

OPINION ANALYSIS OF TRADITIONAL RETAIL DISTRIBUTORS ABOUT MODERN WHOLESALE-CASH & CARRY ON THE FOOD & GROCERY DISTRIBUTION STRUCTURE IN PUNJAB

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Introduction

Traditional retail distribution system has been backbone of Indian retail industry for a long. Every district in India has a set up of traditional wholesale distributors serving distribution among retailers in urban areas as well towns and villages. The retailers have been depending upon them since the start of the industry. The services offered by them are in common and also a few being distributors' special services to selective retailers. With the entry of modern wholesale cash and carry stores, there has been a considerable influence on traditional distribution system of retail industry of India. The international standards, supply chain management, HR problems, infrastructure and logistics problems, complex tax structure are among the major changes retail sector in India (Prafulla Sudame, Sivathanu, 2013). Retailing is a vibrant part of our changing society and major source of employment. Retailing is closely tied to the changing moods of the consumers and new ways of business, spread on by the impressive development in technology and management theory. Many facets of retailing, including Logistics and Distribution, Merchandising, Store Layout and design, pricing and location strategy have influenced distribution structure (Newmen Andrew and Cullen Peter (2003). Many new areas of importance have emerged which include retail services and out of store retailing. The different market structures that are required for retail operations and managing in the times of booms and slumps have come into picture. Among key issues, role of assortment size in determining consumers' choice of a retailer is also very significant. Consumer choice among retailers offering various-sized assortments is influenced by the attractiveness of the options constituting these assortments (Hamilton Ryan, 2009).

The new trends in retail marketing and its implications on competition as well as economics of retailing include changes in the pricing policy and promotional techniques that are adopted by different organized large scale retailers apart from terms of ownership, demand pattern, strategic mix, emerging forms (Barry Burman and Joel Evans, 2006). The modern retailing especially Web Stores, or Electronic Retail Channels

are becoming more profitable and popular because of changing tastes and styles of buyers, because of liking of the new and emerging trend of electronic medium. Internet has influenced not only in terms of technology but Internet has become a social medium of communication, which is responsible for development of E-Retailing which has drastically influenced the strategies of retail management. This has changed the perception, competitive strategies, distribution systems and promotional strategies that are adopted by the retailers (Barry Burman and Joel Evans, 2006). Manufacturers and wholesalers expect retailers to be a part of established channel through which customer feedback can flow back to them. The retailer is the first contact point that the customer has with the product and therefore this fact gives him tremendous power (Dale Gillian and Banfield Graham, 1985).

The traditional forms of independently owned small business and co-operative have lost significant market share in developed economy and the retail sector is now characterized by large scale, multiple store, run by powerful and sophisticated organizations. The increasing size of retailers and intensifying rates of competition in the markets in which they are operating has made retailers to search for new ways to grow their business (David Gilbert, 2003).

Population of the Study

As the concentration of wholesale business in Punjab is primarily in the cities of Ludhiana, Jalandhar, Amritsar and Mohali-Zirakpur, and also as the Modern wholesale players are located in these cities they have been selected for the purpose of this study.

Sample Size and Design

Traditional retailers who are members of modern wholesale cash and carry stores were selected to form the sample of 200 retailers with 50 retailers each from the 4 cities.

Collection of Data

The data were collected from published data from different sources on various aspects of distribution for food and grocery retail and also through structured questionnaires for modern wholesale stores and their impact in Punjab.

Review of Literature

In current retail scenario, modern wholesale cash and carry is one of the major factors. Many of studies have been conducted in this context but no study was found to analyze impact of modern wholesale cash and carry on food and grocery distribution in Punjab. The review of literature has provided considerable knowledge about the concept. On the basis of review of available literature in various national and international journals, the various variables were identified to be included in the study.

Major Findings

Table 1 : Traditional Distributors' responses

PARAMETER	STRONGLY IMPORTANT	IMPORTANT	CAN'T SAY	UNIMPORTANT	STRONGLY UNIMPORTANT	AGREED (NO.)	%	DISAGREED (NO.)	%
REDUCTION IN CUSTOMERS	5	8	5	2	0	13	65	7	35
REDUCTION IN PROFIT	3	12	5	0	0	15	75	5	25
INCREASE IN CREDIT PERIOD	7	8	3	2	0	15	75	5	25
INCREASE IN OUTSTANDING PER CUSTOMER	2	7	7	3	0	9	45	10	50
INCREASE IN INVENTORY	6	7	7	0	0	13	65	7	35
HIGHER NUMBER OF CLAIMS	6	11	1	1	1	17	85	3	15
REDUCTION IN ORDERSIZE	6	9	2	2	0	15	75	4	20
LOWER ORDER FULFMENT TIME	5	9	6	0	0	14	70	6	30
LOWER SALES OF FAST MOVING ITEMS	7	7	3	2	1	14	70	6	30
EMERGENCE OF VENDORS & SEMI-WHOLESELLERS	10	6	2	2	0	16	80	4	20

Distributors Opinion

During the study, a sample group of distributors and traditional wholesalers were interviewed about the changes in their businesses as a result of the entry of Modern Wholesalers in the Food & Grocery Retail. Their responses were sought on multiple variables and have been studied using percentage analysis. For the purpose of understanding the results and the relative importance of different factors and variables, the results have been classified in 3 categories. This categorization is based on an agreement with the findings in the form of percentages. While an agreement of more than 75% is termed as Highly Important, that above 50% but less than 75% is termed as important and that of less than 50% is less important. An explanation of the Variables is listed as below;

Highly Important Variables-Agreement with the statements about the importance of variables to the distributors-wholesalers business with a percentage score of more than 75%:

1. **Reduction In Profit:** This was regarded as one of the highly important variables, as 75% distributors feel that their profit margins have reduced due to the entry of modern wholesalers. They attributed the decline to reduced margins, increased working capital and also higher expenses. It can thus be stated that distributors are in agreement with the statement that their profits have reduced as a result of the entry of modern wholesalers in the sector.
2. **Increase in Credit Period:** This was also regarded as a highly important variable as 75% of the traditional wholesalers and distributors believe that the effective credit period to the kiriyana retailers has increased due to the emergence of Modern Wholesalers. It can thus be stated that distributors are in agreement with the statement that their credit period has increased as a result of the entry of modern wholesalers in the sector.
3. **Higher Number of Claims:** This emerged as the most important variable with 85% of the respondents claiming that due to the presence of Modern Wholesale firms, the number of claims related to price and other issues raised by the kiriyana retailers has increased. It can thus be stated that distributors are in agreement with the statement that the number of claims raised by the retailers has increased due to the entry of modern wholesalers in food and grocery retail.
4. **Emergence of Vendors and Semi Wholesalers:** This has also emerged as a Highly Important Variable with 80% of the respondents agreeing that with the coming in of modern wholesale firms, the number of vendors and semi wholesalers has increased in the sector, thereby intensifying the competition.
5. **Reduction in Customers:** This has also emerged as a Highly Important Variable with 65% of the respondents agreeing that with the coming in of modern wholesale firms, the number of customers purchasing from them has reduced thereby leading to reduced sales in quantity terms.
6. **Reduction of Profit:** This has also emerged as a Highly Important Variable with 75% of the respondents agreeing that with the coming in of modern wholesale firms, the profit of their firms has reduced due to a drop in margins and also the sales.
7. **Reduction of Order Size:** This has also emerged as a Highly Important Variable with 75% of the respondents agreeing that with the coming in of modern wholesale firms, the order size per customer has reduced as the retailers have a greater choice and therefore decided to place smaller orders.

Important Variables-Agreement with the statements about the importance of variables to the distributors-wholesalers business with a percentage score of more than 50% but less than 75%:

1. **Increase In Inventory:** This has emerged as an important variable with 65% of the respondents agreeing that they have had to increase their inventory levels due to the entry of modern wholesalers, as they need to have stocks failing which they lose sales.
2. **Lower Order Fulfillment Time:** This has also emerged as an important variable with 70% respondents agreeing that presence of modern wholesalers has led to the situation where now they have to deliver the order sooner, as retailers are not prepared to wait, and delays result in their purchasing from other vendors.
3. **Lower Sales of Fast Moving Items:** This has emerged as an important variable with 70% respondents in agreement with the statement that presence of modern wholesalers has led to lower sales of fast moving items, as retailers tend to buy these items at lower prices on cash from modern wholesalers.

Unimportant or Less Important Variables: For these variables, respondents are in disagreement with the statements.

- 1. Increase In Outstanding Per Customer:** This has emerged as an unimportant variable as only 45% of the respondent agreed with the statement that outstanding per retailer has increased, while 50% of the respondents maintained that there is no change in the outstanding status of the retailers post entry of modern wholesalers.

CONCLUSION

Reduction In Profit, Increase In Credit Period, Higher Number of Claims, Emergence of Vendors & Semi-Whole-sellers emerged as the major points of agreement where the distributors give value to the modern wholesale cash and carry businesses. More than 75% distributors felt that these factors have an important impact on their businesses because of modern cash and carry stores.

Increase in inventory, lower order fulfillment time, lower sales of fast moving items constituted the second important category of factors of modern wholesale making an impact on traditional distributors. The modern practices have better output than the traditional practices.

Increasing in outstanding per customer was the least important factor. Modern wholesale cash and carry has not adversely impacted the traditional distributors.

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