

## **Consumer Behaviour Towards Retailing In India: Post Pandemic**

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### **Abstract**

In this midst of Covid -19 Pandemic during lockdown period from 25 March 2020 consumers were restricted with respective regional area and time period. In such pandemic restricted situation consumers preferred to purchase from convenient stores or Kirana Stores (Mom and Pop Stores) for mostly grocery and food items. The Indian organized retailer has been looked as predator to Kirana Stores survival still not marked its presence in terms of market share. In fact during lockdown demand was high and Kirana stores were matching their best to supply from distributor. The present study has been conducted to understand current service operations of unorganized retail (Kirana Stores) in lockdown restrictions due to Covid-19 Pandemic in Navsari City. The study also finds trend line for organized retail revenue to investigate impact of Covid-19 Pandemic. The qualitative research has been conducted by primary data collected through exploratory open-ended interview method for unorganized sector. The non-probability convenience sampling is used to take sample of 50 Kirana stores in Navsari District. The secondary data of previous six financial year's revenue respectively studied to find a linear trend line. The R Square value is calculated to know fitness of estimated trend line values with actual data.

**Keywords:** Pandemic Covid-19, Organized Retailing, Unorganized Retailing, Consumer Behaviour

### **1. Introduction**

India is having one or more mom and pop shop (small or average size Kirana Store) in each locality which is well supported by Nielson that there are more than 6.65 million Kirana stores in India as on February 2020. During the lockdown in Covid-19 Pandemic people relied on Kirana stores in their locality and at that time retail giants like Big Bazaar, Reliance Fresh, D-Mart, V-Mart were restricted. In fact during lockdown demand was high and Kirana stores were matching their best to supply form distributor. The Kirana store owner and staff serves to local area so build relationship with a consumer; Even in Pandemic they have not taken the advantage of situation by increasing price which gives them back at their space in heart of consumer. They served beyond limit by doing home delivery in midst of manpower challenges. Usually Kirana Store keeps home, personal, medical, and hygienic daily used products; dairy products; packaged food also. Kirana stores mostly deals in cash but in some cases they keep a book for regular or loyal customer entry that pays them monthly. The Kirana stores have adopted digital payment through Google pay, Paytm, UPI

Payments. In recent time it can be observed on Kirana stores they have started keeping some reputed and direct chain cosmetics products too.

## **2. Significance of the Study**

In such pandemic restricted situation consumers preferred to purchase from convenient stores or Kirana Stores (Mom and Pop Stores) for mostly grocery and food items. Store-based retailers such as modern grocery retailers are expected to look towards second- and third-tier cities for growth opportunities, due to rising maturity in metropolitan and first-tier cities. Kirana stores in combat to which adopted merchandizing, home delivery and digital payment modes to deal with big retail giants or more we can say for survival. In the other hand COVID-19 has temporarily slowed down many expansion plans, second- and third-tier cities will remain lucrative areas for expansion for chained retailers moving forward, as these cities have very low penetration of organised retailing. **(Euromonitor International, 2021)** However second wave of Covid-19 has again not helped to take that grip of sales. April 2021 onwards most of the states in India again put lockdown. The predications for 2021 years slowed as covid-19 second wave effect.

All the efforts which were taken towards acquiring market share from local Kirana stores will need to refresh to fight battle again with more challenges. The Consumer again got connected to their near Kirana stores which were a way more helpful in pandemic restriction.

## **3. Review of Related Studies**

Citing recent research work related to performance of Kirana stores in pandemic. In a study the insights gathered through 27 qualitative interviews conducted across 12 cities, 5 metros and 7 non-metros in India to know impact of pandemic covid-19 on Kirana stores. Covering a wide segment of the market, this study explored the role of Kirana stores in the daily life of a consumer during the COVID economic depression. Research outcomes asserted that Kirana stores have emerged as local saviour during this time of crisis. The pandemic lockdown restrictions consumers have turned to their local Kirana stores for their requirements. The day to day life of a Kirana store owner has undergone a huge change to keep up with changing and sudden upsurge in demands of the crisis. Kirana stores operated and in fact in current scenario working within a restricted time window during the early hours of the morning. They also have to make multiple journeys for stock purchases as their distributors have stopped delivery services. Kirana store owners' relationships with their various stakeholders have changed positively and negatively as situation demand. The lockdown has also brought shift in consumer's behaviours, with new demands and increasing adaptability. Innovation and digital adopted by Kiranas helped them to changing operating models and reduced friction towards technology. Many FMCGs and Start-ups has working on bringing innovation to tackle supply chain, delivery, payment and credit issues of Kirana stores. Some of these trends will last beyond the lockdown to sustainable market for Kirana's. The positive attitude created in favour of the Kiranas in the minds of consumers, collective purchasing via societies and Resident Welfare Associations (RWAs) and close association with digital partners is likely to continue. The Kirana store has huge potential for growth based on their closeness (frequency of connect and importance), direction of relationship (positive, negative or neutral), and whether they exist on a digital platform

or not. Consumers are the closest because that is the most important node in the sustainability of the Kirana. **(Makhija, 2020)**

A steep rise in sales of necessity goods from Kirana stores has been observed in Mid-March 2020 round about 30 percent on initial days of lockdown and further 30 percent rise in end of month. This statistics were reported by SnapBizz. SnapBizz is supported by venture capital firms such as Jungle Ventures, Taurus, Blume Ventures and strategic investors such as Nielsen, Qualcomm, AUO and Ratan Tata. Their research report highlighted the consumer buying pattern during the Pandemic Covid-19. This report indicated increase in sale is due to restaurant restrictions and people tend to focus more on their cooking skills as a leisure activity also. The stores pushed premium products to take advantage of this trend to get margins. The study found decline in Kirana stores operating timing due to lockdown with major reason of police interference, lack of staff or supplies. **(Kurup, 2020)** SnapBizz Founder and CEO Prem Kumar has quoted that in this current time of lockdown, we witnessed the steady and continued operations of local Kirana stores. This Kirana stores have been trying their best to keep their stores open, selling whatever they have been supplied with at best prices without taking advantage of the situation. **(Snapbizz, 2020)**

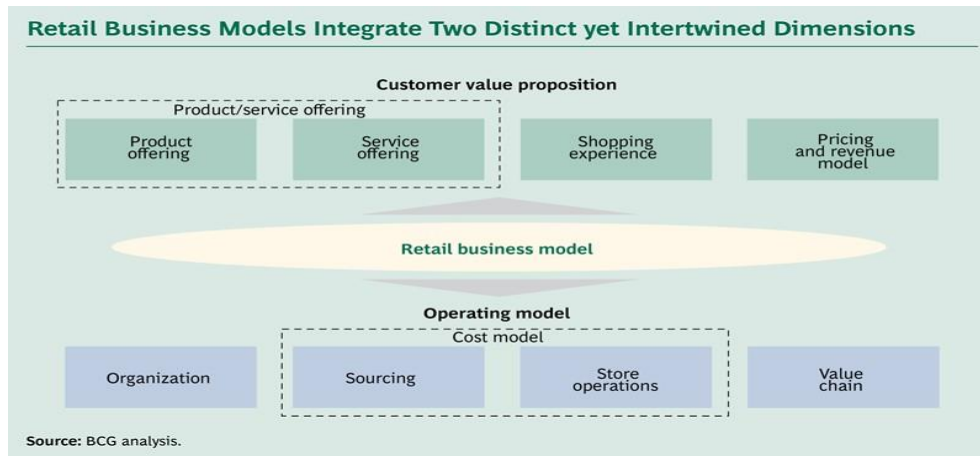
The COVID-19 lockdown has caused massive disruption in the food and grocery supply chain. Not only are manufacturers and distributors were finding it difficult to supply products to retailers, but also the e-commerce grocers are unable to meet the heightened demand. Kirana stores taken appreciable efforts to make continuous supply to consumers by physical picking up supplies early in morning directly from distributors as most of big companies were not sending their distributors. Amul MD also agreed (an interview excerpts from secondary data) that Kirana stores are physically picking up products from our warehouses and distributors. This huge efforts has made grocery shopping in Kirana stores during the lockdown witnessed a 39 per cent growth, as per a recent report on Indian food retail by McKinsey during the COVID-19 pandemic. The McKinsey report also showed a distinct trend of consumers willing to go out of their comfort zone to try out newer products and brands. Over 65 per cent of consumers have switched from their regular brands whatever may the reason non-availability or else. Interview excerpts of Arvind Mediratta CEO of Metro Cash and Carry, in with Business Today quoted that COVID-19 has compelled consumers to try out newer brands. For instance at Kirana stores, loyal consumers of brands such as ITC's Aashirvad Atta are also open to buying the unbranded Atta sold by the grocer. This is mainly due to the unavailability of their preferred brands. However the McKinsey reported that 89 per cent of the respondents would go back to the brands they usually purchased. **(Shashidhar, 2020)**

Digitisation initiatives by the government, large e-commerce companies, and other private players and identifies current concerns over technology adoption among Kirana store proprietors. It recommends that Kiranas be digitised through the 'Phygital' (Physical plus Digital) model, or by aiming for convergence with large retailers and e-commerce companies. **(Preeti Kapuria, 2021)**. All Kirana stores that modernized to keep pace with consumer preference for modern formats has able to take significant benefits in terms of sales, product category growth, and better cost management in current pandemic situation. The gains from transforming an informal sector into an organized one are considerable whether it the increase in tax collection, the growth of local businesses or the positive impact on rural consumption and GDP. The surge of consumer purchases from local Kirana stores during the national lockdown in the COVID-19 pandemic strengthens the need for their

modernization. Indian retail industry needs to expedite the modernization of the small retail formats in a sustainable manner for making this huge unorganized sector more towards organized. (B.S. Nagesh, 2021).

#### 4. Theoretical Framework:

The elements of retail business model given by (Patricio Ramos, 2010) The Boston Consulting Group's analysis as follows:



**Source:** <https://www.bcg.com/publications/2010/strategy-elements-retail-business-model>

Retailers (organized or unorganized both) sometime focus more on delivering a competitive value proposition to the customers. The value proposition is not a onetime decision you need to continuous work on improving value proposition with shifts in the market. The most successful retailers make significant improvements in their operating model as well along with value proposition because the value proposition and operating model together are responsible for the entire business model's success. The value proposition is the unique bunch of benefit or offer the company makes to its customers. It includes the following elements: The product or service, including the depth and breadth of product variety, private-label options and product quality the unorganized retail here expanded their merchandizing to meet with organized retail. In the COVID-19 pandemic consumers' shift to private labels has been seen as per literature review due to non-availability or supply of brands they usually buy. It has been cited that consumer shifted from their loyal brand to Ashirwad Atta (Wheat Flour) to local or private label Atta (Wheat Flour) available at Kirana stores meantime. The customer's shopping experience, including the physical layout of the store and the arrangement of merchandise. In the COVID-19 pandemic due to restriction and social distancing rule service rate was become an important aspect. How fast to serve customers' in a queue defines your likability and the pricing and revenue model, including the pricing strategy (such as high-low or everyday low prices for example offered by Big Baazar, DMart etc.) and value-added services, such as free delivery. In this aspect one can say organized retail has an advantage over unorganized retail. Although earlier the Kirana stores also started free delivery services. In the COVID-19 pandemic unorganized sector capitalized on convenience factor. The operating model supports the value proposition by enabling the retailer to fulfil its promise of benefits offered to its customers. The

operating Model includes the cost model (sourcing and store operations), the value chain structure (degree of integration with suppliers and logistics, for example), and the organizational processes.

(Patricio Ramos, 2010) recommended that a retailer should begin optimizing its business model by using effective “customer discovery” techniques to identify what its target customers like and dislike in the product and shopping experience, as well as their shopping patterns over the time. It can then develop a value proposition that serves those target customers and an operating model that enables the company to effectively deliver designed value proposition. A business model developed in this way adopts with changes in the environment and the value proposition continues to be aligned with the needs of consumers such environment as COVID-19 Pandemic.

### 5. Objectives of the Study:

- To understand current service operations of unorganized retail (Kirana Stores) in lockdown restrictions due to Covid-19 Pandemic in Navsari City.
- Find trend line for organized retail revenue to investigate impact of Covid-19 Pandemic.

### 6. Population And Sample

The qualitative research is conducted by primary data collected through exploratory open-ended interview method for unorganized sector. The non-probability convenience sampling is used to take sample of 50 Kirana stores in Navsari District. The research is conducted in Navsari; tier-3 city.

#### 6.1. Statistical Techniques Used in the Present Study

The primary data of 50 kirana stores in Navsari district is analyzed qualitatively. The secondary data of previous six financial year’s revenue respectively studied to find a linear trend line. The R Square value is calculated to know fitness of estimated trend line values with actual data.

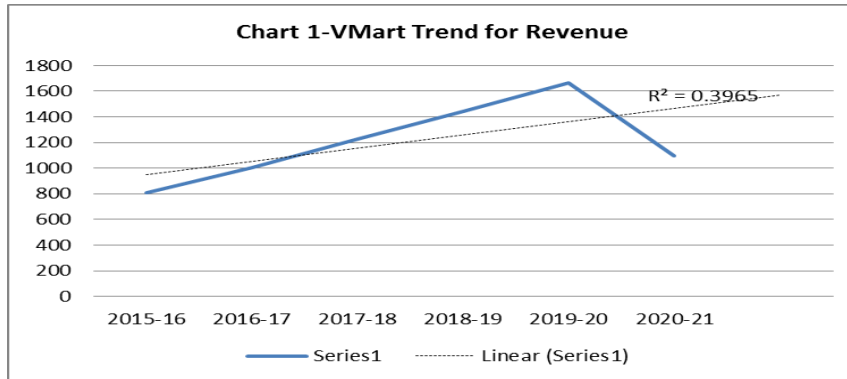
#### 6.2. Data Analysis and Interpretation

The secondary data on revenues from Annual Report of organized retailers Reliance Retail, Future Retail, Avvenue Retail-DMart, VMart has collected from their respective website. The previous six financial years (exhibit in Table-1) has been considered to find a linear trend line.

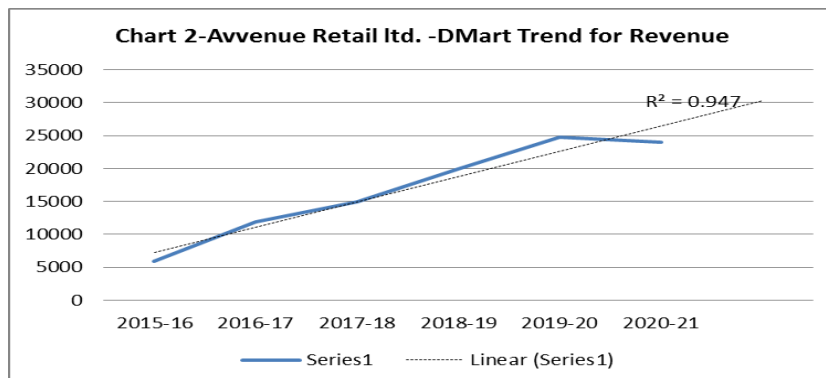
**Table-1** Revenue Data Previous Six Financial Years

Financial Year	Reliance Retail revenue in Rs. Crore	Future Retail Ltd. revenue in Rs. Crore	avvenue retail ltd. (Dmart) revenue in Rs. Crore	Vmart revenue in Rs. Crore
2015-16	21612	6845	5875	808
2016-17	33765	17075	11881	1005
2017-18	69198	18478	15009	1227
2018-19	130566	20165	19916	1440
2019-20	162936	20118	24738	1667
2020-21	153818	6261	23996	1097

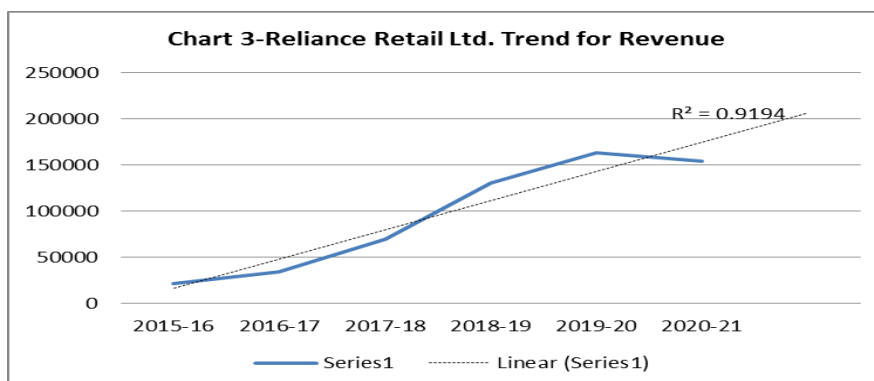
The Chart 1 VMart linear trend line for revenue shows a positive increase in sales over six Financial Year and the  $R^2$  value of 0.3965 indicates a fair fit of the estimated trend line values to the actual data as  $R^2 > .35$  in social science research is meaningful. One can observe impact of Covid-19 on revenue in 2020-21 financial year as sales are decreased considerable.



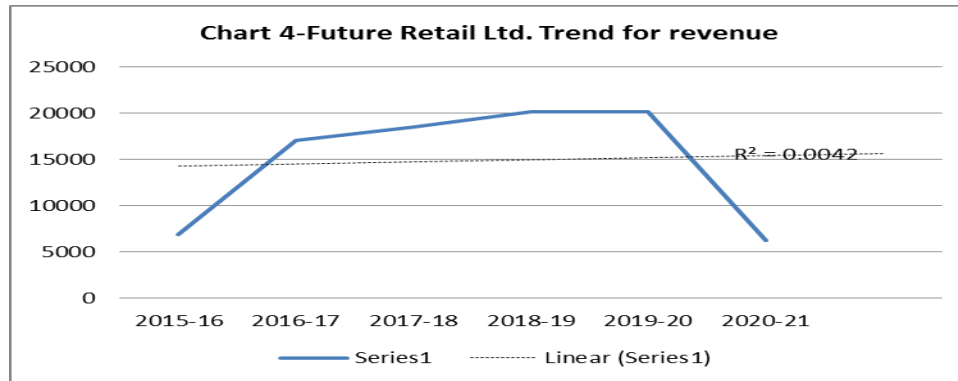
The Chart 2 DMart linear trend line for revenue shows a steep increase in sales over six Financial Years and the  $R^2$  value of 0.947 indicates a good fit of the estimated trend line values to the actual data. One can observe impact of Covid-19 on revenue in 2020-21 financial year as sales slight decreased.



The Chart 3 Reliance Retail Ltd. linear trend line for revenue shows a steep increase in revenue over six Financial Years and the  $R^2$  value of 0.9194 indicates a good fit of the estimated trend line values to the actual data. One can observe impact of Covid-19 on revenue in 2020-21 financial year as sales decreased.



The Chart 4 Future Retail Ltd. linear trend line for revenue shows an ordinary increase in revenue over six Financial Years and the  $R^2$  value of 0.0042 indicates poor fit of the estimated trend line values to the actual data. One can observe impact of Covid-19 on revenue in 2020-21 financial year as sales decreased drastically. Thus trend line of revenue shows rise for organized retailing sector with significant variance however there is sales dip in 2020-21 due to pandemic covid-19 lockdown restrictions and limited accessibility.



Primary data collected indicates that majority of Kirana stores (Mom and Pop Stores) having rush during lockdown open timings slots. They give a hesitant agreement that there is increase in demand and they have to be in continuous tracking with suppliers. Kirana stores closed entries of people within stores with obstacles like table. It can be observed white circle marks for standing in queues outside stores to maintain social distancing. Kirana stores encourage people to bring list of items they want to purchase in advance for easy functioning. Usually all Kirana stores have UPI Payment method which is best contactless payment suitable for today's tech savvy generation.

## 7. Recommendations

- Mom and Pop stores (Kirana Stores) adopted digital payment and merchandise expansion to deal with organized retail. Hence Kirana stores should continue dealing with merchandise and other services.
- Kirana stores need to focus on staffing to Deal with more customers than expected in like pandemic or prime hours.
- Retail giants should also come up with new market offering to rebound customers after pandemic especially hedonic aspects.

## 8. Conclusion

The Covid-19 Pandemic resulted lockdown restrictions. A sudden change in freedom of movement on people has somewhere around changed their buying pattern. The organized and unorganized retail head to head compete to get their market share in normal scenario. Lock down restriction on big giant retail due to factors of social distancing and spread of Covid-19 has somehow created an extra space for Kirana stores. The organized retail sector revenue shows positive trend however due to pandemic restrictions there is a dip in sales for 2020-21 financial year. Majority of Kirana stores (Mom and Pop Stores) having rush during lockdown open timings slots. They give a hesitant agreement that there is increase in demand and they have to be in continuous tracking with suppliers.

Usually all Kirana stores have UPI Payment method which is best contactless payment suitable for today's tech savvy generation. Consequently adopting digital payment and merchandise expansion to deal with organized retail become a helping hand to make aware customers that we also adopted lot changes overtime. This strategy of making themselves competitive in market has helped them smoothly function and take competitive advantage of convenience of buying. Although Kirana stores also face the challenge of staffing and therefore they encouraged customers to have list of items they want to purchase in advance to reduce service time per customer. The unorganized sector could be the only option in lockdown restrictions in general and was at their best in support to customer for their services in particular. The organized retail has seen positive response from buyers when opened after lockdown restrictions. The pickup in sales again slowed with second wave of pandemic which lead to extend lockdown.

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