mint

Wheat flour to ChatGPT: some things stay constant in business

Devina Mehra | 30 July 2026

ChatGPT Work transforms the traditional AI interaction by autonomously gathering data from multiple apps to complete tasks. (REUTERS)

SUMMARY

We've seen it across industries. A pioneer risks becoming a victim of its own success as others waltz into the market it worked hard to open up. Hindustan Lever's launch of branded atta was an early example. OpenAI's ChatGPT looks like the latest.

Great literature endures because human nature does not change. That is why lessons from the Mahabharata or the recently fashionable Odyssey are relevant thousands of years after these epics were written.

In businesses too, the specifics change but patterns endure. One of these patterns was an 'aha' moment for me a quarter of a century ago. I went to spend a couple of days at Anand in Gujarat to understand Amul's business.

Now that is not a listed company, but I thought understanding the dynamics of its business would give me insights into certain aspects of the fast-moving consumer goods market.

My personal agenda was also a desire to understand the dairy cooperative business as the man behind the White Revolution, Verghese Kurien, was my childhood hero.

At the time, Hindustan Unilever (Hindustan Lever Ltd or HLL, as it was then called) was planning a foray into branded wheat flour (or *atta*) and frozen foods. Recall that this was a time when most people got their wheat ground at the neighbourhood *chakki*, and except for niches in east and south India where wheat was not the main cereal, branded *atta* was still a novelty.

I had my own analysis of the business and came to the conclusion that given where the market was, there was no way HLL could make reasonable margins in *atta* as the consumer would not pay that premium for a daily staple.

I asked the Amul management what they thought of the idea. What they said was this: "We do not think the market is ready for a branded *atta* product at a reasonable price, so we are not planning anything in that area. However, if Lever manages to prove that a market exists, we will also enter. After all, we already have the brand [in Amul] and a rural network to source wheat. For now, we will wait and see."

I realized it was a pattern that once understood could be applied to all sorts of industries. A company could do the painstaking work of being a pioneer or early mover in a nascent industry, but once it had proven that it was a lucrative segment, others could and would simply walk in.

Cut to 2021, when the first lot of so-called new age tech companies listed in India. I remember mentioning in a television interview that most of these companies do not have a real technology moat, even though they are called technology companies. They are mostly direct to consumer (D2C) or platform companies where the only entry barrier for others is the brand.

Overcoming this essentially required only money, which is now easily available. Go to a venture capitalist with a proven business model in a field with only one or two players and it will fund you to be the next one.

I had cited Nykaa as an example of this: a dominant player in a business segment it had virtually created. But once it had created this business niche, it was far easier for other players to enter. This is pretty much how it has panned out since then.

Players like Reliance's Jio, Purplle and others are becoming very active in offline and online beauty retailing. General online retailers like Amazon and TataCliq have also focused on beauty, nibbling away at the pioneer's market share.

It was the same in other businesses such as digital payments where the companies with a starting edge have fallen behind.

A business that is growing well or has high margins is a double-edged sword as it attracts new players. The exception to this rule would be platform businesses. When a large community of users, buyers and sellers exists on a single platform, then that itself becomes an entry barrier.

Instagram, WhatsApp, YouTube and others are examples of this. Their new users signs up because everybody they know is already on the platform or there is a ready library of user-generated content that a new entrant cannot replicate easily.

The latest example of the phenomenon was OpenAI's launch of ChatGPT in November 2022. It succeeded beyond all imagination, gaining one million users in five days and 100 million in two months. It was the fastest-growing internet application in history.

Till then, while other major technology companies such as Google and Meta had been working in the area of artificial intelligence (AI) and specifically large language models, it was at a relatively relaxed pace. The success of ChatGPT meant a whole lot of resources were thrown into generative AI by all other tech majors as well as some new players because suddenly they realized that there was a market several times larger than what they had estimated earlier.

This becomes the tricky part for any pioneer: how to build a new business without attracting too much competition and becoming a victim of one's own success.

Amazon, for instance, deliberately keeps pricing and margins extremely low in the new businesses it enters. For example, when it entered cloud computing, it did so at prices that did not appear to make economic sense. The reason? It did not want to make the business too attractive, and this strategy worked for quite a while. Of course, it had other businesses that could subsidize this game.

As the French saying goes, '*Plus ça change, plus c'est la même chose*.' The more things change, the more they stay the same.

The author is chairperson, managing director and founder of First Global and author of 'Money, Myths and Mantras: The Ultimate Investment Guide'. Her X handle is @devinamehra