



Looking to Enter the Bottled Water Business?

There is no Better Time

By Barry Siedell

Bottled water is the fastest growing segment in the beverage industry. As such, the bottled water business offers excellent opportunities for water treatment professionals to provide their customers with a new service that is increasing in demand. The industry also provides entrepreneurs an excellent growth market to enter. Now is the time to jump in. The water, as they say, is fine.

If current trends continue, bottled water is expected to be the second most popular beverage behind soft drinks, surpassing milk and coffee. The Beverage Marketing Corporation's 2002 statistics show a decline in consumption for a fourth straight year for these beverages, while bottled water continues its 7–10 percent annual increase. Bottled water, in fact, has more than doubled its per-capita consumption rate in the United States during the last 10 years—22.6 gal. during 2002, compared to 10.5 gal. in 1993.

Driving the growth of bottled water has been the quest for an alternative to tap water and the advent of single-serve bottled waters. A decade ago, bottled water for use in home and office water coolers was 90 percent of the market. Today, single-serve bottled waters account for more than one-third of bottled water volume. A bottle of water has joined the ubiquitous cell phone as an accessory of choice with people on the go.

Bottled Water Market

Bottled water is a national market; however, opportunities are

growing for local and regional bottled water operations. As with any other business venture, you must have a good handle on the market for bottled water in your area. You can have the best sources of water and a state-of-the-art bottling plant, but if you do not know who you are selling water to, success is unlikely. You need to set geographical limits of your service—how much territory you can realistically expect to serve. Check the demographics of your chosen market area to determine population (prospective customer base) to get an idea of potential spending levels, and find out market penetration of any competing bottled water companies that may be operating in your targeted territory.

Once you have evaluated on these basic factors, you will define the direction your business will take. There are three primary approaches open to a bottled water company.

Large-bottle business (3–6 gal.) with home and office delivery. Typically, this business involves placing bottled water coolers at each customer's location, with regular pick up and bottled water deliveries. Profits come from bottled water sales and delivery service, cooler rentals and, in many cases, coffee service. The home/office water cooler business generally allows for high profit margins and steady business.

Retail sale of PET and one-gallon bottles (including private label). In practice, the retail business usually involves a two-step sales and marketing approach. You sell your products

through a distributor, which places it in a variety of retail outlets, such as supermarkets, convenience stores, gas stations and food marts. Profits are relatively low on a per-bottle basis, making volume sales critical. It is important to choose the right distributor—you will want one that is proactive in placing your product on the shelves of their customers.

Combination of large bottle home and office delivery with a small bottle retail operation. This option may work best. By entering both large- and small-bottle markets, you diversify your business. One market may develop quicker than the other (probably large-bottle delivery), giving you time and cash to build up the other. By placing large bottles in homes and offices, you create name awareness for your brand. When your customers see your small bottles on the retail shelves, they will recognize it and be more likely to buy it. The reverse is also true, of course. If you create a compelling brand, the two aspects of your business will experience mutual growth.

Getting Started

The Plant. To start, you would not need a very large plant—about 1,500 sq. ft. But you will need a well-organized workflow to make the best use of your available space and to minimize production time, from pretreatment through packaging.

Following is a suggested production line that works well whether you are bottling the large or the small PET bottles. It is best to acquire all your equipment from one supplier. While you could build a production line from individual components purchased from a variety of sources, there are significant advantages to working with one manufacturer. The components are designed specifically to work smoothly with each other, for one thing. And in the event of operating or maintenance problems, you deal with one instead of several vendors.

Pretreatment system. Depending on your water source, you may find it necessary to pretreat with an activated carbon filter to remove tastes, odors and chlorine. You may also need an ion-exchange water softener to remove minerals that can cause calcium and magnesium deposits, which can, in the long run,

cause problems for your system.

Purification system. Regardless of your water source, you will need to purify the water before bottling. You can choose from reverse osmosis technology or distillation. With either system, you will want to pass this purified water through an activated carbon post-filtration system to further improve the water by filtering out any remaining volatile gases that may not have been totally removed by your purification process.

Storage tanks. The purified water then is channeled into storage tanks until needed by the filling equipment.

Ozone treatment. An injection of ozone into the water just before it enters the filling equipment helps maintain freshness and taste and ensures that the water remains bacteria-free. Ozone is actually a better disinfectant than chlorine.

Washer/rinser. Critical to the sanitation process of returned large bottles from home and office use, a thorough rinsing is also important for new bottles.

Bottle filler/capper/labeler. Regulations require that all fillers be manufactured with stainless steel and other food-grade materials to ensure that the treated and purified water remains sanitized during the bottling process. Once capped and labeled, the water is ready for packaging (single-serve PET bottles) or storage (large home/office delivery bottles).

Whether you are a water treatment professional or an entrepreneur looking for a promising business opportunity, now is the time to enter the bottled water industry. After two decades of consistent growth, bottled water continues as the beverage industry's fastest growing category. Bottled water combines two powerful marketing forces: trend and health. There is no question that bottled water has become a popular beverage for people to carry with them on the go. And that purified water provides an alternative to tap water for health-conscious consumers.

About the Author

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