BARRIERS AND MOTIVATORS TO ONLINE GROCERY SHOPPING IN SOUTH AFRICA: A SUPPLY CHAIN PERSPECTIVE

by

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DECLARATION

I declare that this dissertation entitled, “Barriers and Motivators to Online Grocery Shopping in South Africa: A Supply Chain Perspective” is my own work and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete references.

SIGNATURE
(Ms Alicia Neva Snyman)

DATE
2014/11/15
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ABSTRACT

Online grocery retailing holds potentially fruitful outcomes for retailers in South Africa. However, South African retailers and consumers have been slow to adopt and participate in this form of grocery retailing. This study explores the barriers and motivators to online grocery shopping in South Africa from a supply chain perspective. Therefore, the study was done from both the customer and the retailer’s perspective. Three qualitative data collection methods were employed to collect the data. Firstly, a website analysis of four e-grocers was conducted and compared. Secondly, two focus group discussions were conducted – among consumers who use online grocery shopping, and those who do not. Thirdly, an in-depth interview was conducted with one of the online operations managers of an e-grocer in South Africa. The results revealed four different ‘sets’ of motivators or barriers to online grocery shopping in South Africa: consumer-specific, retailer-specific, website-specific and supply chain-specific. Results from this study could be used to shed some light on how to overcome the hurdles of becoming a multi-channel grocery retailer in South Africa.

Key words: E-retailing, Grocery Retailing, Online, Barriers, Motivators, Supply Chain, Websites, South Africa
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CHAPTER 1

BACKGROUND AND RATIONALE OF THE STUDY

1.1 INTRODUCTION

The growing significance of technology-enabled service experiences in today’s economy has created noteworthy interest in industry, government and academia around the world (O’Cass & Carlson, 2012:28). The internet and its vast array of options have empowered both retailers and consumers.

Consumers can now observe the entire shopping basket from packaged goods to CD’s and even perishable foods (Ferreira, 2009:3) and they can do this in the convenience of their own homes, as online shopping involves no travel, no restricted shopping hours or product-carrying and has the added benefit of product and price comparisons (Chu, Arce-Urriza, Cebollada-Calvo & Chintagunta, 2010:251). In contrast to its advantages, online retailing eliminates the self-select option of traditional supermarkets. Consumers cannot physically examine products (touch, feel, sample or trial), and therefore online retailers have to convince consumers that they are receiving the same product quality as they would in-store (Lim, Widdows & Hooker, 2008:842).

From a retailer’s perspective, online retailing poses both opportunities and barriers. One opportunity might be exclusive contact with consumers. Through this, a retailer can build personalised data systems of consumers and can recommend other products to purchase from previous electronic shopping lists, compiled by a specific consumer (Chu et al., 2010:252; Lim et al., 2008:840; Doherty & Ellis-Chadwick, 2009:1250 and Williams, 2009: 230). The barriers for retailers might include factors such as legal and regulatory issues (Cowles, Kiecker & Little, 2002:629). The opportunities and barriers of online retailing for retailers will be discussed in detail in the following sections. The main aim of this study is to explore the barriers to and motivators of online shopping in South Africa, specifically
looking at online grocery retailing to determine whether online food shopping is fully accepted by South African consumers.

1.2 BACKGROUND INFORMATION ON THE RESEARCH PROBLEM

The focus of this study was to explore the proverbial “last mile” of the retail supply chain, namely online order fulfilment and delivery (Liao, Chen & Wu, 2008:1763).

Online shopping provides consumers, who are the end party in the supply chain, with the option to stay at home and wait for products to be delivered by retailers. This is the reason why online shopping is referred to as the “last mile” process (Liao et al., 2008:1763; Xing, Grant, McKinnon & Fernie, 2010:416 & Boyer & Hult, 2005:643). Online retailing means more complex distribution systems for retailers, as some of the physical aspects of retailing which is the responsibility of the consumer in a conventional retail setting, now becomes the retailer’s task - for example, picking the fresh food products such as meat and fruits. Xing et al. (2010:416) argue that this has major implications for retailers, as new distribution channels need to be developed. Although this might pose some major challenges, if done correctly, the efficient management of distribution and fulfilment in the “last mile” can enhance profitability and reduce costs and through this the retailer can gain a competitive advantage.

Online retailing, more commonly known as “E-tailing” or “E-retailing” (short for electronic retailing) is defined by Huang (2011:116) as “...the selling of retail goods on the internet”. However, for the purpose of this study, the more encompassing definition of Thirumalai and Sinha (2011:477) will be used, whereby they define e-tailing as: “...all online transactions between a retailer and a customer from the point the customer arrives at the retailer’s website to the point the retailer fulfils the customer’s order.” From this definition it is clear that the authors mean ‘final consumer’ when they use the term ‘customer’.

Although e-commerce has widespread uses across supply chains and an array of different business models, the focus of this study will fall on the proliferation of business to (final) consumer (B2C) e-commerce, hence e-tailing.
E-tailing can include a range of different product types, from CDs and PCs to holiday gifts (Li & Gery, 2000:49; Ferreira, 2009:3). Although many other categories of products are more ideally suited for online sales, only online grocery selling will be considered for this study. The reason is three-fold. Firstly, different product types have different characteristics and, to ensure that the study has a clear focus, the broad category of online product selling has been delineated to focus only on online grocery selling. Secondly, given the infrequent purchases of items such as CD’s and holiday gifts, it is difficult to gain a holistic view of the entire online shopping process (Li & Gery, 2000:49). Thirdly, from the literature available regarding online retailing in a South Africa context (Reinartz, Dellaert, Krafft, Kumar & Varadarajan, 2011; Hall, 1999), it becomes apparent that some products such as CDs and books have been more successful in a virtual context whereas products that are bought in-store more frequently, like groceries, have been very slow to become popular online. This study will specifically explore online grocery shopping because of the apparent slow adoption rate by retailers and customers in South Africa. The study will therefore make a contribution in an area that still offers many opportunities.

To gain a thorough understanding of e-tailing, the birth and development of e-commerce and e-retailing must first be understood. This (e)-volution will be discussed in the following section.

1.3 THE NEW ‘E-CONOMY’

During the late 1990’s, the globalisation of retailing onto the internet became an important phenomenon, dramatically altering both the commercial retail landscape and the nature of consumer society. Wrigley and Currah (2006:340) report that electronic space emerged not simply as a means of transmitting information but also as a new platform for capital accumulation, although electronic retailing has yet to reach its full potential. Cowles et al. (2002:629) state that, even though, initially, there was an overwhelming “media hype” about the commercial opportunities that the World Wide Web could hold, e-tailing has had a slow adoption rate, therefore it still occupies a small portion of the retail sector (Ferreira, 2009:2). One of the main reasons for this slow adoption is the fact that internet distribution still remains uneven across socio-demographic groups, as in the case of Africa. Internet World Stats (2011) reports that one of the main barriers for Africa is rolling out fixed-line
networks across its vast land mass. The internet and World Wide Web as a form of commerce is discussed in depth in Chapter 3.

Furthermore, various authors (Kalyanam & McIntyre, 2002:488; Thirumalai & Sinha 2005:292; Ellis-Chadwick 2008:4; Williams 2009: 230; Li & Gery 2000:50; Cowles et al., 2002: 631; Thirumalai & Sinha 2011:477; O’Cass & Carlson 2012: 28 and Wang, Wu, Lin & Wang 2011:351) reflected on other factors that might influence the slow adoption rate, some of which include website security and ease of navigation, service delivery, delivery times and legal and regulatory issues. These factors will be discussed in more depth in Chapter 2.

Although penetration might be slow, there is still one factor that businesses should not ignore: internet users in South Africa have increased from 2 4 00 000 in 2000 to 8 5 00 000 in 2012, proving that South Africans are utilising the internet a great deal more than twelve years ago (Internet World Stats, 2011). In a study carried out by World Wide Worx (2012), it was found that online retailing in South Africa surpasses any previous year, growing by 30 percent to reach the R2-billion mark in 2011, and they estimate that this figure will grow even more in the coming years to reach growth percentages of over 40 percent. Although it is evident that retailers over the past ten years have become more prone to the idea of e-commerce, to date, the retail industry still remains one of the slowest industries to utilise the widespread uses of the World Wide Web to its full potential (O’Cass & Carlson, 2012:28; Ferreira, 2009:2).

1.4 ONLINE GROCERY SHOPPING

Groceries are, perhaps, one of the most common commodities, therefore naturally competition amongst supermarkets are pretty steep, as a result they go to great lengths to develop new technologies and methods of streamlining both their supply chain and their marketing efforts (Boyer & Hult, 2005:642). Hand, Riley, Harris, Singh and Rettie (2009:1205), suggest that it is precisely for this reason why that supermarket chains need a better understanding of triggers that influence the adoption or discontinuation of online grocery shopping, to be able to develop a better strategic management plan.
In a South African context, an extra barrier exists as information on why and how South African consumers buy their groceries online is scarce. In an online journal search of the online libraries Google Scholar, Ebscohost, Wiley and ScienceDirect, with the key words online grocery shopping, South Africa, E-commerce, E-retailing, only the following two articles were obtained: Reinartz et al. (2011) and Hall (1999). This lack of information makes it difficult for South African grocers wanting to venture online to learn from others’ experiences and to know how to approach this venture in a South African context. According to Shea and Zivic (2011:25), online retailing still holds very fruitful outcomes for grocers, as the computer-savvy twenty-something consumers of today are moving into the life stage of young families, with a lack of time and a less internet-adverse attitude than their parents. Thus, online grocery shopping and the convenience it offers is the perfect fit for these young adults.

According to Thirumalai and Sinha (2005:294) and Heilig, Ernst and Hooker (2008:2), one of the main determinants of online success is the characteristics of the products sold online. As the study will be focused on grocery shopping, it is important to bear in mind that selling groceries online has distinctive challenges - for example, picking, packing, dispatching and delivery of perishable products. The reason these characteristics prove challenging is the fact that the consumers forfeit the ability to self-select their items. As a result, online grocery shopping sets the challenge of convincing consumers that the products they get are of comparable quality to those they select in the store (Boyer & Hult, 2005:646). They emphasise the importance of acknowledging these characteristics and ensuring that the supply chain is designed specifically to address these challenges. According to them, the delivery of the order is also important and home delivery will ultimately determine the success or failure of electronic B2C transactions. Milkmam, Rogers and Bazerman (2010:17) agree, and argue that the supply chain of supermarkets should be designed in such a way to allow customers different options of delivery for different product types. These different modes of delivery are discussed in great detail in Chapter 4.
1.5 THE SUPPLY CHAIN: IMPLICATIONS OF BECOMING MULTI-CHANNELLED

Most large retailers have morphed into multi-channelled firms, whether it is for the physical selling of products online, or simply as a means of communicating more effectively with their customers (Sorescu, Frambach, Singh, Rangaswamy & Bridges, 2011:3). Either way, Morganosky and Cude (2002:451) argue that this is the first step in the right direction for retailers wanting to become multi-channelled, as having both an online and physical presence can help to overcome the trust issues consumers may have.

One of the main advantages for retailers in using the internet is the fact that it creates the opportunity to link consumers with grocery stores from their homes. This means that a grocery store can now be open to its consumers 24 hours a day, 7 days a week. The internet also helps to integrate the supply chain closely by linking marketing, sales operations and logistics (Boyer & Hult, 2005:642). According to Sorescu et al. (2011:5), retailers today cannot be referred to as “merchant intermediaries” that simply buy from suppliers and sell to consumers. E-tailing has changed this phenomenon. Retailers should rather be referred to as ‘orchestrators’ of two-way platforms that serve as ecosystems in which value is created and delivered to the customers. Keeping this in mind, new business models should be developed that go beyond the traditional functions of procuring, stocking and moving products. According to Sorescu et al. (2011:5), the following factors should be considered by retailers when re-designing the supply chain to incorporate an online channel:

1.5.1 Retailing format

The retail format is concerned with the structuring and organising of retailing activities into a logical process that fulfils the customer’s experience. These activities include all the activities in the retail mix - for example, product assortment, pricing strategy and customer interface. The importance of the re-evaluation of the supply chain with regard to these factors is to ensure that issues such as the perishability of food products and their delivery times are addressed.
1.5.2 Retailing activities

Retailing activities refer to the stocking, displaying and exchanging of goods and services that fulfil the customer’s experience. The sequence and structure of the process will be guided by the activities and store format adopted. With regard to the inclusion of an online platform, retailers should consider changes in activities to increase customer engagement, such as through the use of the new technologies.

1.5.3 Retailing governance

Retailing governance refers to all the role-players involved in performing the supply chain activities. Apart from the retailers and customers, these role-players include the retailer’s network of partners throughout the supply chain. When a supply chain has to be reorganised to include an online platform, retailers could rely more on these role-players to complete or assist with the fulfilment activities.

These and other elements that should be considered when retailers want to become multi-channelled will be discussed in more detail in Chapter 2 of this dissertation.

Many previous international researchers (Lu & Hung, 2011; Cowles et al., 2001, Lim et al., 2008; Zhan & Gery, 2000; Heilig et al., 2008; Singh, 2001) focused their research on determining which factors prohibit both consumers and retailers from utilising the internet for grocery shopping. However, there is no clear evidence of the major factors that determine the success or failure of online grocers in South Africa. Therefore, findings of previous studies carried out in the UK, United States, Taiwan, South Korea, Australia, Spain, Canada, Sweden and Hong Kong will be used to form the theoretical basis of the study, in order to determine how applicable these factors are in a South African context.

Tables 1.1 and 1.2 below illustrate the factors identified by various authors (international researchers) as either motivators (or advantages) for, or barriers to online shopping respectively. These factors and the sources will be discussed in more detail throughout this dissertation.
Table 1.1: Advantages of online grocery shopping as identified by various authors

| Advantages                        | Authors | Authors | Authors | Authors | Authors | Authors | Authors | Authors | Authors | Authors | Authors |
|-----------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Retailer                          |         |         |         |         |         |         |         |         |         |         |         |         |
| Establish brand name              | X       | X       |         |         |         | X       | X       | X       |         |         |         |         |
| Strong bargaining power          | X       | X       |         |         |         |         |         | X       |         |         |         |         |
| Physical presence                | X       | X       | X       |         |         |         |         | X       | X       | X       |         | X       |
| Wide reach                       | X       | X       |         |         |         |         |         |         |         | X       |         |         |
| Competitive advantage            | X       | X       |         |         |         |         |         |         |         |         |         | X       |
| Consumer                         |         |         |         |         |         |         |         |         |         |         |         |         |
| Convenience                      | X       | X       | X       | X       | X       | X       | X       | X       | X       |         |         | X       |
| Reward programmes                | X       | X       |         |         |         |         |         | X       | X       |         |         | X       |
| Increased alternatives           | X       | X       |         |         |         | X       |         | X       |         |         |         | X       |
Table 1.2: Barriers to online shopping as identified by various authors

<table>
<thead>
<tr>
<th>Barriers</th>
<th>Authors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retailer</td>
<td></td>
</tr>
<tr>
<td>Start-up cost</td>
<td>X</td>
</tr>
<tr>
<td>Slow adoption rate</td>
<td>X</td>
</tr>
<tr>
<td>Cannibalisation of channels</td>
<td></td>
</tr>
<tr>
<td>Logistical complexity</td>
<td>X</td>
</tr>
<tr>
<td>Consumer</td>
<td></td>
</tr>
<tr>
<td>Trust and security</td>
<td>X</td>
</tr>
<tr>
<td>Loss of entertainment function</td>
<td></td>
</tr>
<tr>
<td>Website navigation</td>
<td></td>
</tr>
<tr>
<td>Perceived loss of control</td>
<td></td>
</tr>
<tr>
<td>Uncertainty</td>
<td></td>
</tr>
<tr>
<td>Both</td>
<td></td>
</tr>
<tr>
<td>Perishability of products</td>
<td>X</td>
</tr>
<tr>
<td>Restricted product offerings</td>
<td></td>
</tr>
<tr>
<td>Complexity of product returns</td>
<td>X</td>
</tr>
<tr>
<td>Internet access</td>
<td></td>
</tr>
</tbody>
</table>

1 Both indicate that the barrier is experienced by both the retailer and the consumer
From the above discussion the problem statement and research objectives were drawn, and these are discussed in more detail in the following section.

1.6 RESEARCH QUESTION

After a preliminary consideration of previous research on e-tailing, gaps in the research start to appear. Because of the nature of novelty for South Africa in online retailing, the major question this study aims to answer is:

- Despite many reasons for and advantages attached to online shopping for both retailers and customers, what are the barriers hindering online grocery shopping from reaching its full potential in South Africa?

1.6.1 Research question

The research question provides the foundation for the proposed study. To ensure the aim of the study is reached, certain research objectives stemmed from the research question. These objectives are divided into primary and secondary objectives which are listed below.

1.6.1.1 Primary objective

To explore barriers and motivators of online grocery retailing in South Africa.

1.6.1.2 Secondary objectives

The secondary objectives for this study are divided into four sub-categories, namely objectives relating to customers, objectives relating to the retailer, objectives relating to the website of the retailer and specific supply chain objectives. Table 1.3 below indicates the sub-categories and objectives under each category.
Table 1.3: Secondary research objectives

<table>
<thead>
<tr>
<th>SECONDARY RESEARCH OBJECTIVES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CONSUMER-SPECIFIC OBJECTIVES</strong></td>
</tr>
<tr>
<td><strong>Motivating factors</strong></td>
</tr>
<tr>
<td>To explore factors that would serve as possible motivators for South African consumers to participate in online grocery shopping, through a review of available literature on the topic.</td>
</tr>
<tr>
<td>To determine factors motivating South African consumers to purchase groceries online, through focus group discussions.</td>
</tr>
<tr>
<td><strong>Barring factors</strong></td>
</tr>
<tr>
<td>To explore possible barriers for the South African consumers not to participate in online grocery shopping, through a review of available literature on the topic.</td>
</tr>
<tr>
<td>To identify the most prominent barriers which prevent consumers from partaking in online grocery shopping in South Africa, through focus group discussions.</td>
</tr>
<tr>
<td><strong>RETAILER-SPECIFIC OBJECTIVES</strong></td>
</tr>
<tr>
<td><strong>Motivating factors</strong></td>
</tr>
<tr>
<td>To explore possible motivators for the South African retailer to participate in e-tailing, through a review of available literature on the topic.</td>
</tr>
<tr>
<td>To determine the factors that are motivating retailers to sell groceries online, through an in-depth interview with an online manager.</td>
</tr>
<tr>
<td><strong>Barring factors</strong></td>
</tr>
<tr>
<td>To determine possible barriers for retailers offering online groceries for purchase in South Africa, through a review of available literature on the topic.</td>
</tr>
<tr>
<td>To identify the most prominent barriers for South African retailers to online grocery retailing, through an in-depth interview with an online manager.</td>
</tr>
<tr>
<td><strong>WEBSITE-SPECIFIC OBJECTIVES</strong></td>
</tr>
<tr>
<td>To determine the importance of a retailer’s website in online grocery shopping, through a review of available literature on the topic.</td>
</tr>
<tr>
<td>To determine the quality of South African e-grocers’ websites, by comparing them to UK based e-grocers’ websites by means of a previously-developed framework.</td>
</tr>
</tbody>
</table>
In the next section, the research methodology employed for this dissertation will be discussed.

1.7 RESEARCH METHODOLOGY

The research for the study was conducted in a two-stage process, namely primary and secondary research. The first stage consisted of a review of the relevant literature on this topic. The second stage includes the collection of new (primary) data by means of a website analysis, focus group discussions and an in-depth interview. The website analysis was done by comparing the two South African e-grocers’ websites to the websites of two prominent UK-based e-grocers. This was done by means of a tool found in literature. However, the main contributors in achieving the objectives of the study were the interview and focus group discussions.

A personal face-to-face interview was conducted with an online manager of one of the two South African retailers selling groceries online. Also, two focus group discussions were conducted, one with consumers who have never bought groceries online and one with consumers who have purchased groceries online. These methods were chosen as the most suitable for the current study and to support triangulation within the methodology. The methods and their appropriateness for the study will be discussed at greater length in Chapter 5.

The study aimed at stipulating the specific barriers and motivators influencing online grocery shopping in South Africa, which was carried out both conceptually and empirically – it is a step forward in taking a fresh approach to data collection. Most previous
researchers used a quantitative survey among consumers (Thirumalai & Sinha, 2005; O’Cass & Carlson, 2012; Liao et al., 2008; Heilig et al., 2008; Doherty & Ellis-Chadwick, 2009; Chu et al., 2010) to determine the attractiveness of an online platform for consumers. For the purpose of this study, however, three data collection methods were employed, as they were considered the most appropriate way to build a holistic understanding of the factors concerned with the movement of a South African grocery retailer online platform.

1.7.1 **Stage 1: Secondary research**

The secondary research was conducted in two stages. The first stage was through an in-depth literature review of a range of concepts that are relevant to the primary research. This stage was conducted by consulting various academic articles, scientific databases, magazines, newspapers, textbooks and various other published academic materials. During the second phase of secondary data collection, the researcher attended an international subject-related conference. The conference was held on the 22nd of October 2013 in London. The conference, entitled ‘Online Grocery Retailing 2013’, was hosted by the research company IGD who specialise in research and training of the food and consumer goods industry. IGD’s research specifically focuses on research in the area of online consumer goods, as well as online supply chains. Some of the influential speakers, and the position they hold within their company, as well as the main purpose of the company are mentioned in Table 1.4 below:

<table>
<thead>
<tr>
<th>SPEAKER’S NAME</th>
<th>COMPANY</th>
<th>POSITION WITHIN THE COMPANY</th>
<th>PURPOSE OF THE COMPANY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kieran Shanahan</td>
<td>ASDA</td>
<td>Home shopping director</td>
<td>“Asda Stores Ltd. (stylised as ASDA) is a British supermarket chain which retails food, clothing, general merchandise, toys and financial services. It also has a mobile phone network.” (Wikipedia, 2014)</td>
</tr>
<tr>
<td>SPEAKER’S NAME</td>
<td>COMPANY</td>
<td>POSITION WITHIN THE COMPANY</td>
<td>PURPOSE OF THE COMPANY</td>
</tr>
<tr>
<td>-----------------</td>
<td>-----------------------</td>
<td>-------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Marc Warburton</td>
<td>United Biscuits</td>
<td>E-commerce and digital controller</td>
<td>“United Biscuits (&quot;UB&quot;) is a British multinational food manufacturer, makers of the BN biscuits, McVitie's biscuits, Jacob's Cream Crackers, and Twiglets.&quot; (Wikipedia, 2014)</td>
</tr>
<tr>
<td>Mark Felix</td>
<td>Sainsbury’s</td>
<td>Head of trading, content and merchandising</td>
<td>“Sainsbury's is the third largest chain of supermarkets in the United Kingdom.&quot; (Wikipedia, 2014)</td>
</tr>
<tr>
<td>Lawrence Hene</td>
<td>Ocado</td>
<td>Director of marketing and grocery retailing</td>
<td>“Ocado is an online supermarket and the largest online food retailer in the world. Ocado has been voted the best online supermarket in the UK by readers every year since 2010.” (Wikipedia, 2014)</td>
</tr>
<tr>
<td>Tom Pearman</td>
<td>Weve</td>
<td>Director of brand and business development</td>
<td>“Weve is a joint venture between the UK's three largest mobile network operators. Through Weve, they have created the ability for advertisers, retailers, banks and many other organisations to connect to a large-scale mobile commerce platform.” (<a href="http://www.weve.com">www.weve.com</a>, 2014)</td>
</tr>
<tr>
<td>Allon Bloch</td>
<td>mySupermarket</td>
<td>CEO</td>
<td>&quot;mySupermarket is an online shopping and comparison website for groceries, household items and health and beauty products in the United Kingdom (mySupermarket.co.uk), the United States (mySupermarket.com), and Israel (mySupermarket.co.il).” (Wikipedia, 2014)</td>
</tr>
</tbody>
</table>

Source: IGD website
The information obtained through the two stages of the secondary research was simplified and synthesised to build a strong theoretical foundation for the study, and covers Chapters 2, 3 and 4 of this dissertation.

1.7.2 **Stage 2: Primary data**

In order to attain the most valuable data for the study, a qualitative descriptive research design was employed, with the end result being a holistic representation of the research question (Klopper, 2008:68).

Qualitative research is defined as “an array of interpretive techniques which seek to describe, decode, translate and otherwise come to terms with the meaning, not frequency, of certain more or less naturally-occurring phenomena in the social world” (Cooper & Schindler 2008:166). In laymen’s terms, qualitative research is a means of exploring and understanding in much greater depth the nature of people’s viewpoints. The reason this method was chosen for the study is two-fold. The first reason is to gain a clear and holistic view of the e-tailing process, specifically considering the immature nature of e-tailing in South Africa in comparison with the developed First World. This research design allowed the researcher to explore the phenomenon from an array of different data collection methods, in order to gain a deeper understanding of the variables involved in online grocery retailing. The second reason why qualitative data collection was chosen is that the data collection process is very flexible and adaptable, in direct contrast to the rigidity of quantitative research.

1.7.3 **Measures to ensure trustworthiness of the qualitative data**

According to Blumberg, Cooper and Schindler (2011:504), one of the most important methods to ensure the quality of qualitative data is **triangulation**, defined as “a process of verifying information through multiple sources to increase the validity of the description of what is observed.” Triangulation will be obtained by identifying patterns in the primary data collected in this study, the in-depth interview and focus groups. These patterns will then be compared to factors identified by previous researchers from the literature review, to determine motivating and prohibiting factors for South African consumers and retailers to
partake in online grocery shopping. Chapter 5 aims to discuss the specific measures taken to ensure the trustworthiness of the data. Below is a brief discussion of the different data collection methods.

1.8 RESEARCH METHODS EMPLOYED IN THE STUDY

The following section of this chapter will provide the reader with a brief description of the research methods in this study. Chapter 5 will discuss these methods in greater detail.

1.8.1 Website analysis

The websites of four e-grocers were analysed, based on a previously-developed e-grocer website analysis instrument. Two e-grocers from South Africa and two e-grocers from the UK’s websites were analysed and compared, to identify missing features on the websites that could potentially serve as a barrier to online grocery shopping. The model was originally developed by Rha, Heilig, Ernst, Widdows, Haugtvedt and Hooker (2001:60). However, the modified version by Lim et al., (2008:845) was used to evaluate these websites. The modified instrument consists of items that measure product information quality, customer service quality and e-business quality. This instrument is thoroughly discussed in Chapters 3 and 5 of this dissertation and the results of the website analysis are presented in Chapter 6.

1.8.2 In-depth personal interview

Qualitative field interviews are distinguished from quantitative surveys by Auriacombe and Mouton (2007:454), as qualitative interviews involve closer and deeper interaction between the researcher and the participant. Also, they are less structured than surveys. For the purpose of this study, an in-depth interview was conducted with the manager of a South African e-grocer retailer who is selling groceries online. There are only two known retailers in South Africa who sell groceries online. Only the online manager of one of the two retailers was willing to meet with the researcher for an interview, hence only the one online manager was interviewed for the study.
The sampling method employed to determine the participant for the in-depth interviews will be judgement sampling. This sampling method is discussed in depth in Section 5.8.3 of this dissertation.

1.8.3 Focus group discussions

Focus groups were chosen as a data collection method, as it would provide the researcher with unique (South African-specific) data relating to the purchasing behaviour, perceptions and frustrations of consumers who are purchasing their groceries online. Two focus groups were conducted. Firstly, with consumers who had never purchased groceries online and, secondly, with consumers who had purchased groceries online. The sampling method used for this data collection method was multiplicity (snowball) sampling and is discussed in depth in Section 5.7.2 of this dissertation.

1.8.4 Ethical considerations

This research was guided by the ethical standards set by the University of South Africa. The co-operation of all participants was requested, including the e-retailer being studied and each individual who participated in the focus group discussion. This was done in the form of an informed consent form. The extent and importance of their participation was explained to them prior to and during the data collection phase.

Apart from the informed consent form, all data and information obtained will be treated as confidential. Information from individual sources will not be made known and only the researchers who were involved in the gathering and analysing of data have access to the information. Additionally, the study was reviewed by the Ethics Review Committee of the Department of Business Management of the University of South Africa and ethical clearance was granted. Refer to Annexure A for the ethical clearance certificate.
1.8.5 Strategies to ensure quality in data collection

In qualitative research the reliability and validity is described through trustworthiness. To ensure the data collected for the proposed study are trustworthy, guidelines on how to conduct interviews, as well as how to successfully observe behaviour and processes, were followed as outlined by Cooper and Schindler (2008:202). Also with the coding of data, an external coder was used to ensure trustworthiness and accurate data analysis. Lastly, all interviews with the manager, as well as the focus group discussions, were recorded and transcribed for analytical and governance purposes.

1.9 UNIQUE CONTRIBUTION OF THE RESEARCH

According to Shea and Zivic (2011:25), e-tailing holds very fruitful outcomes for grocers, the reason being that e-tailing offers many new opportunities in the retail environment. Although this might be true, a lot of confusion still exists as to what exactly e-tailing entails and what opportunities and problems might exist for a conventional retailer wanting to venture online, more specifically a lack of information and insight existing in the South African context. The research aimed to provide insight into this phenomenon from both the retailer’s and consumer’s perspective in South Africa.

1.10 CONCLUSION: OUTLINE OF THE CHAPTERS

This dissertation consists of seven chapters. Chapters 2, 3 and 4 will cover the literature study, Chapter 5 will discuss the methodology used in this study, Chapter 6 will analyse the empirical data and Chapter 7 will summarise the findings and make recommendations.

Figure 1.1 below will serve as a roadmap for these chapters. The figure is a visual representation of an online grocery supply chain. Throughout the literature chapters, Chapters 2, 3 and 4, this figure will be used to indicate to the reader which part of the e-supply chain the specific chapter covers.
In view of the above image, it could be noted that Chapter 1 will serve as an overview of the dissertation and the whole online grocery retailing and supply chain concept. The following section will briefly summarise each chapter.

CHAPTER 1: BACKGROUND INFORMATION AND PROBLEM STATEMENT

Chapter 1 serves as an outline for the research study and dissertation. This chapter explains the research problem and provides background information on the research topic. It also gives a brief history of “e-tailing”, and its importance in the retail environment is outlined. The problem statement is provided and research objectives are stated to serve as a guideline to solve the research problem. The research methodology and planned research methods are provided. The chapter ends off with a synopsis of each chapter of this dissertation.

CHAPTER 2: BRICKS-versus CLICKS: BARRIERS TO AND MOTIVATORS OF CONVENTIONAL AND PURE ONLINE RETAILING

Chapter 2 focuses mainly on comparing the model of conventional grocery retailers or “bricks-and-mortar” retailers, as they are more commonly referred to, with the model of pure online grocery retailers. Advantages and barriers of each model are investigated. The advantages of each model were then linked to the rival model of retailing, to conclude how these models can be converted into the best possible model of retailing. This chapter
lays the foundation for Chapter 3 which focused on the implications for the supply chain when merging bricks-and-mortar and pure online retailers.

CHAPTER 3: FROM DEMAND TO SUPPLY: ESSENTIAL COMPONENTS OF ONLINE GROCERY SHOPPING

Chapter 3 focuses mainly on exploring the internet and the role it plays in e-commerce. The chapter begins with a discussion of the birth of the internet and its use in e-commerce. It further describes the internet usage in South Africa and how consumers in South Africa are currently shopping online. Also, website features most important to e-grocer websites are discussed. The analysis tool used to evaluate the e-grocer websites is also explained. The chapter concludes with a discussion of the newest trend in e-commerce, mobile commerce and its uses in the retailing of groceries online.

CHAPTER 4: CLOSING THE CONSUMER’S LINE OF VISIBILITY: ONLINE GROCERY ORDER FULFILMENT

In Chapter 4 the online order fulfilment process and the importance of information-sharing along the supply chain are considered. Then, the picking and packaging of online orders are discussed and the chapter concludes with a discussion of the different delivery or pick-up options. The aim of this chapter is to determine, by means of secondary data, the actual order fulfilment process. By doing this, certain barriers to order fulfilment are identified and these barriers served as the topics specifically addressed in the interview with the manager and the focus group discussions with consumers.

CHAPTER 5: RESEARCH METHODOLOGY

Chapter 5 serves as an all-inclusive discussion of the methods that were used for collecting the primary research of this dissertation. It explains the units of analysis, the target population, data collection process and methods used in analysing the data. The chapter concludes with a discussion of the trustworthiness of the data collection instruments.
CHAPTER 6: DATA ANALYSIS

Chapter 6 discusses the data analysis thoroughly. Firstly, it presents the findings of the website analysis. Then, the ‘thematic map’, which was developed from thematic analysis and the main data analysis method used for the study are presented. All the motivators of, and barriers to, online grocery shopping from both the customer’s and the retailer’s viewpoints are discussed. The most important issues from both the focus group discussions as well as the in-depth interview are covered in Chapter 6.

CHAPTER 7: CONCLUSION AND RECOMMENDATIONS

Chapter 7 serves as a summary and concluding part of this dissertation; it draws conclusions and gives recommendations after the completion of the data analysis. Managerial recommendations are made and discussed, as well as the managerial implications of the study. The chapter concludes with the findings of the study and how these findings could be employed by managers to develop more effective online grocery shopping offerings and supply chains.
2.1 INTRODUCTION

According to Porter (2000:18), managers are learning to play by a new set of rules; these rules are forcing companies to be more flexible and to respond more swiftly to the competitive market.

As stipulated in Chapter 1, the main objective for this dissertation is to determine what are the barriers hindering online grocery shopping from reaching its full potential in the South African market, by focusing specifically on the factors influencing the online grocery supply chain. Before primary research could be done, it was necessary first to build a theoretical foundation on this topic, to ensure that the research would make a unique contribution and provide a clear focus on the gaps still evident in the literature. Figure 2.1 below indicates where within the grocery supply chain lie the factors which will be discussed in Chapter 2.
Chapter 2 focuses mainly on comparing the two models of conventional grocery retailers or “bricks-and-mortar” retailers, as they are more commonly referred to, and pure online grocery retailers. This chapter will focus extensively on the advantages and disadvantages or barriers of each model of retailing and also the implications for retailers in merging these two models to ultimately become fully-fledged, multi-channel retailers. After the different models of grocery retailing were discussed, the chapter ends with an in-depth discussion of the customer base of these retailers, considering their demographics, shopping behaviour and the landscape of South African online grocery shopping.
2.2 CHOOSING THE RIGHT STRATEGIC POSITION: “BRICKS-AND-MORTAR” VERSUS “PURE PLAYER” E-RETAILING

Most large retailers have morphed into multi-channel firms, seeing that after just a few years of prevalent commercial usage, the internet has essentially changed the world of retailing (Enders & Jelassi, 2000). This has major implications for channel management, as it has led to an increase in the diversity of touch points now available to reach the same customer. Retailers are currently required to synchronise online and offline channels, using multi-channel formats such as “clicks-and-mortar” (Sorescu et al., 2011:6).

The challenge for retailers is to decide how they want to approach this metamorphosis and what position they want to attain in the market. Strategic positioning, as defined by Porter, (2000:16) “attempts to achieve sustainable competitive advantage by preserving what is distinctive about a company. It means performing different activities from rivals, or performing similar activities in different ways.” It is crucial for retailers wanting to venture online to ensure that the channel they choose is the best possible option for their specific market. Thirumalai & Sinha (2011:477) argue that a customer perceives the quality of a retailer’s service in terms of both product and service quality. Consequently, with the inclusion of an online platform, retailers will have to consider the level of e-service quality they would be able to deliver in the specific channel of retail they choose. They go on to argue that a grocer wanting to become a competitive electronic retailer must not only offer a superior product, but also needs to provide an excellent purchasing experience, greater customer control and even better personalisation options. To achieve this, the retailer has to be aware of all the available e-retailing options, and choose the one most suitable for their company image, and most convenient for their customers.

Many previous researchers (Enders & Jelassi, 2000; Singh, 2001; Morganosky & Cude, 2002; Cowles et al., 2002; Lim, Heilig, Ernst; Widdows & Hooker, 2004; Boyer & Hult, 2005; McTaggart, 2006; Williams, 2009; Xing et al., 2010; Lu & Hung, 2011), researched different channels of retailing and their permutations. The following section focuses on the two different models of grocery retailing, namely bricks-and-mortar retailing (retailers with only a physical store) and pure player e-retailers (retailers only operating online). Both the advantages and disadvantages of these two models of retailing, the unique features of
each model and how these features could be utilised in a multi-channel model of retailing will be discussed. Special emphasis will be placed on bricks-and-mortar retailers redesigning their service offering to include an online platform. The reason is that in South Africa there are currently no pure online grocery retailers. Hence, currently only “brick-and-mortar” retailers have become multi-channelled or (in the case of retailers still operating in a single-channel) have the opportunity to become multi-channelled. Consequently, comparisons will be made between issues identified by previous scholars versus issues identified through the present study to determine the South African-specific issues relating to the advantages and disadvantages of online grocery retailing.

2.3 MULTI-CHANNEL RETAILING MODELS

Globally, retailing is witnessing seismic shifts. The development of the internet has powered upheavals in the retail setting that are innovative in scope and unparalleled in nature. Most retailers have made a mind shift, from simply selling products to engaging with and empowering customers, in order to create a rewarding customer experience (Sorescu et al., 2011:3). This saw a major shift in the retailing environment which revolutionised e-retailing, as “clicks-and-bricks” retailers came to life. These retailers are defined by Xing et al. (2011: 336) as: “multi-channel retailers supplementing conventional stores with online services.” Service innovation is one reason why retailers consider morphing into multi-channel firms. According to O’Cass & Carlson (2012:28), the service-led economy has forced retailers to be innovative with their service offerings to deliver a compelling service experience for their customers and to ensure that they stay competitive.

Traditional retailers, selling their commodities through bricks-and-mortar stores, took their time even to start considering the internet as a feasible medium of commerce (Singh, 2001:18). Rigid and conventional thinking at boardroom level is to blame. Managers considered the internet (as a retailing tool) as just a passing fad, which prevented many companies from even considering the internet for commercial use, while another fear was that they would be cannibalising their own sales (Enders & Jelassi, 2000:542). Although managers have since ‘seen the light’ and realised the potential value of the internet, McTaggart (2006:24) and Cowles et al. (2002:633) argue that many bricks-and-mortar
grocers are considering an online platform merely as a defensive measure because former loyal customers are switching to internet-based competitors, offering round-the-clock purchasing facilities and customised products and services.

According to Elders and Jelassi (2000:544), both bricks-and-mortar and pure online retailing holds advantages and barriers. In an effort to take advantage of the strength of both models, the rising trend in the industry is the merging of these two models. Obviously there has been some reluctance to the acceptance of this new multi-channelled model. Enders and Jelassi (2000:544) suggest that this is largely because of a fear of cannibalisation on their own market segments. The factors influencing the adoption of these models will be discussed in more detail in the sections that follow.

Figure 2.2 below serves as a visual representation of both the advantages and disadvantages of the different models of retailing. The advantages and disadvantages of the different models of retailing will be discussed in more detail in the section that follows.

Figure 2.2: Advantages and Disadvantages of both Bricks-and-Mortar and Pure Online Retailing

Source: Compiled by researcher from following discussion
2.4  BRICKS-AND-MORTAR MODEL OF RETAILING: SHIFTING FOCUS

Businessdictionary.com defines bricks-and-mortar as: “Originally, a firm’s investment in buildings, housing, offices, warehouses and other facilities. In the internet age, this term is used to differentiate the businesses which operate from built-up properties or store fronts from those which operate entirely (or almost entirely) from their websites.” In laymen’s terms, bricks-and-mortar retailing is physical store retailing where the vendor interacts with the customers. In this form of retailing, customers have the opportunity to look at products, possibly try them out, purchase the product and take it home immediately for instantaneous use (Enders & Jelassi, 2000:543). As previously discussed, during the last decade, the internet has created a retail and consumer revolution, by providing a new, convenient channel for shopping. The convergence of these different ways of retailing was and is still, however, not an easy transition.

The advantages of adding an internet service to conventional retailing will be discussed in detail throughout this chapter.

2.4.1  Advantages of bricks-and-mortar retailing

Bricks-and-mortar grocers have several advantages over pure online grocers; these advantages and the potential they have to be morphed into an online model will be examined in the following section.

2.4.1.1  Established brand name and customer base

One of the main advantages traditional retailers have over online retailers is an established customer database, built up long before their pure online competitors had even started to set up shop. These customers are familiar with the brand and the store and know what level of quality to expect from a specific retailer. If these retailers should establish an online channel, customers will know what to expect due to their experience with the physical store (Enders & Jelassi, 2000:543). It would therefore be much easier for conventional retailers to build an online customer base, as they already have an established database that could be urged to start shopping online (Cowles et al.,
Adding the internet to their service offering not only presents them with an opportunity to broaden their customer base, but it also gives traditional retailers the opportunity to communicate better with the existing customers and to provide them with even better service offerings (Shea & Zivic, 2011:12).

In a study done by Chu et al. (2010:252), they found that specifically in the grocery shopping category, consumers are more brand- and size-loyal than any other category of online shopping and even more loyal compared to bricks-and-mortar consumers. This implies that bricks-and-mortar grocery retailers adding an online platform will gain very loyal online shoppers that are less price-sensitive than the “conventional” consumer.

2.4.1.2 Strong bargaining power vis-à-vis suppliers

Traditional retailers already have large established sales volumes, therefore retailers will be able to leverage their purchasing power vis-à-vis their suppliers to bargain for lower prices, where pure online grocers will first have to build relationships with their suppliers (Enders & Jelassi, 2000:543). If traditional retailers were to go online, they would be able to bargain with existing suppliers for better prices. This would give them a competitive advantage over pure player e-retailers (Singh, 2001:20).

2.4.1.3 Physical presence

Some of the most prized assets for a traditional retailer include physical store space, tangible inventory and customer traffic (Xing et al., 2010:630) – something that pure online grocers do not possess. These assets are valuable because of their specific characteristics that include:

Tangible shopping experience:
Consumers are able to walk into the store to touch, feel and experience the products and receive personal face-to-face advice from sales staff (Enders & Jelassi, 2000:540 and Cowles et al., 2002:60). Thus, consumers have the instant gratification of the product and know exactly what they are purchasing,
in contrast to online sales where consumers only know precisely what they get once the product is delivered to them (Chu et al., 2010:251).

**Convenient product returns:**

Product returns are much easier and more convenient for the consumers, as they can communicate face-to-face with an employee. In the case of online sales the method can be very frustrating for consumers, as product returns for online sales are not as transparent as with conventional retailing. Consumers evaluate customer service largely based on after-sales service i.e. product returns (Cowles et al., 2002:630).

**Variety of available touch points:**

Touch points are defined by Dhebar (2013:199) as: “...points of human, product, service, communication, spatial and electronic interaction collectively constituting the interface between an enterprise and its customers over the course of customers’ experience cycles.” In layman’s terms, touch points refer to all the ways in which retailers can communicate/interact with their customers. Bricks-and-mortar retailers have an existing distribution infrastructure and this offers a wide variety of touch points to reach consumers, which enables retailers to store and distribute products more easily (Rohm, Kaltcheva & Milne; 2013:300). Also, physical grocers are able to stock a wider variety of products (Enders & Jelassi, 2000:540; Singh, 2001:5; Cowles et al., 2002:630 and Xing et al., 2010:417).

From the above section, it is evident that bricks-and-mortar retailing offers many advantages, but there are also a number of barriers that need to be considered.

2.4.2 **Barriers to bricks-and-mortar retailing**

There are a number of barriers associated with the traditional physical-retailing model. Some of the most common barriers include:
2.4.2.1 Start-up and maintenance cost of a physical retail space

The start-up and maintenance cost of a physical retailer is astronomical, and if a retailer wishes to expand his business geographically, it is an expensive and daunting task. Infrastructure needs to be built or leased and this is usually in prime areas or shopping centres where retail space can be very expensive (Singh, 2001:6). Also, numerous employees need to be appointed and to be paid salaries, to be able to provide service to the customer (Enders & Jelassi, 2000:543). In the case of pure player e-retailers, they are able to expand their service offerings at a fraction of the cost and with far fewer employees.

2.4.2.2 Limited operating hours

One of the major limitations that bricks-and-mortar retailers face is the regulations regarding trading hours, which prevent retailers from being open around the clock or on weekends (Cowles, 2002:633). Moreover, it is not economically feasible to be open in low customer traffic times (Enders & Jelassi, 2002:543). It is here where the internet offers traditional retailers a great opportunity, as consumers can now order their groceries online at any time of the day or night, regardless of operating hours.

From the above section, it becomes clear that bricks-and-mortar retailers possess several advantages and barriers. It also becomes apparent that the barriers can be overcome or inhibited by adding an online platform and the advantages of this (if managed correctly) will spill over to the online channel in the event of a bricks-and-mortar retailer becoming multi-channelled.

After considering all the major components of bricks-and-mortar retailing, it is important to also investigate “the new kid on the block” – pure players, as they are continually “raising the bar” in e-tailing, challenging bricks-and-mortar retailers to do the same (McTaggart, 2006:24).
2.5 PURE PLAYERS – THE INTERNET MODEL OF RETAILING

The internet has become a dynamic virtual medium for the selling and buying of information, services and products (Lu & Hung, 2011:1351), and the absence of a physical infrastructure makes e-tailing a highly attractive business model, as it allows potential business to reach thousands or even millions of consumers at a very low start-up cost (Enders & Jelassi, 2000:542).

The Cambridge Business Dictionary defines pure players as: “a company that operates only over the internet, and has no physical stores.” Although e-tailing has mushroomed in the last decade, McTaggart (2006:24) and Lim et al. (2004:66), reported that e-grocers have found it difficult to mirror the level of service provided by bricks-and-mortar retailers. Some of the reasons include the fact that consumers are still learning how to shop online and still growing accustomed to trusting the online system. They are also hesitant to shop online for security and trust reasons. This might hold true, but online retailing holds fruitful outcomes if implemented and utilised correctly. These advantages will be discussed in the following section.

2.5.1 Advantages of pure player retailing

2.5.1.1 Low start-up and operating costs

The fundamental advantage of pure player retailing resides within the supply side through cost-saving, as pure online retailing requires very little physical infrastructure, inventory storage and other costs of operating a physical store (Singh, 2001:4). Also, all information is stored purely electronically; therefore, to respond to increasing client numbers or to expand into more lucrative markets, pure players only need to add computer servers which are much cheaper than building additional stores (Enders & Jelassi, 2000:542). This factor also makes the internet an attractive additional channel for bricks-and-mortar retailers, as it is much cheaper to add an online channel than to build an additional store.
2.5.1.2 Wide reach

The nature of the internet provides pure online retailers with the advantage of a platform that can potentially reach the entire internet community. This can be seen as a major advantage, as pure players are not bound by their geographical location and can therefore reach considerably more consumers than bricks-and-mortar retailers are able to (Enders & Jelassi, 2000:542).

2.5.1.3 Convenience for consumers

Unlimited operating hours

One of the major advantages pure player retailers have is the fact that they are unbound by operating hours (Enders & Jelassi, 2000:542). Pure players are “open” seven days a week 24 hours a day – thus consumers have the option of ordering their products at the time that is most convenient to them. It also saves the consumer the time of driving to the supermarket to buy the groceries (Singh, 2001:6; Chu et al., 2010:251).

Saved shopping list

Pure player retailers provide consumers with the benefit of saving the consumer’s shopping list on their database – saving the consumer the trouble of manually selecting and repeating lists, allowing customers to recall a previous shopping list and just adding or removing items before placing the order again. (Singh, 2001:6; Ramus & Nielsen, 2005:341; Thirumalai & Sinha, 2011:478). This is one way that pure players make everything more convenient for their consumers.

Nutritional and product origin information

Pure player retailers have the option of including nutritional and product origin information about the products they offer in their online stores on their websites. The reason is that consumers do not have the advantage of physically picking up the product to read the label, therefore they are not able to compare the nutritional value of one product with another one (Singh,
Consumers may use these types of information as proxies for product quality that alleviates the absence of sensory examination. This is one of the ways pure players are trying to narrow the gap between physical store purchases and online grocery shopping. This adds additional value to the online shopping experience for online consumers. However, in a study done by Lim et al. (2008:848), they found that very few e-grocer websites have taken advantage of providing nutritional information to their customers on their websites. They go on to argue that these e-grocers are missing a valuable avenue to create a better service offering for their customers.

**Professional shoppers**

Another major advantage of online shopping currently being under-marketed is the existence of the “professional shopper”. Pure player retailers have employees that are food specialists, for example, specialising in the freshness of fruits and vegetables (Xing et al., 2011:335). These employees are responsible for the picking and packing of the food ordered online by the consumers. The quality of the food that a consumer receives from a pure player retailer may be of better quality then they would have been able to pick for themselves in a bricks-and-mortar store (McTaggart, 2006:25). However, consumers are unaware of this service offered by some online retailers.

From the above section, it is apparent that pure player retailers may have many prized advantages over bricks-and-mortar. Yet most of these advantages can be utilised by bricks-and-mortar retailers when designing their online channel. It is also important to consider the many challenges pure online retailers face, as these challenges will most likely also be the barriers that bricks-and-mortar retailers will face when adding an online platform. These challenges will be discussed in the following section.
2.5.2 Barriers for pure online grocery retailers

2.5.2.1 Slow adoption rate

The internet as a medium of grocery retailing has had a very slow adoption rate by consumers, considering the potential advantages it could hold (Ferreira, 2009:2; Ellis-Chadwick, 2008). Many authors (Enders & Jelassi, 2000; McTaggart, 2000; Singh, 2001; Lim et al., 2004; Ferreira, 2009) have considered the reasons behind the apparent slow adoption rate. These reasons may include:

**Difficulty in building a strong brand name**

The reason why it might be difficult for pure player retailers to build a strong brand name may be due partly to the number of web offerings that make it difficult for consumers to recognise a specific brand, and for retailers to stand out (Enders & Jelassi, 2000). Brand-building takes an extensive amount of time and effort. Bricks-and-mortar retailers already have the advantage of an established brand and customer base. Customers are familiar with the retailer’s service and product quality and are, therefore, more likely to trust their online offerings (O’Cass & Carlson, 2012:28).

**Trust and online security**

Many authors have focused on consumers’ reluctance to provide their personal information to an online retailer (Li & Gery, 2000; Enders & Jelassi, 2000; Singh, 2001; Morganosky & Cude, 2002; McTaggart, 2006; Reinartz, 2011; O’Cass & Carlson, 2012). They argue that consumers find it difficult to trust online retailers because of the lack of physical contact with the store personnel, who are the most salient source of trust in the conventional retail setting. Therefore, consumers can only establish a level of trust once they have had a positive experience with a specific retailer’s service offerings. Consumers are also concerned about their privacy being invaded once they provide the online retailer with their personal information.
Furthermore, consumers indicated a reluctance to provide their credit card or personal information online. In an article by Zwane, (2014) published in pressdisply.com, the author stated that South Africa has the second largest internet fraud rate in the world. In this article they indicate that internet fraud cost South Africa R366.8 billion in 2013 alone. This could explain this reluctance of consumers to provide their credit card details for online payment (Zwane, 2014).

Although this barrier is stressed by most authors as one of the major reasons for the slow adoption rate, bricks-and-mortar retailers who consider adding online retailing have the advantage of customer loyalty programmes which provide them with an already-established database of customer information. Therefore, convincing consumers to provide their personal information is not necessarily needed, as consumers already have an established level of trust which makes them more open to the idea of online retailing (O’Cass & Carlson, 2012:30).

2.5.2.2 Product-specific challenges

Selling products and, more specifically, groceries online poses particular challenges, some of which include:

Restricted product offerings

One of the main disadvantages consumers experience with online grocers is the range of items that an online grocer offers. Singh (2001:6) reported that the average pure player retailer does not offer the range of products a consumer would expect from a conventional retailer, which forces the consumers to go to a conventional store in addition to their online purchases. Chu et al. (2010:252) argued that this also makes consumers very price- and channel-sensitive, as most consumers purchase groceries online because of the convenience the channel offers. However, this level of perceived convenience decreases once consumers cannot find the specific product they are looking for and, despite wanting to use the online channel, have to
travel to their nearest retail store. Considering this from a bricks-and-mortar point of view, they have the advantage of being able to offer consumers the same products online as they have in store.

**Perishability of convenience products**

Many grocery items involve perishable food products, such as products that require constant freezing or refrigeration (Singh, 2001:5). The perishable nature of groceries is not only slowing down the growth rate of e-grocers, but it complicates the logistics of grocery delivery and e-grocers need to take special care to overcome the barriers set by perishable food products (Heilig *et al.*, 2001:2). Considering the fact that e-grocers often deal with products that require sensory evaluation prior to the purchase of a product, Lim *et al.* (2008:848) stressed the fact that e-grocer strategies must be focused on presentations of product quality, which enable customers to make selections in the absence of physical examination.

Most grocery items can be categorised as convenience goods. Li & Gary (2000:50) defined convenience goods as “products and services that consumers buy frequently, immediately, and with a minimum of effort.” Considering the definition, the inconvenience of using the internet to purchase convenience goods becomes evident. Convenience goods are typically bought for immediate use, therefore it is difficult to imagine how consumers would fire up their computers to purchase and wait for delivery of a product they want to use immediately (Kärkkäinen 2003:529). Nevertheless, bricks-and-mortar retailers can use established shopping lists to deliver these convenience products to consumers on a regular basis or could use their physical store as a pick-up point for pre-selected and packaged groceries (which will be discussed in more detail as a distribution method in Chapter 4).

**Product returns**

Product returns are dreadful for online retailers, as well as for consumers. For example, if a child receives the incorrect toy for Christmas and wants to
return it, the process of sending it back and waiting for the right toy to arrive is terrible, where alternatively with bricks-and-mortar stores the toy could be exchanged immediately (Enders & Jelassi, 2000:544). From a consumer point of view, groceries purchased online or “virtually” are only perceived as convenient if they are delivered to them at the right place, at the right time and in the right condition. If this is not the case, the process of returning the product makes the online shopping experience inconvenient, especially in the case of groceries which could potentially be perishable (Xing et al., 2011:335). Bricks-and-clicks retailers have the benefit of providing the customer with the option of returning or exchanging the product immediately at one of their bricks-and-mortar stores, therefore the consumers enjoy the benefit of home delivery and effortless exchange of products.

2.5.2.3 Internet-specific challenges

Using the internet as the main medium of commerce with consumers also presents some challenges. These challenges include:

Low access to the internet and weak internet connection
This limitation is specifically challenging in a South African context, as internet connections are weak and only 13.3% of South Africans used the internet in 2011, which limits the customer base for pure player retailers (internetworldstats.com).

Lack of payment facilities
In Section 3.2.1.3 of this dissertation, a thorough discussion is presented on consumers’ willingness to shop online. However, mention has to be made of the inability of consumers to shop online due to not having or qualifying for a credit card. Credit cards are seen as the preferred method of payment for online shopping today (Zhang & Wang, 2014:325). However, online grocery retailers may offer consumers the opportunity to purchase items online via other payment methods such as EFT (Electronic Funds Transfer) etc.
Ease of website use and navigation

One of the most valuable assets for traditional retailers is their retailing space i.e. physical store, inventory and so forth. Singh (2001:21) reported that one of the main challenges pure online retailers face is the design of their ‘virtual retail space’: namely, the look and feel of the web pages, such as the graphics and placements of click buttons, how they are linked and how logical they are to navigate. These design functions can either be a pure player’s most valuable asset or their biggest barrier when the consumers find the website difficult to navigate (Lunce et al., 2006). Web design and criteria to determine how effective e-grocers’ web designs are will be discussed in detail in Chapter 3.

2.5.2.4 Lack of entertainment function

Consumers mainly buy groceries for functional reasons. They purchase household products when they need them. This is, however, not the only reason why consumers shop. Hellig et al. (2008:02) reported that consumers also shop for relaxation and entertainment. This is a barrier that cannot easily be overcome by pure player retailers, as ordering one’s groceries online seemingly lacks the satisfaction one gets from strolling through the store and engaging with other consumers while selecting one’s groceries. Hellig’s findings are in strong contrast with the findings of other international researchers. Li & Gery (2000:50) disagreed and stated that online consumers engage with other consumers in the ocean of available information sources i.e. retail websites, competing sites, third party sites and peers in chat rooms or newsgroups. They went on to say that online shopping and the convenience it offers saves the consumer the time and hassle of driving to the store and waiting in a long queue, thus it is a less stressful experience. In a study by Overby & Lee (2006:1161), they also reported that consumers shop online, as online shopping increased consumers’ perceived entertainment value of the shopping experience. Additionally, more recent studies by Scarpi, Pizzi & Visentin (2014:258) and Clemes, Gan & Zhang (2014:364) have also indicated that the entertainment value of consumers is increased by online shopping, as many consumers are intrigued by the concept of online shopping and curious as to the extent of the products they will be able to purchase online.
Both viewpoints (the lack of entertainment value versus the escalation of entertainment value for consumers when shopping online) make for interesting arguments. However, for the purpose of discussing barriers to pure online retailers, a case could be made that pure online retailers need to design their web offerings in such a way that the entertainment of shopping is not lost or decreased by online shopping.

From the above section, it becomes obvious that both retailing models hold potentially rewarding opportunities. The purpose of this study is, however, mainly focused on the consideration of factors that affect the bricks-and-mortar grocery retailers in going online. Even so, to ensure thoroughness of this topic, an investigation on pure-player retailers in South Africa which have been successful in becoming multi-channel retailers was necessary. The next section of this chapter will provide a brief discussion on Verimark, a well-known direct sales company in South Africa which has adapted its service offerings to include retail stores, i.e. moving from “clicks” to “clicks-and-bricks”.

2.6 VERIMARK – A SUCCESS STORY OF A PURE-PLAYER “CLICK” BECOMING MULTI-CHANNELLED “CLICKS-AND-BRICKS”

In this section, the case of Verimark, an excellent example of a company which pioneered the shift from a pure-player retailer to becoming multi-channelled in South Africa, is briefly discussed.

2.6.1 The history of Verimark

Verimark is a retail company that sources, develops and distributes unique products in houseware, exercise and fitness, health, DIY, automotive, educational toys and personal comfort categories, both locally and internationally. Verimark pioneered DRTV (Direct Response Television) 20 years ago. DRTV is a long advertisement (one to twenty-eight minutes) that focuses on the unique selling points of the product. These advertisements then direct the viewer to a call centre or website to order the product (Verimark Annual Report, 2010 & 2013). The timeline (Figure 2.3) below indicates the most prominent events in the history of Verimark.
2.6.2 Verimark: Moving from a pure player to becoming multi-channelled

As in 1990 when Verimark pioneered DRTV, they pioneered the shop-within-a-shop concept in 1992, making them the only DRTV Company in South Africa which also sold their products in retail outlets. This new concept allowed Verimark to sell their products through most of the large retailers. They managed to increase brand awareness by having a dedicated, free-standing Verimark area within the retail outlets, hence the word shop-within-a-shop (Verimark Annual Report, 2010). By utilising the advantages of bricks-and-mortar stores, they recorded an increase of up to 60% sell-through within the first three years.
months after rolling out this new business model. This multi-channel retailing format was so successful that they opened their first direct Verimark store in 1994, only two years later. They believe that the growth in sales was due to an increased prominence in space utilisation and the awareness of Verimark and their quality of products from consumers (Verimark website, 2014). Today Verimark operates in 81 direct stores, 2000 shop-within-a-shop retailers and, of course, their online shop and call centres. In addition, they have now launched 11 Verimark-approved service centres. These centres are designed to assist Verimark’s customers with any product repairs or questions such as vacuum cleaner repairs or returns (Verimark Annual Report, 2013).

Verimark is an excellent example of a company in South Africa which has realised the opportunities that multi-channel retailing can offer. They have utilised these opportunities to increase sales, products, brand awareness and after-sales services. The subsequent part of this dissertation will focus on identifying the advantages and challenges of becoming multi-channelled retailers.

2.7 MOVING FROM “BRICKS” TO “CLICKS”: ADVANTAGES OF BECOMING MULTI-CHANNELLED

Concluding from the above section, it becomes clear that both models of retailing hold very worthwhile future opportunities. ‘Cannibalisation’ of their own sales was one of the major concerns for bricks-and-mortar retailers considering an online platform, but they soon came to realise that if they were not willing to cannibalise on their own sales, other retailers would do it to them (Enders & Jelassi, 2000:544). Furthermore, retailers realised that the internet is expected to have a nearly omnipresent penetration in the future, and for this reason it is crucial to position one’s service offerings within the emerging market (Porter, 2000:17).

After an extensive literature review on these two types of retailing models, it can be concluded that a multi-channelled model or bricks-and-clicks model is the most ideally-suited retailing model for the present time and economic climate (Enders & Jelassi, 2000; Lim & Gery, 2000; Singh, 2001; Morganosky & Cude, 2002; Cowles et al., 2002; Lim et al., 2004; Boyer & Hult, 2005; McTraggart, 2006; Ferreira, 2009; Williams, 2009; Xing et al.,
Selling through an existing physical store as well as through the internet allows bricks-and-mortar retailers to leverage the strength of both channels. Customers who prefer to touch, feel and experience the product while communicating face-to-face with trained sales personnel, are catered for. At the same time, consumers who are time- or space-bound are able to browse the internet to first determine if the store has the product they are looking for, and then they can either order it online, or can go to the retailer’s physical store and purchase it themselves.

In a case where a product does not meet the expectations of the consumer, they have the option to go to their nearest physical store and replace or return it, which is convenient for both the consumer and the retailer. The fact that a retailer has a physical store that the consumer can go to if a problem should arise, also gives bricks-and-clicks the benefit of additional consumer trust to purchase products online.

However, it is not an uncomplicated process, as adding an online platform requires extensive organisational restructuring and redesigning of the existing distribution infrastructure. These changes will be discussed in Chapter 4 which focuses on examining how a conventional retail supply chain needs to be reorganised to include an online channel.

According to the conference proceedings of the Online Grocery Retailing 2013 conference, held in London (IGD.com, 2013), the main retailers from the UK stated that retailers can design and redesign their retailing models as many times as they like, because if the retailing model is not customer-centric, the retailer will not be successful. Subsequently, the next section of this dissertation will examine the consumers of retailers. The most dominant demographic factors, as well as factors influencing online consumers, will be deliberated. The chapter concludes with a discussion of the South African online consumer.
2.8 ONLINE GROCERY RETAILING: THE CONSUMER

2.8.1 Knowledge of the consumer

Customers can be regarded as the life-blood of retailers. Therefore, retailers must know their customers and their needs well. Many grocery stores are struggling to reach their full potential in an online setting. One of the main reasons, according to Boyer and Hult, (2005:644) may be a lack of focus on the latent needs of consumers. These needs are difficult to express by the consumer without physical contact with the product or service. Ellis-Chadwick (2008:3) agrees and found that the actual online shopping experience influences the latent needs of consumers and can have an effect on the overall assessment of the online shopping process. Therefore, online service offerings need to be tailored to meet the needs of their target audience. But first, retailers need to establish who their customer(s) are.

Empirical evidence exists that proves that the intention to behave in a certain way predicts the actual behaviour. Hence, it is crucial to understand what motivates consumers to shop online, as this could provide retailers with crucial insight into the consumer psyche (Hui & Wan, 2009:1486; Rohm & Swaminathan, 2004:750). Identification of similarities and differences among consumers must be acknowledged by retailers to allow them to adapt their websites and service offerings in such a way as to provide the ultimate level of satisfaction for their consumers (Lynch & Beck, 2001:726).

The section below aims to build a holistic view of consumers who purchase their groceries online. Also, the section aims to explore the South African “online consumer”.

2.8.2 Profiling consumers

There is no arguing about the fact that consumer profiles, especially considering the wide reach of the internet, can become a mosaic of different personality traits and demographic characteristics. Therefore, determining who one’s customers are is no easy task (Lynch & Beck, 2001:726; Collins, Kavanagh & George, 2012:83). There might be global products and global brands, but there is no such thing as global people. People’s motives for using
products and services are very different. Therefore, Hui & Wan (2009:1480) argue that it is critical for each company to determine who their customers are, and for what reason they use their services or products.

2.8.2.1 The online consumer

Literature has revealed a large number of variables that have the potential to influence consumers’ shopping behaviour and choices. Some of these variables include education, race, gender, income, cultural and social circumstances, size of the household, consumers’ perceptions, beliefs and attitudes (Hall, 1999; Lynch & Beck 2001; Morganosky & Cude, 2002; Mokhtarian, 2004; Boyer & Hult, 2005; McClatchey; Chugh & Grandhi, 2010; Sebastianelli, Tamimi & Rajan, 2007; Ellis-Chadwick, 2008; Hui & Wan, 2009; Milkman et al., 2010; Reinartz, 2011; Shea & Zivic 2011; Sorescu et al., 2011; Deon, 2011; Goethals, Leclercq-Vandelannoitte & Tütüncü, 2012:135). These variables have been measured by many researchers to determine how they could influence consumer behaviour, but from the available studies concerning online consumers, a very distinct consumer profile comes to life. This profile can be summarised as follows:

“Education seems to be the most influential demographic variable affecting consumers’ tendencies to buy groceries online. Therefore, most of the studies determining the demographics of an online consumer noted that these consumers were generally more educated, with the majority obtaining at least a university degree. It was further noted that online grocery shoppers were in general younger than the average internet user, with a higher level of education and income. Although most studies revealed that men tend to purchase more products online, the exception was with online grocery shopping which saw more female than male shoppers” (Hall, 1999; Lynch & Beck 2001; Morganosky & Cude, 2002; Mokhtarian 2004; Boyer & Hult, 2005; McClatchey et al., 2006; Chugh & Grandhi, 2010; Sebastianelli et al., 2007; Ellis-Chadwick, 2008; Hui & Wan, 2009; Milkman et al., 2010; Reinartz, 2011; Shea & Zivic 2011; Sorescu et al., 2011; Deon, 2011).
Most of the above sources refer to studies that have been conducted abroad. The question could be asked whether the South African online shopper has the same profile. For this reason, the next section will look particularly at the South African consumer.

2.8.2.2 The South African online consumer

Seeing that South Africa is such a multi-cultural country, it is important also to consider the variables that are country-specific. Hall (1999:15) characterises South Africa as a follower, stating that we are between 18 to 24 months behind developing economies, but we do rapidly take to technology. There are many other factors such as economic climate that play a more prominent role in online purchases. This is clear from a study carried out by Deon (2011) who investigated the shopping traits of Gauteng consumers. The study found that the recent economic recession has prevented South Africans from purchasing items and making use of services they cannot afford. He also found that the disappearance of the ‘traditional housewife’ has led to house chores being split more evenly between partners and members of a family. Online grocery shopping presents a convenient avenue for busy households to save time, since the majority of women tend to have full-time occupations.

The question, however, still remains: why are South African consumers still hesitant to partake in online grocery shopping? The answer, according to most South African studies, is security of internet transactions. In a study carried out by McClatchey et al., (2006) about the effects of online grocery shopping on foot traffic in shopping malls in South Africa, they found that consumers who have purchased groceries from either one of the only two e-grocers in South Africa, still continue to shop in traditional stores. They did, however, find that grocery shopping has a significantly higher growth potential than any other form of online shopping. Therefore, retailers need to convince their consumers that online grocery shopping is not only a convenient way of purchasing groceries, but also that they are taking measures to ensure it is also safe and trustworthy (Hall 1999; McClatchey et al., 2006; Deon 2011; Reinartz et al., 2011).

A specific factor that South African retailers need to consider when determining their consumer profile is cultural differences. Lynch & Beck (2001:726), found that different
cultures have different perceptions of trust toward online retailing, and that organisations need to be sensitive towards these differences, especially in culture-rich countries such as South Africa. Culture also influences the preferences and needs of customers - for example, culture may determine the nutritional needs of individual cultural groups, such as, for example, halal foods. Gaps still exist in the literature on how specific cultures in South Africa respond to online grocery shopping, their nutritional needs and how these needs could be satisfied through an online channel. This issue could be an interesting potential research topic.

2.8.2.3 The South African online consumer: as described by a South African retailer – exploratory discussions

Due to the lack of information on online grocery retailing in South Africa, exploratory discussions were held with one of the responsible managers of a multi-channelled retailer in South Africa. The idea was to explore the online grocery landscape in South Africa. A summary of the most important points of the discussion is provided below. To protect the identity of the retailer, the name of the retailer has been replaced with the retailer in the summary below.

The retailer described their core customers as discerning, loyal and not afraid to make their views known. The retailer's core market falls within the upper-income 8-10 LSM (living standard measure) consumer segment. LSMs have become the most widely-used marketing research tool in Southern Africa. It divides the population into 10 LSM groups, 10 (highest) to 1 (lowest) usually measured by the total income of a household, according to SAARF (South African Audience Research Foundation, 2012).

South African consumers within the LSM group 8 -10 have grown considerably in the last few years, as evident from the retail sales market growth figures. However, focusing only on a specific market segment may restrict the growth of a retailer. For this reason the retailer is also focused on improving his offerings to older customers. Furthermore, the retailer has also considered the diversity of the South African consumers. In doing this, they have realised that a major competitive
advantage lies in the growing affluence of black consumers. "They aspire to our brand even more than white consumers," said the retailer.

The retailer also stressed the fact that they work hard to build long-term relationships with customers, listening to what they have to say, and time and again providing the right product and service to meet their needs. They believed that consistent delivery which supports its brand values – quality, innovation, value for money, integrity, service, energy and sustainability – is the way to earn this customer trust. There is no denying the fact that the retailer is extremely customer-focused, and they have designed their retail landscape accordingly.

This section aimed to provide clarity on some of the factors influencing consumers’ perceptions and the landscape of online grocery shopping. The following section will conclude this chapter – summarising the major issues covered throughout the chapter.

2.9 CONCLUSION

This chapter focused mainly on competition within the retail setting. It becomes apparent that the internet has changed the grocery retail model – therefore, staying competitive in this industry requires new innovative service offerings and, in the case of retailing, most authors argue that a multi-channel retailer is the most lucrative way. Barriers and advantages faced by both pure-player retailers as well as bricks-and-mortar retailers were discussed.

The main focus of this chapter was to provide a background to the most important role players in online grocery shopping, namely the retailer and the customer. The different models of retailing (pure online retailers ‘pure players’ and bricks-and-mortar retailers) were discussed.

The chapter also provided a snapshot of the online consumer. A conclusion could be made that several factors are considered by the retailer in terms of the attractiveness of online grocery shopping. Factors included the customers’ income, LSM group cultural orientation and eating habits etc.
The next chapter will delve deeper in looking at one of the important touch points for communication between retailers and consumers - the retailer's website. The history of websites and the business use will serve as an introduction to the chapter. It will furthermore consider online retailing websites and conclude with a discussion on factors to consider when building an e-grocers' website.
CHAPTER 3

FROM DEMAND TO SUPPLY: ESSENTIAL COMPONENTS OF ONLINE GROCERY SHOPPING

3.1 INTRODUCTION

As stipulated in Chapter 1, the main objective for this study is to determine what the barriers are in hindering online grocery supply chains from reaching their full potential in the South African market. Before primary research could be done, it was necessary first to build a theoretical foundation on this topic, to ensure that the research will make a unique contribution and provide a clear focus on the gaps still evident in the literature.

Up till now, Chapter 1 served as the foundational chapter for this study. It discussed the most pertinent topics in relation to this study. Chapter 2 delved deeper into the research problem by considering the different models of grocery retailing and also how these models have been adapted to include online ordering from consumers as a distribution channel. Chapter 3 will go even further by considering this new distribution channel in detail, as seen from Figure 3.1 below.

Figure 3.1: Visual representation of dissertation chapters covering grocery supply chain: Chapter 3

Issues to be covered in Chapter 3:
- Website functionality of retailers' websites
- Analysis of e-grocer website
- Future of online grocery retailing
Chapter 3 focuses on defining and discussing the first touch point for retailers to consumers in online grocery retailing, namely websites and mobile applications, more in use in European markets. As indicated in Section 2.4.1.3, a touch point refers to all the ways a retailer can communicate/interact with their customers. Furthermore, the chapter considers the most important factors in designing a successful online grocery website, introducing a model that will be used to evaluate the website quality of South African e-grocers in comparison with the two European online grocers.

3.2 THE HISTORY OF THE INTERNET

As discussed in Chapter 2, there is no denying the fact that to remain competitive, firms must continually develop and adapt their business models to keep ahead (Wirtz, Schilke & Ullrich, 2010:272). For bricks-and-mortar retailers to become multi-channelled, their first order of business should be to develop a well-functioning website.

The subsequent section of this chapter examines websites, starting with the history and birth of websites. Thereafter, websites as a form of commerce will be discussed, followed by a section on South Africa and the use of websites in a South African context.

3.2.1 The birth of the internet and the world wide web

Initially, the internet was not developed for commercial use. “When conceived in 1969, the then ARPAnet was purely the domain of US government research agencies and academic institutions…” (Cockburn & Wilson, 1996:83). It was not until 1991 that businesses were finally allowed to connect to the ARPA net to form what is known today as the internet. In 1992 the number of internet hosts broke the one million mark and the World Bank got connected to the internet. In 1993 business and media started to take notice of the internet and an increase in the number of hosts could be seen. In 1994, the first ever online sales were conducted, when the American pizza company Pizza Hut sold a pepperoni and mushroom pizza, with extra cheese (Zakon, 2014) – the start of online food retailing. The rest is history.
It is important to consider the extent of connectivity of retailers and customers in the South African market. The apparently slow adoption rate of online shopping might be due to many reasons, of which an important one could be a lack of internet infrastructure in South Africa. Therefore, the following section will consider the history of the internet specifically relating to South Africa and the current available statistics on how the internet is being used by consumers and businesses in South Africa.

3.2.1.1 History of South Africa and the internet

The internet has become an important part of South Africa’s GDP, contributing more than two percent to GDP, according to a study done by World Wide Worx (2012). The first introduction South Africa had with the internet was in 1988 when Rhodes University obtained the first IP address of South Africa (Lawrie, 1997:01). An IP (Internet Protocol) address is defined by the online Cambridge Dictionary as: “the technical rules for communication on the internet”. In 1990 the internet code (.za) was granted to South Africa and in 1992 the internet was available for business and private use in South Africa.

Currently Internet World Stats (2013) reports a staggering 2, 405 518 376 Internet users worldwide. Africa accounts for seven percent of these users. South Africa’s internet users increased from 2 400 000 in 2000 to 8 500 000 in 2012. In the following sections, the discussion will rely heavily on the research of World Wide Worx, an internet research company located in South Africa.

3.2.1.2 South African Business and the Internet

Almost two-thirds of SMEs in South Africa have a website (World Wide Worx, 2012). Arthur Goldstuck, founder of this leading South African internet research company, in conjunction with Google South Africa, released an extensive report in 2012 on South African internet usage. The most important findings of this report will be discussed below.

“The survey shows that around 410 000 SMEs in South Africa have a website, representing 63% of active, formal SMEs. The full impact of these websites on the economy is placed in perspective by the number of SMEs that would not have
survived without one. Approximately 150 000 SMEs in SA would go out of business, were it not for their Web presence. Since SMEs account for some 7.8 million jobs, this means that as many as 1.56 million jobs would be in jeopardy were it not for the Internet,” suggests Goldstuck. This indicates the importance of businesses to capitalise on the internet as a future form of commerce. In a report by World Wide Worx on Broadband usage in South Africa, they found the following: “...the number of broadband subscriptions grew from 3.6 million at the end of 2010 to an expected 8.2 million\(^2\) by the end of 2012 – 128% growth. Many users have multiple forms of broadband access – such as an ADSL account as well as 3G – while many hop between operators to take advantage of promotional offers. As a result, the number of individual broadband users is substantially lower, but also has more than doubled in the past two years. The number has grown from 2.8 million to 6.7 million – 140% growth in just two years.” The study further indicates that: “...e-commerce is growing at a rate of around 30% a year, and is showing no signs of slowing down. In fact, taking into account the fact that a number of major consumer brands and chains have not yet devised comprehensive online retail strategies, the scope for future growth is even greater” (World Wide Worx, 2012).

Considering all statistics that serve as proof of the growth with regards to internet usage in South Africa, the question could be asked: how has this growth influenced e-commerce in South Africa? The next section will serve as a summary of the most important finding by Arthur Goldstruck on e-commerce in South Africa. Reference will be made to the model World Wide Worx has developed, the digital participation curve, in order to explain the reason why organisations are not receiving the return on investment that they were hoping for.

### 3.2.1.3 The digital participation curve

Internet user numbers rose from 1.8 million users in 1999 to 2.8 million in 2001, a rise in numbers almost doubling from preceding years. Consequently, instead of an internet boom fuelled by start-ups, South Africa saw reputable industries throw millions of rands at their e-commerce activities to ensure they were the leaders in their fields. Despite these investments, the internet-using public almost completely disregarded the offerings of these

\(^2\) Compare to 8.5 million indicated by Internet World Stats 2013 as mentioned in 3.2.1.1
industries, mainly financial institutions and retailers. Goldstuck suggests that the consumers were not ready (1996 to 2001) to partake in e-commerce. Although there were 2.8 million recorded internet users, only between 300,000 and 400,000 consumers were confident enough in their internet abilities and willing to explore online shopping (World Wide Worx, 2012). Two factors became clear and indicated a trend:

1) 357,000 consumers were registered for online shopping in 2001 (out of 2.8 million internet users).
2) The number of South Africans with internet access in 1996 (five years prior) was 354,000

Although there were 2.8 million recorded internet users, only the users that had been active from 1996 felt self-reliant enough to shop online. “The correlation of the 1996 user numbers and the 2001 online shopping registration total suggested that five years on the internet was a key level of experience for users to engage in transactional behaviour in particular, and to participate in the digital economy in general. This transactional behaviour ranged from participating in e-commerce to launching businesses online, to creating personal websites or elaborate blogs” (World Wide Worx, 2012).

World Wide Worx has developed a model, the digital participation curve, to illustrate the correlation between the increase in internet users per year and the five-year adoption rate. The figure below is the latest available digital participation curve, and from the figure it becomes apparent that the number of internet users willing to partake in e-commerce is definitely on the rise.

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3 The adoption rate refers to consumers’ willingness to partake in e-commerce.
Figure 3.2: The Digital Participation Curve 1994 - 2015


The earlier section of this chapter aimed to provide a brief background on the internet and its development over the years, also considering the adoption of internet in South Africa. The section concludes with the explanation of the digital participation curve, proving that an increase in internet users comfortable enough to partake in online purchasing will become progressively greater. This verifies the importance for South African businesses and retailers of having an outstanding website.

3.3 FUNCTION OF COMMERCIAL WEBSITES

A website is the platform where the buyer and seller interact. In Chapter 1, Table 1.2, eight different literature sources indicated that website navigation can be a barrier to consumers using online grocery shopping. It therefore makes sense to explore this issue further and to consider the purpose of a business website before exploring how it can be utilised in a grocery retail setting. Section 3.3.1 will outline a model which could be used to illustrate the functions of a commercial website.
3.3.1 Eight C’s model of a website

To explore the functions of a website, the model constructed by Dombay, Seer, Magyari-Saska & Seer (2010) will be used. This model was adapted from the original model developed by Rayport & Jaworski (2001). Other models may exist, but this eight C’s model was considered appropriate for this study. The model outlines eight items that describe the functions of a commercial website. This model and the eight functions will be discussed briefly in the following section.

Figure 3.3: The eight C’s of a commercial website

Source: Adapted from Dombay et al. (2010: 105-106)

The following explanation provides clarity on the meaning of each ‘C’:

- **Context**: the context of the website refers to the layout and design of the website, the placement of click buttons, etc.
- Content: the content of the website includes all the audio, video, picture and text-based content of a website.
- Community: community refers to the available options for customers to communicate with the business. This is, for example, through experience-sharing, commenting options, etc.
- Customisation: the customisation of websites includes functions of the website that could be altered to accommodate different users - for example, the option of changing the font size to help the elderly or visually-impaired to better navigate the site.
- Communication: communication of websites refers to the websites’ ability to facilitate two-way communication between the business and the consumer.
- Connection: the connection of the website refers to how the website is linked with other websites.
- Commerce: commerce of a website refers to the kind of transaction of which the website is capable. In a grocery retailing context, this refers to the ability of the website to facilitate the purchasing and payment process.
- Constant change: describes the constant change the website needs to undergo to stay competitive and to ensure its service offerings meet the constantly-changing needs of the on-line shopper.

3.4 ONLINE GROCERY RETAILING: THE GROCERY RETAILER’S WEBSITE

3.4.1 Introduction

The last decade has seen an amplified advancement in communication and information technologies. This has enabled the creation of a new service brand experience which facilitates much greater communication, control and individualisation in the e-grocery context (O’Cass & Carlson, 2012:28). However, even though the internet has presented traditional retailers with the opportunity of connecting on a much deeper level with their consumers, the transition has not been as effortless as expected. Lee (2011:56) argues that the lack of previous knowledge and experience of managing an online platform has led to an increase rather than a decrease in the transaction costs of selling a product. Therefore, the focus should not only be on getting this model of retailing accepted by consumers, but also the
focus should also fall on facilitating the shopping experience through pre-purchase, purchase and post-purchase stages. It has become crucial to design the website in such a way as to ensure that both parties reap the maximum benefits, while transaction cost be kept to a minimum (Lim et al., 2008:842).

Bricks-and-mortar retailers spend vast amounts of money on finding prime locations, developing their competitive advantage and building service offerings to satisfy their consumers. The website is actually the virtual shop in online shopping. Therefore, the importance and value of a well-designed website cannot be underestimated. If the website is seen as the only touch point the e-retailers have with their online consumers, e-retailers can afford to put the same effort into the design of their website, as a bricks-and-mortar retailer would when designing its retail store (Barnard & Wesson, 2003:259).

The following section will explore all the factors that bricks-and-mortar retailers need to consider when building an online platform. An evaluation tool to evaluate e-grocers’ website quality will also be presented.

3.4.2 Factors to consider in building an e-grocer website

It seems that most authors agree on the elements for developing a good e-grocer website. Rha et al., (2001:6) argue that quality signalling is very important because of the heterogeneous nature of grocery products. A study done by Lim et al. (2008:842) investigated the factors that influence customer behaviour in an online grocery store. These factors will be discussed below.

3.4.2.1 Product information quality

Selling groceries online poses very unique challenges for retailers, thus the design of the website should be done in such a way as to provide customers (who are mostly educated consumers) with full product and nutritional quality information. The customers should be able to access all the information of a product in the same way as if they walked into a grocery store, picked up the product and read the information on the label. This is particularly true for perishable grocery products, as customers may use the information as proxies for
product quality. It is therefore, crucial for e-grocers to overcome the intangibility of selecting groceries online, by providing customers with the same information they would have received when purchasing a product in a bricks-and-mortar store (Lim et al., 2008:842).

### 3.4.2.2 Customer service quality

Customer service is defined by Wolfinbarger & Gilly (2003:193) as “...responsive, helpful, willing service that responds to customer enquiries quickly.” In a virtual retailing environment, interaction between a retailer and a customer can be restricted. Lim et al., (2008:848) found that most websites lack an avenue for personal interaction between the organisation and their customers. They also note that websites lack features that allow consumers to solve problems themselves - for example, tracking, cancelling or changing orders on the website, which would make the process convenient for consumers. Furthermore, they found that bricks-and-mortar retailer websites tend to contain other features that consumers value, such as recipes. They stress the importance of transferring what consumers value in traditional retailing onto the website.

### 3.4.2.3 E-business quality

Lim et al. (2008:842) define e-business quality as: “...the ability of a web site [sic] to facilitate the online ordering process.” E-business quality can be a major role player in determining consumers’ purchase intentions on e-grocery websites. Ease of use and navigation has proved to be one of the most determining factors influencing consumer perceptions of website quality. Given the frequent purchase of groceries, a user-friendly website will be an important factor in influencing consumers’ experiences with online purchasing of groceries (Turel, Connelly & Fisk, 2013:101).

### 3.4.2.4 Website usability or ease of navigation

Barnard and Wesson (2003:258) and Crespo and Del Bosque (2010:564) state that grocers might lose valuable income if consumers perceive a website as difficult to navigate. They argue that return visits can be directly linked to the ease with which consumers can use a website.
Usability can be measured in terms of effectiveness, efficiency and satisfaction. Effectiveness is measured according to how easily consumers can complete the task at hand. Whatever the reason may be for consumers to go to the website, be it to gather information or to make a purchase, they should be able to complete the task easily. Efficiency is all about time. Efficiency can be measured by how well a website's design allows a consumer to complete the task in a reasonable amount of time. Satisfaction is best measured by asking the consumer to complete a satisfaction survey to determine which factors of the website still need attention (Crespo & Del Bosque, 2010:564).

In this study, the websites of two online grocery retailers in South Africa will be evaluated. Furthermore, the websites of two successful grocery retailers in Europe (UK) will be evaluated. Additionally, these four websites will be compared to one another to identify possible shortcomings in the South African websites which might influence the online shopping experiences of their consumers. The evaluation instrument will be discussed in the next section while the findings of the website will be discussed in Chapter 6.

3.4.3 Evaluating grocery websites: the research instrument

The original evaluation instrument was designed by e-agribusiness researchers and its main purpose was to evaluate e-grocers’ websites. The instrument does not just measure one aspect of an e-grocer’s website; instead, it takes a holistic view by assessing the technical performance of the website as a marketing communication tool and also the sales-transaction function of the website. For this study, the instrument originally developed by Rha et al. (2001) will not be used, but rather the adapted version by Lim et al. (2008), as it is more advanced and focuses more on the current factors influencing website quality. The instrument will be adapted to include constructs measured by Åberg & Kurdieh (2013) in their evaluation of online grocery retailers. The inclusion of these constructs will allow for more in-depth information into the quality of the retailers’ websites. The instrument will be used to identify factors that are missing from the retailers’ websites as it focuses on measuring the three above-mentioned factors i.e. product information quality, customer service quality and e-business quality. In Chapter 6, the analysis of the four websites will be carried out by means of a matrix indicating the factors present or missing on the different e-grocery retailers’ websites.
3.4.3.1 Product information quality

According to the instrument refined by Lim et al. (2008), the following checklist/questions will be used to measure the website’s product information quality:

1. Does the website contain any nutritional information about the products?
   - Can you get a complete list of ingredients for the products?
   - Can you get a complete list of nutritional facts for the products?
   - Are there any processed food products for which you can find no nutritional facts?
2. Can you ask store nutritionists for more detailed nutritional information?
3. Can you search for products in terms of place of origin?
4. Can you get information about the type of farm from where the raw food commodity originated?
5. Can you get detailed information about specific farms and farmers?
6. Are there direct links to the different producers’ or processors’ websites from the grocer’s site?
7. Can you get detailed information about the production process? (e.g. what kind of seeds have been used, how long the wine has been aged, etc.)
8. Does the e-grocer sell organic products?
   - Can you get detailed information about which products are organic?
   - Can you find out who certifies the organic claim?
   - Can you search for organic products only?

3.4.3.2 Customer service quality

The following items are aimed at measuring the website’s customer service quality:

1. Is there a standard form to fill out and send via e-mail?
2. Is there a phone number listed for a service centre?
3. Are there different e-mail addresses for customer service and technical support?
4. Does the e-grocery promise to call the customer to resolve problems?
5. Is there a link to frequently-asked questions (FAQ)?
6. Can you cancel your order online?
• Do you have to phone in to cancel your order?

7. Do you get a confirmation e-mail once your order has been accepted?

3.4.3.3 E-business quality

The following items are aimed at measuring the website’s e-business quality:

1. Is there a search tool to let you locate the product directly?
2. Are the products categorised into groups?
3. Can you get recipes?
4. Can you get recipes linked from other homepages (outsourced)?
5. Is there a quick search tool (e.g. by key words) for recipes?
6. Are there pictures on the recipe pages?
7. Can you easily print out the recipes?
8. Can you automatically add recipe ingredients to your shopping cart?
9. Does the website provide product pictures?
   • Two-dimensional - 2D
   • Pop-up image (enlargement)
10. Is there any music on the website?
11. Are there promotions on the e-grocer's website?
12. Is there an option to review (or leave comments) on the website?

The results of the actual analysis of the four websites by means of the above checklist of items will be discussed in Chapter 6. Although websites and the internet are currently the primary way for e-grocers to communicate with their consumers, it should be kept in mind that the internet and technology are ever-changing in nature, so the use of computers and websites are no longer the only means of ordering groceries. Consumers can also browse grocery websites or download applications (apps) by means of their smartphones. The next section of this chapter will investigate smartphones and mobile applications (apps) as touch points with consumers.
3.5 M-COMMERCE

3.5.1 Definition

Since the rapid growth of cell phones and, more recently, smartphones, the idea of mobile commerce (m-commerce) has been very attractive as an innovative form of commerce. To fully understand the concept of m-commerce, all the components of m-commerce should first be understood. Smartphones are defined by Andersson & Frost (2013:01) as “devices that can be used both as a mobile telephone and as a handheld computer”. The most focal part of the definition is the inclusion of the use of a computer, as it is this feature that separates smartphones from traditional cell phones. This feature allows a smartphone to function as a desktop computer, with applications (apps) which can be defined as: “…small programs that run on a mobile device and perform tasks ranging from banking to gaming and web browsing”. It is also these apps that allow retailers to reach consumers via a handheld device 24/7 and entice them to purchase goods on their websites or through the specific retailer’s app.

M-commerce is defined by Hu, Li and Hu (2008:01) as “…conducting commercial transactions via wireless network and devices.” M-commerce has challenged the technology-adverse businesses even further. It is commonly believed that the innovativeness of users and how they use technology changes the way business is conducted. However, Hu et al. (2008:01) argue that it goes much further and that the innovativeness of new technology not only offers the possibility of using mobile apps as a means to shop and order groceries, but it virtually changes the course of human behaviour.

3.5.2 South African mobility

The question could be asked: could this new technology work to increase online grocery shopping in a developing country such as South Africa? Google conducted research to determine mobile usage in South Africa. In their report entitled ‘Our Mobile Planet 2013’, wherein they undertook a study with respondents which included both male and female respondents between the ages of 18-55 and from mostly urban areas but also rural areas, it became apparent that mobile apps could give retailers the opportunity to connect with
consumers via a device (the smartphone). 40 percent of the South African participants owned a smartphone and 95 percent of them use their smartphones daily. 47 percent of these users conveyed that they use their smartphones more than any other device and 80 percent of their internet usages are via their smartphone and not a computer. Furthermore, 78 percent of these South African smartphone owners indicated that they would not leave their homes without their smartphones and 42 percent would rather give up their televisions than their smartphones.

Consequently, from the above, it is apparent that smartphone apps have the potential to be an enormously lucrative market for South African business. Taking this into consideration, the research report, ‘Our Mobile Planet 2013’, stated the following, specifically relating to online grocery shopping through mobile applications: 5 percent of the respondents reported using their mobile phone as a way to do research about a product, but buy it online from another device; 15 percent reported doing research about a product online, but purchased the product in store; 18 percent of the products researched were food or grocery items. The research further explored products purchased via a smartphone and it was found that 30 percent of the South African participants had bought a product through their mobile phones, of which 57 percent had been in the last month; 62 percent of respondents indicated that they purchased a product via their mobile phones at least once a month.

In a study done by Martínez and Porter (2012:234) in Texas, consumers were asked to identify their willingness to purchase groceries via a mobile app. The study found that there is a demand for grocery store applications. Females were the most willing to purchase their groceries via an app. They also found that participants would value such an app enough to be willing to pay a small nominal fee for the use of such an app. They also acknowledged the main factors that would influence the use of use an app as: price, convenience, amount spent on groceries per week, gender and income.

When asked what products they would most likely buy on such an app, they indicated: perishable items were the least likely, at 45.7 percent of the time; dry goods were chosen 89.1 percent of the time; a close second were personal care items at 82.6 percent of the time; with other items between 45.7 percent and 63 percent of the time. (The respondents had the options of “dry goods”, “refrigerated goods”, “frozen goods”, “canned goods”,

- 63 -
“perishables”, “personal care”, and “other” (which included miscellaneous items like charcoal, diapers, pots and pans).

The above section demonstrated that mobile apps have a potential market, as consumers indicated that they would like to download and use a mobile grocery app. However, to date there are no such apps available in South Africa. The main grocery retailers in South Africa do have apps, but it is merely loyalty programme apps or apps that serve some other purpose. Hence, clearly there still exist some barriers to the development and use of these apps. These barriers will be discussed below.

3.5.3 **Barriers to the use of mobile apps as a means of m-commerce**

In the report by Google ‘Our Mobile Planet 2013’, the respondents were asked to identify the main issues they have with the use of mobile apps as a means of m-commerce. Their findings are ranked below, from most important to least important:

1. Cannot trust credit card security on mobile device
2. Screen size is too small
3. It takes too much time to open the website page
4. Cannot see detailed product/service information
5. Hard to compare prices and options
6. Mobile online access tends to be interrupted
7. Information is not detailed enough

The above-mentioned barriers are barriers as perceived by South African smartphone owners. From the retailer’s side, Andersson and Frost (2013:02) report that the adoption of apps is slow for a few reasons. Firstly, there is not enough knowledge on how to develop apps and how these apps should be utilised. Secondly, the apps that are developed are designed to be functional first, without taking into consideration why people (customers) would use the app and the perceived value the customers attach to the use of the app. From a South African perspective, fear of cannibalisation of the different channels may be a mayor cause for the slow adoption rate to m-commerce (Andersson and Frost, 2013:04). Nevertheless, according to Andersson and Frost (2013:02), consumers today expect that
there should be an app for everything and South African retailers should consider m-commerce as a potential channel of retailing.

Even though grocery retailers in South Africa do not use mobile apps as a means of grocery commerce (g-commerce), other countries like Europe and the US do. Exploring their use of apps as a method of g-commerce might be a way to predict the future of South African g-commerce to some extent.

3.5.4 The use of grocery apps in the UK

Although the United Kingdom (UK) has many grocery retailers, for the purpose of this study two of the main UK grocery retailers, Tesco and Asda, will be used as a benchmark for the South African e-grocery market. The reason is that these two retailers are leading the way in online grocery shopping and also they were initially only bricks-and-mortar retailers, and then morphed into successful online retailers. Both these retailers have successful mobile apps, and speaking at the IGD Online Grocery Retailing conference in London 2013, Tesco’s online marketing director, Andrew Miles, said that “…mobile [devices and apps] in particular are changing the path to purchase, as customers use previously unproductive time standing in queues or waiting for the bus to browse the web. Mobile now accounts for 10 percent of our online orders and 20 percent of traffic” (MarketingWeek, 2013).

These retailers have gone to great lengths to develop first-rate grocery apps, and some of the features these apps hold are outlined in the table below.

Table 3.1: Features of Tesco’s and Asda’s mobile applications

<table>
<thead>
<tr>
<th></th>
<th>Tesco</th>
<th>Asda</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers can …</td>
<td>see special offers</td>
<td>shop the full grocery range</td>
</tr>
<tr>
<td></td>
<td>shop quickly from favourites⁴</td>
<td>have access to ASDA Price Guarantee (APG)⁵</td>
</tr>
</tbody>
</table>

④ Favourites refers to items that consumers either buy on a regular basis or have selected as favourite items from a previous shopping list

⑤ ASDA Price Guarantee

The ASDA Price Guarantee looks at the prices of around 17,500 like-for-like branded and own label grocery products at Tesco, Sainsbury’s, Morrison’s and Waitrose.
<table>
<thead>
<tr>
<th><strong>Tesco</strong></th>
<th><strong>Asda</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers can …</td>
<td>Customers can ….</td>
</tr>
<tr>
<td>securely check-out&lt;sup&gt;6&lt;/sup&gt;</td>
<td>build a shopping list at home or on the go</td>
</tr>
<tr>
<td>make changes to existing orders</td>
<td>browse the app as a guest; no need to create an ASDA Home Shopping login</td>
</tr>
<tr>
<td>see opening times and facilities of different Tesco stores</td>
<td>browse special offers</td>
</tr>
<tr>
<td>have access to recipes and add the ingredients straight to their baskets</td>
<td>find and learn about items using voice search, barcode scanner and QR code scanner</td>
</tr>
<tr>
<td>make use of e-coupons and vouchers</td>
<td>sort items by price; filter by type or by favourite brand</td>
</tr>
<tr>
<td></td>
<td>book a delivery time slot; easily amend slot up until 10pm the day before the delivery</td>
</tr>
<tr>
<td></td>
<td>view an updated trolley total with each added item</td>
</tr>
<tr>
<td></td>
<td>top up ASDA delivery order while on the go; amend (or cancel) your order</td>
</tr>
<tr>
<td></td>
<td>find nearest ASDA store, view opening hours and get directions</td>
</tr>
</tbody>
</table>

Source: Adapted from Tesco’s and Asda’s websites

In a further development these retailers promote the use of mobile apps within the store. These apps now have mobile “scan and go” services, enabling customers to download an app and then walk around the store, scanning the products they pick. This provides customers with more control over the purchasing process, as they can keep an eye on how much they are spending and then simply hand their phone to the cashier to pay at the till without having to unpack all their goods (IGD Online Grocery Retailing conference proceedings 2013).

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<sup>6</sup> Check-out refers to the action where consumers can log out of their online account at any time they wish to.
3.6 CONCLUSION

This chapter considered the first touch points with online consumers, the retailers’ websites and mobile applications (in European markets).

The chapter gave a brief background on the origin of the internet and went on to explore websites as a form of e-commerce. The most important elements or functions of a commercial website were discussed and a model to be used in the analysis of the website quality of South African online grocery retailers was introduced.

The chapter concludes with a discussion on M-commerce and the possible applications of m-commerce in South Africa. Lastly, the use of mobile applications for grocery shopping in Europe was discussed. A comparison was made between the mobile apps of two of the biggest UK retailers, Tesco and Asda, to gain insight into features that should be considered when designing a g-commerce mobile application.

In closing this chapter, the following main conclusions or findings can be made: South Africa is between 18-24 months behind developing countries in adopting and employing new technologies relating to the internet (Section 2.8.2.2). Furthermore, accepting the findings of World Wide Worx, South Africans need five years to adapt fully to, and accept new technology. If this is the case, retailers should see a massive increase in consumers’ online participation by 2015. Additionally, m-commerce as the newest online retailing tool was discussed as a possible future e-commerce expansion for South African retailers.

The following chapter will examine the order fulfilment process of e-grocery retailing. It will investigate the different methods of storage and order fulfilment and will conclude with a discussion of the last mile of the supply chain – delivery methods.
CHAPTER 4

CROSSING THE CONSUMER’S LINE OF VISIBILITY: ONLINE GROCERY ORDER FULFILMENT

4.1 INTRODUCTION

As stated in Chapter 1, the purpose of this study is to determine the most significant barriers to, and facilitators for, online grocery shopping in South Africa. Previous chapters have considered general barriers and facilitators. Websites and e-commerce have also been discussed as possible opportunities and barriers. However, until now very few supply chain-specific barriers have been discussed. Figure 4.1 below is a visual representation of the online grocery supply chain, which chapters of this dissertation cover with sections within the online grocery supply chain. So far, the research question has been identified and discussed (Chapter 1), general barriers and motivators investigated by previous researchers relevant to international e-grocers have been discussed (Chapter 2). Also e-grocer website functionality and the role the website plays within the online grocery supply chain (Chapter 3) have been discussed.

Chapter 4 will explore in depth the specific supply chain barriers and motivators discussed by previous authors when moving from being conventional bricks-and-mortar retailers to becoming multi-channelled.
Chapter 4 focuses mainly on exploring the different components of supply chain management (SCM), and more specifically e-grocery supply chains (e-SCM). It considers the consumers (the demand) as the starting point and driver of the supply chain, and all the activities and elements up to the suppliers (supply) of the consumer goods.

One of the major challenges for supply chain managers is the integration of information within the supply chain and sharing information with channel members, especially with the added strain of e-commerce. The chapter concludes with an investigation into the different fulfilment options available to e-grocers and a discussion of the different ‘delivery methods’, although some of the methods include pick-up by the consumers.
Supply chain management (SCM) is made up of the control of both material and information flow among manufacturers, suppliers, distributors and customers. SCM involves the management of these flows within and between companies (Byrne & Heavey, 2006:420; Prater, Frazier & Reyes, 2005:134). The internet has altered the traditional supply chain and has provided retailers with an additional channel of commerce. For the purpose of this study, the definition of Giménez and Lourenço (2008:312) will be used to define electronic supply chain management (e-SCM) “...the impact that the internet has on the integration of key business processes from end-user through to original suppliers that provide products, services and information that add value for the customers and other stakeholders.”

Looking at groceries and the specific challenges they set for supply chain managers, Kärkkäinen (2003:529) argued that the high number of product variants, short shelf-life of products and the need for temperature control makes efficient supply chain management of paramount importance in this industry. Possible contamination of products is one of the major challenges of grocery supply chains. Therefore, online grocery supply chain managers need to make special provision for the delivery of a variety of products, including special requirements such as cold storage for perishables until the product is handed over to the customer. Each of these requirements goes hand in hand with the *electronic physical distribution service quality* (e-PDSQ) of an online grocery supply chain. If the e-PDSQ of an e-grocery supply chain is efficiently managed and planned, customer satisfaction can almost be guaranteed (Xing et al., 2010:415). According to Xing, Grant, McKinnon and Fernier (2010:417), consumers perceive order fulfilment in receiving exactly the items they have ordered as the single most important factor in the whole online grocery purchasing process.

The structure of this chapter is based on a model originally created by Xing and Grant in 2006, but for the purpose of this study the adapted version from Xing et al. (2010:420) will be used. The purpose of the model is to address the issues faced by multi-channel retailers, and how these issues influence consumers’ perceptions of service quality. Figure 4.2 illustrates the model, which is then followed by a brief discussion on the framework and its relevance to this study.
The framework suggests four constructs that influence a consumer's perception of e-PDSQ. These four constructs are: availability, timeliness, condition and return. They argue that how a consumer perceives these constructs will influence their level of satisfaction with an e-grocer’s service. They go on to describe each of these constructs and the variables that influence them. The table below serves as a summary of the constructs and variables as identified by Xing et al. (2010:415).
Table 4.1: E-PDSQ framework constructs and variables

<table>
<thead>
<tr>
<th>CONSTRUCT</th>
<th>VARIABLE</th>
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| Timeliness | • Choice of delivery date  
               • Choice of delivery time slot  
               • Deliver on first date arranged  
               • Deliver within specific time slot  
               • Can deliver quickly |
| Availability | • Conformation of availability  
                      • Substitute or alternative offer  
                      • Order tracking and tracing system  
                      • Waiting time in case of out-of-stock situation |
| Condition | • Order accuracy  
               • Order completeness  
               • Order damage in-transit |
| Return | • Ease of return and channel options  
               • Promptness of collection  
               • Promptness of replacement |

According to Xing et al. (2010:415), the delivery of these constructs is complicated by the fact that there are many risk factors which might influence “late delivery” or “stock-outs” – that the customer is unaware of. The next section of this chapter will discuss the sequence of events that takes place after the consumer has pressed the order button, i.e. the order fulfilment process.

4.3 CROSSING THE CONSUMER’S LINE OF VISIBILITY: SUPPLIERS, WAREHOUSING AND DELIVERY

Naturally, some of the processes in the supply chain are not visible to the consumer, even more so in e-supply chains. It is also frequently at this point where problems and delays arise that cause consumer frustration (Reinartz et al., 2011:59). Therefore, it is imperative for retailers to carefully consider all the sourcing and logistic decisions of their supply chain.
4.3.1 The order fulfilment process

The challenge that e-retailers face is deciding on the most appropriate and lucrative way of fulfilling customers’ online orders. In a study done by Mahar, Wright and Bretthauer (2011:14), the researchers evaluated possible options for handling online orders, specifically looking at multi-channel retailers. They particularly considered the options of outsourcing (having the order fulfilled by a third party) and in-sourcing (order fulfilment in-house). These options will be discussed in the following sections.

4.3.1.1 Order fulfilment by a third party: Outsourcing

Outsourcing is defined by businessdictionary.com as: “The contracting or subcontracting of non-core activities to free up cash, personnel, time, and facilities for activities in which a company holds a competitive advantage. Companies having strengths in other areas may contract out data processing, legal, manufacturing, marketing, payroll accounting, delivery, or other aspects of their businesses to concentrate on what they do best and thus reduce average unit cost. Outsourcing is often an integral part of downsizing or re-engineering.”

Deciding to outsource should be based on weighing up the growth in (supply chain) surplus provided by the third party against the increased risk incurred by using a third party distributor (Chorpa & Meindl, 2013:442). Third party distributors allow companies to increase their product offerings with less inventory risk and relieve some of the pressure, as they do not need to keep excessive inventory. The disadvantage, however, is that outsourcing online fulfilment capabilities can condense profit margins (due to high contracting service costs) and reduce control over customer information. Especially considering the importance of electronic physical distribution service quality (E-PDSQ), outsourcing the order fulfilment process could hold massive reputational risks for a retailer. If a third party were to be flawed in their fulfilment process, it would reflect badly on the e-retailer. Therefore, multi-channel retailers must have high levels of trust in their outsourced suppliers of delivery services and also in their IT systems, to ensure that a high level of customer service is maintained (Mahar et al., 2011:22).
In short, outsourcing in e-grocery retailing therefore means that a third party is responsible for receiving the online order of a customer, picking and packaging the order and then delivering the order to the customer.

### 4.3.1.2 Order fulfilment by the e-retailer: In-house

Some retailers may never consider outsourcing of functions, such as the online order fulfilment, but choose to do it themselves – in-house. Retailers might also decide to outsource a function and later decide to bring the function back into the business to do it in-house. The latter case is called in-sourcing.

In-sourcing is defined by businessdictionary.com as: “Delegating a job to someone within a company, as opposed to someone outside of the company (outsourcing). One reason for in-sourcing to occur is if a company had previously outsourced a certain task, but was no longer satisfied with the work being done on that task, so the company could therefore in-source the task and assign it to someone within the company who they believe will do a better job.”

In terms of online grocery retailing, this would indicate that the retailer handles every part of the online order fulfilment itself – from receiving the order online through the entire process until the groceries are in the hands of the consumers. According to Mahar et al. (2011:22), in-sourcing or in-house fulfilment can take on two different forms. These forms will be discussed in the following section.

### 4.3.1.3 In-house: fulfilment of the online order from the retailer’s warehouse

Multi-channel retailers may consider handling the online fulfilment in-house, centralised, at existing warehouses. According to Mahar et al. (2011: 22), this type of in-house sourcing and order fulfilment thus means that the order is received, packed and delivered to the customer from the retailer’s warehouse.

The advantage of centralisation in-house is that online inventory can be grouped at fewer locations. The disadvantage, however, is that this type of online order fulfilment may be
costly, e.g., shipping is time-sensitive, or bulky items from distant warehouses might incur more costs for the retailer (Mahar et al., 2011:22).

4.3.1.4 In-house: fulfilment of the online order from the retail outlets

Retail outlets are often closer to online consumers than warehouses are. Therefore, shipping orders from store outlets could be a more cost-effective option to ship online groceries. This holds major ‘last mile’ advantages for retailers who are utilising their store to serve a double purpose – the traditional store and a warehouse for online order fulfilment. Although this might seem to be the most viable option for online grocery retailers, it still has some disadvantages. Unit handling costs and fixed costs (retail space) might increase due to in-store fulfilment of products (Mahar et al., 2011:22).

4.3.1.5 Integrated approach

In an integrated approach, inventory management software is used to leverage its large store networks and centralised distribution hubs to ship online orders. An integrated approach allows for online fulfilment of orders to be handled at locations throughout the supply chain (Mahar et al., 2011:23). “Not only can customers’ orders be routed to the closest store, or the one with the largest inventory of the item, but store clerks can process online orders during slow periods on the floor” (Fowler & Dodes, 2010).

Integrated order management and fulfilment systems allow the accessibility of up-to-date information on available inventory not only for retailers, but also suppliers, stores, and online customers. If only part of an online order is located at a specific store, that order can be combined with the rest of the order from another store and shipped in one package to the customer, thus reducing costs and improving the customer experience. The option of online order fulfilment at different locations decreases the possibility of stock-outs (Mahar et al., 2011:23). However, with this approach, information-sharing is of crucial importance. Incorrect information could result in incorrect order fulfilment which could lead to disappointed customers. Considering this, the next section will briefly discuss information-sharing along the e-supply chain.
4.4 INFORMATION-SHARING IN E-SUPPLY CHAINS

Utilising the internet as an addition channel in the supply chain can be a daunting task, but if implemented correctly it can tremendously improve the efficiency of fulfilment (Giménez & Lourenço, 2008:312). The internet and its vast array of technological tools create a platform for effective collection of information valuable for the successful management of a supply chain. Information is important to the performance of the supply chain as it impacts managers’ decisions. Sezen (2008:238) argued that effective information-sharing influences the supply chain in terms of the performance of cost and service levels. The reason is that a higher level of information-sharing is associated with lower costs and a shorter order cycle time.

In the following section, information-sharing will be discussed. Emphasis will be put on characteristics of good information and how information sharing can contribute to successful grocery supply chain integration.

4.4.1 Integration and information-sharing in the supply chain

Lee et al. (2000:627) and Sezen (2008:234) argued that effective information-sharing can result in inventory reduction and cost savings to the manufacturer, which leads to lower prices to the retailers and eventually lower prices to the final consumer. The benefits of information-sharing are quite evident. However, Chopra & Meindl (2013:501) argued that for information to be of value, the information should possess certain characteristics. These characteristics are (Chopra & Meindl, 2013:501):

4.4.1.1 Information must be accurate

The information used by retailers will never be 100 percent up-to-date. However, it is imperative that the information available to supply chain members be as accurate as possible. It should paint a holistic picture of the state of the supply chain, to allow channel members to make decisions based on current and relevant information, especially considering that e-grocers supply perishable foods to consumers. If one of the channel
members has incorrect information, it could result in a financial loss due to food that may not be of a deliverable quality.

4.4.1.2 Information must be accessible in a timely manner

Having access to accurate information is not a retailer's biggest problem, but having access to this information at the right time and in an accessible form is. To make good decisions, retailers need to have access to up-to-date information. Also, to complete an order successfully, e-grocers need to know what stock they have and which stock items they will need to order or send from another store.

4.4.1.3 Information must be of the right kind

Retailers should carefully consider the data they collect. Many companies waste valuable resources collecting meaningless data that will not be beneficial to the decision-making process. Managers need information that is key to the decision-making process.

4.4.1.4 Information must be shared

“A supply chain can be effective only if all its stakeholders share a common view of the information that they use to make business decisions” (Chorpa & Meindl, 2013: 500). It is, however, critically important for a retailer to know what information to share, how to share this information and with whom, as certain supply chain information may reveal competitive advantages of a retailer.

According to Giménez and Lourenço (2008:312), sharing information among supply chain partners allows for joint sharing of data analysis and modelling that allows for better planning and decision-making. However, the advantages of information-sharing in e-retailing go beyond just better decision-making. The internet allows for large quantities of data to be collected and analysed about consumers, their buying behaviour and their preferred products. This allows for better inventory and stock management, as buying patterns can be identified and provision can be made to ensure that consumers’ preferred products are always in stock (Mokhtarian, 2004:265).
Considering the fact that some foods are perishable, online retailers draw on the electronic information available to fulfil orders from stores with excessive stock. By doing this, they can minimise stock write-off by using products that will reach their expiry date soon. This is yet another advantage of information-sharing which is specifically helpful in the grocery retail setting.

After successful information-sharing programmes have been implemented between warehouses, third parties and the grocery retailers, the next part of the supply process is evident from Figure 4.2 - the picking and packaging of groceries. The last section of this chapter will consider the different storage and order fulfilment possibilities.

4.5 PICKING AND PACKAGING OF ONLINE GROCERY ORDERS

Handling grocery items sets specific challenges to e-retailers. Ensuring product quality is maintained through the delivery process is crucial for e-grocers’ success. Fragile items such as fruits and meats which can be easily squashed need to be handled with the utmost care. Hence, in this part of the supply chain employee training is essential, especially since consumers do not have the option of choosing the foods themselves. Online grocers normally pack items in sturdy boxes or crates for delivery rather than bags, to prevent damage to fragile items (Scott & Scott, 2008:2).

One of the major responsibilities that e-grocers have is picking the best product for the consumers in their absence. Therefore, as mentioned in Chapter 2, Section 2.5.1.3, retailers often employ professional shoppers who take the responsibility of fulfilling the customers’ online orders. However, many consumers who purchase groceries online complain that when the product they ordered is out of stock, the product replacement (selected by the professional shopper) is not what they would have picked for themselves, mainly due to brand loyalty (Kämäräinen, 2001:419). This is supported by the findings of a study done by Rafiq & Fulford (2005), where they found that consumers who purchase their groceries online are extremely brand-loyal. The reason for this is that consumers have minimal control over

---

7 Professional shoppers: employees trained and responsible for the picking and packaging of the best possible grocery items for shoppers purchasing their groceries from an online retailer.
the quality of products they receive, therefore they prefer to use brands they have come to trust.

Currently, there are two types of order fulfilment processes. The order can either be fulfilled from retail outlets or it can be done by what is known as a “dark store”. A dark store can be defined as: “…a shop or warehouse which is only used by staff and not by customers and is intended for storing goods for purchase online” (Oxforddictionaries.com). E-grocers should do a thorough investigation into the infrastructure they have available when deciding on which of these two processes to follow (refer to Section 4.3.1.2 where the options of order fulfilment either from warehouses or retail outlets were discussed).

After the order has been received and the groceries have been picked and packed, the consumers have to receive their orders. The following section will explore the delivery processes applicable to online grocery retailing.

4.6 THE DELIVERY PROCESS

Delivery is one of the functions of the supply chain that can easily cause customer dissatisfaction. It is also one of the functions that is the most difficult to control. The slowness of the online ordering system may influence the customer’s perception of delivery and is not completely under the control of the retailer.

Most e-retailers have three options for delivery. The first is home delivery, where the product is delivered directly to an address stipulated by the consumer. The second option is for the consumer to order the product online and then pick up the products from a store chosen by the customer (Milkman et al., 2010:20). The third is very similar to the second, and it is called a “click-and-collect” store, which works on the same principles as drive-thru fast food restaurants, where customers order the products, stop at a pre-selected store on their way home and an employee of the retailer loads the groceries into the customers’ motor vehicles. These methods will be discussed in more detail below.
4.6.1 Home Delivery

Home delivery provides customers with the option of delivering the products to an address specified by the customer. Most retailers either have set delivery times which can range from the following day to a date further in the future (Morganosky & Cude, 2002: 457; Chen, Chang, Hsu & Yang, 2011:388). A study that has been done by Milkman et al. (2010:20) found that customers who order groceries online usually expect delivery between two to five days after placing the order. According to IGD Online Grocery Retailing proceedings (2013), there has also been a positive response from online customers who are willing to pay an extra fee to receive same-day deliveries.

Most retailers also allow customers a period where they are able to change their original order, but then have a cut-off date and time to allow the e-grocer's employees time to pick, package, transport and deliver the customer's order. Customers are usually charged a delivery fee and also have to purchase a certain minimum amount to qualify for home delivery (Milkman et al., 2010:20). This might be a possible barrier to e-grocery retailing in South Africa, as consumers might not want to pay the extra delivery charge.

- Cold chains

Perishable foods are a fundamental source of income for grocery retailers. Therefore, supply chain managers need to design the supply chain in such a way as to reduce the waste of products. These food items usually require temperature-controlled delivery, more commonly referred to as cold supply chains. With home delivery of groceries, the retailer once again takes the risk of exposing perishable foods to conditions which could potentially degrade the quality of the food items. Therefore, it is imperative that supply chain managers strategically plan their cold chain approaches (Aiello, La Scalia and Micale, 2011:468).

4.6.2 Store Pickup

Store pickup, as a way of online retailing, provides retailers with the most cost-efficient way of adding an additional platform for retailing. As mentioned earlier, store clerks can fill orders during quiet times, which can actually improve productivity. Also, retailers do not incur any
further costs, as the consumer picks up the already-packed groceries (Mahar et al., 2011:20). Thus, this type of online retailing is beneficial to both the retailer and the customer, as the retailer can increase productivity and customers can save shopping time by not having to pick their grocery products themselves (Kämäräinen, 2001:420).

4.6.3 “Click-and-Collect” stores

Click-and-collect stores are the newest trend in online grocery retailing (Online Grocery Shopping Conference 2013). According to Colla & Lapoule (2012:852), store pickup has the disadvantage of channel cannibalisation. Nevertheless, most retailers adopted some sort of drive-in order collection method as it allowed them to adapt to the behaviours and desires of their customers, defend their trade area and also increased their turnover per customer.

Click-and-collect works similarly to store pickups, whereby customers are responsible for collecting their own groceries. With click-and-collect, customers collect their orders at a “solo” store of their choice. A “solo” store is a small retail space (almost a small storage warehouse) specifically designed for this new ‘last mile order fulfilment option’, and the store only holds the pre-ordered groceries of customers. Colla and Lapoule (2012:852) argue that this new delivery channel has allowed retailers to overcome many of the disadvantages or challenges of store-pickups. These solo stores boost trade area while increasing the number of pick-up points at the proximity to customers, which also increases the convenience for customers. They further state that these stores decrease cannibalisation and have the added benefit of recruiting new customers. Although the click-and-collect model has been very successful in countries like the UK, no click-and-collect grocery stores are currently (2014) operating in South Africa.

After the consumers have received their grocery products, be it via home delivery or store pickup, they will evaluate the choices made by the retailer and decide whether they will accept the products or whether they are dissatisfied and wish to return them. The next section will outline the possibilities of e-grocery returns.
4.6.4 Product returns

Effective returns management is key to today's business (Giménez & Lourenço, 2008:328). As mentioned in Chapter 2, Section 2.4.1.3, bricks-and-mortar retailers have the advantage of a physical store presence and a consumer who is dissatisfied with a product can go directly to the store to return it. According to Mahar et al. (2011:28), pickup-and-return options place a heavy burden on multi-channel retailers. Online order fulfilment and the option consumers have to return unsatisfactory products complicates the monitoring and tracking of inventory in real time. Nevertheless, the internet has made it possible for retailers to collect valuable information on why consumers return products. The information can then be utilised to improve on the service offered to the consumer (Kämäräinen, 2001:418). Pure-player retailers, however, do not have the convenience of a store to which consumers can return the unwanted product. As a result, they face the additional costs of after-sales services where consumers can return the product if they are not satisfied with it. According to Jin & Oriaku (2013:1128), this complicates the supply chain further, as these retailers have to incur added costs of the reverse supply chain. Reverse logistics can be defined as: “A specialised segment of logistics focusing on the movement and management of products and resources after the sale and after delivery to the customer. It includes product returns for repair and/or credit” (Badenhorst, 2013:2). Most pure-player retailers’ return policies include the services of a courier company that collects the unwanted product from the consumer.

4.7 CONCLUSION

This chapter focused on investigating some of the major role players (stakeholders) in an electronic grocery supply chain. A multi-channel grocery retailer’s supply chain can be extremely complex. This chapter starts by introducing a framework to evaluate customers’ perception of e-supply chain quality. Furthermore, the different order fulfilment methods are discussed. It provides an argument as to why information-sharing in the e-supply chain is important.

The main insights gained from this chapter were, amongst others, the importance of effective supply chain design for online grocery retailers. This chapter aimed to discuss supply chain factors involved in online grocery retailing, particularly the part not visible to consumers, such
as the picking and packaging of goods, delivery, etc. The different models for online grocery retailing utilised in other countries were discussed. Also, factors such as product returns and cold supply chains were discussed.

The next chapter is the methodology chapter. This chapter will discuss in detail the different methodologies used in this study and their relevance as data collection methods.
CHAPTER 5

RESEARCH METHODOLOGY

5.1 INTRODUCTION

Chapters 1 - 4 consisted of the secondary research for the proposed study. These chapters served as a theoretical foundation on which the primary research is based. Key concepts, processes and role players in online retailing (e-tailing), e-supply chain management and barriers to, and facilitators of, online grocery shopping were discussed. During the preceding chapters, literature regarding the following research objectives was attained:

Table 5.1: Secondary objectives covered in previous chapters

<table>
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<tr>
<th>RESEARCH OBJECTIVE</th>
<th>CHAPTERS COVERING OBJECTIVE</th>
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<tr>
<td><strong>CONSUMER-SPECIFIC OBJECTIVES</strong></td>
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<tr>
<td>To explore factors that would serve as possible motivators for South African</td>
<td>Chapter 1: Table 1.1</td>
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<tr>
<td>consumers to participate in online grocery shopping, through a review of available</td>
<td>Chapter 2: Section: 2.5.1.3</td>
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<td>literature on the topic.</td>
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<tr>
<td>To explore possible barriers for the South African consumers not to participate</td>
<td>Chapter 1: Table 1.2</td>
</tr>
<tr>
<td>in online grocery shopping, through a review of available literature on the topic.</td>
<td>Chapter 2: Section: 2.5.2</td>
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<tr>
<td><strong>RETAILER-SPECIFIC OBJECTIVES</strong></td>
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<tr>
<td>To explore possible motivators for the South African retailer to participate in</td>
<td>Chapter 1: Table 1.1</td>
</tr>
<tr>
<td>e-tailing, through a review of available literature on the topic.</td>
<td>Chapter 2: Section: 2.5.1</td>
</tr>
<tr>
<td>To determine possible barriers for retailers to offer online groceries for purchase</td>
<td>Chapter 1: Table 1.2</td>
</tr>
<tr>
<td>in South Africa, through a review of available literature on the topic.</td>
<td>Chapter 2: Section: 2.5.2</td>
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The literature study serves as a guideline to determine the type of data needed for the empirical part of this study. This chapter focuses on the research methods that were used to investigate and obtain primary information on online grocery shopping in South Africa. The empirical data combined with secondary research that has already been discussed in the previous chapters will be used to draw conclusions on the current state of online shopping in South Africa.

This chapter aimed to provide a detailed description of the research methods that were used for primary data collection. The methods were chosen as the most applicable methods to gain insight into the remaining objectives.

5.2 THE RESEARCH PROCESS

“The research process provides a systematic, planned approach to a research project and ensures that all aspects of the research are consistent with each other” (Tustin, Ligthelm, Martins & Van Wyk; 2005:75).

The research process followed during this study is illustrated in Figure 5.1 below.
Figure 5.1: The research process.

Discover the research dilemma

Define the management dilemma

Define the research question(s)

Refine the research question(s)

Research Proposal

Research design

Data Collection design

Sampling design

Instrument pilot testing

Instrument revision

Data collection and preparation

Data analysis and interpretation

Research reporting

Chapter 1-4

Chapter 5-7

Source: Cooper and Schindler (2008:80)
The business research process begins at the top of the model in Figure 5.1 where a researcher identifies the management dilemma. This is often referred to as problem-related steps (Cooper & Schindler, 2008:47). The dilemma is then scrutinised to determine the main questions essential to ask in order to solve the management problem or make informed recommendations of possible solutions. Next, the researcher gathers secondary data from literature in order to familiarise him/herself with the dilemma at hand. Thereafter, the data collection process will commence (Cooper & Schindler, 2008:12). These steps were followed in the first four chapters of this dissertation.

5.3 RESEARCH DESIGN

The research design is the blueprint for fulfilling objectives and answering questions (Cooper & Schindler, 2008:89). It includes the appropriate strategy to ensure that the primary data are collected in a way that is best suited to solve the management dilemma. These strategies may include the types of data to be collected, the time frame in which they will be collected, the scope and environment, the sample of participants, the rationale behind the sample selection and also the pilot testing of the instruments. The research design stage is crucial in any research project, as this is where researchers determine what types of data need to be collected to be able to attain objectives and to make valuable recommendations regarding the managerial dilemma. As evident from Figure 5.1, the research design phase includes a series of components which will be discussed individually in the next section.

The research design should play an integral role in the research planning process, as it is in this phase where a researcher develops the action plan for efficient data collection. Babbie and Mouton (2001) provide a classification for different research design types. This classification is replicated in Figure 5.2 below.
Figure 5.2: Classification of research design

Figure 5.2 above serves as a visual representation of the different research designs relevant to any research. The section that follows will discuss the design types chosen for the study in extensive detail.

5.4 DESCRIPTORS OF THE OVERALL RESEARCH DESIGN OF THE STUDY

The section below aimed to give a clear outline of the descriptors employed during the research design process.
5.4.1 **Empirical or non-empirical research**

The major difference between empirical and non-empirical research is the collection of new data to solve the managerial dilemma versus using existing data. **Empirical research** will be used for this study, as new data will be collected in the form of an interview and focus groups. Empirical research is defined by Babbie and Mouton (2001:75) as: “All research in which the researcher collects new data (regardless of the data collection method) or in which the researcher re-analyses existing data”.

Data can take on an array of different forms and can be collected in numerous ways. **Data** can be defined as: “recorded empirical observations on the cases [i.e., entities] under study, such as the annual percentage change in gross domestic product, the number of children in each family, scores on an attitude scale, field notes from observing street gang behaviour, or interview responses from old-age pensioners” (Lewis-Beck, Bryman & Liao 2004:234).

Empirical data can further be classified into primary and secondary data. **Primary data** is defined by Tustin *et al.* (2005:89) as “data collected specifically to address the research objective at hand... the researcher needs to decide on the most appropriate research approach (qualitative or quantitative), as well as the primary data collection method that is the most appropriate for the research”. Before primary data can be collected in an empirical study, the researcher first has to conduct secondary research. **Secondary research** can be defined as “existing data that can be used in solving the problem in question” (Tustin *et al.* 2005:120). The secondary data for this study have been collected and discussed in the first four chapters of this dissertation. The primary research design will be discussed in the following chapters.
5.4.2 Types of studies: exploratory, descriptive, explanatory and evaluative research

5.4.2.1 Descriptors

Business research consists of four main, overarching research purposes. They include exploratory, descriptive, causal/explanatory and evaluative research. These research types should be understood by a researcher to determine what research type will prove most fruitful for the study at hand. The section below provides a brief discussion on these types of research.

Exploratory research

Exploratory research is conducted when a researcher is specifically looking for more information regarding the general nature of a problem, the potential decision options and related variables influencing the problem (Aaker & Day, 1990:61). Exploratory research therefore provides the researcher with a general understanding of the specific topic. Exploratory research is most useful in the preliminary stages of a research project when the level of uncertainty of the problem is at its highest.

Descriptive research

Descriptive research aims to provide an accurate and valid representation of variables. Where exploratory research discovers something of interest and gives directions, descriptive research encapsulates it.

Causal/ Explanatory research

Causal/ Explanatory research is implemented by researchers interested in examining the relationship between two or more variables. There are two kinds of causal studies: namely, causal-exploratory and causal-predictive. A causal-exploratory study is when one of the variables has an influence on or can cause changes in the other variable. On the other hand, a causal-predictive study refers to a study where the researcher foresees a result on
one variable by means of manipulating another (Cooper & Schindler, 2008:144).

**Evaluative research**

Evaluative research is aimed at conceptualisation, design, implementation and impact/outcomes of a particular social intervention. The main purpose of this type of research is to solve a recognised organisation or social need or problem. The data are usually collected in the form of experiments, surveys and several qualitative research methods (Babbie & Mouton, 2001:335).

### 5.4.2.2 Research type most applicable to this dissertation

After careful consideration of the above-mentioned research types, it was concluded that both exploratory and descriptive research needed to be employed for the study. Firstly, exploratory research was used to clarify the problem and to create initial research questions. This was done by means of an extensive search and analysis of the available literature on the barriers to and facilitators of online grocery shopping in general and then factors particular to South Africa. Also, prior to the data collection phase, a pilot interview was conducted with the online manager of one of the online grocery retailers in South Africa. The pilot interview will be discussed in more detail in Section 5.8.4.1. Furthermore, the researcher attended an international conference, “Online Grocery Retailing, 2013” during the data collection phase. At this conference, the European online grocery retailing sector was discussed comprehensively. Possible future trends for South Africa were identified and therefore supplemented the literature which forms the basis for the empirical data collection. Through these three methods - literature, pilot interview and the conference - exploratory research was concluded and the objective of the exploratory research was achieved. As indicated by Stebbins (2001:30), exploratory research provides researchers with pertinent information to enable them to form initial hypotheses or research questions about the subject.

Moving on to descriptive research, Stebbins (2001) describes descriptive research as “…research done with a specific research question in mind. It gives a set view of the
subject, population, market segment or problem. An example of descriptive research would be a report that provides an age and gender breakdown of the users of a particular online service.” Descriptive research data in this study were collected in the form of a website analysis, focus group discussions and an in-depth interview. All of these data collection methods had the same end goal: determining the major barriers to and facilitators of online grocery shopping.

5.4.3 Time-Frame of the study: cross-sectional or longitudinal

A cross-sectional or longitudinal study refers to the time frame in which the study will be conducted. Longitudinal studies are defined by Cooper and Schindler (2008:706) as: “...repeated measures over an extended period of time, tracking changes in variables over time; includes panels or cohort groups”. However, this was a cross-sectional study as “the study is conducted only once and reveals a snapshot of one point in time” (Cooper and Schindler, 2008:702). Considering the ever-changing nature of technology and the internet and the vast array of opportunities it offers to online grocery retailers, it is important to mention at this stage that one of the possible limitations of this study (to be discussed in more depth in Section 7.7) is the fact that during the study the methods available for ordering of products, order fulfilment strategies and delivery options kept advancing. Considering this, there might be new processes not mentioned in this dissertation by the time of its finalisation.

5.5 RESEARCH APPROACH: A QUALITATIVE STUDY

Before the specific data collection method for the study was chosen, it was important to consider all the possibilities. This includes making a distinction between qualitative and quantitative research methods. As their names suggest, qualitative studies base their findings and data in the form of qualitative information (i.e. words, sentences and narratives) whereas quantitative data relies on quantitative information (i.e. numbers and figures) (Blumberg et al., 2011:144). This study draws on qualitative research methods for data collection. The next section will briefly discuss these two methods, with emphasis on qualitative research approaches as they will be utilised for this study.
Quantitative research is defined by Cooper and Schindler (2008:710) as: “the precise count of some behaviour, knowledge, opinion or attitude”. Quantitative data is viewed by some business researchers as a stronger form of data. However, there is increasing support for qualitative research, owing to the richer data it collects. Therefore, qualitative research was employed for this study. An additional reason for using qualitative research is that there is very limited information available on online grocery shopping in South Africa. Therefore, qualitative data collection methods with the outcome of richer data would prove more valuable in gaining a broad understanding of online grocery retailing in South Africa.

An understanding of what exactly is meant by qualitative research is necessary before deciding on the actual qualitative data collection methods to be used in this study. The businessdictionary.com defines qualitative research as: “Associated with the subjective quality of a thing or phenomenon, such as feel, taste, expertise, image, leadership, reputation. Qualitative aspects are abstract; they either do not require measurement or cannot be measured because the reality they represent can only be approximated. Knowledge of these aspects is gained through observation combined with interpretative understanding of the underlying thing or phenomenon”.

Qualitative data entails an emphasis on the qualities of entities and their significance that cannot be experimentally studied or measured in terms of their quantities, amount, intensity or frequency (Leech & Onwuegbuzie, 2007:558). According to Gobo (2005:75), one of the biggest advantages of qualitative data is that it allows the researcher the flexibility to adapt or tweak the data collection instruments to ensure that the data are as inclusive as possible. This is in direct contrast to the rigidity of quantitative research.

Qualitative data can be obtained with an array of different research methods. Blumberg et al. (2011:151) provide a list of these methods, as outlined below:
1. In-depth interviewing (usually conversational rather that structured)
2. Participant observation (to perceive first-hand what participants in the setting experience)
3. Films, photographs and videotape (to capture the life of the group under study)
4. Projective techniques and psychological testing (such as a thematic apperception test, projective measures, games or role-playing)
5. Case studies (in-depth contextual analysis of a few events or conditions)
6. Street ethnography (to discover how a cultural sub-group describes and structures its world at street level)
7. Elite or expert interviewing (for information from influential or well-informed people in an organisation or community)
8. Document analysis (to evaluate historical or contemporary confidential or public records, reports, government documents and opinions)
9. Proxemics and kinesics (to study the use of space and body-motion communication respectively)
10. Focus groups (to gain a consensus on a specific topic at hand)

The qualitative data collection methods used in this study - document analysis (in the form of a website analysis), focus group discussions and in-depth interviews - will be discussed individually below.

5.6 WEBSITE EVALUATION

The aim of qualitative data analysis is to discover patterns, meanings, themes and concepts and then to generalise these patterns back into the primary and secondary data to build meaning from the data. Numerous qualitative data analysis methods exist. From Figure 5.2 it becomes apparent that the website analysis could be categorised as an empirical action, using existing (secondary) data, in the form of textual data which is analysed using content analysis. Content analysis as a qualitative data analysis method will be discussed below.
5.6.1 Content analysis

Elo and Kyngäs (2008:107) define content analysis as: “…a method of analysing written, verbal or visual communication.” Content analysis is considered to be more qualitative in nature, as there is no extensive statistical analysis; this method rather focuses on building an understanding of the meaning of communication and on categorising significant processes.

“Content analysis follows a systematic process for coding and drawing inferences from texts” (Cooper and Schindler, 2008:423). Content analysis can be conducted in three distinct ways: conventional, summative and directed (Hsieh & Shannon, 2005:1281). Table 5.2 below briefly describes each of these content analysis approaches.

Table 5.2: Three approaches to content analysis

<table>
<thead>
<tr>
<th>CONTENT ANALYSIS APPROACHES</th>
<th>DESCRIPTION</th>
</tr>
</thead>
</table>
| Conventional content analysis | • This approach is applied when little is known about the phenomenon being studied.  
• Researchers avoid using preconceived categories; instead, the categories are recognised from the data.  
• New insights emerge from the data. |
| Summative content analysis | • Focus on drawing meaning and understanding from certain words in the data.  
• Frequency count of words is used to determine the importance of each code identified. |
## CONTENT ANALYSIS APPROACHES

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directed content analysis</td>
</tr>
</tbody>
</table>

- Used when existing theory or prior research exists about a phenomenon that is incomplete or would benefit from further description.
- The aim of directed content analysis is to authenticate or extend conceptually a theoretical framework.
- Directed content analysis is guided by a more structured process than conventional content analysis, as it uses codes from existing theories or frameworks.
- The results of directed content analysis offer supportive and non-supportive evidence for a theory.

Source: Adapted from Hsieh and Shannon (2005)

From Table 5.2 above, it could be noted that **directed content analysis** was used to analyse the websites. The analysis was based on a previously-developed framework, and further knowledge could be gained by applying the framework to a different context (i.e. South African e-grocers' websites). Content analysis is widely used as a method for analysing websites from across an array of different industries. Table 5.3 below lists some studies where content analysis was used to analyse websites.
Table 5.3: Previous studies using content analysis to evaluate websites

<table>
<thead>
<tr>
<th>TITLE OF THE STUDY</th>
<th>AUTHORS</th>
<th>YEAR PUBLISHED</th>
<th>BRIEF DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Content analysis of Fortune 100 company web sites [sic].</td>
<td>Perry &amp; Bodkin</td>
<td>2000</td>
<td>The websites of a 100 revenue-producing companies identified by Fortune 100 were content-analysed. The purpose was to identify the online promotional mix of these companies.</td>
</tr>
<tr>
<td>Tracking the evolution of e-grocers: A qualitative assessment.</td>
<td>Lim et al.</td>
<td>2004</td>
<td>102 websites were content-analysed over a period of four years. The purpose of the study was to develop an e-grocer website evaluation tool. This tool was used and adapted for the website analysis of this study.</td>
</tr>
<tr>
<td>Destination image representation on the web: Content analysis of Macau travel-related websites.</td>
<td>Choi, Lehto &amp; Morrison</td>
<td>2007</td>
<td>61 websites were content-analysed to determine image representations of Macau on the Internet. The results indicated that different information sources projected different imagery.</td>
</tr>
<tr>
<td>Collectivist and individualist influences on website design in South Korea and the U.S.: A cross-cultural content analysis</td>
<td>Kim, Coyle &amp; Gould</td>
<td>2009</td>
<td>200 American and South Korean websites were content-analysed to determine how cultural differences influence the design of an organisation’s website.</td>
</tr>
<tr>
<td>TITLE OF THE STUDY</td>
<td>AUTHORS</td>
<td>YEAR PUBLISHED</td>
<td>BRIEF DESCRIPTION</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------------</td>
<td>--------------------------------</td>
<td>----------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Key website factors in e-business strategy.</td>
<td>Hernández, Jiménez &amp; Martín</td>
<td>2009</td>
<td>The website of one pure player was content-analysed, in a case study methodology. The purpose of the paper was to determine the key aspects to be taken into account when designing a commercial website.</td>
</tr>
<tr>
<td>The impact of websites’ content dimension and e-trust on e-marketing effectiveness: The case of Iranian commercial saffron corporations.</td>
<td>Rahiminia &amp; Hassanzadeh</td>
<td>2013</td>
<td>100 commercial websites were analysed. The results concluded that web design does influence e-trust and e-marketing.</td>
</tr>
<tr>
<td>Website evaluation of the top 100 hotels using advanced content analysis and eMICA model.</td>
<td>Ting, Wang, Bau &amp; Chiang</td>
<td>2013</td>
<td>100 independent hotel websites were content-analysed with the purpose of developing a comprehensive model to evaluate hotel websites.</td>
</tr>
<tr>
<td>Building relationships through websites: A content analysis of Turkish environmental non-profit organizations (NPO) websites</td>
<td>Uzunoğu &amp; Kip</td>
<td>2014</td>
<td>50 websites were content-analysed. 23 of the websites did not meet the criteria of a well-designed website.</td>
</tr>
</tbody>
</table>
As seen from the above, content analysis has been widely used as a method to analyse websites, and as a result content analysis was used as the qualitative data analysis method used to conduct the website analysis. Content analysis as a data analysis method possesses certain challenges, but also holds many advantages. Before discussing the purpose and process of conducting a website analysis, these advantages and disadvantages will be discussed below.

5.6.2 **Advantages and disadvantages of content analysis as a data analysis method**

As with any data analysis method, there are certain advantages and disadvantages that the researcher should be mindful of when using content analysis. Table 5.4 lists these advantages and disadvantages.

### Table 5.4: Advantages and disadvantages of content analysis as a data collection method

<table>
<thead>
<tr>
<th>ADVANTAGES</th>
<th>DISADVANTAGES</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Existing theory can be supported and extended.</td>
<td>• Using existing theory (as with directed content analysis) the researcher approaches the data with informed, but nonetheless, strong bias.</td>
</tr>
<tr>
<td>• Can be used to interpret text for purposes such as the development of expert systems (since knowledge and rules can both be coded in terms of clear statements about the relationships among concepts).</td>
<td>• An over-emphasis on previous theory can blind researchers to contextual aspects of the phenomenon.</td>
</tr>
<tr>
<td>• Looks openly at communication via texts or transcripts, and hence gets at the essential aspects of social interaction.</td>
<td>• Tends often only to consist of word counts.</td>
</tr>
</tbody>
</table>

The next section will cover the purpose of the website analysis as part of this dissertation, and also the processes followed to conduct the analysis.
5.6.3 The purpose of the website analysis in the study

As mentioned previously, the website serves as the first touch point for retailers with the customer. However, in an e-supply chain, the website is the central hub for the purchasing process. It serves as a place for customers to place their order (express demand) and for retailers to generate the order (determine supply). As a result, the website forms a critical part of an e-supply chain. The purpose of the website analysis was two-fold, and can be seen from the secondary objectives below.

Table 5.5: Secondary objectives to be addressed through the website analysis

<table>
<thead>
<tr>
<th>WEBSITE-SPECIFIC OBJECTIVES</th>
</tr>
</thead>
<tbody>
<tr>
<td>To <strong>determine the importance of a retailer’s website</strong> in online grocery shopping, through a review of <strong>available literature</strong> on the topic.</td>
</tr>
<tr>
<td>To <strong>determine the quality of South African e-grocers’ websites</strong>, by comparing them to UK-based e-grocers’ websites by means of a <strong>previously-developed framework</strong>.</td>
</tr>
</tbody>
</table>

The first objective sought to determine the importance of an e-grocer’s website. This objective has already been discussed in Section 3.4. The second objective aims to determine the quality of South African e-grocers’ websites, compared to the websites of two UK-based e-grocers. A similar type of website comparison has previously been made by Åberg & Kurdieh (2013). In their study, they compared the websites of two Swedish e-grocers with those of Tesco and Walmart in the UK. As a result, they were able not only to make comparisons between the Swedish e-grocers’ sites, but also they were able to determine how these sites compared to successful global sites, like Tesco and Walmart. Through this process it was possible to predict future trends and features of Swedish sites to some extent. The same website analysis was done in this study.

5.6.4 The process of conducting the website analysis

Since the website analysis was based on a previously-developed instrument, the trustworthiness of the constructs were already proven as relevant in determining the effectiveness of an e-grocer’s website. As a result, the analyses were conducted by the
researcher two months prior to the submission of this dissertation. Each of the four e-grocers’ websites was visited on the same day to conduct the analysis. The researcher used the same check-list (as listed in Section 3.4.3) to evaluate each website. If the feature was present on the website, the researcher ticked (✓) that specific feature as present, whereas if the feature was absent from the website the feature remained blank.

To ensure objectivity and trustworthiness, the researcher approached two other researchers specialising in the field of e-commerce to also evaluate the websites of the four e-grocers. They conducted the analysis three days after the researcher conducted the initial website analysis. Their findings were compared to that of the initial analysis. Any inconsistencies were double-checked to ensure that the features were present/missing from the e-grocers’ websites.

Chapter 6 will present the findings of the website analysis. Next, focus groups as a data collection method will be discussed.

5.7 FOCUS GROUPS

The main aim of a focus group, according to Cooper and Schindler (2008:171), is to assemble a group of participants who offer a range of positions on the issues in question. A group interview, composed of a small number of participants, is facilitated by a ‘moderator’, in which the topic is defined clearly and precisely (Saunders, Lewis & Thornhill, 2012:671). For the purpose of this study, the following definition of a focus group will be used:

“The simultaneous involvement of a small number of research participants (usually 8 to 10) who interact at the direction of a moderator, in order to generate data on a particular issue or topic; widely used in exploratory studies; usually last 90 minutes to two hours; can be conducted in person or by videoconferences” (Cooper and Schindler, 2008:704).
Cooper and Schindler (2008:149) state that a focus group usually has an output-list of ideas or perceptions about a new product or service, with possible recommendations related as to how to better these products or services. Considering this, conducting a focus group among users of online grocery shopping and a focus group among non-users of online grocery shopping could provide valuable insight into, for example, the feature of a website they find most valuable or their biggest frustrations (barriers) with the use of this service. Also, they could identify possible misconceptions about online shopping, the order fulfilment process and how these misconceptions might lead to some of the physiological barriers prohibiting consumers to fully commit to the online grocery retailing.

Before discussing the specific methods employed for sampling and data collection of the focus group data, it is important firstly to revisit the objectives to be achieved by conducting the focus group discussions. They are as follows:

### Table 5.6: Secondary objectives to be addressed through the focus group discussions

<table>
<thead>
<tr>
<th>CONSUMER-SPECIFIC OBJECTIVES</th>
</tr>
</thead>
<tbody>
<tr>
<td>To determine factors motivating South African consumers to purchase groceries online, through <em>focus group discussions</em>.</td>
</tr>
<tr>
<td>To identify the most prominent barriers which prevent consumers from partaking in online grocery shopping in South Africa, through <em>focus group discussions</em>.</td>
</tr>
</tbody>
</table>

#### 5.7.1 Advantages and disadvantages of a focus group

Considering the above objectives to be achieved through focus groups, it is important to demonstrate why focus groups as a data collection method will provide the study with reliable primary data. According to Powell and Single (1996:504), one of the most prominent advantages of a focus group is its ability to enable the researcher to categorise the full range of viewpoints held by the respondents. Tustin *et al.* (2005:170-171) listed the following advantages and disadvantages of focus groups, which were adapted from the original seven (S) advantages and five (M) disadvantages of focus groups originally published by Malhotra (1993:167-168).
Table 5.7: Advantages and disadvantages of focus group discussions

<table>
<thead>
<tr>
<th>FOCUS GROUP DISCUSSIONS AS A DATA COLLECTION METHOD</th>
<th>ADVANTAGES</th>
<th>DISADVANTAGES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Synergy:</strong> A group of people will deliver a wider variety of evidence, insight and ideas than would an individual being interviewed.</td>
<td><strong>Misuse:</strong> Data can be mis-used when a researcher takes the results as conclusive instead of exploratory.</td>
</tr>
<tr>
<td></td>
<td><strong>Snowballing:</strong> A chain reaction could be triggered by one participant’s view.</td>
<td><strong>Misjudgement:</strong> Focus groups are very vulnerable to participant and researcher bias, and as a result the findings may be misjudged by the researcher.</td>
</tr>
<tr>
<td></td>
<td><strong>Stimulation:</strong> Because the excitement increases as the group interacts, group members are more likely to express their views and opinions after only a short introduction.</td>
<td><strong>Moderation:</strong> Seeing as focus groups contain up to 15 participants, they are extremely difficult to moderate and it can be expensive to appoint a qualified moderator to conduct a focus group.</td>
</tr>
<tr>
<td></td>
<td><strong>Security:</strong> Group members feel secure in discussing the topic, as their opinions are shared by other group members.</td>
<td><strong>Messy:</strong> The data of a focus group tend to be messy because of their unstructured nature (for example, participants might talk at the same time) and this complicates the translation, coding, analysis and interpretations.</td>
</tr>
<tr>
<td></td>
<td><strong>Spontaneity:</strong> Participants are not asked to answer a specific list of questions; as a result, the findings of focus groups should provide a more accurate idea of the topic at hand.</td>
<td><strong>Misrepresentation:</strong> Results from the focus group should not form the primary basis for decision-making, as they might not be a precise representation of the population.</td>
</tr>
<tr>
<td></td>
<td><strong>Serendipity:</strong> Original ideas are more likely to arise out of a group than from an individual interview.</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Specialisation:</strong> Many participants are involved in data collection through focus groups. Therefore, focus groups justify the use of highly-trained and expensive focus group facilitators and moderators.</td>
<td></td>
</tr>
</tbody>
</table>
FOCUS GROUP DISCUSSIONS AS A DATA COLLECTION METHOD

<table>
<thead>
<tr>
<th>ADVANTAGES</th>
<th>DISADVANTAGES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Scientific scrutiny:</strong> Seeing as a focus group is usually recorded and observations are made by the researcher and (or) moderator/facilitator the data collected can be closely analysed.</td>
<td></td>
</tr>
<tr>
<td><strong>Structure:</strong> Focus group discussions allow for flexible data collection, in terms of the depth and scope of the discussions.</td>
<td></td>
</tr>
<tr>
<td><strong>Speed:</strong> Data collection is swift, as the interviews are held simultaneously.</td>
<td></td>
</tr>
</tbody>
</table>


Before discussing how focus groups were used as a data collection method in the study, it is important to describe the steps taken by the researcher to overcome each of the disadvantages or shortcomings of the method mentioned above. This will be argued in the section below:

**Misuse:**

Understanding that focus groups should not be used as the only form of data collection, the researcher also conducted a thorough literature review which included a website analysis tool (see Section 3.4). To strengthen the trustworthiness of the findings, the researcher also conducted an exploratory and formal in-depth interview with the online operations manager from one of the grocery retailers in South Africa, which will be discussed in the sections below. Lastly, triangulation was employed throughout the research process. Triangulation will be discussed thoroughly in Section 5.9 below.

**Misjudgement:**

Special care was taken by the researcher to avoid misjudgement as a disadvantage of focus groups. The following sections show the different biases that could occur as a result of misjudgement.
Participant bias – “Any factor which induces a false response” (Saunders et al. 2012:192). Focus groups were conducted at a private and intimate guest house in Pretoria. Participants were welcomed and made to feel comfortable before the focus groups were conducted. Participants were reassured, through informed consent forms as well as in the welcome address by both the researcher and moderator, that their responses would be handled with the utmost confidentiality and that there are no right or wrong answers.

Researcher bias – “Any factor which induces bias in the researcher’s recording of responses” (Saunders et al. 2012:192). To alleviate researcher bias, a moderator was appointed to conduct the focus groups. Also, the focus group discussions were recorded and transcribed to ensure that all the data collected received the same amount of consideration during the analysis.

Moderation:
The researcher considered the appointment of an independent consultant to assist as a moderator for the study to be vitally important, in order to increase the quality of the data collected. As a result, an experienced independent contractor specialising in qualitative research was appointed to facilitate the focus groups. More on the role of the moderator and the process of conducting the focus groups will be discussed in the sections to follow.

Messy:
Keeping in mind that the data of focus groups might be messy and some data might get lost because of the number of participants, the researcher made use of two voice-recording devices to record the focus groups. Furthermore, the researcher took notes during the discussion to ensure that no data were missed as a result of group dynamics and to identify initial themes in the data.

Misrepresentation:
To minimise the disadvantage of misrepresenting the population, the researcher used triangulation as a way of cross-checking the themes identified by participants
from the two different focus groups, as well as cross-checking themes from the focus groups with themes from the interview.

The above section considered the advantages and disadvantages of using focus groups as a method for data collection. Before advancing to the process followed to conduct the focus groups, the participant demographics for the focus groups should first be discussed. This will be done in the section below.

5.7.2 Focus groups: The participants

The next step after determining the methods for collecting the data for the study was to determine who the participants would be to ensure the data collected are accurate and relevant. Two focus group discussions were conducted. The first focus group was conducted among participants who had never purchased any groceries online. The second focus group discussion was with participants who had previously done online grocery shopping from a South African e-grocer.

South Africa currently has only two online grocery retailers and these retailers are obliged to protect the identity and privacy of their customers, hence getting in touch with a perfect representative sample of customers of both retailers willing to participate in such focus groups proved to be quite difficult. As a result, convenience sampling was used to assemble the focus groups.

Non-probability/ convenience sampling

Non-probability or convenience sampling is unrestricted in its element selection. This implies that researchers have the freedom to choose participants subjectively i.e. each member of the population does not have a known chance of being included (Cooper & Schindler, 2008:379). Non-probability samples can be used in many different ways. For the purpose of this study, judgemental and multiplicity (snowball) sampling was chosen as the main sampling method.
According to Tustin et al. (2005:349), in multiplicity (snowball) sampling participants are first chosen according to judgement sampling which entails possible participants identifying other members who will meet the specific requirements of the study.

Considering the above sampling techniques, the researcher consulted peers and colleagues to identify possible participants. These participants were in return asked to identify other possible participants to partake in the focus group. Although the researcher was able to compile two focus groups of eight participants each, there were some limitations in the assembling of participants for the focus group. These limitations included:

1. As a result of the e-grocers protecting the privacy of their customers, they were not willing to provide the researcher with a database to construct a random sample of consumers.

2. Through snowball sampling, the researcher was referred to a number of consumers meeting the inclusion and exclusion criteria listed in Table 5.8 below. However, when contacted, they indicated that they were either not interested or unavailable on the date and time the focus groups were scheduled. This especially limited the researcher with regards to the demographic compilation of the focus group.

3. The focus groups were conducted in Pretoria, South Africa. As a result, only participants in close proximity to Pretoria were used for the focus group. Consumers from other regions of South Africa might have different views on online grocery shopping.

Table 5.8 below outlines the inclusion and exclusion criteria used to determine if a participant would be a relevant contributor to partake in the focus groups.

<table>
<thead>
<tr>
<th>GROUP 1: NON-ONLINE SHOPPERS</th>
<th>INCLUSION</th>
<th>EXCLUSION</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• A person who has never done online grocery shopping.</td>
<td>• A person who has never done online shopping, but also does not have the means (i.e. is computer-illiterate)</td>
</tr>
<tr>
<td></td>
<td>• The person should have the means for doing online grocery shopping (i.e. is computer-literate, has access to the internet)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Available to participate in the focus group on the day scheduled.</td>
<td></td>
</tr>
</tbody>
</table>

Table 5.8: Inclusion and exclusion criteria for focus group participants
The participants were contacted by the researcher, asked the questions regarding inclusion criteria listed above, to determine if they met the inclusion and exclusion criteria and invited to join the focus group. The following section will briefly outline the demographic profile of each focus group.

### 5.7.3 Demographic profile: Focus groups

As mentioned previously, assembling a representative sample of participants for the focus groups proved to be a challenge, as the grocery retailers have the responsibility of protecting their customers’ identities and no database exists for non-online grocery shoppers that the researcher could consult to obtain a representative sample for the non-shopper group. Through snowball sampling, the researcher contacted several potential participants from different genders, age groups, races, cultural backgrounds, education levels etc. Unfortunately, many declined to participate, having other responsibilities on the day of the focus group or not meeting the inclusion and exclusion criteria. Nevertheless, eight participants agreed to participate in each focus group. These sixteen participants met all the inclusion criteria set for the study and, more importantly, were willing to participate and to make themselves available on the day the focus groups were held. Each focus group’s demographic profile is discussed below.

**Demographic profile: Non-online grocery shoppers**

This focus group consisted of seven white females and one white male, as mentioned previously. Other potential participants from other races, cultural backgrounds etc. were contacted and asked to participate, but unfortunately they declined. Nevertheless, Figure 5.3 below indicates the age ranges of the participants for this focus group.
Figure 5.3: Focus group demographic information (non-shoppers) - age

Non-Online Grocery Shoppers: Age

- 18-30: 37%
- 31-40: 25%
- 41-50: 13%
- 51-60: 25%
- over 60: 12%

Figure 5.3 above indicates that the participants for the focus group were between the ages of 18 and above 60, but mostly between the ages of 51-60.

Figure 5.4: Focus group demographic information (non-shoppers) - living situation

Non-Online Shoppers: Living Situation

- I live with my partner: 75%
- I live with my partner and children: 13%
- I live with a tenant: 12%
- I live as a tenant: 13%

From Figure 5.4 above, one can see that 75% of the participants for the non-shoppers focus group live with their partners only.
From Figure 5.5 above, one can notice that 75% of the participants for the non-shopper focus group hold a university degree and a further 13% hold a doctoral degree. Thus 88% of the participants were highly educated.

From Figure 5.6 above, it is noticeable that 62% of the non-shopper group are mainly responsible for purchasing the groceries for their household.
From Figure 5.7 above, one can see that even though the non-shopper focus group does not purchase groceries online, all the participants were computer- and internet-literate. Even more interesting is that 50% of the participants indicated that they access the internet more than once a day.

Figure 5.8 above illustrated that 75% of the non-shopper group make use of other online services such as internet banking.
Summary: Non-online grocery shopper's demographic information

From the above illustration of demographic information of the non-shopper focus group, a few inferences could be drawn. These include:

1. Figures 5.5 and 5.7 illustrate that these participants are computer- and internet-literate. Furthermore, they access the internet on a regular basis. Seeing as these participants have the resources to purchase online, the reasons why they do not purchase items online could shed some light on South African-specific barriers to online shopping. Also, to investigate what would motivate these participants to start to do their shopping (and specifically grocery shopping) online would be of interest for this study. As seen from Figure 5.8, 75% of these participants already make use of other internet services such as online banking. This will be discussed in the findings chapter (Chapter 7) of this dissertation.

2. Figure 5.6 indicated that only 13% of the participants of the focus group were not mainly responsible for purchasing the groceries for the household, but that their partners were. This leaves the other 87% of the participants responsible for grocery shopping and they could potentially make use of online grocery shopping.

The following section will outline the most important demographic information of the second focus group – online grocery shoppers. These participants have all previously purchased groceries online from a South African grocery retailer.

Demographic profile: online grocery shoppers

This focus group consisted of eight white females, as mentioned previously, other potential participants from other genders, races, cultural backgrounds etc. were contacted and asked to participate, but unfortunately they declined. Figure 5.9 below indicates their age ranges.
Figure 5.9: Focus group demographic information (online shoppers) – age

Online Grocery Shoppers: Age

- under 18: 0%
- 18-30: 13%
- 31-40: 37%
- 41-50: 50%
- 51-60: 0%
- over 60: 0%

Figure 5.9 above indicates that the participants for the focus group were between the ages of 18 and 50, but mostly between the ages of 31-40.

Figure 5.10: Focus group demographic information (online shoppers) - living situation

Online Grocery Shoppers: Living Situation

- I live alone: 37%
- I live with my partner: 38%
- I live with my partner and children: 25%
- I live with a tenant: 0%

From Figure 5.10 above, one can see that the living situations of the online shopper focus group were spread quite evenly between living alone, living with a partner or living as a tenant.
From Figure 5.11 above, one can notice that all the participants in this focus group had at least a university degree or higher.

From Figure 5.12 above, it is noticeable that 62% of the online shoppers are mainly responsible for purchasing the groceries for their household.
From Figure 5.13 above, one can see that most of the shoppers in the focus group started to purchase their groceries online in 2012.

**Summary: Online grocery shopper’s demographic information**

Comparing the demographic profiles of the two focus groups could shed some light on specific demographic elements which could result in the purchase or non-purchase of groceries online. Some of these features will be discussed briefly below; however, a more detailed discussion and the reasons why these elements might influence behaviour will be discussed in the findings chapter (Chapter 7) of this study.

1. There was a noticeable difference in the age groups of the two focus groups. The non-online shopper group was mostly between the ages of 51-60, while the online shopper group was mostly between the ages of 31-40. This could be a result of the fact that younger consumers might be less risk-averse than older consumers, especially if one considers the digital participation curve discussed in Chapter 3. However, this will be discussed in more depth in Chapter 7.
2. The living situations of the focus groups were also different, as the participants of the non-online shopper group indicated that they were mostly responsible for the grocery shopping, whereas the online shopper group were quite evenly spread between being responsible for the grocery shopping or sharing the responsibility as a tenant or with a partner.

After considering the demographic profile of the two focus groups, it is important to provide a detailed description of the process followed in conducting the focus groups. The following section will discuss this process thoroughly.

5.7.4 Conducting the focus groups

Both focus groups were conducted on the same day at a guest house in Pretoria. The focus group of the non-shoppers was conducted first and lasted one hour and 15 minutes, while the focus group of participants who purchase online groceries was conducted thereafter and lasted for 55 minutes.

To enhance the trustworthiness of the data collected, a facilitator was appointed to act as moderator for the focus groups. The section below will briefly discuss what the role of the facilitator/moderator of a focus group entails.

The role of the moderator

The moderator plays an extremely important role in conducting effective focus groups. According to Saunders et al. (2012:403), there are two distinct roles for a moderator. Firstly, the moderator must keep the group within the limits of the topic discussed. Secondly, the moderator must generate interest in the topic and encourage discussion, whilst at the same time not leading the group into a certain direction of the debate.

Furthermore, it is the responsibility of the moderator to manage the inputs received from participants. Some participants might be shy of giving their opinions, while other participants might be very dominant. These personality types should be
managed subtly by the moderator to ensure all participants provide their opinions (Tustin et al. 2005:168).

The moderator appointed for the focus groups of this dissertation is experienced in conducting focus groups. In addition to the above role, the moderator also assisted the researcher with the analysis of the data to increase the trustworthiness and quality of the data, owing to the fact that she is a professional and experienced research consultant.

5.7.4.1 The process followed during the focus group discussion

Participants were welcomed at the guest house by the researcher and the moderator, then they were offered refreshments and asked to make themselves comfortable while completing the demographic information questionnaire and signing the informed consent form. Once all the participants had arrived, the moderator welcomed everyone and explained to them the purpose of the focus group and the expected time the focus group would last. Guidelines of the discussion were provided and they were asked if anyone had any questions.

Both groups were asked a very broad, open-ended question to start off the discussion, and then probed during the discussion certain prominent topics which arose (in line with the research objectives), to provoke intense discussion on these topics. The moderator also summarised the group’s responses, to determine the extent of agreement or disagreement on a certain topic.

The focus groups were conducted until saturation was reached (i.e. no new information was brought up during the discussion, and the topics which were discussed had been thoroughly comprehended).

The next part of this chapter will focus on the second primary data collection method: in-depth interviews. The results of the focus group discussion will be presented in detail in Chapter 6.
5.8 THE INTERVIEW WITH AN E-GROCER RETAILER’S ONLINE MANAGER

Interviews are a popular method used by researchers to collect primary data. This may be due to the fact that this qualitative data collection method can be adapted to fit almost any type of study. Interviews vary, based on the level and structure of an interview, as well as the researcher’s stance on the proper level of proximity to the participants (Cooper & Schindler, 2008:175). Before discussing in-depth interviews as a primary data collection method for the study, it is important to remind the reader which objectives the interview aims to achieve. They are listed below:

Table 5.9: Secondary research objectives addressed by the in-depth interview

<table>
<thead>
<tr>
<th>RETAILER-SPECIFIC OBJECTIVES</th>
</tr>
</thead>
<tbody>
<tr>
<td>To determine the factors that are motivating retailers to sell groceries online, through an in-depth interview with an online manager.</td>
</tr>
<tr>
<td>To identify the most prominent barriers for South African retailers to online grocery retailing, through an in-depth interview with an online manager.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SUPPLY CHAIN-SPECIFIC OBJECTIVES</th>
</tr>
</thead>
<tbody>
<tr>
<td>To determine the most prominent barriers to fulfilling an online grocery order in South Africa, through an in-depth interview with an online manager.</td>
</tr>
</tbody>
</table>

It is important for a researcher to determine the type of interview most appropriate for the specific research. As a result, in-depth interviewing was chosen for this study and will be discussed in detail below.

5.8.1 In-depth interviewing

In-depth interviewing is also referred to as IDI and is defined by businessdictionary.com as: “Conducted usually on a one-to-one basis, an IDI is designed to reveal the underlying motives of the interviewee’s attitudes, behaviour and perceptions.” According to Cooper and Schindler (2008:171), the objectives of in-depth interviews are to explore an individual person/business or scenario in depth, with the purpose of building a holistic picture of the
specific case. This is achieved by exploring the case from different perspectives i.e. data collection methods, as in this study.

Researchers have many different approaches when conducting interviews (Cooper and Schindler, 2008:176). However, for the purpose of this study, the **critical incident technique** (CIT) was used as the interview type. This technique is used when a researcher wants to ask questions such as:

1. What led up to the incident?
2. What exactly made the incident effective or ineffective?
3. What were the outcomes of these incidents and what other possible outcomes were expected?

This technique is used when a researcher wants to evaluate, for example, manufacturing processes or management-related incidents (Cooper & Schindler, 2008:177). CIT is defined by Edwardsson and Roos (2001:251) as: “…any observable human activity that is sufficiently complete in itself to permit inferences and predictions to be made about the person performing the act. To be critical, an incident must occur in a situation where the purpose or intent of the act seems fairly clear to the observer and where its consequences are sufficiently definite to leave little doubt concerning its effect.”

In-depth interviews were chosen as a primary data collection method since the data gathered from these interviews provide researchers with detailed descriptions of the respondent’s perceptions and experiences. This method is also commonly used on topics of which little is known. Given that online grocery shopping is still a relatively uncommon trend in South Africa, an in-depth interview appeared valuable in gaining a detailed understanding of the process. Also, to answer some of the study’s secondary research questions such as what were the most influential barriers and motivators for South African grocery retailers to extend their distribution channels to include online offerings.
5.8.2 Advantages and disadvantages of an in-depth interview

Considering the above objectives to be achieved during the interview discussion, it is significant to demonstrate why interviews as a data collection method will provide the study with reliable primary data. The table below serves as a summary of the advantages and disadvantages of in-depth interviews, as identified by previous researchers.

Table 5.10: Advantages and disadvantages of interviews as a primary data collection method

<table>
<thead>
<tr>
<th>INTERVIEWS AS A DATA COLLECTION METHOD</th>
<th>ADVANTAGES</th>
<th>DISADVANTAGES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Thick data can be collected</strong> – the detailed data collected from interviews far exceed the quality of data collected by quantitative methods (Tustin et al. 2005:164; Cooper &amp; Schindler, 2008:235).</td>
<td>• Cost – interviews as a data collection method are sometimes considered to be the most costly in terms of time and money. (Cooper &amp; Schindler, 2008:236).</td>
<td></td>
</tr>
<tr>
<td><strong>Participants can be probed</strong> – with interviews, the researcher asks additional questions, increasing the depth of the data collected (Cooper &amp; Schindler, 2008:236).</td>
<td>• Reluctance of participants to participate – people are reluctant to make time in their schedule to talk to strangers (Cooper &amp; Schindler, 2008:237).</td>
<td></td>
</tr>
<tr>
<td><strong>Increased control of the researcher</strong> – participants can be pre-screened to ensure they meet the inclusion and exclusion criteria (Cooper &amp; Schindler, 2008:236).</td>
<td>• Bias – with interviews, the researcher could potentially affect the outcome of the data collected (Cooper &amp; Schindler, 2008:237, Saunders et al., 2012:380).</td>
<td></td>
</tr>
<tr>
<td><strong>Flexibility</strong> – the interviewer can change the interview to suit the participant and gain a better response rate - for example, the language of the interview. (Cooper &amp; Schindler, 2008:236).</td>
<td>• Generalisability - this could lead to a decrease in reliability of the data collected (Saunders et al., 2012:381).</td>
<td></td>
</tr>
<tr>
<td><strong>Individual responses identifiable</strong> – Interviews allow the researcher to link responses to a certain individual (Tustin et al., 2005:164)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Close relationship</strong> – the researcher could</td>
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</table>
INTERVIEWS AS A DATA COLLECTION METHOD

<table>
<thead>
<tr>
<th>ADVANTAGES</th>
<th>DISADVANTAGES</th>
</tr>
</thead>
<tbody>
<tr>
<td>develop a close relationship with the participant which could lead to trust and result in a freer flow of information (Tustin et al., 2005:164).</td>
<td></td>
</tr>
</tbody>
</table>

Source: Compiled from Tustin et al., 2005; Cooper & Schindler, 2008 and Saunders et al., 2012.

Before discussing how the interview was used as a data collection method in the study, it is important to describe the steps taken by the researcher to overcome each of the disadvantages mentioned above. This will be argued in the section below:

**Cost:**

The cost of conducting an interview was a disadvantage, as the headquarters where the interviewee is located is situated in a faraway city which required the researcher to incur travel costs to conduct the interview. However, the value of the knowledge and insight gained from the interview outweighed the costs and was an essential cost to ensure the reliability of the study.

**Reluctance of the participants to participate:**

As indicated previously, South Africa currently has only two retailers selling their groceries online. It proved to be a challenge to identify the correct person to conduct the interview within the e-grocers. Two individuals within the e-grocers were identified as suitable participants. The researcher faced many hurdles and went to great lengths to contact these individuals and ask for their participation in the study. Unfortunately, one of the individuals declined, leaving the researcher one individual to interview. The sampling used for interviews will be discussed in depth in Section 5.7.3 below.
Bias:

Saunders et al. (2012:382) identified three biases associated with interviews. These biases will be discussed briefly in the table below, as well as the measures the researcher took to avoid these biases.

Table 5.11: Biases in interviews

<table>
<thead>
<tr>
<th>BIAS</th>
<th>STEPS TAKEN BY THE RESEARCHER TO AVOID THIS BIAS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interview bias:</strong></td>
<td>The researcher was mindful of this bias and concentrated on conducting the interview professionally. An effort was made to create trust and a comfortable setting.</td>
</tr>
<tr>
<td>“This is where the comments, tone or non-verbal behaviour of the interviewer creates bias in the way the interviewee responds to questions.”</td>
<td></td>
</tr>
<tr>
<td><strong>Interviewee or response bias:</strong></td>
<td>The researcher attempted to overcome this bias by studying interview techniques. Furthermore, the researcher used all the secondary data collected during the study to identify open-ended questions asked during the interview.</td>
</tr>
<tr>
<td>“This type of bias is caused by perceptions about the interviewer, the way in which questions are interpreted and the credibility of the interviewer.”</td>
<td></td>
</tr>
<tr>
<td><strong>Participation bias:</strong></td>
<td>Considering the fact that only two participants were identified as suitable individuals to interview, the researcher contacted both these individuals. Unfortunately, one of the online operation managers declined to be interviewed. The researcher, however, ensured that the data collected from the one remaining and willing interviewee was thorough and comprehensive.</td>
</tr>
<tr>
<td>“This bias results from the nature of individuals and participants or organisations amongst whom the interviews will be conducted ...usually influenced by the time an interview will take, which decreases a participant’s willingness to participate.”</td>
<td></td>
</tr>
</tbody>
</table>

Source: Adapted from Saunders et al. (2012:381)

**Generalisability**

The main concern with generalisability within qualitative data is the use of small unrepresentative samples. Saunders et al. (2012:383) argue that a small sample investigated from many perspectives (i.e. data collection methods) could provide the researcher with a more thorough understanding of the research question, as
opposed to a large representative sample simply completing a quantitative questionnaire. The fact that there are two online grocery retailers in South Africa makes the participation of one of the retailers in the study fairly generalisable in South Africa. The generalisability of the interview was further enhanced by the comprehensive, wide literature study and the website analysis which indicated general findings in line with the findings of the interview.

The previous section provided an introduction to interviews as a qualitative data collection method. Before discussing the interview structure in depth, it is important firstly to consider the sampling method used to identify the online operations manager to be interviewed for the study.

5.8.3 Non-probability - judgement sampling

Judgement sampling is used by researchers to select participants according to some criteria. Cooper and Schindler (2008:705) define judgement sampling as: “...a purposive sampling in which the researcher arbitrarily selects sample units to conform to some criterion.” Participants for the interview were selected on the basis of their level of involvement with online grocery shopping, as seen in Table 5.12.

An Interview with an online grocery retailer

Managing a successful multi-channel grocery retailer takes commitment from numerous employees, hence it proves difficult to identify one person within the different e-grocers with the knowledge and experience relevant to the study. However, it was established that the online operations managers of both the South African retailers would be the most appropriate persons to interview for the study. As a result, judgement sampling was used to select the interviewees. Table 5.12 below outlines the inclusion and exclusion criteria used to identify the most suitable participants for the study.
Table 5.12: Inclusion and exclusion criteria for online operations manager

<table>
<thead>
<tr>
<th>PARTICIPANTS FOR INTERVIEW</th>
<th>INCLUSION</th>
<th>EXCLUSION</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Employed at one of the two e-grocers in South Africa.</td>
<td>• Not willing to agree to a face-to-face interview.</td>
</tr>
<tr>
<td></td>
<td>• Holds a management position specifically relating to online groceries division.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Has been in the management position for at least 5 years.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Has knowledge of the online supply chain of the e-grocer.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Works specifically with the online grocery department of the e-grocer.</td>
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</tr>
</tbody>
</table>

The two managers identified as the most suitable participants for the study were contacted via the head office of the retailer and asked to participate in the study. Unfortunately, one of the managers declined to participate. As a result, only one manager at one retailer was interviewed for the study.

5.8.4 Interview structure

Interviews may differ in structure. According to Cooper and Schindler (2008:178), three types of interviews exist. Firstly, unstructured interviews, which have no specific questions or topics and in which the interviewer customises the interview for each participant. Secondly, structured interviews, which usually follow a strict line of questioning, similar to a quantitative questionnaire, although the questions remain open-ended. The third option and also the interview structure used in this study is semi-structured interviews. These interviews commonly start with a few pre-determined and specific questions and then follow the individual’s line of thought with interviewer probes. Refer to Annexure B for an example of the interview guide used by the researcher during the interview.

5.8.4.1 Pilot Interview

A pilot test is defined by Cooper and Schindler (2008:708) as: “…a trial collection of data to detect weakness in the design and instrumentation and provide proxy data…”
Considering the fact that there are only two e-grocery retailers in South Africa, Cooper and Schindler (2008:91) actually warn that conducting a pilot test with such a small sample may exhaust a research resource. They do, however, go on to argue that the risk is overshadowed by the possible improvements to be made to the design and information collected during the formal interview. A pilot interview, in the form of an informal discussion, was conducted with the one manager who agreed to participate in the study. The informal interview was conducted 10 months prior to the formal interview. During the pilot interview, possible barriers for consumers as well as for retailers were discussed. In addition, the order fulfilment process was discussed. The manager also shared some of the initial problems they experienced with the development of their online retailing platform. The informal (pilot) interview was explorative and the insights gained from this interview were internalised and used to adapt the questions to be asked at the final interview. The researcher also extended the search for the literature part of the study to include some of the topics that surfaced from the interview.

5.8.4.2 Conducting the interview

The final interview was conducted three weeks after the focus group discussions were held. The interview was conducted at the interviewee’s place of employment (head office of the e-grocer). The reason for this is that, according to Saunders et al. (2012:386), location may affect the quality of the data collected, and the location should be selected to increase the comfort and convenience of the participant. The researcher thanked the interviewee and gave a brief introduction to the topics to be discussed during the interview. In addition, the general guidelines were explained and the researcher asked if the interview could be recorded for data analysis purposes. The analysis and comparison of the interview and the focus groups will be discussed in Chapter 6.

5.9 MEASURES TO ENSURE RELIABILITY AND TRUSTWORTHINESS OF THE DATA

Assessing the accuracy of qualitative studies is more complicated than quantitative studies. The reason for this is that quantitative studies make use of validity and reliability,
meaning that most scientific studies are based on a standardised instrument that has previously been proven to deliver accurate results (Morse, Barrett, Mayan, Olson and Spiers, 2002:33).

Frequently, qualitative research is evaluated against criteria suitable to quantitative research and is found to be deficient. Qualitative researchers argue that, because of the difference in nature and purpose of quantitative and qualitative research, it is flawed to apply the same criteria for trustworthiness or merit.

According to Blumberg et al. (2011:504), one of the most important methods to ensure the quality of qualitative data is triangulation, defined as “a process of verifying information through multiple sources to increase the validity of the description of what is observed.” Triangulation for this study was gained through the website analysis, the in-depth interview and focus group discussions. This indicates that data were collected from multiple sources and from multiple participants to ensure triangulation. However, the researcher wanted to make use of triangulation, not only to increase trustworthiness but also to determine the perceptions of both the participants of the focus groups as well as the interviewee’s perception, with regards to three broad issues that stemmed from the literature. The three issues were:

- Barriers/motivators for consumers and retailers of online grocery shopping
- Supply chain specific barriers
- Website functionality and online grocery shopping

Figure 5.14 below serves as a visual representation of how the different data collection methods were used to increase trustworthiness within the study. Also, how the methods were used collectively to provide the researcher with comprehensive results to address the three broad issues and specifically the research objectives.
According to Kefting (1991:217), four strategies were adapted to improve the trustworthiness of the qualitative data collection originally outlined by Lincoln & Guba (1986). The adapted version will be discussed and applied to the study in the section below.

- **Credibility**

Measures to ensure credibility in data include triangulation, member-checking, peer examinations and interviewing techniques etc.

As mentioned previously, the main method employed by the researcher to improve the credibility of the study is triangulation of data collection instruments. Credibility during the in-depth interview was enhanced by reframing, repeating or expanding questions to ensure that the researcher fully comprehended what the interviewee meant. Furthermore, credibility was enhanced during the focus group by using a discussion guide, therefore ensuring that the participants provided the researcher with the relevant information. Also, an independent moderator was appointed to assist the researcher with the focus group
discussions. During the website analysis, the credibility of the analysis was enhanced by the use of an analysis tool tested and used by previous researchers and the control measures the researcher put into place to ask two other knowledgeable people to apply the same analysis tool to the same websites.

With regard to the data analysis, the audio for both the focus group discussion as well as the interview were transcribed by a professional transcription company. The transcriptions were checked for any mistakes and the mistakes were corrected. The analysis of the data was done by the researcher, assisted by a professional qualitative research consultant. This researcher was also the moderator during the focus group, which allowed for a better understanding of the data collected.

- **Transferability**

Methods to improve transferability of qualitative research included providing a thick description of the case (i.e. methods followed to conduct the research). This allowed for the easy drawing of conclusions as to how reliable the study was in relation to other cases. Kefting (1991:221) argues that it is not the responsibility of the researcher to ensure the transferability of the study, but rather to provide an accurate database and representation of the data collection methods and analysis to allow other researchers to judge the transferability. Transferability was also increased by recording and transcribing the focus group discussions as well as the interview discussion. By doing this, the study could be replicated by another researcher in using the methods of the study.

- **Dependability**

To increase dependability in a study, the methodologies used must be discussed in depth, including the data-gathering process, data analysis and interpretation. Other methods to improve dependability are triangulation, code-recode procedures and peer examinations. The dependability of the research was improved by using the methods mentioned above and in addition an independent consultant was used to assist with the data collection (focus groups) and also the data analysis.
• **Conformability**

Conformability refers to the audit trail of the research. In brief, if an external researcher were to follow the audit trail i.e. the same data and research context, they would have comparable findings. The credibility of the audit is enhanced by a transparent research trail, thus raw data, field notes, pilot studies, etc. Once again triangulation also increases the conformability, as it also tests the strengths and weaknesses of the researcher’s ideas by recording and transcribing interview and focus group data.

These four methods of increasing trustworthiness were implemented in most part through triangulation. The three different data collection methods allowed for comparison of the research findings.

It is also important to consider the limitations of the study, as these limitations may have an impact on the research findings. These limitations will be discussed in the final chapter (Chapter 7) of this dissertation, as some of these limitations might impact the findings of the study.

The next section of this chapter will focus on the data analysis method used in this study.

**5.10 DATA ANALYSIS**

The aim of qualitative data analysis is to discover patterns, meanings, themes and concepts within the data, then generalising these patterns back into the primary and secondary data to build meaning from the data. The following section will discuss in detail the process followed for analysing the data. However, the results from the data analysis will be discussed in Chapter 6.

**5.10.1 Audio-recording the interview/focus groups**

Saunders *et al.* (2012:394) argue that audio recording could be extremely beneficial to the trustworthiness of the data collected, as it leaves a very distinct audit trail for other
researchers to follow and allows for better data analysis. Considering this, both the focus groups as well as the interview were audio-recorded. Furthermore, a back-up recorder was also used to ensure the best possible recording of the focus group discussions. Additionally, the researcher also took notes during the data collection phases. According to Saunders et al. (2012:392), note-taking holds advantages as it could help the researcher maintain concentration, formulate points to probe interviewees and make the participants feel that their opinion is important. The purpose of the audio recordings was also to transcribe the recordings to ensure the best possible data analysis. The transcription process will be discussed below.

5.10.2 Transcribing the audio

To transcribe the audio would be to “…reproduce a written account using actual words” (Saunders et al., 2012:550). The researcher employed the services of a professional touch-typist to assist her with transcribing the audio. The transcriptions were checked to ensure their correctness and any transcription errors were corrected, also known as data cleaning. Thereafter, the written data were ready for analysis. The section below extensively discusses the data analysis and steps used to analyse the data.

5.10.3 Analysing the data: thematic analysis

Qualitative data analysis approaches can be incredibly diverse and complex, so thematic analysis should be seen as the foundational method for analysing qualitative data. The reason is that it provides core skills useful when conducting other forms of qualitative data analysis.

Thematic analysis is defined by Tesch (1990, in Smith and 2011:3) as: “…an interpretive process, whereby data are systematically searched to identify patterns within the data in order to provide an illuminating description of the phenomenon. The process results in the development of meaningful themes without explicitly generating theory. Thematic analysis can provide rich and insightful understandings of complex phenomena…”
**Terms used in thematic analysis**

As with most data analysis methods, thematic data analysis uses certain terminology when referring to the data and the analysis. These terminologies will be briefly defined below (Braun and Clarke, 2006:79):

- **Data corpus**: All data collected for the specific research project.
- **Data set**: All data selected from the corpus to be analysed for the research project.
- **Data item**: Each individual piece of data collected (for example, transcription of the interview with the online manager).
- **Data extract**: An individual coded chunk of data which has been identified in and extracted from a data item.
- **Theme**: A theme captures something significant about the data in relation to the research question, and embodies some level of patterned responses or denotations within the data set.
- **Codes**: Identify a feature of the data that appears interesting to the analyst, and refers to ‘the most basic segment, or element, of the raw data of information that can be assessed in a meaningful way regarding the phenomenon’.

The following section will discuss the specific steps one should take when analysing data thematically. These steps were employed to analyse the data of the focus group discussions and in-depth interview, and will be evident from the data analysis in Chapter 6.

**5.10.4 Phases of thematic data analysis**

The process of conducting thematic data analysis includes six specific phases. These phases will be outlined and discussed below.

**Phase 1: Familiarisation with data**

Familiarising with the data to be analysed requires the researchers to immerse themselves in the data. This is to fully comprehend the depth and breadth of the data. The
aforementioned involves actively reading and re-reading the data in search of meanings and patterns embedded in the research. The time it takes to conclude this phase has been referred to as one of the main contributing reasons why qualitative researchers make use of smaller samples (Braun and Clarke, 2006:87). Many steps can be taken by the researchers to familiarise themselves with the data, and this includes re-checking the transcriptions to ensure their correctness.

**Phase 2: Generating initial codes**

In this phase, the researcher starts by generating an initial idea of what is important and interesting about the data. The data will then be coded, indicating that it will be organised into meaningful groups. For the purpose of this study, the coding was theory-driven, meaning that the researcher kept the objectives of the study in mind when coding the data. Each data item was given full and equal attention during the data coding phase, where interesting patterns and themes were identified.

**Coding:**

Coding can be done in many different ways, both manually or by using a qualitative data analysis programme. The data for this study were coded manually. This was done by writing notes on the texts and using colour highlighters to identify possible patterns. The initial codes were identified and then matched to the data extracts. One of the most important parts of this phase is to ensure that all the data extracts are coded and organised together within each code; even contradicting data extracts should be coded.

**Phase 3: Searching for themes**

After all the data have been initially coded, Step 3 can commence. In this phase the researcher organised the different codes into initial themes. Basically, the researcher started to analyse the different codes to determine which codes could be combined to develop an overarching theme. The researcher wrote all the codes on different papers and shuffled the codes among the themes to determine the most appropriate match for each
theme. Next, the researcher started to consider the relationship between codes and themes. This phase of the thematic analysis was concluded by bearing in mind that the candidate themes and sub-themes identified in this phase should be investigated individually to determine their relevance in relation to the study.

**Phase 4: Reviewing themes**

The main purpose of Phase 4 is to refine the candidate themes developed in Phase 3 of the analysis. Braun and Clark (2006:90) argue that internal homogeneity and external heterogeneity is important. This would mean that the codes within themes should be closely related, while one should be able to clearly differentiate between the different themes. To achieve this, the researcher had to review the themes on two levels. The first was to review all the coded data extracts of a specific theme, to determine if they all fitted with the specific theme. Some codes were reshuffled and renamed to fit with other themes until the researcher was confident that the codes within a theme formed a cohesive unit. Subsequently, a preliminary ‘thematic map’ or ‘mind map’ was composed. The final version of the ‘thematic map’ will be presented in the data analysis chapter (Chapter 6).

The second level of review required a broader view, by considering the relevance of each theme in relation to the entire data set. Also, the researcher reflected on the relevance of the thematic map as a representation of the entire data set. This could only be determined by re-reading the entire data set (i) to determine whether the themes are an encompassing representation of the entire data set, (ii) to code any additional data items that were overlooked in the first analysis. The researcher followed the guidance of Braun and Clark (2006:92) for re-coding. The authors warn researchers not to get over-enthusiastic when re-coding as it could go on ad infinitum, but rather to stop re-coding when nothing significant is added any more. The researcher ended the re-coding and had a very clear idea of the different themes and how they represented the data as a whole.
**Phase 5: Defining and naming themes**

Phase 5 focuses on refining the themes, especially the data extracts within each theme, and determining what are the most important data extracts within each theme. The researcher then analyses each theme individually to determine which theme should be matched to which objective of the study. The significance of this phase is the way in which each theme is scrutinised to determine what they represent, and what they do not represent. The last part of this phase is where the researcher names each of the themes to reflect the true meaning of the theme and its content.

**Phase 6: Producing the report**

The final phase of thematic analysis entails writing the report on the analysis of the data. The purpose of this phase is to provide a vivid account of the data and the deeper meanings embedded within the data. This will be done in the next chapter (Chapter 6).

Table 5.13 below serves as a summary of the different phases of thematic analysis.

<table>
<thead>
<tr>
<th>PHASE IN THEMATIC DATA ANALYSIS</th>
<th>DESCRIPTION OF THE PROCESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Familiarisation with data</td>
<td>- Transcribing the data</td>
</tr>
<tr>
<td></td>
<td>- Reading and re-reading the data</td>
</tr>
<tr>
<td></td>
<td>- Jotting down initial ideas</td>
</tr>
<tr>
<td>2. Generating initial codes</td>
<td>- Coding interesting features of the data in an organised fashion across the entire data set</td>
</tr>
<tr>
<td></td>
<td>- Collecting data relevant to each code</td>
</tr>
<tr>
<td>3. Searching for themes</td>
<td>- Organising codes into probable themes</td>
</tr>
<tr>
<td></td>
<td>- Gathering all the data relevant to each potential theme</td>
</tr>
<tr>
<td>4. Reviewing themes</td>
<td>- (Level 1) Checking to see if the themes work in relation to the coded extracts</td>
</tr>
<tr>
<td></td>
<td>- (Level 2) Checking to see if the themes work in relation to the</td>
</tr>
</tbody>
</table>
After considering the different phases of the thematic analysis, it should be mentioned that Braun and Clarke (2006:98) argue that many researchers confuse thematic data analysis with the more commonly-known qualitative data analysis method – content analysis. The former was chosen as the most appropriate method of analysing the data for this study, as content analysis tends to focus more on a micro-level, often providing frequency counts which allow for quantitative statistics to be done. Thematic analysis differs from content analysis, as the themes identified should not be quantified - the value of the analysis is housed in the words of the participants. Thus, thematic analysis provides the researcher with a ‘thicker’ representation of the data – where content analysis at times only provides word-counts. Table 5.14 below is a summary of the advantages and disadvantages (or hurdles) of thematic data analysis.

<table>
<thead>
<tr>
<th>THEMATIC ANALYSIS</th>
<th>ADVANTAGES</th>
<th>DISADVANTAGES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Flexibility</strong></td>
<td>This allows researchers from different research spheres to apply thematic analysis to their research, while providing a rich and detailed, yet complex account of the data.</td>
<td><strong>Failure to analyse the data at all</strong> – The data extracts should not simply be paraphrased and used in the analysis, but they should be used to support the analytic points the researcher wants to make.</td>
</tr>
</tbody>
</table>
| **Useful method when working with participatory research** | Flexibility of thematic analysis makes it adaptable to any participant group. | **Using questions to formulate themes** – Many researchers use the questions posted to participants to form the themes, instead of analysing the entire data set to determine the
| **Summarises large body of data** – Large volumes of data could be summarised into key features, providing a thick description of the data. | **Weak or unconvincing analysis** – This is usually because of the weakness of theme construction, the internal consistency and theme validity from the data set. |
| **Generates unanticipated results** – Similarities and differences could be identified from the data set. | **Mismatch between the data and analytic claims** – In this case the researcher make analytic claims without considering other obvious alternatives or without indicating the contradictions. |

Source: Braun and Clarke (2006:98)

### 5.11 CONCLUSION

This chapter focused on discussing the methodology used in the study. It started by taking a broad view of the different research design types available to researchers, then it went on to explain the research design selected for this study.

Additionally, it discussed qualitative research and what it entails. Also, the different types of qualitative data collection methods a researcher could employ when conducting qualitative research. The chapter then went on to discuss the three primary data collection methods used for this study: website content analysis, focus group discussions and an in-depth personal interview.

First, content analysis as the data analysis method used during the website analysis was discussed. Secondly, focus groups were discussed by defining what a focus group is. Furthermore, the sampling methods and inclusion and exclusion criteria used to determine the participants for the focus groups were discussed. Also, the methods used to conduct the focus groups were considered. Reference was made to the moderator appointed to facilitate the focus group discussion, as well the role of a moderator in qualitative data collection. The section was concluded by considering the advantages and disadvantages of focus group discussions.
Subsequently, interviews as a qualitative data collection method were discussed. Also, the methods used to conduct the semi-structured interview and the pilot interview were considered. This section of the chapter also named the advantages and disadvantages of conducting an interview, and methods taken to overcome the disadvantages were considered.

The chapter went on to mention the methods taken to increase the trustworthiness and reliability of the research. Specific reference was made to the steps taken to increase the credibility, transferability, dependability and conformability of the study. Reference was also made to triangulation and how it was used across the different data collection methods to identify common themes and patterns across the data set.

To conclude this chapter, the data analysis method (thematic analysis) was presented. The reasons why thematic analysis was chosen as the most appropriate data analysis method was discussed, followed by a detailed discussion on the six phases of conducting thematic data analysis.

The next chapter will present the analysed data, as well as the ‘thematic map’ which visually represents the findings of the empirical data. Each theme will be discussed in depth, while considering the categories and codes that form part of the theme.
CHAPTER 6

DATA ANALYSIS

6.1 INTRODUCTION

In the preceding chapters of this dissertation, the research question and objectives were introduced. Also, an extensive literature study was conducted to identify barriers and motivators from literature. Additionally, in the previous chapter, the research methodology was discussed. Thematic analysis was introduced as the data collection method and the six phases of analysing data thematically were discussed.

This chapter starts by revisiting the secondary objectives stated in Chapter 1. In doing so, the reader is able to see which objectives have been achieved in the previous five chapters, and which objectives will be addressed in this chapter. The findings of the content analysis of the websites will be presented first. Then the chapter briefly covers issues discussed during the interview with the manager which are important and relevant to the study, but do not necessarily form part of the motivating or barring factors to online grocery shopping in South Africa.

Thereafter, the data of the study are presented in the form of a thematic map. Firstly, motivating factors which emerged from the data will be discussed. Each category and its specific codes are discussed individually to provide the reader with a comprehensive understanding of each theme, category and code. Subsequently, barriers identified from the data will be presented. Each theme, category and code is also discussed by referring to and quoting from both the participants of the focus group (i.e. the consumers) and the interview with the online manager (i.e. the retailer/e-grocer).

The chapter concludes with a brief summary of the most important issues discussed during the data analysis.
6.2 REVISITING THE RESEARCH QUESTION AND OBJECTIVES

Before discussing the data analysis and findings, it is important first to re-visit the research question and objectives to determine the focus of this chapter. Table 6.1 below serves as a summary of the research question and objectives of this study. It indicates the objectives and the chapters that relate to the attainment of the objectives.

Table 6.1: Research objectives and chapters covering the objectives

<table>
<thead>
<tr>
<th>RESEARCH OBJECTIVE</th>
<th>SECONDARY DATA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EMPIRICAL DATA</td>
</tr>
</tbody>
</table>

**CONSUMER-SPECIFIC OBJECTIVES**

**Motivating factors**

To explore **factors that would serve as possible motivators for South African consumers to participate in online grocery shopping**, through a review of **available literature** on the topic.

- Secondary data
  - Chapter 1: Table 1.1
  - Chapter 2: Section: 2.5.1.3

To determine factors motivating South African consumers to **purchase groceries online**, through **focus group discussions**.

- To be covered in this chapter

**Barring factors**

To explore possible **barriers for the South African consumers not to participate in online grocery shopping**, through a review of **available literature** on the topic.

- Secondary data
  - Chapter 1: Table 1.2
  - Chapter 2: Section: 2.5.2

To **identify the most prominent barriers which prevent consumers from partaking in online grocery shopping in South Africa**, through **focus group discussions**.

- To be covered in this chapter

**RETAILER-SPECIFIC OBJECTIVES**

**Motivating factors**

To explore possible **motivators for the South African retailer to participate in e-tailing**, through a review of **available literature** on the topic.

- Secondary data
  - Chapter 1: Table 1.1
  - Chapter 2: Section: 2.5.1
<table>
<thead>
<tr>
<th>RESEARCH OBJECTIVE</th>
<th>SECONDARY DATA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RESEARCH OBJECTIVE</strong></td>
<td>SECONDARY DATA</td>
</tr>
<tr>
<td><strong>SECONDARY DATA</strong></td>
<td><strong>EMPIRICAL DATA</strong></td>
</tr>
<tr>
<td>To determine the factors that are motivating retailers to sell</td>
<td>To be covered in this</td>
</tr>
<tr>
<td>groceries online, through an in-depth interview with an online manager.</td>
<td>chapter</td>
</tr>
<tr>
<td><strong>Barring factors</strong></td>
<td><strong>Secondary data</strong></td>
</tr>
<tr>
<td>To determine possible barriers for retailers offering online</td>
<td>Chapter 1: Table 1.2</td>
</tr>
<tr>
<td>groceries for purchase in South Africa, through a review of available literature on</td>
<td>Chapter 2: Section: 2.5.2</td>
</tr>
<tr>
<td>the topic.</td>
<td><strong>To be covered in this</strong></td>
</tr>
<tr>
<td>To identify the most prominent barriers for South African retailers to online</td>
<td>chapter</td>
</tr>
<tr>
<td>grocery retailing, through an in-depth interview with an online manager.</td>
<td></td>
</tr>
<tr>
<td><strong>WEBSITE-SPECIFIC OBJECTIVES</strong></td>
<td><strong>Secondary data</strong></td>
</tr>
<tr>
<td>To determine the importance of a retailer’s website in online</td>
<td>Chapter 3: Section: 3.3</td>
</tr>
<tr>
<td>grocery shopping, through a review of available literature on the topic.</td>
<td><strong>To be covered in this</strong></td>
</tr>
<tr>
<td>To determine the quality of South African e-grocers’ websites, by comparing them to</td>
<td>chapter</td>
</tr>
<tr>
<td>UK based e-grocers’ websites by means of a previously-developed framework.</td>
<td></td>
</tr>
<tr>
<td><strong>SUPPLY CHAIN-SPECIFIC OBJECTIVES</strong></td>
<td><strong>Secondary data</strong></td>
</tr>
<tr>
<td>To determine supply chain-specific barriers to online grocery</td>
<td>Chapter 4: Section: 4.3</td>
</tr>
<tr>
<td>shopping, through a review of available literature on the topic.</td>
<td><strong>To be covered in this</strong></td>
</tr>
<tr>
<td>To determine the most prominent barriers to fulfilling an online grocery order in</td>
<td>chapter</td>
</tr>
<tr>
<td>South Africa, through an in-depth interview with an online manager.</td>
<td></td>
</tr>
</tbody>
</table>

From the above table, one notices that some of the objectives have been addressed in previous chapters, while others still need to be discussed. Many of these will be discussed in the following sections of this chapter. The section below will present the data collected and will analyse them to draw conclusions on their meanings.
As indicated in Chapter 3, the website forms the platform for the interaction between the customers and e-tailers and an inefficient website could be a barrier to online shopping. In Chapters 3 and 5 the methodology and research instrument for the website analysis were explained. Two well-known UK-based e-grocers’ and the only two South African-based e-grocers’ websites were analysed. The website analysis only focused on one secondary objective: namely, to determine the efficiency of the websites of South African e-grocers. For this reason, the findings of the website analysis are presented separately (below) and not integrated in the themes, categories and codes in the analysis of the focus group discussions and the in-depth interview.

As mentioned several times, the website analysis was based on a previously-developed instrument. Each of the four e-grocers’ websites was visited on the same day to conduct the analysis. The researcher used the check-list (discussed in Section 3.4.3) to evaluate each website. If the feature was present on the website, the researcher ticked (✓) that specific feature as existing; if the feature was lacking on the website, the item remained blank. Table 6.2 below provides a summary of the findings of the website analysis.
Table 6.2: E-grocer website analysis summary

<table>
<thead>
<tr>
<th>PRODUCT INFORMATION QUALITY</th>
<th>SA1</th>
<th>SA2</th>
<th>UK1</th>
<th>UK2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does the website contain any nutritional information about the products?</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>• Can you get a complete list of ingredients for the products?</td>
<td>√</td>
<td>√</td>
<td>*</td>
<td>√</td>
</tr>
<tr>
<td>• Can you get a complete list of nutritional facts for the products?</td>
<td></td>
<td></td>
<td></td>
<td>√</td>
</tr>
<tr>
<td>• Can you find nutritional information on all processed foods?</td>
<td>√</td>
<td>√</td>
<td></td>
<td>√</td>
</tr>
<tr>
<td>Can you ask store nutritionists for more detailed nutritional information?</td>
<td>√</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Can you search for products in terms of place of origin?</td>
<td></td>
<td></td>
<td></td>
<td>√</td>
</tr>
<tr>
<td>Can you get detailed information about specific farms and farmers?</td>
<td></td>
<td></td>
<td></td>
<td>√</td>
</tr>
<tr>
<td>Are there direct links to the different producers or processors’ websites from the grocer’s site?</td>
<td></td>
<td></td>
<td></td>
<td>√</td>
</tr>
<tr>
<td>Can you get detailed information about the production process? (e.g. what kind of seeds have been used, how long the wine has been aged, etc.)</td>
<td>√</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Does the e-grocer sell organic products?</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>• Can you get detailed information about which products are organic?</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>• Can you find out who certifies the organic claim?</td>
<td></td>
<td></td>
<td></td>
<td>√</td>
</tr>
<tr>
<td>• Can you search for organic products only?</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CUSTOMER SERVICE QUALITY</th>
<th>SA1</th>
<th>SA2</th>
<th>UK1</th>
<th>UK2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is there a standard form to fill out and send via e-mail?</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>Is there a phone number listed for a service centre?</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>Are there different e-mail addresses for customer service and technical support?</td>
<td></td>
<td></td>
<td></td>
<td>√</td>
</tr>
<tr>
<td>Does the e-grocery promise to call the customers to resolve problems?</td>
<td></td>
<td></td>
<td></td>
<td>√</td>
</tr>
<tr>
<td>Is there a link to frequently-asked questions (FAQ)?</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>Can you cancel your order online?</td>
<td>√</td>
<td>√</td>
<td></td>
<td>√</td>
</tr>
<tr>
<td>• Can you phone to cancel your order?</td>
<td>√</td>
<td>√</td>
<td></td>
<td>√</td>
</tr>
<tr>
<td>Question</td>
<td>Yes</td>
<td>No</td>
<td>?</td>
<td>*</td>
</tr>
<tr>
<td>------------------------------------------------------------------------</td>
<td>-----</td>
<td>----</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Do you get a confirmation e-mail once your order has been accepted?</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td><strong>E-BUSINESS QUALITY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Is there a search tool to let you locate the product directly?</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Are the products categorised into groups?</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Can you get recipes?</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Can you get recipes linked from other homepages (outsourced)?</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Is there a quick search tool (e.g. by key words) for recipes?</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Are there pictures on the recipe pages?</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Can you easily print out the recipes?</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Can you automatically add recipe ingredients to your shopping cart?</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Does the website provide product pictures?</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>- Two-dimensional - 2D</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>- Pop-up image (enlargement)</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Is there any music on the website?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Are there promotions on the e-grocer’s website?</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Is there an option to review (or leave comments) on the website?</td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
</tr>
</tbody>
</table>

*If a feature was found only to be present sometimes and not present with all products (for example, if not all of the products are illustrated by pictures), a feature was indicated as NOT present.*
6.3.1 Website analysis findings

The following section will discuss Table 6.2, indicating the features present or missing from the e-grocers’ websites respectively.

6.3.1.1 Features present on all four e-grocers’ websites

From the above table, it could be noticed that the two e-grocers from South Africa and the two e-grocers from the UK both have twelve features present on all four websites. The features they have in common under product information quality include: information on nutritional value of the products (this would be the information that a consumer would normally find on the label at the back of the product). In addition, all e-grocers also sold organic products, information on which products are organic was easily accessible, and consumers were also able to do a search for only organic products on all e-grocers’ websites.

Features which these e-grocers shared on their website relating to customer service quality include: a standard form that consumers can fill out and email to the retailer, a phone number present on the website should the consumers prefer to call the e-grocer or to cancel their order and a link to FAQ’s (Frequently Asked Questions) answering possible questions the consumer might have. All e-grocers also indicated in their terms and conditions that consumers would receive an email to confirm receipt of their order.

Lastly, communal features with relation to e-business quality included: a search tool to allow consumers to easily locate the product(s) they are looking for. The products on all the e-grocers’ websites were also grouped into categories (for example dairy, deli etc.) to allow consumers to easily track down the product they are searching for. All e-grocers’ websites also included a tab with specials/promotions of the week or day.
6.3.1.2 Features missing from all four e-grocer websites

Only two features listed in the website analysis instrument were missing from all four websites. Interestingly, both features were categorised under *e-business quality*. Firstly, none of the websites featured links to other homepages with recipes. Secondly, none of the websites played any music. Future researchers could investigate possible explanations as to why these features would be absent from all four e-grocers’ websites.

6.3.1.3 Comparing two South African retailers’ websites (SA1 versus SA2)

The purpose of the website analysis as part of this dissertation is to identify factors missing from South African retailers’ websites, using the previously-developed evaluation tool. Before comparing the two South African retailers’ websites to those of the UK e-grocers, it was considered necessary, firstly, to compare the websites of the two South African retailers with each other.

After considering all the above features, it becomes quite evident that one South African retailers’ website [SA1] contains considerably more features (six) than its competitor’s [SA2]. These features include: nutritional information of processed foods, detailed information on production processes (for example, the number of years a wine had been aged). With relation to their *customer service quality*, they have several email addresses that consumers can use, unlike [SA2], which only has one email address. Furthermore, SA1 has the option for consumers to enlarge the pictures of the product to have a better idea of what the product looks like, in contrast to [SA2]. Lastly, [SA1] has the convenient feature of allowing consumers to add items directly from a recipe to their shopping cart. In addition, [SA1] is the only retailer of the four retailers who has an assigned nutritionist from whom consumers can ask advice.

On the other hand, [SA2] is the only retailer of the four retailers who promises in its terms and conditions to phone consumers back to solve any problems. Nevertheless, when considering the above, it becomes apparent that [SA2] should focus on expanding its e-
service quality by improving the functionality of its website, even if just to stay competitive in the South African market by benchmarking to meet the standard set by [SA1]'s website.

6.3.1.4 Comparing two UK retailers’ websites (UK1 versus UK2)

As in the case of the two South African e-grocers’ websites, comparing the websites of the two UK e-grocers revealed that one UK e-grocer [UK1] had nine features which its competitor [UK2] did not have. The features that [UK1]'s website had which were absent from [UK2]'s website included: a complete list of nutritional facts about the products and detailed information with regard to the production process of the product (for example, how long the wine had been aged). [UK1] was also the only retailer of the four evaluated to mention who certifies their organic claim. However, the most prominent difference between the websites of [UK1] and [UK2] must be the absence of any recipes on the website of [UK2]. As a result, they could not be scored on other features pertaining to recipes on an e-grocer's website.

[UK2]’s website also contained three features which were absent from [UK1]’s website. These features included: detailed information about the specific farms/farmers that produce the product and the website also contains links to the homepages of the product manufacturers if consumers would like more information on a certain product. Lastly, [UK2] also indicates that consumers may cancel an order online, contradictory to the policy of [UK1] where a consumer has to phone in to cancel an order.

6.3.1.5 Comparing South African e-grocers’ websites to UK e-grocers’ websites

Thus far, the website analyses have been used to compare the different features of South African e-grocers’ websites with each other, as well as comparing the websites of two e-grocers from the UK with one another. Although these analyses have provided insight into features which might be deemed important for specific countries, the main purpose of the website analyses were to compare website features of two e-grocers from South Africa with website features of two e-grocers from the UK. The following section will discuss the
features present on the websites of the UK e-grocers, but absent from the websites of South African e-grocers.

Overall, the websites of the UK e-grocers were more informative in terms of product information quality. After comparing the UK e-grocers’ websites to those of the South African e-grocers, it is noticeable that the UK retailers include more information on their websites. This information included a complete list of nutritional facts (such as the amount of calories a product contains), also the product’s place of origin and information about the farmers. Furthermore, the websites included links to the homepage of the manufacturer of the products and even states who certifies their organic claim. These features were all features present on both of the UK e-grocers’ websites, but not on either of the South African e-grocers’ websites. The last feature that the UK e-grocers’ websites had which the South African retailers lacked was the ability of a consumer to leave a comment on the website.

Overall, the websites of the UK retailers had features which were missing from the South African e-grocers’ websites, but in return the South African retailers’ websites also included features missing from the UK retailers’ websites. The finding of the website analysis concluded that all of the e-grocers’ websites were most successful in the customer service quality category, as most of the retailers’ websites had most of the features. As a result, it is recommended that online grocery retailers in South African could increase the functionality of their websites by focusing on factors tested in the e-business quality and product information quality categories.

This section covered websites. The model for assessing the effectiveness of online grocery retailers’ websites was discussed and analyses of four e-grocers’ websites were conducted.

6.4 BACKGROUND INFORMATION ON THE INTERVIEW AND E-GROCER

Before presenting the data and thematic map, it is important to briefly provide some backdrop to the data. The focus group demographics were extensively discussed in
Chapter 5. However, specific information relating to the retailer and how the business fulfils orders, their future plans etc. were not discussed as they form part of the data. The following section will outline important information provided by the online manager during the interview. This information is important to address before discussing the thematic map, as this will allow the reader to better comprehend the verbatim quotations used later on. The next section will discuss two broad themes: 1) changes since the service has been implemented up to the current situation and 2) the future of online grocery retailing in South Africa.

6.4.1 Changes from implementation to the current situation

As one would expect, the service offering is not the same today as it was 14 years ago, which was when this specific retailer started to sell their groceries online. Two major sets of changes have taken place from implementing the service until today. Firstly, the service in itself has changed, in terms of the way orders are processed and also the way they use their website. The second set of changes is the strategic alignment of online as a division within the retailer. These two sets of changes will be briefly discussed below.

6.4.1.1 Changes in the online service

The retailer indicated two major changes they have made from starting to offer their groceries for purchase online, until today. Firstly, and most importantly, they have changed their fulfilment strategy. They initially processed orders from a central warehouse, but later changed the model to select products from certain retail stores. The quotes below provide some clarity on the reasons why they made these changes:

“Our history is that we started in a central warehouse for foods and we had fantastic availability, but we had…we were haemorrhaging costs. Just completely unsustainable, because it’s not a cost-effective way of delivering foods. It’s a very effective way of getting great availability; it’s a very expensive way of doing business. It’s just not sustainable. So
we’ve battled with the pick-from-store concept and we still do. We’re getting better at it, but it’s still not ideal…

The second change the retailer made was to invest in the development and design of an interactive website. The manager indicated that they realised the importance of the website as a way of converting the consumer into an online shopper. This can be seen from the verbatim quotes below:

“The site will respond to the device and give the customer...give the user a good journey. Any opportunity to try convert that into a shopper.”

From the above, it could be concluded that the two major changes during the last decade were the order-picking strategy and the website. Reference will again be made to these changes during the discussion on the barriers and motivators to online grocery shopping.

6.4.1.2 Strategic alignment of online with the business as a whole

The online manager indicated that if he could start the whole implementation phase over again, he would not change any of the operational processes or change any decision they made. He would, however, ensure that the entire business is aligned to support online as a strategic business opportunity. He argues that pure players would not experience this barrier, as their only form of business is online. He indicated that the motivation behind selling their groceries online was a decision made to stay competitive. However, the team appointed to manage this business extension were the only employees who truly supported this venture.

“…what I would do differently is I would make sure the business was completely strategically aligned behind the need for an online channel and that you had buy-in and commitment from the very, very top.”

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8 To ensure the authenticity of the verbatim quotes, no English grammar/tense mistakes, or slang words used by the participants and the interviewee were corrected, instead the verbatim quotes are used in the exact way the participants and interviewee expressed their opinions.
“We only had a small group of invested people trying to influence a business as a whole. It’s very, very hard to do.”

“When you have a pure-play business, that’s all you do…no one’s unsure about what’s important. The guys get up every day and that’s what they do. Their entire business is online.”

The manager went on to argue that a business which is fully aligned behind the online development would have helped them to tap into the skills of employees who head departments such as logistics, merchandising etc. of the conventional retail stores which could have potentially helped them to identify many barriers early on.

“I think the thing that I’ve struggled with probably more than anything is that there’s the need for a business to be fully aligned strategically. From day one…”

Next, the future plans and possible business expansions for the retailers will be discussed.

6.4.2 The future of online grocery retailing in South Africa

This section will briefly consider the future plans of the retailer (i.e. the future of grocery retailing in South Africa). This is important, as many of these future plans are indirectly referred to by the participants of the focus groups as possible solutions to some of the barriers. These future plans are discussed more in depth during the discussion on the barriers and motivators to online grocery shopping in Section 6.5 below.

6.4.2.1 Growing the business

Estimating the growth of online grocery shopping in South Africa is a daunting task; if not done correctly, it could restrict the growth of the e-grocer. The online manager agreed and argued that planning for future growth is challenging:
“We’re going to have to bring in additional stores, we’re going to have to look at the kind of three-year, five-year view that says we may need to invest ahead of the business growth now, to be able to deliver the five-year projection. So that’s probably where we find ourselves with the biggest challenge right now - is to say can we really...can we put our hands on our heart and say we know what the future looks like in terms of growth? Make sure we’ve got a reliable estimate of what that growth can be and the paradox is we say we know it’s going to come, we know the growth’s going to come, but do we have sufficient capacity to reliably deliver? I think that’s probably where we... find ourselves at the moment is a real concern that we actually are going to outgrow our strength…”

6.4.2.2 Future business expansions

A few of the questions posed to the online manager relating to the future of online grocery retailing in South Africa included:

- What does the future of online grocery retailing in South Africa look like?
- How does South African e-retailing, in your opinion, compare to other countries’ models?
- Are you considering some of the innovations of e-tailing introduced by countries such as the UK to be implemented in South Africa?

The responses to these questions are summarised and discussed below:

- **Click-and-collect stores**

In Section 4.6.4, click-and-collect stores were discussed. It refers to the new way consumers can collect their groceries at a store of their choice, after it has been packed by the retailer. The online manager indicated that they are researching the option of click-and-collect as a possible business expansion, but indicated that it is not as easy to implement as one would expect. The manager made reference to click-and-collect stores and their future plans in the following ways:
“It’s on our radar. It’s not in the twelve month deliverables. It’s certainly in the eighteen months, two years. It’s one of those things that everyone just says it’s a no-brainer, you must do it.”

- Mobile applications as a platform for grocery purchases

In Section 3.5, mobile applications and m-commerce were discussed as the most recent innovation to online grocery shopping by e-grocers in the UK. Before quoting the online manager on the future of m-commerce in South Africa, it is important to mention that both e-grocers in South Africa do have mobile applications, although these applications are for consumers to redeem loyalty points or view specials. At the moment neither one of the e-grocers in South Africa partakes in m-commerce as a way of selling groceries. Regarding the future of mobile commerce in South Africa, the online manager indicated the following:

“I think it’s definitely part of the roadmap. The…but it’s not a mobile strategy, it’s a prominent omni-channel strategy that has a mobile component to it. So if you asking are we gonna leverage for a .mobi site, no, not first priority. First priority is responsive design that takes care of as many platforms as we can and then looking at what are the opportunities for things like lightweight apps that do specific tasks. So we’ve started with…so we’ve got an app that looks after our account customers for starters. That’s an example of a…it’s a mobile app that deals with a specific customer requirement but around transactional mobile, not so much. Not a big priority, not right now. It’ll come. It’ll come over time. Far more important for us now is to be more ready for the multi-device customer than for the pure mobile customer.”

Interestingly, one participant from the non-online shopper group indicated that he is currently using these retailers’ applications and enjoys doing so.

“Ek het [SA2] app, [SA3] app op my foon, so wat ek doen is voor ek in stap by [SA2] dan sal ek gou kyk by die winkel wat is hulle specials vandag - oh ek het dit nie nodig nie. Oky

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9 Some of the participants preferred to participate in the focus group discussion in their mother tongue. These participants’ quotations are provided in both the original form and translated in brackets.
wat is [SA3] se specials - nee ek het dit ook nie nodig nie. Oh okay ek het dit nodig…want jy kry daagliks daai app op jou foon so jy kan net ingaan en dan gee hulle vir jou die kode, jy punch die kode in en jy betaal.”

(I have the [SA2] app, and the [SA3] app on my phone, so what I do is, before I walk into [SA2] I will quickly look at the shop to see what their specials for today are, oh I do not need that. Okay, what are [SA3]'s specials – no I also do not need that. Oh ok I need that…because on a daily basis you get the app on your phone so you can just walk into the store and they will give you a code and you punch in the code and pay.)

However, the conclusion could be made that m-commerce as a form of grocery shopping is still many years away from being a reality in South Africa.

- Expansion on delivery

Expansion on delivery refers to two types of expansion to ensure that the retailer will be able to meet future growth potentials. Firstly, the retailer indicated that they have to ensure their delivery partners are able to meet the demands set by consumers in future.

“At what point do…what point does our delivery partner have to scale up in order to deliver these additional volumes?”

Secondly, expansion on delivery in terms of delivery areas. With future growth they hope to expand their current delivery area, by re-shaping the area to split the demand of dense delivery areas. They hope potentially to move into markets in Africa and later on internationally.

“How do we then get better reach into the rest of South Africa and into Africa as a whole and perhaps international?”

10 SA3 and SA4 refer to other grocery retailers in South Africa. Their names were removed to protect the identity of the retailers discussed in the study.
• **Increased internet security**

The online manager mentioned that internet security is very important for the customer, as well as for them, as they actually carry all the risk with internet fraud. He indicated that they are currently looking into more secure internet payment systems.

“**Hopefully, in times to come, we’ll start bringing in a sort of next tier card security which will help. Right now we’re totally exposed but actually the customers are fine. It’s us that are taking the hit…”**

### 6.4.2.3 Benchmarking issues

The previous section covered all possible future expansions the e-grocers are looking into. However, it is important to mention that a possible reason for the slow adoption rate by retailers might be the lack of competition in the market, seeing as there are only two e-grocers in South Africa. When discussing the possible future expansions, the online manager mentioned several times that they are looking into these expansions, but they have to do extensive research before implementing any service.

“There’s no point in giving the customer something that we can’t sustainably run efficiently. There’s no point giving a service that’s gonna cost us money and make us no…not making a profit. It’s gotta…everyone’s gotta win. Operationally we have to win, financially we have to win, and the customer has to win and if the three don’t come together at some point then you’ve gotta ask yourself why are you doing it? You can only do so much just from a customer-centric mind-set. You can only afford to do just so much and then the realities stack up and you say if it’s not cost-effective or it’s not sustainable or it’s not profitable, is there any point in offering the service?”

The reason why retailers are finding it difficult to implement new services could be that there is no other South African retailer who has paved the way and implemented such services that the e-grocers could potentially study and compare, to determine if the additional services would be cost-effective. Thus, they are the pioneers for any new
implementation to online grocery shopping in South Africa, and as a result they are carrying all the risks and costs involved.

The section above briefly considered some of the important topics discussed during the in-depth interview with the online manager. Although these topics do not refer to specific barriers or motivators to online grocery shopping, they are adding to the background perspective of online grocery shopping in South Africa and are thus relevant to the study. The next section of this chapter will focus on the analysis of the data collected during the focus groups and interview, and will present the thematic map which visually represents the findings of the data.

6.5 ANALYSING THE DATA

Before discussing the analysis of the data, it is important to understand the approach the researcher took in drawing meaning from the data. As previously discussed, thematic data analysis was used to analyse the data. The result of this analysis provided the researcher with a ‘thematic map’. Figure 6.1 below presents the thematic map demonstrating the findings of the data analysis.

The subsequent sections of this chapter will ‘unpack’ the thematic map. Each part of the map will be scrutinised and discussed to provide the reader with an in-depth understanding of all the issues that developed from the data. To support the findings made, each section will also provide the reader with verbatim quotes from both the focus group participants as well as the online manager.
Figure 6.1: Thematic Map
As the title of the dissertation suggests, the researcher wanted to investigate what the motivators are for South African consumers to start to do their shopping online. Furthermore, to define the barriers experienced by both consumers and retailers through this multi-channel model of retailing. The next section will firstly consider the consumers’ reasons for initially deciding to partake in online grocery shopping.

### 6.6 MOTIVATING FACTORS FOR CONSUMERS TO PURCHASE GROCERIES ONLINE

In determining the factors motivating consumers to purchase their groceries online, data from both the focus groups were used. Issues commonly brought up or experienced by both of the focus group participants were coded, categorised and grouped in the most logical way. Figure 6.2 below represents the section of the thematic map relating to the motivating factors.

**Figure 6.2: Motivators for consumers to purchase their groceries online**
6.6.1 Theme 1: Consumers motivated by a need for the service

When considering possible motivators for consumers to purchase their groceries online, one of the first themes identified was that consumers started to purchase their groceries online because they had a need for the service, meaning that customers recognised the service as a possible solution to a specific personal situation they were facing.

The codes relating to this theme could be separated into two different categories: firstly, temporary motivations and, secondly, long-term motivations. Figure 6.3 below illustrates Theme 1 as part of the motivating factors for consumers who need the service. The categories and the codes relating to this theme will be extensively discussed in the section below.

Figure 6.3: The need for online grocery shopping as a motivating factor

6.6.1.1 Temporary motivations

This category was identified by the researcher as one of the most prominent motivating factors for the participants of the focus group to consider the use of online grocery shopping. The word ‘temporary’ suggests that this specific theme was short-term by
nature, a motivating factor sparked by a change in the normal day-to-day lives of these consumers. Also, as the name suggests, it is only temporary and many of the participants who started to purchase their groceries online during these times, indicated that they discontinued the use of the service as soon as they returned to their normal day-to-day lives. Codes within this category included health issues, pregnancy and maternity leave. These codes will be discussed individually in the following sections below.

• **Health Issues**

Some of the participants indicated that health issues are the main reason why they purchase their groceries (and other products) online.

“I’m very sick most of the time, so I need to stay indoors…I don’t have the strength to go out and go shopping. So that is actually the main reason why I prefer to do online shopping.”

Another participant who had quite a bad experience with online grocery shopping agreed, indicating that the service is very useful for people who have no other alternatives.

“…if you don’t have any alternatives, you maybe have a huge health issue or you were housebound…you’re maybe more likely to use it.”

Participants from the non-shopper group agreed, stating that if they were in such a situation they would consider using the service. Some of their quotes included:

“…jy is dalk bietjie meer huis gebonde, dan sien ek nie hoekom ŉ mens dit nie kan doen nie. Dis baie gerieflik en gemaklik”¹¹

(...you might be more homebound, and then I do not see why someone would not do it. It is very convenient and easy.)

¹¹ Some of the participants preferred to participate in the discussion in their mother tongue. The quotes for these participants are provided in their original form, as well as translated in brackets.
“It’s actually easy for us to go the shops. It might be very different if you’re in a wheelchair…”

“I think it would be much more convenient if you were disabled…”

The participant from the focus group who indicated health reasons as the main motivating factor for online shopping indicated that when the condition improves, they would go to the shops again. Therefore this code was seen as temporary, although it could be considered a long-term motivating factor as well, especially for customers with chronic illnesses. This could potentially be an interesting research topic, considering how health issues (temporary or long-term) affect the purchasing behaviour of customers online. Also, from a marketing perspective, e-grocers could focus their marketing activities on educating the consumer with health issues as to the advantages of a service that delivers your groceries to your doorstep.

- Pregnancy

Pregnancy and the increase in family responsibilities were indicated by a few of the focus group participants as a reason why they initially started to purchase their groceries online.

“I started it when I was pregnant with my first child…”

“…I thought, okay, if I can spend less time in the shops I’ll be able to focus more time with the kids…”

Participants form the non-shopper group indicated that this factor would have served as a motivator for them to participate in online grocery shopping, had the service been offered at that stage of their lives.

“…ek het, my hele lank gewerk en ek dink terwyl daar kinders nog in die huis sou wees, sou ek miskien regtig n effort gemaak het om online te koop…”
Once again, these were only temporary motivating factors for consumers. However, these consumers could potentially become regular online grocery shopping customers. Retailers could use consumer ordering data to develop special marketing campaigns targeting these consumers, to convert them to loyal customers even after their temporary situation has changed.

- **Maternity leave**

The last code identified as a temporary motivating factor by the focus groups is maternity leave. Although one could consider pregnancy and maternity leave as one code, from the focus group it became apparent that maternity leave changed this specific participant’s personal situation more than just being pregnant.

“When I was in Stilbaai now for six weeks on maternity leave and that’s close to where… it’s an hour’s drive from Mossel Bay which is the closest [SA2] or [SA1]. So we tended to…with my mom’s planning scheme order the things online and they’ve got a certain date that they delivered…”

Looking at the quote above, mention could be made that maternity leave as a temporary motivating factor changed this participant’s personal situation, not only by adding an additional member to the family, but also relocating temporarily to an area which increased the difficulty of travelling to purchase groceries. Online grocery shopping allowed for home delivery of groceries which was convenient in this situation, considering her personal circumstances.

After discussing temporary motivating factors, the next section will move on to consider why consumers would need a service such as online grocery shopping for a longer period, as opposed to the temporary motivations mentioned above.
6.6.1.2 Long-term motivations

The previous section considered factors that influence consumers’ shopping behaviour in the short term. Long-term motivations, as the name suggests, refers to motivating factors that drive consumers to start purchasing their groceries online for longer periods, as opposed to the factors mentioned above. One such long-term motivating factor emerging from the data was work constraints. This motivating factor will be discussed below.

- Work constraints

This factor could be considered a long-term motivating factor, as consumers who start to purchase their groceries online due to work constraints, could become long-term customers. One participant from the focus groups indicated that work constraints was the motivating factor for her to start to purchase her groceries online.

“…I used to work in a [sic] office and it was my break to… in lunch time to sit and do my grocery shopping, plan for the week, because parking was a nightmare at the office. So I wouldn’t leave the office to go do my grocery shopping or to go just get a break from the office. So I would sit in front of my computer and that’s what I would do…”

Because of the difficulty this participant experienced in leaving work to do her grocery shopping, the service has made it easy for her to do her grocery shopping. However, later in the focus group, this participant indicated that since her working conditions had changed, she had stopped using the service. This could potentially be an interesting future research topic: to investigate ways for consumers to become loyal, long-term customers in spite of changing personal situations.

In conclusion, Section 6.6 investigated the factors motivating consumers to partake in online shopping, specifically considering the factors that address a particular need that customers might have, which is fulfilled by online grocery shopping. The next part of this chapter will consider Theme 2 of the motivators: the reasons why consumers wanted to purchase their groceries online.
6.6.2 Theme 2: Motivations for wanting to use the service

The second theme relating to motivating factors for online grocery shopping is that consumers want to purchase their groceries online. As opposed to the factors mentioned in Theme 1, Theme 2 refers to a situation where consumers are interested in the service and started to use the service because of personal drivers. These drivers attracted the consumers to online shopping as a potentially entertaining activity, or an activity that could help them with their day-to-day tasks.

Figure 6.5 illustrates the section of the thematic map covering Theme 2 of the motivating factors, considering time-saving and consumers’ dislike of doing grocery shopping as a motivating factor for consumers to participate in online grocery retailing.

Figure 6.4: Consumers wanting to partake in online grocery shopping as a motivating factor

6.6.2.1 Time-Saving

Time is a frequently-mentioned factor throughout the data, be it as a motivator or barrier to online grocery shopping. However, many of the participants named time as the major
motivating factor for their initial decision to partake in online grocery shopping. The convenience of saving time was identified as a reason why consumers considered online grocery shopping.

- **Convenience**

Perceived convenience was arguably the biggest motivating factor for most of the participants of the focus groups. Many participants indicated that they thought online grocery shopping would be pleasurable and convenient and could potentially help them to save time. Some of the verbatim quotes reinforcing this include:

“I thought that it would be more convenient and time-saving…”

“…for me it’s very convenient to do online shopping.”

“I think the thing is when you go online the main thing that you think is it’s easy.”

“You can save time by buying the basics online.”

Many of the participants indicated that they initially thought the service would be more convenient than traditional grocery shopping. However, some of these consumers were disappointed after using the service. Therefore, the barriers could be used by retailers to determine why consumers initially perceived the service as convenient, but ended up disappointed after using the service - and in some cases even discontinued using it.

From the section above, it becomes apparent that time could be seen as a great motivating factor for consumers to purchase their groceries online. Another interesting theme that emerged from the data was the statements made by the participants of the focus groups, indicating that although they enjoy shopping, they really dislike doing grocery shopping. This theme will be discussed below.
6.6.2.2 Dislike of doing shopping

One of the thought-provoking themes that emerged from the data was that most of the participants indicated that they dislike doing grocery shopping. As a result, they attempted to purchase their groceries online, in the hope of easing the frustration of going to a store to purchase their groceries. Two codes were identified within this category: the dislike of specifically purchasing groceries and the effort needed to go to a store. These codes will be discussed below.

- **Specifically dislike purchasing groceries**

Participants indicated that they found grocery shopping to be laborious. A motivating factor for them would be any service that could potentially relieve them of having to go to the store each day. Hence, online grocery shopping seemed like the perfect remedy for their frustrations.

“...I don’t like grocery shopping. I find it the most irritating thing that I have to do and I thought that by doing it online I will have then less of a grudge towards it.”

“I hate to shop, absolutely hate it. I don’t want to go out of the house...”

Participants of the *non-shopper group* shared the sentiments of the online shopper group and dislike doing grocery shopping.

“I hate shopping, I hate that ‘skoonmaak goed’ (cleaning detergents)”

Many other participants also indicated that they enjoyed shopping for other products such as clothing, but disliked shopping for groceries. As a result, online grocery shopping seemed like a worthwhile service to try. Some also indicated that the geographic area one resides in, could influence how one uses the service. This will be discussed below.
• **Effort of going to the shops**

Participants from both the focus groups indicated the geographical factor. Either they started to purchase their groceries online (online grocery shopper group) or they did not purchase their groceries online (non-shopper group) because of the distance of the nearest shop to their homes. Some of the verbatim quotes from the participants highlighting geographical location, or the effort of actually going to a traditional grocery store as a motivating factor include:

From the online grocery shopper group:

“I think it also depends on where you living ‘cause I don’t have a [SA1] near my house. I have to drive a long way to get there so it’s easier…I don’t drive past one as the only…the closest store is a [SA4].”

“…the effort of going to the shop outweigh [sic] the negatives of online shopping.”

From the non-online grocery shopper group:

“…if you look at the area where I stay, within a two kilometre radius I’ve got three [SA2], a [SA4]…Dischem, two Clicks…outlets and a big [SA3], within a two kilometre radius. So accessibility is not a problem.”

“Ek koop elke tweede dag want ek bly ses honderd meter van [SA1] af...”

(I buy every second day because I stay six hundred metres from [SA1]…)

From the above, it becomes apparent that it takes an effort for consumers to go to a traditional retailer to purchase their groceries. For some, especially the non-shopper group, the effort is minimal as they are located close to a traditional retailer and it has become a part of their day-to-day lives. However, for others like the online shopper group, the effort of going to the shop is too great because they are located far from a retail store.
These participants also indicated that the effort of visiting a traditional grocery store outweighs the effort of purchasing their groceries online.

The preceding section of this chapter considered motivating factors for consumers to purchase their groceries online. The most prominent motivating factors would be issues pertaining to the consumers’ health (i.e. the consumers’ need to use the service as they do not have many other alternatives.) Other issues pertaining to why consumers would want to use the service would be the perception of convenience or the possibility of saving time by using the service.

The next section will cover the barriers to online shopping emerging from the data. Upon investigation of Figure 6.1, the thematic map, one notices that the barriers outlined are significantly more than the motivators identified. These barriers will be discussed extensively in the section below.

6.7 BARRIERS TO ONLINE GROCERY SHOPPING

Determining reasons (barriers) for the slow adoption rate to online grocery retailing in South Africa does not only form part of the main research question of this study, but also covers some of the most important objectives of this study. As a result, discussing and dissecting each barrier to determine the role it plays in online grocery retailing in South Africa is important. Figure 6.5 below represents the section of the thematic map relating to barriers to online grocery shopping. In the following section, each of these barriers will be unpacked to reveal the meaning and implications behind each specific barrier.
The data for this section will be presented somewhat differently from the presentation of the motivating factors in the previous section. The main difference will be that some of the barriers identified and discussed by the focus groups were also mentioned by the online manager during the interview. Also, some of the issues identified by the customers as barriers or frustrations to online grocery shopping were also identified by the online manager who gave reasons as to why they are aware of the barrier and why they are struggling to overcome it. Therefore, some of the barriers will be discussed firstly by
looking at the consumers’ experience of the barriers and then comparing, or sometimes providing answers as to why this is a barrier from the retailer’s perspective. This will be done in the section below.

6.7.1 **Theme 1: The online grocery shopping experience**

This theme covers broad ideas or perspectives that the consumers had with regard to online grocery shopping and its barriers. Two categories appeared from the data, which could be categorised as part of this theme, they are: a range of different experiences, and a shopping experience distinct from other types of shopping. Figure 6.6 below indicates these categories and codes pertaining to this theme.

**Figure 6.6: Theme 1: Barriers to online grocery shopping**
6.7.1.1 A range of different experiences

A continuum of different experiences or opinions was expressed by both focus groups. As briefly mentioned during the discussion on motivating factors, most of the consumers had a negative experience or perception relating to online grocery shopping. Evidently, there will always be consumers on the other end of the continuum who were satisfied and pleasantly surprised with the online grocery shopping experience. Some of the verbatim quotes from the participants (of the online shopper group) who had a positive experience were as follows:

“…I’m quite impressed to such a degree that I will do it again and again.”

“…for me it’s very convenient to do online shopping because…even though you get bad experiences where stuff is out of stock but to me the effort of going to the shop…outweighs the negatives of online shopping.”

Another participant explained how the e-grocer she usually purchases groceries from provides her with vouchers for the next purchase if the service is not up to standard, i.e. late deliveries or out-of-stock items. Even though the service she received was not as promised, the way the retailer reimbursed her and admitted they were to blame, changed the experience from being negative to being positive. This participant ended on a positive note with:

“So that was quite nice for me.”

On the other end of the continuum are the consumers who tried the service, but were not satisfied and consequently stopped using the service. The following are some of the quotes from these consumers:

“It started initially as being extremely positive and then later on I decided this is isn’t working for me any longer.”
“…having a negative experience will break the trust completely...it’s not as convenient as I thought it would be.”

When considering the above, a superficial conclusion could be made that, as with most other services, the consumer’s satisfaction will be determined by the quality of the service offering. This would then be similar for online grocery shopping, which depends greatly on the service offering quality. As a result, some consumers would have a positive experience while others might have a negative experience. However, although valid, this would be an extremely superficial conclusion to make. To understand the reason why consumers had different experiences, the researcher reverted back to the data to find answers. From the data the reason becomes quite clear: a different level of service from different online grocery retailers.

The verbatim quotes from above relating to consumers who had had a positive experience all indicated, later on in the discussion, that they made use of the same e-grocer, while the other participants made use of the other e-grocer in South Africa. As a result, most of the positive experiences quoted above were from consumers who purchased their groceries from [SA1]. Furthermore, participants from the group who had never done online shopping indicated that, if they were to partake in the service, they would purchase from [SA1] because they had the perception that [SA1] would be more trustworthy.

“If I had to go online shopping I won’t do [SA2], I’d do [SA1] because I do have that perceived better than the thing about [SA1]…”

“That’s where I think [SA1] is better with regard to…[SA1]’s entire model with regard to quality is better in general and I think that extends to their online as well, where [SA2] is not necessarily on a par.”

During the interview with the online operations manager of [SA1], the manager made reference to this, stating that their high level of brand trust (established through their bricks-and-mortar stores) resulted in customers being more willing to consider and attempt online grocery shopping. The verbatim quote below is an extract from the interview:
“One of the things that plays to our advantage is that we have a high brand trust and...so we know from that that a lot of our customers, their first e-commerce transaction is with [SA1]. So if you look at our continuum...if you think of the next step after internet banking is online shopping. Often we are that one in the South African context.”

Furthermore, the online manager went on to explain that, because they have their bricks-and-mortar stores, they know that consumers trust their brand which gives them an advantage over pure-player retailers.

“...pick a pure player like Spree or one of those. Who are these guys? We’ve never heard of them. They don’t have a real world presence, they’re not a retailer and an online retailer, they’re just a pure player and they’ve got less reputation in the market.”

Consequently, the assumption could be made that the customers’ perceptions of the e-grocer could serve as a barrier or motivator for online grocery shopping. Also, as indicated earlier, the participants who purchased from [SA1] had a better experience with the service. Hence, the conclusion could be made that consumers’ experiences with online grocery shopping could differ, since the level of service is different between the two e-grocers currently selling their groceries online.

6.7.1.2 A shopping experience distinct from other types of online shopping

A category that also became quite prominent during the data analysis was how customers perceive online grocery as a type of shopping quite different from shopping for other products. This was also discussed as a motivating factor for consumers to purchase groceries online, as many of the participants indicated that they disliked doing shopping and specifically grocery shopping. For many of the participants, their aversion to grocery shopping drove them to try online grocery shopping. Unfortunately, some of the participants indicated that online grocery shopping has added to their frustrations and that they would not partake in online grocery shopping again.
“The clothing experience for me has been far better than the grocery experience. If I would recommend someone to purchase online I’ll tell them, you know what, stick to your groceries, go to whatever store you prefer but clothes or accessories or gifts, go for it.”

Although this category might not be a quantifiable barrier to online grocery shopping, it proves that some consumers initially partake in online grocery shopping because they dislike traditional grocery shopping and believed that e-retailing would offer a means to overcome this inconvenience. However, the nature of grocery shopping stays the same, be it the traditional way or online: customers perceive grocery shopping as a laborious activity. As a result, consumers look to online grocery shopping in the hope that it will be a more pleasant experience than conventional retailing. However, grocery shopping stays laborious, and the level of satisfaction experienced by other forms of online shopping - for example, shopping for clothing - has been more satisfactory for consumers. This feeling towards grocery shopping seemed to have morphed to online as well, with consumers indicating that they enjoy shopping for other products, just not groceries.

“I will buy clothes online but not groceries”

The two categories mentioned above illustrated that consumers turned to online grocery retailing as a result of dissatisfaction with traditional grocery retailing. Consumers who purchased from [SA1] were generally satisfied and indicated that they would keep purchasing from this retailer. On the other hand, consumers who purchased from [SA2] were generally dissatisfied with the service and many have since stopped using the service. Additionally, the data also revealed that consumers want the same level of enjoyment from purchasing their groceries online as they do from other forms of online shopping, such as clothing. Unfortunately, grocery shopping is a laborious activity, be it online or in a conventional retailing store, resulting in consumers’ discontent with the service.

The next theme identified from the data will cover specific barriers identified by the focus group participants. In some cases, the retailer (the interviewee) also discussed the barrier. In such cases, both the consumers’ and retailer’s perspectives will be related.
6.7.2 **Theme 2: Issues pertaining to engagement**

This theme covers all the specific barriers identified by the participants of the focus group. Each barrier will be discussed and unpacked in the sections to follow. Figure 6.7 below indicates the portion of the thematic map covering Theme 2.

**Figure 6.7: Theme 2: Barriers to online grocery shopping**
6.7.2.1 Personal and lifestyle issues

As mentioned above, this theme refers to specific barriers that would increase the resistance of South African consumers to online grocery shopping. The codes within this category refer to personal, consumer-specific barriers. These were all grouped under the category of personal and lifestyle issues and will be discussed below.

- Level of awareness and involvement

This code has many different aspects and could be split into two different subsections. Firstly, considering the non-shopper focus group, they showed a lack of knowledge relating to the online shopping process. Participants from this focus group initially had many questions about the service:

“What is the returns policy?”

“Do I now just go to the shop and return it or …what do you do?”

“With the online delivery there must be a significant delivery fee. What is it?”

Many of these participants did not understand the process and had a lack of knowledge on the topic, which resulted in their reluctance to participate or even consider online grocery shopping. As the focus group discussion went on, many of these questions were answered, resulting in a noticeable change in their attitude towards online grocery shopping.

“Maybe we should just try it so we know what we talking about it.”

This indicates that when consumers are informed about the process, they become less risk-adverse and would be more likely to partake in the service.

However, mention should be made of the fact that these focus group participants were not all oblivious to the fact that online grocery shopping exists. Chapter 3 argues that websites
are one of the most important parts of the online grocery supply chains, as they are the first touch point with consumers. It goes on to evaluate the effectiveness of South African e-grocers’ websites and indicates that a website should entice the consumer, not simply to browse the site, but actually to purchase some of the products. Currently, these non-shoppers used the websites of the e-grocers, but have not yet converted the website visit into an online purchase.

“I love going onto normal websites to see what their specials are for the week and I go through all the products. I love doing that, and that actually makes me go to a shop and buy some of the stuff.”

Thus, the non-shopper participants had some level of interaction with the website, but lacked knowledge of the process, barring them from purchasing groceries online.

The second part of this code refers to the online shopper participants. During the discussion, it became apparent that they are not fully aware of the process of order fulfilment. When asked what they believe happens after they have placed the online order, many of them struggled to answer. Some did provide their opinions, although some of the opinions or answers were unrealistic. Consequently, it was quite apparent that they have never put much thought into the process. Some of their answers included:

“…I thought that it was a central warehouse, that you have somebody that, being all naive, you think here comes someone’s list, let’s take a trolley, let’s go take the goodies that this person wanted and let’s pack it and send it off and that is not the case. It was with the local store. The process still happens where somebody gets your list, puts the goodies in your trolley, gets it in bags and that sort of thing, but it’s not in a central store environment or a warehouse environment that I always thought it would be and that’s where I lost the happiness of purchasing groceries online.”

“By Santa’s helpers, there’s always little ‘mannetjies’ (little men) there packing everything that’s supposed to be in and it’s like cute, and then it’s not.”
As with the non-shopper group, as soon as the participants who have purchased groceries online before they started to discuss the process of order fulfilment, their perceptions started to change. Participants were more understanding of issues such as stock-outs. They even questioned themselves on why they were unhappy with certain situations in an online grocery platform, but were perfectly content if the same situation occurred in a traditional retail setting.

“…I think it’s a virtual perception because when you physically stand in the store and they say it’s definitely out of stock, you think it’s okay, but when you see it virtually you think, how can they not have it?”

In the interview with the online manager, mention was made of the fact that consumers do not consider the process after they have pressed the order button. The retailer indicated that it is also not the responsibility of the customers to understand the process; as soon as they have made the payment, they have completed their responsibility. In the extract below, the manager explains how consumers perceive the order fulfilment process:

“Let me give you a customer perspective of this and I think this is a very, very important question…in a sense buy now, in a customer’s mind that is the last point at which anything is required from them. Buy now. So in the customer’s mind, anything has happened at that point. It actually doesn’t matter what happens down the line, in the customer’s mind that’s the transaction done. The only thing they can see beyond that point is they can see what they’ve bought and they can visualise it arriving at their door. That’s all. In fact, they have no appreciation for what actually happens. In the basket, check out, pay, money’s moved so therefore I’m now the proud owner of the new product and expecting this to arrive any time now.”

The manager then goes on to explain what their job entails: fulfilling the order and how they promise the consumer to adhere to some very specific service levels. The reason for committing to these service levels is to provide the customer with an attractive service package. They have designed this service package by considering research they have
conducted among their consumers, taking into account some of the barriers identified by their research. The manager outlines the service package in the extract below:

“I think the thing that challenges us the most…the biggest challenge we have is the ability to reliably source what the customers ordered. It’s a little bit about…our proposition is we’ll give you this range of products, …we’ll make a commitment to these delivery days and times, we’ll give you a specific day, a three-hour window, so you can have that. We’ll commit to the pricing and we’ll commit to having that product delivered at that time. So we make a lot of promises. We effectively promise availability, we promise fulfilment, we promise delivery date and time within three hours. That’s the proposition, end-to-end.”

However, the manager indicated how difficult it is to keep to these promises, as they rely on service providers to help them deliver the service package. It is interesting to compare consumers’ perceptions of order fulfilment, with the online manager’s version of true order fulfilment, as one notices the customers’ lack of awareness with regard to the fulfilment process. The verbatim quote below indicates this:

“The reality is very, very different. We allocate that order to a store, we hope there is someone in the store to pick that order, we hope that they haven’t got sick or didn’t catch the bus this morning ‘cause there’s some physical person who has to go and pick that order. We hope the delivery partner arrives on time. We hope he doesn’t have an accident on the way to the customer. We hope he has enough capacity today to deliver all the customers’ orders. We hope that when we go and pick the order we have availability of everything. So the number of variables.”

From the above section, it is noticeable that the consumers (both online shoppers and non-shoppers) are not aware of the order fulfilment process, resulting in customers having unrealistic fears or expectations of online grocery shopping. Educating the customers or being more open about these barriers during communication with customers could potentially change the consumers’ apprehensions of the process.
- Scale of household

Scale of the household is also considered a motivating factor for some consumers to purchase their groceries online, as discussed in Section 6.6.1.1. However, it could also be a barrier to online shopping, as many of the participants of the non-shopper group indicated that purchasing their groceries online and paying the delivery fee does not make sense for a small household. Some of their comments on the scale of their household included:

“I shop so little because it’s just me and my daughter that live together in a tiny townhouse so I don’t know if that could make a difference if I have five children…”

“I can understand if you’re a business or a restaurant or…you’ve got six children, a big family, that you’ve got a box freezer or two box freezers, then go for it! That to me makes sense, but the scale of your household will really determine to what extent.”

The online manager also made reference to how the scale of a family’s grocery needs might influence the attractiveness of online grocery shopping. When asked what barrier they did not anticipate when implementing the service, but now struggle with, the manager stated that big orders have caught them off-guard. He indicated that they initially thought the orders would be for medium to large households. However, corporate clients have been one of their most lucrative, but challenging markets.

“I think one of the ones that continuously surprises me is just how much some customers are prepared to spend online. How big they’re prepared to go. We regularly do orders of fifteen/ twenty thousand rand in foods, regularly, and we would never have conceived of that when we first started. We geared up our systems around seven/eight hundred rands. We regularly get these enormous orders and they’re challenges. They’re really difficult to work with. They challenge the systems, they challenge the fulfilment, they challenge the delivery partners. So…and that’s probably one thing that continuously surprises us.”
• **Change in consumer behaviour**

Online grocery shopping requires customers to change their behaviour. Consumers have to change their mind-set: instead of driving to the store to buy their groceries, they now have to set up a profile on one of the e-grocers’ websites. They then need to explore the service and convert to actually ordering and purchasing groceries online. Many of the participants indicated that the way in which they do grocery shopping has become a habit. They would therefore need to change the habit of using the service. Many of them indicated that they do not know if it would be worth their while to change their behaviour.

“Dis eintlik ‘n gewoonte [It’s actually a habit] of going to the shops if I need bread. So a mind-set change…”

This was mostly the opinion of the non-shopper group. The following barrier that will be discussed is consumers’ shopping behaviour. The motivation for these consumers to change their current behaviour would have to be significant, or else these consumers would simply revert back to their old habits.

“I would do it but so the motivation has to be huge for me to actually go through that process.”

“And the thing is also because I purchase…I don’t buy everything at one store. I buy my…non-perishable goods I buy at Checkers, my perishable goods I buy at Woolworths and I buy a couple of things maybe at Makro or wherever else, it’s not just one stop shopping for me.”

Also, customers’ shopping behaviour has changed: instead of purchasing in bulk, customers now purchase on a weekly basis or in smaller quantities. As mentioned in the previous discussion on the scale of the household, participants perceive the service as useful for big orders, but not convenient for small orders. From the verbatim quotes below, this phenomenon can be noticed:
“…buying is changing so people don’t necessary buy in bulk anymore. We don’t need that, we don’t have the facilities possibly so…buy smaller or daily. So as it would seem like our needs have changed, our lifestyle has changed…”

- Personal motivations

Personal characteristics such as being too lazy to register for the service or being impatient and not willing to read the terms and conditions, were all personal barriers identified by the focus group participants. One participant also indicated that she is impulsive and the service does not allow for same-day delivery of products, which would be a reason for her to partake in online grocery shopping. Some of their quotes are indicated below:

“I’m incredibly lazy when it comes to registering and putting all my stuff…things that ask you register first. So I’m a very lazy surfer, I’m not committed. It’s just - I’m way too lazy to do it.”

“I am impulsive. I’ll plan a party for tonight and I don’t have time, I’m in the office or what, and then I want to do it. So in that sense then you think online, it will be quick, but it’s not and that defies the whole thing about online shopping.”

Once again retailers should educate the consumers on the process and advantages of online grocery shopping. These participants also provided possible opportunities for retailers to help them overcome these personal barriers. Some of their suggestions are quoted below:

“…if someone says to you for instance in a sound-byte here’s the terms and conditions, it will take fourteen days….Absolutely.”

“…maybe not even have it delivered but have it packed, let me just come pick it up at the store. It’s there, it’s packed, I can just pop in, pay, thank you and go out with my packets.”
In Chapter 4, Section 4.6.4, a new delivery method not currently offered in South Africa - 'click-and-collect' - was discussed. From the quotes above, the focus group participants actually indicated that click-and-collect is a service South African customers would value. One of the questions asked during the interview with the online manager was whether they were considering click-and-collect in South Africa. The manager indicated that they are looking into it, probably for implementation within the next 18 months. However, he explained that, although the concept might seem simple, it is not. The explanation as to why not, is quoted below:

“Click-and-collect almost implies you have an established base from day one for the proposition. You can’t offer click-and-collect in one narrow area. It doesn’t make sense. To offer click-and-collect, you gotta offer it on a... almost on a universal level so that it delivers its proposition. Proposition for click-and-collect is I want this thing here. You can’t limit the number of here’s, you’ve gotta make the here’s smaller where the business is. So from that perspective, click-and-collect, although it’s an easy thing to execute, it’s actually quite complex in a business of four hundred stores, but it’s something we will definitely do. What’s not clear for us is, again, is this dividing line between clothing business and the food business. What does clothing click-and-collect look like compared to foods click-and-collect? They different, I’m sure, and what is the proposition difference? What does our customer want from click-and-collect? Do they want to… I’ll give you an example. If you live close to a small [SA1] standalone but you want a big complex basket of foods, do you want to collect that big complex basket of food at your little free standalone store? ‘Cause if you do, that implies I’ve got to pick it somewhere else and deliver it there. Or do I limit your proposition of click-and-collect to just what’s in that store? In which case you won’t be able to buy what you want ‘cause it’s got the narrower range. So it’s not, I think, is what’s probably holding us back is what are we gonna market what makes sense for the customer and can we deliver that reliably and cost-effectively? There’s no point in giving the customer something that we can’t sustainably run efficiently. There’s no point giving a service that’s gonna cost us money and make us no... not making a profit. It’s gotta… everyone’s gotta win.”
In conclusion, personal lifestyle issues could serve as a barrier to online grocery shopping. One of the ways in which this barrier could be overcome is through the click-and-collect service. This service should be offered to South Africa consumers by 2016. However, as the manager indicated, this service will pose additional challenges, especially supply chain challenges which should be investigated thoroughly before implementing the service.

- **Trust, safety and perception of risk**

Considering the data set as a whole, trust, safety and the perception of risk was frequently mentioned, not only from the participants of the focus group, but the theme was also echoed in the interview with the online manager. As a result, this code is highlighted as the first of two prominent barriers to online grocery shopping. The other barrier will be discussed shortly.

The focus group conducted among the non-shopper group started by each participant indicating the reason why they do not participate in online shopping, and specifically grocery shopping. All the participants indicated that they did not want to provide their personal details and, more specifically, their credit card details on an online platform. Some of their responses are listed below.

“…the credit card thing, I don’t feel comfortable for giving out my details.”

“…once the human element is touching funds, it becomes risky…it’s one of the reasons why I don’t do online shopping...”

“There’s no trust or nothing, not the banks, not the shops, not the service, not the people, not the experience, nothing.”

The statements above prove that converting a consumer from simply browsing products online to taking action is not an easy task for any retailer. In the minds of the non-online shopping consumer, two different worlds exists: one where they can browse the e-grocer’s website for specials (as mentioned earlier), and the other where they have to take action
and purchase the product online, which requires them to provide their personal and credit card details. As mentioned several times before, the motivation needs to be huge. At the moment, the consumers cannot see beyond the risks that lurk in cyberspace. E-grocers need to understand this barrier, since developing ways to educate the consumer on the risk of online grocery shopping could potentially convert these lingering website consumers to become online shoppers.

During the focus groups, these risk-averse consumers gave some clues as to what would convert them to become online shoppers. Some of these are quoted below:

“*You know, I think it’s got very much to do within the company and how they run their service, like at a store…because some…from second number one they have to instil that trust in you otherwise you never go there again. So I think if…if I get that kind of a feeling from a company, then I’d probably go ahead and then support them, but a very few of them do that.*”

“*It’s brand trust, it’s trust in your supplier. If you trust your supplier and how the banks work, which you only do in the First World countries, then by all means but not in this country.*”

“…*you’ve got confidence in overseas when you live…well Europe or London or whatever. It’s so easy but when you’re in South Africa you don’t have confidence, I don’t have confidence.*”

Up until now, the researcher has considered sections of the data covering consumers who have not yet adapted to online as a channel for grocery purchasing. However, moving on to consider consumers who have attempted the service opens up a new dimension of trust within online grocery retailing, one also has to be mindful of the discussion on the continuum of experiences with online grocery shopping discussed in Theme 1. Some of the quotations below indicate how meeting consumers’ levels of trust could be a motivator for continued use of the service and ultimately lead to relationship-building.
“...I'm quite impressed to such a degree that I will do it again and again and I've also repeated...”

“They kept their word, everything was delivered...it happened as one would hope it would happen...”

“It actually arrived, I couldn't believe it, and then it wasn't broken...”

“Whenever I picked a timeslot for them to deliver, I think there was one time that they didn't show up in that time. Every other time they showed up exactly that time, I received almost all of my goods. If they didn't have it, if it was out of stock, they would either phone us and ask us if we would like replacements or substitutes and then they wouldn't...they would either not charge us for it or we would get a voucher that we could use for the next time. So that was quite nice for me.”

The opposite is also true: some participants from the online shoppers group indicated that they have stopped purchasing their groceries online due to a bad experience. When asked what retailers could do to entice them to start purchasing their groceries online again, some of their responses included:

“I don't know honestly if I'll go back there. I don't think I would. I think I'm done online grocery shopping. It's done and dusted, I'm not gonna give them another chance...”

“I think the only thing that would entice me is if they can deliver on a Sunday, same day.”

The above quotations indicate how crucial trust is for consumers. Retailers need to focus on building trust with their online consumers and they should take extreme measures to ensure they uphold the level of trust consumers expect from them.

Trust, safety and perceived risk were also identified in the literature as important barriers to online grocery shopping. This barrier was also mentioned by almost all of the participants of the focus group, reinforcing how important trust is in an online customer-
retailer relationship. Before considering the retailer’s perspective on trust, mention should be made that, upon analysis of the focus groups’ data, the researcher noticed that half of the participants - eight out of sixteen - had fallen victim to internet fraud, internet banking or credit card fraud. This realisation could explain why so many of the participants felt so strongly about their need to trust the process.

The online manager also addressed consumer trust during the interview. He argued that consumers were not informed of the risk and the process of internet fraud, as a result of which consumers have a misconception about the level of risk they are exposed to when purchasing goods from the internet. The following quote is an extract on his view regarding this barrier.

“...we know from the...from some of the customer research that we do is that trust is a huge issue here and it’s not a trustworthy place, e-commerce, in general. It’s an important point because I think the banks are missing a trick here. The risk is all with the merchants. We carry the risk, all of us, there’s no risk on the customer, and if the customer just knew that, if the banks did more, and they won’t, but if they did more to get people aligned behind what their safety is online, the fact that the merchants actually carry the risk of fraud…credit card fraud, not the customer.”

As a result, once again it could be mentioned that many of these barriers exist in the mind of the consumers because they are uneducated about the reality of the process. The online manager was asked why they do not promote the service and the ‘reality’ to the customer, to which he responded that they are conservative marketers and part of their strategy is not to over-market themselves.

- **Computer literacy**

Taking into account the average person in South Africa, one could consider computer literacy to be a factor that could be barring consumers from partaking in online grocery shopping. However, from the data, it could be stated that computer literacy was not a barring factor among the participants of the focus groups, mainly because most of the
consumers indicated that they are computer-literate and that computer literacy was not a reason why they do not purchase their groceries online. As mentioned in the section covering the demographic profile of consumers, the consumers for the focus groups were mostly educated. On the other hand, computer literacy might be considered a barrier among a focus group with a different demographic profile. A verbatim quote supporting the rejection of computer literacy as a barrier to online grocery shopping in South Africa includes:

“I’m very, very computer-literate and I do everything online basically except for shopping.”

Hence, the conclusion could be made that, although computer literacy was mentioned in the literature review as a barrier, the focus group participants explicitly indicated that this was not a reason for them not to purchase their groceries online.

- Availability of other resources

In South Africa, consumers have a variety of conventional retail stores they can choose from. Metropolitan cities like Pretoria are densely populated with retail space. This is not by accident, as the online manager indicated when asked why online grocery shopping has been such a huge success in other countries, but is slow to be adopted by South African consumers.

“So what do we have? We have retail space coming out of our ears. Every second…you probably drive past five [SA1] on your way home…our growth is still so fast. We’ve still got so many options. Our customers are spoilt for choice. Across formats, supermarkets, large stores, small stores, standalone stores, service station stores, all of that variety.”

Although this is the strategy of retailers, this situation creates a barrier to online shopping. Retailers have to be careful not to cannibalise one channel (customers from their traditional stores), only to substitute it for another (customers for online shopping). The ideal should be that online retailing speaks to a different consumer, thus broadening the consumer base instead of consumers ‘jumping’ between channels. Online grocery retailing
holds a competitive advantage for the retailer who offers consumers the opportunity to purchase their groceries online. Retailers should utilise this opportunity to inform these consumers of the advantages of home delivery, as they might find it even more convenient. Nevertheless, many of the participants of the focus group indicated that because they are situated so close to a grocery retailer, they did not think they would benefit from the service. Some of the quotes are listed below:

“Ek is naby ’n winkelsentrum so dis net vir my nog lekker en maklik“
(I am located close to a shopping mall so for me it is still entertaining and easy)

“South African’s flexibility and there is [sic] a lot of shops....”

“Some things I like to buy at [SA1], some things I like to buy at [SA2]. The vegetable shopping, I’ve got 3 stops…”

“...I don’t buy everything at one store. I buy my...non-perishable goods I buy at Checkers, my perishable goods I buy at [SA1] and I buy a couple of things maybe at Makro or wherever else, it’s not just one-stop shopping for me.”

The next code goes hand in hand with the availability of other resources, considering the participants’ personal circumstances relating to accessibility.

- **Ability and accessibility**

This code refers to consumers’ personal resources such as availability of transportation and internet access as a perceived barrier to online grocery shopping. Firstly, many of the participants from the non-shopper group indicated that they have access to transportation, providing them with the ability to drive easily to the nearest grocery outlet.

“...the circumstance are different we’re all able bodied, we’ve got our own cars”
Another issue relating to this code is the issue of internet connectivity as a barrier to online shopping. This was also one of the barriers identified from literature, as South Africa has weak internet connectivity. This issue was brought up by both focus groups as a potential barrier that either would stop them from shopping online, or has already frustrated the online shoppers.

“…depends on your internet connectivity, how quickly the pictures load and how…the number of pictures that load and sometimes if you have a weak internet connection you might just decide, you know what, I can’t do this now. I'll do it later…let me just get into my car and go to the shops because I really don’t have the time to sit and wait for the internet to eventually come back on.”

“…depending on your internet connectivity and so on to open up the picture, to see, and then to judge whether do you want this now or not whereas if I did walk in the shops I would take it off the rack, I would look at it, yes or no, okay, put it back or put it in my basket.”

Unfortunately, this barrier cannot easily be addressed and there is little an e-grocer can do with regards to the internet connectivity of consumers. Nevertheless, the online manager points out that they were aware of this frustration and the only way they could alleviate this barrier was by designing an interactive web interface. The manager indicated that they had invested enormous amounts in their website infrastructure to save the consumer time.

All the issues discussed above have covered, to some extent, the barriers to online grocery shopping relating to consumers’ personal and lifestyle issues. The next category will discuss how shopping in general is considered by some consumers to be a pleasurable activity, or something to do, while online grocery shopping is not perceived to be as enjoyable as conventional retailing, which results in consumers’ apprehension towards online shopping.
6.7.2.2 Shopping as a social activity

This code is in contrast to the motivating factor for online shopping which argued that consumers dislike shopping and therefore prefer to do online shopping. Participants from the non-online shopper group indicated that they enjoy going to traditional retail stores. They indicated that they combine their grocery shopping with other activities they also enjoy, such as going to a restaurant. The first code of this category suggests that some customers consider traditional shopping as a hobby. This will be discussed below.

- Traditional shopping as a hobby

Many of the participants indicated that they enjoyed going to retail stores/malls, suggesting that it gave them something to do. These participants indicated that online shopping does not seem to be as enjoyable as traditional shopping and for that reason they prefer to do their shopping in the conventional way. Some of their opinions included:

“Dis nog vir my lekker om gou in my kar te klim en winkels toe te gaan.” (I still enjoy jumping in to my car and quickly going to the shops).

“I love going to the shops and not shopping as such but going to the shops with my wife. I consider it to be one of my hobbies.”

“…it’s an outing because you sit the whole day in front of your computer.”

Once again, as discussed earlier, retailers are aware of this barrier. As the online manager suggested earlier, they put a lot of effort into designing an interactive website interface to allow consumers to enjoy online grocery shopping.

- Alignment with other activities

Consumers do not go to shopping stores solely to purchase what is needed; they see it as a social activity that they enjoy. Coupled with that, grocery shopping for these consumers
interlinks with other activities such as enjoying a cup of coffee or spending time with someone.

“…'n koffietjie te drink terwyl ek my inkopies doen so ek het nog nooit regtig 'n behoefte gehad of die nodigheid gehad om iets aanlyn te bestel nie”

(…having a cup of coffee while I am doing my shopping, so I have never really had a need to purchase anything online…)

“You do it with someone, it’s spending time with them, it’s a [sic] enjoyable outing.”

The two codes covering this category (i.e. shopping as a hobby and alignment with other activities) could be considered some of the most difficult barriers to overcome. These consumers do not have a dislike for online grocery shopping per se, but rather enjoy traditional retailing. One should accept that this group will only change their shopping behaviour if something drastically changes in their lifestyle e.g. serious health problems. As a result, these consumers should not be considered the target market for the service.

The current theme considers issues pertaining to the engagement of customers with online grocery shopping. The next category of this theme will deliberate on issues relating to the consumer's reluctance to pass full control over to the e-grocer in the selection and picking of their grocery items.

6.7.2.3 Multi-sensory interactive activity

- See, feel, talk to

Many of the participants indicated that they were uncomfortable knowing that someone else selects their groceries. This served as a barrier for them to participate in online grocery shopping, as they prefer to touch, feel and almost interact with the products, especially perishable products, before purchasing. The following verbatim quotes from non-online consumers indicate how uncomfortable these consumers felt toward this loss of control.
“It’s all up in the air. Like she said, what are you gonna get?”

“…my main reason is I don’t want someone else to pick out the product and bring it to me because I don’t know if they smack it on the table... I want to handle it gently.”

“I’m one of those people…I want to look at all the apples and select that packet of apples. I want to see what I buy. I don’t want to sit at home and wait and see what they bring me. I usually go for one right at the back, look at the sell by date, look at the use…that’s why I don’t do the online shopping.”

“…items like the perishables, like with milk, we use a lot of milk, but I don’t buy milk that will expire on the same date, we kind of space it out, and there’s no option online to see when is this milk expiring because I’m not gonna buy two/three litres of milk expiring tomorrow.”

Trust was discussed in one of the earlier themes and comes across in this code as well. Consumers feel a lack of trust in the process and systems; as a result, they do not rely on the e-grocer to select the same quality product for them as they would select for themselves. These consumers who do not know what to expect from the service therefore expect the worst; they think they will be left with products that are of a lower standard than those they would select for themselves. As mentioned before, educating the consumers on the process of order-fulfilment, picking and packaging of the products could help consumers to be more open to allowing the retailer to select their groceries. This was also a barrier discussed in Section 2.5.1.3 of the literature review where mention was made of the professional shopper. Consumers lack knowledge on the existence of such a profession and the process of selecting the consumers’ grocery items.

- Immediacy of the experience

Participants of the focus groups stress another barrier in this category: the lack of personal interaction with the retailer in online shopping. The non-online shopper group indicated that they were unsure how one would address delivery or product problems. While the
participants from the online shopper group indicated returns or contact with the call centre to be quite a laborious activity, the participants also indicated that the delivery of incorrect grocery items differs from the incorrect delivery of other products such as clothing. When purchasing a grocery item, one commonly needs the item for immediate or quick use. As a result, consumers felt unsure about the order fulfilment process and also reverse logistics.

“…to whom do you complain…because I want to buy these items now?”

“…it’s very difficult to get it sorted out.”

“Perhaps that’s the thing - there’s no person which you are directly dealing with…”

The online manager also made reference to this, discussing complaints and the difficulty they experience in handling complaints. Mention was made of the call centre and how they almost scientifically determine the number of employees they need to assign to the call centre, depending on the number of complaints they receive. Ensuring the call centre is efficient could possibly assist consumers in feeling more comfortable with using the service.

“…how many people does it take to service that volume of complaints? I think the call centre when we first started was probably five people. Today it’s twenty-five people and we know from our colleagues overseas that their call centres are into four hundred or five hundred people.”

Furthermore, when questioned on product returns, the online manager indicated that although customers might perceive this as a barrier, retailers consider their bricks-and-mortar stores as an advantage they have over pure-player retailers in terms of product returns. Consumers are able to walk into any [SA1] retail store to return the product, or speak to an employee if they are not happy with the service or product they have received, while pure-player retailers do not have this advantage.
“The customer’s in the store, they gonna buy something else, but pure players... if it comes back, it comes back. It’s nett off sales. Your customer’s not necessarily gonna buy something else. So we’ve got more chance of converting that refund into another sale in the store than a pure player has.”

This category covered consumers’ apprehension about the use of online services such as grocery shopping, because of the apparent lack of sensory elements of online grocery shopping. The risk-averse consumers especially indicated that the lack of interaction between the consumers and the products, as well as between the consumers and the retailer, serves as a barrier for them to participate in online grocery shopping. The following category covers process issues, considering barriers specified by the consumer involving the process of ordering groceries online.

6.7.2.4 Process issues

The barriers categorised as process issues refer to barriers that consumers face during the process of placing the order until receiving the goods (i.e. crossing the customer’s line of visibility, as discussed in Chapter 4). In laymen’s terms, this issue could be described as an issue which requires the customers to put in more effort to purchase their groceries online instead of the traditional way. Codes classified as part of this category include time, prior planning, cost, logistics, reliability and communication or missing out. These will be discussed at length in the sections below.

- Time

Previously, trust was listed as one of two prominent barriers identified by the participants as obstacles to online shopping. Time is the second prominent barrier. Time was mentioned by all the participants in one way or another. The online manager also mentioned time as a barrier from a retailer’s perspective.

Many participants from the online shopper group specified that they initially started to purchase groceries online, as they thought it would be convenient and it would free up
some time for them to do other, more important, activities. Unfortunately, many of them specified that instead of time being a motivating factor, after purchasing their groceries online, it has actually become one of their biggest challenges.

Many codes were embedded within the issue of time. Instead of online shopping being an easy process where consumers log onto the website, select the products they want, pay, log off and wait for delivery, consumers complained that it was a much more complicated and time-consuming task than initially anticipated. Some of their comments are listed below:

“it’s that it took so much time for me to actually initiate the purchase process. It takes time for me to set up the list and it doesn’t necessary remain the same month after month, so it has to change continuously.”

“What takes a lot of time to get the whole basket of stuff.”

“I’m spending all that time online that I might as well have gone to the shops.”

Earlier slow internet connectivity was discussed as a barrier to online grocery retailing, although retailers cannot do much regarding the weak internet connection of the consumer. The time that passes while a consumer sits behind a computer desk, frustrated by the online grocery purchasing process, could potentially affect the perception the consumer has of online grocery shopping. Unfortunately, the likelihood that the consumer will recognise that the problem rests with their weak internet connectivity is low. The consumer perceives this as an issue that slows down the process of ordering groceries online and increases the laboriousness of the process.

“I really don’t have the time to sit and wait for the internet to eventually come back on.”

“I don’t browse through every single thing ‘cause I don’t have the time to do that…”
“…for me it’s less time-consuming for me than if I’m online I need to…why am I online? I’m looking for something specific whereas when I’m in the shops I don’t know what I’m looking for, I will browse around.”

Up until now, mention has been made of the consumer’s perception of the online shopping process. Seemingly, one notices that the consumer’s perception of how the process works is not the reality. As a result, consumers feel disappointed by the service.

“…when you go online the main thing that you think is it’s easy, it’s online, it’s easy, that’s the perception you have…”

At some stage, reality sets in and the consumer realises that online grocery purchasing takes time, occasionally even more time than traditional retailing does. Consumers need to set up a profile, provide personal details, delivery address and payment details. Then customers need to search for every product they want to purchase and, additionally, they have to ensure they select the right size of the product. Then, they have to go through their shopping list before checking out. Next, their payment details needs to be filled out and only then is the purchasing process completed. However, if the internet connectivity became weak somewhere in the ordering process, it resulted in a re-start of the whole order. Even if the consumer had no trouble with internet connectivity, the most daunting part of the process starts after actually placing the order - waiting for the groceries to be delivered. In the minds of the consumer, once they have ordered their groceries, the groceries should be on their way.

“…the time and the motivation to log on, to register, the time that it takes to plan, the time that it takes you to check, the time that it might take you if there’s anything wrong to rectify that…it’s an issue.”

Time was also a major barrier from the retailer’s perspective. Not only the time frames they have to adhere to in order to meet the customer expectations, but also time constraints they face as part of offering groceries for purchase online. Firstly, considering the time-
constraints they face during the process of order-fulfilment, the manager stated the following:

“…we’ve got a service level around every order. Has it been processed on time, has it been handed over to the delivery partner on time…?”

“We spend a fortune on time and materials wrapping things every day, but all the packaging does is get destroyed at the end by the customer. So that’s not a value at all.”

Time-constraints in terms of the business as a whole were also discussed. Reference was made to the fact that the retailer has many other facets of the business that at times makes online seem a minute part. When speaking about a new business venture where an acquisition was made by the retailer, the manager indicated how difficult it was to leverage resources and employees’ time to further develop their online offerings.

“…from a strategic point of view, it is absorbing an enormous amount of energy and capital and it’s just everyone’s focus…It makes online look insignificant in terms of even finding the time, it’s just… so in terms of the business’s focus, the focus is really on what are the really big strategic levers?”

“…we wasted a lot of time, time and money, doing things incrementally we could’ve just done once right from the first time.”

Therefore, the conclusion could be made that for both South African consumers and retailers, time is one of the major barriers to online grocery shopping.

- Prior planning

The amount of prior planning that needs to go into an online grocery order surprised and frustrated many of the participants. Some of the participants indicated that they still make use of a shopping list to purchase their groceries online, as it was too time-consuming to scroll through all the options available when selecting their groceries. Prior planning also
includes planning for delivery. Home delivery has been mentioned several times as a motivator to online shopping. However, some of the participants suggested that planning for delivery was actually stopping them from purchasing groceries online.

“My problem is I don’t plan too far ahead so I like…take tonight for example I have to go stop at the shop on my way home to buy the things that I need and they don’t…I can’t place an order today and have it delivered for tonight. So for me that was the biggest issue.”

“I don’t know if I’m gonna be at the house between four and five for delivery, my circumstances aren’t like that. I’m not at the office between eight and five… so I have no idea from day to day where I am or what I’m doing, so…”

“We live in a complex. So I had to time not only the planning of my meals but also when I’m available or someone else.”

You don’t wanna have two deliveries a week so then you do have to plan…which I also don’t do.”

It seems that planning for online grocery purchasing is not only a barrier for consumers, as the online manager suggested that they also face challenges when planning for order fulfilment and especially during peak times. The verbatim quote below supports this:

“How do you deal with peak events? Because nothing dealing with the baseline you can plan predictably, you can plan reliably, but the special occasions where those volumes double, triple, quadruple over the baseline: Mother’s Day, Christmas, Father’s Day, Easter, Valentine’s Day. These are all huge opportunities for commercial turnover, but come with huge risks around managing the online.”

In conclusion, it appears that planning to purchase or, in the retailer’s case, providing the service online, requires extensive prior planning, more so than with conventional retailing. Consequently, prior planning is considered a barrier to online grocery shopping.
Cost

Understandably, online grocery shopping holds cost implications for both the consumer and the retailer. During the focus group, participants were asked how they felt about the delivery fee. They were fairly neutral with regards to the delivery fee and did not mind paying for the service, as long as the retailer kept to his promises. An interesting topic among the online shopper focus group was whether they spent more money online or in traditional stores. Table 6.3 below provides some verbatim quotes from the participants of the focus groups who spent more, as well as those who spent less, on online grocery shopping.

Table 6.3: Spending habits of consumers online versus offline

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<th>SPENDING HABITS OF CONSUMERS ONLINE VERSUS OFFLINE</th>
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<tr>
<td>Consumers who spent more money</td>
<td>Consumers who spent less money online</td>
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<td>online</td>
<td>&quot;For me it’s different ...you spend more in the shop because as you pass the stuff where you physically push the trolley - it’s like I actually need eggs. I didn’t think of that, but now that I pass them I take it where if you’re online it’s I only buy what I need.”</td>
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<td>&quot;I buy the stuff that I don’t really need because sometimes you don’t have time in the shops to stand around and look at stuff.&quot;</td>
<td>&quot;I spend less because they have so many options and I don’t necessarily have the time to go through all the options. So I would go search tomatoes. Okay, that’s what I’m looking for, tick, search bread, that’s what I’m looking for, tick, I don’t browse through every single thing.”</td>
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<tr>
<td>“You’ll go and quickly because I need bread and then look at that dress and then you add up with a very big basket of stuff.”</td>
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As mentioned previously, consumers who would find online grocery shopping beneficial are consumers with specific characteristics and traits. This could also be seen from the table above. The way in which consumers purchase their grocery online is not generic. The same could be said about the amount of money they spent online. Some consumers purchase conservatively, while other consumers spend adventurously. However, it seems that cost, i.e. the cost of the service, could not be considered a barrier to online grocery shopping for customers in South Africa, as the participants of the study did not indicate that the delivery costs were inhibiting them from purchasing their groceries online.

This barrier was mentioned by the retailer as a huge potential obstacle for them in delivering the service. Although the delivery fee was not a barrier for the focus group participants, the manager did not share their sentiments. In an attempt to reduce the cost barrier for consumers, they have created an unsustainable delivery model which is costing them a fortune. The quote below substantiates this conclusion:

“…we’re subsidising the food quite a lot. Quite substantially. There’s a couple of things in that landscape that we’ve considered. One is that we’ve held our cost of delivery for five years with no movement. So we’ve increased our subsidy every year for the last five years and there it’s a real worry for us that the delivery fee is a…is potentially a barrier and the higher the delivery fee, the more the barrier typically. So we’re really concerned about the delivery fee. So we’ve absorbed that cost every year for five years and we’ve…it’s not sustainable, the way that it is.”
Another cost barrier that the retailer faces is to ensure that the product the customer wants is at the right place, at the right time, resulting in significant cost implications for retailers to move products around to ensure they are able to fulfil the order of the customer. The online operations manager suggested that the movements of inventory were costing them enormously.

“...the cost implications of carrying inventory for online are staggeringly high...because of our availability challenges, we move thousands and thousands of products between stores on a daily, monthly, weekly basis. We move millions of rands worth of merchandise a year between stores on demand from customers.”

To conclude, the assumption could be made that e-grocers have succeeded in minimising the barrier of cost for consumers. However, in doing so, they have increased their own costs to offer the service in a way that is not sustainable.

- **Logistics and reliability**

So far, issues such as trust, the time it takes to place an order and prior planning have been discussed. Logistics and reliability expand on these barriers. Logistics and reliability as a barrier refers to bad experiences some of the participants have had with online grocery shopping, specifically relating to the logistics behind online grocery shopping. Below are a few of these experiences:

“...we book a time slot but the courier will never pitch up. So you need that stuff for tonight’s dinner and he doesn’t show up. So now you have to go to the shops to go buy that extra and then tomorrow they deliver the stuff you needed yesterday and that’s why I stopped shopping online, groceries specifically, because the couriers are not reliable.”

“...you had to stand and they had to pack everything out and you had to remember oh, hang on this isn’t delivered or this isn’t the right size you know that for me was...it’s just a nightmare.”
Retailers need to ensure they adhere to the promises they make to customers. From the quotes above, one notices that customers want to be able to rely on the service. Unfortunately, the process is more complicated than the consumers think. However, the online manager stated that they were aware of this barrier and were trying to alleviate the logistical concerns of consumers as much as possible.

“…we’ll give you…we’ll make a commitment to these delivery days and times, we’ll give you a specific day, a three-hour window, so you can have that…There are very few online retailers that use slot-driven delivery. Most of them are open-ended. You will get your product within twenty-four hours or seventy-two hours, or whatever it is, and that’s cool but you actually don’t know when it’s gonna arrive.”

Logistical issues were also a main concern from the retailer’s side. When asked why he thinks online grocery shopping has been so successful in other countries but has been slow to grow in South Africa, he mentioned a few issues. One of these issues was the fact that the distances between home deliveries were enormous in comparison to the deliveries that e-grocers in the UK have to make.

“…we have long inter-order drop distances, far. Our density’s very, very low. As we get…as we grow, that’ll improve.”

The manager then went on to discuss their strategy to expand the stores from which to pick orders, by explaining (and drawing) the reshaping process.

“…because the way that we grow our fulfilment is we look at an area that’s starting to get a little bit congested from a fulfilment perspective and say, alright, what are the opportunities for another fulfilment store in that area? And the way that we do it is we try and match the geography with the volume. So if I say…if that’s the shape of the delivery area [PARTICIPANT DRAWS SKETCH] and there’s a fulfilment centre there and there’s a fulfilment centre there and they’re getting congested, we’ll try and find one sort of in the balance and then we’ll reshape the area in the most efficient way we can find. What that does, naturally, is it shortens the drop distance, it shortens the radius. So this is…when we
do this, we do it quite scientifically. We look at the load balance between the stores and we say, right, this scenario will shift this much volume this way, this much volume that way. We can redefine the boundaries of the area and we know...the effect was a saving of twelve thousand kilometres across the year. So we can quantify the theoretical cost saving.”

Figure 6.8 below is a digital re-creation of the sketch drawn by the online manager to illustrate the reshaping of areas to improve logistical and delivery barriers.

**Figure 6.8: Delivery area of online grocery retailers**

![Delivery area of online grocery retailers](image)

**Figure 6.9: Segmenting distribution area**

![Segmenting distribution area](image)
Figure 6.9 digitally illustrates how the retailer segments the distribution area to elevate the density of a delivery area.

From the above sketch and the explanation provided by the retailer, one can see that the retailers are aware of the logistical issues around online grocery shopping; nevertheless, they are working on ways to improve these barriers for themselves and also for the consumers.

- **Communication or missing out**

Missing out or lack of communication refers to specials not being advertised online. This barrier is e-grocer-specific, as some of the consumers indicated that this was a barrier they perceived as a major disadvantage of online shopping, while other participants indicated that the e-grocer they purchased from focused on this extensively. The verbatim quotes below indicate this:

“You miss the specials in the store that I might purchase more of something because it’s on special and you don’t see that…”

“…some of you said that you miss the specials where I never found that on [SA1]. They have the specials on there. They have, if I remember correctly, they have a specific page with specials. So you don’t miss out on that…”

This could be considered a barrier for South African retailers in not providing their consumers with promotional information, as these consumers might switch to other e-grocers or conventional retailing because of the lack of promotional offers. Retailers should use this knowledge to create a competitive advantage by offering specials specifically for the online customers, to entice them to keep purchasing their groceries online.

This category covered the barriers recognised from the data relating to the process of online grocery shopping. It considered issues such as time and cost of purchasing...
groceries online. The last category to be discussed covers issues pertaining to the products that customers order. Some of the codes that will be addressed include quality, product descriptions on the website and stock availability.

6.7.2.5 Product Issues

The previous categories and codes discussed issues relating to the process of online grocery shopping. This category will consider barriers that customers face in relation to the types of products they purchase, and the quality of products they receive. These will be discussed below.

- Quality

Naturally, when consumers pay for a product, they expect the product to be of good quality, the same level of quality they would select for themselves. In terms of the quality of products, the participants of the online shopper group were divided on whether the products they received were of acceptable quality.

“If it was perishable stuff, for example tomatoes, they always pick the ripest tomatoes. Now everything is ripe and now you have to either make sauce or soup or something just to make use of it and that was not necessarily the plan. Non-perishable items, hundred percent.”

“…the items do arrive in a good condition…”

“…they always pick the items with the latest expiry date, so the freshest ones. So you’ll probably receive a packet of tomatoes and there’ll be one or two that’s still green.”

Considering that the participants had different experiences in relation to the quality of the products they received, the conclusion could be made that this situation is e-grocer-specific. Naturally, if the products the consumer orders are of good quality, the consumer would be more likely to use the service again, as opposed to a consumer who received
products of poor quality. The quality of products should not be considered a barrier to online grocery shopping, but rather a non-negotiable level of service that e-grocers should adhere to.

- **Needs to relate to choice of the buyer**

Substitutions which retailers provide for consumers were one of the product-specific barriers relating to online grocery shopping. Many of the consumers indicated as a barrier that retailers offer substitutions in an attempt to overcome stock-outs. However, the participants indicated that they were not interested in other brands or could not think of a product the retailer could substitute it with off the top of their heads.

“I’m very much a stickler to the brands that I like. So they can’t call me and say, okay, but we don’t have All Gold would you like Farmgold because I’m not gonna take that.”

“…they also phone you to hear if they have any substitute to give you, but I can’t think of anything necessarily off my head to substitute with.”

As the name of the code suggests, retailers should relate to the products that customers want, as simply providing a substitute product will not satisfy the customers’ needs and expectations of the products. Substitutes may not be a barrier for initial online grocery shopping, but could potentially be a reason for consumers not to make use of the service.

- **Product descriptions**

In online grocery retailing, the website of the retailer replaces the traditional store. As a result, the consumer expects to be able to do similar activities online as they would in-store. Such activities include reading the labels of the products and being able to take a closer look at the products to determine quantities, etc. The participants of the focus groups indicated that the website design did not provide them with enough flexibility to purchase their groceries easily.
“I know that you won’t necessarily want to see your tinned food in different positions, make the picture larger and you can actually browse the actual tin and perhaps make it a bit more 3-D that you can see it actually is this that I want instead of reading all the details.”

“Another issue for me was that the sizes of the goods that you see online is sometimes misleading – that, for example, if I want a three hundred and fifty gram let’s say for example tin of All Gold product, tomato and onion mix, then I need to be at the office doing my shopping and I need to know exactly what their grammage is of the item that I’m buying so that I can scrutinise that actual little picture because otherwise I might get the smaller version and that was an issue for me…clearer visual.”

“Because the 1.5 kilogram and the example 10 kilogram pack looks exactly the same and now you need to go really read to see you don’t want 10 kgs of tomatoes, you just don’t.”

This barrier once again could be retailer-specific, considering the website analysis discussed in Chapters 3 and 5 and in Section 6.3, also the discussion on missing out on promotional offers online. However, the retailer stated that they have invested a lot of resources to make the web interface as responsive as possible. Thus, one could argue that e-grocers are mindful of this barrier and are investing in website design to overcome this barrier. It could, furthermore, be argued that, considering the website analysis conducted in this study, the e-grocers are receiving returns on their investments, as South African e-grocers’ websites compared favourably to the websites of e-grocers in the UK. Ultimately, the importance of the website is to create a pleasurable shopping experience for the consumers and to entice consumers to purchase items online, as evident from the verbatim quote below:

“The site will respond to the device and give the customer…give the user a good journey. Any opportunity to try convert that into a shopper.”
• **Stock availability**

Trust and time have been discussed in previous sections as the two most prominent barriers developing from the data. Additionally, stock-outs were mentioned by the online shoppers as probably their biggest frustration with online grocery shopping.

“…out-of-stocks became a huge problem for me.”

“…out-of-stocks get to you because now fifty percent of your basics aren’t there and then you say, you know what, stuff it.”

“…they have all these pictures but they must have it in stock. That’s why it didn’t make sense to me, but how can it be out of stock?”

“…with the out-of-stock items that they don’t tell you it’s necessarily out of stock. You order it and you pay it and then they phone you, okay, it is out of stock and then I’ve already paid so then it’s a mission to get your money back as well. Whereas if they didn’t have it I would have never have paid for it if I went to the shops.”

“I purchased it a week before, it’s not like I’d ordered it yesterday and asked them for it for the next day. I ordered it before the weekend and then, when they were supposed to deliver, they phoned me, okay, this item is out of stock…”

The online manager acknowledged the fact that consumers were frustrated with stock-outs, and described the difficulty in explaining to customers the reasons why they may not have the product in stock when fulfilling the online order.

“I’ve paid, look. I’ve done my bit, I’ve given you the money, now you do your bit and do your…do delivery. And that’s…and the difference is there is no real way to package that gap between what you promised and what you deliver.”
One of the key realisations made during the analysis of the focus group data was that customers compare online grocery shopping with traditional grocery shopping. They expect the same level of service; they expect the process to be as simple as traditional retailing, but the reality is that online grocery shopping and traditional grocery shopping are two different channels, offering two different types of services and, most importantly, have two different supply chain structures. Although the consumers have some level of appreciation for the fact that the processes are different and that they cannot necessarily expect to receive the same level of service, the irony is that they still do. The verbatim quotes below illustrate this:

“I don’t know if it’s confidence in online thingies or what we do, but I’d rather go to a store and they don’t have stock and then it’s, okay, they don’t have stock but when it’s online it’s like I don’t know, don’t promote something online if you don’t have it.”

“But I think it’s a virtual perception because when you physically stand in the store and they say it’s definitely out of stock, you think it’s okay, but when you see it virtually you think, how can they not have it? There’s the picture.”

Stock-outs are not only an enormous problem for the consumers, but the online manager also indicated that it is one of the biggest hurdles they face in providing the service.

“I think the thing that challenges us the most…the biggest challenge we have is the ability to reliably source what the customer’s ordered. The reality is that our availability…at first pick, so before we do any substitution, is somewhere between eighty-eight and ninety-five percent, depending on the store. So eighty-eight to ninety-five. So let’s take a best case example. You have five percent margin for error already. Our reliability of on-time delivery I think is pretty good. Our target’s ninety-eight, we’re achieving kinda ninety-seven point five percent. But let’s say that’s another three percent. We’ve got…that’s seven or eight percent difference between what you’ve promised and what you do. That’s a huge margin and in the customer’s mind that’s too big. That’s too much. They want a hundred percent.”
Figure 6.10 is a visual representation of the quote from the online manager. It shows how at first selection (orders without substitutions or before substitutions), the order will differ on average 8% from the original order placed by the consumer, in a best case scenario. The manager indicates that this margin of error is too big for consumers. He also argues that in his opinion, stock-outs are the main reason for customer complaints. The problem they experience is the bigger the growth of online grocery retailing, even at a stable margin of error, the more complaints they receive.

“…if you only doing a hundred orders a day, if you’re happy to have one percent failure rate, that’s not a problem. It’s easy to deal with one or two customers. If you doing ten thousand orders a day, at one percent failure rates that’s a lot.”

So far, customers’ perceptions of stock-outs as a barrier to (or frustration of) online grocery shopping has been discussed. However, stock-outs are also a major challenge for the retailers, not only because they miss out on the opportunity to sell products, but also because it is challenging them in terms of their supply chain capabilities and inventory planning. The verbatim quote below presents this finding:
“Because we work in a…pick from store model for foods, one customer in online can wipe out a whole category of products for a store for the next twenty-four hours because we’re relying on that online customer to buy what’s in the store and it’s getting so intense now that we’ve got a customer…it’s a corporate customer that buys for their events…they buy hundreds of units and they’ll wipe out the Cresta store for twenty-four hours. So every customer that walks into Cresta…can’t buy anything from those categories of product. So we’ve gotta find a way now of integrating those…integrating the customers’ online demands with what’s happening in the store and gearing the two together so that the one can deliver to the other and we don’t steal from one to pay the other one…is kind of either/or situation. We either fulfil an online customer or we fulfil a store customer. What we’re not doing well is doing both. So in a way we’re almost cannibalising our ability to deliver to our store customer by prioritising our online customer ’cause actually we should be looking for a way to do both.”

This section extensively covered stock-outs as a barrier to online grocery shopping, considering the code from both the consumer’s and the retailer’s perspectives independently. The last code to be discussed is the differentiation that consumers make between the products they are willing to by online versus the products they prefer to purchase in-store.

- **Types of products bought online**

The last code identified from the data was the participants’ opinions that some grocery products are more suited for online grocery shopping, while others are more suited for traditional retailing. They also mentioned that the service would be the most beneficial when used in different ways - for example, having a standard online grocery list one could order once a month, while purchasing perishable groceries the traditional way. Participants referred to this as ‘the blended model’, making use of the advantages of online grocery shopping while having the option of selecting, for example, their own apples. Some of their comments relating to the suitability of grocery products to be sold online are shown below:
“…buying the basics online and then go to the store to buy the other stuff that you really want to pick out yourself…the blended model.”

“I buy basics at the beginning of the month, but that I’ll do in store. The big league stuff I’ll buy online. I think if you buy all your groceries online it must be it’s very difficult.”

“I think what would be a good idea at [SA2] to buy your cleaning products, Handy Andy, Surf… do that online because you know, if it gets lost or stolen and whatever it’s not that bad.”

As with many of the barriers discussed up until now, the online manager agrees that online grocery shopping is more suitable for certain products than others, not only from the consumer’s point of view, but also from the retailer’s perspective. The manager also made reference to perishable products, indicating that consumers are particular about the products they want, the time they want it and the condition in which they want it. Furthermore, he indicated that it is in most part the delivery of perishable foods which are prohibiting them from expanding delivery to other geographical areas.

“That’s okay for that product, but for a lettuce it’s not okay. A lettuce is I order it today, I want it here and I want it delivered, and there’s no point in delivering it in two days’ time. Deliver it when I need it.”

“[Non-delivery areas] It’s just there but it’s just out of reach of foods cold chain, but you could have anything else that you wanted. There’s no reason why not. There isn’t a competing [SA1] store so it’s probably a good idea to do that. So keep the perishables very much within reach but anything else, allow it to be fulfilled.”

The conclusion could thus be made that both consumers and retailers perceive certain products as more suited for online, while other products create barriers.

This section of the chapter considered all possible barriers for both the retailers and consumers identified from the data. The two main themes, the online shopping experience
and issues pertaining to engagement, were discussed individually. Each category and code within these themes were considered from the consumers’ (and where applicable) the retailer’s perspective to determine the extent of the barrier to online shopping in South Africa.

The last part of this chapter will address the supply chain-specific objectives of this study. Although some of the barriers discussed above briefly touched on the supply chain issues, it is important for this study to separate the general barriers to online grocery shopping from the issues that e-grocers face in relation to an e-supply chain. These will be covered briefly below.

6.8 SUPPLY CHAIN-SPECIFIC ISSUES

This section will briefly consider what the supply chain issues are when retailers offer online grocery shopping as a service. The first question posed to the online manager during the interview was exactly what his job entailed on a daily basis. This answers indicated that most of his day is spent on planning and managing the online supply chain. Relevant quotes included:

“So online operations is saying what will it take to deliver these volumes? What do we need from our supply chain in order to cushion the impact? What do we need from our fulfilment base in terms of how many stores…at what point…what’s the tipping point where we say we have economy of scale big enough to move into a centralised distribution for foods, picking foods out of a central warehouses as opposed to…pick from store model?.”

The manager went on to address specific supply chain challenges. These challenges will be discussed below.

6.8.1 Reliably fulfilling customer orders

One of the biggest challenges expressed by the online manager is the ability for them to reliably source exactly the products the consumers ordered. As discussed previously, the
manager indicated that they struggle the most with stock availability and being able to supply the customers with exactly the order they placed.

“...I think the thing that challenges us the most...the biggest challenge we have is the ability to reliably source what the customer’s ordered...It’s very hard to have hundred percent reliability in a food supply chain... so many variables.”

The manager indicated that the best way to improve stock availability is to change the fulfilment model from the ‘pick-from-store-model' to ‘fulfilment-from-a-dark store’. However, the cost implications were too big and they did not have the resources and demand for online at this stage to justify the model change. Nevertheless, they are doing everything they can to increase the success rate of their order fulfilment by improving information flow in the supply chain.

“..we’re continually refining our point of view of what we have available to try and make it as real-time as possible. We’re running at the moment of fifteen minute intervals. We’re running data into the site every fifteen minutes to try and get as close to the truth of what we think we have available as possible.”

6.8.2 Restricted by the size of orders

The online manager indicated that their supply chain capacity challenges them in two ways. Firstly, the size of some of the online orders placed. Secondly, they were restricted in terms of growth from being able to include click-and-collect as an alternative to home delivery.

“We regularly do orders of fifteen/ twenty thousand rand in foods, regularly, and we would never have conceived of that when we first started. We geared up our systems around seven/eight hundred rands. We regularly get these enormous orders and they’re challenges. They’re really difficult to work with. They challenge the systems, they challenge the fulfilment, they challenge the delivery partners.”
Considering click-and-collect, the manager indicated that the reason it has been so successful in other countries such as the UK, was the fact that their supply chain was able to easily accommodate any size order.

“…our supply chain works on big case quantities but can’t deal with small individual dedicated parcels right down to the last supplier and they’ve done it. They’ve achieved it.”

The last challenge he specifically mentioned was home delivery challenges. These will be considered below.

6.8.3 Delivery challenges

Throughout the dissertation, reference is made to the UK e-grocers’ operations and processes and how they differ from South African e-grocers’ processes. Also, how successful and rapid the adoption of online grocery shopping in the UK has been, as opposed to that in South Africa. During the course of the dissertation, reference has been made as to how the demographic profile of consumers differs in South Africa from the UK. Delivery is one of the major differences. Delivery agents in the UK have small delivery areas with many orders from each area. This is in strong contrast to South Africa’s online grocery delivery requirements, which is a few orders, spread between enormous delivery spaces. This is seen in the verbatim quote below:

“…we have long inter-order drop distances, far. Our density’s very, very low.”

“They can’t believe we drive forty/fifty kilometres between drops. They’re driving hundreds of metres at the most. So the densities are just staggeringly different. Those delivery agents…those vehicles travel literally half a block before the next drop. We’re covering halfway across Johannesburg to make two deliveries.”

This section covered supply chain-specific challenges which e-grocers face when offering online grocery shopping as a service. These issues should be taken into account by other South Africa retailers who are considering becoming multi-channelled.
6.9 CONCLUSION

Chapter 6 served as the data analysis chapter of this study. The chapter commenced by revisiting the secondary objectives of the study, firstly indicating which objectives were covered before the data analysis and, secondly, by indicating which objectives this chapter aimed to address.

Firstly, the websites of the two South African e-grocers were analysed and compared with the websites of two well-known UK e-grocers.

Before the most prominent barriers and motivators were discussed, a brief background was painted of some of the important issues evolving from the interview with the online manager. The background included issues such as the changes that the retailer has made over the years, as well as possible future changes they are currently looking into.

Then, the data analysis section of the chapter was presented. Firstly, consideration was given to the factors that were listed by the participants of the focus group as motivating factors to online grocery shopping. Two general themes were identified as factors motivating consumers to partake in online grocery shopping. Firstly, consumers using the service because they needed to - codes within this theme included health issues, pregnancy, etc. The second motivating theme was consumers who wanted to use the service. Codes within this theme included consumers who perceived the service as time-saving or who disliked shopping.

Next, barriers to online grocery shopping were considered. Some of the barriers were considered only from a consumer’s perspective, while others were also relevant from the retailer’s perceptive. Two themes were identified; these themes were then divided into several categories addressing the different themes. The first theme considered barriers relating to the experience of online shopping, especially considering the range of different experiences and also how online grocery shopping is very different from other types of online shopping as well as conventional retailing. Secondly, issues pertaining to engagement considered factors such as product and process issues, personal and lifestyle
issues, etc. The conclusion was made that trust and time were the two major barriers to online grocery shopping.

Chapter 7 concludes this dissertation by summarising the main findings. Each objective will be considered individually, revisiting both the literature and the empirical findings of each objective to draw conclusions and make recommendations.
CHAPTER 7

CONCLUSIONS AND RECOMMENDATIONS

7.1 INTRODUCTION

In previous chapters the problem statement, objectives, literature study and empirical data analysis were presented. Chapter 6 extensively covered all the findings of the empirical data.

This chapter serves as an overarching summary of the dissertation. Each objective is considered individually by summarising the literature and empirical findings, drawing conclusions and making recommendations on each objective.

After the discussion of each objective, the chapter concludes by discussing the limitations of the study and also by making recommendations for future research on a similar topic.

The concluding section of this chapter summarises the main discussions and findings of the study.

7.2 OVERVIEW OF THE CHAPTERS

This section briefly summarises the most important parts of Chapters 1-6. Before considering each chapter again, the overarching research question should be revisited. The research question listed in Chapter 1 is as follows:

- Despite many reasons for and advantages attached to online shopping for both retailers and customers, what are the barriers hindering online grocery shopping from reaching its full potential in South Africa?
From the research question, several secondary objectives were set, and these objectives will be reconsidered, summarised and concluded in the subsequent sections of this chapter. However, before addressing each objective, each chapter will be summarised below to recap the most important insights gained from these chapters.

7.2.1 Chapter 1: Background and rationale of the study

Chapter 1 provided a background to the research question and also presented the objectives of the study. Tables 1.1 and 1.2 sketched barriers and motivators to online grocery shopping for both retailers and consumers identified by previous authors. The chapter concluded with a roadmap of the study, indicating which chapter addresses which part of the online grocery supply chain.

7.2.2 Chapter 2: Bricks versus clicks: barriers to and motivators of conventional and pure online retailing

Chapter 2 differentiated extensively between the two types of grocery retailers (i.e. ‘bricks-and-mortar’ and ‘pure-player’ retailing). The advantages and disadvantages of each model were discussed to comprehend possible barriers and motivators for retailers to become multi-channelled. Also, Verimark was discussed as an example of a pure-player retailer who became multi-channelled. The chapter further discussed the online grocery retailing customer, depicting the consumer profile.

7.2.3 Chapter 3: From supply to demand: essential components of online grocery shopping

Chapter 3 covered some essential components necessary for retailers to offer consumers the option of purchasing their groceries online. Firstly, the internet and internet landscape within South Africa is considered. Reference is made to the digital participation curve which suggests that consumers’ participation in online shopping is continually increasing. Next, the function of a commercial website was discussed by highlighting the eight C’s of a commercial website. An instrument used to evaluate online grocery websites was
introduced and discussed. The chapter concludes by discussing m-commerce as the newest adaption to online grocery retailing currently used by e-grocers in the UK.

7.2.4 Chapter 4: Crossing the consumer’s line of visibility: online grocery order fulfilment

Chapter 4 discussed the components of order fulfilment from the point when the consumer places the order online to the delivery of the order. Reference is made to the different fulfilment options (i.e. in-store or from a warehouse). Also, different delivery methods are covered. Lastly, the chapter considers the process of returning products ordered online.

7.2.5 Chapter 5: Research methodology

Chapter 5 covered the research methodology drawn on to collect the primary data for this study. Qualitative data is defined and different qualitative data collection methods are listed. Content analysis as the data analysis method for the website analysis was discussed, also previous studies where content analysis was used to content-analyse websites were listed. Next, focus groups as a data collection method are discussed, while the advantages and disadvantages of focus groups are also mentioned. Also, the demographic scope of the focus group participants was discussed. Furthermore, the interview with the online manager is discussed, considering the advantages and disadvantages of in-depth interviews as a primary data collection method. Additionally, measures employed during the data collection phase to increase the reliability and trustworthiness of the data are discussed. The chapter concludes with an explanation of the data analysis method, the thematic analysis and listing the steps taken during the thematic analysis of the data.

7.2.6 Chapter 6: Data analysis

Chapter 6 started by revisiting the research objectives. Firstly, the websites of the two South African e-grocers and the two e-grocers from the UK were evaluated and compared
with one another to determine how effective South African websites are in comparison to the websites of other successful e-grocers internationally. It goes on briefly to outline some important information that emerged from the interview with the online manager. Next, the data were presented and analysed. Firstly, the factors motivating consumers to partake in online shopping were discussed. Next, the barriers identified by both the focus group participants as well as the online manager were listed and discussed. The chapter concluded with a discussion on the supply chain-specific barriers mentioned by the online manager during the interview.

This section briefly revisited each chapter before continuing with the conclusions and recommendations of the study. The next section of this chapter will link the literature of the study to the empirical findings of Chapter 6, then goes on to discuss each objective individually.

7.3 LINKING THE PRIMARY AND SECONDARY DATA OF THE STUDY

The purpose of this section is to identify the similarities between the primary and secondary data. Table 7.1 below indicates the objectives and also the section of the primary and secondary data addressing each objective. The subsequent section of this chapter will consider each objective individually, summarising the data from both the primary and secondary findings, drawing on this data to make conclusions and recommendations regarding each objective.
<table>
<thead>
<tr>
<th>RESEARCH OBJECTIVE</th>
<th>SECONDARY DATA</th>
<th>EMPIRICAL DATA</th>
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<tbody>
<tr>
<td><strong>CONSUMER-SPECIFIC OBJECTIVES</strong></td>
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<td><strong>Motivating factors</strong></td>
<td></td>
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<tr>
<td>To explore <strong>factors that would serve as possible motivators</strong> for South African consumers to <strong>participate in online grocery shopping</strong>, through a review of <strong>available literature</strong> on the topic.</td>
<td>Secondary data Chapter 1: Table 1.1 Chapter 2: Section: 2.5.1.3</td>
<td></td>
</tr>
<tr>
<td>To <strong>determine factors motivating South African consumers to purchase groceries online</strong>, through <strong>focus group discussions</strong>.</td>
<td>Empirical data Chapter 6: Section: 6.6</td>
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<tr>
<td><strong>Barring factors</strong></td>
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<tr>
<td>To explore possible <strong>barriers</strong> for the South African <strong>consumers not to participate in online grocery shopping</strong>, through a review of <strong>available literature</strong> on the topic.</td>
<td>Secondary data Chapter 1: Table 1.2 Chapter 2: Section: 2.5.2</td>
<td></td>
</tr>
<tr>
<td>To <strong>identify the most prominent barriers which prevent consumers</strong> from partaking in online grocery shopping in South Africa, through <strong>focus group discussions</strong>.</td>
<td>Empirical data Chapter 6: Section: 6.7</td>
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<tr>
<td><strong>RETAILER-SPECIFIC OBJECTIVES</strong></td>
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<td><strong>Motivating factors</strong></td>
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<tr>
<td>To determine possible <strong>barriers for retailers offering online groceries for purchase</strong> in South Africa, through a review of <strong>available literature</strong> on the topic.</td>
<td>Secondary data Chapter 1: Table 1.1 Chapter 2: Section: 2.5.1</td>
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<tr>
<td>To <strong>identify the most prominent barriers for South African retailers</strong> to online grocery retailing, through an <strong>in-depth interview with an online manager</strong>.</td>
<td>Empirical data Chapter 6: Section: 6.4.1.2</td>
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<td><strong>Barring factors</strong></td>
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<tr>
<td>To determine possible <strong>barriers for retailers offering online groceries for purchase</strong> in South Africa, through a review of <strong>available literature</strong> on the topic.</td>
<td>Secondary data Chapter 1: Table 1.2 Chapter 2: Section: 2.5.2</td>
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</tbody>
</table>
The next section of this chapter will reflect on each secondary objective individually. The findings of the literature (i.e. secondary data) will be compared to the empirical data findings to identify similarities and differences and drawn conclusions.

7.4 REFLECTING ON EACH OBJECTIVE: CONCLUSIONS AND RECOMMENDATIONS

In this section, each of the objectives will be considered before making conclusions and recommendations. Some of the objectives were reached by consulting literature, while other objectives were obtained from the empirical data of the study. In some cases, an objective might have the same aim as another objective but varies in the data used to address the objective - for example, the barriers to online shopping identified from previous literature versus the barriers identified from the empirical data of the study. In
such cases, these comparable objectives are linked to identify common or conflicting issues from the primary and secondary data.

### 7.4.1 Consumers’ motivations for shopping online

The first objective(s) to be addressed is to determine what motivates consumers to do their shopping online. Two objectives addressed this question. Firstly, looking at what previous studies have found as motivators to online shopping, and secondly by analysing the focus group data to determine what motivates South African consumers. Table 7.2 below aims to link the secondary data with the empirical data in an attempt to determine South African specific motivating factors.

**Table 7.2: Motivating factors to online grocery shopping from a consumers perspective**

<table>
<thead>
<tr>
<th>CONSUMER’S MOTIVATIONS FOR SHOPPING ONLINE</th>
<th>LITERATURE FINDINGS</th>
</tr>
</thead>
<tbody>
<tr>
<td>OBJECTIVE (LITERATURE REVIEW)</td>
<td></td>
</tr>
<tr>
<td>To explore factors that would serve as possible motivators for South African consumers to participate in online grocery shopping, through a review of available literature on the topic.</td>
<td></td>
</tr>
<tr>
<td>LITERATURE FINDINGS</td>
<td></td>
</tr>
<tr>
<td>- Table 1.1 lists three motivating factors named by several previous authors as reasons for consumers choosing to purchase their groceries online. These three factors were convenience, reward programmes and increased alternatives.</td>
<td></td>
</tr>
<tr>
<td>- Section 2.5.1.3 discusses several motivating factors from literature. These included convenience, saved shopping lists, nutritional and product origin information and the use of the professional shopper.</td>
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</tr>
<tr>
<td>- The most pertinent motivating factor for consumers to participate in online shopping was the perceived convenience of the service.</td>
<td></td>
</tr>
<tr>
<td>- The conclusion from literature could be made that perceived convenience was the biggest motivating factor for consumers to purchase their groceries online.</td>
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</tbody>
</table>
## OBJECTIVE (PRIMARY DATA)

To **determine factors motivating South African consumers to purchase groceries online**, through **focus group discussions**.

## EMPIRICAL FINDINGS

- Two themes were identified from the empirical data: consumers who need the service and consumers who want to use the service (Section 6.6).
- Customers who indicated they use online shopping because they need the service listed issues such as health issue, pregnancy, maternity leave and work constraints as the reasons (Section 6.6.1).
- Customers who indicated that they wanted to use the service listed time-saving and a dislike of shopping as the reasons (Section 6.6.2).
- A perception of convenience was listed as one of the reasons for participants initially to consider purchasing their groceries online.

## CONCLUSION

Considering the primary and secondary data, it becomes apparent that the data on motivating factors for consumers to purchase their groceries online vary. Also, there is a lack of research available on why customers start to purchase their groceries online, as most of the research focuses on the barriers to online grocery shopping. However, common motivating factors could be identified across the data sets. Hence, the conclusion could be made that the perception of convenience is the biggest motivating factor for consumers to purchase their groceries online.
RECOMMENDATIONS

Knowledge on what motivates customers to partake in online grocery shopping is important for retailers to determine if they are speaking to the needs of the customers. The following recommendations could be made with regards to this objective:

- By educating the customers, retailers could inform other potential consumers of the existence of the service. By way of target marketing campaigns, focused on the motivators identified in this study, retailers could inform/educate customers on how they could benefit from purchasing their groceries online.
- Using data-mining software, retailers could potentially pick up that a customer is in a certain, temporary lifecycle - for example, a customer starting to order baby formula and diapers where they have not done so previously. Retailers could use this information to develop strategies and marketing plans to convert these temporary customers into long-term customers.

7.4.2 Factors barring consumers from purchasing their groceries online

Table 7.3 below considers the barriers for consumers not wanting to purchase their groceries online. Barriers identified through the literature will be compared to the barriers stated by the participants of the focus groups. Conclusions will be made as to what the most prominent barriers to online grocery shopping in South Africa are.

Table 7.3: Factors barring consumers from participating in online grocery shopping

<table>
<thead>
<tr>
<th>FACTORS BARRING CONSUMERS FROM PURCHASING THEIR GROCERIES ONLINE</th>
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</thead>
<tbody>
<tr>
<td>OBJECTIVE (LITERATURE REVIEW)</td>
</tr>
<tr>
<td>To explore possible barriers for the South African consumers not to participate in online grocery shopping, through a review of available literature on the topic.</td>
</tr>
</tbody>
</table>
LITERATURE FINDINGS

- Table 1.2 listed the most common barriers for consumers to online grocery shopping identified by previous authors. These barriers are listed below.
  - Trust and security
  - Loss of entertainment function
  - Website navigation
  - Perceived loss of control
  - Uncertainty
  - Perishability of products
  - Restricted product offerings
  - Complexity of product returns
  - Internet access

- In Section 2.5.2 (and the subsections), each of these barriers and issues pertaining to each of the barriers was discussed.

- Considering Table 1.2 in isolation, the conclusion could be made that lack of trust and security are the most pertinent barriers to online shopping for customers, followed by barriers relating to website navigation and internet access.

OBJECTIVE (PRIMARY DATA)

To identify the most prominent barriers which prevent consumers from partaking in online grocery shopping in South Africa, through focus group discussions.
EMPIRICAL FINDINGS

- Figure 6.4 represents the section of the thematic map representing the barriers to online grocery shopping expressed by the participants of the focus group. Figure 6.4 is again presented below for discussion purposes.

- Section 6.7 extensively discussed each of these themes, categories and codes listed in Table 6.5.

- Many of the barriers identified from the literature were also stated by the participants of the focus groups as barriers. However, from the empirical data, new insights were gained and other barriers were also mentioned and discussed. These ‘new’ barriers could be divided into two groups – general barriers which refer to barriers that might be applicable to other countries and South African-specific barriers. These barriers relates to barriers stated by consumers which reflect issues within the South African-specific landscape. They are divided below:
EMPIRICAL FINDINGS

General Barriers:
- Scale of the household
- Immediacy of the experience
- Time
- Prior planning
- Computer Literacy

South African-specific barriers:
- Availability of (other) resources
- Communication, missing out

Although all of the barriers stated by the participants of the focus groups were important, two barriers were specifically stated by the participants as their main barriers to online shopping. They were firstly, trust and safety, and secondly, time.

CONCLUSION

All the barriers identified from literature also emerged from the empirical data. However, the following should be mentioned:

- Some of the barriers acknowledged from literature were also stated by the participants of the focus groups, but were coded differently during the empirical analysis. These barriers were:
  - Uncertainty coded as level of awareness. This barrier refers to consumers’ lack of knowledge regarding the process of online grocery shopping (Table 1.2 and Section 6.7.2.1).
  - Perceived loss of control discussed as the loss of seeing, feeling and touching of physical products during online grocery shopping. Although coded differently, both of these barriers refers to customers’ unease with the loss of control during online grocery shopping (Table 1.2 and Section 6.7.2.3).
Two of the barriers addressed by literature were contradicted by the empirical data. The conclusion could be made that these barriers, although relevant to international online grocery retailing, are not applicable to South African customers and retailers. These barriers were:

- Website navigation. Section 3.5 discussed the website of an online grocery retailer. The results of the website analysis were presented in Chapter 6. The findings of the website analysis contradicted the findings of the literature review. From the literature, website navigation and design were listed as barriers to online grocery shopping. However, from the website analysis, the conclusion was made that South African retailers’ websites were superior to the websites of the two UK grocers they were compared to. Consequently, website navigation, while important in an e-supply chain, was not considered a barrier to online grocery shopping in South Africa (Table 1.2 and Sections 3.3 - 3.5).

- Restricted product offerings. Table 1.2 and Section 2.5.2.2 discussed customers’ resistance to online shopping as a result of e-grocers not providing online customers with the same product range that is available to store customers. Once again the empirical data contradicted the literature, as participants of the focus groups indicated that they do not have time to go through all the options, but they simply select products they have purchased online before. As a result, restricted product offerings could not be considered a barrier to online grocery shopping in South Africa (Table 1.2, Section 2.5.2.2 and Section 6.7.2.4).

From literature, trust and security were identified as the most prominent barriers against consumers partaking in online shopping. From the empirical data trust, safety and security, as well as time, were listed as the biggest barriers to online grocery shopping. Hence, the conclusion could be made that the single biggest barrier to online grocery shopping for international as well as domestic customers is trust (Table 1.2 and Section 6.7.2.1).
EMPIRICAL FINDINGS

- Figure 7.1 in Section 7.5 below summarises the barriers identified through literature, the focus group discussions as well as the interview with the online operations manager and serves as a summary of barriers to online grocery shopping discussed in this dissertation.

RECOMMENDATIONS

This study mentioned several barriers to online grocery shopping expressed by the consumers. Referring back to the primary objective, the study aimed to explore factors that serve as barriers against online grocery shopping reaching its full potential in South Africa.

All of the barriers addressed by the study should be considered important and retailers should determine which barriers could be overcome and which barriers they should accept as a reality, then try to mediate the barrier in the minds of the consumers.

From the above discussions it could be concluded that trust, safety and the perception of risk is the main barrier to online grocery shopping. Considering this, the following recommendations could be made:

- The biggest issue relating to trust (from both literature and the participants of the focus group) were the consumers’ reluctance to provide (i) their personal information, (ii) their credit card information. The recommendation could be made that consumers’ personal information be used on an online platform only for the purpose of completing the order successfully. Customers should not be bombarded with marketing promotions or contacted for any other reason but to fulfil their order. Secondly, retailers could partner with the banking industry to educate consumers to be more “savvy” when using their credit cards online, as well as informing customers that the risk of credit card fraud is with the merchants and not the customers, as the online manager indicated.

- Also, customers stated that the loss of control made them distrust the service. Loss of control refers to the loss of any physical touch, not being able to select their own products or not having a physical person to speak to. Customers compare online
EMPIRICAL FINDINGS

grocery shopping with conventional grocery retailing. As a result, the recommendation could be made that retailers should design their service in such a way that customers perceive online grocery shopping as similar to real-time shopping, such as having more visuals on the website, allowing customers to purchase products based on expiry date, etc.

Although trust, safety and the perception of risk are the most prominent barriers to online shopping, some recommendations could be made relating to the other barriers as well. These recommendations are briefly discussed below:

- In Section 6.7.2.1, some of the participants indicated that they stopped using the service because of waiting period between ordering the groceries and receiving the groceries. As a result, the recommendation could be made that retailers implement a speed delivery service (at an additional cost), or implement the click-and-collect stores to increase the convenience and usability of the service for customers.

- Personal situations influence the consumers’ perceived usability of the service, hence retailers should focus their time and efforts on marketing the service to a predetermined demographic group, as some South African shoppers will not easily be convinced of the use of the service.

7.4.3 Factors motivating retailers in becoming multi-channelled

To determine what motivated the customers to purchase their groceries online was important. However, the main research question aimed to define reasons for the slow adoption rate of online grocery shopping in South Africa. Considering the fact that there are currently only two South African retailers who offer online groceries for purchase, it was important to determine what would motivate a retailer to become multi-channelled in South Africa, thus offering their groceries for sale in-store as well as online. Table 7.4 below will recap the motivating factors from a retailer’s perspective.
Table 7.4: Factors motivating retailers in becoming multi-channelled

<table>
<thead>
<tr>
<th>FACTORS MOTIVATING RETAILERS TO BECOME MULTI-CHANNELLED</th>
</tr>
</thead>
<tbody>
<tr>
<td>OBJECTIVE (LITERATURE REVIEW)</td>
</tr>
<tr>
<td>To explore possible motivators for the South African retailer to participate in e-tailing, through a review of available literature on the topic.</td>
</tr>
<tr>
<td>LITERATURE FINDINGS</td>
</tr>
<tr>
<td>• Table 1.1 lists five motivating factors named by several previous authors as reasons for retailers to become multi-channelled. These five factors were:</td>
</tr>
<tr>
<td>o Established brand name</td>
</tr>
<tr>
<td>o Strong bargaining power</td>
</tr>
<tr>
<td>o Physical presence</td>
</tr>
<tr>
<td>o Wide reach</td>
</tr>
<tr>
<td>o Competitive advantage</td>
</tr>
<tr>
<td>• Furthermore, Section 2.5.1 elaborates on these motivating factors, mentioning that bricks-and-mortar retailers wanting to become multi-channelled have the advantage of being able to offer customers a more tangible shopping experience, convenient product returns and a variety of available touch points.</td>
</tr>
<tr>
<td>• Considering Table 1.1 in isolation, the conclusion could be drawn that the two biggest motivating factors or advantages that bricks-and-mortar retailers have in becoming multi-channelled would be physical store presence and an established brand name.</td>
</tr>
<tr>
<td>OBJECTIVE (PRIMARY DATA)</td>
</tr>
<tr>
<td>To determine the factors that are motivating retailers to sell groceries online, through an in-depth interview with an online manager.</td>
</tr>
<tr>
<td>EMPIRICAL FINDINGS</td>
</tr>
<tr>
<td>The empirical data on motivating factors for retailers reflected similar results to the literature findings. As a result, the conclusion could be made that these motivating factors would be applicable to other retailers wanting to become multi-channelled in future. The following links the factors from literature with the empirical findings:</td>
</tr>
</tbody>
</table>
FACTORS MOTIVATING RETAILERS TO BECOME MULTI-CHANNELLED

- **Established brand name**, coded as a range of different experiences. This refers to the verbatim quotes by consumers, indicating that they would rather purchase from [SA1] and the online manager speaking about their brand trust (Table 1.2 and Section 6.7.1.1 showing the range of different experiences).

- **Strong bargaining power**, coded as restricted by size of orders. The online manager mentioned how they rely on their delivery partners to expand, in order to keep up with rising demand (Table 1.2 and Section 6.8.2).

- **Physical presence**, coded as immediacy of services. This advantage was specifically addressed by the manager which indicated that their bricks-and-mortar stores have helped them to overcome this barrier in the mind of the consumer. Having a store to which they may return a product or speak to someone sets customers’ minds at ease (Table 1.2 and Section 6.7.2.3)

- **Wide reach**, coded as logistics and reliability. Section 6.7.2.4 illustrated how the e-grocers expand on delivery. The online manager also indicated that they follow a pick-from-store model to fulfil online orders, and hence they have a wide range of customers for whom they are able to provide the service (Table 1.2 and Section 6.7.2.4).

- **Competitive advantage**, coded as strategic alignment. During the interview the online manager stated that they initially started with the service to stay competitive in a market with high competition from other retailers (Table 1.2 and Section 6.4.1.2).

CONCLUSION

To conclude, several motivating factors or advantages of bricks-and-mortar retailers in becoming multi-channelled are discussed above. The biggest advantages, both from literature and the empirical data, included an established brand name and physical store presence. However, the single most important motivating factor is an established brand name, as retailers could utilise their established brand name to bargain with suppliers when considering the online channel. Also, customers would be more willing to purchase groceries online from a retailer with an established brand and, lastly, to keep competitive in
### FACTORS MOTIVATING RETAILERS TO BECOME MULTI-CHANNELLED

A market with many competitors, retailers will have to prove to customers that they are able to stay ahead of their competitors and are able to offer the same services.

### RECOMMENDATIONS

The purpose of determining factors that serve as motivators for retailers to become multi-channelled retailers was to provide other retailers in South Africa with some basis for considering online grocery selling and to determine whether it would be a lucrative market from them to expand into.

The following recommendations are made:

- Potential retailers should ensure they exploit these advantages when implementing an online grocery ordering platform.
- The two existing retailers can draw on these advantages to overcome some of the consumers' barriers listed in Table 7.3.
- Bricks-and-mortar retailers should build on and utilise their brand name by staying competitive and offering customers an online service.
- From the literature and the empirical research, it is apparent that customers use the e-grocers' website (although sometimes just for browsing). Thus, other bricks-and-mortar retailers will have to consider offering online grocery shopping as a service to their customers, to ensure they stay competitive as a grocery retailer in South Africa.

### 7.4.4 Barriers experienced by retailers with online grocery shopping

In determining the issues contributing to the slow adoption rate of online grocery shopping, it is important also to consider the barriers faced by retailers on a day-to-day basis. As seen in Chapter 6, many of the barriers stated by the consumers were also experienced by the retailer from a different perspective. Table 7.5 covers the barriers experienced by retailers.
Table 7.5: Barriers experienced by retailers with online grocery shopping.

<table>
<thead>
<tr>
<th>BARRIERS EXPERIENCED BY RETAILERS WITH ONLINE GROCERY SHOPPING</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OBJECTIVE (LITERATURE REVIEW)</strong></td>
</tr>
<tr>
<td>To determine possible barriers for retailers offering online groceries for purchase in South Africa, through a review of available literature on the topic.</td>
</tr>
<tr>
<td><strong>LITERATURE FINDINGS</strong></td>
</tr>
<tr>
<td>• Table 1.2 listed some barriers for retailers in online grocery shopping identified by previous authors. These barriers are listed below.</td>
</tr>
<tr>
<td>o Start-up cost</td>
</tr>
<tr>
<td>o Slow adoption rate</td>
</tr>
<tr>
<td>o Cannibalisation of channels</td>
</tr>
<tr>
<td>o Logistical complexity</td>
</tr>
<tr>
<td>• In Section 2.5.2 (and the subsections), each of these barriers and issues pertaining to each of the barriers were discussed.</td>
</tr>
<tr>
<td>• The barriers identified from literature referred to barriers that retailers experienced before venturing online, while the barriers identified from the empirical data speak more to barriers experienced by the retailer on a day-to-day basis. However, all of the barriers identified from literature were also mentioned by the online manager.</td>
</tr>
<tr>
<td><strong>OBJECTIVE (PRIMARY DATA)</strong></td>
</tr>
<tr>
<td>To identify the most prominent barriers for South African retailers to online grocery retailing, through an in-depth interview with an online manager.</td>
</tr>
<tr>
<td><strong>EMPIRICAL FINDINGS</strong></td>
</tr>
<tr>
<td>The empirical data on barriers to online grocery shopping for retailers were embedded in the discussion on customers’ barriers to online shopping, to allow the researcher to argue each barrier as a whole. However, for the purpose of this discussion, they will be listed separately.</td>
</tr>
</tbody>
</table>
Two groups of barriers can be distinguished: first, general barriers and, secondly, supply chain barriers. The latter was categorised and will be discussed later as it addresses a specific research objective. New barriers were identified through the interview with the online manager; these barriers were not present in any of the literature discussed in the first chapters. As a result, these barriers could be considered **South African-specific barriers**. They are as follows:

- **Trust** – trust was listed as a barrier to retailers, as retailers need to instil trust in their customers, but they also have to trust their delivery partners (Section 6.7.2.1).
- **Excessive planning** – the online manager mentioned the level of planning involved in preparing for peak events. Also, the importance of determining the number of employees to appoint for the customer call centre (Section 6.7.2.3 and Section 6.7.2.4).
- **Types of products sold online** – certain products such as non-perishable products present additional difficulty to online grocery retailers (Section 6.7.2.5)
- **Benchmarking issues** – because of the slow adoption rate of online shopping and seeing that there are only two e-grocers in South Africa, the online manager indicated that it is difficult to implement new service offerings, as there is no one to benchmark these practices against (Section 6.4.2.3).
- **Strategic alignment of online with business as a whole** – although this could be retailer-specific, the online manager explicitly highlighted how a lack of buy-in from top management served as a major barrier to the successful implementation and growth of their online grocery retailing division (Section 6.4.1.2).

The general barriers which were identified by both the literature as well as the empirical data will be discussed in the conclusion below.

**CONCLUSION**

As stated earlier, determining barriers experienced by the two e-grocers in South Africa could provide clarity on the main research question. Although the ‘new’ barriers emerging from the interview with the online manager are important, they were not the only barriers...
identified from the empirical data. The online manager also mentioned most of the barriers discussed as part of the literature study. Thus, the following general barriers are considered the most prominent barriers experienced by online grocery retailers.

- **Start-up cost**, coded as cost. During the interview with the online manager, he contradicted the literature findings which stated that bricks-and-mortar retailers can expand to include an online platform at a relatively low cost. He stated that the cost of online is staggeringly high, considering the delivery fee, order fulfilment and inventory holding cost (Table 1.2, Sections 2.4.2.1, 2.5.1.1 and 6.7.2.4).

- **Slow adoption rate**, coded as availability of other resources. This issue speaks to one of the main reasons for the low adoption rate of online grocery retailing in South Africa - customers in South Africa have so many options (i.e. retail stores) to choose from (Table 1.2, Sections 2.5.2.1 and 6.7.2.1).

- **Cannibalisation of channels**, discussed as part of stock availability. The online manager specifically refers to the way they are cannibalising their in-store sales to fulfil online customer orders (Table 1.2 and Section 6.7.2.5).

- **Logistical complexity**, coded as logistics and reliability. The only manager explicitly refers to a range of specific logistical issues around online order fulfilment and delivery (Table 1.2 and Section 6.7.2.4).

One of the advantages of qualitative research is rich descriptive data. This can be noted from the findings above. Many ‘new’ barriers were listed by the online manager. Considering that the study is the first of its kind in South Africa, it could be argued that these ‘new’ barriers could be South African-specific, whereas the other ‘general barriers’ could be considered barriers of online grocery shopping in general.

**RECOMMENDATIONS**

Many new insights were gained from these objectives; as a result, a few recommendations could be made on how to use the findings.

- **Additional research** – as mentioned several times during the dissertation, qualitative research is an excellent data collection method to study a new
phenomenon of which little is known. However, the data should be used to compile a quantitative questionnaire to determine the extent of each theme, category or code in the greater context of the study. All barriers listed above are important, although it is difficult to determine which of these barriers are the most pertinent, as only one online manager of one of the two e-retailers in South Africa was interviewed. Thus, the recommendation could be made that these barriers be converted to a questionnaire and distributed among several of the employees working in the two e-grocers’ online divisions to determine the extent of each barrier.

- South African-specific barriers – these barriers should be taken into account for any bricks-and-mortar retailer who considers venturing into online grocery shopping. Factors such as gaining top management’s commitment and studying the practices of the two e-grocers already online should be considered extremely important before considering online implementation.

- General barriers – the general barriers listed above are unavoidable. However, retailers should be mindful of these barriers and try to develop processes to minimise these barriers. Some recommendations relating to each general barrier are listed below:

  o **Cost** – determining how cost could be reduced by order fulfilment from a dark store instead of from a pick-from-store model.
  o **Slow adoption rate** – implementing click-and-collect stores to use the variety of retail store options to the advantage of the e-grocer.
  o **Cannibalisation of sales** – focusing on ‘new’ customers who need the service, as discussed earlier (i.e. because of health issues).
  o **Logistical complexity** – using delivery vans supplying small stores also to do online home delivery, cutting costs and delivery planning time.
7.4.5 The role of a retailer’s website in online grocery shopping

Chapters 3, 5 and 6 cover to a large extent an e-grocer’s website as the first touch point with consumers and the source of order generation for the retailer. Table 7.6 below will recap the website analysis and findings.

Table 7.6: The role of a retailer’s website in online grocery shopping

<table>
<thead>
<tr>
<th>THE ROLE OF A RETAILER’S WEBSITE IN ONLINE GROCERY SHOPPING</th>
</tr>
</thead>
<tbody>
<tr>
<td>OBJECTIVE (LITERATURE REVIEW)</td>
</tr>
<tr>
<td>To determine the importance of a retailer's website in online grocery shopping, through a review of available literature on the topic.</td>
</tr>
<tr>
<td>LITERATURE FINDINGS</td>
</tr>
<tr>
<td>Several important conclusions could be made from the literature study on the importance of a website as the first touch point with consumers in an e-supply chain. These findings include:</td>
</tr>
<tr>
<td>• Product information quality is extremely important on e-grocers’ websites. This information includes nutritional information and any other information consumers would be able to get from a product in-store (Section 3.3.3.1).</td>
</tr>
<tr>
<td>• Customer service quality refers to the immediacy of the service. E-grocer websites need to have an option for consumers to make contact with the retailer and to solve problems themselves (Section 3.3.3.2).</td>
</tr>
<tr>
<td>• E-business quality speaks to the design of the website. Consumers should be able to find information on products easily – a well-designed website is as important as a well-designed store (Section 3.3.3.3).</td>
</tr>
<tr>
<td>• Website usability and ease of navigation - most authors referred to website navigation as the ease with which consumers can complete the order. It is important that the e-grocer’s website should assist the consumers to finalise the order as quickly as possible (Section 3.3.3.4).</td>
</tr>
</tbody>
</table>
THE ROLE OF A RETAILER’S WEBSITE IN ONLINE GROCERY SHOPPING

OBJECTIVE (PRIMARY DATA)

To determine the quality of South African e-grocers’ websites, by comparing them to UK based e-grocers' websites by means of a previously-developed framework.

EMPIRICAL FINDINGS

Table 6.1 summarised the empirical findings relating to the website analysis. However, the most important findings will be summarised below.

- All e-grocers’ websites achieved the best in the customer service quality category (Section 6.2).
- Two features were missing from all four websites. None of the websites featured links to other home pages with recipes and none of the websites contained music (Section 6.2).
- One South African retailer’s website [SA1] scored considerably higher than the other South African retailer’s website [SA2] (Section 6.2).
- [SA1] was the only retailer of the four retailers to provide their customers with the option of asking a store nutritionist some questions (Section 6.2).
- Considering the websites of the two UK e-grocers, a similar situation was noted. One e-grocer [UK1] had several more features on their website than their competitor [UK2] (Section 6.2).
- The UK e-grocer websites performed better in terms of product information quality (Section 6.2).

CONCLUSION

A website is the first touch point with the customer in an e-supply chain. An effective website is critically important in an online grocery supply chain as it replaces the conventional retail store, and should therefore allow customers to conduct the ordering process in a similar way to the way they would have done in-store.

The website analysis served as a way to determine how effective South Africa e-grocers’ websites are in comparison to the websites of successful e-grocers in the UK. The
conclusion could be made that, although there is room for improvement, South African e-grocers’ websites are generally well designed.

RECOMMENDATIONS

Considering the website’s importance in an e-supply chain, the following recommendations could be made with regards to websites:

- E-grocers should evaluate and update their websites continually to keep up with the changing customer needs.
- Overall, the websites scored lower in the e-business quality and product information quality categories, so e-grocers could focus on elements listed under these categories to improve their website functionality.

7.4.6 Supply chain-specific barriers to online grocery shopping

Most of the barriers and motivators to online shopping have been covered. However, it is important for the purpose of this study to stipulate specifically the supply chain barriers. Table 7.7 below will briefly cover the supply chain barriers covered by this study.

Table 7.7: Supply chain-specific barriers to online grocery shopping

<table>
<thead>
<tr>
<th>SUPPLY CHAIN-SPECIFIC BARRIERS TO ONLINE GROCERY SHOPPING</th>
</tr>
</thead>
<tbody>
<tr>
<td>OBJECTIVE (LITERATURE REVIEW)</td>
</tr>
<tr>
<td>To determine supply chain-specific barriers to online grocery shopping, through a review of available literature on the topic.</td>
</tr>
<tr>
<td>LITERATURE FINDINGS</td>
</tr>
<tr>
<td>The literature discussed several supply chain barriers or challenges to online grocery shopping. These are briefly recapped below:</td>
</tr>
<tr>
<td>- Order fulfilment or warehousing challenges. Section 4.3.1 explains the different order fulfilment options. This is considered a barrier, as there is no perfect fulfilment</td>
</tr>
</tbody>
</table>
SUPPLY CHAIN-SPECIFIC BARRIERS TO ONLINE GROCERY SHOPPING

option; each of these models holds different motivators and barriers.

- Information-sharing in the supply chain: the extent to which this barrier affects a retailer will depend on the type of fulfilment model they use. However, effective information-sharing could increase order fulfilment success rate (Section 4.4).
- The delivery process associated with online grocery shopping is also a barrier for the retailer. Home deliveries challenge the cold supply chain of the retailer (Section 4.6.1).
- Product returns in an online grocery supply chain create difficulty to track inventory in real time (Section 4.6.5).

OBJECTIVE (PRIMARY DATA)

To determine the most prominent barriers to fulfilling an online grocery order in South Africa, through an in-depth interview with an online manager.

EMPIRICAL FINDINGS

Many of the empirical findings correlated with the finding of the literature review. As a result, the empirical findings will be discussed under the same categories as listed above.

- During the interview, the online manager explained how order fulfilment from a dark-store would provide them with better stock availability; however, the cost of fulfilling orders from this model is staggeringly high (Section 6.8.1).
- The manager indicated that they have used information-sharing in the supply chain to overcome their poor stock availability by refreshing the stock data every fifteen minutes (Section 6.8.1).
- Delivery was also mentioned as a barrier or challenge by the online manager. The size of some of the home deliveries have challenged their delivery partners and cannibalised their in-store sales (Section 6.8.2).
CONCLUSION
To conclude, the supply chain barriers addressed by both the literature as well as the empirical data reflect the immature nature of e-supply chains in South Africa. Many of the issues faced by these retailers are a result of a lack of information on how to better manage their e-supply chains. Also, because there are currently only two e-grocers in South Africa, retailers do not have a way of benchmarking their supply chain practices to determine how they can improve. Nevertheless, in answering the research question, stockouts and the retailer’s inability to reliably source what the customers have ordered could be considered the single biggest barriers that retailers face.

RECOMMENDATIONS
Concerning the barriers discussed above, a few recommendations could be made:

- Retailers should determine at what stage stock-outs, resulting in inferior customer service, outweigh the cost of fulfilling orders from a dark-store. Section 4.3.1.5 discusses the integrated approach to order fulfilment, which could be a potential solution to minimise this barrier.
- Although retailers are going to great lengths to update their inventory information continually, they could do even more by integrating delivery partner and supplier information to the system to predict future stock availability.
- The manager addressed the possibility of click-and-collect stores, as this service could potentially help the retailer to cut down on the cost of delivery while still providing the service to the customers.

This section of the dissertation covered each secondary objective individually, considering both the literature and the empirical findings of each secondary objective to draw conclusions and make recommendations.

Chapter 1 also listed the primary objective and the main research question of the study. To conclude this section, the primary objective will be revisited and answered by means of Figure 7.1 below; thereafter, Figure 7.1 will be used to answer the main research question of the study.
7.5 REVISITING THE PRIMARY OBJECTIVE

Chapter 1 discussed the main research question. Subsequently, the primary objective was set to answer the main research question, followed by the secondary objectives to answer the primary objective and ultimately the main research question. The primary objective listed in Chapter 1 is:

- To explore barriers to and motivators of online grocery retailing in South Africa.

In the previous section (Section 7.4), each secondary objective was discussed individually. The main findings of the secondary objectives will be condensed in Figure 7.1 below, only to highlight the single most important barrier or motivator of each secondary objective.

Figure 7.1: Most prominent barriers and motivators identified from the study

Figure 7.1 illustrates and answers the primary objective of this study. The purpose of the primary objective was to answer the main research question. By answering the primary objective, the main research question could also be answered. This will be done in the section below.
7.6 ANSWERING THE MAIN RESEARCH QUESTION

The purpose of this study is encapsulated in the main research question. Chapter 1 lists the main research question as:

- Despite many reasons for and advantages attached to online shopping for both retailers and customers, what are the barriers hindering online grocery shopping from reaching its full potential in South Africa?

The above section covered the reasons or advantages of online grocery shopping for both retailers and customers. However, as seen from the main research question above, the focus of the study was to determine the main barriers to online grocery shopping in an attempt to determine why other countries have been so successful in adopting this new model of grocery retailing. Considering Figure 7.1, the following arguments could be made as to reasons for the slow adoption rate of online grocery shopping in South Africa.

From the customers’ perspective trust, safety and the perceived risk are the biggest barriers to online shopping. This is understandable, considering that half of the participants of the focus groups had fallen victim to credit card or internet banking fraud (Section 6.7.2.1) and that South Africa has the second highest internet banking fraud rate in the world (Section 2.5.2.1). Even the retailer indicated that e-commerce is not a trustworthy place (Section 6.7.2.1).

From the retailer’s perspective, their fulfilment model was listed as the biggest barrier to expanding the service. The manager indicated that fulfilment from a dark-store would increase their stock-availability, but is not sustainable in terms of cost (Section 6.4.1.1). This is also one of the main differences between retailers for the UK and South African e-grocers. The pick-from-store model that South African retailers currently use might be more affordable, but it creates barriers in terms of stock availability (Section 6.7.2.5), delivery (Section 6.7.2.4) and the planning needed to fulfil the order (Section 6.7.2.3).
The section above concludes the findings of this dissertation. The following sections will consider the limitations of the study and possible future research focus areas.

7.7 LIMITATIONS OF THE STUDY

As with any research, the limitations of the researcher could potentially affect the outcomes of the study. It is important to discuss clearly all limitations of a study, as they can provide direction for improvement of future research. Some of the limitations recognised by the researcher will be discussed in the section below:

- Sampling could be considered a limitation of the study, firstly relating to the participants for the focus groups. Unfortunately, the researcher did not have a customer data base which could be consulted to select participants by means of probability sampling. Consequently, the participants were selected using non-probability, snowball sampling. This method limited the researcher in terms of the sample of individuals to contact to be participants for the focus groups. Many of the potential participants could not avail themselves on the day and time the focus groups were scheduled. As a result, the researcher was restricted in relation to the demographic profile of the focus groups. Nevertheless, the participants who were present for the focus group were insightful and forthcoming with their opinions on the topic discussed. Both the researcher and the independent facilitator were satisfied that the data collected during the focus group was of a high quality and that saturation was reached.

- Secondly, seeing as the focus groups were only conducted in Pretoria, the sample of participants was restricted to one geographical area. This could influence the results of the study, as Pretoria is a metropolitan city, containing many shopping malls and retail outlets. As a result, the generalisablity of the data from the focus group discussions could be affected, as grocery stores are easily accessible anywhere in Pretoria.
Thirdly, the group of online managers suitable to interview for the study represented a limitation. As there are only two e-grocers in South Africa, the ideal would have been to have a perfectly representative sample and to compare the opinions of the two e-grocers with one another to identify common barriers and motivators. Unfortunately, due to the immature nature of online grocery shopping in South Africa, only one employee from each e-grocer, the online operations manager, was identified as a suitable interviewee for the study. Regrettably, because of the strategic nature of the information requested, one of the online managers declined to participate in the study. Nevertheless, the information collected from the manager who did agree to participate was extremely insightful and enriched the study immensely.

Another limitation could be the impact of the heterogeneous nature of online grocery shopping in South Africa. As one of the focus group participants mentioned, the perceived satisfaction level of consumers is greatly determined by which e-grocer the participant had purchased from. Since one of the e-grocers declined to be interviewed, the researcher could not draw comparisons on the barriers and motivators to online grocery retailing that the e-grocers share or do not share. Also, because of the lack of this second perspective, the researcher could not make a recommendation as to the most appropriate e-grocer retailing model for South African retailers to address the barriers faced by both retailers and consumers.

Whenever research is done on a topic pertaining to the internet, the ever-changing nature of the internet will be a limitation to the study. Changes in technology, operating systems and even the design of the website all form part of possible variables that could affect the results of the study, had it been done a few months prior or later.

The section above outlined some of the limitations of the study identified by the researcher. However, mention should also be made of possible future research which could be conducted on this topic, as this could broaden the understanding of online
grocery shopping, specifically relating to the South African context. The section below will
discuss possible future focus areas within this topic.

7.8 FUTURE RESEARCH DIRECTIONS

The following possible research focus areas were identified by the researcher during the
course of this dissertation. These focus areas within the broader topic of online grocery
shopping could provide more insight into the apparently slow adoption rate of online
grocery shopping in South Africa.

- The barriers and motivators identified in this study could be applied to other online
  retailing formats to determine which of the issues identified in the study is only
  applicable to e-grocers and which are commonly shared by all e-retailers in South
  Africa.
- Qualitative data collection methods were used for this study. The information
  collected from qualitative data is much ‘thicker’ than quantitative data. However, the
  sample size for qualitative data is significantly smaller, compared to quantitative
  data samples. This creates difficulty with relation to the generalisability of
  qualitative research. Future research could draw on the qualitative findings of this
  research to develop a quantitative questionnaire which could be tested on a much
  larger participant sample, increasing the generalisability of the research findings.
- Quantitative research could also be done to determine the profitability of the online
  channel as a possible business opportunity for grocery retailers not partaking in
  online grocery shopping at the moment.
- Another interesting possible research avenue could be to test the perceptions of
  non-shoppers before and after the use of the online grocery shopping service. This
  could be done by conducting a focus group with participants who have never
  purchased groceries online, asking them similar questions to the questions asked in
  the non-shopper focus groups. They could then be asked to go home and purchase
  groceries online, as they could then share their experiences afterwards. This could
  provide potentially interesting insights into what the perceived barriers are versus
  what the actual barriers should be.
7.9 CONCLUSION

Chapter 7 started by revisiting each of the chapters, summarising the essence of each chapter. Furthermore, Table 7.1 indicated which chapter of the literature study and which part of the empirical study addressed each objective.

The main purpose of Chapter 7 was to discuss each secondary objective individually by considering the literature and the empirical findings, to draw conclusions and make suggestions. The reason for meticulously addressing each secondary objective was to answer the primary research objective and ultimately the main research question. From the findings made in Tables 7.2 - 7.7, the following conclusions could be made:

The main reason why South African customers start to purchase their groceries online is because they perceive the service as convenient. The service could potentially make their lives easier, whether because of household, personal or work requirements. They perceived online grocery shopping as the answer to some of the challenges they face on a day-to-day basis. From the retailer’s perspective, they started to provide the service online because they wanted to stay competitive in a market with high competition; hence, they wanted to draw on their established brand name to expand their current service offerings.

The primary research objective also focused on barriers to online grocery shopping in South Africa. At the heart of customers’ hesitancy to purchase their groceries online, was their discomfort in providing their personal details, especially their credit card details online. This barrier was prominently identified by the literature, as well as by the empirical findings. Customers perceive e-commerce as a suspicious place, barring them from purchasing items online. From the retailer’s perspective, he indicated that the biggest challenge they face is to reliably source what customers order, indicating that the average error per order is 8%, implying that there is on average an 8% difference between what customers order and what they receive. This has negative implications on the customers’ perception of the service, on the retailer’s brand name and ultimately on the profitability of the service.
This chapter also made several recommendations based on the conclusions of each objective. In general, the main recommendations included educating the customer in terms of the process of order fulfilment and their security relating to online orders. For retailers, the main recommendations included expanding the service to meet specific customer needs - for example, same-day delivery or click-and-collect stores.

To conclude, it could be said that customers have a range of different experiences or levels of engagement with online grocery shopping. Online grocery shopping is distinct from other types of shopping and is often experienced as less pleasurable as a stand-alone activity. A number of issues motivate customers to participate, such as personal and lifestyle issues, and retailers should internalise the issues identified by this study to improve customers' overall online grocery shopping experience.
8 LIST OF REFERENCES


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APPENDIX A

- ETHICAL CLEARANCE CERTIFICATE-
DEPARTMENT OF BUSINESS MANAGEMENT RESEARCH ETHICS REVIEW COMMITTEE
22 September 2014

Dear Ms Alicia Snyman,

Decision: Ethics Approval

Name: Ms Alicia Snyman – Principal Researcher (makambe2006@gmail.com; 0771520987)


Qualification: Postgraduate degree

Thank you for the application for research ethics clearance by the Department of Business Management Research Ethics Review Committee for the above mentioned research. Final approval is granted for the duration of the project from the date of issue.

For full approval: The application was reviewed in compliance with the Unisa Policy on Research Ethics by the Department of Business Management on 17 September 2014.

The proposed research may now commence with the proviso that:

1) The researcher/s will ensure that the research project adheres to the values and principles expressed in the UNISA Policy on Research Ethics.

2) Any adverse circumstance arising in the undertaking of the research project that is relevant to the ethicality of the study, as well as changes in the methodology, should be communicated in writing to the Department of Business Management Ethics Review Committee. An amended application could be requested if there are substantial changes from the existing proposal, especially if those changes affect any of the study-related risks for the research participants.

3) The researcher will ensure that the research project adheres to any applicable national legislation, professional codes of conduct, institutional guidelines and scientific standards relevant to the specific field of study.

Kind regards,

Dr JO Cilliers (Vice-chair) on behalf of
Prof Watson Ladzani
Chairperson of the sub-unit RERC
Department of Business Management

Prof Raphael Mpofu
Executive Dean
College of Economic and Management Sciences
APPENDIX B

- INTERVIEW DISCUSSION GUIDE-
INTRODUCTION

Good morning. My name is Alicia Snyman.

I am very pleased you have agreed to meet with us today. You have specifically been asked to participate as your experience on this topic is important. I realize that you are very busy and I sincerely appreciate your time given to be here.

We are here to talk about online grocery shopping.

This interview should not take more than two hours. May I tape the discussion to facilitate its recollection? *(If yes, switch on the recorder)*. Despite being taped, I would like to assure you that the discussion will be anonymous. The tapes will be kept safely until they are transcribed word for word. The transcribed notes will contain no information that would allow individual subjects to be linked to specific statements. Also your company’s name will appear nowhere in the research. It will only be referred to as [SA1].

Do you have any questions or comments before we start?

**QUESTION ONE:**
Please tell me what your job entails on a day-to-day basis.

**QUESTION TWO:**
Why did you initially decide to move your offerings to online?

**QUESTION THREE:**
Please explain in as much detail as possible the process your company took to move from a purely bricks-and-mortar retailer to becoming multi-channelled (i.e. selling both in-stores and online)?
**QUESTION FOUR:**
What have been some of your biggest challenges in moving online?

*Probe: How did you overcome/manage these challenges?*

**QUESTION FIVE:**
Please describe in as much detail as possible the online order fulfilment process.

*Probe:*
- Who receives the order?
- How are the products picked and packaged from the shopping cart?
- What warehousing system do you use?
- What is the delivery policy?
- What are some of the reasons for comebacks?
- How do you manage comebacks?

**QUESTION SIX:**
Specifically considering the last part of the order fulfilment process, are you considering 'click-and-collect' stores?

**QUESTION SEVEN:**
How do you think your company compares to grocery retailers in the rest of the world, more specifically the UK?

**QUESTION EIGHT:**
Do you have plans to introduce mobile applications as a way of placing online grocery orders?

*Probe: If yes – what are your plans?*

  *If No – why not?*
QUESTION NINE:
Knowing the process now, what would you have done differently to improve the cross-over from pure bricks-and-mortar retails to becoming a multi-channel retailer?

QUESTION TEN:
Do you advertise your online shopping?
Probe: How and where?

QUESTION ELEVEN:
Considering your website – what are some of the features you as a retailer find the most useful and in your experience what are the features that the consumers find most useful?

QUESTION TWELVE (CONCLUDING QUESTION):
Do you have any other comments or remarks?

CONCLUSION
Thank you for participating in study. It was a successful discussion. Your opinions will be a valuable asset to the study.

We hope that you have found the discussion valuable and interesting.

If there is anything you are unhappy about or wish to complain about or just want to draw my attention to, please feel free to do so. I would like to remind you that your opinions and comments are completely anonymous.

Please remember to hand back your signed consent form.
INTRODUCTION

Good morning. My name is Alicia Snyman.

I am very pleased you have agreed to meet with us today. You have specifically been asked to participate as your experience on this topic is important. I realize that you are very busy and I sincerely appreciate your time given to be here.

We are here to talk about online grocery shopping. This focus group was designed to assess your current thoughts and feelings about online grocery shopping. Please note that there are no right or wrong answers. Please feel free to speak up when you have a point you would like to make.

This interview should not take more than two hours. May I tape the discussion to facilitate its recollection? (If yes, switch on the recorder). Despite being taped, I would like to assure you that the discussion will be anonymous. The tapes will be kept safely until they are transcribed word for word. The transcribed notes will contain no information that would allow individual subjects to be linked to specific statements.

GROUND RULES:

- Only one person speaks at a time
- You do not have to speak in any particular order
- When you have something to say, please do so
- You do not have to agree with the views of other people on the group

Does anyone have any questions or comments before we start?
**QUESTION ONE:**
I would like to begin by going around the table and asking each of you to tell us a little about yourself and when you started to purchase goods on the internet.

**QUESTION TWO:**
Before you started to purchase your groceries online, what was prohibiting (stopping) you from purchasing groceries/food online?

Probe:
- Why would this factor stop you from purchasing groceries online?
- After your first purchase, did you still have the same opinion/fear about online grocery shopping?
- How did this opinion change after your first purchase?

**QUESTION THREE:**
Please tell me why you initially started to purchase goods online (but more specifically) online grocery shopping?

**QUESTION FOUR:**
What type of grocery products have you purchased online?

Probe: Have you purchase perishable food products? If yes – were you satisfied with the quality of the products?

**QUESTION FIVE:**
Do you partake in any other online shopping? (i.e. Products other than food products?)

Probe: If yes
- How frequently do you purchase online groceries in comparison to other products online? 
  (If participant indicates that they purchase one more than the other, ask probing questions to determine why this is the case)
  - Example: “Could you explain why you purchase ‘shoes’ more than ‘groceries’ online?"
- What type of products do you mostly purchase online?
QUESTION SIX:
How would you compare the online ordering website of your favourite e-grocer to that of a conventional online shopping website?

Probe: What are some of your favourite (or most used) features on the grocery website and also on other online shopping websites?

QUESTION SEVEN:
If you could make any changes to the website of your favourite e-grocer, what would the changes be?

Probe:
- Why would you make that specific change?
- How would this feature improve your shopping experience?

QUESTION EIGHT:
Please tell me what your first (and if applicable) other experiences were with online grocery shopping? Where you in general satisfied or dissatisfied?

Probe: Overall positive or negative experience?

QUESTION NINE:
What were some of your positive experiences with grocery shopping?

Probe:
- How did you find it useful?
- Do these benefits overshadow the negatives with relation to online shopping, as mentioned previously?

QUESTION TEN:
What do you think the process of fulfilling your order entails? What happens once you have placed your order up to where the order gets delivered to you?

Probe: If an order gets delivered to you and it is NOT what you wanted or ordered – what do you think went wrong? How was the mistake made?
QUESTION ELEVEN (CONCLUDING QUESTION):

If you make any changes or suggestions to online grocery retailers, what would they be?

CONCLUSION

Thank you for participating in the study. It was a successful discussion. Your opinions will be a valuable asset to the study.

We hope that you have found the discussion valuable and interesting.

If there is anything you are unhappy about or wish to complain about or just want to draw my attention to, please feel free to do so afterwards. I would like to remind you that your opinions and comments are completely anonymous.

Please remember to hand back your signed consent form as well as your personal information form to me before you leave.
INTRODUCTION

Good morning. My name is Alicia Snyman.

I am very pleased you have agreed to meet with us today. You have specifically been asked to participate as you can give insight into some of the barriers to online shopping. I realize that you are very busy and I sincerely appreciate your time given to be here.

We are here to talk about online grocery shopping. This focus group was designed to assess your current thoughts and feelings about online grocery shopping. Please note that there are no right or wrong answers. Please feel free to speak up when you have a point you would like to make.

This interview should not take more than two hours. May I tape the discussion to facilitate its recollection? (If yes, switch on the recorder). Despite being taped, I would like to assure you that the discussion will be anonymous. The tapes will be kept safely until they are transcribed word for word. The transcribed notes will contain no information that would allow individual subjects to be linked to specific statements.

GROUND RULES:

- Only one person speaks at a time
- You do not have to speak in any particular order
- When you have something to say, please do so
- You do not have to agree with the views of other people on the group

Does anyone have any questions or comments before we start?
QUESTION ONE:
Firstly, do all of you know about online shopping?

Probe:
• Have you heard of it?
• Do people you know use it?

QUESTION TWO:
How do you currently do your grocery shopping?

QUESTION THREE:
Would you consider buying your groceries online?

Probe:
• If yes – what do you think the benefits will be?
• If No – why not? What is stopping you from purchasing your groceries online?

CONCLUSION

Thank you for participating in the study. It was a successful discussion. Your opinions will be a valuable asset to the study.

We hope that you have found the discussion valuable and interesting.

If there is anything you are unhappy about or wish to complain about or just want to draw my attention to, please feel free to do so afterwards. I would like to remind you that your opinions and comments are completely anonymous.

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