

Factors Affecting Online Grocery Shopping Experience

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ABSTRACT

The role on Online Grocery Shopping (OGS) is increasing each day, and this happens due to the increasing use of the Internet and the changing lifestyle of consumer. Therefore, retailers are constantly trying to make improvement of their services in order to get the best benefit that retailers and consumer can get. This study aims to identify which experience factors that affect customer satisfaction of online grocery shopping. A sample of 580 Indonesian that participate in this empirical study. Structural Equation Model of PLS were used to justify the measurement model and the relationship in the model. The results reveal that customer service, delivery and brand experience, also economic value as significant factors that affect the online grocery shopping satisfaction. Which means that these factors have a role in encouraging a positive online shopping experience for customer, influencing the customer satisfaction, and will likely to make repeat purchases and participate in spreading positive information about retailers. Based on these findings, retailers should be conscious that the improvements of customer experience are important for achieving a highly ideal online grocery retailer.

Keywords: *Online Grocery Shopping, Customer Experience, Customer Satisfaction, Repurchase Intention, eWOM.*

1. INTRODUCTION

Indonesian people now are changing their lifestyle, which become more advanced and complex in terms of socio-economic and socio-cultural. New facilities are created in order to support people activity. These changes have an impact on the development of the type of markets in Indonesia such as supermarkets, hypermarkets, and others. In Indonesia, online grocery retailers have started to appear.

There are several ways to purchase grocery online in Indonesia, such as websites, applications, WhatsApp, and through other e-commerce platforms. In 2013, Sukamart become the pioneered of online grocery retailer in Indonesia. It was a joint venture between Japanese and Indonesian companies. After that, it was followed by other retailers such as Honestbee from Singapore, Happy Fresh, SayurBox, Hypermart, Alfacart, Gomart, Grabfresh, and others. In 2016, Ranch Market and Farmers Market entered the online grocery industry with a platform called KeSupermarket and used an online-to-offline scheme. Since the beginning of 2020, Hypermart, The Foodhall, Hyfresh, Primo, Tiptop and Foodmart have launched shopping options via

WhatsApp, with methods known as chat and shop and park and pick up.

This online grocery retailer needs to ensure that customers will remain loyal and make repeat purchases by finding out the factors that support a positive customer experience and customer satisfaction with purchasing groceries online. Customer service is one of the drivers of customer satisfaction and the possibility of customers shopping again at these other retailers [1]. Customers who have a positive shopping experience at a retailer have a higher likelihood of being involved in spreading positive word of mouth recommendations and reusing services [2]. Determining factors that affect the customer experience of shopping online important in exploration with the aim of understanding its impact on customer satisfaction on digital platforms [3].

This research also provides novelty on one of the factors that affect the online grocery shopping experience, namely the retailer's reputation and economic value. This research is conducted as an effort to help retailers improve retailer services so that retailers and customers can get benefits such as increased sales for retailers and the fulfillment of their

daily needs in accordance with customer expectations. And this study has purpose to assess the factors that influence the Online Grocery Shopping Experience and evaluate whether these factors play a role in providing customer satisfaction.

2. LITERATURE BACKGROUND

2.1. Customer Experience

Customer experience includes the entire process from customer experience such as search, purchase, consumption to post-purchase [4]. Where this experience or experience has a personal or personal nature, this involves the ranking of the customer experience which is divided into five, namely: rational, emotional, sensory, physical, and spiritual [5]. There are four other main factors that are considered important in shaping customer experience, namely alternative channels, consistency, personalization, and the availability of customization [6], and three main sources were found in order to build customer experience, and customer experience, namely communication, service, and usage [7].

2.2. Online Grocery Shopping Experience

When a buyer purchases groceries, they are not only engaging with the utilitarian product attributes, but also finds interest in the brand, logo, name, and color. Online Grocery Shopping consists of experience with a website, receiving the goods, delivery experience, and effective customer service [8]. As long as customers are satisfied with their experience in making online purchases, customers are more likely make purchases in the future [9]. In addition, because switching costs are lower when customers shop online, if customers are not satisfied with their purchase, customers can easily choose other retailers [10].

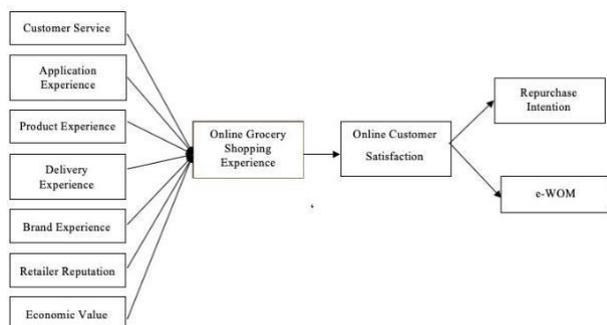


Figure 1 Model Framework

3. CONCEPTUAL FRAMEWORK AND HYPOTHESES

The term experience was used for hedonic consumption which is an experiential marketing on customer experience [11]. The literature lacked

examining consumer entire online grocery shopping experience [8]. To get a better perception of online grocery shopping experience, this research suggest a more extensive customer experience framework (Figure 1).

3.1. Customer Service

Customer service is important in building an experience. Customers who make online transactions are often beset with concerns about service and support for consumers. In an online business, customers sometimes carry out the entire purchase process themselves without the help of customer service [12]. However, this online business still provides customers to get more information regarding the product they interested in from their customer service [13]. Apart from that, customers also want a responsive and helpful customer service [1].

H1 The preferable the retailer's customer service, the greater the online grocery shopping experience.

3.2. Application Experience

Application experience has an important role in conducting online transactions, where this experience can help consumers build their purchase judgment or decision. An efficient website or application must have a few main categories that oriented with information, transaction, and customer [14]. A website or application that provides a design aesthetic, reflects an image and is a strong association with the brand, is able to attract customers to visit the website or application [15].

H2. The preferable the application design, the greater the online grocery shopping experience.

3.3. Product Experience

Product experience is related to the experience that consumers get with the product purchased. This experience is an awareness of the psychological effects that caused by interactions with a product. The effects are related to the level of sensory stimulation, the meaning and value given to the product, as well as the feelings and emotions that result from the product [16].

H3. Product experience has a positive influence on the overall online grocery shopping experience.

3.4. Delivery Experience

Accurate product delivery and handling product returns properly and correctly are two factors that affect customer satisfaction when shopping online [17]. The product delivery process is the most important factor in determining customer satisfaction in online shopping, this includes on-time delivery, service repair

availability, warranty availability, and product return policy [18].

H4. The preferable the delivery experience, the greater the overall online grocery shopping experience

3.5. Brand Experience

Brand experience is a concept that is proposed as an experience in consumer perception [19]. This experience is a subjective experience, internal consumer responses, and behavioral responses induced by stimuli. This experience is a long-term strategy to provide long-term experiences to its customers [20].

H5. The preferable brand experience created during shopping, the better the overall online grocery shopping experience.

3.6. Retailer Reputation

Reputation is usually considered the same as brand equity and credibility, where reputation is considered an important asset in organizations that require long-term investment [21]. Reputation is being considered while making online transactions, which means that customers have an assumption about the transaction and this depends on the reputation of the retailer.

H6. The preferable the retailer reputation, the greater the overall online grocery shopping experience.

3.7. Economic Value

Online shopping is popular for offering competitive prices between stores. Online shopping also helps consumers save time and effort to make a transaction. From a utilitarian point of view, the products that are sold online have competitive prices which also encourage customer satisfaction in shopping online. Economic value is a net benefit for customers from product or service purchasing activities, where for online grocery customers this benefit is in the form of monetary benefits such as promotions, discounts, cost savings [22]. Economic value can be measured by the maximum amount a person can get. Customers tend to be goal-oriented, where customers consider the trade-off between price, quality, and the benefits obtained by the customer [23].

H7. The preferable the economic value obtained, the greater the overall online grocery shopping experience

3.8. Customer Satisfaction

The level of satisfaction that appears in a person as a result of the expectations the customer feels is customer satisfaction. Customer satisfaction rests on the achievement of a product in providing value to consumer expectations [24]. Satisfaction measurement

can be a better predictor of seeing the behavior and intentions of consumers [25]. Customer satisfaction is an important factor in generating customer loyalty [26]. The intention to repurchase shows the availability of individuals to make transactions from the same company based on their experience [27].

H8. The online grocery shopping experience has a positive influence on online customer satisfaction.

3.9. Repurchase Intention

Purchase Intention begins by comparing purchase motives with the unique characteristics of a brand [28]. Repurchase Intention arises when someone decides to make a re-transaction related to a product or service that has been tried before, and the purchase intention arises based on an assessment of things that are obtained and felt due to the use of the product or service [29].

H9. Online customer satisfaction has a positive influence on repurchase intention.

3.10. eWOM

WOM Marketing giving reasons for someone to discuss a product or service, and making it easier for consumers to obtain that information. WOM is an effective way of disseminating opinions because messages are usually conveyed face-to-face between people who are close to one another and credibility is guaranteed [30]. This WOM tends to be more reliable and trusted because customers often get this information from people who customers know [31] [32].

H10. Online customer satisfaction has a positive influence on eWOM

4. METHODOLOGY

4.1. Data collection instrument and scales

Online survey was developed and accessible for public November 2020, after the pretest reveal that all of the statement was valid and reliable. There are two sections in the main questionnaire, first section was for identify the respondent and to guarantee the respondent are eligible. And the second section was to assess the indicator and variable in the model, using 5 point Likert scale and semantic differential.

4.2. Sample

The questionnaire allocated using online survey. A final sample of 580 responses was reached. The sample contained of 580 women, with the age in the range of 17-2, and 50 percent of the participants living in Jakarta, and had concluded undergraduate study.

4.3. Procedure and analysis

PLS 2.3 was used to analysed the data, with the help of bootstrapping method to evaluate the model.

5. RESULTS AND ANALYSIS

5.1. Sample Characteristics

The total number of responses from the questionnaire after the removal and filtration of incomplete data was 580. All of the respondents were female. The major part of the respondents belong to age group of 17-27 (49%), and lives in Jakarta (48%).

5.2. Descriptive analysis

The indicator of online grocery shopping experience and the influenced variable, customer satisfaction, repurchase intention, and eWOM were evaluated using mean value and standard deviation. The highest mean value was in the application experience indicator (M=4.49) and the lowest was in the brand experience indicator (M=4.15). Meanwhile, the highest standard deviation were observed in the brand experience and eWOM (SD=0.83), and the lowest in the retailer reputation and customer satisfaction (SD=0.70)

5.3. Measurement model analysis

Formative measurement models are being asses by looking the convergent validity, collinearity, statistical significance, and the outer weight value [33]. In this type of construct, convergent validity is referred as redundancy analysis [34]. To evaluate collinearity, we use variance inflation factor (VIF) with the ideal value should be close to 3 and lower.

This measurement revealed that the highest outer weight (Table 1) value was in the delivery experience (0.132) and economic value (0.220). The value of VIF (Table 2) in this research revealed that there is not multicollinearity in the model. If collinearity is not a problem, the next phase is examining the structural model.

Table 2 Outer Weight Values

Formative Construct	Outer Weight	Sample Mean	Std. Dev	t-Value	p-Values
Customer Service	0,091	0,109	0,050	1,839	0,033
Application Experience	0,054	0,076	0,058	0,926*	0,177*
Product Experience	-0,018	0,005	0,062	0,298*	0,383*
Delivery Experience	0,132	0,113	0,066	1,998	0,023
Brand Experience	0,098	0,095	0,053	1,859	0,032
Retailer Reputation	-0,097	-0,062	0,047	2,063	0,020
Economic Value	0,220	0,224	0,047	4,642	0,000
Online Grocery Shopping Experience	0,172	0,177	0,042	4,075	0,000
Repurchase Intention	0,643	0,645	0,029	21,809	0,000
eWOM	0,741	0,744	0,022	33,454	0,000

Table 3 VIF Values

Formative Construct	Formative Items	VIF	Formative Construct	Formative Items	VIF
Customer Service	CS1	1,300	Retailer Reputation	RR1	1,224
	CS2	1,311		RR2	1,164
	CS3	1,388		RR3	1,227
Application Experience	CS4	1,313	Economic Value	EV1	1,199
	CS5	1,340		EV2	1,009
	CS6	1,699		EV3	1,256
	CS7	1,483		EV4	1,215
Product Experience	AE1	1,267	Online Grocery Shopping Experience	EV5	1,221
	AE2	1,438		EXP1	1,266
	AE3	1,367		EXP2	1,329
Delivery Experience	AE4	1,315	Customer Satisfaction	EXP3	1,355
	AE5	1,206		CST1	1,359
	AE6	1,316		CST2	1,272
	PE1	1,413		CST3	1,238
	PE2	1,484		CST4	1,374
Brand Experience	PE3	1,401	Repurchase Intention	CST5	1,366
	PE4	1,220		RI1	1,251
	PE5	1,160		RI2	1,073
	DE1	1,325		RI3	1,222
	DE2	1,310			
eWOM	DE3	1,383	eWOM	EW1	1,533
	DE4	1,204		EW2	1,346
	DE5	1,126		EW3	1,454
	BE1	1,357		EW4	1,460
	BE2	1,314		EW5	1,321
	BE3	1,371			
	BE4	1,193			
	BE5	1,321			

5.4. Structural model

To assess the structural model, this research evaluate the coefficient of determination (R^2), redundancy measure (Q^2), and the outer weight and relevance of the path coefficients [33]. The R^2 have ranges from 0 to 1, with higher values indicating a greater explanatory power [34]. The Q^2 was used to a predict the model's accuracy based on the blindfolding procedure, and the value should be larger than zero [33].

The path coefficient reveals that customer service, delivery experience to eWOM were significant. However, the paths from application experience and product experience were not significant, so H2 and H3 were not supported. The results also reveal that the path coefficient from economic value to customer experience (4.72, $p < 0.00$) and customer satisfaction to eWOM (32.8, $p < 0.00$). All the factors from experience accounted for 54.9% of the variance in the experience, and 41.2% variance in the customer satisfaction.

Table 3 Hypothesized Path

Hip.	Path	Original Sample	T-Statistics	P-Values	Sig.
1	Customer Service → Experience	0,091	1,807	0,036	Significant
2	Application Experience → Experience	0,054	0,877*	0,190*	Not Significant
3	Product Experience → Experience	-0,018	0,298*	0,383*	Not Significant
4	Delivery Experience → Experience	0,132	2,111	0,018	Significant
5	Brand Experience → Experience	0,098	1,848	0,033	Significant
6	Retailer Reputation → Experience	-0,097	2,138	0,016	Significant
7	Economic Value → Experience	0,220	4,720	0,000	Significant
8	Experience → Customer Satisfaction	0,172	4,202	0,000	Significant
9	Customer Satisfaction → Repurchase Intention	0,643	22,734	0,000	Significant
10	Customer Satisfaction → eWOM	0,741	32,878	0,000	Significant

6. IMPLICATIONS AND FUTURE RESEARCH

6.1. Implications

This research shows that in a task-driven online grocery shopping context, customer still considering the utilitarian attributes, especially economic value and delivery experience. Experience depends on customer's interactions with retailers [35]. The experience construct can refer to everything in the customer's decision making process [36]. If the services or products meet customers' expectations, customers satisfaction will improve. To make customer more satisfied, there are a few steps that retailer can do, such as improving their customer service by training the staff, offering fast delivery and special promos for loyal customer, maintaining the online platform, and improving the product quality and retailer reputation

6.2. Limitations and Future Research

The online grocery shopping experience is a dynamic circumstance, where customer want their shopping experience closer to their real-life experience. We want to alert the reader that the respondents are making their transaction for groceries online at least once a month in six months before this research started. The customer service factor in this study is considered as an important factor, but the indicator of this factor does not really explain and differentiate which customer that really need the service. Future researchers can also study the online grocery shopping experience that have any other online platform in order to provide the perfect results and suggestions that can be used by any other retailers that provide online transactions.

7. CONCLUSIONS

Based on the results of the analysis and discussion that has been done, the researcher can conclude that customer service, brand experience, delivery experience, and economic value are factors that have a positive and significant influence on the online grocery shopping experience. Customer service has an important role in creating a positive experience for customers. Brand experience is considered as an effective marketing tool in developing long-term strategies.

AUTHORS' CONTRIBUTIONS

D.S.M carries out this research. R.D.A supervised the process and the discovery of this work. All authors provided critical feedback and helped shape the research and analysis.

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