## Case Insight 1.1: Aldoraq Water Bottling Plant

# Abdurahman Almaimani, General manager

Hi, my name’s Paul Baines, I'm Professor of Political Marketing at the University of Leicester and co-author of the fifth edition of *Marketing* by Oxford University Press. In this next sequence, we speak to Abdurahman Almaimani, the General Manager at Aldoraq Water Bottling Plant, and in this clips, he talks talks about how to position his firm’s local brand of water, against international competitors.

My name is Abdurahman Almaimani, I work for a company called Aldoraq Water Bottling Plant, it’s a member of Almaimani Group which is owned by my family. My role is the General Manager of Aldoraq Water.

Our customer are mostly supermarkets, medium and small store, with a distribution channels direct to the customers, also some of our customers are restaurants, fast food chains, caterings company, hospitals, and household.

We produce bottled water from the Holy City of Medina and that’s coming in a container from, starting from 250ml all the way up to 19 litres and we get the 200ml in the plastic cups and then we get the 375ml and then we have the 600ml, we have the two litre, the one gallon, the five litre, the five gallon and starting from May 2016, we’re going to have two new products, the 300ml and the 1.5 litre.

Most of the supermarkets, when they start to make that decision, they make the decision how to get the cheapest water so they can get more profits when they sell it as an individual to the customers. For example, when they buy the 40 containers box from us, they get it for 12 Riyals and when they sell it, they sell it for 20 Riyals so they look where they can get the most profit margin from different companies, if I'm selling at 12 and the other one is selling at 13, they will get from me because profit margin’s larger than the other one. It’s mostly about profit, how much they're gonna make.

Customer usually make the decision in who they will buy from based on a few things, the first one is the price mostly but second about the services they are getting, also about getting some of the customer try to get local products and some of the customer, they just want to get something that been used to for many years. Since we have been in the business for 20 years, most of our customers have just been used to get our product, they are not willing to change and some of the customers start making their decision, we see it starting from beginning of this year, is because we start delivering for 24 hours because some of our customers are hospitals and catering companies and they want their product to be available for 24 hours, so we give the chance to deliver to any customer for 24 hours and that just make a very big change in our market.

So the competitive nature in our market started a few years ago, when the Kingdom of Saudi Arabia allowed international businesses to start having product produced in Saudi Arabia. When we first start in 1994, we were the only water factory in Medina and over the year, more than five to six new businesses started in Medina for water bottling. Also, today we have more than 30 companies distributing their product to the city of Medina. Some of them are the big names including Aqua Fina, including Nestlé, including Aqua which is manufactured by Coca Cola and also BDA, Deryon, the one from Turkey and that just make it very crazy in the market to compete well.

Aldoraq is facing a problem competing with international names and big companies like Nestlé, Aqua Fina, and Aqua which is manufactured by Coca Cola. Those companies has one of the biggest supply chain in the world and because for example, Pepsi is supplying all, most of the soft drinks to the supermarket, they try to push their product by telling the supermarket ‘If you want to get our products, you have to get the water from us’ and in the beginning, they give it as a free sample to the supermarket and if you start giving free, everyone will get it from you and then they start pushing it, said ‘If you need to get the Pepsi, you have to get the water also from us’.

Coca Cola, a year later when they start having their water product, they did the same and they pushed everyone button by saying, ‘If you wanted to get the Coca Cola in your supermarket, you have to get the water from us’ and that just took a big chunk, a big, a big margin of our customers because of the trick they did in the market, that was the hardest thing to compete with.

I am solving this problem by doing a few things, first of all, I'm focusing with the household, I'm driving the water all the way to their doors, I'm giving them a 24-hour services, also I'm giving a special discount to religious places and charities, for example mosque. Also I'm, I had a campaign, awareness campaign about the local, about supporting the local products and, and because I'm focusing on the city of Medina and because I'm doing very good right now, I'm expanding in the western region only.

Speaking about our competitor, Nestlé is expanding very big in the whole Kingdom, not just only in the western part, so they’re responding to us by opening a new market that is gonna be a little bit difficult for us to go in because of the transporting price.

I'm competing with big names, with the contract of supply chain partnership including some of the water factories in the Kingdom of Saudi Arabia, for example, I have a partnership with a factory in Riyadh, another one in Jeddah and we exchange customers in order to reduce the cost. For example, if I have a contract in Riyadh to supply water to the hospital, I call the factory and they are to supply the water from them instead of me having to carry it all the way from Medina to Riyadh and in return, he do the same with me when he have a customer in Medina or near the city of Medina.

The future for Aldoraq Water is that we are planning to expand our production capacity by double, also expanding the delivery trucks for household from eight trucks to ten trucks by the end of 2016 and for the local distribution channel; we’re expanding our delivery truck from 60 to 100 by the 2017. The future for Aldoraq Water is very bright for us.