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Subject Area - Information Systems

E-Commerce

Electronic Commerce (E-Commerce).

Chapter 1: Introduction

Background information

Electronic commerce has revolutionised the entire process of business operation and transaction itself in the day-to-day business. The growth of electronic commerce is mainly with the technological advancements and the innovative methods of sales and conducting transactions over the Internet. Alongside, the increase in the competition and the continuous globalisation of the business organizations with the presence of conglomerates both at the national and international markets has created the need for electronic commerce as an alternative to leverage growth in business and generate revenue. Retail sector in the UK accounts for a major portion of the nation's annual revenue. The increase in customer demand for new products as well as the flexibility for shopping online, the electronic commerce has made a tremendous impact in the actual form of retailing itself.

In this report, the author aims to analyse the impact of electronic commerce over the retail sector and the extent to which electronic commerce has reached the general public.

Aim and Objectives

The aim of this report is to analyse the impact of electronic commerce on TESCO Plc: the leading retailer of the UK. The research is accomplished through the following objectives

- To analyse the growth and impact of electronic commerce in the business society of the UK.
- To research the effect of electronic commerce on the retail sector as a whole
- To conduct a case study analysis on TESCO Plc using secondary data resources
- To conduct a primary research analysis on the electronic retailing approach of TESCO Plc
- Critically analyse the impact of the electronic commerce on the entire retail sector.

Justification for the research

The increase in the competition and the globalisation with the presence of big players like the Wal Mart, Marks and Spencer, etc., the competitors in the retail sector are increasingly leveraging the internet for not only the web-presence but essentially for generating revenue. The fact that the supermarket chains in the UK are facing stiff competition and TESCO Plc being the leader in the UK supermarket segment of the retail sector has deployed the electronic commerce to reach a larger segment of customers in the UK. The research mainly aims to throw light on the fact that the electronic commerce mode of business is viable in the case of Supermarket chains where the products are mainly consumable and easily perishable as opposed to other segments of the retail sector like clothing and footwear.

Research Methodology

The research embraces both the analysis of the secondary data as well as the primary data in order to provide both the qualitative and quantitative analysis of the topic under debate. A critical analysis on the research methodology is

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presented to the reader in the later chapters of the report. The research relies on the first hand data collected through questionnaire for justifying and analysing the secondary research information gathered through the academic resources like journals, books and market reports.

1.5: Chapter Overview

Chapter 1: Introduction

This is the current chapter where the reader is introduced about the topic and the research aim and objectives.

Chapter 2: Literature Review

This chapter begins with a generic overview of the electronic commerce in the business sectors of the UK and its contribution in achieving competitive advantage through leveraging increased revenue. This is then followed by the analysis of the electronic commerce in the retail sector with focus on the supermarket chains in the UK. This section presents the reader with the current situation of the supermarket chains and the different methods by which the competitors are striving to gain competitive advantage. This is then followed by a critical analysis of the TESCO Plc and their implementation of the electronic commerce in the UK.

Chapter 3: Research methodology

This chapter presents the reader with a critical analysis of the quantitative research methodology and the approach of the author to conduct the research for the topic under debate.

Chapter 4: Data Analysis and Evaluation

The information Gathered through the secondary and primary analysis are critically analysed and a comprehensive discussion on the impact of the electronic commerce on TESCO Plc is provided. The discussion focuses on analysis the relevance of the primary information with the secondary research data in order to establish whether or not the research has achieved the objectives of the report. The statements established in the literature review and the academic research are evaluated against the primary research information gathered in order to create derive on a concrete conclusion.

Chapter 5: Conclusion and Recommendation

The objectives stated are analysed in this chapter. A conclusion is then derived on the research conducted so far. Constructive recommendations are then provided to further enhance the research.

Chapter 2: Literature Review

2.1 Electronic commerce: A Generic Overview

Efraim Turban et al (2004) says, “ Electronic commerce has revolutionised the traditional business process of buying and selling on the high street shops by deploying the Internet and technology to reach a vast customer base”. The increased use of Internet by the general public and the growth of information technology products to support effective and service transaction over the Internet have apparently fuelled the growth of electronic commerce. This statement makes it clear

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that the electronic commerce has achieved a key position in the business process of an organization. The critical factors that contribute the growth of electronic commerce are identified by Hudgins-Bonafield and Christy (2003) as follows:

Growth of Internet: The Internet has seen a tremendous growth in the past five years making it a potential place for communicating to many customers both efficiently as well as cost effectively. The process of e marketing by which a customer over the Internet is reached through electronic mails or other form of adverts in the websites that attract the attention of the target customers eventually conducting a potential sale. The fact that the Internet can effectively communicate to a mass segment of people irrespective of age, cast, colour or sex makes it a potential tool to promote the products and services offered by n organization. The initial perception of web-presence as identified by Efraim Turban et al (2004) was drastically replaced by the initiative to conduct business transactions across the Internet itself.

Security and Data Protection: The presence of strict laws enforcing the data protection and privacy of information along with the legal restrictions and guidance to conduct transactions over the Internet in a secured fashion is the major accelerating force for the growth of electronic commerce especially by providing the customers with the confidence and faith of severe action against any fraudulent activities or misuse of personal/financial information. This initiative of the government as not only encouraged the customers but especially the business organizations competing in the market to identify new customers and reach a wider demography with their products.

Growth in Technology: The growth of Internet was mainly due to the tremendous growth and innovation in Information Technology products that enable secure and fast transaction over the Internet. The growth of high-speed communication systems like Integrated Services Digital Network (ISDN) and security systems like Asynchronous Transfer Mode (ATM) etc., has immensely contributed for the unrivalled growth of Internet and Internet based business initiatives across the globe. Furthermore, the presence of sophisticated IT architectures like .Net Framework, etc., has further eased the process of developing applications and software packages that enable secure communication and transaction over the Internet thus providing the customers with the 'Peace of Mind' about the security of their information.

Convenience Factor: Emma Janson and Robin Mansell (1998) say that the customers opt for electronic transactions more due to the convenience associated with the process of shopping itself thus reducing the snag of commuting to the high street shops and eliminating congestion in busy places like London. Alongside, the authors further stress that the convenience is not only the physical rest but mainly the time factor whereby a customer can place the order for a product over the Internet at anytime he/she finds it convenient thus eliminating the major issue of time keeping and scheduling more important activities effectively. This convenience factor was also justified by many authors including Efraim Turban et al (2004). This justifies that the electronic commerce and especially the growth of commercial transactions have grown tremendously through appealing to the continece factor of the customers.

Innovation in Business and Competition: The growth of information technology has also opened the doors for innovative methods like data mining and Customer Relationship Marketing whereby an organization can identify potential customers and tailor its products based on the customer needs purely by means of the customer information held in their databases has apparently increased the competition to sky-high levels in every sphere of business both within the UK as well as across the globe. The companies competing in the market have thus started deploying the Internet as a potential source of revenue through the extensive implementation of the electronic commerce technologies.

Reduced Operating Costs: Emma Johnston (2002) says, " The costs involved with the operating of the stores in the

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high-streets and costs associated with the labour are greatly reduced by the one-time investment on the electronic commerce technology to deploy a robust and secure system in their company websites for conducting commercial transactions. The fact that the costs associated with the maintenance of the IT system so deployed is comparatively low to the costs associated with the establishing and management of stores/offices at numerous geographical locations. Alongside, the costs associated with the storage and transportation of the products to the stores are also eliminated in the electronic version of the business where the company holds the products in a central location in most of the cases with the manufacturer itself. This obviously reduces the financial overhead for an organization thus enabling it to invest upon more constructive areas for business development.

The aforementioned factors make it clear that the electronic commerce is increasingly replacing the trivial method of business transaction itself thus revolutionising the entire business process itself.

Electronic commerce is broadly classified into two major areas as identified by Efraim Turban et al (2004). They are

Business-to-Business (B2B) Electronic commerce: This is the type of electronic commerce that enables transaction between two business organizations over the Internet. This kind of transaction is mainly conducted between companies and the banks with which they operate their finance and commercial transactions. Alongside, the commercial transactions between organizations increase the speed as well as the security of the transaction thus enabling quick response to a critical situation in the business as identified by Glenn J. McLoughlin (2002). Since this report is focused on the analysis of the retail business where the transaction is with the consumers comprising the general public, a detailed analysis of B2B electronic commerce is out of the scope of this report.

Business-to-Consumer (B2C) Electronic Commerce: This is the process of electronic commerce where the commercial transaction is conducted between the consumers in the general public with the company selling the products and services. The transaction is primarily through the plastic payment (i.e.) payment through credit/debit cards or through electronic money transfer. It is evident that electronic commerce is achieved only when the transaction is conducted online over the Internet. The B2C mode of commerce is the one that is deployed in the retail sector business organizations which is discussed in the next section.

The B2C mode of electronic commerce is a very sensitive issue for the companies involved because of the reason that the entire process of ordering and payment transaction is not face-to-face and hence the need to develop the confidence among the customers to rely upon the Internet services to use their credit/debit cards or other plastic payment option to conduct the transaction across the Internet. Efraim Turban et al (2004) argues that the B2C mode of electronic commerce must not only address the customer demand but also develop the reliability of the entire process through efficient management and secure processing of payments. This makes it clear that the B2C mode of electronic commerce must address security as well as flexibility issues in order to gain sustainable competitive advantage in the market.

Furthermore in this mode of electronic commerce, a negative impression created among one customer is enough to ruin the entire system itself because of the fact that the consumers always demand 100% reliability with respect to the payment and transaction issues both in the traditional face-to-face shopping as well as across the Internet.

2.2: Electronic Commerce in Retail Sector

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Retail Sector, as mentioned before forms a major portion of the total UK revenue and also drives the economic growth of UK. The Keynote Market Review (2003) on the retail sector in UK has further justified that the retail sector contributes to 30% of the total employment in the UK alone thus making it a competitive and innovative area of business. The retail sector also acts as the link between the consumer and the manufacturer even though the methods of direct marketing and wholesaling are increasingly popular within the UK. This makes it clear that the retail sector business is not only an evergreen business but also the one, which is ever changing in nature in order to meet the stiff competition and innovation through globalisation. Alongside, it is also clear that the customer demand is the major driving force for the retail sector business as identified by Philip Kotler (1988). The fact that the customers demand quality products at competitive prices has apparently given rise to the growth of supermarket chains like TESCO Plc, ADSA Plc, etc who specialize in selling quality products at highly competitive prices.

Electronic commerce in general has tremendously grown in the retail sector segments like clothing and non-perishable products like books, footwear, etc. The growth of the Amazon the US based online book retailer in the UK that has led to the fall in sales at the traditional booksellers like Water stones Plc and WH Smith in the UK reveals that the electronic commerce has indeed tremendously grown in the retail sector. The concept of e retailing has grown mainly due to the factors that were discussed in the previous section. The increase in the charges associated with the shop-floor maintenance, labour and other charges through the presence of stores in the high street, the companies are increasingly reducing the cost overhead by leveraging the e retailing on their websites. Alongside, the increase in the competition in the retail sector ha apparently created the need to identify a new method of conducting business that can reduce the costs as well as reach the customer more conveniently. This need was satisfied by the B2C electronic commerce over the Internet.

Apart from the factor of convenience, the growth of e retailing was mainly because of the online promotions and exclusive offers for online orders that were promoted by the retailers as identified by Joanne Banks (2004). The fact that the customers are increasingly attracted towards bundle offers and opt for products that give more value for their money was effectively harnessed by the retailers to enhance their e-retailing strategy that not only reduces the cost overhead but also leverages revenue at a comparatively lower operating cost. This justifies the growth of the electronic commerce in the retail sector.

The aforementioned factors further clarify the suspicion about the customer interest in the e retailing. This is evident from the success of the Amazon, Virgin and other electronic retailers who pioneer in the B2C category of electronic commerce. Alongside, even though the potential for high-street retailing is not entirely eliminated, the number of online shoppers is increasing in number, which is evident from the market survey conducted by Keynote (2005).

The above arguments have revealed that the electronic commerce mode of transaction has been successful in the retail sector where the products and services being sold are non-perishable items. But the sales of perishable items like food products and other products is a challenging issue because of the fact that the company selling the product must be aware that the items being ordered by the customer must be delivered as quickly as possible in order to satisfy their needs as well as maintain the product quality.

The supermarket chains in the UK contribute to a major portion of the revenue generated in the retail sector business. The BMRB survey conducted on the supermarket chains in the UK (2004) reveals that more than 45% of the total revenue generated in the retail sector is generated through the supermarket chains in the UK. Alongside, Joanne Banks

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(2004) has further argued that the competition in the supermarket chains in the UK is intense due to the fact that they not only compete on the grounds of price but mainly on quality and service offered to the target customers. The increasing demand of the customers to have easy access and quick service at the shops has apparently forced the supermarket chains to establish the electronic retailing option on their websites. ASDA Plc initially introduced the online service after it was taken over by Wal Mart; The super market giant from United States of America.

The major factors that hinder the growth of B2C electronic commerce in the supermarket chains as identified by Alex Hughes and Suzanne Reimer (2004) are

Short Life Time of the products

Time constraints with the delivery of the products

Issues associated with the storage and distribution of the products

The need to spontaneously process the electronic payment in order to process the order

Effective billing and management of the online orders in the supermarket

The aforementioned issues are faced by all the supermarket chains that sell perishable food products as a core segment of their range of products. This further makes it clear that the supermarket chains should not only enable the electronic transaction system but mainly to process the payment accurately in the first instance itself in order to enable the quick processing and delivery of the orders placed over the Internet.

The following analysis on TESCO Plc and its application of the electronic commerce technology aims to throw light on these issues.

2.3: Electronic Commerce in TESCO Plc

About TESCO Plc

TESCO Plc is ranked as the number one supermarket chain in the UK since the year 2003. The company has grown tremendously in the supermarket chain segment of retail business through continuously providing high quality products at unbeatable prices as well as venturing into new areas of business like finance thus establishing an effective cross selling environment. The company's annual report and financial summary for the financial year ending 2004 have revealed that the total profit before tax and interest has increased tremendously and the organization itself contributes to more than 25% of the total revenue generated by the supermarket chains in the UK. The recent developments in the company include the establishment of the electronic commerce system to conduct online shopping for the day-to-day grocery on their website. The company has also established a strong customer base by effectively utilizing the information held within their systems by leveraging the concept of Customer Relationship Marketing.

Alongside, the company has effectively performed the process of data mining through directly analysing the information from the EPOS (Electronic Point of Sale) Systems installed in their shop floors so as to identify the potential customers and enter new target markets and business segments. The implementation of the file maker systems in line with their point of sale systems to produce store specific adverts and promotion banners has apparently leveraged the company an edge over its competitors in the supermarket chain. The online shopping system established by TESCO Plc is explained below

The company leverages the advantage of the .Net framework architecture in order to conduct live update of the systems as well as quickly transfer the information without any errors between the company website server and the customer.

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This is essential for conducting the transactions quickly and accurately in the first instance itself. The .Net framework leverages the advantage of integrating every single element of the business information related with a transaction in order to provide accurate results within a short duration. Alongside, the implementation of the live update systems that work on a 24x7 basis providing a fault free environment which leverages the company to provide the exact details on scheduling of the delivery system in their website to the online shoppers. Apart from the .Net architecture, the company has deployed the Oracle based Peoplesoft systems for managing their databases in order to effectively integrate as well as quickly respond to the high demand for the information over the website. The fact that the Peoplesoft database system provides a spontaneous response to very high volume of information requests as well as conduct secure transactions over the Internet through the capabilities of networking with multiple servers over the Internet is the backbone for the successful implementation of the .Net framework by the company in the online shopping system. Alongside, the fact that TESCO Plc has the largest customer base in the UK supermarket chains (Keynote, 2004) further increases the demand for a high-performance system to meet the demand of the customers over the Internet as well as effectively schedule the delivery of the products online.

TESCO Plc with its large number of stores (Superstores, TESCO Extra and small stores) has strategically scheduled the delivery of the products in such a manner that the customer ordering the product can not only expect prompt delivery but mainly fresh goods that are packed in the shops the very same day of delivery as opposed to the delivery through other logistics services. The company pioneers in effectively utilizing its fleet of delivery vehicles (large, medium and small) to reach the customers promptly with fresh groceries that they ordered online. This efficient service is the key for the competitive advantage of the company over its competitors on the online groceries sales. It is worth mentioning, that the company has been involved in the electronic commerce since the dawn of the twenty-first century. But the implementation of the online groceries sales and delivery at the door-step is the strategic move made by the company in the recent past that has not only established TESCO as a leader in the entire retail sector of the UK but also as a pioneer in providing effective customer service with emphasis on value for money both at the shop floor as well as across the Internet.

Apart from the aforementioned factors it is also interesting to note that the company has conducted vast research in the area of electronic retailing of the groceries in collaboration with leading IT consultancies like Accenture UK in order to create an effective and speedy response system that can handle the potential of the online grocers in the UK. Alongside, the Key Note Market review on the electronic retailing in the has further revealed that TESCO has leveraged a major portion of its income through electronic commerce since 2003 and the implementation of the quick delivery system of the groceries purchased online has further strengthened the position of the company in the retail sector of the UK. The annual report of the company reveals that the company has increased its number of stores in the UK as well as implemented the state-of-art system to capture critical information about the market trends in a given geography within UK where a TESCO store is operating through the integration of its electronic commerce system with the central information management system.

Structured Website layout:

Efraim Turban et al (2004) argue that a customer shopping online will not only demand security and privacy but mainly the easy navigation of the websites with ample help and support to perform the online shopping itself. The fact that customer service is the key for a successful business transaction as well as gaining the customer loyalty makes it clear that the a successful e commerce venture not only demands a robust system to respond effectively to the customer

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demand but mainly provide an easy to navigate website for performing the process of shopping itself.

In the light of the above argument, an insight into the TESCO website reveals the following results.

The company has a highly structured website that has classified its products efficiently based on the departments and then provided a two stage categorisation for identifying the actual product itself. The two stages of categorisation are achieved by the providing a short list of hyperlinks under a selected category so as to enable the customer to view the products.

The website also provides an interactive help system that efficiently guides a new user to quickly get accustomed to the online shopping process in order to encourage the customers to shop online.

Apart from the easy to navigate system and the help provided online, the company has also established a dedicated call centre service especially to attend to the queries of the online shoppers including support on completing an order as well as serving the customer queries on existing orders and deliveries.

Alongside, the feature of reserving a delivery schedule before starting the shopping process itself makes it further easier for the customer to decide on the products to prioritise on the order placed. This provides an additional benefit of gaining customer satisfaction as well as a second to none service in the online shopping system to the customers.

The aforementioned statements further justify that the TESCO Plc has apparently gained competitive advantage in the electronic commerce mode of retailing in the supermarket chain segment of the retail sector in the UK. Alongside, the company has not only established the online transaction system for the sale of its retail products but for cross selling of its other services including DVD rental, finance and other services. This complete existence of the company over the Internet has apparently proved successful in gaining competitive advantage in the market.

The above analysis has proved that TESCO Plc has leveraged competitive advantage through strategically deploying the electronic commerce system in its website and conducting transactions quickly in order to provide timely delivery of the products and services. The research conducted so far is based on the secondary information resources and hence to derive on a concrete solution, a primary research in the form of questionnaire is carried out. The next chapter provides a critical overview of the research methodology and the scope.

Chapter 3: Research Methodology

3.1: Quantitative Research

As mentioned before the analysis in the previous chapter was based on the secondary data resources. The information so gathered is qualitative and hence in order to justify the quality of information, a quantitative approach to the primary research in the form of a questionnaire is conducted as part of the research. The fact that quantitative research provides first hand information on a given topic under debate that can provide a measurable result, makes it a natural research option. Alongside, the fact that the quantitative research provides reliable results when conducted over a sizable research group so that after eliminating the irrelevant information, a set of reliable results can be achieved as argued by Creswell J. W. (1998).

3.2: Scope of the Research

Since the information gathering is in the form of a questionnaire, the target group of participants comprise of the general

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public in the UK and due to the limitations of resources (funds and time), the target group is a randomly selected group of 300 people in the Coventry area. The questionnaire prepared is circulated among the people in the city centre area of Coventry and also among the working class of the UK general public. This is done so because of the fact that the working class segments of the UK not only have a higher disposable income but are also deprived of the time to visit the supermarket in order to purchase their desired products. Even though, the superstores are open in the late hours, the general turnover of the customers is considerably low during the working days when compared to the weekends.

3.3: Analysis details

The information so gathered is analysed using Microsoft Excel spreadsheet package in order to create a comprehensive view of the information gathered through the primary research. Pie charts and graphs of the information gathered are prepared to create a profound understanding of the discussion in the next chapter.

3.4: The Questionnaire

The questionnaire is framed in such a manner that the participants can choose the answer from the choices provided. This will apparently provide an easier classification of the information gathered and also ease the process of answering the questionnaire itself by the participants. Alongside, the questionnaire is limited to fifteen questions focusing only on the electronic commerce of the TESCO Plc so that the participants can quickly complete the questionnaire as well as the analysis can be carried out easily. The personal information of the participants was made optional so as to comply with the data protection and privacy issues. The participants who did provide their personal details were kept confidential and are not mentioned in this report. The questionnaire circulated among the participants is given below for the reader's view. The results are provided in Appendix 1.

1. Sex

- (a) Male
- (b) Female

2. Age

- (a) 18-30 years
- (b) 31-50 years
- (c) Above 50 years

3. Do you shop online?

- (a) Yes
- (b) No

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4. Have you shopped online for groceries and perishable goods?

(a) Yes

(b) No

5. what is your opinion on the TESCO Plc website?

a. I can find the product I am looking for easily

b. It takes time to find the relevant product

c. I cannot find the product I am looking for in the website quickly

d. No Comments

6. Do you find the TESCO website easy to Navigate (i.e.) can you find the product you want to buy quickly?

a. Yes

b. No

7. What kind of products do you purchase on the TESCO website?

a. All consumables and groceries

b. Items other than groceries

c. Groceries

d. N/A

8. Do you find the delivery charges reasonable?

a. Yes

b. No

9. How often have you NOT received a delivery that was scheduled without prior notice of genuine explanation for TESCO?

a. Never

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- b. < 5 times
- c. 6 to 10 times
- d. >10 times
10. How would you rate the help provided in the website for shopping online at TESCO?
- a. Poor
- b. Good
- c. Very Good
- d. Excellent
11. What is your opinion of the customer service and support provided for the online Shopping system and TESCO?
- a. Poor
- b. Good
- c. Very Good
- d. Excellent
12. How fast is the transaction completed at the TESCO website?
- a. Very slow. Takes a full day!
- b. Slow. Usually confirmed within 12 hours
- c. Quick. The transaction is completed in normally one or two hours
- d. Instant. I get immediate confirmation of the transaction.
13. Do you get the desired delivery slot while shopping online?
- a. Never
- b. Occasionally

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c. Most of the occasions

d. Always

14. Do you feel that the website is secure for transaction and payments using credit/debit cards?

a. Yes. I am satisfied with the TESCO security level.

b. I shop online always and very confident on all the online shopping portals in including TESCO

c. No

15. How would you rate the TESCO Internet shopping service in general?

a. Poor

b. Good

c. Very Good

d. Excellent

The results of the questionnaire are tabulated in Appendix 1. In the next chapter, a critical analysis of the research data and the analysis of the qualitative research information along with the academic research data are presented to the reader.

Chapter 4: Data Analysis and Evaluation

4.1: Primary Research Analysis

The primary research data has revealed that the major segment of the customers shopping online in the TESCO website comprise the 31-50 years age group. This makes it clear that the working class in the UK are the major users of the Internet shopping system in general due to the fact time factor that was mentioned earlier to the questionnaire. Alongside, it is also clear that the customers over the age of fifty years are also proportionately involved in the online shopping system even though their activity level is quiet lower when compared to the former age segment.

A staggering 111 positive responses for the question on the TESCO website contents alone proves that the company has strategically created its website in order to present its products and services to the customers effectively and efficiently. Apart from the website presentation it is also clear that the company has deployed the state-of-art technology to conduct secured transactions and serve a high demand from the customers.

More than 200 participants agreed that they find it easy to navigate through the website and easy to access the required details. This makes it clear that the company has not only made the contents of the website easy to understand but also

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enabled quick access to the relevant information without any hustle over the Internet. This justifies the fact that the customers online are increasing for TESCO Plc mainly because of the easy to navigate presentation of its website.

More than 40% of the customers responded positively for the punctuality of the delivery by TESCO Plc as shown in fig 1 below.

This further justifies the analysis in the chapter 2 on the implementation of the live response system to provide accurate delivery details to the customers while shopping online. Apparently, this is because of the implementation of the state-of-art technology for the online Business-to-Consumer Service offered by TESCO Plc. Apart from these factors, one should also understand that the customer demands high quality of service at affordable competitive prices and the fact that TESCO provides value for money service further justifies that the electronic commerce implementation in TESCO Plc has indeed proved successful.

Alongside, the participants have also verified that the delivery charges for the online orders are acceptable for the quality of service they provide which further justifies that the company has adhered to the principle of providing valuable service to the customer's money.

The response of the participants on the help provided for the shopping purposes on the website is also positive. This justifies the arguments in the secondary research that the company has established an interactive system for providing step-by-step guidance to the shoppers on the Internet. This apparently makes it clear that the quantitative research is in tandem with the qualitative research conducted in the previous chapters and that the research conducted by previous authors on the similar topic is reliable.

The clear-cut response of the participants that they trust the security of transaction and privacy policies held by TESCO Plc for storing their information has strongly established that the company not only adheres to the data protection and privacy laws laid by the government of UK but essentially the fact that TESCO Plc has gained the trust of its customers thus leveraging competitive advantage through customer loyalty. Alongside, the company's implementation of the .Net architecture and the use of Peoplesoft database systems to integrate its entire transaction process over the Internet to provide quick service to the shoppers online have proved successful. This makes it clear that the business need and the potential of the business must drive the technological implementation of the business case and not vice versa.

The response in general for the opinion on the Internet shopping system of TESCO Plc was positive with a massive 111 out of the 300 participants giving a positive response to the question. This apparently proves the fact that the online shopping service was indeed demanded very much by the customers in the UK consumer market. Alongside, the fact that the supermarket chains in the UK retail sector offer a highly competitive price for good quality products has increased the demand for the online shopping system to be established not only for the purchase of non-perishable goods but also for the day-to-day consumables and other groceries that are sold in the supermarkets at competitive prices. The opportunity that evolved from this demand was effectively used by TESCO Plc through the implementation of the full-fledged .Net architecture based electronic commerce system on the Internet.

4.2 Evaluation

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In this section, a critical evaluation of the research findings against the academic theories is presented to the reader. The purpose of this section is to establish the relationship between the academic theories and the actual research conducted so far.

The initial argument that the increased use of the Internet by the users in the twenty-first century that resulted in the tremendous growth of the Internet backed by the technological innovation was the main reason for the success of electronic commerce is justified in the case of TESCO Plc where the supermarket giant has efficiently implemented the electronic commerce for the not only the sale of non-perishable items but also for groceries and other food items through the integration of the stores and the logistics fleet of the company. The fact that every local store caters the orders placed on the Internet through the centralised information management system proves that the technological growth and innovative business methods play a vital role in the electronic commerce implementation by any business organization.

The primary research as well as the secondary data analysis has proved that the electronic commerce venture of TESCO Plc was successful primarily because of the convenience factor associated with the electronic shopping system. The results from the working class of the questionnaire has proved this argument which justifies the initial statement that convenience factor is the primary accelerating element for the growth of electronic commerce.

The argument by Efraim Turban et al (2004) that the electronic commerce venture of an organization will be successful only when the information is presented in an easy to understand as well as quickly identifiable in the website. This ease in the navigation of the website was stressed by numerous other authors and the result that TESCO Plc has presented an easy to navigate website to the online shoppers further strengthens the academic argument by Efraim Turban et al (2004). Alongside, the argument that the B2C mode of electronic commerce will be a success only when the customers in the general public could access and navigate across the website without any difficulty is further justified by the research results analysed in the previous section.

The fact that in B2C electronic commerce venture, the transaction must be accomplished through the Internet justifies the implementation of the high speed payment processing system using the Peoplesoft database and the integration of the whole system using the .Net framework as discussed before.

The statement that the electronic commerce leverages a reduced level of operating costs and increases the effective use of the shop floor space is evident in the case of TESCO Plc. The company's balance sheet for the financial year ending March 31st 2005 proves that the operating costs involved is considerably reduced whilst the investment on fixed assets has increased to an appreciable level since the company has increased the number of stores in the UK as well as increased its market share in the rest of Europe. Alongside, the costs involved with the delivery of the goods is also met by the efficient use of the logistics systems as well as the acquiesce of the customers shopping online to pay an additional delivery charge for their orders online.

The above evaluation proves that the electronic commerce venture of the TESCO Plc is successful and that the academic theories that were established are indeed in par with the practical implementation of the actual electronic commerce system itself.

Chapter 5: Conclusion and Recommendation

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5.1: Evaluation of Objectives

This section first presents and evaluation of the objectives stated in Chapter 1. This is necessary to establish the consistency of the research and hence derive on a concrete conclusion.

Objective 1: To analyse the growth and impact of electronic commerce in the business society of the UK.

The literature review on the generic perspective of the electronic commerce has proved that the electronic commerce in the UK has seen a tremendous growth in the business organization due to the increased competition and the technological advancements to address the demand for a secure and speed transaction system. Alongside, it is also clear that the electronic commerce venture of a business organization is advantageous to both the customer as well as the seller due to the fact that the business operations is consolidated under one roof for the company whilst the customer can place the order in the luxury of his/her living room. The overview of Business-to-Business and Business-to-Consumer categories or electronic commerce further makes it clear that electronic commerce not only aims to ease the shopping experience of a consumer in the general public but also leverages quick and secure transactions between business organizations itself.

Objective 2: To research the effect of electronic commerce on the retail sector as a whole.

The overview of the electronic commerce in the retail sector has proved that the retail sector business is increasingly competitive and the need to reach the customers with quality products at competitive prices has apparently fuelled the growth of electronic commerce. The reduced operating costs and the elimination of the storage space has proved that the electronic retailing is not only convenient for the customers but also a cost reducing factor for competitors in the retail sectors that enables them to concentrate on more productive investment like staff development programme, etc. Alongside, the analysis on the supermarket chains has proved that the need for an effective and secure mode of electronic retailing especially for groceries in the UK is increasingly in demand. The low price strategy of the supermarkets in the UK and the increased competition discussed in chapter 2 proves that the need to establish an electronic commerce transaction system is essential to leverage competitive advantage and increase revenue.

Objective 3: To conduct a case study analysis on TESCO Plc using secondary data resources

The analysis on the TESCO Plc in section 2.3 of Chapter 2 proves that the company has established itself as a leader in the supermarket segment of retailers in the UK the deployment of the electronic commerce in the early years of the twenty-first century has further proved that the company is a increasingly striving to secure competitive advantage by strategically pricing its products as well as providing effective customer service. The migration to .Net framework and the integration of the entire information management system as well as the external elements involved with the payment processing has further justified that TESCO Plc has deployed the technology effectively to leverage an efficient electronic commerce system not only for conducting transaction but also to present their products easily to the customers. The efficient design of the website and the strategy of providing pre booked time slots for delivery before shopping has proved that the company has effectively deployed the .Net framework to gain competitive advantage in the UK retail sector.

Objective 4: To conduct a primary research analysis on the electronic retailing approach of TESCO Plc

The questionnaire conducted on the TESCO Plc's electronic commerce venture especially the developments in delivering

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groceries and food items have proved that the retailer has strategically deployed the electronic commerce venture to increase its sales in the business. The response of the participants have proved that the retailer has pioneered in the process of e-selling the groceries, food and other perishable items through the strict adherence to delivery deadlines and quick processing of payments. The questionnaire has also proved that TESCO Plc is increasingly leveraging innovative technologies like Customer Relationship Marketing which is evident from the response of the participants that they can find all that they want in the TESCO website itself. This further proves that the research on TESCO Plc and its venture into electronic commerce is indeed successful and has given concrete results that can be critically analysed for investigating the impact of electronic commerce on TESCO Plc.

Objective 5: Critically analyse the impact of the electronic commerce on the entire retail sector.

The data analysis and evaluation in Chapter 4 has revealed that the TESCO Plc has increased its revenue through the strategic deployment of the electronic commerce system to sell the groceries and other perishable items along with the trivial product lines like clothes, books etc. The analysis has also proved that the primary research has given results that are in tandem with the secondary data analysis on the company which further strengthens the argument that TESCO Plc has gained competitive advantage and increased its revenue through the strategic deployment of the electronic commerce in its website. Alongside the evaluation of the academic theories against the research results further justifies that the academic theories on the strategic implementation of electronic commerce and business process are indeed applicable in the real-world situation. This further justifies that the electronic commerce has made a positive impact on TESCO Plc by increasing its customer base as well as reaching new market segments through the Internet thus leveraging competitive advantage and market share.

4.2: Conclusion

The evaluation of the objective has proved that the research has achieved the objective set in chapter 1 of the research. Alongside the literature review and secondary data analysis has revealed that the electronic commerce venture of TESCO Plc; the company under debate has proved successful through increased revenue as well as market share in the UK retail market. The primary research has proved that the TESCO Plc has achieved customer satisfaction and efficient management of the Business-to-Consumer electronic commerce venture through the implementation of state-of-art technology to effectively conduct the entire business process over the Internet quickly. Thus to conclude the report, it is clear that TESCO Plc has gained competitive advantage and market share through strategically deploying the electronic commerce system to sell perishable as well as non-perishable products over the Internet. Thus the electronic commerce venture of TESCO Plc has made a positive impact on the company by increasing its market share and revenue in the UK retail market. The company has also achieved sustainable competitive advantage by not only being the first starter but also the best starter in the electronic commerce venture thus gaining customer satisfaction as well as increasing its market share in the UK retail sector.

5.3: Recommendations

TESCO Plc currently experience a large volume of calls with respect to their electronic commerce payments. Even though a majority of the response was positive with respect to the speed in payment processing, the number of customers who were complaining that the transaction took a little longer to get authorised are also comparatively more in number. After eliminating the issues of credit limits and other security factors associated with every individual credit/debit card,

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it is still necessary for the company to conduct the checking and validations quickly in order to speed up the entire transaction process. This can be achieved through the effective integration of the companies that serve the payments and other details related with a card so as to quickly process the payments online.

TESCO Plc has currently outsourced its software development and IT infrastructure to India. This must be effectively managed because of the fact that although the costs associated with this outsourcing is less and increases the disposable revenue for further development of business, the efficient management of the personnel as well as the constant updating of the systems is essential for sustaining the market share achieved by the company.

The primary research data gathered was analysed using the MS Excel spreadsheet package, which does not possess the capability to extrapolate the information to develop a broader illustration of the research analysis. Also the target group of participants was limited to 300 due to the limitations of funds and time. Hence it is also recommended that the research to be carried out on a large scale basis and the information gathered to be analysed with more powerful data mining software like SAP and SPSS to extrapolate the results in order to gain concrete results.

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