



## **Pulling Heart Strings for Profit: How the Bottled Water Industry is Fighting the Backlash**

**March 13, 2008**

*World Water Day 2008 (March 22) will see a flurry of announcements from bottled water companies who claim to be helping solve the globe's water crisis. The catch is that these altruistic claims are intimately tied to major advertising campaigns designed to convince the public to buy their products.*

Numerous media and industry reports are saying that sales of bottled water are slowing as a result of campaigns targeting the product's environmental and social impact. In a recent article, Brandweek declared that Pepsi and Coke are facing "evaporating sales growth for bottled water and increased concerns about their products' impact on the environment."

Another report, from industry publication Beverage Digest, said that sales and growth of the bottled water industry in 2007 was about half of what it was in 2006. Recently reported annual results from the world's largest bottled water company Nestlé show a slowdown in growth in its bottled water sector from 2006. According to the Beverage Marketing Corporation, global sales growth has consistently dropped since 2003.

The slowdown in growth of bottled water sales combined with industry reports and widespread media attention on the negative impacts of bottled water highlight how the global anti-bottled water campaign is having a major impact.

While campaigners may raise a crystal glass (of tap water) to this news, it is important to keep in mind that the industry is not rolling over and going away. People are still buying huge amounts of the stuff and the corporations will be trying their best to keep existing customers and attract new markets in new regions. The question is *how* will bottled water companies continue to convince people to buy its products.

**How will the BW giants fight the backlash?**

Marketing trade publication Brandweek predicts that Coke and Pepsi will fight the growing backlash against bottled water with intense 'ethical' or 'responsible' marketing, understood as tying the purchase of a product to charitable activities. A number of ad campaigns for bottled water already include charitable ties. According to Brandweek, the use of A-list celebrity endorsements of these types of campaigns is likely to increase.

PepsiCo has already started down this path through its relationship with Matt Damon. Earlier this year PepsiCo donated \$2.5 million to Damon's H2O Africa clean water initiative. To compliment Pepsi's donation, the movie star is endorsing Ethos bottled water (Starbucks' bottled water brand) which will be launched nationally this spring through PepsiCo and Starbucks' North American Coffee Partnership joint venture.

The Ethos brand is promoted by claiming to donate 5 cents from every bottle sold to help children around the world gain access to clean water. Part of a slogan from the brand's upcoming North American ad campaign states "if you choose to drink bottled water, please choose to make a difference." Until now Ethos water has only been available at Starbucks' 7,000 North American outlets. This will soon change when PepsiCo's huge national distribution system moves the brand out to 40,000 merchandisers in North America.

Not to be outdone, according to Brandweek, Coca-Cola North America is getting ready to launch its own 'socially responsible' water brand. There is speculation that the company will enlist a movie star to co-brand the new beverage. Coke already uses celebrities to sell its various brands, and it is only a matter of time until a public figure endorser steps up to push Coke's green message.

Coke is no stranger to this type of marketing and has recently been in hot water for pushing one of its water brands by convincing people that its product will help reforest Australia. In a recent ad campaign for its Mt Franklin water brand, customers are encouraged to 'plant a tree' by registering the bottle's barcode on the company's website. Once registered, the company along with its partner Landcare Australia will plant a tree in the registrant's name.

Under the arrangement Coca Cola Amatil (30% owned by The Coca-Cola Company) will pay one of Australia's biggest environmental groups, Landcare, \$150,000 to plant 250,000 trees. In return, Coca Cola Amatil places the well known Landcare logo on every bottle of Mt. Franklin Water. One Landcare employee who spoke out against the partnership said that the logo is being used "by a corporate giant who is only interested in greenwashing public opinion and tricking people living in the city into thinking they are doing the correct thing by the environment by purchasing their product."<sup>1</sup>

### **Selling green to make green**

---

<sup>1</sup> Mount Franklin in Deep water over Landcare Logo, Julian Lee, February 23, 2008, The Age

Which ever way you look at it, this technique known in the marketing world as 'responsible' or 'ethical' marketing, is just that, marketing. In other words, it is a means to convince people to buy a product, thus, ensuring higher profits with a bonus to the company of greenwashing social and environmental impacts. This tactic is a clever trick because it lends brands a social image and injects a charitable dimension into consumer spending.

The technique is not new and the bottled water industry has used this type of marketing in the past to sell its products. In one example, a Danone ad campaign in Germany for the Volvic brand used the ad slogan '1 litre for 10 litres' accompanied by the UNICEF logo. The goal was to tell consumers that for every litre of Volvic water purchased 10 litres of clean drinking water would be provided for communities in Ethiopia. The campaign was structured around a donation of \$250,000 euros from Danone to the United Nations Children's Fund (UNICEF). German magazine [Der Spiegel](#) called the campaign unclear and revealed that when calculated with monthly sales figures the donation amounted to 0.28 cents per liter sold during the three month campaign.<sup>2</sup>

Danone revived this [ad campaign](#) in North America in 2008. This time it has pledged \$500,000 to UNICEF and will use the tagline "every litre of Volvic you drink will provide ten litres of clean drinking water to children in Ethiopia." Danone started this marketing campaign in Germany and has extended it to France, Japan and now the US.

### **'Charitable Solution'**

Brandweek calls this the industry's 'charitable solution' to a drop in sales. This type of marketing preys on the heart of the consumer by capitalizing on guilt and conscience. Companies employing these types of ad campaigns try to convince the public that they are doing the right thing.

Marketing experts point out that marketing strategies, in general, work best when they enjoy the support of society at large. When companies use agencies like UNICEF to promote their products they hope to earn long-run support by making people feel (including noncustomers) served by the ad campaign.<sup>3</sup>

It is stressed by ad experts that major trends point to consumers wanting and expecting brands to make a commitment to social and environmental change. Marketers know that consumers are beginning to choose brands that claim to be giving something back to society.

To verify this tendency one needs only to quickly browse the websites of the big four global bottled water companies (Coke, Pepsi, Nestlé and Danone) where environmental and sustainability initiatives are boldly highlighted. All four of the big bottled water

---

<sup>2</sup> Bonstein, Julia, "Ethical Marketing: Selling Goods by Doing Good", August 1, 2005, [Der Spiegel](#)

<sup>3</sup> Laczniak, G.R., Murphy, P.E., "Normative Perspectives for Ethical and Socially Responsible Marketing", [Journal of Macromarketing](#), Volume 26, Issue 2, December 1, 2006.

companies are also clamoring to show the world that they are taking the lead on issues such as water sustainability and climate change. One such example is the [UN Global Compact's CEO Water Mandate](#) (all four companies have signed on), a voluntary initiative designed to enlist corporations to address the water challenge faced by the world today. Under the guise of environmental stewardship, it actually provides a roadmap for increasing corporate control over water governance and management.

### **Paradox and mis-perceptions**

These advertising strategies are slick corporate maneuvering and posturing that expose a glaring paradox. Bottled water, along with the overall operations of the corporations involved, remain central players to the very problems the marketing campaigns claim to be trying to solve. Contributions to green house gas emissions, use of fossil fuels and increasing corporate control of water resources are just a few of the numerous ways the industry contributes to the very things they claim to be helping through what can be called mis-perception marketing.

The corporations hope this strategy will construct a positive image of a corporate brand as a solution to the problem of water scarcity or climate change instead of one of the causes. Their goal is to associate the purchase of a bottled of water with a good deed in order to convince people that their products are beneficial to society while ensuring continued sales growth.

Make no mistake the industry is ultimately concerned about the drop in growth of bottle water and is looking for solutions to bolster sales and respond to the growing, well organized and visible global anti-bottled water campaign.

So remember, look closely this World Water Day at who is behind the glossy well produced advertisements claiming to help protect our global common good. Chances are that the stirring and emotional call to arms for the defence of water is tied to a company looking for a way to brighten its sagging water brands, greenwash its destructive operations and gain more control of its main raw material. All of this comes under the guise of helping the 1 billion people around the world without access to clean water, when it is profit for a much smaller number of shareholders that is the real objective.

### **Recent bottled water related articles:**

**[UK] [Departments Told To Use Tap Water](#)**

March 6, 2008

BBC

**[Canada] [Nestlé Decision Expected Soon](#)**

March 4, 2008

Guelph Mercury

**[US] East Montpelier Passes Ban On Groundwater Withdrawal**

March 5, 2008

Associated Press Newswires

**[US] Coke Touts Citizenship**

February 29, 2008

The Atlanta Journal - Constitution

**[Thailand] Nestlé Vows To Lead Bottled-Water Market**

February 26, 2008

The Nation

**[US] Pepsico Spent About \$1 Million In 2007 To Lobby The Federal Government On Numerous Issues**

February 26, 2008

Associated Press Newswires

**[US] US Unit Of Switzerland's Nestle SA Spent \$900,000 To Lobby Washington Last Year**

February 25, 2008

Associated Press Newswires

**[US] Town, State Look At Groundwater Protection**

February 25, 2008

Associated Press Newswires

**[UK] Water On Tap At Every Restaurant**

February 25, 2008

The Evening Standard

**[UK] 'My Customers Say Bottle Ban Is Best Think I've Ever Done'**

February 25, 2008

The Evening Standard

**[Australia] Message On A Bottle Labelled As Greenwash**

February 23, 2008

The Sydney Morning Herald

**[US] Coca-Cola Spent More Than \$1.7 Million In 2007 To Lobby The Fed. Gov't On Marketing, Nutrition**

February 21, 2008

Associated Press Newswires

**[UK] Ken Says: Don't Bottle It – Ask Waiter For Tap Water**

February 19, 2008

The Evening Standard

**[India] Coke Gets CSR Award Amidst Protests**

February 19, 2008

Business Standard

**[UK] The Source Of Civilisation: Britain's Cities Would Be Much Better Places Without The Ubiquitous Dummy Of Bottled Water**

February 19, 2008

The Guardian

**[US] Albuquerque Mayor Bans City From Purchasing Bottled Water**

February 19, 2008

Associated Press Newswires

**[UK] On Tap - And Back On The Menu**

February 19, 2008

The Daily Telegraph

**[UK] London Mayor Urges Boycott On Bottled Water**

February 19, 2008

Reuters News

**[UK] Bottled Water: Who Needs It?**

February 18, 2008

BBC, Panorama

**[US] Controversy Flows Around Water-Buying Plan**

February 18, 2008

Worcester Telegram & Gazette

**[Australia] Aquifer Trial Doesn't Hold Water**

February 13, 2008

Central Coast Express

**[US] Bottled Water: A Murky Subject**

February 13, 2008

Marketwatch

**[Qatar] Qatar Withdraws Some Bottled Water**

February 12, 2008

Gulf News

**[India] Pepsico Plant: Ruling Upheld**

February 12, 2008

The Hindu

**[UK] Restaurants Urged To Serve Free Tap Water**

February 11, 2008

The Guardian

**[UK] It's Just Water, Right? Wrong. Bottled Water Is Set To Be The Latest Battleground In The Eco War**

February 10, 2008

The Observer

**[US] Battle Begins Over Water Rights**

January 31, 2008

Worcester Telegram & Gazette

**[Fiji] High Court Set To Rule In Fiji Water Case**

February 8, 2008

Fiji Times

**[US] Lawmakers Seek Probe Into Bottled Water**

February 1, 2008

US Fed News

**[US] Battle Begins Over Water Rights**

January 31, 2008

Worcester Telegram & Gazette

**[US] Future Of Water Worries Sterling**

January 30, 2008

Worcester Telegram & Gazette

**[India] Unauthorised Units Selling Packaged Water Thriving**

January 25, 2008

The Hindu

**[Switzerland] Water Water Everywhere...**

January 24, 2008

Reuters News

**[US] Bottled Water Tide Trickles Slower**

January 23, 2008

Shanghai Daily

**[US] Pepsico Adds Dollars 8m Sparkle To Clean Water Drive**

January 22, 2008

Financial Times

**[India] UK Environment Group Accuses Coke Of Depleting Water In Rajasthan**

January 21, 2008

Asian News International

**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)**