

Snapple Beverages

Introduction

The Snapple story has three chapters. Chapter 1 covers 1972 to 1994 from Snapple Beverages' birth to its sale to Quaker Oats for \$1.7 billion. Chapter 2 covers the 27 months Snapple was part of Quaker before its sale to Triarc Companies for \$300 million. One way to think about this \$1.4 billion loss is that Quaker owning Snapple for 820 days was equivalent to renting it for \$1.7 million per day. (A recent Money magazine article designated Quaker-Snapple as one of the worst mergers of all time- joining AOL – Time Warner, Daimler-Benz/Chrysler, and GM/Saab in the top four.¹) Chapter 3 addresses the opportunity for its new owners, Triarc Beverages.

Chapter 1: 1972 to 1994

The company that would eventually become Snapple was born as Unadulterated Food Products, Inc. in 1972. Unadulterated began by selling all-natural apple juice in Greenwich Village, New York. Over time, it came to be known as the prime force in creating the "new age" or "alternative" drink category posing a challenge to the carbonated beverages of Coca-Cola and Pepsi. Snapple's primary products were iced teas, fruit juices, and natural sodas.

Snapple enlisted small independent distributors to get its product into a variety of outlets "up-and-down-the-street," e.g. delis, convenience stores, liquor stores. Mostly, Snapple was sold in these outlets cold, and in a single serving size. Only 20% of its sales were in supermarkets. Snapple was premium priced and backed by the advertising slogan: "Made from the Best Stuff on Earth." It gradually expanded its geographic reach. Boosted by introduction of iced teas, the company grew rapidly during the late 1980's. Snapple Lemon Tea was the first tea product in 1987.

Many credit a somewhat unconventional duo with advertising and promotion that helped to boost Snapple's sales rate. In 1991, Wendy Kaufman became Snapple's "Dear Abby" answering customers' mail. Snapple's ad agency, however, decided to extend Wendy's role into ad spokesperson as well, noting the need for "real people" to be seen on television for a brand like Snapple. Kaufman became a cult figure, the "Snapple Lady," appearing not only in Snapple ads but also on television shows such as David Letterman.

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