

Understanding the Perceptions and Challenges of Local Merchants in the Phase of Giant Retailers Competition with Special Reference to Krishnagiri

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Abstract — The growing presence of large retail chains has increasingly challenged local merchants, particularly in popular district like Krishnagiri. This study seeks to understand the perceptions of these local merchants as they navigate the pressures of competition from giant retailers. It examines key socioeconomic factors such as years in business, level of investment, average daily sales, profit margins, and ownership of retail space, which influence merchants' ability to adapt to the changing retail environment. A survey of local retailers in Krishnagiri was conducted, and the data was analyzed using a chi-square test to determine the relationship between these variables and merchants' perceptions of competitive threats. The study also uncovers critical challenges faced by smaller merchants, including price undercutting, customer retention difficulties, and limited access to efficient supply chains. It emphasizes the need for tailored interventions that support local businesses in competing with large retailers. By focusing on Krishnagiri's unique retail landscape, the research offers practical insights for policymakers and business leaders to foster a more balanced and competitive retail ecosystem.

Keywords: Business Challenges, Business Resilience, Giant Retailers, Local Merchants, Retail Competition, Retail Landscape

I. INTRODUCTION

In the modern retail landscape, the rapid expansion of large retail chains has transformed the way businesses operate, creating new challenges for local merchants. Small, especially in developing district like Krishnagiri, face increasing pressure as giant retailers with greater financial and logistical resources dominate the market. Understanding the perceptions and challenges of these local merchants is crucial as they are often vital contributors to the local economy, providing employment and catering to community needs. The entry of large retailers brings significant competition, altering customer behavior, pricing strategies, and market dynamics, often to the disadvantage of local businesses.

This study focuses on Krishnagiri, a district experiencing rapid industrial growth, where local merchants must navigate this competitive environment while dealing with resource limitations. By exploring the socioeconomic factors that influence their business strategies and resilience, such as investment levels, years in business, and daily sales, we can gain a deeper understanding of how local merchants perceive the threat from giant competitors. Addressing their challenges is essential for fostering a more inclusive economic environment that allows local businesses to thrive. Understanding these dynamics is vital for policymakers, business leaders, and researchers to develop strategies that support small businesses in adapting and competing effectively in a changing market.

II. OBJECTIVES

- To explore the study the following objectives are framed
- To identify the perception of local merchants over giant retailers.
- To examine the challenges faced by local merchants due to the emergence of giant retailers.

III. STATEMENT OF THE PROBLEM

- In order to find out the perceptions and challenges of local merchants of Krishnagiri over giant retailers the following questions need to be answered
- What is the perception of local merchants towards giant retailers?
- What challenges local merchants face with the emergence of giant retailers.?

IV. REVIEW OF LITERATURE

The following are the literatures reviewed to undertake this study

Stone, K. E. (1997). "Impact of the Wal-Mart phenomenon on rural communities". The study explores the various adaptation strategies that local merchants use to remain competitive in the face of supermarket expansion. It highlights the importance of innovation, customer loyalty programs, and community engagement.

Dobson, P., & Waterson, M. (1999). "Retailer power: Market structure and competition in the food retailing sector". This study analyzes the competitive dynamics between giant retailers and small retailers. It shows that giant retailers often enjoy economies of scale, allowing them to offer lower prices and a wider variety of products, which attracts customers away from small retailers. The resulting decline in sales and market share threatens the viability of small retailers.

Brennan, D. P., & Lundsten, L. (2000). "Impacts of large discount stores on small US towns: Reasons for shopping and retail outcomes". This research analyzes how local merchants can position themselves in the market to compete effectively with giant retailers. It highlights the importance of differentiation, niche marketing, and building strong customer relationships.

Smith, A., & Sparks, L. (2000). "The role of independent grocery retailers in the UK: An overview". This research discusses the policy implications of supermarket growth for small retailers, particularly in terms of local economic development and employment. It suggests that policymakers should consider measures to support small retailers.

Arnold, S. J., & Luthra, M. N. (2000). "Market entry effects of large format retailers: A stakeholder analysis". This research examines how consumer preferences for modern

retail formats, particularly gaint retails, impact small retailers. It finds that consumers are drawn to the convenience, variety, and pricing of gaint retails, which diminishes the market share of traditional local merchants unless they adapt by focusing on customer service or unique product offerings.

Gray, J. (2001). "The impact of the supermarket on local merchants in rural areas: A case study of Scotland". The study focuses on the challenges faced by local merchants in rural areas due to the expansion of gaint retails. It highlights the difficulties in competing on price and product range and suggests that rural retailers need to focus on local sourcing and community relationships.

Baker, J., Grewel, D., & Parasuraman, A. (2002). "The influence of multiple store environment cues on perceived merchandise value and patronage intentions". This paper analyzes the dynamic changes in the retail market, including the rise of gaint retails, and how these changes affect small retailers. It emphasizes the need for local merchants to be agile and responsive to changing market conditions.

Burt, S., & Sparks, L. (2003). "Competitive analysis of the retail sector in the UK". This paper explores the strategies local merchants can employ to survive and thrive in markets dominated by gaint retails. Strategies include focusing on niche markets, enhancing customer service, forming cooperatives, and utilizing local supply chains to offer unique products.

V. RESEARCH METHODOLOGY

To explore the perceptions and challenges faced by local merchants in Krishnagiri due to competition from giant retail chains, the study was carried out between January and March 2024. Data was collected through a structured questionnaire distributed among local merchants in Krishnagiri based on random sampling method, where data is collected from 20 local merchants.

Various tools are employed to measure the perceptions and challenges of local merchants in Krishnagiri.

To measure merchants' perceptions of retail competition, a two-point Likert scale (YES/NO) was used, providing a clear view of how they perceive the impact of gaint retailers.

For identifying the challenges encountered by merchants, a ranking system was employed, where participants ranked challenges such as pricing strategies, customer loyalty, and supply chain issues in terms of their severity.

Additionally, socioeconomic factors such as years in business, investment levels, daily sales, profit margins, and ownership of premises were examined. A chi-square test was applied to determine the relationship between these variables and the perceptions of competition.

The collected data was analyzed using statistical tools to gain insights into the key factors influencing local merchants' adaptability and challenges, providing a comprehensive understanding of their position in the evolving retail landscape.

VI. ANALYSIS

This analysis explores the perceptions of local merchants and vulnerabilities faced by Krishnagiri's local merchants as they confront the market dominance of giant retailers and adapt to shifting consumer preferences.

A. Perception of Local Merchants over Gaint Retailers

Understanding the perceptions of local merchants is crucial because their unique insights and experiences can reveal the nuanced impact of giant retailers on community dynamics, customer relationships, and local economic vitality, ultimately informing strategies to promote sustainable and equitable retail ecosystems.

S.No	Perception	No. Of Respondents	Percentage
1	Negative	19	95%
2	Positive	1	5%
	Total Response	20	100%

Table 1: Perception of Local Merchants over Gaint Retailers

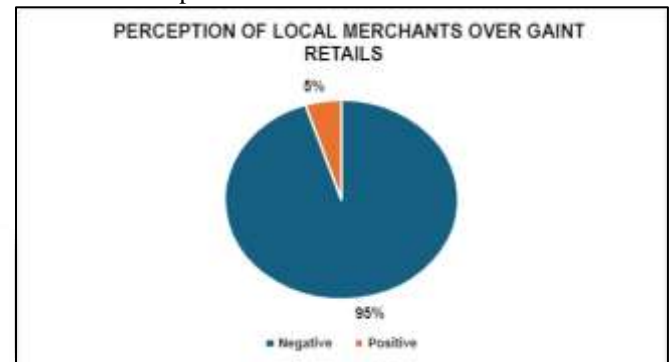


Chart 1:

Table 1 and Chart 1 shows that Local merchants in Krishnagiri overwhelmingly hold a negative perception of giant retailers, with 95% of respondents expressing unfavorable views, indicating a significant sense of threat or competition. Only 5% of respondents held a positive perception, suggesting a small minority see benefits or opportunities in coexisting with giant retailers. This stark contrast highlights the need for strategies to support local merchants and mitigate the adverse impacts of giant retailers on their businesses.

1) Impact of Socioeconomic Characteristics on Perception of Local Merchants

The intersection of socioeconomic characteristics and business experiences profoundly impacts local merchants' attitudes towards giant retailers in Krishnagiri, yielding varied responses to market changes. To determine the relationship between the key socioeconomic factors with the perception of local merchants the following hypothesis is formulated

- H_0 : There is no significant difference in the perception of local merchants towards gaint retails based on Number of years of existence.
- H_a : There is a significant difference in the perception of local merchants towards gaint retails based on Number of years of existence.

- H_0 : There is no significant difference in the perception of local merchants towards gaint retails based on investment level.
- H_a : There is a significant difference in the perception of local merchants towards gaint retails based on investment level.
- H_0 : There is no significant difference in the perception of local merchants towards gaint retails based on Average sales per day.
- H_a : There is a significant difference in the perception of local merchants towards gaint retails based on Average sales per day.
- H_0 : There is no significant difference in the perception of local merchants towards gaint retails based on profit percentage.
- H_a : There is a significant difference in the perception of local merchants towards gaint retails based on profit percentage.
- H_0 : There is no significant difference in the perception of local merchants towards gaint retails based on ownership of premises.
- H_a : There is a significant difference in the perception of local merchants towards gaint retails based on ownership of premises.

2) Perception of local merchants towards gaint retails based on Number of years of existence

The perception of local merchants towards giant retailers in Krishnagiri varies significantly based on their number of years of existence, with newer businesses exhibiting greater vulnerability and established merchants showing more resilience and adaptability in the face of competition.

S.No	Years Of Existence	No. Of Respondents		Total
		Negative	Positive	
1	Less than 1 year	6	1	7
2	1 year -5 year	4	0	4
3	Above 5 years	9	0	9
TOTAL		19	1	20

Table 2: Perception Based On Years of Existence
 χ^2 value = 1.956 Table value = 10.596
 degree of freedom = 2

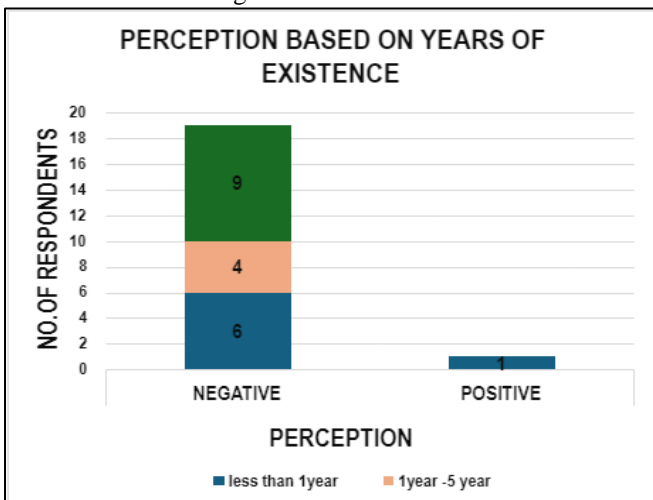


Chart 2:

Table 2 and Chart 2, reveals that newer businesses (less than 1 year) in Krishnagiri are more likely to view giant

retailers negatively, while more established businesses (1-5 years and above 5 years) hold exclusively positive views, indicating experience mitigates perceived competition. The calculated χ^2 value is less than the Table Value hence the null hypothesis is accepted. Therefore, there is no significant difference in the perception of local merchants towards gaint retails on the basis of No of years of existence.

3) Perception of local merchants towards gaint retails based on investment level

The level of investment in their businesses significantly influences the perceptions of local merchants in Krishnagiri towards giant retailers, with higher investment levels correlating with more positive attitudes and lower investment levels associated with greater apprehension and vulnerability.

S.No	Investment Level	No. Of Respondents		Total
		Negative	Positive	
1	Less than 2,00,000	13	1	14
2	2,00,000-5,00,000	2	0	2
3	Above 5,00,000	4	0	4
TOTAL		19	1	20

Table 3: Perception Based On Investment Level
 χ^2 value = 0.452 Table value = 10.596
 degree of freedom = 2

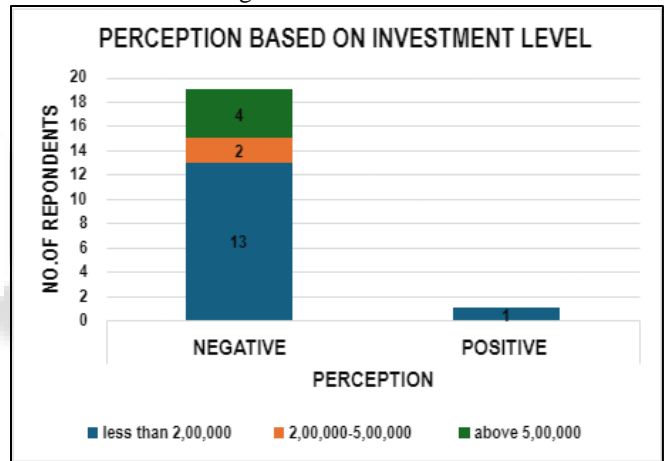


Chart 3:

Table 3 and Chart 3 shows that Local merchants in Krishnagiri with lower investment levels (less than ₹2,00,000) exhibit predominantly negative perceptions towards giant retailers, whereas those with moderate (₹2,00,000-₹5,00,000) and high (above ₹5,00,000) investment levels display uniformly positive perceptions, suggesting financial security fosters confidence. The calculated χ^2 value is less than the table value hence the null hypothesis is accepted. Therefore, there is no significant difference in the perception of local merchants towards gaint retails on the basis of investment level.

4) Perception of local merchants towards gaint retails based on Average sales per day

The average sales per day of local merchants in Krishnagiri significantly shapes their perceptions of giant retailers, with merchants experiencing higher sales volumes exhibiting more positive attitudes and those with lower sales volumes expressing greater concern and vulnerability in the face of competition.

S.No	Average Sales Per Day	No. Of Respondents		Total
		Negative	Positive	
1	Less than 5000	12	1	13
2	5001 to 10,000	3	0	3
3	Above 10,000	4	0	4
TOTAL		19	1	20

Table 4: Perception Based On Average Sales per Day
 χ^2 value = 0.567 Table value = 10.596
 degree of freedom = 2

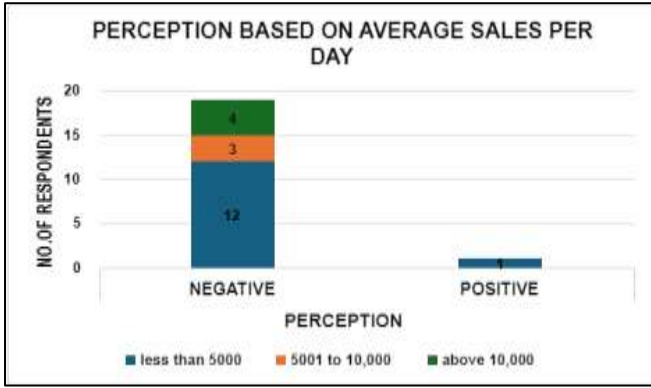


Chart 4:

Table 4 and Chart 4, shows that the Local merchants in Krishnagiri with lower average sales per day (less than ₹5,000) hold predominantly negative perceptions towards giant retailers, indicating vulnerability to competition. In contrast, merchants with higher average sales per day (₹5,001-₹10,000 and above ₹10,000) exhibit uniformly positive perceptions, suggesting sales volume correlates with confidence and resilience. The calculated χ^2 value is less than the table value hence the null hypothesis is accepted. Therefore, there is no significant difference in the perception of local merchants towards gaint retails on the basis of Average sales per day.

5) Perception of local merchants towards gaint retails based on profit percentage

The profit percentage of local merchants in Krishnagiri significantly influences their perceptions of giant retailers, with merchants enjoying higher profit margins exhibiting more positive attitudes and those with lower profit margins expressing greater concern and vulnerability to competition.

S.No	Profit Percentage	No. Of Respondents		Total
		Negative	Positive	
1	Less than 10%	11	0	11
2	10% to 15%	8	1	9
3	Above 15%	0	0	0
TOTAL		19	1	20

Table 5: Perception Based On Profit Percentage
 χ^2 value = 1.286 Table value = 10.596
 degree of freedom = 2

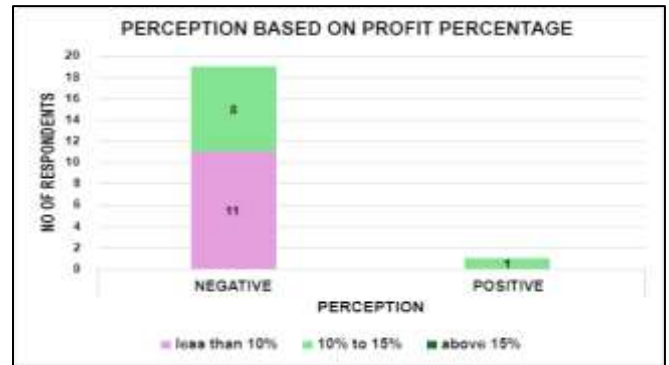


Chart 5:

Table 5 and Chart 5 illustrates Local merchants in Krishnagiri with lower profit percentages (less than 10% and 10%-15%) hold predominantly negative perceptions towards giant retailers, indicating vulnerability to competition, while none of the merchants with profit percentages above 15% responded, suggesting a possible absence of highly profitable businesses or a lack of representation in the sample. The calculated χ^2 value is less than the table value hence the null hypothesis is accepted. Therefore, there is no significant difference in the perception of local merchants towards gaint retails on the basis of profit percentage.

6) Perception of Local Merchants towards Gaint Retails Based On Ownership of Premises

The ownership status of their business premises significantly shapes the perceptions of local merchants in Krishnagiri towards giant retailers, with owners of premises exhibiting more positive attitudes and confidence, while renters or lessees display greater apprehension and vulnerability to competition.

S.No	Ownership Of Premises	No. Of Respondents		Total
		Negative	Positive	
1	Owned	8	0	8
2	Rented	11	1	12
TOTAL		19	1	20

Table 6: Perception Based On Ownership of Premises
 χ^2 value = 0.702 Table value = 7.879
 degree of freedom = 1

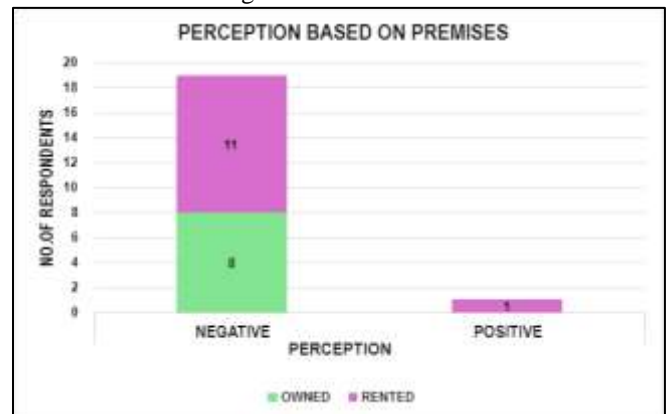


Chart 6:

Table 6 and Chart 6, presented illustrates Local merchants in Krishnagiri who own their business premises exhibit uniformly positive perceptions towards giant retailers, indicating stability and security, whereas rented premises owners hold predominantly negative perceptions, suggesting

insecurity and vulnerability to competition and potential displacement. The calculated χ^2 value is less than the table value hence the null hypothesis is accepted .Therefore, there

is no significant difference in the perception of local merchants towards gaint retails on the basis of premises.

B. Challenges Faced By Local Merchants on Emergence of Gaint Retails

The advent of giant retailers in Krishnagiri has brought formidable challenges to local merchants, jeopardizing their livelihoods and business viability. These challenges encompass unfair competition, inadequate resources, and insufficient support, making it arduous for local merchants to coexist with giant retailers. As a result, local merchants are compelled to reassess their business strategies and seek innovative solutions to remain competitive.

S.No	Challenges	Rank 1		Rank 2		Rank 3		Rank 4		Rank 5		Rank 6		Rank 7		Rank 8		Rank 9		Rank 10		Total	Rank
		No. Of Response	Score	No. Of Response	Score	No. Of Response	Score	No. Of Response	Score	No. Of Response	Score	No. Of Response	Score	No. Of Response	Score	No. Of Response	Score	No. Of Response	Score	No. Of Response	Score		
1	Difficulty In Sourcing Products	2	20	0	0	1	8	3	21	2	12	4	20	2	8	1	3	1	2	1	1	95	8
2	Logistical Challenges	1	10	0	0	4	32	2	14	2	12	3	15	0	0	2	6	2	4	4	4	97	7
3	Higher Operational Costs	1	10	0	0	2	16	1	7	2	12	1	5	7	28	1	3	4	8	1	1	90	9
4	Inability To Offer Discounts	1	10	2	18	4	32	1	7	7	42	1	5	7	28	1	3	1	2	2	2	149	1
5	Limited Access To Technology	0	0	1	9	0	0	2	14	2	12	5	25	2	8	2	6	2	4	4	4	82	10
6	Inability To Provide Convenience	7	70	0	0	2	16	2	14	0	0	2	10	1	4	0	0	3	6	3	3	123	3
7	Reduced Foot Traffic	1	10	4	36	2	16	2	14	1	6	0	0	4	16	4	12	2	4	0	0	114	6
8	Difficulty In Managing Inventory	3	30	3	27	2	16	2	14	2	12	2	10	0	0	5	15	3	6	0	0	130	2
9	Limited Payment Options	2	20	4	36	1	8	3	21	2	12	1	5	2	8	3	9	0	0	2	2	121	4
10	Inability To Offer Loyalty Programs	2	20	3	27	4	32	2	14	0	0	1	5	2	8	1	3	2	4	3	3	116	5

Table 7: Ranks Assigned By Local Merchants

S.NO	CHALLENGES	SCORES	RANKS
1	Inability to offer discounts	149	1
2	Difficulty in managing inventory	130	2
3	Inability to provide convenience	123	3
4	Limited payment options	121	4
5	Inability to offer loyalty programs	116	5
6	Reduced foot traffic	114	6
7	Logistical challenges	97	7
8	Difficulty in sourcing products	95	8
9	Higher operational costs	90	9
10	Limited access to technology	82	10

Table 8: Challenges Faced By Local Merchants



Chart 7:

Table 7, Table 8 and Chart 7 shows that Local merchants face several challenges that hinder their competitiveness and efficiency. The most pressing issue is the inability to offer discounts, which scored the highest (149) and ranks first. This is followed by difficulties in managing inventory (130), impacting their ability to maintain stock efficiently. Convenience, a key factor for modern consumers, ranks third (123), while limited payment options (121) hinder transactional flexibility. The absence of loyalty programs (116) reduces customer retention. Decreased foot traffic (114) and logistical challenges (97) further affect their sales. Additionally, sourcing products (95) and high operational costs (90) strain profitability. Lastly, limited access to technology (82) ranks tenth, restricting their ability to modernize and streamline operations.

VII. FINDINGS

The study reveals that 95% of local merchants in Krishnagiri perceive giant retailers negatively, viewing them as a significant threat. Only 5% held a positive perception, indicating minimal optimism about coexisting with large retailers. The socioeconomic characteristics of merchants significantly influenced these perceptions. Newer businesses (less than 1 year) exhibited greater vulnerability, while more established businesses (over 5 years) were more resilient. Similarly, merchants with lower investments, lower daily sales, and lower profit margins expressed more negative perceptions. Additionally, merchants who rented their business premises felt more insecure compared to those who owned them. Major challenges faced by local merchants included inability to offer discounts, difficulty in managing inventory, and the inability to provide convenience, which further exacerbated their competitive disadvantage.

VIII. SUGGESTIONS AND RECOMMENDATIONS

To help local merchants in Krishnagiri compete with giant retailers, it is essential for them to adopt technology, which can improve operations like inventory management, payment systems, and customer engagement. By leveraging digital tools, merchants can offer convenience similar to their larger competitors. Additionally, collaborative strategies such as forming cooperative buying groups can enable small businesses to reduce costs and source products more efficiently. Merchants should also focus on building customer loyalty by offering personalized services, loyalty programs, and multiple payment options, which are often lacking in smaller retail stores. Training programs on modern marketing techniques, supply chain optimization, and customer retention strategies could further help small retailers. Government support in the form of financial assistance, subsidies, and policies that promote fair competition would provide a crucial safety net. Engaging the community through locally focused initiatives will also help strengthen their relationship with customers, ensuring sustained foot traffic and loyalty.

IX. CONCLUSION

The findings underscore the pressing challenges that local merchants in Krishnagiri face due to the dominance of giant retailers. The negative perceptions held by the majority

highlight the competitive pressures that threaten their survival. However, resilience is possible through the adoption of modern business practices, technological upgrades, and strategic community engagement. Merchants with more established businesses, higher investments, and stable profit margins show that there is potential for small businesses to coexist with larger competitors, provided they adopt adaptive strategies. For long-term sustainability, it is vital that both merchants and policymakers work collaboratively to foster an environment that supports local businesses while ensuring fair competition in the retail landscape.

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