



Consumer perception- A comparative study on organised Vs unorganised retail business methodology in Chennai

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Abstract

The market after 2021 has been an eye-opening time for the Indian retail sector. The industry saw a decline of 8.5% in FY 2021, but it recovered in 2022 to reach \$836 billion with 81.5% contribution from traditional retail. However, the COVID-19 disruptions led to a rapid increase in e-commerce and digital adoption. Now, brands across segments are concentrating on increased online presence and direct sales as customers continue to shop online. Quite interestingly, shoppers from Tier II and Tier III cities make up over 61 percent of the total market share in FY 2022 in comparison to 53.8 percent in FY 2021. While Tier I cities have a lesser growth rate for e-commerce at 47.2 percent, tier II and III cities showcased growth of 92.2 percent and 85.2 percent, respectively. In 2023, tier II and III cities dominance is likely to continue. Looking at the way Indian retail industry is moving, 2023 will be the year to watch. Encouragingly, India has had a boom in attracting international companies over the past few years; it is now the fifth-largest global destination for retail. The industry growth is riding on several factors, including rising disposable incomes, exposure of Gen Z to international brands, and ease of doing business. Even if we only consider the government's initiatives from 2021, the retail sector is in for fascinating times as we enter the new year. These actions would soon show their benefits; the transformation has already begun, paving the way for a more noticeable impact. The adoption of digital payments pushed by the new framework for retail digital payments in offline mode has created a more accurate and efficient environment making it easier for customers to make purchases or complete transactions. Time is money, as they say, and the digital transformation has ensured that the time saved is compounded by allocating additional resources to other parts of business improvement. The central government has allowed 100 percent FDI in the online retail of products and services via the automatic route. Additionally, we have news on the inclusion of retail and wholesale trades as MSMEs, which would give these trades access to loans for the priority sector. The government's promotion of digital transformation on the war front has been the best thing to happen, and the retail industry is just one of the many sectors that have benefited from this revolutionary innovation. However, the industry's long-term prospects are promising, supported by rising affluence, favourable demographics, the entry of foreign competitors, and increased urbanization.

Keywords: Retail, organized retailers, unorganized retailers, mall shoppers, customer perception, demographic variable

Introduction

Retailers are deluging the market in droves to invest in cutting-edge technology and take advantage of the chance to empower the gen-Z, tech-savvy, and millennial consumer-driven market. A Forbes report says that global AR/VR investment will most certainly reach \$72.8 billion in 2024. Additionally, consumers will engage in more conversational commerce, increasing the use of chatbots. The chatbot industry is anticipated to reach a market value of over \$102 billion by 2026, with a CAGR of under 35%. Today's consumers seek out white-glove customer care and demand experiences going beyond the typical shopping experience. According to various market studies, 32% of customers are more willing to interact with in-store experiencing moments. Through experiential retail, companies can give their customers unique and cutting-edge experiences — both online and in-person. Retailers can use AR/VR technology to provide immersive shopping experiences focusing on in-person interactions, enhancing the relationship between the brand and the consumer. Virtual navigation, virtual fitting rooms, virtual shopping, and in-store displays are just a few cutting-edge ways; businesses may make the most of this technology that boosts contactless transactions and encourages interaction.

Digital-led challenges

However, the digital transformation is also leading up to consumer behavior which may emerge as a major challenge for the retail industry in 2023. Maintaining brand loyalty will be a tough job in the coming year; the Indian consumer, who has an ingrained attitude of trying multiple things before settling for one, has more ammunition in his kitty with smartphones or access to the digital world. Though traditional customer loyalty programs will still be effective, brands have to look for solutions to address the growing personalization trend.

Secondly, the retailers have to sail through the labyrinth of tech solutions in the market to find the perfect one for themselves. Most retailers strive for software to streamline their operations, but frequently make poor decisions. Business owners need to understand what the software offers and whether it fits the needs of their business model. A company that manages just fine without a complicated software platform may experience cost increases and internal discord. The solution is to look for software created exclusively for retail enterprises for the best outcomes.

Thirdly, many retail businesses struggle with efficiency, effectiveness, and quantifying the results of their marketing strategies, including paid media, local SEO, enterprise SEO, content strategy, and social media. The sector or company

must crack the codes about leveraging digital channels to generate leads, sales, and MRR.

Opportunities-led growth

Over the past two years, the COVID-19 pandemic has led to changes in consumer preferences and attitudes; this has changed how consumers buy and use products and services. Consumers are no longer differentiated between offline and online consumption channels making large corporations experiment with various strategies to create seamless retail experiences integrated across all channels. Retailers will use digital channels to increase customer reach in tier II and tier III cities while spending less on physical estate. Small-sized retailers will benefit from the continued popularity of third-party e-commerce platforms or marketplaces as they continue to rule the D2C market in 2023 and beyond. The most prosperous D2C companies and online merchants will have a few characteristics in common, such as being modest, highly skilled at using SEO and SEM tools and having great brand-building and digital marketing abilities.

The origin of marketing in Republic of India is copied back to the emergence of Reliance stores and saravana, Jeyachendran stores. These stores won't to cater to the native folks. Eventually the govt. supported the country retail and lots of home-grown franchise stores came up with the assistance of material and village industries Commission. The economy began to unleash up within the Nineteen Eighties succeeding within the alter of marketing. The primary few firms to return up with retail chains were in textile sector, for instance, Bombay colouring, S Kumar's, Raymonds, etc. Later Titan launched retail showrooms within the organized retail sector. With the passage of your time new entrants affected on from producing to pure marketing.

India is that the ordinal quickest growing within the world. It's third largest economy within the world in terms of GDP and fourth largest economy in terms of buying Power Parity. Asian nation presents a large chance to be used as a hub to the globe. Asian nation is that the promised land for world brands and Indian retailers A —Vibrant Economy. Retailing in Asian nation is more and more moving towards turning into future quickest growing business. Asian nation Retail business is that the largest business in India, with an employment and contributive to the country's GDP. Retail business in Asian nation is anticipated to rise twenty fifth yearly being driven by sturdy financial gain growth, ever-changing life vogue and favorable demographic patterns. It's expected that by 2026 trendy retail business in Asian nation are value US\$ 200-225 billion According to National Accounts statistics if Asian nation _the unorganized sector includes units whose activity isn't regulated by any sculpture or legal provision, and/or those, that don't maintain regular accounts. Within the context of retail sector, it may thus be same to hide those varieties of trade that sell a variety of product and services starting from fruits and vegetables to shoe repair. These product of services is also oversubscribed or offered out of a set or mobile location and also the range individuals of individuals} used may vary between 10-20 people. Thus, the standard formats of low value relating, for instance, the neighborhood T. Nager, the native Velacheery look, owner, affected general stores, ectoparasite, markets, hand card and pavement vendors, vegetable, food vendors, mother and pop stores, native saidapet, weekly hearts, general readymade clothes look or a footwear look, general

electronic look. The pan wala. The cobbler, etc. would be termed and unorganized sector. Organized merchandising refers to mercantilism activities undertaken by commissioned retailers, that is, those that square measure registered for GST, etc. These embody the corporate-backed hypermarkets and retail chains, supermarket, discount stores, drug stores, manufactory shops, and additionally the in private closely- held massive retail businesses. The organized retail stores square measure characterized by professionally managed stores or massive chain of stores, providing Retail and services that charm to customers, in an atmosphere that's encouraging for searching and agreeable to customers. For example: Vishal Mega retail store, Big Bazaar, Wills manner, Shoppers Stop, Reliance Trends, Spencers, Rebook, Nike, Catmos, Lilliput, Mcdonald's, Piza hut, Brista, Café coffee day, Koutons, Cotton county, Peter England, Tittan, Raymonds, Sony, Samsung, Next, LG, Phoebus pharmacy, etc.

Need for study

Indian retail industry is one of the fastest growing in the world. India ranked 63 in the World Bank's Doing Business 2020 publication and ranked 73 in the United Nations Conference on Trade and Development's Business-to-Consumer (B2C) E-commerce Index 2019. India's direct selling industry is expected be valued at US\$ 2.14 billion by the end of 2021. India is the fifth-largest and preferred retail destination globally. The country is among the highest in the world in terms of per capita retail store availability. India's retail sector is experiencing exponential growth with retail development taking place not just in major cities and metros, but also in tier II and III cities. Online penetration of retail is expected to reach 10.7% by 2024 versus 4.7% in 2019. According to India Ratings and Research (Ind-Ra), domestic organised food and grocery retailers are expected to increase by 10% YoY in FY22. By 2024, India's e-commerce industry is expected to increase by 84% to US\$ 111 billion, driven by mobile shopping, which is projected to grow at 21% annually over the next four years. The Indian Retail sector has seen good investments and developments in the recent past. India's retail trading sector attracted US\$ 4.11 billion FDIs between April 2000-June 2022. According to data released by the Ministry of Statistics & Programme Implementation (MoSPI), India's Consumer Price Index (CPI) based retail inflation stood at 6.77% YoY in October 2022. In November 2022, Aditya Birla Fashion and Retail Ltd. entered into a strategic partnership with the Galeries Lafayette to open luxury department stores and a dedicated e-commerce platform in India. In October 2022, UPI transactions were valued at Rs. 12.11 lakh crore (US\$ 148.32 billion).

In August 2022, Louis Philippe, India's leading premium menswear brand from Aditya Birla Fashion and Retail Ltd., announced the launch of its outlet in Vadodara, Gujarat. In August 2022, Wipro Consumer announced the launch of traditional snacks and spices as it forays into packaged foods. In July 2022, Reliance Brands Limited (rbl) partnered with Maison Valentino to bring to India the most established Italian Maison de Couture. In June 2022, Reliance brands limited inks a JV with plastic legno spa to strengthen toy manufacturing ecosystem in India In May 2022, Reliance Brands Limited (rbl) partnered with Tod's S.p.A, the iconic Italian luxury brand to become the official retailer of the brand across all categories including footwear, handbags

and accessories in the Indian market. In May 2022, GIC acquired 8% stake for US\$ 282 million in Aditya Birla Fashion and Retail Limited. In April 2022, Wipro Consumer Care inaugurated its factory in Telangana. It has invested in a state-of-the-art soap finishing line that runs on highest speed of 700 Nos of soap /minute. In April 2022, the government approved PLI scheme for textiles products for enhancing India's manufacturing capabilities and enhancing exports with an approved financial outlay of Rs. 10,683 crore (US\$ 1.37 billion) over a five-year period. In FY 2021-22 (till 20th March 2022) total number of digital payment transactions volume stood at Rs. 8,193 crore (US\$ 1.05 billion). In March 2022, Reliance Brands has bought the India franchisee rights and the current Sunglass Hut retail network from DLF Brands.

E-Retail has been a boon during the pandemic and according to a report by Bain & Company in association with Flipkart 'How India Shops Online 2021' the e-retail market is expected to grow to US\$ 120-140 billion by FY26, increasing at approximately 25-30% p.a. over the next 5 years.

This study attempt to establish potential of Chennai for the growth of retailing with the focus on consumer perception and behavior. With the help of this study we also study of impact of organized retailing on unorganized retailing with respect to purchase behavior and customer perception. In this study we getting the feedback from the different customers from organised as well as unorganized retail store by questionnaire and collect the data related to different factor which affect the purchasing decision of customers.

Scope of the study

When giant international retailers entered into the Indian retail market then all retail market divided into two categories traditional which is known as unorganized retail and organised retail. Customer preference for selection of food and grocery stores is mainly depends on price, quality product, availability of different items in grades, service provided by retailers and different promotional scheme for customers. The study is conducted to find out the customer perception towards organized and unorganized retail with special reference to cities of Chennai (Saidapet, Velacherry etc,

Objectives of the study

The main objective of this study is to analyze the customer perception towards Organized and unorganized retailing with special reference to different area in Chennai with this overall objective the sub objectives of the study are as follows.

- To study the present retail scenario with respect to the share of unorganized retailers.
- To analyze the various factors influencing the preference of a retail outlet by a customer.
- The study is to investigate the demographic profile of customer with special reference to organized and unorganized retail.

Literature review

Retailing is an upcoming area in the field of management research. Though retailing is a concept which is existing during the existence of the mankind, but the concept of unorganized retailing turning to organized one is not that older a concept. Indian retailing has gone through drastic

change late nineties after liberalization. The advent of retailing as a more organized form has give way to a lot of research avenues and off course the human behavior at the pivotal of this. It's the main area which is on focus for every researcher. Consumer has been the most important factor for any relating activity. In other, retailing is always consumer centric and studying demographic profile of consumer is of utmost importance for the retailers, marketers and the researchers. There has been substantial studies conduct on various aspects of retail over previous few years on some of these areas pertaining to different geographies and demographic. The researchers has under gone extensive study on the literature already available and tried to generate an idea of the research prospects and various aspects over which a research can be conducted in retail sector.

Kamath G.B (2019), in his research analyzed the consumers' preferences of the specific attributes of retail store in Mangalore city. The most significant factor that determines the retail outlet preference is the shopping experience and ease of shopping itself. Consumer wants a hassle free shopping. Convenience in parking, clean and friendly atmosphere when he enters the store, gets whatever he wants to buy, gets a good service and quality products. The second most important factor is the entertainment factor and gaming facilities availability at the store. When the parents are shopping, the consumers want their kids to be engaged in some activity. The third most important factor is the discounts and low prices. They want a value for their money. The fourth factor can be called the add-on services and facilities like smooth billing, easy and effective bagging and free home delivery. Consumers prefer a lot of comfortable shopping. The fifth factor is termed as variety at the retail sector. The consumers require ample range of different brands and products from which they can choose from. Other factors like anytime shopping, convenient placement of products and proximity to location also play an important role in deciding a purchase from organized retail outlet.

DMittal K.C and PrDashar A. (2020), tried to understand the differences in retail purchased behavior conditioned by demographic and geographic factors and its implications on Retail Marketing. They tried to study the diversity in retail purchase behavior and the influence of place and demographic factors on it. The study was confined to four cities of Punjab and the results revealed that purchase patterns of grocery remains same across geographies to large extent and people prefer grocery stores to be nearby. Proximity and price are more important than other factors.

Abdul Waheed *et al* (2014), in his studies identified that there are seven independent variables which governs purchase behavior and that are age, education, income, marital status, credit facility and mostly price of the product. They opined that, education and income are the major factors of the purchase decision as compared to other.

Ganesh Das (2015), in his study assumed, the retailers can prepare themselves to face the competition in future time period. They agreed to provide good quality product and branded product on reasonable price. This will help them to survive in the new retail environment. Most of the customers are interested to buy grocery and daily use product nearby the house. In order to attract more customers, the unorganized retailers have to offer attractive promotional schemes and attractive discounts as offered by

organized retailers. It will become a strong tool to survive in future retailing environment.

Syed and Dr. Chanchalwala (2015), opined that there are number of issues which governs the buying behavior of an individual out of that age is consider as one of the noticeable factors next to price of the product and income. A large number of researches have been done on the cognitive process of buying behavior. Consumer decision making is complicated process. Psychological aspect a consumer is observed as income, irrational and income and passive when making decision al and income and passive when making decision.

Research design

The Research design is the basic framework which provides the guidelines for the rest of the research process after the problem identification and setting objectives. It is the blue print according to which research is going to be conducted. It provides information on the proposed research instrument, sample unit, sample size, sampling procedure and contact method.

Sampling

Representative sample represents the characteristics of the population instead of taking every elements of population The basic task of the researcher is to decide on the sampling unit to be chosen which a crucial judgment. The following questions are to be answered first before choosing the sample units sample size and method of sampling.

Sample Size

The total sample size is 200.

Sampling Method

Convenience Sampling: Sometimes it is called grab or opportunity sampling; this is the method of choosing items arbitrarily and in an unstructured manner from the frame. Though almost impossible to treat rigorously, it is the method most commonly employed in many practical situations.

Data Collection

The information collects through e mail as well as personal interview. This methods use during survey will be tabulated and plotted through graphs to represents the findings in a better way. The analysis will be done by calculating the percentage for each questionnaire out of 200.

Data Sources

The first step in data collection process is to look for the secondary data. These were the data that were developed for some purpose other than for helping to solve the problem at hand. Researcher secondary data were collected from the different articles magazines, books, internet data. The data that are still needed after the search is completed will have to be developed specifically for the research project are known as primary data. An important source of primary data is e mail questionnaire and telephonic interview. My primary data will collect through email as well as a market survey with structured questionnaire.

Research Instruments

Primary Data through: - E mail or personal interview

Questionnaire: - 200.

Secondary data through

Internet, Newspapers, Magazines, Journals. The questionnaires will prepare keeping in mind the objectives. There are open-end questions to know the customers views, preferences and opinion about their buying habits, consumption patterns, I used the structured questionnaire throughout the survey.

Statistical Tools used for Analysis

The extent of using the retail store between the different types of respondents based on their age, gender, educational qualification, occupation, monthly family income, family size, preferred type of stores, frequency of visit and type of product preferred was studied by means of Percentage analysis and 5point likert scale analysis were used appropriately.

Limitations

The hindrances and limitations the researcher came across during the entire research were:

- The research was limited only in Chennai and few Areas so the result can't be generalized to the whole market.
- The sample taken for research was concerned only for 200 customers rather than millions of customers scattered around the world.
- Some of the premium segments could not be met due to time lack and by not obtaining prior appointment due to tight schedule of the respondents.

Facts and findings

1. Relationship between Demographic Profile & Factors affecting choice of outlet

Table 1: Demographic profile of the respondents (n=200)

Characteristics	Organized Retailers	Unorganized retailers
Gender		
Male	90	120
Female	110	80
Age		
Below 20	20	40
20-40	80	70
40-60	80	50
Above 60	20	40
Marital status		
Married	130	120
Unmarried	70	60
Profession		
Service	50	40
Business	60	70
Student	30	20
Housewife	40	50
Retired	20	20
Income		
Up to 15,000	40	50
15,001 - 30,000	60	70
30,001 - 45,000	40	40
45,001 - 60,000	40	30
60,000 on wards	20	10
No. of family Members		
Below 3 no.	60	50
4 no. - 6 no.	120	130
7 no. And above	20	20

Demographic of the shoppers are the important determinants affecting the choice of store behavior of respondents. As far as demographic profile of the respondents for the study is concerned, Gender is an important variable in a given Indian social situation which is variably affected by any social or economic phenomenon and globalization is not an exception to it. The data in table number 1 shows the respondent distribution according to gender in organized and unorganized retail format. It is clear that 55% respondents are female and 45% a respondents are male in organized retail. On the other side 60% respondents are male and 40% a respondents are female in unorganized retail. The data analysis shows that majority of organized retail customers are women while visit of men are more than women in unorganized retail store. Age of the respondents is one of the most important characteristics in understanding the customer views about their choice of retail store; by and large age indicates level of maturity of individuals in that sense age becomes more important to examine the response, the table no.1 shows that in organized retail outlet the maximum number of respondents that is, 40% & 40% are between 20-40 years and 40-60 years respectively which is the major sample. On the other side in unorganized retail outlet the maximum number of respondents that is, 35% & 25 % are between 20-40 years and 40- 60 years respectively which is the major sample. Marriage is one of the most important social institutions. In a developing country like India, it has undergone many changes. The perceptions and attitudes of the person can also differ by the marital status of

the persons because the marriage might make the persons little more responsible and matured in understanding and giving the responses to the questions asked. The data distribution as given in table no.1 exhibits, majority of people visiting modern retail stores are married i.e. 6.5 % and 35% are unmarried. In unorganized also majority of respondents are married i.e. 60% and other 40% are unmarried. The data table shows that in organized retail store maximum no. of respondents i.e. 30% are business people whereas 20% are housewives, 20% are service people, 20% are students and remaining 10% are retired people. The data also depicts that in unorganized retail store maximum no. of respondents i.e. 35% are business people whereas 15% are housewives, 20% are service people, 20% are students and remaining 5% are retired people. In modern retail malls major buyers that are 35% having monthly income between ₹. 15000-30000 and very close that are 20% respondents having monthly income between ₹. 30000-45000. In store major buyers that are 35% having monthly income between ₹. 15000- 30000 and close to that are 20% respondents having monthly income between ₹. 30000-45000. It is evident from the table 1 that a large majority of the households among organized retail shoppers i.e. 65% of the respondents have 4-6 members in their family. On the other hand a large majority of the households among unorganized retail shoppers i.e. 65% of the respondents have 4-6 members in their family.

Table 2: Rating of Customer Perception of Organized and Unorganized Retailing on Various Parameters (1= Highly Dissatisfied; 5= Highly Satisfied).

S.No.	Parameters	Organized Retailers					Unorganized Retailers				
		1	2	3	4	5	1	2	3	4	5
1	Retail store have larger inventories of groceries.	5	5	10	40	140	20	50	10	40	80
2	I visit because it has large space and it is not crowded.	15	5	25	40	120	70	20	30	50	30
3	I visit retail store whenever I need some enjoyment.	10	10	10	20	150	60	10	60	40	30
4	I visit the retail store because of the freshness of grocery.	10	10	10	40	130	40	50	40	30	40
5	I visit retail store because it works ethically about product/serv ices.	5	5	20	50	120	20	20	10	50	100
6	I visit the retail store because prices are clearly visible.	5	5	10	30	150	100	50	10	20	20
7	I visit the retail store because products are classified properly.	5	5	10	40	140	100	40	10	20	30
8	I visit the retail store because of new price offers	5	10	5	50	130	90	50	20	10	30
9	I visit the retail store because they give discounts at the time of festivals.	5	5	10	60	120	100	20	10	30	40

The above table concluded that the consumer’s perception towards organized sectors was high because of their comfortable shop atmosphere, larger inventories, Price Visibility, Discounts and convenience of shopping. The unorganized retail could give adequate importance to value added services to create good relationship with customers that will help them to retain the existing buyers as well as attract new customers. The challenges facing the Indian organized retail sector are various and these are stopping the Indian retail industry from reaching its full potential. The customer perception towards organized retail store for maintaining larger inventories of groceries is more as compared to unorganized retail store. The data depicts that majority of customers visit organized retail store as they have large space. The data represents that the customers are more influenced by organized retail as because of their new price offers.

Conclusion

India is at the intersection of organized and unorganized retail with respect to the retail sector. Both modern and

traditional retailers will co-exist in India for some time to come, as both of them have their own competitive advantages. The Saidapet has a low- cost structure, convenient location, and customer intimacy whereas modern retail offers product width and depth and a better shopping experience. One of the prime objectives of this study was to find the consumers’ perception towards organized and unorganized retailers across demographic profiles. This study indicated that customers prefer to purchase from organized retailers because of the store image, product availability, and price discounts. From this study it was observed that due to changes in the disposable income and increased awareness of quality, the consumers’ perception towards organized and unorganized retailers differ on the basis of quality and price. They preferred to buy different products from the organized and different from the unorganized retailers. From the study it was found that when compared to the unorganized retail format most of the respondent had a good image about the organized retailers. Even the unorganized retailers had a good share in Market,

but due to factors such as space, parking etc. a gap existed between both the formats. The customers wished for more outlets being opened

Future directions

The study has been conducted for studying the customer perception for organized and unorganized retail outlet. Future researchers may take up a deep research on the products like apparels, fruits and vegetables etc. Moreover, the study has been carried out in Chennai and the sample has been taken through convenience sampling techniques. A more representative sample can be taken in future studies. Further a comparison can be drawn among customer belonging to Tier 1 and Tier 2 cities and their preference for organized and unorganized retailing.

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