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Consumer Preferences on Organized Retailing with Special Reference to Chennai City

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Abstract: **Indian Retail sector developed as one of the largest retail market in the universe, it also contributes employment opportunity and revenue generation. By 2015, the total retail market size estimated to be around US$ 600 billion, retail sector expected to grow to US$ 1.3 trillion by 2020, registering a CAGR of 9.7% 2000-2020. Organized retailing was not so successful in India; it was only 8% growth till 2015, during the financial year 2009 - 2013 achieved growth of 19-20%. India ranked second most effective market for the investors; new policy introduced by the Government of India in foreign direct investment policy in retail industry will boost up the Organic retail market. This research paper provides you consumer preference on Organic retailers and their products.**

Keywords: **Universe, revenue generation, CAGR (Compound Annual Growth Rate), Investors, Foreign direct investment.**

1. INTRODUCTION

Retailing industry is one of the major pillars of Indian economy and accounted for 14 to 15% of GDP, Indian retail market holds one of the top five in the world. Global retail giants focus on middle class people largely; they are the key attractive force of India. It also provides employment opportunity to urban area people. “The word retail derived from the French word retailer, it means cut off a piece or break bulk; a retailer is a dealer / trader who sells in small quantity, distribution of goods for consumption to the end users”. The important factors for the development of retail sector are improvement in consumer’s profile, demographics, branded products availability in Indian market, Urbanization, availability of credit, shopping malls, improvement in technology and Infrastructures for the consumers.

It is expected Indian retail market worth of US$ 175 – 200 billion by 2016 and 25% of growth annually. Government policies also more favorable towards retail market growth, acknowledging foreign direct investment in India will play vital role in the development retail sector in the upcoming years. Indian Retail sectors 92% of the businesses holds by the unorganized sector who owns small scale business (example: Pan/beady shops) in current scenario they are struggling to run their business in urban areas because of modernized businesses (example: hyper market) they know to attract the consumers with convenient facilities and with other factors.

Organized Retailing: It is also called as modern retail, which is run through individuals or franchised by central, trading activities undertaken by the licensed retailers, those who are registered for sales tax, income tax, etc. These include the corporate-backed hypermarkets and retail chains, and also the privately owned large retail businesses. The organized retailing sector holds 8% of Indian retail market which is expected to grow 74% by 2020. What are the possible factors to achieve the 76% growth?

The last three or four years we have seen the entry of number of organized retailers opening stores in various modern formats in metros and other important cities. During the year 1999 India had only three shopping malls, in current scenario it is expanded to 1500 supermarkets, 325 departmental stores and 300 new malls are being built. Many Indian companies are entering the Indian retail market which is giving Indian organized retail market a boost. One of the companies is the Reliance Industries Limited. It plans to invest US$ 6 billion in the Indian retail market by opening 1000 hyper markets and 1500 super markets.

Pantaloons are another Indian company which plans to increase its retail space to 30 million square feet with an investment of US$ 1 billion. Bhatia Telecoms an Indian company is in talks with Tesco a global giant for a £ 750 million joint venture. A number of global retail giants such as Wal-Mart, Carrefour and Metro AG are also planning to set up shops in India.

Major Organized Retailers:

1. Pantaloons - Pantaloons
2. K. Raheja – Hyper city
3. Tata Group – West Side
4. RPG - Spencer's
5. Land mark group – Life Style
6. Primal group – Pyramid Mega store
7. Reliance – Reliance Fresh
8. AV Birla Group – More

Ten Major Factors responsible for the development of organized retailing in India:

1. Growth of middle class consumers
2. Increase in the number of working women
3. Value of Money
4. Emerging rural market
5. Entry of corporate sector
6. Entry of foreign retailers
7. Technological impact
8. Rise in Income
9. Media Explosion
10. Increase in Consumerism

The retail sector in India has modernized, and this can be seen from the fact that there are multi stored malls, shopping mall and sprawling complexes, which provides food, shopping & entertainment all in the one Mall. The market shows a shift from traditional retailing to organized retailing. Purchasing power of Indian urban consumer became modernized that is the reason of growing branded merchandise in categories like apparels, cosmetics, shoes, watches, beverages, food and even jewelry, is slowly becoming lifestyle products that are widely accepted by not only by the urban Indian consumer but also rural Indian customer. Rural Indian customers also modernized only because of technology development in India they also afford to use internet connection to get the organized product on home delivery, the only disadvantage they face is lack of physical market where they can see the product, buy in online and they didn't have nearby organized retail store to buy. Indian organized retailers need to take the advantage and disadvantages to grow, diversify and introduce new formats to pay more attention to the brand building process. The initiatives should be taken to protect and safeguard the interest of traditional retailers as this sector is having the ample employment opportunities for the society and this is one of the important areas of entrepreneurship development in the country as most the respondents are having less than 5 lakhs initial investments and belonging to the large families.

2. LITERATURE REVIEW

The phenomenal growth of retail industry in India is reflected in the increase in number of super markets, departmental stores and hyper markets in the country. However, this unpredicted growth trend has been challenged by the shadow of the current economic slowdown, which has raised a fair of dip in consumption and slow down of growth for Indian organized retailers. At a time when consumer spending is on decline, success will lie with those retailers that can drive customer loyalty by responding to the demands of the customer. (Ptyalin Ghost et al).

As organized retail presents enormous business opportunities, big names such as Reliance, Birla's and Tata's along with the Foreign Super Market Chains) have been making an entry in to the Indian sector. Fearing loss of business and employment, traders and hawkers have held large – scale protests in various parts of the country. In the light of this, the Ministry of Commerce and Industry commissioned the Indian council for research on international economic relations (ICRIER) to analyze the impact of organized retailing on unorganized retail, formers and intermediaries as a possible input to future policy- making. (Sajama Krishnamurthy)

Research Methodology:

Research methodology deals with the research design used and methods used to resent the study. The present study is based on Primary and Secondary data and majorly focusing on the various issues and strategies involved in organized retail. Secondary data has been collected from various national and international journals, magazines, newspaper, articles, books, internet and other documented material. The study is based on descriptive research design.

Objectives of the Study:

1. To understand the Organized retail market
2. To know the consumer preferred purchase from type of Organized stores
3. To know the consumers product purchase from organized retailers
4. To find the factors influence shopping in organized stores
5. To find the level of satisfaction towards service provided at organized retail store
6. Problems faced by consumers at organized retail outlets
7. To make some suggestions to overcome the challenges of organized retail sector

Analysis and Interpretation:

consumer preferred purchase from type of Organized stores	Super Market	Departmental Stores	Hypermarkets	Shopping Malls
Mean	4.41	4.19	3.40	3.76

Interpretation:

Interpretation	Range
Strongly Agree	4.51 -5.0
Agree	4.50-3.51
Neither Agree / Disagree	3.51-2.51
Disagree	2.50-1.51
Strongly Disagree	1.50-1.00

The Mean value shows Super Market (4.41), Departmental stores (4.19) and Shopping Malls (3.76) are agreed by the consumers for purchase from type of organized stores and Hypermarket (3.40) is Neutral in consumer's choice to purchase from type organized stores

Descriptive Statistics					
Products purchased from organized Retailers	N	Minimum	Maximum	Mean	Std. Deviation
Vegetables	100	2	5	4.35	.757
Grocery and Food	100	1	5	3.89	.963
Stationery	100	1	5	3.95	.809
Textiles	100	1	5	2.96	1.171
Durables	100	1	5	2.88	1.148
Valid N (listwise)	100				

Interpretation:

Interpretation	Range
Strongly Agree	4.51 -5.0
Agree	4.50-3.51
Neither Agree / Disagree	3.51-2.51
Disagree	2.50-1.51
Strongly Disagree	1.50-1.00

The Mean value shows Vegetable (4.35), Grocery and food (3.89) and Stationary (3.95) are agreed by the consumers for product purchased by them from organized stores and Textile (2.96), Durables (2.88) are Neutral by the consumer's in product purchased by them from organized stores.

To study the factors influencing the consumers to buy from organized retail stores with age:

Ho: There is no association between the factors influencing the consumers to buy from organized retail stores

H_1: There is association between the factors influencing the consumers to buy from organized retail stores

Age		Quality	Service	Price	Variety	Location	Offers	Relationship	Home Delivery	Ambience
18-25	Mean	4.38	4.28	3.52	4.21	3.66	3.97	3.31	3.69	3.90
	N	29	29	29	29	29	29	29	29	29
	Std. Deviation	.820	1.032	.986	.774	1.173	1.052	1.072	1.105	1.012
26-35	Mean	4.22	4.27	3.38	4.05	3.76	3.73	3.49	3.95	3.89
	N	37	37	37	37	37	37	37	37	37
	Std. Deviation	1.031	.693	1.139	.815	.925	.871	1.070	.941	1.197
36-45	Mean	4.64	4.39	3.61	4.25	3.79	4.21	3.64	3.86	4.07
	N	28	28	28	28	28	28	28	28	28
	Std. Deviation	.488	.685	1.031	.799	.833	.686	.951	1.177	1.016
46-55	Mean	4.83	4.67	3.83	4.50	4.17	4.33	4.00	4.50	4.67
	N	6	6	6	6	6	6	6	6	6
	Std. Deviation	.408	.516	.408	.548	.753	.516	.894	.548	.516
Total	Mean	4.42	4.33	3.51	4.18	3.76	3.97	3.51	3.88	3.99
	N	100	100	100	100	100	100	100	100	100
	Std. Deviation	.831	.792	1.030	.783	.965	.881	1.030	1.047	1.068

Interpretation	Range
Strongly Agree	4.51 -5.0
Agree	4.50-3.51
Neither Agree / Disagree	3.51-2.51
Disagree	2.50-1.51
Strongly Disagree	1.50-1.00

Factors Influencing the consumer to buy from Organized retail stores with Age	F Value	P Value
Quality * Age	1.989	.121
Service * Age	.528	.664
Price * Age	.474	.701
Variety * Age	.732	.535
Location * Age	.468	.705
Offers * Age	2.035	.114
Relationship * Age	.977	.407
Home Delivery * Age	1.076	.363
Ambience * Age	1.036	.380

Interpretation:

The Above table shows the mean value between the factors influencing the consumers to buy from organized retail stores with Age, based on the above mentioned range, Age group of 18-25 responded Quality of the product (4.38) is the most influencing factor and Relationship with consumer (3.31) is the least influencing factor to buy from organized retail stores. Age group of 26-35 responded Service providing (4.27) is the most influencing factor and Price of the product (3.38) is the least influencing factor to buy from organized retail stores. Age group of 36-45 and 46-55 responded Quality of the product (4.64), (4.83) is the most influencing factor and Price of the Product (3.61), (3.83) is the least influencing factor to buy from organized retail stores. Overall consumer choice on organized retail stores most influencing factors Quality of the Product (4.42) and the least influencing factors are Price of the Product and Relationship with Consumer (3.51), (3.51) to buy from organized retail stores.

From the Above table that the P-Value of the Quality (0.121), Service (0.664), Price (0.701), Variety (0.535), Location (0.705), Offers (0.114), Relationship (0.407), Home delivery (0.363) and Ambience (0.380) are above the table value at 95% level of significance. Hence Null hypothesis is accepted and it is concluded that there is no significant difference between Age of the respondents and factors influencing to buy from organized retails stores.

To find out the consumers satisfaction level towards service provided at organized retail stores with income:

Ho: There is no association between consumers satisfaction level towards service provided at organized retail stores with income.

H_1: There is association between consumers satisfaction level towards service provided at organized retail stores with income.

Monthly Income	**Level of Satisfaction on Quality of Product**					
	HDS	**DS**	**N**	**S**	**HS**	**Total**
<10,000	0	0	0	6	4	10
10,000 – 20,000	0	0	0	4	4	8
20,001 – 30,000	0	0	1	11	15	27
30,001 – 40,000	0	0	0	15	20	35
40,001 – 50,000	0	0	1	0	4	5
>50,000	0	0	0	6	9	15
Total	0	0	2	42	56	100
	Level of Satisfaction on Quality of Service					
	HDS	**DS**	**N**	**S**	**HS**	**Total**
<10,000	0	2	0	6	2	10
10,000 – 20,000	0	0	0	6	2	8
20,001 – 30,000	0	1	2	14	10	27
30,001 – 40,000	0	0	4	18	13	35
40,001 – 50,000	0	0	0	2	3	5
>50,000	0	0	3	5	7	15

Total	0	3	9	51	37	100
	Level of Satisfaction on Product Price Range					
	HDS	**DS**	**N**	**S**	**HS**	**Total**
<10,000	0	1	4	4	1	10
10,000 – 20,000	0	2	0	6	0	8
20,001 – 30,000	0	0	13	10	4	27
30,001 – 40,000	1	2	11	18	3	35
40,001 – 50,000	0	0	1	3	1	5
>50,000	0	1	5	8	1	15
Total	1	6	34	49	10	100
	Level of Satisfaction on Variety of Mode of Payment					
	HDS	**DS**	**N**	**S**	**HS**	**Total**
<10,000	1	0	1	5	3	10
10,000 – 20,000	0	0	2	4	2	8
20,001 – 30,000	0	1	1	12	13	27
30,001 – 40,000	0	4	2	16	13	35
40,001 – 50,000	0	0	1	0	4	5
>50,000	0	1	2	8	4	15
Total	1	6	9	45	39	100
	Level of Satisfaction on Facilities (Parking, trolley, Home Delivery)					
	HDS	**DS**	**N**	**S**	**HS**	**Total**
<10,000	0	0	0	6	4	10
10,000 – 20,000	0	0	0	5	3	8
20,001 – 30,000	0	2	4	14	7	27
30,001 – 40,000	1	0	3	16	15	35
40,001 – 50,000	0	0	0	0	5	5
>50,000	0	0	2	6	7	15
Total	1	2	9	47	41	100
	Level of Satisfaction on Ambience					
	HDS	**DS**	**N**	**S**	**HS**	**Total**
<10,000	0	0	3	3	4	10
10,000 – 20,000	0	0	3	3	2	8
20,001 – 30,000	3	3	4	10	7	27
30,001 – 40,000	1	1	4	20	9	35
40,001 – 50,000	0	0	1	1	3	5
>50,000	1	1	2	5	6	15
Total	5	5	17	42	31	100
	Level of Satisfaction on Exchange of Products					
	HDS	**DS**	**N**	**S**	**HS**	**Total**
<10,000	0	0	2	5	3	10
10,000 – 20,000	0	1	1	5	1	8
20,001 – 30,000	1	2	5	14	5	27
30,001 – 40,000	0	4	10	15	6	35
40,001 – 50,000	0	0	1	3	1	5
>50,000	0	0	7	6	2	15
Total	1	7	26	48	18	100
	Level of Satisfaction on Reward System					
	HDS	**DS**	**N**	**S**	**HS**	**Total**
<10,000	1	0	2	5	2	10
10,000 – 20,000	0	0	2	5	1	8
20,001 – 30,000	1	3	3	17	3	27
30,001 – 40,000	1	2	6	22	4	35
40,001 – 50,000	0	0	0	1	4	5

>50,000	0	0	3	9	3	15
Total	3	5	16	59	17	100

Monthly Income and consumer's satisfaction level towards service provided at organized retail stores.	Asymp.Sig.
Quality of Product * Monthly Income	.175
Quality of Service * Monthly Income	.163
Product Price Range * Monthly Income	.581
Variety of Mode of Payment * Monthly Income	.268
Facilities (Parking, trolley, Home Delivery)* Monthly Income	.458
Ambience* Monthly Income	.659
Exchange of Product* Monthly Income	.910
Reward System* Monthly Income	.286

Interpretation:

From the above Cross tabulation table shows consumer's satisfaction level towards service provided at organized retail stores with income, based on the factors consumer rated their level of satisfaction. 56 respondents are highly satisfied with the Quality of the product, Quality of Product (51 respondents), Product price range (49 respondents), Variety of mode of payment (45 respondents), Facilities such as parking, trolley and home delivery (47 respondents), Ambience (42 respondents), Exchange of products (48 respondents) and reward system (59 respondents) are satisfied towards service provided at organized retail stores.

From the Above table value Monthly Income and consumer's satisfaction level towards service provided at organized retail stores, Quality of Product (0.175), Quality of service (0.163), Product price range (0.581), Variety of mode of payment (0.268), Facilities (0.458), Ambience (0.659), Exchange of product (0.910) and reward system (0.286) are above the table value at 95% level of significance. Hence Null hypothesis is accepted and it is concluded that there is no association between Monthly income of the respondents and consumers satisfaction level towards service provided at organized retail stores with income.

To identify the problems faced by consumers at organized retail stores with gender:

Ho: There is no association between problems faced by consumers at organized retail stores with gender.

H_1: There is association between problems faced by consumers at organized retail stores with gender.

Problems faced by consumers at Organized retail stores with gender:	Asymp. Sig.
Inconvenient Location* Gender	.374
Long Queue for billing* Gender	.078
Improper sales management* Gender	.184
Unavailability of goods* Gender	.997
Poor after sales service * Gender	.313

Interpretation:

From the above table value shows Problems faced by consumers at organized retail stores with gender, Inconvenient Location (0.374), Long Queue for billing (0.78), Improper sales management (0.184), Unavailability of goods (0.997) and Poor after sales service (.313) are above the table value at 95% level of significance. Hence Null hypothesis is accepted and it is concluded that there is no association between genders and faced by consumers at organized retail stores.

3. SUGGESTION AND CONCLUSION

Retailing provides an important link between producer and consumer in modern economy. Retail in India is most dynamic industry and represents a huge opportunity for domestic and international retailers. Indian Organized retail market provides modernized buying behavior to the people of Chennai, they are willing to purchase more and believe in organized retailing marketing. Consumers also feel few disadvantages in organized retail marketing those disadvantages need to be rectified to satisfy the consumers.

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