

Soft Drinks &amp; Water

June 25, 2013

MINERAL WATER

## The Japanese Mineral Water Market

Mineral water was started to sell in the business-use market at the beginning of 1970s because of high needs for "tasty water" and rising attention on health and beauty. Since then, the mineral water market continued to grow, spreading throughout people's everyday lives. In 2011, propelled by the demand for storage water after the Great East Japan Earthquake, the volume of mineral water rose sharply to 3,172,000 kiloliters (126% increase over the previous year), 11 times more than 20 years ago, and 2.5 more than 10 years ago. Even after 2012, consumers' interest in mineral water remains high, maintaining a level exceeding that of 2010 before the earthquake.

The reason behind the favorable results of the mineral water market is that the number of users is spreading starting with the disaster stricken East Japan area, more people are using it not only for drinking, but for coffee or cooking, and more households are storing water at home. The fact that large content 2L water's price is getting lower and becoming easier to purchase is another element that supports the market expansion of the mineral water. Since the Great East Japan Earthquake, people started to pay and drink mineral water more frequently than any other time in the past. For healthy growth of the market in future, it is important to clarify the features of each brand, and push forward value adding of mineral water.

From these reasons, mineral water has become a beverage that many people drink on a daily basis. According to a survey conducted by a major Japanese beverage maker Suntory in 2012, 88.6% drank mineral water bought at stores or vending machines in the past one year. For points of consideration when they buy the mineral water, 52% or over half answered "safety," 46.8% "taste," 44.8% "price," and 41.4% "quality." As for consumption trend, small sizes are growing with flavored water at its center. Although there were concerns that people who did not purchase mineral water before March 2011 would go back to tap water from the feeling of "wastefulness" and stop purchasing water, but the number of users has not decreased. This number is supported by the lowering prices of large content products. Since many makers are strengthening their production line since the earthquake, the price competition is expected to last for some time. Under these circumstances, what affect the market trends are the small sizes. How to change the movement of large sizes for home use or storage that has been deeply rooted to the

consumers to the smaller sizes becomes the key, and this category plays an important role to make the water category into a healthy business that produces profit. Domestic makers are actively sharing product value of the mineral water with the market to vitalize the small sizes.

Here are recent notable movements in the mineral water that are attracting attention both from the market and customers.

## 2013 Evian Design Bottle



This product is made by Itoen-Itochu Mineral Waters with limited quantity. It is a collaboration bottle with "Evian" and "DIANE von FURSTENBERG." The heart shaped DVF logo was created just for this collaboration and uses a special red color. The bottle is printed with organic print and can be recycled 100%. The lid uses a screw cap that "Evian" newly designed. 750ml (700 yen)

Itoen-Itochu Mineral Waters are offering two kinds of mineral water "Evian". "Evian" newly made the two most popular sizes, 330 ml and 750 ml, aiming to open up the market for younger consumers and women.



## Imported Mineral Water

Influenced by the Great East Japan Earthquake, imported mineral water in 2011 made a sharp growth, 1.4 times the previous year to 589,000 kiloliters. By country of import, France was the highest at 44% followed by the US 30%, Korea 10%, Canada 6%, and Italy 4%. The import volume of 2012 fell from the reaction after the earthquake.

For imported mineral water trend, carbonated types with abundant minerals and zero

calories are favored. While the Japanese water is soft water, hard water, which is easy to drink is also accepted by the consumers widely.

Crystal Geyser is one of the popular products because it uses an eco-bottle that is easy to crush and reduce the amount of trash, and because it could be used for cooking baby foods. In recent years, there are more and more people in the streets and on the trains who are holding pet bottles in their hands or bags. This was not a common scene over 10 years ago.

The popular brands imported in Japan are listed below (in no particular order). They are Gerolsteiner (Germany), Crystal Geyser (US), Perrier (France), San Pellegrino (Italy), Rosbacher (Germany), Contrex (France), Volvic (France), Icefield (Canada), San Benedetto (Italy), Evian (France), Whistler (Canada), Saint Benoit (France), Rocchetta (Italy), Courmayeur (Mont Blanc), FIJI Water (Fiji), Azzurra1 (Italy), Vittel (France), Vals Vivaraise (France) and more.

According to the guideline of mineral water label requirement announced by the Ministry of Agriculture, Forestry, and Fisheries, mineral water can be categorized into 4 types.

**a) Natural mineral water:**

Underground water with mineral dissolved underground. No procedures other than filtration, deposition, and heating sterilization are taken place.

**b) Mineral water:**

Underground water with mineral dissolved underground. Ozone sterilization, ultraviolet sterilization, mineral adjustments, and blending are conducted.

**c) Natural water:**

Underground water without minerals dissolved in the water. No procedures other than filtration, deposition, and heating sterilization are taken place.

**d) Bottled water:**

Drinkable water. Could be tap water. There are no limitations to methods of processing.



At food specialty store in Tokyo



At food specialty store in Tokyo



At supermarket in Tokyo



At supermarket in Tokyo