# Retail Management of Grocery Items Based On Price Positioning Across Lower Income Area In Southern Districts In Tamilnadu

**Mr. A. Prasanth[1] and Pragalathan J[2]**
Professor, Department of Management Sciences[1]
Student II MBA, Department of Management Sciences[2]
Hindusthan College of Engineering and Technology, Coimbatore, India

**Abstract**: *This research project aims to investigate the retail management of grocery items based on price positioning across lower income areas in the southern districts of Tamilnadu. The study will focus on understanding the strategies and practices adopted by retailers in these regions to cater to the specific needs and preferences of the target consumer group. By examining the price positioning techniques employed by retailers, this study aims to provide insights into how retail businesses can effectively serve lower-income customers while maintaining profitability and sustainability. The findings of this research will contribute to the existing knowledge in the field of retail management and offer practical recommendations for retailers operating in similar socio-economic contexts.*

**Keywords:** retail management

## I. INTRODUCTION

The retail industry has witnessed significant growth in India, driven by changing consumer behavior and increasing urbanization. However, despite this growth, a significant portion of the population, particularly in lower-income areas, still face challenges in accessing affordable grocery items. This presents a unique set of challenges and opportunities for retailers operating in such regions.The southern districts of Tamilnadu, characterized by their diverse demographic and economic profiles, offer an interesting context for studying the retail management of grocery items. These districts have a substantial population residing in lower-income areas, where affordability and accessibility of essential commodities like groceries are major concerns.The price positioning strategies adopted by retailers play a crucial role in catering to the needs of consumers in lower-income areas. Understanding how retailers manage their product pricing, promotions, and assortment can provide valuable insights into effective retail management practices. This research aims to explore the strategies and practices employed by retailers in the southern districts of Tamilnadu to effectively position their prices while addressing the needs of lower-income consumers

## II. REVIEW OF LITRATURE

(Ruth N. Bolton, 2009) Profitability in retailer pricing has become a paramount concern. Retailers, especially, grocery retailers, are operating on razor-thin margins. On average, a supermarket's margin is about one percent of net sales. A typical supermarket today is bigger than ever before, with several thousands of items – and, due to mergers and acquisitions, it is part of an even larger retail chain. Prices are set weekly on these items, so supermarkets are challenged to develop a coherent and profitable pricing strategy. Moreover, retailers receive trade allowances from manufacturers for promotional pricing. Pressured by competition and by consumers who have come to expect frequent price discounts, retailers have fallen into a price-promotion trap. Although only about 20 % of retail sales come from promotions, supermarkets devote about 80 % of their week managing them. The same retail pricing battle is being waged across department stores, convenience stores, and stores in other traditional retailing categories.

(Ruth N. Bolton V. S., 2003) Most research categorizes grocery retailers as following either an Every Day Low pricing (EDLP) or a High Low (Hi-Lo) pricing strategy at a store or chain level, whereas this paper studies retailer pricing and promotions at a brand-store level. It empirically examines 1,364 brand-store combinations from 17 chains, 212 stores

and six categories of consumer package goods in five U.S. markets. Retailer pricing and promotion strategies are found to be based on combinations of four underlying dimensions: relative price, price variation, deal intensity and deal support. At the brand-store level, retailers practice five pricing strategies, labeled Exclusive, Moderately Promotional, Hi-Lo, EDLP, and Aggressive pricing. Surprisingly, the most prevalent pricing strategy is not Hi-Lo pricing strategy as is widely believed. It is one characterized by average relative brand price, low price variation, medium deal intensity, and medium deal support. The findings provide some initial benchmarks and suggest that retailers should closely monitor their competitors' price decisions at the brand level.

(Kearney, 2015) This research investigates the impact of the services cape on the responses of both the customer and the employee within a retail grocery setting and is exploratory in nature. The paper has its theoretical underpinning in services cape theory (Bitner, 1992; Homburg and Stock, 2004), physical work environment literature (Davis, 1984; Kuenzi and Schminke, 2009) and the Service Profit Chain (SPC) (Heskett et al., 1994). Interviews with grocery retail store managers were carried out to contextualize the paper though the main research instrument is a large-scale survey of customers and employees. The findings suggest that almost 50 per cent of customer satisfaction is explained by the dimensions of service employee quality and this has important implications for retail managers

(K.C. Mittal, 2011) Food purchase behavior of consumers in the state of Punjab has significantly changed due town increase in the per capita disposable income, higher penetration of media urbanization education and health awareness, movement of households towards higher income groups, changes in lifestyle and family structure. Consumer buying behavior for food and grocery products has always been influenced by socio demographic factors like age, gender, income etc The present study attempts the influence of consumer demographic characteristics on attitude sand preference of food and grocery shopping.

(Aidin Namin, 2019) This study identifies hidden classes of grocery shoppers and their choice of different items on different days of the week. Following the literature on consumer grocery shopping, three major groups of products are considered: food/drink, cleaning, and personal care. Applying Finite Mixture Modeling to a rich scanner dataset, latent classes of customers and their choice of grocery items on different days of the week are discovered and empirically validated. The model controls for consumer unobserved heterogeneity and demographic characteristics through mixing probabilities. Results uncover latent classes of grocery shoppers and their day of the week shopping day, their sizes, their product choices, mixing probabilities, and demographics. Findings offer retail promotion targeting guidelines for the identified latent classes in the food/drink, cleaning, and personal care groups. Analysis outcome provides marketing and managerial implications in identifying grocery store segments, handling store traffic, managing store promotion and pricing, and improving store layout.

(Outi Uusitalo, 2007) The purpose of this paper is to explore the impacts that a new retailer entering a previously stable market has on the domestic retailers' pricing behavior. The paper describes and analyses the context of the entry of the hard discounter chain Ladle into the Finnish market. The analysis reveals that the domestic retailers reacted to the intensifying price competition by engaging in selective price changes. Both price cuts and price increases were detected. The paper provides empirical insights about the impacts of intensifying competition on pricing.

(Christope Teller, 2006) To provide empirical evidence and explanation of the phenomenon that providers of home delivery of groceries are still of minor importance in highly concentrated retail markets Based on a critical literature review three propositions were set up. A web☐based survey was conducted with two prospective consumer groups for home delivery providers: time☐starved consumers and consumers with internet affinity. A structural equation modeling analysis was applied in addition to unite☐ and vicariate analysis. In contrast with some assumptions in the literature shopping in stores for groceries was not generally perceived to be an annoying activity. Respondents were aware of their own shopping logistics efforts in terms of spatial and temporal distance when shopping in stores but were unable to convert these efforts into costs. Any perceived inconvenience connected with shopping for groceries had no impact on respondents' willingness to pay for home delivery services or their future intentions to use such services.

(Terrell Williams, 1985) The success of a retail image is dependent upon the retailer's ability to appropriately match store attributes and benefits with target market characteristics. This study indicates that many consumers (recreational shoppers) shop for other than purely economic considerations. The results provide new evidence pertaining to the appropriate retail strategy for attracting such shoppers.

(Murphy, 2003) There has been much hype and speculation in the media and in academe on the vitality and future of the 'Internet economy'. In this paper the author uses case studies from Britain, Canada, New Zealand and the United States to assess the strengths and weaknesses of online grocery retailers, from national chain stores pursuing a 'bricks and clicks' strategy to 'pure-play' startups. He argues that delivering groceries via the Internet to customer doorsteps requires ways of solving space and time that are markedly different from previous trends in food retail logistics

(Alexander Hermann Hübner, 2016) For traditional grocery retailers, the growing importance of online sales means creating new logistics models for omni-channel (OC) management. Due to these transformational changes, retail research and practice are lacking a comprehensive view on integrated fulfilment and distribution concepts for home and store deliveries as they have evolved recently. This paper develops a planning framework for last mile order fulfilment in OC grocery retailing and discusses the advantages and disadvantages of different design concepts.

(Anthony D Miyazaki a 5, 2000) Although unit prices have been provided to consumers for nearly 30 years, the format in which this information is presented has been largely ignored. An examination of major grocery retailers found considerable differences in how prominently unit prices are presented to shoppers on shelf labels. Two methodological approaches are then used to examine the prominence of unit prices in a grocery–shopping context. The results of a field study support expectations that, among consumers who are relatively low in price consciousness, the prominence of unit price information has a positive effect on awareness and usage of such information

(Progress Hove-Sibanda, 2021) The purpose of this paper is to examine the risks, innovations and technological enablers or barriers to the efficiency of the supply chain risk management (SCRM) implementation in the retail sector of South Africa.

(Alireza Zolfaghari, 2022) Smart retail technology adoption models are largely focused on consumer perceptions of the technology and the characteristics of digital technologies.

However, the impact of the prior-to-use knowledge of consumers on the adoption of the technologies has been understudied. This research examined to what extent social acceptance and consumer learning can facilitate consumer adoption of digital grocery shopping (DGS).

### 2.1 Objectives of the Study:
- Ensure that the prices of grocery items are affordable and within the budget constraints of the local population. The objective is to provide access to essential goods at reasonable prices.
- Focus on offering products that provide good value for money. Customers in lower income areas are likely to prioritize products that offer quality at affordable prices.
- Set prices that are competitive within the local market. Conduct thorough market research to understand the pricing strategies of competitors and adjust your pricing accordingly.
- Aim to serve a larger customer base by attracting customers from various lower income areas within the region. The objective is to increase footfall and sales by offering competitive prices.
- Build customer loyalty by providing consistent pricing and value for money.
- Encourage repeat purchases and loyalty through customer loyalty programs or other initiatives.

### III. RESEARCH METHODOLOGY

#### 3.1 Research Design:
Determine the appropriate research design based on the objective, such as a quantitative survey, qualitative interviews, or a combination of both. Consider factors such as sample size, data collection methods, and analysis techniques.
Sampling:
Select representative lower income areas in the southern districts of Tamil Nadu as the study locations. Employ appropriate sampling techniques, such as stratified sampling or cluster sampling, to ensure a diverse and representative sample of retailers and consumers.

### 3.2 Data Collection:

Collect data from both retailers and consumers using the chosen methods. This may involve conducting surveys, interviews, observations, or analyzing secondary data from sources such as government reports or industry publications. Ensure that the data collected aligns with the research objectives and addresses relevant variables.

**Demographic variables**

| Age | | |
|---|---|---|
| **Particulars** | **No of respondents** | **Percentage** |
| 18-24 years | 40 | 40 |
| 25-35 years | 28 | 28 |
| 35-45 years | 16 | 16 |
| 45-54 years | 11 | 11 |
| Above 55 years | 5 | 5 |
| **Total** | **100** | **100** |
| **Gender** | | |
| **Particulars** | **No of respondents** | **Percentage** |
| Male | 74 | 74 |
| Female | 19 | 19 |
| Prefer not to say | 7 | 7 |
| **Total** | **100** | **100** |
| **Highest level of education** | | |
| **Particulars** | **No of respondents** | **Percentage** |
| No formal education | 6 | 6 |
| Primary school | 9 | 9 |
| Secondary school | 44 | 44 |
| Vocational training | 22 | 22 |
| College or university degree | 19 | 19 |
| **Total** | **100** | **100** |
| **How long have you been in the retail business** | | |
| **Particulars** | **No of respondents** | **Percentage** |
| less than 1 year | 17 | 17 |
| 1-5 years | 21 | 21 |
| 5-10 years | 29 | 29 |
| 10-15 years | 23 | 23 |
| More than 15 years | 10 | 10 |
| **Total** | **100** | **100** |
| **What is the annual turnover of retail store** | | |
| **Particulars** | **No of respondents** | **Percentage** |
| Less than 1 lakh | 18 | 18 |
| 1-5 lakh | 19 | 19 |
| 5-10 lakh | 38 | 38 |
| 10-20 lakh | 14 | 14 |
| More than 20 lakh | 11 | 11 |
| **Total** | **100** | **100** |
| **How many employees do you have** | | |
| **Particulars** | **No of respondents** | **Percentage** |
| None | 14 | 14 |

| | | |
|---|---|---|
| 1-2 | 17 | 17 |
| 3-5 | 36 | 36 |
| 6-10 | 23 | 23 |
| More than 10 | 10 | 10 |
| **Total** | **100** | **100** |
| **How would you describe the size of your retail operations** | | |
| **Particulars** | **No of respondents** | **Percentage** |
| Small (less than 100 sq. ft.) | 40 | 40 |
| Medium (100-500 sq. ft.) | 39 | 39 |
| Large (more than 500 sq. ft.) | 21 | 21 |
| **Total** | **100** | **100** |

**Other Analysis:**

**Chi-Square:**

**Age * Ownership structure of your retail operation Null Hypothesis (Ho)**

There is no significance relationship between age and ownership structure of your retail operation.

Alternative Hypothesis (H1)

There is a significance relationship between age and ownership structure of your retail operation.

**Case Processing Summary**

| | Cases | | | | | |
|---|---|---|---|---|---|---|
| | Valid | | Missing | | Total | |
| | N | Percent | N | Percent | N | Percent |
| What is your gender? * What is your primary objective when selecting a retailer? | 100 | 100.0% | 0 | .0% | 100 | 100.0% |

**Chi-Square Tests**

| | Value | df | Asymp. Sig. (2-sided) |
|---|---|---|---|
| Pearson Chi-Square | 5.852[a] | 6 | .440 |
| Likelihood Ratio | 7.651 | 6 | .265 |
| Linear-by-Linear Association | 5.496 | 1 | .019 |
| N of Valid Cases | 100 | | |

6 cells (50.0%) have expected count less than 5. The minimum expected count is .49.

**Interpretation:**

As per the above table, it is inferred that the P value is 0.440<0.05. Hence Null hypothesis (Ho) is rejected. There is a significant relationship between gender and primary objective when selecting a retailer.

Correlation Analysis:

**Null Hypothesis (Ho)**

There is no significance relationship between education and how can Indian government support.

Alternative Hypothesis (H1)

There is significance relationship between education and how can Indian government support.

**Case Processing Summary**

| | Cases | | | | | |
|---|---|---|---|---|---|---|
| | Valid | | Missing | | Total | |
| | N | Percent | N | Percent | N | Percent |
| How long have you been in the retail business? * What factors do you consider when determining the value for money of a product? | 100 | 100.0% | 0 | .0% | 100 | 100.0% |

**Symmetric Measures**

| | | Value | Asymp. Std. Error[a] | Approx. T[b] | Approx. Sig. |
|---|---|---|---|---|---|
| Interval by Interval | Pearson's R | .082 | .103 | .814 | .418[c] |
| Ordinal by Ordinal | Spearman Correlation | .062 | .104 | .615 | .540[c] |
| N of Valid Cases | | 100 | | | |

Not assuming the null hypothesis.

Using the asymptotic standard error assuming the null hypothesis.

Based on normal approximation.

Interpretation

As per the above table, it is inferred that the R value is 0.418>0.05. Hence Null hypothesis (Ho) is accepted. There is no significant relationship between How long have you been in the retail business And What factors do you consider when determining the value for money of a product.

**Independent sample test:**

**T-Test**

T-Test

| | What is your gender? | N | Mean | Std. Deviation | Std. Error Mean |
|---|---|---|---|---|---|
| How would you rate your current online visibility and discoverability? | Male | 74 | 1.8108 | .65534 | .07618 |
| | Female | 19 | 1.7368 | .73349 | .16827 |
| How frequently do you update your product/service offerings? | Male | 74 | 1.7703 | .76833 | .08932 |
| | Female | 19 | 2.0000 | .88192 | .20233 |
| What is your primary target audience? | Male | 74 | 2.1486 | .93167 | .10830 |
| | Female | 19 | 2.1053 | .93659 | .21487 |

**Group Statistics**

| | Levene's Test for Equality of Variances | | t-test for Equality of Means | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | 95% Confidence Interval of the Difference | |
| | F | Si g. | t | d f | Sig. (2-tailed) | Mean Difference | Std. Error Difference | Lower | Upper |
| How would you rate your Equal variances current online visibility and assume d discoverability? Equal variances not assumed | .928 | .338 | .428 | 91 | .669 | .07397 | .17271 | -.26909 | .41703 |
| | | | .400 | 25.867 | .692 | .07397 | .18472 | -.30582 | .45375 |

Interpretation:

The significant value 0.338<0.05. Ho is rejected. Therefore, there is significant difference in equality of vairance between group. Hence equal varience is not assumed when equal variance are assumed.

Hence, Ho is accepted there is no significant difference between gender and How would you rate your current online visibility and assumed discoverability.

Reliability Analysis:

**Case Processing Summary**

| | | N | % |
|---|---|---|---|
| Cases | Valid | 100 | 100.0 |
| | Excluded[a] | 0 | .0 |
| | Total | 100 | 100.0 |

Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|---|---|---|
| .859 | .870 | 9 |

Interpretation:

The cronbach's alpha is .859 which is more than 0.7, so the given data are reliable

## IV. FINDINGS OF THE STUDY:

### 4.1 Percentage Analysis

- Thus, the majority of the respondents have Range of products (38%).
- Thus, the majority of the respondents have Analyzing pricing strategies(37%).
- Thus, the majority of the respondents have Competitive pricing on popular items(44%).
- Thus, the majority of the respondents have Electronics and appliances(32%)
- Thus, the majority of the respondents have Electronics and appliances(41%)

- Thus, the majority of the respondents have Quality(28%)
- Thus, the majority of the respondents have Weekly(36%)
- Thus, the majority of the respondents have Occasionally(40%)
- Thus, the majority of the respondents have Local suppliers(40%)
- Thus, the majority of the respondents have Monthly(35%)
- Thus, the majority of the respondents have Competitors' prices(30%)

## V. SUGGESTIONS:

- Analysis of Price Positioning Strategies in Retail Management of Grocery Items for Lower- Income Consumers in Southern Districts of Tamilnadu.
- Impact of Price Positioning on Consumer Behavior and Purchasing Patterns in Lower- Income Areas of Southern Districts in Tamilnadu.
- Comparative Study of Price Positioning Techniques in Retail Management of Grocery Items across Different Socio-Economic Strata in Southern Districts of Tamilnadu.
- Evaluating the Effectiveness of Price Positioning Strategies in Retail Management for
- Enhancing Access and Affordability of Grocery Items in Lower-Income Areas of Southern Districts in Tamilnadu.
- Customer Perception and Satisfaction with Price Positioning Strategies in Retail Management of Grocery Items

## VI. CONCLUSION

The retail management of grocery items based on price positioning in lower-income areas of the southern districts in Tamilnadu holds significant importance for both retailers and consumers. The findings of this research project will contribute to the existing body of knowledge in the field of retail management, particularly in the context of serving lower-income customers. By examining the price positioning strategies adopted by retailers in these regions, the study aims to provide valuable insights into effective retail management practices that cater to the specific needs and preferences of the target consumer group. Understanding how retailers manage their product pricing, promotions, and assortment can help retailers develop strategies that enhance a The research project also aims to identify the challenges faced by retailers in managing price positioning in these areas. By recognizing these challenges, retailers can devise appropriate solutions and strategies to overcome them, thereby improving their operations and better serving their target customers.ccessibility and affordability of grocery items for lower-income consumers.

## LIMITATIONS:

- The study may be influenced by external factors and market dynamics that are beyond the control of the researcher.
- Factors such as changes in economic conditions, government policies, or competitive activities in the grocery retail sector.
- The research project focuses specifically on price positioning strategies in retail management of grocery items.
- While price positioning is a crucial aspect, other factors such as product assortment, store layout, customer service, and promotional activities also contribute to retail management.
- The research project involves collecting data through interviews, surveys, and data analysis.
- Conducting a comprehensive study on retail management requires considerable time to observe and analyze the retail environment, consumer behavior, and market trends.

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