

Category Outlook

Bottled Water

Drive Growth and Traffic with Bottled Water

In 2011, bottled water has continued its solid growth in the c-store channel with positive returns in each of the past 6 quarters and is up 5% in gallon volume year-to-date. While single serve is certainly the dominant segment with 55% of the volume, take home (.5L 20-24pk) has been the main driver of growth, up 19% YTD with a 23% share of the category.*

Successful retailers leverage take-home case displays inside the store near the front window and outside the store on "the porch," driving foot traffic from the pump and encouraging impulse purchases in-store. These case-pack displays are common in other channels and have actually become something that shoppers expect to see when they consider a bottled-water purchase.

Another component of a successful take-home program is to offer popular brands in both spring and purified water types that cater to different consumer needs. Water type is a greater driver of purchase decision in c-store than in other channels.** Research has shown that average units per store per day actually increases when stores offer take-home packages of both a popular water, such as one of Nestlé Waters' Regional Spring Water brands, and a value brand such as Nestlé Pure Life®.

While there are many great reasons to expand take-home offerings and merchandising activity, you can't forget the core of the category: single serve. As mentioned earlier, single serve represents a significant portion of bottled water sales and is one of the most profitable items in the cold box. And with impactful promotions driving traffic, velocity and shopper loyalty, it is critical that single serve bottled water gets the space it needs in the cooler door.



Sparkling waters continue to deliver good profits from the cold vault. Health and wellness desires are driving the sparkling-water segment growth, which is up 15%.*

C-store retailers are continuously looking for ways to increase sales and profits, and as such more attention has been paid to driving foodservice sales. One way to do this is to bundle foodservice offerings with other products to entice higher dollar rings. According to NPDCrest, nonalcohol-beverage servings at QSRs (quick-serve restaurants) outpace c-store 5-to-1 in the afternoon day-part. In response, successful c-store retailers are coming up with creative ways to combine foodservice sales with beverages from the cold box to try to capture more of this important usage occasion. When executed correctly, bun-

dling strategies enhance the foodservice experience for the customer and provide an opportunity for c-store retailers to capture some of that traffic lost to QSR.

Few categories have been immune from the economic challenges that we've seen the past few years, but bottled water has proven to be one of the fastest to recover. Bottled water is a high-volume, high-growth and profit-enhancing category that will keep your customers returning to your store again and again, now and into the future.

* Source: Nielsen C-Store YTD 10/8/11

** Source: Proprietary Nestlé Waters North America Inc./GfK Shopper A&U Study 2011