



Value Innovation Across Porters' Chain: the  
Business Development of India'S' Adyar Ananda  
Bhavan

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## **Case Development and Teaching (Participant Centered learning)**

**Title: Value Innovation across Porters' chain: The business development of India's'**

**Adyar Ananda Bhavan**

### **Abstract**

This case focuses on market development by Adyar Ananda Bhavan (prevalently known as A2B), a quickly developing sweet chain of Chennai in South India who has timed incomes of Rs 420 crore in the year 2016 with 6,000 employees' and is currently proclaiming a target of 700 crores turnover from 2019 onwards with 8000 employees. Surprisingly, there is scarcity of a case study which could analyze the market development of one of the giant sweet chain in India. In line with this, this case study offers valuable insights into the value innovation across the porters' chain in one of the biggest sweet chain in India known as Adyar Anand Bhavan. The case has a close theoretical association with the famous model of Michael E. Porter (1980) on the one hand and explains how an organization can grow its business through value-based innovation. Contending sources of data, for example, print and electronic media have been utilized to accumulate and report raw facts and figures. The analysis was done based on insights gained from various academicians from different universities across India, some mid-level managers from industry and some unofficial conversation which happened with A2B staff in Bangalore. The setting of the case shows a record of how the value-based integration is a vital favorable position for any firm and protects the business from environmental threats. This case is planned to be utilized in courses like strategic management and operations management for both undergraduate and postgraduate management courses.

### **Keywords**

Case study, Adyar Ananda Bhavan, Porter's Value Chain, Business Development, Value Innovation, strategic management, India

## **1. Introduction**

Adyar Ananda Bhavan popularly known as A2B is a chain bistro and confectioners headquartered in Chennai, India. It is the foremost established chain in Chennai. It has been seen a steady increase in their business with 140 outlets in India and count goes on. Throughout the years, the scope of its items has included a good assortment of desserts,

tidbits and south Indian nourishments. The central setting of the case is related to the value chain development in terms of value addition in all the elements of the value chain of A2B products starting from raw material suppliers to end consumers. This case therefore emphasizes on market enlargement by Adyar Anand Bhavan wherein it highlights the role of A2B merchandise in the value chain. A2B has created a feasible business profit with everyone in the chain i.e. with the providers, representatives and customers. The spine of the A2B sweet chain lies in healthy backwards and forwards linkages with the dealers and end users. The present contextual analysis is sorted out into the accompanying comprehensive areas like first, a snapshot of the sweet business in India is presented, followed by an overview of Adyar Anand Bhavan history; thereafter, background of growth strategies at A2B is provided; where the business model of A2B is outlined, finally, the future of the business and recommendations are discussed.

## **2. Sweet Business in India- A Snapshot**

The food industry is a quite dynamic in nature with frequent changes in customer demands (van der Vorst and Beulens, 2002; Wiengarten et al., 2011; Trienekens et al., 2012). The Asian government through Ministry of Food Processing Industries (MoFPI) is formulating all efforts to encourage investment in nourishment industry (civils daily, 2017). After the WTO, the food industry of India is experiencing intra industry trade, i.e., trade in likewise products. It also indicates that there will be massive competition between international and Indian companies in the home market (Deodhar and Intodia, 2010)

The Asian government has approved foreign and industrial collaborations for joint ventures. The Indian food processing industries business accounts for 32% of the nation's complete nourishment showcase, probably the biggest business in India and is positioned fifth regarding utilization and trade. It contributes around 14 % of Gross Domestic Product (GDP), 13 % of India's fares and 6 % of the absolute mechanical venture. Indian foodservice industry is confident upon to arrive at the US \$ 78 billion by 2018 (International Monetary Fund). The Indian connoisseur nourishment market is presently valued at the US \$1.3 billion year by year. The Indian food market is growing at a compound annual growth rate of 20%. It is been forecasted that India's organic food market may rise by three times by 2020. The online nourishment business in India is in its emerging stage however India is witnessing extraordinary growth over the period. With online nourishment conveyance players like food

panda, zomato, tiny owl, and swiggy etc. the current standard of living in India helps in enhancing the regulated market with an immense potential and promising future. Day by day and year by year food industry has grown at rapid rate of 150% with an anticipated value (GMV) of US \$300 million in 2016 (Global business ventures, 2016)

Indian dishes are perfectly heaven for those who have an appetite for mouthwatering food. Speaking further, the Indian cuisine is been segregated into various categories, each one being popular in different states of the country, each state has unique taste and varieties. The most popular cuisines are Punjabi, south Indian, Bihari, and Rajasthani. The Indian food is known for its spicy flavor and tempting aroma. As India is much known for its customs and traditions and they prohibit themselves from eating meat, people in India enjoy wide variety of vegetarian dishes. However, meaty delights are also savored, particularly chicken and fish. At the same time, Indians also share a passion for delicious traditional sweets.

In India every occasion at house or corporate event is celebrated with sweets, and investment in sweet business would yield you higher rate of profit. Accordingly, opening a sweet shop business is a boon for the entrepreneurs. There are numerous sweet shops in India and business seekers can dive into with great brands like brijwasi sweet shop in India, Agarwal desserts corner etc. In case one is curious what amount does it cost to set up a sweet shop in India or conduct a research to know the sweet shop establishment in India or courses in opening a sweet shop business, here franchise bazar plays a vital role in encouraging and guiding the entrepreneurs with best in its fragment. Mithais or sweets treats are a vital piece of Indian cooking and they are enjoyed during a healthy supper, desserts and pastries and are likewise fundamental to Indian celebrations. A portion of these, as laddu, began in old India, however many of them were acquainted with the nation by the Mughal rulers who originated from Persia. (Exhibit 1)

### **3. Humble beginnings of A2B**

Back within the seventies, a crop growing family in Rajapalayam in South Tamil Nadu state was utterly over drawn after an erratic typhoon shattered their farmland making it uncultivable. Thirupathi Raja, the pinnacle of the family, was shattered after the heavy dust storm. His source of income was agriculture as he used to cultivate paddy and sugarcane in their eight-acre plot and had lately borrowed bucks to lease more plots to enlarge his farming

activities. Thirupathi Raja had owned a little desserts shop in the town, which was not doing great either. Without income from agribusiness, he arrived in profound obligation.

He quoted in one of his interviews that “My dad even examined to attempt suicide along with the family members as it was the worst stage where we family members experienced starvation and poverty states”. He had four siblings, all of them shared the battles of the family before propelling the now well-known desserts chain, Adyar Ananda Bhavan, which was esteemed at an astounding Rs 1,800 crore two years back.

When Thirupati Raja was around the age of 10, he fled from Rajapalayam to Chennai where he at first worked as an eatery cleaner of dining tables and subsequently he started to help in cooking and learned to make all types of desserts from a senior cook. Later, Thirupathi Raja followed his father’s advice to return to Rajapalayam and stayed with the family and began with paddy and sugarcane cultivation. Over the phase of time he decided to use the sweet-making skills which he had learned as a young boy in Mumbai and commenced a new sweets shop in Rajapalayam in 1960 and titled it as Guru Sweets.

Srinivasa Raja cited that Thirupati Raja headed for Mumbai when he was around 19 years. “In Mumbai he worked in a retail store which was held by a Tamil in Matunga locality and later took up the occupation in textile mill. For some time, he additionally attempted his turn in an independent venture, purchasing idli making vessels from Kumbakonam in Tamil Nadu and selling it in Mumbai. In the meantime, the agriculture business floated with high returns and Thirupathi Raja purchased additional land to expand his farming activities. Unfortunately, the fanatic dust storm shattered his plans and left his family heart-broken once again now with his four grown up children’s. Conquering the underlying shock, Thirupathi Raja choose to move on to Bengaluru in mid 1970s and re constructed his life from scratch, he came up with an idea of starting a dessert outlet in Srirampuram in Bengaluru which gave a worthy opportunity to the family.

The outlet was called as Srinivasa sweets and this time Thirupathi Raja could rely on the support of his better half and two children –who had dropped out from school for running desert outlet. The family built up the empire brick by brick living out in a small house, that had a chamber, hall and room. Srinivasa Raju discontinued his studies after class 10, he completed his studies in government school in Rajapalyam in Tamil medium.

Srinivasa Raju parroted "My dad would make the desserts and my mom would support me. I would accompany in supplying sweets to other retail outlets in the locality and my elder sibling K T Venkatesan observed our shop."

From such a humble beginning, the family has made an extra ordinary progress. The family currently resides in a massive 12000 sq ft three-storey house in an opulent area in South Chennai. Srinivasa Raju retains couple of high-end cars and his preferred one is Volvo XC90 oil electric half breed SUV. His folks may be no more, but he endures to treasure their memories and has sculptured their busts right at the entrance of his residence and inside the spacious drawing room of the house.

### **3.1 Making of a brand**

Adyar Ananda Bhavan has a whooping amount of turnover of Rs. 800 crore and the count go on. A2B has also concentrated on employment generation and more than 8000 people are employed through A2B. A2B was relying on worth expansion and item diversification to fuel its development. It has branches around the world, with its outlets found even in the US, Malaysia and Singapore. "We have around 140 outlets, incorporating two in the US and one each in Malaysia and Singapore. Plentiful outlets have been connected to A2B veggie lover café. Srinivasa Raju verbalizes the first A2B café was begun in Pondicherry in 2000."

The family would have continued with Srinivas desserts, however the anti –tamil riots that shook Bengaluru in 1979. Their business got effected drastically and then the family moved on to Chennai, leaving behind Srinivasa Raja to deal with the Bengaluru shop. In 1979, Thirupthi Raja and his elder son K T Venkatesan established their first outlet in Chennai, Sri Anand Bhavan, in Washermanpet. Srinivasa Raju sealed the outlet in Bengaluru in 1988 and united his dad and siblings in Chennai. They expanded their business by coming up with their second outlet in Chennai in 1988, and since then they have grown rapidly. Sri Ananda Bhavan progressed towards becoming Adyar Anand Bhavan. In 1992, they came up with their third outlet in Purasaiwakkam and different outlets followed with hardly a pause in between. A2B introduced new assortment of desserts, Srinivasa Raju cited on how they distinguished themselves from their competitors. A2B came up with individual chefs from different places like Rajasthan, Bengal, Punjab, and UP to make the famous flavored desserts in those places and they succeeded in attracting the customer creating brand awareness among the public. By 1994, their turnover whopped up to rs 100 crore and by the year 2000

they expanded and came up with 20 branches in Chennai and accomplished a turnover of Rs 150 crore. Consequently, over the period, they became one of the best sellers of desserts in India creating values and extending excellent service to consumers, stakeholders and society. (Refer to table 2)

Adyar Anand bhavan has been the recipients of many awards. K.T. Srinivasa Raja, managing director of Adyar Ananda Bhavan Sweets India Private Limited, from the southern region bagged The Confederation of Indian Industry (CII) Southern Region Entrepreneurs Awards 2018 (The Hindu, 2019). Some different honors which A2B has sacked are Excellence in Retail and Customer Services, Pride of Tamilnadu (2017), Chennai Retail Summit (2016), International Tamil University USA (2018), Entrepreneur Lecturer Series (2015) by Times of India.

### **3.2 Current product portfolio**

A2B had differentiated their brand portfolio across the worth of pyramid, with trademarks extending from premium to budget. The existing A2B has wide range of savories that your heart wishes.

#### ***Sweets***

#### ***Milk and drawn Butter Desserts***

The desserts are prepared by the wonderful and experienced chefs by utilizing the best quality ghee unadulterated, thick milk and other nutritious ingredients. They are noteworthy in offering an amazing quality of milk and ghee desserts with a beautiful garnishing.

#### ***Bengali desserts***

Every one of the desserts in the shop are readied utilizing unadulterated ghee and different ingredients since they care for their client's wellbeing. There are set of procedures to be followed at kitchen and in café. A2B has well-groomed and skilled staff who are back bone in preparing delicious Bengali stuff. They are known for their consistency in maintaining taste and quality.

#### ***Dry fruit desserts***

Adyar Ananda Bhavan is here with the proposal to offer its customers exclusive designer and nutritious dry fruits desserts in customary real style. The dry fruits used in preparation of desserts are natural and organic which enhances the taste of desserts as the utmost priority is to keep consumers happy by giving them the best quality dry fruit desserts.

## *Savories*

The amending desires of the customers towards mouthwatering savories is fulfilled by A2B by using innovative techniques in providing tasty and delicious desserts. The yummy luxuries are affectionately made by keeping up great cleanliness levels at their well-prepared and mechanized kitchen. They are so joyful about taking the most extreme pride in being the first and favored decision of the number of people residing in the city. Sustenance with quality, was the foundation and driving variable for A2B's item launch. A2B had an intuitive competency in producing its food and had the option to deal with its worth chain in all respects efficiently.

## **4. Analysis**

To understand the case of A2B better, a panel of experts was selected from industry and academia to understand their viewpoint on what made A2B grow so much and what strategies can be touched further. Besides this, the author has done an exhaustive study of the data available for A2B growth on public domain.

### **4.1 Business model**

According to Kagermann et al, (2009), a business model consists of four interlocking elements that, taken together, create and deliver value. Those elements are customers, employees, profit and processes. A2B never opted franchise route to make profit in cities. Srinivasa Raju, elucidating their business model said that they either came up with their own venture, or have an income offering arrangements with the landlords who gave them their outlets (with no advance or rent), and A2B would invest in the employees and products. Out of 140 outlets, around 15 outlets pursue the income sharing model while the rest are completely owned by the founders of A2B. The enterprise owns around five outlets out of the remaining 130 outlets. All other outlets are operated on rented and leased premises. The creation and dissemination of A2B sweets involve four major dealers in their value chain: suppliers, manufacturers, competitors and ultimate end consumers (Refer to figure1).

**Suppliers:** It has been seen that a better relationship with suppliers of resources gives any business long run benefit to the enterprise. It has been observed that A2B has a permanent arrangement of providers of resources like masala ingredients and with them they have preserved a sincere relationship creating value to its suppliers.

**Manufacturers:** There are a lot of specialized staff like halwais and chefs who deal with the assembling of sweets of A2B (*Forbes India (2019)*). Over the decade of five years, Adyar Anand bhavan has timed at 15 to 20 percent compound yearly development rate with the future to come up with the 60 more outlets across the India. The strategy which is followed by A2B is guerilla warfare technique, so that they never engage in a direct fight with the local desserts manufacturers but aims at building their own empire with an unique style and in this mode, they have seized a niche segment of the broader market. The roles and responsibilities are segregated among the staff to supervise the operations at A2B which is not normal for other family run businesses in the same space.

**Competitors:** Today, Halidrams, Bikaner, MTR are the major competitors of A2B in sweet fragment except for that there's no real contender as such because there is no major portion of marked desserts in India. If one goes to any town or village in India, they can discover many local manufacturers who sells loose sweets, in this way it's hard to compete with them in terms of pricing. Therefore, it can be said that although A2B is difficult to compete quality wise, yet from the cost perspective it is tough for A2B to contend with them with their entire inventory network cost, appropriation cost, retailers' edges and so forth. This strength of maintaining quality can be called as proactiveness which has led A2B compete effectively with their competitors. ( Linton and Kask 2017)

**End consumers-**A2B saw that the values of a consumer stems from his psychological and social focal point, subsequently it influences the demand for the product, this should be emphasized when one is setting his business. A2B has dealt with this amazing strategy and this was followed by the A2B in attracting the customers and capturing the market through maintaining hygiene and quality to the end users at a competitive price.

Speaking further about the business model, A2B has smartly used Michael E. Porter five forces model for their business. Michael Porters five force of industry examination was progressively positives for A2B. It had couple of barriers to entry, even though substitutes for its item were proliferated, A2B had great association with buyers and suppliers, additionally competitors action wasn't that brutal. Similarly, the value of its resources (suppliers, employees, customers), relative to its contenders, was indicating inadequately important to drive constant differentiation from its contenders like Bikaner and Haldirams. Based on

identified market demand, opportunities existed for A2B to build its sweet business industry over the value chain. (Refer to Figure 2)

#### **4.2 Value Creation in the Business**

Value creation is the primary aim of any business entity. Value creation can be defined as the changes in current place, time and form based on the consumer and market values (Anderson and Hanselka, 2009). In any business to create a sustainable value the interests of customers, employees, and investors inextricably linked. Identifying the value-added activities that will support the necessary investment in research, processing, and marketing are significant. Coltrain et al. (2000) suggested value addition is an innovation that aims at improving existing processes, products and services or fabrication of new products. Therefore, value addition is the extra value created or improved as a consequence of either of the upgrading strategies. To generate value to the business, A2B tend to focus on quality and intangible drivers like innovation and customer relation. In this approach, aiming at value creation forces an organization to implement a long-term perspective and align all of its resources toward future goals.

##### ***Making it sweeter (pricing it right)***

According to Weisstein, 2016, perceived quality influences customers to pay little extra from their pocket for the product. In case of A2B, there was a huge competition in the sweet market from competitors like Sarvana Bhavan, Bikaner desserts, and Sangam sweets. Kt Srinivasa Raja, who takes care of Adyar Ananda Bhavan chain of cafes, endorses that there's a depression period in the cities these days, the incomes declined by 10-20% in previous couple of months. Primarily because of rivalry from other cafes and decline in footfall, A2B has scaled down the costs of its items like idlis and the espresso by 5-10%. Despite maintaining quality of their sweets, A2B had to decline their margins in order to increase the footfalls (the Economic Times, 2013). Nevertheless, the fact remains the same, that better pricing strategies are important drivers of return on investment (Baker, T., et al. 2017).

##### ***Global Delivery***

In this modern era, innovation plays a significant role and act as the new empowering tool. It has encouraged the expansion of the new plans of action, example, cloud-based kitchen that helps online food delivery (KPMG, 2016). A2B is very keen in utilizing this new forthcoming pattern in some way. With the changing needs of the end consumers, A2B came

up with innovation by introducing online food delivery app along with their special series of royal veg biryani's in Bengaluru. K T Srinivasa Raja, managing director of Adyar Anand Bhavan desserts and snacks says, "A2B Online requesting app brings the flavor of the café's indulgences - be it south Indian or north Indian, tandoori or chinese, sweets and savories from the area nearest to your home. "This app enables one to command their preferred foodstuff and get it conveyed to their home in the briefest timeframe. A2B has come up with the new assortment which is added to their menu that is special dry fruit biryani which is accessible through online delivery app. Subsequently they have come up with seven outlets in Bengaluru which will begin biryani conveyance facility: BTM, HSR, BG Road, Marathahalli, Electronic City, Whitefield and Indiranagar. (The Hindu business 2018).

### ***Strategic move for poised growth***

According to Shokuhi, A. & Chashmi, S. (2019), strategies like cost differentiation, customer service or market development can always lead to growth of the business. In line with this, recently, A2B has appointed Deloitte to help them raise the capital to grow. (The Times of India, 2016). Prior to this, in the year 2000, A2B planned to enter the café business and set up A2B eateries along with Adyar Anand Bhavan sweet stalls and it had a tremendous impact on the growth of the company. It contributed significantly to the company's top line yet in addition it got more footfalls to their outlets and expanded the brand visibility. Around 25 Adyar Ananda Bhavan outlets are situated on national roadways in Karnataka TamilNadu, and AndhraPradesh. "Our goal is to have one of outlet at every 200km on every single national roadways crosswise over India" cities Srinivasa Raju.

The largest presence of A2B was found in two urban areas that is Chennai (50 outlets) and Bengaluru (36 outlets). Bengaluru and Chennai have a centralized kitchen from where foodstuffs are prepared and delivered to the different outlets. The kitchen in Chennai at Ambattur is more like a factory with automated machines (artificial intelligence) making most of the sweets with very little human intervention. Adyar Ananda Bhavan might be succeeding the plentiful home-made Indian nutrients chains that have become comfortable in raising private equity in recent years.

The siblings are presently consulting with private value subsidizes Carlyle and sequoia, other than reflecting on joint endeavors, in planning for the following next phase of their enterprising expedition. Apart from growing its outlet crosswise over India and the world,

family is looking after the business at a running budget hotel along highways, to sell their idlis dosas and suppers and exporting frozen foods.

The managing director Srinivasa Raju at the age of 52 speaks “A2B are still in concession with various offers and structures being fetched to the table”. For present, he states, their business is open to any course private value, vital joint endeavor accomplice or even a first sale of stock.

A2B came up with various homegrown Indian food shackles that have turned out to be increasingly more open for raising private equity in recent years. By running themselves, they have spread across 7 kilometers. Today A2B has spread across 75 sweet outlets, 35 of them with eateries, and the strategy is to add 50 more by the end of the financial year. That would be acceptable to build income to rs 630 crore, Raja has faith in himself. Almost 66% of the incomes originate from his sweet business.

In 2000, foraying into cafes was a whole some move. The managing director of Gurgaon based retail consultancy Wazir advisor Haminder Shani cites that naturally a dessert outlet opens at 11 am, while the restaurant opens at 6 am, so by having dessert and eateries together one can attract huge customers”, and the demand and revenue for dessert has an positive impact in the business.

The platform was set for the siblings to add gauge of varieties. Raja cites “despite the fact that we didn’t have proper education and training, but our aspiration was never minor”. They had an option of employing the professionals which assisted them in growing. He says “We made the business not relying completely on us. It should keep running on its own legs.” The business has officially made its mark outside the home post in Chennai and established its wings in Delhi and Bangalore. On the radar are Mumbai, Hyderabad and Ahmedabad. Raja articulates that he is trying to expand his business with some Belgian organizations. It is currently in discussions.

A2B has experts staff members with long stretches of experience who keeps exclusive requirements of delicious desserts and foodstuff. A2B gives its best to satisfy and fulfill the needs of the consumers and ensures best quality savories (Adyar Anand Bhavan, 2017). The firms follows a policy of introducing a product according to the changing needs and preferences, launching the right product at the right time (with right flavor practical bundling), and selecting suitable means to communicate the product and easy availability of

product to consumers through traditional and modern ways and the best strategy followed by A2B is use of right number of chefs.

Nevertheless, A2B became popular because of a variety of reasons. Specifically, in Tamil Nadu, they provide parking facilities on the adjacent compound near to the shop. Then of course the wide range of sweets and savories. Innovation is likewise going about as the new empowering influence. It has prompted the rise of the new plans of action, for example, cloud-based kitchens that help online sustenance conveyance. A2B is additionally attempting to utilize this new upcoming pattern somehow.

### ***Advertising through A2B***

A2B is one of the most popular monetary budget restaurants in Bangalore. There is an immense number of footfalls in A2B restaurants. A2B is not only preferred in city limits but also most preferred restaurant in urban areas. Many of the A2B outlets are situated in highways which provide an opportunity to promote to target commuters to other cities as well. A2B is providing an opportunity to other brands to advertise through their outlets, this is the chant behind their popularity and fame. Promoters are prepared to target clients of A2B through different promoting alternatives like booth, standees, blurbs, and handouts (Media ant, 2019). Brands do select to promote in A2B eateries in view of the escorting reasons:

- Advertising through the A2B outlet assists brands with connecting to the most extreme crowd as A2B restaurants are considered the most famous café networks in Bangalore.
- Promoting the product through A2B restaurants is an excellent thought for hyperlocal owing to numerous eateries crosswise over Bangalore.

### **5. Way ahead**

Mr. KT Raja aim is to be known as a renowned chef in the world for preparing healthy food items. As told by him, he has conducted a research on making nutrient rich food which will give all the essential proteins, minerals, and omega 3 which is needed for a healthy body. Talking about his personal life, he is one doting father of three girls, Pooja, Pavithra, Prarthana, and a son Sri Vishnu. While three of his kids might continue the legacy by joining him in his business, the most youthful one, Prarthna, concentrating in class 12 is excited about joining the defence force. "We can give one youngster for the country," he says, nearly thinking aloud. V Vishnu Shankar who is his brother's son, is the director of A2B who is

actively involved in taking care of day to day activities of the company. Srinivasa Raja says his inspiration of life is summarized in a basic 4-point supplication before he gets up every day. "I ought to be a better spouse, a great dad, a great boss, and a valuable resident to society." The success in the future of A2B can be determined by how they allow outsider in the next generation and deal with passage of non-relatives into the business". The other challenges which they could possibly face is of location. The brand which is popular and preferred in one state cannot be in the same condition in other states so how they set up that brand character will be key to success. It bags a turnover of about rs 800 crore and has establishment outlets in Singapore, Malaysia, Dallas and New Jersey in the US. It additionally works as South Indian café network called A2B inside its stores. A 210-seater Adyar Anand Bhavan establishment outlet is planned to open in NewYork, US, in a quick span of time. Talking further, these days, the food processing industry offers various beneficial checks which benefits both to the organization as well as to the consumers. It would ensure the selection of sanitation and quality confirmation instruments, for example, Total Quality Management (TQM) including ISO 9000, ISO 22000, Hazard Analysis and Critical Control Points (HACCP), Good Manufacturing Practices (GMP) and Good Hygienic Practices (GHP), which in turn will empower the organizations to stringent quality and cleanliness standards. In this manner it prepares the sweet industry to ensure customers' wellbeing, be ready to face the challenges internationally, enhance the product quality, design, taste and preference so that it meets up with the need of the customers across the borders and keep the business well updated to global accepted procedures.

## **6. Recommendations**

Owing to the tough competition in the post-WTO era, food industry is full of intra-industry trade system, i.e., trade in like products. It also points out that there will be tough competition between national and cross boundaries companies in our own home market. This competition will demand companies to work on product differentiation and branding. This is quite plausible only if companies pull up their socks to work on updated quality. To stay quality efficient, firms must fathom consumers' outlook towards quality features. Hedonic price analysis, a methodology can be recommended for buying the ingredients of sweets from the suppliers. The methodology is voraciously used for processed food products in developed nations. However, it is yet to be applied to Indian food markets settings. For instance, a hedonic price analysis of a commonly used Indian processed food product-ghee can be done. Research has explored that consumers can be made to pay a little extra if the processed food

can be proved to be manufactured organically. Secondly, flavor is a significant quality feature important for consumers. While texture is equally relevant, a consensus needs to be reached on if there is an ideal color feature for ghee which can be used for sweets. The conclusion points out that branding offers reputation, and, dairy cooperatives may work on to improve their brand equity in order to increase their sales to firms like A2B. Thirdly, another suggestion is that bigger firms like A2B, need to generate idea on inspection of food quality features so that hedonic price analysis can be predominantly used for strategic building. The authors further suggests A2B to adopt hybrid form of competitive advantage to engross the future researchers. (Salavou, 2015)

### **Teaching notes**

#### ***Synopsis***

This case talks about the growth strategies at A2B, an extremely large sweet shop chain in India. Despite being hit by anti-Tamil riots in 1979 in which their business got affected and the family had to relocate to Chennai from Tamil Nadu, A2B could establish its sweet business in 1980. It has branches worldwide now, with its outlets located even in the US, Malaysia and Singapore. In the light of increased attention over beautiful growth of A2B in India and overseas, substantial recognition needs to be paid to the ways in which their business grew. The case is predominantly used to bring to the table the significant aspects that triggered A2B's growth and to fathom the relevance of various management strategies in Indian sweet market scenario. The other objective is to experience the teachings from the business growth situations and to enhance the scholars to ponder over further strategies which A2B can use cross borders in a longer term. The study suggests market growth models in order to expand the work business in time. As Grundy (2006) preached the importance of Michael Porter model for MBA students, the case has been developed as an important teaching tool for imparting domain-specific knowledge (porters five forces model) to the undergraduate and postgraduates' students in management.

#### ***Suggested Student Assignments***

Some of the questions as an assignment for students to practice are drafted below:

##### **Input:**

- Jot down the numerous reasons for business growth of A2B.

##### **Process:**

•According to you, which strategies (blue ocean strategy, pricing, promotion, location) were taken up by the A2B, respectively, at each stage of the growth? Try writing specific incidences from the case in order to back up your answer.

**Output:**

- What strategies(s) could possibly be taken by the company to resolve competition faced by other rivals in the market?

**Feedback:**

• Try jotting down feasible teachings from case and advice suitable strategies for further market expansion of A2B overseas.

***Conceptual Foundations and Pedagogical Objectives***

The pedagogical objectives of the case are written below:

1. To come up with a background of the picture of the food industry in India
2. To review the growth strategy that resulted to the big giant A2B sweet shop.
3. To understand and highlight the applicability of various market development strategies in Indian market, and
4. To fetch learning's from the great entrepreneur of A2B and draw the conclusion towards the possible measures which could prove as an expansion strategy to broaden A2B's business outside India.

***Theory Underpinning***

The model which is helpful in distinguishing the aggressive pressures within any industry condition is Porters (1980) five force model of industry competition. The idea is also supported by Besanko, Dranove, & Shanley, 2000; Thompson & Stickland, 1999 who advocates that Porters five force model can be used as a powerful tool for analyzing the business scene. The central principle of Porters aggressive viable approach is the company's earning and surviving capacity depending on five competitive forces within industry: the competition being too high and the risk of contenders entering the business, the force of competition among existing contenders, danger of substitute things and services, the haggling intensity of purchasers, and the dealing intensity of suppliers (Sack, A. L., and Nadim, A. 2002). Porters (1980) contends that organizations who breed preferable techniques over their rivals, by grasping the states of the industry better than others, may achieve manageable upper hand (i.e., an increasingly productive situation in the long haul)

Porter advocated the three generic strategies of cost leadership, differentiation, and focus.

Other specific examples include:

1. Persistently updating the product features so that it meets up the changing taste and preferences of the customers.
2. Utilizing the advanced technology in order to increase the revenue.
3. Redesigning the product, container, trademark, design and different parts of advertising and marketing.
4. Selecting the tool for promoting the product plays a vital role in surviving in the market.
5. Discovering various innovative techniques for usage of existing products.
6. Investigating better approaches to strengthen the ways of doing the business such as online sales and warehouse sales.
7. Creating a blue ocean Wee, C. H. (2016).

### ***List the Various Reasons for growth of A2B***

The underwritten points can be utilized to foster the discussion on the causes that lead to A2B growth: (Refer to Table 1 also)

1. bringing into a new sweet segment in the market.
2. venturing into new food segment
3. venturing into new markets;
4. Outsourcing, that is, hiring contractual workers instead of permanent workers;

### ***List out Possible Learning's from the Case***

The A2B case has been taken as an exemplary example to understand the current scenario of sweet business in India. It brings forth several key concepts of entrepreneurship that lead to business growth. These include use of concepts like porters five forces model (1980) or value chain method (Porters 1985). The competitive advantage of value chain is achieved by performing important value chain activities at a competitive rate in relation to the competitors (Porter, 1985). A business leader must either have or develop some unique capabilities in order to achieve and sustain that position. Examples of such capabilities and resources are: a dominant market share, secured supplies of scarce raw materials or having developed more efficient linkages to suppliers and customers. (Refer to Figure 2)

## Notes

1. The present case is written for the purpose of classroom discussion for undergraduate and postgraduate management students.

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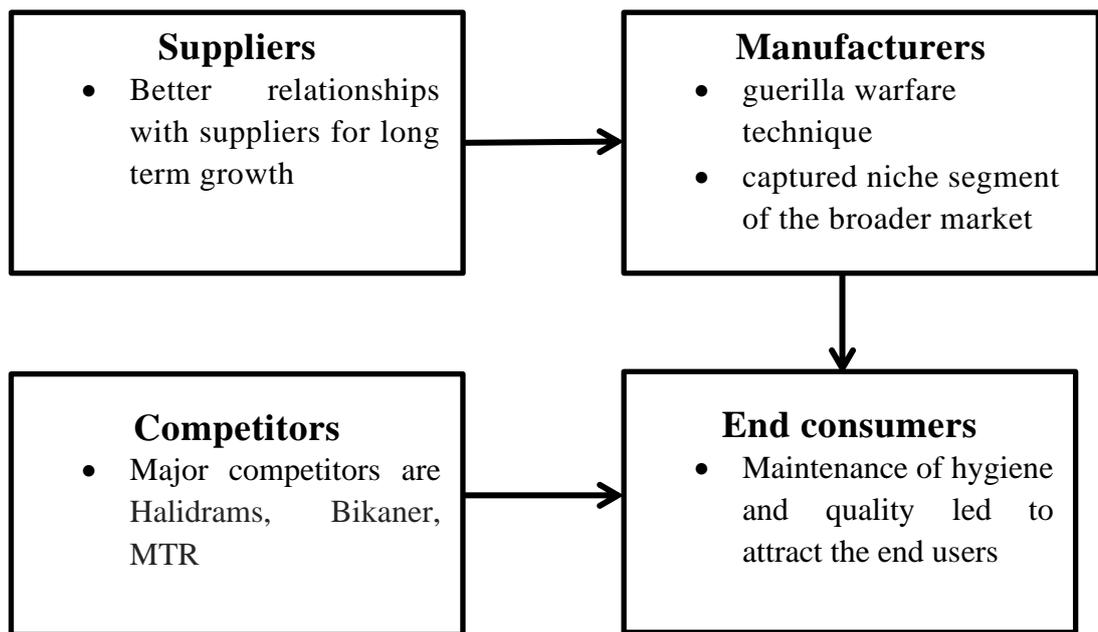
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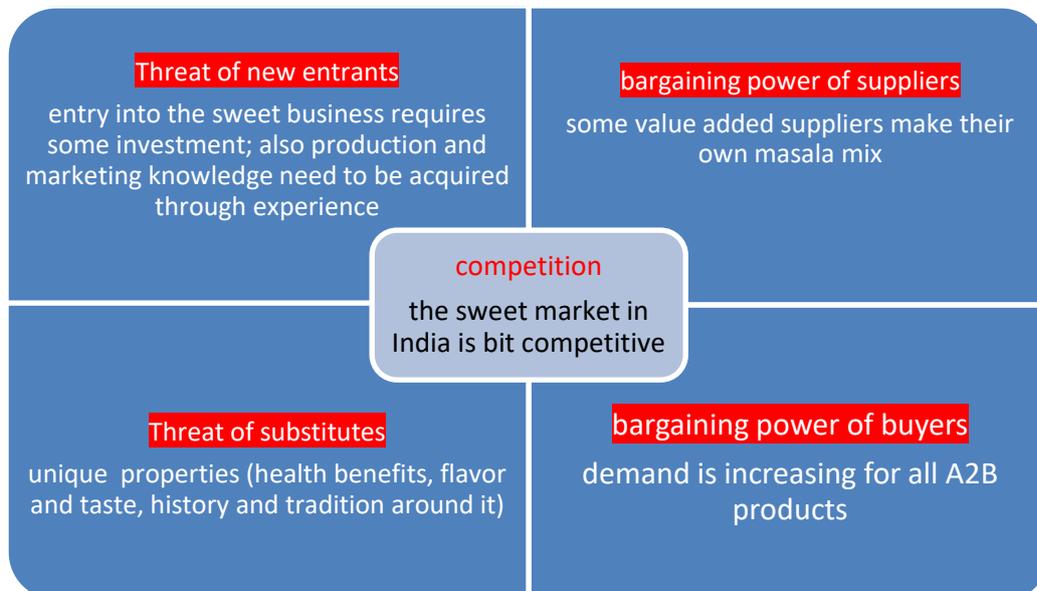
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1	Cost leadership strategy	It is defined when companies offer products and/or services at quite less costs in the industry that are quite tough to be adopted by their rivals.
2	Differentiation strategy	It is defined when companies offer variety in products or services to their end users.
3	Operational effectiveness strategy	It is defined when companies ameliorate the way internal business processes are performed better than their rivals.
4	Innovation strategy	It is defined when companies either launch new products and services.
5	Customer orientation strategy	It is defined when companies' main agenda is to work on customer delight by using any new offers or discounts.
6	Time strategy	It is defined when companies manage their time quite well. Here time management is like a strategy.
7	Alliance strategy	It is defined when companies form partnership in forms of alliances, joint ventures etc.
8	Entry barriers strategy	It is defined when companies create hindrances for the other competitors to enter into the market.
9	Growth strategy	It is defined when companies grow their market share through market development activities.
10	Suppliers strategy	It is defined when companies make the customers or suppliers to stay with them by 'bounding' them in with policies or bonds.
11	Niche strategy	It is defined when companies create a specific area of marketing to meet requirements of customers.
12	Increase switching costs	It is defined when companies make the switching cost of customers difficult or an expensive affair.

**Table 1: Growth strategies, Authors own compilation**



**Figure 1: Major Dealers in Value Chain of A2B**



**Figure 2: Representation of the porters five forces (Porter 1980) on A2B, Source: Authors' own**

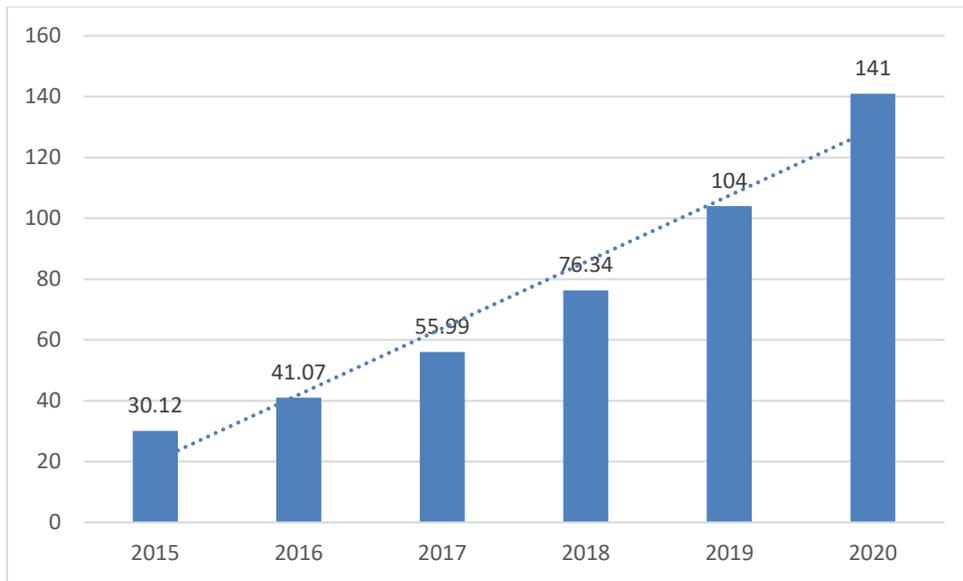


Exhibit 1: Revenue from Food and beverage industry in India, Source: Authors calculations based on the report of Ministry of Food, Govt. of India (all numbers are in billion dollars)

Operating Revenue	Over INR 500 cr
EBITDA	-3.28 %
Networth	23.94 %
Debt/Equity Ratio	0.58
Return on Equity	19.32%
Total Assets	32.93 %
Fixed Assets	42.13 %
Current Assets	25.86 %
Current Liabilities	58.18 %
Trade Receivables	66.61 %
Trade Payables	101.29 %
Current Ratio	0.22

*Table 2: Financial annual report of A2B, Source: Authors' own*