

# Market position of bisleri



**ASSIGN  
BUSTER**

The case discussed below is about the biggest brand in the world of mineral water that is Bisleri, the company as all of us know is the best in its field but due to some problems before some time its production was stopped by the government and at the same time its customers who cannot find Bisleri anymore shifted to some other brands and its market share decline

The discussion below is about the actual market position of the company using the SWOT, Porter's five forces and the PESTEL framework which analyzes the actual position of the company in the industry as well as the market and society.

Contents

## **INTRODUCTION:**

Water is one of the basic necessities for human life to survive on this planet & today getting pure water is not an easy task with so much harmful chemical being disposed into the water by various industries is making the water harmful for drinking. 71% of the earth is made of water out of which only 1% of water can be used by living beings. Among this 1% of water 50% of water is polluted. (Upadhyay, 2005)

According to the Bureau of Indian Standards there are 1, 200 bottled water factories all over India (of which 600 are in one state — Tamil Nadu). Over 100 brands are vying for the Rs. 1, 000-crore (Rs. 10 billion) bottled water market and are hard selling their products in every way possible — better margins to dealers, aggressive advertising, catchy taglines.... In such a scenario, The Strategist takes a look at how it all started — with Bisleri —

and how Ramesh Chauhan, chairman, Bisleri created a market out of pure water. (Bisleri, 2008)

This is an SWOT analysis report of one of the premium, recognized & trusted brand in the Indian bottled water market named BISLERI INTERNATIONAL PVT LTD. This is enjoying the huge share in the market both in bulk segment & in small packs.

The origin of BISLERI lies in Italy and the brand owes its name to its founder MR. FELICE BISLERI, an Italian entrepreneur. In 1967, BISLERI set up a plant in Bombay for bottling and marketing actual mineral water, which did not quite work. By 1969, BISLERI wanted to exit the business and to help him out the Chauhan's bought the brand, intending to turn it into a soda brand.

(Raturi, 2005)

Since then it has come a long way. Now, it owns a large percentage of shares in the Indian market and also it has its presence in International Water Market. (Bisleri, 2008)

Tag line of Bisleri:

**“ WATER EVERYWHERE  
BUT JUST A LITTLE THAT IS CLEAN”**

### **SWOT ANALYSIS ON BISLERI:**

#### **STRENGTHS**

1. QUALITY STANDARD: Every bottle of BISLERI is put through a rigorous Multi stage purification processes which includes micron filtration and ionization. It acquires 6 stages of purification processes which ensure quality

<https://assignbuster.com/market-position-of-bisleri/>

water which is pure and safe for drinking purpose. Good manufacturing are the strength all the time processing in religiously monitored at every stage. (Vora, 2009)

## **2. TRUST FOR BRAND:-**

More than 5 million people trust the BISLERI. They buy only BISLERI water because it has become generic name for mineral water. For example: – When people go to buy the mineral water many of them ask for BISLERI, even though they get other brand.

## **3. LARGE RANGE OF PRODUCTS:-**

BISLERI offers a large range of products which attracts consumer of all categories. For example: – 1 liter or 500 ml pack is useful for individual buyers, 12 liters or 20 liters is useful for organization. Therefore it attracts large number of customer.

## **4. MARKETING:-**

BISLERI is promoted by an aggressive print & TV. TV is backed by a Hoarding & point – of – sale material. Every interface with customer is used as an opportunity to reinforce. For example: – All vehicles used for supply have been painted in light green, bears the BISLERI logo & sport catchy baseline likes “ drink and drive”.

## **5. DISTRIBUTION SYSTEM.**

With little belief in the distributor system, the company leverage its large fleet of truck to supply bottled water directly to retailers through a system called ‘ Route Selling’ where the driver of truck is trained to be a service

person. This ensures that water supplied is fresh and bottles are in good shape. BISLERI has more than 80, 000 outlets in the country.

## **6. EXPERIENCE OF MR. CHAUHAN (M. D OF BISLERI)**

From the vast experience of marketing Gold Spot and Thumps Up, Mr. Chauhan knows that distribution plays a crucial role in the successful marketing of bottled drinks. He knows that making fresh water available within a particular period of time is crucial for its success. He is pursuing a multi- pack and multi- price strategy.

## **7. BULK – SEGMENT IS USEFUL FOR HOUSEHOLDS ALSO:-**

Households in certain parts of the country spend a huge amount of money on fuel in order to purify the water. They are supposed to buy the impure water and then they have to spend money to purify it. For instance the water scarce south people spend large some of money to buy water and still more to purify it. The 12 liter product is hit in various cities of south.

## **8. GROWING POPULARITY:-**

The popularity of BISLERI is increasing rapidly day by day. People in the market when it comes to mineral water a person goes to any shop and asks for BISLERI as his/her first preference. BISLERI is seeing a growth of almost 50% per year. With the small pack being popular among individuals user its bulk pack is also generating the huge demand which is capturing the market for BISLERI. Today 60-70 % of total income of BISLERI comes from its bulk segment and the company is planning to increase it up to 80%.

## **9. THE BREAK AWAY SEAL:-**

Keeping in mind the consumers need to recognize a genuine product that cannot be tampered with. The unique cap has been patented and cannot be duplicated. This technical strength ensures that the consumer will only get a high safe product when they will drink BISLERI. (Vora, 2009)

## **WEAKNESS**

### **1. METHOD ADOPTED FOR DISTRIBUTION:-**

THE ' ROUTESELLING' policy adopted by BISLERI for distribution is more expensive than more commonly followed method of appointing distributors in different towns. This reduces the profit of company. The dealer margin is reduced due to this . therefore not many dealer keeps BISLERI in many areas. Indirectly this is reducing the coverage of BISLERI.

### **2. REUSE OF BOTTLE BY LOCAL SELLERS AND ILLEGAL MANUFACTURERS:-**

Market research conducted by BISLERI revealed that the other overriding concern for this set of buyers is the tampering of seal and the reuse of bottles. Many have witnessed used bottles being refilled at railway stations. This deteriorates the brand image of BISLERI.

For example: – local sellers fill the bottle of BISLERI with impure water and the bottles are purchased by illiterate customers as BISLERI water but they buy water of low quality. In this way brand of BISLERI gets affected.

### **3. FAULTS IN PRODUCTION:-**

Tests conducted by various authorities' shows that it contains pesticides. In 2002 the 2cm long insect was found in the bottle of BISLERI. This has

affected its sales and reputation. The license of its two factories one at Noida and other at Bangalore has been cancelled because of fault in production.

#### **4. PRESSURE BY GOVERNMENT AUTHORITY:-**

After insect was found in the bottles, FDA (Food & Drug Adulteration) has cancelled the production of BISLERI. Afterwards it was allowed to resume it but in this period its customer were moved towards other products. It is constantly under check by various authorities.

#### **5. NOT MEETING THE DEMAND OF THE CUSTOMER:-**

In certain parts of south in our country big bottles of BISLERI are in huge demand but the company is unable to meet the demand of the consumers. This is affecting the demand for the product. So People are forced to use other brands of mineral water. (Hiteshi, 2010)

### **OPPORTUNITY**

#### **1. FAST GROWING FIELD:-**

The best beverage for India in the new millennium seems to be water. In recent years, the bottled drinking water market has been witnessing high decibel level of activity, with a host of new entrants. The bottled water market which worth Rs. 1000 crore is expected to be Rs. 5000 crore by 2010. This will increase a lot of scope for bottled water market.

#### **2. BISLERI CAN UTILISE ITS DISTRIBUTION CHAIN:-**

With BISLERI becoming a generic name for bottled drinking water. If company can manage the distribution chain of the product to make it available where the consumer needs it the most, the company may well

succeed in his gamble with water. For this the company can connect it with dealers and other distributors who will market the products for them all around the world.

### **3. EXPANSION IN EUROPE:-**

The launch of BISLERI in the European market on 4th September, 2003 has created a lot of scope for BISLERI in the field. This will also compensate the deterioration of image; BISLERI has suffered after insect was found in the bottle. It will silence the critics and it will also increase the faith of the customer for the brand. It will create an international brand image and the quality will increase.

### **4. LAUNCH OF PREMIUM PACK:-**

The company also has its premium product range. This is prepared keeping 5-star hotels and other premium customer. This pack will be sold at Rs. 20 per liter. This will give a tough competition to the EVIAN, the biggest player in the premium water range which sells its 1 liter water at a hefty of Rs. 85 per liter.

### **5. CHANGE OF IMAGE:-**

The company has changed the colour of the product. It has changed from blue to green. By changing the colour, the company has provided a new product to the consumers; they will be getting a new and a refreshing product.



## **6. INCREASE IN PRODUCTION:-**

BISLERI is eyeing the Market and is in the process of increasing the production by setting 4 new plants adding to its 23plants. This will increase the production capacity of the company. (Hiteshi, 2010)

## **THREATS**

### **MARKET IS EYED BY THE BIG PLAYERS:-**

The growth of the market indicates the need for the mineral water. Due to this the heavy weights are eyeing the market. Coke, Pepsi, Britannia, Nestle, Auswater-is keen on raising their stakes in this market. With the cut throat competition between Coke and Pepsi, BISLERI is not safe.

### **ENTERING OF NEW PLAYERS:-**

To get some share in the market many new players are entering in the market. Among them major names are Godrej, which is launching its product AQUA-PURE and Tata-Tea is looking forward to bring Himalayan, this will increase the competition. Also Britannia which is distributing EVIAN is planning to launch its own brand. There are also new entrants ATCO with BRILLIANT water, DS FOODS with CATCH are also coming. Even Hindustan lever is planning to enter into the market. This is giving a tough competition to the current water brands including BISLERI.

### **WATER FILTER MANUFACTURERS:-**

BISLERI is not only getting competition from mineral water maker but is also facing a tough competition from various water filter manufacturers such as Eureka Forbes (Aqua guard). They have been marketing there purifiers in the

market which has decreased the sales of bottled water supply to homely customers.

### **ILLEGAL MANUFACTURERS:-**

Company is facing a tough competition from illegal manufacturers in the rural areas. The illegal manufacturers provide water at a very cheaper rate than the branded manufacturers. There are 1000's of illegal manufacturers which are providing the water at a very cheaper rate. This is a serious problem for branded manufacturers. This companies also use the fake name of branded bottled water i. e. BISLERI and supply their products in the market.

### **STRONG DISTRIBUTION CHANNEL OF THE OTHER MANUFACTURERS:-**

Analysts feel that BISLERI'S break away seal will not at all be effective the company having strong distribution channel will only survive. This rings the warning bell for BISLERI because among other players Kinley and Aquafina are having a strong distribution network of Coke and Pepsi. Nestle will be banking on its chocolate distribution network. Even though the BISLERI has a strong networks but its concentration on bulk segment can lead to improper network.

For example: – A chemist who is selling the 1 litre pack may not sell the 20 litre pack. This could disturb the network.

### **NEW GOVERNMENT POLICY:-**

For preparing 1 liter of mineral water 3 liters of ground water is required. Government was not charging tax on the extraction of the ground water.

Now by introducing the new policy government is going to impose tax on the extraction of the ground water, this will increase the production cost because of which the companies will be forced to increase the price which all consumers' of all categories cannot afford. The companies can compensate the high production cost by reducing their marketing expenses but this will keep the consumer unaware about the product. This is also affecting the quality of the bottled water. (Vora, 2009) (Porter M. , 1980)

### **PORTER'S FIVE FORCES ANALYSIS:**

Analyzing the above through the porter's framework:

As we can see above that the company is going through various threats instead of being in a good position and capturing a large market share still it is facing a very tough competition from the existing competitors as big players like Coke and Pepsi are keen to increase their market share and both of them being the biggest competitor of each other, there is a hyper competition in the market and a cut throat situation where any of the companies can take away the market at any time without being late in order to rule the market.

Bisleri being in the market of water which a very profitable area faces the new entrants threat also as brands like Godrej, Tata Tea, Britannia, Atco, DS Foods etc. are coming out with their own brands and trying to make money in fact some of them are even out with their brand and planning to modify and expand it which in turn increases the threat to Bisleri with the fear of losing the market share. (Gerry Johnson, Exploring Corporate Strategy, 2005) (Porter M. E., The Five Competitive Forces that Shape Strategy, 2008)

## **PESTEL ANALYSIS:**

Analyzing the above through the PESTEL framework:

As can be seen above that the company is affected a lot by the new government policy and that is to charge tax on the extraction of ground water but now the government is imposing tax which is a major concern for the company as to manufacture 1 liter of water they need to extract 3 liters of water from ground which in turn will increase their cost of production which they will try to reduce by reducing the quality of the product which will in turn harm the health of people and company image. (Gerry Johnson, Exploring Corporate Strategy, 2008)

## **CONCLUSION**

With this SWOT analysis we have derived the conclusion that:

The base of BISLERI water is very strong in the Indian market. Its managing director is one of the biggest achiever in the packed water bottled market; it is found that its weakness lies in the production. The company was in trouble because of its production related techniques; The Company has a lot of opportunity which can be exploited in the future which will give the company a profit, proper utilization of opportunities will be a key to survive in the market, But with more and more competitors entering the market, there are also various threat to company. One wrong step can lead to a white-wash of company from the market in the future.

## **REFERENCES:**

Bisleri. (2008). Bisleri. com. Retrieved January 1st, 2011, from bisleri.com/home. html

<https://assignbuster.com/market-position-of-bisleri/>

Charles Hill, G. J. (2009). Strategic Management Theory: An Integrated Approach (9th ed.). South-Western .

Economic Times of India. (2010). Fruity flavoured water from bisleri to hit market soon. finewaters.

Gerry Johnson, K. S. (2005). Exploring Corporate Strategy (7th ed.). FT Prentice Hall.

Gerry Johnson, K. S. (2008). Exploring Corporate Strategy (8th ed.). FT Prentice Hall.

Hindustan Times. (2010). Bisleri to launch flavoured water soon. Hindustantimes.

Hiteshi. (2010). SWOT analysis of Bisleri Co.

Hitt, M. I. (2003). Strategic Management (5th edn ed.). Singapore.: South-Western.

Porter, M. (1980). Competitive Strategy. Free Press.

Porter, M. E. (1996). What Is Strategy? Harvard Business Review.

Porter, M. E. (2008). The Five Competitive Forces that Shape Strategy. Harvard Business Review.

Raturi, P. (2005). And this is how Parle Bisleri began. Rediff.

Upadhyay, S. J. (2005). Mineral Water of the World. Minerakwaters. org.

Vora, Y. (2009). Bisleri.

<https://assignbuster.com/market-position-of-bisleri/>