

## How LaCroix beat Coke and Pepsi in the sparkling water wars



**Amid a decade-long plunge for sodas, and slowdowns for diet and vitamin-enhanced blends, bubbly water has risen swiftly to become one of America's fastest-growing drinks.**

(Photo: Brittany Greeson, The Washington Post) By Jennifer Chaussee Bloomberg News

When big brands such as Coca-Cola and Nestlé started introducing their own lines of lightly flavored sparkling water two years ago, the plan was to capitalize on increasing demand for carbonated drinks without calories or chemicals. The sparkling water segment was expanding, so it should've been an easy win. But there was one problem: Everyone was already drinking LaCroix.

The generic-looking brand of sparkling water has found a loyal following among young, health-conscious consumers. Comedian Joe Mandel of the sitcom *Parks and Recreation* started a Twitter campaign trumpeting the wonders of LaCroix in hopes of getting the company to make him an official sponsor (they didn't—and things got weird). In March, the *New York Times Magazine* published a love letter to the drink. In July, *Gizmodo* featured it in a series of cocktail recipes, complete with LaCroix illustrations by an artist in Portland, Ore. LaCroix sales since last year have increased 45 percent, to an estimated \$120 million—not including sales at independent stores, says Jeffrey Klineman, editor-in-chief of *BevNet*, a publication that covers the beverage industry. LaCroix's true sales are closer to \$175 million, Klineman says. On Instagram, fans of the drink are posting pictures of their refrigerators packed with cans of LaCroix and such captions as, "At what point do you admit you have a problem?"

"It's less about the taste or whatever," says Thomas Frank, 24, who runs a blog about college life, where he wrote about how LaCroix helped him quit his energy drink and soda habit. "It's more about how it's an interesting fizzy thing and it can replace soda."

Big soda's efforts to tap the sparkling water market aren't doing much to curb LaCroix's success. Coca-Cola and PepsiCo saw their market share within the water segment of the beverage industry shrink four and 5.5 percent, respectively, from 2010 to 2014—even as they added new products. But National Beverage Corp., which owns LaCroix, saw its market share jump 67 percent.

Among a flood of sparkling waters, LaCroix is arguably the ugliest—in a good way. While Pepsi recently redesigned its soda cans to appeal to a younger crowd, and other sparkling waters are sold in slim, sleek packaging, LaCroix fans seem to have gravitated toward the outdated neon cans because they don't have corporate associations, Klineman says. "I bet most people who drink LaCroix don't even know what National Beverage is," he says. "It does have this kind of indie crowd. It's got that Pabst Blue Ribbon feel to it."

The famously tight-lipped National Beverage Corp., which is based in Fort Lauderdale, Fla., is known for distancing itself from the image of its brands. A publicly traded company, it's the fourth-largest soda maker in North America, but doesn't allow any of its employees to speak for the company—except for Chief Executive Officer Nick Caporella, who says he never gives phone interviews. In keeping with that mandate, Caporella declined to speak on the record for this story.

The company, which bought LaCroix in 1996 just as energy drinks were catching on, seems to have stumbled into at least some of the brand's success. Since industry data showed that most energy-drink guzzlers were men, National Beverage originally marketed LaCroix as a women's drink, says Howard Wishner, who led marketing at National Beverage at the time. LaCroix started showing up at women's sporting events and became a sponsor of Susan G. Komen for the Cure. When it started appearing on the shelves of small grocery co-ops and independent markets, it inadvertently won over a following of young, educated men and women along the way.

Just as National Beverage's Rip It energy drink once went from being its biggest seller to passé, so too could LaCroix fall out of favor. For now, National Beverage is safeguarding sales by relying on what it calls a proprietary mix of "natural essence," which it uses to create a number of flavors that competitors don't offer. It's also making a more direct appeal to Coke and Pepsi drinkers. The brand's latest product? Cola-flavored sparkling water.

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