

## **The Economic Impact of Hypermarkets on Micro- Retailers: Driving Business Transformation in a Competitive Marketplace with Special Reference to Hosur**

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### **ABSTRACT**

*The expansion of hypermarkets in India, particularly in growing towns like Hosur, has reshaped the retail landscape, affecting micro- retailers in various ways. As hypermarkets offer convenience, variety, and competitive pricing, micro-retailers struggle to retain their customer base and sustain profitability. This study focuses on understanding the impact of hypermarkets on micro-retailers in Hosur, specifically exploring two key aspects: economic impact, and transformations of micro retailers .The study examines the economic consequences on micro- retailers, including changes in sales, profit margins, and overall business sustainability. Data was collected through surveys conducted with micro-retailers, gathering insights on these aspects. This research contributes to the understanding of the hypermarket-micro-retailer dynamic, highlighting the need for policy interventions and support mechanisms to safeguard the interests of micro-retailers. The study's recommendations provide valuable insights for stakeholders, including policymakers, micro-retailers, and hypermarket operators, to foster a more inclusive and competitive retail environment in Hosur. Ultimately, this research informs business strategies and policy decisions that promote sustainable retail development, ensuring the viability of micro-retailers in the face of hypermarket expansion.*

**Keywords:** Business Transformation, Competitive Marketplace, Economic Impact, Hypermarkets, Micro-Retailers

### **1. INTRODUCTION**

The rapid expansion of hypermarkets in India has dramatically altered the retail landscape, particularly in semi-urban areas like Hosur. Supermarkets, with their convenience, competitive pricing, and wide product offerings, have begun to dominate the market, drawing away a significant portion of consumers who traditionally relied on micro- retailers. This shift has created substantial challenges for micro- retailers, who are struggling to compete with the resources and reach of organized retail giants. This study aims to explore the impact of hypermarkets on micro-retailers in Hosur, focusing on how these micro-retailers face the economic pressures , and their ability to transform. By understanding these dynamics, the study seeks to highlight the real-world consequences for micro businesses as they navigate an increasingly competitive environment.

The importance of this study lies in the role micro-retailers play in local economies, offering personalized services and fostering community ties, while also serving as significant employment sources. With the rise of hypermarkets threatening their survival, it is crucial to identify the factors affecting their ability to compete and to provide insights for policymakers and business owners on strategies that could help micro-retailers adapt and thrive in the face of hypermarket expansion.

## 2. OBJECTIVES

The Following are the Objectives of the study;

1. To assess the economic impact of hypermarkets on micro-retailers.
2. To analyze the impact of hypermarkets on the transformation of micro-retailers.

## 3. STATEMENT OF THE PROBLEM

In order to find the impact of hypermarkets on micro-retailers of Hosur, the following questions are to be answered.

1. How do hypermarkets economically impact micro-retailers?
2. What impact did hypermarkets create on the transformation of micro-retailers?

## 4. REVIEW OF LITERATURE

The following are the literatures reviewed for the purpose of this study

**Azevedo et al. (2015)** "The Impact of Hypermarkets on Micro-retailers in Brazil". This study investigates the impact of hypermarkets on micro-retailers in Brazil, revealing a negative impact on employment opportunities and sales revenue. The authors recommend strategic partnerships between micro-retailers and hypermarkets to mitigate these effects.

**Kumar et al. (2018)** "Impact of Hypermarkets on Micro-retailers in India". This study examines the impact of hypermarkets on micro-retailers in India, finding a significant decline in sales revenue and market share. The authors suggest that micro-retailers adapt by diversifying product offerings and enhancing customer service.

**Rai et al. (2018)** "Changing Consumer Behavior and the Rise of Hypermarkets in India". This study investigates changing consumer behavior and the rise of hypermarkets in India, finding that consumers increasingly seek convenience and one-stop shopping experiences. The authors suggest that micro-retailers adapt to these changing consumer preferences.

**Singh et al. (2018)** "Policy Interventions for Micro-retailers in the Face of Hypermarket Expansion". This study recommends policy interventions to support micro-retailers in the face of hypermarket expansion, including tax breaks, training programs, and infrastructure development. The authors suggest that policymakers prioritize the needs of micro-retailers in urban areas.

**Gupta et al. (2019)** "The Impact of Hypermarkets on Micro-retailers in Urban and Rural Areas"

This study examines the impact of hypermarkets on micro-retailers in urban and rural areas, revealing that hypermarkets have a more significant impact on micro-retailers in urban areas. The authors suggest that policymakers implement measures to support micro-retailers in urban areas.

**Li et al. (2019)** "The Impact of Hypermarkets on Micro-retailers in China: An Empirical Study". This study examines the impact of hypermarkets on micro-retailers in China, revealing that strategic partnerships and collaborations can benefit both parties. The authors suggest that micro-retailers leverage technology and e-commerce to expand their customer base.

**Mashimbye et al. (2020)** "The Impact of Hypermarkets on Micro-retailers in South Africa". This study explores the impact of hypermarkets on micro-retailers in South Africa, finding that product diversification and strategic location can help micro-retailers compete. The authors suggest that micro-retailers adopt innovative marketing strategies to attract customers.

**Sinha et al. (2020)** "The Impact of E-commerce on Micro-retailers in India". This study explores the impact of e-commerce on micro-retailers in India, finding that e-commerce adoption can increase sales revenue and competitiveness. The authors recommend that micro-retailers invest in digital marketing and logistics.

**5. RESEARCH METHODOLOGY**

This study adopts a descriptive research design to analyze the impact of hypermarkets on micro-retailers in Hosur. The primary data for the research was collected through a structured survey, with questions specifically designed to capture the economic impact, transformations of small retailers. The survey aimed to understand the challenges faced by micro-retailers as hypermarkets grow in prominence.

The study was conducted over a three-month period, from July to September 2024, in the town of Hosur, Tamil Nadu. Hosur, known for its industrial and commercial growth, has seen a rising number of hypermarkets, making it an ideal location to assess the effects on micro-retailers.

A structured questionnaire was developed and administered to micro-retailers in various parts of Hosur. The survey included a mix of close-ended and scale-based questions to capture detailed insights. A total of 20 micro-retailers were selected using a random sampling method.

Various data collection tools were employed to gather comprehensive insights for the research paper.

1. The economic impact of hypermarkets on micro-retailers was measured using a 5-point Likert scale. Retailers were asked to rate the degree of impact
2. The transformations of micro-retailers due to hypermarkets are measured using a 5 scale rating method.

The collected data was processed using statistical tools to derive meaningful insights. Descriptive statistics were employed to summarize the results, while chi-square tests were used to assess relationships between variables.

**6. ANALYSIS**

The analysis is conducted to uncover the effects of hypermarkets growth on micro-retailers in Hosur, This insight is crucial for understanding how micro-retailers can adapt and remain competitive.

**6.1 ECONOMIC IMPACT OF HYPERMARKETS ON MICRO-RETAILERS**

Assessing the economic impact of hypermarkets on micro-retailers is vital to inform evidence-based policies and interventions that support the survival and growth of small businesses in the Salem region.

**TABLE 1  
ECONOMIC IMPACT OF HYPERMARKETS ON MICRO-RETAILERS**

S.NO	STATEMENTS	NO. OF RESPONDENTS IN PERCENTAGE				
		STRONGLY AGREE	AGREE	NEUTRAL	DISAGREE	STRONGLY DISAGREE
1	Hypermarkets negatively impacted your profit margins	30%	50%	15%	0%	5%
2	Hypermarkets made you to take financial assistance to stay competitive	40%	40%	10%	10%	0%
3	Struggle to match with hypermarket pricings and promotions.	40%	50%	10%	0%	0%
4	Inability to compete with hypermarkets advertising	40%	40%	15%	5%	0%
5	Forced to reduce staff and	40%	40%	15%	5%	0%

	employment					
6	Loss of local character and community identity	50%	35%	15%	0%	0%
7	Increased risk of business closure and bankruptcy	55%	25%	15%	5%	0%
8	Dependence on a few suppliers and lack of diversification	50%	30%	20%	0%	0%
9	Reduced ability to negotiate with suppliers and manufacturers	40%	30%	15%	15%	0%
10	Difficulty in competing with hypermarkets loyalty programs	40%	45%	5%	5%	5%

CHART 1

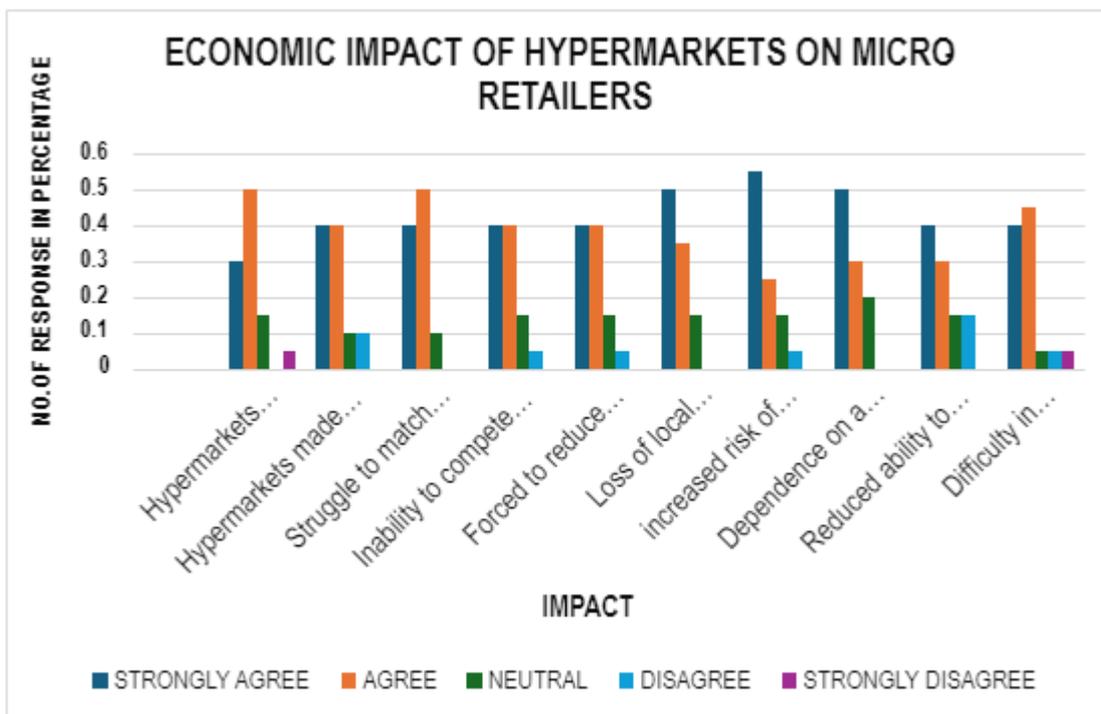


Table 1 and Chart 1 shows that the survey reveals a stark reality for micro-retailers in Hosur, with a majority experiencing significant economic hardship due to hypermarkets. Profit margins have shrunk, financial assistance is needed to stay afloat, and competition with hypermarkets' pricing and advertising is a losing battle. The consequences are far-reaching, with reduced employment, loss of local identity, and a heightened risk of business failure, underscoring the urgent need for policy interventions.

### 6.1.1 IMPACT OF SOCIOECONOMIC CHARACTERISTICS ON ECONOMIC IMPACT OF MICRO-RETAILERS

This study conducts a socioeconomic analysis of the economic impact of hypermarkets on micro retailers, focusing on key characteristics such as the number of years in existence, level of investment, average sales per day, profit percentage, and ownership of premises. By examining these factors, the research aims to understand how they influence micro- retailers' ability to compete with hypermarkets. The analysis employs a chi-square test to assess the relationships between these socioeconomic characteristics and the economic outcomes for micro-retailers

In order to test the relationship between socio-economic characteristics and its impact on micro-retailers the following hypothesis is tested by using  $\chi^2$  (chi square) test.

1. **H<sub>0</sub>**: There is no significant difference in the economic impact of hypermarkets on micro-retailers based on number of years of existence.

**H<sub>a</sub>**: There is a significant difference in the economic impact of hypermarkets on micro-retailers based on number of years of existence.

2. **H<sub>0</sub>**: There is no significant difference in the economic impact of hypermarkets on micro-retailers based on investment level.

**H<sub>a</sub>**: There is a significant difference in the economic impact of hypermarkets on micro-retailers based on investment level.

3. **H<sub>0</sub>**: There is no significant difference in the economic impact of hypermarkets on micro-retailers based on Average sales per day.

**H<sub>a</sub>**: There is a significant difference in the economic impact of hypermarkets on small based on Average sales per day.

4. **H<sub>0</sub>**: There is no significant difference in the economic impact of hypermarkets on micro-retailers based on profit percentage.

**H<sub>a</sub>**: There is a significant difference in the economic impact of hypermarkets on micro-retailers based on profit percentage.

5. **H<sub>0</sub>**: There is no significant difference in the economic impact of hypermarkets on micro-retailers based on ownership of premises.

**H<sub>a</sub>**: There is a significant difference in the economic impact of hypermarkets on micro-retailers based on ownership of premises.

#### a. Economic impact of hypermarkets on micro-retailers based on number of years of existence

The survival of micro-retailers in Salem is contingent upon their ability to withstand the economic pressures exerted by hypermarkets, with the impact varying significantly based on their years of existence. This research investigates the relationship between the tenure of micro-retailers and their economic vulnerability to hypermarket competition.

**TABLE 2**  
**ECONOMIC IMPACT ON YEARS OF EXISTENCE OF MICRO-RETAILERS**

S.NO	YEARS OF EXISTENCE	ECONOMIC IMPACT		TOTAL
		NEGATIVE	POSITIVE	
1	Less than 1 year	5	2	7
2	1 year -5 year	4	0	4
3	Above 5 years	9	0	9
TOTAL		18	2	20

$\chi^2$  value = 4.126

Table value = 10.596

degree of freedom = 2

**CHART 2**

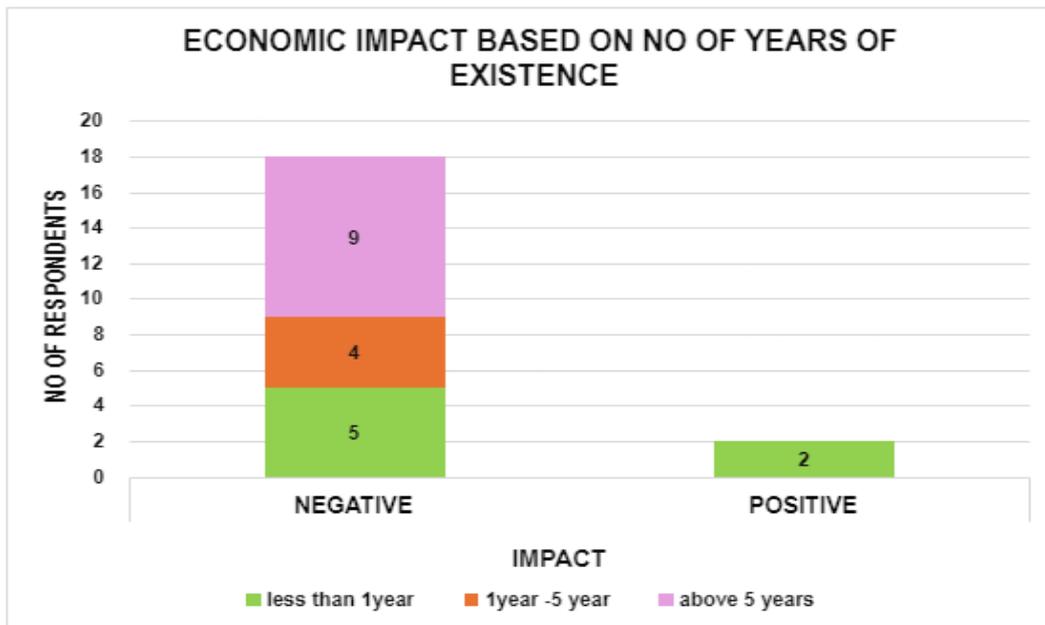


Table 2 and Chart 2, shows that Micro-retailers in Salem with less than 5 years of existence are more vulnerable to the negative economic impact of hypermarkets, while those with more than 5 years of existence have developed resilience and experienced a positive impact. The calculated  $\chi^2$  value is less than the table value hence the null hypothesis is accepted. Therefore, there is no significant difference in the economic impact of hypermarkets on micro-retailers on the basis of the number of years of existence.

**b. Economic impact of hypermarkets on micro-retailers based on investment level**

The economic fortunes of micro-retailers in Salem are intricately tied to their investment levels, as the influx of hypermarkets poses a disproportionate threat to those with limited financial resources, necessitating an examination of the impact of hypermarkets on micro-retailers based on their investment levels.

**TABLE 3  
ECONOMIC IMPACT BASED ON INVESTMENT LEVEL OF MICRO-RETAILERS**

S.NO	INVESTMENT LEVEL	NO.OF RESPONDENTS		TOTAL
		NEGATIVE	POSITIVE	
1	Less than 2,00,000	12	2	14
2	2,00,000-5,00,000	2	0	2
3	Above 5,00,000	4	0	4
TOTAL		18	2	20

$\chi^2$  value = 0.952

Table value = 10.596

degree of freedom = 2

**CHART 3**

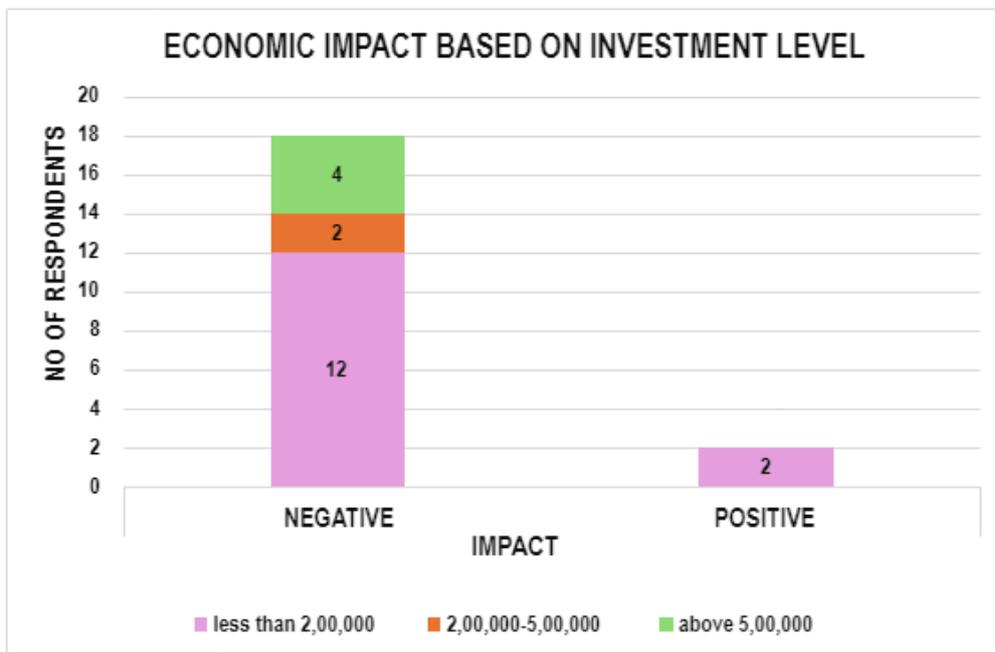


Table 3 and Chart 3, shows that Micro-retailers in Salem with lower investment levels (less than ₹2,00,000) are more susceptible to the negative economic impact of hypermarkets, while those with higher investment levels (above ₹2,00,000) have shown resilience and experienced a positive impact. The calculated  $\chi^2$  value is less than the table value hence the null hypothesis is accepted .Therefore, there is no significant difference in the economic impact of hypermarkets on micro-retailers on the basis of investment level of micro-retailers.

**c. Economic impact of hypermarkets on micro-retailers based on Average sales per day**

The daily sales performance of micro-retailers in Salem serves as a critical indicator of their economic resilience, revealing a nuanced impact of hypermarkets on their businesses based on average sales per day.

**TABLE 4  
ECONOMIC IMPACT BASED ON AVERAGE SALES PER DAY**

S.NO	AVERAGE SALES PER DAY	NO.OF RESPONDENTS		TOTAL
		NEGATIVE	POSITIVE	
1	Less than 5000	11	2	13
2	5001 to 10,000	3	0	3
3	Above 10,000	4	0	4
TOTAL		18	2	20

$\chi^2$  value = 1.196      Table value = 10.596      degree of freedom = 2

**CHART 4**

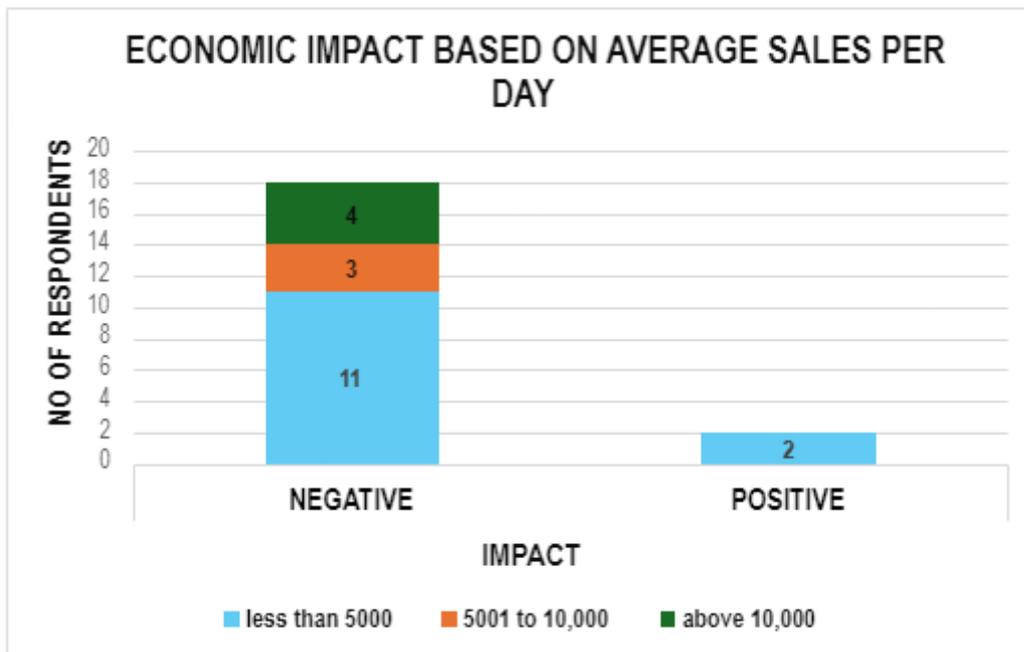


Table 4 and Chart 4, shows that Micro-retailers in Salem with average daily sales above ₹5,000 have shown resilience to the economic impact of hypermarkets, experiencing a positive impact, while those with lower sales (less than ₹5,000) are more vulnerable to negative effects. The calculated  $\chi^2$  value is less than the table value hence the null hypothesis is accepted .Therefore, there is no significant difference in the economic impact of hypermarkets on micro-retailers on the basis of Average sales per day of micro-retailers.

**d. Economic impact of hypermarkets on micro-retailers based on profit percentage of micro-retailers**

The profitability of micro-retailers in Hosur, measured by their profit percentage, provides a key lens through which to examine the economic impact of hypermarkets, revealing the vulnerability or resilience of these small businesses to competitive pressures.

**TABLE 5  
ECONOMIC IMPACT BASED ON PROFIT PERCENTAGE**

S.NO	PROFIT PERCENTAGE	NO.OF RESPONDENTS		TOTAL
		NEGATIVE	POSITIVE	
1	Less than 10%	9	2	11
2	10% to 15%	9	0	9
3	Above 15%	0	0	0
TOTAL		18	2	20

$\chi^2$  value = 1.818      Table value = 10.596      degree of freedom = 2

**CHART 5**

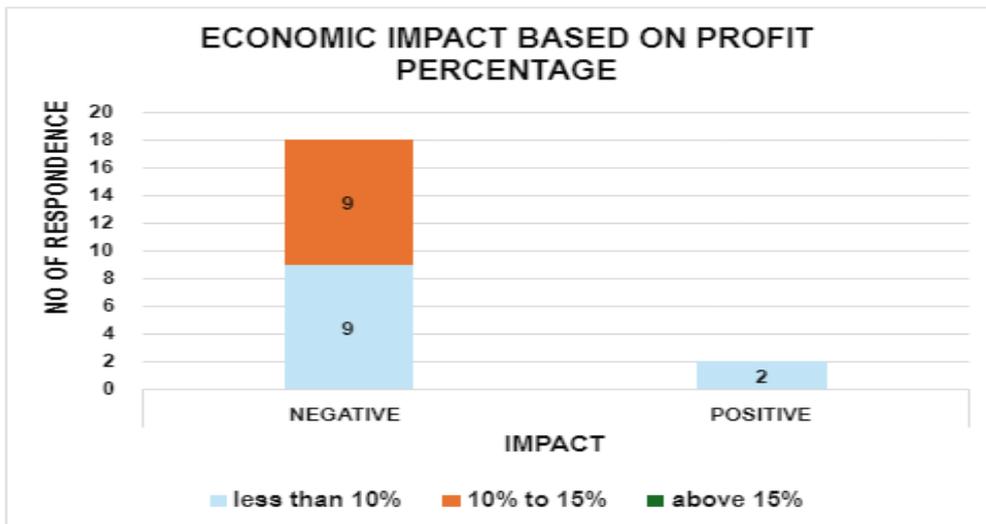


Table 5 and Chart 5, shows that Micro- retailers in Salem with profit margins between 10-15% have shown resilience to the economic impact of hypermarkets, experiencing no negative impact, while those with lower profit margins (less than 10%) are more vulnerable to negative effects. The calculated  $\chi^2$  value is less than the table value

hence the null hypothesis is accepted .Therefore, there is no significant difference in the economic impact of hypermarkets on micro-retailers on the basis of profit percentage of micro-retailers.

**e. Economic impact of hypermarkets on micro-retailers based on ownership of premises of micro-retailers**

The ownership status of micro-retailers' premises in Salem emerges as a pivotal factor influencing their economic susceptibility to hypermarket competition, with owned versus rented spaces yielding distinct outcomes.

**TABLE 6  
ECONOMIC IMPACT BASED ON OWNERSHIP OF PREMISES**

S.NO	OWNERSHIP OF PREMISES	NO.OF RESPONDENTS		TOTAL
		NEGATIVE	POSITIVE	
1	Owned	8	0	8
2	Rented	10	2	12
TOTAL		18	2	20

$\chi^2$  value = 1.481      Table value = 7.879      degree of freedom = 1

**CHART 6**

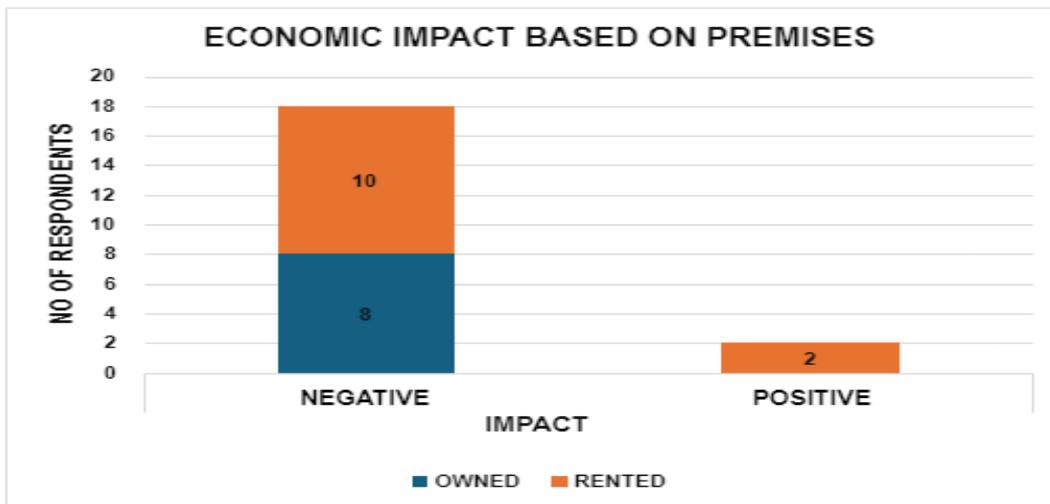


Table 6 and Chart 6, shows that micro-retailers in Salem who own their premises have shown greater resilience to the economic impact of hypermarkets, experiencing no negative impact, while those who rent their premises are more vulnerable to negative effects. The calculated  $\chi^2$  value is less than the table value hence the null hypothesis is accepted .Therefore, there is no significant difference in the economic impact of hypermarkets on micro-retailers on the basis of premises of micro-retailers.

## 6.2 IMPACT OF HYPERMARKETS ON THE TRANSFORMATION OF MICRO-RETAILERS

The emergence of hypermarkets in Salem has catalyzed a transformative shift among micro-retailers, prompting them to innovate and adapt their business strategies to remain competitive and relevant in the changing retail landscape.

**TABLE 7**  
**TRANSFORMATION OF MICRO- RETAILERS**

S.NO	TRANSFORMATIONS	RATINGS IN PERCENTAGE
1	Partnerships and collaborations with other businesses	93%
2	Developing a unique value proposition	92%
3	Focusing on convenience and accessibility of customers	91%
4	Improving supply chain management	90%
5	Focus on local and artisanal products	88%
6	Offering personalized services and advice	86%
7	Development of loyalty programs	83%
8	Enhanced store design and layout	81%
9	Investment in technology and digital presence	78%
10	Diversification of products and services	67%

**CHART 7**

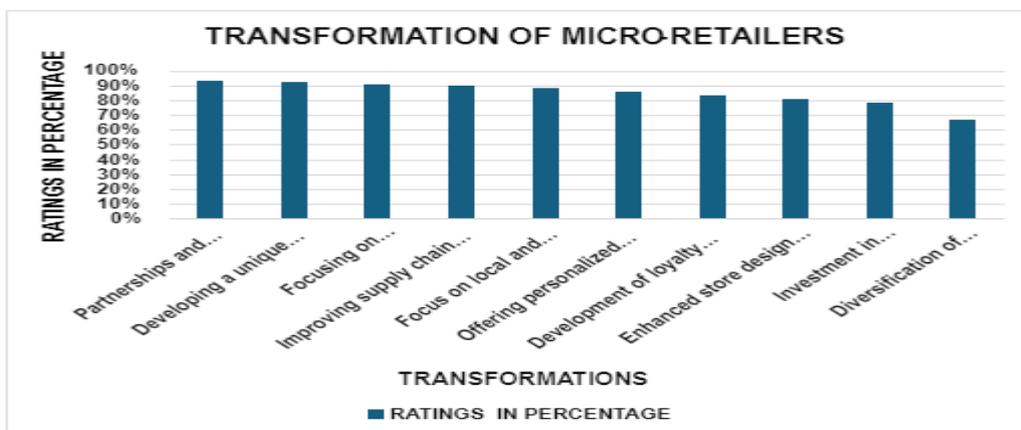


Table 7 and Chart 7, shows that Micro-retailers in Salem are transforming their businesses to stay competitive, with top strategies including partnerships and collaborations (93%), developing a unique value proposition (92%), and focusing on customer convenience and accessibility (91%). These transformations aim to enhance customer experience, improve operational efficiency, and differentiate micro-retailers from hypermarkets. By adopting these strategies, micro-retailers can potentially mitigate the negative economic impact of hypermarkets and thrive in the competitive retail landscape.

## 7. FINDINGS

The study reveals that hypermarkets in Salem have had a substantial negative impact on micro-retailers. The majority of respondents (80%) report diminished profit margins and financial difficulties, with many needing financial assistance to compete. A significant percentage of micro-retailers (85%) struggled to match the pricing, promotions, and advertising power of hypermarkets, leading to reduced employment and a potential loss of community identity. Around 50% expressed concerns about business closure or bankruptcy. Micro-retailers with lower investments, shorter tenure in the market, and rented premises were more vulnerable to hypermarkets' economic impact. However, some micro-retailers have shown resilience, especially those with higher investment levels, daily sales, and longer business history. The study further demonstrates that micro-retailers are adapting by forming partnerships, offering unique value propositions, and focusing on customer convenience.

## 8. SUGGESTION AND RECOMMENDATIONS

To mitigate the adverse effects of hypermarkets on micro-retailers, strategic initiatives should be implemented. First, policy interventions at the governmental level should provide financial support or subsidies for micro-retailers, helping them compete with hypermarkets. Additionally, micro-retailers should enhance their supply chain management and build stronger relationships with suppliers to reduce their dependence on a few sources. Introducing loyalty programs and offering personalized services could help them retain customers. They should also embrace technology, such as e-commerce platforms and digital marketing, to reach a broader audience and enhance competitiveness. Another recommendation is to encourage collaboration among micro-retailers to create stronger networks and leverage collective bargaining power with suppliers and manufacturers. Finally, micro-retailers should focus on creating unique value propositions, such as offering local and artisanal products, to differentiate themselves from hypermarkets. These recommendations would empower micro-retailers to compete in an increasingly challenging market landscape.

## 9. CONCLUSION

In conclusion, the growth of hypermarkets in Salem has placed considerable economic pressure on micro-retailers, particularly those with less experience, lower investment, and smaller sales volumes. Despite this, the research indicates that some micro-retailers have shown resilience by transforming their businesses to focus on partnerships, customer convenience, and a distinct value proposition. By implementing suggested strategies such as leveraging technology, enhancing customer loyalty, and offering personalized services, micro-retailers can improve their chances of survival in the competitive retail landscape. However, external support from policymakers is crucial to safeguard the local retail ecosystem. Interventions aimed at promoting the sustainability and growth of small businesses will enable micro-retailers to better compete with hypermarkets while preserving the local community's identity and economic diversity.

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