

The jugaad of street business

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Business on wheels Just move the goods to another vehicle when the owner comes to claim it

The ingenuity shown by hawkers holds lessons for modern marketers too

In India, traditionally *jugaad* refers to the junk items cobbled together as motorcycles, trucks, and cars that can take a larger number of passengers than conventional vehicles. The *jugaad* is often a robust and cost-effective solution to rough roads and poverty and is used as a survival strategy at the bottom of pyramids due to unhealthy financial conditions, unavailability of infrastructure and limited resources. However, in business and management, such practices are evolving as innate, grassroots-level innovations spurred by limited access to capital, resources, and infrastructure.

Overall, *jugaad* can be broadly regarded as a low-cost innovation, a coping mechanism, a quick-fix solution and, sometimes, an unethical way of getting anything done. The use of *jugaad* on the street is often ignored. There are millions of street entrepreneurs in India. According to the Hawker Unions' study in 2005, there are 2.75 lakh hawkers, with an annual business of ₹700 crore in Kolkata alone. Street entrepreneurship primarily includes earning one's livelihood by the art of doing a business on the local streets, railway platforms and footpaths. From vegetable seller to newspaper distributor, everyone can be termed a street entrepreneur.

The market is a magnificent example of street entrepreneurship and expertise in the *jugaad* of street business. In one recent study, we found that unique small-store formats exist among street hawkers too. We classified these as following:

Cubicle retailers

They are characterised by their small 5ft x 4ft land covered with a plastic sheet supported by four bamboo sticks. Some retailers have small steel cubicles in which they arrange all their products. These types of shops are very common in rural areas situated on the outskirts of cities so that the people living in such areas need not travel to the heart of the cities to buy their daily grocery items, thereby reducing the expenditure on transportation and other unnecessary affairs.

Marketers on foot

These vendors, along with their merchandise, usually sit on the pavements. These sellers are often observed selling different products at different places as per the demands of the local residents. The sellers in these markets also revealed the strategies for selling old products. The two most common *jugaads* in this includes selling old products with customised discounts and mixing these old products in the fresh ones and selling them again on the next day. The lessons for marketers of formal markets is that they can target customers with customised promotions and discounts, rather than same promotions for everyone.

Business on wheels

These hawkers are distinguished by their *jugaad* vehicle. They are not stationed in a particular market but travel in different localities with varied products. Generally, the vehicle, often referred to as '*thela*', is rented to the seller by its owner on terms of revenue-sharing. Some, due to a temporary kind of market, and rent payment issues, do not park themselves at a fixed place. Instead, they prefer to change their locations depending upon the customers, demand in various localities, type of consumption, and variance in the market price of the same product in different areas. Out of the 152 vendors interviewed, 17 per cent of them change their locations every day, and establish themselves in different markets so as to cover the maximum customer base possible.

The lessons for modern-day marketers is that just as '*thelas*' spatially match demand and supply, thus increasing sales, in the same way modern marketers too should design promotions that help to spatially match demand and supply – for example, the Happy Hours discount restaurants give to level their demands. In a more sophisticated form, it can also be in the form of customised promotions by retailers for target customers that can be delivered to their homes, just like '*thelas*' move around localities scouting for regions with higher demands. Imagine a product or a promotion that moves around spatially, eventually targeting a customer who is looking for it the most.

'Head and Shoulder' sellers

They are commonly found around the railway stations and bus stands with their products on their heads or shoulders. Their expenses only include the products' costs and the transportation cost. Such hawkers are generally observed selling toys, balloons, and so on. The lesson for modern marketers is in terms of reducing fixed costs, and working more on the variable cost model.

Another category added to the 'Head and Shoulder' entrepreneurship includes "exchange: no cash in return." These sellers offer utensils for old clothes, instead of cash. They generally visit different residential localities for the sales. This is purely an innovative concept, which has been prevailing for quite a long time in the Indian markets. Here, the modern marketers can learn that exchange is another way of enhancing customer value, apart from the traditional 'cash for sales' model.

The act of bargaining is prominent in these informal markets. The reduction in the quantity of item may vary according to the amount of purchase, cost of purchase, regularity of the customer, and the trend of price in the markets. As shopping in these markets is never done without some bargaining the price first mentioned to the customer is always higher. As customers insist on reducing it, the hawkers finally offer it at the genuine price. Hawkers understand that bargaining and price haggling enhances customers' perceived value in shopping.

Our enhanced understanding of street-level entrepreneurship will help us to solve some of their problems, as well as enable them to do their business ethically and legally, without being harassed.

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