

# CASE STUDY



## **TETRA PAK® CONTRIBUTES TO CONTINUED GROWTH IN GLOBAL COCONUT WATER MARKET**

### **Executive Summary**

Coconut water has moved from being a niche health product to an increasingly popular drink around the world. This trend started in Brazil in the 1980's and has seen enormous growth in the last five years, as consumers have been drawn to its natural health benefits.

Worldwide, the number of product launches in the coconut water sector has more than quintupled (+540%) in the past five years. Globally, the market is estimated to be worth over \$1 billion<sup>1</sup>, with Brazil and the US leading consumption and growth. Europe and the UK are showing steady innovation in coconut water beverages.

Tetra Pak was the first company to introduce aseptically packed coconut water which could be stored for long periods and packaged without altering its natural texture and nutrients. Today, the company works closely with coconut water customers around the world to provide packaging solutions which ensure product safety and convenience for consumers. Volume sales of coconut water in packages from Tetra Pak have grown by an average of 26% annually from 2007 to 2012 among customers including Vita Coco, Zico, O.N.E, Kero Coco and Chi Drinks.

### **Tetra Pak supports customers to harness consumer demand**

Changing consumer tastes and an increasing health consciousness have been important factors in bringing about the success of coconut water. Health-conscious consumers have begun to move away from carbonated drinks towards more natural, healthy alternatives.<sup>2</sup> The rise in the popularity of coconut water has also corresponded with a change in how consumers drink beverages. Recent years have seen a rise in demand for products that people can drink on-the-go, this has led to an increase of convenient, portable packaging. The majority of coconut water is sold in individual, on-the-go portion packs.

Tetra Pak discovered this trend early on and has been integral in the way that the category has grown around the world.

One way the company has done this is by launching a Coconut Knowledge Centre in Singapore in 2012. This enables Tetra Pak to understand the characteristics of coconut products; provide technical support to customers; develop new recipes; and expand knowledge sharing among its international network of coconut experts.

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<sup>1</sup> Beverage Marketing Corporation, Nielson 2013

<sup>2</sup> Coconut water is naturally low in fat, and has a number of health benefits. It contains electrolytes (potassium, magnesium, sodium, calcium, and phosphorous) needed for natural rehydration and provides similar benefits to energy and sports drinks, but importantly, without the caffeine and sugar load

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## **Entrepreneurial brands continue to spearhead the growth of coconut water**

The rise of coconut water has been pioneered by young entrepreneurial start-ups, such as Vita Coco and Chi Drinks, both of which have made a success of the product thanks to their ability to predict and harness this consumer trend.

Both Vita Coco and Chi approached Tetra Pak to provide support in the packaging of coconut water, seeking packaging solutions for on-the go consumption and making use of Tetra Pak's in-depth industry knowledge.

Chi coconut water and the range of Vita Coco products are packed in Tetra Prisma® Aseptic 330 ml with DreamCap™. Tetra Prisma Aseptic is an ergonomically designed package that is easy to grip and carry on-the-go, while the overall package offers a unique modern design that stands out on the shelf. The one-step screw cap of DreamCap ensures easy opening and resealing, perfect for those who want to carry the product in a handbag or rucksack.

Giles Brook, Vita Coco Chief Executive, Europe, says:

“We're delighted to see the rapid rate at which coconut water has become a popular choice for consumers across the globe. We are committed to providing healthy, on-the-go refreshment for our customers through our exciting range of flavours and easy-to-use Tetra Pak cartons. We have now launched our new Vita Coco Kids range in the US and are planning further launches this year, giving parents a great-tasting and refreshing choice for their kids.”

Vita Coco's revenue in 2012 was approximately \$150 million<sup>3</sup>, with its range of coconut water drinks expanding to include natural, peach and mango, passion fruit, pineapple and Acai and Pomegranate.

Chi Drinks saw a 500% increase in sales of its coconut water during 2013. The growth is a consequence of boosted sales in both established markets and new markets such as Poland, Lithuania and Slovenia. Earlier this year, Chi expanded its range with three new flavours – coconut water and tropical fruits, coconut water and pineapple, and coconut water and mango. It also launched two dairy free coconut milks – Chi Chocolate Coconut Milk and Chi Espresso Coconut Milk.

Jonathan Newman, Founder and CEO of Chi Drinks says:

“Our growth figures clearly show that consumers have decided that coconut water is here to stay - it has moved from a niche health product to a popular daily drink for shoppers around the world. We are really proud of our drinks – not only do they taste great, they are a fantastic way to rehydrate. And, because they are packed in portion sized Tetra Pak packages, they are really convenient, especially for those who like to drink on the move”.

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<sup>3</sup> [http://www.huffingtonpost.com/2013/06/13/vita-coco-ceo\\_n\\_3430621.html](http://www.huffingtonpost.com/2013/06/13/vita-coco-ceo_n_3430621.html)

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The continued success of the coconut water market proves a product which is healthy and in tune with changing consumer lifestyles can still penetrate a crowded marketplace. The success of the coconut water market proves that clear research into consumer needs, branding and packaging makes the difference between surviving and thriving in a crowded category.

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## ABOUT TETRA PAK

Tetra Pak is the world's leading food processing and packaging solutions company. Working closely with our customers and suppliers, we provide safe, innovative and environmentally sound products that each day meet the needs of hundreds of millions of people in more than 170 countries around the world. With more than 23,000 employees based in over 80 countries, we believe in responsible industry leadership and a sustainable approach to business. Our motto, "PROTECTS WHAT'S GOOD™," reflects our vision to make food safe and available, everywhere.

More information about Tetra Pak is available at [www.tetrapak.com](http://www.tetrapak.com)

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