THE INFLUENCE OF E-GROCERS ON CONSUMER BUYING BEHAVIOUR WITH SPECIAL REFERENCE TO NAVI-MUMBAI AREA

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Abstract

Two decades ago, grocery shopping involved visiting the neighborhood grocery shop and purchase the required products from the limited offerings available, but today's scenario is completely different. Today consumers have many more options like Supermarkets, Mini-marts, Specialty stores and even E- Grocers, which have made their life easier. As per Nielsen's studies, Grocery and general stores account for more than 75 percent of fast-moving consumer goods (FMCG) sales and together form the biggest retail channel in India. Groceries sell irrespective of the state of the economy. Customers may stop going to the cinema and restaurants, but there's no way one can live without toothpaste, soap and vegetables. According to industry estimates, of the $500 billion-plus retail market in the country, food and groceries account for the biggest chunk with around 70% market share. But when it comes to online grocery market of India, the figures are still less than $100 million. Few possible reasons for this could be lack of consumer trust in the quality of FMCG products being delivered, late deliveries, product mismatch etc. However, players like LocalBanya.com and Bigbasket.com are trying to change consumer perception with new advertising campaigns and investment in optimal distribution capabilities. This paper aims to analyze the influence of E-Grocers on consumer buying behavior in Navi Mumbai area. It also analyzes the demographic profile of consumers who uses digital channel while buying groceries.

Key words: Retail, E-Grocers, Consumers

Introduction of e-grocers

In recent years, Indian consumers have grown increasingly comfortable with shopping online, buying books, electronics and other non-perishables. But with nearly 67 percent of Indian retail spending still going towards food and groceries, analysts and investors see a huge potential for E-Grocery market. India's online grocery market, which is estimated

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to be less than $100 million at present, is expected to be worth billions in the coming years. A 2014 U.S. Department of Agriculture (USDA) report notes that “the growth in India’s online retailing for food and groceries is a function of the rise in total internet users from 120 million to 213 million in the past year as well as a fall in mobile handset prices and a rise in Smartphone penetration.

Spotting this opportunity, numerous E-Grocers like BigBasket, LocalBanya, ZopNow, EkStop, AaramShop, MyGrahak, VeggiBazaar, Fresh N Daily,Farm2Kitchen etc. are experimenting with different business and delivery models.

Objectives of the study

- To know about the penetration level of E-Grocers
- To analyze the influence of E-Grocers on consumer buying behavior
- To understand the strategies adopted by E-Grocers

Significance of the study

This paper helps to understand the kind of influence E-Grocers are having over consumers’ buying behavior. It is an attempt to understand consumers’ response towards online grocery shopping.

Research methodology

Research Design selected for this research is descriptive design and the Universe is Navi Mumbai area. Data was collected in two ways, i.e., Primary data and Secondary data. The data collection method used for collection of primary data was survey method and the data collection instrument used is structured questionnaire. The sampling technique used is non-probability convenience sampling. The sample size is 50

Limitations

- Sample size was limited to 50 because of limited time which is small to represent the whole population.
- The research was limited to Navi Mumbai area only and if the same research would have been carried in another city, the results may vary.

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Data analysis and interpretation

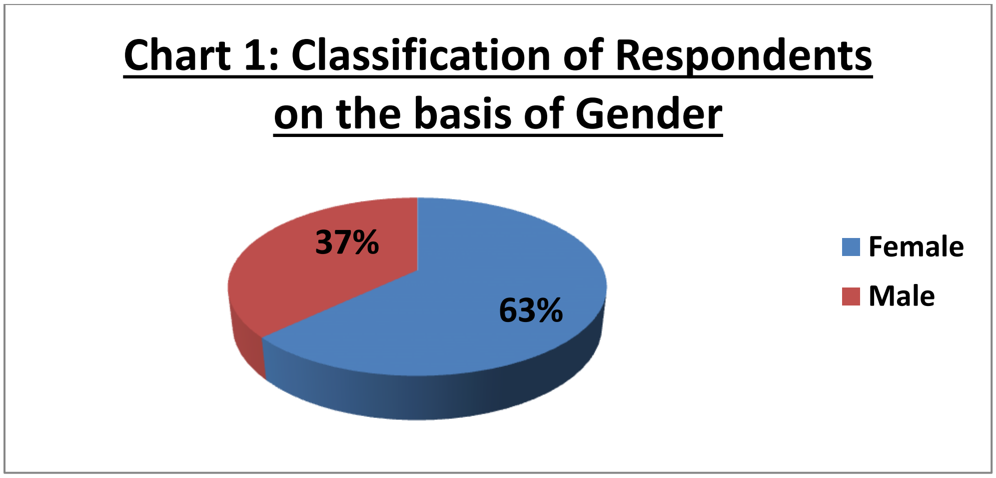

Figure 1.1

From the Chart 1 it is observed that, out of total respondents, 63% are Female and 37% are Male respondents.

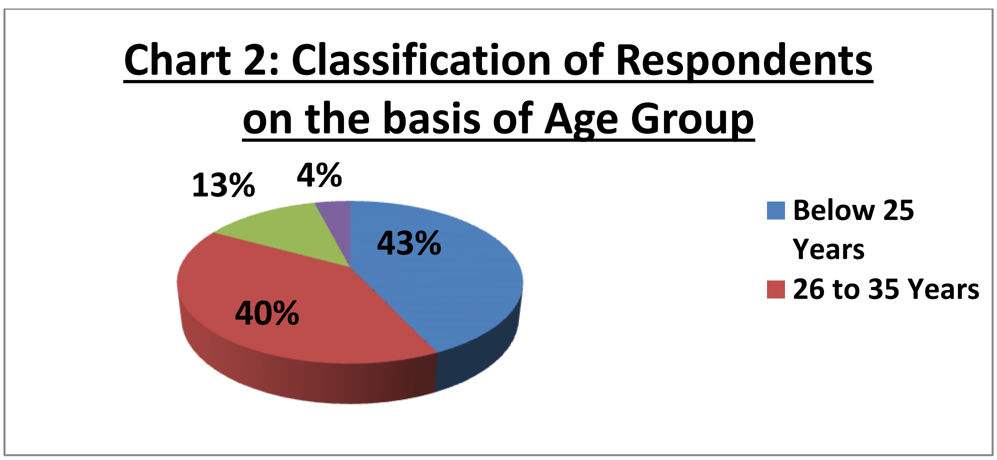

Figure 1.2

From the Chart 2 it is observed that, out of total respondents, 43% are below 25 years, 40% are in the age group of 26 to 35 years, 13% are in the age group of 36 to 45 years and 4% are 45 years and above.

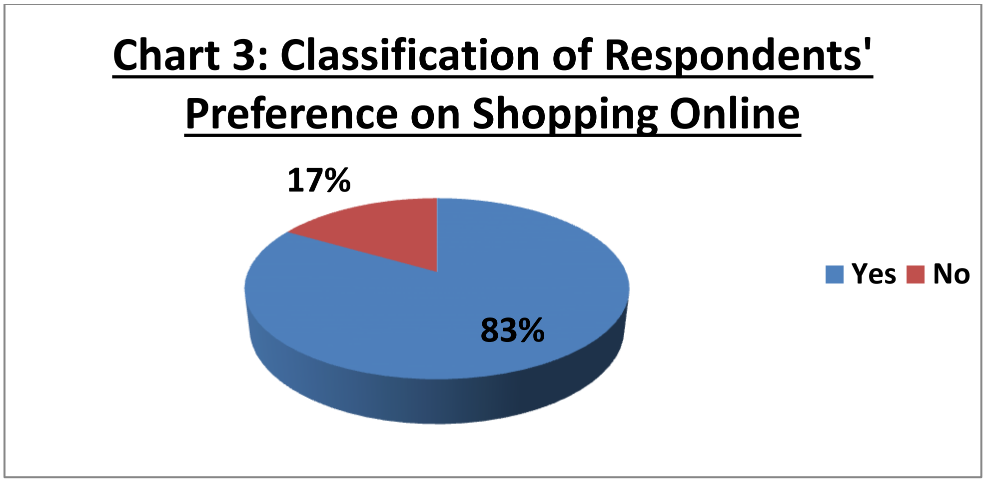

Figure 1.3

From the Chart 3 it is observed that, out of total respondents, 83% respondents preferred shopping online and 17% do not shop online.

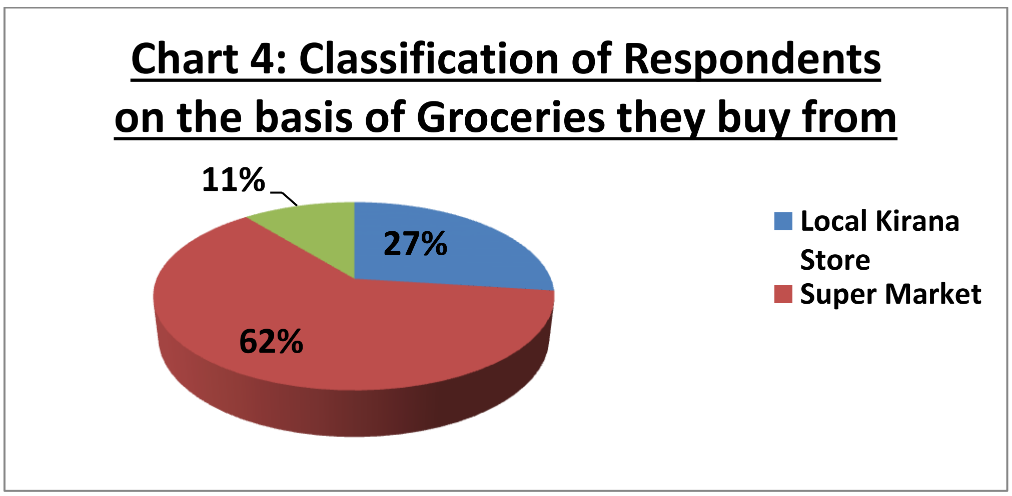

Figure 1.4

From the Chart 4 it is observed that, out of total respondents, 27% buy their groceries from Local Kirana Store, 62% buy from Super Market and 11% buy from E-Grocers.

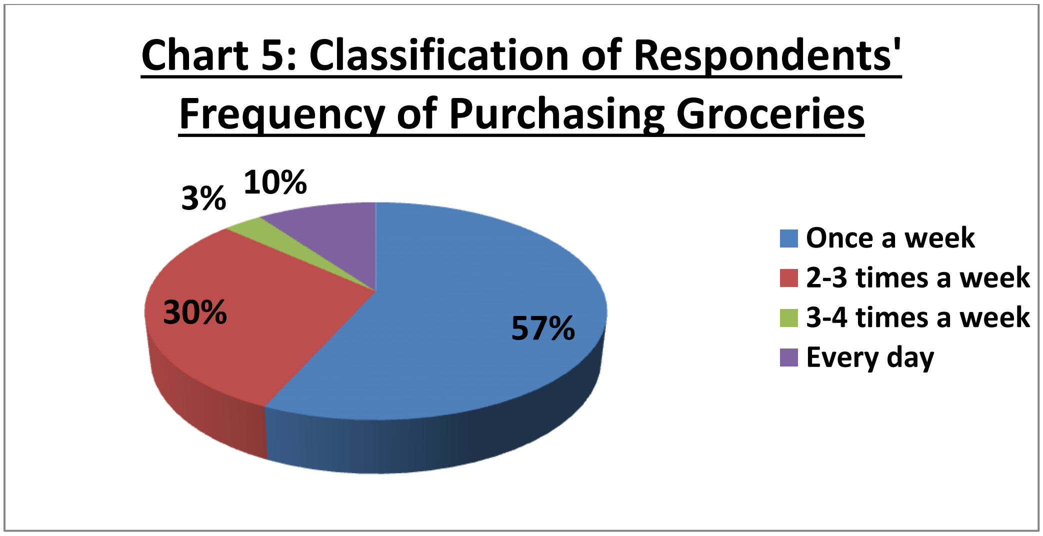

Figure 1.5

From the Chart 5 it is observed that, out of total respondents, 57% buy the groceries Once a week, 30% purchase 2-3 times a week, 3% purchase 3-4 times a week and 10% purchase Every day.

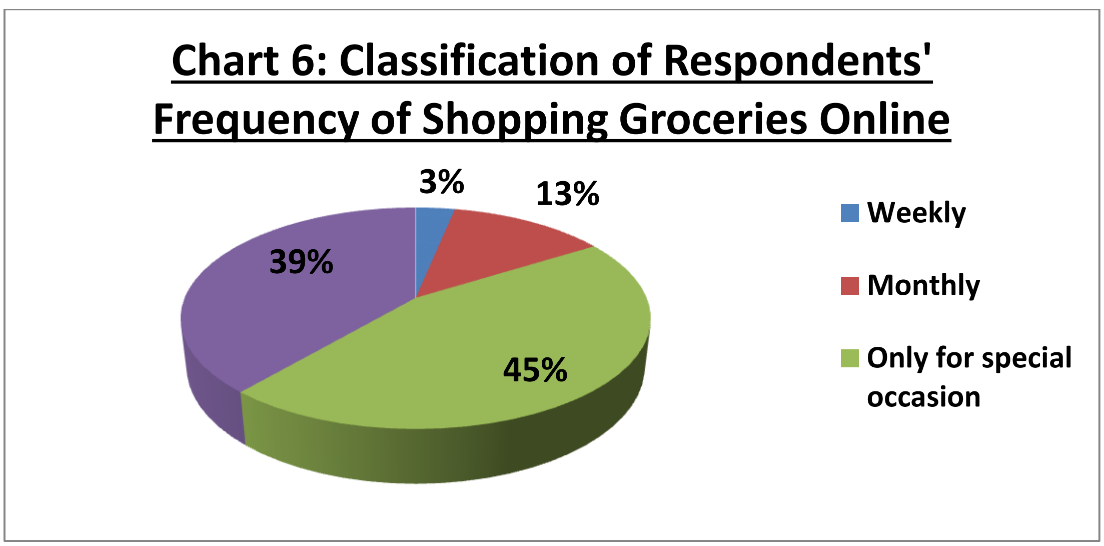

Figure 1.6

From the Chart 6 it is observed that, out of total respondents, 3% buy the groceries online weekly, 13% do monthly, 45% do only for special occasions and 39% do not shop groceries online

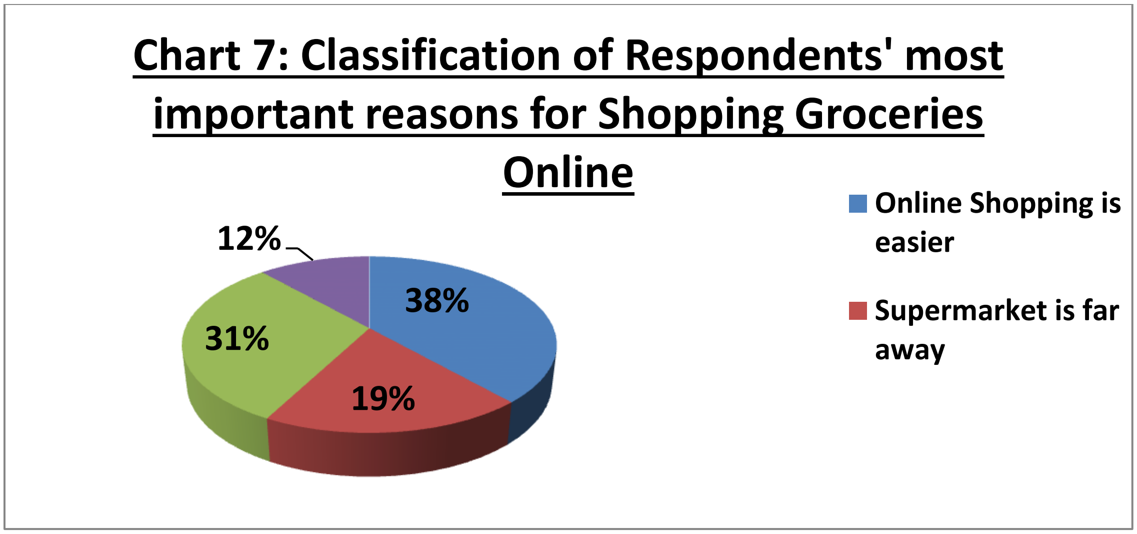

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Figure 1.7

From the Chart 7 it is observed that, out of total respondents, 38% buy the groceries online because, online shopping is easier, 19% do because, their preferred super market is too far away, 31% do because, their local retail store doesn't meet the needs and 12% do due to some other reasons.

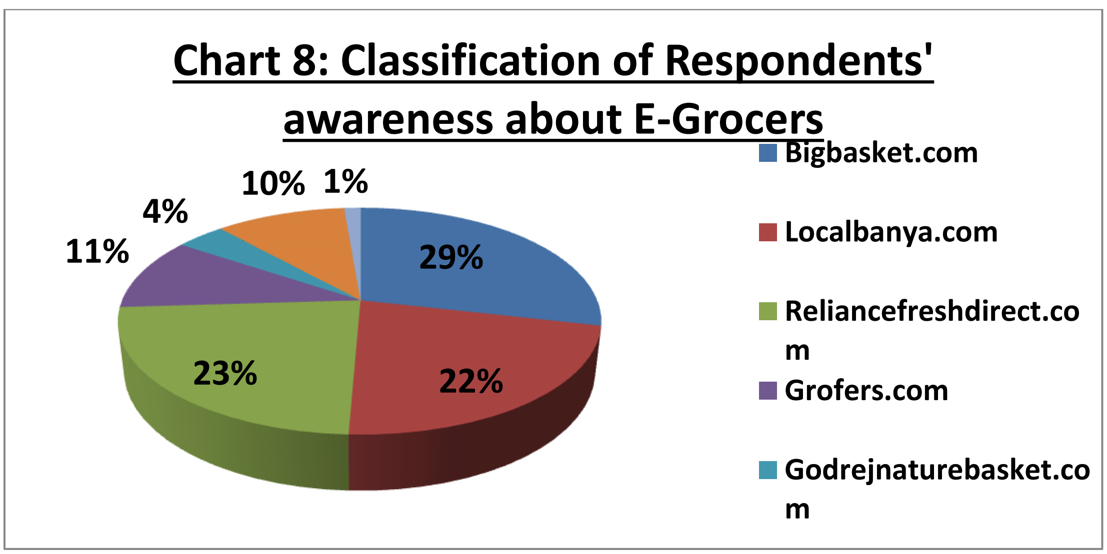

Figure 1.8

From the Chart 8 it is observed that, out of total respondents, 29% is aware about Bigbasket.com, 22% is aware about Localbanya.com, 23% is aware about Reliancefreshdirect.com, 11% is aware about Grofers.com, 4% is aware about Godrejnaturebasket.com, 10% is aware about Go4fresh.in and 1% is aware about Zopnow.com

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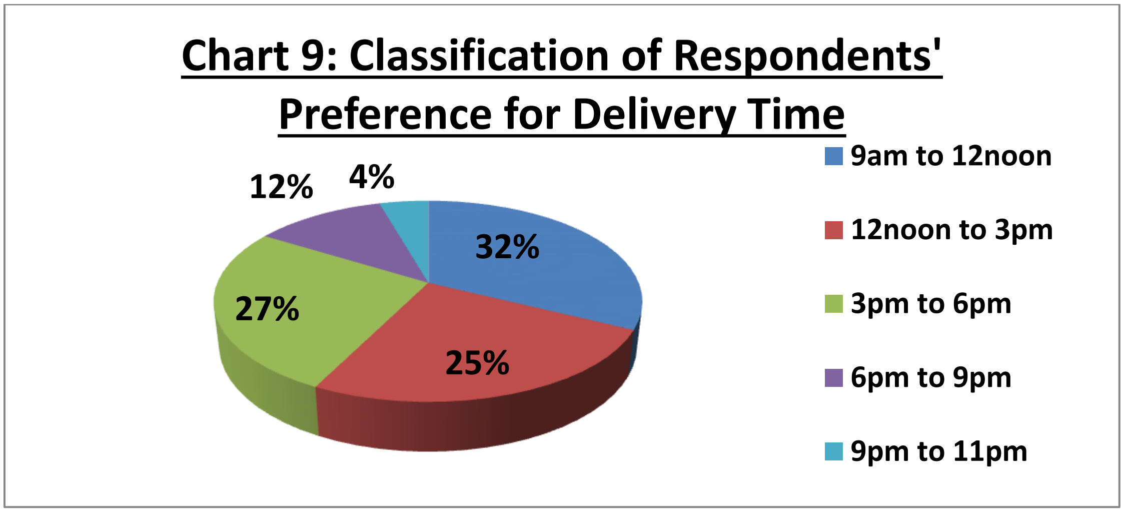

Figure 1.9

From the Chart 9 it is observed that, out of total respondents, 32% preferred delivery between 9am to 12noon, 25% preferred timing of 12noon to 3pm, 27% preferred timing of 3pm to 6pm, 12% preferred timing of 6pm to 9pm and 4% preferred timing of 9pm to 11pm.

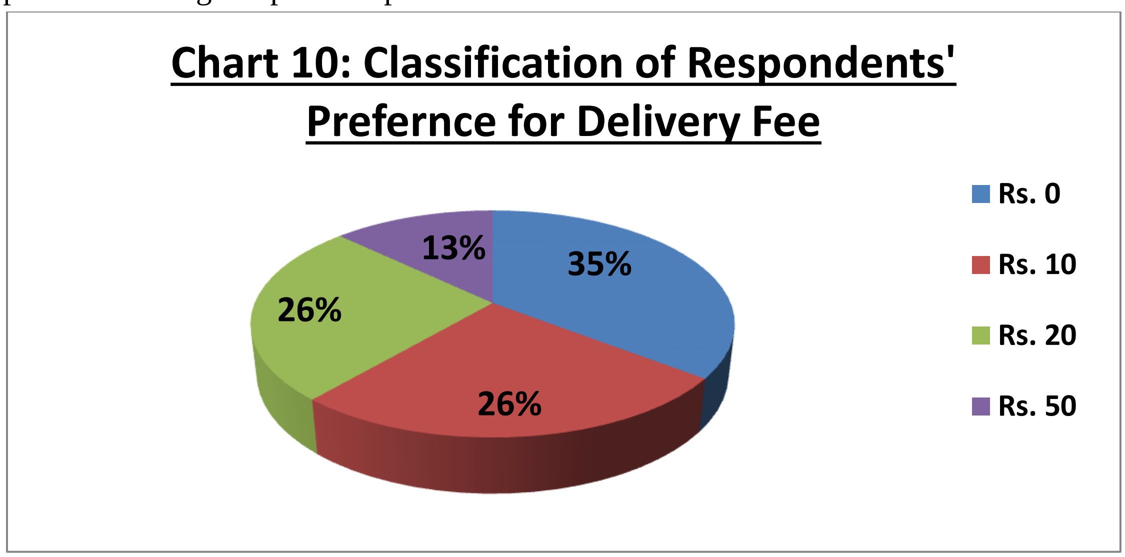

Figure 1.10

From the Chart 10 it is observed that, out of total respondents, 35% are not ready to pay any delivery fee, 26% are ready to pay Rs. 10/-, 26% are ready to pay Rs. 20/- and 13% are ready to pay Rs. 50/- as delivery fee.

Findings on e-grocers

It's true that the spurt of online grocery shopping has not yet attained prime success, yet the trend promises otherwise. People love the idea of not having to push the shopping cart across several sections and hunting across the stacks comparing price one after another. With the increase in the number of smart shoppers, online retailers provide ample opportunity for convenience shopping methods.

The practice of buying groceries online can be highlightedfrom the following:

- Localbanya.com started operation in Mumbai just three years back and currently boasts of operating successfully in five cities across India. As believed by Localbanya.com CEO Karan Mehrotra, they are not competing with the existing local grocery stores; rather they are "adding the online channel to the existing vertical."
- Another instance is cited by Big Basket, the country's largest e-grocery store, that started operation in 2011, prides itself of not only a loyal following of over 450,000 "big-basketeers" across five cities, but also of developing its own integrated back-end supply chain, that ensures supply of high quality fruits and vegetables within short time span. Presently, it deals in a range of 10,000 products from 1,000 brands.
- Amazon is also not lagging behind in launching its e-grocery market hold in India. It launched its "Kirana Now" in March 2015. It is an express delivery platform that partners with the local grocery stores. It allows the local sellers to register with it as sellers and upload their catalogue online. Amazon would be providing them the technical support to reach out to the masses and ease of delivery.
- Godrej Gourmet Food chain "Godrej Nature's Basket" has acquired Mumbai-based e-grocery store, EkShop recently. In January, it announced its tie-up with Snapdeal.com to expand its target market by listing over 700 products on it.
- Aaramshop, one of the fastest growing online grocers currently operates in 25 cities across India. Customers log in to Aaramshop's website needs to select the kirana store nearest to them and then choose the products from the catalogue. Then, Aaramshop relays the order via SMS and email to the selected store. It takes an hour or so then the order gets delivered to the customer, who pays in cash. With the help of Aaramshop, the average order a kirana gets is around Rs 570, compared to Rs 100 when customers contacts them directly.

Conclusion

Selling perishable goods online is far more difficult than selling non-perishables; storing and supplying fresh vegetables is an entirely different ball game from storing and supplying Electronic goods. Similarly, buying perishable goods online is something new and difficult for the traditional consumers to consider over the local vendor on whom they trust, bargain and can tangibly check the product qualitybefore buying it. However, some modern shoppers are comfortable with buying groceries online with few clicks on laptops/ smart phones with the convenience of getting goods at door step.With the rising number of internet users & online shoppers, E-Grocers have good prospect to grow & expand their business, if they continue to provide quality products and timely service at competitive rates.

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