Insights and strategic views on grocery retailing with special focus on consumer purchasing power and price positioning-A descriptive study

Section A-Research paper

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Abstract:

From year 2020 we witnessed many new things. The entire world, including matured and emerging markets were under the threat of the global pandemic Covid-19. When it comes to consumer buying behavior this pandemic divided the era into two- before and after Covid-19. Post Covid situation is definitely different from the previous situation and consumers migrated to a new normal. During the dark days of Covid, consumers were quickly adapting to new buying models which includes e-commerce, digital payments, etc. Going ahead they may not continue all these new practices but may continue a few practices which gave them excellent experience. The retail sector is one of the key sectors which will be impacted heavily because of these dynamics. In this study, researchers focused on the grocery retailing sector which is traditional and has importance at all times because it meets the basic need of the consumers. There are a number of retailers involved in grocery selling and also store format starts from small shops to hypermarkets. This complex background increased the scope and importance of this study. Also, researchers have considered purchasing power- how purchasing power is moving in emerging markets like India and what is the significance of price positioning among different income groups.

For this study, researchers reviewed research papers from 2000 to 2021. The objective of this study is to review all previous studies on grocery retail management and identify key themes from those studies and draw correlations with the current market situation. Based on the subjective evaluation of previous studies and evaluating the current market situation, researchers developed a conceptual framework for retailing and called out four major themes – Customer understanding using big data, Omni channel Capability, Private Label Brands, and Enhanced consumer experience. Researchers are confident that these four big themes will shape the future of retailing and retailers should focus on these elements to meet the changing consumer expectations.

Key Words: Retail, Consumer empowerment, Omni channel, Private label brands, Price positioning, Purchasing power, E-commerce, Digital payments, Retail data analytics, Customer experience, Store environment, Numeric cognition, Purchase journeys, Store environment, Grocery, Supermarkets.

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I. Introduction:

In this paper, researchers are interpreting the findings of research done in different countries in the area of retail management. This is because researchers felt that, to forecast the transitions and trends in retail management, it is necessary to review the cases from economies of different levels. Some economies are emerging markets like India and some are matured markets. Covering research from different markets helps to understand the successful retail model and practices in each stage of economic growth. This study analyzed previous studies on retail management and highlighted big themes which can be of relevance in India. Also, researchers reviewed the findings from previous studies and evaluated how these studies can throw light on post-Covid customer behavior and retail management which will be the new normal. This study is around three key factors - retail management in the grocery sector, how purchasing power of the consumer is impacting purchase decisions, and how price positioning strategy can be built to enhance competitiveness. This study is unique because it not only evaluates the previous studies but also correlates its findings with the current socio-economic situation.

II. Review of Literature:

The outcome of the literature review and the viewpoints of researchers on the available studies are given below. It gives an overview of the research already happened and opens up opportunities for extended and allied studies.

Dymfke Kuijpers, Virginia Simmons, and Jasper van Wamelen (2018) "Reviving grocery retail: Six imperatives", Mckinsey, Perspectives on retail and consumer goods Winter 2018/19

The Mckinsey study highlights some trends in $5.7 trillion global grocery industry. This sector had grown 4.5 percent annually over the past decade. The background of this study is that the profitability of grocery shops eroded like anything in developed markets like the United States and Western Europe. The researchers highlighted two reasons for this profit erosion. One is commodity price and labor cost increase and the other is intense competition from new retail formats like discount chains. Also the fundamental disrupting forces-new age technologies and intensified competition are changing consumer preferences.

The millennials form large consumer groups and their preferences are different from their previous generations. Millennials in developed countries are more inclined to readymade food and they don't prefer to cook at home. They look for healthier food and are keen to know the backend process like how the food is prepared. Also, they are well-versed with the latest technology. Baby Boomers are also the key target group as they have good buying power. This generation is mainly concerned about health, they look for in-store service and are ready to try new products.

Researchers give emphasis on elements like creating a distinctive value proposition, building a strong ecosystem, using technology as a key enabler in the value chain, meeting customer expectations in unique ways, keeping the right real estate, and quick innovations to sustain profitability. In these developed markets with the support of technology, many disruptions happened and it was well leveraged by the tech-savvy consumer generation. Companies who has a strong Omni channel model could build unique competitiveness and succeed in the market. This article gives emphasis on the point that grocery retailers should either go big or exit the business.

Even though this study is based on developed economies, it is a good pointer for the Indian grocery market. As India is progressing on its economic indices, the scenario that the researchers highlighted in US and

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Western Europe is not very far. To understand the speed of transformation at the consumer and business end and to estimate the changes that are going to happen in the grocery market, a detailed study should be done in India. This will give insight into the large number of grocery stores on how to adapt to the changes and sustain in the market. As the per capita income in India is increasing, it is important to study the technological adaptation, change in preferences, and buying behaviour among the current low-income group as they may be the future trendsetters with increased income and liquidity.

Ashis Mishra, Radhika Vishvas (2018) "Retail shopper empowerment: A consumer-centric measure for store performance", IIMB Management Review (2019) 31, 20-36, Published by Elsevier Ltd on behalf of IIM-Bangalore (2019)

This study gives emphasis on the importance of Retail Shopper Empowerment (RSE) and tries to identify non-financial methods to measure RSE. The researchers had done surveys among Food & Grocery, Lifestyle & Apparel, and Specialty stores to understand the relevance of the non-financial measurement model for RSE and to check the possibilities of implementing it in a real retail store environment. All the retailers had welcomed the approach and they were confident to implement the same in their shops. The most surprising thing is that Grocery and Food stores which are considered conventional in retail approach also mentioned that it is practically possible to track RSE at their shops.

Before going into the details of measurement methods and their implications, let us understand in granularity what is Retail Shopper Empowerment. In simple terms, it means the level of involvement and participation of the customer in the buying process. According to Wright (2006), consumer empowerment is a mental state normally accompanied by a physical act that enables a consumer to implement their own choices by demonstrating their needs and demands in their decision-making with other individuals or organizations in the marketplace.

The said study proposes an RSE structure model which says Retail environment, Store convenience and Relevant communication are the factors deciding Retail shopper empowerment. Researchers did validations of this model using different methods. The most important one among them is the study they did among Grocery and Food stores. As the level of income is an important influencer in grocery and food purchases, researchers divided the shoppers into two categories – High income and Lower Income. Confirmatory Factor Analysis (CFA) was done among both groups and it gave a satisfactory fit with the data in both groups, all the coefficient alphas surpassed the .70 level. In addition to that, the reliability and validity of the RSE scale were established by computing construct reliability and Cronbach alpha. All reliability estimates exceeded .70.

This study focused on shopper empowerment and researchers argue that it can facilitate 'value co-creation' at the retail formats. Emerging countries are the key markets for the retail segment because of their high demand, growth rate, and large middle class. Retailing is a vast term and it covers different segments and products. The customer approach in different segments is different. Hence the effectiveness of Shopper Empowerment may be different in different segments. For example, customer empowerment may be effective in supermarkets but it may not be effective in other formats or segments. In this sense, this study is very generic and high-level.

Customer experience and satisfaction can be the results of higher shopper empowerment. The researchers mentioned that they could associate high RSE with shop performance. But in the case of shops with poor performance, they could not identify the reasons. This could be because of the above-said reason –

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segment characteristics also may be impacting the effectiveness of RSE. Hence it opens the opportunity to do a segment-wise RSE impact. In the Indian context, it will be good to do an RSE study in the grocery retailing sector as it is a very large segment with many shops of different scales and is an unavoidable sector for all income groups. To get more clarity on the effectiveness, it should be further divided into different segments based on their income level. Because in this existing study, researchers mentioned that value-seeking customers do purchases as a means to an end and the hedonic customer enjoys shopping. Based on the income levels, the way the consumer purchase is different and hence the RSE impact also.

Marcia Mkansi and Aaron Luntala Nsakanda (2019), "Leveraging the physical network of stores in e-grocery order fulfilment for sustainable competitive advantage", Research in transportation Economics, Published in Elsevier Ltd.

In this era of digitalization, the concept of grocery sales through e-commerce or e-grocery is a normal concept. But the impact of the e-grocery model and its success rate will be very high if this model is linked with a large chain of grocery stores. The study is focused on this element with special reference to the United Kingdom. The model which the researchers highlighted in this study is the 'bricks and clicks' model.

The objective of the study was to confirm the sustainability of the bricks-and-clicks model in the grocery sector with empirical evidence and it focus on certain questions like how a network of stores in e-grocery creates value, how leveraging store network creates approachability etc. Researchers have taken case studies of selected e-grocery retailers who have a network of stores and tried to collect evidence of sustainability. Purposive sampling of four retailers was done and a detailed interview of the managers was conducted to infer insights. The interviews are recorded to ensure that no valid point is missed. The qualitative data collected is transcribed and coded using open and non-hierarchical axial coding. Open coding is used to open up the transcripts and for better exposure to thoughts and ideas. Non- hierarchical axial coding is used in the second stage and it relies on the results of open coding. The coding helped to reflect the meanings from the data and relation to RBV criteria. Content analysis and qualitative techniques were used for further analysis.

In this study researchers identified that the bricks and clicks model creates strategic value by optimizing assets, reduction of set up costs, the rub-off effect of the store's goodwill on online business, and bringing operational efficiency in terms of shorter transportation distance, sharing of knowledge etc. Also, stores are able to expand beyond geographic limitations and find new growth horizons. Additionally, by integrating stores with an online business, the sellers are creating great brand barriers which are making the entry of new players difficult. While ordering, online customers are aware that they are buying from a known store and the store is able to offer what customer wants and gives wide choices.

Even though this study explains the synergy created by the combination of brick and mortar model and online business, it lacks sufficient data to prove it. Researchers collected qualitative information from selected stores and concluded that their experience is true in all scenarios. In other words, from a few successful business cases, researchers generalized the reasons for their success. There could be many other factors other than e-sales that makes the model sustainable, but this study is not covering that. For example, the scale of the business is a key factor that brings operational efficiencies and gives sufficient funds to establish a reliable brand. This factor is not considered in the study. In the Indian context, the sustainability of the bricks-and-clicks model in grocery at various scales of business is an excellent research opportunity. All the business sizes may not bring sustainability to this model, maybe stores with a

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certain minimum turnover can create synergy and expand their business by entering into the e-grocery model. So it is important to know which model will suit different stores with varying sizes.

Abheek Singhi, Nimisha Jain and Kanika Sanghi,(2017) "The new Indian- The many facets of a changing consumer", BCG's center for Consumer Insight 3/17 Rev 11/18

When we talk about the grocery sector it is worth seeing mega trends in consumer buying behaviour and the change in purchasing power. Grocery is not a class-specific item, people from all strata of society are the target group for the grocery business, and the only difference will be a change in buying behavior based on their income level. In this study, the researchers are explaining different consumer behaviors based on income levels.

Researchers did the study among ten thousand consumers at 30 locations in India and highlights megatrends in consumer behavior and buying patterns. The study focuses on three major factors responsible for this change - rise in affluence, growth of emerging cities, and rise in nuclear households.

The below table shows three aspects of India's changing shape of consumption:

SHARE OF HOUSEHOLD CONSUMPTION EXPENDITURE
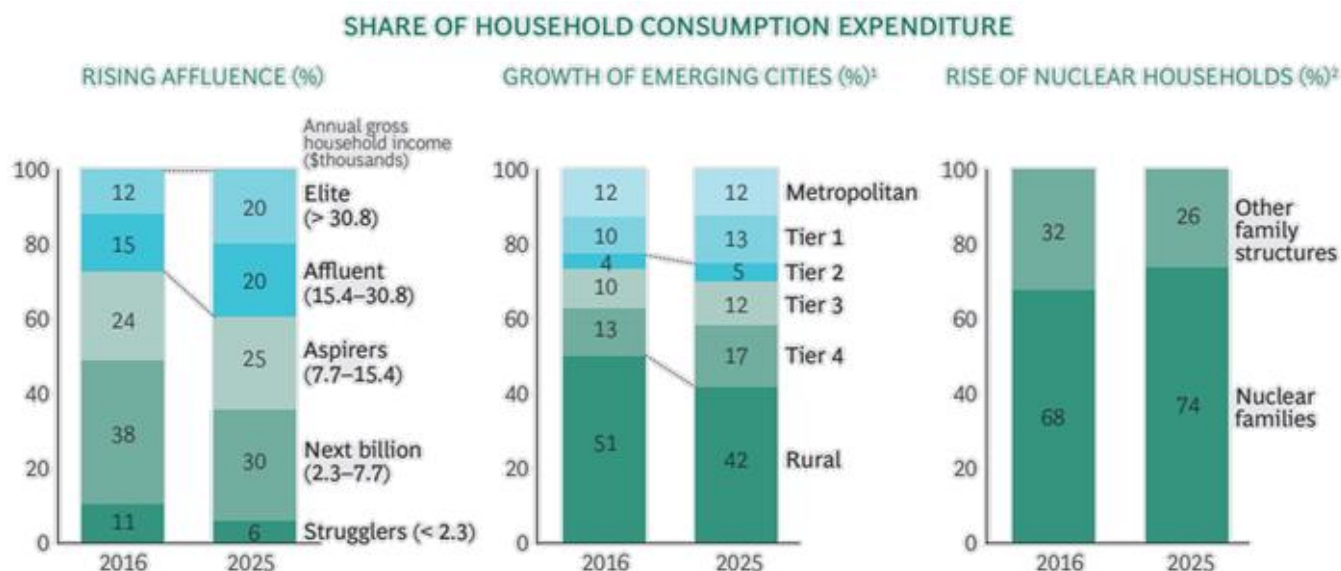
Sources: BCG CCI proprietary income database; BCG CCI consumption survey; BCG analysis.

The increase in the number of affluent customers makes the top class (Elite and affluent) a large contributor to spending. And it is good to see that the percentage of strugglers is coming down drastically. Urbanization in India is also unique compared to other countries. Migration to urban centers is not concentrated in a few cities and the rate of urbanization is not as quick as in countries like China. Going ahead, emerging cities (Population less than 1 Million) will be the fast-growing in terms of consumption expenditure. However, consumers in emerging cities are more value-for-money oriented with significant local affinity and conservative financial outlook.

In this study, researchers mapped the change in consumption by category depending on the change in income. It is relevant to know the correlation between consumption and income in the food and grocery sector. Consumption keeps increasing linearly with income till a certain level of income, after that

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consumption is increasing slightly, then stabilizes and starts decreasing once a certain income level is reached.

Some other highlights of the study are increasing digital engagement, an increase in online purchases and online-influenced purchases, women being more engaged in purchase decisions, and an increase in the demand for ready-to-cook or ready-to-eat products. This study says Indians are the most stressed group in terms of workload and time pressure. We can see this as Indians do multi-tasking – Speaking on mobile phones while driving, Checking Emails while eating, etc. So online engagement will increase in the grocery sector in the coming years.

Also, this study says consumers are ready to pay a premium if they see an extra value in a product or service. This study gives clear pointers to grocery stores in terms of future customer expectations and the need to change business norms. Retailers should focus on digitalization, new and emerging markets, availability of quality products that meets consumer need, Omni channel capability, etc.

At the same time, this study is not focusing on the demographics of the population. The age of the consumer is a major factor that encourages or discourages them to follow the new norms and change their buying patterns. When the study focused on Income and Urbanization, it missed out on the demographic part.

Pranav Jindal, Ting Zhu, Pradeep Chintagunta and Sanjay Dhar, (2020) "Marketing-Mix Response across Retail Formats: The Role of Shopping Trip Types" Journal of Marketing 2020, Vol. 84(2) 114-132 American Marketing Association

The focus of this study is on the marketing mix response based on two categories of promotions- price and non-price in different retail formats. Researchers studied how the marketing mix effectiveness is varying by shopping trip type. They classified the trips into major, planned minor, and unplanned trips and checked the impact of price and non-price promotional elements in each trip category. The products they considered for this study are dry grocery, nonfood grocery, dairy, and frozen. Focus was on offline retail format due to the fact that the online market of grocery items is not considerable as of now. Researchers used Nielsen Home scan and store-level data and did a detailed analysis of the top ten categories across different retail formats. The retail formats included supermarkets, mass merchandisers, and convenience stores.

To study the impact of price change in different retail formats, researchers considered P&G products as a case study. The reason was that after keeping competitive pricing for many years in the USA, P&G increased the prices to the tune of 4% to 10% from 2018 in a phased manner. Competitors like Unilever also followed the same and increased the prices of some of their products to check the impact of price change. As this price sensitivity study is based on a real price change case of P&G it gives more authentic results. That means the findings are not based on consumer claims or hypothetical situations.

Researchers found that trips to convenience shops are mostly minor and unplanned ones and trips to supermarkets are major and planned ones. In unplanned trips (mostly purchases from convenience shops) brand shares are least sensitive to price and non-price promotions. At the same time, brand shares are most sensitive to promotions in large retail formats like supermarkets. In the case of convenience shops consumer purchase is unplanned and mostly urgent and they spend little time in the store. This is the reason for less sensitivity to promotions and prices.

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The study says the major factor affecting the brand share is price and feature. This understanding is not specific to any retail format, it is the sum of all retail formats.

When it comes to distance, in case of minor trips (Unplanned purchases) consumers prefer to choose retail shops near to them, at the same time they are ready to travel the distance for planned purchases.

The home scan data which researchers used for the analysis is monthly aggregate data. In the case of monthly aggregate data, it is difficult to plot the impact of marketing mix variations accurately. This is a shortcoming of this study and it can be overcome in future studies.

Tandy Chalmers Thomas, Amber M. Epp, Linda L. Price (2020), "Journeying Together: Aligning Retailer and Service Provider Roles with Collective Consumer Practices", Journal of Retailing 96 (1, 2020) 9–24

Retailers generally think about consumers and take action to influence the customer. Here consumer means an individual who is buying a product from a retail store. However, the individual is not a single personality many times and the purchase journey he or she is making is not only for him or her. Take the example of a parent doing shopping at a grocery shop, even though he/ she alone is involved in the purchase process he/she is doing this pursuit for the family while doing the purchases the family's needs are being attained. There are other journeys customers do collectively. Decisions for a vacation, managing health issues, etc. In most cases, they do these journeys with their family. There are other social groups also who do collective purchase journeys. In this study, researchers consider Family as the focal point and did the study around this social group. Researchers applied social practice theory also in this study. Social practice theory conceptualizes a series of practices that are guided by culture and performed individually or collectively.

Researchers identified that depending on the collective dynamic challenges retailers play three different roles namely central, mediated, and dispersed.

The central role denotes the typical role a retailer is playing. The retailer is matching the ideal enactment here. By calibrating retail offerings with envisioned practices retailers can open new opportunities.

In the case of mediated role, the retailer is playing the role of a facilitator. Here the focus is not on the retailer it is on shared meanings and experiences. The mediated role ensures collective relational experiences.

The dispersed role is totally different from the above two. Here the retailer plays the role of a team player. It can be explained with an example, suppose a family is addressing a health care service, that family has to connect and engage with multiple groups like pharmacists, physical therapists, community support groups, etc. and families has to coordinate with all these parties to ensure quality care. Here one service provider can coordinate with others and play the role of a team player which can enhance customer experience. For example, for a travel plan if the travel agent is booking air tickets and coordinating with hotels, and do reservations. Here the travel agent is playing a dispersed role. The customer experience will be good if the service providers understand their role well and coordinate and share information with each other on relevant platforms. The success of the retailer or service provider lies in the ability of the retailer to coordinate and integrate with other service providers.

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These three different roles can be explained with an example. Consider the case of a Health care scenario. In the case of a Heart Attack, in the first phase, the hospital plays the central role. This is because it is the most critical stage and here there is an emergency to act and take control of the situation. In the next phase hospital plays a mediating role where they provide space and services to help connect and support the patient and their family. In this third stage, the hospital is playing a dispersed role by coordinating with different service providers like nutritionists, fitness specialists, and rehabilitation centers.

 The success of a retailer depends on how he is aligning with the collective interest of the group. In normal cases customers' purchase journey is studied as an individual journey and not much importance is given to collective journeys. But in reality, there are many collective groups. Teams, consumption communities, employees, friend groups etc. are some examples other than family. If the retailer is able to understand and align with the collective interest of the group by adopting the matching role then the success is certain. This study emphasizes giving importance to collective purchase journeys and the retailers' role in each of these journeys. Of course, retailers will be facing challenges to align with the collective consumer groups but if they overcome these challenges then it opens up big opportunities.

In this study, there is input on all the touchpoints that support or detract from collective customer journeys and what all the ideal touchpoints retailers should consider. However, this study fails to address the question of how retailers can coauthor scripts for emerging collective practices. In a nutshell, this study explains well the theoretical frame of the collective customer journey but it did not give information on the practical side of this theory.

Shelle Santana, Manoj Thomas, Vicki G. Morwitz, (2020) "The Role of Numbers in the Customer Journey", Journal of Retailing 96 (1, 2020) 138–154

Pythagoras explained the importance of numbers by saying, "Number is the ruler of forms and ideas, and the cause of gods and demons." His words have an implication in purchase journeys also. From the need recognition stage to the post-purchase evaluation stage, customers compare, evaluate, and decide on products using numbers. Hence this study tries to outline the role of numerical information and processing strategies at different stages of consumer journeys. Budget, product ratings, price, discount, quantity, customer rating, etc. are some examples to cite.

In this study, the researchers evaluate different theories to understand the psychology of numeric judgments. Helson's Adaptation Level Theory (Helson 1964) says new stimuli are evaluated relative to internal norms and adaptation levels. Dehaene's Triple-Code model (Dehaene 1992) theory says that numbers can be mentally represented in terms of symbols, verbal representation, and analog representations. The general evaluability theory by some values can be more easily evaluated than others, and the evaluability of a value is influenced by three factors: the mode of evaluation, the judge's knowledge, and the nature of the stimuli. In addition to these theories, researchers studied numerical cognition in the context of probability judgments, mental accounting, etc.

This study highlights the importance of the effective use of numbers to influence consumer behaviour or purchase decisions. In other words, it is clear from this study that numeric cognition is important in purchase journeys, and hence every retailer should focus on its effective use. But this study does not give

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any insights into which stage the numeric representation is important or in what form it is more effective. For example, if consumers simply remember the final price paid and not the full price, the discount applied, and the final price separately, then they might mistakenly underestimate the value of the discount, which could affect their future shopping behavior, but this theory is not a proven one with use case studies. Further studies can be initiated to understand the right level of numeric cognition needed at different stages of the purchase journey and how retailers can use numbers effectively to influence consumer behaviour.

Shalini Talwar, Amandeep Dhir, Ashraf Khalil, Geetha Mohan, A.K.M. Najmul Islam (2020), "Point of adoption and beyond. Initial trust and mobile-payment" Journal of Retailing and Consumer Services 55 (2020) 102086

With the Covid19 pandemic, the use of digital payments and digital valets has increased and studies say that post Covid19, consumers will go to a new normal and there will be new expectations from consumers and one among them is digital payment facility. During the Covid19 lockdown people increasingly used digital payments and they experienced the convenience of digital payments. This good experience will make them continue to do cashless transactions. Previous studies have happened in the area of digital payments. The study under discussion here is one among them.

Previously it has been believed that digital payments are more popular among urban and semi-urban markets. But it is not the scenario now. As discussed above, due to the global pandemic people from all strata of society, and all economic classes have started using digital payments. Now it is important for a retailer to provide digital payment options in all markets.

The study under discussion here is based on the primary data collected from 954 first-time mobile-wallet users from India. In the study, researchers highlighted that the barrier to mobile payment adoption is initial trust and it could be because of perceived information quality, perceived service quality, perceived uncertainty, perceived asset specificity, perceived usefulness, dissatisfaction, confirmation, and continuation intention. To break the barrier of initial trust researchers suggest information quality as the key driver.

This study is done among young - adult students between the age group of 18 to 28. Normally new technology adoption rate is high among these age groups, hence the findings may not be true for other age groups. But this study is directionally true for all demographic groups. Here the researchers give a strong point to the retailers, if the initial trust barrier is broken then the use of mobile-based payments can grow quickly. If customers try this way of making transactions once, then that is the point where they overcome the initial trust issue.

During the Covid19 period, a large number of consumers tried mobile-based payments to keep social distancing. We can call it a big barrier breaker or trust-building point. Going ahead most of these customers will continue to transact using digital methods. So it is important for retailers to ensure a digital payment ecosystem at their stores. Irrespective of the size of the store or locality of the store or behavioral aspects of the consumers, retailers have to ensure that the digital transaction facilities are available at the store because most of the consumers would have experienced the new ways of transacting and that has become a hygiene factor. So digital payment methods should be the top priority item in retail management.

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Ali Ihtiyar, Fauziah Sh. Ahmad and Mas Bambang Baroto, (2013), Impact of Intercultural Competence on Service Reliability and Customer Satisfaction in the Grocery Retailing". Procedia – Social and Behavioral Sciences 99 (2013) 373 – 381

The interrelationship between intercultural competence, reliability, and customer satisfaction is one area where many types of research are not available. This study focuses on these three factors with respect to grocery retail shops in Malaysia. Friedman and Antal (2005) define Intercultural competence as the ability to think, discriminate against differences, manage experiences, and build efficient communication with individuals from different cultures in a multicultural society. Previous studies proved that people with higher intercultural capabilities are able to learn aspects from other cultures such as foreign languages, cultural norms, etc. and they are easily adaptable to other cultures.

This study proves that intercultural competence affects customer satisfaction directly and indirectly through reliability. Customer satisfaction is the ultimate goal every retailer is trying to achieve because customer satisfaction ensures loyalty towards a shop and ensures re-purchases. As intercultural competence has a direct relationship with customer satisfaction, it is important for the retailer to ensure that all factors in terms of intercultural competence are in place for his shop. For example, a retailer has to ensure that their sales staff is aware of the importance of monitoring and managing the interactions properly in all intercultural service encounters.

Avinash Pawar and B. V. Sangvikar, (2019), "Strategy and Success of DMart: The Case of Retail Chain in India", NIDA International Conference for Case Studies on Development Administration 2019 (NIDA-ICCS 2019)

The grocery retail study in India cannot be complete without understanding and evaluating the D-Mart Supermarket case study. D-Mart is called Indian Wal-Mart. In a short span of time, D-Mart is able to establish its unique position and grow revenues profitably. This retail chain is targeting middle-income groups and consumers who are aspiring to meet their daily needs. D-Mart ensures the availability of all home and personal products at competitive prices. Their business model is built on three pillars-customers, suppliers, and employees. This study is based on the survey conducted among D-Mart customers and employees and a few interviews with selected stakeholders of D-Mart.

The Indian retail industry is one of the fast-growing industries due to the entry of several new players. Total consumption expenditure is expected to reach nearly US$ 3,600 billion in 2020 from US$ 1,824 billion in 2017. This is 10% of GDP and contributes to 8% of employment.

D-Mart has become a leading player and renowned brand in this growing sector within a short span of time. They achieved this because of their unique value proposition which is mentioned below:

Selling Tool	Heavy discounts and has managed to sell cheap
Market Segment	Price sensitive group
Target Market	Middle-income households
Market Positioning	One-stop value retail store chain

In their approach to the market, D-Mart relay on ACT Principle. This means, Action, Care, and Trust. Action comprises of the qualities – focused, enthusiastic and motivated and Care reflects the respect they

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provide to all stakeholders including employees, and the attitude of listening and resolving grievances. By being open, honest, and fair they ensure Trust in all their dealings.

Owned Space: D-Mart supermarkets are operating on owned premises. This is reducing the pressure on the fixed cost of the rent. Also, they select locations not in premium localities. This is helping them to get ample space at a reasonable cost.

Private Brands: D-Mart offers private brands with quality products. This is securing good profitability for D-Mart and the best deal for the consumer.

Focus on Volume: Their focus is not on price but on maximizing revenue. This strategy is helping D-Mart to increase its penetration among middle-income customers.

Follow core values: D-Mart believes in value based management system and always upholds its core values which includes integrity, openness, and transparent and fair actions.

Direct dealings with Manufacturers: D-Mart eliminated intermediaries like distributors. This is helping them to get the best deals from the manufacturers.

Control cost: They are very cautious when it comes to cost. They follow very cost-effective promotion strategies. This approach is there in all their activities.

Focus on Fast-Moving Products: D-Mart focuses on fast-moving products and they believe in lean operations when it comes to inventory management.

Previously, we discussed the increasing number of middle-income households in India. D-Mart is capitalizing on this growth and their offerings and value proposition is matching to the needs of this fast-growing group. From this study researchers concluded one point, if the retail format is catering to the needs of the fast-growing segment then the growth of that retail format also will be as fast as the segment growth.

Debdeep De and Ajay Singh, (2017), "Consumer's perspective and retailer's consideration towards the purchase of private label brands", Since Direct, Procedia Computer Science 122 (2017) 587-594

Private Label Brands (PLB) are produced and sold by the retailer. It is also known as an In-House brand or Self-label brand. According to Nielsen's report matured markets like Europe, the US, Canada, and Australia has significant sales contribution from Private label brands. In these markets, the share of PLBs is close to 50% which is a considerable number. Initially, PLBs are considered low-cost substitutes but now it has evolved and competed with mainstream brands and retailers are using them as a strategic weapon to enhance their competitive edge and profitability.

This study is focusing on the impact of attributes like price, brand, quality, retail brand, etc. towards the purchase of Private label brands. Also, it examines the impact of socio-demographic factors in these purchase decisions. Researchers collected primary data from grocery and apparel customers in NCR, India. From the analysis of the data collected, it is clear that Indian consumers are more price sensitive toward PLBs. At the same time, the brand image of PLB is very important and it can increase customer footfall to the store. The

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PLBs are mostly purchased by youth and the income level of the consumer is also affecting the private brand purchase decisions. Hence retailers have to give importance to demographics while developing strategy. Needless to say, continuous innovation and quality improvement can improve the perception of the PLBs.

Retailers should provide sufficient varieties under private brands and ensure that the quality is not inferior. When it comes to pricing, retailers should ensure that the price of PLB is lower than the National brands as the PLB consumer is very price sensitive and they look for value for money offering.

Elwood Hopkins, Emerging Markets, Inc., (2010), "Understanding the Different Types of Low-Income Neighborhoods", Community Investments, Spring 2010 Volume 22, Issue 1.

This study is very relevant here because it says that all low-income neighborhoods are not the same, they are unique. In some social studies neighborhoods are evaluated based on their family needs and the socio-demographic composition. Race and class are also strong frameworks in terms of classifying neighborhoods. Preparing any value proposition depends on the understanding of what the neighborhood looks like in terms of family structures and needs. The "Community Rhythms" model by Harwood Institute proposes a five-stage process through which communities develop their social capital, accumulating leaders, strong organizations, and capacity for collaboration over time. Basically, the communities are going through different stages of their evolution and it is important that which retail strategy fit in each stage of evolution.

In this study, the researcher classified the low-income neighborhoods of Los Angeles into eight categories. One category for example is The 'Suburban Poverty Pockets' The members of this community were once the domain of the African American and Mexican middle class, have seen an evaporation of employment opportunities and a rise in poverty rates and crime.

This study and its definitions are in the context of Los Angeles, but the point here is that this approach is relevant to India also. Maybe the categorization, definitions, and social aspects will change but classifying the low-income groups into different subgroups is important to formulate a successful retail management strategy. To cite an example, the labor migration from one state to another is very high in India. These migrations are formulating a new socio–economic zone. The consumer needs and behavior in these zones will be different from others with similar income levels. Hence the right segmentation of low-income groups is important for any business strategy.

Oliver Heinrich, Alberto Mussa, and Stefano Zerbi, (2016), "How retailers can improve price perception—profitably", 2016 McKinsey & Company

This study says a new methodology backed by data analytics can attract value-conscious customers to the retail shop without sacrificing the margins. For example, if the retailer has sufficient data analytics then they can define key value categories (KVCs) and key value items (KVIs). These are items whose price customers tend to notice and remember.

In this study, the researchers classified the products into two categories- frequently bought items and infrequently bought items to understand consumer price perception. Grocery is categorized under frequently purchased items. The following are the steps retailers can use to identify the price perception in the frequently purchased category.

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- Identify items that represent good value for money. These items are either cheap relative to the category or have a low per-unit price. For example, a two-litre bottle of Pepsi might qualify as a good deal whereas a half-litre bottle might not, since the two-litre bottle's price per litre is much lower.
- Identify customers who buy mostly good-value-for-money items.
- Assess the relative importance of items purchased by price-sensitive customers. In this step, the retailer has to answer two questions about each item: What percentage of price-sensitive customers buy the item? And what percentage of all the customers who buy the item are price-sensitive customers?
- Rank the items, according to price awareness scores, within their categories, and price positioning can be done based on this data.

Here the key is the availability of data and the capability of the retailer to do a proper analysis. Going ahead it is important for any retailer to have sufficient customer data and analytical skills to ensure that their pricing strategies are matching with the consumer needs.

Thomas Kilroy, Ian MacKenzie, Audrey Manacek, (2015) "Pricing in retail: Setting strategy", McKinsey & Company Retail Practice April 2015

This study is focusing on the pricing of key value categories (KVCs) and key value items (KVIs) in the new digital retail era. Normally, retailers use their KVC and KVI lists to govern item-price decisions against reference-competitor price indexes—these lists are foundational elements to the effective price index that the retailer is targeting. This is a tactical approach. These price decisions could be to match exactly or to price slightly higher or lower, depending on the competitive and customer dynamics of the geography or price zone in question, as well as the specific category objective and product segment of the item in question. Researchers say that there are many customer data points like Transaction data, Retailer judgment, Customer price perception data from primary research, etc. with the retailer. On the other hand, the customer has exposure to multiple channels, price transparency, and dynamic pricing data available to the consumer. So researchers are proposing new ways of categorizing KVCs and KVIs and preparing pricing strategies for these items.

These new ways depend on additional information like reviews, search, click-through, bounce, and purchase rates. Once this is done, the next step is segmentation. Segmenting items into a small set of price groups is typically not sufficient in a new competitive environment where customers are exposed to online and offline retail platforms. Instead, to balance customer demand, competitor actions, and economic considerations, retailers should create a flexible and manageable number of price segments.

The researchers focus on the importance of data and how the data can be used effectively to build pricing strategies. The capability to do such detailed analysis is not available with small retailers. Hence, in emerging markets like India, it is important to focus on building such capabilities among retailers.

Praveen Adhi, Andrew Davis, Jai Jayakumar, and Sarah Touse, (2020), "Reimagining stores for retail's next normal", McKinsey.com, April 2020

This study is very important because its insights are making all the findings from previous studies irrelevant. The reason is that Covid-19 has impacted how people live. This pandemic changed consumer behavior drastically. New customer expectations from retailers are emerging. The success of any retailer will be on

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how they can meet these new expectations of customers successfully. That means customers have moved to a new normal and retailers should act as enablers of this new normal customer behavior.

- E-commerce will attract consumer segments that previously preferred to shop offline, such as baby boomers and Gen Zers. Retailers in Asia where the online penetration is higher are expecting a steep increase in E-Commerce transactions.
- Unless retail shops give a good reason for the customers to visit the store, they won't do that. Consumers will be comfortable with the online experience and they may continue to use more online platforms than offline. Building Omni channel capability will be the key to driving business. At the same time retailers can focus on better customer experiences more than ever. Good product discovery experience may help to maintain relevance for offline store formats.
- 'Buy online, pick up in store' is another concept retailers can try to ensure transactions with minimum contact.
- Enable personalization of in-store touchpoints: If the store has online and offline customer data they can tailor their customer interactions accordingly.
- Digitalize and automate non-value-added work - Introduce contactless self-serve features.

Going ahead, building Omni channel capability has come up as the key success factor for retailers. How to develop this capability is one aspect retailers should decide based on their market realities and business models.

III. Methods (Experimental Details)

This study is based on secondary data available through different research publications. Researchers have done a screening of research papers between 2000 and 2021 on retail management and identified relevant papers related to grocery retailing, then studied these selected papers in detail to understand the research findings and triangulate those findings with current market reality. Once researchers formulated the conceptual frame from previous studies a concept check is done with industry experts and academicians to fine-tune the framework. Hence, this study is qualitative research based on secondary data and opinions from experts in the field of retail management.

Even though not included as part of this study researchers had taken insights from some research work that happened 60 years back to understand how the market has progressed. One interesting point is that in those days many research studies had taken place in grocery retail management because grocery was the basic and unavoidable thing for any consumers and because of low per-capita income, other luxury items were not in the consideration set of the mass population. Now customer needs have grown much beyond groceries or products that can meet basic requirements. At the same time, we can say grocery is one product segment that has relevance at all times.

IV. Results and Discussion:

After reviewing all the papers related to retail management, the researchers have built an ideal retail management frame for this study. Researchers analyzed different studies that happened in the area of retail and identified the key factors relevant to retail management and incorporated those factors into the frame. So this framework is summarizing all the major studies that happened in this area.

Consumer: Defining consumer is impossible and understanding the consumer needs and expectations fully is also a challenging task. However, we can draw patterns by collecting primary data and analyzing it. All the

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above studies are trying to define customers using different parameters and make it an input to marketers. All the studies tell retailers that whether it is a small or large store format, they have to have basic consumer understanding based on data. It is important to collect consumer data and draw patterns so that store business strategies can be framed well. Now the availability of consumer data is well organized by using the latest POS or CRM systems in large retail formats. Similarly, huge data is available with e-commerce platforms and digital transactions platforms like google pay. These players can easily draw consumer behavior patterns from the large data they hold and can make successful business strategies that no one can beat. But how about unorganized shops? They don't have the systems to collect and analyze data and they are becoming providers of data points instead of data collectors. People may ask how they are becoming the data providers, imagine the data getting transferred to a digital payment platform from a small retail shop. The payment solution provider can easily draw purchasing patterns in terms of frequency, ticket size, etc. Hence systems and tools to collect and analyze consumer data need to be made easily available to all store formats. Governments can play a big role in this. Government should move from the stage of the tax collector to an enabler of revenue generation.

Situation: The situation which is causing the purchase, the urgency of purchase, etc. fall under the category of purchase situation. The previous studies clearly proved that the situation has a big impact on store selection and purchase decisions. Also, the effectiveness of promotions will vary depending on the situation of purchase. What is the expected action from the retailer here? Retailers should ensure that their store has the basic qualities which can satisfy the needs of different purchase situations, and the promotions should be matching to these different purchase situations. It is not possible to target all purchase situations but it is important to cover the major ones.

Marketing Mix: The elements of the marketing mix should be decided based on consumer segmentation and purchase situations and this will vary based on many factors like socio-economic aspects, culture, etc. of the target consumer the retailer is dealing with. Retailers should keep the right balance of price and non-price promotions and focus on the importance of numeric cognition where ever it is applicable. In markets like India, retailers should consider Private label brands also. The reason is that India is an emerging market and most of the consumers are more price sensitive, so there is a big scope for private label brands which can be price positioned lower than the national brand. Needless to say, the sustainability of private brands largely depends on the quality of the products. Also, PLBs give a big opportunity to increase the profitability of the retail store. Previously we have seen the case study of D-Mart – the Indian retail chain. D-Mart has its own private product brands and this is one of their key strategies.

Environment: Many studies proved that the store environment is influencing buying behavior and in many cases, a good environment increases impulse purchases. When we talk about the retail environment it includes ease of selecting items, support of store staff, ease of making payments, etc. From the previous studies, it is clear that shopper empowerment is one of the big factors which is influencing purchase behavior. Retailers should give enough opportunities to the consumer to take empowered decisions. At the same time, retailers should play various roles according to the situation. In the studies we have seen that the role retailer is playing in the case of individual customer journeys is different from collective purchase journeys. So the retailer should be clear on the role they have to play in different customer journeys to make the buying experience more memorable for the customer.
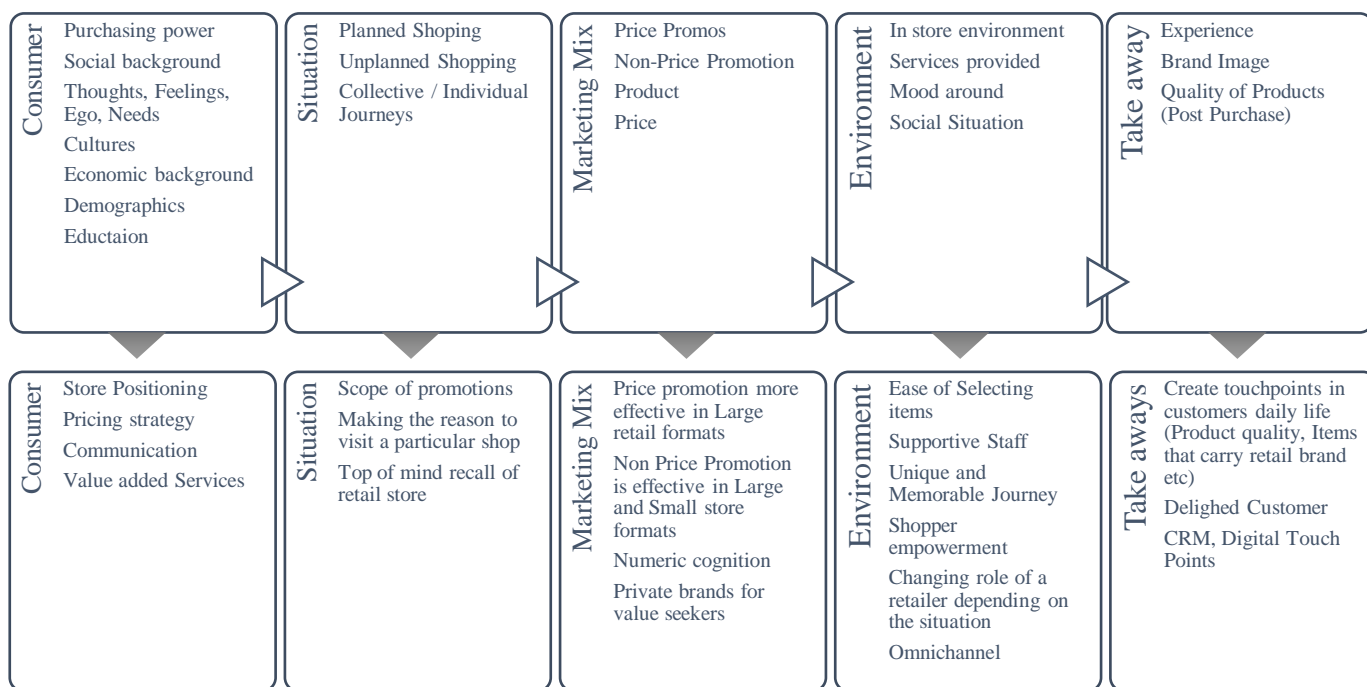
When we focus on the retail store environment, we can't ignore the importance of developing Omni channel capability by all grocery retailers. Previously we have seen the impact of the global pandemic Covid-19 in

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consumer buying behavior. As a result of this pandemic, consumers are quickly adapting to digital payments and E-commerce transactions. Once customers get an excellent experience from e-commerce, a good percentage of them will continue to depend mainly on e-commerce. So irrespective of the size of the retail store, all grocery retailers should develop Omni channel capability. When we talk about Omni channel capability it can be a small start like home delivery or buying online and pick up in the store. The point here is all retailers should focus on additional services that can meet customer expectations in the new normal which is post-Covid-19.

Takeaway: The result of all the efforts the retailer is taking to make customers' purchase journey a memorable one is the takeaway that the customer is taking back after every purchase. Based on these takeaways customers may show acceptance or avoidance of a particular retail store. In case of avoidance, customers may not turn back to that retail store. But if the experience customer gets from the store is good, then they shall tend to visit the store again. Post-purchase elements like satisfaction with the products purchased, and connection with the customer through digital touch points post-purchase are also framing the customer experience.

Based on these findings from different studies researchers have developed a conceptual formwork that retailer can follow, which is given below:

Conceptual Framework:

Consumer	Situation	Marketing Mix	Environment	Take away
Purchasing power Social background Thoughts, Feelings, Ego, Needs Cultures Economic background Demographics Eductaion	Planned Shoping Unplanned Shopping Collective / Individual Journeys	Price Promos Non-Price Promotion Product Price	In store environment Services provided Mood around Social Situation	Experience Brand Image Quality of Products (Post Purchase)
Store Positioning Pricing strategy Communication Value added Services	Scope of promotions Making the reason to visit a particular shop Top of mind recall of retail store	Price promotion more effective in Large retail formats Non Price Promotion is effective in Large and Small store formats Numeric cognition Private brands for value seekers	Ease of Selecting items Supportive Staff Unique and Memorable Journey Shopper empowerment Changing role of a retailer depending on the situation Omnichannel	Create touchpoints in customers daily life (Product quality, Items that carry retail brand etc) Delighed Customer CRM, Digital Touch Points

The above framework explains the different stages through which a customer shall go through and the actions that the retailer should take in each stage. Researchers would like to term the expected actions from the retailer as 'Preparedness of the retailer' to meet the dynamic needs of the consumer.

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V. Conclusion:

From the previous studies on retail management researchers here concluded on four big themes which every retailer should focus on irrespective of their store size. The first one is understanding customer behavior and buying patterns using big data. Here, collecting relevant customer data, protecting the retailer data, and analyzing the data is essential. The second theme is building a strong ecosystem that includes Omni channel capability. Going ahead, Omni channel capability will be a must to survive in the competitive retail market. Retailers can develop their own Omni channel or many retailers can come together and develop Omni channel capability. The third theme is around developing Private label brands to attract price-sensitive customers and ensure store profitability. In developing countries like India, the lower-income groups make up the majority of the population. So, the importance of economical brands is important as purchasing power of the majority of consumers is low. Lastly, enhancing customer experience, by all means, will be the big broad theme at all times.

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