VOSS

evian

ADM 2320 D Marketing Group Assignment

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Date Due: November 24th, 2011

Names

Executive Summary

Industry Overview:

The bottled water industry gained prominence in the late 1970s and has experienced consistent and considerable growth since. Despite a slight decrease in the growth rate since the recent recession, the industry is expected to return to its previous growth rate in the coming years.

Company Analysis:

VOSS has achieved success by incorporating intelligent positioning, distribution, branding, and packaging strategies. By doing so, it has created a luxury water for high-end customers in the premium water industry, and has achieved rapid growth since its inception at the turn of the century.

Evian has experienced success in the industry since the early 1980s using an effective blend of brand recognition, extensive distribution channels, and a diverse product mix. This has led to it becoming the third most recognizable brand in the industry.

Consumer Analysis:

VOSS' key consumers are either high-end establishments or wealthy individuals. They purchase the product because of the exclusive nature of the brand, regardless of the price.

Evian has a much more diverse consumer base. It consists of moderately wealthy individuals with a passion for healthy living. They pay for the association with healthy lifestyle, despite a slightly more expensive product than some competitors.

Competitive Analysis:

Both companies share the same competitors in the industry. Fiji, a high-end Artesian water; Aquafina and Dasani, cheaper brands that purify municipal water; and Perrier, a French sparkling water all present various challenges to VOSS' and Evian's market shares.

Market Analysis

Target Market: Due to its narrow product mix, VOSS' target market consists primarily of high-end establishments in the United States. Conversely, Evian targets many markets at the global level with its more price-diverse product mix.

Positioning and Branding: VOSS positions itself as an exclusive luxury brand through its stunning bottle design, while Evian creates an attachment by positioning itself as healthy and fashionable.

Product Strategy: VOSS offers only its basic Artesian water in still and sparkling form. It also offers a slightly cheaper version of its plastic bottle. Conversely, Evian offers a variety of waters and bottles, ranging from high-end glass bottles to flavoured water.

Pricing Strategy: VOSS prices its products higher than any of its competition to promote its image of luxury. Similarly, Evian prices itself slightly higher than competitors to give a sense of added value.

Distribution Strategy: Despite similarities in their respective supply chains, VOSS and Evian distribute very differently. VOSS distributes exclusively to high-end establishments in the U.S. in order to preserve the brand prestige, whereas Evian distributes intensively to many retailers worldwide.

Promotional Strategy: While VOSS uses almost no promotional strategy, Evian has recently launched a “Live young” campaign, and sponsors celebrities to carry its product.

Conclusion: Despite their differing marketing approaches, both companies are primed for success.

Industry Overview

Bottled water is commonly depicted as an exceedingly ordinary and mundane product, in stark contrast to many recently emerging high-tech products, like the personal computer, MP3 player, or tablet; however, the emergence of the bottled water industry as a mainstream market is a relatively recent development.

Prior to the 1980's, bottled water was viewed as a niche category in global markets, a luxury for members of the exclusive higher classes. However, in the late 1970s to early 1980s, two European bottlers, Danone and Nestlé, began distributing globally, utilizing a market development strategy to tap into the profitable and unsatisfied American market.[1] This occurrence marked the beginning of a radical overhaul to the industry landscape, one which would evolve and grow rapidly over the next 30 years, especially in the United States **(Figure 1)**.[2]

A slight decrease in growth occurred between 1990 and 1991, when a harmful benzene contamination was found in a sample of Perrier mineral water, causing a worldwide recall of this bottled water. However, the industry more than recovered from adverse public opinion of bottled water quality, and sales continued to increase at a strong rate of 8 to 10 percent per year for the next several years **(Figure 1)**.[3]

This radical period of growth in the U.S. served as a microcosm for the overall bottled water industry. By the turn of the century, a serious societal concern coincided with an additional increase in bottled water sales, especially in the United States: the rise of obesity. Amid concerns of obesity and other health matters, bottled water's lack of calories and artificial flavouring attracted a large number of health-conscious consumers.[4] Sensing a shift in consumers' tastes, firms attempted to differentiate by offering flavoured and enhanced water products (**Figure 2**).[5] These developments, coupled with additional newcomers to the regular still and sparkling water sectors, continued to guide the steady growth of the bottled water industry until the global recession of 2007/2008. However, while the growth *rate* decreased from 6.8% in 2007 to 4.8% in 2008, the overall size of the industry continued to rise, as over 200 billion litres of water were consumed globally in 2010 **(Figure 3)**.[6]

Currently, there are over 3 thousand brands of bottled water in the world, with Paris-based Groupe Danone (Evian) and the Swiss company Nestlé (Perrier, San Pellegrino) still the two main players in the global market. Taking up large portions of shelf space in the U.S. market are Coca-Cola's Dasani and PepsiCo's Aquafina water.[7] These companies, in particular, are well positioned as sales continue to rise rapidly in almost every viable market in the world **(Figure 4)**.[8]

In analyzing the macroenvironmental factors relevant to the bottled water industry, it is quite simple to project whether or not these extraordinary gains will continue to be the industry norm in the coming years. In contemplating the "[competition], demographics, social and cultural issues, technological advances, economic situation, and political/regulatory environment"[9] relating to the industry, a clear projection of the industry's success begins to materialize.

The growth of the water bottle industry is primarily affected by social issues and the global economic situation. In recent years, there has been a general turn towards environmentally-friendly business practices, necessitated by evolving societal expectations. The bottled water industry has been heavily criticized for causing enormous amounts of plastic to be wasted during bottle production. This has caused many consumers to resort to drinking tap-water from re-usable bottles instead. To combat this negative public perception, many bottlers have attempted to reduce or offset the companies' carbon footprint. For example, in hopes of preventing a downturn in sales, Evian has launched the "Evian Water Protection Institute", which oversees 3 sustainable development projects in Argentina, Nepal, and Thailand.[10] Many other bottlers have adopted similar practices.

To augment this potential problem, the recent downturn in the world economy has caused consumers to find cheaper alternatives to purchasing bottled water. Many middle-class families have begun drinking tap-water, foregoing bottled water altogether. However, this decrease in sales was seen throughout the entire beverage industry, and is not expected to persist.[11]

Overall, most industry experts do not expect the new "green" trend and economic instability to cause extended periods of slow growth in the industry. The desire for healthy alternatives to soft drinks, and the convenience of bottled water, should lay the groundwork for steady industry growth for years to come **(Figure 5)**.[12]

Company Analysis

VOSS

Throughout the past decade, VOSS has emerged as one of the most successful premium bottled water companies in the world by establishing itself as a premier luxury brand through its production of high-end Artesian water extracted from underground aquifers.

VOSS' success in the premium water bottle industry is a direct result of the company's strengths in distributing, positioning, branding, and packaging their products effectively. By utilizing a very focused distribution strategy, which sells primarily through on-premise accounts, VOSS has been able to build a high-end brand image and effectively limit consumption of its product to its desired target market[13]. . By "only making the product available to luxury hotels, restaurants, and clubs like the Ritz-Carleton,"[14] the company positions itself as an exclusive brand intended for consumers whose decision heuristics are not affected by price, but are highly influenced by the brand and product presentation.

In addition, while designing the packaging for the product, VOSS emphasized that "the packaging needed to communicate the brand's personality…it needed to convey a new way to think about water, beyond refreshing to luxurious and beautiful."[15] The focus on the physical appearance of the bottle further enhances the product's high-end image, which provides even more value to the company's target market.

However, VOSS is not without weaknesses. The company lacks diversity in its product line, while the size and profitability of its original market is quite small.

VOSS currently produces two different types of water: still and sparkling. The company's reluctance to expand their product mix has prevented them from tapping into potentially profitable markets, like the premium flavored water market. By failing to adapt to shifting consumer preferences, VOSS is losing potential consumers to competitors like Evian, who have started to enter the premium flavored water market. Furthermore, the company has realized that "the high-end market for glass on-premise water is a smaller universe than they thought. It's just not that profitable"[16] because of its limited size. Therefore, VOSS will need to look for other markets to target in order to grow as a company.

VOSS has taken some actions towards creating a bigger consumer base; it has begun distributing a very similar plastic version of their premium luxury product to specific retailers globally. Although this increases the size of their target market, and their profit margins, the exclusiveness and quality of the company's image is possibly diluted by making VOSS' brand available to the general public. Nonetheless, VOSS is relatively successful in maintaining its positioning as a premium bottled water company through its high pricing, selective distribution, no discount policies, and elite branding.

Throughout its product's life cycle VOSS continues to improve overall performance by increasing sales and revenue **(Figure 6)**.[17] When VOSS was originally introduced into the market in

2002, the company was only selling 195,237 units to on-premise facilities, where 23,809 of those units where sold internationally and the rest in the United States. In recent years, VOSS has increased its sales by more than 1000%. The most recent public numbers show that VOSS is distributing 1,973,140 units worldwide, with 1,252,675 units going to on-premise facilities and the rest to retail distributors. In addition, the company increased its international sales from 23,809 in 2002 to 484,727 in 2007.[18] Overall, VOSS has been constantly increasing its overall sales since its penetration into the water bottle market. After receiving 18 million dollars in strategic funding from new investors on August 2011,[19] the company is expected to continue its rapid growth.

Evian

Like VOSS, Evian, a corporate banner for Danone Group, is part of the premium bottled water market. Evian entered the market in the 1970s and has been one of the leading producers of luxury brand water ever since. Nonetheless, in the past decade, the Evian brand has become increasingly mainstream, due in large part to its new distribution and promotional practices.

Evian's major strengths are based on the company's brand recognition, distribution strategies, and product diversity. Evian is currently the third most recognized bottled water brand in the world,[20] and through their pricing and promotional strategies they are acknowledged as on of the most prestigious premium bottled water companies in the world.

Through its product diversity as well as the distribution methods it utilizes, Evian is able to target and meet the demands of its various markets, while creating value for each specific target market. Evian does so by offering a uniquely luxurious bottle to the premium water market at a high price, while providing a simpler plastic bottle for its more mainstream market at a much lower price. However, the plastic bottle still remains a high priced product compared to cheaper brands like Aquafina or Dasani.

Evian's main weakness is its inability to become a market leader in any of the different segments in which it operates. Evian's performance and market share have continually decreased since the emergence of the cola giants' bottled water brands in the late 1990s. This resulted from Evian's failure to foresee additional competition from companies such as Coca-Cola and PepsiCo in the bottled industry.[21] While these mistakes have cost Evian a significant share of the water bottle market, Evian has recently begun to adapt new marketing strategies, and is considering the production of new products, like a new line of flavored water, in order to meet other market demands. By drawing profits from a diverse source of target markets within the overall bottled water industry, Evian should be able to remain a viable and highly competitive organization.

Consumer Analysis

To many, bottled water is considered a convenience good, with little distinction between brands. However, in recent years, water has evolved into a shopping good for many consumers. In an industry that emerged from an ongoing trend toward higher levels of convenience, companies like VOSS and Evian have found ways to differentiate themselves from competitors while selling the world's most natural resource. Both VOSS and Evian are companies that have been successful in reaching their target markets effectively, and in turn, have achieved impressive market shares in a hyper-competitive industry. The respective companies have done so by utilizing marketing methods that allow the companies to identify their target markets and anticipate how key consumers respond to their products.

Analyzing the behaviors of consumers has always been a difficult task for marketers because of the inability to perfectly understand the motivation behind consumer decisions. To help simplify this process, marketers have developed the following model:

Consumer Decision Process[22]

1. Need Recognition: the consumer realizes a need for a desire to be satisfied.

2. Search for Information: the consumer uses primarily his or her own knowledge and memory of the good he or she desires, and if need be, seeks outside information to improve the buying decision.

3. Evaluation of Alternatives: the consumer uses a wide range of evaluative criteria to weigh the options of his or her purchase.

4. Purchase and Consumption: the consumer purchases and consumes the product that he or she has decided upon.

5. Postpurchase: the consumer evaluates the purchase and decides whether he or she is satisfied or if there is some dissonance. This is an important stage in the process for marketers, as it deals with actual, rather than potential, consumers.

Regardless of whether the purchase is complex or habitual, every consumer undergoes this process, whether consciously or unconsciously.

Utilizing this general model, marketers can analyze each company's key consumers and determine whether or not the market a company is targeting is actually purchasing its products. It is important to note that the target markets and distribution strategies of both VOSS and Evian are directly correlated with the market in which each operates. Nevertheless, they differentiate themselves by marketing to different target markets and utilizing distinct distribution strategies, as will be demonstrated in the following case comparison.

VOSS:

Since its launch in 2000, VOSS has cemented itself as a market leader in the premium bottled water industry. This unique market in which the company operates is geared towards high-end consumers, who are willing to pay a top dollar price for a luxury product. VOSS has made the distribution of its water exclusive to upscale restaurants, hotels, clubs, spas and, water bars, which have become increasingly popular in Europe.

Figure 7[23] exhibits the firm's high profit margins in comparison to its close competitors in the premium bottled water market. This margin allows VOSS to maintain its status as a market leader. By limiting its distribution to only desirable accounts, VOSS is able to maintain the brand's prestige and foster unwavering loyalty amongst its high-end buyers.

Evian:

In a market with such stiff competition, firms like Evian must be diligent in targeting an attractive market if they wish to sustain a competitive advantage. The company feels that it is most successful when marketing to consumers who are well-informed, live healthy lifestyles and contain higher discretionary incomes.[24] Furthermore, Evian operates differently than VOSS with respect to its distribution strategy. The company uses intensive distribution, in that it is completely non-exclusive, offering its product through a multitude of different level retailers. This method of conducting business has earned Evian a large and diverse consumer base, resulting in a strong market share in an industry that has become increasingly competitive.

<u>Competitive Analysis</u>

VOSS' and Evian's main competitors in the bottled water industry are Fiji, Aquafina, Dasani and Perrier.

Fiji

One of Fiji's main strengths is simply the purity and quality of its water. Classified as an

Artesian water, Fiji water is taken from an underground aquifer. Never coming into contact with air during the production process, Fiji water is said to be completely uncontaminated.[25] This is Fiji's unique selling point, as it allows the company to differentiate its product from most bottled water companies, especially from purified or spring water like Dasani or Evian. Another strength of Fiji is its popularity amongst the high-class population. Fiji says that its product "has become the favorite bottled water of movie stars, rock musicians, and supermodels."[26] It has also appeared in a variety of movies such as "*The Thomas Crown Affair* and *DodgeBall,* and television series *Ally McBeal, The West Wing, Friends, Felicity,* and *Just Shoot Me."*[27] . Fiji also has a strong distribution channel and high brand awareness, as well as partnerships with stores and major global retail outlets in every continent.[28] Furthermore, consumers within its target market are able to easily identify the brand and its attributes, including its distinctive square bottle that is different from regular cylindrical bottles offered by Evian, VOSS and most of its other competitors. Fiji has also "become the second largest imported bottled water brand in the US, topped only by Evian, in just five years."[29]

Among its weaknesses, the company is constantly criticized because its production is not as efficient and environmentally friendly as customers would expect. Fiji's carbon-emission damage to the environment when transporting the product is affecting its image as a green company and changing consumers' perspectives negatively.[30] Furthermore, the company incurs considerable additional costs in transporting and distributing the water from its remote location. This makes it harder for Fiji to compete, given the industry's recent decline in overall sales and the consequent reduction in prices of bottled water across the board.[31]

Aquafina and Dasani

In order to differentiate their products, as stated in their respective websites, Aquafina (PepsiCo) and Dasani (Coca-Cola) use a purification system that includes reverse osmosis. Aquafina also uses carbon filtration whereas Dasani enhances its product with a special blend of minerals. Because these companies obtain the water from public reservoirs[32], as opposed to Fiji or VOSS who market Artesian water, Aquafina and Dasani have an advantage relative to the cost of obtaining the water and transporting it to the customer. This allows them to compete more efficiently in terms of price. In addition, they have an established distribution system with products available in thousands of retailers in hundreds of countries, including most supermarkets in Canada and the United States. Furthermore, both companies have financial stability from their parent companies Coca-Cola and PepsiCo.

Moreover, because of their intense distribution, these companies have achieved a high level of brand awareness, becoming the first and second most recognized brands of water in the United States.[32]

However, since Aquafina and Dasani both take their products from municipal reservoirs, they do not offer a very distinctive or desirable product. Therefore, consumers do not perceive their products as premium products, creating an opportunity for competition to bring similarly cheap waters into the market, siphoning away much of their respective market shares.

Perrier

Similar to Aquafina and Dasani, Perrier receives financial support from its parent company Nestlé for promotional strategies, as well as the ability to use Nestlé's strong and established distribution channels. This allows Perrier to place its water in supermarkets in more than 140 countries, especially in North America.[33] This natural water bottled in Vergeze, France is highly sought after by customers, and it is therefore the best-selling imported sparkling water in the United States.[34]

Perrier's weakness is the high cost of transporting the water from France to different countries. This prompts the company to set higher retail prices, or lower its profit margin to remain in business. Furthermore, the glass packaging is cumbersome and inconvenient for some consumers to carry with them, as opposed to plastic or other materials.

Marketing Strategy

Target Market:

Although VOSS sells its products around the world, its efforts are mainly focused in the United States. VOSS' regular glass bottle target market consists of high-end restaurants, hotels, clubs, and spas.[35] Because the product is positioned as an ultra-premium and luxury product, its target market consists of mid- to high-class consumers who can afford to pay a premium price for it. VOSS Silver's target market includes mainly hotels' customers as this new plastic bottle was created to fit hotels' needs.[36] VOSS Red's plastic bottle, on the other hand, targets a completely different group of people who look for convenience and high quality water to grab on the go. The target market has recently been expanded to include middle-income consumers who shop at upscale stores including supermarket chains such as Loblaws in Canada and similar stores in the United States.[37]

Evian has a large variety of products created to fit the different lifestyles of consumers, allowing it to target multiple markets depending on the different products being offered. Evian targets consumers from all ages and ethnic backgrounds[38] who care about high-quality products and are willing to pay a higher price than more basic brands like Aquafina or Dasani. Its target market includes people with mid- to high-discretionary incomes, especially for its luxury bottle designs, hinting at a healthier lifestyle. The target market of the premium glass product includes customers of high-end clubs, hotels, and restaurants, whereas other plastic versions are marketed for customers who look for a more affordable option with the same high quality.

Positioning and Branding Strategy

Positioning can be defined as "the mental picture that people have about a company and its products or services relative to competitors."[39] Creating a positive perception of your product or service is crucial in ensuring its success. This is why VOSS and Evian, like many other companies, go to great lengths to ensure that this is done effectively.

VOSS has been able to consistently position itself in the premium water industry since its establishment. It has been able to differentiate its product by creating a "vibe" around the bottle, highlighting the elegance and aesthetic appeal. This has allowed the company to create value for consumers and create a desirable brand image for VOSS, securing thousands of on-premise accounts in the United States, and selling its products to high-end hotels, restaurants, and bars. Essentially, it has created a "thirst" for its product by using creativity and innovation to visibly differentiate its products in an industry with generally similar products.

Evian, on the other hand, sells mostly to the final consumer. It has also been able to position itself successfully in the industry, using "unique brand communication efforts."[40] With its unique slogan of "naturally pure and mineral-balanced water supports your body's youth", the firm has been able to capture the attention of its customers, formulating an emotional attachment to the products and services that it offers. Its exclusive bottling and packaging has successfully positioned Evian as "high-end and fashionable"[41] in the eyes of consumers, making it a viable threat among competitors.

Product Strategy

An extremely important aspect of a company's marking strategy is the product strategy it chooses to implement. Even though both VOSS and Evian attract customers who are interested in premium water, both companies offer a completely different assortment of products, packaging, and branding.

VOSS water only has two types of water: still and sparking. However, it delivers these two distinct products through three different product lines: VOSS Glass, VOSS Silver, and VOSS Red.

VOSS Glass is the signature product line of the company, and comes in two different sizes, 800ml and 375ml. It was originally targeted to a premium luxury market and distributed only to specific hotels, clubs, bars, and restaurants. However, this product line is now available to the majority of the market at a premium price, through a number of different retailers.

VOSS Silver was introduced into the market in order to offer a plastic alternative to the original product line. This product line comes in two sizes, 850ml and 500ml. Like VOSS Glass, this product line was originally targeted to a premium luxury market, but is now readily available to the majority of the market.

VOSS' final product line is VOSS Red. This line was introduced prior to the the mass availability of VOSS Glass and VOSS Silver, and was intended to be a cheaper alternative for the general public. The product comes in 500ml and 1L bottles and is only available in a number of states in the U.S., including California, Florida and New York. This is due to the fact that VOSS wanted to maintain a clear difference between its premium products and its less expensive products.

VOSS has placed an immense emphasis on the packaging of its product, which is why VOSS brought in Neil Kraft, former creative director to Calvin Klein and Ralph Lauren, to design a bottle that communicated the brand's personality and brought forth the idea of beautiful and luxurious water.[42]

Unlike VOSS, Evian uses numerous forms of packaging that are suited for specific occasions, and more importantly, for a diverse number of market segments. Evian has created its products to fit the many different lifestyles of its different consumers. The products range from sports bottles for sporting activities, to small and large on-the-go bottles, to elegant glass bottles for special occasions, and finally to selective bottles for its premium luxury consumers. Evian products come in eleven different sizes, with each product category possessing its own set of sizes. Because of its product diversity, Evian has been able to establish itself as one of the top competitors in both the regular and premium bottled water markets.

Essentially, VOSS has chosen to continue concentrating on providing a high-end product to its premium market, but at the same time, it has introduced its premium quality products to the rest of the market. Evian has decided to implement a different strategy, which involves providing the different segments of the water bottle market with premier water that is packaged to suit their specific needs.

Pricing Strategy

VOSS' pricing strategy undertakes a competitor orientation. In order to set a price for its product, VOSS measures itself primarily against its competitors.[43] It carries out this task by utilizing a premium pricing strategy in which it sells its VOSS products at a higher price than its competitors "to capture those consumers who always shop for the best or for whom price does not matter."[44] The company sets its price for the VOSS glass bottle at roughly 50% more than its competitors and 10-15% more than its VOSS Silver and VOSS Red. The pricing strategy VOSS uses is a competitor-based pricing method where the company "set prices to reflect the way they want consumers to interpret their own prices relative to the competitor's offering."[45] It wants consumers to see its product as superior and of higher quality than the competitors and therefore charges high prices. The company can do this because its product is a prestige good, so "consumers purchase for status rather than functionality"[46] and "the higher the price, the greater the status associated with it and the greater exclusivity."[47] It is not in the best interests of VOSS to maximize sales numbers; rather, it is to keep its brand image as elite, premium and exclusive in order to set corresponding prices. Furthermore, because VOSS sells prestigious products, the demand curve of its products are inelastic. This means that customers are willing to purchase the product regardless of any price increases. For these reasons, VOSS does not drop its prices frequently nor do they offer discounts, preferring to maintain its high prices and the perceived quality associated with them.

Evian's pricing strategy, like VOSS', adopts a competitor orientation, meaning that the company sets its prices relative to the competition.[48] Because Evian has a diverse range of products, its pricing strategies are more complex. Evian's glass water bottle is priced slightly lower than VOSS' regular glass bottle despite many similarities.[49] Evian's plastic bottles are priced considerably below other premium brands like Fiji and Perrier, yet higher than brands like Aquafina and Dasani.[50] As opposed to its luxury product, Evian's plastic bottle's price is more elastic, and substitute products and economic conditions could affect its sales. Thus, Evian is more likely to offer all sorts of discounts for its plastic bottle rather than its glass bottle.

Evian uses competitor-based methods, wanting consumers to recognize its products as higher quality than lower-priced brands and offering more value than higher-priced ones. It offers a multitude of specialized products for its very diverse consumer population, and prices them in between its plastic and glass bottles.

Distribution Strategy

Distribution, or place, essentially encompasses the methods and decisions a company uses in making its product available to consumers.[51] Both VOSS and Evian have similar supply chain structures; the product is bottled in the respective country (Norway and France), and transported and sold through distributors at the global stage. VOSS distributes in over 40 countries, including Canada, the United States, Japan, and Bermuda,[52] while Evian does so in over 100 countries, including Canada, the United States, Germany, and India.[53]

While the two companies distribute on a similar scope and in a similar fashion, their respective outlets of distribution differ greatly. As VOSS gained prominence between 2003 and 2007, it utilized an exclusive distribution strategy in order to maintain its brand positioning in the "ultra-premium" bottled water market. This strategy, which involves "granting exclusive rights to sell to one of very few retail customers so no other customers can sell a particular brand,[54]"resulted in the majority of the company's product being sold to high-end hotels, bars, restaurants, and other on-premise consumers **(Figures 8 & 9)**. VOSS went so far as to refuse to sell to retailers who might dilute the company's prestige, like Walgreens and Costco.[55] Since then, VOSS has expanded its distribution practices by adopting more of a selective distribution strategy, distributing its products via additional upscale retail channels to make them more widely available. However, the majority of its accounts, over 80%, remain on-premise.[56] An interesting development in VOSS' distribution strategy is the adoption of online direct distribution. The online purchase option, unheard of in most of the industry, allows consumers to place orders over the company's official website.[57]

While Evian is also considered a high-quality water, its distribution practices are not nearly as exclusive as VOSS'. Thus, the company adopts a more intensive distribution method, attempting to increase profits by selling through more retailers. Its product is available commonly at lower end retail stores as well as in selected vending machines. Furthermore, unlike VOSS, it primarily utilize indirect distribution methods, by selling solely through its impressive body of retailers, rather than online.[58]

Promotional Strategy

Promotion is essentially the ability of firms to effectively communicate the value of its product or service to the consumer. Both companies have achieved success by harnessing the power of promotion, cementing themselves as viable competitors in the bottled water industry; however it is interesting to compare the different ways in which both VOSS and Evian have achieved this success.

VOSS has an unconventional approach to its promotional initiatives. The company has spent "almost no money on market research, preferring to rely on managerial instinct for most of its strategic decision-making. In addition, most of its marketing efforts were focused on cultivating relationships with top accounts and on-premise decision-makers."[59] The company utilizes a non-traditional lack of promotion, relying instead on the quality of its design and taste to carry word of the product to potential customers. This is another way that VOSS exudes quality and confidence, an appropriate message considering its target market.

Conversely, Evian has been able to communicate the nutrition and quality that its water provides through a variety of effective efforts. First, Evian has recently launched a provocative advertising campaign with a youthful message. Its website shows a number of adults wearing T-shirts that depict babies' bodies, with the slogan "Live young" underneath. [60] Evian has also promoted its product by enlisting several celebrities to appear publicly with its products. In recent years, people like "Chris Noth of *Sex and the City* turned up in the tabloids, at an Oscar party, chugging away."[61] Furthermore, they have attained a curious, but desirable, honour, been acknowledged by the French Academy of Medicine as the "water provider for babies."[62]

Conclusion

Both VOSS and Evian have become industry forces by utilizing their own distinct marketing strategies. VOSS has maintained its high-class persona by targeting only the wealthiest consumers, limiting itself to that category. Its distribution practices are exclusive, and it only produces expensive and visually appealing products for its intended target market. It doesn't feel the need to promote its product aggressively, because it believes that the product is so desirable to its target market that it will essentially sell itself.

Conversely, Evian targets much broader section of the global population, and therefore distributes on a much broader scale. It attempts to differentiate itself by offering a variety of different water-related products to its consumers, and prices them to attract a range of individuals looking for quality and value. It also believes that clever use of promotional campaigns may help it win over a larger market share.

While both of these companies have utilized a vastly different marketing strategy, they have each achieved impressive degrees of success in a highly competitive market. With overall industry sales expected to rise in the coming years, VOSS and Evian are primed for increased growth and sales.

Appendix

FIGURE 1

U.S. Bottled Water Market, 1976-1997, Gallons (Thousands)

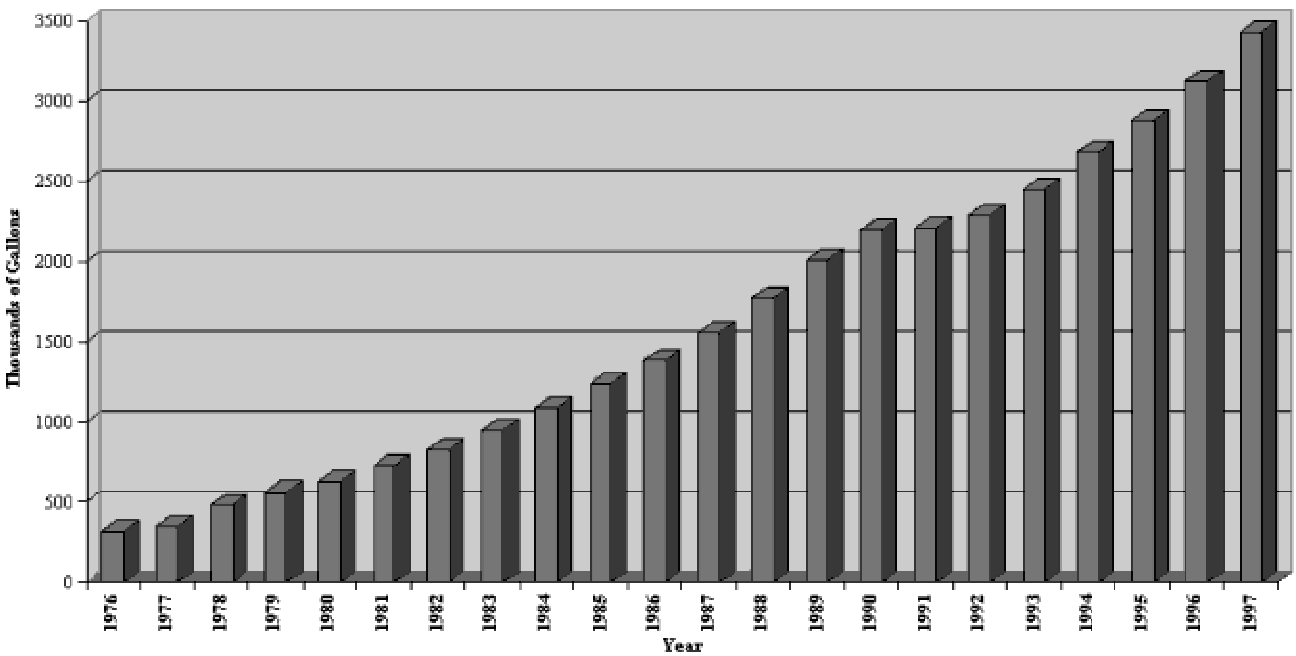

FIGURE 2

Innovation	Description	Brands
Flavoured Water	Contains water and flavours (everything from natural to artificial fruit flavours, essence evocations, menthol, etc.). Most also contain natural or artificial sweeteners.	• O Waters • Hint Flavoured Waters • Metromint • Aquafina FlavorSplash • Dasani Flavoured
Enhanced Water	Enriched with additives such as calcium, vitamins, fluorides, nutrients, electrolytes, stimulants, proteins, herbs, etc. Most contain sweeteners.	• Vitamin Water • Dasani Plus, and Nutriwater • Propel Fitnesswater • Smart Water

FIGURE 3

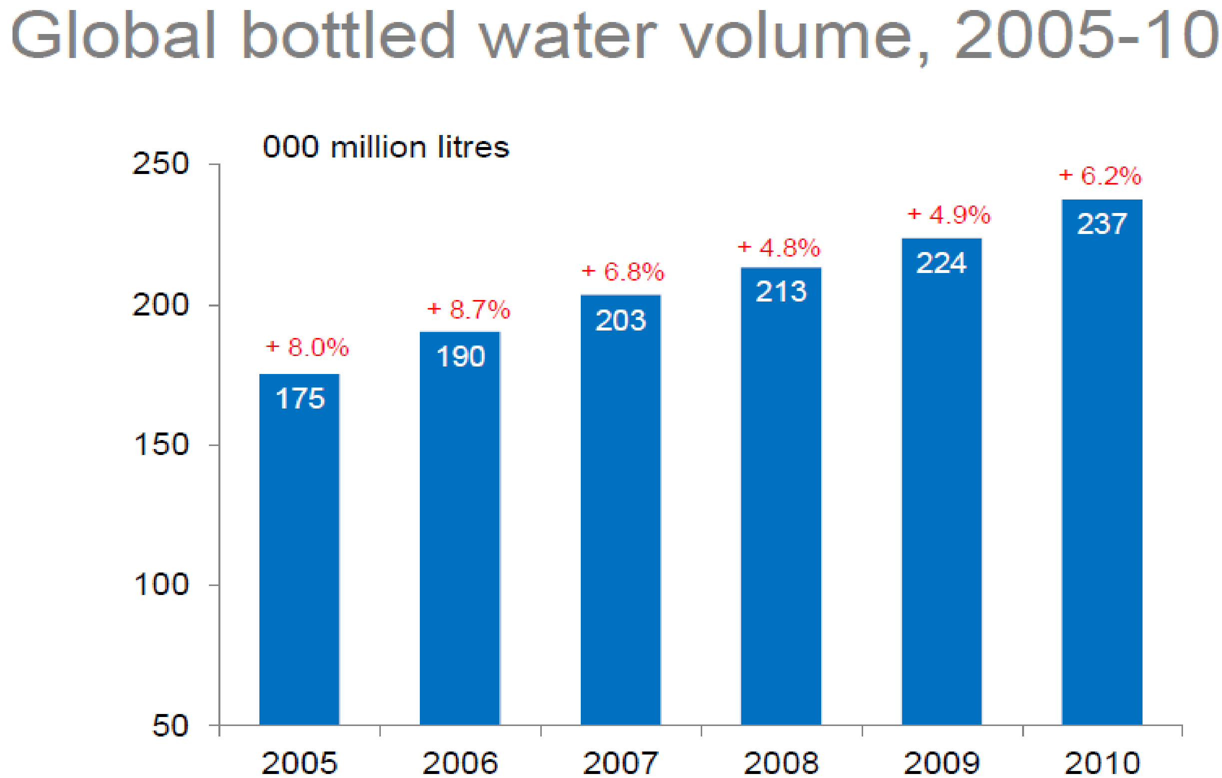

FIGURE 4

GLOBAL BOTTLED WATER MARKET
Leading Countries' Consumption and Compound Annual Growth Rates
2004 – 2009

2009		Millions of Gallons		CAGR*
Rank	Countries	2004	2009	2004/09
1	United States	6,806.7	8,454.0	4.4%
2	Mexico	4,668.3	6,887.1	8.1%
3	China	3,181.2	5,688.6	12.3%
4	Brazil	3,062.0	4,252.5	6.8%
5	Italy	2,814.4	2,947.2	0.9%
6	Indonesia	1,943.5	2,938.6	8.6%
7	Germany	2,722.6	2,840.7	0.9%
8	France	2,257.3	2,163.8	-0.8%
9	Thailand	1,310.0	1,742.1	5.9%
10	Spain	1,453.5	1,272.4	-2.6%
	Top 10 Subtotal	30,219.4	39,187.1	5.3%
	All Others	10,709.8	14,336.0	6.0%
	WORLD TOTAL	**40,929.2**	**53,523.0**	**5.5%**

** Compound annual growth rate*

Source: Beverage Marketing Corporation

FIGURE 5

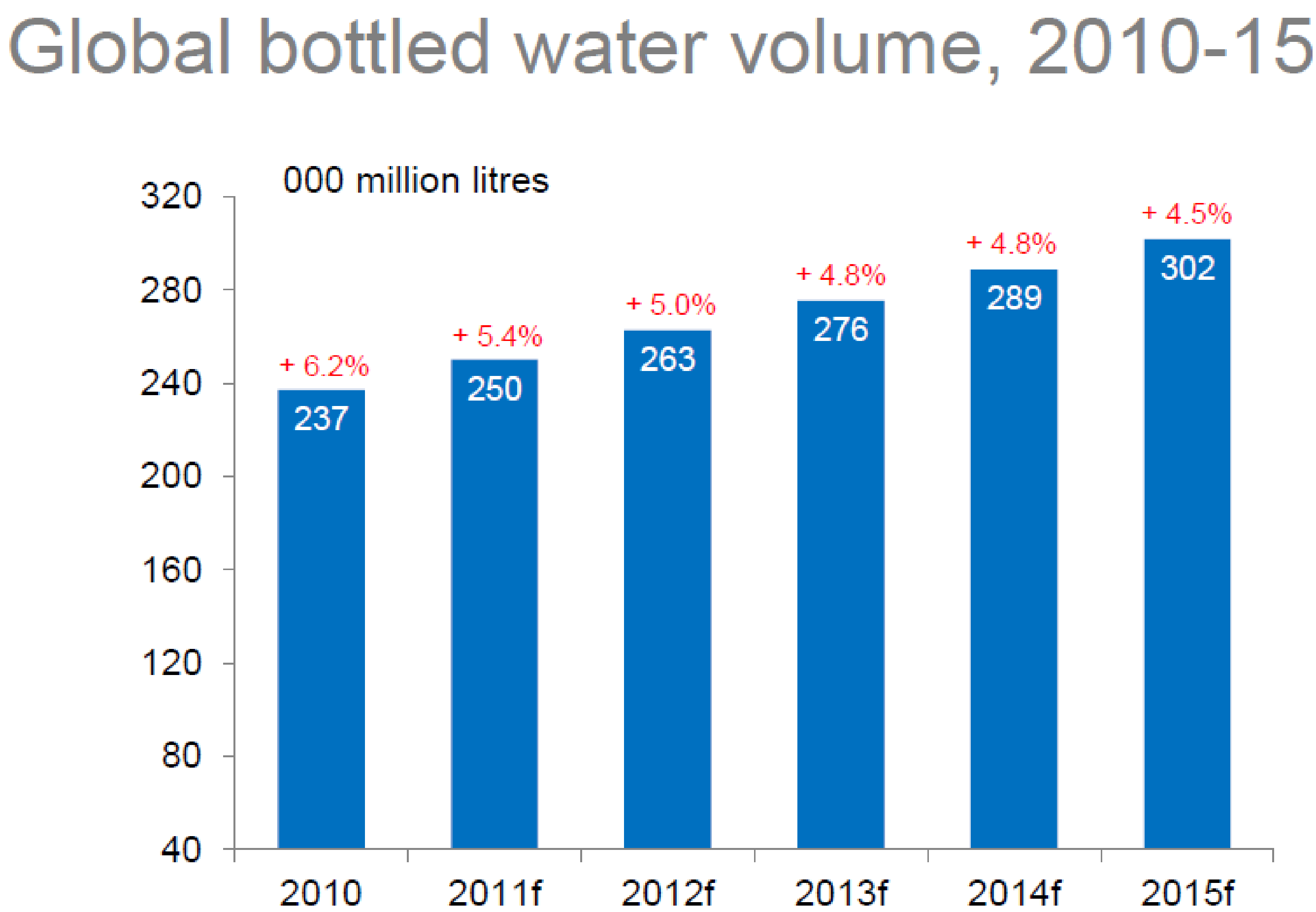

FIGURE 6

Exhibit 1 Voss Performance: Gross Sales (US Dollars, in million)

	2002	2003	2004	2005	2006	2007
Total Gross Sales	**4.100**	**8.000**	**12.859**	**24.181**	**30.803**	**39.818**
Gross Sales by Business Unit						
US : On-Premise	3.600	6.500	9.695	18.964	22,679	25.279
US : Off-Premise				0.64	1.195	4.757
International : Combined	0.500	1.500	3.164	5.217	6.929	9.782
Gross Sales by Product Line						
US : VOSS Glass	3.600	0.600	7.717	14.590	17.995	19.316
US : VOSS Silver		0.500	1.978	3.734	5.064	5.990
US : VOSS Red				0.640	0.815	4.630
International : Combined	0.500	1.500	3.164	5.217	6.929	9.782

FIGURE 7

Exhibit 11 Typical On-Premise Pricing Examples, Per Bottle (Large, 1-liter)

	VOSS	Perrier	Evian	Pellegrino	Ty Nant	Fiji
Example 1 (800ml)						
Price paid by distributor	1.50	.83	1.16	0.83	n.a.	1.00
Price paid by high-end hotel	1.80	1.01	1.50	1.01	n.a.	1.17
Price paid by consumer	10.00	8.00	9.00	8.00	n.a.	8.00
Example 2						
Price paid by distributor	1.50	0.83	1.16	0.83	n.a.	1.00
Price paid by restaurant/club	2.00	1.25	1.75	1.25	n.a.	1.50
Price paid by consumer	10.00	8.00	9.00	8.00	n.a.	8.00

FIGURE 8

Exhibit 3 Voss Customer Base: Total Number of Accounts

	2002	2003	2004	2005	2006	2007 Q1	2007 Q2
Total Number of Accounts	**2,000**	**3,000**	**4,000**	**6,000**	**8,000**	**10,000**	**10,500**
US : On-Premise Accounts	n.a.	n.a.	3,450	5,150	7,000	8,500	8,500
US : Off-Premise Accounts	n.a.	n.a.	50	250	350	500	750
International : Combined	n.a.	n.a.	500	600	750	1,000	1,100

FIGURE 9

Exhibit 1 Voss Performance: Gross Sales (US Dollars, in million)

	2002	2003	2004	2005	2006	2007
Total Gross Sales	**4.100**	**8.000**	**12.859**	**24.181**	**30.803**	**39.818**
Gross Sales by Business Unit						
US : On-Premise	3.600	6.500	9.695	18.964	22,679	25.279
US : Off-Premise				0.64	1.195	4.757
International : Combined	0.500	1.500	3.164	5.217	6.929	9.782

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