



## **A STUDY ON SHIFT IN CONSUMERS BUYING PATTERN FROM ORGANISED RETAILING TO UNORGANISED RETAILING WITH SPECIAL FOCUS TO RETAIL CONSUMERS OF NILESWARAM MUNICIPALITY OF KASARAGOD DISTRICT KERALA**

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### **Abstract**

*Retailing is one of the pillars of the economy in India contributing to GDP and creating large amount of employment opportunities. Initially our retail industry was itinerant types which is highly owner manned. But now the retail format has undergone many changes, the larger organized retail shops were now common. A tendency of customers shifts from unorganized retail to organized was increasing. The main objective of this study is to trace out the customer's behavior and satisfaction level from organized retail stores as well as unorganized retail stores, likewise the factors influencing their buying behavior. The study also confers the current trend prevailing in the retail industry which will help to envision the eventual trend. In this context it is very relevant to study the customer preference towards organized retailing from unorganized retailing. The sample groups were taken from Nileswaram Municipality in Kasaragod district in Kerala state. The study aims to set an analytical background about the preference of customers towards organized and unorganized retail shops along with factors influencing the satisfaction level. However it is concluded that customers are more satisfied with the products and services of organized retail stores. The growth in organized retail market is mainly due to the increased income level, change in life styles and patterns of demography which are favorable. If unorganized retailers are ready to welcome this change and upgrade their services like assortment of product, branded products, product information and packaging they can stick on to the retail industry. Otherwise they will pull away from the retail sector.*

**Keywords: Organized Retailing, Unorganized Retailing, Retailer, Buying Pattern.**

### **1. Back Ground of the Study**

For centuries, India has been operating within its own typical idea of retailing. Indian Retail Industry has a long history. Barter system of exchange was the predecessor of our retail sector. It takes a pretty long times to shape the modern retail. The Indian retail industry is divided into two sectors organized and unorganized. Organized retail - retailers, who are licensed for trading activities, it is a place all the items are segregated and brought under one roof, unlike the unorganized retail where there are different things are sold in different shops. Organized retailing comprises mainly of modern retailing with busy shopping malls, multi stored malls and huge complexes that offer a large variety of products in terms of quality and quantity. Unorganized retail – It consists of unauthorized small shops - conventional Kirana shops, general stores, corner shops among various other small retail outlets. The Indian retail industry is now beginning to evolve transformation that has swept other large economies. There is a vast change in Indian retailing due to the liberalization of the consumer goods industry initiated in the mid-eighties and accelerated through the nineties has begun to impact the structure and conduct of the retail industry. Today, The Indian retail industry has over twelve million outlets, which is the largest number of retail outlets in the world. It contributes over ten percent to the GDP of the country and is estimated to provide employment to over eighteen million people, around eight percent of the country's employment, being the largest employment provider after agriculture. Of the twelve million retail outlets present in the country, nearly five million sell food and related products. Even with this large number of outlets, organized retail accounts for only four or five percent of the total market, opening huge growth potential in this segment. In developed countries the organized retail sector having almost seventy five- eighty percent of the total retail industry while in developing economies it is the unorganized retailing has a dominant share. A large young working population with median age of 24 years, nuclear families in urban areas, along with increasing working women population and emerging opportunities in the services sector are going to be the key factors in the growth of the organized Retail sector in India. The growth pattern in organized retailing and in the consumption made by the Indian population will follow a rising graph helping the newer businessmen to enter the India Retail Industry. The total concept and idea of shopping has undergone an attention drawing change in terms of format and consumer buying behavior, ushering in a revolution in shopping in India. Modern retailing has entered into the Retail market in India as is observed in the form of bustling shopping centers, multi-storied malls and the huge complexes that offer shopping, entertainment and food all under one roof. So an attempt has been made in the research to know shift in buying pattern from unorganized to organized Retailing by taking a small sample group from the Nileswaram Municipality of Kasaragod District Kerala.

### **2. Literature Review**

Review of literature gives the guidelines from the past researchers and provides a foundation to the theoretical framework for present investigation. In any field of study, existing literature constitutes a base for further research. Therefore, the

review of literature is highly useful to design the study as it indicates the research gap in the study of corporate retailing. The study of corporate retailing has attracted the attention of many researchers and practitioners irrespective of countries, be it developed, developing or least developed. Therefore, studies on these experiments of such countries are reviewed in this chapter. Doug Lincoln (1985) conducted an empirical study with small retailers to address the special problems they face in making marketing decisions. The study measured small business managers' beliefs regarding the difficulty in making various marketing decisions. Archer and Taylor (1994) argue that small retailers can survive in the shadow of the retail giants. Vijay Durga Prasad (2007) conducted a study titled "The Spread of Organized Retailing in India: With a Special Reference to Vijayawada City." He states that the retail institutions play a crucial role in attracting and satisfying target customers. The diversity and changing nature of society has compelled retailers to change their store formats to provide a complete shopping experience to customers. Organized retailing is spreading and making its presence felt in different parts of the country. The retailing industry has entered a new phase, new retail formats built around different pricing and service strategies have evolved. Anuradha Kalhan (2007) studied the impact of malls on small shops and hawkers by choosing a sample of 82 small retail shops and establishments and 30 hawkers within about one-kilometer radius of a mall in Greater Mumbai. M. Joseph et al. (2008) attempted to analyze the impact of organized retailing on unorganized retail sector. The findings of their study are based on the data collected from organized and unorganized retailers, farmers, producers and consumers. Their findings are Unorganized retailers in the vicinity of organized retailers have been adversely affected in terms of their volume of business and profit, Unorganized retail has maintained employment levels perhaps as a result of competitive response, The major factors that attract unorganized retailers to consumers are proximity, goodwill, credit sales, bargaining, loose items, convenient timings, and home delivery, There is clear evidence of a competitive response from traditional retailers who are gearing up to meet the threat from organized retailers, Consumers have generally gained with the emergence of organized outlets through the availability of better quality products, lower prices, one-stop shopping, choice of additional brands and products, family shopping, and fresh stocks, Organized retailers are themselves investing heavily or through third-party logistics companies on temperature-controlled warehouses, cold-chain transport, etc., to modernize the distribution system, Large manufacturers have started feeling the impact of organized retail through price pressure and competition from private labels of organized retailers. Handa and Sharma (2012) provide detailed information about the growth of retailing industry in India and explore the role of the Government of India in the industries growth and the need for further reforms. Tazyn Rahman (2012) study revolved around the opportunities and challenges faced by organized retail players in India. The study 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. Ahamed and Mayya (2012) in their study clearly indicates that the impact of shopping malls on the unorganized retail sector. The study further advocates a balanced approach to retail and suggests that the government, organized retailers and unorganized retailers should play a constructive role in building a common platform for the co-existence of both the organized retailers and unorganized retailers. Sharma and Kumar (2012) in their study found that unorganized retailers are tightening their belt and changing their strategy and marketing concept regarding customer satisfaction. These are really positive attitudinal changes among unorganized retailers under the influence of competition posed by the organized retailers and the customers have been notice the changes adopted by the traditional retailers. Raghavendra.R.H (2012) attempted to provide detailed information about the unorganized retail industry in India. This study emphasizes the importance of unorganized retail sector in India and the opportunities and challenges faced by them. The study identified that Indian consumers are showing rapid changes by shifting their buying attitude from unorganized outlets to organized retailers.

As organized retail is consistently trying to expand, in long term, unorganized retail might have to face severe complications. Timely and in depth analysis of current situation needed to deal with this issue of conflict between these two players of the retail market in India

According to Kamal and Ashish Kumar (2014) identified that the retail sector is grooming with rapidly and shifting from unorganized sector to organized sector. They also mention that the Indian retail market will be expected to grow 7 percent over the next 10 years reaching a size of us\$850 billion by 2020. Traditional retail is probable to grow 5% and reach a size of us\$ 650 billion while organized retail is probable to grow at 25% and reach size of us\$200 billion by 2020.

### **3. Statement of the Problem**

The retail sector of Indian economy is going through the phase of transformation. The retail sector of Indian economy is categorized into two segments such as organized retail sector and unorganized retail sector with the latter holding the larger share of the retail market. But at present the organized retail sector is catching up very fast. The Indian retail scenario is presently facing the similar situations as the mom and pop stores in the developing nations faced at the emergence of big box retailers. There are various issues that need to be addressed like what would be future patterns of consumption, which

formats of retail would be preferred by consumers. This study tries to explore the way organized retail has dramatically changed not only the Indian unorganized retailing structure but the consumption behavior also. This study is an assessment of various factors affecting the consumer buying behavior and satisfaction level towards organized retailing. The study is highly relevant for understanding the trend in retail sector whether it is towards organized or unorganized. It will help to know the factors that affect the same and business men can make utilize those factors. This study is highly applicable in retail industry which is one of the most contributing sectors to GDP. The Indian retail sector is highly fragmented. More than ninety percent of its business is being run by the unorganized retailers like the traditional family run stores and corner stores. The findings of this study may help the unorganized retailers to tighten their belt and changing their strategies to overcome the problems. Therefore, this research is significant for unorganized retailers.

#### 4. Objectives of the Study

- To find out the consumer behavior or satisfaction level from organized retail stores as well as unorganized retail stores.
- To identify the changes in buying pattern consumers from Organized Retailing to Unorganized Retailing.
- To analyze the factors influencing to change in buying pattern of customers from unorganized to unorganized retail shop in Nileswaram Municipality in Kasaragod district of Kerala.

#### 5. Research Methodology

The study is based on descriptive as well as analytical research design, which describes the problem and situation as it is. It helps to find out accurate information about something through proper analysis by applying presentation tools.

##### Sampling Method and Data Type

Both primary and secondary data are collected for the study. The study is Qualitative and descriptive in nature under simple Random Sampling method. Primary data was gathered by means of Survey Instrument and Secondary data was gathered from various Books, Journals and Websites.

##### Sources of Data

**Primary Data:** Questionnaire and personal interview method used for primary data collection.

**Secondary Data:** Apart from Primary data the secondary data being collected through electronic media, News, Journals and other related articles.

**Sample Method:** The sampling method chosen is simple random sampling which is a type of probability sampling.

**Sampling Unit:** Customers of Retail industry from Nileswaram Municipality area selected as the target group to carry out the survey.

**Sample Size:** 100 Respondent.

#### 6. Limitations Of The Study

All the economic and scientific studies are subjected to various constraints and this study is not an exception to the phenomena. The various limitations are

- The sample selected is 100 as compared to entire population. So the generalization based on this is not possible.
- The respondents had replied according to their own perception and experience and therefore personal bias may also be possible.
- Findings and conclusion of the study is based on the assumption that data collected are true and unbiased.

#### 7. Result and Discussion

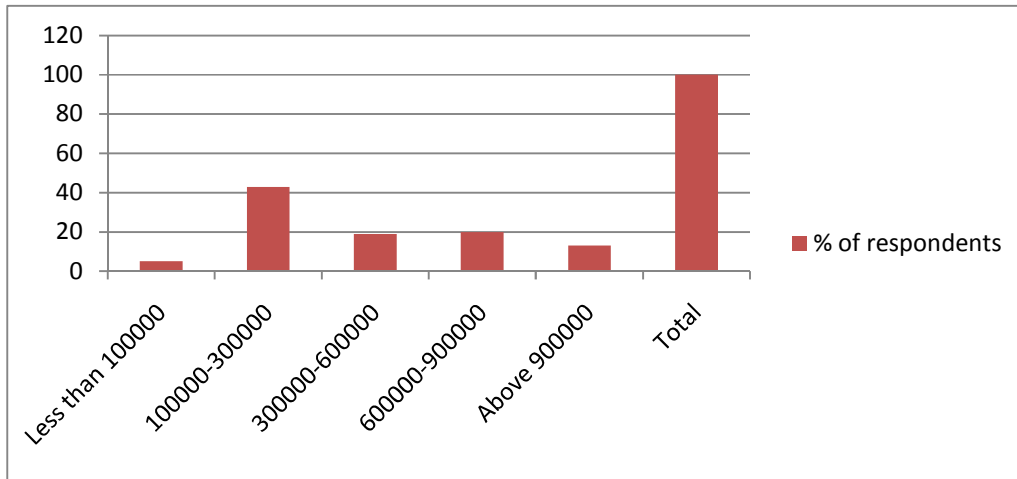
1.1 Table Showing Awareness about Organized and Unorganized Retail Sector with Reference to Age

Age	Awareness of respondent	Percentage of awareness
20-30	Yes-23	70%
	No-10	
30-40	Yes-24	86%
	No-4	
40-50	Yes-14	74%
	No-5	
50-60	Yes-8	67%

	No-4	
Above 60	Yes-4	50%
	No-4	

From the table it is understood that middle aged people are more aware about organized and unorganized retail sector. There are 86percentage of respondents belongs to 30-40 age group. They are aware of organized and unorganized retailing. Aged people i.e. above 60 are not much aware about organized and unorganized retailing.

**1.2: Diagram Showing Annual Income of the Respondents**



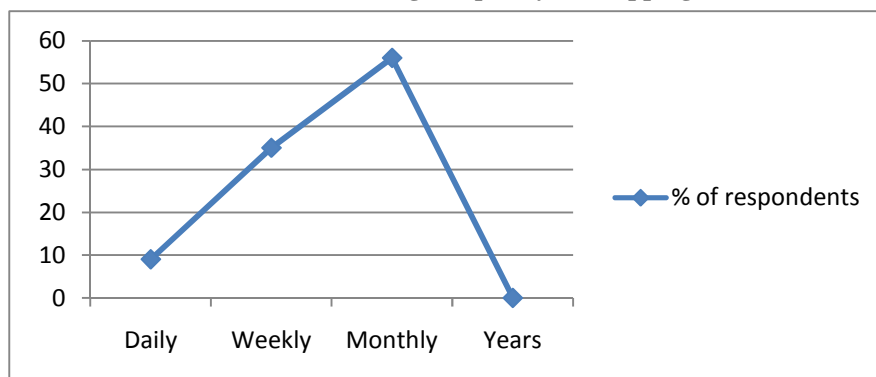
From the above table most of the respondents belong to middle income group. There are 43percentage of respondents have 100000-300000 annual income. Out of 100 only 5percentage of respondents have less than 100000 annual incomes.

**1.3 Table Showing the Existing Purchase Pattern of Consumers in Different Types of Retail Format**

Particulars	No. of respondent	Percentage of Respondents
Shopping Mall	18	18
Super Market	47	47
Wholesaler	8	8
Local Store	23	23
Others	4	4

The above table and chart shows that 47 percentage out of 100 respondents buy groceries from super market (organized). The 23percentage of respondents buy groceries from local stores (unorganized).

**1.4 Chart Showing Frequency of Shopping**



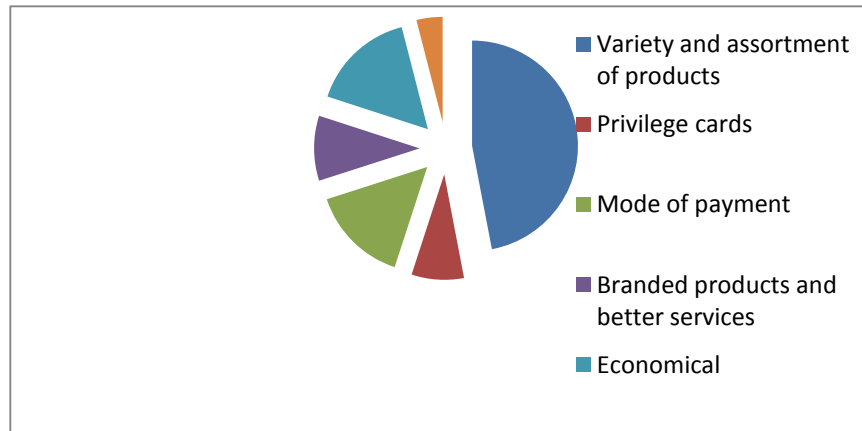
From the table and chart we can understand that 56% of respondents buy groceries on a monthly basis. No respondents have purchased groceries yearly basis.

**1.5 Table Showing The Type Of Retail Store Respondents Likes To Visit**

Particulars	Number of respondents	% of respondents
Organized	73	73
Unorganized	27	27
Total	100	100

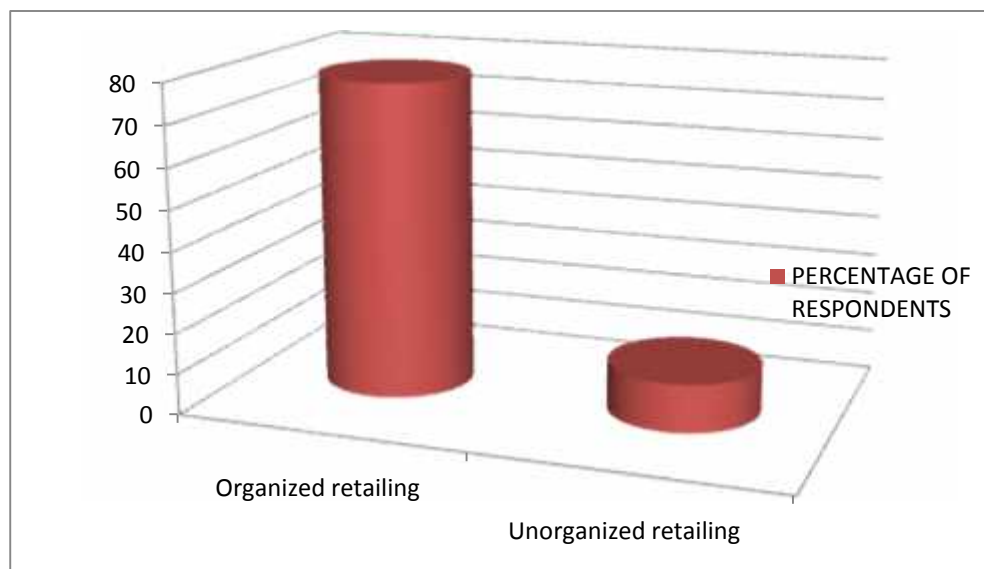
From the table we can understand that 73% out of 100 respondents wants to visit organized retail stores. It shows that most of the customers like to visit organized retail stores. Only 27% of respondents like to visit unorganized retail stores.

**1.6 Diagram Showing the Reason for Respondent Visit Organized Retail Store.**



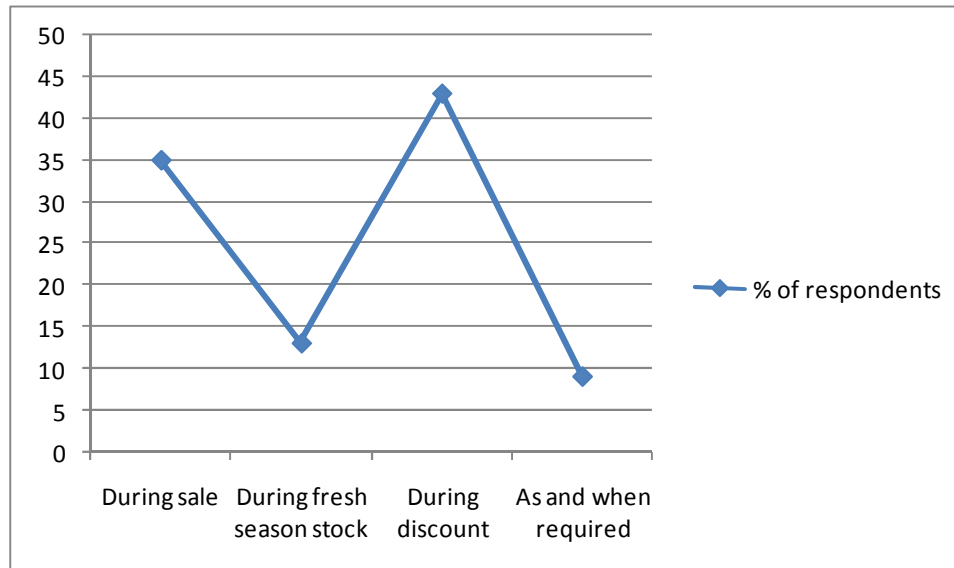
The above and chart shows that most of customers visit organized retail stores because of variety and assortment of products. There are 47% of respondents for visit organized retail stores because of this reason. The second reason is, it is economical for the customers to buy groceries from organized retail stores. They give least importance to privilege cards and others.

**1.7 Diagram Showing the Opinion of Respondents about their Preference to Organized and Unorganized Retail in future**



From the above table and pie diagram shows the opinion of respondents about their preference to organized and unorganized retail in future. 78 percentage of respondents out of 100 have opinion that they give preference to organized retail stores in future. Only 12 percentages of respondents have opinion about their preference to unorganized retail stores.

**1.8 Chart Showing the Reason for Preferring Shopping**



The above table and chart shows the reason for preferring shopping. 43% of respondents prefer shopping during discount offers. Out of 100 only 9% of respondents prefer shopping according to their requirements.

**1.9 Table Showing the Reason of Respondents having the Opinion that They Feel Difference in Products from Organized Store**

Particulars	No.of respondents	Percentage of respondents
Economical price	34	35.05
Quality product	22	22.69
Quality service	41	42.26
Total	97	100

The table and chart shows 42% of respondent feel difference in products while purchasing from organized retailer because of quality of the product. The customers give second importance to quality service they offered by the organized retailers.

### 8. Major Findings of the Study

Customer's preferences for grocery shopping are gradually shifting from unorganized retailers to organized retailers. Educated consumers are more aware of the classification. The organized retailers give high focus on customer's satisfaction by offering economy in purchase and providing slandered quality goods to customers. Hence organized retailing has an increasing trend in future. Most of the customers belong to middle income group and they purchase groceries frequently. Thus retailers can focus more on the needs and wants of middle income people. Most of the customers like to visit organized retail stores hence there is a very good exposure for organized retailing in coming future. Customers visit unorganized retail stores because of credit facility they offered. If organized stores can provide credit facility to customers, the customers of unorganized can be move on to organized. Most of the customers have the opinion that they give preference to organized retail stores in future. Hence there is future growth in organized retail sector. Most of the customers feel difference in products while purchasing from organized and unorganized retail stores. They feel they could buy better products from organized shops. Consumers have generally gained with the emergence of organized outlets through the availability of better quality products, lower prices, one-stop shopping and fresh stocks. Lower income consumers have saved more from purchases at organized outlets. Customers of the organized retailers have the opinion that the organized retailers should have to offer Home delivery and Return facility. Most of the Customers prefer organized retail store because they have larger inventories than unorganized retail stores. Only few respondents visit organized retail stores just for enjoyment and time pass.



## 9. Concluding Remarks

The study was done to find out the changes in buying pattern of consumers from unorganized retailers to organized retailers. The study helps to know the important factors responsible for the changes in buying pattern. This change has come in the consumer due to increased income, change in life styles and patterns of demography which are favorable. 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 and in future many of them are ready prefer organized retailers. Most of the customers are attracted to organized retail stores because of the variety and assortment of products. Middle aged people and youngsters are mostly approaches organized retailers hence there is high scope for the organized retail sector in future. The unorganized retailers should make strategies to retain their customers by providing quality goods and services and they should also go for collaborations within the regional level then only they can survive in the globally competitive market.

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