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CONSUMER PERCEPTION TOWARDS ORGANIZED & UNORGANIZED RETAIL STORES IN VIJAYAWADA

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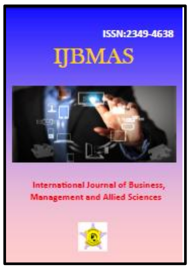


ABSTRACT

Many people in India are self employed by retailing, majority of these people are employed by un-organized retail stores, Slowly retailing sector in India is changing large organized retail players like Reliance, Metro, Future group are enter in retailing sector and change the face of retailing. This study helps to individuals and organizations to know which factors are attracting customers towards particular retail store weather it is a organized or un-organized retail store and also to know the satisfaction towards product, place, price, promotion and other business factors both in case of organized and un-organized retail store.

KEY WORDS: organized retailing, un-organized retailing.

INTRODUCTION

The Retail sector in India is one of the most important sectors of its economy and it generating 10 percent of India G.D.P. Indian retail sector is near to be US$ 600 billion and one of the top five retail markets in the world by economic value. India is one of the rapid growing retail markets in the world, with 1.2 billion people. As of 2003, India's retailing industry was essentially owner manned small shops. In 2010, larger format organized and un-organized stores accounted for about 4 percent of the retail industry, and these were present only in large cities. In India retail and logistics sector employs about 40 million people (3.3% population of India).Until 2011, Indian government restricted foreign direct investment (FDI) in multi-brand retail, restricting foreign players from any ownership in supermarkets, convenience stores or any retail outlets.

DESCRIPTION OF PROBLEM

The research is concentrate on the consumer perception towards organized and unorganized retail stores, because of problems like geography, income consumers prefer particular organization. This study helps to find out which factors will influence the consumers; it helps retailers to implement the changes in their business that helps to attract the consumers. This study will contributes to the understanding that consumers and retailers and different perception in relation to store image and shopping habits, justifying the need for consumer marketing research. The study will examine the choice of format when he or she prefers to buy the product.

OBJECTIVES OF THE STUDY:

The main purpose of this research is to find

1. To know the current marketing strategies of both organized and unorganized retail stores
2. To study the perception of consumers relating to organized and unorganized retailing.
3. To study the factors influencing consumer to visit continuously to organized or unorganized retail store.
4. To study the Causes for changing the consumer preference from organized retailing to unorganized retailing vice versa.
5. To study the influence of demographical profiles of the customer on perceptions towards organized and unorganized retail stores.

Hypothesis 1: Relationship between demographic and 4p's.

H01: Consumers with different demographic factors have no different perceptions on 4p's factors between organized and un-organized stores.

H1: Consumers with different demographic factors have different perceptions on 4 p's factors between organized and un-organized stores.

Hypothesis 2: Relationship between demographic and other business factors.

H02: Consumers with different demographic factors have no different perceptions on promotion factors between organized and un-organized stores.

H2: Consumers with different demographic factors have different perceptions on promotion factors between organized and un-organized stores.

LITERATURE REVIEW

1. Lindquist (1974) consumers' perception of store image is based, in part, on functional qualities that the store may possess, and by other, less tangible or psychological attributes (Lindquist 1974)[7] . Lindquist analyzed over 20 studies dealing with store image formation and identified 35 different aspects that influence store image formation. These were grouped into nine broad categories, including; merchandise, service, clientele, physical facilities, convenience, promotion, store atmosphere, institutional attributes, and post-transaction satisfaction.
2. Beattie (1982)[12] The information processing capabilities about product characteristics are shown to depend on how well individuals are well-informed about a product, brand and entire product category. It is demonstrated that well – informed customersfocus more on objective information and particular product attributes, while less informed customers rely on general information about the entire product category and use more subjective information and recommendations of social contacts. Furthermore, studies report that well-informed customers are willing to pay more for the quality brand than were lower-knowledge customers.
3. Ajzen (1988) ,(1991). The *Theory of Planned Behaviour* is an *extension* of the Theory of Reasoned Action It includes the concept of perceived behavioral control, which is the person's belief about feasibility of using the provided opportunity. Individual abilities and opportunities can affect control over the intended behaviour. The main idea is that the greater the perceived behavioural control, the stronger a person's intention is to try to perform the relevant behaviour. However, the perceived behaviorual control can also affect behaviour by making it impossible to perform a certain behaviour despite one's positive intentions towards
4. MacInnis and Nakamoto (1990) One novel way to view store image might be to draw from the brand equity literature. In particular, one could claim that store equity could be analogous to brand equity. The literature on brand equity reveals that there are "brand-specific" associations. These are defined as "an attribute or benefit that differentiates a brand from competing brands", "service quality" and "merchandise quality".
5. Grafton (1993). The complexity of the decision-making process and a large number of influencing factors suggest that changing consumer behavior towards more sustainable consumption is a challenging process, which requires coordination at individual and societal level. The strength

and range of forces that seduce and urge consumers into conspicuous consumption might appear discouraging for sustainability pursuit. Luckily, there are also other considerations that might help to divorce happiness from commodities. Some studies showed that the most valuable things for people have low economic, but high emotional value, such as family photos, memorable events, souvenirs, etc. Furthermore, it was also shown that people attach sacred meanings to different products and objects, such as cars, flags, stars, and collections.

6. Mcllroy and Barnet, (2000)[53]. Traditionally, marketing has overemphasized the attraction of new customers. However, currently, well-managed organizations work hard to retain their existing customers and increase the amount that existing customers spend with them. On average, it costs a firm five to six times as much to attract a new customer as it does to implement retention strategies to hold onto existing ones.
7. HUAWEI (2005) Satisfy customers' perception is the biggest challenge: In congregating customers' requirements and measuring customers' satisfaction indexes, customer perception should be absolutely a key consideration. Qualified services in the operation implementation layer; technical management layer and business development layer are necessary. It is more important to understand customer expectations and makes efforts to exceed their expectations. In customer satisfaction management, the major challenge is customer perception management, or customer perception satisfaction. The major distinctiveness of service is intangible; hence the core value of services is not like a physical product but the spiritual experience and perception of customers. The final aim and ideal effect of service provisioning is to have customers perceive and enjoy the service. Such perception is both at psychological and behavior levels, and it is the contents of high quality life in the modern society. Customers are looking for material deliverables as well as discerning enjoyment when purchasing a service product. Since perceptive enjoyment is a very important service objective, one of the key service management objectives shall be meeting customers' perceptive enjoyment.

RESEARCH METHODOLOGY

RESEARCH METHOD: Descriptive Research

SAMPLING TECHNIQUE: A purposive-cum-convenient sampling method is used in selecting participants.

POPULATION AND SAMPLE SIZE: The population Vijayawada is 851282 according to 2001 census. The sample size is taken as 210

DATA COLLECTION: Secondary source data were collected from books, past researches, newspapers, journals, Wikipedia, and Google.

Primary data was collected by executing a well structured questionnaire. The questionnaire for this study was developed based upon concepts, theories and past research information. The questionnaire is designed to collect data on consumer perception towards organized and un-organized stores which were classified into 5 levels (1, 2, 3, 4, 5) following Liker's scale interval. This study used Liker's scale to analyze the shoppers' satisfaction and agreement level. The scale is highly reliable when it comes to the ordering of people with regard to a particular attitude.

INSTRUMENTS USED: STRUCTURED QUESTIONNAIRE.

STATICTICAL TOOL:

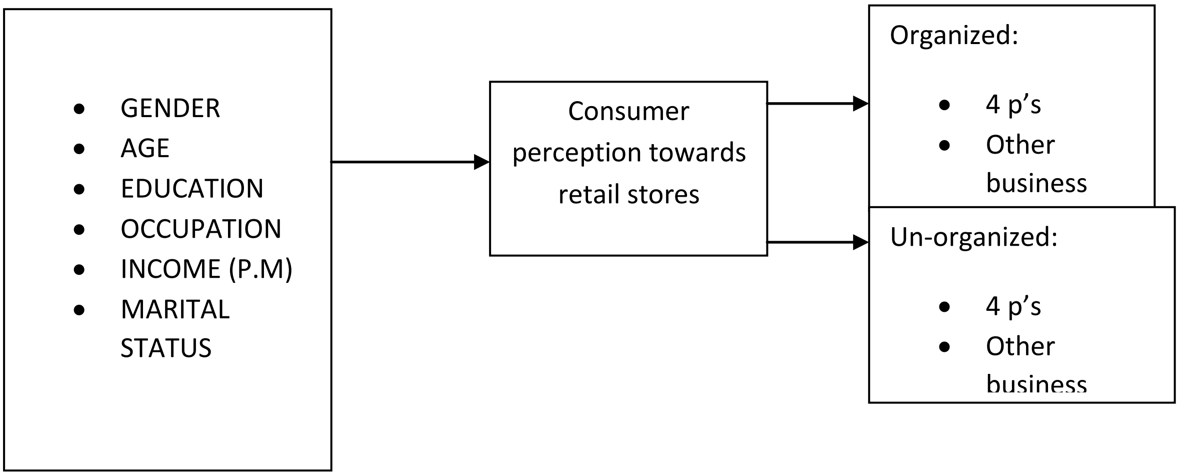
The data was analyzed using SPSS and Ms Excel and presented in inform of chart and tables. The next chapter presents all the results of this study arranged as per the research questions.

SCOPE AND LIMIATIONS OF STUDY: The research cover the organized and un-organized stores covered in Vijayawada. data for organized stores research collected from shoppers of big bazzar, reliance mart, and metro.

Because of time constraints data is collected only from 210 shoppers.

CONCEPTUAL FRAME WORK

Independent variable Dependent variable



DATA ANALYSIS, FINDINGS AND SUGGESTIONS

TABLE 1: Demographic factors of sample respondents (n=210)

Characteristics	**sub categories**	**N**	**%**
Gender	female	96	45.2
	male	114	54.8
Age	under 20 years	16	7.6
	20-30 years	98	46.7
	31-40 years	72	34.3
	41-50 years	18	8.6
	Above 50 years	6	2.8
Education	under high school	39	18.8
	High school	38	18.3
	U.G	69	33.2
	P.G	29	13.5
	Vocational school	35	16.2
Occupation	Employee	65	31.0
	House wife	61	29.0
	Student	74	35.2
	other	10	4.78
Income	less than10,000	69	32.9
	Bt 10001-20000	64	30.5
	Bt 20001-30000	52	24.8
	Above 30000	21	10.0
Marital status	Divorced	33	15.7
	Married	103	49.0
	Single	68	32.4
	Widow	4	1.9

The above table shows that respondents' gender status is nearly equal (96female and 114 male).

The majority of the respondents are 20 – 30 year old and 31 – 40 year old (46.7% and 34.3% respectively)

Majority of the respondents (49%) are married, followed by (32.4%) bachelor degree holders and employees.

The majority of the respondents earn less than 10,000 per month.

TABLE 2: CUSTOMER PERCEPTION TOWARDS 4 P'S 0F ORGANISED STORES AND UNORGANISED STORES

SATISFACTION STATEMENT	Mean	S.D	Level
1.Consumer satisfaction on product			
Organized	3.514	0.885	Satisfied
Un-organized	3.425	0.921	Neutral
2. consumer satisfaction on price			
Organized	3.671	0.790	satisfied
Un-organized	3.766	0.758	satisfied
3. consumer satisfaction on place			
Organized	3.215	1.175	Neutral
Un-organized	3.359	1.070	Neutral
4. consumer satisfaction on promotion			
Organized	3.340	1.085	Neutral
Un-organized	3.263	1.089	Neutral
5. other business factors			
Organized	3.732	0.750	Satisfied
Un-organized	3.800	0.569	Satisfied

The above table shows that customers are satisfied with the products available with organized stores and neutral to the products available with unorganized retail stores.

The above table shows that customers are satisfied with the prices of products available in both organized stores unorganized retail stores

The above table shows that customers are neutral with location of both organized stores and unorganized retail stores

The above table shows that customers are neutral with promotional activities of both organized stores and unorganized retail stores

The above table shows that customers are satisfied l with other business factors of both organized stores and unorganized retail stores.

TABLE 3: Relationship between demographic and product

	SIGNIFICANT LEVEL					
Factor	Gender	Age	Education	Occupation	Income (P.M)	Marital Status
Consumer satisfaction on product. -Organized -Un-organized	0.028 0.038	1.126 0.061	0.899 0.974	0.189 0.678	0.271 0.301	0.949 0.782

Results from Table reveal that consumers with different gender have different perception (sig at 0.028 and 0.038) on availability of products in both organized and un-organized stores.

According to the results from Table consumers with different demographic background have different perceptions on product between organized un-organized stores.

TABLE 4: Relationship between demographic and price.

	SIGNIFICANT LEVEL					
Factor	Gender	Age	Education	Occupation	Income (p.m)	Marital Status
Consumer satisfaction on price. -organized -un-organized	 0.038 0.020	 0.061 0.197	 0.889 0.862	 0.678 0.794	 0.233 0.187	 0.782 0.030

Consumers with different gender (sig. at 0.038 and 0.020) have different perception on the prices of both organized and un-organized stores, and consumers with different marital status (0.030) have different perception on the prices in un-organized stores.

According to the results from Table 4.14, consumers with different demographic background have different perceptions on price between superstores and family-run stores.

TABLE 5: Relationship between demographic and place.

	SIGNIFICANT LEVEL					
Factor	Gender	Age	Education	Occupation	Income (p.m)	Marital status
Consumer satisfaction on place. -organized -un-organized	 0.280 0.522	 0.191 0.021	 0.040 0.955	 0.320 0.391	 0.447 0.630	 0.807 0.076

Consumer with different education (sig at 0.040) has different perception about the location of organized stores, and consumers with different age groups (sig at 0.021) have different perception on the place of un-organized stores.

According to the results from Table 4.15, consumers with different demographic background have different perceptions on place between superstores and family-run stores.

TABLE 6: Relationship between demographic and promotion.

	SIGNIFICANT LEVEL					
Factor	Gender	Age	Education	Occupation	Income (p.m)	Marital Status
Consumer satisfaction on promotion. -organized -un-organized	 0.000 0.002	 0.078 0.011	 0.879 0.861	 0.843 0.202	 0.506 0.684	 0.520 0.047

Consumers with different gender (sig at 0.000 and 0.002) have different perception on the promotion factors of both organized and un-organized stores, and consumers with different age& marital status (sig at 0.011 & 0.047) have different perception on the promotion factors of un-organized store.

According to the results from Table 6, consumers with different demographic background have different perceptions on promotion between superstores and family-run stores.

Therefore, the testing results Table .3, Table 4. Table 5 and Table 6 show that marketing factors (product, price, place and promotion) rejected null hypothesis (H01) and accepted alternative hypothesis (H1). Therefore, consumers with different demographic factors which are gender, age, education, occupation, monthly income, marital status have different perceptions on marketing factors between organized and un-organized stores.

Hypothesis 2: Relationship between demographic and other business factors.

H02: Consumers with different demographic factors which are gender, age, education, occupation, monthly income, marital status and resident place have no different perceptions on promotion factors between organized and un-organized stores.

H2: Consumers with different demographic factors which are gender, age, education, occupation, monthly income, marital status and resident place have different perceptions on promotion factors between organized and un-organized stores.

Consumers with different education level (sig at 0.037) have different perception on the other business factors of un-organized store, and consumers with different gender (sig. at 0.019) have different perception on the other business factors of organized store.

TABLE 7: Consumer satisfaction towards other business factors:

	SIGNIFICANT LEVEL					
Factor	Gender	Age	Education	Occupation	Income (p.m)	Marital Status
Consumer satisfaction on other business factors. -organized -un-organized	 0.019 0.173	 0.289 0.750	 0.734 0.037	 0.377 0.044	 0.602 0.062	 0.159 0.629

Testing results from Table 7 show that business factors rejected null hypothesis (H02) and accepted alternative hypothesis (H2). Therefore, consumers with different demographic factors which are gender, age, education, occupation, monthly income, marital status have different perceptions on business factors between organized and un-organized stores.

FINDINGS

- Data from 210 shoppers are from residents in Vijayawada. The respondents' gender status is nearly equal (96female and 114 male).
- The majority of the respondents are 20 – 30 year old and 31 – 40 year old (46.7% and 34.3% respectively).
- Majority of the respondents are married, bachelor degree holders and employees. The majority of the respondents earn less than 10,000 per month.
- Analysis shows that majority of shoppers spend money when they need to buy the product and shoppers spend less than 1500 both in case of organized and un-organized stores may be it because of many respondents are below 10000 income (P.M).
- From the analysis of attitude statement found that many respondents think that retail stores improve the life style
- Respondents in the study area agreed that both organized and un-organized stores are competing
- Respondents in the study area agreed that organized stores have negative effect on un-organized stores
- Respondents in the study area expressed that and shoppers support the un-organized stores by agreeing with statement that government should restrict organized stores, and at the same time they fell that organized stores are essential in Vijayawada.

SUGGESTIONS

Un-organized stores should take advantage on customer relationship as being small ones. Moreover, they should keep clean store environment, place product in neat and tidy, check up stocks and replace them often for appearance attraction. They should try different consumer product brands from superstores. Sometimes pricing strategies need to persuade consumers. If it is possible, they should have toilet service. Organized have to be careful of consumers' perceptions that Organized destroyed many local small stores. To get rid of that perception, they need to show their charity and make donations to society. They should be involved in social activities as much as they can. They should avoid banning wholesalers from selling to small stores. Since they were big, product placement is important because consumers used to have difficulty to find out the products they want. Sales staffs should have more concerns on consumers.

CONCLUSION

The research was conducted with a purpose of observing the changes taking place in the view of consumers towards organized and un-organized retail stores. It was observed that due to the changing demographics, increase in nuclear families, urbanization, and awareness due to electronic media especially internet the customers have multiple options to choose from organized retail outlets to neighborhood shops. 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. In case of unorganized stores immediacy of the store, credit and bargaining facility balance the tilt.

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