

# A COMPARATIVE STUDY ON CONSUMER PERCEPTION TOWARDS ORGANIZED RETAIL SECTOR WITH UNORGANIZED RETAIL SECTORS

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## ABSTRACT

*Consumer Perception carried out the attention of the consumers towards the product, interpretation, memory, purchase and Consumer decision of the consumers. It includes the consumer opinion towards the product, frequency of buying, selecting the store it may be organized retail or unorganized retail sectors. The main objective of this study is to create the awareness about the organized retail sector to the consumers. In this study, the data collected from the consumers in organized and unorganized retail sector for the purpose of comparing the behavior of the consumers towards their buying habits between the organized retail sector and unorganized retail sectors. The survey method with a pre- designed structure questionnaire was used to collect data from the sample. The sample size of this study is 160 consumers. A Questionnaire distributed to the consumers of organized and unorganized retail stores in Virudhunagar district. For analyzing the data SPSS16.0 software were used. The statistical tools like chi-square, frequency analysis used for interpreting the data. The result indicates that the customers would like to purchase in unorganized retail shops rather than organized retail shops.*

**Keywords :** Consumer, Retail, Perception, Survey

## 1. INTRODUCTION

Perception is defined as “the process by which the individual selects, organizes and interprets stimuli into a meaningful and coherent picture of the world”. As individual we come across numerous products and service every days. Thus, different people hold different opinions about the same things and events. This is because each person has a specific way of looking at things. Every individual thus has a ‘perception’ of the world around him or her. Mathew Joseph stated that unorganized retailers in the vicinity of organized retailers experienced a decline in their volume of business and profit in the initial years after the entry of large organized retailers. Underhill (1999) revealed that, shopping is very distinctive in nature, its more to just purchasing what one wants but it also includes the customer's acceptance of the product, brand or stores as well, using multiple senses like- seeing, smelling, tasting, hearing and even touching.

### Introduction Retailing

The word ‘retail’ is derived from the French word ‘retailer’ meaning ‘to cut a piece off’ or ‘break bulk’. It includes all the activities directly related to the sale of goods and services to the ultimate consumer for personal and non- business use. In simple terms, it implies a first-hand transaction with the customer. Retailing involves a direct interface with the customer and the co-ordination of business activities from end to end-right from the concept or design stage of a product or offerings, to its delivery and post-delivery service to the customer. Unorganized retail sector it is defined as an outlet run locally by the owner or

caretaker of a shop that lacks technical and accounting standardization. The supply chain and sourcing are also done locally to meet the local needs. The world over the retail sector has grown rapidly with increasing sophistication and modernization of the life-style of households and individuals and with increasing globalization of trade; India has begun to cater up rather astonishingly rapidly. The industry has contributed to the economic growth of many countries and is undoubtedly one of the fastest changing and dynamic industries in India and world today

**Organized vs. Unorganized Sector:** Future of retail sector in India is swerving- on one side organized retail is marching into life of urban consumers, while on the other our own neighborhood 'Grocery stores' are resisting fiercely with their existing strong foothold. India today is at the crossroads with regard to the retail sector. A shift between organized and unorganized retail sector is evident, which has led to a number of speculations on the fate of Indian retail.

## 2. Review of Literature

According to Dholakia (1999), the rationale for shopping is making physical visits to a shopping site. It is considered as a household task as well as a form of recreation, relaxation and entertainment. Shopping is also considered to have the most positive attribute of being a leisure activity along with work (Dholakia, 1999). The study done by Underhill (1999) revealed that, shopping is very distinctive in nature, its more to just purchasing what one wants but it also includes the customer's acceptance of the product, brand or stores as well, using multiple senses like- seeing, smelling, tasting, hearing and even tasting. Backstop & Johansson (2006) studied factors that influence consumers' in-store experiences. In-store experiences are constituted by traditional values such as the behavior of the personnel, a satisfactory selection of products, price and a layout that facilitates the store visit. Kalhan (2007) studies the impact of organized retail on unorganized retail shops. Major findings reveal that 70 % of unorganized retailers reported falling sales. Goswami & Mishra (2009) seek to understand whether Indian consumers are likely to move from traditional Kirana stores to large organized retailers while shopping for groceries. The research finding reveals that customer patronage to grocery stores was found to be positively related to location, helpful, trustworthy salespeople, and home shopping, cleanliness, and offers, quality and negatively related to travel convenience. Mittal and Parashar (2010) explained that irrespective of area, people prefer grocery stores to be nearby, product assortment is important for grocery. Ghosh & Srivastava (2010) in his research found that service quality has become vital for service firms to pay attention due to increased competition. Kumar (2011) studied on the strategies of unorganized retailers with reference to consumer durables and found that a product strategy which means merchandise is the most important factor followed by price, distribution and promotion.

Kushwaha (2011) compared the perception of consumers in organized and unorganized retail market and found that factors like cleanliness, distance, price, quality, safety and space for shopping are the determinant factors for unorganized retail. 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. Consumer buying behavior is influenced by the major three factors Social Factors, Psychological Factors and Personal Factors. S. P. Thenmozhi and D. Dhanapal (2011) identified the Retail service quality factors and explores the impact of Retail Service Quality on Customer satisfaction and loyalty in unorganized retail outlets and sample of 463 customers at selected kirana stores (unorganized retail format) of Tamilnadu in India were selected for the study on the basis of non-probability convenience sampling. Mathew Joseph stated that unorganized retailers in the vicinity of organized retailers experienced a decline in their volume of business and profit in the initial years after the entry of large organized retailers.

## 3. Objectives

- To study the consumer buying activities towards the retail sector.
- To identify type of retail sector and place where the customers buy the product.
- To analyze kind of products customers purchases in particular retail sector.

## 4. Research Methodology

According to Assael (1987), shopping behavior is the most unique for behavior which the consumers exhibit. Gifts, clothing, groceries, gifts and household items are some of the most common type of shopping which consumers indulge in a highly frequent manner. The study is designed as "descriptive

research" that studies are those studies which are concerned with describing the characteristics of a particular individual, or of a group. This research is under taken with an idea to know about the consumer perception towards the organized and Unorganized Retail sectors. The sample size of this study is 160 consumers. The sample size was determined arbitrarily. A Questionnaire distributed to the consumers of organized and unorganized retail stores in Virudhunagr district of Tamilnadu. The questionnaire cum schedule method is used to collect the data in this research. Non-random sampling has been used for this Research. In this Analysis the 'Convenience sampling' method was used for collecting the data.

## 5. ANALYSIS AND INTERPRETATION

### Chi-square analysis

**Null hypothesis Ho:** There is no association between type of retail sector and customer buying the products.

**Alternative hypothesis H1:** There is association between type of retail sector and customer buying the products.

Type of retail sector do you prefer* Place you buying the products									
Particulars	Sectors	Products Purchase Store							Total
		Super market	Discount store	Department store	Kirana store	Street stall	convenience store	Provisional store	
Type of retail sector you prefer	Organized retail sector	30	21	17	0	0	0	0	68
	Unorganized retail sector	0	0	0	22	31	25	14	92
Total		30	21	17	22	31	25	14	160

Particulars	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.482E2 <sup>a</sup>	6	.000
Likelihood Ratio	193.248	6	.000
Linear-by-Linear Association	115.765	1	.000
N of Valid Cases	160		

The Table shows that the relationship between the type of retail sector and customer buying the products in the store. In this table 92 respondents prefer unorganized retail sector and 31 respondents buy the product in street stall. The p value is .000. It shows that the null hypothesis is rejected. Hence it is revealed that there is association between the type of retail sector and the customers buying the products in the store.

### Chi-square analysis

**Null hypothesis Ho:** There is no association between customers buying the products and kind of products they purchase in the store.

**Alternative hypothesis H1:** There is association between customers buying the products and kind of products they purchase in the store.

Place you buying the products * kind of shopping you make in this store										
Particulars		Kind of shopping you make in this store								Total
		Grocery	Drink	Milk & Egg product	Detergent & House Cleaning product	Bakery & pastry	Vegetables	News papers	others	
Place you buying the products	Supermarket	17	4	4	3	2	0	0	0	30
	Discount store	12	1	2	2	2	1	1	0	21
	Departmental store	12	0	1	2	1	1	0	1	18
	Kirana store	3	0	3	3	3	5	4	1	22
	Street stall	3	4	3	3	8	4	4	2	31
	convenience store	2	4	7	0	1	6	4	1	25
	Provisional store	7	4	0	0	1	0	1	0	13
Total		56	17	20	13	18	17	14	5	160

Particulars	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	84.085 <sup>a</sup>	42	0.000
Likelihood Ratio	100.369	42	0.000
Linear-by-Linear Association	14.852	1	0.000
N of Valid Cases	160		

The Table shows that the relationship between the customer buying the products in the store and kind of product purchases. In this table 31 respondents are buying the product in street stall and 56 respondents are buying the groceries. The p value is 0.000. It shows that the null hypothesis is rejected. It is known that there is association the customers buying the products in the store and kind of product they purchase.

#### Frequency of Visiting the Store by Consumers

Particulars	Frequency	Percent
At least 3 times a week	29	18.1
Weekly	42	26.2
At least twice per month	46	28.8
Monthly	23	14.4

Sporadically	20	12.5
Total	160	100.0

(Source: Primary Data)

The Table shows that the frequency of respondents visit the store, out of 160 respondents 18.1% of the respondents are visit the store At least 3 times a week, 26.2% of the respondents are visit the store weekly once, 28.8% of the respondents are visit At least twice per month and 14.4% of the respondents are visit monthly wise.

#### Period of Visiting the Store

Particulars	Frequency	Percent
Below 1 months	22	13.8
1 to 3 months	38	23.8
3 to 6 months	32	20.0
6 to 1 year	20	12.5
Above 1 year	48	30.0
Total	160	100.0

(Source: Primary Data)

The Table illustrates that the periods of visiting the store of the respondents, out of 160 respondents 13.8% of the respondents are visiting the store below 1 month, 23.8% of the respondents are visit 1 to 3 months, 20% of the respondents are 3 to 6 months and 30% of the respondents are visiting the store above 1 year.

#### 6. FINDINGS AND RECOMMENDATIONS

- ❖ Most of the consumers are not aware about the organized retail sector. So that the retail sectors have to create awareness about the organized retail sectors to the public by using the displays of the stores.
- ❖ In this research the lots of consumers are buying their products in the street stalls nearby their house. So the organized retail shops can be opened in sectors is place the convenient place for easy purchase.
- ❖ Both the sectors have the low regulation about the prices, quality and tax to the government. So the concerned officers should regulate the prices of the unorganized retail sector for the purpose of reduce the price discrimination of the product.
- ❖ There must be good network connection between retail organizations, the other channel members to use compatible technology so that they can build strong distribution set up to satisfy the customers.
- ❖ Setting up of more and more non-store retailing centers would also ensure a strong retailing organization. Non store retailing makes implementation of modern principles easier and less costly.
- ❖ More over there must be change in the mindset of the unorganized retailer. They have to understand, come forward and realize the change and modern technology can be introduced in their shops. By doing this they will flourish in the business.

#### 7. CONCLUSION

The people don't have awareness about retail sector till last decade. With the support of technology and globalization there may be number of organized retail sectors are available in virudhunagar district. Even though retailers offering variety of products, customers finished their shopping in nearby

homes shop only. Hence there is a lack of company to sustain in the market. This study has focus on comparative analyze of organized and unorganized retail sectors. Also this study aimed to analyze the awareness of the retail sectors in Virudhunagar district. From this research it was suggested that promotion of retail sectors was compulsory in this area. State government must have control over these retailers and closely monitor the functioning of individual retailers. Through that customers have the mindset to trust retailers.

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