



Insight - Nestlé faces bottled water challenge

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Nestlé has said it must find new opportunities for bottled water in the US and key Western Europe markets in order to help turn around flagging sales for the Nestlé Waters business.

Commenting on a 3% organic sales decline for Nestlé Waters in the first half of 2009, the group said in a conference call today (12 August) that the bottled water category "continues to get weaker" in North America and Western Europe.

Weakness in developed markets has more than offset double-digit gains for Nestlé in emerging markets, the firm said.

"Our challenge is to find opportunities in North America and some of the key markets here in Western Europe," the group said.

There were some limited positives for Nestlé Waters in the six months to the end of June, notably an 8% rise in operating margins due to lower costs - partly a result of the lower oil price and its subsequent impact on packaging costs.

The group also gained 2% bottled water market share in the US, due mainly to the Poland Spring and Pure Life brands. In France, Vittel "improved its competitive position", while Perrier also grew against its rivals.

"It seems to me that there are no major competitive issues," independent analyst James Amoroso told just-drinks.

"The rest of the world saw strong growth. The problem is simply the decline in the market as a whole in the US and Europe. We have seen this in Danone's results too," he said.



Bottled water still weak
in US, W Europe

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