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# Straight talking

Interview with  
Sip-Well

Linda Palmer,  
Executive Secretary,  
and David Rubinstein,  
Chief Executive

■ SPECIAL REPORT

Hitting home: the residential market

■ SUSTAINABILITY FOCUS

Giving coolers the green light

# Straight talking

## The Sip-Well story

Diamonds, driving the domestic market and discovering water coolers in Peru. **cooler innovation**  
Deputy Editor Medina Bailey meets the founder of **Sip-Well** at the company's headquarters in Belgium.

The paint might barely be dry in David Rubinstein's brand new, modern art adorned office, but the conversation is of a more retrospective nature. A bullish, straight talking man, the Chief Executive and Chairman of Sip-Well has been in the water cooler industry for over 15 years.

He came to Belgium in 1992, saw a gap in the market and made the switch from dealing in diamonds to setting up a cooler delivery company. "I used to live in California where, if you have a telephone, you have a water cooler," he said, "and I couldn't believe that there were no coolers in Belgium."

The HOD and bottling firm Sip-Well was established in 1993 with late fellow Israeli and friend, Yosi Danciger (see page 15), and Linda Palmer, who has remained as his Executive Secretary to this day. Building up the business was no easy feat as, according to Rubinstein, Belgian consumers are conservative in their buying habits and rarely embrace new consumer goods. If you can make a product work in Belgium, you can make it work virtually anywhere.

But belief in the concept, as well as a vast billboard, TV and magazine advertising campaign in the late 1990s, paid dividends and was assisted by Belgium's longstanding penchant for bottled water. As more coolers were installed in offices, more and more



Linda Palmer and David Rubinstein in his modern art adorned office

people recognised the product and saw its appeal. Seeing the branded trucks out and about also helped as consumers began to make the association with water coolers and Sip-Well.

As consistent growth was achieved, the firm started

to attract high end offers from large corporations, but resisted the selling spree that characterised the cooler industry's heady ascent. "We wanted to concentrate on building a company and becoming part of the Belgian scene and creating value,"

said Rubinstein. "I had the privilege to surround myself with people I really cared about. Consolidators often dismissed key personnel for obvious financial reasons. I really did not want this to happen to our people."

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Remaining independent brought its own challenges as the cooler market was a harsh environment in which to operate, due to severe price wars and stiff competition between the six or seven companies operating in Belgium at the time.

It's tough to be a distributor in a mature market

"It is tough to be a distributor in a mature market where competitors are offering basically the same products and services. You witness constant price erosion. You could claim that you offer superior service but it is all too vague and very hard to demonstrate. We therefore needed to find different products and services in order to differentiate ourselves from our competitors."

It became obvious that, unless Sip-Well found a way to distinguish itself from its rivals, it would be priced out of the market. The solution

seemed to lie in the product itself, so a move was made into designing and producing new coolers, enabling the firm to develop its own exclusive and innovative line. Its first cooler, The Prestige, was created in 2001 and seemed to really capture the attention of customers.

"It helped us to develop Sip-Well's own identity and gain a competitive advantage in the market. Creating your own identity gives you the reputation of being a dynamic company and it is the reason why we are market leader in Belgium today."

The progression into product creation was smoothed by the experience the company has built up as a bottle distributor. "It gives you a different viewpoint, as you have direct contact with the final user and understand the needs of the customer. Cooler manufacturers sometimes take more of an engineering approach to the water coolers they are producing, and therefore lack understanding of what the final product should be like."

Sip-Well's latest project is the development of a new water cooler, designed to accommodate a new 10



Rubinstein with Jan Verhelst and the new Sublim'O

litre bottle which features an integrated handle. "We are in a business where the issues of space and, more importantly, the weight of bottles present serious constraints for the customer.

"The 10 litre bottle is definitely a welcome development."

The project needed to be realised with a new bottling line that would be able to accommodate both 18.9 litre bottles and the new 10 litre bottle. Leading Italian bottling line specialist **R Bardi** took on the challenge. The result is a computer controlled 1,200 to 1,800 bottles per hour line



In February 2008, Sip-Well moved into its new purpose built facility which sits on a 25,000m<sup>2</sup> landscaped site with 7,500m<sup>2</sup> of office space, production and warehousing facilities, an in-house laboratory and sanitisation and steam rooms

with robotic loaders, which has recently been installed in Sip-Well's new facility in Londerzeel, mid-way between Antwerp and Brussels.

The cooler is the latest product to emerge from a collaborative project with **Crystal Mountain**. "This beautiful contemporary cooler has been designed with a view towards smaller

This could have a tremendous impact in the industry

offices and the home market. It is important to note," said Rubinstein, "that choosing Crystal Mountain as a partner was a key decision. We needed to associate ourselves with one of the best quality water cooler producers out there."

So, does focusing on the residential market in Belgium mean that it is offering

potential? "We're making inroads into the home sector – it's a marketplace with huge potential," he continued.

"This is a fresh opportunity for us and could have a tremendous impact in the industry by creating a real buzz and renewed enthusiasm. We want to bring water coolers to all of the employees who work at the companies that we already serve. There are huge numbers of people who are exposed to our coolers on a daily basis – we're talking about a captive audience which is already familiar with our brand, our product and our quality. Just imagine the potential."

Customers will be targeted through direct consumer advertising that will emphasise the quality of the final product – Sip-Well water. "There's no doubt that the home market offers huge growth potential in addition to the office sector. In Belgium, there's an ingrained culture for buying bottled water – people know the brand names and respect their quality. In offices, the water cooler and 18.9 litre



Sip-Well's production facility

## Product appeal

### Sublim'O cooler

- › User friendly design with higher positioned taps
- › Different temperature options that can be easily controlled
- › Contemporary, but unobtrusive design that will fit into any environment
- › Comes in bottled, POU and countertop versions
- › Available in five colour options – white; black; silver; white and silver; black and silver

### 10 litre bottle

- › Lighter than 18.9 litre bottle
- › More compact so requires less storage space
- › Features ergonomic handle in the top of the bottle for easy lifting
- › Available in standard blue, as well as bright pink and turquoise green

bottle are not perceived as high quality products, whereas when you enter into the home market, quality perception needs to be raised substantially in order for the consumer to bring a water cooler home."

It would probably be easier to lease blood out of a stone than persuade Rubinstein to give any more details away about his solution to the home market, but he does claim that the new concept will eradicate the traditional problems associated with home water deliveries. He also says that trials that have been conducted with the Sublim'O cooler in homes in Belgium have proved successful, signalling that the time is right to launch a two pronged attack with the cooler and complementary bottle.

"Mature markets would especially benefit from a

fresh new product. In these markets, there is no way for one company to distinguish itself from another and price is the only competitive edge. The industry is moving towards becoming a commodity. Price erosion is happening all around us and therefore such a new product could really create a big difference between one company and the rest."

As well as making his opinions about the industry known, his allegiances are difficult to hide, too. Although Sip-Well offers POU in addition to bottled coolers in order to provide its customers with a total water solution, Rubinstein believes that bottled water remains the preferred choice of Belgian end users. "You have to ensure that customers will benefit from the full range of coolers available – if you fail to recognise this, you'll lose your grip on the market and

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your customers in the process. POU isn't bottled water's enemy, it's an opportunity – after all, customers using POU can also be using bottled water. However in Belgium, there's a long tradition of bottled water and I am not sure that many customers would switch to POU."

What is more certain is Sip-Well's ongoing optimism about its future. "We're a small company, but we're full of muscle, with no fat and we want to stay this way. Yes, we're facing challenges, but we're also part of the solutions. We have every reason to be even more positive today."

This air of confidence is bolstered by Rubinstein's enthusiasm about the individuals that make up his firm. "I'm delighted to be associated with everyone that works here," he continued. "Some people have been here since day one and as a result created a special kind of experience and knowhow. There is a



Testing the water in the in-house laboratory

huge amount of pride. Sip-Well is in their blood, people know that there is

a future for them in the company and to most it feels like home."

The Chairman's respect and loyalty for the people he has worked with over the years are particularly evident when he talks about co-founder, Yosi Danciger, who recently died from a heart attack.

Remaining in reflective mood, Rubinstein looks back on the 15 years he has spent within the industry, citing Sip-Well's strategy of innovation as one of the key reasons for its success.

But his gritty, entrepreneurial streak has undoubtedly also played a significant part, as has his belief in the cooler concept: "I couldn't do what I do without really loving it," he said. "And it always amazes me when I travel to the most remote parts of the world, in places like Peru, which I visited recently, and see the last thing I'd expect to see – a water cooler. It's then that you truly realise the worldwide appeal that the water cooler industry has." ■



Making the call: the customer service centre