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FUTURE ACCEPTANCE OF E-GROCERIES IN THE INDIAN MARKET

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ABSTRACT:

In India, online food company is growing. Online retailers ought to examine multiple variables impacting customers' decisions to buy food digitally. It is also noticed that shoppers' spending behavior for online grocery shopping is completely different than traditional stores. The online food model satisfies the needs of customers and lets them save time and energy. The aim of this paper is to explain various forms of e-commerce models. The paper also seeks to explain the demographic profile of customers who have online food, the explanation for purchasing food online and the degree of happiness of customers who purchase food online.

INTRODUCTION:

Food and grocery are a household 's fundamental everyday requirement. In India, the online food industry is emerging. In one city, including Delhi and Mumbai, this style of model has become more common but it is still a long way from being. As of today people in India are not acquainted with this sort of model, and through physical comparison of price and quality, people in the country tend to buy products like milk, fruit, and vegetables. In the region, such culture makes it very difficult to make the model common in the Indian market, but on the other hand, many e-commerce companies are increasingly prominent in the Indian market, and the e-commerce food industry is in its introductory process.

Grocery tags in India are mostly unorganisational and face a major challenge with respect to strict barriers to entry. Severe cash-burning is needed by conventional procurement methods and logistics management, and most bootstrapping Indian start-ups are in company. is of the belief that it is a daunting thing to live alone, apart from your mates. Besides, you have to take charge of the household issues every day. The 12-hour changes in your workplace and travel anxiety render you sound so drained that the thought of cooking seems to be torment. With the new mushroom in the digital sector with online food portals one may wonder about the potential viability of the projects. The existing e-grocery model is focused on customer buying through the Internet and the e-food provider supplying the transaction to the household. In this scenario, young India professionals are hard to shop for food. However, creative digital technologies have other openings. Explore the prospect of creating a different kind of e-farm operation, named Vendor Controlled Merchandise (VMI), in household, via the barcode and radio frequency Identification (RFID) technologies. The home distribution transport service is one of the essential tools for the success or failure of e-farm. In order to transform e-grocery into a competitive market and home delivery services , e-grocers understand the variables which influence the cost structures of the individual service model. The future of online retail seems eventually to be incredibly stable. A need was defined and intensified, as any successful business plan. Indian online food shoppers find it easy, easy and hassle-free to purchase food online. Thanks to their pacing, mobile integration and ease of usage, these online food portals would take time to explain them a day. Online grocery stores in India are increasing prominence due to their simplicity, ease of buying and the increasingly growing demand. The online food shopping worldwide is rising almost 7 times as high as on-the-ground formats. It is projected that the Indian retail sector is over US$ 500 billion (one of the top 5 markets in the world) and 30-40% of corporations are in the online shop for the next 7 years. This offers a fantastic chance for any e-tail, in particular e-tailing. Foodstuffs. Electrical foods in India have been mostly unorganised and face a major challenge as long as steep barriers to entry are concerned,

Unorganized vs. Organized:

Indian grocery retail is dominated by millions of market stalls and specialist shops, kiranas and kiosks - collectively known as
unorganized retail which accounts for around 92% of the countrys grocery sales. This is important not only because of its size but also because of unorganized grocery retails long heritage which brings with it a wealth of experience and shopper understanding. Unorganized grocery retail takes many different shapes and forms in India. It can be as small as a kiosk window selling sweets, as specialist as a chicken shop just displaying cages of live birds, or as informal as a vendor sitting on the street with a pile of onions and a set of weighing scales. The key advantage is that they do not need to be all things to all people.

In comparison, for little more than a decade, an organised / modern food market has been in operation. It has a reach of just 8-9 so far. Growing economic isation, growing accessible jobs, rising the middle class population, increasing young people, increasing the number of workers, raising awareness of health and shifting demand, increasing travellers and tourists, foreign TV shows, food festivals, internet penetration are the main drivers for organised retail in India. Modern retail stores have expanded four-fold since 2006, and currently it is reported that they have more than 40,000 stores around the world, projected in 2016 to exceed 70,000.Consumer investment in modern retail markets is increasing increasingly in cities of tier 2 and tier 3. Global retail acts as a start-up for consumer goods, labels, market recognition and others. Or volume increases from general commercial networks should be pursued

Supply side Drivers:

- Economic liberalization: With economic liberalization in the early 1990s, barriers to doing business were either removed or minimized. Economic reforms helped India attract investments in the sector from foreign companies wanting to enter the Indian market and also from private equity firms.
- Improved retail format: With the emergence of modern retail formats, the food sector found a new format for operations.
- Emergence of contract farming: Availability of food and volatility in prices have been key concerns, which led to emergence of contract farming in the food & beverages sector. Lot of the companies have taken contract farming route to ensure availability of food and at reasonable prices. The companies sign contracts with farmers to grow a specific crop with a guarantee to off take the crop at an agreed price. Industry sources indicate that McCain Foods, which supplies to McDonalds, has 400 farmers cultivating 2,000 acres in Gujarat and Pepsi Foods has over 2,000 farmers on contract, covering 7,000 acres across Haryana, Punjab, and Uttar Pradesh for crops ranging from potato to chilly and groundnuts.

Infrastructure development: As an offshoot of the growth in the food sector, third party logistics providers, which transport the produce and food products from source to destination have also emerged.

Demand side Drivers:

- Household consumption pattern: Food and beverages form the top consumption item in a typical Indian familys consumption basket. While all India average is 51% of the total spend, it is 45% in urban areas and higher at 55% in rural areas.
- Favourable demographic trends; emergence of urban middle class: The vast and increasing population base in India brings in a potential market for all consumption based businesses including food products/ services. India has a population of over 1.2 billion with more than half the population under the age of 30 years. This young population, employed primarily in services sectors and aspires to improve the standard of living, is expected to drive the growth in all consumption driven sectors.
- Rising disposable incomes; emergence of double income nuclear families: Increase in disposable incomes of middle class families resulted in them spending more on food consumption. Per capita income increased by CAGR 9% to US$1,350 in 2013 compared to US$450 in 2000. Rise in number of working women, which is currently ~25% of the labour force has been one of the other key reasons for higher average monthly household income.

Key Opportunities

- Traditional retail dominates food, grocery and allied products sector, with grocery and staples largely sourced from the local stores (Kiranas) and push-cart vendors. The organized food retail accounts for the 15% to 20% of the total retail pie, whereas it accounts for around 70% of the unorganized retail industry
- One of the key drivers for changes in consumer preferences is the aspirational aspects which translate into variety, choices and convenience in shopping. The organized retail is yet to address the basic requirements. Hence, there is a need for scientific management of categories

and up gradation of stores to fulfil and drive the demand from these customers.

- Since food retailers have the ability to attract and retain customers, the contribution of own brands has been increasing over the years and has become the largest segment of retailer's revenue. These brands are essentially in the fresh and staples segments and have been key to improving margins and helping retailers grow their business.
- Major shift in consumer preferences is not only true in metros and cities but also true in small towns, which have emerged as attractive markets for retailers to expand their presence.
- Food safety and hygiene has been a critical development with FSSAI coming into operation. Only a modern retailer can comply with these provisions as this would increase the cost of product as well as delivery.
- Groceries and pulses have been covered under the Agricultural Produce and Marketing Corporation (APMC) act. Farmers have been selling to traders affiliated to APMCs set up in respective states. However, the incumbent NDA government has been pushing the APMC reforms and the monopoly of APMCs is set to break. The reforms will enable farmers to sell directly to retailers. States such as Madhya Pradesh, Karnataka and Gujarat have already made changes to the APMC act.
- The Cabinet Committee on Economic Affairs has approved setting up of a National Agriculture Market (NAM) where farmers can offer their produce to any part of the country. These changes augur well for modern retail as the margins gained by retailers will be much higher by removal of middlemen such as traders.

Key Opportunities:

- Online grocery is expected to be the convenience channel for food & beverages sector, due to the increased stress requiring focus on work life balances and also freeing time for family or leisure activities. Avoiding trips to local grocery shops has become one of the common trends.
- Internet penetration is expected to increase further in future, which will equip more consumers to transact online. This augurs well for the online businesses including online grocery. In addition, the new generation is more internet

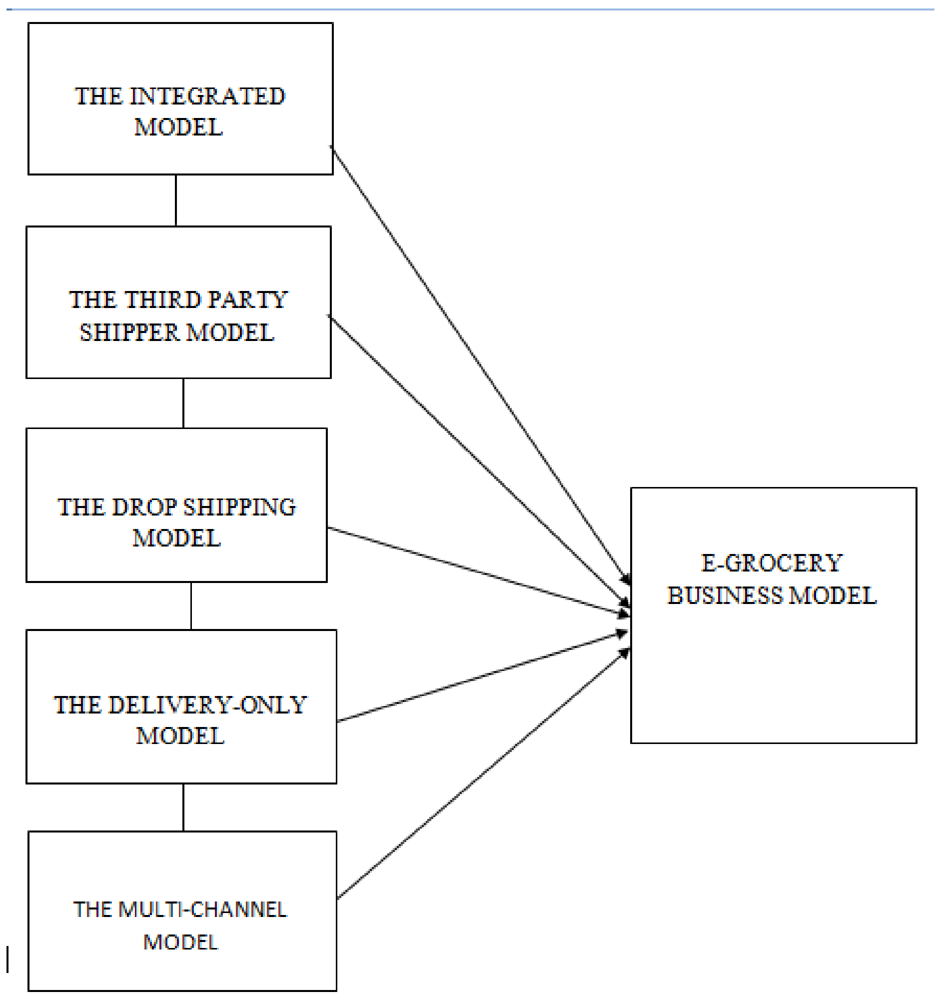
savvy compared to the earlier one. Online purchasing has become second nature for this generation as they have been used to internet since early days

- While the potential for organized retail market is established, availability of quality property and travel related issues like traffic and parking problems and time required to do regular grocery shopping has created and expanded the online retail market.
- Online retailers have an edge over physical retailers as the capex investments are less, which can be diverted into improving the range and quality of products and also their customer
- experience.

- With the data collected online, the online groceries can customize offerings to customers (whether it is convenience of ordering regular cart or product recommendations or targeted
- promotional schemes). There is scope for online groceries to take advantage of this by creating personalized preferences/ dashboards.

1.1 E GROCERY BUSINESS MODEL:

Identified five different e-grocery business models: the integrated model, the third party shipper model, the delivery-only model, the drop-shipping model, and the multi-channel model.



Model I: Five different e-grocery business models

For e-grocery and e-tailing, these five specific business models apply. These operating models may be applied together or over time and are not exclusive each other. Will company's performance or failure would possibly depend on the implementation specifics of will model.

I. REVIEW OF LITERATURE:

E-grocery business' performance or loss relies greatly on timely home delivery. The e-farmers ought to make efforts to consider the factors that influence the cost structure of the different service models in order to operate the e-grocery sector in benefit. The effects of the simulation indicate that home delivery is e-farm

In fact, service may be as much as 43% cheaper because customers who visit a store using their own vehicle and spare time. Hence, the statement that says the quick development of e-grocery firms is powerful in favour of a forecast.

India has witnessed a significant progress over the last decade of internet use, mainly contributing to advances over business use. In several fields of e-business and e-tailing study, however, is undertaken not on how a developed world looks to grow e-grocery.

More than 25% of the white-collar work in different industries is occupied by women in India. Today people are working hard, so those days are no longer where people go to the store to buy food. With the recent phenomenon of online shopping on the internet, women particularly who don't take time to shop for personal products on a daily basis have become more convenient.

Factors that impact consumption of food goods online by two steps. In the first phase, qualitative analysis is performed to achieve a detailed understanding of the consumer's shopping behaviour online. second, to affirm the position of situation factors in agitating the online purchasing of foodstuffs, large-scale quantitatives were introduced. Both qualitative and quantitative findings stress social considerations, for example whether there is a newborn or safety issues that can relate to online shopping. Many customers prefer to avoid shopping online if the first cause is gone or if support is a challenge. Although circumstance considerations are outside the reach of the marketer, they may serve as a framework for marketing material and advertisement purposes. The significance of situational considerations as barriers to the embrace of online food shopping indicates that an abnormal cycle of adoption is taken up not by a logical growth and judgement but by circumstances. The approval of online shopping remains subjective and may be avoided if the starting conditions shift.

The study explored Malaysian consumers' views and expectations for online shopping. It also discusses three (3) significant considerations in shopping online for foodstuffs; the prices and rates, the quality of resources, the accessibility and the influence of online shopping on the foodstuffs. Consumers with interest in the online retail of goods, in particular foodstuffs shopping online and those without internet to buy food items, were examples of the population of this report. The study found that Malaysian customers disagreed with the added costs and prices paid online food shopping for online foodstuffs. They shared the same feeling regarding the resources available and the resources they needed to search our webpages.

This paper suggests a modern and clear model to explain the variables affecting Internet shopping intentions. Results of the study indicate that there are many significant variables that influence online purchasing interest for e-grocerie customers and those factors are: feeling of protection (insecurity negatively affects e-shops), comfort (higher comfort affects e-shopping intention), access (ease of access affects e-shops intention) and commodity sel. Traditional supermarkets are the primary means of grocery shopping. The preference of internet shopping, though, seems to be a rising phenomenon. Particularly between the ages of 15 and 45, the research recorded online shopping of foods and the plan to use the food at a higher level, with high incomes, educated consumers who have completed or are to complete higher education.

II. RESEARCH OBJECTIVE:

The objective of the research rises from the problem statement, giving specific idea, and achievable goals.

The objective of the above research is to study the customers intentions while buying groceries through online in future.

III. RESEARCH METHODOLOGY:

The methodology of the study is based on the secondary as well as primary data. The primary data is collected through a structured questionnaire to elicit the well-considered opinions of the respondents. The questionnaire was designed to take collective feedback from regular customers who buy groceries through online. The data is collected from 60 respondents who were highly involved in E-grocery shopping. The data is collected from respondents residing in Chandigarh, Mohali, Panchkula, Ambala, Patiala. Descriptive statistics technique is used to analyze the data with the help of statistical Package for Social Sciences (SPSS – 20).

- Secondary sources- Routine feedback calls with the customers at Sabkuchfresh.com in my internship.
- Primary Data – Questionnaire survey in which responses were gathered by regular customers.

IV. RESULTS AND INTERPRETATIONS:

Table I. Demographic Profile of Respondents

Demographic Profile	Code	Response
Gender		
Male	1	33
Female	2	27
Total		**60**
Age		
18-30	1	26
31-45	2	23
More than 45	3	11
Total		**60**
YearlyHousehold Income		
< 2Lac	1	05
2lakh-5 Lac	2	20
>5Lac	3	35
Total		**60**
Occupation		
Service	1	42
Business	2	10
Any Other	3	08
Total		**60**

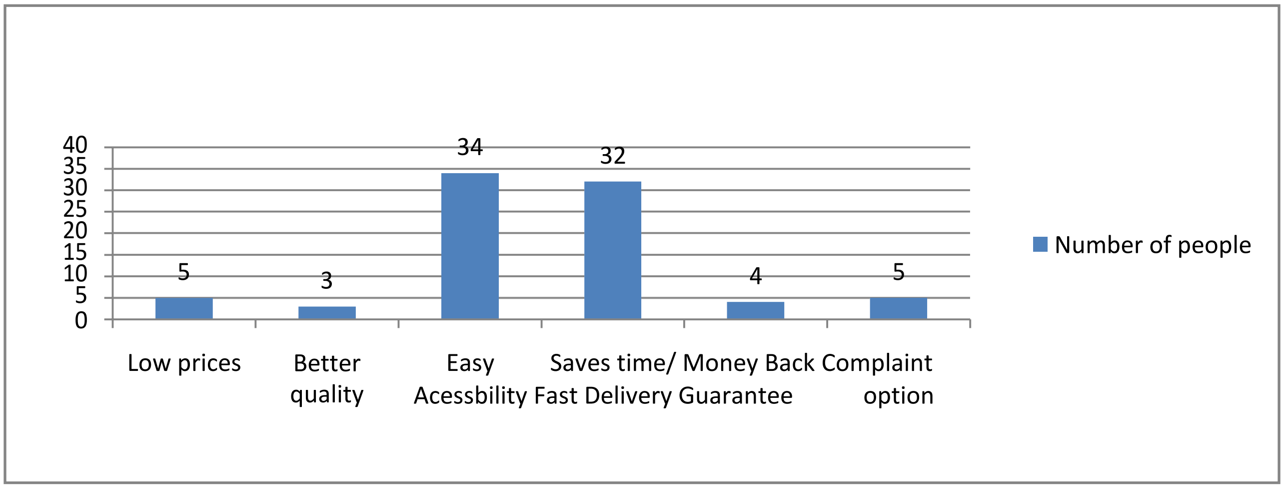


Fig. 1. Basic reasons for E-grocery Shopping

Out of 60 people most of the people prefer buying fruits and vegetables because of easy accessibility and saving of time.

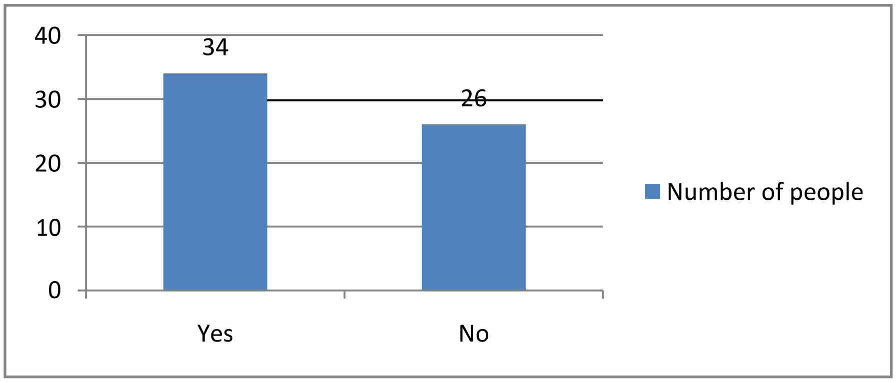


Fig. 2: Satisfaction level towards Quality of products purchased online

Out of 60 people 34 people were satisfied with the products of sabkuchfresh whereas 26 people have problem with the quality of products.

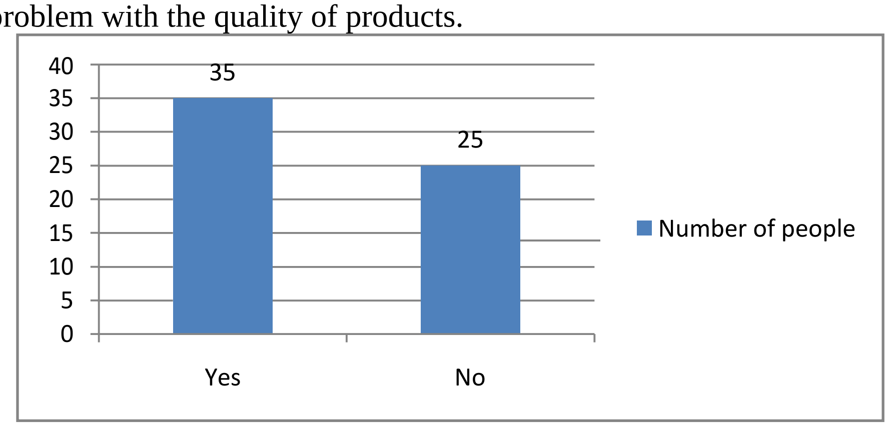


Fig. 3: Receiving your order in chosen delivery slot

Out of 60 customers 25 customers didn’t received their order in the mentioned Delivery slot. So the firms in the industry need to improve their delivery process so that Order must be delivered between the given slots.

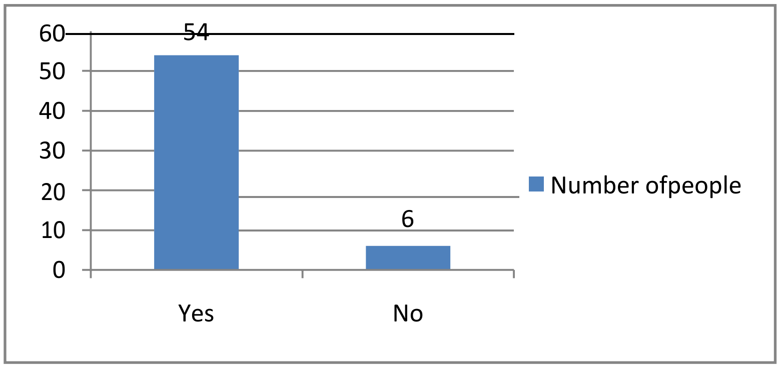


Fig. 4: Customer satisfaction with the packaging of products purchased online. Out of 60 majority of 54 customers were satisfied with the packaging of the products

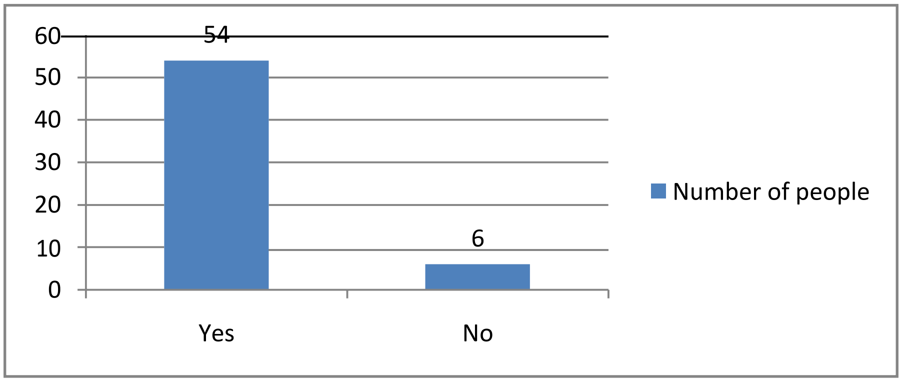


Fig. 5: Recommending online grocery shopping to your family & friends

Majority of the customer responded yes which shows a positive WOM promotion for the industry.

V. CONCLUSION:

One of India 's rising sectors is the online grocery industry. This specific market model is more common among service workers, corporate groups and retirees. The paper examined the Indian online food market on a structural level. The findings of the study indicate that among working women, followed by men, the model is more common. The research also indicates that saving time and energy is the key explanation for online food transactions, because consumers with this model on average are pleased with the price of the items they get, and consumers are often given the possibility to substitute. The research further shows a customer's preferences when purchasing food digitally and in the local market. The drawback with this model is that distribution period is extended and goods are not usable under such circumstances, which are inevitable.

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