

CONSUMER- CENTRIC MARKETING IN RETAIL GROCERY BUSINESS, TAMILNADU

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ABSTRACT

The purpose of this study is to investigate and draw out the learning on consumer centric marketing from the Retail Grocery business owners in Tamilnadu, India. It is an attempt to highlight how a personalized marketing in any business environment can be successful and have a competitive advantage over the competitors irrespective of their brand values. The study will have a qualitative enquiry approach using open ended questions in the form of personal interviews.

Retail Grocery business is one of the most profitable businesses in Tamilnadu. Consumers purchase all grocery items which are useful for day to day life like rice, Pulses, soaps, brushes, toothpaste, breads etc from the Grocery shops near their houses. Generally these grocery shops are owned by a specific community in Tamilnadu called 'Nadars'. Grocery shops are the part of Tamilnadu market since 18th century; every street or lane in Tamilnadu will have at least 2 or 3 Grocery shops and every one of them will be successful as they have their own market to make profits.

The Grocery shop owners are known for their relationship skill with all the customers they handle. It can also be interpreted that a customer who purchase products from a specific shop is tend to have a comfort zone with vendor. This is the reason for their successes. But in the recent years, especially after Globalization in early 2000s in India many of the branded companies from outside India and Reputed organizations from India like reliance, started entering in retail Grocery business. They started setting up attractive supermarkets all around the places in India. It was expected by the market analysts that small time businessmen like grocery shop owners will lose their market share to these giants as consumer prefer brand for relationships. But even after a decade the grocery shop owners did not lose much in their market share and most of the Grocery shop owners run their business very profitably.

Purpose of this study is to understand the trade secret behind this with the help of personal interviews with the shop owners and consumers of the small time grocery shops with open ended questions. The subjects interviewed are all attributed success in business.

All the subjects started their work as apprentices in shops owned by their relatives and they go on to set up their own shop with the help of the mentor. Second major aspect required for setting up the shop is arithmetic skills, which they get trained while working in the shop, which plays a major part in improving their business acumen. The third main aspect to be a successful entrepreneur in this business is to have strong customer orientation. They are highly customer centric. They understand the economic conditions, health conditions, and family conditions of the every customer they have. The personalized relationship they have with their customers has helped retail shop owners to thwart any competition from the organized sector.

KEY WORDS: Customer centric, Relationship marketing, competitive advantage, emerging economies, Customer relationships, value for relationship

Centric marketing in Retail Grocery business, Tamilnadu

Growth of emerging economies which are restructuring the world's economic landscape has been ascribed to the entrepreneurial private and collective firms (Peng and Heath, 1996). Entrepreneurship has been affected by numerous factors ranging from the sociocultural, political and economic ones in these emerging economies. Many research studies have attempted to capture other economies in East European countries and China, leaving India. Though Morrison (2000) and Luthans et al. (2000) claimed that societal ideological norms and values native to emerging economies are impediments to entrepreneurship, such findings could not be generalized to all emerging economies, specifically India as per the findings of Damodaran (2008).

Recent work by Damodaran (2008) tried to uncover the pattern of entrepreneurship development and evolution of business communities in India through a sociological lens called the caste system. According to Damodaran (2008), the entrepreneurial behavior of individuals could be explained from tracing the history of business communities of India.

Based on his expansive research, Damodaran (2008) explained that each business community of India based on its caste followed three general trajectories of industrial transitions. According to him, the three general trajectories of industrial transitions by various communities namely, 'bazaars to factory' route, 'office to factory' route and 'field to factory' route.

The 'bazaars to factory' route is of the traditional merchant classes into industry. The Indian business communities which followed this route are the Banias and Jains from Gujarat, Punjab and Haryana, the Marwaris of Rajasthan, the Lohanas, the Bhatias, the Nattukottai Chettiars, the Parsis, the Memons, Khojas and Bohras of Sindh-Gujarat. The 'office to factory' route is the transition of classes traditionally engaged in the administrative and white-collar services to industry namely, the Brahmins, Khatris, the Bengali Bhadrak, Kayasthas, Nairs, etc. The 'field to factory' route is followed by the Agrarian and allied service castes such as the Nadars, Ezhavas, Kammas, Reddys, Rajus, Gounders, Patidars, Marathas, Jats and Ramgarhias.

Nadars of Tamil Nadu

Hardgrave (1969) referred the Nadar community as one of the most prominent business castes of south India and the southern districts of Tuticorin, Kanyakumari, Tirunelveli and Virudhunagar are mostly populated by them. Young (1979) affirmed that the Nadars are recognized as an "advanced" community due to effective utilization of modern opportunity through education and commerce. Nadars are perceived as an entrepreneurial caste in south India (Harris-White, 2003) and as a powerful community (Ramnath, 2009).

Polgreen (2010) acknowledged that the social and economic development achieved by 'Nadars' from being at the lower end of the spectrum in India's caste system just above the untouchables, is an interesting area of academic study from various perspectives. Creation of an association called Nadar Mahajan Sangam in 1910 with the only aim of the upliftment of the Nadar community became a pivotal point in the rise of Nadar community (Caroll, 1978; Hardgrave, 1969). Following that, many business associations were formed to provide Nadar entrepreneurs with credit and charities were formed to provide education to Nadar children (Polgreen,2010).

According to Hardgrave (1969), the rise of Nadars is attributed directly to the success of Nadars in business. As one of the foremost business communities having big names like

Ashok Amirtaraj from Hollywood, Shiv Nadar of HCL, R.G. Chandramogan of Hatsun Agro Product Ltd, S.P Adithanar of Dina Thanthi, K.Pandiarajan of Mafoi limited, V.G.Panneerdas of VGP group of companies, M.G.Muthu of MGM, Isaac Abraham of Aachi Masala, Shanmuga Nadar of Standard fireworks, V.R Muthu of Idhayam oil, etc., the Nadar community people of Tamilnadu are well known for their business sense. In Tamilnadu , many of the famous business chains are founded and run by the people of this community. Notable examples are Hotel Saravana Bhavan, Vasanth & Co, Sri Saravana Stores group.

Research Objective

One of the earliest forms of business which the Nadars ventured in was the grocery business which is so prevalent even today almost in every corner of Tamil Nadu. The nadars who are into grocery business are fondly called as 'annachis' by the people of south India. The kirana stores in Chennai are popularly known as 'annachi kadais'. They lead a very simple life and do not exhibit their riches. A very wealthy Nadar merchant may work in his tiny shop making it difficult to determine the wealth of a Nadar merchant. Hardgrave (1969) reasoned that the success of these Nadars running grocery business is due to their frugality and determination. Despite the rising competition in metros from supermarkets, the annachis have done well and still thriving.

One nadar association in Chennai estimates that 65% of kirana stores in Chennai are owned by the nadir community. Another 20% of the stores are owned by the Muslims from a place called Pallapatti and the rest are owned by Malyalees, Naidus and other communities. From groceries have diversified in to textiles, hardware, household utensils, restaurants, hotels and services. As a community it has a good percentage of educated people who have moved into manufacturing and service industries. This research paper attempts to study and uncover the lessons which every entrepreneur can learn from the Annachis of Tamil Nadu

Research Methodology

Since there are no scientific studies reported as to the best of our knowledge, we have chosen qualitative research to get some insights in to the success of the Nadar community. Though I approached more than 30 anachis, only 12 agreed to participate in the survey. The study was limited to annachis in Chennai. The study followed a qualitative enquiry approach using open-ended questions in the form of personal in depth interviews. An interview manual covering the starter questions for discussions were made prior to the interviews. The interviewers used the manual for reference during the interviews. The respondents were given the scope to share their personal thoughts and feelings on the questions to justify the exploratory nature of the study. The interviews were transcribed and those were used as the qualitative data for the study.

Qualitative Data Analysis & Discussion of Findings

The findings of the study based on the analyses of qualitative data are presented below in different subheadings. The interview transcripts are culled out selectively to further

Annachis are passionate about their community

When probed on why almost every nook and corner of the state is filled with grocery shops run by Nadars, there were different answers on a common theme of their community.

That is basically because our grocery shop union is mostly owned by Nadars. When Mr. K Kamaraj (a member of Nadar community) was the Chief Minister of Tamil Nadu our union people went and met him for some concessions to Nadars, so he sanctioned many licenses to us that time. That helped in the proliferation of grocery shops run by Nadars greatly.

There are grocery shops run by people of other community, they are not very successful like us. For us, I learn it from other nadars who are doing it for years and are successful. That leads to more and more nadar shops running

We will take only Nadar boys as assistants in the shop. By the time they grow up, they become well equipped and trained. Then we will set up a shop and give to them as gift for their loyalty. Another reason is we give brides only to Nadar grooms and we will give a grocery shop as dowry to the grooms.

When questioned on how they will run business profitably when there are more annachi shops on the same street or region, their answers were quite unanimous in saying that their customers would always come to their shop only and they don't mind other annachis prospering with them.

One thing which can be clearly established is that they are very caste conscious and highly community oriented. This finding is established in the research literature too. Historically being deprived of equal status of living with other upper castes, there is a strong drive within community to be cohesive within their community. Damodaran (2008) accounted that the large-scale transformation among Nadars over the years of history could be explained by the axiom that marginalized communities will have tremendous drive to seek and capitalize entrepreneurship opportunities to unshackle themselves from the clutches. The domination by other castes gave rise to the heightened sense of group consciousness among Nadars who were found to be a very caste conscious community by Hardgrave (1969). It can also be explained from the literature that the domination by other castes gives rise to the 'sense of group consciousness' which propels Nadar communities' entrepreneurial energy and drive.

It can also be observed that the annachis also have inadvertently made no one else from other community to learn the business from them thus enabling only nadars to set up profitable businesses furthering the economic prosperity of their community.

Annachis breathe business from very early age

When the respondents were questioned on their early days in business, their answers were almost uniform that they all started very early in this business.

I started as a sales assistant in a grocery shop from the age of 10 in the shop of my relative; I started on my own 15 years ago.

This is my fathers shop and I work in this shop since I know myself as a person.

When my father lost all his lands in a famine, I came to Chennai at the age of 12. I was given a sales assistant's job in the shop run by one annachi from my village. I started to work in this business from that time.

Every time there is a famine in the villages one can witness large scale migration of youth to cities. One of the respondents had come to the Chennai city in the year 1964. Since he did not have any money nor new any one in the city started his life in Chennai as a rag picker. Then he set up a waste products shop and invited all his friends to sell the collected rags, papers, scrap etc. to him. He was selling the scrap metal to a foundry. He then bought over the foundry itself. He had invested his surplus cash in the real estate business. With the IT boom in Chennai, his real estate business has now crossed more than Rs 100 crore.

Compared to people from other communities in this grocery business, from their very young age they have been brought up learning the language of business in their everyday lives. This

gives them tremendous knowledge which comes from the experience of being in the frontlines of business and learning them by doing it and seeing it in real life. It is not the knowledge from books or lectures that have helped them in gaining expertise but sheer experience.

From the interviews, it was clear that Annachis involve every family member including the women to be in the know of the business. This practice is quite unique when compared with the other business communities running grocery shops. The entire family is involved in running the business. As soon as the children learn to add and subtract, they become an unacknowledged apprentice running the affairs of the store. Being in business from very early age, with even the woman of house participating in running a grocery store, when they are not doing household chores, creates an environment where the entire life is around the grocery store and business is spoken most of the time. It becomes evident that this kind of family environment gives Annachis and their children tremendous advantage and leverage over others doing the business.

Annachis have thorough customer orientation

Though uneducated and having just primary education in most cases, the annachis continue to thrive despite competition from the growing number of supermarkets. When questioned on how they retain customers in a fiercely competitive grocery business, the annachis answers were revealing their business acumen.

We give credit based on the trust we have on a particular customer. No supermarket would give that. Once one of my long time customers said he lost his job due to recession. I didn't ask him money for full 60 days and waited till he got another job. Do you think he will go away from me after that?!!

Credit accounts are opened for households after they buy two months grocery lists from us. They become lifelong customers. A customer will not go to supermarket to buy few products, as he would be made to scan, search the product, pick and stand in the queue to pay for it. Our shops are more convenient.

There are a few things we do which is not possible in super markets. We would adjust if the customer is short by 2 or 5 rupees when customer comes next time. We would not mind giving extra grams. For eg: we will give 0.510 kg of lentils when they ask for 0.5 kg.

We know our regular customers by profession and name mostly and whenever they come we interact in a friendly manner. We respect them by attending to them first without making them wait even though it is crowded.

It was observed that Annachis prefer to build long term relationships with customers by various means through giving credits, giving extra quantity, not minding small change, maintaining friendly relations, attending to key customer first etc. Annachis appear to have practically implemented customer relationship management lessons on knowing the customers, customize the offering and looking at customer life time value without knowing or learning any of these concepts from anyone.

The study is carried over in the same geographical location in Chennai; the reason for which the study is carried over on that place exclusively is because it are known for Grocery Business, since there was a time limitation could not carry over the research in diversified areas, however, the research is going to be extended across different business communities and different business locations in future.

Summary Findings

The study has uncovered four major factors as responsible for the success of nadars in the grocery business. One clear trait is that they have strong affiliation and attachment to their community. All of them attributed their success in business to the support they received from

their community members. They basically start as apprentices in shops owned by a relative and then go on to set up their own shop with the help of the mentor. Second aspect is that the entire family is involved in running the business. As soon as their children acquire arithmetic skills, they are put in the store during non-school hours to impart business acumen. Even the women folk sit in the store for some time to give relief to the main earner. The third major success factor is their strong customer orientation. They normally extend credit to their customers and also have home delivery system. The personalized relationship they have with their customers has helped Annachis to thwart any competition from the organized sector. Finally they do not see each other as competitors; they operate as an ecosystem that helps each other.

I could also understand that few customers feels access to the product directly by the customer is lacking since only the business owner hand over the ordered items, because of this constraint consumers could not compare prices with different products which is possible in supermarkets. This needs to be looked into cautiously as this might give advantage to supermarkets to capture the market.

Research Limitations

As there are only few researches done on nadar community, I have used a qualitative research method. As the study focused on sensitive areas like community affiliation and business acumen, the subjects contacted were reluctant to participate initially and had reservation in terms of revealing their business secrets. Though I originally planned for a larger sample size, only nine subjects were finally interviewed due to time constraints and lack of willingness to participate in the study. The nine subjects who eventually participated were from the same geographical locality thus reducing the generalizability of the findings. The representativeness would have been improved further if the subjects had been chosen from different corners of the state.

Directions for future research

This research study could be used as the base for generating hypotheses which can be later tested empirically. Based on the hypotheses generated by the study, a detailed survey questionnaire could be developed and administered to a large number of respondents to validate the insights I have developed in this study. Further, the research could be extended across different business communities to compare and contrast traits across different business communities.

Conclusion

The results showed that Annachis were successful because of their strong affiliation to their community network, and they are too good in understanding the customer requirements and they are very much customer centric and they build the relationship with almost all the customers walk in. The success story of all the Annachis is only because they are customer centric and the way they have the rapport with the customers.

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