

Make A Difference – Orbit Shifters :

CavinKare

Team CavinKare

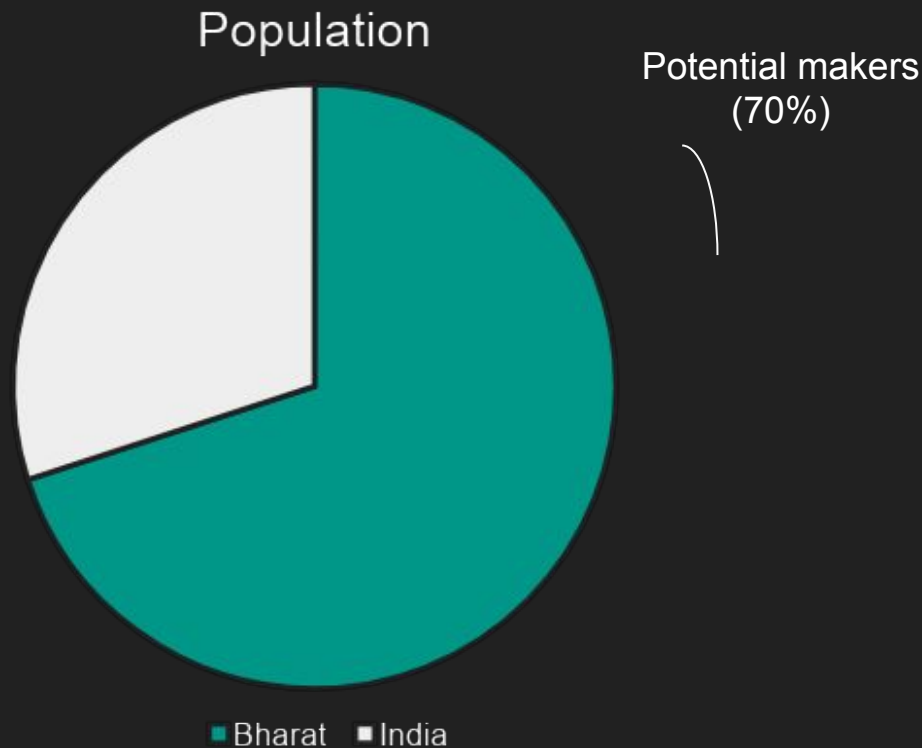


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Transition From 'BHARAT' to 'INDIA'



From Aravind Eye Care (Recap)

- We don't really need **high quality education** to bring a dent in the universe
- Will to make a **change** and **contribute**
- Whatever we possess is enough
- Also, we need to **DREAM BIG!!!**

In Southeast Asia they say that
“When Hindustan Lever Sneezes in India, Unilever share prices
across Asia catch a cold.”

And perhaps the one person who made Hindustan Level sneeze
the most number of times is C.K. Ranganathan of CavinKare.

Ranganathan's journey



- comes from a small town in Tamil Nadu
- A business which he started with only with ₹ 15,000 is now worth ₹ 500 crore (₹ 5 billion) with a turnover of ₹1450 crore
- first entrepreneurial lessons from his father, Chinni Krishnan, who started a small-scale pharmaceutical packaging unit, before moving on to manufacture pharmaceutical products and cosmetics.

Challenges faced

- Rented a house-cum office for ₹250/mo and factory space for ₹300 a month
- Took 3 years to get his first loan
- Struggled to pay his suppliers on time because of low initial capital
- Stabilizing market
- Competing with Giants like Hindustan Lever

“This person does not have any collateral to offer but there is something interesting about this Small Scale Industry Unit.

Unlike others the company pays Income Tax!”

– (The bank manager who sanctioned loan)

Changing Factors

- Built trust with suppliers
- No arrangements with established players
- Rather invited stockists who had no prior experience in selling FMCG products.
- One thing that differentiates radical innovators - they dream big

Logic for Hiring Freshman

- Willing to work on his terms as they were just starting.
- Have fire in the belly!
- Strong Desire to come up in life.

The OUT-OF-THE-BOX Strategy

- constantly bothered
- His shampoo was not the one that had the highest market call, **his last company Velvette was** and not Chik.
- How could customers consumers come back again and again and ask for Chik? - **“One Chik Sachet free for every 4 empty sachets”**
- First of its kind and took the market by storm.
- Later- 1 for every 4 empty Chik sachets.

Overcoming the Barriers

- Retailers misusing the offer.
- Collecting empty sachets dropped on the road for a new one.

Result

- The one-for-four offer proved to be a huge success and consequently, contributed to a significant increase in the sales volume of Chik.
- Sales went upto ₹12 lakhs/mo from ₹3 lakhs/mo.
- Became 2nd largest-selling shampoo in Tamil Nadu behind Velvette.
- By 1990-91, Chik India had an annual turnover of ₹400 lakhs.
- In 1992, Chik India became largest-selling shampoo in Tamil Nadu with annual turnover of ₹8 crores.

“Chik’s explosive growth came when Ranga began honing his ‘insighting’ skills.”

Chik's Insights

- Shampoos were Urban Phenomenon in India.
- If a consumer believes strongly in something, **don't attack it!**
- Instead find barriers to their using your product.
- “What makes it difficult to use shampoo?” – **Price**
- ₹2 / wash - > ₹50 / mo for a family with 5-6 members.
- The consumers didn't need education, but **a small enough unit price**

Fear of “Cannibalization”

- Selling at 50 paisa, Re 1 sachet would stop selling. **It would be (horrors!) cannibalised.**
- Organisations open to outsider innovators rather than cannibalize their own product.
- scarcity mindset - market seems limited to fixed number of buyers.
- abundance mindset - **whole world is your market!**

Expansion Mindset over Revenue

- What Downturn? I have 10% of the market, Hindustan Lever has 90%. **That's my market!** – Ranga.

2 critical options ahead

Wait for economy to go up and then sell more Re 1 sachets.

Take a risk and expand the market by making product available at a mass price.



Actualizing The Insight

- innovative mindset.
- Both kind of buyers satisfied.
- never settling mindset
- Hence, increasing market share from 5 to 22 percent within 2 years!

Prototyping With Further Insights

- Insight into people's behavior.
- Designed unique shampoos for different states (mostly in South India) that contained natural products which were common across the respective state - **leveraging Indian habit of using natural products.**
- Result - CavinKare is the largest hair wash company in South India followed by HUL and P&G.

Versioning Mindset

- Making the product better step by step taking customer's preferences,
- “all or nothing mindset”.
- Orbit Shifters tend to listen to their customers by **repetitive prototyping**.

Stepping in Perfume Industry

Research findings about perfumes - small market penetration, used judiciously, treated as a scarce resource by consumers.

Findings on further asking consumers (a step by step growth to ideal product)

- Price is a barrier.
Solution - launched 'Spinz' at Rs 10 a pack. Not a huge success.
- Perfume lasts for only a few hours.
- "A good perfume must be in a glass bottle - consumers"
Solution - launched 'Dabon' in 2 ml glass bottle, long lasting.

"Growing as per the customers for the customers."

The Fairever

- To increase CavinKare product portfolio, it stepped into developing fairness cream named 'Fairever'. Perfume lasts for only a few hours.
- Company had to establish its credibility in this area and beat fair and lovely (with 90 percent market). It began its insightful journey as always.
- Saffron and milk were considered to make skin fair and healthy by people, backed by ancient texts. Fairever got its ingredients and soon launched.

“Co-evolve the product with consumers rather than first developing the product.”

Designing Strategies for Fairever

- Promoting Fairever as a 'future changing cream'. Breaking from 'fairness for marriage' only belief.
- Premium pricing of Fairever.
- **Good Relationship with distributors.**
- Result - Fairever covers 8 percent of market share in India.

Ranga - The constant Entrepreneur

- insights that lead to innovation in order to level fields with already existing brands.
- Does not fear taking on big companies in their own fields.
- Captured the packaged pickle market sensing an opportunity - **Orbit Shifter**
- Company worked for hygienic pickle sachets that could deliver zero microbial infection, a quality not possessed by any existing brand.
- Launched Chinni, became largest selling sachet pickle in india.

"If you can't beat a giant with resources, beat him with ideas"

Conclusion

- “If you can’t beat a giant with resources, you can beat him with ideas.”
- Ranga never lost his will power competing with giants.
- Preferred Expansion over Revenue.
- Company grew in a mix of areas and not just Revenue or sales based growth
- His idea and insights took on MNCs head-on.
- Best Results – by taking on MNCs in their established spaces.

Our Take

- “If you can’t beat a giant with resources, you can beat him with ideas.”
- Never lose That Fire in the belly!
- Iterate Your options for better results
- Focus on overall growth rather than generic.
- Best Results – **DREAM BIG, PLAY BIGGER!**

References

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Making Breakthrough Innovation Happen - Porus Munshi

Dedicated To
Chinni Krishnan
(father of Ranganathan)