

# Marketing brand Aava: not as simple as water

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We sell trust, not the water – Behram Mehta, Chairman of Shelpee Enterprise.

It was a morning in March 2012 and the financial year was coming to an end. A meeting was going on at the office of Mr Behram Mehta (Mehta), the Chairman of Shelpee Enterprise at Ahmedabad (state of Gujarat, Western India). Mehta was discussing the issues being faced by Aava, a brand of natural mineral water (NMW) he had established. The discussion was going on with Dr Varsha Jain (Jain) who was associated with Aava as a freelance consultant. Jain had come to discuss the results of a recent consumer study conducted by her with the company management. Shiroy B. Mehta (Shiroy), the National Marketing Head, was also present at the meeting. Mehta was elaborating on the challenges being faced by Aava even five years after its entry into the Indian market. Aava was the only licensed NMW brand in the entire Indian subcontinent south of New Delhi in India and Mehta wanted to utilize this fact and establish Aava as a strong brand in Western India first, and then across the country.

The inception of the idea to create a brand of NMW came into the mind of Mehta in the early 1980s but the market was not ready at that time to adopt a brand of packaged NMW. Subsequently, Mehta launched Aava in 2005. It was one of the first brands of packaged NMW in India. The brand was accepted by the market and the sales revenue showed a healthy growth rate in the first five years of the brand. One of the main factors behind the success of the brand was its institutional tie-ups such as with hotels and airline companies. In early 2012, the brand was still a B2B brand with around 90 percent of its revenues coming from institutional sales. The company was trying to reach out for retail consumers in the B2C market.

However, in early 2012, a consumer study conducted by Jain brought a host of challenges for Aava. The first challenge was that of consumer education. The study results suggested that a majority of the consumers were not aware of the differences between chemically treated packaged water (which was being marketed by major beverage players) and packaged NMW such as Aava. The second issue was that of brand awareness. Aava was not featuring in the top-of-the-mind recall for most of the respondents and also fared poorly in terms of aided recall.

Thus, Aava required a strong and well planned brand communication strategy to educate people about the differences between packaged drinking water (PDW) and NMW. This could create the right positioning for Aava and also increase retail sales. However, Mehta was aware about the communication campaigns of other competing brands to educate the consumer about the essence of natural mineral. Most of these failed to create the right knowledge structure for the consumers and sales for the company. Thus, he felt that alternative communication plans should be worked out such as promotion of sporting events and the like. There were opportunities in the market since with the growing middle class income in India, and demand for mineral water was expected to rise. The problem was how to achieve the shift from the B2B market to the B2C market.

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The meeting was over and Jain came out of the office, started her car and headed towards her home. She knew Aava had a good product and the company was willing to spend money provided the returns were fruitful. She was wondering about the three choices in front of Mehta. The company could very well move away from the B2C segment and remain in the B2B market only. Second, the company could do nothing and continue its current strategy with a major focus on the B2B and lesser emphasis on the B2C segment. Lastly, it could relaunch Aava in the B2C market with a fresh marketing strategy. However, to achieve the last, the company had to devise proper ways of communicating the brand so that it created the right positioning, educated the consumers, increased retail sales and helped the brand achieve brand equity in the long run. She was also aware of consumers' perceptions through her report and where Aava was lacking. The choices and the subsequent actions were difficult to make, but the tasks were achievable. She had to meet Mehta within a week where she would provide her suggestions on the next moves for Aava. Her mind drifted off to the events in the last few months since she started working for Aava.

### Origin of packaged water industry in India

Marketing of bottled water was started in India by an Italian company, Bisleri Ltd in the name of "Bisleri" in Mumbai in 1965. Ramesh J. Chauhan started the promotion of Bisleri and its turnover increased by more than 20 times in ten years. It grew almost by 40 percent during this period and was available in glass bottles only, which were difficult to use for consumers. This company was started by Signor Felice who initiated the idea to sell bottled water in India. Moreover, Parle took over Bisleri (India) Ltd in 1969. They still used glass bottles for the mineral bottled water and retained the brand name as "Bisleri". Subsequently the company switched to PVC non-returnable bottles and later to PET containers.

The bottled water industry further grew in the early to mid-1980s and by mid-1990, several companies entered the market. The competition also increased dramatically. Many large-scale companies such as Coca-Cola, Pepsi, Nestle started their operations in this segment with brands such as Kinley, Aquafina, Pure Life, respectively. There were even many small scale companies that started their business in this domain. In 2002 Kinley had a market share of 35.1 percent and Bisleri had 34.4 percent. Moreover, Kinley used a very creative and effective slogan such as "Boond boond mein Vishwas" (every drop has credibility). This made the brand more credible and reliable to consumers and emphasised that it was better than the ordinary piped drinking water which was unsafe and unreliable.

Initially these brands were pitched at the well-heeled but subsequently they were promoted to the middle and lower middle class. However, a French brand known as Evian entered this segment with premium range, i.e. INR 70 per 1 litre bottle, and promoted its brand to a different set of consumers who were not targeted by the other players in the market. Evian started its promotions in cinemas, clubs, fitness centre, malls, hotels, supermarkets, department stores, ice-cream parlours, etc. to pitch to a premium class of consumers and developed its own market.

In the summer of 2002, there was a packaging transformation as Kinley launched 200ml cups in the market. The price was only INR 3 per cup and it was rolled out initially in small pockets of Gujarat and then gradually in the entire country. This strategy of Kinley helped the brand to develop its market share in the institutional segment such as hotels and restaurants and transport channels such as trains and buses.

However, the primary growth of the packaged water was recorded from the bulk segment. It was noted that bulk packs of 20 litres that were targeted at homes and institutions showed a growth rate of 30-40 percent in 2002. Bisleri even re-invented its 20 litres bulk pack for the home segment and developed a "Consumer Friendly" image in the market.

As a result of these marketing activities packaged water was no longer restricted to the elite class of society but the middle and lower middle class also started consuming it as it became affordable.

## Background of Aava

The chief source behind the brand Aava was the holy hills of Taranga that formed a part of the world's oldest mountain range, the Aravallis (located in Gujarat, in Western India). This water spring was found in the auspicious month of the Persian calendar, when the Parsi community[1] worship water as an avatar (reincarnation) of God. "Aava" was also a Persian word that meant water in its "Pure" form. The natural spring water travelled from its catchment area through layers of clay, alluvium and rock to a deep underground reservoir. The water was naturally pure and it did not require chemical treatment and other purification processes that all PDW brands had to undergo to meet quality requirements. Its natural mineral composition made it safe and secure for drinking.

In 19 October 2005, Mehta launched Aava in Ahmedabad. The reason behind launching the brand in Ahmedabad was the fact that Western India was the major consumer of bottled water. The company's inauguration was blessed by Mr Narendra Modi, the Chief Minister of Gujarat state. Aava had been issued a license from the Bureau of Indian Standards (BIS)[2] that had in total issued only 12 licenses in the entire subcontinent. Aava was the only mineral water company in the West, South and Central India, outside the Himalayan range that acquired the license, apart from one French brand Evian (which was bottled).

The Aava water plant was the first of its kind in India. Mehta had started the unit with an initial investment of US\$332,409 in plant, machinery, in acquiring land and other fixed assets in Ahmedabad. The objective of the investment was to create a state of the art manufacturing facility. The plant was fully automatic, air-conditioned, with strict norms for maintaining hygiene. The plant even adhered to pharmaceutical standards and used "clean room technology"[3]. The water was not touched by human hands at any point. The water underwent a stringent testing procedure, before being bottled where 77 tests were undertaken to ascertain purity and quality. The tests also ascertained that the water was free from hazardous chemicals. Aava met the standards of ISO 14001:2004, an international environmental quality standard for following environment-friendly practices and ISO 9001:2008 certificates. It also held accreditation from Hazard Analysis and Critical Control Point (HACCP)[4] that helped in minimizing biological, chemical and physical hazards.

## The product

Describing the characteristics of Aava, Mehta emphasised that its well-balanced natural minerals not only made the water taste good, but it also promoted general health and well-being. According to company data, Aava had more total dissolved solids (TDS)[5] than standard purified. The amount of minerals in the water, such as sodium, calcium, magnesium, etc. was the correct balance to make it good for health (refer to Exhibit I for chemical composition for Aava water). Mehta genuinely felt that Aava was the healthiest packaged water in India. The taste of the water was sweet and not acidic. Mehta developed a distinct shape and design for his bottle to give it a unique identity. The bottle has a curve at an angle that made it easy and light to hold. In addition, the curves gave the bottle a feminine appearance, denoting gentleness and serenity. The company was the first to introduce a unique cap capable of holding up to 10 cl[6] of water for its 1 litre bottle. Furthermore, the cup was sealed by a sleeve label to protect it from contamination and could be re-used. Green was chosen as the main colour to indicate purity and nature (refer to Exhibit II). The innovatively designed bottle won the Silver Award at the Bottled Water World Awards held in Mexico in 2007. The company was the first and only Indian finalist to win the award against 149 entries from 32 countries. This award gave Aava its first international recognition and reach.

The brand was launched in different sizes. It was available in 20 litres (for business buyers) and smaller pack sizes such as cup-cap bottle (1 and 1.5 litres), sports bottle (750ml, designed with unique pull-push cap to suit the needs of fitness-conscious individuals), Aava personal (500ml, ideal for hotels and restaurants) and Aava mini (300ml/200ml, for the airplane (refer Exhibit III for the different pack sizes of Aava). Moreover, the company offered a free dispenser to the clients who went for bulk orders of the 20 litres packs.

## The pricing

Aava wanted to target upmarket consumers in the early days and priced the product at a premium in Gujarat and Maharashtra. Aava priced its 1 litre bottle at US\$0.33 in Gujarat and US\$0.44 in Mumbai (in Maharashtra state). Justifying the pricing strategy, Shiroy opined:

We wanted to position Aava as a premium brand. If we priced it at US\$0.33 in a place like Mumbai, we would be competing with numerous similar priced brands, whereas at US\$0.44, we would compete with only a handful.

This strategy helped the brand to increase its sales because consumers felt that being served as mineral water at a premium price designated a certain class and quality.

## The communication

During the process of introducing Aava, Shiroy was aware of the existing competition and the cluttered water market. However, he had a clear idea about positioning the brand and so wanted to give Aava a proper launching pad so that it would be differentiated from all the other mineral water brands from the outset. Therefore, with the limited money and resources at hand, he approached Mudra Communications[7] to develop the marketing communication strategies for his product. The available options at that time were either to compete with other brands on price or to compete by communicating the inherent superiority of Aava NMW. Developing a brand building campaign on a large-scale was not a feasible option, as this was a small enterprise. As a result, the ad agency advised Shiroy to launch his product at a premium price with the target segment being those individuals who are sensitive to quality and are health conscious. The agency developed the brochures and undertook promotional activities for the product (refer to Exhibit IV for B2B ads of Aava). In the initial days, the objective of the company was to focus more on the institutional clients and thus focused communication for the B2B audience was developed for the prospects. One of the moves which Aava did was to create an animated educational video for its clients that illustrated the product source and the rigorous packaging process through which the Aava water went through before being delivered to consumers (refer video Exhibit I[8]).

## The distribution

In the early years, Aava undertook institutional tie-ups with key hotels, restaurants and airlines companies for distribution. It also secured a listing in the menus of India's premium social clubs, such as the Breach Candy Club, the Cricket Club of India, Wellington Club (in South Mumbai), restaurants like Khyber, Monza, Henry Thames, Mocha, and Indigo, premium theatres like Regal and Sterling. Aava soon became visible in premium hotel groups such as the Four Seasons, Le Meridian, Hyatt, Ramada and Hilton and Mangmore. While describing the reasons for the alliance with the clubs, Mehta opined that the quality conscious and the decision makers visited these clubs and this could have helped Aava in creating a brand image among this elite group. These different institutional tie-ups helped Aava in building a brand name for itself. Consequently, the premium pricing strategy also worked in Aava's favour as consumers perceived it to be of good quality.

Mehta knew that the domestic aviation sector in India had opportunities for packaged water brands and thus set-up alliances with domestic flight companies such as Air India, Indian Airlines, Jet and SpiceJet. By early 2010, Aava was available at 12 airports in India and was distributed on airlines such as Air India and Jet, which flew to around 60 countries. Similarly, the brand was also available on economy airlines such as SpiceJet and Go Air. These deals ensured 50 percent of sales. Aava had alliances with hotels and restaurants contributing 20 percent each to its sales turnover (refer to Exhibit V for a list of institutional clients of Aava). However, only 10 percent of sales took place through the retail channel.

## Positioning Aava

In 2005, the company spent US\$22,194.64 on the launch of Aava. In the second year, the spending increased to US\$66,583.91, followed by US\$110,973.19, US\$133,158.20 and US\$221,930.34 in the subsequent years. The advertisement spend gradually increased with the growth of the company (refer Exhibit VI) and since 2010 has been roughly around 10 percent of the turnover. While discussing Aava's position in the market, Mehta commented that "we are at the top". He also added that:

[...] out of the 5 mineral water players, i.e. Himalaya, Aava, Natural Spring, Catch and Qua, Aava stands at second position just below Himalaya. At present there is not much competition to Aava as the entry barriers to getting a license to bottle and distribution of pure mineral water is quite difficult. The plant produces 0.1 million bottles per day. The location advantage puts us closer to the western and southern markets. Thus, the logistic costs will always be less than my main competitor.

The company people felt that the unique design of the bottle served as a communication tool at point of purchase (POP) displays and also had a recall and recognition value for its end consumers. The company adopted a two-tier strategy for positioning its product. The B2B clients were mostly targeted with the "superior quality at affordable prices" strategy. In the same area, emphasis was given to the awards and quality certifications received by Aava to signal quality (refer to Exhibit for B2B ads of Aava). On the other hand Aava was opting for a non-traditional route to attract the B2C market. One of the most important factors of positioning even in the B2C market according to company people was the packaging. The innovative packaging and different pack sizes meant Aava had something for every consumer. The brand went for trade discounts and tie-ups with shop keepers' associations to increase retail sales. However, the major thrust of promotion was on event sponsorships. Aava regularly sponsored events such as Vibrant Gujarat Summit[9], marathons, and cricket matches. According to Shiroy:

We supplied Aava to Gujarat Cricket Association and so whenever there is a match at Motera[10], we supply Aava water to the cricket teams and sell it to the crowd. We also buy pavilion advertisement board rights in stadiums through right holders.

This move served three purposes. First, there was opportunity for direct selling to the consumers and the trial increased probability for repeat purchase. Second, the pavilion banners helped in raising awareness. Third, watching the cricketers consuming Aava helped the brand to increase its credibility (refer to Exhibit VII for snaps of Aava's placement in the cricket match).

## The growing packaged water industry in India

While Aava was growing as a brand, bottled water consumption in India had increased from 1.6 billion litres (2006) to 4.3 billion litres in 2012 (refer to Exhibit VIII for trends in bottled water consumption in India) with a compounded annual growth rate (CAGR) of 24.8 percent. Moreover, it was predicted that the CAGR of the bottled water industry would be 17 percent till 2015. The key dimensions that have exaggerated the growth of the bottled water industry in India were an increasing population, high disposable income, increased on-the-go behaviour of consumers, hygiene importance, water scarcity, high awareness level about healthy drinking water, etc. However, the industry was fragmented and had more than 200 brands with 80 percent being local brands. It could be noted that the per capita consumption of water in India was much less than the USA or Europe and thus there was opportunity. In terms of production, the industry earlier had its presence in the geographical pockets of cities such as Mumbai, Pune, Delhi, Kolkata, Hyderabad and Ahmedabad. However, geographical decentralization had happened in the industry since the late 2000s. Earlier, the industry concentrated on the Western region of India, primarily Maharashtra but by 2010 bottled water was present in many cities of India.

There was considerable competition in the bottled water industry from various substitutes, existing players as well as new entrants. There were more than 1,200 water plants in India in early 2010 to meet the demands of consumers. The main substitutes of bottled and

packaged water were carbonated soft drinks, liquid concentrates and juices. If the quality of the tap water was guaranteed, that too could be a possible substitute for bottled water. By early 2010, there was also a rise in residential usage of water purifiers and RO plants in India, and hence purified water could also be seen as a threat to the bottled water industry.

Packaged water sold in India could be categorized into two types: packaged/bottled water and mineral water. Bottled water was sold primarily in six variants such as 200 ml pouches and bottle 330 ml bottles, 500 ml bottles, 1 litre bottles, 5 litres bottles and 20-50 litres pack. The consumption of the bulk packs (5 litres and above) had increased dramatically because of domestic and institutional consumption. It was estimated that home and institutional consumption of bottled water in the bulk packs would acquire 50 percent of bottled water within the subsequent five to six years. The consumption of bottled water is more in the urban areas (80 percent) as compared to the rural market (20 percent) and the consumption was greater in west India than in any other regions. The bottled water market had been growing at a compound annual growth rate of 19 percent and the branded players occupied 40 percent of the market[11]. Bisleri from the house of Parle was the market leader in 2012 with 60 percent (33.4 percent market share in the industry) of the market share within the branded players in the bottled water market. The other branded players worth mentioning in the same category were Pepsi's Aquafina (15 percent market share), Coca Cola's Kinley (13 percent market share) and Manikchand Group's Oxyrich (5.6 percent market share). The market shares based on volume trends (refer to Exhibit IX) suggested that the nature of competition in the branded bottled water category was strong and the market shares remained fairly constant over the period 2010-2012. Moreover, there was not much price competition in the bottled water category as the prices of different brands were fairly comparable (refer to Exhibit IX).

### **Growth of NMW market**

The demand for NMW has increased in India since 2005 as consumers started associating it with health benefits. Many consumers wanted to shift from bottled water to mineral water as they wanted to consume a healthier product. The rise in interest was also fostered by the presence of a considerable amount of NMW sources along the Himalayan range and other parts of the country. Subsequently, the market witnessed new entrants. There was entry of foreign players such as Evian and Qua through joint ventures with Indian companies. Some of the corporate houses in India also launched their brand of NMW. For example, the Tata group launched Himalayan and DS Group launched Catch Natural Mineral Water. The market leader Bisleri also launched its own brand of NMW by the name Bisleri Vedica. However, there was not much clear information on the market shares of the various brands. The key players were pricing their offering according to the level of minerals in the water and the target market (refer to Exhibit X for key players in the NMW market and their prices). In comparison to most of the brands, Aava was priced at a much lower level than its Indian and foreign counterparts. It was obvious that players such as Evian and Qua were trying to utilize their global brand image to attract buyers. The market attractiveness was evident from the BIS statistics of 17 registered companies for packaged NMW in India in early 2013. Among these, there was one foreign brand (Evian), one from Gujarat (Aava), 11 from Himachal Pradesh, one from Uttar Pradesh and three from Uttrakhand. However, the major hurdle faced by most players in the retail market was that of consumer education. A major section of consumers did not understand the differences between packaged water and NMW (refer to Exhibit XI for key differences between packaged water and NMW). Thus, they could not understand the price differential which was charged by the NMW brands and they continued buying packaged water.

### **The growth radar of Aava**

In the first six months of the launch, Aava gained good visibility and received positive reviews from many national newspapers. The inauguration by Gujarat state Chief Minister Narendra Modi helped in creating a strong brand awareness. As Aava became well known, it was noticed by large business firms. Mehta was approached by Danone[12], as well as

Indian companies like Godrej[13], Tata Group, Kingfisher[14], Cafe Coffee Day and many more for business deals. Mehta finally signed a deal with Baccarose, a UK-based company in March 2009 and sold a minority stake of his company. As a result of the deal, Baccarose acquired 28 percent equity in Aava. Baccarose had 14 offices and 15 warehouses across India. With this foreign equity Mehta planned to expand his reach in India and in other countries.

Since its launch, Aava successfully managed its association with airlines, five star hotels and had a stronghold in Ahmedabad and Mumbai. However, the company had market expansion plans and expanded its water business to Delhi, Bangalore, Hyderabad, Goa and Chennai. It had enough resources, production capacity and logistics to meet the demands of other markets. Furthermore, Aava adopted a co-branding strategy and tied-up with Star Bazaar[15] with a new brand name “Star Aava” exclusively for its retail alliance. Shiroy was also trying to collaborate with the Indian Railways to sell its NMW in the luxury trains of India such as Palace on Wheels, Deccan Odyssey, Maharaja Express, Royal Rajasthan on Wheels, etc. The company had witnessed a healthy growth in the second year since launch. However, in spite of so many odds in favour, the growth rate had been declining since 2007 (refer to Exhibit VI) and it was a meagre 56.25 percent in 2009-2010 over the previous year.

### **The B2B and the B2C consumer**

While the market for packaged water and NMW were growing, Aava was struggling to find a foothold in the B2C segment. There was a host of differences between the B2B and the B2C markets in terms of the buyer, end consumer and the buying process. In case of the B2B segment the buyer and the consumer were different entities. While the buyer was the institution such as hotel, airline or restaurant, the consumer was the hotel guest, traveller or a client in a restaurant. Thus, the objective of the buyer was to minimize cost, which Aava successfully catered to because of its relatively low price. The consumer on the other hand, was a captive audience and had the product as given in most cases except for that in a restaurant, where he/she had a choice to buy/not buy NMW as a part of the meal. Thus, neither communication nor price was relevant for the consumer in the B2B case. The distribution in the B2B case was direct from the company and no reseller was required. Thus, if Aava had a client, the possibility of having a competitor in the same client's premises was nil. Communication was more direct and aimed towards the buying institution with a focus on price and availability. Moreover, because of the nature of the buying (in bulk) it was possible for price discounts to be offered. Thus, the overall level of complexity was less in the B2B segment.

The B2C segment had quite a few differences. In most cases the buyer and the consumer were the same in the B2C segment. The buyer characteristics also varied across various parameters such as income (middle class, upper middle class, upper class, etc.), behaviour (tourist, domestic traveller, local traveller, shopper, etc.). This was primarily because anyone outside his/her home was technically a prospective buyer of packaged. The uses also varied from only quenching thirst to hygiene measures such as avoiding water from unknown sources (such as in a restaurant). Depending on the need and disposable income, the price sensitivity of the consumers also varied. The availability of different brands (sometimes in the same shop only) also gave more choice and control to the buyers. Because of the sales taking place through a middleman (such as a local store, supermarket or restaurant), the issues of maintaining a smooth distribution channel with measures for increasing display space was also very important. However, because of the indirect sales method, passing on the discount to the consumer (who was in most cases the final buyer) was not possible. To summarize, the level of complexity and the variables influencing sales were more complex in the B2C segment.

### **The consumer survey results**

Before trying to explore the possible strategic options for Aava, Jain decided to conduct a consumer survey among the B2C consumers to understand various facets of the consumer

perceptions and behaviour related to packaged water and mineral water. The survey was conducted in a metro city in central India on a sample size of 500 respondents using a mall intercept technique. The age of the respondents ranged from 18 to 60 and gender ratio was around 60:40 (male:female). Care was taken to make sure that the respondents belonged to different states and different regions in India. The key questions were related to unaided recall of packaged water brands, trial and usage behaviour, level of consumer education on packaged water and NMW and questions specific to Aava. A descriptive analysis of the data was conducted. The findings (refer to Exhibit XII) suggested that Bisleri was the most recalled and most used brand of PDW. Also high on awareness were Kinley and Aquafina. Rail Neer, the brand of PDW from the Indian Railways was surprisingly in fourth position both in terms of recall and usage. The fact may be because of the Indian Railways network spanning the length and breadth of the country, and the target audience including many rail travellers. The two NMW brands with high awareness were Himalayan and Qua. The high awareness of Himalayan could be attributed to its parent company Tata which had high reputation and trust among consumers. Multiple reasons were cited by respondents behind the reason for drinking PDW. A majority of the respondents opined using PDW while traveling between cities (73 percent) while around 26 percent opined having the same while out of home for various reasons. Unfortunately, Aava did not feature in the list of most recalled brands and had only around 2 percent awareness. However, very interesting information emerged from the research. More than 80 percent of the audience were not found to know the difference between PDW and NMW. On further probing, it was found that they perceived both to be the same. Given a clue on the health benefits of NMW, 59 percent of the respondents were found willing to pay more for a bottle of NMW than PDW.

### The future outlook

Mehta wanted to establish Aava as a premium brand on a pan-India level. However, in March 2012, the company was placed at a cross road with three roadways in front. First, Aava had maximum sales through institutional tie-ups while the retail sales contributed merely 10 percent (refer to Exhibit XIII for a break-up of the source of revenue). Profit was significantly reduced as the company offered huge discounts to institutions and this in turn reduced the earnings before tax depreciation and interest (EBIDTA). However, the B2B segment was a stronghold of Aava on which it could rely. Thus, one option was to strive for a pan India presence but only through the B2B sales.

The second option was to do nothing and continue the present strategy of putting focus on B2B sales while maintaining a presence in the B2C segment. This would ensure a retail presence which may or may not have returns in the long run. Though it would mean that Aava could think of strengthening its retail position at any future point of time, it would not have to re-do everything.

The last option would be to increase the focus on retail distribution and establish Aava as a strong brand in the B2C market. However, the challenge for attracting retail customers would mean that Aava would have to re-introduce the brand in the market since it has such a low awareness. The starting point should be to focus on customer knowledge. Indian consumers still did not know the differences between packaged/chemically treated water and NMW and thus they were not ready to pay a premium price. Moreover, Aava neither had a strong parent brand as Tata or was of foreign origin such as Qua. Thus, rigorous brand communication strategies could help the brand to educate people about the differences between PDW and NMW. This could be followed by informative advertising to create awareness and improve the brand's visibility and perception at premium locations. But this would also require a significant amount of additional expenditure. Moreover, based on industry trends, Mehta felt that large amounts should not be invested in traditional advertising as it did not bring the desired returns. On the contrary, he also felt that marketing communication was required to create a strong value perception in the minds of the consumer. Till 2012, Aava had only tried its hands at B2C communications through moves like product placement in cricket matches and event sponsorships. However, Jain knew that these types of promotional activities could only raise awareness but not create a value perception in the consumer's mind. Although

branding was very much at the heart of Aava's strategy, major problems still need to be surmounted. The Indian middle class income was growing and so was the demand for packaged water. It was really important for Aava to start thinking about the moves to be taken for communicating and sustaining the brand. Jain's mind came back to the present as she reached her home. She knew she had an important job ahead.

## Notes

1. Parsi Community has descended from the members of the Zoroastrian group in the India who have emigrated from Iran during tenth century A.D.
2. BIS is the national standard body in India that is managed by Ministry of Consumer Affairs, Government of India and Food and Public Distribution. It was developed by Bureau of Indian Standard Act, 1986.
3. Clean room technology is the technique that filters the air up to the highest level to maintain the cleanliness in the room and facilitates in maintaining healthy environment for the individuals.
4. HACCP is a management system that analyses and controls the physical, chemical and biological hazards that can be caused by the raw material which can be used for manufacturing, procurement, production, distribution or consumption.
5. Total dissolved solids (TDS) are the total amount of mobile charged ions, including minerals, salts or metals dissolved in a given volume of water, expressed in units of mg per unit volume of water (mg/litres), also referred to as parts per million (ppm). TDS is directly related to the purity of water and the quality of water purification systems and affects everything that consumes.
6. cl stands for centiliter. 1 cl= 10 ml.
7. Mudra communications is now known as DDB Mudra as it is a part of Omnicom/DDB worldwide group which is a leading integrated communication service network in India.
8. Refer to [www.youtube.com/watch?v=giB9FKs0-as](http://www.youtube.com/watch?v=giB9FKs0-as) for the video on Aava water.
9. Vibrant Gujarat Summit is a visionary approach developed by Gujarat Government for sustainable development. It portrays strengths, progress and initiatives of the state to the prospects and investors in a friendly environment.
10. Motera is a census town in Gandhinagar district of Gujarat state.
11. [www.gits4u.com/water/water16.htm#Bottled%20Water%20Industry%20in%20India](http://www.gits4u.com/water/water16.htm#Bottled%20Water%20Industry%20in%20India) (accessed 13 May 2013).
12. Danone deals with dairy products, medical and nutrition products and water. It has a global presence as it has its operations in Africa, Middle East, Latin and North America, occidental Europe and Asia Pacific Markets. It generates 51 percent of sales from the emerging countries.
13. Godrej group started its operation in 1897 in India and now it is among the most trusted brand in India. This group primarily has seven companies in diversified areas such as FMCG, real estate, furniture, industrial engineering, appliances, etc. It has a turnover of more than 3.3 billion dollars with its presence in 60 countries. It generates 26 percent of its business from the overseas market.
14. Kingfisher manufacturers PDW which is 100 percent pure and safe.
15. Star Bazaar is a Tata entries hypermarket that provides customer value by delivering good quality and convenience to its consumers. It is known for the grocery and household products. It has four stores in three cities (Ahmedabad, Bangalore and Mumbai) in India.

### *Keywords:*

Brand management,  
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Marketing strategy,  
Business strategy,  
Aava,  
Natural mineral water

## Exhibit I. Chemical composition of Aava NMW

**Table E1**

Mineral composition	Mg/litre		Max. permissible limits	Health benefits
	Aava <sup>a</sup>	Purified water		
pH-value	7.83	7.03	6.5-8.5	Neutral water – safe from causing stomach ulcers
TDS	280 ppm	85	700 ppm	A good proportion is needed to avoid intravascular and cardiac diseases
Calcium	20.8	4.008	75	Good for bones, teeth and nervous system activity
Magnesium	7.6	1.46	30	Prevents tiredness and increases fitness
Sodium	19.9	–	150	Helps regulate body fluids
Fluorides	<0.2	–	1.0	Trace level good for gums and teeth
Chlorides	45.2	26.9	200	Due to its low composition, it is good for health if taken regularly
Bicarbonate	182.2	–	75-400	Helps digestion
Nitrite	Not detected	Nil	0.02	Safe for babies and pregnant women

Note: <sup>a</sup>As per NABL Accredited Lab

Source: Company sources

## Exhibit II. Aava bottle (1 litre)

**Plate E1**



Source: Company sources

Exhibit III. Different pack sizes of Aava water

Figure E1



Exhibit IV. Sample B2B advertisement of Aava

Figure E2

*Clearly a winner.*

The verdict is out. The majesty of the ancient Aravallis prevails. Aava, pristine water from the Aravallis, is proud to be the first Indian winner at the global 'bottledwaterworld' awards.

With its deep roots in nature, Aava realises just how precious our natural resources are. It even holds an ISO 14001:2004 certification for following environment-friendly practices.

Aava is true to nature, true to you.

Growing at 400% per annum and with a confined aquifer capacity of 4.1 billion litres, Aava is the only Natural Mineral Water provider centrally located with logistical advantages in Western India.

With accreditations like HACCP, BIS, ISO 9001:2000 and ISO 14001:2004, we are now inviting partners for global distribution. So, here's your chance to drink in the sweet taste of success.

**Aava**  
Natural Mineral Water

HACCP      ISO 14001:2004 Environmental Management Systems      ISO 9001:2000

For inquiries, contact +91 98798 85555, info@aavawater.com - www.aavawater.com

Source: Company sources

## Exhibit V. List of institutional clients of Aava (partial list)

<b>Table EII</b>			
<i>Sl. No.</i>	<i>Name of clients</i>	<i>Name of the clients industry</i>	<i>Number of clients</i>
1	Jet Airways (India); Air India (Indian Airlines); Emirates; Swiss Air; Continental Air; Air France; Qatar Airlines; SpiceJet; Go Air (erstwhile Kingfisher); Oberoi Flight Kitchen Services –Mumbai and Delhi; Ambassador Flight Kitchen	Aviation	13
2	Four Seasons, Mumbai; JW Marriott, Mumbai; Sarovar Group, pan India (55 hotels); Grand Hyatt Goa; Westin Goregaon; The Intercontinental Marine Drive; Courtyard by Marriott: Mumbai, Ahmedabad St Lurn's Ahmedabad; Ramada Ahmedabad, Goa; Indigo Group of Restaurants; Degustibus Hospitality, Taj Residency Ummed, Le Meridian, Fortune Exotica: Thane; Vashi; The Orchid, Mumbai ITC Group: Baroda, ITC Grand Central ITC Maratha Hotel; Fortune Landmark; Ginger Hotels; The Grand Bhagwati Group Patang Hotel; Vrundavan Hotels; Café Upper Crust	Hospitality	Above 30
3	Cricket Club of India, Mumbai; Ellisbridge Gymkhana; EME Officers Mess; Golf Club – Cantonment Gujarat Club; Gujarat Cricket Association; Gulmohar Green Golf & Country Club Ltd; Sports Club of Gujarat; Karnavati Club; Malabar Hill Club Ltd; United ShippersBreach Candy Club; Mirch Masala	Leisure	Above 20
4	Axis Bank; UTI Bank; Bank of India; Bank of Maharashtra; IDBI Home Finance; HDFC Bank	Banks	6
5	Adani Group; Balaji Entertainment P. Ltd; Cama Motors; City Pulse; Dishman Pharmaceuticals; Godrej Properties; Gujarat Gas Company; HCP Design & Project Management; IIM; ILFS Education Technology Ltd; Indiabulls Financial Services; Infocity; ISRO; Ramniklal & Sons; Kores India Ltd; Mudra Communication; NG Corporation; Nicholas; Rasna Pvt Ltd NK Proteins; Torrent House; Tribhovandas Bhimji Zaveri & Sons; HMS Host	Corporate	Above 30

Source: Company sources

## Exhibit VI. Ad spend, sales turnover trend and growth rate of Aava

<b>Table EIII</b>							
<i>Year</i>	<i>2005-2006 (five months)</i>	<i>2006-2007</i>	<i>2007-2008</i>	<i>2008-2009</i>	<i>2009-2010</i>	<i>2010-2011</i>	<i>2011-2012</i>
Sales turnover (US\$)	88,659.01	354,583.21	886,459.29	1,773,180.69	2,770,676.76	2364466.50	2397433.50
Growth rate (%)	–	300	150	100	56.25	14.67	1.40
Advertising budget (US\$)	22,194.64	66,583.91	110,973.19	133,158.20	221,930.34	73,159.60	64,014.65
Advertisement expenses (in US\$) as percent of sales	25.03	18.78	12.52	7.51	8.01	3.09	2.67

Source: Company sources

Exhibit VII. Placement of Aava in cricket matches

Figure E3



Exhibit VIII. Sales trend of bottled water in India by volume (2007-2012)

Table EIV

Year	2007	2008	2009	2010	2011	2012
Sales volume <sup>a</sup> (in million litres)	3,099.7	3,878.0	4,656.0	5,619.4	7,312.5	9,370.7

Note: <sup>a</sup>Includes on trade and off trade sales

Source: Adapted from passport by Euromonitor International

Exhibit IX. Market share of major bottled water brands

Table EV

Brand	Holding company	Price in US\$ (for 1 litre pack) <sup>a</sup>	Market share <sup>b</sup> (in volume sold)		
			2010	2011	2012
Bisleri	Parle Group	0.33	39.0	35.9	33.4
Aquafina	PepsiCo Inc.	0.37	13.1	14.9	15.4
Kinley	The Coca-Cola Co.	0.33	9.4	11.3	13.0
Oxyrich	Manikchand Group	0.31	7.9	6.6	5.6
Kingfisher	United Breweries Ltd	0.26	2.2	3.1	4.5
Bailey	Parle Agro Pvt Ltd	0.29	1.4	1.5	1.3
Mother Dairy	National Dairy Development Board	0.28	0.5	0.4	0.3

Notes: <sup>a</sup>Prices as on August 2012 averaged over region and retailing format; data collected by authors; <sup>b</sup>adapted from passport by Euromonitor International

## Exhibit X. Major players in NMW in India

<b>Table EVI</b>			
<i>Brand</i>	<i>Holding company (in India)</i>	<i>Price<sup>a</sup> (in US\$ for 1 litre bottle)</i>	<i>Different pack sizes available</i>
Evian	Narang Danone Access Pvt Ltd (importer)	1.84	Yes
Qua	Danone Narang Beverages Pvt Ltd	0.83	Yes
Himalayan	Tata Group	0.83	Yes
Bisleri Vedica	Parle Group	0.74	Yes
Catch	Dharmapal Satyapal Ltd	0.71	Yes
Aava	Shelpee Enterprise	0.33-0.44	Yes

**Notes:** <sup>a</sup>Prices as on August 2012 averaged over region and retailing format; data collected by authors

## Exhibit XI. PDW vs NMW

<b>Table EVII</b>	
<i>Packaged drinking water</i>	<i>Natural mineral water</i>
The raw water could be sourced from anywhere	Water is obtained directly from protected natural sources
The water is rendered potable through various processes such as Reverse Osmosis (RO)	Water is naturally pure and is not put through any chemical processes or RO
RO also eliminates the healthy minerals present in water. If the pH level in this demineralised PDW falls, the water becomes acidic	Water is natural well-balanced healthy drink. It has a unique natural mineral composition that is beneficial to health and is absolutely safe to drink
For every litre of water processed through RO, 2 litres or more is wasted	Wastage is less since water is collected and bottled at source
<b>Source:</b> Company sources	

## Exhibit XII. Summary findings from the consumer survey

<b>Table EVIII</b>		
<i>Packaged/mineral water brand</i>	<i>Percentage of respondents aware of a brand</i>	<i>Percentage of respondents who have used a brand at least once</i>
Bisleri	97	97
Aquafina	92	82
Kinley	60	53
Rail Neer	36	34
Himalayan	32	19
Qua	26	21
Kingfisher	17	12
Bailey	12	9
Oxyrich	7	12
Evian	5	4

**Source:** Authors

### Exhibit XIII. Break up of sales revenue of Aava based on source

**Table EIX**

<i>Source</i>	<i>Contribution to sales (%)</i>
Airlines	50
Five star hotels	20
Restaurants and multiplexes	20
Retail	10

Source: Company sources

#### About the authors

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