

Structural Determinants of Customer Satisfaction During Online Grocery Shopping

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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

The Indian online grocery market is in the early stage of development. Approximately 0.15% of Indian consumers used to buy grocery items from online stores. But the online grocery retailing market is expected to grow significantly. Fast adoption of mobile internet and smart-phones, increasing per capita income awareness with the technology are the main drivers behind the fast growth of online grocery shopping.

India has one of the largest workforces in the world. These working class people do not have enough time to spend on shopping from physical stores. Therefore, online grocery stores are witnessing the fastest growth in metro cities like Delhi, Mumbai and Bangalore. Mostly working class people are living in the metro cities as employment opportunities are available here. However, Indian market is still dominated by the physical stores. At every place in India, you can see the presence of offline grocery retail stores.

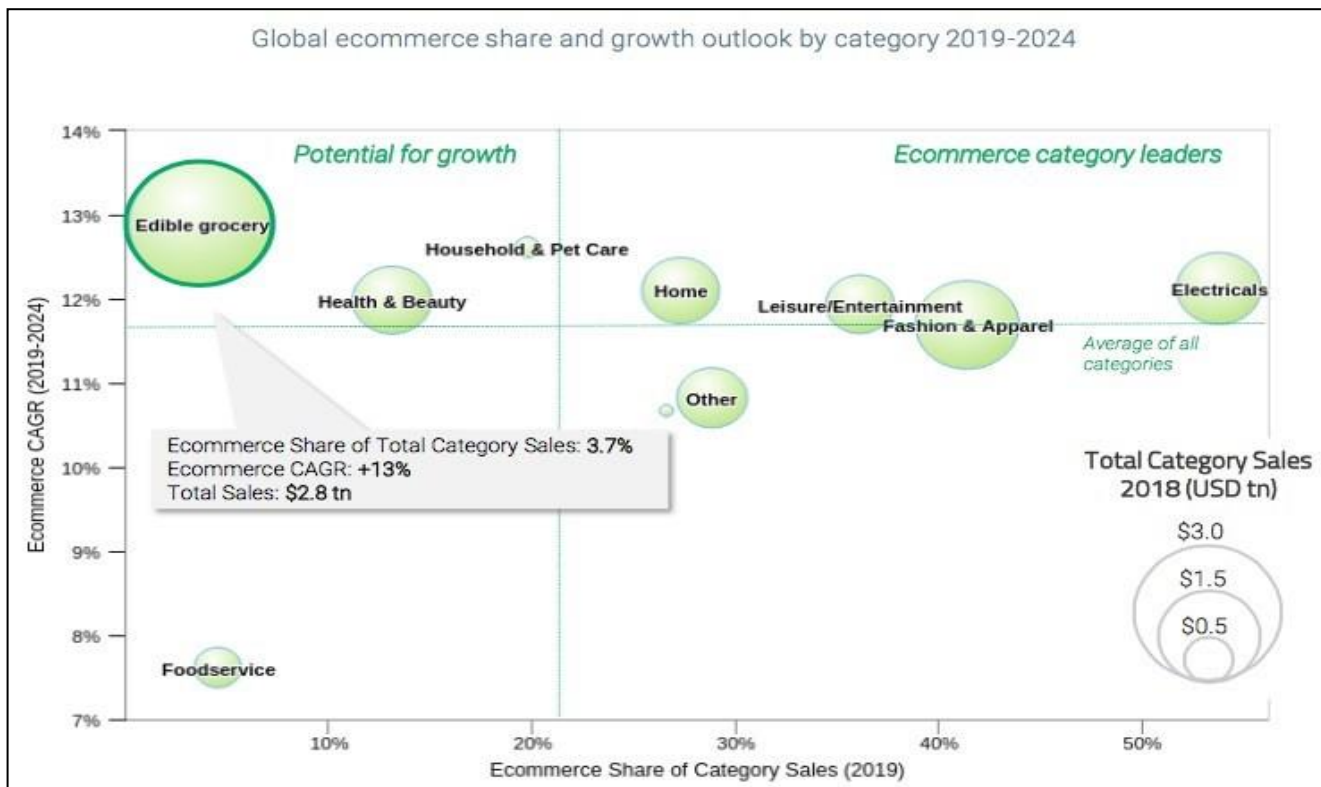


Figure 1: Global E-Commerce Share and Growth Outlook by Category 2019-2024

Source: Edge By Ascential (2019)

BigBasket, Grofers Spencer and Reliance Fresh Direct are the major players in Indian online grocery market. Due to the entry of these players, the intensity of competition is expected to rise. Several companies are partnering with the local companies to better cater the growing demand of Indian consumers'. On the other hand, several companies have adopted the inventory based model to better meet the needs of Indian consumers.

Table 1: Online Grocery Retailers

S. No	Online grocery Retailers
1	Big Basket
2	Grofers India Pvt. Ltd.
3	Nature's Basket
4	Local Banya
5	ZopNow
6	Nature's Basket
7	Green Cart
8	Reliance Fresh Direct
9	Aaram Shop
10	Eemli
11	Day to Day Fresh

12	Naturally Yours
13	Dilli Grocery
14	Kiranawalla

2: Literature Review

2.1: 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. Following factors affect the customer's satisfaction to a great extent.

2.2 Perceived Convenience

Convenience refers to the ease of buying products and ease of making payment during online shopping. A convenient platform of shopping makes the customers more happy and satisfied. Convenience and satisfaction are closely related with each other.

2.3 Perceived Value

Value means the expected benefits and sacrifices made by the consumers. Consumers try to maximize their benefits by reducing their cost. Consumers used to explore various discounts and promotional offers for buying at lower prices. Value and customer satisfaction are highly correlated.

2.4 Service Quality

Services are offered by companies to the customers. Service quality ensures the loyalty and customers' satisfaction. Therefore, e-grocers are taking various actions to make customer's shopping experience unforgettable and joyful.

2.5 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.

2.6 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.

2.7 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.

2.8 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. 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 regressions were used only for this study.

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 2: 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
Income	Under Graduate	13.0
	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 3: 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 4: 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 5: 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 main objective of this study was to identify the satisfaction determinants for online grocery buyers. Eight independent variables and one dependent variable were taken for the study after extensive literature review. Results of this study are similar to the result of past studies. Empirically, it was proven that service quality and perceived product quality affect the customers' satisfaction the most. On the other hand, perceived convenience was not affecting the customers' satisfaction to a great extent.

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