

For Whom The Bell Tolls- Management Case Study

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Abstract- The case is based on the actual insights from the actual research carried by the researcher in Bikaner city and highlights the dilemma of small retailers of electronic items in city which are facing strong and never before competition from online E-retailers.

Suresh Chand Ahuja, the main protagonist of the case, is a shopkeeper of electronic items dealing in especially mobile phones and LCDs in Jaipur city. His erstwhile loyal customers are being swayed by online e-retailers and he must make some alternative strategy to combat this online attack. The case is contextual in nature and learning from the case can be of immense help to small retailers to sustain their business on the face of this attack.

Keywords— Mobile Phones, Retail shopkeepers, E-Commerce, E-Retailing, Case Study, Management Case Study.

I. INTRODUCTION

The angry voice of his subordinate staff, Tarun, caught the attention of Suresh chand Arora. “But Kuldeep Ji, you yourself ordered this phone day before tomorrow and now why you don’t want to have it. What will we do with this piece? Nobody is going to purchase it and you have made a fool of me”, Tarun was literally yelling on the poor phone.

The voice from other side was loud enough to be heard by Suresh. “Tarun ji, no offence, but do you think that I am going to be deceived by your fancy hip-hops? You said that the phone is costing Rs 30K and it will be delivered after two days since you don’t have this model in ready stock, but the online website was giving it only for Rs 28K and providing me interest free EMI and icing of the cake is that website is providing free cash on delivery. Then this e-retailer sent the phone very next day. What more I could ask for man!” It was enough for Tarun to cut the connection in anger.

“Bau ji Aise to nahi chalega” (Sir, this will not do). Tarun turned his face towards Suresh Ji, the owner of one of the prestigious shops of Mobile phones and electric gadgets ‘Sound Vision’ in Jaipur, the capital of Rajasthan. “Every day a new e-site opens and lures our customers away with fancy pricing, interest free EMIs and other promises. I tell you Bau ji, one fine day they will get all our customers and we will have ample time to kill flies”. Tarun was saying as if in a fit of anger. But Suresh Ji was lost in other thoughts.

Ramesh Chand Arora, father of Suresh Arora, came from a very humble background. Originally the family hailed from a very small village of Punjab, but the business acumen of Ramesh Arora sensed the progress of Jaipur city and the family settled in Jaipur in the year 1970.

The soundness of Ramesh Arora’s judgment was evident in the initial years itself. He rose to the prominence in quick time and soon owned a quite big shop in one of the emerging

markets of electronics in the city. Ramesh Ji, as popularly called by his colleagues, was a man of swift decisions and had a street-smart thinking and as a result to this and due to his hard-working nature, the shop begun to prosper under his able guidance. The fact that he was also socially active in all cultural and social get together, further cemented the image of the shop. By the eighties, the shop was essentially selling Radios, Televisions, Audio cassette recorders and other related items. The reputation of the shop was also good and Ramesh Ji was really on a roll.

The city was also prospering and so as the electronic market. The demand of the electronic items surged even more when government of India allowed private cable TV operators in India. Ramesh Ji again smelt the opportunity and became key distributors of all the then famous brands of color TVs. He was again rewarded handsomely by fate. From the very beginning he engaged his only son Suresh in all the activities of the shop. Suresh proved to be a very good pupil and helped the father in running day to day business. The father-son duo burnt mid night oil in shaping the shop’s future and from 1993 to 2003, the shop came into prominence and was being considered as a hallmark for quality and reliability.

But year 2003 proved to be a critical year for the family as Ramesh Ji suffered a massive cardiac stroke while at work and left for heavenly abode. The sudden demise of the father left Suresh dumb at first, but the business was his bread and butter, so Suresh again started giving his soul in business.

In the same year, one another revolution caught the fancy of his mind, “Mobiles”. Initially the mobiles were seemed to be rich man’s communication tool but the ever-falling price of the handsets and ever-growing networks of the mobile service providers, started the acceleration.

The cutthroat competition also helped in speeding up this acceleration and soon the demand of the handsets became so high every shop keeper jumped into the fray to mint the easy money.

Suresh Ji also reacted fast and soon the shop was filled with all types of mobiles. Since mobiles required large money to be invested, the other electronic items took a heavy toll; moreover, Suresh Ji was not very keen to keep VCRs and other obsolete gadgets and by the year 2007, the shop became exclusive shop for mobile phones and related accessories. The only addition was inclusion of LCD televisions which were becoming a rage in especially youth of the city. The shop was having almost all the varieties of LCD televisions. Suresh Ji was very proud of these decisions as profits were pink in their health and he was now in the position to have the assistance of full-grown team of around 15 young subordinates. These young juniors were treated kindly by him, and their salaries were in between 6-15 thousand per month which were considered best in Jaipur city’s standard.

II The Pandora Box

As a savvy shopkeeper, Suresh Ji was aware of the trends, but he initially disregarded these e-retailing as mere spoofs. He had his reasoning based on dot com boom and subsequent burst which he saw with his own eyes and thus he treated these sites as mere replica of the past failures which are destined to be doomed.

But he saw the alarm bells ringing ahead of the other shop keepers who also dismayed these sites in their ignorance. It was the year 2010 in which he first saw to his deep horror that his customers were getting attracted by these sites and some of his loyal customers which were in the habit of frequently changing their mobile devices, were selling, and buying their handsets from these websites.

But he soon realized that this was a mere tip of the iceberg as more and more sites were opening day by day and ensnaring the customers with cash on delivery, EMIs and other attractions which are next to impossible to be provided by him or for that matter other shop keepers. The problem was not about the mobile phones alone, but it engulfed the sale of LCDs TV as well. Initially he could persuade a customer that the online site will not provide services and his argument was sound enough to close the sale but slowly and steadily these sites started partnering with TV manufactures and improved their services especially in the capitals of the states. This double whammy was under cutting the profits of his shop and throwing him out of the very business.

The profits were beginning to drip and as a sharp businessman Suresh Ji could sense that he has to do something very soon otherwise what Tarun was predicting will become a burning truth and his own empire which he made with day and night struggle along with his father will shamble very soon.

The need of the hour was to create some alternative strategy to combat with this lethal attack which is already proving to be a fatal one. But he was unable to form a cohesive strategy which can provide relief from this dangerous assault

III Growth of Mobile Telephony in India

Growth of telecom in India has few parallels in the world. With just about 5.07 million connections in 1991, when liberalization started, it has grown to be the world's second largest network with a subscriber base of 826.25 million at the end of February 2011.

The last five years itself, the network has grown at a CAGR of 44.56%. The telephone density was a meager 0.8% in 1991 but now stands at a respectable 69.29 with urban and rural tele densities of 154.01 and 32.95 respectively.

The growth has so far breached several targets set by the government and continues unabated. The target of tele density of 7 by 2005 and 15 by the year 2010 set in New Telecom Policy 1999 was achieved in 2004 and 2007 respectively and the target of 600 million connections set by the planning commission for the end of XIth five-year plan (2007-12) was achieved in February 2010.

As the growth continues the number of connections is set to cross the 1 billion marks by the year 2014. More than 40% of the current monthly addition over 18 million customers are in rural areas. While there is no doubt that investment would continue to be made in the expansion and modernization of the network in urban areas, it is evident from the growth pattern those rural investments are going to increase significantly over the next few years.

A total of 155.9 million mobile phones were sold in India during the whole of 2010 and about 220 million handsets sold in India in 2011, a jump of great significance.

IV Growth of LCDs in India

India is amongst the fastest growing markets for LCD TV in the Asia Pacific and one of the largest in the world. India's contribution to total LCD TV sales in the Asia Pacific region is expected to go up from 18 per cent as of end-2010 to 39 per cent in 2014, according to a report, 'TV replacement study, consumers' TV usage and alternate means for watching TV, by Display Search, a global market research and consulting firm specializing in the display supply chain.

An earlier study by Toshiba had estimated that the LCD TV market in India would grow from 1.5million units in 2009 to 12 million units in 2013. Going by the current trend, it is expected that 23 million Indian consumers — which is larger than the population of Australia — will be using LCD TVs by 2014. And by the end of 2012, LCD TVs will overtake traditional CRT TVs.

V Growth of E-retailing websites in India

Online users in India are willing to make purchases through the Internet. Overall e-commerce industry is poised to experience a high growth in the next couple of years. The 70 percent year on year growth is expected to continue and India's e-commerce market is forecast to reach a whopping \$US 10 billion by the end of 2011.

The e-commerce market in India was largely dominated by the online travel industry with 80% market share while electronic retail (E-Tailing) held second spot with 6.48% market share

E-Tailing and digital downloads are expected to grow at a faster rate, while online travel will continue to rule the major proportion of market share. Due to increased e-commerce initiatives and awareness by brands, e-Tailing has experienced decent growth.

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