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CONSUMER PERCEPTION TOWARDS ONLINE GROCERY SHOPPING

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Abstract - It is observed that the buying behaviour of consumers for online grocery shopping is totally different from buying from physical markets. The purpose of this paper is to understand consumer perception towards online grocery shopping and measure sustainability. The current pandemic circumstance has driven individuals to turn to online shopping for groceries and imparted certainty among the buyers, this gives a more secure future to the online grocery market however to measure sustainability it is crucial to study the market once the situation has normalised. To gain insights into consumers' outlook on online grocery shopping and to understand the factors in their decision making process a survey was conducted among 120 respondents. The data collected through the primary as well as through secondary form was analyzed using various tools and descriptive statistics. Finally, the adequacy and efficacy of the study have been looked over and certain proposals have been recommended.

keywords - online grocery, consumer perception, India, grocery market

1. INTRODUCTION

On January 27, 2020, a 20 year old female presented to the Emergency Department in General Hospital, Thrissur, Kerala, with a one-day history of dry cough and sore throat. That day marked the first reported case of the Covid Pandemic in the country. 2 waves and more than 3.5 lakh deaths later; the country is still in lockdown. With a state like this, it is only natural for people to fall on technology as a means of socialising, communicating and conducting business. Growing use of the internet by consumers has

provided opportunities to develop business and sell products online even in the areas that have been solely dominated by the traditional business

A great example for this is the Unorganised Kirana and Mandi system. For centuries, India has had weekly or daily grocery shopping at haats, mandis and the local kirana stores. The Internet has come as a protagonist in the 21st century and made the system integrated, efficient and facilitating easy.

With the increasing internet availability and rising demand for budget smartphones, online retailing took its first steps into India and a number of companies emerged offering products at competitive prices and earned consumer trust through timely and assured door delivery of their products. Since the launch of companies like Bigbasket and Grofers, India has seen a hike in online grocery shopping which has impacted the traditional shops and store retailing. With this came the online payment system that changed the game of online retailing. Technology, efficient management of logistics and large investments became the key driver of online retailing in India. The increasing penetration of companies like Bigbasket and Amazon into the Indian market for online grocery shopping leaves us in thought if the Indian market is ready to accept the change towards the organised sector.

Online grocery retailing or e-tailing can be branched into two parts: a supermarket that also delivers products or a standalone e-commerce company that only undertakes delivery activities. They usually charge a delivery fee for the service provided. While online grocery retailing still remains the smallest retail channel having only 0.2% of the market share, it is the one that is growing the fastest and has the highest potential. At present, analysts estimate online grocery sales between \$500 million to a little over \$1 billion with expectations of sales growing to over \$5 billion in the next 3-4 years in India. It is the largest growing among all industries, accounting for over ten per cent of the country's GDP and around eight per cent of the employment. It is considered as the fourth most dynamic and fast paced industry with many players trying to enter and capture the market. A large population, growing economy, increased spending by the middle class, increased foreign direct investment in companies and changing habits and lifestyles of consumers has contributed to the increase in the market for retail industry. The pandemic is a great catalyst for this process. As consumers' perceptions change, the habit of convenience is soon to catch on. The only major limitation is that the sector is limited to metropolitan cities and expansion to smaller cities since rural areas are hindered by logistical challenges and are oblivious to the concept of shopping online or digital transactions. This questions the sustainability and lack of growth opportunities of such a niche market.

2. LITERATURE REVIEW

Over the years, technology has taken a vast turn. As a boon, almost everything has been made available to people online. Online Grocery being one of them. For people to adapt to a change it takes a while. It was found that price consciousness, convenience, variety and easy payment options were a few factors that

impacted the consumers to shop online. However, most of the consumers were worried about the security of their payment details. (Gurleen, 2012)

Online grocery services have been trying to take a hold in the market however due to the lack of availability in some areas and due to the traditional habits of the consumers, a large audience has not been able to gain the benefits of it. It was observed that people use OGS due to the perceived ease of use. Nevertheless, online grocery shopping is still a new concept and therefore people cannot relate to it or they do not have a clear understanding of the risks involved in it. (Sherah Kurnia, Ai-Wen Jenny Chien, 2003)

As online grocery services have not been able to cater to the rural areas and towns, the awareness about the same is also limited in such areas. There is a huge section of the audience who is unaware about such services. Significant differences were found in various demographic traits regarding the awareness of the OGS. Factors that influenced the decision of the consumers greatly were found to be perceived risk, perceived cost, perceived convenience and perceived enjoyment. (Ajit Kaushal, 2015)

Tatiana Marceda Bach identifies the influence of three latent constructs that might affect online purchase behaviours and also identifies risks associated with the latent and its effects on consumers buying behaviour. The need to reassess the strategies adopted by companies that sell online to reduce risks and consequently increase trust in decision making were highlighted. (Veiga, 2020)

Another research determined the relationship between subjective norm, perceived usefulness and online shopping behaviour. It was seen that the subjective norm and perceived usefulness, positively impacted the buying behaviour of customers and vice versa. (Safizal Abdullah, 2016)

Some of the key variations between consumer experiences in online and offline shopping were highlighted by another author. Along with that the ways in which retailers are attempting to blur physical and virtual shopping experiences were studied. The research concluded that the ease of purchase far outweighed the benefits which came with offline shopping experience and further delved into a new era of shopping experiences. (Nicola Derrer-Rendall, Alison Attrill, 2016)

S Sathiya identified how the consumers of Chennai perceive online grocery shopping. The findings also revealed that demographic variables such as age, gender do not have an influence on the factors of consumer satisfaction. (S Sathiya, 2015)

A research investigated the online shoppers' experience in context of online purchasing frequency and examined the effect of perceived risk between trust and online repurchase intention of grocery. Results found that while customer satisfaction predicts trust for both infrequent and frequent online grocery shoppers, perceived risks fully mediate the effect of trust on repurchase intentions for infrequent online grocery shoppers. (G Mortimer, S Fazal E Hasan, L Andrews, 2016)

One of the studies determined the relationship between change in behaviour and the environment of covid 19. This change leads to an opportunity for the food retailers and deliverers to tailor business strategies according to the scenario. They may consider increasing their existing capacity as per the demand. (Jasper Grashuis, Theodoros Skevas, Michelle S. Segovia, 2020)

Pandemic has hit different businesses differently- some negatively and some positively. Online shopping services initially did see a fall in the customers but eventually it turned out to be a boon for them. However, the survey's results indicate now consumers have higher expectations for in store safety, there has been reduction in the frequency of in store visits, there has been a shift in the ways. (Y Wang, R Xu, M Schwarts, D Ghosh, 2020)

3. OBJECTIVES

- To identify the change in consumers' perception of online grocery shopping post Covid-19.
- To measure the sustainability of the changing perception of the customers.

4. RESEARCH METHODOLOGY

4.1 Type of Research and Research Design:

This research is a mix of descriptive and experimental. The type of data used is both quantitative as well as qualitative. It is an experimental research design. It sheds light on the what and why part of the problem. People's perception and reaction towards online grocery stores is studied and the reason behind this perception is identified. In this research paper the effects of Covid-19 have been considered. For this research the data was collected using both primary and secondary sources.

4.2 Sources of data:

The major part of the data was collected using primary sources, for this a structured questionnaire was formed and distributed. The questions were mainly designed to get an insight on the consumer perception and their opinion on online grocery stores and its sustainability. However, secondary data was also used to identify the existing perception of the consumers regarding the online grocery services. For this journal, articles and books were the sources of reference.

4.3 Population and Sampling Consideration:

The study was conducted on a Pan India basis. The targeted population majorly included people residing in Metropolitan and SubUrban areas since the services of online grocery markets are currently very limited. The sample aimed to be diverse in terms of age, occupation and income groups since these would help distinguish the types of customers being reached by the service providers.

Simple convenience sampling was used to select a sample which would represent the entire population. Since the study had an extremely diverse target population, convenience sampling allowed for ease in collection of responses within a wide sample. The questionnaires were distributed amongst business owners, employees, students etc. of all genders and age groups. The survey received a total of 120 responses thus being the sample size for the population.

Table 4.1: Demographic Profile

| | Categories | Percentage |
|-------------------|---------------|------------|
| Locality | Tier 1 | 30% |
| | Tier 2 | 42.5% |
| | Tier 3 | 19.2% |
| | Rural Areas | 8.3% |
| | | |
| Occupation | Student | 88.3% |
| | Part Time Job | 0.8% |
| | Self Employed | 4.2% |
| | Job | 6.7% |
| | Unemployed | 0% |

4.4 Scales used both General and Attitude Management:

The Scales used in the research included the interval/rating scale and the likert scale. Although customers were asked to rate preferences and strength of their opinions which was satisfied by the use of rating and likert scales.

4.5 Instruments Used:

The instrument used to collect data was questionnaires. The questionnaires were designed which shed light on frequency of buying groceries online, the apps preferred, the quality of the order, the reasons for ordering online, sustainability of the switch, etc. The questionnaires were formed using Google Forms and were distributed online itself.

4.6 Tools/ Methods of Data Analysis:

Microsoft Word, Microsoft Excel and Google Forms were used to collect and analyse the data. Once the responses were collected, they were analysed using different tools to reach a conclusion. For the quantitative part, statistical tools were used to make the analysis. The statistical tools used were mean and mode. Mean was used to calculate the average of the values and the mode was used to record the with the highest frequency. The data was also studied pictorially using graphs like pie charts, bar graphs, histogram to make it easy to comprehend. Tools like percentages were also used.

5. ANALYSIS AND INTERPRETATION-

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?

120 responses

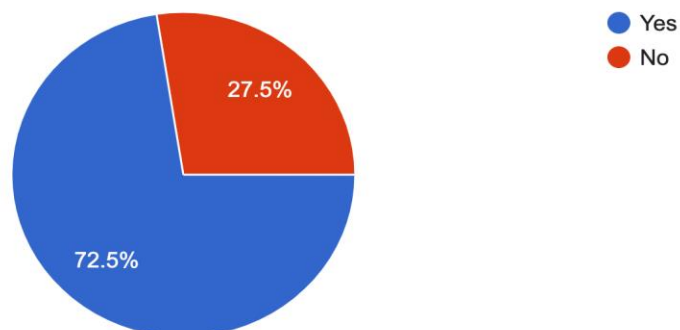


Figure 5.1: Are online grocery services available in your area?

The Central Government of India has been trying to develop smart cities and set up different models of e-commerce 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.

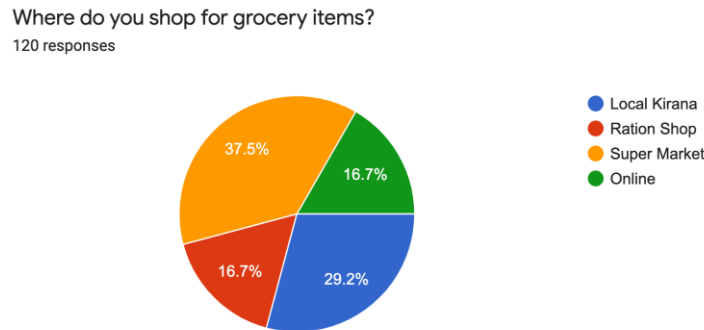


Figure 5.2: Where do you shop for grocery items?

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?

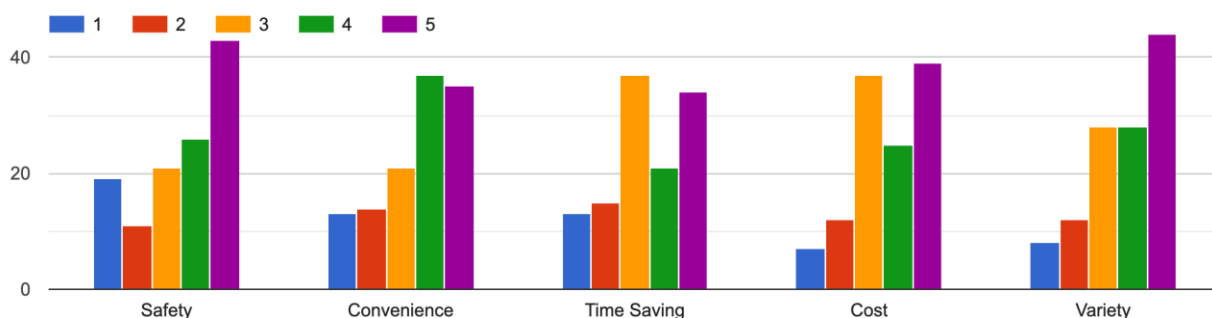


Figure 5.3: How much do the following factors influence your decision of online grocery shopping?

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.

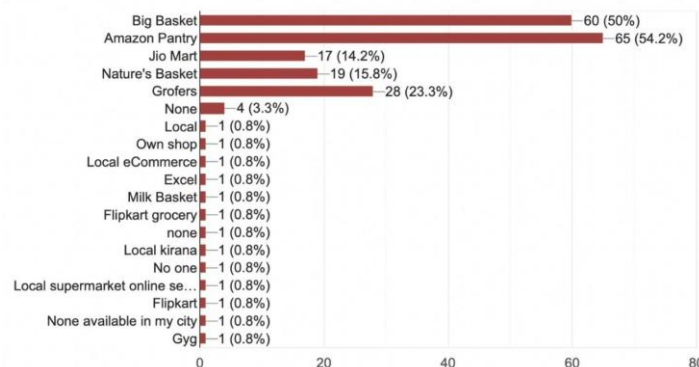


Figure 5.4 : Which online grocery shopping services do you use?

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

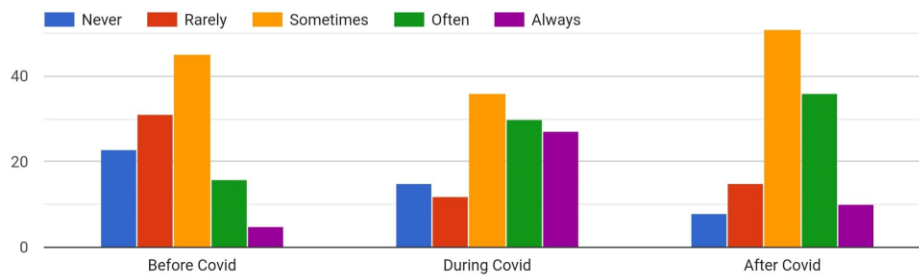


Figure 5.5: If given an option, how often would you buy groceries online?

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.

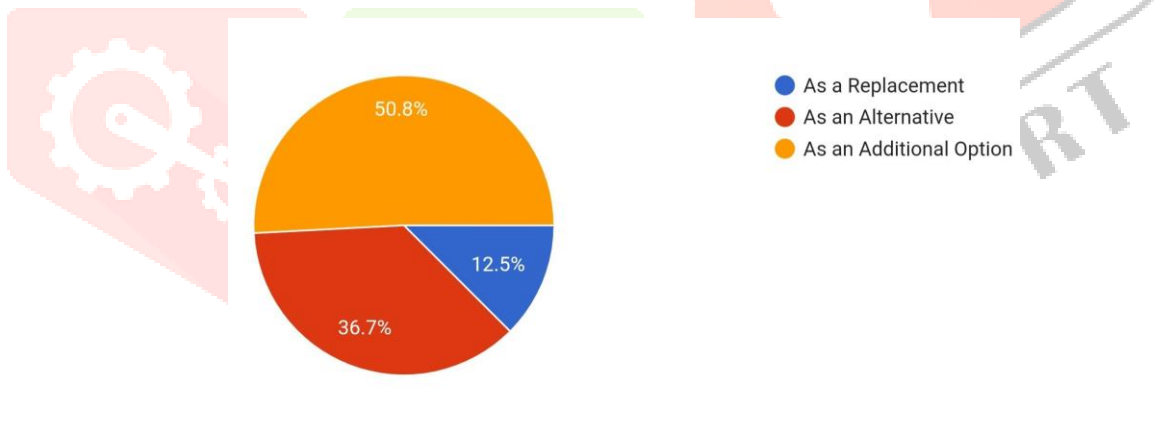


Figure 5.6 : What do you feel about online grocery shopping?

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 is

not strong and efficient enough. 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.

What makes you prefer a grocery delivery service over another?



Figure 5.7:

What makes you prefer a grocery delivery service over another?

The graph also shows that having a good user interface can help the company but maybe not to a great extent. It is one factor that does not influence the decision of the customer largely.

Availability of a 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?

120 responses

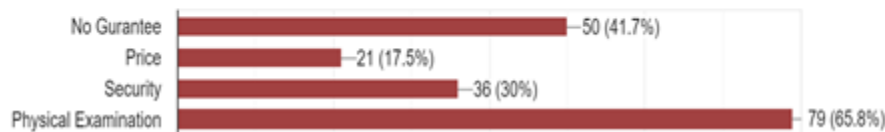


Figure 5.8: What are your issues regarding online grocery shopping?

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 groceries online, which also includes the people belonging from an area where online groceries services are not available.

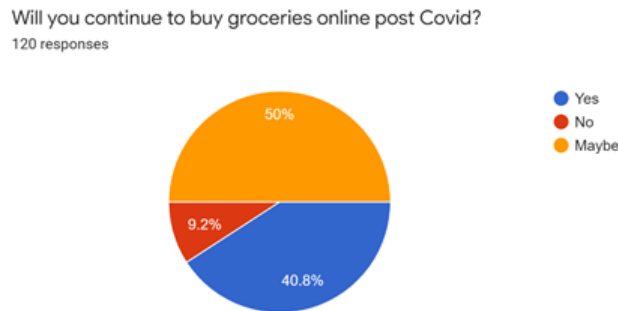


Figure 5.9: Will you continue to buy groceries online post Covid?

Thus, pandemic has worked well for the online grocery services as it shifted a large number of people from buying groceries from the local stores to the online market.

6. 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.

7. SUGGESTIONS

- Online grocers should expand their services to tier 3 cities as well since there is a large market that is left untapped due to the non availability of online grocery store services.
- Since people have shown a positive response to online grocery services and are willing to continue after the pandemic, online grocers should adopt newer ways to make their services more efficient and user friendly, in order to retain these customers.
- Online systems today have trouble in conveying to the consumers what products are actually in stock, what is fresh and what other options for the product that they want are and this confusion often leads a consumer to go and purchase from the nearest store. To avoid this Automation should be applied in all aspects of the business. Availability of a large variety of products attracts customers hence they should make sure that they offer a wide range of products and it's easily available to the customers.
- As physical examination and guarantee are the major hindrances consumers are facing while shopping online, online grocers should focus on Product reviews. In this way the consumers will have an idea about another consumer's experience in using the product and if it will meet the standards of the consumer's requirements. It is necessary for building consumer loyalty as they must trust the website they are purchasing from.

8. 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.

With over 400 million mobile users, the growth rate will be exponential. The ability of the mobile phone to provide access anywhere and anytime will change the way people shop in the future. Ultimately with the onset of the pandemic, the future of online grocery shopping seems extremely secure. The factors such as convenience, comfort, smartphone penetration and ease of use they offer and hassle-free shopping experiences of online grocery shoppers paving way for grocery platforms to gain momentum.

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10. PLAGIARISM REPORT

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