

# **CHAPTER I**

## **INTRODUCTION**

### 1.1. Background of the Study

Nowadays there are many mineral water products with different brands. “There are about 466 companies that produce mineral water with different brand names” (translated, <http://www.kompas.com>, 16 November 2005). It makes the competition intense for the companies, and the companies should also be able to adapt to this situation and should be able to fulfill the needs of the customers. Companies compete with each other to broaden their target market and maintain their position in the business world. They produce the kinds of products and services which can satisfy the customers’ needs, so that the customers can accept the products and feel satisfied with the products and services that are promoted by the companies.

If companies want to create brands for their products, they should be able to choose what kind of brands that can make their products well known. Besides, the function of brands is to help the customers to differentiate and identify the

products. Brands will also show the qualities of the products and can make the customers trust the product and then buy the product again.

The strategies mentioned above are done by Aqua Golden Mississippi Company when they determined “Aqua” as a brand for its mineral water product. The word “Aqua” is taken from the Latin language, which means “water”. The Aqua Golden Mississippi Company hopes that Aqua as the brand can attract the customers to buy its mineral water, because it is easy for the customers to remember the brand, (<http://www.kompas.com>).

The company itself was established in 1973 by Tirta Utomo, the pioneer producer of bottled water in Indonesia. After operating for over 30 years, Aqua Golden Mississippi Company now has 14 factories throughout Indonesia. In 1998, Aqua took the strategic step of joining with Danone group, which is one of the largest business groups active in the bottled water sector worldwide. Under the Danone-Aqua flag, Aqua now has more than 1,000,000 distribution points which are easily accessed by its customers all over Indonesia, (<http://www.danoneaqua.com>). As one of the biggest companies in Indonesia, the Aqua Golden Mississippi Company actually should not have any problem with its brand.

According to *Kompas* on 22 November 2007, however, the Aqua Golden Mississippi Company has some problems with the Aqua brand. Aqua as a brand is not successful as a distinctive brand among other brands of similar products. One of the functions of brand is to make a product different from its competitors. If the customers are not aware that brands differentiate the products, it

will cause a condition called brand switching. Brand switching does not give any disadvantages for the customers, but it will give disadvantages to the company. The problem with Aqua is that the customers regard Aqua as a name for generic a product. In other words, it means that Aqua as a brand is no longer special for the customers because the customers do not perceive Aqua as not only a brand, but also a trade mark. Customers have a perception that it is not a problem if a seller gives them another brand of mineral water product, although they say that they want to buy Aqua.

Aqua Golden Mississippi Company wants to change the perception of the customers by giving them some promotions in order to let the customers know that Aqua is not only a brand, but also a trade mark. So, the Aqua Golden Mississippi Company needs to better communicate its brand's attributes to the customers.

Although Aqua is a market leader for mineral water products, it is not strong enough to make the customers aware of it as a brand and a trade mark so that they will be loyal to the brand. It happens because the Aqua Golden Mississippi Company's is lack in communication and in promotion of its brand. Therefore, Aqua Golden Mississippi Company does some strategies to strengthen its brand to solve this problem.

## 1.2. Identification of the Case

I will discuss the case by trying to answer the following questions:

1. What is the perception of customers about Aqua brand?

2. What are the strategies which Aqua Golden Mississippi Company takes to strengthen its Aqua brand?

### 1.3. Objectives of the Study

The objectives of the research are:

1. To know the perception of customers about Aqua brand.
2. To know the strategies that Aqua Golden Mississippi Company takes to strengthen Aqua brand.

### 1.4. Limitation of the Study

I focus the discussion on the problem which is faced by the Aqua Golden Mississippi Company in relation with its Aqua brand.

### 1.5. Layout of the Thesis

The thesis starts with the Abstract, a concise summary of the entire paper in Indonesian. This Abstract is followed by the Preface, in which acknowledgments are given to those contributing and involved in the work. After that is the Table of Contents, and followed by its four chapters:

Chapter I is the introduction to the analysis.

Chapter II contains the literary research.

Chapter III is the case analysis.

Chapter IV is conclusion and suggestion.

In the final part, the present writer presents the Bibliography.