Preface

This study is a result of research at Institute for Technology and Innovation Management of Hamburg University of Technology (TUHH), spanning almost a decade. Economics- and business management-related research concerning India has been somewhat rare in the German-speaking world and it was more or less a coincidence that drove us to this field of research. During our studies on prospects of Mobile Commerce and Mobile Banking we became aware of the enormous innovation potential that lies hidden in developing countries on account of lower path dependencies resulting in less resistance to innovation and greater acceptance for new technologies.

India due to the sheer size of its market, partially adding up to 20 million new subscriptions a month in past few years, seemed to be poised for the role of an important impulse provider with regard to technological developments. And we could observe the global industry, especially in the field of information and communication technologies (ICT), responding to such opportunities by creating research and/or development facilities in India, either by the means of offshoring to a captive unit or by outsourcing business and knowledge processes to third-party service providers.

We could sense that we were probably facing a potential lead market with regard to distinct solutions that circumvented the given technological and infrastructural deficiencies and social barriers, such as the lack of computers and that of fixed-line Internet. At the same time, India did not seem endowed with those characteristics that are traditionally associated with classical lead markets, for example a highly educated and sophisticated customer base, high per-capita purchasing power, and a well-developed physical infrastructure.

In order to better comprehend this seemingly paradox and complex phenomenon and its underlying roots, we undertook a study of India’s national innovation system conducting more than 100 interviews with various stakeholders in India. The study was conducted in association with the East-West Center in Hawaii, and we had the occasion to work together with some of the pioneering institutions of research and innovation in India, for example, the Council of Scientific and Industrial Research (CSIR) and the National Innovation Foundation (NIF) promoting grassroot...
innovations in rural India. This study revealed that the “unsaturated, emerging middle-class consumer market of India is growing into the role of a ‘lead market’ for certain products especially electronic goods and automobiles with basic functionality, less over-engineering, durability and affordable prices”, and confirmed our initial assumption.

This confirmation gratified and motivated us to look deeper into this subject on a more focused sectoral level. The automobile industry was witnessing an enormous growth, especially in the segment of (low cost) small cars. With several global manufacturers deciding to develop India-specific models and even declaring India to be their global hub for small cars, we decided to broaden the focus of the study to a more generalizable “developing country” context.

In this study, which builds the basis of the present book, we have investigated the question, whether successful and sustainable lead markets can also emerge in developing economies, and if yes, under which conditions. Set in the context of the “small car” segment of the Indian automobile industry, this study questions the conventional wisdom and proposes substantial updates/extension to the lead market theory to better reflect the changed ground realities. In addition, we develop a model explaining the emergence process of lead markets that can better enable ex ante recognition. We also develop a tool to assess the lead market potential in conjunction with product-specific features of an innovation. The tools proposed in this work can be used not only by academic institutions for economic studies and by government institutions for policy purposes but also, and foremost, by business organization as the framework developed here enables a better (ex ante) understanding of lead market potentials and allocation of resources to reap the benefits of operating in a lead market.

As a consequence of insights generated by our research and being one of the only few academic institutions located in the German-speaking countries that conduct business management research focusing on India the German-speaking countries, our institute, over the years, has initiated several programs related to this emerging economic powerhouse. One such example is the “India Week Hamburg”, which consists of a series of business and cultural events organized together with institutional partners such as the Free and Hanseatic City of Hamburg and the Chamber of Commerce. We also contribute to Indo-German business relations via forums such as the German-Indian Round Table (GIRT). We are building up a Centre for Frugal Innovations (CFI) at TUHH. For this purpose we partner with initiatives like GIRT in Germany and abroad. Through collaborative effort of academics, practitioners, and policy makers from leading institutions across the world we seek to work on conducting and promoting research, consulting, and education in the field of affordable and sustainable innovations. The results of this collaboration are intended to enhance the innovative and competitive performance of enterprises while contributing to the greater good in the form of solutions leading to a better quality of life.

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