E-GROCERY AS NEW INNOVATIVE DISTRIBUTION CHANNEL IN THE GERMAN FOOD RETAILING

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Abstract:
Over the past decade the Internet has changed our today’s society more than any other medium since the invention of television. The recent evolvement of the Internet as a new major distribution channel has obtained much attention, as the online channel calls the viability of traditional stationary retailing into question. Today, since innovation is a key factor in the Digital Age, the presence in the digital marketplace is essential for retailers, also in the food retailing. In the UK and other European economies e-grocery continues to grow, while in Germany the e-grocery business lags behind the European average, which points to reasonable growth potential here.

Online food retailing, however, poses several challenges. There is a general lack of reality proven business models and of practical experience in consumer’s needs and demands, which renders the development of a successful e-grocery strategy difficult. In order to live up to the customers’ expectations and develop a profitable business model, the e-grocer has to know about the customers’ demands on online food retailing.

The main objective of this paper is to understand customers’ motives behind grocery shopping online and offline. The paper first researches into the German food retailing with its market characteristics and the Status Quo of e-grocery in Germany by researching data from market research institutes and official bodies. The paper then examines the customers’ perceptions of grocery shopping online as well as offline in a survey. Finally, a conclusion on the prospects for an e-grocery business strategy to successfully meet the consumer’s needs and demands is drawn.

Keywords: e-grocery, online food retailing, consumers’ buying behavior towards grocery shopping, German food retailing
1. MOTIVATION, PROBLEM STATEMENT AND OBJECTIVES

The major advance in information and communication technologies has resulted in the evolution of a new era, namely the Digital Age. The recent evolution of the Internet as a new major distribution channel has especially obtained much attention, as the online channel calls the viability of the traditional stationary retail formats into question. Indeed, e-commerce has become an essential channel of distribution in the retail sector: Whether books, clothing, tools, consumer electronics and many more, consumers increasingly purchase their goods online. Solely the grocery e-commerce has not yet gained momentum in the German retail business.

Today, e-grocery is top 1 on the current agendas of Germany’s retailers. The growth in information and communication technologies is seen as chance for grocery retailers to reinitiate growth: While stationary retailing experiences only single-digit increases in sales (+1.5 % in 2011) (Statistisches Bundesamt; Handelsverband Deutschland, 2011, p. 12), e-commerce sales are growing particularly rapidly by 13 % from 26.1 BN € in 2011 to 29.5 BN € in 2012 (Handelsverband Deutschland, 2012). The German e-grocery business still lags behind the European average, which points to reasonable growth potential here.

Online grocers, however, are confronted with numerous challenges. The general lack of practical experience in consumer’s needs and demands renders the development of a profitable e-grocery strategy even more difficult. These considerations raise the following question: What are the prospects for an e-grocery business to meet the consumer’s needs and demands? In order to answer this question, this paper analyzes consumer behavior issues with food and online food retailing. Thereby, the focus is on the consumer’s perspective, i.e. what are the motives for the consumer to shop groceries online and what demands does the consumer make on online food retailing. It is the objective to gain insights in consumer behavior and attitudes towards online food retailing in order to analyze which approaches are most successful at fulfilling the consumers’ needs and wants.

2. THE DISTINCTIVE FEATURES OF THE GERMAN FOOD RETAILING

2.1 General overview of the German food retailing

The German grocery market is the second largest grocery market in the EU, following France and slightly exceeding the UK (Delfmann, 2011, p. 6). In 2011, the total turnover in the German food retailing increased by 2.4 % from 225 to 231 BN €, while the food turnover itself increased even by 3.6% from 163 BN € to 169 BN €. Hence, 73% of the total turnover is generated by food sales and 27% are generated by non-food sales. Considering an inflation rate of 2.3%, which was largely due to rising energy and fuel costs, the German food retailing experienced a considerable growth in turnover in real terms (TradeDimensions, 2012, p. 1).

In the German food retailing, the traditional stationary retail formats prevail in the market and account for the majority of the total revenue. Currently, the stationary retailing contributes the large majority to the sales volume in the German retail business. Over the past decade, convenience stores and especially discounters have experienced an increase in their market shares in the German food retailing. Discounters in particular have been experiencing high growth rates in sales. Traditional supermarkets, however, are losing market share at the benefit of the two retail formats named above.

Since the store-based formats have been and still are the driving force in the food retailing sector for several decades, the non-stationary formats –especially Internet-based types- have only played a minor role so far (Passenheim, 2003, p. 49). The most important non-store types are catalogue sales, e.g. bofrost*, a specialist for mail order of frozen foods, and e-grocery sales, e.g. www.lebensmittel.de, an e-retailer for all sorts of groceries. Moreover, nearly all large traditional retail chains have built up online shops, which, however, carry only general merchandise but no food in their assortments. Hence, there are experienced and also quite successful multichannel retailers in the German food retailing, but only in the field of non-food.

2.2 Characteristics of the market situation

Currently, the German food retailing is marked by saturated markets, progressing concentration processes and an increasingly strong price focus of consumers driven by the dominance of
discounters. As a consequence, this has triggered a cut-throat competition in the food retail business that has been shattering the business for years mostly unabated.

The cut-throat competition is especially evident in the fierce price competition and the therefore accordingly low margins. Germany has by far the lowest price levels for food in the whole of Europe. Additionally, in Germany, the importance of the price in purchasing decisions is twice as high as in European comparison. Hence, as consumers consider low prices almost of course, it is increasingly difficult for food retailers to differentiate on the price criterion (Strüker, 2005, p. 67). A major reason for this development is the increasing importance of discounters, such as Aldi, Lidl, Penny and Netto, over the past decades. Today, discounters represent 38.3% of the German food retailing (ACNielsen, 2012, p. 14). The discounters’ importance and their relentless pursuit of cost-effectiveness and the lowest possible price deter other retailers with a differentiation focus from charging too high a premium. Since discounters are the lower benchmark that the consumer relates to, other retailers must prove that higher prices are justified by real value-adding features for the consumer (Delfmann, 2011, p. 6).

Furthermore, the German grocery market is characterized by an oversaturation of retail outlets. Due to the massive store expansion -particularly by discounters during the past decade, there is a surplus capacity in sales area, which consequently diminishes the productivity per square meter floor space (GfK Panel Services Deutschland, 2008, p. 2). As result of this rapid and massive expansion, every German household can reach 3.5 different food stores within 10 minutes on average (GfK Panel Services Deutschland, 2008, p. 18). The rapid expansion has ensured that large food retail chains are very well known and within an easily reachable distance. Consequently, retailers have virtually exhausted their customer potential. It has become increasingly difficult to attract new customers, because market shares have been effectively allocated among the largest German food retail chains, which have almost reached full penetration of households (Theis, 2007, p. 94).

Associated with the oversaturation of retail outlets, the concentration ratio among retailers in German food retailing is among the highest ratios in Europe. After years of ongoing mergers and acquisitions in the German retail sector, the concentration process still proceeds slightly unabated. The horizontal integration or rather horizontal concentration ratio among retailers in the German retail sector is among the highest ratios in Europe (TradeDimensions, 2011, p. 1). Hence, most of the total revenue in German food retailing is earned by only a few big retailers In 2011, the Top 5 German retailers (Edeka-Group, Rewe-Group, Schwarz-Group, Aldi-Group, Metro-Group) held a market share of 71.8%, i.e. five out of 100 retailers earn almost three-quarters of the total revenue in the food retailing (TradeDimensions, 2012, p. 2). In 2004, seven years earlier, the Top 5 held a market share of only around 65% (Ernst&Young, 2009, p. 10). Within seven years, the concentration ratio in food retailing increased by almost 7%, a trend that is set to continue. As result of this consolidation process, numerous large-scale enterprises have emerged lately, which enterprises have reached a critical size to play a leading role even in the European market (Ernst&Young, 2009, p. 9). Since the majority of the market is saturated and the market potential is largely exhausted, raising the market share can be achieved only at the expense of competitors.

### 2.3 Status quo of e-grocery in the German food retailing

So far, online food retailing has largely been neglected by German food retailers up to now. In other industrialized western economies which contrast Germany, e-grocery is widely used and well accepted. In the USA, for example, a quarter of all American households have at least once bought groceries online. In the UK, e-grocery sales amount to a market share of 3 % of total British food retailing (Lebensmittelzeitung; phaydon research+consulting, November 2008, p. 12). In contrast, the market share of e-grocery amounted only to 0.2 % of the total revenue of the German food retail business in 2012 in Germany (unknown, 2012, p. 5). Around 80 % of German consumers have no experience at all with shopping for groceries online so far. Less than 1 % actually does their weekly grocery shopping in an e-food shop (Plachetta & Röttig, 2012, p. 32).

These figures correlate with the fact that the number of e-food shops in Germany is remarkably small. Well-known and big online food retailers cannot be found; instead e-grocery has been a niche for small and often specialized e-food shops (Theis, 2006, pp. 467-468). As mentioned above, the pure non-store formats can be considered as niches and have gained relatively little economic relevance. Although, there are large retail chains, e.g. the discounter LIDL, that have built up an online
distribution channel in addition to their traditionally store-based distribution, so far these online shops have only carried general merchandise, like clothing, household appliances, consumer electronics etc., in their assortments.

As a result, e-grocery can be regarded as economically irrelevant in the struggle for customers in the German food retailing up to now. However, since information and communication technologies are more than ever unstoppably on the advance, traditional brick-and-mortar retailers as well as innovative pure online retailers are currently testing diverse e-grocery pilot projects in order to enter the market. In so far, the fear of missing out on an important trend is urging retailers to develop e-grocery strategies in order to gain a foothold in the main part of the upcoming e-grocery market in the long term (Plachetta, 2012, p. 23).

3. THE CONSUMER BUYING BEHAVIOR TOWARDS GROCERY SHOPPING

Grocery shopping polarizes: On the one hand, grocery shopping is one of the daily time-consuming and laborious household chores, but on the other hand, grocery shopping can be an inspiring moment of gusto. Whether a customer perceives grocery shopping as either laborious or inspiring depends very much on the customer’s situation and the circumstances, which will be illustrated in the following.

3.1 Grocery shopping as compulsory task

On the one hand, grocery shopping is perceived as a necessary everyday task that has to be carried out in order to provide for family. Large purchases of durable and heavy food staples, e.g. flour, sugar, beverages, milk and dairy products etc., are especially perceived as necessary obligation. Grocery shopping is usually marked by routine and pragmatism, whereby the ‘pleasure’ dimension is limited (Lebensmittelzeitung; phaydon research+consulting, November 2008, p. 17). These groceries are low-involvement products, thus, consumers tend to spend as little time and effort as possible buying these necessary products. Since grocery shopping is highly routine consumers tend to allocate few cognitive resources to the buying process. They rather follow their previous shopping experiences, which require minimum effort (Picot-Coupey, et al., 2009, p. 439). Moreover, consumers experience grocery shopping as a physically and psychologically stressful effort. The physical effort refers to the physical labor, for example the work of carrying heavy and bulky shopping baskets or steering the trolley through the aisles of the store etc.. The psychological effort refers to the whole planning process that is involved in the shopping trip, since grocery shoppers do not just visit a store and pick out food randomly. Grocery shopping usually requires a provision plan, which includes making a meal plan with respect to the eating habits and preferences of the household members. The shopper also has to plan and organize the time and place of the shopping, i.e. when to buy what in which store. Moreover, especially at peak times when the parking lot and store are crowded or when the consumer is under time pressure and has to rush, the shopping trip often becomes even more stressful (Koch, 2012, pp. 32-37). Preferred stores for this kind of grocery shopping are discounters and large supermarkets that allow for a relatively convenient and time-saving shopping trip and are in easy reach or on the way home from work (Lebensmittelzeitung; phaydon research+consulting, November 2008, pp. 17-21).

3.2 Grocery shopping as moment of joy and gusto

In contrast, grocery shopping is also perceived as an inspiring ‘journey of discovery’, which provides joy and gusto. Especially at weekends when there is no time pressure and consumers can indulge in the stimulating environment of the store in order to find something delicious to cook for dinner, consumers are relaxed and enjoy the shopping trip, for example when they have time together with their life partners or friends and are browsing the store for inspiration (Lebensmittelzeitung; phaydon research+consulting, November 2008, p. 21). Thereby, consumers are looking for new ideas and trends and want to be inspired by a stimulating shopping atmosphere (Rudolph, et al., 2009, p. 36). Moreover, consumers perceive grocery shopping as social experience. Traditionally, market places have been the center of social activity, where people meet friends and cultivate their relationships (Levy & Weitz, 2004, p. 112). Consumers view grocery shopping as welcome opportunity for socializing and being together with people. Preferred stores for this kind of grocery shopping are small supermarkets, delicatessen shops and the Farmer’s market, where consumers can expect a personal and intimate atmosphere and unique products (Lebensmittelzeitung; phaydon research+consulting, November 2008, p. 17).
3.3 The perceptions of working mothers, young professionals and SilverSurfers

Hence, grocery shopping is perceived differently, whereby the different perceptions of grocery shopping are often conflicting with each other. In order to obtain a deeper understanding of the psychological evaluation of grocery shopping, the different perceptions towards grocery shopping of different consumer groups are analyzed in more detail in the following.

First, working mothers with small children that need permanent supervision perceive grocery shopping as “just something I have to do” (Koch, 2012, p. 31). Due to the permanent care for their children, mothers only have limited time windows for grocery shopping (e.g. when the children are at school or Kindergarten). Moreover, when mothers are accompanied by their grouching and whining children, the shopping trip often becomes even more stressful. Hence, mothers try to create time windows which can be used for one large shopping trip that lasts for the whole following week (Lebensmittelzeitung; phaydon research+consulting, November 2008, p. 19).

Second, also young professionals have limited time windows for grocery shopping during the week when they are working long hours. Due to their packed working day, young professionals are bound by opening hours and often have to arrange their daily schedule around the grocery shopping trip. However, grocery shopping is perceived differently at weekends, when there is time for an inspiring “journey of gusto” in the stimulating environment of the store. At weekends, young professionals enjoy grocery shopping, when they have time together with their life partners or friends and are browsing the store for inspiration (Lebensmittelzeitung; phaydon research+consulting, November 2008, p. 21).

Third, SilverSurfers often go shopping several times a week, buying the groceries bit by bit and not all at once. Thereby, due to their physical impairment, SilverSurfers avoid carrying heavy and bulky baskets (Lebensmittelzeitung; phaydon research+consulting, November 2008, p. 20). Moreover, SilverSurfers view grocery shopping as welcome opportunity for socializing and being together with people and go grocery shopping as free time activity. Hence, from this point of view, the convenience factor is a driving force towards the use of e-grocery.

4. BENEFITS AND BARRIERS OF E-GROCERY FROM THE CONSUMER’S POINT OF VIEW

There are several variables that determine the consumers’ perceptions of grocery shopping, offline as well as online. Since groceries are among the most difficult products to trade online, the results of researches on other types of online shopping cannot be applied. Therefore, it is important to specifically analyze the consumers’ perception of potential benefits and barriers of grocery shopping online.

4.1 The need to feel, touch and smell

Groceries are considered experience products, fresh produce in particular, like fruits and vegetables. Since groceries are perishable goods, their quality depends on their freshness and thus is not generally consistent. Unlike manufactured products groceries are only partly uniform. Hence, variations concerning size, quality and color etc. lie in the nature of the product. Hence, the products’ quality can only be evaluated by using one’s own senses, i.e. touching, smelling and seeing the product. Consequently, this factor is a potential deterrent for consumers to shop groceries online, since they cannot pick such delicate products themselves. Instead, they have to leave the final choice to the retailer, whereby consumers may show distrust (Picot-Coupey, et al., 2009, p. 439).

4.2 The need for more convenience

There is a general desire for more convenience, since consumers are constantly looking for new ways to save time and become independent from external restraints. Consumers generally aren’t willing to devote disproportionate effort to grocery shopping, e.g. travelling long distances, evaluating products prior to purchase etc. Grocery stores carry convenient goods. As a consequence, the success factor of grocery stores is being readily accessible to consumers (Levy & Weitz, 2004, p. 235). According to
studies conducted in Finland, a typical household spends approximately 200 hours per year with grocery shopping (Tanskanen, et al., 2002, p. 170). Within this time, however, consumers rather do something else, like work, rest, or play and entertain. Hence, online food retailing offers the possibility to free consumers from the physically laborious, time-consuming and obligatory tasks of grocery shopping (Picot-Coupey, et al., 2009, p. 439).

In particular, the aspects of saving time and sparing the physically and psychologically stressful efforts appear to be the primary motives to shop for groceries online. The advantages for e-grocery shoppers seem to be obvious: there is no need to physically visit the store, to wait in the queue and to be rushed at the check-out by an endless line of other customers. Additionally, the Internet offers the possibility of distance selling, i.e. consumers can place their orders from wherever they want and whenever they have time, e.g. office, home, on travel etc. Consumers are not bound by a store’s opening hours, instead the consumer can profit from a 24/7 service (Szász, 1999, p. 365). Hence, the convenience factor is the driving force towards the use of e-grocery.

However, there are several variables that determine and influence the need for convenience, which results in a multidimensional need for convenience. Hence, the need for convenience differs strongly among diverse consumers groups. The geographic and the socio-demographic together with the psychographic aspects are the primary factors that are to be taken into account in order to understand the need for convenience among German consumers. First, the need for convenience i.e. the desire for in-home delivery depends on the area and conditions of residence. Consumers living in an apartment in a city with less storage space and without a car will be more favorable to e-grocery, in particular to in-home delivery since drive-in services are not an option without car. Instead, people living in a house with lots of storage space and a car will be more likely to shop offline at a conventional supermarket (Picot-Coupey, et al., 2009, p. 440). Second, the need for convenience is highly influenced by each consumer’s personal situation, i.e. by socio-demographic and psychographic factors. The need for convenience is particularly strong when grocery shopping is perceived as necessary, laborious and time-consuming obligation. This stronger need for convenience, however, is only perceived by certain consumer groups: working mothers, young professionals and SilverSurfers. However, also their need for convenience is multidimensional, since on the one hand it is perceived as necessary obligation and on the other hand as welcome opportunity for socializing and a moment of joy and gusto.

4.3 The costs of the service

The main notion behind the concept of any e-commerce model is that the retailer ‘reintegrates’ the logistics of assembly, packaging and delivery from the consumers back to the firm, since beforehand in the traditional retail setting these activities were ‘outsourced’ to the consumers. The question is who will bear the additionally accrued costs for the logistics. There is an overall agreement concerning online shoppers in general that they highly value the convenience in the online channel and therefore are happily willing to pay for the extra service (Kotzab & Teller, 2005, p. 37). Past experience also showed that consumers are investing in machines, devices and tools that help them save time and efforts, e.g. microwave ovens, washing machines or dish washers (Tanskanen, et al., 2002, p. 171).

However, German consumers appear to be highly price-sensitive when the prices for groceries are concerned. So far mostly a low price rather than additional service or a brand name, induced German customers to purchase (Passenheim, 2003, p. 141). Hence, consumers request the price level in the online channel not to be higher than in the offline store. Retailers may not build the additional costs into higher prices and thereby pass them on to customers. Consumers even tend to expect lower prices rather online than offline. The idea is that shopping online makes it easier to compare offers and prices and thus to obtain better deals. Moreover, just like in the traditional offline channel, consumers are expecting to find deals and hence are actively seeking out best prices (ACNielsen, 2011, p. 3).

The acceptance of delivery and assembly fees, however, is less clear. Obviously, most consumers are aware of the transportation efforts and are able to operationalize these efforts into costs. However, less than half is willing to pay for this additional service. The results may lead to the assumption that the convenience in the online channel is not worth the price for the majority of German consumers. Obviously, the inconvenience caused by grocery shopping is not seen to be relevant enough by most German consumers in order to be justified by a fee. Simultaneously, those consumers willing to pay show a particularly strong need for more convenience and perceive the endeavor and costs of
consumer logistics to be high. Thereby, while the majority is willing to pay for the delivery service, the willingness to pay for the pick-up service (either drive-through or store) tends to zero. In contrast, almost two thirds are willing to pay 1-5 €, and one third is even willing to pay 5-7.50 €. Especially busy working mothers and young professionals are generally more willing to pay for the service. The result may be that the willingness to pay is positively related not only with the need for convenience but also with the perceived endeavor and costs of consumer logistic from the consumer’s point of view (Lebensmittelzeitung; phaydon research+consulting, November 2008, p. 62).

### 4.4 The acceptance of the Internet as digital marketplace

Third, the acceptance of the Internet as distribution channel in general plays a major role: The basic requirement for online shopping is the acceptance of the Internet as shopping location. E-commerce requires consumers to change their traditional shopping patterns significantly, since information gathering, transaction and buying processes as well as the consumer logistics are fundamentally different from the customary offline experience (Wiedmann & Frenzel, 2004, p. 101): Grocery shopping in a conventional supermarket has been a long learned and habitual behavior pattern for several decades, hence, “grocery = supermarket” is deeply anchored in the consumers’ mindset. The majority of the German consumers are happy with the Status Quo. One reason is that the majority of German consumers yet can be characterized as price-sensitive rather than service-oriented. The comparably low level of customer service in the German retail landscape that has been established over the past decades is well accepted among German consumers. Hence, German consumers apparently wish for an additional and convenient customer service, but simultaneously they are just not used to it and hence accept the traditionally laborious grocery shopping (Szász, 1999, p. 370). As a result, these grocery shopping habits are relatively stable and thus, hard to change, which is clearly a barrier in the consumer’s mind to shop groceries online (Picot-Coupey, et al., 2009, p. 439).

Simultaneously, over the past decades, the German consumer’s attitude towards online shopping in general has significantly changed: The information and communication technologies are still unstoppably on the advance and thus the Internet has now become an established mass medium (Heinemann, G., 2010, p. 1). Meanwhile, the younger generation, the so-called digital natives, is on their way to bring about general changes in consumer shopping habits. The Digital Natives were now born in the digital age and thus have naturally grown up with the Web 2.0. This web-minded generation has a primary internet-oriented shopping behavior, which therefore is a promising customer group for an increased use of online shopping channels. Hence, their familiarity, competence in use and trust in the Internet is much stronger and better compared to previous generations (Heinemann, G., 2010, p. 16). In general, the new ICTs have a significant impact on the consumer’s lifestyles and therefore also on their buying patterns, which are favorable for a greater use of the Internet than before as a shopping channel (Plachetta & Röttig, 2012, p. 32). Hence, an abatement of the growth of e-commerce cannot be expected (Ernst&Young, 2009, p. 25).

### 5. CONCLUSION AND RECOMMENDATIONS

Within the next three to five years, the e-grocery business will remain a market for niche providers and only a small number of consumers will regularly shop groceries online. But due to a large market potential, the e-grocery business promises high growth rates and online food retailing will emerge as a highly innovative distribution channel (ATKearney (a), 2012, p. 10). According to sales forecasts, e-grocery sales will achieve a market share of 1.5 % by 2016, which equals to a revenue of 1.9 BN €. Based on the revenue of 200 M € in 2012, sales forecasts indicate a high growth rate of 57 % each year (ATKearney (a), 2012, pp. 10-11).

Especially retailers under heavy competitive pressure may profit from a differentiation strategy: Due to the intense competition in the German food retailing, retailers have rather lowered the prices to remain competitive than investing in a differentiation strategy, like developing a focus on service or quality. Hence, online food retailing allows supermarkets and convenience stores in particular to position and differentiate themselves effectively against their low-price competitors by offering a new innovative service. The use of e-grocery as additional distribution channel can result in a strengthening of the core business as well as in a reinforcement of the retailer’s image and brand acceptance (Plachetta & Röttig, 2012, p. 32).
One success factor is to concentrate on those consumer groups with a high willingness to engage in e-grocery. One remarkable insight is that there is a small, but promising percentage of potential e-grocery users with high propensity to shop groceries online and, which is the important fact, with high willingness to pay a premium. Especially time-poor consumer groups, i.e. working mothers and young professionals, are most willing to shop groceries online. Due to their time constraints these consumer groups value the time-saving service and, thus, are also willing to pay for it.

Another success factor is to point out the added value of the e-grocery service and raise the awareness of the existence of this service in general. Obviously there is a relatively low experience and awareness of e-grocery services among German consumers. The majority of German consumers have no experience with online grocery shopping and also a large number does not even know that such a service exists.

One of the main challenges for the e-grocer to deal with is gaining the customer’s trust and confidence into the e-grocers ability. The main hindrance for consumers to e-grocery is still lacking acceptance and skepticism towards the Internet as distribution channel for groceries, or respectively a lack of trust into the e-grocer’s ability to live up to the customer’s expectation. Therefore, the recommendation for the e-grocer is to make no mistakes and thereby gain the customer’s trust and confidence into the e-grocer’s service. This is especially important since obviously this is essential for future sales.

Another success factor is to emphasize the usability in the business model, starting with the website to the modes of payment and finally to the delivery conditions. Convenience and the aspect of saving precious time is the main motive for consumers to engage in e-grocery. In order for the customers to be able to tap the full potential of the prospective convenience in the online channel, a good usability and thereby a positive user experience must be the essential base for every e-grocery business model.

Hence, there is a small, but promising gap in the market that will be filled in the near future. In so far, German retailers now have to decide whether they want to take on a pioneer role in the online food retailing or not (Plachetta, 2012, p. 23). Traditional retailers have the possibility either to continue with their brick-and-mortar distribution associated with the risk of losing market share in the medium to long term or to enter a potentially very promising market. In so far, since by now most e-grocery business models are not profitable yet, the only one motive to invest in online food retailing is to be on the cutting edge of the e-grocery business in the future. The fear of missing out on an important trend rather than the aim of achieving volume growths are currently the reason for retailers to work on diverse e-grocery business models (Plachetta, 2012, p. 23).

**REFERENCE LIST**


