



A STUDY ON THE IMPACT OF THE BUYER POWER IN SMALL RESTAURANTS

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ABSTARCT: Buyer power refers to a customer's ability to reduce prices, improve quality, or generally play industry participants off one another.” Buyer power is impacted by bargaining leverage, the measure of leverage buyers has relative to the target industry players, and price sensitivity, the measure of buyer sensitivity to changes in price. Buyer power is impacted by bargaining leverage, the measure of leverage buyers has relative to the target industry players, and price sensitivity, the measure of buyer sensitivity to changes in price. We further conclude that, under certain conditions, powerful buyers may be able to prevent higher prices from a merger of suppliers. Once again, empirical tests should guide the evaluation of this merger defence. The conventional antitrust wisdom is that buyer side market power or monopsony is so unusual and so rarely anticompetitive that it should not merit more than a scholarly afterthought. Moreover, these brief mentions typically say it is essentially the mirror image of seller power or that, while seller-side power is suspect since it leads to higher consumer prices, buyer-side power is usually benign, because the public should not care which layer of a distribution channel gets any potential savings that can arise. This short article discusses how buyer power can be anticompetitive. It also discusses how buyer power or monopsony power is not the reciprocal of seller power or monopoly power, and summarizes an American Antitrust Institute conference on the subject. the food industry comprises a complex network of activities related to the supply, consumption, and catering of food products and services. It plays a significant role in the economic development of any nation. It is one of the world’s most dynamic economic sectors. This paper provides a brief introduction to food industry

Key words- buyer power, price sensitivity, substitution of restaurant

INTRODUCTION

Food is an essential part of our lives. The food industry is the basic and important to every nation. It is one of the seventeen national critical sectors of US economy. It plays a crucial role in public health, food safety, food security, social development, and nutrition. Product quality, health, and sanitation issues are major concerns in the food industry. The food industry covers diverse activities including food supply, production, harvesting, processing, packaging, transportation, distribution, consumption, and disposal. The development of the food industry began in the early 1900s. People visit restaurants on various occasions. Some like celebrating birthdays there, while others consider these places as the best ones for business meetings. Couples in love also go out on romantic dates there. Many individuals visit restaurants just to have a delicious meal, especially those who don't like cooking. A lot of dishes are quite challenging to cook at home, without proficiency in the culinary art. Even if you are a good cook, you can still take a break from buying food, preparing a lunch and washing up. In fact, eating out is not only convenient, but also gives an opportunity to get fresh ideas about the dishes to cook at home. The guest has to choose a sustainable restaurant and a sustainable menu. And, of course, the product and the menu have too actually been sustainable. A motivated restaurant owner who mistakenly believes he/she is making sustainable dishes, and/or a guest who mistakenly believes he/she is enjoying a sustainable menu: neither of these delivers any effective increase in sustainability. Whether or not a restaurant owner is capable of providing a sustainable menu or the guest is willing to choose it is therefore partly determined by whether or not the menu in question is in fact sustainable. Food is an essential part of our lives. The food industry is the basic and important to every nation. It is one of the seventeen national critical sectors of US economy. It plays a crucial role in public health, food safety, food security, social development, and nutrition. Product quality, health, and sanitation issues are major concerns in the food industry.

OBJECTIVES OF THE STUDY

- The primary objective of this study is to observe the buyer power in small restaurants. And the sustainability of the small restaurant
- To observe the commitment of customers towards small restaurant
- To observe the price sensitivity of the buyer
- It explains the expectation of the buyer towards small restaurant.

REVIEWS OF PAST STUDIES

Galbraith's (1952) countervailing-power hypothesis arguing that large buyers can extract price concessions from suppliers, which then leads to a partial pass-through of these savings onto consumers in form of lower prices.

Chen (2003) in a model in which a supplier sells a larger quantity through fringe retailers if large retailers have more bargaining power. The quantity increase then leads to a fall in final-consumer prices. Motivated by the increasing downstream concentration levels in many industries over the past years, several papers analyzed the perils of such concentration when explicitly taking the wholesale stage into account, thereby challenging the countervailing hypothesis.

Marx and Shaffer (2007), analyzes the direct effects of buyer power by comparing buyer power with supplier power. In contrast to our paper, their focus is on the contractual terms that retailers are able to offer. Specifically, they consider the effects of a three-part tariff (a slotting allowance in addition to a two-part tariff) on retailer exclusion. They find that slotting allowances may induce the supplier to refuse to trade with smaller retailers.

Mikl'os-Thal et al. (2011) and Rey and Whinston (2013) build upon the exclusion result. They show that contract offers that are contingent on the supplier's acceptance decision involve equilibria in which the supplier deals with all retailers and industry profits are maximized. Finally, our paper also relates to the literature on competition between intermediaries.

Snyder (1999) and Inderst and Wey (2007) show that larger retailers can negotiate lower prices if suppliers have convex costs. The reason is that smaller retailers negotiate more 'on the margin', where average unit costs are higher, implying that smaller retailers suffer from retail mergers.

Yanelle (1989) verbally explains that the outcome of intermediaries competing in prices for buyers and sellers cannot resemble the (perfectly competitive) Walrasian outcome. We prove the existence of a mixed-strategy equilibrium that exactly formalizes this guess.

Kreps and Scheinman (1983). He finds that often no subgame perfect Nash equilibrium—not even in mixed strategies—exists. This sharply contrasts with our finding. that with perfect Bertrand competition downstream, a mixed strategy equilibrium always exists resulting in buyer prices above the Walrasian outcome.

METHODOLOGY

Food is an essential part of our lives. The food industry is the basic and important to every nation. It plays a crucial role in public health, food safety, food security, social development, and nutrition. Product quality, health, and sanitation issues are major concerns in the food industry the objective of this study is to observe the bargaining power of the buyer. A research design is considered as the framework or plan for a study that guides as well as helps the data collection and analysis of data. Descriptive research is a study designed to depict the participants in an accurate way. More simply put, descriptive research is all about describing people who take part in the study. Primary data, by contrast, are collected by the investigator conducting the research, Secondary data refers to data that was collected by someone other than the user. Common sources of secondary data for Journal, Books, Websites, organisational records and data that was originally collected for other research purposes. The period of study is from January 2021 to March 2021 which is a three months study. The analysis of the present study has been carried out based on the information has collected from the buyers who visit small restaurants. Due to time constrict only 100 numbers of respondents were considered. The result fully depends on the information given by the respondents which may be based Secondary data refers to data that was collected by someone other than the user. Common sources of secondary data for Journal, Books, Websites, organisational records and data that was originally collected for other research purposes. There are two broad types of questions open ended or open questions, and closed ended or closed questions. Open questions enable respondents to answer as they wish. Closed questions provide respondents with a list of options from which they choose.

DISCUSSIONS

On completing the study of chi-square test, ANOVA and correlation test were done to find out the relation and difference between variables to prove the attained results statistically.

HYPOTHESIS 1:

CHI-SQUARE TEST – TO TEST WHETHER THERE IS OR THERE IS NO SIGNIFICANT DIFFERENCE BETWEEN THE GENDER IN REGARD TO HOW OFTEN DO YOU VISIT A SMALL RESTAURANT

Null Hypothesis (H_0) - There is no significant difference between the gender in regard to how often do you visit a small restaurant

Alternative Hypothesis (H_1) - There is significant difference between the gender in regard to how often do you visit a small restaurant

Case Processing Summary

	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
gen * visit	100	100.0%	0	0.0%	100	100.0%

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	16.140 ^a	12	.185
Likelihood Ratio	17.230	12	.141
Linear-by-Linear Association	2.003	1	.157
N of Valid Cases	100		

a. 12 cells (60.0%) have expected count less than 5. The minimum expected count is .03.

INTERPRETATION

P value is 0.185, which is below 0.05 so H1 is accepted and H0 is rejected. So, there is significant difference between gender in regard to how often do you visit a small restaurant.

HYPOTHESIS 2:

ANOVA – TO TEST WHETHER THERE IS OR THERE IS NO SIGNIFICANT DIFFERENCE BETWEEN THE OCCUPATION VS DO YOU LIKE TO BUY FOODS OFTEN IN SMALL RESTAURANT

Null Hypothesis (H0) - There is no significant difference between the occupation vs do you like to buy foods often in small restaurant.

Alternate Hypothesis (H1) - There is significant difference between the occupation vs do you like to buy foods often in small restaurant.

ANOVA

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	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.657	3	.219	.432	.731
Within Groups	48.653	96	.507		
Total	49.310	99			

INTERPRETATION

P value 0.731, which is above 0.05 therefore, there is no significant difference between the occupation vs do you like to buy foods often in small restaurant.

HYPOTHESIS 3:

CORRELATIONS - TO TEST WHETHER THERE IS OR THERE IS NO CORRELATION BETWEEN HOW DO YOU CHOOSE A SMALL RESTAURANT TO DINE IN VS WHAT FEATURES WOULD YOU LOOK FOR WHEN YOU DINE IN, IN A SMALL RESTAURANT

Null Hypothesis (H0) - There is no correlation between how do you choose a small restaurant to dine in vs what features would you look for when you dine in, in a small restaurant

Alternate Hypothesis (H1) - There is correlation between how do you choose a small restaurant to dine in vs what features would you look for when you dine in, in a small restaurant

		dining	features
dining	Pearson Correlation	1	-.068
	Sig. (2-tailed)		.503
	N	100	100
features	Pearson Correlation	-.068	1
	Sig. (2-tailed)	.503	
	N	100	100

INTERPRETATION

P value is 0.503 which is above 0.05. So H0 is accepted and H1 is rejected There is no positive correlation between how do you choose a small restaurant to dine in vs what features would you look for when you dine in, in a small restaurant.

FINDINGS

- P value is 0.185, which is below 0.05 so H1 is accepted and H0 is rejected. So, there is significant difference between gender in regard to how often do you visit a small restaurant.
- P value 0.731, which is above 0.05 therefore, there is no significant difference between the occupation vs do you like to buy foods often in small restaurant.
- P value is 0.503 which is above 0.05. So H0 is accepted and H1 is rejected There is no positive correlation between how do you choose a small restaurant to dine in vs what features would you look for when you dine in, in a small restaurant.

CONCLUSION:

On the basis of above mentioned studied, it is a simple model but very powerful tool for the business. It plays vital role in hospitality and tourism industry. By applying this tool, it helps to determine the position of business in the market. It helps to declare the strengths and weakness of the business which is very important for the business. In the hospitality and the tourism business if they know their weakness towards the servicing which they are providing to the customer. They can find out their weakness and try to implement by taking the best decision. And the most important part in the hospitality industry is providing the good services to the customers

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