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PACKAGING PROFESSIONALS SPEAK OUT

# Bottled Water Making Waves in Flexible Packaging

AMERICA'S LOVE AFFAIR WITH PORTABLE WATER HAS OPENED THE DOOR TO NEW PACKAGING MARKETS.

BY NEIL KOZARSKY

If you are a consumer products marketer or packaging professional, the greatest “calls to action” are clear changes in consumer lifestyles and behaviors.

The International Bottled Water Association (IBWA) states that sales of bottled water have increased by five-fold over the past decade. Bottled water sales reached over \$10 billion in the U.S. in 2006. It is projected that within the next six years, the U.S. bottled water industry will grow to \$45 billion.

The “obvious” reasons for this consumer behavior include perceptions that tap water does not taste as good as its packaged counterpart. Additionally, the popular perception that bottled water is “safer” than tap water, if not entirely accurate, is certainly compelling. Concerns over tampering or bio-terrorism in recent years have unquestionably helped fuel the growth of the packaged water market.

According to Beverage Marketing Corporation, domestic non-sparkling water's share of the market will increase from 95.1 percent in 2005 to 96 percent in 2010. In 2006, the number of gallons per capita consumption reached 28.3, an annual change of 8.6 percent.

As the bottled water markets continue to grow, brand owners and product manufacturers are faced with profound challenges and opportunities. This is where the less-obvious drivers resulting in such behavioral changes must be identified and addressed. Starting with the known:

- It is generally assumed—rightly or



Consumers are drinking bottled water more than ever before, creating new opportunities for stick packs of powdered beverage mixes.

wrongly—that on average, eight glasses of water a day support greater health and wellness.

- Bottled water is a logical response for the mobile consumer as it's portable and convenient to carry.
- The world's largest beverage marketers have artfully transformed their focus and strategies to highlight both sales of water and tasteful ingredients to enhance the experience, as carbonated and sugar-based business units are in decline.
- According to a study by Zenith International, the worldwide consumption of bottled water per person is expected

to surpass carbonated soft drinks (CSD) within the next five years.

- Those who see drinking water in the shape of a bottle are replacing the generation of children that grew up thinking an H<sub>2</sub>O hydration experience was linked to a faucet.

## MARKETING OPPORTUNITIES ABOUND

Now that bottled water has amassed such widespread acceptance and mainstream use, beverage marketers have stepped up with dosing formats, such as stick packs, that are ideally suited for “on the go” consumers.

Stick packs were developed for applications such as sugar and non-dairy creamers dating back into the 1970s, and have flourished both in Japan and Europe for an expanding range of applications. Now, stick pack usage in North America is on the rise because they are emerging as the consumer-preferred dosing format for mixing powder into bottled water.

As the estimated 100-plus-stick packaging lines already installed in North America grows, it is only a matter of time until the suppliers of traditional bottle filling equipment feel the impact of the shrinking CSD and flavored drink markets. There will also be a ripple effect in collation and automated cartoning system business as stick packs are almost always sold in traditional paperboard cartons. There has been a surge over the past two years in this segment of the packaging machinery business as the stick volumes have increased dramatically and the lines producing them are required to become more automated. In fact, it is projected that stick pack usage in North America will grow to nearly 80 million in 2007, 45 percent of global projection of nearly 180 million.

A new round of product launches is now underway, capitalizing on the surging popularity of bottled water. Energy and sports nutritional supplements are rapidly finding their way into stick packs, as well. Rather than taking a chance with the development of a new product, which can be costly, risky and time-consuming, marketers are reinventing tried and true brands with new packages that offer benefits and functionality to consumers.

Since a recent Harris study reported what most people take for granted, that over 40 percent of consumers are averse to taking pills and capsules, even more products and applications are likely to be considering revitalization through the bottled water phenomenon. Why go through the unpleasantness of swallowing a pill, if you can gain the equivalent benefit through a pleasant-tasting "stick-and-sip"

experience linked to bottled water?

Bottled water is unquestionably here to stay and its acceptance by consumers will impact products other than beverages. The shift away from the tap is signaling underlying changes in consumer lifestyle and consumption patterns that are ripe with new opportunities. In any case, the tide has turned, and "going with the flow" can only reward visionary brand marketers and packaging professionals. **PMT**

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