



Robert Hague

# Opportunities for the New Year

Our Industry Forecast on page 5 offers insights from key industry players on the future of the water treatment industry in 2011. Continuing this theme, *Water Quality Products (WQP)* spoke with 2010-2011 Water Quality Assn. (WQA) President Robert Hague to get his take on the year ahead.

**Rebecca Wilhelm:** Please explain what you foresee to be the most pressing challenges, exciting opportunities and changes for the market in 2011.

**Robert Hague:** The biggest challenge dealers will face in 2011 will be similar to 2010—consumer credit is very difficult to come by. This is certainly a big change from two to three years ago. A significant portion of dealer sales use some type of consumer financing, so this is going to hurt the dealer network.

A second lesser challenge, but one which I believe will still affect our industry, is new housing starts, which are a very significant source of new sales, especially in Sun Belt states. As building has dried up, that has hurt those dealers, especially those who relied on it as a primary lead source.

The third challenge, general unemployment, is much lesser. While it is true that people who are unemployed are unlikely to buy a softener, if unemployment goes from 5% to 10% the affect is fairly miniscule; in other words, that shift means that 90% of the market is available to you instead of 95%—that is fairly small potatoes. I would even argue that the rise in unemployment presents an opportunity for those dealers who are aggressive to get some good salespeople.

For U.S. manufacturers, I believe we will see increased Asian competition. We see this already in the increasing number of exhibitors that we see at the WQA show from Asia, much more so than in the past, and I believe we will see that trend accelerate for the 2011 show.

The challenge to U.S. manufacturers will come two different ways: it will come from Asian companies moving into the market, but I believe there will also be a bridge step where we will see some U.S. companies begin to offshore their production.

As far as opportunities, sales of water softener valves through September 2010 are up 6% over last year. That sounds good, but even at this pace, we are still 25% percent below where we were several years ago, pre-recession. So our sales are still down considerably.

But in 2008, there were more than 8 million water heaters sold. Even if we assume that half of those people are on water that does not require treatment, we still have a lot of room for market growth open. So I think that long term, we still have a good future.

The Battelle Study [Softened Water Benefit Study] showed the impact water treatment has on energy savings, and indeed some other results gave indication that some of the water-saving devices that are in use do not function well on untreated water. So that will help us, too.

On the drinking water side, at the end of the day we offer products that are the final barrier. We are the last line of defense for a homeowner between the water that comes out of their tap and what they drink. Municipalities do a good job of treating water, but they have an ever-moving goalpost. There have been issues with trihalomethanes, or various pharmaceuticals in the water, and we are now having issues with endocrine disruptors. Municipal systems are hard-pressed to address them all. As an industry, we offer solutions for the homeowner, and we are the last line of defense. I think this bodes well for the water treatment industry.

There are changes coming in the area of alternatives to self-regenerating ion exchange water softeners, and we do not know the impact. This comes, broadly speaking, in two ways: new medias, which may have scale-reduction properties; and other devices that use magnetics in some fashion. Whether these devices will find an enduring place in the market and where that might be is something I do not think

we know at this time.

Another area of concern: if we were holding this discussion last year, we would have great concern about the impact of California's AB 1366 on our industry. At this time last year, it would have been signed by the governor, but had not yet gone into effect, which it did in January 2010.

We wondered, what is this going to do to us? I think what we have found is not much. There have been no wholesale bans of water softeners. There has been very little activity in this respect. I am not saying that the challenge of salinity discharge is not something that should concern our industry. It should. We need to continue to make efforts, both as manufacturers and dealers, to keep our salinity discharges to a very low level.

What we see in California, we may see coming at us again from Arizona, but so far the impact has been fairly small, and I think that is good news for our industry. I think some of the provisions that were put into AB 1366 have benefitted our industry; for example, the provision requiring that a public hearing must be held. These and the activities of regional associations; in the case of California, the Pacific Water Quality Assn., and the dealers in those areas, have helped to minimize this impact. *wqp*

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## EPA Announces Nation's First WaterSense-Labeled Homes



Four WaterSense-labeled new homes were built by KB Home in Roseville, Calif. Each house includes WaterSense-labeled plumbing fixtures, an efficient hot water delivery system, water-efficient landscape design and other water- and energy-efficient features. KB Home has agreed to build three communities of homes that will earn the WaterSense label.

## Water For People's Million Dollar Challenge Exceeds Goal

Water For People's 2010 Rosenthal Million Dollar Challenge raised more than \$1.3 million to continue the organization's work in sustainability and sanitation solutions around the world. For the third consecutive year, Stephen and Sandy Rosenthal committed \$500,000 as a challenge to help multiply the impact of Water For People's efforts.



## Bangladesh Project Receives Pentair Grant

Pentair Inc.'s Pentair Foundation provided a grant to the Ecological Management Foundation's Bangladesh Project. The initiative aims to create an economically viable solution to provide the people of Bangladesh with arsenic-free drinking water.

## R.O. UltraTec Announces Rebranding Initiative

R.O. UltraTec USA Inc. has launched its new company name, AXEON Water Technologies.

The launch coincides with an enhanced customer service program, designed to support the development and expansion of the company's product offerings.

## Correction

In "Ozone Dose Sizing" on page 28 of the December 2010 issue of *WQP*, all references to gal per hour of ozone (gph) should be grams per hour (g/h).

The image on the top of page 28, which is referred to on page 29, should be labeled as Figure 2. *wqp*

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