

Has Beyoncé discovered the next coconut water?

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The singer recently announced her investment in a watermelon drink



Eric Thayer/Getty Images

The next coconut water?

Fans of Beyoncé's song "Drunk in Love" [already associate her with watermelon](#) — now she's cashing in on it.

The 20-time Grammy winner [announced this week](#) she is becoming a "meaningful" equity holder in a three-year-old startup that makes cold-pressed watermelon water called [WTRMLN WTR](#). At a time when soda sales are declining while sales of bottled and flavored waters are exploding, it may turn out to be a smart business move for the [former Pepsi spokeswoman](#) [PEP. +0.70%](#) Consumers in the U.S. are more health-conscious than before and willing to spend on healthy options, said Eric Penicka, a research analyst at Euromonitor International, a market-research firm. "Incomes are growing, we're not in the depths of the recession any more," he said.

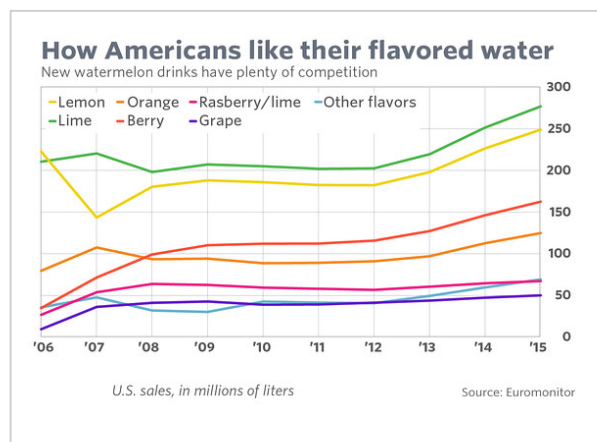
This isn't Beyoncé's first stab at entrepreneurship. In addition to her music-related projects, including the debut of her April "visual album" called "Lemonade," she has already contributed to several businesses: Her [athletic clothing line Ivy Park](#), which she launched in March, another clothing line, House of Dereon which closed in 2012, plus a vegan food line she endorses called [22 Days Nutrition](#).

Her latest venture seems like it's positioned well. Sales of bottled flavored water grew more than 400% to \$917.1 million in 2015 from \$174.8 million in 2001, according to Euromonitor International, a market-research firm. Sales of regular bottled water are far higher: They grew 92% to \$15.9 billion in 2015 from \$8.3 billion in 2001, at the same time when the market for soda has shrunk. (WTRMLN WTR's website states [it doesn't add any water](#) to its product; the beverage is cold-pressed watermelon with some organic lemon juice).

About half of U.S. adults who drink bottled water say they are drinking more flavored waters [to replace soda or high-](#)

[sugar juice](#), according to almost 2,000 U.S. adults market-research firm Mintel surveyed in 2016. Watermelon water may sit in the same market “sweet spot” as coconut water, said Eric Penicka, a research analyst at Euromonitor.

But Beyoncé’s watermelon drink of choice has plenty of rivals. Several companies already offer variations on watermelon-flavored water, including [Hint](#), [Juisi](#) and [Bai](#). When it comes to flavors, 36% of the adults who responded to Mintel’s survey said they prefer unflavored water, 14% said they would like citrus, 12% preferred berry, and 6% said coconut. And there are many other products vying to be the next big thing in flavored water, including birch water, maple water, sugarcane juice, cactus water and artichoke water.



It also faces stiff competition from coconut water. Coconut water sales have grown in the last decade, according to data from Euromonitor. Sales of one of the largest brands, Vita Coco, have climbed to \$372.6 million in 2015 from \$3.8 million in 2006. Sales of the Coca-Cola [KO, +0.63%](#) company’s Zico coconut water grew to \$102.6 million in 2015 from \$100,000 to 2007. And sales of PepsiCo’s One coconut water have grown to \$53.7 million in 2015 from \$3.2 million in 2006.

Not all flavored waters have lived up to their advertisements. All Market Inc., the company that does business as “Vita Coco,” the popular coconut water maker, agreed to pay a settlement worth \$10 million in 2012 after consumers filed a class-action suit against the company. Those consumers said samples of Vita Coco’s coconut water did not have the levels of sodium, magnesium and potassium the company advertised, according to an independent study. (Vita Coco said the nutritional levels in natural coconut water vary, said Vita Coco spokesman, Arthur Gallego; the company reviewed its labels and made changes to the product’s nutritional content, he added.)

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