

Comparative Study of Organized & Unorganized Retail Sector of Nagpur Region

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Abstract: The major aspect of the study is to find out the consumer behavior towards organized & unorganized retail sector. The tool used to collect the data from respondents is questionnaire method. The study shows the weak factor for organized are the fast service, home delivery, location and relationship factors also meat quality is not good as per the respondents. These factors are to be taken care of for the growth in business. The strong factors for organized sector are discounted price, offers, variety, one stop solution, service, ambience and parking. These factors are attracting the customers also making huge preference and the store cleanliness is very good, very good regular prices, quality of product, bakery products, milk products are also of very good quality.

Keywords: consumer behavior, organized & unorganized retail sector, questionnaire.

I. INTRODUCTION

Retail markets and shops have a very ancient history, dating back to antiquity. Retailing involves the process of selling consumer goods or services to customers through multiple channels of distribution to earn a profit. Retailers satisfy demand is identified through a supply chain.

Any organization selling to final consumers whether it is a manufacturer, wholesaler or retailer-is doing retailing. It does not matter how the goods or services are sold (by person, mail, telephone, vending machine, or internet or where they are sold-in a store, on the street, or in the consumer's home). A Retailer thus, provides value creating functions like assortment of products and services to the consumers, breaking bulk, holding inventory and provides services to consumers, manufacturers and wholesalers.

Retailing broadly involves:

- a) Understanding the consumers' needs
- b) Developing good merchandise assortment and
- c) Display the merchandise in an effective manner

so that shoppers find it easy and attractive to buy. Retailing thus, may be understood as the final step in the distribution of merchandise, for consumption by the end consumers. Put simply, any firm that sells products to the final consumer is performing the function of retailing. It thus consists of all activities involved in the marketing of goods and services directly to the consumers, for their personal, family or household use. In an age where customer is the king and

marketers are focusing on customer delight, retail may be redefined as the first point of customer contact.

Characteristics of Retailing

Retailing can be distinguished in various ways from other business activities. It has following characteristics:

- There is a direct end-user interaction in retailing.
- It is the only point in the value chain to provide platform for promotions.
- Sales at the retail level are generally in small unit sizes.
- Location is a critical factor in retail business.
- In most retail business, services are as important as core products.
- There are a larger number of retail units compared to other members of the value chain. This occurs primarily to meet the requirements of geographical coverage and population density.

Retailing in India:

The concept of retail as entertainment came to India with the advent of Shopping malls. Shopping malls emerged in the urban areas giving a world-class experience to the customers. Eventually hypermarkets and supermarkets emerged. The evolution of the sector includes the continuous improvement in the supply chain management, distribution channels, technology, back-end operations, etc. This would finally lead to more of consolidation, mergers and acquisitions and huge investments.

Unorganized retailing/traditional retailing

According to the National Accounts statistics of India 'the unorganized sector includes units whose activity is not regulated by any statute or legal provision, and/or those, which do not maintain regular accounts. In the context of retail sector, it could therefore be said to cover those forms of trade which sell an assortment of products and services ranging from fruits and vegetables to shoe repair. These products or services may be sold or offered out of a fixed or mobile location and the number of people employed could range between 10-20 people. Thus, the traditional formats of low-cost retailing, for example, the neighborhood baniya, the local kirana shop, owner manned general stores, provision stores, flea (Thadi) markets, hand cart and pavement vendors,

the vegetable, fruit vendor, Mom and Pop Stores, local sabjimandi, weekly haats, general readymade garment shop or a footwear shop, general electronic shop etc. the, the paanwala, the cobbler, etc. would be termed as the unorganized sector.

Organized or modern retailing:

Organized retailing refers to trading activities undertaken by licensed retailers, that is, those who are registered for sales tax, income tax, etc. Organised retailing was absent in most rural and small towns of India in 2010. Supermarkets and similar organised retail accounted for just 4% of the market. Most Indian shopping happens in open markets or numerous small grocery and retail shops. These include the corporate-backed hypermarkets and retail chains, departmental store, discount stores, drug stores, factory outlets, and also the privately owned large retail businesses.

The organized retail stores are characterized by professionally managed stores or large chain of stores, providing goods and services that appeal to customers, in an ambience that is encouraging for shopping and agreeable to customers. For example: Vishal Mega Mart, Big Bazaar, Wills Lifestyle, Shoppers Stop, Reliance Trends, Spencers, Reebok, Nike, Catmos, Lilliput, McDonald's, Pizza Hut, Barista, Cafe Coffee Day, Koutons, Cotton County, Peter England, Titan, Raymonds, Sony, Samsung, Next, LG, Apollo Pharmacy, etc.

Organized Retail Growth in II Tier and III Tier Cities:

Malls, the temples of consumerism are cropping up everywhere. These malls have changed the way people are shopping. They are teaching them how to appreciate the good things of life. 'Comfort', 'Style', 'Convenience' and 'Cool' are the only some of the words used by the shoppers introduced to the mall culture. And no one is complaining. Not the mall owners, not the shop keepers and certainly not the marketing men and women of the big brands. Malls are the battle grounds where the brands, small, medium and big, the known, the not-so-well-known and the wanna-be ones, fight it out for the consumers attention. And the consumer is 'loving it' and asking for more.

Yes, this is one culture that consumers are happy about. So happy that no one seems to mind 'the unplanned expenditure' incurred by an outing to such an enticing place. They enjoy air conditioned comfort, availability of a range of merchandise under one roof and a one-stop family entertainment arena. While the consumer is slowing getting hooked on to the mall culture, the owners of the mall are hardly complaining.

Actually, they are busy planning the erection of new malls and the more the merrier seems to be the motto of the moment. Given the rate at which the malls are coming, the commercial as well as residential real estate business is

spiraling upwards. The range and scope of the economic activity generated from mall culture promises many things to many people. Other than offering shoppers more value for money, the scale of operations generates employment opportunities, direct and indirect, for thousands of people.

India was to have some 350 malls out of which nearly 250 were planned in Tier II and Tier III towns, taking this revolution further. Now there is a new association of big brands that has come together to give brand loyalists something to cherish, aspire for and much, much more. Since Bhopal is listed as Tier II city, our attempt was to find out the different Malls that have been planned here.

II. LITERATURE REVIEW

According to Ms. R. Lavanya and Nadar Saraswathi, as per the paper The growth in the Indian organized retail sector is mainly because of change in the consumer's behavior. consumer prefer the place where he can get food, entertainment and shopping all less than one roof. Majority of the consumers are visiting organized formats for variety, easy availability, cleanliness with additional facility of entertainment for children and convenient parking facility and restaurant etc. Both organized as well as unorganized retailers need to add value added services to make the shopping experience more comfortable and value oriented.[1]

According to Prof. Kalpana Singh, **as per the paper The size of India's retail** industry is expected to more than double to \$1.3 trillion by 2020. Further organized retails penetration in India's total retail is on increase. Recent policy changes and greater external liberalization of retail sector will bring many more foreign retailers to India. It is expected that FDI will accelerate the growth of organized retail. India's huge population with large proportion of young, increasingly brand- and fashion-conscious population, high potential growth in consumer expenditure, growing middle class are some of the factors due to which the macro trends for the sector looks favorable. Among organized retail segments, Mass Grocery and Apparel are segments growing faster than other segments. In next few years, multi-brand organized retail is expected to expand in specialty stores such as Consumer Electronics, Footwear, Furniture and Furnishing etc.[2]

According to **Dr. Rajesh c. Jampala, Mr. M. Dhaduranaik**, The paper focuses on retail service quality that contributes to customer satisfaction. Service quality has drawn attention of researcher in recent years. Service quality within the organized retailing is pivotal for satisfying customers. By satisfying customers with quality service, business firms are expanding their market shares. The objective of the study is to analyze the service quality of the organized retail store that contributes to the customer satisfaction in Vijayawada, Andhra Pradesh. This research

uses five dimensions such as physical aspects, problem solving, personal interaction, reliability and policy.[3]

According to **Meena Rajesh**, The major opportunity and challenges for both organized and unorganized retailers remain same as they see each other as their biggest threat. There would be a win- win situation for both if they mitigate the challenges and leverage on the opportunities that could benefit both sectors. To enhance the growth the organized retailers needs to adopt strategies with respect to investment in technology and in supply chain management. Investment in technology would reduce their wastage of time, goods and efforts. The government should also ensure a single window clearance for retail chain and permit FDI in retail in different phases. Government can encourage PPP model for infrastructural development It can also ensure flexibility of labour laws thereby ensuring the availability of skilled workforce for organized retailing.[4]

III. OBJECTIVE & SCOPE

A. Objective

- To study the association between the organized and unorganized sector.
- To study of influence of organized and unorganized retail sector on consumer.
- To study the factors influencing the consumers to buy from organized retailers than from unorganized retailers
- To study the nature and trends in buying patterns of customers.
- To study the perception of customers towards organized and unorganized retailers.
- To understand the developments in this sector with reference to business point of view.

B. Scope

- The study will highlight the strength of both the retail sector.
- This project will be helpful to understand the perception of customers towards organized and unorganized retail sector.
- The retailers will get to know the pitfalls in their business.

IV. HYPOTHESIS

Null Hypothesis: There is no significant difference in organized and unorganized retail sector.

Alternative Hypothesis: There is significant difference between organized and unorganized retail sector.

V. RESEARCH METHODOLOGY

A. Sampling:

Sampling saize: 50

Sample space : Nagpur

Sampling method: Convenience

B. Data Collection:

I. Primary Data:

Primary data has been collected through questionnaire by conducting interviews with the correspondents.

II. Secondary Data:

Secondary data is collected from books and various website on internet.

C. Data Analysis

Ranks									
Companies	1	2	3	4	5	6	7	8	9
Big Bazar	25	7	10	4	1	0	1	1	1
reliance fresh	13	28	3	1	1	1	0	1	2
Apna Bazar	6	7	19	10	2	1	2	3	0
Star Bazar	3	3	12	14	10	6	0	1	1
Subhiksha	0	0	1	10	15	11	6	3	4
Shoptite	0	1	1	2	9	15	13	6	3
Lifestyle	1	2	1	4	6	8	18	8	4
pantaloons	2	1	3	3	3	4	9	20	5
Globus	0	1	0	2	3	4	1	9	30

Table 5.1: Ranking of organized retail companies as per the respondents

Parameters	Rating				
	Excellent	Very good	Average	Fair	Poor
Discounted Price	16	25	8	1	0
Quality	16	30	3	1	0
Variety	26	20	2	1	1
Location	15	11	12	7	5
Service	16	21	8	5	0
One stop	24	20	4	2	0
Offers	11	24	8	5	2
Relationship	10	27	9	4	0
Ambience	20	21	5	4	0
Home Delivery	7	13	12	7	11
Faster	14	16	13	6	1
Parking	23	13	10	2	2

Table 5.2: Rating of parameters as per respondents preference for organized sector

Parameters	Rating				
	Excellent	Very good	Average	Fair	Poor
Courtesy & Service:	11	29	10	0	0
Store Cleanliness	25	22	2	1	0
Selection and Variety	24	20	6	0	0
Product Quality/Freshness	16	28	6	0	0
Meat Quality/Freshness	9	16	16	5	4
Dairy Quality/Freshness	26	18	4	1	1
Bakery Quality/Freshness:	16	28	6	0	0
Regular Price	14	24	10	2	0

Table 5.3: Rating as per respondents preference for organized sector

Parameters	Ratings				
	excellent	very good	Average	Fair	Poor
Discounted Price	1	9	18	19	3
Quality	10	26	10	4	0
Variety	6	23	15	4	2
Location	31	10	5	4	0
Service	11	24	11	2	2
onestop	5	12	17	13	3
offers	4	7	10	17	12
Relationship	15	25	5	4	1
Ambience	6	13	20	8	3
Home Delivery	7	8	8	11	16
faster	14	18	6	7	5
Parking	3	2	14	19	12

Table 5.4: Rating as per respondents preference for Unorganized Retail

VI. FINDINGS & RECOMMENDATIONS

A. Findings

- The organized retail sector is growing and the consumers are more preferring this sector over the unorganized retail sector.
- Based on preference of one stop, cleanliness, discounted price, variety of product is very good in organized sector.
- The unorganized sector is strong but the due to fast life there is a need to adapt some parameters of organized sector, which are providing over unorganized so that the consumer will not get attracted towards organized sector.

- There are certain factors like home delivery ,fast service that is lacking in both the sectors so there is need give these services to customer for the growth.
- The unorganized sector is not that much impacted but in coming years might see the impact.
- Consumers are inclining towards the organized sector.

B. Recommendations

- Organized retail sector must focus on the fast delivery, meat quality, home delivery etc. to grow further.
- Unorganized retail sector should focus on the discounted price, home delivery, parking, one stop solutions, variety of products, regular prices, offers etc. to compete with organized retail.

VII. LIMITATIONS AND FUTURE SCOPE

A. Limitations

- This is a pilot study project.
- Number of respondents are less so prediction of the overall consumers on the small response day is approximate.

B. Future Scope

- This study can be applied to other city
- The more specific analysis like only FMCG or Grocery can also be taken.
- It is the study on consumer point of view the study can be retailer point of view
- the project can also be taken in only for organized or unorganized sector
- Company can take the survey on the basis of this projects to understand consumers preferences.

VIII. CONCLUSION

This study explores the various areas of organized retail sector where they have to focus in order to increase their market also the strong factors which are already adopted. The study show the weak factor for organized are the fast service, home delivery, location and relationship factors also meat quality is not good as per the respondents. These factors are to be taken care of for the growth in business .The strong factors for organized sector are discounted price, offers, variety ,one stop solution, service ,ambience and parking .these factors are attracting the customers also making huge preference and the store cleanliness is very good, very good regular prices ,quality of product ,bakery products ,milk products are also of very good quality.

For the unorganized retail sector, the weak factors are discounted price, one stop solution, offers, ambience, home delivery and parking. The unorganized retail sector must focus

on these factors in order to grow in the market and retain the customers. The strong factors of the unorganized retail sector are quality ,location, variety , relationship and faster service. The unorganized sector should focus on weak parameter so that these will not hamper the business.

From the study, it shows that there is a strong association between the organized and unorganized retail sector .The weak factors of organized sector is the strong factors of unorganized retail sector vice versa.

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