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CONSUMER FOOD SHOPPING BY COMPUTERS IN THE FUTURE

by

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Advances in telecommunications are providing consumers with a number of alternatives to the more traditionally oriented forms of information sources and shopping. Technology exists which enables consumers with little or no computer experience to extract data and offer input for the desired products and services. The purpose of this paper is to examine the potential use of telecommunications, specifically teletext and videotext, by retail food firms for promotion and for consumer shopping.

The information has been obtained from a search of the literature and interviews with individuals from the retail food industry. Also, this work has required some futurism thinking and analysis. Additional information will be obtained later this year from a larger sample of industry management personnel.

Some retail food firms have found that videotext selling power is very good when it is used to communicate with consumers. This has included in-store video point of purchase promotions of specific products, and even a "cooking school program" concerning a number of topics and products. The multi-sensory approach to the selling of food is proving effective.

Two examples of in-home promotion are "Cablesop" originating from Peabody, Massachusetts and a "Weekly Video-Magazine" produced in cooperation with USA Cable, General Foods, CBS Publication and Young and Rubican Advertising Agency. The Video-Magazine assists

viewers by providing information concerning shopping techniques, menu planning and meal preparation.

Cablesop is a television information shopping service that carries nothing but commercials for many different types of products and services, including grocery products and weekly specials at the supermarkets. If consumers missed the commercials they wanted to see, it is possible to phone the computer for the advertisements desired and the time they will be shown. The commercials run as long as five minutes and include an in-depth explanation and description of product features.

The selling of grocery goods via a Videotex network - i.e., a customer placing an order at home by computer for their weekly food needs and then either having them delivered or picking them up personally at a later time - is an area where little research has been attempted. There is potential in this area, but also many problems need to be resolved.

Many items purchased in a routine supermarket visit are impulse items. Computer shopping would reduce the effectiveness of point-of-purchase displays. Items traditionally sold in this manner would thus account for a smaller margin of gross sales.

There is a feeling on the part of some industry personnel that the consumers perception of grocery shopping as a chore would lend substantial credence to a shop-at-home orientation. Many customers regard in-store conditions as unpleasant and too often cold and

sterile in their approach to customer service. Shopping also is not a pleasant experience for many due to time constraints, and the desire to use time for other activities.

The cost factor of videotex grocery shopping competes relatively well with traditional supermarkets, due largely to a decrease in labor and energy costs. It has been estimated that these costs shrink to 56% of the company gross margin as opposed to 74% in the traditional supermarket operation.

If this service can be provided free of charge (free for a minimum dollar order) and the consumer perceives the prices to be competitive, the retailer may have a marketing opportunity. However, there will be, undoubtedly, a charge for this service. There are numerous problems to overcome such as consumers not personally selecting perishables, and still consumers will have to drive to the store to pick up their order or retail food stores will need to provide delivery service.

Additional research needs to be conducted concerning the use of telecommunications technology by the retail food industry. Some concerns are:

- 1) What is the attitude of consumers concerning receiving information about retail food store products, and the store prices and specials from the telecommunication media?
- 2) Will consumers accept the changes that will be required in their shopping habits and also store operations in order to facilitate food shopping by the computer?
- 3) Will retail food companies accept the risks associated with changing their operation to make computer food shopping feasible, and will it be a profitable strategy?

The authors believe that there is potential for additional uses of telecommunications to facilitate food shopping. Final results from the study will be available in 1984.