

Consumer perception towards online grocery store

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ABSTRACT

The dawn of the Internet era opened up amazing new possibilities and e-commerce has emerged as a perfect amalgamation of technology and marketing acumen. E-grocers have set up systems to accept orders over the phone, which in itself can be an independent business model. One can buy Indian grocery items online from us at the most affordable prices. One can avail heavy discounts on your each purchase from us thereby saving big amounts. This study explore consumer perception towards online grocery stores. This study is fully focused on online grocery shopping through big basket. Online shopping or marketing is the utilization of technology for promoting marketing activities and selling products. One can buy Indian grocery items online from us at the most affordable prices. Consumers buys goods from the online shopping website on the basis of factors like offer and discounts, variety of product available, free home delivery, website user friendliness and cash on delivery payment option. The consumers are getting attracted with the discount offer of the online grocery store (big basket). Consumer's perception towards online grocery shopping is affected by various factors. Since, grocery is required for all households and individuals are recommended to conduct the research on consumer's perception which would be influenced by changing economies and other factors.

OBJECTIVES

- To study attitude of customers towards online shopping.
- To find out the preferences of the consumer regarding the attributes of online shopping website.
- To identify the issues faced by the user while online shopping.
- To determine the parameters for choosing the particular shopping centre for purchase of grocery items.
- To determine whether online grocery shopping will be beneficial and on what factors.

INTRODUCTION

Consumer perception refers to the process by which a customer selects, organizes, and interprets information/stimuli inputs to create a meaningful picture of the brand or the product. It is a three stage process that translates raw stimuli into meaningful information. Each individual interprets the meaning of stimulus in a manner consistent with his/her own unique basis, needs and expectations. Three stages of perception are exposure attention and interpretation. In similar terms, it is how a customer see's a particular band with whatever he/she has been able to understand by watching the product, its promotions, feedback etc., it is the image that of particular brand in the mind of the customer.

The Indian economy is slated to grow by upward of 6 % annually in the next few years which is among the highest rates of any big emerging economy. And quite a lot of this growth would be on the back of domestic consumption of goods and services. E-commerce is emerging as a great level given that organized retail is still not ubiquitous across the length and breadth of the country with large retail chains making up less than 10% of the market. E-commerce is helping people in smaller towns in India access quality products and services similar to what people in the larger cities have access to. It's being forecast that close to 60% of online shoppers would come from beyond the top eight large cities by end of this year. Increasing internet penetration has helped to expand the potential customer pool. Internet penetration is only about 10% (or about 121 million users) as against about 81% in the US and 36% in China. However this number continues to rise at a consistent pace because of falling prices for broadband connections. Indians are also increasingly taking to mobile devices for not only search but shopping as well.

The number of smart phone users is rapidly increasing in India and with 4G services about to take off it's expected to get even more people going online. There are currently about 900 million mobile subscribers and this number is expected to touch 1.2 billion by 2015. Of these about 27 million are estimated to be active mobile internet users. More importantly, 20% users indicated intent to buy products through their mobile phones as against the current 4% and this number is expected to

only increase in the next two to three years. Innovation is helping e-commerce companies break the inertia for online shopping by offering benefits to customers not traditionally available in a brick and mortar store. Business models include no question asked return policies ranging from 7 days to 30 days, free product deliveries and the industry dynamics changing “cash on delivery” model. The last innovation has really help unlock the potential as people can now order products and pay when they get physical delivery of the product.

Industry Introduction

Internet is changing the way consumers shop and buy goods and services, and has rapidly evolved into a global phenomenon. Many companies have started using the Internet with the aim of cutting marketing costs, thereby reducing the price of their products and services in order to stay ahead in highly competitive markets. Companies also use the Internet to convey communicates and disseminate information, to sell the product, to take feedback and also to conduct satisfaction surveys with customers. Customers use the Internet not only to buy the product online, but also to compare prices, product features and after sale service facilities the will receive if they purchase the product from a particular store. Many experts are optimistic about the prospect of online business. In relation to the tremendous potential of the E-commerce market, the Internet provides a unique opportunity for companies to more efficiently reach existing and potential customers.

Online Grocery Shopping

Proving that no sector of the retail market is safe from the online shopping revolution, it is now possible for the humble hometown grocery store to become digitized and available on your smart phone, tablet, or computer. Just think: no more long checkout lines, counting the number of items to see if you qualify for the Express Lane, forgetting your grocery list at home, or carrying heavy bags up your front steps. Online grocery shopping is dramatically changing the consumer’s relationship with the food market and making a service that may have once felt luxurious into an everyday convenience.

Benefits of Online Grocery Shopping

The primary benefit of online grocery shopping is convenience. By ordering online, one can quickly search for the products she needs and order them without having to physical walk through expansive aisles. It also saves travel expenses and time going to the grocery store. Considering the wide availability of the Internet, it also means grocery shopping can be done from remote locations or in the middle of doing other tasks. For instance, using an online grocery store can allow a person to do all her grocery shopping during her lunch break at work. It is also very useful for those without a car or who may be physically unable to move around easily, since the food is delivered right to their doors. The use of online-based grocery stores is increasing in popularity as more and more people become comfortable with using the Internet to make purchases.

Disadvantages of Online Grocery Shopping

Perhaps the largest disadvantages of shopping online are that it costs extra money, since food must be delivered, and that the food ordered is not obtained immediately. If some-one were making a certain recipe and discovered he needed an additional ingredient, he would probably not be able to order it online and get it quickly enough to finish his dish. In the same way, it forces a person to plan his food buying in advance of when he will need it--if delivery will take a day or two, a person needs to plan to have an extra day or two of essential foods available before he runs out.

REVIEW OF LITERATURE

To understood the impact of demographic factors on consumer perception of online grocery shopping. Research methodology is the collection of methods which are used to perform research. Simple percentage analysis has been used to find and analyse the response percentage to the factors of the survey. The concluded that there are the major few factors are influencing the factors of purchasing through online.

The author’s introduce that, the increasing use of internet by the younger generation in India provides an emerging prospects for online retailers. The main objective of their study is to find out the preference of the consumers regarding by the consumer while online shopping. The author collected the primary data using structured questionnaire by survey method from 50 respondents.

SUGGESTION

- Create awareness & manage home delivery services properly.
- Advertise the product to reach mostly female customers age above 30

- People are finding difficult to search/order their product which are needed. So it is suggested that, the website should provide some more facilities to get their products.
- The main barrier in the process of online shopping is the safety issue
- 24/7 shopping facility can be given more priority by the companies for a sophisticated purchase by the customers.
- It is suggested to the online grocery store (big basket) that the consumers should be allowed to place their orders through telephone.
- The online grocery store should develop the quality of packed juice and beverages.
- People are suggesting that the variety of products should be increased.

RESEARCH METHODOLOGY

The sources of data used in this project report are both primary and secondary data.

1. Primary data: Primary data consists of original information gathered from sample size of 200 respondents
2. Secondary data: Secondary data consists of information that already exists and that was collected in the past for some other purposes.

Sample Design

Size of Sample:

The sample size selected for the study is 50

Parameters of Interests:

The major parameter of interest is the subgroup of people who are working professional and web savvy having an experience in online shopping. The two other subsidiary parameters of interest are:

- The respondent should also have an experience grocery shopping.
- And the female respondent who have an online shopping experience

Sampling Technique:

Quota Sampling was used in the study. Quota sampling is a method for selecting survey participants. In quota sampling, a population is first segmented into mutually exclusive subgroups. Then judgment is used to select the subjects or units from each segment based on a specified proportion.

Scope of the Research:

- To determine which factor influences the consumer to go for online shopping.
- To find out which feature of the website attracts the user to purchase the product from the online shopping website.
- To find out whether grocery online shopping is beneficial for the user.
- To analyze which factors influence the user to buy online grocery.

Limitations:

- The first limitation caused during the market research was to find out the respondent who shop online and are web savvy.
- The second limitation caused during the research was searching the women respondents who shop grocery products along with the experience of online shopping.

ANALYSIS OF THE DATA

Over the last decade, we have moved from bricks to clicks, from a physical dimension to the digital world. With this, every industry has been affected by the advancement of technology. The food industry was no exception. The food industry rather saw a drastic change. People have started purchasing food in the form of meals, beverages, groceries, etc. all online.

The majority of the people believe in the fact that online platforms have revolutionized food delivery taking it to a whole new level. The Indian online grocery market size was estimated at 2.9 billion dollars in 2020, and it is only expected to grow further at a compound annual growth rate of 37.1 percent.

- **Are online grocery services available in your area?**

The Central Government of India has been trying to develop smart cities and set up different models of ecommerce and online transactions but there is a long way to go. Due to the lack of certain resources and dominance of physical grocery stores online grocers have not been able to expand their services throughout the country. Through the survey we found out that 72.5% of the people surveyed have online grocery services available in their area and the rest 27.5% do not.

Where do you shop for grocery items?

More than 95% of the grocery market is still controlled by physical grocery stores, be it supermarkets or local Kirana stores though owing to the rising customer awareness and digital literacy and improved internet services online grocery stores are coming up significantly and the scope is very wide in the Indian market. There has been a shift in consumers' shopping habits as a response to covid 19 and this has brought a boost to the online grocery market as well as changes in the functioning of the local kirana stores, many have adopted to this and have started providing extra services like contactless delivery to your doorstep, small orders on call or Whatsapp, acceptance of digital payments, etc. Through the primary source of data collected we found out that 83.4% of the surveyed audience purchase from physical grocery stores and only 16.7% consumers are using online services for their regular purchase of groceries.

How much do the following factors influence your decision of online grocery shopping?

To understand the decision making process of consumers while using online grocery services, we asked them to rate several factors according to the impact it creates on their purchase decision while choosing to buy online. The first factor was safety, which was rated as very important by 57.5% of the surveyed population while the rest 42.5% were either neutral or did not consider this. Convenience was rated important by 60% of the people who took the survey. 45% believed that shopping groceries online was time saving, whereas 30% were neutral on this aspect. Around 30% were neutral about the cost, meaning either they found the prices to be similar or did not consider this factor while making the purchase decision. However around 53% of the surveyed people considered cost as an important aspect while making their decision. Variety or availability of a wide range of products is something that attracts the consumers, 60% of the surveyed population considered this as an important factor hence variety can or does influence a customer while using online grocery services.

The industry is expected to expand at a compound annual growth rate (CAGR) of 37.1% from 2021 to 2028. With such rapid expansion, The market is bound to be characterized by extreme competition amongst the key players as they try to undercut competition with appealing offers such as same-day delivery, cashback, low delivery charges, and flexible return policies. Currently Amazon pantry seems to be the leading choice in consumers followed by Big Basket. However newer players like Jio are rapidly expanding with the aim of taking over the industry. The former telecommunications company will soon replace "Reliance Smart: a sister company's position in the industry.

Which online grocery shopping services do you use?

The pandemic has been one of the biggest drivers in the industry's growth and expansion since it forced a big chunk of the consumers to do their grocery shopping online. With lockdown restrictions and only delivery of essentials permitted, consumers had to pick from the available alternatives:

1. Organised online grocery services
2. Unorganised Local Kirana delivery

If given an option, how often would you buy groceries online?

There was a 500% increase in the population of consumers solely dependent on online service providers. Although not sustainable, the hike resulted in a conversion of 20%; resulting in a total approx. increase of 100%. However a much bigger impact is in the form of consumers who use these services as additional sources or alternatives since these consumers have now experienced the convenience which comes with such services and even as part-time consumers will add immensely to the growth and profits of the industry. The above can be confirmed by the next part of our survey. Out of the sample population only 12.5% see online grocery shopping as a replacement for traditional stores. However a much bigger chunk

see it as an alternative or an additional option. A rise in such consumers is great for short term success of the industry and will allow for better survival and growth opportunities.

What do you feel about online grocery shopping?

There are multiple factors which impact a consumer's decision to prefer one app over the other. Some of them are availability of a wide variety of products, delivery speed, modes of payments etc. Discounts and offers are one of the reasons which highly impact a consumer's decision. The graph shows that almost 60% of people consider the discounts before making a purchase decision on an app., while 20% do not really mind buying from an app even at a higher price. Having a good customer support system also has a huge influence on the customers. 60% of the people who look up to the customer care in case of any help and might make a switch if the customer support system Groceries getting delivered at the right time is also what makes people stay loyal to the company. About 65% of the customers make sure that the app that they are buying from delivers groceries well in time the company but maybe not to a great extent. It is one factor that does not influence the decision of the customer largely. Wide range of products is one thing that is considered most while making a choice. More than 70% of customers look for an app which can provide them with all that they want all at once. Also, this is one thing that makes people choose online grocery service over the local shops as a lot of times things are not available in the local stores while they are in the online stores. Easy and convenient methods of making payment is another factor. Having various options to make payment helps the company target a larger audience. About 62% of people look for convenient and flexible ways to make payments while shopping online.

What are your issues regarding online grocery shopping?

As per the survey, about 65.8% customers face a problem of physical examination of the product while making a purchase online. The fact that they cannot see the groceries themselves before making the payment and buying them makes them hesitant. Since there is no guarantee of getting the product of good quality too, 41.7% of respondents were reluctant. Other issues that people face while making online purchases of groceries is the price range and the lack of security. Coming to the sustainability of the perception, according to the survey, the decision made by the customers will sustain even after the pandemic. 40.8% of people are certain about them continuing to buy groceries online post covid, and 50% are not very sure. Only 9.2 percent respondents will not buy a grocery online, which also includes the people belonging from an area where online groceries services are not available.

FINDINGS OF THE STUDY

1. From the data collected above we can observe that there is an increase in the number of respondent in online shopping as there is awareness about this concept in the market.
2. Certain parameters which motivates the user to shop online are:
3. User friendliness of the website.
4. Discounts and offers, offered by the website.
5. Cash on delivery form an important gateway in online transaction.
6. Free shipping is the most important factor which motivates the user to shop online.
7. Physical examination is the important issues in the online shopping which determines the tangibility of the product.
8. The data depicts that supermarket are the preferred shopping destination as it offers all the basic aspect of the online shopping which are price, quality variety, proximity to home, offers & discounts.
9. From the above data collection we can determine most of respondent agree to buy grocery online if the option is give.
10. The data also determines the factors which will be beneficial for the consumer to shop grocery online which are variety at one shop, saves times and avoid long queues.

MAJOR FINDINGS

- Though online grocery services are available in most of the cities, it lacks approach in the rural areas. This means that there is still a large audience that is not being targeted by the industry. People have started to adapt to the new way of buying groceries. However, a larger chunk still believes in the traditional methods of buying groceries.
- Before the pandemic, the percentage of people buying groceries online was quite low. Pandemic gave the online grocery services a boost. From the survey it seems that people are quite happy with the services as well as they would like to continue to buy groceries online even after the pandemic ends.
- Among many other factors, the ones that attract the customers the most to do the shopping online are availability of a large variety of products, time saving and discounts offered.
- No guarantee of the quality of the product and the lack of physical examination are two things that the customers see as a hindrance in the online grocery shopping platforms.

CONCLUSION

Consumer behavior is a very important aspect of any sector. What we are witnessing with each passing year is that new business models based on changing consumer preferences are coming up with online business models being on the rise. This is attributable to our lifestyle pattern that is changing every day.

The future of India's online grocery sector looks promising even given its drawbacks that are being continuously overcome by current participants, which is an opportunity to make significant profits. The existing online market for F&G is in its infancy and is growing with ever more opportunities. The lockdown has had some effect in the entire country as a result of which Indians are ordering online now more than ever.

The pandemic has led to a manifold increase in the sales of the online grocery industry but one of the biggest challenges that the industry faces is thin margins of profits. The current pandemic situation has led people to resort to online grocery shopping and instilled confidence among the consumers to undertake online grocery shopping. It is a stepping stone to the future of online grocery shopping in India, it is however necessary to study the Indian market after the situation has normalised.

From the above data analysis it can be concluded that consumer buys goods from the online shopping website on the basis of factors like offers and discounts, variety of product available, free home delivery, website user friendliness and cash on delivery payment option. The hypothesis framed for the project Consumer Perception towards Online Grocery

Shopping was "Online grocery shopping stores are beneficial for the consumer". From the above data analysis it can be determined that most of the respondent would agree to buy grocery online rather than shopping of grocery with the traditional method. Out of the agreed respondent to buy online grocery, most of the respondent would think that it would be beneficial to shop grocery online on the basis of factors like easy to order, variety, discounts/ offers, saves time and avoid long queues.

With above analysis we can thus prove the hypothesis to be positive. The recommended business operation will not only be beneficial for the consumer but also to the firm, as it allows the firm to maintain its low operating expenses and for the consumer.

Consumers buy goods from the online shopping website on the basis of factors like offer and discounts, variety of product available, free home delivery, website user friendliness and cash on delivery payment option.

The consumers are getting attracted with the discount offer of the online grocery store (big basket). Consumer's perception towards online grocery shopping is affected by various factors.

Grocery is required for all households and individuals are recommended to conduct the research on consumer's perception which would be influenced by changing economies and other factors.

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