

The future of beverages is all bottled up

The future of beverages is all bottled up

by Art Edelstein

There is water, and then there is WATER. In Randolph, ClearSource is riding the crest of the wave of interest in bottled water. Based in Natick, MA, ClearSource is growing rapidly and is listed on the INC 500 list as number 227 in the fastest growing private companies in the US.

While bottled water seems to be ubiquitous among athletes and recreationists, there are many brands to choose from. While those who imbibe soft drinks like colas might be able to readily identify their brand of choice, in the bottled water marketplace differences in taste are not so readily discernable. This is why ClearSource is able to grow.

In its Vermont plant, said CEO Jim Morgan, the company bottles spring water under several labels including Vermont Pure and Hidden Spring. These are just two of the private labels that have kept this company afloat.

"Our principle business is bottling private label products for larger retailers such as CVS Drug Store, Stop and Shop and Hannaford," says Morgan. Other ClearSource plants are located in Texas, Florida and Illinois.

Here at its Randolph facility the company employs 80 depending on the season. Morgan says the company has a payroll "in the millions."

The plant has been operating for over a decade. Originally owned by Vermont Pure, ClearSource bought the facility in 2004 and has invested \$3.5 million to expand bottling capacity by 50 percent. In 2006 it will add machinery to allow it to make its own bottles. Currently ClearSource purchases its bottles from a supplier.

ClearSource gets its water from several springs it owns on two large parcels of land in the Randolph area. When it purchased the Vermont Pure business there was an outstanding suit in Vermont Environmental Court dealing with issues of trucking from the springs to the plant, but that has since been resolved in the company's favor.

Morgan says the springs are deep and he is "confident that the springs we draw water from will be there for a long time to come."

Bottled water is a competitive industry, says Morgan. "The category we compete in is single serve bottled water and that has grown 20 to 30 percent per year for five years nationally."

For those who think drinking water is drinking water, Morgan says there is more to it than at first taste. The nation is moving to healthier diets and beverages. "People are interested in drinking a higher quality water than from municipal sources. Water is being substituted for carbonated and artificially or sugar sweetened beverages."

According to Morgan, water as a beverage is growing and is part of the growing focus of the public on healthy eating or drinking.

"Water contains no potentially unsafe ingredients," says Morgan. "Our growth is related to people drinking water in portable packages instead of more traditional drinks like soda."

ClearSource is caught up in the health Tsunami over better food and beverages. Morgan says there has been national press coverage of the obesity issue with young children, and consumer awareness of eating and drinking products that are healthy. "It's a general trend not one particular issue."

ClearSource and other American water companies have Europe to thank for the interest. ClearSource's most popular bottle size is half liter, 16.9 oz. "The single serve bottle migrated from Europe and is metric and a convenient size for folks," he explains.

Bottled water is growing in sales up to \$7 billion nationally. However, the per capita consumption of bottled water in North America is half compared to that of Western Europe.

Competition in this industry is stiff and Pepsi, Coke and Nestle have large stakes in the branded bottled business.

"How we try to compete is with other private labels instead of going head to head with the brands of the big companies," explains Morgan.

To build the business ClearSource relies in Randolph on “a team of experienced people who run the facility in a cost efficient manner and we will invest in new technology to be successful.”

Because the company owns springs as far west as Texas, Morgan says it can compete in the eastern half of the country. “We can provide bottled water from Denver to the east with our facilities.” Vermont is the company’s largest bottling plant.

While the company has several plants, Morgan says in this industry, where health and convenience are most important, consumers should not be concerned. “With bottled water you are paying for good quality, it’s a highly regulated industry, consumers are getting a high quality product.”

Morgan is upbeat about the future of his company. He predicts that growth prospects for the bottled water industry will be strong in the next decade. ClearSource, he says, will continue to invest in its Vermont assets to remain a competitor in the industry.

“Bottled water is not a fad, it’s an industry here to stay,” notes Morgan.

Art Edelstein is a freelance writer from East Calais.