CHANGING FACE OF INDIAN RETAIL: A SECONDARY DATA-BASED ANALYSIS OF RETAIL TRANSFORMATION AND CONSUMER IMPULSE BUYING

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Abstract:

India's retail sector has undergone significant changes in recent years. Kirana stores, supermarkets, organised retail chains, e-commerce and quick-commerce platforms now operate alongside each other and, in some cases, complement each other. The research studies this transition through secondary evidence from government publications, industry reports and academic research, with a focus on consumer impulse-buying behaviour. The data indicates that India's retail market expanded from ₹35 lakh crore in 2014 to ₹82 lakh crore in 2024 and is projected to exceed ₹190 lakh crore by 2034. In the FMCG segment, modern trade recorded stronger volume growth in the periods considered, although traditional trade also continued to grow and remained significant. At the same time, digital payments have expanded rapidly: retail digital payment transactions rose from 7,176.90 crore in FY 2021-22 to 22,167.90 crore in FY 2024-25. Shopper data also suggest changes in grocery buying behaviour, including more frequent visits, greater responsiveness to deals and increasing acceptance of premium store brands. Previous Indian studies have identified several factors associated with impulse buying, including store environment, product visibility, promotional activities, shopping enjoyment, availability of money and time, and individual consumer characteristics. A comparative study reported substantially higher impulse-purchase incidence in modern retail than kirana settings (95% versus 65%), however this evidence comes from a primary survey reported in a secondary source and should not be interpreted as a national estimate. Overall, the evidence suggests that India's retail transition is not simply a case of modern formats replacing kiranas. Instead, long-standing advantages such as trust, proximity and personal service are increasingly being combined with digital payments, merchandising, promotions and technology-enabled services.

1. Introduction:

For decades, traditional unorganized retail, primarily represented by independent small-scale neighbourhood enterprises known as kirana stores, has been an important part of the Indian retail sector. The continued importance of these stores can be attributed to their proximity to customers, personal relationships, flexible payment practices and the convenience they provide for frequent purchases. However, the sector is undergoing a significant transformation. The growth of organised modern retail introduced standardised prices, wider product ranges and larger-scale purchasing. These changes also improved supply-chain efficiency and changed the way consumers interact with retailers. More recently, the growth of e-commerce and quick commerce has further changed the retail environment. Faster delivery and improved last-mile logistics have made routine household purchases more convenient for consumers.

These changes are taking place within a growing Indian retail market. According to industry assessments conducted by the Boston Consulting Group (BCG) and the Retailers Association of India (RAI), the gross merchandise value (GMV) of the Indian retail market increased from ₹35 lakh crore in 2014 to approximately ₹82 lakh crore in 2024, with projections indicating that it will surpass ₹190 lakh crore by 2034. At the same time, data reported by the India Brand Equity Foundation (IBEF) show that physical stores continue to play an important role. More than 58% of aggregate retail sales volume continues to occur through offline channels. These figures suggest that physical stores remain important even as digital retail expands, and that the Indian market is developing across multiple retail formats.

The differences between various retail formats are also important when examining impulse buying. Kirana stores generally involve purpose-driven shopping, where customers visit the store to purchase specific products only. In contrast, supermarkets and hypermarkets provide a wider range of product choices, organised displays, cross-merchandising and promotional offers that may encourage customers to spend more time browsing and make unplanned purchases. E-commerce enables producers to reach customers, share product information, strengthen business connections, and build a strong brand identity.(Mr. Mehul B. Shah, 2014). These features may also encourage consumers to purchase products that were not part of their original shopping plan.

2. Literature Review

The Indian retail sector has gradually shifted from a market dominated by small neighbourhood kirana stores towards a combination of traditional, organised and digital retail formats (Joseph, n.d.).

Kirana stores have traditionally served neighbourhood consumers through close personal relationships, informal credit arrangements and convenient local access. Yet, fast-paced city growth, increasing household wealth, and a burgeoning middle class have fueled the rapid rise of contemporary shopping venues like malls, supermarkets, and hypermarkets (Sinha & Uniyal, 2005).

Research on retail evolution in developing economies shows that traditional and modern formats fulfill different consumer needs. Modern retail formats generally benefit from larger purchasing volumes, broader assortments and organised store environments, while kirana stores continue to compete through convenience, local accessibility and personalised customer relationships (Goldman et al., 2002).

Previous research identifies economic growth, increasing consumer awareness, changing lifestyles, better infrastructure and employment opportunities as important factors behind the

growth of organised retail in India, along with the convenience offered by modern shopping formats (M, 2017).

Many small kirana retailers have traditionally faced difficulties in relation to procurement, inventory management and limited access to economies of scale. Synchronized commerce eliminates these inefficiencies by integrating independent stores into unified cooperative networks (Pradeep, 2026).

3. Statement of the Problem

Discussion about India's retail transition often focuses on market size, e-commerce growth and the future of kirana stores. Less attention has been given to how the changing retail environments influence consumers' unplanned purchase decisions. To address this issue, the study brings together two related streams of evidence: (i) structural retail transformation and (ii) consumer impulse-buying research. The central question is whether the move toward organised and digitally enabled retail is replacing traditional retail, occurring alongside it, or creating a hybrid system, and what this means for impulse buying.

4. Objectives of the Study

- To examine the growth and structural transformation of India's retail sector using secondary data.
- To compare selected indicators of Traditional Trade and Modern Trade in the FMCG sector.
- To assess the implications of retail transformation for kirana stores, organised retailers, FMCG firms and consumers.
- To identify gaps in existing secondary evidence and propose directions for future research.

5. Research Questions

- How has India's retail market changed from traditional neighbourhood retail toward organised and digitally enabled formats?
- Do published FMCG indicators show different growth patterns for Modern Trade and Traditional Trade?
- What type of consumer and retail-environment factors are associated with impulse buying in India?

6. Research Methodology

This study uses a descriptive and analytical approach based exclusively on secondary data. Information was compiled from government sources, industry reports, institutional publications and peer-reviewed research.

Major source groups include: (a) Ministry of Statistics and Programme Implementation (MoSPI) for household consumption evidence; (b) Reserve Bank of India (RBI) and Government of India releases for digital-payment indicators; (c) NielsenIQ for FMCG channel and shopper trends; (d) BCG/RAI and IBEF for retail-market estimates; and (e) peer-reviewed studies on Indian impulse buying and retail-format behaviour.

The analysis combines trend comparisons, percentage-point differences, CAGR calculations and a synthesis of findings across the literature. The retail-market CAGR from 2014 to 2024 is independently calculated from published data as approximately 8.9%, while the implied CAGR from 2024 to 2034 is approximately 8.8%. These calculations describe the observed patterns but should not be interpreted as evidence of cause and effect.

An important methodological distinction is maintained throughout, i.e., published survey findings are treated as evidence from the original studies, not as new observations generated by this paper. In particular, the 95% versus 65% impulse-purchase figures reported by Alex, Hussain and Jain (2024) derived from primary consumer research within their study is used in this research only as secondary literature evidence.

7. Conceptual Framework

The conceptual approach links the changes in retail formats with the literature on consumer impulse buying. In the proposed framework, macro-level changes such as urbanisation, rising consumption, digitalisation and retail investment alter the retail environment. At the store or channel level, assortment, product visibility, layout, promotions, pricing, self-service, payment convenience and speed of fulfilment act as stimuli. Consumer characteristics and shopping missions shape how those stimuli are processed. The behavioural outcome may be a planned purchase, an unplanned purchase, an impulse purchase, a larger basket or channel switching.

Conceptually: Retail transformation → Retail-format characteristics → Consumer response mechanisms → Purchase outcome

The framework is consistent with Indian research showing that intrinsic factors, situational factors, store environment, promotions and motivational activities can influence impulsive buying.

8. Results and Secondary Data Analysis

8.1 Expansion of the Indian Retail Market

Table 1. India retail market size: reported historical and projected values

Year	Retail market (₹ lakh crore)
2014	35
2024	82

2034	190

Source: BCG–Retailers Association of India, as reported by IBEF (2025).

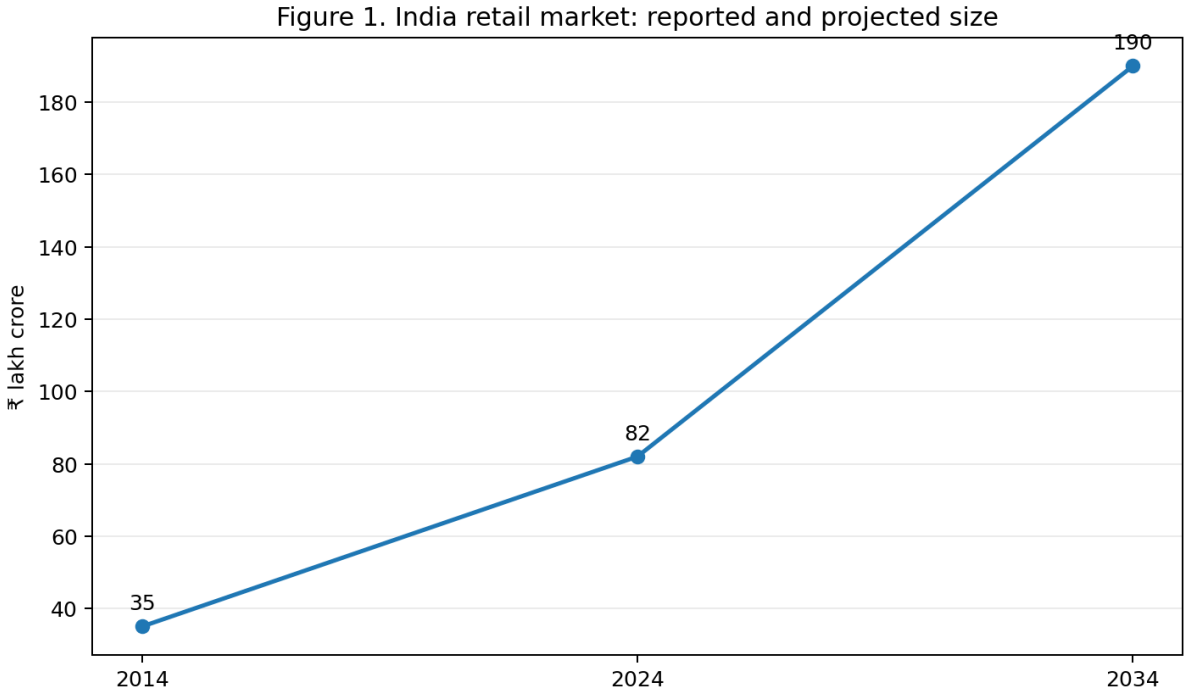


Figure 1. India retail market: reported and projected size

Source/data: BCG–RAI assessment reported by IBEF (2025).

The figures point to a sizeable expansion of India's retail economy: ₹35 lakh crore in 2014 to ₹82 lakh crore in 2024, an increase of about 134%. The projected 2034 value of more than ₹190 lakh crore implies another major expansion. This is important because the transition is taking place within an expanding market. Growth in one format does not automatically mean that another format has to disappear.

8.2 Modern Trade versus Traditional Trade

Table 2. FMCG volume growth by retail channel

Period	**Modern Trade volume growth (%)**	**Traditional Trade volume growth (%)**	**Modern–Traditional gap (percentage points)**
Q4 2023	16.80	5.30	11.50
Q1 2024	14.70	5.60	9.10

Source: NielsenIQ FMCG Quarterly Snapshots (Q4 2023 and Q1 2024).

Figure 3. FMCG volume growth: modern vs traditional trade

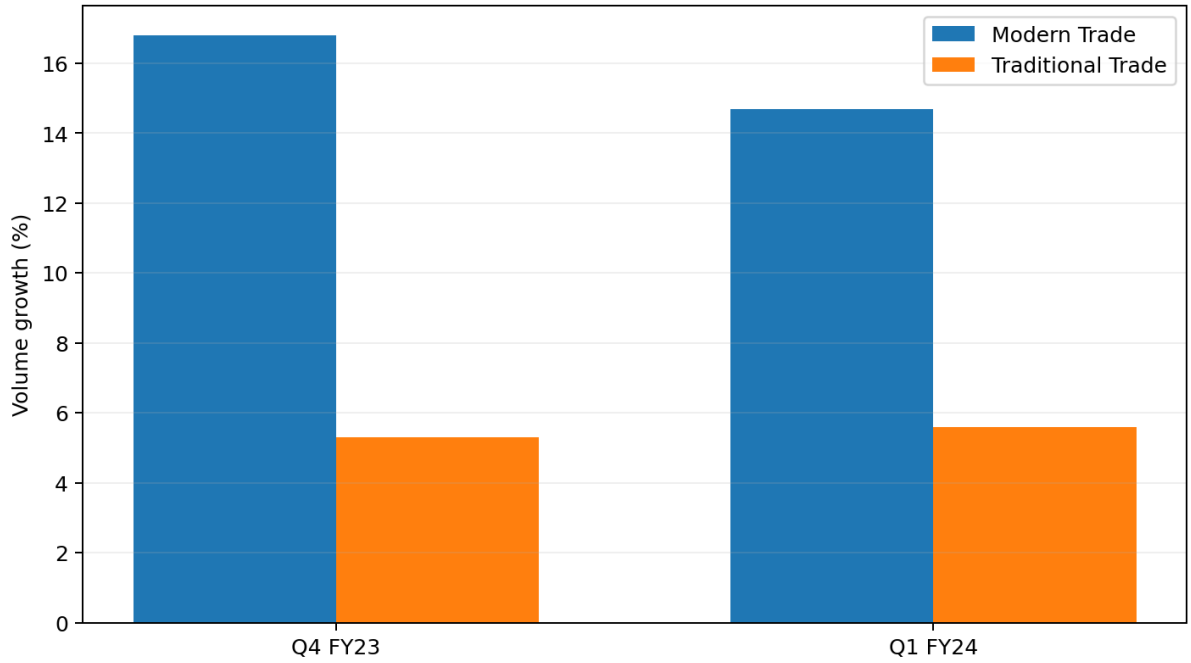


Figure 3. FMCG volume growth: Modern Trade versus Traditional Trade

Source/data: NielsenIQ FMCG Quarterly Snapshots.

8.3 Consumer Consumption and Shopper Behaviour

Table 3. Selected shopper-behaviour indicators

Indicator	**Percent**
Weekly main grocery trips, 2023	12
Weekly main grocery trips, 2024	32
Modern-trade shoppers switching stores for better deals	40
Shoppers preferring premium store brands	67

Source: NielsenIQ Shopper Trends 2024, as reported by NielsenIQ.

The 2024 NielsenIQ findings suggest that grocery shopping patterns are becoming more active and more responsive to promotions. The share of surveyed shoppers making weekly main shopping trips rose from 12% in 2023 to 32% in 2024. In Modern Trade, 40% of surveyed shoppers reported switching stores for better deals, while 67% preferred premium store brands. These patterns matter for impulse buying because more frequent shopping, greater promotional exposure, and a wider product choice can create additional opportunities for consumers to purchase items not originally planned.

8.4 Digital Payments as Retail Infrastructure

Table 4. Retail digital payments in India

FY	Retail digital payments (crore transactions)	Value (₹ lakh crore)
2021-22	7,176.90	457.44
2022-23	11,369.56	587.39
2023-24	16,416.02	719.37
2024-25	22,167.90	849.12

Source: Government of India, Ministry of Finance, 16 March 2026; data attributed to RBI/NPCI.

Figure 2. Growth of retail digital payment transactions in India

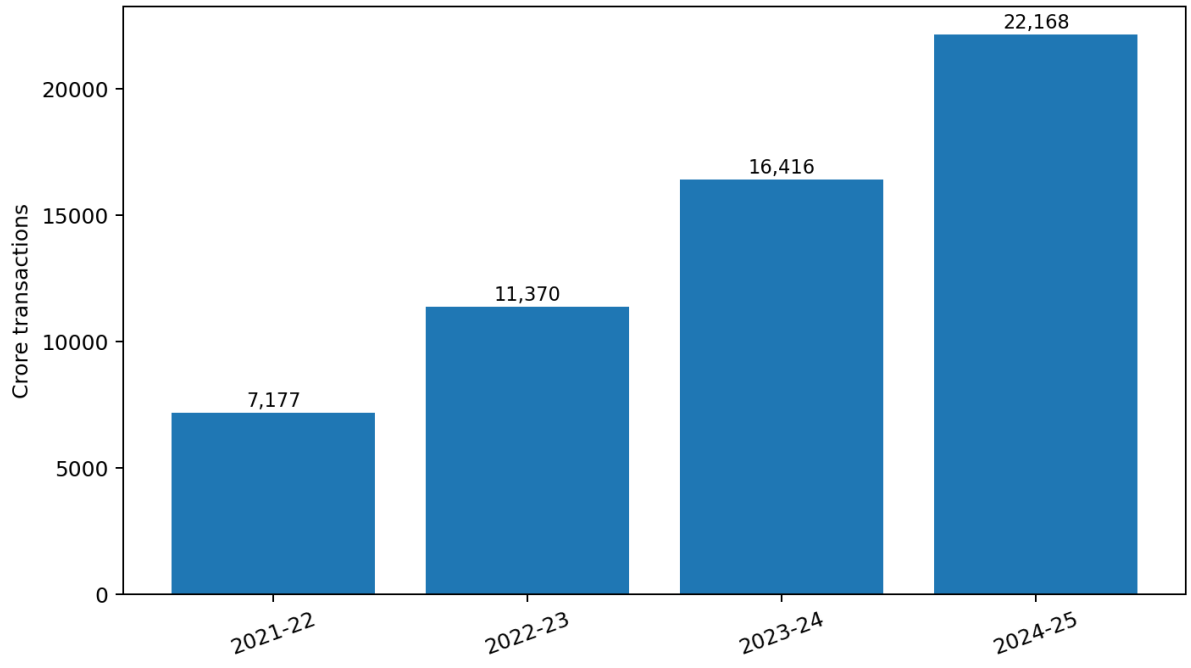


Figure 2. Growth of retail digital payment transactions in India

Source: Government of India/RBI/NPCI data, FY 2021-22 to FY 2024-25.

Retail digital-payment transactions increased from 7,176.90 crore in FY 2021-22 to 22,167.90 crore in FY 2024-25. RBI reported that UPI accounted for 79.6% of retail payment volume in FY 2023-24, while the Government of India later reported UPI's share at 81% of retail digital payment transactions in FY 2024-25. Digital payment infrastructure therefore reduces one of the historical differences between small and large retailers; payment convenience can now be delivered even by neighbourhood stores.

8.5 Evidence on Impulse Buying in Indian Retail

Table 5. Reported impulse-purchase incidence in a comparative Indian retail study

Retail format	Reported impulse-purchase incidence (%)
Modern retail	95
Kirana	65

Source: Alex, Hussain & Jain (2024), IEEE TQCEBT conference paper; figures are from the study's primary consumer research and are reproduced here as secondary evidence.

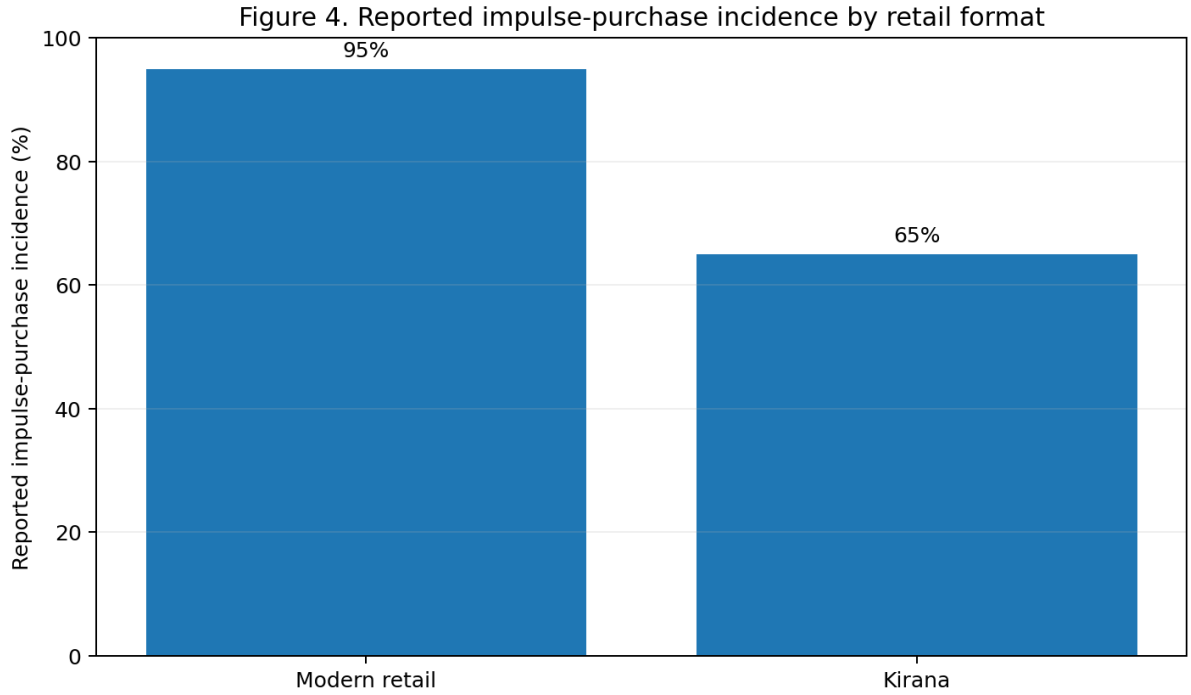


Figure 4. Reported impulse-purchase incidence by retail format

Source/data: Alex, Hussain & Jain (2024).

The reported 95% versus 65% difference is notable, but it needs to be interpreted carefully. The study was conducted among consumers exposed to both traditional and modern retail in selected Tier 1 and Tier 2 cities and is not a nationally representative estimate. For this study, its main value is comparative: it illustrates how retail environment and store design may be associated with differences in unplanned purchasing.

9. Discussion

Overall, the secondary evidence suggests that the Indian retail sector is changing rather than moving completely from kirana stores to modern retail. Traditional retail continues to show positive FMCG volume growth and retains advantages in proximity and habitual shopping, while Modern Trade records stronger growth in the cited periods and provides an environment that can encourage exploration and larger baskets. Previous studies also suggest

that the shopping environment can influence impulse purchases. Modern formats provide more visual stimuli, self-service, aisle navigation, promotional displays and wider assortments. These features may increase consumers' exposure to products that were not included in their original shopping plans. Impulse buying, however, is not limited to modern retail. Kiranas can also create opportunities for impulse purchases through counter displays, product adjacency, digital promotions, personalised recommendations and improved store layouts.

Digitalisation is also reducing the differences between traditional and modern retail formats. UPI and QR payments allow small retailers to offer fast cashless transactions. ONDC and other digital ecosystems create possibilities for local stores to become discoverable online, while wholesalers, FMCG companies and retail-tech firms increasingly provide inventory, ordering and data tools. Overall, the evidence points towards a hybrid retail model in which kirana stores can combine their local presence and customer relationships with digital ordering, payments, promotions and delivery services.

10.Managerial Implications

- Kirana retailers can improve store layouts by placing frequently purchased products alongside complementary or discretionary products. This may increase opportunities for unplanned purchases.
- Retailers can use digital payments along with digital receipts, loyalty offers and simple promotional messages to maintain customer relationships.
- Small retailers can combine neighbourhood convenience with digital accessibility through WhatsApp or catalogue ordering, local delivery and platform partnerships.
- Modern retailers can continue to use promotions and merchandising, while avoiding excessive promotional pressure that may reduce trust or perceived value. Value-for-money remains an important aspect for Indian consumer to undertake the decision-making.
- FMCG companies can adopt channel-specific strategies: availability and retailer relationships for Traditional Trade, and visibility, assortment and promotional execution for Modern Trade.
- Retailers should use impulse-buying techniques responsibly. Consumer autonomy, transparent pricing and avoidance of manipulative design are important, particularly for vulnerable consumers.

11.Policy Implications

Retail policy should recognise that traditional and modern formats perform complementary economic and social functions. Policies that improve digital skills, access to formal credit,

logistics, payment systems, accounting and business training can help small retailers adapt to the changing retail environment without requiring them to completely change their business format. Digital public infrastructure can lower transaction costs for small businesses, while competition policy and consumer-protection measures should help ensure that platform-based retail growth does not create unfair dependence or reduce consumer choice. Support for digital literacy and data protection is also important as neighbourhood retailers begin handling increasingly detailed customer information.

12.Limitations of the Study

- The study is entirely secondary and therefore cannot establish the causal relationships between retail format and impulse buying.
- Retail-market estimates come from industry reports and may use definitions that differ across organisations.
- The 95% versus 65% impulse-purchase figures are obtained from a specific study and should not be treated as a national prevalence estimate.
- Different studies use different samples, locations, product categories and operational definitions of impulse buying, limiting direct comparability.
- Some recent retail developments, particularly quick commerce, are evolving rapidly, so their estimates may change as channel definitions and reporting practices develop.

13.Scope for Future Research

Future research can extend this secondary analysis by building a panel dataset across Indian cities and retail formats. A primary study could test whether store layout, promotional intensity, digital-payment use, shopping mission, income, age and frequency of visits predict impulse buying using SEM or multigroup analysis. Future studies could compare four formats: kirana stores, organised supermarket, e-commerce and quick commerce by using the same sample and product categories. Future research could also examine whether digitalisation increases impulse-buying opportunities in kirana stores and whether the effect differs across metropolitan, Tier II and Tier III markets.

14.Conclusion

The findings of this study suggest that India's retail sector is changing towards a more diverse combination of traditional, organised and digital retail formats. The market has grown considerably, Modern Trade has shown stronger FMCG volume growth in the cited periods, and digital payments have expanded rapidly. At the same time, Traditional Trade continues to grow and remains important to Indian consumers. The literature on impulse buying shows that modern retail environments can encourage unplanned purchases through product visibility,

wider assortment, self-service, promotions and store layout. However, similar practices can also be adopted by kirana retailers. Therefore, the future of Indian retail is unlikely to be a simple choice between kirana stores and modern retail. Instead, traditional retailers may increasingly combine their existing strengths, such as proximity, trust and local customer relationships, with digital payments, online ordering, promotions and improved merchandising.

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