

A CASE STUDY ANALYSIS ON DIGITAL NUDGING OF A FAMILY-OWNED BUSINESS IN PATHANAMTHITTA DISTRICT WITH SPECIAL REFERENCE TO TYRE INDIA PVT LTD.

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ABSTRACT

The paper is a case study analysis on the role of digital nudges, which include digital priming and loss aversion, in particular, management structure and governance and marketing problems in a family-owned business in Pathanamthitta district, Kerala. The paper examined the management structure prevailing in a family business context and its role in the decision-making process and governance system. The study concluded that digital nudging techniques are significant in altering customer purchase behavior.

Keywords : Digital nudge, Family business, Digital priming, loss aversion, marketing practices.

Introduction

The term "family business" refers to a company that is actively owned, managed, and run by two or more members of a single family. Members of this group may be related through marriage, blood, or adoption. Family businesses are important to the economy. It is the oldest still in existence and contributes significantly to Gross National Product (GNP), aggregate employment and total exports of the nation. Most of the ownership is held by one family. The voting control, and strategic decision-making authority are vested in the same family. Several generations of the same family are participating in the business and the senior or top management of the company is drawn from the same family.

Rosenblatt, deMik, Anderson & Johnson explained family business as "Majority ownership in a business by a single family & direct involvement by at least two members of the same family in its operation". According to Leach, et al. "Single-family effectively controls a business through the ownership of more than fifty percent of the voting power, a major portion of the firm's senior or top management is drawn from the same family".

Marketing practices is meant by the actions a business organization does to encourage the purchase or sale of a goods or services. Advertisement, delivering and selling goods to customers or other business entities are all included in marketing activity. Advertising is one of the main methods used by the marketing department and promotion specialists to seize the interest of major target markets. Targeted promotion methods may include social media advertising,

word-of-mouth marketing, referral marketing, search engine marketing, digital marketing, memorable slogans, eye-catching packaging or graphic designs, and general media exposure.

Individual stake situations differently in their own unique ways and emotions also play a major role in all decisions apart from rationality. Nudges include interventions that navigate people, but they also allow them to choose by their own desired way. They subconsciously influence human behaviour. Human decision-making is imperfect (Mirsch et al., 2017). With the rise of digital economy, decisions are increasingly being made on screens (Weinmann et al., 2016). The result of any choices he make, a user is influenced not merely only by his/her rational reasoning as a homo-economics, but also by the design and plot of the choice or diverse environment in which information is demonstrated (Weinmann et al., 2016). The concept of digital marketing gains its significance in this context.

Several authors defined digital nudging as "Digital nudging is an attempt or effort to influence decision making, judgement or behaviour in a predictable way by

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counter acting the cognitive or intellectual bound aries, biases, routines and the habits that restrict individuals from acting to their own benefit in the virtual sphere. Digital nudging does not prohibit or include any rational choices options, replace incentives significantly, or offer logical argumentation "(Mirschetal.,2018).

For the purpose of the case study, the organisation, Tyre India which come under auto mobile sector which also adopted an online marketing platform, was selected. Tyre India was founded in 1960 as a small business with a clear mission to better serve the society. The passage of time after wards demonstrated that their goal was sound. Tyre india began their next project in Changana cherry in 1965, and in 1970 they opened a second location in Pathanamthitta. In the year 2000, they opened JK Tyres Steel wheels, a unique shop for JK tyres in Chengannur. Pathanamthitta Tyre India's Wheelz Club opened an exclusive shop for all brand softyres, analignment facility, and all oywheels in 2010. Currently, Tyre India enjoys a solid reputation in this sector.

Review of Literature

The digitalisation of marketing is one of many ways that businesses can increase their marketing efforts. The process of digitising work processes and integrating telephone, internet, and mobile technology into corporate operations is known as "digitalisation" which aims to transform how businesses interact with their partners, suppliers, and customers (Chaffey et al.,2017); (Wang, 2020). According to the World Banking Report on Digital Dividends (The World Bank, 2016), many enterprise sad opt technology significantly more slowly than consumers do. They are less conscious of the fact that digitalisation is currently a prominent trend. The lack of mature understanding of digital technology and business capabilities (Bamm et al.,2018; Wang, 2020), which has an impact on the lack of consideration for employing digital as a need in company operations, is the cause of the lack of awareness of this trend. Through technological ophistication and digital marketing, a firm within a company can readily promote its goods and services. Long-term customer retention can be created and maintained through direct sales as well as other integrated customer communication channels like emails, social media, or online communities (Sigala, 2005). One of

the key components for boosting bus inessturnover is marketing. The matching their needs (Chaffey, 2013).

Businesses in developed countries have realised the value of digital marketing. Businesses need to integrate traditional and online channels to better provide for customers' demands, if they want to achieve success (Parsons, Zeisser, Waitman, 1996). The development and innovation of new technology have given marketers new plat forms for managing their websites and achieving their organisational goals (Kiani, 1998). Digital nudging is one of the tactics used in digital marketing.

Digital nudging can affect participants' choices and cause constructive process deviation that presents possibilities for process improvement, (Bammert, S.etal., 2020). Weinmannetalde fined Digital nudging as "the application of user-interface designelements to influence consumer behaviour in digital environment of choice". Meske and Potthoff (2017) according to their definition of Weinmann et al aswell, but they expanded it to take into account the concept of freedom of choice. They also don't limit nudging to Uladju stmentsand take into account choices about the structure and also the content of the information as potential nudges. A "subtle method of leveraging information, design, and interaction components to influence or guide user behaviour invirtual settings, without influencing or constraining the individual's freedom of choice," is how they characterize digital nudging.

Objectives

Digital marketing implementation component, which leads to the following researchgoal.

1. To examine the hierarchy structure, various governing practice sandits effectiveness in the business.
2. To identify marketing strate giesand problems of the business
3. To analyse the strategies of digital nudging to alter customer purchase behavior.
4. To analyse the preference of adopting digital priming and loss aversioninaltering customer purchase behavior in family-owned business firm.

Methodology

The majority of the businesses in our economy is owned by various families. The study was conducted among family businesses, and the sample was selected from Thiruvallathur Pathanamthitta district, which is the commercial capital of Central Travancore. The study design is descriptive and exploratory in nature. The case study approach is adopted to know the effect of digital nudges in the family business. Even though many family businesses are functioning in the respective area, the business that adopted digital platform for conducting their business is very few. The available family business organisation that adopted digital platform is in auto mobile sector and it was chosen as the primary source of investigation. The convenient sampling method was adopted to select the sample for the case study. The researcher used an interview schedule to collect data from the managing directors as the respondents. This is so that the researcher can demonstrate how well e-marketing may help family businesses. It also used data from secondary sources, and existing authors' views are blended together to conclude the effects evident in the family business due to digital nudges.

Findings of the study

The present paper focused on analysing the digital nudging techniques in the family business in Pathanamthitta district. For this purpose, the researcher has mainly drawn four objectives which cover organization structure and governance, marketing practices, and digital nudging techniques and their roles in altering customer purchase behaviour. Findings for the above objectives are as follows.

The hierarchy structure, various governing practices and its role in the business.

The majority of the employees are from the same family. When it comes to the hierarchical structure of the business, no specific structure and divisions are made. The top management consists of owners from the same family, majority of them being younger generation. The decisions in the business are taken by the family members in the top management and communicated through a downward communication channel. The company adheres to a solid governance structure that aids in the efficient execution of corporate operations. Among the most effective governance measures include fair compensation policies, hiring qualified

personnel, providing high-quality goods and services, after-sale support, and partnerships with stakeholders.



Effective governance strategies include credit policy, team work, and employee job roles.

Marketing strategies and problems of the business.

Discount offers, networking, gifts and vouchers, and credit options are just a few of the traditional marketing strategies that the business employs. Younger family generations have claimed that the company has a well-structured internet platform for almost 6 years. The company has a defined marketing plan that is supported by enough funding and is primarily focused on growing sales, competing with rivals, implementing cutting-edge marketing techniques, and expanding market share. Social media marketing, Content marketing, search engine marketing, digital marketing, digital branding, word-of-mouth marketing, referral marketing, and seasonal marketing are some of the new marketing strategies that the company has used. The business's profitability in the past is a result of the implementation of internet marketing strategies, which encourages future financial contributions. The lack of a separate marketing department and specialized marketing employees may put the company at a disadvantage position when it comes to finding and implementing cutting-edge marketing strategies and tactics.

The strategies adopted in digital nudging to alter customer purchase behaviour.

The business makes use of a number of digital nudging strategies, including recommendation approaches, digital priming, loss aversion strategies, star ratings, and customer reviews. The company uses digital nudges to shorten clients' shopping duration because of its very effective informational campaigns about several brands of a particular commodity. The business is able to provide quality products to their customers by offering certified standard products, review presentations in websites, guarantee and warranty offers in websites, customer reviews, and offer displays that are effective in purchasing specifically the presented product and thereby make the customers stick to that product. Customers are highly

influenced to use online platforms for purchases by quick product inquiries, convenient payment options, product variety, and product offers and features.

The preference for digital priming and loss aversion in altering customer purchase behavior in family-owned business firms.

Digital priming strategies, such as website iconography, classy and comfy backgrounds, and portraying a product as the "most popular brand," have an impact on consumer purchasing decisions. The search engine optimisation tools are unable to affect customers' purchase decisions because the website does not list product prices. Various loss aversion techniques, such as limited stock, limited gifts and offers, bundling low-moving products with a car accessory kit to reduce the cost of individual items, and sending emails on limited stock, encourage customers to make hasty purchases and end up buying two or more items when they only need one.

Conclusion

The role of family business organisations is vital in the economic development of a nation as the majority of the business organisations are owned by family members. Their way of admiration and control on business is different as compared to non-family businesses. The decisions are vested with the family members, and when it comes to financial resources, they rely less on outside sources, which allows them to make decisions without consulting with others. In a family business, division of authority and responsibility has not attained much consideration as most of the roles are controlled by family members themselves. This helps them to have a holistic view of the totality of the business. Moreover, having a separate marketing department may help them to foster their marketing potentiality and this brings an increased turnover and profitability to the business. They have also maintained a good governance system in order to achieve the organizational goal by enhancing employee satisfaction and morale.

As compared to other business organisations, family businesses have the advantage of years of experience, and they have a knack for understanding their business and customer. Various previous studies have shown that family businesses have a special advantage of getting customer trust. They have a special feature of familiarity which allows customers to trust in this type of businesses. But merely trust and experience don't add up to increased turnover. Various marketing and promotional techniques are to be adopted. Digital marketing has opened a broad scope in marketing and promotional activities. One of the techniques adopted by businesses are the nudging technique.

Nudges are interventions, supports, or subtle reminders that encourage people to make wise choices. Supporters of this idea believe that behavioral interventions, or "nudges," might help people make better decisions by identifying the psychological variables impacting the irrational minds. Digital nudging has proven to be a successful method for influencing potential customers' behaviour. It serves as a reference point for customers to make satisfying purchasing selections. Based on the characteristics of the group they are supposed to target, each marketer can use a different nudging strategy. As a result, nudging can be seen as a personal experience, and there is no definitive list of methods that can be used. However, we have made an effort through this study to identify the popular and efficient digital nudging strategies and their impact on customers' purchasing decisions. When seen from the other angle, sometimes nudges fail due to their short-term effects and may create confusion among the target audience (Sunstein, 2017). When nudges are created without a thorough understanding of the circumstance, they may prove ineffectual, which can be viewed as the choice architect's failure. Additionally, nudges are criticized for diminishing people's autonomy.



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