

**Sent:** Monday, August 04, 2003 6:18 PM

**Subject:** BOTTLED WATER BRAND LOYALTY....NOT A REALITY.

*Dear Aquathin Dealer OnLine;*

*You will enjoy the quick read below. The bottled water industry...still at this stage of maturity...just has not got a clue. One person states in order to get Customers his firm has to be "clever" as if to fool the public. Another states its the "portability" of water and she thinks everyone drinks tapwater at home (and as if that's the only place you can get tapwater).*

*These companies spend hundreds of millions of dollars in advertising to achieve what you all accomplish on far less cost efficiencies. You have Customer loyalty...for when it comes to health, everyone wants the very least amount of contaminates....they want great taste....and they do not, mind you, do not want to switch as long as they are getting the best. Top that off with cost per litre for the best is about 4 cents, and its a no brainer who they are loyal to.*

*So, we'll ride the bottlers' advertising dollars in the future as they help to grow market awareness and we shall continue to welcome all their Customers. It is the natural evolution in our industry that has played out since we began...and you all see it. I love my Aquathin !*

*Warmest regards to all...as well, your comments are always welcome and very much appreciated.*

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"Alfie"

Alfred J. Lipshultz, President

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Bottled Water - 7/16/2003 12:09:14 PM

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## Bottled water booms, but could brand loyalty bomb?

NEW YORK — Wholesale bottled water sales are expected to

reach \$12 billion by 2007, but advertising experts wonder if a potential lack of brand loyalty among consumers poses a challenge to the market's success.

According to the July 7, 2003, issue of *Advertising Age*, observers of the bottled water industry question whether or not marketers can persuade people to be brand loyal to a commodity.

"We sell water," Jeff Caso, Nestle Waters' senior vice president-global marketing and communications, said in the article. "so we've got be clever."

Advertising spending when it comes to bottled water is a drop in the bucket compared to soft drink spending. Last year, carbonated soft drinks received \$617 million in advertising, while water spending reached only \$93.8 million, according to *Beverage Digest*.

Many industry experts predict a price war is in the near future for bottled water, and this war may encourage brand-switching, *Advertising Age* said.

Some bottled water companies have found that the most effective way to compete in the market is to compete against themselves.

Dasani Water, for example, is part of Coca-Cola's "three-tier strategy" with Evian at the top, followed by Dasani and Dannon. Evian and Dannon may be owned by Danone Waters of North America, but are marketed and distributed by Coca-Cola, the article stated.

The bottled water industry, despite its challenges, is not expected to slow down any time soon, however. Pepsi believes that the portability of bottled water is one of its key attributes. Dawn Hudson, president of Pepsi-Cola North America, said in the article, "People drink a lot of tap water, but they're not home to get it."