

Consumer preferences towards Organized and Unorganized Retail Sector in Mysore City

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ABSTRACT

The retail sector in India has contributed significantly to the country's economic growth over the past few years. It is also a leading employment generating sector, which continues to play an important role in the upliftment of the country's economic and financial stability. However, it has been noticed that most retail companies in India are yet to attain the high standards of their international counterparts. Therefore, majority of the Indian retail companies are yet to make their presence felt in the global markets. Retailing is one of the pillars of the economy in India and accounts for 35% of GDP. The retail industry is divided into organised and unorganised sectors. Over 12 million outlets operate in the country and only 4% of them being larger than 500 sq ft (46 m²) in size. Organised retailing refers to trading activities undertaken by licensed retailers, that is, those who are registered for sales tax, income tax, etc. These include the corporate-backed hypermarkets and retail chains, and also the privately owned large retail businesses. Unorganised retailing, on the other hand, refers to the traditional formats of low-cost retailing, for example, the local kirana shops, owner manned general stores, paan/beedi shops, convenience stores, hand cart and pavement vendors, etc. Most Indian shopping takes place in open markets and millions of independent grocery shops called kirana. Organized retail such supermarkets accounts for just 4% of the market. . Regulations prevent most foreign investment in retailing. Moreover, over thirty regulations such as "signboard licences" and "anti-hoarding measures" may have to be complied before a store can open doors. There are taxes for moving goods to states, from states, and even within states.

Significance of the study

The distribution of consumer products begins with the producer and ends at the ultimate consumer. Between the producer and the consumer there is a middleman—the

retailer, who links the producers and the ultimate consumers. Retailing is denned as a conclusive set of activities or steps used to sell a product or a service to consumers for their personal or family use. It is responsible for matching individual demands of the consumer with supplies of all the manufacturers. Retail plays a major role in selling products to different types of customers. The play is very important when it comes to sell a product separately. So the retailing is the instrument for selling all those products. Nowadays retailing is an important task for analyzing the different products to be selected by the customers group. Retailers segment the market to identify specific groups of customers in their trade area on whom their selling efforts can be concentrated.

1.5 Objectives of the Study

1. Study the status of Organized Retailing and Unorganized Sector in Mysore city.
2. To study the consumers preferences towards Organized on Unorganized Retail Sector in Mysore city..

1.6 Methodology

The study is based on both Primary as well as Secondary data. The primary data has been collected from the consumers in organized as well as unorganized retail outlets in Mysore city by administering questionnaire.

The secondary data on organized retail sector has been collected from selected organized retailers and also from unorganized retailers and City Corporation Office the other concerned Institutions/agencies.

In addition to this, the secondary data from the published Books, Journals, Research Papers, and Seminar Volumes and also from various Newspapers.

The Questionnaire based survey of consumers' shopping at organized retail outlets and also consumers' shopping at unorganized outlets.

Sample Method

The sampling method chosen is simple random sampling which is a type of probability sampling.

Sample Size

The 300 consumers are selected in both organized and unorganized retail sector, the data is collected using a random sample of consumers. Consumers who have significant knowledge of the topic were identified and selected at random for questioning. The Reference period for the study will be 2023.

Questionnaire

The Questionnaire was designed keeping in mind the objectives of the study which were to analyze the impact of organized retailing on unorganized retail and to find out the survival strategies adopted by unorganized retailers in mall culture. The literature survey and pre study consultation with industry experts were taken into account. The questionnaire consisted of few open ended questions, some questions were either using ranking scale or Likert scale, and dicotomes type of questions and open ended question.

This survey intends to analyze the impact of organized retailing on unorganized retail sector in Mysore city. This research explicates various aspects like the perceived and expected levels of satisfaction of the consumers and the factors which unorganized retailer should take cognizance of in the course of establishing and enhancing their business. As per questionnaire, interviews were conducted face to face so as to capture the attitude and experience of consumers who had just purchased grocery items from organized and unorganized retail outlets. Both qualitative and quantitative data analysis is done in order to get deeper insights into the consumer behavior and store loyalty for local grocery stores. Larger the sample size greater is the precision or reliability when research is replicated.

Statistical Tools and Techniques

The suitable statistical tools and techniques have been adopted to draw a definite and precise conclusion of the study. In addition to these statistical techniques the tables, graphs and charts has generated from the analysis of both primary and secondary data collected. The statistical techniques which was adopted in the study are Growth Models, SPSS- Frequency analysis.

RESULTS AND DISCUSSIONS

Gender of the Respondents

Gender is a set of characteristics distinguishing between male and female, particularly in the cases of men and women.

Table 1: sex wise classification of Organized retail outlets consumers

Sex	No. Respondents	In Percent
Female	135	45
Male	165	55
Total	300	100

Source: Primary Survey, 2023

The table 1 depicted above, the gender out of the respondents is evident. Out of the 300 respondents, the 55per cent indicates that their gender are male and 45 per cent are female. The highest number of consumer's visits to organized retail outlets are male. And also it is noticed that, most of the consumers who visit retail outlets regularly are the youth.

Consumers preference in organized retail outlets while purchasing of food products.

Table : Consumers Preference in food Products

(In numbers)						
Income	Branded	Quality	Quantity	Price	All of the them	Total
Up to 5000	8	28	2	2	8	48
5001 to 10000	8	26	6	8	22	70
10001 to 25000	14	40	2	2	40	98
25001 to 50000	4	32	0	0	22	58
50001 to 100000	4	2	0	0	8	14
Above 100000	2	6	0	0	4	12
Total	40	134	10	12	104	300

Source: Primary Survey, 2023.

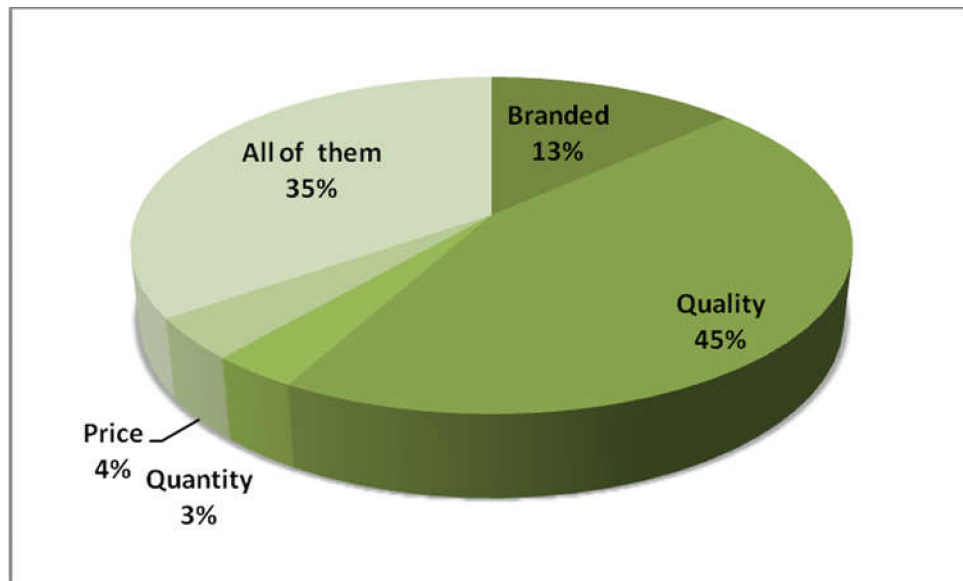


Figure: Consumers Preference in food Products.

The table and figure depicted the consumers preference in food products in Organized retail outlets, of the 300 consumers 45 per cent opined that their preference on purchasing of food products in retail outlet has been given to Quality of the product, 35 per cent for all such as Brand, Quality, price as well quantity, 13 per cent would be given preference to Branded products, 4 per cent for Price and 3 per cent for Quantity.

The study highlights that, the preference in purchasing of food products in Organized retail outlets has been given to Quality of the products and then other aspects would be concentrated by the consumers.

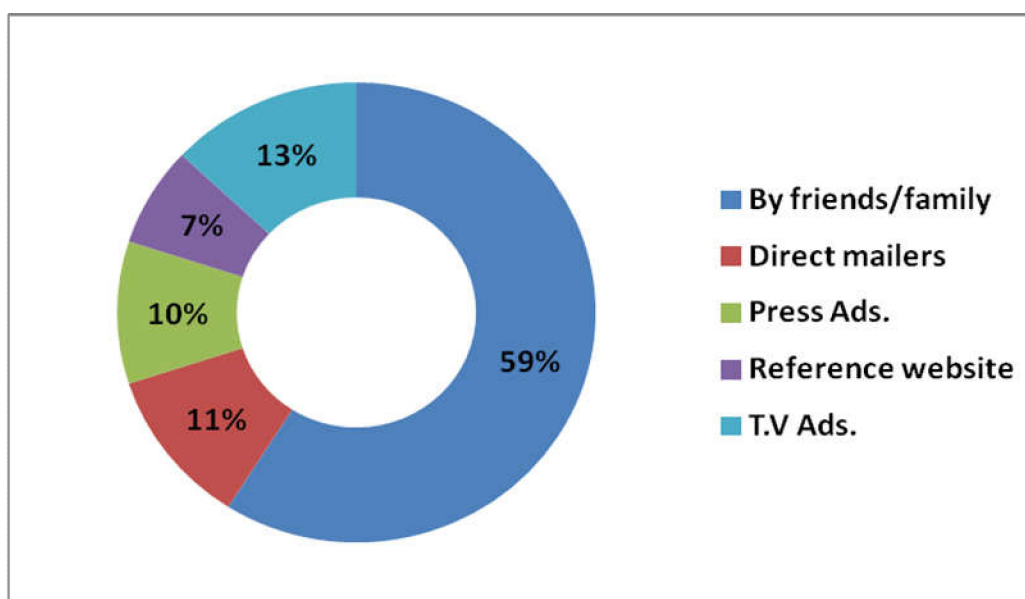


Figure: 5.10: Source of information

The figure analyses the source of price information about organized retail outlets in Mysore city, out of 300 consumers, 59 per cent get their information about products sold in organized retail outlets by friends and family, 13 per cent through T.V advertisements, 11 per cent by direct mailers, 10 per cent by press advertisements, and 7 per cent by Internet web site. The study observes that the Source of information are largely by the family and friends.

Table : Price of Food Products in organized retail outlets compared to unorganized retail outlets.

Particulars	No. of Respondents	percentage
Very Good	88	30
High	24	8
Average	148	49
Same	40	13
Total	300	100

Source: Primary Survey, 2023

The table shows the opinion drawn by the consumers about organized retail outlets Price. Out of 300 consumers 49 per cent opined that the price in Organized retail outlets is Average, 30 per cent indicated as very good, 13 per cent expressed remained same, and 8 per cent of them opined as high when compared to unorganized retail shops in Mysore city. The number of respondents expressed the price in organized retail outlets has been maintained the average price when compared to unorganized retailers in Mysore city.

Table : Opinion of the consumer on food products sold in organized retail outlets

Opinion	No. of Respondents	Percent
Outstanding	18	6
Excellent	64	21
Good	170	57
Average	48	16
Total	300	100



Figure : Opinion of the consumer on food products sold in organized retail outlets

The table and figure indicates the customer opinion about organized retail outlets, out of the 300 consumers, 57per cent opened as good, 21per cent indicates as

excellent, 16 per cent opined as average and 6 per cent expressed as outstanding. The more number of consumers in organized retail outlets expressed themselves good opinion about the organized retail outlets.

Table : Reason for purchase of food products in organized retail outlets

Reasons	No. of respondents	Percentage
Choice of preferred varieties	50	16
Better product Quality	50	17
Fresh/new stocks	96	31
Freedom to choose/sort	50	17
Specific product is available	10	3
One stop shopping	44	16
Total	300	100

Source: Primary Survey, 2023

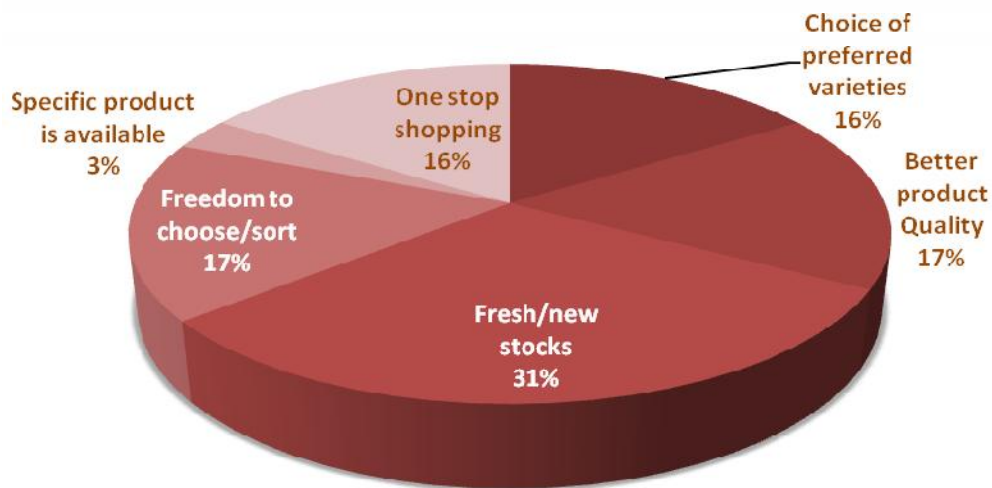


Figure: Reasons for purchase food products in organized retail outlets

The table and figure analyses the main reason for purchase of food products in Organized retail outlets. Out of 300 consumers, 31per cent indicates that their main reason for buying food products in Organized retail outlets that they provide fresh products and new stock, 17 per cent indicates as freedom to choose or sort and better

product quality, 16 per cent opined as choices would be given and one stop shopping and 3 per cent indicates that they get specific products. The majority of the consumers purchase fruits and vegetable in organized retail outlets due to fresh and new stock are available.

Table : Consumer preferences towards the retail stores

Preferences	No. of Respondents	Percent
Local Kirana shops	75	25
Super Markets	160	53
Convenience Stores	47	16
Others	18	6
Total	300	100

Source: Primary Survey, 2023

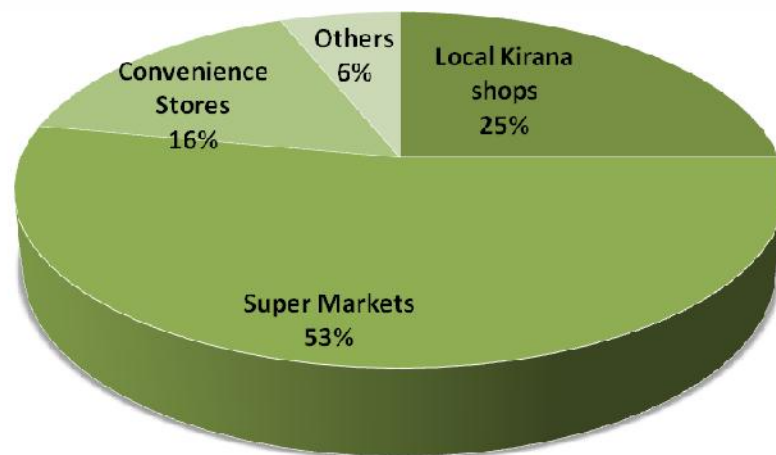


Figure : Consumers preferences towards the retail stores

The table and figure reveals the consumer preferences towards retail outlets in Mysore city. 53 per cent of the consumers are preferred Super Markets followed by Local Kirana shops, Convenience Stores and Others with 25 per cent, 16 per cent and 6 per cent respectively. The study clearly shows that consumers are attracted towards modernized retail and most of the consumers are in the opinion that all the products are available in a single roof, not only food products non food products are also available and also the entertainment like Cinema and Games etc. in super markets, whereas, in local kirana shops such facilities are not available and there is no choice

for choose of their products and lot of varieties of products and kept made available in the super markets.

Impact of organized on unorganized retailing on spending

Table : Impact of organized on unorganized retailing on spending

Impact	No. of Respondents	Percent
Increase	147	49
Decrease	81	27
No change	72	24
Total	300	100

Source: Primary Survey, 2023

The table showing the impact of organized retail shops on unorganized retail shops in Mysore city. The 49 per cent of consumers declared as increase in spending, 27 per cent indicated as decrease and rest 24 per cent no change. Thus, the arrival of organized retail has enhanced spending in general. The reasons indicated for higher spending have been mainly the purchase of larger quantities due to wider range of products, availability of attractive offers like discounts and promotional schemes, and access to better quality products with higher prices.

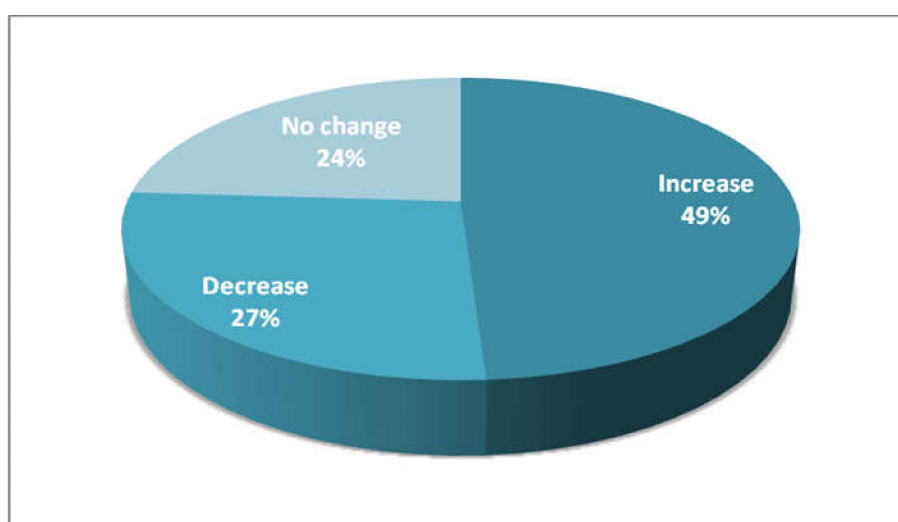
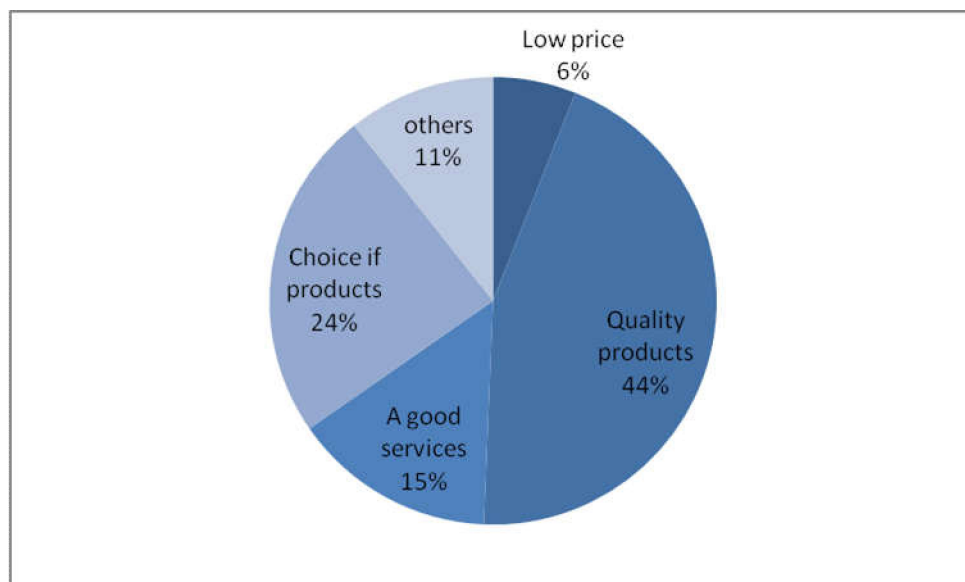


Figure: Impact of organized on unorganized retailing on spending

Table : Difference between Organized Retail outlet and unorganized retail outlets

Particular	No. of respondent	Percent
Low price	18	6
Quality products	134	44
A good services	44	15
Choice of products	72	24
others	32	11
Total	300	100

Source: Primary Survey, 2023

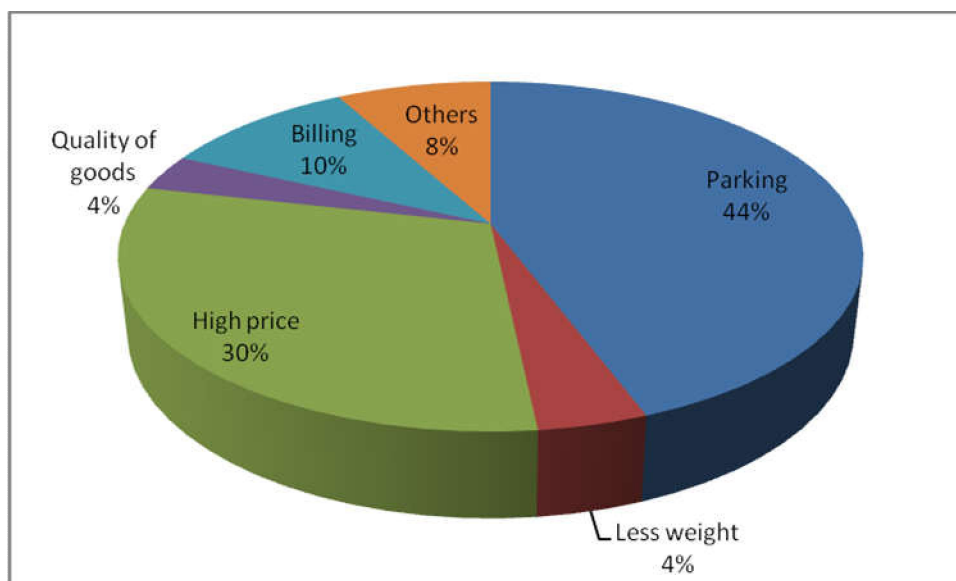
**Figure : Difference between Organized and unorganized retail stores**

The table and figure indicates the difference between organized retail outlets and unorganized retail outlets. Out of 300 respondents, 44 percent of the respondents are having opinion that quality products are and label in Organized Retail outlets followed by choice of products with 24 per cent, 15 per cent of them are having towards Good Services, 11 per cent of the respondents are having opinion such as others and 6 percent of them opined as low price when compared to other retail outlets in Mysore city.

Table: Problems faced by the consumers in Organized retail outlet

Problems	No. of Respondents	Percent
Parking	132	44
Less weight	12	4
High price	90	30
Quality of goods	10	4
Billing	30	10
Others	24	8
Total	300	100

Source: Primary Survey,2023

**Table : Problems faced by the consumers in Organized retail outlet**

The table indicates that, 44 per cent of the consumers are facing parking problem in Organized retail outlet, 30 per cent of the consumers are opined that prices of products are high in Organized, 10 per cent of the consumers are facing problem in billing section, 4 per cent of consumers are facing problem in weighing of the commodities.

Table : Consumers opinion toward price related and others services

Particulars	No .of Respondents	Percent
Promotional schemes	30	10
Discounts /lesser price outlet related	18	6
Freedom of choosing products /brands	114	38

Better parking facility	74	25
Alterative display	6	2
Better ambience	10	3
One –stop shopping	8	3
Better service	20	7
Variety of modes of payment	18	6
Total	300	100

Source: Primary Survey, 2023

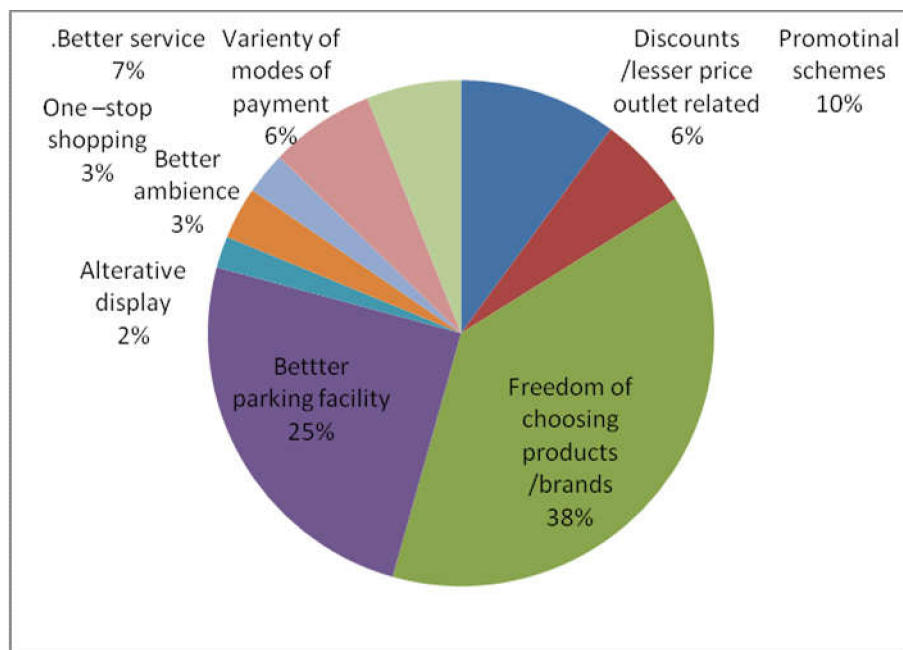


Figure : Consumers opinion toward price related and others services

The table and figure indicates that, 38 per cent of the consumers purchases food items in Organized retail outlets because they feel as they find freedom of choosing products, 25 per cent of the consumers likes to purchase in Organized retail outlets because the Organized retail outlets is having better parking facilities, 10 per cent of consumers likes to purchases because of promotional schemes, 7 per cent of the consumers feels that Organized retail outlets is giving better services to consumers, 6 per cent of the consumers feels this outlet is having variety of models of payments, 6 per cent of consumers likes discount or lesser price in Organized retail outlets, 3 per cent of the consumers likes one line shopping, 3 per cent of consumers likes because of better ambience and only 2 per cent likes to purchases in Organized retail outlets because of alterative displays.

Table : Services provided by Organized retail outlets

Others	No of respondents	Percent
Family shopping	72	24
Saves time	190	63
Entertainment	6	2
Air –conditioned outlet	2	1
Home delivery	28	9
Any other	2	1
Total	300	100

Source : Primary Survey,2023

The table and figure indicates that, most of the consumers opined as buying commodities in Organized retail outlets saves their time. 63 per cent of the consumers opined like this, 24 per cent of the consumers feels as the whole family members can come and do shopping in Organized retail outlets, 2 per cent of the consumers opined as shopping in Organized retail outlets gives entertainment, 9 per cent of the consumers opined to shop in Organized retail outlets because they have home delivery facility, 1 per cent of the consumer likes to shopping in Organized retail outlets because Organized retail outlets is Air conditioned.

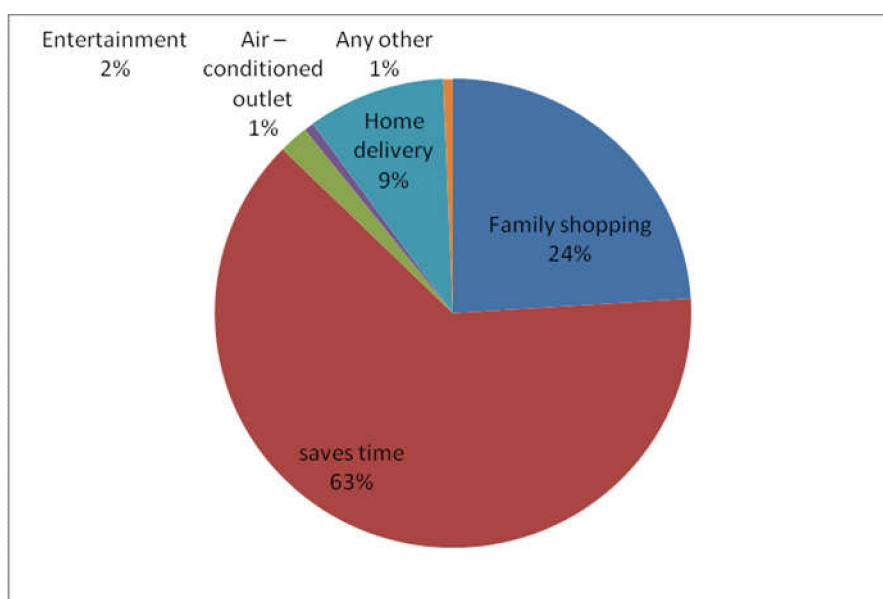
**Table : Services provided by organized retail outlets**

Table : Performance of rating by the consumers on organized retail outlet

Rating	No. of Respondents	Percent
Excellent	2	1
Very good	46	15
Good	248	83
Poor	4	1
Total	300	100

Source : Primary Survey,2023

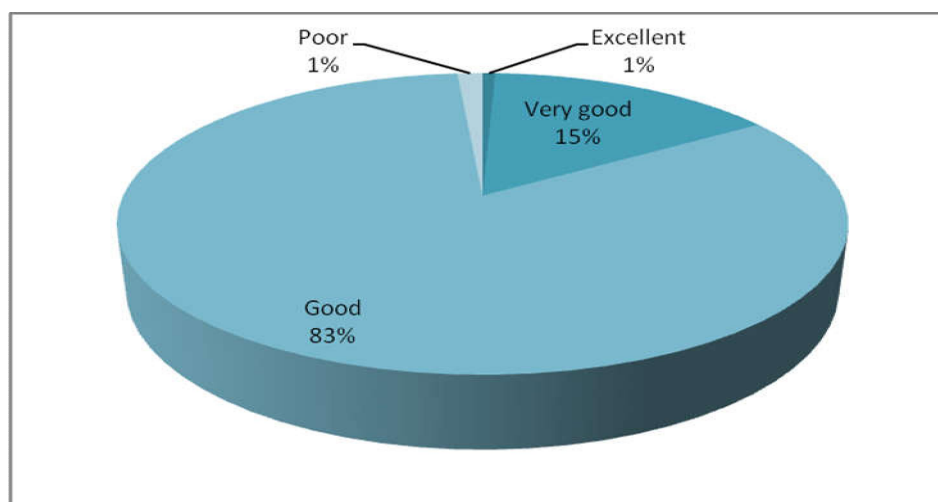


Figure : Performance of rating by the consumers on organized retail outlet

The table highlights that, the consumers are satisfied with the facilities given by the Organized retail outlet, 83 per cent of the consumers opined or rated Organized performance is good, 15 per cents as very good, 1 per cent of the consumer opined organized retail outlets performs excellent in all the activates.

Findings of the study:

- 1. The study highlights that, the preference in purchasing of food products in organized retail outlets has been given to Quality of the products and then other aspects has been considered by the consumers.*

2. *The study observes that the Source of information about organized retail outlets products would be largely by the family and friends.*
3. *The more number of (49 per cent) number of respondents expressed that the average price in organized retail outlets has been maintained when compared to unorganized retail outlets.*
4. *The more number of consumers buy food products in organized retail outlets once in a month.*
5. *The more number of consumers in organized retail outlets expressed themselves good opinion towards organized retail outlets with respect to service they provide to the consumers.*
6. *The various schemes or promotional activities affecting for purchasing plans in organized retail outlets for consumers. It is evident that out 300 consumers, 69 per cent expressed as Yes.*
7. *The survey observes that, more number of consumers have been visiting organized retail outlets from 1 to 2 year.*
8. *The more number of the consumers have the interest to buy the Both raw products as well as processed products.*
9. *The study reveals that the more number of consumers purchase fruits and vegetables from organized retail outlets in Mysore city, because organized retail outlets provide good service as well as quality and freshness in fruits and vegetable and also price is less when compared other unorganized retail outlets in Mysore city.*
10. *The majority of the consumers expressed their views that organized retail outlets provides good services and variety of products.*
11. *The 43 per cent of them are satisfied on Discount facility, 42 per cent on Product availability, 10 per cent transaction does in organized retail outlets, 3per cent on home delivery provided by the organized retailers.*
12. *The composition of purchase of food products largely accounts to 32 per cent of vegetables fallowed by processed food products with 19 per cent.*
13. *The study highlight that the frequency of purchase of food items very frequently in the selected organized retail outlets, more number of customers prefer to buy Health food (30 percent) and edible oil (27 percent) and instant food with 23 per cent.*
14. *The study clearly indicates that the customers have differentiated the organized and unorganized retail outlets, the majority of them opined that the good quality of the products are sold in organized retail outlets, and the other important thing is the customers could choose the products on their own. The wide choice option are possible in organized retail outlets.*
15. *The study indicates that, the organized retail outlets retained the regular customers from more than 3 years with 42 percent followed by 39 percent of them have been purchasing from last 3 years.*
16. *The 68 percent of the consumers prefer to purchase food products in evening time, because they have sufficient time a they would be free in the evening time.*
17. *The study highlights that 44 percent of the consumers faced parking problem as well delay in billing in organized retail outlets.*
18. *The majority of the consumers (83 percent) rated the overall activities and facilities provided by the organized retail outlets. They are in the opinion as good followed by very good with 15 percent.*
19. *The main reasons to purchase food products in organized retail outlets are better product quality, choice of more brands, choice of more pack size ,choice*

of more variants, wider product range and New stocks are available at More retail outlets.

- 20. The 49 per cent of consumers declared as increase in spending, 27 per cent indicated as decrease and rest 24 per cent no change. Thus, the arrival of organized retail has enhanced spending in general.*

Suggestions

- 1. Organized retail sector should continuously aim at providing better value to customers. It should not to be a onetime process. Organized retail outlets should provide what customer feel will enhance their value and Big Bazaar, More and Reliance fresh can do easily.*
- 2. Once customers are drawn to stores though sales promotion to many hidden condition should not be applicable. The big bazaar super center, More and Reliance Fresh is advertising their products only in the urban areas whereas, some of the customers are from rural areas too, for them there is a need to create awareness about organized retail outlets in Print as well as in mass media.*
- 3. The some of the consumers who has responded in the study mentioned that only some of the food products are available, therefore, should be proper assortment of various product categories.*
- 4. Proper training should be provided to sales executives so that they could handle the customers more efficiently inside the retail outlet.*
- 5. Store should inform about discount offers to loyal customers. Organized retail outlets could also enquire about loyal customers if they skip a periodic visit. The majority of consumers are in need of Discount price. But the discount price is provided to non food products and one plus one products such as buy one get one free etc schemes are available for cloths and other products put the same has to be extended to food products in Big Bazaar, More and Reliance Fresh.*
- 6. In the organized retail outlets, information about the products are self explanatory, still there is a need to appoint more and more number of sales executives, where they could interact with customers and they could convince the customers and then, customers would satisfy about the product which are available in Big Bazaar Super Center, More and Retail outlets.*
- 7. Better value could also be in terms of good ambience, fast moving, billing counter, parking space. The cash counter in organized retail outlets are limited, and they are operating in exit place. Instead of this, the more and more cash counters should be located in the places where the food products are displayed. During the festival and holidays, more customers visits the Big bazaar, More and Reliance Fresh to buy the food products, normally rush will be there, In this connection during the holidays and festival times organized retail outlets has to extend the cash counter, wherever it is required and that should be more convenient to customers.*

8. *Most of the food consumers responded are opined that the high quality product are kept and that products are suitable for high level income but, the medium range of quality products should be kept in the organized retail outlets that would serve the middle level income group of Consumers.*
9. *In Mysore city, organized retail outlets has one big center, all the customers has to come to that particular retail outlets or Super center, it is inconvenient to some of the customers. In view of this, there is a need to extend the organized retail outlets to residential and extension areas in and around Mysore city, as More, Aditya Birla groups retail outlets are operating in Mysore city.*
10. *The organized retail outlets should maintain a customer database in order to make a note of basic essential purchases of loyal customers and have a provision where it will be delivered to them on a regular or monthly basis as per customer convenience.*
11. *The unorganized retailing in the vicinity of organized retailers has been adversely affected in terms of their volume of business and profit.*
12. *The major factor that attract unorganized retailers to consumers are proximity, goodwill, credit sales, bargaining, loose items, convenient timings, and home delivery.*
13. *There is clear evidence of a competitive response from traditional retailers who are gearing up to meet the threat from organized retailers.*
14. *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. Lower income consumers have saved more from purchases at organized outlets.*
15. *The majority of the consumers faced billing problem , hence Number of cash and billing counters needs to be increased, keeping, in view customer traffic intensity.*
16. *The most of the respondents have the complaint towards four wheelers parking problems. So, the More personal should take care about parking facilities.*

Conclusion

The organized retail outlets benefits consumers by providing several benefits, such as wider product choice more in line with consumer needs, lower prices, better shopping experience because of improved store ambience and increased browse ability, enhanced service, and quality levels. The Organized retail sector creates employment opportunities at several levels. The Organized retail sector benefits of buying in bulk for the entire group and keep consumers margins low and get a range of products at good prices.

In an era of increasingly demanding consumers, it's no surprise that customer satisfaction and loyalty are the nuts and bolts of business growth. Yet for many companies, these ingredients are in short supply and could grow scarcer as economic uncertainty continues. Though, the effective use customer value management a firm could improve its image and also build a good relationship with its customers that help in achieving long term goals of the retailer. The Organized retail outlets has to strengthen the Retailing Mix such as Communication Mix, Physical distribution mix and Goods and Services mix in Mysore city it would help in maintaining the good customer Relationship Management.

The very modern organized stores have taken the idea of retailing nowhere else then from these old shops. The survey concluded that India's organized and unorganized retail sectors can co-exist and flourish. The growth in the Indian organized retail market is mainly due to the change in the consumer's behavior. 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 Indian organized retail market a major boost. While on the other hand the traditional stores are shops where the various product available are the range of product really required by the customers. They cautiously take care of the choice of the customers and bring the product which is demanded by them. They try to satisfy them with the wide range and at the same time maintain a good relationship to retain them and consequently convert them into their loyal customer. The shopkeepers keeps latest products to their stores and then learn how is it actually affecting the sales of products although there stores have comparatively less product range the selection

made is quite relevant. Having looked at the features let us find the loopholes. However good is the ambience and wide is the product range, when it comes the selling price of the various goods, traditional shops are always more efficient than these newly evolved stores. These retail shops lacking the interaction with the customers have miserably failed in building base with loyal customer. Thus, in India it is quite doubtful that the organized retail will be ever able to overcome the unorganized retail completely. The values culture and beliefs of the customers prompt them to go the same retail shop where they can get the product required, at low price and with least waiting time for billing. No matter how lucrative is this sector and how bright is the market; the organized sector in retailing has to go a long way to understand the customer requirement.

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