

Perception, Status and Bottled Water

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In a new study, University of Arkansas researchers argue that consumers buy bottled water because they perceive it to be purer, safer and healthier than municipal water. Further findings suggest that young and high-income people, guided by the perception of higher quality, are more likely to purchase bottled water and home-filtration systems. Purchasing bottled water also carries a degree of status, or "snob appeal," the researchers found.

"We initially thought that frequency of bottled-water purchases wouldn't depend on income level," said David Gay, professor in the Sam M. Walton College of Business. "But, in fact, we discovered that people who earn more money per year, especially those who earn greater than \$50,000 annually, purchase more bottled water, either on a daily basis or two to three times a month."

The bottled-water market has never been better. In 2005, worldwide sales exceeded \$10 billion. In the United States, consumers now drink more bottled water annually than any beverage except carbonated soft drinks. Beverage companies and business researchers - not to mention social-science researchers - yearn to know what drives this market, especially when several studies have demonstrated that bottled water is no purer or safer than tap water, which is strictly regulated by the U.S. Environmental Protection Agency.

Via the Arkansas Poll, an annual survey of Arkansas residents, Gay, Charles Britton, also an economics professor in the Walton College, and Richard Ford, professor of economics at the University of Arkansas at

Little Rock, asked why and how often Arkansans purchase bottled water and whether they were considering obtaining a water-filtration system. In analyzing responses, the researchers considered the demographic variables of age, income level and education level to identify characteristics of the market for bottled-water in Arkansas, which, as a "water-rich" state, has an abundance of naturally occurring water that affects its water supply.

As mentioned above, the researchers found a statistically significant relationship between annual household income and frequency of purchases. Specifically, 20 percent of respondents with an annual income greater than \$50,000 purchased bottled water daily. Fourteen percent of respondents with annual incomes less than \$50,000 purchased bottled water on a daily basis.

For those consumers who purchased bottled water two or three times per month, the researchers found even higher percentages based on income level. Half of those surveyed who earned greater than \$50,000 per year purchased bottled water two or three times a month, and almost 47 percent of those with annual income between \$25,000 and \$50,000 purchased bottled water with the same frequency. In contrast, only 35 percent of respondents who earned less than \$25,000 a year purchased bottled water two or three times per month.

Age also determined who bought bottled water. Twenty percent of respondents under 40 bought bottled water daily, compared to 15 percent of those between 40 and 59 and 12 percent of those 60 and older. Only 32 percent of this age group bought bottled water two or three times a month, while 47 percent of respondents under 40 and 49 percent of respondents between 40 and 59 bought bottled water with the same frequency.

"This result supports the contention that young people have been

convinced that 'still' water is a less desirable good, although scientific evidence refutes this contention," Gay said.

The researchers could not state conclusively that education level had an impact on the decision to purchase bottled water, although data seemed to indicate overall that purchase decisions were based on perceptions of safety and health rather than reality.

"Our findings might lead one to believe that bottled-water producers have successfully marketed their high-margin products," Britton said. "Also, considering the ages and income levels of bottled-water consumers, the results could lead to the contention that bottled water is a status symbol, and its market is based, at least in part, on 'snob appeal'."

Gay, Britton and Ford have collaborated on several research projects on water poverty, water resources and the environment, and the economies of arid lands.

The researchers' study on bottled water has been published in *Forum of the Association for Arid Lands Studies*.

Source: University of Arkansas

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