Consumer Behaviour towards Online Grocery RetailStore “Localbanya.com” in Mumbai Region

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Abstract

Purpose – The purpose of this paper is to identify consumer behaviour towards online grocery retailing specifically towards Localbanya.com.

Design/methodology/approach - The authors first gone through in-depth literature review and based on that questionnaire has been prepared and data collected via online questionnaire survey from Mumbai Region.

Findings - As consumer are accepting this new method of online grocery retailing still traditional channels are more preferred. Slowly it may gain popularity among young and working professionals.

Research limitations/implications - Data has been collected using only one instrument and that too restrict to small population of Mumbai. Online retailers can use identified factors for making impactful strategies for gaining more loyal customers and well as to sustain in the market.

Originality and Value - This study focuses on understanding changing consumer behaviour towards online grocery shopping and identify the key factors such mode of payment, after sales service, return policies, convenience etc. which can be utilize in customer engagement and customer relationship management.

Paper type - Research Paper

Key Words - Consumer Behaviour, Online Retailing, Marketing Strategies

I INTRODUCTION

E-retailing

“E-retailing is the sale of products and services to the consumer market, over the Internet. E-retailing is also variously referred to, by other authors, as e-tailing and business to consumer e-commerce.” (Kolesar & Galbraith, 2000).
some of the reasons for such hope. Report also highlights that India’s E-commerce market expected to grow more than 50 percent in next five years because of increasing number of internet users. But at the same time inventory and logistics management are hurdles for growth of e-commerce.

Consumer are also getting attracted towards this new format of retailing and majorly population between the age of 18-40 are the users of these websites. Several studies has been done to understand the consumer behaviour towards online retailing.

According to Poel and Leunis (1999) money back guarantees, price and known brands help consumers for fast adaptation of online retailing.

A study conducted to understand the consumer behaviour towards e-marketing in Jaipur city shows gender has no relation and age group between18-30 are major users. High income group are major customers for e-shopping to save their time. Security and safety are major concern for Indian consumers. Most preferred products/service are e-ticketing, e-booking &e-billing. And most preferred websites areIRCTC, followed by yahoo & e-bay (Hooda& Aggarwal, 2012).

Reddy, N. A., &Divekarb, B. R. (2014) in their study suggested that Logistic and Shipment, Cash on delivery, Tax structure and Online transaction and security are major hurdles for growth of E-retailing in India.

Constantinides, E. (2004) in his research about web experience shows that usability and interactivity of website, trust and credibility, website design and marketing mix are important factors that impact web experience for consumers.

II GROCERY E-RETAILING

Grocery shopping is one of the most essential part of any family’s daily, weekly or monthly routine. From local kirana stores and local markets it was shifted to super markets and mall and now it is again witnessing a change which is online retailing.

Grocery e-tailing is not easy, but once developed trust is result into loyal customers. Once a customer is satisfied, there are chances of repeat purchase. Another major problem is procurement of perishable products such as dairy products, fruits and vegetable so to avoid the inconvenience and cost related to storage most of the retailers prefer packaged products. Because of lack of infrastructure most of e-grocers accept orders both on website and phone. Lack of awareness about opportunity and benefits of ordering groceries online is also major hurdle for growth of this business model. One more challenge is distribution and supply chain management because it cannot follow traditional distribution system like hub and spoke model.Margin and competition are some other concerns. Currently many grocery e-retailer are operating in the market such as Bigbasket.com,Localbanya, Grofers, Natures Basket, Green cart ,Aaram shop, Reliance Fresh direct , Eemli, Day to day Fresh , Kiranawalla , Naturally Yours etc.

III LOCALBANYA.COM

Localbanya is an online supermarket started in May 2012. Currently they have shut down their operation from November 2015. It was started by Karan Mehrotra, Amit Naik and Rashi Chaudhary and name was suggested Localbaniya to connect to the consumer. Even the logo was designed keeping in mind the same concept and a potbellied moustache banya has been finalized. This online retail outlet offered staples, fruits and vegetables, beverages, household goods etc. Majorly it targeted the population

IV RESEARCH METHODOLOGY

Scope of Study

In this paper the area of research focused on consumer behaviour towards online grocery retailing in Mumbai and suburbs of Mumbai. The researchers wanted to know whether concept of online grocery retailing is accepted by consumers and how they are using internet to buy their major staple food items. This study also focuses on consumer behaviour towards one of the first online retail website for grocery known as Localbaniya.com.

Sample Size and structure

The survey was conducted in Mumbai and its suburbs by questionnaire method. The sample size was of 163 and data collected by online structured questionnaire. In survey 63 were male respondents and 100 were female respondents. The survey revealed that out of 163 respondent 124 respondents were in between the age of 15 to 25 years, 24 were between age of 26 to 35 years, 10 were between the age of 36-45 years and 5 were above the age of 45 years.

V DATA ANALYSIS
From the data collected it has seen most of the respondent preferred doing shopping in shopping mall/super market for grocery.

TABLE-I Preference of channel for grocery shopping

<table>
<thead>
<tr>
<th>Channel</th>
<th>% of Respondent</th>
</tr>
</thead>
<tbody>
<tr>
<td>supermarkets/malls</td>
<td>76 (47%)</td>
</tr>
<tr>
<td>local/weekly bazaar</td>
<td>21 (13%)</td>
</tr>
<tr>
<td>kirana store</td>
<td>33 (20%)</td>
</tr>
<tr>
<td>online super market</td>
<td>33 (20%)</td>
</tr>
</tbody>
</table>

As can be seen from the above chart and table, 47% of sample preferred traditional way of grocery shopping but at the same time online grocery shopping is also picking up as 20% responded do shopping online.

Out of 163 respondents only 57 were aware about local baniya.com and done shopping from the website at least once. While doing online purchasing cash on deliver and debit cards are most preferred mode of payment.

The customer satisfaction for website on different parameter has been shown in table-2.

TABLE-II Customer Satisfaction Parameters for Localbaniya

<table>
<thead>
<tr>
<th>Parameters</th>
<th>% of Satisfied Respondent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Easy of browsing website</td>
<td>66%</td>
</tr>
<tr>
<td>Delivery Time</td>
<td>65%</td>
</tr>
<tr>
<td>After Sales Service</td>
<td>48%</td>
</tr>
<tr>
<td>Cancellation and return policy</td>
<td>65%</td>
</tr>
</tbody>
</table>

As can be seen that overall customers are satisfied with the services provided by local baniya and want to recommend this to their friends. Big basket, nature basket, aaramshop, ekstopetc are the other popular websites for online grocery shopping.

VI FINDING AND SUGGESTIONS

Research shows that though India is moving towards revolution in traditional retailing practices but it will take time. People still prefer to buy from local kirana shop or supermarket. Trust, touch and feel, freshness of products are some of the factors responsible for lack of trust in online grocery shopping. Lack of consumer awareness about existence of such retail portal is also the area of concern.

Awareness and accessibility are two major challenges for growth of online grocery retailing in India which need to be handled properly. Till now it is only restricted to metro cities of India. In case of local baniya more promotion and awareness program need to be conducted. Once consumers will develop trust than it will be easy to handle.

VII CONCLUSION

So overall it can be concluded that slowly our traditional way of grocery shopping may see a drastic change. But for this companies have to work hard for developing their marketing and distribution strategies to overcome the hurdles of grocery e-retailing. With this promotion of these websites are also necessary. Big Basket has already taken a move in this direction by taking Shahrukh Khan as their brand ambassador.

Grocery e-retailing in its nascent stage, first it need to capture Tier-I cities then Tier-II and Tier-III cities of Indian can be penetrated.

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