

Reinventing Bisleri: Introduction

In the early 1990s, Parle Bisleri Ltd's (Parle Bisleri's) Bisleri¹ had become synonymous with branded water and had a market share of 70%. In the late 1990s, Bisleri's market share began to erode with new players entering the market. The new players also positioned their products on the purity platform and Bisleri felt the need to differentiate itself from the crowd. In the late 1990s, Bisleri launched its Pure and Safe ad campaign to convince the consumers that it was the only pure and safe branded water in the market. However, in 2000-01, Bisleri faced another challenge.

The Cola majors, Pepsi and Coca-Cola and the confectionery giant, Nestle, also entered the branded water market in India. Pepsi and Coca-Cola had an established distribution network. Bisleri realized that with the new players also clambering on to the purity plank, it had to reposition itself to arrest its declining market share. In September 2000, Parle Bisleri launched its Play Safe ad campaign. The company tried to add a fun element to Bisleri to rejuvenate the brand. The ultimate aim was to increase Bisleri's turnover from Rs 4 billion in 2000 to Rs 10 billion by 2003.

Bisleri Feels The Heat

In the early 1990s, the branded mineral water industry was worth Rs 3 billion, producing around 95 million litres in 1992. Parle Bisleri's Bisleri brand launched in 1971, was the leader with 70% market share. After 1993, the branded mineral water industry saw some hectic activity. On an average, every three months, a new brand was launched and another died.

In the late 1990s, many international brands were planning to enter the branded mineral water market. According to some analysts, the main reason for the boom in branded water was the fact that people were becoming more health and hygiene conscious. Branded mineral water which sold in only 60 towns in 1993, was available in 250 towns in 1997. In 1998, Bisleri's market share came down to 60%, while Parle Agro's³ Bailley had 20%. The remaining 20% was shared by regional players.

In 1998, the branded mineral water market had grown to a 424 million litre business, valued at Rs 4 billion. There were 200 brands available in the country. In their bid to garner greater market share, many companies, including Parle Bisleri tried to make quality and the purification processes they used their unique selling proposition (USP).

In 2000, the branded water market had grown to Rs 7 billion. New players like Pepsi's Aquafina, Coca-Cola's Kinley and Nestle's Pure Life entered the market. The market was segmented into premium, popular and bulk segments (Refer Table I for the price range in different segments).

The premium segment was the least crowded with just four brands: French transnational-

Danone's Evian and Ferrarelle and Nestle's Perrier and San Pellagrino. The popular segment was where most of the action was.

Bisleri, Bailley, Aquafina, and Kinley were some of the dominant brands in this segment. In the bulk segment (5, 12 & 20 litres), Bisleri was a major player with Kinley and Aquafina staying out of this segment.

As product differentiation on the basis of quality became increasingly difficult, with each company claiming that its brand was safe and pure, companies began to use packaging to differentiate their products. Bisleri introduced a tamper proof seal in the 500 ml bottle.

However, analysts felt that Bisleri's efforts to reinforce its pure and safe image with a tamper proof seal may not be all that effective as competitors also had similar tamper proof sealed bottles. They felt that it was companies with strong distribution channels that would do well in the long run. Pepsi's Aquafina was strongly placed because it had the backing of Pepsi's distribution network in the country.

In August 2000, Coca-Cola India launched its bottled water brand, Kinley. Some analysts said that it would be difficult for Kinley to make a dent in the branded water market in India because it was already overcrowded and highly competitive. Commenting on Kinley's launch, Ramesh Chauhan (Chauhan), CEO of Parle Bisleri Ltd said, "It will be tough for anyone to beat us in this game. We will remain market leaders.

By 2001, the mineral water market was worth Rs 10 billion and was growing at the rate of 40% a year. Kinley and Aquafina made inroads into the market and by March 2001, Kinley had a 10% market share, Aquafina had 4% and the share of Bisleri had come down to 51%. By June 2001, Bisleri's market share was 47% and Aquafina and Kinley together accounted for over a third of the market (Refer Table II).

In 2001, both Kinley and Aquafina were making huge investments in bottling plants and distribution. By 2002, Coca-Cola India planned to double the number of water bottling plants to 16 and Pepsi announced that it would add seven more plants to the existing five. In contrast, Bisleri had only 15 bottling plants and three franchisees. Kinley had 500,000 outlets compared to Bisleri's 350,000. Analysts felt that Kinley and Aquafina had an edge over Bisleri because of their strong distribution network.

However, one area in which Bisleri seemed to have an advantage over Kinley and Aquafina was the bulk segment. In 2000 Bisleri's 5 and 20 litres packs accounted for 20% of its sales. In 2001, the company planned to have 75% of its sales from bulk packs of 5 and 20 litres. According to analysts the bulk segment had vast potential, and was expected to grow fast. In 2000, 40% of the branded water consumption was in eateries, homes and restaurants.

Large shops and commercial complexes were fast emerging as attractive targets for mineral water marketers and Bisleri wanted to be the first to establish itself in the bulk pack segment.

Bisleri reportedly wanted to focus on the bulk segment because Pepsi and Coca-Cola seemed to be strong in the retail segment and would take some time to strengthen their presence in the bulk segment.

Said Vibha Paul Rishi, executive director (marketing), of Pepsi, "The bulk segment is not our core strength, so we would like to confine Aquafina to the retail segment for the time being." To strengthen its presence in the bulk segment, Bisleri was investing heavily on marketing and distribution.

According to some analysts the competition between Pepsi and Coca-Cola in India would shift to branded mineral water. With the cola market having remained stagnant for the past few years, the branded water market, with 40% growth would be an attractive option for these companies.

Coca-Cola planned to invest Rs 700-750 million in its water business by 2005 and Pepsi around Rs 800 million to Rs 1 billion. In 2001, Kinley contributed 5% to Coca-Cola's revenues in India and Pepsi claimed that by 2002, Aquafina would contribute 7% of Pepsi's revenues in India.

From "Pure and Safe" To "Play Safe"

In the late 1990s, Parle Bisleri launched an ad campaign to create a distinct brand image- 'There is just one Bisleri.' Hoardings and point-of-sale promotion material backed an aggressive print-and-TV campaign, and every interaction with the consumer was used as an opportunity to reinforce the message that Bisleri was "pure and safe."

The entire campaign was built around the tamper proof seals. The campaign focused on the safety provided by the "breakaway" seal, by illustrating the ease with which conventionally sealed bottles could be refilled and recycled. Said Ashok Kurien, CEO, Ambience D'Arcy, Bisleri's ad agency, "Our objective with the campaign was to highlight the tamper-proof seal and create doubt in the consumer's mind of the purity of the other brands.

That is, Bisleri is the only one that guarantees purity." In 2000, in the face of competition from the new entrants, Bisleri decided to penetrate every possible segment of the market by introducing more pack sizes and to establish the brand strongly with trendy packaging. In 2000, Bisleri launched the 1.2 litre pack. This added to the five pack sizes that Bisleri had (500 ml, one, two, five and 20 litres). The new pack was priced at Rs 12.

This pack was targeted at the regular mineral water consumer who is accompanied by a friend and also restaurants and hotels. In the long run, Bisleri planned to replace the standard one litre pack with the 1.2 litre pack. The company felt that although the one litre pack accounted for 35% of sales in terms of volume, it had problems in the form of

leakages, loose caps and foreign particles in the water. Bisleri thought that a heavier 1.2 litre bottle would solve most of these problems.

Analysts felt that Bisleri would find it difficult to market an unconventional pack like the 1.2 litre one. This would require increased spending on marketing and advertising. However, according to company officials, the higher margins that a crate of 1.2 litres bottle (12) would generate, would be spent on marketing, advertising and on dealers.

The retailer price for a crate of 1.2 litres bottles would be Rs 120, against a total cost (including excise and sales tax) of Rs 60.87 to the company. Thus, the company would have a margin of Rs 59.13 per crate. The comparable margin for a crate of 1 litre bottles was Rs 44.57. This meant that the company would have an extra Rs 14.56 per crate. Bisleri planned to spend this amount on advertising and marketing.

In 2000, Bisleri also launched smaller packs like the 300 ml cup. This 300 ml cup was targeted at large gatherings like marriages and conventions. A study conducted by Bisleri showed that its one litre pack was not considered trendy enough.

Analysts' felt that since Bisleri had become generic to the category, the one litre pack was not really considered a brand but merely synonymous with the product. The new look was expected to correct this perceptions. In place of the round ringed bottles, Bisleri would be available in hexagonal flat-sleeved bottles. The new pack was already introduced in 500 ml and 5 litre sizes and would be used for other packs. The new design was patented to prevent it from being copied by others.

Said Chauhan, "The new pack is trendy and has been well accepted by the consumers as we have experienced in the case of 500 ml and 5 litre sizes." The new pack also allowed better brand display. Vertical labeling was easier on flat sleeved packages. It made label information visible from all sides of the bottle. Bisleri also planned to target the soft drinks market. Chauhan was confident that by 2003, the water business would grow at the cost of the soft drink market.

Most analysts agreed that this was possible. In 2000, pure bottled water sold over 500 million litres a year. Soft drinks sold over 1 billion litres a year. With an annual growth rate of 40% for water, water sales was expected to catch up with soft drinks. Bisleri planned to target the soft drinks market by adding a fun element to the product. Chauhan felt that soft drinks were all about quenching thirst and having fun.

While it was widely accepted that branded water quenched thirst, there was very little that branded water could do to provide a fun element. Chauhan said that Bisleri would soon launch an ad campaign to address this problem. By 2000, the smaller players also began to position their products on the purity platform. They also offered better trade margins. New

entrants like Aquafina and Kinley concentrated purely on building their brands in a big way. Bisleri had to come out with an ad campaign to make its brand stand apart.

In September 2000, Bisleri launched its *Play Safe* ad campaign. In the print ad, a lady in a bikini is shown lying face down, soaking up the sun. A part of the lady's body is shielded by a bottle of Bisleri with the message: Play Safe on the bottle. The television version of the ad ran for 45 seconds. The film opens with a couple sitting on a beach in front of a bonfire. The girl suddenly starts running and is followed by the boy.

As she collapses on the sand, she whispers something in his ear which sends him back to the bonfire. He rummages through the bags, but can't find what he is looking for. He rushes to the nearest chemist's and picks up a huge carton. Back at the beach, he opens the carton, and finds 500 ml Bisleri bottles inside. The girl quenches her thirst, almost in ecstasy, as the boy watches her with a comical expression on his face. Then comes the message: Play Safe.

The campaign targeted the youth and hoped to convey a social message: young people need to make sure they are safe even when they are having fun. The ad campaign saw a shift in positioning from "pure and safe" to "play safe."

According to Ambience D'Arcy, the shift had been necessitated by the fact that every new entrant in the mineral water market adopted the purity. Said Chauhan, "Our observation is that people consume mineral water not for the minerals, but for safety. Hence the word "safe" is critical."

Will Bisleri Ever be a Rs. 10 Billion Brand?

Parle Bisleri's aggressive marketing was aimed at making Bisleri a Rs 10 billion brand by 2003. However, new entrants into the branded water market like Pepsi and Coca-Cola were equally aggressive in marketing their brands. In August 2001, Kinley launched an ad campaign with the tag line Boond boond mein vishwas (Trust in every drop). The ad focussed on trust in relationships. The 40 second commercial opens in a rural setting, showing cracked earth and a young boy waiting for rain. A Kinley truck arrives and sprinkles water all over.

The boy's face breaks into a smile. The ad also shows a father running behind his son's school truck to hand over a Kinley bottle. Commenting on the ad, Pandrang Row, executive creative director, McCann-Erickson, Kinley's ad agency said, "We were trying to show images where people had to trust the water they were drinking, or giving their children.

Kinley is the water you use when you need to be able to trust what you're drinking or giving someone to drink."

In late 2001, Coca-Cola announced that it would enter the bulk segment where Bisleri was a dominant player. The 20 litre bulk water packs would be targeted at institutional and home segment. Kinley's brand positioning of trust and purity would be maintained. With the entry into the bulk segment, Coca-Cola aimed to garner a market share of 40% by 2002. Sanjiv Gupta, Senior Vice-President, Coca Cola India said, "We are aiming to be either number one or a close number two within a year."

Analysts felt that with the cola giants shifting their focus to branded water in India, Bisleri would be the worst sufferer. Chauhan was already planning to sell a 49% stake in Bisleri. However, according to some analysts; he would wait till 2003 when Bisleri was likely to touch a turnover of Rs 10 billion, before selling out the 49% stake. Others felt that given the pace at which Kinley and Aquafina were eroding Bisleri's marketshare, 2003 could be too late. What remained to be seen was whether Bisleri's new positioning would help it to increase its turnover to Rs 10 billion by 2003.