Bottled Water in the U.S.

Description: The market for bottled water has a promising future. As consumers continue to turn away from carbonated soft drinks and embrace bottled water in all forms, many beverage industry analysts and marketers are convinced that the category will soon become the dominant non-alcoholic beverage. Health and wellness concerns, the fitness fad and the perennial struggle of many consumers with obesity and being overweight have combined to make bottled water the zero-calorie/ultra-low calorie beverage of choice for growing millions of Americans. Innovations in flavoring and packaging have made bottled water ever more appealing to consumers swearing off sugary drinks. An increasingly favorable public policy environment has given bottled water a competitive advantage over high-calorie beverages viewed by consumer activists as menaces to public health. While consumption of premium European sparkling water brands has long served as a status symbol for urban elites, premium still water packaged in designer bottles has become the fashion statement du jour for more and more Millennials and GenXers.

Major marketers of bottled water, however, face a number of disruptive forces, even in the midst of this generally upbeat view of the prospects for the bottled water category. As supermarkets stock their shelves with loss-leading cases of plain bottled water, simply competing on the basis of volume and price no longer seems feasible to marketers of major brands. Major players such as Coca-Cola Company and PepsiCo, Inc. have been forced to revisit their strategies in the face of increasingly fierce competition from branded premium products from upstart brands like Talking Rain Beverage Company as well as low-priced commodity products from private label manufacturers.

Bottled Water in the U.S. highlights the challenges facing marketers of bottled water and analyzes their strategic responses in an increasingly hostile competitive landscape. The report also highlights trends shaping the market for bottled water; provides an estimate of U.S. retail sales of bottled still and sparkling waters for the 2008 through 2013 period and a projection of U.S. retail sales through 2018; identifies marketing and new product trends; and provides an in-depth look at today’s consumers of bottled water.

Scope of the Report

This report analyzes the U.S. market for the following categories of bottled water: still water packaged in polyethylene terephthalate (PET) bottles; still water sold in jugs or bulk; and sparkling/mineral water. Bottled still water can either be sourced from natural springs or consist of purified water from other water sources. The sparkling/mineral water category includes naturally carbonated bottled water but does not include seltzers and club soda, which are artificially carbonated. Both bottled still and carbonated waters can be enhanced with vitamins or minerals and various flavorings.

Methodology

The main source of consumer data in this report is the Simmons National Consumer Survey (NCS) for Fall 2013 (and Fall 2004 in the case of 10-year-trend tables and figures) from Experian Marketing Services. On an ongoing basis, Experian Marketing Services conducts booklet-based surveys of a large and random sample of consumers (approximately 25,000 for each 12-month survey compilation) who in aggregate represent a statistically accurate cross-section of the U.S. population. Simmons NCS uses the term “non-carbonated water,” but for the sake of consistency, the term “still water” is used throughout this report.

Retail sales figures credited to IRI (Chicago, IL) are based on IRI aggregated multi-outlet (MULO) sales tracking, which represents sales through U.S. supermarkets, drugstores (including Walgreens, CVS, and Rite Aid), mass merchandisers (Walmart, Target, Kmart, and Shopko), warehouse clubs (Sam's Club and BJ's, but excluding Costco), dollar stores (excluding Dollar Tree), and military commissaries.

The report is also based upon data collected from field surveys of food retailers in various channels as well as a wide range of industry sources, including company websites, trade publications, business newspapers and magazines, consumer blogs, and annual reports, 10Ks and other releases from public companies.

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