



HOW PREMIUM WATER IS MAKING WAVES IN THE CENTER STORE



PREMIUM WATER IS IN HIGH DEMAND WITH CONSUMERS. RETAILERS CAN BENEFIT FROM THIS BY OFFERING A STRONGER AND MORE BALANCED PRODUCT MIX.

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THE WATER MARKET HAS SEEN RAPID CHANGES IN RECENT YEARS. WHAT MARKET DRIVERS ARE BEHIND THE CHANGE? HOW HAS THE CATEGORY EVOLVED?

NK: In 2016, bottled water surpassed carbonated soft drinks to become the fastest-growing category in

beverage in the U.S. A year later, it grew by almost 13% to \$2.4B at retail. This shift is attributed to the widespread concern for sugary beverages and consumers opting for bottled water as a healthier option. Brands are tapping into this evolution by offering bottled

water with functional benefits and differentiation factors — influencing and shaping the premium bottled water category.

HOW VERSED ARE RETAILERS IN THE CURRENT WATER SPACE? WHAT ARE SOME COMMON

MISCONCEPTIONS?

NK: There is certainly an opportunity for more education on the premium water space. For many years, the bottled water category was dominated by value brands delivering low-priced hydration, so it wasn't uncommon to hear retailers say that "people just want to buy cheap water" or "premium water won't be successful in my store." In today's landscape, that is no longer the case. Retailers should make space for premium water not only for the higher profit margins but for the engaged consumers purchasing it.

PREMIUM WATER — IDEAL ASSORTMENT



33%

SOURCE WATER

is water in its natural state from a spring or other natural source prior to any treatment for drinking. It naturally contains minerals.



33%

ALKALINE/IONIZED WATER

is purified or source water that has a higher pH either from ionization/electrolysis and/or added natural alkaline minerals.



33%

ENHANCED WATER

is purified or source water that promotes added functionality or benefits. Electrolyzed/restructured water which contains added ingredients, such as minerals, electrolytes, vitamins and/or flavors. Enhanced waters can also be alkaline water.

WITH PRODUCT SELECTION AT AN ALL-TIME HIGH, WHAT SHOULD A RETAILER LOOK FOR WHEN CREATING A BALANCED ASSORTMENT?

NK: We know that premium water is in high demand with consumers, so it's imperative that retailers curate their shelf with the right balance of premium water. An ideal assortment for premium water is 33% Source Water, 33% Alkaline/Ionized Water, and 33% Enhanced Water. By offering premium products like Essentia Water, an ionized alkaline water, retailers can make higher margins when providing the right space and pricing to 1L, 1.5L, and 1L 6packs. The most successful retailers are focused on the brands that can deliver growth while maintaining high levels of revenue and profitability.



THE CENTER STORE HAS ALWAYS BEEN A CHALLENGE.

HOW CAN WATER HELP DRIVE GROWTH THERE?

NK: Last year the bottled water category added over \$1 billion in sales — the overall largest contributor to center store growth.

Retailers should make sure the right premium bottled water brands are available in locations for immediate consumption and impulse purchases, such as the deli, bakery, produce, pharmacy and checkout.

WHAT'S THE NEXT TREND IN WATER TO LOOK FOR?

NK: Premium water will continue to be a key driver within the beverage industry. I predict we'll see brands exploring enhanced water like antioxidants or hydrogen-infused.