

**AMERICAN COLLEGE OF TECHNOLOGY DEPARTMENT OF BUSINESS  
STUDIES MASTERS OF BUSINESS ADMINISTRATION**



**FEASIBILITY STUDY ON A BUSINESS ENGAGED IN DOOR  
TO DOOR DELIVERY SERVICE OF GROCERY SHOPP  
ITEMS IN ADDIS ABABA, ETHIOPIA**

**A PROJECT SUBMITTED TO THE DEPARTMENT OF BUSINESS STUDIES  
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**AS A PARTIAL FULFILLMENT OF THE REQUIREMENT OF THE  
AWARD OF MASTER OF BUSINESS ADMINISTRATION**

BY

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### **DECLARATION**

I, Wesen Negash hereby declare that a project work entitled Feasibility Study on Door to door Delivery Services of Grocery Items in Addis Ababa, Ethiopia submitted to The Department of Business studies of American College of Technology in partial fulfillment of the requirements for the award of the Master Business Administration is a record of original work done by me during 2021-2023 academic year under the supervision and guidance of Asmamaw Mengiste, PhD and it has not formed the basis for the award of any Degree/Diploma/Associate ship/Fellowship or other similar title of any candidate of any university.

Place: Addis Ababa

Date: 20/12/2023

## **CERTIFICATE**

This is to certify that the project work entitled Door to Door Delivery Services of Grocery Items in Addis Ababa, Ethiopia submitted to the Department of Business Administration, MBA Program in partial fulfillment of the requirements for the award of the Master of Business Administration is a record of original project work done by Wesen Negash during the period 2021-2023 academic year under my supervision and guidance and the thesis has not formed the basis for the award of any Degree/Diploma/Associate ship/Fellowship or other similar title of any candidate of any University and it complies with the regulation and accepted standards of the College.

Name of Advisor: Asmamaw Mengiste, PhD

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**APPROVAL SHEET**

**AMERICAN COLLEGE OF TECHNOLOGY  
DEPARTMENT OF BUSINESS STUDIES  
MASTER OF BUSINESS ADMINISTRATION PROGRAM**

**FEASIBILITY STUDY ON A BUSINESS ENGAGED IN DOOR-TO-DOOR  
DELIVERY SERVICE OF GROCERY SHOPP ITEMS IN ADDIS ABABA,  
ETHIOPIA**

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## **ACRONYMS/ABBREVIATION**

Door to door- DTD

Descriptive Research Design – DRD

Delivery service of grocery items -DSG

.



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## **EXECUTIVE SUMMARY**

Changing Addis Ababa's consumer preferences present a prime opportunity for a door-to-door delivery service of grocery items .As distances between homes and workplaces expand; traditional grocery shopping becomes inconvenient and time-consuming. Condominiums, with their limited storage space and parking struggles, further fuel the need for alternative options. Online delivery offers time-saving convenience, eliminating parking worries, car congestion, and the burden of carrying groceries. This project analysis, based on a quantitative and descriptive approach, confirms the project's financial and economic feasibility. With a projected payback period less than one year, the business model boasts profitability within a moderate timeframe.

This project focuses on Convenience, Prioritizing ease of ordering, fast delivery, and a wide variety of options to cater to diverse resident needs. Target Specific Condominiums: Partner with condo managements and leverage local marketing to build awareness and trust.

Optimize Logistics to ensure efficient warehouse location, delivery routes, and temperature-controlled transportation for perishable items. by Embrace Technology Invest in a user-friendly app, efficient order management systems, and real-time delivery tracking for a seamless customer experience.

By capitalizing on the unmet needs of Addis Ababa's ( megenagna) condo residents and implementing a strategic, technology-driven approach, this online grocery delivery service can thrive and cater to a rapidly growing market segment.

*Key words:* Door-to-door grocery delivery service

Changing consumer preferences

Time-saving convenience

## **CHAPTER ONE**

### **1. INTRODUCTION**

Online grocery shopping is a way of buying food and other household necessities using a web-based shopping service. There are two basic methods that people can use to purchase these items online. One is to order them from a local grocery store that participates in online shopping. A customer can then arrange for a home delivery directly from the store, or he can pick up his order at the store once an employee has assembled it.

Online markets have been anything that has come to stay with the society of today since most financial transactions can be attained online. Internet access has vastly grown across the world today and has given rise to interconnectivity even to the remotest areas in the world. This generally means it is possible to be at any location and reach any other location in the world without stepping a foot out of your premises. This takes multi-tasking to another level since you can be in a meeting and visit a market located several kilometers away at the same time. This has made businesses to grow without spending as much as they would have if they had to build another branch of their business in another location. Groceries are different from many other products, such as music and books that are commonly purchased online. Many grocery products are perishable and therefore time-sensitive in terms of their delivery needs.

#### **1.1 Background of the Project**

The success of the business depends on many issues where the main significant factor is identifying the feasibility of the project to be introduced in the market. This project is to study the feasibility of food items delivery service in Addis Ababa. This kind of service is unique in the city, which facilitates both business organizations and their consumers by picking up and delivering grocery items. Providing the best quality of door to door delivery grocery items service to the Addis Ababa people in their home as they want is the mission of the project.

For sure it is challenging starting any business, but one business that you can start with minimal challenges is a grocery home delivery business. A grocery home delivery business is a business that involves helping your clients shop for groceries and gets it delivered to them in their homes.

The major goal will be to provide fast and hassle-free delivery service in the city with fair prices and will offer home delivery services in a wide range of durable goods and non – durable goods at affordable prices from different places. Customers can easily make calls or to place their order online by using the application. The company engages

in retailing general lines of food products, including fresh and prepared meats, seafood, and fresh fruits and vegetables and various dairy products.

Delivering orders to customers at the main entrance of their address, Upon their request, the messengers may carry their order into the delivery address, for example, to a particular floor in the apartment block or into your kitchen but only if the messenger has got permission and the place is safe from the messenger's perspective that it is practical to do as the customer's request. Always reserve the right to deliver only to the main entrance of the delivery address.

## **1.2 Objective of the Project**

The objective of the project is stated as follows:

### **1.2.1 General Objective:**

The general objective of this study is to assess the feasibility of a door to door delivery service of grocery items in Addis Ababa Ethiopia.

### **1.2.2 The Specific Objective of the Project:**

- To assess if the business concept is socially
- To assess if the business concept is financially feasible;
- To assess Managerial and administrative feasibility
- To assess if the business concept is feasible in location-wise;
- To assess if the business concept is feasible technically;

## **1.3 Statement and Justification of the Problem**

In Addis Ababa, a thriving metropolis juggling rapid development and an increasingly busy population, grocery shopping faces significant challenges:

**Time constraints:** Busy professionals and families struggle to dedicate time to grocery shopping, often resorting to inconvenient options or neglecting essential purchases.

**Limited accessibility:** Traffic congestion, unreliable public transportation, and long distances to supermarkets can make physical grocery shopping cumbersome and time-consuming.

**Inconvenience:** Carrying groceries, especially in bulk, can be physically demanding and impractical, particularly for those with limited mobility or childcare responsibilities.

**Spoilage risks:** Fresh produce and perishable items can spoil during lengthy or congested commutes, leading to unnecessary waste and financial loss.

🚦 **Justification:** These challenges create a substantial unmet need for a convenient and efficient grocery shopping solution in Addis Ababa. A door-to-door grocery delivery service has the potential to address this need by:

**Saving time:** Customers can order groceries online or via mobile app, freeing up valuable time for work, leisure, or family.

**Enhancing accessibility:** Delivery overcomes physical limitations and geographical barriers, ensuring everyone has access to essential groceries.

**Increasing convenience:** Eliminating the need for physical shopping trips and carrying groceries enhances comfort and ease of access.

**Reducing spoilage:** Efficient delivery systems and temperature-controlled transport minimize the risk of spoilage for perishables.

Therefore, addressing the challenges of traditional grocery shopping in Addis Ababa presents a significant opportunity for a door-to-door delivery service to fill a crucial gap in the market and improve the lives of city residents.

#### **1.4 Scope of the Project**

This Project is concerned about customer satisfaction in the door to door delivery service of grocery items in Addis Ababa city. It is concerned only in areas within the boundary of Megenagan. Door-to-Door delivery refers to delivering ordered products to the consumer's doorstep. Door-to-door delivery service is one of the most significant models that ensure faster, hassle-free delivery resulting in greater customer satisfaction. Door-to-door delivery service has been widely adopted for more than one reason. It engaged with more benefit for the customers.

- Products Are Guaranteed to Arrive Fresh and Safely.
- Enhanced Customer Satisfaction.
- Convenient.
- Optimized Inventory and Order Management.

Door-to-door delivery is the most convenient way to receive a package, as a single point of contact helps to eliminate the need to visit the courier service provider's office or shipping center, reducing the hassle of the customers. Door-to-door delivery is useful for individuals or businesses that require urgent or time-sensitive delivery. The scope of this project is to maintain good communication with customers and give them satisfaction.

#### **1.5 Limitations of the Study**

##### **Data Availability and Reliability:**

- **Limited market research data:** Access to relevant consumer surveys, market size estimates, and competitor analysis data might be limited or unavailable.

- **Uncertain future economic conditions:** Forecasting future economic growth, inflation, and consumer spending can be challenging, affecting revenue projections.
- **Infrastructure limitations:** Traffic congestion, unreliable power grids, and limited internet access in certain areas could affect delivery efficiency.
- **Social and cultural factors:** Consumer preferences for traditional shopping habits or cash-based transactions might impact adoption rates.
- **Unforeseen events:** Political instability, natural disasters, or other unforeseen events could disrupt operations and financial projections.



## **CHAPTER TWO**

### **PROJECT CONCEPT**

The central concept of our proposed door-to-door grocery delivery service, aiming to revolutionize grocery shopping in the Addis Ababa, Ethiopia. Imagine a bustling Addis Ababa, where busy professionals and families can order their groceries online and have them delivered fresh to their doorsteps.

The fast-paced lifestyle of Addis Ababa residents often leaves little time for grocery shopping. Traffic congestion, long distances to supermarkets and inconvenient shopping hours add to the challenge. Our service addresses this need by providing a convenient, time-saving, and hassle-free solution.

#### **The project aim to stand out from the competition through:**

**Wide product selection:** Offering a comprehensive range of groceries, including fresh produce, dairy, packaged goods, and household items, sourced from local and international suppliers.

**Reliable and efficient delivery:** Employing a network of delivery personnel on motorbikes and vans, equipped with temperature-controlled containers for perishable items, to ensure fast and reliable deliveries within designated zones.

**User-friendly technology:** Developing a mobile app or web platform for easy online ordering, order tracking, and secure payment options.

**Competitive pricing:** Offering competitive prices through strategic partnerships with suppliers and transparent pricing models.

**Focus on customer service:** Prioritizing excellent customer service through responsive communication, order customization options, and a user-friendly returns policy.

#### **2.1 Customer Segments**

planning our customers are the condominium resident specifically Choose megenagn because it is the location where most condominium residence found as we Centre Meganagn there are a lot of new site of condominium, apartments and ye meheber house on the way to Gurd shola, Cmc Michael, Suumit, Hayat, Yeka , Tafo. Identifying the customers by their age there are from 25-49 this plan to charchetrized by demography.

#### **Our target market includes:**

- ✓ Busy professionals and families with limited time for grocery shopping.
- ✓ Individuals with limited mobility or those who prefer the convenience of home delivery.
- ✓ Tech-savvy consumers who embrace online shopping and delivery services.

- ✓ Residents living in areas with limited access to supermarkets or during inconvenient shopping hours.

## 2.2 Value Propositions

This project will plan to compete with his competitor and differentiate the service from its competitors by freshness & speed. By delivering on time & guaranteed products you can added value to the customers. On time delivery is the big issue of the customers. Focus and solve the on time delivery issue of the customers.

Our service aims to positively impact the lives of Addis Ababa residents in several ways:

- ✓ **Convenience and time-saving:** By offering a convenient and time-saving grocery shopping solution, we free up valuable time for work, leisure, and family.
- ✓ **Improved access to healthy food:** Providing a wider range of groceries, including fresh produce, can contribute to healthier dietary choices.
- ✓ **Economic opportunities:** Creating jobs for delivery personnel, customer service representatives, and IT professionals.

## 2.3 Channels

- ✓ **Company website or mobile app:** This is the most common channel, allowing customers to browse and order directly from the service's platform.
- ✓ **Social media platforms:** Many services utilize social media like Facebook or Instagram for ordering, taking advantage of built-in audience and messaging features.
- ✓ **Direct phone orders:** Some services still take orders via phone calls, catering to customers who prefer this method or lack internet access.

## 2.4 Customer Relationships

Building strong customer relationships is crucial for the success of your door-to-door grocery delivery service in Addis Ababa. Here's how approach this aspect in this feasibility study:

### **Understanding Customer Needs and Preferences:**

Conduct market research to understand the specific needs and preferences of the target audience. This includes factors like:

- ✓ Preferred delivery times and windows.
- ✓ Desired product categories and selection (local vs. international, organic vs. non-organic).
- ✓ Pricing sensitivity and preferred payment methods (cash, mobile money, online payments).
- ✓ Communication channels and language preferences.

### **Importance of order customization and substitution options.**

#### Building Trust and Transparency:

- ✓ Emphasize the quality and freshness of the groceries, highlighting partnerships with local suppliers and temperature-controlled delivery methods.
- ✓ Provide clear and transparent information about pricing, delivery fees, and returns/refunds policy.
- ✓ Offer responsive customer service through multiple channels (phone, email, app chat) and address concerns promptly and effectively.

#### Personalization and Engagement:

- ✓ Utilize the customer data to personalize the shopping experience. Recommend products based on past purchases and preferences.
- ✓ Offer promotional deals and targeted discounts to retain existing customers and attract new ones.
- ✓ Implement a loyalty program to reward regular customers and incentivize repeat business.
- ✓ Encourage user feedback through surveys and reviews to continuously improve the service and offerings.

#### Addressing Concerns and Building Advocacy:

- ✓ Anticipate potential customer concerns like traffic delays, order accuracy, and product substitutions. Have clear protocols in place to address these issues.
- ✓ Promote environmentally friendly practices like reusable packaging and responsible waste disposal.
- ✓ Partner with local communities and charities to demonstrate your commitment to social responsibility.

- ✓ Encourage satisfied customers to leave positive reviews and share their experiences on social media, building organic advocacy.

By focusing on building strong customer relationships, making the differentiate our door-to-door grocery delivery service in Addis Ababa. Remember, happy customers are your best brand ambassadors and key to long-term success.

Additionally, consider including these points in your feasibility study:

- ✓ Potential challenges: Language barriers, cultural differences in customer expectations, and navigating cash-based transactions.
- ✓ Proposed solutions: Offering multilingual customer service, providing culturally relevant product options, and integrating cash on delivery alongside digital payment options.
- ✓ Metrics for success: Customer satisfaction ratings, repeat purchase rate, positive reviews and referrals, and customer lifetime value.

By including a comprehensive analysis of customer relationships in this feasibility study, and demonstrate a holistic understanding of the market and our commitment to customer-centricity, making this business proposal more attractive to potential investors and stakeholders.

### **2.5 Key Activities**

The key activity focuses on presenting the value of delivering the customers a better job than the competitors. We have one car & two motor bicycles to deliver on time the customers order and give faster service. For freshness, we will work with the local farmer to ensure freshness and could work with factories to get fresh and minimum cost products and grind coffee beans only when you are ready to serve.

### **2.6 Key Resources**

- ✓ Mobile app or web platform development and maintenance.
- ✓ Delivery vehicles (motorbikes, vans) and temperature-controlled containers.
- ✓ Warehouse or storage facilities for perishable items.
- ✓ Logistics and delivery management software.
- ✓ Customer service representatives and delivery personnel.
- ✓ Partnerships with grocery stores, suppliers, and technology providers

### **2.7 Key Partners**

- ✓ Local grocery stores and suppliers for product sourcing and competitive pricing.

- ✓ Logistics companies for efficient delivery infrastructure and route optimization.
- ✓ Payment processing providers for secure online transactions and cash on delivery integration (if applicable).

## **2.8 Revenue**

- ✓ Delivery fees based on distance, order size, or subscription model.
- ✓ Markups on grocery items, offering competitive prices while ensuring profitability.
- ✓ Up selling and cross-selling opportunities through personalized recommendations and bundled deals.
- ✓ Potential partnerships with local businesses for advertising or sponsored offers on the platform.

## **2.9 Cost Structure**

- ✓ Vehicle acquisition and maintenance costs.
- ✓ Employee salaries and training for customer service and delivery personnel.
- ✓ Technology development and maintenance costs for the mobile app or platform.
- ✓ Marketing and advertising expenses to reach target customers.
- ✓ Storage and warehousing costs for perishable items.
- ✓ Payment processing fees and integration costs.

## **2.10 Opportunity Study**

The online grocery industry is rapidly expanding. Today more and more people have started buying their grocery items online, in an effort to save time and energy. However while people are getting attracted to the staples delivered to their doorstep, the industry date is a little behind its time. Apart from product choice, quality, availability of product, payment security, replacement of product etc. there are many other factor which motivate customers to go for online grocery shopping like to avoid visiting crowdie place, don't want to go market, traffic and car parking Problem carrying of heavy bags till door steps, standing for longer waiting line at counters.

Based on this advantage our customers are household who lives around megenagna area it contains aged from 22-49 level because our project is a grocery which contains fruit vegetable and the other product. Our location center for many people and we deliver for every person who wants delivery and afford the price. All our customers are paying means they have the ability to pay and the segmentation is multiple.

The value proportion of the project contains every person purchasing 100 birr on average. Based on this, this project needs around 16,000,000 (sixteen million birr) to start a business and we collect around 20,000,000 (twenty million birr) for the 1<sup>st</sup> year. Also we have to connect or partner with suppliers who participate in delivery of products and we have to have a good relationship with our customers.

### **2.11 The Project Concept and Profile**

The concept of this project is user-friendly door-to-door grocery delivery service revolutionizing grocery shopping in Addis Ababa. This project prioritizes convenience, quality, and affordability, to busy professionals, families, and tech-savvy residents who value their time and well-being.

#### **Profile:**

- ✓ Mission: To make fresh, high-quality groceries readily available to Addis Ababa residents, delivered conveniently to their doorsteps, improving their quality of life and saving them valuable time.
- ✓ Vision: To become the leading online grocery delivery platform in Ethiopia, known for its exceptional customer service, reliable delivery, and commitment to sourcing local and international products.
- ✓ Values: Convenience, quality, affordability, sustainability, and community.

#### **Competitive Advantage:**

- ✓ Wide product selection: Offering a comprehensive range of groceries, including fresh product, local and international options, organic and non-organic choices.
- ✓ Seamless technology: User-friendly mobile app with intuitive ordering, tracking, and payment options.
- ✓ Reliable and efficient delivery: Network of motorbike and van delivery personnel equipped with temperature-controlled containers for perishables, ensuring fast and reliable deliveries within designated zones.
- ✓ Transparency and competitive pricing: Clear pricing models, no hidden fees, and competitive markups on groceries.
- ✓ Focus on customer service: Responsive customer support through multiple channels, proactive communication, and commitment to resolving issues promptly.
- ✓ Sustainability efforts: Partnering with local farmers and eco-friendly suppliers, minimizing packaging waste, and implementing responsible waste disposal practices.

**Target Market:**

- ✓ Busy professionals and families with limited time for grocery shopping.
- ✓ Individuals with limited mobility or those who prefer the convenience of home delivery.
- ✓ Tech-savvy consumers who embrace online shopping and delivery services.
- ✓ Residents living in areas with limited access to supermarkets or during inconvenient shopping hours.

**2.12 Preliminary Studies**

Preliminary studies can provide valuable insights and refine your understanding of the market and potential business model. Here are some key areas to explore:

**Market Research:**

- ✓ Industry analysis: Research the online grocery delivery market in Ethiopia, including its size, growth potential, current trends, and major players.
- ✓ Competitive analysis: Identify existing grocery delivery services and traditional grocery stores in Addis Ababa, analyzing their strengths, weaknesses, and target markets.
- ✓ Consumer research: Conduct surveys or focus groups to understand the needs, preferences, and shopping habits of the target audience. This could include factors like preferred delivery times, desired product categories, willingness to pay, and payment methods.
- ✓ Economic analysis: Examine the current economic climate in Ethiopia, including disposable income levels, inflation rates, and internet penetration, to assess potential consumer spending and market viability.

**Operational Assessment:**

- ✓ Logistics and delivery: Explore potential delivery models, including vehicle types, delivery zones, and temperature-controlled storage options for perishables. Analyze traffic patterns and infrastructure limitations to optimize delivery routes and scheduling.
- ✓ Technology platform: Determine by develop our own mobile app or web platform, or consider existing solutions based on user-friendliness, functionality, and integration with payment systems.

- ✓ Sourcing and partnerships: Identify potential partnerships with local grocery stores, suppliers, or logistics companies to secure product sourcing, competitive pricing, and efficient delivery infrastructure.

**Risk Assessment:**

- ✓ Identify potential risks: Consider challenges such as traffic congestion, unreliable infrastructure, cash-based economy, perishables spoilage, and competition.
- ✓ Develop mitigation strategies: Propose solutions to address identified risks, such as dynamic route planning, partnerships, temperature-controlled packaging, and efficient inventory management.
- ✓ By conducting these preliminary studies, we gain a valuable head start on our full feasibility study. The insights we gather will help us refine this business model, identify potential challenges and opportunities, and present a more compelling case for this door-to-door grocery delivery service in Addis Ababa.



## **CHAPTER THREE**

### **PROJECT METHODS AND PROCEDURE**

#### **3.1 Project Design**

The chosen study design for the project involves a combination of quantitative and descriptive research design. The project's approach will be quantitative as it focuses on financial and economic feasibility. The aim of the descriptive research design is to systematically gather information to describe a situation, phenomena or population since this project is a market analysis, the data collected will be in the form of quantities. This method will help the project answer questions such as what, when, where and how, which will provide insight into the existing gap. Additionally, the descriptive study will help in describing the characteristics of a particular group of respondents through numerical or quantitative data.

#### **3.2 Type of Data Collected**

##### **3.2.1 Primary Data**

It is obtained from the original source of information. The primary data were more reliable and had a more confidence level of decision-making with the trusted analysis having been directly interacting with occurrence of the events from the participant through questionnaires with selected residents of the condominium.

##### **3.2.2 Secondary Data**

Secondary data has been conducted to collect data from various secondary sources. This includes reports and project documents at each business sector. Secondary data sources have been obtained from literature and the remaining data were from the other companies' manuals, reports, and some management documents.

#### **3.3 Method of Data Collection**

The primary data collected by mainly structured questionnaires distributed to the resident of the condominium and conducted with the resident of the condominium. The questionnaire contained close-ended questions. The close ended questions help to see the similarity uniform of the participant's response. The respondents in this study were sampled within the residence of the condominium, but vary in nationality, age, education and household composition. The respondents had an average age range from 22 to 49, with 20 male and 45 female.

### **3.4 Population and Sampling Techniques**

The target population of this Project is condominium, apartment and residence specifically living in Gurd shola, Cmc Michael, Summit, Hayat, Yeka Abado, Tafo,.

### **3.5 Sampling Design**

To find out representative participants used probability sampling methods, particularly simple random sampling techniques to select target participants in order to collect relevant data from selected participants because our customer is every person living around these areas.

### **3.6 Sample Size**

Among selected Condominiums through simple random sampling techniques 66 participants were selected. Finally, this Project gathers data from 40 women's 26 men's participants.

### **3.7 Method of Data Analysis**

After collecting relevant data from selected participants through structured questionnaires I used quantitative data analysis technique. Specifically, simple descriptive data analysis techniques such as percentage and frequency were used to analyze data.

## **CHAPTER FOUR**

### **PROJECT PREPARATION & FEASIBILITY STUDY REPORT**

This report presents a feasibility study for a business venture proposing a door-to-door grocery delivery service in Addis Ababa, Ethiopia. The aim of this study is to assess the viability of this business idea, taking into account various factors such as market demand, competition, operational feasibility, and financial projections.

Addis Ababa, with a population exceeding 5 million, is the largest city in Ethiopia and experiencing rapid urbanization. This growth has led to an increasing demand for convenient and time-saving services, including grocery delivery. Traditional grocery shopping often involves navigating crowded markets and carrying heavy bags, which can be challenging for many residents. A door-to-door delivery service has the potential to address this need by providing customers with a convenient and accessible way to shop for groceries.

#### **4.1 Market and Demand Analysis**

##### **1. Targeting the Right Location and Demographics:**

**Focus:** Target areas with high concentrations of young professionals, families, and busy individuals with disposable income and internet access. Consider areas like Megenagan.

**Demographics:** Prioritize individuals aged 25-49 with smart phones and regular internet usage. Consider family size, education level, and occupation for niche market segments.

##### **2. Optimizing Warehouse Location and Cost: Criteria:** Balance affordability, accessibility to target zones, and sufficient space for efficient operations. Prioritize

**Square footage:** Adequate space for inventory, packing, and potential value-added services.

**Cost:** Negotiate competitive lease/rent rates and long-term contracts.

**Location:** Strategically situated with good road access and proximity to target neighborhoods.

##### **3. Mapping Efficient Delivery Routes:**

**Software:** Utilize delivery route optimization software to identify the most cost-effective routes from the warehouse to different target areas. This minimizes transportation costs and ensures timely deliveries.

##### **4. Highlighting the Demand and Potential:**

**Fast-paced life:** Emphasize the growing need for convenient grocery solutions in Addis Ababa's busy environment.

Traditional challenges: Acknowledge the difficulties of traditional shopping (traffic, time constraints, physical effort).

Online solution: Position your service as a time-saving, convenient, and stress-free alternative.

#### 5. Addressing Competition and Value Proposition:

Briefly mention competitors: Acknowledge their presence and highlight our unique selling proposition (freshness, speed, range, etc.) to stand out.

Technology and logistics: Emphasize use of technology for seamless order processing, inventory management, and delivery tracking.

Growth potential: Briefly touch on the future growth potential of online grocery shopping in Addis Ababa and the expansion plans.

By focusing on targeted demographics, optimizing operations, and highlighting the benefits of the service, we can create a compelling market and demand analysis for the online grocery shopping and delivery business in Addis

This survey explores grocery shopping habits and preferences, with a focus on online vs. in-person methods.

#### **Key findings:**

- ✚ Frequency: Most participants (47%) visit grocery stores often, while 38% shop sometimes.
- ✚ Preferred method: Online grocery shopping is gaining popularity, with 43% preferring it compared to 30% for in-person at a store.
- ✚ Online experience: While 58% haven't tried online grocery shopping, 64% of those who haven't are interested in doing so.
- ✚ Time spent: Grocery shopping takes time, with 41% spending 1 hour and 33% spending 2 hours per trip.
- ✚ Dissatisfaction: Long checkout lines (38%), out-of-stock items (33%), and unhelpful staff (10%) are common negative experiences.
- ✚ Online benefits: Participants perceive online shopping as helpful for controlling spending (58%) and quicker/more convenient (63%).
- ✚ Ease of access: Only 33% find it easy to physically obtain groceries from a supermarket.

- ✚ Quality and shelf life: Most respondents (61% and 60%, respectively) believe online supermarkets provide acceptable product quality and sufficient shelf life.
- ✚ Delivery flexibility: The majority (66%) find online distribution systems flexible enough to adjust to customer needs.

Overall, the survey suggests a growing preference for online grocery shopping, driven by convenience and time-saving benefits, despite some concerns about product quality and physical accessibility.

### **Summary and interpretation of the collected data**

This analysis explores the feasibility of launching an online grocery delivery service in Addis Ababa, focusing on social, financial, location-wise, technical, and administrative aspects. Despite existing online services, unaddressed customer segments and changing consumer preferences present a ripe opportunity for a new entrant.

#### **Social Feasibility:**

- ✓ Growing demand: Busy lifestyles and expanding city limit the time and energy available for physical grocery shopping. Online delivery offers convenience, saving time, money, and effort.
- ✓ Enhanced customer satisfaction: Wider product options, ingredient availability, and guaranteed fresh and safe deliveries can increase customer satisfaction.
- ✓ Catering to underserved segments: Existing online services may not reach all customer segments. Targeting specific needs and preferences can unlock new markets.

#### **Financial Feasibility:**

- ✓ Profitable potential: Analysis indicates profitability within less than one year, highlighting the attractiveness of the business model.
- ✓ Competitive landscape: Understanding existing rivals and their strengths and weaknesses is crucial for strategic differentiation.
- ✓ Cost-optimization: Efficient routing, logistics, and inventory management can minimize operational costs and improve profitability.

#### **Location-wise Feasibility:**

- ✓ Expanding city: Addis Ababa's ongoing expansion creates a growing demand for convenient shopping options like online delivery.

- ✓ Targeted neighborhoods: Identifying areas with high population density, working professionals, and limited access to physical stores can maximize reach.
- ✓ Delivery infrastructure: Ensuring reliable and efficient delivery within designated areas is essential for customer satisfaction.

**Technical Feasibility:**

- ✓ Robust online platform: Developing a user-friendly and secure online platform for browsing, ordering, and payment is crucial.
- ✓ Delivery management system: Implementing a real-time tracking system for orders and deliveries builds trust and transparency.
- ✓ Inventory management: Maintaining optimal inventory levels while minimizing spoilage requires efficient data analysis and forecasting techniques.

**Administrative Feasibility:**

- ✓ Regulatory compliance: Obtaining necessary licenses and permits for operating an online business and food delivery service is essential.
- ✓ Logistics and manpower: Building a skilled team for order processing, packaging, and delivery requires strategic planning and training.
- ✓ Marketing and sales strategies: Understanding customer segments and implementing targeted marketing campaigns can effectively reach the desired audience.

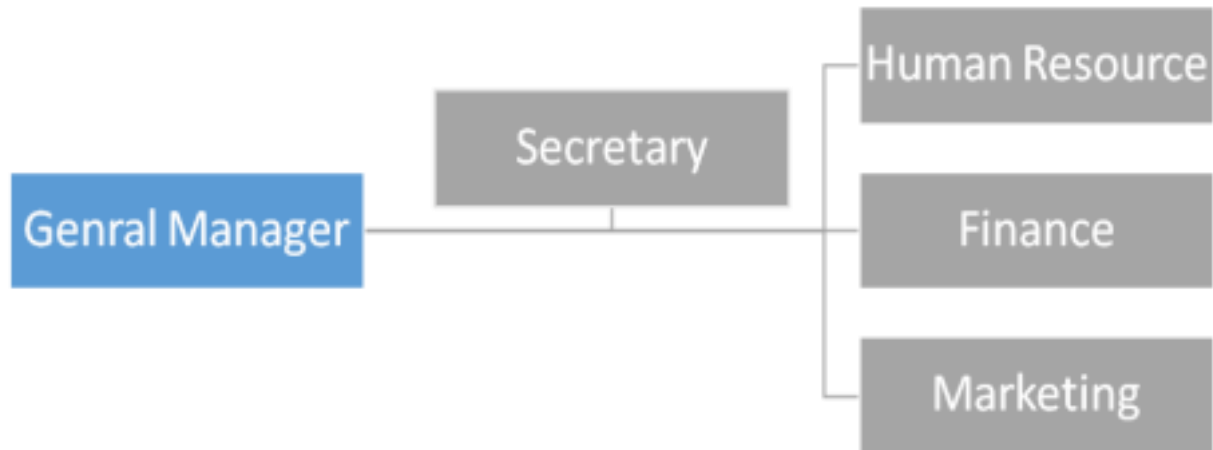
**Conclusion:**

The analysis suggests that launching an online grocery delivery service in Addis Ababa (megenagna area) is feasible if social, financial, location-wise, technical, and administrative aspects are carefully considered. Addressing unmet customer needs, leveraging technology, and building a strong operating system can lead to a successful and sustainable business.

**4.2 Organization & Human Resource**

The organizational plan of a business describes the structure of organization as well as organization chart. The failure and success of a project mainly depends on the organization of its manpower. The well-organized manpower, the more successful project, Hence, this project has a well fitted organizational structure for its success.

The below chart shows the organizational chart of the company, It shows hierarchy through organizational structure. And the below table describes the key staff of Grocery and description of their qualifications.



### **Organizational Structure and Key Roles**

This document outlines the key roles and responsibilities within the organization, along with the proposed staffing levels.

#### **Management:**

- ✓ General Manager: Responsible for overall strategic direction, leadership, and performance of the organization. Oversees all departments and reports to the board of directors. (1 position)

#### **Support Staff:**

- ✓ Secretary: Provides administrative support to the General Manager, handling tasks such as scheduling, communication, and document management. (1 position)

#### **Departments; Human Resources:**

- ✓ HR Manager: Responsible for all HR functions, including recruitment, training, and employee relations. (1 position)

#### **Operations:**

- ✓ Warehouse Team Leader: Manages the warehouse, overseeing inventory control, distribution, and team supervision. (1 position)

- ✓ Store Keepers: Assist the Warehouse Team Leader with inventory management, record keeping, and maintaining physical store organization. (2 positions)

**Marketing:**

- ✓ Account Manager: Develops and executes marketing strategies, manages client relationships, and leads market research initiatives. (1 position)
- ✓ Sales and Customer Service:
- ✓ Sales Clerk: Takes orders, provides customer service, and processes payments in the store or online. (2 positions)
- ✓ Sales Administrator: Supports the sales team with administrative tasks, order processing, and customer communication. (1 position)
- ✓ Call Center Representatives: Handle customer inquiries, respond to orders, and provide support via phone, email, or online chat. (2 positions)

**Technology:**

- ✓ IT Support Technician: Maintains computer systems, software, and network infrastructure, providing technical support to all departments. (1 position)

**Finance:**

- ✓ Senior Accountant: Manages financial reporting, budget development, and accounting controls. Oversees junior accountant and ensures compliance with financial regulations. (1 position)
- ✓ Junior Accountant: Assists the Senior Accountant with daily accounting tasks, data entry, and financial reporting. (1 position)

**Delivery:**

- ✓ Van Drivers: Deliver orders to customers efficiently and safely, maintaining proper handling and record-keeping. (2 positions)
- ✓ Motorbike Drivers: Provide rapid delivery of smaller orders within a designated area. (2 positions)

This structure provides a clear division of responsibilities and ensures adequate staffing for each critical function. The team size can be adjusted based on budget constraints, operational needs, and projected growth.



## Organization staff

Role	Number	Salary
Manager	1	14000
Accountant	2	13000
Sales	4	14,000
IT	2	10,000
Store/labor	3	6000
Marketing Manager	1	10000

### 4.3 Social Analysis

This analysis assesses the social feasibility of introducing a door-to-door grocery delivery service in Addis Ababa, Ethiopia. It examines the potential social impacts of the service, both positive and negative; to better understand its viability and potential contributions to the community.

#### **Social Impacts:**

- ✓ Convenience and accessibility: This service can be a boon for those with limited mobility, busy schedules.
- ✓ Creation of employment opportunities: The service can generate new jobs for delivery personnel, warehouse workers, and customer service representatives.
- ✓ Support for local businesses: Sourcing groceries from local markets and shops can boost the income of small businesses and farmers.
- ✓ Reduced carbon footprint: Delivery optimization and consolidation can potentially minimize individual car trips for grocery shopping, leading to lower carbon emissions.
- ✓ Enhanced community interaction: Delivery personnel could foster friendly interactions with customers, particularly isolated individuals, promoting social connection.

- ✓ Convenience and time-saving: Highlight how our service can empower individuals and families, particularly busy professionals and women, by saving them valuable time and reducing the burden of grocery shopping.
- ✓ Improved access to healthy food: Emphasize how our partnerships with local suppliers and focus on fresh produce can increase access to healthy and nutritious options, contributing to better health outcomes.
- ✓ Economic opportunities: Explain how the service can create job opportunities for delivery personnel, customer service representatives, and warehouse staff.
- ✓ Environmental impact: Address potential concerns about packaging waste and consider implementing eco-friendly packaging solutions and responsible waste disposal practices.

#### **4.4 Economic Analysis**

In visualizing and planning the project it is a bit difficult because there is some uncertainty or constraints regarding the supply of power and internet since these two are the fundamental of the project we couldn't make sure when the utility supplies could be constantly available or not, like any part of the city it is possible there may be a power and internet supply frequent outage .this makes the economic feasibility difficult to calculate project.

##### **4.4.1 Project Stakeholders**

The various stakeholders, namely, the local community, the local and the federal government, the natural environment will all gain because of this project establishing its unique online delivery service amidst them. This will assist in enhancing this online delivery project's overall service image and reputation in the long run. The stakeholders of this project are the persons that contribute financially to the project. The customers and the all staff when they are contributing benefit from this project also stakeholders.

##### **4.4.2 Project Beneficiaries**

Projects have two types of project beneficiaries when implementing the project. Direct project beneficiary is the owner (partner) of the project. Indirect beneficiary is the customers when they get the service there are indirect beneficiaries and also the staff are secondary beneficiaries.

#### **4.4.3 Project Social Cost and Benefit Analysis**

Social feasibility study of a project from the view point of a society to evaluate whether a proposed project will add benefit or cost to the society, this project is by offering online delivery service of grocery items changing the people's grocery shopping lifestyle to online buying habits. It makes their lifestyle easy and comfortable by providing online shopping. Online shopping is a preferable and easy shopping opportunity, Saving their time, energy and unnecessary spending money.

**Decision after Analysis:** this online delivery service will be a positive addition to Addis Ababa, Ethiopia and the surrounding community because numerous social and economic benefits will accrue because of its establishment.

#### **4.5 Financial Analysis**

This section contain financial analysis of the project in different methods such as investment cost, operational cost, marketing cost, cash flow projection and the time value of money; net present value and internal rate of return.

##### **4.5.1 Initial Investment Cost**

Initial investment cost is a cost to start a business; it includes costs we incur to start a Business without operating cost.

Our initial cost of the project is 16,548,000 birr (Sixteen million five hundred forty Eight thousand birr).

##### **Capital Investments**

###### **Available**

a) House rent: Total Area, 170 Sq.m in Addis Ababa town around Megenagna Area Birr 786,040

b) Vehicles:1 Truck & 2 Motor bicycle Birr 2,870,000.00

c) Launching a Website and Web Page designing Birr 150,000.00

Total Fixed Capital Birr 3,806,040

###### **Working Capital**

a) Raw material, a product to sells Birr 9,000,000.00

b) Office & store material Birr 2,457,000.00

c) Utilities (electricity, fuel, water etc) Birr 237,000.00

d) Salary Birr 201,000.00 e) Marketing Promotion Birr 1,160,00.00

###### **General expenditure**

Total Initial Working Capital in the

Form of Bank overdraft or Working Capital Loan Birr 12,741,960 Total Initial Investment

**Capital forecasted for a year**

Birr 16,548,000 Source of Finance

23% of the initial fixed investment cost of the project Birr 3,806,040.00 will be paid

By the proprietors and the other 77% is expected to be financed by the local banks in

The form of loan. The bank repayment schedule is indicated below.

- Fixed Capital Investment by Proprietors 23% -----3,806,040

- Capital Investment by Bank Loan 77 % -----12,741,960

**4.5.2 Project Cost**

Investment item	Total value
purchase of delivery vans and motorbike · Lifan min van · Zib star motorbikes	Total 5,250,000.00
Purchas of Groceries material for six month · Vegetables · Fruits · Water, Soft drink and alcohol drinks · Bakery and Bread · Meat and seafood · Cooking Oils and sauces · Dairy, cheese and eggs · Snacks and cereals · Cleaning material	13,000,000. 00
payment of rent for 6 month stores	1,420, 000

Launching a Website and Web Page designing	150,000.00
Total employee Salary for six month	1,759,000.00
Office material like · Computers, · Printers, · Telephone, · tables and · chairs	1,280,000. 00
bins, rack, shelves, food case) fridge	1,177,000
Marketing promotion expenses Signage Billboard rental for six month Fliers TV and radio commercial	1.160,000

#### 4.5.3 Production Costs/Operational Costs

Operating Cost a cost a company incurs to produce goods and services. Total Operating cost will reach **16,548,000 ETB** in the reference year and that amount will Occur in the remaining project lifetime. Among the operation cost items, raw materials Cost is recorded as highest cost accounting for **9,000,000ETB** in the reference year of Operation because we are new beginners for the business. Therefore, buying of new Raw material is the highest and it is the vital factor.

#### 4.5.4 Marketing Costs

Marketing cost a cost the project incurs to sale goods and services. Our project use Billboards, flier, Print on the sales wear t-shirts and hat, sticker on the delivery cars & a motor bicycle for marketing all expenses cost us **1,160,000** birr.

#### 4.5.5 *Projection Of Cash Flow (Initial Cash Flow, Net Cash Flow, And Terminal Cash Flow)*

	1st year 1st quarter	2nd quarter	3rd quarter	4th quart er	2nd year 1st quarter	2nd quarter	3rd quarter	4th quarter
Beginni ng cash balance		2,799,000	888,000	6,809, 000	19,898,00 0	42,827,00 0	72,916,000	111,845,000
cash inflow	3,000,000	8,000,000	17,000,0 00	25,00 0,000	35,000,00 0	40,000,00 0	50,000,000	60,000,000
account receivab le								
Total cash inflow	3,000,000	12,799,00 0	17,880,0 00	31,80 9,000	54,898,00 0	82,827,00 0	122,916,00 0	171,845,000
cash out flow								
purchas e		9,000,000	9,000,00 0	9,000, 000	9,000,000	9,000,000	9,000,000	
rent payable		710,000	710,000	710,0 00	710,000	710,000	710,000	

marketi ng & promoti on expense every 6 month			1,160,00 0		1,160,000		1,160,000	
payroll	201,000	201,000	201,000	201,0 00	201,000	201,000	201,000	201,000
Total cash out flow	201,000	9,911,000	11,071,0 00	9,911, 000	11,071,00 0	9,911,000	11,071,000	
Net cash flow	2,799,000	888,000	11,809,0 00	19,89 8,000	42,827,00 0	72,916,00 0	111,845,00 0	170,644,000
Ending cash balance	2,799,000	888,000	6,809,00 0	19,89 8,000	42,827,00 0	72,916,00 0	111,845,00 0	170,644,000

#### 4.5.6 Financial Evaluation

In this section the paper evaluate the financial perspective of the project which evaluate the payback, period accounting rate of return, net present value internal rate of return and break even analysis.

#### 4.5.7 Payback Period (PBP)

Payback period is the length of time it takes to recover the cost of an investment. Initial Investment

Payback period =

=

=0.83

Cash inflow year 1 = 26,898,000 birr

It takes less than one year to cover its all costs so the payback period of the company is 0.83 year.

#### 4.5.8 Accounting Rate of Return (ARR)

Accounting rate of return (ARR) is the average net income an asset expected to generate divided by its average capital cost, expressed as an annual percentage.

Average annual cash flow =

=85,822,000

ARR= = 5.18

#### 4.5.9 Net Present Value (NPV)

Net present value (NPV) is the value of today of a set of future anticipated cash flows.

$$NPV=CF_0 + \sum_{t=1}^n \frac{CF_t}{(1+r)^t}$$

$$NPV=-16,548,000 + \frac{19,898,000}{(1+0.07)^1} + \frac{171,644,000}{(1+0.07)^2}$$

$$=-16,548,000+18,596,261+149,920,517$$

$$= \underline{\underline{151,968,778}}$$

Base on this calculation company's NPV is greater than our initial investment so this Business profitable to invest.

#### 4.5.10 Internal Rate of Return (IRR)

Internal rate of return (IRR) is the compound rate of return r which makes the net present value (NPV) equal to zero.

$$IRR=CF_0 + \sum_{t=1}^n \frac{CF_t}{(1+r)^t} = 0$$

C5		$f_x$	=IRR(C2:C4)
A	B	C	D
	Intial investment	-\$16,548,000.00	
	Cash flow 1st year	\$19,898,000.00	
	Cash flow 2st year	\$171,644,000.00	
			288%



#### 4.5.11 Break-Even Analysis (BEA)

Break-Even Analysis return on investment in two years and phase on number of customer and sales volume quarterly as follows.

Year	Period	No of sales	sales volume	Sales in B
1st Year	1st Quarter	3,000	30,000	3,000,000
	2nd quarter	8,000	80,000	8,000,000
	3rd quarter	17,000	170,000	17,000,000
	4th quarter	25,000	250,000	25,000,000
2nd year	1st quarter	35,000	350,000	35,000,000
	2nd quarter	50,000	400,000	40,000,000
	3rd quarter	75,000	500,000	50,000,000
	4rd quarter	125,000	600,000	60,000,000

Break-Even Analysis is a financial calculation that weighs the costs of a new business, Service or product against the unit sell price to determine the point at which we break Even (a point at no profit and loss) based on this the our fixed is cost of purchase, rent And salary for one year is 17,260,000 birr, and our average price per product is 100 birr

And our variable cost per product is 5 birr.

Break even quantity = fixed cost/ (sales price per unit –variable cost per Unit). Break even quantity= 16,548,000/100-5  
=174,189 product

The company have to sell 174,189 product to be break-even point a point where no Profit and loss.

#### **4.6 Legal Analysis**

The legal feasibility of this project conflicts with legal requirements when choosing The location of the store or the head office. And consider healthy legality when the Delivery of food items for the customers. The payment method is also legally Acceptable with the country transaction method, is the project follow trade ministry legal policy.

And the project using internet through the country policy.

## **CHAPTER FIVE**

### **SUMMARY AND CONCLUSION**

#### **5.1 Summary**

The study reveals that despite the availability of online grocery services in Addis Ababa city, there is a significant gap in their approach to reach a large number of potential customers. With the increasing trend of adopting online shopping for groceries, online delivery services can offer hassle-free, time-saving, and manageable delivery options to customers. In addition, online delivery services provide enhanced customer satisfaction, ingredient options, easy accessibility, and guaranteed fresh and safe products. The research methodology employed a quantitative and descriptive approach, and upon examining the economic and financial feasibility, it was discovered that the project is profitable and can recover its initial capital investment within less than a year.

#### **5.2 Conclusion**

In light of evolving consumer preferences, new business models are emerging in the realm of online grocery delivery services. Our research indicates that residents of condominiums find these services to be the most optimal option for their needs. As Addis Ababa continues to expand, the distance between our homes and workplaces is also increasing, making grocery shopping more of a hassle due to location, route, expiry date, shelf life, room temperature, and other factors that must be considered. Therefore, it's not surprising that online delivery services are becoming increasingly popular among those seeking to save time, money, and energy. With a variety of options available at online stores, customers can avoid the frustrations of parking and car congestion.

To gather data for this project, we employed a quantitative and descriptive approach, given that it is an economic analysis that employs quantitative data. Based on our analysis, we have determined that the project is financially and economically viable. The payback period for this project is less than one year, after which we can expect to begin generating a profit.

#### **5.3 Recommendation**

The results of a feasibility study on door-to-door delivery service for grocery items in Addis Ababa, Ethiopia have uncovered insightful findings. The study suggests that online grocers

expand their services to all areas of the city as there is limited availability of online grocery stores in the region. This presents an opportunity for online grocers to provide customers with more convenient and accessible grocery shopping options.

The study also indicates that Addis Ababa residents have responded positively to online grocery services and are eager to adopt online delivery services. To retain these customers, it is crucial for online grocers to continuously improve and streamline their services. Offering a diverse range of products is also important in attracting customers and providing them with a variety of options.

Furthermore, online grocers should prioritize product reviews as they can help build consumer loyalty. Encouraging customers to leave reviews and ratings of their purchased products can provide potential customers with valuable insights into the quality of the products. These reviews can be showcased on the website to assist other customers in making informed decisions about their purchases.

From an economic and financial standpoint, the project is feasible and profitable, with the initial costs being recouped in just less than one year. The study also highlights a significant volume of customers purchasing products, indicating the potential for partnering with other businesses. Such partnerships could be mutually beneficial for all parties involved.

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## APPENDICES

### Questioner

Dear respondents:

This is a questionnaire designed to collect data on the assessment of grocery shopping and delivery survey which will be used as an input for a project feasibility assessment survey in partial fulfillment of MBA Degree. Your genuine response is solely used for academic purpose and the data will be treated with utmost confidentiality. Therefore, your kindly cooperation is appreciated in advance.

*N.B. No need of writing your name;*

#### Demographic and other information

Put (✓) Mark your response in the box provided

#### 1. General characteristics of the respondent

##### 1. Gender

A. Male B. Female

##### 2. Age

A.18-25 B.26-33 C. 34-45

D.46-55 E.56 and Above

S.N	How frequently do you go grocery shopping?	
Q.1	Item	Mark
	Rarely	
	Sometimes	
	Often	
	Always	

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S.N	What is your preferred method of grocery shopping?	
Q.2	Item	Mark
	In-person at a grocery store	

	In-person at a farmer's market	
	Online grocery store	
	At any market	

S. No	Have you ever tried online grocery shopping?	
Q.3	Item	Mark
	Yes	
	No	

S.N	If no, would you be interested in trying it?	
Q.4	Item	Mark
	Yes	
	No	

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FEASIBILITY STUDY ON A BUSINESS ENGAGED IN DOOR-TO-DOOR DELIVERY SERVICE OF GROCERY SHOPP ITEMS IN ADDIS ABABA, ETHIOPIA

S.N In	each trip how much time do you spend buying grocery items	
Q.5	Item	Mark
	30 Minutes	
	1 hours	
	2 hours	
	More Than two hours	

S.N In	Select below of the bad experiences that you had faced while grocery shopping	
Q.6	Item	Mark
	Checkout lines are long	
	Items wanted were out of stock	
	Unable to find a helper to help me locating a product	
	Unfriendly employees	

S.N	Online shopping helps to control my spending habits	
Q.7	Item	Mark
	Yes	
	No	
	Neutral	

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S.N	Online shopping is a much quicker/convenient process than visiting local supermarket store	
Q.8	Item	Mark
	Yes	
	No	
	Neutral	



S.N	Online shopping is too much hassle to set? would you prefer to visit a supermarket store	
Q.9	Item	Mark
	Yes	
	No	

S.N	Online shopping is Available many option of payment	
Q.10	Item	Mark
	Yes	
	No	

30 FEASIBILITY STUDY ON A BUSINESS ENGAGED IN DOOR-TO-DOOR DELIVERY SERVICE OF GROCERY SHOPP ITEMS IN ADDIS ABABA, ETHIOPIA

S.N In	. What is your travel time to the closest supermarket, based on your most common means of transport?	
Q.11	Item	Mark
	15 Minutes	
	30 minutes	
	1 hours	

S.N	Is it easy to obtain groceries items from a supermarket physically	
Q.12	Item	Mark
	Yes	
	No	

S.N	Did you expect that online supermarkets will provide acceptable quality products	
Q.13	Item	Mark
	Yes	
	No	

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S.N	Did you expect that online supermarkets will provide products with sufficient shelf life	
Q.14	Item	Mark
	Yes	
	No	

S.N	Is the distribution system is flexible enough to alter delivery schedules depending on the customer need?	
Q.15	Item	Mark
	Yes	
	No	

**Thank you so much for your cooperation**