Consumer Value Change

The change of consumer power in today's market economy, the consequences on value chains, the degradation of shopping areas and the uprise of new innovative technologies.

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May 2016

University of Groningen

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Bachelor Thesis

Summary
Because of the internet, a lot of things have changed, an example is the way in which we buy products. Due to the uprise of the e-commerce, all kinds of new developments are taking place concerning consumers, physical stores and value chains. The goal in this thesis is to research the changing position of consumers in the market economy due to the uprise of the e-commerce and the consequences of this for underlying processes. An interview with an e-commerce company is conducted and another with the founders of a new innovative concept called 'Zupr'. Additionally, an online survey will provide data about consumer motives and other aspects concerning online shopping. Due to different factors and motives such as transparency and convenience, the internet has become very dominant in our economy. This will probably keep increasing in the upcoming years, however on the other side, physical shopping areas are withering away. The increase of unoccupied buildings and bankrupt companies cause a decreasing number of visitors due to the impoverishment of the 'shopping experience'. New technologies however, are trying to turn this around and make people go back to the physical stores, this however, could only work if consumers would see the benefits of it.

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Introduction

Consumer influence seems to be increased over the past years due to the growing transparency of our economy, especially when looking at the so called 'shopping goods' (Holton, 1958). Where in the past producing companies had the power to determine price, quality and quantity of products, a shift seems to have taken place where consumers have become able to get more product information and in this way more influence on the market. This growing transparency is mainly a result of the rising influence of the internet; different informational and organizational aspects of the internet empower consumers in their position towards companies (Rezabakhsh et al., 2006).

This new position of consumers is called the 'New consumer sovereignty' (Rezabakhsh et al., 2006) and can also be seen as a part of the well-debated process of globalization, as where consumers might be 'winners' of the process in this case (Gereffi et al., 2001). One of the most notable things is that this new consumer sovereignty does influence the way our economic market, and thus certain value chains (Gereffi et al.,2005), work. The shift from a 'brick to a click' affects parts of a value chain because consumers can decide which product is demanded. Satisfying the consumer could mean that the power of 'leading firms' (Gereffi et al., 2005) decreases but it could also mean that other companies would get more insecure about their position in the chain. It's clear that whenever one link in a chain changes, other parts of the process could also change, and may even create a whole new composition.

Not only does this shift in power influence value chains, it has also caused certain changes in the physical shopping areas. Due to consumer power on internet, people have chosen e-commerce more and more over buying products at physically present companies. 80% Of the internet users in the Netherlands have ever bought something online and the number of frequent e-shoppers has only risen over the past years (CBS, 2013). This increase has led to a shrinking number of consumers who buy in-store and also to grown unused shopping surface which causes a changed look of shopping districts in general (PBL, 2016 & Locatus, 2016) .

However, where I discussed a shift from the 'old' economy to the 'internet' economy, some young innovative companies are already working on a counter-shift, where new (internet) technologies lead people back to the shopping centres. Great examples are OK IT BV and 'Zupr', a company who has developed a smartphone app which uses technology to make 'real-life' shopping easier and more attractive. A question arises whether these kind of projects will work to bring more people back to shopping areas, or that internet purchasing will keep increasing its dominance in our economy.

Goal of the thesis

The goal of this Bachelor Thesis is to find out how the position of consumers has changed due to increased market transparency caused by the internet and what consequences these changes have. The intention is to research possible changes in our economy and corresponding value chains, the dominance of e-commerce in relationship to in-store shopping and the question if technology is also able to bring consumers back to the physical stores .

Main question: *"Looking at grown market transparency due to the Internet, what position do consumers have regarding our market economy, and are they able to start a counter-shift in combination with new technologies?"*

Sub-questions:

- What changes have taken place regarding our economy and the position of consumers?
- Why and how has e-commerce become so dominant?
- What does this shift mean for actual shopping areas?
- How does the new consumer sovereignty influence value chains?
- Will innovative internet technology be able to start a counter shift?

Methodology

The goal is to write a thesis on the basis of primary data and background literature. The combination of the background literature, the conceptual model and the newly collected data will probably provide enough information to form conclusions about the different questions regarding this research.

To get the right data for the thesis, an interview with an e-commerce company called Experty was conducted. This was a semi-structured interview about consumer demands, benefits of their web-shop concept, underlying processes of e-commerce and views about the future.
Also, an interview with the founders of 'Zupr' was conducted, a new concept to give offline products more online visibility and to make it easier for consumers to find what they are looking for. With this data I'm able to answer big parts of the 5th sub-question and even parts of other sub-questions. Additionally, I'd like to involve the consumers themselves, to research their motives (Rohm & Swaminathan, 2004) and opinions on online- and in-store shopping. This will be done through an internet survey and an additional short questionnaire for the visitors of the shopping centre of Groningen.

Value of the interview with Experty
Experty is an e-commerce company specialized in niches. They focus only on 4 specific sectors and because they sell quite special products, they differentiate themselves from big web-shops such as coolblue.com and bol.com. In the interview with Experty detailed information from the point of view of the e-commerce company can be derived. This interview will hopefully explain why internet commerce is successful and how consumers are influencing the different processes regarding the market economy and value chains. This information will be very valuable in giving answers to the main question of the thesis and especially to the sub-questions 2, 4 and 5.

Analysing the data from the Interview
The interview will afterwards be transcribed and coded on the basis of some theoretical concepts. This to have a clear view on the derived data and to give an actual meaning of the given answers to the research questions of the thesis. The list with questions will be added to the appendices of the thesis. The list of codes below will help to analyse the interview in interest of the research.

Market Transparancy
Expert Power
Sanction Power
Legitimate Power
Consumer motives (such as information, price, ease etc.)
Complexity of transactions
Capabilities in the supply base
Marketing/ business strategies
Globalisation
Innovation & Technology
Importance physical presence
Degradation physical shopping areas

Value of the face to face interview with Zupr
With the information collected from the interview with 'Zupr' I will be able to explain how, from a companies' perspective, it is possible to bring internet shoppers back to the physical retailers. Also it will give new insights in other related aspects of online shopping and the developments of today's economy. With the data I will be able to answer sub-questions 2, 3 and mostly 5.

Analysing the data from the Interview

The interview will be (partly) transcribed and coded with the list of codes above and will be given meaning to on the basis of theoretical concepts. The list with questions will be added to the appendices of the thesis.

Value of the internet survey

By deriving data with an internet survey, I will be able to research consumers motives, consumers' view of changes in the shopping district and opinions on new technology that could make in-store shopping more appealing. By using an internet survey, a mixed methodology is used where both quantitative and qualitative data play an important role in providing input for the research (Clifford et al., 2010). With this information and some background literature I will be able to answer sub-questions 2,3 and 5. The number of survey respondents is 72.

Residence of the respondents of the online survey

Figure 1: Residence of the respondents online survey

Analysing the data from the internet survey

The data will afterwards be organized, statistically analysed in SPSS and will be given meaning to on the basis of the background literature. The goal is to find significant relationships between different concepts and factors, so it can lead to clear answers in this research. The full list of questions will be added to the appendices of the thesis, but will be analysed as followed:

Questions 1-4 are basic questions, they will clarify what kind of people are responding on this questionnaire. Because I'm also interested in the city of Groningen and the Northern Netherlands in general, the place of living is an important variable. Also the variable 'age' is important because it's interesting to see what people from different age groups think about new developments.
Questions 5-7 are questions about the frequency of the online shopping and the overview of what consumers buy in general. With this information we can conclude where web-shops are used for mostly and how many times people buy products online on a scale of time.
Questions 8-11 are questions about consumers' motives to buy online or in-store. They will possibly explain why e-commerce has grown so much and why it's more popular than going to physical stores. (sub-question 1 and 2)
Question 12 is about the way people prefer to shop, this to give insight into general preferences.
Questions 13-15 are about people's opinion on the changing shopping districts. This will give information about to which extent consumer's find physical stores important/less important and what they think of the changing shopping areas. (sub-question 3)
Questions 16-18 are about the view of consumers on (new) technologies regarding shopping online and in-store. With these questions the possibility of technology bringing consumers back to shopping centres will be explained. (sub-question 5)

Reflection collected Data

72 People responded to the online survey, this number is high enough to make the data usable. However, when looking at age, there are things to take into account while analysing the data. The biggest group of the respondents (55) belong to the age group 17-30, which means it contains a lot more respondents of lower age than the group older than 30 (17 respondents). Some analyses will search for significant relationships between given answers and age so that this can play a valuable and correct role in the thesis' results.

The data from the two interviews is also very valuable because it's quite extensive and detailed. The telephonic interview with Experty was efficient because it was quite structured, I was able to ask questions in the order I had chosen and the answers of the respondent were very clear. However, the interview with Zupr was done face to face and was also recorded. Because it was face to face, it might have led to more meaningful answers because I was able to ask more complex questions and get clearer explanations when something remained vague.

Ethics

Participants of this research were informed about the purpose of their given information and are able to stay anonymous during the collection of data. Also, participants have the right to stop their participation in this research at any moment, and have the right to receive the results of the research afterwards.

Theoretical Framework

We already know that in the past big companies had almost all the power to decide everything about the production process and that smaller links in that process had to follow. However due to globalisation, growing influence of the internet and increased market transparency, positions in these processes have changed. A lot of research has been done about globalisation (OECD, 2010), the working process of value chains(Gereffi et al., 2005), economic markets in general, the 'old economy' and the 'new economy'(Rezabakhsh et al, 2006), social power(French & Raven, 1959), internet strategies (Turban et al., 2015), etc. But not much research has been done from the consumers' point of view in relationship to our market economy, and that will be the starting point of this thesis.

The main concepts and theories of this research:

In chapter 1 globalisation will be discussed shortly, this is "*the functional integration and coordination of internationally dispersed economic activities*" (Dicken, 2003, in Gereffi, 2005). It will also be discussed why this process contributes to the development of a so called 'Internet Economy', this is "*the consumer's use of electronic markets"* (Rezabakhsh et al., 2006). E-commerce is the term that stands for 'electronic commerce': buying products via internet services.

These concepts will help explaining the new position of consumers, this new position is also referred to as the 'New consumer sovereignty': *"…the Internet will cause a decisive shift in power relations in favour of consumers."*(Rezabakhsh et al. 2006, pp. 4). Rezabakhsh et al. (2006, pp.13) try to explain this with help of the 'transparency thesis': *"… the assumption that the diffusion of the Internet helps to reduce information asymmetries and to improve market transparency for consumers."*(Rezabakhsh et al. 2006, pp. 13).

On the basis of different sources of consumer power, the shift can be explained. These 3 sources of consumer power are:

- expert power: "*one actor's assumption that another actor is better informed. This premise may make the inferior party accept the expert's information as given facts and act accordingly"* (Rezabakhsh et al. 2006, pp. 5).
- sanction power: "… *a means of disciplining the firms' behaviour and thus avoiding the disregard of consumer interests."*(Rezabakhsh et al. 2006, pp. 5).
-legitimate power: "… *an inferior actor's internalized values and roles that prescribe that the more powerful actor has a legitimate right to influence the inferior party and that the latter has an obligation to accept this influence."* (Rezabakhsh et al. 2006, pp. 5).

In chapter 2 different consumer motives of the survey respondents will be discussed on the basis of the work of Kim (2002), the four main motives he talks about are efficiency, experience, convenience and economic utility. The motives asked about in the online survey concerned mainly the 'shopping Goods', this are goods with "*a bigger gain resulting from price and quality comparisons relative to the searching costs, (…) for shopping goods the probable gain is large enough to call forth more extensive searching"* (Holton 1958, pp. 53).

Chapter 3 explains the influence of changing positions on brick-and-mortar companies: the physical present companies.

(Global) Value chains: *The relative value of the activities that are required to bring a product from creation through different phases of production to delivery to final consumers* (Gereffi et al., 2001). This will be discussed in chapter 4, to see if changing consumer positions influences underlying structures. This will be done by looking at different types of value chain governance; according to Gereffi et al. (2005) there are 5 types: Market, Hierarchy, Modular-, Relational- and Captive value chains. These five types of governance differ from each other because of 3 variables Gereffi et al. (2005):

- Complexity of transactions: The complexity of information and knowledge transfers requires to sustain a particular transaction, particularly with respect to product and process specifications;
- Ability to codify transactions: the extent to which this information and knowledge can be codified and, therefore, transmitted efficiently and without transaction-specific investment between the parties to the transaction
- Capabilities in the supply-base: the capabilities of actual and potential suppliers in relation to the requirements of the transaction.

In the last chapter, the term 'Webrooming' is discussed. This is the activity where people search for (information about) a product online, but then go buy it at a physical store (Marketing definitions, 2016).

Conceptual model

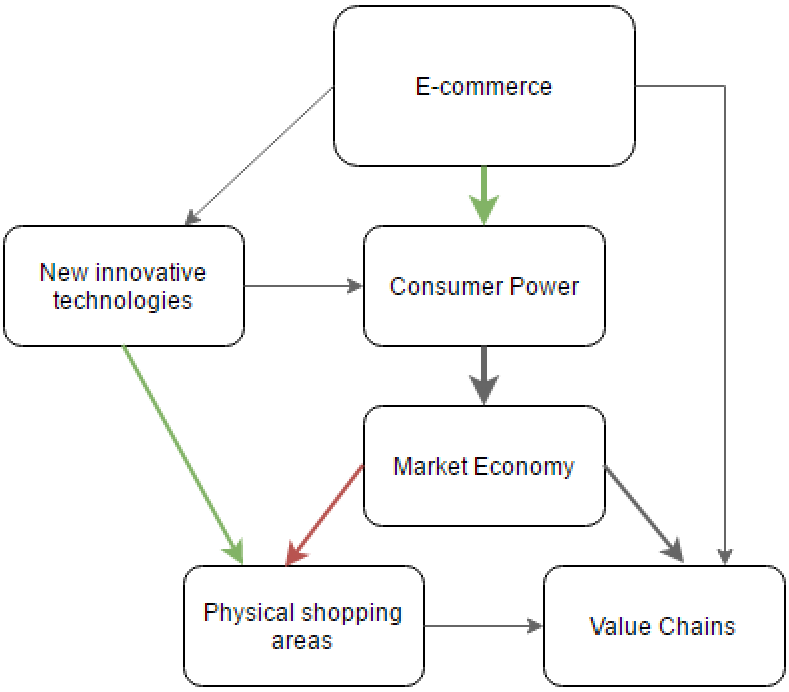

Figure 2: Conceptual model

In this model, links between different concepts and theories are shown. It will give insight into how the different concepts are related to each other.
In chapter 1, the relation between E-commerce, consumer power and the market economy will be discussed. The relation between the new economy and physical shopping areas will be discussed in chapter 3, the influence of e-commerce and consumer power on value chains in chapter 4 and the developments of new technologies in relation to physical shopping areas in chapter 5.

Hypotheses
- Consumer power has grown due to the rise of the internet and increased market transparency
- E-commerce has become dominant because of the availability of information and the ease that comes with it.
- Shopping areas have become less attractive due to e-commerce and this will continue in the future
- Structures of value chains may change due to decreased power of big firms, and increased influence of consumers.
- When new innovative technologies are brought to the market, different ways of consuming will arise.

Results

1. What changes have taken place regarding our economy and the position of consumers?

As said in the introduction, it seems that consumers have gained more power over the last few years when looking at our market economy, but how and why has this happened?

The debated process of globalisation is where it starts, all activities are getting more and more dispersed when in the meantime the world is becoming 'smaller' due to all kinds of transportation and communicational innovations (Ostry, 1990). One of those innovations which has become a major factor in our world over the past decades is the Internet. Some see the Internet as a powerful tool for business, while others have highlighted the potential of it for those who try to counter-balance the power of influential organizations (Conway et al., 2003), i.e. the consumers. Today, around 46.1% of the world population has access to the internet, this stands for 3.4 billion people and is way higher than 10 years ago, when it was just around 77 million (Internet Live Stats, 2016).

Because of the internet and its increasing role as online shopping centre (Limayem et al., 2000), it is possible to shop wherever and whenever it is desired and web-shops have as a consequence become one of the fastest growing sectors in the worlds' economy, but also in the (Northern) Netherlands (SER, 2014). The most well-known form of e-commerce for private consumers is the B2C category (business to consumer), this is also known as the term online retail or -shopping. Not only does this category consists of 'pure click', online web-shops, it also contains web-shops of 'brick-and-mortar' retailers. The fact that e-commerce is increasing very fast doesn't need explanation when looking at the worldwide e-commerce sales numbers: in 2013 it was a total of 1,233 billion US dollar, but for 2018 almost the double of it is expected, 2,356 billion US dollar(Statista, 2016). It's also interesting to investigate which percentage of the people on the internet, have in fact ever bought something online: numbers show that in 2015 this percentage was 51.5%, but will be expected to grow towards 60% in the next five years (Statista, 2016). In the survey that was conducted for this research, 100% of the respondents had ever bought something online and 68% of them shop online once a month, or even more often.

Now we've established that E-commerce has become more and more dominant in our shopping patterns, it's interesting to look at the consequences of it from a consumers' point of view. Apart from different pros and cons, which will be discussed in the next chapter, the most important aspect from the consumers' perspective is *"…the increase in choices and especially information on the products and services they desire."*(Balto 2002, pp.278). When considering 'normal' markets, consumers usually don't possess all the information that's needed due to information asymmetries and thus causes the inability to make rational choices about products. In this way, asymmetry will be a source of competitive advantage for producers and retailers in contrast to the consumers (Nayyar, 2006). But with e-markets, it's different: with one click, searching and comparing products can be done from all kinds of web-shops all over the world, in this way information asymmetries that occur at traditional markets disappear; this is also referred to as the transparency thesis (Rezabakhsh et al., 2006) . The information provided online does even seem to influence shopping behaviour and enhance people's brand loyalty (Deloitte Consulting LLP, 2014).

All these new informational and organizational aspects of the internet empower consumers in their position towards companies, this is called the 'New consumer sovereignty' or is referred to as 'The power thesis' (Rezabakhsh et al., 2006). Because people now have possession of knowledge about the quality and price of products, the information asymmetry between consumers and companies decreases and that is what Rezabakhsh et al. (2006) call 'Expert

Power', one of the three types of power consumers have gained due to the internet. The second type of power stands in line with Expert Power and is caused by the increased 'surveyability' and transparency that gives consumers the chance to make better choices. This ability of making better choices is mainly possible due to the growth of competitive alternatives (Balto, 2000) and allows consumers to impose 'sanctions' on second-best brands through a decrease of sales (Box, 1982), this type of power is called 'Sanction Power'. The last type of power is interesting, it is called 'Legitimate Power' and stands for the abilities of consumers to directly influence the market with the main focus on product and price policies. The 'power' talked about here is potential power, this means it can be realizable but an actor doesn't have to be exerting his or her power. Additionally to this, power here is seen as relational; the power of the consumers is mainly defined by the powerlessness of the suppliers (Box, 1982), this perspective is called countervailing power(Galbraith 1952).

From a producer/retailer's perspective, the increase of consumer power has mainly caused a negative effect on their market. Companies are forced to provide the whole set of information about every product and this transparency has brought a lot more competitiveness among producers because consumers are able to easily compare products. Also, because of the growth of competitiveness and the constant introduction of new products, consumers can easily switch from product or brand when they're not satisfied and this makes it harder for companies to retain their market share and market power(Balto, 2000).

2. Why and how has e-commerce become so dominant?

Although the general offline shopping rate is still around 81% (Zupr, 2016) and the majority of the survey respondents (61%) preferred in-store shopping in general, the growth percentages of online sales are considerably bigger: 18.4% growth for Europe in 2015, while offline growth rates are around -1.4% (Statista, 2016). The bigger growth percentages of the online market can be explained by different reasons: Information ubiquity, elimination of geographical friction and the internets' interactivity (Rezabakhsh et al., 2006) are important aspects which make the shift from brick-and-mortar companies to e-commerce increasingly attractive. But apart from that, consumer motives are a big factor in explaining why the economy develops like it does.

According to Kim (2002), consumers seek for efficiency but also want satisfaction from an enjoyable shopping experience whether they shop in-store or on the internet. Efficiency and shopping experience are two motives for the choice of consumers to either shop online or not. To clarify, 'efficiency' here is defined as an efficient use of time and energy and refers to the functional motive of shopping. The efficiency of online shopping is usually higher because of the fact that it's time saving when searching for/buying a product and that it's energy saving in comparison to when physically visiting store. The 'experience' that people look for when shopping is a second (hedonic) motive: people like to be entertained, have fun and interaction with others or even see it as relaxing activity(Kim, 2002). The 'experience' motive is usually used when shopping in-store, people like going to real stores where they can interact with friends and can talk to staff-members when they have questions. A third (functional) motive is convenience and "*… has been the most cited shopping motivation or benefit"* (Jarvenpaa and Todd, 1997). Convenience on the internet is derived from the non-stop accessibility, speed of transactions, access to information and delivery of products that can be ordered from any place (Kim, 2002), however convenience also plays a big role in in-store shopping (e.g. no delivery time). As fourth motive, we discuss economic utility: here the question is where consumers can get the cheapest products, or where they can obtain the most information about the product prices. The internet is very attractive with its ability to compare all kinds of products (comparison shopping), however it sometimes brings high shipping-costs with it which makes it less economically beneficial.

When analysing the results of the online survey, the motives of people shopping online can be made clear. The answers of the respondents are shown in table 1; 'Count' stands for the times an answer is chosen, 'Colum N %' for the percentage of respondents that chose that particular answer. As shown in de table, the answers concerning time and ability to find a certain product are the most chosen answers. The answer about time belongs to the motive of efficiency (Kim, 2002) and the answer about the ease to find a product belongs to the convenience motive (Kim, 2002). Other important benefits of shopping online seem to be that it saves energy (efficiency) and that the internet provides a bigger variety of products (convenience).

		Count	Column N %
What are the pros of shopping online?	Less time	51	70,8%
	Less energy	39	54,2%
	More information	20	27,8%
	Easier to find	47	65,3%
	Bigger variety	38	52,8%
	More often available	25	34,7%
	Other	5	6,9%

Table 1: The pros of shopping online

However the fact that a factor being a pro for buying online, doesn't have to mean that it is a con for buying in-store, the results of the question about shopping in-store are comparable. Table 2 shows that respondents answered that the cons of it were especially the fact that it costs more time, more energy and that products are harder to find.

		Count	Column N %
What are the cons of buying products in a physical store?	Costs more time	48	66,7%
	Costs more energy	41	56,9%
	Less information	13	18,1%
	Harder to find	42	58,3%
	Little variety	29	40,3%
	Less often available	18	25,0%
	Other	4	5,6%

Table 2: The cons of buying in a physical store

However, as said before, 61% of the survey respondents answered that in general they prefer in-store shopping, it's interesting because of this to look at the question why people prefer to buy in-store. The results are shown below in table 3.

		Count	Column N %
What are the pros of buying products in a physical store?	Able to use product right away	48	66,7%
	No extra fees	54	75,0%
	Staff members present	40	55,6%
	Interaction with others	23	31,9%
	More fun	33	45,8%
	Other	7	9,7%

Table 3: The pros of buying in a physical store

The most chosen motive of respondents for buying in-store seem to be that there are no extra fees such as shipping costs, the fact that the purchased products can be used right away and that while shopping, staff members of the store are present to give advice or answer any questions.

		Count	Column N %
What are the cons of shopping online?	Long delivery time	16	22,9%
	High delivery costs	34	48,6%
	Not able to use product after buying	22	31,4%
	No staff member present	27	38,6%
	No social aspect	23	32,9%
	Less fun	24	34,3%
	Other	12	17,1%

Table 4: The cons of shopping online

The answers about the cons of online shopping were more divided than the other questions, however, almost half of the respondents answered that the delivery costs are a big disadvantage of online shopping. Additionally, 12 people (17%) answered 'Other', the explanations were quite corresponding and came down to the fact that it bothers people when they can't touch/feel/try on the product before buying it and thus don't know if they like it or not. A couple respondents did also note that when they were not satisfied with the product, the process of returning was to complicated.

It is clear that when online retailers know these motives of consumers, they can respond to them by optimizing their web-shop structure and features. Concluding from the data above, it thus means that they should try to reduce delivery costs and make returning products more easy to even expand further. Also, online retailers might have to search for a way to provide more advice or help from an expert, as almost 40% of the respondents answered that a con of online shopping is the fact that there's no help from staff members available. Experty (2016) has found a smart solution to this as they have experts available for every particular web-shop they have. In this way consumers can experience the benefits of buying online, but also get helpful advice based on the kind of product they search for. Although Experty is mainly specialized in 'Niches', this way of providing help and advice can be used in many other types of web-shops.

When discussing why and how e-commerce has become so dominant it thus certainly is very important to look at consumer motives, in this way retailers can answer to the demands and can try to make progression where it is possible. A final thing that may be just as important as the motives discussed above are the products that are sold, *"It is evident that we sell brands and product types consumers ask for"* (Experty, 2016). Finally, Holbrook (1994) says that the basis of all marketing activity is that what people receive (quality, benefits, etc.) must be in balance with what they have to give up (price, sacrifice).

Case study: Groningen

Because the motive of time was chosen very often when asking about the pros of online shopping, it's interesting to look at the time people have to travel to reach a certain shopping area/ store and to see if their shopping motives differ from each other. Locatus (2016) says that the distance to, travel time to and accessibility of shopping areas can influence choices of consumers. A considerable part of the survey respondents (21) seemed to be living in the city of Groningen, it thus would be interesting to do a small case study about the motives of these respondents based on where in the city they live. This could have been even more valuable when comparing urban and rural areas but the data lacked on respondents from rural places, so a comparative way of researching (travel) time and motives was chosen. The hypothesis for this is as following: people who live further away from shopping areas prefer online shopping because it saves more time and energy than people who live nearby.

As central point, the Heerestraat in the centre of Groningen was chosen. There are, of course, other shopping areas in the city, however the Heerestraat, Grote Markt and Vismarkt combined are the places with the most Clothing-, Health/Beauty- and Electronics stores (these types of products are most bought in-store according to the survey, table 5 shows all the results).

		Count	Column N %
What do you always buy in a physical store?	Clothes	30	53,6%
	Electronics	18	32,1%
	Music related products	2	3,6%
	Health/Beauty products	32	57,1%
	Books	7	12,5%
	Dvd/video games	4	7,1%
	(Holiday) Trips	0	0,0%
	Sport related products	17	30,4%
	Other	10	17,9%

Table 5: Products respondents always buy in-store

To give insight in where the respondents live, a geographical map is shown below:

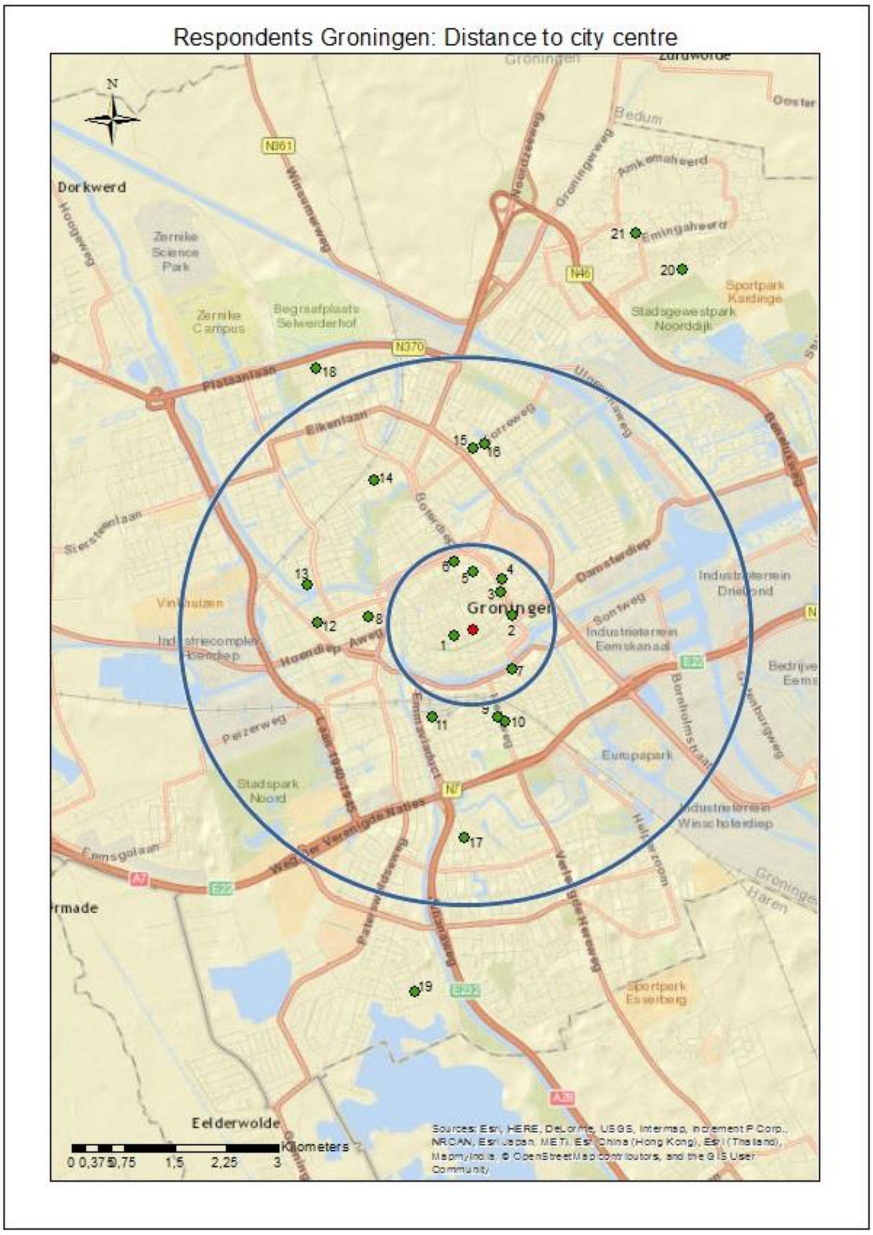

Figure 3: Respondents Groningen: Distance to city centre

The red dot on the map represents the Heerestraat, the place from where the distance is measured.

The green dots represent the places of living of the respondents. They are numbered in order of distance to the red dot.

The blue circles divide all the respondents into distance categories: <1 Km, 1-3 Km and >3 Km.
(The distances aren't absolute but relative).

The first thing that's interesting to know is whether there's a difference in general preferences (online/offline) in people that live nearby or further away. As shown before, 61% of all respondents prefer in-store shopping, the goal here is to find a difference between these 21 people with different places of living in Groningen. To research this, a chi-square test was conducted in SPSS, this however wasn't valid because more than 20% of the cells had an expected count less than 5. To solve this problem a Fisher's Exact Test was done, this outcome however also wasn't significant *(N=21) =1,150, p= .602*. We can conclude from this that there's no difference in general preferences of people who live close to or further away from the city center.

Next up, I researched if there was any difference in motives when asking about the pros of online shopping and the cons of in-store shopping. Because we're looking at distances to the center, only the motives of time and energy were analyzed.
The Fisher's Exact Tests showed that for both motives, 'Time' and 'Energy', no significant difference was found between people living < 1Km to the center, 1-3 Km to the center or > 3 Km to the center (*(N=21)=0,822, p=.704* & *(N=21)=0,305, p=1*.)

The hypothesis thus needs to be rejected; there is no difference found in general preferences or motives for buying online or offline between people who live far away or nearby the shopping area.

3. What does this shift mean for actual shopping areas?

The developments in our economy don't only influence the power positons of different actors, but this 'new' consumer sovereignty also affects the traditional market as we know it. Due to the new divisions in online and offline shopping, 'real' shopping areas are changing. The degradation of shopping areas is mainly characterized by an increased number of unoccupied buildings and a decreasing number of visitors. Between 2008 and 2015, unoccupied buildings in the Netherlands have increased with 3%, this brings it to an overall average of 9% of unused shopping surface(PBL, 2016). *"Our estimate is that by 2020, 2.0 to 2.5 million square meters of sales area in urban areas will have become redundant."* (PWC, 2013). The numbers of visitors of shopping areas have also decreased although the downturn has stagnated more or less between 2007 (3%) and 2010 (1.6%)(Locatus, 2016).

The reasons for the degradation of these areas are the fact that traditional roles of physical stores (getting advice, comparing products, etc.) are increasingly being fulfilled by other channels (PWC, 2013) and that products that previously thought to be sellable only in a touch-and-feel environment are also experiencing more widespread sales these days due to technologies (Kim, 2002). This last thing is interesting as 54% of the survey answers to the question "What do you always buy in-store?" was 'clothes'; they belong to the touch-and-feel category but are according to Kim (2002) more and more sold online.

Another reasons why shopping areas are impoverishing is because of the fact that little retailers aren't able anymore to compete with the big web-shops such as coolblue.com, bol.com or amazon.com. Because the big e-commerce companies are so successful and dominant with their ever increasing supply of products, little physical stores are more and more forgotten of and will ultimately be forced to close. Additionally, because of the dominance of certain web-shops, consumers don't seem to know of specialized products anymore and only search for 'mainstream' products. As a consequence, physical retailers try to adjust to the demand of consumers by selling the most wanted products in their stores, however, in this way people will lose sight of the long-tail products which causes impoverishment of the supply and homogenization of our market (Zupr, 2016).

In the online survey that was conducted for this research, people where asked if they had noticed changes in the shopping areas and if so, what changes they had seen. 30% of the respondents said they just noticed it and 35% of them said they had clearly noticed the changes in shopping areas. The full results are shown in table 6.

Extent of noticed changes

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	I haven't noticed it at all	3	4,1	4,2	4,2
	I have barely noticed it	10	13,5	13,9	18,1
	I have noticed it	22	29,7	30,6	48,6
	I have clearly noticed it	26	35,1	36,1	84,7
	I have noticed it to great extent	11	14,9	15,3	100,0
	Total	72	97,3	100,0	
Missing	System	2	2,7		
Total		74	100,0		

Table 6: Extent of noticed changes

Additionally, a chi-square test was conducted on question 3 and 13 of the survey to see if there would be a significant difference in answers from respondents with different places of living. The chi-square test wasn't significant, *X2* (64, *N* = 72) = 80,57, *p* =.079, and we thus can't form concrete conclusions based on it, however the answers of respondents living in the Northern Netherlands were notable. This group of 23 people all answered that they had noticed (9), clearly noticed (7) or that they had noticed it to great extent (7). It thus seems that the degradation of shopping areas in the northern Netherlands is quite outstanding.

The explanation the respondents gave to question 14 (*What did you notice in the shopping areas?*) were quite comparable, most of the people said they had noticed lots of unoccupied buildings, bankrupt retail companies, outlet stores with cheap products and a decreasing number of visitors.

On the question if they thought these changes were positive or negative almost 60% answered negative, the reasons of the respondents were quite corresponding: *"It's at the cost of stores with quality products and brands"* (Respondent 5), *"Stores where I used to go in the past disappear"* (Respondent 6), *"It makes shopping areas less attractive"* (respondent 40) and *"It decreases the 'shopping experience'.. "*(Respondent 47).

A couple of the respondents (10%) however, found the changes positive because *"It forces companies to be innovative …"* (Respondent 71) and it *".. provides new chances for unique stores on the long term."* (Respondent 10). These respondents all belong to the age category of 17-30, we thus might say that younger people are more accepting about the changes taking place. However, the chi-square test conducted didn't show a significant relationship between age and the answers to this question (*X2* (3, *N* = 72) = 3,52, *p* =.318).

The degradation of the physical shopping areas thus are clearly noticed, and will probably stay to be a main topic in economical debates. However, the chances that physical stores will disappear completely seems very small, *"Physical stores will still maintain a clear function, (…) they will have an increased goal to provide the 'experience' consumers seek for, i.e. with tasting, feeling and smelling the products"* (Experty, 2016).

4. How does the new consumer sovereignty influence value chains?

We've now seen that a shift of power relations between different groups can cause big effects on physical areas, retailers and sort of products supplied. Also, interesting is to know how underlying processes are influenced by these new power divisions: in this chapter the influence of the new consumer sovereignty on value chains gets discussed. To clarify, not only 'value chain' but many other terms are used in the literature to describe the same sort of process (global commodity chain, value system, production system, etc.)(Gereffi et al., 2001). In this thesis, 'value chain' refers to the relative value of the activities that are required to bring a product from creation through different phases of production to delivery to final consumers.

To research if consumers have any influence on value chains due to e-commerce, it is important to clarify how these chains are constructed and how they work in the first place. A value chain consists of different actors: leading firms, suppliers, transportation companies, etc. The role of each actor in the process differs per value chain, it's only logical to add that these chains are thus governed in different ways (Gereffi et al., 2005) and that this determines how the chain is influenced by consumers. Governance here involves "*… the ability of one firm in the chain to influence or determine the activities of other firms in the chain."* (Gereffi et al. 2001, pp. 4) There are, according to Gereffi et al. (2005), 5 types of value chain governing: Markets, Hierarchy, Modular-, Relational- and Captive Value Chains. Which type of governing suits best is determined by three factors: (1) the complexity of transactions, (2) the ability to codify transactions and (3) the capabilities in the supply base.

Defining which type of value chain governance is most likely to be seen in e-commerce is hard because there are so many different products sold on the internet with so many different producing processes that you can't really generalize them. However, trying to analyse what in general would be a successful type of governing of an E-commerce company is certainly possible.

We already concluded in chapter 2 that it is important for an e-commerce company to follow the trends and fulfil the ever changing demand of consumers in order to be successful (Experty, 2016). To be flexible in what kind of products are sold, a company has to have enough capabilities in the supply base and also must be able to switch to other suppliers without the risk of encountering high costs. These characteristics belong especially to the 'Market' and 'Modular' value chain. The difference between these two types is that 'Market' chains have low complexity of transactions as it particularly concerns products with easy specifications, and 'Modular' chains have high complexity of transactions as it concerns more specific or complex products (Gereffi et al., 2005).

However the complexity of inter-firm transactions differs per product/company, new developments seem to have lowered it in general over the past couple of years. These developments are the decreasing number of transactions between producer and retailer, but also concern the positively developed logistics. Products still reach the consumer through producer, importer, distributer and retailer, but the products skip the part of physically going to the retailer, instead they get delivered to consumers straight out of the distribution centre (sometimes of a 3rd service party) (Cerasis, 2014). E-fulfilment is the term to describe the processing of goods after buying it online (WSSN, 2016) and has since around 2000 provided ways to make logistics much easier through improved transparency, communication, efficiency and automatization (Cerasis, 2014).

The ability to codify transactions also differs much between products; when looking at the Market and Modular value chains, they both have high ability to codify their transactions because they either have simple product specifications or can codify the implicit knowledge clearly (Gereffi et al., 2005). Due to automatization and new technologies codifying has become a lot easier in general (Cerasis, 2014).

An overview of the different types of value chain governance based on the three factors can be found in the table below.

Governance Type	Complexity of transactions	Ability to codify transactions	Capabilities in the supply-base	Degree of coordination and power asymmetry
Market	Low	High	High	Low
Modular	High	High	High	↑
Relational	High	Low	High	
Captive	High	High	Low	↓
Hierarchy	High	Low	Low	High

Table 7: Different types of value chain governing according to the key determinants
(Source: Gereffi et al. 2005, pp. 87: Key determinants of global value chain governance)

Summarizing, due to the growing consumer influence in our market economy, companies have to be more and more flexible to satisfy the consumers' demand. Especially because the transparency provides the consumers of information about alternatives; no product, brand or company is sure about the future's demand. When relating this knowledge to the five types of value chains this could mean that in the upcoming years a transition could take place where companies have to switch from a governance with high degrees of coordination and power asymmetry to a type with lower degrees of it. Also, when looking at a value chain scale, the suppliers should become more and more competent to meet the requirements that leading firms ask for, but the leading firms also have to do this in order to satisfy the consumers. The consequences of e-commerce and the new consumer sovereignty thus are able to play a big role in value chains, however it will always keep depending on the type of products that are discussed.

5. Will innovative internet technology be able to start a counter shift?

In chapter 3 the effects of e-commerce on physical shopping areas was discussed. We can conclude from this chapter that the shift from the traditional to the internet economy doesn't seem very positive for physical shopping areas and little retailers. The main problems discussed were decreasing visitor numbers and the impoverishment of the shopping experience. Also, the major part of the survey respondents had noticed the changes clearly and defined them as negative.

However, there have been new developments going on lately in the area of technologies and innovation when looking at the relationship between online and in-store shopping. Some companies have developed new innovative applications that should make consumers go back to physical stores.

Before this, it were only some big (fast)food companies who would try to do such thing, think of the McDonalds or Subway smartphone app who would give discount when buying food. However, this concept has developed much further over the last couple of years. An example is OK IT BV, a company that tries to improve the ease of in-store payment by providing a smartphone app that enables consumers to pay with their phones. This is done by using barcodes and QR codes: products can be purchased by scanning the QR code with the smartphone and barcodes with discounts or vouchers can be scanned of the screen (OK IT, 2016).

This piece of technology thus makes transactions in physical stores more attractive, but there's also a new concept that goes further in attracting people to local retailers. This concept is called 'Zupr' and tries to create an infrastructure between producer, retailer and consumer. The founders of Zupr had the goal to make people find local products again, especially the long-tail products who are threatened to disappear from the market. Zupr creates a single and unique dataset with all the information and characteristics of a product, this makes it easy for producers to show what they're selling, but also for retailers. The smartphone app, what they call their 'front office', can be used by consumers to see where certain products can be found, if they are in stock and sometimes even how much they cost. The most important thing for Zupr is to provide product information for every group, *"When people search for something, we have to make sure it's in our database."*(Zupr, 2016). The concept of Zupr differs from others because they don't 'spider' websites, but exactly show the products that are searched for, based on their specific characteristics. Although the most important thing is to let people find out where certain products are sold, new developments such as payment by phone are possibly coming in the near future (Zupr, 2016).

The technologies thus are able to make it a lot more attractive for consumers to go back to physical stores. However, important to know is whether the consumers would actually use these options, or that they prefer buying everything online anyway. The expectation in the Northern Netherlands is that *"New technological developments will, according to several studies, have a major effect on the economy and society during the upcoming decades."* (SER 2014, pp. 32) Three questions about this topic were asked in the online survey and the results were interesting.

On the question if people had ever used their smartphone during shopping in-store, a little majority (51%) of the respondents answered yes. Maybe not a strong result, however, it's interesting to relate these results to age: where on average almost 100% of the population (western countries) has a smartphone between age 18-35, the percentage above age 35 decreases (Pew Research Center, 2016) . The survey respondents' age lies between 18 and 67, for the statistical analysis, the group got divided in age 18-30 and age 31- 70. A chi-square test was conducted on question 2 and 16 of the survey to see if there would be a significant difference in answers between people aged 18 to 30 and people aged 31 to 70. The chi-square test that was performed showed that no relationship was found between age and the use of smartphones while shopping in store, $X2$ (1, N = 72) = 1,58, p =.209. No relationship means that age doesn't matter in the case of using a smartphone in-store or not, in this case companies should try to target all age groups when developing a technology for in-store shopping.

Other interesting results came from the question if people had ever orientated themselves online and then bought a product in-store: 90% of the respondents answered 'yes'. It's easy to use the internet as an instrument to search information about products and compare them, many people thus actually do this before buying something and this again stands in line with the infrastructure Zupr wants to create. However, on the question if people would use an 'innovative' smartphone app which should make buying in-store more attractive and fun, the answers where divided. Only 31% were absolutely sure they would, 4% answered a clear 'No' and the majority wasn't sure yet and answered 'Maybe'. It surely would depend on what benefits people would experience when using a new technology.

In the third chapter, motives about shopping online and in-store were discussed, a new technology thus should at least try to minimize the cons (time & energy consumption, harder to find products) and combine the pros of both ways. Companies should also work on providing the 'shopping experience' to people to attract them to the physical stores, as this was considered as one of the main reasons physical stores will never totally disappear. Finally, the social aspect becomes more and more important: the new trend, 'Webrooming', is all about orientating online but buying in-store and people nowadays make it more and more often into a social activity (Zupr, 2016). When these things are taken into account and consumers start to see the benefits of using technology to buy in store (Experty, 2016), a counter-shift could be created where in-store shopping becomes popular again.

Conclusion

Due to the dominance of the internet, online shopping rates have increased rapidly over the past years, and are expected to increase even further. Transparency provides consumers more information about products, which gives them a more powerful position. Different sorts of power provide them a better way to get what they want; companies can't hide behind information asymmetries anymore but have to compete with each other. Value chains might also change because of this power and in order to keep satisfying consumers, leading firms have to become more flexible and thus might need to be governed in a different way. Also, the efficiency and convenience of the internet contributes to the growing number of online shoppers. The most chosen motives to shop online are the facts that it's time and energy saving, however no difference is found yet between people living close or far away from shopping areas. The consequences of this shift to an 'internet economy' has, however, put its marks on the physical shopping areas as lots of shopping spaces become unused and visitor numbers are low. The degradation of shopping areas doesn't go unnoticed by consumers: the part that they liked the most about physical stores, namely the 'shopping experience', seems to disappear. However, new technologies try to bring people back to the physical stores to make sure the stores and the long-tail products won't disappear. Different companies, such as Zupr, work on innovative concepts in this field to make the counter-shift happening. People however, are still sceptical about using technologies like this, it surely would have to give them the benefits of both online and in-store shopping and should improve their shopping experience.

Further research

Because the dominance of the internet and the changing position of consumers, a lot of processes are influenced and are changing over short periods of time. It is only logical that not everything concerning this research area can be discussed in this thesis.

As said in chapter 2, more research can be done about differences in motives of people who live in urban areas or in rural areas. This because their (travel) time to certain stores differs and thus might result in different shopping preferences and motives.

Also, when talking about innovative technologies in chapter 5, the question arises what a probable counter-shift would mean for the consumer power. It sure would change the relation between retailer and consumer again, but in what way would that be?

Finally it would be interesting for companies that are developing technologies to make in-store shopping more attractive to do further research on what those technologies should exactly add to shopping in-store. What kind of functions on a smartphone would really make in-store shopping more attractive, easy or fun?

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Appendices

List of question from the online survey:

1. Gender
   Male / Female
2. Age (Optional)
3. Zip Code
4. Have you ever bought something online?
   Yes / No
5. What have you ever bought online?

- Clothes
- Electronics
- Music related products
- Health/Beauty products
- Books
- DVD's/ video games
- (Holiday) trip
- Sport related products
- Other, …..

6. How often do you (approximately) buy something on the internet?

- More than once a week
- Once a week
- Once a month
- Once in three months
- Once in half a year
- Once a year
- Less than once a year

7. What do you always buy in a physical store?

- Clothes
- Electronics
- Music related products
- Health/Beauty products
- Books
- DVD's/ video games
- (Holiday) trips
- Sport related products
- Other, …..

8. What are the pros of shopping online?

- It's time saving
- It's energy saving
- It provides more information about the products and stores
- It's easier to find what I'm looking for
- There's a bigger variety of products
- Products are more often available/ in stock
- Other,…..

9. What are the cons of online shopping?

- The delivery time is too long
- The delivery costs are too high
- I can't use my product right away after buying it
- There's no staff member who can help me/ give advice
- There's no social aspect to online shopping
- Online shopping is less fun than going to a real store

- Other, ….

10. What are the pros of buying products in a physical store?

- I can use my product right away after buying it
- I don't pay any extra fees (such as shipping fees)
- There are staff members who can help me/ give advice
- There is interaction with other people
- It's more fun to go to a real store than shopping online
- Other, ….

11. What are the cons of buying products in a physical store?

- It costs more time
- It costs more energy
- I've less information about products and stores
- It's harder to find what I'm looking for
- There's a smaller variety of products
- Products are often unavailable/ out of stock
- Other, …..

12. In general, what do you prefer?

- Online Shopping
- In-Store Shopping

13. To what extent have you noticed the changes in physical shopping areas lately?

- I haven't noticed anything at all
- I have barely noticed anything
- I have noticed it
- I have noticed it clearly
- I have noticed it to great extent

14. What did you notice in the shopping areas?
    …………………………………………………………….
15. What do you think of these changes?

- Positive, because ….
- Negative, because ….
- No opinion

16. Have you ever used a smartphone while shopping in physical stores?
    Yes / No
17. Have you ever orientated yourselves online for a product and then bought it in a physical store?
    Yes/ No
18. If an app would be developed which would make it more fun and attractive to go to a physical store, would u use it?

- Yes
- No
- Maybe
- No opinion

<u>List of question from the interview with Experty:</u>

1. Why and when was this company set up?
2. Why do people choose more and more for e-commerce instead of normal shopping?
3. How do you reach your target group?
4. How do you react to the consumers' demand
5. Is it also important for a webshop to be physically present?
6. How does your production/selling process differ from normal stores?
7. Do you think e-commerce will keep growing in the upcoming years?

8. Do you think it’s possible that eventually all physical stores will disappear and continue online?
9. Will new technologies be able to combine e-commerce and normal shopping?

Dutch transcript:

1. **Waarom en wanneer is dit bedrijf opgezet?**
   Het bedrijf is opgezet in 2004, maar is in 2008 echt full-time opgepakt. Het bedrijf is gespecialiseerd in Niches, dit zijn specialere producten die niet op elke hoek van de straat te koop zijn en die door een specifieke doelgroep gekocht worden. Experty richt zich hierbij op 4 sectoren: Home, Outdoor, Sport en Healthcare. Omdat de webshops van Experty vooral specialistische producten aanbieden onderscheiden ze zich van grote webwinkels zoals bol.com en coolblue. Ook vinden mensen het fijn om voor speciale producten wat meer hulp te krijgen van medewerkers, dit is ook geregeld bij de webwinkels van Experty aangezien achter elke specifieke webshops specialisten zitten met precieze kennis over de online producten. Hierdoor kunnen mensen hun spullen online kopen maar kunnen ze toch om hulp en advies vragen die zijn toegespitst op de producten waarna gezocht wordt.

2. **Waarom kiezen steeds meer mensen voor e-commerce dan het normale winkelen?**
   Mensen vinden het fijn om zich te oriënteren en vinden het makkelijk om via internet te kopen. De grotere producten die je besteld kunnen worden bezorgd waardoor je veel energie bespaard dan wanneer je zoiets in een fysieke winkel zou kopen. Ook is het internet makkelijk om producten en vooral prijzen te vergelijken.

3. **Hoe bereiken jullie de doelgroep?**
   Omdat de producten die via de webwinkels worden aangeboden vrij specialistisch zijn, zijn ze makkelijk te vinden via zoekmachines zoals Google.nl. Ook worden platformen zoals Google Adwords en Marktplaats.nl gebruikt om de producten vindbaar te maken. Er wordt geen gebruik gemaakt van ‘Push’ technieken, het is meer een principe van ‘U zoekt, wij draaien’. Experty zorgt er met hun tactiek voor dat consumenten tijdens hun online zoekproces al minstens één of meerdere keren op de webshop van Experty zijn geweest.

4. **Hoe reageren jullie op de vraag van consumenten?**
   Er word wel degelijk ingespeeld op trends binnen de markt. Een voorbeeld is dat er sinds kort een drone expert webshop is, omdat drones op dit moment ‘hot’ zijn en er dus veel vraag naar is. “Het is evident dat je merk & modellen hebt die de consument wil”, dit vooral omdat het op internet zo makkelijk is om dingen te vergelijken. Als jij vervolgens de juiste merken en types hebt, komen de klanten sneller naar jou.

5. **Is het belangrijk voor een webshop om ook fysiek aanwezig te zijn?**
   Hier is nog niet echt een duidelijke mening over, de ontwikkelingen op dit gebied worden wel gevolgd. Het probleem is dat wanneer een webshop een fysieke winkel opent, dat de online conversie in een straal van 30 km toeneemt, maar het is niet de bedoeling dat de webshop de financiële fundering is voor de fysieke winkel. Als je een fysieke winkel opent moeten de sales die daar gedaan worden op zichzelf winstgevend zijn. Wat op dit moment wel zou kunnen werken is om dit te doen voor elektronische producten, omdat deze nog vaak offline worden gekocht, een fysieke winkel in deze producten zou dus kunnen werken. Bij het wel of niet openen van een fysieke winkel speelt dus de productgroep een grote rol.

6. **Hoe is jullie productie/verkoopproces anders dan normale winkels?**

Het is in principe niet zo anders, het gaat ook via producent, importeur, distributeur en retailer. Er zijn tegenwoordig wel minder importeurs omdat dit anders gewoon niet uit kan ivm globalisering en vervagen van grenzen etc.

7. **Denk je dat e-commerce nog meer gaat groeien de komende Jaren?**
   Ja, hier zijn al verschillende studies naar gedaan. De verwachting is dat in 2025 ongeveer 50% online wordt gekocht, terwijl dit nu 12% is van alle producten. Voor consumer electronics zal dit zelfs stijgen naar 80%.

8. **Denk je dat het mogelijk is dat alle fysieke winkels zullen verdwijnen en op internet verder gaan?**
   Nee, fysieke winkels hebben nogsteeds een eigen functie, alhoewel dit wel zal gaan veranderen. De fysieke winkels zullen veel meer als doel hebben om consumenten die 'experience' te laten beleven, dus met dingen proeven, voelen, ruiken etc. Dit zie je nu ook al bij bepaalde winkels, Rituals is hier een voorbeeld van hier kan je producten in de winkel uitproberen. VD en Blokker zijn winkels die dit niet hebben, de verwachting is dan ook dat Blokker het niet altijd zal volhouden.

9. **Zullen nieuwe technologieën e-commerce en normaal winkelen kunnen combineren?**
   Ja, als de consument voordelen ziet door het gebruiken van apps en vervolgens in de winkel iets te kopen kan dat wel. De Subway is zo'n voorbeeld, hier kan je korting krijgen en soms een prijs winnen als je de app download en iets in hun zaak koopt. Echter, als elk bedrijf een eigen app gaat ontwikkelen zullen mensen gauw 'app moe' worden, niemand wil al die 250 verschillende apps op zijn telefoon hebben staan.

<u>List of question from the interview with Zupr:</u>

1. Explain what 'Zupr' exactly is and how it works?
2. Why did you develop this?
3. Why is 'Zupr' unique?
4. For what type of products could this concept be interesting?
5. Do you have a specific target group?
6. How do you make sure consumers and retailers find 'Zupr' and start using it?
7. Are products that are more visible and easier to find also more popular for consumers?
8. When using the app, can consumers see if products are in stock?
9. You thus try to combine the pros of online shopping with the pros of in-store shopping?

<u>Dutch transcript</u>

1. **Wat is 'Zupr' voor een dienst en hoe werkt het?**
   Ze vormen een 'infrastructuur' tussen de producent, retailer en consument (03:17) om producten lokaal vindbaar te maken. De producent levert de productdata aan, maar retailers kunnen de database ook aanvullen als er iets mist. Er is altijd maar 1 set van data per product, "dat is heel belangrijk" (04:56) omdat het dan exact duidelijk is wat voor een product het is en hoe het eruit ziet. Je creëert dus een unieke dataset zodat de informatie over het product gelijk duidelijk is -> kleur, kwaliteit, materiaal etc. Mede hierdoor kan je niet alleen zoeken op merkniveau maar ook op productniveau.

   Zupr is dus een totaal oplossing voor alle partijen die producten verkopen.

In de toekomst is er een plan om ook via smartphone te kunnen betalen terwijl je in de winkel staat met je product, nu kan je al zien of iets op voorraad is, waar het te vinden is en soms zelfs hoe duur het is.

2. Waarom hebben jullie dit ontwikkeld?
"Winkelstraten, vooral in kleinere dorpen, raken leeg omdat ze de concurrentie niet aankunnen met bol.com, coolblue etc. Wij hebben dus als een soort 'Robin Hood' principe dit concept bedacht waarmee we consumenten weer naar lokale retailers kunnen krijgen"(07:50) . Er is een front office, dit is het zoek scherm op je smartphonne (verlengstuk van de etalage (08:51)), de hardware is het schermpje bij de balie van de retailer die de voorraad kan bijhouden. Het voordeel is dat de consument zelf naar info kan zoeken en op basis daarvan een keuze kan maken.

Hierbij komt dat kleine retailers zich niet altijd volledig kunnen focussen op het complete webshop verhaal (01:04). Zonder webshop kom je niet bij de resultaten van Google Adwords en hierdoor ontstaat er grotere kloof tussen online en offline retail. Door Zupr hoeven kleine retailers geen webshop, wij brengen het internet naar hun toe (36:00). -> anders verdwijnen ze waarschijnlijk wel.
Echter, de bestedingen die offline worden gedaan is nogsteeds 81%.

Behalve de 'macht van de consument', heb je ook de macht van de retailer (09:42). Bijvoorbeeld: Albert Heijn en Amazon hebben veel invloed bij de producent en kunnen zo inkoopprijzen bedingen die voor de producent niet altijd interessant zijn. Als producent productprijs echter niet verlaagd, nemen ze het niet meer op in het assortiment (10:14) en dan kopen de producenten een ander, soortgelijk product. Met Zupr worden kleine retailers vindbaar gemaakt waardoor de producent ook weer tegenwicht kan bieden richting de retailers.

Tegenwoordig heb je veel winkels die verschillende soorten producten verkopen, hierdoor is het voor consumenten niet meer duidelijk wat waar verkrijgbaar is (26:25).

Waarom is Zupr dan anders dan anderen?
Beslist en vergelijk spideren andere online websites, en laten dat dan zien, vaak met onduidelijke product specificaties. Wij willen echter juist excelleren op product informatie(22:36). Bij ons zijn die product eigenschappen zo belangrijk (voor beslist en vergelijk zijn dat dezelfde producten), dus als je specifiek iets zoekt, krijg je ook specifieke resultaten.

Partijen zonder webshops komen sowieso niet voor in het online zoeken, maar omdat wij een beheer app hebben leveren we echt meerwaarde voor een retailer. Ook als we straks dat stukje hardware hebben staan, kunnen ze gewoon hun reguliere kassaproces uitvoeren waarbij wij de barcode aftappen en binnen twee dagen hun hele assortiment online hebben staan, hiermee kun je precies zien wat die retailer verkoopt.

3. **Voor wat voor soort producten is dit concept interessant**?
Uiteindelijk willen we het voor alles doen, dus ook diensten. Maar ten eerste doen we het voor voedingsmiddelen omdat er een verordening vanuit de EU in werking is gesteld dat alle data over voedings/ en drogisterij producten digitaal beschikbaar moet zijn voor retailers(met het oog op consumenten bescherming) (15:40). Dit is voor online partijen, maar wij willen dit ook bruikbaar maken voor de offline partijen. Daarnaast zijn het ook de producten die je het meest lokaal

koopt. Het zal wel altijd voor producten zijn die erg specifiek of van acute behoefte zijn, en niet overal te verkrijgen/niet op voorraad zijn (niet bijvoorbeeld een pak melk, ja misschien uiteindelijk)(16:50). Alles wat de retailer heeft moet er uiteindelijk te vinden zijn, eten, maar ook mode en andere producten.

4. **Is er een doelgroep voor Zupr?** (zowel consument als retailer)
   Smartphone gebruikers. Tegenwoordig heeft 80/85% smartphone gebruik onder mensen.

5. **Hoe zorgen jullie dat zowel consumenten als retailers 'Zupr' vinden en gaan gebruiken?**
   We willen geen zoekmachine worden. "Als mensen iets zoeken moeten we zeker weten dat het in de database staat". We plaatsen widgets op websites van de producent, dus als iemand dat product zoekt, vinden ze Zupr en kunnen ze gelijk zien waar het verkrijgbaar is. Wij zijn alleen maar de tool om inzichtelijk te krijgen waar het verkrijgbaar is (11:35).
   Retailers vinden Zupr via de producent omdat de producent wil laten zien waar hun producten verkocht worden. Het is een infrastructuur die je niet echt ziet en vervolgens als we meer data hebben kunnen we onszelf gaan positioneren als zoekmachine. Het liefst zouden we bushokjes posters gebruiken, maar dit is fase 1, een soort tussenpositie.

6. **Zijn producten die beter 'zichtbaar & vindbaar' zijn voor consumenten ook populairder?**
   Als producten makkelijker gevonden worden door consumenten kunnen ze zich hier ook beter op oriënteren en dus meer info over hebben -> is positief.

   Nu zijn alleen de producten van grote ketens zichtbaar, deze zitten op a locaties en verkopen producten die overal verkrijgbaar zijn (24:13). Consumenten gaan naar een winkelgebied omdat ze dan tegen iets speciaals aan lopen, maar dat is voor de retailers niet interessant meer omdat de online wereld zo dominant is, iedereen wil massaal populaire producten aanbieden. -> consumenten kijken voor grote ketens alleen nog maar op internet, en kiest op internet vooral producten die voor de hand liggen.

   Mensen weten dus niet meer af van de specialere producten (long-tail producten), waardoor deze langzamerhand zullen verdwijnen. Hierdoor wordt het aanbod steeds eenzijdiger en minder aantrekkelijk -> is negatief. Zupr wil die longtail artikelen voor een fysieke winkel vindbaar maken, zodat een retailer ook weer de rol van een speciaalzaak krijgt. Dit zorgt ook weer voor dat een winkelgebied interessant wordt.

   Omdat consumenten op internet alles kunnen vinden, weten ze niet meer wat er offline te vinden is. -> een retailer gaat zich daar op instellen en zo krijg je verschraling van het aanbod, daardoor lopen de winkelcentra weer leeg.

7. **Kunnen consumenten met de app ook gelijk zien of de producten op voorraad zijn?**
   Ja, met een icoontje op het zoekscherm van de app. Retailer kan zelf kiezen om dit zichtbaar te maken en bij te houden. Je kunt tevens ook bellen voor voorraad via de app (08:41).

8. **Jullie combineren dus eigenlijk de voordelen van het online shoppen met de voordelen van het in-store shoppen?** Ja, het is de online link, naar offline verkoop. Je hebt geen verzendkosten en levertijd, maar wel de informatie, het voelen van het product, de hulp van medewerkers etc.

Onderzoek GFK, nu heb je ‘webrooming’, leeftijdscategorie 18-25 -> sociale functie. -> Je weet al wat je nodig hebt maar je hebt wel het sociale aspect.