Industrial & Management Engineering
Indian Institute of Technology, Kanpur

TERM PROJECT

UNDERSTANDING CONSUMER PERCEPTION ABOUT LOCAL GROCERY DELIVERY APPS

MBA634A
MARKETING RESEARCH

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Introduction

The world of e-commerce has been evolving rapidly, and the emergence of hyperlocal grocery delivery apps such as BlinkIt, Dunzo, Bigbasket, etc., have disrupted the traditional online grocery market. These apps are designed to provide quick and efficient delivery of groceries to consumers, with the added convenience of ordering from their mobile devices. With the growing demand for home deliveries, it is essential to understand the consumer's awareness, perception, and usage patterns of these hyperlocal delivery apps.

This marketing research project aims to gather insights from over 100 respondents to understand their awareness, perception, and usage patterns of hyperlocal grocery delivery apps. The study aims to identify the factors that drive consumers to use such apps, and the pain points that limit their usage. The insights gathered from this study will be used to improve the apps and align consumer's needs with market offerings.

The hyperlocal grocery delivery app market in India is estimated to be worth $1.15 billion and is projected to grow at a CAGR of 22.6% between 2022 and 2032 (Saha, n.d.). With a market size of this magnitude, it is imperative to understand the consumer's perception and usage patterns of these apps. This marketing research project is, therefore, an essential step in identifying key trends and consumer preferences that will shape the future of hyperlocal grocery delivery apps in India.

Methodology

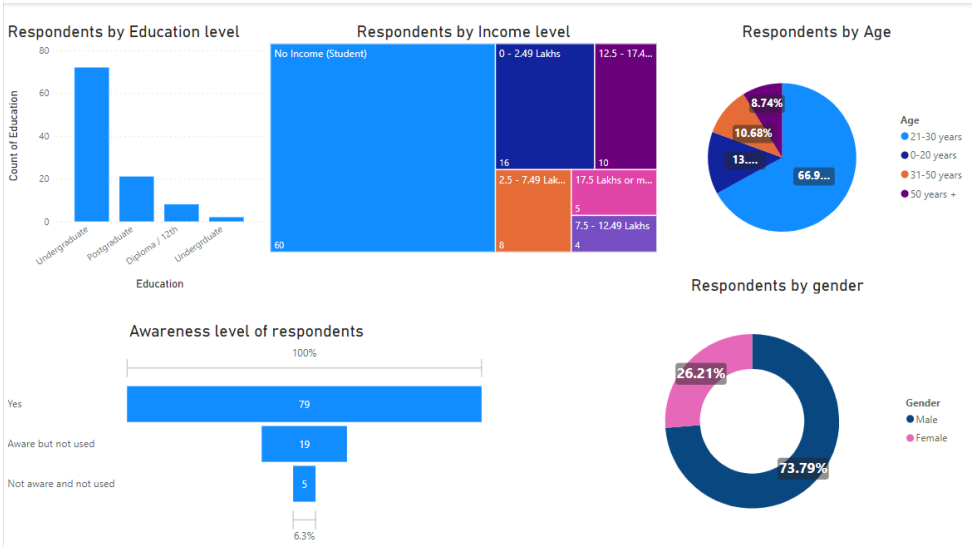
The marketing research project on consumer preference and awareness about hyperlocal delivery apps was conducted using an online survey. The survey was created using Google Forms, which allowed for easy distribution and collection of responses. The survey was designed to gather information about consumer awareness, usage patterns, and perception of local grocery delivery apps such as Blinkit, Dunzo, Bigbasket, and others.

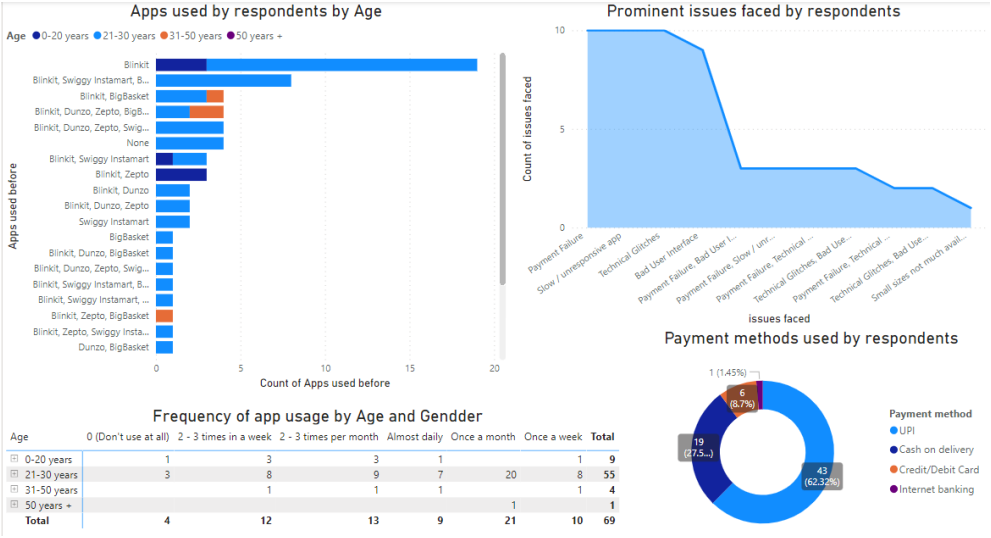
The survey was conducted over a period of one week between April 14th and April 21st, 2023. During this time, the survey link was shared with potential respondents through various social media platforms, email, and other online channels. The survey was anonymous and voluntary, and respondents were assured of the confidentiality of their responses.

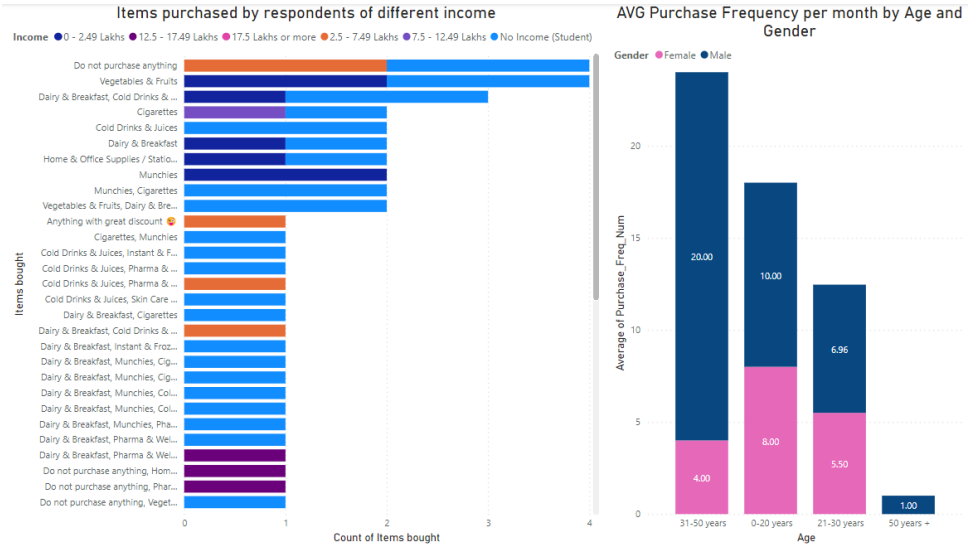
The survey consisted primarily of closed ended questions. The questions were designed to gather both quantitative data, and to provide a comprehensive understanding of consumer preferences and behaviour towards hyperlocal delivery apps. The collected data was then analysed using various statistical tools and techniques to derive meaningful insights and recommendations for improving such apps.

Data Representation and Dashboard

The survey was designed and circulated online via google forms and survey link can be found *here*. We collected a total of 103 responses. To better understand and visualize the data collected, PowerBI was used to create dashboard. PowerBI report has been submitted along with this report and the reports are attached below in graphical format for reference.







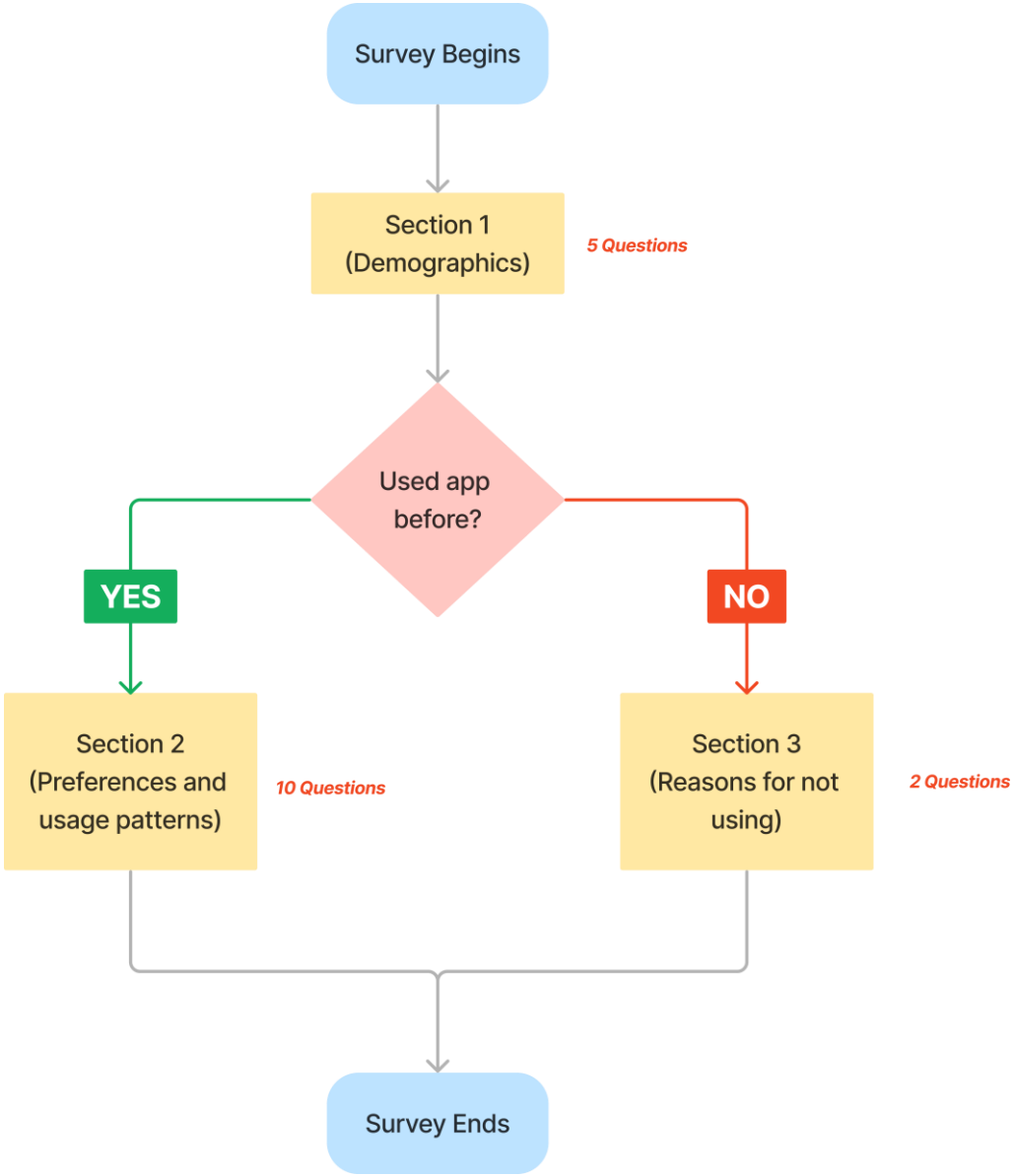
Survey questionnaire design

The form was crafted on google forms consisting a total of 17 questions. The questionnaire consisted of 3 main sections –

i) Demographics
ii) Understanding consumer usage, frequency patterns and pain points if any
iii) Understanding reasons for not using grocery delivery apps

The questionnaire is structured to branch based on the respondent's prior experience with grocery delivery apps. If the respondent has used these apps before, they are directed to section 2 of the survey after completing section 1, and the survey concludes upon completion of section 2. However, if the respondent has not used such apps before, it would not be logical to obtain information about app usage. In this case, the respondent is directed to section 3 of the survey after completing section 1.

This is showcased in the flowchart below –



Secondary Research

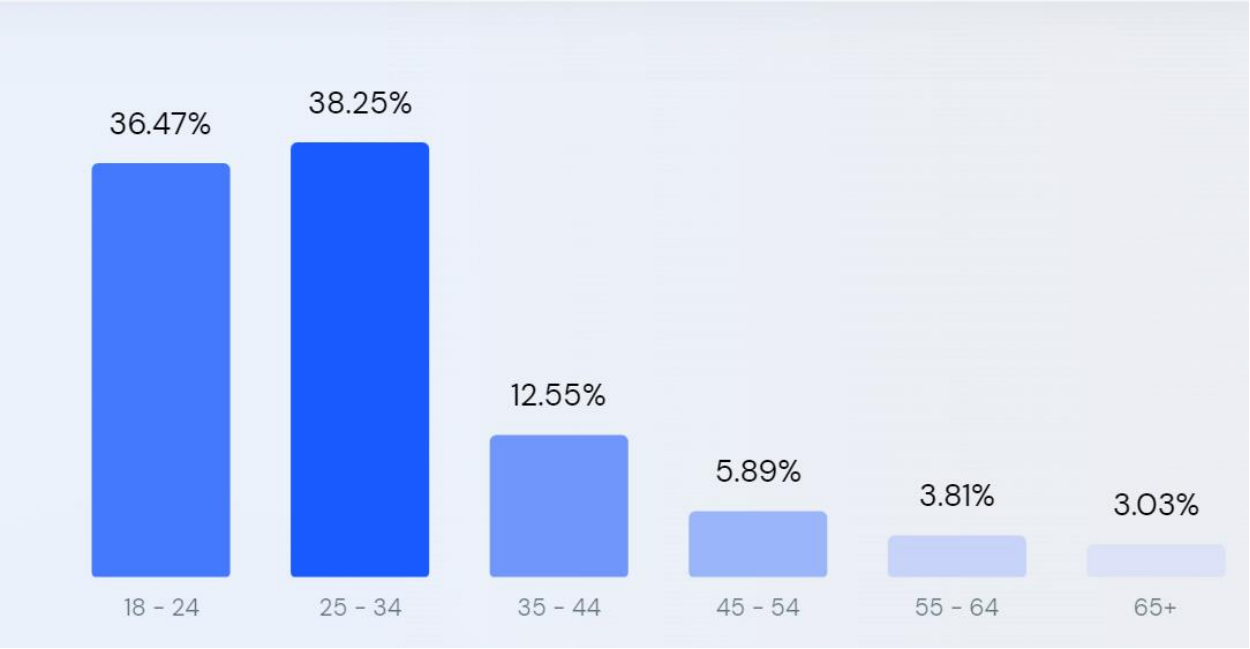
Market Value of Hyperlocal delivery app. There are almost 214 million Hyperlocal commerce shoppers. The majority of users of hyperlocal delivery apps belong to the age group of 18-34 years. (htt)

- Revenue in the Quick Commerce segment is projected to reach US$1,408.00m by the end of 2023.
- User penetration will be 0.9% in 2023 and is expected to hit 3.5% by 2027.

App	Monthly visits (March 2023)
Big Basket	10.4 M
Blinkit	**3.6 M**
Zepto	1.6 M
Fresh to Home	980.8 K
Dunzo	629.9 K
Swiggy Instamart	298.1 K
MilkBasket	65.5 K

(table_source)

Percentage of Blinkit users in different age groups (March 2023)



Top category of product ordered on quick commerce across all range of apps is Snacks, fruit and vegetables. (source)
It is estimated that every 1 in 10 households who buys groceries via quick commerce apps places almost 10 orders per month. Out of those households that are using quick commerce apps.

Last minute essentials/indulgence food	71%
Regular groceries	29%

Around 86% of those who buy groceries online say top criteria for them are selection, availability, and value; for 8%, it is fast delivery and for 6% are other factors.
Major demand for quick commerce apps is by mid to high-income millennials and generation z consumers (source2).

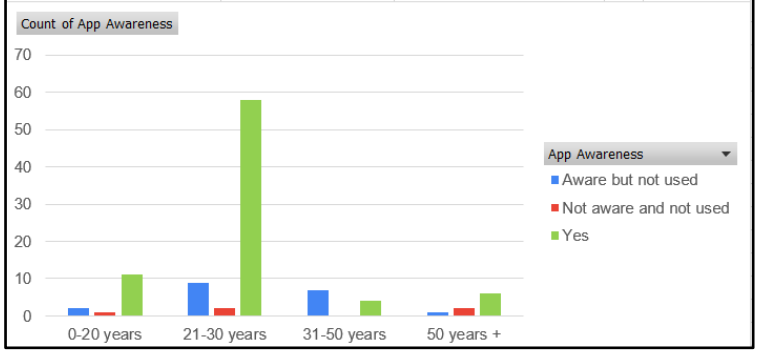
Data Analysis & Recommendation

Data Filtering
Total responses – 105
Deleted responses – 03
Missing data - 10
Total responses used in analysis – 93
Reasoning behind deleting the responses –

- Respondents who filled 0 i.e do not use at all in the **Frequency of Purchase** field and have filled names of items in the **Items Bought** field show direct contradiction. This implies these respondents did not fill out the survey properly and hence this data is not useful to us.
- Respondents who filled Do not purchase anything in 0 **Items Bought** and have filled frequency other than 0 in the **Frequency of Purchase** field show direct contradiction. This implies these respondents did not fill out the survey properly and hence this data is not useful to us.

1. Awareness about local grocery delivery apps

Count of App Awareness	Column Labels			
Row Labels	Aware but not used	Not aware and not used	Yes	Grand Total
0-20 years	2	1	11	14
21-30 years	9	2	58	69
31-50 years	7		4	11
50 years +	1	2	6	9
Grand Total	**19**	**5**	**79**	**103**



The study in 103 responses related to consumer awareness about local delivery apps such as BlinkIt, BigBasket, etc reveals that people belonging to younger generation of age group 21 - 30 years are the most aware towards such apps.

Age	21-30 years			
Count of App Awareness	**Column Labels**			
Row Labels	**Aware but not used**	**Not aware and not used**	**Yes**	**Grand Total**
0 - 2.49 Lakhs	3		10	13
12.5 - 17.49 Lakhs			1	1
17.5 Lakhs or more			1	1
2.5 - 7.49 Lakhs	1		7	8
7.5 - 12.49 Lakhs		1	1	2
No Income (Student)	5	1	38	44
Grand Total	**9**	**2**	**58**	**69**

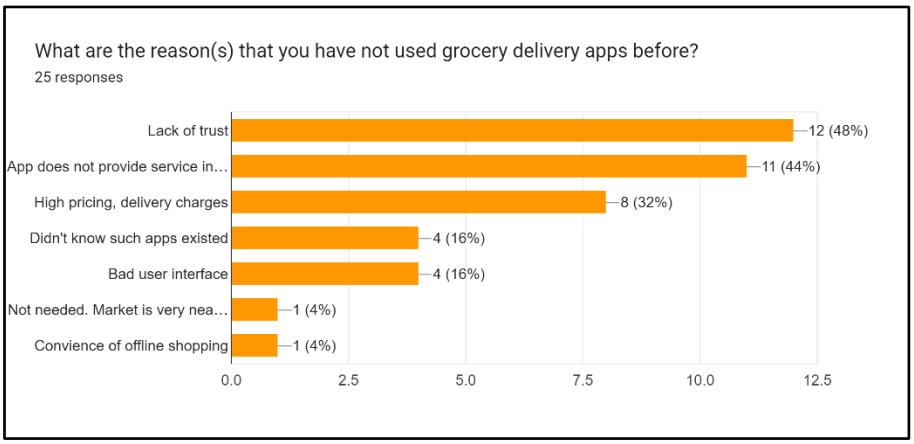
People belonging to this age group have less purchasing power, since they are mostly students. From the survey it was found that 63.7% of people have no income.

Recommendation –

It is suggested that grocery delivery apps focus their marketing efforts on targeting consumers with higher purchasing power. This can be achieved through targeted social media campaigns, influencer marketing, and partnerships with high-end grocery stores or luxury brands. Additionally, offering exclusive discounts or rewards programs for frequent users with higher order values can help incentivize these consumers to use the app more frequently.

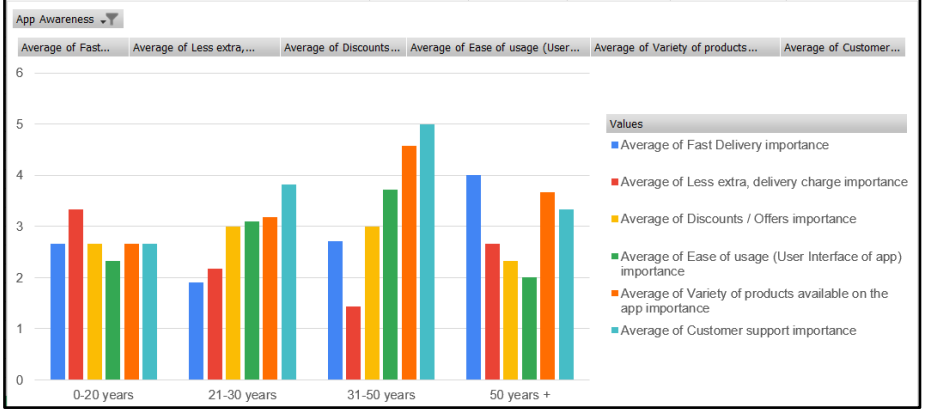
2. Sought after features by consumers not using local grocery apps

Out of the 103 users surveyed, 24 users had either not heard of grocery delivery apps before, or heard of it but not used it due to various reasons.



With lack of trust, app not providing service in user's locality and high pricing on these apps were the main pain points of users. Some users also reported that since offline markets were in close proximity to their homes, they didn't find the need to use grocery delivery apps.

	Average ratings by users of different age group				
Features	**0-20 years**	**21-30 years**	**31-50 years**	**50 years +**	**Grand Total**
Less extra, delivery charge	3.33	2.18	1.43	2.67	**2.17**
Fast Delivery	2.67	1.91	2.71	4.00	**2.50**
Discounts / Offers	2.67	3.00	3.00	2.33	**2.88**
Ease of usage (User Interface of app)	2.33	3.09	3.71	2.00	**3.04**
Variety of products available on the app	2.67	3.18	4.57	3.67	**3.58**
Customer support	2.67	3.82	5.00	3.33	**3.96**



On bifurcating the ratings given by users to a list of features they thought was important for them and analyzing it with respect to their age, it was found that consumers in different life stages valued different features.

Users in early stage of life (students) valued faster delivery time and cost effectiveness (less extra, delivery charges) the most, while users in later stage of life (50+ years) valued ease of app usage and discounts the most and for this cohort, fast delivery time was least important.

Recommendation –

By offering discounts, businesses can attract budget-conscious consumers and increase their purchasing power. Loyalty programs can encourage customers to make repeat purchases and increase their overall spending.

In addition, grocery delivery apps can cater to the needs of older users by creating a user interface that is more friendly for them, with larger font sizes, simple navigation, and clear instructions. They can also prioritize offering discounts or loyalty programs for this age group, and ensure that their customer service is readily available to assist them with any issues they may face while using the app. By addressing the specific needs and concerns of different user segments, grocery delivery apps can increase their user base and overall customer satisfaction.

3. Satisfaction level of different attributes

After analysing the responses from all the respondents, we found out that the most preferred grocery delivery apps based on their preference ratings were

a. Blinkit
b. Dunzo
c. Zepto

So, we analysed their satisfaction level for different attribute for the three apps, the insights from which is provided below.
All other attributes except customer support and discounts showed similar customer satisfaction levels for all the leading apps. A deeper analysis of the these attributes is shown below

Customer Support

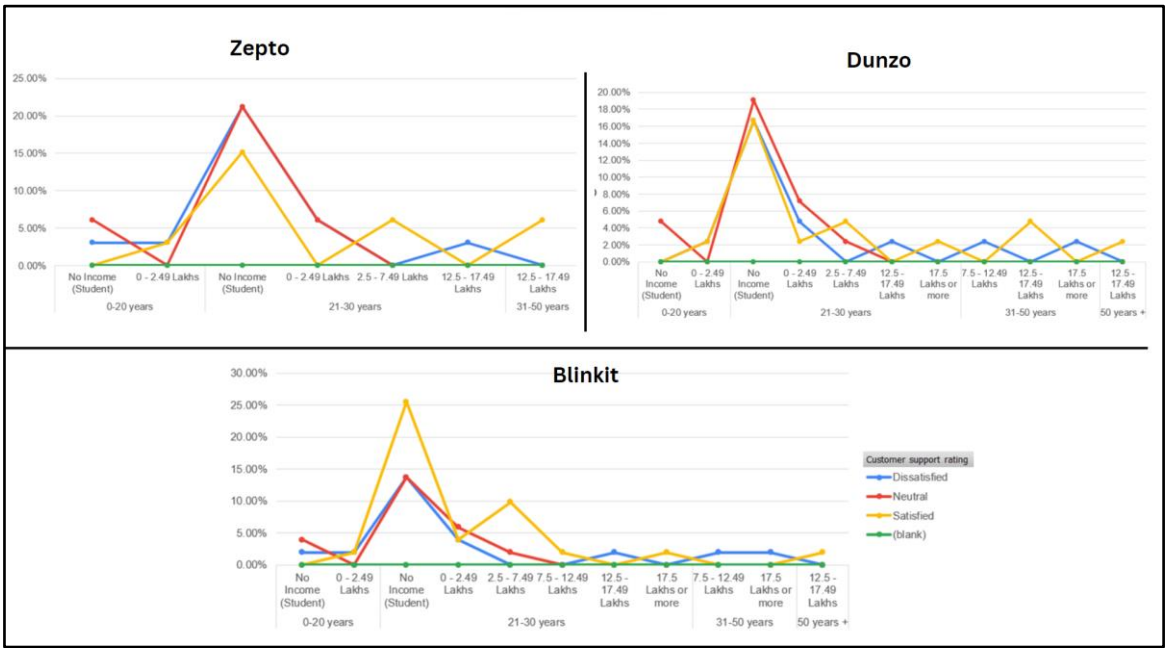
The level of user satisfaction with the provided customer support for Blinkit and its closest two rivals is shown below-
The satisfaction level for customer support for Both Zepto and Dunzo shows that the users are mostly dissatisfied with the customer support, whereas Blinkit has a higher percentage of customers who are satisfied with the customer support across the ages and salary slabs.

Recommendation

This is a positive characteristic and can be leveraged by Blinkit to differentiate its service from its closest competitors.

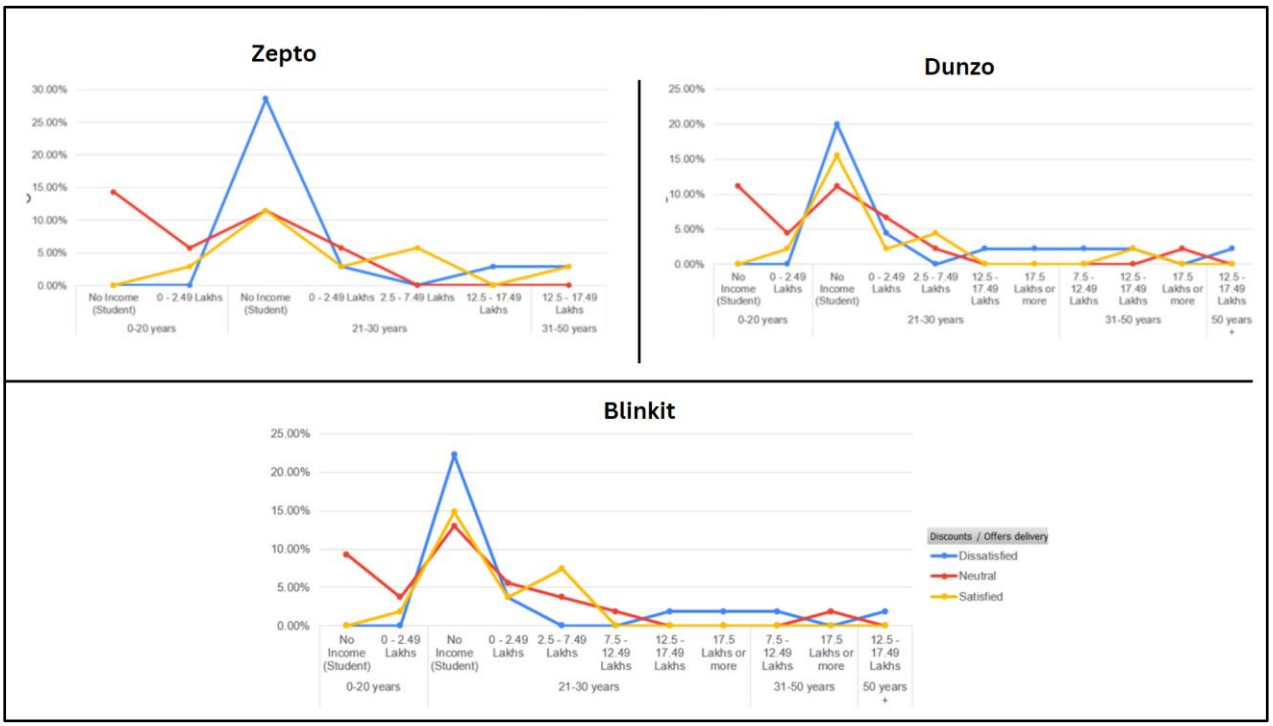
Some possible use cases can be –

- Promote superior customer support in their marketing campaigns.
- Train and empower customer support staff.
- Offer personalized support.



Discounts/ offers –

The level of user satisfaction with the provided discounts and offers for Blinkit and its closest two rivals is shown below-



Recommendation

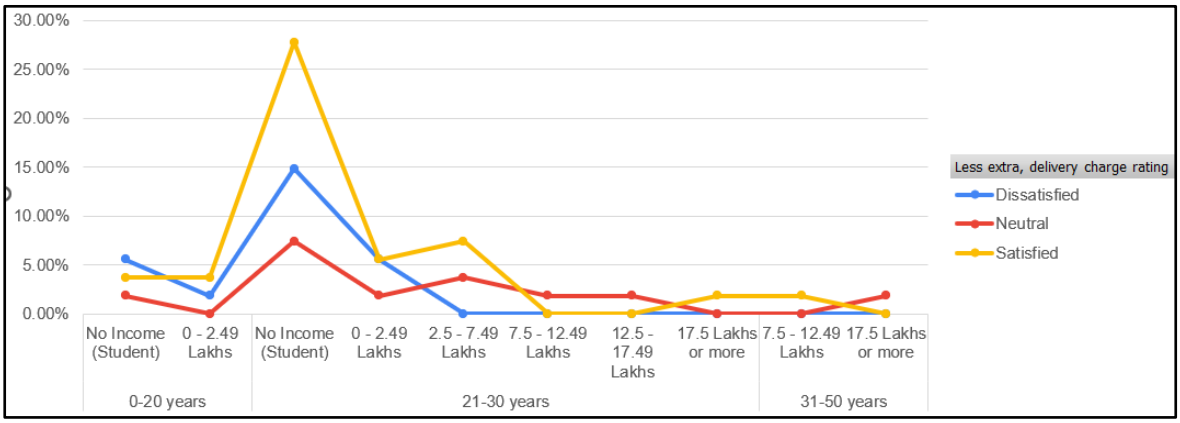
The satisfaction level for discounts and offers for all the leading grocery delivery apps shows that the users are mostly dissatisfied with the provided discounts. This is an area of possible improvement and can be leveraged by Blinkit to differentiate its service from its closest competitors-

- Provide personalized discounts and offers.
- Simplify the discount and offer process.
- Communicate discounts and offers effectively.

Additional insight, relevant to ongoing delivery partner strikes in Blinkit -

Recently, Blinkit delivery partners went on strike protesting the new delivery fees policy being implemented by Blinkit. The new structure proposed to slash the fees per delivery to Rs. 15 and add a distance-based fees component, which would result in the rider's earning significantly as the older structure helped them earn flat Rs. 25 to 50 per order.
Our analysis shows that users are satisfied with the current level of delivery charges and Blinkit can continue to pay its rider the same delivery fees to bring the strike to a conclusion.

User satisfaction level for Blinkit's Delivery Fees and Extra charges –



4. Preferred payment method

- The most preferred mode of payment for Students is UPI and COD. They do not use any other mode of payment.
- The most preferred mode of payment for the highest income slab people of 17.5 Lakhs per annum and above is a debit or credit card.
- Reasons for Using the App and Types of Products Ordered: Respondents who reported using the app for convenience and fast delivery tended to order products like dairy, breakfast, cold drinks & juices, and instant/frozen food.
- Those who reported using the app for prices/discounts tended to order a wider variety of products such as home/office supplies, skincare/baby care, and pharma/wellness.

Hypothesis Testing

1. BlinkIt is the most preferred grocery delivery app

Null Hypothesis H0: Blinkit is not most preferred app
Alternate Hypothesis H1: Blinkit is most preferred app

Assumption: Confidence interval CI = 95%

One-Sample Test

Test Value = 2.8

	t	df	Significance One-Sided p	Significance Two-Sided p	Mean Difference	95% Confidence Interval of the Difference Lower	95% Confidence Interval of the Difference Upper
Blinkit preference (1 most preferred, 7 least preferred)	2.880	102	.040	.040	-.567	-.91	-.22

One-Sample Effect Sizes

		Standardizer[a]	Point Estimate	95% Confidence Interval Lower	95% Confidence Interval Upper
Blinkit preference (1 most preferred, 7 least preferred)	Cohen's d	1.750	-.324	-.521	-.125
	Hedges' correction	1.763	-.322	-.518	-.124

a. The denominator used in estimating the effect sizes.
Cohen's d uses the sample standard deviation.
Hedges' correction uses the sample standard deviation, plus a correction factor.

Interpretation: p value is < 0.05 (critical value). **So, we reject our null hypothesis which means Blinkit is the most preferred app.**

2. Fast Delivery time is the sought after feature in grocery delivery app

Null Hypothesis H0: For people who use these apps, fast delivery is not the most important feature they like.
Alternate Hypothesis H1: For people who use these apps, fast delivery is the most important feature they like.

One-Sample Test

Test Value = 2

	t	df	Significance One-Sided p	Significance Two-Sided p	Mean Difference	95% Confidence Interval of the Difference Lower	95% Confidence Interval of the Difference Upper
Fast Delivery importance	1.269	24	.108	.217	.440	-.28	1.16

One-Sample Effect Sizes

		Standardizer[a]	Point Estimate	95% Confidence Interval Lower	Upper
Fast Delivery importance	Cohen's d	1.734	.254	-.147	.650
	Hedges' correction	1.791	.246	-.143	.629

a. The denominator used in estimating the effect sizes.
Cohen's d uses the sample standard deviation.
Hedges' correction uses the sample standard deviation, plus a correction factor.

Interpretation: p value > 0.05. So, we fail to reject the null hypothesis here. Which means fast delivery time is solely not the most sought-after feature of grocery delivery apps.

3. Most preferred app (BlinkIt) is easy to use

Null Hypothesis H0: The most preferred app (Blinkit, proved in first hypothesis) is not easy to use
Alternate Hypothesis H1: The most preferred app (Blinkit, proved in first hypothesis) is very easy to use

One-Sample Test

	Test Value = 2						
			Significance		Mean	95% Confidence Interval of the Difference	
	t	df	One-Sided p	Two-Sided p	Difference	Lower	Upper
Ease of usage (User Interface of app) importance	3.397	24	.001	.002	1.000	.39	1.61

One-Sample Effect Sizes

		Standardizer[a]	Point Estimate	95% Confidence Interval Lower	Upper
Ease of usage (User Interface of app) importance	Cohen's d	1.472	.679	.238	1.110
	Hedges' correction	1.520	.658	.230	1.075

a. The denominator used in estimating the effect sizes.
Cohen's d uses the sample standard deviation.
Hedges' correction uses the sample standard deviation, plus a correction factor.

Interpretation: p value is <0.05. So we reject the null hypothesis which means the user interface of the most preferred app (Blinkit proved in the First hypothesis) is easy to use.

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