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Developing a new Internet grocery retail shop concept

for the Indian customers

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Developing a new Internet grocery retail shop concept

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Degree Programme in Service
Innovation and Design
Master's thesis
September, 2013

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Developing a new Internet grocery retail shop concept for the Indian customers

Year   2013   Pages   75

The main purpose of the thesis is to develop a new Internet grocery retail shop concept for Indian customers in the capital region of Finland. The aim is to understand the various factors to be considered when setting up an Internet grocery retail shop.

The thesis report consists of an introduction, and chapters describing the theoretical framework, benchmarking, collection and analysis of empirical data and implementation details of the Internet grocery retail shop. The theoretical framework discusses electronic retailing and different aspects of Internet shopping. It also discusses the value chain model and the various elements of a business plan.

The thesis project was carried out as action research. The benchmarking of the Internet retail shop was performed by analysing the features of two existing Internet grocery retail shops in Europe.

The empirical data for the thesis project was collected through a survey and pilot testing. The survey, which was distributed via email and social media, was answered by 26 respondents. A website for the Internet retail shop was built and pilot testing was performed, where a group of 10 people were asked to use the website and place orders using the website. Deliveries for the orders were made and feedback was obtained regarding the website and the whole delivery process.

As a result, a business plan for the Internet grocery retail shop was made. Based on the research data and the business plan, a new Internet grocery retail store for Indian customers was started during April 2013.

Table of Contents

1 Introduction

The purpose of this thesis is to develop a new Internet grocery retail shop concept for the Indian customers in the Helsinki metropolitan region in Finland.

The motivation for a research in developing a new grocery store service for Indian customers arises from the author's own experience of the grocery purchases from the grocery stores. The author experienced many inconveniences during his grocery shopping experience. The inconveniences are related to the carrying the grocery items from the grocery store to home. The weight of groceries is around 10 - 15 kilograms, so the author found it extremely difficult to carry the grocery items from the grocery store to his home. The author finds the climatic conditions in Finland to be extreme. So during winter, when the temperatures go below zero degrees centigrade, shopping for groceries seems like a very difficult task. This feeling is shared by most customers of the Indian grocery stores.

Furthermore, the author believes that the grocery stores should deliver the groceries to the customers' homes. For this to be possible there should exist tools which enable the customers to buy the groceries without visiting the stores themselves. The online portals such as website and mobile shopping applications enable the customers to buy the groceries without leaving their homes. The outcome of the thesis is a new grocery retail shop concept for the Indian customers.

1.1 The purpose of the thesis and the main research questions

The purpose of the thesis is to develop a new Internet grocery retail shop concept for the Indian customers.

The main research question of the thesis is: how to develop a new Internet grocery retail shop concept for the Indian customers?

The sub-questions for the theoretical framework include:
- Who are the competing grocery stores for the Internet shop? (Section 2.3)
- What is retail management? (Chapter 3)
- What is electronic retailing? (Chapter 4)
- What is a business idea? (Section 5.1)
- What is Value Chain Model? (Section 5.2)
- What is a business plan and what are its key components? (Section 5.3)

1.2   Structure of the thesis

This thesis has five parts. The first chapter provides an introduction to the thesis along with a main research question. Chapter 2 includes the description about the Indian grocery markets and the competing grocery stores in the Helsinki metropolitan area. Chapters 3, 4 and 5 contain the theoretical framework which includes literature about retail management, electronic retailing, and business idea and business plan. The benchmarking, research and analysis of empirical data is done in Chapters 6, 7 and 8, which include the study of similar businesses and data collection and customer insights using surveys and prototypes. Chapters 9, 10 and 11 contain the implementation details of the business. Chapter 12 of the thesis contains the conclusion. The final part contains of references, interviews and appendices. Table 1 shows the structure of the thesis.

Introduction	
Chapter 1	Introduction about the thesis and main research questions.
Chapter 2	Description about Indian food and Indian grocery markets in Finland
Theoretical framework	
Chapter 3	Retail management and the concepts related to retail management.
Chapter 4	Electronic retailing with focus on benefits and pitfalls of electronic retailing.
Chapter 5	Business idea and business models. This chapter focuses on the various aspects of a business plan and the Value Chain model.
Collection and analysis of empirical data	
Chapter 6	Benchmarking existing Internet grocery retails shops in Europe
Chapter 7	Collection of empirical data.
Chapter 8	Analysis of empirical results.
Implementation	
Chapter 9	Value chain model for the new Internet grocery retail shop
Chapter 10	Business plan for the Internet grocery retail shop
Chapter 11	Implementation details of the Internet grocery retail shop
Conclusion	
Chapter 12	Conclusion

Table 1: Structure of thesis

1.3   Previous research in business concepts

There have been many theses about business concepts and new businesses related to Internet shops. As a research for the thesis, the author studied a few theses that have been written with the business concepts and businesses related to Internet shops. The Table 2 below presents a list of thesis written around these topics.

Author, Year	Name of the thesis
Elizarov Oleg, 2012	Establishing a start-up e-commerce company in Finland
Jovanovic Danijel, 2011	Creating a web store for URC
Dragoi Cristina Alina and Tatosian Cosmin Givan, 2011	Formulating a Feasible business idea in Finland
John Adeyemi, 2011	Retail Supply Chain: Challenges and Prospects
Tuppurainen Hanna, 2007	How to offer quality e-service in a new online store? Case study: IVANAHelsinki Web Shop
Soler Jaume Sala, 2010	The use of web technologies and mobile devices to improve the shopping experience
Li Yueyuan, 2011	Design of Online Shopping System

Table 2: Previous research in business concepts

Elizarov's (2012) thesis focussed on establishing an e-commerce company in Finland. The thesis, which was based on an e-commerce company established in July 2011, describes the entire process of establishing a business in Finland. The thesis describes all the common issues for new businesses such as registration, taxation, funding, licensing, and bookkeeping. The thesis also describes the entire start up process including the analysis of the various business aspects of the enterprise.

Jovanovic's (2011) thesis demonstrates the creation of a working web store with the use of screenshots and also explains the steps to place it online. The thesis explains the various steps involved in setting up an website such creating a webstore, purchasing a domain name, online payment methods, marketing the web store etc.

Dragoi and Tatosian (2011) wrote their bachelor's thesis on formulating a feasible business idea and creting a preliminary dynamic business modes which could be used for a start-up company in Lahti, Finland. The research concentrated on creating a preliminary business plan. The data collection was done through unstructured interviews and meetings, image and mode of operations for planning.

John's (2011) thesis focuses on the challenges and prospects of the retail supply chain. The thesis reviews the retail supply chain with focus on the supply chain for small business owners. The thesis

describes the supply chain management, retailing tasks, retail classification and other important retail business related concepts.

Tuppurainen's (2007) thesis was based on an online webstore selling clothes called IVANAHelsinki. The thesis describes the various apects of the web store that are important to provide good customer experience. It describes the special features that a web store should consider to make the shopping experience customer friendly. The main objective of Soler's (2010) thesis is to improve the shopping experience of the customer using the technologies such as the mobile devices, Internet and social networks.

Li 's (2011) thesis focuses designing a simple and flexible online shopping. The thesis is based on the software engineering lifecycle and design science methods. The online shopping system is implemented using the two management levels, the foreground level (for consumers) and the background level (for the sales). The thesis contains the feasibility and need analysis. It also contains the overall detailed design and the coding and testing descriptions.

2   Indians, Indian food, and Indian grocery market in Finland

This Chapter includes the description about the immigrants in Finland, the Indian food and the competing Indian grocery stores located at Helsinki and Espoo, Finland.

2.1   Immigrants in Finland

The immigrant population in Finland is roughly around 0.2 million. Estonians form the largest immigration population with 18.6 % of the total immigration population. Russians are the second largest immigrant population followed by the Swedes. Figure 1 gives the details about the immigration population in Finland during the previous two years. Indians form a very small part of the immigration population. The total number of Indians was 3,793 for the year 2011, which is just around 2.1 % of the total immigration population. The annual rate of increase for the number of Indians was roughly around 9.5 % for the year 2010 and 2011. (Stat 2012a.)

If we consider the number of Indians according to country of birth, then the number of Indians is 4,286. (Stat 2012b.)

Country of citizenship	2010	%	Annual change, %	2011	%	Annual change, %
Estonia	29 080	17,3	14,0	34 006	18,6	16,9
Russia	28 426	16,9	0,8	29 585	16,2	4,1
Sweden	8 510	5,1	0,0	8 481	4,6	-0,3
Somalia	6 593	3,9	18,4	7 421	4,1	12,6
China	5 559	3,3	7,3	6 159	3,4	10,8
Iraq	5 024	3,0	26,3	5 742	3,1	14,3
Thailand	5 021	3,0	11,7	5 545	3,0	10,4
Turkey	3 973	2,4	4,3	4 159	2,3	4,7
Germany	3 715	2,2	2,4	3 806	2,1	2,4
India	3 468	2,1	9,5	3 793	2,1	9,4
Others	68 585	40,8	7,8	74 436	40,6	8,5
Total	167 954	100	7,9	183 133	100	9,0

Figure 1: Foreigners in Finland (Stat 2012a)

2.2   Indian food

India is a large country with many regions or states. Every state is unique in its traditions and its food. Every Indian state has its own distinct cuisine, which is influenced by the social and physical environments. In India, the food from one state can be totally different from the food from another state. The common thread though, is the use of numerous spices to create flavour and aroma. A typical Indian meal comprises of several dishes containing staples, vegetables, desserts etc. (Netplaces 2013.)

The staple foods of India include rice, wheat flour, pearl millet and a many different varieties of lentils such as red lentils, black gram, split lentils etc. Pulses such as chickpeas and kidney beans are also widely used. The dishes are generally cooked in oil. Different varieties of oils such as vegetable oil, peanut oil, mustard oil, and coconut oil are used in different parts of the country. Spices are an important ingredient of the Indian food. (Wikipedia 2012b.)

Wikipedia (2012a) lists more than 70 different types of spices that are used in the different Indian foods.

The most commonly used spices are the chilli pepper, mustard seed, ginger, garlic, cumin, turmeric etc. Apart from the spices, some leaves such as coriander and mint leaves are used for flavouring the food. Cardamom, rose petal essences, saffron etc. are often used to season the sweet dishes. (Wikipedia 2012b.)

Various invaders such as the Turks, Mughals, Portuguese and the Europeans have influenced the Indian cuisine. The cooking styles of the invaders and the various ingredients used them provided a rich diversity, thereby creating a unique cuisine. (Netplaces 2013.)

The Indian landscape is diverse which provides many different varieties of fruits and vegetables. The abundant Indian coastline provides different types of sea foods. Unlike the western way of serving food in courses, the Indian food is served all together. Condiments such as chutneys and pickles are used to add spice to the food. Northern Indian cooking generally contains vegetables, nuts, and Indian breads. The western cuisine consists mainly of rice and lentils. The eastern cuisine is rich in seafood due to the eastern coastline. Southern India is known for its various kinds of chutneys and pickles. The Indian cuisine is influenced greatly by the religion as well. Special ingredients are used for religious meals such as the food used for breaking fasts etc. (Netplaces 2013.)

2.3   The competitors for the Internet retail shop

There are many competing grocery stores that sell grocery to the Indians. The competing Indian grocery stores are located primarily in Hakaniemi, Helsinki, Finland. Though there are few other stores

in other parts of the capital area such as Espoo, the majority of them are located in Hakaniemi. In addition to Indian products, most of these stores have Asian as well as African products. People from the Indian sub-continent own most of these shops. These shopkeepers are aware of the taste of the community and hence bring items catering to the needs of Asian people. People from other origin have also started taking interest in some of the products found in these shops. The Table 3 lists the various stores located in the capital region, Finland that sell Indian grocery products.

Store Name	Address
Indian Market	Torikatu 2, Helsinki
Maharaja Afro and Asian Market	Hämeentie 16, Helsinki
Mughal	Hämeentie 5 B, Helsinki
Maharaja Afro and Asian Market	Hämeentie 5a, Helsinki
TajMehal Afro Asian Market	Hämeentie 5a, 00530 , Helsinki
Jasmin Food	Hakaniemen metro, Helsinki
TajMehal Afro Asian Market	Leppävaara, Espoo
Kairali Foods	Ruoholahti, Helsinki
Kairali Foods	Leppävaara, Espoo

Table 3: The competing grocery stores (Stat 2012c)

Most of the products in the Indian grocery stores are imported from UK or Sweden. Some products such as vegetables are imported from Holland. The grocery stores offer products from a variety of brands such as TRS, Natco, East End, Heera etc. The food products are available in different packet sizes depending on the weights. For example, rice or wheat flour is available in sizes of 1 kg, 2 kg, 5 kg, 10 kg and 20 kgs.

Price of a product varies in shops and is very competitive. Some shops offer discounts, while others keep attractive prices based on product to lure customers. However, some of the shops offer exclusive product such as a rare variety of fish found in Indian sub-continent and thus offer a value for its price. Since these shops are now over a decade old, customers are more loyal than ever.

Perishable products such as vegetables generally arrive on weekends but are limited in quantity. To get fresh vegetables, customers prefer to shop on the day when fresh vegetables arrive. Some of these vegetables are different from the ones found in Finnish grocery stores, so customers have a reason to visit these stores. A shopkeeper is aware of this fact and therefore tries to maximize his or her profit on vegetable products.

Earlier not many people were familiar with the location of these grocery stores. People knew them by word of mouth. Also, for people living in far off places such as Espoo, they would need a motivation to

visit the place. Some of the shopkeepers have started sending advertisements of available and upcoming products through Facebook and emails through friends and colleagues. Some have also opened up websites to publicize their shops. One of them provides a home delivery service but it is on case-to-case basis depending on the amount of quantity ordered. Though sufficient as they may say, shopkeepers still feel the need to organize a way to advertise and promote their shops to bring in more customers.

3   Retail Management

This Chapter discusses the retail management from the viewpoints of retail customers, customer buying behaviours, planning merchandise assortment, customer service and electronic retailing.

3.1   The buying process and customer buying behaviours

According to Levy and Weitz (2004), the buying process for the customers begins when they recognize an unsatisfied need. The customer needs could be off different types such as psychological needs or functional needs. Many products fulfil both psychological as well as functional needs. For example, a shirt is a functional need, whereas a shirt by a particular brand is a psychological need. Psychological needs include stimulation, social experience, learning new trends, status and power, and self-reward. (Levy & Weitz 2004, 108-112.)

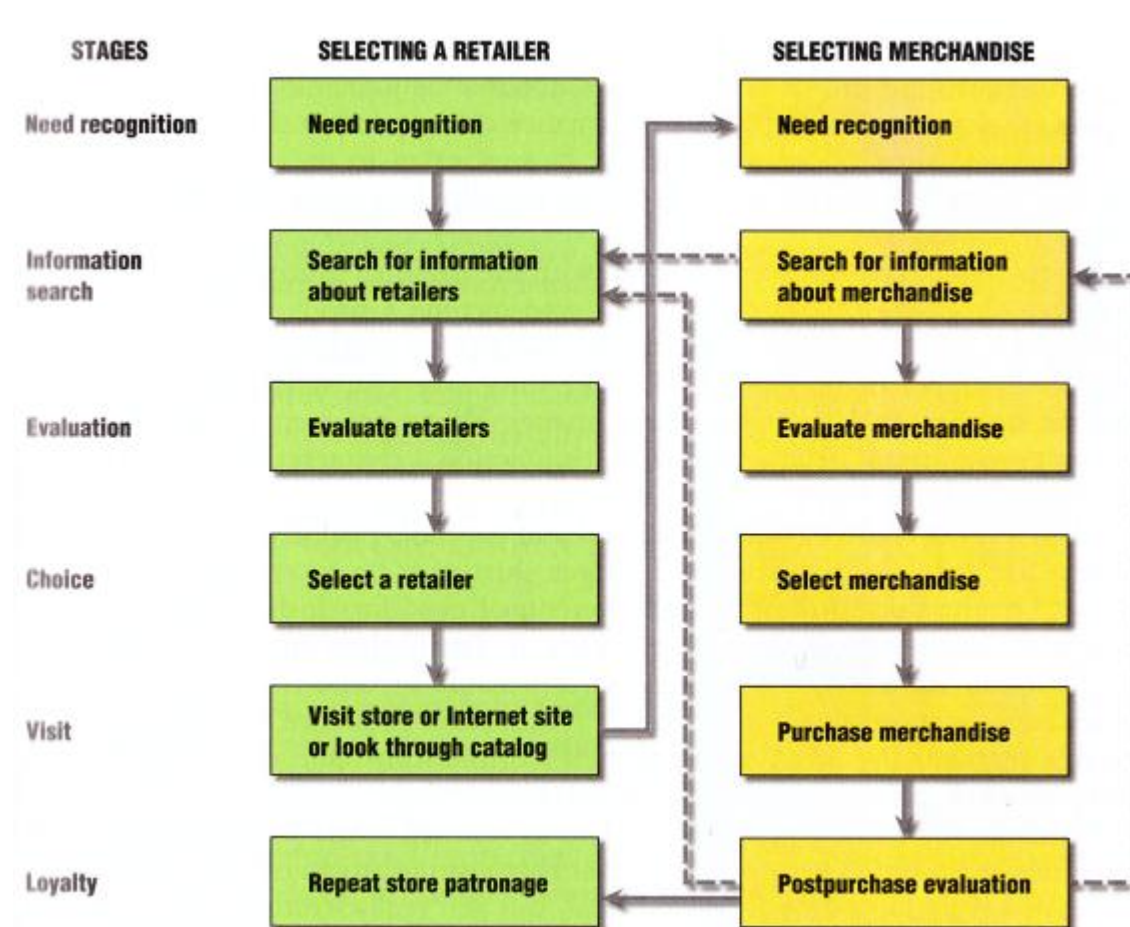Figure 2 outlines the various stages in the buying process of a customer.

Figure 2: The buying process (Levy & Weitz 2004, 111)

The buying process of the customers being once they identify a need. After the customers identify the need, they seek more information about the retailers or the product. The amount of search depends on the gain from search versus the cost of search. Factors which determine the amount of search are the nature and use of the product being searched, characteristics of the customer, market aspects and the situation in which the purchase is made. (Levy & Weitz 2004, 115.)

The customer has two sources of information. The internal sources are the information in the customer's memory whereas the external sources are the information provided by the advertisements and other people. The retailer's objective during this stage is to limit the customers search to the retailers store or the website. The retailers must provide good selection of products and enough information to limit the customer's search to the retailer's own store or website. (Levy & Weitz 2004, 116.)

The customers use the information about the products and the retailers, evaluate the various alternatives and then select the best alternative that suits their needs. The customer's buying process does not end with the purchase of the product. The customers evaluate the product after using it and then determine whether it was satisfactory or unsatisfactory. The post purchase evaluation becomes a part of the customer's internal information that is used during the future product and store decisions. (Levy & Weitz 2004, 123.)

3.2   Category management

In order to keep the buying process simple, the retailers group items into different categories. A category is an assortment of items that are similar to each other. For example, girls' apparels, boys' apparels and infants' apparels are different categories. Category management is the process of managing the retail business with the objective of maximizing the profits of a particular category. (Levy & Weitz 2004, 363-365.)

According to Varley (2006, 46), the following factors differentiate category management from other buying approaches:

1. A category is a product group that is managed strategically. So instead of grouping products into departments, they are grouped according to the customers buying behaviour.

2. The suppliers play an important role in category management. Suppliers become the partners of the retailers who use category management.

3. Category management tries to maximize sales and profits by linking product performance to customer satisfaction. The product performance refers to the entire product group and not a single

product. So a product group can have products from different brands. For the retailer, the entire product category's performance contributes to the company's overall profitability.

4. Category management aims to satisfy the customer's needs by providing a product assortment that satisfies the customer's requirements. Category management relies on the understanding of the customer's relationship with the product type and on the understanding of the customer's buying behaviour. (Varley 2006, 46.)

Product category lifecycle

The sales and profit implications over a period of time for a product category can be described by the life cycle of a product category. The Figure 3 below shows the product life cycle for a product category.
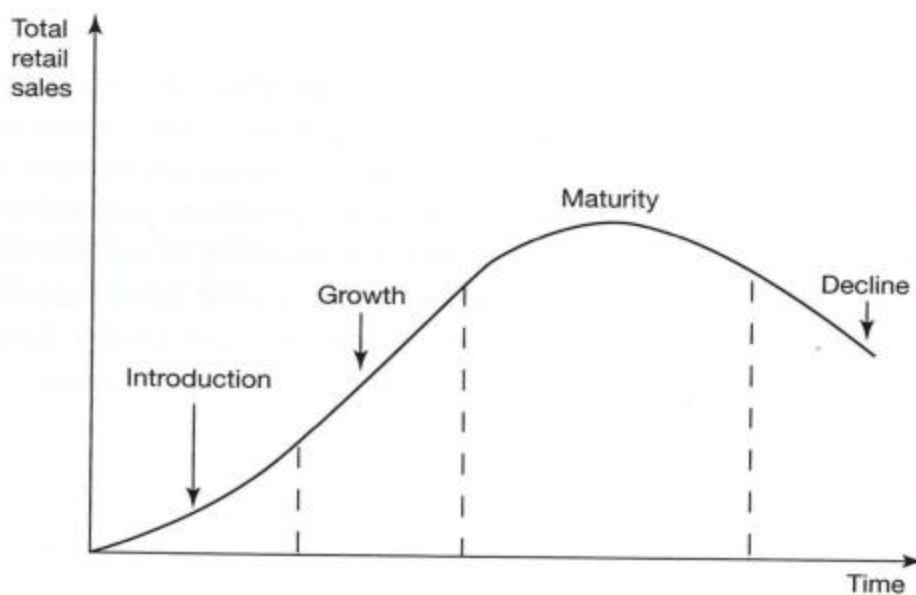

Figure 3: The category lifecycle (Varley 2006, 50)

The four stages of a product are introduction, growth, maturity and decline. In the introduction stage, when the category is introduced, the retailer offers limited assortment. This could be done to minimize the risk and investment since the product category performance is not yet known. The new category could create excitement among the consumers and could become an important product category. During the growth stage, the retailer can increase the assortment by adding more product variation or brand alternatives. During the maturity phase, the product category offers a large assortment. The category becomes very competitive among the retailers as it is established category. In the final stage,

the product category loses its appeal and gets replaced by another growth category. (Varley 2006, 50-51.)

3.3   Planning merchandise assortment

Selling merchandise and services is the primary goal of any retailer. The decision what to buy and how much to buy is a very important decision for the retailer. (Levy & Weitz 2004, 363.)

Lush, Dunne and Carver (2011, 308) defined merchandise management as the analysis, planning, acquisition, handling and control of the merchandise investments in a retail operation. Levy and Weitz (2004, 363) defined merchandise management as:
"Merchandise management is the process by which a retailer attempts to offer the right quantity of the right merchandise in the right place at the right time while meeting the company's financial goals".

3.3.1   Sales forecast

Sales forecast is an integral component of the merchandising plan. A sales forecast is needed to determine the amount of inventory to buy. A retailer should be able to predict how well the product categories will sell over time so that he could plan his merchandise purchases. (Levy & Weitz 2004, 377.)

A simple method for developing sales forecast is to use the past sales data to make projection for the future sales. Levy and Weitz (2004, 377) listed the various factors that impact the sales forecast as below.

1. Price: The amount of the unit sales depends on the price of the product. Raising the price may decrease the sales and vice versa.

2. Promotion: The degree and type of promotion determine the unit sales of an item.

3. Store location: There is a possibility of different demands of the same item at different locations. So the location of the store also determines the unit sales of an item.

4. Product placement: The amount of shelf space and its location in the store has a huge impact on the sales of the particular product.

5. Seasonality: Some categories are very seasonal, i.e. the sales are very high during a particular season and low during the rest of the times.

6. Other factors: There are few other factors such as product life cycle, competitor's price and promotion activity, weather etc. that may affect the sales forecast.
(Levy & Weitz 2004, 388.)

3.3.2   Efficient consumer response (ECR)

Efficient consumer response (ECR) is a management strategy which tries to address the issues of excessive inventory and unnecessary costs at different level in the supply chain of the grocery industry. (Harris, Swatman & Kurnia 1999, 35.)

According to Harris, Swatman and Kurnia (1999, 37), the goal of ECR is to produce efficiencies in the following four core business processes of the supply chain: store assortment, promotion, product introduction and product replenishment.

1. Efficient store assortment: The objective of this initiative is inventory and management of shelf space. By optimal allocation of products on the shelves, the consumer satisfaction is increased by providing the right products and the efficient use of shelf space increases the profitability.

2. Efficient promotion: This initiative attempts to reduce inefficient trade promotions. One example is pay for performance where the retailer is rewarded on basis of how many products were sold to the consumer rather than how many products were purchased from the supplier. Another example is forward commit where one order is spread over several physical deliveries, which allows the retailers to take pricing benefits offered during a particular time.

3. Efficient product introduction: This objective helps to effectively place a new product in the market so as to reduce costs and the failure rates in introducing new products. This can be achieved by involvement of the wholesalers, retailers and the consumers at an early stage of the new product development. This means the manufacturers, wholesalers and retailers should work together to develop only those products which are needed by the consumers.

4. Efficient product replenishment: In order to optimise time and cost in the replenishment system, the right product should be placed at the right place at the right time in the right quantity in the most efficient manner. Efficient product replenishment can be achieved by using techniques such as the continuous replenishment program. (Harris, Swatman & Kurnia 1999, 35.)

According to Harris, Swatman and Kurnia (1999, 35), ECR requires the following business activities to achieve the above mentioned efficiencies:

1. Category management: Category management helps to attain optimal product mix.

2. Continuous replenishment programme (CRP): CRP is a program used to track the movement of goods from the manufacturer to the warehouse. The manufacturer takes the responsibility to replenish the inventory rather than the warehouse requesting the inventory. The manufacturer receives the withdrawal data of the inventory from the warehouse using automated computer systems.

3. Computer assisted ordering (CAO): Also known as computer aided ordering, the aim of CAO is to generate orders for replenishing inventory based on the current inventory, delivery data, sales forecast etc.

4. Flow-through distribution: This involves breaking down of the inventory order at the distribution centre and then reassembling them to send to the retail stores without having to store the inventory at the warehouse. This requires significant investment in technologies such as bar-coding, scanning, electronic data interchange etc.

5. Integrated electronic data exchange (EDI): EDI is a technology which allows information to be shared among the organisations in the supply chain which results in significant reduction in transaction costs. Since the whole information is transmitted through the use of computer systems, it significantly reduces the manual work.

6. Activity-based costing (ABC): Activity based costing helps the organisations to focus their energies on activities that add value. ABC significantly increases profitability by removing or reducing those activities that do not add any value.
(Harris, Swatman & Kurnia 1999, 35.)

3.3.3   Merchandise planning methods

There are different methods used by retailers to perform the merchandise planning.
Lush, Dunne and Carver (2011) listed the following four different methods of merchandise planning.

1. Basic stock method (BSM): This method is used by retailers when the retailers feel that it is necessary to have a given amount of inventory to be available at all times. So the retailer generally stocks the base stock in addition to the inventory needed for the given period as specified by the sales forecast. (Lush, Dunne & Carver 2011, 313-314.)

2. Percentage variation method (PVM): This method is generally used when the retailer has high annual inventory-turnover rate. The PV method assumes that the percentage fluctuations in monthly stock from average stock should be half as much as the fluctuations in monthly sales from average sales.

Beginning-of-month (BOM) Stock =
Average stock for season x ½ [1 + (planned sales for the month/Average monthly sales]
(Lush, Dunne & Carver 2011, 314-315.)

3. Weeks' supply method (WSM): In this method, the inventory level should be equal to a predetermined number of weeks' supply.

 BOM Stock = Average weekly sales x Number of weeks to be stocked
(Lush, Dunne & Carver 2011, 315.)

4. Stock-to-sales method (SSM): In this method, the retailer maintains a specific ratio of the inventory to planned sales (Lush, Dunne & Carver 2011, 315).

3.3.4   Optimal merchandise mix

Apart from the stock for the inventory, the retailer has to determine the appropriate mix for the inventory that appeals to the greatest number of the profitable market segments. Since the retailer has a fixed amount of finance, the retailer has to decide the variant, breadth and depth of the inventory. The variety of the merchandise is the number of different merchandise lines a retailer stocks in the store. The breadth refers to the number of brands of a given merchandise line. The depth refers to the average number of stock-keeping units within each brand. For example, the different sizes and types of a particular brand refer to its depth. (Lush, Dunne & Carver 2011, 318-320.)

There are many constraining factors that determine the optimal merchandise mix for the retailers. The retailers have limited finances, so it is very difficult to keep the inventory from all the varieties,

breadth and depth. The retailer is also constrained by the available space in the store. The amount of space available for a product impacts the merchandise mix for the product. Merchandise turnover is also an important factor to be considered. The retailers need not minimize the variety, depth and breadth to increase merchandise turnover, but they must be aware how the merchandise mixes affect the inventory turnover. (Lush, Dunne & Carver 2011, 320-322.)

4   Electronic retailing

Levy and Weitz (2004, 83-84) defined electronic retailing as the process of retailing using the electronic channels such as the Internet. Wikipedia (2012c) defined online retailing or electronic retailing as a form of electronic commerce through which the consumers can buy services or goods directly from the seller without using any intermediary service.

4.1   Benefits offered by the electronic channel

There are many benefits offered by the retailing done through the electronic channel such as:

1.   Broader selection

Electronic channel provides a broader selection of alternatives compared to the physical stores. The selection of items in a physical store is limited by the amount of space available in the store, whereas in electronic channel such as websites, an unlimited number of items can be displayed with much cost overheads. This gives the customer a much broader selection options compared to the physical store. (Levy & Weitz 2004, 83-84.)

2.   More information to evaluate merchandise

An electronic channel provides more information to evaluate merchandise. The retailers can provide enough information to the customers through electronic channel. In a physical store, the amount of information is constrained by the size of the printed page. With the electronic channel, the retailers have the capability of providing as much information as it is needed by the customers. Another benefit is that the information presented in electronic formats such as websites can be frequently updated. Also, the cost of adding knowledge to the electronic channel is far less compared to the cost of continually training the sales representatives. (Levy & Weitz 2004, 83-84.)

3.   Personalization

One of the most significant benefits of the electronic channel is the economical personalization of the information for each customer. It could be possible to have some computer program help the customers to locate and select alternatives. The program could also learn about the consumers taste by asking question. For example, Amazon.com has a simple electronic agent that recommends books based on the customers' pervious purchases. (Levy & Weitz 2004, 83-84.)

4.   Problem solving information

The electronic channel also helps in solving problems by providing tools and information which helps the customer to make purchase decisions. For example, a typical wedding involves many steps such as whom to invite, hotel booking, wedding invitations printing, party hall booking, what music to play during wedding etc. Some wedding site offers services for planning, tips and other information for solving the problem. (Levy & Weitz 2004, 83-84.)

4.2   Perceived risks with electronic shopping

There are some perceived risks with electronic shopping which affects the customers buying behaviours. Mentioned below are some of the risks with electronic shopping.

1.   Fraud and security concerns

In an online store, the consumer does not have the opportunity to inspect the product before the purchase, so the consumer is at a higher risk of fraud than in a physical store. Merchants are also at risk for fraudulent purchases made using stolen credit cards. Phishing is another concern where the consumer is fooled into thinking that he is dealing with a reputable retailer. (Wikipedia 2012c.)

2.   Lack of total cost disclosure

One of the concerns of the online shopping is that the total cost is not disclosed at the start. Comparing the base price may be easy, but the total cost including the shipping can generally be seen only after the final step in the checkout process. This problem is also seen in cases when it involves cross border transactions where duties and brokerage are not shown clearly during the transaction process. (Wikipedia 2012c.)

3. Privacy

Privacy of personal information is a very important issue. Most consumers wish to avoid spam and would prefer that their personal information is not provided to others. (Wikipedia 2012c.)

4. Hands on inspection

For an online store, the consumer is provided with only pictures and description of the product. The consumer is not able to do hands on inspection. So if the consumer does not have prior exposure to the product, then they may not have a full understanding of the product they are buying. Generally, reviews made by other consumers are available, but these reviews may be based on personal

preferences. These reviews may be helpful but they do not guarantee complete end user satisfaction once the product is received. (Wikipedia 2012c.)

4.3   Potential pitfalls of online grocery retailing

Keh and Shieh (2001) listed the following pitfalls in the online grocery retailing business.

1. Seeing, touching and smelling products: Grocery items such as vegetables and fruits belong to see, touch and smell category. Many customers may wish to see the ripeness or the smell of the fruits and vegetables that they buy. Even though the online grocery retailers could assure the customers of delivering high quality products, it may be very difficult to change the customers' mind-set of personally choosing their own fruits and vegetables.

2. Delivery: Another reason for the customers' reluctance to buy online is the delivery time. Customers want a fast delivery since they do not always plan their meals ahead of time. The daily schedules of the customers are hard to predict, especially for families with children or those with extremely busy schedules. A lot of customers would like to buy their groceries online but do not do it since they do not get the deliveries immediately.

3. Financing: The e-tailing business is easier to set up than the traditional grocery stores, but it requires considerable investment in building warehouses, distribution network etc.

4. Technology: The online websites may involve making impressive graphics, but it could require a higher download time. It is possible that many consumers may not have fast enough computers or network connectivity for downloading large quantity of data.

5. Security: Security is one of the top reasons why customers are reluctant to buy online. It is not very easy to convince the customer that the website is very secure and that their credit card data will not be misused.

6. Privacy and seasonal influence: Some customers are sensitive about revealing their buying behaviours or information about their lifestyles. Also, purchasing patterns may differ from season to season. Sales may be high in winter when people are not willing to leave their homes. So the online grocers need to consider these factors when they make their inventory plans. (Keh & Shieh 2001.)

4.4   Resources for successful electronic retailing

Levy and Weitz (2004) listed down the following important resources for retailers to be successful through electronic retailing.

1. Well known brand name and trustworthy image: Brand name in important since the retailers compete in the global market space as there are many electronic retailers. A trustworthy reputation is important since buying merchandise over the Internet is risky. Also, since the customers cannot see the product before they buy it, the trustworthy image of the retailer is very important.

2. Customer information: The electronic retailers need information about the customers to tailor the service according to the needs of the customers.

3. Complementary merchandise and services: Multi-item sale of complementary merchandise is important since it reduces the shipping cost.

4. Unique merchandise: Since searching and price comparison is easy on an electronic retail store, providing unique merchandise is an effective way of differentiating from competitors.

5. Effective presentation of information on web pages: The design and presentation of information on the website, easy of navigation, download time etc. play an important role in stimulating purchase and encouraging repeat visits from the customers.

6. Efficient distribution system for process delivery and returns: As the electronic retailer has to bear the cost of the delivery of the product to the customer, it is important that the distribution system is efficient enough so that the customer receives the product in good condition and in the given timeframe. (Levy & Weitz, 2004, 92-94.)

Huarng and Christopher (2003) performed a research for studying the effectiveness of an online environment by using the following five factors of customer buying behaviour:
1. Need Recognition
2. Information search
3. Information evaluation
4. Purchase decision
5. Post purchase behaviour

Huarng and Christopher (2003) suggested that a website should trigger a customer's interest in the store. The websites should gather customer information and use it for developing a relationship with the customer. A good website should provide all the necessary information to the customer needed to

make the buying decision. The website design should contain attributes such as FAQ, site index, product index and product search functions. To help customers to evaluate the products, the websites should include a link to the product-related websites or provide the contact details of the sales representative who can help customer gain more information about the product. The websites should be so designed that the customers fell it easy and secure to shop at an online store. It should include features such as electronic shopping cart, toll-free contact number, easy return or money-back guarantee policy. In order to build strong relationship with its customers, online stores should consider each transaction by the customer as a starting point for building a continued relationship with the customer. To have a better post purchase experience for the customers, the websites should offer features such as online help groups, testimonials from previous customers, order tracking systems etc. (Huarng & Christopher 2003, 230-233.)

4.5   Creating value in online grocery shopping

Anckar, Walden and Jelassi (2002, 211) listed the following four sources of customer value in electronic grocery shopping.

1. Competitive prices: One of the commonly stated benefits of online shopping is possibility of price reductions due to reduction in operational costs. Theoretically this may seem possible, but it may not be possible to achieve since the cost of packaging and delivering grocery to customers home makes it difficult for price reductions.

2. Product range: A centrally operation online system could provide a product range that could be impossible for the physical retailers to implement. For example, the online store can deliver the locally available products in a few hours. Additionally it could provide specialty products which could be delivered in one to three days.

3. Shopping convenience: Electronic grocery stores could provide ease of shopping and save customer's time which could be one of the motivators for the customers to shop online. Another convenience that could be provided is to server customers with specific diet requirements (such as gluten-free or lactose-free diets). Since the physical store would not sell groceries which are very specific and limited to a small customer segment, the online grocery store could be a speciality store for such customer segments.

4. Customer service: One of the significant barriers for good service is bad quality goods being delivered. The online grocery store should ensure that bad quality goods are never delivered to the customers. Also the quality of customer service should be very good. For example, if the customer wishes, the delivery personnel could unpack the groceries and put them in the refrigerator. This may of

a very important service if the customers are elderly or disabled persons. (Anckar, Walden & Jelassi 2002, 213-217.)

5   Business idea and Business models

This Chapter includes description about business idea and some of the business models such as the Value Chain model and the Business Model Generation tool. The Chapter also includes the important components of a Business plan.

5.1   Business idea

Wikipedia (2013a) defines a business idea as a concept that centres around a service or a product, which can be sold using a unique model (Wikipedia 2013a).

According to Entrepreneurshipinabox (2013), a business idea is a starting point for entrepreneurs as it is the beginning of a new life for the entrepreneur and the business.

Thammineni (2008) says that he starts off with a number of rough business ideas. He works on each of them with due diligence to check if the idea is feasible and what needs to be done to execute the idea. Not all ideas make it through the funnel. Only those ideas that pass through the funnel have higher chances of being viable and successful. Figure 4 shows a pictorial representation of the idea funnel. (Thammineni 2008.)

Figure 4: The Idea funnel (Thammineni 2008)

5.2   Value chain model

Porter (1998) introduced the value chain as a systematic tool for examining all the activites of a firm and the how they interact for analyzing the competitive advantage of a firm. The value chain disaggregraties the strategically relevant activites of a firm so as to understand the existing and potential souces of differentiation. The fundamental role of the value chain is to identify the sources of differentiation. (Porter 1998, 33.)

Every firm performs activities such as production, marketing etc. to support its product. Figure 5 shows the various activies of a firm.

Figure 5: The Value chain (Porter 1998, 37)

Value Activities
The value activities can be divided into primary activities and support activities
The primary activities of a firm as listed below:
1. Inbound Logistics: These included activities related to receiving, storing and disseminating inputs to the products such as warehousing, inventory control, material handling, vehicle scheduling etc.
2. Operations: These are the activities that are needed to transform the inputs into the final product form. Activities such as packaging, machining, assembly, equipment maintenance, testing etc. form the operations.
3. Outbound logistics: These are the activities associated to collecting, storing and physically distributing the products to the buyers. Outbound logistics includes activities such as finished goods warehousing, order processing, scheduling etc.

4. Marketing and Sales: These are the activities related to the marketing and selling of the product. Examples of such activities are advertising, promotion, sales, channel selection etc.

5. Services: These are the activities related with providing service to maintain or enhance the value of a product, such as installation, repair, parts' supply and product adjustment. (Porter 1998, 40.)

Support activities

The support activities can be divided into four generic activities.

1. Procurement: Procurement refers to the purchasing of the inputs used in the firm's value chain. Procurement does not refer to the purchased inputs such as raw materials, supplies and other consumable items. Rather it refers to the activities and procedures such as procedures for dealing with vendors, qualification rules and information systems. The cost of procurement activities may be small, but has a significant impact on the firm's overall cost and differentiation. (Porter 1998, 41.)

2. Technology Development: Technology development consists of range of activities that improve the product and the process. Technology development could be in various forms such as telecommunication technology for order processing or office automation for accounts department. Technology development is very important for providing competitive advantage. For example, in steel industry, the firm's process technology would be its single greatest competitive advantage. (Porter 1998, 42.)

3. Human resource management: Human resource management consists of various activities for recruiting, hiring, training and developing of all types of personnel. Human resource management affects the competitive advantage through its role in determining the motivation and skills of its employees and the cost of hiring and training the employees. (Porter 1998, 42-43.)

4. Firm Infrastructure: Firm infrastructure consists of various activities including management, planning, finance, accounting, quality management, government affairs etc. Infrastructure activities support the entire value chain of the firm. Depending on whether the firm is diversified or not, the infrastructure activities of the firm may be self contained or may be divided between the parent firm and the various business units. (Porter 1998, 44.)

Cost Advantage

Cost advantage is one of the two types of advantages a firm may possess.

A firm's cost position is a result of the cost behaviour of it cost activities. The cost behaviour depends on a number of structural factors which Porter (1998, 70) termed as cost drivers. The major cost drivers that determine the costs of value activities are economies of scale, learning's of the business, utilization of the capacity, linkages among the various activities, business unit interrelationships, degree of vertical integration, market entry timing, cost policy or differentiation policy, location of the business and the various institutional factors. (Porter 1998, 41.)

According to Porter (1998, 98), firm can gain a cost if the cumulative cost of performing all value activities is lower than that of the competitor. A cost advantage can be gained by controlling the cost drivers or by better reconfiguring the value chain. Reconfiguration could mean structural changes, more efficient design methods or new distribution channel etc.

Differentiation Advantage

A firm can differentiate itself from the competitors if it can offer something which is unique and valuable to the buyers. Differentiation allows the firms to get a premium price, to sell more, or gain some other benefits such as customer loyalty etc.

1. Policy choices and decisions – The policy choices and the decisions made by the firm is the most prevalent uniqueness driver

2. Linkages: Linkages within the value chain or with the suppliers or the channels that the firm uses can lead to uniqueness

3. Timing: The timing such first mover advantage could result in differentiation.

4. Location: The location of the store may result in uniqueness

5. Interrelationships: Sharing of an activity with multiple business units can result in uniqueness of a value activity.

6. Learning: The learnings of the firm over a period of time could help it to perform some activities better.

7. Integration: The firm's level of integration into its activities can make a firm unique as the firm is able to control the performance of its activities better.

 8. Scale: Large scale helps to perform some activities that cannot be performed by small scale volumes.

9. Institutional factors: Institutional factors such as good relations with unions can allow a firm to be unique. (Porter 1998, 120-127.)

5.3   Business plan

Epreneur (2013) defined a business plan as a the document which describes the nature of business, its strategy related to sales and marketing, the financial background including the profit and loss statement. One should not start a new business without a business plan. A business plan itself will not make the business a success, but it will help to avoid some common mistakes which could lead to failure of the business. (Epreneur 2013.)

A business plan has the following important sections:

1. Executive summary: The executive summary contains a brief summary of the business plan. It tells the reader what is expected by the business. The executive summary should not be more than half a

page in length. The key elements of the executive summary are the business concept, the product, the market and the advantage of the business compared to the competitors. It should also include the financial highlights and the current business position. The executive summary can also include any major achievements such as patents, prototypes or any important contract concerning the product development. (Epreneur 2013.)

2. Business Description: The business description usually contains a brief explanation about the industry, which may include the current situation and the outlook for the future. In order to provide relevant information about the various segments within the industry, necessary research should be done. Any new products or developments affecting the business should also be mentioned. (Epreneur 2013.)

3. Description of the Product or Service: The product or service description should provide a clear idea of the business product or service. It should clearly explain how the product or service will be used and should also include the differentiating factor. The differentiating factors should be explained well enough so as to highlight the competitive edge of the business which would make the business profitable. If there are any additional factors which could make the business successful, those should be mentioned as well. If the business plan is made to secure a loan or investment into the business, then it should be described how the additional investment will help the business. (Epreneur 2013.)

4. Market Analysis: A thorough market analysis can help the business define the prospects as well as help to establish pricing, distribution, and promotional strategies. The market analysis should define the market in terms of size, prospects of growth, demographics, different trends, and the sales potential. The average purchases of the product or service should be determined to find out the potential market share. The market share gives an indication of the success of the business in comparison to the competitors. (Epreneur 2013.)

The positioning strategy of the product or the service should be described in the business plan. The positioning of a product refers to the market niche that the product or service is filling. The positioning of the product helps to establish an identity for the product with the customer. Pricing the product is one of the most important marketing decisions. The pricing strategy should be clearly defined in the business plan. There are many methods of pricing such as cost-plus pricing, demand pricing, competitive pricing which can be used to determine the appropriate price for the product or the service. (Epreneur 2013.)

The distribution method, which includes the process of delivering the product or service from the factory to the end user, should be described. It is important to analyse the competitors' distribution channels and check if any alternative may provide any strategic advantage. The product or service promotion strategy should describe the methods used to reach the customers. The promotion strategy should address the issues of advertising, packaging, public relations, sales promotions and personal sales. (Epreneur 2013.)

5. Competitive Analysis: Competitive analysis is very important to determine the businesses' standing with respect to the competition. It helps to determine the strengths and weaknesses of the competitors. After identifying the direct as well as the indirect competitors, the analysis of their strategies and vulnerable areas can help to determine the strategies that could provide distinct advantage over the competitors. It also helps to develop barriers that could to be used to prevent the competitors entering your market. (Epreneur 2013.)

6. Operations and Management: The operations and management section of the business plan describes how business functions. The plan contains the details about the logistics for the business, such as the responsibilities and the various tasks assigned to the different teams within the company, and the financial requirements of the different business operations. (Epreneur 2013.)

7. Financial Aspects of the Business Plan: The income statement, the cash flow statement, and the balance sheet form the backbone of the business plan. The income statement is a scorecard of the business performance containing the sales and expenses of the company, there by showing the cash-generating ability of the business. (Epreneur 2013.)

The cash flow statement shows how much cash would be needed by the business to meet the requirements and where the finances will come from. The cash flow statement results in a profit or loss statement at the end of the each month or year. A loss on the cash flow is a clear indication of not having enough cash to meet the expenses and it demands immediate attention from the management. (Epreneur 2013.)

The balance sheet contains of all the financial details of the business. It is divided into assets, liabilities and equity. The net worth of a business is calculated by the balance sheet by measuring the assets against the liabilities. (Epreneur 2013.)

8. Supporting Documents: This section contains any other documents which could be of interest such as contracts with suppliers, customers, or clients, letters of intent, and anything else relevant to the business plan. (Epreneur 2013.)

6   Benchmarking existing Internet grocery retail stores in Europe

This Chapter gives a description of the existing grocery Internet retail stores in Europe. This Chapter describes two Internet grocery retail stores selling Indian groceries.

6.1   Asia Super shop, Berlin

Asia super shop is an ethnic grocery store providing grocery products from Asia (especially from India, Sri Lanka, Pakistan and neighbouring countries). The store also provides an Internet store where the customers can order their groceries. Figure 6 shows the home page of the Asia super shop.

Figure 6: Home page of the Asia Super Shop (Supershop 2013)

Internet store address

http://www.online-indian-shop.com/

Product Categories

The Internet store has more than 500 products in its assortment. Following are the product categories offered on the Internet store:

1. Agarbatti and Incense sticks
2. Atta wheat flour
3. Basmati and Indian rice
4. Chutneys and relish
5. Coconut and coconut mill
6. Dal, pulses and beans
7. Exotic fruit juices
8. Fresh chappati and roti
9. Fresh products
10. Fresh vegetables
11. Frozen foods
12. Indian special
13. Instant food mixes
14. Jaggery and Raw Sugar
15. Mangoes and mango pulp
16. Masala and curry powders
17. Noodles and vermicelli
18. Oil and ghee
19. Organic bio foods
20. Papads and poppadoms
21. Paste and sauce
22. Pickles
23. Ready to eat and ready meals
25. Soya chunks and meal maker
26. Spices and herbs (Whole)
27. Spices and herbs (Powder)
28. Sri Lankan foods
29. Sweets and snacks

Payment and delivery

The Internet store provides the option by pay with paypal, bank transfer or direct banking. The store provides free shipping for orders within Berlin. For order from other cities and other countries, the delivery charge varies depending on the order size, order weight and shipping destination. The delivery

times are between 2 to 3 working days. The goods are delivered between 9 a.m. to 5 p.m. on weekdays. Delivery also possible on Saturdays, but it does not specify if they charge extra for delivery on Saturdays. The grocery store has a tie up with Hermespaket-shop which has many stores in the city. So if the customer is not at home during the delivery time, the packet will be handed over to a nearby Hermespaket-shop. The customer can pick it from the nearby Hermespaket-shop anytime.

Return and exchange policy

The Internet store provides an option for return and exchange of groceries. In case the items get damaged during the shipping, the customers can claim for money or get new item for the damaged item.

Special features

Following are the special features of the Internet store

1. The Internet store provides a prominent search bar which helps in searching for the required items.
2. The store also has a blog section where recipes are posted. The store also posts information about upcoming events in the city related to Indians such as Indian music concert etc.
3. The store also has an FAQ section which has answers to a large number of frequently asked questions.

Following are some of the missing features in this Internet store:

1. The store does not use secure connection when the customer logs into the website. So there is a high possibility of customer data being easily accessible to others.
2. Some of the sections are incomplete and do not contain the needed information.
3. Many questions in the FAQ section are unanswered. (Supershop 2013.)

6.2   Ekirana.nl, Rotterdam

Ekirana.nl shop is a Internet retail shop based in Rotterdam, Netherland which provides Indian grocery items. Figure 7 shows the home page of Ekirana.nl.

Figure 7: Home page of the Ekirana (Ekirana 2013)

Internet store address

http://www.Ekirana.nl/

Product Categories

The Internet store has a limited number of products in its assortment. Following are the product categories offered on the Internet store:

1. Flour-rice: This category is sub divided into flours, rice, flour derivatives, rice derivatives and tapioca.

2. Condiments: This category is sub divided into dry fruits, pickles, spices, sauces, cooking aid and pastes.

3. Pulses: This category is sub divided into lentils and beans.

4. Instant food: This category is sub divided into heat and eat, instant noodles and ready-made mixes.

5. Snacks: This contains namkeen and cookies as sub categories.

6. More: This is a miscellaneous category which contains sub categories such as sweets, beverages, worship items, mouth fresheners, fresh and frozen items.
(Ekirana 2013.)

Payment and delivery

The Internet store provides the option of paying by different type of payment methods such as paypal, bank card,credit card, debit cards etc. (Ekirana 2013.)

The store has different shipping rates for different cities and different countries. Figure 8 shows the shipping rates for the different countries.

Shipping rates for Netherlands
- Order above 45.99 € : Free Delivery, no shipping charges
- Order above 35.99 € and up to 45.99 €: Shipping- 1.99€
- Order above 19.99 € and up to 35.99 €: Shipping- 2.99€
- Order up to 19.99 €: Shipping- 3.99€

Shipping rates for Belgium
- Order above 79.99 € : Free Delivery, no shipping charges
- Order above 59.99 € and up to 79.99 €: Shipping- 2.50€
- Order above 39.99 € and up to 59.99 €: Shipping- 4.50€
- Order above 25.99 € and up to 39.99 €: Shipping- 6.50€
- Order up to 25.99 €: Shipping- 8.50€

Shipping rates for Denmark
- Order above 119.99 € : Free Delivery, no shipping charges
- Order above 84.99 € and up to 119.99 €: Shipping- 4.99€
- Order above 44.99 € and up to 84.99 €: Shipping- 8.99€
- Order up to 44.99 €: Shipping- 14.99€

Figure 8: The shipping details of ekiran.nl (Ekirana 2013)

Return and exchange policy

The Internet store provides an option for return and exchange of groceries. In case the items get damaged during the shipping, the customers can claim for money or get new item for the damaged item. (Ekirana 2013.)

Key features

Apart from the category assortment, the products are categorised into the manufacture names such as Haldriam, Heera, Maggi, Ashoka etc. So the customer has the option of searching through the manufacture names as well. The store uses secure connection for the bank transactions. The

information is encrypted using the GeoTrust SSL certificates, so the customer is sure that his data is safe and secure. (Ekirana 2013.)

The Internet store provides a search bar which has an auto complete feature. So if the customer types a part of the search term, the drop down list shows the matching items. Figure 9 shows an example where the customer searches for a keyword and the dropdown box shows all the matching items. This feature is really useful for the customers to quickly search for the items they are looking for. (Ekirana 2013.)
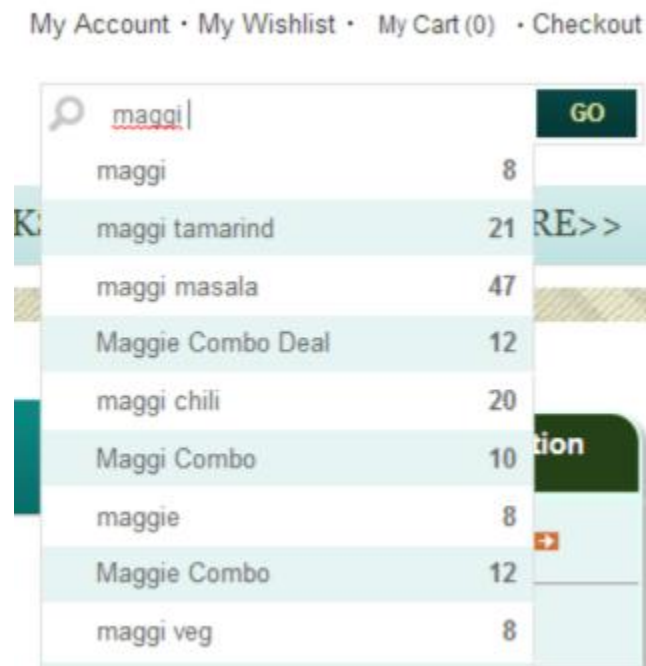

Figure 9: The auto complete search feature of Ekirana (Ekirana 2013)

6.3   Summary

The table 4 below shows the comparison of the two grocery retail stores.

Feature	Asia Super Shop	Ekirana
Uses Secure SSL connection	No	Yes
Auto complete Search functionality	No	Yes
Broad Range of categories	Yes	No
Blog section containing recipes etc.	Yes	No
All FAQs answered in the website	No	Yes
Best Before date mentioned for each product	No	Yes

Table 4: Comparision of Asia Super shop and Ekirana

From the above Table 4 it is clear that even though Ekirana has lesser products in its assortment compared to Asia Super Shop, the quality of the website of Ekirana is better. Ekirana has all the important sections covered and also uses a secure connection.

7   Collection of empirical data

This Chapter includes a description of action research method and data collection using surveys and interview.

7.1   Action Research

The term action was first coined in 1944 by Kurt Lewin, a professor at MIT. Wikipedia (2013b) defines action research as a research which is initiated to solve a given problem. It is a reflective process of progressive problem solving method. This method is used by individuals who may be working as a team or as a part of a community of practice. The action research involves the process of participating in the change situation of an organization whilst conducting the research. The action research can also be undertaken by large institutions or organizations. These organizations may collaborate with professional researchers to improve their business strategies and the knowledge of their operating environments. (Wikipedia 2013b.)

The term action research has been interpreted in a various ways by the management researchers, but there are four common themes in the literature. The first theme focuses on the purpose of the research, i.e. research in action and not research about the action. The second theme relates to involvement of practitioners in research. It focuses more on the collaboration between the practitioners and the researches. The third theme emphasises the iteration process of the action research which includes diagnosing, planning, taking action and evaluating. The action research spiral commences with a clear purpose. Each spiral takes into consideration the evaluations made in the previous spiral. Figure 10 shows the iterative action research process. The final action research theme relates to having implications beyond the current project. Such action research is generally related to transfer of knowledge from one context to another or to a development of a theory. (Saunders, Lewis & Thornhill 2009, 144-148.)
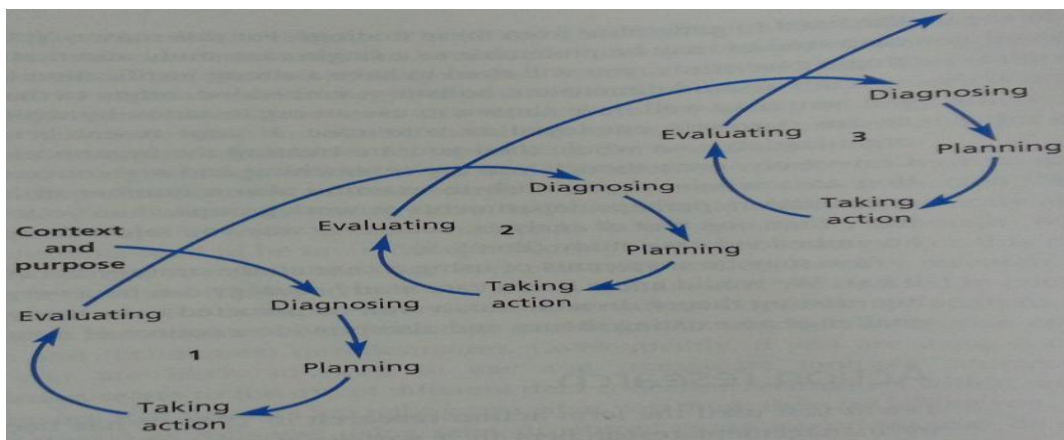

Figure 10: Action research spiral (Saunders, Lewis & Thornhill 2009, 148)

7.2   Collection of empirical data

The empirical data was collected using two methods.

1. Online Survey

An online survey to get insights into the customers' needs was conducted during February 2013. The survey questions were formed after considering the various needs of the business and to know the customers' choices so that appropriate measures could be taken to implement the customers' needs. The questions were defined by using information provided in the theoretical framework of the thesis. The questions included both closed and open ended questions. The survey was reviewed and was sent to a few known people. The link was also posted in an active Facebook group used by the target customer group. The survey was answered by 26 people.

2. Pilot testing using Prototype

A pilot testing was performed during first week of March 2013 using the website to test the flow of the whole process. The website for the business was created by the author and the inventory was ordered. A group of 10 people were asked to use the website and place orders using the website. The website details were sent to a few known people and were asked to order the groceries from the website. The author made deliveries for the orders and made a complete flow diagram to depict the whole process. Also, the feedback was taken regarding the website and the whole delivery process.

8   Empirical results

This chapter contains the analysis of empirical results collected during the research.

8.1   Analysis of the empirical data collected using a survey

This section describes the customer responses that have been analyzed to see if they correspond to the theory presented in the theoretical framework in Chapter 4. The empirical data collected by the survey method were averaged using frequencies.

Figure 11 shows the average shopping expenditure in the Indian grocery stores. Majority of the households spend around 51-100 Euros per month on packed food items in the Indian grocery stores.
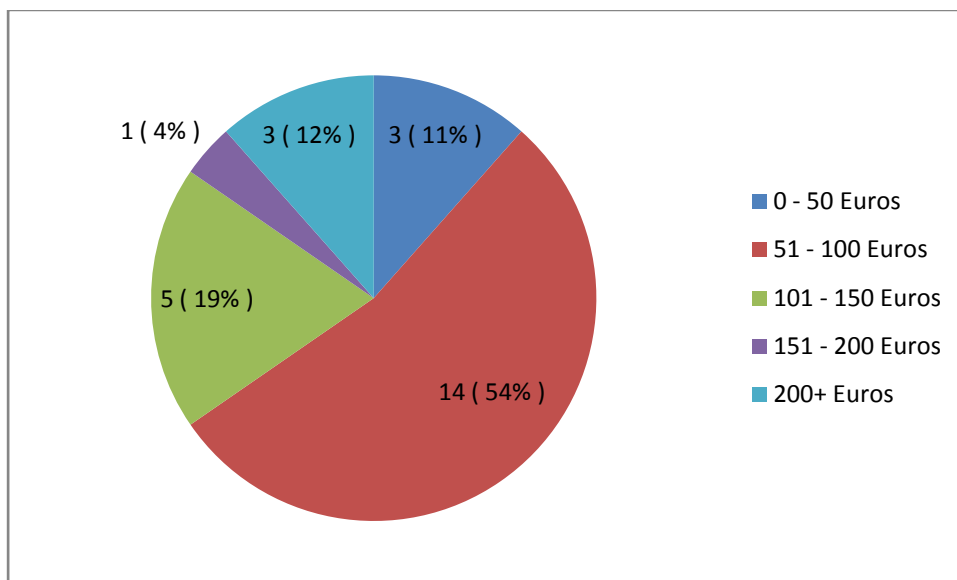

Figure 11: Average monthly grocery shopping expenditure (excluding fresh vegetables)

Figure 12 shows the distribution of average number of visits to the Indian grocery stores. Majority of the Indians visit the Indian grocery stores 2 – 3 times a month.
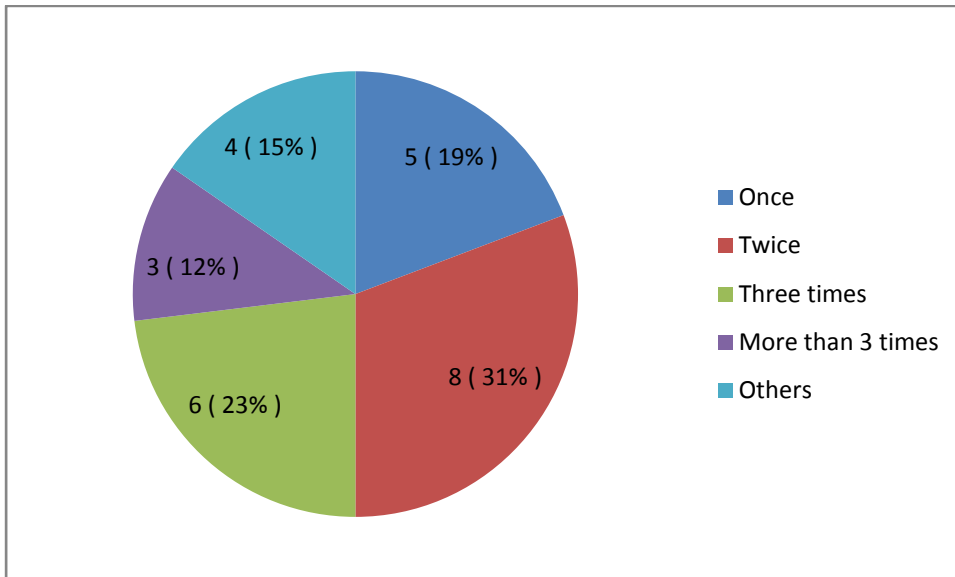
Figure 12: Distribution of number of visits to the Indian grocery stores

The results in the survey clearly reflect the facts presented in the theoretical framework in Chapter 4. Most of the respondents agree that the Internet stores have larger assortments of goods and provide sufficient information to make a purchase decision. Also privacy of information and security of the credit or debit card is of paramount importance to the customers. With respect to the deliveries of groceries, the exact delivery time and same day delivery of groceries is very important. However, some of the answers were conflicting in nature. For example, over 61 % of the respondents considered shopping over the Internet to be safe, but only 23 % of the respondents consider it safe to give their credit card number during online shopping.

Table 5 shows the survey analysis for interview questions about shopping on the Internet.

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
I am not comfortable to shop on the Internet	2 (7.6%)	10 (38.4%)	3 (11.5%)	8 (30.7%)	2 (7.6%)
I prefer shopping at stores than on Internet shopping.	0 (0.0%)	2 (7.6%)	10 (38.4%)	10 (38.4%)	2 (7.6%)
I think that shopping on the Internet is not safe.	2 (7.6%)	14 (53.8%)	7 (26.9%)	2 (7.6%)	0 (0.0%)
In future shopping on Internet will replace the traditional shopping	0 (0.0%)	4 (15.3%)	5 (19.2%)	13 (50.0%)	2 (7.6%)
I prefer online shopping only if prices are cheaper than actual store.	0 (0.0%)	4 (15.3%)	4 (15.3%)	11 (42.31%)	5 (19.2%)
Delivery of products ordered on the Internet takes long time	0 (0.0%)	3 (11.5%)	7 (26.9%)	12 (46.1%)	1 (3.8%)
The number of goods available on an Internet store is more than what is available on the physical store	0 (0.0%)	7 (26.9%)	8 (30.7%)	6 (23.0%)	2 (7.6%)
The information given about the products on the website is sufficient to make a decision to buy.	0 (0.0%)	5 (19.2%)	9 (34.6%)	10 (38.4%)	0 (0.0%)
I consider it safe to give my credit card number during online shopping	2 (7.6%)	4 (15.3%)	5 (19.2%)	9 (34.6%)	2 (7.6%)
Internet shopping reduces the costs incurred during traditional shopping (parking fees, travel costs etc.)	1 (3.8%)	3 (11.5%)	5 (19.2%)	10 (38.4%)	5 (19.2%)
I would be worried about what to do if I am not happy with a purchase made from the Internet	0 (0.0%)	3 (11.5%)	1 (3.8%)	15 (57.6%)	6 (23.0%)
Shopping online is helpful (example: finding out related product etc.)	0 (0.0%)	0 (0.0%)	6 (23.0%)	14 (53.8%)	6 (23.0%)

Table 5: Analysis for Internet shopping behaviour

Table 6 show the survey analysis for interview questions about grocery shopping on the Internet.

	Very Unimportant	Not Important	Neutral	Important	Very Important
Delivery on time of the groceries	1 (3.8%)	1 (3.8%)	1 (3.8%)	15 (57.6%)	8 (30.7%)
Same day delivery of groceries	0 (0.0%)	4 (15.3%)	4 (15.3%)	13 (50.0%)	5 (19.2%)
Reputation of the store selling groceries online	0 (0.0%)	1 (3.8%)	2 (7.6%)	18 (69.2%)	5 (19.2%)
Guarantees for refund in case of issues in groceries purchased	0 (0.0%)	0 (0.0%)	1 (3.8%)	10 (38.4%)	15 (57.6%)
Privacy of the information (such as shopping behaviour or data is not shared with others)	0 (0.0%)	0 (0.0%)	5 (19.2%)	8 (30.7%)	13 (50.0%)
Good description of groceries on the website	0 (0.0%)	0 (0.0%)	2 (7.6%)	13 (50.0%)	11 (42.3%)
Security of the credit/debit card , bank account details	0 (0.0%)	0 (0.0%)	1 (3.8%)	8 (30.7%)	17 (65.3%)
Price of the groceryitems	0 (0.0%)	0 (0.0%)	3 (11.5%)	17 (65.3%)	6 (23.0%)
Amount of extra moneycharged for home delivery of groceries	0 (0.0%)	0 (0.0%)	6 (23.0%)	13 (50.0%)	7 (26.9%)
Knowing the deliverycharges and other hidden costs before starting online shopping	0 (0.0%)	1 (3.8%)	1 (3.8%)	7 (26.9%)	17 (65.3%)

Table 6: Analysis for Internet grocery shopping behaviour

8.2   Suggestions received in the interview questions

Listed below are some of the suggestions received from the customers in the survey interview:

1. Quality of the products should be good. There should not be any expired items.

2. Time of delivery should be reasonably not too late or too early in the day, and it has to be fixed.

3. The brand, amount and detailed description of the product should be shown on the website. Some information about how to use the product would be helpful.

4. Fresh and good quality of Indian fruits and vegetables should be available. All products should be well within expiry date (Generally a lot of products at the grocery stores are expired or are very close to expiry dates).

5. The store should have multiple brand options of same product to give choices to customer. A variety of Indian snacks and ready to eat products should be available.

6. The website should be simple with easy steps to make orders.

7. Image of the (packed) product, price, stock etc are very important (e.g., if an out of stock item is placed on the website, then the customer might be annoyed if the product is not delivered).

8. Secured online shopping and good quality of groceries and delivery on time is a must.

9. Expiry date, price, loyalty discount, free return from home if there is any issue with the item. The photo of the item should be as close as possible to the real item.

10. The store should offer 15-20% discounted prices for bulk orders.

11. It is extremely important to build trust for online business

8.3 Feedback received for the pilot testing

The following suggestions were received after the performed a pilot testing of the entire process of buying groceries using the Internet store.

1. The auto complete search feature works only if the search key word entered is the starting word. For example, if the product name is "Heera Toor dal" , the search box does not show the results only if you enter "Toor" or "dal". This is a usability issue which needs to be fixed.

2. The website does not use secure connections. The SSL certificates should be installed to protect the customer data.

3. The checkout process has too many steps. The current checkout process has 6 steps some of which are unnecessary.

4. The website does not show the delivery prices clearly.

5. There is FAQ section in the website.

6. The customer should receive information about when his order would be delivered. The confirmation could be sent via sms.

7. The Facebook page does not contain much information. The Facebook page should be made attractive and should contain more information about the features of the service.

8. The invoice does not contain the business id of the company.

9. Some of the products do not have any images.

10. Some of the images of the products are not clear enough. The images are blurred when zoomed.

11. Some of the products do not have any images.

12. The "Best Before" date should be shown for each product.

13. Some of the features such as "add to wish list" and "add to compare" may not be very relevant for this store. It would be better to remove these features.

14. The "privacy policy" has not been defined.

15. The delivery times have not been mentioned in the website. The website should clearly mention what are the delivery schedules.

9   Value chain model for the new Internet grocery retail shop

This Chapter describes the value chain model for the new Internet grocery retail shop.

9.1   Primary activites

Inbound logistics

Getting inventory supplies from the suppliers in UK. The inventory is directly sent to the warehouse, so there is no need for additional vehicles. Once the inventroy is received, it is unpacked and arranged on to the shelves in the warehouse so that it is easy to pick up the necessary item while making a customer orders. The details of the received items are then updated to the website. The details that are entered to the website include the product name, price, expirty date and quantity. If it is a new product, then additional details such as product information, product tags etc are also added.

Outbound logistics

1. Driving to customers homes to deliver the order

2. Receiving payment from the customers

3. Receiving feedback and comment from the customers

Operations

The operations include the following activities

1. Maintain and update the website with relevant information about products, categories, stock, best before date etc.

2. Receiving the order through the website

3. Printing of the customer order

4. Sorting and making the customer packages based on the orders

5. Segregating the orders of different customers and marking them with appropriate codes

Operational flow chart

The Figure 13 shows the operational flow of the complete process for one customer order. The customer orders his groceries through the website. The company employee receives the order and takes a print out of the order. He then visits the stores and prepares the customer's order. After the order is made, the employee visits the customer's home and delivers the order to the employee. If the customer has not already made the payment for the grocery, he has the option of paying it through the payment terminal with the employee. After the delivery the order is complete.
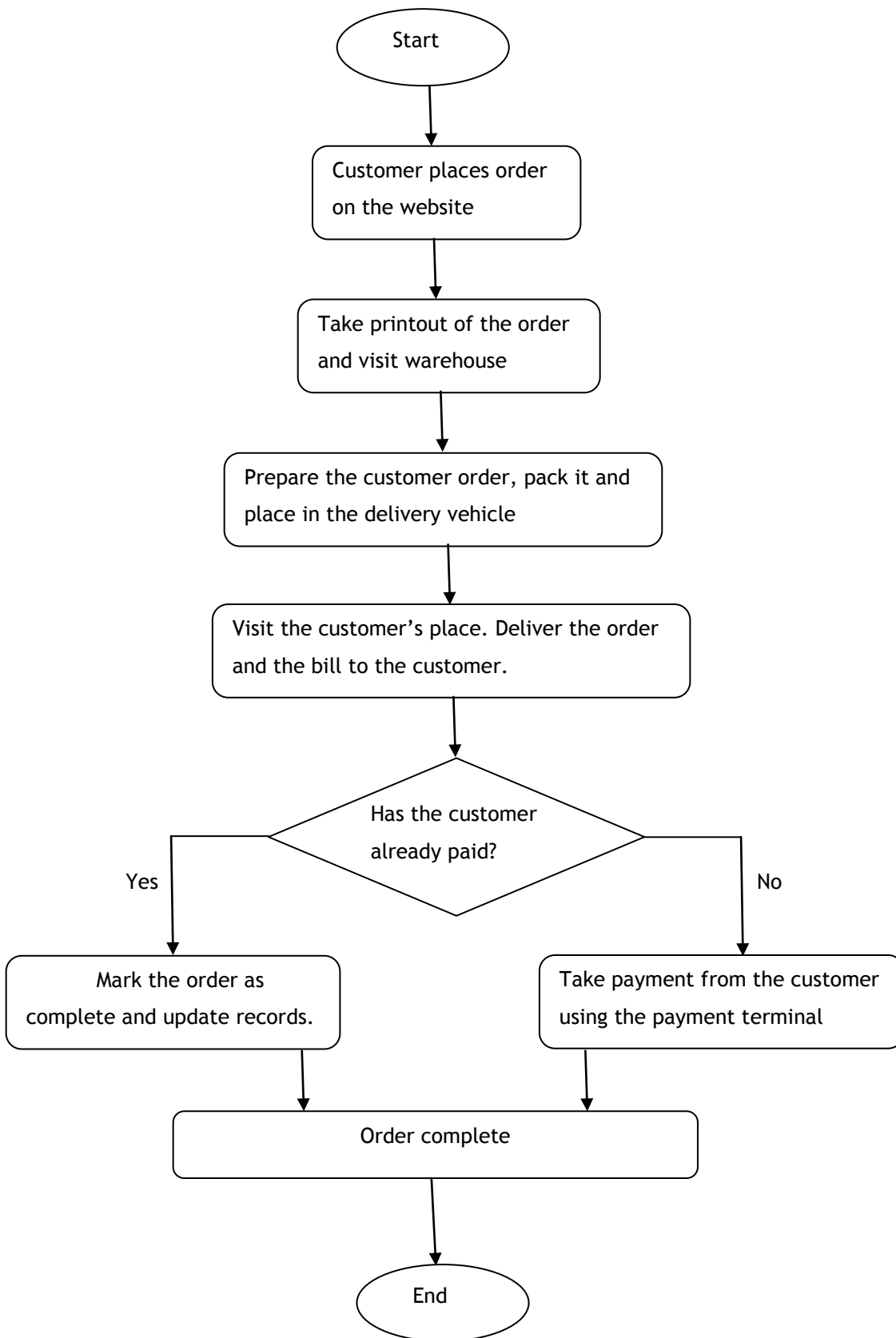
```
              ┌─────────┐
              │  Start  │
              └─────────┘
                   │
                   ▼
        ┌──────────────────────┐
        │ Customer places order │
        │ on the website        │
        └──────────────────────┘
                   │
                   ▼
        ┌──────────────────────┐
        │ Take printout of the order │
        │ and visit warehouse   │
        └──────────────────────┘
                   │
                   ▼
        ┌──────────────────────────────┐
        │ Prepare the customer order, pack it and │
        │ place in the delivery vehicle │
        └──────────────────────────────┘
                   │
                   ▼
        ┌──────────────────────────────┐
        │ Visit the customer's place. Deliver the order │
        │ and the bill to the customer. │
        └──────────────────────────────┘
                   │
                   ▼
              ╱────────────╲
   Yes ◄─────< Has the customer >─────► No
              ╲ already paid? ╱
               ╲────────────╱
     │                              │
     ▼                              ▼
┌──────────────────┐      ┌──────────────────────┐
│ Mark the order as │      │ Take payment from the customer │
│ complete and update│      │ using the payment terminal │
│ records.          │      └──────────────────────┘
└──────────────────┘              │
     │                            │
     ▼                            ▼
    ┌────────────────────────────────┐
    │        Order complete          │
    └────────────────────────────────┘
                   │
                   ▼
              ┌─────────┐
              │   End   │
              └─────────┘
```

Figure 13: Operational flow diagram for online Internet retail shop

Marketing and sales

The customer relationships are maintained using the direct interaction with the customer during delivering the groceries. The main communication channel would be the website through which the customer interacts with the company. Any offers or sale are promoted on the home page of the company website which the customer can see when he opens the company web page. The website also has a newsletter feature which allows the company to send information to the customers about new offers, discounts etc. Apart from website, there exists an active Facebook group called "Fintia" which has a lot of Indians as its members. This Facebook page could be used to communicate with the customers.

The sales channel for the business would be website through which the customer would place his order. The customer would also be able to place his order through an email or sms, but the number of orders through email or sms is expected to be very less.

The distribution or delivery channel would be the author's own car that would be used for delivering the groceries.

Service

The service that the business provides is free home delivery for orders above a certain order value. The customer research data along with the financial calculation indicated that 35 Euro would be a realistic order value above which free deliveries could be offered.

Another valuable service provided is the deliveries of groceries on the same day when the groceries are ordered by the customers. If the customer makes an order before 4 pm, he would receive the groceries on the same day evening. So for a person working in a day job, he would probably go to grocery store after the office hours and reach home by evening. Thus by using this service, the customer would receive the groceries at the same time without having to actually go to the stores. So it would save the customers' time and effort.

Apart from the abovementioned service, the customer complaints are also handled as a part of the post delivery service. The website has a contact form where the customer can directly send his queries to the company. Also, the customer can call on the company number or send an email to register his complaint.

9.2 Support activites

Firm infrastructure

Firm infrastructure includes the following
 1. Laptop computer for maintaining the website

2. A printer to print the customer invoices
3. A payment terminal to receive payment from the customer on delivery of items
4. A rented warehouse space for storing grocery items. The warehouse for the firm is located at Pelican self storage, kilo.
5. A car for delivering groceries to the customers
6. Bags to carry the grocery items to the customers home

Human Resource Management

At the moment, the author is the only person handling all the activities of the firm. However, in future, when the business grows and the number of deliveries per day would grow, there would be need for additional employees in the company to handle the orders efficiently.

Procurement

The most important partnership for the business would be with the distributors supplying the groceries. It is important to maintain key partnership with a few distributors to gain the trust of the distributors so that the inventory is filled up whenever necessary.

The procurement process includes making a list of items and its quantity to be ordered from the suppliers. Once the list is made, the list is sent to the suppliers. The supplier checks the order list and verifies if all the items are available. Depending on the availability of the items ordered, the supplier makes a sale order and sends it back. The sale order is verified and then the money is transferred to the suppliers account. Once the supplier receives the money into his account, he sends it to his distribution section which makes the shipment. The shipment usually takes 1 week to reach Helsinki. The transport company hired by the supplier delivers the inventory to the warehouse.

Apart from the partnership with the distributor, there are a few other partnerships or services needed such as partnership with local vendors in case of immediate requirement of some grocery items in small quantities

Technology development

The most important component of the business is the website that servers as an interface between the customers and the company. The website helps the customers to perform the following tasks:

1. Place orders
2. Get information about previous orders
3. Get information about the delivery schedule
4. Cancel an order, if needed
5. Receive information about new sales, offers etc.

Apart from the website, the customers can also order groceries through mobile phones or tablets. The website is optimized for usage on mobiles and tablets. The customers can order the groceries through email or sms. Since the company has a mobile payment terminal, the customers can pay for the groceries after the groceries are delivered to them. This allows the customers to order through sms or email.

Cost structure

Following are the various costs that are incurred for operating the business.

1. Inventory costs
2. Web hosting costs
3. Website maintenance costs
4. Monthly rent for the warehouse
5. Purchase of laptop computer
6. Printer used for printing customer invoices
7. Accounting firm costs
8. Cost incurred for the contract with Payment terminal company
9. Fuel costs for delivering the groceries to the customers
10. Insurance for the storage premises and the stored grocery items
11. Marketing costs – including flyers, discounts etc

10   Business plan for a new Internet grocery retail shop

This Chapter describes the business plan for the Internet grocery retail shop.

10.1   Business Idea and description of the business

The motivation for developing the new grocery store service for Indian customers arises from the business opportunity that author saw when he experienced the difficulty faced by customers while purchasing groceries from the Indian stores. Apart from the business opportunity, the author's own technical expertise in computer related technology and the knowledge gained in "Service Innovation and Design" MBA course gave ample confidence to the author that the business idea could be developed into a sustainable and profitable business.

The core of the business is an Internet grocery store service for Indian customers which provides home delivery of the groceries in the Helsinki metropolitan region. The most important component of the business is the website which is the interface for the customers. The website contains a catalogue of available products which the customers can browse or search to order the desired products. The orders received would be processed on the same day. The deliveries would be done on the same day for the customers in the Helsinki metropolitan region in Finland. For orders received from other regions within Finland, the groceries would be packed in appropriate packages and sent via the parcel delivery service. The revenue streams are the revenues generated by the sale of grocery items. Apart from the sale of grocery items, some revenue is also generated by the delivery cost charged from the customer when the value of order is below 35 euros.

10.2   Customers, products and services

The most important customers for the business are the Indians and Asians living in the Helsinki metropolitan region. There are around more than 3700 Indians living in the Helsinki metropolitan region. Apart from Indians, there are citizens of other countries in the Indian subcontinent who would be the potential customers. The main products are the Indian grocery items such as rice, flour, pulses, Indian sweets and snacks. The main service provided is home delivery of groceries.

Differentiating factors of the business

Following are the key differentiating factors of the business:

  1.   Free home delivery

No competitor offers free home delivery for if the purchase is for a small value. This service aims to provide free home delivery for orders above 35 Euros. So it is a huge advantage for customers since they do not have to carry their shopping items from the shop to their home. Since most customers use public transport, it is a huge inconvenience for customers to carry groceries.

  2.   Order through website/sms/email

None of the competitors have the feature of ordering through mobile or website. The customer has to physically visit the shop for ordering. The website is optimised to give a better experience on mobile phone. So the user can place his orders using the desktop or the mobile phone. The service also allows the customers to place an order by sending a sms or an email.

  3.   24 hour Shopping

 None of the competitors have a good online portal which shows all the available items. So it is not possible to order for goods without visiting the shops during their opening hours. With our business the customer can place his order any time of the day/night.

  4.   Delivery on the same day

The competitors who offer home delivery often do according to their convenience. Sometimes the delay is as much as one week. Our business offers to provide the delivery on the same day in the Helsinki metropolitan area if the orders are made before 4 pm. However, for orders from outside the metropolitan area, the orders would be packed and parcelled on the same day.

  5.   Customer reach/communication

The competitors do not advertise any offers or discounts. Since the business would have good online presence, the customers will know about any offers or discounts immediately.

10.3   Competitor Analysis

There are a number of grocery stores in the Helsinki metropolitan area. A few of them provide home delivery of grocery items, but the customer needs to purchase for more than 85 euros. The groceries ordered by the customer are not delivered on the same day, but according to the convenience of the store owners. Most of the stores do not have a website, so it's not easy to know which goods are available in the shop without visiting the shop. The sale offers provided by the store owners are not known to the customers unless they visit the stores. A couple of store owners post their offers in the

Facebook group. Since most of the shops are physical stores, they are subjected to a time limit on a day when they can be open. Table 7 shows the SWOT analysis for the new Internet retail shop.

STRENGTHS	WEAKNESS
Unique service Very useful during winter/rainy seasons Ordering through website/email/sms Low operational cost	New entrant, so no customer base Fresh vegetables cannot be delivered Low valued orders can reduce profitability
OPPORTUNITIES	THREATS
Deliver fresh vegetables using mobile vans Expansion to other Asian/African markets Improve delivery times Expansion to other cities	Competitors can start free home delivery Competitive pricing may affect profitability Breakdown of delivery vehicles

Table 7: SWOT analysis for the new Internet retail shop

Strengths

Following are the key strengths of the business

1. There is no existing system which provides free home delivery of grocery items. There are a few stores which provide home delivery but the customer needs to purchase groceries more than 85 euros. This may not be feasible for the customers every time. So this service aims to provide free home delivery for grocery purchases above 35 Euros.

2. This service would be very useful service during bad weather/season such as Winters, spring etc. when the customer does not feel like going out of the home.

3. Customers without cars would find this service very useful. Since the average grocery weight is more than 15 kgs, customers who do not own cars find it extremely difficult to get groceries home using public transportation.

4. The service would enable the customers to place an order using website, mobile phone, email or sms. Currently none of the competitors have this facility.

5. The founder of the business is pursuing Masters in "Service Innovation and Design", so the founder understands the service business.

6. The operational cost of the business is very low since there is no physical shop. There is only a warehouse for storing the groceries.

Weakness

Following are the weaknesses of the business model

1. At the beginning, only packaged goods can be delivered. The customers cannot order for fresh vegetables. Fresh vegetables cannot be delivered since everyone has a different criterion for measuring freshness

2. Being a new entrant in market means that there is no loyal customer base yet

3. If the customer orders for low value, it may decrease profitability.

4. Some customer may prefer to buy directly from shops in town instead of home delivery. This may reduce the number of orders.

Opportunities

Following are the opportunities which can be leveraged in future

1. Mobile vans could be used for delivering fresh vegetables and other unpackaged items. So the customer would have the option of choosing fresh vegetables himself.

2. The business can expand to other markets (such as Finnish, Russian markets etc.)

3. With efficient delivery mechanism, it could be possible to provide delivery within few hours.

4. If possible, the business should tie up with local businesses. This could help in meeting customers' needs if some items in the inventory go out of stock.

5. The business can provide deliveries to customers living in other cities of Finland using the postal services

Threats

Following are the threats that the business should guard against

1. The competitors can start free home delivery with ordering using website and mobile. This increased competition may have an adverse affect on profit margins.

2. Competitive pricing by vendors may affect profitability.

3. Delay in delivery of groceries could harm the loyalty of the customers

4. Breakdown of delivery vans could result in delay of delivery of groceries to the customers. So a backup delivery vehicle should be ready all the times.

10.4 Operations and Management

This section describes the operations and management of the whole business process.

The products would be imported directly from the suppliers, so there would not be any production process in the company. The goods would be ordered from suppliers and producers in UK. There are a number of suppliers in UK, but it is beneficial to purchase from the producers of the product directly instead of intermediate suppliers. The author has contacted many suppliers and has decided to make the first order to Heera group.

The website has been developed by using an open source cart solution. The website is maintained by the author since the author has sufficient experience of handling computer systems and related technologies.

Office space

The author would use his own home as the office premises. Since the only needed equipment for running the operations of the company would be a laptop computer and a printer, there is no need to rent out a separate office space. As a new entrepreneur, it is very important to avoid unnecessary costs in the initial stages. The company could rent an office in future if needed.

Storage needs and space

The business would need a warehouse where the grocery items would be stored. The storage space should be big enough so the groceries could be arranged in a way that it makes it easier to process the customer orders. The warehouse would be rented in a place near to the author's home since it would make it easier to visit the store frequently.

Company's business hours

As the orders are made through the web site, the customers can place anytime. The orders received before 4 pm on weekdays would be processed on the same day. The delivery of orders would be made on the same day for customers of the Helsinki metropolitan area.

Accounting

In the initial stages of the business, the deliveries to the customers would be made by the using own car. Additional vehicles would be purchased if the business grows. The accounting related work would be outsourced to an accounting firm.

11   Implementation details of the Internet retail shop

This Chapter describes the important features and implementations details the new Internet retail shop.

11.1   Internet store address

www.click2shop.fi

Figure 14 shows the home page of the new Internet grocery retail shop. The home page has a prominent search bar that the customers can use to search for the desired product. The categories are listed on the left hand side as well as on the top menu bar. The home page shows the most important features of the online store.
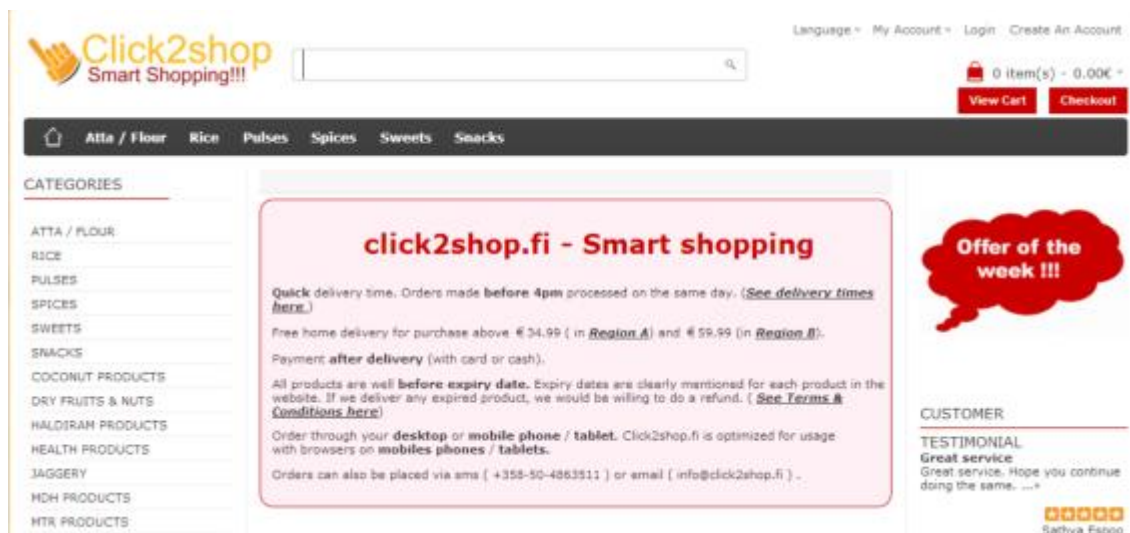
Figure 14: The home page of the new Internet grocery retail shop (Click2shop 2013)

11.2   Product categories

The following categories of products are available at the new online store:

Flour
Rice
Pulses
Spices
Sweets
Coconut products

Dry fruits and nuts

Oil & Ghee

Pickle

Rawa and semolina

Vermicilli and noodles

Tamarind

Sauces & ketchup

Miscellaneous products

Figure 15 below shows the categories page for one of the product categories. All the products in a category are placed in a grid format with an option to add the product to the shopping cart.
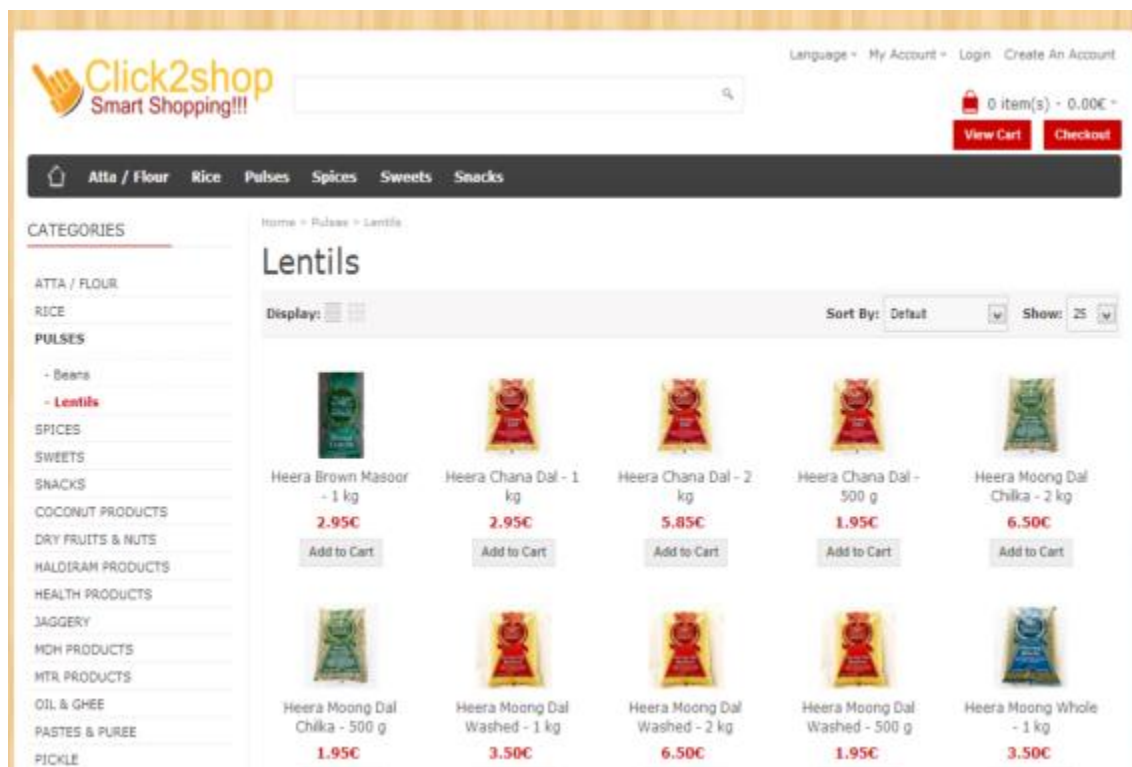
Figure 15: The categories page for the new Internet grocery retail shop (Click2shop 2013)

11.3   Features

Some of the important features that were implemented are as below:

Optimization for mobiles and tablets
The customers can order using the website through their desktop, mobile or a tablet.

The website is implemented in such a way that it is easy for the customers to browse on their mobile phones as well as tablets. The Figure 16 shows the website as opened from an mobile phone. As shown in the figure, only the most important sections such as the menu, search bar etc. are shown. So it becomes very easy to browse and search for items on the mobile device.
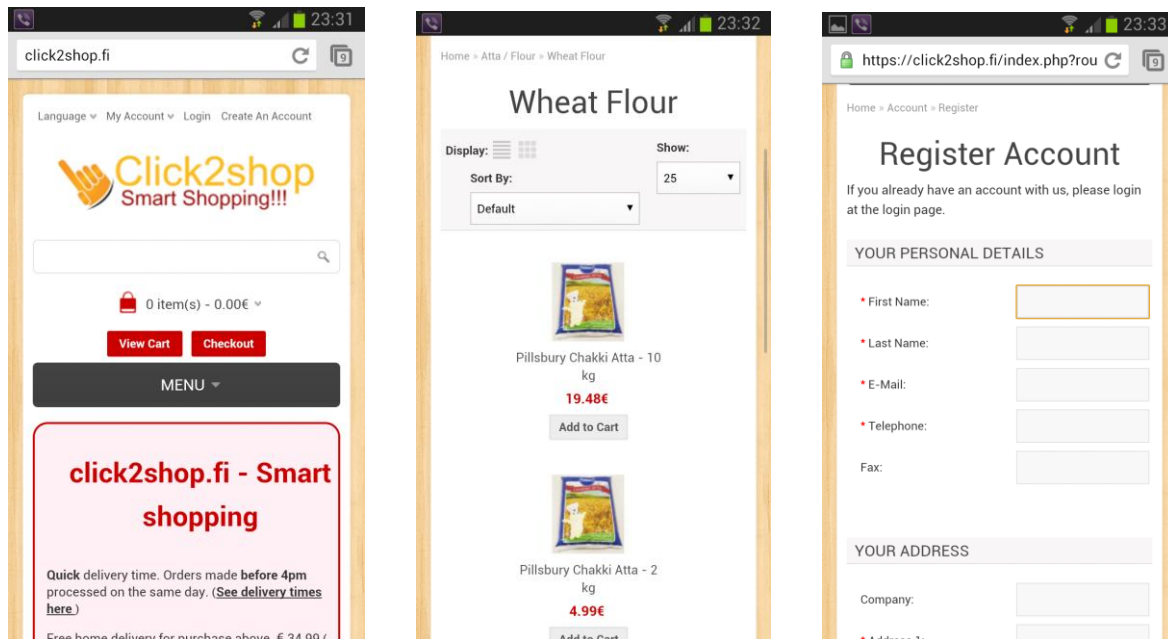
Figure 16: The mobile version of the new Internet retail store website

Easy to use search bar

The search is one of the most important feature for a online stores since the customers should be able to easily find what they want. Apart from searching the exact match, it would be helpful if there is an autocomplete search. The autocomplete search feature is implemented in the website and is as shown in Figure 17.
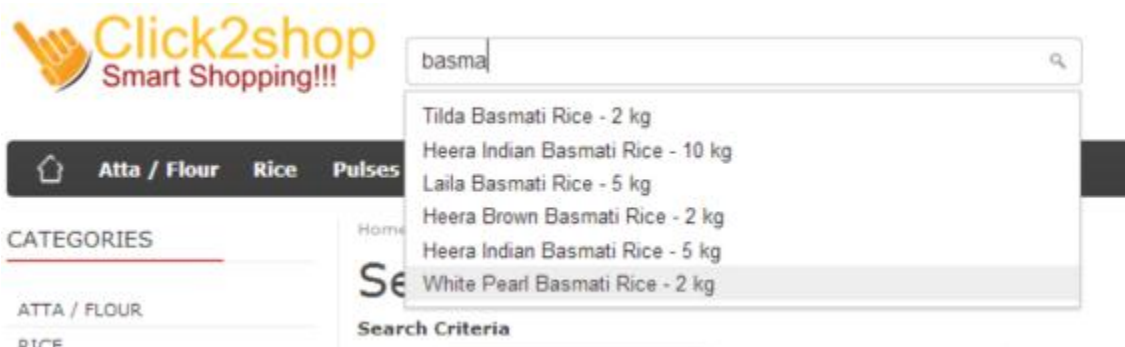
Figure 17: The autocomplete search functionality (Click2shop 2013)

Payment after delivery

For a new business it is difficult for the customers to trust it unless they try the service. So it was decided during the initial few months that the customers should be able to pay for the groceries after it was delivered. A wireless portable payment terminal was purchased so that the customers can pay for the groceries after receiving their order.

Same day delivery for certain areas

One of the most important features is to deliver the groceries the same day when it is ordered. In the initial phases of the business, certain areas would get the groceries delivered on the same day if the order is made before 4 pm. As the business grows, the company would be able to hire more employees and it would be possible to provide same day delivery for all the areas in the Helsinki metropolitan area.

Best Before date mentioned for each product

For each product, the best before date in mentioned in the website. In this way, the customers will be able to know the expiry dates of the purchased product.

Itemised bill

The bill that is generated for the customers will have all the details of the product including the expiry dates. It will have information about the discounts, delivery costs etc.

11.4   Delivery zones

Since the Helsinki metropolitan capital region is a large area, it was decided to divide the whole capital region in two zones. The Figure 18 below shows the delivery regions for the new Internet retail shop.
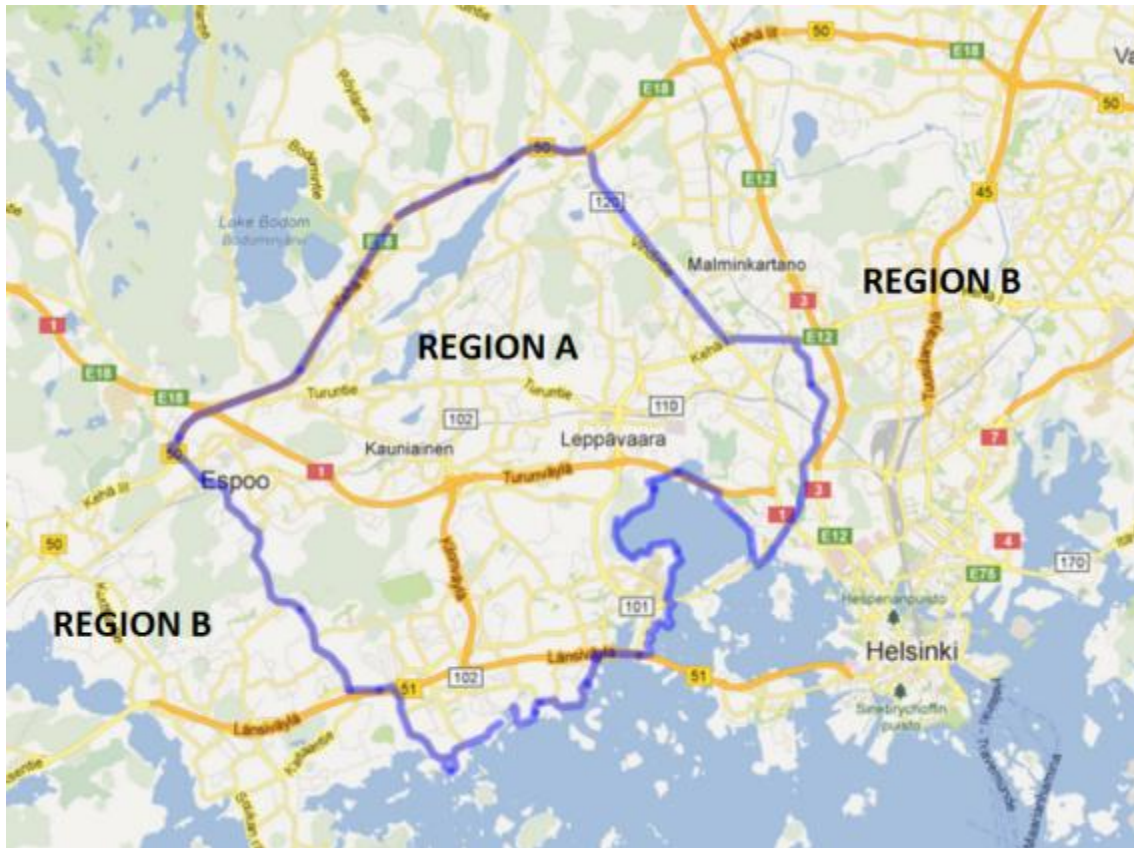
Figure 18: The delivery regions for the new Internet grocery retail shop (Click2shop 2013)

The region within 10 - 15 km range from the company's warehouse was defined as Region A. The other entire region outside Region A was defined as Region B. The delivery charges for low order purchases were based on the customer's delivery address.

11.5   Delivery Times

At the start of the business, the author was the only employee of the company handling all the operations. It is very difficult to cover the entire Helsinki metropolitan region by one person in one day, so different delivery times were decided for different regions. The Figure 19 shows the delivery times of the groceries.

Region	Purchase Amount	Delivery Charges	Delivery Time
Region A	Above 34.99 €	Free	Mon-Sat (6 pm - 9 pm) Sunday - No deliveries
Region A	Between 14.99 € - 34.99 €	3.5 €	Mon-Sat (6 pm - 9 pm) Sunday - No deliveries
Region A	Below 14.99 €	-	No delivery
Region B	Above 59.99 €	Free	Wednesday (6pm - 9pm) Saturday (6pm - 9pm)
Region B	Between 35 - 59.99 €	4.5 €	Wednesday (6pm - 9pm) Saturday (6pm - 9pm)
Region B	Below 35€	-	No delivery
Region C	-	-	No delivery yet. To be planned soon.

Figure 19: The delivery pricing for the new Internet grocery retail shop

11.6   Facebook page

A Facebook page has been created for the company to have an active online presence. Most of the offers and discounts are published on the Facebook page so that the customers instantly get the message. The Figure 20 shows the Facebook page.

Figure 20: The Facebook page for the new Internet grocery retail shop (FBclick2shop 2013)

The Facebook page is an easy and efficient way to communicate any messages to the customers. The customers get any updates about offers or discounts though the Facebook page.

12   Conclusion

The thesis writing and setting up the business has been a great learning experience for the author. Setting up an online grocery store has its own challenges and competing with the existing grocery stores in a small market is not easy. However, the Internet grocery store business model has low operational cost compared to the traditional grocery stores. In addition to this, good service provided to the customers can help to create a trustworthy image. Technology can be used so as to make it easier for the customers to place the order on the fly.

Setting up the business is not as difficult as it seems. The new Internet retail shop has been in business already for four months and the growth seems promising. The numbers of customers has been steadily increasing which has resulted in more number of orders. Though the business in its early stages, the author is convinced that online grocery store business is sustainable.

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Figures and Tables

Appendices

Appendix 1: Online Survey: Grocery shopping at Indian Grocery Stores in Finland

Appendix 1: Online Survey: Grocery shopping at Indian Grocery Stores in Finland

1) Number of adults in the family (or in the apartment, in case of friends sharing an apartment)

- ○ 1
- ○ 2
- ○ 3
- ○ 4
- ○ 4+

2) Number of kids in the family?

- ○ 1
- ○ 2
- ○ 3
- ○ 4
- ○ 4+

3) Please state you locality/area where you stay. (for example matinkyla, leppavaara, mankka, konala .....)

_____

4) What is you average monthly expenditure at Indian grocery stores (Excluding Fresh vegetables)

- ○ 0 - 50 Euros
- ○ 50 – 100 Euros
- ○ 100 – 150 Euros
- ○ 150 – 200 Euros
- ○ 200+ Euros

5) What is you average monthly expenditure at Indian grocery stores for Fresh vegetables?

- ○ 0 - 25 Euros
- ○ 26 – 50 Euros
- ○ 51 – 75 Euros
- ○ 76 – 125 Euros
- ○ 126 - 175 Euros
- ○ 175+ Euros

6) How many times a month do you visit Indian grocery store?

- ○ Once a month
- ○ Two times a month
- ○ Three times a month
- ○ More than three times a moth
- ○ Others (Please specify)

7) What is the total time spent during one visit to the Indian grocery stores. (Please also consider your travel time if you travel exclusively to visit the store).

- ○ Less than 15 minutes
- ○ 15 – 30 minutes
- ○ 30 minutes – 1 hour
- ○ 1 – 2 hours
- ○ 2 – 3 hours
- ○ More than 3 hours

8) The following are related to shopping/purchasing products using the Internet. Please select your level of agreement to the following questions

Question	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
a) I am not comfortable to shop on the Internet.	○	○	○	○	○
b) I prefer shopping at stores than on Internet.	○	○	○	○	○
c) I think shopping on the Internet is not safe.	○	○	○	○	○
d) In future shopping on Internet will replace the traditional shopping.	○	○	○	○	○
e) I prefer online shopping only if prices are cheaper than actual store.	○	○	○	○	○
f) Delivery of products ordered on the Internet takes long time	○	○	○	○	○
g) The number of goods available on an Internet	○	○	○	○	○

store is more than what is available on the

physical store

h) The information given about the products on the

website is sufficient to make a decision to buy.   ○   ○   ○   ○   ○

i) I consider it safe to give my credit card number

during online shopping   ○   ○   ○   ○   ○

j) Internet shopping reduces the costs incurred during   ○   ○   ○   ○   ○

traditional shopping (parking fees, travel costs etc.)

k) I would be worried about what to do if I am not

happy with a purchase made from the Internet   ○   ○   ○   ○   ○

l) Shopping online is helpful (example: finding out   ○   ○   ○   ○   ○

related product etc.)

9) The following question refer to the shopping of groceries over the Internet. How important are the following factors in your decision to purchase groceries from the Internet

Question	Very Unimportant	Not Important	Neutral	Important	Very Important
a) Delivery on time of the groceries	○	○	○	○	○
b) Same day delivery of groceries	○	○	○	○	○
c) Reputation of the store selling groceries online	○	○	○	○	○
d) Guarantees for refund in case of issues in groceries purchased	○	○	○	○	○
e) Privacy of the information (such as shopping behaviour or data is not shared with others)	○	○	○	○	○
f) Good description of groceries on the website	○	○	○	○	○
g) Security of the credit/debit card,	○	○	○	○	○

bank account details

h) Price of the grocery items	○	○	○	○	○
i) Knowing the delivery charges and	○	○	○	○	○

other hidden costs before starting

online shopping

10) Would you be willing to pay extra if groceries are delivered at your home? If yes, then how much (you could define some percentage of the grocery ordered or define some fixed amount)?

11) What amount do you think qualifies for a free delivery of groceries at your home?

12) What are the most important features that you would like to have for an online grocery store supplying India groceries? Please write as detailed an answer as you wish.

13) Any other comments/suggestions?