

T&E SIG's STRONGER TOGETHER
Mini IB-case 2023-01**Hearty Mart: Integrating economic welfare with community participation**

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Hearty Mart is a journey of entrepreneurial efforts that started in 2004 with the launching of a retail store in a Muslim neighbourhood in Ahmedabad. The venture started as a retail store and gradually expanded through backward integration into businesses like Hotel & catering supplies, food grocery items, bakery, and farm purchasing.

Hearty Mart remains committed to its philosophy of working as a community-driven business focusing on providing the best facilities to its customers, including the rural population. Over the last decade, the firm has grown from a stand-alone supermarket to an integrated enterprise with three verticals. As the founders now plan to expand their business further and enter into middle-east markets, they confront the following decisions:

- (1) Given that consumers now have a bend towards online purchasing vis-à-vis physical visits to a retail store, the founders must address this shift and devise counterintuitive mechanisms to cope with changing consumer preferences.
- (2) To design a blueprint that calibrates the company's growth aspirations while keeping its philosophy of supporting and nurturing community-driven businesses intact.
- (3) To develop and design/craft an integrated community business model that aids Hearty Mart in achieving sustainability while expanding across national borders.

Case questions

- (1) How does Hearty Mart enhance the store experience of their customer and add value/ease to their shopping experience?
- (2) How to create a successful business while balancing profits with their philosophy of community-driven businesses?

Info about the company available at: <https://heartymart.com/>

Keywords: Internationalization, international business, retail, Asia, India

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Teaching Notes 2023-01

Discussions from AIB members around the world

Five experts from India, Mexico, and Lithuania provide insightful perspectives for the Mini IB-case: **Hearty Mart: Integrating economic welfare with community participation**

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How can Hearty Mart counter the shift in consumer preference from physical retail shops to online shopping?

E-commerce platforms have been able to deliver goods to almost 98 per cent of pin codes in India. This shift in consumer preference, coupled with the adoption of hyper-delivery models, has emerged as a significant hurdle for traditional brick-and-mortar stores like Hearty Mart and thus demand for better strategies for sustainability.

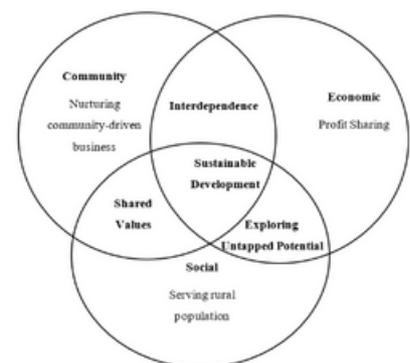
Some of the accessible/implementable steps would include the following:

- (a) Designing a better store experience through improved customer service, better-trained staff
- (b) Competitive pricing to match online platforms
- (c) Introducing online platforms providing customers a convenient pick up slot
- (d) Online promotions on social media and optimisation of SEO

How to create successful businesses while balancing profits with their philosophy of community-driven businesses?

Community-driven businesses have an inherent element of trust, which also helps in building the foundation of economic progress. The entire strategy of backward integration and diversification was executed by finding the right people from within the community therefore instilling the value of community and trust. It was based on a four-point theory comprising identifying the gaps where the business could supply its products, identifying a person with relevant skills from the community, deciding on operational processes and non-negotiable values, and providing mentoring and funding support. The business has been built through a coalescence of its stakeholders, including the community and society. However, now when the business is expanding internationally, the question arises of how to sustain the same values and business model in different environments and cultures.

Existing Business Model



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In 2015, United Nations member states, together with non-governmental organizations (NGOs) and citizens from around the world, elaborated a proposal to develop 17 Sustainable Development Goals (SDGs), which seek to achieve in a balanced way three dimensions of sustainable development: the economic, social and environmental spheres (CEPAL, 2023).

Among these 17 SDG, SDG 1 (end poverty) and SDG 10 (reduce inequalities) are very related to Hearty Mart case which is located in a developing country. According to the UN, reducing inequalities and ensuring no one is left behind are integral to achieving the SDGs (SDG 10). The target 10.2 aims by 2030, to empower and promote the social, economic and political inclusion for all, irrespective of age, sex, disability, race, ethnicity, origin, religion, economic or other status. Recently, organizations, private sector and even universities began to accelerate the promotion of inclusive programs and initiatives to collaborate with different local actors. For this reason the role of local communities is determinant to empower them for two reasons: alleviate poverty (SDG 1) and integrate (SDG 10) local communities and entrepreneurs to the dynamics of business such as Hearty Mart case. Regarding Hearty Mart's international expansion to middle east, collaboration with local suppliers outside Ahmedabad seems to be the first step for adaptation considering local needs, preferences and culture dimensions in order to improve the customer-supplier traditional experience in the market. In other words, to implement a "glocal" strategy for business expansion.

Please, consider the following additional questions for discussion:

- (1) Besides Hearty Mart's initiatives, ¿How do you think local government can promote programs or initiatives to reduce inequalities (SDG 10) in communities such as Ahmedabad in India?
- (2) How Hearty Mart can enable and promote social change in Ahmedabad?

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How does Hearty Mart enhance the store experience of their customers and add value/ease to their shopping experience?

Increasing international trade opportunities, the rise of e-commerce and digitalization of business has enabled retailers, like Hearty Mart, to transform their business into omnichannel retailing (Rigby, 2011). However, successfully managing such a complex environment is challenging, because customers may search for products in one channel, but end up making their purchase in another.

Thus, to effectively navigate this challenging landscape and increase value to the customer requires coherent planning, implementation, coordination, and evaluation of multiple channels. Everything shall be based around integration of all retail operations and forming unified offers to the potential customer via different channels. So, to effectively manage the omnichannel environment in multiple countries, the five main tasks should be addressed, which are data integration between the channels, channels evaluation, resource allocation, coordination of channel strategies and understanding of consumer behavior in a such novel retailing environment.

To ease and optimize shopping experience and accommodate changing consumer behavior and decision-making process, retailers must focus on providing consistent, uninterrupted, and seamless experience to customers, ensuring that there are no negative consequences during the transition between channels or within the same channel. Therefore, there are few areas to consider in terms of value created to the customer: the value when a potential customer reviews the items online and purchase in-store (e.g. convenient search, reviews, etc. and physical availability of the items in-store, service after purchase, etc.) and the value, when the potential client first review the items in the physical retail store and subsequently purchases online (e.g. information, staff service, etc. and purchase personalization, delivery service, etc.). Additionally, retailers should not forget to consider the value created when a customer buys from a single channel.

Thus, the effective combination of value created in omnichannel retailing would allow Hearty Mart to minimize the costs and maximize the benefits for the customer throughout the entire purchase process.