

Particularly in sales and marketing, alternative methods like practical presentations and demonstrations, product comparisons and on-site training for customers are used in order to highlight the concrete benefits for the demanding customers in terms of functionality, quality and cost-effectiveness – and in order to sound out the requirements of the market. Concessions are made to the low investment volumes via financing measures like trade-ins for old, local products. It is hoped that this concept will also impress customers in other up-and-coming threshold countries and accompany them on their path of technological development.

A medium-sized company in the sweets industry has reacted to the deep-seated price-consciousness of the Indians on the one hand and the high number of traditional festivities on the other, both by introducing smaller product units for the masses and by launching a range of high-end gifts. Due to the lack of adequate cooling chains, both products are resistant to the existing climate extremes.

India is renowned for its bureaucracy, which is now boosting the rising demand for stamps in all industries. For a European stamp manufacturer, after tapping the top segment of all the banks, its growth strategy now focuses on the non-organised mass market. Production cost cutting measures have allowed the company to make a second, smaller

product of proven quality available for the mass market, and it is evolving into a serious rival for local competitors in the middle price segment. With its own sales and service network and cooperations with local partners, the company is able to meet its customers' wishes with tailor-made offers at highly competitive prices.

Conclusions

India is excellently suited as a development and production location. In addition to its known strengths, such as its young population, the strong domestic market, a very good investment climate, the western-based legal system and the fact that large parts of the population speak English, Indians are renowned for their skills of improvisation. In India, 'Jugaad' is the name for the improvisation-based way of solving problems, and it is proof of the country's openness to new ideas. Out of adversity, solutions to problems are often developed in which components or parts originally designed for other products are substituted for the unavailable parts.

Foreign companies active in India can also profit from this ability to improvise, which can lead to innovations in terms of production processes, components or functions. More often than not, these so-called 'Indovations' provide the motivation to adapt products and processes in an emerging market like India to the local conditions

relating to demand, durability, climate, operational capability to name a few.

'Indovation' with western technology

However, only a company which understands the needs of local customers and knows what they are willing to spend on is in a position to offer products which have been adapted in this way. As a result, the marketing of existing products always represents the first step into the market, particularly for the purpose of understanding the local market requirements. Western companies are increasingly convinced that despite the savings which can be made by shifting to local production, at the purchasing stage or by substituting materials, the pricing pressure in the market is still significant. To be able to adopt a strategic multi-product approach from an early stage on, companies will have to carry out a systematic analysis of customer enquiries, feedback and demand behaviour, and to implement effective operational communication structures between sales, production and research and development. The challenge is then to adopt a creative and localised approach with a careful eye on functions and price to select the right products – possibly on the basis of existing and accepted products – to meet the calculated demand and to offer a successful challenge to the inventive home-grown competitors.

“Doing well by doing good”

New opportunities for Indo-German cooperation?

Last few years have seen the rise of several new and dynamic paradigms in innovation management, especially at the bottom of the population pyramid. These seek to motivate companies to develop affordable and good-quality products for rural and poor customers especially in developing economies.

Such ideas, though admirable in their own right, have in many instances failed to fully appreciate and utilize the power of innovative ideas and the rich heritage of traditional knowledge passed down the generations and are lying largely untapped.

Many local users in rural areas come up with inventions that are not only innovative and useful but also less expensive than the usual solutions available in the market. Other important features of these so called grassroots innovations are that they are environment friendly and in sync with the given infrastructural conditions. Examples of such innovations include water-based cooling systems that do not

require electricity or non-sticky frying pans made of earth.

The idea of grassroots innovations has been popularized by Professor Anil Gupta of the Indian Institute of Management (IIM) in Ahmedabad. Grassroot innovations are being fostered by institutions like the National Innovation Foundation (NIF) and the Honey Bee Network in India. The Institute of Technology and Innovation Management at Hamburg University of Technology (TIM/TUHH) has recognized the potential of this paradigm, both, for the practice of innovation management in firms and for giving an impetus to Indo-German cooperation in fields of science, technology and business. There are several studies currently under progress at TIM/TUHH to survey the potential implications of grassroots innovations. TIM/TUHH, together with the German-Indian Round Table (GIRT), will hold a workshop during the India Week Hamburg 2011 to explore and demonstrate the vast cooperation opportunities for German compa-



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nies, especially small and medium-sized ones, to assist the inventors with technical and marketing know-how. Mutual benefit can be found, for instance, in the giant domestic Indian market as well as in international marketing of such products in other corresponding markets of Africa, Latin America and Asia. Anil Gupta is scheduled to deliver the keynote address and to participate in a panel discussion. Other cooperation partners include India's National Innovation Foundation (NIF) and the Hamburg Chamber of Commerce.