

Consumer Buying Behavior towards Organized Retailing from Unorganized Retailing: With Reference To Hyderabad City

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Abstract: Retail is currently the upcoming sector of the Indian economy. This trend is expected to continue for at least the next two-three decades, and it is attracting huge attention from all. Availability of quality, retail space, wider availability of products and brand communication are some of the factors that are driving the retail in India. Retail sector is also supporting to create huge employment while a new form of organized retail sector has emerged within the retail industry and it gave speedy phase to Indian retail sector. The rationale of the study is to examine the nature of changes in the retail sector taking place due to organized form of retailing and implications of moving to this new form of retailing this area has remained largely an unexplored part of research till date especially in the Telangana. The objective of the study is to understand consumer behavior towards organized and unorganized retail stores and to find out the consumers satisfaction level from organized retail stores as well as unorganized retail stores. The perception is the traditional retailers about the modern retailing. The study uses primary data collected through in depth qualitative analysis to represent organized and unorganized retails sectors respectively in Hyderabad city.

Keywords: Consumer behavior, Consumer satisfaction, organized retail, unorganized retail

I. INTRODUCTION

Retailing is the final stage of any economic activity. It occupies an important place in the world economy. The word retail is derived from the French word *retailier*, which means to cut off a piece or to break bulk. Retailing thus may be understood as the final step in the distribution of merchandise, for consumption by the end consumers. In another words simply, any firm that sells products to the final consumer is performing the function of retailing. It thus consists of all activities involved in the marketing of goods and services directly to the consumers for their personal, family or household use.

India started its Retail Journey since long back. In Ancient India there was a concept of weekly HAAT, where all the buyers and sellers come together for bartering. It takes a long period to step to shape the modern retail in India. Still unorganized retailing is dominating in India.

But there is a vast change in Indian retail, the liberalization of the consumer goods industry initiated in the mid-1980's and accelerated through the 1990s has begun to impact the structure, and conduct of the retail industry. The concept retail, which includes the shopkeeper to customer interaction, has taken many forms and dimensions, from the traditional retail outlet and street local market shops to upscale multi brand outlets, especially stores or departmental stores. In India the first attempts at organized retailing were noticed in the textile sector. With the success of the textile sector the new age departmental store arrived in India in early nineties. Post liberalization, the economy opened up and a new large middle class people with spending power had emerged to give shape this sector.

II. ORGANIZED VS. UNORGANIZED SECTOR

Retailing in India can be broadly classified into organized and unorganized form of retailing. Organized retailers are registered under Income Tax and Sales Tax. However the chunk comprises of unorganized retailers like petty shops. Till today, unorganized players are predominantly occupied in this sector. The major differences between these two types of retailers are summarized in below table.

Criteria Dimension	Organized Retailing	Unorganized Retailing
Ownership	Corporate Business	Household Business
Size of operation	Big Stores	Small stores

Nature of employment	Hired persons	Generally family members
Product availability	Wide range of branded products	Selective range of branded and on branded products.
Selling Price	MRP	MRP
Store ambience	Excellent	Poor
Promotions	Joint promotions	Company promotions only.
Tax Payment	Greater enforcement of taxation mechanism	Evasion of taxes
Market Experience	Short Term	Long term
Locations	Distantly located	Round the clock located.

III. RETAIL TRENDS IN PAST FEW YEARS

Before the decade of eighties, India with hundreds of towns and cities was a nation striving for development. The evolution was being witnessed at various levels and the people of the nation were learning to play different roles as businessmen and consumers. The foundation for a strong economy were being laid, youth were beckoning new awareness in all spheres. And this brought in an opportunity for retail industry to flourish. First in the metros and major cities later to impact sub urban and rural market as well.

Retailing in India at this stage was completely unorganized and it thrived as separate entities operated by small and medium entrepreneurs in their own territories. There was lack of international exposure and only a few Indian companies explored the retail platform on a larger scale. From overseas only companies like Levi's, Pepe, Marks and Spencer, etc., had entered targeting upper middle and rich classes of Indians. However as more than 50 % population was formed by lower and lower middle class people, the market was not completely captured. This was later realized by brands like Big Bazaar and Pantaloons who made their products and services accessible to all classes of people and today the success of these brands proves the potential of Indian retail market. A great shift that ushered in the Indian Retail Revolution was the eruption of Malls across all regional markets. Now at its peak, the mall culture actually brought in the organized format for retailing in India which was absent earlier. Though malls were also initially planned for the higher strata, they successfully adapted to cater to the larger population of India. And it no wonder, today malls are changing the way common Indians have their shopping experience. However there is still great scope for enhancing Indian mall culture as other than ambience and branding many other aspects of Retail Service remains to be developed on international standards. It is surprise that there was not a single mall in India a decade before and just a few years ago only a handful of them were striving, today there are more than 50 malls across different cities and 2 years from now around 500 malls are predicted to come up. Indeed this shows a very promising trend ahead.

IV. REVIEW OF LITERATURE

Ramanathan&hari (2011) observed from their study that due to the recent changes in the demographic system of consumers, and the awareness of quality conscious consumption, consumers preferred to buy different products both from the organized and unorganized retailers.

Joseph, Soundararajan, Gupta, &Sahu, (2008) concluded that unorganized retailers in the locality of organized retailers were adversely affected in terms of their volume of business and profit. According to him with the emergence of organized outlets consumers gained through the availability of better quality products, lower prices, one-stop shopping, choice of additional brands and products, family shopping, and fresh stocks. According to report of ICRIER "organized and unorganized retail not only coexist but also grow substantially. "The reason behind that the retail sector is gradually growing on an overall basis hence the benefit of this growth goes to both the sectors.

Kearney, (2006) found that traditional markets are transforming themselves in new formats such as departmental stores, hypermarkets, supermarkets and specialty stores. Munjal, 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.

Mathew and Gupta (2004) while studying the impact of organized retailing on traditional retailing observed that with the increase in number of various formats for shopping like malls, departmental stores, hypermarkets etc., the Indian consumer's preferences are changing towards these. Similar observations were reported by Urvashi Gupta (2012) in her study in Jammu. RNCOS (2009) has stated that as per "Global Convenience Store Market Analysis", changing consumer preferences, lifestyle and rising income level, which is heavily influenced by economic growth, remains the major driving force for c-store industry in the Asian region.

Dash et al., (2009) found that consumers in Bangalore coming of growing middle class besides large number of earning youth and increase in spending capacity may favour organized retail but in built deficiencies like inefficiency of distribution channels, internal logistical problem and retail shrinkage may shift the choice towards unorganized retailers.

The study by Jasola (2007) highlights that malls, specialty stores, discount stores, department stores, hypermarkets, supermarkets, convenience stores and multi-brand outlets are the most preferred retail formats in India. In the organized sector, super-markets contribute to 30% of all food and grocery retail sales.

Sivaraman.P, (2011) from his study concluded that the impact of organized retailers was clearly visible on the business of unorganized retailers in terms of sales, profit and employment. Due to their financial infirmity these small retailers continuously struggled to introduce changes in their existing retail practices. Some kind of intervention was required for their future existence. Another study by 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.

Gupta , (2012) concluded in her study that store attributes like convenient operating hours and accessibility were the factors which lead to customer loyalty and not store appearance. Similarly, product attributes like freshness of the product and availability of products range according to the pocket were major determinant of loyalty. It was also evident that even today Kiranas are preferred by customers because of various reasons viz. convenient location, home delivery, personal relations with shopkeeper, giving products on credit, payment in installments.

Srivastava, (2012) in his study showed that the overall customers" perception across urban and suburban was not varied. The customers were ready to pay higher prices for branded goods across the urban and suburban areas. They gave priority to purchase grocery from nearby shops while for purchasing of apparel they liked to travel some distance. The outcomes of the study showed that the exposure of marketing strategy through electronic and print media made the customers more choosy and knowledgeable.

V. OBJECTIVES OF THE STUDY

1. To study the consumer behavior towards organized and unorganized retail stores in Hyderabad city.
2. To study the consumers satisfaction level from organized retail stores as well as unorganized retail stores in Hyderabad city.

VI. RESEARCH METHODOLOGY

Hyderabad city: A total of 100 consumers from Hyderabad city were surveyed for this research study. The survey is based on interviewing grocery store consumers at various catchment areas are selected based on number of households and income groups in the Hyderabad city, Telangana, India.

Primary Data: Questionnaire and personal Interview methods used for primary data collection.

Secondary Data: Secondary data was collected through research papers, Newspapers, journals, websites, books, project reports and so on.

Sample Method: The sampling method chosen is simple random sampling which is a type of probability sampling.

Sample Size: 100, the data is collected using a random sample of consumers, who have significant knowledge of the topic were identified and selected for questioning.

VII QUESTIONNAIRE

Questionnaire was designed according to the objectives of the study, which were to analyze the impact of organized retailing from unorganized retail and to find out the survival strategies adopted by unorganized retailers in mall culture in Hyderabad city. The questionnaire consisted of few open ended questions, some questions were either using ranking scale or Likert scale, and dichotomies type of questions and open ended question. Interviews were conducted face to face so as to capture the attitude and experience of consumers who had just purchased grocery items from organized and unorganized retail outlets. Both qualitative and quantitative data analysis is done in order to get deeper insights into the consumer buying behavior and store loyalty for local grocery stores. Larger the sample size greater is the precision or reliability when research is replicated.

Limitations of the Study: Constraints on time, manpower and costs have influenced decisions on the study sample size.

VIII RESULTS AND DISCUSSION

TABLE 1: PREFERENCE OF CUSTOMERS TOWARDS RETAIL STORES

S. No	Preference	No of Respondents	Percentage (%)
1	Organized	36	36
2	Unorganized	38	38
3	Not sure	26	26
Total		100	100

Table.1 explains that 36% customers prefers organized retail shopping while 38% customers prefers unorganized retail shopping but 26% customers are still not sure about their preference in shopping .

TABLE 2: CUSTOMER'S PREFERENCES TOWARDS THE RETAIL STORES FOR PURCHASE OF DAILY GROCERIES

S. No	Preference	No of Respondents	Percentage (%)
1	Local Kirana Shops	38	38
2	Super Markets	24	24
3	Convenience stores	22	22
4	Hyper markets	16	16
Total		100	100

Table.2 portrays that 38% customer's purchases daily groceries from local Grocery stores while 24% customers shop from Supermarkets, 22% customers from Convenience Stores and rest 16% Customers prefer Hypermarket. Thus, highest percentage is still with local Grocery stores however the difference between supermarket and local Grocery is less.

TABLE 3: FREQUENCY FOR VISITING MALLS

S. No	Preference	No of Respondents	Percentage (%)
1	Daily	6	6
2	Weekly	18	18
3	Fortnightly	32	32
4	Monthly	44	44
Total		100	100

Table.3 tells that 44% Customers visits monthly to the malls for various different purposes, 32% customers fortnightly, 18% weekly and rest 6% Daily visiting mall.

TABLE 4: PURPOSE OF VISITING MALLS

S. No	Preference	No of Respondents	Percentage (%)
1	For Shopping	30	30
2	For Entertainment	34	34
3	For Window Shopping	36	36
Total		100	100

Table.4 states that 30% Customers visit mall for Shopping while 36% visits for Entertainment and rest 34% visits for Window shopping. During the survey, I got straight forward Purpose of visiting Malls Shopping, Entertainment, and Window Shopping.

TABLE 5: CUSTOMERS SATISFACTION ON THE BASIS OF PRICE STRATEGY ADOPTED BY MALLS

S. No	Preference	No of Respondents	Percentage (%)
1	Satisfied	64	64
2	Unsatisfied	36	36
Total		100	100

Table.5 explains that 64% Customers are satisfied with the pricing strategy of the malls after considering various discounts, sales and other offers, while 36% Customers are not satisfied.

TABLE 6: CUSTOMERS PREFERENCE FOR BEST SHOPPING DEALS

S. No	Preference	No of Respondents	Percentage (%)
1	Organized	64	64
2	Unorganized	28	28
3	Not sure	8	8
Total		100	100

Table.6 was found that 64% consumers finds best shopping deals in malls with various Discount offers, gift packages, etc., 28% customers are satisfied with the shopping deals served by the local grocery stores while 8% customers has no opinion.

TABLE 7: IMPACT OF ORGANIZED RETAILING ON SPENDING

S. No	Preference	No of Respondents	Percentage (%)
1	Increase	48	48
2	Decrease	28	28
3	No Change	24	24
Total		100	100

Table.7 tells that 48% consumers declared an increase in spending 28% indicated a decrease and rest 24% no change. Thus the arrival of organized retail has enhanced spending in general. The reasons indicated for higher spending have been mainly the purchase of larger quantities due to wider range of products, availability of attractive offers like discounts and promotional schemes, and access to better quality products with higher price.

IX. FINDINGS AND RECOMMENDATIONS

1. The organized retailers have been adversely affected in terms of their volume of business and profit than the unorganized retailers.
2. The adverse unorganized retailer tapers off over time.
3. The customers are willing to purchase even from unorganized retailers because availability of credit sales, loose items, convenient timings, and home delivery.
4. There is clear evidence of a competitive response from traditional retailers who are gearing up to meet the threat from organized retailers.
5. Consumers benefited with the emergence of organized outlets through the availability of quality products, one-stop shopping, wide variety of products, multi branded products, family shopping, and fresh and latest stocks.

Recommendations to the Organized Retailers:

1. Organized retailers should take effective steps to avoid about long queues for billing.
2. Organized retail outlets may take necessary steps to home delivery to cater to the needs of consumers
3. Organized retailers provide credit schemes to increase sales potential.

Recommendations to the Unorganized Retailers:

1. Kirana outlets need to focus on proper shelf display so that customer gets awareness of products and variety available in the shop.
2. Unorganized retailers may focus more on maintaining hygienic conditions in their outlets.
3. Providing wide range of product by unorganized retailers can target those customers who were loyal to them but the switched to organized retail outlets.
4. Special promotional activities may be started by Kirana shops also.
5. Credit and home delivery system may be strengthened further to provide better service and retain loyal customers

The outcomes of the study are not indicative of the countrywide scenario. Present retailing sector in India is on crossroads. The study also reveals a balanced approach to retail and suggests that the government plays a major role in shaping its future course. There is no doubt that traditional retail has been performing a vital function in the economy and is a significant source of employment. However, it suffers from huge inefficiencies as a result of which consumers do not get what they want. In contrast, organized retail provides consumers with a wider choice of products, and a pleasant shopping environment.

X. CONCLUSION

The study concluded that India's organized and unorganized retail sectors can co-exist and flourish. The growth in the Indian organized retail market is mainly due to the change in the consumer's behavior and culture. This change has come in the consumer due to increased income, changing lifestyles, time consuming, and patterns of demography which are favorable. Now the consumers would like to shop at one place where he/she can get food, entertainment, and shopping all under the one umbrella. This has given Indian organized retail market a major boost. While on the other hand the traditional stores are shops where the various product available are the range of product really required by the customers. They cautiously take care of the choice of the customers and bring the product which is demanded by them. They try to satisfy them with the wide range and at the same

time maintain a good relationship to retain them and consequently convert them into their loyal customer.

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