

# A Study on Changing Consumer Preferences Towards Organized Retailing from Unorganized Retailing

DR. HIREN HARSORA<sup>1</sup>, SANJANA BISWAS<sup>2</sup>, KIRTAN PATEL<sup>3</sup>

<sup>1</sup> Assistant Professor, Faculty of Management Studies- MBA, Parul University, Vadodara, Gujarat

<sup>2,3</sup> Final year, Retail Management, Faculty of management Studies- MBA

**Abstract—** This study delves into the dynamic landscape of retailing, specifically examining the evolving consumer preferences between organized and unorganized retailing formats. With the retail sector undergoing significant transformations, understanding these shifting consumer behaviors is imperative for both industry stakeholders and policymakers. Drawing upon existing literature and employing a comprehensive research methodology, this study analyzes the factors influencing consumers' choices between organized and unorganized retailing, including convenience, price, quality, and variety. Through empirical analysis and case studies, it identifies the drivers propelling consumers towards organized retailing while also exploring the challenges faced by unorganized retailers in adapting to these changing preferences. The findings offer valuable insights into the strategies employed by organized retailers to attract consumers and shed light on potential avenues for unorganized retailers to compete effectively. Ultimately, this study contributes to a deeper understanding of the retail landscape and provides actionable recommendations for retailers and policymakers to navigate the evolving consumer preferences effectively.

## I. INTRODUCTION

In accordance with India's economic expansion, the retail industry is rapidly growing and modernizing. In all urban locations, it provides considerable employment opportunities. This study on the retail sector makes a serious effort to evaluate the elements that lead consumers to switch from unorganized to organized retailing. "All the activities involved in selling goods or services directly to final consumers for personal, non-business use" is the definition of retailing. Retailing is the last activity and the

procedures required to deliver goods created elsewhere to customers or to render services to them. Retailing is the sale of products or merchandise in small or individual lots for immediate consumption from a permanent place like a department store or kiosk. Retailing is viewed by manufacturing marketers as an essential component of their overall distribution strategy. Organized and unorganized sectors make up the retail industry. Licensed retailers who are registered for taxes such as sales tax and income tax are referred to as engaged in organized retailing. These comprise both the privately held large retail companies and the retail chains and supermarkets supported by corporations. On the other hand, unorganized retailing describes the conventional low-cost retailing forms, such as neighbourhood Kirana shops, owner-manned general stores, pan/beedi shops, convenience stores, hand cart and pavement sellers, etc. The study also benefits retailers by disclosing information about the most important features of retail establishments that draw customers in. Retailing is one of the largest industries in India and one of the biggest sources of employment in the country. Retail sales in India amount to US\$180 billion and account for 10-11% of gross domestic product. The Indian retail market has around 14 million outlets and has the largest retail outlet possibilities in the world, (Sinha and Uniyal, 2007). The retail industry in India is largely unorganized and predominantly consists of small, independent, self-managed shops. However the retail sector in India is witnessing a huge revamping exercise as the traditional retailers are making way for new formats. These modern retail formats provide a wide variety of products and services to customers and offer an ideal shopping experience with an amalgamation of product, entertainment and service all under a single roof.

Objectives of the study:

1. To analyze the factors which influence the consumers to prefer organized retailing from unorganized retailing.
2. To analyze the external forces which influence the choice of consumers and how these forces can be accounted for in future.
3. To ascertain how organized retailers are perceived.
4. To analyze the most favored retail attributes by consumers and how will they change in future.

## II. LITERATURE REVIEW

According to Srivastava (2012), people are particularly brand conscious nowadays and are willing to spend even more for branded products, regardless of whether they live in urban or suburban locations. They also came to the conclusion that individuals spend a lot of time and go to faraway regions to acquire branded things, yet they still prefer to shop for groceries in neighboring places like ordinary Kiriyana.

Munjal, Kumar, and Narwal (2011) made it obvious in their study that malls had no effect on Kiriyana retailers. It's nothing more than a legend. They also came to the conclusion that the two industries had been linked for a long time

Mathew Joseph and Manisha Gupta, September 2008 the Indian retail sector is booming and modernizing rapidly in line with India's economic growth. In this review the author talked about the impact of organized retailing on traditional retailing. With the increase in number of various formats for shopping like malls, departmental stores, hypermarkets etc the Indian consumer's preferences are changing towards and that's the reason foreign investors like the king of retail Wal-Mart also came into the Indian retail ground in collaboration with Bharti (Since FDI is not allowed in India in retail sector). There is a huge untapped market present in India right now which contains a number of opportunities for retailers.

ICICI direct.com - March, 2011 research report The Indian retail sector is expected to see a transition from unorganized to the organized sector. The share of organized retail is expected to increase from 6% (FY10) to 12.4% in FY14E. Growing purchasing power of the middle class, increasing urbanization as

well as population (28%) in the median age group would fuel discretionary spending.

Ramanathan et al. (2019) discovered that people have different perspectives on which products they prefer to buy from various industries. They said that individuals only buy specific types of things from organized sectors and that they go to unorganized sectors for other products. As a result, individuals base their decision on the thing they wish to purchase.

## III. RESEARCH METHODOLOGY

**Research Design:** This study is descriptive in nature. The data used in this study is primarily primary data, obtained through a survey conducted to analyze the behavior of respondents. The stratified random sampling technique was used to collect the data. The survey was conducted on the randomly selected 100 respondents. A systematic questionnaire was designed consisting of various questions related to demographics segmentation, frequency of purchase and key drivers that are responsible for the choice of retail outlets.

**Source's Data:** Primary Data and Secondary Data. Primary Data will be collected by doing surveys of the consumer preference towards organized retailing and unorganized retailing. Secondary Data can be collected from the websites, newspapers, etc.

**Data Collection Method:** Survey method.

**Population:** 140 respondents.

**Sampling Method:** Simple Random sampling and convenience sampling Data.

**Collection Instruments:** Questionnaire.

**Finding:**

For Unorganized Retail

- Unorganized retailers should purchase a variety of products from the single wholesaler to avail adequate discounts so that they meet the cost expectations and needs of their customers.
- The unorganized retailers should continuously

improve their display to compete with the organized sector.

- The unorganized retailers should provide adequate self service facilities to the customers.
- The unorganized retailers should offer cash discounts to customers on bulk purchases.
- The unorganized retailers should offer attractive weekly or monthly schemes for groceries and other items and promote them through leaflets or pamphlets. If they target only “category killer” customers, it could help them to retain customers.
- Unorganized retailers should make remarkable changes in their store ambience to retain the existing customers and attract new customers with sophisticated facilities and more space.
- The unorganized retailers should make a strategy to retain their customers by providing quality goods and services because it is well said that “Quality is remembered long after the price is forgotten.” - Gucci Family Slogan
- They should also go for collaborations within the regional level so that they can survive in this globally competitive world.

#### For Organized Retail

- Organized retailers should provide attractive offers to compete with the unorganized sector.
- The organized retailers should offer lucrative schemes, discounts to generate customers’ stimulus.
- The organized retailers should provide necessary arrangements for home delivery of goods.
- Organized retailers have been adding value to their products through prices, services and offers to attract and retain customers.
- Organized retailers should organize efficient and effective loyalty programs. This could help in providing recognition to the customers.
- Organized retailers should make necessary arrangements for consumer complaint management because customer complaints are the schoolbooks from which they could learn.

#### Suggestion:

- The Organized store should have more cleanliness.

- If we see the unorganized stores they should improve their quality of the loose product.
- In the unorganized stores the store man should use the hand gloves and should be properly dressed.
- The organized stores improve their service it means all variety should be kept in a sequence way so it will be easy for the customers.
- Both organized and unorganized stores should have more schemes and offer for the customers like combo, discount, etc.

#### CONCLUSION

Changing Consumer preferences towards organized and unorganized retailing reflect a complex interplay of factors, including convenience, product range, pricing, shopping experience and trust. Retailers need to understand these evolving preferences and adopt their strategies accordingly to remain competitive and meet the diverse needs and preferences of consumers.

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