

## **Implementing quality strategies to increase competitiveness on mineral waters' market**

Nicoleta Andreea NEACŞU<sup>1</sup>

**Abstract:** *In Romania there are over 2,000 mineral water springs. To succeed in this market, producers need to adopt different quality strategies. On the mineral water market producers pay particular attention to the implementation of their own policy regarding quality, environment and food safety. To achieve quality objectives, the producers are continually preoccupied to ensure the resources: human, material, training, working and environmental conditions. This paper analyzes the quality strategies adopted by different companies as the mineral water market in Romania, strategies that allowed them to be competitive and profitable.*

**Key-words:** *mineral water, quality policy, quality management, competitiveness*

### **1. Introduction**

Romania has about 60% of mineral water reserves in Europe, but only 20% of these are exploited. Due to the geological structure of the subsoil, Romania has huge reserves of mineral water, gathered in about 2,000 springs. The largest share is held by natural carbonated mineral waters (Auspices of Mineral Waters in Romania).

The concept of "mineral water" was defined in an inconsistent way in different geographical areas, or even in the same area, depending on the nature of the profession of those involved in its study and use (doctors, geologists, chemists, traders, etc.). The main criteria which were originally based on defining the concept of "mineral water" were those related to the chemical composition of solubilized minerals and the presence of carbon dioxide (German school) or by its therapeutic effects (French school). In Romania, before 1990, in order to be bottled, mineral water had to contain a quantity of dissolved salts greater than 1000 mg / l, containing CO<sub>2</sub> exceeding 500 mg / l and having therapeutic effects, which were mentioned on the label (Feru, 2012).

The term for "mineral water" suffered mutations caused by the use of it, from a curative product into a predominantly food product. The advent of the Common Market brought the need for a unitary European legislation.

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<sup>1</sup> Transilvania University of Braşov, andreea.neacsu@unitbv.ro

The natural mineral water is the only food that requires official recognition at national and European level. It is very strictly regulated and controlled (Feru, 2012).

First, it must be certified the source (the spring or the drilling). The collection construction is done after specific criteria, ensuring maximum protection of water. Then comes a series of tests, during which the chemical composition of water must be watched continuously for a minimum period of one year. It is checked if the data obtained meet the conditions of definition and then they are interpreted in the geological context to find out how arose mineral water. At the end of this stage it is determined the flow rate that can be exploited and the characteristic chemical composition, which must remain constant during operation. Then are checked the pipes which carry water, the storage tanks, the process of preparation and bottling mode and labeling of containers dedicated for final consumption. The bottled natural mineral water on our table must have exactly the same parameters of quality and content as at the source. Therefore, throughout the way from source to bottle, should be avoided the contact with the atmosphere, and materials used throughout the period, to be chemically inert, so as not to influence the water's quality (Feru, 2012).

All the natural mineral waters at a given moment on the market must be recognized by publication in the official gazettes, at national and European level, indicating the trade name, the extraction source and the bottling site.

Increasing the quality of the offer materializes in two processes: the diversification of production by the appearance of new products, higher quality, and improving the quality parameters for existing products based on new processes to exploit raw materials and improving technology (Bălăşescu et al, 2011).

To be more competitive and offer customers reliability, the producers have to implement their own quality strategies, so they are investing in new technologies, in the implementation of quality standards and wish to obtain strong certifications, with a high credibility on the market. The quality of the product is the basis for sustaining competitive advantages (Bratucu et al., 2008). The organization naturally seeks ways to become more competitive in its sector, exploiting all possible sources of competitive advantage (Drumea, 2012).

## **2. The Romanian mineral water market**

In Romania there are over 2,000 mineral springs, whose diversity reflects chemical complex geological conditions which influenced their genesis.

Most springs present carbonated mineral water, whose origin is linked to the post volcanic phenomena associated to Neogene magmatism. Specifically, these phenomena in the Carpathian Mountains are manifested on one of the largest areas in Europe.

The most important mineral water deposits in Romania, subject to bottling, are situated in mountain and depressions areas, far from pollution sources characteristic to industrial areas or where intensive agriculture is practiced.

Each natural mineral spring water has a distinct and consistent composition of minerals, the mineral content ranging from very low, less than 50 mg / liter, to a high mineral content, of more than 1500 mg / liter.

For analysis of different types of bottled natural mineral water, are selected two major criteria, namely: 1) the total mineralization, and 2) the content and origin of CO<sub>2</sub> (Feru, 2012).

In figure 1 it can be noticed that, on the romanian market, the highest percentage have waters with low mineralization (49%), followed by those with average mineralization (34%) and those with high mineralization (17%) (Wall Street Journal). In recent years, it was noticed a trend to increase the percentage of low mineralization waters at the expense of high and average mineralization waters.

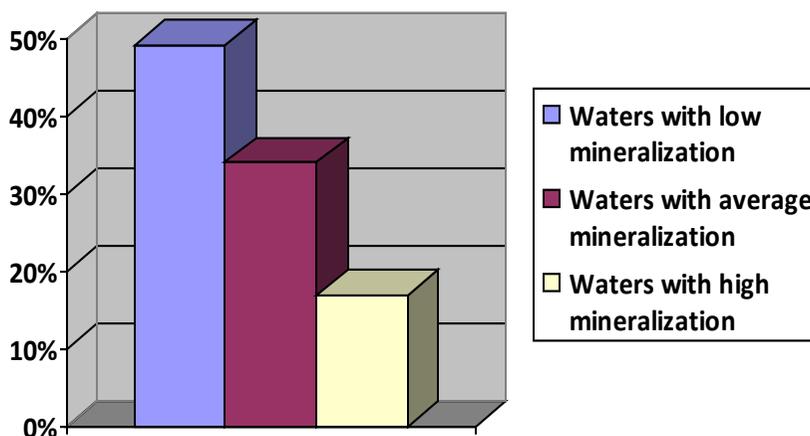


Fig. 1. *The share of mineral waters in Romania according to total mineralization*

By the CO<sub>2</sub> content, the mineral waters in their natural state (at the source) can be divided into two categories: carbonated mineral water and still mineral water (non-carbonated). Compared to their natural state, depending on market requirements and in compliance with current legislation (Directive 80/777 EC, SR 4450/97), mineral waters may be impregnated (enriched) with CO<sub>2</sub> or can be partially or completely degassed.

In Romania there is a strong tradition linked to the consumption of carbonated natural mineral water, although in recent years more and more Romanians got a taste of still water without carbon dioxide.

At the moment, 60% of the market is represented by carbonated mineral waters, in their various categories: carbonated (34%), natural gasified (17%) and natural gasified enriched with CO<sub>2</sub> at source (4%), partly decarbonated (5%), of which 0.2% is the total decarbonated mineral waters (still) (Wall Street Journal).

It can be noted the appearance on the market of partially or totally decarbonated natural mineral waters, which in 1997 were virtually nonexistent. This is explained by the desire of producers to be present on the market with as many varieties. Thus, the holders of carbonated natural water sources attempt, through the degassing process, to enter on the market with a product as close to still water, more valued by some consumers. The producers, who have only sources of still water, proceed in some cases to impregnate water with carbon dioxide, being present in this way on the carbonated water market, traditional in Romania. In Europe there is no homogeneity in terms of preferences for consumption of carbonated or still mineral water. Germany and Austria, with a share of approximately 85% of production have the strongest tradition for consumption of carbonated water. In France and Spain with a share of only 15% and 5% of all bottled mineral waters the largest share have still waters. Altogether, approximately 70% of European consumers prefer still waters (Feru, 2012).

### **3. Study on Quality strategies applied on the mineral water market in Romania**

On the mineral water market producers pay particular attention to the implementation of their own policy regarding quality, environment and food safety, which allow controlling all human, economic and technological factors that affect the product quality.

To achieve quality objectives, the producers are continually preoccupied to ensure the resources: human, material, training, working and environmental conditions, hygiene requirements etc. necessary for the development of all activities. Thus, they give particular importance to the relations with the materials, equipment and services suppliers, in order to achieve benefits for both parties, and to the customer relations.

The pillar of company's requirements for quality is represented by the importance and role of the quality factor in the overall strategy of the enterprise, and also the ability and willingness of employees to consider quality management as a process of continuous improvement (Băltescu, 2010).

Quality planning is the strategic mean by which it seeks to achieve quality objectives. The quality planning analyzed the existing programs within the functional departments of each organization, and these are compared with the results

of the preliminary analysis to assess strengths and weaknesses. The quality planning is based on defining the processes needed to meet effectively and efficiently the quality objectives and requirements for quality management system.

The activities described in the management systems documentation define how to ensure fulfillment of the conditions relating to quality, and the way to achieve these, is described in procedures, specific to the management systems implemented in the company.

Quality management system planning is achieved by:

- Diagrams of processes, plugs parts, sampling and control plans, product specifications (product standards), risk analysis and quality improvement plans, which set quality objectives and responsibilities for monitoring and reporting results;
- Plans to implement necessary changes in the quality management system to ensure its integrity.

The responsibilities for the quality activities are defined in the implemented management systems documents:

- Quality, environment and food safety handbook;
- The management systems procedures
- The operational procedures
- Work instructions
- Job descriptions

The management systems documents are spread to all departments / functions with responsibilities. Heads of departments are responsible for providing knowledge of responsibilities and authorities by the subordinated staff.

Defining the responsibilities is based on the company's organizational scheme, under which, each department is allocated the responsibilities derived from management systems requirements. The responsibilities of management functions are defined in the matrix of responsibilities.

For each function within the organization are defined responsibilities derived from the management systems requirements. These responsibilities are requirements that, in addition to other responsibilities of the job, can be found in the job description for each position.

All the employees have the necessary authority to fulfill their responsibilities in the management systems. They have the right to request the resources distributed by the company management (human and material resources) to achieve the management objectives.

The choice of the strategic alternative in order to maintain sales volume depends on the position that the company holds in the market, each aiming in fact to get a placement as advantageous as possible to their competitors (Bărbulescu, 2016).

Usually, qualified staff plays an important role for the business success. Small businesses often cannot afford to pay the staff for the time required to participate in training during working hours. Also, business owners often find that

qualification available is unspecific and inadequate for the individual needs of their business (Madar, 2016).

The most important quality strategies that are successfully used by the players on mineral water market to increase their competitiveness are:

- *The strategy of quality control.* The mineral water is controlled throughout the whole process of bottling, from the source to the bottling in glass or PET bottles, by internal quality control team (checks every hour, day, week and month). Before leaving the bottling line, the mineral water is subject to several quality controls, the CO<sub>2</sub> content control, the pH level, the mineral content, microbiological controls etc. which ensure the compliance with existing laws. Only through this rigorous control and careful bottling can be guaranteed the high quality of products. Such a strategy is used by the producers of mineral waters Borsec, Dorna, Bucovina and Perla Harghitei.
- *The certification strategy.* In order for products to reach each table under exceptional quality mineral water manufacturers successfully introduce and apply systems of quality management. Thus, Perla HARGHITEI has introduced and successfully applied since 2000, a quality management system in accordance with International Standard ISO 9002: 1995. Quality management systems, food safety (HACCP) and environmental management, compliant with international standards ISO 9001: 2008, DS 3027E: 2005 and ISO 14001 are certified by Moody International Certification since 2005. Perla Harghitei has been recognized as natural mineral water in EU states, before Romania to become a EU member (certification being made in Germany).
- *Bottling strategy.* Beyond the quality of the product itself, customers increasingly want products with a design as attractive as possible. Graphic elements of glass highlight the already established values of natural mineral water: freshness, naturalness, harmony and balance. That is why in Romania the mineral water is bottled from both in PET and glass containers of various sizes. Thus, on the mineral water market, there are returnable glass bottles, especially as natural mineral water retains its best qualities in such bottles and the purchase price is attractive because of the possibility of returning the packaging. The environmental impact is a very good reason to invest in the future in glass packaging and encouraging the consumption of natural mineral water bottled in this way. Brands such as Borsec, Dorna, Perla Harghitei and Aqua Carpatica offer to the consumers both bottled water in PET bottles and glass bottled water of various sizes.

#### **4. Results**

Considering the quality management practiced by the mineral water market players and strategies as applied, the results have been felt. Thus, the top five players in the bottled mineral water delivered in the first half of 2016 with approximately 70% more. Sales increased by 4.4% from the same period of the previous year and consumption came in the first half of 2016 at a total of 601 million liters of mineral water (Finance Newspaper).

Romaqua Group remains the market leader, who also heads the ranking of sellers with brand Borsec, 210 years old. Romaqua has a share of over 31% on the bottled water market, and in 2015 produced 350 million liters of mineral water and it has a portfolio of brands Aquatique and Stânceni, but is also present in other categories such as juices and beer. The second place in the ranking of the largest players in the mineral waters is Coca-Cola HBC Romania, a company that has a portfolio of brands such as Dorna, Poiana Negri and Dorna White Spring (Finance Newspaper).

#### **5. Conclusions**

In retrospect and strictly economic, the development of mineral waters market in Romania is huge, considering that a product almost banal and mineral resource seemingly accessible to all, managed over time to develop global industries, to seize financial, material, human unimaginable resources and especially, to keep constant interest of humanity for centuries, what few natural products have succeeded.

Mineral water market is one of the few dominated by local entrepreneurs. The only multinational business on this market is Coca-Cola HBC who bought brands like Dorna, Poiana Negri and White Spring. Mineral water market in Romania was estimated in 2016 at around 300-350 million euros.

It is pleasing that Romanians prefer local brands of mineral water, trusting the natural qualities. Consequently, the Romanian market is dominated by local producers with tradition, helping the national economy, as well as the export of this product. The producers, concerned about increasing sales, have to promote the benefits of water consumption and implement strategies to provide consumers with undeniable quality products.

Some of the major domestic producers to increase their competitiveness in the market, have set their own strategies that ensure both quality standards imposed by law, and on the external market. The investments in new technologies have made possible for the whole process of mineral water exploitation and bottling to be rigorously monitored and protected, as evidenced by the standards implemented and certifications obtained.

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