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A Study of Factors Leading to Changing Consumer's Preference towards Organised Retailing From Unorganised Retailing

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Abstract

The retail sector is expanding and modernizing rapidly in line with India's economic growth. It offers significant employment opportunities in all urban areas. This study on the retail industry, attempts to rigorously analyze the factors which influence the consumer to move towards the organised retailing from unorganised retailing.

Keywordsx: - *Modernized, organized, unorganized, Retail, Factors*

INTRODUCTION

The Indian retail industry is divided into organised and unorganised sectors. Organised retailing refers to trading activities undertaken by the licensed retailers, that is those who are registered for sales tax, income tax, etc. these include the corporate backed hypermarkets and retail chains, and also the privately owned large retail business. Organized Retail refers to the set-up of any retail chain supported by a well defined Supply Chain which usually has a small number of middlemen when compared to the unorganized sector. Due to a number of factors like cutting down of middlemen, removing of bottlenecks along the supply chain, efficiency in the processes, etc., the end user is rewarded with a better product at a cheaper price as against the unorganized retail sector. As the consumer base is growing each minute, the organized retail sector is believed to have a huge growth potential.

STATEMENT OF THE PROBLEM

The problem of the study is to identify the class of consumers who prefer either

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organized or unorganised retailing. The consumer struggles to choose between the products or services provided by organised and unorganised retailing. The evolution in the organised retailing and dominance of unorganised retailing are the factors which forced me to take this topic.

SCOPE OF THE STUDY

This study enables us to understand the changing consumer preferences towards organized retailing from unorganized retailing. It gives us detailed information regarding the factors which influence the consumers to prefer organized retailing from unorganized retailing. The study also reveals the facts related to the external forces which influence to decide the store formats. This study will help the retailers to make an analysis of them and understand where they stand, and in order to move forward in what areas they must focus.

OBJECTIVES OF THE STUDY

- To analyze the factors that motivates the consumers to prefer organised retailing over unorganised retailing.
- To study the perceptions of customer towards organised and unorganised retailers.
- To find out the problems faced by consumer organised and unorganised retailing

RESEARCH METHODOLOGY

Research methodology is a way of systematically solving the research problem. Research methodology deals with the research design used and methods used to present the study.

SAMPLING METHODS

The sampling method indicates how the samples are selected from the universe. The researcher has adopted convenience sampling for research. Convenience sampling is a method under non-probability sampling. The researcher selected the respondents based on his convenience.

DATA COLLECTION METHOD

There are several ways of collecting the appropriate data. While deciding about the method of data collection to be used for the study, the researcher should keep in mind, that there are two types of data

1. Primary Data

Primary data are those which are collected a fresh and for the first time and thus happen to be original in character. Primary

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data can be collected either through experiment or through survey

2. Secondary Data

Secondary data on the other hand are those which have already been collected by someone else and which have already been passed through the statistical process.

REVIEW OF LITERATURE

Goswami, P. (2008). Would Kiranas in Urban India Survive the Modern Trade Onslaught? Insight from Efficiency Perspective. Advance in Consumer Research, 8(3), 44-67.

Kumar (2011) studied on the strategies of rganized d retailers with references to consumer durable and found that a product strategy which means merchandise is the most important factor followed by price, distribution and promotion.

Gupta C.P Agarwal R. and Sinha M (2008) consumer are highly appreciating the availability of the variety of product and services at the organized retailers and are positively inclined towards the new form of retailing.

Gurusamy M. and Prabha N. (2001) the study shows that customer are very much anxious towards organized retailing and they except variety and quality as the primary factors to shop in the organized formats.

Lahiri, Isita and Samanta, Pradeep Kumar (2010), in their paper titled Factors influencing purchase of apparels from organized retail outlets mentioned that apparel takes a hefty share in organized retail because people are more quality conscious and comparatively less price sensitive. They also highlighted the distinct features of organized retail outlets like discount offers, pick and choice etc., which are considered to be more appealing by the buyers.

LIMITATIONS OF THE STUDY

1) Due to time constraints sample size was restricted to 120 which was very less when compared to entire population.

2) The respondents had replied according to their own perception and experience and therefore personal bias may also possible.

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RANK CORRELATION

1. Organised Retailing

Factors	Rank					Total	Rank
	I	II	III	IV	V		
Price	50 (50)	32 (64)	22 (66)	6 (24)	10 (50)	254	XI
Quality	30 (30)	50 (100)	18 (54)	14 (56)	8 (40)	280	X
Variety	32 (32)	30 (60)	35 (105)	12 (48)	11 (55)	300	VI
Location	24 (24)	36 (72)	28 (84)	22 (88)	10 (50)	318	I
Service	27 (27)	30 (30)	37 (111)	12 (48)	14 (70)	316	II
Everything At One Place	48 (48)	24 (48)	19 (57)	14 (56)	15 (75)	284	IX
Offers	32 (32)	36 (72)	23 (69)	19 (76)	10 (50)	299	VII
Relationship	22 (22)	37 (74)	38 (114)	15 (60)	8 (40)	310	IV
Ambience	26 (26)	38 (76)	26 (78)	20 (80)	10 (50)	310	IV
Home Delivery	36 (36)	36 (72)	22 (66)	12 (48)	14 (70)	292	VIII
Faster	33 (33)	35 (70)	15 (45)	22 (88)	15 (75)	311	III

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2. Unorganised Retailing

Factors	Rank					Total	Rank
	I	II	III	IV	V		
Price	32 (32)	37 (74)	29 (87)	11 (44)	11 (55)	292	Xi
Quality	27 (27)	31 (62)	39 (117)	14 (56)	9 (45)	307	X
Variety	17 (17)	30 (60)	35 (105)	21 (84)	17 (85)	351	Iii
Location	20 (20)	37 (74)	32 (96)	19 (76)	12 (60)	326	Vii
Service	19 (19)	31 (62)	24 (72)	21 (84)	25 (125)	362	I
Everything At One Place	20 (20)	31 (62)	27 (81)	25 (100)	17 (85)	348	Iv
Offers	25 (25)	38 (76)	29 (87)	13 (52)	15 (75)	315	Ix
Relationship	29 (29)	24 (48)	32 (96)	19 (76)	16 (80)	329	Vi
Ambience	21 (21)	37 (74)	22 (66)	24 (96)	16 (80)	337	V
Home Delivery	23 (23)	27 (54)	28 (84)	17 (68)	25 (125)	354	Ii
Faster	25 (25)	34 (68)	21 (63)	16 (48)	24 (120)	324	Viii

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FINDINGS

I. Price Ranked XI, Quality Ranked X, Variety Ranked VI, Location Ranked I, Service Ranked II, Everything at one place Ranked IX, Offers Ranked VII, Relationship and Ambience Ranked IV, Home delivery Ranked VIII, Faster Ranked III.

II. Price Ranked XI, Quality Ranked X, Variety Ranked III, Location Ranked VII, Service Ranked I, Everything at one place Ranked IV, Offers Ranked IX, Relationship Ranked VI, Ambience Ranked V, Home delivery Ranked II, Faster Ranked VIII.

CONCLUSION

The study shows that customers expect quality next to variety as the primary factors to shop in the organized formats. Satisfaction level about price in organized formats is comparatively low and so it must be focused. It is also to be noted that in the next level of cities, only departmental stores and supermarkets alone given more priority in organized formats. From the statement we can understand that still most of the people are not aware of malls and hypermarkets in those cities. Today's youngsters are moving towards the fashion trend. The organized formats are entering into its next step to the tier-II cities and other small cities and focusing on the middle class people as it had almost covered the metropolitan cities.

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