

# Bottled water industry essay

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Bottled Water Industry BY Man-gyms Bottled Water Industry Case In order to see if the bottle water industry is attractive to potential entrants, we have to use the five competitive factors that shape strategy which are: threat of new entrants, bargaining power of suppliers, bargaining power of buyers, threat of substitute products or services, and rivalry among existing competitors. Threat of new entrants in the bottle water industry is low. The three major market leaders in the bottled water industry are Nestle, Coca-Cola, and Pepsi.

All three of these companies have diversified from other markets which have helped them leverage existing capabilities and cash flows which have shaken up the existing competition. Factors that make it hard for new competitors to enter the market are supply-side economies of scale, capital requirements, incumbency advantages independent of size, and unequal access to distribution channels. Nestle, Coca-Cola, and Pepsi are all well-known companies around the world which makes it hard for new competitors to enter.

The power of suppliers isn't a big factor when it comes to competitive forces. Suppliers in the bottles water industry include municipal water systems, spring operators, bottling equipment manufacturers, etc. Packaging supplies for bottled water are available from a vast amount of suppliers so not much power is involved there. The suppliers are often in competition with one another because they are trying to get the big producers of the bottled water industry because it saves them costs and earns them a greater profit.

The power of buyers has a lot more power than that of suppliers and is an area of concern for companies in the industry. Buyers have power in this industry because there are many bottled water producers so customers can dictate the price at which they buy at and also can demand for a high quality product. Also since the buyers purchase in high quantity and the products are undifferentiated, the buyers have the upper hand and can control some key factors in the industry such as price and quality.

The threat of substitute products is high in this industry. Substitute products include soft drinks, Juice, energy drinks, flavored water, vitamin water, milk, Gator, etc. Since there are many substitute products, the industries profitability will suffer. This happens because it puts a limit on the amount you can charge for a product because if it is too high, no one will buy the product and instead will buy one of the substitute products.

Rivalry among existing competitors is very high in this industry. The companies in this industry are always competing with one another to gain a higher percentage of the market. Companies such as Nestle, Coca-Cola, and Pepsi are always fighting with each other in order to gain a competitive advantage. They are continuously trying to innovate their products and are competing for the global market of bottled water. They compete with each other by offering different products, quality of products, and price.