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**A SHIFTING PARADIGM OF CONSUMER PREFERENCE FOR  
ORGANIZED RETAIL OUTLETS: A CASE STUDY OF HISAR  
CITY**

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**Abstract**

Organized retail has started to spread its roots in the Indian market since past one decade and is gradually making mark among all sections of the society. India is a fifth largest retail destination globally with the most attractive emerging market for investment in retail sector. This paper tries to explore the reasons of changing consumer preference for organized outlets in Hisar city. The Consumer preference is examined with the help of a structured questionnaire and then data is analyzed by using factor analysis and percentage etc. The results show that, there is a shifting paradigm of consumer preference for organized retail outlets and if the retailer keeps these things in mind then he can take benefits of this paradigm shifting from unorganized retail outlets to organized retail outlets which is exhibits in the present study.

**Key Words: Organized Retail Outlets, EDPL, Hypermarkets, Hand-cart Hawkers**

**Introduction**

“**Unorganized retailing**” is defined as an outlet run locally by the owner or caretaker of a shop that lacks technical and accounting standardization. The supply chain and

sourcing are also done locally to meet local needs. Its organized counterpart may not obtain its supplies from local sources. Indian retail is dominated by a large number of small retailers consisting of the local kiriyana shops, owner-manned general stores, chemists, footwear shops, apparel shops, paan and beedi shops, hand-cart hawkers, pavement vendors, etc. which together make up the so-called “unorganized retail” or traditional retail. The last 3-4 years have witnessed the entry of a number of organized retailers opening stores in various modern formats in metros and other important cities. **Organized retail** is nothing but a retail place all the items are segregated and brought under one roof, unlike the unorganized retail where there are different things are sold in different shops. It also aims to bring maximum of different brands making the same type of product together. (Mathew Joseph et. al., 2008). In India there has been a huge growth in organized retail since 2002-03 and this is associated with the growth in the economy and the attendant rise in consumption spending. Organized retailing has begun to tap the enormous market but its share indeed is small. A number of large business houses have entered the retail business with very ambitious expansion plans. Big foreign retailers are also keen to invest in India but their entry depends on changes in the government’s FDI policy regarding retailing. Organized retailing played a significant role in the present-day developed countries during their period of high growth. Since the early 1990s, it is also contributing substantially to the growth of developing countries. In India, organized retail is poised to make a mark in the near future. This paper highlights the factors responsible for shifting paradigm of consumer preference for organized retail outlets in Hisar.

#### **Review of Literature**

There are many studies have been undertaken to understand and analyze the changing consumer preference for organized retail outlet, but a very few studies were conducted to identify factor responsible for shifting paradigm from unorganized to organized retailing. (Pachauri Moneesha, 2001), attempt to develop a framework for studying

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consumer behavior by considering the evolution of the field of consumer research and the different theories of consumer buying behavior that have influenced the consumer preference. India is on the threshold of a revolution in its retail industry, and if managed cleverly, it would pay handsome returns beyond retailers' expectations. Further conclude that a thorough understanding of the perception of the consumer is essential for grocery retailing (Bhatnagar Meenu, 2006). The Indian youth primarily shop from a hedonic perspective. They importantly serve as new product information seekers, and the retailing firms can directly frame and communicate the requisite product information to them (Kaur Pavleen and Singh Raghbir, 2007). The changing consumption patterns trigger changes in retail styles of consumers, for consumers, the shopping mall or variant of organized retail format is the preferred type of retail store, due to convenience and variety (Mishra S. Mridula, 2007). Customer patronage to grocery stores was found to be positively related to location, helpful, trustworthy salespeople, home retail, cleanliness, offers, quality and negatively related to travel convenience. Kiranas do well on location but poorly on cleanliness, offers, quality, and helpful trustworthy salespeople. The converse is true for organized retailers (Paromita Goswami & Mishra S. Mridula, 2009).

## **Research Objective**

1. To identify the awareness about the organized retail outlets in Hisar city.
2. To identify the reasons for visiting the organized retail outlets.
3. To identify the factors responsible for shifting from unorganized retail outlets to organized retail outlets.
4. To identify the preferable retail outlets for the various products.

## **Research Methodology**

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The target population for this study was the customers of Hisar City. A total of 100 questionnaires were distributed to different respondents, Out of these 100 usable questionnaires were received with a response rate of 100 percent. The researchers conducted personal interviews based on a questionnaire in order to increase the validity and reliability of responses. The interviewer approached the respondents and explained to them the intent and content of the survey in detail. Each questionnaire was checked for its completeness. Also the responses were validated against the expected or suggested responses. For statistical processing of data, a coding scheme was designed both for the questions as well as the data in standard and uniform manner. The encoded data was entered into a machine-readable form on the magnetic media using Spreadsheet Software (Microsoft Excel 2000) on a Pentium V computer system. The data was verified both electronically as well as manually for correctness. The verified data was used for analysis for making observations. Data collected through the questionnaire from the customers has been analyzed with the help of a popularly used statistical package known as Statistical Package for Social Sciences (SPSS) for Windows version 13.0.

## Data Analysis

**Table 1: Awareness of Organized Retail Outlet in Hisar**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Easy day	5	5.0	5.0	5.0
Reliance Fresh	16	16.0	16.0	21.0
Vishal Mega Mart	79	79.0	79.0	100.0
Total	100	100.0	100.0	

Table 1, describes the awareness of organized retail outlets among the respondents, 79% respondents are aware of Vishal Mega Mart as one of the Organized Retail outlet followed by 16% respondents are aware of Reliance fresh. A very few i.e. 5% respondents are known to Easy day. Little awareness for Easy day and Reliance Fresh may be because of their location and popularity among the respondents.

**Table 2: Source of Information about Organized Retail Outlet**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Neighbors	11	11.0	11.0	11.0
	Relatives	12	12.0	12.0	23.0
	Friends	36	36.0	36.0	59.0
	Hoardings	14	14.0	14.0	73.0
	Newspaper	20	20.0	20.0	93.0
	Radio	6	6.0	6.0	99.0
	T.V	1	1.0	1.0	100.0
	Total	100	100.0	100.0	

According to Table 2, 59% respondents says that the major source of information for organized retail outlet is personal source i.e. Friends, Relatives and neighbors. While 34% respondents said they have come to know about these stores through print media i.e. Hoardings and newspapers. Only 7% respondents agree that they know these stores because of electronic media. This may be because still the owners of these stores do not go for advertising through electronic media like local cable network, advertisement in local picture halls etc.

**Table 3: Whether You Visit Organized Retail Outlet**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	96	96.0	96.0	96.0
	No	4	4.0	4.0	100.0
	Total	100	100.0	100.0	

When

asked to the respondents about their visit to the organized retail outlets, table 3, revealed that, a very high 96% respondent admit that they have visited the organized retail store while 4% respondents still not visited the organized retail outlets.

**Table 4: Frequency of Visit to Organized Retail Outlet**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Whenever Required	39	39.0	40.6	40.6
	At Your Leisure Time	7	7.0	7.3	47.9
	Once in a Week	21	21.0	21.9	69.8
	Once in a Month	29	29.0	30.2	100.0
	Total	96	96.0	100.0	
Missing	No Response	4	4.0		
Total		100	100.0		

Table 4, visualize that approximately 41% respondents says that they have visited the organized retail store whenever there is a requirement followed by 31% respondents go

to organized retail store once in a month, probably to purchase their monthly households. However 22% respondents visited a retail store once in a week. A very less 7% respondents visited a retail store at their leisure time.

**Table 5: Purpose of Visit to Organized Retail Outlet**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	For Passing the Time	11	11.0	11.5	11.5
	For New Product and Schemes	24	24.0	25.0	36.5
	For Entertainment	13	13.0	13.5	50.0
	For Shopping	48	48.0	50.0	100.0
	Total	96	96.0	100.0	
Missing	No response	4	4.0		
Total		100	100.0		

Table 5, shows that shopping, is the most likely objective of the respondents to visit an organized retail store. As 50% respondents visited retail store for purchasing the products, While 25% respondents go for purchasing the latest product or taking the benefits of various schemes provided by these stores. On the other hand 13.5% respondents are going to retail store for entertainment, it may be because now a day these stores are hosting many recreational program and about 12% respondents visited these stores just to pass their time.

**Table 6: Preferable Retail Outlets for Various Households**

Product	Organised Retail Outlet (%)	Unorganized Retail Outlet (%)
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Dairy product	39	61
Bread	33	67
Beverages	39	61
Frozen food	57	43
Fruits	32	68
Meat	37	63
Fish	41	59
Vegetables	35	65
Cloths	50	50
Footwear	42	58
Sports goods	44	56
Toys	48	52
Grocery Products	48	52
Household appliances	40	60
Tools	31	69
Books	13	87
Stationary Goods	21	79
Kitchen Utility	42	58
Furniture Decoration	32	68
Detergents	48	52
Personal Cleaning	38	62
Plants & Gardening	15	85
Music items	41	59
Jewelry	21	79



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On perusal of Table 6, It was revealed that for perishable products like dairy products, bread, Beverages, Fruits, Meat, fish, Vegetables etc.59% to 68% respondents prefer unorganized retail outlets rather than organized retail outlet may be because freshness of products. For clothes, there is equal preference for both types of retail outlets. This seems to be because most of the people now thought that organized retail stores have prestigious brands of clothes. Likewise, for products purchasing such as sports goods, footwear, toys, grocery, kitchen utilities etc.42% to 48% respondents prefer organized which show an upcoming trends for organized retail stores for these products. For books and stationary goods, 87% and 79% respondents respectively, prefer unorganized retail stores .This may be because people wants specific type of books which organized retail store does not have at their counter. Again for accessories for elite life style, like Jewelry, music item, plants and gardening a large number of respondents i.e. 79% to 85% would like to go to unorganized retail outlets than the organized one. It may be because in such items they want to prefer to go at place where they have some faith on the vendor.

**Table 7: Reliability Statistics**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.826	.850	26

Table 7, identifies the reliability of the scale, and it was assessed by computing the coefficient alpha (Cronbach, 1951), which measures the internal consistency of the items of the scale. For a construct / statement to be consider reliable and acceptable, coefficient of alpha of the scale should be 0.7 but 0.5 for new scale is also acceptable. (Nunnally, 1978) in the present study the value of Cronabach alpha is 0.850, which is

excellent for new scales. Hence, indicating a good consistency amongst variables within each factor.

**Table 8: KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.601
Bartlett's Test of Approx. Sphericity	Chi-Square	1640.233
	df	325
	Sig.	.000

**Table 9: Rotated Component Matrix for Factors Responsible for Shifting from Unorganized to Organized Retail Outlet**

Statements	Factors						
	F1	F2	F3	F4	F5	F6	F7
Organised Retail Store Give Special Discounts	<b>.774</b>	.108	-.200	.207	.244	-.080	-.023
Organised Retail Store have Huge Variety of Products	<b>.769</b>	-.111	-.033	.168	.033	.177	.212
Organised Retail Store Provides Clean & Hygienic Products	<b>.719</b>	.305	.310	.073	.034	-.114	.004
Organised Retail Store have Better Service	<b>.664</b>	.199	-.003	-.099	-.131	.400	.215
Organised Retail Store have Latest Design and Fashion	<b>.581</b>	-.053	.099	.333	.294	.344	.100
Organised Retail Store Provides the Carry Bag Facility	-.040	<b>.794</b>	-.221	-.085	.130	.099	.076

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Organised Retail Store Give the Attractive Offers & Promotional Schemes	.250	<b>.678</b>	-.245	.165	-.145	.297	-.200
Organised Retail Store have Branded Goods	.184	<b>.648</b>	.233	.291	.327	.069	.142
Organised Retail Store Organize the Shopper Programs	.267	<b>.467</b>	.338	-.462	-.202	-.007	.180
Organised Retail Store have Entertainment and Gaming Zone.	-.242	.093	<b>.799</b>	.007	-.060	.019	.256
Organised Retail Store Give the Facility of Home Delivery	.299	-.089	<b>.737</b>	-.065	-.367	.109	-.082
Organised Retail Store are Conveniently Located	.132	-.292	<b>.620</b>	.092	-.004	.405	-.001
Staff of Organised Retail Store is Friendly to Customers	.269	.395	<b>-.472</b>	.275	.008	.466	.053
Organised Retail Store Provides the EDPL (Every Day Low Price) Facility	.231	.043	-.003	<b>.809</b>	.000	.072	.166
Organised Retail Store have All the Products Under One Roof	.105	.145	-.037	<b>.785</b>	.185	.263	-.118
Organised Retail Store have the Facility of Crèche	.070	-.045	.291	<b>-.782</b>	.000 8	.002	.335
Organised Retail Store Provides Pick & Drop Facility	.106	.023	.086	<b>.624</b>	-.177	.007	.453
Organised Retail Store has Convenient Shopping Time	.166	.139	.031	-.131	<b>.686</b>	.366	.180
Organised Retail Store open seven days in a week.	.32	-.022	.091	.358	<b>.669</b>	.047	.201

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Organised Retail Store have Local Goods	-.053	.124	.211	.191	.131	<b>.757</b>	.054
Organised Retail Store have Good Ambience	.062	-.034	-.072	.191	.413	<b>.563</b>	.312
Organised Retail Store Provides Quality Products	.316	.368	.198	.029	-.023	<b>.540</b>	.016
Organised Retail Store gives Freedom to Decide Purchase without Disturbance of Salesman	.077	-.073	.004	.114	-.004	.143	<b>.796</b>
Organised Retail Store have the Convenient Parking	.300	.189	.267	.023	.199	.038	<b>.569</b>
Organised Retail Store having Food Courts	-.165	.469	.203	.162	-.373	-.085	<b>.532</b>
Retail in organized Retail Store is Easy	.355	.096	-.143	-.028	.163	.430	<b>.489</b>
Eigen Value	6.206	3.353	2.334	1.952	1.799	1.473	1.228
Percentage Variance	23.86	12.89	8.97	7.50	6.91	5.66	4.72
Cumulative Percentage Variance	23.86	36.76	45.74	53.25	60.17	65.83	70.56
<b>F=Factor</b>							

The appropriateness of factor analysis was assessed by checking the significance of Bartlett test of Sphericity and by examining sampling adequacy through Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy (MSA) at an overall and individual item level. The KMO value of the data at an overall level of 0.601 is considered good (Hair, et. al., 2006), indicating that all the variable can be considered for factor analysis. The result of the Barlett test of Sphericity ( $\chi^2 = 1640.23$  with  $df = 325$ ,  $p \leq 0.000$ ) suggested

that the correlation matrix of 26 items was not an identity matrix, i.e., some of the items were inter-correlated.

Using principle component analysis (PCA) and Varimax with Kaiser normalization rotation method, factor analysis of the 26 variables of the scale was done. The criteria adopted for deciding the number of factor was, as given by Kaiser and Rice (1974)-viz., the common factor with an eigen value greater than 1 should be kept. In the final factor solution emerged and the rotated factor matrix has been obtained which gives seven factors. These seven factors accounted for close to 70.56 percent of the total explained variance. (Hair, et. al., 2006) consider any solution with over 60 percent of the explained variance to be satisfactory from a social sciences standpoint where information is often less precise. The seven factors are indicated in Table 9.

**Table 10: Variables with Highest Factor Loading Responsible for Shifting from Unorganized to Organized Retail Outlet**

Factor	Name of the Extracted Factor	Selected Statement(Variable)	Factor Loadings
F4	Extra Ordinary Benefits	Organised Retail Store Provides the EDPL (Every Day Low Price) Facility.	0.809
F3	Location Benefits	Organised Retail Store has Entertainment and Gaming Zone.	0.799
F7	Easy Retail Benefits	Organised Retail Store gives Freedom to Decide Purchase without Disturbance of Salesman.	0.796
F2	Attractive Benefits	Organised Retail Store Provides the Carry Bag Facility.	0.794

F1	Decision Making Benefits	Organised Retail Store Give Special Discounts.	0.774
F6	Product Benefits	Organised Retail Store have Local Goods	0.757
F5	Convenient Shopping Time Benefits	Organised Retail Store has Convenient Shopping Time.	0.686

It is visualized from the Table 10, that the variable 'Organised Retail Store Provides the EDPL (Every Day Low Price) Facility' with a factor loading of 0.809, 'Organised Retail Store has Entertainment and Gaming Zone' with factor loading of 0.799, 'Organised Retail Store gives Freedom to Decide Purchase without Disturbance of Salesman' with factor loading of 0.796, 'Organised Retail Store Provides the Carry Bag Facility' with factor loading of 0.794, 'Organised Retail Store Give Special Discounts' with factor loading of 0.774, 'Organised Retail Store have Local Goods' with factor loading of 0.757, 'Organised Retail Store have Convenient Retail Time' with a factor loading of 0.686, are the variables with highest factor loading under the factors F1 to F7. Therefore these are the identified seven factors responsible for shifting from unorganized to organized retail outlets.

## Findings

On the basis of data analysis following are the major findings:

- The main recognized organized retail outlet is Vishal Mega Mart in Hisar.
- Source of information for these outlets is still personal source i.e. relatives, friends and neighbors.
- All most all respondents are visited to organized retail outlets.
- The purpose of most of consumer to visit the organized retail outlet is shopping.

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- For perishable products, still preferred unorganized retail outlet may be because of freshness and location advantage.
- An upcoming trend for clothes, sports products, grocery and kitchen utilities is observed.
- The most important factors identify for shifting from unorganized to organized retail outlets are EDPL and carry bag facility, special discount, provide local goods, purchase without the disturbance of the salesperson, having entertainment and gaming zone as well as convenient shopping time.

## Suggestions and Conclusion

This study will help the retailers to understand the consumer preference for organized retail outlets. Further it will also facilitate the retailer to understand what sort of merchandise mix he should adopt, what should be the marketing and the promotion mix, what kind of display counter merchandising and store layout should be planned and where it is located keeping in mind the customer preferences. Retailers also taken care of the major factors that were identify and the paradigm shift towards organized retail outlets to face the competition better form the local kiryana stores etc... Therefore, it is concluded that if the retailer keeps these things in mind then he can take benefits of this paradigm shifting from unorganized retail outlets to organized retail outlets which is exhibits in the present study.

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