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# Information Technology Use by Small-Scale Grocers

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Rural and small-town food retailers struggling to compete with lower margins and greater competition must also struggle with the changing footprint of information technology on their firm. Challenges in managing supplies and suppliers are matched with increasing consumer interest in using technology to manage retail relationships. Recent discussion has focused on ways to better leverage information technology to expand market reach or increase supply-chain efficiency. However, much promotion of "advantages" of e-commerce has had little basis, beyond adopter enthusiasm, on strategic recommendations relevant to such retailers. This research report builds from our ongoing studies of the use of information technologies by rural retailers and the marketing of groceries on the Internet. It presents new findings on grocer technology use and discusses implications of these findings for firm management and supply-change infrastructure.

## Methods

Key informant interviews conducted in Summer 2005 with selected rural/independent grocers in Ohio were used to build a survey of 1,000 similar grocers in Ohio, Kentucky, and West Virginia. Included in the sample were independent firms and those from chains of less than 11 retail locations. The instrument was administered in late spring of 2006. An adjusted population from undeliverable addresses and firm closings yielded a preliminary response rate of 8.2 percent, with responses still being collected. Preliminary data were compiled and analyzed statistically. Findings from this work are being used concurrently with existing data from research we conducted on larger e-grocers to develop tools and evaluation curriculum for these retailers to use in developing viable information technology

strategies and to evaluate their potential for online marketing and sales.

## Preliminary Analysis

Of firms responding to the survey, 86 percent have fax machines, 81.8 percent use computers for record keeping, 61.4 percent have a computerized check-out system, and 15.9 percent of respondents use computerized inventory tracking. About 61 percent have web access and 25 percent have their own web site. Only one respondent in this sample is selling groceries online, and two firms have self-checkout systems. Of the 54 percent of firms using the Internet for business purposes nearly half (47.9 percent) were researching products, 39.6 percent were ordering supplies online and a somewhat surprising 29 percent were banking online. Considerably fewer grocers had store and product information online for customers.

Attitudes toward computer usage and online food sales were revealing. Nearly all respondents had positive or negative feelings in response to the statement, "I'll never use a computer unless I absolutely have to." An overwhelming 72.9 percent disagreed with this statement. Of those agreeing that they would never use a computer unless necessary, 16 percent were very strong in that belief. On a question of consumers' willingness to buy high-quality food online, the retailers were less sure—most (56 percent) remained neutral, with 22.9 percent somewhat agreeing with a statement that consumers would buy such foods online. These findings and other details from the 2005 qualitative study and the 2006 survey have been applied to build a curriculum for the Southern Rural Development Center to help rural food retailers evaluate the potential adoption of information technology in their businesses.

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