

# **Información comercial**

Posiciones Arancelarias de Referencia:  
PA 22011000110X

Noviembre 2020

---

Sección Económico-Comercial  
Embajada de la República Argentina  
7 National Circuit, 2nd floor  
Barton ACT 2600, Canberra, Australia  
P: +61 (2) 62 73 91 11 ext. 225

1) Empresa solicitante: ALUN-CO [www.alun-co.com.ar](http://www.alun-co.com.ar)

2) Posiciones Arancelarias de Referencia: PA 22011000110X

3) Información de mercado en Australia: se adjunta informe “Bottled water manufacturing in Australia” (Ibis World, junio 2020).

4) Aranceles de importación y estadística de importación en Australia (año 2019):

AUSTRALIAN BUREAU OF STATISTICS					
International Merchandise Trade, Customised Table					
Table 1: Imports of all HTISC codes, by Country Of Origin, by Quantity (where available), by Customs Value					
Reference Period: Calendar Year 2019					
© Commonwealth of Australia 2020					
Harmonised Tariff Item	Harmonised Tariff Item Statistical Classification - Labels	Country of Origin	Quantity	Unit of Quantity	Value (Customs Value) (\$'000)
2201100001	Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured	Bosnia and Herzegovina	0	Not Recorded	35,646
2201100001	Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured	Bulgaria	0	Not Recorded	4,597
2201100001	Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured	China (excludes SARs and Taiwan)	0	Not Recorded	225,149
2201100001	Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured	Costa Rica	0	Not Recorded	9,516
2201100001	Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured	Croatia	0	Not Recorded	11,693
2201100001	Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured	Cyprus	0	Not Recorded	4,07
2201100001	Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured	Czechia	0	Not Recorded	5,383
2201100001	Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured	Denmark (includes Greenland and Faroe Isl	0	Not Recorded	11,208
2201100001	Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured	Estonia	0	Not Recorded	3,83
2201100001	Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured	Fiji	0	Not Recorded	1834,544
2201100001	Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured	France (includes Andorra and Monaco)	0	Not Recorded	4756,245
2201100001	Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured	Georgia	0	Not Recorded	1,238
2201100001	Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured	Germany	0	Not Recorded	1,261
2201100001	Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured	Greece	0	Not Recorded	266,835
2201100001	Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured	Hungary	0	Not Recorded	17,68
2201100001	Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured	Iceland	0	Not Recorded	156,041
2201100001	Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured	India	0	Not Recorded	2,884
2201100001	Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured	Indonesia	0	Not Recorded	2,659
2201100001	Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured	Italy (includes Holy See and San Marino)	0	Not Recorded	33144,947
2201100001	Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured	Japan	0	Not Recorded	1,671
2201100001	Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured	Jordan	0	Not Recorded	18,794
2201100001	Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured	Korea, Republic of (South)	0	Not Recorded	252,518
2201100001	Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured	Lebanon	0	Not Recorded	115,506
2201100001	Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured	Malaysia	0	Not Recorded	50,366
2201100001	Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured	Mexico	0	Not Recorded	1,208
2201100001	Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured	Netherlands	0	Not Recorded	198,753
2201100001	Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured	New Zealand	0	Not Recorded	2058,639
2201100001	Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured	North Macedonia	0	Not Recorded	91,712
2201100001	Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured	Norway	0	Not Recorded	2390,543
2201100001	Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured	Poland	0	Not Recorded	7,187
2201100001	Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured	Portugal	0	Not Recorded	36,306
2201100001	Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured	Romania	0	Not Recorded	5,027
2201100001	Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured	Russian Federation	0	Not Recorded	13,161
2201100001	Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured	Serbia	0	Not Recorded	380,347
2201100001	Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured	Singapore	0	Not Recorded	2,4
2201100001	Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured	Slovenia	0	Not Recorded	72,501
2201100001	Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured	Spain	0	Not Recorded	8,291
2201100001	Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured	Sri Lanka	0	Not Recorded	1,36
2201100001	Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured	Taiwan	0	Not Recorded	5,126
2201100001	Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured	Turkey	0	Not Recorded	392,983
2201100001	Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured	United Arab Emirates	0	Not Recorded	2,538
2201100001	Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured	United Kingdom, Channel Islands and Isle of	0	Not Recorded	1476,98
2201100001	Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured	United States of America	0	Not Recorded	124,427

Reference Number	Statistical Code	Unit	Goods	Rate#
2201			WATERS, INCLUDING NATURAL OR ARTIFICIAL MINERAL WATERS AND AERATED WATERS, NOT CONTAINING ADDED SUGAR OR OTHER SWEETENING MATTER NOR FLAVOURED; ICE AND SNOW:	
2201.10.00	01	..	- Mineral waters and aerated waters	Free
2201.90.00	02	..	- Other	Free

Fuente: <https://www.abf.gov.au/importing-exporting-and-manufacturing/tariff-classification/current-tariff/schedule-3/section-iv/chapter-22>

5) Precios aproximados (en AUD) de comercialización del producto en principales cadenas de supermercados de Australia:

**Coles:** [www.coles.com.au](http://www.coles.com.au)

Coles Natural Spring Water (product of Australia)  
1.5L \$0.80

Coles Natural Spring Water (product of Australia)  
8 x 1.5L \$6.30

Coles Natural Spring Water (product of Australia)  
24 x 600ml \$9.00

Coles Natural Spring Water (product of Australia)  
6 x 600ml \$3.60

Australian Natural Spring Water (product of Australia)  
24 X 600ml \$9.00

Frantelle Natural Spring Water (product of Australia; environmental: recycled)  
24 x 600ml \$15

Frantelle The Day Tripper Spring Water (product of Australia)  
1L \$1.55

Mount Franklin Pure Spring Water (product of Australia)  
1.5L \$3.00

Mount Franklin Pure Spring Water (product of Australia)  
20 x 500ml \$9.20

Mount Franklin Pure Spring Water (product of Australia)  
6 x 1L \$6.40

Mount Franklin Pure Spring Water (product of Australia)  
12 x 500ml \$9.75

Voss Artesian Still Spring Water (product of Norway)  
800ml \$5.20

Voss Artesian Still Spring Water (product of Norway)  
375ml \$2.15

Pump Spring Water – This purified water comes with an easy to use sipper cap (Made in Australia from imported and local ingredients)

1.25L \$3.30

Fiji Natural Artesian Water (product of Fiji)

1L \$2.70

Alka Power Ionic Alkaline Spring Water PH9-10 with 5 Natural Electrolytes (Made in Australia from at least 99% Australian ingredients)

1.5L \$3.50

**Woolworth: [www.woolworths.com.au](http://www.woolworths.com.au)**

Woolworth Spring Water (product of Australia)

10L \$4.00

Woolworth Spring Water (product of Australia)

6 x 1.5L \$4.75

Woolworth Spring Water (product of Australia)

24 x 600ml \$9.00

Woolworth Spring Water (product of Australia)

12 x 600ml \$4.80

Woolworths Spring Water Sipper Bottle

1L \$1.10

Frantelle Still Spring Water (product of Australia; environmental: recycled)

24 x 600ml \$8.40

Mountain Franklin Spring Water (product of Australia)

20 x 500ml \$9.20

Nu Pure Still Spring Water (product of Australia)

20x600ml \$8.40

Nu Pure Still Spring Water (product of Australia)

600ml \$1.10

Tasmanian Mountain Spring Water (product of Australia)

10L \$6.40

Evian Spring Still Water (product of France)

330ml \$1.60

Evian Spring Still Water (product of France)

750ml \$2.75

Just Water Spring Water (product of Australia)  
500ml \$1.50

Just Water Spring Water (product of Australia)  
500ml x12 case \$18.00

Mt Ossa Tasmanian Spring Water Still (product of Australia)  
750ml \$2.90

Balance Cleanse Spring Water (product of Australia)  
700ml \$2.80

Voss Still Spring Water (product of Norway)  
800ml \$4.20

Voss Still Spring Water (product of Norway)  
375ml

6) Listado de importadores/distribuidores:

**Socrates Distributors**

<https://socratesdistributors.com.au/>

Tel: (+61) 2 9905 1598

Email: [shop@socratesdistributors.com.au](mailto:shop@socratesdistributors.com.au) ó [sales@socratesdistributors.com.au](mailto:sales@socratesdistributors.com.au)

Dirección: 2/100 Old Pittwater Road, Brookvale NSW 2100

Contacto: Joseph Socrates, Director

**SL Distributors**

<https://www.sldistributors.com.au/>

Dirección: 9 Rooneys Rd, Warrnambool VIC 3280

Tel: (+61) 3 5561 5383

Email: [reception@sldist.com.au](mailto:reception@sldist.com.au)

Contacto: David Stapleton, Director Ejecutivo

**AIDA**

<https://www.aidabeveragegroup.com.au/>

Tel: +61 2 4365 6067

Email: [enquiries@aida-group.com.au](mailto:enquiries@aida-group.com.au)

Dirección: Shop 9B 210 Central Coast Highway, Erina NSW 2250

Contacto: Jamie Sullivan, Gerente General

**Metro Beverage Co**

<https://mbcdrinks.com.au/>

Dirección: 4 Fiveways Boulevard, Keysborough VIC 3173

Tel: +61 1300 123 622

Email: [sales@mbcdrinks.com.au](mailto:sales@mbcdrinks.com.au)

Contacto: Henry Velkovski, Gerente General

### **Kelly's Distributors Pty Ltd**

<https://kellysdistributors.com.au/>

Dirección: 215 Jackson Rd, Sunnybank Hills, QLD 4109

Tel: +61 7 3345 2688

Email: [info@kellysdist.com.au](mailto:info@kellysdist.com.au)

Contacto: Sr. Tariq Islam, Director de Finanzas

### **JB Metropolitan Distributors Pty Ltd**

<https://www.jbmetro.com.au/>

Dirección: 368-370 Newbridge Road, Moorebank, New South Wales 2170, Australia

Tel: (+61) 2 9733 0500

Email: [info@jbmetro.com.au](mailto:info@jbmetro.com.au)

Contacto: Steven Hochbaum, Gerente General - Ventas

### **The Distributors**

<https://www.the-distributors.com.au/>

Dirección: 394 Lane Cove Road, Macquarie Park, NSW 2113

Tel: +61 2 9886 0888

Email: [info@the-distributors.com.au](mailto:info@the-distributors.com.au)

Contacto: George Tsapoutas, Gerente General

### **Ozone Organics**

<https://www.ozoneorganics.com.au/>

Tel: +61 1300 307 660

Email: [info@ozoneorganics.com.au](mailto:info@ozoneorganics.com.au)

Dirección: 6-8 Philip St, Cheltenham, VIC, 3192

Contacto: Tony Avramides, Propietario y Director Ejecutivo

### **Better Choice Beverage Co**

<https://www.betterchoicebeverageco.com.au/>

Level 21, 133 Castlereagh Street Sydney NSW 2000

Dirección: PO Box 258 Casula mMall NSW 2170

Tel: +61 2 9734 8753

Email: [info@betterchoicebeverageco.com.au](mailto:info@betterchoicebeverageco.com.au)

7) Ferias del sector:

Foodservice Australia 2021

[www.foodserviceaustralia.com.au](http://www.foodserviceaustralia.com.au)

8) Sitios web de interés:

Australian Beverages:

[www.australianbeverages.org/beverages/water](http://www.australianbeverages.org/beverages/water)

|| AU INDUSTRY (ANZSIC) REPORT C1211b

# Bottled Water Manufacturing in Australia

---

**Still not sparkling: Private label products and environmental concerns constrain revenue growth**

Yin Huey Yeoh | June 2020

# Contents

<b>About This Industry</b>	<b>5</b>	<b>Competitive Landscape</b>	<b>26</b>
Industry Definition.....	5	Market Share Concentration.....	26
Major Players.....	5	Key Success Factors.....	26
Main Activities.....	5	Cost Structure Benchmarks.....	26
Supply Chain.....	6	Basis of Competition.....	29
Similar Industries.....	6	Barriers to Entry.....	30
Related International Industries.....	6	Industry Globalization.....	31
<b>Industry at a Glance</b>	<b>7</b>	<b>Major Companies</b>	<b>33</b>
Executive Summary.....	9	Major Players.....	33
<b>Industry Performance</b>	<b>10</b>	Other Players.....	36
Key External Drivers.....	10	<b>Operating Conditions</b>	<b>37</b>
Current Performance.....	11	Capital Intensity.....	37
<b>Industry Outlook</b>	<b>15</b>	Technology And Systems.....	38
Outlook.....	15	Revenue Volatility.....	39
Performance Outlook Data.....	17	Regulation & Policy.....	40
Industry Life Cycle.....	17	Industry Assistance.....	42
<b>Products and Markets</b>	<b>19</b>	<b>Key Statistics</b>	<b>43</b>
Supply Chain.....	19	Industry Data.....	43
Products and Services.....	19	Annual Change.....	43
Demand Determinants.....	20	Key Ratios.....	43
Major Markets.....	21	<b>Additional Resources</b>	<b>44</b>
International Trade.....	22	Additional Resources.....	44
Business Locations.....	24	Industry Jargon.....	44
		Glossary Terms.....	44



# About IBISWorld

IBISWorld specializes in industry research with coverage on thousands of global industries. Our comprehensive data and in-depth analysis help businesses of all types gain quick and actionable insights on industries around the world. Busy professionals can spend less time researching and preparing for meetings, and more time focused on making strategic business decisions that benefit you, your company and your clients. We offer research on industries in the US, Canada, Australia, New Zealand, Germany, the UK, Ireland, China and Mexico, as well as industries that are truly global in nature.

# Covid-19

## Coronavirus Impact Update

IBISWorld's analysts constantly monitor the industry impacts of current events in real-time – here is an update of how this industry is likely to be impacted as a result of the global COVID-19 pandemic:

- The Bottled Water Manufacturing industry is expected to grow marginally by 0.2% in 2019-20. Prior to the outbreak of COVID-19, the industry was expected to increase by 0.8%.
- While the outbreak of COVID-19 is not expected to have a severe impact on industry revenue, on-the-go demand for bottled water is expected to decline strongly in the current year, as many outdoor events have been cancelled due to government restrictions.
- Purchases of bottled water in supermarkets is expected to rise following the outbreak of COVID-19, due to increased panic purchasing by consumers. For more detail, see the Current Performance chapter.

Note: IBISWorld is endeavouring to update this report in-full as soon as possible. We thank you for your patience.

# About This Industry

## Industry Definition

The industry manufactures or bottles purified water, spring water or mineral water. Establishments that manufacture sweetened or flavoured mineral water, soft drinks, fruit juice, alcoholic beverages or milk drinks are excluded from the industry. Firms that mainly supply water by pipelines or mains are also excluded.

## Major Players

Coca-Cola Amatil Limited

---

Asahi Holdings (Australia) Pty Ltd

---

## Main Activities

### The primary activities of this industry:

Spring water manufacturing and bottling

---

Purified water manufacturing and bottling

---

Bulk water manufacturing and bottling

---

Unsweetened and unflavoured mineral water manufacturing and bottling

---

### The major products and services in this industry:

Spring water

---

Purified water

---

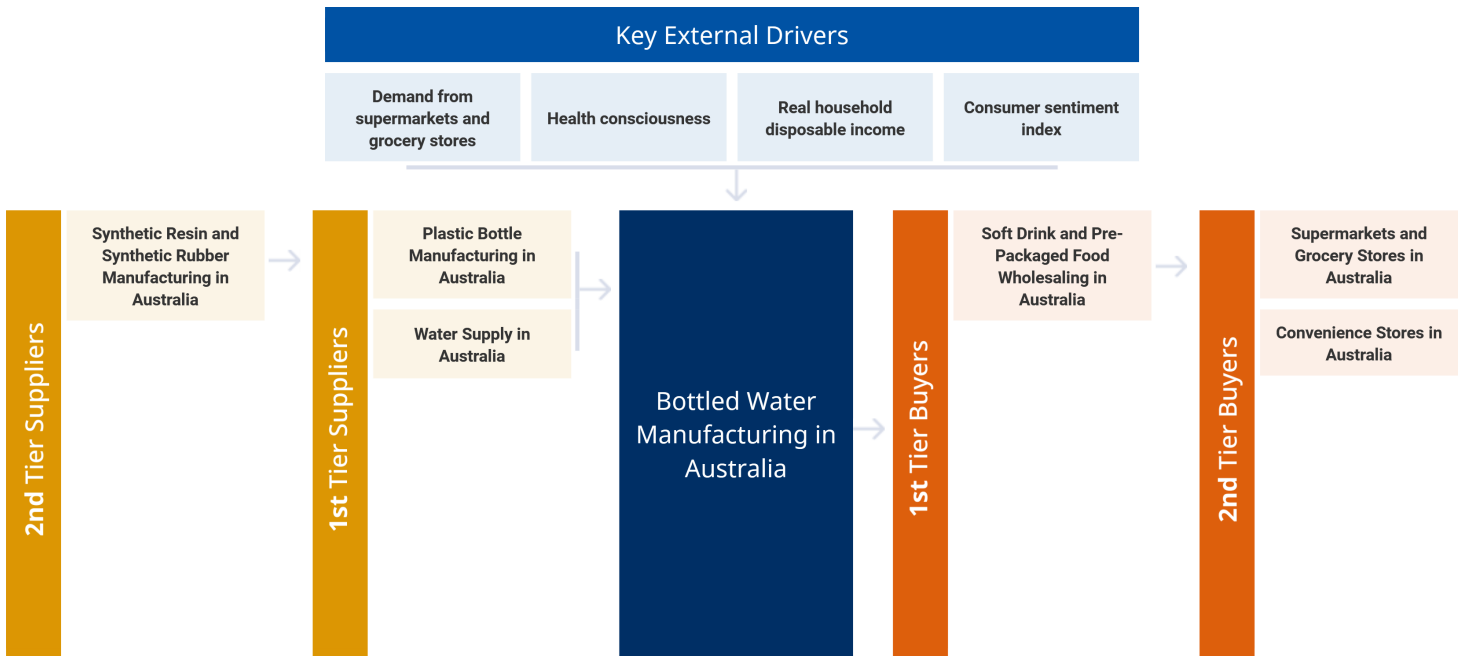
Bulk and packaged water

---

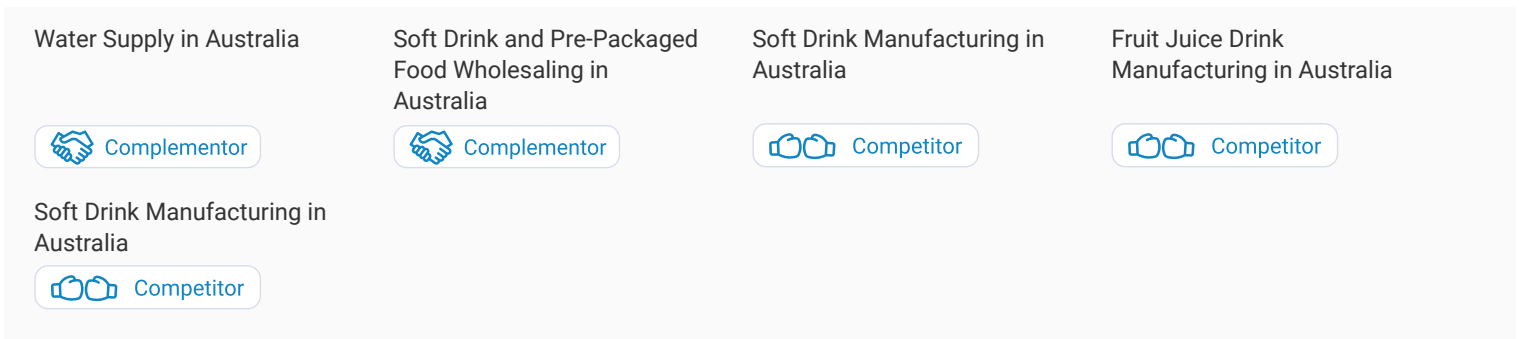
Mineral water

---

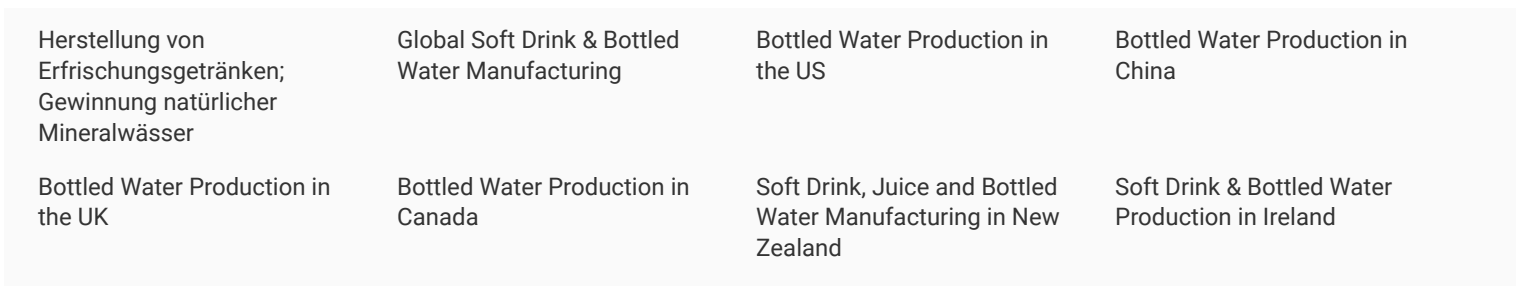
## Supply Chain



## SIMILAR INDUSTRIES



## RELATED INTERNATIONAL INDUSTRIES



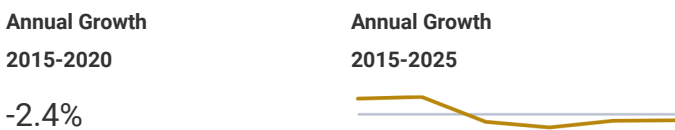
# Industry at a Glance

## Key Statistics

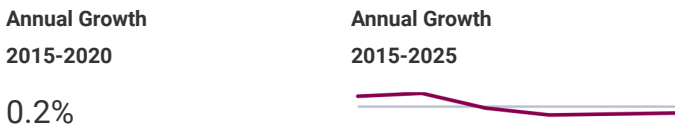
**\$650.6m**  
Revenue



**\$41.0m**  
Profit



**6.3%**  
Profit Margin



**42**  
Businesses



**941**  
Employment



**\$80.0m**  
Wages



## Key External Drivers

% = 2015-2020 Annual Growth

<b>0.6%</b> Health consciousness	<b>-0.5%</b> Consumer sentiment index
<b>0.7%</b> Real household disposable income	<b>2.2%</b> Demand from supermarkets and grocery stores

## Industry Structure

**POSITIVE IMPACT**

Barriers to Entry  
High

**MIXED IMPACT**

Life Cycle Mature	Revenue Volatility Medium
Capital Intensity Medium	Regulation Medium
Technology Change Medium	Globalization Medium

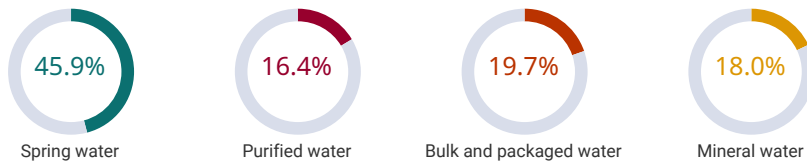
**NEGATIVE IMPACT**

Industry Assistance Low	Concentration High
Competition High	

## Key Trends

- Growing consumer demand for high-margin bottled water varieties has boosted industry profit
- Higher packaging costs have constrained profit margins over the past five years
- Small-scale firms that produce premium products are increasingly entering the industry
- Rising disposable income is projected to drive greater demand for bottled water
- Ongoing consumer preferences for convenience will likely support sales of bottled water
- The larger players are expected to maintain profitability by focusing on premium brands
- Industry competition has increased, driving prices down and constraining revenue

### Products & Services Segmentation



Bottled Water Manufacturing  
Source: IBISWorld

### Major Players

% = share of industry revenue



- 68.1% Coca-Cola Amatil
- 15.3% Asahi Holdings
- 16.6% Other

Bottled Water Manufacturing  
Source: IBISWorld

### SWOT

#### S STRENGTHS

- High & Increasing Barriers to Entry
- Low Product/Service Concentration
- High Revenue per Employee

#### W WEAKNESSES

- Low & Steady Level of Assistance
- High Competition
- Medium Imports
- Low Profit vs. Sector Average
- High Customer Class Concentration
- High Capital Requirements

#### O OPPORTUNITIES

- High Revenue Growth (2020-2025)
- Consumer sentiment index

#### T THREATS

- Very Low Revenue Growth (2005-2020)
- Low Revenue Growth (2015-2020)
- Low Performance Drivers
- Real household disposable income

## Executive Summary

**Operators in the Bottled Water Manufacturing industry have faced several challenges over the past five years, some of which have negatively affected industry performance.**

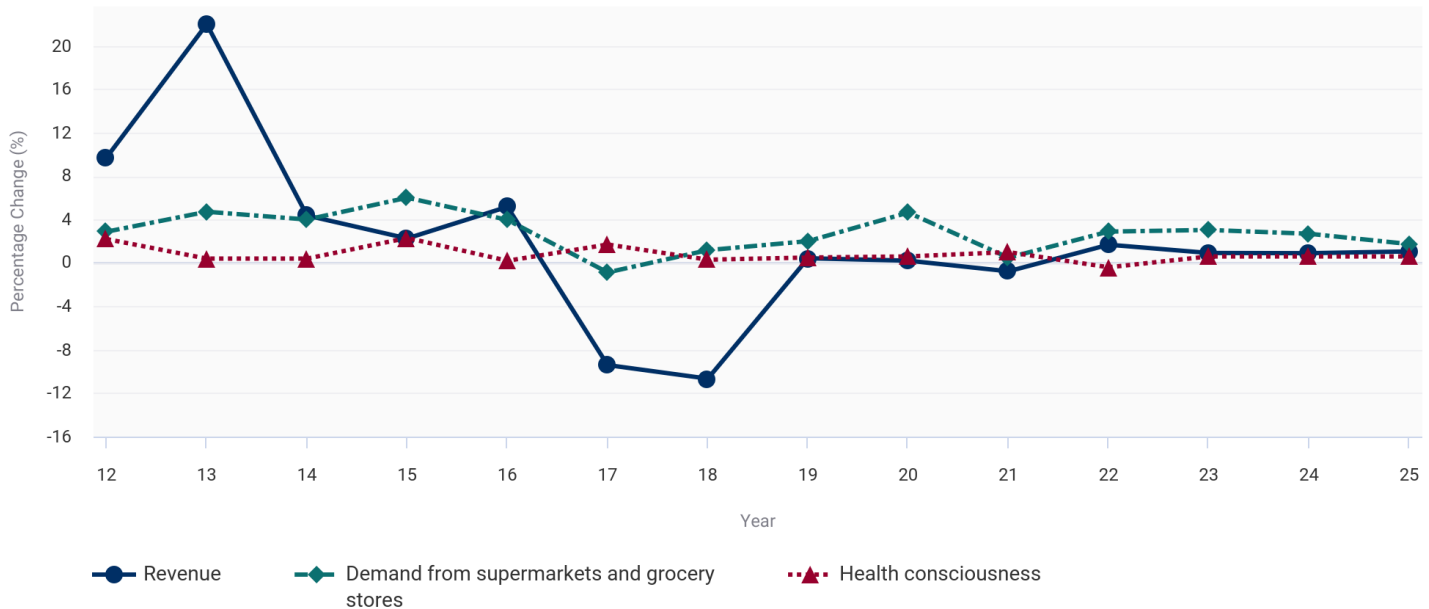
Industry competition has increased and the rising prevalence of private-label products has driven prices down, putting downward pressure on revenue. Growing concerns regarding the environmental effects of bottled water have also negatively affected the industry. Overall, industry revenue is expected to fall at an annualised 3.0% over the five years through 2019-20, to \$650.6 million. However, revenue is anticipated to grow marginally by 0.2% in the current year, due to the outbreak of COVID-19. Industry revenue growth is likely to be constrained by a decline in demand for on-the-go bottled water and the restricted operations of restaurants and cafes.

Over the past five years, industry operators have faced increased consumer attention related to the environmental impacts of plastic water bottles. As a result, major players have moved most of their bottle production in-house and developed new production techniques to minimise environmental waste. These technologies, such as blow-fill machinery, have reduced the amount of plastic resin required to manufacture bottles, lowering costs and addressing environmental concerns. However, mounting environmental criticism, caused by low recycling rates and a large volume of bottles ending up in landfill, remains a problem for the industry. Operators have also responded by developing environmentally-friendly packaging and minimising use of PET resin and other raw materials.

The industry is projected to grow modestly over the next five years. Demand from supermarkets and other retailers is anticipated to increase as disposable incomes rise. Rising health consciousness is also forecast to support revenue growth, as consumers reduce their spending on soft drinks and shift towards healthy beverages such as bottled water. Major players are likely to continue promoting the health benefits of bottled water through marketing and branding, supporting revenue growth. However, the environmental impacts of bottled water and public concerns surrounding this issue are likely to remain a threat to the industry. Overall, industry revenue is projected to increase at an annualised 0.8% over the five years through 2024-25, to total \$675.7 million.

# Industry Performance

Key External Drivers 2012–2025



Bottled Water Manufacturing  
Source: IBISWorld

## Key External Drivers

### Demand from supermarkets and grocery stores

Supermarkets and grocery stores are a significant market for industry products. Many households regularly purchase bottled water from supermarkets, making these retailers an important sales channel for industry operators. When demand from supermarkets and grocery stores increases, industry revenue also typically rises. Demand from supermarkets and grocery stores is expected to increase in 2019-20.

### Health consciousness

Health consciousness represents consumer attitudes towards health issues and lifestyle choices. Increasing health consciousness and greater awareness of the benefits of adequate water consumption typically boost demand for bottled water. In particular, demand for bottled water increases as consumers shift away from beverages with high sugar content. Health consciousness is expected to increase in 2019-20.

### Real household disposable income

Household disposable income reflects the income available for consumers to purchase necessary household items, such as food and beverages. An increase in household disposable income means consumers have more income to spend on bottled water products, providing an opportunity for the industry to expand. Real household disposable income is expected to decrease in 2019-20.



### Consumer sentiment index

The consumer sentiment index measures how people feel about their current financial situation and overall economic conditions. When consumer sentiment is positive, individuals are more likely to spend more, especially on non-essential goods. Conversely, negative consumer confidence can result in households attempting to save money by substituting bottled water with tap water, threatening industry revenue growth. Consumer sentiment is projected to become negative in 2019-20, potentially threatening the industry.

Industry Performance 2012-2025



Bottled Water Manufacturing  
Source: IBISWorld

### Current Performance

**The Bottled Water Manufacturing industry has faced difficult conditions over the past five years.**

Strong and increasing price competition has reduced prices despite rising sales volumes, negatively affecting the industry's performance. Additionally, the industry has come under increasing pressure due to growing concerns about the environmental impact of industry products. Although industry firms have benefited from increasing health consciousness and a growing preference for convenience among consumers, industry revenue is expected to decrease at an annualised 3.0% over the five years through 2019-20, to \$650.6 million. However, revenue is anticipated to grow marginally by 0.2% in the current year, due to the outbreak of COVID-19.

## COVID-19

**Industry revenue growth is expected to be constrained in the current year by declining demand for on-the-go consumption due to the COVID-19 outbreak.**

The Federal Government's restriction on outdoor gatherings has led to event cancellations. As a result, sales for on-the-go consumption bottled water has fallen sharply. Additionally, the closure of pubs, indoor sporting venues and cinemas from March 2020 is expected to result in lower demand for industry products in the current year. While cafes and restaurants can still operate, the operations are limited to take away and home delivery services, further reducing demand for industry products. However, this decline is expected to be partially offset by an increase in demand for bottled water from grocery stores and supermarkets. Due to the outbreak of COVID-19, many consumers are stockpiling common household products, including bottled water. Smaller industry players may face domestic supply disruption if they do not have the capability to cope with a sudden increase in demand.

## Profit trends

**Industry profit margins have increased over the five years through 2019-20.**

Growing consumer demand for high-margin premium bottled water varieties, such as premium sparkling water, has boosted industry profitability over the period. However, increased price competition from private-label products and discounting by the major players have limited industry profitability growth. Larger players seeking to gain market share in a highly concentrated industry have driven price competition. The two major supermarkets, Coles and Woolworths, have a strong influence on the industry. Over the past five years, their private-label brands have reduced retail prices for bottled water and increased competition among contract bottlers for private-label manufacturing deals.

Higher packaging costs and investments in expensive blow-fill technologies have also limited a rise in profit margins over the past five years, as major players have continued to adopt technology to cultivate a greener image. Fluctuating crude oil prices can also prompt volatility in the price of PET, although new technologies have reduced the amount of PET and raw materials used to manufacture plastic bottles. Furthermore, large manufacturers, such as Coca-Cola Amatil (CCA), have in-house PET bottling plants, allowing them to better control costs and material use.

## Industry structure and international trade

**Ongoing consumer trends favouring healthy living and premium foods have provided opportunities for new players to enter the industry over the past five years, such as small-scale firms that produce premium sparkling water.**

As a result, enterprise numbers have increased slightly over the period. However, employment numbers have fallen over the five years through 2019-20, as larger operators have increasingly automated production processes.

The industry's imports have grown over the past five years. Domestic manufacturers face moderate competition from imported bottled water, with imports estimated to account for 8.6% of domestic demand in the current year. Most bottled water is largely limited to premium still and sparkling varieties such as Evian, Voss and Fiji Water. Industry operators also generate a small amount of revenue from export markets. Exports have increased marginally as a share of industry revenue over the past five years, to represent an estimated 2.0% of revenue in 2019-20. The Australian dollar has depreciated over the period, increasing the price competitiveness of Australian-made bottled water and supporting growth in exports.

### Environmental concerns

**Increasing consumer awareness and concerns related to the environmental effects of bottled water have strongly affected the industry over the past five years.**

Growing concerns about plastic bottles in landfill, and the carbon emissions produced during manufacturing and distribution have been harmful to the industry. Conversely, substitute products such as tap water have a lower environmental impact and are significantly cheaper.

In response to these concerns, some industry players have adjusted their production processes. The industry's largest player, CCA, has undertaken several major projects over the past decade to promote beverage container recycling and ensure fewer raw materials are used to manufacture PET bottles. In 2019, CCA announced that 70.0% of the company's plastic bottles manufactured in Australia will be made from 100% recycled plastic by 2020. This includes CCA's bottled water products. The company has also invested in recycling projects, partnering with companies such as Westfield and Visy.

### Tap water taste

**Despite an overall decline in revenue, consumer dissatisfaction with the taste of tap water has supported demand for bottled water over the past five years.**

Multiple surveys, including those conducted by Queensland Urban Utilities, have noted this trend. Surveys have also indicated consumer concerns about chemicals used to treat public water supplies, such as chlorine and fluoride, despite the well-publicised benefits of fluoride for dental health. The Australasian Bottled Water Institute's Model Code has aided the industry's drive for credibility and quality assurance. Along with taste and quality, marketing and branding are significant factors that can affect an operator's sales.

Historical Performance Data									
Year	Revenue	IVA	Estab.	Enterprises	Employment	Exports	Imports	Wages	Domestic Demand
	(\$m)	(\$m)	(Units)	(Units)	(Units)	(\$m)	(\$m)	(\$m)	(\$m)
2011-12	583	127	42	39	1,460	4.10	34.2	62.1	613
2012-13	711	150	43	39	1,401	3.50	38.6	71.1	746
2013-14	742	137	44	40	1,261	6.20	46.9	75.2	783
2014-15	759	154	44	40	1,162	13.5	50.2	83.7	796
2015-16	799	174	44	40	1,054	8.80	55.5	87.1	845
2016-17	724	164	44	40	959	9.70	55.2	83.9	769
2017-18	646	148	40	36	989	8.90	56.1	79.7	694
2018-19	649	148	42	38	940	11.6	58.2	81.7	696
2019-20	651	144	47	42	941	12.8	60.0	80.0	698

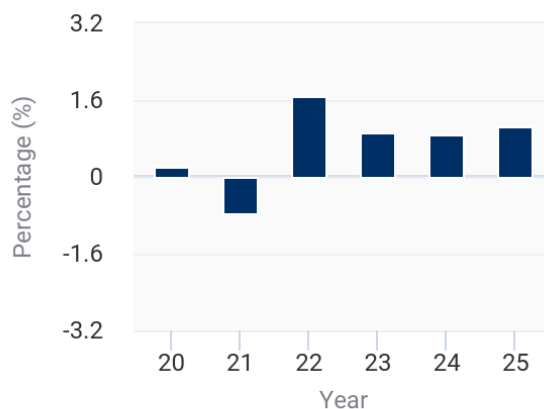
# Industry Outlook

## Outlook

**The Bottled Water Manufacturing industry is anticipated to grow modestly over the next five years.**

A projected increase in health consciousness and ongoing consumer preferences for convenience are likely to drive sales of bottled water for most of the next five years. However, consumer environmental concerns are also forecast to increase over the period, threatening industry growth. As a result, firms are projected to continue developing recyclable packaging and brand themselves as carbon neutral and environmentally friendly operators. Overall, industry revenue is forecast to grow at an annualised 0.8% over the five years through 2024-25, to \$675.7 million.

### Industry Outlook 2020-2025



Bottled Water Manufacturing  
Source: IBISWorld

## COVID-19

**Due to the COVID-19 outbreak, the state and federal governments have enacted social distancing measures to contain the virus.**

Consequently, many public events have been postponed or cancelled, negatively affecting demand for on-the-go consumption of bottled water. The indefinite closure of non-essential services, including pubs, clubs, casinos, nightclubs and cinemas, and limited operations of food service establishments, such as cafes and restaurants, is likely to continue reducing demand for industry products. The outbreak of COVID-19 is also anticipated to contribute to negative consumer sentiment in 2019-20. Consumer sentiment is forecast to recover, but remain negative in 2020-21. Negative consumer confidence could result in consumers attempting to save money by increasingly purchasing private-label brands or substituting bottled water for tap water. As a result, industry revenue is projected to decline in 2020-21. However, demand for industry products is anticipated to recover once social distancing measures are eased and some public events are rescheduled.

## Revenue drivers

**Rising disposable income is likely to support demand for bottled water from supermarkets, food service establishments and convenience stores over the next five years.**

However, supermarkets and convenience stores are anticipated to continue allocating more shelf space to private-labels due to cost advantages, which is likely

to increase industry competition over the period. Furthermore, sales of higher value premium water are likely to increase as disposable incomes grow, supporting profit margins.

Poor tap water quality has been a persistent issue in some regions of the country, particularly in Western Australia. This trend has increased the state's reliance on bottled water. Population growth in Western Australia over the next five years is projected to contribute to rising bottled water use for general home consumption. Australia consumes a significantly lower volume of bottled water annually than many other countries, which also presents an opportunity for further growth. The industry is projected to continue benefiting from consumers choosing bottled water over tap water over the period, supported by strong marketing and developments in product packaging.

Ongoing concerns about the environmental consequences of bottled water are expected to continue constraining industry sales over the next five years. Therefore, operators will need to counteract these concerns to maintain growth. Industry firms are forecast to continue developing new bottling technologies over the period to address concerns about plastic bottles contributing to landfill. Firms are also expected to increasingly invest in processes to reduce plastic usage and minimise carbon emissions. As a result, more industry players may switch from plastic bottles to cartons made from recyclable materials.

### Profitability and trade

**Industry profitability is projected to decline slightly over the next five years.**

Consumers substituting bottled water with tap water and a projected rise in private-label bottled water sales are anticipated to place downward pressure on margins over the period. However, larger players are likely to maintain profitability by focusing on premium brands. Rising volumes and economies of scale are forecast to increase the dominance of larger brands and higher margin products, such as the Mount Franklin Lightly Sparkling range produced by Coca-Cola Amatil. In addition, industry players are also facing increasing competition from flavoured water.

Industry enterprise numbers are anticipated to increase over the next five years. However, rising competition from private-label brands, substitute products and imports will likely limit a rise in industry enterprise numbers, which is projected to slow over the next five years compared with the past five years. Growth in industry enterprises is also anticipated to cause employment numbers to increase over the five years through 2024-25.

International trade in the industry is projected to remain moderate over the next five years. Imports are anticipated to increase as a share of domestic demand over the period, increasing competition for industry manufacturers. The value of the Australian dollar is forecast to appreciate slightly over the next five years, boosting the price competitiveness of bottled water manufactured overseas. Exports are also projected to increase as a proportion of revenue over the period, as more industry manufacturers expand into export markets.

## Health consciousness

**Health consciousness is expected to continue affecting the industry over the next five years.**

As a result, investment in bottled water manufacturing is likely to increase, as major players Coca-Cola Amatil and Asahi further establish themselves as diversified manufacturers of healthy beverages. These companies are forecast to continue marketing the health benefits of bottled water over the period, shifting from their traditional markets in soft drinks and alcoholic beverages.

### Performance Outlook Data

Year	Revenue (\$m)	IVA (\$m)	Estab. (Units)	Enterprises (Units)	Employment (Units)	Exports (\$m)	Imports (\$m)	Wages (\$m)	Domestic Demand (\$m)
2020-21	646	146	50	45	1,014	15.1	63.3	82.2	694
2021-22	656	147	50	45	1,001	16.8	65.8	81.7	706
2022-23	663	150	52	46	1,019	18.9	69.3	83.7	713
2023-24	669	151	54	47	1,028	20.8	71.8	83.4	720
2024-25	676	158	56	49	1,072	22.8	75.2	85.8	728

## Industry Life Cycle

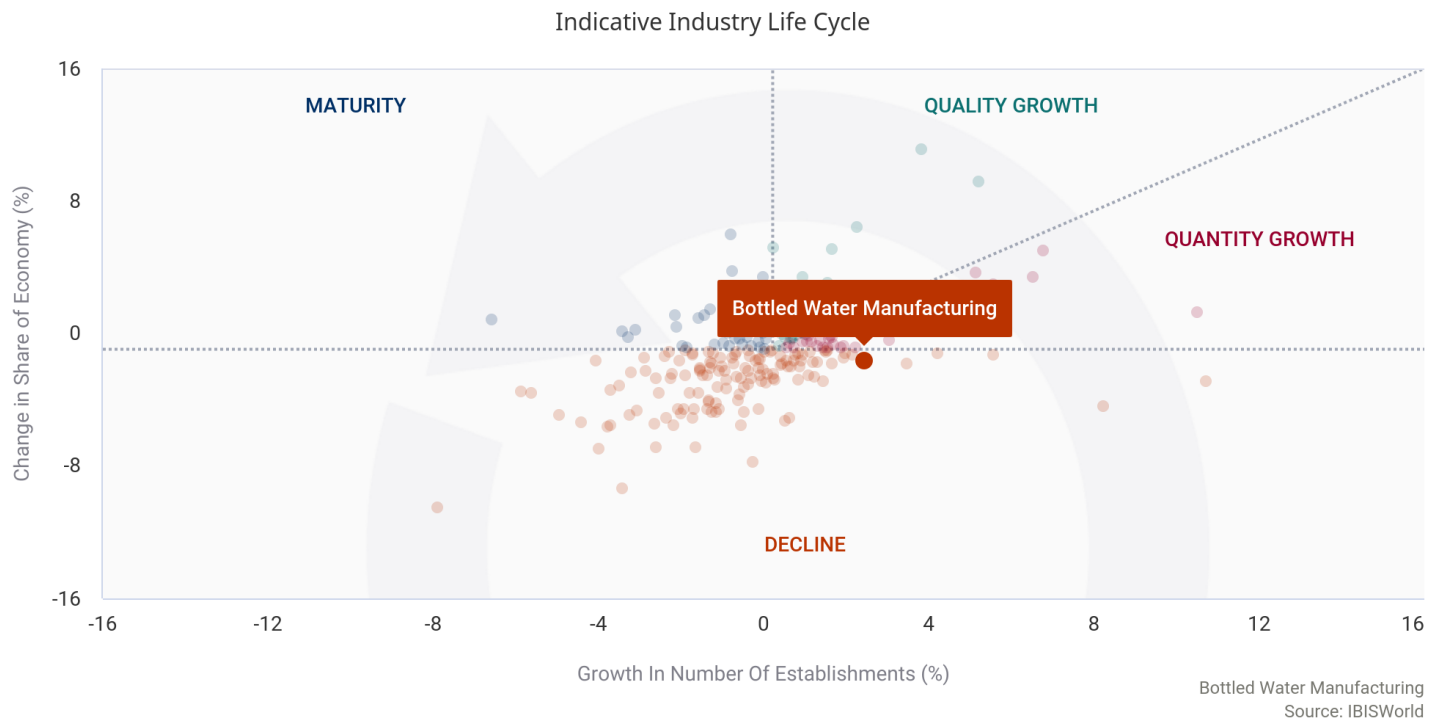
The life cycle stage of this industry is **⊖ Mature**

### LIFE CYCLE REASONS

**New product entries are slowing in the industry**

**Technological advancements have largely been limited to improving operating efficiencies**

**Industry value added is growing slower than the overall economy**



The Bottled Water Manufacturing industry is in the mature phase of its economic life cycle. Industry value added, a measure of the industry's contribution to the overall economy, is forecast to grow at an annualised 0.3% over the 10 years through 2024-25. This represents an underperformance of the overall economy, with Australia's GDP expected to rise at an annualised 2.0% over the same period. The industry's slower growth is typical of a mature industry.

Industry product innovation and introductions are slowing. Instead, the industry is increasingly focusing on marketing existing lines and improving manufacturing efficiency, which are indicators of a mature industry. Due to the largely homogeneous nature of industry products, competition has been mostly priced based, with less emphasis on innovation through new products. Effective branding and marketing have also impacted the ability of major players to gain market share.

Australia's consumption of bottled water is low by international standards, which provides an opportunity for growth over the next five years. In addition, consumer acceptance of bottled water consumption has increased. Although many consumers are likely to resist purchasing a product that attracts a large mark-up over alternatives such as tap water, demand for convenience is anticipated to outweigh consumer concerns regarding the significant price premium.



# Products and Markets

## Supply Chain

### KEY BUYING INDUSTRIES

#### 1st Tier

Soft Drink and Pre-Packaged Food  
Wholesaling in Australia

#### 2nd Tier

Supermarkets and Grocery Stores in  
Australia

Convenience Stores in Australia

### KEY SELLING INDUSTRIES

#### 1st Tier

Plastic Bottle Manufacturing in Australia

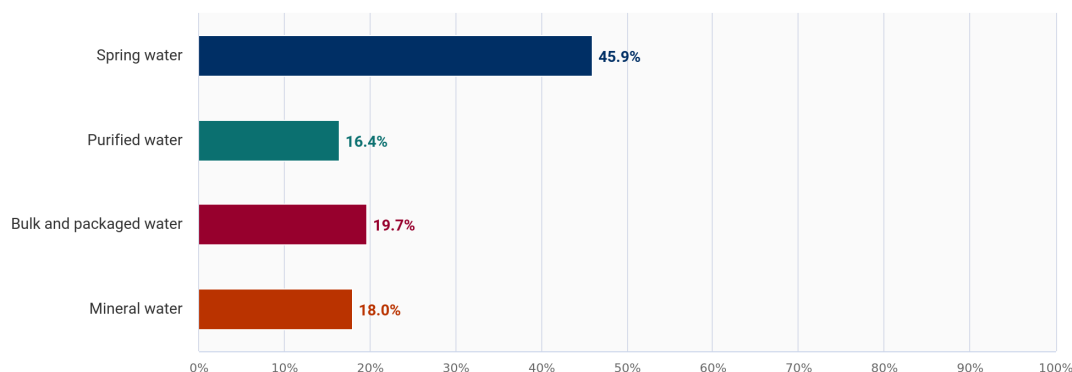
Water Supply in Australia

#### 2nd Tier

Synthetic Resin and Synthetic Rubber  
Manufacturing in Australia

## Products and Services

Products and Services Segmentation



2020 INDUSTRY REVENUE

**\$650.6m**

Bottled Water Manufacturing  
Source: IBISWorld

**Firms usually have a portfolio of brands or water products in different segments.**

Promotion of each water type targets specific needs, although the different types of water can sometimes overlap. Therefore, operators often maintain these distinctions through marketing and labelling instead of the actual properties of the water. Flavoured water is not included in the industry.

### Spring water

**Non-bulk spring water dominates the Bottled Water Manufacturing industry, accounting for the majority of industry revenue.**

Firms source spring water from underground wells, and because each spring produces a unique mix of calcium, bicarbonate, sodium and magnesium, the

content of spring water can vary. Bottled spring water goes through filtration, UV sterilisation and ozonation to remove undesirable compounds and organic elements. Mount Franklin, produced by Coca-Cola Amatil (CCA), dominates this product segment, while other notable brands include Cool Ridge and Nu Pure. This segment's share of industry revenue has remained largely stable over the past five years.

### Bulk and packaged water

**Sales of bulk water (over three litres) have declined slightly over the past five years, due to the growing popularity of single-serve or multi-packs of spring and purified water.**

Businesses and large families represent the majority of customers in this product segment. Neverfail, a CCA subsidiary, and the Asahi-owned Frantelle dominate this market segment. Rising consumer preference for the convenience of single-serve bottles has resulted in this product segment's share of industry revenue declining over the past five years.

### Mineral water

**Mineral water differs from spring water in that it contains more than 250 parts per million of dissolved salts, with no extra minerals added to the water.**

Industry players produce a range of flavoured mineral waters, although these are not included in the industry. This product segment has declined as a share of industry revenue over the past five years, due to strong growth in other product segments.

### Purified water

**Firms filter and process purified water to remove impurities or contaminants.**

Firms usually process water through distillation, deionisation or reverse osmosis. A consequence of these processes is that they remove most, if not all, minerals. As a result, companies often add minerals back into the water before bottling. This water is available from a range of public or private water sources, as firms eventually remove all impurities. Pump, a CCA brand, dominates this product segment. Purified water has grown as a share of industry revenue over the past five years, as demand has risen for convenient, single-serve products.

## Demand Determinants

**Household disposable incomes, lifestyle trends and concern about the environment influence demand for bottled water.**

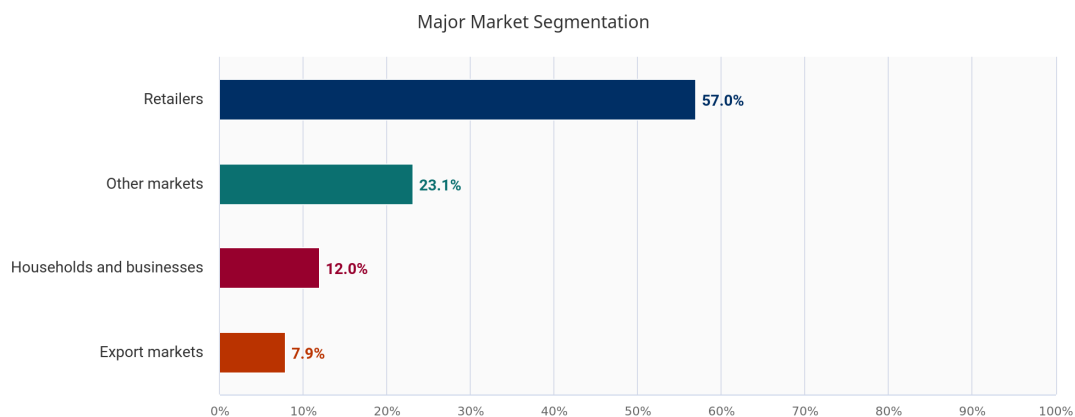
Despite water being a necessity, bottled water is considered to be a luxury item in Australia as tap water is of a high quality and far cheaper. As disposable incomes

increase, so does demand for bottled water. Concerns about tap water quality in some areas, such as Western Australia, also boost demand for bottled water.

Changes in lifestyle have reduced the importance of formal meals and increased consumer preferences for convenient snacks and takeaway meals, where bottled water may be purchased. The industry has benefited from consumers' more active lifestyles. With the prevalence of busy lifestyles, bottled water has become more popular due to its convenience. When people spend more time away from home, tap water is less accessible, so bottled water becomes more necessary.

Environmental concerns negatively affect bottled water manufacturers due to growing public awareness of the environmental impact of industry products. The main concerns involve the contribution of plastic PET bottles to landfill and the carbon emissions generated by the production and distribution of bottled water. This has caused many consumers to reconsider their buying habits, which has led to firms investing more in eco-friendly packaging and marketing campaigns to boost their environmental standing.

## Major Markets



2020 INDUSTRY REVENUE

**\$650.6m**

Bottled Water Manufacturing  
Source: IBISWorld

Industry operators sell bottled water to a range of markets including wholesalers, retailers and end consumers. Traditionally, companies sold industry products to independent wholesalers, including grocery wholesalers and specialist confectionery and soft drink wholesalers. These wholesalers then sold the products on to retailers, which then sold it to the final consumer. However, wholesale bypass trends are increasing in the industry, with retailers often purchasing industry products directly from manufacturers, eliminating independent wholesalers from the distribution channel. Direct sales to retailers of all sizes have been increasing, with improved information systems allowing both retailers and manufacturers to carry out orders more easily.

### Retailers

Retailers are the industry's largest market. Supermarkets and grocery stores dominate this market, and are the largest retailers of bottled water in Australia. The Supermarkets and Grocery Stores industry is highly concentrated, with Woolworths and Coles together accounting for over two-thirds of all grocery sales. CCA and

Asahi are the major suppliers of bottled water to supermarkets, but the size of the major supermarkets has facilitated growth in private-label products over the past five years. Significantly lower prices for private-label bottled water have reduced revenue for these products and drawn some demand away from branded water. However, branding remains important for bottled water. Supermarkets are also a key market for multi-pack bottled water. Supermarkets have also expanded their range of single-serve products and private-label brands, further boosting growth in this market.

Convenience stores are also significant retailers of industry products. Single-serve spring water is the most common product that convenience stores sell, with CCA's Mount Franklin and Pump being the leading brands. Private-label bottled water is also becoming increasingly prevalent in convenience stores. The proportion of industry sales attributable to convenience stores is growing, reflecting rising demand for convenient beverages as consumers pursue more active lifestyles. As a result, this market has increased as a share of industry revenue over the past five years.

### Households and businesses

Households and businesses make up another market for the industry, as they purchase bottled water directly from manufacturers through delivery services. These services include water dispensed through a water cooler that industry operators either bottle-feed and deliver regularly, or that is plumbed-in and fitted directly to a water supply. Declining business confidence has constrained demand for office water coolers. Consequently, the households and businesses market has declined as a proportion of revenue over the past five years.

### Other domestic markets

Industry operators also sell to other domestic markets. The main players in this market include wholesalers, sporting and other entertainment events, vending machines, pubs, bars, restaurants and cafes. Over the past five years, this market has remained largely stable as a share of industry revenue.

### Export markets

Exports represent the smallest market for industry manufacturers. A depreciating Australian dollar over the past five years has made exports more competitive in overseas markets, boosting international demand for industry products. As a result, exports have grown as a proportion of industry revenue over the past five years.

## International Trade

Exports in this industry are  **Low and Decreasing**

Imports in this industry are  **Medium and Increasing**

International trade in the industry is moderate, with the industry facing growing import penetration over the past five years. Furthermore, Australian bottled water manufacturers are generating substantial amounts of revenue through export markets.

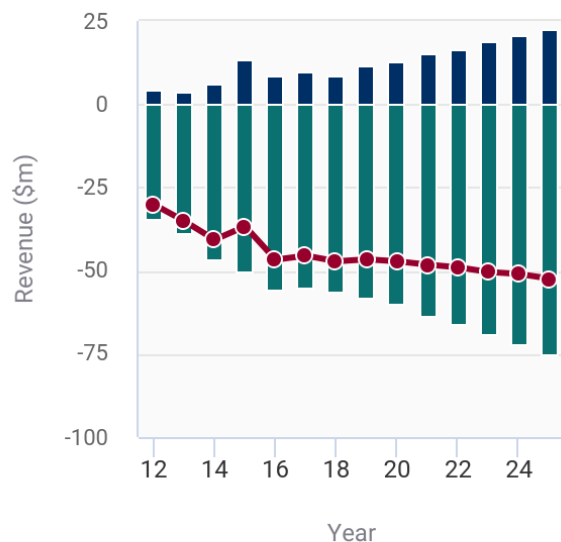
**Imports**

Imports are expected to increase at an annualised 3.6% over the five years through 2019-20, to account for 8.6% of domestic demand. Imports are mainly focused on premium bottled water, such as Evian, Voss, Fiji Water, Perrier, San Pellegrino and Vittel. Products like Fiji Water and Evian are available at many retail outlets, such as convenience stores, and Coles and Woolworths. Promoting these foreign brands has mainly relied on overseas advertising, such as celebrity drinkers. As these advertisements are viewed worldwide, there is little need for advertising campaigns in each market. These premium products are targeted at young, style-conscious consumers, and those with high disposable incomes.

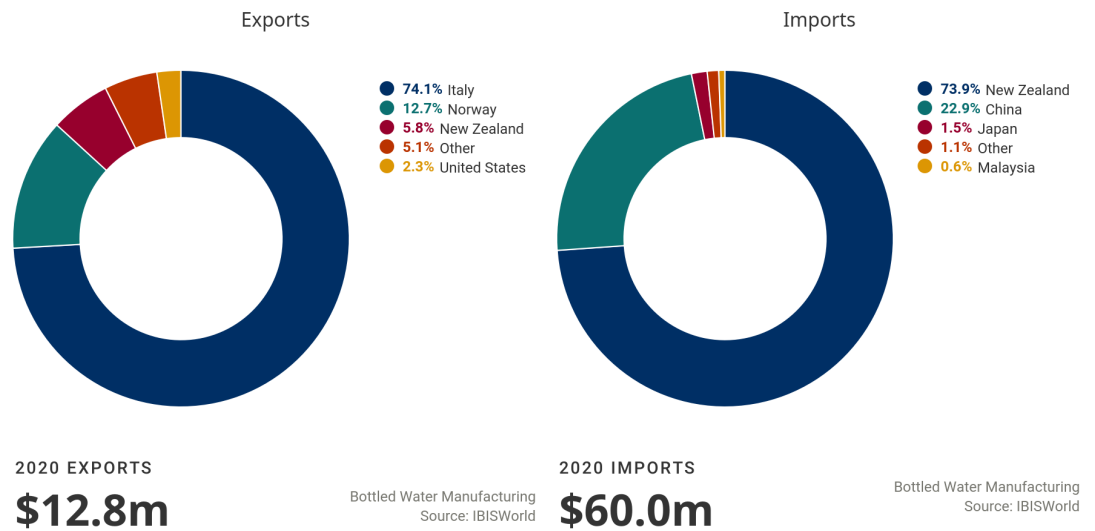
**Exports**

Exports are forecast to decline by an annualised 1.1% over the five years through 2019-20, to account for 2.0% of industry revenue. Industry exports have declined from a high base in 2014-15. The drastic increase in exports in 2014-15 is due to a surge in exports to New Zealand. Exports have grown for most of the past five years. Overall, the depreciation of the Australian dollar over the past five years has made industry exports cheaper in international markets. Key export markets include New Zealand, China and Singapore. New Zealand is the industry's largest individual export market due to its proximity to Australia and the free trade agreement that link the two countries.

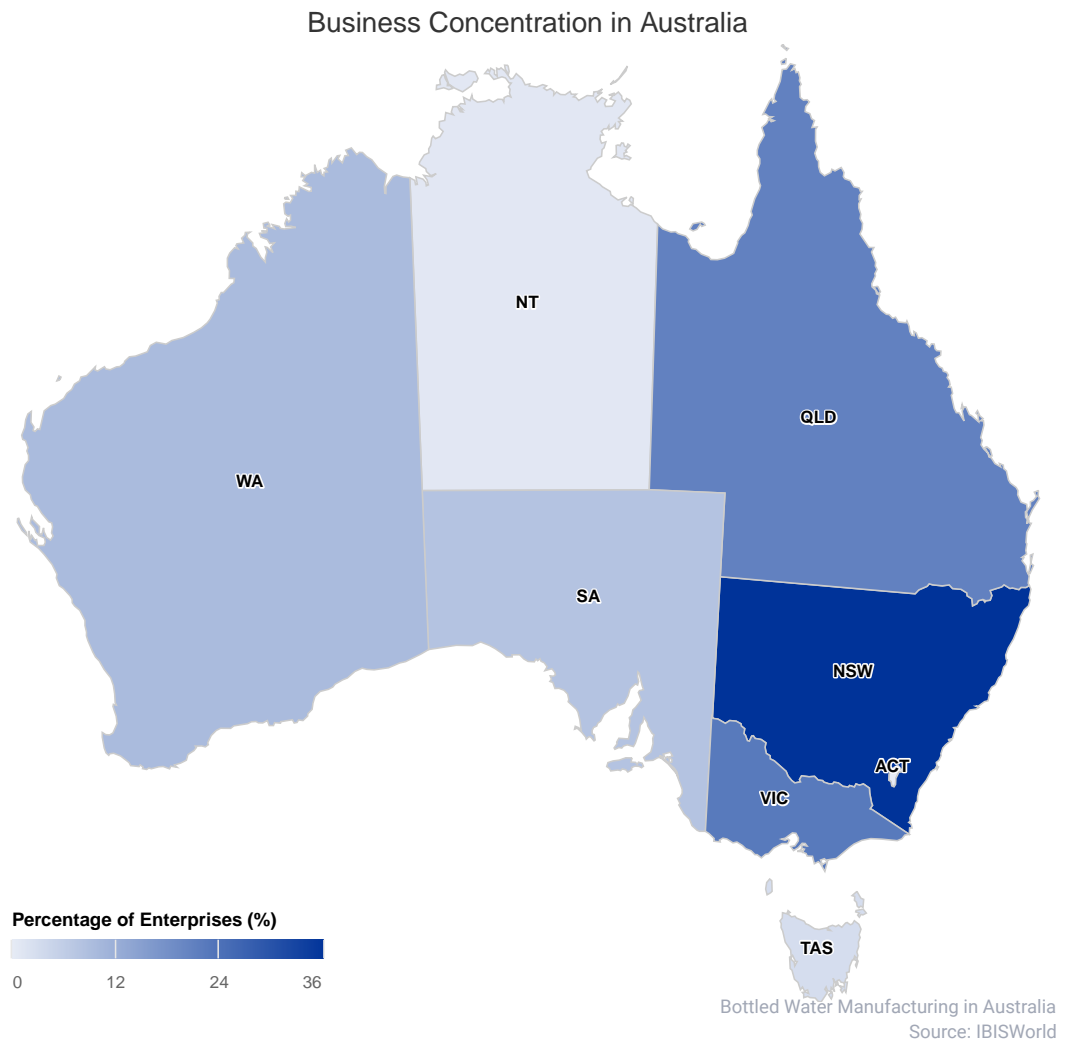
**Industry Trade Balance**



Exports Imports Balance  
 Bottled Water Manufacturing in Australia  
 Source: IBISWorld



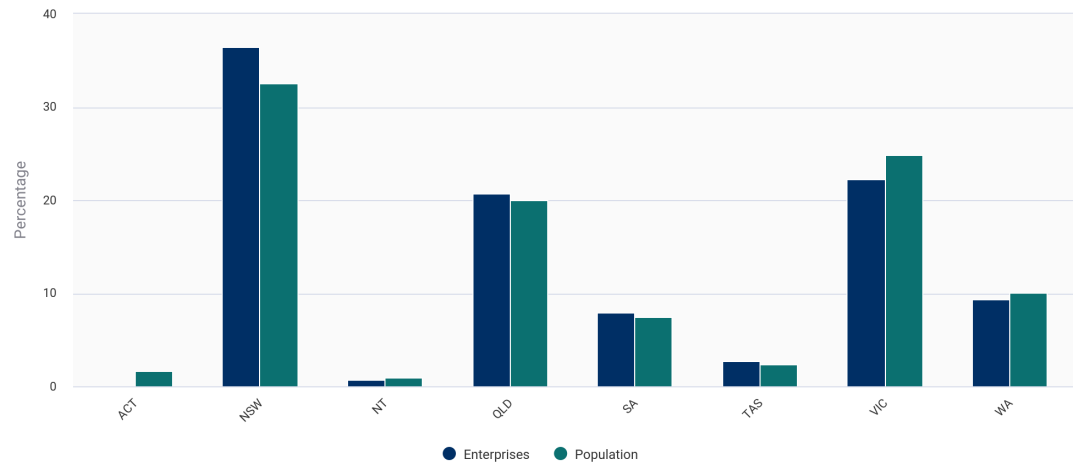
## Business Locations



Industry enterprises are concentrated in the eastern states of Australia, close to major population centres. The more densely populated states of New South Wales,

Victoria and Queensland are home to the majority of businesses, accounting for an estimated 79.3% of industry enterprises. As industry products are bulky and of low value, production tends to be located close to capital cities and key buying markets to minimise distribution time to customers and reduce transportation costs. This trend is likely to continue as companies seek to reduce the environmental effects of distributing industry products. The geographic spread of enterprises also follows the processing plants of other beverage manufacturers, as some share production facilities with other beverage types to allow for cost savings from economies of scope.

Distribution of Enterprises vs Population



Bottled Water Manufacturing  
Source: IBISWorld

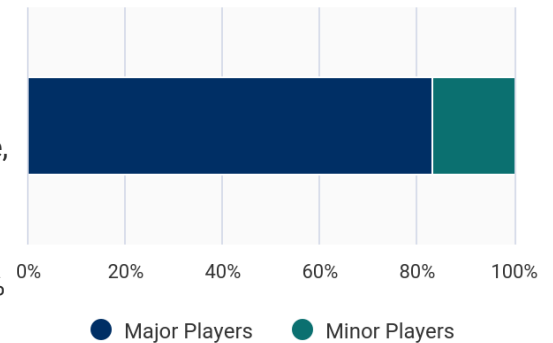
# Competitive Landscape

## Market Share Concentration

Concentration in this industry is ⚠ High

The Bottled Water Manufacturing industry is characterised by high market share concentration. The top two players in the industry, Coca-Cola Amatil (CCA) and Asahi Holdings Australia, account for just over 80.0% of the industry in the current year. Other operators in the industry are small, with the next largest player, Nu-Pure, expected to hold less than 5.0% market share. Despite the dominance of CCA and Asahi, the industry remains characterised by many small players. Approximately 50% all players in the industry earn less than \$200,000 each year, while an estimated 7.4% earn more than \$5.0 million.

Market Share Concentration



Bottled Water Manufacturing  
Source: IBISWorld

## Key Success Factors

IBISWorld identifies 250 Key Success Factors for a business. The most important for this industry are:

**Control of distribution arrangements:** Bottled water producers that have effective distribution arrangements can ensure timely delivery, low costs and maximum product reach.

**Economies of scale:** Economies of scale are important to manufacturers of low-value products such as bottled water, as high volumes must be produced and sold to achieve reasonable profit margins.

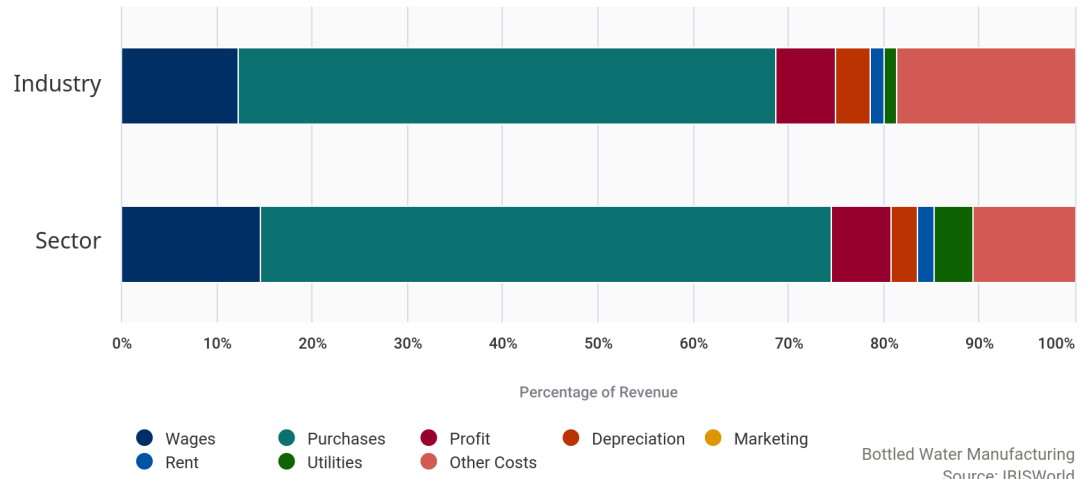
**Establishment of brand names:** Due to the homogeneous nature of bottled water products, industry operators should establish strong brand names to help differentiate their products. This differentiation allows bottlers to gain market share and charge premium prices.

**Attractive product presentation:** Bottle design is important for gaining market share, and targeting certain demographics and markets. Product presentation can also justify higher pricing.



# Cost Structure Benchmarks

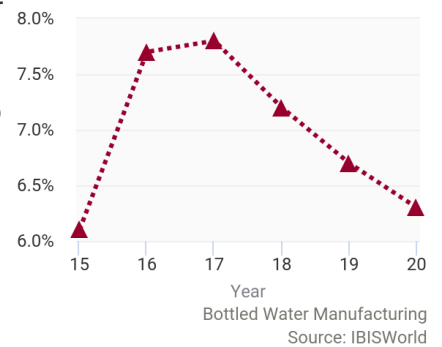
Cost Structure 2020



## Profit

Industry-wide profit margins have increased over the past five years. However, the outbreak of COVID-19 is expected to impact profit margins in the current year. Industry profit is estimated to decline in 2019-20, due to an anticipated fall in demand for industry products. Despite this, the rising prevalence of premium bottled water varieties that attract higher margins has boosted industry profitability over the period. Furthermore, industry margins are strong compared with the rest of the beverage sector. The industry benefits from the minimal processing and ingredients required, compared with other beverage industries. Due to their size, large retailers are typically in a strong position when negotiating the supply of private-label products. This strength forces contract bottlers to compete for these deals, intensifying industry competition. This trend has limited increases in profitability over the past five years.

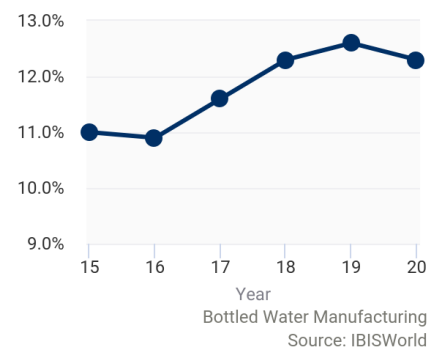
Profit as a Share of Revenue 2015-2020



## Wages

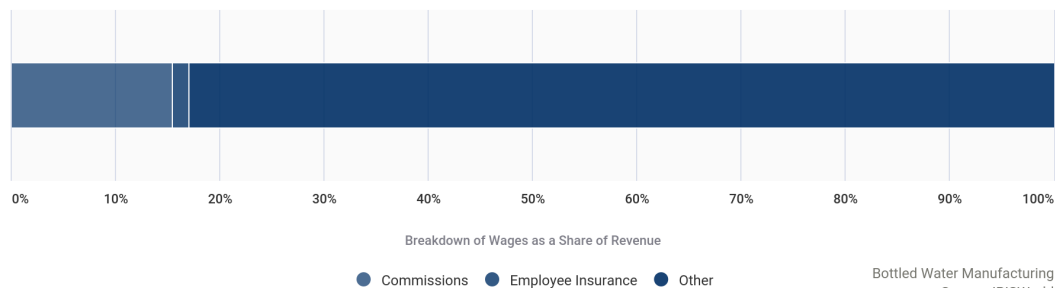
Wages are a significant cost for the industry. While the production process is becoming increasingly mechanised and automated, significant auxiliary activities still require staff in areas such as sales, marketing, administration, and the manning of machinery. Production workers account for the largest share of employees in the industry, followed by sales. Remaining staff work in managerial, clerical, marketing and other roles. Wage costs have grown as a proportion of industry revenue over

Wages as a Share of Revenue 2015-2020



the past five years, as firms have increasingly invested in sales and marketing staff.

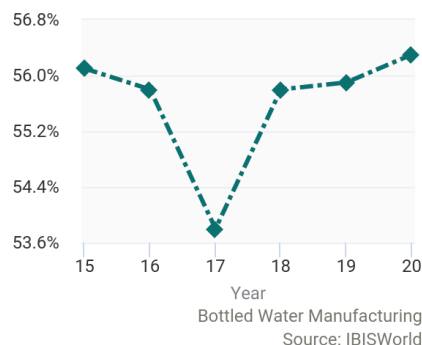
Wages Breakdown (% of Total Wages in 2020)



### Purchases

Purchases are the largest cost for industry operators. Purchases include containers, labels and other packaging materials. Purchase costs also include the expenses involved in extracting and purifying water. Extracted groundwater in its natural form, which contains no additives, is the main source of water for the industry. Unlike soft drink manufacturers, bottled water manufacturers do not purchase patented syrup concentrates, contributing to slightly lower input costs compared with other beverage manufacturers. Purchases have increased marginally as a portion of industry revenue over the past five years.

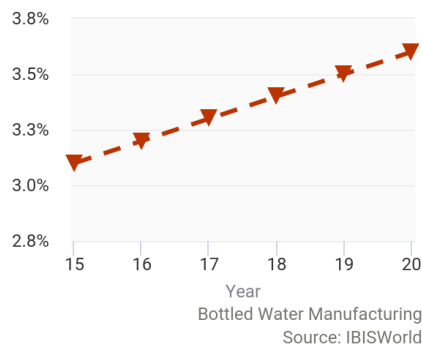
Purchases as a Share of Revenue 2015-2020



### Depreciation

Depreciation costs vary depending on the size of the company and the products they manufacture. Firms that extract water from springs incur the largest depreciation costs, as this type of water requires investment in both extraction and purification equipment. Some businesses sell purified tap water, which only requires a connection to existing pipe networks and no extra investment in extraction equipment.

Depreciation as a Share of Revenue 2015-2020

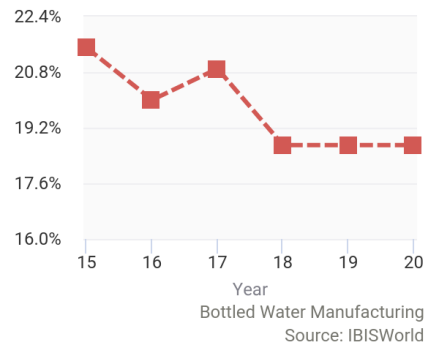


Machinery used for filtration, ozonation, other forms of water purification, and bottling is the main source of industry depreciation. Other depreciable equipment includes trucks and automobiles used to transport water from its source. Depreciation has increased as a share of industry revenue over the past five years, largely due to greater automation in the production process.

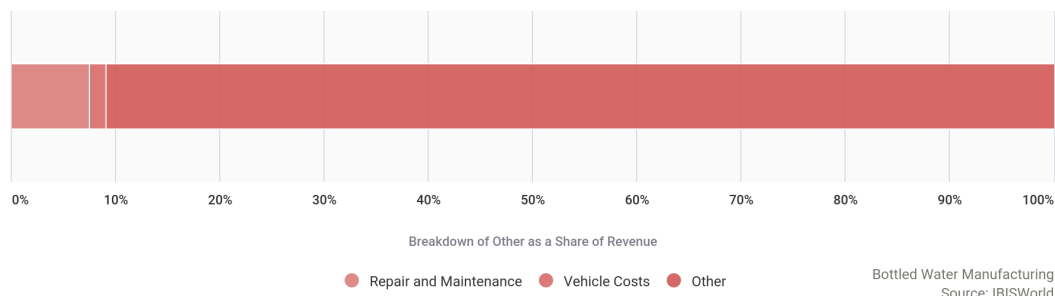
### Other Costs

Other costs include market research, advertising, insurance, accounting, rent, utilities, and legal and administration expenses. Advertising is a significant cost for the industry because its products are largely homogeneous. Advertising costs have risen over the past five years, as manufacturers have tried to further differentiate their brands to combat the growing market share of private-label brands. Despite this factor, other costs have declined as a proportion of industry revenue over the period, as industry manufacturers have tried to minimise expenses to boost profit margins.

Other Costs as a Share of Revenue 2015-2020



Other Breakdown (% of Total Other in 2020)



## Basis of Competition

Competition in this industry is **⚠ High and Increasing**

**The Bottled Water Manufacturing industry is highly competitive both internally and externally.**

Many bottled water manufacturers produce a range of beverage types and, as a result, benefit from economies of scope. By producing a range of beverages, operators also increase their appeal to retailers and wholesalers that seek to reduce transaction costs by dealing with fewer firms to source multiple beverage types.

### Internal competition

**The main points of difference for industry operators are price, branding and packaging.**

Price is an important basis of competition for the industry, given the ease of substitution to cheaper products. This is illustrated by the significance and growth of private-label products over the past five years. Discounting is also prevalent among major players, which benefit from both economies of scale and scope. These firms can generally afford to offer larger discounts while maintaining profitability.

While there has been growth for private-label products, the industry still remains brand-oriented compared with other beverage types. The major players benefit from this, as their brands have been established through significant marketing investment over time. Industry players also compete on convenience, and therefore size, shape and functionality of bottles is another focal point. Bottles are designed with particular uses in mind. For instance, Pump water has a pop-top for ease of use when playing sport or training. At the premium end of the market, taste can also be a basis of competition, particularly among sparkling varieties.

### External competition

**There is a significant degree of competition from external sources, mainly from other non-alcoholic beverages.**

The health benefits of water are the major selling point of industry products, and it is on this basis that bottled water competes against other beverages such as soft drinks, sports drinks and energy drinks. Bottled water varieties are associated with a healthier image than other beverage types, given their zero- or low-sugar content. Imports also provide some competition for the industry, particularly for premium sparkling varieties. Home and office filters also provide external competition, mainly against the bulk water product segment. Areas of competition include price, convenience and taste. Tap water is also an external competitor that has the advantage of being essentially free.

## Barriers to Entry







Barriers to entry in this industry are  **High and Increasing**

The Bottled Water Manufacturing industry is characterised by high and increasing barriers to entry. Industry concentration among the two largest manufacturers, Coca-Cola Amatil (CCA) and Asahi restricts entry, especially as these players are highly diversified.

These two firms benefit from a competitive advantage over new entrants, as they produce a range of beverages with established distribution networks. It may also be difficult for new entrants to establish commercial relationships with wholesalers and retailers due to the established brands of beverage giants CCA and Asahi. The large number of bottled water brands already in the market further adds to the difficulty of acquiring market share.

The largely homogeneous nature of the industry product has meant differentiation is achieved through branding and advertising. New entrants are at a significant disadvantage, as larger companies with diversified beverage operations can use their existing brand image and large advertising budgets. However, new entrants can supply private-label products or homes and offices, where brand recognition is less significant.

#### Barriers to entry checklist

Competition	High	
Concentration	High	
Life Cycle Stage	Mature	
Technology Change	Medium	
Regulation & Policy	Medium	
Industry Assistance	Low	

While capital requirements in processing and bottling water are high, co-packaging agreements have reduced requirements for new entrants. For brand owners that already bottle other beverage products, this requirement is even less significant if they already own bottling facilities. In other cases, producers need to purchase the necessary equipment, which can be costly. Additionally, potential entrants must design a new bottle shape, which can be a lengthy and costly process.

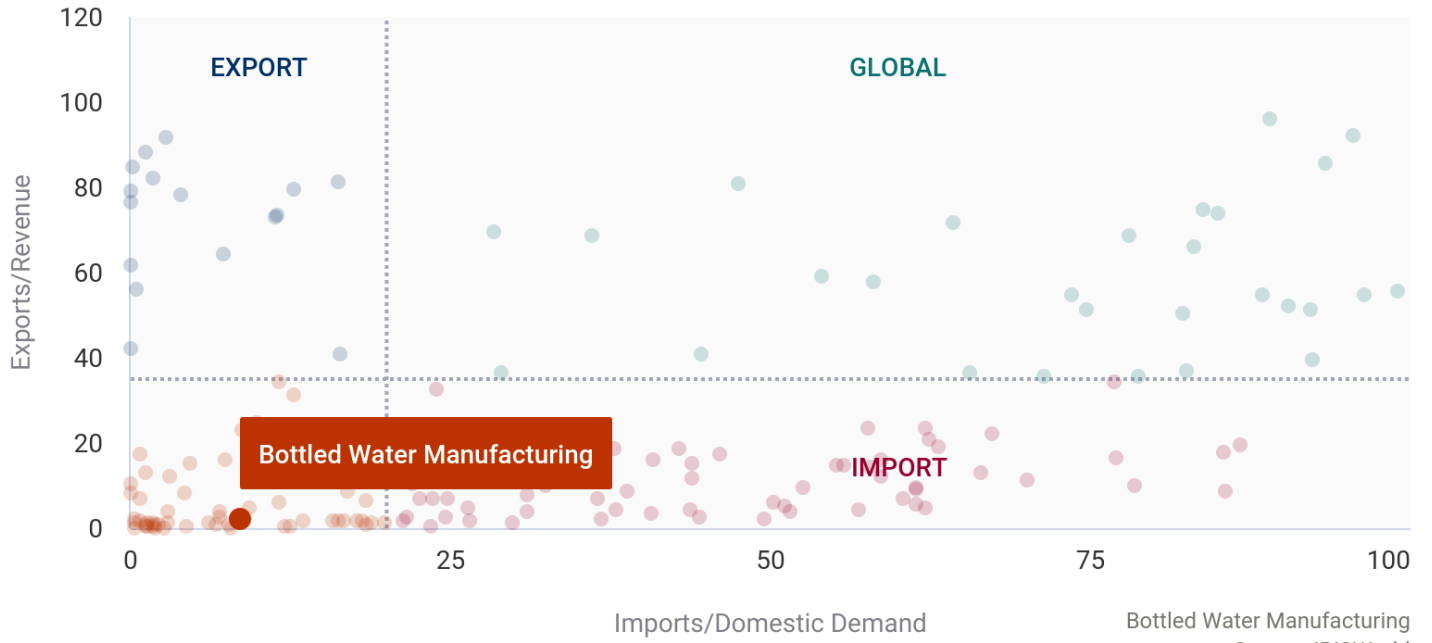
## Industry Globalization

### Globalization in this industry ⊖ Medium and Increasing

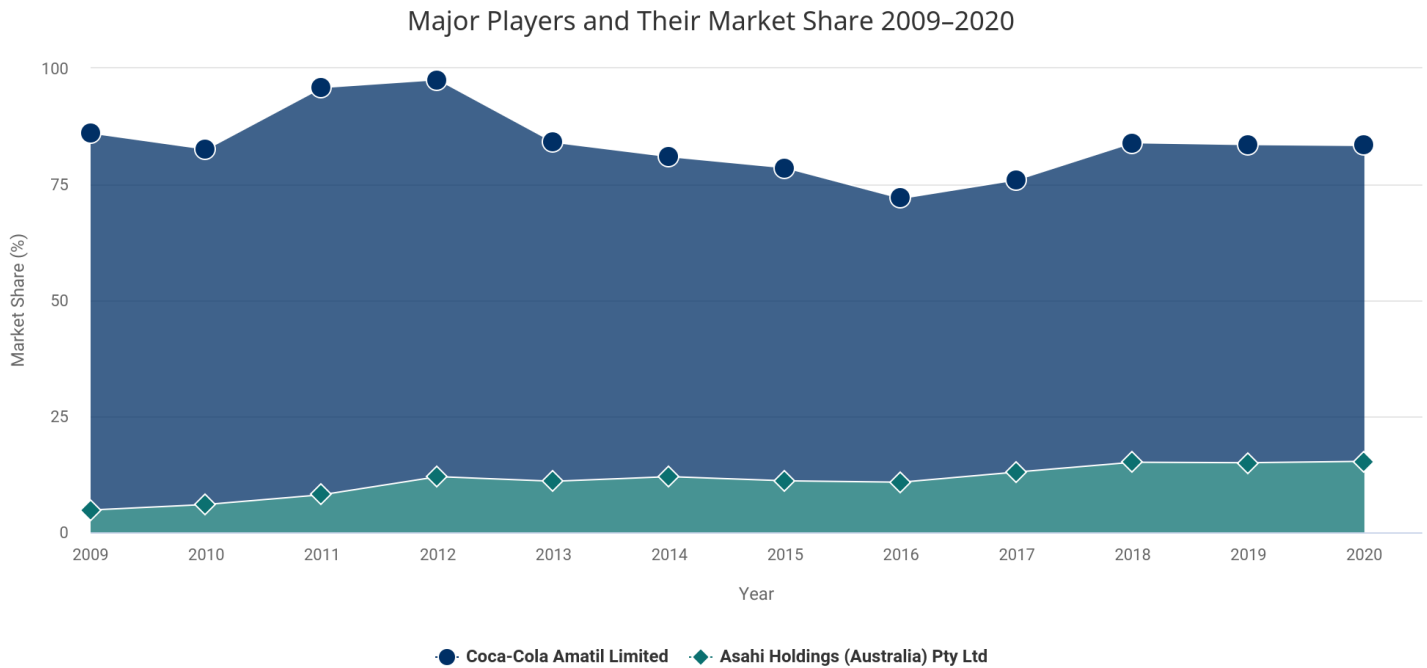
Globalisation in the Bottled Water Manufacturing industry is moderate and the trend is increasing. Globalisation takes into account international trade and the amount of foreign ownership in the industry. Imports are a significant aspect of the industry, with imported products satisfying over a third of domestic demand in 2018-19. Imports have strongly grown in value over the past five years. The majority of industry imports are premium waters that are sold at a higher price, justifying the cost of import to Australia. Exports are also important to the industry, with an estimated 7.9% of total revenue generated through international sales in the current year. The depreciation of the Australian dollar over the past five years has made industry exports cheaper in overseas markets, boosting export earnings

The industry also has a significant level of international ownership. The Coca-Cola Company, based in the United States, has just under 30% shareholding in Coca-Cola Amatil (CCA), which produces some of the most prominent brands of bottled water. CCA also has operations in New Zealand, Fiji, Papua New Guinea, Samoa and Indonesia. Asahi is another major international player in the market, having purchased the Schweppes business, which was previously a subsidiary of UK company Cadbury Schweppes. Asahi further expanded its presence in the industry by purchasing the bottled water and juice operations of P&N Beverages and Mountain H2O.

### Trade Globalization 2020



# Major Companies



Bottled Water Manufacturing in Australia  
Source: IBISWorld

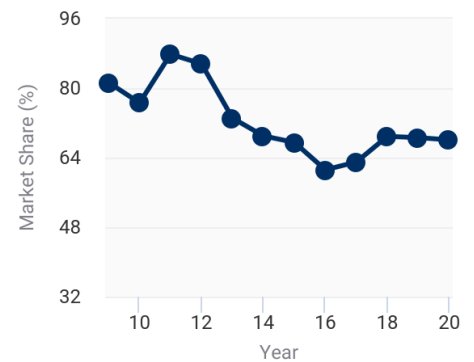
## Major Players

### COCA-COLA AMATIL LIMITED

**Market Share: 68.1%**

Coca-Cola Amatil Limited (CCA) is Australia's largest beverage company. Most of CCA's revenue comes from sales of non-alcoholic beverages, including Coca-Cola, for which it owns exclusive bottling licences across Australia. CCA also manufactures other carbonated soft drinks, functional beverages, fruit juice drinks, other still beverages and alcoholic beverages. The company is publicly listed, with US-based The Coca-Cola Company owning the largest portion of shares.

#### Coca-Cola Amatil Limited



CCA is the major player in the Bottled Water Manufacturing industry partly due to its diverse product range. The company's two largest industry brands are Mount Franklin, which is the leading bottled water brand, and Pump. CCA also owns Neverfail Springwater, one of the largest products in the bulk water segment. The company also offers sparkling mineral water through the Mount Franklin and Deep Spring brands.

Since 2010, CCA has invested \$450.0 million in the in-house production of PET bottles. The company has also invested in several other major projects, overhauling

its production plants, processes and capacity. These projects included initiatives such as developing the Mount Franklin easy-crush PET-efficient bottle, blow-fill technology in bottle production and the move to PlantBottle technology, where up to 30.0% of a bottle is made from plants and is fully recyclable. The company completed a three-year \$100.0 million cost reduction program ahead of schedule in 2016. CCA also identified a further \$100.0 million of cost optimisation opportunities aimed at increasing efficiency and supporting profit margins. In 2017, the company announced that it would be closing one of its six manufacturing facilities in Australia by 2019. CCA closed the plant, which was located in Thebarton, Adelaide, in December 2018. This closure is expected to provide CCA with an additional \$20.0 million annually.

## Financial performance

Revenue from CCA's bottled water operations is expected to decline at an annualised 1.2% over the five years through December 2020, to total \$443.2 million, representing a slight outperformance of the industry over the same period in nominal terms. Despite outperforming the industry, the company's industry-specific growth has been constrained over the past five years. Furthermore, CCA has struggled to increase its market share, as private-label and value-added water products have increased in popularity over the period. The company's industry-specific profit margins have declined over the five years through 2019-20, due to intensifying price competition from private-label goods.

In an effort to drive growth, CCA conducted a strategic review in late 2014. The review's development strategies included heavily marketing premium labels through campaigns such as The Nation's Hydration, focusing on affordable alternatives for cost-conscious consumers, introducing innovative packaging and developing enhanced waters. CCA has increased its value-added water offerings over the period, including introducing Glaceau Smartwater to Australia, and expanding Mount Franklin's Lightly Sparkling range in 2016 and 2017, respectively.

<b>Coca-Cola Amatil Limited - industry segment performance*</b>		
<b>Year**</b>	<b>Revenue (\$m)</b>	<b>Growth (% change)</b>
2010	380.6	5.8
2011	417.7	9.7
2012	454.2	8.9
2013	473.3	4.2
2014	473.5	0.0
2015	469.7	-0.8
2016	445.9	-5.1
2017	431.5	-3.2
2018	428.8	-0.6
2019	439.2	2.4
2020	443.2	0.9

Source: IBISWorld

Note: \*Estimate \*\*Year end December

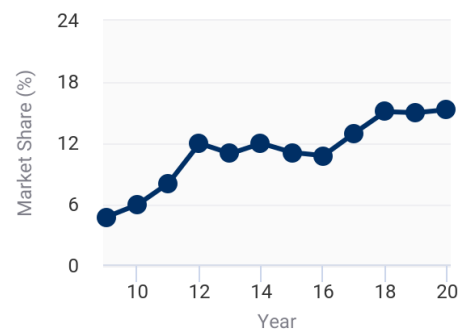


## ASAHI HOLDINGS (AUSTRALIA) PTY LTD

Asahi Holdings (Australia) Pty Ltd

### Market Share: 15.3%

Owned by Japan-based Asahi Group Holdings Limited, Asahi Holdings (Australia) Pty Ltd manufactures and distributes a range of beverages, including soft drinks, bottled waters, fruit juices, cordial and beer. The company was formed in April 2009, when Japanese beverage company Asahi purchased Cadbury Schweppes' Australian beverage business for \$1.2 billion. Asahi has since benefitted from Schweppes' longstanding brand value.



In September 2011, Asahi expanded its share of the bottled water market, acquiring P&N Beverages' water and juice business. The ACCC blocked an earlier proposal to acquire the whole company due to competition concerns, but the companies later revised the deal to divest the carbonated soft drinks division. In early 2012, the ACCC approved Asahi's takeover of Mountain H2O, an Australian bottled water manufacturer with annual revenue of over \$30.0 million. Mountain H2O's main business is bottling private-label products. In December 2015, Asahi announced its intention to close three local beverage bottling plants to support profitability. By the end of 2017, the company had closed all three facilities, which were located in Macgregor, Brisbane; Moorebank, Sydney; and Payneham, Adelaide. Asahi also imports and distributes premium Norwegian water brand Voss in Australia, which is excluded from the industry, as it is produced overseas.

### Financial performance

Asahi's industry-specific revenue is expected to grow at an annualised 5.1% over the five years through December 2020, to total \$99.3 million, outperforming the overall industry over the period in nominal terms. Rising health consciousness among consumers has boosted the company's growth over the past five years. The company's profit margins have also increased over the period, as closing three Australian manufacturing facilities helped reduce production costs.

Asahi Holdings (Australia) Pty Ltd - industry segment performance*		
Year**	Revenue (\$m)	Growth (% change)
2010	30.0	41.5
2011	38.7	29.0
2012	63.8	64.9
2013	71.2	11.6
2014	82.1	15.3
2015	77.5	-5.6
2016	79.0	1.9
2017	88.8	12.4
2018	94.2	6.1
2019	96.1	2.0
2020	99.3	3.3

Source: IBISWorld

Note: \*Estimate \*\*Year end December

## Other Players

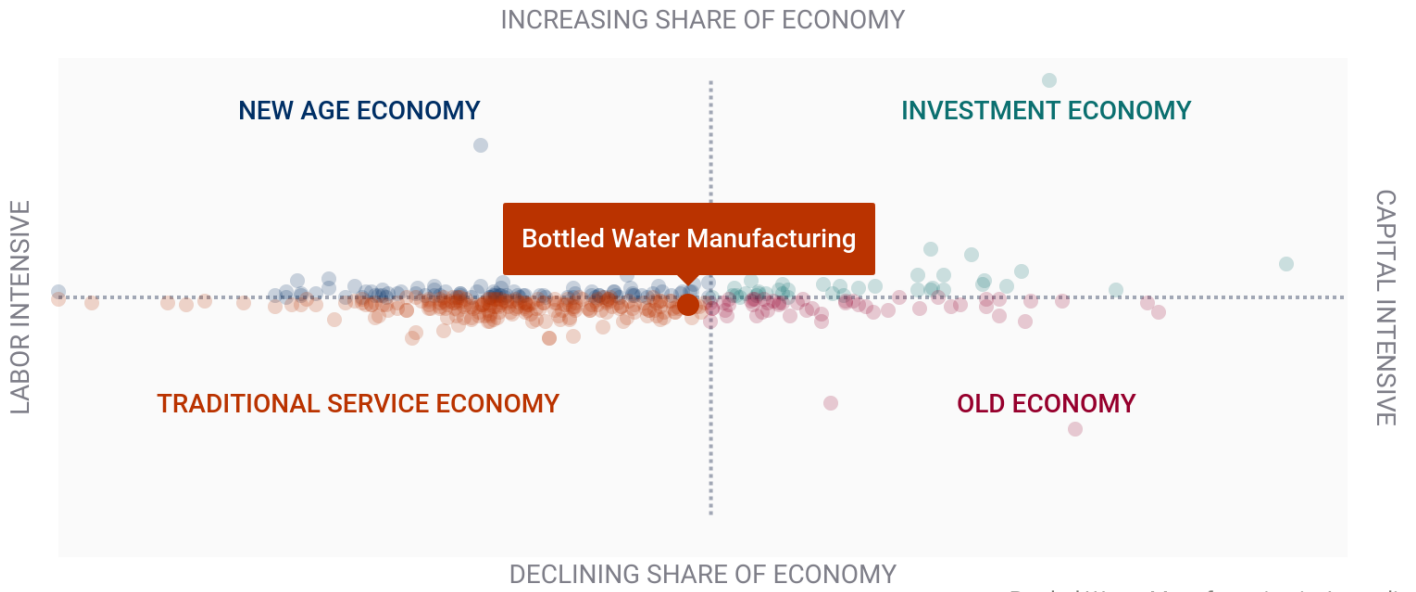
Two major players dominate the industry. Outside of these players, the industry is highly fragmented. Smaller manufacturers generally produce private-label products or contract orders for smaller brands.

### NU-PURE PTY LTD

Nu-Pure Pty Ltd is a locally owned company that generates revenue from manufacturing spring water products. The company is headquartered in East Staplyton, QLD, and operates another production facility in Truganina, Vic. In 2016, Nu-Pure expanded its Victorian facility with the addition of a 27,000 PET container-per-hour filling line, which can handle both still and carbonated water. In addition to offering products under its own brand, Nu-Pure also provides contract bottling services and private-label products to retailers and airlines.

# Operating Conditions

Costs of Growth: Targeting Capital vs. Labor



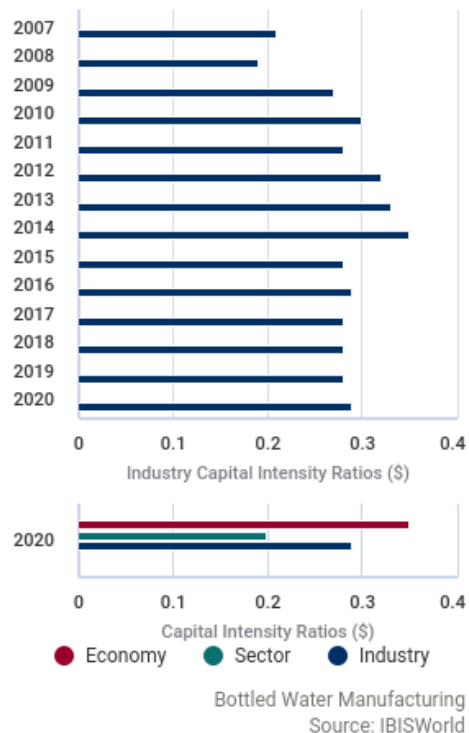
Bottled Water Manufacturing in Australia  
Source: IBISWorld

## Capital Intensity

The level of capital intensity is ⊖ **Medium**

The Australian Bottled Water Manufacturing industry is moderately capital intensive. For every dollar spent on labour, industry operators invest an estimated \$0.29 in capital in 2019-20. Capital intensity reflects the amount of machinery and automation required in the industry. Two major players, Coca-Cola Amatil and Asahi, which have highly automated production lines that require limited human involvement, dominate the industry. This automation makes the production process highly capital intensive. While the manufacturing process is capital-intensive, industry participants generally undertake significant advertising and expenditure on sales, adding to labour intensity and wage costs. Despite greater automation in the production process, capital intensity has decreased over the past five years as depreciation has grown at a slower pace than wages. Wage expenses have risen significantly as a share of revenue over the period, as industry operators have increased investment in marketing and sales staff.

Capital Intensity Ratios



## Technology And Systems

### Potential Disruptive Innovation: Factors Driving Threat of Change

Level	Factor	Disruption	Description
<span style="color: red;">⚠</span> Very High	Innovation Concentration	Very Likely	A measure for the mix of patent classes assigned to the industry. A greater concentration of patents in one area increases the likelihood of technological disruption of incumbent operators.
<span style="color: orange;">⊖</span> Moderate	Rate of Innovation	Potential	A ranked measure for the number of patents assigned to an industry. A faster rate of new patent additions to the industry increases the likelihood of a disruptive innovation occurring.
<span style="color: orange;">⊖</span> Moderate	Ease of Entry	Potential	A qualitative measure of barriers to entry. Fewer barriers to entry increases the likelihood that new entrants can disrupt incumbents by putting new technologies to use.
<span style="color: green;">✔</span> Low	Rate of Entry	Unlikely	Annualized growth in the number of enterprises in the industry, ranked against all other industries. A greater intensity of companies entering an industry increases the pool of potential disruptors.
<span style="color: green;">✔</span> Very Low	Market Concentration	Very Unlikely	A ranked measure of the largest core market for the industry. Concentrated core

Level	Factor	Disruption	Description
			markets present a low-end market or new market entry point for disruptive technologies to capture market share.

The industry is adding new patent technologies at a rate in line with the average across all industries, which suggests a stable addition of technology. However, the concentration of technologies is high. This creates the potential for innovation outside the focus of industry leaders to gain traction.

Industry operators are exposed to a low rate of new entrants and a moderate level of entry barriers. This combination of factors creates an environment where entry trends are not a key threat of disruption.

Major market segments for industry operators are relatively diversified. The spread of market segments suggests that there are limited entry points other than those already served by incumbent operators.

**Technological changes have had a moderate impact on the Bottled Water Manufacturing industry over the past five years, and have largely been related to product packaging.**

Bottles made from plant-based materials, rather than traditional fossil fuels have been developed over the period. This innovation has come as a response to increasing concerns regarding the environmental impact of plastic bottles. These concerns include the contribution of plastic bottles to landfills and the carbon emissions generated during the production process. While few industry operators currently use this technology, uptake is expected to increase over the next five years. For example, major player Coca Cola Amatil has developed PlantBottle technology, which uses up to 30.0% plant-based materials in bottle production. This technology is expected to be advanced over the next five years, allowing for the manufacture of 100% plant-based products.

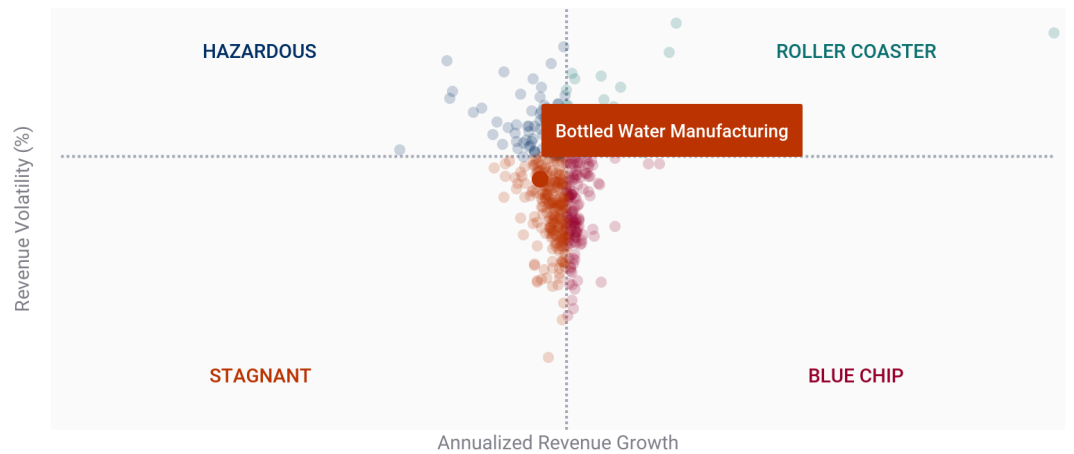
The level of technology change is  **Medium**

**The Bottled Water Manufacturing industry is characterised by a moderate pace of technological change.**

The processes involved in manufacturing bottled water include sourcing water, processing the water, injecting minerals into the water, bottling, labelling and distribution. Water, after being sourced from a spring, other groundwater source or a public water source, is usually further processed using UV light, filtration techniques or ozonation to remove impurities. As these processes often remove some raw minerals from the water, minerals are sometimes added back before it is bottled and shipped.

## Revenue Volatility The level of volatility is ⊖ Medium

Volatility vs. Growth



Bottled Water Manufacturing  
Source: IBISWorld

Note: Revenue growth and decline reflective of 5-year annualized trend. Y-axis is in logarithmic scale. Y-axis crosses at long-run GDP. X-axis crosses at high volatility threshold.

### **The Bottled Water Manufacturing industry has displayed moderate revenue volatility over the past five years.**

The industry is dominated by two large players that compete for volume growth to obtain economies of scale in their operations. However, competitive pressures and rising industry concentration have put pressure on prices, leading major firms to adopt discounting strategies. The effects of discounting have partially offset the volume growth, which has decreased industry revenue volatility. The market for bottled water has grown, in part due to a rising population. Increased demand for convenience, health awareness, higher disposable incomes, product innovations and, to some extent, cultural trends have also contributed to growth in demand for industry products.

## Regulation & Policy

The level of regulation is ⊖ Medium and is Steady

### **The Bottled Water Manufacturing industry is moderately regulated as food and health regulations are applicable to industry operators.**

The regulation of food and beverages for sale in Australia is primarily the responsibility of states and territories. Each state and territory have individual laws prohibiting the sale of food and beverages that are injurious to health, and labelling that is false or misleading.

## Food Standards Australia New Zealand (FSANZ)

**Food Standards Australia New Zealand (FSANZ) develops consistent food standards in cooperation with all Australian states and territories, and New Zealand, and is supported by the Australia New Zealand Food Authority Act 1991.**

The system is also upheld in Australia by a 1991 agreement between the Commonwealth, states and territories about adopting uniform food standards. Food standards are specific performance standards (e.g. composition, specific labelling, permitted residues in food and beverages) that enable general food laws to be measured and enforced. State, territory and local governments are responsible for the surveillance and enforcement of food regulations.

Regarding bottled water, FSANZ has outlined specific requirements in Standard 2.6.2 for Non-Alcoholic Beverages and Brewed Soft Drinks. Mineral and spring water is defined as water from an underground source that naturally contains minerals or other dissolved substances. Strict regulations also ban excess amounts of certain substances, such as the total amount of the naturally occurring and any added fluoride must be no less than 0.6 mg/L and no more than 1.0 mg/L in packaged water.

## Australasian Bottled Water Institute (ABWI) Model Code

**The ABWI Model Code is a self-regulatory scheme that has quality standards higher than the FSANZ.**

Over 90% of industry product volume is manufactured by members of the ABWI. Members are required to adhere to the Model Code and participate in inspections. The code provides a quality assurance framework encompassing aspects such as plant construction and design, plant hygiene, product quality, cooler cleaning, record keeping and labelling requirements.

## Groundwater extraction and organic water

**In each state, a license is required to extract and use groundwater.**

The issuing authority is generally the relevant state environmental department or water authority, and fees are payable per megalitre. Bottled water manufacturers often outsource the extraction process. Labelling bottled water as organic was previously allowed under certain extraction criteria, but the ACCC ended this practice in 2013, stating that water cannot be organic.

## Modern Slavery Act

**In November 2018, the Federal Government passed the Modern Slavery Act 2018.**

The act, which came into force on 1 January 2019, is a new reporting requirement for larger Australian business. Companies that generate an annual consolidated revenue of at least \$100.0 million will have to report on how they act to mitigate the

risks of modern slavery in their operations and supply chains. The first reports will relate to 2018-19, with most reports being released in 2020. The NSW Government is also considering its own state-based version of the report, which would make businesses with consolidated annual revenue of at least \$50.0 million have to report. The NSW Modern Slavery Act 2018 was due to come into force on 1 July 2019, but was delayed for further consultation on the day it was set to be implemented.

The Modern Slavery Act is expected to moderately affect the Bottled Water Manufacturing industry. Numerous reports have indicated that modern slavery has been found across the food manufacturing supply chain over the past decade. The two major players in the industry are expected to have a large global footprint, with some inputs materials such as plastic bottles, cans, and flavourings purchased from emerging economies. With the new act in place, companies that source inputs from overseas operations must take significant action to ensure that modern slavery is not found in their supply chains.

## Industry Assistance

The level of industry assistance is **▲ Low and is Steady**

**The Bottled Water Manufacturing industry receives a steady and low level of assistance.**

Waters without added sugar, sweetening or flavouring are exempt from tariffs. This is in contrast to other types of waters, including mineral and aerated waters, which contain added sugar or other sweeteners and attract a 5.0% tariff rate. Aside from this, the industry receives little direct assistance. Firms are also naturally protected by the bulky nature and low unit value of industry products, which makes transport and distribution costs to foreign markets economically unfeasible. Improved transport systems have reduced these costs, but they remain restrictive. Only products competing at the top end of the industry, such as imports from Italy that attract a premium price, can afford to maintain profitable foreign sales.

The relevant bodies for the industry are the Australian Beverages Council (ABC) and the Australasian Bottled Water Institute (ABWI). The ABC represents the interests of the non-alcoholic beverages industry. The council provides representation on regulatory, public policy, trade and commercial issues to government at all levels, community groups and the media. The ABWI, while previously a stand-alone organisation, is now a division of the Australian Beverages Council. Members of the institute are a range of large and small industry operators that represent over 90% of total industry volume. The ABWI represents the interests of members to government regulators and media, communicates with other international bottled water industry groups, and stays abreast of overseas trends and developments. The institute also developed a stringent Model Code that all members must adhere to. The Model Code guarantees a certain level of quality for industry products, and the safe processing of bottled water.



# Key Statistics

## Industry Data

Year	Revenue	IVA	Estab.	Enterprises	Employment	Exports	Imports	Wages	Domestic Demand
	(\$m)	(\$m)	(Units)	(Units)	(Units)	(\$m)	(\$m)	(\$m)	(\$m)
2011-12	583	127	42	39	1,460	4.10	34.2	62.1	613
2012-13	711	150	43	39	1,401	3.50	38.6	71.1	746
2013-14	742	137	44	40	1,261	6.20	46.9	75.2	783
2014-15	759	154	44	40	1,162	13.5	50.2	83.7	796
2015-16	799	174	44	40	1,054	8.80	55.5	87.1	845
2016-17	724	164	44	40	959	9.70	55.2	83.9	769
2017-18	646	148	40	36	989	8.90	56.1	79.7	694
2018-19	649	148	42	38	940	11.6	58.2	81.7	696
2019-20	651	144	47	42	941	12.8	60.0	80.0	698
2020-21	646	146	50	45	1,014	15.1	63.3	82.2	694
2021-22	656	147	50	45	1,001	16.8	65.8	81.7	706
2022-23	663	150	52	46	1,019	18.9	69.3	83.7	713
2023-24	669	151	54	47	1,028	20.8	71.8	83.4	720
2024-25	676	158	56	49	1,072	22.8	75.2	85.8	728

## Annual Change

Year	Revenue	IVA	Estab.	Enterprises	Employment	Exports	Imports	Wages	Domestic Demand
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
2011-12	9.72	8.29	0	0	-8	-2.39	2.08	3.84	9.36
2012-13	22.0	18.6	2	0	-4	-14.6	12.9	14.5	21.7
2013-14	4.37	-8.99	2	3	-10	77.1	21.5	5.76	4.92
2014-15	2.26	12.4	0	0	-8	118	7.03	11.3	1.63
2015-16	5.17	13.1	0	0	-9	-34.8	10.6	4.06	6.19
2016-17	-9.41	-5.53	0	0	-9	10.2	-0.55	-3.68	-9.03
2017-18	-10.7	-9.80	-9	-10	3	-8.25	1.63	-5.01	-9.80
2018-19	0.43	-0.07	5	6	-5	30.3	3.74	2.50	0.32
2019-20	0.21	-2.64	12	11	0	10.3	3.09	-2.09	0.29
2020-21	-0.77	0.90	6	7	8	18.0	5.50	2.75	-0.57
2021-22	1.68	1.09	0	0	-1	11.2	3.94	-0.61	1.69
2022-23	0.92	2.31	4	2	2	12.5	5.31	2.44	1.06
2023-24	0.90	0.39	4	2	1	10.0	3.60	-0.36	0.93
2024-25	1.06	4.30	4	4	4	9.61	4.73	2.87	1.18

## Key Ratios

Year	IVA/Revenue	Imports/Demand	Exports/Revenue	Revenue per Employee	Wages/Revenue	Employees per estab.	Average Wage
	(%)	(%)	(%)	(\$'000)	(%)		
2011-12	21.7	5.58	0.70	399	10.6	34.8	42,534
2012-13	21.1	5.17	0.49	508	9.99	32.6	50,749
2013-14	18.4	5.99	0.84	589	10.1	28.7	59,635
2014-15	20.2	6.31	1.78	653	11.0	26.4	72,031
2015-16	21.8	6.57	1.10	758	10.9	24.0	82,638
2016-17	22.7	7.18	1.34	754	11.6	21.8	87,487
2017-18	22.9	8.09	1.38	654	12.3	24.7	80,586
2018-19	22.8	8.36	1.79	691	12.6	22.4	86,915
2019-20	22.2	8.60	1.97	691	12.3	20.0	85,016
2020-21	22.5	9.12	2.34	637	12.7	20.3	81,065
2021-22	22.4	9.33	2.56	656	12.4	20.0	81,618
2022-23	22.7	9.72	2.85	650	12.6	19.6	82,139
2023-24	22.6	9.98	3.11	650	12.5	19.0	81,128
2024-25	23.3	10.3	3.37	630	12.7	19.1	80,037

# Additional Resources

## Additional Resources

### Australian Food News

<http://www.ausfoodnews.com.au>

---

### Australian Bureau of Statistics

<http://www.abs.gov.au>

---

### Australian Beverages Council

<http://www.australianbeverages.org>

---

## Industry Jargon

### ON-THE-GO-CONSUMPTION

On-the-go consumption products are products that can be consumed immediately after purchase.

---

### PET

Polyethylene terephthalate, a type of polymer resin used in synthetic fibres and in the production of food and beverage containers.

---

### PURIFIED WATER

Water that is purified of chemicals, sometimes with added minerals.

---

### SPRING WATER

Water sourced from underground.

---

## Glossary Terms

### BARRIERS TO ENTRY

High barriers to entry mean that new companies struggle to enter an industry, while low barriers mean it is easy for new companies to enter an industry.

---

### CAPITAL INTENSITY

Compares the amount of money spent on capital (plant, machinery and equipment) with that spent on labour. IBISWorld uses the ratio of depreciation to wages as a proxy for capital intensity. High capital intensity is more than \$0.333 of capital to \$1 of labour; medium is \$0.125 to \$0.333 of capital to \$1 of labour; low is less than \$0.125 of capital for every \$1 of labour.

---

---

## **CONSTANT PRICES**

The dollar figures in the Key Statistics table, including forecasts, are adjusted for inflation using the current year (i.e. year published) as the base year. This removes the impact of changes in the purchasing power of the dollar, leaving only the 'real' growth or decline in industry metrics. The inflation adjustments in IBISWorld's reports are made using the Australian Bureau of Statistics' implicit GDP price deflator.

---

## **DOMESTIC DEMAND**

Spending on industry goods and services within Australia, regardless of their country of origin. It is derived by adding imports to industry revenue, and then subtracting exports.

---

## **EMPLOYMENT**

The number of permanent, part-time, temporary and casual employees, working proprietors, partners, managers and executives within the industry.

---

## **ENTERPRISE**

A division that is separately managed and keeps management accounts. Each enterprise consists of one or more establishments that are under common ownership or control.

---

## **ESTABLISHMENT**

The smallest type of accounting unit within an enterprise, an establishment is a single physical location where business is conducted or where services or industrial operations are performed. Multiple establishments under common control make up an enterprise.

---

## **EXPORTS**

Total value of industry goods and services sold by Australian companies to customers abroad.

---

## **IMPORTS**

Total value of industry goods and services brought in from foreign countries to be sold in Australia.

---

## **INDUSTRY CONCENTRATION**

An indicator of the dominance of the top four players in an industry. Concentration is considered high if the top players account for more than 70% of industry revenue. Medium is 40% to 70% of industry revenue. Low is less than 40%.

---

## **INDUSTRY REVENUE**

The total sales of industry goods and services (exclusive of excise and sales tax); subsidies on production; all other operating income from outside the firm (such as commission income, repair and service income, and rent, leasing and hiring income); and capital work done by rental or lease. Receipts from interest royalties, dividends and the sale of fixed tangible assets are excluded.

---

**INDUSTRY VALUE ADDED (IVA)**

The market value of goods and services produced by the industry minus the cost of goods and services used in production. IVA is also described as the industry's contribution to GDP, or profit plus wages and depreciation.

---

**INTERNATIONAL TRADE**

The level of international trade is determined by ratios of exports to revenue and imports to domestic demand. For exports/revenue: low is less than 5%; medium is 5% to 20%; and high is more than 20%. Imports/domestic demand: low is less than 5%; medium is 5% to 35%; and high is more than 35%.

---

**LIFE CYCLE**

All industries go through periods of growth, maturity and decline. IBISWorld determines an industry's life cycle by considering its growth rate (measured by IVA) compared with GDP; the growth rate of the number of establishments; the amount of change the industry's products are undergoing; the rate of technological change; and the level of customer acceptance of industry products and services.

---

**NONEMPLOYING ESTABLISHMENT**

Businesses with no paid employment or payroll, also known as nonemployers. These are mostly set up by self-employed individuals.

---

**PROFIT**

IBISWorld uses earnings before interest and tax (EBIT) as an indicator of a company's profitability. It is calculated as revenue minus expenses, excluding interest and tax.

---

**VOLATILITY**

The level of volatility is determined by averaging the absolute change in revenue in each of the past five years. Volatility levels: very high is more than  $\pm 20\%$ ; high volatility is  $\pm 10\%$  to  $\pm 20\%$ ; moderate volatility is  $\pm 3\%$  to  $\pm 10\%$ ; and low volatility is less than  $\pm 3\%$ .

---

**WAGES**

The gross total wages and salaries of all employees in the industry.

---

# IBISWorld helps you find the industry information you need – fast

---

With our trusted research covering thousands of global industries, you'll get a quick and intelligent overview of any industry so you can get up to speed in minutes. In every report, you'll find actionable insights, comprehensive data and in-depth analysis to help you make smarter, faster business decisions. If you're not yet a member of IBISWorld, contact us at +61-3-9655-3800 or [info@IBISWorld.com](mailto:info@IBISWorld.com) to learn more.

## Disclaimer

This product has been supplied by IBISWorld Pty Ltd. ('IBISWorld') solely for use by its authorized licensees strictly in accordance with their license agreements with IBISWorld. IBISWorld makes no representation to any other person with regard to the completeness or accuracy of the data or information contained herein, and it accepts no responsibility and disclaims all liability (save for liability which cannot be lawfully disclaimed) for loss or damage whatsoever suffered or incurred by any other person resulting from the use of, or reliance upon, the data or information contained herein. Copyright in this publication is owned by IBISWorld Pty Ltd. The publication is sold on the basis that the purchaser agrees not to copy the material contained within it for other than the purchaser's own purposes. In the event that the purchaser uses or quotes from the material in this publication - in papers, reports, or opinions prepared for any other person - it is agreed that it will be sourced to: IBISWorld Pty Ltd.

Copyright 2020 IBISWorld Pty Ltd.