

Retailing Trends and Opportunities of China's Products in Indian Market

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Abstract

The aim of this study is to bring to light the scope & behavior of Chinese foods and products in the Indian retailing market. Mostly Asian countries have adopted economic policies which are encouraging rapid growth for making a presence in the international marketplace. In India, FDI permitted in retail sector for foreign groups is up to 51 per cent for 'multi-brand retailers', and 100% for single brand retailers. This decision has led to an increasing presence of international retailers. In this study respondents have been categorized into three groups 1st (managerial, administrative, or professional), 2nd (semi skilled, businessman) and 3rd (teen agers students, coupled with rising incomes). In addition, growth of an economy creates better opportunities for capable people, and affects their lifestyle, shopping behavior and eating habits. So Mostly retailers serve meals which are easy to cook and are delivered fast like pizza, burger, momos, fast foods, cold drinks and Chinese food.

A faster inspection of the preferences and lifestyle of Indian consumers during momentous segmentation strategies can serve as basis for successfully competing in India's retail sector. Health-related anxiety, non vegetarians and coupled with rising incomes in India, is without delay to seek & preference to the more hygienic retail conditions.

Keywords: Fast Foods, Life Style, Eating Behavior, Economic Reforms

1. Introduction

The accelerated economic growth of both China and India in recent years has been the focus of significant policy discussion and analysis. China's economic growth is mainly due to manufacturing sectors, while India's growth has been through services sectors like Information Technology (IT). It has accumulated more than 500 billion dollars in reserves both throughout the growth export, especially in service sectors like IT and ITES and by attracting all types of investment (stock- market, private equity fund and foreign direct investment) in India. As both of these countries look to sustain their growth, China is determined to increase its presence in IT, while India attempted to be a stronger player in manufacturing industries. For achieving these respective goals both countries will be required to take ample policy actions, which creates employment opportunities. It will have a multi-effect on living standards, eating habits and demand for consumer durables & luxurious items etc.

2. Impact of Economic Reforms and Patterns of Consumption and Income

While India's political freedom is more than 60 years old, its economic freedom is only 20 years old. In 1991, the government

neglected the planned social economy model which was labeled as the 'License Raj' in favor of capitalist market economy. It has also produced several large new enterprises such as Reliance, Infosys and Bharti as well as reenergized traditional business groups including Tata and Birla and many public sector units, like Coal India, Maruti, SBI and LIC. The combined market capitalization of these enterprises since 1991 is nothing short of spectacular. Finally, Indian economy is progressively getting globally integrated both economically and politically.

After economic reforms in 1990-91, it has also generated new self-confidence and 'can do' attitude among its educated class as well as illiterate masses. In fact, nothing seems to be impossible if you are an Indian or in India. It has produced altogether new large global enterprises, like Mittal, DLF, Reliance, Bharti, Dr. Reddy's, Ranbaxy, Infosys, Hindalco, ONGC, Wipro, TCS, and many more.

An economic reform has created a new middle class; like BPO Industries couple: both husband and wife is college colleague, both have to work, and they neither wants their parents to live with them because they like to enjoy their privacy and freedom. The call center couple does not want to shop from the traditional merchant or the neighborhood provision Kirana, who gives home delivery for daily groceries and toiletries with a monthly account settlement. Instead, BPO's couple wants to shop at a modern

organized retailer such as Big Bazaar and Metro, which offer branded, quality products (both domestic and imported) with fixed prices and checkout counters that accept credit cards for payment.

The high-income group (rich), which accounted for just 20 per cent of the total world population, had the consumption level at 76.6 per cent. The middle-income group (working class) accounted for 60 per cent of the world population, but it had a consumption percentage of 21.9 per cent. The low-income group (poor) included 20 per cent of the world population and constituted a meager 1.5 per cent of the total consumption.

China's Industries try to fulfill the requirements of low-income group people at lowest price of products. It is no more a hypothesis that middle, lower income groups are also potential markets, and these categories are not only treated as consumers but as a stable low-cost producer. It completes the economic modeling with Inclusiveness. In current situation, only emerging market are Underfed, they will also contribute 3 billion people, and more than 40% of global population to the middle class by 2050.

3. Outsourcing from China

Due to economic reforms and Purchasing Power Parity, India will become the second (and, in some instances, the first) largest consumer market in many products and services exceeding the United States, Japan and Germany which includes cell phones, consumer electronics item, home appliances, garments, two wheelers motorcycles & scooters, beverages, ready to eat foods, and agriculture products such as fruit, vegetables and grains as well as dairy products including milk, cheese and butter. All the above products as well as its parts are being imported or outsourced from China because of their availability at low cost. As the second largest market in the world, it has attracted global enterprises from around the world to make and market locally. Global IT industry including IBM, Accenture, Microsoft, Google, Cisco Systems and Intel has invested due to the success of its technical education. As India graduates between 1, 50,000 and 2, 00,000 engineers each year and has more than twice the number of annual college graduates of the United States⁶. According to the World Bank⁷ 'Doing Business in India' report, it is difficult to do business in India than China. In 2004, it takes 89 days to start a business in India, but in china only took 41 days to start a business. Therefore, India will have to sort-out the problem of delay in procedural works for approval and documentations of business. So, what should be done to maximize its resource strengths and minimize its heritage disadvantage? First, India needs a sense of urgency and purpose. Its 'chalta hai' culture, especially in the government bureaucracy and political leadership needs to be changed to a mission-driven deployment of its abundant resources.

For China to increase its IT sector, it has to focus on current IT industry on global exports; spur entrepreneurship and reduce dependence on central government; create a strong trade association to improve regulatory environment; and improve quality and approach of educational system. In other hand, India will have to improve its manufacturing sector by increasing or attracting its FDI inflows for manufacturing and improve basic infrastructure. India has major weakness of lack of modern infrastructure, throughout the value chain since from production to consumption. This includes modern seaports, cargo airports, logistics and high-speed roads. Without a strong manufacturing base, a nation cannot become a global sourcing destination despite the fact it has large domestic market.

4. Methodology

In this paper, researcher has evaluated the attitude of China's product in Indian market. Researcher has conducted survey among 100 respondents (Delhi & NCR) for identifying the behavior & trend of electronics products, toys etc. and specially food products. The analysis has been done by using SPSS 17. Researcher has taken 11 attribute for china's electronic products (Affordable, Availability, Substitute, Chale to Chand tak nahi to Sam tak, Preference, Low Product Cost, Latest Technology, Maintenance, Features, Festival, Not reliable) and 10 Chinese food (Chowmein, Eggroll, Fried rice, Soup, Bun, Broccoli, Manchurian, Pasta, Momos, Burger).

Stability analysis, reliability analysis has been applied to determine the internal consistency of the product's attribute. Internal consistency of the items has been measured by using Cronbach's alpha coefficient. The items considered will represent an acceptable level of internal consistency if the Cronbach's Alpha value is within 0.4 to 0.7 and will represent a good level if the Cronbach's alpha value is more than 0.7. See Table 8 (0.491) The Cronbach's alpha value for the China's electronic products subscale ranged between 0.36 and 0.51, indicating a poor acceptable level of internal consistency across multiple measurements.

5. Result

5.1 Factor Analysis (China's electronic products)

The Principal Component Analysis (PCA) has been used for data extraction. It has extracted 03 attributes for factor analysis out of

Table 8. Reliability statistics

Cronbach's Alpha	Cronbach's Alpha based on standardized items	No of items
.491	.479	11

the 11 attributes. 11 factors were rotated to identify the important group of factors. Only those factors have been retained which have an Eigen value more than 01. An Eigen value represents the amount of variance associated with the factor. The result was retained by 03 factors, which has the Rotation Sums of Squared Loadings (83.248%) of the total variance (Table 12).

The Cronbach's alpha value for the China's electronic products subscale ranged between 0.36 and 0.51, indicating poor acceptable level of internal consistency across multiple measurements.

Each item is rated based on five Likert-scales range between 1 and 5 (1 = strongly disagree, 2 = disagree, 3 = unsure, 4 = agree, and 5 = strongly agree).

The Cronbach's alpha value for the 1st factors (0.559) (Table 14) subscale ranged between 0.36 and 0.55, indicating poor to acceptable level of internal consistency across multiple measurements. The Cronbach's alpha value for the 2nd factors (0.712) (Table 14) subscale ranged between 0.70 and 0.80, indicating good level of internal consistency levels across time and occasions. The Cronbach's alpha value for the 3rd factors subscale (0.835) (Table 14) ranged between 0.79 and 0.85, indicating good level of internal consistency across measurements.

5.2 Factor Analysis (Chinese food)

The Principal Component Analysis (PCA) has been used for data extraction. It has extracted 04 attributes for factor analysis out of the 10 attributes. 10 factors were rotated to identify the important group of factors. Only those factors have been retained which have an Eigen value more than 01. An Eigen value represents the amount of variance associated with the factor. The result was retained by 04 factors, which Rotation

Sums of Squared Loadings (87.799%) of the total variance (Table 15).

Each item has been rated based on seven Likert-scales which has a range between 1 and 7 (1–Not a priority, 2–Low priority, 3–Somewhat priority, 4–Neutral, 5–Moderate Priority, 6–High priority, 7–Essential priority).

The Cronbach's alpha value for the 1st factors (0.783) & 4th factors (0.701) (Table 16) subscale ranged between 0.70 and 0.80, indicating good level of internal consistency across multiple measurements. The Cronbach's alpha value for the 2nd factors (0.894) (Table 16) ranged between 0.79 and 0.90, indicating good level of internal consistency across measurements.

The Cronbach's alpha value for the 3rd factors subscale (0.572) (Table 16) subscale ranged between 0.36 and 0.59, indicating

Table 14. Internal consistency level

Component	China's product attitude	Factor loading	Cronbach's Alpha
1	Substitute	0.536	0.835
	Chale to Chand tak nahi to Sam tak	0.643	
	Features	0.867	
	Festival	0.634	
	Not reliable	0.916	
2	Maintenance	0.744	0.712
	Preference	0.872	
	Substitute	0.542	
3	Affordability	0.533	0.559
	Availability	0.812	
	Chale to Chand tak nahi to Sam tak	0.575	

Table 12. Total variance explained

Component	Initial Eigen values			Extraction sums of squared loadings			Rotation sums of squared loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.419	40.172	40.172	4.419	40.172	40.172	3.686	33.507	33.507
2	2.477	22.522	62.693	2.477	22.522	62.693	3.002	27.289	60.796
3	2.261	20.554	83.248	2.261	20.554	83.248	2.470	22.452	83.248
4	.840	7.635	90.883						
5	.660	6.002	96.885						
6	.234	2.131	99.016						
7	.108	.984	100.000						
8	1.876E-15	1.706E-14	100.000						
9	5.797E-16	5.270E-15	100.000						
10	7.598E-17	6.907E-16	100.000						
11	-6.328E-16	-5.752E-15	100.000						

Extraction Method: Principal Component Analysis.

Table 15. Total variance explained

Component	Initial Eigen values			Extraction sums of squared loadings			Rotation sums of squared loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.538	35.377	35.377	3.538	35.377	35.377	2.973	29.727	29.727
2	2.330	23.305	58.682	2.330	23.305	58.682	2.249	22.494	52.220
3	1.869	18.688	77.370	1.869	18.688	77.370	2.182	21.817	74.037
4	1.043	10.429	87.799	1.043	10.429	87.799	1.376	13.762	87.799
5	.676	6.758	94.557						
6	.503	5.030	99.587						
7	.041	.413	100.000						
8	3.366E-16	3.366E-15	100.000						
9	-1.170E-16	-1.170E-15	100.000						
10	-1.455E-15	-1.455E-14	100.000						

Extraction Method: Principal Component Analysis.

Table 16. Internal Consistency Level (Chinese food attitude)

Component	Chinese food attitude	Factor loading	Cronbach's Alpha
	Soup	0.868	
1	Manchurian	0.538	0.783
	Burger	0.801	
2	Momos	0.894	0.894
	Chowmein	0.514	
3	Eggrolls	0.821	0.572
	Manchurian	0.742	
4	Pasta	0.701	0.701

poor acceptable level of internal consistency across multiple measurements. Small vendors/Street venders are more selling fast foods³. The emerging Southeast Asian markets are still dependent on traditional and inefficient distribution and retailing systems⁴.

6. Conclusion

An economic reform has created a new middle class; like service sector, BPO Industries couple: both husband and wife is college colleague, both have to work, and they neither want their parents to live with them because they like to enjoy the privacy and freedom. Chindia rising is a highly useful guide to national and international economics for students and practitioners of both business and politics¹. Success of any product depends on the Identification of key factors as the changing basis and use

Table 1. Gender profile of respondents

		Frequency	Percent	Valid percent	Cumulative percent
Valid	M	60	60.0	60.0	60.0
	F	40	40.0	40.0	100.0
	Total	100	100.0	100.0	

Table 2 Age group of respondents

		Frequency	Percent	Valid percent	Cumulative percent
Valid	18-23	30	30.0	30.0	30.0
	24-29	51	51.0	51.0	81.0
	30-35	9	9.0	9.0	90.0
	41<	10	10.0	10.0	100.0
	Total	100	100.0	100.0	

of retail power in the distribution channel, the centralization of management activities, and the appreciation of what constitutes retail image². Researcher has used 11 attribute for the success and growth of china's electronic products (Affordable, Availability, Substitute, Chale to Chand tak nahi to Sam tak, Preference, Low product cost, Latest technology, Maintenance, Features, Festival, Not reliable) Table 14. Mostly has given his statements for the products not reliable, low product cost etc. thus china's have to make qualitative product for the Indian consumers. 20 years is a long time in retail trends, given the technology changes and emerging-market growth that are continuing to cause consumer habits to change. Attitudes has three components, they are cognitive, affective and behavioral⁹. Fishbein's and Ajzen⁹ elaborate: "Cognitive component of an attitude reflects underlying beliefs, opinions, knowledge or information a person possesses 60%. male & 40% and below 29 years are preferred more fast foods (Table 1 & 2).

India is growing countries and more competent in the field of IT and IT enabled industries which attract youngster as a carriers. 91% of respondents from single, couple and in living relations are working in BPO and Academic Profession (As Students) with different income category (Table 3–5). Mostly respondents are living with family 56% (Table 6). 11 factors of Chinese product effect the purchasing decision of customers (Table 7).

Due to new middle class consumers their food preferences has also changed. Mostly younger's shopping behavior influenced by advertisement and promotional scheme⁵ Researcher has used 10 Chinese foods (Chowmein, Eggroll, Fried rice, Soup, Bun, Broccoli, Manchurian, Pasta, Momos, and Burger) among 100 respondents Table 16. They mostly liked Chowmein, Soup, Manchurian, Momos, Burger and Eggroll because of easily available and ready to cook.

Table 3. Marital status of respondents

	Frequency	Percent	Valid percent	Cumulative percent
Valid Single	40	40.0	40.0	40.0
Couple	15	15.0	15.0	55.0
Lr	36	36.0	36.0	91.0
Married	9	9.0	9.0	100.0
Total	100	100.0	100.0	

Table 4. Job Profession of respondents

	Frequency	Percent	Valid percent	Cumulative percent
Valid Student	19	19.0	19.0	19.0
BPO	62	62.0	62.0	81.0
Mfg	14	14.0	14.0	95.0
Business	5	5.0	5.0	100.0
Total	100	100.0	100.0	

Table 5. Income of respondents

	Frequency	Percent	Valid percent	Cumulative percent
Valid <1.5L	19	19.0	19.0	19.0
1.5L–3.0L	21	21.0	21.0	40.0
3.0L–4.5L	30	30.0	30.0	70.0
4.5L<	30	30.0	30.0	100.0
Total	100	100.0	100.0	

Table 6. Accomodation of respondents

	Frequency	Percent	Valid percent	Cumulative percent
Valid PG	19	19.0	19.0	19.0
Rented With Friends	25	25.0	25.0	44.0
With Family	56	56.0	56.0	100.0
Total	100	100.0	100.0	

Table 7. Descriptive statistics (Characteristics of China's product)

	N	Minimum	Maximum	Mean	Std. Deviation
Maintenance	100	1.00	4.00	1.6900	1.08892
Availability	100	1.00	5.00	2.4800	1.16758
Substitute	100	1.00	5.00	2.6900	1.07961
Preference	100	1.00	5.00	2.7900	1.43756
Low product cost	100	1.00	5.00	3.2300	1.42031
Latest technology	100	1.00	5.00	3.2600	1.31518
Features	100	1.00	5.00	3.3500	1.30558
Not reliable	100	1.00	5.00	3.4100	1.38604
Chale to Chand tak nahi to Sam tak	100	2.00	5.00	3.6500	1.10440
Festival	100	2.00	5.00	4.1100	.98365
Affordable	100	4.00	5.00	4.4900	.50242
Valid N (list wise)	100				

Table 9. Correlations transformed variables (characteristics of China's product)

Dimension:1												
	1	2	3	4	5	6	7	8	9	10	11	Male
Affordable	1.000	.593	.594	.589	.713	.915	.561	.424	.724	.611	.674	.024
Availability	.593	1.000	1.000	.807	.898	.634	.805	.384	.797	.938	.961	.140
Substitute	.594	1.000	1.000	.809	.897	.637	.803	.381	.801	.934	.957	.152
Chale to Chand tak nahi to Sam tak	.589	.807	.809	1.000	.927	.697	.968	.525	.956	.826	.824	.245
Preference	.713	.898	.897	.927	1.000	.823	.905	.566	.941	.936	.953	.220
Low product cost	.915	.634	.637	.697	.823	1.000	.678	.361	.831	.707	.725	.310
Latest technology	.561	.805	.803	.968	.905	.678	1.000	.513	.951	.877	.835	.140
Maintenance	.424	.384	.381	.525	.566	.361	.513	1.000	.561	.524	.545	-.492
Features	.724	.797	.801	.956	.941	.831	.951	.561	1.000	.862	.840	.199
Festival	.611	.938	.934	.826	.936	.707	.877	.524	.862	1.000	.978	.047
Not reliable	.674	.961	.957	.824	.953	.725	.835	.545	.840	.978	1.000	.053
Gender ^a	.024	.140	.152	.245	.220	.310	.140	-.492	.199	.047	.053	1.000
Dimension	1	2	3	4	5	6	7	8	9	10	11	
Eigen value ^b	8.681	.869	.772	.469	.113	.065	.031	.000	.000	.000	.000	

a. Supplementary variable.

b. Eigen values of correlation matrix excluding supplementary variables.

Table 10. Correlations transformed variables (characteristics of China's product)

Dimension:2													
	1	2	3	4	5	6	7	8	9	10	11	Female	
Affordable	1.000	.020	-.004	-.093	-.001	.070	-.004	.256	-.010	.057	.161	-.024	
Availability	.020	1.000	.984	.895	.744	.744	.988	.640	.982	.829	.806	.939	
Substitute	-.004	.984	1.000	.950	.778	.763	.967	.690	.975	.783	.815	.895	
Chale to Chand tak nahi to Sam tak	-.093	.895	.950	1.000	.824	.628	.903	.790	.910	.757	.822	.815	
Preference	-.001	.744	.778	.824	1.000	.350	.766	.580	.755	.584	.583	.691	
Low product cost	.070	.744	.763	.628	.350	1.000	.652	.274	.699	.532	.684	.640	
Latest technology	-.004	.988	.967	.903	.766	.652	1.000	.698	.987	.869	.806	.936	
Maintenance	.256	.640	.690	.790	.580	.274	.698	1.000	.704	.646	.680	.534	
Features	-.010	.982	.975	.910	.755	.699	.987	.704	1.000	.817	.768	.878	
Festival	.057	.829	.783	.757	.584	.532	.869	.646	.817	1.000	.915	.895	
Not reliable	.161	.806	.815	.822	.583	.684	.806	.680	.768	.915	1.000	.851	
Gender ^a	-.024	.939	.895	.815	.691	.640	.936	.534	.878	.895	.851	1.000	
Dimension	1	2	3	4	5	6	7	8	9	10	11		
Eigen value ^b	7.960	1.130	.823	.499	.322	.241	.026	.000	.000	.000	.000		

a. Supplementary variable.

b. Eigen values of correlation matrix excluding supplementary variables.

Table 11. Model summary of respondents (male & female)

Dimension	Cronbach's Alpha	Variance Accounted For		
		Total (Eigen value)	Inertia	% of Variance
1	.973	8.681	.789	78.920
2	.962	7.960	.724	72.361
Total		16.641	1.513	
Mean	.968 ^a	8.320	.756	75.640

a. Mean Cronbach's Alpha is based on the mean Eigen value.

Table 13. Component matrix

	Component		
	1	2	3
Affordable	-.745		.575
Availability			.812
Substitute	.536	.542	
Chale to Chand tak nahi to Sam tak	.643		.533
Preference		.872	
Low product cost	-.869		
Latest technology	-.585		
Maintenance		.744	
Features	.867		
Festival	.634		
Not reliable	.916		

Extraction Method: Principal Component Analysis.

a. 3 components extracted.

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Table 17. (India Vs China) China and India comparison of key indicators

Indicators	India	China
Size of Population	1.22 billion	1.33 billion
Type of Government	Democracy	Communist State
Consumer expenditure per head:	US\$767	US\$1,834
Manufacturing as a % of GDP	16%	53.3%
Services as a % of GDP	51.5%	32.2%
FDI Inflows (2012–2013)	\$59.1 billion	\$10.4 billion
GDP per head	US\$1,540	US\$6,190

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