

# **Market Analysis of Packaged Drinking water for state of Goa**

## **PROJECT REPORT**

**Submitted By**

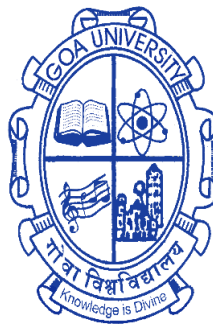
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**(EM-2008)**

**As a part of the requirements for the degree of Master of Business  
Administration (Executive) under the guidance of**

**Project Mentor**

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**GOA BUSINESS SCHOOL**

**GOA UNIVERSITY**

**DEPARTMENT OF MANAGEMENT STUDIES**

## **DECLARATION**

I Rohit Suresh Prabhu Verlekar hereby certify that this report has been prepared by me. This report has not formed the basis of any diploma or degree. The report is to be submitted to the Goa Business School as partial fulfilment of internship paper of 8<sup>th</sup> & 9<sup>th</sup> term of the E-MBA program.

**Rohit Suresh Prabhu Verlekar**  
**Roll no. EM-2008**

**Dated: 30/03/2023**

## **ACKNOWLEDGEMENT**

It gives me immense pleasure in expressing my gratitude to all those who have helped me to complete my project.

I sincerely like to thank Mr. Rahul Usgonkar the proprietor of M/s Salora Packaged Drinking Water for giving me the permission for proceeding with the project work in the organization and providing me with valuable inputs and guiding me throughout. It was due to their kind and valuable co-operation through which I could finish my project, which was by providing me with the vital information necessary for my project.

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## **Executive Summary**

This project has been carried out as a part of the curriculum of the Final Year E-MBA GOA BUSINESS SCHOOL, GOA UNIVERSITY DEPARTMENT OF MANAGEMENT STUDIES Goa.

The project research has been completed at M/s Salora Packaged Drinking Water from Amthane Revora Goa from the month of October 2022 to March 2023.

Increasing health concerns and unavailability of clean drinking water have led to the growth of the bottled water market in India. The major bottled water brands operating in India are Bisleri, Kinley, and Aquafina. The package drinking water market is also flooded by small regional players. These small regional players give a tough competition to the major players.

In India, typical package sizes include 1 L bottles, 2 L bottles, 500 ml bottles, 250 ml bottles, pouches, and barrels of 20 litres.

The purpose of this study is to have a detailed understanding of the packaged drinking water for the state of Goa and put forward the path a new manufacturer should consider to follow when entering a very dynamic market. This study will also help us understand the End consumer behaviour when it comes to its buying behaviour and trends that they follow.

## **Introduction & Background**

India accounts for approx. 22% of the global population. In addition, the per-capita income of Indians witnessed a growth. Moreover, increased awareness among the growing population about the importance of safe drinking water for maintaining good health, along with a sharp rise in per capita income is creating a demand for bottled water in India.

Further, tourists prefer bottled water to normal tap water. The rate of foreign tourists in India is expected to increase. This, in turn, is anticipated to boost the sale of bottled water in India.

Apart from individual sales, market players in India have recently inclined towards institutional sales through partnership with airlines, movie theatres, and hotels. Such partnerships are eventually increasing the penetration of the product in the market, followed by the rise in the overall sales volume in India.

The bottled water industry has grown significantly in India in recent years due to increasing concerns about the quality of tap water and the need for portable drinking water. The industry in India is highly competitive, with many established players and new entrants constantly entering the market. In this report, we will provide a detailed overview of the bottled water industry in India and the state of Goa.

### **Overview of Bottled Water Industry in India:**

The bottled water industry in India is estimated to be worth around Rs 160 billion (approximately USD 2.2 billion) and is expected to continue growing in the coming years. The industry is largely dominated by large-scale players such as Bisleri, Kinley, and Aquafina, who have established strong distribution networks across the country.

The industry is highly fragmented, with many small and regional players operating in various parts of the country. The majority of these players operate in the unorganized sector and often face the challenges related to quality control, branding, and distribution.

One of the biggest challenges facing the bottled water industry in India is the issue of plastic waste. The industry has come under scrutiny due to concerns about the environmental impact of plastic waste, and companies are increasingly investing in sustainable packaging solutions to address this issue.

Goa is a small state located on the west coast of India, known for its beautiful beaches and tourist attractions. The bottled water industry in Goa is relatively small compared to other states in India, but there are several established players and new entrants in the market.

The demand for bottled water in Goa is largely driven by tourism, with many tourists opting for bottled water due to concerns about the quality of tap water. The industry is highly competitive, with many small and regional players operating in the market.

One of the biggest challenges facing the bottled water industry in Goa is the issue of quality control. The state has strict regulations related to the quality and safety of bottled water, and companies operating in the market need to comply with these regulations to ensure consumer safety.

Some of the key players in the bottled water industry in India include:

Bisleri  
Kinley  
Aquafina  
Himalayan  
Bailey

The bottled water industry in India and Goa is a growing market with significant potential for growth in the coming years. The industry is highly competitive, and companies need to focus on establishing strong distribution channels, building a strong brand identity, and addressing the issue of plastic waste to remain competitive. The industry in Goa is relatively small compared to other states in India, but there are several established players and new entrants in the market. The industry in both India and Goa faces challenges related to quality control, environmental concerns, and regulatory compliance, which companies need to address to ensure consumer safety and maintain their market position.

1. The packaged drinking water industry in India is expected to grow at a CAGR of 22% between 2021 and 2026.
2. The total market size of the packaged drinking water industry in India was estimated to be around INR 160 billion in 2022.
3. The per capita consumption of packaged drinking water in India was around 22 litres per person in 2020.
4. The southern region of India is the largest market for packaged drinking water, accounting for around 37% of the total market share in 2020.
5. The top players in the Indian packaged drinking water industry include Bisleri, Aquafina, Kinley, Bailey, and Kingfisher.
6. The Indian government has mandated that all packaged drinking water companies must adhere to the Bureau of Indian Standards (BIS) guidelines for quality and safety.

7. The Covid-19 pandemic has led to an increase in demand for packaged drinking water in India, as people prefer to drink safe and hygienic water.

The bottled water industry in Goa is a growing market due to the increasing demand for safe and clean drinking water. Here are some key insights about the industry:

**Market Size and Growth:** The bottled water market in Goa has been growing steadily over the past few years due to the increasing demand for safe and hygienic drinking water. The market size is estimated to be around INR 400 crore, with a projected annual growth rate of around 22%.

**Major Players:** There are several major players in the bottled water industry in Goa, including Bisleri, Kinley, Aquafina, Bailey, and Oxyrich, among others. These companies have a strong distribution network and a wide range of products to cater to different segments of the market.

**Product Offerings:** Bottled water is available in different sizes and packaging formats, including PET bottles and Glass bottles. The companies also offer different types of water, such as mineral water, purified water, and alkaline water, to cater to the varying preferences of consumers.

**Distribution Channels:** The distribution channels for bottled water in Goa are well-established and include supermarkets, retail stores, online platforms, and direct-to-home delivery. The companies also have tie-ups with hotels, restaurants, and cafes to supply their products.

**Government Regulations:** The Indian government has implemented several regulations to ensure the safety and quality of bottled water. The Bureau of Indian Standards (BIS) has set standards for the composition and labelling of bottled water. The Food Safety and Standards Authority of India (FSSAI) also regulates the quality and safety of bottled water and has set guidelines for its production, packaging, and labelling.

**Challenges:** One of the major challenges faced by the bottled water industry in Goa is the competition from local players who sell unbranded packaged water at lower prices. Additionally, concerns about plastic waste and the environmental impact of bottled water have led to increased scrutiny and regulations on the industry.

Overall, the bottled water industry in Goa is a competitive and growing market, with several major players vying for a share of the market. The industry is expected to continue to grow as the demand for safe and clean drinking water increases, but companies will need to navigate challenges related to competition, regulation, and sustainability.



## **Rail Neer**

Rail Neer is the brand name of the packaged drinking water sold by the Indian Railway Catering and Tourism Corporation (IRCTC). The IRCTC is a subsidiary of Indian Railways and is responsible for providing catering, tourism, and online ticketing services for Indian Railways. Rail Neer is one of the initiatives taken by IRCTC to provide clean and safe drinking water to passengers traveling on Indian Railways.

Rail Neer is produced in state-of-the-art plants located in various parts of India, and the water undergoes a rigorous filtration and purification process to ensure that it meets the highest quality standards. The water is packaged in 1-liter bottles and 500 ml bottles, and is sold at railway stations and on trains operated by Indian Railways.

The primary objective of Rail Neer is to provide passengers with clean and safe drinking water, especially during long-distance train journeys when access to clean drinking water may be limited. The initiative has been widely praised by passengers and has helped to address concerns related to the quality of drinking water on Indian Railways.

Rail Neer has also helped to generate revenue for IRCTC, as the packaged drinking water is sold at a premium price compared to other beverages sold on trains. The success of Rail Neer has led to other initiatives by IRCTC to provide quality catering and tourism services to passengers, such as e-catering services and the development of tourist circuits.

Overall, Rail Neer is a successful initiative by IRCTC to provide passengers with clean and safe drinking water, while also generating revenue for Indian Railways. The initiative has helped to address concerns related to the quality of drinking water on trains and has been widely praised by passengers.

## **Salora Packaged Drinking Water**

Salora packaged drinking water is a proprietorship owned by Mr Rahul Usgaonkar based out of Ponda. The manufacturing plant is located in Amthane Revona North Goa. The firm came into existence on March 2018. He entered the Goa market pre Covid era. From 2018 the firm has grown to a team of 15 now. With 10 working in production and 5 in dispatch and logistics.

The raw material required for the final product are as followed:-

### **Pet Preforms**

A preform is an intermediate product that is subsequently blown into a polyethylene terephthalate (PET) container. Preforms vary in neck finish, weight, colour and shape, and are specifically designed to meet the needs of customers in different market segments. The PET Preforms are sourced from Smart pet LLP located in Kundai Goa.

### **Finish/Caps**

The top part of the container, above the neck, is shaped to accommodate a specific closure size. The term “finish” comes from a time when the finish was the last part of the bottle moulding process. Finish/caps are sourced from KamaxiHydrofits and N K Plast

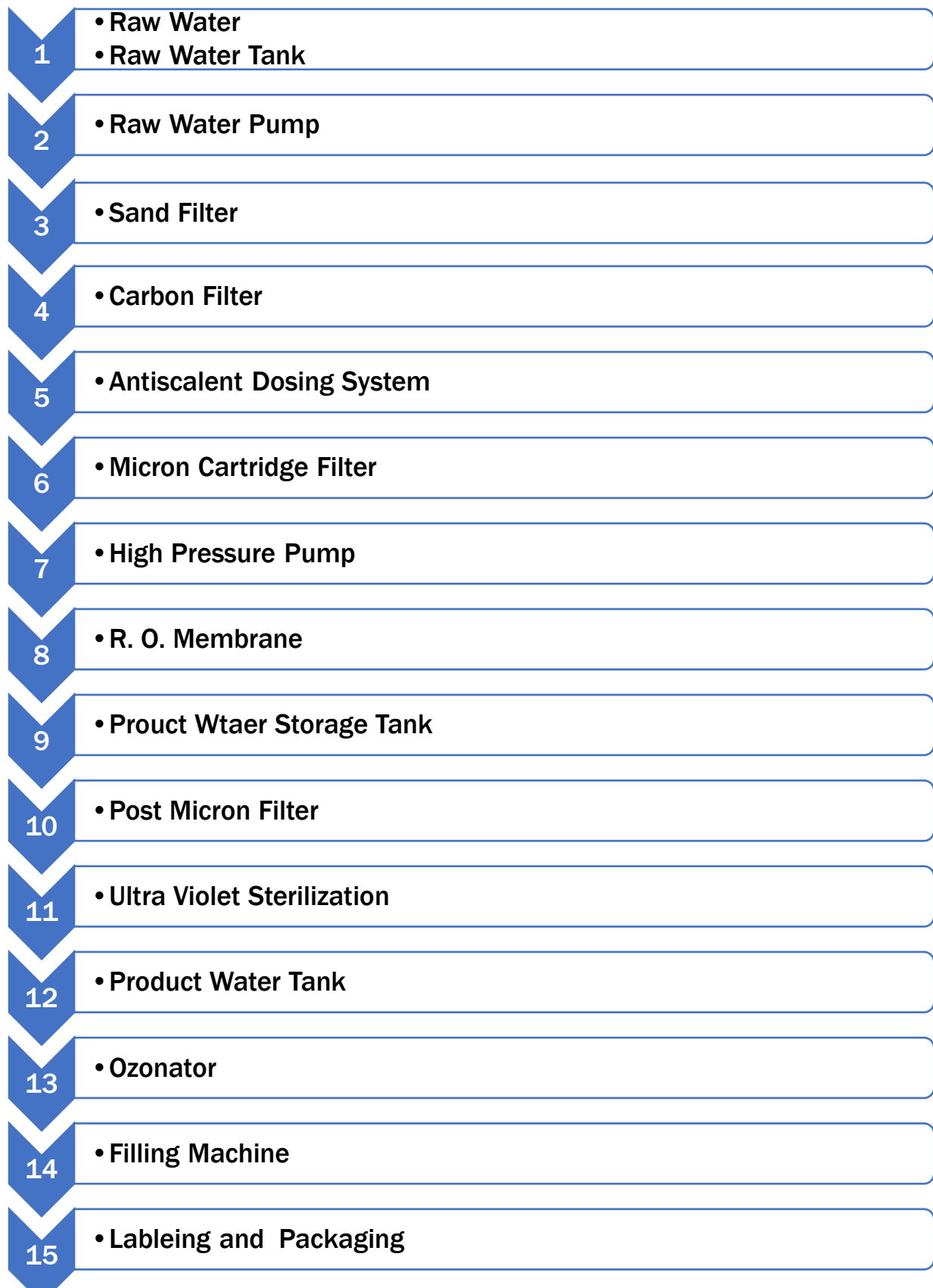
### **Shrink Wraps / Corrugate Boxes**

A versatile polymer material used for the packaging of finished goods. Heat is applied to the film – by either a conveyor heat tunnel or an electric or gas heat gun – which catalyses the film to shrink tightly around the item placed within. Shrink Wraps are sourced from Kemplast and corrugate boxes are sourced from Superpack Paper Converter.

### **Labels**

Labels may be used for any combination of identification, information, and warning, instructions for use, environmental advice or advertising. They may be stickers, permanent or temporary labels or printed packaging.

## Production Process Flow Chart



## Production Process

The production process starts with collection of raw water in the raw water tank which is of 15000 litres. Once the collection of raw water is done it is pushed through via raw water pump into the first filtration process Sand filter (Sand filtration is used for the removal of suspended matter, as well as floating and sinkable particles. The wastewater flows vertically through a fine bed of sand and/or gravel. Particles are removed by way of absorption or physical encapsulation.) Once the raw water passes through the sand filter, it enters next filtration process ie Carbon Filter, A filter with granular activated carbon (GAC) is a proven option to remove certain chemicals, particularly organic chemicals, from water. GAC filters also can be used to remove chemicals that give objectionable odours. At this stage there is also a sample collection which is done as per the guidelines of BIS (Bureau of Indian Standards).

Once the raw water passes through the carbon filter it heads to Antiscalent Dosing System this is a pre-treatment water additive for reverse osmosis system that is highly effective in preventing the membranes from scaling. Before the feed water enters the reverse osmosis membrane, an antiscalant is injected into the water and sent the through the system this additive is added in the following proportion 5 millilitres for every 20 litres. After going through antiscalant dosing system water moves towards the Micron Cartridge Filter, Micron Cartridge Filters are filters which filter the water to designated Micron rating. This is achieved by specially designed cartridge elements to be housed inside the Filter vessel. Once water passes through the Micron Cartridge Filter it goes through High Pressure Pump which heads to R.O. Membrane Reverse osmosis is a technique that uses pressure to drive water through specialized membranes to remove foreign pollutants, solid particles, big molecules, and minerals. The technology increases the quality of water for drinking, cooking, and other uses.

A RO membrane plays an important role in the water purification. Let's read about these in detail:

Sweetens the taste of water by removing excess TDS, Total dissolved solids (TDS) include a concentrated level of particles such as inorganic salts and compounds in the water. The presence of TDS in water alters its taste and makes it saltier. An RO water purifier brings down the TDS in water by 90%, improving the taste of water and making it sweeter.

**Removes harmful chemicals and disease-causing impurities**

Harmful contaminants such as bacteria, viruses, chemicals, and heavy metals may be naturally present in the water and drastically affect one's health. These impurities can lead to various water-borne diseases such as diarrhoea, typhoid, cholera, etc. Hence, to avoid such illnesses, one must make sure that the water consumed is 100% safe and purified.

**Suitable to purify water from all sources**

RO is one of the most sophisticated water purification technologies. Whether your source of water is Ground Water/Bore well, Tank, or Municipal supply. At this stage there is also a sample collection which is done as per the guidelines of BIS (Bureau of Indian Standards).

After passing through the R.O. Membrane the water enters Product water Storage (Stainless Steel food grade) this is a 1000 litre tank, from here water again travels to Post Micron Filter in this stage water passes through 3 separate micron filters of different sizes, these filters are made up cotton type material the different sizes. After passing through the micron filters the water goes through Ultra Violet Sterilization UV light is proven to eliminate many microorganisms such as bacteria, viruses, protozoa

and even some harmful pathogens that are not eliminated by chlorine. UV disinfection water treatment systems eliminate protozoa such as *Cryptosporidium* and *Giardia* which are resistant to chlorine. Used to remove microbiological contaminants that may cause illness. Ultra Violet (UV) light disinfection is one water treatment system that can be used to remove most forms of microbiological contamination from water. After passing through the UV Sterilization the water enters final tank Product water Storage (Stainless Steel food grade) this is a 1000 litre tank, when the tank hits 80% of it the next process starts Ozonater. Ozonated water refers to water that has been treated with ozone gas. Its proponents claim that it offers benefits in both clinical and industrial spaces, from preventing cancer and fighting free radicals in the body to supporting dental health and preserving food safety.

Once the ozonation process is done the water heads towards the filling area, where the pet preform get inflated and washed once they get washed the bottles get filled with the water, after the filling the finishes/Caps are applied to the bottle. Once the bottles capped it heads towards and labelling after being labelled they get packed in shrink wraps or corrugated boxes and after being filled and packed they packaged drinking water is set down for cooling period of 24 hours before being dispatched to the distributors and retailers.

## **Objectives of the Study**

To study the different brands of package water present in Goa and analyse the market potential. Further this study should help prospective and exiting manufacturers to introduce new products in the market.

This study will also analyse the potential for environmentally sustainable packaging material and possibility of introducing flavoured water.

## **Methodology**

1. Understanding the Bottled water market and its characteristics
2. A survey of key stakeholders to understand the market.
3. Mapping the supply chain of bottled water in the Goan market.
4. Estimation of the market potential of bottled water.

A primary survey questionnaire was administered to gather key information from

(a) Consumers (b) distributors / Retailers (c) manufacturers.

## **Scope of work**

Following is the scope of this study:

- The region under discussion was the state of Goa.
- Initial market survey.
- Understand the demand and supply gaps
- Understand the current quality issues
- Understand the supply issues/ lead time

## Questionnaire Design

A Google form survey questionnaire was prepared to collect the data and was shared among different Manufacturers, Distributors, Retailers and end consumers in Goa. There are three different survey

**a) Manufactures**

The questionnaire for the manufacturers consisted of getting details on their production cycle, their views on the ever-changing markets, and difficulties for production, what is their view on the environmental guidelines and alternate sources of packaging.

**b) Distributors and Retailers**

The questionnaire for the distributors and retailers revolved around understanding the issues they face when dealing with a firm, quality issues, their take on environmental guidelines, acceptance towards new packaging.

**c) End Consumers.**

The questionnaire for the end consumers was designed to understand the critical pointers for their buying behaviour and brand loyalty, their take on the packaged drinking water industry, how they find the current situation of it, what is their take on new environmental guidelines and their willingness to pay for sustainable packaging

A structured questionnaire was developed with a combination of multiple-choice questions, checkbox and open ended. The objective of the survey was to gather the necessary information required for study. After finalizing the survey questionnaires, it was administered in different Manufactures, Retailers, Distributors and end consumers in Goa.

## Data Collection and Limitations

The final questionnaire was sent by, WhatsApp to the End Consumers in different parts Goa. For the Manufacturers some were on a telephonic interview and for some it was personalised meetings the questions were asked from the Google form and were recorded in the same format, for Distributors and Retailers were met personally and interviews were conducted where in the details given by them were recorded in Google forms.

Collecting data from end consumers was easy as the questions were more close ended and simple compared to that of the Manufacturers or the Distributors and Retailers hence they had to be contacted and needed to meet to fill up the survey to have much clear idea about the same.

**Primary Source:** The data has been collected directly from respondent with the help of structured questionnaires and face to face interactions and telephonic conversation

**Secondary Source:** The secondary data was collected from internet and brochures of the company

Sample Size for the Survey is as follows

- A) Manufactures = 4
- B) Distributors and Retailers = 10
- C) End Consumers = 100

The research was conducted from the month of 5th December 2022 to 20th February 2023.

Limitations

- ❖ Non-disclosure of confidential details by the members of the company.
- ❖ The research study has a limited scope due to the time limit.



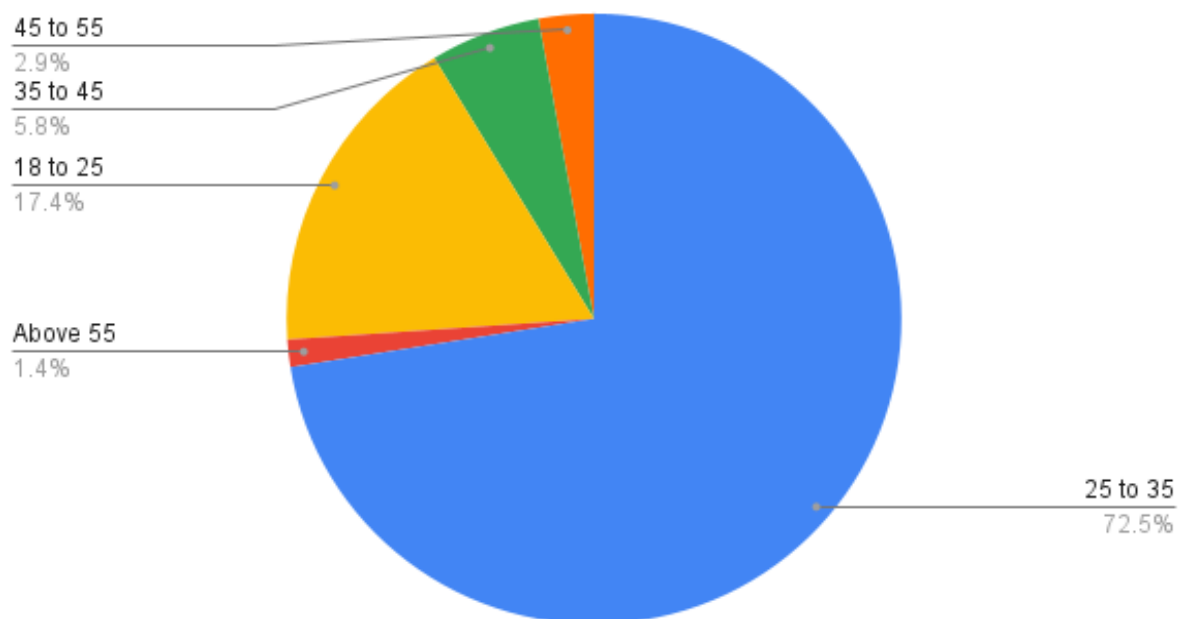
# Analysis of Survey Responses

## 1. Survey Analysis of Customer Responses

Here we have interview / taken survey from end consumers to understand their take on the packaged drinking water industry in Goa and how it is performing currently and what is its possible path in the near future.

### Age Group

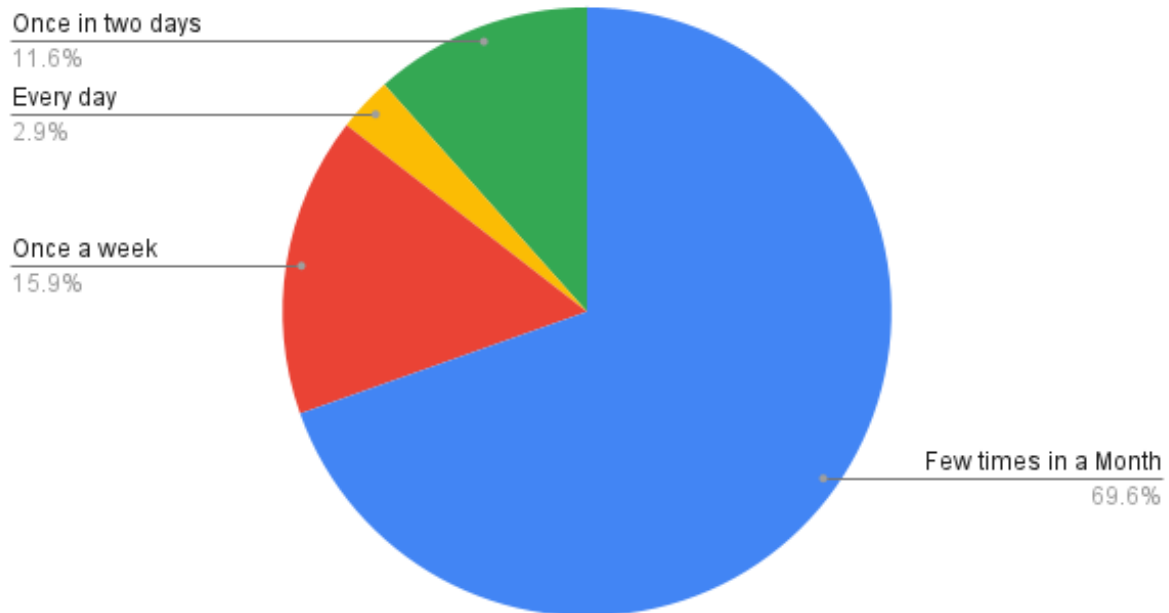
#### Age Group



As per our survey 72.5% of the people we interview were from 25 to 35 age group, 17.4% were from 18 to 25 age group, 5.8% were from 35 to 45 age group and 2.9% were from 45 to 55 age group and 1.4% from 55 and above

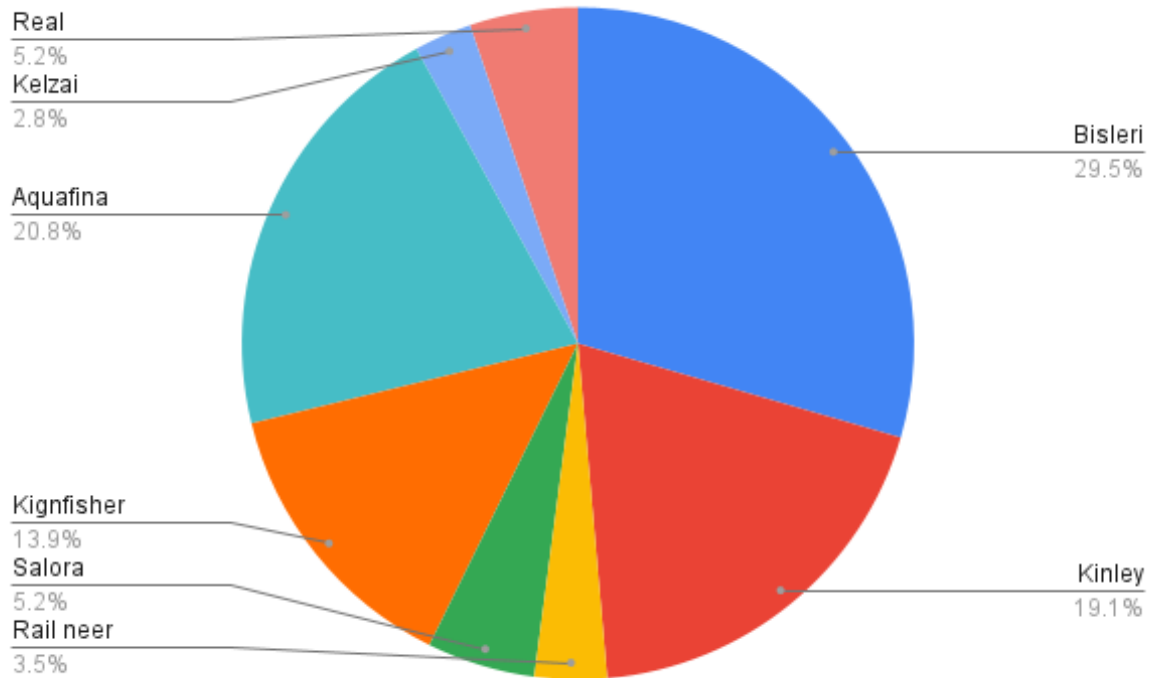
## How often do you purchase bottled drinking water?

### How often do you purchase bottled Water ?



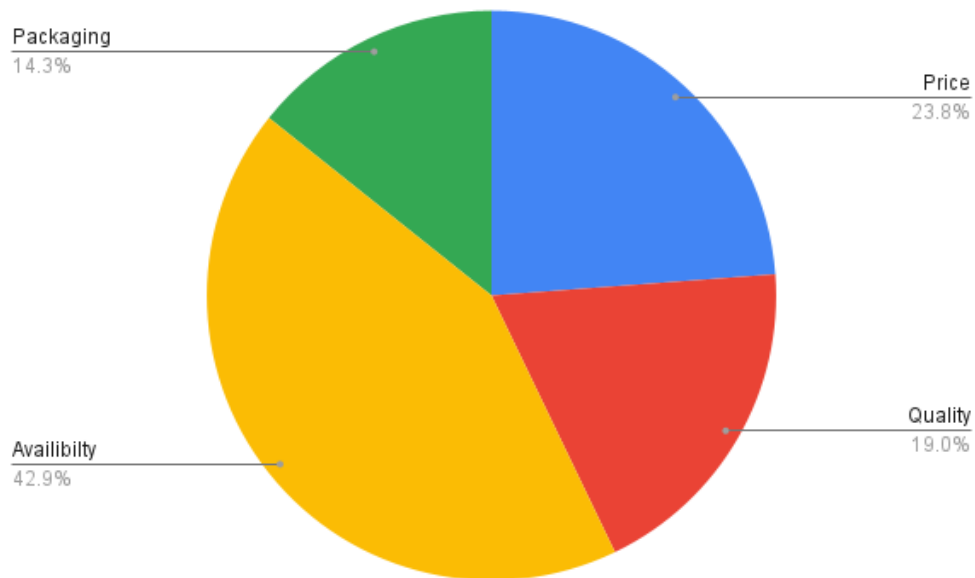
From the chart we can understand that maximum of the people bought the water very few times in a month i.e. they only bought it when they travelled or were in extreme need of it. 15.9% people bought water at least once a week. Here the purchase was for home use, maximum respondents who said they bought once a week bought 20 litres can for home use. Respondents who bought water every other day comprised of 11.6% and respondents who bought it every day were 2.9% these were the people who spent maximum time on the road, travelling for leisure or work.

## What are the different brands of packaged bottled water available?



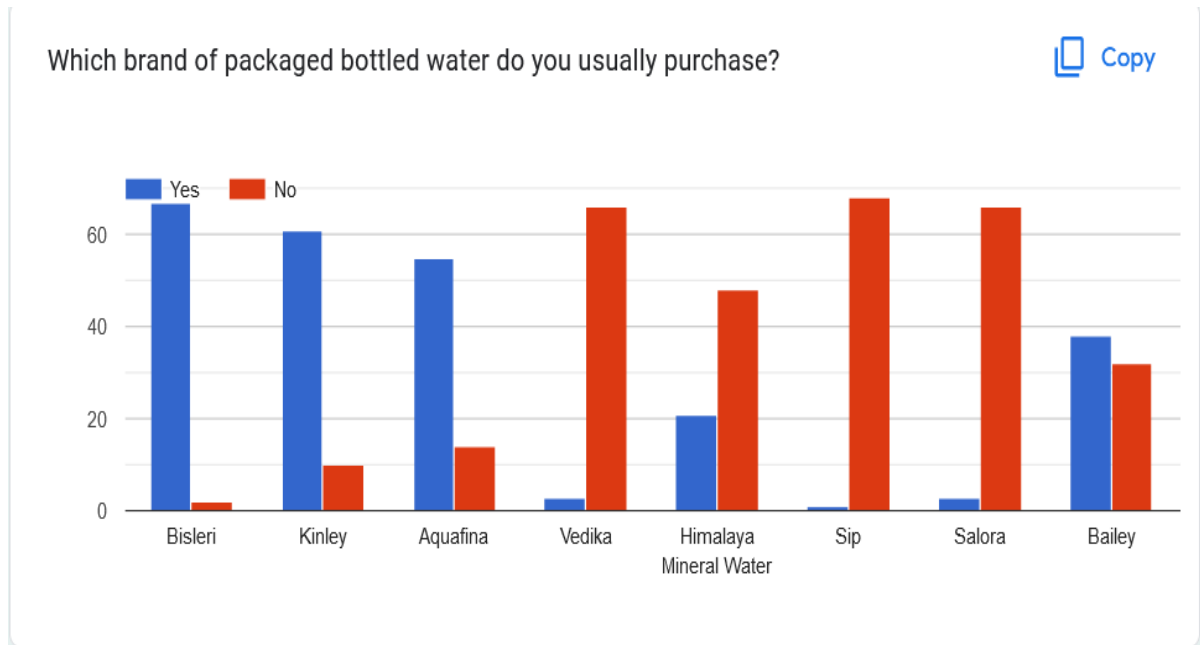
Above chart shows the brands which the respondents new or were aware of, here maximum people knew about the Bisleri, the second most popular was Aquafina and close third was Kinley other brands that were recollected amongst the respondents were Real, Kingfisher, Rail neer, Kelzai which comprised of the rest of the pie chart.

## Reasons for selections of a particular brand of bottled water?



When asked about the particular reason that affects the buying behaviour 42.9 % respondent said they would buy any brand that is available at the time of purchase without giving much importance to it. Where in 23.8% respondents said that the price impacted when they buy the packaged drinking water. 19% respondents also said the quality of the product make a buying decision for them and 14.3 % people said that the packaging make a buying decision for them, in case of packaging it impacts in two ways 1. The size or the convenience ie if that size of the packaged drinking water is not there then they won't buy. 2. The design, eg like glass bottle, design etc playing a part in buying decision.

## Which Brand of Packaged drinking water do you usually purchase?



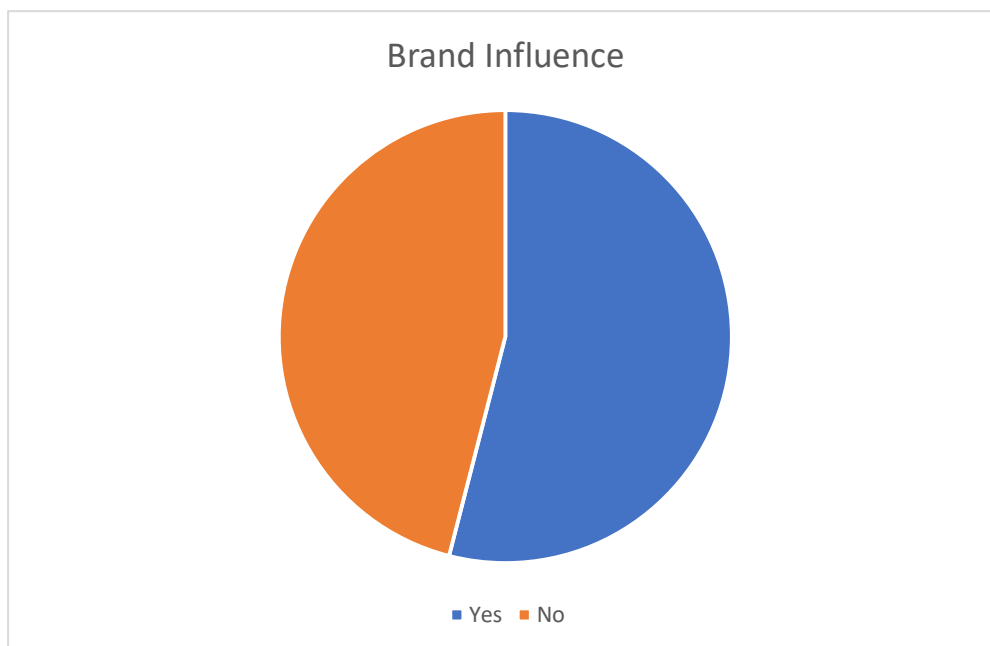
When asked about the brand of drinking water they often purchase maximum respondents said that they have bought the brands like Bisleri, Kinley, Aquafina and Bailey very often. And premium brands like Vedika and Himalaya spring water were amongst the low purchased brands and new brands also faced less preference when all brands are available at the time of purchase.

## What is the typical size of bottles you buy?



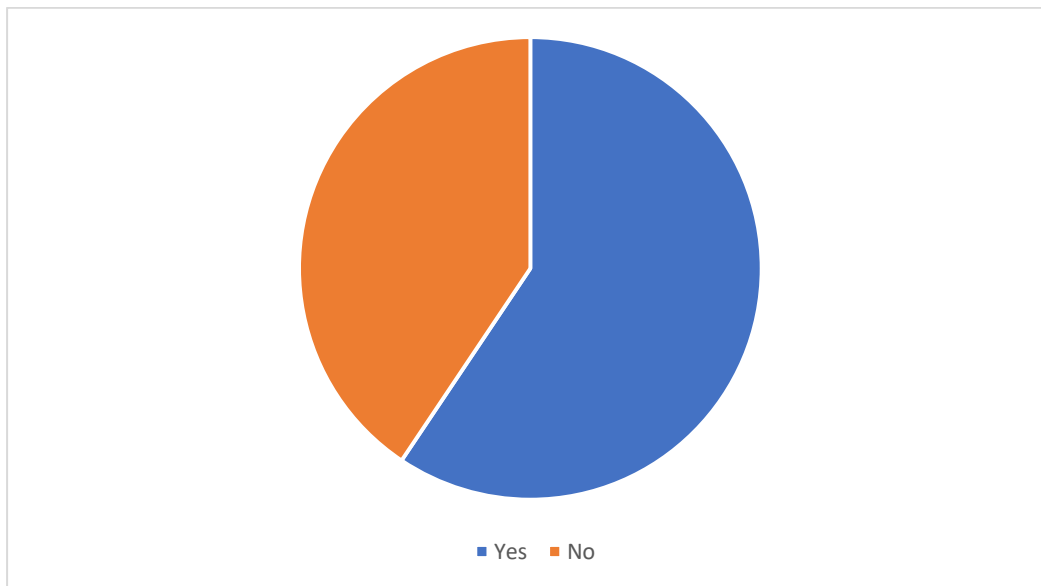
When asked what were the usual sizes of bottles that the respondents purchased, Maximum respondents said that they purchased 500 ml and 1 litre bottles. Third most purchased size of bottle 200 ml and fourth most purchased was 20 litres followed by 300ml and 5 litres.

### **Does the brand of water influence your buying decision?**



More than half (54%) of the respondents said that the brand name is something that impacts their buying decision and 46% respondents said that the brand of the bottled water did not impact their buying decision, as they feel bottled water has become a necessity.

**Will you be ready to pay higher price for sustainable packing like Glass bottles?**



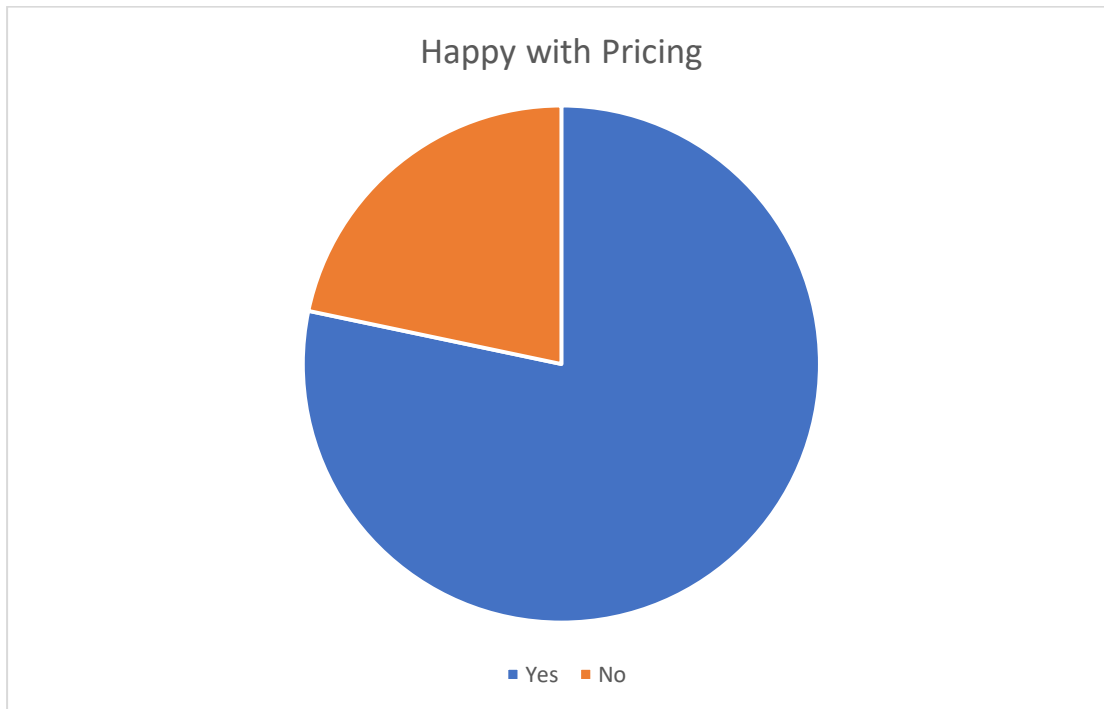
60% respondents said yes when asked if they would be ready to pay higher when it comes to sustainable packaging like Glass bottles and 40% said they are not ready to pay higher for sustainable packaging.

**Any alternate size of package water that you think should be introduced?**



80% respondents said that they don't see a need of an alternate packaging and are happy with current sizes that are available in the market. 20 feel a need of a new package size, mainly suggestions amongst them were 750 ml and 10 litre.

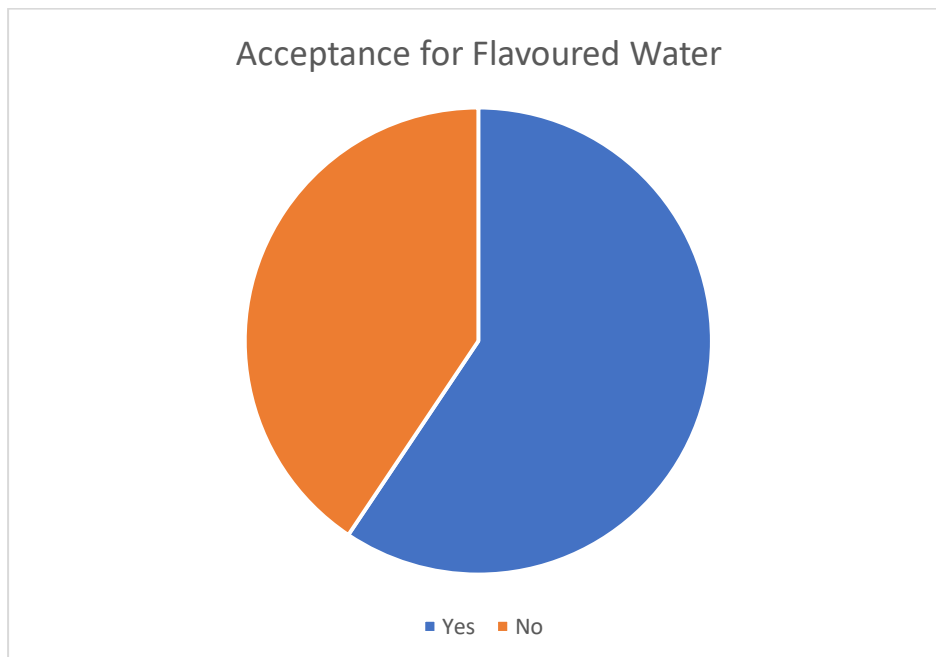
### Are you happy with the pricing of package water?



70% respondents said that they are happy with the current pricing of the packaged drinking water, and feel it's priced reasonably. 30% said that the pricing of it is higher and would want the pricing to reduce as they feel water has become a much needed necessity and has to be priced so maximum people can afford to buy it.



**Would you buy mild flavoured water? e.g tulsi water , mint water etc.**



More than half of the respondents said that they would like to try the flavoured water with natural herbs, and fruits as they feel that there has to be a change to move forward in the market. Less than half of the respondents said that they won't like to have these flavours as they feel the health factor will be at stake and the price of the water will keep going up.

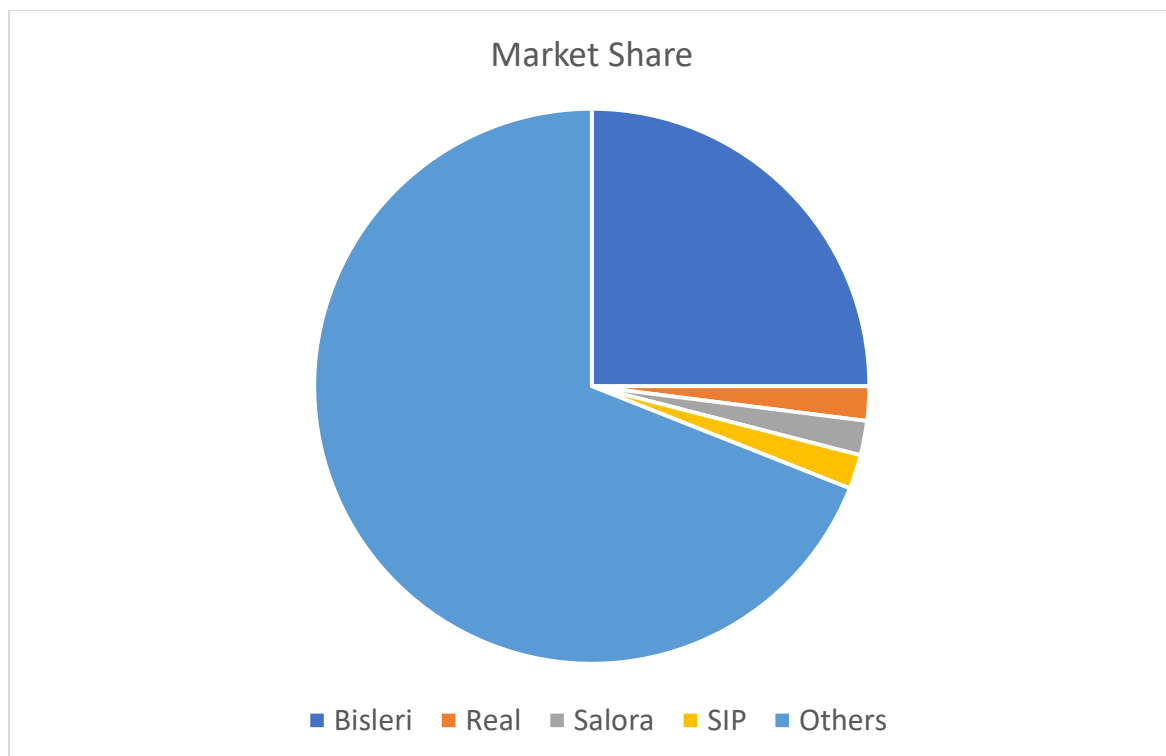
## 2. Survey Analysis of Manufacturer Responses

Here we have interviewed/surveyed a few Manufacturers to understand their takes on the packaged drinking water industry in Goa and how it is performing currently and what is its possible path in the near future.

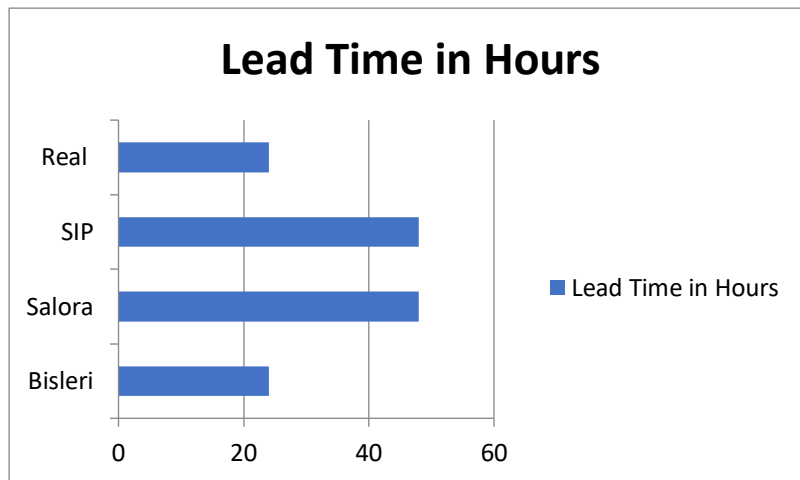
### What are the different package sizes that you manufacture?

Pack Size ( In ML )	Bisleri	Real	Salora	Sip
200	No	No	Yes	No
250	Yes	No	No	Yes
300	Yes	No	No	No
500	Yes	Yes	Yes	Yes
1000	Yes	Yes	Yes	Yes
5000	Yes	No	Yes	No
10000	Yes	No	No	No
20000	Yes	No	Yes	Yes

### What is Your Market Share in Goa?

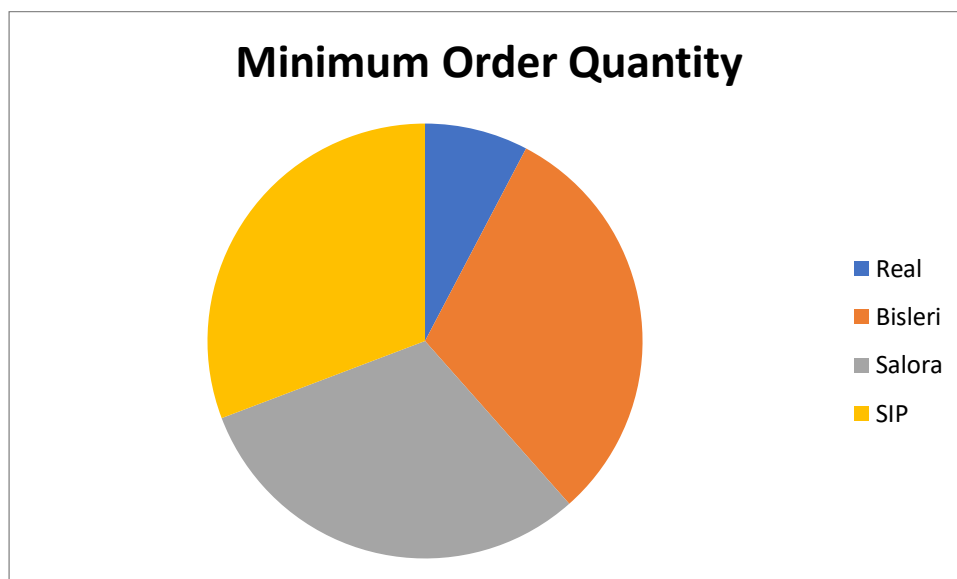


## What Is the Average Lead Time Of Supply?



All the manufacturers face a lead time of 24 to 48 hours. Lead time is the amount of time that passes from the start of a process until its conclusion.

## What is the Minimum Order Quantity?



Minimum order quantity is as follows Real 100 Boxes and Bisleri, Sip and Salora had minimum Order Quantity of 400 boxes where in for Bisleri this was a fixed thing and for others it was a negotiable or clubbing could be done.

## **Do you directly supply to end customers or you always have an intermediary?**

Other than Bisleri Other Manufacturers directly supplied to Retailers. In case of Bisleri they have few Key accounts Like Larger Supermarkets which they directly supply. But those are still a very small segment than Distributor network.

## **What are the issues faced on the supply side with your customers?**

Following are the issues faced by the manufacturers in a collective manner

### **1. Electricity Fluctuation**

Major problem that has been faced by the manufactures is the electricity fluctuation, they are having disturbance or stoppages in their production process as the electricity has been irregular.

### **2. BIS (Bureau of Indian Standard)**

BIS tends have quite a lot of influence in the complete process with regards to introduce new tests for the product. Also main reason the packaged drinking water cannot be sold in Tetra Pack or Aluminium cans and all manufacturers still depended on plastic and glass. They also have quite large annual fees for renewals and a lot of new tests which also leads extra costs.

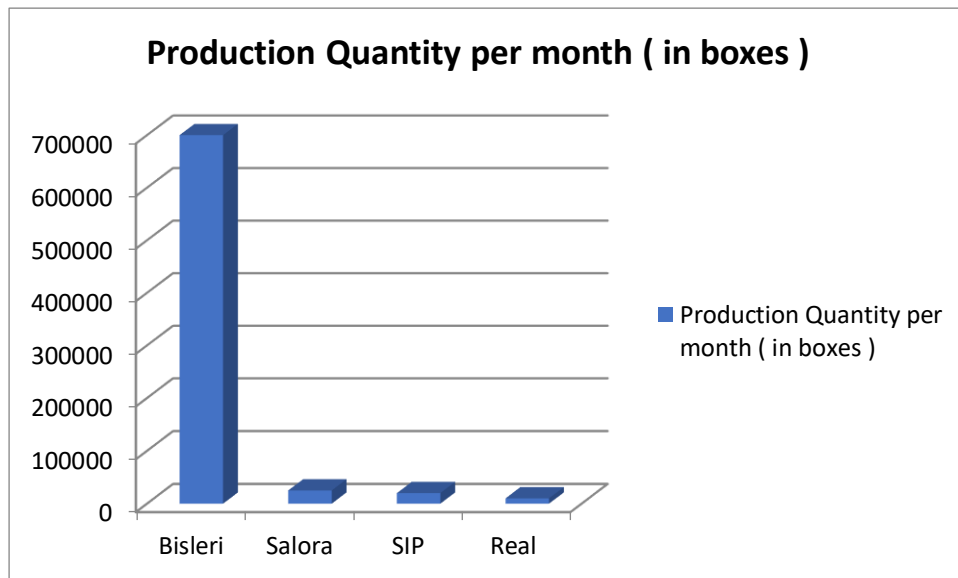
### **3. Pricing of Raw Material**

The raw for bottling and packaging pricing have been going up since Covid crises. As India has stopped complete import of plastic from china which has given reliance industries a complete monopoly and which is not helping the packaged water industry. As a community packaged water industry had approached the Reliance industries but it did not help as their exposure to the packaged water industry was just 5% compared to their entire revenue.

## **Any Financial or cash flow issues?**

None of the manufacturers face problems regarding the cash flow as the entire business is working on cash and carry model. Only manufacture that credit was Bisleri as they deal with few Key accounts to whom they offer credit which is 10-15 days. Here the amount of business that key accounts give are 10% of entire business which does not impact the overall cash flow as other 90% is cash and carry.

## Production capacity per month?



Here manufacturers make sure their production is not optimum during monsoon and they go as low as 60% of their capacity it's only in summers and winters the production capacity is at its fullest capacity to meet demands. Bisleri with Highest production of 700000 boxes Salora and SIP at 20000 to 25000 boxes and Real at 10000.

## What is the average margin for each package size?

The Margins are very similar to all, but there is a little increase when it comes to large players. With larger firms they have a margin of 12%-15%. Which changes to 10% for the new and smaller players in the market as there is high level of competition amongst themselves they have to work with a little margins to penetrate and survive in the market.

## Does pricing include transport cost?

Yes all the prices that they sell at include the Transportation cost. If extra transportation cost is added then their product might be not so incentivising to the Distributor or retailer.

### **Have you ever thought of introducing sustainability packing like Glass bottles? Reason?**

Only larger manufacturer have materialised the idea of supplying in glass bottles than that of plastic bottles. Currently Bisleri is already manufacturing with glass bottles, but they have positioned them only to premium segment, the pricing of 750 ml of glass bottle is priced at Rs 100 and their other brand Vedika is priced at Rs 350 for 750 ml bottles, they don't have any other sizes when it comes to glass bottles. With regards to other manufacturers they have thought of it when Pet Ban was introduced but it was getting very costly for them and would have impacted on their overall survival hence they did not precede ahead.

### **Any alternate size of package water that you think should be introduced. Reasons?**

All manufacturers feel that the current package sizes are good and sufficient and need not need others for now. For a change there are few pack sizes that might get stopped by larger manufacturers, sizes like 10 Litres. As the retailer are not pushing that segment much? As they get more margin by selling two 5 litres can then that of one 10 litres can.

### **What is the market potential for mild flavoured water e.g tulsi water, mint water etc.**

Only larger manufacturers said they would want to try this market but currently they are not testing anything in this area, for new manufacturers this seemed a very long shot. As this flavoured water will have sugar in it, most manufacturers have refrained themselves to get in this market. They said that they would want the potential of this market to grow to a sizable market and only then they would want to enter in the market.

### **3. Survey Analysis of Distributors and Retailers Responses**

Here we have interviewed/surveyed a few distributors and retailers to understand their takes on the packaged drinking water industry in Goa and how it is performing currently and what is its possible path in the near future.

#### **What are the different brands of package water that you deal in?**

Distributors and Retailers dealt with wide variety of packaged drinking water, ranging from 250MI, 300MI, 500MI, 1000MI, 5000MI, 10000MI, and 20000MI.

#### **What is the approx. volume of each in a month (In Boxes)?**

As per the analysis the Distributor Averaged 85000 to 150000 boxes per month and the Large Retailers Ranged from 30000 to 55000 boxes, small scale retailers ranged from 250 to 300 boxes

#### **Do you face any supply issues for package drinking water from the manufacturers?**

Neither the Distributors nor the Retailers ever faced any problems with regards to the delivery of the goods. They away got in 24 hours from order placement. They seemed very content from the supply speed.

#### **What is the average lead time of supply in days?**

All Distributors and retailers have lead time of 24 hours to maximum 48 hours. They don't feel much of the issue when it comes to order placement or receiving the order.

#### **What is the Minimum Order Quantity?**

The minimum order Quantity for the Distributors was 4000 boxes or 4000 kilograms, for retailers it was 150 boxes to 300 boxes

## What are the quality issues faced?

### 1. Fishy Smell ( Ozonisation )

As many manufacturers use the method of Ozonization while manufacturing the packaged water, after this process the final product needs 24 to 30 hour to rest to be clear to consume. The Ozonization process can sometimes lead to a peculiar smell, where if the product is not rested properly then I can smell a little fishy. Very rarely but it was identified that the fishy smell was present.

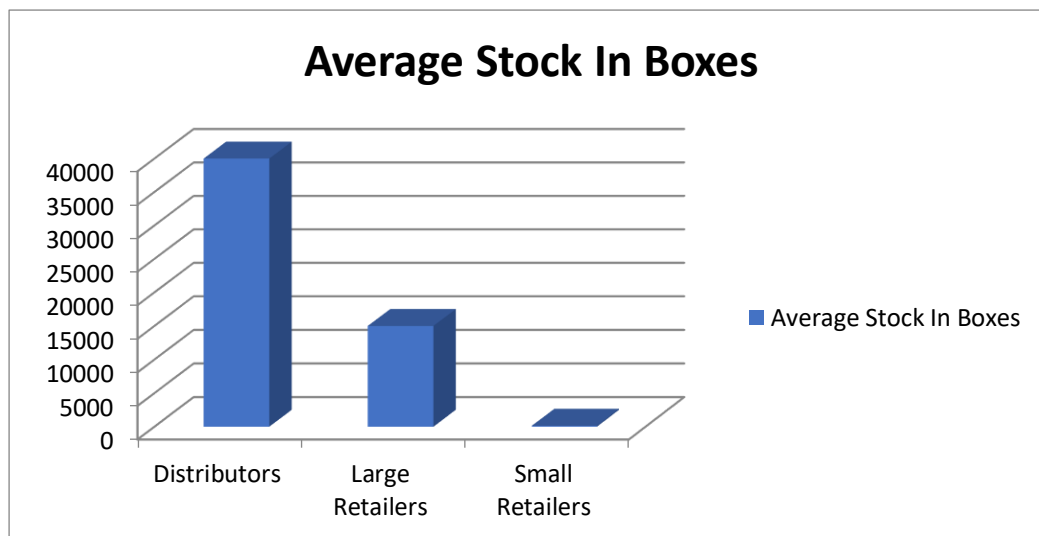
### 2. Damaged Bottles ( Lower Quality packs )

There have been times where the box packaging on the exterior or plastic wrap is not good which may damage the bottles, for glass bottles it can be breakages, for plastic bottles its deformity or tears.

### 3. Particles

finding particles was something that was a thing of the past, with time the technology has involved and the quality check have increased which have led to the decrease in such cases. Yet very rarely there could be a batch with little Particles in it.

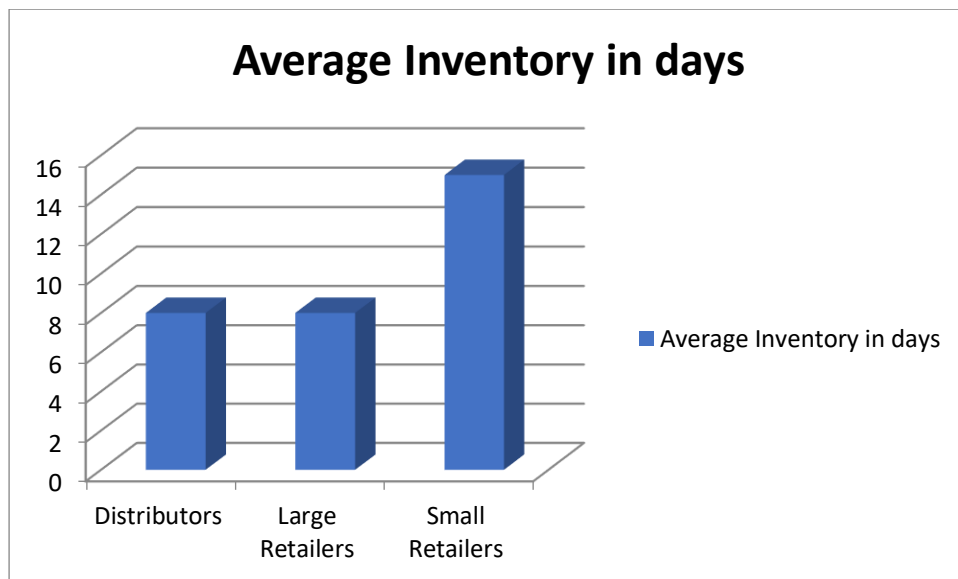
## How much of Average stock do you hold?



Distributors the held 40000 Boxes in an Average, where the Large Retailers held in 12000 to 15000 boxes and small retailers held 150 boxes of packaged drinking water.



## What are the average inventory days?

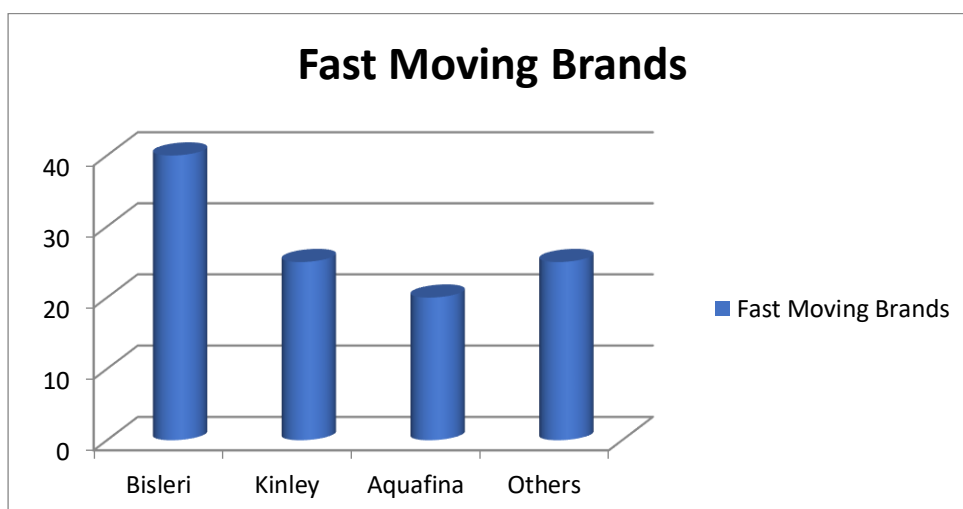


As indicated in the graph above the Average inventory in days followed by the distributors and large retailers is similar but the small retailers retained higher inventory in days.

## Any Financial or cash flow issues?

Distributors and Retailers both do not have the problems with regards to the Cash flow as the entire process is cash and carry, yes at times the retailer take time to liquidate the stock depending of the demand and time of the year, but other than that no are no issues with regards the cash flow.

## Which is the fast moving package water brand?



With retailers they said Bisleri as the fastest moving and the close second Kinley and Aquafina.

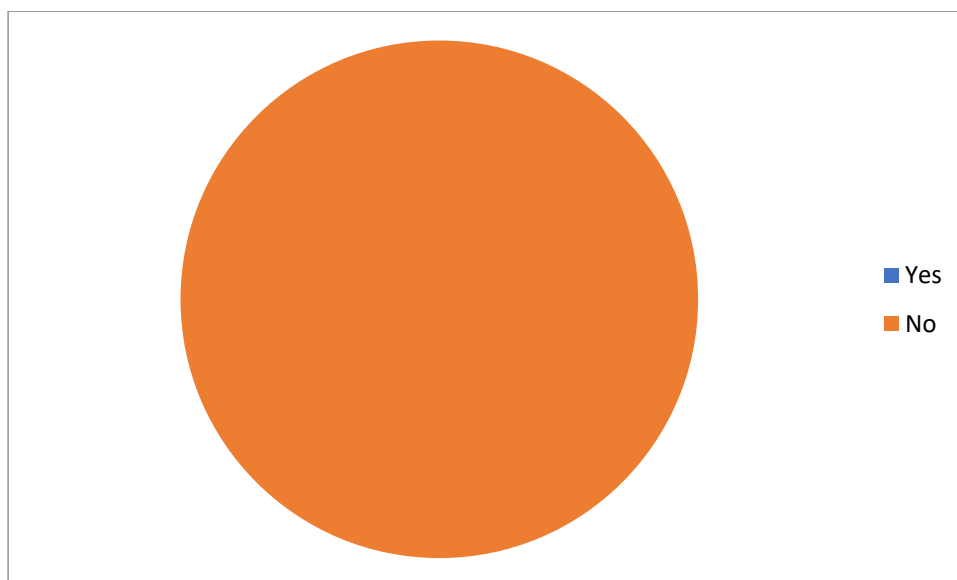
### Kindly specify the reason for above brand fast movement?

Many said that the reason why they are fast moving as they are established players and are present everywhere and have their presence.

### Which is the brand of package water, which are easy to deal with. Reason?

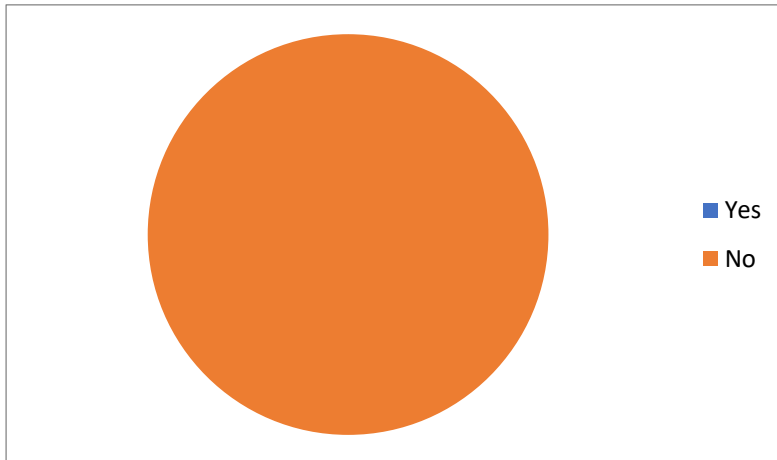
Both Distributors and Retailers said that all brands are easy to deal with now, as the competition has become very dense this neck to neck competition is driving the best service possible with great returns to the retailers.

### Will you be ok in paying a higher price for sustainability packing like Glass bottles?



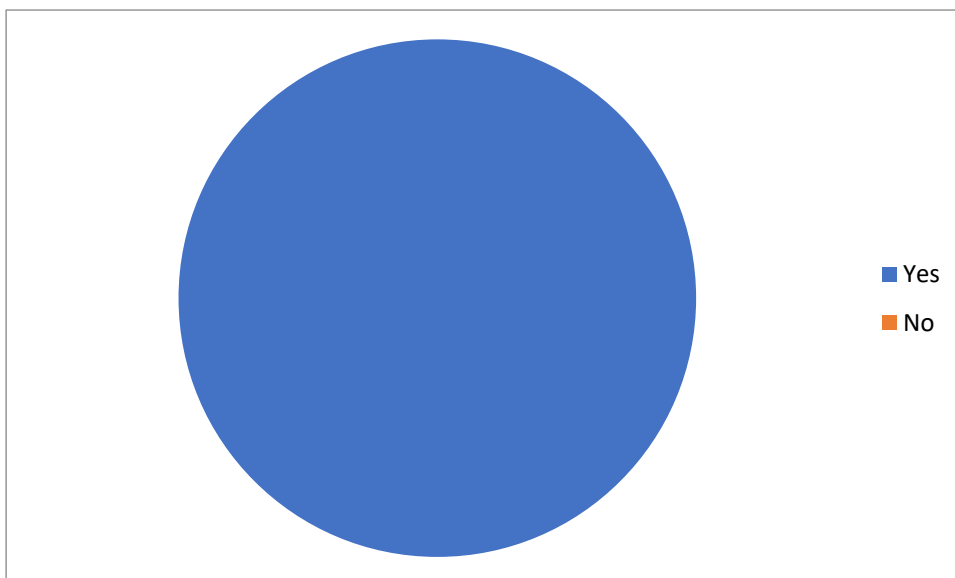
No one was willing to pay higher for sustainable glass bottle packaging as they felt it will drive the pricing very high and will reduce the sales over a period of time

**Any alternate size of package water that you think should be introduced.  
Reasons?**



All respondents said no to this, as they feel current package sizes are optimum and do not need more changes to it.

**Are you happy with the pricing of package water?**



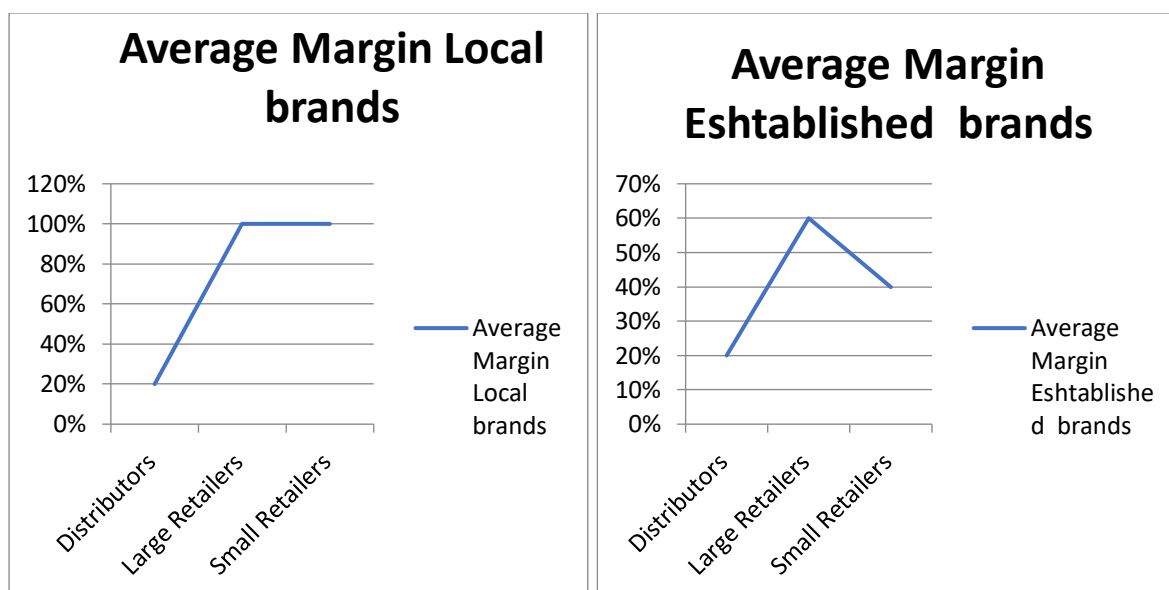
All players felt that the pricing of the packaged drinking water is fair and are happy with the same.

## What is the market potential for mild flavoured water e.g tulsi water, mint water etc.

Other than the large retailers, rest found the markets for flavoured water untested and unsure how the reaction would be. They had few concerns regarding the same.

- Price – If its priced higher than the usual then the movement might get hindered
- Health aspect – in case of flavoured there are chances that it might have sugar in it which can work against it, in current world where people are getting more health conscious this might impact it in a bad manner.
- It will face competition from tough established players like Coca Cola, Pepsi which have their diet versions which can put them off the consumer pecking order.

## What is the average margin for each package size?



The Average Margin for the Distributor is from 20-25 % and for Retailers it Ranges from 80 % - 120% from local brands. With established brands they get 40% to 60%.

# Understanding

## 1. Brand loyalty

The brand loyalty is very fragile in the packaged drinking water industry. As most of the buyers feel that packaged drinking water has become a necessity for the customers more than a normal need. As per the survey we can see that when all brands are available then the brand will hold the preference and the brand loyalty is present. When the all brands are not available then brand loyalty amongst the customers are not present.

## 2. Environmental Regulation

As the environmental regulations are forcing the industry to move towards a sustainable use of materials, the new entrants might face a steep fight to enter the market as existing can completely push or over power them. With new norms of operation the as per the ministry there would be another independent body that would be coming into existence which would be collecting, recording and authenticating the use and supply of bottles in the market and providing certificate to the firm about the sustainability. Here the manufacturer will have to pay a fee to a firm like this to get the sustainability certificate. This would be operational from April 2023 as a project to work against the environmental threat. This will soon push all the manufacturers to move towards more sustainable packaging like glass bottles which will not be efficient or profitable for small scale manufactures

## 3. Availability

From the above analyses we can clearly see that the availability is the one of the biggest factor when it comes to a consumers buying decision. That basically translates the maximum number of end consumers will pick up the packaged drinking bottle of water which is available and not be much bothered about the brand. This also should also push one brand to make sure that they are present in maximum possible counters as the maximum availability will lead towards more potential sales.

## 4. Profit Margins

The margins enjoyed by the larger manufacturers are quite high compared to the small scale manufacturers, even when it comes to the margins given retailers are in a controlled manner and in a very uniform way, where in the with the smaller manufacturers the retailers hold higher bargaining power where in they can dictate the margins as per their choice and preference.

## Suggestions

1. The new entrants may enter the market as a premium flavoured water with health benefits as from the study we can understand that the consumers are ready to pay higher and are ready to explore new segments. As a lot of consumers are getting health conscious and are moving towards a healthy life style and then they would welcome a packaged drinking water with flavour or / with health benefits.
2. As the environmental norms getting stricter day by day one has to switch towards costlier and sustainable packaging options, hence one entering new or running on a small scale should make the move towards the suitable packaging. This is how they can have a first mover's advantage and position themselves on a healthy and premium segment. Also the expiry mentioned on the packaged drinking water is not for the water inside but it's for the bottle. Here they can use this as a main point to use push towards the sustainable packaging options.
3. Availability is the most critical element when it comes to end consumers buying decision. Any FMCG has to make sure they are present on maximum counters, which will lead to increase in sales.

## References

Interviews of the End Consumers

Interviews of the Manufactures

Interviews of Distributors & Retailers

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