

# Make Innovation HAPPEN



## MIH Knowledge Article: Functional Water: an untapped drinks market

Scotland  
A LAND OF  
food and drink

SCOTLAND  
IT'S TIME TO INSPIRE

The logo consists of the word 'CAN' in white text on a dark teal vertical bar, and the word 'DO' in white text on a yellow vertical bar, positioned to the right of the 'CAN' bar.

If you think the bottled water market is saturated, read on. For some consumers stateside, functional water (fortified with vitamins and antioxidants) is as essential to their weekly shop as almond milk, grain-free bread and vegan eggs.

## Water with a kick

There's tap water, there's bottled water, there's flavoured water - and now there's functional water.

Water plus nutrients, equals grade A water. That's the functional water message. And it's how companies have managed to carve out a niche in an already flooded market, proving that there's always room for one more innovation, one more take on a classic.

Many expect this sector to grow, as more consumers prioritise their health when buying food and drink products. So, with more consumers shifting from soft drinks to water, and with the sugar tax imminent, water will likely become a focus for business growth.

## A business waterfall

Market insight company, Technavio, says the global functional water market will grow at a compound annual growth rate (CAGR) of around 9% between 2018 and 2022.

Functional bottled water is already seeing rapid growth in the US, where it accounted for 2.19 billion USD in 2015. A figure that's estimated to grow up to 2.88 billion USD by 2020.

In the UK, the total market for water drinks is estimated to reach 5.5 billion litres by 2021, almost 50% above 2016 levels, according to market analysts, Zenith Global. The total value of the bottled water market in retail was £2.7 billion in 2017.

Currently, functional water accounts for only 2% of the market, but signs are that this category is going to grow in the near future.

## Alkaline ionised water

One popular functional water product is alkaline ionised water. Its sales are booming in the US. Market research company, Nielsen, says sales of alkaline ionised water have grown by 70% year-on-year there, a sales increase from 64 million USD to 156 million USD in 2017.

In the UK, the functional water category is small, but it's seen significant growth of 27.6% year-on-year. Meaning there's real potential for alkaline ionised water to gain further market share.

Brands such as ACTIPH have emerged. Headed up by Scotsman Jamie Douglas Hamilton, it's aimed at an audience who have active lifestyles, and who currently buy into products such as coconut water.

ACTIPH is the first alkaline ionised bottled water launched in the UK. Launched at the end of last year, ACTIPH promotes a highly alkaline and antioxidant water for a balanced and active lifestyle.

## **The health benefits**

Cheerleaders of alkaline ionised water claim that the water has a range of health benefits. The water contains active hydrogen molecules, that consist of smaller groups of molecules than tap water. They argue that this results in a quicker and easier absorption of water into cells of the body. Hence, ionised minerals, such as calcium and magnesium, are absorbed more efficiently than regular water.

Alkaline ionised water also acts as an antioxidant and destroys free radicals, which are thought to damage cells and our DNA structure.

Health-conscious consumers are eager to reap the potential benefits of alkaline ionised water. However, further scientific investigation is needed to validate these health claims and opponents remain sceptical.

## **Growing your good and drink business**

If you want to understand more about functional food and drink, or other food and drink sectors with growth potential in Scotland, get in touch. There are lots of opportunities for Scottish manufacturers to capitalise across many food and drink categories, with innovation being the key to company growth.

Our innovation support is a great place to start your journey. If you're a start-up looking for guidance on grants and industry connections, or an established business looking to develop more products, or innovate around processes and employees, we can support your ideas and help you develop them all the way to market.

# Innovation support for Scottish food and drink companies

Make Innovation Happen is a single source of innovation support for businesses involved in the Scottish food and drink supply chain.

Scotland Food & Drink, Scottish Enterprise and Highlands & Islands Enterprise work in partnership across academia, the public sector and the industry to deliver a comprehensive innovation support service.

Make Innovation Happen can help your business by providing:

- [Access to 'connectors'](#), who can offer support, advice and mentoring, as well as direction to appropriate support
- Ideas and insights on how to innovate through articles and events
- Funding through the [Collaborative Innovation Fund](#)
- Help to access other innovation services provided by Scottish Government, [Scottish Enterprise](#), Highlands & Islands Enterprise, Interface and others

To find out more about the support available, please get in touch with the Make Innovation Happen team:

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