

YOURS DAILY PICK-THE JOURNEY OF EXOTIC GROCERY FROM THE WEST TO THE EAST-A CASE STUDY

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CASE DESCRIPTION

The primary subject matter of this case concerns with building a sustainable competitive advantage over the competitors in the long run. Secondary issues examined the significance of making use of the seven opportunities available with a retailer in the form of customer loyalty, location, human resource management, distribution and information systems, unique merchandise, vendor relations and customer service. The case has a difficulty level which is appropriate for freshman level courses. The case is designed to be taught in 1-1.5 class hrs and the students can prepare for the case in about 2 hrs.

CASE SYNOPSIS

The case study is an attempt to understand the functioning of a food retail outlet in an Indian scenario. It is also an initiative which brings out the immense talent which is found in the visionary minds of Indian entrepreneurs. Through this case study, not only would we try to study the variables which help an organization in building a sustainable competitive advantage in the retail industry in India but would also showcase the journey of a great business mind. The retailing industry in India has undergone a sea change in the past few years and this case is an attempt to manifest the seven main opportunities which an entrepreneur can harbor on in order to build a sustainable competitive advantage over the other retailers in the market.

INTRODUCTION

An organization which aims to flourish in this era of ever growing competition must take initiatives which help it build a differentiated position for its brand amongst all the different competitors available. A sustainable advantage is defined as a unique strategy which helps the organization to outperform its competitors in the business arena. This case study is an account of the strategies which were put in place by a retail outlet “*Yours Daily Pick*” to build a sustainable competitive advantage over the other retailers in its area and adjoining places. The case starts with a young entrepreneur assessing the scope of starting a retail outlet which would specifically focus on the sale of exotic fruits and vegetables. The retailing business is flourishing in India with the number of customers visiting the malls and other related retail outlets for their daily and exclusive buying needs being increased manifold in the past few years.

The case presents the seven strategies being used the retail outlet “*Yours Daily Pick*” in order to win over their customers. The strategies being:

- a. Loyalty.
- b. Location.
- c. Human Resource Management.

- d. Distribution and Information Systems.
- e. Unique Merchandise.
- f. Vendor Relations.
- g. Customer Service.

The way these above mentioned strategies were implemented and executed by the entrepreneur to create a customer base for his outlet has been explained in detail and is an attempt to give a brief account of the different ways in which a business can build sustainable advantage over others.

SECTION A

CASE BODY

The case study starts with a scene where the man behind the “*Yours Daily Pick*” is giving a finishing thought to setting up his business venture in a ceremony.

“*And thus I believe that to dream is the biggest blessing mankind has been endowed with, no matter the size, dream on*”. Devendra finished up his speech in time and the convention hall roared with cheers and claps. A week long international summit had come to an end and Devendra Kumar like hundreds of other entrepreneurs had presented his views on the ground reality checks he went through to bring his brain child “*Yours Daily Pick*” a retail outlet into existence. The dinner on the last day of the summit was as enthralling as the whole action packed week that Devendra had witnessed. Although that night, unlike, his counterparts, Devendra was unusually keen in interacting with the staff members of the companies which had made it big in the last few years. His interactions with the entrepreneurs were mainly limited to an exchange of coy smile but with their working team, he was more than happy to share a lavish laugh. Devendra that night had a mischievous gush in the tone of his voice. He was excited like a little kid to be on the same platform where he had only dreamt of being. He was adjudged as one of the thousand most influential small scale entrepreneurs of the last few years and he believed that he had an opportunity in hand where he could interact with those people who were the driving force behind the success of these companies. More than the entrepreneurs himself, Devendra was convinced that the working staff had plethora of experience with them as regarding the tastes and preferences of the Indian consumers towards a retail outlet, where he could learn from and which could help him add a new dimension to his business. When most entrepreneurs were utilizing that stage to build and improve their business ties, Devendra had other plans in mind. He wanted to understand the functioning of the outlets of his competitors to know that what strategies he would have to put in place to get that edge over the rest. Although a self confessed huge fan of butter chicken, that night he decided to give his taste buds a little rest. Not only did he skip his dinner to hold elongated talks with the crew and members of other companies but also made sure that he had taken their contact numbers and emails to continue his future alliance with them. “*Opportunist*” the title that Devendra received at his farewell function while graduating from college, was he living up to it? Since his college mates had always believed that he would never leave an opportunity where he could sense a profitable business idea, Devendra decided to give his friends more reasons to feel proud of their right choice of word for him. And as Devendra was deeply drowned in his thoughts, it took a meek voice of a waiter to bring him out of his college days and put him back where to he now belongs.

Devendra came from a business background where business talks and profit calculations were held at the dinner table. Every evening right from his school days, his father had been discussing his business ideas with him but that never discouraged his mother to enroll her son in an engineering college. The decision took all the relatives by surprise as Devendra was the worthy descendent of his father's business. Though Devendra was never keen to towards seeking that coveted seat in an engineering college, he could not go against his mother's wishes. And, his affair began with the electric equipments which lasted only as long as he did not have the engineering degree in his hand. He could never make out that why did his mother wanted her son to become an engineer but he knew that it was important to her as she would make sure that not only the distant relatives but also the distant neighbours residing three blocks away knew that Devendra had graduated from an engineering college. A dotting son had made his mother proud but there was a constant tussle in Devendra's mind with respect to his future plans. He was very sure that he would not like to test his engineering skills at work. As Devendra shyly confessed, *"I was not very bad at it but then again I don't believe in clinging to mediocrity"*. He knew that a career in engineering would not be a total justice to his knowledge and dreams. So after rejecting 5 offer letters from the best IT companies in India and abroad, it was time for a little Father-Son talk. Devendra's father knew that until and unless asked for Devendra would never speak his heart out. He cajoled his son on the fateful night to find out that what did he want to do with his life and Devendra answered in a soft voice that I want to be an entrepreneur like you. Devendra's father was involved in export import business of handicrafts and he thought for a second that maybe his son wants to carry on with the family lineage of business. And next moment, he hugged Devendra and told him that he could come to office from the next day but a frown on his son's face was enough to make him understand that his son wasn't exactly thinking on the same lines as he was.

A heartfelt conversation between a father and a son brought to fore the visionary mind of Devendra Kumar who was convinced that he would like to be a part of the retailing scenario in India and would like to start a retail outlet of his own. Devendra fondly mimics the first reaction which appeared on his father's face after listening to his son's mighty plans and laughs. His father asked him that why a retail outlet and not the usual family business? Devendra just gave one line answer that *"Dad, this is something, I really want to do"*. And thus began a never ending saga in which Devendra made sure that he could paint such beautiful canvas of his dream project so that his parents could feel proud of their decision.

Devendra knew that retailing was the fifth largest industry in the world. Comprising of organized and unorganized sectors, India retail industry was also one of the fastest growing industries in India. He knew that with growing market demand, the industry was expected to grow at a pace of 25-30% annually. He had got his calculations right and once he convinced his dad that his dream venture would help him realize his self worth, he set the ball rolling.

The Groundwork

Devendra knew that in order to start a retailing outlet in Delhi, he would have to be well prepared to deal with the issues that had been underlining the growth of retail sector in India. Though many big names were making an entry in the market still an average Indian consumer was not ready to leave the comfort of *"mom and pop stores"* and *"local kiranawalas"*. He was well aware that was a lack of basic infrastructure facilities to operate a retail outlet in India and that he might face initial hiccups due to the same. Moreover, Devendra wanted to start his retail outlet in one of the most expensive markets of Delhi namely Khan Market and the high rates of

real estate over there didn't help the matter. He was also well versed with the fact that there were major dissimilarities in the tastes and preferences of the Indian consumers and catering to their needs would be a daunting task, so he had to select his target market with utmost caution and care (Kassarjian & Cohen, 1965). Lack of trained manpower to work in a retail outlet was one issue which Devendra believed would have maximum effect on the functioning of the outlet for he believed that in order to start a successful business enterprise, having an effective team of ardent and efficient workers was mandatory and he thought that in the absence of a trained team, he wouldn't be able to create a long lasting impression in the minds of the consumers.

After the much required research, finally Devendra zeroed in a place in Khan Market to start up with his dream project. Healthy relations of his father with influential real estate dealers helped Devendra to get the place at a reasonable price. Since in 1985, the retailing concept was still fresh in India, not many people wanted to experiment with the format which didn't guarantee fixed returns and this helped Devendra to sit and craft an execution plan which would make the consumers forget their "*mom and pop stores*" and bring them to "*Yours Daily Pick*".

Devendra was well aware of the love of the Delhiites for branded clothes and cars and the high standards of living. His dream was to add one more item to this peculiar trait list of delhiites and that was the love for branded groceries. The initial research and development being done by him resulted in the opening of first store of "*Yours Daily Pick*" in Delhi in 1985. "*Yours Daily Pick*" a name rightly picked by Devendra for his outlet since he believed that his store should be able to suffice all the daily needs of the consumers and should be a one stop answer to the customer needs as and when they come looking for their daily grocery. With the target market of the store being decided as the upper middle class, Devendra and his team had a challenge in hand. To make those happy whose standards were already raised due to their experiences with the foreign retail outlets since most of such families had experience of shopping abroad in such retail houses.

Establishing a Name

Though the dream project of Devendra got started as per planned by him, he still had to make sure that he should be able to make sufficient profits to save his business from getting shut. There were considerable big names in the market who were making their presence felt in the retail industry and who were a threat looming large on "*Yours Daily Pick*". The concept of retailing was catching up fast among the consumers and the retail outlet had competition from big names in the market (Goldman, 1974). In the 90's the consumers were reluctant to go to an air conditioned environmental set up to buy daily grocery. It was a setup that people had not experienced before and this explains the reason why the aggressive marketing was required to persuade the upper middle class to try out the store. The aggressive marketing was labeled as a desperate measure by many people who thought that such tactics would create negative impression about the company. However, that didn't hamper Devendra's enthusiasm and he started with distributing pamphlets among the local people by circulating them along with the newspapers and magazines. This strategy helped to inform people about the existence of "*Yours Daily Pick*" in the market. Moreover, the organisation got the chance to interact directly with the consumers since they got to show the consumers that what all types of items were being offered by them. Hence, a list of items was circulated along with the pamphlets so as to disclose the assortment of products that the owners had in the store.

The owners knew that in order to have a competitive advantage over others he had to inculcate such strategies in his action plan which could yield result for a longer period of time.

SECTION B

This section enlists the different strategies used by the firm to create sustainable competitive advantage over its competing brands.

Allegiance (Customer Loyalty)

To make the customers leave their faithful “*mom and pop stores*” and to ask them to visit a new store rather was an uphill task for the young entrepreneur. He knew that he would have to build a team of customers who are committed to buying merchandise from “*Yours Daily Pick*” only. He wanted to build such base of customers who would be reluctant to patronize competitive retailers. Since the local kiranawalas enjoyed good relations with most of their customers, it was very difficult to breakthrough that and bring the customers to a newly opened retail store. It’s true that the consumers could not be bound to one retail outlet and they would always scout around for better deals (Koller and Salzberger, 2007). In order to build a loyal customer base, the entrepreneur knew that he would have to strike the emotional chord with the consumers and would have to get them emotionally attached to the place. Thus customers are greeted with utmost respect and care by the staff irrespective of their age and the quantity of purchase that they make. Moreover, regular customers are also provided with a certain amount of credit every month which varies from customer to customer. Some customers who want to subscribe for it are also given a service under which they can shop on credit for a full month and can pay the outstanding amount at the end of the month. The store also provides free home delivery to its customers residing nearby by accepting orders on telephone. Since customers were habitual of striking deals with their kiranawalas, there was a constant fear among the policy makers of the retail outlet regarding the reaction of the consumers towards the pricing being decided of the products. Though on brighter side, the owners find solace in the fact that the customers were confident of the fact that since the outlet was dealing in providing branded grocery to its customers, little was they bothered about the quality of the items put on shelves by the outlet. As most of the items belong to the category of exotic fruits and vegetables, those customers who were very specific about their eating habits would make a beeline outside the outlet. The firm knew that the best way of winning the confidence of the customers was by providing them with a unique shopping experience completely different from the hustle bustle of a vegetable market where they have to jostle with the vendors for buying their desired commodities. The outlet used to keep an account of those customers who would buy expensive goods so as to treat them with utmost care and make sure that they remain with the outlet and do not venture out.

Whereabouts (Location)

The classic response to the question “*What are the three most important things in retailing?*” is “*location, location, location.*” Location is another factor that helps the entrepreneur to build a competitive advantage over its competitors. If the entrepreneur manages to select the right location for conducting his business, then half of his work is done. In the 80’s when starting a retail outlet was a big task for a sole entrepreneur due to the lack of funds, many believed that

Devendra would never be able to find a decent place at reasonable price to start his venture. His worst fears came true as it started getting very difficult for him to get a place in an urban market like Khan Market. After witnessing days of constant nagging at the hand of real estate developers, he managed to find a location in there. “*Yours Daily Pick*” as an outlet always targeted the upper middle class, thus explaining the opening up of stores in Khan Market, Noida Sec 15 market and Vasant Vihar. Since the location of the retail outlet is always chosen wisely considering that these places enjoy frequent visits from the upper middle class section, footfalls never became a problem for the outlet and it has always enjoyed great public support from those residing in these areas. A competitive advantage based on location is sustainable because it is not easily duplicated (Brown and Burt, 1992).

Hiring a Right Bunch (Human Resource Management)

The decision makers at “*Yours Daily Pick*” knew that retailing is a labour intensive business, in which employees play a major role in providing services for customers and building customer loyalty. The young lad knew that knowledgeable and skilled employees committed to the objectives of the outlet would be critical asset who would prove successful in the long term functioning of the organisation. Since the outlet was operating in one of the most well known markets of Delhi, it was essential that the employees were able to communicate effectively with the consumers as the place is often thronged by the foreigners too. Moreover, finding a perfect mix of talented and efficient employees was itself a huge task for the organisation. Often the employees had ego problems with the consumers in the beginning since they believed that they were treated roughly by the consumers who come to make purchases. The staff was taught to learn to deal with the consumers and give their sufficient help to them till they are shopping for the grocery in the outlet.

Being at the Right Place at the Right Time (Distribution and Information Systems)

Like all the other retailers, one of the most important objectives of the thinking team of “*Yours Daily Pick*” was to reduce the operating costs of the business—the costs associated with running the business and making sure that all the merchandise that the consumers desire is available to them as and when required. Once the savings are being made, the retailers can decide how to use the costs savings which they achieve. Once initial savings were being made by “*Yours Daily Pick*”, they had several options in their hands to use for the betterment of the outlet. The saved costs were dispersed by the team to offer better services to the consumers such as more employees were employed for offering effective services so that the consumers would have to spend little time at the counters. There were increment done in the breadth and depth of the merchandise assortments. In between, the marketing team also initiated the idea of offering certain commodities at lower prices so as to differentiate themselves from the competition. However, reducing the prices never worked really well for the outlet as the target market was price insensitive, since they belong to upper middle class segment of the society. The outlet had merchandise sales information flowing seamlessly from their shop to their vendors which used to facilitate quick and efficient merchandise replenishment that always helped to avoid costly stock outs (Hildebrandt, 1988). The outlet also had a large warehouse, enabling the company to fine tune its merchandise assortments on a store by store and category by category basis.

Being Exclusive (Unique Merchandise)

People deciding the basic functioning parameters of the retail outlet knew that it was very difficult to develop a competitive advantage through merchandise because most competitors can purchase and sell the same popular brands. But “*Yours Daily Pick*” decided to take a leap at this stage by starting its private label brands of few products especially pickles. Such pickles were available only at their stores and enjoyed quite a fan following among the consumers for a longer period of time. Maintaining good relations with the vendors helped the outlet to get merchandise in time and at affordable prices.

Happy Relationships (Vendor Relations)

In order to make “*Yours Daily Pick*” a runaway success, entrepreneurs knew that they would have to maintain cordial relationships with the vendors along with the customers (Kacker, 1988). “*Yours Daily Pick*” has been enjoying the support of their vendors for a while and this has helped them provide their customers with the highest quality products. The owners of the retailing outlet often provide gifts to the vendors on special occasions and festivals. Many vendors provide special terms of purchase to “*Yours Daily Pick*” which they wouldn’t provide to its competitors.

Customer is a King (Customer Service)

“*Yours Daily Pick*” undertook a set of programs and activities to make the shopping experience more rewarding for its consumers. Not only did the outlet provide alteration facilities of merchandise to the customers but even the free testers of new merchandise were made available to the customers off and on. It’s a norm at “*Yours Daily Pick*”, that if a consumer is not satisfied with the quality of the product that he has purchased, then he can exchange the product for another product of the same value (Lessig, 1973).

Shout it Right!

“*Yours Daily Pick*” used an amalgamation of various methods to make their presence felt in the market-among the consumers and the competitors. The outlet used various sources to attract more and more customers towards it. The outlet often organizes contests and competitions to attract the attention of the customers and also to increase the sales of the business. The firm also provides points to the customers on the purchases which they make, which can be later redeemed to get prizes from the outlet. Sales promotion was also done by the outlet by distributing coupons among the local residents to encourage them to try the new merchandise being made available by the outlet (Martineau, 1958). On special occasions and festivals, the outlet also offers heavy discounts to the customers. Besides this, discounted offers are always there for the regular customers.

The Road Ahead

The sector of organized retailing has grown by leaps and bounds in the past few years in the country, thereby opening new markets for the retail outlets. “*Yours Daily Pick*” which was

only confined to Delhi-NCR is looking forward to expand in other metros considering the response for them has been stupendous in Delhi. Since many Tier II towns are also in the race of being the hub centre of the retailing activities in the country, the outlets like “*Yours Daily Pick*” have many places to go.

The business which was started on a single shoulder is now looked after by the committed descendents of the family-Parivartan and Manoj. The young lads brewing with ideas together joined the business to take the sector by storm. Backed by management degrees from renowned colleges, their vision knows no boundary and their expansion dreams are ready to travel all across the world.

The dream of making the exotic grocery available to Indians was a distant one until “*Yours Daily Pick*” decided to make it possible. Today the sales targets have changed and so are the number of stores operating throughout the city, but what hasn’t changed is the zeal and the passion in the workers of the outlet to deliver the best when people couldn’t think beyond mediocrity. They didn’t change the old rules in the business of retailing, they just made the new ones far above than the normal standards.

CONCLUSION

Exotic grocery is relatively a new concept in India with only the upper middle class and upper class consumers being totally aware of it and being conscious buyers of it. “*Yours Daily Pick*” chose a relatively an unexplored avenue to make their mark in the retailing world. Every organization builds its competitive strategies based on the resources available to them and whose implementation is within their budget and reach. The seven strategies which are mentioned in the case were implemented in stages on the basis of feasibility and requirement. The outlet has managed to increase its sales turnover manifold due to the effect of some of the strategies being put in place by them. The outlet successfully managed to strike a chord with its customers and its CRM practices were hugely popular among the consumers with the outlet being always ready to address to the customer’s grievances and always lending an ear in case the buyers had ideas in mind in order to make the buying experience better.

The case also delves into the variations that could be made in the strategies being adopted under the sustainable competitive advantage based on the demographics of the consumers and the preferences of the target customers.

Although, through the case study all the progress made by the outlet since its inception has been discussed focusing on the emphasis of having effective competitive sustainable strategies in place, the case has also tried to report the probable problems that could be faced in India by a retail outlet looking to set its shop in the country.

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