

A STUDY ON GROWTH POTENTIAL OF E-GROCERY IN INDIA WITH SPECIAL REFERENCE TO GHAZIABAD REGION

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ABSTRACT

The paper titled “**India Online Grocery Market Outlook to 2019 - High Growth Prospects due to Increasing Internet Coverage and Smart Cities’ Emergence**” provides a comprehensive analysis of various aspects such as market size, segmentation and future projections of the online groceries market of Indonesia. This paper also offers prevalent trends and developments in industry, government regulations, SWOT analysis, external environment analysis, Porter’s five force analysis, and challenges in the industry. The paper also covers the competitive landscape of the industry, in which the information related to the players operating in this industry has been comprehensively presented. This has been complemented with the major investment deals that have been finalized in the industry. It also includes information on the major macroeconomic indicators affecting the market. Moreover, the paper also offers information regarding the supply chain models operating in the market and the domestic and international trends in the online groceries market.

KEYWORDS: Growth Potential of E-Grocery in India

INTRODUCTION

Brief Introduction about E-Grocery Market

Top 20 brands make 50.21% of the total value of the products being sold online. Top 20 brands make 37.56% of the total volume of the products being sold online. More than 90% orders are for the same day delivery.

Interesting fact age group 18-24 emerge as largest shoppers segment. As of now online shopping activity is restricted to working professionals and mature family environments. India is 6th largest grocery market in the world. Indian e-grocery market is growing at the rate of 19% YoY. In B2C marketplace approx 99% success of the campaign depends on customer’s experience customer behavior, industry benchmarking and the website look and feel. Another most important factor is the website must be multi device compatible as per the industry standards. Approx 75% customers show interest to purchase via Mobile/Tablet/Smartphones. Why grocery e-commerce, especially when some of the early players are struggling to scale operations nationally, Juneja said, "E-grocery is the holy grail of e-commerce." "The high frequency purchase of grocery makes it literally the biggest and the most recurring segment of the e-commerce market," he said. From a market size point of view, the sector, obviously, is the biggest. According to consultancy firm Technopark, the food and grocery retail business constituted about \$370 billion of the overall \$530 billion retail (merchandise) spending during 2014-15. Amazon is testing local deliveries with kirana or neighbourhood grocers as partners on its marketplace (starting with Bangalore).

MARKETING POLICY OF E-GROCERY STORES

Seo(Search Engine Optimization) increases trust among customers for your brand, Brand Building, Paid

Marketing, Social Media Promotion (SMO), Social Involvement & Interaction, Video Promotion, SMS Marketing, Offline Marketing, Press Releases, Email Marketing. All these mentioned channels play an important role to represent an online business as a Brand and for giving new identity in the Online Marketing World.

Brand Building: Building Trust over search Engines, Sentiment Analysis, Website Influence. SMO (Social Media Promotion)

Video Promotion: Showing animated ads on tvs and other internet channels like facebook, Twitter, Wats app is a very good marketing option.

Offline Marketing: Distribute templates at targeted market-place.

Introduce Banners/ hoardings.

Metro Train Ads – Ads in metros is also a trend being followed by many e-grocery stores to create brand awareness.

Press Releases: The technique being followed by many companies in this regard is to keep rotating business related news for getting more old/new customers. This keeps the company/brand alive in the minds of the people.

Trade Shows: Also an effective marketing technique which brings your company face to face with the customers, who actually want to buy your product.

OBJECTIVE OF THE STUDY

- To compare the satisfaction level of consumer towards e-grocery companies.
- To know the features which affect the customer satisfaction.
- To find out the preference level of respondents regarding online shopping of groceries and vegetables.
- To assess the brand awareness of the different companies in the e-grocery segment.

RESEARCH METHODOLOGY

Introduction of the Problem: A Comparative Study of online and offline shopping for e-grocery companies.

Research Design: Research design is simply the framework or plan for a study. For the study i.e for conducting the research I selected the Descriptive research design.

SAMPLING DESIGN

I. Population

Consumers of daily vegetables, fruits and milk in Ghaziabad.

II Sampling Unit

The sampling unit is Consumers of Shaktikhand and Nitikhand region.

III Sample Size

The sample size of the report is 400 Respondents.

IV Sampling Method

For the study: In this report non probability convenience sampling is used to conduct a research.

DATA COLLECTION METHOD

I. Primary Data

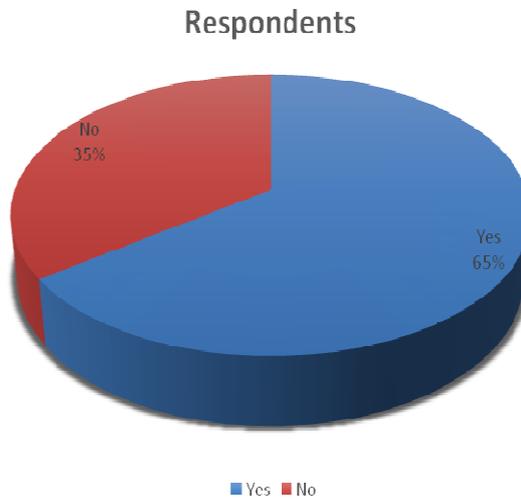
For the study: Questionnaire method is used for collecting the data while conducting the research.

- Data sources- Primary.
- Data approaches- Questionnaire.
- Sampling unit- Consumers of Shaktikhand and Nitikhand region.
- Sample size- 400 Respondents.
- Sample procedure-Non Probability Convenience sampling.

DATA INTERPRETATION AND ANALYSIS

Q.1. Do You Prefer Online Shopping Over Offline Shopping?

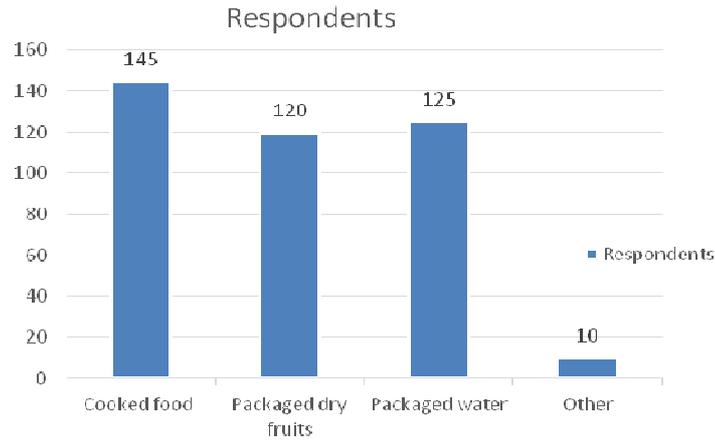
Particulars	Respondents
Yes	260
No	140
Total	100



Interpretation: The above diagram shows that 65% people prefer offline shopping over online shopping.

Q.2. Which Eatables Do You Prefer Most To Buy Online?

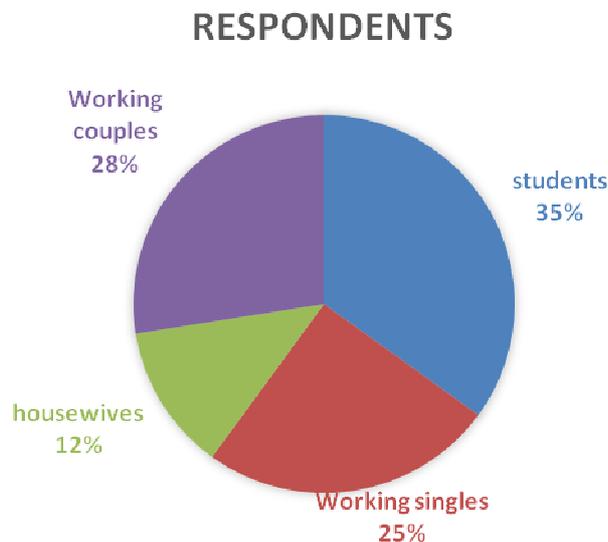
Brand	Respondents
Cooked food	145
Packaged dry fruits	120
Packaged water	125
Other	10
Total	400



Interpretation: According to above diagram most of the respondents in Ghaziabad prefer cooked food, followed by packaged water and packaged fruits to order online.

Q.3. What Type of People Prefer Online Shopping More?

Particular	Respondents
Students	140
Working singles	100
Housewives	50
Working couples	110
Total	400



Interpretation: According to above diagram students prefer online shopping the most (35%) followed by Working couples (28%) and working singles (25%).

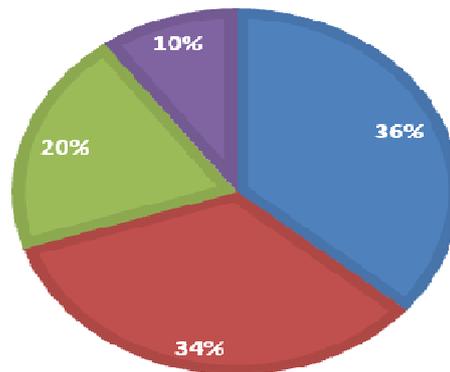
It can be clearly seen that housewives do not prefer online shopping because they have the time to go and shop offline, and it is also a favourite past time for housewives. On the other hand working couples have very less time and they love to shop online because of ease of access and the technological know-how.

Q.4. Which E-Commerce Brand is More Effective in Advertising by You?

Particular	Respondents
Flipkart	145
Amazon	135
Ebay	80
Other	40
Total	400

RESPONDENTS

■ Flipkart ■ E-bay ■ Amazon ■ Other



Interpretation: The above diagram shows that Flipkart and Amazon are the most advertised brands in the e – commerce segment followed by e-bay and others. So this indicates it will be very much beneficial for a start-up in the e-grocery segment to use Flipkart or Amazon as their partners to launch itself to increase its sales and take the advantage of their brand awareness.

Q.5. How Do You Rate the Following E-Commerce Brands?

Ist

Flipkart	
Particular	Respondents
Good	270
Poor	130
Total	100

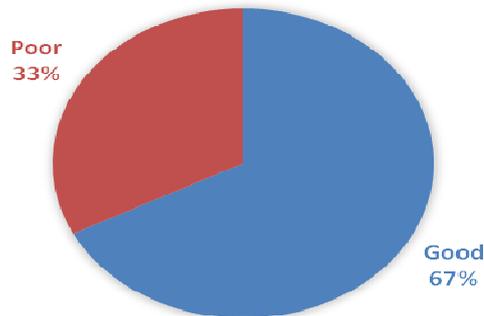
IInd

Amazon	
Particular	Respondents
Good	230
Poor	170
Total	100

IIIrd

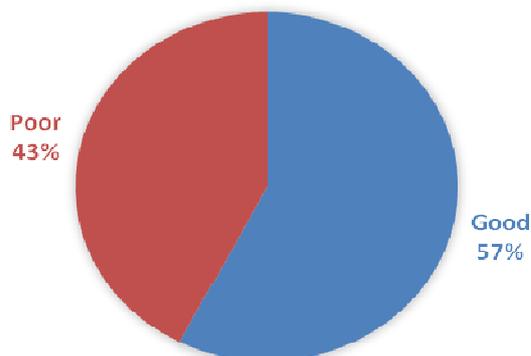
Snapdeal	
Particular	Respondents
Good	260
Poor	140
Total	100

FLIPKART



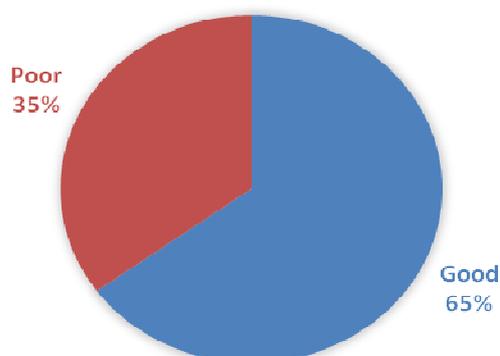
Interpretation: According to above diagram of Flipkart, 67% respondents in India says that Flipkart is a good brand. This shows that a merger between Flipkart and an e-grocery giant such as BigBasket will work well for both the parties and will be beneficial for each of them.

AMAZON



Interpretation: According to above diagram of Amazon 57% respondents in India says that Amazon is a good brand. So Amazon is also a good e-commerce platform to sell packaged food items such as maggi, dry fruits, fortune oil, soaps etc.

SNAPDEAL



Interpretation: According to above diagram of Snapdeal 65% people in India say that Snapdeal is good and trusted brand.

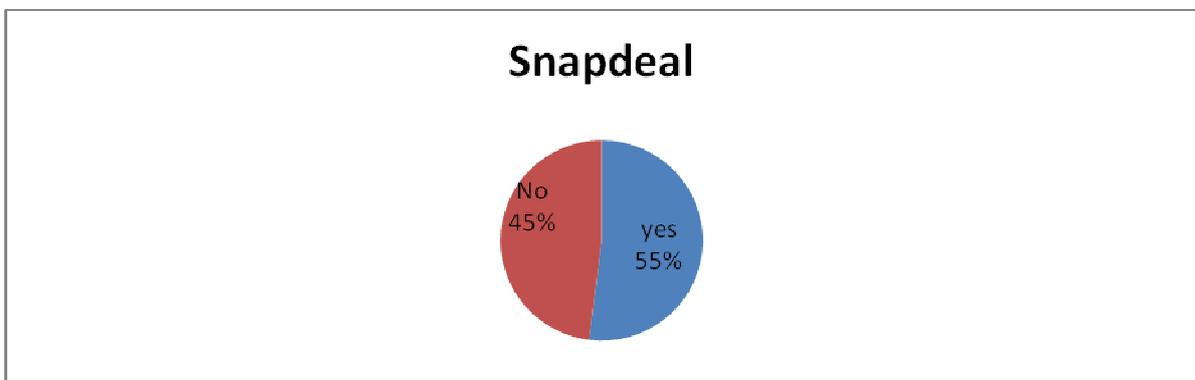
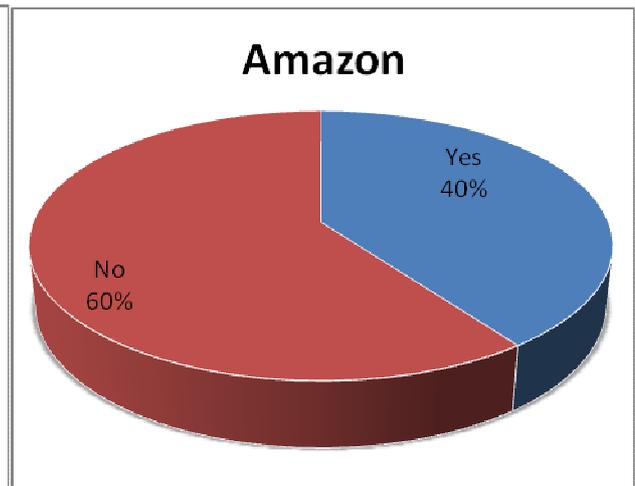
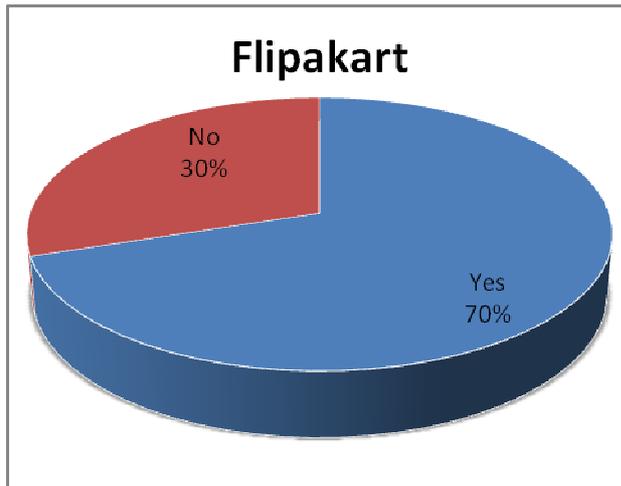
Q.6. Is the Price Justified by the Company?

Ist

Amazon	
Particular	Respondents
Yes	270
No	130
Total	400

Flipkart	
Particular	Respondents
Yes	240
No	160
Total	400

Snapdeal	
Particular	Respondents
Yes	255
No	145
Total	400



- I. **Interpretation:** According to above diagram of Flipkart 70% respondents says that price of Flipkart is justified.
- II. **Interpretation:** According to above diagram of Amazon 60% respondents says that price of Amazon are not

justified.

III. Interpretation: According to above diagram of Snapdeal, 55% respondents says that price of Snapdeal are justified.

Q.7. Would You Change Your Brand Just Because of Price?

Ist

Flipkart	
Particular	Respondents
Yes	230
No	170
Total	400

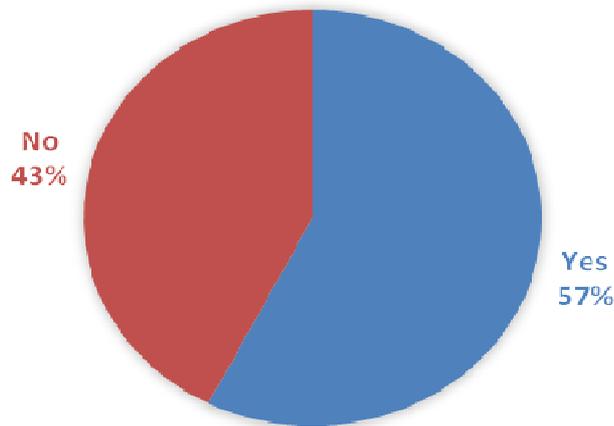
IInd

Amazon	
Particular	Respondents
Yes	250
No	150
Total	400

IIIrd

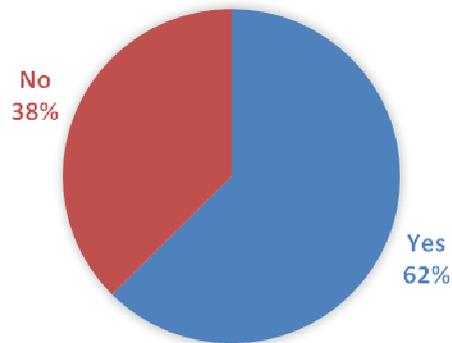
Snapdeal	
Particular	Respondents
Yes	252
No	148
Total	400

FLIPKART



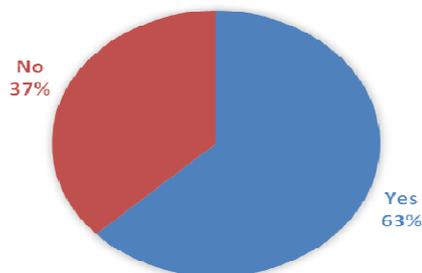
I. Interpretation: The above diagram of Bisleri shows that 70% consumers of Bisleri will not change their brand just because of price.

AMAZON



II. **Interpretation:** According to above diagram of Amazon, 62% people can change their brand because of price.

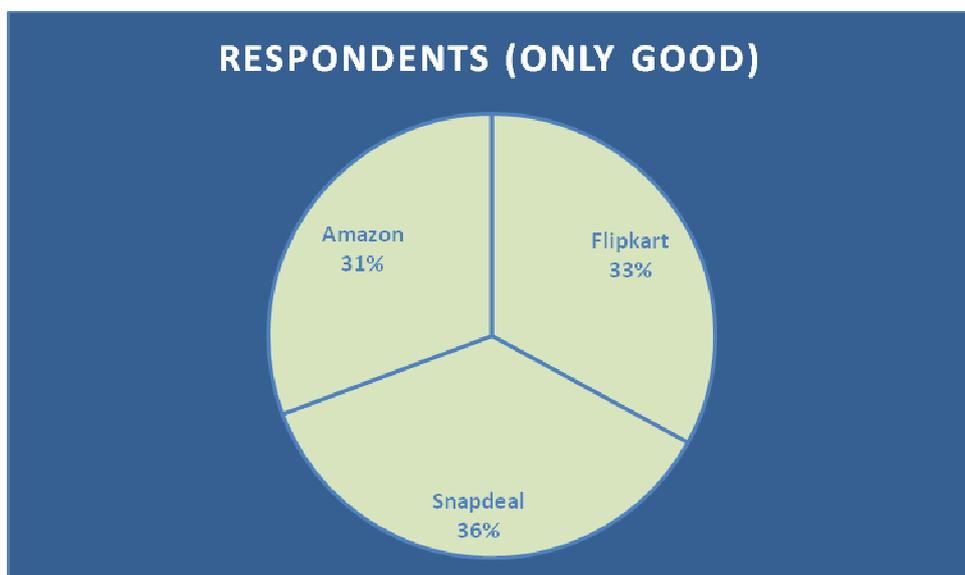
SNAPDEAL



III. **Interpretation:** According to above diagram of Snapdeal, 63% people can change their brand because of price.

Q.9. How Do You Find Delivery Service of Flipkart, Amazon and Snapdeal? (Good/Bad)

Particular	Respondents (only Good)
Flipkart	132
Snapdeal	145
Amazon	123
Total	400



I).INTERPRETATION

- The above diagram shows that, 32% respondents are satisfied with delivery services of Flipkart.
- The above diagram shows that 31 % respondents are satisfied with delivery services of Amazon.
- The above diagram shows that 36% respondents are satisfied with delivery services of Snapdeal.

FINDINGS

- 65% of the population prefers online shopping.
- Majority of the population orders cooked food online followed by packaged and dry fruits.
- Students are biggest online buyers followed by working couples and working Singles.
- Flipkart and Amazon are the most advertised e-commerce brands.
- Most people trust Flipkart more in comparison to Amazon
- Price of Flipkart is justified and Price of Amazon is not always justified.
- Snapdeal customers may change their brand because of price.
- Flipkart and Amazon have brand loyal customers.
- Delivery service of Flipkart and Snapdeal is better than Amazon

RECOMMENDATION

- Awareness programs at health clubs, schools, colleges about the benefits of online Shopping.
- E-commerce should penetrate Middle segment of society by offering low cost product.
- Display hoardings at places like hotels, clubs and airports where upper class group visits, as they are the potential customers.
- There is large market of packaged drinking water and companies should look after the ways to exploit it.
- Companies should have a quality check of their products before delivery.
- Companies should introduce their delivery service into the other cities of India.
- Companies should maintain the quality of the bottled water.
- Government should reduce service taxes on the e-commerce companies.
- They should introduce customized offers for loyal customers.
- Maintain low cost as they are currently serving the markets of India.
- Companies should allow local kirana shops to sell on their platform.

CONCLUSIONS

As we have seen from the market survey that e-commerce industry is very huge and growing rapidly. From a market size point of view, the sector, obviously, is the biggest. According to consultancy firm Technopak, the food and grocery retail business constituted about \$370 billion of the overall \$530 billion retail (merchandise) spending during 2014-15.

But it's not easy building the business with its complex supply chain and the perishable nature of the goods making delivery at doorstep expensive.

Amazon is Testing Local Deliveries with Kirana or Neighbourhood Grocers as Partners on its Marketplace (Starting with Bangalore).

Interesting fact age group 18-24 emerge as largest shoppers segment. As of now online shopping activity is restricted to working professionals and mature family environments.

India is 6th largest grocery market in the world. Indian e-grocery market is growing at the rate of 19% YoY. "Our obvious challenge lies in delivering perishable items fresh," says IIM graduate Parekh. BigBasket.com operates from five cities and stores 12,000 different items in its warehouses. It refreshes its stocks every 10 days.

The Mumbai-based localbanya.com has a warehouse in Kurla and can take up to 900 orders a day. "Since we are involved all the way from procurement to delivery, having a warehouse works well," says Karan Mehrotra, co-founder and CEO, localbanya.com. "It allows us to control the flow of products and enables efficient picking/packing for our orders."

So, at the end I would like to conclude by saying that e-grocery has the biggest challenge of delivering food items fresh and no company can ensure that on its own.

So, it will be better to take the advantage of established e-commerce companies like Amazon, Flipkart and Snapdeal to ensure a fast and proper delivery as these e-commerce companies have a established and working supply chain model. Now for the procurement of fresh vegetables and fruits you always have to depend on the local farmers and mandis as they are best and cheapest. A company can pay farmers to grow a certain kind of vegetable and can buy the harvest directly from the farmer.

This helps in ensuring both the quality and the freshness. This proves that local farmers can collaborate with e-commerce gaints to deliver their vegetables and fruits to remote areas in the city and outside the city. This will not only help the farmers and the consumers, but will also go a long way in improving the financial condition of the farmers as they will get a justified price for their crops.

As the e-grocery market is very big and ever expanding we need more joint-ventures and initiatives from the government and the corporates to make it a successful model all over India and not only in the metros, as it is the need of the hour and also can help in creating employment on a large scale.

LIMITATIONS

While doing survey I found some limitations. The limitations I faced are given as under:

- There was time constraint for the study work given to me. While doing survey, I got the limited time period for their completion.

- The area considered for this survey was taken randomly. So, the area taken for this study was limited.
- The response of some of the consumers was not up to mark. So the survey may give the biased results.

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