

Its time we use our coconuts wisely

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The temperature is increasing day by day and people are in frantic search of refreshing and nourishing drinks to keep themselves cool. The mercury levels are reported to touch higher this summer and the nation desperately needs to be rehydrated. And what better option than tender coconut water. Tender coconut water is consumed by people of all ages in our country. It is known from time immemorial to be a rehydrating drink. The nutritional attributes are proved beyond doubt and the medicinal properties have been utilized in traditional systems of medicine. Coconut, being a part of our culture and tradition, we fail to see the efficacy of coconut water as a nutritive health drink. It is so common a thirst quenching drink in many parts of the country and the result, it is perceived with less importance, the qualities forgotten, the status diminished and we are after artificial drinks. When the world around has identified the importance of coconut water, we are miles behind in utilizing the prospects of coconut water as a health drink, as a sports drink, as a rehydrating drink or as an electrolyte. We keep on crying over price crash in coconut that occurs intermittently and cripple the

coconut farmers. And we never give a thought to exploiting the prospects of tender coconut which fetches near to double the price of a mature coconut throughout the year. Also, since tender coconut is harvested at 6-7 months age, the productivity per palm is also increased, i.e., better yield plus better returns. This article is meant to be an eye opener regarding where we stand in the production and consumption of tender coconut and the prospects in the sector in the years to come.

Global status of coconut production

The global production of coconut is concentrated in the three countries of India, Indonesia and Phillipines which account for more than 74% of the total production. Coconut is produced mainly in the equatorial humid regions around the world.

Top ten coconut producing countries in the world

Country	Area in '000 ha	Production (million nuts)
India	1896	16943
Indonesia	3808	15249
Phillippines	3562	15245
Brazil	273	3450
Srilanka	395	2707
Mexico	179	1385
Papua New Guinea	221	1101
Vietnam	155	940
Thailand	216	845
Malaysia	109	577



It can be noticed that the top coconut producing countries are mostly in the South and South east Asian regions. Also the area under coconut is very much less in the other countries in comparison to India, Indonesia and Phillipines. This indirectly indicates that theoretically price of coconut is dependent on the status of production of coconut in these three countries. The statistics in area has to be read in correlation with the statistics on export of fresh coconut in order to get a clear picture of the potentials of coconut and where we stand in the global scenario.

Fresh coconuts are being exported from the major coconut producing countries. Statistics on export of tender coconut are not available separately and it is included under fresh coconuts. Though we have a separate ITC HS code for packed tender coconut water, the export figures do not reflect that from any country, probably because export occurs in the form of fresh coconuts or coconut water and figures of export of packed tender coconut is meager.



The export of coconuts in the world during 2011 was to the tune of 4.38 lakh MT out of which 4.18 lakh MT was from APCC countries. APCC statistics on export of fresh coconuts in 2011 is as follows

Country	Export in MT
Indonesia	304911
Malaysia	65189
India	21717
Phillippines	14612
Mexico	10547
Srilanka	7910

India, though the largest producer of coconuts in the world could export only 7.12% of what the second largest producer Indonesia could. Malaysia stands tenth in production of coconut, but when it comes to export of fresh coconuts, it stands second. The prospects for fresh coconut and coconut water as a beverage in the global market is judiciously exploited to suit their advantage. Whereas, India which has an ethnic population of Indians in all major developed countries, fails to utilize it to our advantage and gain foreign exchange. Fresh coconut exported mainly goes in for use as packed coconut water. Indonesia, Philippines, Brazil, Thailand and Malaysia export branded tender coconut after undergoing minimal processing. Apart from this tender coconut and mature coconut water are packed along with the meat in big cans and drums to the developed countries where it is packed in cans, food grade pet bottles or tetra packs and marketed. Since the world over the importance of saving fossil fuels and reducing atmospheric pollution is the talk, efforts are directed to processing of tender coconut water to a concentrate which will save the fuel consumption involved in the export of gallons of tender coconut water through ship to the developed nations from the coconut producing



tender coconut pudding

countries. The potential of coconut water as a beverage is immense and the opportunities in this area is being unexploited by our growers as of now.

The shift in the world coconut water market

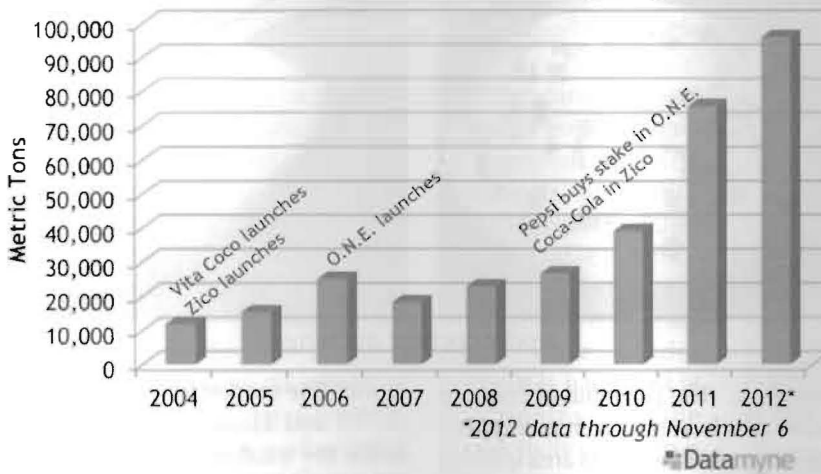
The history of packed tender coconut water was recorded in the early years of the 21st century. Even before that, during the 2nd world war, the knowledge that tender coconut water is isotonic to human blood and had similar electrolyte content had led to the use of the same intravenously for rehydration and nourishment of soldiers wounded in the war. But the commercial exploitation of tender coconut water started in 2004. The demand for coconut water in the world market was mainly from US in the initial years of the 21st century followed by UK and Australia in 2012. But as we move towards 2020, demand is expected to spread across the world due to increasing per capita income and disposable incomes from the developing regions. The value of the coconut water industry is estimated at US\$ 450-500 million across the world. It is growing at a rate of 7% per annum. The global demand for coconut water is expected to reach around 1000 million litres by 2020. There are regional imbalances in the demand for coconut water in the

world. The market for coconut water in US and Europe is consolidated while the market in South East Asia is highly fragmented. This is all the more surprising when major share of production of coconut occurs in South East Asia. The native population in South East Asia is aware of the health benefits of tender and mature coconut water since time immemorial but the western world had to be educated on the same. But the advantage of the West was the increasing health awareness which resulted in an increasing demand for health focused drinks.

Tender coconut water was introduced in 2004 in US as a rehydrating drink and the first customer group targeted was the people who are practicing naturopathy and yoga. It was a time when people were moving away from the sugary colas and introduction of tender coconut as a rehydrating drink was successful among yoga practitioners who were after the Nature way. Later it was promoted as a sports drink, health drink, medicinal drink, natural beverage, a beauty drink which gives radiance to your skin etc. Cytokinins present in tender coconut water is believed to reduce ageing of skin and avoid wrinkles. It is one of the safest moisturizers and when consumed relieves the body from problems related to urinary tract, intestine and kidneys.

US IMPORTS OF COCONUT WATER

Annual volumes 2004-2012 based on bill of lading data



The degree of product variation has also increased with coconut water coming in standard flavours of fruit derivatives. Coconut water blends very well with the different fruit juices and different combinations are available in market. If the low sugar content of coconut water is appealing to people who want to lose weight, enriching coconut water with fruit juices is promoted as a complete health drink to other sections of the consumers. A higher product differentiation is essential in respect of multiple flavours and product enhancements like low calorific ones, innovative products etc. Tender coconut water mixed with chocolate is the latest addition to target the younger generation. There is even a fragrant tender coconut variety from Thailand and it is believed to remain mostly liquid even at 12 month age.

The entry of top global beverage giants into the coconut water industry is indicative of the prospects foreseen. In 2009, PepsiCo entered a distribution agreement with Los Angeles-based ONE Natural Experience. PepsiCo launched 100% coconut water through its premium 'Naked Juice' brand in

2011. A functional coconut water beverages under a new brand called Phenom was also launched. Coca-Cola acquired a stake in a coconut water company in 2009, Californian-based ZICO Beverages. US consumer base comprises millions of ethnic Latin Americans who grew up with coconut water before emigrating to the US, and their descendants are often familiar with the beverage through family visits to

countries where coconut water is ubiquitous. In Europe too, Coconut water had started making inroads by this time. German company Green Coco is one of the largest brands which was established in 2004.

Euromonitor, a business intelligence company based in London predicts a strong year ahead for coconut water and a growing interest for different blends which will make up for the low calorie. The next few years are expected to be beneficial for coconut water owing to its positioning as nature's electrolytes and low calorie, especially among the mid level and affluent customers (Cocommunity January 2014).

Coconut water industry in Philippines :

Phillippines is the country which caters to bulk of the tender coconut water requirement from the developed countries. The coconut water exports from Phillippines increased from \$15.1 million in 2011 to \$18.7 million in 2012 (as per DTI- Bureau of Export Promotion

Major tender coconut brands around the world

Brand name	Country where sold	Type of Packing	Coconuts sourced from
Vitacoco	US, Europe , Australia	Mostly tetrapack	Brazil, Phillippines
Zico	US, Europe	Plastic bottles, tetrapacks	Mostly Brazil
Real	US, Australia, Newzealand, Europe	Coconut water with pulp in glass and cans	Thailand(Nakorn Pathom province)
One	US	Tetrapack	Brazil
Pure	US	Metal cans	Phillippines, Indonesia, Thailand
Naked	US	Tetrapack	Brazil
Goya		Metal can	Thailand
H2coco	Australia, Newzealand	Tetrapack	Phillippines, Indonesia
Celebes	Australia, Newzealand	Cans	SE Asia
Kokomo	Australia, Newzealand	Tetrapack	Phillippines
Go Coconuts	Australia, Newzealand	Cans, bottles	Thailand

reports). During 2013, Philippines recorded an overseas purchase of 4,98,441 litres of coconut water which was 27.7% more than the previous year export of 3,90,337 litres. China was the major buyer followed by Japan, US, Netherlands, Germany, Korea and Australia. Coconut producing countries like Mexico, Indonesia and Malaysia also purchase coconut water from Philippines to exploit the potentials of the global coconut water industry (Cocommunity January 2014). **Coconut water from an island Mundanuo in Philippines is specifically wanted by the consumers in Australia who feel Thai coconut water is too sweet and coconut water from Mexico, Indonesia and India salty.**

Story of the success of coconut water in the US and Europe

The launch of coconut water in the US occurred in 2004 with Vitacoco and Zico making their entries. It was era of the flight of the consumer moving away from sugary carbonated drinks to healthier and more natural choices and coconut water was successful in gaining a niche market. The first target customer group were the yoga practitioners, followed by the athletes and sportspersons who took it as a hydrating drink. Coconut water entered the mainstream after investments by Pepsi and Coca-Cola in the sector and its positioning as a natural drink. The world population is getting old and the drive now is to position it as a drink with outstanding health benefits as muscle performance, weight loss, kidney cleansing, stress reduction, heart health, diabetes control, hypoallergenic etc. Vitacoco is the brand which caters to more than 60% of the requirement of coconut water in the US followed by ZICO.

Real brand comes in the third position which provides coconut water with pulpmeat strips. The value of the coconut water industry in the US is estimated at \$350 million.

Vitacoco and ONE have started sourcing their coconuts from Philippines and Indonesia, when the supply capacity of Brazil was exhausted. In Europe, low/no/ reduced fat is the most popular product claim of coconut water followed close by the low/no/ reduced allergen and gluten free property and finally the environment friendliness and naturality of product.

Situation in India

India is the world's largest producer of coconuts and has a huge domestic appetite for the thirst quenching refreshing nutritional drink. The younger population in the service sector, mainly the IT industry are being targeted as a result of their increased health awareness and consciousness. A foresight into the supply demand balance is very important in India for the tender coconut industry to take the plunge. The volumes of raw material required will be very large once partnerships between producer and processing firms are initiated. It is in



tender coconut soufflé

this context that Farmer Producer Organisations are going to gain prominence in the days to come, both by way of supply of raw materials to processing firms and by way of themselves making entry into the tender coconut market.

The global experience reveals the vast potential in the global market, but the domestic market in India offers much more market potential for tender coconut and its products. A growing segment of the population interested in natural foods and health conscious consumers irrespective of age are prospective consumers. There are 63 JNNURM cities in India. As per 2011 census, there are 468 towns and cities with more than one lakh population. These urban centres will provide effective consumer base for tender coconut industry. The coconut farmers in the country are small and fragmented and hence Farmer Producer Organisations will have to take the lead role for turning the tender coconut water industry in favour of the 10 million coconut farmers in the country.

Ensuring adequate supply of tender coconuts : Traditional varieties of coconut in the country are more of the tall varieties which are suited for copra and oil, while there are many dwarf varieties which



are suited for tender coconut. There are also hybrid varieties which are suited for tender nut and oil. The area under varieties suited for tender coconut is less than 10% in the country. A planned process of rejuvenation of gardens with dwarf and hybrid varieties suited for tender coconut is essential to ensure year round availability of raw materials. Farmer Producer Organisations can take a lead role and implement a time bound programme for rejuvenating the gardens.

Minimal processing of tender coconut : The taste of tender coconut water is slightly altered during processing and there are consumers who prefer tender coconut in its original taste and flavour. Minimal processing of tender coconut will yield products with the natural taste and an added shelf life. Also when the market world over prefers nature way, minimally processed tender coconut will have a very good market. The opened economy of the country has resulted in a wide array of shopping malls all over the country and minimally processed tender coconut

can be placed as a premium priced products attracting the nature loving customers. FPOs can take use of such opportunities and enter into marketing arrangements with leading retail chains.

Packaged tender coconut : Establishment of tender coconut packing units under the auspices of Farmer Producer Organisations is essential if the coconut farmers are to benefit from the surging tender coconut water industry. There are processing technologies developed by CDB in association with research institutions for packaging of tender coconut water. CDB also extends a subsidy of 25% of the project cost subject to a maximum of Rs. 50 lakhs for initiating processing units. Producer Companies can make use of this opportunity for the establishment of tender coconut processing units. Diverting a specific proportion of the coconut production for the production of tender coconut will stabilize arrivals of mature coconut in the market thereby.

Marketing of tender coconut : Tender coconut sales is undertaken by street vendors and road side

sellers in the major cities. The marketing is highly unorganized and done in an unhygienic manner. In order to promote marketing of tender coconut, CDB had initiated a scheme for providing financial assistance for initiation of tender coconut outlets which are operated in a hygienic manner. A support of 50% of the project cost subject to a maximum of Rs. 1.5 lakhs is extended for entrepreneurs, CPS and CPFs interested in initiating tender coconut retail counters. Farmer Producer Organisations have to develop a system of production based on domestic and global demand for coconut and its products and this will enable sustained development of the sector.

The attributes that are appealing the consumer to choose a product are mainly health related, natural product, medicinal values, beauty and skin care etc and tender coconut has rich properties contributing to all these attributes. In spite of its qualities, tender coconut is just not visible to us, maybe because of its commonness. Its time that we change and use our coconuts wisely.

Health benefits of coconut water



- ❑ It has significant anti-ageing and anti-carcinogenic properties which helps to minimize skin aging and keeps the connective tissue hydrated and strong.
- ❑ Regular consumption of coconut water increases the metabolism rate which helps to burn sugar and loses fat faster.
- ❑ Coconut water helps in dissolving kidney stones because of the presence of potassium, which plays a key role in urine alkalizing and preventing formation of kidney stones.
- ❑ Coconut water helps in easy digestion. The water has minerals like calcium, manganese and zinc that help in replenishing the body.
- ❑ Coconut water has less sugar and sodium content and has high content of potassium, calcium and chloride which helps to hydrate, replenish and rejuvenate the body.
- ❑ Coconut water is rich in calcium and is needed for healthy bones, muscles and also tissues.
- ❑ Coconut water helps to control diabetes. It has the ability to improve blood circulation, widen the blood vessels which get restricted due to the formation of plaque within them and helps the blood to flow smoothly through them.
- ❑ Coconut comes as a great aid in lowering blood pressure.