

Pivoting Business Model as a Strategic Response to Covid-19: A Study of Select Organizations in India

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ABSTRACT

COVID-19, a black swan event of the 21st century, has shocked the world and put the industry into a spin by forcing organizations to reinvent business models for survival and growth. The paper attempts to examine how several lesser-known Indian firms and reputed firms had pivoted their business models. Some of the measures of pivoting include launching new products and services which are highly relevant to existing and new markets, offering to digital experiences to name a few. The paper also attempts to examine pivoting actions and build a conceptual model based on the strategic responses made by few organizations in India.

Keywords: Business Models, Strategic response, Covid-19, Digital Experience.

1.0 Introduction

Organizations need to change their business models in the event of extreme uncontrollable events. The invisible enemy of the world covid -19, had played havoc with the businesses and thereby impacting the economy of several countries. According to Mark W. Johnson, et al (2008), components of Business model include, Customer value proposition (CVP), Resources, and key processes, profit formula.

Several organizations how they have changed their business models in terms of dynamic capabilities. Organizations need to keep pace with the change in the environment and it may impact (Audia et al, 2000), The dynamic capabilities (DCs) explain how the competitive advantage can be sustained in dynamic markets (Teece et al., 1997).

In order to achieve competitive advantage, organizations can use two different but complementary strategies: fitting environmental demands and forming market change. Eisenhardt and Martin, 2000). Dynamic capabilities (The DCs) view helps in understanding how the organizations get and sustain competitive advantage in changing environments (Teece et al., 1997; Peteraf et al., 2013) and is ingrained in the resource-based view of the firms (Eisenhardt and Martin, 2000; Zahra and George, 2002; Teece et al., 1997).

DCs are defined as “the capacity of an organization to purposefully create, extend or modify its resource base” (Helfat et al., 2007). Capacity implies acceptable level of performance, while a firm’s resource base includes intangible and tangible and human resources and capabilities that a firm possesses, controls or to which it has preferential access (Helfat et al., 2007) which are important to the organization.

Organizational capabilities are classified into into DCs and operational capabilities. Operational capabilities allow an organization to perform basic functional activities (Collis, 1994) and help in day-to-day problem-solving (Zahra et al., 2006). Dynamic capabilities (Cs) are of higher order (Barreto, 2010), path dependent (Teece et al., 1997) and future oriented (Ambrosini and Bowman, 2009).

However, DCs do not directly result in marketable goods or services (Teece et al., 1997), but contribute to building, integrating and reconfiguring operational capabilities (Protogerou et al., 2012).

Marketing capabilities are important in DC’s framework as generate customer knowledge, competing products and distribution channels. (Barrales-Molina et al., 2014). Marketing capabilities emphasizes customer value (Fang and Zou, 2009). Zou, 2009; Landroque et al., 2011 and considered to be subset of DC’s (Bruni and Verona, 2009). There is a relationship between Marketing capabilities and CVP, and resources and key processes. The dynamic marketing capabilities are important

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Bruni, D. S., & Verona, G. (2009) defined “Dynamic marketing capabilities” (DM’s) as indicating human capital, social capital, and the cognition of managers involved in the creation, use, and integration of market knowledge and marketing resources in order to match and create market and technological change. Market knowledge consists of customer and competitor areas (e.g., Kohli and Jaworski, 1990; Narver, and Slater, 1990); marketing resources are tangible and intangible assets such as products, brands, and distribution channels (Grant, 1991). Dynamic marketing capabilities involves middle management and enables organization to cope with the change.

According to Mark W. Johnson, Clayton M. Christensen, and Henning Kagermann (Harvard business review 2008), Business model components include, CVP, Resources, and key processes, profit formula.

India reported first laboratory-confirmed case of coronavirus disease 2019 (COVID-19) on 30 January from Kerala. As the cases spread across the country lockdown was imposed on March 25, 2020. The prevailing new conditions are referred as the new normal. The norms of social distancing, wearing mask and handwashing was advocated to fight against the Covid -19.

2.0 Objectives of the Paper

1. To explore the strategic responses made by select organizations in response to Covid -19.
2. The strategic responses are examined in the light of customer value proposition, resources, for the new and existing markets etc.
3. To build conceptual model to understand strategic responses made by the organizations.

2.1 Suparshava swabs

During March 2020, polyester swabs were not manufactured in India and were imported, and as the demand rose, but it was becoming expensive. It provided an opportunity to domestic market. A Delhi based organization, Suparshava Swabs came forward and successfully pivoted to manufacture personal hygiene products including swabs under Tulip’s brand. It converted its 100% cotton processing unit at Ghaziabad factory to produce polyester -spun swabs required for covid 19 testing. It is important to note that these are validated by national reputed govt agencies such as ICMR & NIV.

2.2 IHCL

IHCL launched Qmin, a mobile app in July 2020 to brings its collection of culinary experience online from restaurants to customers’ homes in Mumbai, Delhi, Kolkata, Bengaluru, Chennai etc. The app was designed with Tata Digital in six weeks, which showcases customer centricity, resilience and sustainability. It offers guests a discerning delivery experience through a seamless interface which allows personalization of orders, curate menus, and track deliveries real-time.”

2.3 10 by 10

The organization diversified portfolio by launching ISO.POD which is an instant room, a portable solution that protects people against infection and based on DIY methodology. ISO.POD comes in the size of 8’x7’x10’, making it compact, modular, and easy to duplicate and scale. During the lockdown as hospitals are running out of beds, this product innovation which acts airtight enclosure comes as great rescue and priced at Rs 15,000.

2.4 Shree Shakti Enterprises

Shree Shakti Enterprises, a kitchenware company during lockdown was forced to innovate for survival by launching new product portfolio comprising sensor-based sanitiser dispensers to hands-

free hand wash systems, and automatic foot sanitisers, which are extremely useful during covid 19 crisis. These can be used at offices etc. Shree Shakti received large orders from public, and government institutions, and private organizations including Hero Moto Corp, Wipro, Mohalla Clinics, the Ministry of Home Affairs, CRPF, BSF, police stations, and political parties. This allowed the company to avoid job cuts and gross Rs 1.15 crore in sales through the lockdown. This enabled the company to stop job cuts and gross Rs 1.15 crore in sales through the lockdown.

2.5 Boiline India

Indore-based Bioline India, founded in 2001, manufactures affordable and quality medical equipment. Hand sanitizers were slow moving category till pandemic struck, and it became most important item of the households and probably will remain for few years. The organization launched ULV Bio Fooger in 2005 and increased production to meet the full demand.

2.6 Fabindia

Fabindia stores were shut during lockdown, but as the government allowed the sales of essential items and hygiene products, the organization decided to increase production. The hygiene products grew to 15 to 20 % of business from 2% to 3%. Teamwork and collaboration played key role in success of the new activity.

2.7 Workshala

Established in 2013, Workshala started an initiative called Homescape to provide the tables, chairs and desks to individuals at homes. This provided comfort and ease of working for those who are working from home. This resulted in increase in productivity.

2.8 Hula Global

Founded in 2018, Hula Global is a Noida based organization manufactures apparel and also used to exports was badly hit by pandemic. It diversified its business into PPE kits, N95 masks, face shields. The company invested significantly to expand its manufacturing capacity from 10,000 coveralls a month to 10 lakh coveralls a month. From zero N95 masks in March, it is now producing 80,00,000 masks monthly. Very few organizations make all these products under one roof.

2.9 Koko boost

Koko boost is a Bengaluru based small organization which manufactures millets and munga energy bars. Distributors were reluctant to stock during Covid-19, as the customers were not preferring to purchase. This affected the business badly and company decided to widen its product portfolio. The company decided to make innovative range of immunity-based products under brand name "Sanrupt" made from the existing input and used social media for promotions.

2.10 Homz

Homz is a construction company a Delhi based company started in 1989. It is a niche player in high end luxury residential projects, reached out to its customers by giving them digital experience, and closed sales.

2.11 Parle -G

The brand had phenomenal success and achieved highest sales during covid -19, which is highest ever for eight decades. The brand Parle-G brand falls under the 'below-Rs100 per kg' affordable / value category, which holds one-third of the total industry revenues and accounts for over 50% of the volume sold. Getting permissions to run plant, manning people to work at factories and

sales, and educating the labor and onboarding on the fact that it's just not mundane biscuit but providing food security for vast majority of the people by virtue of sheer size of consumption across the country. As govt placed it under essential commodities, the organization shifted to Digital strategy, advertising on OTT and social media for promotions. The other reasons include, there is increase in home consumption during lock down and some consumers also downgraded to Parle- G, buying whichever is available. Reduced workforce as per restrictions is also a challenge for the organization.

2.11 Cavin care

CavinKare's launched hand sanitizer under its well-known personal care brands of Chik, Nyle, Raaga. It provided much needed accessibility and affordability to ensure safety of everyone. Everybody must regularly wash hands or use sanitizer for safety and to fight Covid -19.

2.12 ITC

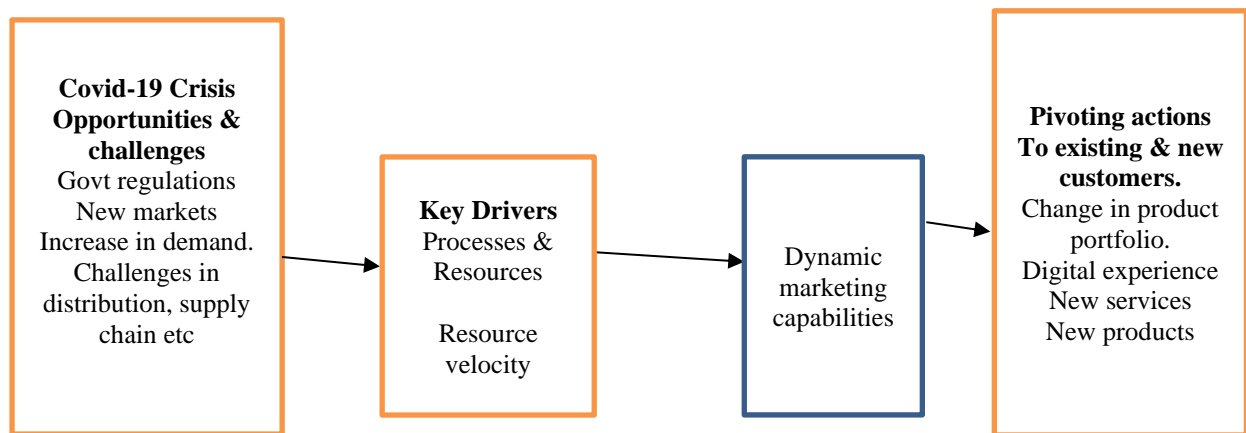
ITC' had launched Savlon Surface Disinfectant Spray as part of the ongoing fight against Covid-19. As the health stipulations have instructed two important facets to help protect against the deadly virus – hand hygiene and the hygiene of frequently touched surfaces. Savlon spray would disinfect frequently touched surfaces such as tables, doorknobs, chairs, and sofas, among others, which may have germs that can be transmitted and increase the chances of infection. See Table 1 for summary of the pivoting actions taken by organizations.

Table 1: Pivot actions taking by organizations

Name of the firms	Challenges & opportunities, and other key issues faced by the organization	Pivoting actions
1. Suparshva swabs	Regulation from ICMR and NIV	special swabs under the Tulips brand.
2. IHCL	The lockdown period saw a significant increase in the time spent by people on their mobile devices, and food being an essential commodity was readily available at the doorstep.	An app that gives guests a differentiated delivery experience through a seamless interface that allows them to personalise their orders, curate menus, and track deliveries real-time.
3. Bioline india	Targeting the same customers with different product	Bioline India finds itself playing a bigger role in the daily battle against bacteria with its ULV Bio Fogger.
4. Fabindia	The government was allowing the sales of essential items and hygiene products during the lockdown	Decided to ramp up its organic foods production.
5. Workshaala	As most people started working from home amidst the pandemic, furniture is required which gives comfort and ease in working.	Homescape' to provide furniture to people working from home. tables, chairs, and desks to individuals.
6. Hula global	To meet the rising demand for such products in the country.	Diversified into manufacturing PPE kits, N95 masks, face shields, etc.,
7. Koko boost	To take care of the immunity	brand of immunity-boosting powders made from moringa

8. Gulshan homz	Digitisation and virtual tours have been started by realtors, and this has helped them reach their target audience and close substantial sales even during the lockdown.”	“Digitisation and virtual tours
9. 10 by10	During Covid-19, the hospitals were running out of beds and ventilators.	ISO.POD — an instant isolation room solution that protects people against further infection.
10. ITC	To protect families and remove germs from vegetables	Launch of safe veg wash
11. DETTOL	To protect families and remove germs	Handwash and sanitizer
12. Shree Shakti Enterprises	To meet the safety demand of corporate customers arising of covid -19 crisis	From sensor-based sanitiser dispensers to hands-free hand wash systems, and automatic foot sanitisers,
13. Parle- G	To meet surging demand from at home, NGO’ s and migrant and poor people segment.	Focus on production, distribution, getting permissions.
14. Cavin care	low priced sanitize for the on-the-go segment	Chick sanitizer
15. ITC	To meet safety demands arising out of the covid -19	Surface disinfectant

Figure 1: Proposed Conceptual Model for Strategic Response of Organizations to Covid -19



Source: Created by author

The dreaded pandemic Covid -19, had forced the industry into turmoil which led to unprecedented challenges. These varied from, restrictions on labour availability, regulatory constraints and compliances, supply chain and promotion challenges to name a few. The organizations need to mobilize available resources at a fast pace (resource velocity), explore opportunities for new products, new services, create new customer experience offline or digital, at the same time ensuring employee safety. The organizations created new and strong value proposition, for new and existing market. They also widened product portfolio, sometimes giving impetus to the new product launches, increasing production, and using digital media for promotions etc. Most importantly these strategies had a positive bearing on top and bottom line of the organizations.

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