

SWOT ANALYSIS OF MODERN AND TRADITIONAL SHOPS IN THANE CITY

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Abstract: *There has been an increase in the number of retail formats emerging in India. The last few years have seen new formats of retail spreading out to the second-tier cities and towns. Consumers in these areas are exposed to modern shopping options and experiences like never before. Competition amongst formats is increasing with Modern Trade eating into the pie of Traditional retailers. Retailers need to become aware of their strengths, weaknesses, opportunities and threats, Maximize their strengths and opportunities, Minimize their weaknesses and threats, and develop suitable / appropriate strategies to benefit by applying the same. Hence a SWOT (Strengths, Weaknesses, and Opportunities, Threats) analysis of Modern and Traditional retailers will help to capture, analyze and convert consumer data into actionable information and transform their professional models to survive and thrive. A Quota Sample of 559 Households of Low, Medium, and High income groups was studied through the Survey method, in Thane City, Maharashtra, India. This paper attempts to explore Product, Service, Customer, Promotion, Payment and Other considerations that are essential to shoppers which both Modern and Traditional retailers need to take cognizance of.*

Keywords: *Modern Retail, Traditional Retail, SWOT, Grocery Retail in India*

1. INTRODUCTION AND OBJECTIVES

SWOT (Strengths, Weaknesses, and Opportunities, Threats) is a technique which has two internal components (Strengths & Weaknesses) and two external components (Opportunities & Threats). Both types have one component, which is positive and one negative. While internal components are under one's control in that one can alter / change, improve, develop, the external components are not directly under one's control. One has to develop strategies / plans to turn the external components to serve one's advantages. Retailers need to become aware of their strengths, weaknesses, opportunities and threats, Maximize their strengths and opportunities, Minimize their weaknesses and threats; and develop suitable / appropriate strategies to benefit by applying the same.

2. REVIEW OF LITERATURE

Modern trade can be defined as any organized form of retail or wholesale activity (both food and nonfood), under multiple formats, which is typically a multi-outlet chain of stores or distribution centers run by professional management (PWC 2007). Traditionally retailing in India can be traced to the neighborhood 'Kirana' stores which cater to the convenience of customers. Indian retailing is dominated by Kirana stores, owner manned general stores, chemists, footwear shops, apparel shops, paan & beedi shops, handcart vendors, pavement hawkers, which together make up the traditional retail (Joseph et al, Sept 2008). In market systems based on individual choice, consumers strongly influence what will be produced, for whom it will be produced and what resources will be used to produce it. Consequently, the collective behavior of consumers has a significant influence on the quality and standard of living (Tucker, 1967). Hence, understanding consumer behavior from a macro perspective can provide insights into aggregate economic and social trends and can perhaps even predict such trends. This understanding may suggest ways to

increase the efficiency of the market system and improve the well-being of people in society. (Louden & Bitta 2002). A sound understanding of consumer behavior is essential to the long-run success of any marketing programme. A SWOT (Strengths, Weaknesses, and Opportunities, Threats) analysis of Modern and Traditional retailers will help to capture, analyze and convert consumer data into actionable information and transform their business models to survive and thrive.

3. METHODOLOGY

This paper is based on the data collected for the researchers Ph.D. thesis: An Analytical Study of Urban Consumers' Expectations of Retail Store Environment in Thane City, 2013. A Quota Sample of 559 Households of Low, Medium, and High income groups was studied through the Survey method, in Thane City, Maharashtra, India. Most Modern format shops are situated in Thane (W) where the consumers have the options of shopping at either modern or traditional shops. Hence, this study is restricted to Thane (W) only.

4. FINDINGS AND DISCUSSION

There are many considerations, which influence shoppers' decisions. Respondents were asked to rank, out of the following, which one is the most important (5); important (4); somewhat important (3); least important (2) or not important at all (1), as far as you are concerned. (*Do not give the same ranking / rating to more than one consideration, under each category*).

4.1 Ranking of Product Related Considerations which Influence Shoppers Decisions:

Quality stands out as the Most Important consideration to shoppers (**81.0%**) (See Table 4.1) This is followed by Cost / Price. It is interesting to note that combined responses of most important, important, and somewhat important for Cost / Price amount to a whopping (**84.4%**) and for Variety is (**49.0%**). Both Modern and Traditional shops need to focus on the Quality of goods they are providing to shoppers. Modern shops have the advantage of sourcing large quantities and offering discounts to customers and keeping prices slightly lower compared to Traditional shops.

Table 4.1

Ranking of Product Related Considerations which Influence Shoppers Decisions

Ranking	Considerations									
	Quality		Quantity		Cost / Price		Variety		Loose Items Sold	
	N	%	N	%	N	%	N	%	N	%
Most Important	453	81.0	5	.9	71	12.7	21	3.8	10	1.8
Important	53	9.5	134	24.0	252	45.1	95	17.0	25	4.5
Somewhat Important	27	4.8	180	32.2	149	26.7	158	28.3	45	8.1
Least Important	18	3.2	171	30.6	61	10.9	210	37.6	98	17.5
Not Important At All	8	1.4	69	12.3	26	4.7	75	13.4	381	68.2
Total	559	100.0	559	100.0	559	100.0	559	100.0	559	100.0

4.2 Ranking of Service Related Considerations which Influence Shoppers Decisions: Home Delivery Unconditional (**37.7%**), Sold Goods Return Policy (**26.8%**) and On Phone Order Booking (**22.7%**) shows the concerns of shoppers towards these facilities. The combined responses of most important, important, and somewhat important for Home Delivery

Unconditional amounts to **(81.8%)** respondents (See Table 4.2). This is an area where Traditional shops have a distinct advantage as they are generally situated close to their customers. Modern shops are trying to improve and offer conditional home delivery provided the bill amount cross certain thresholds. Both Modern and Traditional shops need to note that shoppers are concerned about sales return policies with the combined responses of most important, important, and somewhat important for the same being **(70.7%)** considering it an essential feature.

Table 4.2

Ranking of Service Related Considerations which Influence Shoppers Decisions

Ranking	Considerations									
	On Phone Order Booking		Reminder Call		Home Delivery Unconditional		Home Delivery Conditional		Sold Goods Return Policy	
	N	%	N	%	N	%	N	%	N	%
Most Important	127	22.7	13	2.3	211	37.7	34	6.1	150	26.8
Important	117	20.9	33	5.9	169	30.2	73	13.1	125	22.4
Somewhat Important	103	18.4	79	14.1	77	13.8	133	23.8	120	21.5
Least Important	92	16.5	145	25.9	49	8.8	155	27.7	64	11.4
Not Important At All	67	12.0	235	42.0	11	2.0	117	20.9	75	13.4
NA	53	9.5	54	9.7	42	7.5	47	8.4	25	4.5
Total	559	100.0	559	100.0	559	100.0	559	100.0	559	100.0

4.3 Ranking of Customer Related Considerations which Influence Shoppers Decisions: Amongst these, Touch & Feel Product Factor has the highest number of respondents finding it Most Important **(49.7%)**. This is followed by Self-service **(14.7%)**.

Table 4.3

Ranking of Customer Related Considerations which Influence Shoppers Decisions

Ranking	Considerations									
	Food Samples Tasting		Service / Advice		Self-service		Touch & Feel Product Factor		Ample Space to Move	
	N	%	N	%	N	%	N	%	N	%
Most Important	76	13.6	50	8.9	82	14.7	278	49.7	58	10.4
Important	106	19.0	80	14.3	103	18.4	121	21.6	131	23.4
Somewhat Important	97	17.4	107	19.1	145	25.9	68	12.2	120	21.5
Least Important	112	20.0	171	30.6	116	20.8	47	8.4	86	15.4
Not Important At All	142	25.4	129	23.1	88	15.7	29	5.2	145	25.9
NA	26	4.7	22	3.9	25	4.5	16	2.9	19	3.4
Total	559	100.0	559	100.0	559	100.0	559	100.0	559	100.0

The combined responses of most important, important, and somewhat important for Touch & Feel Product Factor is **(83.5%)**, Self-service is **(59.0%)** and for Ample Space to Move around is **(55.3%)**. In the case of Ample Space to move around respondents finding it Least Important and Not Important At All stands at **(41.3%)** which is a substantial number and this is of benefit to Traditional shops which are small in size (See Table 4.3). Modern shops are designed to

encourage customers to Touch and Feel the products before buying them. Customers can pick up a product, examine it, keep it back on the shelf, and do so as many times as they wish without the expectation that they have to buy it. In case of Traditional shops this is not the case with traditional shopkeepers expecting customers to purchases when shown the products.

4.4 Ranking of Promotion Related Considerations which Influence Shoppers Decisions: Discount Sale is a foremost consideration for shoppers (**46.2%**) respondents considering it Most Important. This is followed by Product Display (**25.4%**). The combined responses of most important, important, and somewhat important for Discount Sale is (**84.1%**) respondents, One on One Free (**72.1%**), and Product Display (**54.0%**). Modern shops win hands down in the area of offering Discounts to customers, each rivaling with each other, to outdo each other, giving full page advertisements in newspapers boasting the same. The combined responses of most important, important, and somewhat important for Coupons (Sodexo) is (**33.6%**) which is important for Traditional retailers as they accept such Coupons and which often some of the Modern shops do not accept (**See Table 4.4**). Traditional retailers need to come together and negotiate with companies like Sodexo which sell Meal Coupons to partner with them, reduce the margins charged by them of retailers, and credit payments to retailers in a reasonably short period of time. In short companies selling Meal Coupons need to become merchant friendly.

Table 4.4

Ranking of Promotion Related Considerations which Influence Shoppers Decisions

Ranking	Considerations									
	Discount Sale		Coupons (Sodexo)		One on One Free		Co-promotions		Product Display	
	N	%	N	%	N	%	N	%	N	%
Most Important	258	46.2	26	4.7	98	17.5	21	3.8	142	25.4
Important	143	25.6	69	12.3	163	29.2	92	16.5	72	12.9
Somewhat Important	69	12.3	93	16.6	142	25.4	144	25.8	88	15.7
Least Important	44	7.9	99	17.7	90	16.1	160	28.6	144	25.8
Not Important At All	30	5.4	248	44.4	45	8.1	119	21.3	93	16.6
NA	15	2.7	24	4.3	21	3.8	23	4.1	20	3.6
Total	559	100.0	559	100.0	559	100.0	559	100.0	559	100.0

4.5 Ranking of Payment Related Considerations which Influence Shoppers Decisions: Respondents favor Discount on Cash Payment (**48.8%**) followed by Credit / Debit Card Acceptance (**27.0%**). The responses of most important, important, and somewhat important taken together for Credit / Debit Card Acceptance are (**61.9%**) and for Loyalty Cards (**51.5%**) respondents who favor these facilities (**See Table 4.5**). Traditional shops need to start accepting payments through Credit / Debit Cards. Modern shops already offer Loyalty Cards to their customers to ensure repeat purchases. Traditional retailers have started offering schemes such as ‘Shop for 12 months and get an equivalent one month free worth goods’. But such schemes can only be sustained if Traditional retailers form cooperatives among themselves to source cheaper and better.

Table 4.5

Ranking of Payment Related Considerations which Influence Shoppers Decisions

Ranking	Considerations									
	Loyalty Card		Credit / Debit Card Acceptance		Credit Facility		Payment in Instalments		Discount on Cash Payment	
	N	%	N	%	N	%	N	%	N	%
Most Important	32	5.7	151	27.0	42	7.5	23	4.1	273	48.8
Important	116	20.8	109	19.5	72	12.9	82	14.7	103	18.4
Somewhat Important	140	25.0	86	15.4	87	15.6	89	15.9	79	14.1
Least Important	88	15.7	71	12.7	128	22.9	151	27.0	37	6.6
Not Important At All	101	18.1	58	10.4	157	28.1	137	24.5	22	3.9
NA	82	14.7	84	15.0	73	13.1	77	13.8	45	8.1
Total	559	100.0	559	100.0	559	100.0	559	100.0	559	100.0

4.6 Ranking of 'Other Facilities' Considerations which Influence Shoppers Decisions: Low Waiting Time at Payment is necessary for shoppers with (37.7%) respondents ranking it Most Important, followed by Shop Layout (18.8%). The responses of most important, important, and somewhat important taken together for Low Waiting Time at Payment (74.1%) respondents is a noteworthy signal to Modern shops which face the problem of customers waiting in long queues (See Table 4.6). Modern shops offer Parking space to shoppers which Traditional shops cannot easily do so. No Parking space is available outside Traditional shops which make it difficult for shoppers to stop by for longer periods.

Table 4.6

Ranking of 'Other Facilities' Considerations which Influence Shoppers Decisions

Ranking	Considerations									
	Shop Layout		Airconditioning		Parking		Low Waiting Time at Payment		Only Vegetarian Section	
	N	%	N	%	N	%	N	%	N	%
Most Important	105	18.8	75	13.4	60	10.7	211	37.7	76	13.6
Important	92	16.5	103	18.4	111	19.9	130	23.3	83	14.8
Somewhat Important	136	24.3	103	18.4	126	22.5	73	13.1	79	14.1
Least Important	119	21.3	143	25.6	109	19.5	70	12.5	76	13.6
Not Important At All	71	12.7	94	16.8	110	19.7	36	6.4	205	36.7
NA	36	6.4	41	7.3	43	7.7	39	7.0	40	7.2
Total	559	100.0	559	100.0	559	100.0	559	100.0	559	100.0

4.7 Comparison among Product, Service, Customer, Promotion, Payment, and Other Considerations Ranked Most Important: Among the six categories of Product, Service, Customer, Promotion, Payment, and Other Considerations favored by shoppers as Most Important, Quality stand out with (81.0%) followed by Touch & Feel Product Factor (49.7%). (See Table 4.7) Overall Quality, Touch & Feel Product Factor, Discount on Cash Payment, Discount Sale, Home Delivery Unconditional, and Low Waiting Time at Payment are the essential deliverables shoppers expect from retailers.

Table 4.7

**Comparison Among Product, Service, Customer, Promotion, Payment, and Other Considerations
Ranked Most Important**

Product Related		Service Related		Customer Related		Promotion Related		Payment Related		Other	
Quality		Home Delivery Unconditional		Touch & Feel Product Factor		Discount Sale		Discount on Cash Payment		Low Waiting Time at Payment	
N	%	N	%	N	%	N	%	N	%	N	%
453	81.0	211	37.7	278	49.7	258	46.2	273	48.8	211	37.7

*Each out of 559

4.8.1 Strengths and Weaknesses: Modern shops have seven strengths and two weaknesses while Traditional shops have four strengths and two weaknesses each (**See Table 4.8.1**). Modern shops have been trying to offer some degree of Home Delivery i.e. they deliver to customers who live within a certain radius of the shop and if the shopping amount crosses a threshold. Traditional shops need to explore the possibilities of using freely available Web Applications or Web Apps such as WhatsApp for getting in touch with customers and taking orders. Traditional shops also need to take care of customer concerns of getting the correct quantity / weight of goods by investing in electronic weighing scales. Where lack of variety is concerned Traditional shops need to curate items they stock carefully according to the catchment area requirements and the income groups living in that area e.g. some local merchants sell fresh mushrooms, variety of ice-cream, fresh idli, appams, and bakery items. This will help satisfy the needs and wants of customers coming to their shops.

Table 4.8.1

	Strengths	Weaknesses
Modern Shops	1. Capacity to Give Discounts	1. Inability to provide Unconditional Home Delivery Service
	2. Touch & Feel Product Factor	2. Lack of On Phone Order Booking
	3. Self-service	
	4. Ample Space to Move around	
	5. Product Display	
	6. One on One Free	
	7. Credit / Debit Card Acceptance	
Traditional Shops	1. Unconditional Home Delivery Service	1. Lack of Variety
	2. On Phone Order Booking	2. Electronic Weighing Scales are required
	3. Accepting Coupons (Sodexo)	
	4. Discount on Cash Payment	

4.8.2 Opportunities and Threats: Modern shops have two opportunities and two threats while Traditional shops have three opportunities and one threat (**See Table 4.8.2**). Quality is of paramount concern to shoppers. This is an area if ignored will turn into a threat for both modern and traditional retailers. If retailers pay attention to sourcing well this can be an opportunity to retain old customers and attract new ones. Loyalty programs help increase ‘stickiness’ in the sense that it helps to retain customers. Traditional retailers may not be able to offer such programs consistently over long periods of time. But they can make up in other areas by offering

better service to customers. This will help in reducing customer defections to modern shops. Low Waiting Time at Payments is a pain point customers face at Modern shops. Anecdotal evidence tells that a shopper may spend hours browsing but when they come to the payment counter they become restless and can't wait to bill their purchases and get out of the shop! Modern shops need to keep sufficient payment counters open and running so to ensure that no long queues form which irritate shoppers waiting to pay. Touch and feel product factor is an opportunity for Traditional retailers who so far have had the mindset that if they show the customer a product it should be bought. Traditional retailers need to change their mindsets in this respect. Some Traditional Kirana shops have converted into mini supermarkets with trolleys et al to facilitate shopper movement and self service, around the shop. Traditional shops also need to give the facility of payment through Credit / Debit Cards to shoppers even if they do so with restrictions or minimum thresholds of purchase amounts (i.e. they will accept such payments provided shoppers buy over and above a certain amount). Another area Traditional shops need to explore accepting payments through mobile wallets, payment cards such as through Paytm, PayUMoney.

Table 4.8.2

	Opportunities	Threats
Modern Shops	1. Quality	1. Sold Goods Return Policy
	2. Loyalty Cards	2. Low Waiting Time at Payment
Traditional Shops	1. Quality	1. Sold Goods Return Policy
	2. Touch & Feel Product Factor	
	3. Credit / Debit Card Acceptance	

5. MANAGERIAL IMPLICATIONS

This research had been conducted in Thane City, Maharashtra, India. Though Retailing is primarily local it is increasingly becoming globalized and is changing at a fast pace. Availability of newer forms of retail is changing customer habits. Such research needs to be conducted in different cities and towns in order to keep pace with changing customer requirements.

6. CONCLUSION

Quality, Touch & Feel Product Factor, Discount on Cash Payment, Discount Sale, Home Delivery Unconditional, and Low Waiting Time at Payment are the essential deliverables shoppers expect from retailers. Retailers both Modern and Traditional have to ensure that they fulfil these requirements. Competition is increasing from new formats of retail coming into being. Consumer behavior is changing due to changes in technology and availability of mobile and internet facilities. Retailers both Modern and Traditional have to relook at and examine their business models to tweak them to meet the needs of consumers and to provide a better shopping experience.

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