



The Centre For Business Relationships,  
Accountability, Sustainability and Society

WORKING PAPER SERIES No. 38

# One Water: A refreshingly Different Ethical Product



Professor Ken Peattie  
and  
P.D. Jose





## About the BRASS Centre

In 2001, Cardiff University won £3.1 million in research funds from the Economic and Social Research Council to develop a Research Centre for Business Relationships, Accountability, Sustainability and Society (BRASS). The Centre is a joint venture between the University's Schools of Business, City & Regional Planning and Law. It brings together the three Schools' existing research expertise on issues of sustainability, business ethics, company law, corporate reporting and business communication.

The Centre started work in October 2001 under the leadership of Professor Ken Peattie of the Business School, Professor Terry Marsden of the Department of City and Regional Planning and Professor Bob Lee of the Law School. The funding of the Centre covers an initial five-year period, but this should just mark the beginning of BRASS' contribution to creating more sustainable and responsible businesses locally, nationally and globally.

### Published by

The Centre for Business Relationships, Accountability, Sustainability & Society  
(BRASS)  
Cardiff University  
55 Park Place  
Cardiff CF10 3AT  
United Kingdom  
<http://www.brass.cf.ac.uk>

© BRASS Centre 2006

ISBNs 1-904393-82-9 (print)  
1-904393-83-7(web)



## Contents

<b>Introduction</b>	<b>4</b>
<b>ONE Philosophy</b>	<b>4</b>
<b>From Idea to Practice</b>	<b>5</b>
<b>Product development and Supply Chain Management</b>	<b>5</b>
<b>Market Entry</b>	<b>6</b>
<b>The First Sale</b>	<b>7</b>
<b>Building the Brand- A productive Partnership</b>	<b>10</b>
<b>Reaching the Consumer- A marketing Communications Challenge</b>	<b>11</b>
<b>Organisation and Human Resources</b>	<b>12</b>
<b>The First Well- 100% Good</b>	<b>13</b>
<b>ONE in 2006- The Challenges Ahead</b>	<b>13</b>
<b>Where Next for the Brand</b>	<b>14</b>
<b>Case Learning Objectives</b>	<b>15</b>
<b>Suggested Questions</b>	<b>15</b>

## List of Tables

<b>Exhibit 1 : UK retail sales of soft drinks, by value and volume, 2000-04</b>	<b>16</b>
<b>Exhibit 2 : Competing Brands in the UK Market</b>	<b>17</b>
<b>Exhibit 3 : Brand shares in the bottled water (off-trade), by volume, 2003-05</b>	<b>18</b>
<b>Exhibit 4 : Examples of Competitor “Ethical” Bottled Waters</b>	<b>19</b>
<b>Exhibit 5 : ONE Press Cuttings</b>	<b>20</b>
<b>Exhibit 6 : Main monitored media advertising expenditure on bottled water 2002-04</b>	<b>21</b>
<b>Exhibit 7 : ONE’s Publicity Leaflet and Product Label</b>	<b>22</b>
<b>Exhibit 8 : The ONE Website</b>	<b>23</b>
<b>Exhibit 9 : ONE Picture Gallery</b>	<b>24</b>
<b>Exhibit 10: Population without sustainable access with an improved water source (%) compared to Human Development Index Rank (UNDP)</b>	<b>25</b>

## One Water: A Refreshingly Different “Ethical” Product.

### Introduction

Flying back from Johannesburg in April 2006, Duncan Goose, founder of the company Global Ethics and its ‘ONE’ bottled water brand, reflected on an extraordinary trip that had been the culmination of an extraordinary few years. It had all begun back in 2003 when he and a group of drinking buddies had been discussing the world’s water problems in their favourite London watering hole. From this had grown the germ of an idea for a not-for-profit bottled water company which would channel its revenue into funding well-building programmes in the poorer parts of the world. The process of turning that idea into a reality had been something of a roller-coaster ride, but ONE was fast turning into a celebrated success story. Just a year after its launch, ONE had seen an astounding sales growth, from an initial production run of six pallets (12,000 bottles) which took six months to sell, to selling about 100 pallets a day only six months later. Like all fast growth businesses, success brought with it a mixture of challenges and opportunities and after a year of success that had confounded the sceptics and exceeded his expectations, there were some important decisions to take about the future. Accepting a drink from the stewardess and settling back into his seat, Duncan looked out upon the canopy of clouds, and for a moment considered the enigma of water. It is something that covers the planet and falls freely from the skies, and in the UK we barely spare it a thought unless there is too much of it. Yet is also precious, fundamental to life, and represents a great unmet need for millions throughout the world, a need that had sparked the idea for the business.

### The ONE Philosophy

The philosophy behind ONE Water came from a year that Duncan had spent travelling around the world, and particularly from his experiences and observations in the poorer countries of Africa. Two things had become very clear to him during that trip. The first was that relatively small amounts of money from richer countries, if carefully targeted, could transform the lives of people in poorer countries for the better. The second was the way in which water, and the problems of getting access to clean water, dominated the lives and determined the quality of life of so many people in Africa.

Inspired, he returned home determined to quit his job as an advertising executive with a leading firm, and to instead plough that experience into developing a brand whose sales could generate money to fund water development projects in Africa.

The name ‘ONE’ reflected Duncan’s belief that if you were going to change the World, you had to try and do it one small step at a time.

*We just said if we can help one person, then we’ve done something worthwhile, ..... and that was why the brand was called ‘ONE’, because you can’t look at the macro-problems out there, but on a micro basis, you can say “O.K., we will try and provide **one** person with water and if we can successfully provide one person with water, we’ll then provide two and three and so on”*

Although there were a thousand and one possible business ideas to choose from, the idea of selling water in rich countries in order to provide clean water to those in poorer

countries had an inescapable logic and resonance to it. The downside was that it meant becoming one of two hundred minnow brands all struggling to get a slice of the UK's bottled water market. On choosing water as a product Duncan noted:

*It was really water for water, because on a purely, marketing basis it's very easy to understand the idea 'Well, I'm drinking something that other people don't have'. Rather than rattling a tin at them and saying "Hey, come on, give us some money to go and do some water projects overseas", it is actually asking people to do something that they do every day, but just make a brand choice that says 'Well, rather than buy a brand like Evian, which is going to line the pockets of massive organisations, I know that if I buy a bottle of 'ONE', I'll be contributing some good in some way'.*

On joining the pool of minnows his philosophy was:

*We're very untraditional, in the sense of a business which sets itself a very hard objective to follow and measures everything against that; and we say "Well, that's where we'd like to go but if we don't get to it, we're not going to be disappointed and down, because our core concept was to sell **one** bottle".*

### **From Idea to Practice**

Duncan was clear at the outset that for the ONE brand to succeed it would need to get several things right. To develop the brand he could leverage his own marketing skills and the marketing and financial management skills of his circle of friends. However, to complete the picture he would need to find partners who could manufacture and distribute the water in the UK, and others to help deliver the water projects in Africa. Finally, and perhaps most challengingly, he would have to find a way into one of the most rapidly growing but competitive markets in the UK.

The first step involved in the process was to identify suitable partners to work with in Africa. Fortunately he located *Roundabout*, a rapidly growing South African company which manufactured, installed and maintained 'PlayPump' water systems throughout Sub-Saharan Africa. The PlayPump solution was based on a simple idea of locating water extraction systems next to village schools. It uses an ordinary 'merry-go-round' that children play on to screw-pump uncontaminated drinking water up from deep below the ground into a secure and clean 2,500-litre water tank. With a tap to provide access to water, the communities nearby were able to have access to an uninterrupted and uncontaminated water supply for drinking and agriculture. For the village children it typically meant that instead of a daily journey of many miles to collect water for their families, they had time to spend in school receiving an education, and something fun to play on come playtime.

### **Product Development and Supply Chain Management**

Duncan's attempts to locate a suitable UK supply-chain partner who could provide the actual water proved to be considerably more challenging. Armed with a list of potential suppliers Duncan talked with several bottlers, until he eventually found a company based in Wales, called Radnor Hills, who seemed interested in what Duncan was proposing to do.

Radnor Hills was a medium-sized, family-run bottled mineral water company located in Wales. Besides manufacturing and marketing its own brands, Radnor was also a contract manufacturer for several other well-known brands, and they had worked on similar 'concept-based' brands before. Based on Duncan's presentation, Radnor initially agreed to produce ONE Water to order with an initial minimum commitment of 6 pallets (12,000 bottles) on a cash and carry basis. Drawing on their experience Radnor helped Duncan with advice about options for bottle types, packaging, labelling and caps and did their best to help get ONE started by asking the lowest price they could for a small one-off order. At this point ONE was, almost literally, a drop in Radnor's strategic ocean, and they otherwise treated them much like any other small scale commercial customer.

However, the brand was now up and running, and ready for an assault on the UK's bottled water market.

### **Market Entry**

Duncan had got his water ready to sell, and knew what to do with the money that sales would generate, but his entry point into the market was unclear.

*The first 12,000 bottles were produced on the 2nd of June 2005, and on that day we didn't have any idea where we were going to sell those. I've got a couple of friends that had cafés, and the idea was to try to sell a couple of cases to them. We knew how hard it would be to break into the retail world, so we thought 'Well, we'll just see what happens and then we'll start talking to the retailers and then we'll see if we can move that along'. But we found that nobody was answering my calls and nobody was returning messages.*

The UK bottled water market involves 2.3 billion litres being consumed annually and is worth more than £1.5 billion, which represents 15 % of soft drink consumption (and forecast to reach 21 % by 2008). It is dominated by two or three brands which together with supermarket own brands account for 60-70% of the market (see Exhibits 1-3). Beyond this there are nearly 200 other smaller brands all fighting for a share of the remaining market. Some of these brands were already using ethical or environmental issues as their selling proposition (See Exhibit 4). An industry report by Mintel noted that while fair trade brand had not been applied to water, at least two water products with an ethical proposition were launched in 2006. Belu still spring water (Life Waters) from Shropshire Hills donated all its profits to clean water projects. Hot, launched by Wattle Springs donated 5p per bottle to a British AIDS charity.

Duncan was basically realistic about the challenge that he faced:

*You would say "Well, you'd have to be an absolute idiot to try and get into it, because the competition is so intense that you will never break in unless you've got massive financial backing" - which we certainly didn't! So we said initially that we would like to reach a 1% share of the market, and that was a tall order at that point, but you've got to have something to aim for. So that was the goal, but we didn't set out to really, really try and get to the 1%, we just said "Well, we'll just try and do one thing, one day at a time".*

The most difficult step, appeared to be generating that first significant sale. Penny Butler, Marketing Director of Radnor Hills, who also helped Duncan put together the manufacturing and distribution logistics for the product, was initially very sceptical that ONE's efforts would succeed. As she put it

*Duncan gave me his forecasts for his sales and I must admit, at the time, I thought "You're a great guy, and this is a fantastic idea, but these things with companies like Tesco and Waitrose take a long time to get. I spent 14 years trying to get into Tesco and Waitrose, so I hope it works, but ...you know...(shrugs)"*

### **The First Sale**

ONE's first major sale was the result of a combination of serendipity, luck and sheer audacity on Duncan's part. As the first bottles rolled out of Radnor's plant in June 2005, and the team tried to work out what to do with them, Duncan chanced upon an interview by Sir Bob Geldof on radio regarding Live8, which was scheduled for a month later. Seizing the opportunity Duncan virtually ambushed the Live8 organising team comprising Sir Bob Geldoff, Harvey Goldsmith who was the organiser of the event, and Richard Curtis. As Duncan explained it:

*... there seemed no way on earth we would ever be the official water for Live8, because they would want millions in sponsorship, and all the other big brands would be there. I stacked up a load of water in the back of my car, drove back to London, wrote a very quick presentation for the organisers and located their whereabouts from the Internet. In the morning I drove to Bob Geldoff's office, just went up to the first group I saw, said "This is the water for Live8 and the presentation for it and you've got to courier it to Bob Geldoff, wherever he is in the country, immediately" ...and walked out before anyone had the chance to respond. I then drove to Harvey Goldsmith's office which was in Central London, and did the same thing... 'This is the water for Live8, I've just been to Bob Geldoff's office, been asked to drop this in to you, can you please give this to Harvey Goldsmith'. And then I drove over to Richard Curtis's office in Portobello Road, doing the same thing. When I walked in the door, they went 'Ah! ONE Water, we know all about this'. Despite this, I didn't really think there was a hope in hell of anything happening, we didn't really deserve to be there, as we didn't really exist, we hadn't yet sold one bottle...*

Luck however, was on Duncan's side, since an old acquaintance, Mark Fuller, was involved in the organisation of Live8 and he took up ONE's cause and helped to persuade the organisers to allow Duncan to make a sales pitch. Duncan eventually got his chance and was asked to go in and present to the organising team, after which there was a nerve-wracking wait for a phone call :

*When they phoned and said "Right, you're on, you've got it" I was just absolutely flabbergasted, because rumour had it, and I found out later, that one of the major brands had offered millions in sponsorship. Instead, the people making the decision had chosen us saying "No, we're going to do this, because we like you and because we believe in what you're trying to do", as an endorsement, I mean, you don't get much better than that! So that's how we ended up being there as the official water of Live8.*

Live8 created a PR ‘splash’ for the new water brand beyond Duncan’s wildest dreams, generating plenty of column inches in the national press and pictures of celebrities such as Brad Pitt holding bottles. However the real surprise came from the fact that after this spectacular entry into the market, progress was then excruciatingly slow. The Global Ethics team had not anticipated the extent of the entry barriers that existed in the market, and the difficulty of gaining acceptance for a new brand amongst retail buyers. Supermarket buyers, it transpired, were being approached by water or soft drink companies as many as 50 times in a week, and were often suffering from severe ‘sales pitch fatigue’. Normally, most retail industry buyers did not even look at alternative brands more than a couple of times a year. Duncan noted:

*Our trying to go in as a new brand that doesn’t have any marketing support, doesn’t have any big company backing, structure, infra-structure, track record ...we were at the lowest possible entry-point for anybody. I was just ringing up and ringing up and getting nowhere. I sent letters, with samples, with oral presentations and a film to all of the buyers that I wanted to talk to, and all I said in it was we were the official water to Live8, we donate all our profits to building these Roundabout wells in Africa because there’s a billion people in the world who don’t have clean water and this is how we can help do it .*

To Duncan’s chagrin, having a good quality product with philanthropic objectives and the endorsement that had come from Live8 wasn’t enough. To gain access to the market through the major retailers, a new brand was expected to come up with a substantial ‘stocking fee’, to offer retrospective discounts and volume discounts, and also to pay the retailers to promote the new brand. None of this ‘normal’ marketing activity could be afforded by a small brand like ONE being run on a shoestring. So what was needed was a completely new way to capture the retail buyers’ interest.

What he came up with was turning the traditional negotiation process on its head. Typically a new brand made a ‘pitch’ to sell at a target price, which acts as the starting point from which the selling price was negotiated downwards. Instead, Duncan offered to let the buyers choose what they pay ...

*The way traditional buying negotiation is done, you pitch it at a price and then you get knocked back. The way we do it, is completely the reverse, which is why this has caused such an interesting phenomenon in the business. Interestingly, in all cases, I have never really made a pitch to anybody, I’ve just gone in and had a conversation with people, just a sort of : ‘Try me, what do you think?’ And then I usually just give them the manufacturing costs for all the different products we produce and say ‘These are the manufacturing prices, put in whatever donation you like over and above this’.*

Despite the brand’s ethical credentials, the buzz generated by Live8 and the ‘choose your own price’ offer to the retailers, ONE was still failing to get a market breakthrough. With patience and financing both running out, Duncan was on the verge of giving up, when he had a meeting with the relevant Category Manager responsible for product selection for the retail arm of the Total petrol station chain. Although it was a good meeting, the

manager in question, Ian Mackie, seemed to have reservations. Ian promised to propose the take the idea further within Total, but Duncan left the meeting without much hope ...

*So I left that meeting, thinking 'I really have had it with this'. You know, I'd put so much on the line, of my time and my money into it and everything else, and thought 'Oh, I'm just not going to do it any more'*

Ian Mackie meanwhile, was more interested than Duncan had realised ...

*When Duncan came and saw me, I think he was fairly dejected, I've done this job for many years and when people come in I try my best not to get their hopes up, so I'll sit there and take it all in and then, sort of go away and chew it over. But when he spoke to me about it, it just sounded like such a fantastic idea.*

ONE's proposition appealed to Ian on several fronts. It fitted neatly into Total's own global corporate strategy for CSR and its emphasis on communities. The African dimension was also a good fit for Total as the continent's number one oil company. For a charity product, he liked the idea that it was a water, since bottled waters were a key growth product, and it created no concerns about flavours or consumer acceptance, and coming from Radnor Hills the quality was assured. He also felt that it would appeal to the 'lazy do-gooder' in consumers, who might not bother to buy a wrist-band or novelty product for charity, but who would be happy to choose a water brand linked to an ethical cause. He also liked the idea that instead of the money raised just disappearing into the general coffers of a charity, enough sales of ONE through Total would lead to the development of their own African well as a tangible achievement to show to the company and its customers. Having decided to take on ONE, and to feature it as part of Total's CSR efforts, what Ian had to decide was what to do about Duncan's rather unusual approach to pricing decisions.

When Duncan took Ian's return call later that week, he was surprised by the positive response and the generous nature of the deal Total were proposing:

*He phoned back on the Friday as I was driving back from a meeting, and he said "We're going to do it" and then he said "And also, we're going to pay you two or three times the margin that we pay Brand X". Then he said "And also, we're going to pay for posters to be put in all the service stations, and we're going to pay for a national public-relations campaign as we think it's a great idea and we want to come on board"*

Total's complete enthusiasm provided a dream mass-market debut for the fledgling brand (see Exhibit 5), generating mutually beneficial nationwide point-of-sale publicity. After a slow start a "Buy Two for £ 1" sales promotion boosted sales up to 1,000 bottles a day, which settled down to over 200 bottles a day post-promotion. With the relatively generous margin that Total allowed ONE, it would only take sales of 25,000 bottles to Total customers to fund the first Total Roundabout well. ONE's breakthrough with Total also provided traction in negotiations with other retailers. For the Co-Op, as the leader in UK national ethical retailing, ONE was a natural brand to support, but it took the unprecedented step of introducing it into all 3,100 stores at once (something that no other new brand had ever achieved). Other major retailers including Waitrose and Morrisons

also took ONE onto their shelves, and within a matter of months, the initial trickle of orders was building into a flood.

### **Building the Brand – A Productive Partnership**

As the demand for ONE began to grow, the supply of water had to grow with it, and as ONE became an increasingly significant customer, so their relationship with Radnor Hills evolved. Although ONE was initially treated much like any other customer, as orders for ONE picked up, Duncan needed the price to come down, and also for more support to fulfil those orders. For Radnor this was a rather unconventional request from a customer, but as Penny Butler explained:

*As a company you don't often get an opportunity to give something back, and to be involved with this sort of project without starting it yourselves. We just don't have the time or the staff or the energy that Duncan has to start a new brand ourselves that's going to do what his company is going to do. So here's this chap who comes along with this opportunity and offers us a chance to get involved, in a way which isn't going to harm us financially and isn't going to impact the business in any large way to start off with.*

Over a period of time Radnor's commitment to ONE's business model had grown significantly. In addition to handling manufacturing and labelling, Radnor also agreed to act as ONE's sales, logistics and accounts department as well. Radnor produced the water and warehoused it themselves, saving ONE warehousing costs. Further when major buyers placed an order, they spoke to Radnor Hills, who answer the phone as ONE and accepted the order. The order was then fulfilled by Radnor directly from their warehouse. Radnor then invoiced customers as ONE. With Radnor doing all of the invoicing and the management and the logistics, ONE had very low operational costs. An added benefit was that while the buyer paid in thirty days; ONE paid Radnor in forty-five days, effectively gaining a two-week positive cash-flow.

Despite promising sales growth and the support provide by Radnor Hills, there was one major obstacle to future growth that remained. UK Food Standards Agency regulations meant that a product like ONE could only be labelled as "*Mineral*" or "*Spring*" water if it came from its own dedicated spring (This regulation was brought in following the 2004 Dasani debacle : See Carroll, 2004, "The Dasani Debacle - Coca Cola's failed attempt to crack the tap water, (oops sorry!!!), mineral water market?" in the Online Learning Resources for Jobber, D. *Principles & Practice of Marketing*, 4th Edition, McGraw Hill, London). Without this, ONE had to be described as "*natural still water*", with an explanation that it was bottled by Radnor Hills Mineral Water Company. The 'still water' label was one that several retailers were not impressed with, and for Duncan this represented a major challenge. As Penny Butler explained:

*When he got this deal with the Co-op, they specifically wanted a spring or mineral water, and he was starting to get interest from Tesco, Waitrose and Morrisons and all these companies, who all demand a mineral or a spring water. At that point he came to us and asked "What can we do?"*

Radnor produced a remarkable solution to Duncan's dilemma by agreeing to dedicate the last remaining spring source on their property solely to the production of ONE to provide it with the necessary labelling credentials. This was a major commitment of a key strategic asset by Radnor to a customer who, although making an important contribution to sales volume, was generating smaller margins than the rest of the business, but as Penny Butler put it :

*Commercially, we've had an increase in sales, which is obviously the main benefit, but we've also had a lot of fun doing it and some satisfaction from being involved and coming away thinking "I've worked hard today and I'm not just lining the pocket of some capitalist somewhere, I'm actually doing something that's going to make a difference". It's a nice feeling.*

The relationship with Radnor strengthened because of the complimentary assets and strengths of the two companies. While ONE was able to help Radnor utilise more of its capacity and gain increased volumes and exposure, ONE was able to minimise its capital investments in the project, reducing overall risk for itself. Reflecting on what helped cement the partnership with Radnor, Duncan explained:

*What I was really looking for was a partner rather than just a supplier, because of the way that the business was going to be structured. I needed somebody that was going to work very closely with us, rather than just deliver bottles of water. And actually, that's where we've ended up, and that's what's made the business a success, because it is done very much in partnership. They take on a massive proportion of the work that a traditional water-supplying company would have to do. If we were a conventional brand, we would have to have massive infrastructure behind us to make it happen, but in our case, Radnor do all that for us, which is why we've been able to expand so quickly.*

Other aspects of ONE's development were also handled by working with other partners, who frequently donated their services pro bono or at cost in order to contribute to ONE's development. Some of the principal partner businesses included *Us Designers* (design and branding); *Milk No Sugar* (copywriting); *Taglab* (web design); and *Blue Bear* (PR). In return ONE has consistently worked to share the credit with, and reap public relations benefits for, partners, by mentioning them wherever possible and thanking them through the ONE website.

### **Reaching the Consumer – A Marketing Communications Challenge.**

Conventional marketing wisdom suggests that a new fast-moving-consumer-goods (FMCG) brand is unlikely to make an impact in a crowded and competitive marketplace without considerable investment in marketing communications. For ONE, this was a problem since they did not have access to the level of marketing budgets that other bottled water brands could spend on activities such as advertising (see Exhibit 6). The debut at Live8 and the in-store promotion that Total provided were invaluable for building the brand's profile, but in the absence of a wealth of financial resources to invest in marketing communications, Global Ethics had to invest a time and creativity into it instead. One element of good fortune for Duncan was that in his sister, the high-profile actress Claire Goose, he had access to a 'brand ambassador' who brought an instant touch

of glamour and celebrity to the brand, helping to attract press coverage in national newspapers such as *News of the World*. She was strongly featured on the product label, which was an important medium for the product to communicate with consumers, in-store and in-use (see Exhibit 7). The brand was also promoted through Duncan's tireless efforts in speaking at events and to organisations to highlight the work of Global Ethics, backed up by leaflets to distribute (see Exhibit 7). The company also realised the power of the Internet, and as a young company founded on marketing expertise, but with a limited advertising budget, it was quick to realise the benefits of an effective website and of communicating online. ONE's website <http://www.we-are-one.org.uk/> (see Exhibit 8) featured information about the product, the PlayPump projects and the retailers through which the product is available. It also featured cost-effective promotional ideas, such as a competition to win a holiday of a lifetime to Africa, and a "Message in a bottle" feature to allow users to send a message to a friend through the website in a way that also let them know about the product. In a move which saw them at the cutting edge of interactive marketing communications, the company introduced "smart codes" for bottles and posters which through WAP enabled camera phones could automatically link consumers through to the brand's WAP website (see Exhibit 5).

### **Organisation and Human Resources**

ONE's unconventional approach was not limited to marketing alone. The organisation itself was not structured as a typical fast moving consumer goods (FMCG) company. In the absence of financial backing the company had grown by others following Duncan's lead and volunteering their time. What began with a close circle of friends soon expanded as others heard about the ONE story or were approached by Duncan or others to contribute particular skills or expertise:

*The one thing I found was that we had to run unlike traditional businesses, where you throw money at a problem to solve it. When you don't have money to throw, you get quite creative in how you do things. Also you learn to perhaps ask a lot more for things than you would have done historically. So I think perhaps a combination of determination, luck, a network of people that you know, and having the balls to ask for stuff, is probably what made it happen to begin with.*

From a core team of four people behind the initial development work (which included Duncan, two other marketers and one finance person), ONE grew to around eighty-five people within four months, as different skill-sets were added together in a jigsaw-puzzle of different volunteered talents. Duncan was very aware that without all that free skill and effort, the brand would never have taken off :

*I think that's also probably partly to do with who I am, and the relationships that I have with people, because there's a degree of trust and integrity in terms of everything that I do. So that's probably why people came to the project, it was partly to do with the individuals to start with, and partly because everybody knew how big this market was, and if there's an opportunity to prove that something can be done in a different way, then it's a helluva story, and I think that's also what excited people about getting involved in it.*

## **The First Well – 100 % Good.**

In April 2006 the first ONE Roundabout pump, funded by sales through Total, was built in Ndondeni, South Africa (see Exhibit 9). Not only did Duncan fly out to witness its construction, Ian Mackie used his holiday to fly out and join him to see the results of his decision to give ONE their big market break. It turned out to be an amazing experience. They got to see first-hand the struggle of the village women and children of trying to carry 25 litre water containers uphill in blazing heat (something that the two fit 30-something males found embarrassingly gruelling when their turn came!). They also witnessed the impacts on peoples' lives of the struggle to get water, and the challenges posed by poverty and HIV-Aids.

When the Total PlayPump well had been constructed, the team responsible wrote their names in the drying concrete of the base and made to leave, asking the elders of the village to make sure that no-one else touched the concrete overnight while it dried. As Ian recalled, the next day :

*Sure enough the next day we came back and a kid had written in the concrete overnight, by the tap, and it just said "100 % good", which just absolutely sums up what it's all about for us. That's not a marketing company that's come up with a slogan, that's some kid on the side of a mountain writing overnight in drying concrete.*

## **One in 2006: The Challenges Ahead**

The flight home gave Duncan a chance to reflect on the success of ONE so far, and also on some of the challenges and opportunities that lay ahead. The curious thing was that success did create potential problems, particularly when it came faster than you had anticipated. One issue involved Roundabout's ability to keep up with the pace of growth that ONE had achieved.

*We had originally hoped this year to raise £100,000 which would build twenty of those Roundabouts, each one improving the lives of 5000 people for the rest of their lives. We now look like we could achieve anywhere between £1,000,000 and £ 4,000,000 this year. But the problem is that Roundabout can only build so many wells at a time, and there is a point where further investment isn't actually going to benefit them, because they haven't got the capacity to build more.*

ONE's success had also not gone unnoticed, and other ethical water brands were emerging. In early 2006, an independent company launched the *Belu* spring with a commitment to divert its profits to water projects across the world. As an added incentive the water was marketed in an environmentally orientated plastic bottle which the company claimed could be commercially composted in 8 weeks (source: Mintel).

Duncan wasn't the only one thinking about ONE's future on the journey home. Ian took the opportunity to express some of his concerns about the business and the sustainability of the business model and approach. He was worried that a business built on volunteers, and led by someone investing all his time and money into it, and not drawing a salary from it, would not be sustainable in the long-term. He also felt that Duncan's approach to pricing, although having the potential to open doors, might also deter many conservative

buyers who were used to, and only really comfortable with, a very set approach to conducting negotiations. He also feared it could lead to a gradual driving down of the price of ONE as the brand became less of a novelty on retailers' shelves. Instead, Ian suggested that ONE move towards a more conventional pricing strategy, but one in which transparency and accountability replaced the emphasis on flexibility. What Ian found attractive about ONE, was knowing exactly how much was going to build the wells, and how many bottles had to be sold to fund one well. What he thought buyers would find attractive would be a pricing model with clear components to cover ONE's manufacturing costs, and to now also cover the marketing costs, with an initial suggested charity margin added that could become the starting point for a more conventional negotiation.

### **Where Next for the Brand?**

Although the ONE Brand had begun with water, there was no reason that the brand should end with water. There were also other potential opportunities to take the business model of ONE and the brand concept that had been developed and apply it to other types of product and other social problems. As Duncan explained :

*Our initial aim was to launch 'A Brand' to see whether this would actually work at all, and O.K., we've done that, and it's starting to work. Beyond that we wanted to have a range of products that fit within this 'like-for-like' model.*

Global Ethics was already in talks with condom manufacturers to launch a ONE Condom that would then be used to support family planning activities in Africa. There were also tentative discussions beginning with Cable and Wireless about launching ONE business-to-business telecoms, and with Vodaphone about the potential launch of ONE mobile phones which could fund an organisation called 'Telecom Sans Frontieres' who work in disaster zones to rebuild communication networks. Similarly there had been discussions with Visa and Barclay's to launch a ONE credit-card aimed at funding micro-credit schemes to help people in poorer countries. There had also been discussions with UNICEF and the UN about launching ONE biscuits which would support people in famine areas by funding the provision of high-energy biscuits, with high levels of vitamins and glucose in them. These weren't the only options that Duncan had considered:

*We've also had vague discussions around milk, bread, chickens and beef. Chickens, for example, are not usually branded in a supermarket, so if you could go and buy a ONE organic chicken, you would know it helped provide chickens to families in developing countries, so they can get eggs, they can breed from them and they can create stock. ONE milk could fund dairy cattle or ONE bread, could provide wheat-grain.*

Duncan mulled over these opportunities for a while, and then after accepting coffee and biscuits from the stewardess, he perused the latest edition of the Human Development Report from the United Nations Development Programme (UNDP). Much of it made grim reading, but it vindicated the efforts that he had put into bringing water to poorer communities. The UNDP report defined "reasonable" access to water as the availability

of at least 20 litres a day per person from a source within 1 kilometre of the user's dwelling. In many African countries this remained beyond the reach of at least half the population (see Exhibit 10). The report highlighted the significant lack of access to safe water and sanitation for a significant portion of the world's population, and made it clear that the problems of access to water were far from being resolved. Duncan looked out of the window and considered the challenges and opportunities ahead, both for working within the water sector and beyond it. The enormity of the development challenges meant that Global Ethics needed to scale up their business rapidly to make a major impact. The question was whether they could meet the challenge of growth in the UK and elsewhere while maintaining the entrepreneurial spirit, fundamental values, and "family" atmosphere the company had been built upon. ONE's success had validated Duncan's vision and his business approach. He had proved that his business model could change more than one life for the better, and if it could be expanded and adapted to address other markets, the sky really could be the limit for the ONE brand and the good that it could do in the world.

### **Case learning objectives;**

This case can be used to explore through student discussions the themes of :

1. Cause related marketing (CRM);
2. Social entrepreneurship;
3. Business strategies for growth;
4. Supply chain relationships;

### **Suggested Questions:**

1. What do you think were the key success factors behind ONE's rapid development?
2. What key opportunities and threats confront ONE at this stage in its development?
3. What factors do you think might have influenced Ian Mackie to stock ONE within Total's retail network, and what possible risk factors might he have considered ?
4. Should ONE diversify into the other types of business opportunity that Duncan has identified? Will the business model and marketing approach that has succeeded with water be as suitable for these other markets?

*(Teaching materials for this case including suggested lessons plans, questions and case analysis are available through BRASS to teachers on request to: Brass@cf.ac.uk)*

**Exhibit 1**  
**UK retail sales of soft drinks, by value and volume, 2000-04**

	2000		2002		2004	
	£m	%	£m	%	£m	%
Carbonates	5,191	53.7	5,723	52.3	5,913	49.5
Fruit juice/drinks	1,756	18.2	1,956	17.9	2,316	19.4
<b>Bottled water</b>	<b>1,148</b>	<b>11.9</b>	<b>1,359</b>	<b>12.4</b>	<b>1,572</b>	<b>13.2</b>
Health/sports/energy	654	6.8	901	8.2	1,161	9.7
Concentrates/dilutables	922	9.5	1,000	9.1	990	8.3
<b>Total</b>	<b>9,671</b>	<b>100.0</b>	<b>10,939</b>	<b>100.0</b>	<b>11,952</b>	<b>100.0</b>
	<b>2000</b>		<b>2002</b>		<b>2004</b>	
	<b>m litres</b>	<b>%</b>	<b>m litres</b>	<b>%</b>	<b>m litres</b>	<b>%</b>
Carbonates	5,900	49.4	6,338	48.6	6,251	44.3
Fruit juice/drinks	1,692	14.2	1,860	14.3	2,147	15.2
Concentrates/dilutables	2,700	22.6	3,050	23.4	3,143	22.3
<b>Bottled water</b>	<b>1,366</b>	<b>11.4</b>	<b>1,635</b>	<b>10.5</b>	<b>1,988</b>	<b>14.1</b>
Health/sports/energy	290	2.4	430	3.3	575	4.1
<b>Total</b>	<b>11,948</b>	<b>100.0</b>	<b>13,313</b>	<b>100.0</b>	<b>14,104</b>	<b>100.0</b>

**Source: Mintel**

## Exhibit 2 : Competing Brands in the UK Market

Company	Core brands in carbonates	Core brands in bottled water	Core brands in juice & juice drinks	Core brands in other sectors
AG Barr	Im-Bru, Tizer, Orangina, D'N'B, KA	Findlays	Simply Citrus, St Clements Squeeze (50% fruit juice: 50% spring water)	
Britvic Soft Drinks	Pepsi (franchised, and including Diet Pepsi, Pepsi Max, Pepsi Max Twist, Pepsi Max Punch, Pepsi Max Cino), 7Up (incl. 7Up Free), Tango (incl. Clear, Mango, Ice Blast), Britvic 55, R Whites Lemonade, Idris	Pennine Spring, Fountain Head	J2O, Fruit Shoot, Fruit Spring	Amé, Aqua Libra adult soft drinks, Gatorade sports drink (licensed from PepsiCo)
Coca-Cola Great Britain & Ireland	Coca-Cola, Diet Coke, Dr Pepper, Fanta, Lilt Sprite, Z diet carbonates		Minute Maid, Minute Maid Froot Refresh, Deuce, Oasis, Appletiser, Capri-Sun, Five Alive, Kia Ora	Powerade (isotonic sports drink)
Danone		Badoit, Evian, Shape, Volvic (incl. Touch of Fruit, Splash)		V energy drink (incl. Sugarfree V, V Black)
Gerber Foods International			Sunpride, Libby's C, Ocean Spray, Welch's, Sunny D (under licence)	
GlaxoSmithKline Nutritional Healthcare		Lucozade Hydro Active	Ribena (incl. Really Light, Blueberry)	Lucozade Energy, Lucozade Sport
Highland Spring		Highland Spring, Gleneagles, Looney Tunes		
Nestlé		Buxton, Perrier, San Pellegrino, Vittel, Valvert, Aquarel, Contrx, Santa Maria		
PepsiCo International			Tropicana (incl. Pure Premium, Essentials, Tropical), Copella	Pete & Johnny Smoothies

Source: Mintel

### Exhibit 3

#### Brand shares in the bottled water (off-trade), by volume\*, 2003-05

Brand	2003 (m litres)	%	2004 (m litres)	%	2005 (m litres)	%
Volvic	227	14.9	241	15.3	268	15.6
Evian	190	12.5	205	13.0	232	13.5
Highland Spring	94	6.2	99	6.3	110	6.4
Buxton	52	3.4	58	3.7	69	4.0
Vittel	52	3.4	47	3.0	45	2.6
Aqua Pura	24	1.6	27	1.7	31	1.8
Own label	726	47.7	743	47.2	803	46.7
Others	157	10.3	154	9.8	162	9.4
<b>Total</b>	<b>1,521</b>	<b>100</b>	<b>1,574</b>	<b>100</b>	<b>1,719</b>	<b>100</b>

\* Includes sparkling, still and flavoured via all off trade outlets

Source: Mintel

**Exhibit 4: Examples of Competitor  
“Ethical” Bottled Waters**

**DRINK  
FRANK  
& BE PART OF THE  
SOLUTION**



**WINNER**  
2004 SHINE AWARD  
PACKAGING DESIGN  
BRITISH GLASS

**belu** STILL  
OUR PASSION IS PURE WATER  
AND WE WANT TO SHARE IT  
ALL PROFITS ARE INVESTED  
IN CLEAN WATER PROJECTS

**Our Passion  
Is Pure Water**

All our profits are invested in  
clean water projects  
enter belu here: [fullscreen](#) or [regular size](#)  
email: [info@belu.com](mailto:info@belu.com) or call : 0870-240-6121



**CONTACT FRANK**

[hello@frankwater.com](mailto:hello@frankwater.com)

Exhibit 5 : ONE Press Cuttings

## Total clears way for charity water

Petrol chain Total is to dedicate almost half of its forecourt shelf space currently allocated to water brand Volvic to the not-for-profit start-up brand One Water.

All profit from sales of One Water, the official brand for Live 8 and Make Poverty History, will go to Roundabout, a charity based in South Africa. Total is the first national retailer to stock the brand.

Total category manager Ian Mackie said the chain plans to develop POS activity to support the product. He added that One Water will take three of the eight Volvic shelves.

The decision comes ahead of Total's annual forecourt review in April. Total has 850 forecourts, and is the fourth-biggest petrol company in the UK.

## ONE water plots WAP campaign

Marketing 15 Nov 2006

Global Ethics, the company behind ethical water brand One, is using mobile phone technology to boost donations and awareness of its development projects in Africa.

Customers with Nokia 6 Series or Sony Ericsson Java camera phones will be able to take a photo of a 'smart code' printed on the label of the bottled water, which will then automatically take them to the brand's WAP site.

The site will feature information on how to donate, as well as video footage that can be streamed to the phone.

Global Ethics claimed One is the first brand to use the technology in Europe.

The initiative, created by technology company NeoMedia, will run on 5m bottles. They will be available in more than 4000 retail outlets, including Tesco, Morrisons, and Co-op supermarkets, Total petrol stations and university campus shops.

Global Ethics also plans to run the codes on posters.

**Exhibit 6****Main monitored media advertising expenditure on bottled water 2002-04**

<b>Manufacturer &amp; Brand</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Danone, of which:	7,132	5,814	6,199
Volvic	2,371	1,958	3,070
Evian	2,411	2,903	2,569
Danone Activ	1,679	34	-
Volvic Touch of Fruit	672	918	560
Nestlé, of which:	1,829	2,205	1,534
Buxton	876	1,132	396
Vittel	691	924	1,050
Perrier	151	3	-
San Pellegrino	105	146	84
Highland Spring, of which:	771	620	1,326
Highland Spring	771	611	1,315
Loony Tunes	-	8	11
Coca Cola, of which:	27	600	645
Dasani	-	-	639
Malvern	27	600	7
Hildon	323	65	82
Showerings – Ballygowan	71	15	71
Lakeland Willow	-	12	33
Others	197	170	184
<b>Total</b>	<b>10,350</b>	<b>9,501</b>	<b>10,074</b>

**Source: Nielsen Media Research/Mintel**

Exhibit 7 : ONE's Publicity Leaflet and Product Label



**LOUE one**

**Buy One, save lives.**

[www.we-are-one.org.uk](http://www.we-are-one.org.uk)

**1 billion people in the world don't have access to clean water.**

We can't change that overnight but we can change it: one person, one day at a time. One water donates all its profits, every last drop, to building unique roundabout powered water pumps in Africa. As kids play, clean water is pumped out of the ground into storage tanks for use by the community. Simple isn't it? Go on, buy One.

**BOTTLED FOR:**  
Global Ethics Ltd, PO Box 391,  
Beddington TW11 9WD

**BOTTLED AT SOURCE:**  
One One Spring,  
Dyffryn, Wales

**MINERAL ANALYSIS: Mgl**

Calcium 44.0	Magnesium 6.8	Potassium 2.0
Sodium 37.0	Chloride 13.0	Sulphate 10.9
Strate 15.0	Fluoride 0.09	
Total Dissolved Solids: 214		

Information in accordance with the results of the recognised analysis of 23.11.07

**MESSAGE IN A BOTTLE:**

"I reckon it's shocking. A billion people in the world have no access to clean drinking water, and two million people a year die as a result. No one can change that overnight but by buying One we can all help change things for the better. So please buy One and then another One.....thanks!"

*Clare*  
Clare George - Actress

**NATURAL SPRING WATER:**

**LOUE one**™

**MESSAGE IN A BOTTLE:**

One think One will leave a better taste in our mouth than other waters. Drink it and you won't go thirsty. Simple. So is that we do. All our profits go to building unique roundabout powered wells in Africa. As kids spin on the roundabouts water is pumped out of the ground, providing free, clean water to people who desperately need it. Love it!

**URPS UP:**  
Please click on our site to show your support for what we're trying to do. [www.we-are-one.org.uk](http://www.we-are-one.org.uk)

**PLEASE RECYCLE:**  
Make this bottle a green one.

**INGREDIENTS:** natural spring water.

**BEST BEFORE END:** see cap or shoulder of bottle.

**5 026109 001934**

Exhibit 8 : The ONE Website



[☛ Contact us](#)   [☛ FAQ](#)

- [☛ Home](#)
- [☛ The Issue](#)
- [☛ Projects we fund](#)
- [☛ Where to buy](#)
- [☛ Vending](#)
- [☛ Ambassadors](#)
- [☛ Help us](#)
- [☛ About us](#)
- [☛ Heroes](#)
- [☛ Links](#)

 **Spread the word and send a message**

**Changing lives, one person, one day at a time.**

**Did you know that 1 billion people in the world don't have access to clean water? Or that 2 million people die each year as a result of water related diseases?**

When we found this out, we wanted to do something to change those figures.

We recognise that it's a massive challenge, but we can change the lives of people – one person, one day at a time.

Simply buy a bottle of **One** water – all our profits, every last drop, go to building unique PlayPump™ water purifying systems overseas which will improve people's lives by providing free, clean water. With your help we can make a difference and that's all we're trying to do.



**Win**  
**Take me to Africa!**  
Win a life changing experience  
[CLICK HERE](#)



NOW AVAILABLE AT  
   
 

0036025 visits so far!

global ethics



**Exhibit 9 : ONE Picture Gallery**

Top : Water storage tank for Total Playpump at Ndondeni;

Centre left : Ian Mackie enjoying the product, view and ride;

Center right : Happiness is pumping it rather than carrying it for miles !

Bottom : Playtime !



**Exhibit 10: Population without sustainable access with an improved water source (%) compared to Human Development Index Rank (UNDP)**

Country	% in 2004	HDI Rank
Ethiopia	78	170
Papua New Guinea	61	139
Cambodia	59	129
Chad	58	171
Equatorial Guinea	57	120
Mozambique	57	168
Congo, Dem. Rep. of the	54	167
Niger	54	177
Fiji	53	90
Nigeria	52	159
Madagascar	50	143
Guinea	50	160
Mali	50	175
Lao People's Dem. Rep.	49	133
Togo	48	147
Mauritania	47	153
Angola	47	161
Haiti	46	154
Romania	43	60
Sierra Leone	43	176
Congo	42	140
Timor-Leste	42	142
Zambia	42	165
Tajikistan	41	122
Guinea-Bissau	41	173
Vanuatu	40	119
Uganda	40	145
Eritrea	40	157
United Kingdom	0	18

