

CONSUMER BEHAVIOUR FOR E-GROCERY SHOPPING IN INDIA: AN OVERVIEW

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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. 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.

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), the 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)

Term and Definition of E-Grocery Shopping

The online grocery industry is one of the growing industries in India. This particular business model is more popular amongst the people in service profession followed by business class and people retired. The paper strategically analyzed the Indian online grocery Industry.

Online Grocery Shopping at 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 produces 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 the 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 a 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. It 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, supermarkets, 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), the growing popularity of mobile shopping, and dealing in daily consumption commodities, grocery e-stores do hold potential in India.

Online Grocery Market in 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 is going to make their prominence in the next decade.

Major Online Grocers in India

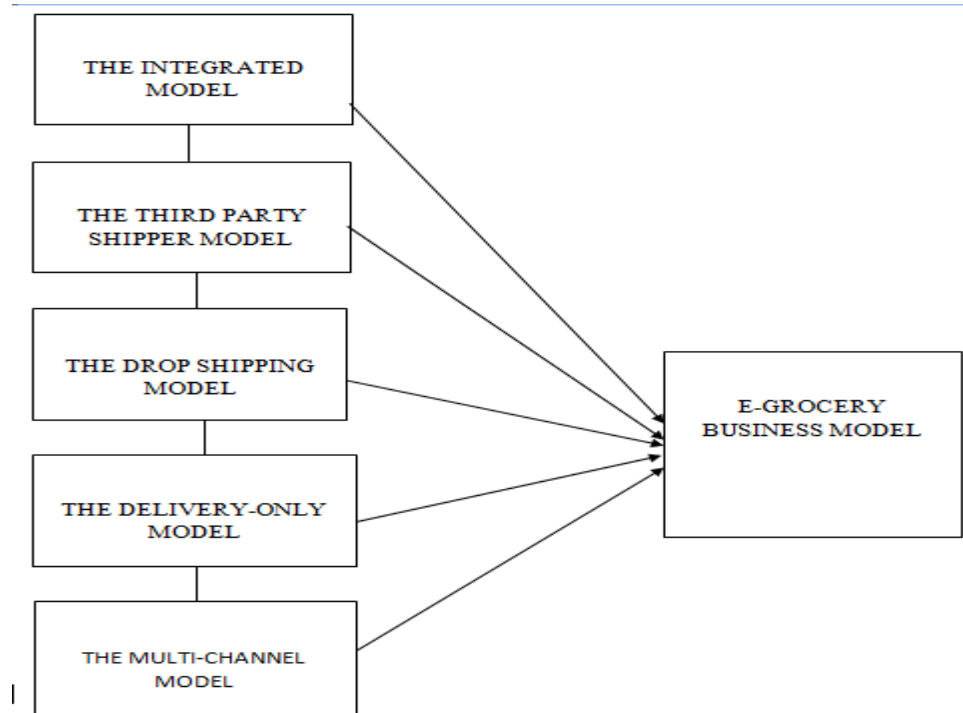
7 best grocery stores in India



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



E-Grocery Business Model



Consumption Pattern

As India is a developing country, dominated by the unorganised retail formats, the emerging organised sector, most of the online grocers are finding difficulties 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 the way for grocery platforms to gain momentum.

Conclusion

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

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