Managementhögskolan
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E-commerce with everyday commodities

– a quantitative research of the successful factors

– through the customers' perspective

Jenny Lundström

ABSTRACT

Title:	*E-commerce with everyday commodities – a quantitative research of the successful factors – through the customers' perspective*
Author:	Jenny Lundström
Tutor:	Emil Numminen
Department:	Department of Business Administration
Course:	Master thesis in Business Administration

Purpose:

The purpose of this thesis has been to examine the factors that influence why the customers' choose to purchase everyday commodities online. The factors of trust have been investigated with focus on the commerce with everyday commodities in the Öresund region.

The purpose has been to give both existing companies and new entrants a better view of what is important to focus on when developing the commerce of everyday commodities in the online world.

Method:

This is a quantitative research that has been performed through a questionnaire. The different factors in my research model stem from previous researches, but the result of the research stem from the primary source – the questionnaire.

Result:

The research showed that none of the respondents had any experience of purchasing everyday commodities online, and the number one reason to why they had not was because they did not know that such possibility existed. To market the e-store and to change the customers purchasing behaviour is therefore crucial for success. The most important factor after that according to my research is the security – guaranteed safe payments and protected personal information. It is very obvious in my survey that the concerns about electronic payments, such as giving out the credit card details on the Internet, and saving personal information online are great.

The product quality is the second most important factor, while the price comes third. The customers want product quality, and it is perhaps even more important when purchasing *everyday commodities* online than when purchasing products in general online. "The lemon market" (not knowing if the product you get meets your expectations) seems to be a big concern. The price is also crucial as the customers want equally expensive products or products that are cheaper than in traditional stores.

It is also shown that the factors related to the company (its reputation, size and willingness to customize) are less important.

Last, some suggestions about what to think about as an online company (existing or newcomers) in this business are brought up.

SAMMANFATTNING

Titel:	*E-commerce with everyday commodities* *– a quantitative research of the successful factors* *– through the customers' perspective*
Författare:	Jenny Lundström
Handledare:	Emil Numminen
Institution:	Institutionen för Ekonomi och Management.
Kurs:	Magisterarbete i Företagsekonomi
Syfte:	Syftet med min undersökning har varit att undersöka vilka faktorer som påverkar varför kunder väljer att handla dagligvaror online. Tillitsfaktorerna har studerats med fokus på dagligvaruhandeln i Öresundsregionen. Syftet har varit att ge både existerande butiker och nykomlingar en bättre överblick över vad som är viktigt att fokusera på för att utveckla och lyckas med dagligvaruhandeln online.
Metod:	Detta är en kvantitativ undersökning som har blivit utförd med hjälp av en enkät. Min undersökningsmodell och de faktorerna den innefattar kan härledas till tidigare undersökningar, medan resultatet av undersökningen helt kommer från den primära källan – enkäten.
Slutsats:	Undersökningen visade att ingen av de tillfrågade kunderna hade någon erfarenhet av att handla dagligvaror online. Den största andledningen till detta visade sig vara att de inte visste att möjligheten hade funnits. Att marknadsföra butiken och ändra kundernas inköpsbeteende är därför betydelsefullt för framgång. De viktigaste faktorerna efter marknadsföringen är säkerheten – garanterat säkra betalningar och garanterat skyddad personlig information. Det visar sig väldigt tydligt att kunder känner oro över elektroniska betalningar där man lämnar ut bank/kreditkortsinformation på Internet samt att man bekymrar sig över att personlig information ska sparas online och utnyttjas av obehöriga. Produktkvaliteten är den andra viktigaste faktorn, medan priset kommer på tredje plats. Kunderna vill ha bra produktkvalitet. Undersökningen tyder på att detta kan vara en viktigare faktor i dagligvarubranschen än i andra branscher. "The lemon market", dvs. att kunden inte kan vara säker på att kvaliteten lever upp till förväntningarna är en stor anledning. Priset är också viktigt då kunderna samtidigt som de vill ha bra kvalitet också vill ha varor som är lika dyra eller billigare än i traditionella butiker. Min undersökning visar också att de faktorerna som är direkt relaterade till företaget (dess rykte, storlek och viljan att specialtillverka) är mindre viktiga. Till sist har jag tagit upp några förslag till vad både existerande företag och nykomlingar i denna bransch behöver tänka på för att lyckas.

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1. INTRODUCTION

1.1 Background

The Internet is characterized of fast changes and constant development. If today's companies want to survive they have to change the way they are operating. Pressures from customers, competitors and the constant change are always around them. One way to struggle against these pressures is to get in to the e-commerce environment.

There are many different definitions of e-commerce. Basically it involves a wide range of activities, everything from selling groceries to customers, to selling containers loaded by supplies to factories across the globe. All different kinds of products are sold – from physical goods, to services, to digital information that can be delivered over the Internet (Schulze & Baumgartner, 2001).

There are also many types of e-commerce. The biggest volume of trade on the Internet is B2B, where companies do business with each other. The most growing one is business-to-consumers e-commerce in which companies do online business with consumers. The B2C segment is just a small fraction of the B2B segment. The reason of the slow B2C growth is that it is affected by concerns about payment security, privacy of personal data and the difficulty of accessing e-commerce merchants. (Rayport and Jaworski, 2002)

E-commerce is a widely discussed subject, and as the access to Internet rapidly grew during the 1990's the pure business-to-consumer (B2C) e-commerce companies also started to appear in great quantities. Recently more and more B2C e-commerce companies have gone into bankruptcy, but at the same time many of the companies in the same branch have been able to extend their business successfully. (Ibid)

Trust is according to many previous researches identified as one of the major barriers to people for engaging in e-commerce. It is very different to build trust online compared to building trust in a traditional store. Online merchants completely depend on their websites to represent themselves to the customers, and it is difficult to identify the factors that construct the trust or distrust. (Jarvenpaa & Tractinsky, 1999)

The success of e-commerce in the 1990's led to that the tradesmen of everyday commodities also started to develop and expand their business. The commerce with everyday commodities seemed to have a great future in the 1990´s. The predictions were very optimistic. Andersen Consulting predicted that 10% of the everyday commodities would be purchased online by 2000, while the founder of Microsoft, Bill Gates, predicted that as much as 30% would be purchased online. (Internetworld, 1997) The reality has shown something else. Recent studies, made by SCB (Statistiska Centralbyrån, 2005), show that only 1% of the Swedish population has purchased everyday commodities online.

Almost all the markets leaders in the Swedish food/grocery market have closed down their e-commerce. Both Axfood and Coop used to run e-stores during the 1990's, and they both planned to expand their e-commerce, but in the beginning of 2000 they had to close down because of low profitability or even loss. Today ICA offers e-commerce with everyday commodities through ICA Malmborgs in Malmö and Lund, ICA Supermarket in Skanör and ICA Maxi in Malmö. They do not, however, see this as something profitable but more as a service to the customers. As late as December 2007 Axfood once again entered the market

by buying the chain Prisextra, with its subsidiary NetExtra, which has been the only larger online store selling everyday commodities during the last few years. Coop is also currently trying to come up with a solution to how to enter the market. (www.ica.se, www.coop.se, www.axfood.se)

What is the reason for the failure?

1.2 Problem discussion

As mentioned before, the expectations of e-commerce with everyday commodities were great in the end of the 1990's and the prediction was that a great percentage of the everyday commodities would be purchased online in the 2000's. (Internterworld, 1997) The forecasts of this kind of commerce were very optimistic. Today, however, the e-commerce with this type of commodities has decreased and almost disappeared. (SCB, 2005)

What factors make that some of the companies fail to give the customers' trust? What differs the unsuccessful companies' and their websites from the successful companies' and their websites? I want to be able to see a pattern of what the customers perceive as important when purchasing everyday commodities online. When or why do they choose to buy or not to buy?

Is it the lack of trust, which has been identified as one of the major barriers of success, which is the cause of the failure? A lot of previous research has focused on developing Internet security strategies and systems, but it is also relevant to propose a trust-based model to explore the role of trust in e-commerce. If this knowledge can be obtained the online company will be able to develop their business and change the failure for great success.

When comparing the prices of everyday commodities in a traditional store with the prices of the same commodities in an online store there is not a big difference. The actual goods are sometimes even a little cheaper online, but when adding the handling- and delivery costs etc. the total cost can become a little more expensive when purchasing online than purchasing in a pure traditional store. One important point is that the saving in time must be worth the extra cost. Could it be that the e-commerce that existed/partly exists was not customer-oriented enough and therefore did not gain the customers trust?

This leads to the following research questions:

Is the failure of e-commerce with everyday commodities based on the consumers´ lack of trust?

Which factors influence the customers' online trust when purchasing everyday commodities online?

1.3 Purpose

The purpose of this dissertation is to identify the factors that influence why the customers choose to purchase everyday commodities online.

The factors of trust will be investigated with focus on the commerce with everyday commodities in the Öresund region. This geographical area is chosen because it is an

expansive and modern area, and because this area still has existing online grocery stores. I want to clarify why customers choose to trust or distrust certain grocery stores and their websites, and what the customers claim the most important factors are when purchasing everyday commodities online.

The subject is relevant because e-commerce with everyday commodities has failed greatly, yet the grocery shopping is something that everybody has to do on a regular basis. The predictions of Internet grocery shopping were that it would be an advantage compared to conventional grocery shopping, since it is more convenient and time saving. The online trust is, however, a subject that has been discussed widely, and according to former researchers this is the main reason to the failure.

The basis to why the forecasts were so optimistic was the beliefs that it would save time and at the same time not give the customers any extra cost. So why did it not work? Would it not be a relief to get rid of the weekly grocery shopping? Is it not easy enough to shop online, is it not secure enough; that is, do we not trust the online world? Does not the cost outweigh the saving in time? Is it the "shopping adventure" that we want?

The purpose is to give both existing companies and new entrants a better view of what is important to focus on when developing the commerce of everyday commodities in the online world. It is an attempt to investigate which factors of trust that affects the customers' willingness to purchase everyday commodities on the Internet.

1.4 Limitations

The dissertation only concentrates on e-commerce between companies and customers - that is in other words business-to-consumers (B2C). This because B2B e-commerce often initiates with personal contacts while in B2C e-commerce the website often is the first contact the customer has with the company.

Additionally, I will study the e-commerce with everyday commodities. This is a justified area since it is a huge expense for everybody both financially and in the matter of time. The study will, as mentioned before, be conducted in the Öresund region.

The factors that are influencing the consumer trust in e-commerce are analysed from different aspects in different researches.

Kim & Tadisina (2005) and Jarvenpaa & Tractinsky (1999) among others state that the development of Internet and the emerging of e-commerce have changed the trust objective and the social environment. In the traditional commerce the trust objective is the **company**, while in e-commerce the trust objective is the **website**, and the indirect objective is the company. Whether the company and the website have positive correlation with consumer trust is a widely discussed subject in many of the research reports of online trust.

Papadopoulou and Andreou et al (2001) claim that the trust is also influenced by the **consumer's personality** and **cultural factors**. It can for example be the customer's *experience of using the Internet*, their *price sensitivity* and/or *income*. It is possible, they discuss, that high-income persons allow themselves to take more chances to buy online. It can also be their different *risk attitudes* that influence their trust, or the *attitude towards trust*. Papadopoulou and Andreou (1999) talk about the customers' initial trust beliefs,

which are shaped over time and during a long process. Different consumers may look for different signals to increase or decrease the trust.

E-commerce also brings other problems into the picture. These problems differ from the problems in traditional commerce. McKnight and Choudhury et al (2002) for example states that **environmental factors** such as technology and e-commerce laws also influence the consumer trust. They claim that if the technology is reliable and if the laws and regulations systems related to e-commerce are trustworthy and understandable the consumers feel "safe" and this adds consumer trust.

According to the above researchers the factors that are influencing the consumer trust in e-commerce can basically be analysed from four aspects.

1. The online company
2. The company website
3. Consumer characteristics
4. E-commerce environment

I will include all the aspects, but I will focus on the two first ones: the online company and the company website. I will only partly study the consumer characteristics (aspect 3), where only factors such as age, gender, computer skills and Internet experience will be included. It would be interesting to study the factors related to individuals deeper (their price sensitivity, risk attitudes and attitudes towards trust, their income etc.), but it would not be possible in terms of time. It would mean that I would have to connect every questionnaire to each individual. The e-commerce environment, such as technology and laws- and regulations systems, will only partly be taken into account. The legal aspect will be excluded while the technical environment will somewhat be included in the website when it for example comes to the financial technology etc.

1.5 Outline
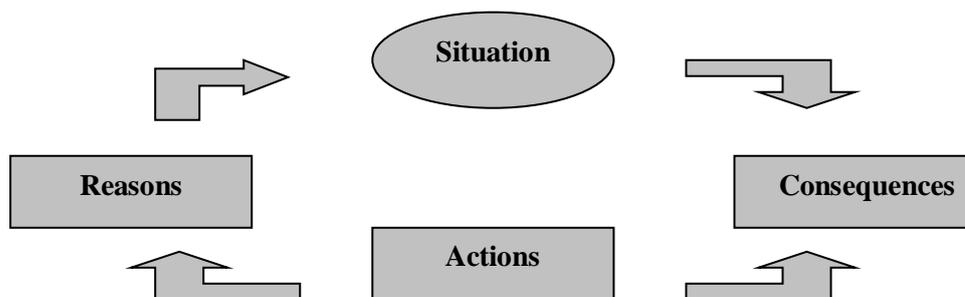
Figure 1.1: The model of my dissertation. (Source: Based on Statistiska Centralbyrån, 2006)

The Situation: Chapter 1 (Introduction), chapter 3 (E-commerce of Everyday Commodities) and chapter 4 (Theoretical Framework) explain the situation of my research. In chapter 1 I give the reader a background to why this research is of interest, a discussion of the problem, the purpose and limitations of the study. Chapters 3 and 4 explain already known facts. Chapter 3 gives the reader a background to e-commerce with everyday commodities – its development and its optimistic predictions - as well as statistics of how the situation is in Sweden, Europe and the world today. In the theory chapter (chapter 4) I present the theories and previous researches and reports that are relevant to my problem. I commence with a

general description of the development of Internet and e-commerce, but I also bring up customer relations management and the term "trust". I end the chapter with bringing up the research model with all the factors that previous researchers have brought up, and that I find relevant for my study. The secondary data plays a big part, where previous researches and articles develop and explain the situation.

Consequences and Reasons: The questionnaire gives me further explanations to the situation. It explains the reason to why the situation is like it is. The consequences of the data are collected in the questionnaire and are analysed in chapter 6 (Result & Analysis). The collected material is mainly quantitative data that will take form of numerical values, which represent the total number of observations or frequencies for the studied variables. On these data I will have to conduct some kind of statistical analysis to draw conclusions about a complete population. SPSS (Statistical Package for the Social Sciences) will be used to summarize and display the material. Secondary information is connected to the primary information. This chapter is built on the most essential parts of the dissertation.

Actions: Finally I will, in chapter 7 (Conclusion), bring up the conclusion to the research. Suggestions of how to solve the problem and conclusions about the situation will be of interest. How are the negative consequences decreased, and what has to be put in focus to turn the failure into a success. My own reflections of the result are included as well as recommendations for future research.

Chapter 2 presents the methodology and chapter 5 the empirical method. The methodology in chapter 2 begins with the scientific approach and next a presentation of the process in my dissertation. In chapter 5 I present the practical approach. That is, how data have been collected. The sample, the frame of the questionnaire and the method of analysis are also discussed.
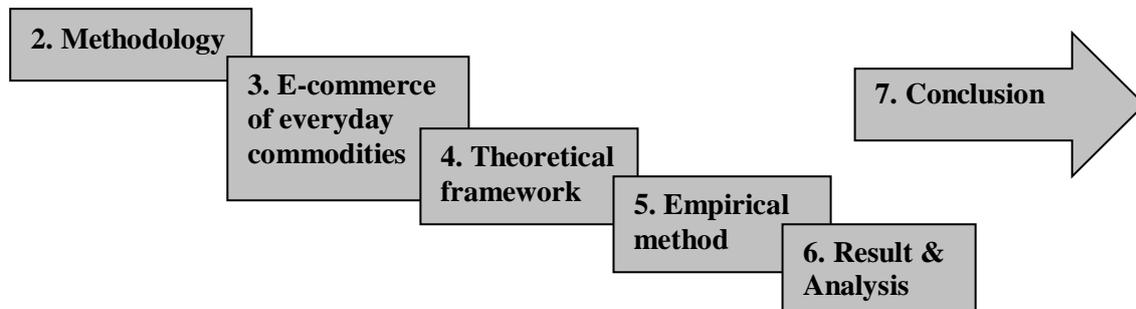
Figure 1.2: Outline of the dissertation's following chapter.

2. METHODOLOGY

2.1 Scientific Approach

2.1.1 Positivistic Methodology

Hussey and Hussey (1997) have grouped the key methodologies together under the two main paradigms. These paradigms are extremities and each methodology can be moved along the line according to the researcher. These are the **positivistic approach**, in which *cross-sectional studies* (which are studies done to obtain information on variables in different contexts, but at the same time), *experimental studies* (which are studies done to investigate the relationship between two variables), *longitudinal studies* (which are studies of a variable or group of subjects over a long period of time) and *surveys* (where a sample from a population is drawn, examined and studied to draw conclusions about the whole population) are included, and the **phenomenological** approach in which for example *case studies* (which are studies that focus on understanding the dynamics present within a single setting) are included.

I am conducting a survey in my study. Therefore, I conduct my research using the positivistic methodology, where a sample is drawn from a population and studied to draw conclusions about the population as a whole. I work with an observable social reality and my end product, according to Saunders and Lewis (2003), can be law-like generalisations similar to those produced by physical and natural scientists. I take the role as an objective analyst where I make detached interpretations about these data.

The term *positivism* was invented by Henri-Saint Simon (1760-1825), but August Comte (1798-1857), who was Simon's apprentice and colleague for seven years, was the one who popularised the term. Comte explains the positivistic approach as a method that strives for the true explanation. This approach repudiates speculations and claims that science should be explained and verified with empirical data. It is also claimed that two sources of knowledge exist; the logic reasoning and the observations one can make with one's own senses. Causal relation, objective logic and verification are three terms that are keys in this approach. (Arbnor & Bjerke, 1998)

With the collected data I do a statistical analysis where I want to try to find a pattern that can explain the reality. The bigger the sample is the closer to reality the outcome will be. According to Saunders and Lewis (2003) the assumption when doing a research like this is that the researcher is independent of, and neither affects nor is affected, by the subject of the research.

When following the positivistic paradigm a sample is constructed. What is interesting using this approach is how confident one can be in stating that the characteristics found in the sample will be present in the population. This is referred to as "generalisability" and is "the extent to which you can come to conclusions about one thing (the population) based on information about another (the sample)". (Hussey & Hussey, 1997)

It has to be pointed out that I, through my dissertation, have tried to find a generalised answer that can explain a connection between the consumers' trust or distrust when purchasing everyday commodities, and the different factors of an online grocery store and

its website. The validity and reliability in my survey will be discussed in the empirical methodology in chapter 5, and the generalisability in chapter 7.

2.1.2 Deduction

A *deductive* research study is a study in which a theory and problem is developed and then tested by empirical observation. That is, the variables that I have chosen to study are found in previous theories or models. A big part if the investigation is guided by secondary information. Empirical data is used to confirm or reject the theories. For example, one may read about the theories of motivation and wish to test them in the own work environment. (Hussey & Hussey, 1997)

The reverse of the deductive method is the *inductive* research study theory. This is developed from observing empirical reality. It means that individual observations become statements of general patterns or laws. (Ibid)
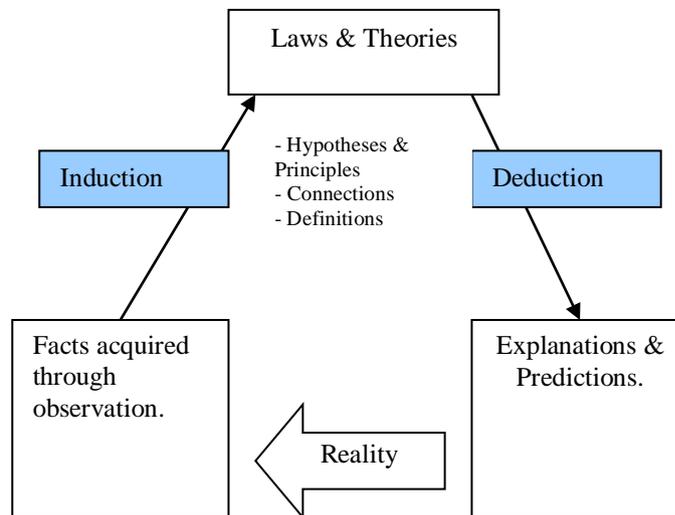
Figure 2.1: Induction and Deduction. (Source: Based on Olsson & Sorensen, 2001, page 36, and Ghauri & Gronhaug, 2002, page 14)

This dissertation has the deductive approach. I developed a model with previous research and theories as a base. The purpose was to find all the factors that could possibly influence the customers' online trust. The model was later empirically tested and analysed with the questionnaire found in appendix 1. I have been able to accept or reject theories and this helps me to explain the relations between customer trust to an online grocery store and the factors acquired from existing theories.

According to Saunders and Lewis (2003) there are some important characteristics of deduction. One dictates that the researcher should be independent of what is being observed. This is easy in my survey as the data is collected with a questionnaire. Another characteristic is generalisation. It means that a sufficient numerical size of the sample has to be selected in order to generalise about regularities in human social behaviour. I believe that the size of my sample as well as the mix of different respondents allow me to draw such trustworthy conclusions.

2.2 The Process of the Dissertation

The first step for me was to find an interesting topic and research problem. This was quite clear since I always had an interest for e-commerce and how to succeed in the online world. When doing some research about the topic I found out that the terms "trust" and "trustworthiness" were frequently used when talking about the major barriers for the e-commerce's development. The idea of investigating what factors that are influencing the consumers' trust to online shopping in general, and especially the e-commerce with everyday commodities, was born.

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│    Identify research topic   │
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┌─────────────────────────────┐
│    Critical overview of the  │
│           literature         │
└─────────────────────────────┘
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┌─────────────────────────────┐
│     Define research topic    │
└─────────────────────────────┘
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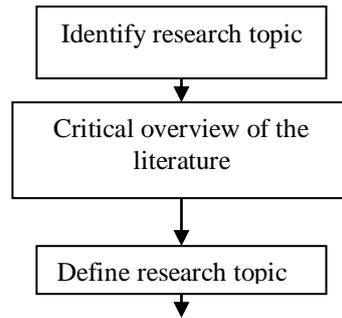
Through a critical overview I was able to find the essential factors and I could gradually limit my research topic and problem to e-commerce with everyday commodities.

Additional information was collected from literature, articles, research reports, and the Internet. With this I could develop the questionnaire and conduct the survey. The data was processed in SPSS (Statistical Package for the Social Sciences) and analysed and interpreted accordingly. Conclusions were drawn and my own reflections were pointed out.

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┌─────────────────────────────┐
│ Collection of secondary data │
│   ▪  Theories                │
│   ▪  Previous researches and reports │
│   ▪  Literature              │
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               │
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┌─────────────────────────────┐
│ Main study                   │
│   ▪  Theoretical Framework   │
│   ▪  Find the factors        │
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               │
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┌─────────────────────────────┐
│     Development of           │
│       questionnaire          │
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┌─────────────────────────────┐
│   Collection of primary data │
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│ Interpreting and analysing data │
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│         Conclusions          │
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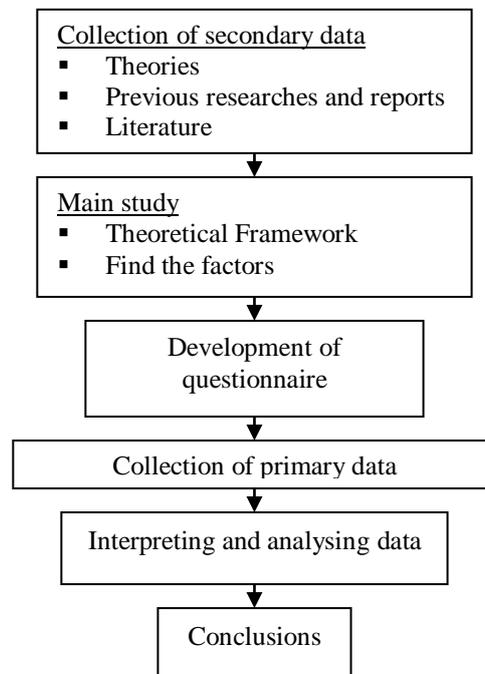
Figure 2.2: The process of the dissertation. (Source: Based on Hussey & Hussey, 1997, page 15.)

3. E-COMMERCE WITH EVERYDAY COMMODITIES

3.1 The Commerce with Everyday Commodities

Both traditional stores and pure e-stores can sell everyday commodities on the Internet. The pure e-stores often have better technological knowledge, and since they do not have a physical store they can often keep the prices lower. (Jansson, 2000)

The traditional stores, on the other hand, have better knowledge about the commerce and marketing. Additionally, they are already known among customers before they enter the online world, they can distribute their commodities from the store (pick-up-points), and the customers have the possibility to see and feel the goods if they feel the need to. The returns are also easier and it might influence the customer's trust positively. (Ibid)

What are everyday commodities? Everyday commodities are commodities that consumers buy or consume on an everyday basis. Examples are food, newspapers, tobacco, flowers etc. The commodities can be divided into two categories: *perishables and groceries*. Examples of perishables are dairy products, fruit, vegetables, meat, fish and bread. Examples of groceries are coffee, canned food, flour and sugar.

3.2 Internet and E-Commerce in Sweden

The access to computers and Internet has increased rapidly. As shown in surveys conducted by Statistiska Centralbyrån (SCB) (2005) the access to computers has more than tripled from 1994. Over 80% of the Swedish people aged 16-74 have access to a computer in their home today.

The access to Internet has also grown. Over 90% of the Swedish people in the ages of 16-44 years use the Internet. Among the people 45-54 years of age the number is 85%, while among the 55-74 year olds only 50% use the Internet. The differences between women and men are slight, except in the category of 55-75 year olds. (SCB, 2005)
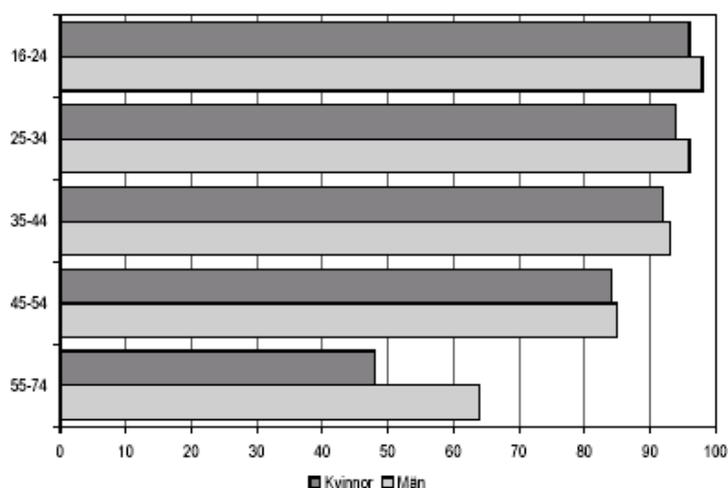
Figure 3.1: Proportion of persons aged 16-74 who have used the Internet during the first quarter of 2005 by gender and age. (Source: Statistiska Centralbyrån, 2005)

According to the same survey (SCB, 2005) roughly one out of three uses the Internet for e-commerce. 36% of the Swedes ages 16-74 years have ordered/purchased goods or services for private use. Below you can see a chart of the proportions.
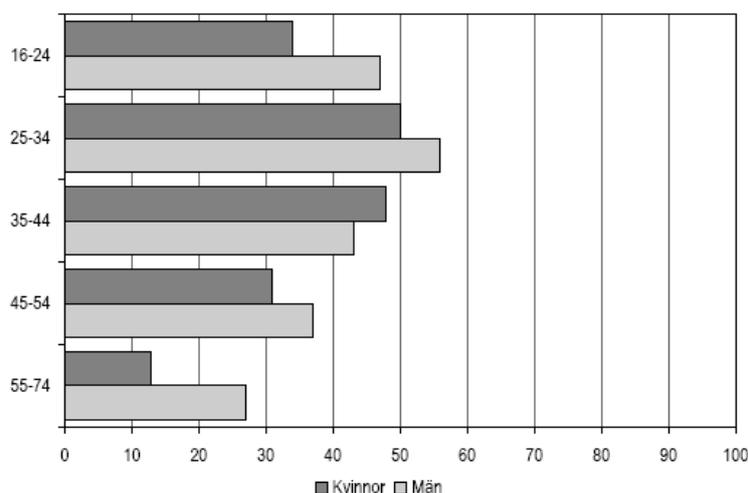
Figure 3.2: Proportion of persons aged 16-74 who ordered goods or services over the Internet for private use during the first quarter of 2005 by gender. (Source: Statistiska Centralbyrån, 2005)

Together with the UK, Sweden is on top in this area in the European Union. The most common products to acquire via the Internet are travel and accommodations. Next are clothes/sporting goods and movies or music, followed by magazines and newspapers. However, only one percent of the people in Sweden shop for food and groceries (everyday commodities) via the Internet. (SCB, 2005)

Ålder Utbildningsnivå Sysselsättning Familjetyp	Andel i procent			Absoluta tal		
	Totalt	Kvin-nor	Män	Totalt	Kvin-nor	Män
16–24	0	-	1	3 773	-	3 773
25–34	1	1	1	11 541	6 722	4 820
35–44	1	1	2	16 423	5 618	10 806
45–54	0	0	1	5 452	2 537	2 915
55–74	1	1	0	11 308	10 134	1 174
Förgymnasial utbildning	0	-	0	1 965	-	1 965
Gymnasial utbildning	1	1	1	22 840	12 258	10 582
Eftergymnasial utbildning	1	1	1	23 693	12 752	10 941
Studerande	0	-	1	1 965	-	1 965
Anställda	1	1	1	26 844	13 062	13 782
Egna företagare	4	8	2	12 755	6 433	6 322
Arbetslösa	0	-	1	1 418	-	1 418
Pensionärer och andra	0	1	-	5 515	5 515	-
En vuxen utan barn	0	-	0	1 965	-	1 965
En vuxen med barn	-	-	-	-	-	-
Två vuxna utan barn	1	1	1	16 301	9 521	6 780
Två vuxna med barn	2	2	2	23 613	12 318	11 295
Tre eller fler vuxna utan barn	0	0	-	1 081	1 081	-
Tre eller fler vuxna med barn	1	1	1	5 537	2 090	3 447
Totalt	1	1	1	48 497	25 010	23 487

Figure 3.3: Proportion and number of persons aged 16–74 who have bought or ordered via the Internet food / groceries for private use during the period April 2004-March 2005 by gender, age, level of education, employment situation and type of family. (Source: Statistiska Centralbyrån, 2005)

3.2.1 The Three Swedish Market Leaders

The three market leaders in the Swedish food/grocery market are: ICA, Axfood and Coop. Below follows a short presentation of these.

ICA. There are about 1400 stores in Sweden. ICA Sverige AB runs ICA Nära, ICA Supermarket, ICA Kvantum and Maxi ICA Supermarket. All the ICA tradesmen own and run their own ICA stores. The e-commerce of ICA has therefore taken different directions. (www.ica.se)
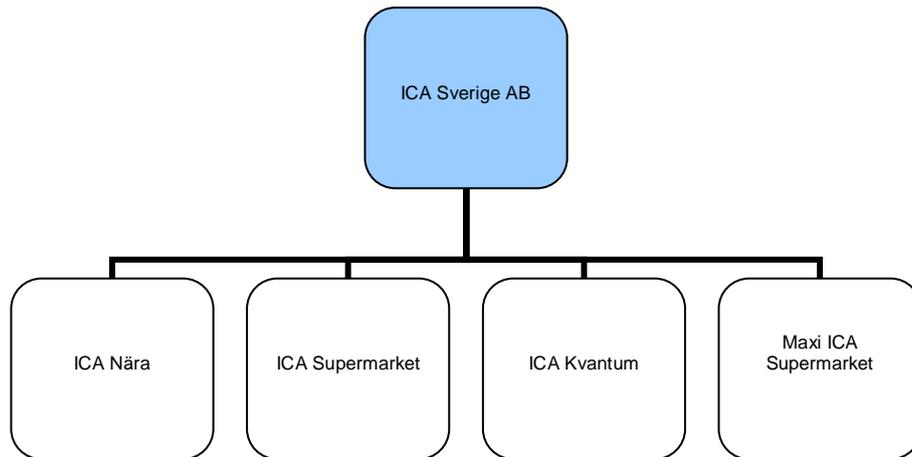
ICA used to have e-stores called ICA Direkt and ICA Express, but they were all closed down in 2003. However, some e-tradesmen in Skåne have created an e-store together. It is called Handlaenkelt.com and is still active today. (www.ica.se) Some other Ica's stores are also active. ICA Malmborgs in Malmö and Lund, ICA Supermarket in Skanör and ICA Maxi in Malmö are some of the stores that offer e-commerce with everyday commodities. However, they do not see this business as something profitable, but more as a service to the customers. (ICA 2008-01-07.)

Axfood. About 500 stores are connected to Axfood. Axfood runs the store chains Willys, Willys hemma and Hemköp, and the wholesale warehouses Dagab and Axfood Närlivs. Axfood also collaborates with a number of proprietor-run stores that are tied to Axfood through agreements. These are in the Hemköp chain, but they also run under the Handlar'n and Tempo brands. (www.axfood.se)

Store chains:	
Hemköp	87 wholly owned stores 77 proprietor-run stores
Willys	100 wholly owned stores 3 proprietor-run stores
Willys hemma	48 wholly owned stores
Wholesale:	
Dagab	3 full range warehouses 2 fresh-product warehouses 1 Private Label warehouses
Axfood Närlivs	3 full range warehouses 1 fresh-product warehouses 23 cash & carry

In the beginning of 2001 Axfood Direkt was the leading e-tradesman of everyday commodities. Hemkop.nu replaced Axfood Direkt in April 2001, and the customers were therewith offered a broader assortment. The venture was based on large-scaled polls among the consumers and the website turned to private customers. Axfood Direkt's general manager Bengt Andersson foresaw great expansion and profitability during the next two years. But the store did not show any profit, and in December 2001 the management of Axfood decided to close down Axfood's e-commerce. (Dagens Industri, 2001)

Axfood had no plans of re-establishing the e-commerce 2006, but admitted that it was not completely excluded in the future. (Axfood 2006-05-15.) In December 2007 Axfood took over the chain of Prisextra along with the subsidiary NetExtra, which for a long time has been the only larger online store selling everyday commodities. So today, Axfood is once again on the online market. (Axfood 2008-01-07.)

Coop/(Kooperativa Förbundet (KF)). Coop consists of about 700 stores and supermarkets. Coop Sverige runs the chains Coop Forum, Coop Extra, Coop Konsum and Coop Nära. (www.coop.se)
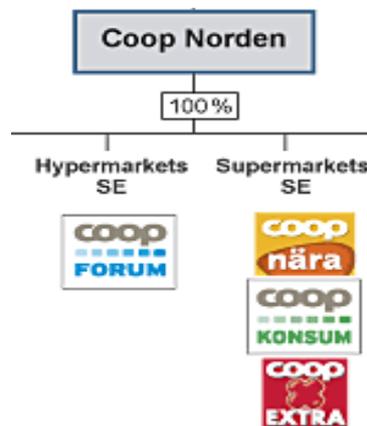
Coop did not run any e-commerce when I was contacting them in 2006, but used to have an e-store called ExpressFood. ExpressFood turned to customers in the Stockholm area. Coop was planning to expand its e-commerce, but the investment costs were too high as compared to the incomes. ExpressFood was closed in 2001. (Coop 2006-05-09)

In 2008 the only existing e-store in Skåne is CoopExtra in Eslöv.

In January 2008 Coop revealed that they were ready for a new try in the business of e-commerce with everyday commodities. The reason, they said, was that they believe that people nowadays have a completely different attitude towards computers than they had during the 1990's. They are therefore currently trying to come up with a solution to implement the concept. This time the e-commerce is not going to be connected to individual stores, but to a central warehouse. (Coop 2008-01-07.) If they succeed in doing this they could possibly become the leader in this business.

3.3 Internet and E-commerce in Europe and the World

The access to Internet in the world has also increased. However, if you compare the Internet household penetration in Europe compared to the Internet penetration in the USA, Forrester

Research (2004 & 2005) shows that only 51% of the households in Europe had Internet access in 2004 while in the USA as much as 67% of the households had access.
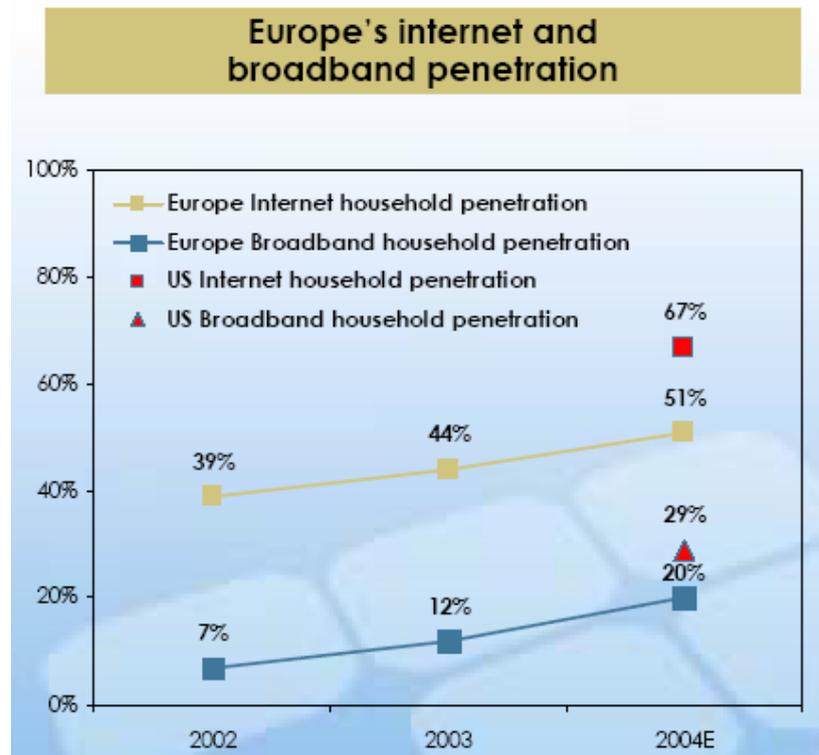
Figure 3.4: Europe's and the USA's Internet and broadband penetration. (Forrester Research, 2004 & 2005.)

According to the Forrester Research (2004 & 2005) 48% of the Europeans went online at least once per month, and 19% had shopped online by 2003. In 2005 54% of the Europeans went online at least once per month and 26% had shopped online.

Alessi (2006) shows figures from an eMarketer survey. It shows that the UK (with about 60 million inhabitants) is far ahead with 38 billion euros sales per year occurring through e-commerce, while Germany (with about 82 million inhabitants) is next with only half of the British figures, 19 billion. This shows that the Anglo-Saxon world is the leader when it comes to e-commerce. However, it is discussed, the UK does not have the growth potential that Southern European countries might have.

eMarketer predicts that the UK is reaching a saturation point and that the growth rate will drop. Today the UK generates approximately 50% of the European online sales. The forecast is that this percentage will decrease to 44% while the French and German market will have increased substantially by 2010. (Oiaga, 2006)

France comes third (with 62 million inhabitants) with 12,7 billions euros of e-commerce sales. Spotlighting these three countries (the UK, Germany and France) the report indicates that the sales have grown by 37% over the past year (2006). eMarketer predicts that, by 2010, the market will generate about 234 billion dollars. (Alessi, 2006)

Last, but with a huge potential, are Italy (with about 58 million inhabitants) and e-commerce sales of 4 billion euros, and Spain (with about 43 million inhabitants) and e-commerce sales of 3 billion euros. (Ibid)

Figure 3.5: European e-commerce figures. (Alessi, 2006)

The same research predicts that the e-commerce sales will double in the next 3 years.

Forrester Research's predictions (2006) look similar; the European e-commerce will double within the next 3 years and almost triple within the next 5 years.
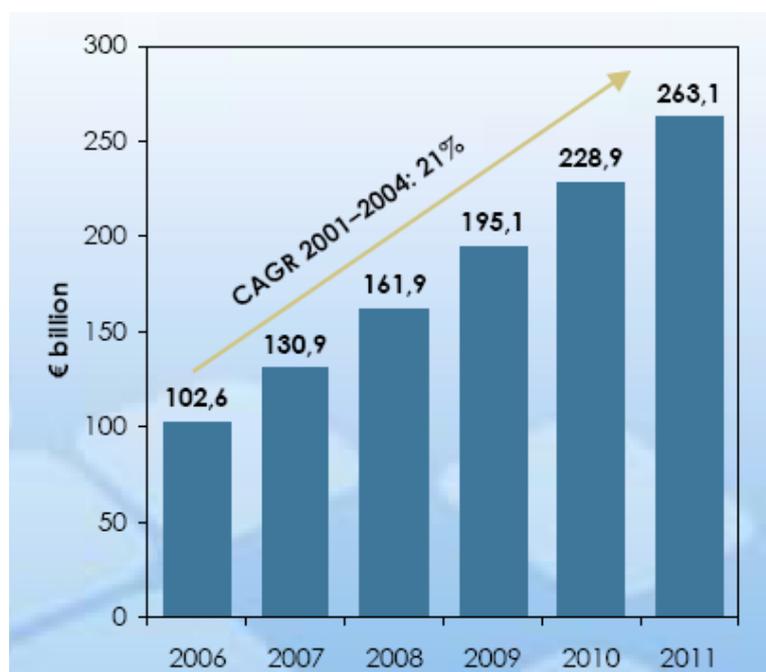
Figure 3.6: European e-commerce predictions. (Forrester Research, 2006)

Forrester Research (2006) also predicts that the number of online shoppers in Europe will grow from 100 million shoppers who spend an average of 1000 euros each per year to 174 million shoppers who spend about 1500 euros each per year within the next 5 years. The most successful e-commerce categories are travel, clothes, groceries and electronics.

3.3.1 The E-Commerce of Everyday Commodities in Europe

According to Oiaga (2006) sales of everyday commodities in 19 European countries were worth 26,6 billion in 2004. This was about 1,35% of all retail sales. Germany, France, and the UK dominated the market. These three countries were responsible for 68% of the sales.

However, if the sales are counted by capita Scandinavia is ranked as one of the highest and Greece as the lowest on the list of sales of everyday commodities. The UK is ranked as the highest, but this is not strange. Unlike the rest of Europe the online grocery retailers are significant in the UK. (Oiaga, 2006)

The most successful online grocery stores in the UK are the traditional retailers with brands that are familiar to consumers. Tesco (Tesco.com) is the market leader, followed by Sainsbury's, ASDA and Waitrose. Ocado is another leading force in the market. Orcado is a warehouse-based online grocery retailer, which is partly owned by the John Lewis Partnership (which also owns Waitrose). (Key Note Publications Ltd, 2006)

The UK online grocery market continues to boom and many of the retailers reported record sales in the final months of 2005. But despite the proven profitability in the market, many of the leading supermarkets in the UK seem reluctant to enter. Morrisons, Somerfield, the Co-operative Group, the Musgrave Group, Aldi and Lidl have no online operation. (Ibid)

The UK is considered to have Europe's highest number of broadband subscriptions. This has enabled the UK to become the leading country of online sales in general and online sales of everyday commodities in particular. A survey conducted by NEMS Market Research in April 2006 shows that 11,7% of the UK respondents have purchased everyday commodities via Internet at least once - 2,5% of these respondents purchase everyday commodities at least once a week, 1,4% of the respondents purchase everyday commodities online two or three times a month, and 3,4% of the respondents purchase everyday commodities online once a month. (Ibid)

Forrester Research (2006) shows the European retail sales by category during 2006 and the predictions for 2007 to 2011. One can see that the category "Groceries" is just a small fragment of the e-commerce as a whole.

European online retail sales by category. 2006 to 2011
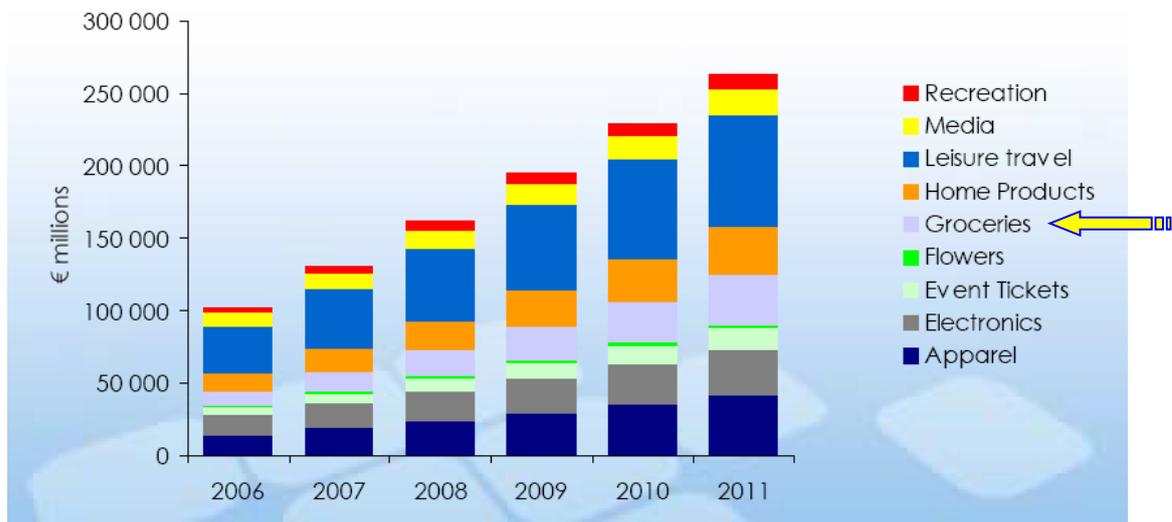
Figure 3.7: European online retail sales by category. 2006 to 2011. (Forrester Research, 2006)

3.4 The Optimistic Forecast of the 90's

The expectations of everyday commodities were great in the end of the 1990's, and many tradesmen's fear was that the traditional store had found a competitor in the e-store. In an article in Internetworld (1997) Andersen Consulting predicted that 10% of the everyday commodities would be purchased online, while Bill Gates (the founder of Microsoft) predicted that as much as 30% of the everyday commodities would be purchased online by the 2000's. The forecasts of this kind of commerce were in other words very optimistic, and today we can see that the predictions were erroneous.

4. THEORETICAL FRAMEWORK

The chapter will be initiated with a brief background to the subject, and will be continued with a more subject-oriented focus.

4.1 A Brief history of the Internet

It was the ARPA (the Advanced Research Projects Agency) that introduced Internet in 1969. During that time it was called ARPAnet and the purpose of the system was to build a network where researchers at different universities would be able to talk to each other. (Trepper, 2000)

In the mid 80's the ARPAnet was renewed and it was called NSFnet (National Science Foundation Network). At that time hundreds of American and European university networks had been connected to the original ARPAnet. The expansion boomed and the infrastructure was insufficient. In 1988 Internet was expanded by 15% each month. At this time, however, Internet was unknown for the public and a lot of knowledge was required to be able to use it. (Sisson, 2000)

In the beginning of the 1990's the www (the World Wide Web), Internet's graphic design, began to be used. This was the big break-through, because the user no longer had to be able to use UNIX-commands. (Dykert & Lundberg, 2002)

When HTML (Hyper Text Markup Language) and the web browser were introduced in the mid 90's not only big companies were able to build their own website, but also consumers and small companies. HTML is one of many "languages" that web pages are coded with to make texts and pictures understandable on the net. (Ibid)

Today the Internet is public and available for millions of people all over the world.

4.2 The Development of E-Commerce

4.2.1 What is E-Commerce?

E-commerce means the buying and selling of goods and services on the Internet. The term *e-business* is often used for the same process, but this is more often used to define a broader process of how Internet is changing the way companies do business – for example how they relate to customers, do marketing or think about such functions as logistics etc. (Percival-Straunik, 2001). In other words, e-commerce is the integration of a company's business, including products, procedures and services over the Internet. A company is turned into an e-business when the sales, marketing, accounting, manufacturing and operations are integrated with the website activities. (Rosen, 2002)

According to Rayport and Jaworski (2002) e-commerce can be defined as "Technology mediated exchanges between parties (individuals or organizations) as well as the electronically based intra- or inter-organizational activities that facilitate such exchanges."

It can be divided into many different categories, but I will hereby only explain the four most common ones.

	Business	Consumers
Business	**B2B** *Business-to-business* Activity between two organizations.	**C2B** *Consumer-to-Business* Often activities between a group of consumers (to strengthen their power) and an organization.
Consumer	**B2C** *Business-to-Consumer* Transactions between businesses and consumers.	**C2C** *Consumer-to-Consumer* Activities between and among consumers. Exchanges can include a third-party involvement. E.g. in case of an auction website such as eBay.

Figure 4.1: The four most common categories of e-commerce. (Source: Rayport & Jaworski, 2002, page 4)

In this dissertation I will focus on B2C e-commerce.

B2C is short for business-to-consumer, where companies do business with consumers using the Internet (Percival-Straunik, 2001). This group is newer than B2B and involves electronic retailing over the Internet. When talking about e-commerce it is generally understood as if organizations are selling goods or services to people. It is not yet the biggest part of online business, but this type of e-commerce expanded greatly during the 1990's - when the public access to Internet boomed. (Rayport & Jaworski, 2002)

Business-to-Consumer

INTERNET
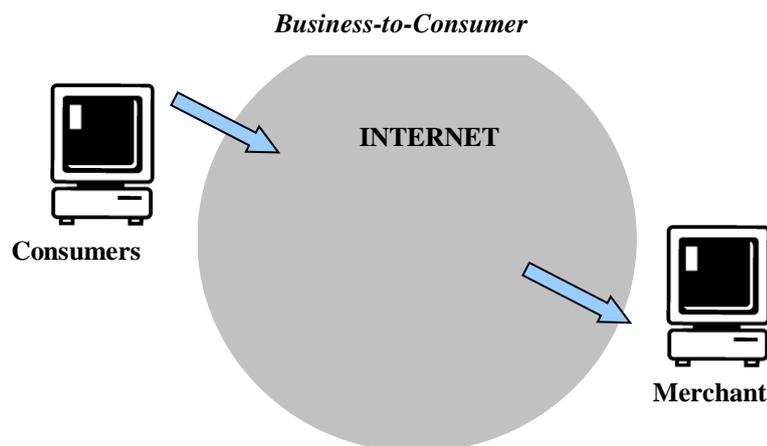
Consumers

Merchant

Figure 4.2: B2C e-commerce.

Basically e-commerce breaks into two components: *Online shopping* and *online purchasing*. Online shopping consists of the information and activities that provide the customers with the information they need to make business and decide. Online purchasing is the technology

infrastructure for the exchange of data and the purchase of a product over the Internet. That is, when the customer is looking for products or information about a product or service on the Internet he is carrying out online shopping. It is not until he finds the product that he wants to purchase, he puts it in the online shopping cart and he is ready to click on the purchase button that he is carrying out online purchasing. (Rosen, 2002)

4.2.2 A Brief History of E-Commerce

The origins of the e-commerce date back about 30 years. Many authors view the EDI, which is a standard way of exchanging data between companies, as the beginning of e-commerce. Large organizations have been using EDI since the 1960's. It was created by the trucking industry and was widely used in industries such as food manufacturing and car making where suppliers replenish the stock in high volumes. The reason to why it was implemented was because it was a simple way to automatize the purchasing. It was an effective way to allow stores to link their suppliers to their stock databases. (Percival-Straunik, 2001) This, however, requires an expensive private network connection between the two trading partners. (Dykert & Lindberg, 1996) Lately EDI is being integrated into some Internet technologies. Today's companies need safe and reliable access to partners and suppliers so the can deliver the products quickly. This is possible with the Internet. (Percival-Straunik, 2001)

Internet is the opposite of EDI – it is cheap and easy, it can work both inside and outside the company and it is global. Before the Internet e-commerce was mainly a business-to-business affair, while today also business-to-consumer companies are able to communicate this way. (Ibid)

One can say that the evolution of e-commerce includes "three generations". During the *first generation* systems were connected and files could be sent from one system to another – this made it possible to reduce the administration costs. Interactivity was the keyword during the *second generation*. The new technology and Internet made it possible for both companies and consumers to purchase on the Internet. During the *third generation* different value chains were connected to each other and so called "trading communities" arose. These communities shared resources like the system for planning, production and inventory. (Fredholm, 2002)

4.3 The Customer and Customer Relations Management

The Internet has broken barriers, opened doors and taken the business out of traditional market places into our bedrooms. Internet is the backbone of e-commerce. With the rapid growth both businesses and customers have become more and more vulnerable for example when it comes to the openness of transactions over the Internet etc. The threats to security seem to grow faster than the solutions. The fundamental security issues that existed when the Internet and the e-commerce were born in fact still exist. (Shoniregun & Omoegun, 2004)

However, Shoniregun & Omoegun (2004) and a lot of researchers with them state that a good customer relationship is the key to business success.

Khalifa & Shen (2005) discuss how the firms until recently primarily focused on production, purchase and marketing. To satisfy their customers by providing them with products was

their main concern. And this way of approaching it was, they continue, sufficient for most firms to survive and generate revenue. Nowadays, however, the customers require more attention and the firms are forced to shift the focus to the customers.

Today's customer has more complex needs and higher expectations than before. Therefore, the traditional CRM (Customer Relations Management) is evolving into electronic CRM – eCRM. With the growth of e-commerce the trend toward online service the customers now want to be able to serve themselves without interacting with the company. Kabiraj (2003) explains CRM as a strategy used to learn about customers' needs and behaviours in order to develop a strong relationship with them. The purpose of CRM is to understand the customers - who they are and what they demand - because the competition among businesses today is very strong, and one has to create value to the customers to survive. (Kalakota and Robinson, 2001)

According to Kabiraj (2003) CRM is a term for methodologies, processes, software and systems that help a company to manage customer relationships. The goal is to get an insight into the behaviours of customers - bring together lots of pieces of information about them and help the business:

- Provide better customer satisfaction through better customer service
- Make call centres more efficient
- Help sales staff close deals faster
- Simplify marketing/sales processes
- Find new customers and secure greater loyalty
- Increase customer revenue
- Improve and extend customer relationships
- Knowing how to segment customers and establish appropriate plans for each case

Chalmeta (2006) is showing us how the changes of the market have lead us into the CRM approach:

Environmental Changes	Corporal Changes	Output	Benefit	Approach
- The Internet is widespread. - Need to customise products and services. - Larger number of competitors.	**Management:** Best practices in CRM. **Technological:** Website customer oriented. Data warehouse. Data mining.	- Processes oriented towards the customer. - New ways of relating to the customer. → Greater added value.	Competitive Advantages	CRM

Figure 4.3: The market changes that lead us to the CRM approach. (Source: Chalmeta, 2006, page 1016)

The subject eCRM (electronic Customer Relations Management) becomes more and more important today, and it means, as mentioned before, that the business now focus on

customers instead of products and services. eCRM is about optimising profitability and to keep the customers under control, and at the same time it makes the customer feel that they are a part of the business progress. (Shoniregun & Omoegun, 2004) Khalifa & Shen (2005) add that eCRM includes the processes to acquire, build and maintain customer relationship through business operations. Customisation, personalisation, making the customer less passive and more active and many-to-many marketing are important concepts that are easier to implement with eCRM tools. eCRM is believed to be more efficient, provide a higher degree of customisation and is cheaper than the regular channels.

Khalifa & Shen (2005) state that the main driver for eCRM seems to be the belief that it improves customer loyalty through the increase of customer satisfaction.

They divide eCRM into three stages that lead to customer satisfaction:
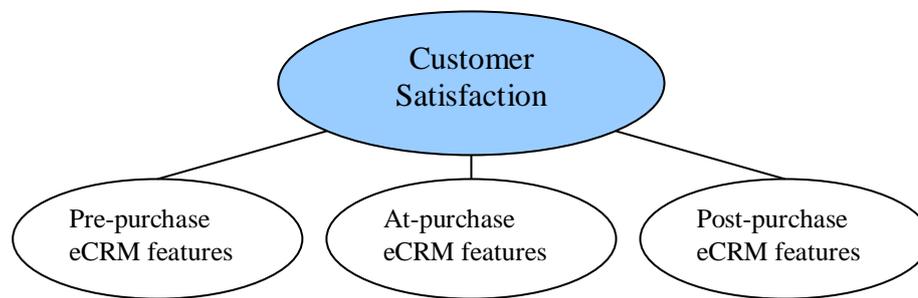
Figure 4.4: Three stages that lead to customer satisfaction. (Source: Khalifa & Shen, 2005)

The pre-purchase eCRM features include
- *site customisation* – the ability to adapt the website to the customers' needs,
- *customer education* – the website's guidance to help them select products that fit their needs,
- *alternative channels* – online and offline communication channels to interact with the company,
- *search capabilities* – search engines and similar in order to retrieve information quickly and
- *loyalty program memberships* – a membership that gives the customers discounts, special benefits etc.

The at-purchase eCRM features refer to when the customer order online and include
- *different payment methods*,
- *purchase conditions* – such as delivery, service, return policies and guarantees must be accessible and clearly stated, and
- *comparative shopping* – that makes it possible to compare alternative products.

Post-purchase eCRM features such as
- *problem-solving* – online manuals, FAQ's and web agents etc.,
- *feedback channels* – which the customer gives feedback an evaluations about the product or service through, surveys and discussion forums,

- *order tracking* – so that the customer can fallow their orders instead of just await information, and
- *online communities* – an online space where customers can interact and discuss with each other, are included in this stage.

Everybody can agree with that without customers a business cannot survive the changes brought by the technological evolution. Shoniregun & Omoegun (2004) claim that customers can be divided into two groups: *short-term relationship customers* and *long-term relationship customers*. The businesses that concentrate on attracting new customers and establishing short-term relationships will weaken their economic potential even though the total customer number is increased. They can win customers by low prices or campaigns, but they will also lose them easily. The long-term customers do not care too much about the price and occasionally they will also introduce new customers. This is the smartest way to work because it is cheaper to keep customers than to find new ones.

Carroll & Broadhead (2001) agree. They say that one of the best indications of success in e-commerce is how many *repeat* customers the company has. This is more important than how many customers the company has in general because the repeat customers tend to be more loyal and they also spend more than first-time customers. A company should therefore focus not only on acquiring new customers, but also on keeping the ones it has.

Why is it important to focus on CRM? Kalakota and Robinson (2001) give us the following facts:

- It costs six times more to find a new customer than to keep an already existing customer.
- A dissatisfied customer tells twice as many persons about his or her negative experience than the satisfied customer tell persons about his or her positive experience.
- A dissatisfied customer tells in average 8-10 people about his/her problems.
- It is easier to get an already existing customer to buy 10% more than to increase the number of customers with 10%.
- Seven out of ten customers are willing to do business with the same supplier again if he corrects what made the customer dissatisfied.

Clearly it is important to make an effort to extend the relationship with the customer, but this is not an easy way to go. Shoniregun & Omoegun (2004) classifies the different customers on what they call a "loyalty ladder". As the ladder goes up the number of customers become less.

Advocate customers	• The advocate is the most loyal customer. He is on the top of the ladder and has a solid relationship with the businesses. When this kind of relationship is built it is called "true loyalty" and it is at that point the customer praise the company and is willing to recommend it and introduce new customers to the business. They talk about the e-company and in a way does the company's marketing. This is evidence that they are satisfied with the e-store's products and services.
Regular customers	• The regular customers give most of business to the company. They purchase regularly and there is some kind of on-going relationship and loyalty with the e-store.
Occational customers	• The occasional customers give about 10% to the company. They can be customers of a specific e-store, but might as well choose a competitor.
One-off customers	• The least loyal of all is the one-off customer. This category includes everyone who might possibly want or need to purchase the e-stores products or services, but they are indifferent to one specific e-store.

Figure 4.5: The "loyalty ladder".

In order to keep this long-term relationship that the company has with the advocates it continually has to provide benefits to the customers and ensure them positive experience. (Ibid)

The customers are the "final judges" of the website. If the site meets the customers' needs, provides them with the information they want in a simple and straightforward way they will come back and use it as one of their primary sources for information and products. (Rosen, 2002)

The e-commerce shoppers are not necessarily fickle nor are they looking for the lowest price. According to Percival-Straunik (2001) they want convenient and hassle-free shopping. The website must be easy to use and secure. If something goes wrong the customers are unforgiving. By understanding the customers' needs and matching their expectations the company will be a winner – because in the Internet era the customer is really the big boss!

4.4 Trust

Trust is a difficult concept. It has been studied and used in many different research fields, and there are many different definitions regarding this concept. To understand trust in the online world some definitions of the term will be included in this section.

According to the Oxford Dictionary (2006) trust is "a firm belief in the reliability, truth, ability, or strength of someone or something" or as "an acceptance of the truth of a statement without evidence or investigation".

Gefen (2000) explains it as the confidence a person has in his or her expectation of what others will do – often based on previous interactions.

According to Sisson (2000) trust is a concept that everybody interprets in their own way, but most of them will have trouble giving a specific definition of. Some people can have strict measures to evaluate the trust level, while others rely on the "feel" they have for a company or person. He also says that trust means different things to different persons in different situations.

Blomqvist (1997) claims that trust and credibility often are used as synonyms. Credibility is explained as when an organization is able to perform something that it claims that it can do on request – that it has the skills, knowledge and resources for example. Gambetta (2000) asserts that trust means that the possibility that the other party wants to perform an action that is to our advantage is probable enough for us to decide to start some kind of cooperation with him or her.

Luhmann (2000) defines confidence as another related concept to trust. This is explained as "if one does not believe that anything will go wrong"; that is, that one expects that something will happen with certainty. He claims that trust presupposes a situation of risk. That you make a decision knowing that there might be a chance that the outcome will be a "lemon". When you have confidence you do not consider these risky alternatives. Also according to both Luhmann (2000) and Turban (2000) there is a close connection between risk and trust since both partners in an interaction can get damaged because of the opposite party's behaviour; however, if there is trust between the two, the risk is greatly eliminated.

4.4.1 Trusting e-commerce

The number of companies doing business over the Internet worldwide has increased dramatically during the last years. E-commerce has grown from being something that only the big companies can manage to the fastest, easiest and most accessible way of getting products to a worldwide audience. (Shoniregun & Omoegun, 2004) Former researchers agree that the lack of trust in e-commerce is one of the greatest barriers to people for purchasing online. Many are for example hesitant to submit financial and personal information via Internet. The transaction medium - the Internet - is a unique factor of B2C e-commerce that does not exist in traditional commerce. That means that technology-specific factors of the website, such as website design, accessibility and security etc., also are involved in the model of trust. These factors play an important role when determining customer's online trust. (Jarvenpaa & Tractinsky, 1999)

For some reason there is resistance and a lack of trust to purchase from the Internet with a credit card. This despite that consumers and merchants have made credit card transactions over the telephone network for many years. The idea to do electronic business over networks is not new. Ordering products via a phone call or fax, or withdraw money from a cashier are early predecessors to today's e-commerce. The Internet functions as a medium for data transmission in more or less the same way the international telephone network functions as a medium for voice transmissions. (Shankar & Urban, 2002)

Shoniregun & Omoegun (2004) discuss that the trust, when it comes to B2C, depends on *people trust*. They mean that the Internet was entirely designed and implemented by people – so the problems that exist on the Internet are a direct or indirect consequence of their

actions. They mean that in order for the Internet and its technology to be seen as secure a lot of trust must be placed in the people who are developing and implementing the security strategies.

A firm needs two different types of trust to survive - the *offline* trust and the *online* trust. The *offline* trust involves the offline activities and its relationships with customers and shareholders. In this environment the object of trust is often a human or an organization. The *online* trust involves the firm's activities in the electronic world and most of all the website. Here the technology itself is the object of trust. (Shankar & Urban, 2002) It is the website in itself that is the sales person and that needs to build trust to the customers. (Jarvenpaa & Tractinsky, 1999)

Kong & Hung (2006) briefly discuss *online initial* and *online repeat* trust. They explain the online initial trust as something the customer has toward an unknown e-vendor, while the online repeat trust is something the customer has developed towards an e-vendor over time – based on experience.

Kim & Tadisina (2005) add that initial trust is trust in an initial relationship before it becomes a committed one. Basically it is the customer's belief that the e-business has the competence, or ability, to do business and the goodwill, or intention, to help them.
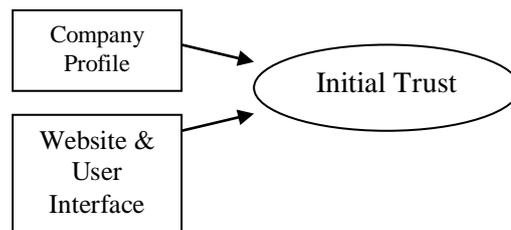
Figure 4.6: Initial trust factors. (Source: Based on Kim & Tadisina, 2005 and Akhter & Hobbs, 2004)

Kim & Tadisina (2005) discuss the company's profile and the website as two of the trust factors that are a base to the initial trust, while Akhter & Hobbs (2004) bring up the website and its user interface in their research. They mean that if the website does not give the customer the impression that the e-vendor is trustworthy they will move to another website. Their results show that new customers tend to compare the website interface with website interfaces in previous experiences with other companies. 85% of their respondents agreed that a trust-inducing interface is related to and encourages a customer's initial trust, and 68% believed that a trusted interface is also seen as a proof of the company's ability and the quality of the goods and services.

A badly laid out interface will give the impression that the company is unable to provide the customers with what they want and that the quality of the products and services are as bad as the website. The security features also appear to be important to the customers, but in this research it seems like the website features are the ones that actually drive the conclusions about the company and website. They therefore claim that to apply trust-inducing features with the supplement of security is the most effective method of enhancing the online initial trust. Because if the company has complex security features on the website, or if it is presented with messy and unprofessional user interface the customer could have the same doubts about the e-vendors products and services.

Dayal & Landesberg et al (1999) present a "trust pyramid" that they claim is complex, but essential in the online world.
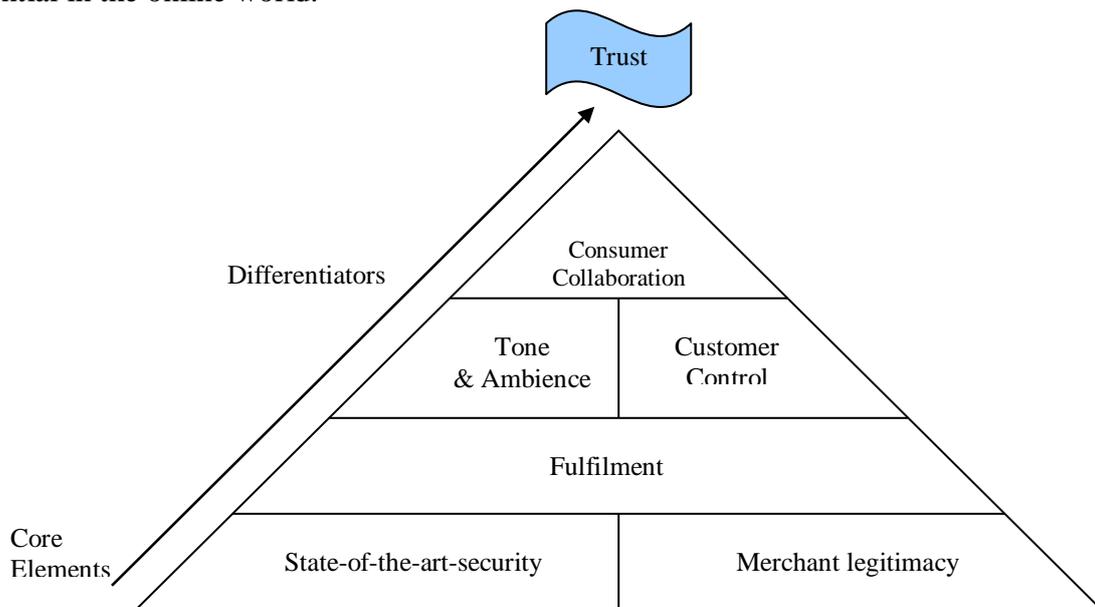
Figure 4.7: The trust pyramid. (Source: Dayal & Landesberg et al, 1999, page 64)

Six elements are identified, of which three are the core elements: state-of-the-art-security, merchant legitimacy and fulfilment. These three core elements are essential if a company wants to stay on the market, but winning marketers move beyond the basics and use more refined trust-builders: tone and ambience, customer control and consumer collaboration – that differentiates them from the average.

These six trust elements create comfort and confidence and turn regular customers into loyal customers.

They present the six elements like this:

State-of-the-art-security
The most reliable security measures should be used and the customers should be told about it in a way they are able to understand. As an example the customers at Net market are assured of "guaranteed safe shopping" with a no compromise promise. They are promised that the personal information is secure and therefore they can purchase with confidence. The customers are told that this is possible since the company is using the latest encryption technology, digital certificates, secure commerce servers and authentification.

Merchant legitimacy
Brands are important because they help the customers sort out their choices when they only have limited knowledge about the quality and function of a product. Familiar names tend to build trust – if the company keeps delivering that performance through their deals.

If, however, a company does not sell any recognisable brands Dayal & Landesberg et al (1999) mention three different tactics to get in the game:

1. Sell branded products.
2. Connect the products or services with an established brand.
3. Encourage the customers to try the product or service through low-risk trials and creative offers.

Fulfilment
A trust-building site must not only provide security and brands, but also fulfil orders efficiently. The customer must be able to place an order with minimal hassle. The company often loses sales if the customers have to spend a lot of time to complete a transaction. Lost information, a frozen computer or to get thrown offline makes the customer withdraw. The lack of actual costs is another element. For example, at many websites the customer must go through a long registration process before they find out that taxes, shipping and handling charges increase the total price greatly.

Tone and Ambience
Not only technical aspects of a website influence the trust. The customers also want to know that their personal information will be handled with sensitivity. Without confidence the consumer will not exchange value. The best way to create this confidence is for example to post an easy and understandable privacy statement and explain how the customer information is collected and handled.

The design of the website as well as the content and ease of site navigation are other critical elements that influence the trust, as it says a great deal about the company behind it. Something else that becomes possible today is the possibility to personalise and customise the online ambience for each customer.

Consumer Control
The customers learn to trust a marketer when he, the customer, himself can control the access to personal information. Customers like to be in charge and in control of the purchasing process. It is therefore a smart approach for the company to ask the customer for permission to get access to personal details.

Customer Collaboration
When a website encourages its customers to contact and inform each other about the companies' products and services the site naturally nurtures trust. A survey by Yankelovich partners shows that customers consider the advice from other users as the most trusted source. A chat group, for example, is a good channel since it lets the customers exchange information and experiences about their purchases.

Other researchers agree with the above, but explain it by using other words.

Trust between buyer and seller is an important element in all financial transactions, but it is both more important and more difficult to establish in e-commerce. It is difficult to correlate identities on the Internet. (Kosiur, 1997) Electronic merchants cannot trust anyone and the same goes for the consumer. One cannot for example tell how long a website has existed or if it will be there tomorrow. (Loshin & Murphy, 1997)

When Internet is the only link between parties and when the transaction is abstract – there is for example no signing of receipts – trust has to be established in order for a transaction to be made. An attempt to establish trust in a relationship in e-commerce is the digital

certificates and digital signatures for the transactions. A program called eTrust is a first attempt to certify "trustified" merchants on the Internet. (Kosiur, 1997)

It is in prior research shown that the degree of customer trust of purchase intentions change with the experience. Loshin & Murphy (1997) believe that once the consumers realize that the electronic marketplace is secure and understand how the mechanisms are set up; buying and selling online will be at least as simple and trusted a method as buying by phone or in person.

The above statement supports Luhmann's (2000) statement that one has to be familiar with the environment in order to trust. That is, we still have too little knowledge about how the transactions work to dare using them. This puts a lot of pressure on the online merchants, and they have to provide the customers with trustworthy information and create good relationships with them. Kosiur (1997) claims that one has to share as much information about the products, services and the company as possible to gain the trust.

Papadopoulou and Andreou et al (2001) give us an outline of the development of a customer's trusting beliefs to a business.
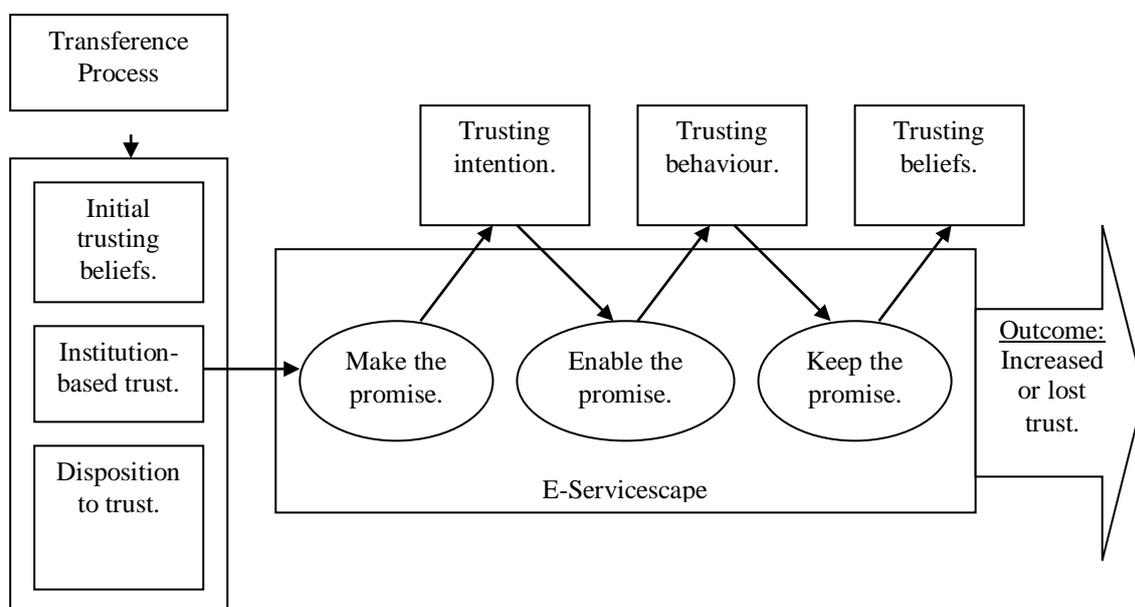
Figure 4.8: Trust formation through promise fulfilment within the e-servicescape. (Source: Based on Papadopoulou & Andreou, 2001, page 326)

According to Papadopoulou and Andreou et al (2001) the disposition to trust is stemming from the customer's personality and cultural factors. This is influenced by the institution-based trust – how the conditions of the situation are perceived. The process - influenced by information from third parties regarding the business' reputation etc. - forms the initial trusting beliefs. These three elements give the customer a positive and open attitude to any promises made by the business. If the customer is interested in the promise he is willing to depend on the business and he expects the promise to be kept.

A kept promise has a positive impact on the customer's future expectations. The trust building process has started and the customer compares what he should have received with

what he actually received. Any repeated use of the e-servicescape will strengthen the trusting beliefs further and this results in a lasting relationship between the business and the customer. (Ibid)

Trust relationships develop gradually, and are the outcome of a process. Trust is fragile. It is hard to gain – it grows slowly and it is easy to break. Once trust is lost it is very difficult to regain. (Blomqvist, 1997)

4.5 The Research Model - Factors influencing the customers online trust

According to previous researchers the factors that are influencing the consumer trust in e-commerce can basically be analysed from four aspects.

1. The online company
2. The company website
3. Consumer characteristics
4. E-commerce environment

I will include all the aspects, but I will focus on the two first aspects: the online company and the company website. I will only partly study the consumer characteristics (aspect 3), where only factors such as age, gender, computer skills and Internet experience will be included. It would be interesting to study the factors related to individuals deeper (their price sensitivity, risk attitudes and attitudes towards trust, their income etc.), but it would not be possible in terms of time. It would mean that I would have to connect every questionnaire to each individual. The e-commerce environment, such as technology and laws- and regulations systems, will only partly be taken into account. The legal aspect will be excluded while the technical environment will somewhat be included in the website when it for example comes to financial technology etc.

4.5.1 The 7 c's

Rayport and Jarowski (2001) are discussing the customer interface and they divide it into something they call "the 7 c's - that is how an online store presents itself and how it is perceived. The framework consists of the following:

1. *Connection* – refers to how the website is connected to other websites, for example links to search engines or other online stores.

2. *Content* – refers to services, products and information. Content informs the customer about what the company offers.

3. *Context* – refers to the websites´ layout and design. The graphics and colours should be designed to match the company and its vision.

4. *Commerce* – refers to registration of private information, safety and financial transactions etc.

5. *Communication* – refers to the communication between the online store and the customers.

6. *Customisation* – refers to the company's ability to tailor itself and be tailored by each customer. This is done to satisfy the customer by giving them exactly what they want.

7. *Community* – refers to the communication between the users of the website. This lets the users connect and they can get a personal connection to the online store.

Rayport and Jarowski (2001) claim that all these parts should be implemented in order to help the customer in the online world.

With the 7 c's as a base and with the help of other authors and researchers (mentioned below) I will in this sector try to bring forward the factors that I believe influence the customer's trust.

Perceptions about the company
▪ The company's reputation.
▪ The company's size.
▪ The company's willingness to customize.

Perceptions about the website
▪ Accessibility
▪ Ease of Use
▪ Image/Website Design
▪ Security
- Privacy/Integrity
- Financial Transactions

- Service
- Customer Service
- Delivery, Return Policies and Satisfaction Guarantees

Trust

- ▪ Purchase intentions.
- ▪ Willingness to give up private information.
- ▪ Loyalty.

Figure 4.9: A summary of the factors influencing the customer in an online transaction.

4.5.2 Perceptions About the Company

4.5.2.1 The company's reputation

The company's perceived reputation is defined as to what degree people believe in the company's honesty and concern about its customers. A good reputation increases the belief that the firm care for its customers, that an integrity regarding its business practices exists and that the firm has the ability to deliver on its promises. (Doney & Cannon, 1997)

The relationship between reputation and trust is proved in another study done by McKnight and Choudhury (2002). They manipulated the perceived reputation of a company by telling the people involved that the company was rated among the top 50 in the nation. It was shown that this had a significant positive effect on already existing customers' intentions to trust as well as on new customers trusting beliefs.

Rayport & Jaworski (2002) agrees that online customers will always have a tendency to purchase from already known websites and the smaller merchants will certainly have trouble competing. A strong company name and a brand with a good reputation are therefore essential to gain trust. (Loshin & Murphy, 1997)

4.5.2.2 The company's size

According to Jarvenpaa & Tractinsky (1999) perceived size can increase trust in a firm. Customers often believe that a large firm has the capabilities to provide them with the service and support they need. It also gives them the perception that other customers trust it. Though the customer cannot know for sure what other's experience with the firm is, it gives him a reason to believe that the company fulfils the promises. The size may also indicate that the company is willing and able to compensate them in case of product failure, and that they have resources to give them better after-sales service.

4.5.2.3 The company's willingness to customize

According to Doney and Cannon (1997) a company's willingness to customize its services and products is a positive factor to customer trust. This might be because a firm that provides this type of customized services or products signals that it cares about the customers and that it is willing to make an extra effort to provide them with what they want. They might also feel that they have an opportunity to communicate their needs and have the sensation that they receive more information about the products from the company. According to Butler (1999) such information sharing between the parties can increase the trust.

If a firm can fill its customers' "gaps" it is very likely that the customers' loyalty increases. This is also an indication that the company is capable to imply large investments in manufacturing technology. (Doney & Cannon, 1997)

4.5.3 Perceptions About the Website

4.5.3.1 Accessibility

In theory, every website is as easy to retrieve as any other. But there are many factors that affect the accessibility. It should be easy to refer to the store and also be easy to see what is offered. Getting as many links to the website and to have a strong company name is one way. Listing in Internet catalogues like Yahoo and Google or the yellow pages is another. It is important to be seen on trustworthy sites. (Loshin & Murphy, 1997) Trepper (2000) also emphasizes on that accessing the website should be easy, and the communication between the two parties should run smoothly.

Rayport & Jaworski (2002) claim that just as the location is important in a traditional store, the location in electronic commerce influences how the store is received. For example, a store on a low-traffic virtual mall is perceived differently than a store listed in a larger mall. The bigger ones are easier to reach, have built a brand and established trust with web consumers, while the smaller malls do not have this advantage.

According to Loshin & Murphy (1997) it is also important to provide information about the questions the customers might have. Such information could be:
- Product specifications
- Prices

- Delivery information
- Product options
- Complete product description
- How to use the product
- Testimonials from satisfied customers
- References to product reviews and press coverage

All the information that is found on the website has to be correct. The site also has to be *error-free* otherwise the visitors will perceive the site as not serious and trust will be lost.

4.5.3.2 Ease of use

A professional, effective, efficient website helps gain new visitors' trust and keep current visitors coming back. It is essential that the right technology be used to make the site fast and easy for the consumer. (Trepper, 2000) People do not like to wait, therefore the website has to work problem-free and all information has to be delivered fast and concisely up front. (Loshin & Murphy, 1997)

The website's image and trustworthiness can be improved by providing meaningful content that visitors can use immediately. Too much flash advertising etc. should be avoided. (Trepper, 2000)

Any essential information has to be clear up front otherwise customers may spend a lot of time browsing the site and then realize they cannot buy the products they want the right way, or at all. The visitor's trust will be lost and the website will lose a customer. (Loshin & Murphy, 1997)

A positive relationship between ease of use of the website and trust beliefs in the firm exists. Both repeat customers with prior website experience and new customers with no website experience develop trust when the site is easy to use. (Gefen & Karahanna, 2003)

4.5.3.3 Image/Website design

Koufaris & Hampton-Sosa (2004) point out that a well designed website also can be seen as a proof of capability and technical competence. A website that is easy to navigate and provides an efficient and effective shopping requires certain capabilities that can be seen as a sign of that the company can fulfil its promises. The effect would be similar in a traditional store that is well organized.

Trust can be lost if the consumer become confused. It is therefore important that the general look and feel of all parts of the website is about the same. That is, navigation, colour scheme and links should all match, and the given information has to be consistent and understandable. (Trepper, 2000)

That the site is strong and has existed for a long time also increases the trust, since it gives the customers the perception that the company is able to manage the online business. (Koufaris & Hampton-Sosa 2004)

4.5.3.4 Security

Privacy – Private Information
Both businesses and customers are extremely concerned about privacy and security on the Internet.

According to Goodwin (2001) customers have for many years worried about how the personal data will be used by businesses. The customer privacy issue is increasing as the number of people accessing the Internet resources grows. Some gazing stories about how private information has been bought by unauthorized persons have added to the public concern.

One of the concerns is the so-called "cookies". With this file data can be gathered indirectly without the user's knowledge and left on the user's hardware, and a complete picture of an individual's behaviour can be accumulated. (Ibid)

The online users want to be able to trust that their privacy is protected. To increase the trust the firm can for example show a privacy statement on their website. Especially sites that are sensitive to privacy concerns should display their privacy policies clearly. This statement should discuss what information is gathered and how the organization uses the information acquired. It is important to be honest about the firm's capabilities. (Trepper, 2000)

Financial Transactions
The potential for abuse of credit card information is a concern to many and a leading reason for many web users' decision not to buy online. In order for a customer to purchase from a website it is of big importance that the security capabilities – the transaction-processing capabilities and policies – are clearly stated. How the website is protected and encryption of the data that is transmitted during the transaction should also be discussed. (Trepper, 2000)

Even though advanced encryption technologies are used or banks promise to be responsible for any potential loss if an unauthorized person uses the data, there is a huge scepticism to give out credit card information on the Internet. More traditional payment methods exist, but these have many disadvantages and do not work as smooth as credit card payments. (Dykert, 2002)

To decrease the perceived risk and increase the trust, the company has to assure the customers that the website is a secure place to do business. Technologies like encryption and authentication techniques to secure transactions from unauthorized access are important. The most popular security protocol is Secure Sockets Layer (SSL), which is used to encrypt data sent between the customer's computer and the merchant's web server, or between the merchant and the payment processor. (Rayport & Jaworki, 2002)

Payment Methods
The e-commerce companies must have the ability to persuade the customers that it is safe to purchase online. According to Cashin (1999) it is important that the website has a clear and comprehensive description of the security and the standards on the website. There is often a lack of understanding among the Internet users regarding security issues and this has to be overcome.

According to Carroll and Broadhead (2001) the company has to do two things:

- Remind the customers that their online transactions are secure, and
- Show them what has been done to protect their credit card information.

The customer needs to be offered different options when purchasing online. A short discussion of some of the most common payment methods will follow.
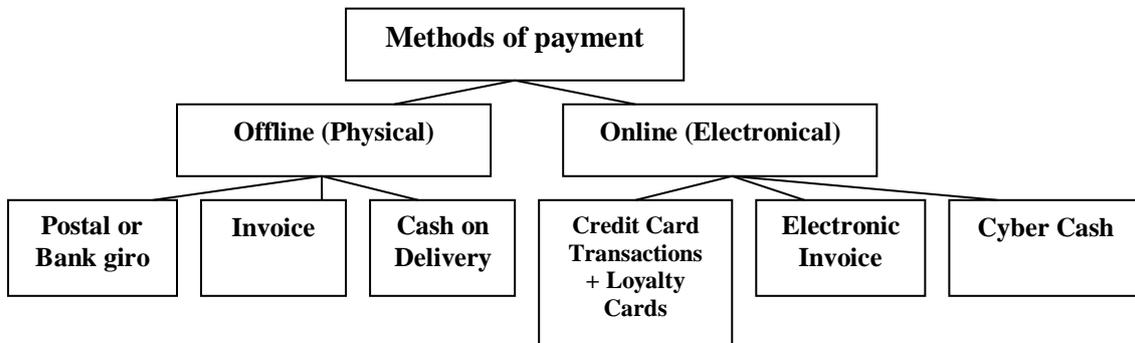
```
                          ┌─────────────────────┐
                          │  Methods of payment │
                          └─────────────────────┘
                   ┌────────────────┴────────────────┐
          ┌─────────────────────┐         ┌─────────────────────┐
          │  Offline (Physical) │         │ Online (Electronical)│
          └─────────────────────┘         └─────────────────────┘
```

| Postal or Bank giro | Invoice | Cash on Delivery | Credit Card Transactions + Loyalty Cards | Electronic Invoice | Cyber Cash |

Figure 4.10: Online and offline payment methods.

Limited possibilities of making secure payments and the lack of trust have made that a lot of online purchases have been paid in more traditional ways like via *postal- or bank giro*, via a traditional *invoice* or via *cash on delivery* (COD). COD means that the customer pays for merchandise when it is delivered instead of upfront, which minimizes the risk of fraud. (Dykert & Ivarsson, 2002)

The offline methods are usually not possible to use in the commerce with everyday commodities since the delivery has to be made fast.

Credit Card Transactions
The most common electronical payment method is credit card services. Online credit cards are set up the same way, as are credit cards in stores. The company chooses the credit cards it will accept. The most common ones are Visa, MasterCard, American Express and Diner's Club. An online credit card payment processing service provides the company with the software that exists on the companies' secure server and connects it to their server. The company has an Internet merchant account with a bank and when the customer enters her credit card number on the website the payment processing service validates the credit card information and the transaction can be completed. The credit card processing service also ensures that the money is placed in the company's bank account. (Rosen, 1999)

The biggest difference between an online and an offline credit-card transaction is that in an offline transaction the credit card is present, while in an online transaction it is not. This is often referred to as *card-not-present-transactions*. Credit card fraud is much more widespread online than offline since the potential thief only needs a valid credit card and its corresponding expiration date. No signature or identification is required. (Rayport & Jaworski, 2002)

The big chains such as ICA, Axfood and Coop also offer special loyalty cards. They work more or less like a normal credit card, but are connected to the chain. (Ibid)

Electronic Invoice

The customers who are connected to the system get electronic invoices from the companies that have chosen to invoice electronically. The advantage is that no physical invoices are required and that all the data are filled out except the customer's bank giro number. The customer does not have to register the invoices, but just check and approve them on the screen. (Loshin & Murphy, 1997)

Cyber Cash

Cyber Cash is another method of payment. To use Cyber Cash the customers have to initialise their Cyber Cash identity by linking at least one credit card to the service. Certain software is also needed. The procedure is that when the customer begins a Cyber Cash transaction, the merchant receives information about the order along with an encrypted message about the customer's payment from the customer's Cyber Cash client. The merchant's Cyber Cash software verifies that the order and the encrypted payment information have not been modified during the transmission, and then forwards the encrypted message to Cyber Cash. If no errors is found Cyber Cash decrypts the message and forwards it to the merchant's bank which in turn forwards the approval or refusal to the merchant's server. All this takes less than 20 seconds. (Loshin & Murphy, 1997)

Cyber Cash offers some significant advantages. The customer does not have to register each time he or she shops with a merchant, nor has the credit card information to be re-entered. And with the use of encryption Cyber Cash can keep transmissions secure and free from any danger of hackers capturing or modifying transmissions. Attacks on individual accounts are, however, possible since a password has to be entered. A disadvantage is that Cyber Cash is not as common as a payment method. (Ibid)

4.5.4 Service

4.5.4.1 Customer service and after-sales service

The most important thing to build customer loyalty is to provide excellent customer service. This will prove that the customers can trust the website and the company behind it, and this will bring them back. Good customer service involves many things such as selling high-quality products, delivering on time, giving the customers different delivery options and answering e-mail messages promptly. To give the customers comprehensive exchange and return policies and satisfaction guarantees also gives the company more credibility. (Carroll and Broadhead, 2001)

Many online customers want the human contact – to resolve a complaint that cannot be solved on the website. As a matter of fact, the amount of contact which customers need with retailers has increased enormously the last years. (ibid)

"90% of on-line shoppers consider good customer service to be critical when choosing a web merchant." (Forrester Research)

The lack of interaction between the customer and the purchasing environment is a big problem. It is harder for the customer to trust the online salesperson – the website – than the brick-and-mortar store's salesperson – a human being. It is therefore important that the website includes as much information as possible. Informational web pages or FAQs (Frequently asked questions) that anticipate the customers' questions are a big help. One should also be able to send inquiries directly via mail to customer service representatives.

The disadvantage of e-mail support compared to phone-based support is that the customers have to wait and trust that the company responds in a timely manner. (Rayport & Jaworski, 2002)

According to Picozzi (2005) it is very important to keep up with the customer expectations, and online customer support enters a whole new dimension regarding this. Many things have to be done that do not need to be done in a traditional store. She claims that customer service involves so much more than answering questions. Customer-friendly sites and navigation, clearly outlined purchasing instructions, assurance of security of personal information that is transmitted over the web, follow-through such as confirmation emails, automated shipping systems and prompt delivery are also a part of the customer support. That would mean that all the above discussed factors are all in a way a part of the customer service.

4.5.4.2 Delivery, return policies and satisfaction guarantees

The delivery is a crucial point when it comes to e-commerce and above all e-commerce with everyday commodities, since everyday commodities often are heavy, have fairly big dimensions and are sensitive to different temperatures. The delivery has to be done fast and in time in order to keep the customers satisfied. To avoid irritations it is also important to keep the customer informed if there are any changes in the distribution. (Fredholm, 2002)

The commodities can be distributed in different ways. The customer himself can collect them in an area in connection with the e-store, the customer himself can collect them at so called pick-up-points (often supermarkets, gas stations etc.), or they can be delivered, by the online store or by a delivery service, straight to the customer's home. (Ibid)

Another important characteristic is the types of guarantees the vendor provides. It is much easier to return a product to a traditional vendor, and this is one big reason why many people prefer not to shop in an online store. It is therefore important that the company has clear satisfaction guarantees and return policies available on the website. A satisfaction guarantee is a statement that claims that the vendor will guarantee the customer's satisfaction for a period of time after the sale. If the customer is not satisfied with the product the merchant should offer some form of return recourse. (Carroll and Broadhead, 2001)

The delivery, returns and reclamations have to be fast and problem-free if the company wants to gain the customers trust – and keep it. The conditions have to be found on the website and the promises have to be kept. (Dykert, 2002)

The customer's trust is very influenced by how the firm handles the situation. A helpful and quick solution of the problem is seen as much more positive than a difficult and slow one. (Ibid)

5. EMPIRICAL METHOD

5.1. Practical Approach

5.1.1 Quantitative Approach

The choice of data collection depends on an overall judgement of which type of data that is needed for the research problem. Or, the type of answers we are looking for decides which type of analysis that has to be done. The researcher needs to decide whether a qualitative or a quantitative method will be used.

In the literature it has been discussed which methods are more suitable or "scientific". Some claims that structured and quantitative methods are more "scientific", but according to Ghauri and Gronhaug (2002) methods are not better because they are quantitative. The method should be chosen according to the research problem.

The biggest difference between qualitative and quantitative research is not quality, but procedure. A qualitative approach is more subjective than the quantitative approach and involves examinations and reflections in order to gain understanding of social and human activities. The quantitative approach is more objective and concentrates on measuring a phenomenon. That is, collecting and analysing numerical data and applying statistical tests. (Hussey & Hussey, 1997)

As mentioned earlier in chapter 2 my research has a positivistic approach. According to Hussey and Hussey (1997) the positivistic paradigm is often associated with the quantitative approach. Some of the differences between the two approaches can be seen below.

Positivistic Paradigm	Phenomenological Paradigm
Tends to produce quantitative data Uses large samples Concerned with hypothesis testing Reliability is high Validity is low Generalises from sample to population	Tends to produce qualitative data Uses small samples Concerned with generating theories Reliability is low Validity is high Generalises from one setting to another

Figure 5.1: Features of the two paradigms (Positivistic & Phenomenological). (Source: Hussey & Hussey, 1997, page 54)

By conducting a survey I start with a theory that is based on previous researches and literature. A research problem is formulated and when conducting the survey I am emphasizing on testing and verifying this. I am also using a large sample from which I generalize the population.

5.2 Data Collection

Data is usually divided into two types – primary and secondary data. The primary data are the new data that are collected by the researcher. The secondary data are the data that has

been collected in previous research. (Hussey & Hussey, 1997) My empirical study is based on the primary data that have been collected with a questionnaire.

5.2.1 Secondary Data
Secondary data are data that were collected by others for purposes, which can be different from mine, but that I can use to find answers to my questions. There are more relevant data available than most researchers believe. Therefore, several sources need to be located and the data that are specific for my research problem will have to be identified. To look for relevant secondary sources before going out to collect primary data is essential. (Ghauri & Gronhaug, 2002)

I gathered my secondary data from literature found on libraries in Sweden and Spain. I also searched through databases, and this is where I found most of the articles and research reports. Through these articles and reports I found suggestions of additional literature and articles. Search engines on the Internet have also been used. The terms "trust" and "trustworthiness" was combined with terms as "e-commerce", "online purchasing", "everyday commodities" etc.

Getting a good base and good knowledge about the subject helped me understand the research problem and in my problem formulation.

5.2.2 Primary Data – The Questionnaire
Primary data are collected when secondary data are not available or do not answer the research question. (Ghauri & Gronhaug, 2002) I used a questionnaire to find out which factors that are influencing the customer's trust when purchasing everyday commodities online.

A questionnaire is a list of carefully structured questions. The aim is to find out what a selected group or participants, a sample that represents the population, do, think or feel. A questionnaire works best if questions are standardised so all respondents understand and interpret them in the same way. (Hussey & Hussey, 1997)

To use a questionnaire is an easy and inexpensive way of obtaining information, but there might be a risk that the respondents are biased or they simply do not think through the answers. To eliminate this my questionnaire contains closed questions to the greatest extent possible, as the positivistic approach suggests. It means that the respondent's answer is selected from a number of predetermined alternatives. The risk with open questions is that it may stop busy respondents from answering. Open questions might also be difficult to analyse. However, I have also included some open questions. These questions demand more time in the analysis, but are essential to find out the respondents' point of view, and to find other factors that are essential when it comes to the online trust. (Ibid)

Check questions are included to control if the respondent is consistent in his or her answers. That the respondent's answers are truthful and consistent is of big importance for the survey's reliability and utility.

I have chosen to use a 5-degree scale in the questions where the respondents are asked to judge the importance of different factors. The scale stretches from 1 to 5 where figure 1 shows little importance of trust and figure 5 shows great importance of trust.

To avoid launching a questionnaire that contains errors a pilot test should be made. (Ibid) I tested my questionnaire on ten people that were similar to those in my sample. The respondents were asked about how they interpreted the questions and with this feedback the final questionnaire (appendix 1) was created.

5.2.3 The sample

My research concentrates on online consumers and their trust to online grocery stores and their websites. The sample was chosen randomly. A small group of 100 people were asked. The reason to why only this small segment was used was the lack of time and finances.

The sampling method used was a convenience sampling method. This is also called an accidental sample and can be defined as a method that involves selecting the cases that are easiest to find. (Ghauri & Gronhaug, 2002) The strategy used to find the respondents was to catch them outside a traditional food/grocery store. The collection process was continued until I reached the total number of 100 respondents. Therefore, there is no measure of actual response rate.

5.3 Method of Analysis

The purpose of the dissertation was to develop a trust-model and evaluate it. It was therefore necessary to analyse the information gathered by my questionnaire.

I have in the theory chapter presented different factors that, according to previous researchers, influence the customers' trust when purchasing everyday commodities online. By conducting a questionnaire I was able to examine which ones of these factors that have the biggest influence on the respondent's trust to a company and its website.

To achieve the statistics needed for a proper analysis, the collected material was entered in the statistical program SPSS (Statistical Package for the Social Sciences). Using this program allowed me to "play" with the data. The different questions of my questionnaire was analysed separately, and I was also able to examine different correlations, which were visualized in different tables and charts.

A model of the analysis as well as the different tables and charts are presented in the chapter of the result and analysis (chapter 6).

Classification and comparison are essential parts in the data analysis. The questionnaire has to be coded; that is, the different answers have to be specified into different categories. It is also advisable to only use numerical codes. These categories should be exclusive, and each response should fall into only one category. It is easier to code closed questions than open questions because in open questions categories must be established according to the given answers. (Ghauri & Gronhaug, 2002)

When using open questions the answers often vary among the respondents. To be able to analyse the data it is wise to code both the present and absent answers with codes so that the questions are treated as multiple variables. (Ibid)

To develop a codebook is an important step in the process. The codebook shall contain general instructions on how each item of data was coded. (Ibid) The codebook to my questionnaire can be found in appendix 2.

5.4 Validity & Reliability

The question "Is the outcome credible?" usually arises when conducting a research. Therefore, the two concepts "validity" and "reliability" have to be reflected upon.

5.4.1 Validity

Validity concerns the question of whether the research findings accurately represent the truth. Validity is the most important requirement in a research. Poor samples, research errors such as defective research procedures and inaccurate or misleading measurement can undermine validity. It does not matter how reliable the research is – it is worthless if it fails to measure the intended thing. (Hussey & Hussey, 1997)

Since the positivistic approach focuses on the precision and the ability to repeat the experiment reliably, there is a risk that the validity will be low. (Ibid)

There are a number of different ways in which validity can be examined. The most common ones are *face validity, construct validity* and *content validity. Face validity* is the weakest method and it basically involves assuring that the tests actually measure or represent what they are supposed to measure or represent - that it makes sense. (Sanders & Lewis, 2000) I tested the validity by making a pilot test where I asked the respondents to tell me how they interpreted the questions. I would therefore say that there is face validity in my survey.

Construct validity relates to the problem that there are a number of phenomena, which are not directly observable, such as satisfaction or anxiety. (Hussey & Hussey, 1997) I conducted the surveys in environments as quiet as possible, where the respondents had no pressures or possibilities of being biased. This was done with the purpose of giving my survey more validity.

Content validity refers to how suitable and representative the questions are to measure the topic. To ask an expert to comment the questionnaire and suggest changes help establish content validity. (Saunders & Lewis, 2000) I did this by asking my tutor to read through and comment on it.

5.4.2 Reliability

Reliability is concerned with the findings of the research. It implies that the measure instrument, in my case the questionnaire, gives reliable and stable results. If a research can be repeated or conducted by other researchers, and the same results will be obtained, the research is reliable. A way to test the reliability is to repeat the study. This is called a replication and it is very important in positivistic studies. (Hussey & Hussey, 1997) This is, however, not done in this research since it would be too time consuming.

There are different ways to check the reliability. In the *test-retest method* the respondents answer the questionnaire twice under equivalent conditions. If the answers correlate the reliability is high. (Olsson & Sorensen, 1999) This would be quite hard for me to execute since it would require that I contact and meet the same respondents twice.

The *alternative method* is a method in which check questions are included in the questionnaire. The check questions basically ask the same thing as the primary questions, but are formulated differently. By adding these it is possible to compare the primary responses with the responses of the questions of an alternative form. (Saunders & Lewis, 2003)

In my questionnaire I included three check questions (question 12/24, 17/29 and 19) as a help for establishing reliability. These are check questions to questions 11/23 and 16/28, which are also some kind of check questions to each other as the respondents in question 11/23 are asked to range the three most important factors, while in question 16/28 they are asked to range all the factors on a scale from 1 to 5. According to Saunders and Lewis (2003) it is advisable to use check questions sparingly as the respondents might spot them and just refer back to the previous answers.

A questionnaire in itself proves more reliability than an interview, since there is a bigger risk of biases in interviews. (Saunders & Lewis, 2003)

The last technique is called *internal consistency*, and it requires that all the questions be correlated with other questions of the questionnaire. It measures the consistency of the responses across all the questions or a sub-group of the questions. This is, however, a rather complicated method for testing reliability and I decided not to include it. (Ibid)

6. RESULT & ANALYSIS

6.1 The analysis model of the questionnaire

When creating the questionnaire the focus has been on connecting the questionnaire with the theory and the problem. I have also made an effort to make the questionnaire easy to understand, easy to fill in and not too extended and large.
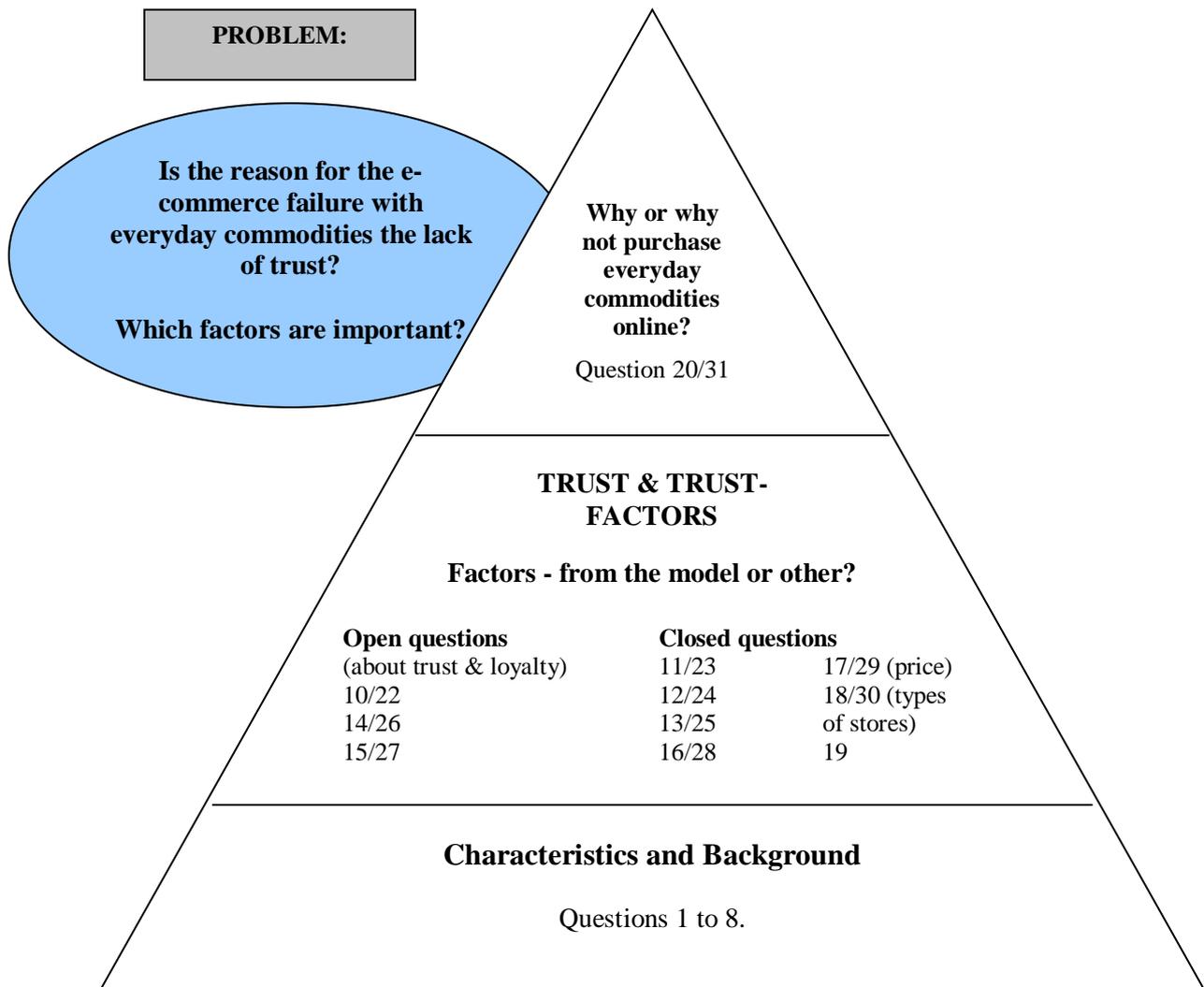
PROBLEM:

Is the reason for the e-commerce failure with everyday commodities the lack of trust?

Which factors are important?

Why or why not purchase everyday commodities online?

Question 20/31

TRUST & TRUST-FACTORS

Factors - from the model or other?

Open questions	Closed questions	
(about trust & loyalty)	11/23	17/29 (price)
10/22	12/24	18/30 (types
14/26	13/25	of stores)
15/27	16/28	19

Characteristics and Background

Questions 1 to 8.

Figure 6.1: The analysis model.

The questionnaire is built in two parts. The first part, questions 1 to 8, is of a more general character. Questions 1 to 7 are categorical questions. With these questions I will be able to get an understanding of the respondents' characteristics and background. I will be able to see if there are patterns when it comes to gender, age or experience of using Internet and e-commerce. Question 5 is asked to get a general understanding of if trust is something that the respondent consider as important in the online world.

Questions 6 to 8 are filter questions. Question 6 is asked to filter the respondents who have experience of purchasing products online from the ones that do not. I will be able to see if

they purchased any products at all online and in that case what kind of products and with what frequency. I will also find out the reason to why they have chosen to purchase these/this specific product(s) online. The experience of e-commerce in general will be shown. Question 7 helps me understand whether the respondent knows about any e-store in the region. The situation is different if he or she knows about one, but does not use it than if he or she does not know about it at all. Because instead of being a trust-issue it could be a marketing-issue – that the online stores do not market themselves enough. Question 8 is asked to filter the respondents who have experience of purchasing *everyday commodities* in particular online, from the ones that have not.

The respondents who do not have any experience of purchasing everyday commodities online will go to question 9, while the respondents who do have experience of purchasing everyday commodities online will continue on question 21.

The second part, questions 9-31, will more specifically embrace the respondents' views of the factors that influence their trust when it comes to e-commerce with everyday commodities.

	Inexperienced Respondent	Experienced Respondent
Question:	9. <u>Would you</u> ever consider purchasing perishables and groceries online in the future?	X

Comment: With this question I will be able to see if purchasing everyday commodities online is an option at all. If it is it might not be a trust-issue, but simply lack of knowledge. If it is not an option I will with the open question find out whether it is trust-related or if there are other not trust-related factors that influence the respondent.

If the open question gives me answers related to my trust-model I will pretty easily be able to draw the conclusion that the reason to the reluctance to online shopping of everyday commodities is a trust-issue. However, if the reason seems to be the social aspects of shopping, the enjoyment or the personal, face-to-face, contact in conventional shopping the trust-factors might not be the big issue to the reluctance. The open question will be analysed separately and sorted under different categories depending on the answers given.

	Inexperienced Respondent	Experienced Respondent

Question:	X	**21. When did you purchase everyday commodities online for the first time?**
		    a. Which store was it?
		    b. Was it a positive/negative experience?
		    c. Have you purchased everyday commodities from that e-store again?
		    d. Why/why not?
		    e. Will you purchase from that e-store again in the future?
		    f. Why/why not?

Comment: This question gives me information about the first experience the experienced respondent had with an e-store. I will gain knowledge about which store it was, if the experience was good or bad and why, and if the respondent see himself/herself as a future customer of the e-store. With this information I can learn about the respondents' background and what the respondents consider a good or bad experience.

Blomqvist (1997) and Papadopoulou & Andreou et al (2001) emphasize on that a kept promise have a positive impact on the customers future expectations and that repeated e-

servicescape (see page 28) will strengthen the customers trusting beliefs and the relationship between customer and company. The trust is the outcome of a process, it is very hard to gain, and once it is lost it is very difficult to regain. A bad first experience may be the end of the customers' interaction with the company.

The questions with open answers will be analysed and sorted under different categories depending on the given responses, while the questions with the closed answers will, as they are easier to handle, be entered in SPSS and analysed with support from the program.

	Inexperienced Respondent	Experienced Respondent
Questions:	10. What would make you purchase everyday commodities online?	22. What made you purchase everyday commodities online for the first time?

Comment: This open question gives the respondent a chance to, with his or her own words, express what would make or makes him or her purchase everyday commodities online. I choose to make this an open question to give the respondents a chance to express their own opinion. By leaving the answer open I will be able to capture other factors than the factors in my model. I choose to ask this question rather early to avoid that the respondent is influenced by the factors that I will bring up further on.

Again, I will be able to see if the reluctance is trust-related, and I will also be able to draw parallels to my trust-model. Since this is a question with open answers they will be analysed separately and subsequently be put into different categories. The aim is to find out the real reason to the reluctance of purchasing everyday commodities online, regardless if it is a trust-issue or not. With this question I will be able to answer one of the research problems – if the failure of e-commerce with everyday commodities is based on the consumers' lack of trust.

	Inexperienced Respondent	Experienced Respondent
Questions:	11. Which three aspects would be the most important ones for you to purchase everyday commodities online?	23. Which three aspects are the most important ones when you purchase everyday commodities online?

Comment: This is a closed question where I want to be able to find out which factors of trust which are the most important ones. This question is one of the crucial questions in the survey and is directly connected to the research problem and the purpose of the dissertation. It is with this question possible to study both if the failure is a trust-issue, as well as which trust-factors that play the most important role when purchasing everyday commodities online.

The respondents are asked to range the three most important factors from 1 to 3, where 1 is the most important one. The factors the respondent can choose from derive from the theories and my model. The respondents will also have the option of adding another, according to them, important factor after "other". I will not only find out what they consider as important, but I will also be able to use the answers as check questions to question 16 and 28 (where the respondent will be asked to range the importance of different factors). "Other" will be coded as the other alternatives, but I will also analyse and categorize (in case it is used) this option separately.

	Inexperienced Respondent	**Experienced Respondent**
Questions:	12. Would you be influenced by what the media or previous customers write or say about e-commerce with everyday commodities and specific e-stores?	24. Are you influenced by what the media or previous customers write or say about e-commerce with everyday commodities and specific e-stores?

Comment: With this question I want to find out whether the trust-factor *reputation* is important. The respondent is asked to range the importance on a scale from 1 to 5 where 1 shows little importance and 5 shows great importance of trust.

It has been shown in previous research that this is an essential factor. McKnight & Chodbury (2002) conducted a research where they manipulated the perceived reputation, and the result showed that it had a significant positive effect on both existing and new customers' trusting beliefs.

Since the topic is just a small part of the model this question is more of a check question than a question that gives me an answer to the whole problem. I can compare it to both question 11/23 and 16/28, where the factor "the company's reputation" is included. In questions 11 and 23 the respondents are asked to range the three most important factors, while in questions 16 and 28 they are asked to range the importance of all the factors.

	Inexperienced Respondent	**Experienced Respondent**
Questions:	13. Would it be a disadvantage that you could not see, touch or smell the food/groceries before ordering them online?	25. Is it a disadvantage that you cannot see, touch or smell the food/groceries before ordering them online?

Comment: This is a question that will help me to understand whether this is a trust-issue or if it is related to the recreational aspect of shopping. If the conclusion of this question shows that it is a disadvantage, one have to assume that the social aspect of shopping in a traditional store is of greater importance than the saving in time, price or the convenience of purchasing from a computer at home. If it is not a disadvantage then one can exclude the recreational aspect and start to analyse the real problem.

This is also just a small part of the problem as a whole, but it gives me important information about - and explains - the reason to the failure of e-commerce with everyday commodities. As discussed earlier it might be that the customers want to socialize and see/touch the commodities instead of seeing them on a screen, and that that is the reason to the failure of e-commerce with everyday commodities.

	Inexperienced Respondent	**Experienced Respondent**
Questions:	14. What would be important to you in order to trust an online food/grocery store?	26. What is important to you in order to trust an online food/grocery store?

Comment: Two open questions will follow. The first one is related to trust. The respondents are asked what is important to them to trust an e-store, and they will in their own words describe what it takes to trust an e-store. Again it might be something else than the factors I brought up. The question is quite similar to question 10 respectively 22, but here the issue trust will be involved. The respondent is therewith more limited than in questions 10/22 since I, in this question, am only interested in the factors that influence the trust.

The factors that influence the customers' online trust when purchasing everyday commodities online will be studied as the answers are analysed separately and categorized accordingly. If they fit in my trust-model I will use these categories, but it might also turn out that "new" categories have to be added.

	Inexperienced Respondent	Experienced Respondent
Questions:	15. What would be important to you in order to be loyal to an online food/grocery store?	27. What is important to you in order to be loyal to an online food/grocery store?

Comment: As discussed in the theory it is very important to the online company to get loyal customers. If the trust is gained the short-term relationship customers become long-term relationship customers. Carroll & Broadhead (2001) say that the number of long-term customers a company has is one of the best indications of success because the long-term relationship customers, or repeat customers, tend to be more loyal and spend more. It is therefore important to not only focus on acquiring new customers, but also to focus on the existing ones.

With this question I will be able to observe how customers become loyal, what they consider as important and consequently what the e-store need to prioritise in order to keep the customers. Is it trust-related - can the answers be categorized under any of the factors of trust in my model - or is it a matter of good offers and good prices, a matter of presence that the traditional store has but the online store has not, or a matter of recreation etc.? These are things that I will be able to examine in this question. Since the question has an open answer, the responses will be analysed as the answers to the above question.

	Inexperienced Respondent	Experienced Respondent
Questions:	16. How important would the below aspects be when purchasing everyday commodities online?	28. How important are the below aspects when purchasing everyday commodities online?

Comment: These questions include all the factors in my research model. It is the second crucial question in my survey, and it will give me a basis and an understanding to my research problem "which factors influence the customers' online trust when purchasing everyday commodities online?".

The respondents shall range the importance of all the different factors that derive from my trust-model. A 5-degree scale that stretches from 1 to 5, where figure 1 shows little importance of trust and figure 5 shows great importance of trust, is used. The outcome will be used to find out the importance of different factors. I will also be able to compare them to each other and see patterns (similarities and differences) between the different respondents. I will be able to connect this information to many of the previous and following questions.

It will only be possible to choose and range the factors from my model, therefore I will not be able to see if any of their own factors are considered more important than mine, but since my model is based on many previous researches I have to assume that the majority of the relevant trust-factors are included. In case the respondents would want to bring up other factors that, according to them, are more important they will have the possibility to do so in previous questions.

		Inexperienced Respondent	Experienced Respondent
Questions:		17. Would the price be important when purchasing everyday commodities online?	29. Is the price important when purchasing everyday commodities online?

Comment: With these questions I will be able to see if the price of the products is relevant - if the saving in time is worth any extra cost or if the customers only are prepared to purchase everyday commodities online if they can find cheaper products or products equally expensive as in traditional stores.

The concept "asymmetric information" is one of the foundations to the customer's willingness to pay. This is based on the probability that a product could be a lemon (bad product) or a cherry (good product). The buyer cannot know beforehand whether the product is good or bad, so his/her best guess is that the product is of average quality, and will therefore only be willing to pay the price for an average product. Consequently, the customers will not be prepared to pay a higher price for the high quality products than for the low quality products, as they cannot be sure that the high quality products really are high quality. If there would be perfect information the right value would be known and the resistance to pay, and the buyers and sellers different interests, would be eliminated.

The price is something different than the trust-issues, but it can be one of the important factors to why people do or do not want to purchase everyday commodities online. The question by itself might not say a whole lot about the failure of e-commerce with everyday commodities, but together with other questions and factors it will be possible to study the importance of the price in relation to different trust-factors, and by doing that it will be possible to see if price is more important than trust or vice versa.

		Inexperienced Respondent	Experienced Respondent
Question:		18. Range the trustworthiness of the following types of stores:	30. Range the trustworthiness of the following types of stores:

Comment: This is a closed question that is a part of the concept "information asymmetry" or "the lemon market". The terms price, the quality of the product and the contact media becomes important issues as they are closely connected to asymmetric information. This question investigates the trustworthiness of the three different media: pure online store, traditional store and combined online/traditional store. The respondents are asked to range the types of stores from 1 to 3, where 1 is the most trustworthy type of store and 3 is the least trustworthy type of store.

Information asymmetry occurs when the seller has better information and knowledge about the product than the buyer has, and this might be more conspicuously in the pure online store than the traditional store. The problem occurs when a consumer do business with people of whom he/she has no knowledge.

This question shows if the respondent trusts the pure online store less than the traditional store or the combined online/traditional store. According to Rayport & Jaworski (2002) the lack of interaction between the customer and the purchasing environment is a big problem. They claim that it is harder to trust the online salesperson – the website – than the traditional store's salesperson – a human being. The after sales service is also a big reason why people prefer not to purchase online. (Carroll & Broadhead, 2001)

It is shown in previous researches that the customer sees the pure online store as less trustworthy because it is harder to get customer service or after sales service. No face-to-face contact might be increasing the lack of trust, and is thereby also a factor that has been influencing the online market of e-commerce with everyday commodities. This question clarifies if the presence in a traditional store or the lack of presence in a pure e-store influences the customer.

		Inexperienced Respondent	Experienced Respondent
Question:	19. Is the uncertainty about the quality of the products a reason to why you have never purchased everyday commodities online?		X

Comment: This closed question is a question where the inexperienced respondents are asked to range the influence the quality of the product has on the respondent's willingness to purchase. This question is in close connection with the two prior questions, as the quality of the product is connected both to the price (because of the asymmetric information people will only pay a certain price for a certain product), but also to the contact media (the website in a pure online store and the sales person in a traditional store).

The expression "the lemon market" is often used when it comes to quality of products, as the buyer cannot be sure whether he/she buys a "lemon" (bad product) or a cherry (good product) because of the asymmetric information between the buyer and seller. As the true quality of the product is unknown - the value of the product cannot be assessed accurately before it is purchased – the buyer is resistant to pay a high price. The asymmetric information exists in the traditional world, but might be even more obvious in the online world.

The respondent is asked to range if the quality uncertainty is a reason to why he/she has never purchased everyday commodities online on a scale from 1 to 5 where 1 shows that it is not at all a reason and 5 shows that it is a reason of great importance.

	Inexperienced Respondent	Experienced Respondent
Question:	20. What is the number one reason to why you have never purchased everyday commodities online?	31. Why do you purchase everyday commodities online?

Comment: The final and maybe the most important question of all is why the experienced respondent chooses to purchase online, and why the inexperienced respondent has never purchased everyday commodities online. This is a clear, open question that gives the respondents the full option to describe why or why not they choose this way of purchasing everyday commodities.

With the answers to question 20 I will be able to see if the failure of e-commerce with everyday commodities is a trust-issue; if the respondent ranks the trust factors as the reason of the reluctance, or if the respondent chooses the traditional store because of convenience, because he or she wants to see the commodities in reality, or if it is the recreational aspect that is wanted etc.

The answers from the experienced respondents will not only show me the reason to why they purchase, but it will also show me the differences between the experienced and the inexperienced respondents' point of view when it comes to online food/grocery shopping.

The connection between this question and trust might not be clear, but I consider it a justified question to ask in this research, as the answers can become guidance to the companies that conduct e-commerce with everyday commodities. Depending on the answer, the company can steer its business towards that direction. Since it is an open question the answers are going to be analysed separately and be categorized accordingly.

6.2 Result of the research

In the following chapter there will be no explanations to the figures as they will be discussed consistently through the text.

6.2.1 The respondents

The aim of collecting 100 questionnaires was fulfilled, this because it was kept handed out until the planned number of filled out questionnaires was reached.

Question 1:

The gender of the respondents

	Male	Female
	39	61
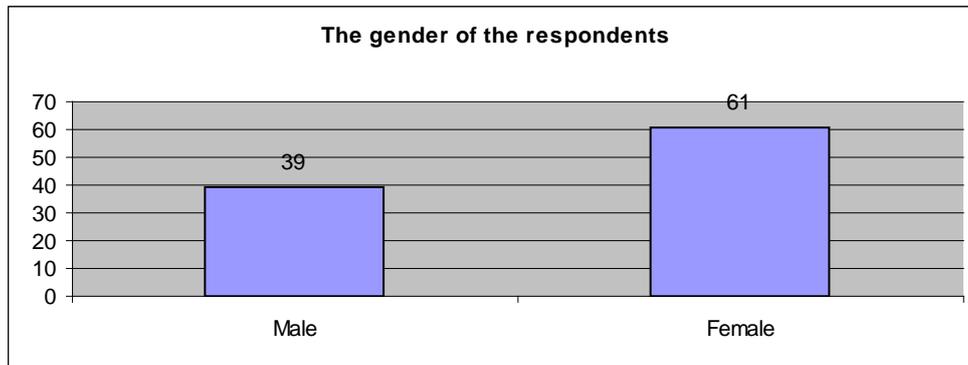
39% of the respondents were men and 61% of the respondents were women.

Question 2:

The ages of the respondents

Age	16-24	25-34	35-44	45-59	60-
Frequency	5	32	16	33	14
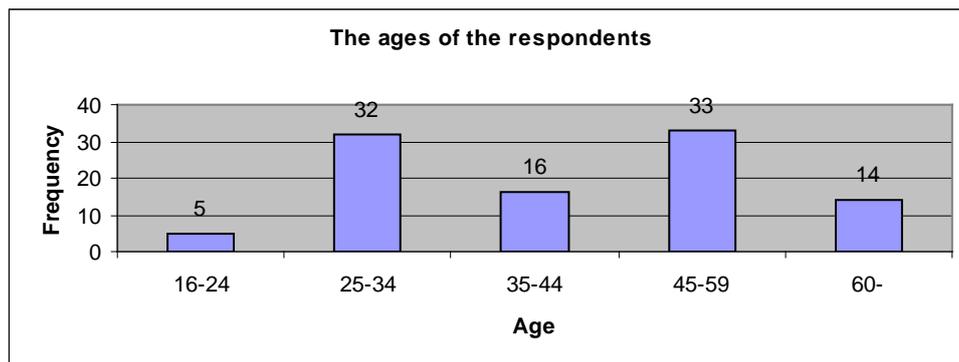
The categories of ages of the respondents were categorized as follows: 16-24, 25-34, 35-44, 45-59 and 60 or older. As can be seen in the above figure 1/3 of the respondents were 25-34 and 1/3 was 45-59 years old. Only 5% of the respondents were 16-24 years old, and 16% were 35-44 years old. About the same percentage, 14%, was reached for the age 60 years or older.

Genders & ages of the respondents
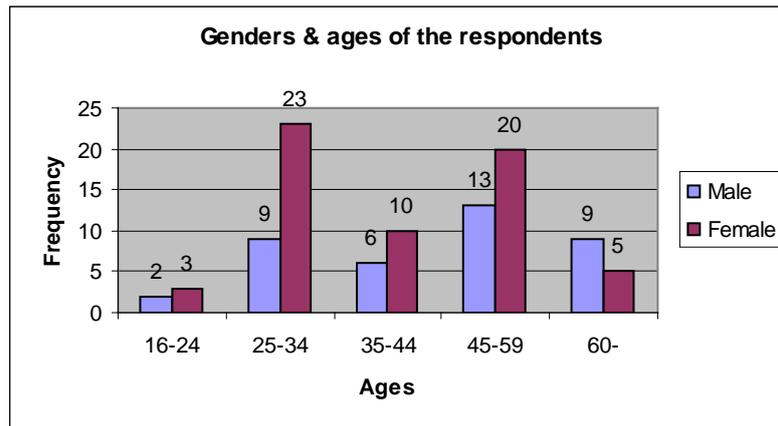
When comparing gender with age one can see that the frequency regarding gender is quite even in the age categories (It has to be noted that there were about 20% more women answering the questionnaire than there were men.) The response rate was only higher among the men in the age group 60 and up.

### 6.2.2 The respondents experience of e-commerce in general

Question 3: Where does the respondent have access to Internet?

This is a multiple-choice question. Of 100 respondents the answers were as follows:

	Frequency	Percent
At home	97	54,80%
At school	1	0,56%
At work	78	44,07%
Other	1	0,56%
		100,00%

Most of the respondents have access to Internet at home and at work, or both.

Question 4: How often does the respondent use Internet per week?
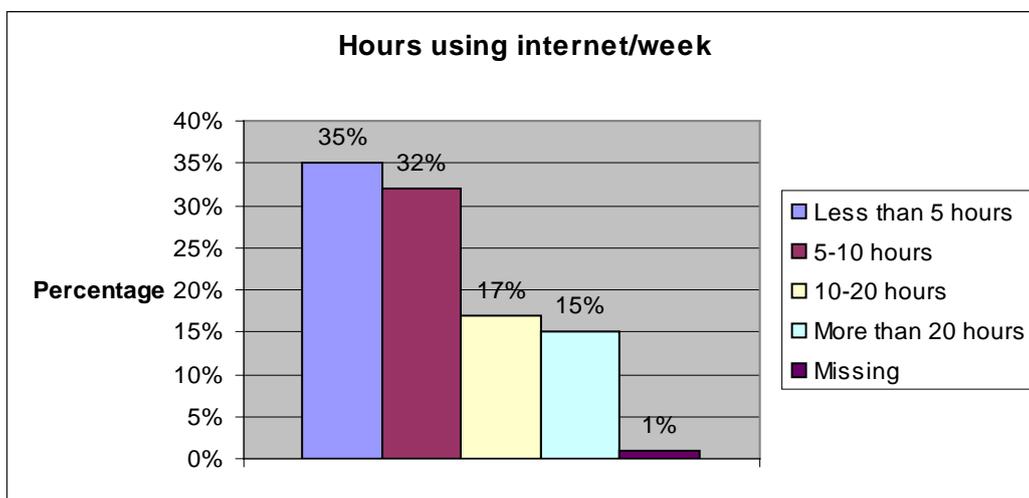
Most of the respondents, 35%, use the Internet less than 5 hours per week and 32% use the Internet 5-10 hours per week. Only 15% is online more than 20 hours per week.
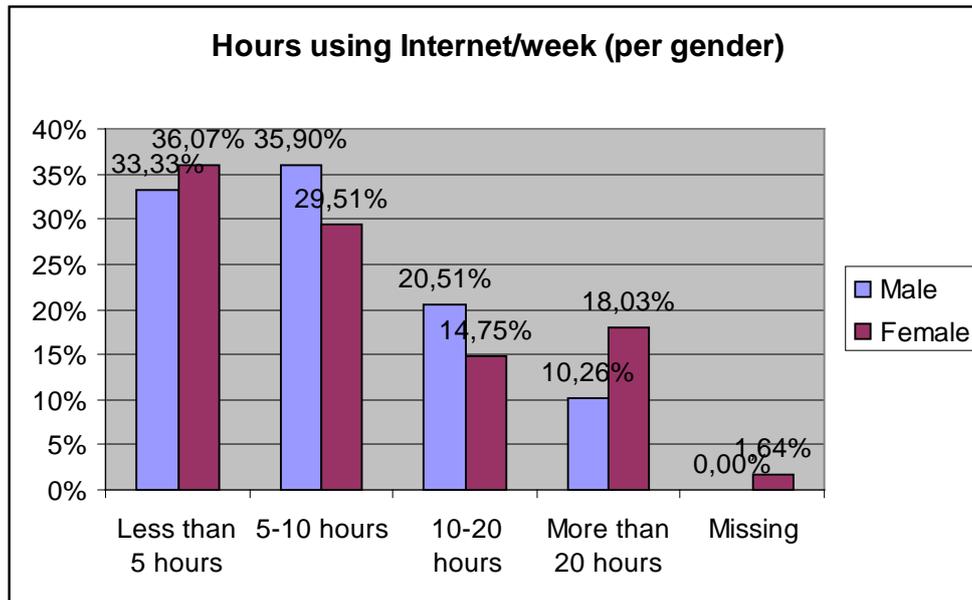

When studying the difference between men and women one can see that there is no remarkable difference between the two. That is, neither men nor women are online remarkably more hours per week than the other. There is a slight difference between the genders in the "more than 20 hours per week" group - about 18% of the women and only about 10% of the men fit in this interval.
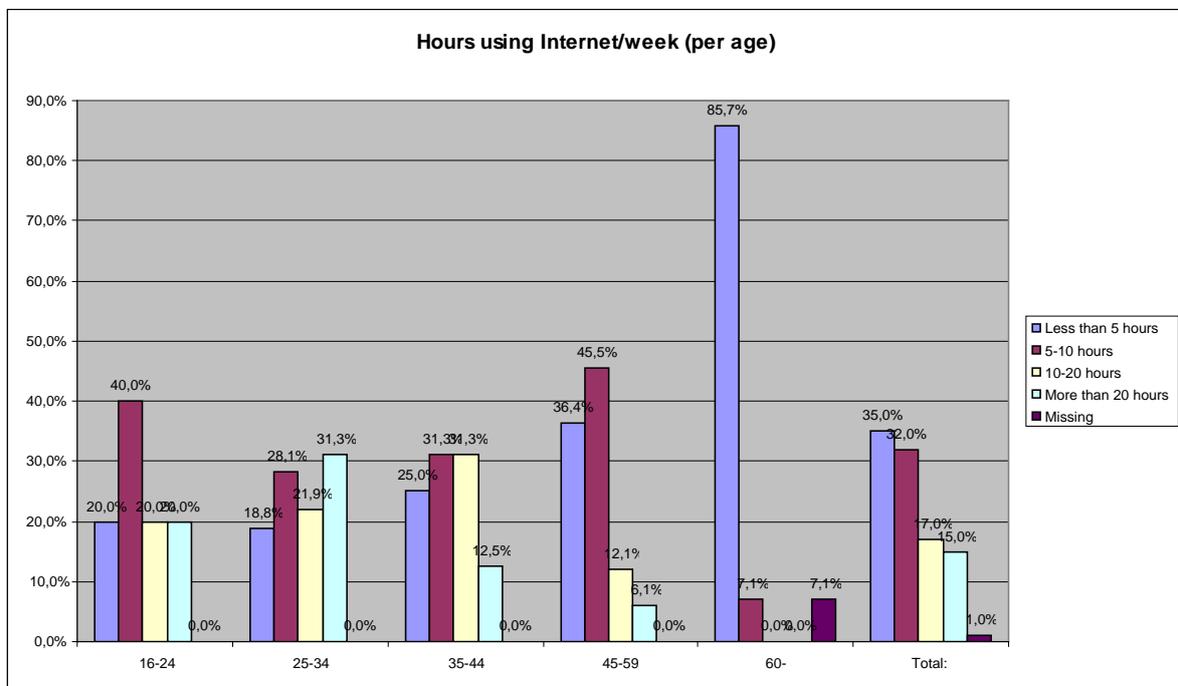
When comparing the age groups 85,7% in the group 60- use the Internet less than 5 hours per week, while among the younger age groups the difference is not that remarkable. The

group that is online more than 20 hours/week the most is respondents between the ages 25-34.

Question 5: How important is trust to a website and the company behind it?
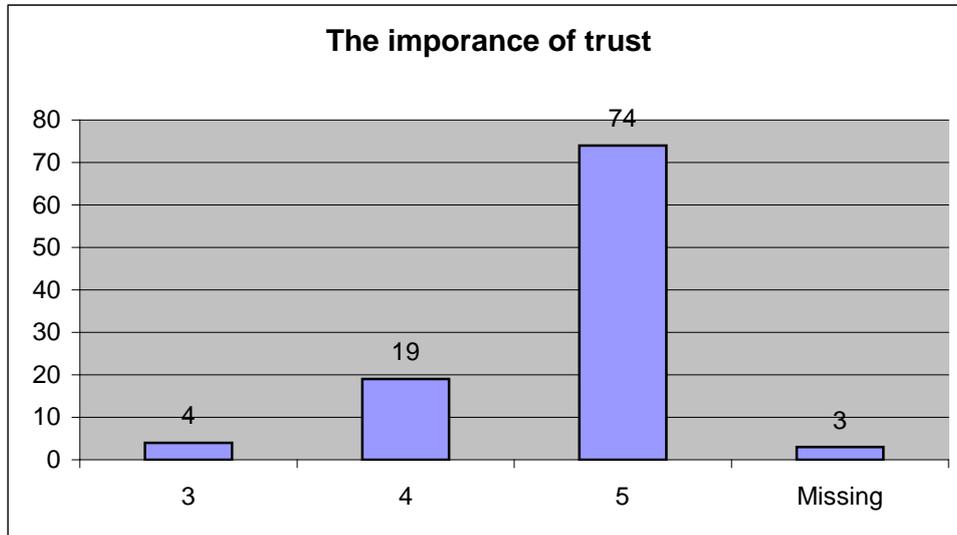

When ranging the importance of trust to a website 74% ranged it as a 5, very important. Only 4% ranged it as a 3, while 19% ranged it as a 4. None of the respondents marked 1 or 2, as not important at all. The mean is 4,72, which shows that the factor trust is ranked very high and is considered very important when purchasing products online.

When comparing the answers to this question between genders one can see that women generally see this as more important than the men do (see below).
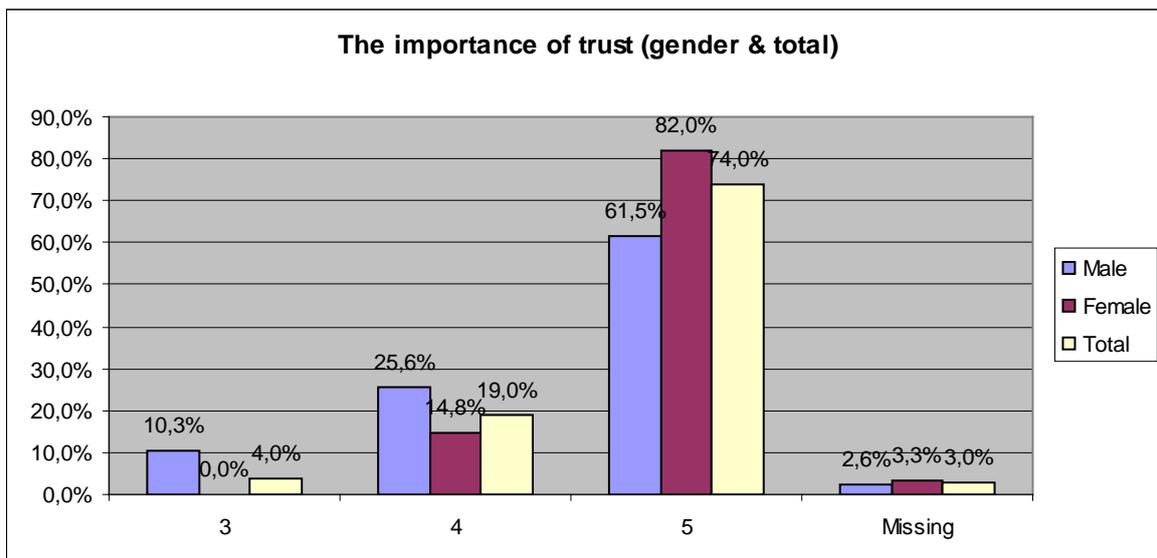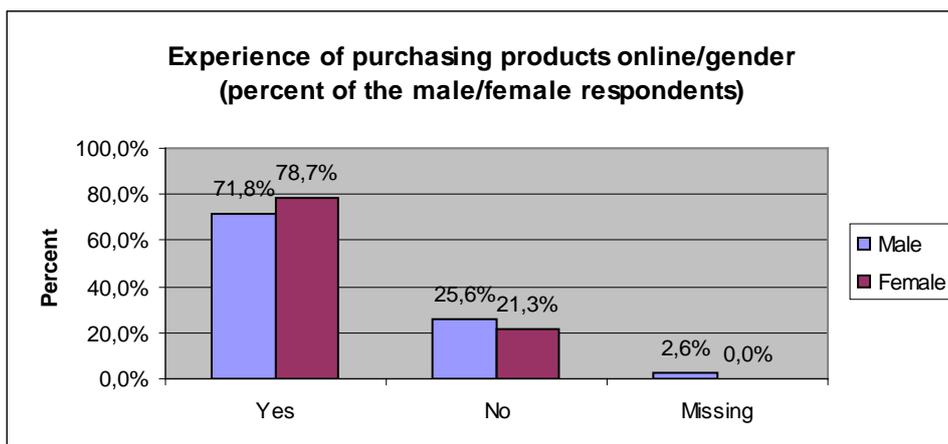
Question 6: Has the respondent ever purchased products online?

Percentage of the respondents who have purchased products online
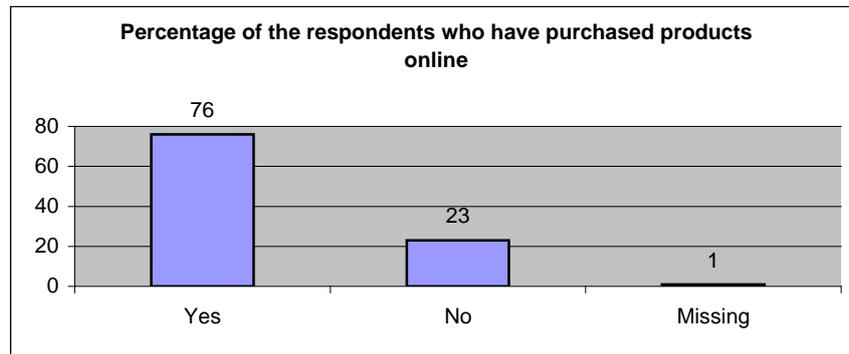
76% of the respondents filling out the questionnaire have some kind of experience of purchasing products online.

Experience of purchasing products online/gender (frequency)
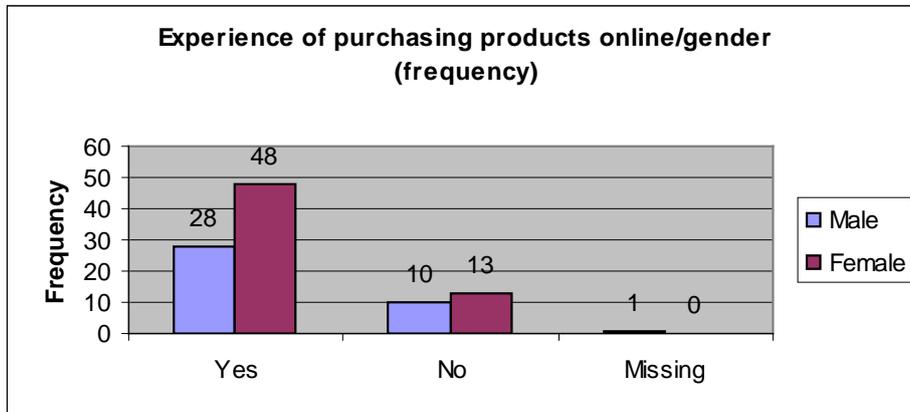
In absolute figures 48 of the 61 women and 28 of the 39 men has experience of online shopping.

Experience of purchasing products online/gender (percent of the male/female respondents)

If calculating this to percent it is very even between the genders. 71,8% of the men and 78,7% of the women have purchased some kind of products online.

Question 6: If no, why not?

23% of the respondents had never purchased products online. I wanted to know why they had not. They basically gave me three different reasons to this. One reason was that

- they do not trust online shopping, another one was that
- they do not have any needs of purchasing online, and the third reason was that
- they want to see and touch the products before purchasing.

Five of the respondents did not give any reasons to why they never had.

(For full answers see appendix 3.)

When taking a look at the different age groups there are two groups of respondents that have very little experience of online shopping. In the age group 45-59 as many as 33,3% (yellow box) have no experience at all. In the age group 60- only 35,7% have some kind of experience; or, a figure as high as 64,3% (yellow box) of the respondents in this age group have no experience at all of purchasing products on the Internet.

Experience of purchasing products online:

Age	Yes - Percent	No - Percent	Missing - Percent
16-24	80,0%	20,0%	0,0%
25-34	90,6%	6,3%	3,1%
35-44	100,0%	0,0%	0,0%
45-59	66,7%	33,3%	0,0%
60-	35,7%	64,3%	0,0%
Total	76,0%	23,0%	1,0%

Question 6b: If yes, what? (The three most frequent buys were to be filled out.)
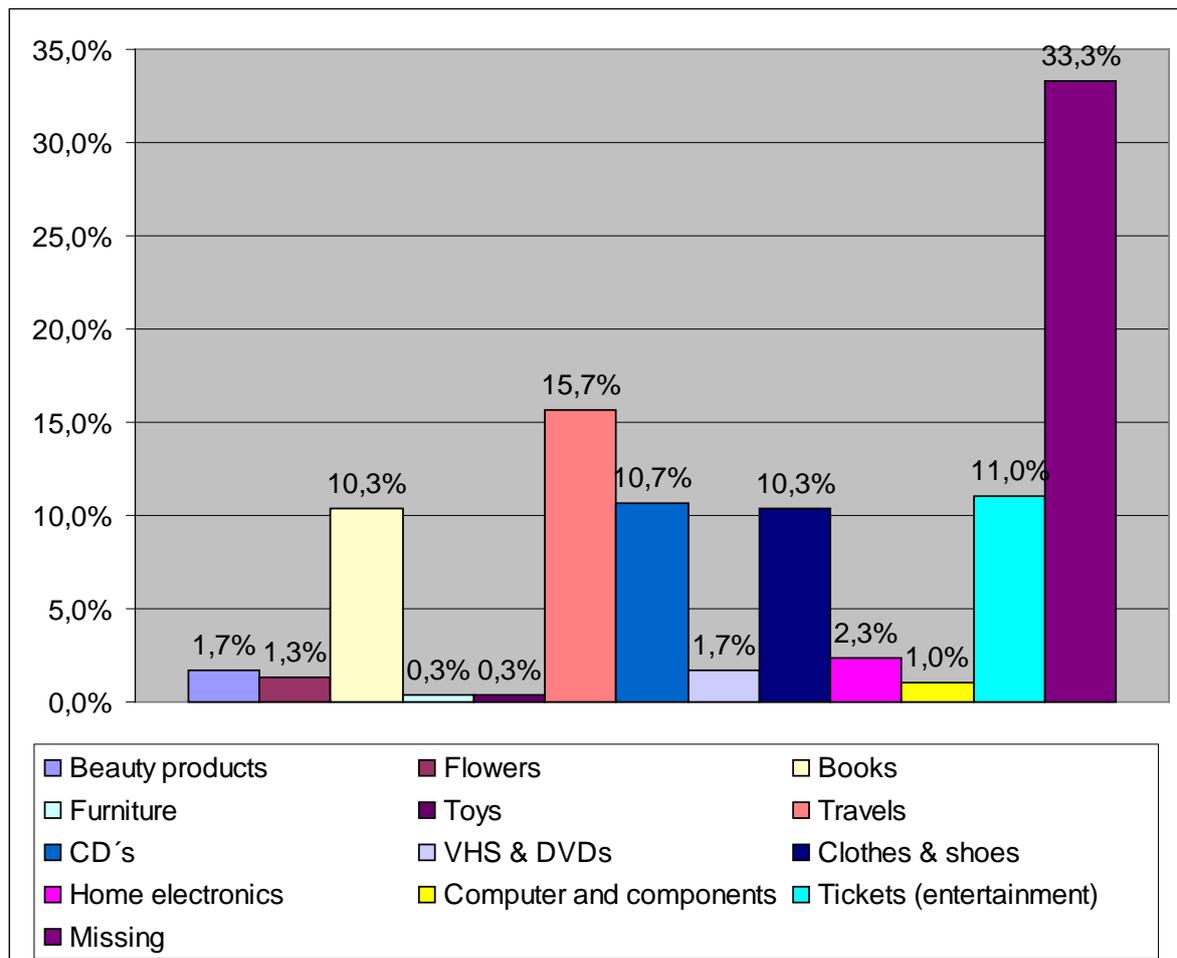
What kind of products have the experienced respondents purchased? The 100 respondents were asked to fill out the three most frequent buys. Of 300 possible answers the outcome was that the top five bought products were:

15,7% Travels
11,0% Tickets (entertainment)
10,7% CD's
10,3% Clothes & Shoes
10,3% Books

The 33,3% missing answers is a result of that some respondents might not have bought more than one or two types of products, and have therefore left the one or two other possible marks blank.
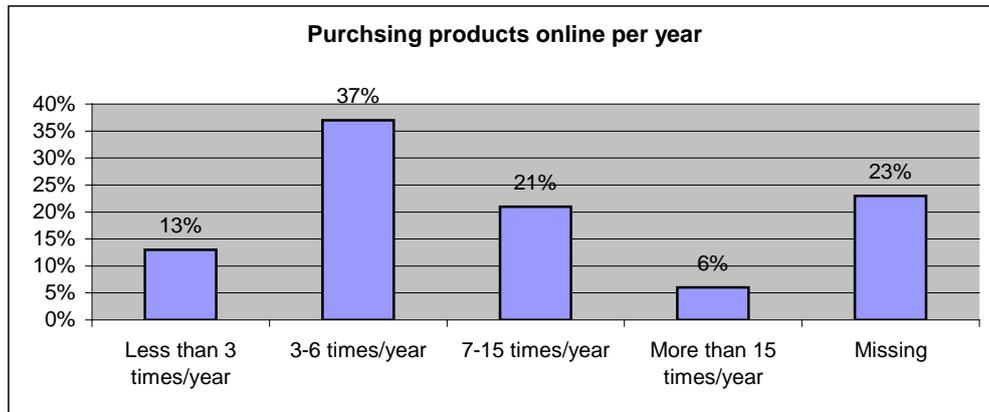
Question 6c: Why has the respondent purchased these products online?

There are three main reasons to why the respondents have purchased these products online. These are that it is:
  - More convenient (easy and fast) → 28
  - Cheaper → 27
  - More comfortable → 22

(For full answers see appendix 3.)

Question 6d: How many times per year does the respondent purchase products online?

37% of the respondents purchase products online 3-6 times per year. 13% are small consumers and only purchase products online less than 3 times per year. 21% are consumers that purchase online 7-15 times per year, while the bigger consumers that purchase more than 15 times per year only stand for 6%. 23% has never purchased any products online (see question 6), thereof the category missing.

When studying the genders there is not any remarkable difference between the two.

	PERCENT				
Gender	Less than 3 times/year	3-6 times/year	7-15 times/year	More than 15 times/year	Missing
Male	15,4%	30,8%	25,6%	2,6%	25,6%
Female	11,5%	41,0%	18,0%	8,2%	21,3%
Total	13,00	37,0%	21,0%	6,0%	23,0%

When comparing the age groups it is showed that the majority shops online 3-6 times per year. About 40% of each age group lies within this range except the age group 60-. The result of this age group can, however, be a little distorted since 64,3% of the answers are missing.

	PERCENT				
Age	Less than 3 times/year	3-6 times/year	7-15 times/year	More than 15 times/year	Missing
16-24	20,0%	40,0%	20,0%	0,0%	20,0%
25-34	18,8%	40,6%	28,1%	9,4%	3,1%
35-44	12,5%	43,8%	31,3%	12,5%	0,0%
45-59	9,1%	39,4%	15,2%	3,0%	33,3%
60-	14,3%	14,3%	7,1%	0,0%	64,3%
Total	14,0%	37,0%	21,0%	6,0%	22,0%

It can also be pointed out that 12,5% of the 35-44 year olds claim they shop more than 15 times per year.

Question 7: Does the respondent know about any e-store that sells/sold everyday commodities online in Skåne?

	Frequency	Percent
No	99	99%
Missing	1	1%

It is remarkable that 99% of the respondents do not know about any e-store that sells/sold everyday commodities online in southern Sweden.

Question 8: Has the respondent ever purchased everyday commodities online?

|	Frequency
No	100

None of the respondents have any experience of purchasing everyday commodities online.

Depending on a yes or no answer; that is, yes if the respondents previously had purchased everyday commodities online and no if he or she had not; they were supposed to continue on different parts of the questionnaire after this question (question 8). One part, question 9-20, was designed for the respondents <u>without</u> experience of purchasing everyday commodities online, and another part, question 21-31, was designed for respondents <u>with</u> experience of purchasing everyday commodities online. As the result was that none of the respondents had experience of purchasing everyday commodities online the questions 21-31 were never answered.

6.3 Analysis of the respondents' non-existing experience of purchasing everyday commodities online.

As none of the respondents had experience of purchasing everyday commodities online the focus of the analysis has to lie on "which factors *would be* important to the respondent if he or she purchased everyday commodities online". The negative aspects that the experienced respondent might see can therefore not be taken into account and be analysed.

Question 9: Would the respondent ever consider purchasing everyday commodities online?
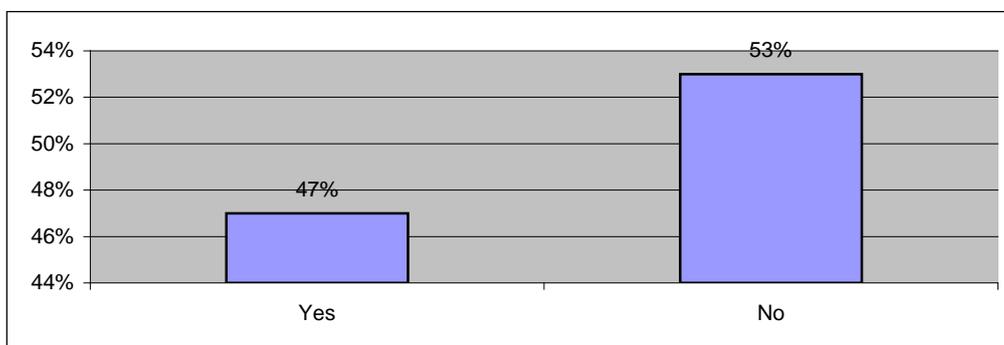
About half of the respondents *would consider* purchasing everyday commodities online. This is quite a high figure since only 1% according to SCB's research (2005), see page 10, actually has purchased food/groceries online for private use.

According to my survey the consumers are quite positive to purchasing everyday commodities online. As can be seen in question 7 and 8 it is obvious that the respondents are not conscious about how and where to purchase, and they have therefore not any experience of purchasing everyday commodities online.

Question 9: If no, why not?

The biggest reason to why the respondents would not consider purchasing everyday commodities online is by far

- I want to be able to see the product

According to this open question the biggest reason to the reluctance is not the lack of trust, but the fact that you, in the online world, are not able to see and touch the products the way you can in conventional stores.

(For full answers see appendix 3.)

Q10: What would make the respondent purchase everyday commodities online?

This question gives the respondent a chance to express what would make him or her purchase everyday commodities online. As this question comes quite early, before the respondents are given possible factors, the answers are quite different from the ranged ones in the later questions. The top three reasons except nothing (19), I do not know (10) and missing (13) were:

Cheaper products   17
Fast/Prompt deliveries   14
No other possibilities   9
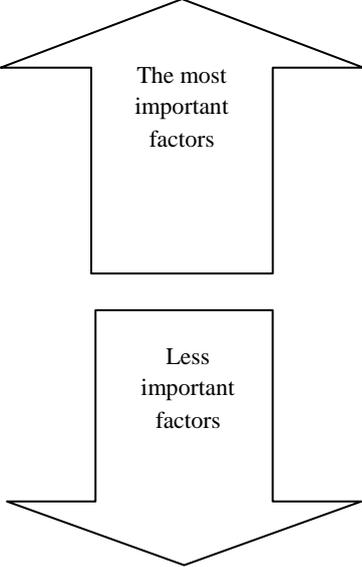Guaranteed security   7
Simple & hassle free   7

The number one reason is the price. The security, which is ranked very high in the coming questions, is only mentioned by 7 respondents. These answers indicate that the factors related to trust is a reason to the reluctance; however, the low prices are even more important. It is reasonable to think that the factor price becomes more important since the online environment is more competitive than the traditional environment.

When it comes to everyday commodities the consumers do not seem to have a lot of interest in high-quality products. The importance of low prices will be discussed in question 17.

(For full answers see appendix 3.)

Q11: Which three aspects would be the most important ones if purchasing everyday commodities online?

Ranged as the number one factor:	Frequency
Guaranteed safe payment	29
Good product quality	19
Guaranteed protected personal info	14
Low prices	8
Missing	7
The company's reputation	5
Good info about product quality & size	5
Good & fast customer service	4
Fast delivery	3
Web page is easy to use	2
The company's size	1
Good after sales service	1
Web page is easy to find	1
Easy to pay	1

The most important factors

Less important factors

The trust-factors that play the most important role when purchasing everyday commodities online is by far

- Guaranteed safe payment
- Good product quality
- Guaranteed protected personal information

Guaranteed safe payment and protected personal information are big concerns in this research as well as in previous researches. The customers want to be able to know that their privacy is protected. The huge scepticism to give out credit card information on the Internet also shines through, and has in previous researches been the leading reason to why the respondents choose not to purchase everyday commodities online.

The product quality is a factor that influences the customers' when deciding which products to purchase. As the products cannot be seen in the online world it becomes an even more important factor that they measure up to the product information. The respondents do not seem to consider the customization of everyday commodities as important; they just want to pay for the core product.

The factors that are related to the company, such as the company's size, reputation and willingness to customize as well as the website's image and ease of use are factors that are ranged as less important.

Low prices are, again, ranged pretty high. It seems like the price is a highly relevant factor when it comes to online everyday commodities shopping. If the price is remarkably lower the customer might be more willing to take the risks which they consider that the online shopping involves.

None of the respondents have added any additional factors.

Q12: Would the respondent be influenced by media or previous customers?

Q12: The influence by media or previous customers
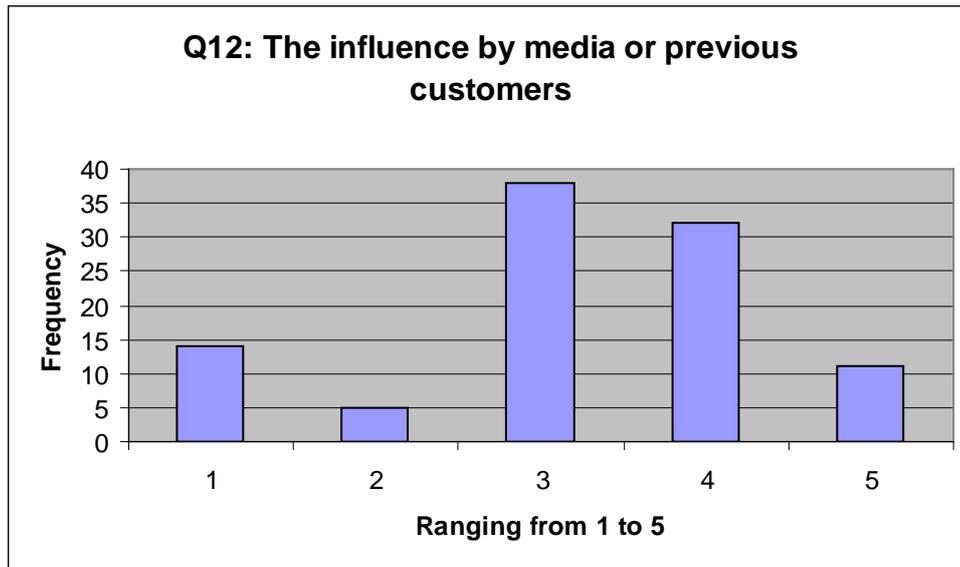
Q12: influence by media or previous customers?	
	Frequency
1	14
2	5
3	38
4	32
5	11
Missing	0
Respondents	100
Mean:	**3,21**

This question shows that the reputation of the company is somewhat important, but it is not ranged as high as the top three factors. The mean is 3,21. If comparing this to question 16 one can see that the factor is ranked a little bit higher - 4,00 - in question 16. Still it is ranked very low compared to the other factors. The company's reputation is also ranked very low in question 11. In fact, all the factors related to the company itself are in general ranked very low.

Q13: Would it be a disadvantage not to see, touch or smell the food/groceries before ordering online?

Would it be a disadvantage not to see, touch or smell the products before ordering them?
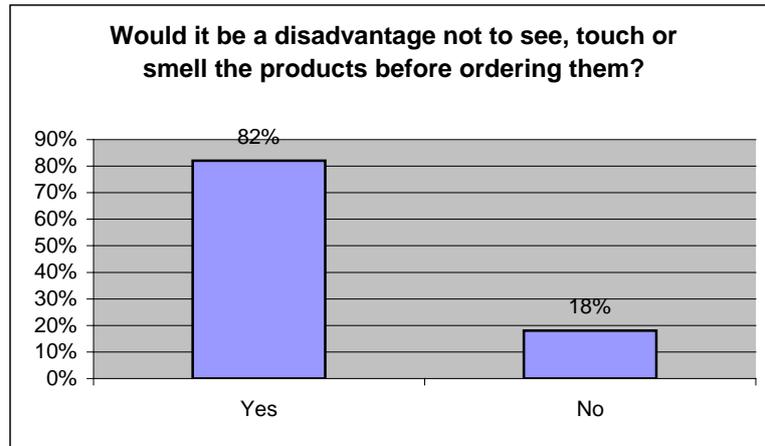
The majority of the respondents, 82%, consider not being able to see, touch or smell the products as a disadvantage. It might be that the respondents see this as a disadvantage either because they want the recreational aspect of shopping, or because they want to see, touch or smell the products in order to be able to personally judge the quality of the products. When studying the responses in previous questions one would believe that the quality of the products is the catch as the quality of the products is ranked among the top five factors in both question 11 and 16.

Q14: What would be important in order to trust an online food/grocery store?

and

Q15: What would be important in order to be loyal to an online food/grocery store?

The responses to the two open questions 14 and 15, where the respondents were asked to mention what would be important in order to trust and be loyal to an online food/grocery store, are very alike.

Good product quality is ranked as the most important factor both when is comes to trust and loyalty.

Trust	Frequency	**Loyalty**	Frequency
Good product quality	30	Good product quality	32
Guaranteed security	16	Good customer service	19
Good customer service	14	Cheaper products	17
Hassle free/always work	10	Correct/fast deliveries	14
Correct/fast deliveries	8	Hassle free/always work	12
Cheaper products	2	Guaranteed security	4
Nothing	9	Nothing	9
I do not know	8	I do not know	8
Missing	19	Missing	19
Total:	116	Total:	134

Later, the responses are a little bit different. The trust derives from guaranteed security, good customer service and no hassle, while the loyalty depends on good customer service, the price and correct/fast deliveries. Any "new" categories than the ones I brought up in my model has not been found.

Once again it is showed that to get the customers to stay long-term and to gain their trust and loyalty it is very important to provide them with products that they are satisfied with as well as to guarantee their security and provide them with good customer service. This shows that both trust and loyalty are very much related to the factors in my research model. However, the price is once again involved in the picture.

Q16: The importance of different factors.

factors	mean
guaranteed safe payments	4,86
good product quality	4,69
guaranteed protected personal information	4,64
good & fast customer service	4,58
good information about product quality & size	4,49
fast delivery	4,41
easy to pay	4,37
good after sales service	4,24
web page easy to use	4,16
web page has nice layout & lucid arrangement	4,01
the company's reputation	4,00
low prices	3,98
web page easy to find	3,51
the company's wilingness to customize	2,23
the company's size	2,02

The most important factors

The less important factors
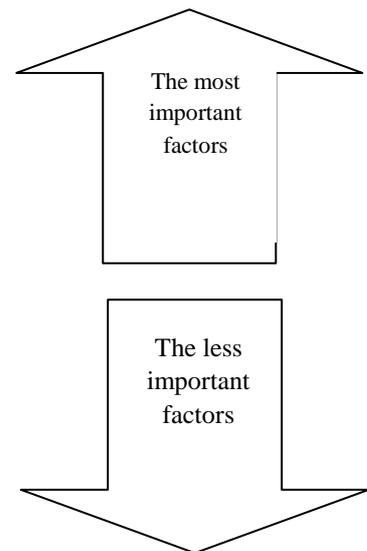
The top three factors in this question is a copy of the top three factors in question 11. The security is once again ranked very high as well as the product quality. There is one big difference and that is that the factor "low prices" is ranked very low, which is a contradiction to the answers to the rest of the questions. The company's role among the trust-factors is also, once again, ranked very low.

Differences between the genders:

factors	mean; male
guaranteed safe payments	4,72
good product quality	4,67
good & fast customer service	4,53
good information about product quality & size	4,47
fast delivery	4,39
factors	**mean; female**
guaranteed safe payments	4,95
guaranteed protected personal information	4,81
good product quality	4,71
good & fast customer service	4,61
good information about product quality & size	4,51

The factor "guaranteed safe payments" is the most important reason among both genders. Good product quality, good information about the product quality and size, and good and fast customer service are also considered important. What differs between the genders is that the factor guaranteed protected personal information that the women ranked as the second most important factor is ranked as the sixth most important factor, with a mean of 4,38, among the men. Instead, the men rank fast deliveries higher than the women do. However, the mean of this factor is higher among the women – 4,43 – compared to the mean 4,39 among the men. In general, women rank the factors higher on the scale than the men do.
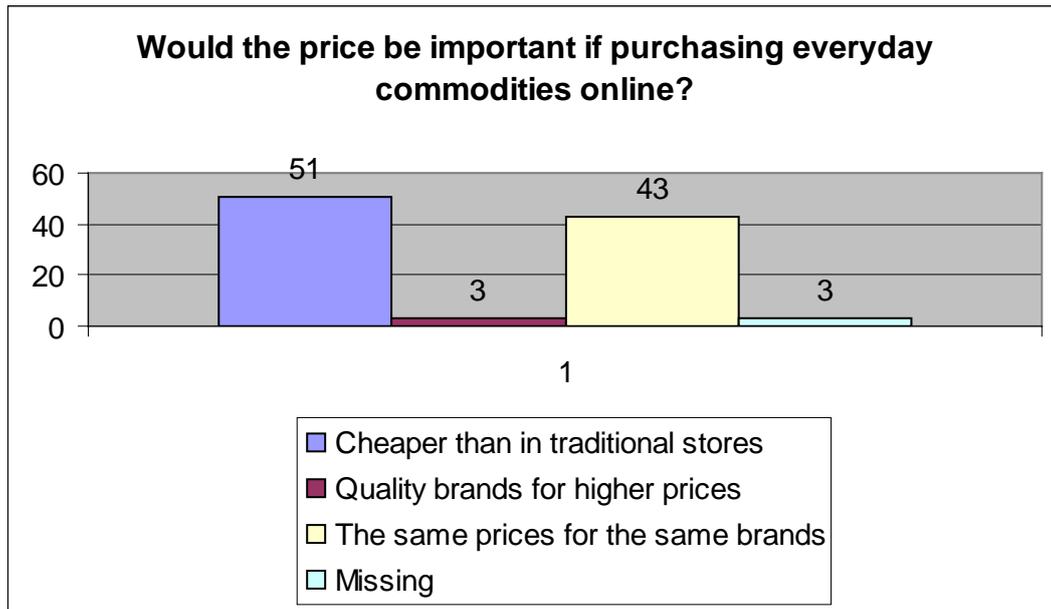
Differences between the age groups:

factors	mean age; 16-24
fast delivery	5,00
good & fast customer service	4,80
good product quality	4,60
factors	**mean age; 25-34**
guaranteed safe payments	4,94
good product quality	4,75
guaranteed protected personal information	4,72
factors	**mean age; 35-44**
guaranteed safe payments	4,94
guaranteed protected personal information	4,75
good information about product quality & size	4,56
factors	**mean age; 45-59**
guaranteed safe payments	4,79
good product quality	4,69
easy to pay	4,54
factors	**mean age; 60-**
guaranteed safe payments	5,00
guaranteed protected personal information	4,85
good product quality	4,75

Again, we can see the same pattern. The security, guaranteed safe payments and protected personal information, are once again ranked very high in every age group. The group where the answers differ a lot from the rest is age group 16-24. These respondents believe that fast deliveries and good customer service are factors that are more important than security. It may be that this young generation does not have the same hesitation and does not distrust the e-commerce to the same extent as the older generations do. And once you overcome the distrust of the security the delivery and service are factors that really matter. Because if the answers from the other age groups are studied one can see that these factors are not ranked far behind the security.

(For full answers see appendix 3.)

Q17: Would the price be important if purchasing everyday commodities online?

Would the price be important if purchasing everyday commodities online?

51	43
3	3

- ☐ Cheaper than in traditional stores
- ☐ Quality brands for higher prices
- ☐ The same prices for the same brands
- ☐ Missing

The majority, 94% (51% + 41%), would want cheaper or equally expensive products as they can find in traditional stores if they would purchase everyday commodities online. Only 3% would be prepared to buy expensive high-quality products.

It seems like the customers take for granted that the online shopping is cheaper than in traditional stores (unless it really is a high-quality product). The world-wide competition is one of the reasons as the customers now reach the whole world with a simple "click", when they before just reached their own region. Comparing foreign products with Swedish products becomes very easy and fast. To ship groceries from abroad is as simple as shipping them from the north of Sweden to the south (as long as there is no restrictions, which I will not discuss in this dissertation).

There is a thread through the questionnaire that shows that the customers want quality products, but at the same time low prices. Good product quality is ranked high throughout the questionnaire, and low prices are not far behind. This question shows the same.

Most of the customers would turn to online food/grocery stores only of they found cheaper quality products than they would find in traditional stores. As the quality of the products is unknown in the online world the customers are perhaps unwilling to pay a higher price as the value (or freshness) of the products cannot be assessed accurately.

Q18: Ranging the trustworthiness of the following types of stores:

	Traditional store	Combined traditional/online store	Pure online store
The most trustworthy store	88	4	3
The second most trustworthy store	5	81	9
The third most trustworthy store	2	10	83

(For full answers see Appendix 3.)

It is clear that the respondents consider the traditional store to be the store that represents more trust. The second most trustworthy store is, also very outstanding, the combined traditional/online store, while the pure online store is the least trustworthy according to the respondents.

One can assume that the information asymmetry plays a role in this. It is harder to trust the online salesman (the computer screen) than it is to trust the traditional salesman (a person). A big reason is possibly also the problems that can occur after the purchase. It is easier to return to a traditional store and talk to a person face-to-face than it is to get in contact with an online store. The same has been shown in previous researches and is just confirmed in my dissertation.

Q19: Is uncertainty about the product quality a reason to why the respondent has never purchased online? The importance should be ranged from 1 to 5, (1 = Not at all, 5 = Very much).

The product quality according to question 19 is a somewhat important factor, but not *very* important. The mean is only 3,11.

When comparing the answers to this question to the answers to question 16, where the respondents range different factors, the results are quite different. The product quality is

ranked as the second most important factor in question 16. The same is shown in question 11 where the mean is as high as 4,69.

When comparing the answer to this question to the answers to question 13, where 82% says that it is a disadvantage to not see, touch or smell the products, and question 11 and 16 one have to assume that these answers are not accurate and that the lack of knowledge of the product quality really is an essential factor.

The "lemon market" and the asymmetric information exist in the traditional world too, but it is more obvious in the online world since the customer completely has to trust the salesman's judgement of the product quality.

Q20: What is the number one reason to why the respondent has never purchased online?

The main reason to why the respondents have never purchased everyday commodities online is simply because they do not know that the possibility exists. 41% give this as the reason. 15% says that they have no need to purchase everyday commodities online and another 15% says that they want to see the product before purchasing it. Only 8% says it is because of security reasons.

(For full answers see Appendix 3.)

7. CONCLUSION

7.1 The most important factors

The most important factors when purchasing everyday commodities online can, according to my research, be listed as follows:
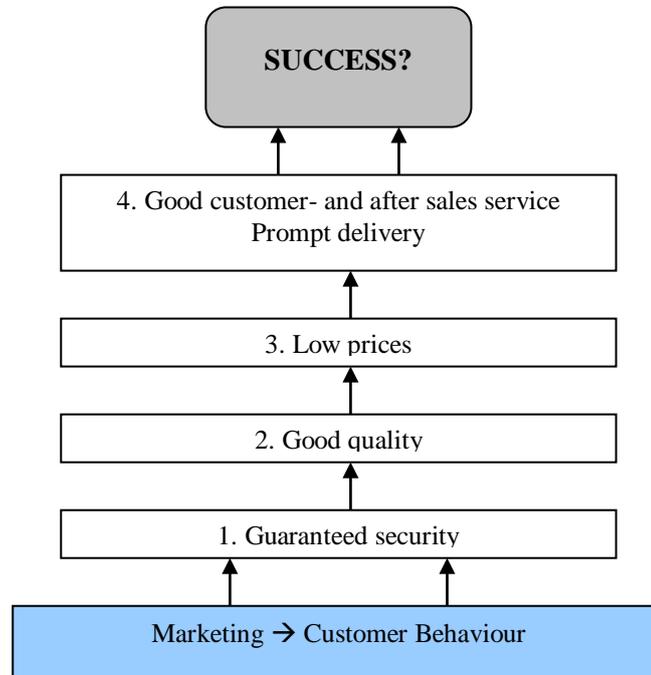

Figure 7.1: The most important factors of trust.

The questionnaire shows that 41% of the respondents say that the number one reason to why they have never purchased everyday commodities online is because they do not know that such possibility exists. Additionally, 99% of the respondents do not know about any e-store in southern Sweden that sells/sold everyday commodities online. None of the respondents has purchased products of this kind online.

The online store has to invest a lot more energy on the marketing to get the customers conscious about the phenomena and the e-store. It is important to change the customer's purchasing behaviour long-term. This change is crucial for the e-commerce with everyday commodities to succeed.

If the company market themselves in a trustworthy way with confidence and with good quality products it can succeed in changing the customer behaviour. The customers will then dare to purchase everyday commodities online, the sales volumes will grow and the prices can be lowered.

1. *The security – guaranteed safe payments and protected personal information*

It is very obvious in my survey that the concerns about electronic payments, such as giving out the credit card details on the Internet, and saving personal information online are great, and that the trust is linked to these factors.

To protect the customers' integrity is, according to Trepper (2000), the most important factor in order to gain the users' trust. The customers are afraid that information such as credit card information, address, social security number etc. is going to be used by unauthorized persons. The security is previously identified as a factor of great importance, and is a big reason to why customers avoid online shopping. This statement is confirmed in my research regarding everyday commodities as well.

It is therefore important that the online company informs the users about that the payments are encrypted and secure, and how the personal information is going to be used. A certification, for example, has a positive impact, and gives the company a more serious image. To for example have pictures of the credit cards that can be used does, according to Rayport & Jaworski (2001), increase the customers' trust.

It can be discussed whether these factors are genuine for e-commerce with everyday commodities, or if this is a general concern in the online world. According to my survey it is shown that the security is the top reason, but there are three other factors that perhaps are equally important when purchasing everyday commodities. These are the product quality, the price and the service.

2. *The product quality*

The product quality is a big concern in the online world in general, but maybe an even bigger concern in the world of e-commerce with everyday commodities. The fact that you only can see the product on a screen makes it hard for the customer to judge if the quality is good or bad before they buy the product. As food and groceries are fresh products the quality becomes even more important.

When a customer is unsure about the quality it is more likely that he or she withdraws from purchasing than it is that he or she purchases with the possibility of becoming disappointed.

The asymmetric information is a big issue in this business, as the customer completely has to trust the seller when it comes to the quality. It is therefore important for the seller to make sure that the food/groceries are fresh when they are handed over to the buyer. It is also important that the seller gives the buyer what he or she pays for if the seller wants to keep the customer as a long-lasting one.

The research also shows that the reason customers want to see, touch and smell the products is not so much that they want the social aspect, but that they want to be able to check the quality of the food and groceries.

3. *The price*

The price is also very important and a relevant factor in this business. This research shows that the customers want products that are cheaper than in traditional stores, or products that have the same price. The majority is not willing to pay for expensive high-quality products.

The advantage the Internet has is that it is very easy to compare the prices of the products. The customers may see this as a source of information about where you find the cheapest products, and not as a place where you purchase this kind of products.

People purchase everyday commodities to satisfy a need and this need can just as well be satisfied in a traditional store. The customers see the e-commerce as a cheaper alternative than the traditional store, and the saving in time as a secondary factor.

The big volumes are crucial to lower the prices of the products, especially since there is an extra cost – the cost that is generated by extra staff that takes care of the orders and is picking the products - that has to be added.

The three above mentioned factors are the ones that are considered the most important ones according to this research. However, there is one more factor that is ranked fairly high throughout the questionnaire:

4. The service – customer- and after sales service and the delivery

The customer service and after sales service show that the company cares about its customers and it inspires the customers with confidence. The service also decreases the company's anonymity that exists online. As has been mentioned before this factor is especially important online since it is much harder to trust the online salesman (the website) than it is to trust a human being in the traditional store.

The service itself might not be especially important in e-commerce with everyday commodities; however, the delivery becomes a much more important factor in the e-commerce with food/groceries. This factor is ranked quite high throughout the questionnaire.

Everyday commodities are products that are more complicated to deliver, as they have to be handled differently than other products. The online company faces different challenges than the traditional company because of the temperature the products have to be kept in, the way they have to be packed and the time it takes to deliver them. The temperature when delivering food and groceries is an especially critical factor as many of the products have to be stored accurately and kept refrigerated. The delivery, therefore, has to be fairly fast.

In other words, the delivery has to be exceptionally good and attract the customers. The customers want prompt deliveries "on time". Another important factor is that the person who is handing over the products to the customer has to represent trust.

- Less important factors

The result shows that there are factors that are less important than the above mentioned. That does, however, not mean that they are not important at all.

The company's reputation, size and willingness to customize are factors that are considered less important and are ranked among the least important factors throughout the questionnaire. It might be that the size of the company does not matter as long as the promises are kept, and the willingness to customize is not very important in this business since the customers only want a cheap core product. The company's reputation is ranked a little bit higher. According to McKnight & Choudhury (2002) a third party is often involved if the user hesitates and needs advice about an online store, and family, friends or a third part such as opinions in a newspaper or on a website often have a big influence.

According to Jarvenpaa & Tractinsky (1999) a good reputation demands long-term investments and have a big influence on the customers' trust to a website. Both a negative and a positive reputation influence the customer, but a negative reputation influences the customer more negatively than a positive reputation influences the customer positively.

Other factors that have to do with the website, such as the *accessibility, ease of use and image/website design* are also ranked quite low.

Trepper (2000) states that these factors have a great impact on trust. However, according to the result in my research they do not affect the trust to a very great extent. It does affect the users, but not so much the trust, but more what the users think about the functionality of the website.

Supposedly the customers are satisfied with a website that works ok, and are more concerned about the security.

7.2 Is the failure of e-commerce with everyday commodities really a consequence of the consumers' lack of trust?

When the respondents in the last question of the questionnaire give the number one reason to why they have never purchased everyday commodities online 41% say that it is because they do not know that such possibility exists. Additionally, 99% of the respondents do not know about any e-store in Skåne that sells/sold everyday commodities online, and none of the respondents has purchased products of this kind online.

It can be discussed if this really is a problem related to the customers' hesitation and distrust, or if the failure of e-commerce with everyday commodities is a consequence of bad marketing?

The poor marketing and customers that chose to keep their traditional ways of purchasing was possibly one of the reasons to the failure in the beginning of 2000. The customer behaviour, especially in the e-commerce of everyday commodities, is very complex and conservative, and maybe the users did not get enough time to change this behaviour.

This research shows that the newcomers in this market have to put a lot of focus on marketing themselves so that the potential customers know that they exist. 47% of the respondents in my survey would consider purchasing everyday commodities online if they had the possibility and knowledge about an online food/grocery store. That is quite a high figure since none of them actually has done it.

When it comes to the remaining 53% that never would consider purchasing everyday commodities online the result shows that it is partly a security-issue, but also an issue of "not knowing what you are getting" – the unknown quality. The "lemon market" makes it hard for the customers to be sure to get good quality products. The price is also an important factor as the customers want low-price products.

7.3 The future of e-commerce with everyday commodities

In the beginning of 2000, when the market-leaders entered the online market, they all decided to invest large-scale, to capture a lot of customers and reach big volumes. The big volumes are crucial in the business with everyday commodities as the margins are low. As the volumes did not reach the expected ones the retailers faced great losses and chose to withdraw.

None of the Swedish market-leaders in this business was, when I contacted those 2006, planning to recapture the online market then or in the nearest future. The huge overconfidence and the misleading researches of the business that showed excellent forecasts during the beginning of 2000, but lead to a huge failure was still remembered. Today (2008) the three Swedish market leaders ICA, Axfood and Coop have either once again entered the market small-scale or is planning to enter the market again (see chapter 3.2.1.).

7.3.1 What to think about as on online company in this business

Once the online company has made sure to market itself, and made sure that the potential customers know that it exists, then all the above mentioned factors have to be taken into account because they are all connected. The marketing of the company is essential. With the marketing the potential customers have to be introduced to the company, not only to try the products, but also to stay and be loyal instead of falling back to old habits. Second, the company also has to convince the customers to dare to give out the personal and credit card information because without trusting the security the customers will not care about the good product quality or low prices. The online food/grocery store must present trust to gain the customers' confidence.

To gain the customers' trust the online company has to clearly inform the customer about the guarantees he or she has, about the rights and duties he or she has and give a serious and trustworthy impression. We know that the security is the most important issue, and the company should therefore make sure to explain the secure payment procedures and how the personal information is going to be handled.

The delivery is also very crucial when dealing with everyday commodities. The delivery has to be prompt and "on time". Given promises should always be kept.

When the trust is there the price and the quality is very important. The actual quality has to match the promised quality, and the prices have to be the same or lower than in traditional stores.

The younger age groups have a more natural relation to computers and the Internet, and the approach to this group must be different from the approach the company uses towards the older age groups. The younger group sees it as more normal to purchase products online and see factors such as the delivery, service and quality as more important than the security. The older groups are more challenging. The computer and the Internet are not a natural part of their lives and it takes a lot more effort to convince them that the Internet is a trustworthy and secure place where it is actually possible to do this kind of shopping.

7.4 Comments about the generalization of the research

It is easier to make generalizations when using a questionnaire than when studying a phenomenon the qualitative way for example by conducting interviews. In a research like this it is impossible to ask all the people in the population, which in my case would be the whole population of southern Sweden. Therefore, I have to choose to ask a certain sample. The answers of this sample have to count for the population as a whole. The bigger the sample is, the better you can generalize about the population.

According to Saunders & Lewis (2003) it is only possible to generalize a population if a randomly picked sample is used. However, they say, even though the sample is chosen randomly there is still a risk of distortion when conducting questionnaires.

I have in my research handed out the questionnaires during a period of time, not just only during one day. I have also visited many different grocery stores. My sample was also picked randomly by a method called the convenience sampling method as can be read in chapter 5.2.3. The questionnaire itself contains mostly closed questions and only a few questions are open. This also decreases the possible distortion.

As commented in chapter 5 there has not been any decline in the number of responses received during the research. This since I kept asking respondents to fill out the questionnaire until the number of 100 was reached. It has to be pointed out, though, that all the people I asked were not willing, or did not have time, to fill it out. I am unfortunately not able to examine why they did not want to participate in the research, if they had something in common, or if the reason to the decline depended on something special.

However, I would say that the research makes it possible to paint an overall picture of what, in broad terms, the typical client, or at least the typical client in the southern part of Sweden perceive as the most important factors when it comes to e-commerce with everyday commodities.

7.5 My own reflections of the study

I will in this section bring out my own reflections, as well as weaknesses and deficiencies, of the study.

By conducting this study I have realized that the trust still is an issue that has a restraining influence on the growth of online shopping with everyday commodities. I have also learnt that the *marketing* is the elementary factor. As I did not consider this factor in my research model it can be seen as a weakness in my dissertation. I put the focus solely on the factors of trust, and I did not consider this aspect at all.

Another deficiency in my dissertation is that even though I planned to let respondents both with and without experience of e-commerce with everyday commodities answer the questionnaire this did not happen. I did only find respondents without experience, and therefore I was not able to compare the two groups.

My purpose of this dissertation was to contribute with information about the online e-commerce with everyday commodities, and thereby facilitate for the companies in their development-process of creating trustworthy online "commercial centres". I believe I do that

by highlighting the different trust-factors and by explaining how they influence the customers.

I also believe that my study is of great significance. The new entrants as well as the existing actors on the market can see this research as a hint of what to focus on to succeed. I also bring up another dimension, as I mentioned earlier, which is the marketing. This is a fundamental factor and the online actors have to be aware of that it takes time to change the customers' purchasing behaviour, and that it is not possible to win them over overnight.

My belief is that my research questions are well answered. By comparison with former researches I see my dissertation as a more complete study of the trust-factors. The former studies that I have read often only focus on a couple of the factors at a time. I will not deny, however, there are a lot of other questions around this subject (see my recommendations of future research) that would help the online actors understand the problem.

The study is characteristic of its time. There are constant changes in the customers' attitudes. I am therefore quite sure that the result would be very different if a replica would be conducted in 5, 10 or 20 years when the next generation has grown up. It is going to be very interesting to follow the development of the phenomena now when the market leaders once again invest in this. Is it going to succeed this time, or is it once again going to be a fiasco?

7.6 Future research

It would be interesting to do a survey with more respondents and possibly more variables; or to investigate the term trust through the seller's perspective instead if through the customer's perspective. A deeper research and analysis of the respondents with experience of e-commerce with everyday commodities, their negative and positive perceptions, and how they see the future market would also be interesting.

Cross-cultural or international differences in trust perception are other areas. Since the web eliminates physical barriers one might think that the differences in trust perception also disappear. But are the psychological barriers eliminated? And how should a company build up a website to fit each region's or culture's needs.

A more qualitative research of the online customers' behaviour, and a deeper study of why they chose to purchase electronically is another way to approach the subject. It would also be interesting to study the first-time-users' behaviour - how they perceive and interpret a website and how their decision-making process looks.

Another recommendation is to look at how trust develops over time through repeated experiences, or how a company's website can increase the antecedents of trust.

To focus on only one type of risk would be of interest. The most important issue of e-commerce seems to be the financial risks (losing money), but functional risks (receiving incomplete or damaged products) or time risk (delivery delays or difficult returns) are also of interest.

It would also be possible to map the success factors by studying an online food /grocery store that actually has succeeded, such as Tesco in the UK for example.

As my study showed that the marketing is the elementary factor it is recommended to study this subject and its relevance with e-commerce with everyday commodities closer. Finally, it would be of great interest to conduct a replica of the study in 5, 10 or 20 years. It would hereby be possible to see the changes in the customers' online purchasing behaviour, how the market has developed over time and which factors are important in the future. Since e-commerce constantly changes and the customers' attitudes and values also change in a relatively fast pace this would create value and guidelines for the actors on the market.

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APPENDIX 1 – The Questionnaire

Research regarding customer's trust of e-commerce with everyday commodities

1. Gender: ☐Male ☐Female

2. Age: ☐16-24 ☐25-34 ☐35-44 ☐45-59 ☐60-

3. Where do you have access to Internet?
☐At home ☐At school
☐At work ☐Other: _____

4. How often do you use Internet per week?
☐Less than 5 hours ☐5-10 hours
☐10-20 hours ☐More than 20 hours

5. How important is trust to the website and the company behind it to you in order to purchase online? *(1 = Not important, 5 = Very important)*

1 2 3 4 5

6. Have you ever purchased products online?

☐Yes ☐No If no, why not? Answer:_____

6b. If yes, what? *(If many, please mark the 3 most frequent purchases.)*

☐Beauty products ☐Flowers ☐Toys
☐Books ☐Furniture ☐Travels
☐CD's ☐Wine and Spirits ☐VHS's and DVD's
☐Clothes & Shoes ☐Home electronics ☐Other: _____
☐Computers & Components ☐Tickets (entertainment)

6c. If yes, what is the reason to why you have purchased this/these products online?

Answer:_____

6d. If yes, how often do you purchase products online?
☐Less than 3 times/year
☐3-6 times/year
☐7-15 times/year
☐More than 15 times/year

7. Do you know if there is any e-store that sells/sold everyday commodities in Skå**ne?**

☐Yes If yes, which one?_____ ☐No

8. <u>Have you</u> ever purchased perishables and groceries online?

☐Yes ☐No

If no, please go to page 2 (question 9).

If yes, please go to page 4 (question 21).

I have <u>never</u> purchased groceries or perishables online.

9. <u>Would you</u> ever consider purchasing perishables and groceries online in the future?

☐Yes   ☐No

If no, why not?

Answer:_____

10. What would make you purchase everyday commodities online?

Answer:_____

11. Which three aspects would be the most important ones for you to purchase everyday commodities online? *(Rank the 3 most important ones, 1 = most important)*

☐The company's size.   ☐Good and fast customer service.
☐The company's reputation.   ☐Good after sales service.
☐The company's willingness to customize.   ☐Fast delivery.
☐Web page is easy to find.   ☐Good information about product
☐Web page is easy to use.   quality and size.
☐Web page has nice layout and lucid arrangement. ☐Low prices.
☐Guaranteed protected personal information.   ☐Good product quality.
☐Easy to pay.   ☐Guaranteed safe payment.
☐Other:_____

12. Would you be influenced by what the media or previous customers write or say about e-commerce with everyday commodities and specific e-stores?
(1 = Not at all, 5 = Very much)

1   2   3   4   5

13. Would it be a disadvantage that you could not see, touch or smell the food/groceries before ordering them online?

☐Yes   ☐No

14. What would be important to you in order to trust an online food/grocery store?

Answer:_____

15. What would be important to you in order to be loyal to an online food/grocery store?

Answer:_____

16. How important would the below aspects be when purchasing everyday commodities online?
(1 = Not important, 5 = Very important)

• The company's size.	1 2 3 4 5
• The company's reputation.	1 2 3 4 5
• The company's willingness to customize.	1 2 3 4 5
• Web page is easy to find.	1 2 3 4 5
• Web page is easy to use.	1 2 3 4 5
• Web page has nice layout and lucid arrangement.	1 2 3 4 5
• Guaranteed protected personal information.	1 2 3 4 5
• Easy to pay.	1 2 3 4 5
• Guaranteed safe payment.	1 2 3 4 5
• Good and fast customer service.	1 2 3 4 5
• Good after sales service.	1 2 3 4 5
• Fast delivery.	1 2 3 4 5
• Good information about product quality and size.	1 2 3 4 5
• Low prices.	1 2 3 4 5
• Good product quality.	1 2 3 4 5

17. Would the price be important to you when purchasing everyday commodities online?

☐ Yes, it has to be cheaper than in traditional stores.
☐ No, it has to be quality brands for higher prices.
☐ It has to be the same brands for the same prices.

18. Range the trustworthiness of the following types of stores:
(1 = most trustworthy, 3 = least trustworthy)

__Traditional store
__Pure online store
__Combined traditional/online store

19. Is the uncertainty about the quality of the products a reason to why you have never purchased everyday commodities online?
(1 = Not at all, 5 = Very much)

1   2   3   4   5

20. What is the number one reason to why you have never purchased everyday commodities online?

Answer:_____

Thank you for your cooperation!

I <u>have</u> purchased groceries or perishables online.

21. When did you purchase everyday commodities online for the first time?

Answer:_____

    g. Which store was it?

    Answer:_____

    h. Was it a positive/negative experience?

    ☐Positive ☐Negative

    i. Have you purchased everyday commodities from that e-store again?

    ☐Yes   ☐No

    j. Why/why not?

    Answer:_____

    k. Will you purchase from that e-store again in the future?

    ☐Yes   ☐No

    l. Why/why not?

    Answer:_____

22. What made you purchase everyday commodities online for the first time?

Answer:_____

23. Which three aspects are the most important ones when you purchase everyday commodities online? *(Rank the 3 most important ones, 1 = most important)*

☐The company's size.
☐The company's reputation.
☐The company's willingness to customize.
☐Web page is easy to find.
☐Web page is easy to use.
☐Web page has nice layout and lucid arrangement.
☐Guaranteed protected personal information.
☐Easy to pay.
☐Other:_____

☐Good and fast customer service.
☐Good after sales service.
☐Fast delivery.
☐Good information about product
quality and size.
☐Low prices.
☐Good product quality.
☐Guaranteed safe payment.

24. Are you influenced by what the media or previous customers write or say about e-commerce with everyday commodities and specific e-stores?
(1 = Not at all, 5 = Very much)

1   2   3   4   5

25. Is it a disadvantage that you cannot see, touch or smell the food/groceries before ordering them online?

☐Yes   ☐No

26. What is important to you in order to trust an online food/grocery store?

Answer:_____

27. What is important to you in order to be loyal to an online food/grocery store?

Answer:_____

28. How important are the below aspects when purchasing everyday commodities online?
(1 = Not important, 5 = Very important)

•	The company's size.	1	2	3	4	5
•	The company's reputation.	1	2	3	4	5
•	The company's willingness to customize.	1	2	3	4	5
•	Web page is easy to find.	1	2	3	4	5
•	Web page is easy to use.	1	2	3	4	5
•	Web page has nice layout and lucid arrangement.	1	2	3	4	5
•	Guaranteed protected personal information.	1	2	3	4	5
•	Easy to pay.	1	2	3	4	5
•	Guaranteed safe payment.	1	2	3	4	5
•	Good and fast customer service.	1	2	3	4	5
•	Good after sales service.	1	2	3	4	5
•	Fast delivery.	1	2	3	4	5
•	Good information about product quality and size.	1	2	3	4	5
•	Low prices.	1	2	3	4	5
•	Good product quality.	1	2	3	4	5

29. Is the price important when purchasing everyday commodities online?

☐Yes, it has to be cheaper than in traditional stores.
☐No, it has to be quality brands for higher prices.
☐It has to be the same brands for the same prices.

30. Range the trustworthiness of the following types of stores:
(1 = most trustworthy, 3 = least trustworthy)

☐Traditional store
☐Pure online store
☐Combined traditional/online store

31. Why do you purchase everyday commodities online?

Answer:_____

Thank you for your cooperation!

APPENDIX 2 – The Codebook

General Questions

Question   Response Number

99 = Missing Value *(Will be used throughout the questionnaire if answers are missing.)*

Q1.   *Gender*
    1 = Male
    2 = Female

Q2.   *Age*
    1 = 16-24
    2 = 25-34
    3 = 35-44
    4 = 45-59
    5 = 60-

Q3.   *Where does the respondent have access to Internet?*
    1 = At home
    2 = At school
    3 = At work
    4 = Other

Q4.   *How often does the respondent use Internet/week?*
    1 = Less than 5 hours
    2 = 5-10 hours
    3 = 10-20 hours
    4 = More than 20 hours

Q5.   *How important is trust to the website and the company behind it?*
    1 = 1 (Not important)
    2 = 2
    3 = 3
    4 = 4
    5 = 5 (Very important)

Q6.   *Has the respondent ever purchased products online?*
    1 = Yes
    2 = No
    0 = Open answer – if no, why not?

Q6b.   *If yes, what?*
    1 = Beauty products
    2 = Flowers
    3 = Toys
    4 = Books
    5 = Furniture

6 = Travels
7 = CD's
8 = Wine and Spirits
9 = VHS's and DVD's
10 = Clothes & Shoes
11 = Home electronics
12 = Computers
13 = Tickets (entertainment)
0 = Open answer - Other

Q6c.   *If yes, what is the reason why the respondent has purchased this/these products online?*
1 = Open answer present

Q6d.   *If yes, how often does the respondent purchase products online?*
1 = Less than 3 times/year
2 = 3-6 times/year
3 = 7-15 times/year
4 = More than 15 times/year

Q7.   *Does the respondent know if there is any e-store that sells/sold everyday commodities in Skåne?*
1 = Yes
0 = Open answer – if yes, which one?
2 = No

Q8.   *Has the respondent ever purchased <u>everyday commodities</u> online?*
1 = Yes
2 = No

Inexperienced Respondent

Q9.   *Would the respondent ever consider purchasing everyday commodities online?*
1 = Yes
2 = No
0 = Open answer – if no, why not?

Q10.   *What would make the respondent purchase everyday commodities online?*
1 = Open answer present

Q11.   *Which three aspects would be the most important ones for the respondent to purchase everyday commodities online?*

(Three different columns will be used.)

Aspect no 1	Aspect no 2	Aspect no 3

1 = The company's size.
2 = Good and fast customer service.
3 = The company's reputation.
4 = Good after sales service.
5 = The company's willingness to customize.
6 = Fast delivery.
7 = Web page is easy to find.
8 = Good information about product quality and size.
9 = Web page is easy to use.
10 = Web page has nice layout and lucid arrangement
11 = Low prices.
12 = Guaranteed protected personal information.
13 = Good product quality.
14 = Easy to pay.
15 = Guaranteed safe payment.
0 = Open answer - Other

Q12. *Would the respondent be influenced by what the media or previous customers write or say about e-commerce with everyday commodities and specific e-stores?*
  1 = 1
  2 = 2
  3 = 3
  4 = 4
  5 = 5

Q13. *Would it be a disadvantage that the respondent could not see, touch or smell the food/groceries before ordering them online?*
  1 = Yes
  2 = No

Q14. *What would be important to the respondent in order to trust an online food/grocery store?*
  1 = Open answer present

Q15. *What would be important to the respondent in order to be loyal to an online food/grocery store?*
  1 = Open answer present

Q16. *How important would the below aspects be when purchasing everyday commodities online?*
The company's size.
  1 = 1 (Not important)
  2 = 2
  3 = 3
  4 = 4
  5 = 5 (Very important)

The company's reputation.
 1 = 1
 2 = 2
 3 = 3
 4 = 4
 5 = 5
The company's willingness to customize.
 1 = 1
 2 = 2
 3 = 3
 4 = 4
 5 = 5
Web page is easy to find.
 1 = 1
 2 = 2
 3 = 3
 4 = 4
 5 = 5
Web page is easy to use.
 1 = 1
 2 = 2
 3 = 3
 4 = 4
 5 = 5
Web page has nice layout and lucid arrangement.
 1 = 1
 2 = 2
 3 = 3
 4 = 4
 5 = 5
Guaranteed protected personal information.
 1 = 1
 2 = 2
 3 = 3
 4 = 4
 5 = 5
Easy to pay.
 1 = 1
 2 = 2
 3 = 3
 4 = 4
 5 = 5
Guaranteed safe payment.
 1 = 1
 2 = 2
 3 = 3
 4 = 4
 5 = 5

Good and fast customer service.
 1 = 1
 2 = 2
 3 = 3
 4 = 4
 5 = 5
Good after sales service.
 1 = 1
 2 = 2
 3 = 3
 4 = 4
 5 = 5
Fast delivery.
 1 = 1
 2 = 2
 3 = 3
 4 = 4
 5 = 5
Good information about product quality and size.
 1 = 1
 2 = 2
 3 = 3
 4 = 4
 5 = 5
Low prices.
 1 = 1
 2 = 2
 3 = 3
 4 = 4
 5 = 5
Good product quality.
 1 = 1
 2 = 2
 3 = 3
 4 = 4
 5 = 5

Q17.   *Would the price be important to the respondent when purchasing everyday commodities online?*
    1 = Yes, it has to be cheaper than in traditional stores.
    2 = No, it has to be quality brands for higher prices.
    3 = It has to be the same prices and the same brands.

Q18.   *Range the trustworthiness of the following types of stores:*

    (Three different columns will be used.)

Aspect no 1	Aspect no 2	Aspect no 3

1 = Traditional store
2 = Pure online store
3 = Combined traditional/online store

Q19. ***Is the uncertainty about the quality of the products a reason to why the respondent has never purchased everyday commodities online?***

1 = 1 (Not at all)
2 = 2
3 = 3
4 = 4
5 = 5 (Very much)

Q20. ***What is the reason to why the respondent has never purchased everyday commodities online?***
1 = Open answer present

Experienced Respondent

Q21. ***When did the respondent purchase everyday commodities online for the first time?***
1 = Open answer present

Q21a. ***Which store was it?***
1 = Open answer present

Q21b. ***Was it a positive/negative experience?***
1 = Positive
2 = Negative

Q21c. ***Has the respondent purchased everyday commodities from that e-store again?***
1 = Yes
2 = No

Q21d. ***Why/why not?***
1 = Open answer present

Q21e. ***Will the respondent purchase from that e-store again in the future?***
1 = Yes
2 = No

Q21f. ***Why/why not?***
1 = Open answer present

Q22. ***What made the respondent purchase everyday commodities online for the first time?***
   1 = Open answer present

Q23. ***Which three aspects are the most important ones for the respondent to purchase everyday commodities online?***

(Three different columns will be used.)

Aspect no 1	Aspect no 2	Aspect no 3

   1 = The company's size.
   2 = Good and fast customer service.
   3 = The company's reputation.
   4 = Good after sales service.
   5 = The company's willingness to customize.
   6 = Fast delivery.
   7 = Web page is easy to find.
   8 = Good information about product quality and size.
   9 = Web page is easy to use.
   10 = Web page has nice layout and lucid arrangement
   11 = Low prices.
   12 = Guaranteed protected personal information.
   13 = Good product quality.
   14 = Easy to pay.
   15 = Guaranteed safe payment.
   0 = Open answer - Other

Q24. ***Is the respondent influenced by what the media or previous customers write or say about e-commerce with everyday commodities and specific e-stores?***
   1 = 1 (not at all)
   2 = 2
   3 = 3
   4 = 4
   5 = 5 (very much)

Q25. ***Is it a disadvantage that the respondent could not see, touch or smell the food/groceries before ordering them online?***
   1 = Yes
   2 = No

Q26. ***What is important to the respondent in order to trust an online food/grocery store?***
   1 = Open answer present

Q27. ***What is important to the respondent in order to be loyal to an online food/grocery store?***
   1 = Open answer present

Q28.   ***How important are the below aspects be when purchasing everyday commodities online?***

The company's size.
  1 = 1 (Not important)
  2 = 2
  3 = 3
  4 = 4
  5 = 5 (Very important)

The company's reputation.
  1 = 1
  2 = 2
  3 = 3
  4 = 4
  5 = 5

The company's willingness to customize.
  1 = 1
  2 = 2
  3 = 3
  4 = 4
  5 = 5

Web page is easy to find.
  1 = 1
  2 = 2
  3 = 3
  4 = 4
  5 = 5

Web page is easy to use.
  1 = 1
  2 = 2
  3 = 3
  4 = 4
  5 = 5

Web page has nice layout and lucid arrangement.
  1 = 1
  2 = 2
  3 = 3
  4 = 4
  5 = 5

Guaranteed protected personal information.
  1 = 1
  2 = 2
  3 = 3
  4 = 4
  5 = 5

Easy to pay.
  1 = 1
  2 = 2
  3 = 3
  4 = 4
  5 = 5

Guaranteed safe payment.
  1 = 1
  2 = 2
  3 = 3
  4 = 4
  5 = 5
Good and fast customer service.
  1 = 1
  2 = 2
  3 = 3
  4 = 4
  5 = 5
Good after sales service.
  1 = 1
  2 = 2
  3 = 3
  4 = 4
  5 = 5
Fast delivery.
  1 = 1
  2 = 2
  3 = 3
  4 = 4
  5 = 5
Good information about product quality and size.
  1 = 1
  2 = 2
  3 = 3
  4 = 4
  5 = 5
Low prices.
  1 = 1
  2 = 2
  3 = 3
  4 = 4
  5 = 5
Good product quality.
  1 = 1
  2 = 2
  3 = 3
  4 = 4
  5 = 5

Q29.   *Is the price important to the respondent when purchasing everyday commodities online?*
    1 = Yes, it has to be cheaper than in traditional stores.
    2 = No, it has to be quality brands for higher prices.
    3 = It has to be the same prices and the same brands.

Q30. ***Range the trustworthiness of the following types of stores:***

(Three different columns will be used.)

Aspect no 1	Aspect no 2	Aspect no 3

1 = Traditional store
2 = Pure online store
3 = Combined traditional/online store

Q31. ***Why does the respondent purchase everyday commodities online?***
1 = Open answer present

Appendix 3 – **Selected Complete Answers of the Questionnaire**

Q6: If no, why not?

	Frequency
Do not trust	6
Want to see and touch the products	5
No need	5
Do not have Internet	1
No price difference	1
Missing	5
Total:	23

Answers from the 23 respondents (of the 100), who have never purchased products online.

Q6c: The reason to why the respondents have purchased the products online.

	Frequency
More convenient (easy and fast)	28
Cheaper	27
More comfortable	22
Faster	9
Better range of products	5
Time-saving	3
Better information about the products	3
Products do not exist in Sweden	3
Always accessible	1
Product not found in a traditional store	1
Faster delivery and easier payment	1
Missing	25
Total:	128

Answers from 100 respondents, 25 missing answers (of these 23 of the respondents have never purchased online; that is, answers from 2 of the respondents who have purchased products online are missing). If more than one factor was mentioned by the respondent, then more than one factor will be brought up – more than 75 answers will therefore be presented.

Q9: Would the respondent ever purchase everyday commodities online? If no, why not?

	Frequency
I want to see the product	33
Bad planning of purchasing/I shop on an impulse	4
I do not trust it, not secure	4
I have no interest in the Internet	3
Social aspects	2
Traditional store works good, no interest in online shopping	2
It seems hard	1
Missing	51
Total:	100

47 of the 100 respondents would never consider purchasing everyday commodities online. 51 answers were missing; that is, 4 of the respondents have chosen not to answer this question.
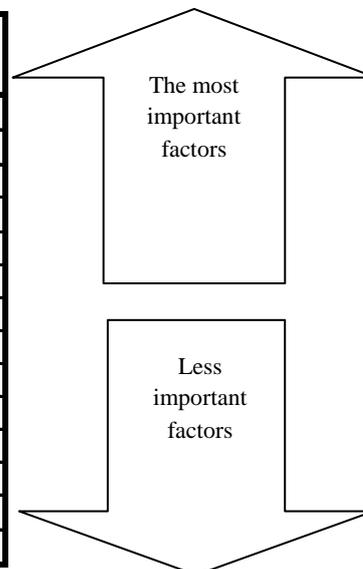
Q10: What would make the respondent purchase everyday commodities online?

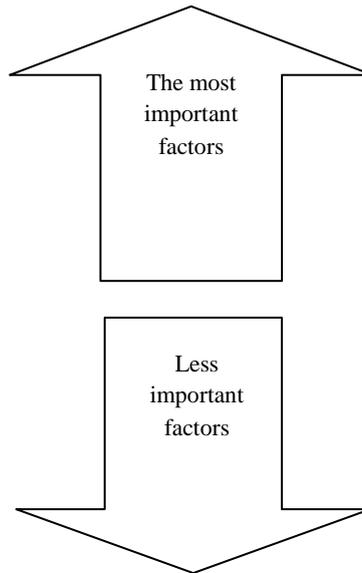|	Frequency
Cheaper products	17
Fast/prompt deliveries	14
No other possibilities	9
Guaranteed security	7
Simple and hassle free	7
Better knowledge about the possibilities	6
Good product quality	4
Free delivery	4
Good offers	2
Good range of products	1
Lack of time	1
Nothing	19
I do not know	10
Missing	13
Total:	114

If more than one factor was mentioned by the respondent, then more than one factor will be brought up – more than 100 answers will therefore be presented.

Q11: Which three aspects would be the most important ones if purchasing everyday commodities online?

Ranged as the number one factor:	Frequency
Guaranteed safe payment	29
Good product quality	19
Guaranteed protected personal info	14
Low prices	8
Missing	7
The company's reputation	5
Good info about product quality & size	5
Good & fast customer service	4
Fast delivery	3
Web page is easy to use	2
The company's size	1
Good after sales service	1
Web page is easy to find	1
Easy to pay	1

The most important factors

Less important factors

Ranged as the second most important factor:	Frequency
Good product quality	22
Guaranteed protected personal info	16
Guaranteed safe payment	14
Low prices	12
Good & fast customer service	7
Web page is easy to use	7
Missing	7
Good info about product quality & size	6
Fast delivery	4
The company's reputation	2
Good after sales service	1
Web page is easy to find	1
Easy to pay	1

The most important factors

Less important factors

Ranged as the third most important factor:	Frequency
Good product quality	17
Fast delivery	15
Low prices	13
Good & fast customer service	11
The company's reputation	7
Good info about product quality & size	7
Guaranteed safe payment	7
Missing	7
Web page is easy to use	4
Guaranteed protected personal info	4
Good after sales service	3
Web page has nice layout & lucid arrangement	2
The company's size	1
Web page is easy to find	1
Easy to pay	1

The most important factors

Less important factors
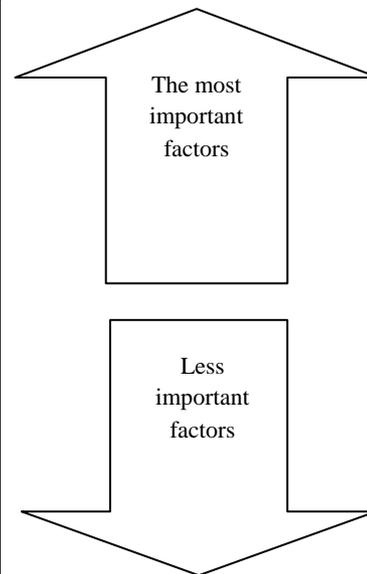
Q14: What would be important in order to trust an e-store?

	Frequency
Good product quality	30
Guaranteed security	16
Good customer service	14
Hassle free/always work	10
Correct/fast deliveries	8
Cheaper products	2
Nothing	9
I do not know	8
Missing	19
Total:	116

If more than one factor was mentioned by the respondent, then more than one factor will be brought up – more than 100 answers will therefore be presented.

Q15: What would be important in order to be loyal to an e-store?

	Frequency
Good product quality	32
Good customer service	19
Cheaper products	17
Correct/fast deliveries	14
Hassle free/always work	12
Guaranteed security	4
Nothing	9
I do not know	8
Missing	19
Total:	134

If more than one factor was mentioned by the respondent, then more than one factor will be brought up – more than 100 answers will therefore be presented.
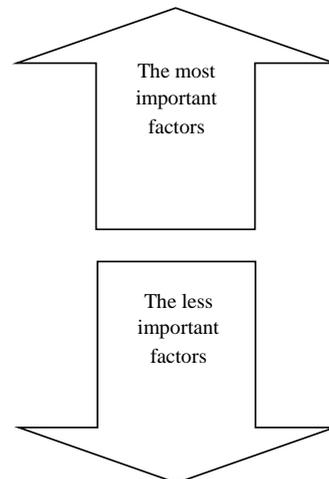
Q16: The most important factors/

- Gender

factors	mean; male
guaranteed safe payments	4,72
good product quality	4,67
good & fast customer service	4,53
good information about product quality & size	4,47
fast delivery	4,39
guaranteed protected personal information	4,38
easy to pay	4,28
good after sales service	4,19
web page easy to use	4,03
the company's reputation	3,94
web page has nice layout & lucid arrangement	3,94
low prices	3,92
web page easy to find	3,25
the company's wilingness to customize	2,14
the company's size	2,03
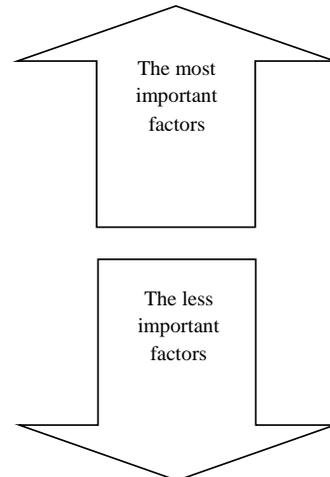
The most important factors

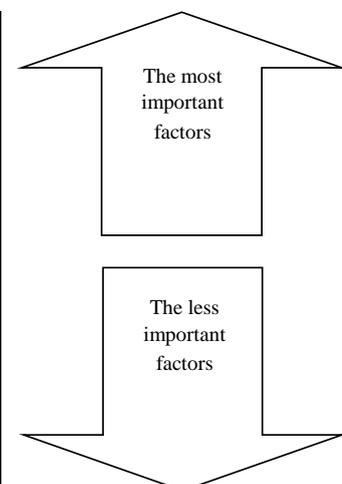The less important factors

factors	mean; female
guaranteed safe payments	4,95
guaranteed protected personal information	4,81
good product quality	4,71
good & fast customer service	4,61
good information about product quality & size	4,51
fast delivery	4,43
easy to pay	4,42
good after sales service	4,26
web page easy to use	4,25
web page has nice layout & lucid arrangement	4,05
the company's reputation	4,04
low prices	4,02
web page easy to find	3,68
the company's wilingness to customize	2,28
the company's size	2,02

The most important factors

The less important factors

- Age

factors	mean age; 16-24
fast delivery	5,00
good & fast customer service	4,80
good product quality	4,60
web page easy to use	4,20
guaranteed safe payments	4,20
good information about product quality & size	4,20
web page has nice layout & lucid arrangement	4,00
easy to pay	4,00
good after sales service	4,00
low prices	4,00
guaranteed protected personal information	3,80
the company's reputation	3,60
web page easy to find	3,60
the company's wilingness to customize	1,80
the company's size	1,40

The most important factors

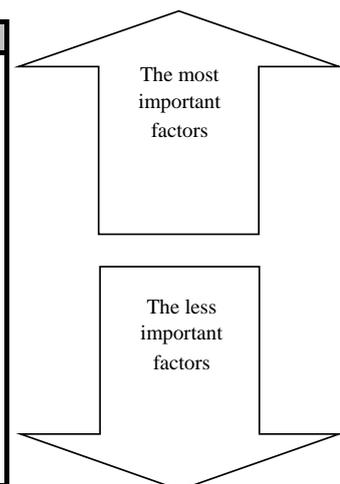The less important factors

factors	mean age; 25-34
guaranteed safe payments	4,94
good product quality	4,75
guaranteed protected personal information	4,72
good & fast customer service	4,66
good information about product quality & size	4,50
fast delivery	4,38
easy to pay	4,28
good after sales service	4,28
web page easy to use	4,13
the company's reputation	4,03
web page has nice layout & lucid arrangement	4,03
low prices	3,88
web page easy to find	3,41
the company's wilingness to customize	2,34
the company's size	1,91
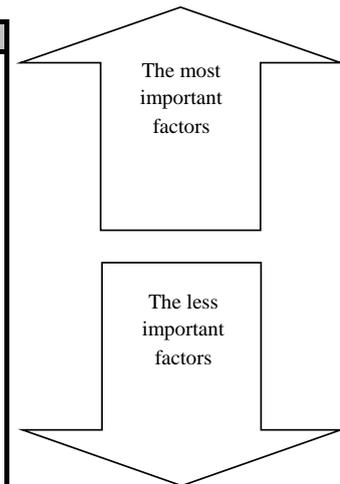
The most important factors

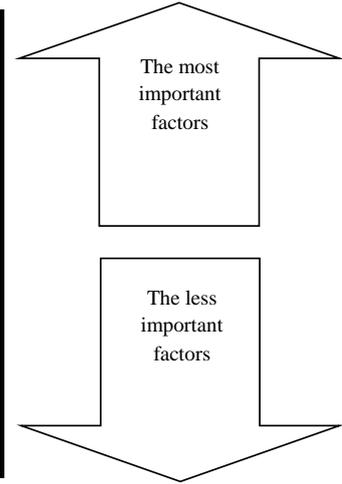The less important factors

factors	mean age; 35-44
guaranteed safe payments	4,94
guaranteed protected personal information	4,75
good information about product quality & size	4,56
good product quality	4,56
good & fast customer service	4,38
easy to pay	4,31
fast delivery	4,31
good after sales service	4,06
low prices	4,06
web page easy to use	3,88
web page has nice layout & lucid arrangement	3,81
the company's reputation	3,50
web page easy to find	3,19
the company's wilingness to customize	2,19
the company's size	2,06
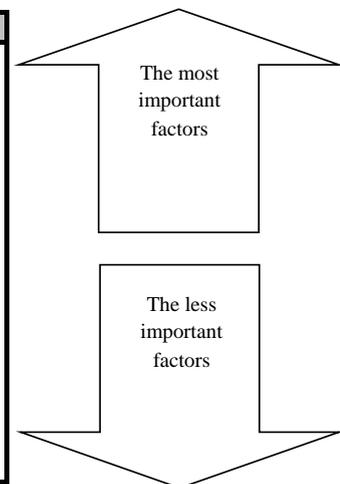
The most important factors

The less important factors

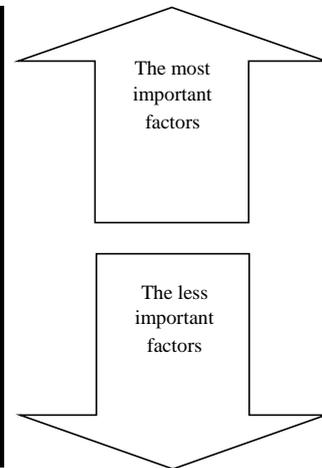| factors	mean age; 45-59
guaranteed safe payments	4,79
good product quality	4,69
easy to pay	4,54
guaranteed protected personal information	4,54
good & fast customer service	4,54
good information about product quality & size	4,50
fast delivery	4,45
web page easy to use	4,36
good after sales service	4,36
the company's reputation	4,18
low prices	4,17
web page has nice layout & lucid arrangement	4,11
web page easy to find	3,63
the company's size	2,39
the company's wilingness to customize	2,18

The most important factors

The less important factors

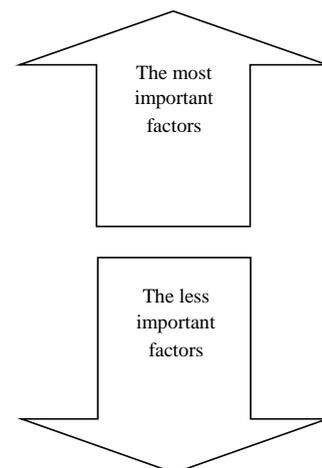| factors	mean age; 60-
guaranteed safe payments	5,00
guaranteed protected personal information	4,85
good product quality	4,75
good & fast customer service	4,67
good information about product quality & size	4,50
easy to pay	4,42
the company's reputation	4,33
fast delivery	4,33
web page easy to use	4,17
good after sales service	4,17
web page has nice layout & lucid arrangement	4,00
web page easy to find	3,92
low prices	3,69
the company's wilingness to customize	2,25
the company's size	1,67

The most important factors

The less important factors

- Previous experience

factors	mean; yes
guaranteed safe payments	4,84
good product quality	4,65
guaranteed protected personal information	4,58
good information about product quality & size	4,53
good & fast customer service	4,51
fast delivery	4,45
easy to pay	4,30
good after sales service	4,27
web page easy to use	4,10
the company's reputation	3,97
web page has nice layout & lucid arrangement	3,95
low prices	3,89
web page easy to find	3,40
the company's wilingness to customize	2,16
the company's size	1,95

The most important factors

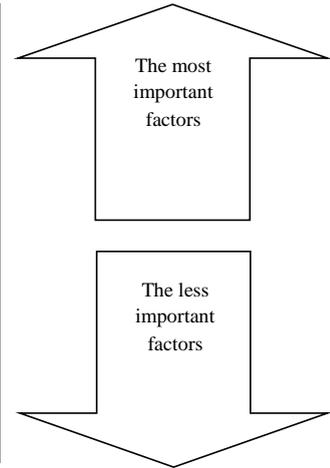The less important factors

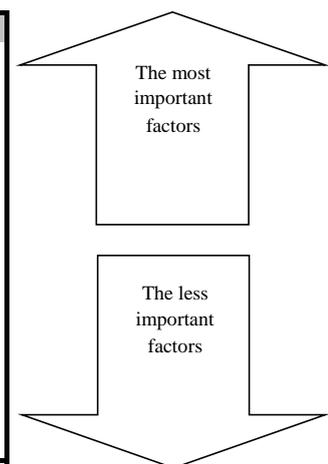| factors	mean; no
guaranteed safe payments	4,95
guaranteed protected personal information	4,85
good & fast customer service	4,84
good product quality	4,84
easy to pay	4,63
web page easy to use	4,47
good information about product quality & size	4,37
web page has nice layout & lucid arrangement	4,32
fast delivery	4,32
low prices	4,30
the company's reputation	4,11
good after sales service	4,05
web page easy to find	4,00
the company's size	2,37
the company's wilingness to customize	2,32

The most important factors

The less important factors

- Hours per week

factors	mean; less than 5 h
guaranteed safe payments	4,91
guaranteed protected personal information	4,73
good product quality	4,69
good & fast customer service	4,63
easy to pay	4,53
good information about product quality & size	4,53
fast delivery	4,41
web page easy to use	4,34
the company's reputation	4,25
web page has nice layout & lucid arrangement	4,19
low prices	4,09
good after sales service	4,03
web page easy to find	3,94
the company's wilingness to customize	2,28
the company's size	1,97

The most important factors

The less important factors

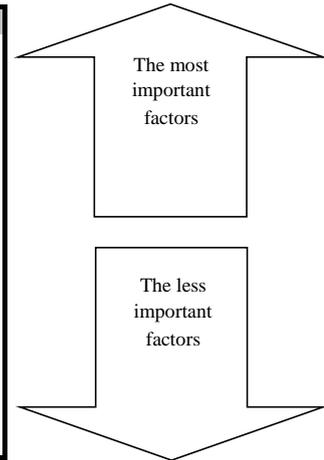| factors	mean; 5-10 h
guaranteed safe payments	4,79
good product quality	4,76
good & fast customer service	4,64
guaranteed protected personal information	4,54
fast delivery	4,45
good after sales service	4,36
easy to pay	4,32
good information about product quality & size	4,32
web page easy to use	4,14
web page has nice layout & lucid arrangement	4,07
low prices	3,97
the company's reputation	3,75
web page easy to find	3,43
the company's wilingness to customize	2,29
the company's size	2,25

The most important factors

The less important factors
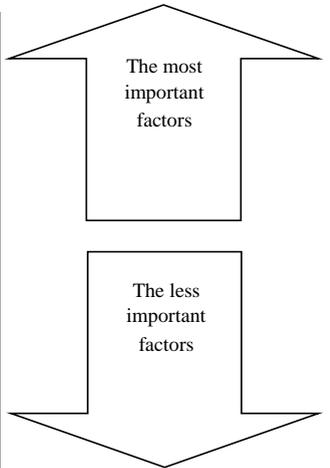
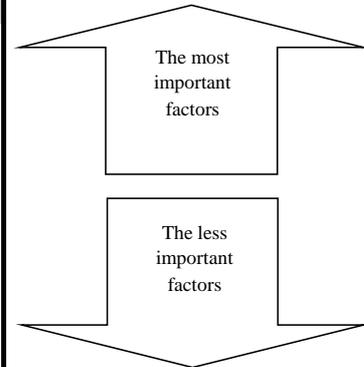| factors	mean; 10-20 h
guaranteed safe payments	4,94
good product quality	4,71
guaranteed protected personal information	4,65
good information about product quality & size	4,65
easy to pay	4,35
good & fast customer service	4,35
fast delivery	4,35
good after sales service	4,18
web page easy to use	4,06
low prices	4,06
the company's reputation	3,94
web page has nice layout & lucid arrangement	3,94
web page easy to find	3,29
the company's size	2,12
the company's wilingness to customize	1,94

The most important factors

The less important factors

factors	mean; more than 20 h
guaranteed safe payments	4,80
guaranteed protected personal information	4,60
good & fast customer service	4,60
good information about product quality & size	4,60
good after sales service	4,53
good product quality	4,53
fast delivery	4,47
easy to pay	4,13
the company's reputation	4,00
web page easy to use	3,93
web page has nice layout & lucid arrangement	3,67
low prices	3,67
web page easy to find	3,07
the company's wilingness to customize	2,40
the company's size	1,53

The most important factors

The less important factors

- Times per year

factors	mean; less than 3 times/year
guaranteed protected personal information	4,64
good product quality	4,64
fast delivery	4,50
good information about product quality & size	4,50
easy to pay	4,43
good & fast customer service	4,36
web page easy to use	4,21
web page has nice layout & lucid arrangement	4,21
good after sales service	4,07
the company's reputation	4,00
guaranteed safe payments	3,86
low prices	3,79
web page easy to find	3,57
the company's size	1,79
the company's wilingness to customize	1,71

The most important factors

The less important factors

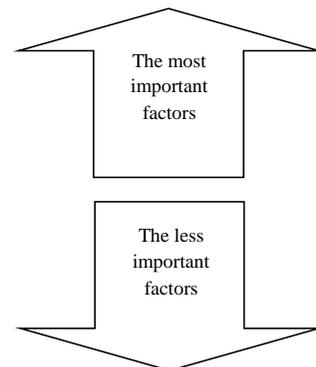| factors	mean; 3-6 times/year
guaranteed safe payments	4,86
guaranteed protected personal information	4,69
good & fast customer service	4,60
good product quality	4,57
fast delivery	4,43
good information about product quality & size	4,43
good after sales service	4,37
easy to pay	4,34
web page easy to use	4,31
the company's reputation	4,06
low prices	3,97
web page has nice layout & lucid arrangement	3,94
web page easy to find	3,62
the company's wilingness to customize	2,40
the company's size	2,14

The most important factors

The less important factors

factors	mean; 7-15 times/year
guaranteed safe payments	4,81
good product quality	4,81
good information about product quality & size	4,71
guaranteed protected personal information	4,57
fast delivery	4,52
good & fast customer service	4,48
good after sales service	4,33
easy to pay	4,24
the company's reputation	3,86
web page has nice layout & lucid arrangement	3,86
low prices	3,86
web page easy to use	3,81
web page easy to find	2,95
the company's wilingness to customize	2,33
the company's size	1,76

The most important factors

The less important factors
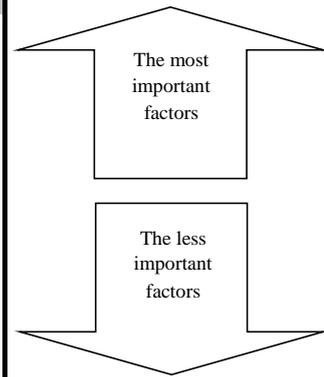
factors	mean; more than 15 times/year
guaranteed safe payments	5,00
good product quality	4,67
good & fast customer service	4,60
good information about product quality & size	4,40
fast delivery	4,17
easy to pay	4,00
good after sales service	4,00
low prices	4,00
guaranteed protected personal information	3,80
the company's reputation	3,60
web page has nice layout & lucid arrangement	3,40
web page easy to use	3,20
web page easy to find	3,00
the company's size	2,00
the company's wilingness to customize	1,60

The most important factors

The less important factors
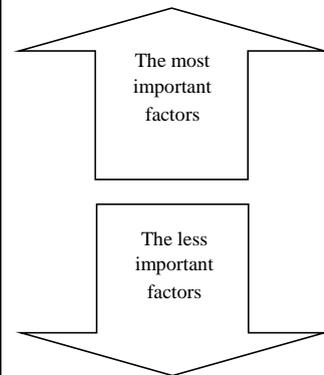
Q18: Ranging the trustworthiness of the following types of stores:

Most trustworthy:	Frequency
Traditional store	88
Pure online store	3
Combined traditional/online store	4
Missing	5
Total	100

2nd most trustworthy	Frequency
Traditional store	5
Pure online store	9
Combined traditional/online store	81
Missing	5
Total	100

3rd most trustworthy	Frequency
Traditional store	2
Pure online store	83
Combined traditional/online store	10
Missing	5
Total	100

Q20: The reason to why the respondent never has purchased everyday commodities online.

	Frequency
Did not know that the possibility existed	41
No need	15
Want to see the product	15
Security reasons	8
Delivery issues	2
Seems hard	2
Social aspects	2
General unwillingness to purchase products online	1
Bad planning of purchasing/I shop on an impulse	1
I do not know	1
Missing	12
Total:	100