

Post Graduate Diploma in Management (IB), 2015-17

Business Innovation & Growth

Sub. Code: IB-601

Trimester – VI, END-TERM EXAMINATION: February 2017

Time: 2 Hrs 30 Min

Max Marks: 50

Roll No. -----

Instructions:

1. Students are required to write their Roll No on every page of the question paper, writing anything except the Roll No will be treated as **Unfair Means**. In case of rough work please use answer sheet.
2. Be brief and to the point. The answer to every 5 mark question should be of maximum 300 words and for a 10 mark question the maximum should be 600 words.

SECTION A (3X5=15 Marks)

Note: Attempt any three Questions

1. Why is it that organizations tend to remain stuck with the Exploitation of existing knowledge? What are its consequences? Give examples.
2. How can Hype Cycles be used to develop strategy for technology based innovations?
3. How will you go about framing problems to ensure that your approach results in better outcomes?
4. How is Design Thinking different from the traditional approaches to Innovation?
5. How will you go about gaining deep empathetic understanding of users? Why is this important?

TURN OVER

SECTION B (2X10 = 20 MARKS)

Note: Attempt any two questions

1. Explain the innovation in Airtel's Business Model in terms of the Business Model Canvas.
2. How have economies transitioned from Agricultural economies to Experience Economies? What are the consequences of this transition on business strategy?
3. What skills can people develop to enhance their ability to Innovate?

SECTION C

Case Study (15 marks)

HUL: A Clear Solution

Annisa, a 35-year-old home-maker, lives in the suburbs of Jakarta, Indonesia's capital. She usually starts her day by hauling a 20-litre container to a nearby water kiosk where waits in line for a couple of hours to fill water for her family to drink and for household chores. Twenty litres last just two days, but millions of Indonesians would rather haul water home like this than drink tap water, which is often polluted and tastes salty.

On the other side of the world, 30-year-old home-maker Marisol, who lives in a small Mexican town, has a similar problem. A cholera outbreak in the 1990s, caused by poor quality municipal water supply, destroyed her trust of tap water. Marisol buys 20-litre containers of water at her local super market every two days.

Consumers like Annisa and Marisol mean business for Pureit, a water purifier developed for the Indian market by the world's largest consumer goods

company, Unilever, at its Bangalore research centre. The filter was test-marketed in Chennai in 2004, and gradually sold across India over the next four years. Today, it also sells in Bangladesh, Brazil, Indonesia, Mexico, Nigeria and Sri Lanka.

When **Pureit** was launched, water purifiers such as Eureka Forbes's Aquaguard had been on the Indian market for over a decade. To be successful, Pureit had to be different. One major difference was price: Unilever priced the entry-level product, Pureit Classic, at Rs 2,350 - less than half the entry level prices of other purifiers. The second important difference was that, unlike other products, Pureit did not need electricity. "Unilever decided that water would be one of the key drivers for the future, way back in 2000," says Anupam Bokey, General Manager (Brand Development) for Pureit. "Providing safe drinking water was not only looked at as an area which would rake in revenues, but it also became part of the company's vision to give back to society."

Unilever's promise that Pureit could make even filthy water fit to drink seems to have been more than advertising hoopla. One of Pureit's earliest advertising campaigns featured a man collecting water from a dirty overhead tank and a pond, and rainwater in a bottle, and challenging a Pureit salesperson to purify it. The commercial showed the salesman putting the sceptic's doubts to rest by purifying the dirty water right before his eyes. "We have offered Rs 1 crore in prize money to anyone who can prove that some other water purifier brand can purify water better than Pureit, and there are still no takers for that money," says Bokey proudly.

The biggest challenge when Pureit was launched was to win over consumers. "Though there were many water purifier brands in the market, penetration was low due to steep pricing," says Bokey. "Moreover, water safety was not at the top of people's minds. People preferred to boil water, and would do so only when their kids fell sick."

Another challenge was that while the lack of safe drinking water was a common problem in several countries, each country had its own peculiarities. For instance, Bokey says, unlike Indians, Indonesians did not boil tap water. However, he adds, they are more aware of the importance of clean drinking water. And Mexicans, he notes, have a deep mistrust of tap water. Consumers in many countries were uncomfortable with the idea of drinking purified tap water.

Unilever had to find a way to offer the best technology at a low price, says Bokey. Most water purifiers used reverse osmosis technology, which requires electricity. Pureit puts water through four stage of filtration, in which

sediments, dirt, parasites and residues are removed. The process requires no electricity, which poor people either lack or find expensive. "Pureit ensures that you get the level of safe drinking water that meets US Environmental Protection Agency norms from the first litre to the last," says Bokey. He adds that the product warns the consumer when the filter parts are due for replacement, and shuts off when it can no longer dispense clean water. Thus it ensures that consumers never drink unsafe water.

Pureit's affordability helped overcome consumer resistance. "In Indonesia, we told consumers that the cost of Pureit was 16 times less than a 20-litre container of water," says Bokey. "Similarly, in Mexico, the cost of a litre of packaged water is 60 times more than that of a litre purified by Pureit." The company also invested heavily in advertising. In Mexico, a popular TV and radio artist endorsed the brand, and advertisements featured a woman freeing herself from the burden of carrying 20-litre bottles of water.

More than 45 million purifiers have been sold worldwide, including India. By the year-end, the brand will enter some emerging markets in Africa. Trust in Pureit seems to be growing - clearly.

Question

1. What kind of innovation do you see in the Pureit example? (5 marks)
2. What will your strategy be to help faster diffusion of this Innovation? (10 marks)
