A STUDY ON CHANGING CONSUMER PREFERENCES TOWARDS ORGANIZED RETAILING FROM UNORGANIZED RETAILING

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ABSTRACT

This study on the retail industry, attempts to rigorously analyze the factors which influence the consumers to move towards the organized retailing from unorganized retailing. The study also helps the retailers by revealing the facts regarding the most prioritized attributes of the retail stores which attract the consumers towards them. Objectives of the Study are: to analyze the factors which influence the consumers to prefer organized retailing from unorganized retailing; to analyze the external forces which influence the choice of consumers and how these forces can be accounted for in future; to ascertain how are organized retailers perceived; to analysis the most favored retail attributes by consumers and how will they change in future; The organized retailers must give importance to all the attributes like variety, service, discount, mode of payment with special attention to variety of products; the organized retailers must focus on additional facilities like Kids Park, restaurant etc as additional facilities are the one which more fascinates the consumers; consumers are looking for corporate image of the shop, flexibility, infrastructure, layout and display, self service, after sale service and all other similar facilities and so organized retailers must focus on all these areas. Satisfaction level about price in organized formats is comparatively low and so it must be focused. It is also to be noted that in the next level of cities, only departmental stores and supermarkets alone given more priority in organized formats. This study will help the retailers to make an analysis of them and understand where they stand, and in order to move forward in what areas they must focus. It also helps them by providing consumers expectations towards the organized formats so that they can make appropriate arrangements.

INTRODUCTION:

The retail sector is expanding and modernizing rapidly in line with India’s economic growth. It offers significant employment opportunities in all urban areas. This study on the retail industry, attempts to rigorously analyze the factors which influence the consumers to move towards the organized retailing from unorganized retailing. Retailing is defined as “all the activities involved in selling goods or services directly to final consumers for personal, non business use.” Retailing consists of the final activity and steps needed to place merchandise made elsewhere into the hands of the consumer or to provide services to the consumer. Retailing consists of the sale of goods or merchandise, from a fixed location such as a department store or kiosk, in small or individual lots for direct consumption by the purchaser. Retailing may include subordinated services, such as delivery. Purchasers may be individuals or businesses. In commerce, a retailer buys goods or products in large quantities from manufacturers or importers, either directly or through a wholesaler, and then sells smaller quantities to the end-user. Retail establishments are often called shops or stores. Retailers are at the end of the supply chain.
Manufacturing marketers see the process of retailing as a necessary part of their overall distribution strategy. Retail industry is divided into organized and unorganized sectors. Organized retailing refers to trading activities undertaken by licensed retailers, that is, 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. Unorganized retailing, on the other hand, refers to the traditional formats of low-cost retailing, for example, the local kirana shops, owner manned general stores, paan/beedi shops, convenience stores, hand cart and pavement vendors, etc. The study also helps the retailers by revealing the facts regarding the most prioritized attributes of the retail stores which attract the consumers towards them.

OVERVIEW OF GLOBAL RETAIL INDUSTRY

Retail has played a major role in world over in increasing productivity across a wide range of consumer goods and services. The impact can be best seen in countries like U.S.A., U.K., Mexico, Thailand and more recently china and India also. Economies of countries like Singapore, Malaysia, Hong Kong, Sri Lanka and Dubai are also heavily assisted by the retail sector. Retail is the second-largest industry in the United States both in number of establishments and number of employees. It is also one of the largest worldwide. The retail industry employs more than 22 million Americans and generates more than $3 trillion in retail sale annually. Retailing is a U.S. $7 trillion sector. Wal-Mart is the world’s largest retailer. Wal-Mart heads Fortune magazine list of top 500 companies in the world. Forbes Annual List of Billionaires has the largest number (45/497) from the retail business.

INDIAN RETAIL INDUSTRY

India today is a dynamic combination of demanding consumers, rising levels of consumption and a growing population base. As the corporate – the Piramals, the Tatas, the Rahejas, ITC, S.Kumar’s, RPG Enterprises, and mega retailers – Crosswords, Shopper’s Stop, and Pantaloons race to revolutionize the retailing sector, retail as an industry in India is coming alive. Retail Sales in India amounted to about Rs.7400 billion in 2002, expanded at an average annual rate of 7% during 1999-2002. With the upturn in economic growth during 2003, retail sales are also expected to expand at a higher pace of nearly 10%. Across the country, retail sales in real terms are predicted to rise more rapidly than consumer expenditure during 2003-08. The forecast growth in real retail sales during 2003-2008 is 8.3% per year, compared with 7.1% for consumer expenditure. Modernization of the Indian retail sector will be reflected in rapid growth in sales of supermarkets, departmental stores and hypermarkets. Sales from these large format stores are to expand at growth rates ranging from 24% to 49% per year during 2003-2008, according to a latest report by Euro monitor International, a leading provider of global consumer-market intelligence. A.T. Kearney Inc. places India 6th on the (GRDI) global retail development index. The country has the highest per capita outlets in the world – 5.5 outlets per 1000 population. Around 7% of the population in India is engaged in retailing, as compared to 20% in the USA. India has emerged as a fourth largest economy in terms of Purchasing Power Parity (PPP).

REVIEW OF LITERATURE:

ICICIdirect.com - March 25, 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 spends.

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 is present in India right now which contains a number of opportunities for retailers.

RNCOS (March 15, 2009/24-7 press releases)

Increasing trend of organized retailing will drive the growth of convenience-store industry in the world. By 2011, Asia remains the fastest growing convenience store market in the world as the major Asian retail markets registered explosive growth in opening up of new convenience store. Changing consumer preferences, lifestyle and rising income level, which is heavily influenced by economic growth, remains the major driving force for c-store industry in the Asian region. as per "Global Convenience Store Market Analysis".

Sarimul Islam Choudhury (Coimbatore: Gearing up for retail revolution 01 Jul 2009)

Organized retail in Coimbatore so far is a high street story. Although Coimbatore is the second largest city in Tamil Nadu after Chennai, but it is yet to get attention from large number of retailers the way other cities in India have been receiving. The reason behind, according to the industry sources, is that there is no real catalyst in the form of shopping mall to boost the retail growth in the city. But this long wait has almost come to an end as the city will witness the opening of two gigantic shopping malls during the early part of 2010. With the opening of these two malls – Fun Republic and Brookfield Plaza – people in Coimbatore will experience organised retail boom and find quality space for shopping and entertainment.

OBJECTIVES OF THE STUDY:

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

LIMITATIONS OF THE STUDY:

- Due to time constraints sample size was restricted to 150 which was very less when compared to entire population.
- The respondents had replied according to their own perception and experience and therefore personal bias may also possible.
- The respondents were unable or unwilling to give a complete and accurate response to certain questions.
- The survey was conducted in specific regions of Coimbatore, Tirupur and Karur and so result occupied may vary in other regions.

RESEARCH METHODOLOGY:

Research methodology is a way of systematically solving the research problem. Research methodology deals with the research design used and methods used to present the study.

Research Design:

A research design is a detailed blue print used to guide a research study towards its objective. The process of designing a research study involves many interrelated decisions. The most significant decision is the choice of research approach, because it determines how the information will be obtained. The choice of the research approach depends on the nature of the research that one wants to do.

The research design adopted for this study is Descriptive Research. Descriptive method was adopted because it deals with description of the state of affairs as it exist at present.
Sampling Techniques:
The next step in research study after collecting data is the sampling process. When a decision is made to use the sample, a number of factors must be taken into consideration.

The target population in this study was the consumers who belong to Coimbatore, Tirupur and Karur districts.

The sampling technique had to be selected. There are two types of sampling techniques:
1. Probability sampling
2. Non-probability sampling

Among the probability sampling, the sampling used in this study was Simple Random Sampling.

Simple Random Sampling:
Simple Random Sampling is the simplest type of sampling, in which we draw a sample of size (n) in such a way that each of the ‘N’ members of the population has the same chance of being included in the sample. A sample selected in this way is called a simple random sample.

Sample Size:

<table>
<thead>
<tr>
<th>Region</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coimbatore</td>
<td>50</td>
</tr>
<tr>
<td>Tirupur</td>
<td>50</td>
</tr>
<tr>
<td>Karur</td>
<td>50</td>
</tr>
<tr>
<td>Total</td>
<td>150</td>
</tr>
</tbody>
</table>

Tools for Data collection
There are several ways of collecting the appropriate data. While deciding about the method of data collection to be used for the study, the researcher should keep in mind, that there are two types of data
1. Primary data
2. Secondary Data

Primary data are those which are collected a fresh and for the first time and thus happen to be original in character. Primary data can be collected either through experiment or through survey.

Secondary data on the other hand are those which have already been collected by someone else and which have already been passed through the statistical process. In this study, the data was collected from the primary source through questionnaire

Statistical Tools Used for Data Analysis:
This phase consists of the data analysis of the data collected based on the simple random probabilistic sampling technique. The data collected were analyzed using the following methods.

Weighted Average Method
Mean in which each item being averaged is multiplied by a number (weight) based on the item’s relative importance. The result is summed and the total is divided by the sum of the weights. The weighted average method is used to some of the questions to rank the attributes.

\[ \bar{x} = \frac{\sum_{i=1}^{n} w_i x_i}{\sum_{i=1}^{n} w_i}, \]

Chi-Square Test
Chi-Square test can be used to determine if categorical data shows dependency or the two classifications are independent.

\[ \chi^2 = \sum \{(O_i - E_i)^2 / E_i \} \]

Applying Yate’s correction:

\[ \chi^2 = \sum \{|(O_i - E_i) - 0.5|^2 / E_i \} \]

Analysis of Variance (ANOVA)
The basic principle of ANOVA is to test for differences among the means of the populations by examining the amount of variation within each of these samples, relative to the amount of variation between the samples.

**DATA ANALYSIS AND INTERPRETATION**

**Table No.1: Weighted Average for Opinion about Attributes of Local Stores**

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Preference</th>
<th>Weighted Average</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Quality</td>
<td>3.89</td>
<td>I</td>
</tr>
<tr>
<td>2</td>
<td>Choice/Variety</td>
<td>3.52</td>
<td>III</td>
</tr>
<tr>
<td>3</td>
<td>Consistency</td>
<td>3.44</td>
<td>V</td>
</tr>
<tr>
<td>4</td>
<td>Convenience</td>
<td>3.57</td>
<td>II</td>
</tr>
<tr>
<td>5</td>
<td>Service</td>
<td>3.48</td>
<td>IV</td>
</tr>
<tr>
<td>6</td>
<td>Price</td>
<td>3.35</td>
<td>VI</td>
</tr>
<tr>
<td>7</td>
<td>Hygiene</td>
<td>3.23</td>
<td>VII</td>
</tr>
</tbody>
</table>

From the above table we can infer that quality gets the first rank based on the weighted average obtained, Convenience gets the second rank, consistency gets third, service gets fourth, choice/variety gets fifth, price gets sixth and hygiene gets last rank of seventh. It means that consumers are satisfied with quality and convenience of local stores but they are not satisfied with hygiene.

**Table No.2: Weighted Average for Opinion about Attributes of Organized Formats**

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Preference</th>
<th>Weighted Average</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Quality</td>
<td>4.51</td>
<td>I</td>
</tr>
<tr>
<td>2</td>
<td>Choice/Variety</td>
<td>4.27</td>
<td>II</td>
</tr>
<tr>
<td>3</td>
<td>Consistency</td>
<td>3.86</td>
<td>III</td>
</tr>
<tr>
<td>4</td>
<td>Convenience</td>
<td>3.83</td>
<td>IV</td>
</tr>
<tr>
<td>5</td>
<td>Service</td>
<td>3.72</td>
<td>VI</td>
</tr>
<tr>
<td>6</td>
<td>Price</td>
<td>3.36</td>
<td>VII</td>
</tr>
<tr>
<td>7</td>
<td>Hygiene</td>
<td>3.76</td>
<td>V</td>
</tr>
</tbody>
</table>

From the above table we can infer that quality gets the first rank based on the weighted average obtained, Choice/Variety gets the second rank, consistency gets third, convenience gets the fourth, service gets the fifth, hygiene gets the sixth and price gets the seventh. It means that consumers are satisfied with quality and variety of organized formats but they are not satisfied with price.

**Table No.3: Chi-Square Test for Occupation and Type of Store Visited Frequently For Shopping Needs**

<table>
<thead>
<tr>
<th></th>
<th>Super Market</th>
<th>Dept. Store</th>
<th>Local Store</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student</td>
<td>Observed</td>
<td>10</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>Expected</td>
<td>5.72</td>
<td>12.13</td>
</tr>
<tr>
<td>Housewife</td>
<td>Observed</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Expected</td>
<td>3.39</td>
<td>7.19</td>
</tr>
<tr>
<td>Professionals</td>
<td>Observed</td>
<td>8</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>Expected</td>
<td>7.41</td>
<td>15.72</td>
</tr>
<tr>
<td>Business &amp; others</td>
<td>Observed</td>
<td>6</td>
<td>17</td>
</tr>
<tr>
<td></td>
<td>Expected</td>
<td>8.47</td>
<td>17.97</td>
</tr>
</tbody>
</table>

H₀: There is no significant relationship between the occupation and type of store visited frequently for shopping needs  
H₁: There is significant relationship between the occupation and type of store visited frequently for shopping needs  
Level of Significance = 0.05
Degrees of freedom = 6
Calculated $\chi^2$ value, = 18.75
Yates’ Correction $\chi^2$ (corrected) = 14.41
Table value $\chi^2 \ @ \ 0.05, \ DF: \ 6 = 12.592$

Since the calculated value 18.75 (and yates’ correction value 14.41) falls in the rejection region we reject the null hypothesis and accept the alternate hypothesis at 0.05 level of significance and 6 degrees of freedom. We may conclude that there is significant relationship between the occupation and the type of store visited frequently.

**Table No.4: Chi-Square Test for Income and Frequency of Visit to the Store**

<table>
<thead>
<tr>
<th></th>
<th>Less than 10 days</th>
<th>10 – 30 days</th>
<th>30 – 90 days</th>
<th>Above 90 days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 36000</td>
<td>Observed</td>
<td>10</td>
<td>18</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Expected</td>
<td>8.39</td>
<td>17.37</td>
<td>6.95</td>
</tr>
<tr>
<td>36000 – 60000</td>
<td>Observed</td>
<td>10</td>
<td>17</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>Expected</td>
<td>9.67</td>
<td>20</td>
<td>8</td>
</tr>
<tr>
<td>60001 – 1 Lakh</td>
<td>Observed</td>
<td>8</td>
<td>16</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Expected</td>
<td>7.38</td>
<td>15.26</td>
<td>6.10</td>
</tr>
<tr>
<td>Above 1 Lakh</td>
<td>Observed</td>
<td>1</td>
<td>9</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Expected</td>
<td>3.56</td>
<td>7.37</td>
<td>2.95</td>
</tr>
</tbody>
</table>

H0: There is no significant relationship between the income and frequency of visit to store.
H1: There is significant relationship between the income and frequency of visit to the store.

Level of Significance = 0.05
Degrees of freedom = 9
Calculated $\chi^2$ value, = 6.721
Yates’ Correction $\chi^2$ (corrected) = 4.268
Table value $\chi^2 \ @ \ 0.05, \ DF: \ 9 = 16.919$

Since the calculated value 6.721 (and yates’ correction value 4.268) falls in the accepted region we accept the null hypothesis and reject the alternate hypothesis at 0.05 level of significance and 9 degrees of freedom. We may conclude that there is no significant relationship between the income and frequency of visit to the store.
Table No.5: Chi-Square Test for Income and Type of Store Visited Frequently For Shopping Needs

<table>
<thead>
<tr>
<th>Income Range</th>
<th>Super Market</th>
<th>Departmental Store</th>
<th>Local Store</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 36000</td>
<td>Observed 4</td>
<td>Expected 5.95</td>
<td>Expected 15.01</td>
</tr>
<tr>
<td>36000 – 60000</td>
<td>Observed 9</td>
<td>Expected 6.69</td>
<td>Expected 16.88</td>
</tr>
<tr>
<td>60001 – 1 Lakh</td>
<td>Observed 8</td>
<td>Expected 5.76</td>
<td>Expected 14.54</td>
</tr>
<tr>
<td>Above 1 Lakh</td>
<td>Observed 0</td>
<td>Expected 2.60</td>
<td>Expected 6.57</td>
</tr>
</tbody>
</table>

H0: There is no significant relationship between income and type of store visited frequently for shopping needs.

H1: There is a significant relationship between income and type of store visited frequently for shopping needs.

Level of Significance = 0.05  
Degrees of freedom = 6  
Calculated $\chi^2$ value, = 6.6742  
Yates’ Correction $\chi^2$ (corrected) = 4.09  
Table value $\chi^2$ @ 0.05, DF: 6 = 12.592

Since the calculated value 6.6742 (and yates’ correction value 4.09) falls in the accepted region we accept the null hypothesis and reject the alternate hypothesis at 0.05 level of significance and 6 degrees of freedom. We may conclude that there is no significant relationship between the income and type of store visited frequently for shopping needs.

Table No.6: Chi-Square Test for Gender and Factors Influence the Buying Decisions

<table>
<thead>
<tr>
<th>Gender</th>
<th>Availability of range</th>
<th>Reasonable price</th>
<th>Availability of req. size</th>
<th>Customer service</th>
<th>Brand name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>Observed 12</td>
<td>26</td>
<td>1</td>
<td>15</td>
<td>13</td>
</tr>
<tr>
<td>Female</td>
<td>Expected 15.25</td>
<td>15.71</td>
<td>5.08</td>
<td>9.70</td>
<td>21.25</td>
</tr>
</tbody>
</table>

H0: There is no significant relationship between gender and factors influencing buying decisions.

H1: There is a significant relationship between gender and factors influencing buying decisions.

Level of Significance = 0.05  
Degrees of freedom = 4  
Calculated $\chi^2$ value, = 31.23  
Yates’ Correction $\chi^2$ (corrected) = 26.61  
Table value $\chi^2$ @ 0.05, DF: 4 = 9.488

Since the calculated value 31.23 (and yates’ correction value 26.61) falls in the rejection region we reject the null hypothesis and accept the alternate hypothesis at 0.05 level of significance and 4 degrees of freedom. We may conclude that there is significant relationship between the gender and factors influencing buying decisions.
Table No.7: Chi-Square Test for Gender and Time Spend In Organized Formats

<table>
<thead>
<tr>
<th></th>
<th>Less than 30mins</th>
<th>30 – 60mins</th>
<th>1 – 2hours</th>
<th>More than 2hours</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Male</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Observed</td>
<td>9</td>
<td>31</td>
<td>21</td>
<td>6</td>
</tr>
<tr>
<td>Expected</td>
<td>7.24</td>
<td>33.5</td>
<td>21.28</td>
<td>4.98</td>
</tr>
<tr>
<td><strong>Female</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Observed</td>
<td>7</td>
<td>43</td>
<td>26</td>
<td>5</td>
</tr>
<tr>
<td>Expected</td>
<td>8.76</td>
<td>40.5</td>
<td>25.72</td>
<td>6.02</td>
</tr>
</tbody>
</table>

H0: There is no significant relationship between gender and times spend in organized formats.
H1: There is a significant relationship between gender and times spend in organized formats.

Level of Significance = 0.05
Degrees of freedom = 3
Calculated $\chi^2$ value, $= 1.5113$
Table value $\chi^2$ @ 0.05, DF: 3 = 7.815

Since the calculated value 1.5113 falls in the acceptance region we accept the null hypothesis and reject the alternate hypothesis at 0.05 level of significance and 3 degrees of freedom. We may conclude that there is no significant relationship between the gender and time spend in organized formats.

Table No.8: Two-Way ANOVA for Type of Store Preferred By Different City People to Buy Products

<table>
<thead>
<tr>
<th></th>
<th>Single Brand store</th>
<th>Multi Brand store</th>
<th>Factory Outlet</th>
<th>Dept. store / Supermarket</th>
<th>Local Store</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coimbatore</td>
<td>3</td>
<td>7</td>
<td>1</td>
<td>21</td>
<td>18</td>
<td>50</td>
</tr>
<tr>
<td>Tirupur</td>
<td>3</td>
<td>7</td>
<td>5</td>
<td>25</td>
<td>10</td>
<td>50</td>
</tr>
<tr>
<td>Karur</td>
<td>2</td>
<td>10</td>
<td>2</td>
<td>28</td>
<td>8</td>
<td>50</td>
</tr>
<tr>
<td>Total</td>
<td>8</td>
<td>24</td>
<td>8</td>
<td>74</td>
<td>36</td>
<td>150</td>
</tr>
</tbody>
</table>

T=150, n=15,
Correction factor = $\frac{(T^2)}{n} = \frac{150^2}{15} = 1500$
Total SS= $3^2 + 7^2 + 1^2 + 21^2 + 18^2 + 3^2 + 7^2 + 5^2 + 25^2 + 10^2 + 2^2 + 10^2 + 2^2 + 8^2 + 8^2 - 1500$
= $9 + 49 + 1 + 441 + 324 + 9 + 49 + 25 + 625 + 100 + 4 + 100 + 4 + 784 + 64 - 1500$
= 2588 – 1500 = 1088
SS Between Columns $= [8^2/3] + [24^2/3] + [8^2/3] + [74^2/3] + [36^2/3] - 1500$
= $[64/3] + [576/3] + [64/3] + [5476/3] + [1296/3] - 1500$
= $21.33 + 192 + 21.33 + 1825.33 + 432 - 1500$
= 2491.99 – 1500 = - 991.99
SS Between Rows $= [50^2/5] + [50^2/5] + [50^2/5] - 1500$
= $[2500/5] + [2500/5] + [2500/5] - 1500$
= $500 + 500 + 500 - 1500$
= $1500 - 1500 = 0$
SS Residual / Error $= Total SS – (SS between Columns + SS between Rows)$
= $1088 - (- 991.99 + 0) = 2079.99$

<table>
<thead>
<tr>
<th>Source of Variance</th>
<th>SS</th>
<th>D.F</th>
<th>M.S</th>
<th>F-Ratio</th>
<th>5% F-Limit (or the tables values)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Columns</td>
<td>- 991.99</td>
<td>4</td>
<td>248</td>
<td>1.05</td>
<td>3.84</td>
</tr>
<tr>
<td>Between Rows</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>4.46</td>
</tr>
<tr>
<td>Residual or Error</td>
<td>2079.99</td>
<td>8</td>
<td>260</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

H0: There is no significant difference between types of store preferred by different city people to buy products
H1: There is a significant difference between types of store preferred by the different city people to buy products

http://www.exclusivemba.com/ijemr
The calculated value of F is less than the Table value at 5% level of significance. Hence, Hypothesis is rejected. We may conclude that there is a significant difference between stores preferred to buy products among different city peoples.

### Table No.9: Two-Way ANOVA for Type of Store Visited Frequently By Different City People for Shopping Needs

<table>
<thead>
<tr>
<th></th>
<th>Supermarket</th>
<th>Dept. Store</th>
<th>Local Store</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coimbatore</td>
<td>11</td>
<td>22</td>
<td>17</td>
<td>50</td>
</tr>
<tr>
<td>Tirupur</td>
<td>10</td>
<td>26</td>
<td>14</td>
<td>50</td>
</tr>
<tr>
<td>Karur</td>
<td>11</td>
<td>24</td>
<td>15</td>
<td>50</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>32</strong></td>
<td><strong>72</strong></td>
<td><strong>46</strong></td>
<td><strong>150</strong></td>
</tr>
</tbody>
</table>

T = 150, n = 9,
Correction Factor = \((T^2/n) = 150^2/9 = 2500\)
Total SS = \([11^2 + 22^2 + 17^2 + 10^2 + 26^2 + 14^2 + 11^2 + 24^2 + 15^2] - 2500\)
= \([111 + 484 + 289 + 100 + 676 + 196 + 121 + 576 + 225] - 2500\)
= 2778 – 2500 = 278
SS Between Columns = \([32^2/3+ 72^2/3+ 46^2/3] – 2500\)
= \([1024/3 + 5184/3 + 2116/3] – 2500\)
= \([341.33 + 1728 + 705.33] – 2500\)
= 2774.66 – 2500 = 274.66
SS Between Rows = \([50^2/3 + 50^2/3 + 50^2/3] – 2500\)
= \([2500/3 + 2500/3 + 2500/3] – 2500\)
= \([833.33 + 833.33 + 833.33] – 2500\)
= 2500 – 2500 = 0
SS Residual / Error = Total SS – (SS between Columns + SS between Rows)
= 278 – (274.66 +0) = 3.34

<table>
<thead>
<tr>
<th>Source of Variance</th>
<th>SS</th>
<th>D.F</th>
<th>M.S</th>
<th>F-Ratio</th>
<th>5% F-Limit (or the tables values)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Columns</td>
<td>274.66</td>
<td>2</td>
<td>137.33</td>
<td>16.45</td>
<td>6.94</td>
</tr>
<tr>
<td>Between Rows</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>6.94</td>
</tr>
<tr>
<td>Residual or Error</td>
<td>3.34</td>
<td>4</td>
<td>0.835</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

H0: There is no significant difference between type of store visited frequently by different city peoples.
H1: There is significant difference between type of store visited frequently by different city peoples.
- The calculated value of F is greater than the Table value at 5% level of significance. Hence, Hypothesis is accepted
- The calculated value of F is less than the Table value at 5% level of significance. Hence, Hypothesis is rejected
  We may conclude that there is a significant difference between types of store visited frequently by different city peoples.

### FINDINGS
Based on Weighted Average Method
1. The study shows that respondents had opined Local stores good on the order as follows
i. Quality – Since quality lies between neutral and satisfied (3.88) we can conclude that the customers are satisfied with quality in local stores.
ii. Convenience - Since convenience lies between neutral and satisfied (3.57) we can conclude that customers are slightly satisfied with it in local stores.
iii. Choice/Variety & Service – Since choice/variety lies between neutral and satisfied (3.52) we can conclude that the customers have no opinion about it in local stores.
iv. Consistency – Since consistency lies between neutral and dissatisfied (3.44) we can conclude that customers have no opinion about it in local stores.
v. Price – Since price lies between neutral and dissatisfied (3.34) we can conclude that customers are slightly not satisfied with it in local stores.
vii. Hygiene - Since hygiene lies between neutral and dissatisfied (3.22) we can conclude that customers are dissatisfied with it in local stores.

2. The study shows that respondents had opined Organized formats like supermarkets, Departmental Stores etc are good on the order as follows
i. Quality - Since quality lies between satisfied and highly satisfied (4.51) we can conclude that the customers are highly satisfied with it in organized stores.
ii. Choice/Variety - Since choice/variety lies between satisfied and highly satisfied (4.27) we can conclude that the customers are highly satisfied with it in organized stores.
iii. Consistency - Since consistency lies between neutral and satisfied (3.86) we can conclude that the customers are satisfied with it in organized stores.
iv. Convenience - Since convenience lies between neutral and satisfied (3.83) we can conclude that the customers are satisfied with it in organized stores.
v. Service - Since service lies between neutral and satisfied (3.72) we can conclude that the customers are satisfied with it in organized stores.
vi. Hygiene - Since hygiene lies between neutral and satisfied (3.76) we can conclude that the customers are satisfied with it in organized stores.
vii. Price - Since price lies between neutral and dissatisfied (3.36) we can conclude that the customers are slightly dissatisfied with it in organized stores.

**Based on Chi-square test**
- The study shows that there is significant relationship between the occupation and the type of store visited frequently.
- The study shows that there is no significant relationship between the income and frequency of visit to the store.
- The study shows that there is no significant relationship between the income and type of store visited frequently for shopping needs.
- The study shows that there is significant relationship between the gender and factors influencing buying decisions
- The study shows that there is no significant relationship between the gender and time spent in organized formats.

**Based on ANOVA**
- The study shows that there is a significant difference between stores preferred to buy products among different city peoples.
- The study shows that there is a significant difference between types of store visited frequently by different city peoples.

**SUGGESTIONS**
- The maximum numbers of visitors to organized retailers are from city (60%) and remaining 40% are from small town (29%) and villages (11%). The organized
retailers should take promotional activities and alike to attract the people from nearby villages and small towns.

- The important factors which influence a customer to make a buying decision are brand name, availability of range and price. The retailers must focus on these attributes as it gets much priority among consumers.
- The important factor which consumer look in a product while making a purchase is quality. The retailers must give special attention to quality of products.
- While discussing the time, day and frequency of visit to stores most of the answers revealed a statement “whenever required”, it indirectly means that 24x7 service is required in order to satisfy our consumers.
- The media advertisements play an average role in purchase and so other forms of advertisement and promotion should also be adopted.
- While making a decision about the shopping location consumers are influenced more by parents and friends/colleagues. It should be noted that it means that the organized formats should also attract all type of customers in order get more number of customers.
- The organized retailers must give importance to all the attributes like variety, service, discount, mode of payment with special attention to variety since 31% preferred variety of product and 31% preferred all the above.
- The organized retailers must focus on additional facilities like Kids Park, restaurant etc as additional facilities are the one which more fascinates the consumers.
- Consumers are looking for corporate image of the shop, flexibility, infrastructure, layout and display, self service, after sale service and all other similar facilities and so organized retailers must focus on all these areas.
- Customers are satisfied with staffs in organized formats and still they must increase their personality

CONCLUSION

The study was conducted on the changing consumer preference towards organized retailing from unorganized retailing. The study shows that customers are very much anxious towards organized retailing and they expect variety as a primary attribute from retailers. The recent trend had shown that there is a rapid growth in the organized formats. It also shows that customers expect quality next to variety as the primary factors to shop in the organized formats. Satisfaction level about price in organized formats is comparatively low and so it must be focused. It is also to be noted that in the next level of cities, only departmental stores and supermarkets alone given more priority in organized formats. From the statement we can understand that still most of the people are not aware of malls and hypermarkets in those cities. Majority of the consumers are visiting organized formats for variety and they expect additional facilities like kids park, restaurant etc. Majority of the consumers are Under Graduates and Young, so retail outlets are mainly focusing on them. Today’s youngsters are moving towards the fashion trend. The organized formats are entering into its next step to the tier-II cities and other small cities and focusing on the middle class people as it had almost covered the metropolitan cities.

The study also tells that there is a relationship between gender and factor influencing the consumers, most of the customers are influenced by friends and colleagues. The study also reveals the fact that customers prefer to buy whenever required; it indirectly becomes an impetus for 24X7 cultures everywhere. Retailers must move towards that in order to serve the
customer on time. From the study we can understand that the organized retailing will see a rapid growth in the following years by exploring in next level of regions.

**SCOPE FOR THE FUTURE**

This study enables us to understand the changing consumer preferences towards organized retailing from unorganized retailing in the districts of Coimbatore, Tirupur and Karur. It gives us detailed information regarding the factors which influence the consumers to prefer organized retailing from unorganized retailing.

The study also reveals the facts related to the external forces which influence to decide the store formats. The external forces may be parents, friends, colleagues, childrens and also store image and social status. It also reveals the data related to the most prioritized attributes which attract the customers towards the organized retailing. These attributes may be brand image, variety, price, quality, layout and display, infrastructure and atmospherics, store brands and customer relation ship etc.

This study will help the retailers to make an analysis of them and understand where they stand, and in order to move forward in what areas they must focus. It also helps them by providing consumers expectations towards the organized formats so that they can make appropriate arrangements.

The study also gives information related to opinion about the retail attributes by consumers and it gives way for organizational transformation if needed. It had also suggested about the development of the organized formats in the near future. The study can be extended further into various other aspects like HR policies affecting sales performance, E-commerce affecting customer preference etc.

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