An Analysis of Consumers' Awareness and Willingness Toward On-line Food Shopping in an Urban Area

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In addition to looking for safe and healthy food, today's consumers are looking for convenience in food shopping and cooking. Food retailers are also examining alternative models to traditional or in-store grocery retailing. Some of these alternative models include home delivery, drive-through grocery, and more recently, on-line (Internet) food shopping. This last alternative allows both food manufacturers and retailers to compete for the same consumer market, an important departure from the other models that are mostly retailer-controlled. Kinsey (1998) predicted that on-line food shopping would reach 10 percent of total food sales in the next decade. (It is currently less than 3 percent.) At present, there are several on-line grocery retailers in the United States, for example, Peapod (Skokie, IL) and NetGrocer (North Brunswick, NJ).

One of the major problems faced by the existing and potential on-line grocery retailers is a lack of information about their potential consumers. In a recent study, Hiser, Nayga, and Capps (1999) provided a profile of on-line grocery shoppers from Texas (Bryan/College Station area). They found that potential on-line food shoppers are those who are familiar with the concept and find convenience as the largest benefit. These shoppers are also concerned about price, credit card security, and delivery service. In addition, they found that older people and those with less than a college education are not as likely to use the Internet for food shopping.

This current study is similar in nature but focuses on urban consumers only. We examined the current on-line shopping (food and non-food) behavior of urban consumers and determined what types of items (food and non-food) the potential customers were likely to buy on-line. The study was conducted in the highly populated and urbanized East Brunswick township, New Jersey, using a consumer household survey. Other objectives include analysis of respondents' current food shopping behavior, assessment of awareness and willingness to shop for food on-line, and development of a profile of a typical urban on-line food shopper. Statistical and econometric analyses are being used to fulfill the objectives.

Statistical results indicated that those consumers who have access to the Internet, those who are at least high school graduates, and those with relatively higher income are significantly more aware of on-line grocery shopping services than other consumers are. We also found that male consumers below 55 years of age who have access to the Internet and who spend at least $50 per visit to the grocery store are significantly more likely to use the Internet for grocery shopping. We found that only one-third of the respondents was willing to pay an extra 5 percent or less for the on-line shopping alternative. We were unable to support or reject an earlier finding that older people (over 50) are less likely to be aware of on-line grocery shopping or that less educated people are less likely to use the Internet for buying groceries.

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