

Bottled inspiration

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Photographs by Chris Skelton

When four old mates got together and started drinking French water, it got them thinking: why? Six years later their Antipodes brand is pioneering a premium glass-bottled water from New Zealand to the world. Vincent Heeringa reveals the story behind Antipodes—and the five inspired errors that made it happen

There are some facts that are more surprising than others. Why do share markets crash in October? Why do redheads have fiery tempers? And why does New Zealand, deluged in rain and boiling with streams sourced from endless aquifers, import French, Italian and Fijian bottled water?

When Simon Woolley returned from working in New York in 2002, he sat down with three friends to discuss his next career move and ended up wondering just why they were drinking French water. Woolley is the one-time proprietor of Auckland's Metropole bar and bon vivant of the restaurant scene, and had assembled in Turangi with Peter Cullinane, Kim Thorp and Howard Greive to discuss what came next. Which was kind of appropriate as the three had only recently left the employ of Saatchi & Saatchi Wellington, possibly the most famous Saatchi office outside of London's Charlotte Street. They too were on the hunt for the Next Big Thing.

They considered the obvious: restaurants and wine. They discussed deep-sea fishing and aquaculture and almost went with canned tuna. It wasn't until Thorp picked up a bottle of the French water over dinner and quipped, "Why are we drinking this?" that the penny dropped.

It really did drop and still is dropping. [Antipodes](#), the bottled water sold in what looks like old medicine bottles, is now selling, according to *Idealog's* best guess, about two million bottles a year and is exported to a dozen countries with interest from 20 others. Exports are expected to double annually over the next three years. Woolley is recently returned from setting up new distributorships in China, and the company has just completed a new multimillion-dollar bottling plant in the Bay of Plenty. Visit any premium restaurant in New Zealand and Australia and chances are it sports the glass jars, sparkling and still.

Antipodes is looking like a success story all around. But then anyone could have told you that, couldn't they?

From the outside it looks obvious that New Zealand should produce a premium bottled-water brand. Bottled water has for many years been one of the fastest growing grocery segments worldwide—not just in volume but also in value. And as New Zealand has a worldwide reputation for quality in food and beverage (and rain), someone would eventually do it, right? "When we first thought about it we said, 'What could go wrong?'" says Cullinane.

As it turns out: a lot.

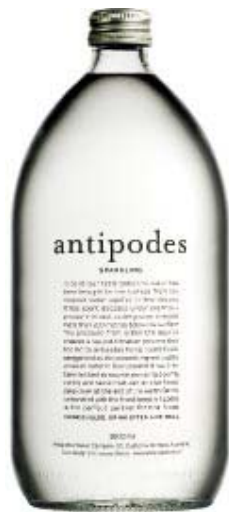
If you were an industry insider overhearing the plans of these beverage novices, you'd wonder what water they were drinking. You'd count at least five fundamental errors of judgement.

"I guess if we'd known then what we know now, perhaps we wouldn't have started," says Woolley with a wide grin. "But here we are!"

The first mistake was the bottle. "We lined up 50 bottles in my place and the four of us independently chose our favourite," says Cullinane. "It was unanimous; we all chose the most expensive—a German bottle designed for laboratories." The bottles cost \$1.30 each and needed to be ordered in 30,000 lots, a massive commitment for a company that had not yet sold a drop. In addition, the bulbous shape caused problems with bottlers: most couldn't get the oversized vessels into their machines.

The second mistake was assuming that water is water. "We were so ignorant, we just had no idea," laughs Cullinane (well, he laughs now). Conversations with water experts such as Dirk Haselhoff, an engineer with Ozone Technologies, soon revealed the challenge. The vast majority of New Zealand bores, it turns out, are suitable for irrigation and even supplying rural residents with drinking water, but not for bottling. In addition, securing water rights and producing consistent volumes means that, in Haselhoff's opinion, "only one

in 10,000 water bores worldwide is of sufficient quality for bottled water production”.



It was a happy circumstance, then, that an exhaustive search by a PhD student for the highest quality water sources would lead Antipodes to a bottling plant that could also handle its foolish bottles. The Otakiri Springs plant near Whakatane taps into an aquifer with water that's been underground for more than 50 years, fed by a volcanic plateau hundreds of kilometres away. The longer that water can travel through earth untouched by industry or human habitation, the higher the chance of purity. While Europe is famed for its Alps water, countries such as Fiji are gaining reputations. Says Haselhoff: “The reason that New Zealand is going to be such a big player in water is because our mountains and aquifers are so uncontaminated by industry.”

And how does he rate the Antipodes water? “I would say that the water Antipodes produces is possibly one of the highest quality in the world. It's certainly up there with the best.”

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Emboldened by the find, the team approached the family-owned Otakiri Springs to produce a batch and it was time for what Cullinane calls the first “come-to-Jesus moment”: importing 30,000 laboratory bottles from Germany. “We figured, based on projected sales, that we could get three container-loads without losing our shirts, but there was a moment where we all had to look at each other. Twenty-seven containers later you wonder what we were worried about.”

The third mistake began on December 15, 2003 when Woolley walked into Prego restaurant on

Ponsonby Road to meet friend and proprietor Krishna Botica. It was sales time. “I was so nervous, I hadn't really sold anything before—well, not to my colleagues anyway. It was usually me on the other side of the table. After my spiel she took pity on me and ordered some!”

Woolley made numerous sales calls that summer. The team were confident that because New Zealand is ‘100% Pure’, it would be seen as a logical source of pure water. They also thought the revival of Kiwi pride (think Huffer, Fat Freddy's, 42 Below) would swing in their favour. The strategy was to exploit Antipodes' provenance and restrict it to premium restaurants, associating the brand with a gourmet dining experience. Len Cheeseman, a well-known typographer and now Antipodes shareholder, created the simple, elegant look of the label to match the brand story.

All great ideas, and in Prego it worked. Botica says she certainly didn't feel sorry for Woolley; quite the opposite. “I instantly saw the potential in the bottle and the whole brand story,” she says. “It sits on the table without interfering with the food—customers like that.”

But Prego proved to be unusual. Restaurants often have longstanding and exclusive arrangements with beverage suppliers, and in New Zealand there are really only two: the multinationals Danone and Coca-Cola Amatil. Grant Hall, who heads a bottled water industry group and owns the Good water brand, says breaking into the duopoly is hard yakka. “They offer deals that are not exactly illegal but certainly anti-competitive. They lock out small independents through scale.”

What's more, customers didn't know the brand and Antipodes had no track record in supply. Restaurants weren't prepared to risk it just because it was New Zealand-made. By the end of the summer, Woolley had only eight outlets taking Antipodes. “It was really tough. It took me two years, for example, to crack Rocco [a top Auckland restaurant]. It was a real Mexican standoff.”

But as with the ‘mistakes’ of the bottle and a water source, the resistance from restaurants turned into a positive. Woolley shifted his attention to education, taking time with chefs and waiters to perform tastings and share his enthusiasm for water as a beverage with as much variety and flavour as wine or vodka. The hard worked paid off and by the middle of 2004, Antipodes had signed up enough customers to get through the first 30,000 bottles and face the next Jesus moment.

Which was also their fourth mistake. Glass.

“No one had tried to put New Zealand water into glass before. And if we had listened to people who have been in the industry, we never would,” says Cullinane.



Glass is expensive. It's heavy to shift and—did we mention?—it's expensive. The branding experts from the fancy-pants world of advertising may have chosen the coolest bottle on the planet but the cost was holding the company to ransom. So the team paid a visit to the only glass manufacturer in New Zealand, O-I (formerly ACI Glass), which could make the same or a similar bottle with 50-percent recycled glass for less than half the cost. The only hitch: the minimum production run was one million units.

One million may be a large number in anyone's bankbook but, by comparison, the highly successful Fiji Water produces some 30,000 bottles an hour. That's a million bottles every 33 hours—and Fiji Water has just three percent of the US bottled water business. Another way to look at it is that a million bottles is less than one day's production at O-I, which produces 50,000 units an hour.

Emboldened by their success, the team again took the plunge—although it took another 18 months and 27 container-loads of German bottles before Kiwi-made bottles hit the tablecloths.

Woolley meanwhile took his roadshow to Australia, setting up a distribution deal with an old contact at premium wine distributor Negociants, and he leveraged other contacts in Spain and Hong Kong. By the end of 2007 Antipodes was shifting about a million bottles per annum, evenly split between export and domestic consumption. The business was clearly showing signs of promise but the team faced one more Jesus moment before the end of 2008.

The fifth thing you wouldn't do if you knew anything about the bottled water business would be to launch a global brand without securing your supply. As sales expanded and the demand on the Otakiri plant grew, Antipodes was exposed. Its entire supply and brand story relied on a contract with the family-owned

facility. Negotiations to buy the plant stagnated so the team began to search for an alternative.

Lady Luck was again on their side. Surveys revealed a bore that tapped into another similarly aged aquifer nearby. “We drove around and around, going door-to-door asking farmers and orchardists, ‘Who owns that bore?’, until we found it: a kiwifruit orchard that was irrigated by the world's best water,” says Woolley. Once again they faced an investment decision: buy the land and build a world-class plant or stay with the already proven success of the family show.

It was a no-brainer. “You've got understand that the hardest or even most expensive part is not building the plant—you just buy it from Europe and install it. By far the hardest is the marketing and distribution, which Antipodes has achieved, second to none.”

Antipodes now is a proud owner of an EU- and FDA-compliant world-class bottling facility with “infinite capacity for pure, untreated artesian water that's been trickling through volcanic soil for 50 years”, says Cullinane. To top off the investment the company was recently certified carbon neutral by Landcare Research and has replaced the kiwifruit with native forest to act as a carbon sink.

No one at Antipodes is prepared to reveal the value of the company or predict sales growth. “It's not for sale, not for a long, long time,” says Cullinane. And why would it be? With the bottling plant now secure and the marketing and sales underway, Antipodes can scale up, up and up without any new capital investment. There are plenty of ifs in there: what if people stop buying bottled water? (In fact, bottled water growth plateaued for the first time in 2008.) What if the water runs out? What if New Zealand loses its clean-and-green claim?

There are plenty of uncertainties but far fewer now that Antipodes has proven its five novice assumptions may in fact be brilliant successes. “We are really proud of what Antipodes has done,” say industry spokesman Hall. “It's embarrassing that we import foreign water into New Zealand—New Zealand, where it rains pure water! But Antipodes has gone one step better and created a premium brand that we can all be proud of as a country.”

Sometimes it really pays not to know what you should know.