Determinants of Buying Behaviour in Organised and Unorganised Retail Sector

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Abstract: Retail is the fastest growing sector in the Indian economy. Traditional markets are making way for new formats such as departmental stores, hypermarkets, supermarkets and specialty stores.The study is mainly concerned with changing satisfaction level of customers from organised and unorganised retail in Punjab area specifically in Jalandhar and Ludhiana.To identify the significant factors which affect the satisfaction level of consumers.a scale has been developed comprising of thirty statements. These statements are measured on 5-point likert scale i.e., very dissatisfied (1), dissatisfied (2), neutral(3), satisfied (4), very satisfied (5). On the basis of responses from consumers, factor analysis has been done to extract the factors from observed variables which affect the satisfaction level of consumers of organised and unorganised retail.

Keywords: Retail; buying behavior, organized retail andunorganised retail.

Introduction - Retail industry the largest sectors in India and second largest employment provider after agriculture, it plays a significant role in increasing the productivity across a wide range of goods and services. In India, both organised and unorganised retail sector exists, majority of the share being under unorganised. Organised retailing has finally emerged from the shadows of unorganised retailing and is contributing significantly to the growth of Indian retail sector.The word '*retail'* is derived from French word retailers which means 'to cut a price off 'or to break bulk. The distribution of consumer products begins with the products and ends at the ultimate consumers. Between the producer and the consumer there are middlemen– the retailer, who links the producers and the ultimate consumers. A retailer is a person, agent, agency, company, or organization which is instrumental in providing the goods, merchandise or service to the ultimate consumers.

Structure Of Retail Industry In India: The structure of retail industry in India as follow:

Unorganized Retail Sector: The unorganized retail sector basically includes the local kiranas, hand cart, the vendors onthe pavement etc. This sector constitutes about 98% of the total retail trade.

Organized Retail Sector: In the organized sector trading is undertaken by the licensed retailers who have registeredthemselves to sales as well as income tax.

Consumer Behaviour: Consumer behaviour is the study of individuals, groups, or organizations and the processes they use to select, secure, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society.

Bansal, Sandeep and Bansal, Rama (2014) in their study 'Consumer Buying Behaviour Regarding Shopping Malls In Ludhiana',made an attempt to study the consumer decision making styles in shopping malls of India. The main stress was upon the mail shopping malls in Ludhiana city of Punjab. like West End Mall, Ansal Plaza and MBD Nepoleins. Study was based on primary and secondary data. The primary data was collected with the help of questionnaire which were filled up by the respondents from Ludhiana district of Punjab State. A sample of 100 shoppers is selected. The data collected has been analyzed through the tabulation based on percentages & actual number scores. It was found that there is a trend of considerable increase of shopping malls in all the metro cities small towns and a large section of middle class, upper middle class people are coming for shopping because of reasons like convenience, better environment and improved customer service, competitive price with seasonal discount various gift scheme, availability of parking space for their car.

Zia and Azam (2013) in their study 'Unorganised Retail Shopping Experience in India', made an attempt to develop a scale measuring shopping experience and to measure the impact of various factors of shopping experience in the context of unorganised retail. Hypothesized model was developed based on literature survey, and refined using exploratory and confirmatory factor analysis. Reliability and validity of scale was checked using Cronbach alpha. Impact was measured using multiple regression method. Study

was primary data based and the sample of 355 retail consumers was taken. Fifteen factors were found to be important to determine shopping experience in unorganised retail where "merchandise" has maximum positive impact with beta value of 0.0452 and "reliability" has the least impact with beta value of 0.017. The results of the study helped to identify the key factors influencing the customers of unorganised retail set.

Mathur and Sharma (2013) in their study 'Analysis of Stimuli Attracting Customer Buying Behavior and their Satisfaction Level in Modern as Well as in Conventional Retail Stores', highlighted the stimuli that attract a prospective buyer in modern retail mall and conventional stores and they made a comparative analysis of those variables between modern retail format and conventional retail store. The purpose of this research was specifically to compare the level of satisfaction of the customers with the offerings and attributes offered to them in modern retail formats vis-à-vis conventional shopping stores. They concluded that factors affecting consumer buying behaviour are significant while making choice of retail outlet by consumers that whether they prefer conventional shopping stores or modern retail format. People are highly satisfied with the offerings and attributes provided by conventional shopping stores or modern retail store.

Bhatt JD and Thaker (2020) they found out that last 4-5 years of food retail Sales has been increased. Various trading companies are already planning to invest in this sector over the next 2- 3 years. Retailers will have to face the problem of increased demand and customers will be also highly competitive. Competitors with more investment flowing in shares of the organized food sector that is growing rapidly so that existing and new players are not getting much profit.

Das Ganesh (2020) According to him, unorganized retailers face a complex situation in which they compete with organized retailers and there will be many challenges ahead that will not beeasy to survive. The organized sector offers home delivery services and discount offers to attract consumers. If the unorganized sector does not do these types of things this sector have to face many difficulties in the future.

India Brand Equity Foundations(2021) According to this foundation, the most common methods of payment were digital wallets (40%), followed by credit cards (15%) and debit cards (15%). Retail's online reach is expected to reach 10.7% by 2024, which is 4.7% in 2019.

RaoKedar (2021) According to him, Just as supermarket chains exploit farmers the expansion of Indian supermarkets is not crowding out small and marginal farmers. Regulating costs was a major concern for farmers due to the opportunistic behavior of MERC companies in grading and monitoring to provide better quality.

Objectives Of Study:

1. To identify the significant factors which affect the satisfaction level of consumers.
2. To study the contribution of various identified factors in satisfying the consumers.

Hypotheses:
1. All identified factors are equally important for consumer's satisfaction.
2. There is no significant difference in the satisfaction level of consumers irrespective of their demographic features.

Research Methodology:

S.	Particulars of Research	Details
1	Data Collection method	Primary and Secondary data
2	Survey Area	Jalandhar & Ludhiana cities of Punjab
3	Sample Size	400 Respondents (200 from each city)
4	Sampling Method	Purposive, quota and judgment sampling
5	Research Instrument	Structured questionnaire, Interviews and Personal observations
6	Statistical Tools	1. Mathematical Methods 2. Statistical Methods 3. Diagrammatic Methods

Data Analysis And Interpretation:
To meet first objective of the study, a scale has been developed comprising of thirty variables. These statements are measured on 5-point liker scale i.e., (1)very dissatisfied,(2) dissatisfied, (3)neutral, (4)satisfied, (5)very satisfied. On the basis of responses from consumers, factor analysis has been done to extract the factors from observed variables which affect the satisfaction level of consumers of organized and unorganized retail.

Table 1.1
(see in last page)
Table 1.1 explains, the descriptive statistics for factors affecting the satisfaction level of consumers of organised and unorganised retail. The table shows the values of mean, standard deviation, skewness and kurtosis for thirty variables. Further, the table depicts that the mean value is highest i.e., 3.59 in case of two variables i.e., the employees in the store are knowledgeable and there remain a lot of shoppers in the store. Therefore, it can be said that knowledge of the store employees and number of shoppers are most important variables which affects the satisfaction level of consumers of organised and unorganised retail.

Kaiser-Meyer-Olkin Measure of Sampling:
Table 1.2: Kaiser-Meyer-Olkin Measure of Sampling Adequacy and Bartlett's Test of Sphericity:
KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.915
Bartlett's Test of Sphericity	Approx. Chi-Square	11873.688
	Df	435
	Sig.	0.000

Table 1.2 shows that the Kaiser-Meyer-Olkin measure is 0.915, which implies that sample is adequate and factor analysis is appropriate for data. Bartlett's test is another indication of the strength of the relationship among variables. This tests the null hypothesis that the correlation matrix is an identity matrix in which each variable correlates perfectly with itself but has no correlation with other variables. Further, Table 1.2 shows that Bartlett's test of sphericity is significant that is its associated probability is less than 0.05. In fact, it is actually 0.000, i.e. the significance level is small enough to reject the null hypothesis. This means that correlation matrix is not an identity matrix.

Total Variance: Table 1.3 reveals that, the first factor accounts for 25.331% of the variance, the second factor 23.407%, third factor 13.418% and the fourth factor 12.008%. All the remaining factors are not significant.

Table 1.3(see in next page)

Rotated Component Matrix: Table 1.4 exhibits the results of rotated component matrix. Further, the table reports that four factor are extracted through factor analysis i.e., social, design, ambience and merchandise. The rotation reduces the number of factors on which the variables under investigation have high loadings.

Table 1.4: Rotated Component Matrix

Variables	Component			
	1	2	3	4
1	.974	.003	.030	-.026
2	.814	-.027	-.060	.013
3	.793	.026	-.015	-.009
4	.866	-.039	.080	.040
5	.897	-.030	.044	-.006
6	.774	-.068	.015	.016
7	.781	-.073	.017	-.047
8	.859	-.004	.005	-.045
9	.869	.022	.019	-.025
10	.876	.004	.042	-.007
11	-.007	.973	.015	.023
12	-.032	.780	.063	.003
13	-.034	.762	.011	.050
14	.043	.871	-.008	.001
15	-.038	.901	-.006	-.020
16	-.031	.788	-.028	-.066
17	-.049	.801	.003	.029
18	.004	.846	-.002	.066
19	-.044	.871	.008	.054
20	.003	.901	.049	-.014
21	.029	.021	.956	.032
22	.019	-.014	.827	.043
23	.035	.048	.795	.029
24	.032	.058	.882	-.005
25	-.041	.008	.896	.018
26	.056	.006	.022	.968
27	-.043	-.034	.051	.838
28	-.019	-.023	-.004	.756
29	.077	.032	.024	.889
30	.034	-.046	.029	.897

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
Rotation converged in 4 iterations.

Further, Table 1.4 reports the loading of different statements on identified four factors. Following variables are loaded on factor 1 i.e., social: The store has enough employees to serve the customers. The store employees are well-dressed and appear neat. The employees in the store are friendly. The employees in the store are helpful. The employees in the store are knowledgeable. The store employees greet me courteously when I enter the store. The store appears very crowded to me. The store seems somewhat too busy. I don't have to face much traffic in the store during my shopping visits. There remain a lot of shoppers in the store. The variableswhich are loaded on factor 2 i.e., designs are as follow: The colour scheme is pleasing. The colours used in the store seem to be of latest fashion. The store has attractive physical facilities. The merchandise in the store appears organized. The Store has logically placed merchandise. Navigation in the store is easy. The store has sufficient aisle space. The store has impressive inside displays. There is adequate display of in-store information. The decor of store is pleasing to me. In the factor 3i.e., ambience following variables are loaded: The lighting in the store is pleasing to me. The lighting in the store accentuates the products that are displayed in the store. The background music in the store makes the shopping pleasant. The background music in the store does not bother me. The background music in the store is appropriate. All the remaining variables viz. the store carries dependable products. The store has a wide selection of merchandise. The store is fully stocked. The store has high fashion merchandise. The store has stylish merchandise are loaded on factor 4 i.e., merchandise.

Conclusion: Descriptive statistical analysis shows that, knowledge of the store employees and numbers of shoppers are most important variables which affects the satisfaction level of consumers of organised and unorganised retail. Further, the calculated values of standard deviation reveal high variation in the factors affecting satisfaction level of consumers. In case of skewness most values are concentrated on the right of the mean with extreme values to the right, so it can be said that distribution is negatively skewed. In case of kurtosis the calculated values are less than three which depicts that distribution is platykurtic, flatter than normal distribution with a wider peak. The probability for extreme value is less than for a normal distribu-

tion and the values are wider spread around the mean. Study shows that Kaiser-Meyer-Olkin measure is 0.915, which implies that sample is adequate and factor analysis is appropriate for data and Bartlett's test of sphericity is significant, i.e., its associated probability is 0.000, which means that correlation matrix is not an identity matrix. Total variance table reveals that the first factor accounts for 25.331% of the variance, the second factor 23.407%, third factor 13.418% and the fourth factor 12.008% while all the remaining factors are not significant.

Rotated component matrix shows that only four factor are extracted through factor analysis i.e., social, design, ambience and merchandise.Following variablesare loaded on factor.Cronbach alpha shows the overall reliability and validity of the scale above 0.7, which implies that scale used in the study is valid.

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Table 1.3: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	7.599	25.331	25.331	7.599	25.331	25.331	7.288	24.293	24.293
2	7.022	23.407	48.738	7.022	23.407	48.738	7.288	24.293	48.587
3	4.025	13.418	62.156	4.025	13.418	62.156	3.839	12.797	61.384
4	3.602	12.008	74.164	3.602	12.008	74.164	3.834	12.780	74.164

Extraction Method: Principal Component Analysis.

Table 1.1: Descriptive Statistical Analysis of factors affecting the satisfaction level of consumers

S.	Statements	N	Min.	Max.	Mean	Std. Deviation	Skewness	Kurtosis
1	The store has enough employees to serve the customers.	400	1	5	3.52	1.195	-.536	-.602
2	The store employees are well-dressed and appear neat.	400	1	4	2.81	.658	-.522	.684
3	The employees in the store are friendly.	400	1	4	2.98	.825	-.393	-.521
4	The employees in the store are helpful.	400	1	5	3.35	.948	-.134	.052
5	The employees in the store are knowledgeable.	400	1	5	3.59	.948	-.943	.632
6	The store employees greet me courteously when I enter the store.	400	1	4	3.01	.784	-.516	-.054
7	The store appears very crowded to me.	400	1	4	3.01	.838	-.507	-.374
8	The store seems somewhat too busy.	400	1	4	3.11	.860	-.499	-.801
9	I don't have to face much traffic in the store during my shopping visits.	400	1	5	3.34	.931	-.189	.139
10	There remain a lot of shoppers in the store.	400	1	5	3.59	.913	-.864	.214
11	The colour scheme is pleasing.	400	1	5	3.43	1.214	-.414	-.860
12	The colours used in the store seem to be of latest fashion.	400	1	4	2.81	.627	-.504	.754
13	The store has attractive physical facilities.	400	1	4	2.95	.782	-.351	-.333
14	The merchandise in the store appears organised.	400	1	5	3.29	.954	-.145	-.052
15	The Store has logically placed merchandise.	400	1	5	3.54	.993	-.799	.076
16	Navigation in the store is easy.	400	1	4	2.97	.836	-.250	-.863
17	The store has sufficient aisle space.	400	1	4	3.00	.841	-.423	-.558
18	The store has impressive inside displays.	400	1	4	3.06	.847	-.363	-.937
19	There is adequate display of in-store information.	400	1	5	3.31	.936	-.101	-.054
20	The decor of store is pleasing to me.	400	1	5	3.54	.990	-.696	-.168
21	The lighting in the store is pleasing to me.	400	1	5	3.50	1.199	-.430	-.775
22	The lighting in the store accentuates the products that are displayed in the store.	400	1	4	2.82	.639	-.401	.542
23	The background music in the store makes the shopping pleasant.	400	1	4	2.98	.751	-.321	-.302
24	The background music in the store does not bother me.	400	1	5	3.35	.913	-.009	-.016
25	The background music in the store is appropriate.	400	1	5	3.57	.928	-1.054	.944
26	The store carries dependable products.	400	1	5	3.45	1.143	-.414	-.668
27	The store has a wide selection of merchandise.	400	1	4	2.81	.658	-.353	.353
28	The store is fully stocked.	400	1	4	2.97	.762	-.257	-.506
29	The store has high fashion merchandise.	400	1	5	3.30	.927	-.032	.043
30	The store has stylish merchandise.	400	1	5	3.57	.950	-.971	.537

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