

# Spin on the bottle

Beverage manufacturers are crowding the shelves with new versions of the same old water

BY JACK KOHANE

Leave it to beverage makers to perk up good old H<sub>2</sub>O. Improving on water might sound like finding a better mousetrap, but many of the 70-plus bottlers in Canada are putting their own spin on Canada's most ubiquitous resource.

Although milk, tea, beer and fruit beverages have larger volume shares of this country's beverage market (about one-quarter of total consumption consists of a medley of beverages, including tap water, wine, distilled spirits and small segments such as vegetable juice), the bottled water segment is poised to surge up in the beverage rankings, according to the Richmond Hill, Ont.-based Canadian Bottled Water Association (CBWA).

"It's the fastest growing of all the major beverage cate-



Andrea and Tim Bates,  
founders of Westbank, B.C.'s  
Alpine Glacier Water



gories,” says Elizabeth Griswold, CBWA’s executive director. In 2005, volume reached 1.9 billion litres, an 18.1-per-cent increase over 2004’s 1.6 billion litres. In the U.S., bottled water’s share of liquid consumption is already twice as high as it is in Canada, and in 2005 it represented over 13 per cent of U.S. residents’ beverage diet, making it the second largest category. “And there’s still ample room for growth in the bottled water market,” adds Griswold.

Swimming against the tide of big bottlers – namely Nestlé, PepsiCo, Coca-Cola and Danone, who control the lion’s share of the world’s \$50-billion water market – may be daunting, but there are those who can’t wait to dive in. Alpine Glacier Water is banking on geology to make a splash. With its new product sourced from the runoff of a 10,000-year-old glacier at Toba Inlet (about 300 km north of Vancouver), the Westbank, B.C.-based start-up is positioned as high-end bottled water – inside and out.

“About 97 per cent of the earth’s fresh water is trapped in glaciers. This is essentially uncontaminated water,” says Andrea Bates, who along with her husband, Tim, founded Alpine Glacier Water in 2004 after purchasing the licence from the provincial government to tap the environmentally protected meltwater stream. The source is a pristine glacier ridge, its melt pouring down from a natural rock basin at the base of the glacier. The company’s newly purchased, glass-lined marine barge (with a capacity of 120,000 U.S. gallons) funnels in the water, then makes the three-day trip to the company’s 3,000-sq.-ft. bottling plant in Vancouver. “Naturally filtered glacier water is one of the purest and softest water sources, with Total Dissolved Solids (TDS) of only four parts per million,” says Bates.

At the plant, the water is stored in stainless steel drums, subsequently undergoing UV sterilization and a micro-particle filtration process, and then ozonated for freshness. “To showcase the distinctive qualities of our water, we worked hard on creating a packaging concept that reflects our product’s uniqueness,” she says. “To carve out our niche, we determined that Alpine Glacier Water must be packaged in the highest-quality glass.” The duo selected France’s premier glassmaker, Saver Glass, to supply the company’s 375-mL and soon to be launched 1.5-L bottles (the company’s 750-mL SKU is supplied by Columbia Packaging in Coquitlam, B.C.). As for the bottle’s frosted glass motif, Bates was inspired by the tapered shapes of wine bottles and the “icy” design of many vodka brands. “We’re aiming for the premium water market, those consumers seeking a superior non-alcoholic beverage to serve guests. So our product’s similarity to fine wines is deliberate,” she explains. “We believe using glass instead of plastic also helps preserve the natural taste of melted glacier water.” To kick-start the launch, the company will be presenting its primordial potable to the food processing, foodservice and retail industries through trade shows.

Canaqua Water is also aiming higher and wider with its bottled waters. Launched in January 2005, the Vancouver



company's rollout strategy involved telling the world about Canada's superb water. "In just over one year, Canaqua has garnered the attention of high-end stores worldwide, such as Harvey Nichols, Harrods, Kauhof Galleria in Germany, Colette's in Paris and CitySuper in Hong Kong," says Linda Samis, the company's CEO and founder. "We've also received approval from the Japanese government to deliver Canaqua to Isetan, the department store giant with retail locations throughout Asia. It's also the first Canadian spring water on the shelves of the Aquastores in Italy."

Siphoned from an aquifer in Langley, B.C. and shipped by truck to the company's 15,000-sq.-ft. bottling facility in Vancouver, the water is pumped into 475-mL and 950-mL PET bottles. Samis adds that Canaqua has no sodium content, brims with natural liquid calcium and natural fluoride, and has a miniscule 0.0005 nitrate measurement.

Like Alpine Glacier, packaging plays a role in marketing Canaqua's water. "The shape of our bottle was carefully chosen to imitate a milk bottle, thereby making the 'calcium' connection more tangible, especially with children," says Samis. The company plans to distribute the line in Canada through school cafeterias and vending machines first, then to retail.

Hydrating the youth demographic is the spin around "Kids Only Bottled Water" produced by Kids Only, a leading U.S. manufacturer of licensed children's products headquartered in Westborough, Mass. "Kids who play sports and are on the go 24/7 need hydration, and hydrating an active kid can present a problem for parents," says Ron Cohen, president of Kids Only. Through partnering with licenses like Scooby-Doo, Bratz, Superman and Spiderman to produce convenient, collectible bottles, and to make drinking water fun, Cohen says Kids Only Bottled Water gives children an option they haven't had before – water of their very own. "Kids care about 'what's cool,' so given the choice, even outside of their parents' supervision, kids can make healthy decisions when they have products to which they can relate." The product line, which is made of purified water, is destined to enter the Canadian market in the near future, a market Cohen views as "wide open" for kids' bottled water.

That's also the idea behind Cott Corporation's new line of Disney-branded bottled water. The products boast added vitamins and less sugar, and come in packaging featuring Disney characters. That includes "Finding Nemo" (purified drinking water) and "The Incredibles," made of fortified flavoured water (with 33-per-cent less sugar than regular fruit drinks)



and five added vitamins, all packaged in eight-ounce servings. Speaking in New York last June at the time of the water's launch, Cott president and CEO Brent Willis noted that, "The move to more branded, higher-margin beverages together with retailers represents an important shift in our mix and growth going forward." At press time the products were not yet available in Canada, with no target date set for the line's rollout here.



Private label has also jumped on the water wagon, with the recent launch of the first private label flavoured flat water in Ontario by Toronto-based grocery chain Longo's. The company is hinging its strategy on packaging design to encourage consumers to try its brand of zero-calorie, naturally flavoured waters, available in orange, lemon-lime and grapefruit-green tea. "With private label the package is the product, until that package is opened and the product is experienced," says corporate brands manager Jenny Longo. "For private label brands, the package design is ultimately what entices the shopper to pick up the product. Design is critical to initiating trial." She adds that sales of flavoured water have grown more than 55 per

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cent over last year in Ontario alone. "It's a huge market, full of opportunity."

To cash in on that opportunity, Longo's teamed up with Toronto design firm Spyderworks to develop its packaging concept. "Longo's wanted a design that, while appealing to a wide demographic, would also reach out to the younger generation – something cool, with an edge," says John Paulo Cardoso, creative director and partner of Spyderworks Inc.

According to Matthew Harris, a Toronto-based industry analyst for Euromonitor International, water has the edge over competitors due to the perception among most consumers that it's a healthy beverage choice. Harris points out that boosting water's portability has also made it more convenient for more consumers. "Consumers who would previously have been forced to drink a carbonated beverage, coffee or juice when they did not have access to tap water – while driving, for example – now have the option of bottled water. In recognition of this fact, Evian released Nomad, a bottled water product with a handle as its lid."

Harris sees the introduction of flavoured bottled water in 2005 as another powerful driver. One of the most important recent developments in the bottled water market in Canada, he says, was the launch of three major products in the flavoured bottled water subsector by three of the major brands: Nestlé, Dasani and Aquafina. Before this, the majority of flavoured water in Canada was carbonated and was

**National Total Grocery + Drug + Mass  
Merchandisers + General Merchandisers  
+ Warehouse Club + Gas**

	Latest 52 Weeks Ending June 12, 2004	Latest 52 Weeks Ending June 11, 2005	Latest 52 Weeks Ending June 10, 2006
<b>TOTAL FLAT WATER (LESS THAN 18 L)</b>			
\$ Vol	349,522,823	427,657,317	549,575,508
\$ Vol % Chg	NA	22%	29%
Unit Vol	914,633,893	1,216,785,276	1,664,732,719
Units Vol % Chg	NA	33%	37%
<b>TOTAL FLAVOURED SOFT DRINKS</b>			
\$ Vol	1,751,771,435	1,839,971,408	1,857,604,715
\$ Vol % Chg	NA	5%	1%
Unit Vol	3,683,171,486	3,730,753,729	3,759,047,603
Units Vol % Chg	NA	1%	1%
<b>TOTAL SHELF-STABLE JUICE</b>			
\$ Vol	378,166,016	427,379,342	464,578,722
\$ Vol % Chg	NA	13%	9%
Unit Vol	514,675,761	588,742,442	638,574,296
Units Vol % Chg	NA	14%	8%
<b>TOTAL CHILLED JUICE</b>			
\$ Vol	513,732,183	560,232,827	590,560,432
\$ Vol % Chg	NA	9%	5%
Unit Vol	164,826,370	178,779,138	180,325,133
Units Vol % Chg	NA	8%	1%
<b>TOTAL EXTREME ENERGY DRINK</b>			
\$ Vol	4,664,710	31,782,683	83,531,298
\$ Vol % Chg	NA	>200%	163%
Unit Vol	2,077,281	11,895,697	34,894,432
Units Vol % Chg	NA	>200%	193%

Source: ACNielsen MarketTrack, National All Channel, Three Years Ending June 10, 2006 All Channel = Total Grocery + Drug + Mass Merchandisers + General Merchandisers + Warehouse Club + Gas

mainly represented by two distinct types. The first is flavoured mineral water (containing less than 12 per cent fruit juice), such as Perrier Lime and Lemon, and private label versions of this product, aimed at the existing mineral water customer. The second type, flavoured non-mineral carbonated water, is targeted at existing cola and non-cola carbonated beverage customers. Their benefit over traditional carbonated products is their more "natural" flavour and lower calorie content.

Canada also saw a major player enter the functional water subsector last year. Previously, functional water was limited to fringe health products like herb-infused waters. However, this changed when Mississauga, Ont.-based QTG Canada Inc. released its Gatorade Propel water. Fortified with vitamins and low in calories, this product can also be seen as a fourth major flavoured water brand due to its light flavouring. Harris predicts the product, as well as the bottled water sector in general, will continue to do well in coming years. Water bottlers are similarly confident that the market will remain strong. "There are two items most people on the planet carry around with them," says Samis. "One is a cell-phone and the other is a bottle of water. We want to be that bottle of water." [FC]



## The guys from the dairy just call me "Cash Cow"!

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