Customer Relationship in the Traditional Grocery Business in India: Strategies, Challenges, and Future Trends

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Abstract

The grocery business in India has witnessed a significant transformation in recent years, driven by changing consumer preferences and the rapid expansion of online platforms. In this dynamic landscape, building and maintaining strong customer relationships has become crucial for grocery retailers to thrive and differentiate themselves. This abstract explores the key aspects of customer relationship management (CRM) in the Indian grocery industry, shedding light on strategies, challenges, and emerging trends.

Firstly, effective CRM in the Indian grocery business requires a deep understanding of customer needs and preferences. By tailoring offerings and personalized experiences, grocery retailers can enhance customer satisfaction and loyalty.

Secondly, convenience and omnichannel integration have emerged as significant factors in fostering customer relationships. Online grocery platforms have gained prominence in India, offering convenience, time-saving, and doorstep delivery. Traditional retailers are adapting by establishing an online presence and integrating digital tools into their operations, creating a seamless experience across online and offline channels.

Furthermore, effective communication and customer engagement play a vital role in nurturing relationships. Retailers are utilizing social media, mobile apps, and targeted marketing campaigns to stay connected with customers, provide relevant information, and seek feedback.

Despite the opportunities, challenges persist. Intense competition, margin pressures, and the need for continuous innovation pose hurdles for grocery retailers in maintaining profitable customer relationships.

In conclusion, effective customer relationship management is pivotal for success in the Indian grocery business. By leveraging data analytics, embracing omnichannel strategies, and prioritizing customer engagement, grocery retailers can foster loyalty, enhance customer satisfaction, and position themselves competitively in this evolving market.

Keywords: customer relationship, grocery business, India, kirana, behaviour

1.Introduction:

An activity that involves selling of goods to an individual customer is called retail. In olden days, business started with barter system, where goods or services were exchanged for another goods or services. Money did not exist during those days. Then, coin and currency came into existence, which overcame all difficulties of barter system. After industrial revolution the production scale of goods increased to large extent which created a need for more customers for the goods, and then small grocery shops came into existence. In these shops, multiple categories of products were stored for the customer. The Indian retail industry is divided into organised and unorganised retail. First, organised retail states that the trading activity is undertaken by licensed retailers, such as departmental stores, supermarket, malls etc. Second, unorganised retailers are old-style retailers such as local Kirana shops (neighbourhood grocery stores). Kirana is a small, typically family-owned shop selling groceries and operated only in a single location. Slowly, this small grocery shops were converted into departmental

stores and it was the actual beginning of an organized retail stores. Many varieties of products were available in these departmental stores.

Fig 1: Global comparison of organized and unorganized retail sector
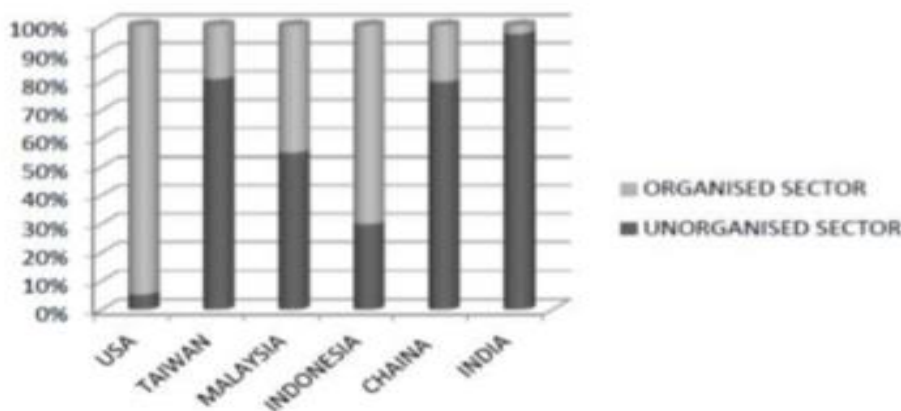
Source: A T Kearney's report: Global Retail Development Index

Fig 2: Retailing model in India

Source: Krysalis Consultancy Service Pvt Ltd

Presently digital marketing industry in India has spread to almost all business areas. Expansion of the digital footprint is growing rapidly. As things are going digital day by day, the business sectors are also shifting towards digitalization and hence there are many big players trying to get into grocery business like Jio with JioMart or Amazon with Amazon Pantry along with other specialized online players like BigBasket and Grofers. As of yet, online has not made inroads in terms of consumer spending. The Indian retail industry is the world's fifth largest, and accounted for over 10 percent of GDP (gross domestic product) as per IBEF 2022 . Despite current progress of digitalization in India, approximately 97 percent of retail businesses are traditional. They stands tall and winning consumers significantly more than online grocery markets.

During the pandemic, home delivery and customer pickup of groceries exploded. Those changes are now significantly impacting the future of the grocery business, making the business harder and more competitive than before. In pandemic like situation the traditional grocery shops came forward and helped consumer with their needs, so it is very important to study the marketing strategies and techniques used by traditional grocery shops for consumer retention.

In the grocery business sector, customers typically patronize multiple outlets, because business is highly competitive. This stresses and urges the retailers to find more innovative ways to provide added value for their customer to gain a competitive advantage. Retailers need to create customer loyalty in

order to control their customer relationship within the grocery business as well as other industries. This has lead to more focus on customer behaviour within grocery business.

In conclusion, effective customer relationship management is pivotal for success in the Indian grocery business. By leveraging data analytics, embracing omnichannel strategies, and prioritizing customer engagement, grocery retailers can foster loyalty, enhance customer satisfaction, and position themselves competitively in this evolving market.

2.Review of Literature:

This chapter basically deals with review of literature dealing in traditional grocery marketing to explore the existing research gap and research perspectives associated with traditional grocery business. The present study focuses on the evolving research in marketing techniques and strategies used in traditional grocery business and its impact on consumer retention. The following related literature is reviewed to fulfil or to meet the objectives of the study. For this purpose, different research articles, books, journal, research papers are analysed and reviewed.

Sullivan Adcock (2002) Retailer has to consider the marketing of their particular service in order to attract and satisfy customers instead of being ignored by them. Marketing deals with exchanges with the customers in an effective way and the activities of retailers centre around exchanges with customers profitably. In retailing, interaction with customers is the prime concern so its activities are not 54 restricted in selling rather it involves various marketing activities before sales, during selling and after sales services to gain customer satisfaction. The objective of marketing in retailing includes the best possible exchange actually takes place between a supplier and a customer while making a profit for the retailer. Now the needs of retailing coincide with the domain of marketing.

Piyush, Arindam and Dwarika (2002) The primary objective behind the study is to identify major drivers behind the choice of stores for developing marketing strategies to attract customers to the store. An exploratory study was designed to identify major preferences among shoppers which are influenced by factors such as convenience, merchandise, ambience, service, patronize, referral and others. Using factor and regression analysis, the several image dimension and the store choice patterns are studied across different types of stores. To conclude, the store characteristics that positively influence shopping behaviour vary based on demographic, individual values and nature of products purchased. It is therefore necessary for retailers to understand shoppers motivation and attract customers residing beyond the catchments areas.

Anil N. Barbole, Varsha Borade's (2012) Customer buying attitude towards grocery retailing services in supermarkets in the city of Solapur examined consumer behaviour while purchasing grocery products. They viewed all decision making styles. Women customers created greater impact on purchasing pattern. Most of the people were price conscious while purchasing any grocery product.

Rajesh Rajaguru and Margaret J Matanda, (2005) in their Consumer perception of store and product attributes and its effect on customer loyalty within the Indian retail sector examined consumer's perception and product attributes and consumer loyalty in Indian context. Store attributes were assessed in the dimensions of 21 store appearance, service quality and convenience of store. Product attributes dimensions investigated include product quality, price and availability of new products. In this study customer loyalty was considered as repeated purchasing behaviour of consumer towards a store. The results suggested that except product price, other store and product attributes such as product showed significance towards customer loyalty.

Doyle and Fenwick (1975) in How Store Image Affects Shopping Habits in Grocery Chains‖ found that price, product variety, one-stop shopping, quality, location of the store, advertisement, general appearance of the store and convenience were some of the major attributes looked upon by the consumers while evaluating a grocery store.

Aniali Panda's (2013) Customer Encouragement towards Food and Grocery Retail- A Case Study said that Indian retail was witnessing a tremendous growth with the changing demographics and increase in income and quality of life of urban people. The study tried to find out the patronage behaviour of the customers towards traditional and modern food and grocery retailers. The primary data were collected from a sample of consumers 12 visiting both organised and unorganised outlets in Odisha state. An important factor which can lead to increased patronage at the modern retailers is customer relationship

management activities like loyalty bonus/discounts, special customer cards, and free parking facility and so on.

3.Importance of Study:

India's grocery market size is over USD 500 billion out of which only 0.2% is online. This is the reason why this study is important to understand the customer relationship marketing skills used by traditional grocery business. Grocery consumers are preferring traditional grocery business over online grocery shopping or online payments etc., so there is need to study marketing techniques and strategies of traditional grocery business and its impact on consumers retention.

- The present research will help to portray a detailed picture of traditional grocery business and consumer preferences towards grocery shopping in emerging retail formats like convenience stores, departmental stores, online shops.
- The research would help to understand traditional grocery business strategies and techniques to retain consumers.
- The research would assist the grocery retailer in knowing the consumer mindsets about price, quality and duration of the products in their purchase of grocery products.
- The study covers all the important aspects of grocery retailing and consumer shopping behaviours in grocery retailing.

4.Objective of the Study:

The aim of this research is to conduct a critical review of existing literature, in order to understand how the traditional grocery business is surviving in new digital marketing world using customer relationship.

- To study the current model of traditional grocery business in India.
- To study different traditional grocery marketing strategies and techniques for customer relationship.
- To measure the impact of traditional grocery marketing techniques and strategies on consumer retention.
- To study grocery consumers attitudes/behaviour.

5. Research Methodology:

In simple words, research methodology is the set of different methods used to conduct successful research. For this article, secondary data have been used. The sources of secondary data are a newspaper, magazines, online portals, official websites, articles, research papers, journals, annual reports, and various textbooks.

As per secondary data, In the ever changing market, retail marketing has become one of the major emerging trends in the entire economical cycle. It is the retail market which provides the consumer a basic platform to encounter with goods and a shop keeper in a fixed location. The shop keepers maintain certain profit margin, but their main motive is to satisfy the consumers" needs and demands. Retail marketing consists of saving the precious time of customer, setting the right prices for the goods, creating and maintaining customers with a proper relationship with emotional touch, by paying the due respect to the customers and providing proper and required services to the customer.

Buyer, consumer, and customer

Buyer is the one who actually purchases a product or services and may or may not use it. Consumer is the person who actually uses a product. One who regularly buys or consumes a product or service is called customer.

Consumer Behaviour

Consumer behaviour is the activities and the actions of a person or organization that purchases and uses economic goods and services, including the influence on the activities and actions.

Ways to Purchase

The consumer purchases goods in two ways:

1. Wholly in wholesale
2. In Retail (smaller in quantity)

Hence, the consumers who purchase small in quantity of goods are called Retail Consumers. Their behaviour changes according to the needs, preferences, desire and demand of the product.

Consumer buying process

1. Problem recognition(Need recognition)
    The process of buying normally starts with the recognition of a need by the consumer. He recognizes a problem and develops a perception of the problem. Then he seeks information for solving his problem.
2. Awareness
    The customer turns to his environment for the information around him. It makes him aware of the existence of the product that would solve his problem.
3. Comprehension (Evaluation)
    Comprehension comes out of his ability to reason with the information. The awareness and comprehension stages represent the information processing stage. These two stages constitute the cognitive field of the purchase process. Cognition refers to acquisition of knowledge.
4. Attitude
    It is the sum of individual‟s faith and feelings towards a product. As a result of his awareness and comprehension, the consumer develops an attitude – favourable or unfavourable towards the product. The purchase process would continue only if he develops a favourable attitude or a liking for the product.
5. Legitimisation
    The buyer must be convinced that the purchase of the product is a legitimate course of action. This stage often stands as a barrier between a favourable attitude towards the product and actual purchase. If only the buyer is convinced about the correctness of the purchase decision, he would proceed. At this stage, he may seek further information regarding the product or attempt to assess the information already available. Attitude and legitimization constitute the attitude field in the purchase process.
6. Trial
    Conviction leads the consumer to try the product on a small scale; he may buy a sample. He tries to evaluate the product from his own experience.
7. Adoption
    A successful trial leads him to buy/adopt the product. Trial and adoption stages constitute the behavioural field in the buying process.
8. Post-purchase behaviour
    The purchase leads to a specific post-purchase behaviour. Usually, it creates some restlessness in the mind of an individual. If he is not satisfied with the product, he may feel that some other brand would be better. He may even feel that the salesman has taken him for a ride. At this dissonant feel which is uncomfortable, the individual, by himself, will seek all means to recover his conviction and poise. He will seek reassuring advertisements of some other brand or he may deliberately avoid positive stories about the competing brand.

Indian retailing is undergoing a process of evolution and is poised to undergo dramatic transformation. The traditional formats like hawkers, grocers and pan shops co- exist with modern formats like Super-markets and Non-store retailing channels such as multi-level marketing and teleshopping. Modern stores trend to be large, carry more stock keeping units, and have a self-service format and an experiential ambience. The modernization in retail formats is likely to happen quicker in categories like dry groceries, electronics, men‟s' apparel and books. Some reshaping and adaptation may also happen in fresh groceries, fast food and personal care products. In recent years there has been a slow spread of retail chains in some formats like super markets, malls and discount stores. Factors facilitating the spread of chains are the availability of quality products at lower prices, improved shopping standards, convenient shopping and display and blending of shopping with entertainment and the entry of Tata‟s into retailing.

Foreign direct investment in the retail sector in India, although not yet permitted by the Government is desirable, as it would improve productivity and increase competitiveness. New stores will introduce

efficiency. The customers would also gain as prices in the new stores tend to be lover. The consequences of recent modernization in

India may be somewhat different due to lower purchasing power and the new stores may cater to only branded products aimed at upper income segments.

The Indian retail environment has been witnessing several changes on the demand side due to increase per capital income, changing lifestyle and increased product availability. In developed markets, there has been a power shift with power moving from manufactures towards the retailers. The strategies used by retailers to wrest power include the development of retailers own brands and the introduction of slotting allowances which necessitate payments by manufactures to retailers for providing shelf space for new products. The recent increased power of retailers has led to the introduction of new tactics by manufactures such as everyday low pricing, partnership with retailers and increased use of direct marketing methods.

Factors underlying trends of modern retail in India

The forces driving forces towards the modern trend can be broadly classified into the following categories.

     i)   Economic development
     ii)   Improvements in civic situation
     iii)   Changes in government polices
     iv)   Changes in consumer needs, attitudes and behaviour
     v)   Increased investment in retailing
     vi)   Rise in power of organized retail

The development of the Indian economy is a necessary condition for the development of the Indian retail sector. The growth of the economy can provide gainful employment to those who would otherwise enter retailing in areas like roadside vending and other similar low cost entries into the retail sector. The growth of modern retail is linked to consumer needs, attitudes and behaviour. Marketing channels including retailing emerge because they receive impetus from both the supply side and the demand side. On the demand side, the marketing channel provides service outputs that consumer's value. In Indian retailing, convenience and merchandise appear to be the most important factors influencing store choice, although ambience and service are also becoming important in some contexts. Store ambiance includes such as lighting, cleanliness, store layout and space for movement. The government of India has clarified on a number of occasions that foreign direct investment will not be permitted in India in the retailing sector. Major international retailer organizations are waiting for signals of policy change especially in the wake of Chinese permission for foreign investment in its retail. In opening up the retail sector, the government may consider various approaches such as insisting an joint ventures, limiting the foreign stake, or specifying the cities where investment is permitted.

6. Finding And Suggestions

Research shows that though India is moving towards revolution in traditional retailing practices but it will take time. People still prefer to buy from local kirana shop or supermarket. Trust, touch and feel, freshness of products are some of the factors responsible for lack of trust in online grocery shopping. Lack of consumer awareness about existence of such retail portal is also the area of concern. Customer relationship is playing important role for traditional grocery business.

Awareness and accessibility are two major challenges for growth of online grocery retailing in India which need to be handle properly. Till now it is only restricted to metro cities of India. In case of local baniya more promotion and awareness program need to be conducted. Once consumers will develop trust than it will be easy to handle. Customer relationship management is very important for traditional and digital grocery business.

7. Conclusion

As per the Darwin's theory - "Survival of the fittest", traditional grocery business are not only surviving but still competing and doing far better than today's digital business. This study will bring out that traditional grocery business is standing tall in cut throat competition of grocery business. Their

marketing techniques and strategies of customer relationship are impacting positively to retain consumers and they are able to perform well in their business.

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