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LOGISTICS STRATEGIES IN E-RETAILING:
MIGROS AND GIMA CASES

by

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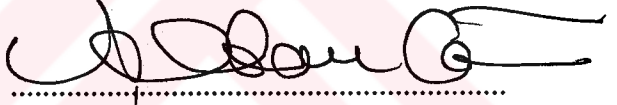**Master of Business Administration**

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LOGISTICS STRATEGIES IN E-RETAILING:
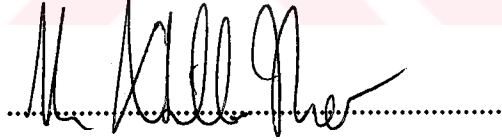## MIGROS AND GIMA CASES

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ABSTRACT

The aim of this thesis is to analyze the logistics strategies, which are among critical success factors in e-retailing. In this thesis, the logistics strategies of Turkey's major multi-channel and chain-store e-retailers, Gima and Migros, are investigated.

The research is done by benchmarking methodology. In terms of data collection methods, interviews were made with the managers from both companies and on-site investigations were done. Migros and Gima are compared in terms of main functions of logistics they implemented for e-retailing.

Research shows that the success of e-retailing is heavily dependent on logistics issues such as fulfilling orders efficiently and providing an exemplary level of delivery service. The results from the study show the similarities and differences between logistics strategies of Migros and Gima in e-retailing; and the strategies are discussed with respect to previous research findings related to the topic. The study shows that there is an important potential for e-retailing in the Turkish market and the competition will increase with the foreigners entering the market. Companies such as Migros and Gima, being reputable, first movers, having the chance of using their existing infrastructures for e-retailing, and building presence on the Internet as an alternative channel to their traditional retailing businesses, have a noticeable advantage in the market.

ÖZET

Bu tez elektronik parekendecilikte lojistik stratejilerini incelemek amacıyla yapılmıştır. Türkiye'nin çok kanallı ve zincir mağaza sahibi şirketleri olan Migros ve Gima'nın elektronik ticaret için uyguladıkları lojistik stratejileri araştırılmıştır.

Çalışma "Benchmarking" metodu ile yapılmıştır. Veriler şirket yöneticileri ile yapılan görüşmelerden ve ziyaretlerden elde edilmiştir. Migros ve Gima depolama ve dağıtım gibi temel lojistik fonksiyonları gözönüne alınarak karşılaştırılmıştır.

Bu çalışma, elektronik ticaret başarısının lojistik performansı ile yakından ilgili olduğunu göstermektedir. Migros ve Gima'nın lojistik stratejilerindeki farklılıklar ve benzerlikler incelenmiş ve konu hakkında yapılmış olan benzer çalışmalar doğrultusunda tartışılmıştır. Bu tez ile, Türkiye'de elektronik ticaret pazarına dikkat çekilmekte; Migros ve Gima gibi pazara ilk giren, varolan altyapısını elektronik ticaret ile entegre etme şansına sahip ve elektronik ticareti alternatif bir kanal olarak kullanan firmalar açısından elektronik ticaretin kayda değer bir avantaj olduğu gösterilmektedir.

ACKNOWLEDGEMENTS

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CHAPTER 1: INTRODUCTION

This chapter provides basic information regarding the thesis: Background, the research problem and the purpose of the study. The structure of the thesis is summarized at the end of this chapter.

1.1. Background

Increased Internet access for householders resulted in a phenomenal growth in home shopping. Initially, people comfortable with computer communication and the Web preferred online shopping; as the access became more straightforward people connected to the Internet could purchase anything from food to holidays, cars to books, simply by surfing the Web.

E-commerce Web sites can not simply make products available to be bought; these sites must play their roles in the commerce transactions. E-commerce sites play their role of seller by trying to broadcast messages to potential buyers such as "buy from us", "trust us", "safe and on time delivery".

E-commerce sites seem to shout the message that they are trustworthy, that users need to have no trepidation over purchasing from these sites, but trust derives not from assertions but rather from experience and judgement. People interact, and they make judgments and form expectations of others based on what they experience and what they surmise; it's a lot easier to decide to trust merchants when you can speak to them face-to-face and shake their hand. Trusting a Web site to deal with you fairly and deliver your merchandise, tough, well, that's harder to do when you realize that anyone can build a commerce site. E-commerce sites must work hard to build the impression of trustworthiness.

There are some issues in terms of logistics for the companies in e-retailing: Stock availability, fulfillment, and the method of delivery. Online shopping is very different than going to a local store. When going to a store the customer selects within what is available. When shopping online the assumption is that everything is available and the customers feel like a promise is given. Some e-retailers have been able to get around this by showing on screen whether the stock is available or not, but these data may not be reliable. Grocery e-

retailers try to get around this by offering alternatives but this causes complications most of the time. Stock availability is therefore critical for home shopping.

It is also interesting that customer loyalty reduces significantly online. With e-shopping, an alternative supplier is not 1 mile away or next-door. It is a few mouse clicks away. Customers are likely to visit several sites offering similar products. It is here that stock availability and service is very critical, if customer loyalty is to be maintained.

Some retailers utilize their existing stores as warehouses; this method has the advantage of using an existing infrastructure. The alternative is to use a dedicated fulfillment center. The advantages here are the running costs are lower than for a store. The decision as to whether a new distribution center is preferable to utilizing the existing store is just one of the dilemmas facing retailers wishing to succeed in online activities. In fact, this decision depends on the company strategy such as how much to invest and how rapidly it wishes to grow. So, different retailers may choose different solutions.

Another point that is crucial is the proximity of the distribution point to customers. If there exists more distribution points, the customers will be served better. An organization that already has located in or near a major area of population could use these to distribute products.

The third real issue facing e-retailers is how orders are delivered. For some products really the time of delivery may be more important than the quality of the product itself. In fact, having confidence that a delivery can be made at a specific time on a day is more important to most people than the actual speed of delivery.

Although logistics is one very critical success factor of e-retailing, the distribution system is still a bottleneck. In fact, e-retailing needs an integrated logistics information system. Information should be shared within the company. The development of information technology also improves the logistics in terms of information processing.

1.2. The Problem

It is very well known that the number of customers will increase more by time in e-retailing sector as more people connect to the Internet. Although this is the case, making money from e-retailing is not very easy.

One of the most important reasons for this is the difficulty of maintaining online customer loyalty. The next store is not one mile away and making people trust you is not very easy. The companies who want to grow and invest in e-retailing sector should provide successful services to customers.

"While e-tailers tripled and quadrupled sales figures this season compared to last year, many - even some of the best known companies such as Toys R Us and Wal-Mart - fell short when it came to deliveries and customer service."[1]

For many customers on-time delivery and stock availability is the most important part of shopping online. When actually doing e-business, people find that it is the logistics that is the most complicated and difficult part especially in the B2C filed. Delivering goods to hundreds or even thousands of customers is different than doing traditional business.

Whatever the developments in home shopping, it is apparent that the method, timing and efficiency of the delivery will play a key role in the success or failure of the companies in this sector.

The companies in e-retailing, should make some critical decisions such as whether to use existing stores or some other dedicated place for stocks, number of distribution points, how the orders will be delivered and so on. These decisions will at last result in the success or failure of the company in its e-retailing process.

The concern of this thesis is the logistics strategies on e-retailing, which is a critical success factor in e-retailing.

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[1] http://www.galtglobalreview.com/business/e-commerce_warehouses.html

1.3. Purpose Of The Study

First of all, the purpose of this thesis is to learn more about the e-retailing and the alternative logistics strategies behind: what the academic world writes about it and what is reflected from the business world.

E-retailing is still a relatively young business in Turkey and only a few companies have actually shown outstanding results, currently the major competitors are Migros and Gima within the chain store e-retailers. There is potentially a great market in Turkey for the retailers who may want to do business online. This research can hopefully be a guide for those retailers who want to enter in this market.

We will look closely to Gima and Migros who have been successful in their development of e-retailing platforms and strategies in Turkey that are comparable in terms of the variety of the goods sold online, try to determine how successful they are, and find out what measures were taken in order to come so far in terms of their logistics strategies. It is so far unknown how strongly and in what ways these strategies affect the e-commerce success.

The aim of this thesis is both to learn from the success of others and show what is possible to achieve through welldone logistics strategies in e-retailing and where potential problems may arise.

1.4. Structure of the Thesis

Figure 1 outlines the structure of the thesis.

Chapter 1: Introduction

Background, Problem, Purpose, Structure of the thesis

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Chapter 2: Literature Review

E-commerce, E-retailing, Logistics

E-Retailing Market Overview,

Online Customers, Multichannel Retailers

Impact of Logistics on E-Retailing,

Impact of Internet on Logistics

Electronic Payments, Return Policies

↓

Chapter 3: Research Design

Objectives, Methodology, Data Collection Method, Sampling Method, Limitations of Study, Data Analysis Method

↓

Chapter 4: Analysis And Results

Benchmarking

↓

Chapter 5: Conclusions

Figure 1: Structure of the Thesis

CHAPTER II: LITERATURE REVIEW

In this chapter, literature related to the problem is discussed. The aim of this chapter is to explain what exists in the current literature and what this research adds to it. The data in this chapter are collected from the Internet, several articles, research results and academic papers.

2.1. E-Commerce

First of all, what is commerce? Commerce is a communicative transaction between two parties playing very familiar roles: Buyer and seller. For commerce to occur, somebody must do the selling, and somebody must do the buying, and these two must share a basic understanding of how the transaction is generally supposed to flow. It seems self evident that e-commerce is to do business online and electronically.

An e-commerce definition? E-commerce and E-business are interchangeable terms. Selling online, with or through a website, or by means of email. E-commerce or electronic commerce is usually subdivided into B2B (business to business: wholesale), B2C (business to customer: retail) and C2C (customer to customer: auctions and information portals). E-commerce is simply the buying and selling of goods, services or information via the World Wide Web, email, or other pathways on the Internet.[2]

E-commerce has expanded the market. A company can easily identify the customers, business partners, competitors, or suppliers around the world. It has reduced the communication and marketing costs, improved customer service, eliminated paper, speeded up access to information and more. The advantages of e-commerce are a lot, however it also has some limitations that may be technical or non-technical.

Technical Limitations

- Lack of system security, reliability, standards
- Rapidly changing software development tools
- Difficulties with integration of e-commerce with already existing applications and databases

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[2] www.tamingthebeast.net

- E-commerce software may require new hardware.

Non-technical Limitations

- Some benefits of e-commerce like customer service are difficult to quantify.

- Customers regard security and privacy very seriously.

- Customers may distrust faceless seller, paperless transactions and electronic money.

- Lack of touch and feel.

Although there are limitations, it has many benefits. Below is a summary of some of the benefits it provides to the company, consumers, and the society.

Benefits to the Company[3]

- Increases sales

- Increases profits

- Expands the size of the market from regional to national or national to international

- Contract the market, reach a narrow market (target market segmentation allows you to focus on a selected group of customers and therefore have competitive advantages in satisfying them)

- Decreases cost (costs of creating the product, marketing of promotional material, costs of distribution e.g. Netscape allowing you to download instead of waiting to get the CD by mail, costs of processing orders from the customers, determine product availability (inventory management, costs of storing information)

- Provides price quotes (the point here is that with a Web site, you can have the prices listed, and change them - you simply edit the Web page - whereas in a printed catalogue, you are stuck with the expense of printing a new version if you need to change many of the prices)

- Pull-type processing (enables customization of products)

- Allows for a high degree of specialization

- Reduces the time exposure

- Increases productivity

- Lowers telecommunication costs

- Improves customer service (in some cases)

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[3] www.witiger.com

Benefits to Consumers[4]

- Can buy when they want, from more locations (internet connected terminals)
- More choices
- When they have more choices they can decide on a product with better features at a more competitive price
- Sometimes products are less expensive online
- Can receive more information about the product, make a more informed decision
- Greater information leads to more confidence to make a purchase decision
- More information also leads to enhanced customer satisfaction because the customers have a better idea how to use the product
- Quicker delivery (for online products)

Quick delivery is important for people who want to use the product immediately, as opposed to waiting longer - if they have to wait long, they may pick a competitor's product.

Benefits to society[5]

- Cocooning - more individuals can work offsite; this decreases HR costs for companies because they can have smaller office buildings, less parking spaces, fewer IT services, etc.
- Less affluent people can buy more and increase standard of living.
- Facilitates delivery of public services.

As with any other industry, e-commerce has introduced new terms. The definitions of all these terms are not given here, but a definition of e-retailing that is closely related to this thesis is provided. The next section gives more information about e-retailing.

In e-retailing, there are mainly "virtual" storefronts, which act as a catalogue of products of merchants and usually include a "shopping cart" system to enable consumers to purchase online with the use of credit cards. [6]

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[4] www.witiger.com

[5] www.witiger.com/ecommerce

[6] www.tamingthebeast.net

2.2. E-Retailing

Retail is one of the most visible market sectors on the Web. In retail, merchants sell products and services directly to a buyer. E-retail, also called e-tail, occurs when retailers use the Web to sell their products and services. E-retailers constantly challenge the old ways of conducting business as they bring new products and services to market. All e-retailers, however, operate in a similar manner.

A customer (consumer) visits an online business on the Web equivalent of a showroom: the electronic storefront. An electronic storefront, also called an online catalog, is the Web site where an e-retailer displays its products. It contains descriptions, graphics, and sometimes product reviews. After browsing through the merchandise, the customer makes a selection. This activates a second area of the store known as the shopping cart. The shopping cart is a software component on the Web that allows the customer to collect purchases. Items in the cart can be added, deleted, or even saved for a future visit.

When ready to complete the sale, the customer proceeds to the checkout. At this time, the customer enters personal and financial data through a secure Internet connection. The transaction and financial data automatically are verified at a banking Web site. If the bank approves the transaction, the customer receives an online confirmation notice of the purchase.

Then, the e-retailer processes the order and sends it to the fulfillment center where it is packaged and shipped. The e-retailer notifies the bank of the shipment, and payment is sent via electronic channels to the e-retailer. Inventory systems are updated. Shipping information is posted on the Web, so the customer can track the order. The customer typically receives the order a few days after the purchase.

E-retailing presents a new way to shop. The store is open 24 hours a day. With a few clicks of the mouse, consumers can compare prices easily. The key rule for purchasing online is the same as for traditional purchases. That is, the best consumer is the best-informed consumer.

The four challenges of e-retailing are:(Agraval et.al.,2001)

1. Controlling customer data,
2. Integrating on and offline orders,
3. Delivering the goods cost effectively,
4. Handling returns.

2.3. Logistics

Logistics is simply the science and art of ensuring that the right products reach the right place in the right quantities at the right time to satisfy customer demand. [7]

The following are definitions of logistics, selected to give a feel for what logistics is all about.

Logistics is a complex field that includes many aspects that contribute to the achievement of total supply chain management. The definition of supply chain management adopted by the Ohio State University's Global SCM Forum is "the integration of business processes from end user through original suppliers, that provide products, services, and information that add value for customers."

The definition of logistics adopted by the Council of Logistics Management is "the process of planning, implementing, and controlling the efficient, effective flow and storage of goods, services, and related information from point of origin to point of consumption for the purpose of conforming to customer requirements." Note that this definition includes inbound, outbound, internal, and external movements, and return of materials for environmental purposes.[8]

Main functions of Logistics include:

1. Demand forecasting, planning, and inventory control
2. Supplier management and purchasing
3. Storage, packaging
4. Order processing

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[7] www.tibbett-britten.com

[8] www.logistics.about.com

5. Customer service
6. Traffic and transportation
7. Distribution and marketing channel

Distribution is defined to be a part of logistics management. It is the logistical component between the supplier and the customer. Physical distribution has to ensure that the product is available at the correct place at the right time and in the ordered quantity to satisfy customer demand. Cost and the speed that the customers actually receive the product are the main concerns of physical distribution.

Two major aspects influence the availability:
1. The adequacy of the stock held and
2. The order-lead time (the time between the customer orders a product and the product is delivered).

If the requested product is available, the delivery time depends on:
1. Transmission of the order to the supplier
2. Order processing
3. Physically assembling the goods
4. Transporting the goods to the customer

2.4. E-Commerce Market Overview

E-commerce is a very demanding business. At the last count, some 56% of B2C and 70% of B2B e-commerce operations in the US were profitable, and online revenues may reach $218 billion by 2007.

In Figure 2 e-commerce statistics in Europe is shown. Though the region had the potential to reach $1.6 trillion in online trade by 2004, Forrester estimated in 1999, Europe has been slow to adopt the necessary site personalization, channel integration and technology.

country	e-retail / retail	country	% of internet users buying online
Sweden	0.68	Sweden	27
UK	0.37	Norway	26
Netherlands	0.34	UK	22
Germany	0.30	Germany	21
Belgium	0.16	Netherlands	18
France	0.14	Finland	16
Italy	0.09	France	8
Spain	0.06	Spain	8
Portugal	0.06	Italy	7

Figure 2: E-Commerce Prospects in Europe[9]

The number of people shopping from the Internet is growing very fast. Only in the U.S. at the end of 1999 e-retailing volume was 20.2 billion dollars. In the world it is expected to be about 2 trillion dollars in the next 5 years. Figure 3 demonstrates a screen taken from IDC's reports comparing the e-commerce spending volumes in 1999 and 2003.

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[9] http://www.ecommerce-digest.com/ecommerce-prospects-europe.html

Global eCommerce
1999

Latin America (0.5%) ROW (1.5%)
Canada (6.0%)
U.S. (62.0%)
Japan (10.0%)
Asia/Pacific (2.0%)

Western Europe (18.0%)

Total = $130.5 billion

Global eCommerce
2003

Latin America (0.5%) ROW (1.5%)
Canada (4.5%)
U.S. (44.0%)
Japan (15.0%)

Asia/Pacific (3.5%)

Western Europe (31.0%)

Total = $1,640.2 billion

Source: IDC's ICMM v6.2, 2000
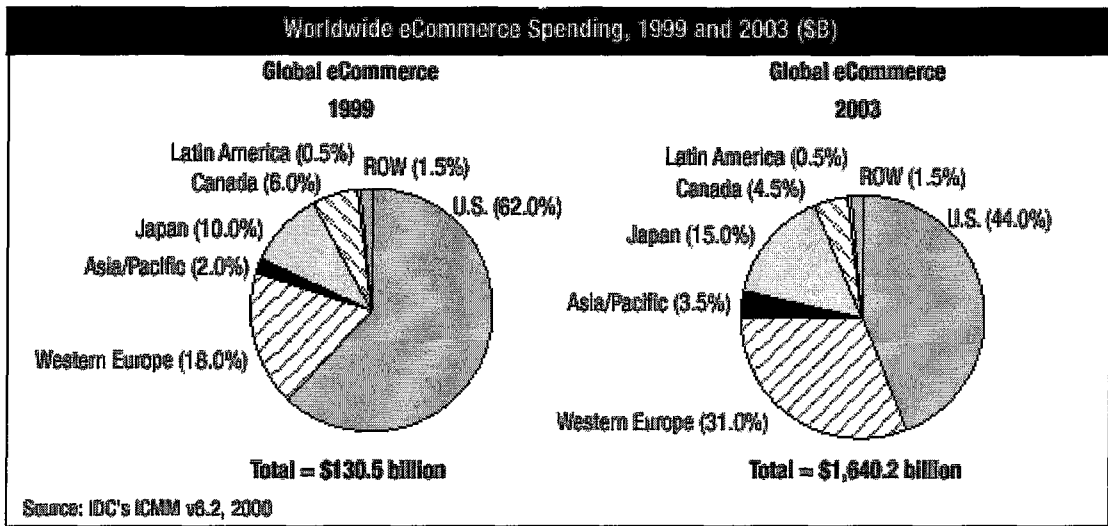
Figure 3: Worldwide E-Commerce Spending

The population using Internet also shows an accelerating increase within the same years. Figure 3 demonstrates a statistical graph showing the number of people using the Internet according to world regions. Developing countries accounted for almost one third of new Internet users worldwide in 2001. In most of them however, Internet penetration rates remain very low. In the most optimistic forecast, e-commerce would represent about 18 percent of worldwide B2B and B2C transactions in 2006.

Figure 4 demonstrates the estimates of Forrester, IDC, and Emarketer on e-commerce volumes according to years.

Worldwide E-Commerce: some Estimates and Forecasts (Billions $)

Source	2000	2001	2002	2003	2004	2005	2006
Forrester			2,293.50	3,878.80	6,201.10	9,240.60	12,837.30
IDC	354.90	615.30				4,600.00	
Emarketer (B2B only)	278.19	474.32	823.48	1,408.57	2,367.47		

Figure 4: Worldwide E-Commerce Forecasts
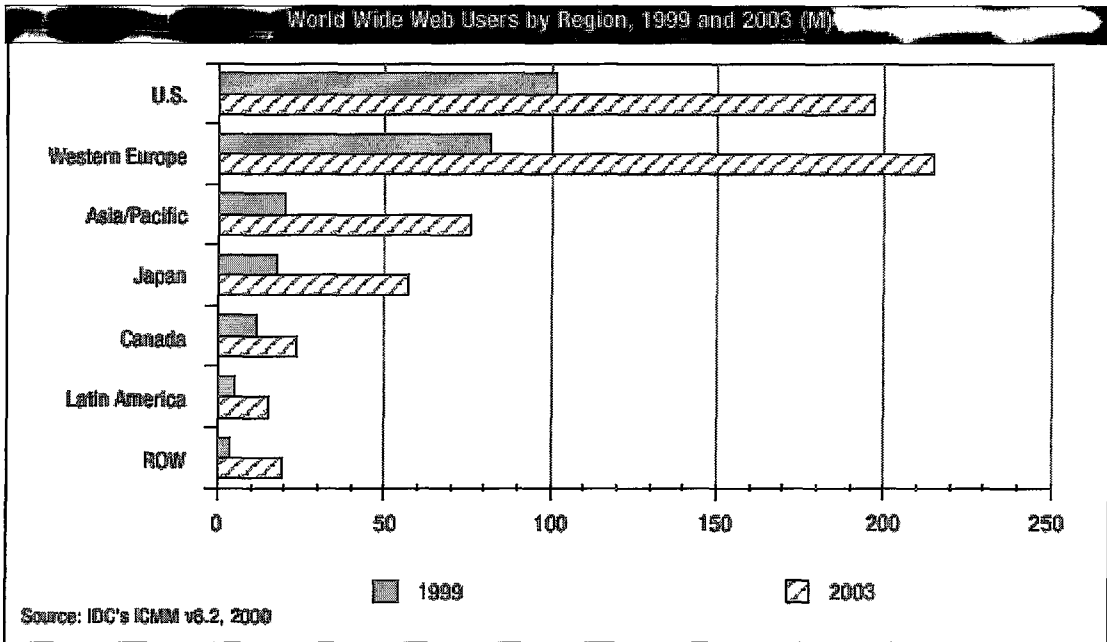
Figure 5: Worldwide Web Users by Region

Figure 5 demonstrates the increase in the number of Internet users between 1999 and 2003 according to regions.

The revolutions in the retail technology created by the Web have profound impacts on the potential size and growth of the market. Figure 6 summarizes the increase in online retail size of Ebay by years (Internet Retailer, 2004).

Figure 6: Online Retail Sales of EBay

Purchasing groceries over the Internet offers potentially huge benefits to consumers. Price competition will be strong, number of choices will be high, and the time spent shopping can be reduced drastically. The technological infrastructure supporting the spread of e-commerce activities provides spin-off benefits for home entertainment and communication breakthroughs. Large multiples are able to fund Internet ventures costing between £20M and £100M. Smaller 'dot.com' ventures obviously can not do so. For this reason, larger multiples are much more likely to carry the economies of scale and sheer resources required to successfully launch, stabilize, and grow a profitable, wide networked, online grocery operations. Consumer research reveals that since Key Note's last Market Assessment Report on this market in 1999, there have been changes in the type of consumers willing to use the Internet for grocery shopping. Overall, the appeal of Internet shopping now appears to be limited to the more affluent members of the society. This is particularly clear in terms of social status and car ownership. E-grocery shoppers are far more likely to belong to the ABC1 socio-economic groups than to others. Households with two or more cars are also much more likely to use the Internet for shopping. This is in contrast to the 1999 survey results, which revealed a much wider consumer base with DE consumers just as likely to use the Internet as the other socio-economic groups. (Key Note Ltd., 2001)

Recently in Turkey we had an economic crisis, this crisis affected all of the markets. E-retailing has also been affected by it. But this is not just the case for Turkey. The same also holds for the whole world. For example, in the United States retailing decreased by the amount of 0.9% and it became about 297 billion dollars. Also in the European Union countries, commerce has decreased about 0.6%.

Despite crisis, the profits of Barnes&Nobel.com increased by %23 according to the previous year. Barnes&Noble says that they have increased the sales by not taking any distribution cost from the customers.

Amazon.com declared that it has made profits for the first time in 2001. In the last three months of 2001 they declared a profit more than even expected. The profit was about 5 billion dollars. According to them this was the result of increasing e-commerce transactions after the September 11 event and in the Christmas period.

Below are some trends in today's e-retailing market:

- Following widely reported issues with delivery, consumers are becoming reluctant to shop online for holiday gifts, preferring instead the certainty of traditional store purchases. Companies with delivery guarantees and outstanding service will reap the rewards.

- Traditional retailers will be able to acquire more experienced e-retail staff because of competing online store closures, allowing the traditional companies to become more competitive.

- Price conscious shoppers will increasingly use shopping sites to help find the lowest price commodity products. This will put even more pressure on companies that rely upon low prices to attract customers. The likely winners will be those companies that can leverage their global size to buy products from suppliers for the lowest price (e.g. Wal-Mart, Home Depot).

- Pure Internet retailers will collaborate with traditional retailers to offer their customers more services, including the ability to return products locally. This will help traditional retailers by bringing customers to their stores with money to spend.

- A surge in email marketing will lead to shoppers being highly selective about their opt-in lists. Retailers that bombard customers with email that does not offer some significant relevant benefit will see their click-through rates decline and the number of customers opting out increases.

- Trends in Internet grocery shopping: (Pollack Associates, 2002)
    - Pure players are loosers; hybrids are winners.
    - Independents and regionals are building their online operations.
    - Shoppers are showing a preference for ordering from local retailers.
    - Online players are either charging for delivery or only doing bulk orders.

Traditional retailers built efficient retailing operations to support distribution and sales through brick and mortar stores. These companies are suddenly faced with learning how to operate in a new distribution channel. Internet retailing is closer to catalog marketing than any other retail channel. For years, catalog retailing has been viewed as a niche market requiring very different operating structures than traditional retailing. Now traditional

retailers are struggling to develop a catalog-like operation within their existing structures. The result: Fulfillment disasters and inadequate customer service.

Online retailers are finding out, often too late, that customer service wins customers and lack of service loses customers. For catalog retailers, demand for customer service resources is a function of how many catalogs are circulated. It can be anticipated and planned. In the online world, surges in demand are often difficult to predict accurately, resulting in poor customer experiences.

Many pure-online retailers focus on technology as a means of providing the right customer experience. This works to a point if it is backed with traditional retail merchandising skills. Online retailers need to leverage merchandising experience to be successful in attracting and keeping customers.

The Internet makes it very easy for shoppers to find the same product in many places. Services like dealtime.com make the process of price shopping painless; try shopping for a book with dealtime.com and it will tell you where you can buy the book online at the best delivered price, based upon where you want it delivered. Unless the retailer owns the brand, it is easy to find the same product in any number of stores. Companies that own their own brands can avoid price competition online.

Branding also plays a role in bringing a customer back to a specific store. Pure-play e-retailers are trying to build an online brand image for their customers to identify with. The more successful click and mortar retailers are developing online brand images that strongly reinforce their offline branding. This makes it harder for companies such as WalMart, whose brand identity is strongly associated with everyday low prices. To be successful online, WalMart has to be the lowest price e-retailer, otherwise its online appearance negatively affects its offline brand image.

The key to successful online branding is to avoid chasing the entire online population. That would be equivalent to setting up a retail store and trying to appeal to every person walking by the store. The most successful online retailers know their target customers intimately, and they are building their brands in ways that identify the company to their customers.

Give a person the choice between two things and the chances are they can make a selection quickly, but give them the same choice with 200 options and they find it much harder to come to a decision. As more and more retailers go live on the Web, the online customer is faced with an overwhelming choice. Faced with such a diversity of offerings, consumers tend to gravitate to familiar companies and brands with which they are comfortable. As a result, people who are new to the Internet experiment unknown brands less, preferring instead to shop at the online versions of retailers they already know.

Confusion can also be created in merchandising; presenting the consumer with an overwhelming choice of merchandise can deter people from shopping. Successful e-retailers are figuring out how to present a more limited and customized assortment of products geared to each shopper's needs.

The flood of investment capital into the online retail market in 1998 and 1999 enabled many companies to establish a presence on the Web before the market was big enough to support the presence of so many companies. The logic behind the rush was to establish the companies early and win a dominant position in the market, thereby enabling the company to grow with the increase in the number of online consumers. Optimistic growth targets probably failed to take into account the effects of increasing competition; with so many companies competing for the same online consumers, the market size is effectively reduced, requiring companies to wait even longer before they can see a return on investment. The good news: For those companies able to hang-in through the market consolidation, they will be operating in an expanding market with fewer competitors.

The Internet retailing market is now one of the largest cottage industries in the world; thanks to the ease with which small, independent retailers and artisans can create an online presence. Many of these smaller retailers are able to offer unique merchandise not available anywhere else. The ability to easily purchase products from these vendors further dilutes the market for larger companies. However, smaller retailers selling commodity products to a very localized market face increased competition from online goliaths able to penetrate local markets using the Internet.

Time saver or price saver: Hypothesis: Consumers shop online to either save time or money. If you subscribe to this hypothesis, then retailers that satisfy one or both of these

basic needs will be more successful. Retailers that fail to satisfy one or either of these needs are more likely to fail. Amazon.com is not the cheapest bookseller on the Web; instead, they have focused on providing their customers with a range of services designed to save time finding and buying books and other merchandise.

Consumers looking to save time are much less tolerant of e-retailers that fail to deliver merchandise, or that incorrectly deliver goods damaged or missing. Any follow-up that is required after the purchase is considered an unnecessary waste of time by the consumer and is likely to deter them from using that e-retailer for the next purchase. Making the follow-up process easy and quick mitigates the negative impact on the customer.

Turkey is a high population country. More and more people move to big cities each day. Especially the population in İzmir, İstanbul, Ankara, and Bursa increases by %10 each year. This should be the reason of 1/3 of the retailers being in these cities. As an example, in Marmara region there exist 80,000, in Aegean region there exist 42,000 retailers and in Ankara there are 39,000 of them as Table 1 demonstrates.

City	Number of Retailers
İzmir	42000
İstanbul	80000
Ankara	39000

Figure 7: Turkish Retail Market

Today in Turkey, there are 204,000 retailing points and the total retailing market is about 50 billion dollars. The market is expected to grow by the amount of %30 to %35 each year (Özcan, 2001).

The market is in fact so big that foreign retailers are also interested in it. Wal-Mart is watching the Turkish market very closely today. They are making feasibility works in Turkey currently. B&Q merging with Kipa, and British Tesco are some others. The foreigners will bring more competition to the market (Özcan, 2001).

E-retailing is also growing with the growing retail market. Because of being practical and cheaper for shopping, it is becoming more attractive each day. The increasing number of Internet users also made this market more attractive for the companies.

In Turkey the spending amount is more than 300 billion TL per month among the persons preferring online shopping. While the amount of people using the Internet for shopping is increasing, the endorsement of the companies in e-retailing is also increasing (Kavlak, 2003).

According to the findings of the "E-Retailing in Turkey" research made by IBS among 1187 Internet users in Istanbul, Ankara, Antalya, Diyarbakır, Konya, and Trabzon, only 3.4% of Turkish Internet users are shopping on the Internet. %42,5 of them even does not know anything about online shopping. Most of the things bought online are books, compact discs, computer related equipments, theatre, cinema and traveling tickets, gifts, and electronic devices. The most hopeful part of the research is that %79 of the persons shopping online from the Internet are pleased with it.

Today we have many e-retailers in Turkey. TR-NET, Kangurum, Garanti Alışveriş, Shop TR, Estore, PandoraTurkshopweb are some of them. But still in Turkey this market is new and there is a high potential for the companies.

Garanti Bank is one of the service providers that the B2C firms can make transactions over. Garanti Bank's e-commerce project manager Mr. Altan Taşkıran says that they currently have about 350 firms in terms of their B2C work, which was started in 1997. He also mentions that each month the numbers increase by %30 to %40 percent, and the total amount of transactions are transactions that take place per month is about 100,000. According to Mr. Taşkıran, despite of the crisis lived, the e-commerce profits did not decrease, but increased anyway. The total amount of transactions, which was 60,000 previous year, is currently about 100,000.

The CEO of deppo.com, Esra Talu, says that they believe in e-commerce and gives the Amazon.com whose sales were 24 million last year, as an example. She says that among

100 visitors of the web page, 2 of them buy something. This number is 1.8 in the United States.

The interest in Internet has increased by %300 according to last year, says David Tonge, the CEO of IBS Consulting. He also stated that the increased security issues and development of logistics would increase this rate more. He says that there is a potential in east part of Turkey, and we should not forget those people (Sait, 2003).

2.5. Online Consumers

Two important factors impacting consumer choice between online versus in-store shopping are the retail context utility and the consumers' perceived product and service risks. Consumers derive utility from the shopping experience and are more likely to shop for products and services that are low in purchase risks. They are also more likely to shop online for products with well-known brands than from reputable retailers (Lee and Tan, 2002).

Online consumers make trade-offs in terms of choice-related attributes as well as convenience-related attributes. Consumers attach the highest importance to product-related information at the expense of product breadth and product depth. Consumers who purchase online, cannot directly see, touch, or smell the product, so firms should provide more information than name, package size, and price. In addition, they could provide referrals from previous consumers and any other detailed information (Schröder and Wetzels, 2003). According to the results of Schröder and Wetzels, the consumers rated the importance of fulfillment (highest), the security, and the simplicity of the transaction process as minimal requirements for making online purchases.

Individuals prefer to buy more from the Internet since online shopping allows them to do their shopping quicker, saving time and providing better prices. On the other hand, individuals opt to purchase less from the Internet due to the fact that online payments involve some risk and online orders require longer delivery time (Koyuncu and Bhattacharya, 2004).

Online trust is one of the main determinants of the success of e-retailers and it focuses on the psychological antecedents to online trust. These antecedents can be divided into five groups of factors: personality-based, perception-based, attitude-based, experience and knowledge-based. Perception-based factors are the main determinants of consumer trust in e-retailing, such as control, familiarity, similarity, and reputation. So simply by doing good business, and thus supporting positive reputation, and the word of mouth among customers, e-retailers can increase trust in e-retailing (Walczuch and Lundgren, 2002).

According to another research, convenience, site design, and financial security are the dominant factors in consumer assessment of e-satisfaction. Good site design includes having fast, uncluttered, and easy to navigate sites. Convenience includes saving time and making browsing easy (Symanski and Hise, 2001).

Different from Symanski and Hise, one other approach is, although a Web site gives direct contact between the organization and the consumer, product and service characteristics play an important role in whether the organization benefits from utilizing the Web as a means of direct sales (Kiang et al., 1999).

2.6. Multi-Channel Retailing

Multi channel retailers are those with brick and mortar, call center or catalog operations, which also sell online, whereas pure-play retailers are those who sell strictly online.

Although Internet marketing has boomed in recent years, most companies have used it mainly for advertising or promoting corporate images. Not many companies have fully utilized the power of Internet as a new channel for handling transactions on the Internet.

Most experts agree that current retailing trends show a shift from traditional retailing to an increased use of the Internet. Store-based retailers have concern that Internet will make stores obsolete. This fear has driven many of them to build an Internet presence. Some others think that retail stores may have a large advantage over the Internet (Keen et al., 2002).

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With advantages of brand recognition, integrated advertising, and promotional programs across all channels, multichannel retailers can successfully attract buyers to their sites. Still they face many challenges including:

- Sales volumes growing quickly
- Building a scalable site through the use of flexible technology
- Meeting or exceeding performance and availability standards created by cutting-edge e-retailers
- Creating information-rich applications for customer advisories and personalization programs.

Currently, pure-play retailers are dominant in the books, music/video, and automotive categories. In categories such as financial brokerages, consumer electronics, apparel, and computers, the majority of sales are from multichannel retailers.

Because multichannel retailers have the advantage of an existing brand and infrastructure, they are more recognizable than online-only competitors in some areas. But online-only retailers today have begun using aggressive online and off-line marketing and advertising campaigns to build their own recognizable brands.

The pure-play dotcoms most likely to reach profitability will do so through a niche-play strategy. The key will be in segmenting the market so as to identify niches that are not efficiently serviced through catalog and traditional store channels, and being able to service such a niche with a unique product assortment that is hard to replicate.

Brick and mortar retailers have the advantage of a name that consumers already recognize. A strong brand name provides powerful benefits of awareness and credibility for establishing a Web presence. Brick and mortar retailers also have several relatively low cost mechanisms at their disposal to get the word out about their online shopping venues. They can include their Web addresses in advertising campaigns as well as print their Web addresses in store-catalogs and on store receipts. Moreover, they can also tie their store loyalty cards and catalog circulation lists to their mailing lists in order to increase

awareness and usage of the online channel. Brick and mortar stores account for %62 of e-retailing sales (Hancock, 2001).

All retailers, whether large or small, should try the click and mortar strategy. After all, it is an additional sales channel that addresses the consumers' demand for having a product when, where, and the way in which they want it. In order to meet the needs of this newly empowered consumer, retailers will also have to integrate their marketing activities to incorporate that differentiating value of the physical store into their Web site. As online retailers develop more sophisticated selling techniques, the potential is there to delight consumers in more innovative and interesting ways. While this industry has come a long way in a very short span of time, it still does have a long way to go. The following suggestions could help retailers more easily integrate offline stores with their virtual operations:

- Outsource e-fulfillment operations
- Integrate private labels and own brands online first
- Leverage online presence through in-store cyber kiosks (Kothari, 2001).

In conclusion, although e-retailing will be the most successful as part of an integrated multi-channel strategy, there will be continuous opportunities for successful pure-play e-retailers to become established as the channel becomes more widely accepted as a buying medium. However, the low barriers to entry on the Internet will require successful companies to be able to defend their position through the use of proprietary merchandise assortments and services that can not be readily replicated.

2.7. Impact of Logistics on E-retailing

As a transactional interface between retailers and buyers, Internet reduces search costs, and enables buyers to locate and purchase many products and services from retailers economically. However, distribution quality for transactions over the Internet is not the choice of the consumers. So provisions of high level of distribution quality may constitute a sustainable source of revenue and consequently a competitive advantage for e-retailers. So, logistics is a very critical success factor in e-retailing. It is very important to get customer loyalty and trust, which is the most difficult part of e-retailing we believe.

In this section, some examples showing the importance of logistics on e-retailing from the world and give some information about what kind of information does e-retailers need in order to develop their logistics strategies will be given.

Consumers rate the importance of fulfillment (highest), the security and the simplicity of the transaction process as minimal requirements for making online purchases. Online firms can distinguish themselves by providing adequate order fulfillment. They should provide on-time deliveries. Online firms succeeding in a flawless fulfillment process are very likely to satisfy their customers (Schröder and Wetzels, 2003).

Individuals opt to purchase less from the Internet due to the fact that online payments involve some risk and online orders require longer delivery time (Koyuncu and Bhattacharya, 2004).

Higher shipping and handling charges are good indicators of better physical distribution service quality. Other transaction level conditions and firm level attributes also affect it as measured by availability, timeliness, and reliability. When the net price of products transacted increases, physical distribution service reliability and availability decline. Surprisingly newer Internet retailers exhibit a higher level of physical distribution service availability than many of their incumbent competitors (Rabinovich and Bailey, 2002).

The success of online retailing is heavily dependent on two fulfillment competencies: Fulfilling orders efficiently and providing an exemplary level of customer service. Retailers that are not able to effectively carry out these two functions will ultimately experience a decline in Web site traffic and sales. Moreover, other fulfillment challenges such as fulfilling orders on time, lowering delivery costs, managing peak season volume, staying in stock, offering a wide assortment of products, keeping up with order volume and tracking orders are very important for retailers for establishing an online presence.

Today, most online retailers pay very high delivery costs on low-value transactions. They need to handle small transactions in large numbers and still be able to make money. Though economies of scale would improve as the business grows, these same retailers can achieve greater profitability by sharing the infrastructure required for online order fulfillment, be it warehousing space, delivery networks, or call center infrastructure.

Ideally, any retailer would first think of leveraging their existing store capabilities for these fulfillment tasks. However, today, a lot of companies do regard that fulfillment is not one of their core competencies, and outsourcing it to a dedicated fulfillment resource would be more realistic (Kothari, 2001).

The aphorism, "Never promise more than you can perform," has definitely held true in the world of e-retailing. The lure of selling online has been hard for retailers to resist. The last few years have witnessed entrepreneurs starting e-retailing ventures, and brick and mortar retailers launching dotcom versions of their companies. However, many e-retailing sites have not lived up to consumer expectations.

E-retailing Lessons Learned

[10]The stories about the Christmas 1998 Web debacle still linger. During that season, more buyers went online than predicted. So, e-retailers, such as amazon.com, lacked the inventory and the delivery methods to fulfill some customer orders. A survey of 1,000 online shoppers found that 28% encountered Web glitches during Christmas 1998, according to Jupiter Communications Inc. (San Leandro, CA).

By the 1999 Christmas season, e-retailers had capitalized on past problems with television and radio commercials guaranteeing product delivery. E-retailers had spent the year building product distribution infrastructures to support these advertising claims.

In fact, 39% of retailers planned to replace their transportation/logistics systems by the end of 1999. At the same time, 42% of manufacturers intended to replace their warehouse management systems (WMSs), according to a supply chain study by the Retail Systems Alert Corp.

However, the remaining e-retailers have not made improvements to their supply chains. So, the horror stories about online shopping continue. 20% of online customers still report

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[10] http://www.ismretail.com

unsatisfactory experiences, such as late deliveries, billing errors, and delayed refunds, according to a recent study by the Gartner Group .

The Benefits of Supply Chain Improvements[11]

Designing a more efficient product distribution infrastructure (supply chain) provides retailers with more than just improved online order fulfillment. A Meta Group (Stamford, CT) report found companies that have applied technologies, including Web-based e-commerce and communications, to their supply chains have found the following:

43% boost in hard-cost savings;

30% increase in improved productivity;

16% boost in customer retention;

12% increase in revenues.

In this issue, Robert Toatley, executive VP and general manager of Lawson Software's Retail Business Unit, addresses the technology challenges that today's e-retailers face. Toatley says that, in order for e-retailers to deliver product effectively, they need enterprise application integration tools. There are other articles in this issue about how non-retail manufacturers, distributors, and businesses are applying technology to improve their operations.

"E-tailers like eToys Inc. are joining the party, building their own warehouses. Soon-to-go-public online grocer Webvan Group Inc. is even paying Bechtel Group Inc. $1 billion to build a nationwide distribution system, including fleets of delivery vans.

Building state-of-the-art distribution facilities may even give startups some precious time to fend off newly awakened traditional rivals. Like other retailers, Sears, Roebuck & Co. discovered its existing distribution network doesn't work for shipping to individuals. So it had to build a whole new one for online operations.

Hewlett-Packard's e-commerce subsidiary, hpshopping.com, has its warehouse in Memphis, Tenn., the largest air cargo hub for FedEx, for their primary delivery service. By

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[11] http://www.ismretail.com/

locating the warehouse near the airport, the unit extends how late a customer can order a product online and still get it the next day.

E-merchant 800.com, which sells consumer electronics, videos, and CDs now has a warehouse 20 times larger than its first warehouse. After launching in October 1998, the Portland, Oregon Company decided to attract an audience fast by offering a promotion of three movies or CDs for $1. "[12]

[13]A growing number of established retailers are either reconstructing their logistics and fulfillment processes or segregating their bulk delivery systems from their one-to-one Internet channels to compete with dotcom rivals. E-retailers, meanwhile, are beginning to realize that a purely virtual delivery system has its flaws as well.

Many companies are outsourcing their fulfillment operations to logistics experts such as Federal Express and United Parcel Service, or to distributors such as Ingram Micro. "Traditional models of distribution and warehousing are going away," said Keyur Patel, a partner with KPMG, which is helping Ingram Micro build an e-commerce portal that offers purchasing, fulfillment, and distribution services to its reseller customers and their end customers. "What is left is middlemen like Ingram Micro emerging as infomediaries. They own a lot of information today in the supply chain about how shipping and logistics are being handled, but they are not using it today to manage the process itself."

According to John Buck, president of Fingerhut business services, fulfilling orders in house does give e-retailers a couple of advantages. It gives you absolute control and you are closest to the customer (Journal of e-retailer assoc., 2000).

The cost of a high quality home delivery service is expensive and is estimated to be on average £30 per delivery without any margin by the Lane Group and £25 by M-box. These estimates are in line with the Merril Lynch report on cost analysis that found that a delivery cost of £24 if store picked and £15 if picked in a warehouse, but only if the warehouse is

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[12] http://www.galtglobalreview.com

[13] http://www.internetwk.com

operating at full capacity. Merril Lynch feels that this cost needs to be lowered to between £4-10. With the complexities of providing a cost effective but quality e-fulfillment operation many retailers are looking to experts to assist them. Research from Verdict shows that outsourced fulfillment is now a £17 billion market and growing fast. The home delivery market is illustrated in Figure 8 below. Although groceries only account for 4% of the market, Verdict expect considerable growth to make it the top home delivery sector by value by 2005 (Paddey, 2001).
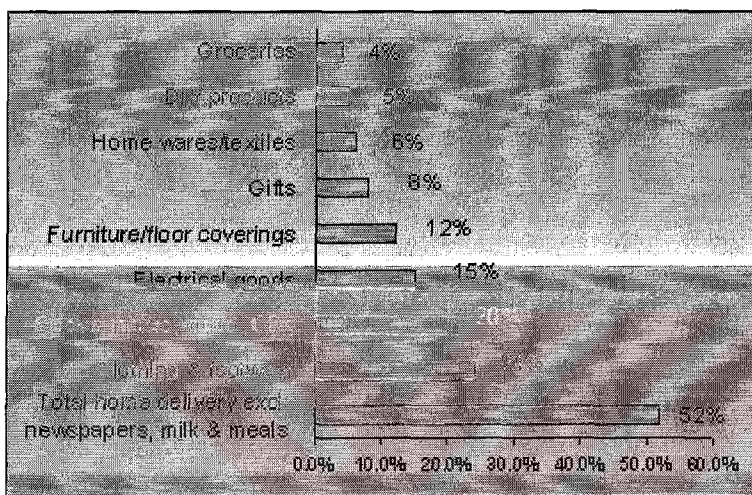
Figure8: Home Delivery Product Categories

Shoe manufacturer Keds Corp. went live with its e-commerce site in March; selling 70 styles of shoes for a total of 1,600 separate SKUs. Because its distribution center is not set up for consumer-direct selling, Keds outsourced shipping and fulfillment to National Catalog Corp., a CyberGistics Inc. company.

"For Keds, which is not just selling products but also bringing its brand and reputation to a new online channel, the decision to outsource the piece of the e-commerce chain that most directly touches the customer was a touchy one", said Mary Obana, vice president of marketing and new business development at Keds. "The consumer expectation of what we deliver online is very high," Obana said.

"Brick and mortar companies must assess their fulfillment infrastructures and decide if they are suited for the one-to-one world of e-commerce", said Tony Lee, CEO of CyberGistics. "Most companies have never shipped single things in their lives," Lee said.

"They are used to shipping pallets and pallets of stuff. Most legacy systems won't even let them split inventories."

Federated Department Stores Inc., for instance, bought direct marketing and fulfillment house Fingerhut for $1.7 billion in March. It's now combining Fingerhut's operations and distribution centers with those of its own catalog and Internet properties, including the e-commerce sites for Macy's and Bloomingdale's.

Macys.com carries 250,000 bridal product SKUs and 40,000 other products online. Those products are fulfilled out of two warehouses, "and we're trying to lend them our expertise to make that process more efficient," said Jeffrey Wiles, senior vice president of sales and marketing for Federated's Fingerhut Business Services. Overall, Fingerhut operates more than 4 million feet of warehouse space, capable of shipping more than 400,000 units per day.

PC manufacturers are also leveraging new fulfillment relationships to handle their direct-to-consumer needs. Hewlett-Packard has outsourced the inventory and warehouse management supporting its HP Shopping Village online store to Federal Express, which runs a warehouse for HP in Memphis, Tenn.

Although HP has a massive distribution system to deliver products through commercial channels to retailers, "that type of system isn't conducive to high-velocity, granular distribution to individual customers," said David Roussain, FedEx's managing director for e-commerce and supply-chain solutions. "If you're shipping a $25 printer cartridge from a Web-based order, you can't have $60 transaction costs," Roussain said. "HP's traditional distributions system wouldn't scale to support that."

Meantime, IBM is remaking the way it delivers products to its distributors, resellers, and, ultimately, its customers in one of the Web's most ambitious e-fulfillment projects. Ironically enough, just as more longtime retailers are shifting gears to emulate their hotshot Web competitors, pure e-commerce storefronts are building out their brick and mortar infrastructures.

Amazon.com is constructing a massive new distribution warehouse in the Nevada desert and two more in Kentucky to more rapidly pick, pack, and ship books, videos and CDs. The move follows the decision by rival Barnes & Noble to buy Amazon supplier Ingram Books and its 11 U.S. distribution centers.

Also, as part of an $80 million investment in a new Internet unit, Toys "R" Us plans to spend $30 million on a 500,000-square-foot warehouse in Memphis. This week, online auctioneer eBay struck deals with Internet shipper iShip.com and Mail Boxes Etc. to coordinate shipments of auctioned merchandise to customers.

Business decisions are also being driven by fulfillment and shipping concerns. For instance, e-tailer Buy.com, which carries no inventory but instead acts as a middleman between customers and distributors, changed its payment policy last month after it mistakenly charged some customers for products that weren't ready to ship.

For Buy.com, perhaps the most virtual of all Internet companies, the fulfillment crisis was a blip in an otherwise close relationship with its fulfillment partners, said Brent Rusick, vice president of sales and operations. "We could never have as low-cost distribution as distributors do," Rusick said. "We can pass those savings along to customers."

With a Web front end and a virtual inventory, new e-retailers are emerging that would never have been possible before. Take Hardwarestreet.Com. The Web retailer of computer goods manages a catalog of 20,000 to 30,000 products by downloading the daily inventory levels and pricing data of its wholesale distributors, including Ingram Micro Inc. and Merisel Inc.

"There's no way we could build a warehouse big enough to keep that level of inventory," said Hardwarestreet.com CEO Joe Pampalo. "Drop-shipping is a way of life for us". Drop-shipping is the practice of offloading to distributors the picking, packing, and shipping of product to customers. The distributors even put Hardwarestreet.com's name and logo on the packaging. By outsourcing its shipping and fulfillment, Hardwarestreet.com can save as much as 5 percent off transaction costs, Pampalo estimates, propping up the company's thin profit margins.

E-commerce start-up WorldSpy.com, which sells a variety of products including electronics, garden supplies, and toys, relies solely on manufacturer drop-ships and a third-party warehouse run by UPS to get product to customers.

"We've approached the business as a pure logistics play," said George Coulter, WorldSpy.com's chief technology officer. WorldSpy.com's back-end systems fulfill orders out of a standing inventory pool, not only for its own Web site customers but for orders placed from its manufacturer partner sites as well, Coulter said.

WorldSpy.com will kick off its business in earnest this fall with a $10 million advertising campaign. That comes after nearly a year spent building a proprietary back end that links directly to UPS's warehouse and shipping engine and potentially into any ERP back end. "We've done it backwards," said Coulter, in a jab at e-retailing competitors. "First we built the back end; now we'll worry about marketing."

To meet the needs of such e-retailers, distributors such as Merisel and Ingram Micro are changing how they do business. In setting its online strategy, it became "glaringly obvious" to Merisel that it needed to improve its fulfillment capabilities to support parts of its reseller channel, said Kris Rogers, Merisel's senior vice president of U.S. distribution. Rather than disintermediate those downstream partners, Merisel wanted to help them succeed on the Web.

Merisel has invested in a state-of-the-art warehouse-management system and built its own proprietary logistics system called MILES. Sitting behind those systems is a new SAP back end, which was recently converted over from applications running on an IBM mainframe. Now, Merisel is ramping up an e-commerce front end to interface with its vast customer base. Dubbed SELline, the system lets resellers log onto a Web site, check product availability at any of its seven U.S. warehouses, check prices, place an order, and check the status of that order in real time. The system, built on Microsoft Site Server 3.0, features links to Merisel back-end systems including MILES and SAP R/3 enterprise applications.

Today, 25 percent to 30 percent of all products moving out of Merisel's warehouses are drop-shipped to individual customers; that should rise to 40 percent in the next year, Rogers said.

Perhaps the existing businesses with fulfillment networks best suited for the dotcom world are catalog players such as Lands' End. The catalog retailer now sells more than 1,000 products from its Web site and manages inventories across both its catalogs and e-commerce site via a single, proprietary warehousing and fulfillment back-end, said Phil Schaecher, Lands' End senior vice president of operations.

Lands' End launched the real-time Web view into its inventory in the fall of 1996, and Schaecher said it's a feature customers now expect online. "The biggest problem companies just coming to the Web are going to face is forecasting volume and securing inventory and warehousing to handle the volume," Schaecher said. "We've been at this business 20-some years, and we've got some pretty accurate, homegrown forecasting tools."

These examples show that, e-retailing brings a need for a very well planned logistics strategy, whereas an existing logistics system will surely provide great support to e-retailing system.

Fulfillment is critical for satisfying customers. B2C businesses can outsource this function if they are not prepared to handle the volume of business a successful strategy can attain (Raven and Fleenor, 2002).

Indeed, in the end, getting a handle on such problems has the power to transform a company. What must ultimately happen, said supply-chain analyst John Fontanella of AMR Research Inc., is that "the Internet way of doing business extremely fast, with a customer focus, permeates and finally becomes the established standard for the entire company"

2.8. Impact of Internet on Logistics

The nature of e-commerce has enhanced the importance of logistics. At the same time modern information technology provides the tools for the practice of logistics to develop further. Businesses should be able to take the advantage of for example the Internet, speed, interaction, and flexibility.

Information flow is one of the critical success factors in business world. With the development of modern techniques, information flow has become more and more important. The quantity of logistics information is growing. In e-business, the quantities delivered are small but frequent, so the amount of logistics information is more (Wendler and Shi, 2001).

In order to coordinate various business units and processes in e-business, an effective infrastructure is essential. The way to integrate infrastructure components is to use the Web infrastructure supported by the Internet (Shaw, 2000).

In order to develop a logistics strategy, e-retailers need to have some information on hand.

- Consumer and market information: product types, quantities, customer names, etc.
- Warehouse and inventory information: product types, quantity, in and out records, etc.
- Raw material information: availability, arrival time, quantity, etc.
- Production information: work in process, etc.
- Transportation information: departure, destination, quantity, carrier, estimated delivery time, arrival time, etc.
- Other information: vehicles, performance measurement, etc.

To simplify the system, codes can be used such as product codes, customer codes, order codes, vehicle codes, etc. E-business can also bring benefits to traditional business. Orders can be processed electronically for example. Orders that come through electronic order processing become part of a shared database where they can be searched and traced.

Today, Internet suggests many different business possibilities. Most of the transport firms now exchange information through the Internet or within private networks inside company called extranets. The use of electronic communication will have direct effect in logistics by production according to demand instead of storing large quantities of products in warehouses. Internet offers the possibility to make use of the highly customized communication (Engelsbelen, 2000). Lines in Figure 9 show the communication links between commerce partners.
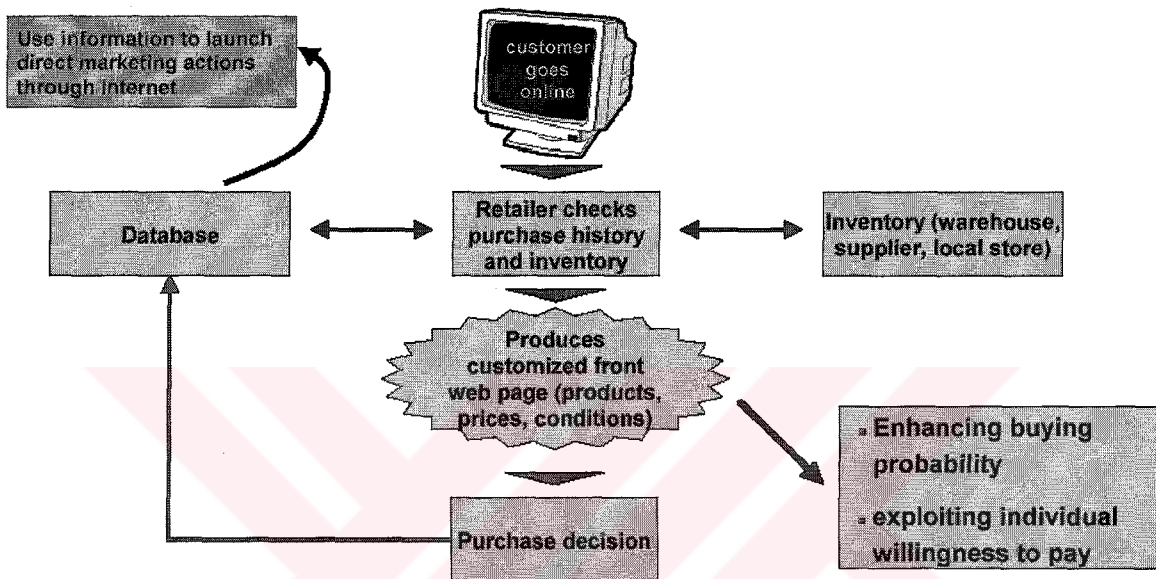
Figure 9: Use of Internet for Logistics

Internet today suggests many possibilities in terms of logistics complementary to EDI, which was considered as costly but excellent for quick and safe exchange of trade information in transport operations for many years (Bollo and Stumm, 1998).

Order processing, which is a main function of logistics, can also benefit much from technology. Order processing includes order preparation, order transfer, order input, order trace, etc. Electronic order processing can be Internet enabled which reduces the order processing time and provides better service to the customer. Orders coming through electronic order processing system become part of a shared database for order tracing and searching.

2.9. Electronic Payment and Security

Another popular topic of discussion in e-commerce trust is financial security of online transactions. It is also closely related to e-satisfaction.

Globalization, liberalization, re-regulation and digitization are causing a shift from the traditional industrial society to knowledge or information society. Payments can be interpreted as a highly specialized mode of communication.

When we talk about electronic payment systems, there are four major elements, which we should always consider: The parties involved, the means of payment, the medium of exchange, and the infrastructure handling the transaction (Chong Ka Lung, 1999). The parties involved can range from banks or financial institutions, individuals, non-bank corporations, to computer software providers. The means of payment include currency and bank deposit. The medium of exchange will include instruments such as credit cards, e-cheques.

For the transactions done in the Internet in an electronic form, a secure payment system is required to handle the transactions. We can define the principle requirements of electronic commerce payment schemes as security, time, cost, time, capacity, and being easy to use.

There are many forms of electronic payments. As technology moves forward, the range of devices and processes to transact electronically continues to increase while the percentage of cash and check transactions continues to decrease. In the US, for example, checks have declined from 85% of non-cash payments in 1979 to 59% in 2003, and electronic payments have grown to 41% (Richard L Hartung, 2003). Cards, Payment Gateways, Digital Cash, Smart Cards, Digital Wallets, E-Cheque, Financial Service Kiosks and Biometric Payments are the most common payment types today.

Offline payments that are done over virtual pos, when customer pays from a web site with a credit card, contain higher technical and operational risks because there is no online control of transactions (Aydemir, 2003).

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The lack of widespread credit card usage has stunded online transactions in developing countries where cash on delivery dominates. As of 2000 for example, cash on delivery accounted for 43 percent of transactions in China, 61 percent in India, and 70 percent in the Philippines. Key inhibitors for widespread credit card adoption are the high deposits required and a lack of trust in online payments. Companies are trying to respond to consumers' fears by publishing information about security procedures and payment policies, but it will take years before widespread trust is obtained (Tetelman, 2004).

These security concerns in fact result in consumers preferring to pay with a credit card at the door instead of paying on the Internet if possible.

2.10. Return Policies

Return policies can make the difference between a satisfied shopper and a frustrated ex-customer. Returning merchandise is possibly the most annoying facet of the online shopping experience, especially when it's the result of a damaged shipment or an error by the e-retailer.

If a customer makes a mistake and order the wrong thing, then he accepts some responsibility and suffer through the often painful return process without much complaint. Although, the more difficult this process is, the less inclined he has to go to that particular store again.

When an e-retailer makes a mistake in shipping, or when the merchandise arrives damaged, then the customer has to put himself out to ship the product back to the company. By "put himself out" we mean anything that requires him to leave his house.

If a customer can order something and have it delivered without needing to leave his home, there is no reason why he shouldn't be able to return it the same way, i.e. without leaving his home.

Some companies recognize this fact, carefully including in each shipment return labels that allow the package to be collected from the home by the carrier, such as UPS. All that is required to ship the merchandise back is a quick phone call or online transaction to arrange

for pickup and have the correct merchandise delivered. Pre-paid return labels that use the postal service are also good, unless the package is too big to fit in a mailbox. In this case, a trip to the post office is a considerable annoyance.

Then there are the e-retailers that suggest the customer to take the merchandise to the Post Office, UPS, or another carrier, and pay to ship the merchandise back, making sure the customer requests some form of tracking number and proof of delivery. Not only the customer has been inconvenienced, but also now his total cost for this transaction has gone up considerably. Of course most e-retailers do say they will refund return shipping if the return is a result of their error, but how do they know how much the customer paid? And what happens if the customer received this item as a gift from someone else? All of this casts a pall of uncertainty over the whole process and makes many shoppers feel uneasy about shopping online, especially after they have had to return something!

From our perspective, being able to return something to a local store is not particularly useful in that it requires the customer to leave the house. On the other hand, it has the big advantage that the customer knows he has received a credit for the return, something that always lingers in the back of the mind when returning merchandise through a third party carrier.

If a shopper is buying gifts to send to someone else, having a local store where the recipient can return or exchange their new gift is especially useful. That way the recipient doesn't even need to notify the gift giver they are exchanging the merchandise.

Not every online shopping transaction results in a return. Because of this, a shopper may happily make several purchases before discovering the inadequacies of a particular return process. From the e-retailer's perspective, it may be difficult to identify returns as a cause for losing repeat customers. One way to do this is to analyze the fall-off in repeat purchases for shoppers who have made returns vs. those who have not.

For many shoppers, returning a product is simply an extension of the shopping experience. If the returns process is difficult, the shopper assimilates that information to complete their

perception of the entire online experience. E-retailers that economize on returns are in danger of alienating their customers.

CHAPTER III: RESEARCH DESIGN

3.1. Research Objectives

The objective of this thesis is to learn more about e-retailing and analyze the logistics issues behind e-retailing: what the academic world writes about it and what is reflected from the business world. E-retailing is still a relatively young business in Turkey and only a few companies have actually shown outstanding results, currently the major competitors are Migros and Gima within the chain store e-retailers. There is potentially a great market in Turkey for the retailers who may want to do business online. This research can hopefully be a guide for those retailers who want to enter this market.

We will look closely to Gima and Migros who have been successful in their development of e-retailing platforms and strategies in Turkey, try to determine how successful they are and find out what measures were taken in order to come so far in terms of their logistics strategies.

3.2. Methodology

In terms of methodology, benchmarking approach was chosen. Benchmarking is a method in which products and services, processes and methods of business activities from different companies or business units are compared. The goal is to find out the differences between the companies or business units and to explain why there are differences and to develop competitive targets. Wendler and Shi (2001) used Benchmarking methodology for researching the e-commerce strategies on marketing channels. They considered the companies Luna, SKF Service Division, and Papyrus, which are all successful in terms of building their e-commerce platforms. They have conducted interviews with these companies based on set performance criteria and compared the performance of these companies. They have also considered a company, which is unsuccessful, as a case.

A constitutive characteristic of benchmarking is that a company or business unit that is the best in the considered activity should be analyzed and used as the reference point in order to measure the performance of its peers. Benchmarking therefore is sometimes referred to as "best-in-class comparison". Through this analysis, the company that wants to improve, for example, its internal processes will additionally discover strategies for achieving its

goals. Macharzina (1995) outlines benchmarking as a primarily analytical and descriptive concept for strategy formulation (Wendler and Shi, 2001).

Two basic thoughts drive the concept:
1. There is no company that has top grade performance in all units.
2. It is inefficient to "reinvent the wheel" (existing products, processes, services, or methods) over and over again, so it is better to copy something well than to invent something on your own but badly.

There are three varieties of benchmarking (Wendler and Shi, 2001):

The internal version

Comparison of business units, departments, foreign branches, etc.

The competition oriented version

The target's most successful competitor is used as a reference point.

The functional version

Companies outside the industry are used as a prototype.

In this thesis, competition oriented approach will be used because as e-retailing is still a relatively young business, only a few companies have actually shown outstanding results in Turkey; currently the major competitors are Migros and Gima.

Macharzina (1995) has examined several studies on how to successfully conduct benchmarking and recommends a three-phase concept developed by Horvath and Herter (1995).

1. Preperation: The exact subject, the performance criteria, and the benchmark companies as well as valid information sources are to be defined.
2. Analysis: Following set criteria, performance gaps are to be uncovered and critically explained between the companies.
3. Translation into Action: Closing these performance gaps by setting suitable goals, developing strategies and taking measures.

This thesis will primarily focus on the first two phases. The third phase is the responsibility of the concerned companies. Figure 10 visualizes the methodology.
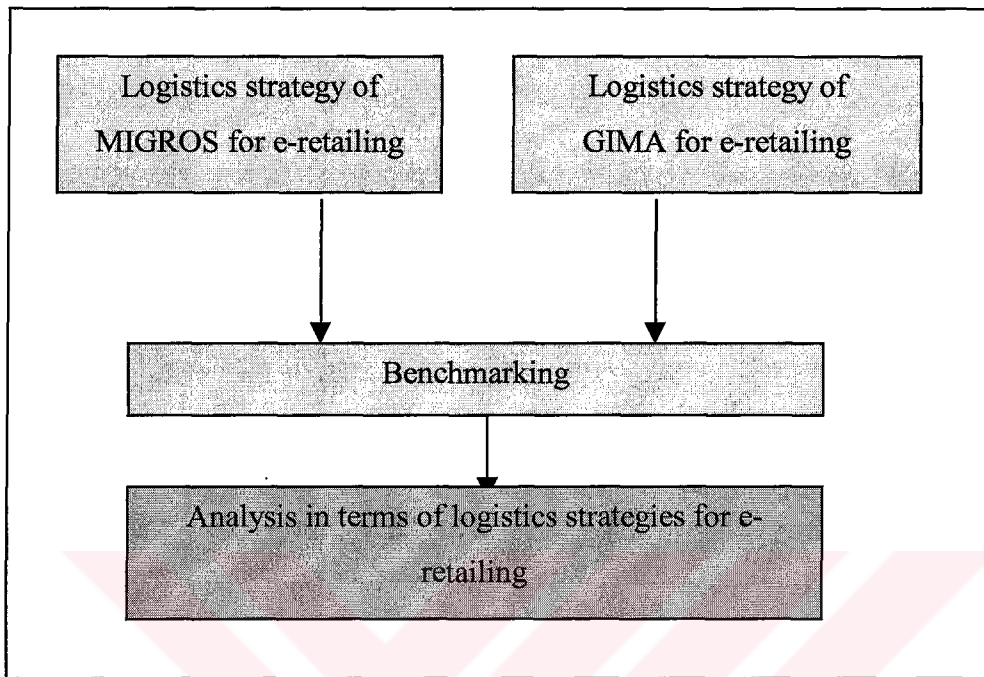

Figure 10: Methodology of the Thesis

3.3. Data Collection Methods

Although the customers' opinions are the real criteria in this case, it is very difficult to ask the customers. Although this is the case, some discussion lists on the Internet were searched for customer ideas on shopping from these sites.

The two companies, Gima and Migros, are interviewed using an interview guide. The interviews are made with the department managers of both companies. The interviews are recorded for further analysis. Professionals from both companies are asked for information by e-mail when needed. In order to make further analysis of the interviews made with the two companies, the interview questions are divided into sections, which are related to different functions of logistics. The interview questions are presented in the appendix.

Internet search is done in order to find some statistical results about the Companies' success factors, and selected papers are used as references.

Examining the companies is enough to show the differences in the way firms deal with e-retailing logistics but it is not too much for an in depth analysis of doing business. On-site investigations helped a lot in terms of findings. People actually doing the logistics processes are interviewed within onsite investigations.

3.4. Sampling Methods

As mentioned before, only two companies, Gima and Migros were interviewed using an interview guide. Within benchmarking, it is common practice to concentrate on a small number of companies instead of going for a statistically representative sample.

The criterias while selecting the companies were the following:

- The companies had to have their e-retailing platforms developed.
- The benchmark companies should be comparable in terms of being middle or large-scale companies.
- The companies had to be comparable in terms of variety of the products sold online.
- There had to be people from those companies who could provide help for the research.
- Both companies had to be chain store retailers.
- Both companies had to be mutlichannel retailers.

3.5. Reliability and Validity of the Survey

Reliability means that the data collected is accurate whereas validity states that the collected data should serve the purpose and measure the desired facts.

In order to ensure the Survey was reliable and valid, the interview guide was prepared very carefully. The questions in the interview were selected to be open-ended in order to get more information from the interviewees. The interviews were made with a guide to ensure that both company managers answer the same questions and they were recorded for further review.

In order to minimize misunderstanding, the interviews were made on a face-to-face basis. Interviewees were asked to verify their answers. Also, the interviewees were chosen among top company managers.

3.6. Limitations of the Study

1. This thesis emphasizes the importance of logistics processes on e-retailing processes. The other processes of e-retailing such as Web page design that may attract customer interest were not taken into account.

2. It focuses only on the first two steps of benchmarking, the preparation and analysis steps. Translation into action is left to the companies.

3. The scope of this thesis dictates that we will not be able to answer all of the questions it raises. On the contrary, more questions will actually arise that will require further investigation.

4. Only two big companies are analyzed, because only these two companies are competing in these specific product ranges and compatable in terms of structure.

5. The companies did not provide any information regarding the profitability of e-commerce businesses because the data was confidential and for internal use only.

3.7. Data Analysis Methods

For benchmarking, it is vital to establish suitable criterias to determine what is good and what is bad. Although the customers' opinions are the real criteria, it is very difficult in this case to ask the customers. But some other information that is possible to gather and gathered from the interviews can be used as the performance criteria. The companies did not provide any statistical values. They want to use this information internally. But the interviews showed the differences in how they are doing business in terms of different functions of logistics. While analyzing the results, the answers of the interviewees are compared within each topic for Migros and Gima and discussed. While doing analysis, the relevant search from customer opinions over the Internet and previous market researches are also used.

CHAPTER IV: ANALYSIS AND RESULTS

4.1. Preparation

Today we have many e-retailers in Turkey but compared to the rest of the world, the numbers are still negligibly small. Within these e-retailers, Gima and Migros are the only ones that have chain stores and are in this market. In this section, the selected companies, Gima and Migros, are introduced. First, Gima and then Migros is introduced in terms of their foundations, ownerships, working areas, and implemented projects. Also, the market overviews of the firms are made.

4.1.1. Gima

[14] Gima, which was founded in 1956, is the Turkey's first national supermarket chain. In 1996, majority of its stocks were bought by Fiba Group. After this event, it has taken its place among Turkey's leading supermarket chains. It is a multi-channel retailer with 77 stores in 33 cities, sen-al market for online shopping, and Alo Gima 4441010. Alo Gima 4441010 was set up in December 2001 and it is the first e-retailing process to take orders by phone in Turkey. Alo Gima serves in 6 cities today. The customers can pay at the door by their credit cards for both sen-al market and Alo Gima. It also provides cards for its customers for discounts called supercard.

Gima aims to be a modern, continuously growing, reformal supermarket chain. In developed countries today, multi-channel retailing is applied strongly. As Gima is carrying this experience to Turkey and providing easiness to consumers with multi-channels, it is also bringing a new dimension to the supermarket shopping.

In 2001, net sales of Gima valued 340 trillion TL. Between 2000 and 2001, its growth rate is 10% and profit increase is 118% while other competitors' increases were about 20-30%. In 2002, sales regions of Gima increased by 7%. In the first 9 months of 2002, it increased it sales by 57%. In 2002, it realized $351.3 million sales.

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[14] http://www.gima.com.tr

4.1.2. Migros

[15] Migros Turk was founded in 1974 and Koç Group acquired it in 1975. Between 1990 and 1991 Turkish consumer was introduced with the modern stores in international retail standards.

Today it has 462 shopping centers in 36 cities. Its market share is 23%. It aims to increase this ratio to 35% within five years. Each year 160 million visitors are shopping in its shopping centers. It has about 3000 suppliers and they have about 25000 product kinds. They have three different supermarkets as concept. These categories are M, MM, and MMM. But they also have 5M category shopping centers in Antalya. Migros who also has Şok stores as discount markets also has 700 small stores called Bakkalım. "Bakkalim", began operating in year 2000, and reached to 700 groceries in a very short time. Migros provides know-how support to these small stores and provides 10% profit margin. Migros also has stores selling directly to hotels and catering firms, 2 of these stores are located in Bodrum. Another branch of Migros is the shopping centers abroad called Ramstores. Currently located in Russia, Bulgaria, Azerbaijan, and Kazakhistan. Migros has started up Migros Club Card Project in 1999. This Project aimed to result in customer loyalty, and reach customer information. Today they have 3.2 million Migros Club Card members. The profit margin of Migros is about 8-15%.

In 1997, Turkish consumers were introduced with new shopping alternatives like Migros Shopping Center and Cyber Shopping. Turkey's first online shopping center "Kangurum" started its operation in the first month of year 2000.

Migros Turk serves 11 million customers a week with its work force that exceeds 6000 at 174 Migros, 273 Sok, 3 Ramstores in Baku, 5 Ramstore Shopping Centers in Moscow, 22 Ramstores in Moscow, 1 Ramstore in Siberia, 1 Ramstore in Nijni Novgorod-Russia, 1 Ramstore Shopping Center in Kazakhistan Almaaty, 2 Ramstore in Kazakhistan, 3 Ramstores in Bulgaria, 1 Ramstore in Kazan Migros Shopping Center in Beylikduzu, in Ankara, Gaziantep and Antalya as of December 25, 2003.

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[15] http://www.migros.com.tr

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The total sales area has reached 712.586 m^2 as of the same date. Migros Stores are situated within 7 geographical regions, in 36 cities, while Sok Stores stand within 5 geographical regions, in 21 cities.

Migros has opened one store per week since 1996, and it successfully added 50 new stores to its net by the end of 1998. In 1999, Migros has managed to open two stores per week. Migros increased the number of its stores by 128 in 2000, and by 34 in 2001. In 2002, Migros has opened 41 new stores.

Novelties pioneered by Migros in Turkish retailer sector:

- Self-service
- Hygienic packaging
- Weight and expiration date marking standard
- Price labels
- Modern large shopping stores
- Daily fruit and vegetable supply to the customer directly from the purchasing regions
- Meat processing center
- Quality control by its own laboratories
- Bar-code system
- Electronic weighing at cash registers
- Consumer-used weigher
- "Select and buy" service for fruits and vegetables
- Credit card acceptance
- Migros Check
- Prepacked Meat
- Periodical Discount Weeks (Migroskop)
- Own-brand, Private-label Products
- Shopping Trolley and Special Cash Register for disabled
- Electronic shelf labels
- Cyber Shopping
- Migros Club Card
- Migros Credit Card
- Self Check-out
- Shop-Man

4.2. Analysis

In order to provide an analysis of the interviews made with the two companies, the interview questions are divided into sections, which are related to different functions of logistics. While analyzing the results, the answers of the interviewees are compared within each topic for Migros and Gima and then discussed. While making analysis, the relevant search from customer opinions over the Internet and previous market researches are also used.

The comparison sections are as follows:

1. Management of e-retailing and goals
2. Order Taking and Processing
3. Storage and Packaging
4. Distribution
5. Return Policies
6. Payment
7. Performance Measurement

4.2.1. Management of E-retailing and Goals

The e-retailing process may be managed by a separate department of the company or as a part of an existing department. It can also be separated as a subcompany in order to make it a different profit center. In this subsection we discuss how e-retailing is managed within the selected companies; how and why e-retailing was initiated.

Gima Case

In 1996 Gima has entered a changing process says Mr. Şehirli, who is the manager of Gima's Alternative Channels Marketing Department. It has focused on increasing the number of shops while increasing the customer satisfaction. In parallel with the growing Internet applications, Gima decided to setup an online shopping center. They have searched the conditions that need to be provided so that the traditional customers can move to online shopping. Most of the people did not find Internet secure. During the research, the idea of paying at the door appeared. They wanted to build a Web site that is secure, able to develop and provide flexible payment systems. They have made market researches through questionnaires conducted to the customers, and Microsoft with VeriPark has developed their Web site in a very short time as 1,5 months on the Microsoft Commerce Server 2000 platform. On the 4th of June 2001, Gima's online shopping center Sen-Al

Market (www.gima.com.tr) started to work. The aim was not to take the place of the real shopping centers. But in the long run, they aim more people reaching them online.

Currently, alternative channels marketing department that is a part of the marketing department of the company manage it. E-retailing project is not a separate profit margin in Gima. Its profits count to the total profits of Gima's stores. In terms of e-retailing they have Sen-al market for online shopping and Alo Gima where customers can give orders through telephone. Alo-Gima works also as a call center.

According to Aykut Şehirli, whom I interviewed, the goal to setup e-retailing was prestige and to get market share in the e-retailing sector. He mentioned that, although he was not in the company in those times, the management should have seen the trends in the world. There was an opening in the Turkish e-retailing sector and they wanted to be within the first movers.

Today, in terms of e-retailing, they provide services between 10:45 AM and 22:45 PM in 5 cities, namely, Istanbul, Ankara, Antalya, Kayseri, and Bodrum. While the site was being developed, feedback from the customers was taken and these geographical areas were decided on.

Migros Case

Migros has started its e-retailing project in 1997 with the name "Migros Sanal Market". This was the first online shopping center in Turkey at that time. After three years experience with Migros Sanal Market; they have started "Kangurum" which is a larger shopping center with more kinds of products within. Mr. Gençoğlu mentions that if the Migros Sanal Market project were not successful enough, Kangrum would have never been started. From Kangurum you can obtain all your needs from furniture to flowers wherever you are in Turkey. In Istanbul, Izmir, Ankara, Bodrum, Marmaris, Bursa, Antalya, and Adana, you can order all kind of products including fresh products and have them delivered to your home.

Migros Sanal Market and Kangurum are thought as a separate profit center and the Sanal Merkez Ticaret A.Ş manages them. The initial idea of online shopping came from Bülent

Özaydın, the CEO of Migros. The system works so that, Migros sells to Sanal Merkez Ticaret A.Ş. and Sanal Merkez Ticaret A.Ş. sell to online customers.

The goal of the e-retailing project of Migros was to be the first in this sector in Turkey. Mr. Gençoğlu says that Migros, as with other things like electronic weighing at cash registers, electronic shelf lifts, ...etc. again wanted to be the first in the country. He continued his words, saying that, the first online sales with credit card over the Internet was done by Migros, and the first application in Turkey was written for Migros.

KoçSistem developed the applications of Migros Sanal Market, and Koçnet does the hosting of servers. In terms of online payments, they are working with Koçbank and Yapı Kredi Banks, for virtual pos applications that enable online payments from the web site, they are working with Koçbank only.

Initially, the products on the Sanal Market were limited, but later on, all the products on the real shopping center are introduced by demand from the customers. The initial geographical area that the online shopping service provided was Maslak and again by demand from customers the area was enlarged to the other areas.

Most of the customers says Mr. Gençoğlu, are working people, disabled persons, companies, high-educated and high-income people. There are also customers who have never used computers in their lives, but their children living abroad for example are shopping online instead of them.

In terms of foreign investments, currently Migros does not have e-retailing abroad; in fact they said that they did not have the chance yet.

4.2.2. Order Taking and Processing

Although order taking is not a subject of this thesis but because it is closely related to order processing and distribution, it is discussed here. Order processing is a critical factor that affects the success of logistics in e-retailing. The time consumed during order processing adds to the total delivery time.

Gima Case

In Gima's e-retailing system, nearly 7000 products have been defined by keywords assigned to them. Search engine is very effective and powerful. Especially "super search" property makes online shopping experience very easy for the customers. With "super search", in about 4 minutes, it is possible to give an order containing 20 or 25 products. This search style gives priority to the products you buy most, so it provides easy use for the customers who know what to buy. Figure 11 shows the screen from Gima Super Search.
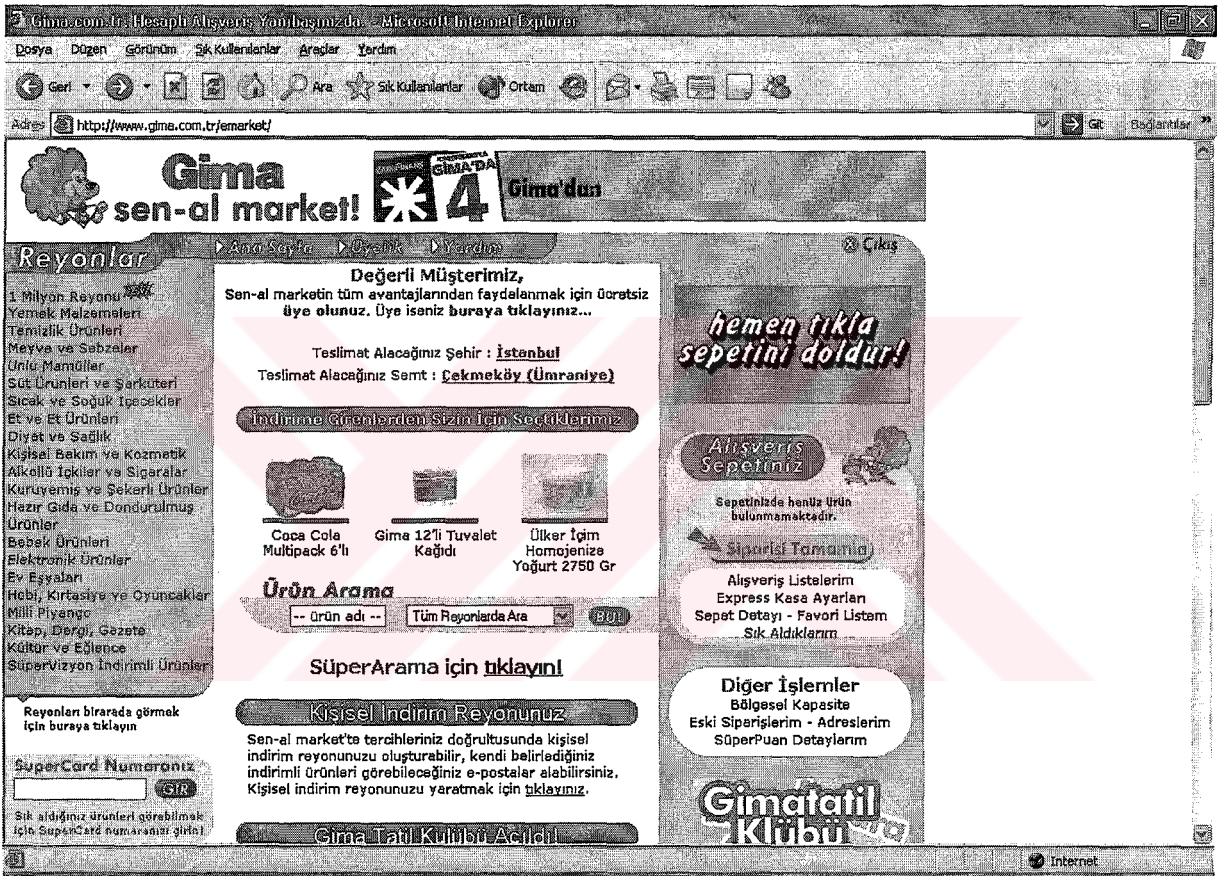

Figure 11: Gima Super Search

When you initially enter the site, you are asked for the delivery city and delivery neighborhood first of all. If this is your second entry to the system from your computer, this information comes automatically. Of course you can change it. In Figure 12, it is possible to see the delivery city and delivery neighborhood coming automatically at the initial entry to the site.

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In order to shop online, you do not have to be a member of the site, but if you become a member they provide some other opportunities for you. During becoming a member, you are asked for information such as name, surname, address, and e-mail, and a nickname with a password. You are sent a confirmation mail and then you become a member of the site. Later on you can start shopping. After you finish buying your needs by putting them into the shopping basket, you have to end it. The cost of your order must be greater than 25 million TL. in order to be accepted. And if the total cost is above 75 million TL, the delivery cost which is 1.5 million TL is not taken.

To end the shopping, you are asked for the following information:
1. Delivery address of the order (if you are a member, this address exists in the system, but you have the chance to change it if you want)
2. Billing address (this also exists in the system if you are a member)
3. Special note part (here you can enter notes such as a detailed address description, or anything related to the products you bought)
4. Payment options
   a. At the door by credit card
   b. At the door by cash
   c. Online by credit card
5. What to do if any of the products you order does not exist in the market
   a. You may want them to call you
   b. You may choose only to get the existing ones
   c. You may choose any alternatives if they exist
6. Delivery time range (These time ranges differ according to cities)
   a. 10:45-13:15
   b. 14:00-16:30
   c. 19:45-22:45

Figure 12, 13 and 14 show screens from web site while ending and order.

Figure 12: Gima Order Taking

Figure 13: Gima Order Taking

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Teslimat Alacağınız Semt : Çekmeköy (Ümraniye)

▶ Yemek   ▶ Temizlik   ▶ Meyve/Sebze   ▶ Unlu   ▶ Süt/Şarküteri   ▶ İçecekler   ▶ Et Ürünleri
▶ Diyet   ▶ Kozmetik   ▶ İçki/Sigara   ▶ Kuruyemiş/Şeker   ▶ Hazır Gıda   ▶ Bebek
▶ Elektronik   ▶ Ev Eşyaları   ▶ Hobi   ▶ Milli Piyango   ▶ Kitap   ▶ Kültür   ▶ SüperVizyon
▶ 1 Milyon

Kuzu Bilur   3.6 KG
TOPLAM   28.620.000 TL
284.000 Puan

Sipariş Tamamla

Not: KG ile satılan tartılı mallardan sipariş verdiğiniz takdirde sipariş miktarına uymak için azami gayret gösterilecektir. Buna rağmen, hazırlanan ile talep edilen gramaj farklılık gösterebileceği için önceki ekranda hesaplanan toplam alışveriş tutarı teslimat anındaki faturadan değişik olabilecektir.

● Sepeti Boşalt
Alışveriş Listelerim
Express Kasa Ayarları
Sepet Detayı - Favori Listem
Sık Aldıklarım

Teslimat Seçeneği

Lütfen aşağıdaki teslim saatlerinden birini seçiniz.

Diğer İşlemler
Bölgesel Kapasite
Eski Siparişlerim - Adreslerim
SüperPuan Detaylarım

Çağrı Merkezi
7x24
0212 355 80 80
e-mail

Cumartesi 28.2.2004	Pazar 29.2.2004	Pazartesi 1.3.2004	Salı 2.3.2004
10:45-13:15 Zaman Doldu	10:45-13:15 ◎	10:45-13:15 ◎	10:45-13:15 ◎
14:00-16:30 Zaman Doldu	14:00-16:30 ◎	14:00-16:30 ◎	14:00-16:30 ◎
19:45-22:45 ◎	19:45-22:45 ◎	19:45-22:45 ◎	19:45-22:45 ◎

Geri   Devam

Gima Hakkında | İnsan Kaynakları | Mağazalarımız | Fiba Şirketler Grubu
Basın Bültenleri | Faydalı Bilgiler | CardFinans/Galaxy Card | SüperKazanç | Müşteri Hizmetleri

Internet

Figure 14: Gima Order Taking

Customers can change the delivery time range and delivery day before distribution takes place if they want, by clicking "Previous Orders" from the Web site. They can also give the same order as one of their previous orders from the Web site.

After you enter all the information required, the order is sent to the related operation center market electronically. It is decided automatically by the system to which operation center market your order will be sent, according to the neighborhood you wanted your order to be delivered.

If you use the same delivery address and the same payment method every time, you can use the "Express kasa" to enter these options once and then use them every time. You are

able to add a note for the delivery address while ending the shopping. It is a good idea in terms of distribution time. Because some addresses may be difficult to find for the distributing personnel.

Migros Case

To start shopping from Migros as in Gima you do not need to be a member of the site, but you are provided advantages if you are. You log on to the site with a customer ID or a nickname you selected during becoming a member. The customer ID is sent to your e-mail address, and after confirmation you become a member. You are asked for the same information before ending the shopping. Different from Gima, and we believe better, you have the option of entering a special note for each product you buy, separately while putting in the basket. Figure 15 shows Migros order taking process.
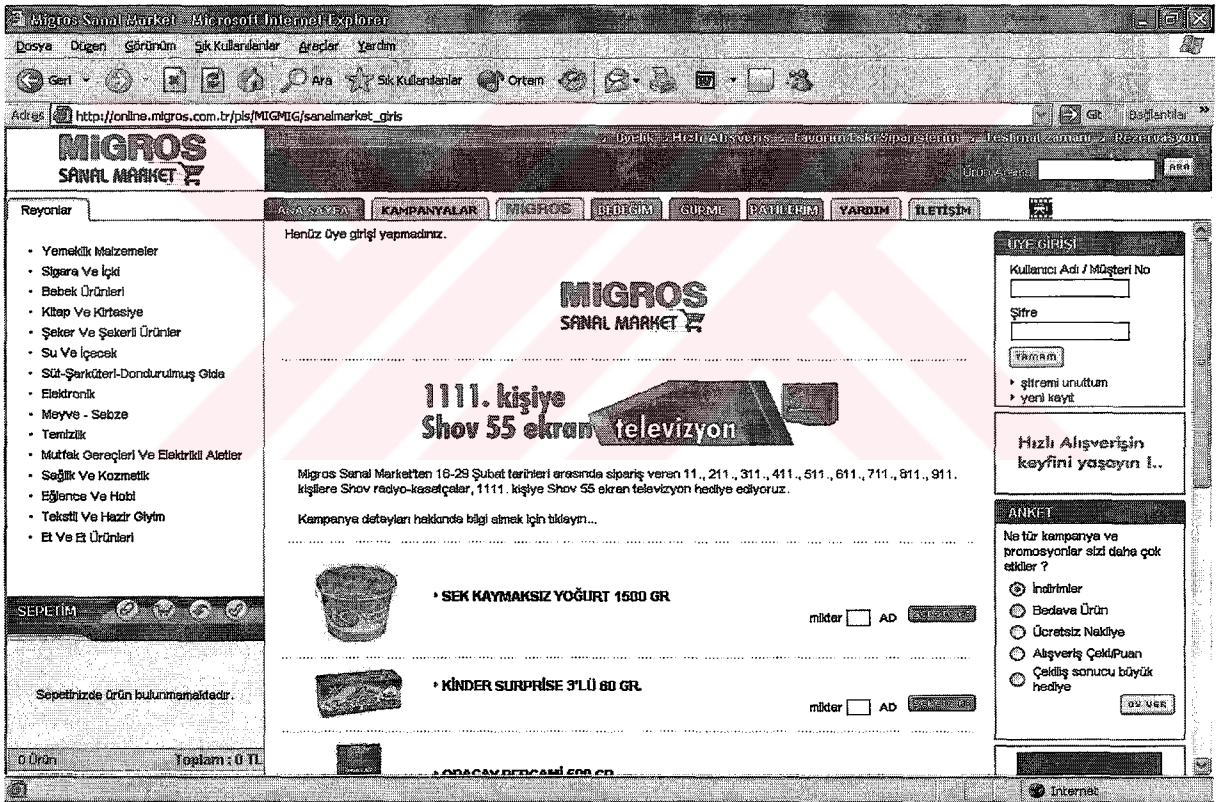
Figure 15: Migros Order Taking

Different from Gima, each time you log on to the site, you are asked for the delivery city and delivery neighborhood in Migros online shopping center. We think this is because of the Migros's online stock control system. Migros does not show products that do not exist on the shopping center on the Web page. So they have to know where you want the

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delivery; according to the neighborhood you want the delivery to be done; you are showed the corresponding market's products.

Migros does not accept the order if the total cost is below 20 million TL. And if the total cost is above 75 million TL, the delivery cost, which is 1.5 million TL is not taken. Figure 16 shows Migros Order Taking process.
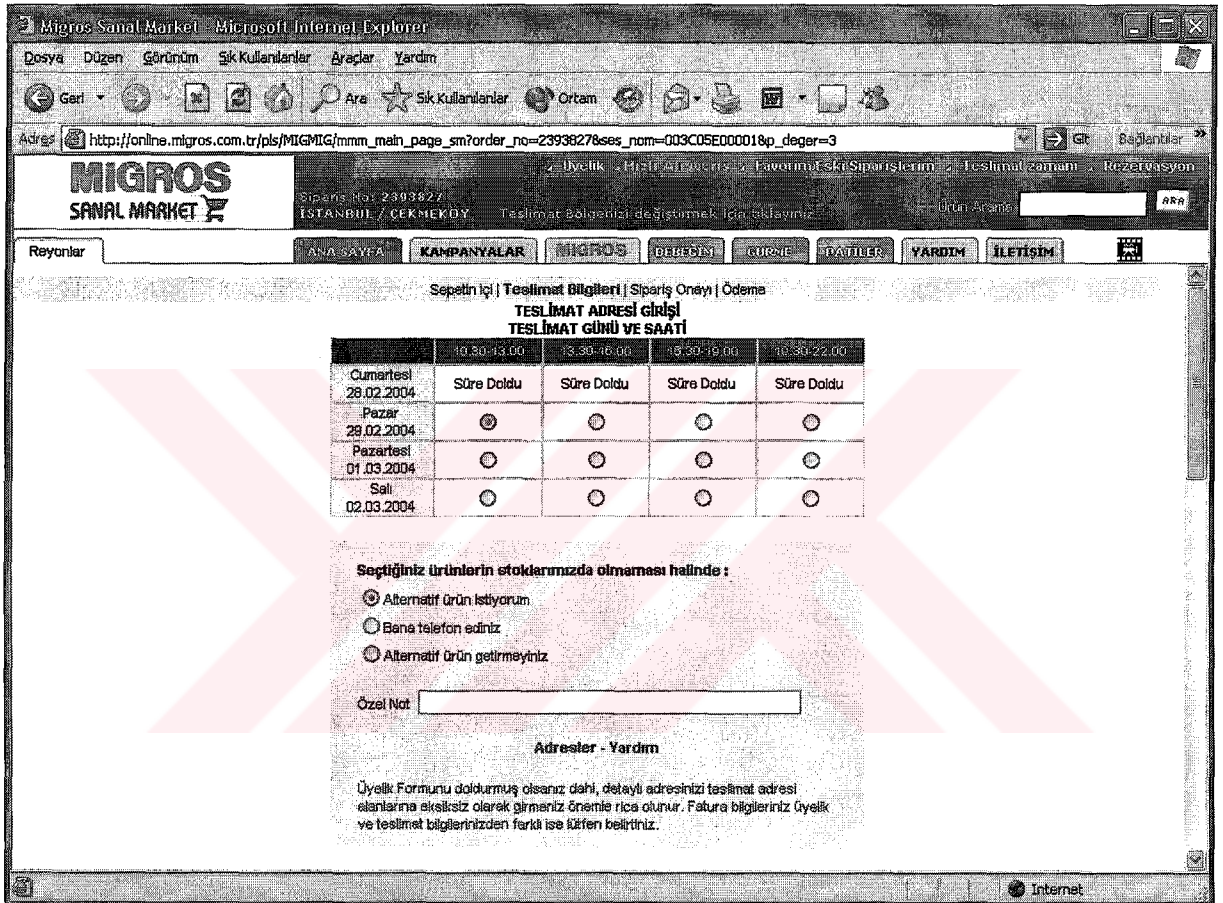
Figure 16: Migros Order Taking

While ending the order, you are asked for the following information:

- Delivery address of the order (if you are a member, this address exists in the system, but you have the chance to change it if you want)
- Billing address (this also exists in the system if you are a member)
- Special note part for detailed address description
- Payment options
  - o At the door by credit card

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- o At the door by cash
- o Online by credit card
- What to do if any of the products you order does not exist in the market
  - o You may want them to call you
  - o You may choose only to get the existing ones
  - o You may choose any alternatives if they exist
- Delivery time range.
  - o 10:30-13:00
  - o 13:30-16:00
  - o 16:30-19:00 (Gima does not have any delivery option in this time range)
  - o 19:30-22:00

Customers can change the delivery time range and delivery day before distribution takes place if they want, by clicking "Previous Orders" from the Web site. They can also give the same order as one of their previous orders from the Web site.

After the order is finished you are sent a mail about your order information and you have the chance to add anything you have forgotten at the order time, before the departure time. The orders given are sent to the corresponding markets electronically as in Gima.

4.2.3. Storage (Warehousing) and Packaging

<u>Gima Case</u>

Gima did not arrange separate warehouses for the e-retailing operation. They use the existing stores. The stores that are used as online shopping centers are selected according to customer demand and their geographical locations. Gima calls these shopping centers as operation center stores. E-retailing customer is thought as a traditional customer visiting the store. The corresponding market personnel see the orders sent to their market by an on-hand device. What they see is the name, address, telephone, delivery time range, the products ordered and the customer preferences. If any of the products delivered does not exist in the market, according to the preferences of the customer, the order is prepared. All the electronic orders are grouped according to the delivery addresses and time ranges. The store manager controls the ordered products in terms of last use date or any deformation of the product package before departure and then they are packaged. The packaging operation

is done before 3 hours of departure. Related products are packaged together. A detergent and a fresh food never exist in the same package for example. If there are products that are frozen, they are taken from the freezer just before the departure.

In Gima, there is no online stock control, so the customers may order products that do not exist in the store because they can see the products on the Web page although the product does not exist in the actual market. Also Gima does not hold a safety stock in the markets.

Gima has 13 operation centers, and nearly 120 personnel working in e-retailing business. Mr. Şehirli mentions that the number of operation center stores are enough at the moment but can be increased later on.

Migros Case

Migros as Gima did not arrange separate warehouses for the e-retailing operation. They use the existing markets. The stores that are used for online shopping are selected according to customer demand, being central and especially having a large product range. Migros mostly uses 3M stores for this purpose. They also considered the traffic especially in Istanbul. Although a store was so central and very suitable in terms of product range and being central, it may not be used for the e-retailing purpose because of the traffic, says Mr. Gençoğlu. He gives Caddebostan Store as an example for this situation. E-retailing customer is thought as a traditional customer visiting the store. The corresponding market personnel see the orders sent to their market by an application that works on the Internet browser. If any of the products ordered does not exist in the market, according to the preferences of the customer, the order is prepared. All the electronic orders are grouped according to the time ranges. The packaging operation is done before an hour of departure. Related products are packaged together. A detergent and a fresh food never exist in the same package as in Gima for example. If there are products that are frozen, they are taken from the freezer just before the departure. On the packages, the name of the customer is written for not to mix anything.

Before departure, the bill is prepared for the customer. In Gima, the billing is done at the door, whereas in Migros it is done on the store.

In Migros there is online stock control and they hold a safety stock in the markets. The products that do not exist in the store are not shown on the Web page. In fact, this system does work real-time because of the communication lines, but at least the stock numbers are refreshed each night so that the next day nonexisting products are not shown on the site. Migros also holds a critical level stock control in its system. If the number of a product is 4, it is the critical level; it is wanted from the supplier and is not shown on the Web site. Critical stock level application works since 2002.

Today, Migros has 18 e-retailing stores in 11 cities. Figure 17 shows their places and numbers of them in each city.

Istanbul	7	Maslak, Şişli, Galeria, Bahçeşehir, Soyak, Kartal, Beylikdüzü
ankara	1	Büyük Migros Alışveriş Merkezi
izmir	2	Balçova, Mavişehir
adana	1	Adana Galeria Mağazası
mersin	1	Mezitli Mağazası
bursa	1	Zafer Plaza
Marmaris	1	3M
Bodrum	1	3M
Fethiye	1	2M
İzmit	1	Outlet Center
Antalya	1	Antalya Alışveriş Merkezi

Figure 17 Migros E-retailing Stores

4.2.4. Distribution

E-retailers shipped an average of 650,000 packages per day last year and by 2003 that number could grow to more than 4.2 millions per day, according to Forrester Research. Internet retailing hasn't made fulfillment any easier and there is no one clear success model for fulfillment. What methods are online retailers using to get the goods to their customers and handle merchandise returns?

E-tailers can elect to handle distribution entirely on their own, drop-ship, or use a combination of methods. Over 30 percent of pure-play retailers rely heavily on drop-

shipments from distributors or manufacturers for customer delivery, however less than 6 percent of multi-channel retailers use this option. The most popular option for both multi-channel and pure-play retailers is fulfilling orders from their own facilities. According to The State of e-retailing 2000, from PricewaterhouseCoopers and e-retailing World, 44.5 percent of pure-plays are fulfilling orders primarily through their company's own facilities and a whopping 71.8 percent of multi-channel retailers are primarily doing the same. Below is a summary of how the distribution process is handled by Migros and Gima.

Gima Case

Sen-al Market has 13 distribution areas. Distribution is outsourced in Gima. At each operation center, there are specific amounts of cars waiting. Gima did not want to explain the number of cars at each center but they totally have 37 cars at the moment. If the number of cars is not enough in case of high demand, new cars can be asked for from the outsourced company, says Mr. Şehirli.

They aim to increase the number of cars and to provide e-retailing to touristic areas. Distribution time changes according to time ranges and the conditions of the traffic. But at least it takes an hour to deliver the orders in each order time range. Currently in Istanbul 3, in Ankara 4, and in İzmir 5 time ranges are assigned.

According to the previous data, in terms of demand, the number of personnel and cars are decided.

In each car, there are two persons. One is a Gima personnel and the other is the driver from the outsourced company. The cars are panel van shaped and have a frigoriphic system. There is a freezer in the cars for the frozen products. The order, which will be delivered first is placed at the last position. These persons are educated in terms of e-retailing before starting the job. Gima personnel has waybill, a billing device and GSM pos with him. In Gima billing is done at the door, so the back returns can be easily managed. The driver has the delivery addresses on hand.

There is a routing plan for the drivers in terms of the neighborhoods to go, but according to the traffic and delivery addresses the routing changes. Currently, the cars are not tracked about their position, but they think of doing so.

Customers can track their orders from the Web site at any time.

If a customer is not at home at the delivery time, first of all, he is called by telephone, if not found, a delivery note is left at the door. And the products are returned to the store.

Migros Case

For Migros Sanal Market, distribution is handled by Migros. The cars belong to Migros and the drivers are Migros personnel. In Kangurum distribution is outsourced. Mr. Gençoğlu explains this as in Kangrum customers may want the delivery at any time so it was better to use a cargo firm for it.

When the orders are received at the store, they are grouped according to their delivery times. Before each departure, according to the traffic and the delivery addresses, the routing plan is decided.

In Migros, customers can make any modifications to their order until 1 hour to the delivery time range. They also have the chance to make a reservation for the following 8 days, if they want to be sure that they will not be affected by the other coming demands, and have their orders delivered in any case.

There are no extra cars waiting in case of high demand but they can ask for cars from their other stores that provide e-retailing if required. Number of electronic orders are watched during the day by the call center and if there is a high demand in any store, an extra car can be sent there.

For distribution, cargo type cars are used. Inside the car, there exists a freezer. If there are products that need to stay frozen, they are taken out the freezer at the delivery time. Different from Gima, there are boxes inside the car, so each customer's package stays in a different box. This prevents any mistake of mixing the packages. There are two people in the car, one distributor and the driver. The distributor has notes for the customers who have frozen products. Also, as in Gima, the distributor has waybill and a GSM pos device with him. Migros prepares the bill at the store, so the distributor does not carry any billing device, he has the bill with him instead.

The personnel working in e-retailing are educated at the store as trainees. These people are selected very carefully because they represent Migros to the customers. Being presentable and having a good language is a must.

Currently, Migros does not watch the position of the cars. But they think of doing it. The idea is to watch the GSM pos device of Yapı Kredi Bank, instead of cars. In fact, this is a great idea. Instead of buying any equipment for the cars, they will use the on-hand device.

Within each time range of delivery that last 2.5 hours, there is a decided maximum number of deliveries. Currently it is 8. So if there are more than 8 deliveries for a car, a new car is asked for. But if preparation time and the addresses are convenient, the number is increased.

If a customer is not at home at the delivery time, first of all, he is called by telephone, if not found again, a delivery note is left at the door. After all the other orders are delivered, it is tried again. If not found at the second time, a second delivery note is left to the customer and the products are returned to the store.

Customers can give orders for a time range until 1 hour to the start of that time range.

4.2.5. Return Policies

Return policies can make the difference between a satisfied shopper and a frustrated ex-customer. Returning merchandise is possibly the most annoying facet of the online shopping experience, especially when it's the result of a damaged shipment or an error by the e-retailer.

Gima Case

The Gima personnel goes to the customers for delivery with the same on-hand device that he has taken the order. He also has the billing device with him. At this point, if a product is wanted to be given back, it is processed. Because, the same device does all the process from the beginning to the end, everything can be watched from the operation center. Also because the bill is produced at the door, in terms of returns, no problems exist, except online payments. If the customer paid online from the Web site, the price of the returned product is paid back to his account by the bank. Except this, if the customer sees a problem

with the product later, he can bring it back to any Gima store within 15 days. In Gima, for product returns, the company does not send a car to the customer. In fact, this may be a problem for the customers, because the aim of the online shopping is not to go to the store. To prevent this situation, the Gima personnel wants the customers to check the products when he delivers. If return numbers are a lot for an operation center store, the company takes the personnel working there to an education program. Mr. Şehirli says that, number of returns are very negligible, he can not give an exact number but he says may be 1 in a thousand.

Migros Case

For Migros, the customer can return any product within 7 days. Mr. Gençoğlu says that this is what the consumer law says. There is no research about the reasons of returns but as in case of Gima, the numbers are very negligible. Most of them may occur because of the problems of the products' packaging. They can change the product if such problems exist. In Migros there is a good return policy, the customer does not have to leave the house for returning the product to the store, the car that makes the distribution collects the problematic product, if the customer calls the call center. If the customer wants to bring back the product to the store himself, they prefer the return to be done to the same store. Because in Migros, the profit of the sold products count to Sanal Merkez A.Ş. which is different than the traditional stores. But anyway, the other stores also try to help the customers in such cases. The preferred method for returns is that, the customers should call the call center, both for knowing the reasons of returns and to arrange the collection of the product. If the problem is related directly to the product, the supplier is called for a solution.

4.2.6. Payments

Gima Case

As mentioned in order taking section, the customers have three payment options. They may choose to pay online by a credit card on the web site, by cash or by credit card at the door. Gima works with Finansbank, which is also owned by Fiba Group, in terms of virtual pos that is used in online shopping.

Gima makes 4 installments to the shopping made by "Card Finans" of Finans Bank. For points collected by Super Card, discounts are made.

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Migros Case

As mentioned in order taking section again, the customers have three payment options in Migros. They may choose to pay online by a credit card on the web site, by cash or by credit card at the door. Migros works with Koç Bank, which is also owned by Koç Group as Migros, in terms of virtual pos that is used in online shopping. For GSM pos they work with Yapı Kredi Bank also.

Migros makes 3 installments to the shopping made by "Akıllı Kart" of Koç Bank. For points collected by Migros Card, discounts are made.

4.2.7. Performance Measurement

Gima Case

Currently, Gima gives e-retailing service to more than 100,000 customers. Gima can provide campaigns for products on its Web site. Gima can make marketing private to each customer. It can also provide discount campaigns private to each customer. Personalizing feature of the Web site provides customers to view something special to him when visiting the Web site. They celebrate the customer's birthday with a voice message for example.

It provides security on online payments. Gima is the first company that enabled payments at the door. It is the first company in terms of this issue in Turkey.

Gima's e-retailing system is integrated with its other shopping application. For example points collected by customers with Supercard, can be used with Sen-al Market and Alo Gima. A customer can start shopping from the Web site and continue with Alo Gima. Any kind of credit cards can be used within the system when shopping.

Most preferred products can be watched with Supercard application, on Web site when finishing the shopping, the points collected can be used. Customers are also given gift cheques according to the amount of their operations.

Each 15 days, customers are sent e-mails according to their buying preferences. So they learn if any discounts are made within the products they prefer the most. So, Gima sends above 100,000 emails to more than 100,000 customers.

Gima has a call center 4441010 that works 24 hours and 7 days. Customers can call at any time if any problem occurs with their order. It is also possible to make orders by the call center. The call center personnel have a very similar screen that the customers view, and they can make orders instead of the customers if wanted.

Today, Sen-al market is the 15th profitable store of Gima among its over 70 stores. Their performance criteria is customer satisfaction. They try to measure customer satisfaction by the call center data. Efficiency analysis is made in terms of delivery times and most preferred products. To decrease the delivery costs, they choose the operation center stores carefully. Returns mainly result from different amounts of products required such as 250gr. instead of 500 gr., or delivering an alternative product to the customer although the customer did not want it. Today Gima has more than 100,000 customers. If demand is very high, sometimes on-time delivery may not occur.

With Microsoft Commerce Server solution, Gima can watch who, when, with which payment method bought what product. This provides later on useful analysis for the company. Also, with this kind of reports, it is possible to measure the performance of the links and advertisements on the Web site.

Migros Case

Migros as Gima has a very large customer information database. They use this information for personalizing the Web site. Migros has a data warehouse application, and this database is searched several times in case of getting statistical information.

On the Web page of Migros, there exists categories such as "Bebeğim" or "Şaraplar", at which they publish articles in order to inform the customers.

Most preferred products can be watched with Migros Card application, on Web site when finishing the shopping, the points collected can be used.

Migros also publishes the promotion information coming from the suppliers to the customers on the Web site.

They have developed a very powerful call center application. The call center personnel can see the demands from customers on their Web page. The customers can write anything to the call center personnel using a screen on the Web page. They can also require anything by writing an e-mail to the call center.

On Migros's site, it is possible to see the questionnaires that the customers can fill in, and this information is collected and an action is taken.

Migros uses its call center to measure customer satisfaction. The customers can send an e-mail to the call center also. They provide questionnaires on the Web site to measure satisfaction also. With their data warehouse system they can get may statistical data that they use internally. Mr. Gençoğlu says the most demanding neighborhoods are Çankaya and Gaziosmanpaşa in Ankara, Ataköy, Göztepe, and Erenköy in Istanbul.

Migros delivers about 100 orders from a distribution center a day. Mr. Gençoğlu mentions that the delivery rarely is not on time because of the weather conditions or the traffic. In such cases, the customer is called by telephone and informed.

For the future, Migros plans to add a repetitive order option for the companies on their Web site, and they plan to watch the distributing cars by watching the GSM pos devices.

4.3. Benchmarking

After analyzing the data collected in Chapter 4, it is possible to draw some conclusions in this chapter in terms of Gima's and Migros's logistics strategies for e-retailing.

It is seen that Migros is the first mover in this sector. So, as with many other things, e-retailing is first done by Migros. Gima did in 2001 what Migros has done in 1997. Although this is the case, Gima is the strongest and closest follower of Migros.

Both companies take the orders nearly in the same way, they ask for similar information in their Web pages in terms of logistics. They want to know the time range the products will be delivered, the address for billing and delivery, the delivery neighborhood and city. Both companies send the orders electronically to operation centers.

Migros and Gima use their existing stores as warehouses, no other extra warehouses are used. This shows that e-retailing is suitable for retailers with a high number of stores. They both selected the stores to be used in e-retailing according to demand from customers and geographical places. Migros however considers the variety of the products in the store also. This is the most important criterion for them.

In terms of stocking, Migros seems better than Gima, they hold safety stock and an online stock control system. Migros does not show products on the Web site if the number is below 4 in the shopping center. Still, it would be better if this system worked real time. Currently the data is only daily actual.

Order processing process works the same in both companies, a responsible person works around the store and collects the ordered products before the delivery time. The packaging system also works nearly the same, they package related products together and fresh food or frozen foods are packaged at the latest time. In Migros, the products ordered are sold to the Sanal Merkez Ticaret A.Ş. at the store and then the Sanal Merkez Ticaret A.Ş. sells the product to the customer, the bill is prepared at the store, whereas in Gima the bill is prepared at the door of the customer.

In terms of distribution, there are some differences. Gima chose to outsource the distribution process whereas Migros chose to make it on its own. From the author's poiny of view, what Migros does is better, because if the delivery times were not prearranged, it should be necessary to outsource the distribution, but in our case, there is no need to outsource this process. Migros distribution cars are also better in terms of their contents, each customer's packages are preserved in a different box. The frozen products are kept in the freezers in both cars and they are taken out from the freezer at the delivery time.

From the billing point of view, there are differences. Gima prepares the bill at the door whereas Migros prepares it at the store. Preparing the bill at the door is better the author believes, because the returns are easier. The customer can check and return a product at the door with no problems. Also, because in Gima e-retailing is not thought as a different profit center, the customers can bring a product back later to any of the stores. But the bad point for Gima is that they do not send a car for the customers who want to return a product back. The customer has to leave the home if he recognizes a problem with the product later. Migros does not prefer the customers to bring back a product to any other store than the operation center. Because, in Migros, the e-retailing is a separate profit center, so Migros sells the product to the Sanal Merkez A.Ş. at the store, and Sanal Merkez A.Ş. sells it to the customer. The good point for Migros is, the car that delivers the products, also collects returns from the customers, if the customers call the call center about their complaints. Migros wants to follow the problems with products this way, so that they can contact the suppliers for continual problems with products.

Both companies are sub-firms of holdings, which have banks also, they both work with their partner banks in terms of virtual payments. In terms of payment options, they provide the same options. Paying at the door by a credit card is the most preferred option within the others. Customers should feel themselves more secure by this way because they pay when they get the product, and there can be no security problems that may take place if the payments are made online over the Internet.

E-retailing provides a lot of data about the customers, companies know who the customers are and what are their shopping habits. Both companies have developed their data warehouse systems so that they can personalize their Web sites, provide promotions based

on customers, and get statistical values about their performances. They have connected their previous intranet systems with e-retailing projects. This is difficult to do in fact, in terms of the information technology point of view.

This thesis shows the way how major chain store e-retailers deal with logistics in Turkey. It is seen that many people today are using online shopping, and the number is going to increase with the young population and the increase in Internet usage habits of people. With the increase in working and educated people in big cities, the potential for e-retailing is going to increase. Both of the companies mention that if the projects were not profitable, they would not continue. Migros says that, at least Kangurum would not be opened if Sanal Merkez A.Ş. did not perform well.

Companies who have their chain of stores already, should take this subject into consideration. Anyway, this brings prestige to the company, and e-retailing will open the doors of implementing further technological improvements for the companies.

CHAPTER V: CONCLUSIONS

According to the findings of the "E-Retailing in Turkey" research made by IBS, only 3.4% of Turkish Internet users are shopping on the Internet and 42,5% of them even do not know anything about online shopping. The most hopeful part of the research is that 79% of the persons shopping online from the Internet are pleased with it. Turkey is a high population country and interest in Internet is attracting attention. The market is in fact so big that foreign retailers are also interested in it. These foreigners, having online channels, will bring more competition to the market. Migros and Gima are the first national movers. The individual goals of introducing e-commerce can be different from company to company and the strategies that are planned and implemented will be different together with the effort and resources invested into making it work. Migros and Gima both have seen the potential in the Turkish market, and aimed to gain prestige and to be the first movers. Migros implemented e-retailing as a separate profit center managed by "Sanal Merkez Ticaret A.Ş." whereas Gima manages it as part of a company.

Migros and Gima are chain-store retailers and well-known companies in Turkey. As Hancock (2001) mentions, brick and mortar retailers have the advantage of a name that consumers already recognize. A strong brand name provides powerful benefits of awareness and credibility for establishing a Web presence. Brick and mortar retailers also have several relatively low cost mechanisms at their disposal to get the word out about their online shopping venues. They can include their Web addresses in advertising campaigns as well as print their Web addresses in store-catalogs and on store receipts. Moreover, they can also tie their store loyalty cards and catalog circulation lists to their mailing lists in order to increase awareness and usage of the online channel. Brick and mortar stores account for %62 of e-retailing sales. Being reputable companies, Migros and Gima have a competitive advantage in Turkey, and they have made use of this opportunity.

Keen (2002) says that, most experts agree that current retailing trends show a shift from traditional retailing to an increased use of the Internet. Store-based retailers have concern that the Internet will make stores obsolete. This fear has driven many of them to build an Internet presence whereas some others think that retail stores may have a large advantage

over the Internet. Migros and Gima, from this perspective, are neither pure-play e-retailers nor traditional retailers. They both built presence on the Internet as an alternative channel to their traditional retailing businesses.

This thesis emphasizes that there are some issues in terms of logistics for the companies in e-retailing to be successful, such as stock availability, fulfillment, method of delivery, and return managent.

When shopping online the assumption is that everything is available and the customers feel like a promise is given. As most of the other grocery e-retailers trying to get around this problem by offering alternatives, Gima and Migros does the same. Migros has been able to get around this problem, by not showing on screen if the stock is not available, with its online stock control system and critical stock level application. But because of the inefficient communication links in Turkey, Migros can not make sycncronization realtime. It synchronizes the products on its web site once a day only. Gima does not even have such a control, it only provides alternatives in case of nonexisting products.

In e-retailing, some retailers utilize their existing stores as warehouses; this method has the advantage of using an existing infrastructure. The alternative is to use a dedicated fulfillment center. The advantages here are the running costs are lower than for a store. The decision as to whether a new distribution center is preferable to utilizing the existing store is just one of the dilemmas facing retailers wishing to succeed in online activities. In fact, this decision depends on the company strategy such as how much to invest and how rapidly it wishes to grow. Both Migros and Gima preferred to use their existing stores as warehouses. Many companies outsource warehousing in the world. According to Raven and Fleenor (2002), B2C businesses can outsource fulfillment function if they are not prepared to handle the volume of business.

According to Steinfield and Adelaar (2002), synergies obtained by integrating e-commerce with physical infrastructures are cost savings, improved differentiation, enhanced trust and market extension. Gima uses physical stores for product returns as an example, which is a practice that reduces buyer risks and builds trust. Both Migros and Gima use their web sites for marketing activities, which brings cost savings in terms of marketing efforts.

Another point that is crucial for e-retailers is the proximity of the distribution point to customers and how orders are delivered. Lasserre (2003) mentions that, it is very difficult to set up a theoretical list of location factors that would apply for all firms. If there exists more distribution points, the customers will be served better. An organization that already has located in or near a major area of population could use these to distribute products. Migros and Gima selected the operation center stores according to geographical locations, demand of customers and traffic. Migros also considered the stores which are rich in terms of product kinds.

For some products, the time of delivery may be more important than the quality of the product itself. In fact, having confidence that a delivery can be made at a specific time on a day is more important to most people than the actual speed of delivery. Migros and Gima provide specific delivery time ranges.

Today, most online retailers pay very high delivery costs on low-value transactions. They need to handle small transactions in large numbers and still be able to make money. According to Kothari (2001), ideally, any retailer would first think of leveraging their existing store capabilities for these fulfillment tasks. However, today, a lot of companies do regard that fulfillment is not one of their core competencies, and outsourcing it to a dedicated fulfillment resource would be more realistic. Migros and Gima use their existing stores as warehouses and as distribution points. Migros outsourced its distribution function for "Kangurum" but not for "Migros Sanal Market". The company managers mention that because in "Kangurum" the delivery times are very changeable, the distribution process is outsourced, but this is not the case for "Migros Sanal Market". Gima, by the way, preferred to outsource distribution. According to the author, for Migros and Gima, outsourcing distribution is not necessary at the moment. Avarage number of orders coming to an operation center store is on the average about 100, and the companies limit the number of orders to 8 -10 per car to distribute. These numbers are very low for the need to outsource distribution. Also, the companies provide delivery time ranges to the customers, so, delivery times are preselected by the companies themselves.

Another issue challenging e-retailers is handling the returns according to Agraval (2001). The customers, in general, prefer the problematic products to be collected by the company. They may also want to return the products to a real store. Migros collects the problematic products back from the customers and the company does not prefer customers to bring back the product to a store. The company mentions that the reason for this preference is that the company wants to know the reason of return and prefer the customer call their call center first of all. The call center then makes the related store collect the product. Also, in Migros, e-retailing center "Sanal Merkez Ticaret A.Ş" is a separate profit center and the billing process is mixed in case customers return products to any real store. In Gima case, customers can bring the products back to any store, and Gima does not send a car to collect the products. Gima does not have a problem from the billing perspective because in Gima, e-retailing is not a separate profit center. Again, because Gima prepares the bill of the order at the door of the customer, the company wants the customer to check the products first of all, and then prepare the bill. So the customer can return the unwanted products at the door. According to the author, it is better to have both of these options, at the same time.

According to Koyuncu and Bhattacharya (2004), individuals prefer to buy more from the Internet since online shopping allows them to do their shopping quicker, saving time and providing better prices. On the other hand, individuals opt to purchase less from the Internet due to the fact that online payments involve some risk and online orders require longer delivery time. Lee and Tan (2002), mention that consumers derive utility from the shopping experience and are more likely to shop for products and services that are low in purchase risks. Migros and Gima, provide payment by cash at the door, payment by credit card at the door, or online payment on the Web to their customers. Both Migros and Gima mention that in terms of payments, paying at the door by a credit card is the most preferred method of payment among customers. The customers prefer this method to others because of security concerns.

According to Wendler and Shi (2001), in e-retailing, the quantities delivered are small but frequent, so the amount of logistics information is more. Technology provides a lot in terms of managing data, quickness, and integrating businesses. Both Migros and Gima have developed warehouse applications and call centers integrated with their e-retailing

platforms. They make use of their shopping cards given to customers for discounts, to watch the customers' preferences. The companies use the call center data and web statistics to measure their e-retailing performances.

The attempts to measure effectiveness and cost-efficiency of the companies' logistics strategies showed that, on the whole, the considered companies were both successful. The companies did not provide the usage of the Web site statistics, or their revenue gained from e-commerce, reasoning that the information is confidential, so it is not possible to say which one gained more profits, so which strategy is better. With respect to their functioning, it can be concluded that these two companies resolved their logistics problems in different ways and each one is successful.

The research shows that all chain store retailers, with advantages of existing stores that can be used as warehouses and by brand recognition, can successfully attract buyers to their sites. After all, it is an additional sales channel that addresses the consumers' demand for having a product when, where, and the way in which they want it. In order to meet the needs of this newly empowered consumer, retailers will also have to integrate their logistics activities. As online retailers develop more sophisticated techniques, the potential is there to delight consumers in more innovative and interesting ways. While this industry has come a long way in a very short span of time, it still does have a long way to go.

APPENDIX A

<u>INTERVIEW GUIDE IN TURKISH</u>

<u>Yönetim ve Kuruluş Amaçları</u>

1. Online satış programı hangi amaçlarla başlatıldı?
    a. Karlılık
    b. Ürünleri çabuk ve hızlı bir şekilde pazara sunma
    c. Müşteriler hakkında bilgi edinme
    d. Rekabet
    e. Müşteri ile iletişimi sağlamak veya kolaylaştırmak
    f. Pazar payını arttırmak
2. Elektronik ticaret kimlerin sorumluluğunda? Örgüt yapısında ayrı bir yeri var mı?
3. Sanal mağaza ayrı bir kar merkezi olarak mı düşünüldü?
4. Elektronik ticaret fikri nasıl ortaya çıktı?
5. Elektronik ticaretin başlangıcında kapsam nasıl ve hangi kriterler gözönüne alınarak belirlendi?
    a. Coğrafi bölgeler
    b. Ürün kapsamı
6. Teknolojik olarak e-ticaret için ne gibi yatırımlar yaptınız?
    a. Call center
    b. Data warehousing
    c. Online siparişlerin process edilmesi için (intranet) uygulamaları?

<u>Sipariş Alma ve İşleme</u>

1. Siparişler nasıl alınıyor? Ne gibi bilgiler isteniyor?
2. Online siparişler nasıl bir işlemden geçiyor?
3. Depo/mağazalara elektronik siparişler nasıl iletiliyor?
4. Verilen bir siparişin hangi depoya/mağazaya yönlendirileceğine nasıl karar veriliyor?
5. Sipariş edilen ürünün depoda olup olmadığının kontrolü yapılıyor mu?
6. Hangi zaman aralıklarında ve hangi bölgelerden sipariş verilebiliyor?
7. Müşterileriniz verdikleri siparişlerin hangi aşamada olduğunu takip edebiliyorlar mı?
8. Verilen siparişe sonradan ekleme yapılabiliyor mu?
9. Talep edilen ürünler hakkında bir değerlendirme yapılıyor mu?

10. Sipariş verilen semtler anlamında bir değerlendirme yapılıyor mu?

11. Müşterilerinizi tanımlayabilir misiniz?

Depo İşlemleri ve Paketleme

1. Depolama düşünüldüğünde alınan bir model var mı?

2. Varolan mağazalarınızı mı kullandınız yoksa ayrı depo alanları mı belirlediniz?

3. Eğer varolan mağazaları kullandıysanız hangi mağazalar olacağına neye göre karar verdiniz?

4. Kaç depo/elektronik ticaret mağazası var?

5. Depo/mağaza yerlerine nasıl karar verildi?

6. Paketleme işlemleri nasıl yapılıyor?

7. Depo sayınız yeterli oluyor mu?

8. Depolarınızda yedek stock tutuluyormu sanal alışveriş için?

Dağıtım

1. Dağıtım işi outsource mu edildi yoksa kendi teşkilatınız ile mi devam ettiniz? Neden?

2. Dağıtım ağı düşünüldüğünde alınan bir model var mı?

3. Dağıtım işi nasıl planlandı? (Semtlere gore, trafiğe göre)

4. Müşteri adeti ve talep yoğunluğuna göre araç sayısını arttırıyor musunuz yoksa fazladan hazırda bekleyen araç oluyor mu?

5. Dağıtım için nasıl bir araç kullanılıyor?

6. Dağıtım için çalışanlara bir eğitim verildi mi? Nasıl?

7. Aracı kullanan kişiye nasıl bir bilgi veriliyor?

8. Araç rotası nasıl belirleniyor?

9. Araçta kimler oluyor?

10. Araçta ne tür ekipmanlar var?

11. Araçlar izlenebiliyor mu?

12. Siparişleri zamanında ulaştırma konusunda aldığınız önlemler nelerdir?

Ödeme

1. Ödeme işlemi nasıl yapılıyor?

2. Kredi kartı veya nakit ödemeler düşünüldüğünde genel tercih nedir?

3. Fatura işlemleri nasıl ve ne zaman yapılıyor?

Geri İadeler

1. Müşteri geri iade yapmak isterse izlenen prosedür nedir?

2. Sorunlu ürün iadesinde izlenen yol nedir?

3. Geri iade edilecek ürünler için araç gönderiliyor mu? Dağıtım yapan araçlar mı kullanılıyor? Nasıl Planlanıyor?

4. Müşteriler internetten aldıkları ürünü mağazaya kendileri iade edebiliyorlar mı?

5. Geri iadelerin sebebi ile ilgili bir araştırmanız var mı?

6. Geri iade bütün ürünlerde yapılabiliyor mu? Taze ürünler?

Performans Ölçümü ve Müşteri Memnuniyeti

1. Performansınızı nasıl ölçüyorsunuz?

2. Müşteri memnuniyetini nasıl ölçüyorsunuz?

3. Dağıtım performansınızı ölçebiliyor musunuz?

   a. Zamanında ulaştırma

   b. Dağıtım maliyeti

   c. Dağıtım zamanı

4. Dağıtım maliyetlerinin nasıl düşürebileceğini düşünüyorsunuz?

5. Genellikle elektronik ticaret ile ilgili ne tür şikayetler ile karşılaşıyorsunuz?

6. E-ticaret sonucunda ekonomik göstergeleriniz nasıl değişti?

7. Elektronik ticareti kullanan müşterilerinizin toplam müşterilerinize oranı nedir?

8. Elektronik ticarette sipariş başına kazanılan zaman ve para hakkında ne söyleyebilirsiniz?

9. Elektronik ticaretten şirketin kendi memnuniyeti nedir?

10. Elektronik ticaret ile birlikte müşteri sayınızda artış oldu mu?

11. Web sitenizin kullanım istatistikleri neyi gösteriyor?

    • Aylık hit sayısı

    • Bir ziyarette harcanan ortalama zaman

    • Ziyaret sıklığı

    • Satınalma/hit sayısı oranı

12. İlerisi için planlarınız nedir?

APPENDIX B

<u>INTERVIEW GUIDE IN ENGLISH</u>

<u>Management and Goals</u>

1. What was the aim of implementing e-retailing?

    a. Profit

    b. Delivering products to the market quickly

    c. Identifying customers

    d. Competition

    e. Providing customer communication

    f. Increasing market share

2. Who is responsible for e-retailing operations? Does it have a separate place in the company structure?

3. Is e-retailing a separate profit center?

4. How did the e-commerce idea appear?

5. At start, how was the scope determined? In terms of:

    a. Geographical locations

    b. Products

6. What kind of technological investments are made for e-retailing?

    a. Call centers

    b. Data warehousing

    c. Intranet applications

<u>Order Taking and Processing</u>

1. How are orders taken? What kind of information is wanted from customers?

2. How are online orders processed?

3. How are the orders sent to the warehouses?

4. How is it decided to which warehouse to send the order?

5. Is there a control of the orders if the products ordered exist on the warehouse or not?

6. In what time ranges and from which areas can orders be given?

7. Is there an order tracking facility available to customers?

8. Can customers add anything missed, to the order after giving the order?

9. Do you have any knowledge about the ordered products?

10. Are neighbourhoods evaluated according to their order numbers?

11. How can you define your online customers?

Storage and Packaging

1. Is there any model in terms of storage you have used?
2. Did you use your existing stores or separate warehouses for e-retailing?
3. If existing stores are used, how is it decided which ones to use?
4. How many warehouses or stores are used for e-retailing purposes?
5. How are the locations of warehouses/stores decided?
6. How is packaging done?
7. Is the current number of warehouses enough?
8. Do you hold safety stock?

Distribution

1. Did you outsource distribution or do it on your own? Why?
2. In terms of distribution, did you take a model?
3. How is distribution planned?
4. In terms of increased demand intensity, how do you meet the number of cars required?
5. What kind of cars is used for distribution?
6. Is there an education program for the personel making distribution?
7. What kind of information is given to the person driving the car?
8. How is routing planned?
9. Who are present in the car?
10. Which equipment do the distributor personnel carry?
11. Can you track the position of cars?
12. What precautions are taken for on-time delivery?

Payment

1. Which options are available in terms of payments?
2. What is the general preference of your customers in terms of payments?
3. When and where is the bill prepared?

Return Policies

1. What is the procedure to return a product back?

2. What if the product is a problematic product? What is the procedure then?

3. Do you collect the returns from customers? How is it planned?

4. Can the customers return products back to a store themselves?

5. Do you have any information about the reasons of returns?

6. Is it possible to return any product? Fresh food?

Performance Measurement and Customer Satisfaction

1. How do you measure your e-retailing process performance?

2. How do you measure customer satisfaction?

3. Can you measure the performance of distribution process?

    a. On-time delivery

    b. Distribution cost

    c. Distribution time

4. How do you think the delivery costs can be decreased?

5. What kind of complaints do you mostly encounter?

6. After e-retailing how are your economic indicators changed?

7. Can you give a percentage of your online customers to your total customers?

8. What can you say about the time and cost gain per customer in retailing compared to traditional retailing?

9. Is your company satisfied with e-retailing?

10. Is there an increase in the number of customers with e-retailing?

11. What do your web site usage statistics show?

    • Number of hits per month

    • Average time spent per visit

    • Visiting frequency

    • Purchase ratio over number of hits

12. What are the company's plans for the future?

APPENDIX C

<u>NOTES FROM INTERVIEW WITH MIGROS IN TURKISH</u>

<u>Yönetim ve Kuruluş Amaçları</u>

- Sanal Merkez A.Ş. 97 yılında kurulmuş. Migros sanal market(3 yıllık tecrübenin üzerine) işi iyi gidince kangurum projesi 2000 yılında başlamış
  - o Bu anlamda ilki yapmak diğer şeylerde de ilk.
  - o İnternettten online satış ilk kez migrosta var.
- Amaç, piyasada ilk olmak, sektörün bu alanda gelişmesini takip etmek
- Programlar koçsistem tarafından yazılıyor.
- Sunucu hosting koçnet tarafından yapılıyor.
- Türkiyedeki ilk sanal pos yazılımı migros için yazılmış.
- Koçbank ve yapı kredi ile çalışıyorlar.. (kapıda hem koçbank hem yapıkredi, vpos için sadece koçbank)
- Sanal Merkez Ticaret A.Ş.
  1. Kangrum
  2. Migros Sanal Market
- Fikir Bülent Özaydın'dan çıkmış
- İlk başta sanal market ürünleri sınırlıymış fakat daha sonra bütün mağazadaki ürünler haline gelmiş.
- Coğrafi bölge olarak ilk başta maslakta başlamış, daha sonra talep doğrultusunda diğer bölgelerde de açılmış
- Müşterilerin çoğunluğu çalışan kişiler ve firmalar, eğitim düzeyi yüksek, gelir düzeyi yüksek kişiler. Yurt dışından ailesinin yerine sipariş verenler de var. Hiç bilgisayar kulanmadığı halde yakınları sipariş veren insanlar da var
- Call center datawarehouse (sanal marlette şarap, bebeğim gibi bölümler açılmış bunlar müşteri databaseinden elde edilen bilgilerden yola çıkılarak açılmış, firmalardan gelen promosyon bilgileri müşterilere iletiliyor, müşterileri bilgilendirici makaleler yayınlanıyor.) ve İntranet uygulamaları var. Müşterilerden gelen çağrılar call centerın ekranlarına düşüyor.
- Yurtdışında e-ticaret uygulamaları yok.

Sipariş Alma ve İşleme

- Adres defteri (teslimat yeri, fatura adresi) (bir kere alındıktan sonra tekrar istenmiyor)

  Ürüne özel not

  Telefon numarası

- Siparişin hangi mağazaya gideceği elektronik olarak karar veriliyor. Leased line data hattı üzerinden mağazanın kulandığı ekrana , saat dilimlerine göre ayrılmış olarak düşüyor.

- Mağazaya düşen siparişleri orada çalışanlar ekranlarında görüyorlar.

- Teslimat gruplarına ve saatlere göre grup grup görüyor.

- Müşterinin talebine göre ürünler poşetleniyor. Bu işlem sipariş çıkmadan 1 saat önceden yapılıyor. Taze ürünler en son poşete konuluyor.

Depo İşlemleri ve Paketleme

- Online stock kontrolü var. Olmayan ürün sanal mağazada gösterilmiyor. Her akşam ürün miktarı sistemde güncelleniyor. (Data hatları kötü diye anlık yapılamıyor)

- Kritik stok seviyesi uygulaması var. Miktar 4'ten az ise sanal markette ürün gösterilmiyor. (Bu uygulama 2002den beri var) .

- Şu anda 18 tane sanal market mağazası var.

- Sanal market mağazası olarak seçilen mağazada ilk dikkat edilen ürün çeşitliliği. 3M mağazalar seçiliyor. Ayrıca talep, ve coğrafi konum, özellikle trafik problemi var ise dikkate alınıyor. Bölge müdürleri karar veriyor ve üst yönetime haber veriyor. Merkezi mağazalar olmasına dikkat ediliyor. Ör: Caddebostan çok merkezi ama trafik koşulları nedeni ile Soyak mağazası seçilmiş durumda.

- Temizlik ürünleri ayrı poşete, donmuş ürünler ayrı poşete alınıyor. Donmuş ürünler sipariş çıkana kadar muhafaza ediliyor.

- Poşetlerin üzerine müşteri isimleri yazılıyor.

istanbul	7	Maslak, şişli, galeria,bahçeşehir, soyak, kartal, beylikdüzü
ankara	1	Büyük migros alışveriş merkezi
izmir	2	Balçova, mavişehir
adana	1	Adana Galeria mağazası
mersin	1	Mezitli mağazası
bursa	1	Zafer plaza (bursanın ortasında)
Marmaris	1	3M
Bodrum	1	3M
Fethiye	1	2M
İzmit	1	Outlet center
Antalya	1	Antalya Alışveriş Merkezi

Dağıtım

- Outsource edilmemiş, elemanları ve araçlar kendilerinin. Kangrumda outsource edilmiş. (Kangrumda edilmiş olmasının nedenini teslimat zamanlarının çok değişik olması)
- Teslimat saatlerine göre semtlere bakılıyor. Trafiğin durumuna göre her çıkıştan önce plan yapılıyor.
- Routing'e yola çıkmadan önce karar veriliyor adreslere ve trafiğe göre
- Hazırda bekleyen fazla araç yok, sıra dışı durumlarda diğer mağazalardan takviye yapılabiliyor.
- Gün içinde mağazaların sipariş sayıları sürekli kontrol ediliyor. Buna göre fazla araç temin edilebiliyor
- 1.5 milyon nakliye ücreti alınıyor. 75ml. TL. Üzerindeki alışverişlerden nakliye ücreti alınmıyor.
- Kargo tipi araçlar kullanılıyor.
- Aracın içinde
  - Buzluk (Donuk kalması gereken ürünler arabadan inerken dondurucudan çıkarılıp poşete alınıyor.)
  - Her müşteri için ayrı bir kasa var.

- E-ticaret işi için çalışan kişilere mağazada eğitim veriliyor (staj). Bu kişilerin migrosu temsil ettikleri düşünülerek özellikle prezentable olmalarına dikkat ediliyor. Müşteriye hitabına dikkat ediliyor.

- Araçta şoför ve yardımcısı bulunuyor. Dağıtımı yardımcı yapıyor.

- Yardımcının eline adres listesi telefonlar ve sipariş listesi veriliyor. Dondurulmuş ürünü olan müşterilerin notu var. Bunlar araçtan indirilirken dolaptan çıkarılıyor.

- Şu anda araç takibi yapılmıyor ama yapılması düşünülüyor. Yapı kredinin GSM POS cihazlarının takip edilmesi düşünülüyor.

- Teslimatta müşteri evde yoksa kapıya teslimat notu bırakılıyor. Telefon açılıyor, bütün diğer siparişler dağıtıldıktan sonra tekrar uğranılıyor. Yine yoksa 2. bir not bırakılıyor ve ürünler mağazaya geri iade ediliyor.

- "Kendi evinize almayacağınız şeyi müşteriye götürmeyin" felsefesi ile hareket ediliyor

- Her zaman diliminde (2,5 saatlik sürede) bir aracın maximum dağıtabileceği sipariş miktarı 8 olarak planlanmış durumda. Hazırlanma süresi de hesaba katılarak bazen arttırılıp azaltılabiliyor.

- Eğer müşteri sipariş verdiğinde araç doluysa kapasite dolu mesajı veriliyor. Diğer güne yer almak zorunda kalıyor.

- Sipariş biterken, sipariş onayı için telefon numarası alınıyor.

- Müşteri aracın yola çıkmasından 1 saat öncesine kadar sipariş girelebilir.

Ödeme

- Teslimatta kredi kartı (yapı kredi) – en çok tercih edilen yöntem

- Online kredi kartı işlemleri için koçbank ile çalışılıyor.

- Taksitli ödeme (akıllı kart-koç finans, vade farksız 3 taksit)

- Kapıda nakit ödeme imkanı var

- Migros kart puanına indirimler uygulanıyor

- Migros sanal merkeze satmış gibi oluyor. Sanal merkez de müşteriye satıyor ve faturada sanal merkez yazıyor.

- Fatura mağaza da kesiliyor.

Geri İadeler

- Müşterinin aldığı ürünü 7 gün içerisinde geri iade etme şansı var. (Tüketici kanununa göre)

- Her ürün iade edilebiliyor.

- Geri iade sebepleri ile ilgili bir araştırma yok. Ama genellikle ürün muhteviyatı ile ilgili sorunlar çıkıyor, ambalaj yırtılmış hava almış gibi.

- Ürün değişikliği yapılabiliyor.

- Geri iade için ayrı bir araç çıkmıyor ancak, dağıtımı yapan araç bu adreslere uğrayıp ürünü geri alıyor.

- Eğer müşteri mağazaya bırakacak ise sanal market mağazasına bırakması isteniyor. Fakat diğer mağazalardan da yardımcı olmaya çalışıyorlar.

- Geri iadelerde tercih edilen yöntem call centerin aranması. Bu durumda kendileri müşteriyi yönlendiriyorlar ve eğer ürüne spesifik bir sorun ise bunu satın aldıkları supplierlarla görüşmek istiyorlar.

Performans Ölçümü ve Müşteri Memnuniyeti

- En çok sipariş veren semtler:
    - Çankaya
    - Gaziosmanpaşa
    - Ataköy
    - Göztepe
    - erenköy

- Dağıtım performansı için söylenenler:
    - Zamanında teslim edilemeyen sipariş sayısının çok az olduğu söyleniyor.Hava koşullarından gecikme olabiliyor, bu müşteriye telefon ile bildiriliyor.

- Müşteri memnuniyeti için:
    - E-mail ile talepler şikayetler alınıyor
    - Çağrı sistemi ile şikayet ve talepler alınıyor. Call centerin önündeki ekranlar düşüyor. Buradan istatistik almak mümkün.

Gelecek ile ilgili planlar

- Şirketler için özellikle tekrarlayan sipariş girme olanağı vermeyi planlıyorlar

- Dağıtım araçlarının pos cihazlarından takip etmeyi planlıyorlar.

APPENDIX D

<u>NOTES FROM INTERVIEW WITH GIMA IN TURKISH</u>

<u>Yönetim ve Kuruluş Amaçları</u>

- Sen-al market Haziran 2000 de başladı.
- 10:45 22:45 arasında çalışıyor
- 5 ilde hizmet veriyor
  1. İstanbul
  2. Ankara
  3. Antalya
  4. kayseri
  5. bodrum
- Elektronik tcaret anlamında iki başlık var.
  1. sen-al market (internet üzerinden gelen siparişler için)
  2. alo-gima (4441000 aynı zamanda call center olarak da çalışıyor)
- Yönetimini pazarlama genel müdür yardımcılığına bağlı olan alternatif kanallar pazarlama müdürlüğü yapıyor.
- Call center oluşturulmuş. Buradan sipariş vermek de mümkün. Call center çalışanları da Internetten sipariş veren bir müşteri gibi sipariş girişi yapıyorlar. Kullandıkları ekran Internet üzerindekine çok benzer fakat çok daha hızlı.

<u>Sipariş Alma ve İşleme</u>

Sipariş verme işlemi sırasında müşteriden istenen bilgiler:

- Teslim edileceği adres (1 kere de girebilir sonradan değiştirebilir)
- Fatura adresi
- Teslim edileceği gün
- Müşterinin özel notu: kıyma 2 kere çekilsin gibi
- Ödeme seçenekleri:
  o Adreste kredi kartı ile
  o Adreste nakit ödeme
  o Online kredi kartı ile ödeme
- Sipariş edilen ürün yoksa ne yapılması isteniyor bilgisi
  o Telefonla aranmak

- o Sadece mevcutlar gönderilsin
- o Alternatif ürün gönderilsin
- Teslim edileceği zaman dilimi illere gore değişiyor. Istanbul için:
    - d. 10:45-13:15
    - e. 14:00-16:30
    - f. 17:00-19:00
    - g. 19:45-22:45
- Siparişler elektronik ortamda siparişin gideceği semte göre ilgili operasyon merkezi mağazasına yönlendiriliyor. Siparişin hangi depoya gideceğine elektronik olarak karar veriliyor. Internet üzerinden baktıkları bir ekran var operasyon merkezlerinin. Verilen siparişler için "sipariş formu" hazırlanıyor. Bu formda ad, telefon,adres, ürünler yer alıyor.
- Eğer mağazada ürün yok ise müşterinin siparişi verirken ki tercihine göre bir yol izleniyor.
- Safetystock (yedek ürün) tutulmuyor.
- Web sayfasında mağazada olsun olmasın bütün ürün çeşitleri gösteriliyor.
- Elektronik siparişler teslim edileceği yere göre ve teslim edilecekleri saat dilimine göre gruplandırılıyor.

Depo İşlemleri ve Paketleme

- Mağazaların içinden seçilmiş olan operasyon merkezi mağazaları dışında ayrı bir depolama sistemi kurulmamış. (varolan mağazalar kullanılmış)
- İstanbulda hizmet veren 6 -7 tane operasyon merkezi mağazası var. Bunlar sipariş yoğunluğuna ve bölegelere göre seçilmiş.
- E-ticaret müşterisinin de mağazaya giren bir müşteri gibi olduğu düşünülüyor. Görevli kişi mağazanın içerisinde dolaşarak ürünleri topluyor.
- Taze ürünler sanal market için ayrılan dolaplarda muhafaza ediliyor. Dondurulmuş dolabı ayrı. Teslimat saatine kadar bu dolaplarda poşetlenmeden muhafaza ediliyor. Araç sevkiyata çıkacağı zaman araca yerleştiriliyor.
- Depo mantığı yok, mağazadan ürünler toplanıyor.
- Operasyon merkezi mağaza sayısının yeterli olduğu düşünülüyor.
- Sipariş edilen ürünler mağazada yönetici tarafından kontrol edilip paketleniyor.

- Poşetleme işleminde ürünler türlerine göre gruplandırılarak poşetleniyor. Paketleme teslimatın yapılacağı zaman diliminden 3-4 saat önce yapılıyor.
- Müşteri siparişini izleyebiliyor, teslimat saatini sonradan değiştirebiliyor

Dağıtım

- Dağıtım işi outsource edilmiş.
- Araç içerisinde dondurulmuş ürünler için ayrı bir dondurucu dolap var.
- Optimum sipariş sayılarına göre mağazlarda hazır bekleyen araçlar var. Ama talebin yoğunlaşmasında her an ek araç gidebilecek durumda. Başka mağazadan veya firmadan.
- Geçmiş döneme ait datalara göre semtlere ve sipariş yoğunluğuna göre araç ve personel organizasyonu yapılmış durumda.
- Hangi sipariş en önce verilecekse o paketler en arkaya gelecek şekilde araçta arkaya yerleştiriliyor.
- Araçlara semtler bazında verilen ana rotalar var ama adrese göre değişebiliyor.
- Dağıtım işini yapan araçlar panelvan şeklinde araçlar
- Dağıtım işini yapan çalışanlar belli bir eğitime tabi tutulmuş
- Aracı kullanan kişiye adres bilgileri veriliyor.
- Gps şimdilik yok ama düşünülüyor.
- Araçta gima çalışanı ve şoför var.
- Gima çalışanının yanında
    - İrsaliye
    - Fatura basma cihazı
    - Gsm pos, bulunuyor.
- Araçlar izlenmiyor.
- 1.5 milyon nakliye ücreti alınıyor.
- Müşteri evinde bulunamadığında müşteriye standart form bırakılıyor. Müşteri talep ettiği taktirde sipariş başka bir zaman diliminde tekrarlanıyor.

Ödeme

- Müşteri ödeme şeklini siparişi verirken seçiyor.
- İnternetten ödemiş olabilir.
- Kapıda ödüyor olabilir (gsm pos veya nakit) – kapıda ödeme ilk kez Gima tarafından yapılmış birşey ve en çok tercih edilen yöntem.

- Kart finansa 4 taksit yapılıyor
- Fatura kapıda kesiliyor.

Geri İadeler

- Müşteriye ürünler teslim edildiğinde müşteri kapıda geri iade yapabiliyor. Fatura kapıda kesildiğinden sorun olmuyor. Ödeme kapıda yapılıyorsa yine sorun yok, ama eğer online ödeme yaptıysa hesabına geri iade yapılması gerekiyor banka tarafından.
- Müşteri istediği bir mağazaya ürünü geri iade edebiliyor.
- Geri alınacak ürün için araç gönderilmiyor.
- Faturayı kapıda basmak: fatura basılana kadar geri iade edilebiliyor.
- Teslimatta, müşteriye sipariş kontrol ettiriliyor.
- Geri iade edilen ürünlerle ile ilgili ve mağazalarla ilgili istatistiksel bilgi tutuluyor. Eğer bir mağazaya çok geri iade varsa o mağaza çalışanları eğitime alınıyor.
- 1/1000 gibi bir geri iade olabilir daha fazla değil.
- Bütün ürünler 15 gün içerisinde iade edilebiliyor. Taze ürünlerde de geri iade mevcut.

Performans Ölçümü ve Müşteri Memnuniyeti

- Performans ölçümü müşteri memnuniyetine göre yapılıyor.
- Call centera gelen şikayetler veya memnuniyet bildirimleri kullanılıyor
- Teslimat zamanlamaları ve müşterilerin tercih ettiği ürünler anlamında verimlilik analizi yapılıyor.
- Dağıtım maliyetini düşürmek için operasyon mağazalarının seçimine dikkat ediliyor.
- Site oluşturuşurken müşterilerden feedback alarak oluşturulmuş. Buna göre bölgeler seçilmiş.
- Dağıtım ile ilgili olarak karşılaşılan genel şikayetler
  - o Alternatif ürün istemediği halde yollanması
  - o 250 gr. Yerine 500gr. gitmesi gibi…
  - o Şu anda 100.000 in üzerinde müşterileri var.
  - o Yoğun talep olduğunda ya da hava şartları kötü olduğunda gecikmeler olabiliyor. Bu durumda müşterilere telefon ile bilgi veriliyor.

- Internet üzerinden ve call centerdan müşteri memnuniyeti ölçülüyor. Eğer bir sorun varsa o operasyon mağazası için bir eğitim programı düşünülüyor.
- Sistem kurulmadan önce ilgili illerde müşterilerin talepleri yönünde araştırma yapılmış. En kısa zamanda nasıl müşteri siparişini tamalayabilir.
- Süpercard'a göre en sık alınan ürünler takip ediliyor. Süper puanları kullanması yönünde siparişi tamalarken faydalanabiliyor.
- Site kişiselleştirilmiş.
- Call center oluşturulmuş.
- Order Tracking var

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