

Analysis of the Budget for the Sales Target of Aqua and Le Mineral Products

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ABSTRACT

The structure of the bottled drinking water (AMDK) industry in Indonesia has undergone significant development over the past few decades. Amidst intense competition, Aqua and Le Minerale have emerged as two major brands dominating the AMDK market. This article aims to analyze the sales target budgets of these two brands through a competitive analysis approach. The research employs a quantitative descriptive method, utilizing sales budget reports from both brands as primary data samples. The analysis evaluates market positioning, marketing strategies, variables influencing consumer preferences, and the impact of pricing policies implemented by each company. The findings reveal that Le Minerale has successfully built a strong brand image through superior product quality and innovative marketing efforts, despite Aqua maintaining its position as the market leader. This study provides strategic insights for AMDK industry players to enhance their competitiveness and performance in an increasingly competitive market landscape.

Keywords: The Sales Target Budget, Aqua, Le Mineral, Bottled Drinking Water Industry, Marketing Strategies.

INTRODUCTION

Water is a fundamental human necessity and must be carefully managed and preserved to prevent prolonged disasters (1). In daily life, individuals require water for drinking purposes. Society highly depends on water, specifically safe and quality drinking water (2). This has driven mineral water companies to innovate by packaging it into bottled drinking water (BDW). Consequently, more companies are transitioning to BDW, continuously expanding their market networks for mineral water products (3).

The Indonesian mineral water industry has experienced significant growth in recent years due to increasing public awareness of the importance of quality water consumption (4). The Indonesian mineral water market is estimated to reach a value of USD 3.5 billion, driven by lifestyle shifts and healthier

consumption patterns. Two leading brands, Le Mineral and Aqua, have emerged as key players competing to expand their market share (5).

Aqua, a product by Danone, has maintained its position as a market leader for decades (6). Aqua has successfully built a strong brand reputation among consumers through robust marketing strategies and extensive distribution networks (7). Thanks to consumer trust in the quality and safety of its products, Aqua commands approximately 40% of the mineral water market share in Indonesia, according to Statista (2023) (8). The brand has become synonymous with high-quality mineral water, catering to various market segments effectively (9).

PT Pakerin's Le Mineral focuses on a more affordable pricing segment with innovative

strategies. Le Mineral targets customers seeking high-quality options at a lower price point. The brand has successfully captured the attention of younger consumers through digital approaches and innovative marketing campaigns.

A comparison of Le Mineral and Aqua reveals the competitive dynamics within the mineral water industry. Each brand possesses distinct strengths and challenges that shape their market operations. To succeed in this competitive industry, as Porter (1985) suggests, it is essential to understand competitive forces and differentiation strategies. This analysis aims to investigate the elements influencing the competition between these two brands (10).

When an individual decides to purchase a product, this is referred to as a "purchase decision." This decision is initially driven by customer satisfaction and desires. Advertising appeal, product advantages, lifestyle alignment, and pricing are some factors influencing buyer decisions (11).

Advertising involves sponsors using media to communicate messages about a product to the public. Products must demonstrate superior advantages and differentiating factors compared to competing products. Components of product superiority, such as value, benefits, and uniqueness, should be viewed from the consumer's perspective after understanding their needs and desires (12).

Due to the presence of over 700 bottled water producers still operating and the high level of

competition, the bottled water industry in Indonesia remains relatively healthy in terms of competition. However, barriers to entry are relatively low. Since the market mechanism no longer functions effectively, companies that monopolize a product can freely set its price according to their desires (13).

There is an issue of customer turnover in the bottled water sector, primarily due to the abundance of both small and large mineral water companies. As a result, a strategic analysis is needed so that bottled water brands can compete effectively and retain customers (14).

Locally sourced underground water is not the sole resource used to meet the public's drinking water needs in this era of rapid globalization, amidst significant economic growth (15). The bottled water market, including refillable options, grows at a rate of around 11–13 percent annually. In 2013, this market was estimated to reach approximately 15 billion liters, with projections of the market expanding to 19–20 billion liters per year.

The bottled water market (excluding refillable options) grows at a rate of around 11–13 percent annually, according to the Indonesian Bottled Water Association (Aspadin). The market reached about 15 billion liters in 2013 and is expected to increase to 19–20 billion liters per year, highlighting the public's heavy reliance on bottled water products.

Based on sales data, the best-selling bottled water brand on the market is Aqua, with sales totaling 80,667 units, followed by Le

Minerale with sales of 19,659 units. Moreover, Aqua holds the largest market share among all other bottled water brands. The data further emphasizes the significant dependence of the population on bottled water products (16).

This research seeks to analyze the sales target budgets and the realization of sales targets for Aqua and Le Mineral.

METHODOLOGY

This research employs a descriptive quantitative approach by analyzing data on the sales budget target achievement of two brands over a specific period (17). The data is gathered from financial reports, official company publications, and consumer surveys

(18). The research sample consists of Sales Budget Data and the actual sales target realization of Aqua and Le Mineral, which are treated as the primary variables.

RESULTS AND DISCUSSION

The sales budget target data for bottled drinking water brands (AMDK) reveals a notable discrepancy in the achievement levels between the Aqua and Le Mineral brands. The gap in their performance is striking, with Aqua significantly outpacing Le Mineral in meeting its sales objectives. This difference highlights the varying levels of success each brand has achieved in reaching its respective sales targets.

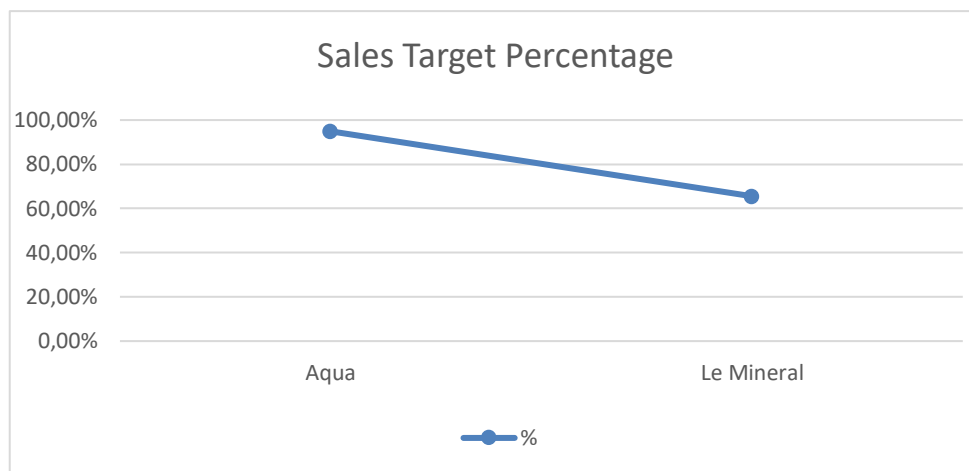


Figure 1: Sales Target Percentage

Based on the Figure 1, an analysis can be made regarding Sales Performance, the comparison between Aqua, and strategic implications, as follows:

The Aqua brand successfully achieved 94.90% of its sales target, reflecting an excellent sales performance. This remarkable achievement demonstrates Aqua's dominance

as the market leader in the bottled mineral water (AMDK) industry (19). Factors such as consumer loyalty, strong distribution networks, and powerful branding are likely the primary drivers behind Aqua's success in reaching its sales target (20).

In contrast, the Le Mineral brand only reached 65.53% of its sales target. While still within a

moderate range, this result indicates that Le Mineral has potential for improving its performance. Challenges it may face include intense competition from other brands, limitations in distribution reach, or the lack of effectiveness in its marketing strategies (21).

The 29.37% gap between Aqua's and Le Mineral's performance highlights a significant disparity between the two brands. To enhance its sales achievement, Le Mineral might consider:

Strengthening its marketing strategies, such as launching more aggressive or innovative promotional campaigns.

Expanding its distribution network to regions that have not yet been optimally reached (22).

Improving product and service quality to enhance the brand's appeal to consumers (23).

Aqua is in a stronger position to maintain its market advantage, while Le Mineral needs to make greater efforts to either meet or exceed its sales target in the upcoming period. Enhancing strategies for Le Mineral could also have a positive impact on the overall bottled mineral water market.

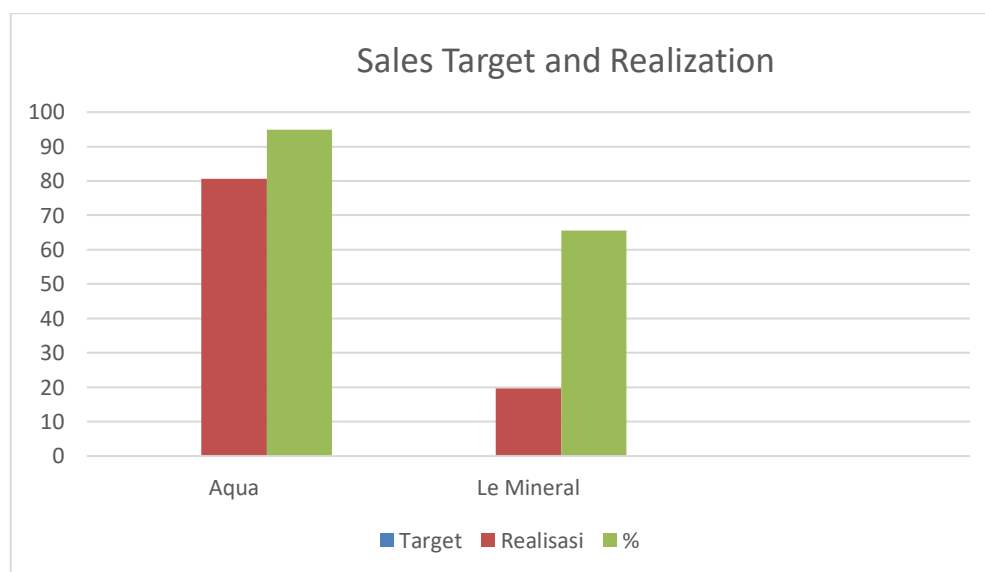


Figure 2: Sales Target and Realization

The target data and actual sales budget figures indicate contrasting performances for the two brands, Aqua and Le Mineral. Aqua, with a sales target of 85,000 units, achieved a realization of 80,667 units, or approximately 94.9% of its target. This result reflects a commendable performance, although slightly below the target (24). It suggests that Aqua's marketing strategy is effective, even though

external factors such as market competition or distribution challenges might have slightly impacted the full achievement of the target.

In contrast, Le Mineral had a lower target of 30,000 units but only managed to achieve 19,659 units in actual sales, or around 65.53% of its target. This performance reveals a significant gap between the target and actual

sales. Several factors could be at play here, such as the product's lack of appeal in the market, the need for more efficient promotional strategies, or challenges like suboptimal distribution. The difference in the achievement percentages between the two brands highlights the need for an in-depth evaluation of Le Mineral's marketing strategies to enhance its competitiveness in the market (25).

Aqua is the market leader in bottled water in Indonesia, holding a dominant market share. Since its launch in 1973, Aqua has established an extensive distribution network that spans nearly the entire country. Its products are available across various distribution channels, from supermarkets to small local shops, solidifying Aqua's strong market presence. On the other hand, Le Mineral, which debuted in 2010, is still in the process of expanding its market share. Although Aqua's distribution capabilities are unmatched, Le Mineral has managed to stand out due to its unique product. Le Mineral targets consumers who are more concerned about quality and health, preferring products that claim to use water sourced from natural springs with preserved purity (26)

Aqua focuses on cleanliness, reliability, and the quality of water produced through advanced filtration technology. Le Mineral, in contrast, employs a more emotional marketing approach, emphasizing the uniqueness of its water and its elegant packaging. Le Mineral has also developed eco-friendly packaging

and various package sizes to appeal to mid-to-high-end consumers.

Aqua likely utilizes a more affordable pricing strategy by offering a range of package sizes to cater to different market segments' purchasing power. In contrast, Le Mineral typically sells its products at a slightly higher price point, positioning itself as a premium brand with a promise of superior quality. Le Mineral successfully attracts customers who prioritize product quality and lifestyle, despite the higher price tag (27).

Customer preferences for Aqua and Le Mineral are influenced by various factors, including taste, quality, price, and packaging. Aqua is widely recognized as a trusted brand with strong recognition across Indonesia. However, an increasing number of consumers are now considering product quality and sustainability aspects. Le Mineral follows this trend by focusing on environmentally friendly packaging and more natural water purification methods (28).

This analysis indicates how Le Mineral and Aqua are competing in the Indonesian bottled water industry. Key findings have been derived from data gathered through consumer surveys, market analysis, and annual reports from both brands. The bottled water market is still dominated by Aqua, which holds approximately 40% of the market share. This dominance is supported by its strong reputation and extensive distribution network. On the other hand, Le Mineral has shown significant sales growth, increasing by 15%

over the past two years. This demonstrates that, although Aqua has a larger market share, Le Mineral is capable of attracting customers looking for a more affordable option (29).

Marketing Strategies: In this competition, marketing strategies are crucial. Aqua maintains a strong brand image using traditional marketing strategies that have proven successful, such as television ads and event sponsorships. In contrast, Le Mineral employs an aggressive digital marketing strategy, utilizing influencers and social media campaigns to reach younger customers. This digital approach helps Le Mineral appeal to price-sensitive customers who are drawn to brands perceived as more relevant and fresh (30).

Consumer Perception: Survey results show that 60% of respondents prefer Aqua, 25% prefer Le Mineral, and the remaining 15% are undecided. Consumers tend to choose Aqua due to its strong brand reputation and trust in product quality. Aqua holds an advantage in brand strength, but Le Mineral has managed to attract customers more sensitive to price, with 35% of respondents selecting Le Mineral due to its lower price and more contemporary packaging (31).

A SWOT analysis proves to be very insightful in understanding the strengths and weaknesses of each brand. Aqua faces threats from new brands offering more competitive pricing, though it remains strong in brand equity and distribution. Le Mineral excels in digital

marketing and competitive pricing but needs to increase brand awareness to better compete with Aqua (32).

CONCLUSION

The analysis of the sales budget reveals that each brand faces unique strengths and challenges in building competitiveness within the market. Aqua has demonstrated solid performance with sales nearly reaching its target. This suggests the effectiveness of its marketing strategies and the strength of its distribution network. However, the narrow gap between the target and actual sales indicates room for improvement, particularly in responding to external factors such as the dynamics of market competition and the continuously evolving consumer needs. Le Mineral, on the other hand, is facing a more significant challenge, with a considerable disparity between its sales target and actual sales performance. Although the brand enjoys a certain level of appeal due to its quality and premium positioning, its marketing strategy and market penetration still require enhancement. Targeting the market segment that values quality and sustainability, as well as raising brand awareness, presents Le Mineral with an opportunity to improve its sales performance moving forward. A strategic blend of evaluation and product differentiation reinforcement will be crucial for both brands in optimizing their sales budget.

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