



A disruptive innovation.....
Adopting blue ocean strategy....

Agenda

- Mission Statement
- Background
- SWOT Analysis
- Market share Analysis
- Marketing Mix- 4P's
- Customer Survey Analysis
- Problems
- Solutions
- What went wrong!
- What else ?
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Mission

Enriching quality of life **everyday, everywhere**

Vision

Godrej in every home and workplace

Objective

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To delight it's customer both in rural and urban india

BACKGROUND

In **2010**, a team led by Gopalan Sunderraman, vice president of corporate development at Godrej & Boyce Mfg. Co. Ltd.—one of the companies owned by Godrej Group, a large Indian conglomerate—was preparing to launch an innovative low-cost refrigerator. Developed expressly for the approximately 80% of Indians who lacked access to refrigeration (a market Godrej had never before targeted), the chotuKool represented a technological marvel—a small, inexpensive thermoelectric appliance powered by a rechargeable battery.

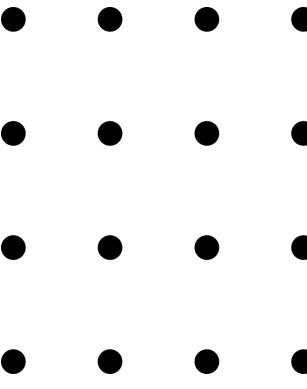
The case traces chotuKool's development and evolution from an initial product concept inspired by theories of innovation and the strategic vision of Jamshyd Godrej (managing director and chairman at Godrej & Boyce Mfg.) to a promising new line of business that emerged from a process of learning and discovery through market feedback.



India's Refrigerator Industry

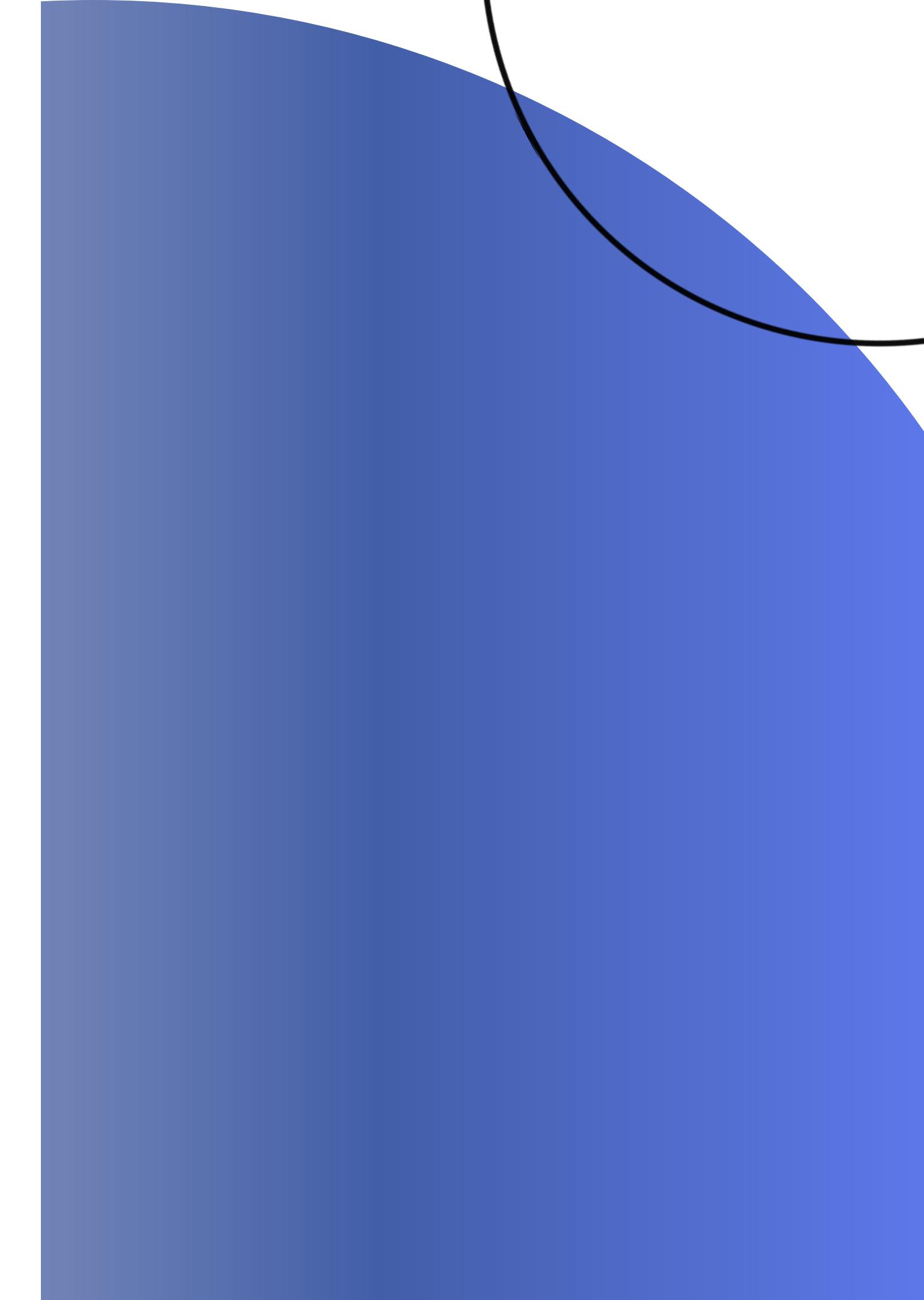
- Valued at INR 40 billion in 2010, 16% of the total consumer durables market of INR 250 billion.
- Penetration was below **18% in urban areas and 2% in rural areas.**
- Problems:
 - Was perceived as non-essential in rural areas, as people generally shopped for groceries on a daily basis, used earthen pots for water.
 - Affordability: cheapest refrigerator was INR 7000. Went up to 70k
- Growth
 - Market was growing at 7-8% annually. Urban market at 7-10% and rural market at 25% annually, which was a clear indication that the product will be accepted by the people in rural area





Market Analysis

SWOT . 4Ps



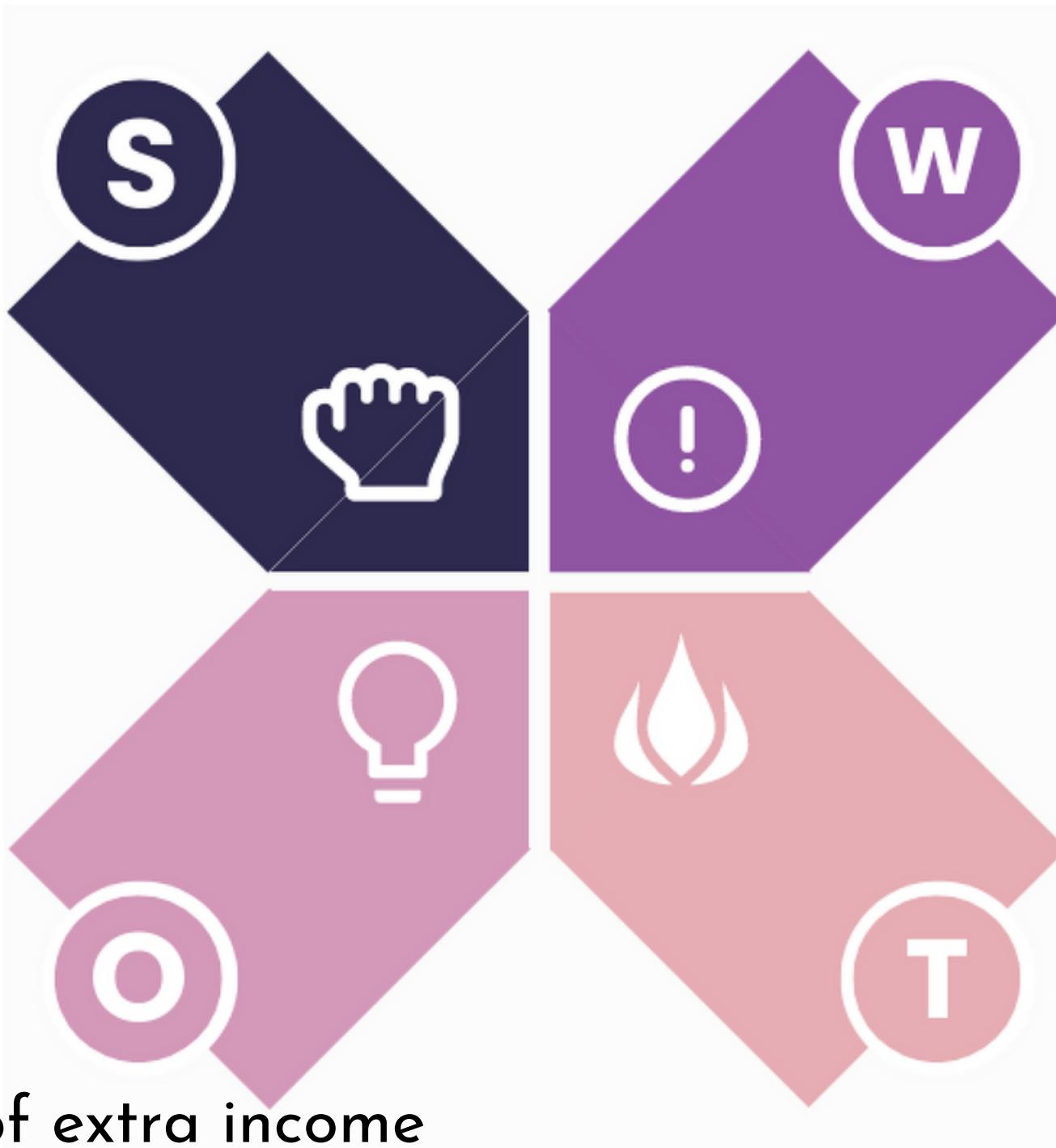
SWOT ANALYSIS

Strengths

- Low cost, low weight
- Runs on battery /inverter
- Portable-can be used by vendors easily
- Require less space and work force for manufacturing
- Non -existent competition

Opportunities

- Bop market is untapped.
- Development in AI
- Can prove to be a source of extra income
- Increase in Consumer Disposable Income
- Lucrative opportunities in international markets

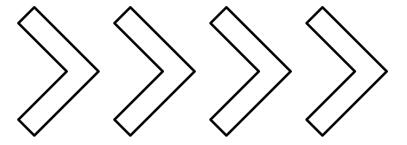


Weaknesses

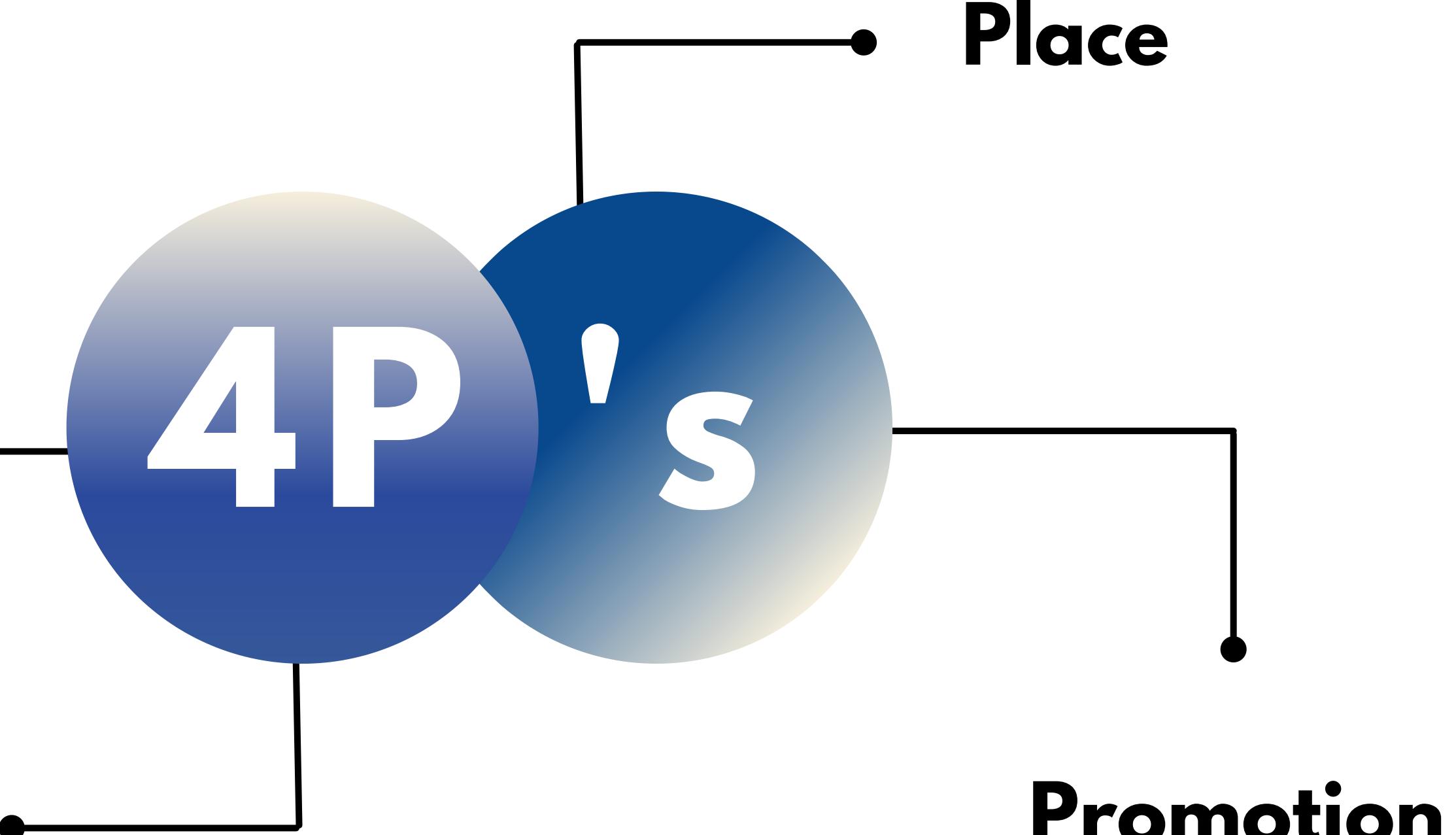
- Lack of marketing medium
- Low market appeal
- High conveyance cost
- Low awareness
- Still unaffordable
- Bop do not have access to full information

Threats

- Regulatory challenges
- Possible entry of new players
- Government Regulations
- Squeezing Middle Class
- US China Trade Relations



Product



MARKETING MIX

Chotukool is innovative, portable, and compact. It was designed to withstand the frequent power disruptions that are common in rural areas.

It is designed to **operate on 12V batteries**, it was a top open design, 1.5 feet tall and two feet wide, weighing around 7.8 kg with a capacity of 30–40 litres and there is **no compressor**, making it silent and easy to maintain.

Though low cooling capacity and unavailability of power can render this product ineffective. Contrary to the regular method of cooling by compressor, it was based on opted for a **technique known as thermoelectric or Peltier cooling**



MARKETING MIX

The portable cooling solution reflects the migratory lifestyle of villagers and space constraints in rural households, the number of parts was reduced from typically 200 to 20.

The 30-litre model cost 3,000 rupees and the 45-litre model cost 3,500 rupees, which was slightly above 50 per cent of the price of the lowest cost refrigerator available in the market.

Even though the price has been cut in half, **people in rural areas still cannot afford it**, which is a significant disadvantage.



MARKETING MIX

- **Low penetration** in rural market
- 40% of villages were linked by highways was the most significant barrier to distribution.
- 94% of retailers belonged to the **unorganized sector**
- G&B led community distribution model for chotuKool
- Despite this, Chotukool collaborated with a number of non-governmental organisations for micro financing, self-help groups, and micro-entrepreneurs on **commission based**.



SWAYAM SHIKSHAN PRAYOG



MARKETING MIX

- **Field Marketing and Demonstrations:** Chotukool likely conducted field marketing activities interactive sessions in rural areas. This allowed potential customers to experience the product firsthand, understand its benefits, and witness its functionality.
- **Local Events and Community Engagement:** The brand could have participated in local events, fairs, or community gatherings to create awareness and generate interest in Chotukool.
- **Word-of-Mouth Marketing**
- **Partnerships and Influencer Collaborations**



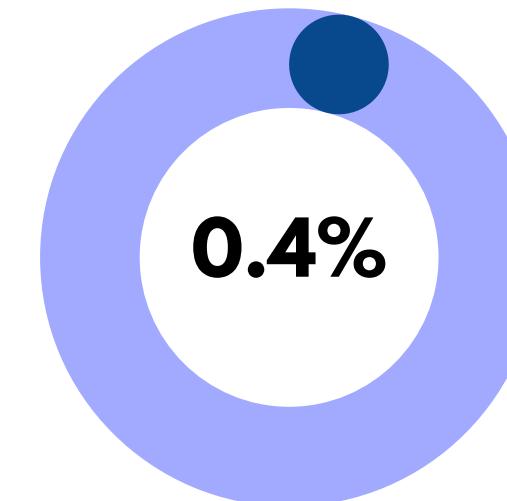
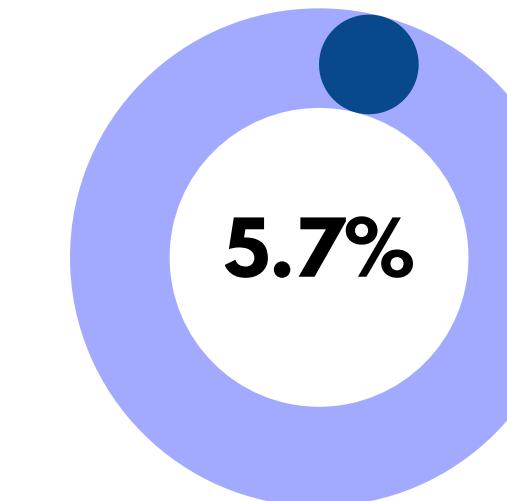
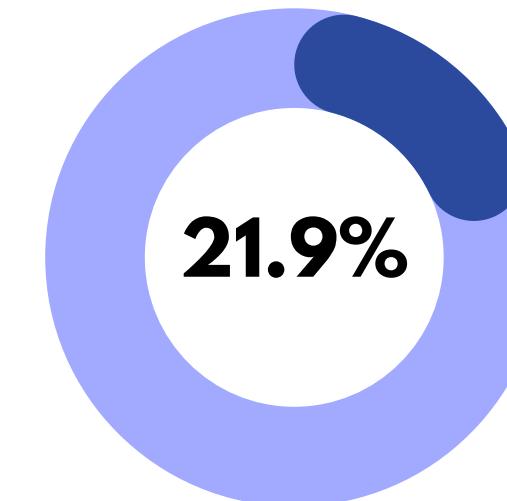
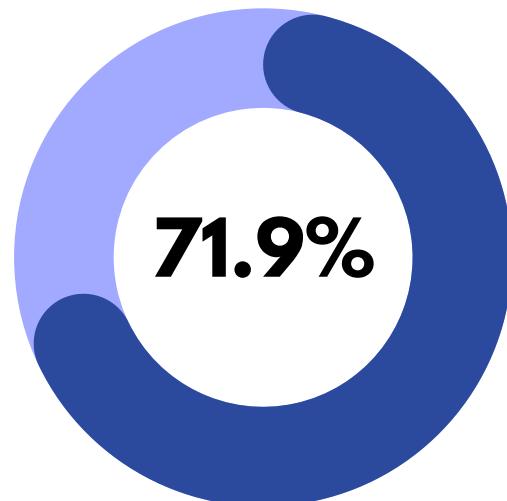
What else ?



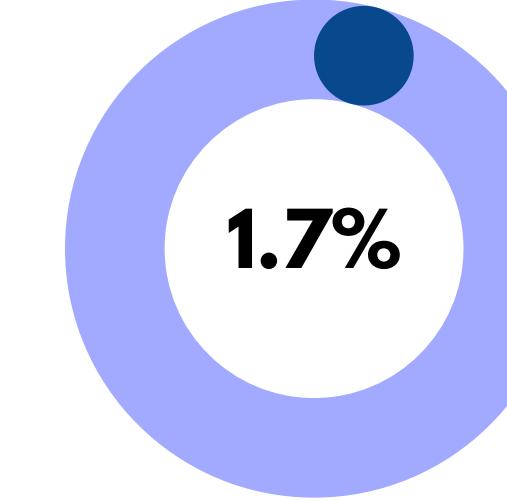
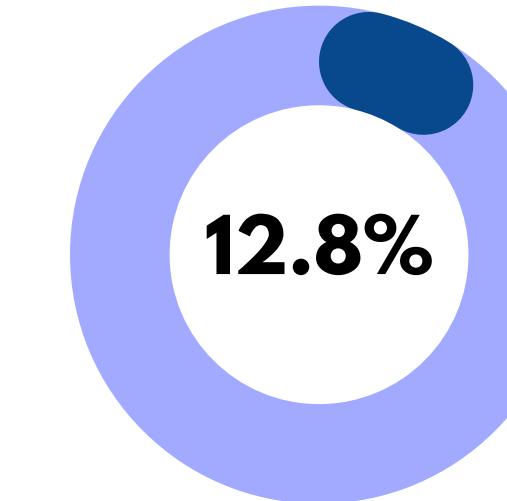
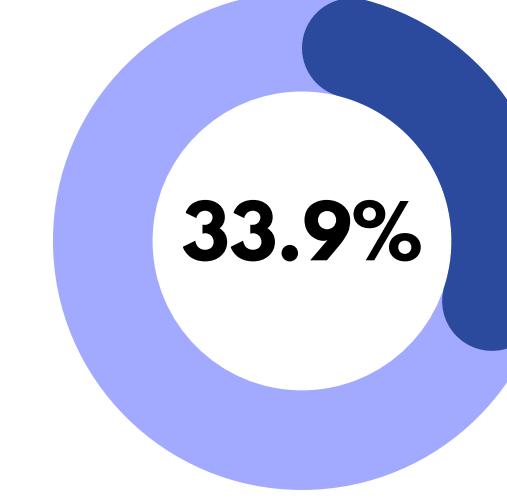
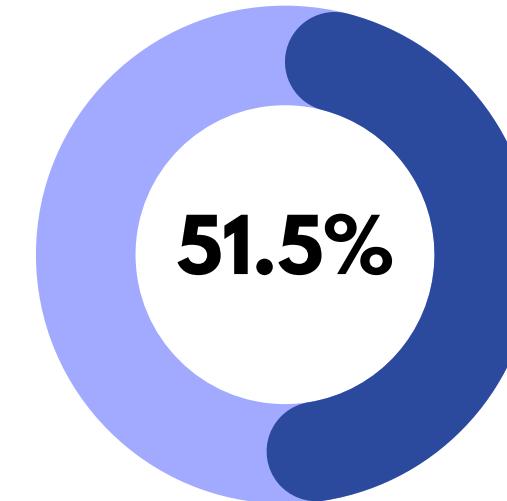
CONSUMER SURVEY

Structure of Indian Consumer Market

Distribution of Households 2001-02



Distribution of Households 2009-10



Deprived
(Below INR 90,000)

Aspiers
(INR 90,000 - 200,000)

Middle Class
(INR 200,000 - 1,000,000)

Rich
(Over INR 1,000,000)

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Major Player Market Share Analysis

MARKET SHARES OF MAJOR PLAYERS IN THE INDIAN REFRIGERATOR MARKET

Company	2006	2007	2008	2009	2010
LG	25.0	22.5	21.7	24.9	24.8
Samsung	14.3	16.1	18.9	19.2	21.0
Whirlpool	20.3	20.2	18.9	19.2	20.2
Godrej & Boyce	14.1	15.9	17.2	15.9	16.2
Videocon	9.7	9.4	8.4	8.2	8.2
Electrolux	9.5	9.2	8.9	8.3	8.0
BPL Sanyo	0.1	-	-	-	-
Others	7.0	6.8	6.0	4.5	1.6
Total	100.0	100.0	100.0	100.0	100.0

Source: Euromonitor International, March 2011.



Should G&B focus on penetrating the urban markets first?

According to our analysis yes !

G&B should concentrate on first entering the urban markets. G&B should choose the best business model by taking the target market's requirements and the company's capabilities into account.

It should have earned some profit from the urban market and then use that capital to attack rural market.

CRITICAL SUCCESS FACTOR

DEEP MARKET RESEARCH AND CONSUMER INSIGHTS

Need **comprehensive market research** to gain a deep understanding of the target market's needs, and challenges related to cooling solutions in rural areas.

Will enable Chotukool to develop a product that aligns closely with the market demand and effectively **addresses consumer pain points**.



VALUE PROPOSITION AND DIFFERENTIATION

Have to clearly communicate the **unique benefits** of Chotukool compared to other cooling alternatives in rural areas.

Highlight its affordability, portability, energy efficiency, and suitability for specific rural needs such as storing perishable food items and medicines.



CRITICAL SUCCESS FACTOR

CONTINUOUS INNOVATION AND ADAPTATION

Maintain a focus on continuous improvement and innovation to address any shortcomings or limitations of Chotukool.

Regularly gather customer feedback, conduct product testing, and invest in research and development to enhance the product's performance, efficiency, and user experience.



DISTRIBUTION STRATEGY AND ACCESSIBILITY

After gaining wealth from urban sector ,create a well-designed distribution strategy that ensures Chotukool's availability in even the most remote rural areas.

Explore partnerships with local retailers, leverage existing distribution networks, and consider innovative distribution models to overcome logistical challenges and improve accessibility for consumers.

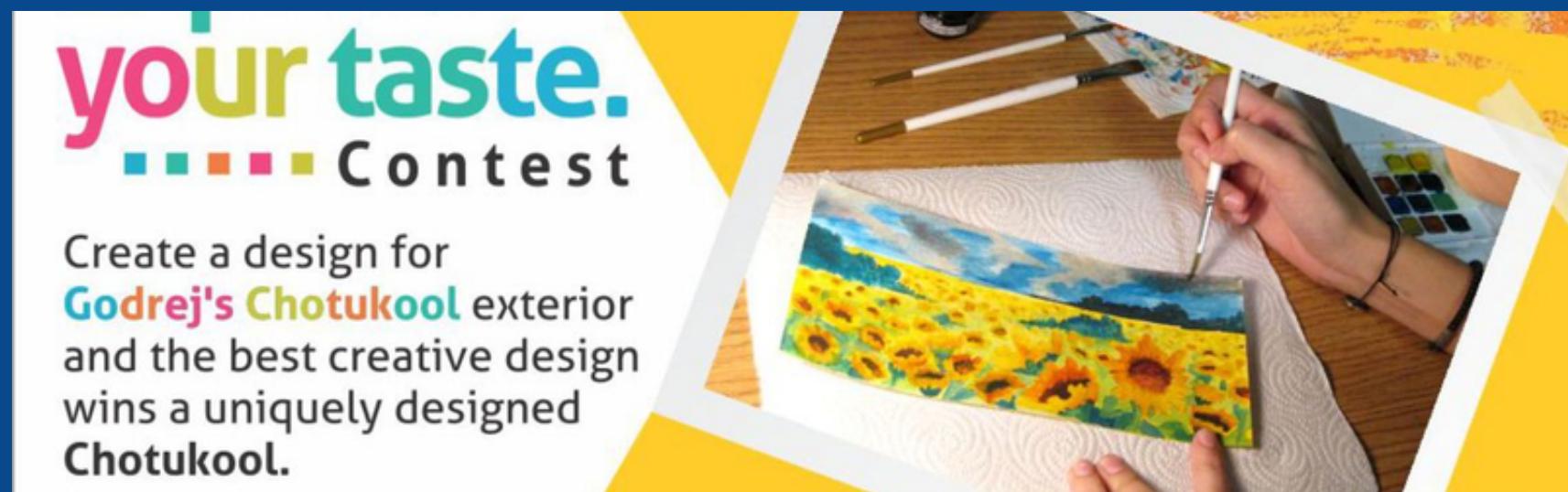


CRITICAL SUCCESS FACTOR

INTENSE MARKETING AND AWARENESS CAMPAIGNS

Implement targeted marketing campaigns to create awareness and generate interest in Chotukool among rural consumers.

Utilize various channels, including local media, and community outreach programs, to educate consumers about the product's benefits, features, and applications.



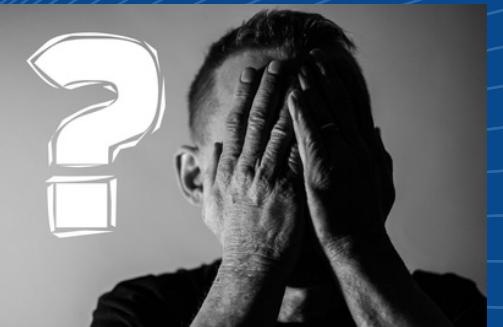
AFTER-SALES SUPPORT AND CUSTOMER SERVICE

Establish a robust after-sales support system to provide reliable servicing, repairs, and customer assistance.

Invest in training and empowering local technicians to handle Chotukool-related issues and ensure timely resolution of customer queries and concerns.



Though having the power of disruptive innovation, Is ChotuKool a failure?



Chotukool was able to offer a low-cost refrigeration option to rural households without access to conventional electricity-powered refrigerators, demonstrating the power of "disruptive innovation."

Godrej didn't understand that the chotuKool had little to no profit potential. The company assessed chotuKool's potential by applying the theory of disruptive innovation. It took the failure of the chotuKool for Godrej to realize that it had been a mistake to create any type of "low-end" innovation for low-income consumers.

Reasons of failure

The main reason behind the failure of Chotukool was that Godrej began with a solution instead of the problem. They assumed that customers will buy it just because it is a cheaper version. They assumed the competition is from electric refrigerator only but the real competition was something else.

People in rural area used to keep waters in clay pots at home, boiling milk to prevent it from spoiling and buying vegetables everyday for consumption. They might like the idea of refrigerator but they were fine using clay pots and daily shopping. They saw Chotukool as a luxury items that didn't deliver a lot better than what they were using right now.

If godrej has two different but functionally similar product line (ChotuKool and traditional refrigeration), do we see any clash of interest there?

There is very low chances of clash of interest which too can be avoided by effectively managing product lines with careful planning, differentiation, and targeted marketing strategies which in result will maximize the potential for both product lines to thrive.

Market Segmentation: If Chotukool and traditional refrigeration target different market segments, there may be less of a clash of interest. Each product line can serve distinct customer needs and cater to specific market segments without directly competing against each other.

Resource Allocation: Allocating resources, such as marketing budgets and distribution channels, between two competing product lines can pose challenges. Deciding where to invest resources and how to prioritize efforts becomes crucial to ensure both product lines receive adequate attention and support.

Differentiation: Clearly differentiate the two product lines by highlighting their unique features, target markets, and value propositions.

Position Chotukool as a portable and affordable solution for rural areas, while traditional refrigeration can cater to a broader range of customers and provide larger capacity and advanced features.

Can be benefited by:

Cross-selling and Upselling: Leverage the existence of both product lines to create opportunities for cross-selling and upselling. For example, customers who purchase Chotukool may eventually upgrade to traditional refrigeration as their needs and affordability change.

Where is Chotukool now?

Godrej Appliances has launched a portable cooling device for food and beverages. Called 'Qube', this device uses thermoelectric technology.

The product, priced at Rs 7,000 has a 30-litre capacity and can be used for cooling purposes only and not freezing. Unlike traditional refrigerators, the product does not have a compressor or refrigerant.

The company sold 50,000 products in FY20, 100,000 in FY21 and 200,000 in FY22.



Source : Money control.com



Thank you

