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A STUDY ON COMPARATIVE ANALYSIS OF CONSUMER PERCEPTION TOWARDS SUPERMARKETS AND PROVISION STORES IN BANGALORE

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ABSTRACT
Indian retail industry is going through significant transformations over last few decades where shift towards organized retailing is the major one. Particularly, food and grocery retailing, the largest chunk of the market is witnessing the shift with sudden growth of supermarkets and hypermarkets. Supermarkets offering comfortable shopping experience with wider variety of brands and products are driving the consumers away from traditional retailers, primarily seen among urban and younger consumers. Traditional provision stores though, felt threatened initially have managed not only to survive but have gone stronger, according to recent industry reports. Therefore, this study was undertaken to comparatively analyse the consumer perception of Supermarket and Provision Store. A survey was conducted among 100 respondents in Bangalore using a questionnaire. Results show that, no doubt consumers have better perception of supermarkets as compared to provision stores except price. Supermarkets definitely have upper hand in terms of hygiene, variety and store ambience. However, provision stores by realigning themselves and by offering better values can grow stronger.

Keywords: Supermarket, Provision Store, Retailing, Consumer Perception.

INTRODUCTION

Indian retail landscape has undergone significant transformations over last few decades where shift towards organised retailing is the major one. There is good lot of statistics which certainly proves this point. Organised retail, that comprised not even 1% a decade before, grew to 7% in 2011-12 and is expected to grow to10.2% at a CAGR of 24% by 2016-17, according to a study. Retail space too shows a 78% increase over the total mall supply of just 2.5 million sq. ft. in 2012 to 4.7 million sq. ft. in 2013. Favourable demographics, increasing urbanisation, nuclearisation of families, rising consumer affluence, growing preference for branded products and higher aspirations are some of the factors which are driving this transformation.

Within retail, food and grocery retailing comprises the largest chunk of the market constituting about 69% and accounting for 80% of consumer spends. Indian food retail sector was predominantly unorganized with around 12 million kirana stores providing unmatched employability opportunities across the country. However, the growth of supermarkets in the recent years has changed the scenario. According to Euromonitor report, there was a major shift towards modern grocery retailing, where modern trade recorded the strongest value growth of 22% in 2013. This shift was primarily seen among urban consumers with hypermarkets and supermarkets witnessing the value growth of 29% and 15% respectively. Supermarkets offering comfortable shopping experience, newer product categories, wider variety of brands, attractive price points, and product promotions are driving the consumers away from traditional retailers. Many experts thought, this is the end of kirana shops and all those small vendors will close shops and lose their livelihood. In fact, organised retail chains had to face lot of apprehension of local sellers. Even government had to keep its new FDI policy on hold. But after more than a decade of coexistence of supermarkets and traditional provision stores, both seem to be growing stronger. Despite the rise of the number of supermarkets in the country, provision stores still account for 90% of the trade. On contrary to expert views, these have not gone out of the market, but have instead turned smarter and better. According to the Nielsen Shopper Trend India Report, these stores continue to be stronger due to their unmatched strengths of convenience, home delivery, and trusted relationships. The study further states that shoppers also get better price value from the local grocers. Therefore, at this juncture it makes sense to do a comparative analysis of supermarkets and provision stores to know specifically the factors which influence the consumer perception and how similar or different are these from each other.

SUPERMARKET VS PROVISION STORE

In earlier days neighbourhood grocery store was the only means for buying groceries to consumers. The concept of supermarket was developed by entrepreneur Clarence Saunders, who founded the Piggly Wiggly stores in 1916 in US, which later spread all over the world. The shift from grocery stores to supermarkets began with the introduction of cheaper vehicles which allowed people mobility. Though grocery stores have become obsolete in many developed countries, developing countries still have grocery stores. In India, these stores are called as Kirana stores or Provision stores. Grocery stores and supermarkets are more related rather than being completely different. They share many qualities, such as supermarket is a type of grocery store, while not all grocery stores are supermarkets. A grocery store is a store that sells food, while a supermarket sells food and other items. These other items are what make a supermarket different from a grocery store. A supermarket is also bigger in size, compared to a grocery store.

Supermarkets are large self-service grocery stores that offer customers a variety of foods and household supplies. The merchandise is organized into an aisle format, where each aisle is numbered or labeled and has only similar goods placed together. Supermarkets have a special format where it allows consumers to pass through aisles using shopping carts or baskets and pick up whatever they require. Supermarkets are quite large compared to traditional grocery stores with average space of 3,500 - 5,000 sq.ft and a typical supermarket carrying about 6,000 stock-keeping units (SKUs). Although, the early supermarkets did not house fresh grocery or meat, modern supermarkets have meats, poultry, bread, dairy products and fresh fruits and vegetables. Supermarkets usually receive goods and merchandise in bulk from either manufacturers or large distributors in order to avail economies of scale and therefore, offer low prices and many deals or discounts to attract consumers. Customers get a detail and computerized bill so there is no possibility of any discrepancy in billing. Supermarkets may also be part of a huge chain system and are usually one-level brick and mortar stores. Supermarkets have also started offering ready-to-eat foods as a way to provide the customer to shop as well as eat at the same time. Some supermarkets may also have banks, ATMs, coffee bar, juice bar and anything else that may attract customers. Some of the supermarket chains operating in India are Nilgirils, Auchan, Easyday, Food Bazaar, Foodworld, Heritage Fresh, More, Namdhari's Fresh, Reliance Fresh, Safal, Spencer's, etc. On the other hand, the traditional provision stores or kirana stores are 500-700 sq. ft. stocking no more than 500-600 SKUs. These enjoy the low cost structure, proximity and consumer familiarity. The format is such that where people are available behind the counter to provide the consumer with goods and the consumer stands in front of the counter asking for the goods. The staff in provision store will know most of their customers; they may advice on what to buy. Customers could also give their orders over the phone, which would be delivered to them. However, these days' provision stores are not limited to keeping just dry food and spices and have also expanded to include some daily used household items such as cleaning supplies, soaps, tissues, etc.

REVIEW OF LITERATURE

It is very interesting to know that Indian customers still prefer to purchase groceries from kirana stores despite the popularity of supermarkets (**Sushmana, 2014).** However, the frequency of visit to an unorganised retail outlet has declined in the daily visit pattern of shoppers **(Sharma K M, Bhattacharya and Sonwaney, 2012)**. Consumers perceive set of advantages and disadvantages from both the formats. According to **Panda A. (2013),** customers prefer the traditional or kirana shops because of convenience in location, home delivery facility, facility for bargaining, provision for goods return and goods exchange. On the other hand the decision variables like parking, variety of product, volume of goods to be purchased, sales promotion schemes, self serving facility and customer loyalty programmes lead the customers to visit organised retail outlets. **Khalidah Abu (2004)** found that the smaller grocery stores are seen as offering more personal services but with inadequate stocks and facilities where as the larger retailers are seen as offering better merchandise choice and public amenities but with standardized and non-personalized services. Further, **Awng Di (2008)** found that consumers are satisfied more with the product quality, product variety, and stable prices of superstores. They also prefer the store environment of superstores than that of family run stores. Similarly, **Huddleston, et. al, (2009)** found that perception of satisfaction is higher among modern specialty grocery store customers compared to conventional grocery store customers. This is due to the reason that the specialty grocery store provides greater product assortment, higher quality and better service than conventional stores. Even cleanliness, display of the products, store ambience, availability of brands, variety of product, convenient location and shopping convenience are found to be impacting customer satisfaction in supermarkets **(Mohan, 2013)**. A study by **Jain, D. & Talreja (2013),** indicated that customers like to buy fruits & vegetable from air-conditioned supermarkets because of its quality products but, due to the high prices they still feel conservative to buy these kinds of products from the local sellers. The study further revealed that proximity is a major comparative advantage of unorganized outlets along with their ability to sell loose items, provision of credit, bargaining and home delivery facilities where as the organized retailers have greater advantage because of the store image, product availability, and price discounts.

STATEMENT OF THE PROBLEM

Review of literature clearly indicates that the consumer still prefers to purchase groceries from both supermarkets as well as traditional provision stores. Though they feel provision stores offer low price, proximity and personalised service, they seem to be attracted at the same time by the variety, higher quality and ambience of a supermarket. Understanding this, supermarket chains are aggressively adopting strategies to overcome their perceived disadvantages. Each of these are adding new outlets to create customer proximity and provide free home delivery. Some supermarkets sell products in loose as it is sold in kirana stores, have appointed more sales personnel, accept all sorts of credit and debit cards and have introduced low cost private labels against expensive national brands. Some chains are even operating with negative margins to appease conservative, and price sensitive Indian consumer. Therefore, this study would like to know the factors influencing consumer perception of these two formats so that suggestions can be offered to provision stores in terms of how to the withstand the competition.

OBJECTIVE OF THE STUDY

The objective of this study is to compare and contrast consumer perception towards Supermarkets and Provision Stores.

Scope of the Study

The study will help both provision stores and supermarkets in India particularly in Bangalore to understand the factors influencing consumer perception either favorably or unfavorably when compared to the other. This will enable them in adopting more consumer friendly strategies.

Hypothesis

The following hypothesis was framed and tested in this study.

Null hypothesis H_0:

There is no significant difference in consumer perception of supermarket and provision store.

Alternative hypothesis H_1:

There is significant difference in consumer perception of supermarket and provision store.

RESEARCH METHODOLOGY

This study follows descriptive research design where both primary and secondary data have been used. Sample survey method was adopted to collect primary data. Total of 100 respondents were interviewed in Bangalore drawn from the population of grocery buyers who have the experience of purchasing from both supermarkets and neighbourhood provision stores. Non-probability sampling particularly convenience sampling was adopted.

Data Collection

Primary data was collected using a structured questionnaire to know consumer perception on all relevant factors taken from the literature.

Limitations of the Study

- Study was confined to Bangalore city.
- Sample size was 100.
- Study assumed that there is no respondent's bias.
- Respondents provided data by recalling their memory.

Analysis and Interpretation of Data

The data has been analysed with the help of SPSS software (version 20.0.0) and the results are presented below.

Table 1: Demographic Characteristics

Variables		Frequency	Percent	Valid Percent	Cumulative Percent
Gender	Male	46	46.0	46.0	46.0
	Female	54	54.0	54.0	100.0
Age	Below 25 yrs	60	60.0	60.0	60.0
	25-35 yrs	28	28.0	28.0	88.0
	35-45 yrs	12	12.0	12.0	100.0
Occupation	House wife	20	20.0	20.0	20.0
	Employee	24	14.0	14.0	44.0
	Business	8	8.0	8.0	52.0
	Student	35	45.0	45.0	87.0
	Others	13	13.0	13.0	100.0
Monthly Income (INR)	Below 10,000	39	39.0	39.0	39.0
	10,000-20,000	13	13.0	13.0	52.0
	20,000-30,000	31	31.0	31.0	83.0
	30,000-40,000	16	16.0	16.0	99.0
	Above 40,000	1	1.0	1.0	100.0
Purchase Frequency	Daily	13	13.0	13.0	13.0
	Weekly	28	28.0	28.0	41.0
	Monthly	48	48.0	48.0	89.0
	Bi-monthly	11	11.0	11.0	100.0
Store Preference	Provision Store	63	63.0	63.0	100.0
	Supermarket	86	86.0	86.0	100.0
	Online	20	20.0	20.0	100.0
	Others	16	16.0	16.0	100.0

From the above table 1, it is shown that sample was 46% male and 54% female. Majority of the sample (60%) was below 25 yrs, whereas 28% were between 25-35 yrs, 12% were 35-45 yrs. 35% of the sample was students. 39% of the sample had income below Rs.10,000 and 31% had Rs. 20,000-30,000 per month. Most of the sample purchased groceries either weekly or monthly. Also, majority of the sample preferred to purchase grocery from supermarket (86%) and provision store (63%).

Chart1: Factors Considered while purchasing Grocery

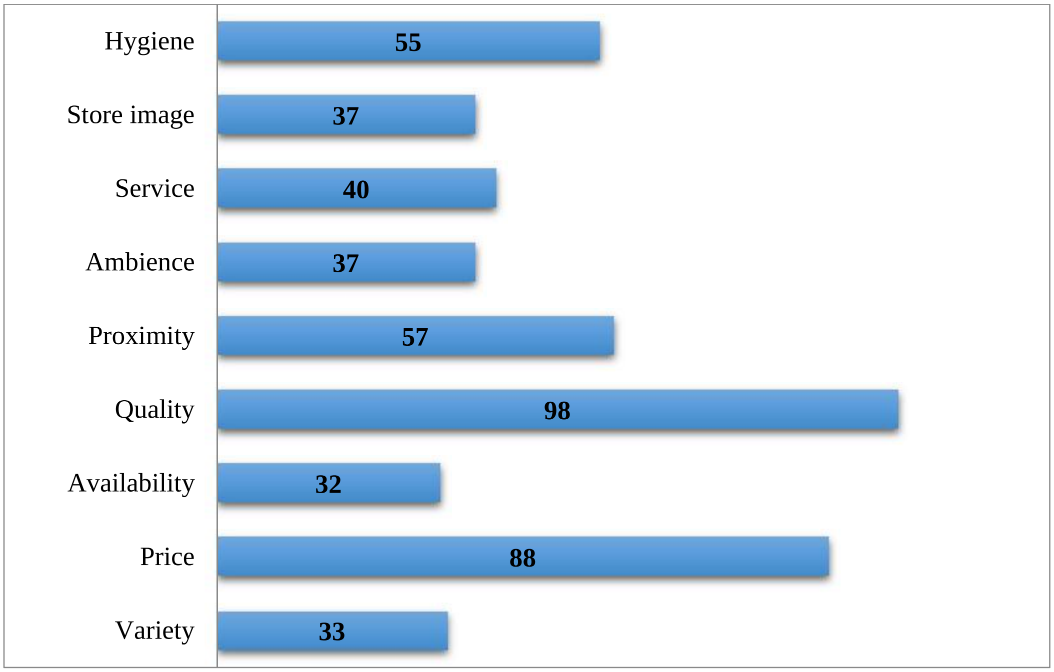


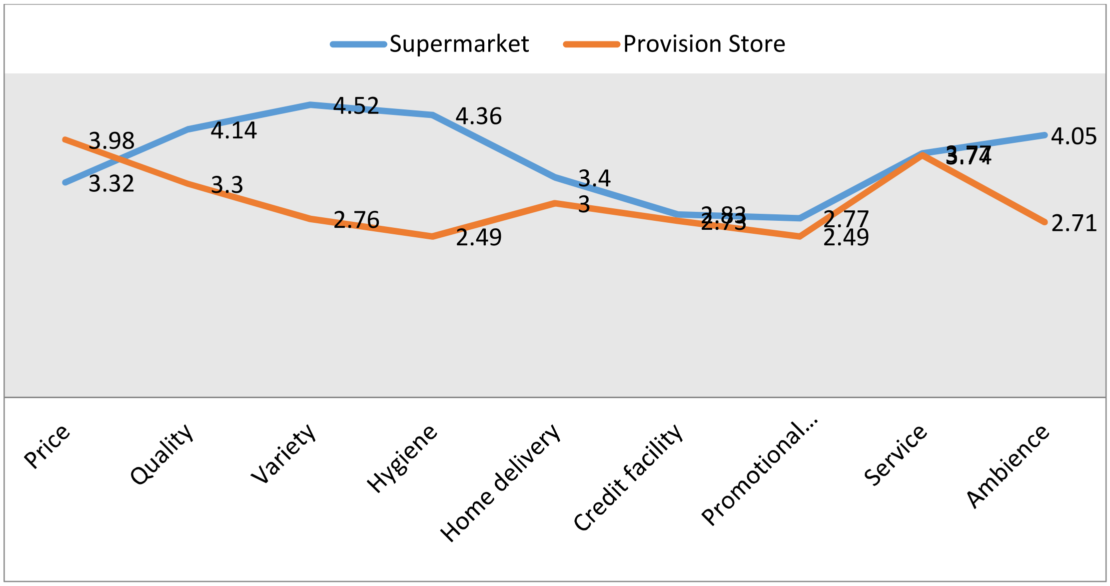
Chart 2 shows that quality (98%), price (88%), proximity (57%) and hygiene (55%) are the most important factors considered while purchasing grocery compared to service (40%), ambience (37%), store image (37%), variety (33%) and availability (32%).

Table 2: Consumer Perception

Variables		**Provision store**		**Supermarket**		**Gap**
	N	Mean	Std. Deviation	Mean	Std. Deviation	
Price	100	3.9800	.69602	3.3200	.86316	**-0.66**
Quality	100	3.3000	.93744	4.1400	.66697	0.84
Variety	100	2.7600	.99615	4.5200	.64322	**1.82**
Hygiene	100	2.4900	.98980	4.3600	.71802	**1.87**
Home delivery	100	3.0000	1.01504	3.4000	.82878	0.40
Credit facility	100	2.7300	.95193	2.8300	.84154	0.10
Promotional offers	100	2.4900	.82260	2.7700	.85108	0.28
Service	100	3.7400	.87178	3.7700	.72272	0.03
Ambience	100	2.7100	.94596	4.0500	.62563	**1.34**
Valid N (listwise)	100					

From the above table 2, it is shown that Price, Service, Quality and Home delivery contribute more towards consumer perception of provision stores where as Variety, Hygiene, Quality and Ambience contribute more towards consumer perception of supermarkets. However, overall perception of supermarkets scored more compared to provision stores across the variables except price.

Chart 2: Consumer Perception Gap



Further, consumer perception gap (supermarket – provision store) across variables was positive except price where negative gap was observed. Higher gaps were seen in hygiene, variety and ambience. Lowest gaps were seen in service and credit facility. Relatively moderate gaps were observed in promotional offers, home delivery and quality of products.

Hypothesis Testing

To test the hypothesis, **paired sample t-test** also referred to as "dependent samples t-test was conducted. The results are shown in the below table 3.

Table 3: Paired Samples Statistics

	Mean	Std. Deviation	Std. Error Mean
Supermarket	3.6844	.64061	.21354
Provision Store	3.0222	.53949	.17983

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Supermarket - Provision Store	.66222	.85394	.28465	.00582	1.31862	2.326	8	.048

From the above table 3, it is shown that t-value is significant (0.048<0.05) at the confidence level of 95%. Therefore **H_0** is rejected and **H_1** is accepted. This indicates that there is significant difference in the consumer perception of provision store and supermarket. Also higher mean score of supermarkets indicates higher level of perception compared to traditional provision stores.

KEY FINDINGS

- The sample in this study was more educated, young and city bound.
- Consumers today prefer both supermarket and provision store to buy the groceries from though shift is towards supermarket.
- They prefer buying groceries either weekly or monthly.
- They consider quality, price, proximity and hygiene factors the most while purchasing grocery.
- They perceive that provision stores offer advantages in terms of price, service, quality and home delivery compared to variety, hygiene, quality and ambience of supermarkets.

- Perception gap (supermarket – provision store) across variables was positive except price. Higher gaps were seen in hygiene, variety and ambience. Lowest gaps were seen in service and credit facility.

IMPLICATIONS AND SUGGESTIONS

It is interesting to know that though urban consumers prefer supermarkets, provision stores have not gone totally out of mind. Even today this neighbourhood, cosy store which knows individual consumer needs very well has its own place. Therefore, there is no need for provision store owners to feel the immediate threat as long as their customers are kept satisfied. However, provisions stores need to adopt some strategies give below to survive and grow in the long run.

- As long as values of quality, price, proximity and hygiene are delivered, consumers may not really care where they are purchasing groceries from. Therefore, it is recommended that provision stores to align these values in their store strategies.
- This is the high time that provision stores modernize their stores and upgrade their facilities along with offering good quality products and personalized services. New coat of painting, neon signboards, bright interiors, attractive displays, and the like will do if not able to increase the space.
- Hygiene is what needs to be improved by provision stores on an immediate basis as today's consumers are more aware of hygiene and ready to more money especially in food related situations. General cleanliness to be maintained in the store and employees need to be trained. Employees may also be provided with neat uniform and hand gloves especially those who handle loose items.
- Variety of products and brands can be improved however, depending upon the locality and after thorough understanding of local consumer needs. Alternately provisions stores can focus on small but loyal customer base.

CONCLUSION

For a long time, the corner provision store was the only choice available to the Indian consumer, especially in the urban areas. This is slowly giving way to international formats of retailing, especially supermarkets. No doubt, supermarkets are luring consumers through their discounts and promotional deals, product assortments and air-conditioned shopping experience. Therefore, it is the time for provision stores to redefine themselves and re-establish in the mind of consumers once again to survive and grow in the long run.

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