BIZCOMMUNITY

Two Green Lemons leads the charge on sophisticated, alcohol-free sippers

By Lauren Hartzenberg

14 Aug 2020

Non-alcoholic beverages, specifically the kind served at celebrations and dinner parties, used to come off as somewhat uninspired. In terms of flavour, packaging design and branding, they often paled in comparison when positioned alongside their alcoholic counterparts.



Hanneli van der Merwe and her Chris Wium, founders and owners of Two Green Lemons

But the non-alcoholic segment has seen a shake-up in recent years and has truly come into its own, with compelling local offerings ranging from alcohol-free beers and ciders to virgin G&Ts, wines and botanical spirits.

"Non-alcoholic products are not about sugary drinks anymore, it is about sophisticated sipping," says Hanneli van der Merwe, co-founder of South African specialist beverage developer <u>Two Green Lemons</u>.

Van der Merwe and her business partner Chris Wium are the brains behind the successful Barker and Quin range of premium tonics and mixers. The entrepreneurs have since broadened their focus by creating an alcohol-free gin called John Ross Virgin Distilled, made from virgin distilled botanicals which are blended together to create a classic non-alcoholic gin, infused with honeybush tannin.



In addition to its own beverage brands, Two Green Lemons assists prospective beverage entrepreneurs with the process of developing a unique, premium and marketable beverage. The focus here is on non-alcoholic beverages as well as the non-alcoholic elements of various ready-to-drink alcohol mixes.

Here, Van der Merwe shares more on the Two Green Lemons business journey and the growing market for premium nonalcoholic beverages.

As an introduction, can you tell us a bit about your backgrounds prior to launching Two Green Lemons?

We both used to work at a cork company that delivered premium natural corks to the wine industry. Chris was in the role of MD and I was the technical manager. That is where we met and started our business, Two Green Lemons Pty Ltd. Chris has 23 years' experience in marketing and management, while I studied Oenology at Stellenbosch University and spent the better part of 11 years doing so.

What is the Two Green Lemons business all about and what inspired its launch?

Two Green Lemons specialises in non-alcoholic beverages and our business was first inspired by answering the question from the gin community for a local premium tonic water. Premium in the sense that we produce using natural spring water, natural ingredients and package in glass.

From the tonic water we built our business to evolve into more flavours of tonic water and also mixers. Lastly, we developed a non-alcoholic spirit that gives our customers the option to either pair with the outstanding gins of our colleagues in the industry or the option for the alternative non-alcoholic if so desired.

Today our business has two main avenues:

- 1. Our brands, Barker and Quin Tonic and John Ross Virgin Distilled, and
- 2. Third party beverage development in the non-alcoholic space.



How has the business grown since its inception?

Amazingly. We were quite surprised when we started. We have been growing 220% year on year across our products as well as in the development side of the business. There is a large market for non-alcoholic beverages.

What made you decide to focus on non-alcoholic premium beverages specifically?

Interestingly, when we started in 2016 we read that one of the major players in the alcohol field said that alcohol is dead. It was a bit of a profound statement to make, however it is apparent that the non-alcoholic alternatives are appeasing across various brands.

We have realised that consumers, especially the younger legal market is very focused on healthier options. People

are more fickle about what they put in their bodies.

The world has started to be very strict about drinking and driving to such an extent that even in South Africa there will soon be zero tolerance.

What is interesting is that while pregnant women and recovering alcoholics are fringe customers, our core customer is all about choosing a non-alcoholic lifestyle. They prefer clean living, are health-conscious, more often vegan and mostly fall into the age category of the millennials, however we are seeing a lot of serious CEOs form part of our customer base.



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III Two Green Lemons develops its own brands but it also assists other entrepreneurs with the development of their own beverage products. What made you decide on this dual focus?

This was a very natural progression for us. We got a lot of pull to help other startups create beverages. This started slowly

but developed into a whole new area of business. Sometimes it's advice on what to do, what not to do and sometimes not to do something at all.

From a business perspective we've seen that you need more than one stream of income. Having this development arm provides us with an additional stream of income with different margins than selling products.

You have to sell a lot of tonic waters; they're low-margin and high-volume goods. The lump sums from product development aids cash flow and, most importantly, keeps the creativity in our business alive. You learn something new every day and we absolutely love it!

In terms of development we bring authenticity to prospective brands. We listen to the client's idea, we take into account not only their idea, but the person, the brand, the market it is aimed at and from there we create something that is unique and marketable. Lastly, we will only present our customers with a product that is of the highest quality and the type of product that we would also want to market as if it was our own brand.

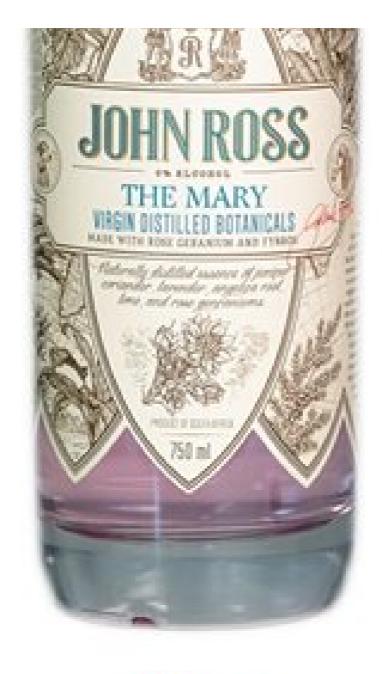
III Tell us more about your most recent brand, John Ross Virgin Distilled Botanicals. What's the inspiration behind it and how exactly is it produced?

John Ross came about to answer the call for a proper non-alcoholic spirit. The name figures in with our Barker and Quin branding. The stories are intertwined, not intertwined only between the brands, but also settled deep within the heritage of the Spice Route and South African maritime.

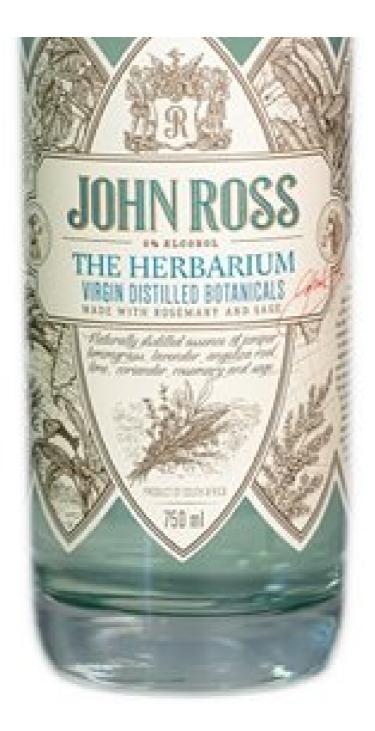
The contents are inspired by using all the components that are used to distill a real gin - where juniper is your main component, followed by coriander, angelica root, lime, lemon, orange, lavender, etc. Finally, John Ross is soaked in Honeybush tannins to get the beautiful amber colour. This product is therefore filled with antioxidants, it contains zero sugar, zero calories and of course zero alcohol.

The two new John Ross drinks are The Mary: Rose and Rooibos and The Herbarium: Sage and Rosemary.









Are there any unique challenges that come with making a great-tasting non-alcoholic spirit?

It is challenging because it can easily be perceived as flavoured water.

You have to focus on creating something that really tastes good and gives the drinker an experience that is just as satisfying and special as with the alcoholic counterparts. **J**

We found our success in not marketing John Ross as a non-alcoholic gin, but rather a 'virgin distilled botanical' product. **# What impact has the Covid pandemic and lockdown had on the Two Green Lemons business?**

Holistically it has been an opportunity to see what are the most important parts of our business. We could use this time to retain the best and let go of the unnecessary bits. We had the time to look at the business from a critical point of view, which for any entrepreneur is something hard to come by (that is time!).

The difficult part for us was the fact that we couldn't and still can't gauge ahead what will happen. Due to this we did some very hard cuts already in April. Cuts in salaries and expenses were limited to production.

One of the greatest developments during lockdown was that we got a stage to market John Ross. The consumer definitely became more readily available to absorb information regarding the non-alcoholic segment.

Whenever such a big change is forced on your business one should always be looking for opportunities and I think we found that with John Ross and also working on our e-commerce. We also lost our on-consumption business like the alcohol guys and that hole in revenue is gone and remains as such. At the end of the day we are very grateful for what we could achieve in this strange time. We look forward with a lot of positivity for our business and South African in the future.



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What's next for Two Green Lemons?

We will be focusing on our two current brands – John Ross Virgin Distilled Botanicals and Barker and Quin Premium Tonic Water – taking what we have currently and building onwards and upwards. We have time to work on our third party projects which will all be launching in spring!

Also, we're focusing on e-commerce and our wide export network. We are also always improving and growing! We want to set ourselves apart as leaders in the non-alcoholic segment as brand owners and developers.

When life gives you lemons, make tonic water!

ABOUT LAUREN HARTZENBERG

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