

How can water cooler companies, especially those involved in the point of use sector, target customers in the hotel, restaurant and catering (horeca) industry? **cooler innovation** discovers it is a matter of perceived quality and costs.

# Water – the perfect order

by Hannah Oakman

We are all consumers and it is often valuable to look at water cooler target markets as if we were the customer rather than the supplier. So the next time you are out for dinner and order water with your meal, take a minute to note what you are ordering. Is it a bottle of Evian? A jug of plain tap water?

Or how about a carafe of filtered "house water" – chilled, filtered water which the hotel, café or restaurant can supply via a cooler? The answer is probably not the latter.

The horeca sector is no doubt becoming increasingly attractive to cooler operators, especially in continental European countries such as France and Italy where the sector is a traditional growth market for point of use distributors. Café culture is blossoming and, where consumers are drinking an espresso or latte at the bar, more often than not they are offered a chilled glass of water too.

Consumer demand for quality drinking water has grown and, to cope with this, restaurants, cafés and hotels either need more storage space or more frequent deliveries. A POU system could be the answer.

## A question of brand perception

It seems it is a matter of perception and consumer choice. While some consumers will opt for a branded mineral water every time out of habit or choice, others are simply concerned with hydration.

Many customers are now beginning to make choices based upon environmental reasoning and may prefer to order tap water, but worry about the taste or odour – in which case filtered water is the perfect medium.

Some operators now offer filter systems and branded bottles to enable owners in the horeca sector to cut down on recycling costs as the

bottles can be reused, save money and never run out of supplies, even during the busy, hot summer months.

As the savings on filtered tap water instead of branded mineral water can be passed on to the customer, they are also a good selling point in the customer's favour – although perhaps not so favourable in mark-up terms to the establishment owner.

## Tackling the market

Among companies that have tried the filtered water and bespoke bottle concept are German filter manufacturer **Carbonit**, which introduced the Rohrperle concept a few years ago, with associated merchandise including branded glasses and point of sale material, in the same way as a beer brand would advertise. At the time, Carbonit argued that Rohrperle would allow restaurant and café owners a choice when it came to the water they offered.

**The Pure Water Company** is another company which has ventured into the horeca sector with some success. Located in both the UK and Norway, the company aims at the top end office sector. As well as supplying catering and "director dining" facilities in some major investment houses and financial institutions in the City of London, it also works with the horeca sector, supplying high usage machines to restaurants.

Managing Director Paul Byrne admitted that the horeca sector could be a tricky industry to satisfy – due to its changeable nature and lack of three to five year contracts which most suppliers prefer.

Pure Water often installs a large water cooler in the basement or plant room of a client's premises and then pumps water into front of house or staff areas and also into a high volume dispense point, which can be used for bottled table water.





This is where, the company believes, its distinctive Pure Water bottles come in. It invested heavily in producing a design for the bottle which would be attractive to high end users, using a French company which also designed champagne bottles to come up with a look.

Paul explained: "A customer can apply its own logo to the bottle and even include an environmental message such as "purified on site as part of our commitment to the environment." Customers can claim this because there are no bottles delivered to the site, no waste going off and no packaging. Plus, as the water is chilled on site, clients can cut down on refrigeration costs. So there are a lot of selling points.

"One of our restaurant clients recently started giving customers free carafes of purified water, supplied by our machines. They can do so because our rental charge per annum is low enough for them to pass the cost savings onto the customer," he continued.

Paul is in no doubt that the main competition comes from the branded bottled water sector and people's perceptions of filtered water as a product. But he believed that, as people start to think more environmentally in the way they consume and purchase, point of use will thrive in the sector.

Swiss company **Drinkotec** specialises in pre-mix and post-mix vending solutions for the horeca market as well as POU coolers across various sectors.



Managing Director Eric Dupont revealed that, in Switzerland, the horeca sector is achieving good revenues from branded bottled water and therefore is still reluctant to serve guests from POU water coolers.

Eric believed that the filtered product can certainly compete but faces a stiff challenge from premium bottled water brands in the marketplace.

"It is a question of mentality," he explained. "The customer must be ready to accept water served in glass or a carafe. Bottlers such as Perrier or S.Pellegrino spend huge budgets on marketing and local POU suppliers simply cannot compete.

"I am convinced that this is just a matter of time. Horeca players must dare to provide water and soda water from the mains at reasonable cost. At the end of the day, they can still sell the water for a reasonable price and pass cost savings on to the customer without having to order and store bottles, which will also save administration costs."

But currently, users such as cafés and bars which already have post-mix equipment, from which they can serve filtered 'house' water and soda water, are still selling branded bottled water.

It is also a case, he believed, of educating customers about the filter technology, which is often hidden from view under counters or sinks. "When I explain that when they visit McDonalds, the cola they drink is 80% filtered tap water, they are surprised!" he revealed. "Consumer education will come with time. As the water cooler industry becomes more commonplace and people become more used to the filtered mains water concept, they may ask for filtered water in future."

## Success in Israeli café scene

**Tana Water** in Israel is an example of a company which has succeeded in breaking into the sector. In 2005, it managed to place its Tami 4 T-6 counter top model into Israel's two largest coffee chains, **Aroma** and **ArCafe**.

Israel has a booming coffee culture and, as in other European countries, it has become customary to serve a glass of chilled water to customers with their espresso or ice cream.

Tana International Marketing Manager Doron Geles explained: "These two coffee shop chains are similar to **Starbucks** in the rest of the world. Together, Aroma and ArCafe have around 60 restaurants and are expecting to grow to 100 restaurants by the end of 2007."

Tana Water was selected to install two units in each restaurant, located on the main service counter within easy reach of customers.

Doron continued that the T-6 model was suitable for the Aroma and ArCafe chains because "its design fitted in with the exclusive look of the café areas. But since the counter top model alone can only offer limited water consumption and not enough cold water for too many customers in a short space of time, we also installed a larger cooling unit under the counter, designed



to be connected to the T-6. It now has a greater water capacity of around 400 cups of cold water per hour."

Doron added that the placement of the machines had been a great success for both the manufacturer and the coffee outlets. He claimed that more cafes and restaurants were now looking to adopt this solution for providing premium filtered water to customers.

UK point of use supplier **PHS Waterlogic** also offers a slightly different take on approaching the sector with its Watermarques system – a range of plumbed in water dispensers which deliver drinking water through ice bank technology.

The Watermarques system features three separate product lines aimed at specific customer groups. The Conference and Banqueting model is aimed at those requiring high volume dispensing and consumption specifically within the hospitality trade. It dispenses both chilled still and sparkling water into bottles for table use. PHS Waterlogic believed that the Watermarques system would save customers up to 90% compared to branded bottled water.

The system comes with reusable, swing top glass bottles which can be branded with the client's own logo, enabling brand promotion to delegates and guests. Clients can choose between a freestanding cabinet for "front of house" use and a countertop modular system for the catering area, the latter available in either standard faucet or dispense fonts.

Where space is at a premium, chilled water can be served using the Watermarques Space Saver system. With this model, the bulk of the product – the filtration system – is tucked away in a cupboard, with water piped to a drinking water faucet. This can either be added to an existing sink or worktop, or installed with its own drip tray, which empties into the waste outflow.

The Watermarques range also features a Multi-Point system which provides chilled, purified water across multiple floors throughout a building, from a main chilling and filtration unit plumbed into the mains.

In addition to the specialist Watermarques system, there are a number of manufacturers looking to tap into the sector with a range of coolers. French manufacturer **Mistral** launched its new TT Evopure model at the end of 2005, a countertop model specifically for the horeca sector. It has been designed to be a simple 'plug and play' machine which takes up very little space and has a strong shell, high chilling performance and easy filter change and maintenance.



Likewise **Apuro** has developed a new ACIS 800 Direct Chill model, which suits the sector and works with assisting distributors in the horeca market. The merger of **Dieau** and **Edafim** in France has also resulted in several models suitable for this market and the company believed that POU machines would provide a more convenient and less expensive option for horeca operators in the future.



## Out and about – coolers are hard to spot

A number of well known UK chains are not exactly embracing the cooler concept when it comes to watering their guests.

For example, the chain of designer **Conran Restaurants**, where any number of designer POU coolers would not look out of place, does not provide any water from water coolers.

"We provide Hildon, S.Pellegrino and Badoit water to our guests and not water from coolers. We do like to offer a choice of water to our guests to suit their tastes – whether it be bottled mineral or tap," Press Officer Alpana Deshmukh revealed.

Likewise the **Travelodge Hotel** chain, which caters for the more price conscious end of the market, only supplies small pack mineral water to guests, namely the still and sparkling varieties of Strathmore mineral water. And while the more upmarket **Rocco Forte** Hotels does make an effort to supply locally sourced water, it is still small pack mineral water and not coolers which are keeping guests hydrated.

