

Consumer preferences for organized and unorganized food retail stores

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ABSTRACT

Consumers belong to different backgrounds, age, sex, education and occupation and may have different attitudes and perceptions even selection of the store for buying of food items. In case of food products, factors such as demographic variables, quality, price, food security and information of products and labels have been found to play a great role towards purchasing decisions. The present research was conducted to study the various attributes influencing preferences of consumers' for organized and unorganized food retail stores and to find the consumers' satisfaction level with respect to the various attributes influencing consumers' preference for unorganized and organized food retail stores. The study was done in Ludhiana city of Punjab taking a sample of five organized and ten unorganized stores. Primary data were collected from 100 customers of these stores and it was found that neither organized nor unorganized stores met all the requirements in case of majority of the consumers. Majority of the respondents in Ludhiana city preferred to go to both the organized as well as unorganized stores for meeting their requirements of food. Majority of the respondents made 20 -40 per cent of the food expenditure in organized stores. Majority of them bought fruits, vegetables and milk on daily basis, bakery products on weekly basis and pulses and cereals on monthly basis. Consumers did not prefer organized stores much for purchase of fresh fruits, vegetables, milk and milk products. While for the purchase of cereals and pulses and also bakery products consumers went for both the organized and unorganized store types. The most important attributes that influenced consumers' decision in selecting the food store were quality and price of food products. Size of the store as the least important attribute. In case of organized food stores consumers got maximum satisfaction out of product range and quality of food products. Consumers were least satisfied with the timings of the store for which it remained open and closed. In case of an unorganized store, respondents got maximum satisfaction out of their location and least out of size of store and product range available there.

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Food retailing system in India can be counted back to the times when the food requirements were met through the neighbourhood Kirana stores/ grocers / provision stores without the convenience of shopping as provided by the retail chains. But the trend has changed. Now people shop for branded food items from attractive, air-conditioned retail outlets. Modern Indian consumer seeks more values in terms of improved availability and quality, pleasant shopping environment, financing options etc. In case of Kiranas, grocers generally know most of the customers by their name and many of their food preferences and needs. That type of customer intimacy has largely disappeared in case of large supermarket

chains. There are new ways of selling *i.e.* from full service to self service where consumers get an advantage of touch, see and feel. Indians have slowly started to accept the changes in life as a part of the bigger changes in economy. Organized retailing has come in a big way. Organized retail constitutes five per cent of Indian retail sector as compared to the unorganized that constitutes 95 per cent. Food and grocery enjoys the dominant market share of 75 per cent of Indian retail but has only one per cent penetration in organized retail (Sehgal, 2008).

The new emerging organized food retailers within modern trade are further of several types which may be discount stores, value for money stores, experience stores, home delivery types and big super stores. Consumers belong to different backgrounds, age, sex, education and occupation and may have different attitudes and perceptions even in selection of the store for buying of food items. In case of food products, factors such as demographic variables, quality, price, food security and information of products and labels have been found to

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