

# SO YOU WANT TO... BOTTLE YOUR OWN WATER?

With premium mineral water retailing for more than milk, some farmers might be tempted to dump the cows and bottle their own spring water. But don't get too carried away, as the experts explained to **Suzie Horne**

## Is the water market really that buoyant?

Yes it is. Sales of bottled water in the UK jumped by 46% between 2000 and 2004 with a further 8% rise in 2005, says market research company Mintel. In fact a 10%-a-year rise in sales seems the industry norm. However, it is also a very competitive market and includes heavyweights like Danone, Nestlé and Coca-Cola.

## Sounds good; where do I start?

You may already use your own water for domestic purposes, but bottling and selling it to the public means a raft of hygiene conditions have to be met.

\* The water will have to be analysed initially to see if it's suitable for human consumption. Checks will be made for pathogenic bacteria such as E coli in particular.

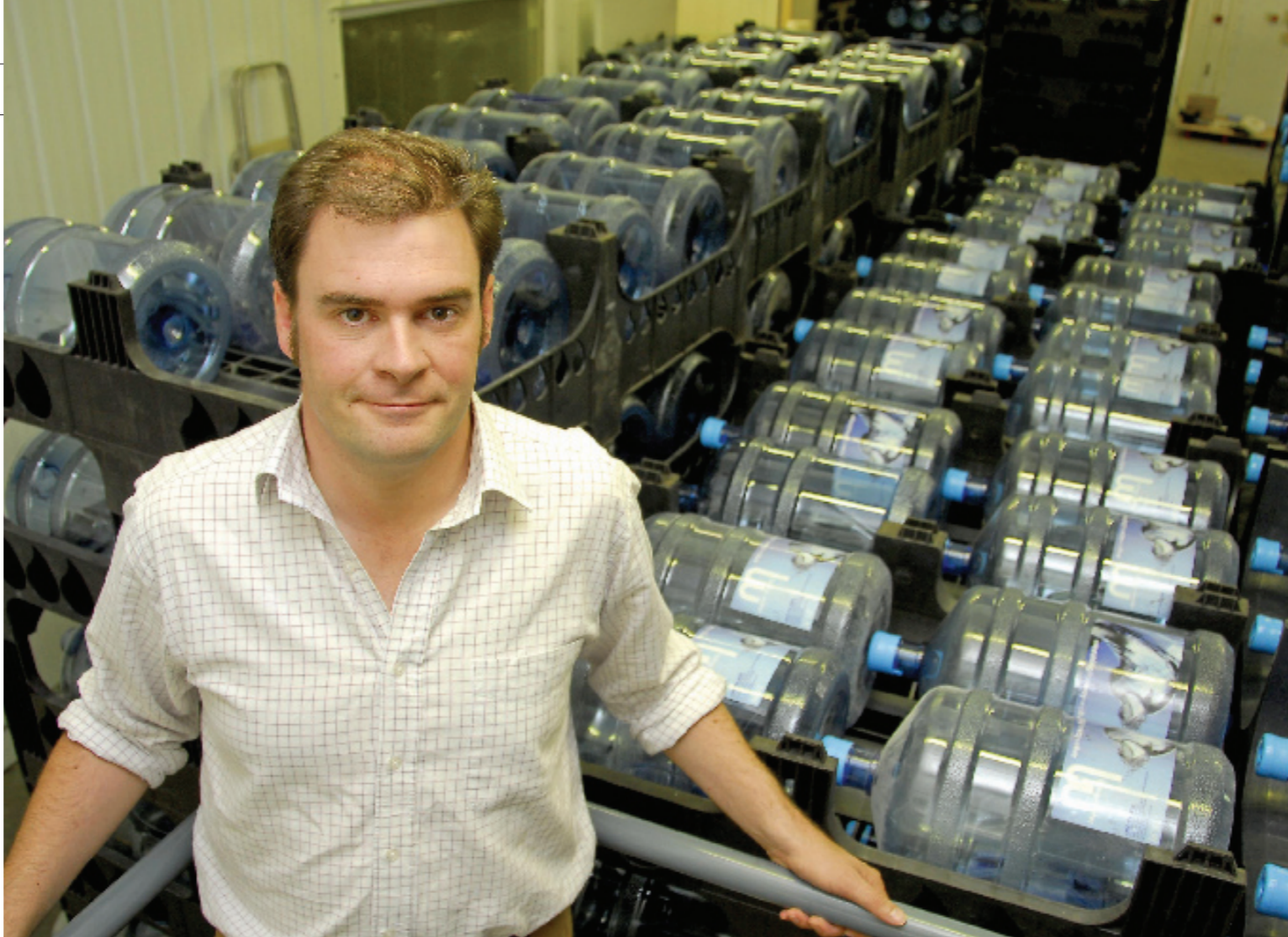
\* The source of the spring or artesian well will have to be made secure from contamination and access denied to animals, birds and rodents in particular,

says consultant Dr Terence Child of Food Hygiene Technologies, which advises bottled water businesses.

\* The Environmental Health Department will have to inspect the spring source. If more than 15,000 litres a day is to be extracted, the Environment Agency will also need to be involved and a licence obtained after an assessment of the effects on flora and fauna downstream from the spring source. If the source is a borehole, pumping tests will be carried out to determine the effect on the water table, which must not be lowered

\* Once bottling begins, water coming into the plant will have to be checked every day and samples sent for microbiological analysis every week, although it is rare for something to go wrong, says Dr Child. A complete chemical analysis of the water must be made annually.

"The testing regime is very strict and you must have contingency



## CASE STUDY

### Phillip Mann

HOPTON HEATH, SHROPSHIRE

\* Speak to as many people as you can in the water bottling business before deciding whether to pursue this idea, says Phillip Mann of Heath Farm, Hopton Heath, Shropshire. "Don't go into it blind. You've got to get an impression of every side of it. It's a fantastic market

to be in, very dynamic. You may be able to get as much for water as you can for milk, but you're up against companies with hundreds of millions of pounds to spend on marketing."

Mr Mann, who runs Spring H2O with his wife Caroline and his parents, began bottling water in 2003 on the 240ha (600 acre) unit which has arable, sheep and chicken enterprises.

In the past two years contractors

have increasingly been used on the arable land, some of which is now rented out, and more staff have been taken on for the livestock units as the family's time has been increasingly taken up with the growing water business.

Spring H2O is bottled mainly into 19-litre containers for coolers for domestic and office markets and has a strong local following. The launch of spring water ice cubes, Shropshire Rocks, has also boomed, with

customers ranging from restaurants to racecourses.

"The nationals are fantastic at getting huge volumes of water into Tesco and Sainsbury's," he says, "but when it comes to looking after smaller customers, they can't give the local service and ethics that a niche company can. It's important to give a personal service and for customers to be able to speak to a person who can deal with their query."

plans for recall and quarantine procedures, including extra storage," he says. "Don't even consider siting a bottling plant anywhere near buildings that are still used for livestock."

## Do I need planning permission?

If a new bottling plant building is to be constructed, planning permission will be required. A change of use will need to be registered for conversion of an agricultural building for use as a bottling plant.

## What other rules and regulations are there?

Any drinking water bottled in the UK must also comply with The UK Natural Mineral Water, Spring Water and Bottled Drinking Water Regulations 1999. These

involve specific requirements for natural mineral water, spring water and bottled drinking water and its packaging, labelling and advertising and the recognition process required can take a long time. Talk to your local council.

## How much capital will I need?

This depends on whether you are starting from scratch or whether a protected spring source and piping system are already in place, says Dr Child. Also, whether a new building has to be built or an existing one converted.

"Holding tanks, filtration systems and UV treatment of water will add to capital costs, as well as a washer/filler for the bottles. Outlay could be anywhere between £15,000 and £40,000 depending what is already available.



"Refurbished and second-hand bottling plants are available. Expect to pay £5000-£6000 for the smallest plant, washing and filling 50 bottles an hour of the popular 19-litre size."

## What return can I expect?

"19-litre bottles of water for dispensers in workplaces and public buildings can sell for between £5-£7 each, delivered. For a well-run, medium-sized bottling plant employing staff and turning over £800,000 per year, the operating profit should be about 10%-15%."

## What are the pitfalls?

"Scrupulous attention to detail, especially with regard to hygiene practices, is needed so you have to be realistic about your own skills

## CASE STUDY

### Richard Blomfield

WHITBY, NORTH YORKSHIRE

\* "Like getting out of a feather bed and jumping into a tank of sharks with very sharp teeth." That's how Richard Blomfield describes the move from farming to the bottled water business.

He moved to Springhill Farm near Whitby, North Yorkshire in 1995 from West Yorkshire, but by 2000 a bad back had forced him out of dairying. Fast-forward to summer 2006 and he and son Andrew still get up at 4.30am, but now it's to make sure the water bottling lines are ready to roll when staff arrive. Demand boosted by the heatwave means that their work doesn't finish until around 7.30pm.

After an initial investment of £25,000 when they started in 2001, the business has expanded rapidly. Currently producing about 1.25m bottles a month, varying from 330ml to 5 litres, they sell to everyone from corner shops to multiple retailers and even export to Majorca, Ireland, Holland and Malta.

The most difficult aspect has been finding markets. "Moving into this business opened our eyes very wide to the fact that farmers are very weak in marketing."

Springhill was been helped by two Rural Enterprise Scheme grants totalling almost £30,000. The Environment Agency has also been helpful, says Mr Blomfield, but the way questions are put in the application for an abstraction licence does not make it easy to justify the need for one.

and approach to business in assessing the prospects for a venture of this type. Up to 50% of spring water bottling ventures by farmers will fail because of inadequate marketing," warns Dr Child.

"The market for the bigger 12-litre or 19-litre bottles has a better chance of success than the smaller plastic or glass bottles. Although supermarkets order very large quantities of the smaller bottles, the competition is intense.

Alan Lyne, senior consultant microbiologist at ADAS, reinforces the need for a thorough feasibility study and marketing plan. He warns that for such a venture to succeed, it must have something unique.

"This is not an easy business. It's no good thinking you'll try to compete with the supermarkets." Concentrating on the appeal of a local product within your area may be best.

## Will I need specialist insurance?

This diversification requires additional cover, says Tim Price of NFU Mutual. "Basic insurance requirements are for public liability insurance and product liability insurance."

The minimum cost of this from NFU Mutual is £200. Employer's liability insurance is a legal requirement if anyone apart from the owners works in the business. Equipment used in abstraction, processing, bottling, storage and handling should also be covered and insurance for stored stock and goods in transit should be considered.

## Can I get a grant?

Several farm water businesses have received substantial grants through the Rural Enterprise Scheme in England. A consultation is running on the replacement for this scheme, which will be operated through local Regional Development Agencies. Try your local Business Link, food group or RDA for more information.

