

Is an online retail offering more than a strategic defence?

Philip Stern

University of Exeter Business School & Ehrenberg-Bass Institute University of South
Australia

Jaap Wieringa

University of Groningen

Magda Nenycz-Thiel

University of South Australia/Ehrenberg-Bass Institute

John Dawes

University of South Australia

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Abstract

There is general acceptance that the costs of offering grocery home delivery are greater than the financial benefits. We explore this assumption by looking at the incremental changes in the number of households buying from a retailer who has an on-line offering and we find that there are demonstrable sales benefits to the retailer. This finding provides potential metrics for retailers to evaluate the benefits of an on-line offering. In contrast, there is a reduction in loyalty as measured by the share of category requirements satisfied by a specific retailer. This pattern is evident even when the retailer does not have an on-line offering. We consider potential implications from these findings.

Keywords: *Omni-channel; Incremental; Benefits*

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