



Consumer behavior-Online grocery shopping in India: An overview

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Abstract: In one way, internet of things may be interpreted as the interconnection via the internet of computing devices embedded in every object, enabling them to send and receive data. It enables the connectivity of various activities in different disciplines towards a focused outcome. In India, the scope for the internet connectivity is increasing. Digitalisation is a tool for transformation in the present era.

The present study deals with "consumer behaviour" with reference to the online consumption pattern of grocery products in India. It gives an insight into the drifting online consumption trends and also analyses the online consumer behaviour in India with the advent of online grocers enabling the consumers to alter their consumption pattern from the traditional brick and mortar pattern to trendy click and mortar consumption mode. Various online portals (such as big basket.com, amazon groceries, zopnow, reliance fresh, aaramshop, bazaar cart, naturally yours) have emerged in the grocery sector paving way to change consumption pattern of household in the present digital scenario. This paper gives an overview of these portals as well. Overall, the study covers the different dimensions of online consumer purchase pattern and consumption behaviour with the increased access to internet paving way to more systematised and sophisticated approaches.

Keywords: Internet of things, India, online shopping, consumer behaviour, grocery products

INTRODUCTION:

Food is one of the key categories of spends globally and major share of the consumer's wallet. the global food retail market was valued at USD 5,643.6 billion in 2013 and is expected to grow at a CAGR of 6.1 % from 2014 to 2020, to reach an estimated value of USD 8,541.9 billion in 2020.

Food & grocery form the backbone of the Indian retail sector. With an estimated market size of us\$ 320 Bn. (Rs. 20,000 Bn.) the category accounts for about 57% of the total retail market. There are an estimated 8-9 million. food & grocery stores (including local kirana shops, hawkers etc.) in India Thus, for foreseeable future, food & grocery retail is expected to dominate the market with more than 50% share of the overall retail market. the food & grocery retail market is expected to grade over 3.5 folds and be worth US\$ 1,150 Bn. (Rs. 71,000 Bn.) by 2025. A large part of this growth will be driven by an inflationary price increase, and the balance by demand growth led by increasing population, increasing incomes leading to higher spend on foods and lastly urbanization, leading to changes in food habits.

Food retail has always been a tough business. Today's major grocery chains have all weathered repeated attacks from new competitors and new formats, and are always looking out for the next

wave of competitive threats. Online grocery retail sector is one of the areas where IOT is set to make a huge impact. The trend of IOT is changing the grocery retail. Initially there were apprehensions regarding the online grocery shopping from the consumer point of view; later on, with the emerging digitalisation consumer adoption in the enterprise is currently experiencing a boom as consumers are able to analyse benefits of online grocery shopping.

The fast-growing trend of online shopping retail IOT- points out a rapid growth ahead for online grocery shopping as it saves time and worries and offers a plethora of innovative offerings.

With more of Internet connectivity (rise of smartphone users), growing popularity of mobile shopping, and dealing in daily consumption commodities, grocery e-stores do hold a potential in India. The market share is estimated to be less than \$100 million at present, but is expected to cross \$25 billion by 2020, expected to grow at a rate of 25-30% year-on-year in major Indian cities(prediction of retail consultancy Techno Pak). Indian online groceries market is envisaged to grow and reach Rs 2.7 billion by FY'2019. There are roughly 25 odd companies in this space(as per Ken Research report).

Need of the study:

For a developing country like India, where food and grocery purchases are done through unorganised sector (neighbourhood kirana stores) holding 90-97%, remaining 3-8% is the operation of the organised sector, (hypermarkets, supermarkets) making its prominence felt by attracting major sectors of urban population. Recent development in this sector is online grocery

paving way for the customer to do shopping at his convenience and get rid of the problems of doing physical shopping thereby saving time and avoiding impulse buying. The study focuses on consumer behaviour i.e. Online grocery shopping abroad and in India, challenges and prospects in Indian perspective.



Objectives of the study:

1. To give an overview of online grocery shopping
2. To study the various online players in Indian food and grocery sector
3. To analyse the consumption pattern of consumers for online groceries
4. To foresee the future trends of online grocery sector.

Research methodology: The study is based on the secondary data collected from various sources like authenticated journals and websites.

Literature review:

As per, Hairong le, cheng kuo, Maratha.g. rusell - "The Impact of Perceived Channel Utilities, Shopping Orientations, and Demographics on the Consumer's Online Buying Behaviour"(1999) consumer online buying behavior is affected by demographics, channel knowledge, perceived channel utilities, and shopping orientations. the study found that education, convenience orientation, experience orientation, channel knowledge, perceived distribution utility, and perceived accessibility are robust predictors of online buying status (frequent online buyer, occasional online buyer, or non-online buyer) of Internet users.

A survey by Donthu and Garcia (1999) indicate that online shoppers are more impulsive than others.

According to (Alba et al. 1997) in their article - "The influence of online product recommendations on consumers online choices" emphasizes on the interactive nature of the Internet and web offers opportunities galore to increase the efficiency of Internet shopping behavior by improving the availability of product information, enabling direct multi-attribute comparisons, and reducing buyer search costs

According to Harris Interactive Inc. (2001) around 70 per cent of the US web users are seriously concerned about the safety of their personal information, transaction security, and misuse of private consumer data because of hacking, fraud, spam, and online scams frequently raising security concerns as well as skepticism and mistrust. The physical distance, lack of personal contact, and the anonymity of the Internet are also factors further increasing the consumers' anxiety and risk perceptions. The multidimensional character of online trust makes it a complicated issue and despite considerable research attention several online trust issues are still very little explored.

A study by Grabner-Krauter and Kaluscha (2003) analyses the complexity of concept. They identified trust constructs reflecting '... both institutional phenomena (system trust) and personal and interpersonal forms of trust (dispositional trust, trusting beliefs, trusting intentions and trust-related behaviors ...'

A study by Jayashankara prasad & Aryasri (2009) in their study: "Determinants of shopper behavior in e-tailing: an empirical analysis", according to them consumer decision is influenced by the determinants of shopper behavior such as convenience, customer service, trust, web store environment, and web shopping enjoyment. Results show that convenience, web store environment, online shopping enjoyment, and customer service have significant impact on the willingness to buy from online retail stores rather than perceived trust, except trust and customer service, all other variables are significant with patronage of online retail stores.

Online grocery shopping @ global scenario:

Online grocery shopping paves a threat to the traditional bricks-and-mortar retailers in various sectors, and having lesser impact on food retailers. But this is changing – online grocery is coming of age. Online grocers have made 6% of the market capture in the UK, largely driven by online offerings from all major bricks-and-mortar players as well as a maturing offering from online-only player Ocado. Also, online grocers in the U.S. and Germany have a smaller share and has a scope of growing steadily. and moreover, major players such as Amazon Fresh and Walmart are ready to invest rapidly to accelerate this growth.

As per a recent Nielsen Global E-commerce and the New Retail Survey, one quarter of global respondents are already buying groceries online for home delivery and more than half (55%) are willing to use it in the future.

Online Grocery shopping finally picking up: With Amazon launching Amazon Fresh, disrupting existing grocery models, the existing players will have to ramp up their "click" sales and leverage their network for delivery. and innovation of certain e-commerce models by retailers makes it easy for tech-savvy, time-constrained consumers to get the items one want.

Two such successful models are:

i. Click and Collect: Though not the first to start this, early last year Walmart debuted its Walmart Pickup – Grocery service for registered customers. The concept allows customers to place their orders online any time from two hours to three weeks in advance and pick it up from a Walmart store, Neighbourhood Market or select FedEx Office location, free of any delivery charge. Assortment includes about 10,000 items including dairy, meat and produce as well as other frequent use items. Tesco also started its drive through supermarkets as an extension to select existing stores. Customers order online, choose a collection time and later pick up their order from a designated area outside the store.

ii. Online Subscription Service: Consumers can create their order list online and select the



frequency of replenishment. Orders will be delivered without additional charges at the specified frequency. Almost all online and click & mortar retailers have now got a subscription service in place. This online- offline play will push the market in a new direction and the most successful retailers will be at the cross-section of the physical and cyber worlds, leveraging technology to satisfy shoppers, through anytime anywhere commerce.

iii. Smartphones - The big game-changer: In 2011, Tesco (Home plus) introduced the first virtual supermarket in a South Korean subway system and the model has spread to many other markets since. "Virtual stores", are basically a virtual display of products on walls of metro stations and bus stops. Commuters can scan the QR codes with their smartphones for display of the products, and place their orders as they wait for their trains or buses. In many cases, deliveries are made before the customer reaches home or the destination of choice. Smartphones are set to deeply change grocery shopping. Apps have been developed to pull traffic inside the stores and to drive brand engagement and loyalty. Further, the smartphone is likely to influence consumers by providing actionable information when they're standing in the aisles, ready to make the purchase decision. Supermarkets are already using the smartphones to: >> Provide nutritional information about food items by scanning the QR code >> Provide deals and discount information for products in the aisles >> Allow shoppers to scan product barcodes, build a shopping list and reorder products

History of grocery shopping in India:

Earlier there existed only mom and pop stores, street vendors and street hawkers, from whom the consumers have been shopping for food and grocery consumption based on their demographic profile which is termed as unorganised sector accounting for around 97% in India

Later on, with liberalisation and foreign direct investment into the retail sector in India paved the way for evolution of organised retail formats in food and grocery retail sector crept in, offering plenty of commodity/product offerings along with service orientation and also emphasizing on certain physical determinants of the retail store format such as ambience, better services, etc.

Various retail stores such as hypermarket, super markets, malls, discount stores, malls have emerged which serve the consumers with a enjoyable experience/or a fun filled family day out rather than just getting into a particular store, just pick up what you need and then leave.

Therefore, most of the retailers are focusing on making the consumer trip to a organised retail store as a personalised experience and an enjoyable one by helping them save money and time in a store.

Later on, the concept of online grocery shopping has emerged with the first firms who came up in

the online grocery sale segment were formed in 2011, increasing penetration of Internet connectivity (rise of smartphone users), growing popularity of mobile shopping, and dealing in daily consumption commodities, grocery e-stores do hold a potential in India.

Online grocery market @India:

The online grocery market in India has gained a lot of traction over the past few months with the emergence of a host of first generation start-ups and already established traditional grocery chains expanding to the digital platform.

India's online grocery market is estimated to grow at a compounded annual growth rate of 62 per cent between 2016-2022. The online grocery shopping is still in its nascent stage, the overall grocery market in India is already worth over US\$ 360 billion (Rs 21,60,000 crore) making India is the sixth largest grocery market in the world and is expected to touch US\$ 1 trillion by 2020, and also sales are expected to reach 2 percent of overall sales creating a potential market size of around US\$ 10 billion (Rs 60,000 crore) following the surge in number of players operating in the industry.

Online grocery stores seem to be the next big opportunity in the e-tailing space. Also there are many online grocers coming up every week. Going by the way the global e-grocers are growing and the growth of e-commerce in the Indian market, and online would capture a small but significant market share. Therefore, the rapid growth of organized and online players are going to make their prominence in the next decade.

Major online grocers in India:

7 best grocery stores in India



1. Big Basket
2. Grofers
3. Zopnow
4. Nature's Basket
5. Amazon Groceries
6. Aaramshop
7. Bazaar cart
8. Naturally yours
9. Reliance fresh



What is Prime Pantry?

Prime members can shop for groceries and household products in everyday package sizes (for example, a single box of cereal) with Prime Pantry. Prime Pantry allows Amazon to expand its selection and offer thousands of items to Prime Members that are cost prohibitive to ship for free individually.

Prime Pantry provides vast selection, exclusive savings, and convenience. You can purchase groceries and household items in everyday sizes, as opposed to bulk sizes, online or using the Amazon.com mobile apps, and have these items delivered to your doorstep, saving you a trip to the store and giving you some time back in your busy life. Prime Pantry also provides great value with Weekly Deals and Coupons.



Consumption pattern:

As India is a developing country, dominated by the unorganised retail formats, emerging organised sector, most of the online grocers finding difficult to make their place in the present scenario. However, Various factors like increasing awareness and health consciousness, changing lifestyles and time poverty, increasing drift towards convenience and improving availability of convenience foods are increasing the share of processed and packaged foods (including ready to eat / ready to cook traditional and westerns food options, snacking etc.) in the consumer’s food basket.

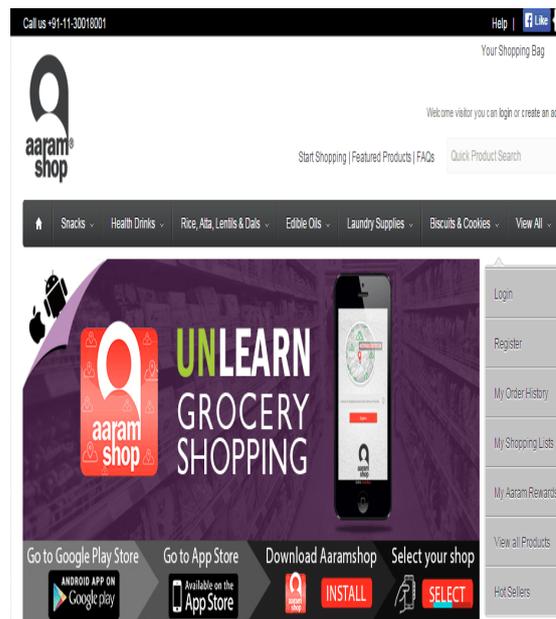
Digital technologies are adopted more quickly by the more engaged younger and newer digital shoppers and also hasten the expansion of digital grocery shopping further.

Future prospects: Online shopping portals provide goods and services at purchase rates, but the accruing cost of manpower, transportation and storage resulting in a considerable burden on their expenditure, while their income remains the same. The net inflow being less than the outflow in a crowded market segment may not sound like a solid business model, but generating profit is not an immediate priority for these entrepreneurs. Right now, it is all about grabbing the eyeballs and getting investors on board and the truth is, these start-ups have been attracting copious investments from venture capitalists and equity firms. These funds help the online grocery enterprises meet their cost of operation as well as ramp-up their operational outlay. Ultimately, 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.

Conclusion: Grocery shopping will reach maturity and saturation in near future, but we can’t see rise of grocery e-commerce models for a country like India, for a demise of brick and mortar supermarkets, but reconfigure the role of grocery store for the digital food

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