

“CRM And Customer Sustainability By Agrivendors”

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Abstract

Marketing is to establish, maintain and enhance relationships with customers and other parties at a profit so that the objectives of the parties involved are met. This is done by a mutual exchange and fulfillment of promises. Modus operandii of the agrivendors is an area of elaborated study since the Customer Relationship Management (CRM) plays a very important role in the operations of these agrivendors. Further, relationship marketing is also sometimes referred to as defensive marketing – because it aims to defend existing clients from being poached by competitors, rather than aggressively hunt for new ones. What a layman understands from CRM is the overall behaviour, interaction and communication that any vendor exhibits with his customers to ensure business, its growth and sustainability. It is the process of creating and sustaining associations with potential customers and consumers. It is to be understood that, it is the apt use of CRM that an agrivendors sustains and grows. Especially, in markets of middle size towns customer relationship plays a vital role because the set of customers is similar in nature and; is fairly price and quality conscious and at the same time the competition is high.

This study has been conducted to understand the CRM moves of the agrivendors. The basic objectives of the study have been to understand as to how the agrivendors manage to sustain and grow their customer base. This study was done on two sets of target populations one: the stationed agrivendors (183) and the mobile agrivendors (59). The methodology followed was of convenient sampling and a total of 242 respondents were interviewed individually. FGD's of customers / consumers were also organized to get the feed back on the attitude and behaviour of the agrivendors and also on the parameters of reliability, cost efficiency and quality etc.

The study also leads to an insight wherein the Agrivendors with either some modular planning and/or some modification in the state of the products get into better business opportunities. There are a couple of good examples to be sighted related to Customer Relationship of the Agrivendors and their business management.

Key Words: Agri vendors, Agrivendors, Agrivendorship, Customer Relations

1. Introduction

Modus operandii of the agrivendors is an area of elaborated study since Customer Relationship Management (CRM) plays a very important role in the operations of these agrivendors. What a layman understands from CRM is the overall behaviour, interaction and communication that any vendor exhibits with his customers to ensure business, its growth and sustainability. In markets of middle size towns customer relationship plays a vital role because the set of customers is similar in nature and; is fairly price and quality conscious and at the same time the competition is high.

In India a lot of agriculture produce does not make good profit for lack of good marketing and lack of customer relationship management. If properly planned and marketed, the same produce can give huge turnover. Referring to the agriculture produce market of the middle size town of Jabalpur – the total vegetable and fruit market (excluding grain market) has an approximate turnover of Rs.50 lacs per day. This includes 40% to 45% vegetable market and the balance fruit market. Further, the turnover of an average individual farmer ranges from around Rs.50000/- to Rs.200000/- per day. These figures are with reference to the whole sellers. In case of the individuals indulging in retail business, the small petty retailers have per day earning ranging from Rs.500/- to Rs.5000/-, again subject to certain conditions, which include both market conditions and customer relations. These farmers can pull in much better profits but are the victims of the system, which involve the intermediaries, the local market rules, and the lack of ability to market the produce and so on, which can be discussed in detail.

2. Literature Reviewed:

Reading material from the earlier works done on the relevant subject supported the study. This included the works done by the references mentioned; research study done by Dr.Gupta R.K. (1994) for his doctorate on this subject and other study material from the University of Jabalpur (R.D.V.V.).

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- ❖ Shane, N.K. and Venkatraman, P.S.R: “Agrivendors and their business operations”, The Management Review Academy, 25-256-289
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3. Purpose Of Study:

The modus operandii of the small agrivendors is very simple and is majorly a very small process. The core objectives were:

- 1) To understand how do the small and marginal farmers sell their produce in the market?
- 2) How do agri-vendors grow their customer base and sustain the existing customers in a price sensitive market?
- 3) Is CRM an effective means and how is it used in this category?
- 4) Will some modular planning in the operations help in generating better business?

- 5) Will modification in the state of the products get into better business opportunities?

4. Sample And Methodology:

In Jabalpur city, there are three major vegetable / fruit markets and since our focus of study is vegetable vendors both stationed (183) and mobile vendors (59) who move on hand carts in middle size towns. While conducting the study a total of 242 (183+59) agrivendors (which means fresh vegetable vendors) were interviewed both stationed in market and mobile in the various localities. These stationed agrivendors were divided into five different categories ranging from petty sellers (18%), petty sellers with permanent place (17%), sellers with permanent municipal allotted space (18%), wholesalers random (23%) and wholesalers with permanent municipal allotted space (24%). (Graph 1). On the other hand the mobile agrivendors were respondents who were interviewed in various localities on spot. The methodology used was convenient sampling and all the targets were interviewed personally under a structured open-end questionnaire. FGD's were also organized to study consumer response for qualitative information. The details collected consisted both of qualitative and quantitative information.

5. Understanding Of Study

During the study the first thing noticed was that a big percentage of the small agrivendors were small farmers who in routine course bring their produce to the market place and sell it in the open market in the traditional manner. Some of them move as hawkers in defined zones of the urban and / or rural areas. It is some few who sell their produce in bulk to some local retailer and ensure having cleared their stock. In routine course these small farmers carry their produce in carts or other local transport and sell it in the market in retail at a close to unanimous price. Some of these sellers have a defined permanent place to trade from and have their own set of customers who trust and count on them for quality and price. There are farmers who have bigger lot of produce to be sold and they indulge in both wholesaling and retailing of their produce. Although in this case the rates do vary for retail and wholesale but in most of the cases the goods are sold. (Table 1 and 2)

In cases where the agrivendors are selling in either retail or wholesale they can get good price subject to quality of the product; aptness of time for the produce to reach the market and price negotiated. All this is majorly supported by the demand and supply ratio for a product. There are farmers who cannot manage to sell their entire produce on their own and they sell it to wholesalers; but in such a case it is most of the time the purchaser has an upper hand and fixes the rates. It is even in this situation that CRM plays a role since the entire business is done on the basis of the relation between the seller and purchaser. In these markets there is also a system of middlemen / brokers, who purchase produce from petty farmers in totality and then sell it on their terms and as per the market requirement. In such cases the profit margins earned by the farmers are reduced further and the sale is governed by the whims of the purchasers. (Graph 2)

Another noticeable phenomenon has been that, 57% of the stationed and 73% of mobile agrivendors have a defined regular customer base; whereas 43% of the stationed and 27% of mobile agrivendors have a floating customer base. (Graph 3) They have a set of customers who trust them and are regular purchasers. In case of stationed vendors, the customer at the onset visits his regular shop and picks up goods assuming that he would be offered the best deal in quality and price. It is only after this that he precedes to other shops. To sustain his

customers even the vendors ensure that they provide them a fair quality product at a reasonable price as against the market rates. These vendors also extend gestures of gratitude by either weighing a marginally extra quantity or at times giving credit deals. Similarly in case of mobile vendors, they too have a fair set of regular customers and while on move they ensure visiting the regular customers house. In some cases these mobile vendors have a monthly account with the customer, wherein the customer keeps purchasing the whole month and at the end of the month clears his payments. Thus, not only providing regular and convenient services on door but also providing credit to the customers. Therefore maintaining and sustaining the relation with the customers. These vendors also like any other national brand, work on schemes like on every purchase of a defined minimum amount they give them some tit-bits free. For eg: on purchase of Rs.20/- or more they give away some quantity of coriander, chilly, raddish etc free. At times if some regular customer demands some specific product the vendor manages to arrange it for them from some other vendor at a good deal. Vendors also supply specific products or bulk quantity against orders to the customers at a better price along with facilities of home delivery. This helps them not only in maintaining the existing base but also generating new customers.

Relationship marketing is also sometimes referred to as defensive marketing – because it aims to defend existing clients from being poached by competitors, rather than aggressively hunt for new ones. Customer Retention marketing is a process whereby marketers look at building a long-term association with their customers thus customer relationship management. It is under the above given situation it appears that retention marketing is equally important as relation marketing.

CRM in this category is definitely a much-practiced process. Once a customer is lost, regaining him is very difficult and this loss can be due to various reasons like, compromise on supplied quality, price variation, customer feeling of being cheated by the vendor etc. This category customers once satisfied, can be sustained for a long period and their word of mouth lead to bringing in new customers. In discussion with special reference to middle size towns, vendor customer relations are very important and are based completely on understanding and trust. Discussing of customer relations does not just mean providing schemes and services it also includes the attitude, behaviour and operating manner of the vendor. To quote a personal example a vegetable vendor who is a regular visitor in our locality, ensures that he gives a call in all the houses which regularly purchase from him, and this is irrespective of any purchases made on a particular day or not. He at times in absence of money change maintains a credit and ensures to return it sincerely or at times gives vegetables of slightly bigger amount in return of the change and sometimes postpones acceptance of the payment till the next visit. This manner of operation generates goodwill for the vendor and the customer waits for him to come whenever goods are needed instead of purchasing from someone else.

During the course of research it was understood that, these vendors are people who believe that, the risk in this business is only of two kinds. Firstly, the goods are not sold on time at a proper price and if they are spoiled due to some reason. Secondly, if the money is lost if any credit is extended to the customer. Most of the vendors mentioned that in most of the cases money and price are the two major factors along with attitude and behaviour of the vendor to create new customer base and sustain the existing ones. In case of the stationed vendors, customers making purchases 3-4 times in a week is higher; where as in case of mobile vendors the daily purchasers are higher in percentage. (Graph 4) This can also be due

to the reason that, in middle size town even today a large female population is homemakers and they prefer purchasing fresh produce every day. The working class women prefer making weekly purchases opposite to the one following this phenomenon. Mobile vendors further extend the facility of door service, which is convenient although the study mentions that the price rates of the mobile vendors are 8% to 10% more than the stationed vendors. On further probing it was mentioned that, the rates are higher because the vendors are making the efforts of mobility and providing on door fresh products, thus extra labour, leading to extra charge.

Another important effort seen is of an entrepreneur who started a new phenomenon. This also answers that; will some modular planning in the operations would help in generating better business? He purchases agricultural produce from the small agrivendors in totality and then after proper cleaning, processing and packing, he sells it against orders directly to households. This has given raise to good business options for the entrepreneur as well as a people associated with him. Since the purchases are made directly from the farmers cum agrivendors in bulk, the prices are better than what can be received from the open retail market. Due to this, since the consumers are getting products at the same price at what the products can be picked from the open market, but in a better state, they are accepting the idea and concept very well. This is also generating better business options and also helping the farmers cum agrivendors in getting a fair earning out of their produce. If this is accepted well and the idea persists, the problem of the brokers and middlemen would also be solved in these markets.

Looking into this concept a step further was suggested and an initiation was tried. This was the idea of selling cleanly and neatly chopped vegetables. This concept was first introduced by doing chopping green mangoes for pickles and then further followed by various category of vegetables and it has worked fairly well. Even during the discussions consumers accepted this idea with an open view and mentioned that even if the price varies marginally and the vegetables are made available cleaned and chopped, they do not mind paying an additional amount. To support this concept of clean and packed agri produce, FGD's were organized with target potential consumers. This concept was appreciated and there was an open willingness to accept it. The consumers were also asked to rate the concept on the parameters of quality, price, affordability, availability, etc. For majority consumer's quality was the major concern, and since these consumers belonged to the category of SEC B and above, affordability was not a very big concern. Another important concern was the factor of ready to use. (Table 3)

This also states that, modification in the state of the products leads to possibly better business opportunities. In the recent past the market for the dried vegetable and canned vegetables and fruits have also grow many folds. Data proves well that, in this time-constrained life style, people are looking forward to getting additional benefits. Another example, which is very peculiar, is that of ready pickles and other vegetable based conversions.

Another finding noted was that, it is only an average vendor who can afford to get a permanent municipal allotted place in the vegetable market and the rest small ones have to sell from areas in and outside around the market. This is because these farmers cum vegetable vendors are not the people who earn a very high margin and are thus not capable of hiring a permanent shop against municipal rent. This also decreases the opportunity of the small and marginal farmers to grow and also market and thus a very few manage to have an established

market for themselves. This is also a reason that CRM does not work for those vendors who do not have a permanent place, because a customer is not expected to go around the market searching for a particular vendor.

It would not be an exaggeration if it were said that, the business of these vendors is completely based on customer relations. This is further based on attitude, behaviour, understanding, goodwill, trust and operating style of the vendors and the mutual association between the vendor and customer.

6. Limitations of Study

- ❖ Not a very big sample size could be taken due to factors of mobility.
- ❖ The study has been conducted in the city of Jabalpur, and thus these available category of traders and farmers cum vendors could only be tapped.

7. Key Understandings:

- 1) CRM is definitely the guiding factor for any business and this category is governed completely by the mutual association and customer relations of the vendors and the customers.
- 2) In small towns the agrivendors show a perfect blend of product and service marketing based on customer relation management.
- 3) Customer relation in this category leads to developing customers; but smart dealing leads to customer retention.
- 4) Regular customers do more than 60% of the sale by the vendors and the balance comes from the other category customer.
- 5) CRM leads to retention of regular customers and also attracting new customers.
- 6) For these vendors CRM is a natural phenomenon and not a planned one as in corporates and other big organizations.
- 7) Opportunities in this business are huge it is just needed to be tapped in the right manner at the right time.
- 8) If the local market is organized and even the small agrivendors are given an opportunity to operate from a better location, they would probably earn better market money.

8. References

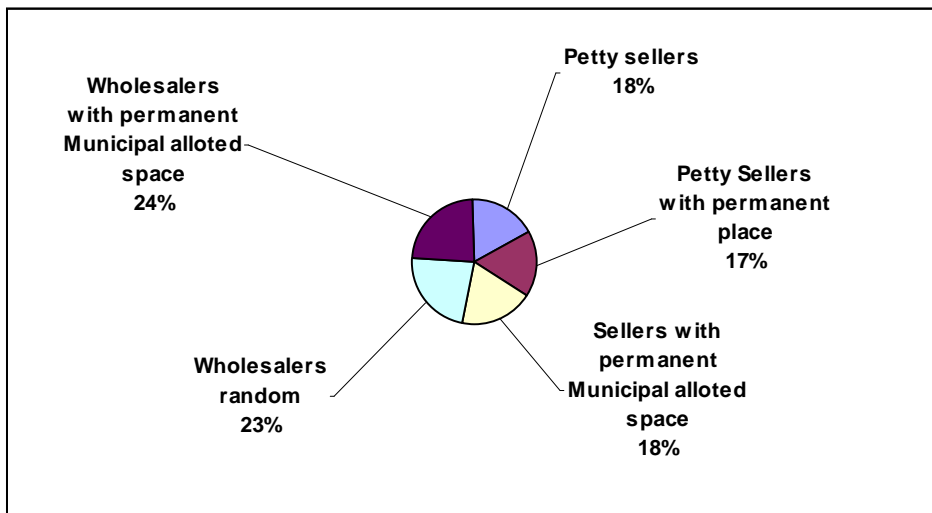
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- ❖ Social Entrepreneurship – ICFAI Journal of Entrepreneurship June 2007
- ❖

9. Conclusion

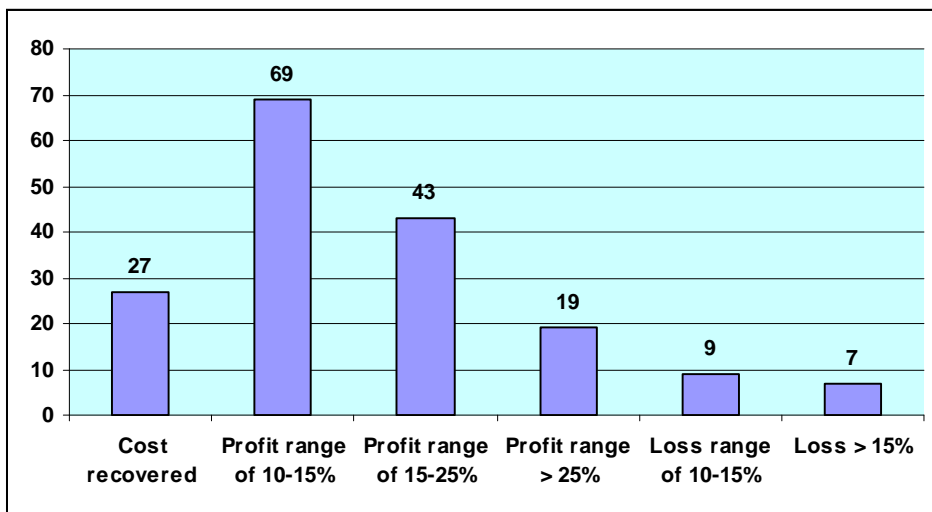
This study is still in process and is being conducted in the town of Jabalpur and with the agrivendors of the surrounding villages and areas over a period of time. The author of

this paper is conducting the entire study and for any further data or details, the readers can revert to the author. It is expected that the study would be of utility to many more researchers. Further images and photographs would be shown during the course of presentation.

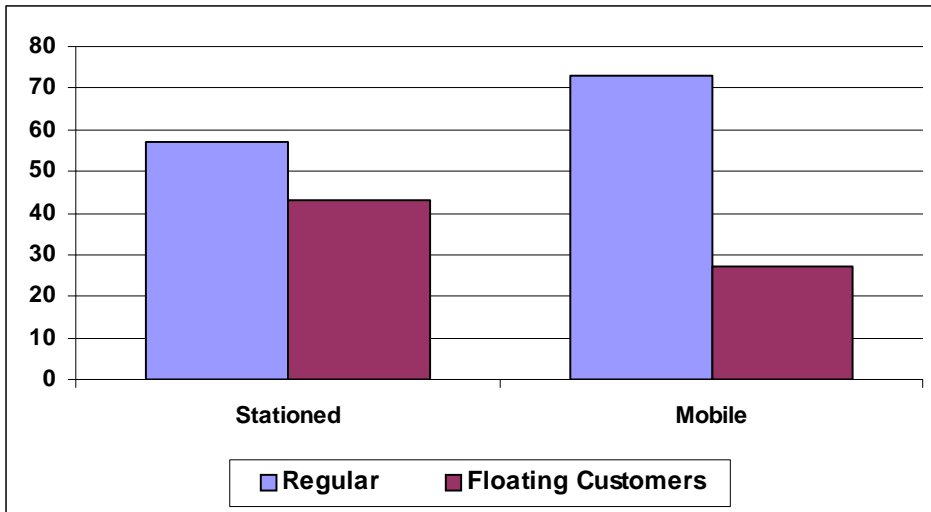
10. Graphs And Tables.



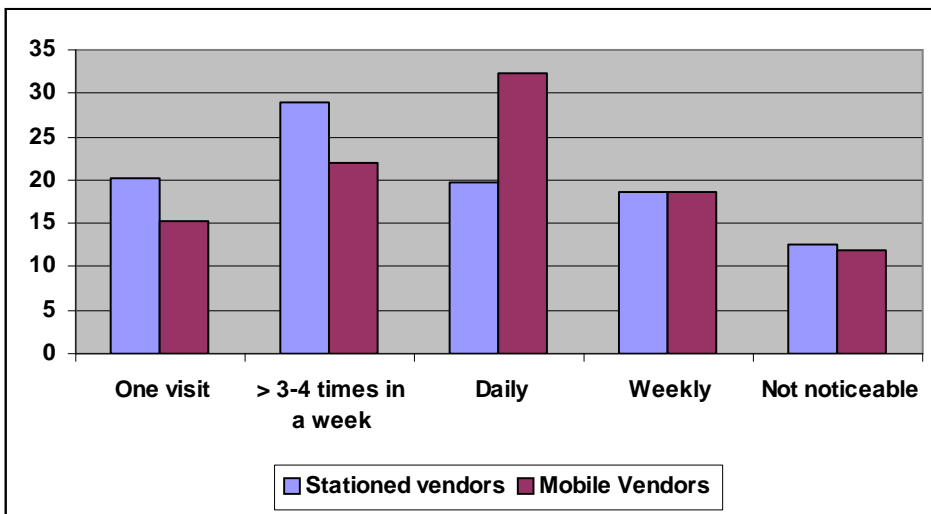
Graph 1: % of total stationed vendors



Graph 2: Every 100 time of sale



Graph 3: Type of customers



Graph 4: Average weekly footfall of the customers

Total Population of Jabalpur District	1527340
Rural Population of Jabalpur District	1145505
Agricultural Population	687303
Vegetable growing population	261175

Petty sellers in Jabalpur District	169764
Petty sellers in Jabalpur	7809

Table 1: Population details of agrivendors.

Registered Organized Vendors	293
Unorganized Vendors	534
Local Registered Organized Vendors	1291
Local Organized Vendors	1997
Local Unorganized Vendors	3694

Table 2: The data consists of all the vendors, in all the categories excluding grains.

Product Quality	4.3
Product Price	3.7
Product Availability	3.1
Consumers Affordability	2.4
Ready to use ease	3.4
Requirement	3.1
Because it makes a difference	3.0

Table 3: Consumers **Rating**