

REED'S INC.

The Root of Success

Reed's Inc. thrives by manufacturing a line of natural and crafted beverages that entrepreneur Chris Reed started nearly 30 years ago. **BY BOB RAKOW**



Reed Inc. estimates one-third of its customers consume its ginger brew for medicinal reasons.



Christopher Reed,
founder and CEO
www.reedsinc.com
Los Angeles

Christopher Reed's interest in meditation and healing herbs was piqued when he was student at UCLA. He studied Ayurveda, the herbology of India, as well as Chinese medicine before ultimately being drawn to the healing properties of ginger.

Today, the entrepreneur runs a successful beverage company that relies on old-fashioned, natural methods and fresh ingredients, most notably ginger, to create a line of natural and crafted beverages.

"I started this from a very idealistic background," Reed recalls. "I was just fascinated with self healing." Reed researched centuries-old recipes that

referenced the health benefits of the ginger root⁺, which is believed to be one of the world's healthiest foods. He also discovered that long before soda was a commercial product, people brewed their own beverages from roots, spices and fruits. These early soft drinks, besides being natural and delicious, were also healthy and frequently used as herbal tonics, he says.

Reed crafted his first batch of Original Ginger Brew in 1987. Two years later, he launched his company and initially bottled the brew one bottle at a time. Twenty-five years later, Reed's Inc. goes through approximately two million pounds of ginger a year. "We grew organically at first," he says.

Roots of Success

"I'm the ginger guru," Reed says. "The folklore surrounding ginger is fantastic. It's a really powerful root. Everybody thinks these drinks are modern concoctions. We are a throwback."

Reed's Inc. marketed only the Ginger Brew during the company's first three years. Today, however, it brews seven carbonated ginger combinations: Original Ginger, Extra Ginger, Premium Ginger, Raspberry Ginger, Cherry Ginger, Spiced Apple and the 55-calorie Lite Extra. Each batch is brewed and aged in small batches by expert brewmasters. Fresh herbs, roots, raw sugar cane, spices and fruits are used to make the drinks, Reed says. Preservatives and artificial ingredients are not included in the recipes or beverages.

Reed's Inc. expanded in 2000 when the company bought Virgil's Root Beer. Following the acquisition, the company expanded the Virgil's line to include several other flavors. In 2012, the company began brewing Kombucha, a fermented organic oolong and yerba mate tea made with spring water, ginger root, fruit juices and purees. The company also has developed ginger candy and ice cream. The ice cream flavors include original ginger, chocolate ginger and green tea ginger.

Growth and Expansion

Reed Inc.'s rapid growth is a sign of its success. In September 2015, the company announced plans to expand its Los Angeles plant, spending up to \$1.5 million to replace existing equipment and triple the speed of production. The company also has partnered with several distribution companies to help increase consumer exposure, Reed says. Steady quarterly sales growth made staying ahead of consumer demand Reed Inc.'s top priority, he says.

Reed estimates that one-third of his customers purchase the ginger brew for medicinal reasons such as relieving nausea associated with chemotherapy. The company receives orders from hospital oncology departments, which offer the drinks to patients receiving treatment. "It's been very satisfying," he says, adding that he's received letters from cancer patients thanking him for the ginger brew.

Reed also is proud of the company's recent partnership with Absolut Vodka. Vodka and ginger beer are the key ingredients of a Moscow Mule, one of today's most popular alcoholic cocktails. "The partnership is a big feather in our cap," Reed says. "Moscow Mules drive sales. Those things are moving a lot of product and awareness on premise."

Reed's Inc. products are sold in 15,000 natural foods and mainstream supermarkets. But less than a decade ago, the products could not be found in grocery stores. "There was a barrier to entry," Reed recalls. But that obstacle vanished over time as more consumers were drawn to healthy beverages. "We are disrupting the marketplace," he says.

It's getting play in upscale markets. It's tough to keep up with demand.

In addition to a significant U.S. presence, Reed Inc. has a large footprint in parts of South America, Mexico and Canada, and also markets its drinks in Jordan, Israel, Japan and Hong Kong. "It's getting play in upscale markets," Reed notes. "It's tough to keep up with demand."

He adds that he's proud the company weathered the down economy while other gourmet food companies went out of business. "I'm very proud that we went public," he says of a move made in 2006. (NYSE: REEDS)

Reed's Inc. has relied heavily on event marketing and social media to promote its products. "I'm a big proponent of getting in front of people," Reed says. The company also attends numerous trade shows. ☺

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