

# The Washington Post

Wonkblog

## How seltzer water became cooler than Coke

By **Drew Harwell** July 16   Follow @drewharwell



A can of grapefruit-flavored LaCroix Sparkling Water, called Pamplemousse. (Brittany Greeson/The Washington Post)

For years, Americans saw carbonated water as an unnecessarily pricey European extravagance. The leading brand, Perrier, streams from a spring in southern France, often destined for the kinds of upscale restaurants where diners are asked "sparkling" or "still."

But amid a decade-long plunge for sodas, and slowdowns for diet and vitamin-enhanced blends, bubbly water has risen swiftly to become one of America's fastest-growing drinks — and left the country's beverage titans scrambling to catch up.

Sales of Perrier, San Pellegrino and other fizzy waters have more than doubled over the past five years, to about \$1.5 billion, far outpacing the growth of bottled and "functional" water, such as Vitaminwater, data from industry researcher Euromonitor show.

The shifting tides have made millions for small fizzmakers long overshadowed by the soda aisle titans. Sales of LaCroix Sparkling Water, with its rainbow-neon cans, have nearly tripled since 2009, to \$175 million, industry data show. Sales of Sparkling Ice, a bubbly advertised as the "bold side of water," exploded from \$27 million in 2010 to about \$550 million last year.

Free of calories, sodium and fake sweeteners, the sparkling waters seem to have struck a sweet spot with health-conscious buyers eager to swap out syrupy sodas for the benefits of water but nevertheless bored by the most abundant liquid on earth.

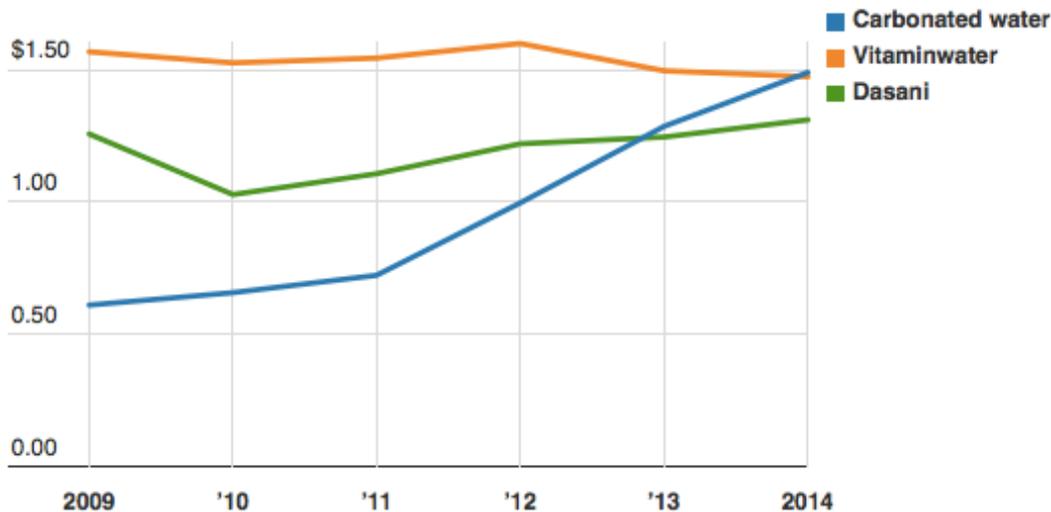
"Consumers still like bubbles, they want carbonation, but they want it in a healthier product," said Gary Hemphill, the managing director of research for Beverage Marketing Corp., an industry consulting firm. "Those products really fit where the consumer wants to be."

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## Fizzy water's fast rise

Perrier, San Pellegrino, LaCroix and other sparkling waters have seen sales boom as American calorie-counters swear off soda and seek out healthier bubbles.



Source: Euromonitor. U.S. sales in billions of dollars.

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Sodas, such as Coca-Cola and Pepsi, remain the king of soft drinks, and Americans drank more than 12 billion gallons of soda last year alone. But soda consumption fell last year for the 10th year in a row amid concerns over its ties to obesity, and industry researcher Beverage Digest says the typical American's cola intake has fallen to its lowest level since 1986.

Low- to no-calorie diet sodas were once a popular replacement, but many of those brands have also fallen flat because of worries over artificial sweeteners such as aspartame, which studies have linked to health risks in animals at high doses. Diet Coke and Diet Pepsi sales crumbled 5 to 6 percent last year, leading their corporate makers to substitute in different sweeteners, such as sucralose and acesulfame potassium, known as Ace K.

Even sales of vitamin-enhanced waters, after a brief boom, have slipped in favor of more slimmed-down, "natural" waters. Sales of the top-selling bottled water, Vitaminwater, criticized for its sugar content and health claims (Coca-Cola settled a deceptive-advertising lawsuit last year), have fallen 4 percent since 2010, to about \$1.4 billion, and are now down 17 percent from its 2008 peak.

Meanwhile, Americans' bottled-water consumption soared past 10 billion gallons last year, and analysts at Beverage Marketing believe the country could guzzle more bottled water than soda by 2017. Drinkers who switched from bottled water to tap during the recession have been reinvigorated by a recovering economy, and the hype surrounding do-it-yourself carbonation machines, such as SodaStream, has helped fuel the seltzer craze.

To compete, Coca-Cola and Pepsi have doubled down with new lines, such as Dasani Sparkling Water, while further hedging their bets with new brands of [energy drinks](#), [artisanal "craft sodas"](#) and [milk](#).

But carbonated water is astoundingly cheap to make (and easy: just add carbon dioxide and water), allowing the soda giants' smaller rivals to spend more on self-promotion. Sparkling Ice maker Talking Rain, headquartered in Washington state, has invested heavily in advertising, signing basketball star Kevin Durant as a spokesman last year.

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Brands, such as LaCroix, have also benefited from a level of indie credibility that has long eluded bigger cola companies. In a New York Times Magazine "letter of recommendation" in March, writer Mary H. K. Choi copped to being a "LaCroix-head," celebrating its simplicity, nutrition and subtle flavor, even as she laughed over its fashion sense.

"The cans look somehow simultaneously obnoxious and earnest, as if they're trying to appeal to Canadian ravers," Choi [wrote](#). "The first time I drank LaCroix, I half expected it to be filled with self-tanner. Or Axe body spray."

Nestlé, the Swiss food giant behind Perrier and San Pellegrino (as well as Kit Kat, Lean Cuisine and Häagen-Dazs), said this year it would launch more flavors of sparkling waters, including a green apple Perrier, and slim down its cans to boost the brand, all while investing as much as \$200 million and building seven new U.S. production lines this year.

But the challenge in getting more Americans to pay for healthier bubbles, analysts said, may lie in convincing drinkers to forget the waters' snooty history, especially for those who have grown up with the jolting sweetness and deep tradition of an ice-cold can of Coke.

"We find that, in terms of consumption and palate education, younger people are not ready to switch to Perrier," Muriel Koch, the marketing manager of Perrier parent Nestlé Waters, [told](#) industry news service Beverage Daily last year. "We know that we have much more chance of attracting people in their 30s. These people are more aware of sugar intake, naturalness, and (are) keener to discover new tastes."

But LaCroix's Florida-based creator, National Beverage Corp. — leader of mostly unpopular budget drinks, including Faygo, Crystal Bay and Shasta — has fought hard to win over young drinkers, loading its [Instagram](#) with millennial hotties enjoying a can of pamplemousse (French for "grapefruit") at the beach or after going to the gym.

The company's stock (listed as FIZZ) has bloomed 75 percent over the last five years, largely boosted by LaCroix's surprise breakout from its Midwestern roots. (Despite the drink's French facade, LaCroix was first made in Wisconsin.)

Even the company seems to be surprised by the drink's rapid success, though chairman and chief executive Nick Caporella, in a rambling [letter](#) to investors, seemed to know why: "Authenticity in a beverage is . . . and All-ways will be . . . Sparkling Pure (Innocent) Water!"

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