



Bottled Water, Customer Loyalty and Other Issues Facing Water Utilities in the Coming Decade

**6th IWA-JWWA Workshop
Yokohama, 20 Jan 2011
Paul Reiter**



Japan's Utilities: Getting to Great, Being Great – The Envy of the World

Elimination of Epidemics



Post-WWII Reconstruction



Continuous WQ Improvements



Leakage, Seismic Strengthening

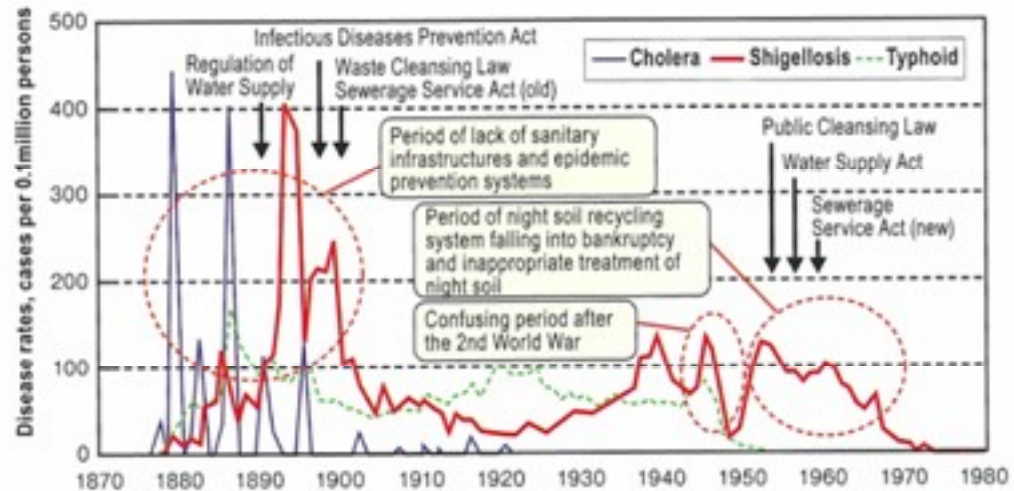
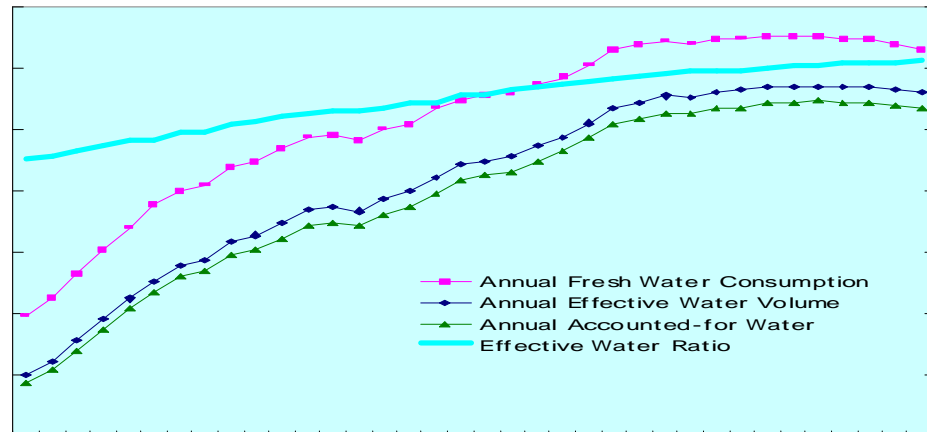


Figure 3 Trends of waterborne disease rates in Japan⁽³⁾



So Why Would A Japanese Utility Be Concerned with Bottled Water?



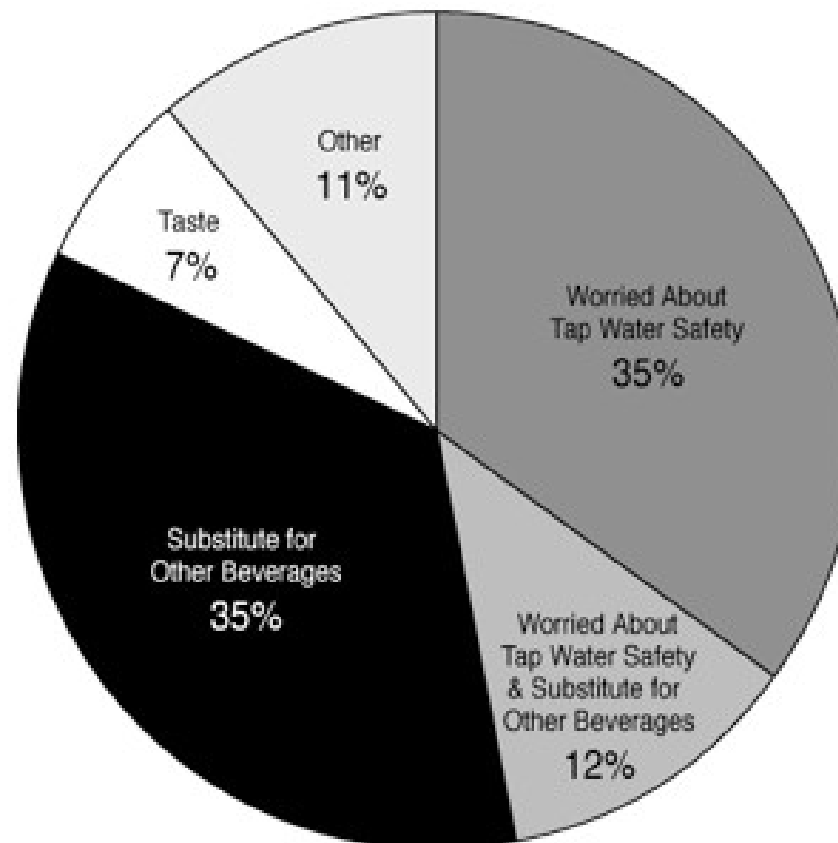
- Because bottled water exists and is a de facto competitor to tap water
- Because it is growing rapidly as an alternative
- Because of largely untrue and unfair claims from the bottled water industry
- Because there are some underlying truths in the challenges
- But mostly, because of the Maslovian puzzle



The Facts... for Better or Worse

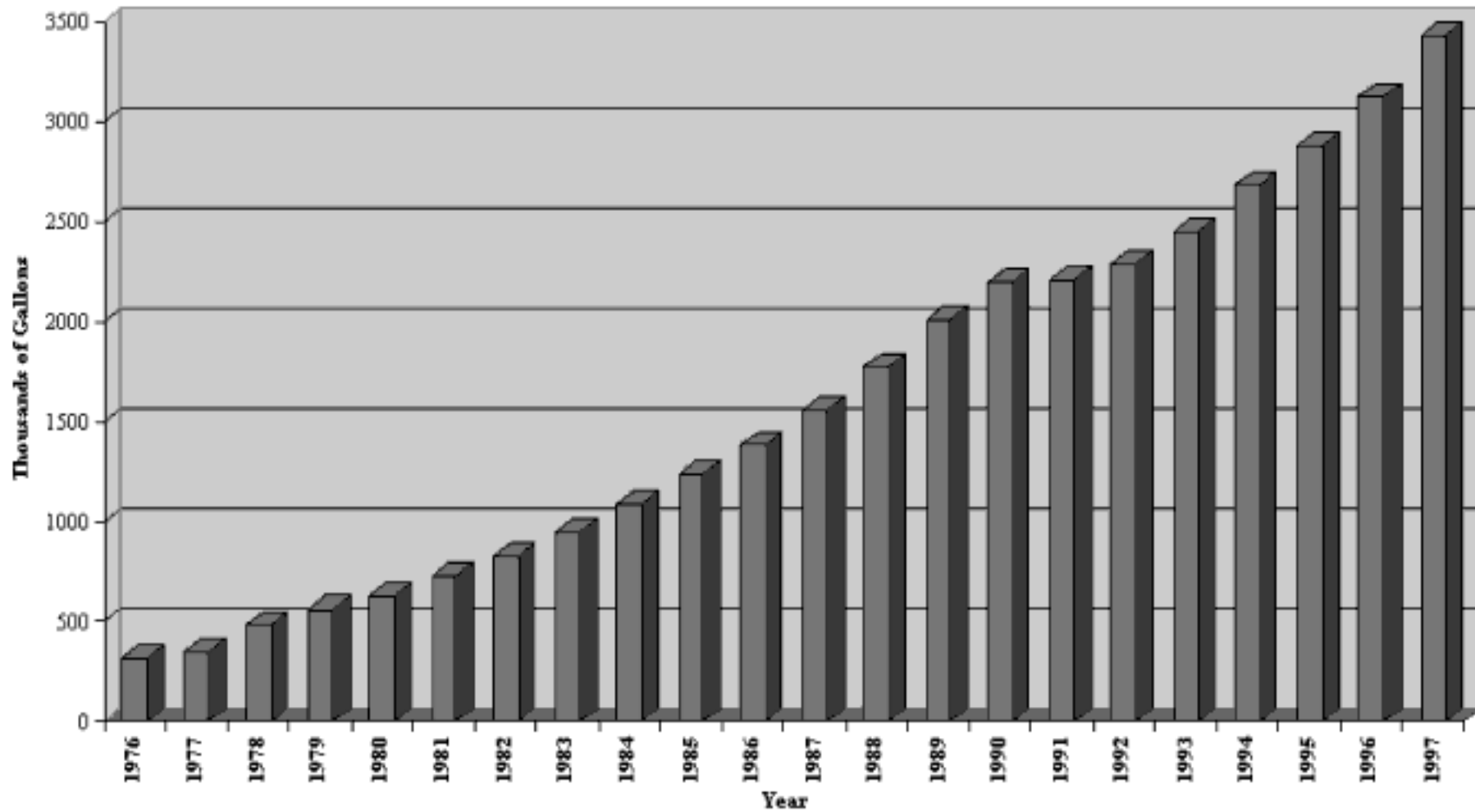


US - 2000 NRDC STUDY ON BOTTLED WATER Reasons for Choosing Bottled Water Over Tap Water



US - 2000 NRDC STUDY ON BOTTLED WATER

Growth in Demand Over 20 Years



Drinking Water, The Maslovian Puzzle and the + Factors



- Meet Abraham Moslaw & the hierarchy of needs



- The economics version ... personal well being is highly income elastic
- The + Factors:
(detection of unknowns trumps all)



Bottom Line Question: How Safe is Safe



- Welcome to the truly existential question!
- Corollary question: How safe is “safe enough”?
- And in a Moslavian context, is the pursuit of “safe enough” vs the pursuit of “absolutely safe” viable for a utility?
- Put a different way, how do utilities manage the gap between safe and safe???????





Specialist Group
Efficient Operation
and Management



I Tap Water

Enrique Cabrera Jr.
Institute for Water Technology, Spain

Tokyo - 7th February 2006

Do Spaniards love tap water?

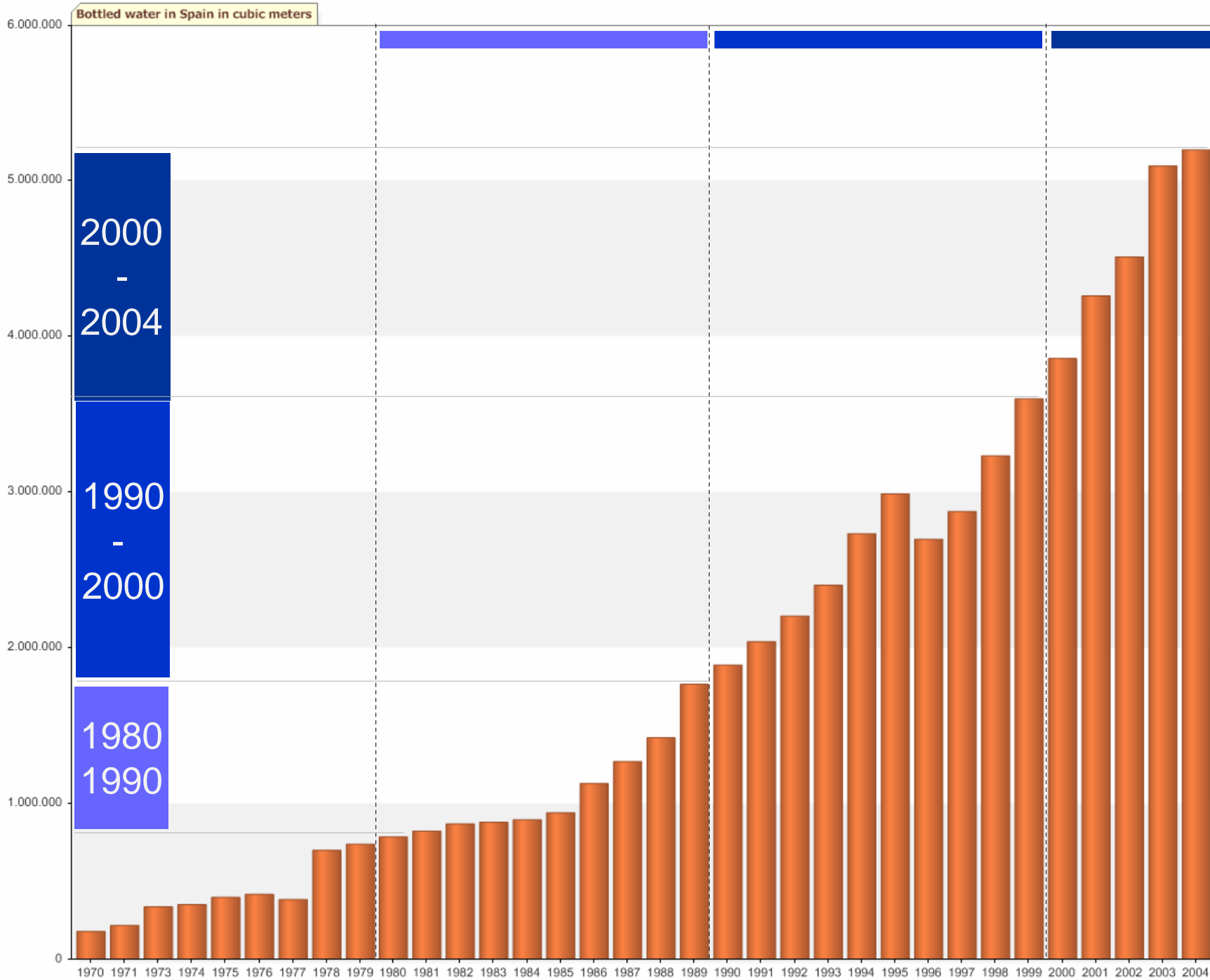
- ❑ Spain 4th European largest consumer of bottled water
 - France, Germany and Italy

- ❑ Over 5.000.000 litres (more than 115 l/person/year)
 - Tap water 180 l/person/year

- ❑ Reasons:
 - Health
 - Style
 - Restaurants
 - ...
 - BUT ALSO flavour and odour!!!

- ❑ Is water the next soft drink?







Specialist Group
Efficient Operation
and Management

Spain is different (even for the colas)

Ground water,
confined and
constant composition



89.7%

Water flowing
Naturally from a
spring



7.3%

Water treated
from a network



3%



Specialist Group
Efficient Operation
and Management

What is being sold?

Te contamos Todo sobre el agua

¿Lo has probado?

Cuidarse es fácil Beneficios del agua

Envases Tipos de botellas

Junior

GO

Tu lado bueno

Nosotros Conócenos

Font Vella

Una Sociedad del Grupo Danone

< Home

http://www.lanjaron.com - Lanjaron - Microsoft Internet Explorer

¿Conoces el secreto del pueblo de Lanjarón?

Situado en la Alpujarra, a 700 metros de altitud y rodeado por las montañas de Sierra Nevada, dicen en las noticias que Lanjarón es uno de los pueblos más longevos del mundo. Los 10 manantiales que bajan directamente de la montaña, el balneario de Lanjarón, la dieta mediterránea y la falta de stress dicen que son las claves para que, entre sus 5.000 habitantes, haya 50 personas de más de 90 años y más de 150 con más de 80 años. Lanjarón es vida.

Visita el Pueblo de Lanjarón

Ver vídeo Descargar vídeo	Ver vídeo Descargar vídeo	Leer reportaje.	Leer reportaje.	Ver anuncio.

Nuestro secreto Conócenos Delegaciones comerciales Contáctanos Créditos Nota legal

Listo Internet

Esta es nuestra fábrica.

¿Te apetece verla?

¿O ya la has visto?

Listo Internet



Specialist Group
Efficient Operation
and Management

Is not just in the water



The softest drink

- ❑ Water has become a soft drink
 - Marketing
 - Added value needed to compete with white brands
 - Fashionable to drink
 - Price is up to 1000 times higher! (how to convince users?)
 - FLAVOURS?

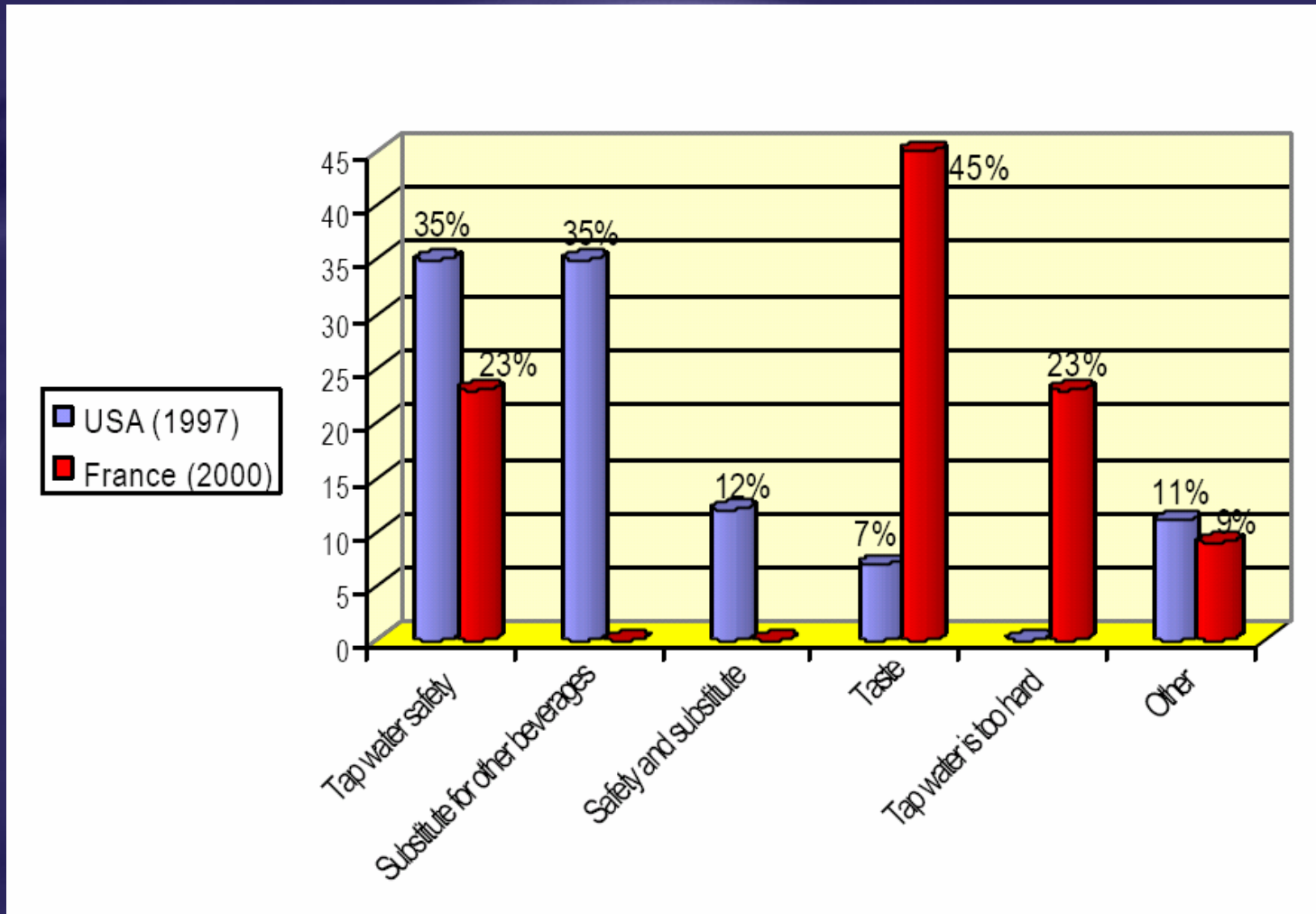


However.....

- ❑ Tap water in **SOME PARTS** of Spain is not that great...
 - Mediterranean region drinks ground water... nitrates contaminated
 - Some touristy populations have heavily salinized water in summer
 - In drought periods the water from the best sources may not be available
 - Chlorine is really present in the smell in some parts. Some other waters are too hard and may not be suitable for people with kidney problems...
- ❑ Water utilities are faced with problems on the resource side that may not be theirs to solve



However...



Ferrier 2001 (sources: Olson 1999 and IFEN 2000)

Conclusions

- ❑ Bottled water is growing as a product. Marketing is very intense
- ❑ An important number of consumers in Spain believe bottled mineral water is healthier, better tasting and more fashionable
- ❑ Tap water in some areas cannot represent a real competition due to occasional poor resources
- ❑ The user perception of the quality and properties of tap water could be increased by appropriate campaigns.



A Bad Dream from Spain? – Think Again



BODY WATER
NATURAL MINERAL WATER

EVANGELION 2.0
YOU CAN (NOT) ADVANCE





A Key Strategic Question for Our Industry: How to Respond?

- **Aggressively market “tap water” as the best solution?**
 - Implication: Spare no expense at upgrading the treatment of all water to the highest standard possible?
- **Differentiate drinking water from tap water? Options:**
 - Utilities bottle their own water and distribute at a lower cost and more transparently than commercial vendors
 - Continue current practice – let the consumers (and marketers) decide
 - Encourage, subsidize or provide point of use treatment devices
 - Build dual reticulation systems and provide different grades of water at the household level (two taps)

Regardless of Tactics, In the Bigger Picture...

- Water utilities need to think hard about how to meet their traditional objective:

Public mission #1:

- Protect public health and safety

- While transforming their utility's external view to meet new objectives in an increasingly consumer driven marketplace:

Public mission #2:

- Transform the utility from
 - From:* “Make and sell” water
 - To:* “Sense and respond” to customer needs