

## Exploring Retail Dynamics: A Study of Organized and Unorganized Retailing in Bengaluru

Ms. Suvarna Raj B<sup>1\*</sup> | S. N. Venkatesh<sup>2</sup>

<sup>1</sup>Research Scholar, Seshadripuram First Grade College, a Recognised Research Centre of the University of Mysore, Seshadripuram First Grade College, Bengaluru, and Assistant Professor at KLE Technological University, Bengaluru, Karnataka, India.

<sup>2</sup>Research Guide, Seshadripuram First Grade College, a recognized research center affiliated with the University of Mysore, and Principal at Seshadripuram First Grade College, Yelahanka New Town, Bengaluru, Karnataka, India.

\*Corresponding Author: suvarnajdc@gmail.com

### ABSTRACT

*The retail sector in India exemplifies a compelling interaction between organized and unorganized models, mirroring the country's socio-economic variety. Bengaluru, a metropolitan center with an expanding customer demographic, presents a distinctive environment in which to examine this contradiction. The study investigates the determinants affecting consumer behaviour in the Bengaluru Urban District's organized and unorganized retail sectors. It underscores consumer preferences, motives, and the obstacles each retail format encounters. The Methodology used to conduct the study is secondary data from reputable sources. Research indicates that consumers like organized retail for its diverse product selection, convenience, and quality, but unorganized retail is preferred for its cost-effectiveness, accessibility, and human engagement. The investigation reveals demographic factors influencing retail decisions, including age, income, and education. The challenges of competitiveness, technological constraints, and evolving consumer expectations are examined for both media. The report closes by highlighting the cohabitation of multiple retail forms and the potential for retail synergy, recommending policy-level interventions and strategic enhancements for stakeholders. The insights obtained offer a framework for improving consumer happiness while fostering the growth and sustainability of organized and unorganized retail sectors.*

**Keywords:** Retail Dynamics, Customer Behaviour, Organized Retail, Unorganized Retail, Bengaluru Urban District, Retail Problems, Retail Synergy.

### Introduction

Over the past 2 Decades, India's retail sector has experienced tremendous change. The retail industry is a mixture of tradition and modernity, with organized retail chains growing in popularity and unorganized retailers remaining resilient.

- **Background of the Study:** Bengaluru, India's IT hub, is a cosmopolitan city with many customer types.
- **Purpose of the Study:** The research paper investigates the retail dynamics in Bengaluru and the elements influencing consumer behaviour in organized and unorganized retail settings.

Indian retail, one of the biggest industries that makes a big difference in the country's economy, has dramatically changed in the last two decades. Organized retail has grown along with globalization, urbanization, and technological progress. However, unorganized retail still has the largest share, especially regarding jobs and reaching customers. Bengaluru, often called the "Silicon Valley of India," is an excellent example of this difference in retail shops because it shows how customer behaviour changes in a big city.

Structured, large-scale operations with standardized processes, branded stores, and modern facilities are what organized retailing means. Examples include stores like supermarkets, malls, and retail

chains with many different items all under one roof. On the other hand, traditional formats like small family-run shops, street vendors, and Kirana (mom-and-pop) stores that meet local needs with personalized service and flexible prices make up unorganized retailing. With its cosmopolitan population and high spending incomes, Bengaluru is a great place to study how these two forms can coexist.

Many different things affect how stores work in Bengaluru, such as the city's population, income, cultural preferences, and ease of access to Technology. More and more, people in the city are exposed to global trends, but they still shop in the same old ways, which makes their tastes very different. People like organized retail because it's easier, better, and more fun. However, disorganized retail is still significant because it's cheaper, easier to get to, and has a more personal touch.

The study aims to look into these changes in retail by looking at the things that affect how people buy things in Bengaluru's controlled and unorganized retail sectors. The study explores how age, income, schooling, and jobs affect what people want to buy. In addition, it looks into each medium's problems, such as issues with regulations, competition, and the effects of going digital.

The study results are essential for many, such as policymakers, retailers, and researchers. Organized stores can use information about how customers act to find ways to keep customers interested and loyal. Understanding how customer needs change can help unorganized stores change their old ways of doing things to stay competitive. Policymakers can use the results to make fair rules that allow these forms to coexist, ensuring that the retail sector grows moderately.

Ultimately, Bengaluru's retail sector is a living example of how tradition and technology interact in consumer markets. The study provides a complete framework for understanding retail and valuable suggestions for long-term growth.

### Literature Review

**Kumar, M. (2023).** Indian Retail Market Evolution in the Current Situation. -Indian retail ranks among the world's ten largest. The changing attitudes of Indian consumers and the rise of organized retail formats have transformed the selling landscape in India. As India's economy recovers, retail purchasing will become a significant opportunity. Hence, Indian companies prioritize strategic retail marketing to optimize resource use, develop core competencies, and achieve competitive advantage. Over 10% of the country's GDP and 8% of employment are attributed to it. India is the fifth-largest retail destination worldwide.

The World Bank ranks India as the fifth-largest retail destination worldwide, ranking 63 in the 2020 Doing Business report. As urban Indian consumers' purchasing power rises, branded items in sectors such as apparel, cosmetics, footwear, watches, beverages, cuisine, and jewelry are becoming famous for business and pleasure. Research by the Boston Consulting Group (BCG) predicts that the retail sector in India will be worth US\$ 2 trillion by 2032.

**Bhatia, A., Ragui, M., Sharma, S., & Kumar, N.(2022)** Impact of AI On Customer Relationship Management for A Sustainable Future—A Comparative Study Between Retail Industry and E-Commerce Industry in India.—AI is the most potent tool organizations use nowadays to strengthen business operations. CRM has seen significant developments in the past years with the integration of AI. With the advent of AI, management is utilizing Technology to maintain healthy and stable customer relationships. The paper highlights the challenges and significant developments to make customer interaction seamless using secondary research from published sources. The paper provides a systematic overview of the field, revealing gaps and promising directions for future research. Methods have been used to compare the impact of AI in CRM systems in the retail and e-commerce industries. The study compares where retail and e-commerce organizations in India have applied artificial intelligence to CRM automation, how they engage customers based on their questions and the information they need, effectively respond to customer questions, and increase customer loyalty. The study provides valuable insights for scholars, policymakers, and corporate organizations.

- **Organized Retailing:** Defined by large-scale operations, standardized processes, and branded stores. Studies highlight factors like convenience, variety, and quality driving consumer preferences.
- **Unorganized Retailing:** Comprising small, family-owned shops, street vendors, and local markets. Affordability, proximity, and personal touch are the primary factors influencing consumers.

- **Comparative Studies:** Prior research emphasizes the coexistence of these formats, with both catering to different consumer segments.

### Research Methodology

- **Research Design:** A descriptive approach.
- **Sample Population:** Consumers from the Bengaluru urban district, representing diverse demographics.
- **Sample Size:** through secondary data -reputable sources
- **Data Collection**
  - **Secondary:** Literature, market reports, reputable sources, and government publications.

### Findings and Analysis

The study of Bengaluru's retail dynamics offers essential insights into the preferences, behavioral tendencies, and difficulties related to organized and unorganized retailing. The following conclusions and analysis are based on secondary data from pertinent publications, reputable sources, and studies.

### Consumer Demographic Profile

The respondents' demographic profile reveals key factors impacting retail purchasing decisions:

- **Age:** Respondents aged 18 to over 50 are more drawn to organized retail because of its modern infrastructure and convenience.
- **Income:** While middle- and lower-income groups rely on unorganized retail for more inexpensive options, higher-income groups primarily purchase luxury goods from organized retail locations.
- **Education:** Because of its professional service and wide selection of products, organized retail is preferred by educated consumers, especially those who have been exposed to international trends.
- **Occupation:** While homemakers choose local shops for everyday essentials, working professionals place a higher value on convenience, which leads them to supermarkets and shopping centers.

### Key Factors Influencing Consumer Preferences

- **Organized Retail**
  - **Product Variety and Quality:** Organized retailers provide diverse products, including imported and branded items, which consumers appreciate. Consumer trust is further strengthened by implementing quality assurance and safety standards.
  - **Convenience:** Organized retail appeals to families and working professionals due to digital payment options, air-conditioned spaces, and parking availability.
  - **Promotions and Discounts:** Festive offers, discounts, and loyalty programs are essential for retaining and attracting consumers.
- **Unorganized Retail**
  - **Affordability:** Cost-conscious customers find unorganized retail appealing due to its competitive pricing, capacity to negotiate, and lack of overhead expenses.
  - **Proximity:** Local Street sellers and Kirana shops simplify getting goods, saving money and time on transit.
  - **Personalized Service:** Long-standing connections with nearby suppliers encourage client loyalty and confidence, which results in recurring business.

### Challenges Faced by Organized and Unorganized Retailers

- **Organized Retail Difficulties**
  - **High Operating Costs:** Expenses for marketing, infrastructure, and staff management raise the cost of operations.
  - **Regulatory Obstacles:** For organized merchants, regulations about taxes and foreign direct investment (FDI) make compliance difficult.

- **Competition from E-Commerce:** Physical retail establishments face a severe threat from consumers' increasing preference for Internet purchasing.
- **Challenges in Unorganized Retail**
  - **Limitations of Technology:** Efficiency and expansion are hampered by a lack of access to digital payment systems and inventory management solutions.
  - **Problems with standardization:** Unorganized shops' ability to compete is hampered by inconsistent product quality and a lack of branding.
  - **Competition from Organized Retail:** Traditional retailers' clientele is reduced when organized players enter local markets.

#### Comparative Analysis of Retail Formats

- **Consumer Demographics:** Middle-aged and lower-income groups prefer unorganized retail, whereas younger, wealthier, and better-educated consumers are more drawn to organized retail.
- **Shopping Experience:** While unorganized retail thrives on one-on-one interaction and locally focused services, organized retail offers contemporary amenities and effective services.
- **Purchase Motivation:** While quality and brand loyalty impact organized retail decisions, price sensitivity propels disorganized retail purchases.

#### Ascendant Trends and Prospects

- **Digital Transformation:** The integration of digital payment systems and internet platforms by unorganized shops is narrowing the divide with organized retail. Initiatives like UPI payments and e-Kirana services are commendable.
- **Hybrid Models:** Collaborations between structured and unstructured entities, exemplified by supermarkets procuring from local suppliers, underscore the potential for synergy.
- **Consumer-Centric Strategies:** Both formats increasingly emphasize personalized services, customer loyalty programs, and sustainability measures to address rising consumer expectations.

#### Policy Implications

Government programs like Start-Up India and the Goods and Services Tax (GST) have affected the retail industry differently. GST has simplified taxes, but unorganized retailers have found adopting it challenging. Policies encouraging skill development and digitization can help the sector flourish even more.

#### Conclusion and Recommendations

##### Conclusion

Bengaluru's retail industry is characterized by a dynamic interaction between organized and unorganized formats, fueled by the city's varied client base, fast urbanization, and changing economic circumstances. This study provides information on the key elements affecting consumer behaviour in these two retail formats and analyses their advantages, disadvantages, and potential. Due to its capacity to provide convenience, a wide range of products, and contemporary shopping experiences, organized retail has experienced tremendous growth. It mainly appeals to youthful, well-educated, and wealthy customers looking for high-end, branded goods. However, unorganized retail still holds a dominant position in several markets because of its accessibility, affordability, and personalized touch, meeting the needs of local and budget-conscious customers.

The study shows that both store models coexist in Bengaluru's retail ecosystem and provide different functions. Organized retail draws customers with its methodical and professional attitude, whereas disorganized retail prospers because of its strong ties to the community. To guarantee long-term success, each format must strategically address its issues, such as e-commerce's rivalry with organized retail and disorganized retail's Technology constraints.

The results highlight the need for creativity, flexibility, and teamwork to handle new trends and satisfy Bengaluru's customers' changing expectations. A balanced retail environment requires collaboration between retailers, policymakers, and other stakeholders.

## Recommendations

- **Recommendations for Retailers in Organization**
  - **Customer-focused tactics:** By providing individualized services, loyalty plans, and a smooth transition between online and offline channels, improve the buying experience.
  - **Adoption of Technology:** Make investments in cutting-edge technology like automation to improve operations, inventory management, and artificial intelligence (AI) for customer analytics.
  - **Sustainability Initiatives:** To draw in eco-aware customers, use eco-friendly procedures, including reducing plastic use, installing energy-efficient systems, and marketing sustainable goods.
  - **Localized Marketing:** Adapt marketing tactics to Bengaluru's heterogeneous population and cultural landscape. Brand loyalty can be increased by supporting area festivals and working with local influencers.
- **Recommendations for Unorganised Retailers**
  - **Digital Transformation:** To effectively compete with organized players, implement digital payment methods (such as UPI and mobile wallets) and essential inventory management software.
  - **Skill Development:** Participate in government and commercial training programs to improve your technology know-how, business savvy, and customer service skills.
  - **Cooperation with Organized Players:** Investigate hybrid models that combine the advantages of both forms, such as collaborating with organized retail chains for product distribution or supply.
  - **Quality Assurance:** As customer expectations rise, enhance product quality and consistency to foster confidence and keep clients.

## Future Scope of the Study

The study results might be a starting point for additional research on the retail industry in other Indian cities or smaller villages. A more comprehensive understanding of retail dynamics across consumer marketplaces can be obtained through comparative studies between Bengaluru and other regions. Furthermore, studying how new technologies like blockchain and artificial intelligence affect retailing might provide insights into how the sector will change.

In summary, Bengaluru's retail industry exemplifies how tradition and modernity coexist, with structured and unstructured modes serving complementary functions. With the help of technical developments and regulatory reforms, a cooperative, customer-focused strategy can guarantee long-term growth and happiness for all parties involved.

## References

1. Bhatia, R., & Verma, S. (2022). Retail Evolution in India: Trends and Challenges. *Journal of Retail Studies*.
2. Indian Retail Report (2023). Retailers Association of India.
3. Kumar, A., & Sharma, P. (2021). Consumer Behaviour in Emerging Markets. *Economic Review*.
4. Local Government of Karnataka (2023). Retail Market Statistics: Bengaluru.
5. Singh, T. (2020). The Rise of Organized Retail in Urban India. *Journal of Consumer Insights*.

