

TO: Kate Whitney, Montana Public Service Commission  
FROM: Barbara Hall, Clark Fork Coalition  
DATE: September 19, 2011  
RE: Docket No. D2011.1.8  
Responses to Data Requests PSC-051 through PSC-055

Enclosed please find the responses of the Clark Fork Coalition to data requests PSC-051 through PSC-055 from the Commission. An electronic version of this document has been uploaded to the Commission's website and will be emailed and sent via US Mail to the service list today.

Thank you.

c: Service list

PO Box 7593  
Missoula, MT 59807  
406/542-0539 Phone  
406/542-5632 Fax

CERTIFICATE OF SERVICE

I hereby certify that on this, the 19<sup>th</sup> day of September, 2011, the CLARK FORK COALITION'S RESPONSES TO DATA REQUESTS PSC-051 TO PSC-055 FROM THE MONTANA PUBLIC SERVICE COMMISSION was served via U.S. mail and electronic mail on:

Arvid Hiller  
Mountain Water Company  
1345 W Broadway  
PO Box 4826  
Missoula, MT 59806-4826  
(U.S. mail only)

Robert A Nelson  
Mary Wright  
Montana Consumer Counsel  
111 North Last Chance Gulch, Suite 1B  
PO Box 201703  
Helena, MT 59620-1703  
rnelson@mt.gov  
mwright@mt.gov

John Alke  
Hughes, Kellner, Sullivan & Alke  
40 W. Lawrence, Suite A  
P.O. Box 1166  
Helena, MT 59624-1166  
jalke@hksalaw.com

Bryan D. Lin  
The Carlyle Group  
520 Madison Avenue, 41st Floor  
New York, NY 10022  
bryan.lin@carlyle.com

Jim Nugent  
Missoula City Attorney's Office  
435 Ryman Street  
Missoula, MT 59802  
Nugent@ci.missoula.mt.us

Jim Larocque, CFA  
The Carlyle Group  
520 Madison Ave  
New York, NY 10022  
jim.larocque@carlyle.com

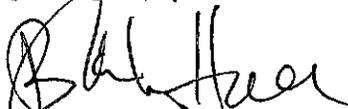
Thorvald A. Nelson  
Holland & Hart LLP  
6380 South Fiddlers Green Circle, Suite 500  
Greenwood Village, CO 80111  
tnelson@hollandhart.com

William Mercer  
Holland & Hart LLP  
401 North 31st Street, Suite 1500  
P. O. Box 639  
Billings, Montana 59103-0639  
wwmerc@hollandhart.com

Electronic service only:  
ramoody@hollandhart.com  
jkraske@mt.gov

Kate Whitney  
Public Service Commission  
1701 Prospect Avenue  
P. O. Box 202601  
Helena, MT 59620-2601  
(e-filed plus original)

By:

  
\_\_\_\_\_  
Barbara Hall

DEPARTMENT OF PUBLIC SERVICE REGULATION  
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA

IN THE MATTER OF the Consolidated ) REGULATORY DIVISION  
Petition by Mountain Water Company for )  
Declaratory Rulings and Application for ) DOCKET NO. D2011.1.8  
Approval of Sale and Transfer of Stock in )  
Park Water Company )

**CLARK FORK COALITION'S RESPONSES TO  
DATA REQUESTS PSC-051 TO PSC-055  
FROM THE MONTANA PUBLIC SERVICE COMMISSION**

The Clark Fork Coalition, by and through its undersigned counsel, hereby submits to the Montana Public Service Commission (the "Commission") the following responses to data requests PSC-051 through PSC-055 from the Commission.

By:  \_\_\_\_\_  
Barbara Hall  
Legal Director  
Clark Fork Coalition  
PO Box 7593  
140 S. 4<sup>th</sup> Street West, Unit 1  
Missoula, Montana 59807

PSC-051

Regarding: Carlyle Ownership  
Witness: Knudsen

Please explain what CFC's concerns are if Carlyle owns Park Water. Please restrict your answer to Carlyle ownership only.

**RESPONSE:**

Please refer generally to the Additional Issue Testimony of Karen Knudsen. The Coalition is concerned that Carlyle's investment objectives and management plans will not take into account the best interest of our drinking water resource over the long-term.

The Coalition's primary concerns over Carlyle ownership of Park Water are:

(1) The clear investment strategy of Carlyle is to acquire Park Water, grow the company through infrastructure investments and additional utility acquisitions, and sell it at a substantial profit within a relatively short time-frame, all while earning a large annual return. The next owner of Park Water would likely have the similar motivations. This investment strategy diverges significantly from the management approach of Park Water under its current ownership. The Coalition believes there is a fundamental disconnect between managing our drinking water to create the highest level of return in the shortest period of time and the interest of the community in safe, reliable and affordable water for the long term.

(2) Despite Carlyle's assurances that local management will be retained at Park Water and Mountain Water, it is clear that strategic decision-making affecting Mountain Water will take place at the Park Water level and Carlyle executives will be holding majority positions on the Park Water board. The Coalition is concerned that decisions will be made and processes implemented based on a sophisticated profit-driven model that has no connection with the local interests of the Missoula community.

(3) Because Mountain Water is a subsidiary of a holding company regulated in California, and because Carlyle and Mountain Water each insist that the Commission has limited regulatory authority over Park Water, the Coalition is concerned that without protections in place like the ring-fencing provisions proposed by the Montana Consumer Counsel, Mountain Water ratepayers will have little protection or recourse against decisions made at the holding company level that directly impact Mountain Water.

Regarding: Assurances/Conditions of Approval, p. 3  
Witness: Knudsen

- a. Please explain why CFC's suggested conditions of approval were not brought forth in CFC's original testimony.
- b. Please explain exactly what the Rattlesnake Creek watershed is, how many acres it encompasses, how much of the watershed is publicly owned, and how much and what is owned by Mountain Water.
- c. Please explain fully the meaning and effect of CFC's condition 2 as suggested in your testimony on page 3 of 7, line 22.

**RESPONSE:**

- a. There were several subsequent filings in the docket after the Coalition filed its pre-filed direct testimony. After having an opportunity to review all of the information in the record, including subsequent filings, the Coalition determined that the three conditions stated in its Additional Issue Testimony would give it the necessary assurance to support the approval of the transaction.
- b. Rattlesnake Creek flows 23 miles from its headwaters in the southern Mission Mountains into the Missoula Valley, where it joins with the Clark Fork River. Rattlesnake Creek drains 81 square miles and is located primarily on United States Forest Service land. The majority of the watershed is comprised of the Rattlesnake Wilderness and National Recreation Area of the Lolo National Forest, which are relatively pristine. The lower five miles of the creek runs through private property in Missoula, and is confined by roads and urban development. The creek has nine tributary streams originating from 45 high elevation lakes.

The Rattlesnake Creek Watershed holds ecologic, community, cultural, and economic value. It supports a significant population of migratory bull trout, which is listed as a threatened species under the Endangered Species Act ("ESA"), and is one of only four tributaries in the region where bull trout are known to spawn (Montana Fish, Wildlife, and Parks 2004). Rattlesnake Creek is listed as Critical Habitat for bull trout under the ESA by the United States Fish and Wildlife Service, as it provides the clean, cold, connected, and complex aquatic habitat this species needs to survive. The watershed also supports native westslope cutthroat trout and whitefish, black bears, mountain lions, foxes, and more than 100 neotropical songbird species. Community members value Rattlesnake Creek also for the recreation opportunities it offers, including fishing, kayaking, and swimming.

The Coalition is not in possession of information on Mountain Water's holdings in the Rattlesnake Creek drainage, but understands that Mountain Water holds real property in the middle section of the watershed. For information regarding water rights held by Mountain Water, please refer to the response to CFC-031(a).

- c. Please see response to PSC-053(c) and PSC-055.

PSC-053

Regarding: CFC-requested assurances

Witness:

- a. Regarding the first two CFC-requested assurances, is CFC satisfied that Mountain Water, under current Park ownership, is providing them? Please explain.
- b. Have those assurances been requested of Park and Mountain Water by CFC prior to the proposed sale of Park Water to Carlyle? If so, please provide the docket or contract showing those assurances.
- c. Are either of the first two CFC-requested assurances under the purview of any state or federal agency?
- d. If the City were to be granted and exercised its right of first refusal and purchased Mountain Water and its assets, explain whether and why CFC believes City ownership would guarantee the requested assurances would be met.

**RESPONSE:**

- a. Assurance 1: According to the Mountain Water Company System Overview (September 2009) produced in response to CFC-016(a), Mountain Water indicates it is "engaged in ongoing research to find cost-effective treatment methods for Rattlesnake Creek." p. 12. The Coalition's understanding is that a treatment plant for Rattlesnake Creek surface water is cost-prohibitive for Park Water and Mountain Water currently.

Assurance 2: We have no indication that Mountain Water is currently interested in exporting water out of the Missoula area.

- b. No.
- c. With regard to the first assurance, i.e., that Rattlesnake Creek be designated as an emergency back-up water supply only, no federal or state agency has mandated that Mountain Water could not implement the water treatment technology needed to successfully bring Rattlesnake Creek surface water back on-line as a primary water source. That said, because Mountain Water's Rattlesnake Creek water rights are currently being used through its groundwater withdrawals, it would likely need approval from the Montana Dept. of Natural Resources and Conservation ("DNRC") to "re-activate" its surface water diversions.

Regarding the second assurance, please see Mountain Water's response to PSC-005 for a general overview of Montana water right law. Despite the safeguards that are in place to protect Montana water rights from diversion out-of-basin or out-of-state, there are no prohibitions that the Coalition is aware of that would prohibit new large industrial or commercial water users from hooking up to the system.

- d. Please refer to the pre-filed testimony of Missoula Mayor, John Engen. The Coalition believes that as owner of the water utility, the City of Missoula would be have a set of management objectives that are more attentive, protective, and responsive to local needs. Under City ownership, the objective would not be to maximize profits, but rather to run the best system possible to serve the citizens in and around Missoula. In short, because our drinking water would be owned by the users of the system via our elected representatives, it is logical that the best interests of the community will be taken into account in making any management decisions. The City of Missoula is accountable to the citizens and any concerns over management would be settled at the voting booth.

PSC-054

Regarding: Potential lack of local control

Witness: Knudsen

- a. Does Mountain Water presently have majority local control on its Board? Why or why not?
- b. Does Park Water presently have majority local control on its Board? Why or why not?
- c. If the answer to the two above questions is no, please explain what would change if Carlyle assumed control of the boards.

**RESPONSE:**

- a. Please see Mountain Water's 2010 Annual Report filed with the Commission and provided in response to CFC-037. It appears that two of the five board members of Mountain Water are Mountain Water managers.
- b. Please see Park Water's consolidated financial statements provided in response to CFC-038 which provide that there are eight Park Water board members, one of which is a Mountain Water manager.
- c. As stated in the Coalition's Additional Issue Testimony, it is unclear who will remain on the board of Mountain Water if Carlyle assumes ownership of Park Water. Park Water's initial board will be made up of four members, three of which will be Carlyle executives according to Schedule 1.5 of the Merger Agreement. Mountain Water currently has representation on the Park Water board, but that does not appear to be the case under Carlyle control. So not only will Carlyle executives control the Park Water board, it appears that any representation on the Park Water board from Mountain Water will be eliminated.

PSC-055

Regarding: Large scale commercial users, Page 7 of 7, lines 13- 16

Witness: Knudsen

- a. Please explain why a large scale user, such as a bottling company, would have a negative impact on the customers of Mountain Water.
- b. Would there be any potential benefits to the utility, its customers and/or the community if a large-scale commercial user came onto the Mountain system? Please explain.

**RESPONSE:**

- a. The primary potential for negative impact of a large scale bottling company is lowering water tables or dewatering of creeks and streams in the Missoula area. For examples of the negative consequences of bottling companies for municipal water supplies and bottling companies, please see the attached documents.

Several large-scale commercial users are already ratepayers, including the University of Montana, the City of Missoula, and St. Patrick's Hospital. These businesses, however, return the majority of the water they use back to the watershed via their wastewater (the water that runs down drains and toilets), unless they are conducting large-scale outdoor irrigation for landscaping or crop production. According to recent information (attached) from the Montana Department of Natural Resources and Conservation Water Resources Division, average commercial water users only consume approximately 10% of the total water diverted for the commercial purpose (not including any associated landscaping). The remaining 90% of the water is returned to the river and the aquifer via the wastewater treatment plant's treated discharge outflow or septic drainfields, depending on the type of wastewater system. A bottling plant would consume nearly all of the water diverted from the Mountain Water system, and would withdraw significantly more than the current commercial users.

In addition, according to p. 11 of Mountain Water's 2010 Annual Report to the Commission provided in response to CFC-037, of the 8.2 billion gallons of water pumped from the aquifer annually, only 37% or 3.1 billion gallons pass through customers' meters. Coalition has concerns that any new commercial users, primarily unmetered bottling companies, would not pay their fair share and residential ratepayers would bear a disproportionate burden.

- b. The Coalition is not aware of any potential benefits from a large scale bottling company hooking up to the Mountain Water system.

# Why Water Bottlers Are Bad for Your Community

Fact Sheet • October 2009

Companies that want to make billions of dollars selling bottled water are looking for new sources of water and new sites to build their plants — and they may be coming to your town next. Multinational corporations may promise benefits to the area, but they will probably fail to mention the reasons that many communities are fighting to keep water bottlers away from their homes. Here are six reasons why:

## 1. Watersheds suffer

Pumping groundwater can cause underground water levels to drop, along with water levels in nearby wells, streams, lakes and wetlands. This can mean less water for drinking, fishing, recreation and other uses. In Mecosta County, Michigan, water levels in a nearby stream dropped when Nestlé built a water bottling plant. In McCloud, California, a community group feared that a bottling plant would put their historic fisheries at risk.

## 2. Hidden costs to community

While the company profits, the community pays for the negative side effects of the industry. For example, increased heavy truck traffic can cause wear and tear on local roads that towns must pay to fix. Towns can also lose money from tourism revenues if bottling plants make their previously pleasant location less attractive to visit.

## 3. Noisy neighbors

Water bottlers specifically target new sources of water in rural areas. They bring with them trucks, traffic, noise and pollution that can affect the quality of life in these communities. In Hollis, Maine, truck traffic nearly doubled when Poland Springs opened a plant, and residents reported crashes, speeding violations and noise keeping them up at night. Plants can operate at all hours of the day, with trucks coming and going every few minutes.

## 4. Poor jobs

Companies that want to bottle water try to sell their plants to local officials by promising jobs. But bottled water plants often supply only a couple dozen jobs, many of which do not go to local community members. They also pay, on average, less than similar manufacturing jobs — by as much as \$10,000 a year.

## 5. Less local control

As multinational bottled water corporations like Nestlé put their straws in aquifers, local communities have less control over water resources in their own backyard. Pumping decisions reside in a far-off board room. If a corporation gains access to a town's water rights, residents may not be able to access local water in times of drought.

## 6. There's no turning back

Once bottled water companies set up shop in a town, they are very difficult to get rid of, even if local residents want them to leave. In Michigan, a community group has battled for years to shut down a Nestlé plant, to no avail. In McCloud, Nestlé wanted a contract to access community water for 100 years.

## Take Action

Contact Food & Water Watch for information on how to keep your local water resources safe from water bottling. You can also read more about community experiences with water bottling in Food & Water Watch's reports, including *All Bottled Up: Nestlé's Pursuit of Community Water*; *Take Back the Tap: Why choosing tap water over bottled water is better for your health, your pocketbook and the environment*; and *The Unbottled Truth About Bottled Water Jobs*, available at [www.foodandwaterwatch.org](http://www.foodandwaterwatch.org).

### For more information:

web: [www.foodandwaterwatch.org](http://www.foodandwaterwatch.org)

email: [info@fwwatch.org](mailto:info@fwwatch.org)

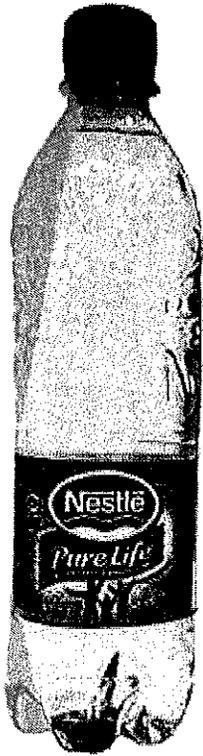
phone: (202) 683-2500 (DC) • (415) 293-9900 (CA)



# Hanging on for Pure Life

Why the Strategies  
Behind Nestlé's New  
Bottled Water Brand  
May Be Good for the  
Company but Bad for  
Public Water





## About Food & Water Watch

Food & Water Watch works to ensure the food, water and fish we consume is safe, accessible and sustainable. So we can all enjoy and trust in what we eat and drink, we help people take charge of where their food comes from, keep clean, affordable, public tap water flowing freely to our homes, protect the environmental quality of oceans, force government to do its job protecting citizens, and educate about the importance of keeping shared resources under public control.

**Food & Water Watch**  
1616 P St. NW, Suite 300  
Washington, DC 20036  
tel: (202) 683-2500  
fax: (202) 683-2501  
info@fwwatch.org  
www.foodandwaterwatch.org

*California Office*  
25 Stillman Street, Suite 200  
San Francisco, CA 94107  
tel: (415) 293-9900  
fax: (415) 293-9908  
info-ca@fwwatch.org



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# Hanging on for **Pure Life**

## Why the Strategies Behind Nestlé's New Bottled Water Brand May Be Good for the Company but Bad for Public Water

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## **Executive Summary**

As many consumers in the United States and Europe are dropping bottled water, the industry is beginning to see a decline in sales. In fact, between 2007 and 2010, Nestlé Waters, the biggest water bottler in the world, saw its total sales drop 12.6 percent.

Today, Nestlé appears to have developed new strategies to combat this challenging sales climate, which center around its Pure Life brand. Unfortunately, while the brand has been profitable, these tactics do not bode well for public water in the United States or abroad.

The United States is the largest bottled water market in the world and has long been a major source of Nestlé's bottled water sales. The company's North American subsidiary is the biggest bottler in the United States. Today, the U.S. bottled water industry is seeing sales fall as many consumers and governments are choosing to drink tap water instead, citing concerns about the cost, energy, water use and plastic waste associated with bottled water. The CEO of Nestlé Waters North America has said that he is not concerned about tap water cutting into profits. Nevertheless, the company appears to be changing its tactics to keep its sales afloat.

Nestlé has shifted the focus of its advertising dollars in the United States to its new Pure Life brand. Between 2004 and 2009, spending on Pure Life advertising increased by more than 3000 percent; the company's nearly \$9.7 million expenditure on the brand in 2009 was more than any other bottled water company spent on a leading domestic brand, and more than Nestlé's next five spring water brands combined.

Along with this change in expenditures came a shift in strategy. Pure Life differs from Nestlé's previous brands in the United States in terms of the source of its water, the messaging used to sell it, and its target audience. Pure Life bottles municipal tap water rather than spring water, which can help the company avoid the costly conflicts over water access and labeling that have plagued its spring water operations in the past, allowing it instead to vie with its main competitors, PepsiCo and Coca-Cola, on price. The company focuses its messaging on the health benefits of bottled water, especially compared to sugary soft drinks, which improves the image of its product and helps it appeal to parents and teachers who are concerned about their children's health. It also specifically targets Hispanic immigrants in the United States and "emerging markets" in developing nations abroad — consumers who are accustomed to inadequate water infrastructure and therefore less inclined to drink from the tap because of safety concerns.

In 2009, Nestlé's Pure Life brand helped the company outperform the rest of the U.S. bottled water industry. Between 2008 and 2009, Pure Life sales grew 18 percent while every other leading brand saw sales drop. While Nestlé's revenues went down with the rest of the industry in that time period, its 3.5 percent overall sales decline was less than that of the overall industry, which went down 5 percent. The Pure Life brand also played a role in increasing the total sales of Nestlé's global water division. Although Nestlé Waters' sales declined 3.4 percent in Europe and 1.1 percent in the United States and Canada between 2009 and 2010, total sales increased by 0.4 percent, due to the 24.6 percent growth in "other regions."

While these strategies appear to have helped boost Nestlé's profits, they have not been so beneficial for consumers or the environment. No matter the source, when there is safe tap water available, bottled water comes with unnecessary costs to the consumer as well as environmental damage from the associated energy, water use and plastic waste. In addition, Nestlé's new Pure Life strategies could be especially worrisome when it comes to their potential impact on public water.

Nestlé's shift to bottling municipal water in the United States has led an industry trend in shifting from spring water to municipal water. Between 2005 and 2009, the overall volume of tap water bottled by the industry grew by 66 percent while the volume of spring water increased by only 9 percent, which means that tap water bottling expanded at more than seven times the rate of spring water bottling. Today, many public water systems are inadequately funded and facing potential water shortages; allowing a corporation to bottle and sell community water can be a raw deal for the municipality. Bottling municipal water instead of spring water does not do away with the environmental concerns, which is why residents in Sacramento, for one, opposed a new Pure Life facility that would draw on their city tap water.

In addition, selling bottled water as healthy, especially to children, distracts consumers from another option that is also healthy — the tap. Promoting the mindset that bottled water is a good source of healthy water undermines public confidence in tap water, which is especially dangerous today as our disappearing public drinking water sources need political support and funding.

While Nestlé's global water division's sales are falling in Europe, the United States and Canada, they are growing rapidly in the "emerging markets" that Nestlé is targeting in the rest of the world. In 2010, Nestlé's sales of bottled water in these "other regions" increased by 25 percent over its 2009 sales in these areas. This is problematic because specifically selling bottled water to populations around the world that do not have access to safe drinking water capitalizes on the world water crisis. While this may be profitable for Nestlé, it does not provide a long-term solution for the billions of people abroad who lack access to adequate water and sanitation. In fact, the company will likely sell bottled water to the customers abroad who can afford it, not those who are in most dire need of better water supplies.

Just as consumers in the United States are better served by properly maintained public water infrastructure than bottled water sales, the water needs of populations abroad cannot be addressed without recognizing that access to water is affected by governance. To address the world water crisis, the global community must treat access to water as a basic human right, not a source of profits.

In the United States, it is important to support public drinking water rather than bottled water — no matter how cleverly the product is advertised. That is why Food & Water Watch is working to promote federal funding for drinking water infrastructure and water programs that will keep our public water clean and safe for future generations.

*Water links us to our neighbor in a way more profound and complex than any other.*

*– John Thorson*



## Introduction

Between 2008 and 2009, only one leading bottled water brand in the United States posted an increase in sales: Nestlé Pure Life.<sup>1</sup> The brand's 18 percent growth was a huge outlier in a year where every single other leading brand saw sales decline, and overall industry sales dropped 5 percent (see Table 1).<sup>2</sup>

Brands	2008/09
Aquafina	-10.00%
Dasani	-7.90%
Poland Spring	-6.40%
<b>Nestlé Pure Life</b>	<b>18.00%</b>
Arrowhead	-11.90%
Crystal Geyser	-10.40%
Deer Park	-5.60%
Ozarka	-8.40%
Ice Mountain	-5.70%
Zephyrhills	-10.90%
<b>Percent drop for the 10 leading brands</b>	<b>-6.20%</b>
All Others	-3.80%
<b>Percent drop for entire industry</b>	<b>-5.20%</b>

Source: Beverage Marketing Corporation. "Bottled Water in the U.S." 2010 Edition, July 2010 at 150.

Pure Life is the newest of Nestlé Waters North America's top brands.<sup>3</sup> Nestlé Waters North America is the U.S.-based subsidiary of Nestlé, a multinational corporation based in Switzerland.<sup>4</sup> In 2009, the company owned a larger portion of the U.S. market than any other company. It was responsible for 35.4 percent of total industry sales,<sup>5</sup> owned seven out of the 10 leading brands in the United States, including Pure Life, and brought in revenues worth \$3.8 billion.<sup>6</sup> (See Table 2.) Although its sales went down in 2009, along with the other leading companies, Nestlé Waters North America's 3.5 percent decline<sup>7</sup> outperformed the rest of the industry.

The Beverage Marketing Corporation attributes Nestlé's relative success to its competitive advantage and its skillful marketing.<sup>8</sup> These traits appear to have contributed to the success of Pure Life, which differs from Nestlé's previous brands in the source of its water, the messaging the company is using to sell it, and the target audience for its advertising.

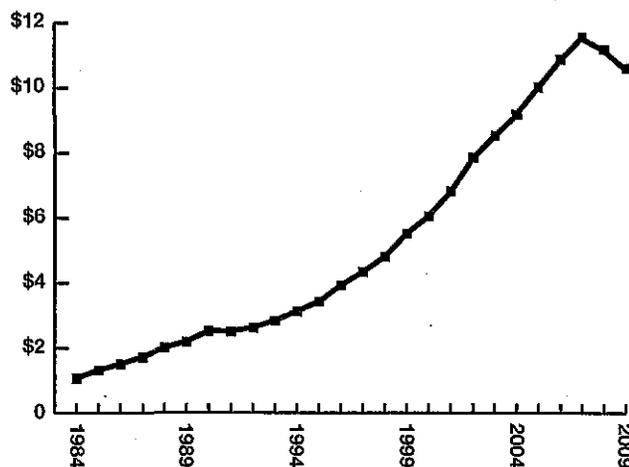
Unfortunately, while the tactics that the company is using to sell Pure Life may be boosting Nestlé's bottom line, they may not bode so well for the future of public water.

**Background: Troubled Times for Bottled Water**

Nestlé's change in tactics with its new Pure Life brand has likely been influenced by the new challenging sales climate for bottled water. Starting in 2008, the multi-billion dollar industry saw sales decline for two years in a row, a trend that the Beverage Marketing Corporation attributes to a bad overall economy and a "growing eco-consciousness."<sup>9</sup>

This recent downturn is an anomaly for a product that industry analysts describe as "one of the great success stories in the history of the beverage industry,"<sup>10</sup> a product that has "transitioned from its precocious youth to energetic adulthood" and now has a "firmly entrenched position in the U.S. marketplace."<sup>11</sup> In the 25 years between 1984 and 2009, total estimated wholesale dollars increased tenfold — from 1 billion to more than 10 billion dollars<sup>12</sup> (see Chart 1), making it the second-best-selling beverage category, next to carbonated soft drinks.<sup>13</sup>

**Chart 1: Estimated Wholesale Sales for the U.S. Bottled Water Market, in Billions of Dollars, 1984-2009**



Source: Beverage Marketing Corporation. "Bottled Water in the U.S." 2010 Edition. July 2010 at 20.

**Table 2: Top 10 U.S. Bottled Water Brands in Wholesale Dollar Sales, 2009**

	Brand	Parent Company	Total Sales (in millions)
1	Aquafina	PepsiCo	\$1,176.9
2	Dasani	Coca-Cola	\$1,156.9
3	Poland Spring	Nestlé Waters North America	\$830.4
4	Nestlé Pure Life	Nestlé Waters North America	\$698.8
5	Arrowhead	Nestlé Waters North America	\$478.9
6	Crystal Geyser	Crystal Geyser Roxane	\$475.4
7	Deer Park	Nestlé Waters North America	\$456.8
8	Ozarka	Nestlé Waters North America	\$319.8
9	Ice Mountain	Nestlé Waters North America	\$261.6
10	Zephyrhills	Nestlé Waters North America	\$225.8

Source: Beverage Marketing Corporation. "Bottled Water in the U.S." 2010 Edition. July 2010 at 150.

A large portion of the change in outlook appears to be due to a growing consumer awareness of the social and environmental concerns associated with the product. The bottled water industry uses water, consumes energy and creates mountains of plastic waste as a result of the production and transport of its product. Researchers at the Pacific Institute found that in 2006, the industry used three liters of water to produce each liter of bottled water, and that in 2007, the U.S. bottled water industry consumed the energy equivalent of between 32 and 54 million barrels of oil.<sup>14</sup> They also calculated that bottled water production can take up to 2,000 times as much energy as tap water if the plastic production, water extraction, bottling and transportation costs are all factored in.<sup>15</sup> In addition, the Government Accountability Office reported that in 2006, about three-quarters of plastic water bottles were not recycled.<sup>16</sup> At this rate, millions of tons of empty plastic bottles end up in landfills, where they may never decompose. Meanwhile, for many cash-strapped consumers and governments, it makes more sense to drink tap water, which costs between \$0.002 and \$0.003 per gallon, rather than the typical bottled water brands, which cost hundreds to thousands of times that amount, while being less environmentally friendly.<sup>17</sup>

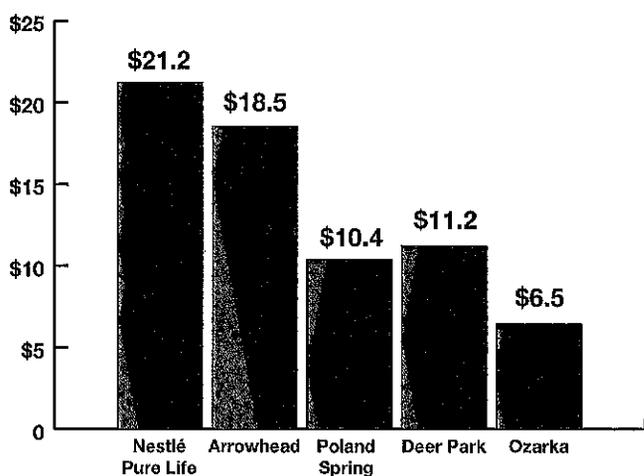
As consumer and environmental organizations, along with the media, have publicized these issues, many consumers and governments are cutting down on bottled water, and industry sales are declining.

As the tides are turning for bottled water, some companies appear to be losing interest in the product. For example, the Beverage Marketing Corporation notes that the major bottlers have “turned off the spigot” of advertising dollars in recent years.<sup>18</sup> The \$0.004 per gallon that the overall industry spent on advertising in 2009 was a “31-year low.”<sup>19</sup> PepsiCo spent 500 times less on Aquafina in 2005 than it did in 2009, as its advertising expenditures went down from \$25.6 million to \$50,500.<sup>20</sup> Coca-Cola’s \$3.1 million budget for advertising Dasani in 2009 was a “far cry from its peak,” which was in 2001, at \$26.4 million.<sup>21</sup> Even Nestlé “slashed ad spending on its major brands in 2008,” although in 2009, it “spent more on some brands and less on others.”<sup>22</sup> In 2010, the Wall Street Journal reported that Danone, a multinational corporation in France that owns some of the world’s leading brands, including Evian, was talking about selling its water division to a Japanese company.<sup>23</sup>

But Nestlé Waters North America appears to have no intention of letting up entirely. In his 2009 presentation on the future of bottled water, Nestlé CEO Kim Jeffery said that the company is “bullish” on bottled water.<sup>24</sup> Further, the Beverage Marketing Corporation reports that Jeffery “is not outwardly concerned about the threat from tap water.”<sup>25</sup>

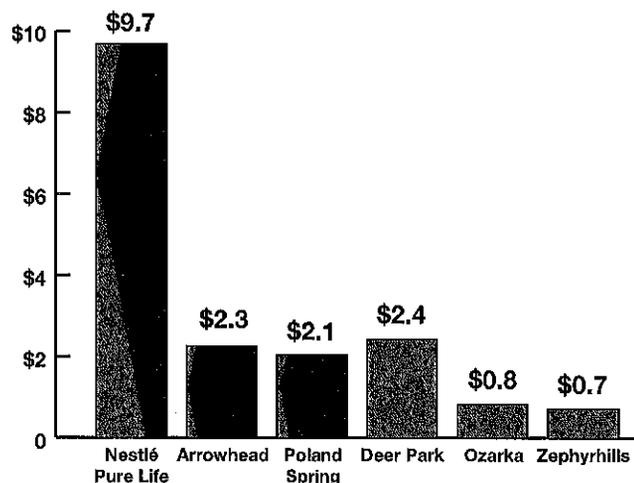
Yet while Nestlé remains publicly optimistic, the company does appear to be changing its strategies in response to the consumer backlash — shifts that are most evident in its new focus on Pure Life.

**Chart 2: Total Advertising Expenditures, in Millions of Dollars, 2004-2009**



Source: FWW calculation based on data from Beverage Marketing Corporation. “Bottled Water in the U.S.” 2010 Edition, July 2010 at 270.

**Chart 3: 2009 Advertising Expenditures, in Millions of Dollars**



Source: Beverage Marketing Corporation. “Bottled Water in the U.S.” 2010 Edition, July 2010 at 270.

### A New Strategy: From Perrier to Pure Life

Pure Life is a new brand for the leading bottler in the United States. The Swiss food and beverage giant first tapped into the U.S. bottled water market with its Perrier brand in the late 1970s.<sup>26</sup> The expensive sparkling water from France appealed to some consumers as a status symbol.<sup>27</sup>

Since then, Nestlé acquired spring water brands around the country that extracted water from some of the most ecologically sensitive water sources in the United States,<sup>28</sup> which the company’s own marketing suggests are also some of the most pristine. Today, six out of its seven leading brands are regional spring water brands: Poland Spring, from Maine; Arrowhead, from California, Arizona and Nevada; Deer Park, sold from New York to Florida; Ozarka, from the Southwest; Ice Mountain in the Midwest; and Zephyrhills, in Florida.<sup>29</sup>

In contrast, Pure Life is available on a national scale.<sup>30</sup> It was actually the company’s first “multi-site” bottled water product, introduced in Pakistan in 1998.<sup>31</sup> It came to the United States in 2002, when Nestlé announced that it would change its recently acquired Aberfoyle Springs into Nestlé Pure Life.<sup>32</sup>

Today, the company is focusing the bulk of its advertising energy on Pure Life rather than its regional spring water

**Hanging on for Pure Life: Why the Strategies Behind Nestlé's New Bottled Water Brand May Be Good for the Company but Bad for Public Water**

brands. The company increased expenditures on advertising for Pure Life by 3,000 percent between 2004 and 2009, from \$309,200 to nearly \$9.7 million.<sup>33</sup> In that time period, it spent more than twice as much on advertising for Pure Life than its leading spring water brand, Poland Spring.<sup>34</sup> (See Chart 2.) In fact, in 2009, Nestlé spent far more money advertising Pure Life than any company spent on any other leading bottled water brand.<sup>35</sup> The amount it spent on Pure Life was four times as much as it spent on Arrowhead — its next-highest brand in advertising dollars spent — and more than it spent on the next five of its leading spring water brands combined.<sup>36</sup> (See Chart 3.)

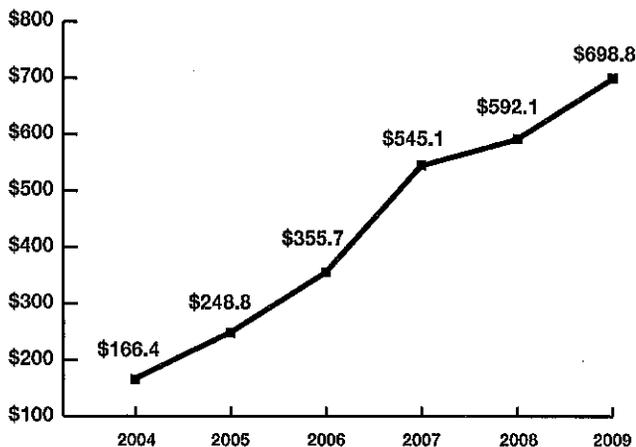
This shift in expenditures appears to have paid off, as Pure Life has seen exceptional growth. Since 2004, Nestlé Pure Life sales have increased 320 percent, from 166.4 million to 698.8 million in wholesale dollar sales.<sup>37</sup> (See Chart 4.) But it wasn't just the amount of money the company spent advertising the product that changed. With Pure Life, Nestlé also changed the source of its water, the messaging the company is using to sell it, and the target audience for its advertising.

These shifts are strategic because they allow the company to avoid some of the factors that have made selling bottled water more difficult in recent years. Unfortunately, these new strategies do not address consumer concerns about the environmental impacts of the product — and, in fact, present new problems for public water.



Members of the Portland State University Environmental Club encourage other students to drink tap water instead of bottled water. Photo courtesy Lisa Meersman.

**Chart 4: Nestlé Pure Life Sales, in Millions of Dollars, 2004-2009**



Source: Beverage Marketing Corporation. "Bottled Water in the U.S." 2010 Edition, July 2010 at 223.

**Bottling Municipal Water: Profitable for Nestlé, Not for Public Water Systems**

Although Pure Life began as a spring water brand when it first came to the United States, the company began its shift to bottling municipal water in 2005.<sup>38</sup> Today, Nestlé's shift in source water has played a large role in the whole industry trend towards bottling municipal water. Between 2005 and 2009, the overall volume of tap water bottled by the industry grew by 66 percent while the volume of spring water increased by only 9 percent, which means that tap water bottling expanded at more than seven times the rate of spring water bottling.<sup>39</sup> In the past five years, municipal water's share of the market has increased 14.3 percent—from one third to nearly half of the total volume sold.<sup>40</sup> The Beverage Marketing Corporation attributes much of this trend to the shift in source of Pure Life.<sup>41</sup>

According to the Beverage Marketing Corporation, "conventional wisdom in the bottled water industry is that the majority (but by no means all) of bottled water consumers do not recognize the distinction between spring water and drinking water packaged after it has been processed in municipal systems."<sup>42</sup> If changing the source water does not significantly affect sales, bottling municipal water is a strategic move for the company because it can help Nestlé avoid the costly conflicts with communities that have plagued its spring water operations in the past.

Spring water bottling sucks up large quantities of water from local sources, often near environmentally sensitive

sources of water.<sup>43</sup> This can deplete surrounding waterways if water from the ground is pulled out faster than it is naturally replenished.<sup>44</sup> Often, residents near proposed plants oppose spring water operations because of concerns about the long-term safety of their water supply, as well as issues such as noise and wear on local infrastructure.<sup>45</sup> The Beverage Marketing Corporation notes that residents also express concerns that “the company takes too much of a finite resource (water) without paying adequate compensation.”<sup>46</sup> Nestlé has attracted negative press or paid for expensive lawsuits because of such conflicts in Michigan, Massachusetts, Colorado, Texas, Maine, Florida, California and Oregon.<sup>47</sup>

Today, the company is finding it more difficult to find new sources of spring water because local groups are increasingly organized and vocal in their opposition to new plants. Despite the vast financial resources that Nestlé has at its disposal, it abandoned its attempt to bottle water from McCloud, California, after loud citizen outcry, and is facing strong resistance to its planned plant in Cascade Locks, Oregon.<sup>48</sup>

If most consumers do not care where their water comes from, bottling spring water may not be worth the bad publicity. Already, the top two leading brands in the country, PepsiCo’s Aquafina and Coca-Cola’s Dasani, draw from municipal sources.<sup>49</sup> Although the brands have received negative press for bottling tap water, many consumers do not appear to be bothered by it. Even with their respective 10 percent and 8 percent drops in sales in 2009, both brands still brought in more than a billion dollars in sales each.<sup>50</sup>

In fact, the Beverage Marketing Corporation notes that most customers appear to have very little brand loyalty, and instead are more concerned about the price.<sup>51</sup> It says that the bottled water market is “increasingly price-sensitive” and that “price wars in the bottled water sector have been prevalent in the last decade and a half.”<sup>52</sup>

This is where Nestlé has an advantage as a “low-cost producer” — it has a large parent company, so it can take risks other companies can’t, and it produces its own bottles, which keeps costs down.<sup>53</sup> A large portion of the success of Pure Life appears to be due to its low price. The new brand is cheaper than its leading rivals, which helped the company make deals with large suppliers such as Burger King and Walmart that had previously gone to Aquafina or Dasani.<sup>54</sup>

While bottling municipal water appears to have been a good move for the company, it’s not such a great deal for the public. While the Beverage Marketing Corporation puts a positive spin on the product by describing

municipal water bottlers as “intermediaries” between municipal water systems and consumers,<sup>55</sup> this ignores the fact that pipes can also serve as “intermediaries” that bring the water straight to households at a lower cost to the consumer.

Unfortunately, many municipal water systems in the United States today are woefully underfunded, in need of maintenance and repair, and facing water shortages. When bottlers take water out of a municipal system, they are profiting from a community resource that is funded by taxpayer dollars. They may even pay less for the water than other users. For example, in January 2011, when the city of Pasadena, Texas, agreed to allow Nestlé’s new Pure Life bottling plant in its city limits, it offered the company a 50 percent discount on the city’s water — and still said it was giving the company a tougher deal than most municipalities would have offered.<sup>56</sup>

*The Beverage Marketing Corporation describes municipal water bottlers as “intermediaries” between water systems and consumers, but pipes also serve as “intermediaries” that bring the water straight to households at a lower cost to the consumer.*

A perfect example of Nestlé’s shift in strategy occurred recently in northern California. The company had planned to bottle spring water from the rural town of McCloud, but faced six years of resistance from residents concerned about the effects a bottling plant would have on their local ecosystems and quality of life.<sup>57</sup> Instead of pursuing the McCloud facility, Nestlé announced in 2009 that it would use an existing facility to bottle municipal water in the more populous state capital of Sacramento instead.<sup>58</sup> The plant planned to use 30 million gallons of the city’s tap water in 2010, along with additional water from private springs, to bottle water under the Pure Life and Arrowhead brands.<sup>59</sup> When the CEO of Nestlé Waters North America wrote to the residents of McCloud announcing that the

company was withdrawing its plans to build a plant there, he said that "Sacramento plant production will replace the production we expected in McCloud."<sup>60</sup> Seeing this, a group of concerned local residents formed the group Save Our Water Sacramento to oppose the plant and seek a stop to bottling plants in the city.<sup>61</sup> As a leader of Save Our Water Sacramento stated regarding the switch from bottling water in McCloud to bottling it in Sacramento, "It's not like those environmental issues disappear."<sup>62</sup>

**Selling Bottled Water as Healthy: Good for Nestlé's Image, Not the Tap's**

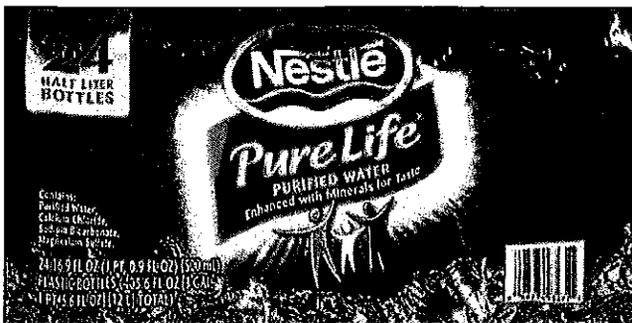
Along with the change in source water, Nestlé has changed its messaging approach from promoting the "pure" source of the water to the health benefits. This move is strategic for the company because it can help avoid criticism over the accuracy of its labeling, broaden the appeal of the product, and create a new, more positive overall image for Nestlé's bottled water by associating itself with healthy kids and the anti-obesity movement. Unfortunately, promoting bottled water in this way undermines consumer support for a healthy source of drinking water that is also more cost-effective and environmentally friendly: the tap.

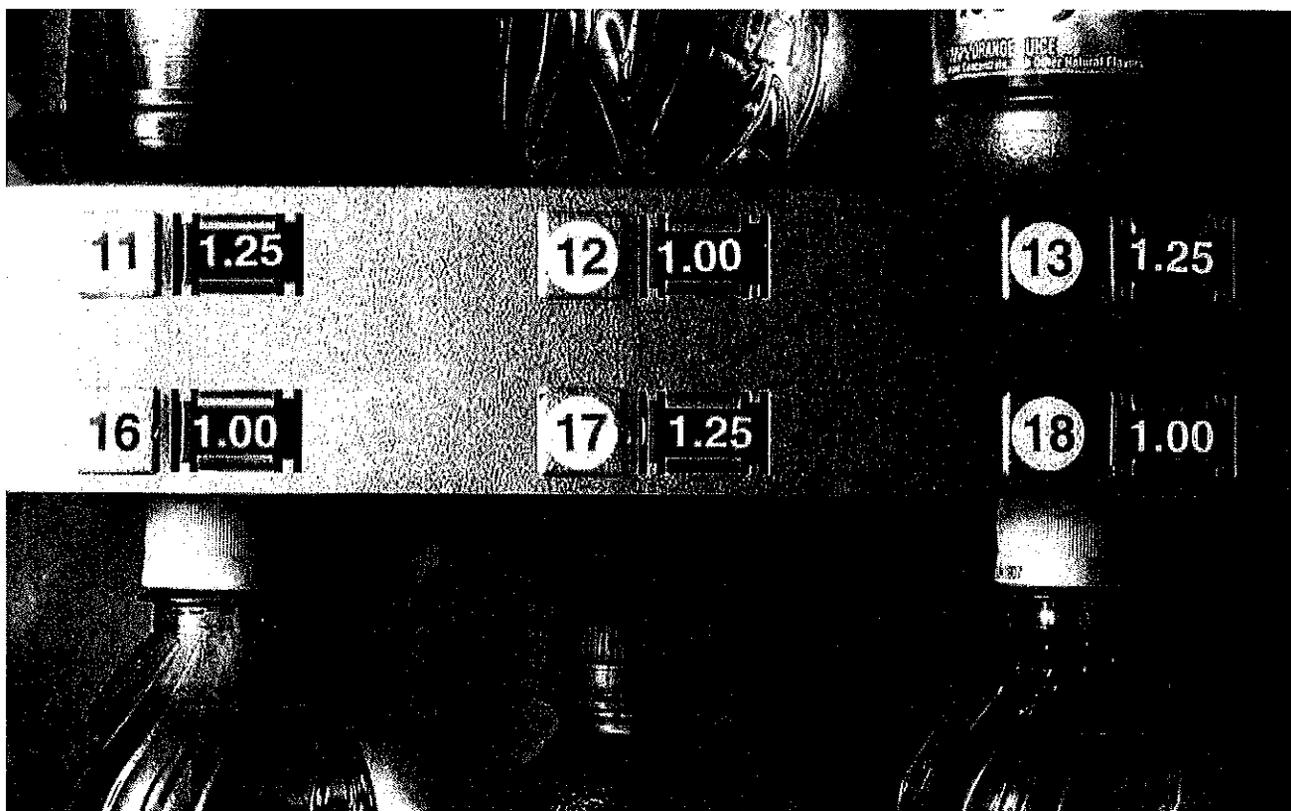
In the past, Nestlé's major brands focused their advertising on the quality of the water that comes from a specific location. Poland Spring, its label depicting a river flowing between rows of pine trees, says that it "just may be the best tasting water on earth;" Arrowhead is "mountain spring water"; Deer Park uses the line, "That's good water!" Ozarka, from the Southwest, says it is "Straight from nature to you!" Ice Mountain claims to be "Pure as the Driven Snow!" And Zephyrhills, in Florida, bills itself as "Pure water from a pure place."<sup>63</sup> Most recently, the company launched a "Born Better" campaign, "to help consumers learn about what makes Nestlé Waters' regional spring brands so unique."<sup>64</sup>

In contrast, Pure Life's messaging focuses on what you do with the product rather than where it came from. Its slogan is "Satisfying your thirst for life."<sup>65</sup> Instead of mountains and rivers, its label depicts people holding their hands in the air.<sup>66</sup> And, rather than advertising the area it comes from, its web page says that it is an essential part of a healthy lifestyle.<sup>67</sup>

Since water is clearly healthy, this new message is not likely to be disputed as inaccurate — unlike some of the company's previous messages, which have come under fire as its spring water operations have attracted public scrutiny. For example, Nestlé's Poland Spring brand was hit with several class-action lawsuits around the country accusing the brand of false advertising because of the alleged disconnect between the labeling and the way the actual bottling operations work.<sup>68</sup> The company admitted no wrongdoing, but in one suit, the judge approved a settlement in which Nestlé would give plaintiffs \$8 million in coupons and donate \$2.75 million to charities.<sup>69</sup>

While Nestlé did not lose the case in court, many consumers have become skeptical of its claims. Moreover, as it is becoming more difficult to find new sources of spring water, it may be more difficult to defend spring water labels. Already, as the company continues its quest to bottle more water, many of its operations are moving farther away from the original sources described on their labels. Poland Spring is no longer getting its water just from its original site; it now has three plants in Maine, after adding one in Hollis and one in Kingfield.<sup>70</sup> It draws from additional sources around the state, including Fryeburg, Poland, Dallas Plantation, Pierce Pond Township and St. Albans.<sup>71</sup> Similarly, the Deer Park brand has moved away from its origins. The company said in 2001 that it was closing down its Deer Park plant in Deer Park, Maryland, and going instead to Allentown, Pennsylvania; it also draws water from Florida.<sup>72</sup> Selling bottled municipal water without emphasizing where it came from can help the





company avoid criticism down the road that these sources are not true to their labels.

Changing the message to focus on health rather than location also enables the company to reach a broader audience with a single product. Since the messaging does not specify a particular location, it can appeal to a national, rather than a regional audience. The company appears to be employing this new strategy with its new spring water brand, Re-source, as well, which says that it is spring water but does not advertise the specific location the spring water comes from.<sup>73</sup>

In addition, switching its message may help Nestlé improve its overall corporate image. In the past, the company has attempted to paint itself as more environmentally friendly by making lighter packaging, supporting recycling programs and making donations to water-related charities.<sup>74</sup> These types of messages have been criticized as “greenwashing” — or “bluwashing” when it comes to water — making environmentally friendly claims that contradict or distract from the true impacts of a product.<sup>75</sup>

By switching to a health message, the company may distract consumers from these critiques and associate itself instead with a much less objectionable subject — healthy

kids. Today, as many parents and teachers are worried about obesity affecting children, they are looking for alternatives to soda and other sugary beverages. According to Beverage World, an industry publication, many of Pure Life’s television commercials are designed to convince consumers that drinking water is better than drinking soda.<sup>76</sup>

Pure Life is capitalizing on this trend by bringing its health message specifically to schools. Its Go Play! program gave children the opportunity to redeem Pure Life labels to earn points for their schools that could be redeemed as funds for recreational programming.<sup>77</sup> The Beverage Marketing Corporation reports that in 2009 the company said Pure Life is now present in a quarter of American school cafeterias.<sup>78</sup>

Unfortunately, while these changes in messaging may improve Nestlé’s image, they promote a consumer mindset that is damaging to the future of public water. By advertising bottled water as healthy, the company is encouraging consumers to overlook the tap, even though it is also healthy. For example, one study conducted in Germany found that encouraging children to drink from school water fountains prevented obesity.<sup>79</sup> In addition, removing any mention of the source of the water means that the packaging does not even give the consumer a reminder



that water is a finite natural resource that should be used responsibly. These sorts of messages are especially worrisome when they are targeted towards children, some of the most impressionable consumers.

As bottled water has become more mainstream, consumers are becoming more accustomed to buying water in plastic packaging rather than drinking it from a tap or a fountain. The increased availability of bottled water and dwindling or run-down sources of public drinking water only reinforce this shift in mindset. For example, a stadium at the University of Central Florida was built without water fountains during a brief time when the Florida building code allowed the sale of bottled water to substitute for fountains. The bottled water ran out during the stadium's opening in 2007, resulting in dehydrated and sick fans.<sup>80</sup> Similarly, bottled water is now one of the most commonly sold products in schools, while many school drinking fountains around the country are falling into disrepair.<sup>81</sup>

Increasingly, bottled water is becoming available where public water is not. Many of these decisions are made because selling bottled water generates a profit, while providing public water does not, even though it is an extremely valuable service. If consumers are influenced by Nestlé's advertising to believe that bottled water is a good source of healthy water, they are likely to become less inclined to advocate for changes in policy and funding that are necessary to keep public water safe and affordable.

## Targeting New Markets Solves Nestlé's Sales Problems, Not the World Water Crisis

Nestlé is also shifting the target of its marketing from its traditional customer base in the United States and Europe to Hispanic immigrants in the United States and "emerging markets" in the rest of the world. This is a strategic move because it targets populations that have not had access to safe tap water — but it won't solve the world water problems that make the product seem like a good option in the first place.

In the past, most of the company's bottled water revenues have come from markets in Europe and North America that are now less receptive to the product.<sup>82</sup> In the United States, Nestlé's first bottled water product, Perrier, gained popularity as a status symbol among many urban middle-class consumers who were willing to pay the higher cost. Now, bottled water is ubiquitous, and many American consumers see tap water as a better alternative. Similar trends have occurred in Europe.

But not everyone in the world has the option to drink safe tap water. According to the World Health Organization, 1.1 billion people worldwide lack access to an "improved drinking water source" and 2.6 billion lack sanitation facilities.<sup>83</sup> The United Nations says that "urgent action is needed if we are to avoid a global water crisis."<sup>84</sup> As one food and drink consulting company put it, "In the western world, we take tap water availability and quality for granted. In other markets, bottled water is much more of a vital lifeline."<sup>85</sup>

Nestlé is specifically targeting these "emerging markets" with its bottled water. Today, the water division of the global corporation has plants in 37 countries, "wants to enter 5 more" and is "aiming to expand its proportion of sales from emerging markets to a third of revenue within a decade."<sup>86</sup> It has its eyes set on China, Brazil, the Middle East and Pakistan, and hopes to "further accelerate the growth of its Pure Life brand" in emerging markets.<sup>87</sup> Today, Pure Life specifically is sold in Algeria, Argentina, Brazil, China, Egypt, Indonesia, Iran, Jordan, Lebanon, Mexico, Nigeria, Pakistan, Russia, Saudi Arabia, South Africa, Thailand, Turkey, the United Arab Emirates and Uzbekistan, as well as Canada, the United Kingdom and the United States.<sup>88</sup>

Targeting new markets appears to be bringing the company some level of success. Although Nestlé Waters saw total sales decline 12.6 percent between 2007 and 2010, the company began to see positive overall growth due to

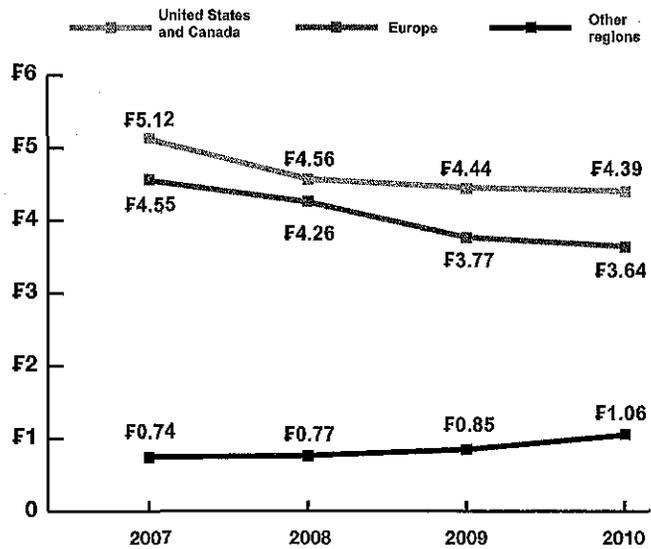
sales growth in emerging markets in 2010.<sup>99</sup> For example, in 2008, while Nestlé's global water division saw negative growth overall, its emerging markets businesses grew more than 20 percent.<sup>90</sup> One Swiss publication dubbed Pure Life "The Perrier for the Poor."<sup>91</sup> It is now the best-selling water brand in the world.<sup>92</sup> These Pure Life sales were probably a major reason why, by the end of 2010, Nestlé Waters' 2010 Annual Report indicated that, while the company's sales in Europe, the United States and Canada had declined again, the company's sales in "other regions" grew dramatically.<sup>93</sup> (See Chart 5.) Nestlé's sales in these other regions were 25 percent larger in 2010 than they were in 2009.<sup>94</sup> This growth offset the declines in Europe, the United States and Canada enough that Nestlé Waters saw a slight (0.4 percent) increase in overall sales.<sup>95</sup>

Even in the United States, Nestlé is now targeting populations that are more likely to see bottled water as a good alternative to the tap because they come from countries where tap water is often not safe to drink. In 2008, the advertising magazine Brandweek reported that Pure Life's target audience is "recent U.S. Hispanic immigrants, moms in particular, who are un-aculturated to American products, yet have an affinity for the Nestlé name."<sup>96</sup> The company teamed up with Cristina Saralegui, a celebrity who has been referred to as the "Spanish Oprah"<sup>97</sup> for a series of television commercials. Overall, it spent \$19 million on Hispanic network television and cable ads in 2006, which went up to \$30 million in 2007. The company has also opened an entire store in New York City to appeal to this audience, which it calls Pure Life Mercado del Agua (water store).<sup>98</sup> Ironically, the Pure Life Mercado del Agua is located in the Bronx, one of the lowest-income areas of New York City — a city whose tap water has been touted as some of the best in the world.<sup>99</sup> This means that the store is specifically selling to a population that may be least likely to afford bottled water, even though there is a much cheaper water option available.

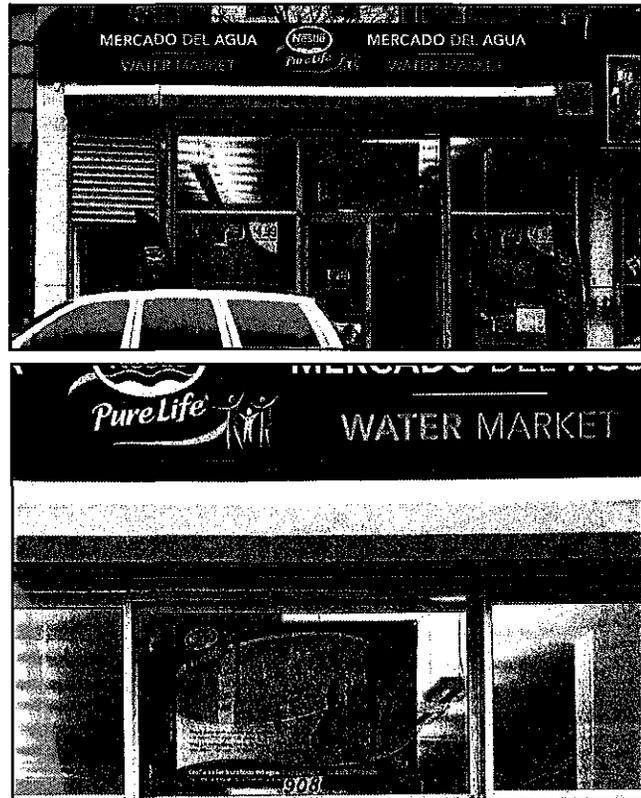
Unfortunately, while selling bottled water abroad may be a good way to find new customers for Nestlé, it is not going to solve the world water crisis. Nestlé's global headquarters is targeting the billion customers that it estimates "will be able to increase their incomes enough to afford Nestlé products."<sup>100</sup> It seems unlikely that the company will sell bottled water at a reduced price to the people who cannot afford to buy it. Unfortunately, the world's citizens who most need water are the ones least likely to afford bottled water.

Just as consumers in the United States are best served by functioning tap water, populations around the world need safe public water. The Second United Nations Water

Chart 5: Nestlé Waters Sales by Region, in Billions of Swiss Francs, 2007-2010

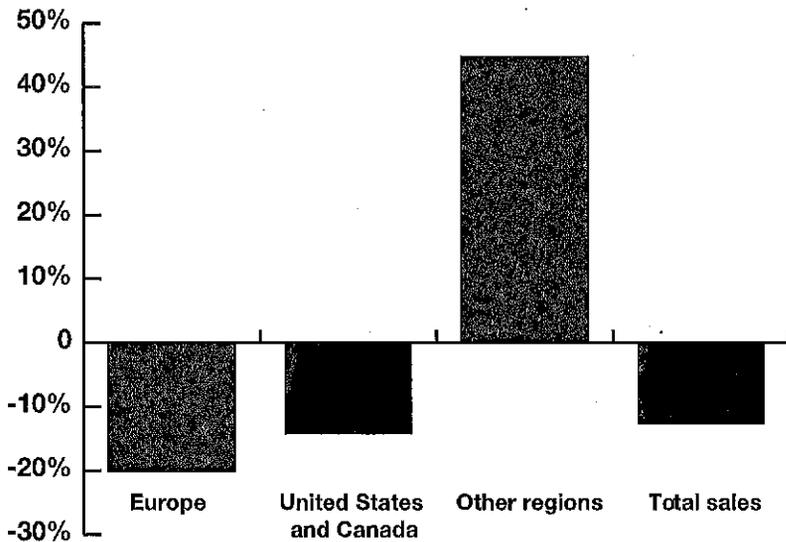


Source: Nestlé Annual Report, 2010 at 39 and Nestlé, Annual Report, 2009 at 29.



Nestlé's Mercado del Agua, or Water Market, in the Bronx, specifically advertising the Pure Life brand. Photos by Food & Water Watch.

**Chart 6/Table 3: Percentage Change in Nestlé Waters Sales by Region, Between 2007 and 2010**



Europe	-20.1%
United States and Canada	-14.2%
Other regions	44.8%
Total sales	-12.6%

Source: FWW Calculation based on data from Nestlé. Annual Report. 2010 at 39 and Nestlé. Annual Report. 2009 at 29.

Development Report says that the water crisis is created by a crisis of governance — who has control over it and how it is managed.<sup>101</sup> Buying bottled water does not address this issue. In fact, water bottlers have financial incentive not to address these challenges — if water is scarce, they can charge a premium for their product. Even in the United States, the potential deterioration of water infrastructure can be seen as a profit opportunity for bottled water. In his 2009 presentation about the future of bottled water, Nestlé CEO Kim Jeffrey said that the company believes that “tap water infrastructure in the United States will continue to decline” and that “people will turn to filtration and bottled water for pure water needs.”<sup>102</sup>

While bottled water can be a temporary solution for obtaining clean water on an individual basis, it does not address the broader need to sustainably manage water resources in the United States or abroad, and it does not provide access to water for the billions of people around the world who can least afford it. To achieve this goal, the global community must recognize that water should not be treated as a source of profits, but rather as a basic human right.

### **Conclusion: Hanging on for Pure Life**

A major part of Nestlé’s success in the U.S. bottled water industry relative to its competition in 2009 was the increased sales of its new Pure Life brand. This may be good for the company’s bottom line, but it doesn’t bode well for the future of public water if American consumers continue to buy bottled water when they could be drinking tap water — the most cost-effective, environmentally friendly source of water there is.

No matter how clever a company’s marketing campaign, consumers are better served by properly maintained tap water than by buying individually packaged bottles of water. Today, as many tap water systems in the United States are in need of maintenance and repair, it is important to ensure that this important public resource is adequately funded. That is why Food & Water Watch is working to renew America’s water through increased federal funding for drinking water programs and infrastructure.

## Endnotes

- 1 Beverage Marketing Corporation. "Bottled Water in the U.S." 2010 Edition. July 2010 at 150.
- 2 Beverage Marketing Corporation. "Bottled Water in the U.S." 2010 Edition. July 2010 at 150, 3.
- 3 See Nestlé website, [www.Nestlé-watersna.com/menu/ourbrands.htm](http://www.Nestlé-watersna.com/menu/ourbrands.htm) accessed January 29, 2011.
- 4 Beverage Marketing Corporation. "Bottled Water in the U.S." 2010 Edition. July 2010 at 152; Nestlé. Annual Report. 2009 at 2.
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- 8 Beverage Marketing Corporation. "Bottled Water in the U.S." 2010 Edition. July 2010 at 153.
- 9 Beverage Marketing Corporation. "Bottled Water in the U.S." 2010 Edition. July 2010 at 7, 22.
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- 14 Pacific Institute. "Bottled Water and Energy: A Factsheet." 2007; Gleick, PH and HS Cooley. "Energy implications of bottled water." *Environmental Research Letters*, 4, 014009. 2009 at 6.
- 15 Gleick, PH and HS Cooley. "Energy implications of bottled water." *Environmental Research Letters*, 4, 014009. 2009 at 6.
- 16 U.S. Government Accountability Office. "Bottled Water: FDA Safety and Consumer Protections are Often Less Stringent than Comparable EPA Protections for Tap Water." June 2009 at 23.
- 17 Office of Water. U.S. Environmental Protection Agency. "Water on Tap; what you need to know." (EPA 816-K-03-007). October 2003; NUS Consulting Group. "2007-2008 International Water Report & Cost Survey." July 2008; Food & Water Watch purchased five single-serve bottles of water in August/September 2009 from a Washington, D.C. 7-Eleven, CVS Pharmacy, Giant, Safeway and Whole Foods Market. The cost, excluding sales tax, totaled \$5.77 for 97.4 ounces, which works out to \$7.58 per gallon.
- 18 Beverage Marketing Corporation. "Bottled Water in the U.S." 2010 Edition. July 2010 at 262.
- 19 Beverage Marketing Corporation. "Bottled Water in the U.S." 2010 Edition. July 2010 at 259.
- 20 Beverage Marketing Corporation. "Bottled Water in the U.S." 2010 Edition. July 2010 at 262.
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**Food & Water Watch**

*Main Office*

1616 P St. NW, Suite 300  
Washington, DC 20036

tel: (202) 683-2500

fax: (202) 683-2501

info@fwwatch.org

www.foodandwaterwatch.org

*California Office*

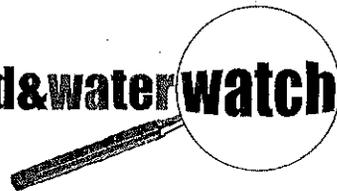
25 Stillman Street, Suite 200  
San Francisco, CA 94107

tel: (415) 293-9900

fax: (415) 293-9941

info-ca@fwwatch.org

**food&waterwatch**



WATER POLICY INTERIM COMMITTEE  
September 13, 2011

**GENERAL WATER USE REQUIREMENTS**

This Table does not include flow rate but these uses are based on using 35 GPM or less.

PURPOSE	DIVERTED (acre-feet per yr)	CONSUMED (acre-feet per yr)	ASSUMPTIONS
<b>DOMESTIC</b> (in-house use)	.3 AF	.03 AF	- 2.5 persons / household - 100 gpd / household - 10% consumed w/standard drain field <sup>1</sup>
<b>STOCK</b> ➤ Per animal unit ➤ 100 animal units	.017 AF 1.7 AF	.017 AF 1.7 AF	- 100% consumed
<b>LAWN &amp; GARDEN</b> ➤ ¼ acre ➤ ½ acre ➤ 1 acre	Billings / Bozeman 0.6 AF / 0.5 AF 1.2 AF / 1.0 AF 2.4 AF / 2.0AF	Billings / Bozeman 0.5 AF / 0.4 AF 1.0 AF / 0.8 AF 2.0 AF / 1.6 AF	- 80% efficiency - Billings – 24" net irrigation (IWR) - Bozeman – 19" net irrigation (IWR)
<b>IRRIGATION</b> ➤ 1 acre ➤ 4.34 acres ➤ 7 acres <sup>2</sup>	1.4 - 2.3 AF 10.0 AF 10.0 AF	.98 – 1.61 AF 7.0 AF 7.0 AF	- Pasture grass - Pertinent climatic area - 70% sprinkler efficiency
<b>COMMERCIAL</b>			- 10% consumed <sup>3</sup> - Does not include landscape water
➤ Restaurants (75 seats) ➤ Motels (100 rms) ➤ Retail / Mini-Mall	.67 AF 5.6 AF .08 AF	.067 AF .56 AF .008 AF	- 8 gpd / patron - 50 gpd / 2-person - 5 retail shops w/ 2 sales persons each - 8 gpd / salesperson

<sup>1</sup> Consumption could vary dramatically with use of community wastewater systems.

<sup>2</sup> The flow rate necessary for 7 acres of irrigation will vary and may exceed 35 GPM depending on the type of sprinkler system.

<sup>3</sup> Consumption could vary dramatically with use of community wastewater systems.