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From Footfall to Clicks: How Small Retailers Adapt to E-Commerce and Quick Commerce?

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ABSTRACT

Digital disruption has changed the way consumers purchase, and businesses are compelled to reorganise themselves in order to stay competitive and survive. The retail sector has seen the small mom and pop stores also evolving in order to survive the onslaught of digital channels. This qualitative study tried to identify the same by analysing the impact of e-commerce and quick commerce on traditional retail businesses in Kolkata through in-depth interviews with 25 local grocery small and medium-sized retailers. The findings reveal an intricate interplay of competition and adaptation as many retailers reported a decline in foot traffic and profit margins due to the convenience and aggressive pricing offered by online platforms while others have begun to integrate digital tools such as WhatsApp ordering, online delivery partnerships and digital payments to remain competitive. The findings also uncover a sense of ambiguity and concern among traditional retailers regarding the long-term sustainability of their businesses in the face of evolving consumer preferences and operational advantages of online channels . Overall, this research provides valuable insights into the evolving urban retail ecosystem and highlights the need for policy support, digital literacy, and inclusive technology adoption to help traditional retailers navigate the digital transformation.

Keywords: Small retailers, Kirana stores, Channel conflicts, Retailers satisfaction, FMCG companies, eCommerce, Distributors, Channel member satisfaction

1: INTRODUCTION

Retailing in simple terms refers to the sale of goods and services to the end-users. The word "retailing" is derived from the French word "retailer," which means "breaking up of bulks." Instead of a small number of customers buying bulk quantities of items, selling limited numbers of goods and services to a vast range of consumers is what retailing is all about. Surface streets along the road, shopping centres, and shopping streets are all popular areas for retailing. Other types of retailing include mail order and online shopping. It is the first point of contact with the end-users. The retail sector in India is growing at a higher rate. The stakes have been raised.

The retail sector consists of both organized and unorganized retailers. Customers buy specified goods from organized retailers, which include big box stores and chain stores. Unorganized retailers account for a large portion of the Indian retail industry. It refers to people who make a living by owning and operating small and medium-sized businesses in their community. They may not have the requisite field experience or preparation. Due to fierce competition and a variety of other factors, it is difficult for these small, unorganized retailers to succeed. The study aims to examine the issues that small-town retailers in India face and possible solutions that can be implemented to help these retailers increase their profit margins.

1.1. Indian Retail Industry

Due to the emergence of several new companies, the Indian retail industry has become one of the most competitive and fast-paced markets. From US$ 1,824 billion in 2017, total consumer spending is expected to reach nearly US$ 3,600 billion by 2020. It generates more than ten percent of the country's GDP and employs about eight percent of the workforce. In terms of retail, India is the world's fifth-largest destination.

India was ranked 73rd in the 2019 Business-to-Consumer (B2C) E-commerce Index published by the United Nations Conference on Trade and Development. India is the world's fifth-largest retail destination, ranked 63rd in the World Bank's Doing Business 2020 report.

In terms of retail, India is the world's fifth-largest destination. India is ranked 16th in the FDI Confidence Index (after the US, Canada, Germany, United Kingdom, China, Japan, France, Australia, Switzerland, and Italy).

1.1.1: Market Size

The retail sector expanded at a 13 percent compound annual growth rate (CAGR) in 2018, reaching US$ 950 billion, which is forecast to reach US$ 1.75 trillion by 2026. In 2018, online retail sales were expected to increase by 31% year over year to US$ 32.70 billion. By 2020, online retail is expected to generate $80-90 billion in revenue.

In FY20, India's offline retailers, also known as brick and mortar (B&M) retailers, are forecast to boost sales by Rs 10,000-12,000 crore (US$ 1.39-2.77 billion).

The retail industry is projected to recover 80 percent of pre-Covid revenue (amounting to $780 billion) by the end of 2020, according to RedSeer's Ground Zero Series results.

Due to heavy investment and a steady increase in internet users, India is expected to become the world's fastest-growing e-commerce industry. Various agencies are optimistic about the growth of India's e-commerce industry.

The FMCG sector shows signs of growth in the July-September 2020 period, with a 1.6 percent year-over-year rise, after a 19 percent decline in the January-March 2020 quarter. The growth in the fast-moving consumer goods (FMCG) sector was also a reflection of the overall macroeconomic situation, which has improved with the opening of the economy and the lifting of lockdown constraints.

1.1.2: Road Ahead

Consumption in rural areas has risen, owing to a combination of rising income and higher aspiration levels. In rural India, there is a growing demand for branded goods. From US$ 23.6 billion in FY18, India's rural FMCG market is expected to expand to US$ 220 billion by 2025. On the other hand, as the unorganized market share in the FMCG sector declines, the organized sector is expected to grow faster as brand awareness rises, aided by the expansion of modern retail.

The increasing youth population, particularly in urban areas, is another major factor driving demand for food services in India. Due to time constraints, India's young customers, who make up the majority of the workforce, rarely have time to cook.

Companies attempting to enter the hinterlands are expected to rely heavily on online portals. The Internet has made a significant contribution, allowing for a more cost-effective and convenient method of expanding a company's reach. By 2020, it is expected that 40% of all FMCG consumption in India will be done online. From US$ 20 billion in 2017, the online FMCG market is expected to grow to US$ 45 billion in 2020.

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India is expected to gain $15 billion per year from the implementation of GST. In the long run, GST and demonetization are expected to drive demand in both rural and urban areas, as well as organized economic growth and improved performance of businesses in the industry

Aside from India's largest population, there is a growing awareness and education of consumers, as well as a shift in buyer lifestyles. As a result, the majority of FMCG companies began focusing on customer satisfaction. As we approach the twenty-second century, we can see that various FMCG firms continue to grow and expand their market share rapidly by meeting the needs of each customer and also by providing many free coupons, toys, and gifts, among other things to keep customers happy and satisfied. Retailers are used as gap fillers for the company's goods that are sold to consumers. In addition, every retailer strives to provide the best possible service to their customers. As a result, the retailer plays a significant role in customer satisfaction, as well as in the supply chain. In any case, retailers are given little or no recognition by businesses, which can lead to retailer disappointment.

Most FMCG companies in India now consider the retailer's satisfaction to be a primary task to overcome the situation. Their satisfaction is the most essential function, so all FMCG companies emphasize the retailer and their satisfaction, depending on their distribution channel. However, the factors that will assist businesses in satisfying retailers are investigated. Retailer satisfaction is also a factor in retailer loyalty (Davis, Cornelia, Mentzer, and Myers, 2009). The Indian FMCG industry has been untouched when it comes to gauging retailer satisfaction. Both businesses and researchers place little or no emphasis on researching retailer satisfaction.

Retailers assist manufacturers in trade promotions, according to Poddar, Donthu, and Parvatiyar (2013). Retailers prefer trade promotions that provide short-term economic benefits, while manufacturers prefer trade promotions that provide long-term, franchise-building services.

As a result, the report concentrates on retailer satisfaction in the FMCG market. This research aims to find out why it's important for a manufacturer and distributor to keep an eye on the issues that small retailers face and make them happy. At the same time, attempts are being made to determine the overall satisfaction of retailers with FMCG companies' services.

This study looks at channel conflict in the context of small retailers in both the traditional and online channels. This paper aims to better understand channel conflict in the context of small retailers by identifying the causes and consequences of this conflict from their perspective. And the emergence of new digital channels has resulted in channel disputes in the FMCG industry. The study was carried out in Kolkata, West Bengal's capital. The research focuses on a few key points, including the likely outcomes of a conflict with a distributor, the impact of online business on retailers, and whether or not they plan to do business online.

2.REVIEW OF LITERATURE

India's retail sector includes 13.8 million small, family-run stores, while organized retail—brick-and-mortar chains and e-commerce—makes up just 10%. Despite growing B2C e-commerce, most Indians prefer local shops for personal interaction and bargaining. Online retailers attract buyers with discounts and offers, but cost-conscious Indian consumers remain skeptical due to delivery delays and weak customer service. This section briefly reviews key research themes: small retailers, channel conflict, their protection, and the rise of digital retail channels.

2.1. Small Retailers

According to **Sanjeev Bansal and Pankaj Kumar (2014)**, "Small retailers contribute not only to the economy but also to society, as they serve as both employers in local communities and landscape identifiers." Small retail businesses have countless positive externalities, such as more money stays in the economy, more jobs are created, they frequently offer friendship, long-distance service, they are usually more involved in community initiatives, they provide a greater sense of place and community, and they may have some environmental benefits."

According to **Brijesh Sivathanu and Dr. Prafulla Sudame (2013)**, it was to look into the challenges facing the retail sector and various formats of retailing. To better understand the retail sector's challenges, the report used primary data from 30 unorganised retailers.
Because of the rise of organised shopping malls, **Anuradha Kalhan's (2005)** research paper concluded that the sales effect on small shops would likely intensify, and earnings will continue to fall. In a separate study with **Martin Franz (2009)**, he discovered that the domination of corporate stores has ramifications for manufacturers, wholesalers, and other supply chain vendors, which lose alternate marketing/retail outlets as monopolies grow. Finally, in densely

populated and rapidly urbanizing countries like India, the growth of large format retail raises severe problems for the urban environment and town planning.

According to **Ramakrishnan (2010)**, these stores are small neighbourhood stores that are primarily owner-managed with little hired help and stock a limited number of items. Furthermore, small retailers are not market leaders in their respective industries.

Andres, J. (2010), the existence of close interpersonal relationships between consumers and store owners interviewed in Perth and Seville suggests that small retailers pursuing a deliberate localization approach to their marketing and business practices may have a sustainable competitive advantage. This would be based on local authenticity and authentic community engagement, with the assumption that replicating certain components will be impossible for larger or multinational stores.

2.2: Indemnification Of Small Retailers

Marketing, as described by Adhirai and Surulivel (2017), is centered on understanding and fulfilling customer needs through promotion, distribution, and advertising, with a focus on retailer satisfaction—especially in India's FMCG sector. Runyan, Sternquist, and Chung (2010) emphasized that channel relationships are shaped by trust, commitment, relationship satisfaction, and quality.

Ali and Dubey (2013) highlighted satisfaction as a core marketing concept closely linked to customer loyalty and economic growth. Ruekert and Churchill (1984) noted that understanding satisfaction among channel members is essential both theoretically and managerially. Schellhase, Hardock, and Ohlwein (2000) also stressed that retailer satisfaction directly impacts profitability, though its specific dimensions remain unclear.

Lopez and Boluda (2017) proposed a model comparing product exchange (innovation, design, quality) and process exchange (services before, during, and after sales), highlighting the role of service delivery in retailer satisfaction and loyalty. Kavak, Sertoglu, and Tektaş (2016) added that strong channel relationships enhance satisfaction and performance, given the interdependence among channel members.

Somashekhar and Patil (2014) emphasized that retailers act as key intermediaries between companies and customers. Since service is their primary differentiation, understanding retailer satisfaction is vital. Bawa, Gupta, and Sharma (2013) echoed this, noting that retailers must focus on service quality to meet diverse customer expectations.

Beura and Jena (2018) analyzed shifting customer preferences in Odisha's biscuit market, observing a move from economy glucose biscuits to premium options. Their study explored how these trends influence retailer behavior in the glucose biscuit segment.

Overall, the literature reflects that retailer satisfaction is central to marketing effectiveness, distribution channel success, customer loyalty, and business performance.

2.3: Channel conflict

Channel conflict is a prevalent challenge in the competitive business landscape and has various interpretations. Bowersox (1992) defines it as a scenario where one channel member perceives another as an adversary attempting to harm or gain at their expense, suggesting intentional hostility. In contrast, Kotler and Armstrong (2004) describe it more broadly as a disagreement over goals or roles among marketing channel members. Coughlan et al. (2006) consider channel conflict a normal occurrence, viewing it as opposition between channel members. Coughlan (2006) outlines three types of conflict: **latent**, where conditions for conflict exist but are unrecognized; **perceived**, where members feel disagreements in attitude or interests; and **functional**, where conflict leads to constructive change. A fourth type, **overt conflict**, is acknowledged but not detailed.

Tazyn Rahman (2012) studied the challenges organized retailers face in India, identifying competition from the unorganized sector, intra-organized retail competition, inefficient distribution, and logistical issues as key constraints. Yoo and Lee (2011) highlighted that competition between brick-and-mortar and online channels varies due to distinct customer inefficiencies across both formats.

Sastry et al. (2007) explored India's rural markets, emphasizing the complexity of rural consumer behavior and infrastructure. Distribution logistics, storage, transportation, dealer motivation, and media reach are uniquely challenging in rural contexts. Creative, tailored strategies are needed to overcome these.

Bhattacharya (2007) examined counterfeit goods in rural markets, noting that imitation products closely resemble genuine ones, deceiving consumers. Rural markets also suffer from poor infrastructure, limited credit, uneven distribution, and low consumer purchasing power. Wholesale channels dominate, but manufacturers often lack control over them. Most rural retail outlets are concentrated in a few states, while thousands of villages remain underserved.

Khicha (2007) pointed out that TV and direct marketing educate rural consumers, making product availability critical. Supply chains in rural India face severe logistical challenges. HUL's *Project Shakti*, which employed rural women as direct distributors, successfully penetrated remote markets. He also noted that Dabur implemented a successful *hub-and-spoke* model. In this model, feeder cities act as hubs for warehousing, and spokes consist of mobile salespeople distributing products to nearby rural outlets.

Velayudhan (2007) emphasized the importance of rural distribution networks in expanding brand reach. Higher dealer penetration leads to wider consumer access and potentially greater market share. Thus, rural distribution is not only about accessibility but also directly linked to competitive advantage.

In summary, channel conflict is a multifaceted issue shaped by various internal and external pressures. In India, unique rural market dynamics, competition between organized and unorganized retail, counterfeit threats, and infrastructure limitations complicate channel management. Addressing these challenges through innovative distribution models, such as hub-and-spoke systems and community-based marketing, is essential for improving efficiency, resolving conflict, and achieving deeper market penetration—especially in rural areas.

2.4: Emergence Of New Digital Channels and its impact on retail.

E-commerce continues to reshape the retail landscape, pushing businesses to adapt to digital trends and enhance their online presence. Sharma and Chandak (2015) identified key challenges for unorganized retail in India, including inefficient supply chains, difficulty in obtaining approvals, low technology adoption, and rising e-commerce competition. Traditionally, as Godin (2007) noted, manufacturers relied on newspapers and physical distribution networks to reach buyers. While physical stores remain the dominant purchasing channel (Blauw Research, 2009), the Internet enables buyers and sellers to connect without geographical limits (Jarvis, 2009), making e-commerce a transformative force in modern retail.

3. RESEARCH METHODOLOGY

The study aims to determine how satisfied small retailers are with distributors and eCommerce sites and define causes and the results of conflicts in both offline and online platforms. The size of the store is accepted as a metric for determining whether or not a business is small, as used by previous researchers (Ramakrishnan, 2010) and found to be important in this study. As a result, a small store is described as one that is privately owned and managed and has less than 500 square feet of physical space. The individual owner, who is usually undercapitalized and owns only one store with minimal stock, handles the bulk of the retailer's functions (Chung, 2014).

3.1: Qualitative Methodology

This study used a qualitative research design and characterize small retailers' perspectives on channel disputes with distributors, businesses impacted by eCommerce platforms, and protection from FMCG companies to protect Kirana stores' business. Semi-structured interviews with a representative number of small retailers were undertaken to explore the study's objectives. This semi-structured interview method allows informants to share their thoughts, differences, and other events in their own terms.

3.2: Sampling Technique

For the purpose of selecting participants, the following criteria were used:

(i) The store had to have been open for at least five years;

(ii) Retailers had to do business with at least 20 dealers, either currently or previously, and groceries and a variety of branded and unbranded items, such as fruit, cosmetics, and so on, should be kept on hand.

3.3: Data collection and Data sources

Initially, I created a structured questionnaire from a previous research paper and held open-ended conversations with a few retailers to gather more information. Following that, I made a set of ten questions with the study's goal in mind. Interviews were held in a semi-structured format.

A total of 25 interviews with the proprietors of small independent retail stores were conducted in the local dialects of Bengali and Hindi.

The data was gathered in the participants' natural environments. After that, the transcripts were translated into English.

3.4: Questionnaire Development and Analysis

A semi-structured questionnaire with three parts has been prepared.

- The demographic questions,
- The retailer satisfaction level with their distributors,
- The business measurement were all influenced by the eCommerce platform, and
- Finally, assessing retailers' overall satisfaction with FMCG companies.

They were often asked about their interactions with their distributors at different points of the relationship and how they handled discord with them. The retailers were also questioned about how the eCommerce platform has affected their business. Also, try to comprehend their strategy for combating the eCommerce business.

In particular, in terms of conflict and eCommerce, a focused effort was made to comprehend the interaction between retailers and FMCG firms. Additional questions about FMCG companies' service levels, such as changing policies or more profit margin passes to small retailers and asking timely visits by a salesperson to understand better.

3.5: Analysis of findings

The study focused on the rivalry with retailers, distributors and eCommerce sites in general, and partnerships with FMCG firms owing to small retailers' dominance in India's retail landscape.This study primarily looked at how satisfied retailers are with channel conflicts with distributors and FMCG companies.The qualitative interviews with small retailers identified four main trends, including channel dispute, market decline attributable to eCommerce platforms/online purchases and relationship analysis with FMCG companies & their representative. In ten questions, the results of the qualitative interviews of small business owners are outlined.

3.5.1: Relationship with Distributors – Channel Conflicts, Dependence for product supply, Satisfaction level, Distributor responsibility.

During the interview with retailers, the study discovered that they have several issues with the distribution of FMCG in markets,

- mode of delivery,
- mode of payment,
- change orders,
- deliberately delay supplies,
- refuse to offers exchanges,
- refrain from passing on credit-related offers extended by the company
- Execution of promo-offer & display of products.

Many retailers, on the other hand, were satisfied with the work of distributors. This fosters a positive relationship between channel members, such as distributors and retailers.

“Distributors don’t seem to care,” **Sai Krishna complained,** ***“and most of them don’t even visit here because there aren’t that many shops around.”***

"The distributor's sales representatives come only once or twice a month," **Narayan Kumar, a Kirana store owner, explains,”** ***And I may not have enough money to buy a month's worth of stock." And even if I do, where am I going to store it?"***

"I had issues with a few distributors,*"** **Sujit Das said.** ***“Distributors often delay orders, and there is no credit support. It's possible that I won't be able to purchase the stock due to a lack of funds. So I'll have to buy a few items from a wholesaler.”

"I only sell necessities like rice, dal, wheat, oil, and a few branded biscuits," **Mona Roy explained.** ***As a result, I didn't have any issues with distributors."***

“We didn’t have problems with distributors on a daily basis,” **Ravi Garg said.** ***“If a distributor causes us problems more than twice, we will take action or terminate our relationship with them. We won’t be doing business for two to five days. As a result, we must create a two-way relationship.”***

Table I. Summary of finding based on Relationship between Distributors and Retailers.

No. of Distributors	No. of retailers who experience channel conflicts		Retailer dependence for supply and order		No. of retailers who lost a customer due to irresponsibility of distributors		Outcome	
	Yes	No	High	Low	Yes	No	Exit	Passive acceptance
<60 distributors (15 out of 25 Retailers)	5	10	10	5	4	11	1	14
>60 distributors. (10 out of 25 Retailers)	2	8	4	6	2	8	4	6

3.5.2: Retailers business affected by eCommerce platform

The online FMCG market is expected to expand from $20 billion in 2017 to $60 billion in 2021, owing to an increase in online users from 90 million in 2017 to 400 million in 2021E. By 2021, digital is projected to control about 40% of FMCG intake. For premium goods, about 72 percent of Indian consumers prefer to shop online locally. In 2021E, the Indian online grocery market is expected to surpass sales of around Rs. 28,000 crore (US$ 4 billion), a 76 percent increase over the previous year.

FMCG companies are also warming up to the idea of launching some of their products exclusively on e-commerce for a limited time. E-commerce sales grew 56 percent in the first quarter of 2020 and 38 percent in June 2020, indicating that FMCG companies are launching products online before making them available in traditional retail stores. Dabur, for example, launched an entire range of ayurvedic baby care products exclusively on the e-commerce platform on August 7, 2020.

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When asked where their business has been impacted by online sales or eCommerce platforms,” Do they intend to sell on an online venue, or are they considering doing business online?”

“For the foreseeable future, online retailers are likely to continue burning cash at such a high rate that, sooner or later, they will have to pause, make course corrections toward a profitable and sustainable business model,” **said Saurabh Garg.** ***Consider the example of Big Basket. “After selling to end consumers, there are 5-8 percent margins or profits in the food industry,” he said. As a consequence, the online platform has proved to be a failed business model. Sooner or later, they’ll have to make money in food and groceries, which will be challenging given the razor-thin*** **margins.”**

"I had no problem with online sales or Supermarts in the Salt Lake neighbourhood," **Suvo Deep Mukherjee said.** ***“Because most customers who place orders are over the age of 50, they would instead put orders over the phone or WhatsApp.”***

"My business was hampered after Corona," **Ravi Garg said.** ***I'm not familiar with internet sales. I'm not sure if corona or online sales have hampered my business."***

"Online sales have had an impact on my business," **Ganesh Agarwal said.** ***“In comparison to the previous two years, turnover has decreased by 20-30%. What can I do in the internet world? I'm not sure how to sell on the internet.”***

Table II. Summary of finding based on business affected by eCommerce platform.

Part – I

Percentage (%) of loss	No. of retailers who lost business due to online sales
0-15%	20 out of 25
16-30%	5 out of 25

Part - II

	No. of retailers planning to sell on eCommerce platform.	No. of retailers planning to move online for business
Yes	5	2
No	20	23

Despite the fact that traditional retail is losing market share and commerce is gaining, the former will continue to dominate in the near future due to proximity to consumers, local neighbourhood experience, and close relationships with clients. As evidenced by this, Kiranas are here to stay.

Epidemics and pandemics have taught us that only offline supermarket chains or stores that shape distribution partnerships or find new ways to access consumer populations can hope to survive. "Local grocery stores or small retailers (Kirana's) will remain relevant because they provide outstanding service to their customers, provide a convenient credit facility, and have a long-term relationship with them.However, they need assistance in modernizing and digitizing their stores.

3.5.3: Relationship with customers

According to the Deloitte study, proximity to consumers, free home delivery in less than an hour, credit for allowing delayed payments, flexible terms for product returns and exchange, and the opportunity to sell customized products based on local community demand trends, any of the capabilities that a store can provide include buying new goods based on special orders.

The use of messaging apps like WhatsApp for e-commerce is also becoming more common. A significant number of small business owners use WhatsApp to perform business by messaging and sharing photographs. WhatsApp is a platform for direct consumer engagement in India, with over 400 million monthly active users. As a result, WhatsApp is one of the most valuable sites for small and medium-sized companies. In the world, over 1 million sellers use WhatsApp for Business. Companies that create WhatsApp Chabot's for retailers have emerged in recent years, allowing them to handle many orders using AI. Now that the NPCI has authorized UPI payment by WhatsApp, it is expected to become one of the largest social commerce sites.

Mr Santanu Ghosh, a retailer from the Salt Lake region, said, ***"With time, we have embraced." "We now accept orders from previous customers through WhatsApp and deliver to their homes. Paytm, Google Pay, Cards, and Cash are among the payment options we accept."***

"Even if the customer orders a product worth less than 50 rupees, I have to provide free home delivery," Lakshman explained. ***"We provide free home delivery service as well as we have to deliver within 1 hour if the product is Milk, Rice, Wheat, or Dal,"*** said Ritesh Gupta, another retailer.

"Free delivery used to be an option for Kirana shops to do, but it is now a necessity," **Sanju Agarwal, a retailer from Bangur, said.** ***"Aside from delivery, we give our long-term customers credit for 4-5 days to pay."***

"We give free delivery if the customer orders rupees 500 or more," **Biplob Mondal said.**

"We only give home delivery service to our regular customers and take orders through WhatsApp or message," **said the owner of Karan stores.**

"I deliver bread, eggs, and some vegetables to regular customers before opening shop," **said Chandan Kumar, a retailer from Salt Lake.** ***Make free home delivery as well."***

All of them is the ease at which can reach it. Number two is the chance to sell the most locally suitable range of goods to their client base. The knowledge of what the local community eats is unrivalled in a Kirana shop. It's more likely to be found in a neighbourhood grocery store than a high-end supermarket. It's not just the variety of local goods they sell that sets them apart. Kirana stores usually provide free delivery in under an hour and a convenient credit facility for regular customers. Due to their extensive understanding of the small business community, they can make greater use of the limited warehouse space and turn over inventory more efficiently. They stock up on what they need and use the wholesaler as a storage facility.

3.5.4: Company and Retailers relationship analysis

One of the most important aspects of any retailer is the relationship between the salesperson and the company. A partnership dimension can be used to define the channel relationship. The association with the organization and the salesperson's referral are part of the marketing channel. Retailers are happy because they have a positive interaction with both the customer and the salesperson. Small retailers are delighted when salespeople from FMCG firms take orders immediately and produce them without hesitation.

"We've been in service for 22 years and have seen a lot of changes in terms of Kirana shop satisfaction. A company salesperson comes once a month to hear about our issue, to demonstrate goods, and to see how our distributors work with us," **said Mr Santanu Ghosh, a retailer from the Salt Lake district.**

"The big branded company person comes and takes orders, and the distributor's person (salesperson) comes and takes orders for the small company brand," Ravi Garg explained.
"A few companies come to make deals, but I'm not interested," **Kishore Das said**.

Retailers do not need to hold a massive stock volume and do not need to be worried about the many often a salesperson visits the outlet. Small retailers' satisfaction levels can be influenced by credit facilities, programs, and discounts. Spite of the fact that credit is an important element in customer loyalty, most retailers are hesitant to use it. And if the retailers procure the same volume of goods, the companies' schemes and promotions are viewed by the retailers as a profit. The number of salesperson visits is one of the most important factors in determining

retailer satisfaction.The majority of FMCG businesses agree that margin is a significant factor in retailer satisfaction. The profitability component is margins, and while most retailers believe that margin is an important factor in customer loyalty, it is not exceptionally so. The vector on-time arrival is loaded; even though a supplier receives a high margin, it is pointless if the items don’t arrive on time. As a result, profitability is a important factor in retailer satisfaction.
Any product selling can begin with a customer's purchase of the product. If there isn't enough interest from customers, they will not sell the goods, and retailer loyalty will suffer as a result. Retailers believe that company commercials would have a lesser impact on their level of satisfacti

4. DISCUSSION

This paper examines the level of satisfaction among small retailers (Kirana stores) regarding channel conflict with distributors and the challenges posed by the rise of e-commerce in India. Using semi-structured interviews with 25 small retailers, the study explores the relationship between FMCG companies and retailers from the perspective of these local players.The findings highlight persistent issues in retailer-distributor relationships. Conflicts arise from delays in delivery, misuse of distributor power, refusal to accommodate product returns or swap deals, lack of credit support, and inefficiencies in supply. Small retailers depend heavily on distributors for branded goods, but many report shifting to wholesalers due to dissatisfaction. Of those interviewed, 18 regularly resolved disputes, while 7 had stopped buying from their regular distributors, opting instead for alternative channels.

Johnsen and Lacoste (2016) noted that conflict typically brings tension and dissatisfaction. The report echoes this, showing that due to unequal power dynamics, small retailers often resort to passive acceptance. Some do voice complaints, but many believe their concerns go unheard due to their limited market influence.Studies by Kang (2012) and Dwyer (1987) suggest that unresolved conflict increases the chance of relationship breakdown. Retailers often stick with distributors out of necessity, even in the face of poor service. Mooi and Frambach (2009) add that perceived seller power reduces the likelihood of buyer retaliation. In such cases, passive acceptance and exit (changing distributors) were the two main outcomes observed.The study also indicates that the performance of FMCG companies influences the degree of perceived conflict. Small retailers expressed dissatisfaction with poor delivery, low margins, and inadequate marketing support, echoing findings from Frazier (1983) and Chung (2014). As Ping (1999) pointed out, dissatisfaction can drive channel exits.

While e-commerce presents major challenges, Kirana stores have remained resilient. Despite the rise of malls and online shopping, these stores continue to thrive due to their low operating costs, adaptability, and strong customer relationships. The high cost of real estate limits the expansion of organized retail, while Kirana stores operate efficiently in smaller spaces and leverage wholesalers as extended warehouses.In the grocery segment—where margins are thin and cold-chain logistics are complex—e-commerce has struggled to gain profitability. While online players see potential in non-food items, their reliance on cash-burning models and difficulty in reaching remote areas leave room for Kirana stores to continue dominating. Moreover, online retailers may eventually rely on local wholesalers to manage their backend operations.

India's retail future will likely be shaped by convergence rather than competition between online and offline formats. FMCG companies and startups should not view Kirana stores as obsolete but rather as partners to empower. Solutions that simplify operations, improve supply chain efficiency, and digitize business practices can help Kirana stores compete and thrive.Digitization can include point-of-sale billing systems, mobile payment apps, inventory tools, and integration with wholesale suppliers. Hyperlocal solutions can address the unique demands of different regions, given India's diverse food habits and consumer preferences. Kirana retailers can also benefit from training in assortment planning, planograms, and visual merchandising to improve profitability.Financial modernization is equally critical. Since many Kirana stores rely on credit with both suppliers and customers, working capital loans tailored to their needs can enhance operations and growth.

Even with advancements in big-box retail and e-commerce, Kirana stores are projected to retain over 80% of India's consumption market. As of now, they account for 96% of grocery retail. Their strength lies in personal customer relationships, convenience, and trust—qualities that digital platforms struggle to replicate.Ultimately, the future of Indian retail lies not in an offline-versus-online battle but in collaboration. Kirana stores and digital platforms can coexist, complementing one another to serve India's vast and diverse consumer base.

5.CONCLUSIONS, RECOMMDATIONS AND LIMITATION

India's retail market is one of the fastest-growing globally, contributing about 10% to the country's GDP and ranking among the top five global retail industries. The sector consists of both organized and unorganized retailers, with small retailers—particularly Kirana stores—forming a significant segment. These small retailers often lack formal training or qualifications but continue to play a vital role by promoting sustainable regional development, preserving traditional values, and fostering local entrepreneurship.However, the rise of foreign direct investment (FDI) in retail and the entry of large corporations have posed severe challenges to these small retailers. Many have experienced reduced profits and market share. Despite their importance, small retailers are often neglected as a strategic link in distribution channels. To thrive in such a competitive landscape, it is essential that businesses effectively engage with small retailers and minimize conflict within the distribution chain.

This study explored both online and offline channel conflicts and examined small retailer loyalty and dissatisfaction with distributors. Findings revealed that small retailers who are heavily reliant on distributors often accept unfavorable terms. They are reluctant to voice their concerns, feeling powerless and overlooked. Prolonged neglect of these retailers could weaken the broader formal sales network.A significant insight from this study is the need to evaluate channel conflict from the small retailer's perspective. E-commerce and direct-to-consumer portals offer opportunities for future research into the evolving relationships between retailers, distributors, and FMCG companies.

For FMCG firms and startups looking to expand in India, the study offers important implications. Firstly, these companies should monitor distributor performance to ensure quality service to small retailers. If neglected, these retailers may switch to alternative channels such as wholesalers or organized wholesale formats like Metro Cash & Carry and Walmart. This reduces manufacturer control over branding, shelf space, and customer feedback. Second, extensive training must be given to sales teams interacting with small retailers to enhance relationship quality.

Interestingly, Kirana stores have adapted to change, especially post-Covid. Many have embraced digital payments, UPI systems, and contactless delivery methods, even in small towns. This shift has accelerated digitization and enhanced customer safety and convenience.

The study recommends that Kirana stores modernize their business practices further. They could partner with known brands through franchises, offer discounts and promotions, and implement inventory management systems to track shrinkage, performance, stock levels, and turnover. Accepting multiple forms of payment like Visa, MasterCard, Paytm, and Google Pay will also help. Additionally, cooperative models—where several shopkeepers jointly open a large retail outlet—could improve profitability and efficiency.Despite the increasing competition from global and online retailers, it is essential to protect and empower small, independent retailers. They continue to face challenges such as limited expertise, financial constraints, technological gaps, and lack of marketing skills. Strategies like improving customer service, introducing innovative technologies, and forming stronger retail alliances can help them remain competitive.

Policymakers and FMCG companies must acknowledge the importance of these retailers and provide them with training, infrastructure support, and financial assistance. Kirana stores still hold over 80% of India's grocery market and are deeply rooted in local communities. Their personalized customer relationships and deep market knowledge cannot be easily replicated by modern retail formats.This study, based on 25 semi-structured interviews from diverse locations in Kolkata, used qualitative methods. While limited in sample size, it revealed meaningful patterns and retailer sentiments. Future studies should include larger and more diverse samples across regions. Quantitative methods and exploration into other retail sectors and emerging formats can deepen understanding.

In conclusion, while e-commerce and corporate retail continue to expand, Kirana stores must re-engineer their operations to remain relevant. With strategic modernization and government support, small retailers and organized retail can coexist, creating a win-win scenario for all stakeholders in India's dynamic retail sector.

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