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The growth of organized food retail and its impact on local grocery stores in Hyderabad

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Abstract

The retail sector in India is changing rapidly with the growth of organized food retail stores such as supermarkets and large retail chains. These stores offer better shopping facilities, a wide range of products, and attractive discounts, which are influencing traditional local grocery stores. This study focuses on understanding how the growth of organized retail is affecting small unorganized retailers (Kirana shops) in Hyderabad. The research is based on primary data collected from 60 local retailers in three major market areas: Sultan Bazar, Moazzam Jahi Market, and Begum Bazar. A descriptive research design is used, and data is analyzed using simple percentage methods and tables. The study examines key factors such as sales, customer footfall, customer preference, and business impact. The findings show that organized retail has created strong competition for small retailers. Many retailers reported a decrease in sales and customer visits, especially in areas where organized stores are more active. However, the impact is not the same for all retailers. Some are less affected due to strong customer relationships, convenient location, and personalized services. The study also reveals that customer preference is changing, but not completely. While some customers prefer organized retail for better facilities and offers, many still rely on local grocery stores for daily needs. This shows that both organized and unorganized retail can exist together in the market.

Keywords: Organized retail, Kirana stores, food retail, competition, Hyderabad

1. Introduction

The retail sector is one of the most important parts of any economy because it connects producers with final consumers in a very direct way. It is the system through which people buy the goods they need for their daily life, such as food, groceries, clothing, and other household items. In simple terms, retail means selling products directly to people for their personal use. In India, retail is not just a business activity but also a part of everyday social life. People interact regularly with shopkeepers, build relationships, and depend on them for their daily needs. Because of this, the retail sector has both economic and social importance in the country.

For many decades, the Indian retail market was mainly controlled by small, unorganized businesses such as Kirana stores, street vendors, and family-run shops. These stores are usually small in size but play a very big role in serving local communities. Kirana stores are mostly located in residential areas, making them easily accessible for customers. They are known for their personal service, quick response, and strong customer relationships. Many customers trust these shopkeepers and continue to buy from them regularly. These stores also offer flexible services like giving goods on credit, providing home delivery, and

allowing customers to buy products in small quantities, which is very helpful for middle and low-income families.

Organized retail stores are designed to provide a better shopping experience. They are clean, well-maintained, and properly arranged, making it easy for customers to find products. Items are displayed in an attractive manner, and prices are clearly mentioned, which helps customers make decisions easily. Customers can walk through the store, choose products themselves, compare different brands, and make payments through digital methods like debit cards, credit cards, or mobile wallets. Many of these stores also provide discounts, special offers, and loyalty programs, which attract customers and encourage repeat purchases.

One of the main reasons behind the growth of organized retail in India is rapid urbanization. A large number of people are moving from rural areas to cities in search of better job opportunities, education, and lifestyle. As cities grow, people's needs and preferences also change. Urban consumers usually have busy schedules and prefer shopping options that save time and effort. Organized retail stores meet these needs by providing everything in one place, which reduces the need to visit multiple shops.

Technology has also played a very important role in changing the retail sector. The use of smartphones, internet

services, and digital payment systems has made shopping easier and faster. Customers can now browse products online, compare prices, read reviews, and place orders from the comfort of their homes. Online grocery platforms have become very popular because they offer home delivery and save time. This trend increased even more after the COVID-19 pandemic, when people started avoiding crowded places and preferred contactless shopping methods.

Despite the rapid growth of organized retail, local grocery stores still continue to hold a strong position in the Indian market. Many customers still prefer Kirana stores because they are located nearby and provide quick service. These stores understand the needs of their customers and offer personalized service, which creates a sense of trust and comfort. Customers can easily buy small quantities, get products quickly, and even request home delivery without any extra cost. This personal connection is something that organized retail stores often lack.

To survive in this competitive environment, many local grocery stores are trying to adapt to new changes. They are slowly adopting digital payment systems like UPI and QR codes, which make transactions easier for customers. Many shopkeepers have also started offering home delivery services and taking orders through phone calls or messaging apps. Some are improving their product display and increasing the variety of goods they offer. These changes show that small retailers are trying their best to compete and remain relevant in the market.

Hyderabad is one of the fastest-growing metropolitan cities in India and provides a very good example of these changes in the retail sector. The city has seen rapid development in terms of infrastructure, technology, and business growth. With the expansion of IT companies and corporate offices, the lifestyle of people in Hyderabad has changed significantly. This has increased the demand for modern retail formats such as supermarkets, retail chains, and online grocery services.

At the same time, Hyderabad still has a large number of traditional Kirana stores in different areas. These stores continue to serve local communities and remain an important part of the retail system. The city shows a clear combination of both organized and unorganized retail formats. In many areas, modern supermarkets and small grocery stores exist side by side, competing as well as serving different needs of customers.

Consumer behavior in Hyderabad is also changing with time. Many customers prefer organized retail stores for bulk shopping, better product variety, and a comfortable shopping environment. They enjoy the convenience of finding everything in one place and the availability of discounts and offers. However, they still depend on local grocery stores for quick purchases, emergency needs, and daily items. This shows that both types of retail formats are important and are used in different situations.

The growth of organized food retail has also affected market intermediaries such as wholesalers and distributors. Earlier, these intermediaries played a key role in supplying goods to small retailers. However, large organized retail chains often purchase products directly from manufacturers, which reduces the role of intermediaries. This change has affected the traditional supply chain system and created new challenges for those involved in it.

2. Objective

- To study the impact of organized retailing on unorganized small retailers.

3. Materials and Methodology

This section explains how the research was carried out in a simple and clear way. The main aim of this study is to understand how the growth of organized food retail is affecting local grocery stores (Kirana shops) in Hyderabad. To understand the real situation, data is collected directly from small retailers who are actively involved in the business. The focus of this study is only on local grocery stores and how they are facing competition from organized retail. The methodology is designed in a simple way so that the data collected is easy to understand and analyze. It mainly focuses on real experiences, opinions, and challenges faced by small retailers.

Research Design

Research design means the overall plan used to conduct the study. It helps in deciding how data will be collected and analyzed. In this study, a descriptive research design is used. This type of research helps in understanding the current situation of local grocery stores and how they are being affected by organized retail. This design is suitable because the study focuses only on observing and explaining the impact on small retailers without making any changes.

Study Area

The study is conducted in Hyderabad, which is one of the fastest-growing cities in India. The city has seen rapid growth in supermarkets, retail chains, and online grocery services.

For this study, three important market areas are selected:

- Sultan Bazar
- Moazzam Jahi Market
- Begum Bazar

These areas are chosen because they have a large number of local grocery stores and also face strong competition from organized retail.

Nature and Source of Data

This study is mainly based on primary data. Primary data means the data collected directly from respondents.

The data is collected only from local grocery store owners. This helps in understanding their real experiences and problems.

The data is collected through Structured questionnaire.

This ensures that the information collected is accurate and practical.

Sampling Technique

Sampling means selecting respondents for the study.

In this research, random sampling is used to select local grocery store owners. This method ensures that every retailer has an equal chance of being selected.

This helps in collecting fair and unbiased data.

Sample Size

The total number of respondents in this study is 60 local retailers.

These respondents are selected from the three market areas of Hyderabad. The sample size is sufficient to understand the overall impact of organized retail on small grocery stores.

Data Collection Instrument

The main tool used for data collection is a structured questionnaire.

The questionnaire includes:

- Close-ended questions
- Multiple-choice questions
- Likert scale questions

The questions are simple and easy to understand so that respondents can answer without any confusion.

Method of Data Analysis

After collecting the data, it is analyzed using simple methods.

The main method used is the percentage method, which helps in understanding responses clearly.

$$\text{Percentage} = \frac{\text{Number of Responses}}{\text{Total Responses}} \times 100$$

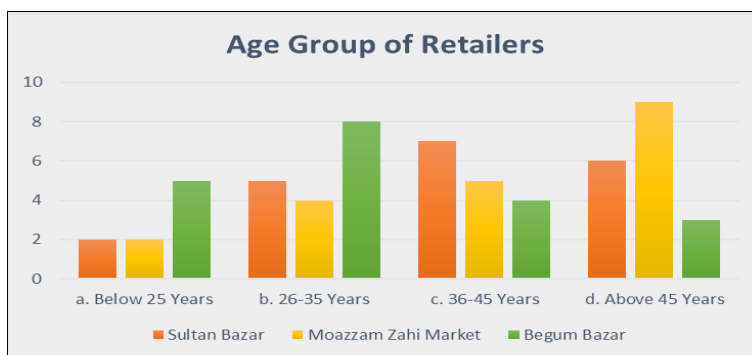
This formula helps in converting raw data into percentage form, making it easier to compare results.

The data is presented using simple tables and interpretation so that it can be easily understood.

Demographic Analysis

Age Distribution of Retailers

Age Group	Sultan Bazar		Moazzam Jahi Market		Begum Bazar	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
Below 25 Years	2	10%	2	10%	5	25%
26-35 Years	5	25%	4	20%	8	40%
36-45 Years	7	35%	5	25%	4	20%
Above 45 Years	6	30%	9	45%	3	15%
Total	20	100%	20	100%	20	100%



In Sultan Bazar, most retailers (35%) are in the 36–45 age group, while 30% are above 45 years. This shows that many shopkeepers are experienced.

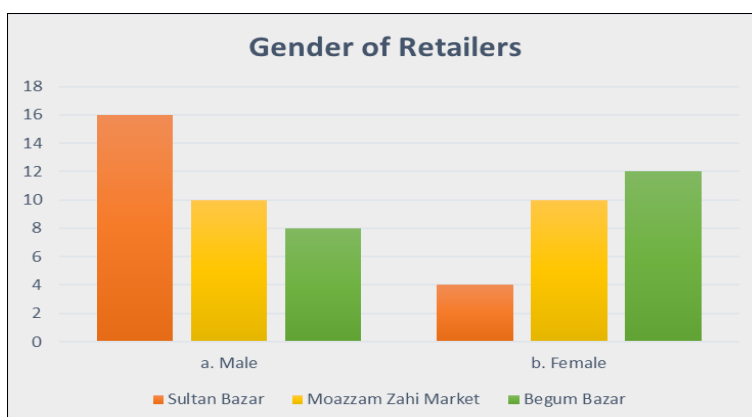
In Moazzam Jahi Market, 45% retailers are above 45 years, which means highly experienced business owners dominate

this area.

In Begum Bazar, 40% retailers are between 26–35 years, showing that younger people are entering the retail business.

Gender Distribution of Retailers

Gender	Sultan Bazar		Moazzam Jahi Market		Begum Bazar	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
Male	16	80%	10	50%	8	40%
Female	4	20%	10	50%	12	60%
Total	20	100%	20	100%	20	100%



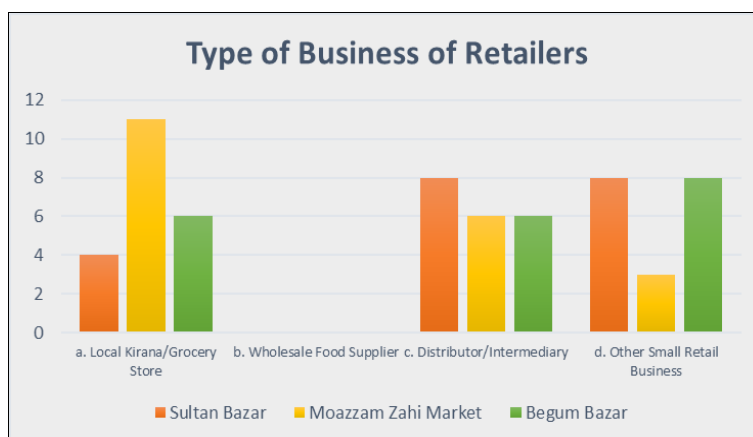
In Sultan Bazar, most retailers are male (80%), while only 20% are female.

In Moazzam Jahi Market, both male and female participation is equal (50% each), showing balanced involvement.

In Begum Bazar, female retailers (60%) are more than male (40%), which shows strong participation of women in retail.

Type of Retail Business

Type of Business	Sultan Bazar		Moazzam Jahi Market		Begum Bazar	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
Kirana Store	4	20%	11	55%	6	30%
Distributor	8	40%	6	30%	6	30%
Other Small Business	8	40%	3	15%	8	40%
Total	20	100%	20	100%	20	100%



In Sultan Bazar, 40% retailers are distributors and 40% run other small businesses, while only 20% are Kirana stores.

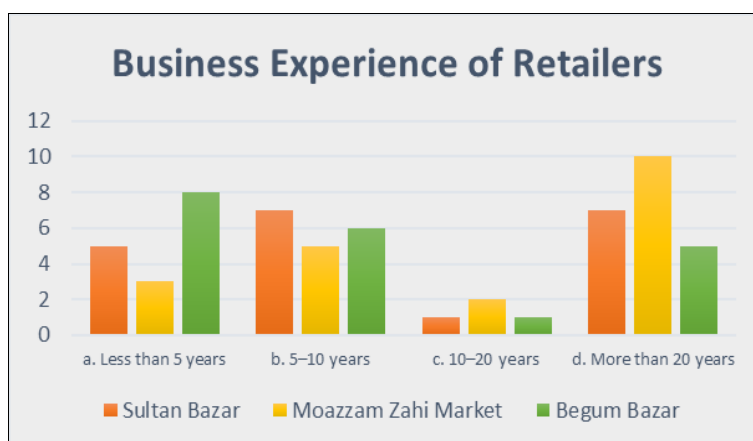
In Moazzam Jahi Market, Kirana stores are highest (55%), showing strong presence of grocery shops.

In Begum Bazar, 40% are other small businesses and 30%

each are distributors and Kirana stores, showing a mixed business structure.

Business Experience of Retailers

Experience Level	Sultan Bazar		Moazzam Jahi Market		Begum Bazar	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
Less than 5 years	5	25%	3	15%	8	40%
5–10 years	7	35%	5	25%	6	30%
10–20 years	1	5%	2	10%	1	5%
Above 20 years	7	35%	10	50%	5	25%
Total	20	100%	20	100%	20	100%



In Sultan Bazar, 35% retailers have 5–10 years and 35% have more than 20 years of experience.

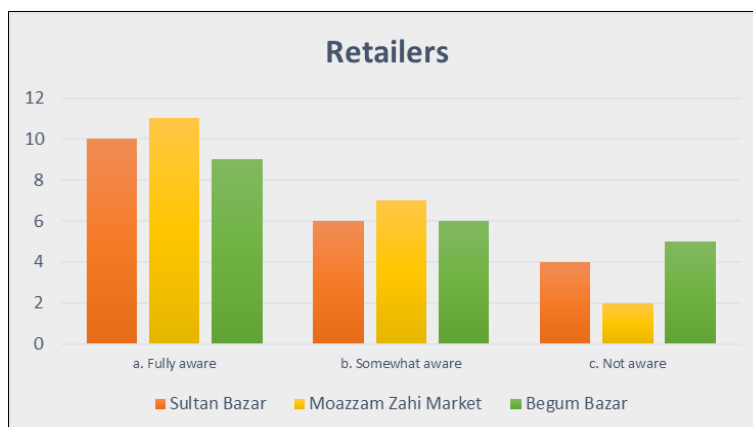
In Moazzam Jahi Market, 50% retailers have more than 20 years of experience, showing high experience level.

In Begum Bazar, 40% retailers have less than 5 years of

experience, indicating more new businesses.

Impact of Organized Retail on Small Retailers Awareness of Organized Retail Stores

Awareness Level	Sultan Bazar		Moazzam Jahi Market		Begum Bazar	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
Fully Aware	10	50%	11	55%	9	45%
Somewhat Aware	6	30%	7	35%	6	30%
Not Aware	4	20%	2	10%	5	25%
Total	20	100%	20	100%	20	100%

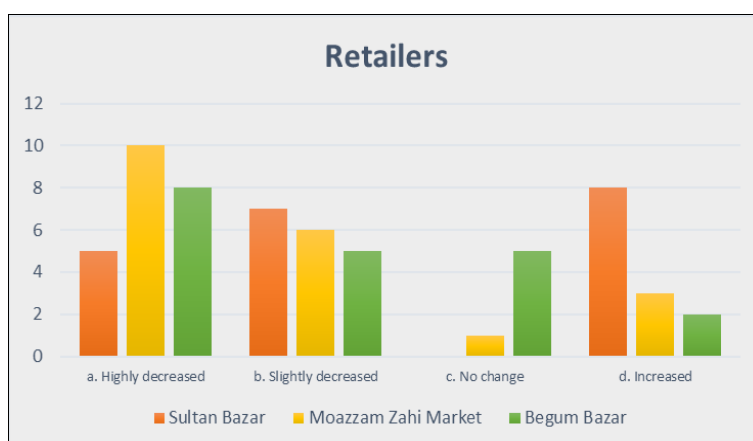


In Sultan Bazar, 50% retailers are fully aware, while 30% are somewhat aware of organized retail.
In Moazzam Jahi Market, awareness is highest with 55% fully aware and only 10% not aware.

In Begum Bazar, 45% are fully aware and 25% are not aware, showing moderate awareness.

Impact of Organized Retail on Sales

Impact on Sales	Sultan Bazar		Moazzam Jahi Market		Begum Bazar	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
Highly Decreased	5	25%	10	50%	8	40%
Slightly Decreased	7	35%	6	30%	5	25%
No Change	0	0%	1	5%	5	25%
Increased	8	40%	3	15%	2	10%
Total	20	100%	20	100%	20	100%

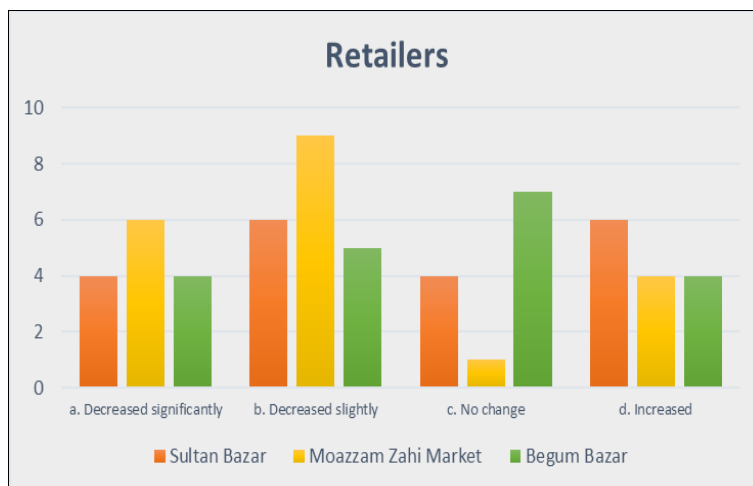


In Sultan Bazar, 40% retailers reported increased sales, but 35% said sales slightly decreased.
In Moazzam Jahi Market, 50% retailers reported sales highly decreased, showing strong negative impact.

In Begum Bazar, 40% reported high decrease, while 25% saw no change in sales.

Change in Customer Footfall

Change in Footfall	Sultan Bazar		Moazzam Jahi Market		Begum Bazar	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
Decreased Significantly	4	20%	6	30%	4	20%
Decreased Slightly	6	30%	9	45%	5	25%
No Change	4	20%	1	5%	7	35%
Increased	6	30%	4	20%	4	20%
Total	20	100%	20	100%	20	100%



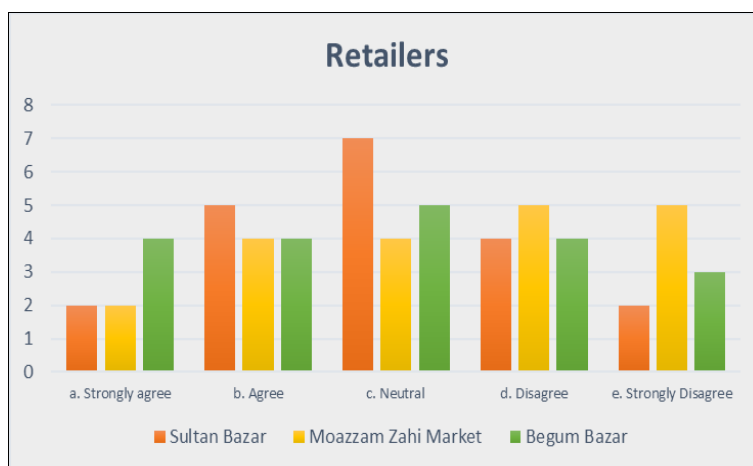
In Sultan Bazar, 30% retailers reported increase and 30% reported slight decrease in customers.

In Moazzam Zahi Market, 45% reported slight decrease and 30% reported significant decrease in footfall.

In Begum Bazar, 35% reported no change, while 25% saw slight decrease.

Customer Preference

Opinion	Sultan Bazar		Moazzam Zahi Market		Begum Bazar	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
Strongly Agree	2	10%	2	10%	4	20%
Agree	5	25%	4	20%	4	20%
Neutral	7	35%	4	20%	5	25%
Disagree	4	20%	5	25%	4	20%
Strongly Disagree	2	10%	5	25%	3	15%
Total	20	100%	20	100%	20	100%



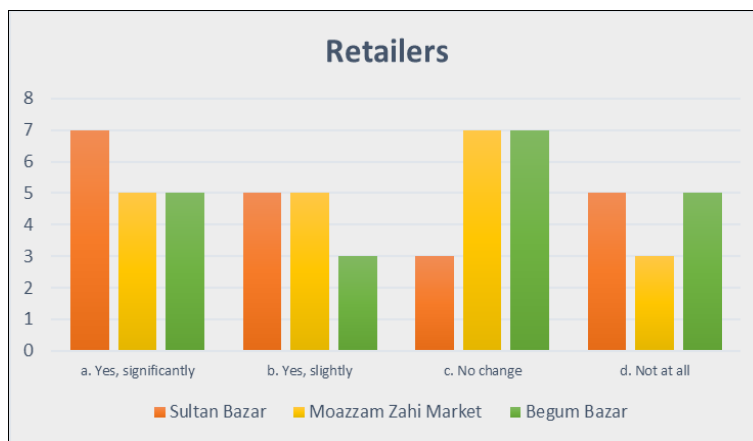
In Sultan Bazar, 35% retailers are neutral, while 25% agree customers prefer organized retail.

In Moazzam Zahi Market, 25% disagree and 25% strongly disagree, showing mixed opinions.

In Begum Bazar, 25% are neutral and 20% agree, showing balanced preference.

Change in Customer Loyalty

Loyalty Change	Sultan Bazar		Moazzam Zahi Market		Begum Bazar	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
Yes, significantly	7	35%	5	25%	5	25%
Yes, slightly	5	25%	5	25%	3	15%
No Change	3	15%	7	35%	7	35%
Not at All	5	25%	3	15%	5	25%
Total	20	100%	20	100%	20	100%

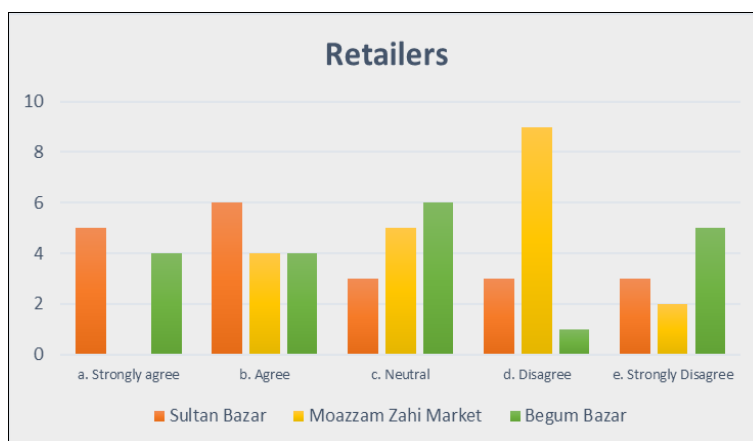


In Sultan Bazar, 35% retailers said loyalty reduced significantly, while 25% said no change. In Moazzam Jahi Market, 35% reported no change, while 25% said loyalty reduced.

In Begum Bazar, 35% reported no change, showing customers are still loyal.

Impact of Discounts and Offers

Opinion	Sultan Bazar		Moazzam Jahi Market		Begum Bazar	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
Strongly Agree	5	25%	0	0%	4	20%
Agree	6	30%	4	20%	4	20%
Neutral	3	15%	5	25%	6	30%
Disagree	3	15%	9	45%	1	5%
Strongly Disagree	3	15%	2	10%	5	25%
Total	20	100%	20	100%	20	100%

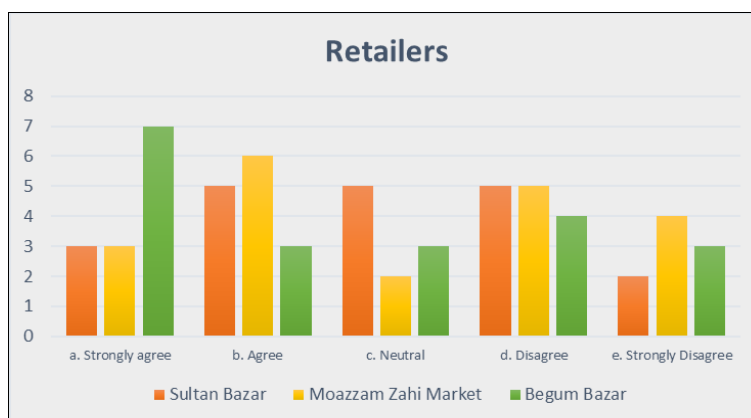


In Sultan Bazar, 30% agree and 25% strongly agree that discounts attract customers. In Moazzam Jahi Market, 45% disagree, showing mixed opinion on discounts.

In Begum Bazar, 30% are neutral and 20% agree, indicating moderate impact.

Shopping Experience Comparison

Opinion	Sultan Bazar		Moazzam Jahi Market		Begum Bazar	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
Strongly Agree	3	15%	3	15%	7	35%
Agree	5	25%	6	30%	3	15%
Neutral	5	25%	2	10%	3	15%
Disagree	5	25%	5	25%	4	20%
Strongly Disagree	2	10%	4	20%	3	15%
Total	20	100%	20	100%	20	100%



In Sultan Bazar, responses are equally divided, with 25% agree, 25% neutral, and 25% disagree.

In Moazzam Jahi Market, 30% agree but 25% disagree, showing mixed views.

In Begum Bazar, 35% strongly agree that organized retail gives better experience.

4. Results and Discussion

1. Awareness of Organized Retail

The study shows that most retailers are aware of organized retail stores. In Moazzam Jahi Market, 55% retailers are fully aware, while in Sultan Bazar it is 50% and in Begum Bazar 45%. This means organized retail is now common in all areas. Retailers clearly understand the competition they are facing.

2. Impact on Sales of Retailers

The results show that organized retail has affected sales of many small retailers. In Moazzam Jahi Market, 50% retailers reported a high decrease in sales, while in Begum Bazar 40% reported the same. However, in Sultan Bazar, 40% retailers reported increased sales. This shows that the impact is not the same for everyone.

3. Change in Customer Footfall

Customer visits have reduced in many places after the entry of organized retail. In Moazzam Jahi Market, 45% retailers reported a slight decrease and 30% reported a significant decrease. In Begum Bazar, 35% reported no change. This shows that some shops are still able to maintain customers.

4. Customer Preference

The study shows mixed customer preference. In Sultan Bazar, 35% retailers are neutral and 25% agree that customers prefer organized retail. In Moazzam Jahi Market, many retailers disagree (25%) or strongly disagree (25%). This means customers are using both types of stores.

5. Customer Loyalty

Customer loyalty has reduced in some cases, but not completely. In Sultan Bazar, 35% retailers reported a significant reduction, while in Moazzam Jahi Market and Begum Bazar, 35% reported no change. This shows that many customers are still loyal to local shops.

6. Role of Discounts and Offers

Discounts play an important role in attracting customers. In

Sultan Bazar, 30% agree and 25% strongly agree that discounts attract customers. However, in Moazzam Jahi Market, 45% disagree. This shows that discounts matter, but not everywhere equally.

7. Shopping Experience

Some retailers believe organized retail provides a better shopping experience. In Begum Bazar, 35% strongly agree with this. However, in Sultan Bazar and Moazzam Jahi Market, opinions are mixed. This shows that local shops are still preferred by many customers.

8. Overall Impact on Retail Business

The study shows that organized retail has clearly affected small businesses. In Moazzam Jahi Market, 50% retailers said they are highly affected. In Sultan Bazar and Begum Bazar, around 25–30% said their business is not affected. This shows that the level of impact is different for each retailer.

5. Conclusion

This study shows that the growth of organized retail has clearly changed the retail market in Hyderabad. Supermarkets and retail chains are attracting customers because they offer better facilities, variety, and discounts. Because of this, many local grocery stores are facing strong competition. In some areas, retailers have reported a decrease in sales and fewer customer visits.

At the same time, local grocery stores are still playing an important role in daily life. Many customers continue to buy from nearby shops because of convenience, quick service, and personal relationships. The data shows that customer loyalty has reduced in some cases, but it has not completely disappeared. This proves that small retailers still have their own strong position in the market.

The study also shows that the impact of organized retail is not the same for every retailer. Some shop owners are highly affected, especially in areas like Moazzam Jahi Market, while others are less affected or even stable. This difference depends on factors like location, customer base, and the way retailers manage their business.

Overall, it can be said that organized and unorganized retail can exist together. Organized retail brings competition and new trends, while local grocery stores offer trust and convenience. The future of small retailers depends on how well they adapt, improve their services, and meet changing customer needs.

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