



# **GODREJ Chotukool**

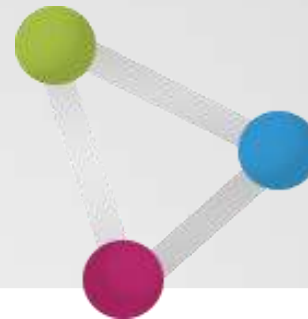
**Case Study : Disruptive Innovation &  
Market Challenges**

**SMP 11\_Borivali**

**Jagdeep Vyas**

*"By breaking the rules of the game and thinking of new ways to compete, a company can strategically redefine its business and catch its bigger competitors off guard. The trick is not to play the game better than the competition but to develop and play an altogether different game."*  
(Markides, 1997: 9)

## Introduction



**The 3Ls –  
Living  
Standard,  
Livelihood  
and  
Lifestyle.**

Companies often take existing products developed for mature markets and pull out features in an effort to reduce costs and re-design the product for use by consumers in cost-sensitive markets. Disruptive innovation provides no advanced features, but meets unmet needs. It provides superior performance along a different set of dimensions.

**What is Disruptive innovation?**

ChotuKool is the epitome of co-creation. It is more affordable than traditional refrigerators that only 20% of India has access to, and consumes just half the power they do. Developed by the Godrej DI team with the participation of potential customers, insights about their needs, desires and barriers to consumption. All this combined with relevant technology makes ChotuKool the exemplary product that it is.

All in all, a sustainable model that also serves the unserved sections of the Indian society.

**Social inclusion above profits**



The Godrej Group is an Indian conglomerate headquartered in Mumbai, Maharashtra, India, managed and largely owned by the Godrej family.

Founded by Ardeshir Godrej and Pirojsha Godrej in 1897, Operates in sectors as diverse as real estate, consumer products, industrial engineering, appliances, furniture, security and agricultural products.

Subsidiaries and affiliated companies include Godrej Industries and its subsidiaries Godrej Consumer Products, Godrej Agro vet, and Godrej Properties, as well as the private holding company Godrej & Boyce.

- In 1897, Godrej Introduced the first lock with lever technology in India.
- In 1902, Godrej made the first Indian safe.
- In 1920, Godrej made soap using vegetable oil, which was a huge hit with the vegetarian community in India
- In 1955, Godrej produced India's first indigenous typewriter
- In 1989, Godrej became the first company to introduce PUF ( Polyurethane Foam)
- Introduced India's first and only 100% CFC, HCFC, HFC free refrigerators (Claim to be validated)

Number of Employees : 26,000 (2013)

Revenue : 216 billion INR ~ US\$3.4 billion

# History of Godrej

## A big idea called ChotuKool

- Food preservation is a universal need. The widespread practice is to store perishables at lower temperatures. But this strips the food off its taste and freshness.

ChotuKool a solution that conserves the natural goodness of food at just right temperatures; is born at a Godrej Disruptive Innovation (DI) workshop with the pioneer of Disruptive Innovation

– Prof. Clayton Christense

Garnered the idea from "**Chotu, Thanda leke aa**"

- ✓ *ChotuKool is an ultra modern, compact & portable cooling device with customizable exterior.*
- ✓ *Top Loading, does not have compressor. Low maintenance.*
- ✓ *Works on solid state cooling and no refrigerant gases.*
- ✓ *Can operate on battery, inverter & solar energy.*
- ✓ *Power saving : Consumes just 62W, 30% less power than refrigerators, and requires lower running costs.*
- ✓ *Goes into sleep mode: Cuts off electricity after achieving inside cooling temperature of 10°C*
- ✓ *Max. Capacity of 40 liters.*
- ✓ *Maintain right humidity and temperature at 10-12 Deg C & generally below 20 Deg C*
- ✓ *Avg. electricity bill for month is 60- 70 INR /month.*
- ✓ *ChotuKool sells at a retail price of Rs. 3790*

# Product - CHOTUKOOL

Launched first in Osmanabad village of Maharashtra in 2009

- The women of that village helped in :
  - a) Devising low cost promotion strategy
  - b) Helped decide the colour of Chotukool – RED
  - c) Helped in internal design of Chotukool
  - d) Helped in making changes as per their needs

**Product History**



**CHOTUKOOL in Pictures**



- Bottom of pyramid (BoP) consumers.
- In rural areas who do not use or even know about refrigerator.
- Product as a source of income.
- Two categories targeted
  1. Rural Households
  2. Rural Shopkeepers
- Providing loan and easy finance schemes.

### **Advantages for Rural Target audience:**

- ✓ Useful for local vendors at street corners to store cold drinks, water packets.
- ✓ To keep tobacco leaves cool for a longer time.
- ✓ To keep flowers and garlands fresh.
- ✓ To preserve fishes.
- ✓ As a compact, on-the-go cooling and food preservation solution, ChotuKool has proved to be of great value to rural and small-scale businesses. There has been a significant increase in the estimated earnings per day for such businesses with ChotuKool's preserving abilities, at just the right temperature

# Target Market



## Two parallel Methods



### Indian Post

1. Infrastructure - Indian Post has the biggest network in India.
2. There is a post office in every village.
3. Most trusted network even today.
4. Very low cost
5. Personal delivery at persons home
6. Strong back end process by Indian post
7. Cash Collection by Indian Post.

### Entrepreneurial women SHG

1. Part of target group community.
2. They are made district coordinators
3. Training is given to them and they market and sell product.
4. Through MFI's

## Sales & Promotion



Jyoti Sawant, a cluster supervisor of Swayam Shikshan Prayog, an NGO-microfinance institution, mentions micro-entrepreneurs who sell products.

<b>Cost Advantage</b>	<b>Generally low costs of production Social entrepreneurship led to 40% reduction in marketing &amp; distribution costs</b>
Demand Advantage	Climatic conditions encourage usage of refrigeration (one third of food stuff lost to spoilage) Less than 18% of over 250 million households currently own a fridge
Technological Advantage	Thermoelectric cooling technology
Export Advantage	Parent Godrej group internationally active (e.g. in Africa, Southeast Asia, and Middle East)
Market Structure Advantage	Significant challenger in the low cost segment despite attractive market opportunities

“ With innovation as our most powerful weapon and a brighter future our most noble goal, we need to act now and ensure that in 10 years we have the whole world asking: How did you find it in yourselves to rise up to the challenge?”

**Navroze  
Godrej  
Executive  
Director**

# Innovation Evaluation

### **External:**

- Customers are illiterate or semi literate.
- Do not have full information.
- Do not have access to commercial Ad viewership.
- Rely more on Visual Ads then Script Ads.
- Low income levels.
- Low purchasing Power of consumers
- Cultural & language barriers
- Threat of substitutes i.e. Miticool

### **Internal:**

- o How to reach consumer?
- o Building network & distribution.
- o Training intermediaries.
- o Cost Cutting & manufacturing.
- o No Credit Facility
- o Upfront investment

# **Marketing Challenges**

- Focus on cost benefit analysis.
- Low pricing at BoP market.
- Ads in local newspapers.
- Reference installations in 1 or 2 rural households.
- Sell through gram panchayats or mukhiya's.
- Open cooling stores in villages where rural personnel can keep their food for sometime free of charge.
- Marketing during farmers exhibitions.
- By teaming up with MFIs.
- Through online channel, in association with NGOs, self-help groups.

## Possible solutions

## GOLD SOCIAL IMPACT



- “
- Now we can drink cool water from ChotuKool.  
My wife doesn't have to visit the market daily to buy vegetables.  
My electricity bill is also within means at just 70 to 90 rupees per month.  
**A ChotuKool household, Vikhroli, Mumbai, India.**”

- “
- I earn Rs.2 extra for every chilled 'Paan' I serve.  
that's around 40 to 50 rupees extra every day.  
**Paan Kiosk Owner, Nasik, Maharashtra, India**”

**The Edison Awards 2012  
recognised Godrej ChotuKool  
for its inclusive impact**

**Thank you**