PepsiCo’s Premium Water Hits Red Carpet

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PepsiCo is introducing its first premium bottled water at the Golden Globes Sunday, Jan. 12, which comes after the success of Coca-Cola’s Smartwater. The company says the name and design for Qua’s bottle may change before it’s rolled out more broadly. **(AP Photo/PepsiCo)**

NEW YORK (AP) — If you're willing to pay a little extra for trendy bottled water, there's Evian, Smartwater and Fiji. Now, PepsiCo wants to throw "Qua" into the mix.

The world's No. 2 beverage company gauged response to its first premium bottled water brand at the Golden Globes last weekend. The bottles were passed out on the red carpet and placed on tables at the show, a way for the company to introduce it to the Hollywood types who appeal to its target audience.

A PepsiCo spokeswoman noted that the company is still working out the kinks and that the name and design for Qua may change before it's rolled out more broadly.

Aside from their higher prices, what exactly sets a premium water brand apart varies. But the superficial factor is high: they usually come in stylish bottles. The water's sourcing or filtering may also be touted on labels.

As with Coca-Cola's Smartwater, Qua is made with tap water. The brand, which PepsiCo says is "micro-filtered" and free of sodium, is slated to be tested regionally

in California this summer before expanding to other markets.

Bottled waters have surged in popularity over the years and represent an important opportunity for Coca-Cola and PepsiCo, which are struggling to sell more soda. Since hitting a peak in 1998, U.S. soda consumption has been on a downward trend, and declines have accelerated in recent years.

The problem with run-of-the-mill bottled waters, however, is that people tend to just buy whatever's cheapest. Coke's Dasani and Pepsi's Aquafina, for example, don't exactly have sexy images that make people willing to pay more for them. So the companies are focusing on brands they can market as being premium, thus commanding higher prices.

PepsiCo, which is based in Purchase, N.Y., says it hasn't yet determined pricing for the 1 liter bottles. But competing brands can sell for $2 a bottle or more.

The company's entry into the premium water segment comes well after rival Coca-Cola bought Smartwater in 2007. For the first half of last year, Smartwater's sales volume rose 16 percent, according to the industry tracker Beverage Digest.

"Coke's Smartwater is growing very strongly and is becoming a real asset to Coke and its bottlers," said John Sicher, publisher of Beverage Digest.

The publication had reported this summer on PepsiCo's plans to enter the premium water category, noting that the drink would likely be called "Om." After some consumer testing, PepsiCo says it decided to drop that name in favor of Qua (as in a shortened version of the word "aqua").

Meanwhile, local government officials, including those in New York City, have touted the benefits of tap water as being free, safe and less harmful to the environment.

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