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RESEARCH PAPER

A comparison of consumer perception towards organized and unorganized retailing in South Gujarat

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ABSTRACT

The Indian retail industry is one of the most vibrant industries in the country. The retailing sector in India is one of the pillars of its economy and accounts for 14 to 15 per cent of its GDP. The Indian retail market is estimated to be US$ 500 billion and one of the top five retail markets in the world by economic value. But despite this growth, the Indian retail industry is highly fragmented, with the organized retailing still at a nascent stage which accounts for far less percentage than the unorganized retailing of the total Indian retail market. It is estimated that organized retailing accounts for less than 5 per cent of today's market. Retailing in India came with evolutionary pattern form unorganised retail store to organised retail store. The global retail industry has been growing at a brisk pace the last few decades. At present sales from the different modern retail centre is higher than unorganised retail store, sales from the organised retail store is more than 45 per cent higher than sales from unorganised retail store. This study aims to find the consumer perception towards organized and unorganized retailing in South Gujarat. The primary data was gathered by administering a prearranged questionnaire with 200 consumers selected purposively from Surat and Valsad city of South Gujarat. The data analysis of consumer attitude towards unorganized and organized retailers shows that there is a difference between the consumers' perception towards both organized retailers and unorganized retailers regarding the shopping environment, promotional schemes, choice/variety of brands, proper parking facility, proper shelf display of the products etc.

KEY WORDS : Organised retail, Unorganised retail, Consumer perception

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The word "Retail" comes from a French word "retailer" which means "to cut a piece off" or "to break bulk." Retail is the world's leading industry with worldwide retail sales of almost USD 8 trillion. Retailing is also one of the main contributors to the Gross Domestic Product (GDP) of most countries and also one of the biggest employers In India. Retailing is mainly divided into two parts namely organised and unorganised retailing. Unorganised retail refers to the traditional formats of low cost retailing for example the local kirana shops, owner manned general stores, convenience store, pavement vendor etc. Organised retailing on the other hand mainly refers to the trading activities undertaken

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by licensed retailer, that is, those who are registered for sales tax and income taxes etc. these includes the corporate backed hyper markets and retail chain, and also the privately owned large retail business.

The Indian retail industry is one of the most vibrant industries in the country. The Indian retail industry has emerged as one of the most dynamic and fast-paced industries due to the entry of several new players. It accounts for over 10 per cent of the country's Gross Domestic Product (GDP) and around 8 per cent of the employment. India is the world's fifth-largest global destination in the retail space. Indian Retail Industry has immense potential as India has the second largest population with affluent middle class, rapid urbanisation and solid growth of internet. India's retail market is expected to increase by 60 per cent to reach US$ 1.1 trillion by 2020, on the back of factors like rising incomes and lifestyle changes by middle class and increased digital connectivity. While the overall retail market is expected to grow at 12 per cent per annum, modern trade would expand twice as fast at 20 per cent per annum and traditional trade at 10 per cent. Indian retail market is divided into "Organised Retail Market" which is valued at $60 billion which is only 9 per cent of the total sector and "Unorganised Retail Market constitutes the rest 91 per cent of the sector (IBEF, 2018).

Objectives of the study :

The main objective of this study is to find the consumer perception towards organized and unorganized retailing in South Gujarat. With this overall objective the sub objectives of the study are as follows.

– To study the factors influencing the consumers to buy from organized retailers/unorganized retailers.

– To study the influence of demographic factors on buying decisions from organized retailers/unorganized retailers.

– To study the perception of consumers towards organized and unorganized retailers.

METHODOLOGY

The nature of the present study was descriptive. The data were gathered from both the primary and secondary sources. The primary data were collected by conducting personal interview of consumers who purchase from organized and unorganized retailers in the study area. The Purposive Sampling methodology was used for the selection of 200 respondents with 100 consumers from each city. The primary data were gathered by administering a structured questionnaire with 200 consumers of Surat and Valsad city of South Gujarat. The secondary data were collected through various sources like magazines, internet source, journals and other sources.The quantitative approach was used for the data analysis. Simple Statistical tools and tabular analysis was done for the fulfilment of the objectives.

ANALYSIS AND DISCUSSION

From the Table 1 (a) it could be concluded that various factors which influence the consumer's preference towards organized retail outlets were shopping environment (1), promotional schemes (2), choice/variety of brands (3), proper parking facility (4), proper shelf display of the products (5), easy availability of products (6) etc. and these factors were influence the consumers' choice towards organized retail outlets.

In the case of unorganized retail outlet as discussed in Table 1 (b) the consumers' preference was due to factors like immediacy of the store (1), relations with the shopkeeper (2), credit availability (3), billing duration (4), bargain facility (5), Easy replacement of defected products (6) etc. The other factors like quality of product, variety and easy availability however ranged medium in the response.

On studying the frequency of retail outlet visited by consumers as given in Table 2 and below it was found that 12 per cent and 48 per cent consumers visited the organized outlets on daily and weekly basis against 42 per cent and 44 per cent consumers visited unorganized retail outlets on daily and weekly basis. So it could be said that frequency of visit was more on weekly and monthly basis in case of organized retail outlets and whereas in case of unorganized retail outlets frequency of visit is more on daily and weekly basis.

From the Table 3 it could be said that the younger and middle generation in age group below 25-40 years. (67%) has more inclination towards organized retail outlet against the higher age groups 41-60 yrs and above (67%) have more inclination to visit Kirana outlets presumably to meet the day to day needs of the family.

From Table 4 it may be concluded that consumers (approx 56 %) having income Less than 4 Lakhs prefer to go to neighborhood shops for purchasing whereas organized retail outlets were preferred by consumers having income more than 4 Lakhs (approx75%).

Table 5 depicts the association of education level and the type of store visited and from data it could be revealed that consumers who were below metric (35%) prefer to visit unorganized retail outlet whereas undergraduate graduateand graduate feel the importance of both types of retail outlets but post graduate mostly prefer to make their purchasing from organized retail

Table 1 (a) : Factors which influence consumers to prefer organized retail outlet

Factors	Strongly agree (5)	Agree (4)	Neither agree nor disagree (3)	Disagree (2)	Strongly disagree (1)	Cumulative score	Rank
Shopping environment	82 (410)	8 (32)	6 (18)	4 (8)	-	468	1
Promotional schemes	58 (290)	26 (104)	10 (30)	4 (8)	2 (2)	434	2
Choice/Variety of brands	50 (250)	34 (136)	10 (30)	6 (12)	-	428	3
Proper parking facility	52 (260)	34 (136)	4 (12)	8 (16)	2 (2)	426	4
Proper shelf display of the products	54 (270)	30 (120)	6 (18)	4 (8)	6 (6)	422	5
Easy availability of products	44 (220)	34 (136)	14 (42)	6 (12)	2 (2)	412	6
Quality of products	52 (260)	28 (112)	8 (24)	8 (16)	4 (4)	416	7
Relations with the shopkeeper	54 (270)	24 (96)	10 (30)	8 (16)	4 (4)	416	7
Entertainment for children	54 (270)	22 (88)	8 (24)	10 (20)	6 (6)	408	8
Cleanliness of the store	42 (210)	32 (128)	12 (36)	8 (16)	6 (6)	396	9
Status	32 (160)	16 (64)	26 (78)	18 (36)	8 (8)	346	10
Supportive sales personnel	32 (160)	18 (72)	10 (30)	14 (28)	26 (26)	316	11
Proper packaging of products	12 (60)	20 (80)	20 (60)	30 (60)	18 (18)	278	12
Immediacy of the store	14 (70)	12 (48)	18 (54)	36 (72)	20 (20)	264	13
Easy replacement of defected products	-	10 (40)	8 (24)	44 (88)	38 (38)	190	14
Bargain facility	-	-	12 (36)	60 (120)	28 (28)	184	15
Billing duration	-	-	16 (48)	54 (108)	30 (30)	186	16
Credit availability	-	-	12 (36)	56 (112)	32 (32)	180	17

Table 1 (b) : Factors which influence consumer to prefer unorganized retail outlet

Factors	Strongly Agree (5)	Agree (4)	Neither agree nor disagree (3)	Disagree (2)	Strongly Disagree (1)	Cumulative Score	Rank
Immediacy of the store	56(280)	38(152)	6(18)	-	-	450	1
Relations with the shopkeeper	56(280)	32(128)	10(30)	2(4)	-	442	2
Credit availability	54(270)	32(128)	10(30)	4(8)	-	436	3
Billing duration	44(220)	46(184)	10(30)	-	-	43	4
Bargain facility	44(220)	42(168)	6(18)	4(8)	4(4)	418	5
Easy replacement of defected products	30(150)	34(136)	14(42)	12(24)	10(10)	362	6
Easy availability of products	20(100)	22(88)	6(18)	34(68)	18(18)	292	7
Supportive sales personnel	18(90)	24(96)	4(12)	32(64)	22(22)	284	8
Shopping environment	12(60)	24(96)	14(42)	26(52)	24(24)	274	9
Quality of products	22(110)	12(48)	8(24)	34(68)	24(24)	274	9
Choice/Variety of brands	12(60)	22(88)	6(18)	32(64)	28(28)	258	10
Proper shelf display of the products	10(50)	12(48)	8(24)	42(84)	24(24)	230	11
Proper parking facility	12(60)	10(40)	6(18)	40(80)	32(32)	230	11
Cleanliness of the Store	14(70)	12(48)	10(30)	12(24)	52(52)	224	12
Entertainment for children	-	-	20(60)	50(100)	30(30)	190	13
Proper packaging of products	-	-	8(24)	64(128)	28(28)	180	14
Promotional schemes	-	-	14(42)	52(104)	34(34)	180	14
Status	-	-	5(15)	30(60)	15(15)	90	15

outlet due to factors listed in Table 1.

On studying the occupation wise consumer's preference for the type of store visited for shopping needs as depicted in Table 6, it was found that there was similar association between occupation and type of store visited as consumers equally prefer both for their shopping needs. As around 58 per cent consumers preferred visiting organized retail stores belong to service class whereas 60 per cent consumers preferred visiting unorganized retail stores also belong to service class in the study area.

Table 2 : Frequency of visit to organized and unorganized retail store

Duration	Frequency of visit in organised retail outlet (No. and percentage)	Frequency of visit in unorganised retail outlet (No. and percentage)
Daily	12	42
Weekly	48	44
Monthly	24	12
Quarterly	12	2
Half Yearly	4	-
Total	100	100

Table 3 : Age and type of store preferred for shopping needs

Age	Organized (No. and percentage)	Unorganized (No. and percentage)
18- 25 yrs	21	8
26-40	46	25
41-60	22	43
Above 60 yrs	11	24
Total	100	100

Table 4 : Income and type of store preferred for shopping needs {No.(%)}

Yearly house-hold income	Organized (No. and percentage)	Unorganized (No. and percentage)
<1.5 lakh	0	22
1.5-4 lakh	25	34
4-8 lakh	44	32
>8 lakh	31	12
Total	100	100

Table 5 : Education level and the type of store visited for shopping needs

Educational qualification	Organized (No. and percentage)	Unorganized (No. and percentage)
Below Metric	14	35
Undergraduate	22	22
Graduate	28	26
Post Graduate	36	17
Total	100	100

Table 6 : Occupation and type of store preferred for shopping needs

Occupation	Organized (No. and percentage)	Unorganized (No. and percentage)
Business	6	10
Government Service	24	28
Private Service	34	32
Students	4	14
Homemaker	30	16
Others	2	-
Total	100	100

On studying the family size and type of store visited as per data in Table 7 below indicated that as the family size increases the preference for unorganized retail outlet also increases. In Gujarat joint family system is still preferred and most of the day to day purchases were made by the elder members which have an inclination towards traditional shopping for small household needs. However, nuclear families appear to prefer visit to organized retail outlets more in comparison to unorganized retail stores.

Number of working members in a family and the type of store visited was also studied and the data given in Table 8 indicates that in families with single bread earner (about 63%) in that case the house hold needs were met from unorganized stores/ neighborhood Kirana shops presumably due to credit facility, bargain facility, relations with the shopkeeper and less travel time etc. In contrast where working members were 2 - >2, the organized types of stores were more preferred.

Table 9 depicts regarding perception of consumers towards organized outlet. It was found that majority of consumers perceive organized retail outlets having good shopping environment, convenient, greater value added services, entertainment, after sale services etc. Similarly it was observed that consumers perceived unorganized retail outlets as proximity, credit availability, home delivery facilities, bargain facility, after sale services etc. Similar work related to the present investigation was also carried out by Bedia and Gupta (2017); Bulsara and Hemantkumar (2016); Goswami and Mishra (2009); Jayasankara Prasad and Ramachandra Aryasri (2011); Pandya and Bariya (2012) and Shukla and Shukla (2013).

Conclusion :

From the study it could be concluded that due to the changing demographics, increase in urbanization, and awareness due to electronic media especially internet the consumers have multiple options to choose from modern retail outlets to neighborhood shops. The majority of the consumers in study area were visiting organized

Table 7 : Family size and type of store visited

Family size	Organized (No. and percentage)	Unorganized (No. and percentage)
<4	30	25
5-8	42	32
9-10	25	29
Above 10	3	14
Total	100	100

Table 8 : Number of working members in a family and type of store preferred

Number of working members in the family	Organized (No. and percentage)	Unorganized (No. and percentage)
1	44	63
2 ->2	56	37
Total	100	100

Table 9 : Perception of respondents towards organized and unorganized retail outlets

Factors	Organised retail		Unorganised retail	
	Mean score	Rank	Mean score	Rank
Shopping environment	3.96	1	3	7
Convenient	3.9	2	2.2	8
Value added services	3.88	3	2.2	8
Entertainment	3.64	4	2.02	9
After sale services	3.46	5	3.5	5
Quality and quantity upto expectations	3.18	6	3.4	6
Proximity	2.94	7	4.16	1
Home delivery facilities	2.94	7	3.8	3
Credit availability	2.16	8	3.94	2
Bargain facility	1.9	9	3.6	4

formats for good shopping environment, attractive promotional schemes, variety of brands, proper parking facility, proper shelf display of products, easy availability, etc. In the case of unorganized outlets immediacy of the store, relations with shopkeeper, credit availability, billing duration, bargaining facility and easy replacement of defected products etc. to attract the consumers. Unlike higher age groups who prefer to visit Kirana stores, the younger generation has more inclination towards organized retail. The families with annual income less than 4.0 Lakh and having a single earner in family prefer shopping with nearby Kirana stores. Also, the consumers with higher qualification were found to be more attracted towards organized retail outlets. In this regard the unorganized retailers need to add more product lines and focus on quality as well as variety to attract consumers and the organized formats need to focus on consumer relationship in orderto tap more market share. Finally, it could be said that both organized as well as unorganized retailers need to add value added services to make the shopping experience more comfortable and value oriented for consumers.

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