

**URBAN AND SEMI-URBAN CONSUMERS**  
**PERCEPTION ON ORGANIZED AND**  
**UNORGANIZED RETAIL OUTLETS**

**Gangadharaiah. D.N\***

**Dr. H.N.Ramesh\*\***

**Dr. Hanumanthappa\*\*\***

**Abstract:**

The paper has analyzed Urban and Semi-Urban consumers expectation on quality and varieties of products and services available in organized and unorganized retail organizations. Though urban and semi urban consumers are living in arm length distance, their attitude and perceptions are different on the merchandise they buy. There are many reasons that divide the urban one's from the semi urban. This paper aims at analyzing the customer buying preference on unorganized and organized retailing. It also attempts to identify the factors causing customer satisfaction in urban and semi urban area. The outcome of the study reveals that opinion of the urban and semi-urban customers behavior is different on unorganized and organized retailing. The behavioral differences are mainly on the factors such as merchandise variety, quality, location, in store service etc. But, opinion of the different demographic variables on unorganized and organized retail outlets is found to be different.

**Key words:** Urban and semi-urban , behavior, organized and unorganized. Gender, demography, Geographic

\* Research scholar Dept. of PG Studies and Research in Business Administration, Kuvempu University Shankaraghatta, Shimoga, Karnataka.

\*\* Associate professor, Dept. of PG Studies and Research in Business Administration, Kuvempu University P.G.Center,Kadur ,Chikkamagalur (district) , Karnataka.

\*\*\* Associate professor, Dept. of PG Studies and Research in Master of Computer Applications, Bangalore University Bangalore , Karnataka.

## **Introduction:**

Retailing confined to distribute in small portions for end use purpose. It consists of the sale of goods or merchandise for personal consumption either from a fixed location or online. Transformation is one word which can best describe the state of the retail industry at a global and Indian level. The past decade has been one of turmoil and transition in the world of retail. Today many international retailers are now looking at India with a keen interest towards tapping the market. Unorganized retailing occupies significant position still today among rural and urban areas. These outlets run by one man with few employees with negligible rental costs and all the work done by manually. Unorganized outlets changing their dimensions in internal and external characters in the modern days. Along with this, organized retailing in India has occupied a significant position among urban semi urban customers. Because of varieties of retail formats, and models, today customers are in dilemma in their retailing decisions.

Present study is considered to be significant as very few studies, so far conducted precisely on the consumer behavior of urban and semi-urban towards organized and unorganized retail outlets in India. Retail management today, involves aspects of professional skills and customer orientation. Therefore, present study attempts to uncover facts on retailing behavior of rural and urban customers towards organized and unorganized retail outlets.

## **Concept of Retailing:**

**The North American industry classification system** “specifies that retail trade sector comprises establishments primarily engaged in retailing merchandise generally without transformation and rendering services incidental to sale of merchandise.”

**Meaning of Retailing:** Retailing is the final step in the distribution of merchandise for end users. The word is derived from the French word retailer, which means to cut off a piece or to break bulk.

### Review of Literature :

**B.B.Goyal , Meghna Aggarwal(2009) “Organized Retailing in India- An empirical study of Appropriate formats and Expected trends”** the retail sector and its have experienced radical changes in the last decade .Most of the challenges in the last demographic ,social ,politic business climate and changes in the retail sector including the addition of wall mart .Carrefour, k-mart, etc. This paper examines the relative importance of the various products purchased a organized retail outlets and the choice of the format, the consumer has when purchasing a product. The paper also discusses the expected development of organized retail in the future ,focusing on aspects with potential effects on consumer purchasing behavior . Not all items are equally important for retail outlets and various products need specific retail formats..

**Zameer, Asif, Mukherjee, Deepankar (1999) ”** In their study entitles “ Food and Grocery Retail: Patronage Behavior of Indian Urban Consumers” In a KSA Technopak study presented by Business Today (1999), the reasons why housewives prefer to purchase grocery from the neighborhood supermarket (modern retail store) are listed as location convenience (easily approachable on foot) , stock of everything from scrubs and mops to fresh fruits (product variety and assortment), enough parking facility (in case the customer drives down to the store) and convenient operating hours. Other variables which affect the retail outlet choice are value –for money, quality of products, polite and courteous salespeople, exchange/returns policy, non-interfering salespeople, product choice, product width, and product information.

**Hotniar siringoringo and Anacostia kowanda(2010) “consumer shopping behaviou in different retail formats”.** Consumer shopping behavior presents using shopping intention attitude towards modern retail outlt and shopping habit. Self administered questionnaire was used to collect data . Data was collect from store ,mini markets and convinionce store sonsumr shopping behavior in modeled using strctureal equation modeling and the th diffect of behavior among retail format was tested using multilevel lisrl. Software . Its found as can be seen on consumer shopping model. The effect of attitude towards modern retail outlets and shopping habit on shpping intention in te behaviou among hypr market ,super market and mini market

### **Objectives:**

The Study is conducted with the following objectives.

1. To study the profile of urban and semi urban customers
2. To assess the opinion of retail customers on organized and unorganized retailing .
3. To analyze the behavioral differences among urban and semi-urban retail customers.
4. To determine the factors causing customers satisfaction among urban and semi-urban customers

### **Hypotheses:**

1. Ho: There is no significant difference between urban and semi-urban buying preference towards organized outlet and unorganized retail outlets.

### **Materials and methods:**

Urban and rural disparities are continued to remain among retail customers in India. The present study attempts to throw a light on the behavioral aspects of customers located in urban and rural areas. The study is exploratory in nature intended to uncover the behavioral intention of the rural and urban customers in retailing. Important variables considered for analysis include gender, marital status geographical location, income, education, frequency of purchase, mode of payment etc. The study is based on both primary and secondary data.

#### **Primary data:**

Primary data is collected from the retail consumers in both rural and urban areas. The data was collected with the aid of designed questionnaire and interview schedules. The primary data is also collected from the managers, employees and other experts of the selected retail outlets.

**Secondary Data:**

Secondary data is collected from different sources like books, journals, websites, news papers and published *and* unpublished data of retail firms.

**Data of analysis:**

Collected data is processed and analyzed with SPSS 19.0. Descriptive analysis like percentage analyses, average and statistical technique like t-test are used. Descriptive statistics are used to calculate the spread of the data. The hypotheses are tested with appropriate test statistics.

**Results and Interpretation:**

**Table 1: Age group of Respondents Preference on Organized and Unorganized retail outlets .**

Age groups	Respondents		
	Organized retail outlet	Unorganized retail outlet	Total
Less than 20 years	5(8.9 )	4 (7.1)	9 (16.0)
21-30 yeas	7(12.5)	6 (10.7)	13 (23.3)
31-40 years	7(12.5)	7 (12.5)	14 (25)
41-50 years	6(10.7)	5 (8.9)	11(19.7)
Above 50 years	5(8.9)	4( 7.3)	9 (16.0)
Total	30( 53.5)	26(46.5)	56( 100)

The Above table shows that different age group of respondents preference towards organized and unorganized retail outlets. 12.5 percentage of age 21-30 years respondents preference towards organized retail outlets. 10.7 percentage of age 21-30 years respondents preference

towards unorganized retail outlets. 12.5 percentage of age 31-40 years respondents preference towards organized and unorganized retail outlets. 10.7 percentage of age 41-50 years of respondents preference towards organized retail outlets. 8.9 percentage of age 41-50 years respondents preference towards unorganized retail outlets. 8.9 percentage of age above 50 years of respondents preference towards organized retail outlets. 7.3 percentage of above 50 years of respondents preference towards unorganized retail outlets. 8.9 percentage of age less than 20 years of respondents preference towards organized retail outlets. 7.1 percentage of age less than 20 years respondents preference towards unorganized retail outlets

**Table 2: Occupation status of the urban and semi-urban Respondents preference towards organized and unorganized retail outlets.**

Source of awareness	Respondents		
	Organized retail outlet	Unorganized retail outlet	Total
Others	4( 7.2 )	4(7.1)	8(14.2)
Employees	7(12.5 )	5(8.9)	12(21.4)
Businessmen	6( 10.7)	6(10.7)	12(21.4)
Students	5(8.9)	5(8.9)	10(17.9)
Professional	7(12.5 )	7(12.5 )	14 (25)
Total	29(51.8)	27(48.2)	56(100)

**Source: field survey (Figures in parenthesis indicates percentage to row/column)**

Above the table shows the occupation status of urban and semi-urban urban respondents. 12.5 percentage of employee's preference towards organized retail outlets. 8.9 percentage employees preference towards unorganized retail outlets. 10.7 percentage of businessmen's. are equal preference towards organized and unorganized retail outlets. 8.9 percentage of students preference on organized and unorganized retail stores.. 12.5 percentage of professionals preference on organized and unorganized retail outlets. 7.2 percentage of other group of respondents preference towards organized retail outlets. 7.1 percentage of other group of respondents preference towards unorganized retail outlets.

**Table 3: Opinions of respondents towards factors consider:**

Factors	Frequency	Percent
variety products	16	28.5
quality	18	32.1
retail price	2	3.5
service	4	7.1
vehicle parking	4	7.1
Exchange	2	3.5
nearness	6	10.7
location	4	7.1
Total	56	100.0

**Source: field survey (Figures in parenthesis indicates percentage to row/column)**

Above the table shows the factors consider of respondents for purchasing of products. It has indicated 32.1 percentage of respondents consider quality of the product. 28.5 percentage of respondents preference towards variety of products. 3.5 percentage of respondents consider retail price. 10.7 percentage of respondents preference towards nearness. 7.1 percentage of respondents consider location. 7.1 percent of respondents preference towards vehicle parking. . 7.1 percent of respondents preference towards service. 3.5 percent of respondents consider exchange .

It can be inferred from the above table that majority of the urban respondents opined that they consider quality and verity of products. Most of the semi-urban respondents consider exchange of product and retail price.

**Table 4: Opinions of respondents towards frequency of purchase :**

Frequency of purchase	Frequency	Percent
Daily	4	7.2
Once in a week	20	35.7
Twice in week	6	10.7
Once in a Fortnight	10	17.9
Once in month	16	28.5
Total	56	100.0

**Source: field survey (Figures in parenthesis indicates percentage to row/column)**

Above the table shows opinions respondents towards frequency of purchase. 35.7 percent of respondents prefer to purchase once in a week. 28.5 percent of respondents purchase once in month. 17.9 percent of respondents purchase once in a fortnight. 10.7 percent of respondents prefer to purchase twice in a week. 7.2 percent of respondents purchase daily.

**Table 5: Opinions of respondents towards mode of payment:**

Mode of payment	Frequency	Percent
cash	31	55.3
credit	5	8.9
Pay through debit cards	20	35.7
Total	56	100.0

**Source: field survey (Figures in parenthesis indicates percentage to row/column)**

Above the table reveals the mode of payment used by rural and urban respondents. As indicated 55.3 percent of respondents pay cash. 35.7 percent of respondents pay by debit cards. 8.9 percent of respondents amount pay by credit. It can be inferred that majority of respondents prefer to purchase by cash and the least preference of payment by credit.

**Table6: Opinions of respondents preference to buy food and groceries,vegetables,milk,eggs,snacks, in organized and unorganized retail outlets..**

food and groceries Fruits, vegetables, milk, eggs, snacks	Frequency	Percent
Unorganized retail outlet	47	87.5
Organized retail outlet	8	12.5
Total	56	100.0

**Source : field survey (Figures in parenthesis indicates percentage to row/column)**

Above the table reveals opinions of respondents spent their income on food and groceries . 87.5 percent of customers purchase food and groceries at unorganized retail outlet. 12.5 percent of respondents purchase food and groceries Fruits, vegetables, milk, eggs, snacks by organized retail outlets .

It can be inferred from the above table that majority of the urban and semi-urban respondents opined that spent their income on food and groceries at unorganized retail outlets

**Table 7: Opinions of respondents preference to buy furniture in organized and unorganized Outlets.**

Home decorators Furniture Major appliances/electronic items	Frequency	Percent
Unorganized retail outlet	27	48.2
Organized retail outlet	29	51.8
Total	56	100.0

**Source: field survey (Figures in parenthesis indicates percentage to row/column)**

Above the table reveals opinions of respondents spent their income on Home decorators Furniture Major appliances/electronic items . 51.8 percentage of customers purchase

Furniture at organized retail outlet. 48.2 percentage of respondents purchase furniture by unorganized retail outlets .

It can be inferred from the above table that majority of the urban and semi-urban respondents opined that spent their income on furniture at organized retail outlets.

**Table8: Opinions of respondents preference to buy Apparels ,Accessories Cloths and footwear in organized and unorganized retail outlets.**

Apparels ,Accessories Cloths and footwear	Frequency	Percent
Unorganized retail outlet	22	39.3
Organized retail outlet	34	60.7
Total	56	100.0

**Source: field survey (Figures in parenthesis indicates percentage to row/column)**

Above the table reveals opinions of respondents spent their income on furniture . 60.7 percent of customers purchase cloths and footwear at organized retail outlet. 39.3 percent of respondents purchase cloths and footwear by unorganized retail outlets

It can be inferred from the above table that majority of the rural and urban respondents opined that spent their income on cloths and footwear at organized retail outlets.. Because they provide better quality branded products.

**Table 9: Opinions of respondents preference on Education , Medical and healthcare treatment obtain from organized and unorganized retail outlets.**

Education ,Medical and health care,	Frequency	Percent
Unorganized retail outlet	19	33.9
Organized retail outlet	37	66.1
Total	56	100.0

**Source: field survey (Figures in parenthesis indicates percentage to row/column)**

Above the table reveals opinions of respondents spent their income on furniture . 66.1 percent of customers purchase medical and healthcare at organized retail outlet. 33.9 percent of respondents purchase medical and healthcare major appliance/electronics items by unorganized retail outlets .

It can be inferred from the above table that majority of the urban and semi-urban respondents opined that spent their income on home medical and healthcare at organized retail outlets. Because organized retail outlet provide quality of treatment than unorganized outlets.

**Table 10:Opinions of respondents preference to buy Consumable goods in organized and unorganized retail outlets.**

consumable and durable goods, jewelers	Frequency	Percent
Unorganized retail outlet	29	51.8
Organized retail outlet	27	48.2
Total	56	100.0

**Source: field survey (Figures in parenthesis indicates percentage to row/column)**

Above the table reveals opinions of respondents spent their income on consumable goods . 51.8 percent of customers purchase consumable goods at organized retail outlet. 48.2 percent of respondents purchase consumable goods by unorganized retail outlets .

It can be inferred from the above table that majority of the urban and semi-urban respondents opined that prefer to buy consumable goods at unorganized retail outlets.. Due to daily usage items buy near outlets.

**Table 11: Opinions of respondents spent their income on food items and consumable items in organized and unorganized retail outlets.**

hotel and restaurants	Frequency	Percent
Unorganized retail outlets	30	53.5
Organized retail outlets	26	46.5
Total	56	100.0

**Source: field survey (Figures in parenthesis indicates percentage to row/column)**

Above the table reveals opinions of respondents spent their income on hotels and restaurants . 53.5 spent their income on hotels and restaurant .46.5 percent of customers spent their income on hotels and restaurants at unorganized retail outlet. 42.9 percent of respondents spent their income on hotels and restaurants in organized retail outlets

It can be inferred from the above table that majority of the rural and urban respondents opined that spent their income on hotels and restaurants at unorganized retail outlets.

**Table 12: opinions of respondents prefer to buy spent their income on entertainment in organized and unorganized retail outlets.**

,entertainment ,CDs DVDs and Gifts	Frequency	Percent
Un organized retail outlet	34	60.8
Organized retail outlet	22	39.2
Total	56	100.0

**Source: field survey (Figures in parenthesis indicates percentage to row/column)**

Above the table reveals opinions of respondents spent their income on entertainment . 60.8 percent of customers spent their income on entertainment at unorganized retail outlet. 39.2 percent of respondents spent their income on entertainment at organized retail outlets

It can be inferred from the above table that majority of the rural and urban respondents opined that spent their income on entertainment unorganized retail outlets. The least of respondents spent their income on entertainment in organized retail outlets.

**Table 13: Opinions of Urban and Semi-urban Respondents Buying Preference towards Organized and Unorganized Retail Outlets.**

Geographic	N	Mean	Std. Deviation	t
Urban	28	57.0357	9.20741	2.197
Semi-urban	28	51.6071	9.27897	

**Source:** field survey (Figures in parenthesis indicates percentage to row/column)

The obtained t value is 2.19 which is more than table value 1.96 at 0.05 level of significance, therefore reject the null hypotheses. Hence there is difference between urban and semi-urban customer buying preference towards organized and unorganized retail outlets.

**Major findings:** Semi-urban consumers preference towards unorganized retail outlet, because they consider nearness, retail price, exchange of products, warranty of products etc, for purchasing. urban customers preference on organized retail because they expect verity and quality of products, location ,better service, car parking. Along with There is difference between married and unmarried customer buying preference towards organized and unorganized retail outlets. More than 20,000 income group of urban respondents preference towards organized retail outlets. Hence, most urban professional and businessmen, employees perception is positive on organized retail outlets. Majority of semi-urban respondents perception is favorable towards unorganized retail outlets.

### **Conclusions:**

After liberalization, globalization, privatization policies adopted in retail industry enhance retailing sector ,along with urban and semi-urban consumers buying preference change from unorganized to organized retail outlets. Due to increasing their income and employment opportunities modernization of culture and changing their desires .Hence retailing offering verity and quality of products and services. Therefore In the modern era various factors customers buying patterns among urban and semi-urban areas. They expect something new.. Therefore Indian retail industry serve them in a better way until satisfy their needs and maintain long term relation with customers.

### **References:**

- Mr. Sunil V. Chaudhary (2010)“Role of Rural Retailing”
- Ashish Mansharamani,Rahul Budhwar and Priyanka Kaushal (2009) “Upgrading Rural Customrs to Branded Products”Krishan Kumar,(2010). “Study Of Rural Consumer Behavior Towards Rural Retail Stores”
- Anuradha Devadas and Hansa Lysander Manohar( 2010) “Shopping behavior of rural consumer migrated to urban area in the Indian context - An emerging market”
- Mahavir Sehrawet, Subhash C. Kundu (2007) “Buying behaviour of rural and urban consumers in India: the impact of packaging”
- Marketing management ,by Philip Khotler,12th edition,pg504.
- Swapna Pradhana, Retailing Management,3rd edition,2009.