



Scott Carnegie checks a label Wednesday at a Tukwila plant.

GRANT M. HALLER / P-I

JONES: Founder having soda fun

FROM D1

ening drinks with pure cane sugar instead of using high fructose corn syrup. The company also said additional personnel and marketing costs combined with increased costs associated with new government regulations for public companies hurt profits.

"The game is to run for 12 months," Van Stolk said. "We'll take a hit now with the convergence."

However, van Stolk reiterated that the move to pure cane sugar would give Jones Soda a distinction in the carbonated soft drink market.

The company's stock price has increased 105 percent in 2007 and 174 percent from a year ago, and much of the rise is attributed to a five-year distribution and manufacturing deal Jones Soda struck with National Beverage Corp.

That has allowed Jones Soda, which had made its way into Starbucks and Barnes & Noble stores, to move onto the shelves of major supermarket chains such as Wal-Mart, Kmart, Fred Meyer and Safeway. Previously, Jones Soda had an exclusive deal to be in Target, which still sells the so-

das, but that expired Dec. 31.

Mark Astrachan, an analyst with Stifel Nicolaus, said the new deal allows Jones Soda to play on a bigger stage. Jones Soda is providing the concentrate for Fort Lauderdale, Fla.-based National Beverage, which has 13 plants across the country and is responsible for the production and delivery.

"They are now entering into the overall carbonated market to compete with Coke and Pepsi, where before they were in a niche market," Astrachan said. "The carbonated soft drink market is much bigger. . . . It's really more of a strategic shift, and it started with Target."

But Jones Soda still is a small player among titans such as Coca-Cola and Pepsi, which combined control 74 percent of the \$70 billion market, according to Beverage Digest, a trade publication.

Jones Soda, launched in January 1996 with six sodas, is lumped with "private label and other companies" that collectively make up 1.5 percent of the market, according to Beverage Digest. Today, Jones Soda has 21 flavors with 10 of those in cans. Van Stolk said

the company would add a cola and diet cola this summer.

With about 90 employees, the company also produces an energy drink, organic juices and carbonated candy.

The company's value, derived from the current stock price per share times the total number of shares outstanding, was \$649 million when the market closed Thursday, and shares of Jones Soda traded at \$25.21 on the Nasdaq Stock Market.

The value has more than tripled from last August. The company's stock price hit a 52-week high of \$32.60 on April 16.

Jones, which sold Turkey & Gravy Soda as part of its Thanksgiving packs, spent its formative years being marketed to the extreme sports crowd.

While the company has become mainstream, van Stolk in an interview said there's no intention of deviating from putting customers' photos on containers and having fun by having soda names like Fufu Berry.

"When you make soda serious, that is crazy," van Stolk said. "I still believe you do not need a Jones Soda. . . . I wanted to create a brand knowing they didn't need it."

"But how could we sell something really special? It has to put a smile on someone's face."

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