

Dispensed Water Beverages

2013 survey found that the average American drinks about six 8oz servings of water each day. Bottled water accounts for 2.3 of those servings.¹

Summary

BUNN's new water dispenser system offers a sustainable, affordable, handcrafted, dispensed water alternative to the lesser-economical prepackaged water option. The dispenser is estimated to deliver a financial benefit of ~\$20,000 per year (after a simple payback of 40 days) through reduced operations costs and an enhanced customer experience.²

Current trends we're seeing

- New "handcrafted" sparkling sodas and iced beverages coming out in the market
 - A leading specialty coffee retailer launching sparkling iced tea
 - Global coffee company launching their own carbonated water products to provide a "healthy, all natural, preservative-free alternative to sugar-filled sodas, with the theater of a custom handcrafted beverage."³
- Restaurants creating own bottled waters to serve dining customers
- Artisanal bottled waters with natural ingredients offer a healthier option than high-calorie sodas
- As of March 2013, Tap Water constituted 5.3Bn servings in total restaurants based on US Beverage rankings survey
- More coffee & beer brew bars concepts opening across the U.S. (a movement towards more craft brews)
- Consumers' shifting relationship with alcoholic beverages (more mocktails and nonalcoholic beverage concepts trending in the restaurant industry)

In specialty coffee retailers, bottled water continues to be sold but in small quantities vs. other traditional brewed beverages. Adding a dispensed water beverage system...

1. creates additional craft menu items to enhance customer experience
 - chilled sparkling or still filtered water
 - house-made sparkling iced teas, sodas, lemonades
 - specialty iced coffee beverages
2. Decreases packaged beverage orders, labor, transportation, inventory space, and waste thereby reducing environmental footprint! (see article links in Appendix A)
 - Americans use 50Bn plastic water bottles a year, according to an anti-plastic bottle campaign "Ban the Bottle", and just 23% of those are recycled!
 - a. Entry-way for cafes to sell additional To Go retail items such as "Good to Go" cups (users buy the \$5 cup with a free coffee/beverage incentive), which they later return to the café or other drop-off location, while keeping the lid to verify their participation
 - > Cups are then thoroughly washed and returned to circulation with returning patrons getting a discount on Good to Go cup drinks.
 - b. Sell other branded or private-label retail products (such as Nalgene, specialty roaster/café branded water vessels)
 - c. For Here drinks, served in glasses that are returned to coffee bar. Nearly 48% of all food & beverages consumers order at establishments are eaten on site.⁴

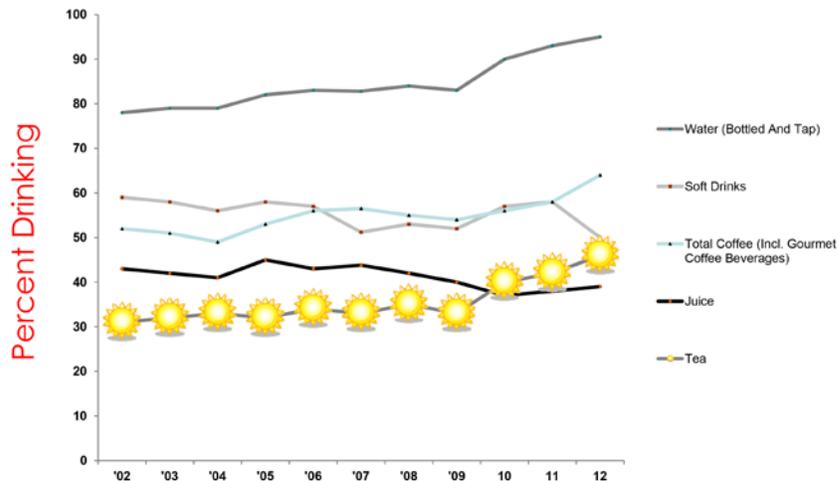
3. increases potential operator revenue from filtered/chilled water beverages
 - currently, bottled waters & seltzers are one of the lowest ranking beverages in specialty/gourmet coffee outlets ⁵

Benefits of the dispensed water beverage system

1. premium, greener, choice
2. available water filtration options
 - BUNN's new single cartridge water filtration system helps to improve the taste, appearance, and consistency of drinking water at flow rates up to 1.5gpm (5.7lpm). The system combines cyst and bacteria reduction with particulate, chloramines, chlorine taste and odor, and lead reduction for up to 5,000 gallons (18,925 liters).
 - Consistent high-quality, great tasting water for continue customer satisfaction.
 - Reduction in lead (Pb) found in distribution lines, lead pipes, lead solder, brass fixtures, and lead-lined tanks in water coolers.
 - Certified by NSF to Standard 53 for the reduction of cyst and lead.
 - Certified to Standard 42 for the reduction of particulate, chloramines, chlorine taste and odor.
 - Reduction of up to 99.9% of common water-borne bacteria by membrane filtration.
 - Reduction of particulate and abrasive hard particles help prevent equipment wear and helps to extend the life of pumps, valves, o-rings, and seals.
 - FDA CFR-21 compliant materials.
 - California AB1953 compliant.
3. unique, in-line carbonation takes less space and energy
 - Most carbonated beverage dispensers use large, internal carbonated water pump and storage tank systems which require a significant footprint where space is often a premium. The BUNN in-line carbonation system's most significant features are:
 - "On Demand" carbonation as the water dispenses therefore, reducing energy consumption
 - Takes up much less space and allows for a smaller footprint to deliver a premium chilled carbonated beverage.
4. available in counter-top or under-counter and tap version to accommodate various installations either front-of-house or back-of-house
5. profits of ~\$20,000 per year on dispensed water beverages alone
6. replenishment program means little to no service disruption, ensuring consistency of the water, every time.

Daily Beverage Penetration

% Of Population Age 18 and Over



Source: NCA 2013 National Coffee Drinking Trends (In Home and Out Of Home)

News/Articles

[Concord, Mass., the first US city to ban sale of plastic water bottles](#)

Championed by a local resident during a 3-yr battle, the law bans the sale of single-serving PET water bottles of 1L or less starting Jan 2013. "I feel bottled water is a waste of money."

[SF Becomes First Major City to Ban Sale of Plastic Water Bottles](#)

March 4, 2014: SF became first major city in the U.S. to ban the sale of plastic water bottles on public property, building on a nationwide effort to curb waste from the billion-dollar industry. ...the ban is "another step forward on our zero-waste goal."

[Brooklyn Roasting Helping Pilot To-Go Cup Sharing Program](#)

Brooklyn Roasting Company is helping to pilot test a new reusable to-go cup program that aims to reduce paper and plastic waste throughout New York. The popular analogy is that these could be the Citi Bikes of coffee cups.

The Good to Go campaign from fellows at the DO School is looking to change New Yorkers habit of throwing away millions of to-go cups.



[Coffee Soda At Crema](#)

"When I first heard about Crema's coffee soda, I was not sold, but it's awesome. It's a cold, carbonated coffee drink that's subtly flavored with orange: slightly sweet and so refreshing." –Erik Anderson, an F&W Best New Chef 2012 and co-chef at Nashville's hottest new resto, The Catbird Seat

[Sparkling with flavor and flair, handcrafted soda just might be the new adult beverage](#)

Innovative drinks – lower in sugar and higher in creativity – are popping up across Nashville, as the artisanal approach to cocktails trickles down to nonalcoholic liquid assets.

[Bottled Water No Safer Than Tap Water](#)

“Bottled water may be no safer or healthier than tap water, while selling for up to 1,000 times the price.”

[Consumers’ shifting relationship with alcoholic beverages](#)

Many operators are using this as an opportunity to upgrade their nonalcoholic offerings in order to attract this increasing section of the market. Mocktails are taking off in other parts of the world. Some restaurants are adopting water sommeliers, who offer diners a selection of waters to accompany different dishes.

Profitability Projections

For coffee retail establishments, 4.2 of every 100 orders includes bottled water:

- Operator cost if bottled water is used = \$6.09
- Operator cost if dispensed water is used = \$3.15
 - » Savings of **\$2.94**

Water Comparison Chart (Coffee Retailers)

Profit Scenario #1: Dispensed Water profit versus Single-use Bottled Water profit.

	Dispensed Water	Single-Use Bottled Water
Sparkling Water Beverages Sold (for every 100 orders)	4.2	4.2
Sale Price per 12oz Sparkling Water	\$2.95	\$2.95
TOTAL SALES	\$12.39	\$12.39
Product Cost per Bottle ⁶	\$0.75	\$1.45
Product Cost (for every 100 orders)	\$3.15	\$6.09
TOTAL COSTS	\$3.15	\$6.09
TOTAL PROFIT	\$9.24	\$6.30
BEVERAGE PROFIT (per 12oz drink)	\$2.20	\$1.50

(Source: NPD Crest Data)

Profit Scenario #2: Selling specialty iced tea and projected equipment payback time.

	BUNN Dispensed Water
Sparkling Water Beverages Sold	25
Sale Price per 12oz Sparkling Lemonade Iced Tea	\$2.75 ⁷
TOTAL DAILY SALES	\$68.75
Ingredient Cost (natural or syrup)	0.42
Cup + Allied	0.15
Water	0.00
Filtration	0.001
Carbonation	0.17
Product Cost per Beverage	\$0.75
TOTAL DAILY COSTS	\$18.75
TOTAL DAILY PROFIT	\$50.00
BEVERAGE PROFIT (per 12oz drink)	\$2.00
EQUIPMENT PAYBACK TIME (assuming equipment cost of \$2,200)	44 Days
MONTHLY PROJECTED PROFIT	\$1,500.00
ANNUAL PROJECTED PROFIT	\$18,000.00

Profit Scenario #3: Selling specialty coffee soda with branded cold cup.

	BUNN Dispensed Water
Beverages Sold	25
Sale Price per 12oz Hand-crafted Coffee Soda	\$3.50
TOTAL DAILY SALES	\$87.50
Product Cost per Beverage	\$0.60
TOTAL DAILY COSTS	\$15.00
DAILY PROFIT	\$72.50
BEVERAGE PROFIT (per 12oz drink)	\$2.90
Sale Price on 16oz cold cup	\$10.00
Daily Cold Cups Sold	5
DAILY PROFIT	\$122.50
MONTHLY PROJECTED PROFIT	\$3,675.00

Footnotes

- ¹ *(International Bottled Water Association)*
- ² See Profitability Projections charts for regular sparkling water, lemonade iced tea, and coffee soda
- ³ <http://www.businessweek.com/articles/2013-09-27/starbucks-gets-fizzy>
http://seattletimes.com/html/business/technology/2023453873_starbucksearnings.xml.html
- ⁴ <https://blogs.technomic.com/dine-in-takeout-or-delivery/>
- ⁵ See Daily Beverage Penetration chart, (NPD Crest Data)
- ⁶ <http://www.statisticbrain.com/bottled-water-statistics/>
- ⁷ Price of specialty iced tea at national retailer.