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15. **Foreword**

08

**Herfst**

With great pleasure I studied International Business and Languages for four years at Hogeschool Utrecht. Through all the courses, internships, study abroad and minor I have learned incredibly much. It is now the time to leave IBL behind me and focus on my future. This thesis is the last step I need to take to graduate.

My thesis is the result of research to understand attitudes of online shoppers and acquire knowledge about the new developments on the field of e-commerce, in combination with a 5-months internship at Zalando GmbH in Berlin. It has been completed thanks to many persons, who contributed with suggestions, thoughts and constructive criticism:

* Hogeschool Utrecht for all the informative years and enabling my graduation.
* Gb. Rustenburg for his advice and feedback during my graduation.
* Zalando GmbH for their contribution regarding my thesis.
* All consumers who have contributed to my questionnaire.

I hope you enjoy reading my thesis. Hopefully it is of value to Zalando GmbH and to other e-tail businesses.

Anne Verhulp

Berlin, June 23 2011

1. **Executive summary**

The Internet has become an extremely important purchasing channel. Most consumers currently consider web shops as a real alternative for shopping in a brick-to-mortar shop. Furthermore, the Internet is frequently changing and new developments are constantly influencing web shops. These elements are the prominent reason for researching the Internet market and attempting to understand the buying behaviour of online shoppers in order to combine this knowledge in recommendations to the web shop Zalando GmbH.

This thesis consists of six fundamental parts. First, the market is thoroughly analyzed. The open environment of the Internet has changed the market structure; the power of the buyers has increased, whereas suppliers are less in control. Furthermore, the threat of substitute products and services, threat of existing established rivals and the threat of new entrants have all multiplied. As a consequent the Internet has made it more difficult for online businesses to maintain existing customers and attracts new ones. Web shops need to create sustainable competitive advantage in order to distinguish themselves from the competition. A way to achieve an advantage of such is consumer equity. This model recognizes customers as the primary source of both current and future cash flows. It provides a long-term plan to increase value to the company. The model consists of three forms: value equity, brand equity and relationship equity. Each driver emphasizes on another fundamental aspect of a company.

The second part of this thesis describes the important factors for web shops. It provides an overview of research and literature for the three most important elements that affect the online purchasing intention of consumers: technology, product and shopping factors. Especially security and convenience influence the consumer in its choice of web shop and its buying behaviour.

Next the new developments on the field of e-commerce are discussed. All the features and trends that might strengthen a web shop are analyzed. Social shopping enables consumers to connect where they shop. The social networks alter consumers to share their purchases, give recommendations and rate the items. This also goes in the other direction: consumers can now shop where they connect. F-commerce offers integrated web shops within Facebook’s network. From now on web shops can meet their customers in their own, preferable environment.
Online shopping is also changing. New features such as a 3D avatar and a virtual fitting room simplify the purchasing process. Most of these features are however underdeveloped and not yet ready to be used by the majority of online shoppers.
Furthermore, sharing and interacting online is becoming more common. The Internet makes it possible to speak with others all around the world. It enables the consumer to share their purchases with friends and communicate their needs and wishes to companies. Besides that, it simultaneously alters online businesses to obtain knowledge from consumers, communicate about problems and improve the relationship.

The fourth division applies all the before mentioned literature and research to Zalando GmbH. This web shop offers clothing, shoes and accessories from a wide range of brands. Because of the industry structure of the Internet, Zalando operates in a strongly competitive environment. On the Internet not only regional and national companies are competitors; consumers can also purchase from online businesses overseas. As described in part one, Zalando needs to create sustainable competitive advantage. Since consumers can easily change from one online business to another and are not as loyal as before, it needs to focus on consumer equity.

Fifthly, the buying behaviour of online shoppers and their perception toward new developments are analyzed through a questionnaire. The research shows that the main reason for not purchasing clothing, shoes and/or accessories online are not being able to fit the items. Moreover, a clear image is of utmost importance for those who do shop online. The interviewees rate H&M as the number one web shop available.
Zalando has substantial brand awareness. However, only a very small amount of respondents has purchased something at Zalando. The two prominent reasons for not purchasing at Zalando are uninteresting brands and products and the annoying advertisements.
Even though literature research shows the opposite, the respondents do not value the fact that online shopping is becoming more social. They also do not highly appreciate augmented reality. The interviewees are however in favour of shopping carts that remember the selected items. Moreover, a web shop needs to provide a clear image of the item and always have the items in stock. If a desired item is not available, the consumer will most likely search for another web shop that does have the product in stock.

The final part of this thesis results in recommendations for Zalando GmbH. The crucial pointers are as follows:

1. Create a strong relationship with the customer by focussing on relationship equity through loyalty programs.
🡪 Zalando Lounge
2. Further strengthen the relationship by enabling interaction between Zalando and its customers. This will also improve Zalando's knowledge about the customer's needs and wishes.
🡪 Interaction blog or ideas box online where customer’s can connect and share their thoughts, wishes, recommendations and complaints. Zalando should actively participate in this blog/ideas box.
3. Bring the security and convenience aspects of the web shop to perfection. These elements seem to be of utmost importance to the consumer.
🡪 Clear and selected range of products and brands. The broad product range that Zalando currently has available, makes the web shop disorganized and crowded.
🡪 Enable the customer to use a shopping cart that remembers the selected items (long than a few hours as is does now; until the customer’s next visit). This increases the convenience for the consumer, but also pushes the purchasing process in a friendly way.
4. Provide all the products with clear images that enable the consumer to zoom and view to item of different angles.
5. Present clear product and/or brand information with each product and brand.
6. Revise the stocking policy. Products need to be available for customers. If not, these customers will become someone else's.
7. Revise the pricing policy, especially regarding the “free” delivery and return. These costs are recharged in the prices of the items, which is very confusing for the customer, as they perceive the same products as being more expensive at Zalando than at the competitors.
8. Revise the advertisements: as the advertising is copied from Germany, Zalando should look into the preferences of Dutch consumers.

🡪 Consumer questionnaire on the preferences of Dutch consumers toward advertising and testing the new advertisement by using a pilot.

1. Keep an eye on new developments in the field of e-commerce, especially on augmented reality. The feature now seems underdeveloped and not yet ready for use, but will most likely become popular in the nearby future.
2. Constantly be open to new developments and changes. The ability to learn and to exchange knowledge is of utmost importance in such a competitive environment as the Internet.
🡪 Spend time searching the web, doing research and analyzing new developments. Also ask the customers on the interactive blog about their opinion and insight on new important changes for the web shop.
3. **Methodology**

*This chapter presents the reason for writing this research. Subsequently the problem analysis and aim of the research will be discussed. Finally, the objectives, research questions, research methods and limitations are explained.*

*The research is formed around web shops with an emphasis on the fashion industry. A web shop is a part of a website that offers products or services on the Internet.*

**1.1 Problem analysis**

As the Internet has become one of the most important purchasing channels, I was interested in further investigating the market. Moreover, my internship at the online shop Zalando GmbH made me look into the possibilities for web shops. Each day more and more web shops start their practices. It is thus of utmost importance to stand out in this almost mature market. The following problem statement has come forward from these elements:

*What steps can Zalando take to improve its practices in such a competitive environment as the Internet?*

**1.2 Aim of the research**

The research resulted in a report containing an analysis of the market, industry structure, important factors for web shops and new developments in the field of e-commerce. To conclude this research, the theoretical knowledge will be combined with the studies in practice and than translated to an advice for online businesses and in particular the fashion web shop Zalando GmbH.

**1.3 Research questions**

Apart from the problem statement, several sub questions are formulated. Based on these sub questions, the problem statement will be answered as clear and as concrete possible. Finally, all knowledge will be combined into usable and feasible recommendations for Zalando GmbH.

1. How has the Internet market and – industry developed over the last few years?
2. What are the most important factors for a successful web shop?
3. What are the new developments on the field of e-commerce and which conclusions can be drawn for the fashion industry?
4. What are the perceptions of consumers regarding online shops and the new developments and what can be concluded based on their online shopping behaviour?
5. Which recommendations can be made that enable Zalando GmbH to improve their practices?

**1.4 Methods**

To collect information and achieve practical recommendations that Zalando GmbH can use as a guideline to improve their practices, various forms of theoretical and empirical research has been conducted. Through desk research and field research both quantitative and qualitative data were collected. In the first chapters, several articles and scientific studies are analyzed. This theoretical framework will later be punt into practice on a large scale by using a consumer questionnaire. This survey was carried out with a sample size of approximately 200 consumers giving relevant information to enable a conclusion and recommendations toward Zalando GmbH.

 **1.5 Limitations**

Even though the participants of the questionnaire were randomly selected, there are still limitations with respect to the generality of the findings. One can never know whether the findings can be generalized to different people, situations or variables. Furthermore, the representativity of the questionnaire is disputable.
Moreover, the written format of the questionnaire makes it difficult to examine complex issues and opinions. Even where open questions are used, the depth of answers that the respondent can provide tends to be more limited.
In addition, where the researcher is not present, it is complicated to know whether or not a respondent understood a question properly. The researcher also can only hope the questions mean the same to all the participants as they do to the researcher.

1. **E-tailing**

*In this chapter the online market will be discussed. In section 1.1 the current market size and expected market growth are described. In 1.2 the online industry structure is thoroughly analyzed. Subchapter 1.3 discusses the importance of creating sustainable advantage in the online industry.*

**2.1 Market analysis**

15 years after its start, the e-tail business is developing towards being a mature market and continues to capture market share from brick-to-mortar shops. Even after the decrease in 2009 due to the recession, e-commerce is rapidly climbing back up again (Sage 2009). Most consumers currently consider web shops as a real alternative for shopping in a brick-to-mortar shop. The former reservations regarding this purchasing channel are gradually disappearing. Furthermore, the intention to shop online is stimulated by various factors: enjoyment, convenience, ease of use, usefulness and efficiency.

In the Netherlands Internet is used by 14.3 million people, which stands for 88% of the population (Internet World Stats, June 2010). With only Iceland, Norway and Sweden having higher percentages, the Netherlands takes the 4th place in Europe.

In 2010, over 71% of the Dutch consumers have made a purchase in an online shop. Also the frequency of purchasing items online is increasing: 51% of all Dutch consumers have made a purchase online in the first three months of this year ([www.hbd.nl](http://www.hbd.nl), March 2011). Considering the fact that more and more consumers grew op in this digital society and are so called digital natives (Prensky 2001), it will most likely continue to do so. The new technological developments are enhancing the lives of the consumer not only by enabling them to be online any time, but also by giving them the possibility to communicate with people all over the world on social networking sites and blogs. Internet is becoming a part of everybody's life, combining real life with a virtual life. These changes have made people more familiar and trustful towards online shops.

Purchasing items in online shops is especially popular among 25 – 35 year olds (91%) en people with higher education (88%). Women shop more frequently online than men, but the difference is decreasing each year. The group of non-online shoppers consists mainly of unemployed people, elderly and people with a lower education. Their online purchases, however, keep growing every year. In 2008, the Netherlands was one of Europe’s top 5 countries with an online market turnover of approximately €790 billion ([www.hbd.nl](http://www.hbd.nl), March 2011).

E-shoppers also use the Internet frequently to orientate. The Internet is a huge source of information, which caused the market to be more transparent. Consumers learned more about products and their prices, especially men and youngsters. 72% of Dutch shoppers orientate online after which they purchase the product in a brick-to-mortar shop. Price-comparison websites play a huge role in this matter. The other way around, approximately 30% of e-shoppers orientate in a brick-to-mortar shop before they purchase the products online (Weltevreden, 2007). Of all these e-shoppers that first orientated, only 25% purchased the product in the web shop of that same brick-to-mortar shop. The remaining 75% purchased the product at a competitor (*showroomeffect,* Reynolds 2000). Orientation is consequently not always positive for businesses. They might have spent time giving advice and support to consumers, while in the end they purchase their products at a competitive company. It is thus of utmost importance to understand the difference between orientation online and an actual purchase online.

Consumers that prefer purchasing their products in brick-to-mortar shops, mention not being able to physically examine, touch, feel and test the item as being the most prominent reason (34%). Especially for clothing and shoes. Moreover, customers cannot get real support in repairing the items. Also discounts and “two for the price of one” offers (27%) and direct possession of the product (20%) are important elements for choosing a brick-to-mortar shop. Online shoppers prefer this way of purchasing their items because it is generally cheaper (48%, there are lesser marketing and other costs associated with maintaining a physical store), being able to buy their favourite products from the comforts of home (35%) and having the order delivered (19%) ([www.hbd.nl](http://www.hbd.nl), March 2011).

That these reservations particularly count for the retailing branch is shown by the fact that 81% of all Dutch consumers still prefer to purchase their clothing and shoes in a brick-to-mortar shop ([www.hbd.nl](http://www.hbd.nl), March 2011). However, the online retail market is getting bigger. Even in the recession years 2008 and 2009, the e-tail business has grown worldwide while bricks-to-mortar retailing had to cope with losses (van den Berg 2009). Most brick-to-mortar companies see e-tailing as the only channel where there is still room for growth of their businesses. And also new companies that want to enter the online retail market see their chances.

Because more and more consumers in the Netherlands purchase their clothing and shoes online, the segment “apparel” has increased by 30% in the first six months of 2009 ([www.thuiswinkel.org](http://www.thuiswinkel.org), April 2009). In 2009, € 465 million was spend on clothing. In comparison with 2005, when € 185 million was spend, the online clothing segment has experienced an enormous growth. The segment now takes 7.29% of all online purchases. Online shopping does not only take the place of brick-to-mortar shops. 19% of all purchases online would not have been made if the products were not available online (Weltevreden, 2007). E-shopping thus also creates an additional demand.

Besides more online purchases and the fact that consumers spend more, e-commerce has also increased in the Netherlands due to the upcoming of a new way of payment: IDEAL. Almost 50% of all Dutch online shoppers use this way of payment and that percentage is still increasing (8% in the first part of 2009). This so called e-wallet enables consumers to shop at different sites with one online identity. The fact that customers do not have to enter personal information and credit card numbers at each website makes it easier for them to purchase online. Besides that, IDEAL offers them the safe way of payment at each website.

In the Netherlands there are currently 7.000 web shops that do not have a brick-to-mortal shop. This number of pure e-tailing shops is expected to grow, as not only making a purchase online is easy, but also setting up a web shop is not very difficult. Internet is a source of information and most websites are very willing to share their knowledge. (Tijdschrift voor marketing, 2009).

**2.2 Industry structure**

With this wide range of competition, companies need to attract and retain customers. The key question is not whether to deploy Internet technology – companies have no choice if they want to stay competitive. The key question is how to deploy it most effectively. The Internet per se will rarely be a competitive advantage. Online companies now have to broaden their perspective from a purely technical focus to more of a strategic focus. The Internet makes strategy more important than ever. E-business is being rapidly transformed from a technology driven to a business driven model. Most companies define Internet competition in terms of operational effectiveness (speed, flexibility, efficiency). But because competitors can easily copy your firm’s advances in these areas, strategic positioning becomes most important (Porter 2003).

According to Porter M.E. (2003), pure Internet companies rarely have a competitive advantage, in other words, companies that use the Internet as a complement to the traditional ways of doing business, are more successful than those that operate without any traditional ways and are doing business only on the Internet. The assumption that Internet can be used for companies that only do business on the Internet has caused web shops to make bad decisions – decisions that have eroded the attractiveness of their industries and undermined their own competitive advantages. Some companies, for example, have used Internet technology to shift the basis of competition away from quality, features, and service towards price, making it harder for anyone in their industries to turn a profit. Others have lost important proprietary advantages by rushing into misguided partnerships and outsourcing relationships. Company after company touted the low asset intensity of doing business online, only to find that inventory, warehouses, and other investments were necessary to provide value to the customers.

However, times and the Internet have changed. Many companies have shown that pure Internet business can be profitable and successful without using it in a complementary way (bol.com, eBay.com and Amazon.com). These pure Internet companies can also be very successful, if they understand the differences between Internet and traditional approaches and can shape truly distinctive strategies.

To find out how the Internet can be used to create a successful business and economic value, we also need to look beyond the immediate market signals and measure the two important factors that determine profitability: *industry structure* and *sustainable competitive advantage.*

With the Porter’s Five Forces Model (Porter 1980) the five competitive factors, which determine industry competition, are described and include: suppliers, rivalry within an industry, substitute products, customers or buyers, and new entrants (see Figure 1).

*Figure 1 - The Five Forces Model, Porter M.E.*

The industry structure determines the profitability of the average competitor. Internet has affected the industry structure and thus the basic forces that are mentioned in Figure 1. It is an open system whose technological advances level most industries’ playing fields—thus intensifying competitive rivalry and reducing entry barriers. Besides that, it dramatically increases available information, shifting bargaining power to the buyers (Porter 2003). Competition has increased overall due to Internet and e-commerce. It has increased market share and decreased costs. However, old or new, each industry’s attractiveness can be described by the model of Porter, M.E. To further evaluate the Internet industry one has to evaluate each of the five forces separately:

Vertical competition

1. *Bargaining power of the buyers: UP*
Buyers have more power when they have more choices. Due to the huge amount of online shops, businesses are forced to add value to their products and services to attract buyers and get loyalty. The Internet is a source of information. Buyers can easily look around, orientate, compare and then choose their preferred online business. With greater choice and new options emerging every day in the open system of Internet, consumers are not as loyal as they use to be. Moreover, consumer cans easily switch companies in case they are not satisfied. Web shops have to exceed in service, offer a wide range of products and/or have the lowest costs in order to stay ahead of their competitors. Also, with the upcoming of Internet, individuals can also have a business selling goods of other (larger) companies without having to carry inventory (affiliate programs).
2. *The bargaining power of the suppliers: DOWN*
Supplier power is higher when buyers have fewer choices from whom to buy. As mentioned above, web shops that sell products without having their own inventory have increased the amount of suppliers available. Besides that, companies such as Google and Amazon offer associates programs with which they allow a webmaster to earn money by recommending products of others. This also increases supplier offerings. Furthermore, the Internet provides a channel for suppliers to reach end users. They do not need intervening companies, what causes more and more suppliers to enter the market on their own.

Horizontal competition

1. *Threat of substitute products or services: UP*
The threat of substitute products or services is high when there are many alternatives. The Internet has made the variety of alternatives bigger. Consumers can now purchase substitutes from companies overseas where services are better or products of comparable quality are cheaper. They can choose among many more options from which to buy.
*Threat of existing established rivals: UP*The threat of existing established rivals is high when companies continuously look for improvement and ways to stay ahead of the competition. As mentioned before, online shops have to distinguish themselves in order to attract consumers and get their loyalty. Without improving their products and services, companies will most likely loose their customers to another online shop. Furthermore, benchmarking practices have become rather easy on the Internet. Online shops can easily compare, evaluate and copy the activities of other web shops. The fact that the geographic market widens here also is important, as it increases the number of existing established competitors.
2. *Threat of new entrants: UP*The threat of new entrants is high when it is easy for new competitors to enter the market. As mentioned before, both companies as well as individuals can easily open a web shop. Over the past few years, many new entrants have started a business online. Moreover, because of the Internet a new market exists: consumer-to-consumer e-commerce. Via various marketplaces, such as Marktplaats and eBay, and individual websites, consumers can now easily sell products themselves (over 13% of all online purchases in 2006 and still growing rapidly).

As these five forces implicate, Internet has affected the industry in a “negative” way. The technology provides buyers with easier access to information about products and suppliers, thus increasing buyer bargaining power. A particular product or service first attracts the customers whose needs it best meets. As penetration grows, however, it will tend to become less effective in meeting the needs of the remaining customers in the market, providing an opening for competitors with different offerings. The whole market has become more transparent. Because it is an open system, companies have more difficulty maintaining proprietary offerings, thus intensifying the rivalry among competitors. Moreover, the Internet also expands the geographic market, bringing many more companies into competition with each other. Consumers can now order their preferable product from the United States or any other company in the world.

**2.3 Sustainable competitive advantage**

All these developments have made it harder for companies to attract new and keep existing customers. The great paradox of the Internet is that its very benefits – making information widely and easily available; reducing the difficulty of purchasing, marketing and distribution; allowing buyers and sellers to find and transact business with one another more easily – also make it more difficult for companies to capture those benefits as profits (Porter, 2003).

That does not mean that the Internet is unattractive for each industry. It is just very important to distinguish your company from other competitors and underline the competitive advantage. In general, consumers prefer a combination of online service, personal service and a physical location to pure Internet shops. They want the easiness of online shopping, but also the personal service and tangibility of the products that physical shops can offer. Online businesses have to be more innovative and creative than ever before to draw the attention of consumers. They have to focus on creating benefits that the customer will pay for, rather than achieving shot-term revenues by offering lower prices than the competition.

Sustainable competitive advantage can be achieved in many forms – operating at lower costs or offering a distinctive product. These advantages can be reached in two different ways. One is operational effectiveness – doing the same things as your competitors, but doing it in a better way. Of course it will only be a competitive advantage if the company can achieve and sustain the higher level of operational effectiveness than the competition. The other way is strategic positioning – doing things differently from competitors, in a way that delivers a unique type of value to customers (Porter, 2003). The Internet also affects these two in different ways. It makes it harder for companies to sustain operational advantages, since it is easy to copy and use a me-too strategy.

Strategic positioning therefore becomes fundamental. Many things can be thought of in order to stay ahead of the competition. Online shops have to differentiate themselves in terms of product design or features, service, image, etc.

Internet brands have also proven difficult to build. They do not become as strong as “physical” brands. This can have many reasons, such as the lack of physical presence and direct human contact. As a result, it is harder for Internet brands to build a strong emotional relationship with their customers.

On the other hand, the Internet involves a great deal of trust and security. Transactions require the customer to provide detailed personal information – name, address, credit card number, phone number, etc. Generally, people have concerns about sharing this kind of information, so they only tend to transact with sites they know and trust. If their trust shows to be legitimate, it adds value to the brand and builds a relationship (Cleland, 2000).

As mentioned before, the Internet has made it more difficult to build a strong relationship between the company and its customers. Consumers easily switch web shops if they find a more rewardable deal or if they are unsatisfied with the web shop they purchased their products the last time. Moreover, there are a lot of companies offering similar products. It is therefore very difficult for any company to retain their current customers and attract new ones. As mentioned before, in order to stay ahead of the competition, businesses need to achieve sustainable competitive advantage. Customers are nowadays of utmost importance to a company. The approach to marketing has changed, replacing the product-based strategy with a customer based strategy. The customer is (or should be) at the heart of the organization. Customers drive the success of a company.

Customer equity can support companies to create a competitive advantage. The model recognizes customers as the primarily source of both current and future cash flows. Focusing on customer equity thus supports the long-term value of the business. Customer equity consists of three key drivers: *value equity, brand equity* and *relationship equity* (N. Lemon, et all 2001). These key drivers for customer equity work independently and together. Within each of these drivers are specific pointers the company can focus on to enhance its overall customer equity.

1. *Value equity*
Value equity is the most important factor of the relationship between the company and its customers. It is defined as the customer’s objective assessment of the utility of a brand based on perceptions of what is given up for what is received (N. Lemon, et all 2001). The company’s products and/or services should meet the wishes, needs and expectations of their customers. If not, a company can never build a strong relationship with its customers nor retain current customers and attract new ones. The following three factors influence value equity:
	1. *Quality*Quality includes all the physical and non-physical aspects of a product or service. The level of quality should live up to or outperform the expectations of the customers. Companies need to sort out how their customers evaluate the quality of the products and what their expectations are. By doing so, a company can reach customer-satisfaction.
	2. *Price*The price defines the aspects of “what is given up by the customer” (N. Lemon, et all 2001). Companies need to analyze how attractive their price is, especially on such a competitive market as the Internet.
	3. *Convenience*Convenience relates to actions that help reduce the customer’s time costs, search costs, and efforts to do business with the company (N. Lemon, et all 2001). It basically makes it easier for customers to do business with the company.
2. *Brand equity*Brand equity is an intangible asset that depends on associations made by the consumer. The power of the brand lies in the minds of consumers and what they have experiences, learned and felt about the brand over time. Brand equity can create added value to the brand and its products. It has three roles in building customer equity: building awareness and attracting customers, building emotional connections with customers and reminding customers to repurchase. The following three factors influence brand equity:
	1. *Brand awareness*Brand awareness is the ability of a (potential) customer to recognize or recall the brand. It is a fundamental element in the consumer’s decision-making process, as it is one of the main factors for including a brand in the consideration set. Brand awareness can also influence their confidence in and risk assessment of the product. Tools that affect brand awareness are for example marketing communications.
	2. *Attitude toward the brand*The attitude toward the brand defines the extent to which the company is able to create close connections or emotional ties with the consumer (N. Lemon, et all 2001). A positive consumer’s attitude toward the brand demonstrates itself by repurchases and loyalty. Tools that affect the attitude toward the brand are media campaigns and direct marketing.
	3. *Corporate ethics*The corporate ethics are a set of beliefs that influence the ways a company conducts business. This has a huge effect on the customer perceptions of the company. Tools that affect the way customers perceive a company are community sponsorships, donations and sustainability.
3. *Relationship equity*Relationship equity reflects the tendency of the customer to stick with the brand (N. Lemon, et all 2001). It focuses on the relationship between the customer and the company, based upon the actions taken by the company and by the customer to establish, build and maintain a relationship. Companies should analyze whether the relationship really is beneficial for both parties. The following three factors influence relationship equity:
	1. *Loyalty programs*Loyalty programs include actions that reward customers for specific behaviour with tangible benefits (N. Lemon, et all 2001). The reward program encourages loyal buying behaviour, which is of course beneficial for the company. Examples are membership cards and customer appreciation cards.
	2. *Special recognition and treatment programs*Special recognition and treatment programs include actions that reward customers for specific behaviour with intangible benefits (N. Lemon, et all 2001*)*. Examples are discounts or exclusive products for members.
	3. *Affinity programs*Affinity programs seek to create strong emotional connections with customers, linking the customer’s relationship with the firm to other important aspects of the customer’s life (N. Lemon, et all 2001).
	4. *Community-building programs*Community-building programs links the customer to a larger community of customers. With the Internet, consumers are very interested in joining communities. Customers can help, speak and listen to each other. By doing so, the company tries to strengthen the relationship between the customer and the company.
	5. *Knowledge-building programs*Knowledge-building programs seek to create structural bonds between the customer and the company, making the customer less willing to recreate a relationship with an alternative provider (N. Lemon, et all 2001). These programs expand their knowledge by learning more about their customers, what enables the company to meet the expectations of the customers better. Knowledge-building programs are thus beneficial for both parties. It builds trust and creates interaction with customers, but also makes the company an expert at what they do. Knowledge-building programs can really keep a company ahead of the competition. Examples are collective databases and blogs.

**2.4 Conclusion**

The open environment of the Internet has changed the market structure; the power of the buyers has increased, whereas suppliers are less in control. Furthermore, the threat of substitute products and services, threat of existing established rivals and the threat of new entrants have all multiplied. As a consequent the Internet has made it more difficult for online businesses to maintain existing customers and attracts new ones. Web shops need to create sustainable competitive advantage in order to distinguish themselves from the competition. A way to achieve an advantage of such is consumer equity. This model recognizes customers as the primarily source of both current and future cash flows. It provides a long-term plan to increase value to the company. The model consists of three forms: value equity, brand equity and relationship equity. Each driver emphasizes on another fundamental aspect of a company.

1. **Web shops**

*This chapter describes the success factors for web shops. It provides a result overview of research and literature that point out what defines a good web shop. The results are discussed per important element: technology, shopping factors and product factors.*

**3.1 Important factors**

Much research has been done to learn more about the factors that affect the consumers’ preferences for online shops. Even though findings and experiences of existing customers may not always be transferable to potential customers, due to the possible lack of knowledge and experience in online shopping, some general conclusions can be made. To evaluate these factors, one needs to analyze the three most important elements that affect the online purchasing intention of consumers: *technology, shopping* and *product* (Schaupp & Belanger, 2005).

The online purchasing intention reflects the desire of consumers to make a purchase in a web shop. Many different features affect online purchases. In sum, consumers are more likely to purchase when the shopping website provides highly desirable functions, including a product catalogue, search engine, price comparison tools, shopping carts, e-payment methods, easy navigation, tracing applications and a nice design. Moreover, the web shop needs to offer security, privacy and enough relevant information about the products.

Psychological needs: technology factors
The technology factors reflect the quality of the website itself. The most important elements in this category are security, privacy and usability.

1. *Security*The security of a website refers to the confidentiality, safety and integrity of the transaction and the personal data of the customer. An application that strengthens the feeling of security for customers is for example IDEAL. This e-wallet enables online shoppers to purchase their products with one online identity by using their own protected bank data. This ensures the safety of their transaction. Other features that make customers feel more secure are conformation screens at the end of their purchase or digital certificates that prove the website’s safety (e.g. Thuiswinkel Waarborg).
2. *Privacy*The privacy of a website is seen as the possibility for customers to control and manage their personal information. It consists of the willingness of customers to share information. Many users have concerns about the confidentiality of their personal data (Schaupp & Belanger, 2005). A lot of mobile phone applications as well as Facebook share confidential user information with third parties (Bright, 2011). Online shoppers want to decide whether or not they want to give away their personal information (in general or to third parties), they do not want to feel pressured. Many things can be thought of in order to assure privacy to the customer such as presenting a privacy statement, the request if the customer wants to share private information or the request if the website may use the customer’s cookies (Schaupp & Belanger, 2005).
3. *Usability*The usability of a website refers to the overall functionality and layout of the website. Well-developed content (information and customization) and functions increase consumer satisfactions and consequently increase purchases. Functions that improve usability are fast website processing, search engines, user-friendly interface, rich content, interactive options and easy navigation (Schaupp & Belanger, 2005).

Economic needs: shopping factors
The shopping factors reflect the consumer’s feelings and experiences that relate to the shopping experience (during and after). The three fundamental elements in this category are convenience, trust and delivery (Schaupp & Belanger, 2005).

1. *Convenience*The convenience of a website reflects the ease of purchasing. Customers should spend the least time and effort possible finding and purchasing their preferable product or service. Features that improve the website’s convenience for customers are for example ease and fun of the online purchase, post purchase consumer service and the ability to look up detailed product information (Schaupp & Belanger, 2005).
2. *Trust*The consumer has to trust the web shop and its system to feel comfortable enough to make an online purchase. The online shopper has to see the online shop as reliable and integer. Customer’s trust is fundamental in order to build a long-term relationship and create loyalty. Applications that strengthen the trust of the consumer in the online business are for example digital certificates, online assistance (avatar, hotline, chat or manual) and clear explanations of the transaction (rights and responsibilities of both parties).
3. *Delivery*The delivery refers to the total time spent between purchase and delivery for handling and shipping the order. The customer’s satisfaction especially depends upon expectations being met or exceeded. Web shops should thus always specify the estimated delivery time so that the customers know what to expect. There are many ways to make the delivery as pleasant as possible, such as minimizing delivery time, sending a notification in case of delay and offering an online tracking system (e.g. TNT Track & Trace).

Functional needs: product factors
The product factors reflect the quality and features of the product or service that is for sale. *Merchandising, product value* and *customization* are the three most important elements in this category (Schaupp & Belanger, 2005).

1. *Merchandising*Merchandising refers to the product offerings per se, without the website layout and design. Websites should offer a wide range and depth of product offers to impress the consumer (Schaupp & Belanger, 2005). It is however fundamental that these are rich products that meet the customer’s needs. Consumers are always looking for the lowest price, the best quality and the widest assortment. With the upcoming of e-commerce consumers can easily orientate and have the choice between many different online businesses. Superior product assortment results in positive perceptions of consumer satisfactions (Szymanski & Hise 2000). This occurs especially when consumers are looking for exclusive products that are rarely available. Factors that have a positive effect on merchandising are an extensive product assortment, great variety in products and offering exclusive and seasonal products.
2. *Product value*The product value refers to the perceived product and service quality by consumers. Online businesses have mostly used price as a primarily competitive advantage over brick-to-mortar shops. Minimizing price and maximizing quality are factors that attract online shoppers. Consumers however cannot judge the product value for unknown products that one cannot physically examine. In that case, an online shop has implemented positive value if the customer feels satisfied at the end of the purchase. Post purchase feeling of gratification, perceived quality and overall costs are thus fundamental for consumers (Schaupp & Belanger, 2005).
3. *Customization\**Customization refers to the user’s ability to customize the product according to personal preferences (Schaupp & Belanger, 2005). Of course this element is only applicable to certain businesses, such as the computer industry or customized apparel. However, retailers have also implemented this feature. For example Nike offers the possibility to design your own sneaker online by choosing your own colours, prints and materials. Offering a customizable product and different options that are available for the product positively affects the online purchasing intention.

**3.1 Conclusion**

This chapter provides an overview of research and literature for the three most important elements that affect the online purchasing intention of consumers: technology, product and shopping factors. Especially security and convenience seem to influence the consumer in its choice of web shop and its buying behaviour. Later on these assumptions can be further investigated and be put into practice in the consumer questionnaire (*chapter 6 – Questionnaire).*

1. **New developments**

*This chapter analyzes the new developments in the field of e-commerce. Is it important to follow the latest trends and are these developments crucial for a successful web shop? Or are some developments underdeveloped or not accepted by the majority of online shoppers? Subchapter 3.1 gives a short introduction. Social shopping is analyzed in 3.2 and 3.3 continues with this subject on F-commerce. Subchapter 3.4 describes new features for online shopping. Finally chapter 3.5 discusses the rise of sharing and interaction online.*

* 1. **Introduction**

Considering the fact that the e-commerce market is growing rapidly and developing toward becoming a mature market, the opportunities for new companies to enter the market is smaller. The already established companies have taken their place in the segment and have the knowledge and experience to keep their position. For companies that want to enter the e-commerce market but also for companies that are already established and want to increase their market share, there is therefore a huge need for innovating and creative concepts.

This need for innovation has caused many new developments to arise on the field of e-commerce. Besides that, the developments on the Internet itself have made many things important and undeniable. Below the most important and recent ones are analyzed.

* 1. **Social shopping**

Web shops are trying to integrate new applications to make online shopping for consumers even more fun and easy. Online shopping is becoming more and more like reality. One new application is *social shopping* – the integration of social media into online shopping. Social shopping and social commerce are often used synonymously. Here social commerce is treated as the combination of social features and shopping. Social shopping refers to the role and activity of the consumer on social commerce websites.

The technology of social shopping is based on the power of recommendations. Recommendations from personal acquaintances or opinions posted by consumers online are the most trusted forms of advertising (Nielsen, 2005).

Even though social shopping seems to be quite new, the first form of this phenomenon date back several years. The famous online business Amazon.com has been at the forefront of social commerce from the beginning (Marsden, 2010), with social features such as customer feedback and product recommendations. Currently is has implemented all popular social features such as reviews, ratings, widgets and different kinds of wish – and popularity lists.

The rise of social media has turned hundreds of millions of consumers into content creators and placed billions opinions online. It is now extremely easy to share opinions and learn more about products or services before purchase. We now trust a stranger’s recommendation online as much as we do from friends and family. Blogs, reviews, wish lists and even videos and pictures – they all have a huge effect on our purchasing decision. Consumers can learn from the knowledge and experiences of others. Basically social shopping provides online shoppers with tools to make better and more informed choices. Retailers can consequently create value for the customer. They can meet the needs and expectations of the shoppers, which creates positive experiences that drive customer loyalty and good word-of-mouth. Furthermore it allows companies to meet consumers where they spend a lot of their time nowadays: on social media. Social media is taking such an important place in the daily life of every consumer, that companies have no choice but to be part of it if they want to be competitive and successful. Social commerce solutions are a cost-efficient way to capture customers, traffic and market reach.

Social shopping thus goes two ways: it connects customers where they buy by offering connections with social media. Things like reviews, ratings and crosslinks (other people that bought this product also bought…) make the shopping experience more social.
On the other hand it also enables consumers to buy where they connect. Another example of such is *f-commerce.*

* 1. **F-commerce**

Facebook, the world’s largest social network site, is the first social media to integrate e-commerce within their own platform – called f-commerce. The social network offers direct sale for businesses through their own web shop on Facebook. The huge advantage of this form of e-commerce is the fact that businesses can use their own existing network and can meet the consumers on their own preferable platform. Social media are a big part of almost everybody’s life. Facebook currently has 4.8 million Dutch users. Reaching out to these users in their social environment is very attractive, because they feel comfortable there, they can share their opinions and experiences with their online friends and interact with their favourite brands.

F-commerce offers an easy way for companies to reach the target consumer. Businesses can personalize their offers by using the information of “likes”, geographic location, purchase history, demographics and even “likes” of friends. Offers can thus be adjusted to match the profiles of the target audience. Never before have companies known so much so easy about their target consumers. Moreover, the companies’ fans are most likely loyal customers. With f-commerce businesses can award their fans by offering discounts, exclusive products or special deals. This tool strengthens the customer relationship, creates word-of-mouth and even persuades consumers to become more loyal. Moreover, f-commerce also has some viral effects such as sharing purchases and wish lists.

Most American companies already use f-commerce and it has proven to be very successful. However, Facebook does not offer IDEAL as e-wallet yet (only Pay-Pal, which appear to be having major reliability issues), what causes Dutch businesses to not jump into f-commerce immediately.

* 1. **Shopping online**

One of the most important reasons that consumers still prefer to purchase apparel items online is the fact that they cannot try on the items and see how it fits. Furthermore it is a great deal of fun to share your wish lists and purchases with friends, but these friends can never imagine how the apparel item fit you and look on you. Real advise and recommendations can thus never be given. Many researches state that online shopping seems to be less of an experience than real life shopping usually is. Many new applications aim to resolve this problem and try to enhance the shopping experience. Tools like MimicMe and Virtual Fitting Room make it possible to create your own virtual model. This model looks exactly like you, not only in appearance (customers can upload a picture of their own face), but also has the exact same body measurements. From now on consumers can see what size they have and how apparel would fit on their body. They can also mix and match clothing, shoes and accessories and create their perfect outfit. This not only makes online shopping a lot easier and more fun, it also makes the social shopping part, sharing your wishes and purchases with your friends, a lot more interesting. The customer can make pictures of their virtual model wearing the outfit and share this look by email, Facebook and Twitter. Or they can upload the picture into an inspiration gallery. But the feature not only benefits the consumer. A virtual model tool could increase desire and consequently conversion and order value. Approximately 60% of all apparel returns are due to improper size. By using a virtual model tool, customers can better measure their size, which can enable web shops to decrease returns and the attached costs.Dictionary

Augmented reality is even taking it a step further. This tool from for example Zugara enables consumers to see the apparel item on their own body via their webcam. It enhances or improves the online apparel-shopping experience by showing the customer how the item will look on them. The Webcam Social Shopper (WSS) uses a shopper’s webcam, a motion capture interface, and social media integration to replicate that offline moment at the rack, where shoppers hold an item up to themselves and fit the item, turn to a friend (or the mirror) and ask “what do you think, is this me?” (Zugara.com, 2011). Zugara allows the WSS Plug & Play application to be seamlessly integrated right in to the product detail page of any e-commerce site. It works with any regular computer and webcam, which 75% of youngsters under 25 years old in the Netherlands have, and does not require any downloads. When people see themselves with an item and they can clearly imagine themselves wearing that item, they tend to form more of an emotional connection to the product and are therefore more likely to follow through with the purchase. Web shops that face with a great deal of customers that fill their shopping cart but not purchase the items in the end, may benefit from this tool. And the augmented reality can of course also be linked to social networks, which allows shoppers to solicit the opinions of friends and family before they complete the purchase. This is because the WSS includes functionality to take a snapshot of the shopper “trying the item on” and then send that picture via email to friends or upload it to Facebook, allowing the customer to get feedback and advice from the people they trust most (von Hungen, 2009). Unfortunately, the interface has been designed so that one must be facing the webcam for the setup to work correctly. So the customer as well as the Facebook friends will never know the answer to “does my bum look big in this?”. Moreover, clothing does not always "fit" well and the quality of the webcam video can be of low quality. Some e-tailing businesses are already using this interface, such as Tobi.com and Wehkamp.nl.

* 1. **Sharing and interaction**

As consumers shop online more frequently, they like to share their wish lists and products they recently bought just as in real life. Especially for apparel consumers often want and need their friends’, families’ or acquaintances’ opinion and advice in order to make their purchase. Many sites have popped up to meet these wishes and make online shopping more like reality. On for example Stylefeeder.com one can collect the items he/she wants to purchase or has already purchased. By doing so, friends can log in to this page and give ratings, recommendations and likes. Even for those who do not have many friends or no friends who want to participate, they can meet people and make new friends to share their shopping fun with. Shopping is more fun with friends. Stylefeerder.com even offers a widget that can be integrated in anyone’s Facebook, which makes it possible to share your style and inspire your friends, family or acquaintances within your own social network. The widgets also make it possible to keep consumers updated on new products and for example sales periods. These kinds of widgets are extremely interesting for web shops. Offering an integrated widget as a web shop enables customers to openly share which product of that particular web shop they like or recently bought. It does not only make the shopping experience more personal, it also allows the items to reach a bigger (and sometimes huge) audience. But of course social media platform Twitter does exactly the same. Daily billions of people share information and give recommendations about new products they tried out.

The Internet has also made it significantly easier for companies and their customers to interact. It allows consumers to speak to the whole world, to organize themselves, to find and spread information and to take control. Reviews, blogs, ratings, consumer reports and other kinds of recommendations to one another are the best – or the worst – advertising for your company. As mentioned before, recommendations from personal acquaintances or opinions posted by consumers online are the most trusted forms of advertising (Nielsen, 2005). Worth-of-mouth thus has a huge effect on the success of (online) businesses. With the Internet, people can find each other anywhere and form a group around or against you. One blog post can spread to tens, hundreds, maybe thousands of reactions and follow-ups. Of course this development of easy communication is great for positive posts: one praising message on the Internet can lead to a big group of new fans. For negative posts about bad experiences with products and/or companies, however, the Internet can be very hard to deal with. One blog post can rally up other frustrated customers that want to speak up with new blog posts and discussions, spreading the negative story all over the world and expanding the hate-club. At first, online businesses were not looking at these blogs and posts. Companies assumed that most people did not really read blogs and that these negative posts were just from angry, strange people (WWGD, 2009). Moreover, they thought customers should come to them in case they had problems or were unhappy with the products. But the last few years sharing and consequently blogging became more common. Many consumers orientate online before they make a purchase. They only have to search for it; the Internet has the knowledge online. All the information is only one click away. One unsatisfied customer can now cause an overall decrease in consumer-satisfaction, sales and revenue.

**4.6 Conclusion**

Social shopping enables consumers to connect where they shop. The social networks alter consumers to share their purchases, give recommendations and rate the items. This also goes in the other direction: consumers can now shop where they connect. F-commerce offers integrated web shops within Facebook’s network. From now on web shops can meet their customers in their own, preferable environment.
Online shopping is also changing. New features such as a 3D avatar and a virtual fitting room simplify the purchasing process. Most of these features seem however underdeveloped and not yet ready to be used by the majority of online shoppers.
Furthermore, sharing and interacting online is becoming more common. The Internet makes it possible to speak with others all around the world. It enables the consumer to share their purchases with friends and communicate their needs and wishes to companies. Besides that, it simultaneously alters online businesses to obtain knowledge from consumers, communicate about problems and improve the relationship. The functionality of these developments and the attitudes of consumer toward these new trends are further analyzed in the consumer questionnaire (*chapter 6 – Questionnaire).*

**5. Zalando GmbH**

*This chapter discusses the web shop Zalando. Subchapter 4.1 provides background information about the web shop. The results derived from research that are described in chapter 1 and 2 will now be applied to Zalando. 4.2 analyses the industry structure and 4.3 the sustainable competitive advantage. Subchapter 4.4 compares the important factors for a good web shop with those of Zalando.*

**5.1 Background information**

Zalando is originally a web shop for shoes that started in Germany. After their huge success, Zalando decided to expand their market and their range of products. Zalando currently also exists in the Netherlands, Italy, Austria, the United Kingdom and France. Besides shoes the web shop sells clothing and accessories for women, men and children.

The web shop is divided in two parts. The first part, Zalando.nl, contains shoes, clothing and accessories for women, men and children. Zalando Premium, the second part, offers a selected range of more exclusive brands. In the final part Zalando Sports consumers can find sport equipment for all kinds of different sports such as racket sports, outdoor sports and ball sports.

This analysis only examines Zalando Netherlands.

**5.2 Industry structure**

The changed industry structure of the online market as mentioned in chapter 2 – *E-tailing* (see subchapter 2.2 – *Industry structure*) has influenced Zalando GmbH as any other web shop. In order to find out where Zalando can improve its business and create a sustainable competitive advantage, we need to first analyze its five competitive forces on company level. All five factors of Porter’s Five Forces are analyzed for Zalando in table 1.

|  |  |  |
| --- | --- | --- |
| **FACTOR** | **CONSEQUENCE** | **OPPORTUNITY / THREAT** |
| **Bargaining power of the buyers; UP** | Buyers have more choices because of the huge amount of web shops online. Moreover, the Internet is a source of information so online shoppers are better informed. | Threat |
| **Bargaining power of the suppliers; DOWN** | The amount of suppliers has gone up with the Internet. Not only are there many web shops that offer similar products, also individuals can also offer their products through market places (e.g. Marktplaats, Ebay). | Threat |
| **Threat of substitute products or services; UP** | The internet has increased the number of substitute products. For apparel web shops such as Zalando, the threat of substitutes can be analyzed in two ways. The first, most basic function of apparel is that one has something to wear. Apparel however also has a second, more psychological function. This makes all other products that represent your identity and personality substitutes, such as the music you listen to and the car you drive in. Substitutes for Zalando are these kinds of products in the same price-range (e.g. books and games from Bol.com and music from Freerecordshop.nl) | Threat |
| **Threat of existing established rivals; EVEN / UP** | In the Netherlands, the threat of existing established rivals is not extremely high. However, overseas many competitive companies exist. | Opportunity / Threat |
| **Threat of new entrants; UP** | The Internet has made is incredibly easy to start a web shop. There is thus constantly a threat that a new competitor enters the market that Zalando operates in. | Threat |

*Table 1 – Porter’s Five Forces applied to Zalando*

**5.3 Sustainable competitive advantage**

Looking at Porter’s Five Forces Model, Zalando has a lot of competition to deal with. As explained in the market analysis, it is of utmost importance to differentiate your online business from other web shops. Zalando needs to create a sustainable competitive advantage. As the customer relationship is becoming more and more important on the Internet, Zalando can outperform the competition by focussing on *consumer equity* (see chapter 2.3 – *Sustainable competitive advantage*)*.* All factors of consumer equity are analyzed for Zalando in table 2.

|  |  |  |
| --- | --- | --- |
| **FACTOR** | **CONSEQUENCE** | **STRENGTH / WEAKNESS** |
| **Value equity- Quality****- Price****- Convenience** | - Zalando has no influence on the quality of their products, as they only offer products of other brands. They can thus only improve their service: delivery, post- and pre-purchase service and usability of the web shop.- As there are many web shops that offer the same range of products, it is very important that Zalando is not much more expensive that their competitors. In general, the brands that Zalando offers set their prices. Zalando cannot influence these prices; they can only set their own margins and delivery and return costs.- Zalando can make it easier to do business with them by offering a search engine, a conveniently arranged website, a wide yet transparent range of products and a shopping cart that remembers products. | Strength; when it comes to service and delivery, Zalando outperforms the competition.Weakness; even though Zalando promote their free delivery and return costs, most consumers perceive the web shop as expensive.Weakness; most consumers perceive Zalando as being unorganized.  |
| **Brand equity- Brand awareness****- Attitude toward the brand- Corporate ethics** | - Zalando has a brand recall (the product category name is given to respondents who are asked to recall as many brands as possible that are members of that particular category) of 63% and a brand recognition (the brand name and category are presented to respondents who are asked which brands they recognize) of 76%. - A positive consumer’s attitude toward Zalando demonstrates itself by repurchases and loyalty. Unfortunately these numbers are confidential.- Zalando does currently not participate in community sponsorships or gives donations. It does offer sustainable brands and products; products that are economical friendly and only consist of natural materials.  | Strength; for a web shop that only exists for eight months these results are fairly high.*Unknown**Unknown /* Strength |
| **Relationship equity- Loyalty programs****- Other programs** | - Zalando Germany has already started a loyalty program. The web shop includes a restricted area called “Zalando Lounge”. Only members can access this area. It is free to become a member. Zalando Lounge offers all kinds of discounts, exclusive products, special offers, etc. - Not applicable. | Strength (if Zalando Netherlands also starts with Zalando Lounge); Zalando Lounge will create a stronger relationship with its customers and will make them more loyal. |
| **Threat of existing established rivals; EVEN / UP** | In the Netherlands, the threat of existing established rivals is not extremely high. There are however three very strong competitors; Wehkamp, Otto and O’Moda. Overseas many competitive companies do exist and are close because of the Internet. | Opportunity / Threat |
| **Threat of new entrants; UP** | The Internet has made is incredibly easy to start a web shop. There is thus constantly a threat that a new competitor enters the market that Zalando operates in. | Threat |

*Table 2 – Consumer equity applied to Zalando*

**5.4 Important factors**

The factors will be analyzed for Zalando as described in chapter 3 (see subchapter 3.1 – *Important factors*). Does Zalando apply these factors in a successful way or is it staying behind and lacking in the eyes of the consumer? All important factors are analyzed for Zalando in table 3.

|  |  |  |
| --- | --- | --- |
| **FACTOR** | **CONSEQUENCE** | **STRENGTH / WEAKNESS** |
| **Technology factors- Security****- Privacy- Usability** | - Zalando has a digital certificate (Thuiswinkel Waarborg) and shows this safety recognition sign on each page of its web shop. Moreover, Zalando offers IDEAL as payment options, which also strengthens the feeling of security for customers.- If a consumer wants to create an account at Zalando, the web shop presents a privacy statement where they indicate how valuable confidentiality and trust is to Zalando. Personal information will not be given to third parties or used for other purposes unless the consumer explicitly indicates the opposite.- The layout of the website seems clear but a little unorganized. It processes fast and offers a search engine and fairly easy navigation tools. This subject will later on be examined with the questionnaire (see chapter 5 – *Questionnaire)*.  | StrengthStrength*Unknown* |
| **Shopping factors- Convenience****- Trust****- Delivery** | - Zalando offers a service hotline and good after-purchase services (free delivery and return, extra long return right). Moreover, on the website most brands and items are supported by extra information and photos from different angles with zoom-function.- The website clearly defines the rights and responsibilities of both parties in the conditions. It also offers a service hotline and owns a digital certificate (Thuiswinkel Waarborg).- Zalando generally delivers the products within 2-3 workdays. The web shop also offers a Track & Trace system of their delivering party Selekt Vracht. | Strength / Weakness(can be improved)StrengthStrength |
| **Product factors- Merchandising****- Product value****- Customization** | - Zalando offers a wide range of products and brands. The Zalando Premium even offers exclusive products, which might impress the customer. Whether or not the products and brands meet the needs and wishes of the consumer will be further examined in the questionnaire (see chapter 5 – *Questionnaire).**-* Zalando does not have a lot of influence on the quality of the products per se. It does however have a choice in which products and brands they offer and which ones they do not. The products and brands that the website offers, reflects the quality that will later be perceived by the consumer. Zalando also does not have influence on the price of the products. However, they can set the margins and the delivery – and return costs. The overall costs are of utmost importance for the customer. The products and prices will be further examined in the questionnaire (see chapter 5 – Questionnaire).- Not applicable. | *Unknown**Unknown* |

 *Table 3 – Important factors applied to Zalando*

**5.5 Customer needs**

Knowing and understanding customer needs is at the centre of every successful business. Once one has gained this knowledge, it can be used to persuade potential and existing customers that it is at their best interest to purchase at Zalando GmbH. There are three types of needs that one must explore:

1. *Functional needs*Clothing and shoe manufacturers design items to provide functional benefits that meet the basic expectations of the customer. The functional need of clothing refers to covering the human body.
2. *Psychological needs*Psychological benefits typically satisfy status, affiliation, reassurance, risk and security needs. Companies often combine functional and psychological needs, offering the two benefits together in one product. Generally, adding psychological needs to a product creates higher value. The psychological needs of fashion refer to status, independence, expressing yourself, being unique, etc.
3. *Economic needs*Economic benefits concern financial aspects like price and credit terms. Price is often the primary purchase driver, especially in such an open industry as the Internet where consumer can easily look for the best price. Zalando offers items of various brands that are also offered by other web shops. It is thus of utmost importance to find a reasonable price of the same standard as the competition. A much higher price will make customers swap to another web shop. A much lower price will make customers suspicious of the quality and value of the items.

The challenge to each company is to find the right combination of functional, psychological and economic needs to those customers it wants to attract and retain.

Furthermore, a comparison between Zalando and its biggest competitors has been made to understand how these web shops are arranged and what kind of features they normally offer. Figure 3 gives an overview of this research.

The research indicates that Zalando has an extremely long return policy. All three competitors apply a 14-day return time. Besides that, O’Moda and Wehkamp offer an online assistant: a service chat. Zalando GmbH and Otto BV do not. All web shops except O’Moda enable the customer to make a wish list. Moreover, only Wehkamp offers a shopping cart that remembers the selected items.

**5.6 Conclusion**

Zalando offers clothing, shoes and accessories from a wide range of brands. Zalando operates in a strongly competitive environment. On the Internet not only regional and national companies are competitors; consumers can also purchase from online businesses overseas. Zalando needs to create sustainable competitive advantage to differentiate itself. Since consumers can easily change from one online business to another and are not as loyal as before, Zalando needs to focus on consumer equity. The web shop can improve its practices on each level. Relationship equity however should be at the core of the business to attract new and retain existing customers.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  **Retailer****Criteria\*** | **Zalando** | **O’Moda** | **Otto** | **Wehkamp** |
| Company information | X | X | X | X |
| Search engine | X | X | X | X |
| Extended product information | X | X | X | X |
| Extended brand information | X |  |  |  |
| View product | X | X | X | X |
| Shopping cart | X | X | X | X |
| Shopping cart that remembers |  |  |  | X |
| Order procedure | X | X | X | X |
| Delivery time information | X | X | X | X |
| Delivery time (workdays) | 2-3 | 1-3 | 5 | 1-2 |
| Free delivery | X | X |  |  |
| Free return | X | X | X | X |
| Return time | 100 | 14 | 14 | 14 |
| Different payment options | X | X | X | X |
| Free live chat |  | X |  | X |
| Free service hotline | X | X | X | X |
| Stocking information | X | X | X | X |
| Newsletter | X | X | X | X |
| Registration/member | X | X | X | X |
| Wish list | X |  | X | X |
| Social Media | X | X | X | X |
| Thuiswinkel Waarborg | X | X | X | X |

\* 23 March 2011

*Figure 3 – Competition overview*

1. **Questionnaire online shopping and e-commerce**

*A web shop cannot exist without customers. It is therefore of utmost importance to find out what the wishes and needs of consumers are. Moreover, one needs to understand the attitudes toward online shopping. A questionnaire was conducted to do so. This chapter demonstrates the findings of the questionnaire. In subchapter 5.1 the research method is described, 5.2 analyses the results.*

* 1. **Research method**

The online questionnaire that is conducted is related to online shopping and consumer buying behaviour. The survey is divided in three parts. The first part emphasizes on the general buying behaviour of the consumer. Topics that are discussed in the first three chapters such as orientation before purchase, important factors for a good web shop and web shop versus brick-to-mortar shop elements are now measured and compared by the opinions of consumers. Moreover, the respondents are requested to specify their top three web shops. The second part focuses on the web shop Zalando. The questions show the consumer’s opinions on and experiences with Zalando. It handles reasons why consumers do or do not purchase at Zalando. Besides that, the questions give insight in the opinions of the consumer on Zalando’s marketing and advertising practices. The third and final part of the questionnaire is conducted through statements. These statements relate to a number of new developments in the field of e-commerce that are mentioned in chapter 3 – *New developments,* such as social shopping, virtual dressing rooms, live conversations and a 3D avatar. This part of the questionnaire analyzes whether or not consumers favour these new developments for the nearby future.
The survey was distributed in Mai 2011 (n= 226 questionnaires). It was completed by both men (33%) and women (67%) in the age between 15 and 68 years old. The questionnaire was created through the website [www.thesistools.com](http://www.thesistools.com). A copy of the questionnaire, the results and the significant reliability of each result (reliability z-test) can be found in appendix 1 and 2.

**6.2 Results**

1. General

Women shop and buy online more frequently than men. Both men and women orientate more frequently online than they purchase. 74% orientates online at least once a month, but only 21% also purchases in this month. For all three categories, shoes (97%), clothing (88%) and accessories (87%), almost all of the respondents prefer to purchase their items in a brick-to-mortar shop.

The respondents note that being unable to fit the apparel (94%), being unable to physically see the product (90%) and being able to touch the product (75%) are the most important reasons to buy clothing, shoes and/or accessories in a brick-to-mortar shop. Especially the help of the store’s staff is not as fundamental as it was years before. Shoppers are nowadays more independent and prefer to be left alone. Only 18% of the respondents still value the help and advice of the staff. Remarkable is that just 30% still prefers to have a shopping experience (a fun day of shopping).

Clear product information (93%), safe payment options (91%) and clear image of the product (90%) are the most important factors for a web shop. But also having the products in stock (89%), easy navigation through the web shop (82%) and being able to pay with IDEAL (77%) are fundamental for the majority of the respondents. The design of the website, free delivery, free hotline and available service chat do not have great value in the eyes of the consumer.

The first three factors can easily be analyzed by visiting the web shop. As having the products in stock also seems to be of great value to online shoppers, another small research has been executed in order to determine the availability of Zalando’s products. Ten individuals visited the Zalando website ten times at different time sloths. Each time they searched for a different desirable item and noted whether or not the item was in stock by registering a simple “Yes” or “No” in the availability table. The individuals were selected on account of the male-female division of online shoppers (40%-60%). In 53% of the cases, the products were not in stock. The results of the availability research for Zalando.nl can be found in appendix 3.

The interviewees rate the H&M (29.8%) website as the best web shop for clothing, shoes and/or accessories. Wehkamp (20.4%) follows shortly after that and Urban Outfitters (13.1%) takes the third place in the top three of best web shops.
2. Zalando

75% of all respondents know Zalando (brand recognition). However, only 13% has ever purchased clothing, shoes and/or accessories at the web shop. The majority of the respondents, 23.7%, note that the prominent reason for purchasing their products elsewhere is that Zalando does not offer products and brands that they like. Most respondents indicate that the products are outmoded and not their style. Furthermore, 20% of the respondents mention that the advertisements on television as well as online (banners) are the reason for not purchasing their products at Zalando. Because consumers do not like the advertisement, they also do not feel related to Zalando and do not even visit the website. When asked more specifically about Zalando’s advertising, 48% of all respondents rate the advertisements as “annoying”. Only 29% likes Zalando’s ads on television. Moreover, 47% state that they have too many encounters with Zalando’s banners. The startling low percentage of 0.9% likes the amount of Zalando banners they see online.
Other important reasons for not purchasing at Zalando that are mentioned frequently are that 16.4% of the interviewees simply never purchase items online, the web shop is too expensive (10%), the website is not conveniently arranged because Zalando offers so many brands and products that consumers loose the overall picture (5%) and that the products are often not in stock (4%).

1. Statements

A clear image of the clothing, shoes and accessories has a positive influence on the purchase decision of 76% of all respondents. Only half (56%) values moving images of a person wearing the apparel, so that they can see how the clothing fits. 88% of the interviewees indicate that they would not use a 3D avatar if offered. Augmented reality is not very popular. The small majority of 54% thinks they will not use the augmented reality tool if a web shop would offer it. Moreover, they feel that it would not necessarily have a positive influence on their purchasing decision.

What does seem of utmost importance is having the products in stock. If the product is not available, 66% of the respondents will not wait for the product and will look for another web shop that does have the product in stock. If a web shop offers an email-system that notifies the customer when the item is available in their size, only 12% of the interviewees would use this feature. Furthermore, 79% appreciates a shopping cart that remembers your selected items.

The grand majority (78%) is not in favour of new social developments like being able to have live conversations with friends, acquaintances and family during online shopping. The fact that online shopping is starting to get more social aspects does not make consumers shop more often online than in a brick-to-mortar shop.
Only a small amount of people blog or actively participate on forums about their experiences with products or companies. Not everybody seems to be a blogger. However, 63% of the respondents look online for other people’s experiences and stores about products and companies.

**6.5 Conclusion**

Even though literature research shows the opposite, the respondents do not value the fact that online shopping is becoming more social. They also do not highly appreciate augmented reality. The interviewees are however in favour of shopping carts that remember the selected items. Moreover, a web shop needs to provide a clear image of the item and always have the items in stock. If a desired item is not available, the consumer will most likely search for another web shop that does have the product in stock.

1. **Recommendations**

*As a result of all the information from literature, research and the questionnaire, this chapter gives recommendations to Zalando GmbH. It keeps the new market structure into account and includes the important factors for web shops, new developments and the consumer’s wishes.*

Zalando has grown substantially in the last eight months. They have gained a lot of brand awareness amongst consumers in a short period of time, which is a noteworthy achievement. Moreover, the web shop has been defined as market leader of Q1 11. Zalando however also has its downsides and can always improve its practices. Looking at the market analysis and the important factors that are described in the literature, the new developments on the field of e-commerce and the results of the online questionnaire concerning online shopping and e-commerce, the following recommendations can be made:

Because of the fact that the Internet is a very competitive and open environment, consumers easily change web shops. They are not committed to one online business. It is therefore of utmost importance to create a relationship with customers. Zalando can do so by using relationship equity. This should be at the core of the business. Zalando Germany already implemented a loyalty program called “Zalando Lounge”. In this restricted part of the Zalando website, members can benefit of promotions and discounts for exclusive brands. One becomes a member for free. By making customers members and rewarding them for their loyalty with discounts and special promotions, the web shop builds a stronger relationship with the customer. This is fundamental for creating loyal customers. I believe Zalando Netherlands is planning to implement Zalando Lounge, which in my opinion is a far-reaching measure to strengthen the relationship between the web shop and their customers. I thus strongly recommend Zalando Netherlands to follow Zalando Germany’s steps in implementing Zalando Lounge.

Another practice and new development that also improves the relationship and creates loyal customers is interaction. This new form of communication that the Internet enables is a beneficial development for both consumers as online businesses. Consumers can tell companies exactly what they want, expect and need. Companies are basically getting information that they would normally obtain from customer surveys and market research for free. All these companies have to do is listen. Businesses cannot ignore blogs any more. They have to read blogs and find out what consumers are saying about them. And consequently: the bloggers should not be ignored. Companies should start talking to their customers. If Zalando reads a negative post online, they should respond to it and try to find a solution to the problem. Interaction then becomes rewarding for both parties. An unsatisfied and frustrated customer will feel heard and appreciated if a company reaches out and tries to resolve the issue. Such a customer can later become a real fan and even promoter, because of the emotional and personal relationship that came out of it. Needless to say also positive messages or posts that include suggestions or proposals for Zalando should be read and responded to. A customer that feels included in the business practices will appreciate the company more.

Furthermore, most consumers do not favour Zalando’s advertising strategy. The advertisement on television is perceived as being annoying, what causes consumers to not feel related to Zalando. The fact that the ad is synchronized also has a negative affect. Moreover, German people have different humour than Dutch people. Humour in advertising is also very tricky and can only be successful if the target group joins that same sense of humour. Because of cultural differences it is impossible to standardize such advertisements and simply copy the German ad for Zalando’s Dutch market. I recommend Zalando to look into new advertisements that better meets its target audience. It will prevent the web shop from loosing customers who decline Zalando without even seeing the website and the products they offer. Zalando can do so by conducting customer surveys to find out what their target audience want. Moreover, an e-panel could continuously provide them with important information, not only on advertising but also on other fields.
The Internet marketing strategy also seems rather aggressive. Most respondents feel they have too many encounters with Zalando’s banners. In my opinion, Zalando needs to find the fine line between effective and aggressive marketing.

Even though relationship equity is the most fundamental element that Zalando should use, value equity and product equity are also perfect guidelines to improve its practices. Factors such convenience and price can make a profound difference.

After comparing the important factors that the literature describes and the results of the questionnaire, security and convenience seem to be the two most influential elements that define a good web shop for consumers. Zalando outperforms their competition when it comes to clear product information and a clear image of the product. Most web shops do not offer such extended information. The web shop does however not provide product information with each product. It can thus improve the convenience of the website by further developing the availability of information.
The web shop also offers safe payment options as well as being able to pay with IDEAL. Zalando is however giving ground in the availability of products. Items are often not in stock. Combining that with the fact that most consumers do not wait for an unavailable product and will look for another web shop that does have the product in stock, Zalando should revise its stocking policy. The web shop tries to resolve its stocking issues by offering a system that notifies the customer if the item is available in their size again. Most consumers however state that they would not use such a system and would still look for another web shop that has the item available. Not having products in stock thus leads to the loss of customers and consequently sales and revenue.

The grand majority of the interviewees appreciate a shopping cart that remembers your selected items (longer that a few hours as it does now; until the customer’s next visit). This is a positive feature for both the consumer as the online business. Some customers fill their shopping cart, but do not purchase the items in the end. This may have different reasons: simply forgetting to fulfil the purchasing process, not having time to purchase the items or they doubt their purchase. A shopping cart that remembers the items enables customers to think about their purchase and also works as a reminder. By implementing this feature, Zalando increases the convenience of the website and its sales.

Many participants of the questionnaire perceive Zalando as expensive. Most products are more expensive at Zalando as they are at their competitors. This is caused by the “free” delivery and return policy.
However, these costs are recharged in the price of the items. By doing so, consumers feel like they are paying more for the exact same products. Each competitor charges a small fee for the delivery and return of products. For customers this system is much more transparent, as they understand that the costs are divided between the item and the delivery/return. I recommend Zalando to look at their pricing policy. Being too expensive will make them loose customers.

When it comes to new developments in the field of e-commerce, social shopping receives a lot of attention from online businesses and e-commerce experts. Many researchers and professionals expect consumers to purchase in web shops more frequently when online shopping becomes a shopping experience and more like in real life. The questionnaire indicates the opposite. The majority does not value a shopping experience or new developments such as being able to have live conversations with family, friends and acquaintances. Furthermore, the survey points out that online shoppers are not interested in 3D avatars or augmented reality. Especially augmented reality seems to be a great development for the nearby future. However, the application is still underdeveloped (clothing does not “fit” well, sizes are wrong, the quality is low, it is sometimes difficult to install) and therefore not ready to be used by the majority of the online shoppers. Online businesses should of course integrate social media, such as Facebook and Twitter, as they are extremely popular and a part of almost everybody’s life. However, new social shopping applications are not (yet) desired and accepted.

Even after revising these elements and achieving new goals, a web shop always needs to be open to new developments and changes. The Internet is constantly changing. The ability to learn and to exchange knowledge is of utmost importance in such as competitive environment. A continuous drive to satisfy your existing customers and to attract new ones is indispensible for web shops.

1. **Discussion**

*This chapter analyzes the research, the results and the used methods. It discusses my experiences with researching and working with limitations. This will allow me to learn about doing research and writing papers. Moreover, it provides pointers to which other researchers can pay attention.*

After researching my problem statement and research questions through literature and articles, I decided to link the findings in practice by conducting a consumer questionnaire. Even though the questionnaire came with certain limitations, it still seemed to be the most effective way to reach a large group of consumers and examine their opinions. Since it is impossible to know whether the results of the survey can be generalized, I decided to further investigate the reliability of each answer. By using the reliability z-test I think I ruled out the non-significant answers.
Moreover, it is complicated to know whether or not the respondent understood a question properly. To prevent misunderstandings or assumptions, I tested the questionnaire as a trial-version on 10 people varying in age, background and situation. After getting their recommendations I made some adjustments and spread out the questionnaire amongst a large group of consumers (n = 204). By doing so, I expect to have conducted a clear and consistent survey. However, I cannot know for sure that the questions meant the same to all participants as they did to me.

If I would have the time to take my research even further, I would definitely look into the feasibility of depth-interviews. These answers would give me a better insight on the online purchasing behaviour of consumers, allowing me to give more specific and significant recommendations. Furthermore I would have set up a test-group to evaluate the new developments in the field of e-commerce, such as the usage of a 3D-avatar and augmented reality. The answers of the participants of the questionnaire are now based on assumptions (since most of the interviewees had never used such functionalities). One can never know if these results would be different if the participants would have the chance and time to really evaluate the usability and features of such functionalities.

I believe that the recommendations made to Zalando GmbH are reliable, specific and usable. It enables the web shop to improve its practices and to stay on top of new trends and developments.

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**Appendix 1 - Questionnaire**

*Dear reader,*

*As part of my thesis I am undertaking a questionnaire to understand attitudes toward online shopping and the new developments in the field of e-commerce. I would appreciate it if you could spare 10 minutes of your time to complete this questionnaire. Your responses will be anonymous and kept confidential.*

*Thank you in advance.*

1. What is your gender?
	* Male
	* Female
2. What is your age?
...
3. How frequently do you orientate online (this does not mean you actually purchase something)?
	* Never
	* Once every six months
	* Once a month
	* Once a week
	* More often than once a week
4. How frequently do you purchase online?
	* Never
	* Once every six months
	* Once a month
	* Once a week
	* More often than once a week
5. Where do you prefer to purchase the following items (online or in a brick-to-mortar shop):
	* Clothing
	* Shoes
	* Accessories

*In case you only selected “online” you can skip question 6. In case you only selected “brick-to-mortar shop” you can skip question 7 and 8.*

1. How important are the following elements for purchasing your clothing, shoes and/or accessories in a brick-to-mortar shop? (Respondents specify their level of importance: not important at all – very important).
	* Being able to touch and feel the item
	* Being able to see the item in real life
	* Possessing the item immediately after purchase
	* Being able to fit the item
	* Help of the staff
	* Shopping experience (fun day of shopping)
2. How important are the following elements for purchasing your clothing, shoes and/or accessories online? (Respondents specify their level of importance: not important at all – very important).
	* Easy navigation through the web shop
	* Clear product information
	* Clear image of the product
	* Free delivery – and return costs
	* Long return right
	* Digital certificate for safe shopping
	* Being able to pay with IDEAL
	* Safe payment options
	* Registration/being able to create an account
	* Shopping cart that remembers your items
	* Free hotline
	* Wide range of products
	* Having the products in stock
	* Appealing design of the website
	* Available service-chat
3. In your opinion, which three points are most important for a good web shop?

*If you never purchase shoes, clothing and/or accessories online, you can move on to the next page.*

1. Please specify your top three of good web shops below.
	* 1.
	* 2.
	* 3.
* *Part 2 -*
1. Do you know Zalando?
	* Yes
	* No

*If you do not know Zalando, you can skip question 11 and 12.*

1. Have you ever purchased shoes, clothing and/or accessories at Zalando?
	* Yes
	* No
2. Why did you/did you not?
...
3. What do you think of the advertisement of Zalando? If you do not know it, you can watch the video clip below.
	* I like it
	* I do not like it
	* I think it is annoying

*(Video clip of one of Zalando’s advertisement)*

1. Have you ever encountered a Zalando banner?
	* Never
	* Sometimes
	* Often

*If you have never encountered a Zalando banner, you can skip question 15.*

1. What do you think about the banner of Zalando?
	* I’m happy with the advertisements of Zalando
	* I would like to see more Zalando banners
	* The banners do not bother me
	* I have too many encounters with Zalando’s banners

* *Part 3 -*

*Below you can find several statements for which you can indicate whether you agree or disagree.*

1. An image of someone wearing the shoes, clothing and/or accessories would have a positive influence on my purchasing decision.
	* I agree
	* I disagree
2. Moving images of someone wearing the shoes, clothing and/or accessories would have a positive influence on my purchasing decision.
	* I agree
	* I disagree
3. If a web shop would offer a 3D avatar that looks like me and has the exact same measurements, I would definitely use it to “fit” my items.
	* I agree
	* I disagree

*An augmented reality tool enables you to “fit” your items at home via your webcam. (see video clip below)*

*(Video clip of an augmented reality tool)*

1. If a web shop offers an augmented reality tool I would definitely use it.
	* I agree
	* I disagree
2. An augmented reality tool would have a positive influence on my purchasing decision.
	* I agree
	* I disagree
3. If a web shop does not have an item in stock, I will still order it and take the long delivery time for granted.
	* I agree
	* I disagree
4. If a web shop offers a feature that notifies me by email if my size is available, I would use that feature and wait until the item is available in my size.
	* I agree
	* I disagree
5. If a web shop does not have an item in stock, I will look for another web shop that does and purchase my desired item there.
	* I agree
	* I disagree
6. I would appreciate it if the shopping cart remembers my items when I leave the web shop. This way I can think about the purchase for some time.
	* I agree
	* I disagree
7. I’m positive about the developments of having life conversations with my friends, family or acquaintances while shopping online.
	* I agree
	* I disagree
8. If online shopping gets more social and more like shopping in real life, I expect to purchase online more frequently.
	* I agree
	* I disagree
9. I blog and/or respond on forums about my experiences with web shops and products.
	* I agree
	* I disagree
10. If I had negative experiences with a web shop or product, I look for other people with the same experiences online with whom I can share my feelings.
	* I agree
	* I disagree
11. Before I purchase an item online, I often search for experiences of others with the same web shop and product.
	* I agree
	* I disagree

*You have answered all the questions. Thanks again for participating. Press “submit” to send the questionnaire.*

**Appendix 2 – Questionnaire results**

Below one can find the results in percentages of the questionnaire that has been conducted. Furthermore, each question (if applicable) has been evaluated with the reliability z-test, which demonstrates the reliability of the results. The z-test is as follows: P ± z x √ (P x Q)/n; z = 1.96 (95% reliability); n = 226 respondents.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Question** | **Answers** | **%** | **Z-test in %** | **Significant: yes/no** |
| **1. What is your gender?** | MaleFemale | 3367 | 26.9 – 39.160.9 – 73.1 | Yes |
| **2. What is your age?** | Age | - | - | - |
| **3. How frequently do you orientate online? (this does not mean that you actually buy something)** | NeverOnce per yearOnce per half yearOnce per monthOnce per weekMore than once a week | 8.84.612.438.222.515.6 | 31.9 – 44.5 | Yes |
| **4. How frequently do you purchase online?** | NeverOnce per yearOnce per half yearOnce per monthOnce per weekMore than once a week | 29.817.432.619.30.90 | 26.5 – 38.7  | Not significant to “never”, but significant to other frequencies. |
| **5. Where do you prefer to purchase clothing?** | OnlineBrick-to-mortar shop | 12.487.6 | 8.1 – 16.783.3 – 91.1 | Yes |
| **5. Where do you prefer to purchase shoes?** | OnlineBrick-to-mortar shop | 3.296.8 | 1.9 – 5.594.5 – 99.1 | Yes |
| **5. Where do you prefer to purchase accessories?** | OnlineBrick-to-mortar shop | 1387 | 8.6 – 17.482.6 – 91.4 | Yes |
| **6. How import is being able to touch and feel the item for purchasing in a brick-to-mortar shop?** | Not important at allSomewhat unimportantNeutralSomewhat importantVery important | 2.97.714.838.636.7 | 32.3 – 44.9 | Not significant to “very important”, but significant to neutral and levels of unimportance. |
| **6. How import is being able to see the item in real life for purchasing in a brick-to-mortar shop?** | Not important at allSomewhat unimportantNeutralSomewhat importantVery important | 0.51.96.735.455.5 | 49.1 – 61.9 | Yes |
| **6. How import is possessing the item immediately after purchase for purchasing in a brick-to-mortar shop?** | Not important at allSomewhat unimportantNeutralSomewhat importantVery important | 7.123.825.729.114.3 | 23.2 - 35 | No, only significant to “not important at all”. |
| **6. How import is being able to fit the item for purchasing in a brick-to-mortar shop?** | Not important at allSomewhat unimportantNeutralSomewhat importantVery important | 0.51.93.314.879.5 | 74.2 – 84.8 | Yes |
| **6. How import is the help of the staff for purchasing in a brick-to-mortar shop?** | Not important at allSomewhat unimportantNeutralSomewhat importantVery important | 27.433.722.113.92.9 | 27.5 – 39.9 | Not significant to “not important at all”, but significant to neutral and levels of importance. |
| **6. How import is the shopping experience (fun day of shopping) for purchasing in a brick-to-mortar shop?** | Not important at allSomewhat unimportantNeutralSomewhat importantVery important | 27.617.724.325.25.2 | 21.8 – 33.2 | No |
| **7. How important is easy navigation for purchasing online?** | Not important at allSomewhat unimportantNeutralSomewhat importantVery important | 2312.340.841.9 | 35.5 – 48.3 | Not significant to “somewhat important”, but significant to neutral and levels of unimportance. |
| **7. How important is clear product information for purchasing online?** | Not important at allSomewhat unimportantNeutralSomewhat importantVery important | 124.134.758.2 | 51.8 – 64.6 | Yes |
| **7. How important is a clear image of the product for purchasing online?** | Not important at allSomewhat unimportantNeutralSomewhat importantVery important | 2.117.322.966.7 | 60.6 – 72.8 | Yes |
| **7. How important is free delivery and return policy for purchasing online?** | Not important at allSomewhat unimportantNeutralSomewhat importantVery important | 3.111.329.925.829.9 | 23.9 – 35.923.9 – 35.9 | Not significant to somewhat important and neutral, but significant to levels of unimportance. |
| **7. How important is a long return right for purchasing online?** | Not important at allSomewhat unimportantNeutralSomewhat importantVery important | 4.113.43327.921.7 | 26.9 – 39.1 | Not significant to “somewhat important”, but significant to the rest. |
| **7. How important is a digital certificate for safe shopping for purchasing online?** | Not important at allSomewhat unimportantNeutralSomewhat importantVery important | 17.228.923.837.2 | 30.9 – 43.5 | Yes |
| **7. How important is being able to pay with IDEAL for purchasing online?** | Not important at allSomewhat unimportantNeutralSomewhat importantVery important | 14.116.530.947.4 | 40.9 – 53.9 | Yes |
| **7. How important are safe payment options for purchasing online?** | Not important at allSomewhat unimportantNeutralSomewhat importantVery important | 12.15.22665.6 | 59.4 – 71.8 | Yes |
| **7. How important is being able to register or create an account for purchasing online?** | Not important at allSomewhat unimportantNeutralSomewhat importantVery important | 14.428.929.916.510.3 | 23.9 – 35.9 | Not significant to “somewhat unimportant”, but significant to the rest. |
| **7. How important is a shopping cart that remembers your items for purchasing online?** | Not important at allSomewhat unimportantNeutralSomewhat importantVery important | 7.214.418.630.928.9 | 24.9 – 36.9 | Not significant to “very important”, but significant to neutral and levels of unimportance. |
| **7. How important is a free hotline for purchasing online?** | Not important at allSomewhat unimportantNeutralSomewhat importantVery important | 9.312.425.829.922.7 | 23.9 – 35.9 | Not significant to “neutral”, but significant to the rest. |
| **7. How important is a wide range of products for purchasing online?** | Not important at allSomewhat unimportantNeutralSomewhat importantVery important | 3.17.318.743.827.1 | 37.8 – 50.3 | Yes |
| **7. How important is having the products in stock for purchasing online?** | Not important at allSomewhat unimportantNeutralSomewhat importantVery important | 12.17.342.746.9 | 40.4 – 53.4 | Not significant to “somewhat important”, but significant to neutral and levels of unimportance. |
| **7. How important is an appealing design of the website for purchasing online?** | Not important at allSomewhat unimportantNeutralSomewhat importantVery important | 5.211.329.941.212.4 | 34.8 – 47.6 | Yes |
| **7. How important is an available service chat for purchasing online?** | Not important at allSomewhat unimportantNeutralSomewhat importantVery important | 42.328.914.410.34.1 | 35.9 – 48.7 | Yes |
| **8. In your opinion, which three points are most important for a good web shop?** | Product informationClear photo Conveniently arrangedNice brands/productsIn stockSafe payment optionsCheapQuick deliveryOther | 17.113.71912.29.915.27.64.60.6 | 12.2 – 22 | Not significant to “safe payment options”, “clear photo” and “nice brands/products”, but significant to the rest.  |
| **9. Please specify your top three of good web shops.** | H&MWehkampZalandoOttoAsosTopShopUrban OutfittersNeckermanZaraEspritO’ModaLargeOther | 29.820.45.84.24.73.113.14.23.75.22.62.60.6 | 23.8 – 35.8 | Yes |
| **10. Do you know Zalando?** | YesNo | 7525 | 69.4 – 80.6 | Yes |
| **11. Have you ever purchased shoes, clothing and/or accessories at Zalando?** | YesNo | 12.687.4 | 83.1 – 91.7 | Yes |
| **12. Why did you/did you not?** | I never purchase onlineAnnoying adNo nice brands/productsExpensiveNot in stockSimply not at ZalandoNot conveniently arrangedNice web shopNice brands/products | 16.420.423.79.92.611.95.35.84.0 | 18.2 – 29.2 | Not significant to “annoying ad”, but significant to the rest. |
| **13. What do you think of the advertisements of Zalando?** | I like itI do not like itAnnoying | 29.922.247.9 | 41.4 – 54.4 | Yes |
| **14. Have you ever encountered a Zalando banner?** | NeverSometimesOften | 30.123.246.7 | 40.2 – 53.2 | Yes |
| **15. What do you think about the banners of Zalando?** | I’m happy with itI would like to see moreIt does not bother meI see them too often | 0.945.552.70.9 | 46.2 – 59.2 | Yes |
| **16. An image of someone wearing the shoes, clothing and/or accessories would have a positive influence on my purchasing decision.** | I agreeI disagree | 76.423.6 | 70.9 – 81.9 | Yes |
| **17. Moving images of someone wearing the shoes, clothing and/or accessories would have a positive influence on my purchasing decision.** | I agreeI disagree | 56.343.7 | 49.8 – 62.8 | Yes |
| **18. If as web shop would offer a 3D avatar that looks like me and has the exact same measurements, I would definitely use it to “fit” my items.** | I agreeI disagree | 12.487.6 | 83.3 – 91.1 | Yes |
| **19. If a web shop offers an augmented reality tool I would definitely use it.** | I agreeI disagree | 47.652.4 | 45.9 – 58.9 | No |
| **20. An augmented reality tool would have a positive influence on my purchasing decision.** | I agreeI disagree | 45.454.6 | 48.1 – 61.1 | Yes |
| **21. If a web shop does not have an item in stock, I will still order it and take a long delivery time for granted.** | I agreeI disagree | 3466 | 59.8 – 72.2 | Yes |
| **22. If a web shop offers a feature that notifies me by email if my size is available, I would use that feature and wait until the item is available in my size.** | I agreeI disagree | 12.487.6 | 83.3 – 91.9 | Yes |
| **23. If a web shop does not have an item in stock, I will look for another web shop that does and purchase my desired item there.** | I agreeI disagree | 64.235.8 | 38 – 70.4 | Yes |
| **24. I would appreciate it if the shopping cart remembers my items when I leave the web shop. This way I can think about the purchase for some time.** | I agreeI disagree | 80.219.8 | 75 – 85.4  | Yes |
| **25. I’m positive about the developments of having life conversations with my friends, family or acquaintances while shopping online.** | I agreeI disagree | 21.7 78.3 | 72.9 – 82.7 | Yes |
| **26. If online shopping gets more social and more like shopping in real life, I expect to purchase online more frequently.** | I agreeI disagree | 21.878.2 | 72.8 – 82.6 | Yes |
| **27. I blog and/or respond on forums about my experiences with web shops and products.** | I agreeI disagree | 4.995.1 | 2.1 – 7.7 | Yes |
| **28. If I had negative experiences with a web shop or product, I look for other people with the same experiences online with whom I can share my feelings.** | I agreeI disagree | 32.467.6 | 61.5 – 73.7 | Yes |
| **29. Before I purchase an item online, I often search for experiences of others with the same web shop and product.** | I agreeI disagree | 56.443.6 | 49.9 – 62.9 | Yes |

**Appendix 3 – Availability research**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Female 1** | **Male 1** | **Female 2** | **Female 3** | **Male 2** | **Male 3** | **Female 4** | **Female 5** | **Female 6** | **Male 4** |
| **1** | No | Yes | Yes | No | No | Yes | No | No | No  | Yes |
| **2** | No | Yes | No | Yes | No | No | No | Yes | No  | Yes |
| **3** | Yes | No  | Yes | No | No | No | No | No | Yes | No |
| **4** | No  | Yes | No | No | Yes | Yes | No | Yes | No  | Yes |
| **5** | Yes | No  | Yes | Yes | No | Yes | No | No | Yes | No |
| **6** | Yes | No  | Yes | Yes | Yes | No | Yes | No | Yes | No |
| **7** | No | Yes | Yes | No | No | No | No  | Yes | Yes | Yes |
| **8** | No | Yes | No | No | Yes | Yes | No | Yes | Yes | No |
| **9** | No | No  | Yes | Yes | No | No | Yes | Yes | No  | Yes |
| **10** | Yes | No  | No | Yes | Yes | No | No | No | Yes | Yes |

No = not in stock at Zalando.nl
Yes = in stock at Zalando.nl