



## A Study on Online Grocery Resource Utilization: Customers' Perspective

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### Abstract

The concept of value co-creation pioneered in the Service Dominant Logic has been gaining prominence since early 2000. It is acknowledged that customers play a critical role not only in consumption but also in value creation through value-in-use. Integration of the customer resource and the firm resource is a hallmark of the co-creation process and this is all the more visible in self-service technologies and in the ecommerce domain. This empirical study analyzes the perspectives of online grocery customers on their resource utilization by using a combination of qualitative and quantitative research methods. This research aims to explore the interrelationships, if any, among the operant customer attention and customer telepresence with the online grocery firm's web atmospherics.

**Keywords:** online grocery, operant resource, store atmospherics, co-creation, resource integration

### 1. Introduction

The phenomenal growth of online businesses is a hallmark of the digital era. As per the Forrester predictions, by 2023 two thirds of the retail growth will be comprised of eCommerce moving up from its current fifty percent. Interestingly, it predicts that online grocery (OG) will be the fastest growing category over the next five years. The prolific growth of online businesses can be attributed to several discernible factors viz. radical advancements in Information and Communication Technology characterized with superfast internet connectivity, aggressive competitive pricing in the telecom sector and the ubiquitous penetration of the smartphones. Besides, multitude of hassle-free payment options for online purchases like the Unified Payments Interface, digital wallet, Cash on Delivery have all contributed to the surge of eCommerce and E-businesses. Remarkably, the outbreak of the unforeseen COVID-19 pandemic has aggrandized online shopping as people ensure health and safety by staying indoors. This is particularly relevant for the essential grocery purchases that are recurrent, routine and unavoidable.

In a country like India with its burgeoning population, the online grocery market undoubtedly has tremendous potential. Going by the Livemint projections, the e-grocery market is expected to reach \$18.2 bn by 2024 which is but surmised to be a mere 2.3% of the overall grocery market. At present it attributes a negligible 0.3% of the overall grocery sales which is quite miniscule.

Online grocery, similar to several self-service technologies requires customer and firm value cocreation. That is, value is not created unilaterally by the seller or the online grocer alone but is the resultant of customers' efforts and time. In other words, value-in -use plays a critical role in online grocery which conforms to the famous Service Dominant Logic of Vargo and Lusch. The S-D logic for the first time propounded the concept of the 'networked service ecosystem' characterized with the mutual collaboration of its multiple actors for the creation of value-in-use (Grönroos and Voima, 2012). Value cocreation entails resource integration and resource utilization which ironically does not seem to have been much investigated. Taking into cognizance this research gap, the present study seeks to explore the integration of firms' resource with the customers intangible resource in online grocery buying situations. The remaining part of the

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research paper is structured into review of literature followed by the methodology and data analysis and finally the study potential, limitations and conclusion of the study.

## **2. Literature Review**

### ***2.1. Value co-creation & Resource Integration***

Studies on value co-creation are not restricted to the field of marketing alone (Ranjan, and Stuart, 2016) Investigations in the field of co-creation received a lot of scholarly interest since early 2000 with the proposition of the renowned Service Dominant Logic (S-D logic) by Vargo and Lusch in 2004 (Ranjan and Stuart, 2016). The value-in-use theory has highlighted the criticality of customer competence and customer resource for the generation and realization of value (Agarwal and Rahman, 2015). Customers are in fact the ultimate creators of value while acting on the facilitating resources provided by the firms (Gronroos & Voima, 2013). They act as ‘partial employees’ in satisfying their needs through the use of internet and various self-service technologies (Hilton, Hughes, Little and Marandi, 2013). Importantly, value in use can be moderated by several factors like individual motivation, skill and competence which in other words refer to the customer resources (Agarwal and Rahman, 2015) As illustrated by the Service Dominant Logic, customers are the key resource integrators (Barron & Harris, 2008). Co-creation requires the mutual resource contribution and resource integration by the firm and the customer (Paredes, Barrutia & Echebarria, 2014). Following Arnould’s classification of resources, customer resources are of two types- operant and operand (Helena et.al. 2016). The operant resources are more critical and can be further classified into physical, social and cultural resource Customers have immense potential of operant resources which they combine with organizational resources for their requirements (Baron & Warnaby, 2008). Operand resources are physical and tangible making it limited in scope and availability while the operant resources are intangible and dynamic, always evolving and multiplying and they act on the operand resources or other operant resources (Paredes, Barrutia and Echebarria, 2014). A remarkable aspect is that despite the availability of varied types of resources, resource utilization is a contextual decision that depends on numerous factors like the servicescape, quality and history of firm customer interaction etc. (Agarwal and Rahman, 2015) While discussing the motivation for customer resource contribution, it is discerned that the level of customer involvement and the type of customer role are the two major factors involved (Baron, and Harris, 2008). However, there are no absolute definitions of ‘resource’ and ‘resource integration’ per se. They are contextual that require mindful synthesis (Pie, 2016). To quote Vargo and Lusch, 2004, “Resources are not, they become.”

The available literature indicates that majority of the research initiatives till date has been directed towards the study of firm resources while the field of customer resource has been largely ignored. This can probably be linked to the economics driven goods dominant logic of the conventional marketing view (Paredes, Barrutia and Echebarria, 2014). To quote Arnould et al., “Much remains to be done to systematize our understanding of operant resources. Firms must understand how consumers juggle their own and firm resources in order to compensate for specific types of operant resource deficits”

### ***2.2 Web atmospherics and Behavioral response***

The significance of store atmospherics is well documented in the retail literature. With the advent of online marketing, this concept has been successfully extended to include the online platform as well (Prashar, Vijay and Parsad, 2017). Donovan and Rossiter were the pioneers who gave the empirical exposition to retail atmosphere (Eroglu, Machleit and Davis 2003). Web atmospherics is “the conscious designing of web environments to create positive effects among users in order to increase favorable consumer responses” (Prashar, Vijay and Parsad, 2017). Literature posits that web atmospherics have been conceptualized in numerous ways viz. on the basis of interface oriented visible cues and the high task vs. low task orientation of atmospheric cues. Another group of researchers have treated the web atmospherics in terms of its informativeness, entertainment and effectiveness (Prashar, Vijay and Parsad, 2017). The Stimulus-Organism-Response Model has been given eminence to explain the effect of environmental cues on the behavioural response (Eroglu et al., 2003; Prashar et al., 2017). It is argued that the environmental cues of any retail setting can affect either the affective or the cognitive or both states of an individual and may usher a feeling of telepresence for the buyer (Eroglu, Machleit, Davis, 2001) i.e. “the compelling sense of being present in a mediated virtual environment’ (Novak, Hoffman, Yung, 2000) With the sweeping changes in the retail environment, online marketers are grappling to provide compelling “flow” opportunities like focused attention and telepresence to its customers and visitors (Novak, Hoffman, Yung, 2000). Moreover, following

the typology of Houston and Rothschild, attention and time distortion signifies response involvement of any individual. Stone has reaffirmed that involvement is both a ‘mental state’ and a ‘behavioral process’ (Michaelidou and Dibb, 2008) Although the extant literature indicates that involvement has mostly been discussed with regard to personal relevance (Prashar, Vijay and Parsad, 2017), one of the well-received definitions of involvement is “an internal state variable that indicates the amount of arousal, interest or drive evoked by a particular stimulus or situation” (Mittal and Lee, 1989)

Hence, from the review, we can propose the following hypotheses

H<sub>1a</sub>: Web atmospherics has an influence on grocery buyers focused attention

H<sub>1b</sub>: Web atmospherics has an influence on grocery buyers’ sense of telepresence

### **3. Research Methodology**

#### **3.1 Research Design**

Mixed research design is being used for the empirical study. Qualitative focus group discussions are conducted to understand customers opinion on the different types of tangible and intangible resource needed for online buying in general and OG in particular. Thematic coding was done manually for the focus groups. Survey data using questionnaire is to be used for the quantitative research purpose. Random sampling is proposed to be used ensuring that the sample units have adequate online grocery buying experience.

#### **3.2 Variables and Measures**

Online grocery store atmospherics is the independent variable, whose impact on customers’ operant response involvement is measured using Bell and Tang’s 7point Likert Scale with items like “The information on the website is conveniently available.” Similarly, six-point Likert-scale (ranging from 1-strongly disagree to 6-strongly agree) “Even with small purchases, I prefer to take my time and make sure I am getting the best value” of Slama and Taschian can be used for focused attention while telepresence from Hoffman and Novak et al., “I forget about my immediate surroundings when I use the web”. Linear regression analysis can be used to analyze the dependency relationship.

### **4. Study Potentials:**

The proposed research can gather valuable insights, having both theoretical and managerial implications. As indicated in the available literature, studies on the contiguity of the firm and customer resources in the of eCommerce contexts are scant. The work can demonstrate the tacit influence of an eCommerce website on customers cognitive processes which will subsequently determine his/her buying behavior either favorably or otherwise. The current research work can illuminate the underpinnings of atmospherics in online marketing. Hence, the online marketers and site designers should be methodic and thoughtful such that the visitors can have an immersive experience leading to purchase and patronage

### **5. Limitations and Future Research**

The study dwells on a single aspect of an online firm’s overall resource capabilities i.e. its web atmospherics. Similarly, customer attention and involvement are governed by several factors like his individual personality traits, perceived risk of purchase and the availability of tangible resources viz. internet connectivity and purchasing power. Therefore, it can be inferred that the proposed empirical research with its focus on only online grocery buying settings is limited by its scope. However, it points to several probable areas of future research that can help get a clearer understanding of the online consumer behavior.

### **6. Conclusion**

The design of store atmospherics is one of the manifestations of the knowledge-based capabilities of the firm. It has immense potential to influence the buyer behavior, whether in the physical or virtual buying environment. Generating and sustaining suitable consumer response in online grocery is an especially challenging task for the marketers as grocery is generally considered to be a lack luster, low involvement purchase area characterized with routine buying and minimal effort. An empirical investigation into the role of grocery webstore atmospherics can be of critical importance in this scenario.

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