The Tesco.com and LeShop.ch Experiences:

Is Success at hand?
In spite of Tesco's apparently successful Internet-based grocery retailing business, there was still some internal debate within the company about their fulfillment ("in-store picking") approach and its possible limitations. According to an industry analyst, the dilemma between in-store picking versus local warehouses was a false one: "For the future, it seems less a case of in-store or local warehouses but rather a combination of both. Some store-based picking with e-mailed orders direct to the shop when sales volumes are low, regional picking centers for the full range of fresh and frozen produce, and a growing assortment of non-urgent pantry replenishment options — possibly even involving FMCG [fast-moving consumer goods] manufacturers." To shed light upon this issue, two European on-line grocery retail companies will be hereafter presented, which adopted different strategic postures with regard to fulfillment: LeShop.ch and Tesco.com.

1 LeShop.ch

"LeShop.ch is the first online grocery service in Switzerland. The service is targeted to working people, especially women, who have to manage both family and job. We want to make their weekly household shopping as easy as possible." LeShop.ch aims to establish itself as the No. 1 Swiss online food market."

LeShop.ch company information

1.1 Company History

The online grocery store LeShop.ch AG, based in Chavannes-de-Bogis, Switzerland, was founded in the summer of 1997. It went online in April 1998. LeShop.ch was started by Alain Nicod, now Chairman of the Board, and Christian Wanner, currently CEO of the company. Previously, Nicod had worked at McKinsey, a consultancy, where he was member of the Consumer Goods Practice. Wanner worked previously with Procter & Gamble where he gained experience in finance, advertising and brand management of consumer goods in the Health & Beauty Care Division.

When LeShop.ch went online, it faced difficult initial obstacles. After only two hours of operation it was forced to close its web site when 800 users logged on simultaneously and crashed the company's computer server. Following this bad start, the company went offline for a month. Since then, the company has grown rapidly. Total sales in 1999 were 4 million Swiss Francs (SF)\(^2\) and reached 6 million SF in 2000. Christian Wanner comments on the increase of sales: "Our sales only really began to climb when we realized who benefits most from this comfortable approach to shopping—and how we can complement in-store shopping. That's why young families and working mothers will continue to be at the forefront of our vision in the future. They use LeShop.ch for their planned purchases, and they have their supplies delivered instead of carrying heavy bags back home."\(^3\)

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\(^1\) Financial Times (September 6, 2000).
\(^2\) On 2\(^{nd}\) October 2001, the exchange rate of the Swiss Franc was: SF1.48 = 1.61 Euro = 1 US$. 
\(^3\) Quoted in LeShop.ch press release.
In the first semester of 2001, turnover amounted to 5.5 million SF, which represents a 100% increase in comparison to the same period in 2000. Christian Wanner continues: "The figures for the first half year confirm that demand for our services is continuing to rise. This gives us great confidence for the future." When asked about the profitability of the online operation, however, LeShop.ch remained discrete.

In order to accommodate for the growth of the company, LeShop.ch has increased its workforce from 7 employees in April 1998 to 25 employees in April 2000 and 40 employees in April 2001.

The client base contains 16,000 customers who have made at least one purchase at LeShop.ch. Regular customers account for 76% of all purchases. The value of the average shopping basket has increased from 142 SF in 2000 to 152 SF in the first quarter of 2001. The average purchasing frequency per customer is every 18 days. With regard to the overall potential of the Swiss market, LeShop.ch expects that e-grocery retailing in Switzerland will grow to around five percent of food retailing revenues in the next five to ten years. This would amount to two billion Francs. One important reason for the growth potential of online grocery shopping in Switzerland is that the number of dual-career families has doubled in the past generation. Physical stores are unable to accommodate for this shift since opening hours are still only from 8:00 a.m. to 6:00 p.m. on weekdays and Saturdays.

1.2 LeShop.ch's Parent Company: The Bon Appétit Group

"LeShop.ch is an innovative service, backed by a highly motivated team that works at the very top level of the business. We firmly believe that LeShop.ch still has considerable growth potential. LeShop.ch doesn't just sell food products; it sells a very special service that saves customers time. It significantly improves their quality of life and allows them to use their energy for other things—a factor which is becoming increasingly important to growing numbers of customers in today's world."

Jeannine Pilloud Herr, CEO e-commerce at Bon appétit Group

The Bon appétit Group is the main shareholder of LeShop.ch. It has held a 30% share of the company since 1999 and increased its stake to 54% in March 2001. The Bon appétit Group is a major Swiss company in the food trade business. It was created in mid-1999 from the merger of Bon appétit Holding Ltd, which focused on wholesale and travel catering, and Usego Hofer Curti Ltd, which specialized in wholesale and retail trade.

For the year ending December 2000, the Bon appétit Group reported sales of 3.29 billion SF. In the first half of 2001 the company increased its revenues by 6.2% to 1.55 billion SF. Overall profits increased by 160% to 17.1 million SF. The Bon appétit Group employs around 7,300 people. Its guiding theme is as follows: "From warehouse to brainhouse: We are transforming ourselves from being a product-oriented food retailer to being a service-oriented and Internet-based retailer, and we focus our services strictly on our customers. We

\[1\] Quoted in LeShop.ch company material. August 22, 2001.

work continuously on the improvement of process efficiency and the development and exchange of know-how. We consider ourselves to be a learning organization. "6

Beat Curti7, the majority shareholder of Bon appétit Group, has long been convinced of the importance of electronic commerce applications for his company. He said: "We have the ambition to gain a global leadership position in the food area with regard to Internet and technology. "8

The importance of electronic commerce within the Bon appétit Group is also reflected in the choice of executives at the company. For instance, the CEO of the company, Mario Fontana, who has held this position since 1999, did not have any experience in food retailing and gastronomy. But he has had 25 years of experience in the computer business, holding positions with IBM Switzerland and Hewlett-Packard.

The Bon appétit Group hopes to leverage LeShop.ch’s e-business expertise, gained in the business-to-consumer service, with regard to the business-to-business sector. The company also expects synergies from the combined knowledge bases in market research and consumer behavior. Jeanine Pilloud Herr explains: "In Europe, LeShop.ch is unchallenged as the leading e-commerce solution for food shopping, particularly where speed and convenience are concerned. Its expertise has an important role to play throughout the Bon appétit Group and we will be incorporating it into our existing procedures. The result will be efficiency gains that will benefit customers and partners in catering and retail sectors, as well as ourselves."9

At the same time, with the capital increase, LeShop.ch is guaranteed the financial resources for further expansion and it has the possibility to expand the depth and breadth of its product range—such as through the incorporation of the Gourmet Factory offerings (mentioned later in the case). Alain Nicod explains: "Sales figures in Switzerland are showing satisfying growth—and in Bon appétit, we have the right partner to enable us to exploit our technological and logistical head start."10 Christian Wanner also believes that working together more consistently will create the foundation for further expansion. He said: "We have the ideas and the pioneering spirit to contribute electronically to enriching the Swiss retail sector - and Bon appétit Group gives us both financial backing and greater proximity to shopping in its conventional form."11

1.3 Shopping at LeShop.ch

LeShop’s product offerings are meant to meet all daily requirements of customers. They include fresh fruit, vegetables, dairy products, bread, meat, beverages, household and baby goods, body care, perfumes, wines and spirits, organic items and international foods. Organically grown products account for 8% of all fresh produce sales. LeShop.ch reports that the most frequently ordered products are bananas.

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6 Quoted in LeShop.ch company material.
7 His personal fortune is estimated to exceed 300 million SF.
In addition, LeShop.ch also cooperates with Gourmet Factory\textsuperscript{12}, a specialty store for food products located in the exclusive Bahnhofstrasse in downtown Zurich. As part of this cooperation, LeShop.ch now operates the warehouse of Gourmet Factory and has added a special section on its website featuring a selection of Gourmet Factory's 14,500 items. The Gourmet Factory section, which initially started with 260 articles, offers products such as antipasti, oils—there's a choice of over 40 different oil types—, rice dishes, polenta, vinegar, truffle products, confectionery and biscuits. In the future, LeShop.ch plans to expand this section to 500 articles.

LeShop.ch developed its website internally using Broadvision and Sybase. The application integrates all relevant functionalities such as page editing, product updating, all processes from inventory management to accounting and individualized user addressing. Through this website, customers can look for products in two different ways (see exhibit 1). They can either type a key word into the product-search function. The key word \textit{chocolate}, for instance, brings up a list of all products where the word chocolate either appears in the product name, in the ingredient list or in the product description. The second search function uses EAN\textsuperscript{13} code, which is assigned to all products available in supermarkets. Customers only need to type in the EAN code, which is printed underneath the barcode of the product packaging, to find out whether a product is available at LeShop.ch. Customers are also invited to send an e-mail message if their favorite product is not available. LeShop.ch encourages this type of feedback to help adjust its product offerings according to customer needs.

Prices at LeShop.ch are comparable to the regular prices at other Swiss supermarkets. Prices for fruit and vegetables are adjusted to the current market prices on a weekly basis. Based on its pricing policies, payment procedures and the security of private data, LeShop.ch has received the "Web Trader Code", a quality mark, which was launched by the Fédération Romande des Consommateurs (FRC) together with nine European consumer organizations. Christian Wanner is delighted about this: "\textit{We welcome the FRC initiative. It reflects our quality standards with the certificate.}\textsuperscript{14}"

For all perishable goods sold through the website, LeShop.ch has set limits regarding the expiration dates. For instance, meat products need to be good for at least three more days after they have been delivered; for dairy products this limit is six days and for fresh milk it is four days.

Customers have three different payment options. They can either choose to pay by credit card (VISA, Master Card and American Express), through bank transfer or using a payment form. Regarding security issues, Verisign has approved LeShop.ch. Customers who do not feel comfortable sending their credit card information through the Internet can also choose to do so by telephone between 8:00 a.m. and 10:00 p.m. Monday through Friday, and 8:00 a.m. through 1:00 p.m. on Saturdays.

\textsuperscript{12} The Gourmet Factory is also part of the Bon Appétit Group.
\textsuperscript{13} EAN stands for \textit{European Article Numbering}
\textsuperscript{14} Quoted in LeShop.ch press release.
1.4 LeShop.ch's Fulfillment Approach

When LeShop.ch was launched in 1998 it initially relied on external help for the fulfillment process. All orders coming in through the web site were passed on to a fulfillment center in Villmergen, which was operated by the Planzer Transport AG. Planzer then delivered the ordered articles to the distribution centers of the Swiss Post, which then delivered the goods to the customer's household.

As the number of customers grew it became obvious that increasing complexity would require a different fulfillment approach. In order to meet this logistical challenge LeShop.ch decided to open a dedicated fulfillment center in Bremgarten (Aargau) with 7,000 square meters of surface area. The first shipment from this center was delivered on August 7, 2001.

Prior to setting up the fulfillment center, LeShop.ch conducted extensive research on the state-of-the-art of logistics in online retailing. Christian Wanner explains: "Over the last few months we have visited top logistics centers for various industries throughout the world. Adapting these processes for our needs will help us to achieve world-class productivity at minimal cost in our fulfillment."¹⁵

Dominique Locher, Head of Logistics and Products at LeShop.ch, adds: "Our center is a novelty for Switzerland. It's the first fulfillment center in the country tailor-made for the needs of e-commerce involving fresh produce. It will give us a better control over quality and help us reduce logistics costs at the same time."¹⁶

In order to handle 400 orders each day, all products are sorted by shelf turnover, packing sequence and storage requirements. A single-pick storage system allows pickers to select and place each product in the shipping boxes individually. To support pickers, the system automatically distributes the incoming orders to packing zones. Instead of pickers walking through the aisles with shopping carts, the shipping box makes its way to the appropriate packing zones via 700 meters of conveyor belts. This system allows pickers to process an order simultaneously at different positions, which helps to move products faster.

Currently, the product storage space covers 4,200 square meters. In addition, the center has 1,600 square meters of refrigerated space. At the moment, 4,500 different products are kept in stock: 700 of which are fresh products. Total storage capacity is designed for up to 10,000 different products. Thirty employees work in the fulfillment center, which provides working space for more than 100 people. Operation hours are between 6:00 a.m. and 10:00 p.m., Monday through Friday.

The new fulfillment center has a modular design, thus allowing LeShop.ch to expand its operations quickly and at low cost. If needed, the size of the fulfillment center can be expanded by an additional 7,000 square meters. LeShop.ch expects that it would take about 12 months to plan and implement a second center similar to the first one to accommodate future growth.

Edwin Scherer, CEO of the Bon appétit group, the majority shareholder of LeShop.ch, comments on the investment: "LeShop.ch is putting the focus on innovation with the new

¹⁵ Quoted in Le.shop.ch company material, August 22, 2001.
¹⁶ Quoted in Le.shop.ch company material, August 22, 2001.
center, without losing sight of reality. At the same time this development at LeShop.ch represents an expansion of the logistics expertise in the Bon appetit Group. This will lead to further valuable synergies within the corporate group. 17

Sixty different suppliers provide the products for the center; eleven of them deliver fresh produce such as fruit, vegetables, meat and cheese on a daily basis. Approximately, 200 to 400 daily orders are shipped to customers. These orders consist of 800 to 1,600 boxes, which weigh 9 tons. All products are packed in paper bags. Frozen items are packed into insulated bags to keep them frozen.

Customers can place their order anytime through LeShop.ch’s website. Orders coming in from Monday through Thursday before 12:00 p.m. are fulfilled the following day between 5:30 p.m. and 8:00 p.m. As of April 2001, LeShop.ch also provides evening delivery at no additional cost in major cities such as Aarau, Basel, Bern, Zurich, Lausanne and Geneva. Orders placed before Friday 4:30 pm are delivered on Saturday morning. All orders between Friday 4:30 p.m. and Sunday 12:00 p.m. go out on Monday evening.

Orders are delivered throughout Switzerland. 80% of all orders are delivered via Express Post, which means that orders are packed and delivered on the same day. The distribution partner is the Swiss Post Office. Regular surveys indicate that 95% of customers are satisfied to very satisfied with the service provided through the Post Office throughout Switzerland.

In case a customer is not at home when the delivery takes place, he/she can choose between three options. It is possible to have the order delivered (1) on the household’s doorstep (where the customer can pick it up upon returning), (2) to the customer’s neighbor, or (3) to have it returned to the Post Office in case no one is home.

If a customer is not satisfied with the delivered products, LeShop.ch offers a 100% money-back guarantee, with “no questions asked”. The delivery cost for one order is 9 SF regardless of quantity and weight.

1.5 **International Expansion**

LeShop.ch expanded into Germany in October 2000 through the LeShop.ch GmbH with headquarters in Hürth, nearby Cologne. In a first phase of expansion, the serviced area was limited to 2.5 million households in the highly populated area of Bonn, Cologne and Düsseldorf. Sales grew rapidly at 34% per month and were 47% higher than anticipated in the business plan. Each week, 300 hundred orders were fulfilled. In June 2001, LeShop decided to pull out of the German market due to a lack of financial funding.

LeShop.ch has also entered the Argentina market. The online grocery store LeShop.com.ar was launched in August 2000 in Buenos Aires with an initial investment of $2.5 million mainly used for setting up the physical infrastructure and the technology. The Swiss parent company holds a 42% stake in the Argentine subsidiary; the remaining 58% are held by European and Argentinian investors. LeShop.com.ar has over 40 employees, half of which are employed for delivering the goods.

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LeShop.ch has also started to license its technology to online grocery retailers in other countries. For instance, the large supermarket chain Alcampo in Spain, which had previously developed its own website, decided to acquire a license for LeShop.ch's technology. Alain Nicod hopes to leverage LeShop's technological expertise by licensing it also to online retailers in other countries: "We want to extend this cooperation into France, Italy and Portugal." 18

2 Tesco

"When dot-coms of any type in the U.K. ask me whom they should watch, I tell them they should be worried if Tesco decides to move into their space."

Nick Jones
Analyst, Jupiter Communications

2.1 Company History

Sir Jack Cohen founded in 1924 the supermarket chain Tesco. Cohen invested his ex-service man's gratuity of £30 in a grocery stall, thus opening up the first store. The Tesco name was first used in 1929 in a store in Edgware, London. The acronym presented the initials of the company’s tea supplier - T.E Stockwell - and Cohens own name. After the great depression, in 1932, Tesco was formally established as a private limited company. During the 1930's Tesco added more than 100 stores mainly in London. After his visit to the US to study the self-service supermarkets, Cohen developed Tesco’s "pile-it-high-and-sell-it-cheap" format, which became a central part of Tesco's retailing strategy in the years to come.

In 1956 the first Tesco self-service supermarket was opened in a converted cinema. During the 1950's and 1960's Tesco grew primarily through acquisitions. These included 70 Williamsons stores in 1957, 200 Harrow stores in 1959, 212 Irwins Outlets in 1960, and 97 Charles Phillips stores in 1964. By the 60s Tesco had become a chain of 600 stores. The Tesco store, which opened in Leicester in 1961 had 16,500 square feet of selling space and went into the Guinness Book of Records as the largest Store in Europe.

As customers began looking for quality and choice in the 70s and 80s, Tesco started to have severe problems and the company’s results slipped dramatically, so that in the 80s few people thought that Tesco could survive. The primary reason for the dismal performance was that customers had a negative image of the company, which competed mainly on price. Due to this sole focus on low prices, customers were faced with poorly maintained stores and an assortment of items that was perceived as inadequate and of mediocre quality.

Tesco tried to respond to these developments by improving product quality and profitability. In 1977 already, Tesco introduced a private-label brands to strive for higher quality. In addition, 500 unprofitable stores were closed while large-surface supermarkets were opened up simultaneously. Nevertheless, the situation did not improve significantly.

18 Quoted in LeShop.ch press release.
Lord McMaurin, who had joined Tesco in 1959 and was its long-term Chairman, led the company's turnaround. Upon becoming chairman in 1985, he set out to turn Tesco inside out. When he retired in early 1997, Tesco had become the largest and most profitable supermarket chain in the UK. His first move was to pour large amounts of money into the construction of new supermarkets in order to attract upper market segments. Simultaneously, new systems and technology were introduced in sales and distribution, which would lead Tesco to be positioned across a range of store formats and market segments.

The oldest and most established Tesco superstores offered customers a wide range of goods, a pleasant shopping environment and free car parking. These superstores have minimum selling surface of 26,500 sq. ft. and display about 25,000-30,000 SKUs. In the 1990s Tesco started to develop new store concepts such as Tesco Metro, a city center store meeting the needs of workers, high-street shoppers and the local community. In addition, so-called compact stores (which were smaller than the superstores and have an average selling area of less than 26,500 square feet) were opened primarily on edge-of-town sites. This opening was followed by the launch of Tesco Express, which combines a petrol filling station with a local convenience store. The most recent introduction of a new store format was Tesco Extra, a hypermarket, which offered a wide assortment of non-food items as a complement, not at the expense of the food assortment. The first Tesco Extra, which opened in 1996 in Pitssea, Essex, had a sales area of 102,000 sq. ft. and displayed a total of 45,000 SKU’s.

In 1995, Tesco introduced the first customer loyalty card, which offered benefits to regular shoppers while at the same time helping Tesco to find out more about its customer needs. Today, Tesco has 10 million Clubcard member households.

The current CEO at Tesco is Terry Leahy, who has worked for the company for 21 years. Much of Tesco’s current success is credited to his leadership ability. One of his former colleague comments about him as follows: “Anybody today who doubts that the current success isn’t down to a mixture of both [Leahy and MacLaurin]—and more recently down to Terry Leahy—really doesn’t know how retail businesses work.” When asked about his leadership style another colleague explains: “When he [Leahy] took over as chief executive there were people in Tesco who missed the dash and the style of MacLaurin. But most of those people have now become fiercely loyal to Terry because he has a plan, he communicates it well and he is single-minded in going for it.”

To respond to increased competition and declining prices in the food segment, Tesco has significantly expanded its range of products. The superstores now devote 40-50% of their shelf space to non-grocery items such as clothes and products for the home. In 2000, Tesco, which is also Britain’s largest independent petrol retailer, opened up a new front in electronic retailing, selling televisions, DVD players and mobile phones, which generated sales of £45 million.

For the year 2000 Tesco reported the following financial data. Overall sales Group profit before taxes increased by 12% to £1.07 billion, excluding the net loss on disposal of fixed assets, goodwill amortization and integration costs. UK sales grew by 8.5% to £1.99 billion of which 4.8% came from existing stores and 3.7% from new stores. International sales grew by 20 SKU stands for “Stock Keeping Unit” and is a number associated with a product for inventory purposes.
43% to £2.9 billion and contributed £74 million to profits, which presented a 48% increase over the previous year. Tesco's market share has grown steadily since the early nineties and it is currently 15.6% of the UK market. Tesco employs 240,000 people worldwide.

Following an aggressive expansion strategy mainly into Eastern Europe and South East Asia, Tesco operates today over 900 stores in the UK, Ireland, Hungary, Poland, the Czech Republic, Slovakia, Thailand, South Korea and Taiwan.

Tesco strategy has four key elements as stated in the Tesco 2000 Annual Report:

- **Strong core business in the UK:** "We have continued to outperform the industry by offering value and innovation for customers against a background of difficult trading conditions. This business will continue to grow and compete effectively."

- **Non-food:** "We are progressing with our aim to be as strong in non-food as we are in food. We are on track to secure a 6% share of the UK market. Non-food sales will grow faster than food as new space comes on stream and as we extend global sourcing and global non-food capabilities. By 2002 we expect group non-food sales to be £5 billion."

- **Retailing services:** "We follow the customer into new areas of expenditure as shopping habits change. We have the largest Internet grocery business in the world, we have doubled our mobile phone business in the past year and we are vigorously growing our financial services business."

- **International growth:** "The pace of our international business is accelerating and experience is growing as we move through the development phase into profits and returns. By the year's end this business will be four times larger than it was four years ago and our lead countries, Hungary and Thailand will be in profit. Overall, we are on track to 45% space overseas by 2002 and looking to expand into other countries in the longer term."

### 2.2 Tesco.com

"After spending around £40 million on getting its store-picking system right, Tesco has built up a profitable online food business with turnover of £300 million a year, making it the biggest Internet grocer."²¹

Tesco's online delivery service was initially launched in 1996-97. By doing so Tesco was the first retailer in the UK to start this type of service, which allowed customers to place orders by telephone, fax and also via the Internet.

As of summer 2001, Tesco accounts for more than 50% of all the online grocery sales in the U.K., and has expanded its Internet-based offerings into Ireland. Today, it has 750,000 registered customers and processes 70,000 orders a week. John Browett gives an overview over the financial developments at Tesco.com: "We did £237 million in the year ended

February 2001, and now we're at an annualized rate of more than £300 million. We lost a total of £9.5 million last year, due to the cost of rolling out stores and starting five different nonfood business—electronics, baby and toddler, fashion, entertainment and wine deals. But the grocery business is already profitable. Over the long run, there's no reason it can't be as profitable as retail stores, which now have an operating margin of 5.7%. We're not there yet.22 Already, Tesco.com is one of the most frequently visited retailing websites in the UK (see exhibit 2).

Most of Tesco.com's registered shoppers are not yet regular users. The company is aiming to double the sales figures within three years and to build the business to 240,000 orders per week with £2 billion of turnover. Online shoppers tend to spend more than their brick-and-mortar counterparts. While the average store basket is about £25, the average Internet-based order is £90.

Tesco.com has a number of different online offerings, which include:

- **Groceries**: includes fresh fruits and vegetables, fresh bakery, pre-packed fresh meat and fish, chilled food, frozen food, store cupboard items, beer, wine and spirit and pet care.
- **Books**: more than 1.2 million titles ranging from fiction to children's stories to reference books.
- **Entertainment**: over 160,000 CDs, in addition to a wide range of videos and DVDs.
- **Electricals**: more than 1,000 electrical products from washing machines, refrigerators, kitchen appliances to hair dryers, TVs, stereos and game consoles.
- **You and your Child**: brings together content, community and commerce by building on the community experience of iVillage (see below) and the e-commerce knowledge gained from grocery home shopping and the baby and toddler catalogue business. With over 400 pages of content, subject areas range from feeding to health, clothing and advice for Dads.
- **Home**: includes items such as cocktail shakers, dining room furniture and computer tables.
- **Clothing**
- **Personal Finance**: The Internet activity enables Tesco to also build up its online banking service called Tesco Personal Finance. There exists a strong link between the food and financial activities: 70% of the clients who visit the Tesco Finance site also visit Tesco.com. Tesco Personal Finance offers 15 products and services to 2 million customers, 400,000 savings accounts and 900,000 credit cards. John Gardiner, Tesco chairman, explains: "Our superior economics allow us to be both profitable and fast growing. Tesco Finance is one of the fastest growing retail banks in the country." In addition to Visa card, Tesco Finance also offers savings accounts, Clubcard Plus, Travel Insurance, loans, pensions and pet insurance, credit cards, mortgages, savings products and insurance policies.
- **Tesco.net**: Internet service provider with unlimited access to the Internet offered free of charge (excluding the cost of local calls).

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2.2.1 Shopping at Tesco.com

Tesco.com customers have a number of different options to access Tesco’s online services. As of July 2001, shoppers at Tesco.com also have the opportunity to buy their groceries through mobile commerce applications. Through a partnership with Microsoft, Tesco.com has launched Tesco Access, which allows users of handheld computers and WAP-based wireless phones to shop online. John Browett, formerly with the Boston Consulting Group and now Chief Executive Officer of Tesco.com, explains: “Since the launch of Tesco Access, our customers can shop any time, any place on any device, whether through the Internet, digital TV or pocket PCs.”

In addition, beginning in June 2000, Internet cafés were opened up in stores across the country, including some economic regeneration areas. One main goal is to put customers, who are currently without computer skills, online. Tesco is also looking for ways in which customers can be given training in order to improve their understanding of computers and the Internet. Browett says: “The big thing for us is educating the customer base. It is a bit like when self-service supermarkets were introduced, and people used to hand back their baskets and refused to do it. We have now passed the awareness stage and we have got to make this a habit.”

Terry Leahy explains the rationale behind all of these activities: “We have spent nearly £55 million putting computers in virtually every classroom - many in less well off areas. And we’re now rolling out our Internet cafes in our stores to provide access for our customers.”

Once, customers have connected to the Tesco.com website, they register by providing delivery directions and choosing a username and a password. The website offers a number of functionalities to facilitate the online shopping process. They include:

- **Shopping Ideas**: help to buy relevant items for a special event such as Christmas, a barbecue or a party. Customers choose a specific list and then tick the lines of products that they want to add to their shopping basket.
- **My Favorites**: includes a list of all the items that a customer recently purchased. Customers then only need to click on any items that they want to buy again.
- **Online Recipe Book**: contains a large number of recipes. Customers can browse the ingredients and methods and see all the products needed for that recipe. Products are split into two groups: (1) those products that the customer has probably at home and (2) those products that are more particular to a particular recipe.

If customers have a preference regarding a product (e.g. they like their bananas green), they can mention this to their shopper using a special note facility that appears on the website next to each product (see exhibit 3). In case the ordered product is out-of-stock, Tesco.com either offers to look for a suitable substitute or skip that item - depending on the customer’s choice. If Tesco chooses a substitute, which the customer does not like, he can return it to the driver.

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23 WAP stands for Wireless Access Protocol
upon delivery and the amount is re-credited. After completing the online shopping, the customer can choose a delivery slot within a time window of one hour (see exhibit 4).

The website also stores the shopping cart each time the customer leaves the virtual store, thereby making it easy for multiple family members to contribute to the shopping trip. Tesco is also trying to integrate online and offline shopping experiences. For instance, Tesco card members can enter their card numbers through the website and view recent purchases from offline stores.

Tesco.com’s prices are the same prices as in stores. In addition, discounts, promotions and special offers are made available to online customers. Service charge for delivery is £5 regardless of order size. Payment takes place by credit card or debit card such as VISA, Mastercard, Switch, American Express and the Tesco Clubcard Plus. The account is debited when the packing is completed.

Improving customer’s online shopping experience is an on-going effort at Tesco.com. In order to attract shoppers, who have no or little experience with the Internet, Tesco relies on help and advice from external sources. For instance, Lynne Pullam, an Internet consultant for Tesco works on what appears on the Tesco.com website. She explains: “To me a megabyte is a very large mouthful of food, and a hard drive is any journey on the M25 at rush hour, although I’m told that some people also use these terms to describe computers.” She received the job after writing to Tesco complaining the website could be improved. Now, she is consulted on new features and every time the site is updated. For her services she is paid an hourly rate. Pullam explains her expertise: “I may not be technically minded, but with almost 30 years of experience buying food for a hungry family, I can certainly tell Tesco whether shopping on the Internet is easy or not.” John Browett explains the reasons for hiring Pullam:

“Her experience as a busy mother of three is as valuable to us as an Oxford degree in computer science. If Lynne says ‘no’ Tesco won’t go. She represents the voice of our customers, so if Lynne doesn’t like the feature on our site, then we won’t do it. The majority of customers using our online shopping know little about computer technology. For them, it’s just a different, more convenient way of doing the shopping. A lot of these customers will be housewives and older people who have not experienced the Internet. If their first experience is too difficult, it could put them off for life.”

While growing its online business, Tesco is also benefiting from the Tesco Club Card, which, with around 13 million consumers registered, gives it an extraordinary database.

Tesco has also used its online sales to collect customer information. Because the online sales provide a clear account of what a shopper is buying, Tesco can better focus direct mailing campaigns. For instance, when Tesco launched its pet insurance product, it was able to immediately pitch to customers who had recently bought dog food and cat litter at its online store.

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26 Quoted in: “What’s a hard drive?”, The Mirror, July 27th, 2001
2.2.2 Tesco’s Fulfillment Approach

"Think of the store as a warehouse. It is close to where people live, it is simple to pick from because the layout is designed for customers to navigate, infrastructure is there and it is already part of a supply chain."

Andrew Higginson, Finance Director, Tesco

When Tesco first started its delivery service, it was possible for customers to place orders through multiple devices: by telephone, fax and also via the Internet. However, this ordering system turned out to be too slow and too inaccurate, as each order was captured manually. In addition, because of the manual order capturing errors were frequent which led to the frustration of shoppers. Delivery costs were also high since the picking system was manual and paper-based. Pickers would walk around stores with their order lists and take the requested items of the shelves.

Due to these initial difficulties, Tesco decided to automate its delivery service to a large degree and to use the Internet as the sole ordering channel in order to streamline and to improve the order processing. When contemplating the delivery format for its online shopping, Tesco had to decide between two different approaches: either to pursue the warehouse model or to use its 690 British stores as distribution centers. Both strategies had risks. Building huge warehouses would have cost millions of pounds that Tesco was hesitant to spend on an unproven service. But packing and picking groceries from stores could clog the aisles, thereby frustrating customers. So Tesco ran a series of calculations to figure out the best delivery approach.

To get enough volume to justify the cost of building warehouses, Tesco determined it would have to serve a large number of people from one location. In London, for instance, a single warehouse would have had to deliver to an area stretching from the northwest to the center of town, a distance that would have taken hours to cover. John Browett elaborates on this point: "The vans would have left on Friday and not returned until Saturday."

Mr. Browett also explains the reasons for choosing store-based picking: "We have done the math. At current order volumes, you can’t make warehouses work, because wherever you situate them, they are too far to reach your customers. What you may gain in [handling] efficiencies, you lose on delivery."

When asked about the scalability of in-store picking approach Browett said: "There is no reason why we can’t pick from the stores at night or continuously. You would have to pay staff more but in terms of efficiency it might be worth it. We are up to 600 orders a week in our largest store but you don’t have to do very much to get that to 2,000. In a typical supermarket, we get 40,000 customers a week, so another 2,000 is neither here nor there, particularly as Internet sales do not have to be scanned via the checkout where most the congestion is."

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In order to make a warehouse work, Tesco expects that 10,000 orders a week are needed. Tesco.com picks around 70,000 orders a week from 300 British stores and it can increase this number to 1,000 orders for each store before it needs to build warehouses. By delivering from local stores, no route takes longer than 25 minutes since about 94% of the population in England lives within a 25-minute radius of a Tesco store. The Boston Consulting Group assumes that warehouse approach might make sense for the US with its wide serving areas of stores. Yet, in Europe where the density of supermarkets is much higher, the out-of-store approach seemed to be the better option.

The out-of-store approach also greatly facilitated the rollout of the online service. While other competitors had to invest a lot of time and money into the construction of extensive warehouse operations, Tesco gained an important first-mover advantage by using stores as warehouses. Tesco.com thus took an early lead in Britain, rolling out services in 100 of its 639 stores on a nation-wide scale in 1999, thus attracting 250,000 customers.

The actual fulfillment process at Tesco.com works as follows. Customer orders go to an office in Dundee, Scotland, where they are grouped and sent to stores on the morning of the chosen delivery day. Each store’s own computer system then sends the orders to shopping carts, equipped with mini-computers that give pickers a route through the shop for the orders in order to maximize efficiency. Each supermarket is divided into six zones—groceries, produce, bakery, chilled foods, frozen foods and “secure” products such as liquor and cigarettes. Each picker covers only one single zone retrieving products for six customers at a time. Through the use of the route planning computer and the division of the store into zones, pickers average 30 seconds of picking time per item, so that a typical order of 64 items can be filled in 32 minutes. Pickers work during normal store trading hours but they usually go around stores when they are quietest: between 6:00 a.m. and 10:00 a.m. and 11:00 a.m. to 3:00 p.m.

The pickers use carts which take six trays and can therefore be picking for up to six customers at any one time. The trays are designed to slide in and out of the cart and are identified by stickers with the order number. Gary Sargeant, head of Tesco Direct\textsuperscript{22}, explains the reasons for the intensive use of technology: “\textit{Everyone knows that £5 charged per order will not cover the true distribution costs, so we have to develop a high-tech solution to bring the handling costs down}.”\textsuperscript{33}

The picking costs for one order range around $8.50, including labor and depreciation, with an average order size of $123.\textsuperscript{34} Tesco.com recovers the picking costs in a number of different ways. First, it saves about 3% of the order value by not using checkout clerks. Second, online orders tend to have higher gross margins—more than 30% vs. Tesco’s typical 25%, as is shown by a Schroder Salomon Smith Barney analysis.\textsuperscript{35} The reason for this is that online shoppers are more affluent and buy more profitable products such as organic vegetables, quality meats, and private-label packaged goods. Tim Mason, Tesco’s marketing director and

\textsuperscript{22} Tesco Direct is a Home Shopping catalogue service. The same products are available online, but for those who do not have internet access Tesco still provides a catalogue and a telephone ordering system. The catalogue available are “Home and living”, “You and Your Child”, “Gift” and “Baby and Toddler”;

\textsuperscript{23} Quoted in “Online Grocery Retailing”, Financial Times, September 6, 2000.

\textsuperscript{24} “Tesco Beats Small—and Wins Big”, Business Week Online, October 1, 2001.

chairman of the dotcom business, admits: "Our success is dependent on the fact that Tesco.com’s margins tend to be higher."

In addition to cutting costs, Tesco also aims to minimize picking errors. Pickers scan the items they select and the system compares bar code details with the ordered item on the customer’s shopping list, sounding an alert if the wrong item is selected. With every item, the pickers inspect the sell date and check for damages. When asked about how she picks out the products, Ms. Sparks, a Tesco picker, answers: "Basically, it's common sense. You don't give a customer something you wouldn't buy yourself."

In the storage area behind each store, different parts of each customer’s order are grouped together. Orders are then loaded on to vans, which are also designed to allow the trays to slot straight in. Tim Mason explains: "Since its introduction, the system has had at least six big overhauls and countless minor ones. And still compared with what could be achieved, it is pretty rudimentary." Up to 15 orders can go into each van, depending on their size, and each vehicle has a separate area for frozen food. The 600 delivery vans make two daily runs. When dropping off the order, the van drivers also interact with the customers, who have frequently additional requests (see Exhibit 5).

By charging customers for delivery, Tesco.com takes in about $27 million per year from fees which is close to the estimated $34 million cost of making the deliveries, figures Timothy Laster, analyst at Booz Allen & Hamilton, a consultancy. Charging a delivery fee also increases the likelihood that customers are actually at home during the delivery time window, since they have to pay again for redelivery. In addition, imposing a fee has contributed to an increase in order size because customers want to get their money’s worth. In comparison to the average in-store transaction, online purchases are more than three times as high.

As Tesco.com continues to expand its operations it faces a number of obstacles that need to be overcome. Like many other online retailers Tesco has run into trouble with orders for out-of-stock items. When the system was launched initially, customers were not informed if the products they had chosen were currently available or not. To remedy this problem, the Web infrastructure was integrated with the inventory system, so that customers seeking out-of-stock merchandise were informed immediately and not after they had already placed their orders.

Optimizing delivery times presents a further hurdle. Customers typically prefer evening and weekend slots, which would mean an increase in the size of van fleets to cope with peak demand or risk losing shoppers to rival services. However, the labor and capital costs of running fleets during these times are considerable.

The quality of the products they receive is another main concern many customers express. Elizabeth Wolf, one of Tesco.com’s customers, says: "I am interested in it [online grocery shopping] because I work at a multimedia company and I’m quite familiar with the Web. But

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I'm very concerned with fresh food, and I've heard that the food being chosen and being delivered is, shall we say, not the best."59

In order to reduce the risk, many customers, who are concerned with the quality of fresh products, chose to purchase only large and bulky items through the Internet. Heather Smith, a young mother of two who lives in West London, elaborates: "I use Tesco.com mainly for items that I can't carry back home with me. Since I am usually pushing a baby carriage my carrying capacity is limited. In addition, I have been quite disappointed with the quality of fresh items delivered by Tesco.com. Therefore, I only buy bulk items and some packaged lettuce and tomatoes through the Tesco.com website."60

Other customers are more content with Tesco's online service. Mike Smith reports on his first shopping experience:

"I registered on Tuesday evening and ordered the following to be delivered by Thursday morning at 11 a.m.: 10 free range eggs, one porter cake, a pint of milk, ice cream a tin of 'fruit cocktail' and a jar of coffee. I would have ordered more - I tried adding meat, a fresh cream sponge and some custard slices - but the site bizarrely, decided that I had enough and wouldn't allow me to add any more items. The whole thing, including a delivery charge of £5 cost £15.59. I registered, entered credit card details and waited. The message the next day said the delivery would arrive between 11am and 1pm on Thursday. At 10:45 a.m. everything arrived. The eggs weren't broken, the ice cream was frozen and things were generally okay. Maybe next time, if the site lets me, I'll order more."61

Other customers are also concerned about the environmental issues caused by the Tesco delivery trucks driving through town. However, Browett rejects this claim: "This is environmentally friendly. We do 12 deliveries per run on one loop, instead of every shopper going back and forth. I think this is actually saving the planet."62

Finally, there are also customers, especially in the up-market community, who do not like the notion of having the white Tesco delivery vans pulling up their driveways. In order to appeal to this segment, Tesco.com has also bought a small fleet of green Range Rovers to deliver to the doors of those who would rather not have a big white Tesco van parked on their front drive.

2.3 Alliances and Acquisitions

2.3.1 Technology Partnership with Interwoven

When launching its online store, Tesco was faced with the challenge to create and to edit the Web files needed to keep abreast of the inventory. Several web design agencies had been

employed initially to develop the HTML\textsuperscript{43} and ASP\textsuperscript{44} files that illustrate Tesco's products, and to contribute to Tesco.com's look and feel. While these agencies showed plenty of creativity, Tesco found it difficult to incorporate new content into the existing web site.

Leon Stoner, Tesco's webmaster, notes: "There was no way for the agencies to test the ASP and HTML files before they went live. They'd develop a whole pile of pages for our review, then they'd send them to us via FTP\textsuperscript{45} or email in a zip file. Then, we'd have to manually put them on a makeshift server, and give them a quick once-over... then manually copy them from that test server to eight or more production servers. It was obviously quite time consuming, and a bit of a headache."

The need for more efficient management of its Web assets became more pressing as the online operations continued to expand. Thus, Interwoven's TeamSite was selected to provide the required technology support. Two consultants from Interwoven worked with Tesco in London to customize the TeamSite technology to meet Tesco's needs. TeamSite manages content provided by approximately 15 web designers and authors. Tesco maintains twenty production Web servers. When asked about the possibility of future expansion of the system, Stoner replies: "We've been trying to arrange it, so there is a generic implementation. We've designed the workflows and scripting behind the scenes so they're easy to maintain and manipulate. So when we decide to take the non-food sites through TeamSite, we can just take the existing scripts, tweak them a little bit, and then we'll just kind of roll the other sites over every four to six weeks. Eventually, we'll have the TeamSite running the national store."

There are three important features that TeamSite provides for Tesco:

- **Templating**: The comprehensive templating framework allows Tesco's business managers to manage the timing and look-and-feel of on-line campaigns.
- **Smart Context Editing**: TeamSite offers a means for Tesco's external web design agencies to develop and check the quality of their work prior to submitting it to the online grocer's.
- **Flexible Workflow**: Team Site allows line-of-business managers to assign work, control approval, and manage distribution to their off-line and on-line customer channels.

For Stoner, using TeamSite has made a significant difference: "TeamSite has allowed our agencies to test their work before they send it to us. This had been great because it cuts out a lot of our day-to-day maintenance role. Now we can develop new things, rather than just being reactive to the need for change on the current site. We have more time on my hands... so we can take on more work."

Paul Arnold, a senior business consultant at Tesco, elaborates:

\textsuperscript{43} HTML stands for Hypertext Markup Language.
\textsuperscript{44} ASP, which stands for Active Server Pages, is an open Web application platform that combines server scripting with custom server components to create browser-independent Web solutions and publish legacy databases to the Web.
\textsuperscript{45} FTP stands for File Transfer Protocol.
\textsuperscript{46} Quoted in Interwoven company material.
\textsuperscript{47} Quoted in Interwoven company material.
"Team Site has enabled us to scale up quickly. Tesco Direct has gone from being a test site for a few stores to being the biggest on-line grocery site in the U.K. The fact that we can create and merge store-specific content for all our retail locations has greatly improved our customer relationships. Plus, we can respond quickly to changes in pricing, inventories, and the like, which helps us operate much more efficiently. Best of all, our Web site can be easily managed by an internal team of only 12 people—we don’t need a load of extra resources to keep things running smoothly, which definitely improves our bottom line."

2.3.2 Partnership with iVillage UK

In July 2000, Tesco and iVillage Inc. agreed to create an international joint venture called iVillage UK to serve the women’s online market in the UK and in Ireland. The purpose of iVillage UK is to provide women with a community and different interactive online services such as content channels, planners, quizzes, message boards, chats and newsletters. John Browett comments on this alliance: “There is great synergy between our two companies and category-leading brands, making this joint venture an ideal investment and strategic initiative for Tesco.com. iVillage UK will be using iVillage.com’s clear advantage as the best site for women online and Tesco’s rich knowledge of UK customers.”

As part of the deal Tesco.com receives a central positioning on the homepage of iVillage.co.uk and Tesco’s products and services are contextually integrated throughout the iVillage network. Tesco.com also has central positions in a number of vertical content areas: Tesco Direct functions as the exclusive grocery partner of the iVillage’s Food channel. Tesco’s Baby & Toddler Store is promoted throughout the Pregnancy & Baby Channel at iVillage. iVillage, on the other hand, receives marketing and promotional support from Tesco to drive traffic on to the iVillage website. These promotions consist of in-store promotions, Tesco mailings, and positioning on Tesco’s Internet service provider.

2.3.3 Acquisition of GroceryWorks

Deutsche Bank Research already pointed out in 2000 that it expected Tesco to roll out its online format into other markets:

"Tesco is likely to seek regional alliances via Tesco.com in Europe and some North American states. We strongly believe that this strategy is a good one, because consolidation in Europe is currently hampered by the excessively high cost of physical assets. Internet is a good means for Tesco to make regional alliances by bringing its technological and marketing expertise to local groups with strong renown in their area and access to food manufacturing groups. Involving a fairly limited capital commitment, this strategy enables Tesco to win market share in new segments without having to build stores."

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41 Quoted in Intertwoven company material.
On June 25th 2001, Tesco did, in fact, announce a deal with Safeway, California’s biggest food retailer. As part of this deal, Tesco is providing its technology and $22 million into GroceryWorks, a loss-making online retailer, that is majority-owned by Safeway. GroceryWorks, which operated previously with warehouse-based distribution systems, plans to close these facilities and replace it with Tesco’s store-picking system. In return, Tesco received a 35% stake in Grocery Works. The deal attracted a lot of attention because of a system developed in England for £40 million will become the backbone for online shopping in the state that led the dotcom revolution.

"If Tesco can teach its new partner these skills and tricks, its 35% stake in GroceryWorks could turn out to be a goldmine, given America’s avid Internet usage and Safeway’s 1,700-strong network of stores, more than twice as big as its [Tesco’s] own."\(^{30}\)

In December 1999, Grocery Works began delivering from warehouses. Two months later, its executives realized their business model had severe flaws. Jeffrey Cushman, Chief Financial Officer of Grocery Works, explains: "We knew right away that we had to get the product costs down." But without the buying power of a larger grocery chain, it could not get a competitive deal from suppliers. Furthermore, Grocery Works also faced problems with its warehouse system. Cushman continues: "A fulfillment center is so big that you never get the density until you run out of money."\(^{31}\) When asked about the reasons for cooperating with Tesco, Safeway Spokeswoman Debra Lamger replies: "We liked Tesco’s track record. They understand how to combine technology with bricks and mortar."\(^{32}\)

GroceryWorks is closing its three distribution centers (built at a cost of approximately $7 million each) and is temporarily ceasing operations. When it reopening, it will operate under the Safeway name, using the Tesco model of store picking and packing. Tesco is expecting overall operating costs to be lower in the US, since traffic congestion is less severe and gasoline taxes are far lower.

Following the signing of the agreement, Terry Leshy commented on the deal:

"Retailing services are a key part of the Tesco strategy for growth. We have developed the best on-line grocery home shopping system in the world which we know can be of use to other retailers. Last year we outlined our desire to take Tesco.com into different markets, including the US. We admire Safeway Inc. greatly. They represent the best of US retail. With Tesco’s know-how and the Safeway Inc. brand we have the perfect combination to bring grocery shopping to the world’s largest market."\(^{33}\)

3 Future Outlook: Which Recipe Will Taste Best?

"Picking in-store is fine if there is low demand, but it is not good when the service ramps up-it disrupts the customers. When demand gets higher, then picking centers

\(^{30}\) The Economist, June 30, 2001.
are the only route to market. We believe that a flexible model with a combination of stores and picking centers will deliver the best return.

Angela Megson, E-commerce Director, Sainsbury Supermarkets

Thinking out aloud about the capacity restrictions, Browett points out: “We think we can go as high as £2-3 billion in sales using store-based picking and packing. And that’s assuming no new stores and no significant productivity improvement, both of which are likely and would raise the number. Maybe someday we’ll have a hybrid model with warehouses for dense areas like London, but the traffic just kills you. Plus, where would we put them? In any case, smaller places like Inverness, Plymouth, or Peterborough could never be served from warehouses.”

Marc van Gelder, Chief Executive Officer of Peapod.com (a US-based Internet grocery retailer, now part of Ahold - the Dutch retail chain) is not convinced of Tesco’s business model. He said: “We find Tesco’s pure in-store model complicated from a quality perspective. Tesco has lower start-up costs but over time they have to naturally evolve to warehouses if they want efficiency.” Officials respond to these concerns that having food delivered in temperature-controlled vans is better than putting it in the back seat of the family car.

Like its dotcom rivals, Tesco has to charge direct expenses, such as vans and pickers, against its online revenues. In contrast to pure players, which also have to consider running costs and depreciation charges of their warehouses, Tesco books these costs against its offline sales. This practice led some analysts and investors to question whether Tesco’s online operation would be profitable if it were evaluated as a separate business unit. Jeff Matthews from Ram Partners, a hedge fund in Greenwich, Connecticut, says: “Profits can be calculated in many different ways.”

Tesco continues to build on its strong UK base through a concerted move into non-food markets and major store openings in Central Europe and Asia, in addition to its partnership in the US with Safeway. In November 2001, Tesco has expanded its online operations into South Korea, where there is one of the highest penetrations of broadband Internet access. Currently, Tesco has seven brick-and-mortar stores in South Korea and plans to open another 11 in the future. This international expansion may prove to be another opportunity for Tesco to roll out its successful Internet-based grocery retailing. It seems that for this new, scalable online business, the sky is the limit...

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57 Quoted in “Supply Chain Management: Shop or Warehouse”, Financial Times, June 30, 2001.
Exhibit 1: Shopping at LeShop.ch

Exhibit 2: Most Popular Retailing Websites in the UK

<table>
<thead>
<tr>
<th>January 2001</th>
<th>June 2001</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Visitors:</strong></td>
<td><strong>Visitors:</strong></td>
</tr>
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<td>(in 1000)</td>
<td>(in 1000)</td>
</tr>
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<td>Amazon.co.uk</td>
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<td>Amazon.com</td>
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<td>Bol.com</td>
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<tr>
<td><strong>Total retailing</strong></td>
<td><strong>6553</strong></td>
</tr>
</tbody>
</table>

Source: Webwatch 2001
Exhibit 3: Ordering Yellow Bananas at Tesco.com

Exhibit 4: Choosing a Delivery Slot at Tesco.com
Exhibit 5: Customer Requests to Tesco Delivery Drivers

Most Popular Requests:

- Can I borrow your van to help me move?
- Can you give me a lift?
- I need some help to change a tyre.
- Could you hold this ladder?
- Does my burn look big in this?
- Can you answer the phone and tell whoever it is that I am out?
- Could you unblock my sink?

Unusual Requests:

- Would you feed my pets while I am on holiday
- Do you want to join me for a candlelight dinner? (after customer was stood up on Valentine's day)
- I need some marital advice
- Could you take a family photo?
- I need someone to babysit
- Could you give us a lift to the wedding? (after the car didn't turn up)
- Could you phone my office and tell them I am sick?
- Would you please drop the kids off at school?

Source: Tesco Company Documents