

Take Back The Tap: Bottled Water Wastes Resources and Money

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The bottled water industry has generated demand for its product through marketing,¹ persuading Americans that bottled water is purer and healthier than tap water,² even though the U.S. federal government requires more rigorous safety monitoring of municipal tap water than it does of bottled water.³

After decades of steady growth,⁴ for the first time in years total U.S. bottled water sales fell during the economic recession.⁵ During this time, more-expensive brand names struggled while cheaper private-label water — store brands — experienced an increase in sales.⁶ This led Nestlé, among other companies, to reduce the price of its bottled water,⁷ to use advertising methods that tout purity⁸ and to target people in emerging markets and minority groups in the United States that have limited safe drinking water.⁹

Holding On for Pure Life in the Midst of Declining Sales

Through its Pure Life brand, Nestlé began shifting production from spring water to tap water in 2005.¹⁰ In 2009, Nestlé Pure Life was the most advertised bottled water brand in the country with nearly \$10 million spent, mostly on television ads.¹¹ Between 2008 and 2009, when almost all other major bottled water brands' sales declined and industry-wide sales decreased by 5 percent, Nestlé Pure Life grew by 18 percent.¹² This may be due to the fact that Nestlé Waters increased advertising expenditures on the brand by 3,000 percent between 2004 and 2009.¹³

Although Nestlé Waters remains publicly optimistic about its growth prospects,¹⁴ the company appears to be obscuring the financial realities of its bottled water business. As reported by *Bloomberg* news, its water sales continued to suffer in 2011 for the sixth year in a row.¹⁵

But, when Nestlé released its full-year results for 2011, its press release boasted that Nestlé Waters experienced an organic growth of 5.2 percent and grew in all three of its geographic zones.¹⁶ It is unclear how the company came up with those figures, as a careful analysis of Nestlé's Consolidated



Financial Statements shows that Nestlé Waters experienced a 10 percent decline in sales from 7.2 billion Swiss francs in 2010 to 6.5 billion Swiss francs in 2011.¹⁷

Based on the most recent sales numbers provided in Nestlé SA's annual reports, between 2007 and 2012, Nestlé Waters saw a total sales decline of 31 percent. North American bottled water sales dropped by 28 percent and European sales fell 51 percent. Targeting new markets, however, appears to be bringing the company some level of success. During the same six years, other regions of the world had a 73 percent increase in bottled water sales.¹⁸ (See Table 1 on page 2 and Figure 1 on page 3.)

The World's People Need Free, Clean, Drinkable Water

Worldwide, about 1.5 million children under the age of five die annually due to illnesses contracted from contaminated drinking water and unsafe sanitation.²² Approximately 1.2 billion people in the world live in regions with scarce water resources, with 500 million more people on the brink of a similar situation.²³ Another 1.6 billion people face economic water shortages,²⁴ which according to UN Water means that their countries “lack the necessary infrastructure to take water from rivers and aquifers.”²⁵ And what many Americans may not realize is that the United States is not immune from the threat of water shortages.²⁶

Yet the bottled water industry takes advantage of the water crisis by profiting off of dwindling supplies, selling off the water in our aquifers and commodifying a common resource that's essential for all life on Earth.

When bottlers are not selling municipal water,²⁷ they are pumping and selling common water resources that belong to the public. These pumping operations can harm the environment and natural resources that communities rely on.²⁸ Similarly, transporting the bottled water across hundreds of miles spews carbon dioxide into the air, complicating our efforts to combat global climate change.²⁹

According to a study by researchers for the Pacific Institute, the manufacture, production and transportation of bottled water is 1,100 to 2,000 times as energy intensive as the treatment and distribution of tap water,³⁰ and in 2007, U.S. bottled water consumption had an energy-input equivalent of between 32 and 54 million barrels of oil.³¹ Over the course of a year, that amount of energy could fuel anywhere between 1.2 and 2.1 million cars, or an average of 1.6 million cars annually.³²

About 77 percent of PET plastic water bottles are not recycled and end up in landfills, as litter or incinerated.³³ This plastic

Table 1. Nestlé Waters Sales (IN BILLIONS OF SWISS FRANCS)

Regions	2007 ^a	2008 ^a	2009 ^a	2010 ^b	2011 ^b	2012 ^c	Percent Increase or Decrease in Sales from 2007 to 2012*
Europe	4.55	4.26	3.77	2.65	2.44	2.21	-51%
U.S. and Canada	5.12	4.56	4.44	3.67	3.24	3.69	-28%
Other Regions	0.735	0.766	0.854	0.844	0.843	1.27	73%
Total Sales	10.4	9.59	9.06	7.21^A	6.52^A	7.17^A	-31%

a Nestlé Annual Report 2009 at 29

b Nestlé Annual Report 2011 at 43

c Nestlé Annual Report 2012 at 47

A This is a “restated” number using new Accounting Methods. See *footnote below.

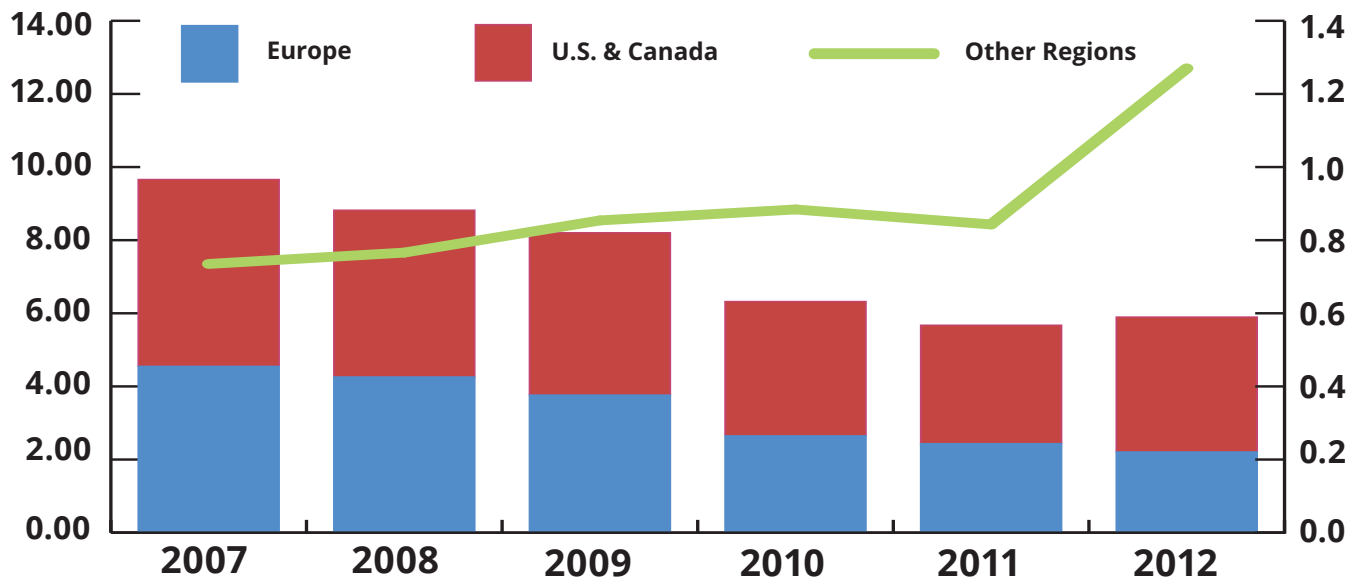
*In 2010 Nestlé changed the way it reports its sales by using a new accounting method. This came into effect January 2011. This was brought to our attention in May 2013 when Nestlé Waters North America's Media and Corporate Communications director emailed Food & Water Watch, stating: “Changes since 2007 make the sales figures in the 2007 Nestlé' SA annual report incomparable to 2012.”¹⁹ (Record on file with Food & Water Watch.)

Upon investigation, it seems that after making this accounting change, Nestlé restated its financial results only back to 2010. Due to lack of transparency regarding the methodology, we were not able to duplicate this new accounting method process for the 2007–2009 numbers. However, a Nestlé press release regarding the matter stated that the new method “will reduce Nestlé reported sales by about 15%.”²⁰ Thus, we reduced the 2007 to 2009 numbers by 15 percent to estimate sales representative of the new accounting methodology and still found that Nestlé Waters sales have struggled. (See Table 1a.) This finding is consistent with the April 2012 Bloomberg article entitled “Nestlé Water Suffers for Sixth Year as Consumers Try Tap” about how the company's sales continue to struggle.²¹

Table 1a. Nestlé Waters Sales (in Billions of Swiss Francs), Adjusted

Regions	2007	2008	2009	2010	2011	2012	% Change
Europe	3.87	3.62	3.20	2.65	2.44	2.21	-43%
U.S. and Canada	4.35	3.88	3.78	3.67	3.24	3.69	-15%
Other	0.625	0.651	0.726	0.884	0.843	1.27	104%
Total	8.84	8.15	7.70	7.21	6.52	7.17	-19%

Figure 1: Nestlé Waters Sales by Region, in Billions of Swiss Francs



SOURCES: NESTLÉ ANNUAL REPORT 2009 AT 29; NESTLÉ ANNUAL REPORT 2011 AT 43; NESTLÉ ANNUAL REPORT 2012 AT 47.

bottle trash can cost local governments a lot of money because they have to pay tipping fees, which are charges applied to a given quantity of waste at a processing facility, like a landfill.³⁴ In 2012, large landfills charged an average of \$49.27 per ton,³⁵ so with the more than 4 billion pounds of plastic bottles ending up in landfills,³⁶ municipalities are paying at least \$98 million a year to dispose of bottled water waste.³⁷

Community Discord and Nestlé's Pursuit of Public Water

In the United States, litigation between residents and bottled water companies has arisen in communities from California,³⁹ to Michigan,⁴⁰ to Maine.⁴¹ According to a Maine resident who fought for more public oversight of commercial water extraction, Nestlé's Poland Spring has been a bully in the state, harassing and suing people to get what it wants.⁴² However, Nestlé's pursuit of water extends to communities in low- and middle-income countries where people are less able to defend their right to water.

For instance, communities in Pakistan faced both physical and economic water shortages at the same time as Nestlé mass-produced and profited off of their dwindling water supplies.⁴³ Pakistan's drinking water comes primarily from groundwater sources,⁴⁴ which are reportedly being over-pumped,⁴⁵ meaning that the groundwater withdrawal rate exceeds renewable capacity.⁴⁶ Recurring water shortages are most severe in Middle Eastern and North African cities.⁴⁷

Yet Nestlé's bottling operations could be further exacerbating limited freshwater resources. For example, the 2012 documentary *Bottled Life* revealed that a nearby Nestlé Pure Life plant was impacting drinking water in the small Pakistani community of Bhati Dilwan,⁴⁸ linking the plant to the com-

"Water is of course the most important raw material we have today in the world. It's a question of whether we should privatize the normal water supply for the population. And there are two different opinions on the matter. The one opinion, which I think is extreme, is represented by the NGOs, who bang on about declaring water a public right. That means that as a human being you should have a right to water. That's an extreme solution."

—Nestlé chairman Peter Brabeck-Letmathe, during an interview for the 2005 documentary *We Feed the World*.³⁸

munity's dirty and declining drinking water.⁴⁹ As *Bottled Life* describes, "...the village fountain water is nothing more than foul-smelling sludge."⁵⁰ A former village councilor said that bottling operations drained groundwater levels by hundreds of feet,⁵¹ and many children in the community have become sick from drinking the dirty water.⁵²

Take Back the Tap: Support the Human Right to Water

Although our public drinking water systems are in desperate need of federal investment, we are decreasing public funding for our essential water and sewer systems. Reliance on bottled water may make people less inclined to support public investment in municipal water systems,⁵³ while benefiting multinational bottling companies.

The U.S. federal government's contribution to water infrastructure improvements has dropped from more than 60

percent in 1977 to less than 7 percent in 2007.⁵⁴ After receiving a boost in 2010, federal support for our water and sewer systems continued to decline in 2011 and 2012.⁵⁵ We need a dedicated source of federal funding so that communities across the United States can keep their water clean, safe and affordable.

Therefore, Food & Water Watch recommends:

- Consumers should switch back from bottled to tap water and reclaim the clean and affordable resource that flows from our faucets — they should Take Back the Tap.
- The federal government must create a Clean Water Trust Fund to generate the money necessary to maintain and improve drinking water and sewage systems.
- The U.S. Congress should pass legislation declaring water a universal human right.

Endnotes

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