer behavior to outline the characteristics of the online shoppers. We have not paid much attention to the issue of customer segmentation due to the fact that this paper is time and space-restricted.
2 Methodology

There are two different approaches in social scientific research field: deductive and inductive approaches (Bryman, 2002).

According to Haig (2005, p.377), deductive research method is a “form of reasoning involved in both the generation and evaluation of explanatory hypotheses and theories”. In this context, positivism is the approach where the natural science viewpoint is considered. It sees the knowledge which can be accepted from our senses. In this kind of approach, theories are used in a deductive way, which means theory needs logic, or theories are used in a way to build a hypothesis which could be tested in order to get a logical result. In this sense, the collected information is qualitative, e.g. survey and questionnaires.

On the other hand, we have the social scientific approach which is called hermeneutics, and it is based on understanding and interpretation. This kind of approach has different views on the social reality that is being studied. Hermeneutics is needed since it is based on different senses especially in the case of human actions since it is believed they are separated from the natural science. In this approach, social scientist employs a subjective approach, aiming at understanding the meaning of social behaviors (Bryman, 2002).

Furthermore, if we look at the scientific research method there are two different research strategies. Quantitative and Qualitative research approach (Bryman, 2002).

In quantitative research approach, the empirical data is more quantified. Data is quantified and compiled to get a view of the research. Moreover, this type of this research is connected to positivism because it is deductive and employs hypotheses. Mostly, this kind of research consists of close questions, and is being made from a sample of population to get the results. Obviously, when the sample is big, the research gives more accurate results. A common example of this type is the questionnaire, which consist of multiple choice-questions in which respondents are forced to choose one of the given answers.
Whereas in second approach, qualitative research strategy, the quality, not the quantity of data, which matters. According to Bryman, (2002) scientists gather the questions and analyze the data with an emphasis on words, rather than quantification. This research approach is moreover inductive as researchers tend to study and understand the empirical data rather than using a theory. As stated by Bryman (2002), the deductive approach departs from a theory or a model; it is important how the individual interrupts the social reality.

2.1 Research Method

In this research study, we aim to use the inductive approach (questionnaire) because we think our research is scrutinizing a social reality; moreover, it is interpretative, and it is based on understanding a social behavior. Another reason for using this method is the fact highlighted by Fisher (2007), that inductive approach is making a link between the empirical findings and the literature through making generalization. We shall use also the deductive research method because we are using theories in the analyzing the empirical findings of this study.

2.2 Data Collection

There are two kinds of collection of data, Primary and Secondary data (Fisher, C.M. 2007). The authors decided to use both kinds of data for our research study.

As for the secondary data, they are mostly acquired from internet websites, different books (mostly from MDH library) and scientific articles which were mostly accessed through the database network of MDH. We have focused on scientific articles since they are as stressed by Fisher (2007, p. 95) more relevant sources than books.
2.3 Primary Data

This research study is mostly based on primary data collected through interviews with managers of Wslnart and ICA Ettan Västerås stores and questionnaire distributed to the consumers of ICA Ettan in Västerås.

2.3.1 Interview

There are different forms of interviews: face-to-face interview and phone interview. We have decided to use a face-to-face interview with the manager of ICA Ettan Västerås, and a phone interview with the manager of Walmart due to the huge distance in the case of the latter. The interview questions were sent first by e-mail to the managers of the local stores in order to let them have a clear picture of the research subject, which consequently will result in getting motivated answers. As noted by Selwyn and Robson (1998), sending questions to the interviewee in advance provides them with enough time to go through the questions and prepare motivated answers.

The interview questions were open-ended questions as interviewees should feel no pressure in answering them, and most importantly, they will not be forced to answer in any circumstances. We would like to note here that the interviews questions were not straight forwarded as they were reviewed during the interviews in order to enable the interviewees to have a better understanding of them. The motive for doing this is to provide a conducive environment for the interviewee as by doing this; we will give lots of information in a free manner (Boyce & Neale 2006).

The Interview with the manager of Walmart in California was made possible through the assistance of a relative of one of the authors who resides in the California of USA. It is crucial to mention that the personal relationship here has played an important role in arranging the appointment with the manager. After booking the appointment date with the manager, the questions were sent to him through email three days before the interview schedule. The questions can be seen in the table below.
As for the interview with the manager of ICA Ettan Västerås, it was conducted by one of the authors of this research with the assistance of another partner who took notes of the whole interview which lasted for thirty minutes.

The interview was recorded based on the consent of the interviewee. Many may oppose that, using interviews is expensive and also takes a lot of time but the authors thought that, undertaking interviews will help them have an in depth communication with the interviewee. In addition it will also enable them ask more questions about the subject matter. Because according to Fontana et al. (2000), the most effective way to know and understand people’s behavior is through interviews (cited in Lind & Knudsen 2007).

### 2.3.2 Questionnaire

We randomly distributed 20 questionnaires to consumers of ICA Ettan Västerås. We admit that the number of respondents is relatively small; however, this research is governed by limited time and space. We followed Fisher (2007) guidelines in making the questionnaire questions short and clear. We have used most of the questions asked to the managers of the examined grocery stores.
We have made sure to hand the questionnaire to the respondents because according to Fisher (2007), sending and returning completed questionnaire by email will make it impossible to ensure confidentiality since the sender’s email address will show in the email.

2.4 Secondary Data

Secondary data played a vital role in the literature review part because it provides some concepts and theories. Some of the secondary data used in this research includes journals, books and articles.

In getting the secondary data, we relied mainly on Ebrary (electronic sourced at MDH) and the following database web sites: Jstor and Emerald. We believe that these sources are more reliable at least from the scientific point of view.

Other secondary data were used which includes the official websites of ICA Ettan and WalMart to gather information about the company history and business activities. Google (Scholar) and Wikipedia were also used in obtaining some reliable information and facts needed for this research work.

In the first part of this study, the study describes ECRM marketing strategies which can be used to increase online sales. Different peer review articles would be discussed in a critical way to create a more sounded argument. Moreover, the used literature has more proportion of articles than books and the arguments were more precise because according to Fisher (2007, p. 92), articles with so many sweeping statements in their arguments need to be avoided. In order to increase online sales and to check online consumer behavior, we divide the work into two major portions: ECRM marketing strategies and consumer behavior towards online shopping

2.5 Ethical consideration

During our research self-respect and confidentiality of every interviewee were kept private due
to security reasons. Before the interviews, the managers were made aware that, their views would be used for academic purposes. In addition, the aim and objectives of this study were also made known to them.

No aggressive attitude or threatening terms were used against the interviewee. Moreover, the company’s perspective will be handled with care during the research and answers will be anonymous.
3 Theoretical Framework

This part is divided mainly into three subparts. First, we shall visit the concept of electronic customer relationship management (e-CRM). Studying e-CRM is helpful in understanding the online marketing strategies because since the successful managing of customer relationship is fruitful for increasing the consumer’s loyalty and satisfaction. Second, we shall discuss the factors that enhance the online retailing. We mean here product differentiations, price and trust. Of course, there are other factors could enhance e-retailing, but we have chosen to focus on these factors as we argue that they are vital to the survival of e-shopping.

Third, we dwell on (online) consumer behavior theories in order to find out ICA Ettan’s customers’ online behavior. This shall also help to understand whether there is a gap between the company’s online strategy and the customers’ needs

3.1 Electronic customer relationship management (e-CRM)

In order to understand the concept of e-CRM, we need to first explain briefly what CRM is. Lazakidou (2008, p.264) defines it as the company activities that are related to developing and retaining customers through increased satisfaction and loyalty. This means providing the customers with customized service/products at reasonable price. In other words, it is an approach as noted by Payne (2006, p.71), that helps to improve customer value for a company by developing customer relationships. This is hoped eventually to attract more people (or in broad sense actors) to do business with the company, which will arguably lead to profitable outcome.

In order to provide customized service, the company needs to learn about the customers’ needs and preferences. This requires storing and managing the customer information in the computer. Lazakidou (2008, p.264) mentions three key features of CRM, which we find as guidance on how to manage the consumers’ information:

- Accessibility: It is important that the right information is made available to the right recipients. Specific information like pending order procedures, financial information and
marketing projects should not be made accessible for customers but rather for employees, partners and vendors who need it.

- Inclusion: A crucial factor in CRM implementation is that all necessary information about customers is needed to be gathered such as financial transactions and workflow documents. This shall lead to gain a comprehensive understanding of the consumer’s experience.

- Visibility: This means customers as the main object of CRM can manage their own account and have easy access to their personal information. In fact, this does not only help to obtain more information about the consumers, but also it will arguably contribute to more commitment as they will be able to control the information affect them.

In fact, the internet revolution has radically changed the ways CRM strategies are implemented. Even though it might be considered unethical, companies, and also intelligent organizations are collecting information, without our permission, about our tastes, political leanings and our preferences through the online social networks, blogs and other online interacting platforms. That’s why a new concept in customer relation management has emerged, called electronic customer relationship management (e-CRM), which relies on internet and web applications in managing the customers’ information. With this new implementations, customers do not only easily communicate with the companies through web sites, but also they avail the same features as the internal employees’ use and that is what e-CRM is all about.

Electronic customer relationship management has become the latest strategy adopted by many companies as a tool to increase and promote their marketing skills and capabilities (Scullin et al. 2004). Reichheld and Schefter (2000) stress that e-CRM is one of the fastest growing strategies used by online marketers to develop long term relationships with their customers. As the case with CRM, e-CRM is used to increase the customer’s loyalty which will be reflected in sales volume and repeat purchases. In fact, e-CRM is unique in that it allows customer to have direct access to the services so they enter their information by themselves (through internet) which will facilitate the communication channels as this process consumes less time and effort, and very important, less costive means (including maintenance) for the company (Lazakidou, 2008, 265). E-CRM also differs from CRM in that web applications allow the firm to provide a highly
individualized system which could be designed according to the customers’ needs (Lazakidou, 2008, p.262-275).

In this technologically-saturated atmosphere, customers can file complaints through e-mails, and can also fill up their information in the company’s web site, and determine their tastes and preferences.

In what follows we outline the features of e-CRM:

- Improvement of customer satisfaction: The customer should be able to access the e-services at any time and without difficulties in order to facilitate the quick handling of orders.

- Reduction of operating costs: Automation of services makes the need of 24 hour personal redundant lessening the operational costs. The use of improved communication media makes information transfers more efficient.

- Increased revenue: Satisfied customers are more likely to make repeated purchases. With the use of the web there are chances for per-service and per-transaction revenues for the company (Lazakidou, 2008, p.262-275).

In the e-grocery world, we assume that e-CRM plays an important role in accelerating this type of commerce. Since different researchers have revealed that online trading of groceries are slow in development, it has been argued that personalizing the service and products are of important value for putting this business on the track. E-CRM offers much in this case, for example Galvez & Karen (2006) recommend building up profile in which information about the user’s needs and abilities can be found.

In the following section, we will discuss specific strategies which could be employed for e-commerce to increase the profitability and the customers’ satisfactions
3.2 Factors enhancing online shopping

There is an emphasis in academia that online retailers must pay particular attention to creating customer value in online grocery (Anckar, Jelassi and Walden, 2002). In order to create customer value, researchers emphasize the importance of having strategies focusing on product differentiations, price and trust building. Of course there are other factors enhancing online retailing like web usability, but we have chosen to narrow this research to the other factors due to the time and space constraints. Logically, since implanting efficient e-CRM strategies is important for enhancing customer satisfaction and loyalty, we begin by saying that having e-CRM strategy is crucial for enhancing online shopping

3.2.1 Having an e-CRM customer strategy

According to Rigby et al. (2002), in order for companies to achieve an effective marketing strategy, the development of e-CRM customer strategy will be instrumental. This will enable e-retailers to identify what do currently customers buy, and what might they buy in the future. Companies have to design their website to gather information in order to gain a better understanding of the user community (Fjermestad et al 2003). It is very important in this stage, as mentioned above, to individualize this process which will reflect later in providing customized products

3.2.2 Product Differentiation

Scullin et al. (2004) stresses that customers prefer shopping online by comparing different products. Since products, especially groceries, can be found in the physical world, e-retailers need to provide a unique products that they can acquire it online. Undoubtedly, it could be difficult to provide the market with differentiated soda drink for example, but here is a field where the creativity plays a crucial role. Selling homemade cake for instance could be a good idea to offer the market what is missing from traditional grocery stores. Delivery also….talk about it
### 3.2.3 Trust

Indeed trust is a challenging factor for online trading. Although internet users are increasing dramatically around the globe, shopping online is relatively a new phenomenon, and therefore consumers who are not used to this method perceives it as risky (Monsuwe, 2004, p. 150). One has to bear in mind here that there are a lot of online crooks and hackers who lose no time in misusing our personal information, and hijacking our debt cards. That is why Gefen (2000) asserts the point that online marketers have to gain the customers trust; otherwise customers will find it difficult to purchase anything online.

But what are the trust parameters? Our experiences in buying online in different countries suggest the point that trust parameters vary according to the level of internet adoption in the society, coupled with the political instability. For instance, in a country like Sweden, the issue might not be the payment (unless there is something suspicious about the e-retailer), but the security or maybe the web usability.

Drawing on couple of researches, we suggest the following criteria for building trust in e-commerce:

- **The salesperson expertise:** Monsuwe (2004) identifies it as a silent source of trust for customers. It is logical to suggest that people tend to buy known brands, or known organizations; even the service is not satisfactory, it is still safe. We suggest here also consumers trust trading with authoritative (government/international organizations) actors.

- **Security and privacy:** High level of privacy and security enhances e-shopping (Monsuwe et al, 2004, p.151). People are sensitive to exposing their personal information since it might be misused and then ruins their social life. As far as security is concerned, customers need to make sure that this web site is safe to expose their financial information. It could be suggested that the company needs to tell its customers about the payment agreements and about the payment service provider (when paying through bank
cards). Since there are customers who still do not feel to enter their credit card information, authors such as Levy (2010) emphases the point that payment options can be a key factor to increase customer’s intentions to shop online. This is very important also for some customers do not have credit cards. There are number of payment methods could be suggested like prepaid cards and mobile’s SMS.

- The perceived technical competence of the system: we mean here the system ability to perform the assigned task (Lee & Turban, 2001). If the purchase process is not completed due to technical failures like missing pages, inability to move further in the transaction process, the customer could think that this online store is unreliable because of its inability to implement a good web site.

- The perceived performance level of the system: How fast and reliable the web site to finish to the task (ibid). The slowness of the web site might drive the impatient customers away from it, and it also could send a sign of unreliability.

3.2.4 Pricing strategy

Online retailer is required to offer customers something special that attract them to do business with this somewhat risky commerce. Price is an important issue here especially when consumers can find the needed product in the physical world and at the same time they are not pressed for time to go and collect it. Lal & Sarvary (1999, p. 124) suggest that online customers are different; some are price conscious, others are looking for unique product which they can’t find offline with less consideration on price. Moreover, since online shoppers are not able to touch and feel the product before purchase, price perception plays a vital role in their post purchase satisfaction and repeat purchase intentions (Jarvenpaa & Todd, 1997; Liu & Amett, 2000; Babin et al., 2003; Bolton, Warlop, & Alba, 2003). Bolton and Lemon (1999) emphasize that fairness in price determines the length of the provider-customer relationship.
According to Kotler & Keller, (2006, p.177), prices are normally set through negotiations after the product is examined in retail stores. Internet is one of the biggest marketplaces in which consumer trade online through gathering, sharing information and comparing prices. This means that, the online marketer should compare its prices with other sites to convince the customers that, their prices are the lowest. This is related to CRM and e-CRM strategy because e-CRM helps to do price comparison on personalized level, and giving consumer opportunity by showing more transparency.

Obviously, considering the aforementioned factors will help understanding online consumer behavior which is of interest to us in this research. In the next section, we will briefly provide the reader with some attributes in online retailing.

3.3 Understanding consumer behavior

Online consumer behavior is studied by researchers from different perspectives. There are those who focus on consumers attributes regarding technical competence of the system and the web performance. We have mentioned in the previous section that these two factors contribute to trust-building, which means they influence consumer behavior. Recent reports find that those online consumers respond positively to the quickness of the site, ease of navigation, and detailed product content (Forrester Consulting cited in Galvez-Cruz and Renaud, 2006)

Brown et al (cited in Galvez-Cruz and Renaud, 2006) suggest that online shoppers can be:

- Personalizing: there are increasing researches (e.g. Galvez-Cruz and Renaud, 2006) highlight the point that many online shoppers prefer customized products or service
- Recreational: shoppers who shop for the “pleasure of shopping” for instance, online retailer could make the web site visually attractive, or add to it entertainment features.
- Economic: consumers who seek low prices.
- Involved: these whose style includes multiple styles, for instance when someone is looking for customized service with cheap price.
• Convenience oriented recreational: customers who seek primarily convenience and secondary pleasure of shopping.

• Community oriented: those who like to buy from places where they live

• Apathetic convenience oriented: these shoppers buy for only convenience, and do not enjoy the shopping process.

There is also a need to study the market segmentation when study online consumer behavior. Segmenting consumers by using demographic factors is a basic and very useful marketing tool. It allows you to describe with some amount of generalization what the target group looks like and predict how the potential consumers will behave. These demographic factors are: age, gender and social grade. (Evans et al., 2006 p.106). Age is an important factor since for instance we expect elderly people is less adapted to the online shopping than youngsters. When launching an online service targets those who are pressed for time, we need then need to pay attention to the percentage of students and the rate of unemployment.

3.4 Summary

When designing online marketing strategies, it is important to learn about consumers’ preferences and needs. This would be done through implementing a successful electronic customer relationship management strategy (e-CRM), which uses the web applications to track the customer attitudes and information, and as such increase the customer satisfaction and loyalty. The main features of e-CRM are as follows: the ability of the customers to access the e-service without difficulty; reduction of the operational cost by automation of the e-service; and increased revenue.

Obviously, the aim of the e-CRM is to build customer loyalty, which means in other words finding the factors enhancing online shopping. In this regard, we have mentioned earlier in this chapter, four factors: having an e-CRM strategy, product differentiation, trust, and price.
While online marketers should pay attention to the above-mentioned factors, they should also not forget that there are different types of online shoppers. There are those who like to get personalized service, those who shop for the pleasure of shopping, those who search for cheap offers, those who look for convenient shopping, etc.

4 Background

This chapter is to provide the reader with general information about the retail grocery business in both Sweden and the United States. This shall help creating more understanding about the context of this research. A few lines about the retail grocery business will help to understand the main features of this type of commerce.

In plain language, grocery store is the place where people buy retail food. There are different types of retail food industry, e.g. gas-station and convenience stores, grocery stores and supermarkets (Daunfeldt, Orth and Rudholm, 2005). Undoubtedly, all these types have their special customers since they provide different service, and their locations from the city center are different, and, important to remember, their opening hours play an important role in attracting customers. However, in this era of the globalized giant commercial enterprises, supermarket chains have been increasingly dominating the grocery business. The Swedish and the US grocery industries are dominated by supermarket chains, which do not sell only food, but also in some places, furniture and cloths (Johansson, 2006; Daunfeldt, Orth and Rudholm, 2005).

4.1 Retail grocery industry in Sweden

The Swedish retail trade market is highly concentrated as three major Nordic companies, namely, ICA group, Coop and Axfood are dominating the market, with 89 percent of the market share as was found in 2002 (Daunfeldt, Orth and Rudholm, 2005). A fourth player is called Bergendahl-group which operates mainly in the southern of Sweden with a market share of 2 percent. There are other players, like the Danish Netto (established in 2004) and the German Lidl
(established in 2003), which altogether scored 2 percent of the market share in 2004 (ibid).

We have done an internet-based research in which we found that e-grocery is not developed in Sweden. There are no internet pure players, and very few have e-service with delivery.

ICA is the largest retail grocery group in Sweden with market share equals 44 percent in 2002 (ibid). The company’s operations are mostly based in Scandinavia, and it is considered to be the largest firm in the region that runs retail business (Wikipedia). According to a recent statistic, ICA group had 1359 stores in 2009 (ibid). There are four categories of ICA stores in Sweden: ICA nära, ICA Supermarket, ICA Kvantum and ICA Maxi. The first two types are smaller in size, offer less variety of products, and they are located near home, works or as the case with ICA supermarket, in the city centers. For those customers who look for more variety, and also for more products such as furniture, and relatively cheaper prices, they need to visit ICA’s bigger stores like Maxi (ibid). However, they need to give up some of their time since such type of grocery is located normally outside the urban areas.

ICA shops in Sweden are operated independently owners, who manage the stores by themselves. ICA group has agreements with ICA stores as it provides them with marketing, logistic and communications services as well as sell them wide range of ICA products (their own brands and other brands as well) (Ivez-Cruz and Renaud, 2006; Daunfeldt, Orth and Rudholm, 2005)

Unlike ICA, Coop, which has its business in number of Scandinavian countries, is more centralized (Ivez-Cruz and Renaud, 2006). For instance, ICA s can, but Coop cannot take decisions on prices at the individual stores. Traditionally, it has been the second largest food retailer in Sweden, with market share equals 25 percent (Daunfeldt, Orth and Rudholm, 2005). The company is a group of regional consumer cooperative which are centrally coordinated. There are four types of grocery Coop stores in Sweden: Coop Forum, Coop Konsum, Coop Nära and Coop Extra. Coop Forum and Coop Extra are big size, and sells variety of products. They differ in that the first offers additionally cloths and some home products (Wikipedia).

The third large retail group in Sweden, Axfood, (formally D&D) consists of stores wholly owned
by the group, and also stores run by independent owners who have agreement with Axfood. Examples of grocery retailers owned by Axfood are Willys, Hemköp And Prisxtra Chains (Daunfeldt, Orth and Rudholm, 2005)

As it is clear from the above-mentioned information, the Swedish grocery retail market can be characterized in two points: firstly, it is monopolized by few players. Secondly, it operates in a less vertical way, or what Burt and Johansson (2004, 808) terms as ‘‘federal grocery retail organization’’.

4.1.1 ICA Ettan Västerås (IEV)

ICA Ettan is a middle-sized grocery supermarket that is located in Västerås city in Sweden. The store, which is located relatively near the downtown, offers wide range of grocery products, including its own products like fresh meat, vegetables, fruits and bread. Actually, it has a kitchen, where 15 people work to provide the store’s customers with homemade food and cakes not to mention bred products (ICA Ettan Västerås website). ICA Ettan Västerås is among the few grocery stores provide online shopping in Sweden with delivery.

4.2 Retail grocery industry in the USA

The US grocery retailing industry has been witnessing dramatic changes due to the fierce competition over the last two decades (Carpenter and Moore, 2006). This industry, which is worthy of 400 billion dollars, is no more confined to traditional grocery stores or supermarkets; new types of giant stores with aggressive prices are threatening the conventional grocery retailers (Michelle, 1997). The warehouse clubs are very good example of these price-oriented stores which the customers need to buy products in large quantities. In this grocery format, which sells products at prices, on average, 26 % lower than those in the traditional supermarkets, consumers need to definitely give up convenience and service in return for lower prices (ibid).

The current US grocery retail industry is characterized also by what is called as ‘‘supercenters’’ which has gained momentum over the years. What is unique about this grocery type is that it is not only its low prices and aggressive discounts, but it has the advantage of doing a one-stop
shopping as supercenters sell, in addition to groceries, a wide variety of other products such as home furniture, cosmetics, sporting goods, etc. (ibid). It is unsurprising in light of the above-mentioned that recent reports have revealed that supercenters are challenging traditional supermarkets, especially they are notable for their significant operating efficiencies and effective use of IT (Duchessi and Nowak, 2004). According to number of studies, the US grocery retail market is dominated by national retailers such as Walmart, Kmart, and Target (Michelle, 1979). In addition; there are regional players, and small players (e.g. convenient stores, gas stations) whose businesses are in danger because of the expanding of giant discount stores. These threatening giant stores had forced conventional grocery stores, in order to survive, in the US to provide their customers with increased service like meal options, private-label products, applying loyalty programs, etc (Carpenter and Moore, 2006)

In addition to in-store retailers, the US grocery industry includes pure online grocery retailers. However, number of these online retailers has experienced failure in their business (Ramus and Nielsen, 2005). This is maintained, as noted by different researchers, to the unsuitability of this type of business for online traders (Anckar, Jelassi and Walden 2002). The future of this business has changed recently as there are more pure-players (only online) are making successes, e.g. Peapod, Gopher Grocery, FrechDirect, etc. Moreover, physical grocery retailers, so to speak, such as Walmart and Kmart are extending their business online.

In what follows, we present the readers with brief information about the major US grocery retailers

4.2.1 Walmart

It is the leader in US discount store retailing (and specifically grocery retailing) and a leading global player in this business as it operates thousands of stores in number of countries in addition to the US market. It was founded in 1962, and since then it has grew rapidly, and it serves customers and members today more than 200 million times per week at its stores (Michelle, 1997; Wikipedia). The company’s stores can be grouped into three categories: Supercenters, Discount Stores, and Neighborhood Markets (Mergent: 2006). The company has been successful
in food retailing, and it is known for it is quickness to build warehouse clubs and supercenters, and also for its low-pricing strategy with a discount reaches 8-27 % on different food items (Carden and Courtemanche: 2010). It has been said that Walmart’s plan is to build approximately 100 supercenters a year (Michelle, 1997). The company offers its customers online buying a wide variety of products including groceries.

4.2.2 Kmart

It is a US chain of discount department stores, which was founded in the early sixties of the last century, and has become a leading global player in this business (Michelle, 1997). The company has by January 2010, more than 1300 stores in the United States and some other neighboring states (Wikipedia). As the case with Wal-Mart, Kmart has been quick to get a foothold in the supercenter business. However, the company was not as successful as Walmart in the field of warehouse clubs as it is argued that the latter is more experienced in food retailing than the former (Michelle, 1997). Kmart offers online shopping and shipping for customers inside and outside the US. As for the grocery products, the company offers online trading, but the customers need to pick up the purchased products from the store.

4.2.3 Target division of Dayton Hudson Corporation

It is an important player in the discount stores’ market in the US, operated its first store in 1962 (Wikipedia). It has been reportedly outperformed its competitors (Wal-Mart and Kmart) in discount retailing. According to a research, Target ‘’ appears to be more successful in getting certain customer segments to cross-shop between typical discount store categories (e.g. health and beauty) and higher margin apparel product categories’’ (Michelle, 1997) . It appears from Target’s website that it does not offer its customers online grocery retailing.

4.3 Summary

We can summarize the main difference between the Swedish and the US grocery retailing
industry in three points:

- Apparently, despite it is still relatively small, the American e-grocery is more developed than the Swedish one.

- Unlike the US, the Swedish grocery retailing market is characterized mainly by independent owners run their stores with agreements with a company that provide the stores with different services.

- The US grocery retail industry is increasingly dominated by giant superstores. Despite Swedish grocery retailers are making steps towards big shopping centers like ICA maxi and COOP Extra, theses are far from being described as one-stop shopping stations.
5 Empirical Findings

We have employed in this study a qualitative research approach in order to collect and interpret the results. In this chapter we present the empirical findings collected from the interviews with the managers of IEV and WC and the questionnaire distributed to IEV’s customers.

5.1 Walmart California-USA (WCU)

In this section, we will present the information obtained from the California-local manager of Walmart. The store is much like a neighborhood store that features a good selection of high quality merchandise, friendly service and daily life grocery products. It has a high belief in delivering good customer service. Moreover, it has the goal of bringing consumer to the best shopping experience on the internet. According to its local manager, WCU’s customers do not belong to one market segment; in fact, there are different consumers for different products. The store’s main customers are aged above 25 years, but these are not the only ones as it offers a variety of products to consumers with different income levels and personalities.

The company offers online shopping, and it is known for its famous name “walmart.com” which was launched about five years ago. Its consumers prefer online shopping over traditional shopping because they get good prices; moreover, it is convenient for them to compare the store’s prices with other grocery stores, which is, in the words of WCU’s manager, a tool for building trust. In addition, it gives the consumers the opportunity to compare the product in an easy way.

However, the downside for online shopping is that consumers do not, as the case with the physical store, do impulse buying. For instance, if the consumer intends to buy milk, he or she could buy additionally bread because of its fresh smell. Obviously, online consumers often buy only the products they need (WalMart California, 2011).

Walmart offers personalized online shopping to its customers, and for that they have to log in and fill in their information. This helps the company a lot, because Walmart can then survey its
consumers’ requirements. Additionally, the company can find out which products are mostly preferred, which will enable Walmart to send promotions through e-mail, SMS, and post (Wal-Mart California, 2011).

With regards to the payment methods, Walmart uses a safe method, and it has the best software which can notify the consumer with every step and requirements (Wal-Mart California, 2011).

Walmart always thinks to expand the online shopping as time goes on, and online shopping affects the sales a lot in a positive way since. WCU’s manager believes that there are lots of people who do not have time, and prefer to buy grocery products through the internet (Wal-Mart California, 2011).

5.2 ICA Ettan Västerås-Sweden (IEV)

The information in this section is taken from an interview with the manager of ICA Ettan Västerås. The grocery store has launched its online trading service in 2010 through the web site ‘handla24.se’. According to its manager, people prefer online shopping because it is more convenient when consumers are busy or tired after work. Ica Ettan offers customer personalization in form of ‘Ica Kort’; however, this service is only available for in-store customers, and not for the online traders, although online shoppers still get points on the card when buying online. As noted by its local manager, IEV does not send online shoppers personalized offers because they do not monitor the online buyers’ attitudes.

The company sells its products online by the same price it does in it physical store; however, it charges its customers for the delivery. Moreover, unlike the case with Walmart, it does not give its online shoppers the opportunity to compare the price with other grocery stores.

Consumer trust in the internet is build through providing high quality products and service, and also, as its manager believes, through providing correct information about the delivery procedure in the web site. Additionally, the company offers its customers more options for the online payment: VISA, MasterCard, ICA Klarna account. It is clearly stated at the company’s web site that the credit cards are handled by PayEx, which is known for its security and safety.
ICA Ettan Västerås plans to expand the online shopping facilities by offering customers with new opportunities and services. The store’s manager maintains that e-grocery is promising; more people will prefer to buy groceries from home.

5.3 Consumers of ICA Ettan Västerås

We present in this section the results of the questionnaire, which was handed in to twenty IEV’s customers. The consumers of IEV belong to different walks of life: students, self-employed, government officers and others. The majorities of the consumers are aged above 24 years and prefer Ica Ettan as their option for grocery store. Most of them spend from 5000kr to 8000kr per month to buy grocery products.

Many of the IEV’s consumers (60%) prefer online shopping because they either have a full-time work or a study. Interestingly, more than half of the consumers did not know about IEV’s online trading service.

According to our finding, the majority (40%) of the respondents think that price is the main driving force behind online shopping. However, around 60% of those who participated in this research do not think price is very important, and they have mixed opinions in this regard: 25% prefer online trading because of the delivery option; 20% because of promotions (this is linked to getting something cheap); 15% because of convenience.

There are more results highlight the importance issue is the fact that all the respondents were found to prefer online price comparison when they buy online products from IEV. Moreover, 80% of the respondents expressed their wishes to be notified of promotions via e-mail.

There is evidence in this research prove that online shoppers prefer personalized and individualized service. 60% of participants prefer personalized promotions; however, only 15% believe that IEV offer promotions according to their preferences.

Finally, nearly all respondents (95%) stress the importance of the delivery system in the process of online trading; however, only 25% agree would accept the grocery store charging them for the delivery service.
6 Analysis

In this chapter, we shall use the theories, which we presented earlier, in order to analyze and discuss the empirical findings of the interviews and the questionnaire. In this sense, we will make parallel between the theories and the data, hoping to academically understand first what online marketing strategies are being used by the two scrutinized firms, and second the consumer’s perspective in shopping grocery products online.

This part will be divided into three subparts: ICA Ettan Västerås and Walmart California, and the electronic customer relationship management; factors enhancing online shopping; and understanding the consumer behavior. We choose to use the same divisions of the theoretical framework chapter for theories were designed and structured according to the research questions.

6.1 ICA Ettan Västerås and Walmart California, and e-CRM

According to our findings, both WCU and IEV have a similar nature of business. However, we want to make it clear here that our focus in this research on the grocery sector. Both companies offer their customers the opportunity of shopping online; however, while IEV is relatively new in the field of online grocery retailing, WCU is a firm that has entered this business long time ago.

Managers of the both stores think that consumers prefer online shopping over the in-store shopping. We suggest that this is because of the time factor, and also because consumers at these days want more shopping opportunities. The managers of the both stores believe that online trading is an important strategy to increase the sales of the company products.

Indeed as mentioned by Rigbye et al. (2000), the development of e-CRM strategy is instrumental in achieving effective marketing strategy. Our findings show that the giant WCU, unlike IEV has understood clearly Rigbye’s words as there are signs that the company is investing effort in learning about the needs of its customers. For instance, online shoppers need to log in and fill in their personal information, and if they intend to trade with WCU, which is an opportunity for the company to keep track of the customers’ information, and thus learn about their preferences. Needless to mention, that this will give the company the change to segment its customers, and
then offering customized and differentiated service. As stated by Evans et al.(2006), market segmentation allows determining the target groups, and the behavior of the potential customers.

On the other hand, IEV does not have the opportunity to learn much about its online customers since their card system applies only to in-store customers. This is clearly evident as the company does not offer personalized and differentiated service/promotions for its online customers since they do not keep track of the customers’ information. The case is different with WCU which offers differentiated promotions and service to its online shoppers. Arguably, this means that the giant store has made use of the internet and developed an e-CRM strategy. As mentioned by Lazakidou (2008), developing e-CRM strategy improves the customer satisfaction, reduce operating cost and increase revenue.

It is very important to note here that while IEV has not paid much attention to developing e-CRM strategy, the company has actually developed CRM strategy for in-store retailing since IEV offers its offline customers an ICA card, which is an opportunity to learn more about its in-store consumer behavior. It is very difficult in this time-limited research why the company has not paid much attention to the electronic customer relationship management. However, a possible reason is that the company is new to online trading; another is that the company believes that online grocery retailing cannot replace offline retailing.

6.2 Factors enhancing online shopping

We mentioned in chapter four criteria for building trust in e-commerce. Due to the fact that we are pressed for time and space, we choose to focus in this section on only two criteria: the salesman expertise, and security and privacy.

6.2.1 Trust

Walmart is a big name, not only in the grocery world, but in the retail world in general. Arguably, Walmart’s long history and experience in the field of food retailing, added to that its big size makes online shoppers confident that the company is trustful, and that it is capable of delivering the service efficiently. As noted by Monsuwe (2004), the salesperson expertise is a silent source of trust. Indeed the name Walmart is enough to attract more online shoppers
without fearing that the seller is a crook, or that the company will not be able to fulfill its promises.

ICA Ettan Västerås is also, we argue, a trustful name for many people in the area where it is located. We know from experience, and also from people living in the area for long time that this grocery store has reputedly many loyal customers. Undoubtedly, the store’s reputation cannot be comparable with WCU, but we still believe that its owner could partly count on its expertise in designing its online trading campaign.

Nevertheless, there is all the time those who disregard the company’s reputation, and hesitate revealing their credit card information. For these types of people, the company has to explicitly ensure that its payment program is highly secure. That is why it should come as no surprise that security and privacy should, as highlighted by Monsuwe (2004), enhance online shopping. Both stores WCU and IEV use a highly-trusted payment program, and they explicitly write that they are committed to protect the privacy of their customers. The two companies use different payment methods (like company cards), which give the chance to those who do not want to use their credit cards in shopping online. This is actually a sign that the two stores are aware of the fact that trust is an important factor in the process of e-commerce in general.

6.2.2 Price

We have mentioned in our theoretical framework that price-cheap price- is an important motive for online trading. The giant WCU is aware of this fact, and accordingly, it has made sure over the years to not charge for the delivery service, and above all, to sell its products online with the same price it does in the physical store. Additionally, it offers price comparison on its web site. In doing so, WCU is sending the words that products are sold here with the cheapest prices.

On the other hand, IEV does not seem to be convinced that price is the main issue in the e-commerce. Despite it sells its products online with the same price it does in its physical store, it charges for the delivery, which makes the online trading quite expensive. We have mentioned earlier in this paper that some researchers argue that grocery business is not suitable for online trading. In fact, delivering groceries is costly as it needs to be done individually and with great
care. While WCU, due to its resources and high production, has succeeded so far in offering free of charge delivery to its customers, delivery remains an unsolved challenge for IEV.

6.2.3 Product differentiation

The Swedish store knows also price is not everything in the world of internet. As stressed by its manager, we provide our consumers with good service. This means, if we may interrupt it, consumers would still buy our products online even if it is not cheap because of the fact that we offer good service. In this context, it is worth reminding the reader with the words stressed by Scullin et al. (2004) that online shoppers are in the habit of comparing different products. Although IEV does not offer personalized service/products, we can argue the high quality service that it claims to deliver could be considered as its differentiated goods. As to WCU, it seems to know that price is not everything, and therefore, it offers its customers personalized promotions and service.

6.3 Understanding consumer behavior

We will analyze in this part IEV’s consumer’s preferences. We believe this information is important for the company as it enables them to understand the online shoppers’ attributes, which will be beneficial when designing online marketing strategies. However, we acknowledge that we have used some leading questions which might question the result of the research. We justify doing so by saying that this is a bachelor thesis, and it is designed to be general and it aims at testing already existing hypothesis. It is very important also to argue that our results are helpful in the sense they could be used as a base for further researches in this particular field. Furthermore, we want to remind the reader here that due to the time constraints, we have not analyzed the consumer behavior when it comes to web performance and usability.

Interestingly, only 45% of IEV customers are aware of the fact that the grocery store they are buying food from has online shopping service. This is not in line with the statement that Sweden is a country with high percentage of internet users because if customers brows the store’s web
site, they will find easily information about e-shopping. Having said that, it does not mean we want to contest the fact concerning internet adoption in Sweden. The point is rather e-grocery in Sweden seems to be undeveloped yet as customers seem to not check frequently the grocery stores’ web sites.

Brown et al (cited in Galvez-Cruz and Renaud, 2006) suggest that online buyer could be personalizing, recreational, economic, involved, convenience oriented recreational, community oriented and apathetic convenience oriented.

Our findings show that price is the main issues for online shoppers as the majority (40%) say price is the most important factor when buying groceries. What give weight to this also is the fact that all respondents in this research said that they would like to do price comparison when buying online. This is a sign that consumers are not willing to sacrifice offline for online trading; they want to make sure that they get good deal when buying in the vertical world. This is verified by the fact that two thirds of consumers are not willing to pay fee for the delivery. Of course this is understandable; unlike computers or accessories, food products can be found easily in local shops that are only dozens of meters far from home. Therefore, consumers are unwilling to pay extra price since it is a matter of minutes to go to the physical store and buy groceries. However, price is the main challenge for online grocery as delivery will be costly since food products need to be stored carefully and delivered instantly. This is actually why number of studies indicated that e-grocery retailing is slow in its development, and it is no wondering that there is emphasis by different authors in creating consumer value when selling grocery products online. The findings of this research give some hope for the future of e-grocery as it shows that consumers, apart from the price, are interested what could be a value for them: 80% of IEV’s consumers prefer to receive promotions via e-mail when buying online products and 60 % express their wish to get personalized promotions. This actually requires online grocery owners to pay extraordinary attention to providing customized service and differentiated products. We might suggest in light of that offering special products/service would make increasing number of consumers to sacrifice price for quality or differentiation. Of course this could be a different product and could be an efficient delivery home. True that the vast majority of the respondents noted that they are not willing to pay a delivery fee, but delivery is still an important factor for the successful e-grocery retailing. According to our findings, delivery option is the main driving
force when buying groceries online for 25% of our respondents; 95% believe that efficient delivery system is important when buying online. This is understandable since food products need to be delivered home as quickly as possible. Indeed efficient delivery in e-grocery is challenging, and also vital for the survival of this type of business. Therefore e-grocery retailers need to think about creative and less costly means to solve this problem. A positive sign here is that consumers seem to have adoption for online grocery retailing as 60% of our respondents said that they prefer to buy groceries online. This might be because time is crucial in today’s digital world, but whatever the case, this is a sign that price is not everything for the consumers.

In light of the above-mentioned, we conclude by saying that IEV consumers are mainly economic and/or seekers of customized services.
7 Conclusion

This research concludes that WCU is taking the advantage of the internet in order to develop an e-CRM strategy. This is evident from the online personalized service (promotions) as well as its login service and customer profiles, which are indicators that the company has been making an online effort in order to learn about its customers' preferences. This is translated in the company’s focus on offering products with low prices, and more importantly, letting the customers know that they are getting the cheapest prices. We suggest that this is because of the fact that WCU is a giant grocery company with long history and solid experience not to mention resources. Another important factor could be added which is the fact that the company has been also offering its customers an online trading service for years. On the other hand, while IEV has developed its CRM strategies on the offline level, it has not benefited from the Internet to develop e-CRM strategies. Of course it would be an overstatement to claim that IEV has not an e-CRM strategy at all, since we need to analyze the company's website (which we have not done in this paper) in order to answer this question confidently.

In any event, IEV has a prediction of its customers’ preferences since its manager stresses that its customers are good-service seekers. Actually, this does not seem to be 100 percent true from the perspective of IEV’s consumers. True high quality service matters, but our questionnaire findings also show that people are sensitive to price, which is, in fact, a sign that the company is in need to have a developed e-CRM strategy if it wants to learn more about its consumers and increase the share of online trading. Indeed IEV needs to take lessons from WCU which has been aware, through learning about its consumers, of the importance of the price as well as personalized service. What gives weight to this claim is the fact that, aside from the price, having a differentiated and personalized product/service was a very important issue for IEV’s consumers.

Furthermore, we want to emphasize the extraordinary significance for trust building in online retailing. Now while this fact is unsurprisingly known to the managerial level of our two scrutinized companies, what is challenging is how to build trust. Based on the questionnaire
findings, we recommend that having a sophisticated delivery system is very important in the grocery field.

A final word, lower price, differentiated service, and trust-building are very importance for the survival of online grocery retailing. Indeed more developed e-CRM would help to find out the consumer perspective on this, and eventually develop the online grocery trading.
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**Websites**

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Walmart’s website: http://www.walmart.com/


Target division’s page in Wikipedia: http://en.wikipedia.org/wiki/Target_Corporation
9 Appendix

9.1 Interview questions

1. How would you describe your company and which kind of consumers is your main target group?
2. Does your company offer online shopping? If not why not? If yes, how long have you offered it?
3. Do you think that consumers prefer online shopping over the traditional way of doing shopping?
4. Do you think online shopping is important for the consumers?
5. Does your company offer any customer personalization for online shopping?
6. Does your company offer price comparison at online shopping?
7. What do you think is important when it comes to build trust for customers to shop online?
8. Do you plan to expand the online shopping?
9. Does online shopping affects the sales?

9.2 Consumer Questionnaire

Note: Please tick the right option.

1. What is your occupation?
   - Student
   - Government officer
   - Self employed
   - Other
2. How much do you spend on an average on groceries each month?
   - 1000 -3000kr
   - 3000- 5000kr
3. What is your age?
   - 18-24
   - 24-30
   - 30-35
   - Above 35

4. From which store do you usually shop grocery products?
   - Ica Ettan
   - Coop
   - Willys
   - Other

5. Do you prefer to do the grocery shopping online?
   - Yes
   - No

6. Are you aware of the fact that Ica Ettan are offer online shopping?
   - Yes
   - No

7. When it comes to online grocery shopping, which of the following factors are the most important to you when deciding to buy or not?
   - Price
   - Convenience
   - Delivery option
   - Promotions

8. Would you like to be able to do price comparison at IcaEttan.se?
   - Yes
   - No
9. Would you like to be notified of promotions via Email?
   - Yes
   - No

10. Does Ica Ettan send promotions according to your requirements?
    - Yes
    - No

11. Would you prefer personalized promotions?
    - Yes
    - No

12. Do you think shopping online will affect the quality of the products?
    - Yes
    - No

13. Does efficient delivery system matters for you when deciding to do online shopping?
    - Yes
    - No

14. Do you believe that it’s ok with delivery charges when shopping online?
    - Yes
1. What is your occupation
   - Student: 30%
   - Government officer: 10%
   - Self employed: 15%
   - Other: 35%

2. How much do you spend on an average on shopping per month?
   - 1000 - 3000kr: 30%
   - 3000 - 5000kr: 45%
   - 5000 - 6000kr: 10%
   - More than 6000kr: 5%

3. What is your age?
   - 18-24: 20%
   - 24-30: 15%
   - 30-35: 15%
   - Above 35: 50%

4. From which store do you usually shop grocery products?
   - Ica Ettan: 100%
   - Coop: 0%
   - Willys: 0%
   - Other: 0%

5. Do you prefer to do grocery shopping online?
   - Yes: 60%
   - No: 40%

6. Are you aware of the fact that Ica Ettan are offering online shopping?
   - Yes: 45%
   - No: 55%

7. When it comes to online grocery shopping, which of the following factors are the most important to you when you decide to buy or not?
   - Price: 40%
   - Convenience: 15%
   - Delivery option: 25%
   - Promotions: 20%

8. Would you like to be able to do price comparison at Icaettan.se?
   - Yes: 100%
   - No: 0%

9. Would you like to be notified of promotions via Email?
   - Yes: 80%
   - No: 20%

10. Does Icaettan send promotions according to your requirements?
    - Yes: 15%
    - No: 85%

11. Would you prefer personalized promotions?
    - Yes: 60%
    - No: 40%

12. Do you think shopping online will affect the quality of the products?
    - Yes: 35%
    - No: 65%

13. Does efficient delivery system matter when deciding to do online shopping?
    - Yes: 95%
    - No: 5%

14. Do you believe that it’s ok with delivery charges when shopping online?
    - Yes: 25%
    - No: 75%