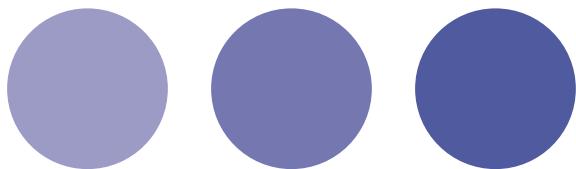


The Well Water

The return of Bag-in-Box



In 2008, Industry veteran Kieran McKenna recognised a need to change the traditional water cooler business – to be more cost effective and kinder to the environment – and created Aqueduct, introducing the concept of Bag-in-Box water to the industry. So what has happened since? Refreshment magazine asked Kieran about the launch of The Well Water and 'the return of Bag-in-Box'.

The REFRESHMENT Interview

You were the pioneer for Bag-in-Box (BIB) for water coolers with the launch of Aqueduct in 2008. At a time when environmental issues were lower on the agenda and the industry was somewhat resistant to innovation, it seemed that the concept was ahead of its time.

What did you learn from that launch and why did that original business not flourish?

I think you learn a lot from failure. It can be brutal and damaging but it can also hone your thoughts and skills. This was certainly the case with my first venture into manufacturing.

I do think that Bag-in-Box (BIB) was a bit ahead of its time... but that's not why it failed. My financing failed at a critical time and the snowball effect really weakened our position. And when my outsourced manufacturer in China hit financial problems and closed on us, it was the final straw. We actually lost all our engineered tools and product and only had a few thousand coolers dotted around Europe through resellers and a few hundred we were supplying water to in Ireland and the UK.

It was enough to prove the concept in my mind – but not enough for a viable business if we could not supply more coolers.

Hence we went into voluntary liquidation.

This was a huge shame as the reality of the product once it moved from a 'conception phase' into a 'working model' was even better than my wildest expectations (once we had ironed out initial teething problems).

Having come from a hard sell 'POU' background – with long sales lead in times and technical difficulties in installing and servicing coolers it was a joy to have a product that people loved and that one could just 'plug and play'. We quickly established an over 80% 'win' over incumbent bottle coolers on a super fast 49 day average sales cycle from first contact to signed contract.

The frustration of knowing we had a patented world beating concept, but no product led me – along with some of my initial backers – to try again.



A Microbiologist by training, Kieran McKenna has over 25 years' experience in the water cooler industry, having successfully built and sold Ireland's leading filtration cooler company All Water Systems.

Kieran is well known in the water cooler industry – and is currently on the executive of the European Drinking Water Cooler Association as well as being on its Technical Standards Committee.

I think the industry is finally catching up with consumer's changing environmental awareness

When did you decide to launch The Well Water and what were the critical steps in making that decision?

We launched in 2014. I guess the critical steps were getting the backing from some of my original investors who had lost money in 'round 1' but who had faith in the whole project to go again. As they say, you learn from your mistakes, and this helped me greatly. Firstly, having business partners whose goals and ambitions are aligned with yours is critical. After that, I think it's down to having enough cash to get you through from concept to full-on sales.

Then it's about building depth in your management team and I have been greatly aided in this by bringing David Albers on board. He is encyclopedic in his knowledge both of mains-fed and bottle coolers – having been instrumental in the UK growth of a number of very successful mains-fed and bottled water cooler companies.

Finally, in full confidence that the coolers worked and had a great customer reaction, it made sense to own a water source. In this way we could drive a franchise-like business in the UK that had the aim of showing people exactly how this business works – from the nuts and bolts of box and pallet design – through to the all important 'how do we sell BIB'.

While it is a true home of office delivery product, BIB is a very different business from a traditional '5 gallon' returnable bottle business – as I have found since we bought the Purely Scottish Natural Mineral Water source. This company supplies a number of well known water cooler companies with 18.9 litre bottles.

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So now we have two sources – one owned (in Scotland) – and one contracted to pack (in Ireland).

To any reader who has a water source, our aim is to partner with one water supplier in each country or region – forming a 'Master Franchise' partnership for that country – and therefore being able to supply the coolers and water locally to resellers in each country.

Tell us more about the water source in Scotland and the range of opportunities it represents.

I am delighted to officially announce that we have indeed bought a water source in Scotland – 'Purely Scottish Natural Mineral Water'.

The source has a long history of providing a really pristine product. It has a number of existing customers for 11 and 18.9 litre bottles. We are decommissioning and old small pack bottle line and replacing it with a BIB line. Out with the old and in with the new.

I think this is the first time globally that a company has made such a move – and one of our 10 litre recyclable BIB cartons actually replaces 30 small plastic bottles. It hits the right environmental sweet spot as well as it being free of the BPA chemical that has so many consumers worried.

Taking this one step further we have also instigated a programme of supplying our customers with BPA-free bottles if they require them.

I think the industry is finally catching up with consumer's changing environmental awareness and we intend to be at the forefront of this charge.

Anyone with a quality water source who would like to partner with us should make contact

Your water-in-box cooler range is the key to the business. Tell us more about the technology.

The great thing about BIB is that it's a proven technology and dominates as the packaging of choice in virtually all liquids above 5 litres, be it milk, wine, fruit juice, vegetable oils or whatever.

The reason is logistics. It's hard to beat a one way fire and forget recyclable ton of water on a pallet. No specialists racking, no specialised trucks or logistics, no need for fleets of sanitization vehicles as it's 100% hygienic, 100% of the time with zero work!

From our analysis, a typical bottled water cooler requires on average 17 interactions with a man and van each year (assuming 13 deliveries of three bottles and four sanitizations). Our system does a better job with just six interactions.

The math works.

The only reason BIB did not move into water was that in the past there was a 'taint' or taste from the packaging. It was when I heard that this problem was overcome and that 'taint free BIB' existed that the light bulb went off in my head. Here was a fully proven and highly successful packaging solution that offered real advantages and change for the better for the HOD industry.

The only obstacle was the lack of a bespoke freestanding home and office dispenser. We have now solved that problem. Enter 'The Well' (right).



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With your source in Scotland and your headquarters in Ireland, what distribution are you offering now and what are your plans for the future?

Our aim is to prove the concept beyond any doubt in the UK and Ireland and then to repeat the formulae in each given country where we can find a like-minded water partner. So anyone with a quality water source who would like to partner with us should make contact.

I think if one looks at the likes of Waterlogic you can see a company that has really taken that concept of single country start, to a global water offering. I admire greatly what they have achieved and it's that concept that I would like to emulate – but with a 'franchise' twist. To do this we require a local water source in each country, as unlike POU, the logistics of moving water across borders is our only limiting factor.

Our Scottish water plant will be our 'Training and operational HQ' and it is here that we will train other 'Global Master Franchise Partners' about the nuts and bolts of the business.

As a respected expert and industry pioneer, what do think of the current state of innovation in the industry and where do you see it going next?

When I started All Water Systems with Brian Cooney back in 1991 there was hardly any innovation in the bottled water cooler space. The early innovators in mains-fed started small. Many thought it would be a niche product, but those of us at the coal face thought otherwise. The proof is in the pudding with mains-fed coolers hitting half the market in some countries and climbing close in others. However, with close to 30 years of mains-fed activity, it's clear that many customers like to have the bottled water alternative.



I see BIB as being a friend to and an evolution of the HOD business model. It allows for a 'leaner, cleaner, and greener' alternative to the 18.9 litre bottle.

I don't think the big bottle will go away completely, but I do think that forward looking water companies will evolve to the point that heavy-use customers will be supplied with mains-fed, mid use with bottles or BIB and low use (or remote locations) with BIB. It's clearly also a product ideally suited to the home market – and our pilot tests have proven this.

So just as bottled water companies eventually offered mains fed and mains-fed companies eventually bought bottled water cooler companies, I see a place at the table for BIB. Ultimately, the end-user decides and we know they like our BIB system.

So just as we started this interview asking if BIB was ahead of its time from a consumer and environmental point of view, I think it's fitting to say it's time has now arrived. There is a convergence of environmental, logistical, legislative and consumer concerns and thought processes – be they too many truck deliveries, congestion charges, BPA concerns, single-use small bottle environmental issues, hygiene concerns and manual handling issues. Not to mention spiralling costs and quality labour shortages (be it HGV drivers, van drivers or delivery and service personnel). BIB eliminates many of these issues and reduces the load on the others.

I think there is a fantastic future ahead for the global water industry and hence I predict a coming together of the various strands of water – be it mains-fed, bottles, or BIB – ultimately leading to the amalgamation of the various competing trade bodies under one new water body that speaks as one voice for our industry. ●

