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# CASE 1 PURIPEN: SELECTING THE COMMUNICATION MIX

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## 1.0 OBJECTIVES

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This case should help you to learn the followings:

- Strategy for a new product launch
- Linkage between the communication strategy and the other marketing mix elements
- Identification of competition at various levels on the basis of needs of the consumers and the tasks of communication in sales and marketing

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## 1.1 INTRODUCTION

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The case refers to the launch of a new-to-the-market, new-to-the-company product born out of a technological innovation. Despite of being a highly innovative product with a large prospective market, Puripen - the mobile electronic water purifier was not able to make a dent in the water purifier market in India. This demonstrates the strategic importance of selection of marketing mix elements emphasising particularly the communication strategy. Marketing management aims at bringing about a productive consistency in all elements of the marketing mix including the communication mix.

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## 1.2 COMPANY PROFILE

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**United International Ltd.** is an Indian company established in the business of telecom instruments (phones, faxes, EPABX systems etc.). Its business is spread throughout India, supported by its strong and widespread distribution network. It also exports its products to various Asian countries. The company characterises a high degree of vertical integration with activities ranging from manufacturing of the products, their sales and distribution, to providing after-sales services to the customers. The customers comprise of mainly the commercial users (offices, PCO operators etc.) and a small share was contributed from domestic users (mainly phones).

The company can be described as a typical Indian family concern since not only the shareholders and the key employees of the company, but even the close business associates are the members of the same family.

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Mr. Kalra, the chairman of the company; during one of his visits to US happened to see Mr. Jones, the Business development manager of Aqua Technologies Inc., USA, which is in the business of water treatment technology. Mr. Jones, knowing the potential of safe drinking water market in India, made a proposal to Mr. Kalra to use their distribution network and experience in the Indian market for the launch of a new innovative product - a mobile (pen-sized) electronic water purifier, which was the product of their R&D.

Both discussed the possible areas of compatibility. The main attractiveness of the proposal lay in the fact that the basic raw materials and technology required for this new product were highly similar, and in fact much simpler as compared to those of telecom instruments available with United in India. The collaboration finally agreed was of technological nature. The manufacturing and marketing of the purifier in India was to be handled by the management of United. A new company- **United Aqua International Ltd.** was formed for the purpose, under the same top management and ownership as United. Secondary data was collected to reassure the potential of the market. And within no time, manufacturing facility for the new product was set up parallel to the existing telecom instruments plant at NOIDA (industrial area) near Delhi by the end of 1996.

### **Market Analysis**

#### *ENVIRONMENT*

- 80% of the diseases in India are water borne.
- 60% - 80% children suffer from water borne diseases.
- 50,000 people die every day due to. water contamination.
- India has 17 million cases of viral hepatitis, and
- 8 million cases of typhoid every year.

All this happens due to water contamination, in fact, There are three types of water contamination as explained below:

#### **PHYSICAL CONTAMINATION**

Caused due to contaminants like mud, sand, odour, colour , algae, fungus heiminths etc.

#### **CHEMICAL CONTAMINATION**

Caused due to insecticides, pesticides, oils, excess of ions, unwanted minerals.

#### **MICROBIOLOGICAL CONTAMINATION**

Caused by bacteria, viruses of other unicellular organisms.

### **The Purified Water Market**

While the mineral water market has grown many folds in all the developed economies of the world, it is only in the past few years that Indians have begun to get conscious about the water they are drinking. Taking advantage of this situation the processed water industry in the country is growing at a very fast pace. The market is also growing due to contamination and shortage of water in the metros.

There are three kinds of water that are generally marketed. These are:

- Natural mineral water with certain dissolved solids/pH value from a single source
- Distilled water
- Processed pure water

However, natural mineral water always has a separate market for itself and commands a premium. At present the Indian market is dominated by processed water. However, the Indian customer does not clearly distinguish mineral water from processed water. Also, none of the processed water brands clearly state that they are merely processed and are not mineral water. Thus to a normal customer, any bottle of water that is sealed and has a brand mark on it is a mineral water bottle.

The mineral/processed water market has trebled in the last five years with a size of Rs.400 crores and is growing at a rate of 25.5% per annum. The potential for the industry is around 70 million cases per annum. But only about 50 million cases are churned out but to under capacity in the 1litre bottle segment Bisleri remains the market leader with about 30 other brands available in and around Delhi. At the last count there were about 160 brands available in and around Delhi. These 1-litre bottles retail at a high Rs. 12/- to Rs. 15/-.

Due to the high pricing of the 1-litre bottles the real expansion is taking place in the bulk water market. Bulk water is mainly sold to offices and institutes. The main players are Hello water and Nuchern Weir selling water at Rs.50 for a 24-litre bottle. - roughly a sixth of the cost of the smaller pack. Till about a year back Hello had a capacity of 1,20,000 litres per day and had plans to double it by April'97. Last year Nuchem aimed to increase its customer base from 3,500 to 20,000 in Delhi.

Though the market is booming it has attracted criticism for poor quality and operators who bottle tap water and pass it off as mineral water. At an initial investment of as little as Rs.50 lacs the sector is proving to be a boom for fly\* by night operators. According to a study by Sriram Institute of Industrial Research, more than half the brands do not conform to industry standards, such as mentioning the dates of bottling and expiry and the source of water.

Apart from quality, the price of these bottles is also facing criticism. The bottle accounts for 40% of the cost of packaged water. Secondly it has been established through extensive research abroad that water stored in PVC bottles, and exposed to sunlight, becomes toxic due to harmful elements present in the product, PVC, within 24 hours of exposure. Thus the only safe choice is to use either PET bottles or glass bottle. Out of the total utilisation the bottles in the industry, PET bottles figure a ridiculously small amount. Only small time manufacturers are using PET bottles to create a separate niche for themselves. Most bottles used are still made of PVC. There is no doubt that as media increasingly criticises the 'mineral water' authenticity and laws against fly-by-night operators come into place the consumer will become more wary about drinking bottled water. But for now, the market is growing at a steady pace with little threat from anywhere.

### **The Water Purifier Market.**

As is typical of a rapid evolving category, the market for water-serving gadgets has been shaped by technological strides in levels of safety, cost and convenience.

In the mid 80s Resin technology arrived with products based on two forms:

- Tap attachments such as Ion Exchange's Zero B
- Resin based cylinders such as Singer's Aquarius

The former could filter water straight out of the spout while the later claimed to be an advancement and offered to kill bacteria thus turning boiling redundant.

Towards the late 80s, the ultraviolet purifiers entered the market, led by Eureka Forbes' Aquaguard. Though it needed electricity, it destroyed all bacteria and germs with light ultra-violet rays. And *that was just* the beginning. Today the market is seeing new entrant everyday.

Presently, the water purifier market is worth Rs. 259 crores, with 40 million households already having turned to domestic purifiers to beat the bug every year, and is growing at a steady rate of 25% per annum. Researchers expect this market to touch Rs. 1500 crores by the end of the decade.

Basically, there are three kinds of purifiers in the market today. These are:

#### **i) Ultra-violet Technology:**

The basic function of this technology is to eliminate all impurities, odour and bad taste. The main drawback of this technology is that with time the intensity of the rays gets reduced. Some of the major established brands in this market are Aquaguard, Oasis, Alfa, Ultracare and Ultrajar. The prices of all these brands ranges between Rs.3,600-5,300. Of course, the undisputed leader is Aquaguard with a marked share of 80%. Today about 1,00,000 Aquaguards are sold every year by 1300 sales staff, despite its somewhat steep. price tag of Rs.5,290/-. The total number of UV purifiers is about 2,00,000, which is a minuscule amount considering, the potential.

#### **ii) Membrane Purifiers:**

The main function of the purifier is to get rid of bacteria and insoluble impurities. Its main drawbacks are that slime forms on the membrane and bacteria clog the pores and eat away the membrane, reducing its efficiency. There is only one major player in this technology, which is Symphony from Ahmedabad, based Sanskrut Comfort Systems. It

is priced at Rs.5,000/-. Presently, it has only a 4% market share despite insisting that its technology is better than the other two present in the market.

### **iii) Resin Technology:**

It basically gets rid of all impurities, bad odour and taste. Its main drawback is that it cannot purify water beyond a stated limit. The prominent brands in this category are Zero B range from Ion Exchange, Purisip from Eureka Forbes and Aquarius from Singer. They are priced between Rs.2,000/- and Rs.4,000/.

There is, however, a fourth category, which is fast emerging. This is the mobile purifier category. Zero B has already launched a portable personal purifier for travellers in the name of Watermate, which uses one stage iodinated resin technology. Each pouch is capable of purifying 2,500 litres of water.

There are other technologies that are entering the market. Two of these are the eco-friendly ozone technology and the membrane technology. Products from these technologies will cost anything between Rs.2,000 to Rs.5,000/-.

Whatever be the present market size today, one thing is for sure-this is just the beginning. Once the consumer becomes more hygiene conscious the size of this market is bound to grow, rapidly.

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## **1.3 PURIPEN: T MARKETING IX 1.3.1**

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### **1.3.1 The Product**

The idea of a mobile water purifier was a novel concept in the market of water purifiers. All the means of water treatment available even for domestic usage, were fixed. They required either to be installed to the source of water (tap), or were in the form of storage filters, while this one was in the shape of a pen small enough to be easily carried in a pocket! and therefore was named as- 'Puripen'.

The product was based on 'silver-ionization' method commonly used on ships for large-scale water purification. As a matter of interest, an old Indian myth highlights the purification properties of silver and suggests that water should be stored in a silver vessel for at least one night before consuming it the next morning in order to stay healthy. Puripen could be used to purify water by immersing its electrodes in a glassful of water for 39-50 seconds. It automatically kills viruses and bacteria present in the water with the help of an in-built 6V battery which causes a light current to pass through its silver electrodes and shed silver ions in the water. The basic experimental design for evaluating the water purification was based on the US Environmental Protection Agencies Guidelines. The results were tested as per "Standard Methods for the examination of water and waste water" -APHA, 1995 and verified by a number of Indian research institutes like University of Roorkee, Shriram Institute for Industrial research, etc..

### **1.3.2 The Positioning**

Since drinking water is the need of every human being, the Chairman's decision was " I want to see Puripen in the pocket of every person in India, be it a small businessmen, a working woman, a traveler, a mobile salesman, a rich business executive and even school students; since they all need clean drinking water, and Puripen provides it anywhere, anytime, easily!"

### **1.3.3 The Place**

The management decided to make use of its huge existing distribution and dealership network to support all India launch of Puripen. Another level was added in the existing supply chain by involving retailers of consumer products to reach the potential customers on a profit margin basis. A base of 200 distributors, 40,000 retail outlets all over the country was all set to take up the new product impressed by attractive presentations made to them showing the market potential and high profitability of Puripen. The product was to be made available in nearly 25 (about 7 large and rest mini metro) cities and over 100 towns (with population above 0.5 million each) in India which were mainly urban to semi-urban class, extensively through chemist shops, superstores, and even small general stores. It was also suggested to appoint about 500 direct selling agencies in selected cities which was however, delayed due to unfruitful negotiations between the management and the agencies which was a result of multiplicity of undesired interventions and unprofessional ideas from the management.

### 1.3.4 The Price

The Price was kept at Rs.594 with big margins to skim the market being the first to introduce such a product.

Retail Price	:	Rs.594
Retailer's margin	:	Rs.175
Dealer's (wholesaler) margin	:	Rs.95
Variable Cost/unit	:	Rs.160 (approx.)
Manufacturer's Contribution/unit	:	Rs. 164

A special in-built battery (price Rs.50) was inclusive, good enough for purifying about 5000 glasses (nearly equal to an adult's annual drinking water requirement) costing merely 1 paisa (1/100 of a rupee) per glass to the consumer; cost of pen excluded, having an average life of 10 years.

### 1.3.5 The Promotion (refer Appendix)

The promotion for the product was handed over collectively to an advertising agency Nav-Bharat Marketing & Advertising Co. Pvt. Ltd. (NBMA), along with its sister concern Media India Pvt Ltd (specialised in media planning and buying). These agencies prepared its launch phase advertising strategy after doing a study on purified water and water purifier market in India. An annual advertising budget amounting to Rs.60 million was estimated out of which Rs.30 million were sanctioned for the first three months (launch phase).

#### Advertising strategy- Puripen

<i>TA's DEMOGRAPHICS</i>	Sex : male/ Females Age : 25 + Sections : A+, A, B Monthly Income : Rs. 8,000 + Education : SSC+
<i>TA 's PS Y CHO GRAPHICS</i>	Urban, Mobile health conscious, someone who doesn't mind spending on things which ensure a good quality of life/ health. understands the meaning of water purification and probably has an Aquaguard at home. But since he is on the move when outside the house, cannot ensure that he gets pure water to drink. ( So he usually carries a water bottle or has mineral water which he finds expensive ). He is a serious, planned person, someone who is aware of the ill effects of having contaminated water, is well read person, reads newspapers and is therefore aware of the havoc contaminated water can cause. (Aware of the diseases spread by water contamination).
<i>Secondary TA</i>	Corporate Houses
<i>Desired Consumer Response-</i>	"I'll have to check it out." "It's sure sounds .convenient"
<i>Key Promise-Supports</i>	Mobile, Safe water purifier <ul style="list-style-type: none"> <li>• Product life of 10 years</li> <li>• Purifies 5,000 glasses of water at about paise/glass and hence it is most economical.</li> <li>• Collaboration with Aqua pure technologies inc. Virginia USA</li> <li>• Uses a method of silver ionization for purifying water</li> <li>• Tested at leading labs in India</li> <li>• Fits into one's pocket and as such, is a personal water purifier.</li> </ul>
<i>Tone and Manner-</i>	Caring and concerned.

Long meetings were held between the management and the agency. During these meetings the members of the management team comprising mostly the family members used to storm the agency proposals with their own perception and ideas from all directions on issues like the colour scheme of posters or the necessity of a female model to make the PoPs (Point-of-Purchase material) attractive. This ended up distorting the integrity of the

proposals. From the various options provided, the 20 seconds TV commercial selected was one with an element of humour in it since the majority of management found it amusing (see story board).

The agencies, however, were facing high market depression and could not afford to lose United Aqua as a client and therefore chose to consent to please the management by appreciating their comments and altering the advertising material accordingly

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## 1.4 THE TIMING OF LAUNCH

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the product was launched deliberately planned in the summer season (June '97) when the market demand is at its peak for purified water/water purifiers.

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## 1.5 THE RESULTS

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Puripen was launched, and for the first few weeks the retailers and dealers were quite optimistic about the product owing to its high profitability and a huge advertising back up provided by the company. However, very soon it was realised that the product was not showing movement off the shelf as expected.

The management called the advertising team and insisted for changes in the advertising content. A survey was done by the agency to check the customers perception only to find that -

1. A majority of people who were aware of the product considered it as an accessory item or a complicated electronic gadget (like a cell-phone, which is more of a status symbol in India) and did not actually understand the use or benefits of the product.
2. Out of people who were inquisitive enough to get detailed information from a retailer, or where the retailer himself volunteered to demonstrate, the product, 60% appeared to be interested in the product or had already bought it. This was mainly in the upmarket shops/superstores.
3. Rest 40% were not convinced since Puripen did not filter the water and the effect of purification was not visible as it only killed the microscopic germs and not the visible impurities and therefore, the source of water still remained an important consideration for the consumer as against the other substitute products. Many people were not amused by the idea of 'killing' the germs 'in the glass' and not filtering them out. Moreover, they found it ludicrous to use the gadget and wait for more than half a minute every time for a glass of water with visible impurities still not removed.

By this time, most small retailers had started offering discounts at the expense of their own margins in order to clear their stocks.

The agency then suggested a strategy to hit the customers' emotions with a wave of fear based upon water borne diseases spreading in India during summer. A new series of press ads were released highlighting Puripen as a tool to prevent such diseases. The product also appeared in a number of consumer fairs and exhibitions. This invoked interest in the product and led to an increased number of informed customers, but by this time, the retailers had lost faith in the product and were reluctant to stock it any longer. Even the direct selling teams had not fully come into operation by then.

The payments to the advertising agency were delayed due to highly unfavourable results of the launch and the agency stopped doing any further work for the brand and later suffered huge losses in the form of bad debts. The venture was finally called off for the time being without the customer even recognising the innovative product or the brand.

The management was still surprised by the failure of such an innovative product. Analysts said that the strategy lacked the basic requisites of an innovative new product launch in terms of:

- Product features, eg., unable to filter lack of time indicator
- Vaguely defined target audience and therefore unclear positioning
- Irrelevant and inconsistent promotion strategy, ie., insufficient product demonstration, poor creative content
- Inappropriate distribution channels, i.e., small retailers selling a consumer durable product worth Rs.600 per unit.

Was the failure of Puripen just related to the launch strategy or were there larger issues involved? Firstly, the core competency of United in the telecom instruments business, which was related to catering to the needs of corporate/enterprise sector rather than serving the domestic/personal segments, and secondly, the very basis of conception of a new product- whether market/consumer based or production/resource based could be questioned.

The management is trying to look for the possibilities of a re-launch in India. The pricing of the product is also being reconsidered.

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## 1.6 DISCUSSION QUESTIONS

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1. Do you think that the promotional strategy was appropriate to create a pull for the product/brand, i.e., to make customer walk into a store. and ask for Puripen?
2. What were the reasons for the failure of discounts offered by the retailers to the customers in promoting the product? How did it affect the brand?
3. If you are the sales and marketing head, what strategy would you adopt for the re-launch. Justify your recommendations. Also consider the competition that may intensify further, soon after the product is launched.
4. Would you recommend a team of door-to-door sales professionals, engaged in sales communication, explaining the product features, answering to the prospects' queries, for achieving sales? Justify your answer.

**Appendix I**  
**PURIPEN: MEDIA STRATEGY, PLAN & COST DETAILS 1997**

**THE TARGET CONSUMER:**

Demographics:           Rs.2500+MHI  
                                  Men and Women  
  
                                  SSC +35  
  
                                  S.E.C. A+A.B.

Psycho – graphics       Health conscious, serious, planned  
  
                                  Doesn't take life too easily  
  
                                  Mobile, contemporary,

**THE PRIME TARGET TERRITORY**

To define the prime target territory it would be essential to describe the potential consumer in terms of his habitat and attitude.

**HABITAT**

The habitat is almost uniform across the urban country in terms of availability of pure uncontaminated drinking water. The need for pure drinking water is felt across all major cities with exceptional variations in few cases. However, the phenomenon is more acute in the large cities where the population density is higher.

**ATTITUDE**

Sensitivity towards the need for a safer life distinguishes one person with another and in our case the major determining factor for opting our product: However, the metropolitan inhabitant is relatively modern in his/her life style and attitude which makes him a stronger potential target for such products.

Following the above assumption, it would be wise to define the potential hierarchy as under:

- A+ Markets: Major metropolitan cities: Bombay, Delhi, Calcutta, Chennai, Hyderabad, Bangalore, Ahmedabad.
- A Markets: Mini-metros: Pune, Nagpur, Jaipur, Kanpur, Lucknow, Surat, Kochi, Coimbatore, Vadodara, Indore, Patna, Madurai, Bhopal, Vizag. Varanasi, Ludhiana.
- C Markets: 101 towns with population between 5-10 lakhs.

**THE ADVERTISING OBJECTIVE**

A sequential transformation of the consumer's mind is expected to occur as a result of the campaign.

- Stage I: Creating Awareness - This is expected to be achieved at a fast pace keeping in mind the novelty value of the product.
- Stage II: Creating Top of the Mind Awareness = Media Hype will create TOM Awareness to create a desire to possess the product.
- Stage III: Converting desire to Sales - In this particular stage, a persuasive distribution infrastructure is critical to enable growth of impulse, and actual product experience.

### Two Dingers -

- **The Not for Me Syndrome:** Even after firm conviction, consumers often drift away with a residual resistance that it is a good product but, may be not for me: At this stage it is important to repeatedly highlight different occasions of usage.
- **The Inertia Syndrome:** A significant proportion of the consumers remain in the inertia of not buying the product though thoroughly convinced on its virtues. Repetition of product virtues is the only route.

### Media Objective -

- "Create Top of Mind Awareness through high Reach and OTS
- Maintain Top of Mind Awareness through consistent and diverse media presence.
- Create urgency by Innovative scheduling to obtain better quality of OTS.

### Media Strategy and Vehicle Plan -

- Use Television as the primary media vehicle to obtain high Reach, OTS and Immediacy. Consider a mix of various channels to:
  - a) Cater to different sub-segments of Television viewers
  - b) Heighten per capital OTS, as an important measure of Impact:
- Stimulate Impact through Press at the launch phase
  1. Daily Newspapers for making wide coverage and motivating Dealers/Retailers..
  2. Magazines for adding qualitative impact.

Use a combination of English and vernacular publication to increase width of coverage. Emphasise with women interest magazines to make focused Reach to the housewives/working women.

- Devise Hoarding Sites as a constant reminder medium particularly in the small urban centres and selectively in the metropolitan cities. Selective Prime sites in metropolitan cities to create News Value as a supplementary medium for reach in the relatively media-starved small towns.
- Use FM Radio in the Metros to make specific focus to the young/young Adult Contemporary City Dwellers.

### Media: A qualitative discussion –

Television	<ul style="list-style-type: none"><li>• Stimulates Impulse</li><li>• Generates Collective response: critical for Household Products</li><li>• Creates high impact, therefore Top of Mind. Awareness</li></ul>
Press (Newspapers)	<ul style="list-style-type: none"><li>• Quick Propagator</li><li>• Facilitates Source – Credibility</li><li>• Ensures Dealers/Retailer satisfaction</li></ul>
Press (Magazines)	<ul style="list-style-type: none"><li>• High longevity</li><li>• Facilitates Family readership</li><li>• Reaches a more receptive situation</li><li>• Enables focused coverage to key target segments</li></ul>
Hoarding	<ul style="list-style-type: none"><li>• Creates News Value</li><li>• Provide Continuous reminders</li></ul>
Radio (FM)	<ul style="list-style-type: none"><li>• Niche environment</li><li>• Reminder ability</li></ul>

# Storyboard for Puripen TV Commercial (20 sec.)

## Visual

## Audio

- 1** Battlefield at dusk.  
Unit under attack.  
Everyone is clueless  
Shells travel over-head



SFX : Battle sounds  
Music denoting defeat begins

- 2** The Lieutenant has an idea-  
He takes out a Puripen .

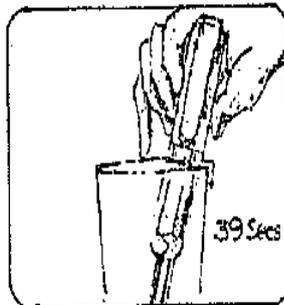


O.C. : Sir ! give me 39 seconds  
O.C. : Why?  
O.C. : 39 seconds that could  
make a difference . . . between  
life and death.

Music becomes suspenseful

- 3** Water is poured

The Pen is inserted  
In ECU we see the  
lights blink



Music continues

- 4** The Major is distraught

The Lieutenant calms  
him



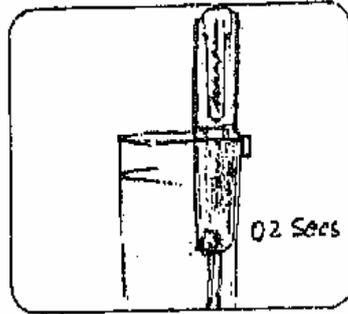
O.C. : What now?  
O.C. : Just 15 secs. to go sir!

## Visual

5 ECU product in action

The water clouds

It's done. The Major is hopeful



## Audio

Music becomes upbeat

O.C. : Will you throw it on the enemy?

DU  
PLE'S  
SITY

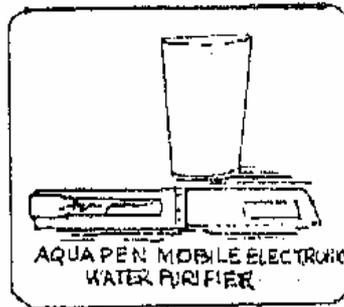
6 The Lieutenant drinks it



The Major is stunned

DU  
PLE'S  
SITY

7 Pack shot. Glass enters frame



FVO : You can also do it on highways, offices and restaurants

DU  
PLE'S  
SITY

8 Battle - scarred but victorious  
Lieutenant putting in Aqua Pen in pocket



O.C. : Aqua Pen - Get your life-saver today!

DU  
PLE'S  
SITY