A Study on “Impact of D-Mart on small grocery retailers- consumer perspective in Bhilwara”

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**Research Abstract**

Retail industry is emerging rapidly in India and is second biggest employment contributor after agriculture. Indian retail industry has reached US $ 950 billion in the year 2018 and has a CAGR of 13%. In meeting the needs and desires, consumers tend to spend on modern retail stores like D-Mart. Thus increasing the sales of Modern retailers. This study aims to analyze consumer perspective with respect to impact of D-Mart on traditional grocery retailers and consumer preference about where do they prefer to do their grocery shopping.

Keywords- Modern retailing, Traditional retailing, D-Mart

**Introduction**

The Indian retail industry is divided into Modern and Traditional retailing. Modern retailing refers to the trading activities that are being taken over by licensed retailers. A modern retail store can be defined as a self-service store which sends various types of goods. The modern retail store can be distinguished from traditional store based on its floor area and range of merchandize. Consumers shopping in D-mart also increased because of their one stop shop experience and other reasons such as store layout or more practical than the traditional retail stores.

- D-Mart – An Indian retail chain

Avenue Supermarket limited (D-Mart) is a national supermarket chain with its focus on value retailing. They offer wide range of FMCG goods and services.

It was started by RK Damani in 2002, its first store was in Mumbai and now they have around 214 stores that are being operated in 11 states and 1 Union Territory.

D-Mart mainly offers 3 main product categories. They are Foods which contribute around 51% of their total revenue, Non-Food (FMCG) which contribute around 20% in their total revenue and the other general merchandize and Apparel which contribute around 29% of the revenue.

D-Mart is also involved in various Corporate Social Responsibility programs. For example- Digital mela, Reading fair and scientific learning.

D-Mart provides customers with all home care and personal care products under one roof. The various products provided by D-Mart are toiletries, groceries, kitchenware, beauty products, etc.

**SWOT Analysis**
Strengths-

- Their employee policy is very good. During the pandemic also they have not fired any employees nor did they cut their salary. They also provide emergency leaves to their employees so that they can take care of any health issues. They also extended a temporary hardship allowance to frontline workers to help them during this crisis.

- The promoter of Avenue supermarket and management are very efficient which makes D-Mart a valuable stock to pick and a focus on financial fundamentals, high level of patience have been the company’s value direction.

- One of the factor that makes it different from its competitor is their heavy discounts policy, they sell essential items at flat discount which cannot be matched with their competitors.

Weakness-

- The outbreak of COVID-19 could significantly and unfavorably affect their business, financial condition. Because of the imposition of lockdown in India problems of supply constraints and disturbance in supply chain was created due to constrained manpower, transportation and material unavailability.

- It has been noted that D-Mart has focused more on the Western states and has low presence in south side states. However all the other competitors are present all over India which makes it more constrained from gaining market reputation.

- One of the weakness is its slow growth, they have their presence in the Indian market for more than 20 years but still it cannot catch up with the rest of the competitor because of lack of stores in India.

Opportunities

- D-Mart sells food, groceries, furniture etc. but other retailers also sell consumer durables, Books, Mobile and much more. So D-Mart has an opportunity to mark their presence in the products mentioned above.

- D-Mart only operates in 11 states and 1 Union Territory. It has an opportunity to grow their business in other states such as Goa, Hyderabad where there is no presence of D-Mart.

- They need to be more tech savvy because technology can contribute a lot, they can use artificial intelligence or internet of things and through this they can create more value added services.

Threats

- There are many international players as well who are willing to operate in India and wants to open their stores like Amazon. It will surely affect the profitability of Avenue Supermarket. Other threat is Traditional Retail stores as they have opened their store in every locality, though they can never offer heavy discounts like D-Mart.

- Biggest threat for the company is in the form of competitor. Generally people do not prefer to go outside and shop and they want home delivery. So companies like Flipkart are a big threat to retailers’ during the pandemic and even after that.

- If they won’t be able to follow everyday low pricing/ everyday low cost (EDLP/EDLC) Pricing strategy they may lose their distinct advantage that they have created over these years.
Some of the best strategies adopted by D-Mart are-

1) They follow a similar model like Wal-Mart – “Everyday low cost/ everyday low pricing (EDLC/EDLP)

2) D-Mart owns their property rather than rent (store ownership model), which helps them in avoiding lease cost.

3) They spend very less on interiors and marketing which is helpful in cutting down the cost, so they follow low profit.

4) D-Mart has a strategy of paying the supplier promptly and they focus on having maximum number of product varieties while limiting the number of brands which makes it very extraordinary in the retail sectors.

Some reasons for growth of Modern retail are-

1) They have better parking facilities for customers
2) They believe in converting first time customer into client by building relationship
3) They attract customers by offering great discount
4) They buy in bulk which lets them sell their products at low price because of economies of scale
5) Customers taste and preferences are changing and they are automatically drawing towards modern retail. This makes crucial for traditional retailers to endure the increasing competition and meeting customers need.
6) Modern trade helps conduct in new acceptance levels for efficiencies and inefficiencies. Customers are ready to pay for efficiencies but are refusing to pay for inefficiencies due to access to wider choice, increased funding options, etc. This will bring about a paradigm shift in business practices, price of originality, availability of products and services, etc
7) They also offer a wide range of payment options to customers. India is currently the twelfth largest consumer market in the world. According to a study by McKinsey Global Institute, India is likely to join the premier league of the world’s consumer markets by 2025 improving its position to the fifth.
8) Modern and updated technologies are used at the modern retail outlet.

**Research Problem**

After the commencement of D-Mart people have started preferring it more than traditional retail stores. So this study is making a sincere attempt to understand the consumer perspective about the impact of D-Mart on traditional grocery retailers in the city of Bhilwara.

**Research Objectives**

1) To study consumer preference with respect to purchase from D-Mart.

**Research Hypothesis**

Ho- Consumer does not prefer D-Mart over traditional retail stores for their grocery shopping.

H1- Consumer prefer D-Mart over traditional retail stores for their grocery shopping
Review of Literature

1) Broadbridge and Calderwood (2002) inferred that, continued existence of traditional stores from the improved competition from large modern stores greatly depends upon assurance and eagerness of traditional retailers to meet the local community wishes.

2) Hamil and Priyadarshini (2014) investigated the impact of supermarket on unorganized retail stores in Tirunelveli. core impacts are found to be decrease in sales volume, reduction in profits and loyal customer base.

3) According to USDA report (2019), Independent small grocery retailers also known as Kirana stores remain most popular retail format in India with over 12 million stores. Supermarket and Hypermarkets will carry on to inflate due to escalating income and evolving consumer preferences.

4) Sreejith (2007) said that coming up of big players will be a big drawback for neighbourhood kiranas stores. The personal touch one used to get from kiranas stores will no longer be same.

5) Sengupta Anirban (2013) said that with the increasing disposable income and purchasing command of people, increasing economies of scale. People are likely to upgrade themselves to modern retailing.

6) Bijapurkar (2008) explained that the cutback indicates the increase in the number of middle class populations who can manage to pay for food, beverage and entertainment in addition to their basic needs. In India a great increase in family income has been observed.

7) At present certain Asian countries which have witnessed high growth rates between 2003-2007 in modern grocery sales are China (105 per cent), Turkey (56 per cent), Vietnam (59 per cent), Indonesia (70 per cent) and India (49 per cent) (Gregory, 2008).

8) Goswami (2012) – tried to recognize that whether the customers will move from small kirana stores to large organized stores when they are purchasing groceries. He found out that customers are likely to give positive response based on location, cleanliness, home shopping, and trustworthiness. And are negatively related to travel, convenience.

9) Mathew Joseph (May 2008 and September 2008) in two different studies; Researchers at the Indian government think ICRIER submitted that there is no such thing as organized retail impact on unorganized retail. Kiranas have major drawback on all customer perception scores except venue.

10) Lakshmi Narayan K, P Nagaraja Rao – The concept of retail is primitive according to the Indian Context. We had medical stores and grocery stores and various other stores which is working very well all over the country. People are getting idea of Traditional stores getting vanished. But we should not forget that how deep rooted is our old concept and the modern retailing has taken idea from from old shops only.
Research Gap

Researchers have not revealed consumer perspective and what are the factors that influence customers to purchase from Modern or Traditional retailers.

Research Methodology

Types of data- The research consists of both primary as well as secondary data

Source of data- The primary data is collected through the help of questionnaire and secondary data is collected from the internet.

Research Design- Descriptive

Sampling Method- Convenient sampling technique was used to collect data through questionnaire.

Sample of study- For this study 115 responses were taken in Bhilwara region.

Research Instrument- Structured questionnaire was used as a research instrument to collect data.

Data Analysis-

- How often do you shop at D-Mart?

According to this figure we can see that 57% of people prefer to shop from D-Mart sometimes, 25% prefer it always, 10% prefer to never shop from D-Mart and 8% prefer it always.

1.2- What is your usual nature to visit D-Mart?
According to this figure we can analyze that 69% people nature to visit D-Mart is planned, 21% people nature to visit is unplanned and 10% go over there for timepass.

1.3- Where do you prefer to do your grocery shopping?

According to this figure 51% people prefer to do their Grocery shopping from D-Mart, 31% prefer from traditional retail stores, 16% preference for grocery shopping is online, and 2% prefer it from other stores.

1.4- What affect your shopping decision at D-Mart?
According to this figure 38% people think that one stop shopping affect their shopping decision at D-Mart, 22% said that low pricing affect their shopping decision, 16% said that brand availability affect their decision followed by quality and store layout.

1.5- Do you find D-Mart more appropriate as compared to traditional retail stores?

According to this figure 75% people find D-Mart more appropriate than traditional retail stores and 25% do not find it more appropriate.

1.6- Did your amount of purchase reduced from traditional retail stores after commencement of D-Mart?
According to this figure 90% people said that their amount of purchase from traditional retail stores reduced after coming of D-Mart and 10% said their amount has not reduced.

1.7- if yes, than how much?

This figure is the continuation of previous question and 44% of the people said there has been a impact of more than rs 2000 on their amount of purchase, i.e. they have started spending more money on D-Mart rather than traditional retailers.
# Data Interpretation

## 9.1

Where do you prefer to do your grocery shopping? * What is the main reason for shopping in D-Mart? Crosstabulation

<table>
<thead>
<tr>
<th>What is the main reason for shopping in D-Mart?</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>for a weekly shop</td>
<td></td>
</tr>
<tr>
<td>to buy specific items</td>
<td></td>
</tr>
<tr>
<td>for a gathering</td>
<td></td>
</tr>
<tr>
<td>don't</td>
<td></td>
</tr>
<tr>
<td>all items available at one place</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Where do you prefer to do your grocery shopping?</th>
<th>D-Mart</th>
<th>online</th>
<th>traditional retail stores</th>
<th>other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>D-Mart</td>
<td>20</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>59</td>
</tr>
<tr>
<td>online</td>
<td>37</td>
<td>14</td>
<td>28</td>
<td>2</td>
<td>18</td>
</tr>
<tr>
<td>traditional retail stores</td>
<td>2</td>
<td>6</td>
<td>6</td>
<td>2</td>
<td>36</td>
</tr>
<tr>
<td>other</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>20</td>
<td>81</td>
<td>11</td>
<td>2</td>
<td>115</td>
</tr>
</tbody>
</table>

### Chi-Square Tests

<table>
<thead>
<tr>
<th>Test</th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>35.313*</td>
<td>12</td>
<td>.000</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>42.034</td>
<td>12</td>
<td>.000</td>
</tr>
<tr>
<td>Linear-by-Linear Association</td>
<td>18.222</td>
<td>1</td>
<td>.000</td>
</tr>
</tbody>
</table>

* a. 14 cells (70.0%) have expected count less than 5. The minimum expected count is .02.

## 9.2

### Interpretation

- **Interpretation-** Chi-square test is done to determine the relationship between two variables. So by seeing the above table we can see that the Pearson chi square significance value is .000 which is lesser than .05. So the association between these variable is strong.
What affect your shopping decision at D-Mart? * Do you find D-Mart more appropriate as compared to traditional retail stores? Crosstabulation

<table>
<thead>
<tr>
<th>What affect your shopping decision at D-Mart?</th>
<th>Do you find D-Mart more appropriate as compared to traditional retail stores?</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>yes</td>
<td>no</td>
</tr>
<tr>
<td>quality</td>
<td>13</td>
<td>4</td>
</tr>
<tr>
<td>brand availability</td>
<td>8</td>
<td>10</td>
</tr>
<tr>
<td>low pricing</td>
<td>21</td>
<td>4</td>
</tr>
<tr>
<td>store layout</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>one stop shopping</td>
<td>41</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>85</td>
<td>29</td>
</tr>
</tbody>
</table>

Chi-Square Tests

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>32.537*</td>
<td>4</td>
<td>.000</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>31.151</td>
<td>4</td>
<td>.000</td>
</tr>
<tr>
<td>Linear-by-Linear</td>
<td>4.848</td>
<td>1</td>
<td>.028</td>
</tr>
<tr>
<td>Association</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>115</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*a. 3 cells (30.0%) have expected count less than 5. The minimum expected count is 2.52.*

**Interpretation** - chi-square test is done to determine the relationship between two variables. So by seeing the above table we can see that the pearson chi square significance value is .000 which is lesser than .05. So the association between these variable is strong.

Did your amount of purchase reduced from traditional retail stores after commencement of D-Mart? * If yes, then how much?
9.5

Chi-Square Tests

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>24.486</td>
<td>2</td>
<td>.000</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>19.016</td>
<td>2</td>
<td>.000</td>
</tr>
<tr>
<td>Linear-by-Linear Association</td>
<td>17.291</td>
<td>1</td>
<td>.000</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>97</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*a. 3 cells (50.0%) have expected count less than 5. The minimum expected count is 1.23.*

ANOVA

9.6- For how much amount do you purchase from traditional retailers* did your amount of purchase reduced from traditional retail stores after commencement of D-Mart?

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>6.760</td>
<td>1</td>
<td>6.760</td>
<td>11.462</td>
<td>.001</td>
</tr>
<tr>
<td>Within Groups</td>
<td>57.800</td>
<td>98</td>
<td>.590</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>64.560</td>
<td>99</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

So from the above analysis we can infer that p value is less than .05 for all the above mentioned cases. So we can say that the null hypothesis is rejected, i.e - Consumer does not prefer D-Mart over traditional retail stores for their grocery shopping.

Findings

- 68% of the respondents usual nature to visit D-Mart is planned
- 53% of the respondents purpose to visit D-Mart is to purchase groceries
- 51% of the respondents prefer to do their grocery shopping from D-Mart
- 74% of the respondents find D-mart more appropriate as compared to Traditional retail stores.
- 90% of the respondents said that their amount of purchase from traditional retail stores have reduced after commencement of D-Mart.
One stop shopping is the main reason that affects the shopping decision of customer at D-Mart, followed by low pricing.

**Suggestion –**

- We can see a rise of modern Retail in India with steady efforts. The study suggests that government should focus on both traditional as well as Modern retail simultaneously for the development of both these sectors.
- To cope up with the competition from Modern retail, Traditional retailers should focus on cost cutting strategies and should provide quality products to maintain their business.

**Limitations**

- A limitation for this study would have been more time to conduct the study and to develop a sample size of students that were outside Bhilwara which would help me to understand if these findings were consistent with people in other areas.
- Additionally this study is limited to grocery subsector of retail industry. The conclusion drawn out from the study could not be applicable to other subsectors of retailing.

**Conclusion**

- India is at turning point with respect to retail sector. Both the modern as well as traditional retailers are likely to co-exist in India in the later times as well, as both these sectors have their own competitive advantage. Traditional retail stores have convenience, brand availability, loyalty with the customers, fast services and much more.
- This study indicated that customers visit to D-Mart is usually planned and half of the audience purpose to visit D-Mart is to purchase groceries.
- The study also indicated that one stop shopping affects customers most while making a shopping decision at D-Mart and also most of the customers find D-Mart more appropriate than traditional retail stores.
- Additionally the study also proved that customers amount of purchase from Traditional retail stores have reduced after commencement of D-Mart, and half of the customers purchase quantity from traditional retail stores is between 1000-2000.

**Further Research Directions**

In future the scope of the research on customer perception can be expanded by either increasing the geographical territory or it could even be studied from the point of view of retailer.

This research only covers the grocery sector and not any other sub sector in Bhilwara region.

Hence, it should be noted that this project covers only D-Mart in Bhilwara region and this study cannot be generalized for any other region.
What can be the way forward for Traditional Retailers?

Because of the COVID-19 pandemic there has been a drastic impact on lives and businesses of all retailers. So the future opportunities for traditional (kirana) store owners can make 3 broad shifts to capitalize on the opportunity-

1) Store owner require making a mental ‘model’ shift to consider the entire population living in the PIN code of their establishment or a 5-6 km radius, as their customer base and not any walk in customer.
2) Basic technology is needed .this includes showcasing products in stores to customers, and providing a option of digital payment and making few changes in the infrastructure of physical stores, they need to be a part of e commerce or some social media platform.
3) They need to enhance their soft skills to manage the virtual customers and basic capabilities to handle technology.

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