

MINERAL/DRINKING WATER MARKET IN UKRAINE

Ukrainian mineral/drinking water market has been revealing serious positive dynamics for the last few years. According to the information of producers, in 2012 mineral water consumption was about 30 liters per capita, which is practically 3 times more than in 2006. The growth was caused by several circumstances. The most important of them are improvement of population prosperity, promotion of healthy lifestyle as well as unsatisfactory quality of pipe water. Mineral water expands its market share slowly but steadily. At the present moment, mineral/drinking water occupies about 37% of the soft drinks market, which is 3 percent more than in 2005. At the same time, the market share of juice-containing drinks is about 19%, and the share of carbonated drinks is 44%.

In spite of active market development, statistics is revealing slow growth deceleration of mineral/drinking water production. In 2010-2011 mineral water output increased by 20-25% and in 2006 the increase was just about 17%. Analytics forecast 15-16% increase in 2008, i.e. the volume of production is forecasted at 170 billion deciliters level.

At the present time, as marketing research results reveal, taste is the most significant mineral water selection criteria for Ukrainians – 60% of respondents note it. Confidence in quality is important for 45% of consumers, and curing properties – for 35% of respondents.

Price and brand awareness have practically equal effect upon choice – 32% and 30% of Ukrainians correspondingly consider them important. To a smaller extent consumers take interest in mineral composition – just 20% of respondents pay attention to it, and attractive package is significant only for 5% of the interviewed.

The fact, that price is just on the fourth position of the factor rating, allows producers to increase prices regularly. Market experts are drawing attention to the more dynamic growth of still mineral water prices.

Thus, by the end of the summer 2013, price for still mineral/drinking water was almost equal to sparkling water price. Analytics explain the above phenomenon by the growing popularity of still mineral water and launching it in range of major trademarks. As a rule, producers put equal price for the whole range regardless of the type of water.

In general, market experts explain the growth of water price by a complex of reasons, including increase of energy, transport, advertising and marketing costs. Such expense items as advertising and marketing are getting more and more important every year, because modern modes of retail, such as super- and hypermarkets, are becoming more important channels of distribution. Thus, if in the summer 2011 less than 10% of sparkling mineral water and 25% of still mineral water were sold through super- and hypermarkets, then in the middle of 2007 these indicators were 15% and 33% correspondingly.

As for Ukrainian mineral/drinking water market players, on the one hand, almost half of the market is still controlled by five major companies: international – IDS Group (TM «Mirgorodskaja», «Staryj Mirgorod», «Moroshinskaja», «Alaska», «Sorochinskaja») and Coca-Cola Company (TM «BonAqua» and «Jurskie Djerelo»); Ukrainian – CJSS «Obolon» (TM «Obolonskaja», «Prozora»), CJSS «Erlan» (TM «Biola Znamenskaja», «Dva Okeana») and OJSS «Kiev Soft Drinks Plant «Rosinka» (TM «Sofija Kievskaja», «Doctor»).

Thus, in future in the Ukrainian mineral water market is expected to be eventful. First of all, capacities drive are forecasted, which, in its turn, may lead to the total growth of mineral water production. In the case the hot summer occurs again, this drive will be beneficial for the branch. But if the weather stands the market participants up, over-production will force Ukrainian water producers to seek for alternative markets urgently.

Secondly, it is obvious that local producers will continue the expansion. Taking into account its present speed, it is quite possible that the companies will add neighbor regions to the developed ones. This may force large players of the Ukrainian mineral/drinking water market to tighten the applied methods of competitive struggle.