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Opportunities and Challenges Faced By Domestic Packaged Drinking Water Manufacturing Entrepreneurs in Mysore District, Karnataka

KEYWORDS: Bottled water, Entrepreneurs, Multinational players, professionalism, LPG (Labialization, Privatization and Globalization)

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ABSTRACT *In India, due to the lack of a readily available clean water supply, bottled water is more of a necessity than a choice. As a result of this Indian bottled water market has exploded with an estimated 1 million bottles sold per day and it has been growing at a CAGR of 19%, is expected to continue its growth momentum and grow over four-folds to Rs.36,000 crores by 2020. There are more than 3,300 registered plants manufacturing bottled water in India, around 48% located in the south and followed by 22% in the west. Majority of the Indian bottled water manufacturing enterprises are failing in building creating brands and making them sustain in the huge domestic market against the MNCs bottled water brands and also their efforts are not sufficient to take them into global markets. In this background the present study is mainly focused on highlighting the problems faced by the domestic bottled water enterprises while marketing and creating brands in the market against MNC's bottled water brands in Mysore District, Karnataka.*

Introduction

It is not so easy for millions of Indians in urban and rural areas to access to clean, sanitary drinking water. This has caused a high demand throughout the country for bottled water as a solution for those who can afford it. And all because of this the price of daily bottled water can added up to the monthly expenditure of an individuals. As per the analysts estimation currently Indian spending about $ 330m a year on bottled water. Almost all the major international and national brands water bottles are available in Indian market right from the malls to railway stations, inside the rail coaches, bus stations, grocery stores and even at panwala's shop. Before few years bottle water was considered as the rich people's choice, but now it is penetrated even in rural areas. When compare to the western or Asian market the growth and status of Indian bottled water industry is far behind in terms of quantum, infrastructure, professionalism and standards implementation. The per-capita consumption of mineral water in India is a mere 0.5 litre compared to 111 litres in Europe and 45 litres in USA. The bottled water category is growing at a rapid pace in India. The branded market is 40% of the category and non-branded contributes to 60% of the market. This category is growing at a rate of 30%. Bisleri is the market leader in mineral water in India with a 60% market share within organised mineral category. Three key players mainly dominate the Indian bottled water market parle's Bisleri, Coca cola India Inc's Kinley and PepsiCo India Holdings Pvt Limited's Aquafina. This market is expected to grow at a 30% rate in the next 7 years. In 2010 the revenue generated by this market was over $ 250 million.

Packaged drinking water in India

If we look back to the history of the Indian bottled water industry, Bisleri was the first mineral bottled water brand which was introduced in India by Bisleri Ltd , a company of Italian origin in the year 1965. This company were selling the mineral bottled water in glass bottles in two varities – bubbly and still. It was brought over by Parle as Bisleri (India) Ltd in the year 1969 and started bottling mineral water in glass bottles under same brand name. Later parle switched over to PVC non-returnable bottles and finally advanced to PET containers. This is how packaged drinking water was introduced in the Indian market and now many entrepreneurs have joined their hands in developing this industry. Even Bisleri continues as the top brand with a 36% of market share among national players, Coca-Cola's kinley follows with 25% share, followed by Pepsi co's Aquafina at 15%, other smaller brands include Parle Agro's - Bailley, Kingfisher and Mc-Dowells No.1 shares the remaining percentage in the market. The whole domestic market is split between into three sets of players – national brands with a pan Indian presence worth around Rs.4,000 crore, local brands manufactured by registered plants but restricted to regions estimated to have a combined turnover of Rs.2,400 crore and unorganised local brands estimated at Rs.1,600 crore. There are over 2,500 brands in this category of which over three- fourth are local due to these top multinational players such as Coca-Cola and Pepsi Co have been trying for the past decade to capture the Indian bottled water market but they couldn't able to succeed in it. This is all because of making bottled water is today a cottage industry in the country. Leave alone the metro's where a bottled water manufacturer can be found even in a one-room shop, in every medium and small city and even rural areas there are bottled water manufacturers who manufactures bottled water with their own brand and try to compete with MNC's brands in the market. As results of which MNS's companies who are the leaders in the soft drinks market segment couldn't able to dominate the Indian bottled water market segment.

Review of Literature

Jeffrey Smith.B. (2009) "Providing clean and safe drinking water is a major challenge not only in India but also globally". **Mayers Michael (2007)** said that "Consumers are profiled in terms of demographics and variations by region". **E Selman N.keith (2005)** conducted a survey which revealed that the data collected on bottled water production, specifically the production from the ground water,

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the primary source of bottled water relative to other uses of ground water, bottled water production was found to moderate uses of ground water. **Stephen Daniells (2008)** said these four factors were identified for the formulation: four color intensities, three flavoring, two label types (Soft versus hard) and two pack sizes (standard versus oversize) and one is advertisement influences the consumers to prefer bottled water product in the market. **Seema Gupta et al** highlighted that "any association with an event provides scope for elementary messages which may be suitable for increasing awareness but doesn't lead to higher order effects of building positive attitude and intention to purchase". **Kristof De Wulf et al (2005)** through their study confirms the common belief that private label products can offer the same or even better quality than national brands but at a lower price. **BarnaliChaklader and NeeranGautam(Dec 2013)** says there was a right remarks and co-operation from the people of Kaladera with respect to Coca-Cola company's plant. The Company's CSR activites was effectives in influencing minds of the people there in. thus creating a positive edge and growth of the company in strong sound and ethical background.

Objective of the Study

1. To study the status of the domestic bottled water manufacturing companies in Mysore district.
2. To study the prospects of the domestic bottled water manufacturing in the present globalized and liberalized economy.
3. To study the opportunities and challenges facing the domestic bottled water manufacturing entrepreneurs in Mysore district.

Methodology

The study is restricted to Mysore district only. The study is based on both primary and secondary sources of data. The primary data is collected through the structured questionnaire. The relevant information will be sought from the selected respondents through field survey. Field survey type of research is undertaken for collecting the primary data. The collected data was analysed and interpreted with the tablets, figures and charts. "Content score techniques" has been used for analysing the problems faced by the bottled water manufacturers. To test the hypothesis 'Test for propositions' were used. The secondary data is collected from the various articles, reports and from the web sources.

Data Analysis and Interpretation

The structured questionnaire computing of background information and enterprise details was administered to the selected entrepreneurs representing various taluks and doing packaged drinking water business. The study includes 18 entrepreneurs of packaged drinking water industrial units of Mysore district. They are selected at random. The required data is collected through questionnaire and presented in the form of table and figures for the purpose of analysis and easy understanding.

Table no. 1: Showing Respondents' Year of Experience in Business

Particulars	less than 1 year	1-5 year	6-10 year	10 years & above	Total
Respondents	0	12	6	0	18
Percent	0	67	33	0	100

Source: Primary Data

The above table no. 1 indicates that most of the units surveyed are in the Packaged Drinking water manufacturing business between 1-5 years (67%). Only 33 percent of the units started between 6-10 years. This indicates that the numbers of packaged drinking water manufacturing units which came into existence after liberalization and globalization.

Table no. 2: Showing Respondents' Source of Motivation to Start Business

Particulars	Respondents	Percent
Family	4	22.22
Friends	4	22.22
Experience	8	44.44
Education	2	11.11
Total	18	100

Source: Primary Data

The above table no. 2 reveals that important sources of motivation and degree of its influence to start the business. Family as a source of motivation and its influence on starting the business is highly acknowledged (22.22 percent) and past experience in their respective field is an important motivation factor with 44.44 percent which influenced Entrepreneurs. Only 11.11 percent of the entrepreneurs are influenced by the education and they have started the business.

Table no. 3: Mode of Decision Taking in the Business

Particulars	Respondents	Percent
Consulting family members	6	33.33
Employees	2	11.11
Independent decision	6	33.33
Professional help	4	22.22
Total	18	100

Source: Primary Data

The above table no. 3 indicate that 33.33 percent of the Entrepreneurs take their own decisions in the soft drink business. 33.33 percent of Entrepreneurs are depending on the family members to take decisions in the business. whereas 22.22 percent of entrepreneurs are consulting the professional before taking any important decisions in the business. Only 11.11 percent of the entrepreneurs are taking the suggestions of the employees in making decisions in business.

Table no. 4: Mode of Starting Business

Particulars	Respondents	Percent
Newly started by you	14	78
Inherited	0	0
Taken on lease	2	11
Sick units purchased	0	0
Acquired from partner	2	11
Total	18	100

Source: Primary Data

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The above table no.4 indicates interesting information that 78 percent of the packaged drinking water manufacturing units came into existence as a results of the self-initiative of the Entrepreneurs. This was due to the various incentives (received by the Entrepreneurs) and the encouragement received by them at the time of inception of their business as revealed by the Entrepreneurs. In 11 percent of cases they acquired the business from their partners and 11 percent of the units are taken on lease from other entrepreneurs and doing the business.

Table no. 5: Type of Business Organisation

Particulars	Respondents	Percent
Sole trading concern	12	67
Partnership	4	22
Private ltd	2	11
Total	18	100

Source: Primary Data

The above table no. 5 indicates that among the units surveyed 67 percent are sole trading concern and 22 percent are partnership firm and 11 percent are Private limited organisation.

Table no. 6: Total Investment in Plant and Machinery

Particulars	Respondents	Percent
Less than 25 lakhs	6	33.33
26-50 lakhs	8	44.44
51-75 lakhs	4	22.22
76-1 crore	0	0
Above 2 crores	0	0
total	18	100

Source: Primary Data

The above table no. 68 reveals that 44.44 percent of the entrepreneurs have invested 26-50 lakh in plant and machinery and 33.33 percent of entrepreneurs invested less than 25 lakhs in plant and machinery of packaged drinking water manufacturing companies. 22.22 percent of the entrepreneurs have invested 51-75 lakhs in the plant and machinery of packaged drinking water manufacturing units. This proves that most of the packaged drinking water manufacturing companies in the Mysore district are very small companies in size.

Table no. 7: Total number of personnel employed

Particulars	Below 10 e	11-25 e	26-50	51-100	101-250	Above 250	Total
Respondents	10	6	2	0	0	0	18
Percent	56	33	11	0	0	0	100

Source: Primary Data

The above table no.7 reveals that out of total units surveyed 67 percent of the units employedd less than 10 employees. 22 percent of the units employed between 11-25 employees in their organisation.11 percent of the units are employed between 26-50 employees in their organisation. As most of the units surveyed belong to small and medium packaged drinking water manufacturing units and they require less work force and they employ comparatively less work force.

Table no. 8: Level of Difficulties Faced by Entrepreneurs at time of Starting the Business

Particulars	High	Medium	Low	No difficulties	Total
Respondents	4	12	2	0	18
Percent	22	67	11	0	100

Source: Primary Data

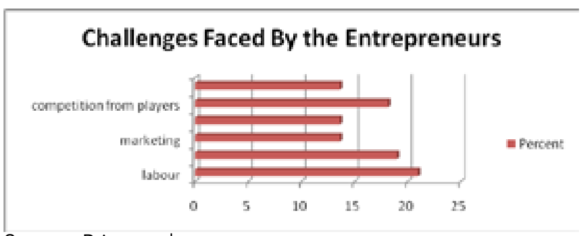
The above table no. 8 reveals that, 22 percent of the Packaged drinking water manufacturers in Mysore district faced high level of difficulties to start their business in the beginning and 67 per cent of the packaged drinking water manufacturers faced medium level of difficulties in starting the business. Whereas 11 percent of the packaged drinking water manufacturers were faced low difficulties in starting the business.

Table no. 9: Various Challenges faced by the Entrepreneurs at Present

Particulars	Content Score	Percent	Rank
Labour	74	21	I
Electricity	70	19	II
Marketing	48	14	IV
Finance	48	14	IV
Competition from players	64	18	III
Competition from MNC	48	14	IV
Total	352	100	

Source: Primary Data

Figure no. 1: Various problems facing by the soft drink manufacturers at present



Source: Primary data

The above table no.9 and figure no. 1 reveals that, the types of the problems faced by the packaged drinking water manufacturers in Mysore district are stated above and among them labour shortage and labour turnover are the major problems and it ranked first at the place by scoring 74 out off 352. Whereas the problems like Electricity and Competition from local players has scored 70 and 64 respectively in the weighted (scale 5 to 1) summation of the content score and secured II rank and III rank respectively.

Test for Proportion:
Our objective is to test whether Labour shortage and turnover is biggest challenge faced by the Packaged drinking water manufacturing entrepreneurs than any other problems in Mysore district.

Accordingly we set up null and alternative hypothesis as follows.

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Null Hypothesis H_0: More than 20 percent of Packaged Drinking water manufacturing entrepreneurs says labour shortage and turnover is biggest problem

Alternative Hypothesis H_1: less than 20 percent of Packaged Drinking water manufacturing entrepreneurs says labour shortage and turnover is biggest problem

H_0: P = 20

H_1: P < 20 where P is the population proportion

Form the collected data it was apparent that out of 100 percent of consumers 21 percent of entrepreneurs says that labour shortage and turnover is biggest problem rather than other problems.

i.e, p= $\frac{x}{n}$ = 74/352=0.21, where p is sample proportion.

The test statistics is given by $z = \frac{p-P_0}{\sqrt{\frac{P_0 * Q_0}{n}}}$

$$Z = \frac{0.21 - 0.20}{\sqrt{\frac{0.20 * 0.80}{352}}}$$

Therefore Z = 0.4690

Test procedure suggests that Reject H_0 if Z > Zα otherwise Accept H_0

Here Z_α= 1.645 at 5% level of significance.

Therefore accept the null hypothesis at 5 % level of significance. i.e; more than 20 precent of entrepreneurs are facing labour shortage and turnover problem as biggest problems than other problems.

Table no. 10: Dealing with Problems faced by Entrepreneurs

Particulars	Respondents	Percent
Give high importance to problem solving	2	11
Try to solve the problems as soon as possible	2	11
Be strong and feel that you can overcome anything	12	67
Go on working, without paying attention to the problem	2	11
Any other specify	0	0
Total	18	100

Source: Primary Data

The above table no 10 reveals that, 67 percent of the manufacturers try to be strong and feel that they can overcome anything which is faced by them and 11 percent of entrepreneurs' go on working without paying attention to the problem facing by them. So that they can get successes in business with this attitude.11 percent of the entrepreneurs are giving high importance to solve the problems and remaining 11 percent of the entrepreneurs are trying to solve the problems as soon as possible.

Findings of the study

During the study the following problems faced by the entrepreneurs are observed. It is significant to note that more than 80% of the entrepreneurs expressed one or the other problems faced by them in running the day to day business. They include:

- 21 percent of the entrepreneurs says that "The very important problem is shortage of technically skilled labour and high labour turnover and also the problem of retaining the existing experienced employees"
- Electricity load shedding and the shortage of electricity is one of the important problem. About 19% of them expressed this as their main problem. This may be due to the fact that micro and small business owners cannot have their own alternative arrangements for electricity, due to financial constraint.
- 18 percent of the entrepreneurs says that "Competition from the local Players in the market"
- Delay in recovery of dues from the customers is another problem. The credit has become the order of the day. But the recovery of funds is one of the biggest problems. This leads to block of working capital.

Suggestions

- In order to overcome from head shedding and the shortage of electricity. There should be continuous power supply either through conventioneer energy source or through unconventional energy sources to entrepreneurs at a concessional rate.
- There should be a well organised Packaged drinking water manufacturers association in each district which helps to overcome from the unhealthy price practices followed by the unregistered domestic soft drink manufacturers in the market and also to have price uniformity.
- Government should take the necessary steps against unorganised or unregistered packaged drinking water manufacturing companies and should help the registered manufacturers to grow in well manner in market.

Conclusion

Now-a-days people are becoming smart enough about what they want and what they don't want. In case of water, people are more educated about what kind of water need to drink. Due to this, there is huge demand for the Clean and hygienic water. Previously people use to drink whatever the water they use to get without considering anything. But today whole scenario has changed and they prefer packaged drinking water. With this changing life style of the people demand for the packaged drinking water is increasing day by day. MNC players are mainly concentrating the Indian market with 0.5 litre, 1 litre and 2 litres sizes of packaged drinking water product. Whereas local players are covering the whole segment of market with all sizes of packaged drinking water products like 250ml, 0.5 litres, 1 litre , 2 litres, 5 litres and 25 litres of products. After LPG(Labialization, Privatization and Globalization) there has been a tremendous opportunity for these industries in their overall development. Though there has been more opportunity for the local players, the competition is severe from global players. The current scenario with respect to usage of global marketing tools, techniques and strategies are giving a cut throat competition to the small and medium packaged drinking water manufacturing entrepreneurs. The various parameters used by global industries with respect to price, promotion, advertisements, packaging of products etc., are of high level compared to local players and without a fail this has to be addressed, which helps

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them to sustain in the market for long time.But still government need to regulate this industry to eliminate the unorganised companies and also need to maintain the standards of packaged drinking water products in the market.

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