

THE SUPERMARKET IMPACT ANALYZES INDIAN SUPERMARKET PATTERNS AND CUSTOMER ATTITUDES

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Abstract:

With 1.1 billion people, India has one of the fastest expanding economies in the world. Consumer expenditure and buying power are at an all-time high as a result of recent economic growth. Given how quickly the quality of life is rising, this has had a notable influence on the food retail business. The goal of the research is to ascertain if this venture has a good chance of succeeding and to assess how consumers feel about it. The effect of supermarkets on small business owners has also been covered. To learn more about how consumers see supermarkets, quantitative analysis has been applied. This covers the elements that influence their shopping habits and direct their attention to various businesses.

As a substitute, a qualitative research has been conducted to thoroughly analyze customer behavior and opinions since it would enable respondents to speak freely.

To accomplish the goals, findings from primary research have been compared to those from secondary sources. According to research, young people, or generation Y, who are the new face of the country and are undergoing a behavioral change and a cultural adaptation to the west, are expected to be the main drivers of supermarkets. It is advised that supermarkets understand how customer culture and behavior are evolving if they want to capture the largest possible proportion of the market. Companies also need to provide services that prevent customers from switching from corner stores to supermarkets right now. In order for merchants to thrive and foster healthy competition, government action has also been advised.

Introduction

With an average GDP close to 9% over the previous ten years, India has one of the biggest and fastest growing economies in the world today. It is a highly appealing location for both domestic and foreign direct investors due to its rapid modernization and ongoing economic growth. Recently, the supermarket business was established. In the retail industry, among of the major companies include Select Supermarket and More &More Mart. By luring customers with competitive prices and appealing environments, these businesses want to increase their market share. In India, there are over 5 million corner stores, or Kiranas, that sell the bulk of the country's food. Independent sellers come in second. They mostly serve middle-class and low-income people by offering sales in smaller amounts (such as 100gm-lentils) and highly personalized relationships. Whereas organized stores provide middle-class and upper-class customers with items like 1KG packs of lentils. (GMID-Euro-monitor)

Yet, according to Business Today (1999), just 3% of the Indian market is organized for retail, leaving a huge market void for supermarkets to fill. According to a recent Price Water house Coopers report, organized retail in India is only about \$666 million and is expected to expand by 30% annually (Economic-Times, pg16). But, organized retail's potential is enormous since it is a \$300 billion market has made it possible for organized merchants to significantly increase their market share.

Research Objectives

Assess customer impressions of the new buying habits and trends. List the elements that influence customer interest and impact whether supermarkets are successful or unsuccessful.

Methodology

Data from both primary data and secondary sources were used to successfully complete this research. Direct interview-based primary data collection and journal-based secondary data collection.

Structure of Study:

The literature review, which will be a collection of secondary sources in the context of the retail sector, will be presented in the next chapter. It will assist in identifying the elements affecting shop choice. The methodology section will next outline both qualitative and quantitative data collection methods. The data will also be presented and evaluated in the results and analysis section. In order to provide suggestions and reach a conclusion, interpretations from this section will be utilized.

Literature Review

Due to significant cultural shift, there have also been widespread cross-cultural modifications that may be applied to the Indian market. Similar chances for supermarkets in India have been made possible by the influence of the western market. Conversely, Sinha and Bannerjee (2004) contend that the high levels of individualized services provided by "transformed kirana stores" (corner shops) are turning away customers from the supermarket concept, which is why a number of prosperous chains are deferring their growth.

ANALYSIS**Fresh Food v Packaged Food:**

Indian customers have always prioritized fresh food above convenience, but recent studies reveal that as the number of working family members increases, they prefer more processed food. This demonstrates generation Y's preference for supermarkets.

In contrast to the above, The Economist (1997) reports that more than 40% of Indians identify as vegetarians and that customers detest frozen meats, especially beef and pig. Thus, a tendency that strays from the culture of the store. Reardon et al. (2003, 1143) also state that sales of processed and packaged food are not as high as those of fresh food in supermarkets. Due to the public's disinterest in processed food, this might be a severe danger to shops. Yet, there is a substantial and rising demand for imported foods. When individuals traveled overseas, they used to bring back foreign items Bullis (1997). These goods are now offered in supermarkets as the main draws for the Indian society's constant change.

Affect on Traders and Small Farmers:

Small farmers are greatly threatened by supermarkets because they may create a new supply-demand chain. Large retailers will gravitate toward favored vendors and impose their own proprietary grades and requirements, which may be extremely difficult for regional and small farms to meet (Humphrey, 2007). He continues by saying that UK shops who sell a lot of fresh food seem to purchase it in a manner that is unfavourable to small farmers. Indian supermarkets may follow a similar trajectory, killing out small

sellers in the process. Reliance Fresh & Spencer's and other supermarkets in India have already had an influence on the bustling neighborhood of merchants (The Economic Times, 2007). In addition, a number of supermarkets were forced to leave two important Indian states (West Bengal and Uttar Pradesh) as a result of widespread protest, which had a detrimental impact on farmers, merchants, supermarkets, and staff who lost their employment.

Socio-Economic Factors:

Social classes might also have an impact on consumer behavior. This is a reference to the national status hierarchy, which is used to separate people and groups based on their sense of prestige and self-worth (Consumer Behaviour & Market Strategy 2005 p.339). Economic survey data shows that urban population is over 93% and per capita income is 9.1%, both of which plainly show that social class disparities are growing.

Consumers' shop preferences may be influenced by previous purchases, which may in turn be influenced by socioeconomic characteristics like income, locality, personality, age, etc. This suggests that convenience and familiarity of corner stores will be more significant factors than cost reductions at the supermarket.

Atmospherics & Store Entertainment Value:

According to Kotler (1973), atmospherics is a crucial factor for merchants. Most customers have various goals when they visit a business, including socializing or browsing but not necessarily making a purchase, thus the atmosphere and entertainment elements should be emphasized.

Moreover, factors like staff attitudes, wait times, etc. affect customers' patterns of shop choosing. As a result, both concrete and abstract elements like location, atmosphere, and employee attitudes are essential for customer satisfaction. Supermarkets have an edge over conventional stores in terms of size, ambience, and other physical attributes, producing a better setting to draw in more people. Moreover, supermarkets provide amenities like restaurants and coffee shops. Given India's general economic situation, many customers would not be able to take use of these services since their first priority would be to meet their fundamental requirements. For low-income customers, convenience, friendship, and credit are the main factors in shop selection. Compared to corner businesses, supermarkets have the advantage of cleanliness. One of the most important issues is hygiene, although not all stores (in low-income regions) can keep up with it. Supermarkets eliminate these climatic and hygienic issues that customers confront since ordinary stores lack the necessary temperature control technology and a 24-hour electrical supply.

Conclusion:

The Indian consumer market is evolving as consumers start to spend more money and want the highest degree of service quality in return. This demand has cleared the path for numerous businesses to open supermarkets.

Also, the level of life is rising thanks to significant adherence to western culture. One of the reasons that has affected consumers and inspired a desire for a better way of life is the supermarket impact. Most stakeholders have been impacted by supermarkets ever since they were first introduced, which has resulted in a variety of behaviors that have been examined in this research.

Supermarkets are engulfing the retail sector, and the little vendors are being carried away.

On the other hand, this is likely to promote competition, improving tradespeople's services to the level of supermarkets. Customers will gain from the better services as a consequence. Even research shows how corner businesses have changed to compete with larger establishments. Nonetheless, due to their weak financial position and political influence, supermarkets have had a negative impact on local businesses.

Bulk purchases enable supermarkets to offer the same items for less money, obliterating high street merchants and contributing to unemployment. Moreover, merchants can be forced out of business, creating thousands of jobless. Contrarily, supermarkets not only raise living standards but also generate jobs.

Nowadays, both domestic investors and multinational corporations (MNCs) are making large investments in India, creating the foundations for a stronger economy and expanding the possibility of making more money. If people spend more over time, supermarket sales are probably going to increase, which will cause an economic boom. Despite this, government must step in and come up with short-term strategies since this economic escalation is unlikely to occur anytime soon, and by the time it affects low-income populations, small businesses won't be able to survive.

There is no one optimal approach, thus it is ultimately impossible to say if customers are prepared for a transition. Decisions on which store to shop at rely on a variety of factors that each person perceives differently. Convenience, cost, and the environment of a shop are the primary factors influencing these choices. The analysis of the results serves as proof for these claims.

Customers are tricking merchants and taking use of both services for their personal gain. As a result, there is no established trend that favors a certain kind of purchasing. Despite their recent growth, supermarkets have lost value and reputation in terms of the quality of their products. Also, the recent prohibition of stores in various jurisdictions gave them poor press. This is due to customers realizing that the rise of superstores would harm local retailers and result in layoffs.

Also, it was shown that customer perception, attitude, and behavior varied by population. The success of supermarkets is likely to depend on how differently younger people and older people are seen, since both groups have distinct demands. But, in the long term, youth are expected to be the key drivers of this industry because of how convenient they are and how their behavior matches that of supermarkets. The Y-generation is projected to have strong purchasing power as the Indian economy is rising, according to the current economic trends.

Under Maslow's hierarchy, supermarkets may be considered successful if they have met higher order demands (social needs) (Asian). Also, respondents satisfied their fundamental, lower-order wants, such as security. The overwhelming majority of responses received in regards to supermarkets were favorable, which has led to the realization that various populations get distinct advantages from a same service.

So, it is uncertain if customers would embrace the conversion of corner stores to supermarkets, despite the fact that their way of life has significantly changed. It is yet too early to gauge the success of this developing trend. On the other hand, a rise in overall popularity has boosted market share. Future expansion in an industry with 3% organized retail, 30% annual growth, and a value of over \$300 billion is undoubtedly possible.

Recommendations:

- It may be claimed that the Indian society has adopted the new retail paradigm after considerable debate. This should be seen as a positive indicator, and the major companies should take advantage of it by opening superstores that sell not just household goods like food but also other goods and appliances, like Tesco-Extra or Wal-Mart.
- More government action is necessary to encourage healthy competition. In two Indian states, supermarkets are now prohibited. Such drastic measures would have resulted in thousands of people losing their jobs and millions of dollars in losses for stores. Thus, stores should only be allowed in a certain region in order to combat such dire circumstances. For instance, there is just one grocery within 15-20 miles. This would preserve employment while allowing small store owners to maintain their operations on regional or local high streets.
- Supermarkets must completely meet all client demands, regardless of their demographics, in order to capture the largest possible part of the market. This research discovered that various demographics had varying effects on supermarkets, making it challenging for supermarkets to target the correct clients. They should be aware that different consumer groups have distinct demands since different categories may view comfort in various ways. Thus it should be offered if senior customers desired home delivery.

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