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# Pop psychology: Jones Soda founder is tuned in to youths' tastes

By **Judith Blake**  
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Reach for your favorite soda pop and what you get is a refreshing drink, right?

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Maybe. But that's not all, says Peter van Stolk, who knows a thing or two about the subject.

He's built a small but rising soft-drink company on the idea that soda is much more than a beverage. He's convinced it's a fashion statement that people choose largely for its image — a theory that might make any of us ponder why we select various sorts of food or drink.

Van Stolk is the head man behind Seattle-based Jones Soda, the soft-drink brand known for putting offbeat, black-and-white photos on its labels and for creating an image of itself as cool, jazzy and, most particularly, young.

It's also the company that marketed Turkey-and-Gravy-flavored soda last Thanksgiving, generating headlines across the country, and it is apparently the first to produce chocolate-fudge soda, its newest of 15 flavors. The company also markets juices and caffeine-infused energy drinks.

"A beverage should be fun," says van Stolk, Jones' founder, president and CEO. He's a high-voltage idea man who, by some accounts, possesses dead-on insight into who buys soda — especially his — and why. He's also a man whose interests extend considerably beyond selling pop.

He says he realized early on as a beverage distributor that "the world doesn't need another soda. If Jones falls off the planet tomorrow, the world is not going to skip a beat."

That awareness spurred him to run with image appeal as Jones Soda's chief selling point, making it a "lifestyle brand" with an irreverent pizzazz that he hoped young customers would lap up. He also found creative ways — such as inviting consumers to submit their own photos to go on soda

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labels — to make customers feel as if the brand belongs to them.

Since Jones Soda's 1996 launch in Vancouver, B.C. — from which he moved the company to Seattle in 2000 — hundreds of thousands of photos have flooded in, with selected ones making the cut.

"One of the things these people think is that it's their soda," van Stolk says.

He's sharing his thoughts in a setting that any dedicated Jones Soda fan would love. It's a meeting room at the company's headquarters a few blocks south of Lake Union, but the look is anything but corporate.

Funky reigns. Against a backdrop of black or moss-green walls and purple drapes stands a vintage refrigerator painted bright orange; human-size Jones Soda posters; and display racks filled with Jones soft drinks in glass bottles, their neon colors matching their flavors: Green Apple, Blue Bubblegum, Fufu Berry, Crushed Melon, Strawberry Lime and more.

High-school focus groups help taste-test the flavors, of which van Stolk's personal favorite is Green Apple. It and Cream Soda are the brand's best-sellers. He also contends Jones' Vanilla Cola is "the best (vanilla) on the market."

But he's no fan of Blue Bubblegum: "I can't stand the stuff. But we get people who say they love it. And we sell a lot of it."

As for that novelty Turkey and Gravy number, he thought is tasted "horrible," though the company's Web site suggests it may return next Thanksgiving.

Van Stolk, a onetime ski instructor who still hits the slopes when he can find the time, appears fit. Even so, at 40, he might seem to have crossed an important generational line, distancing him from the kids and young adults who dominate his target market.

But few could claim to be as tuned in to their tastes.

He sees his target market as teens and early-20s adults, plus a lower concentration above and below those ages. He knows that many in this group are watching less TV these days but that most are Internet-savvy. He considers participants in "extreme" sports such as skateboarding and surfing as potential Jones Soda fans, and knows that current music is critical to being cool.

All of this figures in selling Jones Soda. There's almost no TV advertising, limited ads in youth-leaning niche magazines, a lot of promotion through the company's Web site and two Jones Soda vans that constantly cruise the West and East coasts, appearing at extreme-sports events and the like.

"Peter has a flair for that. He's amazing, as far as understanding his market demographic. He knows it better than anybody," says Stolk's friend and mentor Sandy Salzberg, Seattle-based president of Shasta Inc. Shasta is a subsidiary of National Beverage, the nation's fourth-largest soft-drink company, after Coca-Cola, PepsiCo and Cadbury Schweppes (7-Up, Dr. Pepper).

Next to those giants, Jones Soda is minuscule, as is another local soft-drink maker with loyal fans, Thomas Kemper (which, like Jones, also fields a cruising promotional van).

While Coca-Cola commanded a massive 44 percent of the \$63.8 billion soft-drink industry last year, according to Beverage Digest, Jones Soda's share was so far below 1 percent as to fall virtually under the radar, van Stolk says.

Still, the publicly traded company had its first profitable fiscal year in 2003, with about \$20 million in revenues, and continued to expand distribution across the U.S and Canada while exploring possible sales in England.

Once sold only in tiny, alternative venues such as snowboarding shops and piercing parlors, Jones Soda can now be found in supermarkets such as Safeway, QFC and Albertson's and at Barnes & Noble books stores.

Getting there has involved the van Stolk stamp of distinctive marketing ploys to let customers feel they "own" the brand. Besides the photos, these include:

- **Inviting consumers** to submit quotes and fortunes for printing on the inside of bottle caps.
- **Sponsoring young athletes** in "extreme" sports and posting their achievements on the Jones Web site. Van Stolk says he'd like to extend the sponsorships to include young cellists, pianists or other musicians ("There are some phenomenal musicians out there who need support") or even sponsoring spelling bees.
- **Letting people** order customized labels on 12-packs of Jones Soda (about \$48, including shipping).

Consumers respond with sometimes amazing enthusiasm. A student from Utah told the company he came close to enrolling at the University of Washington just because it's in the same city as the Jones Soda headquarters (though he ultimately headed to Boston).

And a carload of college students from Salt Lake City drove all the way to Seattle with the sole mission of visiting the soda company.

But though they got a tour of the building, they did not see soda being manufactured or bottled, functions that are contracted out to other companies around the U.S. and Canada. Even the flavor formulas are developed elsewhere, in New York City. Depending on the flavor, the soda supply for Seattle and for online orders is trucked here from bottling plants in Vancouver or Toronto.

It's mainly ideas — for flavors, consumer testing and marketing — that emanate from the Jones Soda building. Many of these come directly from the enthusiastic van Stolk, who is known to push them through quickly. Dreaming up the Turkey and Gravy idea one day last summer, he ran it by key staffers and on that same day had it rolling toward a launch in November.

But employees say he also encourages — and uses — ideas from everyone on the 45-member staff, including receptionist and consumer-

relations specialist Leah Shields. Van Stolk says he plans to implement her thoughts on marketing to African Americans. Among the ideas: sponsoring popular events at black colleges.

He urges employees to join in company getaways, including one in which bungee-jumping was on the itinerary. He was the first to jump.

His apparently democratic management style, as well as his thoughts beyond the world of soft drinks, may have their roots in his upbringing by socially activist parents in Edmonton, Alberta. His father, a doctor, helped found the pro-peace group Physicians for Social Responsibility. His mother, a former model who had appeared on the cover of Vogue magazine, was active in and wrote a book about women's rights before that became a popular cause. She also took stands on environmental issues and wrote a book about battered children.

Though van Stolk chose a business path (without going to college), those social concerns stayed in his head.

"My vision is still very similar to my mother's," he says. "I want to affect (the lives of) women and children."

An increasingly popular speaker at business forums around the U.S. and abroad, van Stolk donates his fees to charity. A \$25,000 donation was enough to build a school for girls in India, he says. Other gifts are helping sponsor a school in Guatemala and assisting a charity for street kids in the U.S. Proceeds from last fall's sales of Turkey and Gravy Soda also went to charity.

Between those speaking gigs and business meetings, he's on the road so much he has little time for play, though he does read, especially business books. And when he gets a (rare) chance, he loves to cook at his condo just a few blocks from work.

Van Stolk's concern for children raises this question: Why is he pushing soft drinks in a country where obesity has reached epidemic levels, and where, according to some research, it is rising at an alarming rate among children?

Though experts disagree on the role of soft drinks in obesity rates, a cloud seems to cross van Stolk's face at the question.

"Yes, soft drinks are a huge issue in obesity," he says, for a moment almost downcast.

But he says parents must teach children that sodas are a treat to be enjoyed occasionally, not constantly. He cites as an example his daughter Carli, who lives in Victoria, B.C., with his former wife. "She's 10 years old. She can't just crack open a bottle of Jones Soda every time she wants one," he says.

His sodas come only in 12-ounce bottles, not the 16-ounce containers of many other soft drinks, he notes. Jones also produces a line of sugar-free/calorie-free drinks.

"I think we can make better products. We're not there yet," he says.

If sodas do figure in obesity rates, van Stolk maintains that Jones' role is minute, given its tiny share of the huge soft-drink industry.

Jones' prices are no help to sales. Soda prices in general vary depending on location, special promotions and more, but in one local store this week Jones Soda was 99 cents per 12-ounce bottle, while the nation's single top-selling brand, Coca-Cola Classic, was 59 cents for the same-size can.

"If you talk to kids or parents of kids, (they'll) say it's really cool but it's very expensive," Shasta's Salzberg says of Jones Soda.

At least one industry observer thinks Jones is destined to remain a small, niche soda company, but van Stolk envisions bigger things ahead — and he's talking grand scale.

"I think it will be a big company like Microsoft or Starbucks someday, but not necessarily in soda," he says, displaying his trademark enthusiasm.

Though he's vague about exactly what form he expects that growth to take, he said it likely will be in the realms of fashion, music, sports and technology. "These are all lifestyle areas that Jones will have to play in," he says.

Without giving specifics, he says "something big" will be coming soon in the way of an announcement.

"He's opening up a tremendous amount of opportunity for himself," says Shasta's Salz-

berg. "His brand has a pretty good chance to go into the mainstream."

If that happens, the company will become a prime candidate for acquisition by some larger corporation, Salzberg predicts.

But for now, those bottles with the offbeat photos still ask consumers to "run with the little guy."

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