

producers in the United States will turn their attention to this segment and attempt to dislodge Perrier from its predominant position in the upscale market.

When the market as a whole was looked at in figure 2, the imported water market segment appeared only as a sliver on top of each bar. It was not readily apparent that this market segment had not shared the steady growth of the market as a whole. In fact, the last decade has been anything but smooth for imports. The jerky nature of the performance of imported waters has therefore been represented separately and appears below in figure 8.

Imports of bottled water grew extremely rapidly in 1978 and 1979 only to drop sharply in 1980. Imports stayed below the 1979 level of 28.1 million gallons until 1985 when they reached 29.8 million gallons. The severe fall-off that occurred in 1980 is generally attributed to Perrier's inventory adjustment from an excessive build-up in the U.S. during the preceding few years. Perrier's

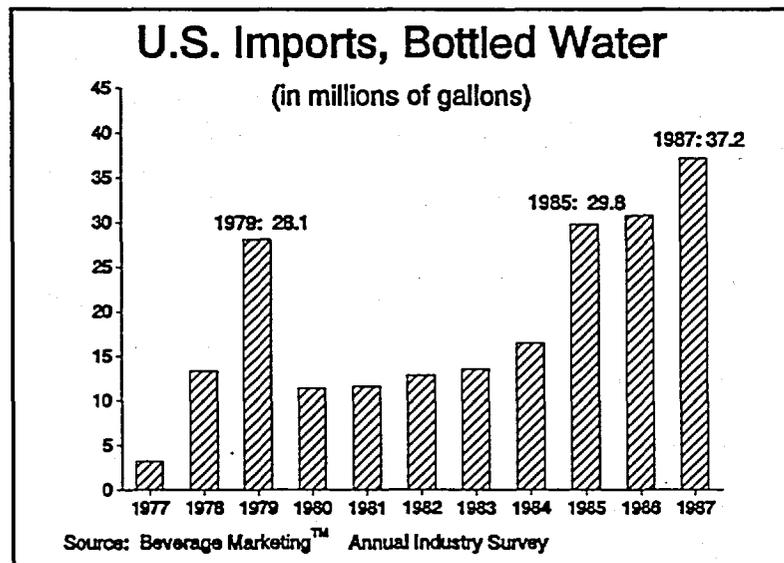


Figure 8

importance in the U.S. market cannot be overstated. It literally created the market for imported sparkling waters in the U.S. In a total market so overwhelmingly dominated by domestic producers, competition from other importers may not work to Perrier's disadvantage. Increased consumer awareness for imported products in general could well spur overall sales to a point where all serious participants gain simultaneously, at the expense of domestic producers. Conversely, Perrier's problems in the marketplace could adversely affect the performance of all imports and force Canadian producers to compete with their American producers on an even footing.

We have not obtained data on a regional basis and individual exporters would do well to indulge in a little research on the particular geographic area of the U.S. that interests them before committing large sums of money to exports programs. We would expect to find that more affluent regions would be greater consumers of bottled water. It would also be normal that regions with particular problems of water pollution would be prime market areas. Finally, where consumerism is strong, bottled water should do well.