

TRABAJO DE CONCLUSIÓN DE **CARRERA (TCC)**

Laura Maria Pesántez Vasquez

ELECTRONIC COMMERCE IN RESTAURANTS

A feasibility study in Ecuador and the advantages it could generate

Trabajo de Conclusión de Carrera (TCC)
presentado como requisito parcial para
la obtención del grado en Ingeniería
Comercial de la Facultad de Negocios,
trabajo realizado en programa de doble
titulación Rennes- Francia

UNIVERSIDAD DEL PACÍFICO

GUAYAQUIL-ECUADOR

RENNES-FRANCIA

2013

FICHA CATALOGRÁFICA

PESANTEZ, Laura M. , Electronic Commerce in Restaurants, A feasibility study in Ecuador and the advantages it could generate. Guayaquil: UPACIFICO, 2013, Rennes-Francia: ESC-RENNES,2013, 40p. Director: MBA Monica Macquet. (Trabajo de Conclusión de Carrera – TCC presentado a La Facultad de Negocios de la Universidad Del Pacifico y a la Universidad ESC Rennes.)

Resumen: El comercio electrónico es una forma de distribuir todo tipo de productos en diferentes industrias, y además puede ayudar a otras áreas como el desarrollo de una mejor relación con los clientes como en la promoción de los productos. Los minoristas deben concentrarse en 3 áreas específicas con el fin de alcanzar la eficiencia en el comercio electrónico puede ayudar a satisfacer las necesidades de cada área. Este concepto se puede aplicar a los restaurantes indicando que los restaurantes tendrán que cumplir las mismas 3 áreas con el fin de alcanzar la eficiencia: la lealtad, la competencia del cliente y el servicio de atención al cliente. Como resultado el e-commerce es aplicable a este sector como herramienta para conquistar los tres aspectos antes mencionados

Palabras claves: Comercio Electrónico, Costes de cambio,

DECLARACIÓN DE AUTORÍA

Yo, Laura María Pesantez Vásquez declaro ser la autora exclusiva del presente trabajo de conclusión de carrera.

Todos los efectos académicos y legales que se desprendieren de la misma son de mi responsabilidad

Por medio del presente documento cedo mis derechos de autor a la Universidad Del Pacífico para que pueda hacer uso del texto completo del trabajo de conclusión de carrera a título “Electronic Commerce in Restaurants” con fines académicos y/o de investigación



Laura María Pesantez Vásquez

Guayaquil, Julio del 2013

SEÑOR ENRIQUE ENCHEVERRIA

DEAN

UNIVERSIDAD DEL PACIFICO

EQUATOR

Rennes, 28th June 2012

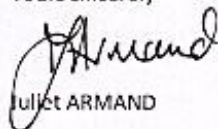
Senor Encheverria

Please find below information concerning the **Graduating Project** submitted by your students on the Double Degree exchange on IBPM 3. The graduating Project accounts for 60% of the mark awarded on the course EP301F – Graduating Project/internship. The remaining 40% will be awarded on the basis of the company tutor evaluation of the student's performance during their final internship, and will be received early September for most students.

Student Name	Laura PESANTEZ
Track followed	Sales And Marketing
Project Title	Electronic Commerce in Restaurants
Title submission date	12 th January 2012
Number of hours work	150 (approximately 4 weeks full time)
Number of words	7 000 – 10 000 words (3D-4D pages)
Supervisor name	Monica Macquet
Supervision hours	Methodology class
Deadline for submission	11 th May 2012
Mark obtained	67

I wish the students every success in the pursuit of their studies or their future careers, and look forward to welcoming further students from Del Pacifico in the near future.

Yours sincerely



Juliet ARMAND

Programme Manager IBPM

Groupe ESC Rennes School of Business
2, rue Robert d'Arbrissel - CS 76522
35065 RENNES Cedex - France
Tél. (+33) 02 99 54 63 63 - Fax (+33) 02 99 33 08 24
Email : esc@esc-rennes.fr
Siret 378 527 514 00014 NAF 8542Z
TVA FR 07 378 327 514

ESC RENNES SCHOOL OF BUSINESS



ESC RENNES SCHOOL OF BUSINESS
2, RUE ROBERT D'ARBRISSEL - CS 76522
35065 RENNES CEDEX - FRANCE
www.esc-rennes.fr

SIRET 378 527 514 00014 - Code APE 8542 Z - Code TVA FR 07 378 327 514 - Organisme de formation 53 35 02943 35

Tél: +33 (0)2 99 54 63 63
Fax: +33 (0)2 99 33 08 24
Email: esc@esc-rennes.fr



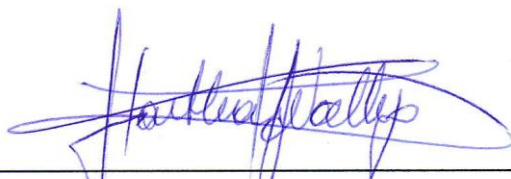
DOCUMENTO DE CONFIDENCIALIDAD

Al presentar este trabajo de conclusión de carrera como uno de los requisitos previos para la obtención del grado de Ingeniera Comercial de la Universidad Del Pacífico, autorizo a la Biblioteca de la universidad para que haga de este trabajo de conclusión de carrera un documento disponible para su lectura.

Estoy de acuerdo en que se realice cualquier copia de este trabajo de conclusión de carrera dentro de las regulaciones de la universidad según como dictamina la L.O.E.S 2010 Art. 144.

Cuatro copias digitales, de este trabajo de conclusión de carrera quedan en custodia de la Universidad Del Pacífico, los mismos que podrán ser utilizadas para fines académicos y de investigación

Para constancia de este compromiso, suscribe



Dra. Martha Vallejo Luzuriaga

Decana Facultad de Negocios (e)

Guayaquil, Julio del 2013

Table of Contents

- 1. Table of contents.....vi
- 2. Summary.....ix
- 3. Table of charts.....x
- 4. Introduction.....xi
- 5. Objective.....xii
- 6. Methodology.....xiii
- 7. E-commerce and Retailing: Literature Review1
 - 7.1. E- Business.....1
 - 7.2. Electronic commerce.....1
 - 7.3. Differences between E-commerce and E-business.....1
 - 7.4. Mobile E-commerce.....2
 - 7.5. Switching Costs.....2
 - 7.6. Retailing.....3
 - 7.6.1. Core of customer loyalty.....3
 - 7.6.2. Be Competitive.....4
 - 7.6.3. Customer service.....4
- 8. Restaurants and E-commerce in Europe.....5
 - 8.1. Domino’s Pizza: Case Study.....6
 - 8.1.1. History.....6
 - 8.1.2. Domino’s Pizza in UK: Advantages in terms of profitability.....8

8.2. Advantages that go beyond profitability.....	9.
9. Restaurants and E-commerce in Ecuador.....	10
9.1. An overview about Ecuador.....	10
9.2. The Restaurant industry in Ecuador.....	12
9.3. E-commerce in Ecuador.....	13
9.3.1. Ecuador’s policy about e-commerce.....	14
9.4. Surveys preparation and Results.....	15
9.4.1. Survey’s Objective.....	15
9.4.2. Description of the survey.....	16
9.4.3. Description of the target group.....	16
9.4.4. Reasons for choosing the target groups.....	16
9.4.5. How the information was gathered.....	17
9.5. Purpose and results of the questions made.....	18
9.5.1. Questions 1 to 4.....	18
9.5.2. Questions 5 to 7.....	20
9.5.3. Questions 8 to 12.....	22
9.5.4. Questions 13 to 14.....	25
10. Analysis and Suggestions.....	26
10.1. Domino’s pizza case: Ecuador vs Europe.....	26
10.2. Causes why it hasn’t been implemented: Perspective from the environment.....	29
10.3. Causes why it hasn’t been implemented: Perspective from the customer’s.....	31
10.3.1.1. Analysis of the surveys’ answers.....	31
10.3.1.1.1. <i>General knowledge and experience</i>	31

10.3.1.1.2.	<i>Is security important?</i>	32
10.3.1.1.3.	<i>What kind of restaurants could implement it?</i>	33
10.4.	Suggestions based on the analysis.....	34
11.	Recommendations for further works.....	36
12.	Personal Comments.....	37
13.	Limitations.....	38
14.	Conclusion.....	39
15.	List of references.....	40
16.	List of Bibliography.....	42
17.	Appendix.....	43

1. Summary.

E-commerce is a way to distribute any kind of products from many different industries, but it can also help other areas as to develop a better relationship with the customers as in the promotion of the products. Retailers should focus in 3 specific areas in order to reach efficiency and e-commerce can help to fulfill the needs of each area. In the same way this concept can be applied to restaurants saying that restaurants will need to satisfy the same 3 areas in order to reach efficiency: customer's loyalty, competition and customer's service. As a result of this e-commerce can also be applied by restaurants letting them to conquer these 3 aspects.

E-commerce in Europe has been developed since years ago and it has promoted the growth of those restaurants and companies in general that has implemented and that have already met the advantages that e-commerce have to offer as the case of Domino's pizza. In the other hand, there are some restaurants that haven't done it yet and as a result, they have gotten stuck.

In contrast, Ecuador hasn't developed e-commerce due to many factors, some of them are related to the natural state of the country and others are related to the level of acceptance from the customers. Therefore, restaurants are afraid to make such a big investment as the one required to implement e-commerce.

2. Table of Charts

Chart No. 1: Differences between e-commerce and e-business.....	2
Chart No. 2: Key aspects of Retailing.....	3
Chart No. 3: Level of knowledge about Ecommerce.....	18
Chart No. 4: Previous experience with ecommerce.....	19
Chart No. 5: Different uses of ecommerce in Ecuador.....	20
Chart No. 6: Frequency of dinners in restaurants.....	20
Chart No. 7: Inconvenience when ordering by phone.....	21
Chart No. 8: Efficiency of phone orders.....	21
Chart No. 9: Level of security.....	21
Chart No. 10: Willingness to purchase.....	23
Chart No. 11: Factors of influence.....	24
Chart No. 12: Preferred kind of food.....	24
Chart No. 13: Importance for customers.....	25
Chart No. 14: Comparison between prices of different pizzerias in Ecuador.....	25

3. Introduction.

Some countries have developed more in specific areas than others; this development gap between countries can appear because of several factors. One big gap that I could realize when I arrived at France was the technological gap between it and my country. This research will give you the opportunity to identify the causes for this technological gap, specifically in the e-commerce area and also it will let you to get immerse into a totally different culture and its gastronomy focusing in the restaurant industry and revealing at the same time the causes why restaurants haven't implemented e-commerce there yet from two different perspectives; the environment and the customer's perspective, presenting in this way the links created between facts in these two aspects and how they have stopped restaurants from developing ecommerce in their activities. Furthermore, this research will present some suggestions of how e-commerce could be adapted in order to reach the success in Ecuador.

4. Objective:

The main objective of this project is to discover the most accurate reasons why restaurants and food chains haven't implemented e-commerce in Ecuador, seeking to propose answers and applications in which this distribution channel could be applied as well as the advantages that it could provide and also identifying other factors relevant to achieve its satisfactory implementation.

5. Methodology

This project was divided in 4 topics that I considered relevant for the feasibility study of introducing e-commerce in Ecuador and that will be used at the moment of the Analysis, Suggestions and also in order to reach to a conclusion. The information gathered was concerning to e-commerce concepts but also I tried to address this project to a more practical way and include examples.

The first part of this research introduces the main concepts about e-commerce and retailing that will be treated in all the research, in the part of retailing, examples of companies that have implemented ecommerce in their retailing activities were given in order to let the reader understand more the concepts and also to let them understand the framework that will be used at the time of the analysis.

The second part explains a little bit about restaurants and e-commerce in Europe, starting with a little overview and some examples of fast food chains and restaurants that have implemented e commerce efficiently and some of them that haven't implemented it in the right way and also analyzing briefly some causes why restaurants haven't implemented it and why they have opted for substitutes in this field, this was done in order to introduce the case of Domino's pizza in Europe and showing the benefits that they have achieved with this implementation. Domino's pizza was chosen because my final objective is to analyze and compare the franchise from Europe with the branch from Ecuador and in that way point the advantages that the branch of Ecuador is letting behind for not implementing it.

The third part is directly related with the situation of Ecuador in order to find the causes why e-commerce wasn't implemented, in order to have a macro-economic perspective and also a

snapshot of the current situation of restaurants, with the objective of letting the reader to understand more about the factors that I considered at the moment of analyzing, this section also includes information about the current situation in Ecuador concerning e-commerce and the results of the surveys made to a group of 19 people from different ages, the specifications of these surveys will be detailed in the report..

The final part is the analysis made based on the information before collected, and it was structured in 2 parts, one part of the analysis was made referring to the environment and the second part is made from a customer's perspective. Also in this part suggestions were given and also I have identified ways in which e-commerce could be implemented in the Ecuadorian restaurant industry.

7. Ecommerce and Retailing: Literature review

7.1 E-Business

According to J. Tawfik and E. Albrecht. E-business is defined as the use of electronic means to conduct an organization's business internally and/or externally and there are two kinds:

- Internal e-business: Includes the linking of employees in the organization and the use of intranet to improve communication and information sharing.
- External e-business: Includes supporting after sales services activities and collaborating with business partners.

7.2 Electronic commerce

Electronic commerce is more specific and deals with the facilitation of transactions and selling of products and services online via internet or any other telecommunication network. (Tawfik and Albrecht, 2008)

7.3 Differences between e-commerce and e-business.

The following chart summarizes the main differences between e-commerce and e-business

1 **Chart No. 1**

E-Business	E-Commerce
Has a broad scope	Is a part of e-business
Covers administrative and communication functions inside the company	Covers business transactions (buy and selling transactions)
Not necessarily involves monetary transactions	Involves monetary trade

7.4 Mobile e-commerce

Mobile e commerce or m-commerce refers to on line activities similar to the activities mentioned in e-commerce, but the underlying technology is different because mobile ecommerce is limited to mobile telecommunication networks. (Tawfik and Albrecht, 2008)

7.5 Switching Costs

Switching costs are all those costs incurred when a company decides to switch from one supplier to another, Klemperer (1995) and Farrell and Klemperer (2007). According to Rhee (2009), these costs can be:

- Real or social.- All those costs that appear when firms create transaction costs for switching and when there is a high cost to start for first users of any kind of product.
- Contractual or pecuniary.- Can appear when firms uses customer loyalty as a tool to increase switching costs.

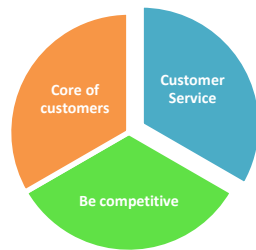
¹ Differences Between e-business and e-commerce (2009)

7.6 Retailing

Retailing encompasses the business activities involved in selling goods and services to consumers for their personal, family, or household use. It include every sale to the final consumer ranging from cars to apparel to meals at restaurants to movie tickets. Retailing is the last stage in the distribution process (Berman and Evans, 2010)

According to Berman and Evans 2006, there are three key aspects in which retailing should focus on, these aspects are represented by the following chart.

Chart No. 2 **Key aspects of Retailing**



7.6.1. Core of Customers' loyalty

Meaning how retailers can act in order to enhance customers loyalty and create in that way a fixed customer's portfolio that will buy them despite of other competitors offerings, with the introducing of ecommerce in the operations of the business, companies will be able to give customers other options to access to the companies' products, making easier the purchase process in consumers and through data collection, they will be able to develop services and create value for the customer.z that at the same time will increase loyalty for them. In restaurants, it is crucial to in force customers' loyalty, cause it is a very crowded industry with

low switching costs which means that customers can easily chose to go to the competition at any time.

Some examples will be mention in order to have a clear perspective about this factor. First, we have Amazon which has created the “Premium Shipping Clubs”, with this program premium customers of Amazon can have 2 days of free shipping and 3,99 for the next day on most of the items, increasing in some customers the willingness to buy from Amazon and their loyalty as well. Hence, now on they will prefer to buy from Amazon rather than from other retailers for the advantage of the shipping. As a consequence, Amazon has reached a ²net income for over \$ 10 billion dollars last year.

7.6.2 Be Competitive

Meaning to stand out from other competitors in the industry offering the best prices or reaching the best costs and addressing better the customer needs, if we consider the example of restaurants then we can really distinguish that cost leadership can be easily reached as well as differentiation so it is like both paths can be followed it is just a matter of decision, if we think about it, this second aspect is directly linked with building customers’ loyalty cause a way of being competitive is to differentiate and focus on specific customers’ needs which in the short run will increase customers’ loyalty.

7.6.3 Customer Service

One important tool really useful when trying to increase customers’ loyalty is the development of good customer service, which means, always try to help customer assessing

²CNN.Money, Amazon sales jump 51%(2011)

them in the pre-sales process as well as in the post-sales processes, the efficiency of customer service is based on the ability that companies have to allocate the sources in the right way, so that customers would be able to find them at any time and in any situation.

A clear example of a company that have addressed to provide a better customer service using their web page is the travel agency in France SNCF they have implemented an online assistance platform where you can ask questions via chat and get an instant answer from the company, this will lead to SNCF to have satisfied customers concerning the customer service. There are many other companies that have implemented the same system such as virgin and orange mobile.

8. Restaurants and Ecommerce in Europe.

To begin with I will like to state that ecommerce is a way of retailing that could be a little bit expensive to develop but that certainly will lead to larger profits if it is well implemented. In order to reach efficiency and get the expected returns there must be a strict relationship between orders and production it is not just easing the buying procedure for the customer, but also combining it with the production and the delivery process.

Some restaurants have already implemented ecommerce in their operations all around Europe, and as a result some of them have faced big sales growth as the example of Domino's pizza.

In France many restaurants have decided to implement it while some have opted for substitutes and instead of creating their own webpage they have decided to pay thirds company owners of a platform where different kinds of restaurants offer their services and the opportunity to make online reservations, as the example of Brasserie de la Paix in Rennes. For me the biggest issue

that restaurants have to face here is that customers won't pay the necessary attention to their products, instead they will be trying to find the best option and the most competitive prices.

Still, other restaurants, and mainly fast food chains have opted for the development and adaptation of their web page to ecommerce, clear examples in Europe are companies such as Sushi express, Domino's pizza and Pizza Hut. All of them are characterized for being in the fast food industry and the service that they offer through their web page is the delivery service meaning that you order online and then you can either; go and pick up your order or your order will be sent to you.

In the research made I could realize that in Europe the restaurants are divided in 2 kinds, those that offer delivery service and those that doesn't, in the majority of the cases those restaurants that doesn't offer delivery service doesn't offer the opportunity to reserve on line either and some offer the opportunity but not from their web page, maybe because implementing ecommerce is an expense that they can't afford to pay.

In order to go deeper in the topic I will analyze the case of Domino's pizza, due to that the objective of this research is to figure out why some companies have implemented ecommerce in Europe and why do the same companies haven't implemented it in Ecuador yet.

8.1 Domino's pizza: Case Study.

8.1.1 History:

Domino's pizza is a fast food chain founded in 1960, by Tom and James Monaghan , it started with the name of Dominick and then the name evolved to Domino's pizza, Nowadays, they

operate on more than 60 countries, and they work offering franchises,³ they have become in the second largest franchised pizza chain in the USA while, in many countries it is still operated by the overall Domino's Pizza Enterprises.

Even though Domino's pizza is spread all over the world, they have kept a very traditional menu, and they have focused more on innovation, for example: their 30 minutes policy implemented in 1993, the idea of using corrugated boxes to deliver the pizza, in order to retain the heat of the pizza for longer periods and also the installation of an electrical bag system that helped to keep the pizza hot. Finally, between all this implementations, Domino's Pizza has also created and designed their web page implementing ecommerce and contributing in this way to their growth as we will see below.

Domino's pizza has become in one of the biggest food chains all around the world is, since its creation, they had shown to be one of the food companies with a fast growing over times, and in fact this is due to the constantly innovations that they are setting, as we have seen before, according to the article⁴ "Dominos Pizza - Growth & Strategy (Part 2) - Innovation, Service and Smart Operations" by Geoff Riley Domino's owed its success to two main factors: **scale** and **productivity** of Domino's pizza. Maybe the most representative innovation that they have made until now in order to reach these two main factors is the creation and development of their web page in 1996, and later on implementing ecommerce as a tool that would help to their fast growth and help them to satisfy more and more customers, as we will see in the following example.

³ Recipe pizza. "The History Of Dominos Pizza" (2010)

⁴ Riley, G. (2010). "Dominos Pizza"

8.1.2 Domino's Pizza in UK: Advantages in terms of profitability

⁵The following example is given in order to show the ways in which ecommerce considerably increases profitability. As we know profit can be affected by two factors the decrement of costs and also by increasing the sales, parting from this I can state that ecommerce will low costs for restaurants and also it will help small restaurants to compete with big restaurants in terms of cost management and ordering process, this is due to the fact that both will incur into the same costs when an online purchase is made. As a result, ecommerce will help restaurants to increase their margins in a considerable way. Researches had shown that if ecommerce is efficiently used, it will low costs in an average of 200%, consequently, business can gain more control and also save time.

Referring to sales, a clear example of how ecommerce has contributed to sales increases is the one that we can find in the article written by Chloe Rigby "Ecommerce set to drive growth at Domino's Pizza", according to it, Domino's pizza has faced a huge growth thanks to the implementation of online ordering, this report was made based in the franchise of Domino's pizza in the UK, and clearly shows that implementing ecommerce as a tool has helped Dominos' pizza widely, as we will see below.

Domino's pizza's online sales had increased approximately 50% in 26 weeks, letting them reach sales by 85 million from 56,9 million initially. Nowadays, 41,9% of the sales are made online in comparison with the 32,7% that were made last year, showing an increment of 9,2% since last year, in addition to this, Domino's pizza in the UK is implementing other tools as

⁵ Jenny Williams. "Domino's Pizza delivers 51% increase in online sales"

the uses of applications in smart phones to reach more customers and offering their new services and products using facebook.

8.2 Advantages that go beyond profitability

⁶Before naming and giving a brief explanation of why some restaurants have applied ecommerce as a retailing channel for their goods, I will like to show the advantages that produce having ecommerce into general operations. First that ordering online is a *convenient way to retail*, and not just for restaurants but for all kind of goods, many companies specially retailer companies have chosen to apply it since a long time ago and it had shown that the convenience that ecommerce offers, leads to a considerable increment in profitability as in the case of Dell, according to the article written by “The Irish Times-Business2000” Dell online sales had increased from \$1 million in 1997 to \$50 million per day in the year 2000 letting Dell grow and advance with giant steps, fulfilling their customers’ needs and creating a strong brand image and loyalty on them. Furthermore, there are more advantages not related to profitability that ecommerce has to provide to the restaurant’s industry

In order to introduce Dell’s example into the restaurant sector, first I will like to say that even though a restaurant doesn’t have the same production and selling process than a manufacturer and retailer company, ecommerce could represent the same benefits, for example applying ecommerce could create and enhance customer convenience by offering the opportunity to look for the dishes and services offered without the necessity of going out from their houses, it provides also the opportunity to order online and eliminating those small circumstances where customer service could be affected, for example long waiting lines before ordering the food or

⁶Irish Time Journal team. (2009). “E-Commerce Within Dell and How This New Way of Doing Business is Managed”

the time that it takes to waitress to attend a customer when the restaurant is crowded, factors that can be that significant but that I'm sure that could create strong customers' value and as a response loyalty, if they are well addressed.

Another big advantage that ecommerce have to offer to restaurants is the recollection and storage of information, in general setting ecommerce will offer restaurants the opportunity to know their customers better and in this way create a strong database of the preferences and customers' profiles that will help them to develop promotions and services that in the future will match with the needs and desires of customers, moreover it will help them with their marketing strategy, providing them tools to reach more directly to their customers and not recurring to unnecessary marketing expenses. At the same time, storing good information about the customer will help restaurants to develop a better customer service.

9. Restaurants and e-commerce in Ecuador.-

9.1 An overview about Ecuador:

⁷Ecuador is a small country located in South America between Colombia and Peru, it is known by its wide diversity of flora fauna and its cultural richness, it has a population of almost 15 million people and we are known for being a friendly and an open population willing to adapt new trends and with easiness in adapting to new changes.

Ecuador is divided in 3 different regions: Coast, Highlands and Amazon, each one of them is different from one another in many fields, creating a huge cultural gap between them for example we can find extreme differences in: language, clothes, but maybe the most significant

⁷ Pro-Ecuador. (2008). "Ecuador Facts"

one is the food, which at the same time represents one of the most profitable industries all over the country. In a way that you could find restaurants for all tastes, from small food cars on the street offering many different products, especially junk food to really fancy restaurants where you will need to make a reservation before going, at the same time, the prices go from \$1 the dish to \$20 depending on the place and the quality.

⁸It is well known that the majority of the food providers that operate in the informal sector lack and quality but despite this, the informal sector earns a lot of money mainly because most of the people that go there looking for low prices, good flavors, fast service, and finally the experience for some tourists, all the people that go to Ecuador shouldn't leave without trying a dish in those places, and in fact it had become into a tourist attraction in the country. As a result, several years ago some restaurants have realized the impact that the informal sector have in the population of Ecuador, so in response, they made some changes in the structure of their businesses making them look a little like the services offered by the informal sector, for example there is a fast food chain called "El Capi", who started offering little food cars on the street offering their products, this represents an advantage in many fields cause doing this, the business has improved in the management of their costs since they are spending less space and also they save money not spending it in waitresses and in a bizarre way they have created value for the customers mixing quality, taste and experience, as a result of this it has become really popular and it has occupied a big market share in the restaurant industry of Ecuador.

⁸ Gasave, G. (2007). Guayaquil y como el mercado siempre aparece: El retorno de los 'informales'

9.2. The Restaurant Industry in Ecuador

⁹Ecuador is known for having a rich agricultural sector, Since I'm here in Europe I have heard a lot the same phrase, nobody suffers from hunger in Ecuador and this is true, Ecuador has a rich agricultural industry and it is easy to find a good orange on the floor when you are walking or a mango everywhere, as a result of the abundance of food the raw material for restaurants is really cheap and this is one of the reasons why one of the most profitable industries in Ecuador is the restaurants' industry, having really low costs in terms of labor and raw material.

¹⁰Another factor that in my opinion makes the restaurants' industry one of the most profitable industries in Ecuador is the high margin that you can obtain from the sales thanks to the market price of the majority of restaurants there, even though some local customers will always prefer to look for cheap prices, there are other differentiated customers that will prefer quality above all and that will be willing to pay a higher price for it.

In Ecuador many different kinds of restaurants of any type of food can be easily found, since foreign food to traditional Ecuadorian food. Many franchises of known fast food chains such as pizza hut, domino's pizza, dunkin donuts, KFC, Subway can be also found offering the same products that are offered in Europe, obviously with some exceptions of companies that have adapted their existing products to Ecuadorian products and have offered traditional dishes in their menus as KFC for example, but mainly the system how they work is pretty similar to the existing chain foods franchises in other countries.

⁹ Information obtained from nation encyclopedia

¹⁰ Canecua Express. (2011). Making a living in Ecuador

9.3. Ecommerce in Ecuador

Many companies in Ecuador still operates in the old way and the majority of them haven't implemented ecommerce into their operations yet, a survey has been made in order to figure out the reasons why the population in Ecuador hasn't accepted ecommerce yet.

In contrast, some banking companies have already implemented it letting customers make payments of basic services, money transfers and other kind of services. Banks have started offering these services for 4 years and it has had a good acceptance by the Ecuadorian population.

Now many people and even companies are using e-banking and one of the advantages that it had provided to companies is that it had facilitated their procedures and has let them to be more time efficient.

According to the ecommerce journal article "Internet and e-commerce industry in Ecuador" (July 30 2009), local companies in Ecuador are not very active in running B2B Ecommerce, in fact the majority of the transactions are still being made via mail in the majority of the cases, but anyways, some companies dedicated to the flower sector which is one of the most developed sector in Ecuador has implemented internet purchases in order to be up to date with the demands of their international customers.

¹¹In the other hand , B2C ecommerce isn't well developed yet either, according to this article the population in Ecuador is still adverse to purchase through internet, especially for products offered internationally, this occurs because Ecuadorians don't trust in the companies and are not

¹¹Ecommerce Journal (2009) "Internet and ecommerce industry in Ecuador".

sure that the merchandise will arrive, another fact is that the number of people that owns a credit card is really low, thanks to the low income level, the lack of employment and the risk of the country, Banks are very strict with the issue of their credit cards, by 2009 the index of cardholder population in Ecuador was about the 8% of the total population.

Moreover, the banking sector is not the only sector that has implemented ecommerce into their activities. The touristic industry is one of the biggest industries in Ecuador, thanks to all the activities and places that you can visit there is one of the most profitable industries.¹² According to Epler Wood M. (2002). Ecuador receives an average rate of 509,000.00 visitors each year according to the government statistics, and this number is in constant growth. Touristic agencies in Ecuador has implemented ecommerce a long time ago and this has increased the number of visitors that plan to go to Ecuador.

I would say that is one of the most developed sectors in Ecuador concerning ecommerce the majority of travel agencies in Ecuador doesn't let customers book tickets online or make reservations on line, general information of the company is just posted and ways to get in contact with them, in the other hand many cheap hotels use external platforms to collect reservations and the fanciest hotels offer the possibility of booking online from their webpage.

9.3.1. Ecuador's policy about Ecommerce.

¹³In 2002 a new law was implemented in Ecuador, it was called "The law of electronic commerce" with this law all the operations made via internet were validated and also a new governmental department was created named "the National Electronic Information Council" and

¹² UNEP (2002) "Internet and e-commerce industry in Ecuador".

¹³ Business News America (2002). "Congreso aprobó ley de firma electrónica – Ecuador"

this council is in charge of regulating all the operations made electronically, the same law established punishments against people that break it in the future including fines from \$500 to 10 years of jail.

This was issued in order to promote safety among the population in Ecuador and diminish the fear of using ecommerce and also to encourage companies to use ecommerce as a tool.

Briefly we can say that Ecuador doesn't have any restrictive policy referring to ecommerce and that in a way they strictly protect the safety of the buyers, this means that the reason why companies haven't implemented ecommerce goes beyond the legal aspects, in order to find out where of not implementing ecommerce lays, surveys have been made.

9.4. Surveys preparation and Results.

9.4.1 Survey's Objective

As we have seen many sectors have started implementing ecommerce in Ecuador but there are some sectors that are still in diapers and the restaurant industry is one of them, in order to identify the main causes why companies- specially restaurants- haven't considered the application of e-commerce in their operations, surveys had been done trying to include the specific points that will lead me to find specific reasons and if it is possible to implement ecommerce in Ecuador.

9.4.2. Description of the survey.

¹⁴The survey made was a descriptive survey and it was designed in order to get information related to the habits of people from Ecuador in relation with food and also they were designed to measure the level of knowledge and confidence that they have referring to ecommerce with the purpose to identify the reasons why restaurants haven't implemented ecommerce there yet. Furthermore, questions about past experiences and also possible future implementations were made in order to find out what are the opportunities of ecommerce in the sector for the future from the customer's point of view.

9.4.3 Description of the target group

The following survey was made to two different target groups, the overall sample taken was of 19 people and it was divided in the following way; professionals from 31 years who work and has a stable economic situation and young people from 17 to 30 years not totally independent, both targets segments had a status of medium and high class.

9.4.4. Reasons for choosing the target groups

Ecuador has a high level of poverty and there are a lot of people that don't have finished their studies and lack of a complete education so I consider that this part of the population wasn't relevant cause they won't have the sources to afford to eat in a restaurant and won't be aware of advantages of internet and ecommerce so for this reason the target groups were divided in the following way:

¹⁴ See the surveys translated in the Appendix

- **Professionals from 31 years old:** This target group was chosen mainly because they have the sources to afford going to eat out, as I already mention implementing ecommerce in any company is really costly so this could lead to an increment in the price, this group is not very price sensitive and has a high income rate going from \$800 to \$1000 (which in Ecuador is a med-high salary), also this target group was chosen because due to their professions they have to be in constant education and are up to date with the new technologies and adapt easily to changes that may occur, also this target group is relevant because all of the people interviewed have traveled outside the country and in a way have been users of ecommerce.

- **Young people from 17 to 30 years old:** This target group was chosen because in Ecuador many students finish their career at the age of 30, I would say that the majority of people finish their career at that age and even though some of them doesn't have a fixed income they have the money that their parents give them, this target group has a high level of income thanks to the resources of their families and the majority of them are up to date with the new technological changes and adapt easily to them, as the other group this one have traveled and were users of ecommerce somehow.

The main difference between this two target groups and the main reason by which I decided to divide them is the level of income, and because in the first one they are conscious of what they are willing to pay and compare it with the benefits that they will receive, while the other sector

are not conscious and they spend the money that their parents gave them without considering the fact cost-benefit.

9.4.5 How was the information gathered?

The information from the first targeted group was gathered from surveys made to people who live in mid-high residential area. These surveys were made via mail, in order to get the mails I used references and contacts with the objective to collect the more results as possible; the other surveys were made to people from different paid high schools and also paid universities, help from my home university was asked in order to get the information.

9.5 Purposes and Results of the Questions:

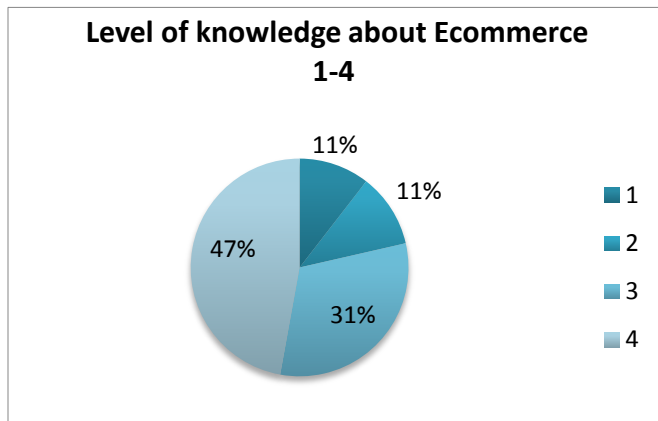
9.5.1 Questions 1 to 4

These questions were made in order to have an overview of the level of consciousness of the Ecuadorian population about ecommerce and also if they have done it before for these questions the following results were obtained.

Question 1: “Please select your level of knowledge about e-commerce, being 0 a non-existent level of knowledge and 4 the highest level of knowledge”

The following chart shows the overall knowledge that Ecuadorians have referent to e-commerce.

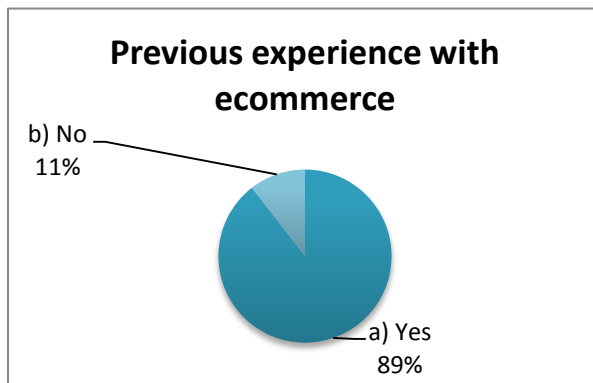
Chart No. 3



Question 2: “Have you purchased through the internet or have you made electronic payments of services”

Chart No. 4 shows percentage of Ecuadorians that have used e-commerce before.

Chart No. 4



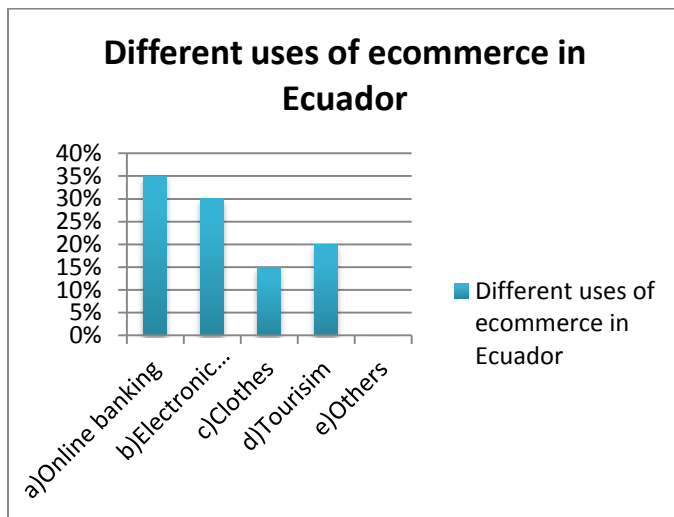
Question 3: “In what areas have you used e-commerce”

In this question the surveyed people could select from a number of options the areas in which they have applied e-commerce, the results showed that the 35% of ecommerce activities where

done in the banking industry, then the 30% of the activities made where done while purchasing electronic equipment, then the 15% of activities lays in clothing industry, and finally the remaining 25% was located in tourism which includes, hotels reservation, flight bookings and so on.

The following chart shows what areas are the most used with e-commerce Ecuadorians.

Chart No. 5



Question 4: “Please write the name of the country where you have applied ecommerce”

This question was taken out from the overall analysis for being irrelevant for the investigation but the numbers showed that the majority of purchases where done in United States.

9.5.2 Questions 5 to 7

These questions were made in order to discover what is the actual level of satisfaction with the current distribution means or if there is a gap where ecommerce could be inserted.

Question 5: “How often do you go to eat out?”

Chart No. 6 indicates clearly the percentage of people and the frequency that they go out to eat.

Chart No. 6

Frequency of dinners in restaurants	
a) Few times in a month	37%
b) One or two days per week	53%
c) Three to four days per week	0%
d) Five days per week	11%

Question 6: “How often have you felt discomfort at the moment of ordering food by phone.”

As the chart shows, 4 frequency options were given and the results obtained were the followings

Chart No. 7

Inconvenience when ordering by phone	
Always	16%
Often	58%
Almost Never	26%
Never	0%

Question 7: “How efficient do you think that ordering food by phone is?”

This question was made in order to see from the customer perspective how efficient phone orders are.

Chart No. 8

Efficiency of phone orders	
Very efficient	21%
Satisfactory	68%
Bad	5%
Very bad	5%

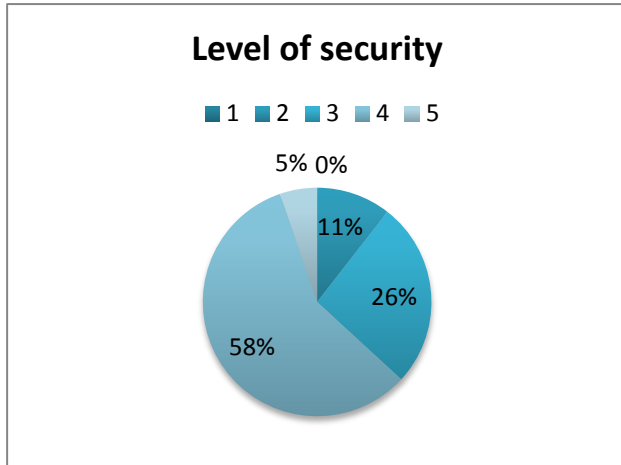
9.5.3 Questions 8 to 12

These questions were made with the objective of finding the level of confidence of Ecuadorians with e-commerce, thanks to the fact that the overall level of insecurity is high, it was important to relate this factor with e-commerce, also this section focuses on trying to find a way in which e-commerce can be addressed in order to succeed in Ecuador.

Question 8: “From 0 to 4 please choose the level of confidence and security that you feel at the moment of purchasing through the internet, being 0 the minimum level of safety and 4 the highest level of security.”

This question gave 5 options from which they could choose how confident they will feel purchasing by internet.

Chart No. 9



Question 9: “Are you willing to purchase through internet?”

Chart No. 10 clearly shows the results obtained in this answer.

Chart No. 10

Willingness to purchase	
Yes	89%
No	0%
Maybe	11%

This question was combined with an open question that provided the surveyed people the opportunity to justify their answers and this gave me valuable information to develop the analysis later on.

Question 10: “Rank from 1 to 5 the factors that influence you at the moment of purchasing through internet. Being 1 the most important and 5 the less important.”

This question was made in order to find out what aspects do Ecuadorians consider at the moment of purchasing, can be seen as what factors provide them more security.

The following chart shows the factors, ranked by importance order, that influence the decision of using e-commerce in customers.

Chart No. 11

Factors of influence	MODE
Web page design	5
Reputation and knowledge of the company	1
Previous Experience	2
Post-sale services	4
Communication with the company	4

Question 11: “Rank from 1 to 4 and in order of probability the different kinds of food that you would be willing to acquire electronically, being 1 the less probable and 4 the most probable”

This question had the option to write what other kind of food they would order online., the following charter shows the results of this answer.

Chart No. 12

Preferred kind of food	MODE
Typical Food	2

Fast Food	4
Sushi	1
Other kind of food	3

For the analysis of this question the MODE was used in order to get the number that was repeated more time per option for example most of the people ranked typical food in the position No. 2.

Question 12: “Please indicate how important would be for you to make online reservations in restaurants and online orders in terms of time saving”

This question measured the level of importance in the Ecuadorian population.

Chart No. 13

Importance for customers	
Very important	48%
Important	21%
Not so important	26%
Indifferent	5%

9.5.4 Question 13-14

These questions were open questions that looked for new ideas and recommendations in order to continue with this research and get opinions that will drive me to an accurate conclusion.

The next section will show an analysis made from all the information stated before, and also it will give, suggestions and personal opinions about the topic.

10. Analysis and suggestions.

In order to go deeper and looking for specific causes that will lead us to a conclusion of why restaurants haven't implemented e-commerce in their daily activities, I have looked at an example of company that have already done it in other countries and compared it with the current situation of the same company located in Ecuador.

10.1 Domino's pizza Case: Ecuador vs Europe

As I have mentioned before Domino's pizza in Europe has faced already the multiple advantages of ecommerce, improving in their retailing processes and also getting satisfied customers that will prefer the comfort of ordering by internet rather than doing it by phone, while Domino's pizza in Ecuador still operates with the traditional "Ordering by telephone" method. As a consequence the growth of Domino's pizza in Ecuador is stuck.

Domino's pizza in Ecuador has few branches all over the country and it is characterized because they are not so reachable by the customer, their branches are located in some strategic points but it is always hard for customers to get there, because of many factors such as traffic or ¹⁵level of danger in the zones, also Domino's pizza in Ecuador is characterized by having a lot of demand that can't cover, personally , sometimes I have wanted to order from Domino's pizza while I was living in Ecuador, and I had received a negative answer such as "we are not able to deliver right now" or "you will have to wait more than the 30 minutes" which is totally contradictory to the policy that they have. Also Domino's pizza are facing problems with delivering quality to the

¹⁵ Ecuador Travel. (2010). *Personal Safety*

customers, I have heard many times that the pizza asked wasn't the same than the one that was delivered.

Another problem that Domino's pizza has is the long time that a customer has to wait in order to be attended by an operator, sometimes they are not even attended and the lines are always occupied.

As a result of this, many customers have stopped ordering from Domino's Pizza and have chosen other options such as Pizza Hut, Papa Johns or traditional pizzerias. This clearly shows that Domino's pizza in Ecuador are not accomplishing with none of the 3 factors that we saw in the Literature review, about the main areas that a good retailing system should focus.

- Core of customer's loyalty: As many customers are preferring other options rather than Domino's pizza because of the bad efficiency of their orders process. Domino's pizza doesn't have a core of customers that will be loyal no matter what, instead they just have temporary customers that will buy depending the situation. Furthermore Domino's pizza in Ecuador doesn't create value for its customers and even though they also have the policy of receiving the pizza in 30 minutes, this policy is contrasted by the discomfort of waiting too much time in order to be responded by an operator and also by the other factors mentioned above about the quality of the pizza and so on, if ecommerce was implemented then they will be able to satisfy their needs and improve their processes, saving the cost of the telephone operators and at the same time investing it in the quality of the production and delivery.
- Be Competitive: In this part may be important to recall that the prices of Domino's pizza in Ecuador are one of the highest in the industry, as the chart below will show:

Chart No. 14 Comparison between prices of different pizzerias in Ecuador

Average price (\$)	Pizza Hut	Domino's pizza	Traditional pizzerias
Pizza of 3 ingredients Fam	\$16.00	\$19.00	\$14.00
Pizza of 3 ingredients Med	\$12.00	\$14.00 ¹⁶	\$10.00

The information of this chart was obtained from the menu's of each pizzeria and it shows how Domino's pizza price is the highest from 3 different pizzerias. In addition this chart shows how Domino's pizza prices are not that competitive in comparison to other pizzerias so as a result they should try to focus more on the value that they have to create to the customers in order to be competitive and charge those prices. In my opinion if they allowed the opportunity to make the orders online, then they will create a service that will motivate the customers to buy from them and if we add their 30 minutes delivery policy, then we could say that they will be really competitive in the market.

- Customer service: Which is just the sum up of all the factors mentioned before meaning that if ecommerce was implemented Domino's pizza in Ecuador, then they will be able to provide a service good enough to enhance customer's satisfaction.

What I have mentioned above is more or less the strategy that Domino's pizza has implemented in Europe, cause due to the fact that they have implemented ecommerce into their daily activities

¹⁶ The information of the chart was obtained from the web sites of each Pizzeria in Ecuador

they are able to accomplish with the 3 sectors named before, they have created a differentiated value for the customers giving the opportunity to order online and in that way “Making it easier for them”, then they may have developed customer loyalty cause they will prefer buying from Domino’s pizza instead from other pizzerias when they are in a rush, furthermore they are competitive even though their prices are not low because of the combination between ecommerce and their 30 minutes policy. Finally as a result of having all their activities synchronized they are able to provide good customer service to the buyers.

10.2 Causes why it hasn’t been implemented: Perspective from the environment.

In a problematic country as Ecuador I think that the decision of implementing such as a system as ecommerce in restaurants go beyond the opinion of the customers, in order to find more information, I’m taking the role of the owner of a restaurant or a franchise and from this point of view I will develop a superficial Analysis taking in consideration 3 of the 6 aspects in a PESTEL Analysis that I consider important and relevant with the topic.

- Social.- ¹⁷Ecuador levels of poverty are very high and also the level of education is low, in fact according to the ministry of Education in Ecuador “Only 10 % of the rural population attends the school level education” which means that the majority of the rural population wouldn’t be able to access to the services of electronic commerce, but in fact I wouldn’t be targeting the rural population but the remaining part of the population, that have had a good level of education and that can access to

¹⁷ World Bank. (2002). Ecuador Country, brief development progress

- the service.¹⁸ The community in Ecuador is considered as collectivist which means that they have a strong link between them and that tend more to do what others do, this means that if ecommerce is implemented, they will use it as long as other people have used it before and in fact the success of implementing it depends strongly in the word of mouth, this fact is corroborated by the surveys made. Here we also have to consider the cultural gap that exists between regions and that not all the answers will be applicable for all the regions.
- Economic and legal.-¹⁹ Ecuador has a low income level and also a high unemployment rate which had driven down the safety rates in the country, as a result many people, possible customers included, wouldn't trust in the purchases through internet due to the fear of being ripped off, surveys had shown that there are some factors that could drive the decision of customers of purchasing through internet or not, as we saw before Ecuador's legal framework protects e-commerce activities and any bad use of it will be punished showing that the reason why restaurants haven't implemented e-commerce in their activities yet goes beyond the legal framework.

In addition it should be mentioned that Ecuadorians are used to electronic commerce in other industries and that if I would like to implement it in my restaurant I will have to make them feel comfortable with it and also show a strong good image that will drive up their confidence.

¹⁸ Ecuador Business team. (2012). *Ecuador Business Etiquette & Culture*

¹⁹ Information taken from the World Bank's webpage.

10.3 Causes why it hasn't been implemented: Perspective from the customer.

In order to have a more accurate analysis about the feasibility of implementing e-commerce in restaurants, surveys were made as I mentioned before, in this section I will analyze the results obtained and address them to the feasibility of implementing ecommerce.

10.3.1 Analysis of the surveys' answers.

The questions made in the surveys were designed to get answers from 3 different areas: (1) General knowledge and experience about e-commerce, (2) Is security important at the moment of purchasing, (3) from the customer's perspective, What kind of restaurants could implement it.

10.3.1.1 General knowledge and experiences

Question No.1 was made in order to test the level of knowledge of all the surveyed people and the answers showed that the 47% of the people surveyed had a high level of knowledge and awareness about e-commerce and that and 31% know how to use it and what it is about but not in the totality, this people may just have used it once but don't know well its advantages and its implementation, this question can be interpreted as that the people that had chosen 3 and 4 as their level will be the people more willing to use e-commerce in a wider concept as the one of restaurants. In the other hand the people that chose 1 and 2 will be the less confidence about trying it. In addition, Question No. 2 showed that the 89% of the people surveyed have purchased before and also showed a direct relationship between both questions leading me to the conclusion that the only way by which they have acquired knowledge about ecommerce was by previous experiences. The most frequent industries where all the people have used ecommerce

are the Banking sector, Electronic sector and tourism. There is no surprise in these results because as I said before these sectors were first entrants in the use of e-commerce in Ecuador. The surveys showed too, that people from Ecuador eat few times out (Question No.5) which could suggest that ecommerce in restaurants could be addressed to the delivery service instead of restaurant reservations, to support this statement, the 74% of the surveyed people affirmed that they have experienced discomfort when ordering by phone and that they would have replaced it if restaurants implement e-commerce

We had seen that the people in Ecuador would accept the implementation of ecommerce but safety is another factor that is determinant for them at the moment of using ecommerce in restaurants and that should be addressed before implementing it.

10.3.1.2 Is security important?

The surveys showed that even though the 89% of the people surveyed have lost the fear to ecommerce and will be willing to make orders through the internet, the remaining 11% feel a big level of insecurity about it and they wouldn't use it, surprisingly this value is formed by those people who know about e-commerce and that also have implemented it and those that don't know much about e-commerce and that haven't implemented it showing that insecurity is due to the general factors and situations of the country instead and that if restaurants want to implement it in their operations they will have to focus in the following areas in order to increase the sense of security in the customers: Reputation, Experience and Communication.

The surveys showed that the main important think for the people was Reputation, meaning that the name of the company and the service that they have offered in the past (path dependency) will affect their purchase decision in the future. Secondly, experience is the second most

important factor for them and this corroborates what was stated before that the population in Ecuador react a lot by the word of mouth and references as well as good or bad experiences faced in the past. Finally Communication is essential for them they are more willing to purchase from someone to whom they can communicate easily rather than to someone that is hard to reach.

10.3.1.3 What kind of restaurants could implement it?

The last questions of the surveys were made in order to find out in what kind of restaurants ecommerce could be implemented according to the level of acceptance of the possible customers, the surveys had shown that the people in Ecuador will more probably buy fast food through the internet, then they will be willing to buy other kind of foods, the most named were, gourmet food and diet food. Thirdly, people would rather to buy typical Ecuadorian food. As a result of this I can state that people from Ecuador are more willing to buy online food that is easy to prepare and also the ones that need to be chosen from a wide variety as it is the case of typical food.

The open questions made gave a lot of ideas from the customer's perspective of the areas and when the implementation of e-commerce in restaurants would be useful, for example some ideas recollected were that e-commerce should be implemented in high quality restaurants and that it should be done in order to save time and promote comfort to the customers. In my opinion, restaurants should strongly focus in these aspects but also not letting behind the construction of a good reputation and image towards the customers.

10.4 Suggestions.

Some suggestions that I personally have based on the information obtained from the customer as well as the information obtained from the environment are that first of all restaurants must build a strong image and reputation before implementing e-commerce in their activities. Also restaurants must use the word of mouth in order to promote the services and must try to develop efficiently since the first online order, cause that will bring the attention from other customers. Thirdly, they must use e-commerce not just a way to get to the customers but also to recollect the most information as possible from them and in that way develop services and dishes that fill their needs, increasing in that way the customer's value and willingness to pay, some options that I have found in order to recollect customer information is with a system directly linked with the online sales that will ask for the information most relevant from the customers and at the same time storing the information so that restaurants can use it in any time.

Another option would be to offer discounts through the emails, to existing customers and non-existing customers, and in that way promoting their dishes and services.

Safety is a primordial issue, thanks to that Ecuador is an undeveloped country with high felonies rates, restaurants must develop confidence with their customers and an useful way to do it would be by presenting hotlines to which customers could call to report any complain about safety issues such as extra charges, or failures at the delivery.

E-commerce could be implemented not just in the fast food chains but also in all the high class restaurants that offer traditional food in Ecuador, cause the surveys has showed that customer tend more to make reservations in high class restaurants as well as crowded restaurants.

The implementation of mobile e-commerce, would have been a good idea if the felony rates weren't so high, but as cell phones are stolen every day, customers wouldn't be comfortable registering their credit card information in their cell phones, so in my opinion restaurants should stick with the traditional computer e-commerce rather than developing applications for mobiles.

11. Recommendations for further works.-

There are some areas of this project that due to the limitations couldn't be investigated, even though I tried to cover the majority of topics that I could, limited time and resources I couldn't, some of the topics that weren't covered but that I consider that are important to take in consideration are:

A deeper analysis about the consumer behavior in the country.- Even though, the surveys made tried to cover all the possible factors that would contribute to this research, the surveyed people were just one specific sector with similar customs and tastes from the overall population of the country, this is why for further projects that have to deal directly Ecuador or any country in South America, the cultural differences must be taken into consideration.

Furthermore, analyzing the environment and the possible customers just shows one side of the problem and but there may be other factors that go beyond this and that were not taken into consideration, such as the opportunity that new entrants have to implement e-commerce and also an analysis of the restaurants that could be able to implement it because they have the resources, this problem could have been addressed by analyzing a specific number of restaurants and based on the information recollected decide if whether they could or couldn't implement it.

Finally It would have been easier if the surveys were made with a software cause in this way the margin of error would have been minimum, the lack of knowledge about more statistical factors led me to analyze the basic ones, but more conclusions could have merged if the previous thing was done, so for future works I will strongly recommend to use a specific software to analyze the answer.

12. Personal Comments

Some shortcomings that I could identify from this project were: First of all, the language, some grammar and orthographic error may have been made, even though this project was revised many times, but as English is not my native language it is always a little bit hard. Then, I realized that I could have used the surveys more efficiently and include other questions that could have given me more information to analyze. In addition to this, the idea of making surveys through mail wasn't very good and as a consequence it took me a lot of time to analyze them and not all of the surveys sent were answered. Also the approach to the managers in order to have interviews wasn't really good because I should have called directly instead of asking by mail for a skype meeting, but anyways it would have been hard to get the telephone numbers of the managers of each restaurant.

13. Limitations:

Some limitations found at the moment of developing this project were:

- 1.-More time was needed in order to get more information.
- 2.-Then the lack of monetary resources also affected, cause if I would have had more money I could have traveled and personally ask to the managers of all restaurants their opinion about e-commerce and if they would consider it in the future.
- 3.-Despite of this I tried to interview some managers by skype, but I wasn't able to arrange meetings with them due to the hard working schedule and lack of time.
- 4.-The information gathered was all taken from one region in Ecuador and as I has mentioned before Ecuador is really diverse culturally, and thus the answers may change depending to the regions asked.
- 5.-Since this topic is relatively new in Ecuador, Information directly related to the country was hard to find.
- 6.-Not all the open questions of the surveys were answered, and since the surveys were made via mail, it was difficult to control them all.

14. Conclusion.

To conclude, E-commerce could generate extremely high advantages for its implementation, sadly many companies in Ecuador are still unsure about whether they should implement it or not consequently of the facts that surround their environment and also because customers are not use to it and therefore, some time can be taken until they get use to it. In contrast the population in Europe is already use to this kind of technology and this is why restaurants in Europe has faced a fast growth from the implementation of e-commerce. The results of the implementation in Ecuador are not accurate due to the limited number of surveys and the great variety of cultural differences of Ecuador regions. But the results obtained suggested that maybe e-commerce won't provide the same results that it promoted in restaurants in Europe in the short term, but as customers in Ecuador are tending to accept e-commerce in restaurants and are willing to make orders and reservations, in the long term, and under the right management, e-commerce could become into a powerful tool in the Ecuadorian restaurant industry.

15. List of References

- Anonymous. (2010). *The History Of Dominos Pizza*. Available: http://www.recipepizza.com/the_history_of_dominos_pizza.htm. [Accessed 15 April 2012].
- Barry Berman, 2009. *Retail Management: A Strategic Approach (11th Edition)*. 11 Edition. Prentice Hall.
- Canecua Express. (2011). *Making a living in Ecuador*. Available: <http://canecua.wordpress.com/2011/01/12/making-a-living-in-ecuador/>. [accessed 10 April 2010].
- *Difference Between e-business and e-commerce* (2009) Available at: <http://www.differencebetween.net/business/difference-between-e-business-and-e-commerce/>. [Accessed 10 April 2012].
- Ecuador Business team. (2012). *Ecuador Business Etiquette & Culture*. Available: <http://www.cyborlink.com/besite/ecuador.htm>. Last. [Accessed 15 April 2012].
- Ecuador Travel. (2010). *Personal Safety*. Available: <http://www.ecuador-travel.net/information.safety.htm>. [Accessed 15 April 2012].
- Epler Wood, M. (2002). *Ecotourism: Principles, Practices and Policies for sustainability*. Available: <http://www.pnuma.org/industria/documentos/Ecotourism1.pdf>. [Accessed 10 April 2012].
- Farrel, J and Klemperer, P. (2007). *Co-ordination and Lock-in: Competition with Switching Costs and Network Effects*. In: Armstrong, M and Porter, R Handbook of Industrial Organization. 3rd ed. North Holland : Oxford Press. 1967–2072.
- Gasave, G. (2007). *Guayaquil y como el mercado siempre aparece: El retorno de los 'informales'*. El Expreso. 50 (3), 15-16.
- Hall, E. (2008). *E-Commerce Business Plan*. Available: http://www.e-commerceadviser.com/101businessplan_competition.php. [Accessed 12 April 2012].
- Irish Time Journal team. (2009). *E-Commerce Within Dell and How This New Way of Doing Business is Managed*. Available: http://www.business2000.ie/pdf/pdf_7/dell_7th_ed.pdf. [Accessed 15 April 2012].
- Pepitone, J. (2011). *Amazon sales jump 51%. Stock surges..* Available: http://money.cnn.com/2011/07/26/technology/amazon_earnings/index.htm. [Accessed 12 April 2012].
- Press team Business News America. (2002). *Congreso aprobó ley de firma electrónica - Ecuador*. Available: http://www.bnamericas.com/news/tecnologia/Congreso_aprobo_ley_de_firma_electrónica. [accessed 18 April 2012].
- Pro-Ecuador. (2008). *Ecuador Facts*. Available: <http://www.pro-ecuador.com/ecuador-facts.html>. [Accessed 15 April 2012].

- Rhee, K. (2008). *What Types of Switching Costs to Create?*. Available: http://editorialexpress.com/cgi-bin/conference/download.cgi?db_name=IIOC2010&paper_id=117. [Accessed 9 April 2012].
- Riley, G. (2010). *Dominos Pizza - Growth & Strategy (Part 2) - Innovation, Service and Smart Operations*. Available: <http://tutor2u.net/blog/index.php/business-studies/comments/dominos-pizza-growth-strategy-part-2-innovation-service-and-smart-operation/>. [Accessed 15 April 2012].
- Tawfik ,J and Albrecht, E , 2008. *Strategies for E-Business: concepts and cases (2nd Edition)*. 2 Edition. Prentice Hall.
- World Bank. (2002). *Ecuador Country, brief development progress*. Available: <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/LACEXT/ECUADORREXTN/0,,contentMDK:20198430~pagePK:141137~piPK:141127~theSitePK:325116,00.html>. [accessed 19 April 2012].

16. Bibliography.

- Michael E. Porter, *Competitive Advantage: Creating and Sustaining Superior Performance*. US: Free Press 1 Edition, 2008.
- Tawfik ,J and Albrecht, E , *Strategies for E-Business: concepts and cases (2nd Edition)*. US: Prentice Hall 2 Edition. 2008
- Farrel, J and Klemperer, P. (2007). *Co-ordination and Lock-in: Competition with Switching Costs and Network Effects*. In: Amstrong, M and Porter, R Handbook of Industrial Organization. 3rd ed. North Holland : Oxford Press. 1967–2072.
- Barry Berman, *Retail Management: A Strategic Approach (11th Edition)*. US: Prentice Hall 11 Edition. 2009
- Porter, M. *What is strategy?*. US: Harvard Business Review. 75 (1), 61-78. 1996

17. Appendix

17.1 Design and translation of the survey made.

Age:

Sex:

Profesion:

Objective of the study.

This survey was made in order to fullfill with academic requirements and to show the feasibility of introducing ecommerce in the Ecuadorian market of restaurants, through this survey I will measure the level of awareness that the Ecuadorians have in relation to ecommerce as well as the opening that the potential consumers may have.

- 1) Please select the level of knowledge that you have in ecommerce, being 1 the lowest and 4 the highest.

1	2	3	4
---	---	---	---

- 2) Have you bought through internet before, or have you made electronic payments.
 - a. Yes
 - b. No

- 3) In what sector have you used ecomerce?
 - a. Banking (online transferences or electronic payments, etc)
 - b. Purchase of electronic devices
 - c. Clothes shopping
 - d. Turism (hotel reservations, plane tickets, etc)
 - e. Others, please specify:
- 4) Please write the name of the country where you applied e commerce

- 5) How often do you eat in restaurants?
 - a. Few times in a month.
 - b. Once or Twice per week.
 - c. Three to four days per week.
 - d. More than three times per week.
- 6) How often have you experience all sort of inconvenients at the moment of ordering by phone?
 - a. Always
 - b. Very often.

- c. Almost Never.
 - d. Never.
- 7) For you how efficient is ordering by phone?
- a. Very efficient
 - b. Satisfactories
 - c. Bad
 - d. Very bad
- 8) Please rank from 0 to 4 the level of trust and safety that you have referent to buying through internet, being 0 a level of confidence and trust non-existent and 4 a good level of confidence and trust

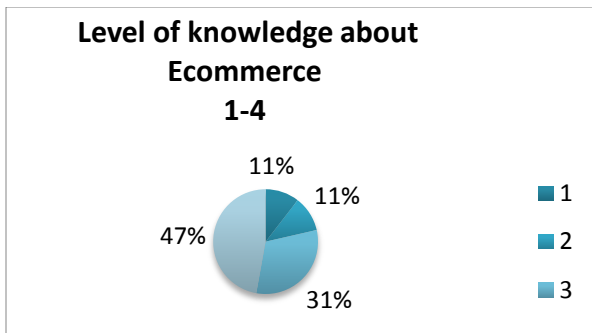
0	1	2	3	4
---	---	---	---	---

- 9) Would you be willing to make a purchase through internet and by electronic payments?
- a. Yes
 - b. No
 - c. Maybe
- 10) Please rank the order of factors that you would consider before making an electronic payment.
- a. _____ Webpage design.
 - b. _____ Image and Name of the company
 - c. _____ Previous experience.- meaning that you have already made an electronic purchase
 - d. _____ Good post sale customer service.
 - e. _____ Easy communication with the company.
- 11) Please rank from 1 to 4 and by probability order, the different kinds of food that you would acquire electronically, being 4 the most accepted one by you
- a) _____ Typical restaurants as: El Patacón, El Cocolón, Pique y Pase, etc..
 - b) _____ Fast Food from big food chains such as: Dominos Pizza, Pizza Hut,KFC etc...
 - c) _____ Sushi.
 - d) _____ Other kind of food,Which?_____
- 12) How important and useful would be for you to make restaurant’s reservations electronically?
- a. Very important
 - b. Important
 - c. Not so important
 - d. Indifferent
- 13) In what occasions do you consider that making reservations and ordering online could be really helpful?

14) Any comment or suggestion that you think that could be important and relevant to this survey

17.2 Graphs of the results obtained from the surveys

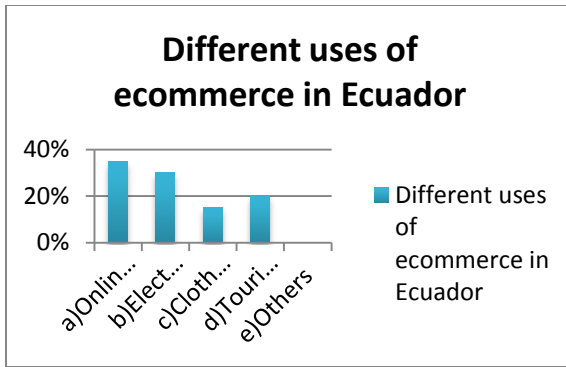
Question 1:



Question 2:



Question 3:



Question 5:

Frequency of dinners in restaurants	
a) Few times in a month	37%
b) One or two days per week	53%
c) Three to four days per week	0%
d) Five days per week	11%

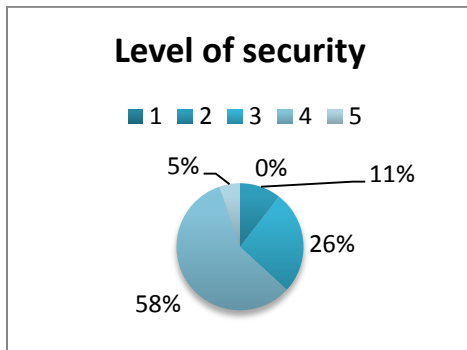
Question 6:

Inconvenience when ordering by phone	
Always	16%
Often	58%
Almost Never	26%
Never	0%

Question 7:

Efficiency of phone orders	
Very efficient	21%
Satisfactory	68%
Bad	5%
Very bad	5%

Question 8



Question 9:

Willingness to purchase	
Yes	89%
No	0%
Maybe	11%

Question 10:

Factors of influence	MODE
Web page design	5
Reputation and knowledge of the company	1
Previous Experience	2
Post-sale services	4
Communication with the company	4

Question 11:

Preferred kind of food	MODE
Typical Food	2
Fast Food	4

Sushi	1
Other kind of food	3

Question 12:

Importance for customers	
Very important	48%
Important	21%
Not so important	26%
Indifferent	5%