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Smoothie Move

Naked Juice bumps Odwalla from Starbucks

By SHARIFAH CHAMMAS

Naked Juice Co. scored a coup with Starbucks Coffee Co. recently, when it replaced Odwalla drinks at virtually all of the company-owned Starbucks stores in the United States.

How did the Azusa-based Naked, which was launched in 1983 by selling juice drinks to Santa Monica beachgoers, get into more than 7,000 Starbucks?

A big part of the answer is this: It was bought by PepsiCo Inc. last year, and PepsiCo happens to have partnerships with Starbucks of Seattle. Oh, by the way: Odwalla is a Coca-Cola Co. product.

Naked Juice had more than \$182 million in sales in 2007, up 26 percent from 2006. There are 500 employees across the United States, 300 of them in Southern California. Naked Juice makes 6 million bottles of juice each month and supplies products to supermarkets, gyms and health food marts across the nation.

Naked's specialty: juices without sugar or preservatives. One drink, for example, is called Green Machine, a smoothie blend of apples, kiwi, banana, pineapple and mango.

"The secret to maintaining this momentum is listening to consumers and hearing about what they want in terms of product and functionality," said Naked's general manager, Adam Carr, a PepsiCo veteran.

At the Starbucks Coffee shop in Bel Air, only one bottle of Naked Juice's specialty smoothie remained one recent late afternoon. "They are doing really well," noted the store's assistant manager.

William H. Bender, a food services industry consultant based in Santa Clara,

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Are you concerned that the Air Force's refueling plane will be built by a partnership of Northrop Grumman and a European consortium?

Yes, a major American defense program should not be in the hands of foreign companies because of the loss of American jobs, national security issues and-or possible conflicting geopolitical priorities.

No, there are no major causes for concern.

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said many factors fueled the strategic decision to swap brands, including “product specifications, flavor profile, brand marketing, positioning, distribution, packing and shipping, shelf life, and let’s not forget cost.”

And perhaps that Pepsi-Starbucks tie-up helped.

Pepsi and Starbucks formed the North American Coffee Partnership to develop bottled beverages together. Products of the union include Starbucks Frappuccino and Starbucks Double Shot espresso drinks. The companies formed another partnership for international distribution.

Making enough bottles of Green Machine or Mighty Mango for Starbucks won’t be a problem, one expert said, thanks to the Pepsi connection.

“Pepsi’s production system is designed to meet the demands of millions of consumers,” said Gary Hemphill, managing director of the Beverage Marketing Corp., a global research, consulting and financial services firm based in New York.

“The Pepsi system offers superb marketing and widespread distribution that has helped to grow the Naked Juice brand,” Hemphill said.



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