

By Wendi Hope King, WQP Staff

# Expanding Knowledge, Continued Growth

A look at IBWA  
and the bottled  
water market

tastes and demands. It is brand loyalty that companies are seeking out, which may be a deciding factor on these products' futures. How well these varieties will hold out in upcoming years remains unseen, but the consumer interest continues to peak. "As people

start to look toward their beverages for certain attributes (i.e., vitamins, taste characteristics), these products will meet that demand," states Stephen Kay, vice president of communications at IBWA. (See article on page 24.)

**Economic mood swings.** The downward shift in the economy is another trend that IBWA keeps track of. However, it has not seen an effect on the bottled water market. With water being such a priority to consumers, they will continue to spend money on its quality even with a downward turn in the economy. "Water is a very personal choice," explains Kay. "It is important to the public, so their interest has not waned. Consumers choose bottled water for its consistent safety, taste and portability."

**Emergencies and terrorism.** With the events of 9/11, the industry waited to see if there would be an increase in sales. Although bottled water companies donated thousands of gallons of water to the relief efforts, the industry overall did not see a huge increase in sales. As in recent years, the bottled water industry continues to provide relief in emergencies.

**Bottled water from the tap.** Another segment of the market is made up of bottlers who bottle from the tap instead of from a natural water source. This method is recognized as a valid method of bottling water by the FDA. "Through FDA regulations and good manufacturing practices (GMPs), bottled water companies must utilize approved potable water sources," explains Kay. "These public water sources must be approved and are in compliance with the high standards of the EPA before they can be used."

Once the source is EPA-approved, the bottled water product then moves to the food jurisdiction covered by the FDA's

GMPs, which cover such things as bottling, safety seals, sanitary containers and environmental issues. At the bottling point, the product must be in compliance with food standards because it is intended specifically for human consumption.

Although a majority of water is bottled from natural sources such as springs and wells, IBWA reports as much as 25 percent of all bottled water available is bottled at a public source.

**Beverage giants.** Consumers have witnessed a big media push in bottled water from beverage giants such as PepsiCo and Coca-Cola. These large companies have seen bottled water as a viable market. "These companies' strengths lie in their distribution channels and relationships with retailers," states Kay. Larger companies have easier access to restaurants, convenient stores, etc.

Many small- to medium-size bottlers faced concerns on how this would affect their businesses. However, IBWA reports that smaller bottlers don't need

**T**he bottled water industry has seen steady growth for years. Consumers are demanding beverage choices to suit their healthy lifestyles, and the bottlers have stepped in to meet those needs.

One of the driving forces behind this continued boom is the International Bottled Water Association (IBWA). This organization represents the domestic and international bottlers, suppliers and distributors in this growing market. Since 1958, IBWA has been at the forefront of the science and technologies, standards and regulations development and marketing efforts that continue to promote safe, high-quality bottled water products.

Every industry changes over time and bottled water is no different. IBWA is looking ahead to envision its membership's future needs, the industry's economic future, technological advancements and all of the trends that continue to lead the way.

#### Current Marketplace Trends

It is one of IBWA's roles as an organization to remain current on trends and then educate its members. Some of the major trends that IBWA has followed include the "enhanced" bottled water category, technology, safety/emergency issues and standards and regulations development.

**Enhanced products.** This past year there has been a lot of emphasis placed on enhanced bottled waters. (Currently, there is no single term being used collectively for this category of bottled water product—enhanced, differentiated, functional and value-added bottled water all have been used.) Companies have focused research and development, money and marketing on these products that seem to be in a category all their own.

From vitamins to oxygen to various flavors, the bottled water market is reaching out to consumers' various

to worry—they have what most larger companies cannot offer: personal relationships with customers. “Smaller companies tend to have long-term relationships in the communities in which they operate,” says Kay. “Many have more face-to-face contact with customers on a daily basis.” The route sales that smaller companies offer will keep them in operation. Larger companies such as PepsiCo are much more focused on the single-serve and do not offer the five-gallon weekly services.

#### Government Programs and Standards

Bottled water is the most highly regulated packaged food product and is regulated by the FDA, states and IBWA model code. IBWA's continued involvement in standards development and research has aided in forming the IBWA model code to which all IBWA members must comply and in developing the Hazard Analysis and Critical Control Points program (HACCP), a science-based approach in helping ensure safety at every point of the bottled water process.

HACCP was adopted by IBWA from FDA and the U.S. Department of Agriculture.

IBWA also enforces the recycling issue, advocating curb-side or comprehensive recycling. “We continually work with states that are revisiting bottled water regulations or implementing new ones,” says Kay. “We are sharing our knowledge, technology and science so they can formulate comprehensive decisions based on science.”



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**Labeling** is an important issue and IBWA continually updates its members on labeling requirements. As a food product, bottled water is subject to food branding and adulteration provisions and requires the nutrition labeling and claims.

#### Focus on the Trade Show

Trade shows across the board have seen a decline in attendance from both exhibitors and attendees. However, IBWA reports that it only saw a slight drop off last year, resulting from being scheduled so close to 9/11.

The main announcement IBWA has for next year is its partnership with the World Food Expo. IBWA will not have an independent trade show, but instead will have a bottled water section at this show in 2003. “We are looking to the future to maximize resources and efficiencies and bring our members and the industry the best and most improved show possible,” says Kay. “Being that we are a food product, we have many issues in common. We want to make our information available to other segments.”

#### IBWA and the WQA

There is recognizable crossover between IBWA's and Water Quality Association's (WQA) memberships. There has in the past been some anticipation of whether or not WQA and IBWA will work together in the future, and it seemed at this year's WQA show in New Orleans that the question was being answered. For the first time WQA presented a bottled water session at its conference—even having IBWA representatives present. “We do not see them as competition,” says Kay. “We see them as helping to enhance the industry. WQA's bottled water segment shows the importance of bottled water and the increased growth and opportunity. It is responding to some of the changing business dynamics that its membership is involved with. It is good that WQA reach out to a primary source such as IBWA to be partners in information sharing. WQA members provide the tools and technology to our plants to run a bottled water operation.”

#### IBWA, Bottled Water Future

IBWA will continue to represent its members in pursuing the ever-improving technology, science, standards and materials for safe products.

The single-serve bottled water market is expected to see continued growth in the next 10 years. It is predicted that the 10 to 11 percent growth it has seen in the past decade will continue. Consumers will continue to have better access to products and develop their knowledge of the important role water plays with health and how bottled water fits in to their everyday lives. **WQP**