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A STUDY ON CONSUMER PERCEPTION TOWARDS ORGANIZED AND UNORGANIZED RETAILING

N. Venkatesh¹

¹Lecturer in Management studies,
JNTUH- Hyderabad

S.Sindhu²

²Student pursuing 5th year in Integrated Dual
Degree Programme (IDP),
B.Tech & M.B.A. with Bachelors in Mechanical
engineering (ME) and Masters in MBA with
specialization of Marketing,
JNTUH College of Engineering
Hyderabad

ABSTRACT

The study is about organized and unorganized retailing in Jntuh. Retail is the process of selling consumer goods or services to customers through multiple channels of distribution to earn a profit. Retailers satisfy demand identified through a supply chain. The Organized retailing refers to the trading activities undertaken by licensed retailers that are those who registered themselves for sales tax, income tax, etc. These include the corporate backed hypermarkets and retail chains and also the privately owned large businesses. The various forms of organized retail are hypermarkets, supermarkets, departmental stores, speciality chains, malls. Whereas, Indian retail is dominated by a large number of small retailers consisting of the local kirana shops, owner-manned general stores, chemists, footwear shops, apparel shops, paan and beedi shops, hand-cart hawkers, pavement vendors, etc. which together make up the so-called “unorganized retail” or traditional retail. The main objective of this study is to know the perception of customers on organized and unorganized retail. Moreover, the study also helps to find which type of retail is more preferred by consumers, their preferences, reasons to shop etc.

KEY WORDS: *organized, unorganized, customer perception.*

INTRODUCTION

Retailing is one of the largest industries in Hyderabad the biggest sources of employment in the country. It is the most active and attractive sector and it is going through a transition phase not only in Hyderabad but also worldwide.

Retailing

The Retailing is a distribution channel function, where one organization buys products from supplying firms or manufactures products themselves, and then sells these directly to consumers. The word

retail is derived from the French word retailer, which means to cut off a piece or to break a bulk. Retail may be defined, as a ‘dealer or trader who sells goods in small quantities or one who repeats or relates.’ Retailing thus may be understood as the final step in the distribution of merchandise for consumption by the end consumers. Kotler states that “Retailing includes all the activities involved in selling goods or services to the final consumers for personal, non-business use. A retailer or retail store is any business enterprise whose sales volume comes primarily from retailing. Any

organization selling to final consumers whether it is a manufacturer, wholesaler or retailer – is doing retailing. It does not matter how the goods or services are sold.

Organized Retailing

The retail sector is presently undergoing in Hyderabad. Previously, customers used to go to kirana stores to purchase their necessities. This later changed to bigger shops run by one man with a few employees. Here, all the work was done manually. Gradually, more sophistication seeped into this sector and department stores came into being. Beginning in the mid-1990s, however, there was an explosion of shopping malls and plazas where customers interacted with professionals and not with one single person - the owner. An important point here is that customer's requirements are catered to by trained staff. Today, organized retailing has become an experience characterised by comfort, style and speed. It is something that offers a customer more control, convince and choice along with an experience.

Unorganized Retailing

Hyderabad retail is dominated by a large number of small retailers consisting of the local kirana shops, owner-manned general stores, chemists, footwear shops, apparel shops, paan and beedi (local betel leaf and tobacco) shops, hand-cart hawkers, pavement vendors, etc. Which together make up the so-called "Unorganized retail" or "Traditional retail". The last few years have witnessed the entry of a number of organized retailers opening stores in various modern formats in metros and other important cities. Unorganized retailers normally do not pay taxes and most of them are not even registered for sales tax, VAT, or Income tax.

OBJECTIVES

1. To identify the association between the income level of respondents and primary reason for shopping in organized retail store.
2. To identify the association between the income level of respondents and primary reason for shopping in unorganized retail store.
3. To determine the factors to purchase in the organized retail store.
4. To determine the factors to purchase in the unorganized retail store.

REVIEW OF LITERATURE

- Pandey (2015) a study was conducted to know the preference of consumers in Jalandhar towards organized retail sector. Study was conducted to assess the important factors influencing the consumers' buying decision towards organized retail stores in Jalandhar, using the direct survey method.

- Chakraborty (2014) rural sector in India is undergoing a rapid change. Rural markets consisted major part of unorganized retail stores. But with the changing global scenario, Indian rural market is also changing and has become a new destination of retailing. Study attempts to discuss the recent Indian rural demography and the present day situation of retailing in India, challenges faced by organized and unorganized retailing in rural area. Primary data has been collected from rural villages and described their changing want, value, desire and feelings on retail industry.
- Somasekhar G (2014) another study was conducted on the consumers in Chittor. The study conducted by considering 342 shoppers who shop at both the outlets. The study reveals that Quality, one point shopping for all your needs and price (value for money) as a reasons to visit and face-inconvenient location as the major problem in visiting organized retail store in Chittor district.
- Shandilya (2014) organized retail sector includes various numbers of sub-sectors in it like jewellery, apparels, food etc. Initially food retailing was a family 60 owned business (they come under unorganized retail store type) but later it has gone through a sea change. Now, the big corporate houses are in the business of food retailing which provides many frill services with quality products. Study was attempted to find the consumers' preference for organized food retailing and unorganized food retailing. The study focuses on the retail attributes which are considered while selecting a retail shop by the consumers.
- Tomar (2014) discriminant analysis is done to find out which factor (store brand image, quality of merchandise, discount and special offer, merchandise assortment, shopping convenience, and physical facilities) are relatively better in discriminating between two groups (favorable attitude-unfavorable attitude). Also, the pace of expansion of these organized stores has started to touch the tier II cities, besides metros and mini-metros.

RESEARCH METHODOLOGY

Methodology: The study is based on the primary data collected through sample of female and male students of JNTUH. Questionnaire has been constructed to understand the contribution of various components towards impulse buying behaviour of students. The data has been collected through online survey along with demographic details of employees.

Area of Study: The area of this study understands the impulse buying behaviour of students. All the students under study belong to JNTUH in Hyderabad.

Population: The population of the study consists of all the students of graduation and post graduation of JNTUH College.

Samples and Sampling Techniques: Students were contacted for filling of questionnaire. However, 77 students out of 150 responded by completing the questionnaire. The number of respondents varied from gender to educational qualification. As the population under the study is small, Simple random sampling method is used for this study.

Administration of the questionnaire: The questionnaire was sent by email and Whatsapp contacts in the form of Google forms. Completed questionnaire were sent back through email and responses were updated in Google forms. Follow-up enquiries were made to enhance timely response by the students.

Survey method: An online survey is a questionnaire that the target group can complete over the Internet. Online surveys are usually created as Google forms with a database to store the answers and statistical software to provide analytics. For the past few years, the Internet has been used in conducting all sorts of studies all over the world. Whether it is market or scientific research, the online survey has been a faster way of collecting data from the respondents as compared to other survey methods such as paper-and-pencil method and personal interviews. Quantitative research data primarily involves statistical analysis involving the process of data editing, coding and entering before the data being analysed (Zikmund, 2000). As for this study, data collected were analysed using the Statistical Package for Social Sciences (SPSS) version 16.0.

Chi-Square test

S. no	Null hypothesis	Alternate hypothesis
1.	Income has no significant effect on primary reason for selecting organized retailing.	Income has significant effect on primary reason for selecting organized retailing.
2.	Income has no significant effect on primary reason for selecting unorganized retailing.	Income has no significant effect on primary reason for selecting unorganized retailing.

4.3. Factor Analysis

1) Factors to purchase in organized retailing

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.841
Approx. Chi-Square	63.619
Bartlett's Test of Sphericity	Df
	10
	Sig.
	.000

Table - 4.3.1

Kaiser suggested that KMO value must be greater than 0.5 as acceptable value for factor analysis. Table 4.3.1 indicates the KMO and Bartlett's Test value is 0.841 with Bartlett's

significance value is .000 (less than 0.05) which confirmed that the test is reliable.

Communalities

Factors to purchase in organized retailing	Initial	Extraction
Huge Variety of Products	1.000	.345
Attractive Offers	1.000	.759
Branded Goods	1.000	.680
Freedom to purchase	1.000	.482
Clean & Hygienic environment	1.000	.563

Extraction Method: Principal Component Analysis.

Table - 4.3.2

Table 4.3.2 shows that all the variables selected for the analysis are strongly loaded. The values shown in the extraction column shows that variable variance that is explained by retained factors. A high extraction value shows that the variable is fit for factor analysis while low extraction value, which is normally below 0.5, shows that the variables aren't fit for factor analysis. From the table 4.3.3, it is found that the five values are converted into two major factors. These five variables

explain 56.584% of the total variance. It shows all the factors extractable from the analysis along with their Eigen values, the percent of variance attributable each factor and the cumulative variance of the factor and the previous factor. Notice that the first factor account for 34.371% of the variance and the second factor counts for 22.214%. Therefore, only two factors are going to consider for this study.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.719	34.371	34.371	1.719	34.371	34.371	1.533	30.652	30.652
2	1.111	22.214	56.584	1.111	22.214	56.584	1.297	25.933	56.584
3	.976	19.513	76.098						
4	.655	13.094	89.191						
5	.540	10.809	100.00						

Extraction Method: Principal Component Analysis.

Table 4.3.3 Total Variance Explained

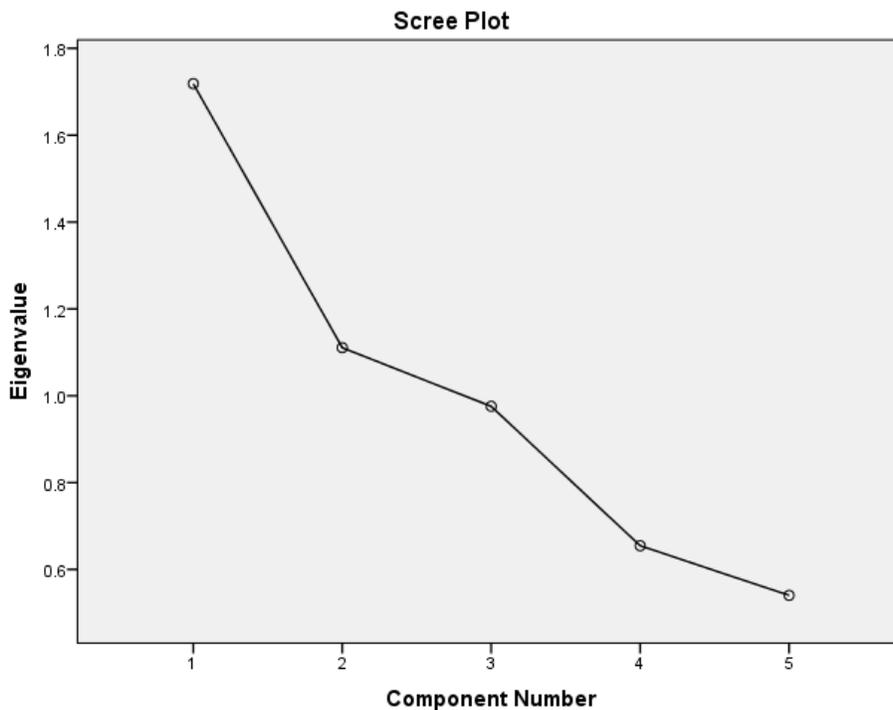


Figure - 4.3.1

The screen plot in the Figure 4.3.1 shows Eigen values and the values greater than 1 suggests that only 2 factors are suitable for extraction. These values also represent the amount of variance accounted for each factor. The two factors with Eigen values exceeding 1, explained 34.371 percent, and 22.214 percent of the variance respectively of the 56.584 percent of total variance explained by the factors prior to rotation.

Rotated Component Matrix

Factors to purchase in organized retailing	Component	
	1	2
Huge Variety of Products	.150	.568
Attractive Offers	.004	.871
Branded Goods	.791	-.234
Freedom to purchase	.645	.258
Clean & Hygienic environment	.685	.306

Extraction Method: Principal Component Analysis.
 Rotation Method: Varimax with Kaiser Normalization.
 a. Rotation converged in 3 iterations.

Table 4.3.4 Rotated Component Matrix

According to the table 5.35 there are three variables relating to branded goods, freedom to purchase and clean and hygienic environment are falling in factor one. Huge variety of products, Attractive offers are falling in factor two. Therefore based on the above factorization first factor named as ‘Shopping

environment’, second factor named as ‘Attraction factor’.

Factor Analysis

2) Factors to purchase in unorganized retailing

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.765
Approx. Chi-Square	116.461
Bartlett's Test of Sphericity	Df 10
	Sig. .000

Total – 4.3.5

Kaiser suggested that KMO value must be greater than 0.5 as acceptable value for factor analysis. Table 4.3.5 indicates the KMO and Bartlett’s Test value is 0.765

with Bartlett’s significance value is .000 (less than 0.05) which confirmed that the test is reliable.

Communalities

Factors to purchase in unorganized retailing	Initial	Extraction
Easy access / Nearby to home	1.000	.816
Bargaining	1.000	.526
Credit availability	1.000	.602
Easy replacement of defective	1.000	.723
Purchase of low quantity	1.000	.508

Extraction Method: Principal Component Analysis.

Table – 4.3.6

Table 4.3.6 shows that all the variables selected for the analysis are strongly loaded. The values shown in the extraction column shows that variable variance that is explained by retained factors. A high extraction value shows that the variable is fit for factor analysis while low extraction value, which is normally below 0.5, shows that the variables aren’t fit for factor analysis. From the table 4.3.7, it is found that the five values are converted into two major factors. These five variables

explain 63.511% of the total variance. It shows all the factors extractable from the analysis along with their Eigen values, the percent of variance attributable each factor and the cumulative variance of the factor and the previous factor. Notice that the first factor account for 43.000% of the variance and the second factor counts for 20.511%. Therefore, only two factors are going to consider for this study.

Total Variance Explained

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.150	43.000	43.000	2.150	43.000	43.000	1.795	35.906	35.906
2	1.026	20.511	63.511	1.026	20.511	63.511	1.380	27.605	63.511
3	.783	15.653	79.164						
4	.557	11.147	90.311						
5	.484	9.689	100.000						

Extraction Method: Principal Component Analysis.

Table - 4.3.7

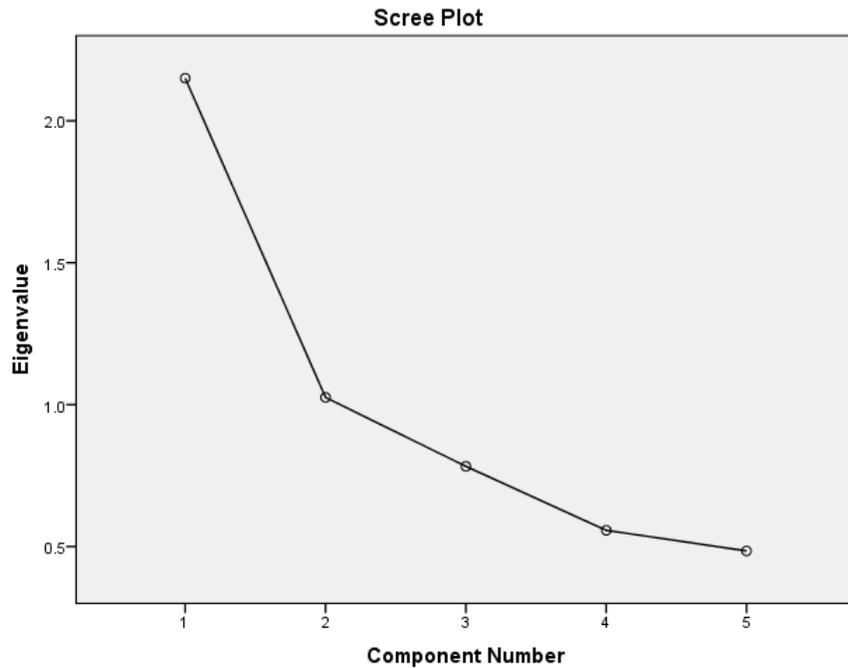


Figure - 4.3.2

The screen plot in the Figure 4.3.2 shows Eigen values and the values greater than 1 suggests that only 2 factors are suitable for extraction. These values also represent the amount of variance accounted for each factor. The two factors with Eigen values exceeding 1,

explained 43.000 percent, and 23.511 percent of the variance respectively of the 63.511 percent of total variance explained by the factors prior to rotation.

Rotated Component Matrix^a

Factors to purchase in unorganized retailing	Component	
	1	2
Easy access / Nearby to home	-.013	.903
Bargaining	.685	.239
Credit availability	.701	.332
Easy replacement of defective	.845	-.092
Purchase of low quantity	.345	.624

Extraction Method: Principal Component Analysis.
 Rotation Method: Varimax with Kaiser Normalization.
 a. Rotation converged in 3 iterations.

Table 4.3.8 Rotated Component Matrix

According to the table 4.3.8 there are three variable relating to Bargaining, Credit availability, easy replacement of defective are falling in factor one. Easy access/ nearby to home, Purchase of low quantity are falling in factor two. Therefore based on the above factorization first factor named as 'Benefits', second factor named as 'convenience factor'.

CONCLUSION

This study was conducted among the customers in the organized and unorganized retail trade in JNTUH. The study was conducted among 100 respondents and information was gathered through questionnaire. The growth in the organized retail market is mainly due to the change in the consumers' perception. This change has come in the consumer due to increased income, changing lifestyles and patterns of demography which are favorable. Now the consumer wants to shop at a place where he can get food, entertainment and shopping all under one roof. This has given organized retail outlets a major boost.

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