

U.S. SodaStream Sales Growing But Flavor Sales Limited

Companies: BBY, BBBY, KO, KSS, PEP, SODA

September 15, 2011

Research Question:

Can SodaStream become more than a fad with its U.S. rollout?

Summary of Findings

- U.S. customers are predominantly interested in making seltzer water with [SodaStream International Ltd.'s](#) (SODA) CO₂ [carbonators](#) and are not buying its [Sodamix](#) flavor syrups with any regularity. They are trading in their carbonators every two months or so.
- Six of 10 U.S. owners use their SodaStream almost daily, while the other four use their machine less frequently than when they first got it, citing the inconvenience of the carbonators exchange process and the expense of buying new ones.
- SodaStream's sales in U.S. retail stores are steady and growing. Customer awareness and interest are climbing.
- Sources for [Kohl's Corp.](#) (KSS) and [Best Buy Co. Inc.](#) (BBY) reported increased traffic and sales and new doors for SodaStream. More in-store demonstrations are planned, and a CO₂ canister exchange program is believed to be on its way.
- SodaStream is fizzling in Europe, especially in areas where it has an established presence. Retailers and customers said the novelty has worn off, exchanging the carbonators is inconvenient, and the alternatives, including supermarkets' seltzer water, are less expensive.

Silo Summaries

1) U.S. RETAIL STORES

4 of 8 sources said sales of SODA machines and consumable products were growing, and the other 4 said sales were steady. None said the product was on the decline or that customers were losing interest. In fact, awareness is growing through word of mouth, increased advertising and in-store demonstrations. Carbonator sales and exchanges are consistent at BBBY stores and will become available at KSS stores as early as this fall. SodaStream was prominently displayed in BBBY stores visited by Blueshift, while it occupied a smaller area in KSS and BBY. **Two KSS stores have had to replace stock more frequently, reported growing syrup sales, and soon may sell carbonator refills.**

2) U.S. SODASTREAM OWNERS

8 of 10 sources said they use the SODA almost exclusively for seltzer water and do not purchase the Sodamix syrups or soda flavors. Six sources use the machine daily, but 4 are using it less than when they first got it. Carbonators are refilled every two months by the regular users, who reported being satisfied with their SODA because of ease of use, enjoyment for the whole family, and cost-effectiveness. Detractors said exchanging carbonators is inconvenient.

3) EUROPEAN RETAIL STORES

Our 5 sources said Europe's SODA machine and consumable sales are steady but not impressive. A Swedish source said sales were lower this year after a massive advertising push in 2010, and a German source said the trend was over entirely. The United Kingdom's SODA relaunch has been backed by strong advertising, but significant sales have not yet followed. **Carbonator and refill sales were consistent for all sources, while syrup sales were a bit hit-and-miss.**

4) EUROPEAN SODASTREAM OWNERS

4 of 5 sources said SODA is a fad that lost its appeal for them a while ago, deterred by the inconvenience and expense of exchanging the carbonators. SODA was relaunched in the UK in 2010, but those already burned out on it once are hesitant to invest in it again. In Germany, carbonated water has become cheaper and more convenient to purchase in stores, curbing SODA owners' use of their machines.

5) INDUSTRY SPECIALISTS

A housewares industry expert expects SODA's success to continue in the United States if it can manage the transition to a mass-market product, which would have strong support from U.S. retailers.

	SodaStream Sales Growing	Use of CO ₂ Canisters	Use of Sodamix Flavors
U.S. Retail Stores	↑	↑	→
U.S. SodaStream Owners	→	↑	↓
European Retail Stores	↓	↑	→
European SodaStream Owners	↓	↑	↓
Industry Specialists	↑	N/A	N/A

Background

SodaStream is a home beverage carbonation system that had tremendous momentum earlier this year after its IPO and U.S. expansion strategy, but recently [scared investors away](#) amid fears that it is an overhyped fad with slowing international growth. The soda makers range from \$80 to \$200 and can turn tap water into more than 100 flavors of soda in refillable bottles.

CURRENT RESEARCH

This report aims to determine if SodaStream is a fad product or if it can continue its successful U.S. start and push its consumable sales. Blueshift employed its pattern mining approach to establish and interview sources in six independent silos:

- 1) U.S. retail stores (8)
- 2) U.S. SodaStream owners (10)
- 3) European retail stores (5)
- 4) European SodaStream owners (5)
- 5) Industry specialists (3)
- 6) Secondary sources (5)

Blueshift interviewed 31 primary sources, including one repeat source, and included five of the most relevant secondary sources focused on product reviews, a relaunch in the United Kingdom, and the growing trend of carbonated beverages in restaurants.

Silos

1) U.S. RETAIL STORES

Four of eight sources said sales of SodaStream machines and consumable products were growing, and the other four said sales were steady. None said the product was on the decline or that customers were losing interest. In fact, awareness is growing through word of mouth, increased advertising and in-store demonstrations. Canister sales and exchanges are consistent at [Bed Bath & Beyond Inc.](#) (BBBY) stores and will become available at Kohl's stores as early as this fall. SodaStream was prominently displayed in Bed Bath & Beyond stores visited by Blueshift, while it occupied a smaller area in Kohl's and Best Buy. In some cases, the SodaStream display was conveniently located next to or near Green Mountain Coffee's Keurig display. Two Kohl's stores have had to replace stock more frequently, reported growing syrup sales, and soon may sell carbonator refills. The product has been popular with families but did not post higher sales among college students during back-to-school. Most retailers believe SodaStream is going to be a popular gift this holiday season.

➤ Bed Bath & Beyond assistant manager, Los Angeles area

Sales of canisters and refills are up 20% from six months ago. Customers are returning for CO₂ canisters and bottles regularly, and the trend is still in growth mode. The most popular model is the original [Genesis](#) as most customers do not see a need for monitoring carbonation levels, and the popular flavors are [diet cola](#), [Dr. Pete](#) and [Energy Drink](#).

- “In the last six months or so we have seen a jump in sales of the CO₂ canisters, and I know I can't keep the empty bottles in stock. I go through three or four cases of 24 of the plastic bottles about every three days.”
- “Sales are definitely higher by about 20%. We had this display as an end cap back further in kitchenware and moved it out here as an aisle display with the video demo about four months ago, and it has been doing increasingly well.”
- “The canisters are selling well. I know some of the customers coming back for them. They are not just buying the machines and forgetting

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*Bed Bath & Beyond Assistant Manager
Los Angeles, CA*

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them. They are using them.”

- “We also sell a lot of the syrups and flavors, probably two or three at a time.”
- “I don’t think the trend has peaked yet. I am seeing more customers ask for it by name when they enter the store. If anything, word is just getting out there about it and we will see more growth in the next six months.”
- “It will sell well for the holidays. It promotes a sustainable alternative and is a relatively affordable gift.”

Reporter Observations: The SodaStream display was the most prominent in the store, right at the entrance. It was fully stocked with three SodaStream machine models, a TV monitor and rolling demo, and a full collection of the drink flavors, bottles, caps and CO₂ canisters. The display next to this one is dedicated to [Green Mountain](#). The manager was pulling CO₂ canisters for a customer waiting at customer service. Several customers eyed the products though no one made a purchase on a Friday at 4:30 p.m.

➤ Kohl’s housewares department manager, New York City area

SodaStream machines and flavor packets are selling well as word of mouth grows. Price points for the machine and its accessories are not problematic. SodaStream is a hit with families. However, the manager believes SodaStream is a fad that will be overshadowed by the next big kitchen convenience item.

- “We’ve been carrying it for about a year.”
- “SodaStream seems more popular. It’s being advertised more. People are talking about it more. It’s a matter of our customers coming in and seeing what we have, or someone telling them about it.”
- “Customers are buying it now because they are hearing about it from friends or family. But after awhile, I believe, like anything, it goes away. The convenience is not there anymore or they don’t enjoy making it anymore.”
- “Women ages 35 to 45 buy it.”
- “It’s selling, so I haven’t heard anything [from customers] about the price point being too high.”
- “I wouldn’t buy for me. I would just buy a bottle of soda. But I know my kids would love it.”
- “Sometimes we sell out of the flavor packets.”
- “It will be more popular during the holidays. It’s a great gift idea. It’s a neat thing. It’s fun for the kids to be able to make their own sodas.”
- “I would say it’s a fad. It’s going to be like the blender.”

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*Kohl’s Housewares Dept. Manager
New York, NY*

➤ Bed Bath & Beyond sales associate, San Diego

SodaStream sales are brisk, particularly when the store offers demonstrations. The syrups also are selling well. Holiday sales of the system are expected to be brisk.

- “SodaStreams are selling very well, especially on the weekend. We do demos so people have the chance to taste the different flavors.”
- “So far so good on selling flavors. They have to be buying them.”
- “Christmas is coming up; SodaStream sales will be up along with everything else.”
- “They buy just about anything we put out at Christmas.”

➤ Best Buy appliance associate, North Carolina

Sales of the machines are not flying off the shelves but have picked up since their arrival four months ago. The store does not sell individual cartridges but does sell eight of the soda flavors and the flavor essence packs. The average consumer purchases four of the soda flavors at a time.

- “People like SodaStream and are interested in it. We have a machine out on the floor, and I keep cold water in one of the refrigerators for demonstrations and samples when people ask about it.”
- “We have had SodaStream for about four months, and it has picked up in the last two months.”
- “I think it will be a popular holiday gift. People are still becoming aware

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*Best Buy Appliance Associate
North Carolina*

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of it and with the health movement and it being 'green.' I think its peak is still to come.”

- “Not a noticeable amount of college students are buying it. So far it seems to be middle-aged people.”
- “We don’t sell the containers separately here. The machine we have comes with one in there.”
- “The syrups have been selling by themselves OK. I would say four flavors per consumer is right on. Not a huge demand for them right now.”

Reporter Observations: Blueshift found three boxes of the same SodaStream model in the store’s small appliance section on a Tuesday at 11:30 a.m. The model was a starter kit, with flavors, a bottle and a CO₂ cartridge for \$139.99. In addition, eight Sodamix flavors and flavor essence packs were well-stocked. A Green Mountain Coffee end cap also offered three 2-packs of the SodaStream carbonation bottles and four soda variety packs. The store had no SodaStream signage or special display, but one machine was out in the appliance section for customers to see. iSi North America Inc.’s [Twist ‘n Sparkle](#) was the only competitor carried and was displayed on a back end cap.

➤ **Bed Bath & Beyond manager, Kansas City metro area**

Overall sales of the SodaStream machines have been good and fairly steady. This source’s customers frequently make use of the store’s CO₂ canister exchange program. The machine and supply sales did not spike during the back-to-school period.

- “[The weather]’s been hot. I’m selling more [machines] than I was when it was cool.”
- “We sold a bunch last Christmas. Yeah, I’d expect that to continue.”
- “We sell the syrups. I don’t know if you’d call it a lot, but they sell pretty steady.”

Reporter Observations: The store had only a handful of customers on a Friday, and none seemed drawn to the SodaStream display during our 15 minutes’ observation. The display was quite prominent and comprised three models, a large array of Sodamix flavors and a video infomercial.

➤ **Kohl’s manager, Kansas City metro area**

The store gets a small number of machines and Sodamix syrups in at a time, which sell steadily but not excessively. The store soon will get a box for recycling CO₂ canisters, so the source thought Kohl’s soon may sell canisters. She did not know if the machines were selling well to college students. She recently noted quicker stock replenishment. The machine and flavors were on sale at 10% off.

- “You can see the soda stuff is selling well because the stock is down a little.”
- “It’s not something that’s flying off the shelves, but apparently they do buy it because we don’t usually have this many [machines]. It must be something that’s coming in more, and they’ll promote it more.”
- “I’m not sure too many people know it’s out there. I haven’t had anybody ask for it.”
- “[Customers] haven’t been asking me [about the canisters].”
- “I bet they’ll be nice gifts at Christmas time.”

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*Kohl’s Manager
Kansas City Metro Area*

Reporter Observations: The store was virtually empty during the observation on Friday at 5:30 p.m. No customers approached the SodaStream display during the 25-minute visit. SodaStream shared a prominent aisle display table with a margarita maker in what the manager called a summertime display. The store stocks only the [Jet](#) model and seven or eight Sodamix flavors, all of which were 10% off. Like other Kohl’s stores in the Kansas City area, this location currently does not stock the CO₂ canisters. It is located in the same shopping center as a Bed Bath & Beyond store, which does stock CO₂ canisters and a wider variety of SodaStream models and mixes.

➤ **Kohl’s sales associate, Los Angeles area**

SodaStream is selling relatively well but had only a small display of two machine styles and five flavors and syrups. This store is planning a SodaStream demo in October. The source has sold about four of the machines since spring, all to women in their 30s or 40s.

- “I have sold about four of the machines since I started at this store last spring, and I am pretty sure the customers I have sold them to were all mid-30- to 40-year-old women. I haven’t noticed any college kids coming in for them.”

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- “They could be catching on because we usually have more machines on the shelf. But we have not been getting a lot of new flavors. We have had the same basic cola and diet cola and the Energy Drink and their version of Dr. Pepper, but not any of the newer flavors they have.”
- “We have not sold that many canisters this summer. We sell about five syrups a week, but usually it is the cola and diet cola.”
- “We are planning an in-store demo in October, but I am not sure it has to do with pushing SodaStream as a Christmas gift or not. I think it would make a great gift, and our customers have purchased this kind of thing before as gifts.”
- “This is not as trendy of a product as we have had in the store before, so it is not easy to say what interest will be like in six or 10 months. I think there are customers who appreciate the recycling aspect of the product and the fact that they can add something to the family kitchen that is especially fun for kids to do.”

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*Kohl's Sales Associate
Los Angeles Area*

Reporter Observations: The SodaStream display was very small with only five machines, including two out-of-the-box demos. Also available were five flavors as well as some caps and bottles. The display was prominently positioned, right next to a juicer display. No customers showed interest in the display on a Sunday at 7 p.m.

➤ **Bed Bath & Beyond sales associate, San Francisco area**

The SodaStream machines and syrups still are very popular and sell through consistently. The advent of larger bottles and more flavors has attracted customers.

- “It’s still really popular. We go through it a lot. We get a new shipment every week and sell through it consistently.”
- “They have bigger sodas now and more flavors, which is really helping out. We’re seeing the same number of people buying the syrups. That hasn’t dropped off.”

2) U.S. SODASTREAM OWNERS

Eight of 10 sources said they use the SodaStream almost exclusively for seltzer water and do not purchase the Sodamix syrups or soda flavors. Six sources use the machine daily, but four are using it less than when they first got it. Canisters are refilled on average every two months by the regular users, who reported being satisfied with their SodaStream because of ease of use, enjoyment for the whole family, and cost-effectiveness. Detractors said exchanging canisters is inconvenient. Sources were split on whether they would give a SodaStream system as a gift. Those who would not are concerned with the additional costs needed for the recipient to continue product usage.

➤ **Kansas college professor, 40s, mother of two**

A SodaStream machine owner for three or four years, she said her family frequently uses the machine to make seltzer water and cocktail mixers, but has been generally disappointed in the taste and quality of the Sodamix flavors. Her family uses the SodaStream less than when they initially got the machine and probably would not give it as a gift. They plan to continue using the SodaStream to about the same degree in future.

- “We’re happy we have it. I guess it was a mild disappointment that we only like it for the water although I’m interested in trying the flavored water. But the soda’s been a little bit of a disappointment.”
- “We got some syrups with the initial order of the machine and then maybe once since then. We’ve actually had friends give us a whole bunch of theirs because they weren’t interested in the soda at all; they only use it for water. So we’re well-stocked, and we don’t go through it very fast.”
- “Some of the lighter, fruitier [flavors] like the orange and ginger ale are not too objectionable, but some of the other [flavors] are just not fulfilling.”
- “It’s just not as good as Coke [Coca-Cola Co./KO].”
- “We have [exchanged the CO₂ cartridges] by mail ... a couple of times.”

We only like it for the water... the soda’s been a little bit of a disappointment.

*SodaStream Owner
Kansas*

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➤ 37-year-old Los Angeles father of two kids

This source bought a SodaStream about a year ago and loves it. His kids drank more sodas this summer, resulting in higher purchases of the flavors and CO₂ canisters. He drinks plain sparkling water and adds lime, but his two kids like the diet cola and the lemon-lime. He would like to see the flavors and CO₂ canisters be made available in grocery stores, but otherwise thinks the product is good and may buy one for a gift.

- “I bought a machine about a year ago at Bed Bath and Beyond and I love it, and my kids love it. The only negative about it is that you have to make a trip to a special store to buy the refills. It would be great if you could get them at the grocery store when you do the regular shopping.”
- “We use it all the time. I mostly like the plain sparkling water and I add fresh lime. But my kids love the diet cola and their version of the Sprite.”
- “We refill the canisters about once a month or more, depending on how hot it is outside. We have about a dozen plastic bottles we fill up and store, so we have backups in the house all the time.”
- “I would say we buy syrups about once every two months. They last a pretty good time. And for us, they probably last longer than average customers because we don’t go through it that fast.”
- “Because it has been so hot we are using it more than a few months ago. We are using more flavors and replacing the canisters more often. ... I guess as it cools down and they go back to school, it may slow down a little, but we will not stop using it.”
- “I don’t know if I would give one as a gift. I might.”

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*SodaStream Owner
Los Angeles, CA*

➤ 40-year-old Los Angeles woman

This source received a SodaStream last year for a wedding anniversary. She likes using the system but not having to find refillables. She has ordered refills online, which cost more with shipping. She likely would not give the SodaStream as gift.

- “We like it, but we do not use it as often as we thought we would at first. We ran out of the syrup for the diet cola, which is the only one we like, and we haven’t replaced it yet because I just have not been able to get over to the store where they sell it near me.”
- “I would likely not give it as a present because it assumes the recipient is going to be happy with a product they have to pay to keep enjoying. I usually do not give those types of gifts.”
- “We would probably buy more refills if they were at Vons or CVS or some other place we get to regularly.”
- “We do not have kids so we only make about a bottle or two a month on average. Like I said, we ran out of the cola flavor so we have made plain sparkling water. I am OK with just that, but my husband has mentioned to me that he would like to try the Energy Drink. He buys a lot of them at the store, and he thinks we could save money.”
- “I don’t know if this is something that will be around forever. The buying of flavors and cartridges is not something you have on your regular shopping to-do list every week, so it makes it a little like extra work. If they were available in more places maybe they would catch on faster.”

We ran out of the syrup... and we haven’t replaced it yet because I just have not been able to get over to the store where they sell it near me.

*SodaStream Owner
Los Angeles, CA*

➤ SodaStream owner, San Francisco

This source is very satisfied with the SodaStream she received as a gift six months ago. She refills her CO₂ canister once every few months, but does not purchase the flavors and syrups because they are too sweet. She plans to use her SodaStream with the same frequency in the future. She would give a SodaStream as a gift.

- “I use it a little less now than at first, but still a lot.”
- “The best feature is the nice reusable bottles and that you can refizz things. The worst feature is the noise. And it is hard to find a place to buy and return the canisters.”
- “I don’t buy the syrups. They are too sweet. I tend to just mix my soda water with some juice, just add lemon, or use it for mixed drinks.”
- “If I knew who to give [SodaStream] to, I would give it as a gift.”

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➤ New York City schoolteacher, female, 30s

This source was very enthusiastic about her SodaStream. She requested it as a Christmas gift in 2010 and uses it daily, mostly to make plain seltzer. Her husband and she use it just as much now as when they first got it, and she expects her usage level to hold steady in the future.

- "I love my SodaStream."
- "We really use it every day. We always have seltzer in the fridge."
- "I think we're on our third [CO₂ canister]. It lasts longer than I thought it would."
- "The syrups last a really long time too, and we don't use them as much. We really make seltzer the most and occasionally we'll make some soda."
- "We use half the syrup it calls for because we think it's too sweet."
- "The diet cream soda and diet ginger ale are so good. It tastes like real soda."
- "I definitely would [give it as a gift] because I think it's better for the environment and I think it's cool. Plus, it's great for apartments because it's not that big. It doesn't take up very much space."
- "I wish the bottles were dishwasher-safe."

We don't use [syrups] as much. We really make seltzer the most and occasionally we'll make some soda.

*SodaStream Owner
New York, NY*

➤ SodaStream owner, Maryland

This source is very happy with her SodaStream and uses it almost daily. She refills her CO₂ canisters every two months but does not purchase the flavors. She received the machine as a gift and would not give the system as a gift unless someone asked for it.

- "We use it at least five times a week and have to refill our cartridge every two months."
- "Our use has stayed about the same as when we got it. I think that will continue to be the same. ... We love seltzer water."
- "I don't purchase the flavors. We just like carbonated water. Sometimes we will add our own flavor."
- "The size is great and the machine works well. The only problem is cleaning the bottles. It would be great if they had a disposable bottle."
- "I wouldn't give it as a gift unless someone asked for it specifically."

➤ 28-year-old male in Los Angeles

This source received SodaStream as a gift in late 2010 and uses the machine only when hosting guests because he personally does not like the flavors. Despite the machine's ease of use, he expects to use fewer canisters and flavors the next three to six months.

- "I use it only about once per month to make sodas when people are over at my house."
- "Its best feature is that it is very easy to use and it takes up no space. For the worst, I'd say that the soda options don't taste that great."
- "I haven't refilled my CO₂ canisters."
- "I haven't bought any flavors or syrups. We still have a lot from when we got it as a gift."
- "I use it less than when we first got it; I doubt we'll use it more in the future."
- "I would say it's a 5 out of 10 on a satisfaction scale with the SodaStream."
- "I won't give SodaStream as a gift. I think it's useful for people who like soda; the flavors just aren't up to par. For the casual soda drinker, I think money is better spent on the classic sodas like Pepsi[Co Inc./PEP] or Coca-Cola."

I use it less than when we first got it; I doubt we'll use it more in the future.

*SodaStream Owner
Los Angeles, CA*

➤ Massachusetts male in his early 40s

This source has owned his SodaStream for five years. He uses it primarily for seltzer water, and finds that it is a quality product with good customer service. However, he thinks that the carbonators are too expensive and difficult to find. As a result, he has used his machine less often than in the past.

- “I’ve owned SodaStream for about five years. I bought it from a SodaStream direct seller based on the advice of a friend.”
- “I use it a few times per week, mostly for personal household use.”
- “I have three carbonators, and I refill them every few months.”
- “I do not use any flavors. I just use it for soda water.”
- “I’m using it a bit less than before. The cost of the carbonators is the main reason.”
- “I’ll probably use it fewer in the future. I’ve been buying more cans of soda water instead.”
- “The service at SodaStream is very good. I had to get a replacement under warranty, and it wasn’t a problem.”
- “Its best feature is that it’s a quality product and the company has good service.”
- “SodaStream’s worst feature is that it’s hard to find local carbonators. There are also high prices for its products.”
- “I probably wouldn’t give it as a gift due to the cost of the consumables.”

I’m using it a bit less than before. The cost of the carbonators is the main reason. ... I’ll probably use it fewer in the future. I’ve been buying more cans of soda water instead.

*SodaStream Owner
Massachusetts*

➤ Virginia female in her early 30s

This source uses her SodaStream four times per week to add to lemonade or juice. Her usage is roughly the same as when she bought it two years ago, and she expects that rate to continue. She does not use the Sodamix flavors. She said would give the machine as a gift this holiday season.

- “I love SodaStream, and I tell everyone about it.”
- “I use SodaStream four times per week.”
- “I use it for just having soda water, which sometimes I mix with lemonade or juice.”
- “I’m consuming about the same number of canisters and flavors compared to when I bought it a couple years ago. I have never used the flavors though. I am an all-natural kind of girl, so if I want flavored water, I squeeze a lemon in there.”
- “I’ll give [SodaStream] as a gift. I feel like it’s a great product for people who buy bubbly water and care about the environment—and their wallet.”
- “The worst feature is that I have an old version, so I don’t love that my bottles are plastic. I would rather have glass.”
- “The best feature is that I can have bubbly water for free anytime. It feels like a treat.”

➤ 35-year-old New York City man

This source praised the machine’s ease of use, cost-effectiveness and simplicity. He said he frequently gives it as a gift and all the recipients have said they like the machine as well.

- “I can’t imagine life without it; that’s how great it is. We use it to make sparkling water and it is so much more cost-effective to buy the CO2 canisters at \$15 a pop for 90 to 100 uses than to buy bottles of Pellegrino or Perrier.”
- “We don’t buy the syrups for colas though.”
- “We buy it as a gift a lot, and everyone we give it to loves it as much as we do.”

3) EUROPEAN RETAIL STORES

Our five sources said Europe’s SodaStream machine and consumable sales are steady but not impressive. A Swedish source said sales were lower this year after a massive advertising push in 2010, and a German source said the trend was over entirely. The United Kingdom’s SodaStream relaunch has been backed by strong advertising, but significant sales have not yet followed. Canister and refill sales were consistent for all sources, while syrup sales were a bit hit-and-miss.

➤ High-end UK department store

This store has been carrying SodaStream machines for nearly a year. Sales are far more frequent for canisters and flavors than for machines. Machine sales spike during the monthly store demonstration. Buyers typically are people with young families or older people who also used the machines when they were first popular in the 1980s. Awareness is up

SodaStream International Ltd.

because of a TV ad campaign. This source had heard about and was interested in the system before it was even in her store.

- “We’ve carried SodaStream for less than a year. I’d say about nine months.”
- “We have had the rep come to our store to do demonstrations. Not too frequently though; maybe 10 times in total.”
- “[Machine] sales are generally good, especially when the demonstrator is in. Customers are more inclined to buy because they’ve tasted the drinks. I’d say sales are steady, about one a week, with more obviously on demonstration days.”
- “There are a lot of advertisements on TV at the moment, so more people know about it.”
- “Quite a lot of customers come in and buy and exchange gas canisters, and quite a lot buy the cordials.”
- “Older SodaStream machines and canisters have changed, and they can’t get replacements anymore. The one negative we’ve had is when people come in to exchange a canister from an old SodaStream and they have to buy a new machine.”
- “We do exchange canisters new for old and the person gets £10 off, so it’s £8.99 here. It’s a good incentive to recycle it.”
- “The display is on the end ... as you walk in. It’s quite a prominent display.”

Older SodaStream machines and canisters have changed, and they can’t get replacements anymore. The one negative we’ve had is when people come in to exchange a canister from an old SodaStream and they have to buy a new machine.

High-end Department Store, UK

➤ UK retailer

The store, which has had SodaStream products for a year and a half, sells one machine per week on average and next to no flavors. Canister sales are hit-and-miss: The store sold 10 in July but only three in August. The company did a half-price sale on machines in June/July, and this store’s sales picked up slightly. However, dropping the price of the 12-pack of flavors from £12.99 to £8.99 did nothing for Sodamix sales.

- “We’ve had the SodaStream machines for about a year and a half.”
- “Buyers tend to be middle-aged housewives, 40-ish, buying for their kids.”
- “It’s about as popular now as when we first started carrying them. We don’t sell that many, but it’s steady. One per week maybe.”
- “We had a half-price offer and sold more then, back in June/July.”
- “We don’t sell many flavors—maybe four a month. We carry diet cola, diet lemonade, diet tonic and a few others.”
- “The flavors were £12.99, but now they’re £8.99.”
- “As far as the gas canisters, we carry the 60L. We’ve sold 10 in July, but it dropped off quite a bit in August, only three.”
- “The trend will pick up but I think they need to do more advertising. People here don’t like change.”

We don’t sell many flavors—maybe four a month.

SodaStream Retailer, UK

➤ Swedish retailer

SodaStream sales are down compared with last year when they had the [millionth-machine sold advertising campaign](#). This location currently sells three to four machines each week and does more business exchanging canisters than selling new ones. Sales of flavors peak at Christmas and in the summer.

- “We sold more machines last year than this year. Last year they were on TV [talking about the million-machine sales goal], and we sold a lot.”
- “We sell three to four machines a week.”
- “We have the bottles and do an exchange so it’s cheaper ... about €9; new they are €20.”
- “We sell a little bit of the flavors now—more at Christmas, a lot in summer. It will start again in October and November.”

SodaStream International Ltd.

➤ German retailer

SodaStream sales are consistent but not overwhelming. The trend has lost some excitement.

- “We carry three different machines and sell five to 10 per week.”
- “We sell about 20 to 30 of the flavor packets per week.”
- “It seems to me that the trend is already over.”

It seems to me that the trend is already over.

SodaStream Retailer, Germany

➤ Norway retailer

SodaStream is popular with customers, and sales are brisk.

- “SodaStream is very popular in Norway.”
- “Very many people buy them.”

4) EUROPEAN SODASTREAM OWNERS

Four of five sources said SodaStream is a fad that lost its appeal for them a while ago; they have had the machine for a few years but are deterred by the inconvenience and expense of exchanging the canisters. The only current user purchased the machine a year ago. SodaStream was [relaunched](#) in the United Kingdom in 2010, but those already burned out on it once are hesitant to invest in it again. In Germany, carbonated water has become cheaper and more convenient to purchase in stores, curbing SodaStream owners’ use of their machines.

➤ UK SodaStream owner in her 30s

This source uses her SodaStream every other day since buying it at [Costco](#) (COST) a year ago. SodaStream machines can be found for as little as £30 in the United Kingdom. She does not buy the syrups and said the cylinders cost £18 every few months. Although this does not affect her own use of the machine, the cost would deter her from buying one as a gift.

- “We’ve had our SodaStream for about 12 months. We bought it at Costco of all places. I used to have one [as a kid] and they’ve kind of come back around again. So now that I have my own house and kids, I thought it would be fun.”
- “We use ours every other day. I do like it. The only problem is the cylinders are really expensive—£18 every couple of months. During your supermarket shop, that adds a big chunk.”
- “If you shop around, you can buy a SodaStream machine for £30. People buy them not thinking they’ll have to continue to buy £18 cylinders on top of that.”
- “We don’t buy the flavors. I drink fizzy water, and for the kids I just mix in apple juice or [Britvic PLC’s/LON:BVIC] [Robinsons Orange Squash](#).”
- “I don’t buy pop, but by adding the Robinsons it’s almost exactly like a fizzy orange.”
- “I will use it slightly less now but only because the kids are back in school. The novelty has not worn off for them or me.”
- “Long term, I think my use will be the same. It may dwindle down, but I’ve always drunk soda water and it’s a clutter issue as well. I don’t want to have the [store-bought] plastic bottles about.”
- “I do enjoy it though, and I would miss it if we didn’t have it. But I don’t know anyone else who has one.”
- “I wouldn’t buy it as a gift because the cylinders are so expensive. I wouldn’t buy a present that was going to wind up costing the person. If it were on someone’s wedding registry, then yes.”

We use ours every other day. I do like it. The only problem is the cylinders are really expensive—£18 every couple of months. During your supermarket shop, that adds a big chunk.

SodaStream Owner, UK

➤ UK SodaStream owner in her 30s

This source bought the SodaStream for one purpose—to make sparkling red wine—five years ago but no longer uses it. She tired of remembering to refill the canisters, never bought the flavors, and found that the homemade sparkling red wine was not very good.

- “I’ve had my SodaStream for five years. How often do I use it? Not at all. I used it once every couple of weeks at first.”

- “You have to go and get the bottles and gases. I’ve got six of the canisters sitting at home. When I go to the supermarket I’d remember my recyclable bags but forget the canisters, so would just buy a new one.”
- “£9 a month for a canister? You can go to the store and buy a lot of pop for that much.”
- “I got it purely to make sparkling red wine. I’m not the type to sit there and make lemonade.”
- “What I produced wasn’t as good as what I could buy. Even if you drank it really quickly, it would still go flat.”
- “The machine came with flavors. I think I tried them once or twice, but I don’t really drink pop.”
- “The worst aspect is buying and refilling the gas. The best is the excitement factor of making something, the novelty of it.”

➤ UK woman in her 30s

Despite fond memories of SodaStream in the 1980s, this source has no intention of buying one now. The company reintroduced its products in the United Kingdom in 2010, but she knows no one who owns a machine, which she compared to other novelty appliances that are used briefly and then put away.

- “Oh, SodaStream. We had one of those when I was 10. It was a big fad then. They’ve relaunched them recently. I’ve seen a few ads.”
- “It was kind of fun to make fizzy drinks at home, but I think it’s just easier to buy them.”
- “I don’t know anyone who has one, which is a bit telling, isn’t it?”
- “I don’t know anyone who would buy one now. Maybe families?”
- “They’re kind of like a bread machine: a novelty you use a lot at the beginning, then forget about.”

➤ 30-year-old male in Germany

This source, like many other Germans, no longer uses SodaStream because of the expense and inconvenience of the CO₂ canister system. SodaStream and other home beverage carbonation systems are not as popular in Germany as they were a decade ago. Mineral water now is conveniently available in lighter, less expensive bottles at supermarkets. Buying the mixes is fairly common, especially for children. The source has lived in and traveled to many European countries and had not seen or heard of anyone using these systems.

- “I had a SodaStream, but the bottles were too expensive and you had to replace them every six months because they started to look dirty. Plus, buying [seltzer water] from the store was cheaper.”
- “Mineral and seltzer waters are sold in light plastic bottles weighing just a few ounces. They used to come in glass bottles that were really heavy and hard to get home.”
- “I’ve even used one of these machines to make ‘champagne’ from wine, or the morning after a party, to refresh old beer.”
- “[The machines] are less popular now than they used to be. The end of the ‘90s, beginning of 2000 you saw them everywhere. I know a lot of people who did have them but don’t now.”
- “The machines are quite expensive, as are the extras you need to make them work.”
- “I can think of two brands: SodaStream and [Wassermass](#).”
- “My partner likes the flavored drinks, Coke, etc. and bought the flavor mixes quite often. Families tend to buy them as well.”

I had a SodaStream, but the bottles were too expensive and you had to replace them every six months because they started to look dirty. Plus, buying [seltzer water] from the store was cheaper.

SodaStream Owner, Germany

➤ SodaStream owner in her 30s, Germany

This source bought a SodaClub machine in 2001 but stopped using it in 2005 because she did not like using the plastic bottles. She had bought one or two flavors when she was using the machine. Among a group of 18 friends, only two own and consistently use the machine. German consumers buy multiple cases of carbonated water at a time, hurting the prospects for SodaStream to regain market share and customers.

- “We have a SodaStream, but I think it is in the attic. We don’t use it anymore.”
- “We bought ours in 2001, so we didn’t have to schlep the [store-bought] bottles up to our apartment. We stopped using it in 2005.”
- “It was the whole plastic thing I didn’t like. You weren’t supposed to wash the bottles. They’ve moved to glass containers, I think, but I know we definitely have when we buy [our carbonated water and beverages] from the store.”

SodaStream International Ltd.

- “It was a fad a while ago. From our game-night group of 18, I know there are two who have and use them.”
- “I bought the bitter lemon syrup and one other maybe. They expire every three months or so, and I didn’t desire [to drink or buy more] and I don’t know anyone who does use them.”

5) INDUSTRY SPECIALISTS

A housewares industry expert expects SodaStream’s success to continue in the United States if it can manage the transition to a mass-market product, which would have strong support from U.S. retailers. Our second source, a competitor who services the restaurant business, said cost is the key to success and would be her company’s competitive advantage over SodaStream if it were to approach the restaurant business. Our third source, a beverage industry commentator, said buzz is building around SodaStream, but the company remains relatively unknown among his colleagues in the ready-to-drink space.

➤ Housewares industry expert

SodaStream will have continued success if it can correctly manage its mass-market transition in the United States. The company has achieved the balance between premium vs. economical brand image, all while having a strong consumer buy-in of its environmental benefits. The European market is fairly mature and not as interested in soda as its U.S. counterpart. This source has not heard of SodaStream entering the Asian markets, but said that push probably is not too far away. Flavors and canister exchange programs drive repeat customers into stores, making SodaStream products ideal for retailers.

- “SodaStream was probably the most consistently busy exhibitor I saw at the [International Housewares Association](#) show in March.”
- “If anyone is creating excitement in our business, SodaStream is doing it.”
- “The product itself, the demos at gift shows—it has a transcendent quality that drives interest.”
- “They’ve managed to grab hold of the consumer in terms of being a product that reduces environmental impact.”
- “The cost of sugar, transportation, etc. driving soda prices up will help [push] consumers in the direction of what SodaStream is doing.”
- “Mom gets to do sugar control [with SodaStream], and in terms of the cost justification, there’s no challenge.”
- “SodaStream does very well with independent retailers who have to provide for and take back the canisters, but it’s ideal for them. It creates multiple visits to their store, prompting customer loyalty.”
- “The independent retailers are saying, ‘It’s the best thing that’s happened to me in a long time.’”
- “SodaStream is on a roll. Big retailers want to jump on it, and they’ll have to change their channel strategy: Keurig and its K-cups for coffee and SodaStream for everything not coffee. But they’ll figure that out too.”
- “Smaller, independent retailers are cautious about holiday sales but not downcast. Pretty positive in general.”
- “I’ve not heard any word that growth is abating in any way. The momentum is still there.”
- “There’s no reason why their success couldn’t continue. There is nothing in SodaStream’s way.”
- “They have to manage their channel balance [as they go into] the mass market. It’s a tricky transition. But as long as they can replicate that success in that transition they will continue to do well.”
- “The U.S. market size potential is significantly larger than in Europe.”
- “It’s a mature market in Europe, and that market isn’t quite as ‘soda crazy’ as we are here.”
- “It took a while for SodaStream to establish a beachhead in Europe and in the U.S. The Asian market cannot be too far behind though I’d imagine they have their hands full in the U.S.”
- “SodaStream was not an overnight success in the U.S. There was no real media presentation in the U.S. until five years ago.
- “I’ve not heard of them going into restaurants, but I wouldn’t be surprised. The model is there, and it seems to makes sense. The only one competing product is from [iSi](#), and it doesn’t do the same thing.”

“The product itself, the demos at gift shows—it has a transcendent quality that drives interest.”

Housewares Industry Expert

SodaStream does very well with independent retailers who have to provide for and take back the canisters, but it’s ideal for them. It creates multiple visits to their store, prompting customer loyalty.

Housewares Industry Expert

SodaStream International Ltd.

➤ SodaStream competitor

This source's U.S. sales are up year to year and about the same quarter to quarter. The source's appliances are used in homes but mostly in the restaurant industry—an area SodaStream has yet to tap—and are priced comparatively with competitor machines with screw-valves. The source's company does not sell flavors because businesses mix their own products with the carbonated water. Popularity and continued use are based purely on cost: As long as it is cheaper to make instead of buy carbonated water, the machines will continue to sell well.

- "This industry is growing. Cost is No. 1 for people, so with a SodaStream or us, if it's less expensive to make carbonated drinks themselves, they are going to buy it."
- "Overall, our sales are increasing year to year and sales have been about the same as the last three months."
- "They are given as gifts. Sales go up around Christmas and New Year."
- "Most of our sales are within the U.S. Some are out of the country, but if customers are ordering small quantities the shipping costs don't pan out. International sales are mostly to Canada and only if the shipping costs are reasonable."
- "We choose to carry higher quality [products] and we only want to carry what's tested and proven."
- "Our product lasts a long time. How long does a SodaStream machine work before needing repairs?"
- "SodaStream uses plastic bottles vs. our aluminum."
- "Our chargers are interchangeable. With SodaStream you have to buy directly from them."
- "Ours are also used in coffee shops, bars, restaurants, businesses as well as in homes. Ice cream shops make Italian sodas, and we are more economical [than buying and storing bottles]. And businesses can use it with their own products."
- "We are in a lot of retail shops but mostly restaurant supply stores, so I don't hear a lot of feedback other than they keep ordering them."
- "I haven't seen anything about SodaStream moving into industrial or restaurant [channels]."
- "We don't sell flavors, but you can add whatever flavor you want—juices, alcohol. A lot of people buy the machine because they don't like the sugar in the pop. And people expect the sodas to taste like Pepsi or Coke."

➤ Editor of a beverage industry magazine

This source reported hearing buzz about SodaStream in consumer publications but that no one among his ready-to-drink industry contacts is discussing the company or its products. He also has read about chefs experimenting with SodaStream to bolster their in-house restaurant soda offerings.

- "I'm seeing a bit more of SodaStream product, hearing a little buzz in consumer pubs and the like, but among my ready-to-drink contacts, no one is discussing it."
- "I recently read something about some chefs playing around with SodaStream in their restaurants to create more innovative sodas."

Secondary Sources

Five additional sources focused on positive user reviews of SodaStream, news about the ad campaign for the relaunch in the United Kingdom, SodaStream's breaking ground for a new factory, and the rise of the carbonated beverages in San Francisco restaurants.

➤ April 14 LisaReviews.com blog

A mommy blogger presents an argument for SodaStream because it is easy, cost-effective and passes the all-important taste test for Diet Coke.

<http://www.lisareviews.com/2011/04/14/sodastream/>

- "Every so often I come across a product that I can't wait to try. SodaStream is that product for me. If you know me in real life, you know that I am a Diet Coke addict. Specifically, Diet Coke in a can is my drink of choice. So needless to say, I was a little hesitant the first time I saw SodaStream in action. I thought (wrongly) that there was no way that this could be anywhere near as good as my Diet Coke in a can. No way."

If I didn't know that this wasn't Diet Coke out of a can, I never would have guessed.

LisaReviews.com Blog

- “I thought: ‘Hmmm . . . how easy is this?’ Then when I found out that one bottle flavoring equals 33 cans, I was intrigued. When I found out that a bottle of flavoring was \$5 at Bed, Bath, and Beyond, I was sold (considering a case of soda of 24 cans will run you \$8 here). However, it came down to taste. If I didn’t like it, it didn’t matter how much cheaper this would be. That’s what surprised me the most – if I didn’t know that this wasn’t Diet Coke out of a can, I never would have guessed. Crazy, isn’t it? Even more crazy? They have over 100 flavors. There is definitely a flavor for everyone. We’ve also tried the lemon lime, orange, and root beer. They were all excellent.”
- “Now, you can see from the video how easy it is to use the [SodaStream](#). Madison (my seven year old) could make herself soda. ... It really is that easy.”
- “I can only recommend that [SodaStream](#). It is super easy to use. It tastes like the soda you know and love. It also has less sodium and calories than your traditional soda. What else could you ask for?”

➤ Aug. 25 MySodaStreamReview.com posting

A review site dedicated strictly to SodaStream reviews the pros and cons of the appliance, concluding that it provides a benefit to families that includes cost savings, waste reduction and convenience.

<http://www.mysodastreamreview.com/sodastream-review/>

- “Many people will find having a SodaStream to be an easy way to add some convenience into life while saving money and improving the environment.”
- “However, it is critical that potential customers have the information necessary to make an educated decision. SodaStream isn’t for everyone and success with a SodaStream requires a little bit of homework.”
- “You must understand the different Sodamix options, you must have excellent tap/drinking water (or a means of filtering it) and you must select the right SodaStream model to meet your needs.”
- “If these things don’t all come together, the SodaStream is likely to end up in a landfill with all the bottles and cans SodaStream hopes to eliminate.”
- “Do I recommend the SodaStream product as a whole? Yes, for most people SodaStream is a welcomed addition to your household that not only saves money but has a positive impact on the environment. My families’ reduction of waste from beverage bottles and cans alone is amazing and grocery shopping is so much easier without all those cans and bottles weighing you down.”

➤ July 31 TheGrocer.co.uk article

SodaStream’s UK relaunch in the comes with its classic slogan to bring back the nostalgia for the product with a new ad campaign.

<http://www.thegrocer.co.uk/articles.aspx?page=articles&ID=211428>

- “SodaStream is back like a low-rent messiah, hoping to spark a revival in the lost art of scratch carbonating.”
- “Back too is the classic slogan. And with the oak-smoked tones of Celtic love god Rob Brydon on voiceover duties, getting busy with the fizzy has never sounded sexier.”
- “Yes, SodaStream is a more laborious way of making pop you get cheaper and better in the shops. You might only use it once before boxing it back up and gifting it to a relative for Christmas.”
- “But feel the nostalgia, which drips from this ad like syrupy concentrate. Silly and euphoric, this deserves a decent run before its banished back to gather dust between your Breville and your Betamax.”

Yes, SodaStream is a more laborious way of making pop you get cheaper and better in the shops. You might only use it once before boxing it back up and gifting it to a relative for Christmas.

TheGrocer.co.uk Article

➤ July 6 Globes.co.il article

SodaStream will open a new factory in Israel in 2013 and employ 1,000 people.

<http://www.globes.co.il/serveen/globes/docview.asp?did=1000661143>

- “Home carbonated drinks manufacturer SodaStream International Ltd. is today laying the cornerstone for a Negev factory.”
- “The 850,000 square-foot manufacturing facility is being built in the Idan Hanegav Industrial Park near the Lahavim junction north of Beersheva. The new factory is expected to begin operations in 2013 and will employ 1,000 people. Sodastream is investing €30 million in the new factory.”

SodaStream International Ltd.

- “Sodastream CEO Daniel Birnbaum said, ‘The demand for our products is increasing, and we continue to take steps to ensure that we are ahead of capacity to meet that demand. Sodastream is deeply grateful for the cooperation from the government of the State of Israel. We look forward to leveraging the outstanding engineering talent here, the free trade agreements with the EU and North America, and to providing thousands of new jobs as our business continues to grow.’”
- “SodaStream has 13 production facilities worldwide, including a new one in the Galilee town of Alon Tavor that began operation on June 26, 2011, four weeks ahead of schedule. This factory is manufacturing a full range of soda-makers and related products for markets such as France, Sweden, Switzerland and the US. Additional machinery will be added to another Galilee site in Kiryat Shemona later this summer. Both facilities are intended to bridge capacity needs while the new Negev facility is under construction.”

➤ Aug. 4 San Francisco Chronicle article

Custom-flavored and house-made sodas are growing in popularity in San Francisco restaurants, creating a new soda revolution.

<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2011/08/04/DD3A1KI3QK.DTL>

- “Order a prickly pear soda from Roam Artisan Burgers in San Francisco, and your drink will be assembled like a cocktail.”
- “First there’s the fruit puree. Then carbonated water from a soda tap. Finally, a slice of lemon or lime for garnish.”
- “It’s the anti-cola, and it’s part of a soda revolution brewing in the Bay Area.”
- “From restaurants to farmers’ markets, a new generation of soda jerks is kicking Coke and Pepsi to the curb. They’re making their own fruit syrups to mix with seltzer, or exploring ways to naturally ferment their drinks.”
- “Indeed, natural house-made sodas are now available at a wide range of restaurants, from the vegan Millennium Restaurant in San Francisco to Saul’s Restaurant and Delicatessen in Berkeley. Elmwood Cafe pays homage to its former incarnation as Ozzie’s Soda Fountain with a wide-ranging soda list that includes vanilla bean, cinnamon, lemon balm, basil, and cucumber and strawberry.”
- “All these establishments use a form of soda water to carbonate their drinks, but a few purveyors have gone a step further—or backward, in a sense—by using the old-school method of fermentation.”

Next Steps

Blueshift’s next report on SodaStream will focus on the products’ expansion into more U.S. retail stores, including Costco, and possible partnerships with Target or Wal-Mart. We will track the run up to holiday sales of the machine and the consumables. Finally, we will look into SodaStream’s possible infiltration into restaurants and into the Asian market.

Additional research by Lindsay Gadsby, Cheryl Meyer, Claire Caterer, Jacqueline Fox, Erica Franklin and Kyle Stack

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