ORIGINAL RESEARCH PAPER

Management

CHALLENGES AND PROSPECTS OF HYPERMARKET IN TAMILNADU

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ABSTRACT

The hypermarket industry in India at the beginning of 2010 was valued at $37 billion with strong prospects for future. Modern retailers, who have played with various formats and at times burnt their fingers, are beginning to look more enthusiastically at the hypermarket opportunity. Although the sector has great potential still it is struggling and showing a stunted growth. Research suggests that large format stores/hypermarkets – the physical expression of retail are booming. But the harsh fact is that the heady gold hustle days for organized retail are over. Beneath the glossy facades, colour coded displays and smartly dressed shop assistants; there is a hum of unrest. Hence, the problem statement "Growth and Challenges of Hypermarkets in India" is formed with the objectives of studying and analyzing the reasons for this patchy growth and uneven progression of large format stores particularly the hypermarkets in India and suggesting measures to cope with the problem. The study intends to answer the research questions by interviewing the store managers of hypermarkets in Tamilnadu and gaining insights into the problem statement and suggesting the possible measures. The study focuses on the theory and concept of professional and effective hypermarket management.

INTRODUCTION

Regardless of years of trying, modern retail accounts for only 8 per cent of the roughly USD 500 billion Indian retail market and top retailers are still struggling to figure out how their favourite format- hypermarkets can create a way into Indian retail marketplace, where neighbourhood stores and kiranas dominate in both rural and urban areas. Although the sector has immense potential but slow growth of retail giants in hypermarkets is making them lose sleep. In spite of much publicity about the hypermarket chains in Indian organised retail segment, almost all the companies are struggling to break even and are running into losses. Therefore, companies are closing down the inefficient stores and improving operations and margins in others. In the last couple of years, most retailers have been closing or relocating unprofitable stores after they found themselves saddled with mountains of inventory and gripped by a cash crunch following hasty expansion. Although hypermarkets can offer value for cheaper products due to their streamlined large scale operations which reduces per unit costs and has capacity to fulfil consumer demand for value for money yet inefficiencies in operations and insufficient marketing research are eating out the aura of the segment. Therefore, it is required to reassess each layer of management and select those that make the stores leaner and efficient.

HYPERMARKETS

A hypermarket is an enormous retail facility with full lines of groceries and general merchandise. It could be called a superstore that combines a supermarket and a departmental store and displays an enormous range of products under one roof so as to be able to provide a customer with all of his or her routine weekly/monthly shopping requirements in one trip. Hypermarkets, similar to other big-box stores, have business models focusing on high -volume and low-margin sales. Such stores mostly stock grocery, apparel and general merchandise, among other products. In India, any retail outlet occupying over fifty thousand square feet area is termed a hypermarket and compared to other big box stores, the average billing at a hypermarket store is usually five times higher. Each such store takes over Rs. 4-4.5 crore investment to set up. There are more than 25,000 Stock Keeping Units in such a store and the gestation period for large hypermarket stores is anywhere between 3-5 years.

HISTORY OF HYPERMARKETS

The concept of hypermarkets was pioneered by the Fred Meyer chain, when it opened the foremost hypermarket in 1931 in Portland, Oregon, which is now part of Kroger, the largest grocery store chain in the US. However, the history of the hypermarket is usually traced to the early 1960's when two similar prototypes for the later hypermarket design came forward. A superstore namely Thrifty Acres opened in Michigan in the United States and in a year, the European retailer Carrefour opened a hypermarket in France. While the retail form worked well, the general format did not commence to take off until the second part of the 1980 s, when big retailers in the United Kingdom and the United States developed their own hypermarket formats, and began to build such stores in more areas. The first hypermarket in the UK was opened by Tesco in 1976. Apparently today it is considered to be one of the most convenient of all big-box store designs, with retail chains in just about every country of the world utilizing this retail model. The world's largest chain of hypermarkets today is Wal-Mart, followed by Carrefour of France whereas Big Bazaar of Future Group is the largest hypermarket chain in India.

LITERATURE REVIEW

Kanwaljeet (2015) studied about the organised retail scenario in India, different retail formats, FDI in retail and how it can prove to be a game changer in the organised retail scenario we can safely conclude that organised retail will grow in India and that too at an substantial rate and will prove to be an important pillar for the development of the country and the economy And retail if organised in rural sector also through rural retailing can provide an immense untapped market ready to be catered if approached rightly and in calculated and well planned manner. **Omkar Gurjar et al., (2016)** clearly defines the Organized Sector based on the definition of Unorganized Sector used by NCEUS in its one of the reports. It clearly differentiates Organized Sector from Unorganized Sector in various attributes of Retail Segment. This clear differentiation will be helpful in further comparative study in the Retail Sector of India. **Neeru Jaswal (2017)** study indicates that retail in India is most dynamic industry and represents a large opportunity for domestic and international retailers. Modern retailing is not a problem to traditional stores as most of the consumers said that they never stopped visiting kirana stores. They strongly agree that the existence of both the sector is required .The retailers have to redesign the retail format strategies on the basis of

customized regional approach. The analytical mass of the research makes it sufficiently evident exclusive showrooms and branded companies are not feasible in the Indian scenario and they have to reframe their strategies. The main reason for this is that the western pattern of retail format in India does not suit the people and culture. It must be kept in mind that Indian buyers are extremely price sensitive (than quality). Ease to buy and credit facilities provided by un-organised retail is still a major consideration while shopping. In nutshell we can say that there is vast scope for the growth of organized sector in India due to change in time, technology, customer requirement, customer taste, preferences. But it is also true that kirana store is big challenges in front of them. In India no doubt that due to lack of time and increase of service class organized sector is developing but still people in Rural, semi urban are still prefer to buy from Karyana store due to reliability and boundless. **Prakash Divakaran et al., (2018)** study concludes that the role of supply chain in Indian organized retail has expanded over the years with the boom in this industry. The growth of the Indian retail industry to a large extent depends on supply chain, so efforts must be made by the Indian retailers to maintain it properly. Therefore, with the generous use of Global and Local Experiences, Indian retailers are going to improve their bottom lines with efficient, management of Supply Chain and Logistics. At the same time, Indian Retailers like future Group with retail stores like Big Bazaar, Pantaloons and Reliance retail are also going to show the world as to how it can be managed in a more innovative and efficient manner. Earlier the scope of organized retail in India is very limited. Due to globalization, and entering of foreign player (MNC) in India there is huge prospect of organized retail in India, it will be possible, by strengthen the supply chain system, for this the government, should take necessary initiative by providing the better transport facility, infrastructure, warehouse facilities, giving funds for new retailers, provide information and creating awareness how to establish an organized retail which help to create a strong economy. The problem of unemployment can be removes by increasing the expansion of organized retail sector in India. It is an integrated process where every activity of supply chain should inter linked with logistic management can be operated with the help of information technology, throughout the cycle time of each step of the process so that timely action can be taken. And form effective Supply chain process which helps manufacturers, for cost benefits, time saving, effective logistic management, increases profit margin and customer satisfaction.

OBJECTIVES OF THE STUDY
1. To study the impact of various dimensions of organized retail choice and overall satisfaction about hypermarket.

METHODOLOGY
The study is basically an empirical one based on data gathered from the customers of hypermarket in Tamilnadu. A sample of 528 customers has been chosen for the purpose of the study. For this study, the researcher used a well-structured questionnaire to collect the data from the respondents. The questionnaire related to dimensions of organized retail choice and overall satisfaction about hypermarket. The researcher used Multiple Regression analysis to identify the satisfaction level of hypermarkets. IBM SPSS 21 version was used for statistical purpose.

RESULTS AND DISCUSSION
Table 1 Coefficients of regression between variables of retail organized retail choice and overall satisfaction about the hypermarket (dependent)

Independent Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.355	.335		7.025	0.000
Product Quality and Variety	-.093	.053	-.081	-1.770	0.077
Price of The Product	-.313	.048	-.299	-6.563	0.000
Sales Personnel Behavior	-.002	.053	-.002	-.043	0.965
Organized retail Location	.211	.086	.169	2.463	0.014
Physical Evidence	-.564	.080	-.387	-7.014	0.000
Layout	1.283	.107	1.283	11.960	0.000
Convenience	-.842	.082	-.888	-10.243	0.000
Sales Promotion and Advertising	.013	.068	.009	.188	0.851
Brand	.121	.069	.091	1.758	0.079

It was found that the model was significant, adjusted $R^2=0.442$ $F(9,862) = 55.38, p < 0.001$.

From the coefficients table, it can be concluded that the Standardized coefficient is high for 'Layout' (1.283) among the nine variables of retail organized retail choice followed by 'Organized retail Location' (0.169). All the variables of retail organized retail choice except 'Product Quality and Variety', 'Sales Personnel Behavior', 'Sales Promotion and Advertising' and 'Brand' had significant relationship with overall satisfaction about the hypermarkets as they have significance value less than 0.05.

Regression Coefficients of Items of Retail Organized retail Choice on Overall Satisfaction with Buyers Hypermarket

To test the influence retail organized retail choice factors and buyer's satisfaction about hypermarkets, the following hypothesis was framed.

H0: The satisfaction of the buyer (hypermarket) is not determined by RS factor.

H1: The satisfaction of the buyer (hypermarket) is determined by RS factor.

Table 2 Model summary of regression between variables of retail organized retail choice and overall satisfaction about the hypermarket (dependent)

Hypermarket									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.671a	.451	.442	.80077	.451	55.387	9	878	.000

From the model summary table, it is seen that the significant F change is less than 0.05, and the null hypothesis is thus rejected. This shows that there is significant relationship between retail organized retail choice factors and overall satisfaction about hypermarkets.

CONCLUSION
Hypermarkets marketed themselves as stores of new age that, given the excitement of new stores, worked fine initially to draw the crowd but once the novelty wore off, such stores have started to struggle to convert store visits to purchases and have found that customers are buying but not spending enough. On the opposite hand, not enough has been done in

either pricing or developing private brands to draw in and retain customers. In retail, in order to make customers come back, especially grocery engaging customers, a daily, weekly or monthly strategy is required that emphasizes the store's unparallel value, whether it is price, location, merchandise or service. A single-size-fits-all promotional strategy doesn't work because of the reason that customers in different areas have different needs.

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