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Impacts Of The Public Water Source Label on Bottled Water Industry

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Abstract Text:

This paper examines the potential impacts of the public water source (P.W.S.) label requirements on the bottled water industry. The marketing of safe to drink tap water is a strategy used by local city governments to improve consumer perception of public water. This strategy used by U.S. city mayors and state governors is much different than those used by companies like Coca-Cola and Pepsi. The bottled water industry has been successful in differentiating their products from water dispensed from the tap, water fountains in schools, offices and public buildings. The gap may be reduced with the federal requirement to provide the source of the water that is sold to consumers. For Dasani and Aquafina, well established brands of Coke and Pepsi, the label "public water source" will be added for their purified water products. The label is new not the legislation. The Food and Drug Administration (FDA) issued in 1994 regulation that required the labels because they felt that the current way bottled water was marketed to consumers was misleading. The impacts that the source label may have on market share and profitability for the bottled water industry will be examined in this report. Research reveals what the presence or absence of the source label may have on consumers' perception of health risk. Do consumers "assume" that the bottled water that they purchase under the Dasani and Aquafina brands are from a natural or mountain spring? This report will consider the impact of the public water source label required by FDA on consumer trust. Lastly, Pepsi's response to the new label by launching new advertisements targeted towards the bottled water market.

Impact Statement:

Impacts are already being felt in the form of pressure from environmental and consumer groups. Pepsi's advertising of its ads have been changed. The new ads promote Aquafina's seven-step purification process. Consumer attitudes continue to change. This could mean new strategies will be required to maintain the market share enjoyed by the bottled water industry to this point. The Bottled water industry is gearing up for a fight on multiple fronts. The impact of this small P.W.S. label will cause a large ripple effect on the industry that neither Coke nor Pepsi can ignore.