

## RESEARCH ARTICLE

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## Intricacies between Organised and Unorganised Sellers during Covid Pandemic

Koppala Venugopal

Department of MBA, Aditya Institute of Technology and Management, Tekkali, Srikakulam, Andhra Pradesh, India

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## \*Corresponding Author

Koppala Venugopal

E-mail: [koppala71@gmail.com](mailto:koppala71@gmail.com)

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## ABSTRACT

The drastic changes brought by Covid pandemic with respect to the migrated workers who bounced back to their native places since employment opportunities were narrowed. Most of such rely on unorganised selling since the efforts of work skills, investment and marketing are highly easier. This in turn has become a major problem for organised sellers of all trades, especially micro enterprises. The aim of this study is to assess the factors of unorganised selling influencing on organised selling. A mix of methods of descriptive research design, quantitative approach, convenience sampling technique and cross-sectional survey have been carried out. A self-administered questionnaire was prepared and gathered the data from the customers who buy products from both organised and unorganised sellers. The data was analysed with descriptive and inferential statistics with percentages, ANOVA and Multiple Regression Analysis. The strengths of all variables have been analysed with significance and the level of explaining dependable variable.

**Keywords:** Organised Selling, Unorganised Selling, Retail Management, Rural Marketing, Multiple Regression Analysis

### Introduction

Trading activities being served by the retailers through certain licencing, taxes which include hypermarkets, retail chains, and large retail stores are called as organised sellers whom we can see and enjoy physical shopping with for the alternative exposure and selective profile is extensive.

Contrarily, unorganised retailing is traditional and conventional with respect to its nature of format with low investment of retailing, mobility, flexibility, low range and less offers which include kirana stores, small provision stores and mostly the hand cart and pavement vendors. It may perhaps be a surprise that these petty businesses all together make pretty business by forming crores of business by managing the business without funded externally. The service from this sector is more impressive with personal relationships and efforts such as

greeting, smiling, chatting, serving to doorsteps promptly and spending time etc.

The study area Srikakulam having been associated with coastal and expanded to the border of Odisha state, has a huge market area with respect to the number of people and most of the people depend on agriculture and produce agro products from all its rural places. The people here are accustomed to purchase FMCG goods mostly from their local markets and buy the durable products from urban markets. The market is mixed with organised and unorganised sellers but the major share is taken by unorganised sellers who are huge in number. Yet, there are various retail outlets like Vishal mart, Mitra Mart, Sivananda Departmental Stores, Kamayya & Sons, Konark Fashions, SR Fashions, Kalaniketan, Happy Shopping Mall, Big C etc. are gradually capturing the market through its attractive offers and exposure. The people here are habituated to buy through online also which is a major

challenge for the organised sellers as stated above. But for the unorganised sellers, there would not be that challenging since the goods of small assortments, credit facility, relationship, physical distribution and mobility are the core competencies of them.

The unorganized retailers have been increased in number than pre-existed. So, it makes a huge effect to the retailers of organized. Most of the unorganized retailers are from migrated who have come from metro cities due to Covid. They had no work during lockdown for they bounced back to their native places which are mostly villages or the rural India. Since the survival has to be aligned with rural work and moreover all the people are not fitted to agriculture, Most of the labour depend on the unorganised selling which is easier with respect to the minimum resources and low investment and does not need any specific skills. In this scenario, the struggle of organised retailers who have been striving in the market for a long period of time face a lot of challenges due to the number increased in unorganised retailing. There is a debate by both parties on the impact is positive or negative. Hence, this study has been conducted in order to assess the impact of unorganised selling practices on the organised selling prospects.

### **Objectives**

- 1) Identify the prospective and problems of unorganized and organized retailing in Srikakulam district.
- 2) To assess the impact of unorganized retailing on the performance of organized retailing.
- 3) To offer the solutions for the problems being faced by organized retailers.

### **Methodology**

This study was conducted in the semi-rural villages of Srikakulam (in AP, India), which is an economically backward district in Andhra Pradesh State. The village markets here in the study area are blended with organised and unorganised retailers by nature with the shandies organised every week at nearing hamlets. Due to corona pandemic, many more people have come up with retail stores unorganised with on the roads and peddlers' paths also.

The research was carried out with the design of descriptive with quantitative approach. The survey method and cross sectional type were followed. In order

to achieve the objectives of the study, the researcher prepared an instrument qualified with the measurements of validity and reliability. Nonprobability technique of convenience sampling was adopted since the list of the customer is unavailable. Primary Data was collected from the sample unit i.e. consumers of both organised and unorganised retailers. The determined sample size was 285 and the data collected from them was analysed with Multiple Regression Analysis to know the extent of influencing and explaining.

### **Literature Review**

A theoretical model of unorganized and organized retailing is explained by segregating retailers, consumers, and product characteristics (Jerath et al., 2016). A nested logit approach to the distribution model and its effect on demand for various brands in the market (Sharma. et al., 2019).

The results of the study by Paswan, Pineda and Ramirez (2010) specified that the preferences of customers especially for small and micro stores is accelerated more positively due to its functional advantages and familiarity which is quiet contrary to large stores.

Venkateshwarlu and Rajani (2007) has examines the impact of malls on small shopkeepers of Hyderabad and Secunderabad and the results have been revealed in the terms of Reduction in the margin, Reduction in the turnover, and unethical practices by malls and its counter attack by small retailers

Tazyn Rahman (2012) concluded that the competition from the unorganised sellers is imperative with respect to certain advantages with which organized retailers feel severe competition which is a challenging to compete.

H. Gupta et al. (2012) conducted a survey on the satisfaction of the services rendered by both organised and unorganised retailers at the stand point of certain factors and the results are vary with respect to certain significant variables.

Advantages of unorganised retailing such as loss of jobs as witnessed by the survey of Mukherjee and Patel (2005) and adverse effects of retail modernisation reported by Joseph and Soundararajan (2009) have been highly significant for the study from the survey based studies

Perception-based studies of Guruswamy et al., 2005, Sarma, 2005, and Singh, 2010 revealed that organized retailers may have a destructive impression on the

unorganized sector due to the increase in purchase power, job loss, value chain and price competition.

Migration workers from metro Politian cities: The major influencing the organized retailing is the migration workers are returning back to their native places due to Covid 19 affect their works they lose their works so they are searching their livelihood so they are searching their occupations in search of these most of the migration families are started the work from native areas so they are ready to start the major demanded FMCG products major point but in some cases they are roaming all the certain limited areas on their own vehicles to sell their products so that they would gain some products and they are offering at the door steps in this way the organized retailers in the part of that place the sale in order they are gaining losses and customers

while the organized retailers price is little high as compared to the unorganized, because the organized has the other inclusions like building rent, electricity, stock credit, worker payments, etc. are the inclusions of price to their product while coming to the unorganized products they didn't have this type of inclusions only the vehicle and the fuel so which is very less as compared to the organized retailing so the unorganized retail offers the low prices as compared to the organized retail

The credit option is the major factor to sale of goods naturally in the rural India in this factor the organized can afford the credit option while coming to the unorganized cannot becoz their capital is very low and they didn't even give the products for less period also in this matters the credit option is suitable for organized rather than unorganized retailing

While coming to the mobility factor, the organized retail is very hard to move to other places because they are fixed to a particular one place only so they could not offer the products at the customer doorsteps while the unorganized retail they can have the mobility to move everywhere because they didn't have the much stock so they can have the mobility so they have the mobility to unorganized and they can offer the products to customers at their door steps easily.

The customer loyalty is the another major factor in organized and unorganized retailing while in the organized they can have the more loyalty towards their customers becoz they can move with the customers daily they have long time of availability to sell their products, in the cases of unorganized the loyalty would less as compared to organized

It is not an exception even to the rural market that the competition in retailing is challenging enough since the rural consumer have become more quality concerned and the so called giants of retailers making distinguished strategies with modified products customised exceptionally to the rural consumers. Having had a universal coverage of retailers in India, it can be proudly stated that the retail industry is proven to be one of the most contributing industry after agriculture with respect to the employability and a way forward to contribute more to GDP.

The scope of organised selling has been contagious through the technological association through digitalisation of all activities and infrastructure in recent years. IT, IoT, Digital Marketing, Online shopping and AI have been the trending technologies in taking the industry a way forward to the exponential growth. Yet unorganised selling creates and stands on the trust and service elements and covers most of the rural areas. Nevertheless they never code that they compete with organised, in fact they cannot. Their flexible practices are quite intolerable to organised. For example, unorganized retailers don't have the barcode like technology so that it reduces the cost and not involving the technology whereas the some retailers use the technological features.

### Analysis and interpretation

To analyse the explaining weightages of each item of all variables, the multiple regression Analysis has been conducted and the results are as follows for each Independent Variable influencing customer satisfaction.

### Migration

Satisfaction on unorganized retailing (UR) =  $4.107 + (-0.010) Mg 1 + (-0.137) Mg 2 + (-0.025) + Mg3$  Satisfaction on unorganized retailing with respect to the Mg1 (street vendors are huge in number due to migration) is 4.097 ( $4.107 - 0.010$ ); if Mg1 increases by one unit, the overall performance is increased by 4.097. Likewise, if the predictors Mg2, Mg3, are increased by one unit, the level of satisfaction on unorganized retailing is increased for Mg 2 (due to corona most prefer to become street vendors) by 3.97; Mg 3 (Setting up unorganized business is easy with less investment) by 4.082

Satisfaction on unorganized retailing is explained by all the factors with good weightage in which weight carried by (street vendors are huge in number due to migration) is highest with 4.097 followed by (Setting up unorganized

business is easy with less investment) with 4.087. The least is shown by (due to corona most prefer to become street vendors) with 3.97.

### **Pricing factors**

Satisfaction on unorganized retailing (UR) = 3.759+ (0.149) p 1 + (-0.150) p 2 + (-0.172) p3+ (0.094) p4+ (0.058) p5 Satisfaction on unorganized retailing with respect to the p1 (since street vendors investment is low they can offer less price) is 3.908 (3.759+0.149); if p 1 increases by one unit, the overall performance is increased by 3.908. Likewise, if the predictors p2, p3, p4, p5 are increased by one unit, the level of satisfaction on unorganized retailing is increased for p 2 (less price is always attractive) by 3.609; p 3 (quality product is available with less price at street vendors) by 3.587; p4 (Working capital for street vendors is less so price is reduced) by 3.853; p5 (Bargaining is allowed at street vendors to customer) by 3.817.

Satisfaction on unorganized retailing is explained by all the factors with good weightage in which weight carried by (since street vendors investment is low they can offer less price) is highest with 3.908. Followed by (Working capital for street vendors is less so price is reduced) with 3.853. Followed by (Bargaining is allowed at street vendors to customer) with 3.817. followed by (less price is always attractive) with 3.609. The least is (quality product is available with less price at street vendors) with 3.587.

### **Mobility**

Satisfaction on unorganized retailing (UR) = 2.985+ (0.026) M 1 + (-0.031) M 2 + (0.030) M3 + (0.144) M4 Satisfaction on unorganized retailing with respect to the M1 (street vendors can place the products at customer residence) is 3.011 (2.985-0.026); if M 1 increases by one unit, the overall performance is increased by 3.011. Likewise, if the predictors M2, M3, are increased by one unit, the level of satisfaction on unorganized retailing is increased for M 2 (Mobility of vehicle can gain more customer loyalty) by 2.954; M 3 (Choosy products are distributed to customer segments) by 3.015; M4 (Through stock is less customer prefer choosing at door steps) 3.129.

Satisfaction on unorganized retailing is explained by all the factors with good weightage in which weight carried by (Through stock is less customer prefer choosing at door steps) with 3.129. Followed by (Choosy products are distributed to customer segments) with 3.015.

Followed by (street vendors can place the products at customer residence) with 3.011. The least is shown by (Mobility of vehicle can gain more customer loyalty) with 2.954.

### **Customer Loyalty**

Satisfaction on unorganized retailing (UR) = 4.194+ (-0.074) CL 1 + (0.148) CL2 + (0.021) CL3 +(-0.114) CL4 +(-0.234) CL5+ (0.050) CL6 Satisfaction on unorganized retailing with respect to the CL1 (Customers have pity concern on street vendors) is 4.12 (4.194-0.074); if CL 1 increases by one unit, the overall performance is increased by 4.12. Likewise, if the predictors CL2, CL3, CL4, CL5, CL6; are increased by one unit, the level of satisfaction on unorganized retailing is increased for CL 2 (credit is given by street vendors so the customer are loyal) by 4.342; CL3 (Loyalty is there because of they come daily and sell the products) by 4.215; CL4 (customer recommends others also to buy the products) by 4.08; CL5 (Customer have a long time of availability to buy the products) by 3.96; CL6 (Customer are more motivated by street vendors than organized ) by 4.244.

Satisfaction on unorganized retailing is explained by all the factors with good weightage in which weight carried by (credit is given by street vendors so the customer are loyal) with 4.342 followed by (Customer are more motivated by street vendors than organized) with 4.244. Followed by (Loyalty is there because of they come daily and sell the products) with 4.215. followed by (Customers have pity concern on street vendors) with 4.12. followed by (customer recommends others also to buy the products) with 4.08.

The least is shown by (Customer have a long time of availability to buy the products) with 3.96.

### **Rural consumer Psychology**

Satisfaction on unorganized retailing (UR) = 4.794+ (0.005) RCP 1 + (-0.165) RCP2 + (- 0.165) RCP3 +(-0.070) RCP4 Satisfaction on unorganized retailing with respect to the RCP1 (Rural customer are attracted to less price and credit facility) is 4.799 (4.794+0.005); if RCP 1 increases by one unit, the overall performance is increased by 4.799. Likewise, if the predictors RCP2, RCP3, RCP4 are increased by one unit, the level of satisfaction on unorganized retailing is increased for RCP 2 (The street vendors offers all products in loose so it is benefited) by 4.629; RCP3 (Street vendors show weight difference for

customer benefits) by 4.619; RCP4 (Street vendors don't maintain customer Katha books) by 4.724.

Satisfaction on unorganized retailing is explained by all the factors with good weightage in which weight carried by (Rural customer are attracted to less price and credit facility) with 4.799. Followed by [Street vendors don't maintain customer Katha books] with 4.724. Followed by (The Street vendors offer all products in loose so it is benefited) with 4.629. The least is shown by [Street vendors show weight difference for customer benefits] with 4.619.

### Conclusions and Recommendations

Since it is easy for all migrated with labor to be converted as unorganized retailers and the establishment such tiny business is easier, the number of unorganized seller in Hiramandalam town as increased and the common minimum profit and common minimum profit is gained by them which is enough for their livelihood. The government should make an alternative employment opportunity for all the migrated people are create certain business opportunity since the development as unorganized sellers is very minimal

Investment and working capital are much lower for unorganized retailers when compared to organized seller. Organized seller should promote the products which should be distinctive as well as to be bargained.

Most of the people like to get the required products at their door steps, more over recent developments of online shopping which is wired spread to be villages has made mode most of the consumer attracted towards unorganized sellers but the choice exposure could be highest and promoted by organized sellers to grab the attention

Organized sellers likewise olden days, should start living credit facility to be none and genuine customer for their sales improvement in competence with unorganized sellers

Organized sellers should also categories the products and better they sell certain upgrade products and leave the substandard products for unorganized sellers

Offering the products in low assessment buy organized sellers is highly advisable to increase the business performance. Since most of the rural people has habit buy the products in single units

Government should facility all the unorganized sellers to be transformed in to organized sellers through registration with modified fees& rules show that the unorganized sellers can work freely without braving to anyone.

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## Biographical Statement of Author(s)

**Dr Koppala Venugopal**, a professor in Management Studies at Aditya Institute of Technology and Management at Srikakulam, A.P. has had an adroit experience of academic, Research and community service. He has contributed 5 Projects, 2 patents, 10 books, 70 publications, 48 paper presentations, 56 resource talks and 12 memberships.



He is guiding 4 scholars from various universities. His exceptional interest industry interface has made his efforts dexterous.

### **Professor Dr. Koppala Venugopal**

Department of MBA  
Aditya Institute of Technology and Management  
Tekkali, Srikakulam District  
Andhra Pradesh  
India

**E-mail:** [koppala71@gmail.com](mailto:koppala71@gmail.com)

ORCID: <https://orcid.org/0000-0002-3472-1477>