

# Exploring Factors Influencing Customers Decision Making towards Online Grocery Retail Services in Kolkata

Dr. Namrata Maheshwari

Assistant Professor, J. D. Birla Institute, Kolkata, India. namratamaheshwari23@gmail.com

**Abstract** - Online grocery retail services are a new trend in Indian urban cities. The two large players namely Grofers and Big Basket are attracting customers. The study is an attempt to understand the changing scenario in grocery retail sector. The prime objective of the study is to explore the factors that are attracting customers to choose e retail for Groceries. The data was collected through questionnaire from 100 respondents. Factor analysis (Principle Component Analysis method) was used to explore the influencing factors. These results have shown that mainly customer service, convenience, loyalty rewards, product availability and payment options are attracting the customers to choose Grofers and Big Basket. These companies have a huge untapped markets and will easily convert the habits of customers in Urban areas.

**Keywords:** Grofers, Big basket, Factors, Customers, Online Grocery.

## I. INTRODUCTION

Online grocery retailing in India is a largely unorganized space. Also it poses a big challenge in terms of stiff entry barriers, existing big players in offline sectors. With the current mushrooming of online grocery portals through digital mode, there are hidden opportunities in this sector. There are numerous players who have entered and trying to influence customers. Indian online grocery shoppers have found buying grocery online convenient, comfortable and hassle free. Online grocery stores are gaining popularity in India due to sheer convenience, ease of shopping and a fast-growing market. Some popular online players in the Indian grocery market are BigBasket, Grofers, Nature's Basket and Zopnow. These firms have been active for about three years each and have seized a hefty market share in their respective cities of operations. The ascend in the public's requirements for convenience shopping coupled with the dissemination of in terms of among the population hassled to the growth of this industry at a rapid pace. The market also flourishes, as it has been able to tender sharp discounts on the prices of the grocery items offered and attract customers away from the traditional neighborhood grocery stores to online grocery shopping. This also reveals that customers from the hassle of carrying their bags, refrains them to face parking and traffic problems, as well as the long queues in their neighborhood local markets or supermarkets

## II. LITERATURE REVIEW

Banerjee. A and T. Banerjee (2016) analyzed that happiness with the experience of using the online grocery web site is positively correlated to delivery of groceries. They concluded that consumers are satisfy from experience of online groceries and their products too. Baheti .V and L. Kaushal (2015) evaluated the impact of varied attributes on

the consumers' attitude towards online grocery shopping. Perceived Cost, Convenience, Risk and Enjoyable were the four attributes. The findings for perceived cost revealed that there was no significant difference among the various demographic traits of the consumers. However, significant difference was found in the customers who are aware and not aware of online grocery shopping. Sathiyaraj S. (2015) summarised that if online retailers know the factors affecting Indian consumers' buying behavior, and the associations between these factors and type of online buyers, then they can further develop their marketing strategies to convert potential customers into active ones. The outcome of the research paper also revealed that the demographic variables, such as gender, age group don't have influence of the factors of customer satisfaction. Raut. V. and S. Walvekar (2014) suggested that there are some factors Security, Reliability & Service, and References, that has to be considered if the marketer want to motivate their customers for online purchases. Kumar, & Verma (2014) concluded that the level of education, income, needs of the people and the platform which was required to catapult e-retailing is in consonance with urban infrastructure and its demographic aspirations. Mattila (2013) conducted a study on Online Shopping Adoption Factors and identified six factors affecting the adoption of electronic grocery shopping were examined. This study also showed that consumers valued several factors in electronic grocery shopping such as wide range of and familiar products and brands, freedom from time and place, time saving, and as stated, convenience. Mishra & Mathew (2013) showed that Indian online users had high level of perceived risks, highest fear being related to the delivery of products purchased online. Information quality, product range and after online sales service are most preferred website attributes which influence Indian online users. Coupey et al.

(2009) perceived numerous inhibiting factors to online grocery shopping and few motivating factors. Interestingly, contrary to other ecommerce sectors, the grocery sector suffers from a very bad price image while consumers have a high price sensibility for food purchase. Huang and Oppewal (2006) showed that all four situational factors affect consumers' shopping channel preference, though of influence, delivery charges are not the most important factor.

**Aims and Objectives**

- To identify the factors affecting consumer’s decision towards shifting from Offline Grocery retail stores to Online Grocery Stores (considering only Grofers and Bigbasket) in Kolkata.
- To identify whether the consumer’s demographics are affecting their consumption pattern with respect to Grofers and BigBasket inKolkata.

**III. RESEARCH METHODOLOGY**

The study is designed to explore the factors affecting consumer’s decision making towards Grofers and Big basket in Kolkata. The study also tried to find out whether online grocery shopping can be affected by the demographics of consumers. In the research methodology, quantitative and qualitative, are used in research and in this study only Qualitative method is used. Quantitative research, which emphasizes quantification in the data collection and analysis, is based on the ideals of positivism (Cavana et al. 2001; Bryman and Bell 2011). The sample size of the study is 100 respondents. In order to achieve the research objectives, data was collected by questionnaire method through online and offline mode. The questionnaire was prepared with using close-ended questions. There were different variables to identify the factors and Likert scale was used to identify customers’ opinions. SPSS and MS Excel were used to analyze the data. ANOVA Test and Factor analysis were used to evaluate the results. The reliability test showed the validity of the variables then the questionnaire was floated and data was collected through convenience sampling.

**IV. FINDINGS AND RESULTS**

The majority of the respondents were female (67%),working professional(46%), having age group of 25-35 years(77%), were having monthly income of Rs.60000-100000.There were around 38% respondents who were using Grofers and 36% were using only Big Basket and Table 2: KMO and Bartlett’s Test

KMO and Bartlett’s Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.887
	Approx. Chi-Square	1572.170
Bartlett’s TestofSphericity	Degree of Freedom	190
	Sig.	.000

Source: Primary data, SPSS

28% were using both brands. Factor analysis was used to investigate the variables affecting consumer’s decision-making in online retail shopping.

One-way ANOVA test was used to find out the impact of socio-economic variables on the consumption pattern towards Grofers and BigBasket. To identify the impact of socio-economic profiles (Gender, Age, Education Level, Occupation, Income and Marital Status) on the consumption pattern towards Grofers and BigBasket, following Hypothesis is tested:-

(H<sub>0</sub>): There is no significant association between the impact of socio-economic variables on the consumption pattern towards Grofers and BigBasket.

(H<sub>1</sub>): There is significant association between the impact of socio-economic variables on the consumer’s consumption pattern towards Grofers and BigBasket.

Table 1: ANOVA results for the impact of socio-economic variables on the consumption pattern towards Grofers and BigBasket

Source of Variation	SS	Degree of Freedom	F-statistics	p-value	F critical value	
Between	617.4745	7	88.21064	80.95753	3.96E-89	2.020783
Within Groups	889.1068	816	1.089592			
Total	1506.581	823				

The test results show that F-statistics value, 80.95753 is more than the F Critical value of 2.020783, indicating that the null hypothesis (H<sub>0</sub>) is rejected and alternative hypothesis (H<sub>1</sub>) is accepted at 5% level of significance. This indicates that there is an impact of socio-economic variables on the consumer’s consumption pattern towards Grofers and BigBasket.

**V. FACTOR ANALYSIS**

Factor analysis with principal component analysis of consumer’s preference towards online grocery shopping and factors affecting online grocery shopping.After applying factor analysis, the present study used the 17 items for identifying the key factors and determinants influencing the consumers’ preference towards online grocery shopping. These variables were measured on 5 point Likert scale, where 5 represented ‘Very important’ or ‘Agree’ and 1 represented ‘Least important’ or ‘Totally disagree’.

The above table reflects two tests that indicate the suitability of the data for structure detection. The Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy is a statistic which indicates the proportion of variance in the variables that might be caused by underlying factors. The value of KMO test is 0.887 which is greater than 0.6,

thereby indicating that the data is highly suited for factor analysis and will yield useful results. The value of Bartlett's test is 0.000 which is less than 0.05 of the significance level, thereby indicating the factors analysis will yield useful results.

Table 3: Communalities

Communalities	Initial	Extraction
Better Price	1.000	.460
Better Quality Products	1.000	.838
Home Delivery Facility	1.000	.707
Easy Returns Policy	1.000	.637
Product Availability	1.000	.656
Flexible Time Slots	1.000	.784
Referral benefits	1.000	.660
Cash back Offers	1.000	.560
Payment Discounts	1.000	.726
Availability of Full Product Description	1.000	.702
Easy cancellation	1.000	.887
Availability of In-house brands	1.000	.637
Wide Product Assortment	1.000	.957
Possibility of Comparison of Different Products	1.000	.601
Affordable Delivery Charges	1.000	.957
Cash Free Transactions	1.000	.908
Multiple Payment Methods	1.000	.798
Extraction Method: Principal Component Analysis.		

Source: Primary data, SPSS

Table 4: Total Variance Explained

Component	Initial Eigen values			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
	1	2.404	14.139	14.139	2.404	14.139
2	2.276	13.386	27.525	2.276	13.386	27.525
3	1.694	9.965	37.490	1.694	9.965	37.490
4	1.522	8.952	46.442	1.522	8.952	46.442
5	1.270	7.471	53.914	1.270	7.471	53.914
6	1.194	7.025	60.939	1.194	7.025	60.939
7	1.098	6.456	67.395	1.098	6.456	67.395
8	1.018	5.988	73.383	1.018	5.988	73.383
9	0.899	5.286	78.669			
10	0.749	4.407	83.076			
11	0.744	4.375	87.451			
12	0.638	3.753	91.204			
13	0.577	3.396	94.600			
14	0.491	2.890	97.491			
15	0.344	2.024	99.515			
16	0.082	0.485	100.000			
17	-6.687E-	-3.933E-	100.000			
	16	15				

Extraction Method: Principal Component Analysis

Source: Primary data, SPSS

Component 1 (Customer Service)- The analysis suggests that customer service plays a key role in determining their preference towards Online Grocery Shopping that includes Easy cancellation option available to them and Cash Free Transactions while ordering Groceries Online.

Component 2 (Convenience)-The analysis suggests that convenience like Availability of Full Product Description, Affordable Delivery Charges and Wide Product Assortment while using the Online Grocery Shopping Portals.

Component 3 (Loyalty Rewards)-The analysis suggests that Loyalty Rewards plays a key role in determining their preference towards Online Grocery Shopping. Loyalty Rewards like Referral Benefits Received after referring the application to your friends and Family.

Component 4 (Product and Price Mix)- The analysis suggests that Product and Price mix like Availability of Full Product Description and Multiple Payment Options while placing an Order.

Component 5 (Time Flexibility)-The analysis suggests that Time Flexibility plays a key role in determining their preference towards Online Grocery Shopping. Time Flexibility services like Flexible Time Slots available for the customers who shop grocery online.

Component 6 (Delivery Facility)-The analysis suggests that Delivery Facility plays a key role in determining their preference towards Online Grocery Shopping. Delivery Facility services like Home Delivery Facility available for the customers who shop grocery online.

Component 7 (Product Quality)- The analysis suggests that Product Quality plays a key role in determining their preference towards Online Grocery Shopping. Product Quality services like Better Quality Products available for the customers who shop grocery online.

## VI. CONCLUSION

The online grocery retail sector is still in the initial stages of growth and has just started to pick up some pace but it is confirmed that there is hidden opportunities lying in this sector. Due to technological advancements, this sector will see a boom in future. E-grocery retailers can develop brand equity, generate customer loyalty, repeat purchase and it will bring succession growth in this sector. The study showed that due to convenience, online grocery shopping is mainly accepted. By ordering online, one can quickly search for the products one needs and order them without having to go through those long aisles. The results of the hypothesis stated that there is a positive and significant association between the impact of socio- economic variables on the consumption pattern towards Grofers and Bigbasket. There is no doubt about it, that the market will remain challenging for the current generation of online grocery retailers but big brands will see the success easily

after some period. These online grocery businesses will stick to adding more value, will also garner the advantage of being the early bird, since they already have captured the market while it continues to become mainstream with new technology. However, traditional and offline retailers are also bound to add value in their business for sustaining in this market. In india, the transition from offline to online retail business is dependent upon changing habits of consumers and their acceptance to new players. The thought of changing trends in retail is bring more development in Indian market.

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