

INDUSTRY SECTOR

Beverages

CLIENT

Harrogate Water Brands

DESIGN CONSULTANCY

Thompson Brand Partners

SUBMISSION DATE

1 July 2016

FOR PUBLICATION

Harrogate
Spring Water:
Picking up
the baton of
a long history.

**Thompson
Brand Partners**



Executive summary

The UK bottled water market is tough. Dominated by a handful of famous brands and own-label product, growth is a difficult task, especially for an independent bottler.

Enter Harrogate Spring Water. This relatively small business run by the Cain family, has not just held firm, but, thanks to a rebrand and new positioning, has grown. Profits have increased by **47%** in just two years, and their market share by **6%**. This growth exceeds the big boys with their much bigger budgets.

How?

The water market had been growing steadily for several years, not least because the Sugar Tax debate and greater health awareness have impacted on the soft drinks market overall. This has created more space for water. At the end of 2013, though, it looked like the growth was starting to plateau.

Early on, Harrogate recognised an opportunity to seize extra market share and offer a genuine challenge to the big players for the first time. They needed a brand identity and packaging that would support their growth and give them, for the first time, a clear positioning to help them to stand apart.

Working closely with the owners of the business we did just that. It allowed them to drive outstanding sales growth of **44%** in 2 years – far outstripping the market trend.



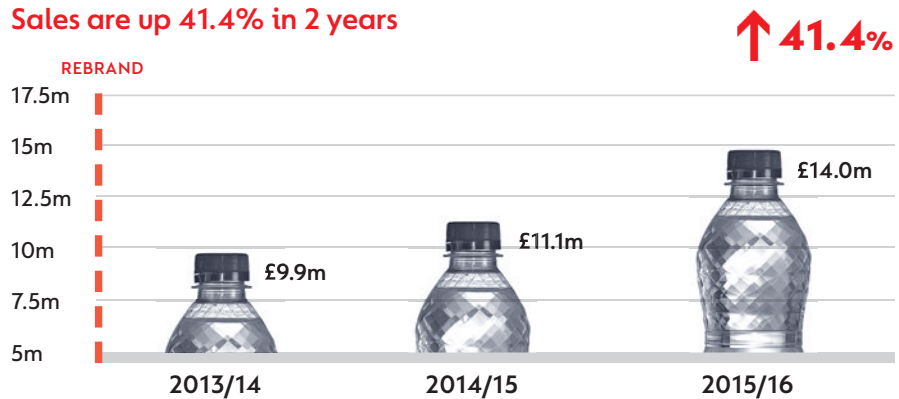
Executive summary

The evolved branding has helped distinguish the product and has given Harrogate a much more distinctive position. EAT and Caffè Nero, who Harrogate previously supplied with water for own-brand, now take the branded Harrogate product, because it's far stronger in the market. This has delivered a higher retail price for the product, yielding greater profits and increasing monthly shipments by over 20%.

The project has been an incredible success. Business is booming and the owners now have greater confidence in the brand than ever before.

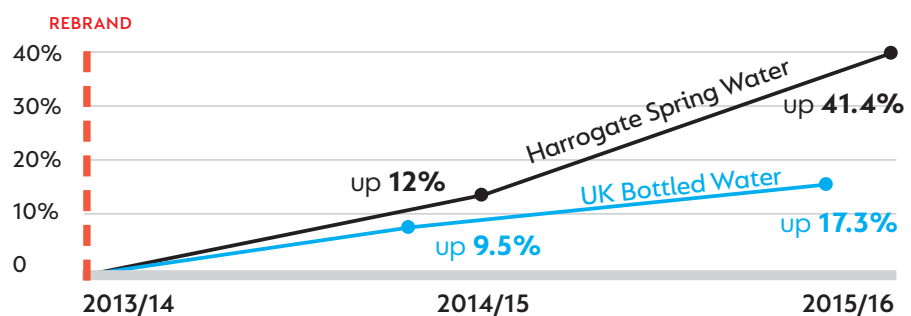
300 words

Sales are up 41.4% in 2 years



Harrogate has out-performed the competition

Even though the total UK Bottled Water market grew by 17.3% over 2 years, sales of Harrogate grew by **41.4%** over the same period.*



Volume growth of 44% has been achieved in 2 years



Major new retail listings have been secured



Project overview

Outline of project brief

By the end of 2013, Harrogate Spring Water had a 1.4% share of the UK bottled water market, shipping 43 million litres annually*.

Harrogate had become successful through efficiencies and a number of retail listings, but still struggled to compete with the big players like Evian, Nestlé and Danone.

Their domination left the smaller brands jostling for market share, but with little differentiation between them they were often fighting on price.

At this time, Harrogate was also providing large quantities of own-label water to customers, which carried lower margins than sales of the brand.

With the UK bottled water market growing quickly, even though it was extremely competitive, the owners of Harrogate saw an opportunity to grow their business.

They understood that a clear, differentiated positioning and new packaging would play a part in this, and that they needed to invest to make this happen.

Harrogate did not have a clear, differentiated positioning, unlike their competitors, e.g. Highland Spring's 'Just as nature intended' or Buxton's 'Naturally pumped up'.

Last but not least, the owners of Harrogate longed to be able to tell the doubting voices both inside and outside his business exactly what the brand stood for. Business decisions were increasingly complicated by the lack of a clear brand positioning.

The business objectives were:

- To develop a positioning that would drive sustainable growth.
- To increase sales by 20% and increase market share in two years.
- To reduce the business' reliance on own-label and improve margins.



Before the rebrand



1.4%
Market share

43m
Litres Annually

Project overview

The brief was to rebrand Harrogate and redesign its packaging. Thompson identified the need for strategic thinking to help articulate the brand positioning.

The target audience extends to everyone buying bottled water, but with a clear bias towards the core consumers - women between the ages of 25 and 45.

At the beginning of the rebrand project, the brand had two clear strengths:

- 1. Through canny sales and a strong operational set-up, Harrogate had managed to get into a lot of places. Consumers had seen it and knew it quite well.**
- 2. The very simple black and white look was distinctive in a sector dominated by blues and greens. However, there was little more that set it apart.**

However, there were weaknesses:

- 1. Nobody knew what the brand 'stood for' or what it represented.**
- 2. Because retailers did not know what the brand was about, retail deals were not made on the strength of the brand**

Right from the start, the client was keen to create an iconic bottle shape. There were no truly distinctive PET bottles in the world of water. It was also important the bottle should feel as good as it looks.

It was also vitally important that the bottle should be robust. Harrogate had committed to a much smaller amount of plastic as part of their drive to reduce their carbon footprint, eventually to zero. There was a concern that, if the bottle wasn't designed properly, it would collapse as it emptied.

Description

Harrogate Spring Water draws mineral water from aquifers beneath the famous spa town of Harrogate in North Yorkshire, which is filtered and bottled, prior to shipping. It is sold in still and sparkling variants.

Harrogate is distributed via:

- Supermarkets
- Convenience retail
- Travel retail
- The restaurant and bar trade.

At the start of the project, 16% of Harrogate sales were in own-label, mostly to the catering trade. Sales of the Harrogate branded product were via two key supermarket listings: Asda and Tesco.



Project overview

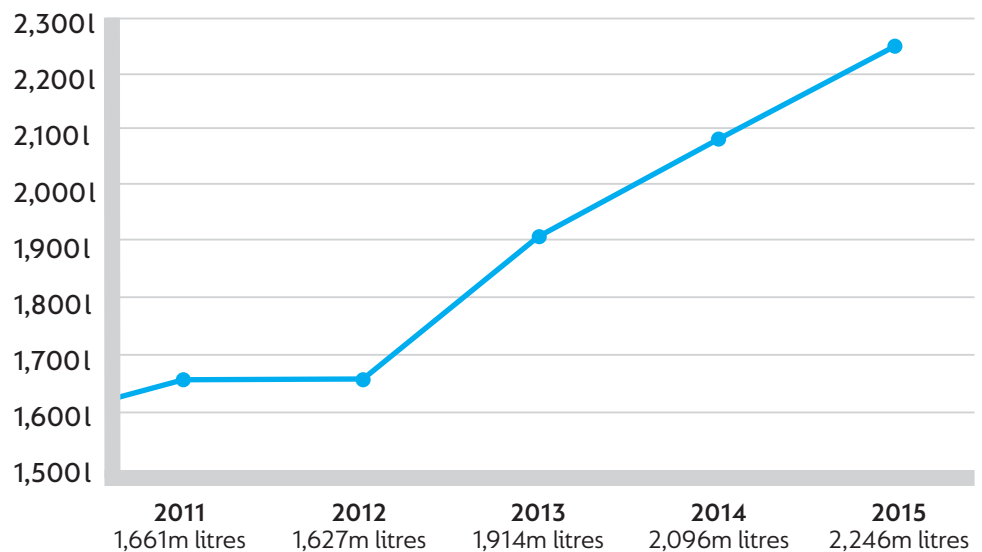
Overview of market

The total volume sales of bottled water in the UK in 2013 was **1,914m** litres. Harrogate had a **1.4%*** market share.

The market shares of the key competitors in 2013 were as follows*:



The bottled water market had grown over recent years as follows*:



Project launch date

The brief was issued in October 2013, with the rebrand launched in March 2014.

The results included are for years from March to March, i.e. 2013 is for the 12 months to March 2014.

Size of design budget and production costs

Harrogate had not really invested significantly in branding before, which meant that the budget was modest – £25,000, including strategic positioning, brand and packaging design and artwork of the first 6 SKUs.

672 words

Outline of the design solution

Harrogate has a long history of water production. From the discovery of its first Mineral Spring in 1571, to being the first British Town to bottle water in 1740, Harrogate is the Original British Spa Town – a fact the company had previously included on the label, but had made little else of. The fact is, there has been unbroken water production in Harrogate since the very beginning. Harrogate Spring Water is the latest producer in this long heritage. It was clear that 'Harrogate' and its important associations were the parts of the brand to 'dial up'. Harrogate is, and always will be 'The Original'.

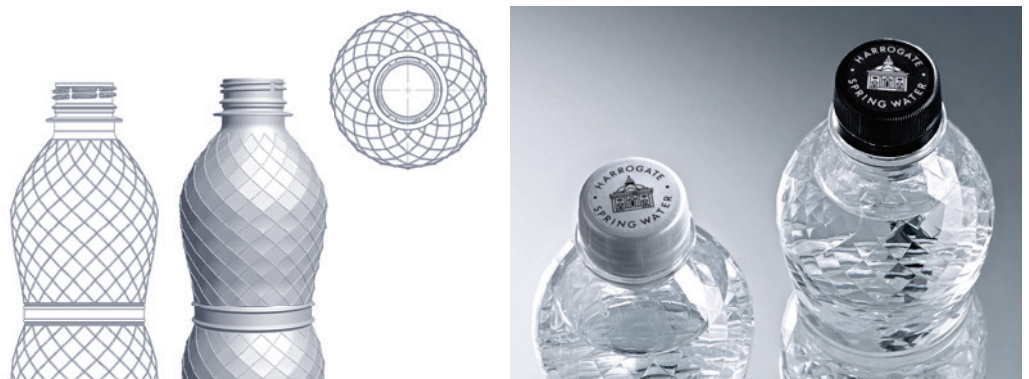
The design of the bottle and all of the product attributes needed to reflect the glamorous heyday of Harrogate as a Spa Town. This core truth of the product would differentiate it from its competitors and give it a real chance. However, an antiquarian product wouldn't resonate with the consumer – its heritage needed to be clear, whilst feeling fresh and contemporary.



The opening of Harrogate's Royal Pump House in 1842 marked the beginning of the town's heyday as an up-market Spa town for nearly a century. Harrogate Spring Water negotiated with the local Council for the sole rights to this important landmark as their symbol.



The late Victorian love of Middle Eastern and Oriental decorative influences can be seen in Harrogate's famous Royal Baths which are still in use today. This served as the inspiration for both the patterns on the labels and the diamond bottle itself.



Outline of the design solution



Right from the start, the client was keen to create an iconic bottle shape - a bottle that feels as good as it looks. There were also no overtly 'feminine' shapes in PET at the time, so we gave the bottle an elegant 'waist'. The diamond facets, inspired by The Royal Baths, resulted in what everybody now refers to as 'The Diamond Bottle'. This also helped to make the bottle more robust with minimal plastic - Harrogate are constantly working on a zero carbon footprint, having already achieved zero to landfill.

The radiating curves from the apex that form the diamonds give the bottle less of a Geodesic dome and more of an elegant, natural curve. This also helps to emphasise the fresh, mineral origin of the water, making it more appetising on-shelf. Harrogate Spring Water is also the only bottled water in PET that features a printed cap.

The design and modelling work was produced in collaboration with German company Krones who supply the manufacturing equipment in the Harrogate production plant.

423 words



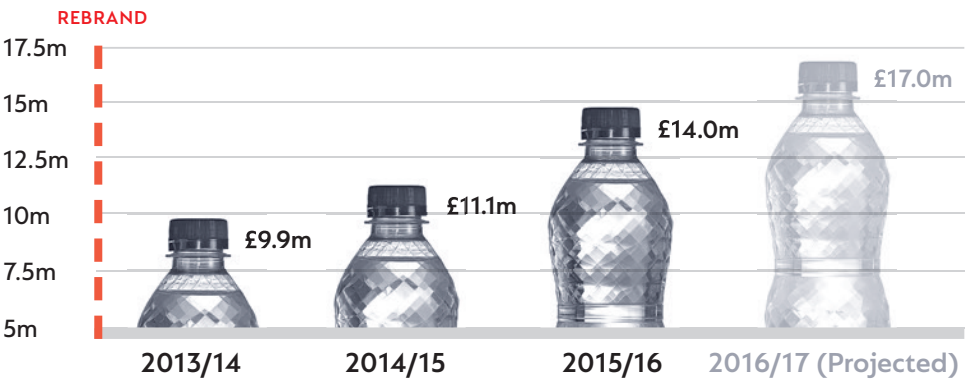
Summary of results

Against the business objectives, the results have been outstanding. In a slowing market, the clear positioning and new packaging have helped Harrogate achieve target-busting sales growth. And these are not short-term sales that will disappear if a large listing is lost. This is sustainable growth, which has created many new jobs and put the business in a much stronger position after only two years. Reliance on own-label is significantly down and the entire business knows exactly how their brand is positioned:

Against the following objectives, the key results have been as follows:

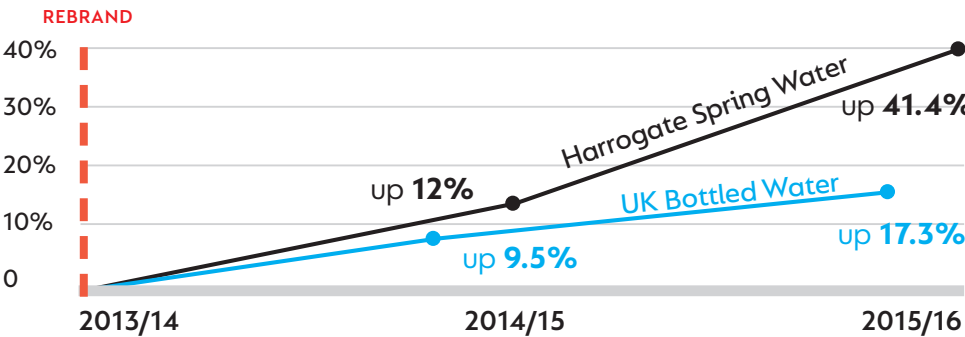
- To develop a positioning that would drive sustainable growth.
- To increase sales by 20% and increase market share in two years.
- To reduce the business' reliance on own-label and improve margins.

Sales are up 41.4% in 2 years

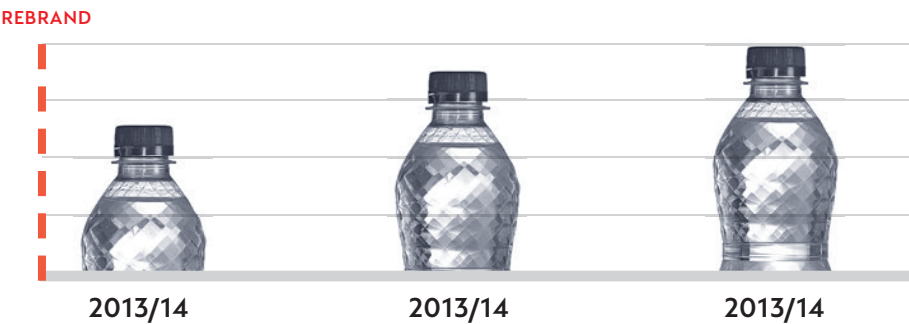


Harrogate out-performed the market

Even though the total UK Bottled Water market grew by 17.3% over 2 years, Sales of Harrogate grew by **41.4%*** over the same period.



Profit up 47% in 2 years



Design fees were repaid out of extra profit inside 9 days.

Summary of results

Volume growth of 44% has been achieved in 2 years

↑ 44%



Major new retail listings have been secured



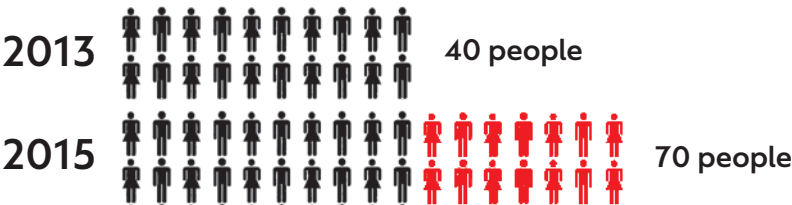
Market share is also up – by 6%

↑ 6%



In tough economic conditions, 30 new jobs created – workforce increased by 75%

↑ 75%



Reliance on (low margin) own-label business is down

↓ 38%



Summary of results

Customers are choosing HSW over our own-label alternative

Following the rebrand, Caff  Nero switched from own-label water to Harrogate. Average monthly shipments have increased by **23.6%** since. They are selling more water at a higher price, giving customers the branded option they prefer. Following this example, EAT has also just decided to switch.



The airline industry has been a major gain for Harrogate

The amplified Britishness and premium cues have allowed expansion in the lucrative airline sector, from **two** airlines to **eight** - and growing. Cathay Pacific Airways for example pride themselves as having the 'ultimate bar in the sky', and chose the 'Diamond Bottle' as they put it, as the perfect fit. They refer to Harrogate as 'The designer water'. Harrogate's confidence then prompted them to modify the bottle design into a new *anti-roll* bottle, specifically for the airline industry, which then developed further sales.



Because of the design of the diamond bottle, the *anti-roll* ridges are invisible. Harrogate is the only bottle in the market that has this quality.

Increased export sales

The new design has also secured new contracts in the Middle East, Central Europe and Russia, with its British heritage appeal.

And finally... the clear positioning has stopped all the questions:

"Not only have we achieved and exceeded the hard results we wanted, but now I know exactly what we ARE, and what we are NOT. Finally, I can have some clarity, so I can get on with growing the business."

James Cain, MD and owner.
Harrogate Spring Water.

Other influencing factors

There were no other influencing factors that might have led to the results above.

Harrogate continued to spend proportionately the same budget on marketing activities in 2014 and 2015 as they had in 2013.

PR, sponsorship and promotional activities continued, as had been the case prior to the rebrand. Ascot became aware of the brand and decided that it represented a perfect fit for them. They approached Harrogate and replaced Hildon with Harrogate for their sponsorship deal. The funds for this came out of Harrogate's normal PR budget.

Harrogate have done no standard advertising, either before or during the period. They have had some models shots taken for use in PR and on their blog. These have not been use in any advertising yet.

Details have been provided of the growth in the UK bottled water market above. The sector has continued to grow, but the rate of growth has slowed significantly. Harrogate's growth has been well in excess of the sector.

* Sources:

1. *Cold Beverages Landscaping Report* by Mintel, 7/10/14.
2. *British Bottled Water Producers* via Zenith International.

