

## Practical market insights for your product

# Coconut water in Germany

As a new product, competition for coconut water is fairly low on the German market. As such, it offers great potential for German beverage manufacturers to diversify their products on the market. Certifications, particularly organic certification, can be used to add value to coconut water. Suitable preservation of coconut water is key to retaining its sought-after characteristics. This Product Factsheet will focus on the trade of coconut water for industrial use, which is sold in a B2B context.

### COCONUT WATER



### COCONUT WATER; WHOLE, MIXED WITH PINE- APPLE JUICE AND WITH AÇAÍ AND POMEGRANATE JUICE



## PRODUCT DEFINITION

Coconut water is the clear liquid inside immature, green coconuts, which are the fruits of the coconut palm, *Cocos nucifera*. Different varieties of coconuts can be used to harvest coconut water. The largest production of coconuts and coconut products occurs in the Asia-Pacific region, particularly in India, Indonesia and the Philippines, followed by Brazil and Sri Lanka. These countries are also the major exporters. Traditionally, most coconut water consumption has taken place in coconut producing countries. In tropical regions, the drink is consumed fresh, but it can also be canned and bottled. Outside the tropics coconut water is predominantly presented in cans, tetra packs or plastic bottles.

Coconut trees mature within 2 – 7 years after planting and first bear fruit one year after flowering. Coconut water is produced by harvesting young, immature (generally green) coconuts, which are then washed and cut to collect the juice inside. Please note that coconut water is not the same as coconut milk, which is produced by grating the coconut meat from older, coconuts, which may be brown.

Two ways exist to conserve bottled coconut water; the product's shelf life depends on the method used. Pasteurisation cannot be used, as the typical flavour of coconut water is destroyed by heat. Flash pasteurisation methods heat the coconut water for a very short period to preserve the quality and flavour, however, even these methods modify the taste of coconut water. Therefore, for exports to Germany, the cold-sterilisation method is preferred. With this method first high-speed pre-centrifugation is used to remove all particles from the coconut water which is then passed through a filter under pressure, making it sterile. The product is packaged aseptically and has a shelf life of over nine months.

### CLASSIFICATION OF COCONUT WATER

- Harmonised System (HS) code: no separate HS code exists for coconut water, instead, since 01-01-2012, it is traded under 2009.8999: 'juice of fruit or vegetables, unfermented, brix value  $\leq$  67 at 20°C (excl. containing added sugar or containing spirit, mixtures, and juice of citrus fruit, guavas, mangoes, mangoteens, papaws 'papayas', tamarinds, cashew apples, lychees, jackfruit, sapodillo plums, passion fruit, carambola, pitahaya, pineapples, tomatoes, grapes, incl. grape must, apples, pears, cherries and cranberries)'

## PRODUCT SPECIFICATION

**QUALITY** Coconut water consists mainly of water (around 94 – 95%), sugars (1.4 – 5%), small quantities of protein (0.7%) and fat (0.2%). Additionally, it contains various amino

acids, vitamins (C, B1, B2, B3, B5 and B6) and minerals. Specifically, the product is known for its high levels of potassium (294 mg per 100 ml) and low levels of sodium (25 mg per 100 ml). Moreover, coconut water contains chloride (118 mg per 100 ml) and magnesium (10 mg per 100 ml).

Drink	Calories (per 100 gr.)
Coconut water	17 – 19
Soft drinks	37 – 48
Light soft drinks	0 – 1
Fruit juices	38 – 54
Sport drinks	23 – 66

Coconut water is low in calories when compared to soft drinks, fruit juices and sports drinks. The table below provides an indication of this comparison.

Research funded by the Food and Agriculture Organization of the United Nations (FAO) indicates that good drinking quality coconut water has a pH level of 5 to 5.4. Brix level, measurement of sugar concentration, should be between 5 and 6.5. Per millilitre, total microbiological count should be less than 5,000, coliform bacteria should be less than 10 and faecal coliform should be zero.

Quality of coconut water deteriorates quickly when exposed to air or high temperatures.

According to the EU's [Rapid Alert System for Food and Feed \(RASFF\)](#), the main problems faced by coconut water exporters were unauthorised use of additives. Coconut water exporters need to ensure that no unauthorised additives are used.

#### CONSIDERATIONS FOR ACTION

Harvest coconuts during the cooler parts of the day to ensure the best quality of coconut water.

Ensure that coconuts do not fall to the ground during harvesting, e. g. by lowering coconut bunches to the ground with rope. Additionally, avoid cracking of the coconuts during handling and transportation. This could lead to mechanical injury to the coconuts and increases the chance of contamination with microorganisms and consequent spoilage of the coconut water.

Reject poor quality coconuts for collecting water. These include nuts with cracks, pre- or over-mature nuts, with contents that are cloudy or have a rancid odour.

Keep harvested coconuts away from (direct) sunlight and high temperatures to prevent quality deterioration. Store them, off the ground, in clean and well-ventilated areas to avoid contact with soil and chemical agents.

Keep tools and facilities clean to prevent contamination and degradation of quality.

Minimise time between harvesting and processing of the coconut water. Water should be collected within 24 hours of harvest.

Wash coconuts in potable water to remove contaminations from the surface. Regularly change this wash water to prevent contamination.

After opening the coconuts, filter the collected coconut into a sterilised glass or stainless steel container.

Avoid adulteration to preserve your reputation, and prevent contamination of coconut water by foreign materials (e. g. pesticide residues, heavy metals and microorganisms) to avoid quality deterioration. For an overview of authorised additives, please refer to the [EU database](#).

Cool coconut water to 4°C immediately after collection to slow down degradation. After bottling coconut water should not be allowed to exceed 4°C.

For more information on Good Practices for small-scale production of bottled coconut water, check the [training guide published by the FAO](#).

**LABELLING** Enable traceability of individual batches, whether they are produced by blending or not.

For bulk products, use the English language for labelling unless your buyer has indicated otherwise

For bulk products, only the following items are required:

- Product name
- Batch code
- If the product is destined for use in food products
- Name and address of exporter
- Best before date
- Net volume in metric units
- Recommended storage conditions
- Organic and fair trade: Name/code of the inspection body and certification number

Refer to the [Regulation \(EU\) 1169/2011](#) (applicable from December 2014) on food labelling. For additional info on German food labelling requirements, please refer to the German [Federal Ministry of Food and Agriculture](#).

**PACKAGING** Coconut water for industrial use is usually transported in larger bag in boxes (> 20 litres) that are chilled to –18 to –20°C. These boxes are then commonly exported per container (approximately 14 tonnes for a 20' reefer container or 27 tonnes for 40' reefer container). Buyers might have specific packaging requirements as well.

Organic coconut water should remain physically separated from conventional coconut water.

Ensure preservation of quality by:

- Thoroughly cleaning the containers or bottles used before packaging the coconut water.
- Ensuring appropriate temperature (under 4°C), humidity/moisture and ventilation conditions during transportation.

The European Union has laid down rules for materials and articles coming into contact with food (including for example packaging) in order to prevent any unacceptable change in the composition of the foodstuffs and to protect human health. In addition to the framework legislation [Regulation \(EC\) 1935/2004](#), Germany has established voluntary requirements. For more info on these additional requirements refer to the German [Federal Ministry of Food and Agriculture](#).

[EU packaging legislation](#) is fully implemented in Germany and lists requirements on packaging, packaging waste and labelling.

## LEGISLATIVE REQUIREMENTS

Legal requirements are the minimum requirements which must be met by products marketed in the EU. Products which fail to meet these requirements are not allowed on the EU market. EU legislation sets the basis for legal requirements in the EU, which is generally implemented fully in Germany. Where Germany deviates from the EU legislation, information on the applicable German legislation is added.

**GENERAL FOOD LAW** Food safety is the key issue in EU food legislation, in which the General Food Law is the framework regulation. The legislation also introduces requirements on traceability and is automatically applicable in Germany.

#### CONSIDERATIONS FOR ACTION

Familiarise yourself with the relevant [Regulation \(EC\) 178/2002](#).

**FRUIT JUICE DIRECTIVE** EU has been laid down on requirements related to composition and labelling of fruit juices and certain similar products intended for human consumption.

Familiarise yourself with the relevant [Directive 2001/112/EC](#) on fruit juices which is automatically applicable in Germany. Exporters who blend coconut water in fruit juice mixes need to comply with this legislation.

**MAXIMUM RESIDUE LEVELS (MRLS)** EU legislation has been laid down to regulate the presence of pesticide residues (MRLs) in food products.

The [EU database on MRLs](#) for different products does not include coconut water, only coconuts. Therefore, for specific MRL levels for coconut water, please contact the [German Federal Office of Consumer Protection and Food Safety](#). Refer to [the EU legislation on MRLs](#) for more information. Be aware that large retailers often have more strict MRLs than specified by EU legislation.

**CONTAMINANTS** The EU food safety policy has set maximum levels for certain contaminants in specified products or product groups. Germany has established additional requirements on contaminants in food.

Familiarise yourself with the [German legislation on contaminants in food](#), which is an addition to the [EU Regulation \(EC\) 1881/2006](#).

**MICROBIOLOGICAL CONTAMINATION OF FOOD** The EU has set microbiological criteria for food borne micro-organisms, their toxins and metabolites.

Ensure that you comply with the requirements on maximums laid down in [Regulation \(EC\) 2073/2005](#).

**GENERAL PRODUCT SAFETY OF FOOD PRODUCTS** The EU introduced the European rapid alert system for food (and feed) products (RASFF) as a tool to exchange information on the enforcement of EU food safety legislation. In Germany, there have been cases of coconut water being rejected because it contained benzoic acid, the use of which is not authorised in coconut water.

For more information on general product safety check the relevant [Regulation \(EC\) 178/2002](#). For more information on border rejections of coconut water, refer to the [RASFF database](#).

**ADDITIVES, ENZYMES AND FLAVOURINGS IN FOOD** The EU has set a list of additives and enzymes, as well as a number of requirements for flavourings and their use in foodstuffs intended for human consumption.

Find out more information on allowed food additives in [Regulation \(EC\) 1333/2008](#), on food enzymes in [\(EC\) 1332/2008](#) and on food flavourings in [\(EC\) 1334/2008](#).

**ORGANIC** The EU has established requirements on production and labelling with which an organic product of agricultural origin must comply, in order to be marketed in the EU as 'organic'.

#### CONSIDERATIONS FOR ACTION

If you choose to obtain a certificate for organic production, find out more about the following three Regulations: [Regulation \(EC\) 834/2007](#) on organic production and labelling, [Regulation \(EC\) 889/2008](#) on organic production, labelling and control, and [Regulation \(EC\) 1235/2008](#) on imports of organic products from third countries.

**HYGIENE OF FOODSTUFFS** The EU legislation on hygiene of foodstuffs (HACCP) is legally binding for food processors, and is recommended for farmers (primary production).

Ensure compliance with the requirements as laid down in [Regulation \(EC\) 852/2004](#).

**NUTRITION AND HEALTH CLAIMS** The EU aims to prevent the misleading of consumers by tying the use of nutrition or health claims to certain conditions related to nutritional profiles of foods.

Even though applicable to finished products, it is good to familiarise yourself with the [EU legislation on nutrition and health claims on foods](#). As the EU is harmonising this legislation, it is applicable in Germany as well. Be aware that you are not allowed to make a health claim on coconut water.

**FOOD CONTROL** All food products entering the EU are subject to official controls to check whether they are in compliance with the relevant food legislation.

Familiarise yourself with the [Regulation \(EC\) 882/2004](#) on official controls to verify compliance with food law, which is applicable in Germany as well.

For more information on EU buyer requirements for coconut water, check the [Tailored Market Intelligence report for Coconut Water](#).

## NON-LEGISLATIVE REQUIREMENTS

Additional, non-legal requirements reach beyond legislation, as companies can go further in their requirements than legislation. The main categories of additional requirements are environmental requirements and social (labour) requirements.

**CODEX ALIMENTARIUS** An international organisation that established standards on food safety. These are not mandatory, but are used as a basis for the development of EU food policy and standards.

See the document [CODEX STAN 247-2005](#) of Codex Alimentarius, specifically applicable to fruit juices and nectars, for more information on standards, codes of practice, guidelines and other recommendations. As coconut water has potential in the market for fruit juices, this document is relevant as well.

**GOOD MANUFACTURING PRACTICES** GMP is not obligatory for producers of food ingredients, but compliance is recommended.

**FOOD SAFETY MANAGEMENT**

Buyers commonly require their suppliers that they have a quality/food safety management system in place. These systems require companies to demonstrate their ability to control food safety hazards in order to ensure that food is safe at the time of human consumption.

**CONSIDERATIONS FOR ACTION**

Suppliers of coconut water can apply a basic HACCP system. However, if they aim to supply food manufacturers more directly, it is necessary to have a certified food safety management system recognised by the Global Food Safety Initiative, such as [ISO22000](#) or [IFS](#). The IFS standard has been developed by a union of German supermarket chains, [Hauptverband des Deutschen Einzelhandels](#) (HDE) and is most important for supplying German supermarkets.

**SUSTAINABLE STANDARDS**

There are also non-legal requirements related to sustainable sourcing and fair trade. Examples are the Union for Ethical BioTrade, FLO or FairForLife. At the moment, Fairtrade (FLO) certification has only set regional prices. However, coconut water can be sold as a by-product of coconuts and as such obtain a Fairtrade premium of 15%.

The main reason that no global, minimum price has been set for coconut water specifically lies with the [Asian and Pacific Coconut Community \(APCC\)](#), whose members account for 90% of world coconut production and exports. The APCC sets regional prices for coconuts and their derivatives. As SME producers depend on middlemen to sell coconuts to the APCC member companies, these can demand low prices.

German buyers value companies that demonstrate that they have embedded sustainability and environmentally friendly practices in their production process. To that end, [ISO 14001:2004](#) sets out criteria for an effective environmental management system and gives practical tools for small and medium sized enterprises (SMEs). Compliance gives an added value to coconut water producers.

If you want to help set a global minimum price for coconut water, you need to cooperate with other producers and contact the Fairtrade International Standards Unit. Currently, coconut water can be sold as a by-product of coconuts, for which a [premium](#) is set.

To counter middlemen and the APCC and to demand Fairtrade minimum prices, SME producers need to cooperate. Once the producers are better organised, Fairtrade certification will be possible. As demand for coconuts is growing and supply in the main producing regions is insufficient, the coconut industry is increasingly dependent on SME producers. This gives SME coconut producers leverage in demanding higher prices and in getting a Fairtrade minimum price for coconut water.

For more information on available fair trade, organic and other certification standards for various products, please refer to the [Standards Map of ITC](#). Although coconut water is not listed separately, standards for fresh coconuts are identified, which are most closely related to coconut water. The website also gives a quick-scan of the requirements of these different standards.

**DOCUMENTATION**

Buyers need well-structured product and company documentation. Buyers generally require detailed technical data sheets and Material Safety Data Sheets (MSDS).

Buyers will appreciate a commercially oriented Product Data Sheet with photos, information on origin and bibliographic references, where available.

**REPRESENTATIVE SAMPLES** Your sampling method should result in lot samples that represent what you can deliver in the quantities, quality and lead time as specified by the buyer and in your technical data sheet.

**DELIVERY TERMS** Pay attention to strict compliance with delivery terms as agreed upon with your buyer.

#### CONSIDERATIONS FOR ACTION

Familiarise yourself with [German delivery terms](#), which are based on [international delivery terms](#).

**WEBSITE** German buyers look for credible suppliers. You can improve the perceived credibility of your company by developing your website accordingly.

The website of [Celebes](#) provides a good example of a website that enhances the credibility of a company. This website has a professional image with clear and relevant information on the company and its product range.

## TRADE AND MACRO-ECONOMIC STATISTICS

Production, trade and consumption figures are not available for coconut water, as this product is traded in very small amounts globally. EU and German trade in coconut water is not reported separately, but rather as part of a larger product group, namely fruit juices. Therefore, German trade data would not be representative for coconut water and is not included in this section.

Instead, where available, an overview on the production and global trade in coconut water is given as well as information on the German consumption of non-alcoholic beverages. In particular consumption on fruit juices is of interest, as coconut water is part of this segment. Moreover, data on soft drinks and drinks with lower calories give an interesting insight. Coconut water is seen as a niche and emerging product in these markets. In addition, it has a good potential as a sports drink as well. Since coconut water only accounts for a small portion of both soft and sports drinks, trends for coconut water can deviate considerably from overall trends in these broad product groups. As such, trends in these product groups are not representative for trends for coconut water.

**INTERNATIONAL CONSUMPTION AND TRADE IN COCONUT WATER** According to the UN, the three most important forms of consumption for coconuts are fresh (including coconut water and milk), coconut oil and desiccated coconut. Of these, around 30% consists of consumption of fresh coconuts.

For more information on trade and market of fruit juices in the EU, please refer to the [CBI Product Factsheet: Fruit Juices in Europe](#).

In 2011, the global market for packaged coconut water was estimated at around € 325 million (retail prices). For the largest part this was related to the Brazilian and US market (€ 300 million).

Globally, in 2012 demand for coconut water was estimated at around 100 million litres. This is expected to reach 350 million litres in 2020.

Exports of coconut water from the Philippines increased by 81 % in volume in the first semester of 2012 (10 million litres), compared to the same period in 2011. Interestingly, exports in value increased by 100%, to \$ 11.8 million (€ 8.7 million). This indicates that, on average, prices of coconut water increased by 17 % in the period of one year.

#### CONSIDERATIONS FOR ACTION

Exploit the growing market for coconut water by increasing production and exports to Germany. It is expected that the German market, with other Western European markets, will follow the US trends.

Keep a close watch on main producers of fresh coconuts and coconut products such as the Philippines, Indonesia, India and Brazil. You may request such information from your buyers or consult sources such as [ITC](#) for trade statistics or [FAO](#) on global coconut production.

**POTENTIAL IN GERMANY** In terms of future demand in Germany and the EU, the potential for coconut water is substantial, especially when comparing to the US market where sales have steeply increased. Mintel, a UK-based market research organisation, indicated that globally, from 2008 – 2012, the number of product introductions containing coconut water increased by 540%. Most product launches in 2012 originated in North America (35%), followed by Europe (34%, up from 13% in 2008).

A good source for analysing German trade in non-alcoholic beverages is the [Export Helpdesk of the European Commission](#).

Please refer to CBI's [Tailored market intelligence report on coconut water: promising EU export markets](#)

According to data of market research company Canadean and UNESDA (Union of European Soft Drinks Associations), Germany holds the largest share of the European market for non-alcoholic beverages (24%) and soft drinks (25%). As Germany has the largest population of the EU, this is not surprising. From 2007 – 2012, the German non-alcoholic beverages market grew by 1.6%, one of the highest in the EU. Within this category, the share of low-calorie drinks has increased annually by 4%, compared to 2.6% for soft drinks. This indicates a growing demand for these products in Germany.

Although not specifically on coconut water, statistics on non-alcoholic beverages can give an indication on its potential. A large growth for non-alcoholic beverages in Germany indicates that there is room in the market for new products.

In addition, even though the share of low-calorie drinks of total soft drinks is lower in Germany than in other countries, as the market is the largest in the EU, the market for low-calorie products is also larger than in other countries. Moreover, the German market for low-calorie drinks represented the highest annual growth in the EU from 2007 to 2012. As coconut water has less calories than most fruit juices and soft drinks (17 – 19 compared to 40 – 60 per 100 gr.) it has potential in this market.

As in Germany the largest growth is for low-calorie drinks, the market offers opportunities for coconut water, as it is a fruit juice with lower calories than normal fruit juices.



Coconut water has potential to compete with sports drinks in Germany, since it has natural isotonic properties. This signifies that its concentration of minerals is similar to those in the human body. In Germany, a falling demand for sports drinks in 2012 was attributed to the ageing population and a lack of innovation. Coconut water can be presented as an innovative product in this market.

#### CONSIDERATIONS FOR ACTION

In your promotion, focus on the innovative potential of coconut water, e.g. by combining it with fruit juices or flavours.

## MARKET TRENDS

### NATURAL AND HEALTHY PRODUCTS

Healthier drinks, including fruit juices and low carbohydrate soft drinks, are becoming more popular as the growth of carbonated drinks is slowing down. Euromonitor International, a UK-based market intelligence organisation estimates that, the German soft drinks market will experience limited growth and even decline between 2012 and 2017. Higher growth is expected for categories that respond to health and convenience trends. Growing concerns of German consumers over health problems, e.g. obesity, has led to increased demand for natural food products. These have a reputation of being healthier than carbonated soft drinks. The product has lower calories than most fruit juices and soft drinks, but cannot be considered calorie-free. As such, this may become a problem in competing with light drinks.

Please refer to CBI's [Tailored market intelligence report on coconut water: trends and segments](#)

Promote coconut water as a natural alternative to soft drinks and fruit juices to differentiate it from these products.

In your promotion, stress the healthy aspects of coconut water when compared to other soft drinks or fruit juices, e.g. related to its low level of calories. You might need to educate your buyers in its use as a healthy drink, since it is still a new product. Be aware that you are not allowed to make explicit health claims on coconut water in your marketing. Please refer to the Legislative Requirements for more information.

### FUSION DRINKS

Coconut water is used in different combinations to produce new and healthier beverages. Producers of soft drinks and fruit juices are looking for new and innovative products to diversify their market position, as signs of saturation are showing. Consequently, the boundaries within the product ranges of non-alcoholic beverage industry are fading.

Promote the potential of combining coconut water with other soft drinks or fruit juices. As such, manufacturers can benefit from the healthy image of coconut water while being able to reduce the price of the final product. In addition, this is a good sales opportunity for coconut water with some shelf time, as the nutritional values are less important than for use in sports drinks.

For more information on mixed fruit juices on the German market, please refer to the [CBI Product Factsheet Mixed Flavour Fruit Juice in Germany](#).

**SPORT DRINKS** Coconut water is becoming more popular as a natural sports drink. It has a comparable composition as specialised sports drinks, but is a natural alternative and has a higher price.

**CONSIDERATIONS FOR ACTION**

Explain the higher price for coconut water compared to conventional sports drinks. Focus your promotion on the natural aspect of coconut water.

**ETHICAL SOURCING** A growing interest in ethically sourced food ingredients is an opportunity for fair trade certified coconut water.

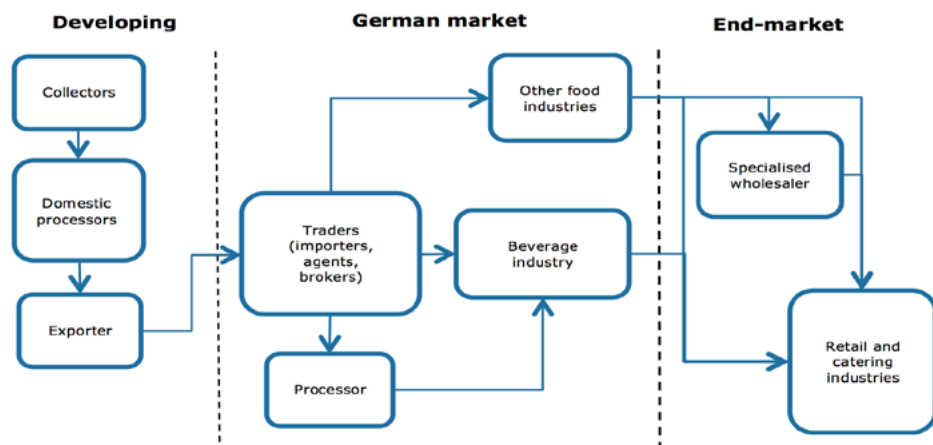
Please refer to the section on market segments for more information on possibilities for future fair trade certification of coconut water.

**ORGANIC CERTIFICATION** Good opportunities exist for organic certified coconut water in Germany. Organic products are often seen as healthier than conventional products. Therefore, if with pure, fresh coconut water you target the health segment, organic certification is an option to consider. Additionally, Germany is the largest and a growing EU market for organic food. Sales of organic food has tripled from 2006 – 2012 and 27 % of sales were realised by the fruits and vegetables sectors. German consumption of organic products is still growing at a steady, although lower, pace..

Discuss opportunities for certification with your buyers. For more information on the EU requirements for organic certification, refer to the buyer requirements.

**MARKET CHANNELS AND SEGMENTS**

**MARKET CHANNELS** FIGURE 3: MAJOR MARKET CHANNELS FOR COCONUT WATER



For more information, please refer to [CBI Tailored Market Intelligence for the Philippines – Coconut water: trade structure and channels.](#)

**ENTERING THE GERMAN MARKET THROUGH AN AGENT OR IMPORTER** Coconut water is generally exported through agents or sold directly to importers and then sold onwards to the beverage industry or other food industries.

In Europe often specialised processors are engaged who process the imported coconut water with other fruit juices before it is sold to the beverage industry.

It is common for manufacturers in the EU the beverage to use large quantities of juices. These are purchased from processors or from producers abroad. In order to supply these manufacturers directly, large quantities of coconut water are needed.

Several large global brands in the beverage industry, some of which are active in Germany as well, have obtained shares of global coconut water brands. Examples are Coco Cola, acquiring a majority share of [Zico](#) and Pepsico, acquiring Amacoco (Brazilian brand) and part of O.N.E., the third major US brand for coconut water.

#### CONSIDERATIONS FOR ACTION

Agents are particularly interesting if you do not have a strong sales network. A good place to start looking for a commercial agent in Germany is the website of [Handelsvertreter.de](#). They can also assist with the development and implementation of marketing strategies. However, once you have established a trade relationship through an agent, you cannot establish a direct relationship with the buyer anymore. The sales network of the agent is protected by law.

Do not attempt to supply global beverage companies, unless you can supply large and stable supplies of coconut water.

Some small and medium-sized companies which sell coconut water in Germany are [Dr. Martins \(Green Coco GmbH\)](#), [Kulau](#), [Indi Coco](#) and [Cocowell](#) (Austrian company).

In order to find organic importers in Germany, please refer to websites such as [www.Organic-bio.com](#) and [www.Organic-Market.info](#).

Retailers and food service organisations are the final stage of the value chain for coconut water. The retail sector purchases the product from the beverage and food industry. Specialised wholesalers serve as an intermediary provider for retailers and the catering industry.

Pure coconut water is often sold at specialised health or Asian shops, whereas mixes with other fruit juices can be sold in a wider range of retail outlets. Examples includes supermarkets, fitness centres and small retailers.

## MARKET SEGMENTS

### BEST OPPORTUNITIES IN THE BEVERAGES INDUSTRY

The largest end-user of coconut water is the beverage industry. Sometimes it is mixed with other ingredients, most commonly fruit juices, or flavours before it is packaged for the end-consumer.

Other food industries occasionally use coconut water in their products, e.g. confectionary or dairy food, but to a small extent.

Focus your promotion efforts on importers that supply to the beverage industry. Inform them of the possibility to mix coconut water with other ingredients such as fruit juices. As such, the high price of coconut water will have less of an impact on the price of the final product.

Coconut water was originally marketed as a healthy drink, but is currently increasingly sold as a natural alternative to conventional sports drinks. It has a composition that is comparable to specialised sports drinks. However, the price for coconut water is significantly higher compared to other sports drinks. Therefore, the product has most potential in Western European countries such as Germany, where consumers are more willing to pay a premium.

In your promotion, include the potential for coconut water as a natural alternative to conventional sports drinks. Refer to the composition of coconut water compared to sports drinks; higher levels of potassium and chloride, with lower levels of sodium.

Organic certification is the most important certification standard for coconut water in Germany, as consumers are becoming more aware of health and ecological benefits of organic products. The German market for organic food accounts for almost one third of the total sales value in the EU.

#### CONSIDERATIONS FOR ACTION

Discuss the opportunities for organic certifications with your buyers, for which there is potential in Germany. For more information on the organic standard in the EU, please refer to the buyer requirements.

## PRICES

**PREMIUM PRICING FOR COCONUT WATER** Coconut water is commonly sold at a higher price than coconut oil, as the collection is more labour intensive.

Regarding prices for coconut water on the German market, some examples can be found on web shops. Price examples for conventional coconut water (finished product) are between € 4.71 and 6.64 per l. Examples for organic coconut water were between € 6.66 and 7.54 per l. To compare coconut water from the same brand, conventional coconut water was priced at € 6.64 per l, whereas organic coconut water was priced at € 6.94 per l, an increase of 4.5%.

Monitor harvest in major production countries to anticipate price developments, such as the Philippines, Indonesia and India. You may request such information from importers. If you do not have importers, please check sources such as [FAO](#), [ITC](#) and [FreshFruitPortal.com](#) for information on coconut production. Depending on the different prices and developments of coconuts and its related products, producers could adapt their product mix.

Premium pricing of coconut water in Germany is an option for exporters who are able to position their product as different from the competition, for example with a higher quality, certifications or a good marketing campaign.

Retail prices of coconut water are commonly much higher than export prices from the country of origin. An increased demand on the global market for coconut water, stemming mostly from the US and Brazil, together with variations in availability are the main causes for this high price. Additionally, distributors in Germany and the EU have realised that they sell an exclusive natural product with little competition and thus apply very high margins. However, as more producers are entering the market for coconut water, competition will increase and margins are expected to decrease in the future.

Use certification standards to obtain a premium pricing. However, always ensure that there is a market for your product.

In addition, focus your promotion on the exotic origin of the coconut. Help your German buyers in providing marketing materials on this origin, focusing on the image most consumers have of palm trees and white beaches.

Maximum yields of coconut water are obtained from 9-month old coconuts. The coconuts contain up to 500 ml of coconut water each.

Coconut trees have the highest yields of coconuts when they are between 10 and 20 years old. The trees remain productive for 50-100 years.

#### CONSIDERATIONS FOR ACTION

Optimise the yield of coconut cultivation and coconut water collection to lower your cost price.

- Harvest coconuts when they are 9 months old to maximise yield of coconut water.
- Replant a portion of your coconut trees to increase productivity in the long term.

Please refer to CBI's [Tailored market intelligence report on coconut water: prices and price developments](#)

## MARKET COMPETITIVENESS

### COMPETITIVE ADVANTAGE AND THREATS

The main competition for coconut water depends on its positioning in the German market. When it is marketed as a unique product competition stems mainly from other coconut water producers.

The FAO advises to start replanting of coconut trees in Asia-Pacific, the source for around 85-90% of global supply of coconuts. The organisation states that global demand for coconut products is growing faster than the rate of production. As most trees in these regions are over 50 years old, yields are much lower than younger trees.

As popularity of coconut water grows, other countries that cultivate coconut palms are more likely to start collecting coconut water. For example, the Jamaica Producers Group (JPG) has indicated in 2013 that they aim to start production of coconut water. As the producers mainly target European countries for their exports, they can become a competitor outside of the Asia-Pacific region.

As time between harvesting and collection of coconut water needs to be minimised, this poses several logistical challenges. These include good infrastructure and transportation equipment to ensure that the coconuts or coconut water reaches a processing site or port without quality deterioration.

Threat of new entrants in coconut water is high, as new competitors face low technological barriers. The main cause is that limited know-how is required for the collection of coconut water.

However, the collection of the coconut water is labour intensive as the coconuts need to be harvested and processed with care to prevent deterioration of quality.

In addition, the consistent cooling of coconut water after collection requires large amounts of energy and an investment in cooling equipment

#### CONSIDERATIONS FOR ACTION

Distinguish yourself from competing products such as fruit juices, soft drinks and sports drinks by focusing on the unique characteristics (composition) of coconut water.

Ensure that you can secure sufficient and stable supplies of coconuts for coconut water collection. Moreover, make sure that you can deliver a consistent quality of coconut water. For example with harvesting processes.

To build strong trade relationships with your buyers, fast and reliable communication is essential. Be clear on what quantities you can deliver at which quality.

Keep a close watch on coconut (oil) producing countries, both in the Asia-Pacific region and outside, both as current and future competitors for coconut water production. Increases in global demand and price can be an incentive for these countries to start or increase production of coconut water.

An option is penetration pricing, where the initial price of coconut water is set lower than the eventual market price to attract new buyers. This is an option for exporters which aim to supply large volumes of coconut water and would attract significantly larger buyers. However, you need to have access to large coconut farms which focus on this segment to be competitive.

Producers of coconuts can cooperate to share the investments in equipment for producing coconut water. However, ensure that you are able to effectively and efficiently transport the raw materials to a processing site.

#### USEFUL SOURCES

**TRADE FAIRS** Visiting or even participating in trade fairs is highly recommended as one of the most efficient methods of testing market receptivity, obtaining market information and finding prospective business partners. The most relevant trade fairs for exporters of coconut water are

- Food Ingredients Europe ([www.fiurope.ingredientsnetwork.com](http://www.fiurope.ingredientsnetwork.com)) a traveling trade fair
- Anuga ([www.anuga.com](http://www.anuga.com)) in Cologne, Germany, is a food and beverage fair
- Biofach ([www.biofach.de](http://www.biofach.de)) in Nürnberg, Germany (for organic producers)

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This survey was compiled for CBI by ProFound – Advisers In Development, in collaboration with CBI sector expert Freek-Jan Koekoek

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