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## **E-TRADE OF FOOD PRODUCTS ON THE EXAMPLE OF SELECTED E-SHOPS**

### **Summary**

A world without the Internet is difficult to imagine. The global network affects almost every aspect of our lives. Internet technologies are changing rapidly. At the same time, they alter the functioning of the economic, social and institutional entities. People have been using the Internet for shopping for a dozen years or so.

The article is aimed at comparing and assessing the services provided by selected e-shops as part of sale and delivery of food products and households chemicals.

**Keywords:** e-trade, e-shop, e-customer

### **Introduction**

It is hard to imagine modern world without the Internet. It is present in virtually every sphere of social life. The Internet is a service that has been developing particularly dynamically. The Web is probably the largest knowledge repository available to modern people thanks to which it is plausible to gather large amount of information. The Internet has been used for doing the shopping for a dozen years or so. Nowadays, people have less free time than ever. Hence, the Internet has addressed social needs and enabled people to do every-day shopping without the necessity to devote a certain amount of time to go to a store, look for products on the shelves and stand in line. E-shop allows for buying basic goods (e.g. food items) quickly, efficiently and without leaving home. This is of profound importance to elderly, ailing or disabled people.

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## **1. Customer on the Internet**

E-trade is a process of selling and buying goods and services, i.e. completing commercial transactions, via the Internet and using electronic devices (Szewczyk 2006, p. 34).

The development of e-business activity (i.e. by a growing number of enterprises) has led to the emergence of a new type of consumer who has changed traditional and virtual markets (Brzozowski 2010, pp. 109–110).

In every branch of business, one may distinguish new, regular and preferred customers. Furthermore, in the case of e-trade there are novice, intermediate and expert clients. Many firms operating in e-business are not aware how it is important to address each of the aforementioned groups differently on the Internet.

Novice clients are not necessarily beginners on the Internet. They have come across a given firm or institution for the first time on the Web. The majority of customers from this group place a great emphasis on their first impression of a given website. Immediately, they decide if the other party has something to offer or not. In this case, it is not security but comfort that is the most crucial matter.

Intermediate clients are people who have already bought something on-line and decided to do so again. They expect a given firm to offer more than during their first visit. Such customers want the shop to adjust to them, respond to their preferences and constantly enable them to discover new areas of activity conducted by the firm. They often expect the shop to provide information concerning any change or novelty via e-mail instead of having to visit the website.

Experts are people representing the following three groups: collectors, residents and guides. They are the best customers of e-shops. They have greater impact on the functioning of the store and require greater attention than novice or intermediate clients. Furthermore, they express their opinions about particular shops and products they offer (Rozmiarek 2010, pp. 19–30).

Collectors prefer to look for a given product than browse through a great number of products. They know what they want and wish to achieve their goals quickly.

Residents are the opposite of collectors. They may spend long hours on a given website and talk with other residents. They want to be noticed and give

answers to certain questions. As a rule, they provide on-line community with what they would like to be provided themselves.

Guide is usually a resident who has assumed certain responsibility within a particular web community. He/she is always willing to help beginners. Hardly any guide wants to be paid for his/her efforts. The best remuneration is the possibility of assisting other people. Nevertheless, he/she wants to be appreciated. Guides are very important from company's perspective as many of its clients rely on opinions expressed by guides about a given product or the firm itself (Siegel 2001, pp. 60–63).

Analysing monthly expenses made by e-customers on e-shopping, it can be noticed that they generally amount to 200–300 PLN. Taken social profile of Polish e-customer into account, the average client is a man aged 25–39 who has received higher education and occupies managerial position or practises liberal profession. Table 1 presents the profile of Polish e-customer in a detailed way.

As far as firm's perspective is concerned, it is crucial to attract loyal clients. These are people whose loyalty is motivated not only by price level. They take part in firm's activity and are loyal toward this firm. The most significant aspect in this respect is to gain customers' confidence. It is a very difficult task on the Internet as clients do not have a chance to take a look at the product or make eye contact with a salesman.

Behaviour displayed by loyal customer includes:

- using the products offered by a given firm,
- disseminating positive information concerning the firm,
- doing the shopping regularly and repeatedly,
- resisting promotional actions taken by competitors.

If a firm has loyal customers, it functions more effectively, which translates into its profit. Loyal clients are less sensitive to price change. This implies they accept price rise and are ready to pay more for products offered by the firm in which they have confidence. Furthermore, they do the shopping more frequently and buy more products. They also pass a positive opinion about the firm, which is more credible than marketing operations (Kowalkowski, Popiołka 2006, pp. 22–23).

Placing the products on websites that compare prices (such as *ceneo.pl* or *nokaut.pl*) is also an important element that enables customers to assess a given offer. On such webpages clients may find a particular product provided by a number of competing distributors, gain information on mailing cost and delivery time.

Additionally, such websites enable consumers to express their opinions on a given shop or product offered by a certain firm (Świerczyńska- Kaczor, Kossecki 2008, pp. 72–73).

Table 1

## Profile of Polish e-customer (%)

Detailing	Using the Internet	Doing the shopping on-line
Gender		
Men	49.70	54.47
Women	50.30	45.33
Age		
15–24	29.77	29.71
25–39	39.24	46.89
40–59	27.04	20.70
60 or more	3.94	2.70
Education level		
Primary	16.78	14.26
Vocational	15.86	11.29
Secondary	41.39	41.08
Higher	25.83	33.27
Socio-professional status		
Directors, liberal professions	13.79	17.71
White-collar workers	16.54	18.01
Company owners	7.79	9.75
Skilled workers	17.89	16.57
Unskilled workers	2.15	1.87
Individual farmers	2.19	1.55
Retirees/Pensioners	6.42	3.89
Students/pupils	20.66	19.30
Unemployed	5.46	4.63
People staying at home	4.27	4.13
Others	2.84	2.60

Source: NetTrack survey, MillwardBrown SMG/KRC, 2010.

Entering appropriate data in price engine, clients are provided with individual collation of shops that offer the product sought. Such a solution allows customers to save time they would have to devote to find e-shops selling certain goods and compare their prices.

Price engines usually charge a commission on e-shops for every client that has been directed to a given shop. Apart from commission, some websites also

take out a fixed subscription. As far as the aforementioned website (nokaut.pl) is concerned, not the cheapest products are ranked high, but goods sold by e-shops that have paid the highest price for this service.

From the perspective of e-shop, websites comparing the prices have entered intense competition for a client and obliged shop's owners to constantly observe prices offered by their rivals and reduce their margin (Kański 2005, p. 31).

## **2. Specificity of e-shop**

E-shop is the most popular form of commercial activity conducted via the Internet. This activity usually involves the possibility of browsing, selecting and purchasing products or services on-line. As far as the range of goods and services is concerned, e-shops may be divided into horizontal and vertical. Horizontal stores have a wide range of products addressed to average consumers. Vertical shops address their offer to a narrow group of customers interested in specialist products.

The number of e-shops offering virtually the same range of products is great. Hence, if they want to be successful on the market, they have to satisfy customer's needs more effectively than competitors. They should find less developed branch of the economy and focus on meeting all the needs identified by a given group of consumers (Gregor, Staniszewski 2002, pp. 129–130).

The term e-shop is very broad. It refers both to a simple solution that is an extension of traditional delivery channels and developed distribution networks established as part of logistic systems. Regardless of the extent to which the latter solution has been advanced, general rule is the same. There is a seller and a customer, and there is an exchange platform between them, i.e. Internet shop (Wawarczyk 2003, p. 79).

Most e-shops enable their clients to buy a product after successful registering and logging in. This allows for doing the shopping again without any problem as they have already filled in their personal data. From the perspective of firms, log in enables shops to follow actions taken by their clients and, as a result, create individual profiles based on clients' interests.

Homepage is the most important place in the e-shop, in other words its heart. It enables customers to enter particular categories and then websites presenting a given product. This page is a sort of e-card with the use of which Internet store has to make a good impression and direct potential client's attention to trade offer.

The functionality of websites is another significant aspect of Internet shop functioning. The main elements determining the functionality are as follows:

- intuitive and simple layout of the website,
- possibility of creating an account in a given shop,
- possibility of browsing through purchase history,
- transparent e-shop regulations,
- detailed description of products presented in photographs,
- possibility of adding opinions and marks by customers,
- proper selection of colours, graphics vs. background,
- clearly defined procedure of delivery and possible returns,
- hints from the help desk expressed in a simple way as well as providing answers to frequently asked questions,
- providing phone numbers and e-mails of people accountable for order processing,
- search engine allowing for filtering the search results.

The aforementioned elements can reduce the main disadvantage of the Internet (e-trade to be more specific), namely the impossibility of taking a look at a given product, touching it or trying it on.

Regulations that govern the functioning of e-shop should be presented on its website. If they are not, customers do not have confidence in such a store. Furthermore, this is an illegal act as every company is obliged to present a list of regulations that explicitly define both rights and responsibilities placed both on the firm and its clients. Properly designed regulations include:

- providing information about the owner of e-shop – full name of the store, legal address, e-mail, NIP, REGON, phone number, name of the bank and account number,
- stating that a client has granted assent to processing his/her personal data in order to process the order,
- providing information on the requirements to be satisfied by clients in order to become use services provided by the shop,
- defining the transaction proceedings, i.e. what a client has to do so that his/her order is processed, e.g. confirmation via e-mail,
- informing the customers that placing an order entails accepting the regulations,
- determining business hours and time needed for the fulfillment of order,
- determining the area in which the shop functions,

- determining the way of delivering products,
- informing the clients about the possibility of receiving sales confirmation, i.e. invoices or receipts,
- informing the customers about possible refusal to fulfil the order,
- informing if prices include VAT or currency in which they are presented,
- determining the delivery charge and extra charges,
- informing if the price of a product includes delivery charge.

Another issue relating to managing e-shop is its logistics. The shop may function as a typical middleman who does not own any storehouse and orders commodities directly from producers or wholesalers. Nevertheless, such a form of activity involves the necessity to negotiate discounts in order not to raise prices. One of problems encountered by e-shops may relate to the organisation of appropriate communication between the shop and its partners as well as the selection of courier company capable of providing efficient transport. Such a model is adopted mainly by startup Internet shops as they are uncertain if the entire venture will be successful.

Another solution is to store products that are on offer. This, however, involves considerable risk and costs. Such a form is chosen only by entrepreneurs operating on traditional market for whom the Internet is an auxiliary delivery channel.

Finally, the best solution is an intermediate variant, i.e. when a firm has at least moderate size of most popular assortment. Furthermore, it may also be advantageous to store several commodity items, especially if their delivery time is extremely long (Mastykarz 2005, pp. 69–70).

As far as e-shop logistics is concerned, one cannot forget about the delivery of products to clients. The problems include the selection of proper courier company, delivery time and delivery charges that are unwillingly paid by customers. The best solution is to provide clients with the possibility of choosing a particular courier company from several ones. Furthermore, customers might be attracted if a given e-shop offers to cover full or partial cost of delivery, e.g. if a given client exceeds the agreed amount.

### **3. Analysis of selected e-shops offering utility goods**

The analysis will be based on the following criteria:

- Website:
  - website layout – simplicity, intuitive navigation,

- regulations – conformity between regulations and criteria,
- graphic design – general impression about website design,
- help/FAQ – quality of language used for providing clues, usefulness of prompts,
- basket – possibility of modification, visibility of selected commodities,
- product search engine – correctness of operations, accuracy of search, additional options offered by search engine,
- possibility of filtering the search results – option itself and the extent to which the results are filtered,
- division into categories – division relevance, number of categories,
- photographs of products – quality of photographs, possibility of enlarging them,
- description of products – comprehensive and useful description, information concerning nutritional values, composition, etc.,
- other categories – additional elements on the website.
- The activity of e-shop:
  - assortment – range and variety of products offered,
  - price level – price,
  - costs of transport – costs of delivering the order to the client,
  - free transport – e-shop may waive transport charge,
  - extra costs – costs associated with order fulfilment,
  - delivery hours – time range within which products are delivered.
- Order:
  - minimum value of the order – value above which e-shop will fulfill the order,
  - possibility of selecting the weight of the product – customers may determine the weight,
  - determining the date of delivery – degree of accuracy as far as delivery time is concerned,
  - methods of payment – variety of ways to pay for ordered goods,
  - time needed to fulfill a given order – minimum time required between placing the order and delivery,
  - order confirmation – informing the customer that his/her order has been received,
  - other possibilities of placing the order – extra options.



- Fulfilment of order:
  - timely delivery – if the delivery is prompt,
  - quality of package – type of package,
  - segregation of products – ways of isolating the products (e.g. separating chemical products from food products).
- Delivered products:
  - expiry date – determining if product is fit for consumption, or how distant expiry date is,
  - mechanical damages – damages and their degree,
  - compliance with the order – the degree to which the delivery complies with the order,
  - substitute products on offer – if a particular product is not available in storehouse, substitute goods are offered,
  - conformity between the weight of delivered product and the weight presented in the receipt – the accuracy of product weighing,
  - conformity between prices – conformity between the price presented on-line and the price in the receipt.
- Attracting and maintaining relations with clients:
  - bonuses for new clients – possibility of receiving bonuses,
  - loyalty programmes – programmes themselves and their content,
  - information concerning the offer.

In order to conduct the analysis, certain products were purchased in several Internet stores in accordance with compiled shopping list. Products were selected and bought by Dominik Stasiak, a student of the University of Szczecin. Table 2 presents the list of products together with prices given by particular e-shops.

E-shops have been assessed on the basis of comparative criteria. Table 3 presents the collation of stores based on these criteria and scores given in line with the following scale:

- 0 – very poor/absence,
- 1 – poor,
- 2 – average,
- 3 – good,
- 4 – very good/presence.

Table 2

## Prices of products in particular e-shops (PLN)

Detailing	A.pl	Alma24.pl	e-piotripawel.pl	Frisco.pl	Hipernet24.pl	Supersam24.pl
Boneless pork collar (PLN/kg)	18.99	16.90	15.99	23.19	Shortage	19.99
Eggs (in a six-pack)	4.89	2.99	3.29	3.49	2.69	4.59
Tomato (PLN/kg)	7.49	5.99	8.99	8.31	6.49	8.99
Banana (PLN/kg)	5.99	4.99	4.49	5.75	4.79	7.99
Fancy roll	0.35	0.29	0.39	0.29	0.24	Shortage
Dairy ice cream Algida 1 l	8.99	7.99	7.49	8.29	7.99	8.99
Orange juice Hortex 1 l	4.99	4.89	3.99	4.89	4.29	4.99
Beer Lech 0,5 l	3.19	3.19	2.99	3.85	2.85	3.19
Washing-up liquid 0,5 l	3.49	3.29	3.19	3.15	2.85	3.79
Feta cheese Favita	3.99	3.49	3.49	4.39	2.89	4.39
Chocolate Milka 100 g	3.99	2.89	3.39	3.69	2.69	3.99
Salty sticks Lajkonik 200 g	4.39	3.99	4.29	3.99	3.35	4.39
Butter lettuce	1.99	1.49	1.39	1.99	1.39	1.99
Turmeric Kamis	1.99	1.89	1.99	1.89	1.49	1.99
Country ham or similar (PLN/kg)	16.99	17.50	13.99	19.70	22.99	16.99
Wheat flour 1 kg	2.69	2.59	2.29	2.99	2.19	2.69
Green olives 150 g	4.69	4.99	3.99	4.79	3.15	4.79
Sarepska mustard Kamis 185 g	2.59	2.89	2.89	2.89	2.55	2.59
Natural yoghurt Danone 180 ml	0.99	1.39	0.99	1.09	0.89	0.99
Oranges (PLN/kg)	5.49	4.89	4.99	5.19	4.39	7.99
Soap Palmolive	2.49	1.59	2.09	1.99	1.89	2.49
Bread	2.89	2.69	2.99	2.79	1.29	3.40
Candy bar 3 bit XXL	1.29	1.49	1.39	1.49	1.29	1.49

Source: own elaboration.

Table 3

## Assessment of e-shops based on certain criteria

Detailing	A.pl	Alma24.pl	e-piotripawel.pl	Frisco.pl	Hipernet24.pl	Supersam24.pl
1	2	3	4	5	6	7
Website						
Layout	4	3	4	3	3	2
Regulations	4	4	4	4	4	3

1	2	3	4	5	6	7
Graphic design	4	2	3	3	3	2
Help/FAQ	4	4	3	4	3	2
Basket	4	3	3	4	1	1
Product search engine	3	3	3	4	2	1
Filtering the search results	4	2	3	4	3	0
Division into categories	4	3	4	3	1	2
Photographs of products	4	3	3	4	3	3
Description of products	4	4	2	4	3	2
Other categories	3	2	0	4	0	0
Activity of e-shop						
Assortment	4	4	4	4	3	3
Price level	3	4	4	3	4	2
Costs of transport	3	4	3	2	3	2
Free transport	4	4	1	2	4	4
Extra costs	4	4	4	4	0	0
Delivery hours	3	2	2	4	3	2
Orders						
Minimum value	4	4	2	2	4	4
Possibility of selecting the weight	4	4	4	0	4	4
Determining the date of delivery	3	3	2	3	3	4
Methods of payment	3	4	4	1	3	3
Time needed	2	2	3	1	3	4
Confirmation	4	4	4	4	0	4
Other possibilities	3	4	3	0	3	0
Fulfilment of order						
Timely delivery	4	4	4	3	3	1
Quality of package	4	4	4	4	1	4
Segregation of products	4	0	4	4	4	4
Delivered products						
Expiry date	4	4	4	4	4	0
Mechanical damages	4	4	2	1	4	2
Compliance with the order	4	4	3	4	4	2
Substitute products on offer	4	4	0	4	4	4
Conformity between weights	4	4	4	4	4	4
Conformity between prices	4	3	4	4	2	4
Attracting and maintaining relations with clients						
Bonuses for new clients	3	4	3	4	3	0
Loyalty programmes	4	4	4	4	4	0
Information concerning the offer	4	4	4	4	0	4
ALTOGETHER	133	123	112	115	100	83

Source: own elaboration.

#### **4. Discussion**

The above analysis suggests that A.pl is the best e-shop offering food products. The layout of the website is very transparent and intuitive, i.e. clients use it without any problem. Products offered by e-shops in question are described in detail (information concerning composition and nutritional values) and presented on photographs, which enables customers to select a given product deliberately. A.pl offers a very wide range of products at reasonable prices. Goods are delivered long hours, which is convenient for clients. All products have been provided in an intact state, on time and sorted properly.

The last position in the ranking is occupied by Supersam24.pl. Its website has a proper form, yet graphic design does not attract clients. It is difficult to do the shopping since search engine does not function properly. The shop does not provide any interesting options such as the composition of product or recipes. Furthermore, Supersam24.pl has not received high scores taken practical aspect of shopping into account. It offers much more substitute products than other e-shops. Delivery was not timely, two products were damaged and one good was past the expiry date. What is interesting, this store sells products at the highest prices (compared to the remaining ones). Supersam24.pl is the only shop that does not offer loyalty programmes or bonuses, which discourages clients from using its services again.

Having examined a number of e-shops offering food products, it can be stated that the quality of shopping is at a satisfactory level. Needless to say, this type of activity has both advantages and disadvantages.

With reference to Internet stores under analysis, it seems that intuitive and convenient websites are their greatest advantage. The visibility of basket, its content and price make it easier for customers to do the shopping. As a rule, properly presented division of products enables clients to find them immediately. Furthermore, they can determine delivery time that is most convenient for them. Various discounts and programmes (e.g. collecting the points) make it more likely that clients will buy products in a given e-shop. It is optimistic that none of e-shops tried to deceive customers about the weight of products.

However, it was alarming that one e-shop delivered a product past the expiry date. Furthermore, stores frequently offer products they do not really have. In such a case, sellers phone clients and offer substitute products or the product is not

delivered without informing the customer (e.g. e-piotripaweł.pl). Furthermore, e-shops sometimes impose extra charge if the products exceed certain weight.

## **Conclusions**

In the age of dynamic development of the Internet, modern people depend on it to a greater and greater extent. Contemporary progress enables them to do the shopping on-line and thus this branch has a significant share in the market.

E-trade of food products is an extremely difficult activity as goods are to be consumed before certain expiry dates that cannot be exceeded and must be stored in appropriate conditions. Furthermore, these goods have to be transported in a very careful way so that customers receive them in an intact state.

One should also be aware of the fact that e-shops offering food products will never replace traditional ones. Internet stores are not the solution when it comes to every-day shopping due to time needed to deliver certain goods and costs of delivery. In addition, local bakery or greengrocer offers fresh products, so much different from goods provided by the chain of shops. The impossibility of taking a look or touching a given product is a barrier that cannot be overcome. Many customers consider it most important to be able to choose from a number of seemingly similar products.

Nevertheless, it is obvious that e-shops offering food products are an interesting alternative to traditional stores thanks to providing customers with services at a satisfactory level. Food shopping done every week has become easier and, which is most important, less time-consuming due to using latest technologies.

Greater and greater potential of the Internet inclines one to foresee trends in its development. Nevertheless, one should remember that the Web has limitations that may not be overcome, which will hinder its further advancement.

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## **E-HANDEL ARTYKUŁAMI CODZIENNEGO UŻYTKU NA PRZYKŁADZIE WYBRANYCH SKLEPÓW INTERNETOWYCH**

### **Streszczenie**

W artykule omówiono specyfikę klienta w Internecie oraz specyfikę sklepu internetowego. Następnie przedstawiono wyniki badań wybranych e-sklepów z artykułami codziennego użytku oraz porównano różne transakcje i przeprowadzono ranking w tej grupie sklepów.

**Słowa kluczowe:** e-handel, e-sklep, e-klient