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SALES IMPACT IN MODERN TRADE RETAIL DURING FESTIVAL BIG DAYS, POST WAVE 2 OF COVID-19

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Abstract

Retail sector, especially modern trade was heavily impacted due to pandemic. The market is rejuvenating again after the decline in covid-19 cases. To understand the ground reality after Big Days, the research team of CPM conducted a survey to measure/understand various parameters including increase in Footfall during Big Days, mode of communication used by retailers, safety norms & guidelines observed by stores, deployment of additional asset and its impact on promoting sales during Big Days. The study was conducted in Modern Trade stores – Hyper and Super formats across India. Out of 476 modern trades store 49% stores were in Tier 1 cities, 24% in Tier 2 and 27% in Tier 3. The study was conducted after the second Covid wave. Findings show that Post second Covid wave, market visit of customers has increased. The study shows that footfall has increased during big days. Stores adopted Covid safety norms which attracted the shoppers and increase footfall. Additional visibility to different categories was strongly linked with higher sales during the latest big days.

Keywords: Big Days, Retail Sector, Covid-19, Foot Fall, Sale, Safety Norms, Visibility

1.1 Introduction

The epidemic of covid-19 has resulted in the widespread closure of several retailers and enterprises globally. Numerous enterprises, including stores and factories, have shut down or reduced their operations as a result of government regulations or a decline in demand (Kalogiannidis & Chatzitheodoridis, 2021). Covid-19 has had a substantial impact on the retail industry, affecting customer behaviour, product demand, retail shop availability, as well as factory and logistical service availability. In the near term, the retail industry was compelled to prioritize staff safety and health in order to satisfy the growing demand for food as a result of the lockdowns and supply chain challenges. Aside from overburdening their workers, the sectors required to modernise their physical spaces and staff management system to ensure they could deal with the difficulties of the corporate environment (Soto-Acosta, 2020). The pandemic's detrimental impact on the retail industry demonstrates the importance of creating strategic business solutions and plans that ensure business continuity and sustainability in the case of a future calamity. Since the pandemic had such a negative influence on the retail industry, the rate of company innovation has slowed dramatically. The first case of covid-19 was discovered in Wuhan, China, in December 2019. The sickness is caused by a new coronavirus strain. Since the disease's first breakout in China, it has swiftly spread around the world, infecting millions of people and causing many fatalities and economic problems (Leite, Lindsay, & Kumar, 2020). It is a disease that spreads quickly from person to person through

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the air. It has mild symptoms at first, but they can get worse and cause serious respiratory problems. It causes fever, wheezing, and breathlessness in people. When this happens, it may end up with pneumonia, which is a very bad cause of acute respiratory syndrome that can be fatal. Many restrictions have been put in place around the world to help stop the spread of the disease, such as social isolation, washing hands, the use of cleaning agent, trying to cover the mouth when coughing, and wearing face masks (Wimalawansa, 2020).

1.2. Literature Review

As Amasiatu and Shah (2018) write in their study, the retail company in the United Kingdom hires more than three million people, which is very important to the economy. There were 394 billion euros worth of retail sales in 2019. Approximately 5% of the gross value added to the British economy comes from this industry. 14 percent of the money spent in the United Kingdom comes from big retailers. According to the research (Pantano, Pizzi, Scarpi, & Dennis, 2020), the retail business has experienced increase in sales since the economy was liberalised by the repeal of the covid-19 law and restrictions. However, the largest online retail stores have the fastest growth. In the United Kingdom, several retail corporations exist, including Tesco, Sainsbury's, and Walmart. Supermarkets dominate the retail business in the United Kingdom (Kalogiannidis & Chatzitheodoridis, 2021).

Business has been hurt by the covid-19 virus, according to Naeem, 2020, and Choi, 2021. Financially, the covid-19 outbreak has kept people from buying things at stores, which has led to a drop in sales and revenue. The government of the United Kingdom announced that the lockdown would start in March 2020. This meant that a lot of physical stores were lost in contrast to the retail industry's online stores. The pandemic had a big effect on the retail business in the United Kingdom. As a result of the epidemic, many jobs were lost, with more than 125,000 retail representatives in the United Kingdom having their jobs cut (Naeem, 2020). In 2020, total retail sales volumes fell by 1.9% compared to 2019. This was the biggest drop in a decade. By and large, sales on the internet rose at least 33% over the last year. It was found by Crick and Crick (2020) that the covid-19 epidemic, and the public health reaction, had a big impact on the world economy. Due to lockdown restrictions and social alienation, the global epidemic has had an effect on the retail business, which has changed the goods and services that consumers buy and how they act. As a result, some parts of the retail industry had declining revenue than others (Crick & Crick, 2020). Williams and Kayaoglu (2020) say that in March 2020, non-essential retail stores will be closed as a result of legislative efforts to stop the spread of a pandemic. However, some non-essential stores were allowed to open again under certain conditions. As the disease got worse, the stores had to close again. It results in the decrease in total retail sales, especially for stores that aren't very important. Following the pandemic online retailing sales rose a lot because people started buying things online. When the second lockout was put in place, the volume of sales dropped by about 4% (Kawamorita, Salamzadeh, Demiryurek, & Ghajarzadeh, 2020)

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1.3. Research Methodology

The study was conducted in Modern Trade stores – Hyper and Super formats across India. Sample of the study was 476 modern store managers or in-charge of stores. Questionnaire were distributed to respondents and data was collected on four parameters which are as follows: footfall during Big Days, Mode of communication used by retailers, Safety norms & guidelines observed by stores, Deployment of additional visibility and its impact on promoting sales during Big Days. Out of 476 modern trades store 49% stores were in Tier 1 cities, 24% in Tier 2 and 27% in Tier 3. Variables of the study are footfall during Big Days, communication used by retailers, Covid norms, and additional asset tactical Sampling activities. The study was conducted after the second Covid wave. Analysis was done using bar chats and percentage method.

Objectives of study:

1. To analyse the footfall of stores under study during Big days after Covid-19
2. To study mode of communication used by retailers under study for big days after pandemic
3. To study Covid safety norms & guidelines adopted by stores under study.
4. To study the impact of additional visibility on sales of selected stores.
5. To analyse special offers with respect to regions/areas of selected stores & their impact on sale.

1.4. Results & Discussion

1.4.1 Analysis of Footfall during Big Days

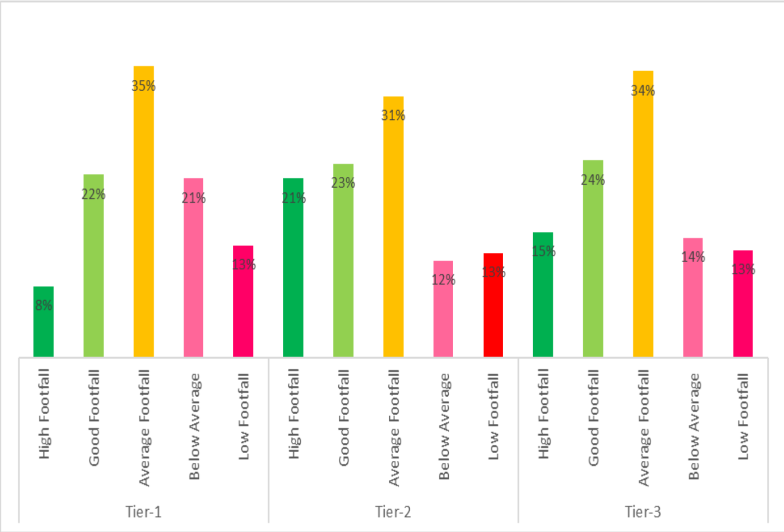

Figure 1.1: Foot fall During Big days

Results of the study show that in tier 2, cities had more people visit them than in tier 1 and tier 3 (15 percent). While good footfall was almost similar for tier 1(22 percent) tier 2(23 percent)

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& tier 3(24 percent). Average footfall was approximately same for tier 1 (35 percent) & tier 3 (34 percent) & lower for tier 2(31 percent) than other two. Whereas below average footfall was higher (21 percent) than other two, i.e., tier-2 (12 percent) & tier -3 (14 percent); whereas low footfall was same for three cities (13 percent).

1.4.2 Analysis of Mode of Communication Used by Retailers

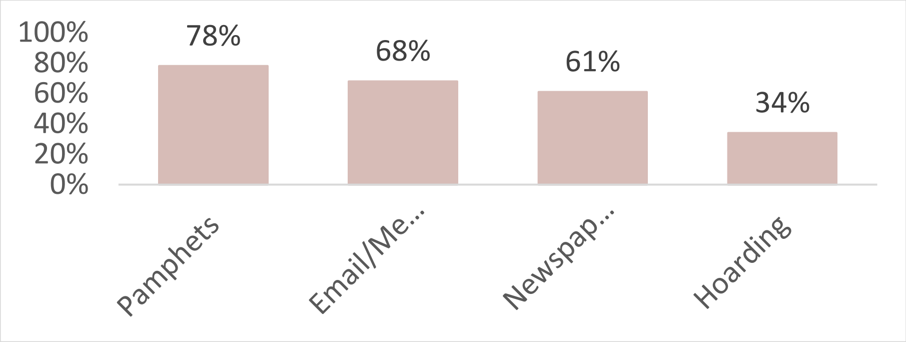

Figure 1.2: Mode of Communication Used by Retailers

As seen in figure 1. 78% of communication was through pamphlets about big days while 68% of communication was through Email/Messages., 61% was through Newspaper Advertisement during Big Days and 34% was done with Hoarding. So, it is clear from the figure that pamphlets is the most effective methods to communicate people about big days, email/message emerged as the second effective way to convey people about big days, whilst newspaper was found to be third important communication channel to communicate about big days. Lastly, hoarding emerged as the least effective tool of communication about big days**.**

1.4.3 Analysis of safety norms used by stores

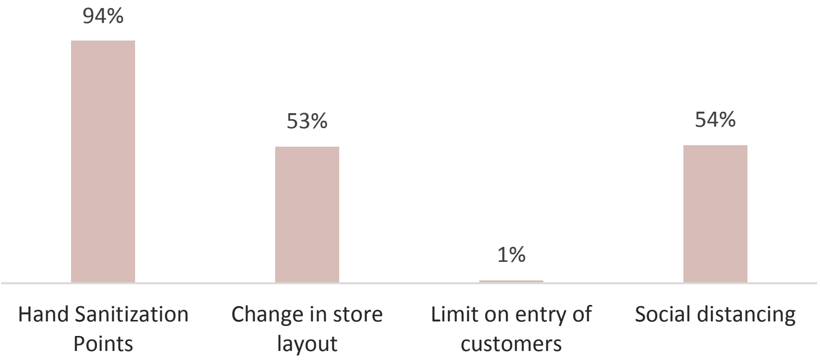

Figure 1.3: Safety norms used by stores

Changes in store layout were prevalent in the Northern and Western region, with more than 85% of the stores modifying and making the required layout changes. Eastern and Southern regions had less than 50% of the store's adjustments in the layouts due to big days. Hand Sanitization details were available in all the stores.

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1.4.4 Analysis of Additional Visibility to products

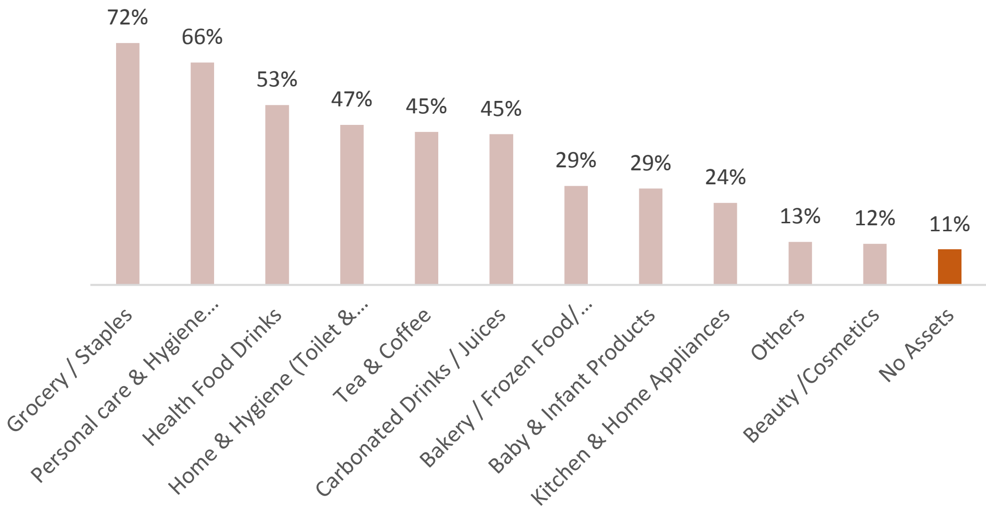

Figure 1.4: Additional Visibility to products

Keeping in view their importance essential products like Grocery/Food, Personal Care & Hygiene, and Health Food Drinks, Hand Sanitization was given maximum visibility which is likely to impact their sale. So, 72% of stores had visibility in Grocery/Food. 66% of stores had personal care and hygiene visibility to boost sales. Home & hygiene products occupied 47 percent, tea & coffee and carbonated drink & juices were given 45 percent visibility on store, while bakery/frozen food, baby & infant products grabbed 29 percent, kitchen & home appliances hold 24 percent visibility in the stores. The beauty/Cosmetics category exhibited signs of a rebound. Approximately 12% of the store's additional visibility was deployed for beauty products**.**

1.4.5Analysis of impact of additional visibility on sales

This analysis was done to understand the impact of additional visibility on sales with respect to big days. Pan India, 82% of the stores observed an average to high impact on sales due to additional visibility during the big days. It clearly shows that additional visibility is vital for enhancing sales in case of big days.

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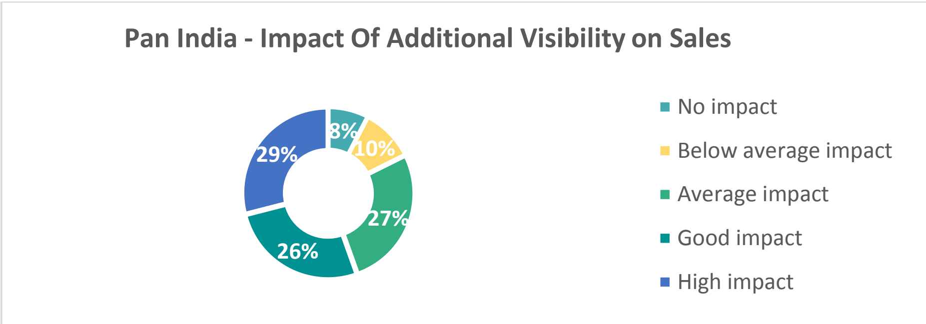

Figure 1.5: Impact of additional visibility on sales

1.4.6 Analysis of different offer categories

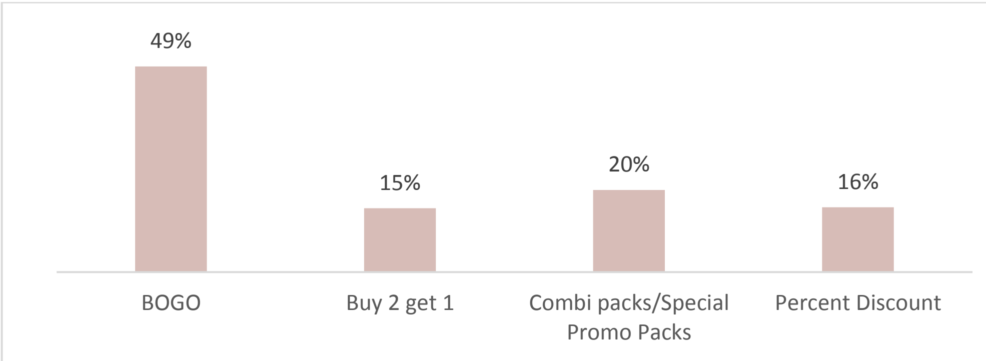

Figure 1.6: Different offer categories

This analysis was performed to examine the effects of different offers given by stores and it was found that BUY ONE GET ONE (BOGO) (49 percent) offers were more impactful followed by Combi Packs (20 percent). Percent discount occupied third position with 16 percent in attracting customer and buy 2 get 1 attraction seemingly to be least effective strategy in attracting buyers with 15.

1.4.7 Analysis of Special Offers with respect to regions

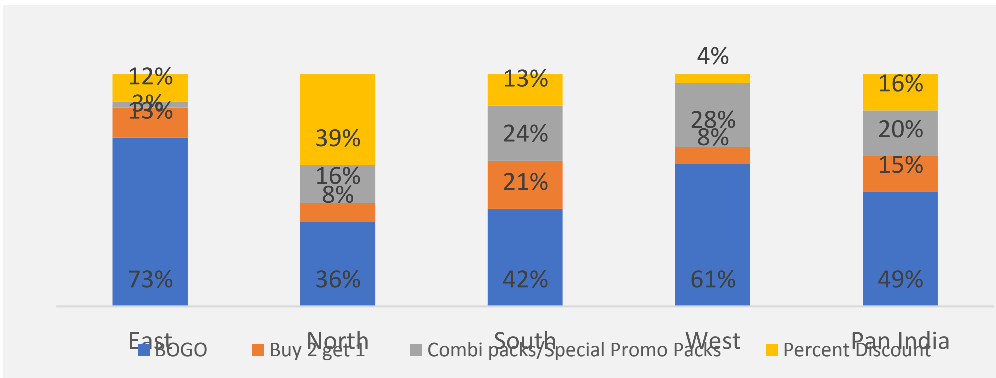

Figure: 1.7: Special Offers with respect to regions

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In the eastern region around 73% of store managers in eastern region see this as most effective strategy to attract consumer, while 61 percent of managers belonging to Western area opines that BOGO is important way of marketing. Results show that BOGO is the most efficient tool in the Eastern region (73 percent), than the Western (61 percent), Southern part (42 percent) and Northern area (36 percent). In the Northern region, Percentage discount Offers were more effective with approx. 39% of the stores. Analysis shows that buy 2 get 1 offer was referred to as effective marketing tool by 21 percent store head in southern region, 13 percent in eastern region, 15 percent in PAN India, 8 percent in western part. As per the results of analysis, combi packs or special offer seems to be most efficient strategy in western part of India with 28 percent, then other regions like south (24 percent) and least effective in eastern part. Percent discount seems to be most efficient tool in northern part (39 percent), comparable to other parts i.e. eastern (12 percent) southern (13 percent) and western (4 percent).

1.4.8 Analysis of Big Days on Store Sales

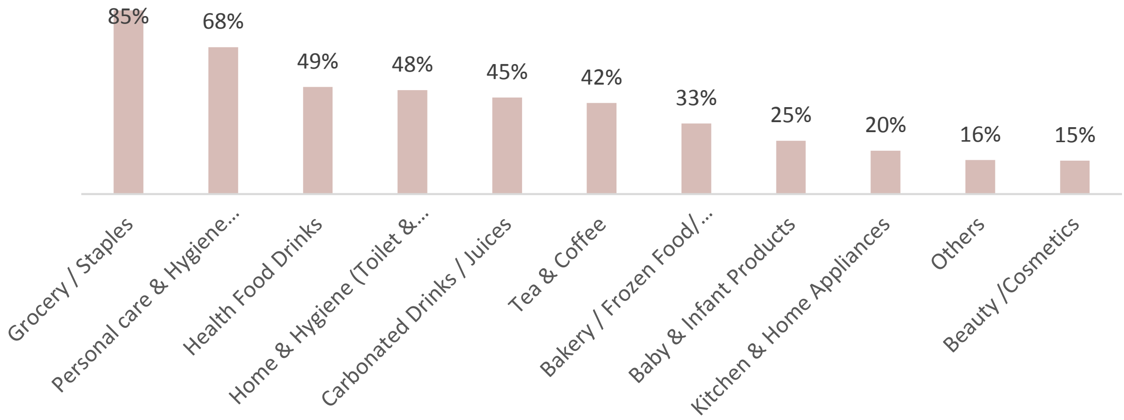

Figure 1.8: Big Days on Store Sales

Results shows that Grocery (85 percent), personal care (68 percent) and Health Food Drinks (49 percent) witnessed maximum impact on sales. Carbonated drinks scores 45 percent, tea & coffee scored 42 percent, bakery/frozen food had 33 percent, while baby products see 25 percent, kitchen & related products had 20 percent sale. 15 percent sale was seen by beauty products. Grocery, personal care and Health Food Drinks were the 3 categories which saw maximum impact on sales.

Conclusions

Post second Covid wave, market visit of customers has increased. The study shows that footfall has increased during big days. Tier 2 cities observed a maximum increase in footfall. As per the research, investment towards tactical activities shall increase the visibility for FMCG Brand. It was clearly visible that Covid safety measures were taken care by stores which attracted the shoppers. Social Distancing (Selectively present) and Sanitization was available at stores. Majority of the categories invested in additional visibility during the latest big days.

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This shows positive impact on sales. Top Categories with maximum asset deployed were Grocery, Personal Care & Hygiene and Health Food and Drinks. There seems to have regional discrepancies, but overall positive impact of additional assets was observed. Different categories of offers shared by brands were able to attract consumers. The major pull seems to be BOGO followed by combi pack. The study also highlighted the performance of these offers at regional level. These big days brought positive sales to stores when compared to July'2021. An increase in ticket size was observed during the study. Different regions especially north reported higher sale. Grocery, personal care and HFD were the 3 categories which saw maximum impact on sales. The brands which invested in tactical or sampling activities were those who reaped maximum sale benefits. Stores were also keen in investing in these activities and will focus on them in next high sale periods.

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