

CONSUMER PREFERENCE TOWARDS ONLINE PURCHASE & BRAND RESPONSIVENESS OF PEPPER TAP

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ABSTRACT

In the modern world customer satisfaction is tough and understanding consumer behavior is very important. The concept “Brand Responsiveness” has drawn significant attention from academics and practitioners since it was put forward, because it played an important role in marketing activities. Although brand image was recognized as the driving force of brand asset and brand performance, few studies have elaborated on the relationship between brand image and brand equity. Also Brand Responsiveness is equally important for the success of the brand. In an organization marketing help in decision making and provides support to the company. The research was made mostly on primary data. Brand Responsiveness meant to associate the brand correctly with a product and also create awareness in the consumers. This study reviewed extant studies about the impact of brand image on consumer from perspective of customer equity. It also presented the SWOT Analysis of Pepper tap, the shortcomings of current research and pointed out the trends for future study. Pepper tap was founded in Gurgaon in the year 2014 and by the month of March 2016 it wrapped up operations in various cities

Keywords: *Brand Responsiveness, Consumer Behavior, SWOT Analysis, Brand Performance.*

I. INTRODUCTION

Electronic Commerce is the trading or facilitation of trading in products or services using computer networks, such as the Internet. Modern electronic commerce typically uses the World Wide Web for at least one part of the transaction's life cycle, although it may also use other technologies such as e-mail.

BUSINESS APPLICATION OF E-COMMERCE: Document automation in supply chain and logistics, Domestic and international payment systems, automated online assistant, Online shopping and order tracking, Online banking, Digital Wallet

II. COMMERCE IN INDIA

India has an internet user base of about 354 million as of June of 2015. Despite being the second largest user base in world, only behind China (650 million, 48% of population), the penetration of e-commerce is low compared to markets like the United States (266 million, 84%), or France (54 million, 81%), but is growing at an unprecedented rate, adding around 6 million new entrants every month. The industry consensus is that growth is at an inflection point.

2.1 Market Size & Growth

India's e-commerce market was worth about \$3.9 billion in 2009, it went up to \$12.6 billion in 2013. In 2013, the e-retail segment was worth US\$2.3 billion. About 70% of India's e-commerce market is travel related. According to Google India, there were 35 million online shoppers in India in 2014 Q1 and is expected to cross 100 million mark by end of year 2016. Electronics and Apparel are the biggest categories in terms of sales.

2.2. Key Drivers

- *Large percentage of population subscribed to broadband Internet, burgeoning 3G internet users, and a recent introduction of 4G across the country.*
- *Explosive growth of Smartphone users, soon to be world's second largest smartphone user base.*
- *Increased usage of online classified sites, with more consumer buying and selling second-hand goods*
- *Evolution of Million-Dollar startups like Jabong, Saavn, Makemytrip, Bookmyshow, Zomato Etc.*

III. INVESTMENTS IN THE E-COMMERCE SPACE IN INDIA

Foreign direct investment (“**FDI**”) in India is regulated under the Foreign Exchange Management Act 1999 (“**FEMA**”). The consolidated FDI policy issued by the DIPP (“**FDI Policy**”) lays down two entry routes for investment:

- Automatic Route where foreign investments do not require prior approval of the government and
- Government / Approval Route where prior approval of the Government of India through Foreign Investment Promotion Board (FIPB) is required.

3.1.What constitutes E-commerce under FDI POLICY?

The FDI policy states as follows:

“E-commerce activities refer to the activity of buying and selling by a company through the e-commerce platform”

3.2. FDI restrictions in E-commerce

The current regulatory status with respect to foreign investments in the e-commerce space is as follows:

1. 100% FDI is allowed in the automatic route in companies engaged in b2b e-commerce.
2. No FDI is allowed in companies which engage in single brand retail trading by means of e-commerce.

No other innovative models which are being adopted to bring in investments into companies engaged in e-commerce or companies which directly or indirectly collaborate with e-commerce businesses such as

1. Investing into companies which are engaged into wholesale trading which owns inventory and maintains online b2b platform.
2. FDI is allowed in companies which engage in multi brand trading by means of e-commerce.

There are Investing into companies providing technology services (where 100% FDI is allowed under the Automatic route) which provide technology related services on an arm's length basis to e-commerce platforms.

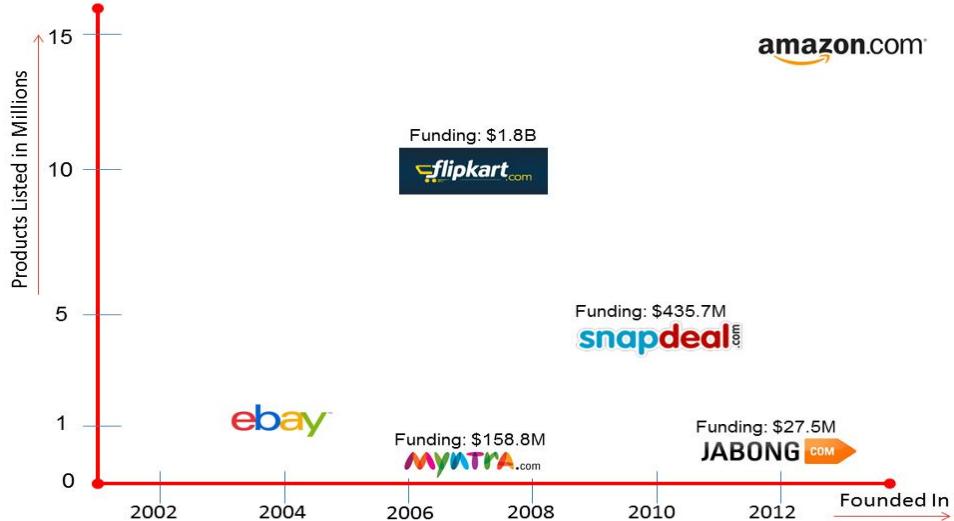
While considering any such models, it is important to be in compliance with the FDI Policy.

IV. IMPACT ON MARKETS AND RETAILERS IN INDIA

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E-commerce firms including Flipkart, Snapdeal, Myntra and Jabong are confronting resistance from all stakeholders of modern retail—from consumer goods makers and distributors to offline retailers—as they try and grab a larger share of the consumer’s wallet by dangling attractive discounts.

Wholesalers and retailers, the worst hit by the boom in online shopping, are putting pressure on brands to help them compete more effectively with e-commerce websites. While some electronic goods makers such as Lenovo Group Ltd and Toshiba Corp. warned last month that e-commerce sites weren’t their authorized resellers, several apparel makers are in talks with online markets to get them to reduce discounts, ranging from 20-40%, said three executives working for online retailers.

Coupon discounts refer to price-offs that all major online retailers and marketplaces offer customers if the purchase value of goods exceeds a certain amount (usually about Rs.1,500-2,000 across online retailers).

Although e-commerce accounts for less than 1% of the total retail market in India, it is by far the fastest growing retail channel.

V.THE SOCIAL IMPACT OF E-COMMERCE

To understand how the e-commerce has affected the society and economy, this article will mention three issues below:

1. The e-commerce the relative has changed importance of time
2. The e-commerce offers the consumer or enterprise various information they need, making information into total transparency, will force enterprise no longer is able to use the mode of space or advertisement to raise their competitive edge.
3. In fact, during the economic activity in the past, large enterprise frequently has advantage of information resource, and thus at the expense of consumers.
4. The new economy led by the e-commerce change humanistic spirit as well, but above all, is the employee loyalty.

VI. OBJECTIVES

The objective of the study was to find out:

- Consumer taste and preferences.
- To find out the reasons behind the shift from physical stores to online stores.
- To find out the awareness level regarding online grocery shopping application Pepper Tap.
- To understand how customer's shopping experience can be enhanced.
- To find out satisfaction level of customers towards online shopping..
- To understand the marketing/promotion process in a startup company.

VII. RESEARCH METHODOLOGY

- **Validity**

- **Reliability**

Primary Data, Secondary Data

Why is study of consumer behavior so important for a business organization?

- Understanding consumer wants are most important for any organization.
- Analyzing the consumer's behavior and preferences helps in efficient marketing of products and services.
Moreover, studying consumer behavior helps in many aspects.
- Consumer behavior serves as a successful tool for marketers in their field.

VIII. BRAND RESPONSIVENESS

Brand Responsiveness facilitates identifying brands amongst the customers and how well they remember the brand under various circumstances. It includes brand recognition and brand recall. Brand recognition means how well a customer recognizes a brand and how correctly they can differentiate the brand from the brands they have used previously. It does not only mean that they have to remember the brand name, it can also be recognized through its packaging. Brand recall means how well and correctly the consumers retrieve the brand in their memory.

IX. COMPANY OVERVIEW

PepperTap is an on-demand grocery delivery service company based in Gurgaon, India, which started operating in November 2014. The company provides an option to shop grocery and household items online through the website and mobile app. Navneet Singh and Milind Sharma are the co-founders of the company. The company started with one service location, Gurgaon, in November 2014, PepperTap had become one of the major players in the online grocery store in India by Q3 2015; by expanding as far as 31 cities. When it launched in November 2014, PepperTap provided grocery delivery only in Gurgaon. As of September 2015, PepperTap is serving in 17–18 cities. The first funding round was 5 months after the company's inception. Series A funding of PepperTap was led by Sequoia Capital, and it helped the company in spreading its services in the Delhi National Capital Region. SAIF Partners was also a part of this funding. Upon investing in PepperTap, Kunal Bahl, the CEO of Snapdeal said, "Navneet and his team have done a phenomenal job in

building PepperTap into India's leading grocery ordering platform. We look forward to working closely with PepperTap to make them very successful".

Funding Rounds

Seed round: Seed funding was provided by Sequoia Capital.

- Series A funding: In this round, Sequoia and SAIF partners invested in PepperTap, raising \$10 million for the company.
- Series B funding: This round was led by Snapdeal, and also participated in by Ru-net, JAFCO, and BeeNext. Series B raised \$36 million.
- Future funding: PepperTap was in talks to raise another \$20 million as of September 2015.

X. TYPE OF RESEARCH

Quantitative Research

10.1 FOCUS GROUPS

Since pepper tap is an online grocery application the main focus groups were households having maximum number of smartphones and other electronic gadgets like desktops or laptops as they had their website too. The consumers were mainly the people who had a very busy schedule and who did not get adequate time to shop. Moreover the intent was to do brand awareness of the application. **Customers were targeted of age groups of 20-60** who were capable of using the application and had devices which could support them. Also the target customers were mainly middle class and upper middle class individuals who could use smartphones and understood the functionality of the application. Newly wedded house wives with lesser shopping experience, working adults, students who were paying guests were approached and told about the application who could download it and use it to order groceries. People living in places with less connectivity with the market place found it easier to get their home items delivered by the delivery boy within a stipulated time.

XI. SWOT ANALYSIS OF PEPPER TAP

Segment

Age groups from 20-60 who can operate computers and smartphones. Since it is an online application people of the age group within this range was desired.

Target group

The target customers were mostly middle class and upper middle class people who had the purchasing power and faced time constraints and demographical barriers. The customers were attracted because of the options of the application.

Positioning

The application offers a wide range of grocery products for all age groups including toddlers.

XII. SWOT ANALYSIS

Strengths	Weakness
<ul style="list-style-type: none"> • Fast delivery services. • Offers weekly discounts • Easy user interface • Products like Horlicks and Dabur Honey offered at discounted prices. • Delivers products on time. • All the items were fresh and properly packed. • Additional discounts through referral codes. 	<ul style="list-style-type: none"> • The application was poorly updated. It developed bugs. • Products were wrongly named or pictured. • Offered only packaged and frozen meat unlike its competitors. • Sometimes used to deliver substitutes when the original product ordered wasn't available. • Despite having good market response it had to close down operations due to change in business model after snapdeal became an investor.
Opportunities	Threats
<ul style="list-style-type: none"> • Had tie ups with brands like Del Monte, Dabur, Britannia, Nestle. • Expansion in newer products and diversification. • Acquisition of other brands to enhance market position. 	<ul style="list-style-type: none"> • Similar e-commerce applications dealing in the FMCG sector like GROFERS, BIG BASKET, ASK ME which were highly competitive in nature. • Already established mom and pop retail stores. • Lesser user ratings as compared to its competitors.

12.1 Strength

- The application provided various time slots for the convenience of the customers. The customers could change their delivery time according to their convenience in a hassle free process.
- Weekly discounts as well as promo codes were flashed in the home screen of the applications. Some of the products were offered at discounted prices like Lay's classic potato chips which were sold at Rs. 20/- in local markets, was sold at Rs. 18/- through the application.
- The main purpose of developing an online application is to provide user ease of use. With the increase in use of smartphones more and more applications are being developed to give customers a better user experience. The strength of Pepper Tap was that application was very simple and easy to use. It was clear and the users could operate the application easily.
- Unless buyers are not shown discounts the customers are not convinced to purchase online. And grocery items are usually sold at MRP or maybe a rupee less by retailers. But Pepper Tap usually offered discounts on items that were hardly sold on discounts. Products like Dabur honey and Horlicks, Lay's chips, Cadbury Dairy Milk chocolates were sold at discounted prices which grabbed customer attention more.
- Pepper Tap was reviewed by a famous new channel “NDTV” where they mentioned that Pepper Tap's biggest advantage was their punctuality. They offered two hours delivery slots from 10am to 10pm. And they used to deliver products within the time slots at the door steps of the customers.
- Pepper Tap gave priority to the products they sold and wanted to create a satisfied customer base. In order to achieve that the company used to acquire products from proper retailers and made sure that the products were fresh and had proper packaging.
- The application had an option of “Pepper Cash” where the users could refer the application link to their contacts and win reward money. The concept was to refer the application link to as many people in a

customer's contact list as possible. When an unique user downloads the application through the referred link the customer who referred the link will get Rs. 50/- in their Pepper Cash account. With that money they can get additional discounts on their order.

12.2. Weakness

- Despite having a strong Information Technology (IT) team the application was poorly updated. With growing technology applications have to be properly updated to be in the game. But the weakness of Pepper Tap was that it was not updated on a regular basis. This made the application slow and developed bugs.
- Due to poor maintenance the products in the application was wrongly named and pictured. Sometimes a chocolate had the image of a cream or a rice brand had the name of an oil brand. Chocolates were also wrongly pictured. This led to confusion in the customers mind and a fear that wrong goods might get delivered.
- Pepper Tap offered only frozen and packaged meat products. But the customers who wanted fresh and non-frozen items had to look for other options as well. That was taken as an advantage by its competitors and they started offering freshly cut meat at market prices.
- Availability of a product may differ from location to location depending on their demand in the local area. So it was not always possible to deliver the exact goods ordered. So Pepper Tap used to deliver substitute products to the customers. This was not taken in a good light by many customers and they started complaining against it. Sometimes orders were cancelled because of these reasons.
- The company was taken over by snap deal recently because of its good response amongst the customers. Due to this take over there was a shift in business model and the application had to shut down in many cities untimely. This became an opportunity for the competitors of Pepper Tap to capture the market.

12.3 Opportunities

- With the growing popularity of the application and the concept of selling groceries online as a whole, many companies wanted to try their luck in e-commerce business. With lead Pepper Tap have tie ups with companies like Del monte, Britannia, Nestle, Dabur, Cadbury. Also retailers like Arambagh and Speed mart made tie ups with the application to increase their reach.
- With growing popularity the company was looking for expansion in newer products and diversifying their services.
- Pepper Tap had not only Investors like Snapdeal in kitty but also got offers for tie ups like Pepsi.Co, Cocacola and other renowned brands.

12.4 Threats

- Applications like Grofers and Big Basket which were competitors of Pepper Tap which were highly competitive in nature offered similar kind off deals and discounts. Big Basket would take Rs, 20/- as delivery charges on an order less than Rs. 1000/- which was pretty reasonable. Moreover the minimum cart value of Grofers was Rs. 250/- whereas the minimum cart value for Pepper Tap was Rs. 350/-.
- With the problem maintenance the application developed bugs that forced the application to stop automatically. With time the application became slow.
- With the above mentioned problems the application got lesser user ratings as compared to its competitors.

XIII. COMPETITORS OF PEPPER TAP

- Grofers
- Big basket
- Grocery Bazaar
- Askme Groceries

XIV. CHALLENGES FACED BY PEPPER TAP

There were many challenges faced by pepper tap initially. The first challenge was convincing the customers to buy perishable goods. People usually associate online shopping with clothes and electronics so the idea of buying grocery items online was unknown. There was a bit of hesitation and also the fact that people would not order perishable goods unless they really needed them. The second challenge was reluctance on the part of the partner stores who provided them with products. They were reluctant on sharing their data with the company and changing their processes which could help pepper tap getting them onboard faster. Next, was regulated maximum retail price (MRP). With MRP being according to the market price it was difficult for pepper tap to maintain high profits and they had to keep low margin. Technophobic staff was a problem as understanding and picking up the technology fast was completely human skill. Also sometimes due to technical glitch the application would tend to become slow and take time to load. The other challenges while creating the national network were poor infrastructure and trade regulations and absence of uniform tax laws across states.

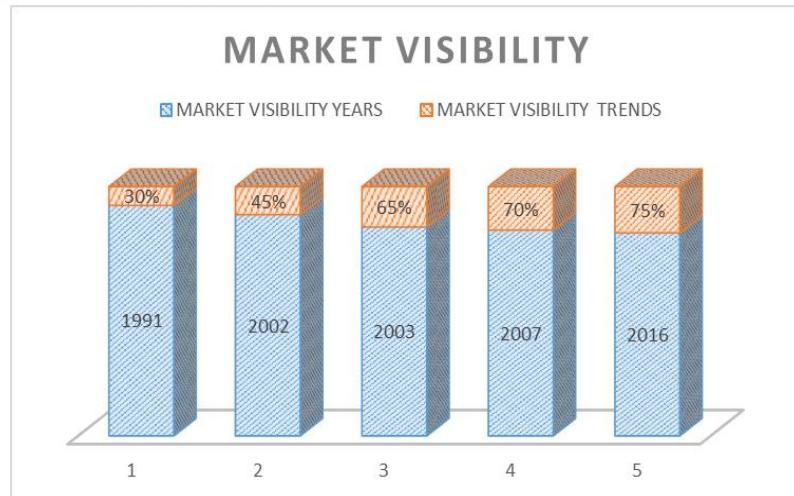
XV. ANALYSIS

The work was targeted on brand awareness of pepper tap and also to understand customer preference in buying online. The tool used for data collection was direct marketing and survey with the target group to find out what their preference was and to study their buying behavior. For example the following survey questions are prepared for the customer feedback separately.

INDICATE WHETHER YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENTS

Where 1= Disagree Completely 3 = Neutral and 5 = Agree completely

		1	2	3	4	5
1	Availability of groceries of my choice					
2	Availability of fashion products of my choice					
3	Availability of a good Snack bar/Tea					
4	Communication and phone services					
5	Knowledge and professional level of personnel					
6	Complaint handling methods					
7	Managerial practices					



XVI. LIMITATIONS

The analysis had to be carried on and completed by a certain period of time, thus creating a time constraint. The research had been conducted in small regions. Because of geographical barrier not many places could be covered during the research. Some of the information gathered from respondents was biased. The buying decisions are usually governed by a variety of factors. When customers were approached to order from the application in order to get discounts, they were not willing as when they discount scheme were over they would not get extra benefit out of it. The customers were mainly discount driven and wanted more discounts. Only a few customers ordered out of convenience. The brand promotion was done through leafleting. Promo codes were printed on leaflets and they were distributed in various locations and in events. But the customers could not relate to the product and associated the company with a mobile phone. Overall the sample size was small as the time period was less. Through the brand awareness programs and sales promotions customer buying behavior was studied. There were small errors in the research but that could be calculated.

XVII. FINDINGS

After the entire training course it was found out that most the difficult thing to attain is 100% customer satisfaction. Some customers are easily satisfied while some are never satisfied. Consumer behavior has a substantial influence on marketing. And that the buying behavior of consumers differs from one another. The buying patterns are influenced by a variety of factors. They can be taste and preference, income and financial constraints, standard of living, geographical region, etc.

So while one person finds it very convenient to shop online the other person may prefer shopping at physical stores. The concept of shopping groceries online may have started since early 2013. It is gaining popularity slowly in India. People prefer buying groceries online only when accessing the physical market becomes very difficult or the online sellers are providing great deals and discounts. Shift from physical markets to online shopping is very difficult to judge because many customers prefer still prefer accessing the local markets and check the products themselves before buying. While it also happens that since physically shopping was an age old practice, buying online will be a secondary option for many.

Also developing such applications and creating such networks where buyer and seller barrier breaks takes a huge amount of investment and takes time to build such networks. Government regulations, local business cultures also influence the business. Hence when the online traders do not get a satisfying customer base, they start incurring losses. These losses are huge to make up as the amount is high.

XVIII. CONCLUSION

Pepper Tap being a startup was truly serving customers through their delivery services and bringing the desired products to the customers saving them in shopping at physical stores. With so many competitors present in the market Pepper Tap managed to create its own customer base by their unique discounts and offers, fast delivery and prompt customer care services.

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