

A STUDY ON CUSTOMER PREFERENCE TOWARDS ORGANIZED RETAILING FROM UNORGANIZED RETAILING IN PUDUKOTTAI DISTRICT

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ABSTRACT

Organized and unorganized both sectors of retail are contributing a lot to the nation. Not only in terms of giving employment to the people but also in terms of satisfying customers and contributing to the national income of the country. However, the success of any business depends upon the customer satisfaction and customer preference how a particular retail makes space in the mind and heart of its customers. The study aims to find the factors or the reasons that actually changing the preferences of retail customers for organized from unorganized retailing. The sample size for the study was 125 respondents. The convenience sampling was applied to choose the respondents for the study. Those respondents were chosen who spend 70% on organized retailing. The questionnaire was designed with the help of a 5 point scale from Highly Satisfied to Highly Dissatisfied. This scaling was given to the various factors which influenced by prefer the organized retailing. The statistical tools used for analysis of data were chi-square test, descriptive analysis.

Keyword: Organized retailing, customer preference, satisfaction

I INTRODUCTION

Retailing means Re-tailing“ to the customers so that they come back towards them. Retailing consists of all activities involved in selling goods and services to customers for their personal, family, or household use. This study on the factors which influenced by the customers to change towards the organized retailing from unorganized retailing one besides most prioritized attributes which attract the customers towards either of them Retail sector can be divided into two sectors.

Organized retailing

Commerce activities undertaken by licensed retailers that is those who are registered for sales tax, income tax, etc. These include the publicity traded supermarkets corporate backed hypermarket and retail chains and also the privately owned large retail business.

Unorganized retailing

It refers to the traditional formats of minimum cost retailing. For example, the local general stores, convenience store, handcart and pavement vendors

STATEMENT OF THE PROBLEM

For a retailer, it is very difficult to retain the potential customer. Because the buyers are scattered according to the convenience of purchasing. The Indian retail industry is dominated by unorganized retail outlets due to certain advantages, such as credit facility, personal contact with the retailers. Due to the emergence of organized retailing must give importance to all the attributes like variety service, discount, mode of payment with special attention to retail customer. So it is essential to analyze changing the customer preference towards organized retailing from unorganized retailing.

II REVIEW OF LITERATURE

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

H. Gupta, N. Dubey and P. Pawan (2012) the broad objective of the study was to understand customer behaviour towards organized and unorganized retail stores and to find out the customer satisfaction level from organized retail stores as well as unorganized retail stores. The perception of 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.

Tazyn Rahman (2012) study revolved around the opportunities and challenges faced by organized retail players in India. It was found that organized retailers see competition from the unorganized sector as their biggest challenge, followed by competition between organized retailers and the inefficiency of distribution channels, internal logistical problem and retail shrinkage

Mathew Joseph (2013): A majority of unorganized retailers is keen to stay in the business and compete, while also wanting the next generation to continue likewise. Small retailers have been extending more credit to attract and retain customers.

Nair & Nair, (2013) in their study revealed that the perception of service quality was influenced by various natures among various customers and some of the general factors like personal interaction, physical aspects on which customer perception remained constant and common.

III RESEARCH METHODOLOGY

RESEARCH DESIGN

A Research design is the arrangement of conditions for collection and analysis of data in manner that aims to combine relevance to the research purpose.

TYPE OF STUDY

Descriptive research design has been adopted in this study because it deals with description of the state of affairs as it exists at present.

SAMPLING DESIGN

Sampling Area

The study is conducted in Pudukottai City and the population is infinity.

Sampling size

The sample size taken for the study is 125 respondents.

Sampling technique

The collected samples using convenient sampling method was validated and took it for further analysis

DATA COLLECTION METHOD

The study is based on primary data. The primary data was collected various through structured questionnaire for which samples of 125 respondents were selected for this study.

STATISTICAL TOOLS

Chi-Square Test

Chi-Square test can be used to assess two types of comparison. Test of goodness of fit and test of independence. A test of goodness of fit establishes whether or not an observed frequency distribution differs from a theoretical distribution.

$$\chi^2 = \sum \{(O_i - E_i)^2 / E_i\}$$

Descriptive Statistics

Descriptive Statistics can be used to find the mean and standard deviation

IV Data Analysis

4.2 CHI-SQUARE TEST

1. Chi-square test for relationship between income and frequency of shopping

Ho: There is no significant relationship between the income and frequency of shopping.

H1: There is significant relationship between the income and frequency of shopping.

Table No: 4.2.1
Table Name: Income and frequency

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	8.902 ^a	8	.351
Likelihood Ratio	9.358	8	.313
Linear-by-Linear Association	4.695	1	.030
N of Valid Cases	125		

Level of Significance = 0.05
 Degrees of freedom = 8
 Calculated χ^2 value, = 8.902
 Tabulated value $\square\square\square\square\square$

Interpretation

Since the calculated value > tabulated value so reject the null hypothesis. We may conclude that there is significant relationship between the income and frequency of visit to the store.

2. Chi-square test for relationship between occupation and frequency of shopping

H0: There is no significant relationship between the occupation and amount spend for shopping

H1: There is significant relationship between the occupation and amount spend for shopping.

Table No: 4.2.2
Table Name: Occupation and frequency of shopping

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	29.411^a	12	.003
Likelihood Ratio	31.513	12	.002
Linear-by-Linear Association	15.606	1	.000
N of Valid Cases	125		
a. 14 cells (70.0%) have expected count less than 5. The minimum expected count is .04.			

Level of Significance = 0.05
 Degrees of freedom = 12
 Calculated χ^2 value, = 29.411
 Tabulated value $\square\square\square\square\square\square$

Interpretation

Since the calculated value >tabulated value so reject the null hypothesis .We may conclude that there is significant relationship between the occupation and frequency of shopping

- 3. Chi-square test for relationship between the age and frequency to visit shopping towards organized retailing from unorganized retailing
- Ho: There is no significant relationship between the age and frequency to visit shopping towards organized with unorganized retail stores
- H1: There is significant relationship between the education and frequency to visit shopping towards organized with unorganized retail stores

Table No: 4.2.3
Table Name: Age and frequency of visit shopping

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	8.902^a	8	.351
Likelihood Ratio	9.358	8	.313
Linear-by-Linear Association	4.695	1	.030
N of Valid Cases	125		
a. 8 cells (53.3%) have expected count less than 5. The minimum expected count is .05.			

Level of Significance = 0.05
 Degrees of freedom = 8
 Calculated χ^2 value, = 8.902
 Tabulated value $\square\square\square\square\square$

Interpretation

Since the calculated value >tabulated value so reject the null hypothesis .We may conclude that there is significant relationship between the age and frequency of visit shopping.

4.3 Descriptive Statistics

Table No: 4.3.1

Table Name: Factors which influence to prefer organized retailing

S.No	Factors	Mean	Standard Deviation	Rank
1	Location and Convenience	2.09	0.724	VIII
2	Reliability	2.16	0.793	IV
3	Service Quality	2.11	0.867	VII
4	Store ambience	2.15	0.810	V
5	Offers and Discounts	2.21	0.871	II
6	Trust	2.14	0.800	VI
7	Variety and Assortment of product line	2.08	0.775	IX
8	Availability of Brands	1.94	0.792	X
9	Proper Billing	2.18	0.800	III
10	Overall Preference of organized retail shop	2.32	0.852	I

Interpretation

From the above table we can prefer that Overall Preference of organized retail shop gets the first rank based on the mean average obtained Offers and Discounts gets the second rank Proper Billing gets third, reliability gets the fourth, store ambience gets the fifth, trust gets the sixth Service quality gets the seventh, location and convenience gets eighth rank, variety and Assortment of product line gets ninth rank and Availability of Brands gets tenth rank It means that customers are satisfied with variety of organized formats and availability of brands but they are not satisfied with service quality. It may be observed from the table that

customers have preferred the organized retailing because of the reasons such as, Trust, Variety and Assortment, Availability of Branded Products, store ambience, reliability. Customer Organized retailing is more preferred by the customers than unorganized retailing.

Findings

1. Age is one of the most important factors responsible for changing preference of customers
2. Customers are educated and aware about retail store.
3. Customers are preferred shopping for organized retailing.
4. Discount and offers, Store ambience, with special attention to preferred by the customer.

Suggestions

1. The important factor which customer look in a product while making a service in quality. The retailers must give special attention to service quality.
2. The organized retailers are must focus on additional facilities like Kids Park, parking facility etc. as additional facilities which more fascinates the customer.

CONCLUSION

The present study finds some critical aspects about the organized and unorganized retailing. People prefer organized retailing because they offer wide variety and assortment; they are trusted because they give proper bill and have a proper system of selling and customer relationship. Customers are also attracted towards organized retailing because they get to know about the latest fashion trends along with the innovative and new trends in the organized retail stores. There is an availability of more known branded items in organized retail stores as compared to the unorganized retail stores. Further the retailers become brand and that give them an added advantage over the unorganized retailers. The organized retailers are bit far behind than unorganized retailers regarding few aspects namely Reliability, Quality of Product and the organized retailers must keep these things in mind. If the above aspects are taken care of, then the organized retailers will win the battle of retailing in India. Hence it may be concluded that organized retailing is more preferred by the customers than unorganized retailing with respect to food and grocery sector.

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