

Online Grocery Shopping: Factors Influencing Customer Satisfaction

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Abstract

Online grocery shopping is growing significantly in India. Several players have entered in the Indian grocery market to capitalize the potential of this market. Young consumers are purchasing more on online market places as compared to the aged population. Rapid smart-phones and mobile internet adoption will facilitate to the growth of online grocery shopping in India. However, intensity of competition among online grocery store is likely to increase like never before. This study is intended to explore the various determinants of customer satisfaction with respect to online grocery shopping. In this study, researcher has taken eight independent variables and one dependent variable and these factors were tested empirically. A total of 400 questionnaires were distributed among the respondents. Many of the collected questionnaires were incomplete. Thus, only 362 questionnaires were considered appropriate for the present study. Correlation and multiple regression were used only for this study.

Keywords: Online Grocery Shopping, Risk, Perceived Value, Customer Satisfaction

1. Introduction: Online Grocery Shopping

Internet penetration is increasing at a fast pace in India. It is expected that the internet grocery shopping will also increase. Approximately, there are 65 million people logging onto the web in India. This is a small proportion of India's population, but it a sizeable market in itself. As per Juxt estimates four in every five internet user do online shopping. It is expected that India could become one of the top 10 e-commerce hubs in the world by 2015. This prediction is based on growing consumerism, increasing per capita income and fast internet penetration in India's smaller cities. As a result, the Indian e-commerce market is growing at a fast pace. eBay India (2011 census) reported that India has more than 3'311 e-commerce hubs. eBay analyzed transactions made on the site between July 2010 and July 2011. Delhi, Mumbai, Jaipur and Chennai are the biggest cities in terms of e-commerce transactions, but what is more surprising is that approximately 40% of transactions come from smaller cities. India's smaller cities are expected to be main driver of online shopping. Online shopping of physical goods is estimated to grow at a compounded growth rate (CAGR) of 50 percent over the next six years and touch \$45 billion by 2020. This estimate includes companies across online travel, e-retailing, classifieds and online financial services (Vaidyanathan, 2011).

Increase in the number of internet users, increase in the population of online shoppers, growth in the per-shopper transaction value, and continued flow of capital by investors and armed with ammunition to woo consumers online are the drivers of online shopping in India. India added around five million internet users to its base of 213 million in 2013, driven by a fast growth in smart phone. E-retailers are expected to drive growth with expected Compounded annual growth rate (CAGR) of over 60 % to \$7 billion in 2016 from \$ 1.7 billion in 2013. Within the e-retail segment, fashion would be the main driver of growth, which was at \$ 559 million in 2013 and is estimated to be between \$3 billion-\$6 billion by 2016. Motilal Oswal Securities reported that Snapdeal.com, Jabong.com. Mydala.com and DotZot would have strong edge over other players (Business Standard , 2014).

Literature Review

2: Meaning of Customer Satisfaction

There are at least two different conceptualizations of customer satisfaction. One is transaction-specific, the other is cumulative (Boulding et al., 1993; Andreassen, 2000). On the one hand, from a transaction-specific perspective, customer satisfaction is viewed as a post choice evaluative judgment of a specific purchase occasion (Oliver, 1977, 1993). So far, behavioural researchers have developed a rich body of literature focusing on the antecedents and consequences of this type of customer satisfaction at the individual level (Yi, 1990). On the other hand, cumulative customer satisfaction is an evaluation based on the overall purchase and consumption experiences with a product or service over time (Fornell et al., 1996; Johnson and Fornell, 1991; Anderson et al., 1994), which is more fundamental and useful than transaction-specific consumer satisfaction in analyzing subsequent consumer behaviours and a firm’s past, present and future performance.

2.1: Convenience

Convenience helps consumers to reduce consumers’ non-monetary costs (time, energy and effort) when buying goods or services (Berry et al., 2002; Seiders et al., 2007; and Farquhar and Rowley, 2009.). Some retailers position themselves as convenience-focused and use this benefit as a source of competitive advantage (Seiders et al., 2000). Consumers having less time are looking for providers offering value that is convenient in terms of search, access, purchase and use (Seiders et al.). Consumers are not only interested with the core benefits but also want service delivery. Consumers are looking for services that are available when and where they want to consume them (Seiders et al., 2000). Several studies have discussed five types of convenience namely decision, access, transaction, benefit and post-benefit, which influence the consumers’ satisfaction with a service. Seiders et al. (2007) want to test the validity of the five dimensions which they refer to as the SERVCON construct.

2.2: Perceived Value

Heskett et al. (1997) have conceptualized customer value as a comparison of weighted “get” attributes to “give” attributes. They state that customer satisfaction is the result of a customer’s perception of value received in a transaction or relationship. Customer value is operationalised as a ratio or trade-off between total benefit received to total sacrifices, taking into consideration the available suppliers (Sirohi *et al.*, 1998). Marketing literature has viewed perceived value as a function of both quality and price (Johnson et al., 2006; Fornell *et al.*, 1996). In a more agreed manner, Zeithaml (1988) identifies four diverse meanings of value: (1) value is low price, (2) value is whatever one wants in a product, (3) value is the quality that the consumer receives for the price paid, and (4) value is what consumer gets for what they give. Thus, value is created when the customer perceives that the benefit of consuming products/ services exceeds the sacrifices (Slater and Narver, 2000). The recent study of Chaudhuri and Ligas (2009) mentions that when consumers encounter merchandise value in the form of unexpected benefits that are greater than costs; they will continue to perceive it to be of good value.

2.3: Perceived Service Quality

Service quality is an abstract and elusive construct, and in the absence of objective measures, consumers’ perception of service is commonly assessed. Several researchers have agreed to consider service quality as a consumer’s appraisal of a product/service’s overall excellence/ superiority (Parasuraman *et al.*, 1988; Tsoukatos and Rand, 2006; Turel *et al.*, 2007). Whereas, Anderson and Sullivan (1993) find that customer satisfaction is best specified as a function of perceived quality and disconfirmation- the extent to which perceived quality fails to match pre-purchase expectations. They also find quality, which falls short of expectations, has a greater impact on satisfaction and repurchase intentions than quality which exceeds expectations. The recent study of Chakrabarty, Whitten, and Green (2007) defined service quality as: “the conformance to customer requirements in the delivery of a service.” Consistent with the previous studies, Darian, Tucci and Wiman (2001) find that customer’s perceptions regarding the performance of sales people is a critical factor influencing satisfaction. The high quality interactions with front-line employees may leave a lasting impression that often results in customer satisfaction and repeat buying despite problems with other aspects of service delivery (Schneider and Bowen, 1995; Magi, 2003), whereas dissatisfying experiences with service providers have the potential to ruin

otherwise pleasant service encounters (Brown and Lam, 2008). A review of extensive literature suggests that service quality and customer satisfaction are distinct constructs (Carman, 1990; Boulding *et al.*, 1993; Spreng and Mackoy, 1996), and share a close relationship (Brady, Cronin, and Brand, 2002; Sureshchander *et al.*, 2002; Ranaweera and Neely 2003; Chau and Kao, 2009).

2.4 Perceived Product Assortment

Product variety is an important determinant of online grocery shopping. Consumers prefer that their grocer should provide wide variety of products to their customers. This will help them to buy multiple products at one location.

2.5 Perceived Product Quality and Perceived Product Quality

Consumers like to collect the product related information from all sources so that they should take right decision with respect to buying a product. Quality of a product is the most sought after factor influencing the consumers buying decision.

2.6 Perceived Risk and Value for Time

Consumers want to avoid the risk to the extent it is possible. Therefore, every grocery store will provide a risk free shopping environment to the customers. Customers want to extract maximum benefits from their business transactions by paying less and availing maximum benefits.

2.9 Objectives of the Study

The primary aim of this study is to explore key satisfaction determinants of online shopping. The other objectives can be stated as:

1. To examine how demographic factors affect online grocery buying behaviour
2. To examine how impact of independent variables on customers' satisfaction
3. To suggest strategies to online grocery stores to make customers more satisfied.

3: Research Methodology

3.1: Research Design

The study was done to explore and investigate the key customer's satisfaction determinants of online grocery shopping. The present study scaled down to only eight determinants of online grocery shopping. After conducting a literature survey, the study found that different studies have supported each of the proposed factors as a contributor to customer satisfaction. The next step was to get an empirical evidence of the same. The present study has adopted quantitative approach with survey methodology to fulfil stated objectives. To conduct survey, the current study used questionnaire method and questionnaire's items were developed while keeping the available literature in mind.

4: Data Analysis and Discussion

4.1: Sample Characteristics

The following table shows that 70.2 % of total customers are male who more likely to purchase the grocery products from the online stores as compared to female customers. Furthermore, 37% of the total customers are graduates and prefer to buy grocery products from the online stores.

Table 1: Sample Characteristics

Characteristics	Percentage	
AGE	0-30	35.0
	31-40	28.2
	41-50	28.2
	51-60	8.0
	61 and above	.6
Gender	Female	29.8
	Male	70.2
Educational Qualification	Any Other	10.8
	Doctorate	3.0
	Graduate	37.0
	Post Graduate	36.2
	Under Graduate	13.0
Income	1-3 lakh	6.9
	3-5 lakh	24.9
	5-7 lakh	24.0
	Less than1 lakh	35.9
	More than7 lakh	8.3

4.2 Descriptive Statistics

The following table shows that mean value of the customer satisfaction construct is highest among the all study variables followed by the perceived risk.

Table 2: Descriptive Statistics

	Mean	Std. Deviation
Perceived Convenience	3.3367	.62497
Perceived Value	3.8008	.37898
Perceived Service Quality	3.8801	.37467
Perceived Goods Assortment	3.6503	.41617
Perceived Information Quality	3.7936	.40371
Perceived Product Quality	3.6229	.48347
Value for Time	3.8657	.43876
Perceived Risk	3.9105	.29086
Customer Satisfaction	3.9249	.26928

Table 3: Factor Correlation Matrix

	Perceived Convenience	Perceived Value	Perceived Service Quality	Perceived Product Assortment	Perceived Information Quality	Perceived Product Quality	Value for Time	Perceived Risk	Customer Satisfaction
Perceived Convenience	1	.677	.265	.788	.825	.913	.463	.506	.510
Perceived Value	.677	1	.010	.666	.001	.000	.230	.720	.004
Perceived Service Quality	.265	.010	1	.225	.001	.058	.396	.607	.917
Perceived Product Assortment	.788	.666	.225	1	.045	.211	.327	.208	.776
Perceived Information Quality	.825	.001	.001	.045	1	.560	.031	.470	.095
Perceived Product Quality	.913	.000	.058	.211	.560	1	.230	.002	.038
Value for Time	.463	.230	.396	.327	.031	.230	1	.977	.391
Perceived Risk	.506	.720	.607	.208	.470	.002	.977	1	.517
Customer Satisfaction	.510	.004	.917	.776	.095	.038	.391	.517	1

The above table shows the strong correlation between perceived service quality customer satisfactions followed by perceived product quality and perceived convenience. Thus, grocery stores have to be more concern about service quality.

Table 4: Regression Analysis

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.976	8	.122	1.709	.095 ^b
	Residual	25.200	353	.071		

	Total	26.176	361			
a. Dependent Variable: Customer Satisfaction						
b. Predictors: (Constant), Perceived Risk, Value for Time, Perceived Convenience, Perceived Value, Perceived Goods Assortment, Perceived Service Quality, Perceived Information Quality, Perceived Product Quality						
Coefficients^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.127	.339		9.212	.000
	Perceived Convenience	.016	.023	.037	.705	.481
	Perceived Value	.091	.039	.128	2.322	.021
	Perceived Service Quality	-.030	.039	-.042	-.787	.432
	Perceived Goods Assortment	.006	.034	.010	.187	.852
	Perceived Information Quality	.045	.036	.068	1.246	.214
	Perceived Product Quality	.040	.031	.072	1.304	.193
	Value for Time	.017	.032	.028	.525	.600
	Perceived Risk	.028	.049	.031	.577	.564

5. Conclusion

The primary goal of the study was to identify major determinant of customer satisfaction in online grocery shopping. From different factors that we study in the literature review, the important factors were taken for the study like convenience, perceived value, service quality, risk, Time, information and product quality. Statistically it was proven that these factors are related with the customer satisfaction. In this study, it was found that perceived value and service quality impact the customer satisfaction to a great extent. However, convenience was not impacting that much closely. Overall findings of the study are very insightful and are highly meaningful for the Indian e-commerce players.

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