

Case 2B

Type: Market Entry



ConQuest

Consulting & Strategy Club of IIM Shillong



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Problem Statement:

A leading water purifier company has recently launched water purifying powder in India that will remove all the impurities when mixed with tap/ground water. Design a market launch strategy.

SCRIPT KEY	
Interviewer	
Interviewee/Candidate	

A leading water purifier company has recently launched water purifying powder in India that will remove all the impurities when mixed with tap/groundwater. Design a market launch strategy.

I would like to ask some questions regarding the product to decide on the target segment.

Sure, go ahead. You can take 5-6 minutes to come up with the target segment.

How does the process work? Will the powder purify any water?

It will purify the tap water and the groundwater.

In the entire process, is any waste generated?

For our convenience, let us assume that no waste is generated.

I would like to divide the target market into urban and rural segments and high-income, mid-income, and lower income. In urban areas, our target should be the low-income segment to lower middle-class segment as an upper-middle class and high-income people in both areas will already have automatic purifiers installed.

Fair enough, what do you think about the rural areas?

I suppose similar logic applies for rural areas, so our target should be lower middle class and poor

Okay. Are there any other customers you want to target?

Yes, as our product does not leave any waste in the process, I would also market it in the areas with high water scarcity in places like Chennai as it saves water. This product has high scope in the coming years with groundwater reserves emptied in major cities, and as people cannot use water purifiers due to high water wastage. We can target all segments of people in these areas. Also, this product can be beneficial while traveling, and we want pure water.

Great, so we have decided on our target segment? How do you think we should launch our product? What should be the price of the product and quantity?

I think the price should be less enough for them not to think twice while paying. As our primary target segment is low-income groups, we should provide enough power to purify 3 liters of water for one person per day. I think we should launch it in small sachets and price it around 10 Rs. which is not a burden on them. Assuming a family of 4 needs 15 liters of water per day for drinking and cooking, they will need to spend less than 50 Rs for clean water.

Yes, I thought that we should launch in a similar way like ORS Sachets. What are the costs you anticipate during the manufacturing?

Mentioned the different costs production, Marketing, Distribution, etc.

Okay, assume that we are setting the selling price at Rs 10 Per 3 liters. What will be the revenue generated per day?

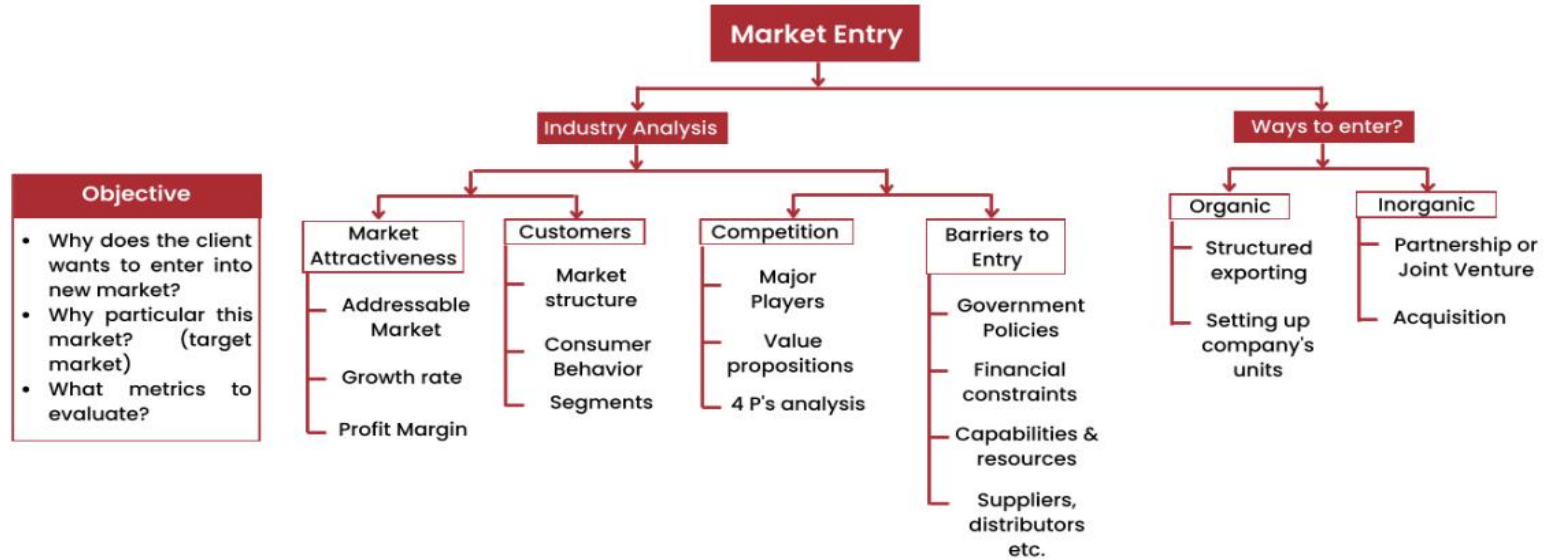
I assume that around 50% of the Indian population will come under the lower middle and poor segments. Assuming that the Indian population is 120 crores, 60 crore people will come under our target segment. I think 50% market penetration for our product with 30 crore people using it. So, assuming a single person needs 3 liters of water per day, if 30 crore people use it, our revenue will be 300 crores.

Amazing. Now coming to the final question. I want you to think about pitching the product to your manager. Think about five aspects that you think are most prominent for this product? I suggest you take around 5 minutes to get your thoughts together and answer the question?

The five reasons why this product should be launched are:

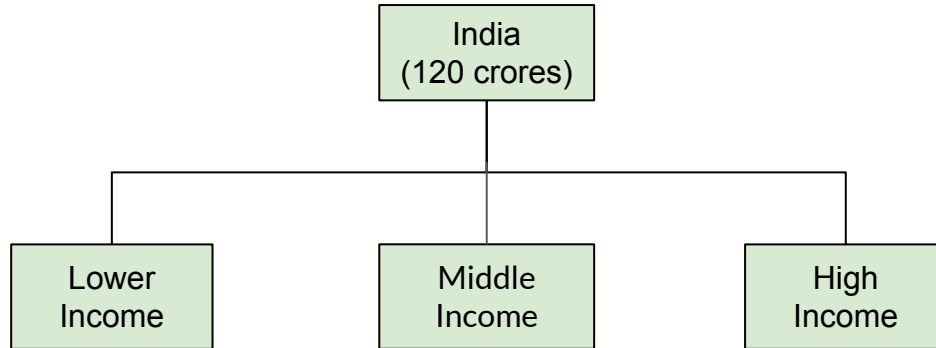
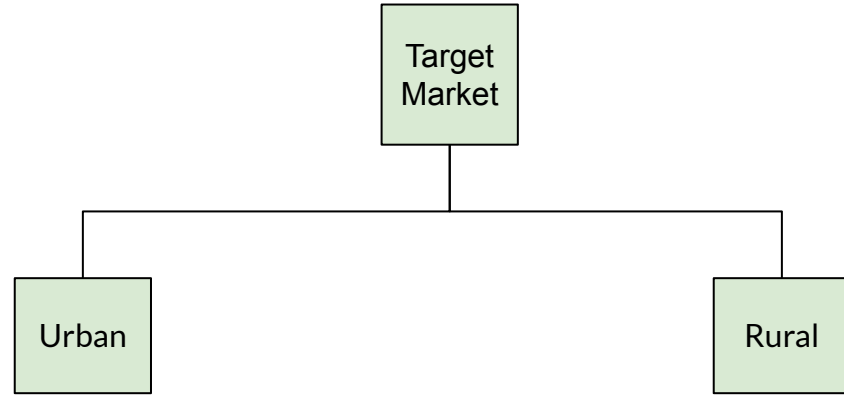
- 1. There is an immediate need for a disruptive product like this that will change the hygiene system in the country**
- 2. The product is portable and efficient**
- 3. Will have an enormous impact on the health of lower middle class and poor people, and positive advertising for the company**
- 4. Increased customer reach with water shortages looming in the near future and RO not being an option as it generates more wastewater for water purified**
- 5. High sales expected with the low price of the product**

FRAMEWORK/APPROACH



Key frameworks to implement:

- **PESTEL** - for holistic analyses of the market & to identify all the barriers to entry
- **STP** - to find out the target market and then further narrowing it down to total addressable market
- **5Cs** - Company, Competitor, Customers, Context, Collaborators
- **Porter's 5 forces** - to understand the potential offering from external stakeholders & also the threats that company can face in the new market



Assumptions

- 50% of the Indian population will come under the lower middle and poor segment.
- 50% market penetration for the product.
- 1 person needs 3 litres of water a day.

Revenue

- Out of total population of 120 crores, 60 crores will be poor which is the target market.
- Considering 50% market penetration, 30 crore people will be using it.
- 1 sachet costing rupees 10 will purify 3 litres of water.
- A single person consumes 3 litres of water.
- So total revenue will be $30 \text{ crores} * 10 = \text{Rs } 300 \text{ crores}$

QUALITATIVE INFORMATION

Case Background:

A leading water purifier company has recently launched water purifying powder in India that will remove all the impurities when mixed with tap/groundwater. Design a market launch strategy.

Case Facts:

1. Client is leading water purifier company
2. Recently launched water purifying powder
3. Powder will purify both tap water and groundwater
4. Powder generates no waste
5. Powder will come in sachets

CLARIFYING ANSWERS TO BE PROVIDED ONLY IF ASKED BY INTERVIEWEE

Interviewee	Interviewer
Will the powder purify any water?	It will purify the tap water and the groundwater.
In the entire process, is any waste generated?	For our convenience, let us assume that no waste is generated.

Reasons why product should be launched

There is an immediate need for a disruptive product like this that will change the hygiene system in the country

The product is portable and efficient

Will have an enormous impact on the health of lower middle class and poor people, and positive advertising for the company

Increased customer reach with water shortages looming in the near future and RO not being an option as it generates more wastewater for water purified

High sales expected with the low price of the product