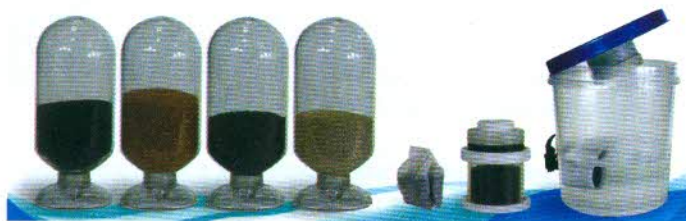


Water Purifier Market in India: The Road Ahead

By Netscribes (India) Private Limited



Water is an essential component required for the sustenance of life. Even though water cannot turn putrid itself, contamination is hard to avoid while flowing its course. As contaminated water is impossible to consume, there arises need for water purifiers. Globally, almost 900 million people do not have access to clean drinking water. In India, the figure stands at 15 percent of the total population, offering immense scope for market penetration for water purifier manufacturers.

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Not having access to clean drinking water can lead to diseases like diarrhea that can turn fatal. An estimated 3.75 million people around the world die because of water borne diarrhea. As a result, the demand for water purifier is increasing, especially in developing economies. The top three regions depicting growing water purifier market includes China, Brazil and South East Asia.

The water purifier market in India has remained untapped to reach its full potential. However, with its population of more than 1.21 billion, India presents a lot of opportunities for market expansion to water purifier manufacturers. With the recent rise in popularity of the Reverse Osmosis water purifier, the sector's progress is gradually happening northwards.

The Indian water purifier market is fast developing and is poised for a stupendous growth to reach a mark of INR 70 billion by 2015, growing at a rate 22 percent CAGR. This projected growth is based on the increasing awareness about health issues that are related to water.

Some of the types of purification performed by water purifiers include:

- » Use of biological contaminants
- » Chemical toxins
- » Excessive salts
- » Excessive iron
- » Micro-organisms

Further, major technologies involved in water purification are:

- » Storage based: These easy-to-use purifiers operate minus electricity,

and have low maintenance. They have purification cartridges that facilitate multi-stage purification.

- » Ultra Violet based: These water purifiers kill micro-organisms deploying ultraviolet light. On the flip side, these purifiers do not offer storage facilities and cannot eliminate toxins like nitrates, arsenic and iron. They also cannot curb the smell of contaminated water.
- » Reverse Osmosis: Water purifiers have a special membrane that filters water using multi-stage process. It is the most preferred water purifier for dissolving Total Dissolved Solid (TSD) count in water, in cases where it is recorded more than 100 (parts per million) ppm. It is also the safest choice among the other available options.

In the water purifier market, only 2 percent of rural section and 10 percent of urban market has been tapped till date.

Untapped Rural Market Potential

The rural market in India has not been as much influenced by the water purifier onslaught as its urban counterpart. Against 80 percent revenue is generated from urban markets, while that from rural is a meager 20 percent. Manufacturers are therefore focusing on innovation in order to drive market growth in rural belts. The chief aim of these manufacturers has been to introduce products at varied price ranges in a bid to reach out to a larger consumer base in rural markets.

Market Layout

There is significant presence of smaller, local players, constituting about 25 percent of the market size which is otherwise ruled by larger players. Eureka Forbes' Aquaguard occupies the largest chunk of the market share for water purifier in the Ultraviolet and the RO segment. In the offline space, Hindustan Uniliver leads the front.

One noticeable trend is that even though RO water purifiers are more expensive, they have found wide acceptance in the urban class. RO water purifiers comprise the biggest market share with 43 percent of the annualized sales volume in 2012. This segment is followed by ultraviolet-based variants, at 32 percent, and offline models, recording 22 percent.

After-Sales Revenue Generation

After-sales is a major challenge for most domestic players, which accounts for substantial revenue via contract servicing. Most water purifier manufacturers use components manufactured locally or those sourced from China. The latter option helps reduce cost and allows the company to be competitive.



Components of water purifier:

- » Water disinfection components and spares
- » Effluent treatment components and spares
- » Sewage & sludge treatment components and spares
- » Water treatment components and spares
- » Water supply and services

Changing Pattern

In an era when brand loyalty is often forsaken for quality or price, water purifier companies are gradually shifting towards a model wherein exclusive stores are built to cater to consumer demands, in a bid to portray the brands in a better light. This will ultimately win over the niche consumer bases, who streamline their choice based upon features, price range and quality of products.

Major models of distribution include:

- » **Multi-brand** - The manufacturer intends to increase market penetration by tying up with multi-branded retailers.
- » **Direct-selling** - This involves door-to-door selling, sales leads being often generated from cold calling and website enquiry.
- » **Exclusive-shoppe** - It is a dedicated shop displaying/ selling a particular brand's products.

Market Drivers for Water Purifier

Increasing urbanization has had a positive impact on the growth of the market.



The market potential remains vastly untapped, thereby offering opportunities. Only 2 percent of the rural section and 10 percent of the urban market has been tapped till date.

Availability of models at various price ranges is a positive factor. Low cost variants are easy to maintain, with refilling cost being very minimal. In a bid to increase market visibility, manufacturers often make their products available at local medicine or grocery shops. This boosts sales.

Unavailability of clean drinking water is a major growth driver. Only 5 percent of available water is utilized by municipalities as drinking water. Nevertheless, the water distribution system faces challenges of shortage, salinity and depleting underground water resources.

Increasing water borne diseases and general health consciousness is also driving the market for water purifiers. Almost four million people in the country are affected by water borne diseases. Nearly 400,000 children have fatal encounters from diarrhea each year and almost 7.5 percent deaths are caused by water, hygiene and sanitation.

Challenges Faced

Challenges are posed in the form of low awareness about water purifiers. General lack of knowledge on selection criteria of water purifiers persists among consumers. Ambiguity in proper standardization of water purifiers results in availability of variants that don't fit proper standardization norms, leading to mis-proportion of facts.

Rising Trends in Sector

- » Water purifier manufacturers are focusing on the rural market by making various affordable models available to a burgeoning user base.
- » New players are foraying into the market. Innovation is on the rise to invent new products that address customer requirements.
- » Water purifier companies are increasingly partnering with builders in order to install water purifiers at individual houses or centralized water purifier systems at upcoming housing colonies.

The strong potential growth of the sector has attracted FMCG players like LG, Panasonic and Godrej to diversify and foray into manufacturing of water purifiers. Therefore, the future prospect of water purifiers in India certainly

About the Contributor

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