



# UNDERSTANDING THE ROLE OF FOOD RETAILER DURING UNPRECEDENTED LEVEL OF COVID- 19 CRISIS.

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*Abstract:* The research study addresses the critical role of food retailers in the time of unexpected level of crisis due to the spread of infectious Corona Virus. It is divided into two sections. First section is primary data based and exploratory in nature. Second section is secondary based and explanatory in nature. In the first section usefulness of the neighbourhood grocery stores (kirana stores) has been discussed and these grocery stores have been proved to be extremely critical lifesavers in nationwide lockdown. In the second section, an action-plan has been suggested that food retailers should consider to help their communities, their employees, and their business. To achieve the objectives of this research various websites, newspaper, magazines, books, and journals were searched to collect data on food retailer planning. A sample of 50 was taken by convenience sampling technique to analyse the utility or usefulness of local kirana stores. Food retailers definitely have the ability to handle this crisis for the well-being of population.

*Keywords* - Component, formatting, style, styling, insert.

## Introduction:

Food is any nourishing substance that is eaten, drunk, or otherwise taken into the body to sustain human life. And it is the retail food industry that provide all food items to the consumers. Retail food industry is influenced by various controllable factors and uncontrollable factors. A food retailer apart from planning for controllable factors i.e. store location, merchandise management and pricing, communicating with customers; should also take into account uncontrollable factors like seasonality, legal restrictions, economic conditions, any global crisis i.e COVID-19 etc. in order to make the retail plan effective and fruitful. These uncontrollable factors which are present in the external environment can affect the business, a business owner can take decisions according to the situation. Presently, the World is moving through an unprecedented critical time because of COVID-19, caused by the coronavirus and the World is under lockdown. The degree of impact is different for every retailer, depending on country, region, category and customer segments. But, irrespective of the level of impact the food-retail industry plays a critical role in these uncertain critical times when the top priority is saving lives by providing food and groceries items when almost every industry's operation is closed due to worldwide lockdown; managing the business to earn profit is a distant second.

Retail food is the food other than restaurant food, that is bought by consumers and consumed off premise. Retail food takes a foremost chunk in man's most important expenditures because people want to eat and live healthy lives. In every country, food retailers as leaders in the food industry are crucial to the health and well-being of the population, both today and in the future. Most people purchase retail food items every week, including grocery, meat, vegetables, fruit, milk, bread, eggs, snacks and many other items. Some prefer to purchase groceries and other storable food items on a monthly basis.

The exceptionality of our traditional neighborhood grocery store or humble *kirana* store is unarguably amaze everyone. Product assortment, offer of groceries on credit terms, ease of access, shorter lead time, personalized services of our kirana stores are the reasons of their lion's share in the grocery market. *Kirana* stores are the essence of Indian consumption with a 96 per cent stake of the grocery retail business.

Retail food chains have an edge over the local retailers as they shelf almost each and every household requirement under one umbrella. The customer can have a look and feel of the products unlike the local Kirana stores where they have to name an item in order to receive it. An example of the same is when a customer goes to buy 'Maggi' to a store and finds 'Yippe' noodles; they tend to try it once. This cannot happen at local Kirana stores as they will never see the shelf and the products. The visibility of goods at modern retail outlets also springs them an advantage over their local counterparts.

Online grocery is getting acceptance in India for the last three-to-four years with a number of new companies coming up in the metro cities. Some of the top e-grocers in the country are Bigbasket.com, ZopNow.com, MyGrahak.com, Aaramshop.com, Ekstop.com, AtMyDoorSteps.com and they are continually making people's life easier.

Despite the above-mentioned edges of big retail food chains and online grocers; Indian customers visit both traditional (*kirana*) stores and modern stores in the ratio of 5:1 time per week.

The research study is constructed on both primary and secondary data. The research study is divided into two sections; in first section usefulness of humble *kirana* store or the neighbourhood grocery store has been discussed and these stores have been proved to be extremely critical lifesavers. In second section an action plan for food retailer has been developed keeping in view the well-being of all stakeholders including employees and customers. To achieve the objectives of this research various websites, newspaper, magazines, books, and journals were searched to collect data on food retailer planning. A sample of 50 was taken by convenience sampling technique to analyse the utility or usefulness of local kirana stores. Food retailers; irrespective of its formats definitely have the ability to handle this crisis for the well-being of population.

Pandemic like COVID-19 coronavirus crisis is a force of macro environment causing fatalities across nations on an unprecedented scale. Presently, the world is reeling under the pandemic coronavirus crisis and most of the country including India has declared nationwide lockdown; but even during the lockdown period the people need to have

essential goods especially food items to survive their lives. Thus, food retailers play a very crucial role in such a critical time period.

This paper focuses on the uncontrollable factors specifically “pandemic” and its impact on retail planning of food retailers be it big retailer chain i.e. reliance fresh, bigbazaar, subidha supermart; online grocers such as Bigbasket.com, grofer.com, ZopNow.com, MyGrahak.com, Aaramshop.com, Ekstop.com, AtMyDoorSteps.com; or local kirana stores. And one must acknowledge that local Kirana stores are being proved to be the lifesavers for people across the country.

### **Literature Review:**

Briesch, R.A. and Chintagunta, P. (2009), The impact of product assortments, along with convenience, prices and feature advertising, on consumers’ grocery store choice decisions was found out. Their study revealed that assortments are generally more important than retail prices in store choice decisions and the number of brands offered in retail assortments has a positive effect on store choice for most households

Brown, J. (2004), identified four benefit-evaluation dimensions for grocery customers. They are: Product Areas and Clean Store, Prices, Variety of Products, and Quick Checkout, Quality Service, and Convenient Location. The findings show that satisfaction with low prices, variety of offerings, and quick checkout is completely linked with first-store loyalty among shoppers ; and satisfaction with service quality and convenient location is completely linked with loyalty among traditional grocery shoppers.

Goldman, A. and Hino, H. (2005), We study the state of food retail system serving an ethnic minority community. This group, Israeli Arabs, enjoys a relatively high standard of living but continues to make many food purchases in a variety of small, specialized retail food formats. In contrast, the surrounding Jewish population is mostly shopping in supermarkets. We identify the tendency to purchase perishable food items in traditional outlets and the geographical diffusion barrier (distance of supermarket formats) to be the main limitation on supermarkets’ market share growth. Further, we find that both these factors are influenced by underlying cultural and ethnic factors characterizing the study population.

### **Research Gap:**

A thorough study of literature on food retailers and related aspects revealed that most of the studies are focussed on consumers’ grocery store choice decisions with relation to product assortments, along with convenience, prices and feature advertising; or on benefit-evaluation dimensions for grocery customers. But the area of food retailers’ role in global emergency situation has not yet been explored. Thus, the gap was identified to undertake a research on food retailers’ role in global emergency situation.

**Research Objectives:**

- To understand usefulness of humble *kirana* store or the neighbourhood grocery store during nationwide lockdown due to COVID-19 corona virus crisis.
- To suggest an effective action plan for big retail chain in such pandemic period as COVID-19 corona virus crisis.

**Analysis & Discussion:****Section-I:**

The Indian retail industry has some unique features that make it exceptional. First, the grocery retail expense is dominated by traditional kirana stores. Walk through a street in a city or village and you will find more kirana stores than organised retail outlets like Big Bazar or Reliance Fresh.

This section analyses the usefulness of humble *kirana* store or the neighbourhood grocery store during nationwide lockdown due to COVID-19 corona virus crisis. A sample of 50 groceries shoppers was taken to achieve this objective. The sample was selected using a non-probability sampling method i.e. convenience sampling method. Participants were selected based on availability and willingness to take part. Telephonic interview technique was used to collect the primary data; a few structured and closed ended questions were asked to the participants. Questions on flexibility, product assortment, customized service, purchase on credit terms, lead time (The amount of time it takes from the moment a customer places an order to the moment the product is out for a delivery) were asked, which are as follows;

1. Do nearby kirana stores offer credit facility?
2. Do you get the groceries items delivered on time?
3. Are you content with the product assortment of nearby kirana stores?
4. Do they offer personalised service?

Primary data collected by asking above questions reveals the following results;

All the 50 participants were satisfied with the product assortment offered for sale by kirana stores; as it was good enough to fetch the basic groceries items i.e. rice, pulses, masalas, oil, potatoes, onion, milk, bread, biscuits etc to customers.

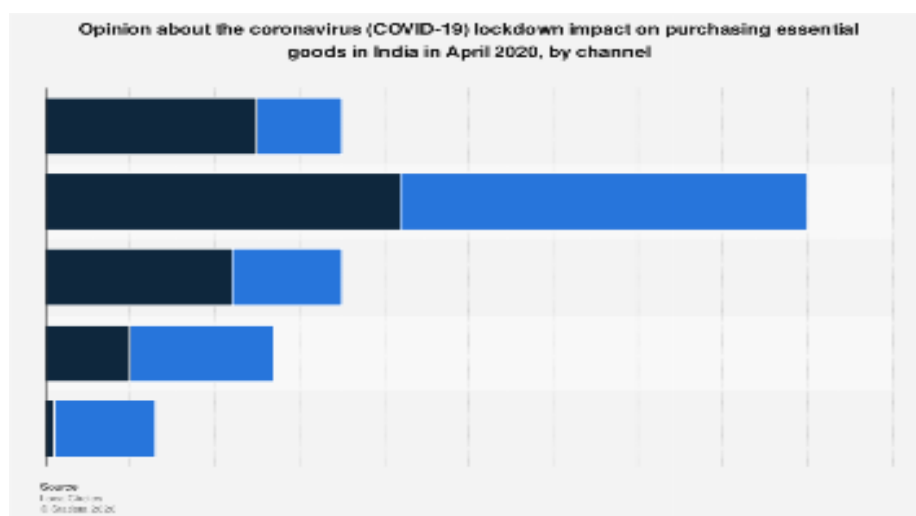
**Most of the kirana stores retailer** offer sale of groceries items on **credit** to local regular customers on some easy credit terms such as repayment within a very short periods ranging from few days to a week or a month. In unprecedented critical time of coronavirus crisis these kirana stores are being proved lifesavers for people by offering flexible service of payment. Almost all participants or respondents were delighted with this deferred payment service.

The neighbourhood kirana stores are very flexible and have often develop personal relationships with members of the local community that they serve. They provide personalised services such as ordering special items/quantities for consumers; and all participants were thrilled by getting such flexible customized service.

These local kirana shops usually provide free delivery in less than an hour for regular customers; this unique service leads customers to go for purchasing from these kirana shops.

Ease of access is the consumer's ability to easily and quickly find a retailer's shops and unargumentative that local kirana shops are easily accessible because most of the streets and lane are dominated by traditional kirana stores.

The coronavirus (COVID-19) lockdown has changed the channel of purchasing essential items in India. An online survey on purchasing essential goods conducted by Statista in India, by taking of 800 respondents reveals that most of the respondents didn't get all their essential items on food retail apps or food retail e-commerce websites. They get everything easily in at nearby retail stores. Survey questions on their experiences of purchase of some essential goods such as wheat, rice, pulses, salt, sugar, etc from both ecommerce apps and nearby retail store were asked. A majority of respondents could not get all their essential groceries items via food retail apps. In contrast, about 25 percent were able to get everything easily at retail stores in the 48 hours preceding the survey period. The following exhibit, shows results of this online survey.



## Section-II

Food retailers serve as unflinching sources of food and essential supplies for people across global communities; and at the same time staying calm and performing rigorously in these uncertain times. They need to follow a detailed action plan to navigate through this COVID-19 global emergency.

## 1. Safeguard the employees and customers

For strategic level staff, the challenges in this crisis are working remotely, outlining contingency plans, and upholding morale of employees. The actual heroes are in the field: the cashiers, the shelf stockers, the drivers, the warehouse workers. Food retailers must ensure frontline hygiene and promote restricted human contacts by taking advantages of technology. Several retailers are encouraging self-checkout, digital payment modes and dropping off deliveries at doorsteps rather than handing them directly to customers.

Apart from workplace and retail store safety, it is crucial to form an environment that fosters social distancing or isolation to safeguard the vulnerable. Some retailers are following ethical norms—paid sick leave for infected employees, free testing, and stay-at-home or work-from-home policies for employees who have colds or are feeling ill. Some retailers have shown positive illustrations of employee and customer care. Chinese e-commerce giant Alibaba is sending coronavirus-testing kits and protective equipment to other countries. Grocery chains, including “Ahold Delhaize” the world-leading food retailer based in the Netherlands and “Lidl” a German global discount supermarket chain that operates over 10,000 stores across Europe and the United States, are setting aside demarcated store hours to help the elderly exclusively (to reduce elderly customers’ danger of infection). Other retailers are providing food and essential items to the deprived in their communities or offering free meals to healthcare workers.

## 2. Secure business steadiness:

Food retailers need to ensure that stores and distribution centres are open, employees are on duty, home deliveries are being made to serve customers. The most challenging job is to meet the huge (700 percent or more) spikes in demand on e-commerce websites—with the related struggles of getting enough delivery persons, allotting customers precise delivery time slots, and keeping the ICT systems running.

Food retailers must listen to customers’ most critical needs, and then use those insights to define new ways to serve customers. For example, some retailers have had to stretch space allocation to accommodate surges in demand (such as dedicating more store space to toilet paper, soap, bleach and hand sanitizer); others have switched some of their stores totally to click-and-collect set-ups to protect both customers and employees. Food retailers must work with local governments, suppliers, employees, and service providers to define a set of minimum guidelines for operating during the emergency. In some countries several retailers have collaborated with local government authorities to keep day-care centres open for essential workers such as food/groceries items supply-chain employees etc.

### 3. Get a rough understanding of the local reality:

The patterns in consumers' demand in COVID-19 crisis vary across regions and categories. Some retailers are facing hikes in demand of up to 800 percent in cold and flu medicines, mask, sanitizer and between 25 and 50 percent in food items. In food categories, consumers in some areas are buying fruits over beer but, after a few days, limping back to beer and snacks as they have to stay at home for extended periods of time. Certain store formats convenience stores of non-essential items, for example—are going through steep declines in sales, while others such as e-commerce companies experiencing a 700 percent increase in demand, thus unable to accomplish customer orders.

Staying updated of what is happening at a local level will empower food retailers to perform appropriately and act fast.

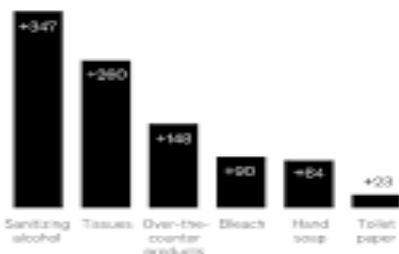
### 4. Simultaneous management of demand and supply.

The crisis has altogether altered what an average grocery basket looks like in normal days. The supply chain is struggling to maintain its operating pace. To restore the balance food retailers must manage their commercial calendars and supply chains as well. The following exhibit shows the shifts in demand patterns in Italy.

In Italy, demand patterns shifted dramatically in the period before lockdown.

SHIFT in purchasing behavior in Italy: % change

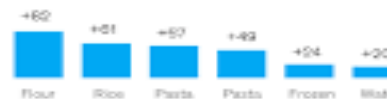
Cleaning and safety products



Discretionary products



Raw materials and long-shelf-life products



Data from day of "lockdown" declaration (Feb 23, 2020) to day before full lockdown (Mar 9, 2020) compared with data from same period +12019.

Source: IRI survey, March 2020, gfk.com

McKinsey  
& Company

Every critical step in the supply chain—such as finding out alternative sources of supply, towing in extra shifts, and safeguarding in-store replenishment of goods, maintaining warehouses, truck drivers, last-mile delivery at customers' door, and paying extra wages to workers for securing flexible production capacity to cover the peaks. These actions are imperative to ensure that retailers can meet the peak demand. It's just as central to manage consumer demand proactively.

On this front, both positive actions and negative actions has been seen. Governments and CEOs are advising consumers to dodge panic buying and hoarding goods. At the same time negative behaviour such as online sellers charging excessive prices for hand sanitizer and thermometers. A "clean sheet" look at the marketing and promotional chart and making modifications, such as dropping promotion intensity in select categories, to even out unpredicted peaks in the supply chain as a regular practice of going forward.

## 5. Ensuring that business is technology enabled and future proof.

The crisis has fast-tracked many digital and societal trends that were before now under way; remote working model, online shopping, technology-enabled retailing, and localized supply chains. As food retailers address today's short-term critical challenges, they should take time to reconsider their business models to become more efficient and therefore, lesser exposed to shocks of emergency.

Store model should be made cashless or virtually cashless. The cashier-based model needs to be replaced with a seamless self-checkout model. Information flows management is important for on-shelf availability in real time. Replenishment process should be automated.

Robust technology enabled supply chain for managing warehouses and transportation is must to reduce the burden on labour. Adoption of machine learning in forecasting demand facilitates identification of abnormalities fast and could be adjusted immediately.

Taking the business to the level of E-commerce by making investments in a seamless offline-to-online business model is the necessity. Proactively shifting spending to online channel, in a model that serves the customer well and is sustainable for long term value creation. A scalable technological support and an efficient delivery network to flex up and down as required in any situation.

Transformation of head office into a flexible, remote-working team reinforced by technology and data is important. Whether the existing systems is able to handle the increased load and cybersecurity matters that come with distributed remote workstations.

## 6. Boldly restructure your ecosystem.

Crises typically trigger new paths for growth and Merger & Acquisition. Some strategic decisions and moves could make the business serve customers, employees, and all stakeholders better for the longer period.

As underscored by the more than 150 profit warnings in recent times, many companies are struggling for existence in this critical period. A few of them are small food retailers. There is an opportunity to consider latent partnerships with these companies to keep them afloat while providing the business a breakthrough to grow into adjacencies. Expanding the business footprint and finding new franchise models in the aftermath of the emergency are the moves for growth food retail businesses should focus on. Some critical moves along the value-chain and ecosystem, such as downward or upward vertical integration provides for growth to the business. There might be some difficulties in making partnerships or acquisitions with tech companies and tech talent in pre-coronavirus era, and those intents could now be pursued because most of the businesses are crumbling in this crisis. The opportunity to rearrange the strategic game board is extensive these days, mostly for companies that are cash rich and growth deprived.



## Major Findings:

The findings of the study reveal positive role of neighbourhood kirana stores for people during the lockdown periods. It suggests that the neighbourhood kirana stores hold an edge over online food items apps and major retail chains in terms of flexibility, product assortment, customized service, purchase on credit terms, and lead time. The findings indicated that food retailers should take steps to safeguard their employees and customers, secure business continuity, manage demand and supply of food stuffs simultaneously. It also reveals that Food retailers should ensure that their business does not face any technological challenge and future proof. The research also indicated that food retailers as the leaders of food supply chain should take this COVID-19 crisis as an opportunity for growth, development and expansion of their business.

## Conclusion:

Food retailers have the ability and facility to handle and overcome this crisis. In every country, food retailers as frontline leaders in the food industry are central to the health and well-being of the population at large, both in today's critical times and in the future. The actions outlined in this study can help food retailers navigate this current crisis, as well as restructure, consolidate and strengthen the business for the longer terms.

As far as local neighbourhood stores or kirana stores are concerned; their empowerment and modernization is necessary as they have been proved to be the lifesavers in this COVID-19 emergency. By ensuring their business becomes better for them on the supply side, customers benefit and satisfaction will be ensured. Technology can definitely make things better but human beings still choose a human interface. So, rather than trying to make these offline small kirana store online, and counting on the demise of the *kiranas in digital world*, we should do the exact reverse — empower the *kiranas store*. Their secure future is not in the question of going online, but how online digital tecn can complement their offline small kiranas; as with the advantages of both offline and online these small businesses will continue to thrive in a altogether different ways.



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