Drink Makers Finding Ways to Ditch the Can

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NEW YORK (AP) — It keeps getting easier to ditch the soda can.

When Coca-Cola said this week that it would let people make its drinks at home using a beverage machine, it became the latest company to take advantage of a growing trend: People turning to flavored drops or at-home carbonation machines that do away with the need to haul home bulky cans and bottles from the supermarket.

While such alternatives still represent a tiny fraction of the beverage market, they're growing at a far faster rate than the industry's traditional ready-to-drink business.

"It's a mega trend we've seen," said Charles Torrey, vice president of marketing for Coca-Cola's Minute Maid unit, which this week introduced liquid drops that people make juice drinks on the go. "Consumers want things personalized to their own tastes."

Drinks that come in bottles and cans will still account for the bulk of the beverage industry for years to come, of course. And it's not clear whether at-home beverage machines will catch on more broadly. Still, companies like Coke and Pepsi are looking for new ways to grow, with the traditional cans-and-bottles business seeing weak growth of about 1 percent annually.

Options that do away with cans and bottles are faring far better.

Revenue for the Americas region at SodaStream, which makes at-home carbonation machines, surged 88 percent in 2012 from the previous year, the latest figures available. And Green Mountain Coffee Roasters, which makes single-serve coffee machines and is partnering with Coca-Cola to make a cold beverage machine, saw revenue climb 13 percent.

Flavored drops for water are also becoming popular. Kraft in 2011 introduced its MiO flavor drops, which come in small bottles that can be carried around in a purse or pocket. The idea is that people can squirt as much or as little flavor as they want into their water. The company has since added Kool-Aid and Crystal Light drops to its lineup. Others including Coca-Cola and PepsiCo quickly jumped into the space as well.

"How consumers buy products is changing these days. A decade ago, few would've believed that the record companies and movie studios would've allowed their products to be sold online, and Apple changed all that," noted John Sicher, publisher of Beverage Digest, a trade publication.

The demand for greater convenience and personalization is being fueled by Millennials, or people in their 20s and 30s. Marketers say the group tends to shun mainstream brands, instead preferring options that allow for greater customization or choice.

Ryan Mason, a 31-year-old data analyst in San Francisco, said convenience is the main reason that he likes his SodaStream. "Sparkling water in general was a luxury because it was so hard to get home," said Mason, who used to carry it home on his bike.

People like Mason are why companies see potential in the at-home market. Coca-Cola, which is based in Atlanta, said this week it was buying a 10 percent stake in Green Mountain for $1.25 billion. The deal extends to the development of "Keurig Cold," a machine that will let people make sodas, sports drinks and other beverages with a press of a button. Green Mountain says it will be introduced in its fiscal 2015, which begins this fall. Pricing hasn't been determined.

It's not clear where the deal leaves Coca-Cola's independent bottlers, which have the rights to sell Coke drinks in certain territories. But in a call with reporters, Coca-Cola CEO Muhtar Kent stressed they wouldn't be left out in the cold.

"This is not a zero sum game," Kent said.

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