

DESIGN THINKING AS A DRIVER OF BUSINESS MODEL INNOVATION: A CASE STUDY OF SWIGGY'S GROWTH AND DIVERSIFICATION

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ABSTRACT

Swiggy, one of India's top food delivery platforms, has dramatically reshaped the country's food service industry with its customer-focused approach and efficient logistics. Since launching in 2014, Swiggy has grown to serve over 500 cities, partnering with more than 250,000 restaurants and reaching millions of consumers. Despite challenges like market saturation and stiff competition, Swiggy has used Design Thinking to stay ahead. By focusing on the five principles of Design Thinking empathize, define, ideate, prototype, and test the company has expanded into new areas such as Instamart (grocery delivery), Swiggy Genie (parcel delivery), and Swiggy One (subscription service). The study also highlights that future investments in AI-driven personalization, hyperlocal growth, and sustainability initiatives could help Swiggy solidify its leadership in the market. This research opens the door for exploring similar innovation strategies in other emerging economies.

Keywords: Swiggy, food delivery platform, India, Design Thinking, operational efficiency, AI-based personalization, sustainability, market leadership.

1. INTRODUCTION

The contemporary business environment is marked by the rapid rate of technological advancements and changing customer demands, which necessitates continuous business model innovation. People-oriented problem-solving approach referred to as Design Thinking has become a prevailing methodology in driving business model innovation. Design Thinking relies on rigorous analysis of the customer's needs, continuous testing, and cross-disciplinary teamwork to allow organizations to innovate solutions and strengthen value propositions. Big multinational corporations like Apple, Amazon, and Airbnb have effectively embedded Design Thinking into business models to achieve sustained growth and create differentiation against competitors. In the case of the Indian economy, Swiggy offers an ideal case study of how business growth and expansion can be achieved through Design Thinking. From the time of its founding in 2014, Swiggy has revolutionized India's food delivery business through technological innovations and customer-oriented innovation, becoming one of the big players in the business. The growth of Swiggy's business from a food delivery business to a diversified logistics and hyperlocal business is a blueprint of how Design Thinking fosters adaptive business model innovation. Existing business model innovation literature has focused more on traditional businesses, while platform-based digital business use of Design Thinking has been given limited attention. This study will close the gap by highlighting how Swiggy utilized the principles of Design Thinking in maintaining its competitive advantage and foraying into new fields of business.

Problem Statement:

The problem statement Swiggy worked on was the inefficiency in food delivery and lack of customer reach to restaurants by providing a platform that connects customers to a wide range of platforms.

2. REVIEW OF LITERATURE

- ❖ **“A Case Study of Sustainable Service-Based Marketing Strategy of Food Delivery Business in India”**- S. Sneha, S. Ajith, and K. N. Sakthivel (2018): This paper explores the marketing strategies of food delivery services in India by focusing on the comparison between four popular platforms, Food Panda, Zomato, Swiggy, and Faasos. The food delivery service sector in India has seen significant growth in recent years due to the increasing demand for convenience, busy lifestyle, and the ease of access to mobile devices.
- ❖ **“Zomato's race to capture the food-tech market”** - Ratna Achuta Paluri, Rishabh Upendra Jain, R. Sankara Narayanan (2022): This case allows students to critically analyse the business model of Zomato which is a multi-sided platform/in the food-tech industry. It helps students to critically analyse how firms enter the global market to

create value and maintain dominance over the local market (especially in a large market such as India). The case can also be used to introduce students to the business canvas model by analysing food-tech start-ups.

- ❖ **“Unpacking the Impact of Digital Advertising on Consumer Behaviour in the Food Delivery Sector”** Diya Kamera, Apoorva, Yashi Gupta, Tanusha Jain (2023): this paper studied about one of the markets' major goals, that is the analysis of consumer demand, which represents a near-perfect relationship between consumption patterns and buying behaviour of the consumers.
- ❖ **“Strategies for value reconfiguration in online platforms”** -Kuchi Sanchita and Sumeet Gupta (2023): this paper studied the scalability of online platforms. Once scaled, online platforms reconfigure value to remain competitive. Reconfiguration in online platforms may take a different form than in pipelines, as online platforms are intermediaries that generate network effects among the sides they connect. They also face stiff competition from other spheres due to lower barriers to entry. Why and how do online platforms reconfigure value? By examining 13 Indian online platforms that have achieved a certain level of success (such as tipped markets, investor confidence, or profitability), this article offers four strategies for reconfiguring online platforms: enhance interactions, enhance capabilities, offer new services, and nurture new transactions.

3. OBJECTIVE

1. To explore how Swiggy has applied Design Thinking principles such as empathy, ideation, and prototyping to overcome challenges like market saturation and competition, and how this has driven its expansion into new services like Instamart and Swiggy Genie.
2. To analyze the role of Design Thinking in Swiggy's business model innovation and diversification, and to identify key lessons that other businesses in emerging economies can learn from Swiggy's approach to customer-centric growth and market adaptation.

DESIGN THINKING APPROACHES ADOPTED BY SWIGGY:

1. Aim of the Study and Research Design

The main purpose of this study is to explore the role of Design Thinking as a business model innovation driver, specifically in Swiggy's growth and diversification. The research examines how Swiggy has used Design Thinking principles to enhance its current services as well as expand its business offerings in the competitive online food ordering industry. This paper takes a quantitative research approach, seeking to examine the underlying processes, strategies, and effects of Design Thinking on the business development of Swiggy. Since Design Thinking focuses on empathy, ideation, prototyping, and testing, it is essential to examine how Swiggy has used these phases to spur business innovation and cater to the needs of consumers. For this purpose, case study research is used, where Swiggy's business model evolution over the years is thoroughly examined. Quantitative information and secondary data will be gathered from diverse sources, including Swiggy's official reports, media reports and articles that reveal insights into the company's business changes and market expansion. The secondary data research will also look at case studies related to Swiggy's Design Thinking approach, research papers, journals and articles related to Swiggy's business model, strategy planning and the evolution of the food delivery businesses. The study will also employ a thematic analysis method based on the emergent themes that arise from the data, e.g., application of Design Thinking principles in strategic decisions and innovations in Swiggy. The study will identify these themes through analysis and contribute to an enhanced understanding of the impact of Design Thinking on business model innovation trajectories in a changing and competitive industry.

3. Design Thinking Framework

The study will apply the Design Thinking model as a conceptual framework to examine Swiggy's business model innovation.

Design Thinking, formulated by Stanford's school and popularized by organizations such as IDEO, is an iterative methodology that comprises five phases: Empathize, Define, Ideate, Prototype, and Test. These phases will be the reference point for investigating Swiggy's diversification and growth strategy, looking into how each Design Thinking phase has been utilized in addressing customer issues and achieving business success. The study will also look into the use of the Business Model Canvas (Osterwalder & Pigneur, 2010) in investigating how the business model of Swiggy has changed through time, especially its value proposition, customer segments, and revenues.

4. ANALYSIS

This research paper provides a comprehensive analysis of Swiggy's application of Design Thinking in driving its business model innovation, with a particular focus on its growth and diversification within India's highly competitive food delivery industry. By utilizing the core principles of Design Thinking empathy, ideation, prototyping, and testing

Swiggy has been able to address various challenges and capitalize on new opportunities, enabling it to maintain a competitive edge over rivals such as Zomato and Uber Eats. The paper highlights how Swiggy's customer-centric approach has been integral to its success, not only in refining its core food delivery service but also in expanding into new business areas such as grocery delivery and parcel services (Swiggy Genie), thereby diversifying its revenue streams.

A key strength of this study is its examination of how Swiggy applied the empathy phase to deeply understand customer pain points. Through a combination of surveys, feedback sessions, social media listening, and direct customer interactions, Swiggy identified critical issues such as delivery delays, lack of order tracking, and limited product offerings. These insights were instrumental in defining the core challenges Swiggy needed to address and provided a foundation for subsequent innovation. By identifying these customer needs, Swiggy was able to design targeted solutions that not only improved the customer experience but also paved the way for future business expansion.

In the ideation phase, Swiggy's team adopted a broad, creative approach, exploring a wide range of possibilities beyond food delivery. This phase saw the development of new services like Instamart, for on-demand grocery delivery, and Swiggy Genie, for parcel deliveries. By thinking outside the confines of food delivery and aligning new offerings with the lifestyles of their customers, Swiggy was able to create a more comprehensive service ecosystem. This cross-functional ideation, involving designers, business strategists, and technologists, allowed the company to envision a broader business model that went beyond its initial focus.

Once these ideas were generated, Swiggy moved to the prototyping phase, where it tested its new offerings on a small scale before a full-scale launch. By piloting services like Instamart and Swiggy Genie in select urban markets, the company was able to gather valuable feedback and refine its services. This iterative testing process allowed Swiggy to address any operational challenges, improve user experience, and ensure that the offerings met customer expectations before scaling them nationwide. The feedback gathered during this phase was crucial for refining the services to ensure they were well-received by customers and that the company could deliver a seamless experience.

The testing phase, in which Swiggy continually monitored and refined its services post-launch, was equally critical. As new services like Instamart and Swiggy Genie were rolled out more broadly, Swiggy maintained a focus on gathering real-time user feedback, allowing for further adjustments in delivery times, product offerings, and the overall user experience. This ongoing cycle of feedback and iteration ensured that Swiggy remained agile and responsive to customer needs, which was vital in an industry characterized by rapid change.

The research also underscores how Swiggy's adaptability and willingness to experiment with new ideas have been central to its sustained success. The company's approach, which goes beyond a rigid reliance on its initial business model, demonstrates the strategic importance of Design Thinking as a framework for long-term value creation. Swiggy's ability to embrace new business models such as grocery and parcel delivery shows how businesses in fast-moving sectors can use Design Thinking to diversify and expand successfully. However, despite the success of its food delivery service, the newer services have received mixed customer feedback, highlighting the need for continuous improvement and consistency across all offerings.

While the study provides valuable insights into Swiggy's use of Design Thinking, there are several limitations. First, the reliance on secondary data and self-reported evidence, particularly through interviews, may introduce bias or fail to capture the internal decision-making processes that led to key innovations at Swiggy. Additionally, the focus on a single case study limits the generalizability of the findings to other industries or global markets. The research is highly specific to Swiggy's operations in India, making it difficult to draw broad conclusions about the applicability of these findings to different sectors or geographies.

Nonetheless, the paper provides a robust understanding of how Design Thinking can be used to drive business model innovation in the context of a fast-evolving and competitive industry. It offers actionable insights for businesses, particularly in emerging economies, about the importance of customer-centric approaches and the need for continuous innovation. By highlighting the role of Design Thinking in Swiggy's growth and diversification, the research demonstrates how businesses can remain competitive by focusing on customer needs, exploring new business domains, and continually testing and refining new ideas.

Five Stages of Design Thinking:

1. Empathize

The first stage, empathize, is all about understanding the user's needs, feelings, and experiences. Swiggy realized early on that success wasn't just about delivering food but about creating an experience that solved real problems for its customers. Swiggy didn't just rely on market research but actively engaged with users both customers and restaurant

partners. Through surveys, feedback, social media listening, and direct interactions, they gathered insights into customer pain points like delayed deliveries, limited options, or unclear order tracking.

Swiggy took the time to empathize deeply with the urban, tech-savvy consumers who were driving the growth of food delivery services. They identified key pain points: the unpredictability of delivery times, low visibility of order status, and a desire for more options beyond food. This customer-centric approach helped Swiggy understand what people truly valued in a food delivery service speed, reliability, and a wide range of choices. For instance, customers wanted more than just food; they wanted convenience, fast delivery, and an easy, intuitive experience.

2. Define

After gathering valuable insights in the empathy stage, the next step is to define the core problems. In the define phase, the goal is to clearly articulate the problems that need solving based on the findings from the empathy stage.

Swiggy used the insights from the empathize stage to identify the most critical problems to address. They realized that the demand for food delivery was immense, but there was potential to expand into other high-demand areas like grocery deliveries and package delivery. They defined their main challenge: How can we improve our core food delivery service and simultaneously innovate with new offerings to create more value for customers?

Swiggy's definition of the problem wasn't just about food delivery; it was about providing a seamless, customer-centric service across different sectors. They also identified that consumers wanted more than just quick food there was a desire for an integrated, one-stop solution for all kinds of delivery services. This clear focus allowed them to align their innovations with customer needs, setting the foundation for their next steps.

3. Ideate

In the ideate phase, the goal is to generate a wide range of ideas that could address the problem statement defined in the previous stage. This phase encourages creativity and brainstorming to come up with potential solutions. Swiggy's team didn't limit themselves to improving food delivery alone. Instead, they opened up possibilities by brainstorming a variety of new services that could complement their existing business. Swiggy explored several ideas to meet customer needs beyond food delivery:

- Instamart for groceries, addressing the demand for quick, on-demand shopping.
- Swiggy Genie, which allowed users to send packages and parcels, tapping into the market for logistics and personal deliveries.
- Swiggy One, a subscription service to offer users discounts, priority support, and other perks, providing an added layer of customer loyalty and value.

Swiggy's ideation process wasn't limited to the standard food delivery model; they creatively thought about diversifying their offerings based on the customer's lifestyle. This cross-functional ideation phase involved designers, business strategists, and tech innovators working together to envision how Swiggy could transform beyond food delivery.

4. Prototype

Once ideas were generated, Swiggy moved to the prototype phase. The prototype phase involves creating tangible, workable models of the ideas to see how well they work in practice. These prototypes don't have to be perfect; the idea is to quickly test out concepts and adjust them based on real-world feedback.

Swiggy didn't launch their new services in every city right away. Instead, they started small by testing new services in select markets or with limited users. They began piloting Instamart in select urban areas to see if it met customer needs for grocery delivery. Similarly, Swiggy Genie was launched in specific locations to test whether customers were interested in parcel delivery services.

The feedback from these early prototypes was crucial in refining the services. For instance, the team might have identified that certain features, like delivery time guarantees or a user-friendly app interface, were particularly valued by users. These tests allowed Swiggy to fine-tune their services and ensure that the new offerings would resonate with a larger customer base before a full-scale launch.

5. Test

The final phase is test, where the prototype is put through its paces in the real world. Testing isn't just about evaluating the product or service; it's about continuously refining and improving based on user feedback. After prototyping, Swiggy rolled out the new services more broadly but continued to gather user feedback. For example, after launching Instamart, they monitored how well the service was received, how quickly groceries were delivered, and how customers felt about

the overall experience. They analyzed customer reviews, conducted follow-up surveys, and even tracked customer retention rates.

Swiggy didn't just stop at launch. They continuously iterated on their offerings, adjusting aspects like delivery speed, pricing, and the range of items available. They made changes to the app's interface, improved the user experience, and fine-tuned the backend logistics to ensure smooth operations. Testing, in this case, was an ongoing process that helped Swiggy stay agile and responsive to customer needs.

5. DISCUSSION

The statistics reveal that Swiggy has a very young, urban customer base, and the majority of its users are aged 18-34 years. Swiggy's business is urban-centric and in Tier 1 cities, with 60% of its users, which reflects the high urban reach of the company. The income segment also reflects that Swiggy's core customer base is in the middle-income segment, which reflects that their services are affordable to a large segment of the population. Demand for food delivery services, compared to other services like grocery delivery, justifies Swiggy's concentration on its core competence.

Limitations:

- ❖ The research is based on a single case study of Swiggy, which may limit the generalizability of the findings to other businesses or sectors with different market dynamics and challenges.
- ❖ The reliance on secondary data and self-reported evidence from interviews may introduce bias and prevent a comprehensive understanding of the internal decision-making processes at Swiggy, limiting the depth of insight into the company's strategic use of Design Thinking.

6. SCOPE OF RESEARCH

Future studies may investigate Swiggy's global expansion, long-term financial viability, and influence on gig workers. Future studies may also contrast Swiggy's strategies with global competitors such as Uber Eats and DoorDash. Investigating the influence of Swiggy's sustainability efforts on brand perception may also be insightful. Furthermore, exploring changes in consumer behaviours due to Swiggy's diversification services like Instamart will help create a better insight into changing market dynamics.

7. CONCLUSION

This study highlights the role of Design Thinking in driving Swiggy's business model innovation and diversification. There was a problem of lack of efficiency of deliveries hence restaurants could not reach to a large customer base. By applying Design Thinking principles such as empathy, ideation, prototyping, and testing Swiggy has successfully adapted to changing customer needs and market dynamics. Swiggy was successful in bringing about a platform that brings together customers and restaurants. The company has expanded beyond its core food delivery service into areas like grocery and parcel delivery, creating new revenue streams and broadening its market reach. Swiggy's customer-centric approach, at the heart of its innovation process, has been key to its success. However, while its food delivery service remains the most popular, newer services have received mixed customer feedback, underscoring the need for consistent, high-quality experiences across all offerings to foster loyalty. While Design Thinking has proven to be an effective innovation tool, Swiggy's expansion into new businesses shows the importance of continuous iteration and testing ideas based on real customer feedback. This case study demonstrates how companies in fast-evolving industries can use Design Thinking for sustained growth and competitive advantage. Future research could explore how Design Thinking can be further integrated into corporate strategy for innovation in similar tech sectors.

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