



Identify changing consumer preference towards organized retailing from unorganized retailing with reference to Bidar City

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Abstract

Indian retail industry has emerged as one of the most dynamic and fast-paced industries due to the entry of several new players. Total consumption expenditure is expected to reach nearly US\$ 3,600 billion by 2020 from US\$ 1,824 billion in 2017. It accounts for over 10% of the country's gross domestic product (GDP) and around eight% of the employment. India is the world's fifth-largest global destination in the retail space.

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

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

This study aims to identify changing consumer preference towards organized retailing from unorganized retailing. The primary data was gathered by administering a prearranged questionnaire with 100 customers selected purposively from Bidar District. The data analysis of consumer preference towards organized retailing from unorganized retailing shows that there is a difference between the consumers' preference towards both organized retailers and unorganized retailers regarding their store image, range of products, brand choices, price, store atmosphere, credit availability, and shop proximity. The data has been collected with the help of structured questionnaire containing close and open ended questions. Statistical software and MS excel were extensively used for analyzing the data collected.

KEYWORDS: Retail Industry, Organized Retailers, Preference, Bidar, Unorganized and unorganized Retailers.

Introduction

Retailing means „Re-tailing“ to the customers so that they come back towards them. Retailing consists of all activities involved in selling goods and services to consumers for their personal, family, or household use. In 2004, The High Court of Delhi defined the term „retail“ as a sale for final consumption in contrast to a sale for further sale or processing (i.e. wholesale). India is the 2nd fastest growing in the world. It is 3rd largest economy in the world in terms of GDP and fourth largest economy in terms of Purchasing Power Parity. India presents a huge opportunity to be used as a hub to the world. India is the “promised land” for global brands and Indian retailers A “Vibrant Economy”. Retailing in India is progressively moving towards becoming the next fastest growing industry. According to A.T. Kearney, retailing accounts for \$410 billion and organized retailing accounts for only 5% of the above market. According to the Global Retail Development Index 2012, India ranks on 5th among the top 30 emerging retail markets. The recent announcement by the Indian government with Foreign Direct Investment (FDI) in retail, especially allowing 100% FDI in single brands and multi-brand FDI has created positive attitudes in this sector. Retail industry in India has a huge growth potential and opportunities existing in multiple sectors and segments. For a long time, the corner grocery stores (kirana stores) were the single choice available to the consumers. But with the LPG policy in 1991 the international formats of retailing paved their way in India. As the time passes, organized retailing especially has been creating curiosity amongst Indian consumers to sketching them into malls for shopping in huge numbers. However the growth in organized retailing has been limited primarily to the urban markets in the country. Even the large chunks of unorganized retail have not fell depressed from this nominal growth in organized retailing and have tried to restructure and redefine themselves by introducing self- service formats, and value-added services, such as credit and home delivery. To safeguard the position in the market retailers have made an attempt to attract customers by offering newer service dime

Review of Literature

Ali, Kapoor., & Moorthy, (2010) in their study indicated that consumers shopping behavior was influenced by their income and educational level while gender and age had no significant impact on their behavior.

While **Dodge, Robert, summer, & Harry, (1969)** and Aaker, Jones, David, & Morgan, (1971) concluded that consumers“ socio economic background, their personality, and past purchase experience were those factors upon which the customers“ decision lied.

Martineau, (1958) first time used the concept of store image. This store image was partly based on functional attributes and partly on psychological attributes. In functional attributes he included variety of commodities, layout, location, price value relation, and service that consumers could independently compare with other stores. Whereas in psychological attributes attractiveness and lavishness symbolized special attributes of that store.

Kumar, & Narwal, (2011) through their research concluded that the kirana shops“ being affected by malls is only a myth. He further concluded that in spite of the available opportunities to the organized retail to grow in India these kirana shops also were benefited from this growing economy

Research Topic

For a retailer, it is very difficult to retain the potential customer. Because the buyers are scattered according to the convenience of purchasing. The Indian retail industry is dominated by unorganized retail outlets due to certain advantages, such as credit facility, personal contact with the retailers. Due to the emergence of organized retailing must give importance to all the attributes like variety service, discount, mode of payment with special attention to retail customer. So it is essential to analyze changing the customer preference towards organized retailing from unorganized retailing with respect to Bidar City.

Objective of the study

- 1) To study the changing consumer preference towards organized retailing from unorganized retailing with reference to Bidar City.
- 2) To study the reasons influencing the customers to buy from organized /unorganized retailers.
- 3) To study customer purchasing patterns towards Unorganized /Organized retail outlet.

Research methodology

Research Design:	Descriptive
Sample Size:	50
Sampling Area:	Bidar
Sampling Method:	Random sampling method
Data collection:	Primary and Secondary Method
Questionnaire:	Close ended and multichoice questions
Sampling	

Data Analysis

1) Why do you prefer to go for Organized Retail formats then Un organized Retail?

Expected data

Sl. No	1	2	3	4	5	6	7	8	9	10	Total
Preference	Price is less	Near house	Everything at one place	Good Service	Good Quality	Long Relationship	Good Offers	Large Variety	Self Service	Overall experience	
Organized Retail formats	4.9	9.1	10.5	8.4	16.8	4.2	7	7.7	1.4	0	70
	2.1	3.9	4.5	3.6	7.2	1.8	3	3.3	0.6	0	30
Total	7	13	15	12	24	6	10	11	2	0	100

CHI SQUARE

Sl. No	1	2	3	4	5	6	7	8	9	10	Total
Preference	Price is less	Near house	Everything at one place	Good Service	Good Quality	Long Relationship	Good Offers	Large Variety	Self Service	Overall experience	
Organized Retail formats	0.00204	7.21	1.928571429	0.304761905	0.19285714	0.00952	1.285714	0.011688312	0.25714286	0	11.20219067
Unorganized Retail	0.00476	16.82	4.5	0.711111111	0.45	0.02222	3	0.0272727	0.6	0	26.13844489
Total											37.34063555

$\chi^2 = \sum(O_i - E_i)^2/E_i$, where O_i = observed value (actual value) and E_i = expected value.

Deg. of freedom

Level of sign. or probability is 0.05

R-1=1

C-1=9

SO, $(R-1)*(C-1) = 1*9 = 9$

Critical Value = 16.92

P-VALUE

IF $\chi^2 < CV =$ ACCEPT NULL HYP.

IF $\chi^2 > CV =$ REJECT NULL HYP.

$\chi^2 > CV =$ **SO WE REJECT NULL HYPOTHESIS**

The calculated (**16.92**) is much greater than the critical value of 0.05. So we reject the null hypothesis(H_0), that there is no relationship regarding customer preference between organized and unorganized retail outlet with respect to the price, quality and service and Alternative Hypothesis (H_1) is accepted means there is difference regarding customer preference between organized and unorganized retail out with respect to the price, quality and Service.

2) Which store do you find more comfortable for shopping?

Preference	Everything at one place	Offers	Relationship	Ambience	Home Delivery	Faster
ORGANIZED	18	14	12	6	12	10
UN-ORGANIZED	6	4	6	8	2	2

Anova: Single Factor

SUMMARY

Groups	Count	Sum	Average	Variance
ORGANIZED	6	72	12	16
UN-ORGANIZED	6	28	4.6666666	5.866667

ANOVA

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	161.3333333	1	161.33333	14.7561	0.00325	4.96460
Within Groups	109.3333333	10	10.933333	3	8	3
Total	270.6666667	11				

A one-way ANOVA was conducted to evaluate the customer comfortable level for shopping with respect to Organized and unorganized retail outlet. The ANOVA was significant F value 14.7561 is more than the critical value (tabular value) 4.964603. The null hypothesis H_0 = there is significant difference in comfortable level for shopping between organized and unorganized retail outlet is rejected & H_1 = there is significant difference in comfortable level for shopping between organized and unorganized retail outlet is Accepted.

3) What do you shop, how often from where Organized/Unorganized.

Preference	Vegetables	Grocery(Dal Rice ,Wheat	FMCG	Garments/Clothes	Utensils	Oil
ORGANIZED	8	15	12	10	5	10
UN-ORGANIZED	2	12	5	10	6	5

Anova: Single Factor

SUMMARY

Groups	Count	Sum	Average	Variance
ORGANIZED	6	60	10	11.6
UN-ORGANIZED	6	40	6.666667	13.46667

ANOVA

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	33.33333333	1	33.33333	2.659574	0.133981	4.9646027
Within Groups	125.3333333	10	12.53333			
Total	158.6666667	11				

A one-way ANOVA was conducted to evaluate the customer customers shopping preference towards items with respect to Organized and unorganized retail outlet. The ANOVA was significant F value 2.659574 is lesser than the critical value (tabular value) 4.9646027. The null hypothesis H_0 = there is significant difference about customers shopping preference towards items with respect to Organized and unorganized retail outlet accepted & H_1 = there is significant difference customers shopping preference towards items with respect to Organized and unorganized retail outlet is rejected.

4) How would you rate organized retailing in term of Regular Prices?

Preference	Excellent	Very good	Average	Fair
ORGANIZED	10	29	10	8
UN-ORGANIZED	10	15	8	10

Anova: Single Factor

SUMMARY

Groups	Count	Sum	Average	Variance
ORGANIZED	4	57	14.25	97.58333333
UN-ORGANIZED	4	43	10.75	8.916666667

ANOVA

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	24.5	1	24.5	0.460093897	0.522865	5.987378
Within Groups	319.5	6	53.25			
Total	344	7				

A one-way ANOVA was conducted to know customer preference with respect to Organized and un organized retail outlet .The ANOVA was significant F value **0.460093897** is lesser than the critical value (tabular value) **5.987378**. the null hypothesis H_0 = there is significant difference about customers shopping preference towards regular price with respect to Organized and un organized retail outlet accepted & H_1 = there is significant difference customers shopping preference towards regular price with respect to Organized and un organized retail outlet is rejected .

5) How would you rate organized retailing in term of store cleanliness then unorganized retailing?

Preference	Excellent	Very good	Average	Fair
ORGANIZED	10	30	12	10
UN-ORGANIZED	5	15	13	5

Anova: Single Factor

SUMMARY

Groups	Count	Sum	Average	Variance
ORGANIZED	4	62	15.5	94.33333
UN-ORGANIZED	4	38	9.5	27.66667

ANOVA

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	72	1	72	1.180328	0.318997	5.987378
Within Groups	366	6	61			
Total	438	7				

A one-way ANOVA was conducted to know customer rate organized retailing in term of store cleanliness then unorganized retailing. The ANOVA was significant F value 1.180328 is lesser than the critical value (tabular value 5.987378). The null hypothesis H_0 = there is significant difference about customers shopping preference towards rate organized retailing in term of store cleanliness then unorganized retailing is accepted. & H_1 = there is significant difference customers shopping preference towards towards rate organized retailing in term of store cleanliness then unorganized retailing is rejected.


Findings

- 1) Customer feel comfortable for shopping in organized then un organized retail outlet.
- 2) Customers prefer to go for Organized Retail outlet then Un organized Retail because of price, quality and service, Everything at one place, Good Offers , Large Variety ,Self Service
- 3) Most of the customer shop Vegetables, FMCG, Garments/Clothes, Utensils, Oil from Organized then Unorganized retail outlet.
- 4) Most of the customers prefer organized retail outlet because of faire price
- 5) Maximum customers prefer do shopping in organized retail outlet then unorganized retailing because of store cleanliness.

Conclusion

Organized retailing and unorganized retailing have different positive as well as negative characteristics that have affect on the customer preference.

For unorganized retail format

Unorganized Retail must focus on providing more variety of product to attract the customers then organized retail outlet and they need to offer cash discount on purchasing bulk quantity of the product and they need to improve their display for attracting customer or affect them to prefer unorganized retail outlet

For organized retail outlet

Organized retailers should focus more on adding value to their products through prices, services and offers to attract and to retain the customer

Organized retailers should concentrate more on conducting various loyalty programs to visit outlet and provide reward for recognition of their talent.

Organized retail outlet should focus on everyday low price show that customers are start to prefer more on outlet.

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