

<b>CHAPTER 1</b> .....	<b>2</b>
<b>INTRODUCTION</b> .....	<b>2</b>
1.1 INTRODUCTION AND BACKGROUND .....	2
1.2 Research Argument .....	4
1.3 Problem definition .....	5
1.4 Research questions and objectives .....	5
1.5 Aim of research .....	6
1.6 Research design and outcome.....	6
1.7 Significance of research.....	9
1.7.5 Disadvantages of online shopping.....	10
<b>REFERENCES</b> .....	<b>11</b>



## **CHAPTER 1**

### **INTRODUCTION**

#### **1.1 INTRODUCTION AND BACKGROUND**

The results of a poll I conducted with UK residents to gauge their attitudes on purchasing in-store and online are presented in this study. Only a tiny percentage of those who took the survey said they planned to undertake regular online grocery shopping in the future, even though most of them had done so in the past. In addition to other concerns, consumers' confidence and faith in the service's online and physical components are essential issues. People hope that addressing these problems will encourage more people to shop online for food.

In today's digital age, businesses use various online marketing techniques to attract clients, including social media marketing. Online purchasing is flourishing due to restrictions imposed on cities and countries during a pandemic. Most online stores allow customers to utilize the store's search feature to browse for specific models and brands. The process of acquiring goods and services from merchants that seek to sell their items online is referred to as "online shopping." Concerned about third-party access to their personal information, customers who shop online and reveal all their personal information have been labelled as having trust concerns. So the study relies on thematic data analysis to highlight identified hazards and levels of trust in online shopping behaviour across the retail company. Improving the way customers shop, study products and services, and conduct business has significantly impacted ICT advancements.

### **1.1.1 Background of the organisation**

In recent years, e-commerce technology and procedures have substantially impacted corporate practices across the board. More than two-thirds of UK businesses were already doing business online in 2000, according to the Department for Trade and Industry (DTI). Online sales to consumers have climbed by 53% since 2000, from \$4 billion to \$6.1 billion, according to an Office for National Statistics online survey of 12,000 enterprises of all kinds (2002). e-tailers in the UK broke a trend of diminishing sales on UK high streets in February 2009, according to BBC News (2009), with a 13% yearly sales increase. An all-time high of 19.6% was recorded in December 2008 when comparing the same month, the year before with non-seasonally adjusted numbers for online retail sales. Each week during February 2009, UK internet retailers earned sales of £167 million, according to the Office for National Statistics.

According to analysts, e-commerce has yet to reach its full potential (Rohm and Swami Nathan, 2016, TEO, 2020 and; Lokken et al., 2016 ;). There is a good chance that most internet users are simply looking for information rather than making actual purchases. In today's fiercely competitive business environment, successful organisations must learn to turn online information seekers into long-term consumers. For businesses, this is a huge obstacle. Consumers must be kept happy and converted into repeat customers, according to Helander and Khalid (2017). Conrad and colleagues cite Helander and Khalid) as a source of information. Online retail strategy can be improved by researching consumer purchasing habits (Lohse et al., 2019, cited in Teo, 2020). According to the World Economic Forum, understanding and responding to customer motivations and behaviour is a need, not an option, "for reasons that have been held for generations. Engel, Blackwell, and Miniard (2017), when it comes to online retail, merchants must be aware of customers' motives and respond to those motivations effectively.

### **1.1.2 Operational Company**

Tesco is a well-known multi-national grocery store with operations in more than 100 countries worldwide, with its headquarters in the United Kingdom. Tesco, a grocery chain, is owned by Wal-Mart. After moving to the neighbourhood in 1919, Jack Cohen decided to create his grocery store to serve the people there. Located in Selwyn Garden City in Hertfordshire County, Tesco's

headquarters are. With the most recent data from the company, Tesco has been named the third-largest retailer in America. This company has operations in Hungary, the Czech Republic, Slovakia, Ireland, the United Kingdom, and the United Kingdom. According to the British Retail Consortium, it is estimated that significant supermarkets account for 28.4% of retail sales in the UK. Customers were able to purchase products from several Tesco merchants on the company's website. The company has a presence in more than 7005 locations around Europe. In addition to Jacks and one-stop convenience stores, other Tesco subsidiaries include F&F, Booker, and Marko, to name a few.

## **1.2 Research Argument**

Companies that want to grow their market share should consider offering their products and services online, according to Yi, Yuan, and Yoo (2020). This is because internet-based sales have grown in recent years. According to these experts, customers' trust and loyalty are greatly affected by this. Mohsen and colleagues (2018) contend that internet buying is only beneficial to large corporations with a clear eye on the global market and not too small or medium-sized businesses.

### **1.2.1 Businesses risk**

Losing a significant portion of their customer base if they do not sell their items online, Blake, Neuendorf, and Valdiserri in 2019; Balatas and Papastathopoulou in 2020; the milkman and take-out dinners (deliveries of ready-to-eat meals) were two examples of food delivery specialized marketplaces. The food business has much-untapped potential because of the advent of online purchases. In response to new partnerships, such as Ocado, significant supermarkets like Tesco and Sainsbury's have made substantial investments.

### **1.2.2 Grocery shopping**

Grocery shopping is a common practice for most people, and it usually includes a wide variety of things (Raijas and Tuunainen, 2021; Rohm and Swami Nathan, 2016; Wasserman, 2016). The retail food industry in the United Kingdom, which has reached maturity, is characterized by intense competition and low profit margins. Since there is so much rivalry in the grocery retail market, companies must look for ways to keep customers by improving their service, products, and websites. A 2016 book by Rohm and Swami Nathan (Rohm) outlines the results of their research. In light of grocery shopping's economic importance and evidence of competition

between online and offline retail channels, consumer research into the motivations and attitudes of grocery shoppers is particularly essential. Grocery shopping attitudes and practices are being studied as a way to add to the existing body of knowledge. These findings should help future e-commerce operations obtain a deeper grasp of their customers' needs.

### **1.3 Problem definition**

As a result of these findings, the current research is focused on internet purchases, and the numerous risks and lack of trust that consumers believe are linked with them. However, trust breaches can have a detrimental influence on both the financial outcomes of an organisation and the confidence of its customers in the organisation. Therefore, it will be required for the scholar to conduct more research on the topic area under discussion. As a result, accomplishing a company's goals and objectives within a specified time limit may be tricky. A company's ability to establish credibility through its products and services is critical to its success (Tandon, Karan and Sah, 2018).

### **1.4 Research questions and objectives**

#### **1.4.1 Objectives**

Tesco was chosen as a case study for this research since it is a large and well-known retailer in the United Kingdom.

1. To assess the retail idea of internet shopping.
2. To advise how to manage the difficulties and risks of internet purchasing.
3. In order to assess the risks associated with conducting internet business.
4. To find out how consumers feel about the risks and rewards of doing business online.

#### **1.4.2 Research questions:**

1. What exactly is internet purchasing, and how does it work? "When you shop online, what amount of risk are you willing to take?
2. Consumers at Tesco seem to be pleased with their purchases.
3. When it comes to acquiring the trust and loyalty of its customers, what is the association's strategy?
4. What are the experiences and perspectives of those who shop for food in person or offline food shopping?
5. What are the pros and cons of using OGS?

6. What can be done to make OGS a better place? It is more likely for OGS to occur when certain conditions are in place?

### **1.5 Aim of research**

It would be easier to understand how individuals buy online and make purchasing decisions while comparing different sellers if this study were conducted. It is necessary to analyse two layers of customer behaviour in the online market to acquire a thorough understanding of this issue. These layers are as follows:

1. One way to categorize consumption behaviour is into two categories
2. Individual consumption behaviour and aggregated consumption behaviour.

This type of research is done on an individual basis and focuses on people's behaviour and the factors that influence their purchase decisions, among other things. It is also known as market research. This research is planned to gain a more comprehensive understanding of the influence of two variables on the decision-making processes related to online purchases in general. Common behavioural patterns can be observed in each of the four segments, cross-sectorial similarities and contrasts, and differences between the segments. They used a conceptual purchase process model that they constructed because there was none available at the time that accurately mirrored real-world internet shopping methods for conducting their experiment. Market behaviour analysis examines how online customers behave collectively in the online marketplace by examining a large representative sample of Internet users used in this study. In order to demonstrate how customers, behave in a variety of circumstances, several retail establishments are employed. In this study, the researchers hope to learn more about how consumers' purchasing decisions are influenced by their online research and shopping experiences. Several aspects of a society's behaviour can be traced back to the individual activities carried out by its members, which is known as the "causal chain."

### **1.6 Research design and outcome**

The research plan is constructed using various approaches to satisfy the study objectives. We briefly explained this study's unique method for analysing online customer behaviour in the

introductory chapter. This style of design helps us better understand how people make online purchases.

This thesis employs a variety of mixed methods to describe this complex issue. Consequently, it provides a complete picture of the problem. The mixed approach can investigate complex phenomena (Bazeley, 2018). Mixed techniques like Concurrent Embedded Strategy are employed because different methodologies address different challenges (Creswell, 2019). A wide variety of data-driven studies can be used to understand online client behaviour better. Multiple levels of measurement and analysis are employed in multi-level research (Hitt et al., 2017). People, technology, and the population play a role in a two-level examination of micro-and macro constructs dynamic interplay (Bamberger, 2018). Consequently, the system can investigate the market and individual customer behaviour in specific activities.

Surveys and secondary data have been the primary academic research sources for macro-behaviour. Customers' macro-behaviour was provided by commodore (an Internet panel data source with more than 60,000 registered users in the UK). An online panel supplier, it provides real-time data on customer behaviour. A fresh research approach has been devised specifically for this study to analyse this data. Some frameworks have been adopted from previous studies, while others have been created from scratch for this study. This strategy can be immediately applied to a variety of consumer markets.

I have devised a method for determining how consumers act in real-time on the Internet at the individual level. Experiments are used to document customers' purchase decision-making processes. Only a third of studies on online consumer behaviour and decision-making apply experimental methodology. This is not very pleasant (Darley, Blank son and Luethge, 2020). It is possible to gather data via capturing videos, asking participants to fill out questionnaires, and conducting follow-up interviews. Video recording is a valuable option to maintain track of the decision-making process. This strategy offers "direct insight into the process" and "the way it unfolds" (Weingart, 2017). Rather than relying on log file analysis and memory recall processes, it was found that video recording during individual examinations was preferable. A person's activities occur in a specific context, and this research is best served by conducting experiments (Kaplan and Duchene, 2018). The questionnaire also includes the findings of the process. In consumer research, such as Payne's (2016) example, these verbal protocols are standard. Clients

rely on them to capture their innermost feelings and thoughts. The path configuration methodology and UML activity diagrams are used to model processes. There are many other ways to model process behaviour, and the activity diagram was selected from among them all.

This necessitated the modification of the path configuration method. Pilot studies were conducted to ensure that this strategy captures the expected behaviour of customers because dynamic purchase processes are challenging to forecast.

In agreement with past research, online decision-making behaviours in two industries are explored. Two areas I have chosen are banking and mobile network providers since customers only look at the service, while others also look at the actual objects.

Banks have been at the forefront of e-services with the rise of internet banking. Customer relations with banks are changing tremendously due to the Internet in this industry (Jayewardene and Foley, 2020). In the United Kingdom, where clients increasingly turn to the Internet for information on financial goods, more than 2.5 million Google searches in one month included phrases related to "retail banking" (Zafar, 2016; Greenlight, 2017). A significant amount of this field's knowledge may now be found on the Internet, as seen by the facts presented below. According to a recent survey, the Internet's role in banking has received little attention.

There is much activity in the mobile market because of its high penetration. Service marketing is still a relatively new field, but it has many possibilities for growth (Decker and TruServ, 2017). The industry's backbone is made up of operators and mobile phone providers. As a result of this, purchasing a mobile phone has become more complicated. As a result, I think further research into this area is warranted. According to Mintel's research on UK mobile commerce, 30 per cent of the UK's adult population acquired a mobile phone online in 2012. New research can be developed as a result of the findings of this examination, both theoretically and empirically. Our findings show that the dynamic model of online purchase decision-making we have proposed has increased our ability to describe the process. According to this study, internet data can investigate many aspects of online purchase behaviour. A slight move in the right direction is all that can be expected for now. There is much more that can be done with the ideas outlined in this article. The research also looks at the shopping habits of four distinct consumer groups in two of the UK's most important markets. As the process progresses and consumers' behaviour changes,



there are noticeable shifts. According to the study, several individual features influence people's decision-making (such as decision-making style and product expertise). Each of the four main kinds of online consumers has theoretical and practical implications.

## **1.7 Significance of research**

The outcomes of this study will benefit retail organisations since they will make them more aware of the potential threats and trust concerns, they may be facing. There are numerous ways in which various strategies might help the organisation overcome its challenges. In addition, Tesco has a better understanding of the numerous dangers associated with internet shopping due to this investigation. There is an increase in organisational performance and innovative solutions to the problems that have been raised. As a result, the findings of this study can be used by other researchers to improve their research and perhaps serve as a starting point for new studies. An enormous effect will be felt at all social strata, potentially spurring more research in this field. Research on consumer behaviour and motivation in various retail environments and research on the Internet is the basis of our study.

### **1.7.1 Reason for online shopping**

According to Morgan sky and Cued (2017), among other factors that influence consumer purchase behaviour, their research examined shopping motivations, consumer attitudes toward online shopping, perceived benefits of online shopping, and reasons for people to shop at online grocery stores, among other factors that influenced consumer purchase behaviour. Ruchi 2019; Lokken et al. (2016) have all written about this topic. (Park and Kim's 2018; study, which is based on consumer surveys, examines consumers' impressions of and attitudes toward conventional (offline) purchasing, among other topics.

### **1.7.2 Consumers' experiences and attitudes towards offline (traditional) shopping**

According to Rohm and Swami Nathan, the primary motivations for offline purchases are time-saving and recreational considerations, respectively (2018). According to research conducted by Westbrook and Black (1985) and Lokken et al. (2016), non-online clients also like the experience of buying at brick-and-mortar stores. Morgan sky and Cued (2017) conducted a grocery-specific survey in which only a tiny fraction of respondents expressed a dislike for grocery shopping. Justifications for shopping online According to Lokken et al., there are various

reasons why individuals prefer online purchasing, including the simplicity with which they may compare products with other customers, access to vendor information, and the absence of any sales pressure. When consumers believe that their information needs are satisfied, they are more inclined to continue doing business with an online merchant. It was discovered by Teo (2016) that purchasers valued the option to learn more about the items they were considering purchasing before deciding to purchase. According to Morgan sky and Cued (2017), the desire for convenience and the desire to save time are two of the most compelling reasons people shop for food on the Internet. When it comes to convenience, not travelling to and from city centres is a significant factor. (2018) (Van Rietbergen and Van Welter Eden 2019)

### **1.7.3 Factors that encourage online shopping**

By Rohm and Swami Nathan (2018), the critical motivational variables for shoppers are determined by their personality "type." "Convenience shoppers" were among the customers. However, there were also "variation seekers" who were more interested in finding a wide choice of products with different pricing and other possibilities. Westbrook and Black similarly classified shoppers' motivations based on their observations (1985). According to this study, those who are more concerned with variety rather than convenience are more likely to be "shopping process involved" buyers. Those who are more concerned with convenience are less likely to be "shopping process involved" buyers.

### **1.7.4 Advantages**

The advantages of doing business electronically are numerous. With "[e-commerce] it is possible to lead to progress in trade, expand markets and improve efficiency and effectiveness," according to the Office for National Statistics (ONS) (2002). There are many advantages for both customers and suppliers in doing business through the Internet, according to the Department of Trading and Industry (2005). These include "more market penetration, increased customer response, greater flexibility, and lower rates."

### **1.7.5 Disadvantages of online shopping**

There are several disadvantages to shopping online. According to many researchers, consumers are afraid of online purchases because they are concerned about their security. In a study conducted by Teo (2002) and Lokken et al., it was discovered that many customers are inhibited from making online transactions because of worries about safety and perceived threats (2016).

According to Gupta and Handa, young Indians are hesitant to make purchases online due to cultural disparities between them and their western counterparts (2018). Customers in Spain are apprehensive about making online purchases because of the perceived risk. This is what researchers Martin, Camarero, Hernandez, and Vallis discovered during their research (2019).

Additionally, according to a 2020 study by Teo, customers' concerns about internet access prices and the time it takes for the Internet to reply were identified as the most common reasons to refrain from making purchases online. When there is insufficient information about the products available for purchase, there are technical problems with the website, and there are additional taxes, grocery shopping becomes a significant challenge. Consumers are increasingly pushed to purchase goods and services online for various reasons. It is necessary to improve the delivery service to persuade more people to purchase meals online, such as by making same-day delivery available. Lokken et al. (2016) cited credit card security and the ability to compare products from various catalogues (better data) as two factors contributing to a rise in online purchases in their study. In order to stimulate growth in online shopping, security and trust issues must be addressed on a worldwide scale, according to Teo (2020). In order to get information on what UK consumers believe about online grocery shopping, using data collected from outside the country was necessary to collect data from outside the country.

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