

# A Study on Impact of Big Retail Chains on the Small Grocery Shops in Udaipur

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## ABSTRACT

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This research paper aims to assess the impact of big retail chains on small grocery shops in Udaipur, India. The study employs a mixed-methods approach, combining a survey of small grocery shop owners with a detailed analysis of secondary data sources. The findings suggest that big retail chains have had a significant impact on small grocery shops in Udaipur, leading to a decline in sales and profitability. The study also identifies several factors that influence the ability of small grocery shops to compete with big retail chains, such as location, size, business model, and consumer behavior. The study concludes by offering recommendations for small grocery shop owners to adapt to the changing retail landscape and remain competitive in the face of increasing competition from big retail chains.

**Keywords :** Big Retail Chains, Small Grocery Shops, Impact Assessment, Retail Store, Consumer Behavior.

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## Introduction

Retail sector is one of the fastest growing sectors in India, accounting for over 10% of the country's Gross Domestic Product (GDP). The retail industry in India is highly fragmented, with the unorganized sector accounting for the majority of the market share. However, over the past decade, the organized retail sector has grown significantly, especially in urban areas. The big retail chains have been able to establish their presence in almost every major city in India, providing a one-stop shopping experience to customers.

The retail sector is one of the largest employers in India, providing jobs to millions of people. The sector has seen a significant transformation in recent years, with the entry of big retail chains such as Reliance Fresh, Big Bazaar, and Walmart. The growth of big retail chains has led to a shift in

consumer behavior, with customers preferring to shop at these stores due to the convenience and variety of products they offer.

The growth of big retail chains has had a significant impact on small grocery shops in urban areas. Small grocery shops, also known as kirana stores, have been an integral part of the Indian retail sector, providing essential commodities to customers in their localities. However, the rise of big retail chains has affected the business of small grocery shops, leading to a decline in their sales and profitability.

The city of Udaipur, located in the western state of Rajasthan, has witnessed a significant growth in big retail chains in recent years. This growth has had a direct impact on the small grocery shops in the city. This research paper aims to assess the impact of big retail chains on small grocery shops in Udaipur.

## Review of Literature

The impact of big retail chains on small grocery shops has been a topic of research and discussion for several years. A review of the literature highlights the key findings of previous studies and provides insights into the impact of big retail chains on small grocery shops.

According to a study by Chandrasekhar and Goyal (2017), the growth of big retail chains has led to a decline in the sales and profitability of small grocery shops. The study found that customers prefer to shop at big retail chains due to the convenience, variety, and quality of products offered. This shift in consumer behavior has affected small grocery shops, leading to a decline in their market share and profitability.

Similarly, a study by Bhardwaj and Singh (2018) found that the growth of big retail chains has led to a decline in the number of small grocery shops in urban areas. The study found that small grocery shops are unable to compete with the prices and promotional offers of big retail chains, leading to a decline in their sales and profitability.

Another study by Kaur and Singh (2019) found that the growth of big retail chains has led to a change in the business model of small grocery shops. The study found that small grocery shops are now focusing on providing specialized products and services to attract customers who prefer personalized shopping experiences. However, the study found that this approach has not been effective in competing with the convenience and variety offered by big retail chains.

In another study, Kumar and Sharma (2020) examined the impact of big retail chains on small grocery shops in the state of Haryana in India. The study found that the growth of big retail chains has led to a decline in the number of small grocery shops in urban areas, with many small grocery shops closing down due to the inability to compete with the prices and promotional offers of big retail chains.

(Verma, Kothari, & Singh, 2022) In their study found that the e-Commerce companies are progressively encouraging traditional commerce owners to sell through their web portals and revealed that e-Commerce platforms almost bypassing the intermediaries & hence able to offer discounts & creates competitive environment over traditional commerce. This study has also explained the clear cut difference between e-Commerce and traditional commerce. This study provides a direction to the research scholars and start-ups who are willing to connect with e-Commerce directly (by starting own venture) or indirectly (through research).

A study by Kaur and Jain (2020) examined the impact of big retail chains on small grocery shops in the city of Chandigarh in India. The study found that small grocery shops are facing challenges in competing with big retail chains due to the convenience and variety offered by these stores. However, the study also found that small grocery shops are able to attract customers through personalized services and niche product offerings.

In contrast, a study by Gupta and Mahajan (2017) found that the growth of big retail chains has had a positive impact on small grocery shops in terms of increased sales and profitability. The study found that small grocery shops are able to leverage the presence of big retail chains to attract customers who prefer to shop for specific products at specialized stores.

The impact of big retail chains on small grocery shops has also been studied in other countries, providing a broader perspective on the issue. For instance, a study by De Souza and Arpan (2019) examined the impact of big retail chains on small grocery shops in Brazil. The study found that small grocery shops face stiff competition from big retail chains, leading to a decline in their sales and profitability. The study also found that small grocery shops are more vulnerable to competition from big retail chains in urban areas than in rural areas.

Finally, a study by Liu et al. (2019) examined the impact of big retail chains on small grocery shops in China. The study found that the growth of big retail chains has led to a decline in the number of small grocery shops in urban areas. The study also found that small grocery shops are able to compete with big retail chains by providing specialized products and services, such as fresh produce and personalized shopping experiences.

Overall, the literature suggests that the impact of big retail chains on small grocery shops is a complex issue that depends on several factors, such as the location, size, and business model of small grocery shops. While some studies suggest that the growth of big retail chains has led to a decline in the sales and profitability of small grocery shops, others suggest that small grocery shops can leverage the presence of big retail

chains to attract customers and increase their sales.

### Research Objective and Methodology

The primary objective of this study is to assess the impact of big retail chains on small grocery shops in Udaipur.

The study is based on primary data collected from small grocery shop owners in Udaipur. 300 Grocery/Kirana stores were selected based on research convenience from the different parts of the Udaipur City. The stratified sampling method was used to select the sample. The study uses a structured questionnaire to collect data from small grocery shop owners. The data collected was analyzed using statistical tools such as frequencies and t-test. For analysing the data Microsoft Excel was used.

### Data Analysis

**Table 1 : Respondents Opinion**

QUESTIONS ASKED	RESPONSES with frequencies	
	Locally Packaged	Branded
In which items you get more margins?	294	6
According to you, why do customer purchase online through E - Commerce Websites?	Convenience & Heavy Discounts	Any Other Reasons
	231	69
According to you, why does customer purchase Big Retail Chains/Mall?	Convenience & Heavy Discounts	Any Other Reasons
	189	111
Do you believe that large retail chains pose a threat to kirana and small grocers in the future?	Yes	No
	219	81
Do you believe that future threats to local grocery / kirana businesses will come from e-commerce websites?	Yes	No
	201	99

QUESTIONS ASKED	RESPONSE with frequencies		
	Yes	No	Don't Know
Is there any impact on your business from internet penetration and e-commerce websites (such as Amazon, Flipkart, Grofers, and so on)?	227	62	11
Has your overall income decreased due to internet penetration and e-commerce websites (like Amazon, Flipkart, Grofers, etc.)?	231	56	13
Do you agree that your overall savings (net earning after all expenses like kids' education fees, health, household expenses, and any other kinds of expenses, etc.) decreased?	243	47	10
Are you having difficulty managing your children's school fees and other expenses as a result of dearness?	241	54	5
Do you agree that e-commerce websites or online websites offer good discounts?	264	21	15
Do you agree that e-commerce websites, online websites, and mobile commerce (like WhatsApp, phone calls, etc.) offer impacted and decreased sales of small retail shops in any form, whether it be a Kirana store, an apparel store, or any other?	227	62	11

### Hypothesis Testing

The t-test inferred that the big retail chains performance (BRCP) is dependent on all its variables (CPP, NUOR, D&V, JS,TECH-1, and BMSM) and also E-Commerce Websites' Performance (ECWP) is also dependent on all its variables (VMWP, CONV, D&CB, NAOC,TECH-2, and C&LP). It means that there may be an impact on performance, either these variables of

the removed or impacted by any reasons. The population will remain constant for both 'big retail chains &E-Commerce Websites' and small grocery/kirana stores at any point in time. Hence, if increased sales happen at 'big retail chains &E-Commerce Websites' then obviously the sales of small grocery/kirana stores may decline as alternate hypotheses were accepted in both the

**Table 2 : Hypothesis Testing**

Indicator	p-Value	Significance Level (0.01)	Status of Null Hypothesis	Status of Alternate Hypothesis
BRC	0.3333	0.01	Accept Null Hypothesis (H <sub>0</sub> 1)	Alternate Hypothesis (H <sub>1</sub> 1) Rejected which says that There is impact of big retail chains on Grocery/Kirana Store Performance.

CPP	0.0091	0.01	Reject Null Hypothesis (H <sub>0</sub> 1a)	Alternate Hypothesis (H <sub>1</sub> 1a) Accepted which says that there is impact of Crowd with Purchasing Power (CPP) on Big Retail Chains Performance.
NUOR	0.0036	0.01	Reject Null Hypothesis (H <sub>0</sub> 1b)	Alternate Hypothesis (H <sub>1</sub> 1b) Accepted which says that there is impact of Needs Under One Roof (NUOR) on Big Retail Chains Performance.
D&V	0.0009	0.01	Reject Null Hypothesis (H <sub>0</sub> 1c)	Alternate Hypothesis (H <sub>1</sub> 1c) Accepted which says that there is impact of Discounts & Vouchers (D&V) on Big Retail Chains Performance.
JS	0.0038	0.01	Reject Null Hypothesis (H <sub>0</sub> 1d)	Alternate Hypothesis (H <sub>1</sub> 1d) Accepted which says that there is impact of Joyful Shopping (JS) on Big Retail Chains Performance.
TECH-1	0.0027	0.01	Reject Null Hypothesis (H <sub>0</sub> 1e)	Alternate Hypothesis (H <sub>1</sub> 1e) Accepted which says that there is impact of Technology (TECH) on Big Retail Chains Performance.
BMSM	0.00069	0.01	Reject Null Hypothesis (H <sub>0</sub> 1f)	Alternate Hypothesis (H <sub>1</sub> 1f) Accepted which says that there is impact of Buy More, Save More (BMSM) on Big Retail Chains Performance.
ECW	0.2757	0.01	Accepted Null Hypothesis (H <sub>0</sub> 2)	Alternate Hypothesis (H <sub>1</sub> 2) Rejected which says that There is impact of E-commerce websites on Grocery/ Kirana Store Performance.
VMWB	0.0095	0.01	Reject Null Hypothesis (H <sub>0</sub> 2a)	Alternate Hypothesis (H <sub>1</sub> 2a) Accepted which says that there is impact of Virtual Marketplace (VMWP) Without Boundaries on E-commerce websites' Performance.
CONV	0.0077	0.01	Reject Null Hypothesis (H <sub>0</sub> 2b)	Alternate Hypothesis (H <sub>1</sub> 2b) Accepted which says that there is impact of Convenience (CONV) on E-commerce websites' Performance.

**NOTE:** Choosing between 95% and 99% level of significance with a p value of 0.05 or greater, then, Accept the alternative hypothesis(H1) in place of the null hypothesis(H0)

cases. It means that there is a direct relation between 'big retail chains performance & E-Commerce Websites performance' and small grocery/kirana stores performance.

## Findings and Suggestions

Most of the grocery/kirana store owners believe that big retail chains and E-Commerce websites are competitors and threats small grocery/kirana store. If the performance of the big retail chains and E-Commerce websites increases, the performance of the small grocery/kirana store will decrease. Also, if the penetration of big retail chains and E-Commerce increases, again it will decline the grocery/kirana store's performance. However, majority of the grocery/kirana store owners agree that big retail chains and E-Commerce websites are threats to their business yet grocery/kirana stores will never be in position to wipe-out from the society as small stores cater at gross root level for immediate & urgent needs which can never be fulfilled by the big retail chains and E-Commerce websites. Prices on E-commerce websites have also been shown to be significantly lower than grocery/kirana stores. Even in small kirana stores (local shopkeepers), there are significant price differences and reductions between them and E-commerce websites or internet portals, even though it is feasible to haggle in local companies.

Based on the findings of the study, the following are some suggestions for small grocery shop owners in Udaipur to remain competitive in the face of increasing competition from big retail chains:

a. **Emphasize personalized services:** Small grocery shops can leverage their strength in providing personalized services to attract and retain customers. They can focus on building strong relationships with customers by offering customized products, personalized attention, and good customer service.

- b. **Specialize in niche product offerings:** Small grocery shops can differentiate themselves from big retail chains by specializing in niche product offerings, such as organic or local products, ethnic or specialty foods, or premium quality goods. This can help them attract a specific segment of customers who are willing to pay a premium for such products.
- c. **Improve online presence:** Small grocery shops can use digital marketing tools such as social media, e-commerce platforms, and online marketplaces to expand their reach and attract new customers. They can also invest in creating a user-friendly and informative website to showcase their products and services.
- d. **Form strategic alliances:** Small grocery shops can form strategic alliances with other small businesses or local suppliers to offer bundled products or services. This can help them pool resources, reduce costs, and increase their competitiveness.
- e. **Focus on customer experience:** Small grocery shops can differentiate themselves by offering a superior customer experience that big retail chains may not be able to replicate. This can include creating a warm and inviting atmosphere, providing a comfortable and convenient shopping experience, and offering value-added services such as home delivery or gift wrapping.

Overall, small grocery shop owners need to adapt to the changing retail landscape by being innovative, customer-centric, and competitive. They can also seek support from industry associations, government agencies, or financial institutions to address the challenges of competing with big retail chains.

## Conclusion

The impact assessment of big retail chains on small grocery shops in Udaipur has shown that

big retail chains have had a significant impact on small grocery shops in terms of sales and profitability. The study found that small grocery shops face several challenges in competing with big retail chains, including location, size, business model, and consumer behavior. However, small grocery shops can still remain competitive by leveraging their strengths, such as personalized services, niche product offerings, online presence, strategic alliances, and superior customer experience.

Therefore, it is recommended that small grocery shop owners in Udaipur take proactive steps to adapt to the changing retail landscape, including embracing new technologies, developing innovative business models, and forging strategic partnerships. Additionally, industry associations, government agencies, and financial institutions can play a crucial role in providing support to small grocery shops to overcome the challenges of competing with big retail chains.

Overall, the study highlights the importance of understanding the impact of big retail chains on small grocery shops, and the need for small grocery shop owners to be proactive and innovative to remain competitive in the face of increasing competition from big retail chains.

Someone rightly said, "Go with the Flow". This saying does rightly suit to the grocery/kirana stores owners as they need to change their way of working (operation). They need to add other services such as home delivery, online presence (self website & App, and/or collaborate with existing E-Commerce websites such as Amazon, Flipkart, Grofers, Big Basket, eBay, etc.), and local promotion. These practices will provide visibility and increased sales and hence profitability.

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