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NEW CHALLENGES OF THE BOOK RETAIL INDUSTRY

Master's thesis within Business Administration

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Abstract

Businesses are being more and more influenced by changing forces like globalization, de-regulation, convergence of industries, and it has been several years since a newcomer has appeared in almost every marketplace all around the world: e-commerce. The emergence and development of e-commerce was due to the rapid growth of the internet. This new tool has enabled companies to display and sell goods and services cheaply to consumers and businesses around the world. In this context some traditional industries like the book retail industry could feel threatened by the changes in buying behaviours of customers who have become bold and aggressive in their demands not only for superior quality but also for responsive service.

Purpose: The purpose of this thesis is to find out the new challenges within the field of e-commerce for the book retail industry, in terms of market approach and Customer Relationship Management.

Frame of reference: Based on various studies the authors have analyzed four steps in building Customer Relationship Management: prospecting, retention/loyalty, save and cross-selling/up-selling; these steps or types of Customer Relationship Management have to be adapted to the particular context of e-commerce.

Method: For the purpose of this thesis both qualitative and quantitative methods were used in order for the authors to gain advantage of each. For the qualitative method interviews were lead with physical bookstore managers, as well as on-line book retailers; and for the quantitative method a questionnaire was built in order to get an understanding of customers buying behaviors and preferences.

Conclusions: In this study, the authors have shown that customers who buy on-line perceive the internet as a complementary source of products and not as a substitute for their traditional stores. Different buying behaviors have been revealed in this thesis with different ways to perceive the internet. The main challenge for on-line companies is thus to deliver customers with the highest quality of services in order to give them the willingness to come back while for traditional bookstores the challenge is more to develop person-to-person exchanges.

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1 Introduction

1.1 Background

“We are on the verge of a revolution that is just as profound as the change in the economy that came with the industrial revolution. Soon electronic networks will allow people to transcend the barriers of time and distance and take advantage of global markets and business opportunities not even imaginable today, opening up a new world of economic possibility and progress.”

—Vice President Albert Gore, Jr. (Rahman, 2000).

Businesses are being more and more influenced by changing forces like globalization, deregulation, convergence of industries...and it has been several years since a newcomer has appeared in almost every marketplace all around the world: e-commerce (Brown, 2000). The emergence and development of e-commerce was due to the rapid growth of the internet. The internet originated from several U.S. government-sponsored programs (ARPANET, CSNET and NSFNET, etc) aimed at providing a networked computing environment for researchers (Kalakota & Whinston (1996) in Shaw, 2002). Starting from the early 1990s, the internet was extended to business community applications. With such a great business potential and rapid growth to millions of users, the term “electronic commerce” was created, and e-commerce applications expanded rapidly (Turban et al. (1999) cited in Shaw (2002). These new tools have enabled companies to display and sell goods and services cheaply to consumers and businesses around the world (Brown, 2000).

The broad accessibility of the internet makes any e-commerce service globally available. The Web enables search and delivery of rich information, and sophisticated electronic transaction processes can be integrated easily with backend enterprise information systems (Shaw, 2002)

Although the internet provides many opportunities for companies that can reinforce the key drivers of business success such as information, collaboration, speed and agility, it also poses great challenges in terms of a lack of comprehensive e-business strategies, rapid and radical transformation of traditional business models, learning curve issues, privacy and security of information, among others (Brown, 2000)

These advances in technologies, as well as the price advantages gained through global location, plus better purchasing and sophisticated marketing method etc. All this make it more difficult for companies to differentiate themselves from their competitors (Roberts-Phelps, 2001).

In this context, customers have become increasingly bold and aggressive in their demands not only for superior quality, but also for responsive service. Thus, the importance of Customer Relationship Management has revealed its importance. Indeed, according to Anderson (2001), Customer Relationship Management is about keeping the old-time spirit of customer connection even when you can't shake every hand. Customer Relationship Management is about using information technology systems to capture and track a company's customers' needs; it is also about integrating that intelligence into all parts of the organization

so everyone knows as much about your customers. For Brown (2000), the key of success for companies lies in focusing on customer's needs, providing products and services that meet these needs and then managing the customer relationship to ensure that customer satisfaction and repeat purchases occur. Customer Relationship Management is neither a concept nor a project, instead it is a business strategy that aims to understand, anticipate and manage the needs of an organisation's current and potential customers. It appears that there exists a strong correlation between customer satisfaction and customer retention/loyalty. Grönroos (2000) adds that a loyal customer is a profitable customer. But building a highly loyal customer base cannot be done as an add-on, it must be integrated into a company's basic business strategy (Reichhel, 1996).

1.2 Early History of the Book retail industry

It was during the fifteenth century that the invention of the printing press provided the technical precondition for a wide dispersal of the written word. But it did not happen until the eighteenth century when the aristocracy's privilege of education came to an end. The reading public developed at first through the publication of newspapers and magazines, but there was not special interest at that time in books, since their high price remained a high barrier to widespread reading. Even though in the middle of the nineteenth century novel-reading raised rapidly from 65% to 90% in Western countries (Leavis, 1932). Reading became very soon an accepted part of daily life for upper classes and possession of books was taken for granted, but not among the lower class (Gedin, 1975).

During the eighteenth and nineteenth century, main actors in the book market were the following: publishing houses, book-sellers, newspapers and magazines, bookshop, independent writer and the reading public (Gedin, 1975).

The great improvements in communication during the nineteenth century saw the rise of a need for a wider geographical dispersal of booksellers, and the industrialized countries of the West a system of book merchandising was instituted that remains much the same to this day. Booksellers received their stocks from publishers on a commission basis, on approval, with full return rights since it was impossible for them to know all the latest books published, and because the consigned books could take weeks to arrive. In return, the publisher required the bookseller to accept the book sent (Gedin, 1975).

By the beginning of the 20th century in the publishing world the pattern of almost a hundred years gradually changed and American methods appeared in the form of cheap editions and the launching of bestsellers; and marketing through mass media, such as radio, the weekly press and in films. S. Fischer (a famous German publisher of the beginning of the 20th century) in 1911 wrote: "the book is now an object that can be most easily dispensed with in our daily life (...) the lost war and the American wave of culture have transformed our way of life, changed, our taste". According to this author, radical changes were taking place in society and the book market was about to change accordingly. The majority of the older publishing houses not only survived between the wars but grew larger owing to the strength gained through their former development. They were in possession of valuable copyrights and the new dynamic market gave them an opportunity to reach new readers through books clubs, cheap editions, and collected works. Great changes occurred in the 50s and 60s. These changes that had started between the wars and which reflected the deep transformation taking place in the whole of western society: This society has turned into

post-industrial line, the service society of today has brought fundamental changes in every aspect of the book trade among writers, publishers, booksellers, and of course the reading public (Gedin, 1975).

1.2.1 History of the internet

The origins of the internet can be traced back to a Pentagon – funded, military-based experiment for communications. In 1962 at the Massachusetts Institute of Technology, the idea of a network connecting computers around the world was started in order to distribute and have access to data and programs (Malonis, 2002). From its beginning until 1972 the ARPANET was almost unknown except for a limited group of scientists and military personnel. It was on this year when by mistake two programmers invented what is currently known as e-mail, while trying to send a message to each other instead of just transferring files (Kalakota & Whinston, 1996). As ARPANET evolved into what is known today as the internet, it was grounded to an open architecture network, making it possible for other networks to connect and to interact with the internet and among them, by opening the network the number of computers connected to the internet grew from only some hundreds to more than 1.3 million by 1993, and the number of networks from a couple to more than 10,000 (Malonis, 2002). The idea of connecting electronic documents around the globe for easy access came to reality in 1992 with the creation of the World Wide Web and the first browser on 1993 (Giunipero & Sawchuk, 2000).

1.2.2 The World Wide Web

The World Wide Web is arguably the invention that has single-handedly facilitated the growth of the internet to its current status as a global information sharing system (Malonis, 2002). It is the part of the internet with the higher levels of growth and the most important commercially speaking (Davis, 2000). The World Wide Web was initially developed in order to create a global interactive interface for using the internet and integrate the previously fragmented and relatively exclusive tool into a popular and seamless whole (Malonis, 2002).

It was initially developed at the European Center for Nuclear Research in order to share information about nuclear physics. In its heart lies a system of many Web servers that makes it possible for the end users to view and move between Web pages, or documents formatted in the Hypertext Mark-up Language (HTML). It has been described by the World Wide Web Consortium as *“the universe of network-accessible information, the embodiment of human knowledge”* (Malonis, 2002).

Web sites is the common name given to locations on the World Wide Web, which usually reside on individual servers that need to be called by means of uniform resource locators (URLs) which is its individual address in order to gain access. These Web pages can be viewed by using software applications called Web browsers, being the most commonly used being internet Explorer and Netscape Navigator (Malonis, 2002).

1.2.3 Book retailing on-line

Since 2001 the on-line bookstore market has been shared mostly by two major players: Amazon and Barnes and Noble. These two companies pursue different e-tailing strategies due to their nature and background as pre existing companies (in the case of Barnes and Noble). Amazon is a pure-play on-line retailer that doesn't have any physical presence in the market from the beginning as a company. Amazon is the dominant force in the industry mostly due to its first mover advantage, its aggressive marketing strategies and strategic alliances with other players in different markets to offer their products on-line. Barnes and Noble moved from the traditional book retailing physical store to use the on-line retailing as a spin-off without depending so much on their physical stores, and later changing this strategy towards a more integrated approach (Epstein, 2004).

1.3 Problem discussion

The figures in e-commerce are growing in an exponential way. As an example the credit card company VISA expected to reach \$100 billion in internet purchases amounting to an 11% of its total transactions for the year 2003. Increasing from \$13 billion that amounted for 1% of its total transactions in 1999 (Gefen, 1999).

The fast pace of growth in the usage of internet as a means for doing business is seen as a threat to some sectors of the economy due to the fact that it enables businesses and people to connect directly, sidestepping intermediaries such as retailers and distributors (Lohr, 1997 in Kotha, 1998).

Since internet alters the way information is communicated, members of industries such as the newspapers, travel, and book retailing, that in the past exploited the information asymmetries between buyers and seller to make a profit, are among the ones that feel threatened by this change in buying behaviors and the increased market efficiency that results as an outcome from these changes (Kotha1998).

Among the most popular items bought through the internet are CDs, books and subscriptions to magazines. With Amazon.com as the main player in this market selling to 6.2 million customers in more than 160 countries (Gefen, 1999) rewriting the rules of competition in the global book industry through the exploitation of the World Wide Web as a tool to make business in an industry dominated by a few well established firms such as Barnes & Noble, Books and Music, and Borders (Kotha, 1998).

However, Amazon.com does not have the collections that academic bookshop have developed over time. The on-line bookstore has become a model for e-commerce due to the way it rapidly grew, established brand recognition and managed to keep low inventories while generating a large volume of sales (Van Ulen & Germain, 2002).

Traditional book retailers are now faced with several questions in order to remain competitive in this segment: Should we offer our products on-line too? This is the case of Barnes & Noble and other traditional book retailers that are incorporating the sales of their products on-line among their business processes. But where is the future leading for the book retail

industry? Is it just incorporating e-commerce among the business activities the answer? Or is the virtual store and small warehouse with low inventories the new way to do business?

In the words of Bezos, founder of Amazon when asked about why customers prefer Amazon (Fast Company, 1996 in Kotha, 1998):

Bill Gates laid it out in a magazine interview. He said, "I buy all my books at Amazon.com because I'm busy and it's convenient. They have a big selection, and they have been reliable" Those are three of our four core value propositions: convenience, selection, service. The only one he left out is price: we are the broadest discounters in the world in any product category ... These value propositions are interrelated, and they all relate to the web.

Hence the most important issue to solve from the point of view of the retailers is not whether there are sufficient customers on-line, but how e-commerce is likely to reshape their markets and business processes (Ellis-Chadwig, Doherty and Hart, 2002)

1.4 Purpose

The purpose of this thesis is to find out the new challenges within the field of e-commerce for the book retail industry, in terms of market approach and customer relationship management. By new challenges is meant the further adaptations that need to be made to their present processes in order to adapt to their customers requirements.

2 Frame of Reference

2.1 Customer Relationship Management

Over the past decades marketers have been forced to note that mass-media advertising had become a useless tool in comparison with Customer Relationship Management as a way to win, retain and grow business. Organisations have realised how difficult it has become to compete only on price. Considering that companies are being more and more oriented towards services (Grönroos, 2000), great results can no longer be attained by the use of large marketing and advertising campaigns. Companies have realised that they must choose selective methods and channels to attain all the different customers' segments; most of these methods deal with customer relationship management. Roberts-Phelps (2001), a business trainer and consultant, considers that a company where Customer Relationship Management is taken seriously and operated successfully is an organisation where the customers become the main focus for all the operations and decision-making, organisations who become customer focused.

For Villanueva and Du (2002) Customer Relationship Management is an enterprise approach to understanding and influencing customer acquisition, customer retention, and customer value -current and lifetime- through interactive, relevant information exchange.

Brown (2000) defines Customer Relationship Management as “the process of acquiring, retaining and growing profitable customers”. It involves a precise focus on the service attributes that the customer considers as valuable and that create his loyalty.

Furthermore Brown (2000) has identified the main advantages of Customer Relationship Management over traditional mass-media marketing:

- advertising costs are reduced
- it enables an easier targeting of customers by focusing on their requirements
- tracking of campaigns is facilitated
- allows organizations for customers based on service and not on prices
- makes easier the balance of costs on both low-value clients and high-value clients
- makes faster for companies to develop and market a product
- makes easier to maintain contacts with customers

According to Brown (2000) Customer Relationship Management starts with the development of a marketing strategy which is based on the main forces that influence companies such as societal, technological, business conditions, regulatory and market. This marketing strategy will help to determine in which way Customer Relationship Management decisions will influence marketing behaviour.

2.1.1 Core relationship principles

Professor Fournier from Harvard University published an article in the Harvard Business Review (in Villanueva & Du, 2002) that warns about all the misconceptions that could lead to a premature death of relationship marketing. The three core relationship principles are: first the provision of meaning lies at the core of all relationships. In order to manage relationships, we must manage meanings, since they help consumers to live their lives. Secondly, managers have to keep in mind how complex relationships are, varying along several dimensions, and constituting many roles and forms. Marketers should strive to understand the dominant relationship types in their relationship spaces and create clusters of consumers. The third core principle: relationships are dynamic entities that have to be managed over time.

2.1.2 Four steps of customer relationship management

Handen (2000)* proposes that Customer Relationship Management enables companies to target all of the different types of customers they have, no matter the point of their life cycle they are in; as well as it enables companies to select the marketing program that best fits the customer's attitude toward the company and their willingness to buy its products and/or services.

Several authors (Handen, 2000; Kracklauer, Mills & Seifert, 2004**) have identified four main types of customer relationship management, which can be seen as steps, enabling companies to win back defected (or planning to) customers, or so called retention, to create loyalty among the existing customers, to up-sell or cross-sell services to the existing customers and to prospect for new customers.

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2.1.2.1 Prospection /identification

Kracklauer et al. (2004) believe that a systematic customer management has to start with the definition/identification of target groups and collection of qualitative and quantitative data on these groups. Handen (2000) assumes "prospecting is the effort to win new, first-time customers. Besides the offer itself, the three most critical elements of a prospecting campaign are segmentation, selectivity and sources." It is important to develop a valuable needs-based segmentation model that enables the organization to target efficiently the offer. If the company decides not to follow this path it would fail in its efforts to identify their target consumers and will spent too much on advertising, promotions and concessionary pricing. A consumer segment is, according to Kracklauer et al. (2004), chosen based on their attractiveness to the firm. Roberts-Phelps (2001) believes that if companies were to put more efforts into their existing customers it would be logical that they focus on the customers that had the greatest value and potential. Meant that companies have to start let go the customers who do not offer long-term future value.

Handen (2000) advises to get a 95 percent confidence rate before embarking on a prospective effort. What customers require from a company is determined through needs-based segmentation; on the other hand profit-based segmentation is used to define how valuable

the customer is and facilitates the company's decision of how much should be willing to spend to get that kind of customer.

2.1.2.2 Loyalty / retention

Kracklauer et al.(2004) stress that long-term retention of profitable customers is one of the central concerns of customer relationship management. Customer satisfaction is the essential condition for retaining customers, and is the result of a process of comparison between the customer's expectations (such as personal standard, images of the company, knowledge...) and its perceptions (like its actual experience, impressions of product performance...).

In order to prevent customers from leaving Handen (2000) defines three essential elements a company can use: needs-based, value-based segmentation and predictive churn models:

- Value-based segmentation enables the company to define how much it is willing to spend in retaining a customer's loyalty. In the case of the customers who the company considers as not profitable, it may invest nothing on them and incite them to leave
- After the first customer selection made by the segmentation screening, the company may use needs-based segmentation to offer to its customers a customized loyalty program: airline miles, hotel points are the most recurrent types of affinity programs. Customers may be offered customized billing, special help lines or back-end loaded credits as a way to encourage customer's loyalty. These kinds of offers are more based on the customer's revenue level than tailored to their segment. Nevertheless, as companies focus more on the needs of individual customers, they find that with less investment they can attain the same level of loyalty
- As a final step of an efficient loyalty campaign is the development of a predictive churn model in which a company can predict customers' attributions by using demographic data as well as buying history available for the existing base of customers. By using advanced data-mining tools, companies can develop models that can identify vulnerable customers who are then targeted within the loyalty campaign. Through the use of churn models companies, can achieve a confidence ratio of 70 percent or even more. Under this level the costs incurred outweigh the potential increase on gross profit.

However a customer may still suffer a service/product failure, and several authors (Kracklauer et al, 2004; Faulkner, 2003) stress the importance to give the opportunity to the disappointed customer to express himself. If this process is offered at any stage of the relationship, the complaining customers are more likely to remain loyal forever. Barnes (2002) stresses some examples of positive effects long-term customer can have on a company: customers who have been dealing for a long time with the same company will tend to spend more money, which is called "share of wallet" phenomenon. Then the time spent will make them feel comfortable when dealing with the company. In addition, these loyal costumers will become "part-time marketers" by spreading positive word-of-mouth and thus being a source of free advertising, and ambassadors of the company. Since the company has already established them in its databases, and employees are "familiar" with them, they are easier to serve are less costly than new customers who are costly to attract (time and money). In addition this kind of loyal customer will forgive more easily the eventual company's mistakes and maybe reconsider before leaving the company. Finally loyal customers make the company more efficient since it gets to know more in depth its loyal customers and thus works better with/for them. As a consequence the company gets a greater

profit potential since loyal customers compared to new customers, are more likely to pay full price.

2.1.2.3 Win back/ Save

Handen (2000) argues that this process deals with convincing a customer to stay with the company when they are considering to defect it, as well as convincing them to rejoin once they have left the organisation. This category is the most time-sensitive; indeed a win-back strategy is four times more likely to succeed if contact is made within the first week following a defection than if it is made in the fourth week.

Another principal characteristic of a successful win-back campaign lies into selectivity. Indeed companies have to filter the customers who frequently switch, who have bad credit ratings and whose usage is too low. One of the most used techniques consists in “win-back” prices which are lower than those offered to common customers as a recognition of the high asset value of the reacquired customers (Blattberg, Getz and Thomas, 2001)*

Nowadays one trend for companies is to extend their contact lists. Handen (2000) assumes that in the past companies used to ignore customers who had an important decrease in purchase or who had discontinued purchases. For companies, such customers often switched to other products or services. But still this remained as an assumption since no relevant data was available. Recent work found that many of these consumers are neither reducing their purchase nor migrating to a competition. To maintain the revenue stream and prevent the customer from becoming a “traditional” win-back candidate, some companies are now including partial disconnects and reduced-usage customers in their win-back campaigns (Handen, 2000)

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2.1.2.4 Cross-Sell / Up-Sell/ development

Faulkner (2003) has established that once the customer has been satisfied, there is a new selling opportunity for the company, whether it be a cross-selling or an up-selling.

Handen (2000) considers this program as a way to increase wallet share or the amount of money spent by customers in the company. The goal of this program is to define complementary offerings that customers would like. As an example, a long-distance customer could be interested in buying an internet access. The company determines the nature of the offer thanks to the customer’s needs-based segment, usage pattern and reaction to previous contact medium etc. then the company can directly present that offer to the customer.

With cross-selling the company offers the customer a complementary product. According to Blattberg et al. (2001) it depends on specific interaction or relationships between products. As an example: selling printers with personal computers

Hand up-selling is the contrary of cross-selling and instead of offering a complementary product the company presents an enhanced one (e.g.: replacing an analogue data line with ISDN) (Handen, 2000)

Cross-sell/up-sell campaigns are essential since the targeted customers already have relationship with the company’s results. Customers will be less likely to see the offer as a prod-

uct and will then be more willing to pay a premium for it. Customers who accept a cross-sell/up-sell offer become more and more profitable for the company (Handen, 2000).

Blattberg et al.(2001) assume that companies that use data on customer purchases behaviour are acquiring new customers, retaining existing customers, and cross-selling or up-selling more effectively than companies who do not.

2.2 Customer Relationship Management and e-commerce

The world is experiencing a great change with the use of internet which has become one of the most used tools to attain customers, Day and Van den Bulte, (2002) (George S. Day and Christophe Van den Bulte are professor of marketing and assistant professor of marketing at the Wharton School of the University of Pennsylvania, USA) believe that firms are always looking for new ways to build closer relationships with valuable customers, believing that loyal customers are the source of most of their profits. It has been shown that internet can be a great to increase revenue, decrease costs and retain customers through improved customer service. However, most companies using internet as a tool only use it in order to increase revenue and decrease costs, and not to improve the customer service. Nowadays many organizations provide their customers with self-service, low-cost or on-your-own approaches where the clients are given a direct access to purchase or make any transaction on-line (Day & Van den Bulte, 2002).

In this new context, little consideration has been given to what self-service implied in term of resolving customers' problems. The most relevant example is the responses to e-mails which are very often delayed and/or inaccurate by their content; despite the customers' speed of answer expectations, many companies still consider replying to their customers' e-mails as one activity of the lowest priority. (Pritchard and Cantor, 2000)*

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The web self-service applications have hardly any integration with the company's other customer-facing applications and data repositories. That's why Pritchard and Cantor (2000) consider that a company's view of the customer is not achieved, whether it is at an operational level (that is to say to support customer care processes) or at the strategic level (for customer data analysis and segmentation)

Day and Van den Bulte, (2002) assume that thanks to advances in Customer Relationship Management technologies, firms have not only the motivation but the means to build closer relationships and deliver greater value to their customers. However for Pritchard and Cantor (2000) there are several challenges in moving to a true electronic customer relationship management. According to them these challenges deal with:

- consistency: developing an integrated interaction channel strategy
- balance: between self-service and agent-assisted interactions
- technology: adopting the right technology at the right time
- change management: recognizing that this is radical change

- customer expectations: evaluating what is expected from a web-based service
- legacy customer care environment: avoiding building on a weak foundation

2.2.1 Consistency

The aim of developing an integrated interaction channel strategy is to improve the customer experience instead of just cutting costs. Customer Relationship Management must not only be seen as a way to reduce costs, internet provides many advantages in order to support personal service based on the individual customers' requirements and enable interactions with the company. (Pritchard & Cantor, 2000)

To develop an effective integrated interaction channel strategy the company must:

- integrate the strategy across all relevant interaction channels
- integrate the strategy within the use of customer data
- wonder how its customers would like to contact the company
- determine the most appropriate interaction channels for every kind of customer

Companies have to know which type of customer to address to and thus have to get to know the percentage of customers with internet connection (at home and at work) as well as customer access to other interaction channels. Most of the on-line interactions between customers and companies are conveyed by e-mail traffic says Newell, (2000). Indeed e-mail has become the single most frequently used capability of internet, and stands for a sort of lifeline to companies' customers, and is considered nowadays as a required service for companies. However a study published by Jupiter Communication (in Newell, 2000) assumes that many web sites fail at customer service, since for 42% of the sample (calculated on a basis of the 125 top-ranked sites) took more than five days to reply to customer's e-mail queries. And a Jupiter spokesperson believes that: "Companies that delay responses to user questions instantly lose a significant degree of credibility and user loyalty, and not responding perpetuates the consumer notion that using the Web site is not a reliable method of doing business with that company."

Furthermore companies have to keep in mind that all the existing integrated interaction channel must be considered in relation to the new ones, and integrate new technologies. (Pritchard & Cantor, 2000)

2.2.2 Balance

With the use of new technologies the customer interactions have moved to another level with both an increase in new channels (web, e-mails, interactive chat, kiosks...) as well as channels to enhance the quality of the interaction. (Pritchard & Cantor, 2000)

In addition Pritchard and Cantor (2000) sustain that satisfied customers are likely to have an impact on the enhanced experience of longer-term revenue enhancement. Indeed companies have to determine what their customers lifetime values are, that is to say how much money a customer will spend over the lifetime of the relationship with a given organisation (Faulkner, 2003). Moreover the balance between unsatisfied/self-serve (including e-mail), agent assisted and voice calls (where the customer can dictate instructions) must be carefully planned in order for self-serve maximum to provide value to the customer and not just to reduce costs. (Pritchard & Cantor, 2000)

The balance can be obtained by understanding the desire for assisted, unassisted and voice interaction for different customers, and segments of customers.

2.2.3 Technology

Web technologies, which are turning to be more and more available, give the opportunity to enhance the overall customer experience. The challenges for new technologies are to attain transparency as well as visibility in the many interactions between businesses and customers. Many appropriate technologies are available, such as: web collaboration, interactive chat, universal queue, problem resolution, e-mail response management, customer care robots, voice recognition and processing. In addition to these technologies some others can be integrated as complements to improve quality in Customer Relationship Management: Customer Relationship Management applications (cover functionality from marketing and campaign management), data warehouses and data-mining tools, interactive voice response units, computer telephony integration (e.g. intelligent routine) and dialers. (Pritchard & Cantor, 2000)

Organizations have to find new ways to involve their customers in the development of new products and new distribution solutions. According to Blomqvist, Dahl and Haeger (2002) internet is one of the best supports for such an involvement. They consider that websites can be classified according to the extent to which the information and exchange allows active involvement:

- Passive representation: the website provides the customer with basic information such as annual reports, brochures etc.
- Interactive representation: the website gives customers information with search capabilities like searchable catalogues among others.
- Interactive experience: the website offers activities where the customers are involved: discussion groups, games, conferences etc.
- Responsive relationships: the website is customized and personalized through the information it conveys: tailor made products, offers and communication
- Transparent relationships: the website offers a dialogue in real time such as images, text and sound.

Handen (2000) presents several important issues that can influence the successful use of technologies in customer relationship management:

- The readiness of different customers to take up technology
- The performance versus customer expectations of that technology
- The integration of new technologies with the existing ones
- The design and development of a technology foundation that enables timely deployment of the right technology
- The use of customization provided by web applications

2.2.4 Change Management

In order to change Customer Relationship Management Pritchard and Cantor (2000) stress some keys areas which that should go through great changes and adaptations.

- Organization design: the change within the organization is an inevitable consequence of implementing a web-enhanced customer service strategy. The challenge is to manage customer information independently of channel and location, and since the nature of services has changed the organization has to adapt to reflect the changes: organizations have turn more and more to a customer centric view. There are some key activities and responsibilities within this area such as: understanding and predicting what customers choose to do over the internet, managing e-mail responses, interactive communications and setting a contact center to manage multiple points of customers' access. Therefore a program to redesign the organization must be planned.
- People and culture changes: the internet is changing the way people do business, and organizations have to constantly adapt to the ever changing working environment and therefore staff within organizations must have or acquire some key skills: flexibility, fast thinking, customer focus, sales oriented, multi skilled, multi tasking, technical skills etc. the company must be ready to invest in its workforce and foster a culture that focuses on customer service excellence.
- Business processes: within the context of the internet processes have to be engineered to meet the customers' needs, that means to balance a design of sufficient quality (reduction of costs and transaction time) and processes that are flexible, can increase revenue as well as improve customer loyalty.

Handen (2000) defines some elements are required when developing business processes:

- An outside-in approach focuses on the customer
 - Streamlining processes across existing functional boundaries to provide the best to the customer
 - Designing processes enabling the resolution of problems and enquiries at the first point of contact
 - Providing the customer with the ability to help themselves
- Management processes: they deal with tools used by the contact center management to ensure sales and customer service areas are properly supported: expertise, information, control, monitor etc.
 - Training and recruitment requirements: all the new techniques essential for and efficient Customer Relationship Management require the training of both managers and customer service representatives (technical and behavioral). At the same time recruitment policies will have to be reviewed and tailored to the new skills requested.
 - Performance measurement: monitoring can be related to several areas such as: customer service efficiency, costs saving, customer retention, customer profitability, customer satisfaction. By using this internet companies can gain immediate feed-

back in a quite anonymous way. Still it is important to underline the importance of well designed interaction processes and robust contact channels that meet customers' needs.

2.2.5 Customer expectations

By using internet companies will be able to manage more easily costs and improve the value of their customers by retaining their loyalty. Still internet as a tool may not be the most appropriate channel for many customers who are not comfortable with it, or are reluctant to use interactive technologies. The segmentation work is a key factor in order to determine customers' expectations and requirements. (Pritchard & Cantor, 2000)

One of the main things to keep in mind for companies who decide to do on-line business is that they are still dealing with customers: "What satisfies customers in an offline environment will satisfy them on the Web" (Barnes, 2000). Companies have to find the balance between customer's expectations and requirements and all the technical capabilities offered by the internet, and avoid that the customer gets lost. The best advice given is to go back to the basics of customer value creation and customer satisfaction: "think like the customer"

2.2.6 Legacy customer care environment

The internet is one of the cheapest communication channels, still companies do not have to rely only on it for their interactions with customers, there would be danger in trying to minimize the cracks and hide current inadequacies in the customer services channels. The general balance between efficiency and customer care effectiveness has changed over time; there has been a rising on recent technologies trends helping to promote the enhancement of the customers' experience within companies. (Pritchard & Cantor, 2000)

According to Barnes (2000) a great principle of market segmentation is that is to not possible to treat all customers equally and when a company decides to settle on-line it should be aware not to offer just e-commerce applications but develop alternatives and systems that are capable to deliver the emotional content that characterizes "genuine" customer relationships. The best approach for a company is to offer both alternatives to the customer: purchase products or services both on-line and off-line

2.3 Customer satisfaction among on-line retailers

Professor Srinivasan from University of Texas, Austin and professor Moorman Duke University (in Villanueva, J. & Du, R. (2002) have debated about the role of customer satisfaction in business-to-consumer on-line retail markets and explains the majors' issues:

- On-time delivery and product selection and availability are dominant in customer satisfaction ratings, while prices and shipping/handlings options are unimportant.
- General customer learning investments such as building better customer information system and a deeper understanding of customers, are more important to customer satisfaction than specific investments to improve on-line customer experi-

ence (like improving the ease of ordering, enhancing product selection, providing effective product information, general website general presentation).

- Specific investments to improve customer experience such as improving the ease of ordering have a stronger effect on consumer satisfaction when the firm has made early investments to understand their customers.

2.4 E-business and e-commerce

Under the term of e-business are included all the different activities performed by a firm in buying and selling products and services using communication technologies and computers. It includes several related activities, like on-line shopping, sales force automation, electronic payment systems, web advertisement and supply-chain management (Bidgoli, 2002).

E-commerce is buying and selling goods and services over the internet (Bidgoli, p. 45, 2002).

Kalakotha and Whinston (1996) define electronic commerce as a modern method for conducting business, which addresses the needs of organizations, merchants, and consumers to cut costs and at the same time improve the quality of goods and services by increasing the speed of deliveries of services.

E-commerce builds on traditional commerce by adding the flexibility offered by computer networks and the availability of the internet (Bidgoli, p.46, 2002).

E-commerce is associated with the transactions of buying and selling of information, products and services through computer networks and through the Information Superhighway or internet (Kalakota & Whinston, 1996).

Just like traditional businesses models, the ultimate goal of e-business is to generate profits. It has been proved that the internet has improved productivity for the companies using it, but the bottom line is that productivity is not enough what businesses need is profitability and it's still yet to be proven a successful formula for using e-business to fulfill this goal. The recent fall of many "dot.com" companies is a clear proof of this problem (Bidgoli, 2002).

According to Davis (2000) and Bidgoli (2002) the most popular e-commerce models are the following:

- The merchant model which translates the old retail business model to the world of e-commerce by using the internet. i.e. Amazon.com, Dell, Cisco System and Compaq.
- The brokerage model in which buyers and sellers are brought together by e-business on the web and a third party collects a commission of the transactions. I.e. E-bay, NDB.com, eTrade.com, Schwab.com.
- The advertising model works as an extension of traditional media advertising, like radio or TV. These are search engines or sites with significant traffic that allows them to charge advertisers for putting banner ads or leasing spots on their sites. I.e. AltaVista, Yahoo!

- The mixed model which generates revenues by both advertising and subscriptions. I.e. America on Line, Time Warner.
- The intermediary model in which e-businesses collect information on consumers and businesses the sells it to interested parties for marketing purposes. i.e. Netzero.com, Bizrate.com.
- The subscription model in which an e-business can sell digital products to its customers. I.e. the Wall Street Journal and Consumer Reports. Street.com.

Turban (2000) proposes as the most common classification of e-commerce transactions by their nature the following:

- Business to Business: It includes electronic market transactions between organizations.
- Business to Consumer: Includes the retailing activities between organizations and consumers
- Consumer to Consumer: In this category consumers sell directly to other consumers.
- Consumer to Business: This category includes individuals who offer their products or services to organizations, or individuals who seek for sellers, interact with them and conclude the transactions.
- Nonbusiness e-commerce: This includes a wide variety of organizations that are using e-commerce to reduce their expenses or to improve their operations and customer service, among these are found academic institutions, non profit organizations, social and government agencies.
- Intrabusiness e-commerce: In this category are included all the inter-organizational activities, performed in platforms such as intranets and which involve exchange of goods, services or information.

This study will focus on the Business to Consumer market. In Business to Consumer e-commerce, businesses sell directly to consumers, this is the case of Amazon.com, Barnesandnoble.com and others. There are also traditional stores that have implemented these practices and offer products on-line as well as in their physical stores; such is the case of Wal-Mart stores, The Gap, etc. These companies complement their traditional business practices with e-commerce by offering products and services through electronic channels.

2.5 Advantages and Disadvantages of implementing e-commerce

The characteristics of the internet and the Web make e-commerce an innovation full of potential benefits (Turban, et al 2000).

All the advantages of electronic commerce for business entities can be summarized in one statement: electronic commerce can increase sales and decrease costs (Schneider & Perry, p.10, 2000).

Among the benefits e-commerce provides to organizations is found the expansion of the previous marketplace to national and international markets. Due to the nature of the Web it is easier to find more customers, cheaper and better suppliers and business partners (Turban, et al 2000). The Web and internet are useful in creating virtual communities which can later become ideal target markets (Schneider & Perry, 2000).

Due to the electronic nature of the transactions, e-commerce decreases the costs of creating, distributing and processing previously paper-based information moving into a paperless environment (Turban, et al 2000). The costs of handling sales inquiries, price quotations, and determining product availability are reduced in a significant manner with the implementation of E-commerce in supporting the processes of sales and order – taking (Schneider & Perry, 2000).

E-commerce enables the so called “pull” type of supply chain management. Which consists in producing as reaction to the end customer signal. Using just in time manufacturing is possible to reduce inventories and investment in facilities. Also this kind of processing allows a higher customization of products and services creating a competitive advantage over competitors (Turban, et al 2000).

In the same way as e-commerce provides advantages for the seller, it benefits the buyer too, by enabling them to perform transactions from anywhere, at anytime and any day (Turban, et al 2000). It provides the consumer with the opportunity to choose between a wider range of different sellers and products (Schneider & Perry, 2000). Due to this competition among sellers from virtually any part of the globe, customers can benefit from substantial discounts and less expensive products and services (Turban, et al 2000).

Among other benefits for the consumers are: instant access to customized information in products and services, reduced or immediate delivery time in the case of digital products such as softwares, videos and/or music. In the same way it provides the possibility to participate in virtual auctions and interact with other consumers in virtual communities (Turban, et al 2000; Schneider & Perry, 2000).

Among the disadvantages and the common limitations that have slowed down the implementation of e-commerce is the balance among cost and justification, because this is a process costly to implement and difficult to measure its outcomes because most of them are intangible benefits (Turban, et al 2000).

Another issue is security and privacy, this is one of the hardest characteristics to prove to customers buying on-line and therefore having to deal with a lack of trust and resistance from part of the user who do not believe in a faceless seller and still hesitate to give out their credit card number in the internet (Turban, et al 2000).

Another of the common disadvantages is the nature of some business processes which are not compatible with e-commerce, such as perishable goods or “touch and feel” items. The fact that the current technologies are still evolving and changing in a fast manner makes it expensive and inconvenient for both companies and customers to get access to the latest technological equipments which life cycle is unsure and relatively short (Turban, et al 2000; Schneider & Perry, 2000).

Among the technical limitations to e-commerce are: insufficient bandwidth for telecommunications, lack of security and reliability on systems, the fast pace in which software development tools are changing and the incompatibility between some softwares and existing hardwares and operating systems (Turban, et al 2000).

2.5.1 Lifestyle of on-line consumers

“The folks who used the internet early on were geeks and hobbyist who didn’t have a life off-line. The early adopters are always very different from the mass market. The average person will not spend three hours surfing for cool sites” (Davis, p. 24, 2000)

As the World Wide Web has evolved through time it can no longer be classified as a niche for computer “geeks” or experts. The number of people on-line is growing at an incredible pace and the Web is reaching a wider audience. Therefore the demographics of this formally selected group have changed quite a lot in the recent years. Nowadays the Web can be seen as an entertainment medium which is frequently visited by women, time-pressed middle age users, students and senior citizens (Davis, 2000).

Based on the outcomes of a research by Forrester in 2004, it can be appreciated that the days where just wealthy users were on the internet are over. Nowadays 52% of on-line shoppers are women, and the average is less likely to have completed higher education like in the past (Johnson, 2004).

It can also be appreciated that shoppers prefer to buy offline – the results was 82% prefer to shop in stores and they are loyal to well known retailers such as Wal-Mart and Target instead of looking for more specialized websites like bluenile.com. Furthermore Web buyers see on-line buying not as a replacement but as a complement of their offline shopping. Web buyers are spending an average of USD\$ 256 per month offline, compared with just USD\$ 92 on-line in different articles (Johnson, 2004).

The introduction of Broadband to the general market will allow retailers to invest in applications that can increase the consumer experience making it possible for increased personalization and friendlier systems for buying (Johnson, 2004).

As Johnson (2004) suggests, on-line retailers will face a dichotomous on 2005: indeed while the growth of the market will be slow, the competition within the industry will get fiercer. Therefore retailers will have to invest in innovations and bringing them closer to the customers. Among these innovations are investments in broadband technology and international expansion among others.

2.6 Book Retailing on the internet

2.6.1 Amazon.com

Amazon was established in Seattle as a micro- enterprise in the year of 1994. By 1995 Amazon.com went on-line and became quickly a brand name and a benchmark for other e-tailers. It changed the traditional way in which people used to buy books by offering a 24 hours 7 days a week access. It started as a modest website with a wide selection of books at discount prices and developed a user friendly ordering system that also included useful information for customers about books, reviews and customized recommendations (Malonis, 2002; Epstein, 2004). Amazon carried a selection of more than 10 million titles by the summer of 2000, although they only kept a few thousands in inventory, the other ones are shipped directly from the wholesaler by FedEx (Turban, et al 2000).

Amazon recognized that focusing its strategy in being simply a book retailer will get them into a war of prices and lead them to reduced margins. Therefore they decided to expand its presence to different markets (Epstein, 2004). They made an alliance with auction house Sotheby's Holdings Inc, followed by the bookshop marketplace, invested in Drugstore.com and Greenlight.com among others, but perhaps their most important partnership was with the toy retailer Toys r' Us. The alliance was announced on August 2000, and it consisted basically of the launching of Toysrus.com to select and buy Toys and Amazon running the activities of shipping products and handling the area of Customer Service (Malonis, 2002).

Amazon has designed most of its own IT infrastructure and systems for customer accounts, searching and payments. One of the key features that has influenced customer loyalty and repeated visits is the use of personalization technology, which tracks customers' preferences and informs and recommends new merchandise to them based on their previous selections (Epstein, 2004).

By the fourth quarter of 1998 Amazon.com was the number one e-tailer. By mid 1999 it was valued according to Newsweek on 22 billion USD, and its customer database had grown in just two years from 2 million to 11 million. In 2000 Amazon.com expanded its international presence while opening its websites on France and Japan in addition to the previously existing from Germany and the United Kingdom (Malonis, 2002). Even though the rate of growth of Amazon was amazing it wasn't until January 2002 that they reported its first quarter profitability (Epstein, 2004).

2.6.2 Barnes and Noble

Before the e-commerce invaded the book retail industry and the rise of Amazon.com, Barnes & Noble was the undisputed market leader in bookselling. They had the largest number of stores and market share in the U.S. as well as ownership of subsidiaries such as B. Dalton Booksellers, Doubleday Book Shops and Scribner's Bookstores and also owned a share in Canadian bookseller Chapters and Calendar Club who operated worldwide (Malonis, 2002).

Barnes & Noble's first reaction to Amazon was to design an on-line store becoming the exclusive bookseller on America On-line (AOL) on March 1997. The site was not that useful, it was common to have it overloaded with orders due to the lack of technological capabilities (Epstein, 2004).

The Barnesandnoble.com website was designed as separate unit and grew to a different stand-alone company. The relaunch of this website was designed to imitate Amazon's friendly environment and easy ordering technology which eventually led to a legal suit won by Amazon claiming that Barnes and Noble's technology was too closely imitating their checkout technology (Epstein, 2004; Malonis, 2002).

In 2000 Barnes and Nobles' CEO started an initiative of integration between the Website and the traditional retail stores. The new initiatives consisted among others in installing counters with internet service at Barnes and Nobles superstores, the creation of a loyalty program and the possibility to return products bought on-line in a physical store for credit (Epstein, 2004; Malonis, 2002).

Among other initiatives the launch of Barnes & Noble Digital in 2001 aimed at publishing electronically a variety of titles in e-book formats and sell them through bn.com (Malonis, 2002).

3 Method

3.1 Quantitative vs. Qualitative research

Research methods are usually separated into two groups, the qualitative method and the quantitative method (Holloway, 1997). The basic difference between these categories is that the quantitative method deals with amounts and figures, and the information gathered is converted into a statistical analysis (Holme & Solvang, 1997). On the other side in the qualitative method it is the researcher's opinion or interpretation of the gathered information that matters. Some say that when gathering information with the qualitative research method a deeper understanding of the underlying problem can be gained (Holme & Solvang, 1997).

Furthermore, quantitative methods are more formalized and structured techniques where statistical methods play a large role (Holme & Solvang, 1997). These methods are used when the researchers want to receive a deeper understanding and give them a possibility to penetrate the problem. They deal more with the use of measurements, observations and statistical analysis techniques. Holme and Solvang (1997) stress the importance of choosing the appropriate method given the area of interest and the purpose of the study, and being aware of what consequences the choice of method has.

Using a qualitative method there are essentially five ways of gathering information: direct observation, participating observation, informative interviews, respondent interviews and analysis of sources. Analysis of sources can also be seen as an exploratory research method that includes studying, examining, analyzing, or investigating something (Stebbins, 2001).

Under the quantitative method reliance is placed on research instruments rather than in the skills of the researcher for interpreting the data. Examples of quantitative methods are: Questionnaires, Surveys or Experiments (Riley, Wood, Clark, Wilkie and Szivas, 2000). Franses and Paap (2001) propose that when complexity is increased, in terms of numbers of observations and of variables, it is much more convenient to summarize data using quantitative models.

The nature of questionnaires is fundamentally qualitative in conception, because they involve some of the researcher's skills in the construction, and administration of it; but on quantitative in its ultimate execution; because the results are usually expressed in quantitative terms (Riley, et al 2000).

There are two types of data that can be collected: primary data and secondary data. Lundahl and Skärvad (1999) describe primary data as information the authors of the project have collected for their empirical study. This can be done through interviews, observations or surveys. Secondary data has data already been collected by others to support their theories and purposes.

After looking at the purpose of this study, it has been decided to use a mix between qualitative and quantitative research in order to gather a deeper insight on the available information.

3.2 Applied Method

For the purpose of gathering relevant primary data for this thesis work, two different instruments were used: face-to-face and telephone interviews and the application of surveys to the general public.

The data gathered from the surveys was analyzed using the Statistical software SPSS for better reliability in the process of interpreting the results, the questions were measured and coded as explained in Appendix 1.

3.2.1. Face to Face and telephone Interviews

In order to access information from the retailers side five interviews were conducted with book retailers which covered both traditional bookstores and complementary on-line sales system.

Hague, Hague and Morgan (2004) when referring to face-to-face points out several advantages over other data gathering techniques, among them are that on the personal interview is possible to get a deeper level of understanding of the responses, this because in face-to-face situations the expression and body language of the interviewed offer additional emphasis to the answers. In both kinds of interviews is possible to receive longer and clearer explanations than using a questionnaire with pre-coded answers in which the answers from the interviewee are already limited.

In face-to-face and telephone interviews it is possible for the respondent to reflect on the questions and therefore reply in a more appropriate way. In face-to-face interviews is also possible to have access if required to files or private information from the company and be shown products that otherwise would not be possible to have access if other means of interviewing were chosen (Hague et al, 2004).

The technique used for interviewing was semi structured which is when the interviewer uses an interview guide with questions and areas that should be covered, even if the questions might vary (Saunders, Lewis & Thornhill, 2003).

Due to the fact that two of the interviewed parties were located in a different town: one in Stockholm and another in Paris, as well as limitations and budget, the technique of phone interviewing had to be used in order to reach our desired contact points on time.

The guides for the interviews can be found in the Appendix 6.

3.2.2 Surveys and Questionnaires

In order to access primary data from the demand side or possible customers of on-line and traditional bookstores a survey was conducted, using as instrument a questionnaire designed to target the points in which the authors wanted to focus based on the relative im-

portance of these factors in previous researches and the knowledge gathered from the theoretical framework.

A sample population was used consisting mostly of Women, Students and Middle Age persons which are considered by previous research as the main consumers on-line. This sample consisted mostly of students of Jönköping International Business School in order to have a broader international perspective and middle-aged professionals and women from France, Mexico and Sweden in order to make the sample representative.

Hague et al. (2004) consider the use of a questionnaire as an important part of market research since its primary purpose is to facilitate the extraction of data from a respondent, indeed it provides consistent answers easier to be then analyzed. There exist three different types of questionnaires depending on the way they are administered:

- Structured questionnaires: which consist of closed questions with pre-defined answers requiring from the designer to anticipate all possible answers. They are used in large interview programs (generally over 200 interviews); they can be held on telephone, face-to-face or by self-completion...depending on the respondent type, the content of the questionnaire and the budget.
- Semi-structured questionnaires: which consist of a mixture of closed and open questions, they allow the use of mix of quantitative and qualitative information to be gathered. They can be held on the phone or face-to-face
- Unstructured questionnaires: which consist of free-ranging questions that allow respondents to express themselves in their own way; they are used in qualitative research for depth interviewing and they form the basis of many studies into technical or narrow market

In the case of this thesis a structured questionnaire was chosen since the number of interviewed persons was 384, and an unstructured or even semi-structured questionnaire would have been unpractical at the time to analyze the information.

Hague et al. (2004) have classified the different kinds of questions asked within a questionnaire: they can be either open or closed questions. On the first hand the open questions collect responses the way they are given, respondents have the freedom to give any kind of answer and express it the way they want. But open questions have the disadvantage of being difficult to be evaluated as they must be grouped together for the evaluation; as well it is hard for the interviewer to take down every word of the interviewee.

On the other hand closed questions take the form of single or multi-response questions. Single questions have only one possible answer while multiple response questions allow the respondent to offer more than one answer to a question. All closed questions are anticipated; they are listed on the questionnaire and may or may not be shown or read so that the respondent can choose its answer. The predefined answers are worked out by common sense, industry knowledge, or following qualitative research or a pilot study. The advantages of such close questions are that they can be easily analyzed; in addition they are easy to administer and collect. For the purpose of this thesis mostly closed questions were used in order for the analysis to be easier, anyway open questions were also used to let the interviewee express their opinion in a broader way, and by this gain a greater insight of their expectations.

Usually questions are designed to collect three types of information: information about behavior (what people do), information about attitudes (people opinion or beliefs) and information that is used for classification purposes (people's profile e.g. gender, age etc.) (Hague et al., 2004). In the design of this questionnaire these three kinds of questions were used.

3.2.3 Justification of the questionnaire

The questions in the survey were formulated in order to address specific issues or relevant interest for this investigation. First the interviewees were asked general information such as gender, nationality, age, education level and occupation in order to segment further in the study based on these discriminating factors and also to see if they fulfilled the requirements of the target population group.

Questionnaires are in the Appendix 2 to 5

Questions 1 to 3 aim to gather information about the consumers buying behavior on the net, if they made or not on-line purchases, how often, and what kind of things are they buying.

The purpose of questions 4 and 5 is to know which websites are more often bought from and how do they reach their customers.

Questions 6 to 8 aim to provide information about the perception of the customers of the websites they buy from, what kind of books are they buying and what are the factors they consider important before deciding if buying on-line or not.

Question 9 to 16 are aimed at understanding if and how websites build and manage a relationship with their customers and more particularly what kind of Customer Relationship Management is applied.

Question 17 to 19 are designed to understand better the reasons of the people who decide not to buy on-line and to see what can make them change their mind.

Haghe, et al (2004) when talking about the evaluation of open questions propose to classify them in groups with similar characteristics, using a designated code which would be entered in the computer for analysis purposes. This process of categorizing individual responses to open questions is called coding, and the list containing this code is called code frame.

Based on this recommendation, on question 18 which was originally formulated as an open question in the questionnaire, 8 different categories were created, based on the different kind of answers given by the interviewees in order to classify and code this information and be able to further analyze it in a proper way through the SPSS software.

The categories were designed as follows:

- 1 Security, Trust and Alternative Methods of Payment.
- 2 Better information about the products and Marketing.

- 3 Price of books.
- 4 Delivery Price and Time and Available delivery in their countries.
- 5 Easier websites, convenience and time of transaction on-line.
- 6 Exclusive products, Availability, Quality of the products and Need to buy on-line (being forced to).
- 7 Don't buy books
- 8 Won't buy on-line, have no access to internet or don't know.

3.3 Sample

The sample of respondents is of great importance in a study (Holme & Solvang, 1997). Knight (2002) considers that as a research method sampling is about choosing who or what to be studied. Some authors (Patton, 1990; Knight, 2002) have identified several ways to formulate samples when leading surveys:

- Theoretical sampling: involves selecting people who meet a given criteria: they may have an experience of unemployment, a first degree, be part of an association.
- Systematic sampling: is based on size and intervals such as choosing every 10th, 50th, 79th case, record, incident, person.
- Stratified sampling: means choosing equal numbers of persons representative of one group (social, ethnic, work)
- Site sampling: is based on identifying groups of people
- Opportunity or convenience samples: comprises people who the researcher can get without any previous classification, and thus this is unlikely to be representative of the population
- Snowball sampling: is a form of opportunity sampling in which one informant will be asked to name others who the researcher could approach.

For the purpose of this research it was decided to use theoretical sampling as the most proper technique for gathering the data, due to the fact that by previous researches and investigations, the characteristics of the population who usually buys on-line is already defined as mostly women, time – pressed middle age users, students and seniors citizens (Davis, 2000).

Even though the sample was not chosen randomly, it was decided in order to determine a proper size of the sample to use the formula for determining sample sizes when the population universe is infinite and the sample is chosen randomly.

$$.n = \frac{Z^2 p q}{e^2}$$

Where:

- n= Size of the sample
- Z= Level of trust
- p= Favorable probability
- q= Non favorable probability
- e= Estimation error (Pérez, J., 2000)

A 0.5 value was assigned to the variable p and q, the Estimation error was established at 0.05 with a level of trust of 95%, which give us a value for Z=1.96. And a total sample size of 384.

On Appendix 7 can be found the specific figures for every interviewed sector.

3.4 Method limitations

Even though the sample chosen is based on known characteristics of the segment relevant for this study, the persons who constitute the sample population were mostly students from Jönköping University and personal contacts on the authors home countries. This was due to the difficulty of reaching a broader and more mixed population which would fulfill with the conditions specified. Knight (2002) assumes that good sampling methods cover the range in the population and from his point of view; one person is substitutable for another. The authors are aware of the limitations the kind of sampling chosen carries and that this study might not be completely representative, but even though it was chosen to conduct a research in a first attempt to know what the trends in this industry are.

4 Results

4.1 Interviews

4.1.1 Bokia Bookstore

The first interview was carried out with Henrik Hultman manager of Bokia Bookstores in Jönköping in order to gather insight on the traditional bookstore perspective on on-line competition and future strategies to cope with this.

This chain owns 100 stores all over Sweden and carries only general trade books.

The chain has a website which uses only as a way to present general information and advertise their products, but it is not possible to make on-line purchases through it. The company used to offer their products on-line but 3 years ago it was decided to close the website due to internal differences in the group. Among the reasons for shutting down the website was an internal debate between the old generation of owners and the younger owners of stores in the group, this debate was mainly caused by the differences of prices. The new generation argued that it is necessary to offer different prices on-line and on the physical store due to the advantages of the first choice, but the old generation of owners declined this based mostly on their traditional thinking and way to handle business as a traditional store.

The management team does not see on-line competition as a threat and says not being able to measure any difference on the level of sales due to the introduction of competition on the internet, basically because it coincided with the opening of another branch of the store in Jönköping shopping centre A6 which possibly is taking part of their consumers too.

When asked about which services are offered in order to keep their customers loyal, the company used to have some kind of membership card which gave bonus to their frequent customers, but this service was removed too, nowadays the focus is on better in store service, such as suggestions, request for out of stock books, etc.

Regarding the service of recommendations this can only be given directly by any of the store clerks based on the information taken from a database called Sessam which is available for all of the bookstores in Sweden, but the customers do not have access to any of this services on the store directly.

4.1.2 Akademibokhandeln Bookstore

In this second interview Per Beverin Manager of Akademibokhandeln Bookstore in Jönköping was met in order to gather information about the company's strategies to cope with on-line competition and implement this tool on their organization.

This store opened its doors in the 1960's and at the beginning was named SLT Bokhandeln but by 1990-1991 it was integrated to Akademibokhandeln corporation, this chain holds 54 stores all over Sweden, some are specialized in selling only text/study books and/or general

trade books. The choice for the store to sell either one kind of books or another is based on the type and size of the city it is settled (if it is a student city this will be more balanced between the two kinds of books).

The manager explained the difference between Akademibokhandeln as a physical store and their webpage. The chain has had a website for several years now, presented as a web store where customers can purchase on-line but the corporation strategy regarding its stores and webpage is for customers to clearly differentiate view both of them. They have decided to establish very little interaction between both the entities in order not to confuse their customers.

The reason for differentiating both entities lie on the price differences between on-line retailing and the physical bookstore. The need for infrastructure, personnel and several expenses makes buying on the physical store more expensive than from the website which takes advantage of their absence of inventory, personnel or physical facilities and offers therefore a cheaper price.

While websites offer an access to reviews this service cannot be accessed in store, the only available opinions come from the salespersons, therefore it is supposed that most of the customers already know what to buy before going to the store and it is hard to promote different products or persuade them to buy something different.

The physical store considers that since the website has been created the store has not suffered any repercussion in its sales. At first an increase in sales was noticed, however lately the manager has observed a decrease in the store's sales, but was unable to point a reason for it: it could come from share of on-line purchases, as well as the decrease in the number of students in the city, deriving from the facts that students do not buy as many books as they used to.

When asked about the store's strategies to keep their customers loyal, it was explained that the only program available is through a group company card called the "Coop Card" which registers customers' purchases and accumulate them points, but no program is offered directly from the company itself.

Other possible future strategies are to offer a service of recommendations similar to the website but available on the physical store, and possibly a plan for letting students sell back their used books to the store so the store can offered the used books at a lower price too.

4.1.3 Akademibokhandeln Website

On the third interview Matilda McCarthy was contacted, she holds the position of Head of Sales for the Akademibokhandeln website and agreed to talk about the company's past, present and future strategies to satisfy the Market, keep their customers and target new ones.

Akademibokhandeln launched their website on the year 1997 as a reaction to tough competition on the book retail market basically caused by the introduction of on-line bookshop services such as Amazon.com. Such a competition resulted in a loss of market shares for the group.

One of the strategies to follow was to offer the 3 million plus titles than were in the bookshop database, instead of the 270 thousand titles the company carried on their traditional stores due to the limited inventory space and costs. In the same way the prices offered in the websites differed from the store due to the fact of savings in personnel and fixed costs which allowed them to charge less for the articles. Based on this the company decided to renew its website and re-launched it on December 2004 with new interfaces and catalogue, and in February 2005 the company was split into two different entities one for the website and other for the physical store.

The website is divided in three target group: the general public, students and institutions plus companies.

Among the features available for general customers is the possibility to order books on-line and pick them up in a physical store. This service was offered on the previous website and accounted for 25% of the volume of purchases, since the introduction of the website and because prices are not the same when buying on-line than in the physical store this share has reduced dramatically. Besides this activity they receive orders from corporations and institutional customers which are a big part of their customer base among these different institutions are found: universities, libraries, schools and hospitals, among others.

For students the company offers different prices when the book has been recognized by a University as a text book. Prices are usually regionally based on the recommendation of the local university but the website offers the possibility to buy books that have been recognized in another area of the country as text books at the same price even if the buyer does not live in that area.

The company targets basically four groups: main public or traditional consumers, corporations and institutions, students and specialized professionals (such as lawyers, doctors, and others who buy books for the needs of their professions), this last two groups account for half of the sales.

The company's marketing strategy is basically focused on advertising and promotion directed towards the general public group or general trade books. Moreover they receive money from part of the publishers in order to promote their books. Due to the fact that most of the general books are bought by impulse the company has been investing on promoting them on the website in order to persuade people to buy them.

For the student market the company focuses on building local presence. Instead of investing money on marketing they prefer to have physical bookshops on the cities where universities are located.

Concerning the services such as personalized web pages, recommendations, and more customer oriented options, the company used to have recommendations based on previous purchases of each customer. This service is not available anymore on the new website but the company is working in order to re-implement this feature.

The future strategy of the company is not quite clear or defined because of the uncertainty of the market which points to several different tendencies.

One of the possible paths is to focus on selling more single copies of a book. By this is meant having a wider variety of titles in catalogue even though they are not best sellers but because the combined sales of the single copies amount for a significant volume.

Another possible future strategy is moving professional books and text books from the traditional stores exclusively to the net: this would be done in order to reduce stock prices on these segments and therefore use these resources to carry a wider variety of general books in-store.

In the same way the store is preventing to experiencing the phenomenon that happened earlier in the UK where a traditional bookstore with on-line sales decided to close their on-campus bookshops due to the fact that is more efficient to order on-line and pick it up in the bookshop for that city. And also because students are overtime buying less and less books, this caused by the amount of available information on different electronic sources such as databases and the internet.

The company sees its brand name as a strength which its competitor does not have and thus does not consider them as a threat. However they recognize that the competition strengths reside basically on good logistics and marketing practices, but not on a strong brand name. Because of this the company tries to differentiate itself by having more unusual offers, products and combinations and complementing the traditional physical stores with the internet tools.

Their customers recognize the brand and are happy to buy from their stores and try to persuade new customers with publicity such as the stores magazine and by building customer loyalty with programs such as the previously mentioned "Coop Card". As well having an exclusive card that offers discounts to repetitive clients is between their future plans.

4.1.4 Chapitre.com

Mr. Juan Pirlot de Corbion was contacted on May the 21st to get to know more about the French website he founded Chapitre.com in 1996. This website created in 1997 claims to be the only on-line bookstore "independent" (special legal statute) and considers itself more as a specialist than a generalist website. According to the CEO Juan Pirlot de Corbion, the website's assets are mostly based on its relationships network with physical bookstores as well as the bet on its francophone aspect.

Chapitre.com is the number one european on the e-marketplace of old books, hard to find, or sold out and stands at the third place on the French on-line book purchase behind Fnac.com and Alapage.com. Every month more than 120 000 orders received on-line through the website, of which 30% come from abroad. Most of the sales correspond to new books (70%) the rest corresponds to rare books. Books are for the greatest part bought by customers from higher professional classes as well as teachers and student and more generally people from 30-45 years old.

Chapitre.com offers different types of books to be purchased on-line: new books (corresponding to the whole French edition), old books or sold out ones (based on the relationship networks with around 200 physical bookstores who are specialised in old books and books of from the 17th till the 21st century), second hand books, old, sold out or second hand French magazines, most of the French daily papers since 1900 in their original edition, engravings/posters/prints/postcards, and a service to search for books through specialised physical bookstores.

According to him customers who buy books on-line and in traditional book stores are more or less the same since many of them complement one kind of purchase with another one (on-line, off-line). However customers who buy only on-line are those who are abroad

and want to have access to French books. The company addresses to the 75 millions expatriated French and actually 45% of the orders are placed from abroad, especially from countries like United States, Brazil, Japan and francophone parts of Africa.

The company had adopted a special strategy towards its customers by deciding not to ask too much information to them when placing their order on-line, in order to facilitate the order. In fact all the books are classified according 1000 centres of interest. The company tends to be known by potential new customers through search engine such as Google and word-of-mouth.

In order to enhance customers' loyalty the company has developed some technologies with personalised services:

- Multi-criteria search engines thanks to which internet users can access directly to the book through its title (complete or only few words), its author, its editor, its thematic...
- "livre alerte"/ "book alert": when an internet user cannot find a book in the on-line catalogues the company sends him an e-mail to aware him when the book has been added to the catalogue, or an e-mail to launch a search among the physical bookstores network.
- Second hand books
- On-line gifts: customers can send a book to someone in France or abroad as a gift; the book will be wrapped nicely and a card can be joint to the package.
- Every week the website updates a selection of the best sales registered in physical bookstores
- Optimal transportation delay: the company ensure deliveries running from 48 hours to 5 days maximum.

For the coming years Chapitre.com aims at three points: diversifying its products, reducing transportation fees and increasing the number of partnerships with traditional bookstores.

While many other on-line purchase companies tends to diverse themselves by selling different kind of products such as discs, videos, informatics or even household electric appliances, Chapitre.com has chosen to reinforce its positioning as the French specialist of all books and prints and keeps its specificity of on-line traditional bookstore

According to Mr. Juan Pirlot de Corbion internet is a great tool since it fastens exchanges, and enables to find new kind of information, but most of all it created new social relationships/connections.

4.1.5 Adlibris

In order to gather information from the on-line competition side, an interview was held on May the 27th with Magnus Dimert Manager of Adlibris, the biggest on-line library in Sweden today.

The company started as a project in 1996 between four persons formerly working in the consulting company Accenture (Magnus Dimert was the fifth but entered later) who wanted to do something using this great tool which is the internet, because at the time

there were no web based stores in Sweden, they came with the idea of an on-line bookshop.

Due to the fact that the company started with a budget of just 100,000 SEK from which half had to be deposited on a bank account as a guarantee for the book providers, the company did not invest anything on advertising until last year when they started with small ads in some papers.

The company build its strategy based on offering the highest standards of customer service, fast and reliable replies to e-mails and calls, lowest prices on books and the fastest delivery time.

Through these effective practises the company has build a brand name which spread by word of mouth. The company claims to get 15,000 new customers each month from which around half of them were recommended by someone else.

Adlibris carries 250,000 titles on its catalogue and expects this number to turn to 2 million. All kinds of books are carried in their selection and is not possible to identify which are the books that are more purchased. An interesting is that last years list of 1,000 best sellers represented only 25% of their volume of sales. Sales of single copies of a book represent a large amount of their sales. That is why they decided to increase their catalogue, to target potential purchasers.

In the beginning there was no special customer segment targeted but as the company grew it started focusing more on libraries first and then started focused on students and the general public.

When asked if there is a specific program to keep customers loyal performed the company stated that they do not count with any kind of these programs, but rather focus on keeping the lowest prices and the highest standard of customer service. They cannot tell if they are losing customers because of the large amount of new customers acquired each month. Therefore the company does not count with strategies to win back customers.

The company does not count either with personalized web pages or methods even though they have the technology to do it, there is a law in Sweden prohibiting from doing this without the customer's authorization. Hence among their future plans is asking their customers in the same way as if they would like to receive the company's newsletter, if they would like to have personalized recommendations.

Among the future plans is to expand their market to Finland, but no plans of opening physical stores this is caused by the high fixed and variable costs of having personnel and facilities in a space which cannot carry a selection of titles as big as it does on the internet. When asked about the future of the retail industry the manager pointed out that a continuous market growth from the internet channels is possible as it has been for the last years; also in sales in non specialized stores and groceries, but a decline in the sales of books clubs is expected.

4.2 General Findings from the Survey

The percentage of people buying on-line is quite high, 73% of the interviewees of the sample recognized buying on-line and from this percentage most of them do it quite often 57% had bought something on-line within the last month and 42% on the last year. The most purchased items were basically services and others accounting between both of them for

57% of the volume. While books purchases represented only 20% of the total volume and this fact is also represented on the percentage of the total sample buying books on-line which represented only 34% of the population.

The website with the most purchases for books on-line was Amazon.com with 51% of the volume but this share of the market is not so different from the share of the National bookshop websites (such as Akademibokhandel, Adlibris, etc in Sweden) which is 41% of the market share and in last place is barnesandnobles.com within 7%.

The users are mostly returning customers that have used the website more than once (this percentage accounts for 60% of the population) and most of the users got to know about the company by advertising and promotion from the company (together represent 84.1%). In the same way most of them consider the websites as practical or very practical (93 %).

Course books and hard to find books were the kind of books the most frequently bought on-line. While security, price levels and availability were the factors most considered in order to decide if buying on-line or not. Among the on-line complementary services the most valued were reviews and recommendations. And a large percentage of the population (67.1%) stated that they will be willing to buy from the website of their local librarian if they had one.

Most of the customers have not been offered any fidelity program from the company they buy from (only 40%). Opinions about how easy is to make suggestions on-line are quite even and divided (52.4% said is easy and 47.6% said no). However 72% of the interviewees, who considered it easy, stated being answered on time and in a satisfying way.

Only a small percentage (18.9%) estimated they made a wrong purchase decision based on information provided by the company, from this percentage 70.8% considered switching from company and only for 45.8% of them the company tried to do something in order to convince them to stay as a customer.

In the other hand the reasons given for not buying on-line were mostly based on lack of trust and security, and when asked about what reasons could persuade people to buy, the most popular answer was if there were products only available on-line or hard to find, along with better security, increased trust and alternative methods of payment.

The main charts derived from SPSS are in the Appendix 7

4.3 Geographical differences

A factor that influenced the behavior of the potential buyers was their nationality. For example there were differences that could be easily appreciated among the buying behaviors of different regions of the world such as Western Europe and Eastern Europe, Latin America and Africa and Asia.

4.3.1 Western Europe vs. Eastern Europe

The percentage of persons that made on-line purchases was higher in Western Europe than in Eastern Europe (87% vs. 75%). Another difference can be identified that while in West-

ern Europe people heard about the websites mainly by advertising and promotion from the company (35.8% and 51.6% respectively) in Eastern Europe the most common responses were promotion from the company (57.1%) and word of mouth (42.9% while in Western Europe it only represented 8%).

4.3.1.1 Perceptions

There are also considerable differences on the choices as the most important factors for buying on-line, while in Eastern Europe availability, time and security were the main reasons (means of 2.14, 2.33 and 2.67 respectively) in Western Europe the choices were security, price levels and availability in this order (means of 2.37, 2.53 and 3.01).

Among the choices cited by the persons of Eastern Europe as possible reasons for buying for the first time on-line were: exclusive products (35.7%), Security, trust and alternative methods of payment (21.4%) and better information and marketing (21.4%), while on Western Europe the choices were exclusive products (23.1%), Prices of books (19.2%) and Convenience and transaction time (12.3%).

A higher percentage of the Eastern Europe population (90%) stated they would buy from a website if their traditional store had one than the population from Western Europe (58%).

4.3.1.2 Choices

The website of choice for book shopping was different too, while in Eastern Europe the website of choice was Amazon (71.4%) in Western Europe the preference was more evenly distributed between Amazon and websites of national bookshops (48% & 43% respectively).

4.3.2 Western Europe vs. Latin America

There is a huge difference in the percentage of people buying on-line in Latin America and Western Europe, while in Western Europe 87% of the interviewees have bought on-line, in Latin America on-line 43% made the same kind of transactions. This behavior is also reflected on the frequency of shopping, for example: in Latin America only 6% of the persons who had bought on-line made it in the last week, while in Western Europe this percentage was of 24.6%.

In the same way the percentage of people who bought books on-line is considerable lower in Latin America than in Western Europe (21.2% against 41.9% respectively). In contrast repetition purchases were more common among the Latin American interviewees where 84% of them stated that they bought more than once compared to only 52% in Western Europe.

A low percentage made wrong decisions based on the recommendations from the company (16% equal to Western Europe), but only 25% of them considered switching from company and buying somewhere else, where in Western Europe 73% considered this option. In Latin America companies were less concerned on trying to retain their customers, 25% had intentions while in Western Europe 46% of the companies tried to do something about their mistake.

4.3.2.1 Perception

Security, trust and availability were the factors the most appreciated in order to buy on-line (means of 2.43, 2.70 and 2.77 respectively) by the Latin American consumers, while security, price levels and availability were the choices for Western Europe's interviewees (means of 2.37, 2.52 and 3.01 respectively).

A higher percentage of the interviewees from Latin America were willing to buy from a website if their traditional store had one (79%), while for Western Europe this percentage was significantly lower (only 58.5%).

In the same way Latin American consumers found easy to make suggestions on-line (76% while Western Europe's interviewees answered 49.4%), and stated that their requests were answered most of the times (81% against 71% of Western Europe).

Security, trust and alternative methods of payment (41.2%), exclusive products & availability (18.8%) and delivery prices and time (10.6%) were the most popular reasons that would make buyers decide to make their first on-line purchase, while for the Western European consumers exclusive products and availability (23.1%), prices of books (19.2%) and convenience and transaction time (12.3%) were the more popular choices respectively.

Lack of trust (36.2%) and security (26.4%) were the most common answers from Latin American interviewees when asked their reasons for not buying on-line, while in Western Europe general different reasons (25.1%) and security (22.4%) were the most popular answers.

4.3.2.2 Choices

The site of preference was Amazon with a difference of 16% more than the national bookshop (56% against 40% respectively) while in Western Europe the two choices were quite even with a slight difference of 5% on the side of Amazon (48% and 43% respectively). Hard to find books, novels and course books were a kind of books more bought on-line by Latin American consumers (means of 1.94, 1.94 and 2.05 respectively) while in Western Europe the preference was for course books, hard to find and general trade books (means of 1.71, 1.74 and 2.22 respectively).

4.3.3 Asia and Africa

Due to the reduced size of the sample the number of respondents of Asia and Africa is not quite representative in order to come to a generalized opinion about the behavior of the whole population, therefore the authors decided not to express any judgment based on this information preventing it could lead to wrong conclusions.

4.4 Amazon vs. National bookshops

As Amazon is considered the benchmark for the industry and the precursor of e-commerce is considered important for the purpose of the study to discriminate between the population who usually buys from this website and the public who generally buys from national websites. These are the main competitors in a global scale, because there might be differ-

ences on the customers' preferences and characteristics such as gender, nationality, etc. Due to the fact that the percentage of the population buying from Barnesandnoble.com was quite low it was decided not to analyze this part because it would not be representative.

4.4.1 Characteristics of their clients

While looking at the data, the first differences appreciated are on the population characteristics. While for Amazon the proportion between males and females buying on-line was equilibrated and almost even (51.5% male 48.5%female) for the national bookshop the clients were mostly females (60%).

There are also variations on the preferences by nationality, for example while the French population represented a higher percentage of the people buying from Amazon (45% while only 30% of the population that bought from national bookshop) in the opposite way the Swedish population accounted for a higher percentage when buying from national bookshops (45% against only 13% who bought on Amazon).

Another factor which presented variations was the education level. While Master students represent a higher percentage of the population buying in national bookshops (45% against 30% in Amazon), persons already holding a Master degree represented a higher volume of the population purchasing in Amazon (33.8% against 20% buying from national bookshops).

4.4.2 Ways of promotion and Customer Service

While most of the persons who bought from Amazon heard about the company by promotion from them (61% and 25% by advertising) in the case of the national bookshop the most common ways of hearing about the companies were even between advertising and promotion from them (38.2% and 41.8% respectively).

The percentage of people buying wrong items based on recommendations was higher in the case of the customers of Amazon (23% against 13% for national bookshops). In the same way the company's intentions of doing something to keep their customers was quite low compared to the concern from the national bookshops (20% against 85% respectively).

4.4.3 Perception

The perception about if it is easy to make suggestions on-line was quite even among the two groups with a small variance of 5% in favor of the customers who preferred buying from Amazon (54% found it easy against 49% of the national bookshop).

Security, availability and price levels were the main factors considered as important when buying on-line for the Amazon's customers (means of 2.14, 2.74 and 2.89 respectively) while for the national bookshops these were the first three factors too but in a different order, first price levels (2.34), second security (2.74) and third (2.94).

4.4.4 Choices

While analyzing the purchasing choices of the groups while making on-line purchases, these are quite the same despite the fact that the users of Amazon bought mostly books than anything else (40%) while for the customers of national bookshops the top two choices were even between books and services (30% each).

For the customers of Amazon the most common kind of books bought on-line were course books and hard to find books (means were 1.41 and 1.56 respectively) while for the national bookshops' customers course books were the first choice (mean 1.89) but the other kinds of purchases were quite even.

4.5 Women vs. Men

The percentage of women buying on-line (68.6%) was significantly lower than the percentage of men buying on-line (79.9%). In the same way the percentage of men buying books on-line was higher than for women (37.4% and 31.9% respectively).

Regarding the frequency of on-line purchasing, the frequencies were quite even for both genders, 55% of men interviewees acknowledged buying at least once in the last month, and while for women this percentage was 59.7%.

Even though the top answers for the way of hearing about the company were the same in ranking, the percentages were quite different between genders. While for men the choices in order were: promotion (58.5%), advertising (30.8%) and word of mouth (9.2%), for women the percentages were 44.8%, 34.3% and 14.9% for the same choices.

4.5.1 Perception

Women found in a higher percentage (60.3%) than men easier to make suggestions or questions on-line (only 44.4%). In the same way the percentage of answers and satisfying answers was higher for the part of the women population (83.3% and 79.4% respectively) than for men (61.5% and 65.7% respectively).

The factors more considered before buying on-line were the same for both genders just in different ratings. While for men the choices were price level, security and availability (with means of 2.62, 2.66 and 2.98 respectively), for women the order was security, price level and availability (with means of 2.25, 2.56 and 2.87 respectively).

Furthermore the reasons for not buying on-line were the same for both genders just in different order. While for women the choices were security and others (tied with 24% each) and trust (20.2%), for men these choices were security (23.7%), trust (21.4%) and others (21%).

When asked about what could make their first purchase men chose as the first reasons security (22.6%), exclusive products(17.9%) and price of books and delivery prices (tied with 15.1% each), as for women these reasons were exclusive products (25.5%), security (19%) and better information and easier websites (tied with 12.4% each). In the same way men were more willing to buy on-line if their traditional bookstore had a site than women (70.4% and 64% respectively).

4.5.2 Choices

Regarding the preferences between different websites there were some slight differences found between the genders, while women preferred buying from national websites (47.8% against 35.4% for men) men preferred buying from international websites (Amazon and Barnesandnoble accounted for 64.6% against 52.2% for women).

The choice of products bought over the internet were the same for men and women just in different position of preference, while for men these were services (39.3%), others (20.4%) and music and books (tied with 15.3% each), for women these were services (32.5%), books (24.1%) and others (22.7%).

Among the kinds of books most bought on-line for men the top choices were: course books, hard to find, and best sellers (with means of 1.80, 2.03 and 2.38 respectively), while for women this choices were: hard to find books (mean 1.66), course books (1.68) and novels (2.35) respectively. Both genders rated in the same way the services from the web-sites, the top choices were reviews, recommendations and personalized pages in this order.

4.6 Students vs. Others

When comparing the behavior and attitudes towards on-line purchasing of students against non students, the following discrepancies were found: non students buy more often on-line (26.7 % stated buying over the last week) than students (only 17.3%). And both had similar buying behaviors for books on-line (36% students and 32.1% non students acknowledged buying books on the internet).

While the frequencies of buying books were quite even too (59.8% of students bought more than once, against 56% of non students). But the percentage of persons that heard about the company they bought from through advertising was slightly different, while for students it was only 28% for non students this percentage represented 40%, this could be related to the fact that more students heard about the websites from some one else or were contacted through customer databases (14.6% and 4.9% respectively) than non students (8% and 2% respectively).

4.6.1 Perception

The perception of the internet as being useful to make suggestions or questions was different among these two groups, while students found it relatively easy (58.2% agreed on it) for non students the perception was different (only 42.6% stated so). A higher percentage of students got answered and in a satisfactory way from the website (79.2% and 76.1% respectively) than non students (59.3% and 65.2% respectively).

While the choices for deciding to make their first on-line purchase, two choices came together (exclusive products and increased security, trust, and alternative methods of payment respectively) for both groups. Students stated as their third choice the price of books (16.3% against 5.6%) while non students chose easier websites and convenience as their third choice (14.4% against 9.8%). Students were more willing to buy on-line if their traditional library had a website (72.4% against 57.7%).

Among the reasons for not buying on-line the choices were the same for both groups, just in different percentages; but while for students the choices were: security (26.1%), trust (19.9%) and others (16.8%) in this respective order, for non students were: others (34.3%), trust (22.7%) and security (19.2%) .

The most important factors in order to buy on-line were the same for Students and non Student just in different degree of preference, while for students the choices were: price level(2.41 mean), security (2.58 mean) and availability (2.91 mean), for non students the choices were security, price level, and availability respectively (with means of 2.25, 2.91 and 2.96 each).

4.6.2 Choices

Regarding the preferences among the websites to buy from these were quite similar in exception from Barnesandnoble.com which for students represented just 3.7% of the choices while for non students it represented 12%.

The choices of products bought on-line were the same three just in different percentages. While for students services (37.1%), books (22.3%) and others (20.1%) were the more frequent choices, for non students were: services (34.1%), others (23.5%) and books (16.5%).

The choice of books bought on-line was different for students than for non students: while for the first group the choices were course books, hard to find and best sellers, in this order (with means of 1.58, 1.92 and 2.35 respectively). for non students the choices were: hard to find, general books and novels (with means of 1.67, 1.86 and 2.05 respectively).

Both groups considered reviews and recommendations as their top choices for customer service respectively (for students the means were 1.77 and 1.85, while for non students 1.55 and 1.86 respectively).

5 Analysis

5.1 Customer Relationship Management

5.1.1 Prospection / Identification

Before building loyalty companies have to search and appeal customers, that is what Handen (2000) called prospecting, which he defined as “the effort to win new, first-time customers”. From the interviewed on-line companies, strategies to get known by the public are generally more or less similar, most of the companies relied on advertising, promotion, and word-of-mouth. According to the results obtained it seems that the two main ways through which people get to know about the websites are promotion (32,6%) and advertising (51,5%). By these means companies can select which people to target (for example they could target different categories of people through various types of magazines: professional, sport...). Surprisingly it could have been thought that websites would use more databases to contact potential customers since it has been proposed as one of the best ways to attain the targeted potential future customers, but only 3,6% of the interviewed people were contacted through customer databases

5.1.2 Loyalty / retention

One of the best ways to keep customers to purchase to the same retailer (whether it is a website or a physical store) is to build the customer's loyalty towards it. However loyalty is one of the hardest Customer Relationship Management categories to measure, and some tools have been created to incite customers to come back to the company. These are usually, customized loyalty/affinity programs such as membership cards.

Another practice followed by traditional bookstores like Bokia to offer quality service is through nicely wrapped books, and relevant information assistance to the customers when they ask for some advice in store.

On-line retailers such as Chapitre.com or Akademibokhandeln website gain from the use of internet. Informatic technologies allows them to offer multi-criteria searches, e-mail warning of the availability of requested books (Chapitre.com), on-line gifts, and a wide selections of books. In contrast, other websites like Adlibris do not count with any kind of fidelity program to retain customers loyal, instead it they focus more on price policy and try to reach the highest standards of customer service.

Another aspect of how to build loyalty among customers is the company's ability to take into consideration customers suggestions and answer their questions. Some websites (Adlibris) have built their strategy upon offering the best services to their customers including fast and reliable replies to e-mails and answering the phone calls.

Furthermore customers are quite divided in their perception about if they can easily make suggestions/questions on-line, for 52,4% of them it is easy while for 47,6% it is not. Still not all them have already asked questions or made any suggestions, but for those who did 72% of them received to them and 72,5% considered the answer satisfying in term of fast to reply and accuracy of information.

5.1.3 Win-back / save

Among the interviewees, 18,9% consider they made wrong purchasing decisions based on the information provided by the seller and from this portion 70,8% considered switching of company and purchase somewhere else. For the few cases registered 45,8% were contacted by the company in order to convince them to stay as customer. One of the most used techniques consists in “winback” prices which are lower than those offered to “normal customers”. This technique is used for example by the company Chapitre.com who to retain its lost customers acts by reducing its prices.

However, efficient win-back techniques should not only be based on a reduced price. Among the interviewees two examples were given which illustrates the consumers perception on this matter: on the first case an order was received with few weeks delay, and no explanation was given from the company; this person stated that even if the company intended to get him back as a customer with reduced prices he would not do business with them anymore. On the second example a customer received its order with delay, but before an apology letter from the company explaining the reasons of the delay and an expected date of delivery was received. This person explained that even though the products were received late, the attention and concern from the company convinced him to stay as customer.

5.1.4 Cross-Sell / Up-Sell / Development

On-line companies have started to incite their customers to buy complementary products. These are the cross-sell and up-sell techniques which consist in offering an enhanced product (up-selling) or offering a complementary one (cross-selling). According to the CEO of Chapitre.com there is nowadays a trend on the main on-line purchase websites to propose more and more multicultural products (such as discs, videos, informatics and even household electric appliances ...) explaining the willingness of certain on-line companies to enhance their turnover through cross-selling and up-selling. Moreover systems offering personalized pages allow the websites, knowing better their customers' tastes, to offer them items they could be willing to buy as a complement of the purchase they came to make.

5.2 Purchase websites vs. physical bookstores

Within the sample of interviewed people 74% of them have already make purchase on-line but among this figure 65,6% have never bought books on-line. The main reasons given for that lay in security and trust issues: 20,6% of them would agree to buy books on-line if security, trust and methods of payment were enhanced as well 22,2% would if exclusives products were offered or if books were only available on-line or if they were “forced to”.

An interesting fact observed from the open questions answers is that people claim to have a particular relationship with books. A large amount of this persons stated they enjoyed going to a bookstore, walk in the shelves, see the books, touch and even smell them, flip through them, etc. One of the interviewees said “A book is something completely non-virtual and somehow sensual, which makes it absolutely impossible for me to choose one on-line. But if I know in advance the one I want, then maybe” People who have never bought on-line usually consider that they could if they knew in advance precisely what

book they wanted to purchase and that it was not available at the store they are used to go to. Many people have also given the price reason saying that they would probably buy online if books were cheaper there. Even though 67% of the interviewees consider that they would buy online if the traditional book store they buy from had an on-line server.

6 Conclusions

6.1 Main conclusions and recommendations

After concluding this study several interesting factors come to light; among them is found that the buying behaviours for people on-line are influenced basically by their perception of technology and the internet as a safe place to buy, the level of acquaintance with technology, the kind of purchases they usually do and their interests, and furthermore the customer service provided by the on-line retailers. This can be appreciated by the differences in answers from the different segments such as Students and Non Students, Men and Women and the different Geographical Zones.

As long as people still perceive the internet as an insecure place, not trustworthy to give their credit card number, difficult to use and with impersonal customer relations, the potential of the internet as a marketing and economic trade tool will remain unexploited. Therefore the challenges for managers in this industry are to create a certain level of satisfaction among their customers in order to gain free marketing through word of mouth, because this is one of the easiest ways to penetrate on the customers, minds and change their perceptions.

It seems like a higher volume of sales is moving on-line, but this does not mean the end of physical bookstores, as customers who buy on-line perceive the internet as a complementary source of products and not as a substitute for their traditional stores. Even though attention should be paid to factors such as price and availability of different titles which are the key drivers for preferring on-line providers.

It can be suggested for traditional bookstores to complement their services with an on-line counterpart with a broader selection of titles, in order to capture potential buyers that they might not be aware of losing at the moment. In the same way pay special attention to key drivers of consumer's satisfaction such as prices, on time deliveries, availability of titles, helpful information about the products and fast and reliable response to questions and suggestions.

On the other hand even if the result of this study has shown that on-line purchase is not a real threat for traditional bookstores, nevertheless it has been seen that they had at their disposal less tools to manage their customer relationships compared to on-line retailers who can always consult their databases for reviews and use technology to personalize their customers' recommendations.

Therefore if the bookstores do not want to incorporate these features provided by technology they will have to play the best card in their possession in order to stay competitive: person-to-person exchange and try to deliver the best service in the way they treat and interact with their customers. Indeed customers place a great value on the interpersonal and emotive aspect that is given in traditional bookstores.

6.2 Further research

In this thesis the authors tried to give a deeper insight to the challenges the book retail industry faces within the field of e-commerce in terms of market approach and customer relationship management.

However some limitations in the extension of the study could have hindered its reliability. A bigger sample with a more proportionate rate of people from different continents would provide more reliable information, and furthermore psychological and sociological factors (such as income levels) from each culture could be integrated in the analysis in order to leverage the reliability of this investigation.

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8 Appendix

8.1 Appendix 1: questionnaire' s codification

Item	Question	Level of measurement
1	Have you ever made on-line purchases?	Nominal 1= yes 2= no
	If yes when?	1=Last week 2=Last month 3=Last year
2	What kind of purchase did you make?	Ratio (n= number of purchase)
3	Have you ever bought books on-line?	Nominal 1= yes 2= no
4	Which site do you usually buy from?	Nominal 1=Amazon.com 2=barnesandnoble.com 3=national bookshop
	If so you have done it:	1=one time 2=more than once
5	How did you hear about the company you buy from?	Nominal 1=Advertising 2=Word of mouth 3=Promotion 4=Customer databases
6	Do you consider the websites on books you use as?	Interval 1=Very practical 4=Very impractical 5=Uncertain/no opinion

7	What kind of books do you usually purchase on-line?	Interval 1=Most bought 5=Least bought
8	Which are the factors you consider important in order to decide if buying on-line?	Interval 1=Most important 6=Least important
9	Do the complementary services offered by the websites influence your purchase decision?	Interval 1=Most important 4=Least important
10	Has the company you buy from ever offered any fidelity/affinity program?	Nominal 1=yes 2=no
11	Do you think you can easily make suggestions/questions on-line?	Nominal 1=yes 2=no
12	If so do you get any answers from them?	Nominal 1=yes 2=no
13	Are they satisfying?	Nominal 1=yes 2=no
14	Have you ever made wrong purchasing decisions based on the information provided by the seller?	Nominal 1=yes 2=no
15	If yes, did you considered switching of company and purchase somewhere else?	Nominal 1=yes 2=no
16	Did the company intend something to convince you to stay as a customer?	Nominal 1=yes 2=no
17	What are your reasons for not buying on-line?	Ratio

- (n=number of choices)
- 18 What could make you decide to purchase on-line? Ordinal *
Open answers*
- 19 If the traditional book store you buy from had an on-line server would you be willing to buy on-line? Nominal
1=yes
2=no
-

** Question 18 was divided and coded in 8 different categories based on the answers given by the respondents in order to be able to further analyze it with the SPSS Software.*

8.2 Appendix 2: questionnaire in English

Hi!! We are two students of JIBS working on our master thesis dealing with the subjects of book retailing and e-commerce. We would like you to help us gather information by filling up this questionnaire. Thanks for your time, and don't hesitate to ask if you have any question.

Gender: M F Nationality: Age:

Education level: Occupation

1. Have you ever made on-line purchases?

Yes No

If yes when? Last week Last month Last year (12 months)

2. What kind of purchase did you make?

Music Books Clothes/cosmetics Services (travel services, etc) Others

3. Have you ever bought books on-line?

Yes No (If no go to question 17)

4. Which site do you usually buy from?

Amazon.com Barnesandnoble.com National Libraries websites

If so you have done it : One time More than once

5. How did you hear about the company (book store, or on-line) you buy from?

Advertising Promotion from the company (coupons, emails)

Word of mouth I was contacted through customer databases

6. Do you consider the websites on books you use as?

Very practical Practical Impractical Very impractical Uncertain/no opinion

7. What the kind of books do you usually purchase on-line (Rate from 1 to 5):

Course books _ Best sellers_ Hard to find_ Novel/fiction_ All books _

8. Which are the factors you consider important in order to decide if buying on-line? (Rate from 1 to 6)

Trust_ Security_ Price level_

Availability_ Time_ Other(which one)_

9. Do the complementary services offered by the web sites influence your purchase decision? (Rate from 1 to 4)

Reviews_ Recommendations_ Personalized pages_ Call center_

10. Has the company you buy from ever offered any fidelity/affinity program (e.g. membership card, points...)

Yes No

11. Do you think you can easily make suggestions/questions on-line?

Yes No

12. If so do you get any answers from them?

Yes No

13. Are they satisfying (replied on time, accurate information, etc)?

Yes No

14. Have you ever made wrong purchasing decisions based on the information provided by the seller (web-site or book store)?

Yes No

15. If yes, did you considered switching of company and purchase somewhere else?

Yes No

16. Did the company intend something to convince you to stay as customer?

Yes No

17. What are your reasons for not buying on-line? (3 main reasons)

Trust Security Time of total purchase (ordering, delivering)

Price Availability No internet connection Others

18. What could make you decide to purchase on-line?

19. If the traditional book store you buy from had an on-line server would you be willing to buy on-line?

Yes No

8.3 Appendix 3: questionnaire in Swedish

Hej!! Vi är två studenter från Handelshögskolan i Jönköping som just nu skriver vår magisteruppsats inom bok- och e-handel. Vi skulle vara tacksamma om Du hade tid att hjälpa oss med att fylla i det här frågeformuläret. Fråga gärna om det är något du undrar över!

Kön: M F Nationalitet: Ålder:

Utbildning: Yrke:

1. Har du någon gång handlat via internet?

Ja Nej

Om Ja, när? Förra veckan Förra månaden Förra året (12 månader)

2. Vad köpte du?

Musik Böcker Kläder/Kosmetika Tjänster (t ex resor) Annat

3. Har du någon gång köpt böcker via internet?

Ja Nej (Om Nej gå till fråga 17)

4. Från vilken hemsida brukar du då handla från?

Amazon.com BarnesandNejble.com Svenska bokhandlare

Hur många gånger: En gång Fler än en gång

5. Hur fick du veta om företaget (fysiska bokhandeln, Internetbokhandeln) du köpte igenom?

Reklam Erbjudanden från företaget (rabattkuponger, via e-post)

Hört av andra Jag blev kontaktad genom ett kundregister

6. Hur upplever du de hemsidorna (med bokförsäljning) du använder dig av?

Väldigt bra Bra Dåliga Väldigt dåliga Osäker/Ingenåsikt alls

7. Vilka typer av böcker brukar du köpa via internet? (Rangordna 1-4):

Kursböcker_ Best sellers_ Svårtillgängliga_ Romaner/Fiction_ Alla_

8. Vad tycker du är viktigt när du handlar via internet? (Rangordna 1-6)

Pålitlighet_ Säkerhet_ Priset_

Tillgänglighet_ Tid_ Annat (I så fall vad?)_

9. Påverkar andra tjänster som erbjuds via dessa hemsidor ditt köp? (Rangordna 1-4)

Recensioner_ Rekommendationer_ Personliga sidor_ Kundtjänst_

10. Har företaget erbjudit tjänster som
Ja Nej
11. Upplever du att det är lätt att fråga/ge förslag på förbättringar via dess hemsidor?
Ja Nej
12. Om ja, får du svar?
Ja Nej
13. Är svaren tillfredsställande (svar inom rimlig tid, rätt information etc.)?
Ja Nej
14. Har du någon gång gjort ett felköp baserat på den information som du tillhandahållit från säljaren (fysiska bokhandeln, Internetbokhandeln)?
Ja Nej
15. Om Ja, funderade/funderar du på att köpa någon annanstans?
Ja Nej
16. Har företaget försökt att övertala dig att stanna som kund?
Ja Nej
17. Av vilken anledning handlar du inte via internet?
Pålitlighet Säkerhet Tar för lång tid (köp, leverans etc.)
Pris Tillgänglighet Ingen Internetuppkoppling Annat
18. Finns det något som skulle få dig att ändra dig och i så fall vad?
19. Om din fysiska bokhandel skulle erbjuda handel via internet, skulle du då kunna tänka dig att handla via internet?
Ja Nej

8.4 Appendix 4: questionnaire in Spanish

Buenos Días! Soy un alumno trabajando en su tesis, misma que trata de los temas E-commerce y sus efectos en la industria librera. Agradecería mucho me ayudara a recolectar información al contestar las siguientes preguntas. Gracias por su tiempo.

Sexo: M F Nacionalidad: Edad:

Nivel de Estudios: Ocupación:

1. Alguna vez ha comprado “en línea”?

Sí No

Sí es así cuándo? Última semana Último mes Último año

2. Qué clase de compra realizó?

Música Libros Ropa/Accesorios Servicios (viajes, etc) Otros

3. Alguna vez ha comprado libros “en línea”?

Sí No (Si su respuesta es no favor de pasar a la pregunta 17)

4. De qué página compra usualmente?

Amazon.com Barnesandnoble.com Página de librería Nacional

Cuántas veces lo ha hecho: Una vez Más de una

5. Cómo se entero de los servicios “en línea” de la compañía a la que usualmente compra?

Publicidad Promociones de la compañía (cupones, e-mails)

Conocidos Fui contactado directamente (telefono)

6. Como considera la página de la que usualmente compra?

Muy practica Practica Impractica Muy impractica No sabe

7. Qué tipo de libros compra usualmente en línea (Evalúe de 1 a 5):

Libros de texto _ Best sellers_ Libros de difícil adquisición _

Novelas/ficción_ Cualquier tipo_

8. Qué factores considera son los mas importantes para efectuar su compra “en línea” ? (Evalúe de 1 a 6)

Confianza_ Seguridad_ Precios_

Disponibilidad de títulos_ Tiempo_ Otros (especifique)_

9. Cual de los siguientes servicios complementarios influencia mas su decisión de compra? (Evalúe de 1 a 4)

Reviews_ Recomendaciones_ Paginas personalizadas_ Call center_

10. Alguna vez ha sido ofrecido programas de afinidad o cliente frecuente por parte de estas compañías (ej. Tarjetas de membresía, puntos, etc)

Si No

11. Piensa que es sencillo hacer sugerencias o quejas “en línea”?

Si No

12. Alguna vez ha recibido respuesta a ellas?

Si No

13. En caso de que si, han sido satisfactorias (en tiempo, suficiente información, etc.)?

Si No

14. Alguna vez ha hecho una decisión errónea de compra basada en información dada por su proveedor (página web o librería)?

Si No

15. En caso de que si , considero usted cambiarse de compañía?

Si No

16. Tomo la compañía alguna acción para retenerlo como cliente?

Si No

17. Cuales son las razones por las que no compra “en línea”?

Confianza Seguridad Tiempo total de la transacción

Precios Disponibilidad No cuenta con acceso a internet Otras

18. Que lo podría hacer decidirse a hacer compras en línea?

19. Si la librería de la que usualmente compra tuviera una página web estaría dispuesto a utilizarlo para efectuar sus compras?

Si No

8.5 Appendix 5: questionnaire in French

Bonjour nous sommes deux étudiants à la Jönköping International Business School (JIBS) en Suède, et nous travaillons actuellement sur notre thèse de master portant sur l'industrie du livre et le e-commerce. Nous aimerions que vous nous aidiez à rassembler des informations en remplissant ce petit questionnaire.

Merci pour le temps que vous y consacrerez !

Sexe : M F Nationalité : Age:

Niveau d'études: Situation professionnelle :

1. Avez-vous déjà effectué des achats sur internet ?

Oui Non

Si oui, quand? La semaine dernière Le mois dernier Lors des 12 derniers mois

2. Quel type d'achat avez-vous fait?

Musique Livres Mode/ Vêtements/ cosmétiques Services (agences de voyage, assurances...)
Autres ...

3. Avez-vous déjà acheté des livres sur internet?

Oui Non (Si non allez à la question 17)

4. Sur quels sites avez-vous l'habitude d'effectuer vos achats?

Amazon.com Barnes and Noble.com Site National/ Site de librairie(ex : France Loisir.fr...)
Combien de fois ? Une fois Plus d'une fois

5. Comment avez-vous connu la/les compagnie(s) auprès de laquelle/desquelles vous achetez ?

Publicité Promotion faite par la compagnie (bons de réduction, e mails...)
Bouche à oreille J'ai été contacté(e) grace à des bases de données consommateurs »

6. Vous considérez que les sites internet sur les livres sont ?

Très pratiques Pratiques Peu pratiques Très peu pratiques Sans opinion

7. Quels types de livres achetez-vous habituellement sur internet? (Classez de 1 à 5)

Livres de cours Best sellers Livres rares/ difficiles à trouver Romans/fiction.
Toutes sortes de livres

8. Parmi les facteurs suivants lesquels, selon vous, sont les plus importants lorsque vous achetez sur internet? (Classez de 1 à 6)

Confiance Sécurité Prix Disponibilité Temps Autre (lequel:)

9. Les services suivants proposés par les sites internet influencent-ils votre décision d'achat? (Classez de 1 à 4)

Commentaires sur les livres Recommandations Pages personnelles (avec vos préférences)
 Numéro vert

10. La compagnie auprès de laquelle vous achetez vous a-t-elle déjà proposé un programme de fidélité (ex: carte de membre, points, chèques cadeau...)

Oui Non

11. Pensez-vous que vous pouvez facilement poser des questions et/ou faire des suggestions sur le site ?

Oui Non

12. Si oui avez vous eu des réponses à vos questions/suggestions?

Oui Non

13. Si oui, étaient-elles satisfaisantes ? (Temps de réponse, pertinence des réponses etc....)

Oui Non

14. Avez-vous déjà regretté un achat fait sur internet basé sur une information fournie par le site internet de la compagnie?

Oui Non

15. Si oui, avez-vous songé à ne plus acheter auprès de cette compagnie?

Oui Non

16.. Cette compagnie a-t-elle tenté quelque chose pour vous convaincre de rester l'un de leur client?

Oui Non

17. Quelles sont les raisons principales pour ne pas acheter en ligne? (3 réponses maximum)

Confiance Sécurité Temps (achat + livraison) Prix
Disponibilité Pas de connexion à internet Autres:

18. Qu'est-ce qui pourrait vous inciter à acheter sur internet?

19. Si la librairie traditionnelle auprès de laquelle vous achetez vos livres avait un site internet seriez-vous prêt(e) à acheter en ligne?

Oui Non

8.6 Appendix 6: Interview guide

- 1- What is the history of this store? Of the chain it belongs to?
- 2- What are your responsibilities in this store?
- 3- What kind of books can be found in this store?
- 4- What kinds of books are the most sold?
- 5- What kind of customers do you have?
- 6- Do you have a strategy concerning your customers?
 - a. How do you approach your customers?
 - b. How do you keep your customers loyal?
 - c. How do you win-back customers who leave?
 - d. Do you track your customers' preferences in order to offer them customized offers/suggestions?
- 7- Can you tell us more about the chain's website
 - a. Is it supposed to be as a complementary tool for your customers to have some information for their future purchase?
- 8- Have you noticed a decrease in purchases related to e-commerce boom?
- 9- What do you think of books e-commerce?
- 10- How the chain has adapted to these changes due to e-commerce?
 - a. Strategy
 - b. Have your customers changed overtime?

-
1. Pouvez-vous nous retracer (brièvement) l'histoire du site chapitre.com ?
 2. Quel est votre rôle au sein de celui-ci ?
 3. Comment se positionne le site face aux géants Amazon.com, Barnes&Noble.com et face aux sites nationaux (fnac.com, franceloisirs.fr etc....) ?
 4. Quels types de livres sont les plus vendus ?
 5. Quels types de clients avez-vous ?
 6. Selon vous les personnes qui achètent des livres dans les librairies dites traditionnelles sont-ils les mêmes que les celles qui achètent des livres en ligne ?
 7. Quelle est la stratégie adoptée vis-à-vis des clients ?
 - a. comment vous faites-vous connaître d'eux, quels outils promotionnels utilisez-vous ?
 - b. comment créez-vous des clients fidèles (cartes, réductions ...) ?

- c. comment regagnez-vous des clients infidèles ?
 - d. proposez-vous des offres spéciales adaptées et/ou des suggestions personnalisées ?
8. Comment voyez-vous votre stratégie évoluer à moyen et long terme ?

8.7 Appendix 7: statistics

Nationality

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	american	1		,3	,3
	argentinian	1		,3	,5
	australian	1		,3	,8
	austrian	1		,3	1,0
	bangladesh	1		,3	1,3
	belgian	1		,3	1,6
	bosnian	5		1,3	2,9
	brazilian	4		1,0	3,9
	bulgarian	3		,8	4,7
	canadian	4		1,0	5,7
	chinese	3		,8	6,5
	colombian	1		,3	6,8
	czech	1		,3	7,0
	dutch	3		,8	7,8
	english	1		,3	8,1
	equatorian	1		,3	8,3
	estonian	1		,3	8,6
	finnish	1		,3	8,9
	french	143		37,2	46,1
	german	4		1,0	47,1
	hungarian	1		,3	47,4
	indian	1		,3	47,7
	italian	2		,5	48,2
	korean	2		,5	48,7
	latvian	1		,3	49,0
	libanese	1		,3	49,2
	lithuanian	7		1,8	51,0
	malagasy	1		,3	51,3
	mexican	111		28,9	80,2
	portuguese	1		,3	80,5
	romanian	1		,3	80,7
	spanish	5		1,3	82,0
	swedish	64		16,7	98,7
	swiss	1		,3	99,0
	turkish	4		1,0	100,0
	Total	384		100,0	

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	MALE	174	45,3	45,3	45,3
	FEMALE	210	54,7	54,7	100,0
	Total	384	100,0	100,0	

Age

	Frequency	Percent	Valid Percent	Cumulative Percent
17	4	1,0	1,0	1,0
18	3	,8	,8	1,8
19	7	1,8	1,8	3,6
20	11	2,9	2,9	6,5
21	38	9,9	9,9	16,4
22	52	13,5	13,5	29,9
23	53	13,8	13,8	43,8
24	29	7,6	7,6	51,3
25	45	11,7	11,7	63,0
26	22	5,7	5,7	68,8
27	26	6,8	6,8	75,5
28	9	2,3	2,3	77,9
29	6	1,6	1,6	79,4
30	23	6,0	6,0	85,4
31	3	,8	,8	86,2
32	6	1,6	1,6	87,8
33	1	,3	,3	88,0
34	2	,5	,5	88,5
35	4	1,0	1,0	89,6
36	3	,8	,8	90,4
37	7	1,8	1,8	92,2
38	1	,3	,3	92,4
39	1	,3	,3	92,7
40	4	1,0	1,0	93,8
41	3	,8	,8	94,5
42	2	,5	,5	95,1
43	2	,5	,5	95,6
44	1	,3	,3	95,8
45	1	,3	,3	96,1
46	3	,8	,8	96,9
47	1	,3	,3	97,1
48	4	1,0	1,0	98,2
49	3	,8	,8	99,0
51	1	,3	,3	99,2
55	1	,3	,3	99,5
60	2	,5	,5	100,0
Total	384	100,0	100,0	

Occupation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	accountant	3	,8	,8	,8
	CEO	2	,5	,5	1,3
	consultant	4	1,0	1,0	2,3
	dental hyginist	1	,3	,3	2,6
	doctor	5	1,3	1,3	3,9
	employee	21	5,5	5,5	9,4
	engineer	12	3,1	3,1	12,5
	english teacher	1	,3	,3	12,8
	executive	36	9,4	9,4	22,1
	freelance	1	,3	,3	22,4
	graphic	3	,8	,8	23,2
	lawyer	4	1,0	1,0	24,2
	logistics	1	,3	,3	24,5
	manager	2	,5	,5	25,0
	marketer	2	,5	,5	25,5
	medical	2	,5	,5	26,0
	phd	1	,3	,3	26,3
	physician	3	,8	,8	27,1
	project	1	,3	,3	27,3
	psychologist	2	,5	,5	27,9
	public	10	2,6	2,6	30,5
	self employeed	5	1,3	1,3	31,8
	social worker	1	,3	,3	32,0
	strategy expert	1	,3	,3	32,3
	student	227	59,1	59,1	91,4
	teacher	26	6,8	6,8	98,2
	teacher	1	,3	,3	98,4
	temporary	1	,3	,3	98,7
	unemployed	5	1,3	1,3	100,0
	Total	384	100,0	100,0	

Education level

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	studying bachellor	94	24,5	24,5	24,5
	bachellor graduate	76	19,8	19,8	44,3
	studying master degree	105	27,3	27,3	71,6
	Master graduate	109	28,4	28,4	100,0
	Total	384	100,0	100,0	

1. Have you ever made online purchases?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	YES	283	73,7	73,7	73,7
	NO	101	26,3	26,3	100,0
	Total	384	100,0	100,0	

If yes when?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	last week	60	15,6	21,1	21,1
	last month	103	26,8	36,3	57,4
	last year	121	31,5	42,6	100,0
	Total	284	74,0	100,0	
Missing	System	100	26,0		
Total		384	100,0		

2. What kind of purchase did you make?

Dichotomy label	Name	Count	Pct of Responses	Pct of Cases
music	MUSIC	47	11,8	16,6
books	BOOKS	79	19,8	27,9
clothes	CLOTHES	44	11,0	15,5
services	SERVICES	143	35,8	50,5
others	OTHERS	86	21,6	30,4
		-----	-----	-----
	Total	399	100,0	141,0

3. Have you ever bought books online?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid yes	132	34,4	34,4	34,4
no	252	65,6	65,6	100,0
Total	384	100,0	100,0	

4. Which website do you usually buy from?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid amazon.com	68	17,7	51,5	51,5
barnesandnoble.com	9	2,3	6,8	58,3
national library	55	14,3	41,7	100,0
Total	132	34,4	100,0	
Missing System	252	65,6		
Total	384	100,0		

Have you done it (times)?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid only one	55	14,3	41,7	41,7
more than once	77	20,1	58,3	100,0
Total	132	34,4	100,0	
Missing System	252	65,6		
Total	384	100,0		

5. How did you hear about the company you buy from?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	advertising	43	11,2	32,6	32,6
	promotion from the company	68	17,7	51,5	84,1
	word of mouth	16	4,2	12,1	96,2
	contacted through cust databases	5	1,3	3,8	100,0
	Total	132	34,4	100,0	
Missing	System	252	65,6		
Total		384	100,0		

6. Do you consider the websites you use as?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very practical	34	8,9	25,8	25,8
	practical	89	23,2	67,4	93,2
	impractical	4	1,0	3,0	96,2
	uncertain/no opinion	5	1,3	3,8	100,0
	Total	132	34,4	100,0	
Missing	System	252	65,6		
Total		384	100,0		

7. What kind of books do you usually purchase online?

	N	Minimum	Maximum	Mean	Std. Deviation
course books	84	1	5	1,74	1,327
best sellers	55	1	5	2,38	1,240
hard to find	69	1	5	1,84	1,290
novels	50	1	5	2,50	1,474
all kinds	53	1	5	2,66	1,839
Valid N (listwise)	37				

8. Which are the factors you consider important in order to decide if buying online?

	N	Minimum	Maximum	Mean	Std. Deviation
trust	115	1	6	3,14	1,444
security	115	1	6	2,45	1,440
price level	124	1	6	2,59	1,536
availability	125	1	6	2,93	1,421
time	122	1	6	3,35	1,488
other factors	75	1	6	5,16	1,628
Valid N (listwise)	73				

9. Do the complementary services offered by the we sites influence your purchase decision?

	N	Minimum	Maximum	Mean	Std. Deviation
reviews	108	1	4	1,69	,942
recommendations	110	1	4	1,85	,822
personalized pages	102	1	4	2,55	,908
call center	102	1	4	3,31	1,134
Valid N (listwise)	97				

10. Has the company you buy from ever offered you any fidelity/affinity program (e.g. membership card, points...)?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid yes	52	13,5	40,0	40,0
no	78	20,3	60,0	100,0
Total	130	33,9	100,0	
Missing System	254	66,1		
Total	384	100,0		

11. Do you think you can easily make suggestions/questions online?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	66	17,2	52,4	52,4
	no	60	15,6	47,6	100,0
	Total	126	32,8	100,0	
Missing	System	258	67,2		
Total		384	100,0		

12. If so do you get any answers from them?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	54	14,1	72,0	72,0
	no	21	5,5	28,0	100,0
	Total	75	19,5	100,0	
Missing	System	309	80,5		
Total		384	100,0		

13. Are they satisfying (replied on time, accurate information, etc)?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	50	13,0	72,5	72,5
	no	19	4,9	27,5	100,0
	Total	69	18,0	100,0	
Missing	System	315	82,0		
Total		384	100,0		

14. Have you ever made wrong purchasing decisions based on the information provided by the seller (web-site or book store)?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid yes	24	6,3	18,9	18,9
no	103	26,8	81,1	100,0
Total	127	33,1	100,0	
Missing System	257	66,9		
Total	384	100,0		

15. If yes, did you considered switching of company and purchase somewhere else?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid yes	17	4,4	70,8	70,8
no	7	1,8	29,2	100,0
Total	24	6,3	100,0	
Missing System	360	93,8		
Total	384	100,0		

16. Did the company intend something to convince you to stay as customer?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid yes	11	2,9	45,8	45,8
no	13	3,4	54,2	100,0
Total	24	6,3	100,0	
Missing System	360	93,8		
Total	384	100,0		

17. What are your reasons for not buying online?

Dichotomy label	Name	Count	Pct of Responses	Pct of Cases
trust	TRUST1	110	20,8	38,9
security	SECUR1	126	23,8	44,5
time	TIME1	77	14,6	27,2
price	PRICE1	42	7,9	14,8
availability	AVAILAB1	38	7,2	13,4
no connection	NO_CONNE	17	3,2	6,0
other reason	OTHER1	119	22,5	42,0
Total		529	100,0	186,9

18. What could make you decide to purchase online?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	security, trust & methods of payment	50	13,0	20,6	20,6
	better information & marketing	22	5,7	9,1	29,6
	price of books	30	7,8	12,3	42,0
	delivery price & time	29	7,6	11,9	53,9
	easier websites, convenience & transaction time	28	7,3	11,5	65,4
	exclusive products, availability & forced to	54	14,1	22,2	87,7
	do not buy books	11	2,9	4,5	92,2
	won't buy, no connection & don't know	19	4,9	7,8	100,0
	Total	243	63,3	100,0	
Missing	System	141	36,7		
Total		384	100,0		

19. If the traditional book store you buy from had an online server would you be willing to buy online?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	226	58,9	67,1	67,1
	no	111	28,9	32,9	100,0
	Total	337	87,8	100,0	
Missing	System	47	12,2		
Total		384	100,0		