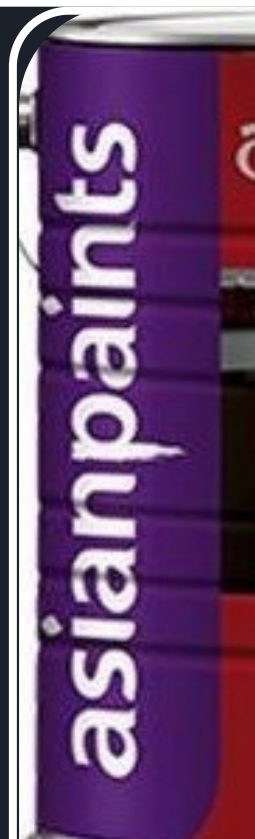


# STRATEGIC FRONTIERS: BUSINESS CASE STUDIES FROM EMERGING INDIA

EDITOR :

**Dr. Nila A Chotai**  
Academic Director  
ISBR Business School

**Mahabharata**



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## AIMS & SCOPE

The case study book *Strategic Frontiers: Business Case Studies from Emerging India* aims to foster experiential and decision-centric learning by offering a curated selection of contemporary, Indian-origin case studies grounded in real-world business scenarios. The collection is designed for use in management education across graduate, postgraduate, and executive programs, aligning with global pedagogical practices that prioritize critical thinking, problem-solving, and context-based analysis.

This book captures strategic dilemmas and operational realities across diverse business functions including strategy, marketing, entrepreneurship, urban mobility, international business, pricing, business ethics, and leadership. Each case is rooted in the socio-economic and cultural nuances of emerging markets, with a special emphasis on Indian enterprises navigating rapid change, innovation, competition, and regulatory dynamics.

The scope of this volume extends beyond academic enrichment to bridge the gap between theory and practice. The cases present multidimensional challenges faced by organizations such as Devyani International, Asian Paints, Byju's, BMTC, Tesla India, and others, inviting students and faculty to debate, analyze, and simulate managerial decisions. Each case is accompanied by learning objectives and discussion prompts, facilitating structured classroom engagement and executive education delivery.

The book also serves as a platform for educators and researchers to explore indigenous case pedagogy and develop contextually relevant content for management curriculum. By highlighting contemporary business practices within the Indian context, this volume contributes meaningfully to the global case teaching repertoire while promoting localized insight.

# EDITOR'S NOTE

**Dr. Nila A. Chotai**

*Academic Director,  
ISBR Business School*



It gives me immense pleasure to present this compendium of case studies, a collective intellectual endeavor that reflects the academic rigor, real-world relevance, and pedagogical innovation we strive for at ISBR Business School.

This curated volume brings together ten meticulously developed case studies across diverse domains such as strategic management, marketing, entrepreneurship, urban mobility, ethics, operations, pricing, and international business. Each case has been chosen not only for its academic merit but also for its potential to challenge assumptions, spark meaningful classroom dialogue, and develop problem-solving abilities in future business leaders.

The contemporary business environment is evolving at an unprecedented pace, shaped by digital disruption, sustainability imperatives, cultural complexities, and strategic uncertainties. Against this backdrop, case-based learning emerges as a powerful pedagogical tool. It provides students with opportunities to explore ambiguity, test hypotheses, and make decisions that mirror real executive dilemmas. This volume, therefore, serves as both a teaching resource and a research-informed platform to bridge theory with practice.

Our contributors include a distinguished group of faculty and scholars, whose industry experience and academic insight bring authenticity and contextual richness to each case. From Devyani International's strategic foray into Indian cuisine, to BMTC's use of big data in public transport, to Byju's global ed-tech expansion, the cases delve into themes that are current, complex, and critically important for emerging markets like India.

As the Editor, I extend my heartfelt gratitude to the case authors for their diligence and creativity, and to our review panel for their constructive feedback throughout the editorial process. I am confident that faculty, students, and industry professionals will find immense value in these cases, not only for academic instruction but also as a springboard for thought leadership and decision-making.

Let this volume inspire curiosity, critical thinking, and responsible leadership among our learners and educators alike.

Warm regards,  
Dr. Nila A. Chotai  
Academic Director  
ISBR Business School

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## **CASE STUDY - 1**

### **DEVYANI INTERNATIONAL AND THE BIRYANI BET: SCOOPING UP SKY GATE HOSPITALITY**

**Dr. Nila A Chotai, Prof. Leonard L, Mr. Agastine A**

#### **1. Introduction and Company Profiles**

Devyani International Limited (DIL) is no stranger to the Indian food services market. As the country's largest franchisee of Yum! Brands, DIL operates over 1,500 outlets, primarily under the brands KFC, Pizza Hut, and Costa Coffee. With a footprint extending across India and international markets such as Nepal, Nigeria, and Thailand, DIL has historically played the role of a franchise executor, following brand mandates from global corporate playbooks.

Sky Gate Hospitality, founded in 2015, introduced the delivery-first biryani brand Biryani By Kilo (BBK). Known for packaging its products in earthen handis and including a miniature heating stove, BBK built a reputation for premium, customizable, and fresh biryani experiences. From a niche cloud kitchen concept, BBK expanded to over 100 outlets across 45 Indian cities. In addition to BBK, Sky Gate owns Goila Butter Chicken, The Bhojan, and Get-A-Way, offering a diverse Indian cuisine portfolio.

In 2024, DIL announced plans to acquire a controlling stake in Sky Gate Hospitality. This move was driven by a desire to diversify beyond Western fast food, leverage the underpenetrated biryani segment, and gain greater operational control through a homegrown brand.

#### **2. Indian Biryani Market Landscape**

Biryani holds a special place in Indian cuisine. Swiggy and Zomato data suggests that nearly 17 crore biryanis were delivered in 2024 alone, averaging 330 orders per minute. Despite its popularity, the market remains fragmented. The total market size is pegged at ₹20,000 crores, with only about 15% coming from organised players like BBK, Behrouz Biryani, and a few others.

This fragmentation signals both risk and opportunity. While consumer preference for biryani is evident, there is little brand loyalty or differentiation across regions. Most biryani consumption still happens via unorganised players. BBK's growth highlights the possibility of standardising the experience while preserving regional taste diversity. This unique balance gives organised players a scalable yet culturally relevant business proposition.

### 3. Strategic Motivation for Acquisition

DIL has long operated within the confines of global franchise arrangements. While this brought stability, it also limited innovation and localisation. BBK, on the other hand, was a symbol of Indian food entrepreneurship, offering a strong brand identity and rapid scale-up potential. Sky Gate had been growing at a 55% CAGR, with revenues touching ₹272 crores in FY24.

The acquisition was meant to:

- **Diversify DIL's portfolio:** Beyond American QSR models.
- **Penetrate Tier 2 and Tier 3 cities:** BBK's regional appeal matched DIL's vast distribution network.
- **Enhance margins:** Unlike franchise models, ownership gives pricing and sourcing control.
- **Explore new formats:** Cloud kitchens, kiosks, and Indian cuisine food courts.

This strategic shift aligned with similar moves by competitors like Jubilant FoodWorks, which launched Ekdum! Biryani to expand beyond Domino's Pizza.

### 4. Financial and Operational Considerations

While Sky Gate boasted strong revenue growth, it was still loss-making. In FY24, it reported losses of ₹74 crores due to rising operational costs, particularly raw materials. While the company had managed to reduce its YoY losses by 30%, the path to profitability remained uncertain.

DIL, with a slower growth trajectory (7% YoY in FY25), saw Sky Gate as a potential high-growth engine. But acquiring a loss-making entity also implied:

- Short-term pressure on consolidated financials.
- Integration of a startup culture into a large listed corporate framework.
- Need to maintain the agility and founder-led innovation of BBK.

DIL intended to retain Sky Gate's founding team, mitigating fears of brand dilution or strategic misalignment.

## **5. Market Expansion and Competitive Landscape**

With the acquisition, DIL could infuse capital and leverage its logistical and operational muscle to help BBK scale in non-metro cities. The extensive store network and backend systems of DIL would allow Sky Gate to reduce costs, optimise supply chains, and improve unit economics.

However, competition in the space was heating up. Rebel Foods (operator of Behrouz Biryani) was preparing for an IPO. Smaller but nimble cloud kitchen players were emerging in regional markets. Sky Gate, now part of a larger corporate umbrella, had to strike a balance between scale and culinary authenticity.

The acquisition also gave DIL an edge in diversifying customer segments. While KFC and Pizza Hut targeted youth and urban professionals, BBK and Goila Butter Chicken could appeal to families and regional customers.

## **6. Cultural Integration and Identity Risk**

One of the major post-acquisition risks in M&A deals is cultural misalignment. Sky Gate had thrived on founder-led hustle, experimentation, and quick pivots. DIL, a publicly traded company, operated under stricter regulatory, financial, and procedural frameworks.

Potential challenges included:

- Clashes in decision-making speed and approval hierarchies.
- Risk of compromising product quality for margins.
- Pressure to conform to quarterly expectations.
- Losing the brand's distinctiveness in pursuit of economies of scale.

To address these, DIL made the strategic choice to retain the founding team, allowing Sky Gate to function semi-independently under DIL's broader governance.

## **7. Strategic Risks and Market Volatility**

Even as the biryani market looked promising, data showed some volatility. Zomato saw a drop of nearly 1 crore biryani orders in 2024 compared to 2023. Swiggy's numbers grew only by 1.5%.



**Possible explanations included:**

- Post-COVID consumer fatigue.
- Rising food inflation.
- Tighter discretionary spending.

This raised questions: Was the biryani boom peaking? Could DIL weather a slowdown if biryani demand stagnated? Would brand fatigue set in without continuous innovation?

In addition, BBK had not yet turned profitable. Sustained losses without a turnaround strategy could dampen investor sentiment. For DIL, success depended on efficient scaling, operational efficiency, and preserving product differentiation.

**8. A Strategic Inflection Point**

The acquisition of Sky Gate marked a turning point in DIL's strategic evolution. No longer just a franchise executor, DIL was stepping into the shoes of a brand owner and innovator in India's dynamic food service market. With biryani as a cultural and culinary anchor, the move promised high growth and diversification. But it was not without risks. Market saturation, shifting tastes, economic headwinds, and integration challenges could dilute the gains. Execution would be key. If successful, this move could help DIL mirror the success of Domino's in the Indian QSR space, but in the Indian cuisine segment. The case presents a comprehensive scenario to examine acquisition dynamics, localisation strategies, brand integration, and competitive positioning in an emerging market context.

**Discussion Questions:**

- How does Devyani International's acquisition of Sky Gate Hospitality reflect a shift in strategic positioning from franchise operator to brand owner, and what implications does this have for its long-term growth and competitive advantage in the Indian QSR market?
- Considering the risks associated with integrating a loss-making startup like Sky Gate, how should Devyani International balance investor expectations with the need to preserve innovation, culinary authenticity, and founder-led agility?
- In a market where food preferences are volatile and discretionary spending is under pressure, what strategies should DIL adopt to ensure sustained demand for biryani and other Indian cuisine offerings in both metro and non-metro markets?

**Further Reading:**

1. Ghemawat, P. (2010). "Distance Still Matters: The Hard Reality of Global Expansion." Harvard Business Review.
2. Christensen, C. M., & Raynor, M. E. (2013). "The Innovator's Solution."
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## TEACHING NOTES

### Case Summary:

This case explores Devyani International Limited's (DIL) strategic decision to acquire a majority stake in Sky Gate Hospitality, the parent company of Biryani By Kilo (BBK). As India's largest franchisee for Yum! Brands, DIL has primarily built its presence around global QSR chains such as KFC and Pizza Hut. With this move, it aims to tap into the fast-growing, yet largely unorganised, biryani segment and diversify its portfolio through a homegrown brand. The case evaluates the market dynamics, strategic motivations, operational synergies, financial risks, and cultural integration challenges surrounding this acquisition. It is suited for discussions on strategy, M&A, food and beverage sector dynamics, and emerging markets.

### Learning Objectives:

- Understand strategic rationale behind M&A in the food and beverage industry.
- Analyse the value of diversification through local brands in emerging markets.
- Evaluate the risks of integrating fast-growing but loss-making startups.
- Discuss challenges of balancing innovation, scale, and cultural preservation in acquisitions.

### Target Audience:

This case study is designed for MBA and Executive MBA students specializing in Strategic Management, Mergers & Acquisitions, Marketing Strategy, Entrepreneurship, and Operations Management. It is particularly relevant for learners analyzing growth strategies in the food and beverage sector, especially within emerging markets like India. The case is also suitable for postgraduate students pursuing studies in Business Analytics, Retail Management, or International Business, where insights into consumer behavior, market segmentation, and competitive strategy are emphasized. Additionally, the case offers value for corporate training programs aimed at mid- to senior-level professionals in the quick-service restaurant (QSR) industry who are involved in brand diversification, franchising operations, or acquisition-led growth. Faculty and instructors can also use this case to facilitate classroom discussions around topics such as strategic alignment, startup integration into large corporations, and innovation in traditional cuisine markets. The scenario provides a practical and nuanced example of how Indian companies are evolving from franchise operators to brand owners in a competitive and culturally complex market landscape.

## **Foundational theories that underpin the case study:**

### **Ansoff's Growth Matrix**

This acquisition represents a classic case of diversification as per Ansoff's framework. DIL is moving into a new product category (Indian cuisine) and partially targeting new markets (non-metro regions and biryani-first consumers). The move reflects both product development (through in-house brands like Goila Butter Chicken) and market development (expansion to new geographies via existing infrastructure).

### **Strategic Fit and Synergy Theory (M&A Theory)**

This theory emphasizes the alignment between acquiring and target firms in terms of strategy, operations, and culture. The case offers a discussion on horizontal acquisition, where DIL seeks synergies in distribution, branding, and operational efficiency. At the same time, the cultural integration challenge between a founder-led startup and a publicly listed corporate structure reflects the complexity of achieving strategic and operational fit.

### **Innovation Diffusion Theory (Rogers, 1962)**

BBK's model reflects a successful diffusion of innovation through unique packaging, reheat-at-home formats, and standardised biryani delivery a traditionally unorganised segment. DIL's acquisition may help accelerate this diffusion through its extensive retail network and consumer reach, especially among late majority adopters in Tier 2 and Tier 3 cities.

### **Porter's Generic Strategies**

DIL is attempting to balance cost leadership (by scaling operations, leveraging supply chain efficiencies) and differentiation (through a culturally resonant, premium biryani product). This dual approach enables DIL to cater to a broader consumer base while defending against price wars and product commoditisation in the food delivery space.

### **Teaching Pedagogy**

This case is designed to encourage experiential learning through a blend of conceptual analysis, group discussions, and real-world application. It enables students to understand strategic decision-making in a dynamic market environment by evaluating Devyani International's acquisition of Sky Gate Hospitality from multiple perspectives strategic, operational, financial, and cultural. The pedagogy aims to bridge theory and practice, with a focus on applying foundational business frameworks to a contemporary Indian market context.

## Session Duration

The case is ideally covered in **one to two sessions of 75–90 minutes each**, depending on class size and instructional depth.

## Pre-Class Preparation

Students are expected to:

- Read the full case study and review supplementary reading materials.
- Familiarize themselves with foundational theories.
- Review recent developments in the Indian QSR and food delivery markets.
- Conduct a basic SWOT analysis for Devyani International and Sky Gate Hospitality.
- Prepare short memos answering key discussion questions provided with the case.

## In-Class Pedagogical Flow

### 1. Case Warm-Up and Contextual Overview (15–20 mins)

- Begin with a brief recap of Devyani International's core business and franchisee role.
- Discuss India's biryani consumption trends and the evolution of organised food delivery models (e.g., cloud kitchens, hyperlocal apps).
- Use visuals such as biryani order heat maps or Swiggy/Zomato data charts (optional).

### 2. Strategic Analysis in Breakout Groups (30–40 mins)

Students are divided into small groups and asked to work on one of the following:

- **Group A:** Apply Ansoff's Growth Matrix to evaluate DIL's portfolio strategy.
- **Group B:** Conduct a VRIO analysis of BBK's competitive advantage.
- **Group C:** Map potential integration challenges using Cultural Web or Kotter's Change Model.
- **Group D:** Examine market threats using Porter's Five Forces and scenario planning.
- **Group E:** Perform financial risk analysis based on Sky Gate's revenue and loss trajectory.

Each group presents a 5-minute summary of their findings.

### 3. Classwide Debrief and Thematic Discussion (20–30 mins)

Facilitator moderates a structured discussion based on the following themes:

- Strategic rationale for diversification
- Brand identity vs. scale tension
- Startup integration into legacy QSR operations
- Financial trade-offs in acquiring a loss-making but high-growth firm
- Lessons from comparable acquisitions (e.g., Ekdum! by Jubilant FoodWorks, Rebel Foods)

Encourage debate around this central question: “*Can Indian cuisine brands scale like Domino’s Pizza?*”

### 4. Application Exercise (Optional Extension, 15 mins)

Ask students to assume the role of DIL’s strategic advisory board and draft a **100-day integration plan** for BBK:

- What should be preserved?
- What should be optimised?
- What short-term wins can be achieved?

This can be used as a written assessment or real-time classroom activity.

### Post-Class Assignments

Students may be assigned:

- A comparative case brief on another Indian food startup acquisition (e.g., Licious, Rebel Foods).
- A reflection paper on strategic agility and innovation in emerging markets.
- A presentation on biryani market segmentation strategies using primary or secondary research.

## **Answers to Discussion Question:**

### **1. How does Devyani International's acquisition of Sky Gate Hospitality reflect a shift in strategic positioning from franchise operator to brand owner, and what implications does this have for its long-term growth and competitive advantage in the Indian QSR market?**

The acquisition of Sky Gate Hospitality signifies a pivotal strategic shift for Devyani International Limited (DIL) from a franchise-based operating model to becoming a brand owner. As a franchisee of Yum! Brands operating KFC, Pizza Hut, and Costa Coffee DIL traditionally functioned under tight brand guidelines and operational frameworks set by parent companies. This restricted its ability to innovate, localize menus, or control pricing strategies. By acquiring Sky Gate and its flagship brand Biryani By Kilo (BBK), DIL gains autonomy over product development, branding, customer experience, and strategic expansion. This transition allows DIL to enter the high-growth, culturally embedded Indian cuisine segment, particularly biryani, which has proven mass appeal.

Owning a homegrown brand offers DIL a chance to build long-term equity and expand its portfolio in a way that is more adaptable to Indian tastes and market dynamics. It also opens the door for vertical integration, improved margins, and control over supply chains. In the long run, this could establish DIL as a diversified F&B powerhouse in India, balancing global QSR formats with authentic, scalable Indian brands. This hybrid portfolio may become a key differentiator in an increasingly competitive QSR market and reduce DIL's dependency on global franchisors, giving it a stronger bargaining position and a more resilient growth trajectory.

### **2. Considering the risks associated with integrating a loss-making startup like Sky Gate, how should Devyani International balance investor expectations with the need to preserve innovation, culinary authenticity, and founder-led agility?**

Integrating a fast-growing yet loss-making startup like Sky Gate Hospitality presents a dual-edged challenge for DIL. On one hand, investor scrutiny especially in a listed environment will focus on profitability, return on capital, and short-term financial health. On the other, the innovation DNA, experimental approach, and agility that define startups like BBK are crucial for maintaining product uniqueness and customer engagement.

To strike this balance, DIL must adopt a dual operating model: provide Sky Gate with operational independence while embedding key performance metrics aligned with DIL's

financial discipline. Retaining the founding team and allowing them to continue running the brand ensures continuity in innovation and culinary authenticity. DIL should act as an enabler offering access to supply chain efficiencies, quality assurance systems, and marketing support without over-standardizing operations or altering core brand values.

Moreover, transparent communication with investors is vital. DIL must position this acquisition as a medium- to long-term growth lever, not a short-term profitability tool. It can establish clear timelines for performance milestones (e.g., store-level breakeven, brand EBITDA positivity) and present a credible roadmap for brand scaling, supported by market data. By articulating how BBK fits into a broader strategy of Indian cuisine-led diversification, DIL can align stakeholder expectations and reduce resistance to short-term margin dilution.

### **3. In a market where food preferences are volatile and discretionary spending is under pressure, what strategies should DIL adopt to ensure sustained demand for biryani and other Indian cuisine offerings in both metro and non-metro markets?**

To ensure sustained demand amid volatile consumer behavior and tightening discretionary spending, DIL must adopt a multi-pronged strategy. First, price optimization and product bundling are key. Offering affordable meal combos, family packs, and festive deals can increase perceived value and reduce price sensitivity, especially in non-metro markets. DIL can also introduce regionally inspired variants to cater to localized preferences e.g., Hyderabadi, Kolkata, or Malabar biryani to build emotional resonance with diverse audiences. Second, channel diversification is essential. BBK can be expanded through cloud kitchens, food courts, and takeaway kiosks formats with lower capex and operational costs. Strategic use of DIL's existing infrastructure (delivery fleets, supply chain, customer databases) can also reduce operational overheads and improve service efficiency. Third, consumer engagement and loyalty programs should be prioritized. Offering rewards for repeat purchases, user-generated reviews, and limited-time regional menus can build brand stickiness. Integration with food delivery platforms through exclusive offers or featured listings can further enhance visibility and frequency of orders. Lastly, continued investment in digital marketing and data analytics will allow DIL to monitor shifts in consumption behavior and adapt rapidly. By using insights from ordering patterns, peak hours, and customer feedback, BBK can continuously refine its offerings and stay ahead of trends. In summary, DIL should pursue scale with flexibility balancing affordability, regional relevance, and tech-enabled responsiveness to navigate uncertain demand patterns effectively.



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## **CASE STUDY - 2**

### **BIG DATA ADOPTION IN BANGALORE METROPOLITAN TRANSPORT CORPORATION (BMTC): A CASE STUDY IN SMART URBAN MOBILITY**

**Dr. Balachandar S**

#### **1. Introduction**

Bangalore, popularly known as the Silicon Valley of India, is home to a thriving urban population and has long grappled with severe traffic congestion, environmental pollution, and public transport inefficiencies. The Bangalore Metropolitan Transport Corporation (BMTC), a government-owned transport service provider, operates one of India's largest city bus fleets with more than 6,000 buses transporting over 5 million passengers daily. Despite its scale, BMTC faced substantial operational challenges related to schedule adherence, real-time tracking, revenue leakage, and passenger satisfaction. In an ambitious move to resolve these issues and modernize its operations, BMTC implemented an Intelligent Transport System (ITS) integrating big data analytics, GPS tracking, electronic ticketing, and centralized command systems. This case study explores the implementation, impact, challenges, and future potential of big data adoption in BMTC.

#### **2. Background and Organizational Context**

Established in 1997 following the bifurcation of the Karnataka State Road Transport Corporation (KSRTC), BMTC's core mandate was to provide affordable, efficient, and accessible transportation for Bangalore's growing urban populace. However, the city's explosive growth brought with it infrastructural challenges and an unrelenting demand on public services. BMTC was particularly hard-hit, lacking the agility and visibility to respond to real-time operational dynamics. Route management remained static, fare collection was prone to leakages, and there was minimal communication with commuters regarding bus locations or delays.

Prior to the big data intervention, BMTC operated with little actionable intelligence on vehicle movements, occupancy trends, or revenue flows. The increasing unreliability of services pushed many commuters towards private vehicles, exacerbating traffic and environmental challenges. Bangalore needed a transport system that was not only efficient but also adaptable and transparent. Thus, BMTC embarked on a digital transformation, aiming to leverage big data to transition from a reactive to a proactive operational model.

### **3. Implementation of the Intelligent Transport System (ITS)**

#### **3.1 Investment and Strategic Planning**

The ITS was launched in 2016 with an investment of approximately \$10.9 million. The project was guided by international best practices and tailored to local needs through consultations with stakeholders, including transport engineers, data scientists, software vendors, and commuters. The strategic vision was to unify BMTC's scattered operational systems into a coherent digital ecosystem that could generate and process massive data volumes for informed decision-making.

#### **3.2 Key Components of the ITS**

- **Vehicle Tracking System (VTS):** GPS-based Vehicle Tracking Units (VTUs) were installed in all BMTC buses. These devices transmitted real-time location data every 10 seconds, enabling centralized monitoring of bus locations, traffic conditions, and driving patterns. The data facilitated route adherence checks and congestion management.
- **Electronic Ticketing System (ETS):** Over 10,000 handheld electronic ticketing machines (ETMs) were distributed to conductors. These machines recorded transaction-level data on fares, passenger counts, and journey stages, helping curb revenue leakage, improving fare transparency, and enabling fare structure optimization.
- **Passenger Information System (PIS):** BMTC developed mobile applications, electronic display boards, and web-based platforms to provide real-time information to commuters. These systems displayed bus arrival times, route changes, and delays, reducing commuter uncertainty and wait times.
- **Central Command and Control Center:** A dedicated facility was set up to handle and analyze more than 1 billion rows of data monthly. The control center utilized big data platforms such as Apache Hadoop and Spark for distributed processing and advanced analytics.
- **Academic Partnerships:** To manage the complexity of the big data ecosystem, BMTC collaborated with institutions like the Indian Institute of Management Bangalore (IIMB). These partnerships facilitated predictive modeling, demand forecasting, and capacity optimization.

## **4. Impact Analysis**

### **4.1 Operational Efficiency**

The ITS significantly improved BMTC's operational metrics. With real-time data on vehicle locations and traffic, the control room could dynamically manage fleet deployment, reduce idle time, and avoid bus bunching. Scheduling became data-driven, and route rationalization strategies were developed based on passenger load analysis and travel patterns. This increased bus availability during peak hours and reduced wastage in low-demand periods.

### **4.2 Enhanced Commuter Experience**

Commuters benefitted from the availability of real-time information through apps and electronic boards. Knowing bus arrival times allowed better travel planning and reduced average wait times at bus stops. As commuter trust grew, so did ridership. Accessibility and inclusiveness also improved, particularly for elderly and differently-abled passengers, as service reliability increased.

### **4.3 Environmental Impact**

With better route planning and real-time monitoring, fuel consumption per kilometer reduced. More importantly, the improved efficiency and reliability encouraged a modal shift from private to public transport. BMTC projected a reduction of 51,400 metric tons of CO<sub>2</sub> annually, aligning with broader sustainable urban mobility goals.

### **4.4 Economic and Financial Gains**

The electronic ticketing system reduced fare evasion and provided granular visibility into daily earnings. The improved data analytics capabilities allowed BMTC to identify high-demand corridors, optimize fare pricing, and introduce differentiated services such as express routes. Revenue increased, while operational costs decreased due to efficient fleet utilization.

## **5. Challenges Faced and Lessons Learned**

### **5.1 Technical and Infrastructure Challenges**

Implementing big data analytics in a public sector setting required significant upgrades to IT infrastructure, including secure servers, data centers, and cloud integration. High initial costs, legacy system integration, and data quality management were substantial hurdles. Frequent device malfunctions and connectivity issues also impacted the continuity of real-time tracking.

## **5.2 Human Resource and Organizational Resistance**

One of the major non-technical challenges was resistance to change among employees. Many conductors and mid-level managers were hesitant to adopt electronic ticketing or felt threatened by increased transparency. Continuous training, sensitization programs, and engagement with unions were essential to drive adoption.

## **5.3 Data Governance and Privacy**

Managing the massive influx of data called for strict data governance policies. Ensuring data security, privacy, and compliance with emerging data protection laws became critical. BMTC had to establish data ownership protocols and restrict unauthorized access to sensitive commuter and operational data.

## **5.4 Strategic Utilization of Data**

While real-time operational data was successfully used, strategic decision-making based on long-term analytics lagged. BMTC found it difficult to convert raw data into strategic intelligence due to skill shortages, limited visualization tools, and lack of an integrated decision-support system.

# **6. Opportunities for Future Enhancement**

## **6.1 Advanced Predictive Analytics**

BMTC can move towards leveraging machine learning models for predictive maintenance, demand forecasting, and travel time estimation. These tools could enhance service planning, reduce downtime, and improve fleet health.

## **6.2 Integrated Urban Mobility Platforms**

To further improve urban transportation, BMTC can collaborate with metro rail, taxi aggregators, and shared mobility services to offer an integrated transport platform. Big data can be used to offer multimodal route suggestions and unified ticketing.

## **6.3 Customer Engagement and Feedback Loops**

Data-driven customer engagement through targeted surveys, mobile notifications, and in-app feedback collection can help BMTC align services with commuter expectations. Sentiment analysis of social media and app reviews can provide qualitative insights.

## **6.4 Policy Formulation and Research**

BMTC's collaboration with academic institutions can be extended to policy simulation and scenario modeling. This would help evaluate the impact of fare changes, service expansions, or new policy interventions before implementation.

## **7. Social and Environmental Implications**

### **7.1 Promoting Equity and Inclusivity**

Digitalization of transport services should be inclusive. While mobile apps and digital boards benefit tech-savvy commuters, BMTC must ensure accessibility for those without smartphones or digital literacy. Multilingual voice-enabled apps and kiosks at major stops could bridge the digital divide.

### **7.2 Urban Livability and Sustainability**

By reducing congestion and pollution, BMTC contributes to improving air quality and public health. This aligns with national missions like the Smart Cities Mission and the National Electric Mobility Mission Plan. A shift towards clean and green mobility systems is both an environmental and social imperative.

## **1. Conclusion**

The adoption of big data analytics through the Intelligent Transport System marks a landmark achievement for BMTC and Indian public transport modernization. From inefficient operations and poor commuter communication, BMTC has emerged as a data-informed enterprise with a vision of sustainable urban mobility. Though challenges in infrastructure, organizational alignment, and strategic data use remain, the case of BMTC offers rich lessons for other urban centers. Key among them is the importance of leadership commitment, stakeholder collaboration, phased implementation, and the continuous evolution of digital capabilities. As Indian cities continue to urbanize, such technology-enabled interventions will be critical to ensuring efficient, inclusive, and sustainable public transportation systems.

## **2. Discussion Question:**

- How does the integration of data-driven systems in public transport challenge conventional assumptions about efficiency, equity, and inclusivity in urban mobility?
- In the context of BMTC's transformation, how might reliance on big data shape future public policy decisions, and what risks arise when operational choices are based solely on quantifiable metrics?
- Considering BMTC's experience, how can large-scale digital initiatives balance innovation with workforce stability, especially when automation threatens established roles and hierarchies?

## **9. Further Readings**

- C40 Cities Climate Leadership Group. (2017). Bengaluru - Using Intelligence to Create Better Public Transport.
- Rakesh, V., Heeks, R., & Chattapadhyay, S. (2018). Big Data and Urban Transportation in India: A Bengaluru Bus Corporation Case Study. Manchester Centre for Development Informatics Working Paper 72.
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## TEACHING NOTES

### Case Summary:

This case explores the adoption of big data technologies by the Bangalore Metropolitan Transport Corporation (BMTC), a public sector transport provider managing over 6,000 buses. Faced with growing operational inefficiencies and rising commuter expectations in one of India's most congested cities, BMTC implemented an Intelligent Transport System (ITS) incorporating GPS-enabled vehicle tracking, electronic ticketing, and real-time passenger information dissemination. The case discusses BMTC's collaboration with academic institutions to analyze large-scale data, the strategic and operational outcomes achieved, and the challenges faced during implementation. This case is ideal for understanding digital transformation in public sector organizations and the role of data in reshaping service delivery.

### Learning Objectives:

After completing the case, students should be able to:

1. Evaluate the rationale behind big data adoption in a large public sector organization.
2. Understand the core components of a data-driven transport management system.
3. Analyze the impact of big data on operational efficiency, commuter experience, and revenue assurance.
4. Assess the role of academic partnerships in developing and sustaining analytics-driven decision-making.
5. Identify and propose solutions to the technical, organizational, and strategic challenges in implementing big data systems.
6. Formulate strategic recommendations to scale and sustain smart mobility initiatives.

### Target Audience:

This case is suited for:

- Undergraduate and graduate students in Information Systems, Urban Planning, Public Policy, Business Management, and Transportation Studies.
- Executive education participants and mid-level professionals in public administration, transport management, and smart city governance.

- Workshops and certification programs in big data, public infrastructure, and government digital transformation.

### **Discussion Questions:**

#### **Discussion Question 1:**

**How does the integration of data-driven systems in public transport challenge conventional assumptions about efficiency, equity, and inclusivity in urban mobility?**

#### **Suggested Answer:**

The adoption of data-driven systems like those implemented by BMTC redefines traditional notions of efficiency in urban transport. Conventionally, efficiency was measured by generalized indicators such as bus frequency or fleet size. With real-time tracking, electronic ticketing, and passenger data analytics, efficiency now encompasses responsiveness to demand patterns, punctuality, optimal resource deployment, and revenue assurance. However, this transformation can pose risks to equity and inclusivity. Algorithms and analytics may optimize for high-demand routes and peak times, potentially deprioritizing low-income or low-demand areas that are less profitable but socially vital. Additionally, tech-based services (e.g., mobile apps for bus tracking or e-ticketing) assume a certain level of digital literacy and access to smartphones, which not all commuters possess. This raises concerns of digital exclusion, particularly among elderly passengers, daily-wage earners, or those in semi-urban regions of the BMTC network. Therefore, while data systems enhance operational performance, they may inadvertently create service asymmetries unless accompanied by inclusive design principles, such as offline access points, multilingual voice systems, and government-mandated service minimums for under-served areas. BMTC's case demonstrates both the promise and pitfalls of digital transformation in urban mobility, highlighting the need to balance technological gains with social equity mandates.

### **Discussion Question 2:**

**In the context of BMTC's transformation, how might reliance on big data shape future public policy decisions, and what risks arise when operational choices are based solely on quantifiable metrics?**

#### **Suggested Answer:**

BMTC's integration of big data has the potential to significantly reshape public policy by enabling data-informed decisions regarding route rationalization, subsidy allocation, environmental impact forecasting, and infrastructure investments. Policymakers can leverage commuter patterns, traffic congestion analytics, and emission data to frame transport policies that are more responsive and evidence-based. However, the over-reliance on quantitative metrics poses several risks. First, not all impactful variables such as commuter satisfaction, perceived safety, or the socio-cultural value of routes are easily quantifiable. When decision-making is overly data-driven, it may undervalue qualitative insights or local knowledge. Second, big data reflects historical patterns, which may entrench existing inequalities rather than anticipate emerging needs. For example, if a route historically shows low ridership due to lack of service or safety, an algorithm may recommend eliminating it, further marginalizing vulnerable populations. Third, metric-driven approaches may incentivize short-term optimizations over long-term strategic goals, such as building public trust, modal shift from cars to buses, or environmental resilience. Thus, while big data is a powerful enabler of smart policy, it must be embedded within multi-dimensional frameworks that integrate qualitative research, stakeholder consultation, and normative objectives like equity and accessibility. BMTC's collaboration with academic institutions offers a partial safeguard, but long-term governance systems must be carefully designed to avoid data-determinism.

### **Discussion Question 3:**

**Considering BMTC's experience, how can large-scale digital initiatives balance innovation with workforce stability, especially when automation threatens established roles and hierarchies?**

#### **Suggested Answer:**

Large-scale digital transformations, such as BMTC's adoption of big data technologies, often disrupt traditional organizational structures, raising concerns around workforce displacement and resistance. Automation through electronic ticketing reduces the role of conductors, while

centralized data-driven planning can reduce the discretionary power of mid-level managers. This may create insecurity, morale issues, or even active resistance, as seen during BMTC's initial rollout phases. To balance technological innovation with workforce stability, several strategies are essential. First, reskilling and upskilling programs must be institutionalized. Conductors could be trained in digital operations, passenger communication, or even data collection roles, thereby creating new employment pathways within the system. Second, the organization must ensure inclusive change management engaging employees early in the transformation process, addressing their fears, and creating a shared vision of the benefits. Third, human-in-the-loop models where technology supports rather than replaces human judgment can preserve meaningful work roles, particularly in areas like safety monitoring or grievance resolution. Lastly, policy-level safeguards (e.g., job protection clauses during automation) may be necessary in public institutions to prevent socio-political backlash. BMTC's experience illustrates that while innovation is essential for efficiency and sustainability, its social contract with employees must be honored to ensure long-term adoption and organizational cohesion.

#### **Key Concepts/Theories for Analysis:**

- **Big Data Characteristics (5Vs: Volume, Velocity, Variety, Veracity, Value):** Analyze the complexity of BMTC's data landscape.
- **Technology Acceptance Model (TAM):** Evaluate adoption among internal stakeholders and commuters.
- **Public-Private Partnerships in Data-Driven Projects:** Examine academic collaborations as PPPs.
- **Smart City and Urban Mobility Frameworks:** Situate BMTC's project within the broader urban innovation agenda.
- **Organizational Change Management:** Assess employee resistance and cultural barriers to technology adoption.

### Teaching Strategy:

1. **Pre-Reading Assignment:** Ask students to review background readings on public transport data analytics and smart city frameworks.
2. **Opening Discussion:** Begin with a brainstorming session on urban transport challenges in emerging economies.
3. **Group Activity:** Divide students into stakeholder groups (e.g., BMTC management, commuters, policymakers, academic consultants) to debate priorities and concerns.
4. **Data Exercise:** Use a mock dashboard or dataset to allow students to recommend operational changes based on real-time KPIs.
5. **Wrap-Up:** Discuss how lessons from BMTC can apply to other cities or public service sectors.

### Suggested Responses/Insights:

- **Drivers of Adoption:** Urban congestion, revenue leakages, poor commuter communication, lack of route flexibility.
- **ITS Design:** ETMs collect fare data and reduce fraud; VTUs offer vehicle telemetry; PIS informs and retains commuters.
- **Operational Outcomes:** Reduced bus bunching, better route planning, increased bus utilization.
- **Strategic Outcomes:** Revenue optimization, commuter satisfaction, environmental benefits.
- **Challenges:** Data fragmentation, lack of technical capacity, resistance to change, privacy concerns.
- **Future Steps:** Develop AI-powered predictive models, invest in cloud scalability, expand multimodal integration, enforce robust data governance policies.

### Follow-up Assignments/Extensions:

- **Comparative Study:** Research another smart mobility initiative (e.g., Singapore, London) and compare its success factors with BMTC.
- **Policy Memo:** Draft a recommendation for a transport ministry on enabling smart mobility using big data.
- **Capstone Project:** Design a city-wide digital transport policy integrating multiple modes of transport using real-time data.

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- C40 Cities Climate Leadership Group. (2017). *Bengaluru - Using Intelligence to Create Better Public Transport*.
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## **CASE STUDY - 3**

### **BYJU'S GLOBAL LEAP: UNRAVELING INTERNATIONAL EXPANSION STRATEGIES**

**Dr. Richa Bhalla, Prof. Leonard L**

#### **1. Introduction**

Byju, founded in 2011 by Mr. Byju Raveendran and Ms. Divya Gokulnath, emerged as a pioneer in India's nascent educational technology (edtech) landscape. At that time, the ed-tech market was relatively underdeveloped, presenting Byju with a unique opportunity to establish itself amidst limited competition. The company rapidly grew to become one of the world's most valuable ed-tech companies, valued at \$200 million as of January 2024 (Tripathy, 2021)<sup>1</sup>. It became the first Asian firm to attract investment from the Chan-Zuckerberg Initiative, established by Facebook's Mark Zuckerberg and his wife Priscilla Chan. It also earned a collection of esteemed recognitions that highlight its influence in the ed-tech sphere and beyond. It graced the TIME100 Most Influential Companies list in 2021, signifying its global educational impact. The brand's transformative leadership was acknowledged with the EY Entrepreneur of the Year 2020 in Business Transformation and Forbes India Entrepreneur of the Year for 2020-2021. Byju also emerged on The Bloomberg 50 for 2020, marking its significant contributions to global business. In 2022, the ed-tech Breakthrough Award was given to Byju for its innovative approach in e-learning. Parental and educational commendations including the National Parenting Product Awards in 2021 and the Mom's Choice Awards in May 2022 further exemplify Byju's esteemed position across various sectors (Tvisha Technologies, n.d.)<sup>2</sup>.

However, as the sector evolved, Byju encountered challenges from traditional educational institutions and textbook publishers venturing into digital learning, prompting the company to adapt its strategies to stay competitive. Recently Byju faced many challenges including a shift in focus towards hardware sales, debt accumulation, and ethical concerns around aggressive marketing tactics, etc. These missteps caused a notable decline in valuation compelling a re-evaluation of core values, sustainable growth strategies, and transparent governance practices (Business Standard, 2024)<sup>3</sup>.

Despite recent financial struggles, legal issues, and internal discord, Byju's international expansion stands as a potential avenue for recovery. With a substantial presence outside India, it can diversify revenue streams and regain investor confidence. This research investigates the expansion strategy of Byju, a leading Indian ed-tech company, with a particular focus on their

contrasting approaches to English-speaking and non-English-speaking countries. The US, a well-established ed-tech hub with a dominant English-speaking population, provides an interesting contrast to country like Brazil, a market characterized by a large Portuguese-speaking majority. The objective is to investigate how Byju's leveraged strategic acquisitions and content tailoring to gain a foothold in the mature US tech market. This comprehensive analysis will contribute to the growing body of knowledge surrounding EdTech company globalization and the strategic considerations involved in entering new markets with distinct cultural and linguistic landscapes.

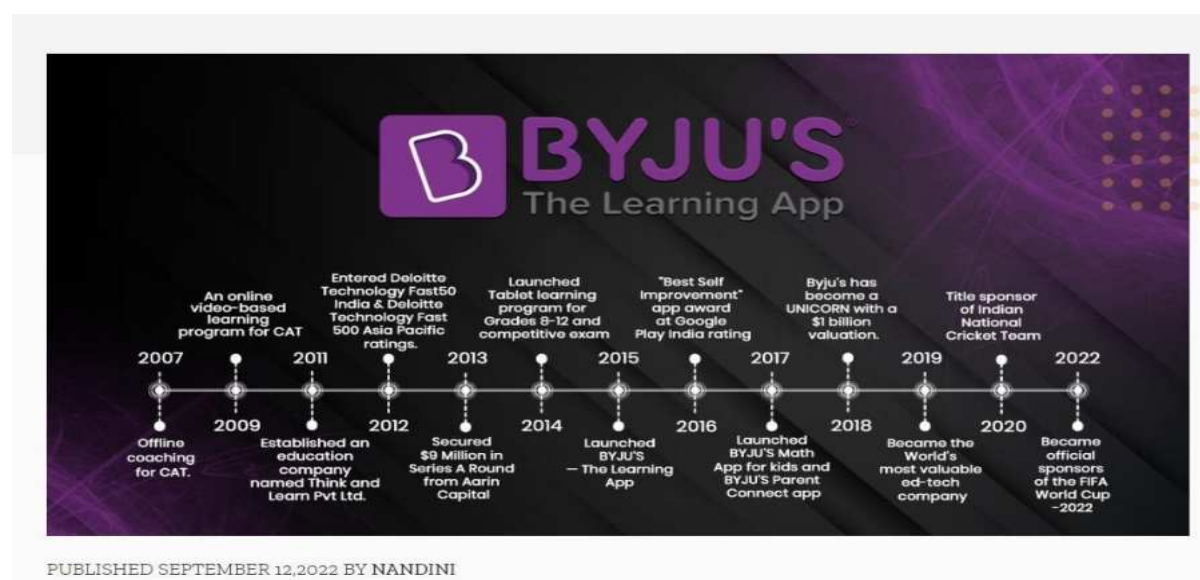


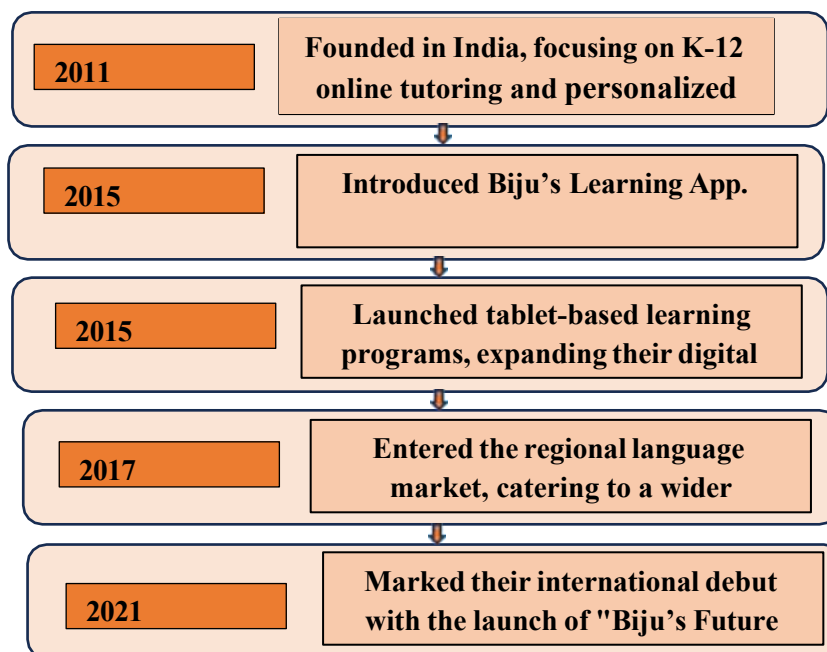
Figure 1 – Source: (Tvisha Technologies, n.d.)<sup>2</sup>

## 2. Byju's Services And Products

Byju provides a broad selection of educational offerings aimed at different educational levels, ranging from young children in kindergarten right through to students in post-graduate programs. Their main offering, the Byju's Learning App combines videos, interactive animations, and quizzes to accommodate various learning preferences. Their content is crafted by experienced teachers and researchers, incorporating real-world metaphors and engaging visuals. The platform offers personalized learning through data-driven algorithms, allowing students to navigate through concepts.



Beyond the app, Byju also offers live online classes, early learning programs, preparation courses for competitive exams, and content for schools, providing digital learning solutions and resources for educational institutions. The Byju's family of brands includes The Learning App, Disney-BYJU'S Early Learn, BYJU'S Future School, Epic, Osmo, Tynker, Toppr and



WhiteHat Jr, etc. (Byju's, n.d.)<sup>4</sup>

Figure 2

### 3. International Expansion

According to Byju's (n.d.)<sup>4</sup>, the ed-tech giant operates in more than 21 countries globally, offering learning programs in multiple languages. Byju has been focusing on international expansion since 2018, entering markets like the United States, the United Kingdom, Australia, Canada, Singapore, the United Arab Emirates, South Africa, and Indonesia. The company's strategy for global growth involves appointing senior executives from the home country to drive revenue growth, user expansion, brand partnerships, and strategic acquisitions (Business Standard, 2022)<sup>5</sup>. Byju has raised billions in funding to support its expansion plans and aims to become a global leader in the ed-tech space. They acquired companies in the US, UK, Singapore, and Brazil (Acquisition by Byju's, 2024)<sup>6</sup> as part of their international expansion strategy.

#### 3.1 Drivers In The Global Edtech Market

**a. Growth Potential in International Markets** – The primary driver for Byju's international expansion lies in the exponential growth potential of the global EdTech market. While India

boasts a large and growing education market, competition within the Indian edtech space is intensifying. In South Asia, countries such as India and Bangladesh possess the potential for Ed Tech growth, due to their large populations and increasing internet penetration rates, however, economic difficulties persist.

On the other side, the global edtech market reached \$106.46 billion in 2021, with a projected annual growth of 16.5% from 2022 to 2030. North America captured 35% of global revenue (Forbes Business Council, 2022)<sup>7</sup>, and regions like Latin America are projected to witness significant growth in the Ed- Tech sector, driven by rising disposable incomes. The disposable income in Latin America is expected to see a significant increase of nearly 60% in real value between the years 2021 and 2040 (Euromonitor International, n.d.)<sup>8</sup>. The data showcases a significant digital presence in Latin America and the Caribbean, with a substantial internet user base of 533.17 million in 2021. South America leads in online penetration, notably with Chile boasting a remarkable 92% internet access rate. Brazil emerged as a digital powerhouse, hosting the largest online audience of 165.3 million users, surpassing Mexico and Argentina combined. Latin America's social media and e-commerce sectors are thriving, with 490 million social media users and \$104 billion in e-commerce revenues in 2022, driven by platforms like MercadoLibre. (Statista, n.d.)<sup>9</sup>.

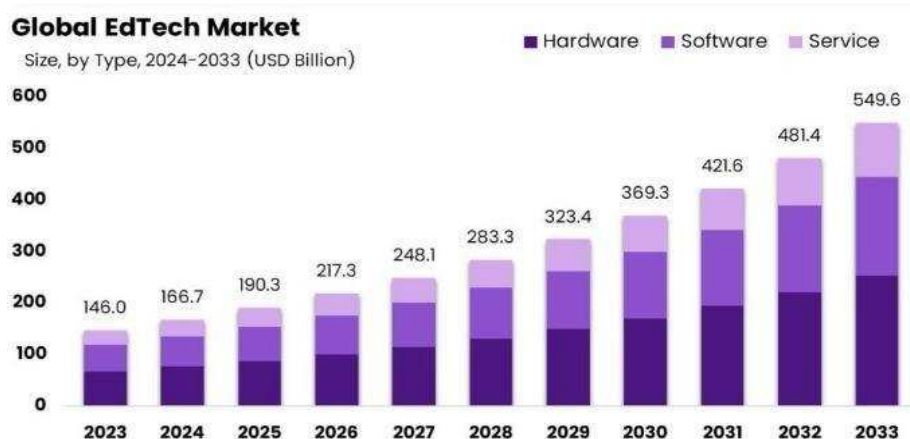


Figure 3 - Source: (Market.us, 2023)<sup>10</sup>

**b. Trends in the Edtech Industry** – The global shift towards online education has accelerated due to the COVID-19 pandemic, with traditional educational systems transitioning rapidly to digital platforms. Online learning is now recognized as the future of higher education, offering flexibility, accessibility, cost-effectiveness, personalization, and support for lifelong learning. As the demand for online education grows, many Indian ed-tech startups like Byju, Vedantu, and Unacademy have expanded globally, seizing opportunities for international expansion.

The trend in ed-tech is furthermore driven by investments in professional education and upskilling, with a focus on workforce development. The demand for new skills, particularly in the IT industry, is pushing individuals towards online learning opportunities. Innovations like gamification and the use of mobile devices are enhancing the learning experience. The sector is expected to continue growing, with a shift towards augmented reality and extended reality courses, while facing challenges in technological advancements and data privacy (Magic EdTech, 2023)<sup>11</sup>.

### **c. Competitors Landscape**

**India EdTech land scape** –The educational technology sector in India has attracted around \$4 billion in venture capital investment in 2021, positioning it as one of the leading countries in this field alongside China and the United States ((Economic Diplomacy Division, 2021)<sup>12</sup>. Some current examples like EdTech company Eruditus recently secured a funding round of US\$650 million, leading to a valuation of US\$3.2 billion in 2021(Emeritus Newsroom, 2022)<sup>13</sup>, UpGrad attained unicorn status in the Indian market following a successful fundraising round of US\$185 million, valuing the company at US\$1.2 billion (Bhushan, 2021)<sup>14</sup>. Byju received funding from Naspers and Tiger Global with a valuation of \$16.5 billion and Unacademy, with investment from SoftBank, is currently valued at \$3.44 billion respectively (Bhalla, 2021)<sup>15</sup>. The sector has also seen growth through mergers and acquisitions, leading to the rise of dominant players like Byju, Unacademy, UpGrad, and Vedantu. Indian market is also attracting interest from top global ed-tech companies like Coursera, Udemy, Chegg, Khan Academy, etc.

While India has witnessed unprecedented growth in the number of users and adoption, the sector is struggling with managing and retaining this adoption and growth. Furthermore, the education technology industry in India is experiencing intense competition as it strives to meet the growing demand for learning and educational services and has been facing a downturn in Ed-Tech in India since 2022. Amidst intense competition among nearly 4,500 ed-tech startups, aggressive cost-cutting and widespread layoffs are diminishing the once bright potential of the sector, making it tougher to secure investment and draw in new customers. (Sarma & Jaybhaye, 2024)<sup>16</sup>. Therefore, local ed-tech companies are increasingly investing in global startups. For example, one of the oldest Indian online executive education firms Eruditus spent USD 200 million in May 2021 to acquire iD Tech, a California-based kids-focused startup to strengthen its global presence (Chandrasekaran, 2021)<sup>17</sup>.

Another reason these well-funded Indian ed-tech firms like Byju, Talentedge, Simplilearn, and Toppr aimed to expand their market presence domestically and internationally is cost advantage and a large pool of trained teachers who can speak English.

Several Indian ed-tech companies have already started moving towards global market, for example Byju's, Vedantu, and Unacademy have expanded their reach to multiple countries, offering their online learning platforms to students around the world. Many ed-tech enterprises are eyeing the United States for growth opportunities, attracted by its substantial market potential and the propensity of parents to invest in online education. The global achievements of these platforms are partly because overseas students are highly engaged. Research on ed-tech platforms has indicated that tutors teaching abroad are dedicating more time to instruct a greater volume of students than they are on Indian platforms. (IndBiz, 2021)<sup>18</sup>.

### Top Edtech Companies Before And After Lockdown

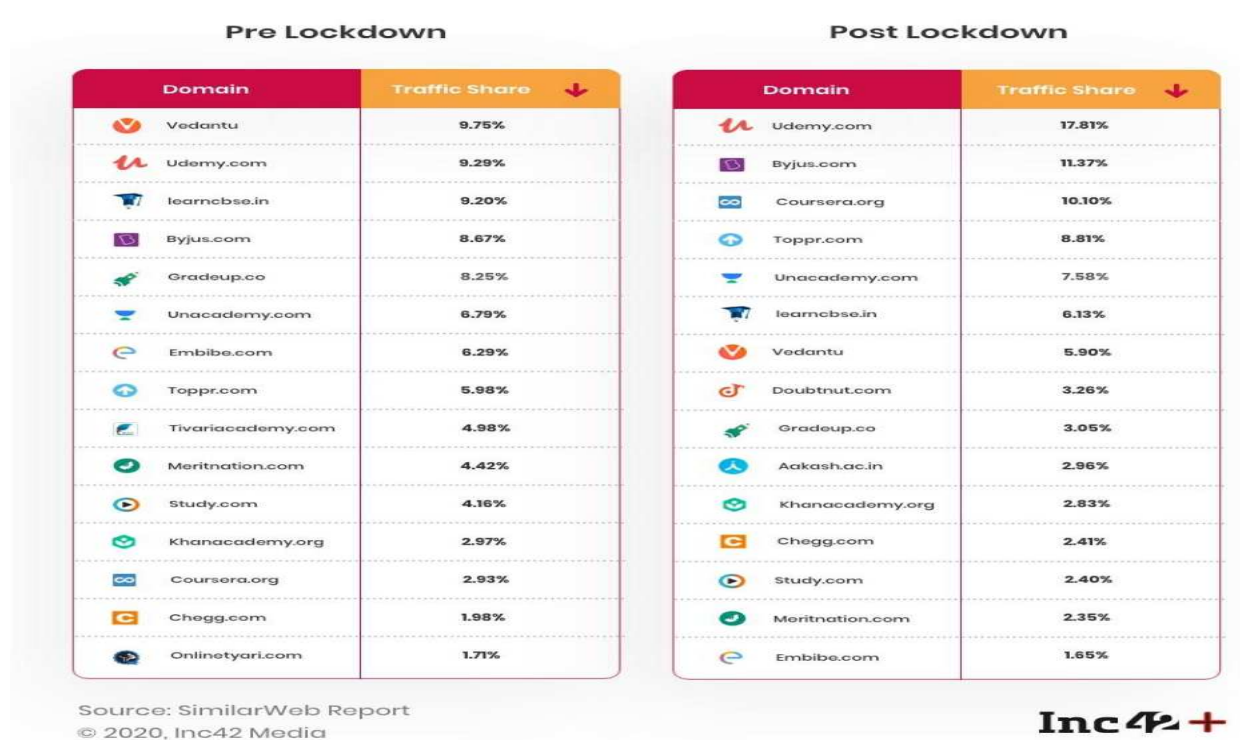


Figure 4: (Inc42, 2020)<sup>19</sup>

**d. International Edtech Land scape** – The global EdTech market, valued at \$123.8 billion in 2019, is projected to expand at a compound annual growth rate (CAGR) of 14.3% from 2019 to 2030. This significant growth has been fueled by the widespread adoption of online and

digital education methods, particularly during the pandemic. Leading this expansion are China, India, and the U.S., which have become hotspots for EdTech startup activity (GlobalData, 2023)<sup>20</sup>.

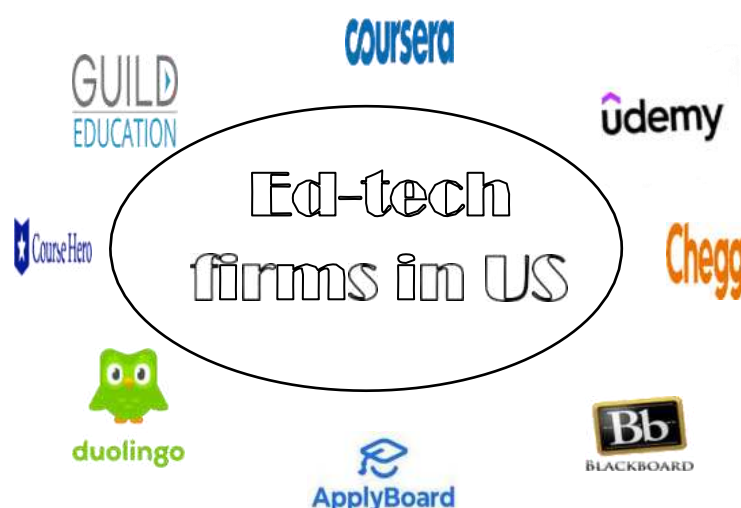
Indian EdTech companies are targeting the U.S. market due to its pioneering role in online learning and significant growth potential, despite strong competition from established U.S.-based providers like Chegg and Coursera, and the historical roots of digital education there. Byju had to compete with several major players in the US ed-tech market. The competition is intense, and it had to compete with many platforms like

- Coursera, with 113 million subscribers offers more than 7,000 courses in collaboration with 275 universities (Coursera, n.d.)<sup>21</sup>.
- Ed-Tech company Chegg with 7.7 million subscribers and revenue of \$716.3 million in 2023 provides services including textbook rentals and tutoring (Wylie, 2024)<sup>22</sup>.
- Course Hero another Competitor provides extensive study resources with 200 employees, surpassing **\$100 million in revenue**, largely from a subscriber base of **1 million**, each paying between \$10 and \$40 per month in 2019 (IBL News, 2020)<sup>23</sup>.
- Duolingo from the US leads in mobile language education with 4.8 million subscribers, **42% revenue growth, and increased profitability in the first quarter of 2023** (Duolingo, 2023)<sup>24</sup>.

In China, Byju competes against giants like Tencent Classroom, which utilizes the technological prowess of Tencent Holdings, and Yuanfudao, known for its live tutoring services. However, the \$100 billion China Ed-Tech sector crackdown in 2021 as China pronounced that companies offering private tutoring and online education cannot go public, raise foreign capital, or make profits if they offer online school curricula. Chinese ed-tech companies plunged into uncertainty and this came as a great opportunity for Indian ed-tech companies such as Byju, Unacademy and upGrad (Gupta, 2021)<sup>25</sup>.

Brazil, Latin America's largest economy, represents a third of the region's GDP and attracts 40%-50% of its venture capital. With 992 EdTech startups like Descomplica and Agenda Edu, and a growing adoption of online education undergraduate online enrollments rose from 21.6% in 2013 to 60% in 2020 it presents a promising market for Indian EdTech companies seeking expansion (Cavaliere, 2023)<sup>26</sup>

The above countries and international competitors possess a deep understanding of their local markets, requiring Byju to adopt strategic acquisitions and localized content adaptations to effectively compete in these diverse educational landscapes.



**Figure 5**

## **BYJU International Expansion Strategies**

### **a. Market Selection and Targeting:**

When Byju began its international expansion around 2019, it initially targeted English-speaking countries like the U.S., UK, Australia, Brazil, and Mexico. This strategic choice stemmed from existing familiarity with online learning and English proficiency, alongside a larger potential market size compared to non-English speaking regions. However, later it included non-English speaking markets like Mexico and Brazil, necessitating a shift towards localization of content and offerings.

### **b. Localization Strategies:**

To cater to diverse market needs, Byju adopted many strategies such as adapting content, localized content creation, hiring local talent, and a leadership team. For non-English speaking markets of Latin America and Southeast Asia, the company offered learning sessions in local languages and hired local teachers. It also hired a local leadership team for Mexico, Brazil, Indonesia, the US, the UK, and Australia. For instance, in Brazil, Byju invested in translating their content into Portuguese. It acquired Spanish-speaking ed-tech companies like Everest in Mexico. It tailored content and platforms for specific audiences. It collaborated with local

teams and fostered cultural sensitivity and trust. It offered flexible product options catering to diverse learning styles (Acquisition by Byju's, 2024)<sup>6</sup>.

### c. Global Investment

Byju attracted significant investment, raising nearly \$3.5 billion until 2021 and a substantial portion of this capital was allocated to strategic acquisitions, bolstering BYJU'S position in the market. In 2022, Byju secured a \$1.2 billion Term Loan B from US lenders. Also, the founder and group CEO Raveendran, announced that he would infuse \$800 million into the company for acquisitions (Anupam, 2024)<sup>27</sup>.

Tencent, a major Chinese internet company, invested in Byju in 2017 which enabled it to **scale operations** and expand its digital content library. The Chan Zuckerberg Initiative, led by Facebook's Mark Zuckerberg and his wife, provided funding in 2017. This financial boost allowed Byju to enhance its product offerings and **penetrate international markets**. Investments from **General Atlantic** and **Naspers** facilitated Byju's international marketing strategies. These global investment giants played a pivotal role in Byju's **expansion into new territories** (Russell, 2018)<sup>28</sup>. In summary, Byju's strategic funding and international partnerships have fuelled its growth, positioning it as a global leader in EdTech.

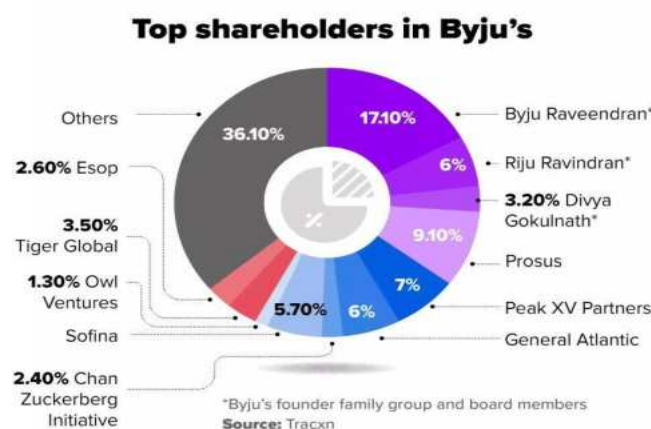


Figure 6 - Economic Times. (2024, April 26)<sup>29</sup>

### d. Acquisition Strategy

Indian ed-tech giant, has strategically employed acquisitions to bolster its international expansion. Byju's several acquisitions, including Osmo (2019), WhiteHat Jr (2020), Epic (2021), and Tynker (2021) have been taken to accelerate its international expansion. These acquisitions aimed to gain immediate market share and expertise, as well as leverage local knowledge and talent through partnerships with established educational institutions. For example –

Byju's acquisition of TutorVista in 2017, derives approximately 70% of its user base from the U.S., which supports its strategy to enhance its global footprint. Indian Tech Giant acquired Osmo United States-based educational games maker in 2019, for \$120 million to integrate its interactive learning tools. Epic is from the United States was acquired for \$500 Million to expand its digital content and improve English literacy offerings globally (Rakheja, 2020)<sup>30</sup> and another United States-based Tynker was acquired in 2021 for \$ 200 million to expand its STEM to boost its overseas expansion through coding education offerings. The acquisition of WhiteHat in 2020 Jr. at \$300 million by Byju significantly bolstered its offerings in coding and STEM education, enhancing its footprint in India while propelling its expansion into international markets like the U.S. WhiteHat Jr had plans to expand to other global markets like Canada, UK, Australia and New Zealand (ANZ) after a stellar growth in the US for its one-to-one online coding classes (BYJU'S, 2020)<sup>31</sup>.

Byju acquired GeoGebra in 2021, an Austrian interactive mathematics platform with over 100 million users worldwide, aiming to bolster its math education segment and consolidate its global ed-tech leadership. Byju launched 'Future School', an offering through which it is expanding its presence in the US, UK, and Brazil (ET Spotlight Team, 2021)<sup>32</sup>.

In 2021, Byju's invested \$600 million to acquire Great Learning, a Singapore-based edtech company. An additional \$400 million was earmarked to enhance its growth. This strategic move aimed to broaden Byju's educational offerings into the realms of professional and higher education, extending beyond its traditional focus on K-12 and test preparation (EdexLive Desk, 2021)<sup>33</sup>.

However, complexities remain. Successful integration of diverse company cultures, streamlining operations, and selecting the right targets are crucial for long-term success (Mandayam, 2023)<sup>34</sup>. Byju's acquisition strategy involves targeting companies that align with its brand vision, demographics, and long-term goals, focusing on delivering diverse online learning formats to specific age groups. However, between 2017 and 2021, Byju embarked on an ambitious acquisition spree, buying 17 companies with a total investment of \$3 billion. This aggressive expansion led to significant financial strain, resulting in a loss of INR 8,500 crore in FY22. The company's integration of these acquisitions was mishandled, leading to substantial layoffs and a need for financial restructuring. Relying heavily on venture capital



funding to acquire high-cost, loss-making companies without being profitable was a risky strategy. This overextension in pursuit of growth without adequate profitability or operational integration highlights the dangers of such aggressive expansion tactics, which can have dire financial consequences (Anupam, 2024)<sup>35</sup>.

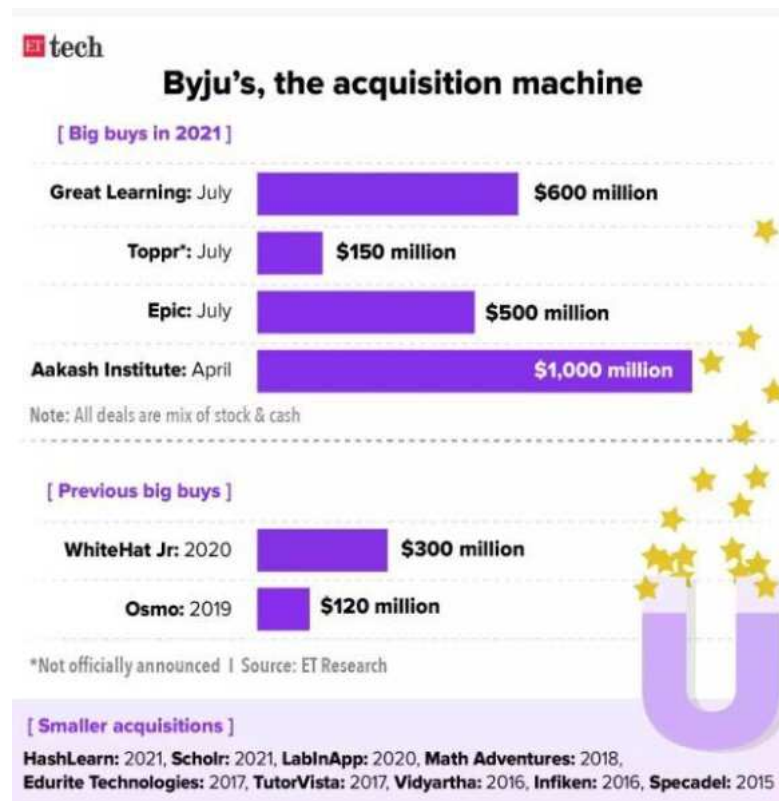


Figure 7 - (ET Spotlight Team, 2023)<sup>36</sup>

## List of Acquisitions of BYJU'S

### Notable Acquisitions of BYJU'S

Here are the top 5 acquisitions of BYJU'S ranked by their Tracxn Score (What's this?):

| Acquisition Date | Company Name    | Founded Year | Location      | Acquisition Price |
|------------------|-----------------|--------------|---------------|-------------------|
| Aug 05, 2020     | WhiteHat Jr     | 2018         | India         | \$300M            |
| Jul 21, 2021     | Epic            | 2013         | United States | \$500M            |
| Jul 03, 2017     | TutorVista      | 2005         | India         | Undisclosed       |
| Dec 08, 2021     | GeoGebra        | 2001         | Austria       | Undisclosed       |
| Jul 24, 2018     | Math Adventures | 2012         | India         | Undisclosed       |

### Recent Acquisitions of BYJU'S

Here are the latest 3 acquisitions of BYJU'S:

| Acquisition Date | Company Name  | Founded Year | Location      | Acquisition Price |
|------------------|---------------|--------------|---------------|-------------------|
| Mar 22, 2022     | Hello English | 2012         | India         | Undisclosed       |
| Dec 08, 2021     | GeoGebra      | 2001         | Austria       | Undisclosed       |
| Sep 12, 2021     | Tynker        | 2012         | United States | \$200M            |

Figure 8 - (Acquisition by Byju's, 2024)<sup>6</sup>

### e. Marketing and Branding:

Building a global presence was critical and Byju accomplished this through culturally resonant marketing initiatives and alignments with well-known brands and public figures. Byju's marketing strategy to employ a brand ambassador has proven to be exceptionally strategic. Byju teamed up with Disney in 2021 and made them a brand ambassador to introduce a hybrid physical-digital offering in the U.S. market, utilizing Disney's iconic characters to capture a wide audience and engage young learners through educational content with an interactive twist. The combination of Disney's classic storytelling with Byju's interactive educational tools effectively captivates their intended young audience (Takahashi, 2021)<sup>37</sup>. Byju used Indian celebrities with global influence, like Shah Rukh Khan and Virat Kohli, to enhance its brand visibility. These ambassadors helped penetrate both domestic and international markets, leveraging their extensive global appeal during high-profile events to attract a broad audience to Byju's educational platforms ("Buildd," n.d.)<sup>38</sup>. In the year 2021, Neeraj Chopra, an Olympic gold medalist managed by JSW Sports, became the face of Disney - Byju's Early Learn app as its brand ambassador. (Livemint, 2021)<sup>39</sup>. In 2022, Byju partnered with Lionel Messi to promote its global educational initiative, Education For All, demonstrating its commitment to accessible and equitable education worldwide (Team StoryWeavers, 2022)<sup>40</sup>.

Byju's sponsorship of the FIFA World Cup Qatar 2022 significantly enhanced its global brand visibility and credibility. Associating with one of the most prestigious and widely viewed sports events worldwide allowed Byju to reach a diverse international audience, extending beyond its existing customer base (Fédération Internationale de Football Association, 2022)<sup>41</sup>.

Its brand visibility is amplified through sponsorship agreements and strategic partnerships. By advertising popular events and collaborating with other brands, Byju's increases its market reach. Its sponsorship of the Indian Cricket Team, especially during large-scale events like the ICC World Cup, leverages the sport's massive viewership to boost recognition. Its role as the official global partner for the International Cricket Council from 2021 to 2023 reflects a savvy understanding of the influence of cricket in India and its subcontinents and its potential to drive brand engagement ("Buildd," n.d.)<sup>38</sup>. With its focus on digital marketing, strategic partnerships with educational institutions, and targeted investments in brand-building activities, Byju is truly making a global impact in the world of education. A distinctive aspect of Byju's approach is its commitment to customizing the educational experience. With personalized attention through direct interactions and support from customer service, Byju ensures each student receives individualized support and intellectual enrichment. Further, Byju launched the "Keep Learning" campaign globally but adapted the visuals and messaging according to each region. In the US, the campaign emphasized the personalized learning experience offered by Byju, addressing concerns about individual student needs (Garg, 2022)<sup>42</sup>.

#### **f. Technology and User Experience:**

Byju, known for its innovative strides, recently launched Byju's Lab, an AI and ML-focused innovation hub. This move is part of its strategy to hire diverse talent in India, the US, and the UK, making tech-enabled education accessible to a broader audience. Concurrently, the company secured ₹2,200 crore in funding, boosting its valuation to around USD 18 billion, with investments from Oxshott Venture Fund X LLC, XN Exponent Holdings Ltd, Verition Multi-Strategy Master Fund, and others (Mint, 2021)<sup>43</sup>.

Expanding its educational offerings, Byju's has partnered with Meta Immersive Learning to integrate Spark AR Curriculum into its coding courses for students aged 13 and up. This collaboration aims to develop augmented reality skills through four Spark AR courses, divided into basic and advanced levels. Completion of these courses leads to two certifications, including the prestigious Meta Certified Spark Creator badge. The courses, priced starting at \$289, are available in the United States and offer hands-on projects and access to the Meta Career Programs Job Board (BYJU'S, 2022)<sup>44</sup>.

Additionally, Byju's strategic collaboration with Google in 2021 demonstrates its focus on user experience enhancement. This partnership leverages Google Workspace for Education to create a free digital platform, optimizing classroom organization, collaboration, and personalized learning experiences (Siliconindia, 2021)<sup>45</sup>.

### **Byju's Journey in The US Edtech Market (Year of Entry: Around 2019)**

The US education market represents a goldmine for EdTech companies. Byju's expansion into the USA began around 2019, especially with its strategic acquisition of Osmo in January 2019 and subsequent investments and marketing efforts to establish a presence in the education sector there. It acquired three US entities and was planning for public listing and filing IPO through SPAC Route. (Business Standard, 2022)<sup>5</sup>. However, this plan was halted due to a funding market liquidity crunch.

### **Reasons for US Expansion**

**Social Trend** – According to Pew Research, future U.S. education will shift towards greater online access, personalized lesson plans tailored to individual needs, and a predominance of remote learning, emphasizing lifelong education to keep pace with evolving job demands and technologies (Vogels, Rainie, & Anderson, 2020)<sup>46</sup>. Recent trends in U.S. online education highlight the growing adoption of custom e-learning, which improves retention rates by 25% to 60%. Additionally, game-based learning enhances academic performance by up to 89.45%, while microlearning and mobile learning cater to diverse learning styles and increase productivity. Scenario-based learning further enriches training by simulating real-life situations, bolstering the efficacy of e-learning across various domains (Suk, 2023)<sup>47</sup>. These evolving trends could significantly facilitate Byju's expansion into the U.S. market by aligning with the shifting educational needs and preferences.

**Government Initiatives** – The U.S. education sector is regulated by complex rules at various governmental levels, impacting access and quality, and is heavily reliant on public funding. U.S. governments recognize digital education's importance, launching policies for classroom tech integration, investing in infrastructure, teacher training, and creating digital resources, thus facilitating broad EdTech adoption and fostering public-private educational innovation (PR Newswire, 2023)<sup>48</sup>.

In US the Every Student Succeeds Act (ESSA) (2015) which provides federal funding for states to develop and implement personalized learning plans for students, potentially aligning with Byju's approach. ESSA provides significant support for the integration of technology in education through Title IV Part A grants, which districts can use for purchasing educational technology and training teachers in its use (Mesecar, 2015)<sup>49</sup>.

The Future Ready Schools initiative boosts the U.S. edtech industry by enhancing school bandwidth to cover 99% of students within five years, promoting strategic tech integration, and providing tools like the Interactive Planning Dashboard. This program supports widespread digital learning adoption and the development of new edtech solutions (TechPlan.org, n.d.)<sup>50</sup>. The U.S. Department of State's commitment to science, technology, and innovation (STI) fosters international collaboration and strengthens American leadership in STEM fields. By promoting scientific education and cooperation, these efforts support the growth of the edtech industry, facilitating advanced learning tools and educational exchanges that enhance STEM education globally (U.S. Department of State, n.d.)<sup>51</sup>.

The FCC's E-Rate program, funded by the Universal Service Fund, enhances the edtech industry by making telecommunications and broadband more accessible and affordable for schools and libraries. By focusing on expanding Wi-Fi and broadband access, E-Rate supports the integration of digital learning technologies, crucial for modern education (Federal Communications Commission, 2024)<sup>52</sup>. Furthermore, The Digital Equity Act, CARES Act, and the National Educational Technology Plan significantly boost the U.S. edtech industry by enhancing access, adoption, and integration of educational technologies.

**Economic** – The U.S. Education Market, valued at USD 1.4 trillion in 2021, is forecasted to grow to USD 3.1 trillion by 2030 (CAGR 4.2%) ("U.S. Education Market Share Likely to Expand," 2022)<sup>53</sup>

presents a significant opportunity for Byju. High disposable income affluent families in certain demographics in the US may be willing to pay premium prices for quality online learning experiences.

In 2022, the ed-tech sector in the United States achieved revenues amounting to \$69.9 billion, marking a robust compound annual growth rate of 16.3% from 2017 to 2022. The market segment encompassing pre-kindergarten to 12th grade was the most significant contributor in 2022, generating \$31.5 billion and constituting 45.1% of the total market value. The primary catalysts propelling growth in the US edtech industry are technological innovation and the widespread shift towards digital learning platforms (GlobalData, 2023)<sup>54</sup>.

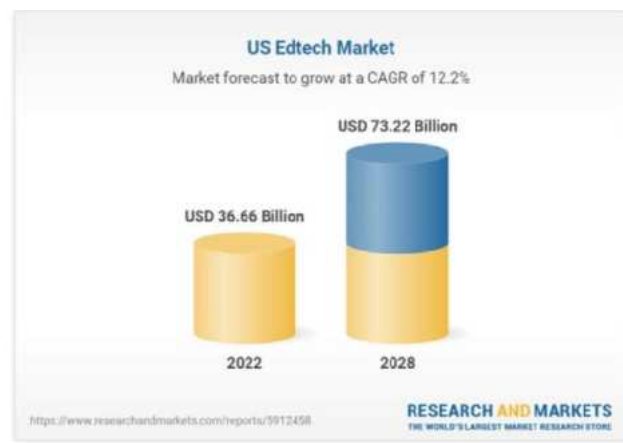


Figure 9 - (Arizton, 2023)<sup>55</sup>

**Technological** - The US boasts a high internet penetration rate of over 97.1% as of 2024 (Statista, 2024)<sup>56</sup>, making online learning platforms readily accessible. Furthermore, the US has a well-developed technological infrastructure, allowing for smooth platform delivery and user experience.

### BYJU's US Expansion Strategy - Acquisition

In 2019, BYJU made its inaugural entry into the U.S. market with the purchase of Osmo, an educational game company, for a sum of \$120 million. This acquisition aimed to enrich BYJU's educational offerings for young learners, by integrating Osmo's unique blend of physical and digital play into its content, with a focus on expansion within the North American region. The addition of Osmo's assets allowed BYJU to enhance its collection of captivating educational materials, catering to a worldwide audience of students from pre-K to the 12th grade. The strategic acquisition facilitated BYJU's access to untapped markets and new user demographics, thus broadening its international footprint and adding to the diversity of its educational products (Live Mint, 2019)<sup>57</sup>.

Byju acquired the US-based digital reading platform Epic in July 2021 for a reported \$500 million. This acquisition aimed to solidify Byju's position in the global ed-tech market, particularly in the lucrative US market. According to a 2021 Forbes article, Epic boasted a presence in a staggering 90% of US elementary schools and provided Byju with a significant springboard into the massive US EdTech market. This dominance translated to a vast user base exceeding 50 million children and 2 million teachers. Epic's extensive digital library of children's books potentially complemented Byju's existing educational content portfolio,

offering a wider range of resources to their user base. While specific data on Epic's pre-acquisition profitability remains elusive, its extensive user base and growth trajectory suggest a healthy financial condition.

In its pursuit of international growth, Byju, an Indian ed-tech leader, acquired Tynker, a California-based K-12 coding platform, in September 2021. With a \$200 million investment, Byju tapped Tynker's established user base of over 60 million kids and its presence in 100,000 schools worldwide, aiming to bolster its STEM offerings and complement the existing acquisition of WhiteHat Jr. This strategic move aligns with Byju's aggressive expansion into global education markets. (Singh, 2021)<sup>58</sup>.

### **Conclusion**

Byju's international expansion strategy is marked by a well-coordinated blend of strategic acquisitions and localization efforts, aiming to secure a stronghold in global markets. The company's aggressive acquisition strategy, including notable purchases in the US, UK, and Brazil, positions Byju's to leverage local expertise and market presence rapidly. Byju also emphasizes technology and personalized learning experiences, aligning with global educational trends and user expectations. Despite challenges such as cultural integration and maintaining growth amidst fierce competition, Byju's strategic moves like partnerships and the adoption of advanced educational technologies demonstrate its commitment to becoming a global leader in the ed-tech sector. As Byju continues to navigate international markets, its ability to innovate and adapt to diverse educational needs will be crucial for sustained growth and success.

## Relevant Readings

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## Supplemental Materials

1. Banerjee, A., & Rathi, R. (2023, May 31). How BYJU'S Became the Most Valued Startup in India. StartupTalky. <https://startuptalky.com/byjus-learning-app-success-story/>
2. Sehgal, D. R. (2021, July 16). The story of Byju's: one startup's journey of becoming an ed-tech giant. iPleaders. <https://blog.ipleaders.in/story-byjus-one-startups-journey-becoming-ed-tech-giant/>



## TEACHING NOTES

### Case Summary

Byju, founded in 2011 by Mr. Byju Raveendran and Ms Divya Gokulnath, has grown into an educational powerhouse with a \$200 million valuation as of January 2024. With crafted strategies for entry into culturally distinct markets like the US and Brazil, the company has carved a niche in the competitive ed-tech space. Byju has utilized strategic acquisitions, such as Osmo and Epic, to solidify its presence and localize its offerings to meet the linguistic and cultural demands of diverse regions. Investment in technological infrastructure and a focus on innovative content has enabled a seamless and adaptive learning experience across 21+ countries. Byju exemplifies an ed-tech firm mastering the art of international growth through cultural adaptability, technological enhancements, and an aggressive marketing and acquisition blueprint, positioning itself at the forefront of global online education.

### Teaching Objective

The case of Byju's international expansion explores into the strategic journey of a rapidly growing Indian EdTech startup, navigating market selection, reputation management across borders, challenges of diversification, and the pivotal role of venture capitalists. Upon concluding the case study, students will possess the ability to:

1. Understand Byju's global expansion journey, including strategic decisions and key milestones.
2. Analyze Byju's entry into the US market through acquisitions like Osmo, Epic, and Tynker, and their impact on market positioning.
3. Evaluate Byju's localization strategies in diverse markets, focusing on content adaptation and talent recruitment.
4. Investigate the role of partnerships, investments, and acquisitions in Byju's global expansion and their impact on market growth.
5. Examine Byju's competitive position in the global edtech industry, comparing it with Khan Academy, Coursera, and local competitors.
6. Assess challenges and opportunities in different international markets, considering regulatory, cultural, and technological factors.

7. Explore Byju's international marketing and branding strategies, including collaborations and targeted campaigns.
8. Discuss potential areas for improvement in Byju's global expansion strategies, taking into account industry trends and customer feedback.

### **Target Audience**

The case targets postgraduate-level courses on international marketing, marketing management, entrepreneurship, or strategic marketing. It can also be used by academic researchers, business educators, Ed-Tech professionals, investors, and entrepreneurs focusing on global business strategies, market dynamics, and innovations in educational technologies

### **Assignment Questions**

- Q1 Explore the role of technology and innovation in Byju's international expansion. How did they leverage advancements in educational technology to enhance their offerings and stay ahead in the global market?
- Q2. Evaluate Byju's competitive positioning in the global edtech landscape. How did they differentiate themselves from other players like Khan Academy, Coursera, and local competitors in various international markets?
- Q3. Should Byju have chosen partnerships over acquisitions for global expansion? How would this alter market entry and adaptation strategies?
- Q4. Discuss how venture capital has influenced Byju's global expansion. Is Byju's likely to maintain its market presence abroad with its strategy of swift expansion?
- Q5. Analyze the relationship between product and geographic diversification in Byju's strategy.

### **Suggest Teaching Strategies**

Before starting the case discussion, the instructor may show a YouTube video titled "How have edtech major Byju's acquisitions panned out?" available at [https://www.youtube.com/watch?v=vNWJXv6K37U&ab\\_channel=BusinessStandard](https://www.youtube.com/watch?v=vNWJXv6K37U&ab_channel=BusinessStandard)

This video will provide a real-world context and additional insights into Byju's expansion strategies, helping to anchor the discussion that follows.

| Segment                                   | Time Allocation | Description  |
|---|-----------------|--|
| <b>Objective</b>                          | 10–15 minutes   | <b>Objective Definition:</b> Define clear learning outcomes such as understanding Byju's global expansion strategies, analysing market entry tactics, and identifying challenges and opportunities in its international growth.                    |
| <b>Introduction</b>                       | 10–15 minutes   | <b>Case Overview:</b> Provide an overview of Byju's history, growth into a global ed-tech leader, and current international status. Highlight milestones like valuation growth, key acquisitions, and strategic partnerships.                      |
| <b>Services and Products</b>              | 10–15 minutes   | <b>Discussion on Offerings:</b> Discuss Byju's range of educational products and services from K-12 apps to competitive exams. Focus on how offerings are tailored for different markets, especially non-English speaking regions.                 |
| <b>International Expansion</b>            | 15–20 minutes   | <b>Strategic Analysis:</b> Analyze Byju's strategies for international market entry and expansion. Discuss the choice of markets like the US and Brazil and the role of acquisitions in establishing market presence.                              |
| <b>Challenges and Adaptation</b>          | 15–20 minutes   | <b>Critical Thinking on Challenges:</b> Discuss challenges such as cultural differences, regulatory hurdles, and competition. Cover Byju's adaptive strategies and the financial implications of its rapid expansion and acquisition integrations. |
| <b>Group Discussion and Activities</b>    | 30 minutes      | <b>Engagement through Interaction:</b> Lead group discussions and activities to apply learned concepts. Tasks might include strategizing Byju's future expansions or analyzing improvement areas in company integrations.                          |
| <b>Lessons Learned and Future Outlook</b> | 10–15 minutes   | <b>Synthesis and Speculation:</b> Summarize key lessons from Byju's expansion, discuss future strategies, and areas for improvement considering global educational trends and technological advancements.  |
| <b>Conclusion</b>                         | 10–15 minutes   | <b>Reiteration and Summary:</b> Conclude with a summary of key takeaways, reiterating the learning objectives achieved and how insights from Byju's case can be applied to broader international business and educational technology contexts.     |

Before starting a case discussion, the instructor may show the YouTube video related to Byju;s Expansion strategies - How have edtech major Byju's acquisitions panned out? - [https://www.youtube.com/watch?v=vNWJXv6K37U&ab\\_channel=BusinessStandard](https://www.youtube.com/watch?v=vNWJXv6K37U&ab_channel=BusinessStandard)

## Questions

**Q1 Explore the role of technology and innovation in Byju's international expansion. How did they leverage advancements in educational technology to enhance their offerings and stay ahead in the global market?**

**A1.** Byju's has harnessed the power of technology to revolutionize the educational experience on a global scale. Through the implementation of cutting-edge adaptive learning

technologies and creative content strategies, the company has reinforced its commitment to reshaping how students learn and interact with educational material.

- a. **Effective Personalization through Adaptive Learning:** At the core of Byju's approach is the use of sophisticated adaptive learning technologies. This advancement personalizes the educational journey, providing each student with a unique, customized path that aligns with their learning pace and style.
- b. **Engagement through Gamification:** Byju's infuses gamified elements into its learning platforms, transforming education into an enjoyable and stimulating activity. This strategy has been effective in drawing students to the platform and enhancing their engagement and memory retention.
- c. **Blending Hands-on and Digital Learning:** By integrating Osmo's offerings, Byju's melds tactile, hands-on learning with digital interactivity, creating a multifaceted educational environment that is particularly beneficial for younger students and distinct from traditional e-learning methods.
- d. **Tech Partnerships for Enhanced Collaboration:** By collaborating with prominent technology players like Google, Byju's has integrated robust educational tools such as Google Workspace for Education into its platform, facilitating a more collaborative and tailored learning environment.
- e. **Commitment to Ongoing Innovation:** Byju's emphasizes continual innovation, collaborating with educational creators on platforms like YouTube to design internationally appealing content. This ensures that their educational materials remain relevant and of high quality for a global student audience.

Byju's comprehensive strategy of leveraging sophisticated technologies and creating appealing content has been instrumental to its success. The company's dedication to innovation and the global expansion of personalized education has established Byju's as a formidable presence in the edtech industry, continually pushing the boundaries of what's possible in learning and teaching experiences around the world.

**Q2. Evaluate Byju's competitive positioning in the global edtech landscape. How did they differentiate themselves from other players like Khan Academy, Coursera, and local competitors in various international markets?**

**A2.** Byju's has strategically positioned itself as a global leader in the edtech landscape, distinguishing itself from competitors like Khan Academy, Coursera, and local players through several key strategies:

- a. **Innovative Content Creation:** Byju's prioritizes producing interactive and engaging educational content by integrating cutting-edge technology with effective pedagogical methods. The acquisitions of Osmo and Epic are indicative of this strategy, offering an attractive mix of digital-physical interaction and extensive digital reading resources to younger audiences.
- b. **Customization in Education:** Byju's implements adaptive learning technologies to deliver personalized educational paths, tailoring content to each learner's individual progress and abilities, unlike the broader offerings available on platforms like Khan Academy or Coursera.
- c. **Selective Market Penetration:** The company employs a calculated approach to international growth, first entering English-speaking markets where online education is well-received and then branching into non-English speaking territories, adjusting content for language and curriculum differences.
- d. **Acquisition-led Expansion:** Byju's accelerates its global reach and diversifies its educational offerings through strategic acquisitions such as Osmo, Epic, and Tynker, which enable the company to cater to a wider student demographic and facilitate various learning styles.
- e. **Strategic Brand Collaborations:** By partnering with esteemed entities like Disney, Byju's boosts its appeal to younger learners and strengthens its global brand positioning. Marketing efforts are further intensified through alliances with high-profile events and celebrities.
- f. **Focus on Tech:** Byju's consistently invests in technology and user experience, ensuring accessibility and convenience across different platforms while also engaging local educators to create content that is regionally pertinent and of high-quality.
- g. **Robust Financial Infrastructure:** With substantial investments from entities such as Tencent and Naspers Ventures, Byju's has the capital capability to scale operations, enhance technology, and recruit industry-leading talent, sustaining its growth and position in the edtech domain.

Byju's competitive positioning is characterized by a combination of content differentiation, personalized learning, strategic acquisitions, strong brand partnerships, technological innovation, and financial backing, setting them apart from competitors in the global edtech landscape.

**Q3. Should Byju's have chosen partnerships over acquisitions for global expansion? How would this alter market entry and adaptation strategies?**

**A3.** Considering partnerships or joint ventures as alternative strategies in international markets by BYJU presents advantages such as shared resources and quicker entry, alongside challenges like dependency and decision complexities.

**Advantages of Partnerships:**

- a. **Localization and Cultural Insights:** Working alongside native partners facilitates a deeper understanding of local preferences and aids in tailoring products or services to regional needs. By joining forces with a local language institution in Brazil, Byju's can better customize its content for the Brazilian audience.
- b. **Strategic Networking:** Through collaborations with local educational entities or technology firms, entry into pre-existing networks of students and educators is facilitated. A partnership with a prominent American university, for example, could open doors to Byju's in the U.S. market.

**Disadvantages of Partnerships:**

- a. **Alignment and Cooperation Challenges:** Divergent objectives and operational practices between partners could lead to potential discord, impacting synergy and efficiency.
- b. **Risk of Dependency:** A dependency on partners for critical resources might arise, potentially affecting Byju's autonomy in strategic market positioning or resource allocation if the partner's circumstances or objectives shift.

**Advantages of Joint Ventures:**

- a. **Risk and Cost Sharing:** The shared nature of joint ventures helps in the diffusion of financial risks and required investments, thereby mitigating singular financial exposure for Byju's in endeavors such as penetrating the UK tech sector.

- b. **Collective Expertise:** Pooling knowledge from various stakeholders promotes innovation and enhances product or service quality. Byju's can push the envelope in digital learning by tapping into specialized skills of a virtual reality tech startup.

#### Disadvantages of Joint Ventures:

- a. **Complicated Governance:** Joint ventures can have intricate governance structures, potentially slowing down decision-making due to varying partner perspectives and management philosophies.
- b. **Profit and Control Disputes:** Dividing profits and control among partners can lead to contentions, sometimes jeopardizing the joint venture's success and longevity.

#### Advantages of Acquisitions:

- a. **Rapid Market Penetration:** Acquisitions deliver instant access to new markets, customer bases, and business competencies, as seen in Byju's procurement of Osmo and Tiba, expediting its expansion and fortifying market presence.

#### Disadvantages of Acquisitions:

- a. **Integration and Cost Issues:** The financial heft required for acquisitions is substantial, and the merging of diverse corporate cultures presents its own set of hurdles. In addition, there can be a tendency to lean too much on the acquired firm's resources and systems.

In summary, while partnerships and joint ventures offer benefits like shared risks, access to networks, and combined expertise, they come with challenges such as dependency and decision-making complexities. Comparatively, acquisitions offer quick market entry and consolidation but at the expense of integration challenges and high costs. Byju's must carefully weigh these factors based on market dynamics and strategic objectives in different international markets.

#### **Q4. Discuss how venture capital has influenced Byju's global expansion. Is Byju's likely to maintain its market presence abroad with its strategy of swift expansion?**

##### **A4. Influence of Venture Capital on Byju's Strategy for International Expansion**

**Capital Influx and Strategic Confidence** - Venture capital funding from prominent investors such as the Chan Zuckerberg Initiative and Tencent provided Byju's not only with

financial resources but also a strategic boost. These investments have been crucial in signaling market confidence and enhancing Byju's credibility in the international arena.

#### Facilitation of Strategic Acquisitions -

- Substantial funding enabled key acquisitions aimed at expanding Byju's global footprint. For instance:
- Osmo (2019): Acquired for \$120 million, Osmo's integration brought innovative learning solutions that blended digital and physical play, which was particularly appealing in the U.S. market.
- Epic (2021): Purchased for \$500 million, Epic provided Byju's with access to a vast library and a strong foothold in the U.S. educational system, where Epic was already a well-established name in digital reading.
- Tynker (2021): This acquisition expanded Byju's offerings in coding and STEM, sectors in high demand globally, for \$200 million.

Enhancement of Product Offerings - These acquisitions not only expanded Byju's geographical presence but also enriched its product portfolio, allowing the company to offer localized content that aligns with the educational standards and consumer preferences of new markets.

#### Sustainability of Byju's Rapid Growth Strategy Abroad

- a. Resource Allocation and Expectations for Returns - While venture capital provides necessary resources, it also creates expectations for quick and high returns. Managing these expectations while sustaining long-term growth requires strategic planning and execution.
- b. Challenges of Rapid Expansion:
  - Byju's rapid acquisition-led growth, while effective for quick market penetration, has led to substantial debt. For example, despite Byju's aggressive expansion, the company reported losses of INR 4,500 crores in the fiscal year 2021-2022, highlighting the financial strains from its fast-paced growth strategy.
  - The integration of diverse company cultures and technologies post-acquisition presents operational challenges. For example, the integration of systems and educational content



between Byju's and Osmo required significant effort to align product development with Byju's core educational objectives.

c. Strategic Management and Local Adaptation:

- Sustainable growth abroad requires more than just capital infusion; it necessitates effective integration of acquired companies and customization of products to meet local demands. For instance, adapting Epic's offerings to include more localized content could help better serve and expand the U.S. customer base.
- Maintaining a strong value proposition in competitive markets involves continuous innovation and adaptation to educational trends and consumer needs. Byju's can leverage its technological capabilities to enhance user engagement and learning outcomes, crucial for sustaining growth.

d. Example of Effective Strategy:

- In Brazil, Byju's acquisition of Tiba not only facilitated market entry but also allowed Byju's to quickly adapt to the local curriculum. Localizing content to Portuguese and incorporating Brazil-specific educational norms are strategic moves that cater to local preferences, demonstrating a thoughtful approach to international expansion.

By incorporating these detailed points and examples, the response becomes more informative, providing a clearer picture of how venture capital has shaped Byju's international strategy and the complexities involved in sustaining rapid growth in foreign markets.

**Q5. Analyze the relationship between product and geographic diversification in Byju's strategy.**

**A5. Management of Product and Geographic Diversification**

- a. Strategic Acquisitions for Geographic Expansion - Byju's leverages strategic acquisitions to manage geographic diversification effectively. For example:
- Osmo (U.S.): Byju's acquisition of Osmo for \$120 million incorporated physical-to-digital game technologies into its product line, enhancing its appeal in the U.S. educational market where technology integration in learning is highly valued.
  - Tiba (Brazil): The acquisition of Tiba allowed Byju's to tap into the Latin American market, benefiting from Tiba's established network and local market knowledge. This

move was strategic in penetrating a region with a growing demand for educational technology.

- b. **Product Diversification Across Educational Stages** - Byju's diversifies its product offerings across various educational stages, enhancing its market coverage:
- **Disney-BYJU'S Early Learn:** Targets young learners, integrating Disney characters to make learning engaging and relatable.
- **WhiteHat Jr:** Focuses on coding and STEM education, appealing to a global surge in demand for technology-based education.

#### Impacts of Diversification on Strategic Positioning

- a. **Enhanced Adaptability and Market Reach** - This dual diversification strategy enables Byju's to adapt to and penetrate diverse markets effectively. By offering a broad spectrum of products tailored to various educational needs and demographics, Byju's can cater to a wider audience, increasing its market resilience and reach.
- b. **Reduction in Market-Specific Risks** - By diversifying geographically, Byju's mitigates risks associated with economic downturns in any single market. For instance, during regional economic slumps, Byju's can still sustain its operations through revenue generated from more stable markets.
- c. **Global Positioning as an Education Leader** - The strategic blend of product and geographic diversification positions Byju's as a global leader in education, capable of meeting diverse and changing educational demands worldwide. This positioning is crucial for attracting international investors and partnerships.

#### Challenges of Diversification

- a. **Complexity in Operational Management** - Managing diversified operations across different cultural and regulatory landscapes presents significant challenges. For example, aligning the educational content from WhiteHat Jr with local education standards in Brazil requires not only translation into Portuguese but also adaptation to local cultural nuances and curriculum requirements.
- b. **Integration of Acquisitions** - Integrating acquisitions such as Osmo and Tiba involves harmonizing business cultures, technologies, and operational processes. Effective

integration is crucial to realize the synergies expected from such mergers and to maintain a cohesive company culture and service quality.

Byju's strategy of product and geographic diversification is instrumental in its global expansion. While this strategy offers substantial opportunities for growth and market penetration, it also demands meticulous management of integration, localization, and operational complexities. Success in these areas will determine Byju's long-term sustainability and its ability to maintain a competitive edge in the global educational technology market.

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## **CASE STUDY - 4**

### **DHARMA IN THE BOARDROOM - BUSINESS ETHICS THROUGH THE LENS OF THE MAHABHARATA**

**Dr. Kanagaraj**

#### **Introduction**

Ethics in business is often a question of choice between what is legal and what is right, what is profitable and what is fair. While business ethics today is taught using modern case studies from corporate history, ancient Indian epics like the \*Mahabharata\* offer rich narratives that delve into human behavior, ethical dilemmas, leadership decisions, and the long-term consequences of choices made under pressure. This case study draws on three key incidents from the \*Mahabharata\* to explore how ancient ethical lessons can inform modern business practices.

The central figures of the \*Mahabharata\* represent a broad spectrum of moral and ethical positions, mirroring today's corporate stakeholders. The Kurukshetra war was not merely a conflict for a throne but a clash of values, duties, and principles. In this narrative, we treat the ruling factions of the Kuru dynasty as a corporate family, where governance failures, ethical lapses, and flawed leadership led to catastrophic results.

#### **The Case: Ethical Dilemmas in Kurukshetra Inc.**

##### **Background**

Kurukshetra Inc. is a dynastic conglomerate governed by the Kuru lineage. It has two primary factions vying for control: the Kauravas, led by Duryodhana, and the Pandavas, led by Yudhishtira. Both sides are family, stakeholders in the enterprise, but with conflicting visions for its future. Their journey is marked by boardroom politics, breached contracts, nepotism, whistleblowing failures, and loyalty conflicts.

Below are three ethically significant incidents that challenge conventional notions of leadership, fairness, and stakeholder responsibility.

##### **Incident 1: The Dice Game – Ethics of Manipulative Agreements**

Yudhishtira, the eldest Pandava, is known for his strict adherence to dharma (righteousness). He is invited by Duryodhana to play a game of dice at Hastinapura Ltd. The host is Shakuni,

Duryodhana's uncle, who is known for his cunning and deceptive gameplay. Despite sensing the manipulation, Yudhishtira accepts the invitation, citing social and cultural obligations.

As the game progresses, Yudhishtira gambles away his wealth, kingdom, brothers, himself, and eventually Draupadi, their shared wife. He believes he is bound by his honor and obligations, even as the terms grow increasingly unethical. The game is rigged, but Yudhishtira does not withdraw.

**\*\*Business Parallel\*\*:** This scenario is akin to corporate executives entering unfavorable merger agreements due to relational obligations or boardroom pressure. Contracts may be legal but manipulated through information asymmetry, coercion, or exploitation of cultural norms.

### **Ethical Issues Raised:**

- \* Validity of consent under social pressure
- \* Responsibility to stakeholders vs. adherence to cultural values
- \* Ethical boundaries in negotiations and power asymmetries

### **Discussion Points:**

- \* Should Yudhishtira have rejected the invitation?
- \* At what point does duty to family or tradition end and ethical leadership begin?
- \* How should manipulated agreements be treated in business?

### **Incident 2: Draupadi's Disrobing – Ethics of Organizational Silence**

After losing Draupadi in the dice game, Duryodhana orders her to be brought into the royal assembly and publicly humiliated. Draupadi questions the validity of her being wagered when Yudhishtira had already lost himself. Her legal and ethical arguments go unheard. Senior leaders Bhishma, Drona, Kripacharya remain silent, bound by loyalty to the crown or confused by archaic interpretations of dharma. Only Vidura and a few others object.

**\*\*Business Parallel\*\*:** In many organizations, ethical breaches like harassment, discrimination, or financial misconduct go unchallenged due to a toxic culture of silence. Leaders often fail to speak up, fearing political repercussions or loyalty conflicts.

### **Ethical Issues Raised:**

- \* Bystander responsibility in the face of injustice

- \* Ethical versus legal interpretations of organizational policy
- \* Role of moral courage in leadership

### **Discussion Points:**

- \* What should the elders have done?
- \* Are cultural traditions a valid excuse for unethical silence?
- \* How can companies build a culture that encourages ethical intervention?

### **Incident 3: Karna's Loyalty vs. Ethical Judgment**

Karna, the illegitimate son of Kunti and a loyal friend to Duryodhana, is offered a chance by Krishna to switch sides, support the Pandavas, and claim his rightful place. Karna acknowledges that the Pandavas are ethically justified, but he refuses, citing loyalty to Duryodhana, who gave him dignity and a status in society.

Karna's loyalty blinds him to the greater injustice being perpetrated. Despite knowing Duryodhana's motives are rooted in ego and vengeance, he chooses to stand by him, ultimately contributing to a catastrophic war.

**\*\*Business Parallel\*\*:** Senior leaders or employees often face conflicts between ethical truth and loyalty. Advisors or board members may continue to support unethical CEOs or corporations due to personal obligations, gratitude, or self-interest.

### **Ethical Issues Raised:**

- \* Limits of personal loyalty in ethical decision-making
- \* Conflict of interest in advisory roles
- \* The role of conscience versus organizational allegiance

### **Discussion Points:**

- \* Was Karna ethically wrong to side with Duryodhana?
- \* How should one navigate conflicting personal and professional duties?
- \* When does loyalty become complicity?

### **Synthesis: Ethics Beyond the Battlefield**

Each incident underscores that ethical decision-making is rarely black and white. The \*Mahabharata\* presents nuanced characters and morally ambiguous situations. Leaders today face similar challenges in business: choosing between loyalty and ethics, legality and justice, tradition and progress.

Corporate governance, boardroom dynamics, stakeholder responsibilities, and organizational culture all shape ethical outcomes. Just like in the epic, modern businesses must develop mechanisms to:

- \* Identify and challenge manipulative practices
- \* Encourage active intervention against unethical acts
- \* Cultivate a moral compass within leadership ranks

These stories compel future leaders to reflect: What kind of ethical legacy will we leave behind?

## **Conclusion**

The Mahabharata, though set in an ancient context, reveals profound truths about ethical leadership and human behavior that are deeply relevant to today's corporate world. Ethics is not a checklist but a series of choices made under constraints. By engaging with these timeless dilemmas, future business leaders can better understand the complexities of ethical decision-making and prepare themselves to lead with courage, clarity, and compassion.

## **Appendix: Discussion Questions**

1. Was Yudhishtira ethically wrong to participate in the dice game? What alternatives did he have?
2. In what ways does social or cultural pressure impact ethical business decisions?
3. How can organizations handle situations where leaders choose silence over moral action?
4. Should loyalty ever override what is ethically right?
5. What structural systems can companies put in place to support whistleblowers?
6. How should businesses resolve internal conflicts between tradition and modern ethical standards?
7. What personal values should guide leaders in making tough decisions?

# TEACHING NOTES

## Case Summary

This case study introduces students to complex ethical dilemmas encountered in modern corporate settings, using the narrative lens of the Indian epic *Mahabharata*. The case interprets three pivotal incidents the dice game, Draupadi's disrobing, and Karna's moral conflict to highlight core themes in business ethics: contractual manipulation, organizational silence, and the ethical limits of loyalty. Set in the fictional corporate entity "Kurukshetra Inc.," it analogizes ancient characters and decisions to modern business leaders and boardroom challenges. Through this, students explore how leadership, culture, policy, and values intersect in the making or breaking of ethical organizations.

## Learning Objectives

After engaging with this case, students will be able to:

1. Analyze ethical dilemmas using both ancient philosophical frameworks and modern business theories.
2. Differentiate between legality and ethicality in business decisions.
3. Understand the role of power, culture, and tradition in shaping organizational behavior.
4. Evaluate ethical responsibility among stakeholders, especially in leadership positions.
5. Explore mechanisms to prevent ethical collapse within corporate environments, such as whistleblower protection and bystander intervention.
6. Reflect on the personal values and professional boundaries in ethical decision-making.

## Target Audience

This case is ideal for:

- MBA and PGDM students in Business Ethics, Organizational Behavior, or Leadership courses.
- Executive Education programs focusing on Ethics and Governance.
- Undergraduate courses in Business Philosophy or Corporate Culture.

## Prerequisite Reading or Preparation

Students should be instructed to:

- Read the *Mahabharata* summaries focusing on the three key incidents.
- Familiarize themselves with ethical theories (e.g., deontology, virtue ethics, utilitarianism).
- Review corporate scandals involving manipulation (e.g., Enron, Wells Fargo), organizational silence (e.g., Uber sexual harassment case), and misplaced loyalty (e.g., Theranos).

## Theoretical Frameworks Applicable

1. Freeman's Stakeholder Theory – To evaluate competing obligations to different stakeholders.
2. Whistleblower Theory (Near & Miceli, 1995) – Applied to the Draupadi episode.
3. Rest's Four-Component Model of Moral Behavior – For decision-making analysis.
4. Deontological vs. Consequentialist Ethics – Contrasting Yudhishtira's and Karna's approaches.
5. Cultural Relativism and Ethical Universalism – To assess the influence of tradition.

## Teaching Strategy and Session Plan:

**Session Duration: 90–120 minutes**

| Phase                               | Time   | Content   |
|-------------------------------------|--------|---|
| <b>I. Opening Context</b>           | 15 min | Brief background on <i>Mahabharata</i> , contextualizing it for corporate ethics  |
| <b>II. Group Analysis</b>           | 30 min | Break into groups: each takes one incident (Dice Game, Draupadi, Karna). Discuss ethical principles, stakeholder duties, alternatives |
| <b>III. Whole-Class Discussion</b>  | 30 min | Cross-group synthesis. Map parallels with modern corporate events.  |
| <b>IV. Ethical Tool Application</b> | 20 min | Use ethical frameworks (utilitarianism, virtue ethics, stakeholder theory) to analyze characters' decisions.                          |
| <b>V. Wrap-Up &amp; Takeaways</b>   | 15 min | Instructor summarizes key lessons. Reflective journaling on “What kind of leader would you be in such a dilemma?”                     |

## Pedagogical Insights

This case blends **narrative learning**, **comparative ethics**, and **critical thinking**. Its effectiveness lies in:

- Invoking culturally rich narratives to stimulate ethical discourse.
- Encouraging introspection and value alignment.
- Providing analogies to modern corporate failures and decisions.

Instructors should allow cultural diversity to surface and enrich discussions, especially when used in multicultural classrooms. Students from different backgrounds can draw parallels from their cultural epics or historical figures, enhancing the learning experience.

## Assessment Opportunities

- **Reflection Paper:** “What would you have done in Karna’s position?”
- **Ethics Audit Simulation:** Design an ethical governance system for ‘Kurukshetra Inc.’
- **Group Debate:** “Ethics is more about courage than compliance.”

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## **CASE STUDY - 5**

### **ETHICS ON LIFE SUPPORT - NAVIGATING DILEMMAS IN MODERN HEALTHCARE (EXPANDED VERSION)**

**Dr. Kanagaraj**

#### **Introduction**

In contemporary medical practice, the line between clinical care and ethical obligations is often blurred. Healthcare providers must make critical decisions not only based on evidence and medical necessity but also in alignment with principles of patient autonomy, justice, non-maleficence, and beneficence. This case study, set in a fictional but realistically portrayed healthcare environment, explores how these principles play out in high-pressure clinical situations involving legal constraints, cultural considerations, financial influence, and human emotion. Sanjeevani Medical Center, one of the nation's top healthcare institutions, prides itself on innovation, excellence, and compassionate care. However, as with many large systems, it is not immune to challenges that test its ethical fabric. This case follows Dr. Meera Sharma, a 38-year-old intensivist and department head at the hospital's ICU, as she navigates ethical quagmires involving three complex patient scenarios over ten days. Through these vignettes, we delve into the intricacies of ethical healthcare decision-making in modern hospitals, focusing on the delicate interplay between policy, practice, and principle.

#### **Incident 1: The Unconscious Donor**

Mr. Arvind Patel, a 54-year-old school teacher, arrives at Sanjeevani Medical Center following a massive cerebrovascular accident. Despite best efforts from the neurosurgical and critical care teams, he is declared brain-dead. Hospital protocol mandates evaluation for organ donation in such scenarios. Dr. Meera Sharma and the transplant coordination team discover that Mr. Patel is a registered organ donor, as indicated on his driver's license. However, his wife and two adult children are adamantly opposed to donation, citing religious beliefs that conflict with organ harvesting. Emotions run high. The family becomes confrontational, alleging that the hospital is prioritizing profits over patient dignity.

Legal counsel confirms that Mr. Patel's status as an organ donor is legally binding. The hospital's ethics committee is convened, and the administration urges Dr. Sharma to proceed swiftly, as multiple critical recipients await organs.

Dr. Sharma is torn. She sympathizes with the family's pain but is also bound by institutional policy and the law. This situation unfolds over 36 hours, including heated discussions, press inquiries after a leaked video, and the threat of litigation from both the family and advocacy groups.

#### **Ethical Dimensions Explored:**

- Tension between legal authority and moral empathy
- Patient autonomy post-mortem vs. family values
- Systemic handling of organ donation disputes
- Role of ethics committees in crisis mediation

#### **Incident 2: The VIP Dilemma**

Mr. Siddharth Menon, a 72-year-old industrialist and long-time patron of the hospital, is admitted with multiple comorbidities: advanced COPD, end-stage renal disease, and sepsis. Within 24 hours, his condition deteriorates, requiring life support. Prognosis is poor. Dr. Sharma and her team recommend transitioning to palliative care. However, Mr. Menon's family demands "full code" treatment, including aggressive experimental interventions not approved by hospital guidelines. The board of directors, concerned about reputational risk and philanthropic funding, pressures Dr. Sharma to comply. A nurse whistleblower informs her that the billing department has been instructed to waive expenses, and an air ambulance is being arranged without clinical justification. Meera faces intense internal conflict. Her attempts to uphold evidence-based care are overruled. Junior staff begin to question her leadership as rumors spread. In a follow-up ethics round, some team members argue that maintaining relationships with major donors is pragmatically necessary. Others say clinical independence must never be compromised.

#### **Ethical Dimensions Explored:**

- Clinical autonomy vs. institutional interests
- Resource utilization for non-beneficial treatments
- Power asymmetries between patient families and staff
- Organizational culture and ethical erosion

#### **Incident 3: Clinical Trials and Financial Incentives**

Reena Thomas, a 42-year-old mother of two, is diagnosed with stage IV pancreatic cancer. She has failed two lines of chemotherapy and is referred for palliative care. Her oncologist refers her to a Phase II trial sponsored by Biolife Corp., involving an unproven but promising immunotherapy.

Dr. Sharma is consulted because the trial requires ICU monitoring for the first 72 hours. The trial offers a performance-linked incentive for every enrolled patient, which would add significantly to her department's funding.

Reena's family is eager but uninformed. Reena is apprehensive, struggling to decide. She trusts Dr. Sharma and asks, "What would you do if you were in my place?"

The hospital is under pressure to boost enrollment numbers to maintain industry funding. Reena is enrolled with minimal explanation of long-term side effects. The trial shows no effect, and she dies after 14 days of declining health.

Dr. Sharma later discovers that the trial's risks were underreported. She raises concerns and is met with silence from both the hospital and Biolife Corp.

### **Ethical Dimensions Explored:**

- Consent quality in vulnerable populations
- Financial conflict of interest
- Truth-telling and hope management
- Corporate influence on clinical ethics

### **Synthesis: The Ethical Climate of Modern Healthcare**

Dr. Meera Sharma's journey encapsulates the conflict between professional ethics, personal conscience, and systemic pressures. Across all three incidents, we see patterns of compromised autonomy, misaligned incentives, and institutional inertia.

Healthcare professionals are often left navigating between the Hippocratic Oath and business realities. This case is not about pointing fingers but about understanding ethical vulnerabilities and reinforcing the scaffolding that can support integrity: strong leadership, robust ethical education, and transparent governance.

The hospital eventually initiates a review of its ethics training and updates its protocol for VIP admissions and trial disclosures. Dr. Sharma, after much contemplation, remains at the hospital, determined to mentor the next generation of doctors in ethical leadership.

### **Lessons for Business Ethics in Healthcare:**

- Systems thinking is essential in ethical practice
- Ethics must be institutionally supported, not just individually upheld
- Empathy is crucial but must be balanced with principle and evidence
- Ethical erosion is slow but cumulative culture matters

### **Discussion Questions**

- Should family wishes override legal donor consent in brain-dead patients? Why or why not?
- What are the implications of giving VIPs preferential treatment in life-and-death medical scenarios?
- How can hospitals manage conflicts of interest arising from corporate partnerships?
- What safeguards can be implemented to ensure informed consent in desperate patients?
- How can ethics committees be empowered to handle high-stakes disputes?
- Should clinicians disclose financial incentives linked to patient enrollment in trials?

## TEACHING NOTES

### Case Synopsis

This healthcare case study follows ICU physician Dr. Meera Sharma through three ethically charged clinical episodes: organ donation disputes, VIP patient management, and conflicts of interest in clinical trials. The scenarios challenge students to explore patient autonomy, informed consent, institutional pressures, and justice in resource allocation.

### Learning Objectives

- Understand the ethical tension between clinical judgment and institutional policy.
- Evaluate conflicts of interest in medical practice.
- Explore frameworks for informed consent and end-of-life care.
- Discuss justice and equity in healthcare delivery.
- Develop strategies for ethical decision-making under pressure.

### Class Plan: 90 Minutes

0–10 mins – Case Introduction and contextual framing.

10–30 mins – Discuss Incident 1: Autonomy vs. family wishes in organ donation. 30–

50 mins – Discuss Incident 2: VIP influence and clinical independence.

50–70 mins – Discuss Incident 3: Informed consent and financial incentives. 70–

85 mins – Group reflection on systemic issues across all three incidents. 85–90

mins – Wrap-up: Ethical leadership and key takeaways.

### Suggested Discussion Questions

- What should take precedence: patient's legal consent or family objection?
- Are all lives treated equally in hospitals?
- Should financial incentives for enrolling patients in trials be disclosed?
- How do you handle ethical discomfort when leadership pressures conflict with best clinical judgment?

### Assessment Ideas

- Individual reflection paper on one of the three incidents.
- Group debate: 'VIP patients distort healthcare ethics.'
- Design a hospital code of ethics for handling end-of-life decisions and trials.

## CASE STUDY - 6

### SHOULD SURYA FARMS LAUNCH RAGI-CRUNCH IN INDIA?

**Prof. Madan Gowda KJ**

“Millets is an immunity boosting ingredient and must be incorporated into your diet often.”

- Dr. Kaviraj Khialani

(Celebrity Master Chef)

Kaviraj Khialani's statement about Ragi or Finger Millets made quite a buzz amongst the audience back in 2021. Ragi, a nutrient-rich millet native to India, has been a staple food for centuries and somewhere along the way it definitely lost its charm. But lately, it's seen a resurgence in popularity due to its unique health benefits. From celebrities to common individuals – all seem to be pretty enchanted with the grain in 2024. Not just for its health benefits but Ragi is also gaining momentum in the market due to its nature of being naturally gluten free, which is a hard to find phenomenon in India.

Surya Farms is an organic farm operating in the state of Karnataka since four decades now. With past three generations running the show for the family business, it has become a well-known name in the state and continues to climb the success ladder. Now with the growing success of the farm's products in the local market the Patriarch of the family, Mr. Jaggannath Sai Surya, aged 68, after the discussion with his eldest son Gopinath Sai Surya wishes to venture out from the state into the country. Mr. Surya desires to launch a Ragi breakfast cereal in the market and compete with the western cereals available on shelves today in the market. Should he go ahead with his business plan or should he start on small scale as of now? Would Ragi Crunch be happily accepted by the consumers across the country?

### BUSINESS BACKGROUND

#### **Surya Farms : A Legacy of Quality in Karnataka**

For generations, Surya's Farm has been a cornerstone of Karnataka's agricultural landscape. This family-run operation, nestled in the heart of the state, is renowned for its commitment to high-quality grains and delicious, wholesome products. Surya's Farm prioritizes sustainable practices that nurture the land and respect the delicate ecological balance. This dedication to

responsible farming translates into the purity and quality of their grains, a factor that has garnered them a loyal following throughout Karnataka.

Beyond cultivation, Surya's Farm transforms their bounty into delectable end products. They might create ragi puffs, healthy snack mixes using their homegrown grains, or traditional sweets that celebrate Karnataka's rich culinary heritage. This diversification allows them to offer a wider range of wholesome and flavourful options to their customers.

The farm's unwavering focus on quality is demonstrably rooted in two key principles. Firstly, a deep respect for time-tested agricultural traditions ensures a foundation of proven practices. Secondly, Surya's Farm embraces innovative methodologies, constantly seeking advancements that optimize production while minimizing environmental impact. This blend of tradition and progress guarantees the farm's position as a reliable source of wholesome and delicious food for current and future generations.

## **RAGI: NUTRITION POWERHOUSE**

Finger millet, also known as ragi, is a whole grain that has been a cornerstone of Indian diets for centuries. This ancient grain offers a remarkable nutrient profile, boasting high levels of protein, fiber, calcium, iron, magnesium, and phosphorus. These essential nutrients contribute to a multitude of health benefits.

Ragi's abundant fiber content promotes healthy digestion and regularity. Additionally, its low glycemic index makes it a valuable dietary component for managing blood sugar levels, potentially benefiting individuals with diabetes or prediabetes. The synergistic effect of fiber and protein in ragi

weight management by promoting satiety and reducing overall calorie intake.

Beyond digestive and glycemic health, ragi offers significant advantages for bone and heart health. Its rich calcium content fortifies bones and teeth, while the presence of magnesium aids in relaxation of blood vessels, potentially lowering blood pressure. Furthermore, ragi's iron content helps prevent anemia, and its protein and antioxidant properties may even enhance hair and skin health.

## **COMPETITIVE LANDSCAPE**

The breakfast cereal market in India is undergoing a fascinating transformation. Once dominated by sugary cereals targeted towards children, the landscape is now witnessing a surge

in health-conscious choices. Consumers are increasingly seeking nutritious options that cater to their desire for a well-balanced and convenient breakfast. This shift in consumer preferences presents both opportunities and challenges for major players in the market.

### **Kellogg's**

Kellogg's serves as a prime example of successful brand adaptation in a foreign market. Initially establishing itself with popular breakfast cereals, the company achieved strong brand recognition in India. They further solidified their position through a diverse product portfolio catering to different demographics. Kellogg's robust distribution network ensures widespread product availability. Recognizing changing consumer preferences, the brand has strategically shifted its focus to include health-conscious options like Kellogg's Oats and Kellogg's Muesli. This adaptability, coupled with strategic marketing efforts, allows Kellogg's to maintain its leading role in the Indian breakfast cereal market.

### **Nestle**

Nestle, a multinational corporation, has entered the Indian breakfast cereal market with a diversified product portfolio. This includes established brands like Milo and Maggi Oats, alongside infant cereals like Cerelac. Their strategy emphasizes nutritious and health-conscious options, aligning with growing consumer preferences. However, Nestle faces a challenge as brand recognition in India is stronger for their coffee and milk products. To address this, Nestle is leveraging its existing brand trust, introducing new high-protein and whole-grain cereals, and partnering with fitness personalities to promote a healthy breakfast lifestyle.

### **PepsiCo**

The company leverages its existing strengths in marketing and distribution, established for its successful beverage products, to gain a foothold in the cereal market. By offering affordable options like Quaker Oats, they make breakfast cereals accessible to a broader range of consumers. Additionally, brand recognition from their beverages allows for cross-promotion, further solidifying PepsiCo's position. However, to compete effectively with established players, PepsiCo is strategically expanding its product variety to cater to diverse tastes and exploring online retail channels to reach a wider customer base.



## **Bagrry's India**

Bagrry's India Limited presents a fascinating case study in understanding the importance of catering to regional tastes. Their success in the Indian breakfast cereal market stems from their ability to leverage local preferences. By incorporating traditional flavors like Pongal and Ragi flakes into their offerings, they have established a strong brand identity that resonates with their target audience. Furthermore, their well-developed regional distribution network ensures accessibility to their products within their core markets.

### **CHALLENGES ASSOCIATED WITH THE LAUNCH**

While Ragi is a familiar grain in South Indian cuisine, its consumption is often limited to older generations due to traditional preparation methods and a perception of blandness in its taste.

The first challenge lies in shifting preference. Convincing parents to move beyond these established views and embrace Ragi as a convenient and healthy breakfast option for their children. In today's fast-paced world where there are plethora of options available, it becomes a challenge for the parents to keep their children satisfied with food options that are healthy as well as tasty. Ragi as a grain option in the breakfast cereal could provide a much needed reprieve to Indian parents.

Secondly, there's the issue of overcoming the perception of Ragi itself. People may be hesitant to introduce the cereal due to the established notion of Ragi being a bland, old-fashioned grain. The business must address this perception head-on by highlighting the well-documented health benefits of Ragi. Additionally, incorporating exciting flavors or textures into the cereal can further entice younger taste buds.

Finally, the concept of a ready-to-eat breakfast cereal might be seen as a western influence that clashes with traditional Indian breakfasts. There exists a need to carefully navigate this cultural resistance. They can achieve this by emphasizing the convenience factor for busy families while ensuring their cereal complements, rather than replaces, existing breakfast options.

### **TARGET CUSTOMERS:**

Even though the main consumer of the product is strategically thought of as children aged 6 to 15, by Mr. Jagannath Sai Surya. The customers tend to differ as the kid's are under the guardianship of their parents and that creates a differentiating curve in the marketing strategy of the product because the target audience for the promotion is of a different set altogether.

This product targets busy Indian parents aged 28-40 with school-age children (6- 15). These individuals understand the demands of balancing work, family, and childcare, making convenient breakfast solutions a primary concern. However, convenience is not their sole consideration. They prioritize health-conscious choices and actively seek nutritious options to fuel their families.

This target audience possesses an inherent appreciation for Ragi's rich history within Indian cuisine. Surya's Farm's ragi cereal offers a unique opportunity to bridge the gap between tradition and modern needs. The product presents a familiar and trusted grain in a convenient, ready-to-eat format, seamlessly integrating into their fast-paced mornings.

## **EVOLUTION OF CUSTOMER PREFERENCES**

A significant shift in consumer preferences is creating a prime opportunity for Ragi in today's day and age. Busy lifestyles are driving the demand for convenient breakfast options, while a growing health consciousness compels consumers to seek out nutritious and wholesome choices. This focus on health aligns perfectly with the rediscovery of Ragi's inherent benefits. Increased educational efforts and media attention are highlighting its impressive nutrient profile, including high fiber content for digestive health, a low glycemic index for blood sugar control, and a combination of protein and fiber that contributes to weight management. Additionally, Ragi boasts a wealth of essential minerals, including calcium for strong bones and teeth, magnesium for heart health, and iron to prevent anemia.

With people getting aware about the benefits of adopting a healthy grain choice in their lives, brands too have started to accommodate this change in their products. By providing a convenient and healthy option rooted in tradition, the product Ragi-Crunch can effectively bridge the gap between traditional breakfast routines and the demands of modern life.

## **MARKETING AND PROMOTION STRATEGIES**

Ragi-Crunch breakfast cereal isn't just targeting parents, it's aiming to win over kids too. By partnering with popular children's cartoon characters or illustrators for packaging and branding, they can create a visually appealing product that resonates with young consumers. This playful approach can make Ragi breakfast cereal a fun and exciting choice, encouraging kids to embrace this healthy grain. Building trust with parents is also key. Mr. Jaggannath plans to collaborate with nutritionists or pediatricians to create educational content about the benefits of ragi. This co-created content, disseminated through various channels, will highlight the

health advantages of Ragi and its suitability for children. Empowering parents with this knowledge allows them to make informed decisions about their children's breakfast choices.

The business in question recognizes the importance of celebrating tradition in a modern way. They plan to launch a social media campaign that bridges the gap between ragi's rich heritage and the convenience of their ready-to-eat breakfast cereal. This campaign will showcase both the nostalgia of ragi and the practicality of Surya Farm's product in today's fast-paced world. By creating this sense of connection, they hope to encourage parents to embrace ragi as a breakfast option for their children.

## **PRODUCT LANDSCAPE**

Ragi Crunch enters the Indian breakfast market with a unique proposition: a delicious and nutritious cereal specifically designed for children aged 5-12. This innovative product addresses the needs of both health-conscious parents and discerning young palates.

The foundation of Ragi Crunch lies in puffed ragi flakes, offering a light and crispy texture that is easily digestible for children. Flavor options cater to a range of preferences, with crowd-pleasing classics like honey alongside exciting choices such as chocolate chip and mixed berry. These enticing flavors incorporate natural sweeteners like honey, jaggery, or stevia, minimizing added sugar content while maintaining a delightful taste experience. Furthermore, Ragi Crunch is fortified with essential vitamins and minerals commonly deficient in children's diets, solidifying its position as a truly wholesome breakfast option.

Ragi Crunch's packaging is strategically designed to resonate with both children and parents. Eye-catching illustrations or popular children's characters will capture the attention of young consumers, while resealable pouches ensure convenient storage and portion control for busy families. The packaging goes a step further by incorporating educational content about the benefits of ragi and the importance of breakfast, empowering parents to make informed decisions regarding their children's dietary choices.

## **CONCLUSION**

Surya Farm's Ragi Crunch breakfast cereal has the potential to carve a niche in the Indian breakfast market. With its focus on health, convenience, and tradition, Ragi Crunch caters to busy parents seeking nutritious options for their children while leveraging the inherent appeal of Ragi in South Indian cuisine. A carefully crafted marketing strategy that builds trust with parents and excites children can propel Ragi Crunch towards success.

**However, several key questions remain to be addressed:**

Would launching the product in current time be beneficial for the Business Or Mr. Jaggannath's Strategy needs work?

How can Ragi-Crunch compete effectively with the prevalent brands in the market?

Can Surya Farm effectively overcome the established perception of Ragi as bland and old-fashioned, particularly in regions outside South India?

**TEACHING NOTES**

**I. CASE SUMMARY**

This case explores the strategic dilemma faced by Surya Farms, a family-owned organic farming enterprise in Karnataka, India, as it considers launching a ready-to-eat breakfast cereal, Ragi-Crunch, nationally. The patriarch, Mr. Jaggannath Sai Surya, envisions leveraging the health benefits and cultural heritage of ragi (finger millet) to disrupt a market dominated by Western players like Kellogg's and Nestlé. The case navigates market readiness, consumer perceptions, competitive dynamics, and cultural resistance while analyzing the opportunities and challenges of product innovation within the health food segment. It also asks whether Surya Farms should take a bold national leap or proceed conservatively with a phased or regional approach.

**II. LEARNING OBJECTIVES**

Upon completion of the case discussion, students should be able to:

1. Understand the dynamics of product innovation in traditional agribusiness contexts.
2. Evaluate the market readiness and strategic fit of a heritage-based health food product in a modern retail landscape.
3. Analyze the challenges of marketing a culturally entrenched product like ragi to a wider, diversified consumer base.
4. Explore strategies for new product launches in competitive markets dominated by MNCs.
5. Assess go-to-market strategies (mass-market vs. regional rollout) using marketing and operations lenses.
6. Examine branding and consumer behavior in the health and wellness food segment.

### III. TARGET AUDIENCE

This case is suitable for courses on:

- Marketing Strategy
- Consumer Behavior
- Entrepreneurship
- Strategic Management
- Agribusiness & Food Marketing
- Brand Management
- Innovation in Emerging Markets

It is ideal for postgraduate management programs (MBA/PGDM), executive education, and marketing specialization electives.

### IV. TEACHING STRATEGY

#### Pre-Class Preparation

Students should be asked to:

- Read the case thoroughly.
- Review concepts such as product-market fit, brand positioning, consumer adoption curve, and go-to-market strategy.
- Study competitive strategies of Kellogg's, Nestlé, PepsiCo, and local brands like Bagrry's.
- Prepare a short memo proposing a launch strategy (timing, geography, marketing).

#### Class Flow (90 minutes)

| Time       | Activity  |
|------------|---|
| 0–15 mins  | Warm-up discussion: What makes ragi appealing/unappealing to consumers?       |
| 15–35 mins | SWOT analysis for Ragi-Crunch launch; Mapping Surya Farms' core competencies. |

|            |  |
|------------|--|
| 35–55 mins | Discuss customer segmentation – parents as buyers, children as end users. Evaluate cultural barriers.                    |
| 55–75 mins | Debate: Should Surya Farms launch nationally, regionally, or pilot first? What should the value proposition be?          |
| 75–90 mins | Conclusion and instructor synthesis. Discuss implications of going head-to-head with MNCs and lessons on local branding. |

## V. DISCUSSION QUESTIONS & SUGGESTED ANSWERS

### 1. Would launching the product now be beneficial for the business or should Mr. Jaggannath revise his strategy?

Current market conditions appear favorable due to rising health consciousness and rediscovery of traditional grains. However, execution risk remains high due to entrenched consumer biases outside South India. A phased regional launch backed by targeted marketing and pilot-testing consumer acceptance may be more prudent than an immediate national rollout.

### 2. How can Ragi-Crunch compete effectively with prevalent brands in the market?

Differentiation is key. Competing directly with Kellogg's or Nestlé on scale is risky. Instead, Surya Farms should focus on:

- **Brand authenticity** (family-run organic farm).
- **Nutritional advantage** (ragi's health profile).
- **Flavor innovation** (child-friendly variants).
- **Cause marketing** (revival of native grains).

Additionally, leveraging digital platforms and D2C (direct-to-consumer) channels can help bypass heavy retail investment initially.

### 3. Can Surya Farm overcome the perception of Ragi as bland and old-fashioned, especially outside South India?

Yes, but it requires strong storytelling, taste innovation, and packaging design. Influencer marketing (nutritionists, pediatricians, chefs), interactive campaigns, and educational content on ragi's benefits will help reshape perceptions. Flavor variants (e.g., honey, chocolate chip) and fun packaging can counteract blandness concerns and appeal to children.

## VI. ANALYSIS FRAMEWORKS TO APPLY

- **SWOT Analysis:** Understand internal capabilities and external threats/opportunities.
- **STP Model (Segmentation, Targeting, Positioning):** Clarify who the product is for and how to position it.
- **Ansoff Matrix:** Market development strategy using an existing product in new markets.
- **Porter's Five Forces:** Assess competitive dynamics in the breakfast cereal market.
- **Diffusion of Innovation Theory:** Analyze adoption patterns of traditional vs. modern consumers.

## VII. ASSIGNMENT QUESTIONS

1. Draft a go-to-market strategy for Ragi-Crunch including product positioning, pricing, distribution, and promotional elements.
2. Evaluate whether Surya Farms should opt for co-branding or strategic alliance with a nutrition/health brand.
3. Create a social media campaign outline that connects tradition with convenience for urban Indian parents.

## VIII. EPILOGUE (OPTIONAL FOR INSTRUCTOR USE)

As of the case publication, Mr. Jaggannath and his team were in advanced discussions with packaging experts and flavor consultants while conducting consumer testing in Bangalore and Hyderabad. The final decision on the national rollout was pending based on results of pilot feedback.

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## **CASE STUDY - 7**

### **ADDRESSING MOTIVATION CHALLENGES AMONG HOURLY WORKERS AT ZENITH BIOCARE PVT. LTD.**

**Dr. S. Prabakar; Dr. S. Manikandan**

#### **Introduction**

Employee motivation plays a critical role in the productivity, performance, and sustainability of organizations across sectors. Particularly in labour-intensive industries such as pharmaceuticals, where operational success is heavily reliant on the commitment and engagement of shop-floor workers, motivation serves as a key differentiator. Zenith Biocare Pvt. Ltd., a mid-sized pharmaceutical company based in Mumbai, India, is currently confronting a motivational crisis among its hourly wage workers. Despite offering competitive compensation, excellent working conditions, and comprehensive fringe benefits, the company is experiencing declining productivity and growing employee disengagement. This case study examines the nature of the motivational challenges at Zenith Biocare, explores the underlying causes through theoretical and practical lenses, and discusses potential interventions to revitalize the workforce and restore organizational morale.

#### **Organizational Context**

Zenith Biocare Pvt. Ltd. has established itself as a reputable player in the Indian pharmaceutical industry. Under the leadership of Dr. Ramesh, a seasoned professional with a Doctorate in Pharmacy, the company has seen steady growth and maintained a strong reputation for operational efficiency and employee welfare. The organization is known for its stable turnover, ethical practices, and a human-centric approach to business operations. Employees at Zenith enjoy high wages, favourable work conditions, structured shifts, and various fringe benefits including health insurance, transportation support, and performance bonuses. However, despite these advantages, the company is facing a paradoxical situation: the hourly wage workforce is increasingly disengaged and unmotivated. The phenomenon has puzzled the leadership team and prompted an urgent reassessment of the organization's people management strategies.



## **Recognition of the Problem**

The issue of declining motivation came to light during a routine internal review when Dr. Ramesh observed a marked dip in productivity across several production units. Conversations with floor managers indicated that workers were consistently underperforming, showed reluctance in taking initiative, and seemed emotionally disconnected from their roles. Dr. Ramesh's initial assumption that wage dissatisfaction might be the root cause was quickly disproven. A subsequent consultation with the Human Resources department revealed a deeper, more nuanced problem. While compensation and working conditions remained above industry standards, employees were demoralized due to a lack of recognition, absence of career growth opportunities, and perceptions of systemic unfairness. This insight marked the beginning of a comprehensive exploration into the motivational dynamics at Zenith Biocare.

## **Root Causes of Demotivation**

An internal diagnostic study conducted by the HR department identified multiple factors contributing to the motivation crisis. Chief among these was the absence of performance-based recognition. Employees reported that regardless of how hard they worked, their efforts were seldom acknowledged. There were no formal appreciation programs or systems in place to celebrate individual or team achievements. As a result, high-performing employees felt invisible and unrewarded. Another critical issue was the promotion policy, which was primarily based on tenure rather than merit. This approach led to a situation where even underperforming employees advanced in their roles, while deserving candidates were overlooked, leading to widespread frustration and resentment. Additionally, the uniformity in the distribution of fringe benefits meant that all employees received the same privileges, regardless of their contribution to the company. This further deepened the perception of inequity and led to reduced discretionary effort from workers.

Moreover, the organization lacked meaningful mechanisms for employee involvement. Decision-making remained centralized, and hourly workers had minimal say in operational matters or suggestions for improvement. This exclusion not only limited innovation but also reduced the psychological ownership that often drives motivation. Over time, these issues coalesced to erode the organizational culture. Trust levels declined, inter-departmental cooperation weakened, and employee attrition began to rise, particularly among high-potential individuals who sought more fulfilling roles elsewhere. The motivational deficit, though

intangible in its early stages, had begun to exert a tangible impact on Zenith Biocare's operational performance and strategic agility.

### **Theoretical Interpretation: Herzberg's Two-Factor Theory**

The situation at Zenith Biocare can be effectively understood through the lens of Frederick Herzberg's Two-Factor Theory of motivation. According to Herzberg, employee satisfaction and dissatisfaction are influenced by two distinct sets of factors: hygiene factors and motivators. Hygiene factors, such as salary, working conditions, and job security, do not necessarily lead to motivation when present but cause dissatisfaction when absent. On the other hand, motivators such as recognition, responsibility, achievement, and personal growth directly contribute to job satisfaction and motivation.

In the case of Zenith Biocare, hygiene factors were adequately addressed. The company provided industry-leading wages, favorable working hours, and strong job security. However, motivators were conspicuously absent. Employees lacked opportunities for achievement, were not recognized for their contributions, and had little scope for personal or career growth. The absence of these intrinsic motivators explains the declining enthusiasm and growing disengagement observed among the workforce. Herzberg's theory thus highlights that addressing hygiene factors alone is insufficient for sustaining a motivated workforce. An effective motivation strategy must also incorporate intrinsic rewards that align with the psychological needs of employees.

### **Organizational Consequences of Demotivation**

The ripple effects of demotivation at Zenith Biocare were widespread and deeply concerning. First and foremost, productivity levels declined across various units. Employees were doing the bare minimum required, with little interest in efficiency or excellence. As a result, production timelines were frequently missed, and the quality of output began to suffer. The organization also witnessed a rise in turnover rates among hourly workers. Exit interviews revealed that employees left not because of inadequate pay but due to a lack of fulfillment and perceived unfairness in the workplace. Furthermore, the organizational culture began to erode. Trust between employees and management weakened, and there was a noticeable decline in team spirit. Interpersonal conflicts became more frequent, and employees were less willing to collaborate or support one another.

Perhaps most damaging was the stagnation in innovation. Employees who are disengaged are unlikely to offer suggestions, participate in problem-solving initiatives, or think creatively about process improvements. As a result, Zenith Biocare began to fall behind competitors in terms of operational innovation and adaptability. These challenges posed a direct threat to the company's long-term sustainability, prompting Dr. Ramesh to initiate a strategic overhaul of the company's motivation and recognition framework.

### **Strategic Response from Leadership**

Recognizing the depth of the crisis, Dr. Ramesh convened a task force comprising senior managers, HR professionals, and external consultants to design an intervention strategy. The team's first recommendation was to transition from a tenure-based reward system to a performance-oriented framework. This required the development of objective performance metrics, regular appraisals, and structured feedback mechanisms. The goal was to ensure that employees who consistently delivered strong performance were visibly and tangibly rewarded. The second recommendation was the introduction of a formal recognition program. Monthly appreciation events, certificates of excellence, and peer recognition systems were proposed to create a culture of positive reinforcement.

Additionally, the team emphasized the need to revise the benefits policy. While basic benefits would remain uniform to ensure equity, additional perks such as skill development programs, career advancement workshops, and leadership training would be extended to high performers. This approach aimed to align rewards more closely with individual contributions. Another critical area of intervention was employee involvement. The company launched several participatory initiatives, including suggestion boxes, employee committees, and town hall meetings. These forums enabled workers to share ideas, voice concerns, and participate in decision-making processes, thereby fostering a sense of ownership and belonging.

### **Implementation Challenges**

The implementation of these reforms was not without challenges. Resistance from certain quarters of the workforce, particularly those who had benefited from the earlier tenure-based system, was anticipated. To manage this, the HR department initiated a communication campaign to explain the rationale behind the changes. Workshops and orientation sessions were conducted to educate employees about the new performance metrics, the appraisal process, and the benefits of a performance-driven culture. Supervisors and line managers were trained to

provide constructive feedback and recognize employee achievements regularly. These efforts were aimed at building trust and ensuring a smooth transition.

Another challenge was the establishment of fair and transparent performance evaluation systems. Given the diversity of roles and responsibilities among hourly workers, the development of role-specific KPIs required careful planning and consultation. The company also invested in technology to streamline performance tracking and data analysis. Over time, these systems began to take root, and early signs of positive change became evident.

### **Initial Outcomes and Observations**

Within six months of implementing the new motivation strategy, Zenith Biocare began to witness significant improvements. Employee engagement scores, measured through surveys and focus group discussions, showed a marked increase. Workers reported feeling more valued, heard, and connected to the organization. Productivity levels began to rise, and absenteeism reduced considerably. There was also a noticeable improvement in the quality of products and adherence to timelines. The monthly recognition programs generated enthusiasm and fostered healthy competition among employees. Teams began to collaborate more effectively, and supervisors observed a renewed sense of purpose and accountability on the shop floor.

Importantly, innovation activity began to pick up. Several valuable suggestions emerged from employee committees, leading to tangible improvements in workflow and resource utilization. The HR department also reported a reduction in turnover rates, with fewer resignations and a higher level of satisfaction among new recruits. While these changes were still in the early stages, they provided strong evidence that the revised motivation strategy was moving the company in the right direction.

### **Long-Term Vision and Cultural Transformation**

Encouraged by the positive momentum, Dr. Ramesh and the leadership team committed to embedding motivation as a central pillar of the company's culture. The vision was to create an organizational environment where every employee, regardless of grade or tenure, felt recognized, empowered, and inspired to contribute. To institutionalize this vision, Zenith Biocare developed a long-term HR roadmap focused on continuous improvement in employee engagement. Annual training calendars were introduced, mentorship programs were rolled out, and career path planning became a routine part of HR operations.

The organization also invested in leadership development, recognizing that front-line supervisors played a critical role in shaping employee experiences. These supervisors were trained in empathy, active listening, and inclusive leadership to reinforce the cultural shift. Additionally, the company began publishing an internal newsletter celebrating employee milestones, achievements, and stories of innovation, thereby reinforcing a culture of recognition and shared success.

## **Conclusion**

The case of Zenith Biocare Pvt. Ltd. demonstrates that even well-intentioned and employee-friendly organizations can face serious motivational challenges if intrinsic drivers of performance are overlooked. The company's initial over-reliance on compensation and benefits, while valuable, proved insufficient in sustaining employee engagement. Through introspection, strategic reform, and a commitment to continuous improvement, Zenith Biocare began to reverse its downward trend and reestablish a motivated, productive, and resilient workforce. The journey was neither simple nor immediate, but it underscored a vital organizational lesson: motivation must be nurtured through fairness, recognition, growth, and meaningful participation. As the company continues on its path of transformation, it stands as a compelling example of how aligning motivation strategies with human needs can create lasting organizational success.

## **Discussion Question:**

- In the context of Zenith Biocare's experience, how might the overemphasis on hygiene factors reflect a fundamental misalignment between managerial assumptions and actual motivational drivers, and what implications does this have for rethinking the psychological contract in contemporary workplaces?
- Given the systemic reliance on tenure-based rewards at Zenith Biocare, critically evaluate how legacy structures can impede organizational adaptability, and discuss what structural, cultural, and ethical considerations must be balanced when transitioning toward performance-based systems.
- Considering the reported erosion of trust, disengagement, and innovation stagnation, analyze how the absence of intrinsic motivators might affect not just individual behavior but also collective organizational learning, and propose how leadership can re-engineer informal structures to rebuild a culture of meaning and contribution.

## Further Readings

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## TEACHING NOTES

### Case Summary

This case presents the real-world challenges faced by Zenith Biocare, a mid-sized pharmaceutical company in India, as it grapples with declining motivation and disengagement among its hourly wage workers. Despite offering competitive pay, favorable working conditions, and comprehensive benefits, the company experiences a drop in productivity, innovation stagnation, and increased employee turnover. Through the narrative, the case uncovers the lack of performance-based recognition, tenure-based promotions, and limited employee involvement as the root causes of the problem. The case prompts students to apply motivational theories, particularly Herzberg's Two-Factor Theory, to diagnose the issues and propose systemic reforms that address intrinsic motivational factors. It explores how a company can redesign its reward and recognition systems, promote fairness, and drive cultural transformation to reenergize its workforce.

### Learning Objectives

Upon completing this case study and the associated class discussion, students will be able to:

1. Analyze the distinction between hygiene factors and motivators using Herzberg's Two-Factor Theory, and apply this framework to diagnose real-world employee disengagement.
2. Evaluate how misaligned reward and recognition structures affect employee behavior, morale, and organizational performance.
3. Formulate strategic HR interventions that address intrinsic motivation and promote employee engagement.
4. Explore the cultural and systemic challenges of shifting from tenure-based to performance-based systems within legacy organizations.
5. Understand the psychological contract between employer and employee, and discuss how it can be reconstructed to align with modern motivational expectations.

## **Target Audience**

This case is suitable for:

- MBA and Executive MBA courses in Human Resource Management, Organizational Behavior, and Leadership
- Postgraduate courses in Industrial/Organizational Psychology
- Professional development programs on employee engagement and organizational change

## **Teaching Pedagogy**

### **Instructional Philosophy**

The instructional strategy for this case study centers on experiential, analytical, and participatory learning. The goal is to encourage students to move beyond surface-level observations and apply well-established motivational theories to diagnose, interpret, and resolve real-life organizational problems. The case of Zenith Biocare provides a rich backdrop for applying theoretical insights from organizational behavior, human resource management, and leadership, particularly as it relates to motivation, recognition, and cultural change. The pedagogical approach enables students to think critically, work collaboratively, and develop interventions that are both evidence-based and context-sensitive.

### **Case-Based Analytical Learning**

The session begins by immersing students in the narrative of Zenith Biocare, where they are expected to act as internal consultants analyzing a crisis of motivation and declining performance. Students are encouraged to dissect the organizational symptoms ranging from disengagement and low productivity to high turnover and innovation stagnation and identify the root causes by linking them to motivational deficiencies. Facilitators should guide students to apply Herzberg's Two-Factor Theory and Deci and Ryan's Self-Determination Theory as diagnostic lenses to uncover how hygiene factors were adequately addressed but intrinsic motivators were largely neglected.

This analytical framing allows students to internalize the idea that employee disengagement is rarely the result of a single factor. Instead, it stems from a confluence of system design flaws, perceived inequity, and unmet psychological needs. Students learn to navigate the complexity of employee motivation by questioning traditional assumptions such as the effectiveness of



tenure-based promotion systems and advocating for performance-aligned structures that emphasize recognition, autonomy, and growth.

### **Collaborative Strategy Formulation**

Following the diagnostic phase, the pedagogy transitions into collaborative solution development. Students are divided into small groups to design strategic interventions that Zenith Biocare's leadership could implement. These may include performance-linked appraisal systems, dynamic recognition programs, mechanisms for employee involvement, and culture-building initiatives that promote equity and trust. By simulating decision-making in a realistic context, students not only test their theoretical understanding but also practice systems thinking, stakeholder analysis, and change management.

The group presentations are shared with the class for comparative evaluation, where each group must justify the feasibility and cultural appropriateness of its recommendations. The facilitator plays a critical role in moderating this exchange, highlighting best practices while also challenging students to consider implementation constraints such as resistance to change, resource limitations, and ethical concerns. This exercise fosters cross-learning and exposes students to a range of problem-solving approaches rooted in empirical and contextual judgment.

### **Role-Playing and Perspective-Taking**

To deepen understanding and build empathy for various organizational stakeholders, the pedagogy incorporates role-playing components. Students may be assigned roles such as frontline employees, HR managers, senior executives, or union representatives. Each role brings a different perspective on the case issues, which students must articulate and defend during moderated discussions. This activity enhances emotional intelligence and helps students appreciate the tension between policy design and lived experience in organizational life.

By assuming multiple viewpoints, students are better equipped to grasp the political and emotional dimensions of workplace dynamics. It also highlights the importance of inclusive leadership, communication transparency, and participatory change when addressing workforce demotivation.

## **Guided Reflection and Knowledge Transfer**

The final component of the pedagogy emphasizes reflection and transfer of learning. Students are prompted to think about how the lessons from Zenith Biocare apply to broader organizational settings, including their own professional contexts. This reflection may take the form of a written assignment, learning journal, or class debrief. Through guided questions, instructors help students connect insights about motivation, fairness, and culture to industries beyond pharmaceuticals such as retail, manufacturing, or public sector institutions where similar challenges may arise under different guises.

By reinforcing the relevance of motivation as a strategic enabler rather than a peripheral HR issue, the pedagogy ensures that students not only acquire academic knowledge but also develop managerial sensibility and decision-making competence. The reflective component is crucial in helping students internalize the belief that meaningful work, fair recognition, and a culture of trust are central to sustainable organizational success.

## **Pedagogical Outcomes**

Upon completion of this case, students will be able to diagnose complex motivation issues, evaluate and critique reward systems, design intervention strategies grounded in theory, and articulate the importance of intrinsic motivation in workplace engagement. They will also develop competencies in group collaboration, strategic thinking, stakeholder negotiation, and ethical evaluation. Overall, the pedagogy positions students to become thoughtful, inclusive, and systems-aware leaders capable of driving motivation and performance in real-world organizational settings.

## **Session Flow (90 Minutes)**

### **0–10 Minutes – Introduction and Context Setting**

The instructor introduces the session objectives and outlines the significance of motivation in organizational success. A brief recap of Zenith Biocare’s case scenario is presented, either through a short summary or by asking a student volunteer to highlight the key facts. This stage helps ground the students in the situation and align their attention.

### **10–25 Minutes – Identifying Symptoms and Diagnosing Root Causes**

Students are invited to identify the visible signs of demotivation at Zenith Biocare (e.g., low productivity, turnover, disengagement). The instructor then guides the class toward

distinguishing between surface-level symptoms and systemic causes. Concepts from Herzberg's Two-Factor Theory and Self-Determination Theory are introduced or recalled, helping students frame the issues using theoretical constructs.

### **25–45 Minutes – Small Group Exercise: Designing Diagnostic Models**

Students are divided into small groups and asked to map Zenith Biocare's motivational breakdown using a selected theory (e.g., Herzberg or Deci & Ryan). Each group presents a short summary (3–4 minutes) of how the case reflects theoretical gaps (e.g., focus on hygiene vs. neglect of motivators). The instructor facilitates synthesis across presentations and connects insights to organizational practices.

### **45–65 Minutes – Strategic Decision-Making Simulation**

Groups are given a new challenge: Assume the role of Zenith Biocare's HR Task Force and design a motivation strategy. They must address performance appraisal, recognition systems, employee involvement, and resistance to change. Each group outlines a concise plan that includes practical interventions, cultural considerations, and implementation barriers. Groups then present one key recommendation, which the class critiques under instructor facilitation.

### **65–80 Minutes – Role-Playing and Counterarguments**

Students are asked to take the perspective of different stakeholders (hourly employee, union leader, floor supervisor, HR executive). The instructor moderates a debate on the ethical and practical implications of shifting to a performance-based system. This segment enhances empathy, realism, and strategic thinking.

### **80–90 Minutes – Debrief and Reflective Wrap-Up**

The session concludes with a reflective discussion. Students are asked: What are your key takeaways from this case? How can these lessons be applied to other organizational contexts? The instructor summarizes the critical learning points, emphasizing the interconnectedness of structure, motivation, culture, and leadership.

### **Post-Class Assignment (Optional)**

Students may be assigned a brief reflection paper or memo (500–800 words) analyzing how the motivation strategy at Zenith Biocare could be adapted to their own workplace or industry. Alternatively, students can be asked to critique a performance management system they have experienced, using theories discussed in class.

## **Answers to Discussion Question:**

### **1. In the context of Zenith Biocare's experience, how might the overemphasis on hygiene factors reflect a fundamental misalignment between managerial assumptions and actual motivational drivers, and what implications does this have for rethinking the psychological contract in contemporary workplaces?**

The overemphasis on hygiene factors at Zenith Biocare such as high wages, favorable working conditions, and fringe benefits illustrates a classic managerial misjudgment where external rewards are presumed sufficient to ensure sustained employee engagement and productivity. Drawing from Herzberg's Two-Factor Theory, hygiene factors are necessary to prevent dissatisfaction but do not contribute to genuine motivation or satisfaction. The management at Zenith assumed that competitive compensation alone would foster commitment, failing to acknowledge that intrinsic motivators like recognition, purpose, responsibility, and opportunities for advancement are far more influential in fostering engagement, especially among long-term employees.

This misalignment signifies a deeper issue in the psychological contract the unwritten set of expectations between employer and employee. When employees perceive that their deeper needs for growth, acknowledgment, and fairness are unmet, despite material sufficiency, a sense of breach or violation of the psychological contract emerges. This results in decreased emotional investment, minimal discretionary effort, and increased turnover intentions. In contemporary workplaces, particularly where employees seek meaning, autonomy, and development, the psychological contract must be redefined beyond transactional rewards to include relational elements. Employers must foster a culture of recognition, voice, and meritocracy, demonstrating that the organization values individual contribution and is committed to employee development. Zenith Biocare's case underscores the importance of rebalancing compensation models with human-centric motivational strategies that reflect evolving workforce expectations.

### **2. Given the systemic reliance on tenure-based rewards at Zenith Biocare, critically evaluate how legacy structures can impede organizational adaptability, and discuss what structural, cultural, and ethical considerations must be balanced when transitioning toward performance-based systems.**

The tenure-based reward system at Zenith Biocare, while possibly instituted with the intent of ensuring stability and loyalty, has evolved into a structural impediment to adaptability and

meritocracy. Such systems inherently prioritize duration of service over measurable contribution, thereby undermining the principles of fairness and efficiency. High-performing employees become demoralized when their efforts are not distinctly acknowledged or rewarded, while underperforming but long-serving employees continue to receive promotions and benefits. This fosters organizational complacency, reduces innovation, and entrenches a culture resistant to performance-based change.

Transitioning to a performance-based reward system, however, involves navigating significant structural, cultural, and ethical complexities. Structurally, the organization must redesign its appraisal frameworks to ensure objective, transparent, and consistent performance metrics. It requires upskilling line managers in feedback delivery and ensuring robust performance tracking tools are in place. Culturally, it requires shifting mindsets from entitlement to accountability, which may be met with resistance, particularly from employees who have benefited from the tenure-based model. Change management and communication strategies must address concerns of fairness, bias, and transparency.

Ethically, the transition must protect vulnerable employees from discrimination and ensure that performance expectations are realistic, role-specific, and contextually appropriate. The organization must avoid a hyper-competitive environment that could lead to burnout or unhealthy rivalry. Instead, performance-based systems should be designed to encourage collaboration, recognize team-based outcomes, and support employee development. In Zenith Biocare's case, this transition must be phased, consultative, and anchored in the company's core values to build legitimacy and trust in the new system.

**3. Considering the reported erosion of trust, disengagement, and innovation stagnation, analyze how the absence of intrinsic motivators might affect not just individual behavior but also collective organizational learning, and propose how leadership can re-engineer informal structures to rebuild a culture of meaning and contribution.**

The absence of intrinsic motivators at Zenith Biocare particularly recognition, autonomy, and opportunities for growth has resulted not only in individual disengagement but also in a broader erosion of collective efficacy and organizational learning. When employees feel that their efforts are invisible, their voice is unheard, and their roles lack meaning, they tend to withdraw psychologically. This not only leads to lower individual productivity but also weakens social cohesion, collaboration, and knowledge sharing, which are foundational to learning

organizations. Over time, such disengagement creates a passive workforce culture where innovation is stifled, ideas are withheld, and continuous improvement is compromised.

The erosion of trust further compounds this issue. When trust in leadership and fairness in systems declines, employees disengage from informal networks of collaboration and stop contributing to discretionary initiatives like idea generation or mentoring. Informal structures such as peer networks, spontaneous team collaborations, and mentorship circles often play a critical role in disseminating tacit knowledge and driving bottom-up innovation. Their deterioration signals a deeper cultural malaise.

To address this, leadership must intentionally re-engineer these informal structures to rebuild meaning, trust, and contribution. This can begin with participative forums that invite employee voice in shaping workplace practices, thereby restoring a sense of agency and inclusion. Creating visible recognition channels, informal learning communities, and cross-functional project groups can revive peer engagement and intrinsic satisfaction. Leadership must model inclusive behaviors, celebrate small wins, and create psychological safety where employees feel respected and heard. Importantly, fostering mentorship and feedback-rich environments can help reintegrate disengaged employees into a purpose-driven organizational culture. At Zenith Biocare, revitalizing these informal structures can catalyze a cultural shift from compliance to commitment and from stagnation to innovation.

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## CASE STUDY - 8

### PRICING STRATEGY AND MARKET DYNAMICS AT COOL CAFE, PADAPPAI

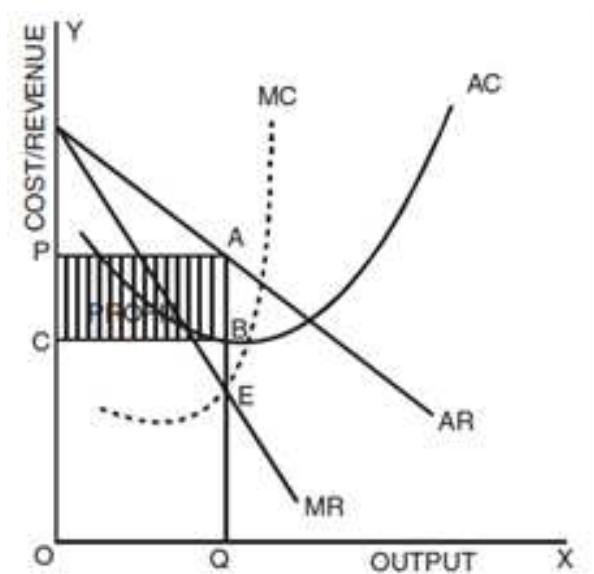
Dr. S. Manikandan, Dr. S. Prabakar

#### 1. Introduction

Cool Cafe, a modest refreshment outlet located within a petrol station in Padappai, Chennai, began operations with a considerable competitive edge. The suburban locality lacked similar refreshment centers within a 10-kilometer radius, enabling Cool Cafe to cater exclusively to local commuters, industrial workers, and travelers. The outlet quickly gained traction by offering a curated menu of chilled drinks, fresh juices, and ice creams. However, this initial success was challenged by market conditions, including seasonal fluctuations in demand and the emergence of new competitors. The case delves into how the firm navigated pricing decisions in response to shifting market dynamics and competition.

#### 2. Market Structure and Initial Conditions

When Cool Cafe commenced operations, it benefited from a quasi-monopoly in the local area. With no direct competitors, the firm enjoyed pricing freedom, brand recall, and customer loyalty. This market condition resembled a **monopolistic market**, where one player dominates due to lack of substitutes. The outlet's unique positioning at a high-footfall location further enhanced its appeal. However, its sales were highly seasonal, peaking in summer months and declining during colder periods. This seasonal elasticity forced the owner to explore methods of revenue stabilization across the year.





### 3. Seasonal Demand and First Pricing Intervention

Observing low footfalls during cooler months, the owner adopted a short-term discount strategy, offering a **10% price reduction** on all products. This decision aimed at flattening seasonal variability and maintaining revenue during off-peak periods. The immediate effect was promising monthly sales growth surged from 15% to 40%. The customer base expanded, operational efficiency improved, and revenues scaled quickly. Encouraged by this outcome, the owner retained the discount for several months, assuming customer stickiness would continue even post-discount.

### 4. Permanent Price Reduction and Its Aftermath

Approximately eight months later, with the intent of solidifying market hold, the owner implemented a **permanent 10% price cut** on selected items such as ice creams and fresh juices. However, this decision coincided with the entry of two new competitors in the locality, offering similar refreshments. Despite the permanent price cut, monthly sales witnessed only a marginal increase from 20% to 24%. The minimal growth revealed that the pricing strategy had diminishing returns in a newly competitive environment. Furthermore, the owner now found it difficult to increase prices again without risking customer defection, indicating a loss of pricing power.

### 5. Competitive Market Dynamics

With the introduction of competitors, Cool Cafe shifted from near-monopoly to **monopolistic competition**. This market structure features multiple sellers offering similar but not identical products. The differentiation lies in quality, service, branding, location, and pricing strategy. Under such conditions, price wars are common, and businesses need to innovate beyond discounts to retain and grow market share. The competitors' presence diluted the impact of Cool Cafe's permanent discounts, reducing the effectiveness of pricing as a standalone strategy.

### 6. Sales Performance across Time

The following table, derived from actual monthly data, highlights sales figures post-strategy implementation:

| Months   | Sales |
|----------|-------|
| November | 8000  |
| December | 8500  |
| January  | 10000 |
| February | 12500 |
| March    | 16000 |
| April    | 22500 |
| May      | 16500 |
| June     | 13000 |
| July     | 11500 |

The peak in April confirms the seasonal effect. However, post-May, a downward trend suggests reduced customer retention and intensified competition. The inability to significantly capitalize on price cuts underscores a growing need for diversified strategic interventions.

## 7. Price Elasticity and Customer Response

Cool Cafe's experience showcases the **price elasticity of demand** within its customer segment. Initially, a temporary discount incentivized more purchases due to high elasticity. However, permanent discounts reset consumer expectations and made future price increases impractical. Additionally, as competitors offered similar prices, consumers became less responsive to Cool Cafe's pricing tactics. This phenomenon indicates that pricing alone cannot drive long-term loyalty in an elastic, competitive market.

## 8. Strategic Options for Recovery

To counteract the decline, several strategic avenues are available to Cool Cafe, falling under both **pricing and non-pricing strategies**.

### 8.1. Value-Based Pricing

Rather than continuing a discount-led approach, Cool Cafe can shift to value-based pricing, highlighting superior ingredients, better hygiene, and exclusive flavors to justify premium rates.

### 8.2. Bundling Offers

Combining two or more products at a discounted bundle price can help increase average billing size. For example, offering a combo of a fresh juice and ice cream at ₹99 instead of individually priced items can attract cost-conscious buyers.

### 8.3. Seasonal and Time-Based Pricing

Introducing dynamic pricing that adjusts based on time of day or season e.g., “Happy Hour” discounts between 3–6 PM, or higher prices during peak summer can optimize margins and traffic.

## 9. Enhancing Non-Pricing Differentiation

Beyond pricing, Cool Cafe must invest in strengthening brand experience to retain existing customers and attract new ones.

### 9.1. Product Innovation

Introducing unique or health-oriented products such as sugar-free juices, protein shakes, or seasonal specials can provide differentiation from standard offerings.

### 9.2. Loyalty Programs

Simple loyalty cards, such as “Buy 5 Get 1 Free” models or app-based points accumulation, can incentivize repeat visits and increase customer lifetime value.

### 9.3. Service and Ambience

Minor yet impactful investments in seating, quick service, clean environment, and friendly staff can enhance the in-store experience, especially since competitors may not focus on these intangible factors.

### 9.4. Digital Presence

Using WhatsApp or Instagram to share daily offers, menus, or customer testimonials can help build a digital rapport with local clientele and drive spontaneous visits.

## 10. Risk of Over-Reliance on Discounts

The Cool Cafe case illustrates a classic pitfall in pricing strategy **customer anchoring**. Customers grow accustomed to low prices, and reverting to original prices leads to dissatisfaction and potential attrition. In effect, price becomes the defining factor rather than quality or service. Additionally, constant discounting erodes brand equity and compresses margins. As competitors replicate similar discounts, the firm’s ability to differentiate is neutralized. A business caught in this cycle risks entering a **race to the bottom** unless it reinvents its value proposition.

## 11. Managerial Lessons and Strategic Insights

This case highlights key lessons:

- Short-term promotions can boost sales but must be carefully timed and communicated as temporary.
- Permanent price reductions should be used sparingly and only when supported by cost efficiencies or differentiation.
- In monopolistic competition, non-price factors such as service quality, product diversity, and location matter significantly.
- Seasonality should be tackled through diversified marketing and product innovation, not solely through pricing adjustments.

## 12. Possible Future Trajectories

Depending on strategic choices made by the owner, the business could experience multiple trajectories.

**Positive Scenario:** By implementing bundled offerings, loyalty programs, and enhancing product differentiation, Cool Cafe regains customer traction and stabilizes its sales growth.

**Neutral Scenario:** The outlet maintains current sales with minor fluctuations, holding market share but without significant expansion.

**Negative Scenario:** Failure to adapt leads to further decline as competitors capture a larger share of the market, and Cool Cafe becomes a marginal player in the local ecosystem.

## 13. Conclusion

The evolution of Cool Cafe from a dominant local refreshment center to a player in a competitive environment is a compelling example of how market dynamics shape business strategy. Initially successful due to geographic exclusivity, the cafe relied heavily on pricing strategies to attract and retain customers. However, with the advent of competition, the limitations of a discount-driven approach became evident. The case underscores the need for businesses to constantly reevaluate their market position and adopt a multidimensional strategy encompassing value pricing, innovation, service quality, and customer engagement. Pricing may bring customers in, but value, experience, and brand trust will make them stay.

**Discussion Questions:**

1. Identify the market condition from the above case and explain the features.
2. What are the different price strategies available for the firm under this condition to recover the sales?
3. What pricing strategy you will suggest for the owner to combat with the rivals under the above situation?

**Further Readings:**

- Nagle, T. T., & Müller, G. (2023). *The Strategy and Tactics of Pricing: A Guide to Growing More Profitably* (7th ed.,). Routledge.
- Simon, H. (2015). *Confessions of the Pricing Man: How Price Affects Everything*. Springer.

## TEACHING NOTES

### I. Case Summary

This case examines the evolution of pricing strategy and market response at Cool Cafe, a refreshment outlet located within a petrol station in Padappai, a suburb of Chennai. The business initially thrived under quasi-monopolistic conditions but began facing challenges as seasonal demand fluctuations and the entry of direct competitors altered market dynamics. The owner experimented with discount strategies to stabilize sales, initially finding success with short-term discounts and later adopting permanent price cuts. However, these strategies lost effectiveness amid competitive pressures. The case is designed to help students analyze pricing strategies in monopolistic competition, assess customer response, and explore strategic options combining pricing and non-pricing tactics.

### II. Target Audience

This case is suitable for:

- MBA and PGDM students in Marketing, Economics, or Strategy courses
- Executive Education Programs focused on Pricing, Market Dynamics, or SME Management
- Undergraduate Business students studying Microeconomics or Retail Management

### III. Learning Objectives

Upon completing this case, students will be able to:

1. Identify and explain key features of monopolistic and monopolistic competition market structures.
2. Analyze the effects of discount-based pricing strategies on consumer behavior and business profitability.
3. Evaluate the limitations of price-based competition and the need for non-price differentiation.
4. Develop alternative strategic pricing models suitable for seasonal and competitive markets.
5. Recommend integrated business strategies for SMEs facing evolving market conditions.

#### **IV. Case Positioning in Curriculum**

This case fits well in sessions dealing with:

- Pricing Strategy
- Consumer Behavior and Price Elasticity
- Competitive Market Structures (Monopoly vs. Monopolistic Competition)
- SME Strategy Formulation
- Retail Operations and Marketing Mix

Recommended week: Mid-semester (Week 6–8) after foundational microeconomics and marketing principles are covered.

#### **V. Teaching Plan**

**Pre-Class Assignment:** Students should read the case thoroughly and come prepared with:

- Notes on the timeline of pricing changes
- Understanding of customer response to pricing interventions
- A one-page analysis of the market transition phases

**Suggested Class Duration:** 75–90 minutes

#### **Session Breakdown:**

##### **1. Opening (10–15 min)**

- Recap pricing models: cost-plus, value-based, penetration, skimming
- Discuss the concept of price elasticity and anchoring

##### **2. Case Discussion (30–40 min)**

- What market condition did Cool Cafe originally enjoy?
- What were the impacts of short-term vs. long-term discounting?
- How did the entry of competitors alter the pricing game?
- Could the firm have anticipated market saturation?

### 3. Group Activity (15 min)

- Break students into small teams and have each group propose a recovery strategy integrating pricing, product innovation, and customer loyalty

### 4. Wrap-Up and Key Takeaways (15–20 min)

- Discuss importance of value creation
- Introduce bundling, freemium, dynamic pricing strategies
- Emphasize non-price differentiation as a competitive edge

## VI. Suggested Answers to Discussion Questions

1. **Identify the market condition and explain features:** Initially, Cool Cafe operated under monopolistic conditions with no direct rivals and significant pricing control. As new competitors emerged, the market transitioned to monopolistic competition where differentiation, customer experience, and pricing became crucial.
2. **What pricing strategies are available to recover sales?** Options include value-based pricing, dynamic pricing, bundling, psychological pricing, and limited-time offers. Each balances price sensitivity with value perception.
3. **What strategy would you suggest?** A hybrid strategy: retain marginal discounts during off-peak seasons, introduce combo offers, enhance service quality, introduce a loyalty program, and implement digital engagement.

## VIII. Instructor Notes

Faculty should encourage application of theoretical pricing models to the case scenario. Highlight the behavioral aspects of pricing, such as consumer anchoring and discount addiction. Stress the risk of commoditization in price-sensitive sectors and emphasize the strategic integration of price and non-price variables. Facilitate the discussion to draw connections between SME challenges and broader economic principles in competitive markets.



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## CASE STUDY - 9

### EUROSHOE INC. - NAVIGATING THE ONSHORE-OFFSHORE MANUFACTURING DILEMMA

Dr.Karpagavalli G

#### Case Background

EuroShoe Inc., a mid-sized European shoe manufacturer, has earned a reputation for producing high-quality, durable footwear for both casual and professional use. The brand's premium image is deeply rooted in its European craftsmanship and heritage, with all its products currently designed and manufactured domestically.

Over the past five years, EuroShoe has witnessed a sharp increase in operating costs, especially in labor, energy, and regulatory compliance. Meanwhile, global competition has intensified, particularly from Asian and Eastern European manufacturers who offer similar products at significantly lower prices.

#### The Challenge

In light of these financial pressures, the senior leadership at EuroShoe is debating whether to offshore part or all of its production to lower-cost countries. To evaluate the financial feasibility of offshoring, EuroShoe's leadership team commissioned a detailed cost comparison of producing shoes in Europe versus select offshore locations in Asia and Eastern Europe. As shown in **Exhibit 1**, the total cost per unit for offshore production in both regions is approximately EUR 26.50, representing a significant reduction from the EUR 32.00 cost incurred through domestic manufacturing. The primary savings arise from lower labor and overhead costs, although these are partially offset by higher logistics, quality control, and tariff-related expenses. This cost differential presents a compelling case for partial offshoring, especially for price-sensitive product lines, while requiring careful consideration of non-cost implications.

While offshoring may offer economic benefits, management is concerned about compromising product quality, brand identity, and supply chain flexibility.

The management board has asked a consulting team to assess:

1. Should EuroShoe offshore its production?
2. If yes, which regions or countries should be considered?
3. What percentage of production should remain onshore versus offshore?

## Key Considerations

**Cost Analysis:** Labor cost savings are among the most compelling reasons for offshoring. Countries like Vietnam, Indonesia, Romania, and Poland offer significant reductions in labor expenses, potentially as high as 60–70%. Tariffs and trade duties, however, vary across countries, and EU-associated nations like Turkey and Eastern European members might provide more favorable trade terms.

However, cost savings are not the only factor driving the offshoring decision. As highlighted in **Exhibit 2**, potential risks to brand perception, product quality, and regulatory compliance vary significantly by location. While onshore manufacturing maintains a strong brand alignment and low operational risk, offshore production particularly in Asia poses higher risks related to quality consistency, intellectual property protection, and ethical labor standards. Eastern Europe offers a middle ground, with moderate scores across most dimensions. These non-financial trade-offs are critical to EuroShoe’s strategic decision-making, especially given its premium market positioning and emphasis on European craftsmanship.

**Quality and Brand Perception:** EuroShoe’s market positioning hinges on European craftsmanship. Moving production offshore could undermine this identity and risk damaging customer trust, especially if offshore quality assurance mechanisms are inadequate. A perceived or real decline in product quality could erode brand loyalty.

**Supply Chain and Logistics:** Offshore production often introduces longer lead times, reducing the company’s agility to respond to shifting market demands. Logistics costs rise due to international shipping, and the carbon footprint also increases. In addition, offshore sourcing requires holding higher inventory levels, which ties up working capital.

**Risk Management:** Offshoring exposes EuroShoe to geopolitical uncertainties, fluctuating regulations, and potential disruptions. Furthermore, working with manufacturers in countries with questionable labor practices can lead to ethical issues and reputational harm.

**Strategic Control:** Reduced oversight in offshore locations can hinder responsiveness and quality control. There’s also the added risk of intellectual property theft in jurisdictions where legal enforcement is weak.

## Strategic Options

1. Full Offshoring: Entire production moves to low-cost country (e.g., Vietnam). Maximize cost savings but high brand risk.
2. Hybrid Model: Retain 30–50% production onshore for premium lines; offshore basic product lines. Balances brand and cost.
3. Onshore Modernization: Invest in automation and lean manufacturing to reduce domestic production costs.

## Consultant's Recommendation

After a thorough analysis of cost savings, brand integrity, and supply chain considerations, the consultant recommends adopting a hybrid production model. In this model, EuroShoe should offshore approximately 40–60% of its basic, high-volume product lines to cost-efficient countries in Eastern Europe or Southeast Asia, such as Romania or Vietnam. This strategy will help reduce manufacturing costs while maintaining efficiency.

At the same time, EuroShoe should retain the production of its premium product lines and innovation-driven models within Europe. Keeping these higher-end products onshore supports the brand's image of European craftsmanship and ensures tighter quality control. To further support this transition, EuroShoe must invest in robust quality assurance systems for offshore operations and consider dual sourcing strategies to reduce geopolitical and supply chain risks. This balanced approach allows EuroShoe to remain competitive while protecting its core brand values and operational agility.

### Exhibit 1: Comparative Cost Structure Onshore vs. Offshore Production

*Unit: Cost per Pair of Shoes (in EUR)*

| Cost Component             | Onshore (Europe) | Offshore (Asia) | Offshore (Eastern Europe) |
|----------------------------|------------------|-----------------|---------------------------|
| Direct Labor Cost          | 12               | 3.5             | 6                         |
| Raw Materials              | 10               | 10              | 10                        |
| Overhead (Utilities, Rent) | 8                | 4.5             | 5.5                       |
| Logistics & Shipping       | 1                | 4               | 2.5                       |
| Quality Control            | 1                | 2               | 1.5                       |
| Duties & Tariffs           | 0                | 2.5             | 1                         |
| <b>Total Cost</b>          | <b>32</b>        | <b>26.5</b>     | <b>26.5</b>               |

Source: Author

**Exhibit 2: Brand Impact Score and Risk Assessment by Location**

| <b>Factor</b>             | <b>Onshore<br/>(Europe)</b> | <b>Offshore<br/>(Asia)</b> | <b>Offshore<br/>(Eastern<br/>Europe)</b> |
|---------------------------|-----------------------------|----------------------------|--|
| Brand Perception Impact   | High (5)                    | Low (2)                    | Moderate (3)                             |
| Quality Consistency Risk  | Low (1)                     | High (4)                   | Moderate (2)                             |
| Lead Time (Days)          | 7                           | 30                         | 15                                       |
| IP & Regulatory Risk      | Low (1)                     | High (4)                   | Moderate (2)                             |
| Ethical Compliance Risk   | Low (1)                     | Moderate (3)               | Low (1)                                  |
| <b>Average Risk Score</b> | <b>1.2</b>                  | <b>3.4</b>                 | <b>2</b>                                 |

**Source: Author**

## TEACHING NOTE

### Case Overview

EuroShoe, a European shoe manufacturer, faces increasing pressure from rising domestic labor costs and intensifying global competition. The company is exploring whether to offshore part or all of its production, considering cost savings, brand impact, quality control, and supply chain risks. The case provides detailed data on cost structures and risk factors associated with different manufacturing locations.

### Learning Objectives

1. Analyze the cost-benefit trade-offs between onshore and offshore manufacturing locations using quantitative data.
2. Evaluate non-financial risks including brand perception, quality consistency, and regulatory challenges in global sourcing decisions.
3. Develop a balanced sourcing strategy that aligns with corporate strategy, brand identity, and operational realities.

### Target Audience

PGDM/MBA Students (Operations Management, Outsourcing Management courses)

**Suggested Class Duration: 90 Minutes**

### Key Teaching Points and Discussion Flow

| Time (min) | Activity   | Key Teaching Points   |
|------------|--|---|
| 0 – 15     | Case introduction and context briefing             | Understand EuroShoe's domestic manufacturing challenges and offshoring dilemma. Highlight competitive pressures and rising costs.       |
| 15 – 30    | Small group discussions on <b>Exhibit 1</b> (Cost) | Analyze cost components of onshore vs offshore production. Identify potential cost savings and hidden costs like logistics and tariffs. |
| 30 – 45    | Group presentations on sourcing strategies         | Share initial recommendations: full offshore, hybrid, or remain onshore. Encourage data-driven reasoning.                               |
| 45 – 60    | Instructor-led analysis of <b>Exhibit 2</b> (Risk) | Explore non-financial risks: brand perception, quality control, regulatory and ethical concerns. Discuss supply chain impacts.          |
| 60 – 75    | Refine recommendations and risk mitigation         | Integrate cost and risk analysis. Discuss strategies like dual sourcing, supplier audits, and phased offshoring.                        |
| 75 – 90    | Wrap-up and real-world parallels                   | Summarize best practices in global sourcing. Connect to cases like Adidas, Nike. Emphasize alignment with brand and strategy.           |

### **Additional Notes for Instructor**

- Emphasize that purely cost-driven decisions may undermine brand equity and quality.
- Encourage students to weigh short-term savings against long-term risks and brand value.
- Use Exhibit 1 and Exhibit 2 as complementary tools: Exhibit 1 grounds discussions in tangible cost data; Exhibit 2 challenges students to think about softer but critical factors.
- Suggest using a simple weighted scoring model in class to quantify trade-offs from Exhibit 2.

### **Discussion Questions**

- What are the key cost drivers for manufacturing EuroShoe's products onshore versus offshore?
- How do tariffs and logistics influence the apparent cost advantage of offshoring?
- In what ways could brand perception be affected by moving production offshore?
- How should EuroShoe balance cost savings with quality control and regulatory risks?
- What operational or strategic measures can EuroShoe implement to mitigate offshoring risks?
- Would you recommend a phased approach or an immediate shift in production strategy?

## **CASE STUDY - 10**

### **ASIAN PAINTS AT CROSSROADS: STRATEGIC RESPONSE TO MARKET FRAGMENTATION AND COMPETITIVE DISRUPTION**

**Mr. Agastine A, Prof. Leonard L, Mr. Badhri Narayanaa P, Prof. Dona Jude**

#### **Abstract:**

This case explores the strategic challenges faced by Asian Paints, India's leading decorative paints manufacturer, amid a rapidly evolving industry landscape. Once a benchmark of market leadership and brand dominance, the company is now grappling with rising raw material costs, shifting consumer demand, and intensified competition from new entrants such as Birla Opus and JSW Paints. The sudden exit of Reliance Industries from its long-standing equity position further marks a moment of strategic reckoning for the firm. In response, Asian Paints has launched a series of initiatives including product premiumisation, diversification into adjacent categories like home décor and waterproofing, rural market expansion, and a renewed focus on product innovation. Despite these moves, the company stands at a critical juncture facing the dilemma of whether to reinforce its core identity as a premium paints leader or to transform into a comprehensive home solutions provider. The case offers a rich narrative for examining how established firms respond to market fragmentation, cost pressures, and disruptive competition. It challenges readers to evaluate strategic choices in the context of resource allocation, brand positioning, and long-term business sustainability in a mature yet fast-changing sector.

#### **Learning Outcomes:**

- Assess the strategic challenges faced by a market leader in a fragmented and competitive industry environment.
- Evaluate the effectiveness of Asian Paints' strategic responses such as premiumisation, diversification, and rural market expansion.
- Interpret financial performance indicators to understand the impact of strategic decisions on profitability and sustainability.
- Formulate innovation-led and future-ready strategies to maintain competitive advantage in a mature industry.



## **Market Leadership and Growth Legacy of Asian Paints**

Asian Paints has long been the undisputed market leader in India's decorative paints sector, building its dominance through an extensive distribution network, product innovation, and strong brand loyalty. Its growth trajectory has closely mirrored India's broader economic transformation driven by expanding urbanization, infrastructure development, and increasing consumer spending on home improvement. With over 50% market share, the company has consistently outperformed peers through superior supply chain efficiency and brand positioning. The industry landscape is undergoing a significant transformation. Rising raw material costs particularly for inputs like Titanium Dioxide and crude oil derivatives have tightened margins. Simultaneously, demand volatility caused by economic uncertainties, shifting consumer preferences, and weather-related disruptions has impacted growth. Adding to the pressure is the aggressive market entry of new players such as Birla Opus and JSW Paints, who are leveraging disruptive pricing models and novel distribution strategies. This case study explores the strategic inflection point at which Asian Paints finds itself, exemplified by Reliance Industries' decision to exit its long-held stake after 17 years. It investigates the broader structural shifts affecting the Indian paint industry and critically examines how Asian Paints is responding through premiumisation, diversification, rural expansion, and innovation to maintain its competitive edge in an increasingly fragmented and competitive market.

### **Strategic Inflection Point**

Asian Paints now stands at a crucial strategic inflection point in its decades-long journey of market leadership. The sudden and symbolic exit of Reliance Industries after holding a stake for 17 years raises important questions about the company's future direction and market confidence. Simultaneously, a sharp decline in profitability, driven by escalating raw material costs and mounting operational expenses, has intensified internal pressures. Externally, the competitive landscape is evolving rapidly. New entrants like Birla Opus and JSW Paints are leveraging aggressive pricing, innovative distribution models, and high dealer incentives to erode Asian Paints' market dominance. The once-predictable dynamics of the Indian decorative paints industry have now become volatile and fragmented. This convergence of internal and external pressures signals a shift from a phase of sustained stability to one of strategic uncertainty. Asian Paints is thus compelled to reassess its legacy-driven growth model and reimagine its positioning in a market that increasingly rewards agility, diversification, innovation, and collaborative value creation.

## Competitive Landscape Analysis

| Competitor     | Strategic Focus  | Market Position                            |
|----------------|--|--|
| Birla Opus     | High dealer incentives, quick market capture                       | Gained 7% market share rapidly             |
| JSW Paints     | Urban acquisitions, brand positioning                              | Expanding footprint in metros              |
| Berger Paints  | Premium product pricing and brand differentiation                  | Focusing on margin growth                  |
| Kansai Nerolac | Diversifying into industrial paints to balance decorative slowdown | Defensive strategy through diversification |

Asian Paints' market share has declined from 59% to 52%, reflecting intensified competition.

### Strategic Responses by Asian Paints

In response to mounting competitive pressures and margin erosion, Asian Paints has adopted a multi-pronged strategy aimed at preserving its leadership and adapting to evolving market dynamics:

**Premiumisation:** The company has segmented its product portfolio into economy, premium, and luxury tiers, allowing it to capture diverse customer segments while reinforcing brand value. This move helps balance volume-driven growth with value-driven margins.

**Adjacency Expansion:** Recognizing the opportunity beyond paints, Asian Paints has diversified into adjacent categories such as waterproofing solutions, modular kitchens, bath fittings, and interior décor. These verticals not only offer new revenue streams but also position the company as a holistic home improvement brand.

**Rural Penetration:** Leveraging its unmatched distribution footprint of over 1.7 lakh outlets, Asian Paints has intensified efforts to capture demand in semi-urban and rural areas, where paint consumption is rising due to increasing housing activities and aspirational lifestyles.

**Product Innovation:** In a bid to stay ahead of consumer trends, the company has invested in developing eco-friendly, trend-based, and high-performance paints that cater to the needs of both retail and institutional buyers.

**B2B Segment Focus:** To offset consumer-side volatility, Asian Paints is deepening its presence in the infrastructure and premium housing segments through B2B engagements and project-based solutions.

Collectively, these strategies reflect a bold attempt to defend market share, improve product mix, and open new growth avenues. These initiatives also raise an important strategic question how far should Asian Paints stretch beyond its core business, and at what cost?

### **Strategic Dilemma**

While Asian Paints has initiated a multi-pronged response premiumisation, rural market expansion, and diversification into home décor it now faces a deeper strategic dilemma: Should it reinforce its core identity as a paints leader, or evolve into a broader home improvement and lifestyle solutions brand?

### **Each path presents distinct challenges and opportunities:**

Doubling down on core paints business may help restore margins and defend market share but could limit future growth in a saturated market.

Expanding into adjacencies such as waterproofing, bath and kitchen solutions, and décor opens up new revenue streams but involves higher investment, cultural adaptation, and potential dilution of brand identity.

Increasing competitive aggression from newer players, the need for digital transformation, and sustainability imperatives add further complexity to strategic decision-making. As Asian Paints seeks to future-proof its business, it must prioritize resource allocation and define where its competitive advantage can be sustained in the long term.

This dilemma places strategic clarity, innovation capability, and execution discipline at the core of its next phase of transformation.

### **Decision Point**

Asian Paints stands at a strategic crossroads.

Despite its legacy strengths and proactive responses, the company is grappling with shrinking margins, intensifying competition, and a shifting consumer landscape. Its diversification into home décor and adjacent verticals holds promise but demands substantial investment, brand repositioning, and operational adaptation. At the same time, doubling down on the core paints

segment could help consolidate its dominance, yet may offer limited headroom in a maturing industry.

The exit of Reliance Industries, coupled with a significant drop in profitability, underscores the urgency for a clear, future-focused strategy.

As a member of Asian Paints' strategic leadership team, you must decide:

Should the company accelerate its transition into a full-spectrum home solutions brand?

Or, should it reinforce its dominance in the paints category and focus on margin recovery and operational efficiency?

How should it tackle cost volatility and rising competition without compromising long-term innovation?

What balance should be struck between rural expansion, digital distribution, and premium urban growth?

Your recommendation should outline a two-year strategic roadmap, balancing short-term stability with long-term competitiveness keeping in view brand identity, stakeholder expectations, and market dynamics.

### Financial Performance

| Metric                | Current Status                      |
|-----------------------|-------------------------------------|
| Debt-to-Equity Ratio  | 0 (Debt-free status)                |
| Return Ratios         | Strong, above industry average      |
| Recent Profit Decline | 45% drop in net profit (latest Qtr) |
| Margin Outlook        | Under pressure due to input costs   |
| Revenue Growth        | Slowed due to market headwinds      |

Despite strong fundamentals, profitability has taken a hit due to aggressive marketing spends and strategic repositioning costs.

### Discussion Questions:

1. Should Asian Paints focus more on its core paint business or continue expanding into home décor and adjacent categories? What risks and benefits come with each path?
2. How can Asian Paints grow in rural markets without diluting its premium brand image in urban areas?
3. Is it time for Asian Paints to rethink its distribution strategy possibly shifting toward D2C or digital-first models to stay competitive?
4. What role should sustainability and ESG play in Asian Paints' long-term strategy, especially as input costs and consumer expectations rise?
5. How should Asian Paints respond to Reliance's exit to reassure investors and sustain market confidence?

### Further Readings:

- **Porter, M. E. (1996).** *What is Strategy?* Harvard Business Review, 74(6), 61–78. A foundational article explaining sustainable competitive advantage and trade-offs in strategy relevant for evaluating Asian Paints' core vs. adjacency debate.
- **Kim, W. C., & Mauborgne, R. (2005).** *Blue Ocean Strategy: How to Create Uncontested Market Space and Make the Competition Irrelevant.* Harvard Business School Press. Offers a framework for exploring new growth areas (e.g., home décor) while avoiding saturated competition.
- **Govindarajan, V., & Trimble, C. (2010).** *The Other Side of Innovation: Solving the Execution Challenge.* Harvard Business Review Press.
- Useful for understanding how legacy firms like Asian Paints can manage internal execution when pursuing innovation and diversification.
- **Yip, G. S. (2000).** *Strategies for Emerging Markets.* California Management Review, 38(1), 29–46.
- Offers insights into market segmentation, distribution, and pricing strategies tailored for emerging economies like India.
- **Kotler, P., Keller, K. L. (2016).** *Marketing Management* (15th ed.). Pearson Education. Chapters on brand architecture, segmentation, and competitive positioning are highly relevant to Asian Paints' premiumisation strategy.
- **Prahalad, C. K., & Lieberthal, K. (1998).** *The End of Corporate Imperialism.* Harvard Business Review, 76(4), 68–79.

- Discusses rural market strategy and low-income consumer engagement central to Asian Paints' rural penetration efforts.
- **Zenger, T. R. (2013).** *Strategy: The Uniqueness Challenge*. Harvard Business Review, 91(11), 52–58.
- Explores how firms can maintain distinctiveness in the face of imitation and commoditization key for Asian Paints as competitors scale up.

## TEACHING NOTES

### Case Synopsis

This case analyzes Asian Paints' strategic challenges amid growing competition, rising input costs, and market fragmentation in India's decorative paints sector. It explores the company's responses premiumisation, adjacency expansion, and rural market focus and frames a strategic dilemma between reinforcing its core versus diversifying into home solutions. Designed for strategy, marketing, or operations courses, the case fosters decision-making under uncertainty and transformation in mature markets.

### Learning Objectives

By the end of the session, participants will be able to:

1. Analyze strategic inflection points and assess their impact on the growth trajectory and competitive positioning of legacy firms in mature industries.
2. Evaluate the trade-offs between reinforcing core business strengths and diversifying into adjacent markets, considering both strategic fit and execution risks.
3. Interpret the operational and financial consequences of repositioning strategies in response to market fragmentation, input cost pressures, and disruptive competition.
4. Assess the challenges of maintaining brand equity across segmented markets particularly when expanding from premium urban to value-driven rural consumers.
5. Formulate a future-oriented strategic roadmap that integrates innovation, agility, and sustainability while ensuring alignment with long-term organizational goals.

### Target Audience and Course Positioning

#### Target Audience

This case is designed for:

- MBA / PGDM students specializing in Strategy, Marketing, or Operations
- Executive Education participants focusing on Business Transformation, Strategic Innovation, or Competitive Strategy

- Postgraduate Diploma or Certificate programs in General Management, Business Leadership, or Product Management
- Corporate learning sessions on Strategic Agility, Brand Evolution, and Growth Strategy

**Participants should ideally have:**

- Basic familiarity with competitive strategy frameworks (e.g., Porter's Five Forces, Ansoff Matrix)
- Prior exposure to business model innovation, branding, or operations strategy

**Appropriate Course Fit**

| Discipline          | Course Title                           | Module Fit                                    |
|---------------------|--|---|
| Strategy            | Strategic Management                   | Growth Strategies / Strategic Choices         |
| Marketing           | Marketing Strategy                     | Brand Architecture / Premiumisation           |
| Operations          | Operations Strategy                    | Distribution Models / Supply Chain Resilience |
| General Management  | Business Policy and Corporate Strategy | Core vs. Adjacency / Competitive Response     |
| Innovation & Design | Business Model Innovation              | Diversification and Strategic Inflection      |

**Case Position in Course Flow**

This case can be flexibly positioned across multiple modules in MBA, PGDM, or Executive Management programs. Below is a suggested placement across a typical strategy or business management course structure:

| Week   | Course Theme             | Topic Covered                                     | Role of Case / Link to Asian Paints  |
|--------|--------------------------|---|--|
| Week 1 | Introduction to Strategy | What is Strategy?<br>Types and Levels of Strategy | Establishes foundational concepts of competitive strategy prepares students to identify Asian Paints' market position later. |
| Week 2 | External Analysis        | Industry Forces and Market Trends                 | Introduce Porter's Five Forces; Asian Paints' industry context fits well as a reference in class discussion.                 |



|        |                              |   |  |
|--------|------------------------------|---|--|
| Week 3 | Internal Analysis            | Core Competencies and Resource-Based View | Explore Asian Paints' internal strengths distribution, brand, innovation as a setup for its strategic responses.   |
| Week 4 | Strategic Choices            | Growth vs. Core Business Focus            | Core week for the Asian Paints case: analyze dilemma between sticking to paints vs. expanding into home solutions. |
| Week 6 | Competitive Disruption       | Response to Market Entrants               | Evaluate how Asian Paints is reacting to disruptive challengers like Birla Opus and JSW Paints.                    |
| Week 7 | Diversification & Innovation | Strategic Agility and Transformation      | Use Asian Paints to explore diversification risks, innovation management, and brand stretch challenges.            |
| Week 8 | Capstone / Strategic Roadmap | Formulating Future Strategy               | Asian Paints' "Decision Point" serves as a final decision-making exercise students propose strategic roadmaps.     |

### Suggested Teaching Flow (90–120 minutes)

| Time        | Activity  |
|-------------|---|
| 0–10 min    | Case recap and context setup  |
| 10–25 min   | Group discussion: What are the symptoms of strategic inflection?  |
| 25–45 min   | Analyze competitive landscape and strategic responses   |
| 45–60 min   | Breakout: Should Asian Paints double down on paints or go broader?  |
| 60–80 min   | Presentation and debate: Group strategies & risks   |
| 80–100 min  | Wrap-up with decision point and long-term recommendation  |
| 100–120 min | Faculty summary + link to theoretical concepts (e.g., core competencies, strategic agility, value innovation) |

### Core Competence Theory

(Prahalad & Hamel, 1990)

#### Why It Fits:

This theory emphasizes that firms should build their strategy around their core competencies those unique capabilities that provide sustained competitive advantage.

### **Application to the Case:**

- Asian Paints' core competencies lie in its brand equity, distribution strength, supply chain efficiency, and product innovation in the decorative paints segment.
- The strategic dilemma whether to double down on the paint business or diversify into adjacent home décor segments can be critically analyzed by assessing:
  - Which of these options leverages and reinforces existing core competencies?
  - Which might dilute or overstretch them?

### **Teaching Use:**

- During class discussions or breakout activities, students can map Asian Paints' strategic moves against its core strengths to evaluate strategic fit.
- This helps reinforce the principle that sustainable diversification must be rooted in what the firm already does uniquely well, rather than chasing unrelated growth.

### **Recommended Frameworks for Classroom Use**

The following strategic frameworks are recommended to structure classroom discussion, stimulate decision-making, and help participants evaluate Asian Paints' options across core vs. diversification pathways, brand extension, and disruption response:

#### **1. Core vs. Adjacent Matrix (*Adapted from McKinsey*)**

- Helps assess whether growth opportunities lie within or outside the firm's core business.
- Students can use it to categorize Asian Paints' current moves (e.g., waterproofing = near adjacency; modular kitchens = far adjacency) and assess execution risk vs. strategic fit.

#### **2. Strategic Agility Model (*Doz & Kosonen, 2010*)**

- Evaluates a firm's ability to renew its strategy rapidly and allocate resources flexibly across opportunities.
- Students can apply this to analyze Asian Paints' multi-pronged strategy across urban, rural, premium, and adjacent verticals.

#### **3. Brand Stretching Matrix (*Kapferer*)**

- Assists in assessing how far a brand can be stretched without diluting its identity.

- Useful in analyzing Asian Paints' challenge of expanding from paint to décor, while managing premium vs. economy tiers.

#### **4. Disruption Response Grid (*Adapted from Clayton Christensen*)**

- A framework to classify threats as sustaining or disruptive innovations, and select an appropriate strategic response.
- Helps analyze whether Birla Opus and JSW Paints are disruptive threats and how Asian Paints should counter.

#### **Suggested Discussion Questions and Guiding Answers**

**Q1. Should Asian Paints focus more on its core paint business or continue expanding into home décor and adjacent categories? What risks and benefits come with each path?**

##### **Guiding Answer:**

Focusing on the core business allows Asian Paints to defend its dominant position, improve operational efficiency, and restore margins, especially in the face of rising raw material costs. However, growth may plateau in a mature market. Expanding into adjacencies (home décor, waterproofing, kitchens) offers long-term diversification and revenue potential but involves brand stretch, new competition, and execution risks. The best approach may be a **selective and synergistic expansion**, leveraging existing supply chain and dealer networks.

**Q2. How can Asian Paints grow in rural markets without diluting its premium brand image in urban areas?**

##### **Guiding Answer:**

The company can implement a tiered branding strategy separating economy brands for rural markets from premium urban offerings. Distribution can be localized, supported by region-specific marketing. Digital platforms and mobile-led awareness campaigns can also be used to educate rural consumers without overexposing premium urban segments. This dual-brand approach ensures market penetration without brand dilution.

**Q3. Is it time for Asian Paints to rethink its distribution strategy possibly shifting toward D2C or digital-first models to stay competitive?**

##### **Guiding Answer:**

Yes, to an extent. While Asian Paints' traditional dealer-led model has been a strength, competitors are innovating with high-incentive structures and digital interfaces. A hybrid model with digital configurators, mobile apps for dealers and contractors, and selective D2C initiatives can enhance reach and control. Full D2C may not be viable due to the technical nature of application and regional complexities, but digital enablement is essential.

**Q4. What role should sustainability and ESG play in Asian Paints' long-term strategy, especially as input costs and consumer expectations rise?**

**Guiding Answer:**

Sustainability should become a core differentiator, not just compliance. ESG integration in product innovation (e.g., eco-friendly paints), packaging, and logistics can reduce long-term costs and attract environmentally conscious consumers. It also strengthens investor confidence, especially after Reliance's exit. ESG-aligned innovation can further serve as a defense against newer brands trying to win on environmental credibility.

**Q5. How should Asian Paints respond to Reliance's exit to reassure investors and sustain market confidence?**

**Guiding Answer:**

The firm should increase transparency and communicate a clear two-year strategic roadmap emphasizing profitability recovery, innovation, and rural penetration. Engaging institutional investors through roadshows, consistent earnings guidance, and investor presentations will help rebuild confidence. Demonstrating continuity in leadership and execution discipline will signal that Reliance's exit was financial, not fundamental.

**Teaching Board Plan**

**Left Board:** Focus on diagnosis and context

- Strategic Inflection Triggers (e.g., Reliance exit, raw material inflation, new entrants)
- Core Strengths & Weaknesses (brand, distribution, innovation vs. rural fit, rising costs)
- Market Pressures (urban saturation, rural potential, ESG demands)
- Decision Point Scenarios (core vs. adjacency, margin vs. growth)

**Right Board:** Focus on strategic choices and solutions

- Asian Paints' Strategic Responses (premiumisation, diversification, rural push)
- Diversification Risks (brand dilution, execution complexity)
- Brand Architecture Challenges (premium vs. economy stretch)
- Group Recommendations (2-year strategic roadmap, execution priorities)

### **Expected Student Takeaways**

By the end of the case discussion, students should be able to internalize the following key insights:

1. Strategic dilemmas are rarely binary firms often need to pursue a balanced or hybrid strategy, navigating between core consolidation and diversification.
2. Market leadership is no guarantee against disruption; even dominant players must continually adapt to competitive and market shifts.
3. Successful adjacency expansion requires more than market opportunity it must align with the firm's cultural, operational, and financial capabilities.
4. Premium brands must craft context-sensitive rural strategies that drive volume without diluting brand equity or customer perception.
5. The exit of major investors can be a strategic signal, prompting deeper reflection on firm direction, stakeholder confidence, and long-term governance.

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# Author Profiles



**Dr. Nila A. Chotai**

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Dr. Nila A. Chotai serves as the Academic Director at ISBR, bringing over 16 years of progressive experience in the higher education sector. Her distinguished academic career is marked by a strong publication record in reputable academic journals and a robust teaching philosophy that employs diverse methods to engage and motivate students in their areas of expertise. A dedicated advocate for institutional programs and outreach events, She actively promotes learning and supports community development. She holds a Master of Arts in Economics from Pondicherry University, along with an MBA and a Postgraduate Diploma in Human Resource Management. In 2013, she earned her PhD in Economics from the University of Mysore.



**Prof. Leonard L**

*Assistant Professor, Manager Centre For AI, ISBR Business School*

Prof. Leonard L is dedicated Artificial Intelligence and economics professor with a passion for teaching and research. Extensive experience in publishing in high-indexed SCOPUS, WOS, ABDC, and UGC journals. Possessing a strong academic background with experience in delivering engaging lectures, conducting research, and mentoring students. Proficient in macroeconomics, microeconomics, econometrics, business and managerial economics, and economic policy analysis. Additionally, skilled in teaching analytics using R, Python, Excel, and SPSS.



**Dr. Balachandar S**

*Head - Centre of Teaching and L&D - Professor*

Dr. Balachandar S is a seasoned Human Resource Management (HRM) facilitator, researcher, and learning strategist with over 35 years of combined industry and academic experience. Currently serving as the Head of Learning & Development at ISBR B-School, he specializes in HRM, Organizational Development, Talent Management, and Change Management. He has led numerous knowledge transfer initiatives, curated training modules, and facilitated team development across academia and industry. With a Ph.D. in HRM, his journey includes 20 years in the pharmaceutical sector in leadership roles and over 15 years in top-tier educational institutions.



**Dr. Richa Bhalla**

*Associate Professor*

Dr. Richa Bhalla is an Associate Professor of HRM and General Management at ISBR Business School, Bengaluru, with over 20 years of diverse experience spanning industry, entrepreneurship, and academia. A former startup founder of Zeitgeist Retail Pvt. Ltd., she brings deep insights from both B2B and B2C domains. As a Professor of Practice, she specializes in Entrepreneurship and Leadership, integrating real-world experience into teaching. Her pedagogical approach empowers student-managers to ideate, strategize, and execute business plans effectively. She also serves as an IIC Convener, mentor, and board member, actively contributing to innovation, incubation, and startup development initiatives.



**Dr. Kangaraj K**

***Head - ICQ - Associate Professor***

Dr. Kangaraj K is the Head of ISBR Council Of Quality (ICQ) and Associate Professor at ISBR Group of Institutions, with 18 years of professional experience. He spent 7 years in the IT industry with IBM, Mphasis, and 3i Infotech before transitioning into academia. He has held key positions including Registrar and Dean at IIHMR Bangalore and is the Co-Founder & Principal of Discover College of Arts & Science. His expertise spans healthcare IT, electronic health records, analytics, and academic administration. He is known for aligning academic programs with industry needs and fostering innovation, quality, and student success.



**Prof. Madan Gowda KJ**

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Prof. Madan Gowda KJ is a distinguished Program Leader at ISBR Business School, where he champions a culture of continuous improvement and strategic foresight. With a robust focus on enhancing the Postgraduate Diploma in Management (PGDM) programs, he integrates innovative research methodologies acquired through advanced studies at the Indian Institute of Management, Indore. Holding master's degrees in International Business and Marketing from Liverpool Hope and Christ University.



**Dr. S. Prabakar**

***Professor***

Dr. S. Prabakar is a Professor of Human Resource Management and Organizational Behaviour at ISBR Business School, Bengaluru. With extensive academic and industry experience, he brings deep expertise in HRM practices, behavioural science, leadership development, and talent management. Known for his engaging teaching style and commitment to learner-centric pedagogy, He has mentored numerous management graduates and professionals. He actively contributes to curriculum design, research, and faculty development initiatives. His work focuses on bridging theory and practice, enhancing organizational effectiveness, and promoting ethical leadership. Dr. Prabakar remains a dedicated academician shaping future HR leaders through impactful teaching and mentorship.



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Dr. S. Manikandan is an Associate Professor of Economics at ISBR Business School, Bengaluru, with rich academic experience and deep expertise in managerial economics, macroeconomic policy, and business environment analysis. He is known for his analytical approach to teaching and his ability to connect economic theory with real-world business scenarios. He has contributed to curriculum development and interdisciplinary research initiatives, focusing on economic policy, development economics, and financial markets. He actively mentors students in research projects and decision-making frameworks, helping them build strong analytical and economic reasoning skills essential for careers in business, policy, and academia.



**Dr. Karpagavalli G*****Assistant Professor***

Dr. Karpagavalli G is a passionate academician specializing in Operations and Supply Chain Management, currently associated with ISBR Business School. With a strong academic foundation and industry-aligned expertise, she brings valuable insights into process optimization, logistics, quality management, and operations strategy. As a life member of the Quality Circle Forum of India, she actively promotes continuous improvement and quality initiatives in education and industry. She is committed to delivering experiential learning through case-based teaching, simulations, and industry projects. Her research interests include lean systems, supply chain resilience, and operational excellence, empowering students with practical and analytical competencies.

**Mr. Agastine A*****Research Associate***

Mr. Agastine A is a dedicated Research Associate with strong expertise in data analysis, academic writing, and research methodology. He is proficient in statistical tools such as SPSS and JMP, supporting faculty and scholars in conducting advanced data analysis for research papers, review articles, and thesis work. His strengths lie in designing research frameworks, interpreting statistical outputs, and contributing to high-quality academic publications. With a keen interest in empirical research and evidence-based insights, He plays a vital role in mentoring students and assisting in scholarly writing across disciplines, particularly in management, social sciences, and applied research domains.

**Mr. Badhri Narayanaa P*****Research Coordinator***

Mr. Badhri Narayanaa P serves as the Research Coordinator at ISBR Business School, Bengaluru, holding a Master's degree in Sociology. Coordinating research programs, and assisting academic events such as seminars, workshops, and conferences. His academic foundation is rooted in political sociology, with a dissertation exploring caste and class dynamics in rural Tamil Nadu's local body elections. Skilled in qualitative research, he brings expertise in data collection, analysis, and interpretation. Passionate about democratic processes and grassroots politics, He blends research, coordination, and teaching to drive academic excellence and sociological insight.

**Ms. Dona Jude*****Research & Teaching Scholar***

Ms. Dona Jude is a Research and Teaching Scholar at ISBR Business School, Bengaluru, with a strong academic background in Economics. She holds a postgraduate degree from the University of Calicut and a bachelor's degree from St. Thomas' College, Thrissur. Prior to joining ISBR, she worked as a Research Associate at Xavier Institute of Management and Entrepreneurship, where she contributed to research collaborations and projects for two years. Passionate about academic inquiry and student development, She actively engages in teaching, research assistance, and academic coordination. Her interests lie in developmental economics, policy research, and applied economic analysis.

# About ISBR

An institute of international education standards, ISBR Business School, was set up under the aegis of Bangalore Education Trust, which was established in the year 1990. The incubators of ISBR had a dream - the dream of a gateway that provides a global outlook, an infrastructure that beckons to explore and learn, a cradle that nurtures high ethical and human values.



Education at ISBR prepares its students to think boldly and act confidently in any business environment. ISBR takes pride in creating an atmosphere where both students and faculty can pursue boundless knowledge, under a single roof where theory and practice go hand in hand to present a better understanding of oneself and the world around them. ISBR offers a diverse range of programs, including PGDM, MBA, Law, Commerce and executive education. The institution's extensive industry connections, accomplished faculty, and state-of-the-art infrastructure create an immersive learning environment that empowers students to become future-ready leaders.

## **ISBR has achieved notable recognitions and rankings, encompassing**

- Platinum Institute in the AICTE-CII Survey consecutive for 7 years in a row, positioning ISBR among the top 3% of Indian Management Colleges.
- ISBR has also achieved Grade II autonomy by the AICTE and Government of India.
- No. 1 among New Generation B-Schools of India in the DM B-School Survey.
- Listed among the top 1% B-School Brands of India by Business Barons.
- Ranked as one of the top 29 institutes in India according to the Silicon India Survey. Awarded the Grand Jury Award for Quality of Campus Life and Student Diversity at the Education World India Private Higher Education Awards

## **Additionally, ISBR has received prestigious awards, such as:**

- Business Excellence Award by Bharti Group.
- Exemplary Placement Award by Discovery Education.
- National Championship for Entrepreneur Activities by NEN.
- Centurion Award by Centum Learning Centre.
- Management College of the Year in Global Exposure by Higher Education Reviewer. Best
- Business School of the Year by PRCI.

**These achievements demonstrate ISBR's commitment to fostering a dynamic learning environment and cultivating future leaders through innovation, research, and strong corporate connections.**