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Five Brands Bucking the Downtrend in Beverages

Upstarts Have Snagged Distribution Deals With Likes of Pepsi, Nestle

By [Natalie Zmuda](#) and [Rupal Parekh](#)

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NEW YORK (AdAge.com) -- Like every other category, the beverage market has been pounded by the recession, with 2008 marking its first volume decline on record as consumers buy fewer bottled beverages. Still, thousands of products continue to launch each year, making it one of the most competitive categories around. Backed by smart marketing strategies, some drink brands are breaking away from the crowd and amassing loyal consumer bases.

The five brands below aren't giants, with sales in the millions, not billions. But they've certainly won the attention and confidence of major players, such as Pepsi Bottling Group and Nestle Waters, which invested in distribution deals even in the throes of an economic crisis, in the hope of cashing in on these upstarts' appeal.

ZICO



BACKGROUND: Mark Rampolla introduced Zico in 2004 after discovering coconut water as a Peace Corps volunteer in Central America. It's produced in Brazil using green coconuts and positioned as a natural sports drink. Mr. Rampolla declined to share sales figures but said the

brand has grown 250% each of the past four years. It can be found at Whole Foods, as well as gyms and natural-food retailers in markets including New York, Los Angeles, Boston and Chicago.

MARKETING STRATEGY: When Zico enters a new market, it goes straight to hot-yoga studios, where it has had success in creating a crop of brand evangelists, Mr. Rampolla said. From there it uses sampling and events, as well as fitness-focused blogs to promote itself. The brand has also gained traction with endurance athletes, surfers and beach-volleyball players. "Our goal is to surround our target consumer in unconventional ways," he said.

SECRET TO STANDING OUT: Mr. Rampolla says discipline and patience are key, noting the brand is not yet profitable, as it's been willing to invest in growth. He expects the brand will be profitable within 12 to 18 months. PR has also been a key focus, with Sandy Hillman Communications, Baltimore, the only agency Zico has on retainer. The brand does frequently tap Commerce House, Dallas, for creative work, and Acquity Group, Chicago, for digital needs. "[Our PR agency] has been a real competitive advantage for us," Mr. Rampolla said. "It's something I'm glad we invested in."