Customer perception of Grocery shopping through Organized and Unorganized Retail stores during COVID'19

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Abstract: *The study aims to examine the factors influencing the Customer perception of grocery shoppers during COVID-19. In addition to that, it also compares the perception of grocery shoppers between the Organized & Unorganized retail store in specific districts in Tamil Nadu. Data was collected from the customers who purchase from both organized and unorganized retail stores. The sampling technique used in this study was convenience sampling. The pre-test was done with 20 samples, the sample size was 114 from both online and offline. Data analysis was performed using t-test, chi-square, and correlation test. Customers prefer both the unorganized and organized retail store 51.8% and 48.2 % respectively. There is a scope for future studies about customer perception in other segments such as FMCG, FMEG, and Durable goods, etc.,*

Keywords: COVID'19, conventional store, customer perception, grocery shopping, organized retail, supermarket, unorganized retail.

1. Introduction

Retailing is a process aimed at earning profit through the business of reaching the ultimate customers with products and services distributed through various channels of distribution. It is one of the significant functions to be executed by the retailers. Retailing is aimed to reach either individuals or households. It is a highly relevant aspect in the mediation aspect of the distribution channels which helps them to get command over the production. This also involves maintaining a good rapport with the end customers or users. Retailing is that process that eases the process of customer purchase and this is why it is considered to be significant from the side of retailers to be very attentive in the trade tricks. Retailing involves direct contact with customers or users. It involves multiple activities to make the products and services available to the consumers, by informing them about the availability and mobilizing them to make a purchase.

The retailing sector had undergone various transformations with time; let it be it in the style of operation, format, or layout. New formats of retail stores have emerged like departmental stores, discount stores, supermarkets, hypermarkets, convenience retail houses, etc. This sector has proved itself to be one of the most active sectors even with the emergence of new entry players from domestic as well as international backgrounds. This has led to a shoot up in the competition and has distinctively transformed the retailing processes. To be in the race and to sustain the competition it is inevitable for the retailers to alter themselves to the emerging styles of retail formats. This demands the retailers to be extremely innovative and creative regarding the distribution so that it helps them earn goodwill and value in the trading system. Retailing can be considered to be a business activity aimed at the sale of products or services to those who require it (Berman and Evans, 2001).

Recently the retail sector has witnessed a lot of transformations specifically in the organized ones. The emerging formats like discount stores, supermarkets, hypermarkets, etc have grown much in numbers. Retailing now a day are more organized in nature and are chain formats that are flourishing when compared to the ones that function individually. The retailing surroundings are exposed to continuous transformation and quick progress in the light of larger store space, improvised retail focus, the finest handling of available retail formats. (Hollingsworth, 2004).

The unorganized sector, commonly known as the Kirana stores are good at customer relationship management since they keep a constant rapport with the customers and they prefer to go there due to the convenience to reach out, and because of several other factors like proximity, convenient shopping time, familiarity with the shop owner, credit facility provided, etc. The customers who prefer to shop from these unorganized retail stores may include people ranging from daily wage earners to higher-income groups.

The outbreak of the novel corona virus pushed the people to think transformative and on time of how to adapt themselves to the shopping and spending on the necessary items like grocery. The very sudden and unexpected outbreak of the pandemic severely affected the retail businesses. Almost every retail sector had an impact on the adversity on it. Shopping trends among the customers have been changed by this pandemic outbreak and it seemed to affect the various retail stores that sell necessary items for the households or individuals.

2.   Review of Literature

2.1 Indian Retail Market

The Indian retail market is comprised of unorganized and organized sectors and a share of about 13.8 million of it is the conventional style neighborhood stores and about a 10% lesser share of it constitutes the organized retail stores (IBEF, 2020). The organized sector includes online shopping sites together with the other organized retail stores (Sinha, 2019). Even if it is seen that the B2C e-commerce sector is in the stage of the boom, a majority of Indian customers still trust the unorganized stores in the neighborhood for shopping. They are also of the opinion that there they could touch and feel the product along with it can avail credit facilities and can do some good bargaining with the shopkeeper to negotiate the product price. Indian B2C e-commerce retailers attract customers towards different sales-boosting offers and schemes like discounts, free delivery, buy-one-get-one-free, and exchange offers (Srivastava & bagale, 2019). Most of the Indian customers are known to be conservative and cost-conscious as a part of their value system and are not attracted to quick buying decisions and advertisements. Further to this, very often customers come across issues relating to the

delivery timeline and customer support services (Khare, 2016; Arpana, 2020). Customers' perceived risk on e-commerce websites or online stores is the perception of risk toward online web sites is forced due to the poor IT facility used by the online retailers resulting which may end up in the theft of personal information of the customers online. (Retail Economic Times of India, 2020).

2.2 A shift in the consumers' buying behavior

During COVID '19, empty shelves have posed huge problems for the consumers (Lufkin, 2020). It transformed the customers' buying preferences. It shows a hike in online shopping from the traditional way of buying (Reddy, 2020). Even though there was a huge increase in the number of customers shifting to online shopping, there was a higher shift observed in the choice of products being ordered online. A large number of shoppers are seen now for buying personal hygiene, sanitary, and medical kits online rather than fashion products.

Following are the major classification of shopping preferences of customers amid the COVID '19 pandemic:

Organized Retail: a lot of the people prefer to shop from the organized retail stores these days as they can get a variety of products just under a single roof unlike convenience stores or unorganized Kirana stores. The organized retail formats make the customers available with a wide range of products and with varied choices in different brands. The organized sector has witnessed a growth in recent times, be it hypermarket, departmental store, supermarket, etc until the COVID '19 pandemic hit. There was almost a standstill in the business cycle due to the problem in supply and regulative restrictions imposed on these stores during the period of lockdown. To ensure a constant supply of necessary products to people, local stores like conventional Kirana stores were allowed.

E-grocery: A huge number of customers started preferring buying essential groceries online which helps them save as it is delivered straight away to their doorsteps. This further impacted the traditional shops selling groceries. Amazon, Big Basket, depended on local stores to act as their associates in certain areas. The local Kirana store found this to be both a challenge as well as an opportunity.

E-commerce: Indian e-commerce businesses are witnessing impressive progress as the government itself is promoting the digital culture. Various schemes and offers for regular purchases together with cashback offers for digital transactions are all attractions for the growth of e-commerce businesses.

The relevant literature reviews are as follows

Vanjari & Thorat (2020) stated that the progress of modern retail is Growth of modern retail is harmonized with the growth of conventional retail stores. Modern retail can flourish faster with lesser regulatory restrictions that hinder its progress

Kumar J. & Marishkumar P. (2020) stated that service quality is a major factor that impacts customer satisfaction in organized retail formats.

Neela M. & Abirami R. (2020) believed that the customers who are in the rural areas are deprived of the organized retail formats and are left with unfulfilled expectations.

Dash A. & Mohanty A. (2019) found out that the major attraction for purchase from the organized retail formats in the various sales promotion schemes or offers and the product variety offered for sale under a single roof. It can also be stated that most people prefer unorganized retail stores for daily purchases and convenience.

Rani N. & Ramachandra K. (2019) opined that customer loyalty is a major factor in organized retail stores and hence trained and skillful salespeople can ensure more customers into the retail stores.

Nair K. (2019) stated that the reason for the development of the retail industry in India is because of the growth of middle-class customers and young customer demographics.

Suresh A. & Ramanathan V. (2019) analyzed the factors impacting consumer behavior in grocery stores which included the sales promotion schemes, product variety, home delivery, parking facility, etc.

Jaswal N. & Gupta S. (2017) suggested that organized retail formats have progressed due to customers' increased preferences, changing tastes, emerging technology, etc. Nonetheless, the rural and semi-urban markets are highly favorable to the conventional Kirana stores due to the ease of purchase and the availability of credit facilities.

The Structure of the paper is organized as follows. We present section 3 as methodology followed section 4 as Data analysis and Interpratation and section 5 as Discussion. We conclude with limitations and suggestions for future research direction.

3. Methodology

3.1 Research Aim

The study aims to examine the factors influencing the Customer perception of grocery shoppers during COVID-19. In addition to that, it also compares the perception of grocery shoppers between the Organized & Unorganized retail store in Ranipet, Tiruvannamalai, and Vellore District.

3.2 Population, Samples, and Data Collection

Consumers who purchase from both organized retail shops and unorganized retail shops in different regions in Tamil Nadu as a population. Peoples from three districts (like Ranipet, Tiruvannamalai, and Vellore district) were considered as samples. These three districts are economically developing districts in Tamil Nadu and reports say that COVID-19 were seriously affected these three districts in the present condition. Convenience sampling is efficient and simple to use. Hence, we adopt Convenience sampling in our study. Pre-testing of the instrument was done before going for the final survey. Questionnaires were distributed to 20 individuals who are having the experience of Organized and unorganized retail store grocery purchases and based on their feedback we finalized our questionnaire. The present study focused on 160 samples from Tamil Nadu and due to incomplete information, 46 Questionnaires were rejected and a total of 114 valid questionnaires were considered for analysis. A well-structured questionnaire was used to collect the data through both online and offline. To get the right data, the questionnaire was translated into the local language (Tamil). To analyze the data t-test, Chi-Square Test, and Correlation tests were performed.

Demographic	Category	Frequency	Percentage
Gender	Male	93	81.6
	Female	21	18.4
Age (in years)	18-25	36	31.6
	26-30	24	21.1
	31-35	38	33.3
	36-40	11	9.6
	Above 45	5	4.4

	Below 10000	29	25.4
Income (in Rupees/ month)	11000-15000	12	10.5
	16000-20000	26	22.8
	21000-25000	16	14
	Above 25000	31	27.2
Education	SSLC	2	1.8
	HSC	4	3.5
	Diploma	2	1.8
	UG	21	18.4
	PG	78	68.4
	Others	7	6.1

4. Data Analysis and Interpretation

Data analysis was carried out with help of SPSS software version 23 and ms excel 2010. The Structure of the data analysis was categorized into two parts namely Part-I Demographic factors and Part-II Study-related factors.

Demographic	Category	Frequency	Percentage
Marital Status	Married	60	52.6
	Unmarried	54	47.4
Occupation	Self-employed	12	10.5
	Business	12	10.5
	Private employee	62	54.4
	Government employee	5	4.4
	Housewife	6	5.3
	others	17	14.9
Location	Rural	27	23.7
	Semi-urban	48	42.1
	Urban	39	34.2
Family Structure	Joint Family	45	39.5
	Nuclear family	69	60.5
No. of family Member/s	2-3	29	25.4
	4-5	49	43
	5-6	20	17.5
	More than 6	16	14

Frequency of purchase to retail store	Daily	15	13.2
	twice a week	33	28.9
	Once in a week	31	27.2
	every 15 days	12	10.5
	Once in a month.	23	20.2
What is your preferred Types of retail store?	Unorganized retail shop	59	51.8
	Organized retail shop	55	48.2

Table 1 Demographic Profile of Respondents

Interpretation

The majority of the customers are male 82%. Most of them belong to the 31-35 age groups. Most of the respondent's income level was above 25000 and their education level is post graduated. 53% of customers are married and many of them were working with private concern. 42% of buyers were located in semi-urban and the majority of people are from the Nuclear family. Mostly the family size will be 4-5 in our research. Most of the customers visit retail stores twice a week. 52% of the buyers preferred the unorganized retail stores for their groceries.

H1: There is a relationship between the price and the quality.

Table 2: Correlation test

			Reasonable Price	Quality
Spearman's rho	Reasonable Price	Correlation Coefficient	1.000	.517**
		Sig. (2-tailed)	.	.000
		N	114	114
	Quality	Correlation Coefficient	.517**	1.000
		Sig. (2-tailed)	.000	.
		N	114	114

Using correlation analysis, it is inferred that the r-value is 0.517; it reveals both the variables like reasonable price and Quality correlated with each other significantly. We can conclude the price of the product determines the quality.

H2: There is an association between the Location and Product Availability.

Table 3: Chi-square test

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	16.392[a]	8	.037
N of Valid Cases	114		
a. 7 cells (46.7%) have expected count less than 5. The minimum expected count is .71.			

Table 3 chi-Square analysis strongly supports the hypothesis H2. The calculated value is 16.39, which is greater than the significant value of 0.037. The analysis denotes the association between the Location and Product Availability. Location highly influences the availability of the various products

H3 There is a comparison between the credit facility among the organized and unorganized retail stores.

H3a: There is a comparison between the credit facilities among the organized retail stores
The Independent samples Test result was 0.497 which is lesser than a Significant value of 0.620. This result shows that credit facilities in the organized retail store were not entertained.

H3b: There is a comparison between the credit facilities among the unorganized retail stores.
The Independent samples Test result was 1.694 which is greater than a Significant value of 0.093. This result shows that credit facilities in the unorganized retail store were entertained.
We can conclude that unorganized retail shops are providing credit facilities to their customers and organized shops are not entertaining such facilities to their customers.

H4: There is a significant association between the Income level and preference of a retail store.

Table 4: Chi-square test

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	5.585[a]	4	.232
N of Valid Cases	114		
a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 5.79.			

The above table inferred that the Chi-square value is 5.58 and it is greater than the significant value of 0.232. Hence, we conclude there is a significant association between the Income level and preference of a retail store. Income levels can influence while selecting a type of retail store.

H5: There is a relationship between the Occupation and preference of retail store

Table 5: Correlation test

			Occupation	Preferred type of Store
Spearman's rho	Occupation	Correlation Coefficient	1.000	.157
		Sig. (2-tailed)	.	.096
		N	114	114
	Preferred type of Store	Correlation Coefficient	.157	1.000
		Sig. (2-tailed)	.096	.
		N	114	114

Using correlation analysis, it is inferred that the r-value is 0.157; it reveals both the variables like Occupation of the respondents and their preference towards retail stores are positively correlated. Occupation also one of the factors to influence the selection of retail stores.

H6: There is a significant association between the Occupation and frequency of purchase.

Table 6: Chi-square test

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	26.476[a]	20	.151
N of Valid Cases	114		
a. 25 cells (83.3%) have expected count less than 5. The minimum expected count is .53.			

Chi-square value 26.47 is greater than the significant value of 0.151. Result accepts the H6. Occupation of the respondents will highly influence the Frequency of retail store purchases.

H7: There is an association between the family size and frequency of purchase

Table 7: Chi-square test

Chi-Square Tests			
	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	11.564[a]	12	.481
N of Valid Cases	114		
a. 10 cells (50.0%) have expected count less than 5. The minimum expected count is 1.68.			

Pearson Chi-square value 11.56 is greater than 0.481. And it favors the hypothesis. Based on the number of family members at home will highly influence the frequency of purchase on visiting the retail stores.

5. Discussion

During the COVID'19 pandemic, 52% of the buyers preferred the local convenience store for their groceries. 82% of customers are male belong to the 31-35 age group which means they are very cautious about family health. 27.2% of respondents are falling under the category of income level above 25,000 per month. Customers prefer both the unorganized and organized retail store 51.8% and 48.2 % respectively. During the COVID situation, there is no big difference between the preference (choice) of the store. 43% of the respondent's family size is 4-5 members, which means the family size influence the frequency of purchase (H_7 is proven). The credit facilities are not entertained in the organized retail store (supermarkets) whereas the unorganized retail store (conventional store) does entertain the credit facilities (H_{3a} and H_{3b} are proven).

Implications

Understanding the reasons for consumers choosing or patronizing one store over the other is important for both organized and unorganized retailers. An Insight into what provokes a customer to visit and patronize a store helps the retailers in strategy formulation.

Mode of payment can be advanced from cash to cashless transactions such as UPI payment, e-wallet, etc., Door Delivery can be entertained for better customer service. The concept of Kiosk shops can be considered to Improve customer buying experience, increase customer base, and reduce the cost of business.

Table 8 explains the hypothesis tested among the variables by using the different analyses to get the results.

Table 8: Summary of Hypothesis

Hypothesis	Analysis	Evidence	Result
H1: Price→Quality	r-value is 0.517	**0.5 represents a moderately strong relationship and 0.8 and above represents a very strong relationship Taylor(1990)**	Accepted

H2: Location→Product Availability	The Chi-square value is 16.392 which is greater than the significant value of 0.037	**Based on p-value**	Accepted
H3a: credit facilities among the organized retail stores	The Independent samples test result was 0.497 which is lesser than the Significant value 0.620	**Based on t-value**	Rejected
H3b: credit facilities among the unorganized retail stores	The Independent samples test result was 1.694 which is greater than the Significant value 0.093	**Based on t-value**	Accepted
H4: Income level → preference for retail store	The Chi-square value is 5.58 and it is greater than the significant value of 0.232	**Based on p-value**	Accepted
H5: Occupation → preference of retail store	r-value is 0.157	**0.5 represents a moderately strong relationship and 0.8 and above represents a very strong relationship Taylor(1990)**	Accepted
H6: Occupation → frequency of visit.	The Chi-square value 26.47 is greater than the significant value of 0.151	**Based on p-value**	Accepted
H7: family size →frequency of visit	The Chi-square value 11.56 is greater than the significant value of 0.481	**Based on p-value**	Accepted

6.   Conclusion and Future research

India is at the crossroads about the retail sector. Both organized and unorganized retailers will co-exist in India during COVID'19, as both of them have their competitive advantages. The local convenience store has a low-cost structure, convenient location, and customer familiarity whereas supermarkets retail offer product width and depth and better shopping experience. The research study aimed to explore and examined the underlying factors influencing the customer perception of grocery shoppers during COVID-19 across demographic profiles. Despite the enormous potential and growth opportunities available for the organized sector, it will not create a major impact on the unorganized retail because of the mindset of the Indian consumers cannot think of life without having a local conventional store near their locality.

Certain limitations need to be kept in mind. The study is limited to specific districts of Tamil Nadu and a number of samples of grocery shoppers. The study has a limited time frame and it cannot be generalized to other segments.

Future research can validate our findings with other districts in Tamil Nadu. Our study is limited to specific districts, generalizability is not feasible. So, further research concentrates on a large population using a probability sampling technique for better understanding and generalizes the scenario. There is a scope for future studies about customer perception in other segments such as FMCG, FMEG, and Durable goods, etc.,

We conclude that in a growing economy like India, where the potentiality of the retail sector is high. Both organized and unorganized grocery retail can coexist if they structure and execute better marketing strategies.

Acknowledgment

materializing this research paper. We would also like to extend our thanks to the VIT Business School for the support.

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