A Study on Marketing Opportunities for Packaged Drinking Water in Chickballapur, Karnataka state, India

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Abstract

The need for packaged drinking water is increasing day by day. As a consequence the competition among the industries producing the same has increased. Many brands have entered the market. In order to attract the consumers, various brands are using different packing styles. Scarcities for water and health consciousness have prompted consumption of bottled water in India. The packaged drinking water industry is growing at nearly 15% every year as people spend a large part of their time outside homes and prefer to purchase packages of water in bulk for their domestic use rather than installing water purifiers.

Key words: *Marketing Opportunities, Demand, Packaged Drinking Water, Consumer,*

1. Introduction

Water, is a unique consumer product and it has a number of features that mark it out as different from other consumer goods or services. According to the Bureau of Indian Standards, there are 1,200 bottled water factories all over India. Shockingly, in most cases, the industry is making money practically for free, as bottling companies pay a minute amount to the government for the use of groundwater.

According to industry estimates, the main consumers of packaged water are no longer restricted to the upper class but include middle class and lower-middle class families as well. Packaged water is an essential part for tourists and travelers too. South India, which is prone to water shortages, has invariably emerged as of the industry's largest markets. The increasing number of diseases, scarcity of pure and safe water and urbanization has made packaged drinking water business as a fast moving consumer goods sector.

2. Need for the Study

Providing safe drinking water is the responsibility of the civic authorities. But, unfortunately, the government has failed miserably. This is evident from the fact that over 1,600 Indians reportedly die every day because of waterborne diseases. Despite these astounding figures, the concerned authorities have literally shirked from their responsibility of providing clean drinking water to its citizens. The present study is conducted at Chickballapur town.

Chickaballapur town is approximately 56 km north of Bengaluru. According to 2011 population census Chickballapur town had population of 1,91,122. The town is facing serious water problem since many years. The residents are looking for a savior like the mythical Bhagiratha to solve their drinking and irrigation water problems since ground water

levels have dipped below 1500 feet and most of the lakes went dry a decade ago.

This situation has provided ample opportunities for manufacturing and marketing of clean and safe packaged drinking water for present and future demand to overcome the scarcity of clean drinking water in chickballapur town.

3. Research Objectives

1) To assess the operations of Packaged drinking water plants.

2) To study the effectiveness of marketing strategy adopted by packaged drinking water plants in the Chickballapur market.

3) To analyze the growth of packaged drinking water in Chickballapur.

The main reason for the industries to go for bottled water is the preferences of customers from tap water to bottled water.

4. Review of Literature

Miller M. (2006) in the study on, "Bottled Water: Why Is It so Big? Causes for the Rapid Growth of Bottled Water Industries", in 2005, Nestle Waters of North America reported that the average person in the United States consumes twenty times more bottled water than they did 20 years ago. The reasons for this vary from person to person, but the outcome is that, it is the popular beverage in the U.S. Nestle suggested that consumers feel bottled water is safer than tap water. As per the survey conducted in 2001, more than half of the population had concern about the quality of their drinking water.

Anette Veidung, (2007) Analysed the design, source and brand of bottled water and its influence on the quality and purchase intention and suggested that for the largest bottled water market, Europe, it is necessary to have proper bottle design, in order to stand out to the consumer. Furthermore, when confronted with a bottle design the consumer will have a perception about its quality and an intention of purchase. The results show that there is a

positive relationship between the visual attractiveness of a bottle and that of the perceived quality as well as intended purchase. The results also illustrate that a global trend prevails in determining the attractiveness of the bottles. Hence, there is seemingly no need for local adaptation of the water bottle's design.

Foote, Marina Leigh (2011) in their study on, "Examining Reasons for Bottled Water Consumption: A Case Study in Pensacola, Florida", explain that over consumption in developed economies puts a large strain on the environment, and the damage is irreversible. The current consumption of freshwater resources also seems to be un The main reason for the industries to go for bottled water is the preferences of customers from tap water to bottled water.

5. Research Methodology

5.1 Sources of Data:

Primary and secondary data are used for this research purpose. Primary data was collected from the respondents through questionnaire and secondary data was collected from articles, reports etc.

5.2 Sampling Method:

The study was conducted using convenient sampling method.

6. Analysis and Results

Packaged drinking water is sold in different variety of packages, in the form of Pouches, 500ml-2 litre bottles, 5 litre container and 20–50 litre bulk water containers. The packaged drinking water business in Chickaballapur can be classified in terms of Cost, premium Mineral water, natural mineral water and level of water treatment for packaged drinking water.

The top water brands available in Chickaballapur town include Bisleri, Aquafina, Bailey and kinley. In case of small/local market players there are 15 packaged drinking water plants operating in and around Chickballapur town. Table 1 denotes the major players and local brands of water manufacturers in Chickaballapur.

Table 1: Bottle manufacturer data in Chickaballapur

Particulars	Major Players	Local Brands
No. Of Manufacturers	05	10

With ever increasing demand for packaged drinking water, more than 75% of the market is ruled by packaged drinking water and hence there is a large competition among various brands. Brands such as Bisleri, Aquafina, bailey and kinley etc. are also facing tough competition from local brands in the market.

Table 2 denotes the cost of raw materials, printing and water treatment used in the process.

Table 2: Cost of production (per unit)

Item	Raw material	Printing	Water treatment
Pouch	50 paise	30 paise	40 paise
Bottle	Rs.4	Rs.3	Rs.4
Jar/Cane	Rs.20-40	Rs.5	Rs.10

With the necessity of clean and safe drinking water, the above production cost results in high profit margin in the industry. Thus, by meeting the demands of the consumers, the profit margin earned is more than 200%, which is growing day by day.

Table 3 denotes the selling price of the product in the market.

Table 3: Selling Price in the market

Item	Quantity	Price
Pouch	200-300ml	Rs. 3-5
Bottle	500ml, 1 ltr, 2 ltr	Rs. 7-10
Jar/Cane	5ltr, 10 ltr, 20 ltr	Rs. 25-50

Ranges of packages are being adopted by the competing manufacturers, owing to rapid growth of the market and to meet increasing demand of consumers. The prices of packaged water are available in different quantity in the market. Bottles and jar/canes have major share in the market. Table 4 shows the average sales of different categories of packaging per day.

Table 4: Average Sales Per day

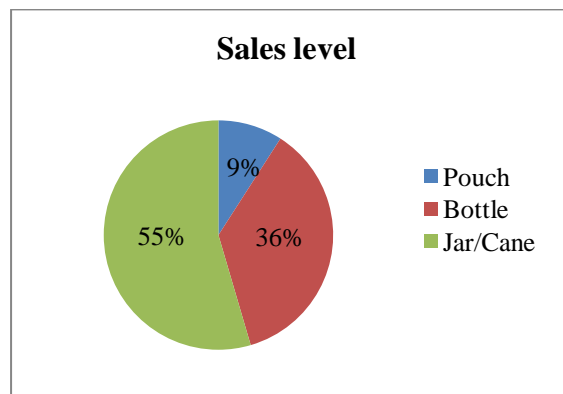| Item	Sales level
Pouch	5000-10000
Bottle	20000-40000
Jar/Cane	30000-60000

Fig.1 Average sales per day

It has been observed that packages in cane and bottle have highest consumption rate in retail, government and residential sectors. The sales figures show a tremendous growth in average sales in the market.

7. Suggestions

The majority of local packaged drinking water manufacturers are doing business without any government control. The government should take necessary actions for inspection for quality of water treatment according to certified norms at regular intervals.

Service quality should be improved to enhance the brand image in the market.

Suitable norms can be introduced by the regulatory authorities for fixing the price.

8. Conclusion

The entrepreneurs who are planning to enter packaged drinking water industry with the notion that the industry is at peak and profitable should change their perception. Water is the basic essential need for human to quench the thirst. In today's scenario, consumer expects the drinking water to be pure and safe to consume for maintaining healthy

life. The packaged drinking water industry is growing at a rate of 35% per year and the manufactures are earning a high rate of profit in the market with increasing demand every year .In the light of the above situation, there is a pressing need for the future players in the field to adopt a high concern for quality .A well defined quality policy not only enables the entrepreneurs to address the ethical and legal issues but also, sustainability in the market.

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