



Consumers' Perception Towards Organised Retailing in Coimbatore District-an Empirical Study

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ABSTRACT

This study involves a detailed analysis of a survey conducted by us in Coimbatore district retail market. The findings reveal a significant change in the buying habits of consumers after the entry of organised stores. This paper not only highlights the problems of the consumers with the organised retail outlet but also the dissatisfaction of small traders with their present business.

KEYWORDS : ORGANISED STORE, PERCEPTION, ATTITUDINAL SHIFT

Introduction

The popular traditional form of retail has been the so called 'unorganized' form of retailing mostly represented by family-owned stores, selling one particular category of product. The Indian retail industry has been dominated by millions of unorganized retailers who have used consumer proximity and home delivery as their operating ideals to cater consumers that have become accustomed to this convenience. Retail in India is essentially "unorganized. Unorganized retailing is characterized by family-run stores most of them lack of best practices when it comes to inventory control and supply-chain management, lack of standardization, poor infrastructure and inefficient upstream processes, lack of modern technology, inadequate funding and absence of skilled manpower.

Organized retailing refers to trading activities undertaken by licensed retailers, that is, those who are registered for sales tax, income tax, etc. They mainly include: hypermarkets, supermarkets, convenience stores, exclusive outlets, departmental stores, and cash-n-carry. The term "organized retail" means to have a formal organization to coordinate and carry out activities. The organized retail formats are generally owned by the corporate. Convenience, enjoyment and price are the important factors that motivate customers to purchase from an organized retail store. Enjoyment is the extent to which the activity of purchasing from an organized retail store is perceived to be enjoyable in its own right. As organized retailers sell a large variety of products and brands, customers find it particularly convenient to purchase goods in bulk. The concept of organized retail outlets started around 25 years back. The foundation stone of modern retailing was laid by setting up of "Shoppers Stop" by the Raheja Group at Mumbai in 1991. India's organized retail market is likely to grow from the current \$4 billion by 2016.

Statement of the Problem

Traditional retailing has been deep rooted for the past few centuries and enjoys the benefits of low cost structure, mostly owner-operated, therein resulting in less labour costs and little or no taxes to pay. The growth of corporate retailing is having a direct bearing on marketing environment and changes in the marketing system. The organized retailers started attracting in the name of promotion, not only elite people but also middle and lower middle class with entertainments and fun along with the shopping and also showing some attractive offers and benefits. The changed shopping outlets are seeing success due to fair pricing, large assortments, supported by large moving spaces, self-services, free packing and the idea of getting everything under one roof has conquered customers. Today's price sensitive, time-starved customers are looking not only for the best deal but also a convenient and user friendly shopping experience at organized retail outlets. Therefore, how the consumers view the organized retail outlets and formats in the emerging trends? To answer these questions, the researcher has undertaken this study in Coimbatore district of Tamilnadu state.

Objectives of the Study

- To review the retail operations of the organized retail outlets
- To ascertain the perception of the consumers towards organized retail outlets.
- To offer suitable suggestions for the effective functioning of organized retail outlets based on the findings of the present study.

Testing of Hypothesis

In order to examine the perception of the consumers towards organized retailing, the following null hypothesis was formulated and tested. H_{01} : There is no significant association in the satisfaction levels of the consumers belonging to different socio-economic profiles towards working of organized retail outlets.

Research Design

The present study is empirical in character, based on survey method. For consumers, multi-stage sampling technique is adopted. At the first stage 5 corporate retailers i.e. Reliance Fresh (Food and Grocery), Pantaloon (Fashion and Accessories), Khadim's (Footwear), Apollo Pharmacy (Pharmaceuticals) and Viveks (Electronics) were selected. In the second stage, from each retail category one retail outlet were selected. In the final stage, from each of the selected retail outlet by adopting quota sampling, 100 consumers were selected. Thus, the sample consists of 500 consumers from 5 retail outlets of 5 organized retailers. As an essential part of the study, the primary data were collected from 500 consumers with the help of exit interview. The secondary data have been collected mainly from journals, magazines, government reports, books and unpublished dissertations. In order to study the perception of the consumers towards organized retailing, chi-square test, multiple regression analysis, student t test, analysis of variance, analysis of co-efficient of variation, and percentage analysis have been employed.

Findings

Price, quality of products, more variants and one stop shopping are the factors influencing the respondents to prefer organized retail outlets at 40.20%, 42.80%, 46.40% and 53.60% respectively. 59.60%, 60.20%, 65.40% and 66.20% of the respondents prefer organized retail outlets because of availability of more brands, service quality, freedom in choosing brands and customer relationship respectively.

Respondents ranging from 20.40 per cent to 33 per cent are aware of organized retail outlets through newspapers and magazines; notices, pamphlets and leaflets; posters, banners and hoardings; and advertisements in radio. 38.60%, 41.60% and 44.20% of the respondents are aware of organized retail outlets with the help of advertisements in television; internet; and friends, neighbours and relatives respectively.

30.20 per cent of the respondents are purchasing products at organized retail outlets by alone. 28 per cent and 11.80 per cent of the re-

spondents are purchasing products by companions with their spouse and children respectively. Parents, siblings, and friends/neighbours are the companions of the sample consumers for the purchase of products in the organized retail outlets at 10.40%, 8.20% and 6.60% respectively. 4.80 per cent of the respondents are purchasing products at organized retail outlets by companions with their whole family.

There is no significant association between the satisfaction levels of the respondents belonging to different genders, age groups, educational qualifications, occupations, monthly household income groups and different organized retail outlets towards working of organized retail outlets.

Female respondents, respondents in the age groups 26-35 years and 46-55 years, uneducated consumers, students and housewives, respondents who have monthly household income Rs.15001-25000 and consumers of the Apollo Pharmacy are highly satisfied with the working of organized retail outlets in Coimbatore district.

There has been a low degree of correlation between the personal variables and satisfaction with working of organized retail outlets. The R square indicates that 0.60 per cent of variation in satisfaction towards working organized retail outlets is explained by all personal variables taken together. The gender, age, educational status, and monthly household income have no significant effect on the respondents' satisfaction with the working of organized retail outlets in Coimbatore district.

Absence of private label brand, inadequate visual merchandising, poor reply on enquiry, inadequate advertisement, poor co-operation of the staff and higher price are the problems of the consumers ranging from 46 per cent to 62.60 per cent with the select organized retail outlets. Incompetent sales personnel, undue delay in billing, inadequate parking facility, absence of customer database and inadequate sales promotion are the problems of the consumers ranging from 64.80 per cent to 70.80 per cent with the organized retail outlets in Coimbatore district.

Suggestions

Organized retailers benefit only when consumers perceive their stores brands to have consistent and comparable quality and available in relation to the branded products. Private labels play an important role here, in bridging the gaps like special and desired price points, exclusivity and regional tastes. A private label can add significant value when it is well recognized and has built positive association in the minds of the consumers. Therefore, the select organized retailers have to provide more assortments for private label brands to compete with suppliers' brand.

Organized retailers can reduce the perception of waiting, without necessarily reducing the actual wait. They can make outlets by displaying merchandise to change customers' perceptions of waiting. Besides, they can enhance the store atmospherics through visual communications, lighting, colours and odors. Therefore, the select organized retailers have to give more emphasis on display visual merchandising, lighting, and specialized props. The merchandise presentation ought to be very creative and displays are often on non-standard fixtures and forms to generate interest and add on attitude to the merchandise.

The organized retailers can create awareness about the offering among the target consumers in a number of ways such as advertising, buzz market, celebrity endorsement, and use of print media, press releases, and viral marketing. Once the message is conveyed, the organized retailers must add a personal touch to their message by carrying out door-to-door campaign in order to reinforce the message.

As people expect, good quality products at reasonable price, the organized retailers shall offer products at reasonable price with good quality. New products, aggressive retail mix as well as everyday low pricing strategy can be the strategy to get edge over suppliers' brand.

The select organized retailers must ensure that sales personnel have sufficient knowledge of the products offered, and also must be capable of handling complaints. They must also exhibit willingness to handle returns, and should be available for advice or clarification.

Conclusion

The attitudinal shift of the Indian consumers and the emergence of organized retail formats have transformed the face of retailing in India. With the sign of reemergence of economic growth in India, consumer buying in retail sector is being projected as a key opportunity area. As a consequence, organized retailers are refocusing its strategic perspective on retail marketing with the idea to use resources optimally in order to create core competence and gain competitive advantage. The results of the study reveal that absence of private label brand, inadequate visual merchandising, poor reply on enquiry, inadequate advertisement, poor co-operation of the staff, higher price, incompetent sales personnel, undue delay in billing, inadequate parking facility, absence of customer database and inadequate sales promotion are the problems of the consumers with the organized retail outlets. Besides, majority small traders are dissatisfied with their present business due to stiff competition from the organized retailing. Based on the results of the surveys, the study has made a number of specific policy recommendations for effective functioning of the organized retailers.

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