

Nam Hom, “Young, Thai Coconut Water”

Fragrant, nutty, naturally sweet, unique.

A few years ago, we realized that a community of farmers in a relatively small region of Thailand, called Ampahwa (famous for the traditional Thai floating markets) was growing a particular variety of coconuts, called Nam-Hom. Until now, it seems that nowhere else in the world this particular kind of coconuts are to be found, as they are the result of the peculiar characteristic of the soil where their trees are growing. We noticed that Nam-Hom fruits contained a water that was quite different from all the other commercial Coconut Waters found on the market: Just one sip. It's all what it takes to tell the difference between Conventional Coconut Water and... Nam Hom Coconut Water.



We spent months to negotiate direct agreements with the few families of this farmers' cooperative that was growing palm-trees of Nam-Hom coconuts, so to be able to secure supply.

Our R&D team slept several nights on the lab's floor in order to perfect every single step in the process this precious water goes through, from harvest to bottling.

At the end, we were able to obtain a product that simply sets itself apart from the rest of the competition.

THE NAME

In Thailand, this coconut water is usually named after its fruits: Nam Hom, which literally translates into “Fragrant Water”.

Nam-Hom coconuts are harvested and opened a few weeks younger than traditional fruits used for commercial Coconut Waters. Also, this variety of coconuts is about 25% smaller than those. As such it is also sometimes referred to as “young water” or “baby water”.

THE COLOR

While regular coconut water always appears colourless, Nam Hom water shows a wide spectrum of colours: from white to dark purple.

Scientifically speaking, the reason lies in the polyphenols (natural organic molecular chains) contained in the thin meat of Nam-Hom coconuts.

These components are transferred from the meat to the water inside the coconut, but the amount of this transfer can vary greatly from harvest to harvest and from season to season. Not only: they can be “activated” in a way to confer colour to the water by a number of factors: exposure to light, temperature changes and speed of such changes or rapid exposure to oxygen.



In general, different ways of storing this water (some manufactures keep it frozen in tanks and thaw it before production) and different procedures in the bottling process cause the appearance of this coconut water to be as diverse as mentioned above.

Generally, it is quite normal to have the coloration of this water to assume a pinkish hue. This is why a few brands called it “The Pink One”, “Pink Baby” or similar. However, in reality, what is consistently pink in this variety of coconut fruits, is not their water, but, instead, their meat, once the fruit is cracked open. This can be often seen when you buy a baby coconut from a street vendor in Phuket...

THE TASTE PROFILE

It has to be stressed that the peculiar characteristic of this special coconut water is not its colour. What sets it apart from the other commercial coconut waters is its particular taste profile.

Even an uneducated palate, in a blind tasting, can immediately recognise a Nam Hom coconut water from the rest.

The difference in taste can be summarized as follows:

1. Naturally sweeter (the brix level is almost double than standard coconut waters);
2. Nutty fragranciness;
3. Macadamia aftertaste.



It is also important to remark that even if the “sweet factor” is the one that stands out in any tasting session, the other two components must be felt as well in order to have a truly, pure Nam Hom coconut water. Indeed, some side-variety of coconuts might offer a remarkable sweetness, but with total absence of the “nuttness”: these are not pure Nam Hom coconuts.

THE PROBLEMS...

Unfortunately, the particular traits of this product imply a number of considerations that must be clearly understood before engaging into the commercial trade of this coconut water.

Delicate and sensitive to high temperatures.

This beverage is pasteurized, hence, ambient and with a shelf life of 15 months.

However, its high brix level makes it sensitive to exposure to temperatures higher than 23-25 C, for prolonged periods of times (three weeks or more).

This has some direct shipping / warehousing implications:

- a) Has to be shipped in refer;
- b) Needs to be stored in temperature-controlled warehouses if in hot climates;
- c) Retailers must be advised of such conditions;
- d) Consumers should also avoid storage in hot places for long time at home.

It is important to stress that the product does not “need” a cold chain for food-safety reason, like if it was a yogurt. But, it needs precautions similar to the ones to be adopted for premium chocolates or high-end white wines.

If exposure to high temperature, at any stage of the product’s life, should occur, this coconut water will most probably show effects like: (a) Turning into a yellowish colour, (b) Very slight bitter-sweet turn of its taste; and (c) Forming dark sediments at the bottom of the bottle. All these are due to a sort of “caramelization” process of the sugars naturally present in Nam Hom water, but, again, it would be still perfectly safe to be consumed until the end of its shelf life.



Some brands, including a famous American one, have decided to play extra safe artificially shortening the product's shelf life and keeping it in cold chain, thus inducing in the consumer the perception of freshness and allowing a higher retail price.

Price Volatility and Quotation Process

As mentioned, the supply of this particular variety of coconuts is extremely limited to a small area south of Bangkok in Thailand.

The demand of these fruits is not only driven by manufacturers and brand owners of coconut water, but also by large agricultural corporations, especially from Mainland China, which are seeking these particularly tasty and “cute” coconuts for fancy gifts during special occasions like the Moon Festival or Chinese New Year.

Not only. The coconut trees of the Nam Hom variety slow down the production of fruits during the averagely hotter season in Thailand (generally from February to late August) at a higher rate compared to the trees of regular coconuts, further shrinking supply.

Finally, the intensity and the actual duration of the dry and hot weather in the region can vary greatly from year to year.

The combination of these factors makes the price of these fruits (and, by immediate consequence the one of the raw water) extremely volatile and almost impossible to predict. Very similarly to a stock market...

After a few years of experience, we came to the conclusion that the most fair practice is the one of transferring directly the price volatility to our clients, instead of fixing an artificially constant price level. As such, a quote for this product, in any of the available pack sizes, can be made only close to production date and will be held valid for just ONE week. Once the quote is accepted, production must be confirmed (usually within a week from confirmation) and a deposit will have to be paid.

As a general reference only, please see the 2020/21 price ranges of our quotes through the wet and dry seasons of Thailand.

PRICE RANGE ESTIMATE FOR YOUNG COCONUT WATER (FOB BKK IN USD)				
	COOL SEASON SEP - JAN		HOT SEASON FEB - AUG	
	MIN	MAX	MIN	MAX
200ml TP (case of 24)	\$9.90	\$11.20	\$12.20	\$14.50
250ml TP (case of 24)	\$12.00	\$13.50	\$14.70	\$17.50
350ml PET (case of 24)	\$17.00	\$19.00	\$21.00	\$24.00
500ml PET (case of 24)	\$22.00	\$26.00	\$28.00	\$33.00
1L TP (case of 12)	\$19.00	\$22.50	\$23.50	\$27.00

Once more, it must be stressed that this ranges are for reference only and it might well happen to have a quote below or above those limits at the time of the intended production.

Minimum Order Quantities (MOQs) for Labels and Production Runs

Even if we have a secure cooperation with a community of farmers on the land that produces Nam Hom coconuts, our company does not keep inventory, neither manages sales and distribution of any brand (neither our own nor of our clients) produced with this particular water.

This means that any product using this water needs to be treated as a Private Label and the whole production must be purchased at each order.

The available pack sizes and loading info in number of cases are the following:

<u>Pack Size</u>	<u>cx / pallet</u>	<u>cx / FCL 20” floor-stacked</u>	<u>cx / FCL 20” palletized</u>	<u>cx / FCL 40” palletized</u>
200ML TP (cases of 24)	135	2,457	1,350	2,700
250ML TP (cases of 24)	144	2,200	1,440	2,880
350ml PET (cases of 24)	70	1,580	700	1,400
500ml PET (cases of 24)	60	1,100	600	1,200
1L TP (cases of 12)	70	1,240	700	1,400

The only difference between using your own label or our label-design (branded “Pink Baby”) is that you can avoid producing an artwork and registering a trademark, if using the Pink Baby brand. But, all other conditions on pricing, quotation process and MOQs still apply in the same way as in a Private Label case.



For opening a new plate and printing labels, the MOQs and costs are the following:

<u>Pack Size</u>	<u>MOQ (cx)</u>	<u>Plate Fee</u>	<u>Roll-stock cost</u>
200ml TP (24)	12,500	\$1,000	\$18,850
250ml TP (24)	11,000	\$1,000	\$18,850
350ml PET (24)	12,500	\$300	\$5,300
500ml PET (24)	12,500	\$300	\$6,200
1L TP (12)	5,750	\$1,000	\$14,500

On the other hand, each production run of Finished Goods has the following MOQs:

<u>Pack Size</u>	<u>MOQ (cx)</u>
200ml TP (24)	6,000
250ml TP (24)	4,750
350ml PET (24)	4,200
500ml PET (24)	4,200
1L TP (12)	2,500

The mechanism and lead times for starting and, then, re-ordering a Private Label is simple:

- a) Once the label's artwork is finalized it would go through our compliance process to verify that claims and all labelling rules are respected. Within two weeks a digital proof will be submitted to the client for a final sign-off.
- b) Payment for the plate fee and the printing of the first roll-stock has to be made at sign-off. Plate fee won't be refunded, but the labels' cost will be rebated on each invoice when a production is run, pro-rata. Hence, for the avoidance of doubt, the quotation that will be submitted are for full finished goods, including label / pack material.
- c) A plate will be opened to print the first roll stock. For Tetra Pak, the packaging material will be available at our factory in about two to three months. For PET bottles, the first lot of labels should be ready in 1.5 months.
- d) Once labels are at the factory, the first production run can be booked: the factory will give us an available day usually within three / four weeks from the request. Two weeks before that day, we can submit the quote for such production run, which should be accepted or rejected in one week or ten days. Payment should reach us before the confirmed production date.
- e) After production, the product needs two weeks of incubation before shipping.
- f) The whole quantity produced must be shipped at once. Storage in our temperature-controlled facilities can be arranged only if agreed in advance at a certain cost.
- g) If labels / pack material is available at the factory, subsequent production runs can usually be booked within a three-weeks / one-month timeframe.



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