



Research for the Sustainable Development of the Megacities of Tomorrow – Energy and Climate efficient Structures in Urban Growth Centres

**Hyderabad as a Megacity of Tomorrow: Climate and Energy in a
Complex Transition towards Sustainable Hyderabad – Mitigation
and Adaptation Strategies by Changing Institutions, Governance
Structures, Lifestyles and Consumption Patterns**

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Germany.

**THE CHANGING FOOD RETAIL
SECTOR IN THE EMERGING MEGA
CITY OF HYDERABAD**

The Case of Small Traders in Himayathnagar

Anika Johnsdorf and Christoph Dittrich

Analysis and Action for Sustainable Development of Hyderabad Hyderabad as a Megacity of Tomorrow: Climate and Energy in a Complex Transition towards Sustainable Hyderabad – Mitigation and Adaptation Strategies by Changing Institutions, Governance Structures, Lifestyles and Consumption Patterns

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Humboldt University Berlin
Leader of the Project Consortium:
Prof. Dr. Dr. h.c. Konrad Hagedorn

Coordinator of the Project:
Dr. Ramesh Chennamaneni

Department of Agricultural Economics and Social Sciences
Division of Resource Economics
Luisenstr. 56, D-10099 Berlin
Germany

Phone: ++49 30 20936305
Fax: ++ 49 30 20936497

Email: k.hagedorn@agrار.hu-berlin.de
r.chennamaneni@agrار.hu-berlin.de
<http://www.sustainable-hyderabad.de>
<http://www.agrar.hu-berlin.de/wisola/fg/ress/>

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Anika Johnsdorf and Christoph Dittrich

Institute of Cultural Geography
University of Freiburg, Germany
Werthmannstrasse 4, D-79085 Freiburg
and
Sannihita, Centre for Women & Girl Child Society, Hyderabad, 500020

Email:

Project coordination and co-authorin Germany: christoph.dittrich@geographie.uni-freiburg.de

Project coordination in India: sannihitaindia@yahoo.com

Author: anika.johnsdorf@gmx.de

Background Study

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Abstract

This background study provides an overview on the issue of the changing food retail sector and the impact on small traders in the southern Indian emerging mega city of Hyderabad. With the growing influence of modern retail outlets, traditional retailers like mom-and-pop-store owners face increasing competition. Furthermore, the study analysis how food purchasing and consumption habits among the urban middle class influence the ongoing transformation in the urban food provisioning system.

Semi-structured expert interviews with kirana store owners as well as a questionnaire-based consumer study were carried out in one middle class-dominated city quarter of Hyderabad to collect data on these issues. Embedded in a broad literature review, results of the study and consequences for the traditional retail sector are discussed. The report concludes by calling for further in-depth research and action to better understand the role of the traditional food provisioning system in the urban food system in India.

Keywords: urban food provision system, food consumption pattern, kirana shops, India, Hyderabad

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ABBREVIATIONS

CSO	Central Statistical Organisation
EPOS	Electronic Point of Sale
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GIS	Geographical Information System
GRDI	Global Retail Development Index
ICRIER	Indian Council for Research on International Economic Relations
MRP	Maximum Retail Price

NCEAR National Council of Applied Economic Research
Rs Indian Rupee

1 INTRODUCTION

1.1 Subject of the Study

The Indian retail sector is expanding and modernising rapidly in line with India's economic growth. Despite the present macroeconomic slowdown the country's real gross domestic product (GDP) is expected to grow at 5-6 percent per annum in 2009/10. As a result, the new consumer class with annual household incomes above 90,000 Indian Rupee (Rs) is estimated to rise from about 370 million in 2006/07 to about 550 million in 2011/12. An important aspect of the current economic scenario in India is the emergence of organised retail. According to different market studies, the total retail business in India will grow at 13 percent annually from US\$ 322 billion in 2006/07 to US\$ 590 billion in 2011/12. The biggest winner in this growth will be the organised retail sector, which constituted a low four percent of total retail in 2006/07 but is expected to grow at 45-50 percent per annum and attain a 16 percent share of total retail by 2011/12 (JOSEPH et al. 2008). Major corporate giants have entered the area of organised food retail and announced very ambitious plans for future expansion. In addition, transnational corporations are seeking to enter the Indian retail market to set up retail chains in collaboration with big Indian companies.

A second major trend in the food scenario of globalising urban India concerns the rapidly changing food consumption habits among the urban middle class. Changing lifestyles and consumption preferences caused by economic growth and increasing spending capacity, result in a demand for a greater variety of food products and diet globalisation (PINGALI & KHWAJA 2004).

Traditionally, the urban food retail system is run by the so-called unorganised informal sector, i.e. street food vendors, mom-and-pop stores (*kiranas*) and local producer markets. This traditional food provisioning system is characterised by high levels of self-organisation and low capital input. Furthermore, this decentralised and low-emission retail system provides income opportunities to many.

But in this changing urban food scenario, traditional retailers like mom-and-pop store owners face increasing competition and are now under severe pressure. Until the present, only little research has been carried out on the role of *kiranas* in the urban food provision system in general and, particularly on their capacities and capabilities to cope with the ongoing highly dynamic changes. This study attempts to fill this gap to some extent.

1.2 Objectives of the Study

- to give an overview of the food retail sector in Hyderabad, especially the situation in Himayathnagar, a middle class dominated city quarter;
- to identify changes in food purchasing patterns among those customers who purchase at traditional retail outlets and supermarket;
- to analyse the impact of organised retailing and changing purchasing habits on the so-called informal sector of petty traders;
- and, to work out recommendations for further research.

The study starts by providing a conceptual framework including a short description of food systems and the influence of Global Change. Further on, the diffusion of modern retail formats in developing countries in general and in India particularly will be the focus. The outcomes of the empirical study will be presented in chapter three and linked with the conceptual design. Finally, conclusions and recommendations for further research will be given.

2 CONCEPTUAL FRAMEWORK

2.1 Global Change and Food System Research

According to CANNON (2002: 354)

“a food system can be defined as the specific combination of social (including economic and political) and ‘natural’ (climate, resources) components that leads to the potential satisfaction of nutrition for a given individual or household through their combination of livelihood activities based on asset and incomes”.

A food system can be subdivided into four subsystems that are dynamically linked across spatial levels and multiple scales:

- **Production** covers all activities around the provision of inputs for producing food, including all assets available to a person or household that enables them to farm (i.e. access to land, water, tools, labour, financial capital, and technology), the preparation and caring of land, breeding and planting, weeding, harvesting and slaughtering. It also comprises the processing of primary products and packaging of food.
- **Exchange** consists of all activities that relate to the transaction and transfer of food (material transport, barter, sale and trade, storage, marketing and advertising of food products and other food-related procedures) and their determinants.
- **Distribution** involves the physical transport of food from the producer to the consumer including all logistical and political factors that are independent of production, exchange and consumption. Also included are regulations through governmental bodies of the city, the national or global institutions and macro-economic price mechanisms. Further, informal networks of information, knowledge and power can be added in the term distribution.
- **Consumption** describes the part of the food system in which people’s nutritional needs are met (at individual or household level) and involves every step from the selection and preparation of food to eating.

All four subsystems are dynamically interconnected across spatial, functional, political, cultural, and economic levels. Food systems are structured by internal processes and external driving forces. According to ETZOLD (2008: 32), a food system can be defined as *“a network of actors with equal power to influence the flows of commodities, money and information between nodes – and, thereby, its functionality”.*

In the context of recent globalisation, food systems all over the world are characterised by far-reaching economic and social changes. These processes of reframing food systems can be found in all their activities ranging from production through to consumption. For example, food production is influenced by intensified commercialisation, the growth of processing and packaging of food plays a major role in the subsystems of production and exchange, corporate concentration in retailing and distribution transforms the retailing landscape, and the large number of urban consumers amplifies the influence on the whole food system. A summary of general global trends in modern food systems is given in Table 1.

Table 1: Comparing some features of „traditional“ and „modern“ food systems

Food System Features	“Traditional” Food Systems	“Modern” Food Systems
Principal employment in food sector	In food production	In food processing, packaging and retail
Supply chain	Short, local	Long, global
Food production	Diverse, varied productivity	Few crops predominate, intensive, high input
Typical farm	Family-based, small	Industrial, large
Typical food	Basic staples	Processed food, more animal products
Purchased food bought from	Small, local shops or open markets	Large supermarket chains
Typical food preparation	Mostly cooked at home	High proportion of pre-prepared meals, food eaten out
Nutritional concerns	Under-nutrition	Chronic dietary diseases
Main source of national food shocks	Poor rains, production shocks	International price and trade problems
Main source of household food shocks	Poor rains, production shocks	Income shocks leading to food poverty
Major environmental concerns	Soil degradation, land clearing	Nutrient loading, chemical runoff, water demand, greenhouse gas emissions
Influential scale	Local to national	National to global

Source: Adapted from MAXWELL & SLATER 2003: 534; ERICKSEN 2008: 2 (modified)

Beyond social and economic trends, concerns about global environmental change and food systems are the main focus of food security research (STEFFEN et al. 2003, ERICKSEN 2008).

2.1.1 Production in Global Change

The intensification of agriculture and the trend towards larger farm sizes with hired labour are two of the major transformations in the last few decades in the area of production of raw materials for food (MAXWELL & SLATER 2003). Modern agricultural technologies stand for the

fight of hunger and poverty in mainly rural areas. The so-called green revolution, the implementation of high performance seed, accompanied by mechanisation, an intensification of pesticides use and irrigation since the late 1960s, is considered an example for an effective increase in productivity in agriculture (STEIN 2008). A new branch in modern agro-technology is the genetic revolution which includes high yielding varieties, a group of genetically enhanced cultivars of crops that have an increased growth rate, an increased percentage of usable plant parts or an increased resistance against crop diseases. India is one of the major players in this development. The criticism on the green revolution and the use of high yielding varieties involves intensive investments in primary production, i.e. the high levels of fertilisers and pesticides. For small farmers, these new cost-intensive ways of farming often mean dependence on the multinational chemical and agro-industries and runs them frequently into a debt trap (ROBINSON 2007, MOHANTY 2005). The reduction of biodiversity and the boost of monocultures rank among the ecological impacts of intensified agriculture. Further, the increasing demand of water for irrigation, incremental air and soil pollution from agricultural inputs and high growth rates in energy demand indicate the transformation in the subsystem of production. The processes of food production are determined by a large number of factors like climatic conditions, land tenures, trends of prices, agro-technologies and subsidies (ERICKSEN 2008, STEIN 2008, PETERSEN 2006, GEIST et al. 2005).

2.1.2 Processing and Distribution Global Change

In the area of processing of raw materials into food products, a huge increase in value-added activities has come about. These value-adding transformations significantly alter the appearance, storage life, nutritional value, and content of raw materials (ERICKSEN 2008).

The major changes in distribution and retail are caused by economic globalisation processes and improved and extended transportation routes. These days, it is normal that food items travel long distances and are supplied to the customers in an increasing number of supermarkets. Information technologies are another achievement in the modernisation process of the global food distribution sector. Barcodes and the system of *Electronic Point of Sale* (EPOS) are just examples of the technological network which has spread throughout the whole distribution system (LANG 2003). The subsystem of distribution is heavily influenced by transportation infrastructure, trade regulations, government transfer programs, and storage requirements. Retailing is further influenced by questions like how markets are organised and where they are located, by advertising, and any niche or premium category the product may fit into (ERICKSEN 2008). As urbanisation is further

increases, the urban demand for food and food diversity is also growing. To meet these requirements, higher quantities of food have to be produced and/or imported, transported and distributed within the urban areas. The consequence is a higher number of food-loaded trucks in the cities which additionally contributes to traffic congestions and urban air pollution (ARGENTI 2000).

2.1.3 Consumption in Global Change

The last component of the food system, the subsystem of consumption, is characterised by many recent changes. The worldwide growth in disposable income was the trigger for a so-called dietary transition in many countries. Nowadays people eat more meat, more dairy products, sugar and oils. The consequences of this changing dietary pattern are qualitative nutritional concerns like malnutrition on the one hand, and quantitative nutrition concerns like secondary malnutrition (e.g. obesity and diabetes mellitus) on the other hand (POPKIN 2004). In urban areas, these changes in food purchasing and consumption behaviours become particularly apparent. Urban consumers usually have little time to spend preparing food, therefore the demand for more convenience and processed meals increases (ARGENTI 2000). Further characteristics of the changing food system in urban areas are pictured by HADDAD (2003: 601):

„The urban environment is [...] marked by a greater physical distance between places of work and of residence, and by smaller household sizes. In this environment, where time is scarcer, at least for those gainfully employed, and where the fixed costs of food preparation are higher in smaller families, more food tends to be purchased outside home, even for poor households.”

The transformation in the Indian consumption behaviour will be discussed in chapter 2.4.

2.2 The Global Supermarket-Revolution

The arrival of modern retail in developing countries occurred in four successive waves (REARDON & BERDEGUE 2007; REARDON & HOPKINS 2006) (see Table 2).

The countries of the first-wave experienced a supermarket sector take-off in the early to mid-1990s.¹ Included in this group are large parts of Latin America (e.g. Brazil, Argentina and Chile), East Asia outside China (South Korea, Taiwan, Philippines, Thailand and Malaysia), North-Central Europe (e.g. Hungary, Poland and Czech Republic) and South Africa. In those countries, supermarkets were initially niche retail markets which had a

¹ Note that all through the paper, the expression supermarket is used as shorthand for the different segments of modern retail. A distinction of the segments (supermarket, hypermarket, cash-and-carry) will only be made when necessary.

market share ranging from 10 to 20 percent of national food retails in 1990. By 2000, the share had risen to 50 to 60 percent of national food retail sales in this region.

The second wave took place during the mid to late 1990s in Mexico, Central America (e.g. Colombia, Ecuador and Guatemala), Southeast Asian countries (e.g. Indonesia), Southern-Central Europe (e.g. Bulgaria). The average share of supermarkets in food retail in this area went from about 5 to 10 percent in 1990 up to 30 to 50 percent by the early 2000s.

The third wave began in the late 1990s and early 2000s in parts of Africa (e.g. Kenya), some countries in Central and South America (e.g. Bolivia, Peru and Nicaragua), Southeast Asia (e.g. Vietnam), China, India and Russia. Today the market share of supermarkets in these countries reaches about 5 to 20 percent of national food retail. The third-wave countries like China, India and Russia are the latecomers in the diffusion of modern retail. According to REARDON & BERDEGUE (2007), the major reason why these countries lagged behind were severe restrictions on foreign direct investment (FDI) in retailing. The demand side features of these countries, such as income, size of the middle class, urbanisation, and the share of women in workforce, etc. have been similar to countries in the second wave, which had the supermarket take-off some five to seven years earlier. In China and Russia these restrictions were progressively relaxed in the 1990s and in India partially since 2000. In January 2006, India allowed foreign companies to own up to 51 percent in single-brand retail joint ventures, but multi-brand foreign firms are still barred in retail although they can set up wholesale operations.

The fourth wave has just begun in the last years and affects parts of Africa as well as countries in Central and South Asia (REARDON & BERDEGUE 2007).

Table 2: Four Waves of Supermarket Diffusion

Period	Countries/regions	Growth in supermarkets' average share in retail sales
First wave started in early 1990s	large parts of South America, East Asia (outside China), and South Africa	From about 10 percent around 1990 to about 50-60 percent by the mid-2000s
Second wave started in mid- to late 1990s	Mexico, Central America, and much of Southeast Asia	From 5-10 percent in 1990 to 30-50 percent by the mid-2000s
Third wave started in late 1990s and early 2000s	China, India and Vietnam	Reached about 2-20 percent by mid-2000s; supermarket sales growing at 30-50 percent a year
Fourth wave started in mid-2000s	Parts of Africa, South and Central Asia	-

Source: REARDON & GULATI 2008 (modified)

2.2.1 National Diffusion of Supermarkets

Waves of supermarket diffusions also occur within a country over space and time, over consumer segments and product categories (REARDON & HOPKINS 2006).

- **Diffusion over space and time within a country:** The first supermarkets tend to start in big cities, and then spread to intermediate cities and towns, before entering small towns. The richest and largest market is entered first as it offers the highest profit per capital invested. Competition and the saturation of the market push the supermarket chains to extend into the smaller cities and towns. This process accelerates the diffusion of supermarkets over space and time.
- **Diffusion over consumer segments and socio-economic strata:** Comparable to the model of spatial diffusion, similar waves of diffusion occur over socio-economic groups and consumer segments. First, supermarkets focus on upper-income consumer segments, then move into the middle class, and finally enter the markets of the urban poor.
- **Format diversification with diffusion over space and strata:** In the course of modern retail diffusion, format diversification tends to occur to facilitate spatial and consumer segment-differentiation. For example, in inner cities and small towns where space is limited and product assortment can be narrow, chains use discount stores, neighbourhood stores, and small supermarkets.
- **Diffusion over product categories:** Concerning the product categories, the penetration of supermarkets occurs in several waves. The first wave of product penetration is in processed foods like canned, dry, and packaged items (noodles, rice, edible oils, etc.) due to economies of scale in procurement. The second wave is in semi-processed food such as dairy products. The third wave is in fresh foods like vegetables.

2.2.2 Determinants of the Diffusion of Supermarkets

Before the beginning of the supermarket revolution and its take-off in the 1990s, models of the diffusion of supermarkets in developing countries focused on the demand-side factors determining the diffusion of supermarkets. For example, GOLDMAN (1974) points out income, urbanisation, and the opportunity cost of women's time as determining factors. Models developed after the take-off such as Reardon et al. (2003) described the demand-side factors as necessary but not sufficient and lay emphasis on policy factors and retail supply-side factors like the supply of retail foreign direct investments.

On the demand side, several factors influence the claim for supermarket services in developing countries. This includes urbanisation and the entry of women into the workforce outside home. The higher workforce participation of women is reflected in a higher opportunity cost of women's time and represents an incentive for women to seek shopping convenience and buy processed food to save cooking time. This trend is often accompanied by a growth in the ownership of refrigerators, which means an increased possibility to shift from daily shopping in traditional retail outlets to weekly or monthly shopping for groceries. The growing access to public transport or private cars further supported this development. The major factors on the demand side for the growing importance of supermarkets in developing countries are the growth of the real per capita income in many countries during the 1980s and 1990s and the rapid expansion of the middle class (REARDON et al. 2004).

The supply of supermarket services was mainly driven by two factors. First, FDI was a crucial factor. Before 1990, the development of supermarkets was very slow as it was largely driven by domestic capital. Between the beginning of the 1990s and the early 2000s, full or partial liberalization of the retail sector allowed FDIs, which themselves fueled the development of supermarket diffusion in developing countries. The reason to undertake FDIs by retail chains of developed countries was due to the saturated and competitive home markets and the higher profit rates that the developing markets offer. Furthermore, the competition on the emerging markets was relatively low and the resistance by local supermarkets and small traders was medium. Another important factor on the supply-side was the transformation in retail procurement logistics technology and inventory management such as the concept of efficient consumer response. These changes have been the key to the centralization of procurement and the consolidation of distribution in order to "drive costs out of the system" (REARDON et al. 2004). Savings up to 40 percent in distribution costs were the achievement.

2.3 India's Changing Food Retail Scene

The growth of the retail trade in India is associated with the growth in the Indian economy. According to the concept of supermarket diffusion in developing countries (REARDON et al. 2003), India is located in the late third wave. The Indian supermarket revolution began in the first years of the new millennium. Currently, India is one of the most attractive trade markets for global retail to enter. The international consulting firm A.T. Kearney ranks annually emerging markets economies based on more than 25 macroeconomic and retail-specific variables through their Global Retail Development Index (GRDI). In 2005, 2006 and 2007 India has been ranked as number one. The high economic growth during the last

years raising disposable incomes rapidly, the favourable demographics placing incomes on younger population with less dependency, and urbanisation are some of the major factors fuelling the Indian retail market.

According to a study conducted by the Indian Council for Research on International Economic Relations (ICRIER) and the Department of Consumer Affairs India counts around 15 million retail outlets and thus the highest shop density in the world (JOSEPH et al. 2008). The retail market in India is dominated by a large number of small retailers consisting of the local kirana stores (mom-and-pop stores), owner-manned general stores, *paan* and *beedi*² shops, hand-cart hawkers and pavement vendors which together make up the so-called “unorganised retail” or “traditional retail” (GURUSWAMY & SHARMA 2006).

Opposed to the unorganised retail sector, the organised retailing refers to trading activities undertaken by licensed retailers, which are registered for sales tax, income tax, etc. These include the corporate-backed hypermarkets and retail chains, and also the privately owned large retail businesses (GURUSWAMY & SHARMA 2006).³

There has been a creeping internationalisation of retailing over the recent period in India. As home markets became crowded and with the opportunities in emerging markets rising, modern retailers from developed countries have been turning to new markets. Since 2002/2003 there has been a huge growth in organised retail in India and this is linked with the growth in the economy and the attendant rise in consumption expenditure (REARDON & GULATI 2008).

There had been no specific restrictions on the entry of foreign retailers into the Indian market till 1996. But only a few foreign players were granted permission for retailing in this early time. In 1997 it was decided to prohibit FDI in retailing into the country. As recently as 2006, a partial liberalisation took place in policy in which foreign companies are allowed to own up to 51 percent in single-brand retail joint ventures. Beside this, foreign players are allowed in wholesale cash-and-carry business with 100 percent equity. This way, the German retail giant *Metro AG* was able to invest in the Indian market by opening several cash-and-carry stores in the last years (REARDON & GULATI 2008, JOSEPH et al. 2008; NEILSON & PRITCHARD 2007).⁴

The growing presence of modern retail formats in India is not supported by all parts of the Indian population. India is still dubbed a nation of shopkeepers: 15 million small shops,

² *Paan*, a mixture of betel nut and other ingredients like tobacco, fennel seeds or sugar, is traditionally chewed as a mouth freshener in South Asia. *Beedis* are thin South Asian cigarettes made from tobacco wrapped in a temburini leaf.

³ An overview of modern retail formats in India is given in Annex C.

⁴ *Metro AG* opened its first branch on the Indian subcontinent in Bengaluru (former Bangalore) in 2003. Nowadays the company runs stores in Hyderabad (since 2003), Mumbai (former Bombay; since 2008) and Kolkata (since 2008).

accounting for six to seven percent of employment and about ten percent of GDP, confirm this title. This traditional retail system is characterised by high levels of self-organisation, decentralisation and low capital input (JOSEPH et al. 2008).

The owners of these small shops, as well as other actors of the so-called unorganised retail sectors, keep a critical eye on the increasing liberalisation of retail and the growing global competition. At the political level, the liberalisation policy is supported by the Premier Minister Manmohan Singh and the coalition led by the Congress party? On the contrary, the oppositional Communist party argues against a further liberalisation of the retail sector for foreign companies:

„Retail markets in our country are dominated by small businesses who [...] the entry of Wal-Mart and the like can only bulldoze. The vast number of retail shops run by self-employed small owners shall perish, jeopardising the life and livelihoods of scores of people connected with small business“ (DEV ROYE 2005).

Beside the political and administrative restrictions for international companies, REARDON et al. (2003) also identify some factors on the demand side which are responsible for the relatively slow diffusion of supermarkets on the Indian subcontinent. They mention the traditional preference of Indian consumers to buy their daily needs on local markets (*mandis*), in small shops or from hawkers.⁵ They are also used to purchase their vegetables and fruit fresh daily by the piece and not by the kilo.

Table 3: GDP, Private Final Consumption Expenditure and Retail Sales Growth (2000- 2007)

	2000/01 to 2002/03	2003/04 to 2006/07
Real GDP	4,7	8,7
Real private final consumption expenditure	4,0	6,7
Retail sales	4,8	10,9

Source: JOSEPH et al. (2008:7)

Economic liberation and economic growth enhanced the living conditions of a wide range of the Indian urban population. Attended by the growth of GDP by five to eight percent a year, the disposable income of many urban households has been increasing steadily since the mid-1990s. More disposable income leads to a substantial growth in turnover in the retail sector. According to data of the Central Statistical Organisation (CSO) the expenditure for private final consumption increased equably with the growth of GDP. The retail sales also show a

⁵ For information about the hawkers and their role in the urban food system see DITTRICH 2008.

similar pattern, as displays. It is expected that the Indian retail market will be one of the biggest markets worldwide by 2010 (JOSEPH et al. 2008).

The growing Indian middle classes are playing a major role in the expansion of the retail market. According to a definition used by the National Council of Applied Economic Research (NCEAR), the middle class in India consists of all those households with a yearly income that exceeds Rs. 90.000. This would apply to around 58 million Indians (THE ECONOMIST 2006). On the other hand, the Indian government declares the middle class in the census data as 35.6 million (GOVERNMENT OF INDIA 2001). The consulting company McKinsey estimates around 40 million households in India, belonging to the middle class that is characterised as follows:

„[A] typical family comprises five people, lives in a city, and has an educated head of household who is an employee or a small-business owner earning US\$ 4,000 to US\$10,000 (US\$20,000 to US\$40,000, adjusted for Purchasing Power Parity). Such a family often lives in a small apartment, has a bank account, and owns a television, a refrigerator, and a motorcycle or small car. This new consumer group, growing about 10 percent a year, is expected to comprise 65 million households by 2010” (BHARADWAJ et al. 2005:46).

The consumption habits of this evolving middle class and their resource-intensive lifestyles cause growing consumption of natural resources (such as per capita water and electricity demand) and show a significant impact on the environment, i.e. by increased waste production, including vehicle emissions and garbage (MAWDSLEY 2004).

2.4 India's Dietary Transformation

High economic growth rates, increasing incomes and a growing urban middle class are some of the driving forces of dietary and nutritional changes particularly among the urban population. Generally, the development of diet transformation in India can be seen as two succeeding stages (PINGALI & KHWAJA 2004):

- **Income-induced diet diversification:** takes place at the beginning of economic growth and is characterised by diet diversification but maintaining predominantly traditional features.
- **Diet globalisation:** Starting with the influence of globalisation and is characterised by the adoption of markedly different diets that no longer conform to the traditional local habits.

Economic wealth enables consumers to purchase a more varied and balanced diet and to demand nutritionally superior food products. The food demand in this first stage of diet transition is mainly focused on traditional foods, but of better quality (i.e. Basmati rice instead of “normal” rice). Furthermore the consumption of wheat, in the form of bread and wheat-based products like cakes and cookies increases. The traditional handmade Indian breads like *roti* and *chapatti* which are made of atta flour, a whole grain wheat, are more and more replaced by commercialised white bread-like toast. This stage of diet transformation took place in India during the 1980s and results in a rise in demand across all the main food groups. Until now, this development is not completed in the Indian population.

Diet globalisation gets intensified by market liberalisation, advertising campaigns and new suppliers. The population already started to adopt food consumption habits that differ from the traditional ones. The new global dietary patterns suppress the habits that had developed locally over many generations. In India, this stage began during the mid-1990s and is reflected in an increasing preference for meat, fish, processed convenience foods and products rich in calories (PINGALI & KWAJA 2004; PINGALI 2004; VEPA 2004, SHETTY 2002).

The changing diet habits and preferences also affect the purchasing of food products and reflect the general transformation in consumer behaviour.

3 RESEARCH METHODOLOGY

3.1 Timeframe

Literature on small retailers in India and the impact of modern retail on the food provision system is scarce. Some of the existing studies treat the topic of the transformation in the retailing sector in a very generalised way or analyse only a small part of the complexity in a statistical manner (compare GOSWAMI & MISHRA 2009).

This report gives an overview of the issue of changing food purchasing habits and the transformation in the Indian retail sector with their impacts on the traditional food provisioning system of small traders. The empirical case study on the business situation and livelihoods of small traders in Himayathnagar, one city quarter of the emerging mega city Hyderabad, was conducted in April and June 2008.

3.2 Research Area

The research area in the central part of Hyderabad was chosen for different reasons. Himayathnagar undergoes a rapid transformation since recent years and displays the dynamic development of a modernising Indian mega city. The quarter shows modern and traditional retail outlets in a very close proximity and more than one-half of its residents belongs to one or the other income brackets of the Indian middle classes.

Himayathnagar is located in the southwest of the Hussainsagar, an artificial lake in the centre of the city, known as the true heart of the city. The settlement already came into existence at the beginning of the 20th century. But it was not until the 1960s when a proper planning started. By then, the quarter was characterised by small single-storey-houses and bungalows with gardens, which was and still is very popular with middle-class families. At that time, many school and colleges were built in Himayathnagar for which the quarter is even famous today. Nowadays, Himayathnagar includes the areas of Gaganmahal, Domalguda, Ashoknagar, Hyderguda and Basherbagh. By now, many of the old-style bungalows have vanished, and the architecture of the area is characterised by a highly fragmented cluster of land-use with vibrant multi-purpose business centers along the main roads, multi-storey apartment buildings, fairly calm single-storey residential quarters and slum pockets.

3.3 Fieldwork

The first step of the fieldwork consisted of mapping of all modern and traditional food retailers in Himayathnagar. The aim was to get an overview of the food provisioning system in the research area. The geographical position of the outlets were marked in a detailed map and later transferred into a geographical information system (GIS). For every outlet, various kinds of information, including the type and size of the store, were gathered. Together with the data of the records attained during the interviews with kirana store owners, all information was entered into the GIS and later on processed using the programmes SPSS and ArcGIS.

In the second part of the research, semi-standardised interviews with kirana shop owners in the research area were carried out. For the survey of traditional retailers, 18 shop owners or employees in the absence of the owners were interviewed, of which 12 belonged to kirana stores, 5 to general stores and one to minimarkets. Some of the questions in the questionnaire are reflecting insights gained during the participatory observation. The questionnaire consisted of about 50 questions and sought basic information on floor size and employment as well as data on the impact of sales, working hours, customers lost, etc. Another part of the questionnaire asked the respondents to attribute causes for the decline in sales and the competition of organised retail in general. The respondents were also asked to rank the intensity of the threat they are faced and whether their children would continue operating the shop. Most interviews were carried out face-to-face in Hindi or Tamil and directly translated into English by a field assistant. Qualitative data were categorised (compare MAYRING 2002) and, together with the quantitative ones, analysed with the statistics program SPSS.

In addition to the interviews with the kirana owners, several expert interviews with the Hyderabad & Secunderabad Retail Dealers Association could be carried out.

Furthermore, a questionnaire-based survey of customers' shopping at organised retail outlets and also customers' shopping at unorganised outlets was conducted to get an insight view into their purchasing patterns. The customer survey was conducted through exit interviews of 85 customers, divided as 51 persons who shopped at organised outlets and 34 persons who shopped at traditional retail outlets.

4 RESULTS OF THE EMPIRICAL CASE STUDY

4.1 The Traditional Food Retail Sector in Himayathnagar

In this section of the study the traditional food retail sector in Himayathnagar is analysed with regard to the current situation and its role as a distributor in the urban food system.

As already mentioned in chapter one, kiranas are part of the so-called informal or unorganised sector, which also include mobile and semi-mobile hawkers and retailers at local markets. Altogether they occupy an overwhelmingly large part in Indian food retail: almost 90 percent of food and groceries being sold in the country is through these kind of retailers (REARDON & GULATI 2008, JOSEPH et al. 2008).

4.1.1 Overview

There were 33 small retailers in the research area during the data collection in 2008 (see map in Figure 1). These traditional traders were divided into three different groups according to their product range and their appearance:

- **General stores.** Usually, they occupy the smallest shops with a floor space of around 20-100m². Their product range is limited and consists mainly of small everyday needs like packaged food (cookies, candy, sweets, and snacks), cigarettes and non-food items (soap, shampoo, tooth brushes, cleaning powder). Typically, all products are stored in high racks behind the counter and every customer is served personally by the store owner.
- **Kirana stores.** These shops look very similar to general stores, but can be slightly larger and offer a wider range of products. The differences between the two outlet types are that kiranas sell loose groceries like rice and pulses in different qualities. Additionally, they also offer perishable foods like eggs, milk and bread. Two groups of products that are increasingly sold in kiranas and general stores are cold drinks and instant meals, especially instant noodle snacks.
- **Minimarkets.** Minimarkets can be seen as big kirana stores with a bigger choice of products and brands. Furthermore, they almost look like supermarkets and the customers are able to roam in the shops and serve themselves.

In the following, the term kirana will be used synonymously for all three types of traditional food outlets.

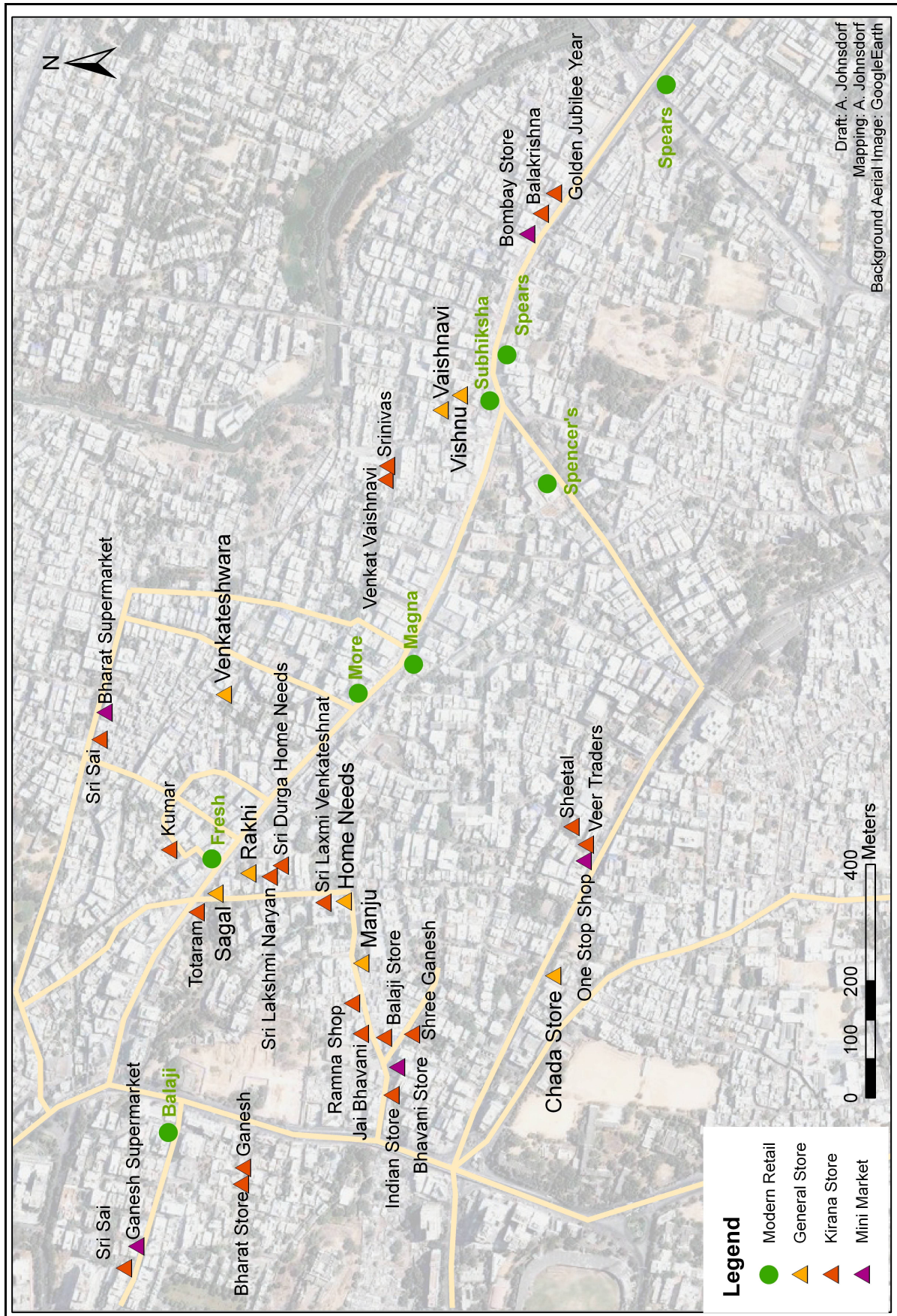


Figure 1: Food Retail Outlets in Himayathnagar, Hyderabad

4.1.2 Shop owners

The biggest part of small traders are males of 35 to 45 years. Almost all of the interviewees are the owners of the shops or at least relatives of the owners. This fact shows that most of the traditional shops are still run as family businesses. With an average of six family members, these families typically are joint families. This type of family, with several generations living under one roof, is firmly rooted in the Indian culture. More than half of the analysed kirana stores are run by the same family for more than one generation.

Two thirds of all shop owners hold a bachelor degree and one of the two female interviewees even holds a master degree. Nevertheless, it should also be mentioned that around 25 percent left school after finishing high school.

4.1.3 Shops

On average, the analysed kiranas have existed for 19 years. The oldest shop in the quarter opened its door in the 1970s and is run in the fourth generation; one shop just recently opened (1,5 years ago). It is remarkable that the shops that exist since a long time are mostly properties of the owners and the newer shops are rented ones. The rent for a kirana in



Figure 2: Typical Kirana Store

Himayathnagar of around 20-100 m² can be between 2,000 and 5,000 Rs monthly. Electricity and other extra charges add another 500 to 1,000 Rs to this amount.

Furthermore, the shop owners usually have to pay for employees but at the sampled retail outlets mainly family members were assisting. Only two of the interviewed retailers employed external staff.

Very often, the store owner runs the shop by himself, so that working times of twelve hours and more are common. The opening hours of the small shops verify that; most shops open in the early morning hours (between 7 and 9 am) and close at around 10 pm. In general, there are no holidays.

4.1.4 Product range

The typical kirana products like rice and dhal⁶ are still number one in the rank of best sellers in traditional retail outlets (see figure 3). These products are offered in different qualities

⁶ Hindi = lentils.

ranging from high quality basmati rice or pulses, which are already cleaned⁷, to rice or pulses that are lower in quality and price. Normally, these products are bought in bulk for several weeks and many customers use the home delivery service for these groceries.

Non-food items like soap, shampoo, cleaning and washing powder occupy rank two of the top-selling products. As they are products that are used everyday, the nearness of the shop plays an important role: in India, soap and shampoo are often sold in very small quantities, so people have to buy replacements regularly and therefore the easiest way is to go to the small shop at the corner.

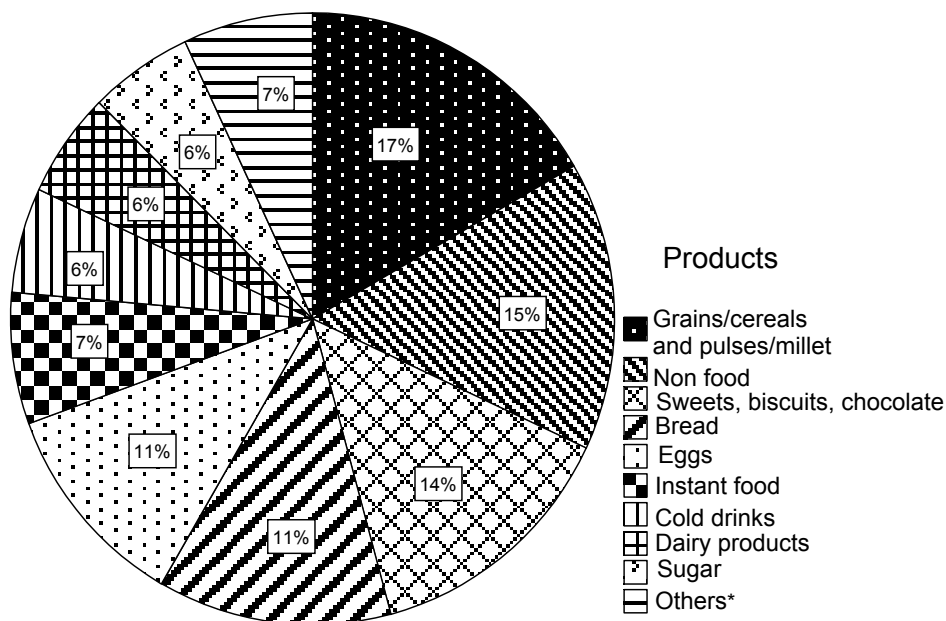


Figure 3: Top-Selling Products in Traditional Retail Outlets (in %)

* i.e. spices, oil, SIM cards, etc.

After non-food items, products like sweets, biscuits or chocolate follow the rank. These products are often bought spontaneously by people passing by. The rest of the product range is composed of bread, eggs, instant food, cold drinks, dairy products, sugar and other. The high percentage (7 percent) of instant food reflects the transformation in the Indian food consumption habits. The market leader *Maggi* offers several different tastes for instant noodle snacks. These snacks gradually replace the traditional breakfast of students and young people in the middle class.

The majority of shop owners in Himayathnagar get their supply from Begum Bazaar, one of the biggest wholesale markets in Hyderabad. The bazaar is located about 2 km north of the Musi River and offers a wide variety of groceries such as pulses and rice, additional food items like dry fruits and oil, as well as stainless steel goods. Only one of the interviewees

⁷ Rice and pulses which are not cleaned contain small stones or parts of the peeling. Before cooking, they have to be sorted in a time-consuming process.

mentioned that he gets some of his products from the cash-and-carry market *Metro* in Begumpet. This fact shows the traditional bonds in the food distribution and provisioning system of urban India.

4.1.5 Consumers

To get an idea of the clientele of traditional retailers in the research area, all analysed kirana owners were asked about their subjective perception on their customers.

The number of customers per day varies very much; on an average 110 shoppers visit each shop in Himayathnagar, but the maximum and minimum values differ considerably. One shop keeper reported of only 25 customers a day but another kirana owner who runs a store in the direct neighbourhood counts around 250 clients daily.

Respective to the different numbers of customers, the turnovers of the kirana stores differ. The mean value of daily turnover comes to around 2,500 Rs, which adds up to a yearly turnover of 900.000 Rs (approximately 14,000 € (2008)). But it has to be mentioned that the average turnovers in the analysed shops vary in the same way as the customer numbers. The lowest reported daily turnover are 150 Rs, the highest 10,000 Rs a day. Furthermore, these amounts are turnovers, not profits. Most interviewees did not want to comment on their profit but with an average profit margin of seven percent, an average daily profit of around 175 Rs can be calculated for the kirana shops in Himayathnagar.

By analysing the data of the customer survey, the typical clientele of traditional retail outlets in the research area was characterised. Two thirds of interviewed customers are women, mostly married. 32 percent are young unmarried males, who just shop when passing by. Out of all analysed clients the average age comes to 39 years and the average size of the customer household is 3,4 family members. The household income of more than half of all kirana customers is below 20.000 Rs a month. The further distribution in the income categories is shown in Figure 4. The high percentage of missing values is due to several interviewees who couldn't rank their household income.

Most of the kirana clients (66 percent) are regular customers and know the shop keeper very well. This makes it easy for the kirana owners to learn about the preferences and needs of their customers. Most of the regular customers also use the home delivery service which is offered by around 80 percent of all kiranas. Prior to the delivery, the clients usually order the desired products by telephone, and all items will be delivered free of charge to their residence. Another service at traditional retail outlets is the possibility to pay the bill on credit, but this service is limited to regular customers.

A common service at kirana stores are telephone boxes that allow local, national and international phone calls.

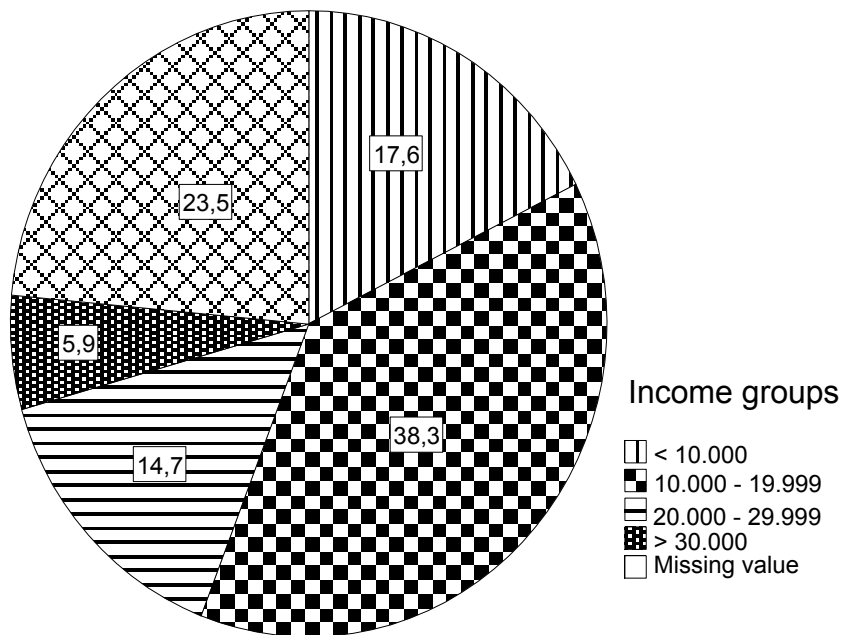


Figure 4: Distribution of Kirana Customers in the Household Income Range (in Rs)

4.2 The Modern Food Retail Sector in Himayathnagar

Since the late 1990s and early 2000s, Hyderabad is has been witnessing the diffusion of the corporate retail sector. Due to its early economic liberalisation and the rapidly emerging globalisation processes in the food distribution system, Hyderabad can be seen as the “birthplace” of organised food retailing in India. Many of the south Indian supermarket chains opened their first stores in Hyderabad and today, the city is considered to be an important centre of modern retail, as the news channel *CNN-IBN* already headlined in 2006: “*Hyderabad is the new retail hotspot*” (D’ZOUSA 2006). Today, branches of almost all nationally operating supermarket chains as well as regional and local operating food retail businesses can be found in the megacity Hyderabad.⁸

Branches of the following supermarket chains could be found in Himayathnagar at the time of research: *Fresh@*, *more.*, *Magna*, *Subhiksha*, *Spears*, and *Spencer’s*. Furthermore, the main branch of the privately run *Balaji Grand Bazar* is located in the research area. This private supermarket was founded in 1976 and operates three stores in Hyderabad. Due to its

⁸ An overview of all food retail chains operating in Hyderabad is given in Annex D

similarity in structure and organisation, this supermarket will be placed in the group of organised retail.

As shown on the map in Figure 1, the modern retail outlets are concentrated next to the main roads in the research area. The analysed supermarkets in Himayathnagar have existed for several years (max. five years) and the dynamic development and growing middle class population in the quarter offer a lucrative business environment for organised food retail. Road widening, as it can be observed at many roads in the quarter (cf. Figure 6), supports this development and creates new spaces for food retail chains as well as for branches of globally-operating clothes shops (i.e. *Adidas*, *Levis*, etc.) and fast food chains like *Kentucky Fried Chicken*, *Subway*, etc. (see Figure 5).

The appearance of all supermarkets is quite similar. All branches offer a wide variety of products; fresh fruit and vegetables, packaged foods, drinks, non-food products like soap, shampoo and other cosmetics, as well as cleaning and washing powder. Differences in the food product range can be found in dairy products; some supermarkets offer a variety of yogurt, cheese and other milk products, others have only little choice in dairy products.

In addition to the mentioned products, the supermarket chain *Subhiksha* offers mobile phones and accessories as well as pharmaceuticals. Some branches offer special items like fresh bakery products (cf. *Oven@Fresh* at the branch of *Fresh@* supermarket) or operate small food stalls in front of the supermarket. For example, at the *Magna* supermarket, several snack boxes offer *Pani Puri*, Corn and fresh fruit juices.



Figure 5: Himayathnagar Mainroad with Recently Opened Nike Store



Figure 6: Road Widening at Himayathnagar Mainroad

All of the analysed supermarket chains are planning to increase their number of outlets in Hyderabad in the coming years. Furthermore, some corporate retailers diversify their outlet types to adjust themselves to the different neighbourhoods. For example, *Spencer's* is

operating supermarkets close to residential neighbourhoods as well as hypermarkets called *Spencer's Hyper* in commercial areas like the RTC Cross Roads area in Chikkadpally.

Subhiksha and Fresh@ also run online shops, which makes it possible for consumers to order via internet or phone and get the desired products delivered.

An overview of all corporate food retail chains in Hyderabad is given in Annex D.

4.3 The Impact of Modern Food Retail on Traditional Food Retail

To get an insight of the situation of small traders in Himayathnagar and an overview of the impact of the transformation in the urban food distribution system, the survey on kirana owners included questions on this topic.

4.3.1 Impact on Small Traders

Concerning the purchasing patterns of their customers, all analysed kirana traders were asked about changes during the last years. The result is divided: 50 percent of all kirana owners reported no change in the purchasing habits of their clients while the other half of interviewees recognized differences. The mentioned changes are mostly related to the number of customers who buy in the shops, the amount of purchased products and the age of clients. But also in the group of shop keepers who recognised changes, not all made the same experiences; some reported a loss of customers, others reported increasing numbers. The main reasons for a growing number of customers are newly-built apartment blocks next to the relating kiranas. The influx of more families means new customers for the kirana corner shops next door. The reason for the loss of customers is mainly the changing demand of the urban middle class. Today, customers are used to the wide choice of products found in supermarkets, which a kirana is unable to offer. Thus, many interviewed kirana owners had to recognise a trend toward smaller purchases in their shops. Further on, many customers only shop in kiranas in “emergencies”, for example in the late evenings when supermarkets are closed.

Changes in their product range during the last years were only mentioned by a third of all analysed small traders. Some of them quoted a bigger product variety, the offering of special food products like instant noodle snacks or bakery items as well as cold drinks. A new source of income, which is used by many of the kirana traders in Himayathnagar, is the provisioning of services like telephones, fax machines or Xerox machines and a few kiranas also offer SIM cards for mobile phones.

The above mentioned data provides the information collected without indicating the impact of the organised retail outlets. The special analysis of the GIS data shows that most of the traditional retail outlets are located in close proximity to supermarkets.⁹ The subjective valuation of the interviewed kirana owners showed a similar result: 16 shop keepers rated the distance to the next supermarket as near.

When the traditional retailers were asked directly about the influence of the opening of organised outlets in their surrounding area, 40 percent of the respondents admitted that there was a negative impact. But it should also be mentioned that the competition among traditional retailers is also distinct. Due to the high density of kirana stores, the business competition among small traders is similar as to the competition between traditional and modern retailers. To gain a better insight into how the modern retail is affecting small traders, all interviewees were asked about their sales volume, the number of employees and the opening hours of the shops.

The survey has brought out that there has been a negative impact on turnover and profit of the unorganised retail sector after the opening of organised outlets. About 60 percent of the sampled small retailers reported a decrease in turnover, while in only 33 percent of the shops' sales were unaffected by modern retail (cf. Table 4). It is interesting to notice that most of these shops are offering products and services that are not available in supermarkets, i.e. photocopying facilities, home delivery and mobile phone cards.

The reported decline in turnovers was mainly between 10 and 50 percent; one kirana reported a decrease of over 50 percent (see Table 5).

Table 4: Sales Trend of Traditional Retail

	Frequency	Percent
Increase	0	0,0
Same	6	33,3
Decline	11	61,1
no answer	1	5,6
Total	18	100,0

Table 5: Sales Loss of Traditional Retail

Sales loss	Frequency	Percent
<10%	4	22,2
10 - <30%	1	5,6
30 - <50%	5	27,8
≥50%	1	5,6
no answer	7	38,8
Total	18	100,0

There has been no significant decline in employment so far. Only one kirana owner mentioned a decline in the number of employees. This shows the family basis of the sector,

⁹ The maximum air-line distance to the next supermarket is 600m.

where a decline in sales is not matched by retrenchment, but results in shrinking earnings per head.

Despite the falling sales, none of the small retailers have increased their working hours. The principal reason is once again an inability to afford additional hired help while the existing workers, mainly family members, are already working for 11 to 14 hours per day.

Another interesting point was to know whether the presence of modern retail has led to the closure of traditional outlets. All respondent retailers were asked whether they are aware of any closing down of small shops in their neighbourhood due to high competition from supermarkets. Two kirana owners reported of closures of other stores and one interviewed shop keeper had to close down his own shop during the research period.

4.3.2 Reactions of Small Traders

Almost half of all interviewed kirana owners said that they felt threatened by the modern retail outlets.

Despite the adverse impact so far, the majority of unorganised retailers showed their determination to continue in business (see Table 6). A current opinion

of retailers is that they have been doing their business for a long time and people are used to this way of food distribution, so there will always be enough customers for kiranas.

Despite the mostly positive perception of the business situation of kiranas in Himayathnagar, many shop owners rate the future prospects as poor. For the next generation, unorganised retailers do not want to continue the same business. Over 80 percent of the respondents do not want their children to stay in the traditional retail business.

According to the survey, only very few traditional retailers indicated some new sales promotion initiatives, due to the low capital base, low profit margins and poor availability of skilled manpower. Offering of new brands and products like bakery items or instant noodle snacks, better quality of loose products (rice, dhal), better service and enhanced home delivery, renovation of the store and some advertisements and decorations outside the shop were the main types of new initiatives in response to the competition from organised retail.

Despite the growing competition from supermarkets, most of the traditional retailers are satisfied with their business at the moment. It is striking to note that out of the four pessimists concerning the situation of kirana business, three shop owners have to rent their

Table 6: Reactions to the new Competition

	Frequency	Percent
yes	5	27.8
no	9	50,0
don't know	4	22,2
Total	18	100,0

establishment. Their reason for their negative view of the traditional retailing business and the poor profitability of their shops is caused by the high rents in Himayathnagar (cf. Table 7).

Table 7: Perception of Business Situation by Leasers and Owners of Kiranas

	Ownership structure			
	rented shop	owned shop	Total	
Kiranas are a good business at the moment?	yes	7	6	13
	no	3	1	4
	don't know	1	0	1
Total		11	7	18

Kirana owners identified the personal touch, the closeness as well as the long and flexible opening hours as their main advantages compared to supermarkets. Further on, they rate their role as food distributor for lower classes as important because they offer basic staples in different qualities at different prices. In this way, many small retail stores serve an important social safety net function in India.

On the other hand, from the point of view of traditional retailers, the main advantage of organised retail is also the prices. At the same time, the low prices and the price policy at supermarkets chains are the main criticisms kirana owners pass on modern retail. The shorter supply chains and economies of scale make it possible for supermarkets to offer some products at lower prices than kiranas, which generally offer their packaged products at the Maximum Retail Price (MRP). Supermarket chains are thus able to quote products at prices lower than the MRP. Due to small margins of profit, kiranas cannot run the same price policy; thus, the competitive situation gets tougher for the traditional retail business. To eliminate this situation in the future, several interviewed shop keepers called for the implementation of a statutory minimum retail price for all retailers.

4.4 Changing Food Purchasing Patterns

The idea of the study of consumers is to appreciate the behaviour of and benefits to consumers in shopping at organised and unorganised retail outlets. Exit interviews were conducted with 51 consumers who shopped at supermarkets in Himayathnagar and with 34 consumers of traditional outlets in the same area.

4.4.1 Consumer Profile

The gender ratio in both client groups was roughly one third male and two thirds female customers. This ratio is similar to the answers to the question regarding which person of the

household normally does the grocery shopping. Around 55 percent of supermarket customers and one third of kirana customers reported that mainly women are responsible for grocery shopping. One fourth of both groups saw man and women as the responsible persons for shopping and only 8 percent respectively 11 percent of the kirana and supermarket customers consider men as the main person responsible for grocery shopping of the household.

The age spectrum of interviewed supermarket clients covers persons between 16 and 74 years and the average age of supermarket customers is 38 years. Concerning their age, the clientele of kiranas is comparable to supermarket customers. More than two thirds of the interviewed kirana customers are married, around one fourth are single, and the remaining six percent are widows. It is noticeable that the number of unmarried persons is much higher within the supermarket clients (40 percent). The average number of people living in the household of modern retail customers (mean: 3.2 persons per household) and the significantly higher proportion of single households differ from the analysed data of kirana customers.

Around half of all interviewed kirana clients hold a bachelor or even a master degree; the remaining 50 percent have a lower qualification.¹⁰ The number of customers in supermarkets with bachelor or master degrees is much higher (70 percent) compared to kirana clients.

The most significant difference between the two consumer groups can be recognised in the income level. The majority of kirana customers earn between 10,000 and 30,000 Rs monthly and therefore belong mainly to the newly emerging middle class of “*aspirers*.”¹¹ The average monthly household income of supermarket customers however is higher than 30,000 Rs. For a breakdown of all customers into income groups, see Table 8.

Hence, the majority of customers shopping at supermarkets belong to the “*affluent middle class*” with a yearly household income over 200,000 Rs. Both the newly-emerging middle class of aspirers and the affluent middle class are India’s new consumer classes and are considered to obtain the highest influence on the Indian market.

More than 90 percent of all interviewed customers visit the respective retail outlets regularly. On average, every customer shops two times per week in supermarkets; within the kirana clients the frequency is slightly higher (three times a week).

¹⁰ In this context, the socio-demographic composition of Himayathnagar has to be mentioned; most of the inhabitants of the quarter belong to the middle or upper class.

¹¹ The social stratum of the so called „aspirers” is composed of all households with an average household income of 90,000 to 200,000 Rs per year.

Table 8: Breakdown of Supermarket and Kirana Customers into Income Groups (in %)

Monthly Income (Rs)	Supermarket Customers	Kirana Customers
< 10,000	2,1	17,7
10,000 – 19,999	7,8	38,2
20,000 – 29,999	17,6	14,7
≥ 30,000	54,9	5,9
No answer	17,6	23,5
Total	100,0	100,0

To get an idea of the distance between the retail outlets and the residences of the supermarket and kirana customers, all interviewees were asked to rate the distance (see question no. A4 in the questionnaire in Annex A). As Table 9 shows, the majority of both client groups rate the distance between supermarket/kirana and their residences as close or very close. Longer distances were mainly reported by supermarket customers, whereas only few kirana clients rate the distance as far. This reinforces location as a comparative advantage for traditional retailers as the mean distance to the residence of consumers at unorganized outlets is in walking distance of only a few minutes. Most of the kiranas are in the middle of residential areas and therefore in direct proximity to customers. However, the supermarkets are bordering on the main roads of Himayathnagar (see map in Figure 1).

Table 9: Subjective Rating of the Distance between Residence and Retail Outlet (in %)

Distance	Supermarket Customers	Kirana Customers
very close	37,3	41,2
Close	33,3	47,1
medium distance	17,6	8,8
Far	5,9	2,9
very far	5,9	0,0
Total	100,0	100,0

Due to proximity, the majority of consumers (70 percent) walk to traditional retailers. Although the proportion of customers who reach the supermarkets by walking is also high (55 percent), the analysed data show that more consumers shopping at supermarkets use motor rickshaws for their grocery shopping (cf. Table 10).

One reason for the low percentage of customers using their cars for shopping is the bad parking situation around many supermarkets in Himayathnagar. Most of the supermarkets do not have any parking space for cars in front of their branch and if they have any, they are often occupied by other vehicles like motorbikes, rickshaws, pushcarts of street vendors or vehicles used for delivery.

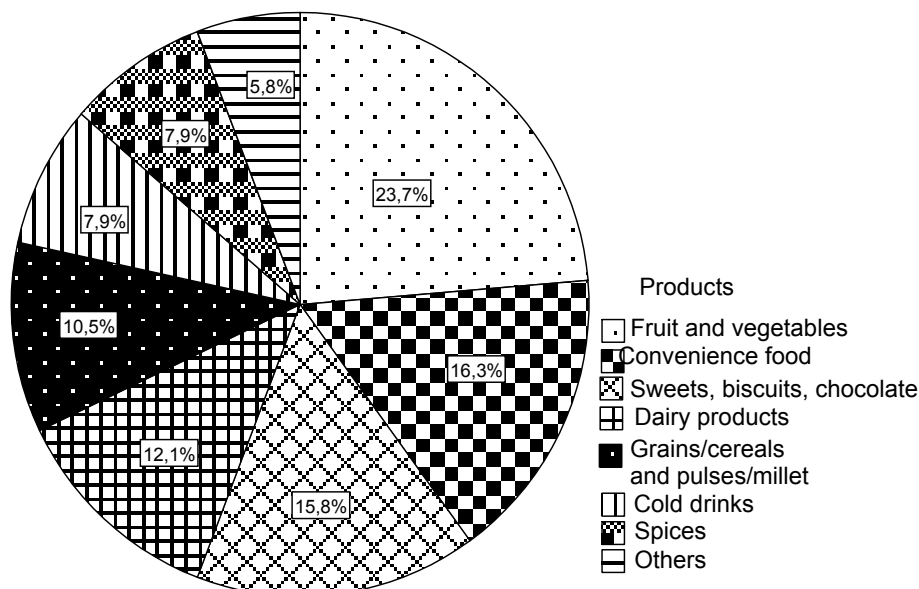
Table 10: Means of Transportation to Retail Outlets (in %)

Means of Transportation	Supermarket Customers	Kirana Customers
Walking	54,9	73,6
Motorbike	9,8	14,7
Car	9,8	8,8
Auto rickshaw	25,5	0,0
Bus	0,0	2,9
Total	100,0	100,0

4.4.2 Consumption Patterns

As Figure 7 and Figure 8 show, significant differences in the top-purchasing products between supermarkets on the one hand and kiranas on the other hand can be distinguished.

The products that are mostly purchased in supermarkets are fresh fruit and vegetables, followed by convenience food and sweets. The main reason for the high percentage of fruit and vegetables is the freshness of the products that convinced the supermarket customers to buy fruit and vegetables in supermarkets instead of purchasing them at local markets or from street vendors. Although there are many local markets in Hyderabad, the customers prefer to buy fruit and vegetables in supermarkets due to the better quality and the proximity of supermarkets to their residences. Some customers also complained about the manipulation of scales by street vendors and mentioned that they consider the electronic scales of supermarkets to be more reliable.

**Figure 7: Mostly Purchased Products in Supermarkets**

Another class of products that is highly in demand in supermarkets is convenience food like instant noodle snacks, ready-to-eat meals or home meal replacements. These products only have to be heated at home and replace traditional Indian foods like *palak paneer*, *aloo gobi* or rice plates. Due to the quick preparation and the saving of long cooking time, convenience food is especially popular with working women and singles. The trend to consume more convenience food, sweets and dairy products reflects the development of the diet globalisation PINGALI & KHWAJA 2004 (cf. Chapter 2.4).

The low proportion of purchased rice, grains and pulses (10 percent) in supermarkets confirms the changing consumption patterns of the Indian urban middle class. When analysing the top-purchased products in traditional retail outlets, staples like rice and pulses are still top sellers. As supermarket customers were also asked if they buy in kiranas, the assumption that basic staples are still purchased in traditional kiranas could be verified. Customers shopping mainly in supermarkets named the habit and confidence in the quality of staples as well as the proximity to their residences as reasons for this consumption pattern. A customer shopping at the *Subhiksha* branch in Himayathnagar summarises her shopping behaviour in the following way:

„Yes, I do purchase in kiranas. For many years I get all my rice and dhal from one kirana in Koti¹². And also in emergencies or when I forget to buy something in the supermarket I usually go to the kiranawallah¹³ in my neighbourhood.”

The analysis of the data of customers buying at kirana stores shows a similar result; the main part of purchased products in traditional retail outlets is composed of basic staples like rice, cereals, millet and pulses as well as dairy products and eggs (cf. Figure 8). Overall, the distribution in the purchased product range is less homogeneous than the line-up of products purchased in supermarkets. One reason for that is the diverse clientele of kiranas; the customer profile varies from clients that purchase monthly rations of rice and dhal, to customers buying daily needs (i.e. eggs, dairy products), to occasional purchasers who buy sweets, cigarettes or chewing gums.

The relatively high percentage of convenience food is noticeable. In the small traditional kirana stores convenience food is mostly instant noodle snacks that increase in popularity and show the trend of diet globalisation.

¹² Koti, one city-quarter in the older parts of Hyderabad, south of Himayathnagar.

¹³ *Wallah* is the Indian expression for a working person; kiranawallah thus means kirana trader.

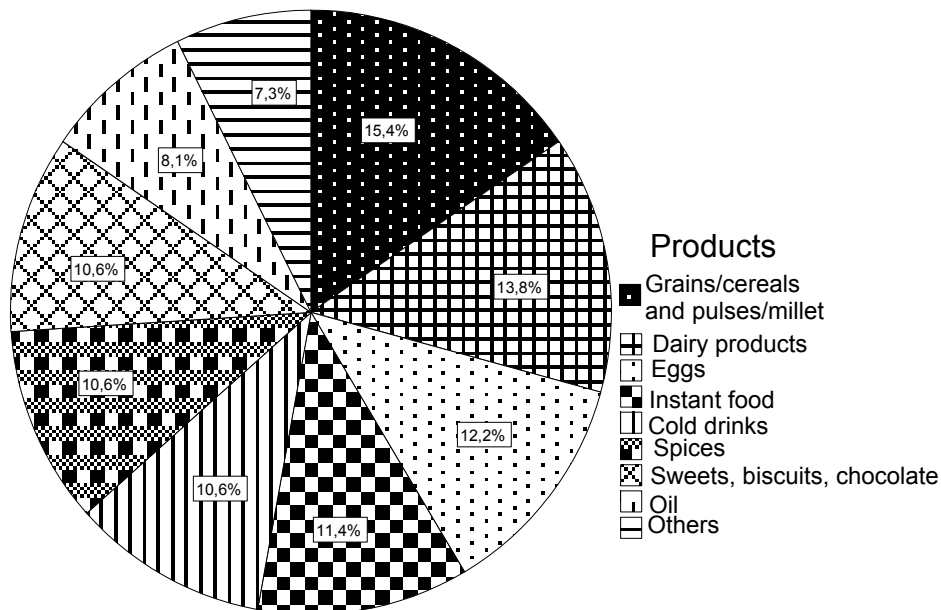


Figure 8: Mostly Purchased Products in Kiranas

The study also throws light on the fact that shoppers do not shop exclusively at supermarkets or kirana stores. All interviewed kirana customers were asked if they also buy in retail outlets other than traditional stores. The analysis shows that more than half of all customers shopping at kiranas purchase at supermarkets, too. For some products a high percentage of kirana clients prefer wholesalers (i.e. tea, edible oil). All in all, the consumption patterns of many Indian households are very sophisticated; especially the tradition-orientated consumers adapt consumption habits that have been existing in their families for several generations.

To examine changes in the consumption patterns, all interviewed customers were asked about their purchasing behaviour two years ago. This period of time was chosen because most of the supermarkets in Himayathnagar did not exist before that time. Over 50 percent of the kirana and supermarket clients reported that they used to buy mainly in traditional retail outlets two years ago. A fourth was already purchasing in supermarkets in this time and the remaining 25 percent bought at local markets, wholesalers and street vendors.

More than 60 percent of all customers recognise changes in their purchasing behaviour during the last two years. In addition to changing sources of food supply, the clients named increased consumption in general and particularly increased purchase of packaged food as major changes in consumption habits.

Many customers saw the greater variety of products, the possibility to purchase everything under one roof and thus save time as well as the better quality, especially of fruit and vegetables, as the main reasons for the changing consumption patterns. The higher

expenditures were constituted by an increasing demand on the one hand and by increasing prices of groceries on the other hand.

50 percent of all interviewees believe that advertisement and sales promotion have an impact on their shopping behaviour. Substantial print advertising can be found in nearly every newspaper and special offers like “*buy one get one free*” are very popular. Occasionally, this leads to customers buying products that they did not want to purchase, as a customer of *Spencer’s* recognizes: „*I like to purchase in supermarkets because of the special offers. But sometimes I end up buying too many things that I didn’t want to buy*“.

4.4.3 Preference for Traditional vs. Modern Retailers

The survey also analyses the consumer satisfaction by asking all supermarket and kirana clients about their level of satisfaction with the particular retail outlets and the advantages and disadvantages of modern and traditional retailers.

The rating of modern retail was mostly positive; more than 90 percent of all interviewed customers were satisfied or even very satisfied with supermarkets. Those who were satisfied with modern retail outlets reported that the main reasons for that are better product quality, lower price, one-stop shopping, choice of more brands and products, fresh stock, neat and clean stores, good ambience in the shops (incl. air-conditioning), etc. Further on, they mentioned special offers, the proximity to residence, the delivery service, the offer of convenience food and the possibility of self-service as advantages of supermarkets. A customer at *Fresh@Himayathnagar* summarises the advantages of supermarkets as follows:

„It’s very convenient to shop in supermarkets because you get everything you need under one roof and save time. The ambience is nice, clean and hygienic and the quality is good. I also like to pick the things by myself to check the quality and the expiring date and also to compare prices”.

Many customers purchasing at modern retailers rate the shopping at supermarkets as easy because they do not have to bargain as is usual on local markets. Additionally, the possibility to pay by credit card is demanded by more and more customers. Some clients claimed the narrow alleys in the supermarkets and the chaotic queuing system in front of the counters as disadvantages of supermarkets.

Customers of traditional retailers do not agree upon the level of satisfaction as supermarket customers do. Although 70 percent of all interviewees are satisfied with kiranas, 9 percent are even very satisfied and the remaining 20 percent are not satisfied or not satisfied at all with the traditional retail outlets.

Advantages of kiranas are mainly the personal relation with the owner, the proximity to residence and the home delivery service free of charge. The almost familiar contact between regular customers and kirana owners as well as their service commitment were reported in several statements: „whatever I want, he has got“, „if I ring him up, he'll send things over“ or „he's very obliging“.

Additionally, the low prices, the choice of different qualities in loose staples, the credit availability, convenient opening hours, as well as the availability of many products were mentioned as advantages of kiranas. A customer at a kirana in Hyderguda explained her satisfaction with traditional retailers in the following way:

„For me, kiranas are the best place for grocery shopping. It's very close to my house and on the way from work. Everything I need is available there and the owner knows all the items I usually purchase. Sometimes he gives me a discount [...]. Shopping in kiranas is a tradition and I like to see the grains before I purchase them. In supermarkets I can't see them because everything is sold in packages. So I can't check the quality. In kiranas I get different qualities, cheap rice and good quality rice like basmati, and it's already sorted and cleaned. In supermarkets I only get very expensive basmati“.

Several customers claimed the minor product variety, bad quality of products, missing ambience in the shop and the higher expenditure of time as disadvantages of traditional retail outlets. A young supermarket customer adds: „It's better roaming in supermarkets; you can pick whatever you want. For every product there is a clearly marked price“.

Table 11 shows a breakdown of advantages and disadvantages of traditional retailers from the customers' viewpoints. The opinions of interviewed clients partially differ, for example concerning the quality of food items offered in kiranas. In most instances, the advantages identified by the customers are the same as those which were mentioned by the kirana owners themselves (cf. chapter 4.3).

Table 11: Advantages and Disadvantages of Traditional Retail

Traditional retail	
Advantages	Disadvantages
Proximity	Bad quality
Personal relation/touch	Minor product variety
Good quality	higher expenditure of time
Home delivery service free of charge	Missing product availability
Traditional habit	Missing ambience
Convenient opening hours	
Low prices	

5 CONCLUSION AND RECOMMENDATIONS FOR FURTHER RESEARCH

5.1 Food Retail System in Transition

The aim of this study was to analyse the food provisioning system and the impact of the modern food retail sector on traditional small-scale retailers in a middle class dominated quarter in Hyderabad. Additionally, the changing food consumption habits among urban middle classes and their attitude towards modern and traditional retail outlets was included into the study.

Concerning the impact of the increasing number of super- and hypermarkets in Hyderabad, most of the kirana keepers feel a growing competition and report losses in sales as they are one of the weakest parts in the retailing system. It can be predicted that if the number of organised food retail multiplies, the sales impact on traditional shops is likely to be intensified and earnings will keep falling till all these micro-accumulators become micro-subsistence seekers.

The consumer survey showed that members of the lower and upper middle class already prefer to purchase their everyday needs in supermarkets due to cheaper prices, higher variety and better quality of food. The formerly strong advantages of kiranas, such as the personal attachment and the close proximity to consumers' residences are increasingly losing their value.

For decades the traditional food provisioning system, including kirana stores, local markets and street vendors, shaped the retailing business in India. Due to the following reasons it would be eligible to support the existing traditional food distribution system of kiranas. The demand-oriented retail system of kiranas works on a highly resource-extensive basis as only products of daily use are offered and the variety is low. The small product range and the direct connection to the wholesale market and the personal touch to their clientele make it easy for the kirana owners to react on the changing preferences of their customers.

The kirana system can also be characterised as a low-emission food provisioning system as most of the customers reach the stores by walking and features like air-conditioning and other electricity-consuming devices like illuminated advertisement are rare.

Furthermore, many small retail stores serve an important social safety net function in India due to their vast employment potential and their role as food distributors for lower classes.

Many local stores also provide informal credit to customers, thus providing an unrecognised financial service to the poor.

The combination of all these factors turns kiranas into a sustainable food provisioning system which could contribute to a balanced urban environment.

5.2 Future Prospects and Possible Solutions

The current trend in the Indian food retail system shows that organised retailers will gain in importance and influence. As this study shows, the structural changes in retail have already started to affect large numbers of small retailers. As kiranas are part of a sustainable food provisioning system in Indian Megacities, their role should be supported and assisted.

India can learn from neighbouring countries of Southeast Asia where programs to upgrade traditional retailers to compete with organised retailers are active. For those who could not be brought up to that level, the governments or administrations of Singapore, Taiwan, and Hong Kong provide grants to find new jobs.

Another approach would be that supermarket chains or other organised retailers can co-opt kirana stores drawn from the pool of traditional retailers and upgrade them with satisfactory infusions of capital, design, and training to enable them to better meet the demands of customers. Thus, kiranas could be organised under their particular banners through franchises or partnerships. This model is used in Japan, where big retailers are co-opting traditional shops and upgrading them under their franchise models.

An auspicious way of transforming the traditional retailing system could be the formation of co-operatives or associations of kirana stores, which in turn can undertake direct procurement of products from manufacturers and farmers. By avoiding intermediaries, kirana stores can obtain their supplies at lower prices, while farmers get better prices for their produce.

Co-operations between kirana stores and cash-and-carry outlets, which could supply not only to kirana stores but also to licensed hawkers at wholesale rates, would be another possible solution (i.e. in China, the government is using *Metro Cash&Carry* to modernise the entire supply chain and source directly from farmers).

5.3 Recommendations for Further Research

There is a need to extend the research about the transforming urban food distribution system by using a larger sample across the city, with a control group of retailers as yet unaffected by organised retailing so as to fully grasp the income and employment impact.

Additionally, related topics of the thematic study on changing food purchasing habits and the impacts of organised retail on the traditional retailing sector should be analysed.

As already mentioned kiranas play a major role in the food distribution for lower classes as they provide loose staples at different prices and also provide informal credit to customers. Until now, no research has been done on this role of small-scale traders. A study on this topic should include a detailed analysis of kirana customers belonging to lower income groups, their livelihoods, consumption patterns as well as the impact of emerging modern retail on their purchasing behaviour.

It has been shown that until now, small-scale retailers and supermarkets can co-exist; however, the impact on the traditional sector will increase. A possible solution to counter the competition would be the installation of kirana cooperatives. A feasibility study on this approach should be carried out.

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ANNEX A: QUESTIONNAIRES

Survey on supermarket customers

Participants of the interviews will take part on a voluntary basis and not be paid. There will be no pressure on them to answer the questions and they can refuse to answer any questions they do not feel comfortable with.

Interview# _____

Date & Time _____

Name of supermarket _____

A) Customer profile

1.) Do you come here regularly?

yes no

2.) How many times a week?

_____ (1-7) other, please specify _____

3.) How did you come here?

on foot by motorbike by car by bicycle by bus auto

others, please specify _____

Please rank the following statements

4.) How close is this supermarket to your residence?

Very close | | | | | very far

don't know

5.) How many minutes? _____ min

6.) How would you rank the parking facilities around this store?

too many | | | | | not enough

don't know

7.) Does this supermarket provide home delivery service?

yes ⇒ *Do you use this service?* yes no don't know

no ⇒ *Would you use this service?* yes no don't know

don't know

8.) Which items do you purchase the most in supermarkets?

grains/cereals milk products biscuits/sweets cool drinks/water

spices eggs convenience food (maggi etc.) fruit/vegetables

other food items, please specify _____

non food items, please specify _____

9.) Why do you buy at supermarkets?

10.) In general, how satisfied are you with supermarkets?

- very satisfied satisfied not satisfied not satisfied at all
 don't know

B) Purchase pattern

1.) Who is doing the grocery shopping usually?

- husband or wife only husband only wife house maid
 others, please specify _____

2.) Where do you purchase nowadays?

3.) Two years ago, where did you purchase the most?

4.) Are there changes in your purchasing patterns during the last two years?

- yes no don't know

5.) If yes, please specify

6.) Do you think advertisements have an impact on your buying behaviour?

- yes no don't know

7.) If yes, please specify

C) Kiranas

1.) Do you purchase in kiranas? Yes no

2.) If no, why not?

3.) How often do you purchase in kiranas a week?

- _____ (1-7) other, please specify _____

4.) Which items do you purchase in kiranas?

- grains/cereals milk products biscuits/sweets cool drinks/water
 spices eggs convenience food (maggi etc.) fruit/vegetables

other food items, please specify _____

non food items, please specify _____

5.) How do you reach the kiranas?

- on foot by motorbike by car by bicycle by bus auto

others, please specify _____

6.) Why do you buy in kiranas?

7.) In general, how satisfied are you with kiranas?

- very satisfied satisfied not satisfied not satisfied at all
 don't know

D) Demographic information

1.) Sex male female

2.) Age _____

3.) Marital status married bachelor widow divorced

4.) How many people live permanently in your household? _____

5.) Which religion do you belong to?

Hindu Muslim Christian Sikh Jain Buddhist

other, please specify _____

6.) What is your level of education?

< 10th standard/SSC SSC/10th standard until 12th standard/inter

bachelor degree master degree PhD

other, please specify _____

7.) Total monthly income of all earners in the household? _____ Rs

Thank you very much for your cooperation!

Remarks

Survey on Kirana customers

Participants of the interviews will take part on a voluntary basis and not be paid. There will be no pressure on them to answer the questions and they can refuse to answer any questions they do not feel comfortable with.

Interview# _____

Date & Time _____

Name of Kirana _____

A) Customer profile

1.) Do you come here regularly?

yes no

2.) How many times a week?

_____ (1-7) other, please specify _____

3.) How did you come here?

on foot by motorbike by car by bicycle by bus auto

others, please specify _____

4.) How close is this supermarket to your residence?

Very close

--	--	--	--

very far

don't know

5.) How many minutes? _____ min

6.) Which items do you purchase in kirana shops?

grains/cereals milk products biscuits/sweets cool drinks/water

spices eggs convenience food (maggi etc.) fruit/vegetables

other food items, please specify _____

non food items, please specify _____

7.) Why do you buy at kiranas?

8.) In general, how satisfied are you with Kiranas?

very satisfied satisfied not satisfied not satisfied at all

don't know

9.) Why/why not?

10.) Do you use home delivery service?

yes no

B) Purchase pattern

1.) Who is doing the grocery shopping usually?

husband or wife only husband only wife house maid

others, please specify _____

2.) Where else do you purchase?**3.) Are there changes in your purchasing patterns during the last two years?**

yes no don't know

4.) If yes, please specify**C) Supermarkets****1.) Do you purchase in supermarkets?** Yes no**2.) If no, why not?****3.) How often do you purchase in supermarkets a week?**

_____ (1-7) other, please specify _____

4.) Which items do you purchase in supermarkets?

grains/cereals milk products biscuits/sweets cool drinks/water

spices eggs convenience food (maggi etc.) fruit/vegetables

other food items, please specify _____

non food items, please specify _____

5.) How do you reach the supermarkets?

on foot by motorbike by car by bicycle by bus auto

others, please specify _____

6.) Why do you buy in supermarkets?**7.) In general, how satisfied are you with supermarkets?**

very satisfied satisfied not satisfied not satisfied at all

don't know

D) Demographic information**1.) Sex** male female**2.) Age** _____

3.) Marital status married bachelor widow divorced

4.) How many people live permanently in your household? _____**5.) Which religion do you belong to?**

Hindu Muslim Christian Sikh Jain Buddhist

other, please specify _____

6.) What is your level of education?

< 10th standard/SSC SSC/10th standard until 12th standard/inter

<input type="radio"/> bachelor/degree <input type="radio"/> master <input type="radio"/> PhD
<input type="radio"/> other, please specify _____
7.) Total monthly income of all earners in the household? _____ Rs

Thank you very much for your cooperation!

Remarks

Survey on kirana owners

Participants of the interviews will take part on a voluntary basis and not be paid. There will be no pressure on them to answer the questions and they can refuse to answer any questions they do not feel comfortable with.

Interview# _____

Date & Time _____

Name of Kirana _____

<p>A) Kirana-shop</p> <p>1.) Who is the owner of the shop? <input type="radio"/> myself <input type="radio"/> one of my relatives <input type="radio"/> employed <input type="radio"/> others</p> <p>2.) Since when has this shop been running? _____</p> <p>3.) Do you rent the shop or is it your own property? <input type="radio"/> rented <input type="radio"/> own property</p> <p>4.) How much is the rent? _____ Rs</p> <p>5.) How many hours do you work per day? _____ h</p> <p>6.) How many days do you work per week? _____</p> <p>7.) What are the opening hours of the kirana? _____</p> <p>8.) How many employees work here? _____</p> <p>9.) Are they family members? <input type="radio"/> yes <input type="radio"/> no</p> <p>10.) Which items do you sell the most?</p> <p>11.) Do you offer different kinds of products than two years ago? <input type="radio"/> yes <input type="radio"/> no</p> <p>12.) Which products are new?</p> <p>13.) Do you offer special services?</p>

home delivery selling on credit
 others, please specify _____

14.) From where do you get your supplies?

15.) How many customers do you have per day? _____

16.) How big is your average turnover a day? _____Rs

17.) How many of your customers do you know personally?
 less than half half more than half

18.) Is there a retailer association?
 yes no don't know

19.) If yes, are you a member?
 yes no

20.) Can you tell me more about this association?

21.) Do you think the customer profile of your shop changed over the last years?
 yes no don't know

22.) In which way (age, purchased products, purchased amount, etc.)?

23.) Is a kirana shop a good business at the moment?
 yes no don't know

24.) Why/why not?

B) Supermarkets

1.) Is there a supermarket close to the shop? yes no don't know

2.) When did it open? _____

3.) Are supermarkets a competition for you? yes no don't know

4.) Did you change something to cope with the competition? Will you change anything?
 yes no don't know

5.) If yes, what did you changed?

6.) What do you think are the main advantages of kirana-shops (compared to supermarkets)?

7.) Do the supermarkets have an impact on your sales?
 remain the same increase decline

8.) Increase/decline by

- <10% 10-<30% 30-<50% >50%

9.) Do the supermarkets have an impact on the number of employees?

- Remain the same increase decline

10.) Do the supermarkets have an impact on your working hours?

- Remain the same increase decline

11.) Do you collaborate with other kirana owners?

- yes no

12.) Why not/in which way?**13.) Do you know retailers who had to close down their kirana because they could not compete with supermarkets?****14.) Will your children continue with the business?**

- yes no don't know

C) Demographic information**1.) Sex** male female**2.) Age** _____**3.) Marital status** married bachelor widow divorced**4.) What is your native place (state)?** _____**5.) How many people live in your household permanently?** _____**6.) Which religion do you belong to?**

- Hindu Muslim Christian Sikh Jain Buddhist
 other, please specify _____

7.) What is your level of education?

- < 10th standard/SSC SSC/10th standard until 12th standard/inter
 bachelor degree master degree PhD
 other, please specify _____

8.) Total monthly income of all earners in the household? _____ Rs

Thank you very much for your cooperation!

Size of the shop: _____ m²

Type of shop: Kirana Store General Store MiniMarket

Special products

Remarks



ANNEX B: EXPERT INTERVIEW PARTNER

Interviewee	Function/Topic	Date
Mr. D. Pansari	General Secretary of Hyderabad & Secunderabad Retail Association, 1-1-18/57/A, Jawahar Nagar, R.T.C. Cross (X) Road, Beside Sudarshan 35mm Theater, Chikapally, Hyderabad – 500 020, Phone: 040-27600921	13.05.08
Mr. S. Kalyan	Area manager of Spears, Himayathnagar Mainroad	20.04.08
Mr. K. Ravinder	Area manager of Fresh@Himayathnagar, Himayathnagar Mainroad	15.04.08
Anand	Kirana owner ¹⁴	01.05.08
Gautam	Kirana owner	25.04.08
Sushila	Kirana owner	17.04.08
Asna Davnani	Housewife, purchasing pattern	23.05.08
Fauzyia Shelma	Housewife, purchasing pattern	29.05.08
Rayja Advani	Housewife, purchasing pattern	24.05.08

¹⁴ Semi-structured interviews were conducted with 18 kirana owners in total; the three above-mentioned shop keepers additionally acted as expert interview partners in problem-oriented interviews.

ANNEX C: MODERN RETAIL FORMATS IN INDIA

Supermarket

Compared to hypermarkets, supermarkets are smaller in size and offer a smaller variety of products and brands. FMCGs¹⁵, groceries, processed food, fruit and vegetables and non-food items are the major products. The family is their target customer and typical examples of this retailing format in India are Food World, Food Bazaar, Reliance Retail, Subhiksha and Nilgiris.

Hypermarket

Typically varying between 4.500 m² and 9.000 m², hypermarkets offer a large basket of products, ranging from groceries, fresh and processed food, beauty and household products, clothing and appliances, etc. The key player in this segment are Pantaloon Retail's Big Bazaar, Hypercity, Reliance Mart and Spencer's Hypermarket.

Cash-and-Carry

Cash-and-carry are large (more than 7.000 m²) Business-to-business (B2B) focused retail formats, buying and selling in bulk. In India an example of this is Metro, the Germany-based Cash-and-carry, which has outlets in Bangalore (since 2003), Hyderabad (since 2006), Mumbai (since 2008) and Kolkata (since 2008).

(JOSEPH ET AL 2008; SINHA & KAR 2007)

¹⁵ Fast-moving consumer goods.

ANNEX D: FOOD RETAIL CHAINS IN HYDERABAD

Name of the supermarket	Owner	Retail Format
Apna Bazaar	-	Discounter
Big Bazaar	Future Group ¹⁶	Hypermarket
Choupal Fresh	ITC	Fruit and Vegetable Supermarket
Food Bazaar	Pantaloon Retail	Supermarket
FoodWorld	Dairy Farm International	Supermarket
Fresh@	Heritage Foods	Supermarket
Green Dale	-	Fruit and Vegetable Supermarket
Magna	Magna Retail Pvt. Ltd.	Supermarket, Hypermarket
Metro	Metro AG	Cash-and-carry
more.	Aditya Birla Group	Supermarket, Hypermarket
Reliance Fresh	Reliance Retail	Supermarket
Reliance Mart	Reliance Retail	Hypermarket
Spar	Spar-India Ltd.	Supermarket
Spears	Spears Marketing Private Limited	Supermarket
Spencer's	RPG	Supermarket, Hypermarket
Subhiksha	Vishwapriya Group	Discounter
24 Letter Mantra	Sresta Natural Bioproducts Pvt. Ltd.	Bio-Supermarket

Draft: JOHNSDORF (2008)

¹⁶ Former Pantaloon Retail