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A Quantitative Assessment of E-Grocers

Julia Heilig, Stan Ernst, and Neal H. Hooker

Most forecasts of the potential share of food retailing likely to be conducted over the Internet in the coming years are small, perhaps only contributing to two percent of sales. One reason for this small market share, we suggest, is the inherent inability of agribusinesses—here E-grocers—to select optimal online business strategies. It can be argued that this selection challenge is complex, with roots in product characteristics, industry structure, and culture. But our particular interest here is the challenge E-agribusinesses face in developing strategies for signaling the product quality of perishable items (fresh and frozen). Organoleptic experiences are traditionally the primary sales tools in marketing these products, but they do not transfer well online. This eliminates the ability of traditional “gateway” grocery products—ones that direct a large proportion of the shopping practices—to achieve the same position online. The growth of E-grocery shopping may be limited to items that have more reliable or more easily communicated qual-

ity attributes; to increase the breadth of sales other firm signals, a focus on customer-relationship management tools, and product depth are critical to E-grocers. This update discusses an ongoing research project, providing an early quantitative analysis of food E-commerce strategies. The authors feel that frequent and consistent tracking of such Internet marketing practices will highlight useful lessons, both good and bad. This paper presents the first observations from this project. Data collected through an exhaustive quantitative-evaluation tool developed by the authors and applied to E-grocery Internet sites in the third quarter of 2001 provide the basis of our discussion. The strategies of 31 large E-grocers are compared using a set of numerical scores. This tool will be applied each quarter, creating a “Top 30 E-groceries” list to be made available on the OSU E-Agribusiness Working Group web page at <http://aede.osu.edu/programs/e-agbiz/>.