

Q&A: Soda Maker Zevia Provides Diet Alternative

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NEW YORK (AP) — Can natural sweeteners that taste good rescue diet sodas from their decline?

Americans have been cutting back on soda for years in part because of fears over weight gain. But the pullback on diet soda is a relatively newer phenomenon.

Big soda makers Coke and Pepsi blame the slowdown on people's concerns over the safety of artificial sweeteners that are used in diet soda. The two beverage makers say they're working on creating sodas that use natural sweeteners, but it's difficult to create a diet soda using natural sweeteners, which can leave a bitter aftertaste.

But Zevia, a small Los Angeles-based company, already makes zero-calorie sodas sweetened primarily with stevia, which is derived from a South American plant.

Zevia, which was founded in 2007, says it's now distributed in 42 percent of conventional supermarkets like Kroger and Safeway, as well as specialty chains such as Whole Foods. The privately held company would not say if it's yet profitable.

Here's what Zevia CEO Paddy Spence had to say about the soda industry:

Q: Coca-Cola is testing a drink called Coca-Cola Life that's sweetened with a mix of stevia and sugar in Argentina. How would that impact Zevia if it came to the U.S.?

A: I think it's great in terms of validating stevia as a sweetener. But what they appear to be aiming at is a mid-calorie solution. When you think about it from a consumer standpoint, who are you attracting with that?

The zero-calorie person wants no part of something that's 60 or 80 calories. The full-sugar person may gravitate toward that, but you're really just cannibalizing your sales.

Q: Part of the reason they're doing a mid-calorie version is the strong aftertaste of stevia — the sugar offsets that. Isn't taste an issue for Zevia?

A: Absolutely. It's just like when I was a kid and I tried Tab for the first time and I said, "This is not Classic Coke." I think that's true with any zero-calorie product. In a blind taste test, no one is going to prefer Diet Coke over Classic Coke.

A zero-calorie product by its nature is going to have a different taste. But what we've been trying to do is narrow the gap. And I think with the new iteration on the

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sweetener system, we've really cracked the code.

Q: You recently started using some monk fruit as well as stevia in Zevia. How many times have you tweaked the sweetener formula?

A: It's been several. Our flavorists are getting more experienced in understanding how to use stevia — what flavor notes work well, which don't. There's a lot of art as well as science.

Q: One concern in the industry is that people are cutting back on soda, even if they're not quitting it altogether. Are there people who drink several cans of Zevia a day?

A: Our customers don't perceive a consumption ceiling. It's a guilt-free option. It's very easy for people to consume a lot of our product. Our heavy users account for a huge portion of our sales. The top third of our consumers are spending over \$200 a year on Zevia.

Q: How many cans a day does that translate to?

A: If you were to buy it at the most expensive retail price, that would be on average a can every other day. But that's for the top third of our consumers.

Q: People have so many different beverage choices now — sparkling and flavored waters, etc. Is there even a demand at this point for a naturally sweetened diet soda?

A: Tap water has been a dominant beverage for hundreds of years. From a health perspective it's the ultimate solution. Yet people crave sweet drinks. That's just the bottom line.

I don't see Americans or global consumers getting away from soda quite frankly.

Q: What's the difference between a soda and a flavored, sparkling water that's sweetened?

A: The dirty secret is that there is no difference. There's going to come a time when the consumer is going to wake up and realize that.

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