



**June 2007**

### **Coca-Cola in major bottled water push**

After years of relying on carbonated soft drinks (recently renamed 'sparkling beverages' by the company) as their cash cow, Coke is realizing that if it wants to compete with Pepsi it needs to expand in a big way into the 'healthy', 'fitness', 'functional water', 'vitamin' drinks market. This segment of the bottled water sector includes products such as Pepsi's [Propel fitness water](#).

On May 25, Coke made a huge leap into the vitamin water industry by purchasing Energy Brands Inc. (known as [Glacéau](#)) for \$4.1 billion. The company, based in Whitestone, N.Y., took in an estimated \$350 million in revenue in 2006

This acquisition - the biggest in Coke's history - shows that the world's largest soft drink company is making a calculated effort to move away from carbonated soft drinks, into a rapidly diversifying bottled water industry.

Glacéau is only distributed in North America, which at this time one of Coke's biggest yet weakest markets. Coke's goal is to use Glacéau to revitalize its business in its home market.

With Glacéau, Coke acquires four bottled water brands: Smartwater, Vitaminwater, Vitaminenergy and Fruitwater. Smartwater, water with added electrolytes, is the only Glacéau product that is not a flavoured water or energy drink. These new brands will join Dasani and a handful of other names in Coke's growing portfolio of bottled water brands.

This major acquisition, along with rumours that the company will soon be purchasing Highland Spring (the second largest mineral water brand in the UK)

and plans to launch its Belgian mineral water brand Chaudfontaine in the UK this summer, shows that Coke sees bottled water as an important 'growth engine'.

It is clear that bottled water corporations are continuing to invest heavily in the industry.

### **Tata's stake in Glacéau goes to Coke**

[Tata Group](#) is a giant Indian conglomerate with a disparate list of business sectors including engineering, materials, energy, chemicals, services, consumer products, and information systems/communications. Tata is the largest Indian steel company and owners of Tetley Tea. In May the company gave up its 30% stake in Glacéau to Coke. Tata paid \$677 million last year for its portion of Glacéau and sold it to Coke this year for \$1.2 billion.

Tata must have considered its short foray into the bottled water industry a positive one and has since announced that it has purchased a 27.5% slice of India's largest mineral water company, Mount Everest Mineral Water.

The company has also set up a task force to develop a global water business, with the goal of making Mount Everest Mineral Water a leader in the natural mineral water category, while at the same time building new water brands. Tata sees bottled water as a 'high growth global market' and plans to use it to broaden the company's presence around the world.

With an enormous annual revenue of \$27.67 billion US in 2006, and increased interest in bottled water, this behemoth of a corporation has the potential to become one of the biggest players in the global bottled water industry.

Tata's move into bottled water may come up against resistance in the Indian State of Kerala. The Kerala Water Authority (KWA), which handles the State water supply, announced in May that it would counter mineral water companies' co modification of water with its own bottled water products. The Authority proposes to produce and distribute the bottled water on a not-for profit basis to the public. While the action by the KWA will not solve the issue of a clean accessible public water supply in India, it may put pressure on the country's growing bottled water industry.

### **Parallel growth in anti-bottled water movement**

While Coke and Tata do their bottled water thing, the anti-bottled water movement in North America continues to gather momentum with more and more restaurants stepping up to ban bottled water.

Beginning with [Alice Waters](#) and her world renowned restaurant [Chez Panisse](#) in Berkeley, California, a number of high end restaurants in California and New York have decided to stop selling bottled water.

A number of articles (see list below) in this month's NewsByte highlight how a growing group of café's and high end restaurants are turning away from bottled water for environmental reasons. A number of major television, radio and print media outlets have run stories in the past few weeks on this growing trend towards promoting tap water instead of pushing bottled water.

At present, the focus of restaurants seems to be on getting rid of high end bubbly mineral water from Europe because of their heavy environmental footprint. Fewer restaurants have committed to taking still bottled water off the menu.

For the movement to spread, smaller café's, coffee shops, university, college and high school cafeteria's and restaurants across North America need to feel pressure from customers to get rid of still bottled water and make the move to tap water.

People need to commit to asking their favourite coffee shop, health food store, restaurant etc. to stop selling bottled water so that pressure can be brought upon the industry. As we have seen with the Chez Panisse decision, all it takes is one restaurant to spread the movement.

#### **Bottled water related articles from the past month:**

**[Canada] [Why Are Some Local Restaurants Refusing To Serve Bottled Water?](#)**

June 6, 2007

CityNews.ca

**[US] [Cleanse your conscience as you wet your whistle](#)**

May 31, 2007

Denver Post

**[US] [Fighting the tide, a few restaurants tilt to tap water](#)**

May 30, 2007

The New York Times

**[US] [Rural communities exploited by Nestlé for your bottled water](#)**

May 30, 2007

AlterNet

**[US] [Bottled water boom has environmental drawbacks](#)**

May 30, 2007

Oregon State University Press Release

**[US] [Smith college discontinues contract with Coca-Cola](#)**

May 29, 2007

Smith College News Release

**[Canada] [Global horizon will see water as pivotal issue](#)**

May 29, 2007

Guelph Tribune

**[UK] [Coke set to swallow water firm](#)**

May 27, 2007

The Sunday Times

**[UK] [For Coke, water is the real thing](#)**

May 27, 2007

The Sunday Times

**[US] [The Unintended Consequences of Hyperhydration](#)**

May 27, 2007

The New York Times

**[US] [Coke's healthy water war](#)**

May 25, 2007

The Globe and Mail

**[US, Oregon] [House adds deposit to water bottles](#)**

May 25, 2007

The Oregonian

**[US] [Coca-Cola Buys Glaceau for \\$4.1B](#)**

May 25, 2007

Associated Press

**[US] [The Big Gulp: High-end restaurants are rethinking bottled water, opting instead for the stuff with a distinctly local terroir](#)**

May 20, 2007

Los Angeles Times

**[Canada] [Bottled water not on tap](#)**

The Canadian Press

May 14, 2007

The Hamilton Spectator

**[Canada] [It's so not cool: Chi-chi restaurants are now banning bottled water. How did the ubiquitous accessory become the latest environmental sin?](#)**

May 14, 2007  
Maclean's Magazine

**[Canada] [Never mind the bottles: The City of Toronto is pitching tap water as the cheaper, greener – and maybe healthier – alternative](#)**

May 12, 2007  
The Globe and Mail

**[US] [Tap Water Gains New Snob Appeal](#)**

May 8, 2007  
The Capital Times & Wisconsin State Journal

**[Australia] [Bubbling profits in bottled water risk sucking aquifers dry, says US expert](#)**

May 7, 2007  
The Australian

**[US] [Bottled Water: Is the Tide Turning for a Top Seller?](#)**

May 6, 2007  
NPR: Weekend Edition – Sunday

**[US] [What the heck is in those water bottles?](#)**

May 4, 2007  
The San Francisco Chronicle

**[US] [Bottled water trumps milk, nears beer](#)**

May 4, 2007  
The Atlanta Journal – Constitution

**[Australia] [Free water bottled and sold to public](#)**

April 28, 2007  
The Advertiser

Feel free to distribute or cite this material on the condition the Polaris Institute is appropriately credited.

Encourage friends and family to subscribe to NewsBytes, check out <http://www.insidethebottle.org> - monthly bytes exposing what's inside the bottle.

Got a comment? - Let us know what's on your mind at [richard@polarisinstitute.org](mailto:richard@polarisinstitute.org)