



We plan to start a new plant every month over the next 2-3 years

In 1965, Italian businessman Felice Bisleri introduced Bisleri bottled water in Mumbai in two varieties — bubbly (carbonated) and still. Failing to market the brand, Felice soon decided to exit the business. In 1969, Parle bought over Bisleri to build it as a soda brand for its growing soft drinks portfolio. Over the next few years, the company rolled out some of India's best-known soft drink brands — Thums Up, Limca and Maaza — while Bisleri sold successfully as soda. Mineral water, being less of a priority, remained a miniscule part of the business. It was in 1993, when Parle sold its soft drinks business to Coca-Cola, that bottled water became a priority. Owner **Ramesh J Chauhan** then decided to build Bisleri as a bottled water brand the way he had Thums Up and Limca. Chauhan had observed that people travelling by trains had no access to clean drinking water — the water from the station taps was of questionable quality. People would instead buy soda bottles to quench thirst while travelling. He felt it was time to create a market for bottled water and go full throttle. The next several years saw Bisleri bottled water rise to new heights — the name Bisleri in fact became synonymous with bottled water! From those early days till today, Bisleri has been the highest-selling water brand in the country.

How do you see the bottled water market in India? What kind of growth is this market seeing?

Ramesh Chauhan: The bottled water market is growing enormously. The current growth rate is between 20 and 30 per cent. The market will continue to grow at about this rate at least for the next 20-30 years. That's because the quality of available water is very poor and the availability of water itself is poor. Transporting water is a very expensive proposition. For the value of water the cost of transportation is too high. It is a matter of having more manufacturing facilities and organising better distribution.

What are the reasons you think the market has such growth potential?

Jayanti Chauhan: The market certainly has a lot of potential and it is on the rise. The biggest reason, of course, is that fresh, clean drinking water is not easily available. The water that comes from taps in our homes needs to be boiled, and even after boiling you can't be sure that the traces of chemicals have been removed — boiling only kills bacteria. People realise that boiling water doesn't effectively prevent them from falling sick. So they shift to RO water purifiers, but again these are hard to maintain and one cannot be completely sure about the quality of water. After using RO purifiers for, say, 3-4 years, we see people switching to bottled water. Today, we see a

lot of people switching to bottled water. Obviously, the setup, machinery and equipment that bottled water companies have and the quality control that goes on is far superior to whatever one can put up at home.

Ramesh Chauhan: It is a question of health in terms of not falling sick. It is not about health in terms of making you stronger or other health benefits; but more on the negative that you or your children do not fall sick. The worry about catching a waterborne disease is what is driving the water business. I would also give credit to water purifier companies for helping the bottled water industry grow. They have been cautioning or putting fear into the public about the quality of water that is available. Today, people are confused as to which purifier to buy — the capital cost of a purifier and its service are big issues. And when at the time of service the housewife sees all the muck that gets collected in the purifier, it puts the fright in her. That is what is helping the bottled water market.

All of these weaknesses are still present today in many companies. Each stands in the way of company growth. The first two on the list are very basic and I advise companies to start with carefully defining which needs of which customers they want to meet, and how to deeply understand how the target customers think when they are making a purchasing decision.

But don't you feel a sense of competition from water purifier companies?

Jayanti Chauhan: There is, I guess, some competition to some extent, but where Bisleri is today and the way the market is growing, we are in a comfortable position.

How does the Indian bottled water market compares to more mature markets, say, in the US or Europe?

Jayanti Chauhan: In Europe, you do not come across packaged drinking water in abundance. What you come across is spring water. So they are at a very advanced stage when it comes to water — and that is also because of the availability of springs in plenty. There are a good number of hot springs and the mineral content of the springs is very good for human consumption.

Ramesh Chauhan: The bottled water industry in those markets has been there for a long time. The Indian market growth has been recent. The anti-cola sentiment has helped the market grow there, and the same is also helping the market grow here in India. There has been a lot of publicity against cola products and now people are getting conscious and switching to water and juice. Juice as a category is also growing very well. The preference towards water is certainly on the rise.

How is Bisleri doing? What kind of growth is the company seeing?

Ramesh Chauhan: Bisleri is doing very well and growing very fast. We are growing at a good 30 per cent, and this year we are targeting a 40 per cent growth. We have to grow in every part of India. We are still fairly urban oriented. That's because the cost of transportation to rural areas becomes very high. At the moment, it doesn't make sense to go into rural markets.

What is your growth strategy like?

Ramesh Chauhan: The growth strategy is basically to locate more and more factories in more and more areas so that we are able to spread ourselves well. We have plans to start a new plant every month over the next 2-3 years. Today, we have 50 plants. The capacities would vary, but now we are going for much higher capacities, say, about hundred bottles a minute which comes to about 12,000 pieces a month. We do not want to go into rural markets but plan to have plants near cities and towns with a population of 10 lakh people and above. That's an adequate population to support a plant.

Bisleri was the first to introduce bottled water in India. But the number of players (both organised and unorganised) in the business has gone up significantly over the years (reportedly over 2,000). How does this affect your business, growth and market share?

Ramesh Chauhan: When there are more players, the market will invariably grow faster. That's because there are more people putting in their energy to grow the market. You must remember,



when you are talking about these companies whose numbers are in thousands, a lot of them are very small and low-investment companies. And when the investment is low, it is easy for a player to come in and also easy to go out. So a lot new players come in and go out in no time. Now, there is no reason why anyone would pay the same price as for a Bisleri and settle for an unknown brand. That's because he is not just buying water; what he is buying is safety and security, and if he is not getting that he will not go for it. So while all these brands will always be there, they would not affect our market. They are surviving because of our failure to reach the nook and corner of the market. Once Bisleri is

available, there would be no reason for anyone to buy any other product.

What is your vendor or retailer strategy? How do you become a player of choice for vendors?

Ramesh Chauhan: Every vendor wants a fast-moving product. He doesn't want to be locking his money or space. The best brand moves the fastest and thus he likes to keep this brand. Margins do play a role, but when a retailer looks around and sees he is losing business keeping an unknown brand, while some other retailer is having lower margins but selling higher volumes, he realises his mistake. Ultimately, the game is about volumes. That's the case with every business, whether you are selling a soap, toothpaste or car.

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You said that you're not targeting the rural market. Can you elaborate on the reasons; because every other industry has been trying to tap this market? FMCG companies have done well with the low-cost rs1 or rs2 sachets of oil, shampoos, etc. Can this model not be replicated?

Ramesh Chauhan: It is not economical for a large packaged water setup to go into rural markets. You must keep in mind that the MRP (maximum retail price) per kilogramme of water in the bulk pack is just 4. That's a very low price. When you take into account the excise duty, VAT (value-added tax) and so on, there is not much money left. So volume becomes the game. When you have a big enough market where your factory is located it doesn't make sense to go far and activate a rural market. As I said, the cost of transportation to rural markets is way too much. Freights are the major costs. Then in rural areas you will invariably find some person or the other locally manufacturing bottled water which he would sell in a radius of 15-20 miles. As for the sachets, yes, there are local players which sell them locally in rural markets, but those sachets are very unhygienic. They are very difficult to transport and also very difficult to drink from. We are not for it and have stayed away from it. Our 250 ml bottle is doing very well, the response has been fantastic.

Jayanti, you talked about the popularity of spring water in Europe. Is there a market for such products in India?

Jayanti Chauhan: There are already some brands in India. We have our spring water brand called Vedica, and then there are brands like Qua, Himalayan, Catch and so on. It is a very niche market right now, but I do see potential for growth.

Is there enough awareness among consumers about spring water?

Jayanti Chauhan: That's the key point; the awareness needs to build up. Once people switch to bottled water more consciously, they would want to try out spring water and the different products available in this category.

What has been the thought behind rolling out Vedica, the spring water brand?

Jayanti Chauhan: Vedica comes from a spring, a natural aquifer, in Uttarakhand. Its mineral content is very rich. The pH level is very high, which makes it very alkaline; in fact its pH level is the highest among the water brands here, higher than Evian, Qua or Himalayan. A high alkaline level means it is amazingly good for Indian diet, which is quite spicy. We use a lot of spices and red chillies in our food which often causes acidity that leads to a lot of heat build-up in the body. This affects your skin as well. If people consume high pH level water, over a certain

period of time they will start seeing a decrease in the acidity level. If consumed over time, it does help the body, and is better than packaged drinking water. The main difference is that the minerals found in Vedica are all natural — they are what the water picks up in its journey down the glacier. In our processing, we do not touch the composition of the water. The only thing we do is clean out all the sand and sediments. In the case of Bisleri, the water is first brought down to its purest form — pure H₂O — and then the minerals are injected to it, so that it has a property similar to Vedica. Vedica obviously targets a more urban market. It is very young and fresh in its packaging. It is widely available in urban areas. It won't be a super niche product, and it won't be a very mass product either. It would be something in between.

How differently is Vedica positioned in the market compared to Bisleri? What is your target segment?

Jayanti Chauhan: Our target, you could say, is the youth; though, we have seen people from all age groups attracted to the bottle. The awareness about spring water is not very high, so people always ask what the difference is. We think, it is a universal product, attracting both the young

and the slightly old; but we, of course, are targeting



the youth in our campaigns. That's because we have a very large young population — youth are the biggest segment of the population. So our campaigns are very youth-oriented, but the product is for everyone.

So is Vedica not a product targeting the premium end of the market?

Jayanti Chauhan: Vedica comes for about Rs. 45 a litre. Yes, it is expensive for a bottle

of water, but at the same time it is not a ridiculous price. If you are going out for dinner and spending `2,000, a bottle worth `45 is not going to make a huge difference. The mood and tone of our marketing campaign is a bit niche and upmarket. It will appeal to a large chunk of the urban population.

Ramesh Chauhan: We have completely different strategies for both Vedica and Bisleri. It is a communication problem for people to understand what is premium about a premium product versus Bisleri, and why should they pay double the price. People are not prepared to pay for the freight from the Himalayas to Mumbai. They think, how is it of benefit to them? So a lot of education goes into it. But people are buying premium products more than ever. So you got to have premium packaging and marketing. At the moment, it is still too small a business. Of course, the future is there.

How do you plan to market and grow the Vedica brand?

Jayanti Chauhan: I am a firm believer in having a strong online presence and taking our marketing and communication directly to the end consumer. That's what we are doing with both Bisleri and Vedica. For Bisleri, the online communication has taken off and we are getting an amazing response from the end consumer. The recent campaign for Bisleri was first launched online and then on

television. The premier of the ad was all over Facebook, Twitter and so on. We are doing the same with Vedica. As I said, we are targeting the youth and as everyone in urban areas is active online, it is much easier to communicate what Vedica and spring water are all about. Once people understand the concept of spring water — that comes to them in its purest form, untouched by companies — they will understand the value of Vedica and the difference between



packaged water and mountain water. We are also doing onground activations in malls and markets, and the idea is to communicate directly with the consumer, and get a more direct feedback from them. From this month onwards, you will also see Vedica ad campaigns appearing in lifestyle magazines.

The bulk packaged water category (20 litres) is reportedly growing fast in urban areas. Its consumption is on the rise at homes and institutions. If you can explain what this market is like? How do you plan to grow in this space?

Ramesh Chauhan: As I told you, a lot of the home appliances (water purifiers) have failed in most of the places and that is where the 20-litre pack is capturing the home market. It is happening because of the uncertainty about the quality of water coming out of the appliances. Now, the market is growing but again the labour required to deliver the product to the home is very difficult to find. There appears to be a lot of unemployment in the country, but finding people for the job has been tough.

Jayanti Chauhan: It is the fastest growing segment of our business and I have seen it grow fast and stably for the past 5-6 years. The reason is the convenience factor — we supply it directly to homes and offices. It is a segment we need to give more focus as it is very fast growing.

In reply to a previous question, you said that for the value of water the cost of transportation is too high and that one way to control cost is to have a plant near the target population. What other measures have you taken to control or bring down costs?

Jayanti Chauhan: Yes, one way is to have the production facility very close to the population, and that's basically what we have done. In Delhi and Mumbai, we are lucky to have our factories right in the middle of the city. Hiring distributors and having co-packers has also been helpful. Wherever we find a huge gap between the factory and the market, we have put up co-packers and distributors, so that there are manufacturing units to cover up the gaps. Although, the co-packer units are very small — the production is tiny compared to a big factory — they are good enough for the nearby markets they cater. That's how we have built more links in the chain. The distances are not all that much to carry. This, however, cannot be applied to Vedica, which can only be produced at the source — the spring in Uttarakhand. Now, imagine the cost of transportation from Uttarakhand to Mumbai or down south. Freight becomes the major cost. It is a big problem and something we are still working on. For Bisleri, we are doing things differently and setting up as many units. In fact, we plan to expand our manufacturing facilities all over India by the end of the year.

Bisleri has become synonymous with bottled water. What is the strategic thinking that went into building the brand?

Ramesh Chauhan: Bisleri has become synonymous with bottled water primarily because it was the first mover. We did the basic things right. We have maintained quality. We have constantly improved upon packaging, and constantly worked towards consumer satisfaction. We have made the product widely available.

Mr Chauhan, you created some of India's biggest soft-drink brands — Thums Up, Limca, Maaza and so on. You also built India's biggest bottled water brand, Bisleri. What are the fundamentals every CEO must keep in mind while building a brand?

Ramesh Chauhan: First and foremost, every CEO, manager or executive in the company must not forget that he himself is a consumer. Once you realise that, you know what your aspirations are and what you are looking for. You know whether you are getting that from the brand. And then how consistently are you getting it. A lot of people will do a flash job and then forget it; now, that will not do, you have to be at it, and there has to be passion behind whatever you are doing.

Bisleri recently launched a new 500 ml pack at rs10 and also an interesting ad campaign for it. What has been the thought behind both the new pack and the campaign?

Jayanti Chauhan: We have noticed in Europe and the US that they don't have 1-litre packs. What is most common there is the 330 ml pack, and the reason is that people there are mostly on the go and they don't want to lug a big size pack around. It is the same here in India.



A lot of us buy bottled water when we are on the go. Now, the 1-litre pack that is most common is not a convenient size to carry around. We thought that the 500 ml pack size is just about perfect — it holds about 2.5 glasses of water which is enough for you when you're on the go, it fits easily into a backpack or a lady's purse, and it is easy for children as well to hold and drink from. So the whole idea has been to make it easier for the end consumer. And it is also at the perfect price of ₹10; so you don't have to worry about change or carry coins around. I think for travel and people on the go, it is a very

convenient size. The thought behind the ad campaign has been, first, the element of shock value — what will make a person want to watch your ad. Second, is the communication Kiss kar ke piyo. Now, we have it in our culture that we don't want to eat or drink jootha — it is considered both unhygienic and disrespectful. The 500 ml pack size is such that each person can have his own bottle, and you don't have to worry about sharing and things like germs and so on. It is your bottle, you put your mouth to it and drink from it — which is the idea behind Kiss kar ke piyo or 'Kiss to drink'.

Jayanti, where do you see Bisleri, say, 10-15 years from now? And would you like to build new brands or businesses like your father in future?

Jayanti Chauhan: With Bisleri, I would first like to have 100 per cent penetration into the urban markets and tier 1 and 2 cities. There is a huge scope for expansion. People are 'graduating' from water purifiers to bottled water. They have started to understand that bottled water is the safest. And they realise that maintaining these purifiers is quite a task. I see the brand expanding into other areas as well. I cannot say specifically what they will be. But there is really no restriction — for example, we can get into construction if we want to. There is nothing stopping us from venturing out into any other field. Yes, I definitely would like to build new brands, because growth is all about diversification. Jayanti, your father has created some iconic brands and is running a very successful business. What are some of the lessons in business that you have learnt from him? Jayanti Chauhan: I come from a different background. I haven't studied at a business school or done an MBA.

I haven't gone through any formal training. And I don't even plan to, because my father always says that you learn best when you are there and start doing it. I think that's the best way to learn. Brand building and various other aspects of business, I am learning all that right now. Vedica, for instance, has been an interesting experience. There have been a lot of ups and downs, and a

lot of frustrating moments as well as happy moments. Maybe I would be able to talk about the lessons a few years from now. Rather than sitting and giving me a lecture about how things work, my father likes to practically take me through how things are done. It's a hands-on experience. Everyone has a different learning style; I feel I learn better by doing things myself. If I am stuck or have questions, my father is always available. Ours is a big organisation and our directors have been very supportive throughout the whole experience. My father did say that it takes a long time and it is something I will have to consistently keep working on — it is not something that I will learn overnight, and so there is no reason to get disheartened, because it takes time.

Bottled water accounts for tons of plastic waste annually. Only a very small percentage gets recycled. As the biggest bottled water manufacturer, how do you see this problem and what are you doing on this front?

Ramesh Chauhan: Bottled water plastic bottles will not be seen lying around anywhere simply because we have created high value for recycled bottles. Used PET bottles have a good market value since they are used in many products, like mattresses, pillow fillings, ropes, waste baskets, and so on.

Jayanti Chauhan: Let me clarify, first of all, ours is not a country of waste. Because most of our population is struggling for day-to-day things, it is sort of ingrained in our culture not to waste things. If you've noticed, we actually have one of the best recycling chains the world over. For instance, in Mumbai, you won't see bottles lying around — you may see plastic bags, because they don't have resale value, but it's unlikely that you'll see bottles around. I was under a similar impression, until my father pointed out: "Do you see bottles or bags?" There may be a few bottles in the evening but by morning the rag pickers collect them off. What Bisleri has done now is that we have implemented a big CSR (corporate social responsibility) initiative which is to recycle plastic — whatever comes back to us, we recycle it all. We have a shredder in our factory, and the bottles that come are shredded into flakes, which are sent to a Reliance unit and it makes all sorts of things — pillows, sheets and so on.

What is a day in your life like?

Ramesh Chauhan (RC): I start my day going to office for half a day, then I go home, have lunch and take a nap. I spend my evening playing tennis at the CCI Club.

Jayanti Chauhan (JC): I normally start the day with a workout for an hour, and then go to office. I have to spend the evenings with my dogs, after which I catch up with friends or family for an early dinner.

How do you prepare for an important business meeting?

RC: I prepare notes on key points.

JC: By getting a good night's sleep.

What do you think are the best ways to hand out pink slips?

RC: I don't do that. Our HR does it.

JC: Diplomatically, with very concrete reasons.

How do you motivate your staff?

RC: We have an R&R (Rewards and Recognitions) scheme for best performance, besides targetbased incentives and other engagement activities for employees.

JC: Our office atmosphere is very relaxed. Both my father and I are very approachable. We have an open door policy with our staff. This helps make them feel secure and part of our decision making. Then we have HR workshops on team-building and motivation. These are a lot of fun, which is important as everyone leaves having learnt a lot and having had fun. There have been many rewards, like trips to the hills or Goa; also when we sponsor events or movies, we get a certain number of passes which we then give to the top performers for that period.

How do you unwind?

RC: By playing tennis.

JC: I unwind by travelling to beautiful places

Your ultimate holiday destination...

RC: Goa and Kamshet.

JC: I am planning a trip to the Andaman Islands this winter for some diving.

Something you're fond of?

RC: Gardens and large trees.

Do you like collecting something?

JC: I strangely enjoy collecting stationery and also snow globes (souvenirs from cities I have visited).

Your kind of books...

RC: Rabindranath Tagore's Gitanjali and books by Peter Drucker.

JC: A Thousand Splendid Suns, Rumi's Daughter, Mayada: Daughter of Iraq, poetry by Rumi and Khalil Gibran.

Music...

RC: Western classical music, Mozart.

JC: Difficult to answer. I like many genres from Western classical to house, soft rock to Indian classical, jazz... I have a very wide range on my iPod.

Films...

RC: Roman Holiday, Well Done Abba, Wednesday.

JC: Classics from the 50s and 60s — To Catch A Thief, How To Steal A Million, My Fair Lady, It Happened One Night.

Cars...

RC: Volvo. It was a college days dream.

JC: Right now I use a Volkswagen Passat. Safety is important to me, and I love the wood panelling in the interiors.

Watches...

JC: Right now I'm wearing Chopard.

Actors...

RC: Audrey Hepburn

JC: Christopher Waltz, Audrey Hepburn, Clarke Gable, Cary Grant, Ingrid Bergman, Angelina Jolie.

Cuisine...

RC: Dosa, puri bhaji, khichdi. **JC:** Anything spicy. Chinese and South Indian are favourites.

Brands and designers...

RC: None.

JC: Alexander McQueen, Valentino, Chloe, Tom Ford.