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Creating Market Demand for \$5-a-Bottle Soda

I'll Take that Soda—Dry Please.

Contradictions get noticed. “DRY” soda? That’s a new one. It forces the question—how can a soda be dry? And that is the brilliance behind Sharelle Klaus, founder and CEO of Dry Soda. That single question stops most just long enough to give Dry a chance to introduce itself.

Dry Soda is an emerging break out star in the beverage industry, demanding a premium price in a commodity market. Sharelle Klaus paired her passions for entrepreneurship, food and drink to launch DRY Soda in 2005. You might expect Klaus to have deep background in the beverage world, but she’s the first to admit to none. Prior to DRY, Klaus consulted for Infrastructure Management Group and worked as a consultant for Price Waterhouse developing their airport practice. She did have start up experience. In 1999, Klaus founded PlanetSquid Inc., an investor-backed online community for “tweens” (10-14 year-old children). Regardless of how she got here, one thing is certain, Klaus is bold. She infused DRY with bold originality, a key as she explained at a recent Northwest Entrepreneur meeting, to DRY’s early success.

Creating Mystery and Intrigue

As one of the highest priced sodas on the market (\$5 a bottle in restaurants), one has to wonder—can it really be that good? But Sharelle Klaus didn’t stop the intrigue with just price. She added a little mystery. DRY made its entree as the first “culinary experiential” soda. Like fine wine, DRY was created to be paired and served as a compliment to foods. Designed to offer an experience, it required chilling and decanting (pouring) into a champagne flute so that the

bubbles and “dry” flavors could aerate. DRY demanded to be different and fun.

As Klaus explains, “DRY started from a personal experience. I was passionate about pairing wine with food, but having

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four kids, there were long stretches that I couldn’t order wine. I didn’t feel special at restaurant when I could only order coke and tea.” Klaus set out to design the DRY experience. She lowered sweetness levels and varied acidity levels and used all natural ingredients to come up with a special, event-style, non-alcoholic drink.

Redefining Brand Vigilance

With a vision “to be the Red Bull of luxury sodas”, Klaus set her sights high. She wasn’t satisfied to be a new brand. She wanted to create a new, large category (culinary soda), and to be the leader. Intuitively, Klaus knew that defining the DRY brand, in excruciating detail, was critical.

“Having a deep understanding of brand,” says Klaus, “is the most important thing we’ve done because we can answer every business issue with one question: does this support the brand?” It started with the packaging, which won seven design awards. DRY also carefully defined its target market. Klaus calls them “the Whole Foods, foodie types, like me.” They gave their target consumers names and highly detailed descriptions to ensure that marketing decisions always focused on reaching this highly defined person.

During the launch, which focused on high-end restaurants, retail outlets like QFC requested their product. For most, this would be time for celebration. However, for Klaus it was a serious brand dilemma, causing a shift in thinking. Could the “culinary experience” be appreciated by consumers buying DRY in a store vs. having a waiter serve the experience? Ultimately, DRY developed a retail strategy exclusively focused on partnering with channel leaders that could reach their defined target market.

DRY exercised similar restraint with their promotion. Instead of courting any buzz or press, Klaus and her team exclusively focused on publications that directly reached their target buyer. Likewise, the vast majority of marketing is geared to delivering the DRY experience, with tastes and samplings.

Beyond the Brand

Clearly, Klaus’ laser-focused brand discipline is one DRY’s best strategies. However, Klaus says beyond the brand, there were key decisions that enabled her to launch and create a successful new brand category. For like minded entrepreneurs she recommends:

- Make connections and leveraging them. As a former president of the Forum for Women Entrepreneurs, Klaus leveraged key connections who introduced her to crucial investors and early advisors. She counts the CEO’s of IZZY (a similar soda recently purchased by Pepsi) and Red Bull as advisors; likewise by leveraging early connections she found ready investors and

closed each of two rounds of funding in a few weeks.

- Hire smart people. Klaus didn't shore up her lack of beverage experience with a bevy of beverage insiders. Instead she focused on smart people with killer instinct, which enabled DRY to expand quickly.
- Fire fast. Bad decisions happen, and Klaus advises recognizing poor fits early on and moving them out quickly if isn't working.
- Staying focused on vision and brand. The key to DRY's brand vigilance comes from instilling the same vision in every employee. This creates ownership of vision and brand.
- Follow your instincts. Although sometimes hard, it pays. For example, when an early investor

changed the terms of their deal Klaus chose not to take money. A scary move. With hindsight it was the best move for DRY because they found 26 angel investors who took on a broader role, helping to guide the company's growth.

- Learn from your mistakes. In DRY's case Klaus says she would have listened more carefully to customers early on so that DRY could have reacted to the market sooner; avoided expanding into new markets too soon; and been more cautious of over promising. She now vows to under promise and over deliver.

Looking forward Klaus is taking what she's learned and focusing on maintaining momentum and growth. Of

critical importance is balancing the integrity of the brand as DRY moves into new target markets and down the channel. Equally challenging is DRY's constant need to keep educating the consumer about the DRY soda experience—no doubt she'll keep the mystery and intrigue going.

These "Executive Insights" are based on monthly presentations provided by leading entrepreneurs at the Northwest Entrepreneur Network (NWEN.org), a non-profit organization dedicated to helping entrepreneurs succeed. The column is written by Cheryl Isen, founder of Isen & Company, a strategic marketing and public relations firm that helps emerging companies increase corporate visibility and brand awareness. Contact Cheryl at (425) 222-0779, Cheryl@IsenandCo.com or on the web at www.IsenandCo.com.