

2024
Industry Update
Kombucha



TULLY & HOLLAND
INCORPORATED

Kombucha Industry Update

Executive Summary

Kombucha, a fermented tea recognized for its probiotic content and potential health benefits, has evolved from a niche wellness product to a global beverage industry staple. Between 2019 and 2024, the industry achieved an impressive compound annual growth rate (CAGR) of 19.7%, in the United States, reaching \$2.8 billion in annual revenue.¹ Globally, the kombucha market was estimated to be valued at \$4.2 billion in 2024 and is projected to maintain strong growth, reaching \$11.9 billion by 2028, with CAGR of 27.5%.² Kombucha's journey reflects broader food and beverage trends, including increasing consumer demand for functional, natural, and sustainable products. Its versatility, encompassing flavored, non-flavored, and alcoholic varieties, positions it as a leader in meeting the evolving tastes and health priorities of modern consumers.

This write up explores the dynamic landscape of the kombucha industry, detailing its growth drivers, challenges, opportunities, and alignment with broader trends in health-conscious consumption.

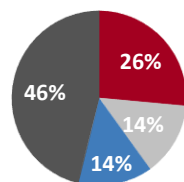
Industry Overview

In 2024, the domestic kombucha industry recorded \$2.8 billion in revenue, distributed among three primary product categories:

- Flavored Kombucha: \$2.1 billion
- Non-Flavored Kombucha: \$643 million
- Other Products: \$142.2 million

The market's profitability, with an average profit margin of 4.5%, is bolstered by its ability to cater to a wide audience. As pictured below, key players dominate market share, led by GT's Living Foods with \$752.8 million (26.5%), followed by Health-Ade LLC and KeVita Inc., each generating \$389.5 million (13.7%). Smaller companies account for 46.2% of the market, underscoring the industry's competitive nature.¹

2024 US MARKET SHARES



■ GT's Living Foods ■ Health-Ade LLC ■ KeVita Inc. ■ Other Companies

¹IBISWorld Inc: [Kombucha Production in the US](#)

²Technavio: [Global Kombucha Market 2024-2028](#)

Contents

[Executive Summary](#)

[Industry Overview](#)

[Drivers and Themes](#)

[Broader Forces Influencing Kombucha](#)

[Challenges in Kombucha Industry](#)

[Opportunities for Growth](#)

[Conclusion](#)

[Appendix: Recent Deal Activity](#)

[Tully & Holland Experience](#)

About

Tully & Holland

Tully & Holland is a leading Boston-based investment banking advisory firm offering highly customized M&A and corporate advisory to consumer product companies in the US and abroad. Founded in 1992, our seasoned team brings decades of extensive industry and investment banking expertise and the proven ability to successfully complete deals on behalf of our clients.

Drivers and Themes

As consumer preferences continue to shift towards healthier lifestyles and sustainability, the kombucha industry has seen significant growth. This surge in popularity is driven by several key trends that reflect a broader cultural movement toward wellness, innovation, and environmental responsibility. From health-conscious choices to creative flavors and eco-friendly practices, kombucha is evolving to meet the demands of today's discerning consumers.

Listed below are some of the top industry trends shaping the future of kombucha:

Industry Trends

Health and Wellness Prioritization

- The global wellness movement has elevated kombucha as a preferred alternative to sugary sodas and energy drinks. Its natural fermentation process produces probiotics, which are believed to improve gut health and strengthen immunity. The gut-brain connection further enhances kombucha's appeal, as many believe that a healthy gut can support overall well-being, including mood and mental clarity. Kombucha also resonates with the growing "clean label" movement, as consumers increasingly demand transparency, natural ingredients, and reduced sugar content.

Flavor and Product Innovation

- Brands have embraced creativity to appeal to diverse consumer preferences. Flavors such as hibiscus rose, lavender melon, and turmeric ginger attract adventurous consumers and reinforce brand loyalty. Additionally, the emergence of alcoholic kombucha, marketed as a healthier alternative to beer or wine, highlights the potential for crossover appeal between wellness and indulgence.

Sustainability and Eco-Conscious Practices

- The kombucha industry's commitment to sustainability enhances its appeal. From organic sourcing to eco-friendly packaging and carbon footprint reduction, producers are aligning their practices with consumer expectations for responsible consumption. These efforts not only build trust but also establish kombucha as a leader in the environmentally-conscious beverage segment.

Kombucha Hits the Mass Market

- Kombucha has transitioned from a niche product to a common item in grocery stores around the world, recognized for its wide range of flavors and potential health benefits. Major beverage companies are increasingly investing in existing kombucha brands or launching their own, which strengthens its market credibility and reflects a broader shift towards healthier drink options. This widespread acceptance has driven substantial growth, resulting in a highly competitive market where brands are pressured to innovate, stand out, and adopt strong marketing tactics to maintain an edge.

Source(s): 1. IBIS, Tully & Holland Research

¹ IBISWorld Inc: [Kombucha Production in the US](#)

Broader Forces Influencing Kombucha

Kombucha's growth is closely tied to overarching trends in the food and beverage industry:

Functional Beverage Evolution

Functional beverages—designed to enhance digestion, mental acuity, and emotional balance—are gaining traction among health-conscious consumers. Kombucha exemplifies this trend, as its probiotic content and natural fermentation process offer tangible wellness benefits. The broader demand for nutrient-dense, additive-free products positions kombucha as a frontrunner in this category.

Consumer Preference for Plant-Based Alternatives

The rise of plant-based diets has paralleled the growth of kombucha. While kombucha is inherently plant-based, it shares market space with products like alt-milks (quinoa, pistachio, hazelnut) that cater to eco-conscious and dairy-free consumers. This alignment underscores kombucha's versatility as part of a sustainable and ethical lifestyle.³

Challenges in the Kombucha Industry

Despite its successes, the kombucha industry faces several challenges:

- **Intensifying Competition:** As large players consolidate their dominance, smaller producers struggle to differentiate themselves and secure market share.
- **Emerging Beverage Alternatives:** The rise of functional sodas like Olipop and CulturePop presents new competition, offering similar health benefits and appealing to consumers seeking low-sugar, gut-friendly alternatives to traditional sugary drinks.
- **Regulatory Compliance:** Managing alcohol content and adhering to labeling standards require significant operational oversight, particularly for producers scaling operations.
- **Consumer Education:** While kombucha is gaining popularity, some consumers remain unfamiliar with its benefits, creating a need for targeted marketing and educational efforts.

Opportunities for Growth

By 2028, the global kombucha industry is projected to reach \$11.9 billion in revenue with a CAGR of 27.5%, with North America estimated to account for \$4.0 billion of the market share, growing at 27.2%.² This growth is driven by sustained consumer demand for health-conscious and sustainable products. In addition to these key driving factors, there remains significant opportunities for growth in the Kombucha market.

² Technavio: [Global Kombucha Market 2024-2028](#)

³ Nestlé Professional: [Top 2024 Food & Beverage Industry Trends](#)

Expansion into Alcoholic Kombucha

The rise of hard kombucha presents a significant growth opportunity. Positioned as a healthier alternative to traditional alcoholic beverages, this segment appeals to consumers seeking indulgence without compromising their health goals. Leading brands in the space include JuneShire, Flying Embers, and Boochcraft, which have established themselves as top players in the hard kombucha market.

Global Market Expansion

Kombucha's rising international popularity opens doors for export growth. Producers can leverage unique flavor profiles and health benefits to establish footholds in untapped markets.

Innovation in Ingredients and Personalization

Advances in ingredient research and production methods offer opportunities for creating tailored kombucha products. From functional additives to customized flavor profiles, personalization can deepen consumer engagement and loyalty.

Conclusion

Kombucha's ascent reflects wider changes in the food and beverage industry, where health, transparency, and sustainability are increasingly at the forefront. By balancing innovation with operational excellence, the kombucha industry is well-positioned to navigate challenges, capitalize on growth opportunities, and sustain its momentum in a competitive marketplace. As kombucha continues to cater to diverse consumer preferences, it has the potential to redefine wellness-focused beverages and set new benchmarks for industry success.

Deals in the kombucha market have been largely constrained by the limited number of industry players, as well as the relatively new and emerging nature of the space. As the popularity, and broad market appeal, of probiotic drinks continues to rise, we expect to see deal volume increase commensurately. For over 30 years, Tully & Holland has been dedicated to advising, serving, and advocating for owners, entrepreneurs, strategic acquirers, and private equity firms across the consumer spectrum. We look forward to working with you.

Appendix: Select Kombucha Transactions, All Production Forms

(Valuation data provided, where available)

Date Closed	Target/Issuer	Buyers/Investors	Target Description
9/25/2024	The Fermentation Station	Wild Root's Cafe	Producer of fermented food and drink products intended for promoting gut health and sustainability. The company offers a variety of small-batch, seasonal ferments including kombucha, sauerkraut and cultured cashew cheese, enabling consumers to enjoy diverse and gut-loving products while supporting environmentally friendly practices.
1/3/2024	Humm Drink Better	SYSTM Foods	Producer of beverages designed to be infused with seasonal offerings. The company's beverages are brewed with various flavors of pomegranate, lemonade, lemon ginger, apple cinnamon, coconut lime and seasonal offerings fermenting tea with a symbiotic colony of bacteria and yeast, enabling customers to buy and drink healthy beverage options.
8/1/2023	Cool Cool Beverage	Kommunity Brew	Manufacturer and distributor of non-alcoholic beverages based in Melbourne, Australia. The company offers a series of raw and fresh kombucha, sparkling probiotic water and health shots, enabling individuals to stay healthy and enjoy beverages.
10/19/2022	31Jiu Sanyi Wine Trading (Shanghai)	Jebsen Group	Producer of beverages based in Shanghai, China. The company specializes in the distribution and sales of beverage brands, sparkling drinks, cider and kombucha through e-commerce platforms, supermarket chains, convenience stores, hotels, restaurants and cafes.
2/1/2022	LumberHeads Food	Happy Belly Food Group	Producer of plant-based snack food based in Milton, Canada. The company offers an online shopping facility and uses organic, local, and wildcrafted ingredients to produce and sell fermented vegetables, salad dressings, Kombucha, roasted coffee, and sauces, enabling customers to get locally produced healthy food alternatives.
11/4/2021	Big Easy Bucha	LivSmart Americas	Producer of organic kombucha beverages intended to offer healthy and refreshing drinks. The company offers organic shots and tepache enabling its customers to improve their gut health and immunity.
6/12/2021	Proteinbolaget	WeSports	Producer and supplier of dietary health supplements and health-related products located in Öreb, Sweden. The company offers a range of products that include, workout clothes, energy and diet bars, aloe vera drink, kombucha, sports drink and vitamin drink, chia seeds, ashwagandha, protein powder, porridge and natural oils, enabling to help customers live an accessible healthy life.
1/1/2021	3 Counties Spirits	C&C Group	Manufacturer of spirits and liquor intended to serve the beverage industry. The company's product offerings include whiskey, gin, kombucha and vodka.
12/1/2020	Cultures for Health	365 Holdings	Operator of an online health-based products marketplace intended to offer homemade probiotics. The company offers a web-based platform that helps users to purchase health products such as starter cultures like yogurts, breads, kefir, kombucha and other homemade products, enabling users to add cultured and fermented foods to their diet..
11/30/2020	Blue Ridge Bucha	Hank Heyming	Producer of organic kombucha in Virginia. The company offers bottled kombucha in different flavours like raspberry, jasmine grape and wild pear.
7/31/2020	Revive Kombucha	Keurig Dr Pepper	Operator of a brewery focused on fermented tea beverages. The company offers craft kombucha through certified organic, fair-trade, non-GMO certified ingredients, from their vertically integrated brewery and unique cold press methods and seeks out local products, purveyors, and partners, providing customers with healthy drinks.
1/19/2020	I'm Alive Kombucha	HLB Global	Operator of a beverage company intended to provide healthy drinks. The company offers naturally fermented beverages made through traditional fermentation source technology, providing customers with a healthy functional fermented drink.
1/30/2019	True Buch	Zenabis Global	Manufacturer of tea-based beverages in Calgary, Canada. The company's beverages including kombucha are raw, unpasteurized, gluten-free, non-genetically modified organism (GMO) and features fresh, organic and locally sourced ingredients.
12/20/2018	Revive Kombucha	BDT & Company (Private Equity), JAB Holding Company, Peet's Coffee	Operator of a brewery focused on fermented tea beverages. The company offers craft kombucha through certified organic, fair-trade, non-GMO certified ingredients, from their vertically integrated brewery and unique cold press methods and seeks out local products, purveyors, and partners, providing customers with healthy drinks.
11/23/2018	Jarr Kombucha	Duvel Moortgat	Owner and operator of a microbrewery intended to offer Kombucha. The company's Kombucha is made using organic tea leaf, organic cane sugar and starter liquid and comes in variety of flavors such as original, ginger and passion fruit, enabling consumers to consume a healthy nutrient rich drink instead of alcohol drinks.

Date Closed	Target/Issuer	Buyers/Investors	Target Description
9/18/2018	Organic & Raw Trading	Coca-Cola	Producer of naturally fermented, live culture, organic kombucha drinks based in Willunga, Australia. The company brews its products with the SCOBY-starter from its original batch along with certified organic products, thereby providing patrons of local health food stores, organic markets, organic café restaurants and supermarkets with a low-sugar and probiotic beverage.
6/1/2018	Clearly Kombucha	Molson Coors Beverage Company	Producer and brewer of flavored kombucha and drinks. The company produces and sells flavored, gluten free and organic kombucha that are made from fermented green tea leaves.

Source(s): Pitchbook and Tully & Holland Research

About Tully & Holland

Our Experience

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We primarily focus on transactions or businesses with enterprise values ranging from \$10 million to \$250 million operating within the below sectors:



- Food Manufacturers & Distributors
- Beverages (Alcoholic & Non-Alcoholic)
- Specialty Foods
- E-Commerce, Specialty Retail, & Multi-Channel Merchants
- Nutrition, Health, & Beauty
- Other Consumer Discretionary

Contact Us



Timothy Tully
 President
 (781) 239-2900 ext. 14
 ttully@tullyandholland.com



Griffin Keady
 Managing Director
 (781) 239-2900
 gkeady@tullyandholland.com

Recent Transactions


This announcement appears as a matter of record

INDIE LEE

Indie Lee the brand has been acquired by American Exchange Group

Financial Advisor to Seller

This announcement appears as a matter of record



Venus Wafers, Inc. has been acquired by Circumspect Capital.

Financial Advisor to Seller

This announcement appears as a matter of record



Avonix Imaging, LLC. has been acquired by Nikon Americas, Inc.

Financial Advisor to Acquirer


This announcement appears as a matter of record



Long Trail Brewing Company has been acquired by Mass. Bay Brewing Co.


Financial Advisor to Seller

Service Capabilities




Sales & Divestitures

- Sales
- Mergers
- Recapitalizations
- Divestitures




Acquisition Advisory

- Strategic Planning
- Prospect Search
- Valuation
- Negotiation



Financings

- Growth Capital Sourced From Private Equity & Family Offices
- Senior Debt Financings
- Bridge Financings
- Mezzanine Financings



Valuations

- Business Valuation of Privately-Held Consumer Companies



Tully & Holland, Inc.
 535 Boylston Street, 7th Floor | Boston, MA 02116
www.tullyandholland.com

