IJCBM International Journal of Commerce and Business Management
e ISSN–0976–7940 Volume 10 | Issue 2 | October, 2017 | 150-156
DOI: 10.15740/HAS/IJCBM/10.2/150-156
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RESEARCH PAPER

Perception of respondents towards supermarket and future strategies of small retailers in Hyderabad

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Received : *05.07.2017;* **Revised :** *25.08.2017;* **Accepted :** *09.09.2017*

ABSTRACT

The present study perception of respondents towards supermarket and future strategies of small retailers was conducted in Hyderabad city during the year 2011. Among the 100 sampled retailers, 54 per cent of are unsure about the future of business. Whereas 40 per cent are sure that in future, business will grow and only 6 per cent viewed that business will not grow. Out of total 50 sampled retailers, 30 per cent of retailers predicted that supermarket will be the way in future. Whereas 30 per cent of retailers expect that only loyal customers will not shift to supermarket and 14 per cent expressed that there will not be any change from the present situation. About 48 per cent of the consumers are in favour of opening of more organised outlets, whereas 22 per cent are not in favour and 30 per cent of consumers are in favour of expanding unorganised as well as organised outlets. About 20 per cent of the retailers were willing to involve their children in the same business, whereas 56 per cent retailers left the choice to their children and 8 per cent of retailers preferred other businesses for their children. About 62 per cent of the retailers are in favour of taking bank finance. Among them 77 per cent wants them to expand the business and 10 per cent of retailers want to use it to start other business.

KEY WORDS : Perception of respondents, Supermarket, Future strategies

How to cite this paper : Das, Sudip Kumar, Nath, Seema and Choudhary, Kuldeep (2017). Perception of respondents towards supermarket and future strategies of small retailers in Hyderabad. *Internat. J. Com. & Bus. Manage*, **10**(2) : 150-156, **DOI: 10.15740/HAS/IJCBM/ 10.2/150-156.**

The present study perception of respondents towards supermarket and future strategies of small retailers was conducted in Hyderabad city during the year 2011.The retail industry is divided into organised and unorganised sectors. Over 12 million outlets operate in the country and only 4% of them being larger than 500 sq ft (46 m^2) in size.

Most Indian shopping takes place in open markets and millions of independent grocery shops called kirana. Organized retail such as supermarkets accounts for just 4% of the market as of 2008. Regulations prevent most foreign investment in retailing (Subhash, 1974).

Indian retail industry is the largest industry in India which gives employment of around 8% and which is contributing over 10% of country's GDP. Retailing sector in India is expected to rise 25% yearly due to the strong

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income growth, changing lifestyles and favorable demographic patterns of the consumers (Kumar, 2008; Pathank and Tripathi, 2009. With the changing face of retail, the Indian consumers are in for a rapid transformation. The consumer spending is ultimately pushing the economy into the growth and liberalization mode. The opportunity for structural changes from unorganized retail industry format to organized format has made the Indian markets as a permissible ground for global and domestic private players to fetch their goods and fuel the economy to grow (Sahoo and Mishra, 2008). The Retail business in India is currently at the point of inflection. Rapid change with investments to the tune of US $ 25 billion is being planned by several Indian and multinational companies in the next 5 years. It is a huge industry in terms of size and according to management consulting firm Technopak Advisors Private Limited, it is valued at about US $ 350 billion. Organised retail is expected to capture about 16-18 per cent of the total retail market (US $ 65-75 billion) in the next 5 years (Venkateswaran and Mahalakshmi, 2009.

With over 1,000 hypermarkets and 3,000 supermarkets projected to come up by 2011, India will need additional retail space of 700,000,000 sq ft (65,000,000 m^2) as compared to today. Current projections on construction point to a supply of just 200,000,000 sq ft (19,000,000 m^2), leaving a gap of 500,000,000 sq ft (46,000,000 m^2) that needs to be filled, at a cost of US$15–18 billion. According to the ICRIERR report, the retail business in India is estimated to grow at 13% from $322 billion in 2006-07 to $590 billion in 2011-12. The unorganized retail sector is expected to grow at about 10% per annum with sales expected to rise from $ 309 billion in 2006-07 to $ 496 billion in 2011-12.

Hyderabad is the mother of supermarket. A study conducted on supermarket effects on Hyderabad revealed that prices of fruits and vegetables fell by 7-11 per cent in the cities new retail stores whereas it is just 3-4 per cent in the unorganized markets. However real fallout has been on small hawkers vendors with people shifting their shopping to organized retail stores, sales plunged 37 per cent in terms of volume and sales in value dropped to 59 per cent, the maximum was seen among Hyderabad more than 6500 hawkers who reported a 35-40% fall in income. Some of the hawkers reported that their income had fallen to Rs.3500 a month from Rs. 12000 a month over the last two years (Saxena and Arora, 1997).

Objectives of the study are

– To study the perception of respondents towards supermarket in the selected area

– To study the future strategies of small retailers in the selected area.

METHODOLOGY

The research was conducted on perception of respondents towards supermarket and future strategies of small retailers was conducted in Hyderabad city during the year 2011 in month of January to May. The details of the materials used and methods followed in the investigation are presented under appropriate heads.

Research design :

Selection of retailers :

Five major centers Dilsukhnagar, Himayatnagar, Mehdipatnam, and Tarnaka and Kukutapally were identified from the Hyderabad city. From each centre 10 kirana stores have been selected which is near to the organized retailers randomly. Therefore a total of 50 retailers have been selected for the study.

Selection of consumers :

From each centre, 20 consumers *i.e.* from each retail stores, 2 consumers were interviewed. Systematic sampling design was followed. To maintain the systematic design of the sample every fifth customer, leaving the store was intercepted and interviewed with a structured questionnaire. The questionnaire was prepared after a detailed literature was reviewed on customer perception of grocery store attributes and customer patronage of stores.

Collection of data :

Hyderabad city in A.P. was identified for the study as there is an influx of many major retail stores in last decade. About 5 centers where there is concentration of supermarkets and Kirana stores were identified. From each centre 10 kirana stores and 20 consumers were selected randomly. Therefore a total of 100 consumers and 50 kirana stores formed the base of the study. Both primary and secondary data were collected for the research study. A suitable questionnaire was designed separately for the retailers and consumers to access information on the impact on small business, future plans for business, and possible strategies. The secondary data with regard to number of stores, consumer's income pattern, turnover of supermarkets etc. were collected from both primary and secondary sources.

Methods of computation :

The collected data were tabulated by using MS-Excel and is illustrated appropriately to make meaningful inferences. The data was subjected to appropriate statistical techniques like average, percentage, range techniques and the same have been presented in the form of table and charts.

ANALYSIS AND DISCUSSION

The findings of the present study as well as relevant discussion have been summarized under the following heads :

Perception of respondents towards the supermarkets :

Retailers view on future of business :

It can be observed from the Table 1 that about 54 per cent of the retailers are unsure about the future of their business. Nearly 40 per cent of retailers are sure that in future their business will grow, whereas only 6 per cent of the retailers claimed that their business will not grow in future.

Small retailers perception about supermarkets :

The study indicated that 30 per cent of retailers think that supermarket is the way to be in future and 30 per cent retailers felt that they have set of loyal customers who will not shift to organized retailer. It can be observed from the Table 2 that Nearly 14 per cent felt that there is no need to change the business though there is a competition from the organised retailers and 16 per cent retailers are indifferent towards supermarkets. Only 2 per cent retailers believe that supermarket store is temporary matter, which will not last longer.

In Kukutapally 50 per cent of the retailers viewed that they have set of loyal customers who will not change even if modern organised retail comes. But 40 per cent of retailers are in favour of supermarket and viewed that supermarket is the way in future. Only 10 per cent of retailers in Kukutapally believe that supermarkets store will not last longer.

Attitude of consumers towards increasing number of supermarkets :

It is seen from the Table 3 that most of consumers are in favour of increasing number of organized outlets. Forty eight per cent of the customer viewed that in many aspects supermarkets are better than the unorganized retailers with regard to quality, service and discounts and they are in favour of more such outlets. Only 22 per

Table 1 : Retailers view on future of business

Sr. No.		Area of study					
		Tarnaka	Mehdipatnam	Himayatnagar	Kukutapally	Dilsukhnagar	Total
1.	Yes it will grow	3	4	5	3	5	20 (40%)
2.	No it will not grow	-	1	-	2	-	3 (6%)
3.	Unsure	7	5	5	5	5	27 (54%)
	Total	10	10	10	10	10	50 (100%)

Figures in the parenthesis indicate percentages to the total

Table 2 : Small retailers view on supermarkets

Sr. No.		Area of study					
		Tarnaka	Mehdipatnam	Himayatnagar	Kukutapally	Dilsukhnagar	Total
1.	Super markets are good, but I am fine in my own business format I do not need to change	2	3	1		1	7 (14%)
2.	My set of customer are different from those of modern stores so there will not be any effect on my business	-	1	1	-	1	3 (6%)
3.	Supermarkets stores are temporary they will not last longer	-	-	-	1	-	1 (2%)
4.	Supermarket stores is the way to be in future	4	2	2	4	3	15 (30%)
5.	I have a set of loyal/Regular customers that will not change even if new, more modern stones come in	2	2	3	5	3	15 (30)
6.	DK/Cs	2	3	1		2	8 (16%)

cent of retailers are not in favour of opening of more supermarkets and most of them strongly opined that though supermarket is giving quality products compared to unorganised outlets but at the same time it is affecting the small retailers badly leading to unemployment and problems for the consumers as well.

In Himayatnagar 60 per cent of consumers followed by 50 per cent both in Dilsukhnagar and Mehdipatnam are in favour of opening of more organised outlets and most of them do shopping in organised retail also. It can also be observed that 35per cent of consumers in Kukutapally also are in favour of starting more organised retail stores. Thus majority of the consumers want more organised outlets though it effects the unorganised sector.

Perception of consumers on the location of unorganised outlets :

Location generates competitive advantage for unorganised retailers. Most of the consumers who do shopping from unorganised outlets come by walk. It is seen from the Table 4 that Only 24 per cent do shopping by using bike and 23 per cent by using their bicycle. About 3 per cent consumers comes by auto. This indicates that location is a major factor for shopping in unorganised outlets. Among the sampled consumers many have reported that organised retail to be good compared to unorganised retail but due to difficulty in easy accessibility they do shopping in unorganised outlets (Sachdeva and Tripathi, 2008 and Uusitalo, 2001).

Future plan for the business :

Small retailers attitude towards their children taking in business :

It is observed from the Table 5 that, only 20 per cent of the retailers are willing to involve their children into the same business. Whereas, 50 per cent of retailers

Table 3 : Attitude of consumers towards opening of more organized outlets

Sr. No.		Area of study					
		Tarnaka	Mehdipatnam	Himayatnagar	Kukutapally	Dilsukhnagar	Total
1.	Yes	9	10	12	7	10	48 (48%)
2.	No	5	4	2	6	5	22 (22%)
3.	Don't know	6	6	6	7	5	30 (30%)
	Total	20	20	20	20	20	100 (100%)

Figures in the parenthesis indicate percentages to the total

Table 4 : Location advantage for unorganized retailers

Sr. No.	Education level	Area of study					
		Tarnaka	Mehdipatnam	Himayatnagar	Kukutapally	Dilsukhnagar	Total
1.	By walk	16	7	10	12	6	51 (51%)
2.	Scooter/Bike	1	8	4	3	8	24 (24%)
3.	Bicycle	3	3	6	5	6	23 (23%)
4.	Auto	-	2	-	-	1	3 (3%)
5.	Car						
6.	Bus						
	Total	20	20	20	20	20	100 (100%)

Figures in the parenthesis indicate percentages to the total

Table 5 : Attitudes of retailers towards children taking in business

Sr. No.		Area of study					
		Tarnaka	Mehdipatnam	Himayatnagar	Kukutapally	Dilsukhnagar	Total
1.	Definitely taking my children to continue the same business.	2	1	3	2	2	10 (20%)
2.	I want my Children to continue business but will leave choice to them	4	6	6	5	7	28 (56%)
3.	I would Encourage them to take other business	3	1	1	2	1	8 (16%)
4.	Don't Know / Can't say	1	2	-	1	-	4 (8%)
	Total	10	10	10	10	10	50 (100%)

Figures in the parenthesis indicate percentages to the total want to leave the decision to their children. Only 8 per cent of the retailers will persuade their children to take other business (Goswami and Mishra, 2009).

Readiness of the retailers to take bank finance :

The study conducted on the willingness of retailers to take bank finance revealed that 62 per cent of the retailers are willing to take bank finance if it is easily available; about 77 per cent retailers want to invest the bank finance to expand the business and to add more service to the same business. Only 10 per cent of retailers want to move out of this business and will start new business. Only 3 per cent of the retailers want to start other business along with the current business.

It can also be observed from the Table 6 that in Tarnaka and Dilsukhnagar, 70 per cent of the retailers are willing to take the bank finance. 50 per cent of the retailers in both Tarnaka and Kukutapally 60 per cent of retailers in Dilsukhnagar want bank finance to expand their existing business and to add more services in business. Only 1 retailer was found in Mehdipatnam who wants to start other business along with the current business.

Response of small retailers about their business :

Despite the negative impact on small retailers a large number of unorganized retailers showed their determination to continue in the same business. It can easily be understood from their response with regard to the need for making suitable changes to keep up with the changing times. It is observed from the Table 7 that, nearly 60 per cent of the retailers responded to change their business with modern times. Only 7 per cent out of retailers felt that there is no need to change their business. Similar work related to the present investigation was also carried out by Kalhan (2007); Markin (1982); Miranda *et al.* (2005); Nimaiya (2006); Rathnayake *et al.* (2007); Sinha and Banerjee (2004) and Sule *et al.* (2009).

Table 6 : Readiness of retailers to take bank finance

Sr. No.		Area of study					
		Tarnaka	Mehdipatnam	Himayatnagar	Kukutapally	Dilsukhnagar	Total
1.	Proportion of retailers taken bank finance last years	4	3	1	3	3	14
2.	Willingness to take credit						
3.	Yes	7	6	5	6	7	31 (62%)
4.	Don’t’ know	3	4	5	4	3	19
5.	If yes						
6.	Will start other business along with current business	-	1	-	-	-	1 (3%)
7.	Expand and more service I will add to business	5	3	5	5	6	24 (77%)
8.	I will get out of this and start something new	1	2	-	-	-	3 (10%)
9.	Never though of expanding business even I got finance	-	-	-	1	1	2 (6%)
10.	Don't know	1	-	-	-	-	1 (3%)

Figures in the parenthesis indicate percentages to the total

Table 7 : Response of the small retailers about their business

Sr. No.		Area of study					
		Tarnaka	Mehdipatnam	Himayatnagar	Kukutapally	Dilsukhnagar	Total
1.	Want to change business practice with modern times	7	5	5	7	6	30 (60%)
2.	Don't think there is any need to change my business	-	2	2	2	1	7 (14%)
3.	Do not have resource to change business	2	3	3	1	2	11 (22%)
4.	Can't say/Don't Know	1	-	-	-	1	2 (4%)
	Total	10	10	10	10	10	50 (100%)

Figures in the parenthesis indicate percentages to the total

Summary and conclusion :

The present study was conducted with the mentioned objectives :

– To study the perceptions of respondents towards the supermarket in the selected area.

– To study the future strategies of small retailers in the selected area.

Hyderabad city in Andhra Pradesh is identified for the study as there is fast growth of big retail giants over the last decade. About 5 major centres *viz*., Dilsukhnagar, Kukutapally, Tarnaka, Mehdipatnam, and Himayatnagar were selected for the study. From each centre, 10 kirana stores and 20 consumers *i.e*. from every store 2 consumers have been selected randomly. The study is conducted on 100 consumers and 50 retailers. Primary and secondary data was collected for the study. A suitable questionnaire was designed to collect information from the retailers as well as consumers separately. The data was analysed to fulfil the objectives using appropriate quantitative tools and techniques.

Among the 100 sampled retailers, 54 per cent of are unsure about the future of business. Whereas 40 per cent are sure that in future, business will grow and only 6 per cent viewed that business will not grow.

Out of total 50 sampled retailers, 30 per cent of retailers predicted that supermarket will be the way in future. Whereas 30 per cent of retailers expect that only loyal customers will not shift to supermarket and 14 per cent expressed that there will not be any change from the present situation.

About 48 per cent of the consumers are in favour of opening of more organised outlets, whereas 22 per cent are not in favour and 30 per cent of consumers are in favour of expanding unorganised as well as organised outlets.

About 20 per cent of the retailers were willing to involve their children in the same business, whereas 56 per cent retailers left the choice to their children and 8 per cent of retailers preferred other businesses for their children.

About 62 per cent of the retailers are in favour of taking bank finance. Among them 77 per cent wants them to expand the business and 10 per cent of retailers want to use it to start other business.

About 60 per cent of retailers are ready to renovate their business to suit present needs whereas 7per cent feel that there is no need to change their business.

Major findings of the study :

– Majority of the retailers, are unsure about the future of business and only few of the retailers think that business will not grow.

– Most of the retailers predicted that supermarket will be the way in future.

– Majority of the consumers are in favour of opening of more organised outlets and at the same time consumers are in favour of expanding Unorganised sector also.

– Because most of the retailers are unsure about the future of business, only few no. of retailers are willing to involve their children in the same business, whereas majority of them left the choice to their children.

– Majority of the retailers are in favour of taking bank finance to expand the existing business, though unsure about the future of business. Only few of them wants to use it to start other business.

– Many of the retailers think that there is a need to renovate their business, therefore Majority of the retailers are ready to renovate their business to suit present needs to compete with the organised retailers.

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