

## **An Exploratory Study on Innovation and Creativity in Entrepreneurship: Case Study of Nirma and Blinkit**

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DOI: 10.46609/IJSSER.2024.v09i11.011 URL: <https://doi.org/10.46609/IJSSER.2024.v09i11.011>

Received: 1 November 2024 / Accepted: 12 November 2024 / Published: 20 November 2024

### **ABSTRACT**

*The use of innovative entrepreneurship along with sophisticated technology of that time led to a shake up in the producers market, helping the consumers obtain quality products at competitive rates. The entry of such firms (like Nirma and Blinkit) definitely leads to a win-win situation for the consumers.*

**Key words:** Entrepreneurship, Innovation, Creativity, Quick commerce, Gig economy Consumer centric approach, Market share Digital transformation, Supply chain management, Enterprise

**Research question:** The importance of innovation and creativity with respect to the extent of entrepreneurship. How have these been inculcated in companies like Nirma and Blinkit? Nirma competed with Hindustan Lever and achieved success. What innovative technology was adopted by this company? Blinkit in recent years has adopted unique creativity in its marketing strategy and has achieved success.

What are these strategies? Do they fit into a particular pattern or are they 'out of the box' ideas? These and many other such questions would be attempted to be addressed in the course of this paper.

### **1. Introduction**

Innovation and creativity are essential skills for success in any form of enterprise. Creativity is important for new ideas, in business activities. No entrepreneur or enterprise, however successful and big, can continue to hold a place for leadership unless it recognizes that modern business operates in a world of change. This change tends to create problems, risk and opportunity for which entrepreneurs have to mobilize resources before these changes have an impact on sales revenue and profit.

In today's fast changing world entrepreneurship and creativity go hand in hand. Creative people are encouraged to strike out and come up with new products that are important for the financial health of the firm.

There is a close relationship between entrepreneurs and opportunity. It represents a desirable future state that involves growth and with the belief that there is a strong possibility to reach that state. Entrepreneurs are not only opportunistic but are also creative and innovative. It does not necessarily mean that he/she wants to break new grounds, they might want to remix old ideas to make a seemingly new application. Entrepreneurs have the dynamic capabilities of innovation leadership social media, digital technology, innovation and creativity on business performance.

**Figure 1: Visual representation of creativity**



Source: Shutterstock

## 2. Definitions

Creativity and Innovation are extremely necessary for entrepreneurship ability. No entrepreneur or enterprise however successful and big will continue to hold a place in leadership till it recognizes that modern businesses operate in an environment of constant change that creates new problems, risks and opportunities for which firms have to mobilize resources before changes

make their impact felt. For this a clear definition of the company's business is required to synchronize the growth part of the firm with the reality of the market.

Innovation and Creativity are essential for firms. In Fact Innovation is the successful exploitation of new ideas.

## 2.1. Creativity

People tend to be more creative when they are more motivated primarily by their interest and satisfaction and challenges of a situation not by any external pressure but by the passion and the interest. A person's internal desire to do something unique presents a sense of challenge or a drive to crack a problem that no one has been able to solve.

**Figure 2 images of creativity**



Source : Freepick



Source: Istock

Creativity is defined as the balanced unfolding and converging of exploring entrepreneurship towards radical change of the form. Creativity works towards developing new ways of improving an existing product or service to optimize the business. It involves thinking out of the box and beyond the traditional solutions. Business challenges in today's world require creativity.

Benefits of business in creativity are

- Encourages innovation - This involves generations of ideas that are unique and original at times useful at times not so.
- Boosts productivity - This increases productivity and at the same time combats stagnation

- Allows for adaptability - Sometimes events both internal and external in disrupts organization structure ( Covid-19 Pandemic) in such instances imaginative thinking and innovation are critical in maintaining business operations.
- Fosters growth - Businesses growth tends to be molded in a cognitive fixed manner. This could lead to stagnation. Creativity is the only weapon that fosters growth.

## **2.2. Entrepreneurship**

This is defined as an individual who has an idea that he/she would act upon disrupting the current market with a new product or service. An entrepreneur has the ability and the readiness to develop, organize and run a business enterprise along with any of its uncertainties in order to make profit. In a startup the process of creating and developing and managing a new business venture with the aim of generating profits of creating value. An entrepreneur is an individual takes on financial risks to start a business using innovative ideas and strategies to take advantage of business opportunities.

**Figure 3 Image of Entrepreneurship**



Source : Dreamstime

Entrepreneurship is also defined as the pursuit of opportunity beyond available resources. It is a singular relentless focus. Entrepreneurs perceive and take advantage of a short window of opportunity.

## **2.3. Innovation**

Innovation is a manifestation of creativity into usable products or services. As far as entrepreneurs are concerned innovation is any new idea process or product or a change to an existing product or process that adds value to that existing product or service. This is done with the intention of generating profits helping the community and accompanying company goals.

**Figure 4 image of picturization of the concept of innovation**



Source : Freepik

According to Peter Drucker innovation is the work of *knowing* rather than *doing*. Innovation is the specific function of entrepreneurship whether in an existing business, a public service institution or a new venture. It is the means by which the entrepreneur either creates new wealth producing resources or endows existing resources with enhanced potential for creating wealth. Sources of innovation could come from:

- Opportunities that exist within a company or an industry
- Unexpected occurrences
- Incongruities
- Process needs
- Industry and market changes

The above are sources within a company but there are external sources in the form of :

- Social and intellectual
- Demographic changes
- Changes in perception

- New knowledge

Purposeful, systematic innovation begins with the analysis of the source of the new opportunities. To be effective innovation has to be simple and focused. Normally effective innovations start small. Above all innovation is work and requires knowledge, ingenuity and focus.

### **3. Synergy between innovation, creativity and entrepreneurship**

Innovation and creativity are extremely interconnected with successful entrepreneurship. Research has indicated that there is synergy between opportunity and innovation in the creation of value and competitive advantage for businesses. Entrepreneurship and Innovation should be regarded as ongoing, everyday practice in an organization. Innovation is more than an invention and it need not be technical. It is radical and incremental. Radical innovations refer to path, discontinuous, revolutionary original, pioneering changes in business and services. To understand the connect between the three, case studies of Nirma and Blinkit have been researched

#### **3.1. Growth path of Nirma industries in competing with multinational giant Hindustan Levers.**

Nirma industries took on the giant multinational company Hindustan Levers limited (HLL) in the 1980s. In 1969, Karsanbhai Patel a chemist at Gujarat Minerals Development Corporation set up a small household business. His product, a detergent powder, was not unique in itself. For years, HLL had sold high priced powder to high income earning individuals. While the others had to make do with detergent cakes. Karsanbhai started selling low cost detergent powder and it positioned itself against bigger brands by offering cheaper products that delivered quality cleaning. Nirma grew rapidly due to its low price, high quality and direct distribution system. The new yellow detergent powder was phosphate free and he started selling it locally. This was a time when the new yellow powder was priced at Rs 3.5 per kg at a time when HLL's Surf was priced at Rs 13 per kg. Nirma sold well in Ruppur (Gujarat) Patel's hometown. He started packing the formulation in a 10\*10 ft room in his house. Patel named the powder Nirma after his daughter Nirupama. He was able to sell about 15-20 packets a day on his way to the office on his bicycle which was 15 km away. By 1985, Nirma washing powder had become one of most popular household detergents that was helped in part by the popular 'Washing Powder Nirma', television advertisement.

By 1999, Nirma was a major consuming brand offering a range of detergents, soaps and personal care products.

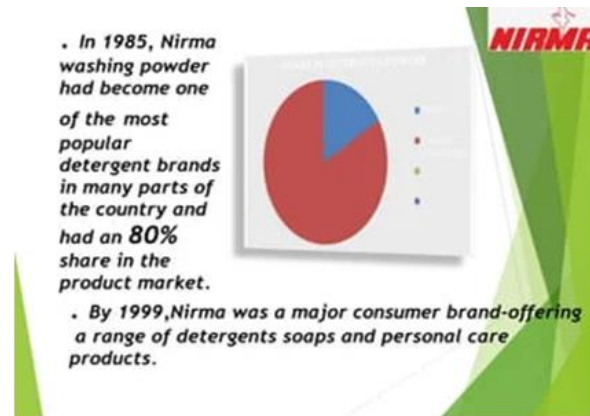
Figure 5



detergents

Source : Nirma

Figure 6



Source : Nirma

Figure 7



Source : Slide share

The strong popularity of Nirma among the cost conscious Indian consumer gave rise to competition and HLL brought out a cheaper alternative to serve in the form of a 'Wheel'. Nirma had more than 35% market share in the detergent sector and around 20% market share in the toilet share segment the company got listed in 1994. Karsanbhai used his knowledge and came up with Nirma detergent which was the result of an innovative combination of the important ingredients. Indigenous methods were used and the detergent was environment friendly. He produced quality detergent powder at an affordable price.

The process of detergent production was labor intensive and gave employment opportunities to a large number of people. Nirma focused on cost production strategies to make a place for itself in the market.

In the 1980s Nirma moved ahead of HLL to capture a large market share. It became the largest detergent company in India. This industry worked on the mantra " Give your consumer what he wants, when he wants, where he wants and at the price he wants". This industry adopted a backward integration strategy to compete with the multinational HLL. Nirma became a Rs17 billion company within three decades (Started in 1969). The brand name became almost synonymous with low price detergents and toilet soaps. In keeping with its philosophy of providing quality products at the best possible prices, Nirma bought in the latest technology for its manufacturing facilities.

The use of detergent powder was pioneered in India by HLL's Surf in 1959. But by the 1970s Nirma dominated the detergent powder market by making the product available at an affordable price. Within a short span of time, Nirma had re-written the rules of the game by offering good quality products at the lowest possible price. The company endeavored to keep improving the quality while at the same time cutting costs. They focused on backward integration which meant a continuous reduction in raw material costs.

To popularize their product they used innovative marketing strategies. The company took on every product of HLL and established their own brand e.g premium toilet soaps (Nirma premium, Nirma sandal, Nirma lime fresh). Nirma lime fresh was a direct competitor to Liril (Popular HLL brand). It positioned Nirma Bath against Lifebuoy and Nirma beauty soap against Lux.

Nirma's strategy was based on the fact that, according to them, there were four platforms which accounted for most of the soaps sold. These were:

- Floral
- Beauty



- Health
- Freshness

They also analyzed the fact that Northern India preferred pink soaps while Southern India preferred green ones. Sandal soaps were more popular in Southern India.

The advertising techniques used by the company were extremely simple and focused on the benefit of the product. They used film stars to endorse their products. Their prime mantra was "Price". The company concentrated on the volumes. Most of the companies of that time period passed on the cost benefits to the consumers while Nirma on the other hand decided to pass it to the retailer e.g for Nirma premium soap it offered 52% for Nirma shampoo it offered 140%.

The history of the company with Nirma as an example has indicated that "Small does not mean insignificant if small is also smart and never stereotypes the customer". Nirma dealt HLL a strategic defeat that made HLL rethink its marketing strategy and look at India's rural consumers with a different mind set.

But in recent times the company has lost out to other giant slayers like "Ghari detergent powder", resulting in rejection in margins and market share. To counter this Karsanbhai started looking for different business ventures and started acquiring new firms resulting in a business that has become more complex and asset heavy.

### **5. BLINKIT (Also earlier known as Grofers)**

Nirma was an industry that challenged HLL in the 1970s and 80s but Blinkit - a quick commerce start-up has changed the competitive landscape of home delivery. Blinkit is a part of Zomato who's growth strategy revolves around expanding its physical store network to enhance customer accessibility and market reach. This company has made grocery deliveries that reflects 24 Million users and has 46% market share leading to a valuation of \$45 Billion in 2024.

2013-2016 was the time when Indian hyper local start-ups were on the rise. Unlike e-commerce companies like Amazon and Flipkart where orders were packed from a warehouse 500km away, hyper local dynamics operated in a 3km radius.

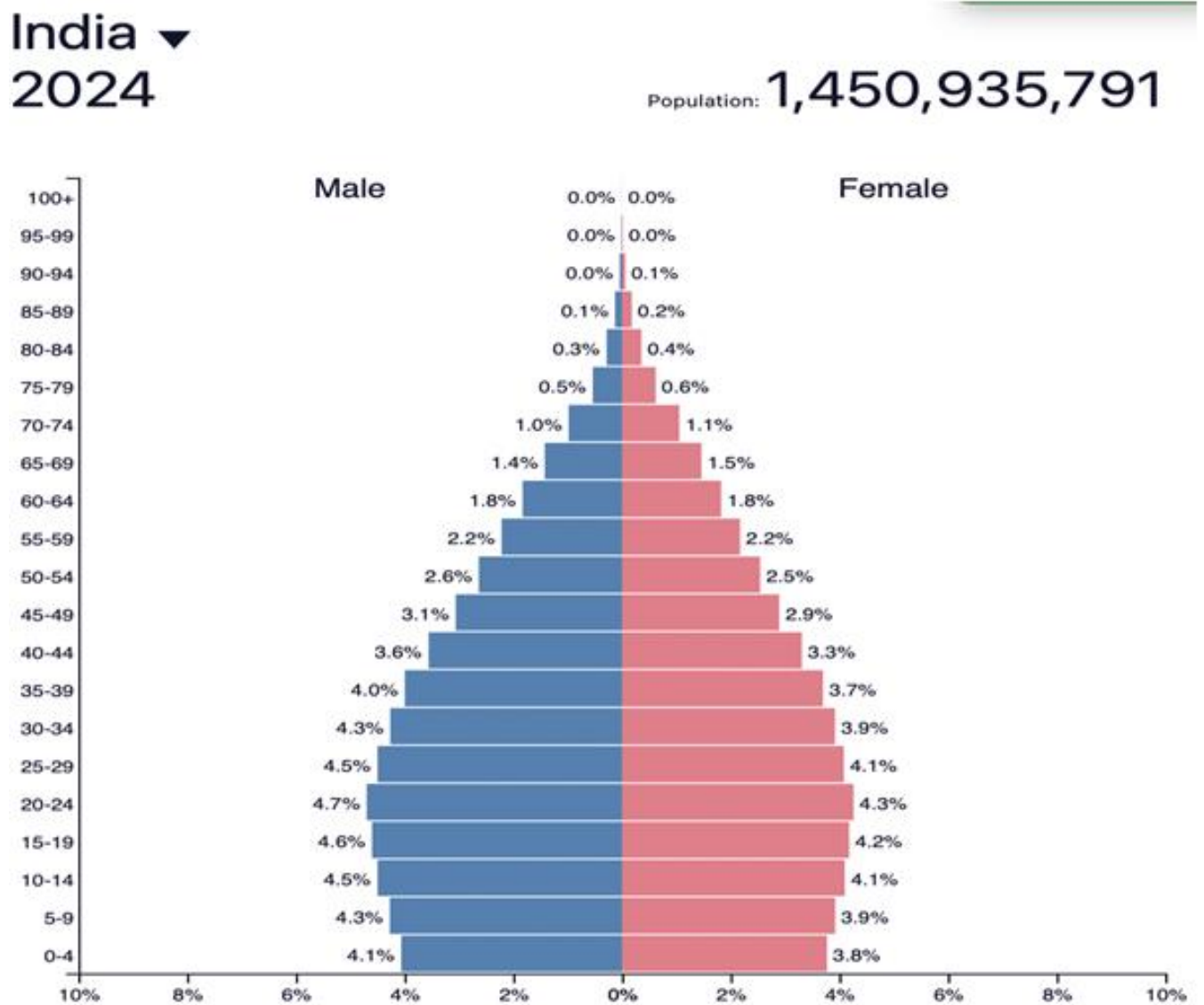
This meant that technology was being used to trim down the service time. The US has Start-ups like Instacart, Doordash and Postmates with similar business models have received huge success. Indian founders were quick to understand the setup and applied to India.

The most important factor that led to the immense growth of this sector was the rise of the "Gig Economy". This is that sector where casual contractual labor is employed informally. This

means that the Gig workforce has no job security nor any insurance for the health of their workers.

With India facing a situation of “Demographic Dividend”, the growth of the Gig Economy has led to increasing employment of the workforce. Demographic Dividend is defined as the independent workforce of the population - Age group of 15-59 years.

Figure 8 India’s population pyramid in 2024



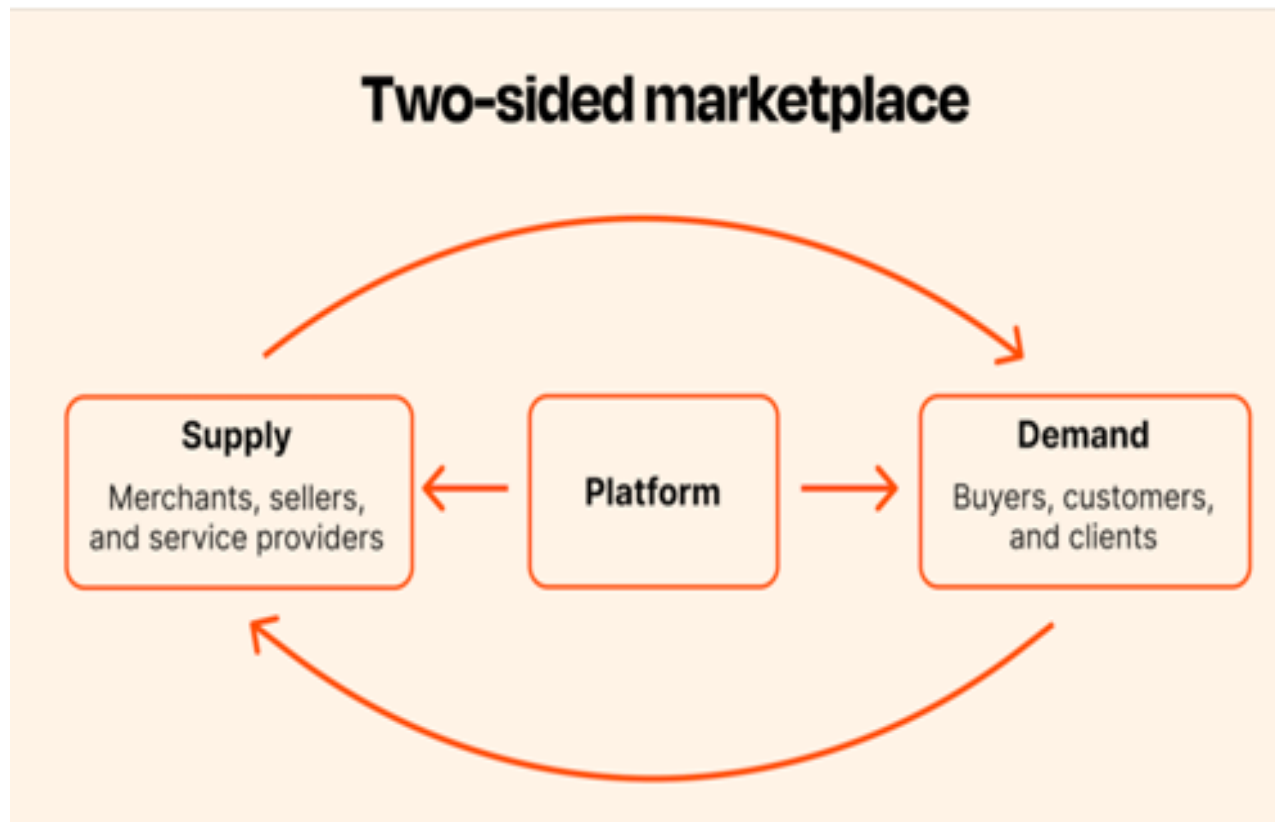
Source : Populationpyramid.net

The above diagram indicates that the dependent population that is the age groups 0-15 and above 59 have declined while the independent population has increased. Amongst the decline in the dependent population the main decrease has occurred between the age groups 0-15. The increasing percentage of the independent population is the ‘Demographic Dividend’, the Indian economy is currently undergoing. When China was undergoing this similar phase it took advantage of the situation and used the workforce in increasing the GDP growth manifold. Which is why India needs to make the best use of the situation that it is in.

The growth of the Gig Economy is one of the ways in which the excess of the workforce can be gainfully employed.

Blinkit is one of the companies that have taken advantage of this economy. India shifted from a two sided marketplace to a three sided marketplace, e.g of two sided marketplace are Uber and Flipkart while a three sided marketplace are Dunzo, and Swiggy(Blinkit).

**Figure 9 Image of a two sided Marketplace**



Source : Zapier

**Figure 10 Image of three sided Marketplace**



Source : ByteAnt

One of the founders of Grofers and Blinkit Saurabh Kumar was intrigued by the way chemists were providing medicines within a radius of a few kilometers.

It has transformed India's vast unorganized grocery landscape through cutting edge technology and innovation. It has been built on a proprietary technology stack. The platform serves as a convergence of consumers looking for everyday essentials, partners tools who serve their needs efficiently and manufacturing looking for a channel to reach a huge number of consumers. The technology that is being used by them caters to the burgeoning population of urban India.

The two founders of Blinkit are Albinder Dhindsa and Rishi Aurora. Blinkit is 100% subsidiary of Zomato Limited.

## **6. Working of this platform**

Blinkit is a part of the Quick commerce platform very often called Q-Commerce. This represents a generation of e-commerce that is focused on ultra fast delivery of goods typically within 10-30 mins. This model works on a network of hyperlocal dark stores (small warehouses strategically located in urban areas to stock a curated selection of high demand products the primary appeal lies in its ability to cater with the consumer's need for speed and convenience providing for instant gratification).

The key characteristics of this company are:

- Speed ( From 10-30 mins )
- Convenience ( Groceries, Personal care products and Household goods)
- Technology driven (Reliance on data analytics, AI, robust, Logistical framework to optimize inventory and delivery roots)

Blinkit started as Grofers and rebranded itself as Blinkit which means speed. It focused on establishing a dense network of dark stores across major Indian cities ensuring proximity to a large customer base that invested in advanced technology for inventory management and root optimization. It has outpaced competitors like Zepto and Instamart.

The factors that have contributed to its success are:

- Strategic location of Dark stores to ensure quick delivery
- Robust technology infrastructure for demand forecasting, inventory management and root optimization.
- Customer centric approach. For them customer is king and they are focused on high demand items with a reliable delivery promise as lead to customer loyalty
- Scalability and Efficiency. The company has managed to increase scale of operations while maintaining profitability through optimization of resources.
- Zomato's acquisition of Blinkit is strategically significant as the synergy between the two is expected to create substantial value.

**Figure 11 Logo of Blinkit**



Source : Wikipedia

In June 2021 Blinkit announced that it had revamped its delivery service and stated that it would make deliveries within 10 minutes of the order being placed online. This promise of 10 minute

delivery received huge criticism from people who accused Grofers of exploiting their workforce to make such a promise a reality.

This has been subsequently clarified by one of the founders of Grofers Albinder Dhindsa who said that the 10 minutes was possible as all the partner stores were within 2km radius of the customer. He further pointed out that the stores were so densely located that 90% of the orders could be delivered if the drivers drove at 10km/hr. It was the in store planning and management of Blinkit that was empowered by advanced technologies that could make the above possible.

Zomato was acquired by Blinkit on 24th June 2022. The model on which Blinkit was based is also known as the hyper local on demand logistics system. It aims to replace the need for consumers to travel to the local shops to buy consumer goods and encourage them to order online. It does not own any grocery stores or warehouses. They have a tie up system that helps the local grocery shop owners get more orders and in the bargain Blinkit makes a profit from these orders as the company charges a commission.

The key activities that Blinkit is involved in are :

- Delivers groceries
- Does warehousing
- Manages supply chain
- Maintains its platform and technology
- Takes care of shipping
- Manages logistics
- Services customers

The key resources used are :

- Cutting edge technology
- Intellectual properties
- Advanced IT and Communications infrastructure
- Streamlined channels of delivery

- Network of local merchants
- Funding rounds

It is based on a revenue model where the commission ranges from 8%-15% when orders are below Rs 700/ and 12-15% when the orders are below Rs 1000/. It also charges delivery fee when the orders are below Rs 250/.

The company has used innovative technology and advertisement to increase their reach, e.g during the “Navratri” festival they advertised the availability of every type of item that would be required for “pooja”. This would cater to all sections of society from South Indian to Bengalis to North Indians. This clearly indicates the strength of understanding the pulse of the consumer and what he or she would urgently require in every type of situation.

### **7. Effectiveness of these innovations on increasing profitability.**

Both Nirma (in the 1980s) and Blinkit (in 2021) have shaken up the existing systems and workings of the economy in their field. The entry of Nirma helped the consumer in gaining quality products at minimum price. In the case of Blinkit the company took advantage of technology to provide quality products at competitive prices in the comforts of your home.

Both these companies with their innovative advertisement and cutting edge technology help to earn substantial profits for their company. Nirma captured 60% of the total detergent market in India in 1988, while Blinkit shifted from a loss of Rs 105 cr in Q1 FY23 to a profit of Rs 43 cr in the last Quarter. Thus both these companies have added value for the consumer. It has been a boon in terms of pricing, convenience and quality for the consumer with the adoption of these innovative products.

### **8. Conclusion**

Innovative entrepreneurship along with cutting edge technology always helps the consumer in obtaining quality products at competitive prices. In almost all cases it is the consumer who benefits under competition and better technology. This is seen in two different case studies: Nirma in 1980 and Blinit in 2021. Both these iconic innovations have led to others in similar type of industries following in their footsteps.

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