
**AN EMPIRICAL RESEARCH ON CUSTOMERS' PREFERENCE
TOWARDS ORGANISED AND UNORGANISED RETAIL IN
MORADABAD CITY**

Rahul Singh*

Dr. Jeet Singh**

INTRODUCTION

In 2004, The High Court of Delhi defined the term 'retail' as a sale for final consumption in contrast to a sale for further sale or processing (i.e. wholesale); *A sale to the ultimate consumer*. Retailing can be said to be the interface between the producer and the individual consumer buying for personal consumption. This excludes direct interface between the manufacturer and institutional buyers such as the government and other bulk customers. Retailing is the last link that connects the individual consumer with the manufacturing and distribution chain. A retailer is involved in the act of selling goods to the individual consumer at a margin of profit.

DIVISION OF RETAIL INDUSTRY

The retail industry is mainly divided into:-

- 1) Organised and
- 2) Unorganised Retailing

Organized retailing is based on the principle of unity and unorganized retailing is based on the principle of singularity. Both organized and unorganized retailing is found in most countries throughout the world. India and China are strong examples of countries in which unorganized retailing dominated their markets. Today these countries have a growing economy because of the influx of organized retailers into their markets.

The Indian retail sector is highly fragmented with 95 per cent of its business being run by the unorganized retailers. The organized retail however is at a very nascent stage. The sector is the largest source of employment after agriculture, and has deep penetration into rural India generating more than 10 per cent of India's GDP.

*Research Scholar, Monad University, Pilakhuwa (U.P.)

**Head, Department of Commerce, Dr B. R. Ambedkar Government Degree College, Anaugi, Kannauj (U.P.)

Today, the end consumer, and not the shopper, is the centre of the Indian FMCG company's universe. That's not the scenario in other developed markets. The difference is crucial. In modern retail, when a consumer walks into a hypermarket and buys a pack of detergent, s/he makes a choice between 10 and 15 brands and then chooses one out of 400 packs. That's the starting point of the art and science of shoppers' choice in the modern retail world. Everything, from packaging to promotion to pricing, is designed to get the attention of the shopper.

The share of organized retail to total retail trade in India is hardly 5 % against 66 % in Japan, 30 % in Indonesia and 20 % in China

ORGANIZED RETAIL ACTS AS A CUSHION AGAINST INFLATION

Unlike kiranas, some of the organized retailers cut through various levels of middlemen to source directly from farmers. Since they have multiple outlets, these corporate backed chains are also able to pass on savings to the consumers by purchasing large volumes. Kiranas deal with consumer goods brands in low volumes. Since these firms do not share good margins, kiranas make it up by charging the MRP without discount. But unlike kiranas, organized retailers have to make it worth the consumer's while to drive out, brave not only traffic but parking hassles and shopping queues. This is where their unique selling point of everyday low prices comes in. To draw consumers, retailers squeeze suppliers and ensure efficiency in categories which drive footfalls. They balance it out by enjoying higher margins in categories where impulse buying is high. Organized chains retail at lower prices even at a time when food inflation hovers at nine percent.

REVIEW OF LITERATURE

Dr. Bhargava R.K. and Dr. Makkar Urvati, "Retail Revolution-Emerging Challenges and Issues" in journal of IMS group, Vol-4, July-Dec 2007. In this research, researchers have tried to throw light on certain challenges faced by retail sector in our country currently. Besides this, factors propelling growth in retail in India have also been discussed extensively. It also explore the impact of Chinese invasion in the back-end operations and manufacturing base of India, as a fast pace, which undoubtedly is an alarming trend.

Dr. Shukla Ashok and Jain Vishal (2007), "Paradigm shift of Indian retailing" A Global perspective" Journal of IMS group, Vol-4, July-Dec 2007. This paper studies the present Indian retail market and the influence of global retailing on it for the future. It also highlights the emerging trends of Indian retailing.

Dr. Pandey Atul and Dr. Yusuf Zai Rahil (2007), “Window Display in Garments and Groceries Retailing: A study of Rewa City”. This paper examined the linkages between window display and consumer response by exploring some insights of buyer’s psyche. It also examined the impact of demographic pattern on the consumers towards window display.

Narayan Swar Biranchi (2007), “Challenges and opportunities of organised retailing in India”, journal of IMS group Vol-4, July-dec 2007. This research will give the vital information of the Indian retail sector. In this paper information of the Indian retail sector is presented on both macro and level. It will give a brief idea about the scope for organized retailing in India. It will give a thrust to infrastructure development and lead to the evolution of an efficient supply chain which is the oxygen of modern retailing.

Sinha Piyush Kumar and Kar Sanjay Kumar, “An insight into the growth of new retail formats in India”, 2007. This paper investigates modern retail developments and growth of modern formats in this country. It also discusses the challenges and opportunities available to the retailers to succeed in this country.

Kaushik Anjali and Gupta Satya Bandhu, “Retail industry: Problem and challenges”, The bi-annual journal of Institute of Management Education, June 2006. This paper presents the current scenario of Indian retailing. It encounters with the problem and prospects of retailing in India.

Shaw S.A. and Gibbs J. “Procurement strategies of small retailers faced with uncertainty: An analysis choice and behavior”, International review of retail, distribution and consumer research.

Again a lot of literature has been published in the area of organized and unorganized retail but no study exist on organized and unorganized retail targeting sub urban areas of India. Thus the proposed study is an effort to find out the scenario of organised retailing in sub urban areas of India.

OBJECTIVE OF THE STUDY

The present paper aims at the following objectives:

- To know about consumer preference towards Organized and Unorganized retail
- To find out the market potential of organized retailing in Moradabad city.

RESEARCH METHODOLOGY

Research Type : Empirical

Type of Sampling : Convenience Sampling

Sampling Unit	: Individual persons who purchases goods from local kiranas as well as from shopping malls
Sampling Universe	: City Moradabad, Uttar Pradesh
Sample size	: 100 Individual persons
Data Type	: Primary as well as Secondary Data
Data Source	: Survey through questionnaire
Tools	: T-test, correlation and mean scores have been taken on a five point likert scale.
Scope of the study	: The scope of study is related to persons who purchases goods from local kiranas as well as from shopping malls in city Moradabad (Uttar Pradesh). The scope of the research shall be in reliance with the methods and instruments of research used in this study. Special attention has been given to carry out the research in a manner such that it contributes to the overall study of use of local kirana stores as well as shopping malls for shopping. Opinion of various experts in Moradabad city of Uttar Pradesh has been taken about the trend towards organized retailing in the city. Their views have been incorporated in this paper. The paper also takes the references of various articles written by various experts on retailing.

HYPOTHESIS

Researchers have framed ten hypothesis. The details are mentioned herein below:

Hypothesis 1

H_{1o}: There is no significant difference between organised retail stores and unorganised retail stores regarding Overall range, quality and availability of new arrivals

H_{1a}: There is a significant difference between organised retail stores and unorganised retail stores regarding Overall range, quality and availability of new arrivals

Hypothesis 2

H_{2o}: There is no significant difference between organised retail stores and unorganised retail stores regarding allowing customers to browse at your own pace & adequacy of space

H_{2a}: There is a significant difference between organised retail stores and unorganised retail stores regarding allowing customers to browse at your own pace & adequacy of space

Hypothesis 3

H_{3o}: There is no significant difference between organised retail stores and unorganised retail stores regarding adequate lighting, Clean & Hygienic environment

H_{3a}: There is a significant difference between organised retail stores and unorganised retail stores regarding adequate lighting, Clean & Hygienic environment

Hypothesis 4

H_{4o}: There is no significant difference between organised retail stores and unorganised retail stores regarding different promotional offers and festive schemes

H_{4a}: There is a significant difference between organised retail stores and unorganised retail stores regarding different promotional offers and festive schemes

Hypothesis 5

H_{5o}: There is no significant difference between organised retail stores and unorganised retail stores regarding proximity to reach the retail stores

H_{5a}: There is a significant difference between organised retail stores and unorganised retail stores regarding proximity to reach the retail stores

Hypothesis 6

H_{6o}: There is no significant difference between organised retail stores and unorganised retail stores regarding home delivery of products

H_{6a}: There is a significant difference between organised retail stores and unorganised retail stores regarding home delivery of products

Hypothesis 7

H_{7o}: There is no significant difference between organised retail stores and unorganised retail stores regarding parking facility for vehicles

H_{7a}: There is a significant difference between organised retail stores and unorganised retail stores regarding parking facility for vehicles

Hypothesis 8

H_{8o}: There is no significant difference between organised retail stores and unorganised retail stores regarding speed and accuracy of billing

H_{8a}: There is a significant difference between organised retail stores and unorganised retail stores regarding speed and accuracy of billing

Hypothesis 9

H_{9o}: There is no significant difference between organised retail stores and unorganised retail stores regarding different modes of payments

H_{9a}: There is a significant difference between organised retail stores and unorganised retail stores regarding different modes of payments

Hypothesis 10

H_{10o}: There is no significant difference between organised retail stores and unorganised retail stores regarding after sales service and attending customer complaints

H_{10a}: There is a significant difference between organised retail stores and unorganised retail stores regarding after sales service and attending customer complaints

ANALYSIS AND INTERPRETATION**(A) GENERAL DETAILS**

Questions were asked from the respondents about the experience while going to local kirana stores (unorganised retail) and shopping malls (organised retail). We get the following data:

Table 1: General details of respondents going to organised as well as unorganised retail outlets.

S. No.	Variables	Responses	No. of Respondents	Total
1	Age (In Years)	Less than 20	16	100
		20 – 40	39	
		40-60	30	
		Above 60	15	
2	Gender	Male	54	100
		Female	46	
3	Aware about Organised and unorganised retailing	Yes	100	100
		No	0	
4	Aware and visited	Big Bazaar	100	All 100 respondents have awareness of more than one organised stores.
		Globus	87	
		Lasa Mart	98	
		Patanjali	100	
		Reliance fresh	70	
		Sahara Q Shop	83	
		V Mart	100	
		Vishal Mega Mart	100	
5	Source of information about retail stores	Newspaper & Magazine	85	All 100 respondents have more than one
		Friends & relatives	100	
		Internet	54	

		Television	67	source of information.
		Other	92	
6	Prefer to shop from organised retail outlets	Always	72	100
		Sometimes	28	
		Never	0	
7	Frequency of visit to retail outlets	Once in a week	20	100
		Twice in a week	12	
		Thrice in a week	5	
		Once in a month	25	
		Twice in a month	30	
		Thrice in a month	8	
8	Most appropriate day for shopping	Month starting	15	All 100 respondents have more than one purpose of visit to retail outlets.
		Month ending	20	
		Weekends	60	
		Others	5	
9	Purpose of visit to retail outlets	Shopping Only	42	100
		Entertainment Only	55	
		Shopping & Entertainment	100	
		Food Courts	60	
10	Time period of visiting to retail outlets	Upto 1 year	62	100
		1 – 2	25	
		2 – 5	10	
		Above 5	3	

(B) PERCEPTION ON THE CONCERNS FOR THE TEN ATTRIBUTES RELATING TO SHOPPING EXPERIENCE.

Opinion of respondents – For least 1 & for highest 5

Table 2: Mean of perception of respondents regarding organised and unorganised retail outlets

S. No.	Attributes	Unorganised retail outlets	Organised retail outlets
1	Overall range, quality and availability of new arrivals	2.40	4.20
2	Allowing customers to browse at your own pace & adequacy of space	2.00	4.30

3	Adequate lighting, Clean & Hygienic environment	2.25	4.25
4	Different promotional offers and festive schemes	3.60	4.03
5	Proximity to reach	3.95	1.90
6	Home delivery	4.3	1.6
7	Parking facility	2.15	4.25
8	Speed and accuracy of billing	4.00	4.00
9	Different modes of payments	1.50	1.83
10	After sales service and attending customer complaints	4.25	1.55

(C) TESTING OF HYPOTHESIS**Table 3: Paired Samples Statistics**

Attributes		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Overall range, quality and availability of new arrivals in unorganised retail stores	2.4000	100	.49237	.04924
	Overall range, quality and availability of new arrivals in organised retail stores	4.2000	100	.68165	.06816
Pair 2	Allowing customers to browse at your own pace & adequacy of space in unorganised retail stores	2.0000	100	.63564	.06356
	Allowing customers to browse at your own pace & adequacy of space in organised retail stores	4.3000	100	.64354	.06435
Pair 3	Adequate lighting, Clean & Hygienic environment in unorganised retail	2.2500	100	.83333	.08333

	stores				
	Adequate lighting, Clean & Hygienic environment in organised retail stores	4.2500	100	.53889	.05389
Pair 4	Different promotional offers and festive schemes in unorganised retail stores	3.8100	100	.58075	.05808
	Different promotional offers and festive schemes in organised retail stores	4.0000	100	.68165	.06816
Pair 5	Proximity to reach in unorganised retail stores	3.9500	100	.74366	.07437
	Proximity to reach in organised retail stores	1.9000	100	.62765	.06276
Pair 6	Home delivery in unorganised retail stores	4.3000	100	.71774	.07177
	Home delivery in organised retail stores	1.6000	100	.49237	.04924
Pair 7	Parking facility in unorganised retail stores	2.1500	100	.57516	.05752
	Parking facility in organised retail stores	4.2500	100	.62563	.06256
Pair 8	Speed and accuracy of billing in unorganised retail stores	4.0000	100	.89893	.08989
	Speed and accuracy of billing in organised retail stores	4.0000	100	.72478	.07248
Pair 9	Different modes of	1.5000	100	.50252	.05025

	payments in unorganised retail stores				
	Different modes of payments in organised retail stores	1.8300	100	.37753	.03775
Pair 10	After sales service and attending customer complaints in unorganised retail stores	4.2500	100	.83333	.08333
	After sales service and attending customer complaints in organised retail stores	1.5500	100	.50000	.05000

Table 4: Paired Samples Correlations

	Attributes	N	Correlation	Sig.
Pair 1	Overall range, quality and availability of new arrivals in unorganised retail stores & Overall range, quality and availability of new arrivals in organised retail stores	100	-.090	.372
Pair 2	Allowing customers to browse at your own pace & adequacy of space in unorganised retail stores & Allowing customers to browse at your own pace & adequacy of space in organised retail stores	100	.000	1.000
Pair 3	Adequate lighting, Clean & Hygienic environment in unorganised retail stores & Adequate lighting, Clean & Hygienic environment in organised retail stores	100	-.028	.781
Pair 4	Different promotional offers and festive schemes in unorganised retail stores & Different promotional offers and festive schemes in organised retail stores	100	.000	1.000
Pair 5	Proximity to reach in unorganised retail	100	.314	.001

	stores & Proximity to reach in organised retail stores			
Pair 6	Home delivery in unorganised retail stores & Home delivery in organised retail stores	100	-.086	.396
Pair 7	Parking facility in unorganised retail stores & Parking facility in organised retail stores	100	.175	.081
Pair 8	Speed and accuracy of billing in unorganised retail stores & Speed and accuracy of billing in organised retail stores	100	.496	.000
Pair 9	Different modes of payments in unorganised retail stores & Different modes of payments in organised retail stores	100	.133	.187
Pair 10	After sales service and attending customer complaints in unorganised retail stores & After sales service and attending customer complaints in organised retail stores	100	.152	.132

Table 5: Dependent / Paired Samples Test

Attributes		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Overall range, quality and availability of new arrivals in unorganised retail stores - Overall range, quality and availability of new arrivals in organised retail stores	-1.80	.87617	.08762	-1.97385	1.62615	20.544	99	.000
Pair 2	Allowing customers to browse at your own pace & adequacy of space in unorganised retail stores -	-2.30	.90453	.09045	-2.47948	2.12052	25.427	99	.000

	Allowing customers to browse at your own pace & adequacy of space in organised retail stores								
Pair 3	Adequate lighting, Clean & Hygienic environment in unorganised retail stores - Adequate lighting, Clean & Hygienic environment in organised retail stores	-2.00	1.00504	.10050	- 2.19942	- 1.80058	- 19.900	99	.000
Pair 4	Different promotional offers and festive schemes in unorganised retail stores - Different promotional offers and festive schemes in organised retail stores	-1.90	.89550	.08955	-36769	-01231	-2.122	99	.036
Pair 5	Proximity to reach in unorganised retail stores - Proximity to reach in organised retail stores	2.05	.80873	.08087	1.88953	2.21047	25.348	99	.000
Pair 6	Home delivery in unorganised retail stores - Home delivery in organised retail stores	2.70	.90453	.09045	2.52052	2.87948	29.850	99	.000
Pair 7	Parking facility in unorganised retail stores - Parking facility in	-2.10	.77198	.07720	- 2.25318	- 1.94682	- 27.203	99	.000

	organised retail stores								
Pair 8	Speed and accuracy of billing in unorganised retail stores - Speed and accuracy of billing in organised retail stores	- .00003	.82878	.08288	-.16448	.16442	.000	99	1.000
Pair 9	Different modes of payments in unorganised retail stores - Different modes of payments in organised retail stores	-.33	.58698	.05870	-.44647	-.21353	-5.622	99	.000
Pair 10	After sales service and attending customer complaints in unorganised retail stores - After sales service and attending customer complaints in organised retail stores	2.70	.90453	.09045	2.52052	2.87948	29.850	99	.000

The researchers have used dependent t test, mean scores, pearson correlation to test the above stated hypothesis.

Hypothesis 1

On average, respondents having greater experience in shopping in organised retail outlets ($M = 4.2$, $SE = 0.06816$) than to shopping in unorganised retail outlets ($M = 2.4$, $SE = 0.04924$), $t(99) = -20.544$, $p < .05$ Null Hypothesis is rejected and alternate hypothesis is accepted. We can conclude that there is a significant difference between organised retail stores and unorganised retail stores regarding Overall range, quality and availability of new arrivals.

Hypothesis 2

On average, respondents having greater experience in shopping in organised retail outlets ($M = 4.3$, $SE = 0.06435$) than to shopping in unorganised retail outlets ($M = 2.0$, $SE = 0.06356$),

$t(99) = -25.427, p < .05$ Null Hypothesis is rejected and alternate hypothesis is accepted. We can conclude that there is a significant difference between organised retail stores and unorganised retail stores regarding allowing customers to browse at your own pace & adequacy of space.

Hypothesis 3

On average, respondents having greater experience in shopping in organised retail outlets ($M = 4.25, SE = 0.05389$) than to shopping in unorganised retail outlets ($M = 2.25, SE = 0.08333$), $t(99) = -19.90, p < .05$ Null Hypothesis is rejected and alternate hypothesis is accepted. We can conclude that there is a significant difference between organised retail stores and unorganised retail stores regarding adequate lighting, Clean & Hygienic environment.

Hypothesis 4

On average, respondents having greater experience in shopping in organised retail outlets ($M = 4.00, SE = 0.06816$) than to shopping in unorganised retail outlets ($M = 3.18, SE = 0.05808$), $t(99) = -2.122, p < .05$ Null Hypothesis is rejected and alternate hypothesis is accepted. We can conclude that there is a significant difference between organised retail stores and unorganised retail stores regarding different promotional offers and festive schemes.

Hypothesis 5

On average, respondents having poor experience in shopping in organised retail outlets ($M = 1.90, SE = 0.06276$) than to shopping in unorganised retail outlets ($M = 3.95, SE = 0.07437$), $t(99) = 25.348, p < .05$ Null Hypothesis is rejected and alternate hypothesis is accepted. We can conclude that there is a significant difference between organised retail stores and unorganised retail stores regarding proximity to reach the retail stores. Unorganised retail outlets are very near to houses so customers can easily reach to these stores as compared to organised retail stores.

Hypothesis 6

On average, respondents having poor experience in shopping in organised retail outlets ($M = 1.60, SE = 0.04924$) than to shopping in unorganised retail outlets ($M = 4.30, SE = 0.07177$), $t(99) = 29.850, p < .05$ Null Hypothesis is rejected and alternate hypothesis is accepted. We can conclude that there is a significant difference between organised retail stores and unorganised retail stores regarding home delivery of products. Unorganised retailers if requested generally provide goods at the customers' doorstep. This facility is not available in big shopping malls.

Hypothesis 7

On average, respondents having greater experience in shopping in organised retail outlets ($M = 4.25$, $SE = 0.06256$) than to shopping in unorganised retail outlets ($M = 2.15$, $SE = 0.05752$), $t(99) = -27.203$, $p < .05$ Null Hypothesis is rejected and alternate hypothesis is accepted. We can conclude that there is a significant difference between organised retail stores and unorganised retail stores regarding parking facility for vehicles.

Hypothesis 8

On average, respondents having similar experience in shopping in organised retail outlets ($M = 4.00$, $SE = 0.07248$) as shopping in unorganised retail outlets ($M = 4.00$, $SE = 0.08989$), $t(99) = -0$, $p > .05$ Null Hypothesis is accepted and alternate hypothesis is rejected. We can conclude that there is no significant difference between organised retail stores and unorganised retail stores regarding speed and accuracy of billing.

Hypothesis 9

On average, respondents having greater experience in shopping in organised retail outlets ($M = 1.83$, $SE = 0.03775$) than to shopping in unorganised retail outlets ($M = 1.50$, $SE = 0.05025$), $t(99) = -5.622$, $p < .05$ Null Hypothesis is rejected and alternate hypothesis is accepted. We can conclude that there is a significant difference between organised retail stores and unorganised retail stores regarding different modes of payments.

Hypothesis 10

On average, respondents having poor experience in shopping in organised retail outlets ($M = 1.55$, $SE = 0.05000$) than to shopping in unorganised retail outlets ($M = 4.25$, $SE = 0.08333$), $t(99) = 29.850$, $p < .05$ Null Hypothesis is rejected and alternate hypothesis is accepted. We can conclude that there is a significant difference between organised retail stores and unorganised retail stores regarding after sales service and attending customer complaints.

FINDINGS

The findings of this study are mentioned herein below:

- 1) Organised retail stores provide overall range, quality of products and make available new arrivals to the customers.
- 2) Organised retail stores are in advantageous position when it comes to allowing customers to browse at your own pace & they provide adequate space for comfortable shopping. The unorganised retail stores do not have adequate space because they are generally very small in size. Almost 96% of these retail outlets are less than 500 sq.ft in size.

- 3) Organised retail stores are in advantageous position when it comes to good and adequate lighting, clean & hygienic environment.
- 4) Organised retail stores offer more promotional and festive schemes to its customers from time to time.
- 5) Unorganised retail outlets are very near to houses so customers can easily reach to these stores as compared to organised retail stores.
- 6) Unorganised retailers if requested generally provide goods at the customers' doorstep. This facility is not available in big shopping malls.
- 7) Organised retail stores are generally situated in outskirts and they have good space for parking vehicles. Unorganised retail stores are situated in the busy markets where there is very less space for parking.
- 8) We found that organised retail stores and unorganised retail stores are equally efficient regarding speed and accuracy of billing
- 9) It has been observed that unorganised retail stores generally accept cash from their customers. On the other hand, organised retail stores accept cash as well as debit and credit cards from their customers.
- 10) Due to personal touch unorganised retailers generally provide good after sale services and attend the complaints of the customers as compared to organised retailers.

SUGGESTION

In order to compete with the organised retail sector, unorganised retailers have to improve on their infrastructure, range of products, and providing good quality products to their customers at reasonable prices. Where ever possible various schemes and offers should be passed on to the customers. In other words, we can say that unorganised retailers should try to make the shopping of customers a memorable moments.

CONCLUSION

Organised retail sector is in a more advantageous position as compared to unorganised sector. Organised retail sector, due to economies of scale offers more services to the customers at reasonable prices. If organized retail is to grow at its own projected pace, the Union Government needs to accord it an industry status first. It needs to also implement the goods and service tax, simplify taxes and invest on infrastructure development. Today consumers have a choice of shopping at malls prepared across their towns and cities or in the kirana stores in their neighbourhoods. Tomorrow the choice gets bigger. Giant megastores will sell labeled items like stationery, footwear, clothes etc at deep discounts.

REFERENCES

1. Bhargava R.K. and Makkar Urvati (2007): “Retail Revolution-Emerging Challenges and Issues” in Journal of IMS Group, Vol-4, July-Dec
2. Kaushik Anjali and Gupta Satya Bandhu (2006): “Retail industry: Problem and challenges”, The bi-annual journal of Institute of Management Education, June.
3. Shaw S.A. and Gibbs J. “Procurement strategies of small retailers faced with uncertainty: An analysis choice and behavior”, International review of retail, distribution and consumer research.
4. Shukla Ashok and Jain Vishal (2007): “Paradigm shift of Indian retailing” A Global perspective” Journal of IMS group, Vol-4, July-Dec