



# CUSTOMER SATISFACTION TOWARDS ORGANIZED AND UNORGANIZED RETAIL – A COMPARITIVE STUDY

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## ABSTRACT

Retailing entails direct contact with customers and the coordination of company activities from beginning to end. Many countries have benefited from the business, and it is without a doubt one of the most rapidly changing and dynamic industries in the world today. Retailers serve as a link between consumers and manufacturers, but they confront numerous challenges when it comes to product promotion. As customer needs get more and more dynamic, this becomes increasingly difficult. Hence there is a need to analyze customer satisfaction towards the organized and unorganized retail sectors.

## INTRODUCTION

The term retailing not only covers the sale of goods but also includes the sale of services to customers. The major importance of retailers is that it eases the role of manufacturer's as in case of absence of retailers it would be nearly impossible for the manufacturers to sell their products directly to consumers. Organized retailing refers to the process of selling goods and services under one roof in a fixed location such as convenience stores, departmental stores, shopping malls etc. Unorganized retailing, as the name implies, is the type of retailing that was once common in India. The products supplied by these stores are usually unbranded, and the supplies are obtained locally through personal connections. Currently, the Indian retail market offers the global retail industry a significant chance to leverage India as a retailing hub. The Indian retail market is the largest emerging retail market in the world. Along with the rise of the Indian economy, the retail market is rapidly expanding and modernizing.

## STATEMENT OF THE PROBLEM

The Indian retail industry has emerged as one of the most flexible and fastest industries thanks to the influx of a few new players. It accounts for more than 10% of gross domestic product (GDP) and about 8% of employment. India is the fifth largest market place in the world. Traditionally, Indian buyers tend to buy their daily necessities in common market places such as weekly melas, mandis, and family-owned businesses but due to rising middle-income households, double income from the nuclear family, luxury shopping in many places, reasonable prices, as well as a good time killing all have contributed to the growth of hypermarkets, supermarkets, and formal trading ideas in India.

Therefore, the current study is based on formal and informal retail businesses in the city of Coimbatore and aims to focus on the following issues:

1. Analyze customer satisfaction in organized and informal sales.
2. Know the customer customer challenges.

## SCOPE OF THE STUDY

This research mainly focuses to offer a comparative study of customer satisfaction towards organized and unorganized retailing. It aims in knowing the factors contributing and customer satisfaction towards organized and unorganized retail outlet based on Demographics characteristics, chief wage Earners, economic activity, competition, purchasing behaviour (frequency of visit, and Purchase value). The scope of the study is confined to Coimbatore city and the various retails present here.

## OBJECTIVES OF THE STUDY

- To analyze the factors contributing the customers to prefer organised and unorganized retail.
- To analyze the consumer satisfaction towards organized and unorganized retailing.

## RESEARCH METHODOLOGY

- **Research design:** The research design used in this project is descriptive research approach which focuses on both analytical and empirical aspects.
- **Source of data:** Primary and secondary source of data is used
- **Tools and techniques:** The questionnaires and interviews were used as the primary data collection tools and were used extensively to collect the data. Apart from that the various other statistical tools used are Simple percentage analysis, Rank Analysis and Regression.
- **Sampling method:** Random sampling method.
- **Sample size and area of study:** The study was done by collecting 220 respondents. The study has been conducted in Coimbatore town only.

## LIMITATIONS OF THE STUDY

- The organized and unorganized retail outlets present are very vast in the city and therefore a detailed analysis covering a very large population has not been carried out.
- The present study was only confined to Coimbatore city and therefore the results achieved cannot be extended to other cities.

## REVIEW OF LITERATURE

**Sethurajan and Jayalakshmi.v (2020)** in their research paper stated that the store values, customers' culture of shopping from same stores and beliefs of the customers promptness in service delivery influence them to revisit the same retail shop where they can get the product as per their required, at low price and with least waiting time for billing. No matter how lucrative is retailing sector in India and how bright is the market; the organised sector in retailing has to go a long way to understand the customer requirement. The study strongly believe that in India organised and unorganised retail sectors can co-exist and flourish only if both categories of retailers realise their advantages and disadvantages in term of their operations and act strategically for their future success, sustainability and in retaining the customer satisfied, else one may flourish and another may vanish in near future.

**Subramanian.k and Nagamani rajan.R (2016)** Research on consumer perceptions about formal and informal trading in the Tirunelveli region is aimed at understanding consumer perception. It has been found that growth in the planned retail market is largely due to changes in consumer perceptions. This change has come to the consumer as a result of rising incomes, lifestyle changes and favourable demographic patterns. Now the consumer wants to shop in a place where he can get food, entertainment and shopping all under one roof. This has given organized stores a lot of power.

## DATA ANALYSIS AND INTERPRETATION

### Rank analysis

**TABLE 1: RANK ANALYSIS FOR FACTOR THAT INFLUENCES YOU TO BUY FROM ORGANIZED RETAIL STORE**

FACTORS	RANK										Total	Average	Rank
	I (10)	II (9)	III (8)	IV (7)	V (6)	VI (5)	VII (4)	VIII (3)	XI (2)	X (1)			
All products under one roof	31	29	13	5	4	5	9	6	10	108	941	4.28	8
	310	261	104	35	24	25	36	18	20	108			
Quality	5	13	11	36	19	11	5	10	103	7	939	4.27	9
	50	117	88	252	114	55	20	30	206	7			
Availability of range of products	6	6	9	15	24	17	16	107	10	10	935	4.25	10
	60	54	72	105	144	85	64	321	20	10			
Customer service (eg: after sales service)	4	2	18	16	14	21	96	35	1	13	1007	4.58	7
	40	18	144	112	84	105	384	105	2	13			
Status symbol	11	9	17	9	29	84	18	14	20	9	1147	5.21	6
	110	81	136	63	174	420	72	42	40	9			
Availability of various discount	24	21	17	22	93	17	8	10	5	3	1437	6.53	3
	240	189	136	154	558	85	32	30	10	3			
Home delivery	24	21	22	103	7	14	15	5	5	4			

service	240	189	176	721	42	70	60	15	10	4	1527	6.94	1
Ambience is good	1	6	108	9	16	16	19	18	14	13	1338	6.08	5
	10	54	864	63	96	80	76	54	28	13			
Product return facility	33	82	2	4	6	6	15	14	37	21	1375	6.25	4
	330	738	16	28	36	30	60	42	74	21			
Product packaging	92	21	3	5	11	20	19	11	16	22	1497	6.80	2
	920	189	24	35	66	100	76	33	32	22			

From the above table it is evident that the customers prefer organized retail due to presence of home delivery service and hence it has the 1st rank. Followed by product packaging which is 2nd rank. The 3rd rank is secured by availability of various discounts and 4th rank by product return facility. Good Ambience by organized retail secured the 5th rank while status symbol has 6th rank. The 7th rank is secured by after sales services provided by organized retail stores. All products under one roof has 8<sup>th</sup> rank while, quality and availability of range of products have 9th and 10th rank respectively. Majority of the customers prefer organized retail due to presence of home delivery service.

**TABLE 2: RANK ANALYSIS FOR FACTOR THAT INFLUENCES YOU TO BUY FROM UNORGANIZED RETAIL STORE**

FACTORS	RANK							Total	Average	Rank
	I (7)	II (6)	III (5)	IV (4)	V (3)	VI (2)	VII (1)			
Price of the product	25	9	6	35	32	30	83	638	2.9	7
	175	54	30	140	96	60	83			
Good quality at reasonable price	2	29	24	40	24	93	8	734	3.33	6
	14	174	120	160	72	186	8			
Convenience	6	98	18	18	29	42	9	977	4.44	2
	47	588	90	72	87	84	9			
For urgent needs and emergencies	28	33	10	101	8	9	31	921	4.18	3
	196	198	50	404	24	18	31			
Home delivery facility	31	8	89	13	26	17	36	910	4.13	4
	217	48	445	52	78	34	36			
Distance from house	19	21	41	8	90	30	11	837	3.80	5
	133	126	205	32	270	60	11			
Availability of credit purchase of product	109	22	32	5	18	6	28	1169	5.31	1
	763	132	160	20	54	12	28			

From the above table it is evident that the customers prefer unorganized retail due to presence of availability of credit purchase of product and hence it has the 1st rank. Followed by convenience which is 2nd rank. The 3rd rank is secured by for urgent needs and emergencies. And 4th rank by home delivery facility. Distance from house secured the 5th rank. While good quality at reasonable price has 6th rank. The 7th rank is secured by price of the product. Majority of the customers prefer unorganized retail due to presence of availability of credit purchase of product.

## Regression analysis

**TABLE 3: Regression on educational qualification and ambience of organized retail store**

	df	SS	MS	F	P-value	Significance F
Regression	1	2168.833	2168.833	17.52986	<b>0.270739</b>	<b>0.024837119</b>
Residual	3	371.1667	123.7222		0.024837	
Total	4	2540				

$H_0$  - There is no impact on education qualification and ambience of organized retailing store.

It is clear from the above table shows that the significance F value 0.024 is lesser than P-value 0.270. Hence hypothesis is rejected. So, it can be concluded as there is impact on education qualification and ambience of organized retailing store.

**TABLE 4: Regression on monthly income and availability of credit purchase of unorganized retail store**

	Df	SS	MS	F	P-value	SignificanceF
Regression	1	689.871	689.871	0.786289	<b>0.55832056</b>	<b>0.440537419</b>
Residual	3	2632.129	877.3763		0.44053742	
Total	4	3322				

$H_0$  - There is no impact on monthly income and availability of credit purchase unorganized retailing store.

It is clear from the above table shows that the significance F value 0.440 is lesser than P-value 0.558. Hence hypothesis is rejected. So it can be concluded as There is impact on monthly income and availability of credit purchase unorganized retailing store.

## FINDINGS OF THE STUDY

- From the above table it is evident that the customers prefer organized retail due to presence of home delivery service and hence it has the 1st rank. Followed by product packaging which is 2nd rank. The 3rd rank is secured by availability of various discounts. And 4th rank by product returns facility. Good Ambience by organized retail secured the 5th rank. While status symbol has 6th rank. The 7th rank is secured by after sales services provided by organized retail stores. All products under one roof have 8<sup>th</sup> rank. While quality and availability of range of products have 9th and 10th rank respectively.

Majority of the customers prefer organized retail due to presence of home delivery service.

- From the above table it is evident that the customers prefer unorganized retail due to presence of availability of credit purchase of product and hence it has the 1st rank. Followed by convenience which is 2nd rank. The 3rd rank is secured by for urgent needs and

emergencies. And 4th rank by home delivery facility. Distance from house secured the 5th rank. While good quality at reasonable price has 6th rank. The 7th rank is secured by price of the product.

Majority of the customers prefer unorganized retail due to presence of availability of credit purchase of product.

- There is impact on education qualification and ambience of organized retailing store. Hence, null hypothesis is rejected.
- There is impact on monthly income and availability of credit purchase unorganized retailing store. Hence, null hypothesis is rejected.

## SUGGESTION

### I. Organized retail:

- Customers prefers organized retail store as they provide the facility of home delivery so that area should be concentrated more and it should be enhanced.
- Customer service should be enhanced in the organized retail stores such as after sales services as they have a chance of increasing prospective customers
- In organized retail store the staff should be sufficient enough and also be polite to solve the customer related problems.
- Extending credit facilities may also support the organized retailers in retaining their valuable customers for a long time.
- The organized retailers are suggested to provide well infrastructure store that may influence the customers to visit the stores, even though the stores are located far away from their residential area.

### II. Unorganized retail:

- In unorganized stores the products are overpriced while compared with the organized store so the products should be priced reasonably.
- Mostly the unorganized retail stores are preferred by people with lower income for the credit facility provided so that should be properly managed.
- Unorganized retail stores are mostly preferred for buying the vegetables as it would be fresh so the unorganized retail store owners could concentrate more on that area.
- Today even very reputed brands also have introduced sachets for the convenience of low-income consumers and the small retailers can make use of this opportunity and they can offer a wide range of products at smaller quantity, which in turn may help them in earning more consumers' patronage and satisfaction.
- To enlarge their store area by adding more racks, shelves and wall hanging to stock and display more products in such a way that consumers may have chance to pick and check the products from the shelves occasionally.

## CONCLUSION

From the elaborate literature discussion, it has been inferred that the growth in the Indian organized retail market is happening mainly due to the change in the consumer's behavior. This change has come in the consumers due to increased income, changing, lifestyles, and patterns of demography to organized retailers. The empirical findings of the study conclude that, majority of the respondents feel that home delivery, discounts offered and ambience is what makes them prefer organized retail over unorganized retail. Hence, the study strongly believes that in India organized and unorganized retail sectors can co-exist and flourish only if both categories of retailers realize their advantages and disadvantages in term of their operations and act strategically for their future success, sustainability and in retaining the customer satisfied, else one may flourish and another may vanish in near future.

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