

THE NINESHOTZ CORPORATION
CORPORATE PLAN







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THE NINESHOTZ CORPORATION

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IMAGE 1.1a
Nineshotz Cubes & Shotglasses (not to scale)



IMAGE 1.1b
Corporate Seal and Logo



1.0 Corporate Plan

1.1 Executive Summary

Introduction

Within the \$150 billion U.S. alcoholic spirits industry, a potentially huge untapped market exists for premium prepackaged shots. The Nineshotz Corporation (Nineshotz Corp.) was established to develop, bottle, market and distribute said alcoholic beverages at a fair price to a general market of adults between the ages of 21 and 45 with no specific socioeconomic, racial or geographic considerations. Nineshotz Corp., acting as a responsible member of the alcoholic beverage community will adhere to all guidelines set forth by the *Distilled Spirits Council of the United States (DISCUS) Code of Good Practice* for the distribution, advertising and sale of distilled spirits (a complete copy of the *DISCUS Code of Good Practice* can be found in [Section 1.4.3.2](#) of this document).

We have endeavored to create a unique brand identity and packaging design that will become synonymous with premium prepackaged shots. Whether sold individually as "SingleShots" or in our convenient 9-pack cube, Nineshotz is immediately recognizable - from our aesthetically pleasing shotglass silhouette to the graphically exciting cube, we are a brand that gets noticed. Our first-in-the-industry pull-tab closure is a selling proposition exclusive to Nineshotz.

The Product

After significant research and development, Nineshotz Corp. has released a line of prepackaged, premium alcoholic shots (see Image 1.1a) that will serve as the foundation for brand introduction into the U.S. marketplace. Nine original flavors of our product, bottled and marketed under the brand name "Nineshotz", will constitute the product line at launch with additional flavors coming on-line several times per year and for special events & holidays. Additionally, our bottling operation allows us to pack ANY beverage into our bottles, a great opportunity for brand cross-promotion. This flexibility in our product line allows us to shift flavors quickly as well as providing the ability to produce many different styles of beverages - including cream based products. The attractive 9-pack cube features a crystal-clear PET® box containing nine 50 mL prepared alcoholic shots in proprietary PET plastic shotglasses.

ALL Nineshotz products will conform to the branding guidelines as described in [Section 5.0, The Brand](#). Deviation from these guidelines will not be permitted and a comprehensive review function has been designed into the approval process for all marketing communication (see [Section 5.1.6](#) for more information on [Corporate Brand Review](#)). The Nineshotz logos will be imprinted on ALL Nineshotz products to further reinforce brand awareness (see Image 1.1b).

Nineshotz Corp. will distribute our product exclusively through alcoholic beverage retailers and will not sell directly to consumers. Nineshotz Corp. has contacted distributors in 33 U.S. states and several countries across 4 continents. Distribution will start in TX and FL with SC, NC, TN and GA following closely behind. Additionally, we plan to distribute product to the international market soon after launch in countries such as Trinidad & Tobago, the Dominican Republic and Canada.

MARKET SHARE UP IN 2018

Slide from the Distilled Spirits Council (DISCUS) 2016 Economic Briefing*

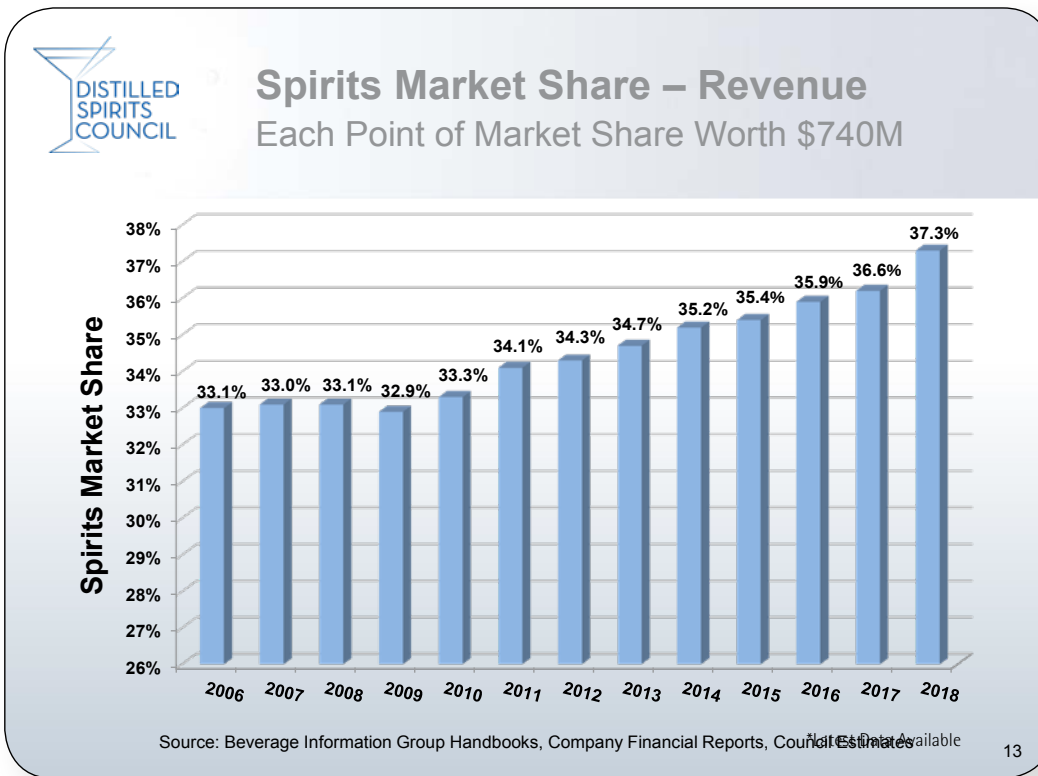
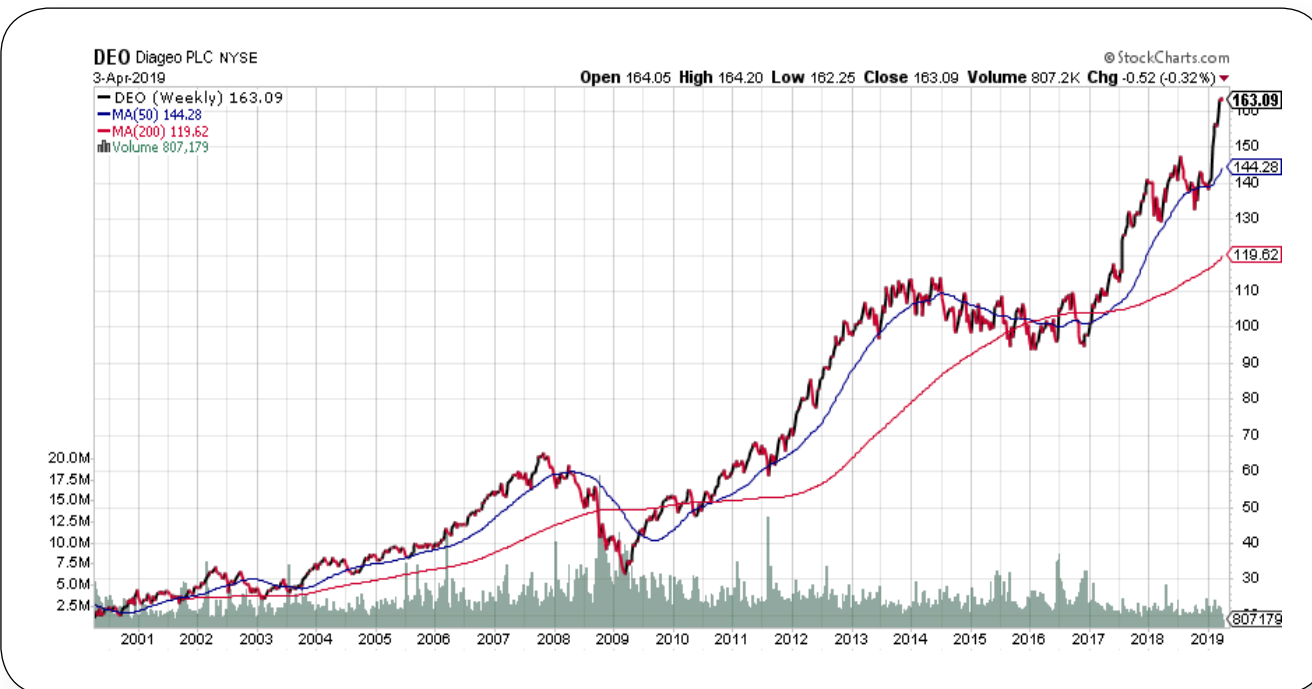


FIGURE 1.1c

Diageo 22 Year History (NYSE: DEO)



Concurrent with our campaign to market this product, Nineshotz Corp. will provide tasting opportunities through larger retail outlets, thus promoting awareness for word-of-mouth advertising (for further detail on this subject, please see the [Marketing Strategy in Section 1.5.4](#) of this document).

The Market

Sales in the alcoholic beverage industry have been historically stable and respond well to market fluctuations. Economic indicators for most segments of the industry show growth during positive economic times and stability or growth during periods of fiscal uncertainty.

This is a mature industry crowded with suppliers, distributors and retailers. This active marketplace allows us to take advantage of complex, pre-existing national and international infrastructures. Within this industry, giants including InBev, Coors, Diageo (Symbol DEO, Figure 1.1c) and Pernod Ricard USA have shown level or increased sales despite volatility in the U.S. and World economies during the past decades. Nineshotz Corp. believes that with this demonstrated increase in revenue for the industry, independent of economic indicators, a product such as Nineshotz will begin a new trend in the sales of single-serve spirits-based products. This trend should enable us to open an untapped sector of the market and acquire significant market share over the three years following introduction.

Financial Considerations

Launch costs can be found in [Section 1.2.2](#) with complete proforma budget shown in [Section 7.0, Financials](#). These expenditures can be broken into two categories, the first being "inventory" related costs including setting up the manufacturing line, formulating flavor recipes and casting molds for the shotglasses. The second category includes "corporate" expenses including advertising, corporate overhead, accounting and legal fees, etc.

Basic cost estimates including corporate, manufacturing and marketing costs can be found in [Section 7.1, Pro Forma Operating Budget](#). We will take every possible step to minimize corporate overhead and manufacturing expenses, allowing us to reach a break-even point as quickly as possible.

Nineshotz Corp. is seeking a financial package based on an issuance of a portion of Nineshotz common stock. We will work with our capital partner to determine and plan our exact financial needs and expenditures. It is imperative that we secure proper financing from the beginning of operations, affording us the opportunity to establish a healthy fiscal record allowing us to repay our debt to lenders via income from product sales rather than repaying debt with alternative financing. It should be noted that the owners of Nineshotz Corp. would not take profits out of the business (other than payroll, bonuses and expenses) until any long-term debt obligations have been satisfied. Profits remaining after the above debt payments have been satisfied will be used to finance growth allowing for expansion of the brand into new markets. Operational expenses of the business will include items such as research and development of new flavors and the introduction of additional product lines as described in [Section 1.3.6](#) of this document.

“Beverage makers are offering customers more variety in flavors of drinks and in alcoholic content of drinks to encourage more at-home use.”

1.1.1 Objectives

Presently, the major distributors of alcoholic beverages are not producing a comparable product. It is the objective of Nineshotz Corp. to fill a gap in the market that major producers and distributors have overlooked. We intend for the Nineshotz brand to become the dominant product in the premixed alcoholic beverage market.

1.1.2 Mission

Nineshotz Corp. has developed a unique line of alcoholic beverages that will serve as the foundation for brand introduction into the U.S. marketplace. This initial product will be introduced under the brand name “Nineshotz” and will be the sole product supported by our pre-launch and general marketing efforts in order to develop immediate brand awareness as well as set the stage for a future line of products.

Public Mission Statement:

“Nineshotz promises to provide the highest quality, best tasting alcoholic beverages and in return we ask our customers to enjoy these beverages responsibly.”

1.1.3 Keys to Success

The management of Nineshotz Corp. firmly believes that we have the *right product* at the *right time* to attract a loyal customer base with wide-ranging socioeconomic status. More importantly however, it is our business philosophy that will ensure success. The alcoholic beverage industry demands the highest quality product while maintaining a keen perception to the public's ever-changing expectations. Nineshotz Corp. will satisfy these demands by making it a top priority to be aware of the constantly evolving needs, fashions, fads and trends of our demographic positioning profile. It is our current practice and future intention to monitor and study the products and advertising used by competitors and non-competitors alike.

Nineshotz Corp. will also satisfy customer demands by maintaining acceptable inventory levels that will be delivered on-time according to pre-arranged shipping schedules or by adopting inventory-on-demand systems currently being used by other distributors and manufacturers.

Nineshotz Corp. will institute a super-stringent quality control procedure for overseeing all aspects of production from packaging to shipping and distribution (see [Section 1.3.7, Quality Control](#)).

In addition to offering a line of pre-packaged shots, Nineshotz Corp. will produce and distribute a unique line of promotional and for sale products (via retail outlets and our website, nineshotz.com) that will reinforce top-of-mind awareness allowing prospective customers to remember and thus consider our product first when purchasing an alcoholic beverage. It is exactly this top-of-mind awareness that is the cornerstone of the [Promotion Strategy](#) outlined in [Section 1.5.4.3](#) of this document.

FIGURE 1.2.2a
Required Funding/Use of Proceeds

Costs Item	Quan.	Price	Total
Shotglasses	1,000,000	\$0.1519	\$151,870
Caps	900,000	\$0.1094	\$98,487
Deco Application	900,000	\$0.1228	\$110,520
Deco Label	900,000	\$0.0286	\$25,776
Single Flavor Cubes (Plastic Box)	32,400	\$0.4150	\$13,446
Variety Sampler Cubes (Plastic Box with Gold Foil)	3,600	\$1.4500	\$5,220
Outer Cases	10,000	\$1.25	\$12,500
Liquor (Creamy) - Gallons (4 @ 1650)	6,600	\$15.00	\$99,000
Liquor (FL Caribbean) - Gallons (5 @ 500)	2,500	\$11.00	\$27,500
Label Screen Artwork (for SingleShots)	9	\$300.00	\$2,700
Shrink Sleeve Setup for Pallets	9	\$100.00	\$900
New Cutting Die for Plastic Cubes (w/Fast Close Tab)	1	\$1,400.00	\$1,400
Cube Screens/Artwork for White Printing	9	\$1,450.00	\$13,050
Cube Screens/Artwork for Gold Printing	1	\$1,400.00	\$1,400
Die for Outer Cardboard Shipper Case	1	\$900.00	\$900
Printing Plates for Outer Cardboard Shipper Case (1-color/Black)	1	\$1,110.00	\$1,110
Total Inventory Order			\$565,779
Bottling Equipment/Deposits			
Equipment (Label Applicator, Heat Shrink Tunnel)	1	\$162,000.00	\$162,000
Mango Bottling Deposit	3,600	\$19.00	\$68,400
Pucks	40	\$84.00	\$3,360
Freight Est.	1	10000	\$10,000
Total of Bottling Equipment and Deposits			\$243,760
INVENTORY/EQUIP. SUBTOTAL			\$809,539.00
Marketing/POP			
Travel/Trade Shows	1	\$7,500.00	\$7,500
POP Materials for Retailers (Bar Displays, Store Displays, Shelves & Banners)	1	\$30,000.00	\$30,000
Marketing/POP			\$37,500.00
Overhead			
SQL Database Build/Programming (Tracks Inventory/Distribution/Sales, etc.)	1	\$20,000.00	\$20,000
Office Rent (412 E. Madison St., Suite 800)	12	\$600.00	\$7,200
Employee Payroll (CEO @ \$96K, CIO/CFO/Communications Director on \$10K Retainer)	1	\$126,000.00	\$126,000
OVERHEAD SUB TOTAL			\$153,200.00
GRAND TOTAL			\$1,000,239.00

FIGURE 1.2.2b
Projected Gross Margin

Item	Quantity	Cost	Total Cost
Shot Glasses	90	0.117	10.56
Shot Glass Caps	90	0.096	8.62
Label	90	0.029	2.58
Deco Application	90	0.060	5.40
Bottling & Packing Fee	1	17.000	17.00
Cubes (Inner Boxes)	0	0.000	0.00
Outer Boxes	1	1.000	1.00
Liquor (Weighted avg. cost)	1	9.625	9.63
COST OF GOODS			54.79
PROFIT			30.50
FET (Federal Excise Tax)	1.19	6.530	7.77
Cases/Pallet Pallet Price			
FOB - Wholesale Cost to Distributors	93.06	120	\$11,167.14
Sales Tax	7.00		
Freight	2.00		
LANDED			102.06
Distribution Markup (30%) - Case Price	1.3		132.68
Retail Markup (35%) - Case Price	1.35		179.11
Per SingleShot - Retail Price			1.99
41.12% Gross Margin			

1.2 Company Summary

The Nineshotz Corporation was founded on the 20th of August, 2003, after six months of conceptual development and initial product research. The following ten years allowed the owners to research the industry and attend trade functions while still working in their respective careers. The past 5 years have seen the completion of both the research and development phase as well as the preparation of this corporate plan. Please see [Section 6.0, Milestones](#) for a detailed history of the corporation to date.

1.2.1 Company Ownership

Ownership Data

Total Shares: 50,000,000

Shares Owned: 33,392,641

Percentage of Shares Owned: 66.79%

Major Shareholders (>10%)

Pascucci Family (59.81%)

Minority Shareholders (<10%)

Private Investors (6.98%)

1.2.2 Launch Funding

Please see Figure 1.2.2a for a summary of launch related expenses. This initial fund disbursement will be used to proceed with manufacturing and begin corporate operation as described in the tables. Figure 1.2.2b shows projected gross margins of our base product (90 Pack Case).

1.2.3 Company Locations and Facilities

The Nineshotz Corporation main office is located in downtown Tampa, Florida, with supplier facilities in Lake Alfred, FL; Auburndale, FL; Miami, FL; Batavia, NY and Hsin Chu Industrial Park, Taiwan. Our bottling plant and distribution facilities are in Cocoa, Florida.

Bulk beverages are distilled and prepared in Lake Alfred or Batavia then shipped by truck in food-grade plastic shipping containers to the bottling facility in Cocoa where the separate elements of the Nineshotz product come together. This facility prepares, fills and seals the shotglasses and then builds, loads and closes the completed Nineshotz cubes. Customers may choose either ten 9-pack cubes or 90 individual shotglasses in each 4.5 L case.

1.3 Products

Nineshotz Corp. researches/develops, bottles and distributes pre-mixed, pre-packaged alcoholic shots. Our target customer is 21-45 years old with no socioeconomic, racial or geographic considerations. We intend to distribute our product solely through alcoholic beverage retailers. Our initial product line is uniquely designed to strengthen brand awareness and to "leave the door open" for future additions to the product line, many of which will be chosen by our customers through a voting system on the Nineshotz website nineshotz.com.

“The U.S. distilled spirits industry accounts for over \$150 billion in total economic activity.”



1.3.1 Product Description

The initial product distribution efforts will support our first nine flavors of Nineshotz. This product line will serve as the basis for development of our brand image as described in [Section 5.0, The Brand](#).

The product will be distributed in the aforementioned clear, cube-shaped PET® box imprinted with our logo and product information. The cube has a semi-circular handle on top that folds up to assist in carrying. The shots will be packaged in proprietary clear plastic shotglasses imprinted with the Nineshotz logo in black and white inks.

1.3.2 Competitive Comparison

Nineshotz Corp. has not found any alcoholic beverages with enough similarity to be considered a directly competitive product. See [Section 2.0, Competitive Products](#) for a detailed list of currently manufactured beverages that we considered to be indicators of the current state of the alcoholic beverage market.

1.3.3 Sales Literature

Nineshotz Corp. intends to initially advertise our product through the use of (1) out-of-home media and in-store displays, (2) promotions at local retailers and entertainment venues, (3) word-of-mouth advertising and (4) internet, social and e-mail efforts. Sales literature will be used by our internal sales staff and for presentation to potential distributors and retail outlets. These materials will be created in-house or by our advertising agency of record.

1.3.4 Sourcing

Nineshotz Corp. will purchase pre-mixed spirits based beverages directly from our distilleries (see [Organizational Structure in Section 1.6.1](#) of this document). It is not our intention to directly compete with any product currently produced by our manufacturing partners. Other parts of the product are sourced from various manufacturers throughout the State of Florida and Taiwan.

1.3.5 Technology

Nineshotz Corp. has packaging and other considerations that are unique and patentable, thus we have included a line item in the operating budget for ongoing trademarks, patents and registrations. The Nineshotz product name and the Nineshotz Logo are trademarked by the U.S.P.T.O.

We intend to establish a reputation for delivering a superior product of the highest quality always conforming to our branding guidelines. For these two reasons, in conjunction with our targeted advertising campaigns, we believe that quality assurance should be a priority and will be a major business asset, impossible for a competitor to duplicate. However, this know-how and integrity is a function of the management and employees, not a matter of patents and trademarks.

IMAGE 1.3.6a
Sample Future Products



1.3.6 Future Products

Nineshotz Corporation's basic business concept is to pave the way and become the leader in this untapped market. We will constantly be on the hunt for cutting-edge product ideas. It is our intention to deliver a complete line of 9 flavors of pre-mixed shots during our first year of operation. After the first year, new shot flavors will appear on the market every 3-6 months depending on the state of the market at the time. Many of the shot flavors will be chosen by our customers online at nineshotz.com. When a flavor becomes especially popular, there is an option to sell that flavor in a larger form factor, such as a 750 mL container (see Image 1.3.6a). This 750 mL line is something our bottling facility already has the capacity to produce and we would not be required to purchase any additional equipment.

Upon addition of this line, we will complete a market analysis to determine the next phase of our expansion as the alcoholic beverage industry is constantly fluctuating. One of our biggest challenges will be maintaining our reputation in the market and continuing to lead that market in brand awareness and trust.

1.3.7 Quality Control

Quality control will be of major concern. We will take steps to ensure that appropriate quality control procedures are created, tested and put in place throughout each phase of the manufacturing process. Random quality samples will be pulled from the line on a regular basis for inspection. A complete quality control plan will be established and implemented once product launch is scheduled.

1.4 Market Analysis Summary

The market for alcoholic beverages is growing at a steady rate. The proliferation of recent products such as flavored spirits and flavored bourbons & whiskeys, as well pre-mixed and R.T.D. (ready-to-drink) alcoholic beverages reflect the target indicators for the market of our beverage.

By our estimation and based on industry and product research, we believe that sales of our product will only be limited by the number of retailers we include in the distribution chain. It is of utmost importance that we seek distribution and/or marketing agreements with alcoholic beverage retailers such as ABC Fine Wine and Spirits, Total Wine, Walgreen's Liquors, Sweetbay Liquor Store, Publix Liquor Store and other similar multi-store chains to gain retail traction as quickly as possible (see [Section 1.5.6](#) of this document for further detail on [Strategic Alliances](#) and [Section 3.0, Distributors and Retailers](#) for further information about the retailers listed above).

1.4.1 Market Segmentation

Our potential customer groups are defined by only one market segment – over 21 years of age. We do not segment the market by income, race, geography, buying patterns, behavioral patterns or any other classification. Our advertising campaigns will target adults between the ages of 21 and 45, yet we will not exclude the "over 45" market as our advertising is aspirational in nature and can be described as "timeless and rich, evoking lust for an exclusive, privileged lifestyle". Our advertising will use simple ideas and concepts that should be understood by people of all ages and economic backgrounds.

POTENTIAL CUSTOMERS

Typical Medium-Sized City

Potential Customers	Growth	Year 1	Year 2	Year 3	Year 4	Year 5	CAGR
General Market of Adults 21 Years of Age or Older	1.41%	224,749	227,918	231,132	234,391	237,696	1.41%
Persons Under 21 Years of Age (YOA)	1.41%	106,251	107,749	109,268	110,809	112,371	1.41%
Total	1.41%	331,000	335,667	340,400	345,200	350,067	1.41%

MARKET ANALYSIS

U.S. Population



■ General Market of Adults 21 Years of Age or Older
■ Persons Under 21 Years of Age (YOA)

For advertising purposes alone, we will define the Nineshotz target customer as a stylish, intelligent, young to middle aged adult; someone who is current on popular trends and has an active lifestyle which includes the recreational, responsible consumption of alcoholic beverages. The term "stylish, intelligent, young to middle aged adult" does not refer necessarily to age, but more to the "state-of-mind" that we associate with people with dynamic, healthy lifestyles. Our product will be marketed with an "exclusive and upscale" image; however, the advertising will be broad enough that it will appeal to consumers from all income levels (see 5.0, [The Brand](#)).

1.4.2 Target Market Segment Strategy

The target market segment strategy that Nineshotz Corp. will employ is based solely on the national drinking age, however our advertising will be directed towards the premium-luxury market.

1.4.2.1 Market Needs

As you may expect, we will be entering a mature industry that's packed with suppliers and distributors. As with any product-oriented business, it is important to maintain a competitively priced product line. The safest way to increase overall margins will be to continuously introduce new products which will remain exclusive offerings for a period of time. If and when the competition finds a way to source similar products, the margins will adjust downward, driven by competitive market forces. It will be critical for Nineshotz Corp. to keep one step ahead of the competition by having a new product ready for introduction when the margins slip. Thus, a new cycle of discovery will begin. We intend to be the originators, not the imitators.

Retailer and distributor service and support will also be a top priority as these parties will be in constant contact with both our current and potential customers. Constant contact by the management and sales representatives of Nineshotz Corp. with these retailers and distributors will keep the lines of communication open to facilitate the sharing of information and possible product innovation. It is our intention to introduce a truly unique product which, in combination with a well-laid advertising plan, will be a winning proposition for Nineshotz and our retailers.

1.4.2.2 Market Trends

As stated previously in the [Market Analysis Summary in Section 1.4](#), the proliferation of new alcoholic beverages such as the current lines of popular flavored spirits and malt-type beverages are the indicators we intend to use as our guideline for market forecasting. These beverages have become popular due to the fact they appear to be new and innovative, even though the roots of these beverages go back as far as the 1970's. The history of the alcoholic beverage industry has shown several similar trends including the evolution of beverages such as wine-coolers and malt-beverages like Zima and Mike's Hard Lemonade. Those original malt beverages, over the past few years, have evolved into the current lines of super-popular beverages such as Captain Morgan's Parrot Bay, Seagram's Wild Coolers, Smirnoff Ice and Bacardi Silver. Concurrent with the rise of these "new" malt beverages, some interesting developments in the flavoring of distilled spirits has emerged. Orange, raspberry, pear, coconut, vanilla and even currant flavored vodkas

and rums are as readily available as the standards – with new flavors being introduced regularly. The popularity and success of these beverages can be attributed to several key elements. First, these new beverages were an evolution of their successful forbearers and second, these beverages embraced a new type of intelligent and innovative advertising. The advertising that emerged to market these beverages, instead of simply selling product, appealed to, and promoted the lifestyle of the target consumer. The Budweiser girls of the 80's and 90's endure, but with a less sexually blatant approach. Current marketing efforts engage the consumer by utilizing intelligent advertising in conjunction with more appropriate sexuality. Interestingly, advertising has recently pushed the limits of its history and become respectful of the audience that it targets. The leader of this pack is Absolut Vodka, whose advertising often says nothing of the product itself, but rather personifies historical figures and events with its bottles. It is this type of award-winning advertising that we intend to use as our guide for success.

1.4.2.3 Market Growth

According to Standard & Poor's (S&P), the near-term outlook for the U.S. alcoholic beverage industry as a whole remains positive, despite continued economic uncertainty in the United States. Consumer demand for these products tends to remain relatively consistent in good times and bad. S&P believes the wine and spirits sectors should hold up well through the current economic uncertainty. For the coming years, S&P expects operating profits to grow in the 4%–5% range. Profit growth should remain strong reflecting favorable raw material costs, modest price increases and lower interest rates. In addition, profitability should benefit from synergies and cost savings resulting from the high level of merger and acquisition activity in recent years. In addition, many industry participants will benefit from global acquisition activity, which can boost volume, leverage distribution channels, and provide economies of scale. For most of this decade, operating profits for companies in the wine and spirits sectors rose 3%–4%, on average.

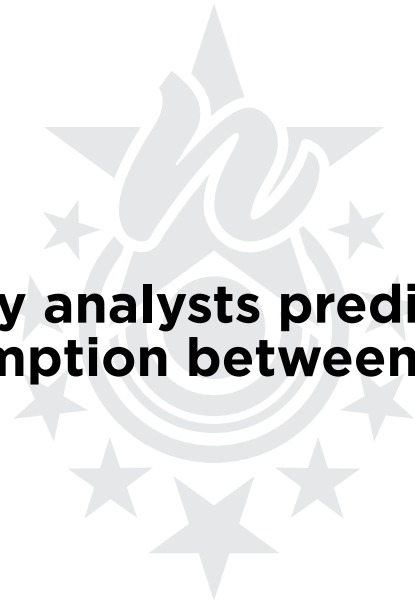
The spirits and wine industries have seen an acceleration of merger and acquisition activity in recent years, with large companies positioning themselves to attain improved economies of scale. Standard & Poor's believes that this activity will encourage more international alliances and acquisitions, resulting in increasing globalization of the alcoholic beverages industry over the next few years.

According to trade publication, *Beverage Industry*, the distilled spirits market continues to thrive in twenty-first century due to several trends, including new flavored spirits and high-end offerings. For instance, although Scotch sales were generally lower in 2000, the high-end single-malt sector demonstrated a 7.6 percent rise in consumption. This gave way to a number of new single-malt Scotch products, including the introduction of a 15-year-old Glenmorangle from Brown-Forman Beverages Worldwide.

The overall U.S. whiskey segment has also seen a decline, but that hasn't stopped high-end bourbons from selling well. Handcrafted straight whiskies such as Evan Williams Single Barrel 1991 Vintage, and Russell's Reserve from Wild Turkey have become increasingly popular.

A number of high-end gins, new cognacs, premium Irish whiskies, and boutique tequilas have all debuted in the U.S., hoping to cash in on the upscale trend. Upscale vodkas are also in the mix. Import Stolichnaya saw an increase in sales by 11.3 percent over the last few years partially attributed to the fact that Allied Domecq Spirits USA acquired distribution and import rights for the vodka maker in 2001.

“Beverage industry analysts predict yearly increases in volume consumption between 1 and 3 percent.”





“NASCAR now allows the advertisement of distilled spirits on their cars.”

France's Grey Goose high-end vodka saw sales increase by 175 percent in the 2000's, due mostly in part to the introduction of the orange-flavored Grey Goose L'Orange. Smirnoff, the best selling vodka in the United States, also joined the trend with its Smirnoff Orange Twist and Raspberry Twist offerings.

1.4.3 Industry Analysis

The distilled spirits industry Code of Good Practice set forth by industry watchdog the Distilled Spirits Council of the United States (see [Section 1.4.3.2](#)) has been adopted as standard operating guidelines by most U.S. producers of distilled spirits. Distribution and sales of these products relies on a complex infrastructure that supports literally tens of thousands of retailers nationwide. This is a mature industry that does not succumb to the fluctuations of the economy as readily as other, more cyclical industries. The distilled spirits industry and particularly members of DISCUS are proud of their long-standing and proven commitment to social responsibility and will continue to lead the way in this important effort.

1.4.3.1 Industry Participants

Alcoholic beverages have long been a part of cultures throughout the world. They are important consumer products and are heavily advertised and marketed. There are thousands upon thousands of brands of alcoholic beverages.

Three major segments constitute the global alcoholic beverage trade: breweries, which manufacture beers, ales and malt beverages; wineries, which produce wines and brandies; and distilleries, which output various liquors and blended alcoholic drinks (distilled spirits & cocktails).

Beer & Malt Beverages

Beer and malt beverages are made from a "mash" of fermented barley, malt, and rice or corn. These beverages are naturally cloudy from sediment in the brews, but most commercial brewers clarify their products through advanced filtration systems. U.S. brewers frequently use additives to stabilize foam and to maintain freshness, while European brewers use these additives less often. Almost all bottled and canned beer is pasteurized in the container to make sure that any remaining yeast does not continue to ferment. Draft beer, served from large kegs in taverns, bars, and other outlets, is not pasteurized and must be refrigerated to prevent spoilage. These products ordinarily display an alcohol content of 3 to 10%.

Wine

Usually made from fermented grape juice, most wines are classified as red, white, or rose and also as dry, medium or sweet. Wine categories include vintage wines, table wines, sparkling wines and fortified wines. These products ordinarily display an alcohol content of 10 to 20%.

Distilled Spirits & Cocktails

The distilled spirits business includes two major groups: clear "white goods" such as gin, vodka, rum, and tequila; and "brown goods" such as bourbon, scotch or whiskey. Younger drinkers tend to prefer

“DISCUS reported that spirits volume grew 2.8% in 2008 amid the worst economic recession in over 50 years, showing the strength of this market.”

lighter drinks, creating increases in white goods sales since the early 1990's while sales of brown goods fell sharply. In the United States, Bacardi Rum, Smirnoff Vodka, and Seagram's Gin, all white goods are among the five top selling brands.

Other major segments in the distilled spirits category are cordials, liqueurs and ready-to-drink cocktails. Originating in Europe, cordials and liqueurs are prepared by mixing spirits with flavorings. The cordial category includes schnapps, liqueurs, crèmes and brandies. Products in this category ordinarily display an alcohol content of 10 to 40%, with some specialty products exceeding 75%.

Where We Fit In

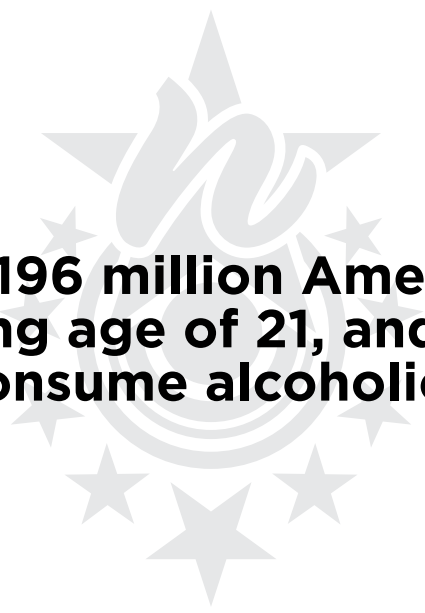
Nineshotz falls into the distilled spirits & cocktails category, but we will consider the beer & malt beverage as well as the distilled spirits & cocktails categories for performance indicators. Nineshotz will be part of an industry which enjoys revenues in the hundreds of billions of dollars each year. This industry is dominated by companies such as those listed below:

Anheuser-Busch InBev: US\$56.4 billion (Belgium)
Heineken Holding: \$24.7 billion (Netherlands)
Asahi Group Holdings: \$19.4 billion (Japan)
Kirin Holdings: \$16.6 billion (Japan)
Diageo: \$15.7 billion (United Kingdom)
Suntory Holdings: \$11 billion (Japan)
Molson Coors Brewing: \$10.9 billion (United States)
Pernod Ricard: \$10.2 billion (France)
Carlsberg: \$9.4 billion (Denmark)
Kweichow Moutai: \$8.5 billion (China)
Constellation Brands: \$7.6 billion (United States)
Thai Beverage: \$5.6 billion (Thailand)
Wuliangye Yibin: \$4.4 billion (China)
Brown-Forman: \$3.2 billion (United States)
Jiangsu Yanghe Brewery: \$2.9 billion (China)

The companies listed here are the giants of the industry and many are members of the Distilled Spirits Council of the United States (DISCUS).

1.4.3.2 DISCUS Code of Good Practice

DISCUS has spent decades combating alcohol abuse and encouraging responsible consumption of alcoholic beverages. DISCUS has composed the Code of Good Practice which is included in its entirety on the following pages:



“Approximately 196 million Americans are within the legal drinking age of 21, and approximately 120 million consume alcoholic beverages.”

The Distilled Spirits Council of the United States Code of Good Practice

Preamble

The Distilled Spirits Council of the United States, Inc. (DISCUS) is the national trade association representing producers and marketers of distilled spirits sold in the United States. The members of DISCUS adopt this Code of Good Practice as guidelines concerning the placement and content of advertising and marketing materials. These guidelines have two overriding principles: (1) to ensure responsible, tasteful, and dignified advertising and marketing of distilled spirits to adult consumers who choose to drink and (2) to avoid targeting advertising and marketing of distilled spirits to individuals below the legal purchase age.

The consumption of beverage alcohol products has played an accepted and important role in the cultural and social traditions of both ancient and modern society. DISCUS members take special pride in their products and their commitment to promoting responsible consumption by those adults who choose to drink. Nevertheless, it is the obligation of each consumer who chooses to drink to enjoy beverage alcohol products in a responsible manner.

The distilled spirits industry acknowledges the problems inherent in abusive consumption of beverage alcohol, and DISCUS members remain committed to combating alcohol abuse. To that end, the industry has joined with government and civic groups in efforts to encourage responsible use of beverage alcohol products. DISCUS also actively supports informational, educational, research, and treatment initiatives in an effort to better understand, prevent, and combat abuse of its products.

Scope

The producers and marketers of distilled spirits encourage responsible decision-making regarding drinking of beverage alcohol by adults, and discourage abusive consumption of their products. The distilled spirits industry urges that adults who choose to drink, do so responsibly. Towards this end, DISCUS members pledge voluntarily to conduct their advertising and marketing practices in the United States in accordance with the provisions of this Code. The provisions of the Code apply to every type of print and electronic media, including the Internet and any other on-line communications, used to advertise or market distilled spirits.

DISCUS members recognize that it is not possible to cover every eventuality and, therefore, agree to observe the spirit as well as the letter of this Code. Questions about the interpretation of the Code, member companies' compliance with the Code, and the application of its provisions are directed to the Code Review Board of DISCUS.

Continued on Next Page



**“2019 marks the 86th anniversary
of the repeal of prohibition.”**

Responsible Placement

1. Distilled spirits should not be advertised or marketed in any manner directed or primarily intended to appeal to persons below the legal purchase age.
2. Distilled spirits advertising and marketing should not be placed in any communication intended to appeal primarily to individuals below the legal purchase age.
3. Distilled spirits should not be advertised on college and university campuses or in college and university newspapers.
4. Marketing activities for distilled spirits should not be conducted on college and university campuses except in licensed retail establishments located on such campuses.
5. Distilled spirits advertising and marketing should not be specifically aimed at events where most of the audience is reasonably expected to be below the legal purchase age. Fixed distilled spirits advertising and marketing materials at facilities used primarily for adult-oriented events fall outside this guideline.
6. Distilled spirits advertising should not be placed on any outdoor stationary location within five hundred (500) feet of an established place of worship or an elementary school or secondary school except on a licensed premise.

Responsible Content

Underage Persons

1. Distilled spirits advertising and marketing materials are intended for adults of legal purchase age who choose to drink.
2. The content of distilled spirits advertising and marketing materials should not be intended to appeal primarily to individuals below the legal purchase age.
3. Distilled spirits advertising and marketing materials should not depict a child or portray objects, images, or cartoon figures that are popular predominantly with children.
4. Distilled spirits advertising and marketing materials should not contain the name of or depict Santa Claus or any religious figure.
5. Distilled spirits should not be advertised or marketed on the comic pages of newspapers, magazines, or other publications.
6. Distilled spirits should not be advertised or promoted by any person who is below the legal purchase age or who is made to appear, through clothing or otherwise, to be below the legal purchase age.
7. Distilled spirits web sites should contain a reminder of the legal purchase age on such web pages as the home page, access sites for the purchase of distilled spirits or brand-logoed consumer merchandise, and access sites depicting consumption of beverage alcohol, for example, a "virtual bar."



“The U.S.D.A. reports that packaging should show off the essence of a brand and it is an artistic element which influences customer choice.”

8. Distillers recognize the crucial role parents play in educating their children about the legal and responsible consumption of beverage alcohol. To enable parents who choose to prevent their children from accessing Internet web sites without their supervision, DISCUS will provide those parents and the manufacturers of parental control software upon request the web site address of each member company so that the parent or manufacturer can use this information.

Social Responsibility

9. Distilled spirits advertising and marketing materials should portray distilled spirits and drinkers in a responsible manner. These materials should not show a distilled spirits product being consumed abusively or irresponsibly.
10. On-premise promotions sponsored by distillers should encourage responsible consumption by those adults who choose to drink and discourage activities that reward excessive/abusive consumption.
11. Distilled spirits advertising and marketing materials should not promote the intoxicating effects of beverage alcohol consumption.
12. Distilled spirits advertising and marketing materials should not contain any curative or therapeutic claim except as permitted by law.
13. Distilled spirits advertising and marketing materials should contain no claims or representations that individuals can obtain social, professional, educational, or athletic success or status as a result of beverage alcohol consumption.
14. Distilled spirits should not be advertised or marketed in any manner associated with abusive or violent relationships or situations.
15. Distilled spirits advertising and marketing materials should not imply illegal activity of any kind.
16. No distilled spirits advertising or marketing materials should portray distilled spirits being consumed by a person who is engaged in, or is immediately about to engage in, any activity that requires a high degree of alertness or physical coordination.
17. No distilled spirits advertising or marketing activity should be associated with anti-social or dangerous behavior.
18. Distilled spirits may be portrayed to be part of responsible personal and social experiences and activities, such as the depiction of persons in a social or romantic setting, persons who appear to be attractive or affluent, and persons who appear to be relaxing or in an enjoyable setting.

Continued on Next Page

“Fascination with ‘cocktail culture’ continues as an affordable luxury even in a fluctuating economy.”

Drunk Driving

19. Driving while intoxicated is against the law. Distilled spirits advertising and marketing materials should not portray, encourage or condone drunk driving.

Alcohol Content

20. Distilled spirits advertising and marketing materials should not refer to alcohol content except in a straightforward and factual manner.

Good Taste

21. No distilled spirits advertising or marketing materials should contain advertising copy or an illustration unless it is dignified, modest, and in good taste.
22. No distilled spirits advertising or marketing materials should claim or depict sexual prowess as a result of beverage alcohol consumption.
23. Distilled spirits advertising and marketing materials should not degrade the image, form, or status of women, men, or of any ethnic, minority, sexually-oriented, religious or other group.
24. Distilled spirits advertising and marketing materials should not employ religion or religious themes, nor should distilled spirits be advertised in publications devoted primarily to religious topics.

1.4.3.3 Portion Control Statement

To do our part in promoting conscientious, responsible consumption of alcoholic beverages, Nineshotz has incorporated portion control into the design of our product. Each shotglass is engineered to contain precisely 50 mL of product, yielding an appropriate portion size for an average sized adult. Although we cannot guarantee that only one portion will be consumed, through our packaging, we can achieve positive reinforcement of portion size awareness.

1.4.3.4 Distribution Patterns

The alcoholic beverage industry relies on a well-established network of distributors and retailers to deliver its product to the consumer. As stated in the [Distribution Strategy in Section 1.5.4.4](#), Nineshotz Corp. intends to use this pre-existing distribution infrastructure until such time that distribution of our product can be more economically achieved through an alternative method such as purchasing our own fleet.

1.4.3.5 Competition and Buying Patterns

Competition in the alcoholic beverage industry is rampant. Billions upon billions of dollars are spent annually by beverage companies on advertising. Simply put, there is no way for us to compete with corporations that have unlimited funds. It is therefore our responsibility to be smarter and more resourceful, a skill we've been honing for years. Our product will be unique, but that's not enough to create success. We must sell

“U.S. distilled spirit sales should benefit from industry promotion of trendy cocktails.”



our beverage for a reasonable price, and it must be a beverage that above all else tastes great. Even the best marketing and advertising will have difficulty selling a beverage that doesn't taste or look good. We want repeat customers; we also want our customers to be confident in the fact that this is the highest quality product available and have no reservations about recommending it to a friend or bringing it to a social function. It is this combination of price, taste and brand image that will allow us to compete in this massive, unforgiving industry.

The typical alcoholic beverage consumer has been portrayed in most recent advertising as intelligent, youthful and well-heeled. To this end, the beverages that are most popular today usually fall into the "trendy" category. When these consumers choose to drink in a bar or club, it's all about appearances. Companies including Bacardi and Skyy have capitalized on this phenomenon and have introduced spin-off drinks that appeal directly to this crowd. To combat these potential competitors, we intend to learn from and improve upon the foundation they have already laid. Nineshotz is advertised as an "image", that's why our branding is so important. We're not concerned with *creating* an image for our consumer, but more with the image portrayed in the advertising of the beverage. We monitor the buying patterns of our customers and use this information to create effective and efficient marketing plans with appropriate media placement.

The combination of reasonable price, great taste and a unique, fun and exclusive image should ensure that Nineshotz can earn its share of the distilled spirits & cocktails segment of the alcoholic beverage market in a reasonable amount of time following release.

1.4.3.6 Main Competitors

Nineshotz Corp. has found no similar competitive product, thus we can only make general comparisons with products in the same basic class as our beverages. [Section 2.0, Competitive Products](#) contains a complete list of products which have at least one characteristic similar to Nineshotz. This list is broken into four categories, (1) Mixed Drinks & Cocktails, (2) Spirits, (3) Malt Beverages and (4) Beers.

1.5 Strategy and Implementation Summary

Business analysts constantly reiterate that if a company can keep its eye on the goal, success is much easier to achieve. To this end, our business strategy keeps in line with the theme of this document and the Nineshotz image as a whole; keep it simple, don't overcomplicate. Our main strategy is to stay focused on the bigger picture. We sell a very unique product in a large demanding market and for this reason alone we must remember to always stay focused on our product and the future of that product. [Sections 1.5.1 through 1.5.7](#) provide a detailed description of our business strategy and how staying focused will allow Nineshotz to flourish in this monstrous, unforgiving industry.

1.5.1 Strategy Pyramids

The tactics that underline our primary strategy of focus include three main points (1) Product, (2) Innovation and (3) Brand Image.



“Samuel Adams Utopias has the highest alcohol content of any traditionally brewed beer, 25% by volume; and can’t be sold in many states.”

1. *Product:* Simply put, we are a product company. Our product is the most important aspect in keeping our company alive. By putting this tactic first, it serves as a constant reminder that product is king.
2. *Innovation:* Along the same lines as product comes innovation. We must constantly improve and make innovations to our product reminded by the fact that tastes in this market change faster than the tides. Keeping our product fresh keeps our advertising fresh and therefore keeps Nineshotz fresh in our customers mind. It’s this top-of-mind awareness that will keep us on top.
3. *Brand Image:* Brand Image may be one of the most important aspects to a company’s success that often goes overlooked. It’s no accident that Budweiser, Coca Cola, AT&T, Apple, and Disney are the successful companies they are today; they’ve all created a brand that is, for all intents and purposes, a household name. The marketing for these successful companies all has one thing in common; it’s an image, the same general look and feel – for *everything* they do. The undisputed leader in this game is Disney, whose branding has gone one step further into the fabrication of an entire “world”. People travel halfway around the planet to experience that mystical Disney “magic”. It’s the *magic* that Disney sells in their ads, and it’s the *magic* that makes Disney one of the largest revenue earners in the world. We’ve analyzed what Disney and these other successful companies have done, and we intend to apply these methods, albeit on a smaller scale, in the branding of Nineshotz. Our look will be uniform from the most unassuming business card to the largest billboard. From polo shirts to magazine ads, the Nineshotz brand will always be represented in a professional, exacting manner judged by the highest standards (see [Section 5.0](#) for further information on brand image).

1.5.2 Value Propositions

Our value proposition is quite distinctive from any other in our industry. We simply offer unique, premium beverages at a reasonable price. Nineshotz popularity will stem from the fact that our product removes the time-consuming and often untidy task of mixing drinks at home or at a social function. Our product is less expensive, tastes the same every time and requires no time to prepare; it is these three things that will differentiate Nineshotz from the rest.

1.5.3 Competitive Edge

Our competitive edge is clear, literally. Starting with a transparent box holding nine crystal-clear shotglasses and continuing with a web-based system to let customers vote on the next drink recipe, we’re looking to do things a little differently. It is exactly this distinctive, original image that we’re all about, and it’s this image that we consider to be our edge on the market. We strive to be a company that customers will remember. Just as Starbucks, Microsoft and Facebook began as quirky startups, our unique attitude, style and corporate culture will also one day become part of the mainstream.

1.5.4 Marketing Strategy

The key to our marketing strategy is a simple, straight-forward approach. It’s the combination of an excellent product, innovative marketing and a young, fresh perspective that will let Nineshotz succeed in this ultra-competitive market. Our marketing strategy, product packaging and external communication

must all fit the overall Nineshotz "image" without compromise. Our image must be rock solid and the strategy which dictates this is laid out in the following sections. The complete branding and marketing plan can be found in [Section 5.0](#) of this document.

1.5.4.1 Positioning Statement

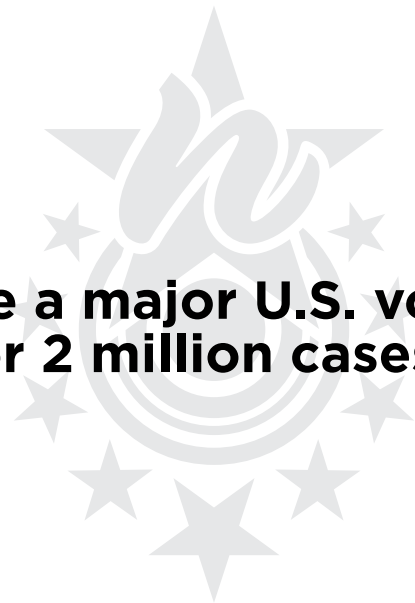
Nineshotz is a product for people looking for something a little bit different, a little bit edgy. As our product is marketed as a "premium-luxury" product, we will produce our advertisements for this market, but position them in media encompassing a much wider financial profile. We intend to be recognized as the first truly unique alcoholic beverage in years and we believe that customers will choose Nineshotz because of the following reasons. Our product tastes great, is reasonably priced and has an exciting brand image with transparent boxes and advertising that's intelligent and fun. Being able to deliver consistently on all three fronts will be the primary reason that consumers will choose Nineshotz over the alternatives.

1.5.4.2 Pricing Strategy

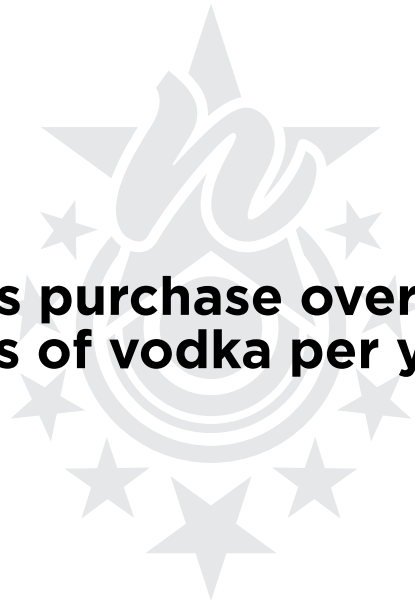
Our pricing strategy is simple. We must consistently be priced less than the competition and also priced less than what it would cost to purchase the individual elements of a cocktail to make at home. Our product should flourish if we adhere to this strategy, we want to offer more for less and make it easier for the customer. For detailed information on product pricing, see [Section 8.0, Manufacturers Suggested Retail Price](#).

Simplicity is the goal for everything related to this product, from pricing to advertising, to use of the product itself. We pride ourselves on this concept. History has shown that simplicity is often a key to success. We have extensively studied successful corporations such as JetBlue, the startup airline created by David Neeleman that blew the doors off its competitors by simply offering more for less. Better service, more amenities and a simple, targeted advertising campaign directed to an intelligent, refined customer helped JetBlue earn the trust of the traveling public. Add innovations such as in-flight yoga instruction and DirecTV satellite television at every seating position and a totally original airline was born. It is this approach to business that we intend to mimic. JetBlue's simple pricing structure, simple website with easy-to-use flight search and booking procedures and a simple advertising campaigns have given the Goliaths in the airline industry reason to flinch. Even during a time of turmoil for the airline in early 2007, JetBlue responded to critics by inaugurating a customer bill of rights, giving customers a guarantee for its service. The President of JetBlue even went as far as taking out a full page newspaper ad in every city served by the airline apologizing for the weather delays that caused the cancellation of hundreds of flights. By offering more for less and being honest with their customers and potential customers, JetBlue and other airlines like Southwest and Europe's EasyJet have caused a shift in the airline industry. We intend to take the same basic philosophy and apply it to the U.S. alcoholic beverage industry.

“SKYY has become a major U.S. vodka manufacturer, selling over 2 million cases per year.”



“Americans purchase over 40 million cases of vodka per year.”



1.5.4.3 Promotion Strategy

Because Nineshotz Corp. is a new entity, we understand that we will have to prove our company's worth to distributors and consumers in order to earn their respect and business. In addition to our out-of-home media advertising campaign, we will use a network of local promotion companies to "spread-the-word" during our product launch phase as well as throughout each products' life-cycle. It is these promotions which raise top-of-mind awareness and attach a "brand image" by associating Nineshotz with these types of social events.

We are also planning a line of promotional products such as t-shirts, hats, key chains and similar items to be distributed free of charge at these events. Every item is to be imprinted with at least the Nineshotz logo. If there is appropriate room on the promotional item in question, the web address will also be listed. An adequate inventory of premium promotional items will be warehoused so that consumers can purchase these items from our website nineshotz.com; these items will include high-quality polo shirts, golf and baseball caps, pens, collector shotglasses, gifts, etc. We intend to drive as much traffic to the website as possible by using the aforementioned voting system for future drink recipes, Vote-to-Win drawings, and a calendar of Nineshotz events with taste-testing locations only available online.

1.5.4.4 Distribution Strategy

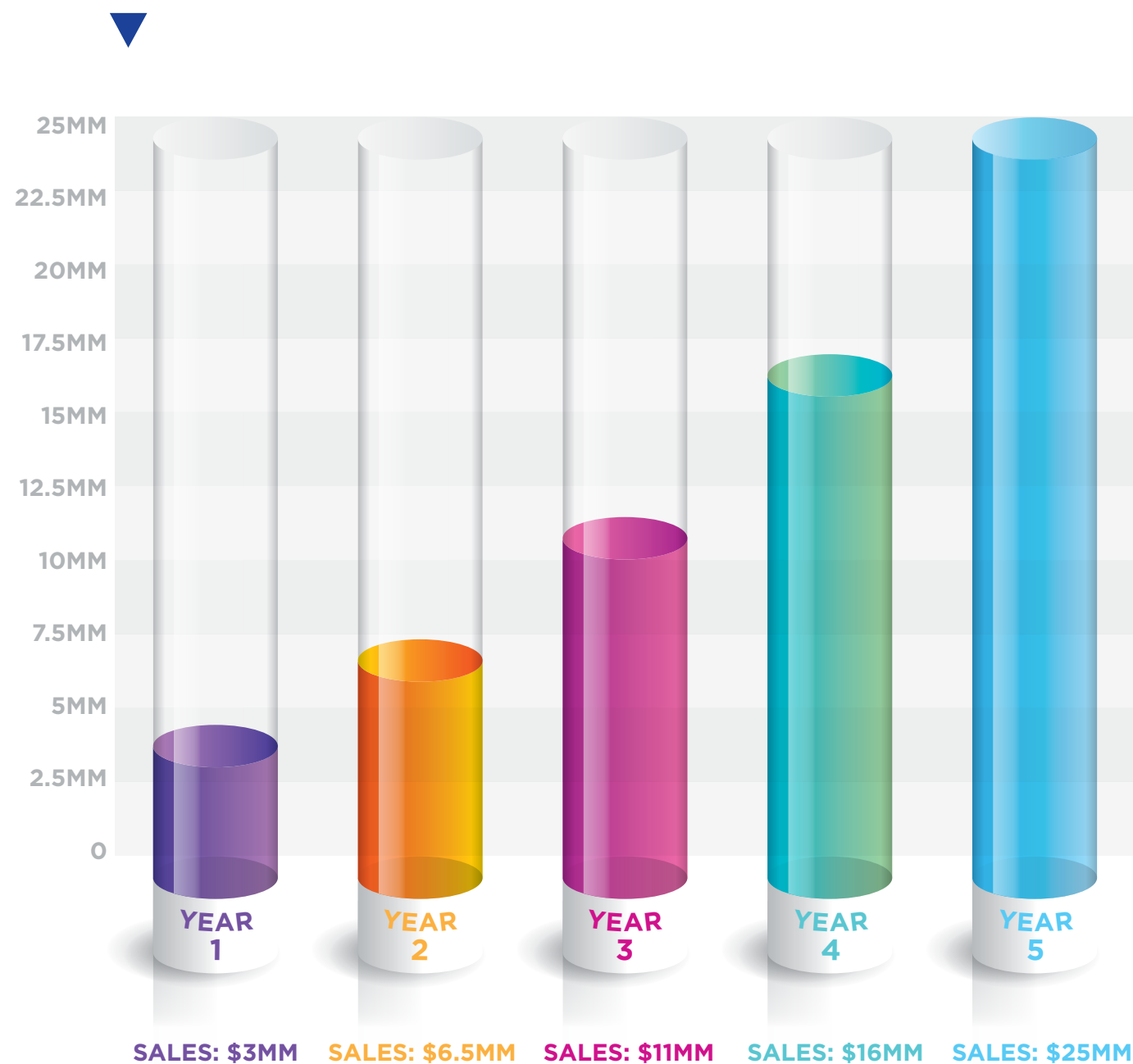
Nineshotz Corp. intends to take advantage of pre-existing distribution infrastructures. Our beverages will be produced at a bottling company that has an established distribution method. We have included distribution and warehousing into our agreement with our bottling company. Our target retailers include large corporate owned and smaller privately owned chains, but we will include every sales outlet that becomes available. Smaller stores that are served by our local distributors will also be included. The performance of Nineshotz Corp. will be indelibly linked to the performance of the distributors and retailers that are involved with the sales of our product. It is therefore paramount to the fulfillment of our business objectives that we cultivate customer loyalty with a network of distributors and retailers that are both well established and currently known for selling the types of products we offer. See [Section 2.0, Distributors and Retailers](#) for further information on this topic.

Additionally, we would prefer to pay manufacturing employees on a per-unit-packed basis, providing motivation for completing more units per shift. This fair pay strategy will again lower burden on operating expenses. Employees who have direct control of their earnings are typically more motivated and more productive than hourly-paid employees.

1.5.4.5 Marketing Programs

Nineshotz most important marketing program is our out-of-home media campaign. It is this type of "larger-than-life" media that is needed to create the brand awareness we are seeking. A series of billboards have been created and will be posted in locations deemed by the Executive Team to be (1) effective and (2) appropriate. Additionally, a fleet of logo vehicles will be used in launch cities concurrent with promotions in that city. We will follow the guidelines of the DISCUS Code of Good Practice in the placement of these billboards. The Executive Team will be responsible for overseeing the purchase, production and placement of the billboards.

SALES FORECAST
Data from 60-month Proforma Estimates*



Key Data

Current gross margins for Nineshotz products vary from 18.58% to 41.12%. These margins will increase significantly as we gain efficiencies by ordering supplies in higher quantities. Our goal is to reach a gross margin of 50% average across all product lines by FY 2021.

*These estimates were compiled by Accell CPA's using the most conservative forecasting model. The full proforma spreadsheet is available upon request.

Marketing will be in the forefront of every decision at Nineshotz; it will be a daily task rather than a yearly chore. We are passionate about our product and the marketing and branding that backs it. This solid, well-planned marketing program is the foundation on which we will build this company.

1.5.5 Sales Strategy

The first element of our sales strategy will be maintaining our position within our key sales channels. We depend on keeping those key channel sites happy, serving their needs and serving their customers. We also recognize that a few key decision makers in the main stores are critical to our success. We must make sure that we serve their businesses well and communicate on a regular basis.

Detail is the second element of our sales strategy. We intend to make sure that the product leaving our warehouse is of the highest quality with no defects in mixing, bottling or packaging. Nineshotz Corp. will not tolerate any variation in the quality of our product, advertising or brand image. These three factors will be constantly reviewed and adjusted as needed by the Executive Team.

1.5.5.1 Sales Forecast

The graph to the left shows sales forecasts for the first five years of operation.

1.5.5.2 Sales Programs

Sales to the end consumer (via advertising) will be done through the programs detailed in [Section 5.0, The Brand](#). Sales to potential retail stores and distributors will be done by our in-house reps, and paid representatives or "brokers" in person. We will also direct an initial letter of information to local privately-owned retail outlets to give them the ability to stock our product immediately preceding the launch of retail sales.

1.5.6 Strategic Alliances

We intend to forge an alliances with retailers such as Total Wine & Spirits and ABC Fine Wine & Spirits to generate additional support during launch and for research in conjunction with our future product lines. Over the past several years, ABC has revamped its image and is now aligned with what we consider to be the preeminent alcoholic beverage retailer in the Southeast U.S. while Total Wine is expanding at a feverish pace. With hundreds of retail locations in these chains, we will benefit greatly from our strategic alliances by gaining access to a loyal, pre-existing customer base, retail locations for tasting opportunities and a forum for new product innovation and introduction. We will need to ensure that the personnel and management of these chains are aware of our appreciation regarding their support and reciprocation.

1.5.7 Milestones Overview

For a detailed explanation of corporate activities to date, see [Milestones in Section 6.0](#). The milestone schedule indicates our emphasis on planning for implementation. What the table doesn't show is the commitment behind it; we will hold monthly meetings to discuss any variance in the course and to make necessary corrections.



The Team

Executive Team

Chris Pascucci – Founder, Chairman & CEO
Amith Ramsumair – President & CIO
Shalen Patel – CFO
Peter Pascucci – Director of Operations

Board Members

Courtney Irwin – Founder
Mark Cooney – Broker at The Land Sharks
Paul Taeger – Owner Bong Spirits

Operations

Sheryl Hunter: Hunter Business Law – Corporate Counsel
Adam Hersch: Hunter Business Law – Corporate Counsel
Paula Popovich: Gregory, Sharer & Stuart, PA – Tax and Accounting
Catherine Mary Sullivan: Gregory, Sharer & Stuart, PA – Finance and Accounting

Manufacturing/Distribution

Steve Roytman – Bottling Plant Manager
Dan Holmes – Sales
Chris Fairchild – Plastics Sourcing
Mike Murphy – Plastics Design
Faustino Poo – Plastics Manufacturing
Howard Tsai – PET Printing (Taiwan)
Deb Systma – PET Printing (US)
Joe Kovalick – Cream Based Beverage Manufacturing
Stacey Woodard – Flavor Development & Formulation
Philip Kolodziej – State Applications & Licensing

Present & Past Advisors

Rhea Law – Chair, Florida Offices at Buchanan, Ingerson & Rooney PC (Mentor)
Topher Morrison – Executive Director of Key Person of Influence
Morgan Cederblom – Owner, True Spirits
Ron Klein – Inventor of NASDAQ Exchange and the Credit Card Magnetic Stripe
Joe Norton – National Sales Manager, Mexcor Distribution
Woody Daniel – Beer and Alcoholic Beverage Distribution
Geoff Dyer – Founder, Lifestyle Family Fitness
Spiros Margetis – Professor of Finance, University of Tampa
John Griffith – Financial Advisor, CapTrust
Anne Morse – Packaging Approval Attorney
Chris Kearns – Former VP, Florida Distillers
Jim Parrish – USF Small Business Development Council
John Lingo – President, Mango Bottling Company
Jim Elliott – Owner, Vault Spirits Company

nineshotz™

1.6 Management Summary

1.6.1 Executive Team

Nineshotz Corp. is organized into three main functional areas: (1) executive administration, marketing, sales, research and development, (2) production and shipping, and (3) accounting, legal, insurance and licensing.



Mr. Christopher S. Pascucci | Founder, Chairman & CEO

Over a decade ago, Mr. Pascucci recognized a huge, untapped market in the alcoholic beverage industry so he created the brand, Nineshotz Premium Alcoholic Beverages to fulfill the needs of this market. Mr. Pascucci has overseen every aspect of the development of both the brand and the product, from engineering to formulation. His professional career includes over 20 years in advertising, marketing, and sales with a client book of many well-known companies including the Tampa Bay Times, Latitude Margaritaville, the City of Tampa, WMNF, Hyatt Hotels, Target Stores, HMY Yachts, Seven Marine, Intrepid Yachts, Hatteras Yachts, Salon Lofts, Joshua House, The Children's Home Society, The University of South Florida, USPS, the Florida Humanities Council and StageWorks Theater. Chris is a published author having released *From Bang to Bang: A Normal Guy Explains the Universe (And Probably Offends the Entire Scientific Community)* in March of 2017 and he is a graduate of the University of South Florida.



Mr. Amith Ramsumair | President & CIO

Mr. Ramsumair's professional career in Systems Engineering & Architecture has provided him a breath of experience working for corporations throughout the United States. His focus on analyses and determination of the root cause of difficult problems provides him with insight to advise and assist these companies to improve their customer outcomes and ultimately develop a better product. Amith also prides himself in understanding the people around him and works hard to align their personal "why" to company goals. Always looking for the next challenge, he sees the untapped potential in Nineshotz and will help execute and deliver this product to an international audience.



Mr. Shalen Patel | CFO

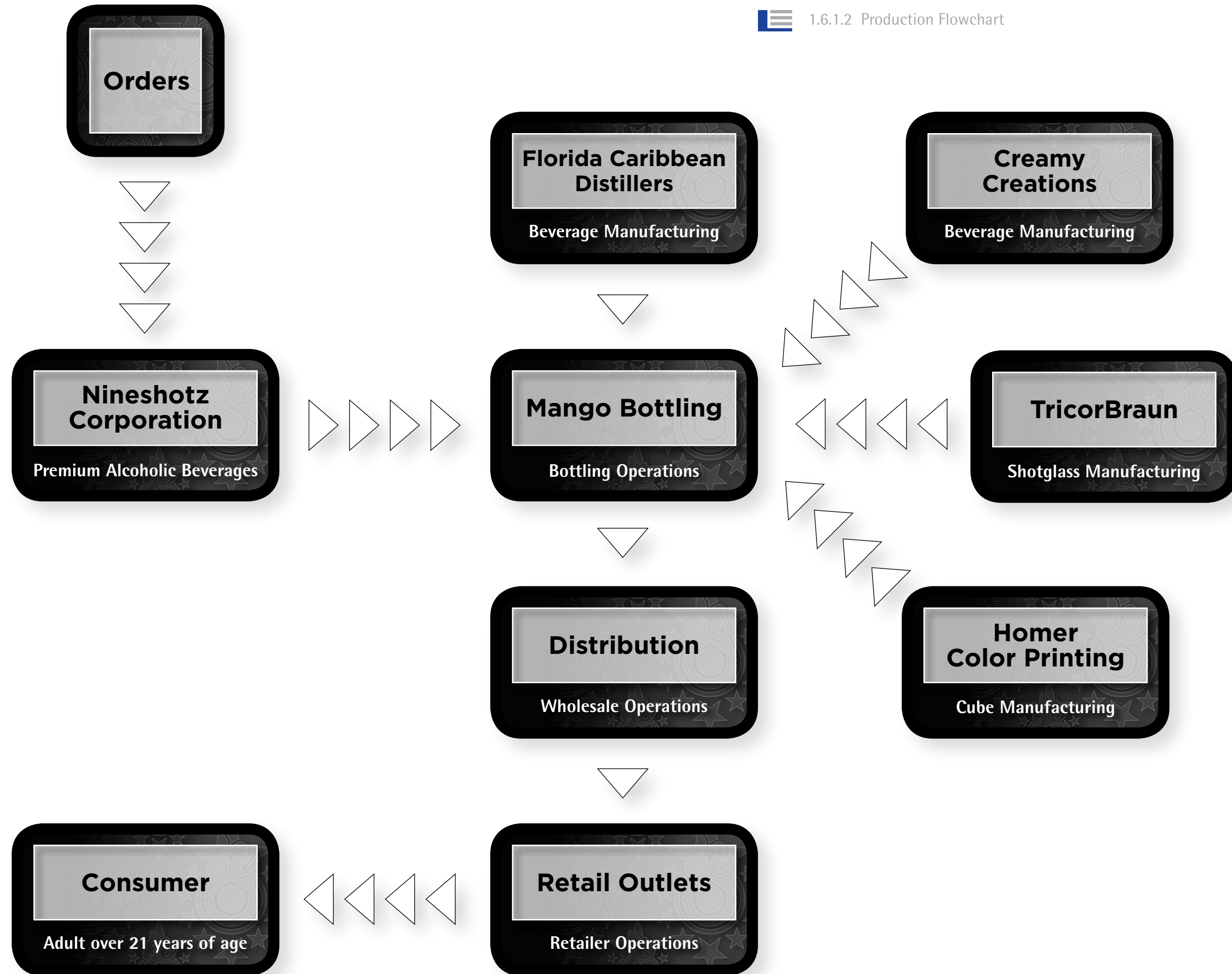
Certified Public Accountant and University of South Florida graduate, Mr. Patel's experience and professional goals are well suited to the needs of the Nineshotz Corporation. Shalen has worked for PricewaterhouseCoopers LLC as an in-charge for firm audit engagements including the management of staff members and client personnel. Mr. Patel has an in-depth understanding of SEC filing requirements as well as standardized accounting and reporting procedures.



Mr. Peter Pascucci | Board Member & Director of Operations

A veteran of the residential and commercial construction industry, Peter uses his extensive engineering training to oversee operations and ensure quality control at our manufacturing plant at Mango Bottling in Cocoa, Florida. His decades of experience in land development, contract negotiation and project management for companies such as Coastal Bay Realty, Oxford Development, Summit Properties and Centex Homes are a great asset to the Nineshotz Corporation. Peter is also a Life Director of the Tampa Bay Builders Association and a Life Director of the Florida Home Builders Association.





1.6.3 Management Gaps

Office staff including an Executive Assistants and a Sales/Promotions Manager will be added during first year of full operation.

1.6.4 Personnel Plan

The cornerstone of the personnel plan is to maximize production and minimize the labor burden on Nineshotz Corp.'s operating expenses. Until increased sales can support additional salaries, the Executive Team will oversee operation of the corporation with salaries as proposed in the attached [Pay Summary in Section 4.0](#). The sales and administrative positions will be paid a salary dictated by local salary surveys for similar positions (sales positions will also receive bonus pay as described in their individual pay plans). Accounting services and legal fees will be paid as needed by a line item in the Corporate Overhead section of the [Pro Forma Operating Budget in Section 7.1](#). Additional need for help at the corporate level will be analyzed and implemented as the budget allows. Drivers for the logo vehicle fleet will most likely include employees, friends and family members rather than paid drivers during the startup phase of operations.

1.7 Financial Plan

Nineshotz Corp. is seeking a financial package based on the requirements set forth in this plan. It should be noted that the management of Nineshotz Corp. does not propose to take any profits out of the business until investment debt has been satisfied, however, profits remaining after the arranged debt repayment should be used to finance growth, mainly through the acquisition of additional retail outlets and furthering the reach of our advertising campaigns and distribution channels to additional states. It is our goal to attain regional and then national distribution as soon as demand and capital permit.

1.7.1 Important Assumptions

The financial plan depends on a few important assumptions, several of which are shown in the table to the left. The key underlying assumptions are:

We assume a stable, slow-growth market as described in the DISCUS Year-in-Review (2018).

We assume that there will be no unforeseen changes in the popularity of alcoholic beverages with the general U.S. and world populations which would make our products obsolete any time in the near future.

We assume that there will be no radical changes to U.S. or international law related to the purchase, sales, distribution or consumption of alcoholic beverages.

We assume access to equity capital and financing sufficient to maintain our financial plan as detailed in this document.

GENERAL ASSUMPTIONS

Monthly/Yearly Table, Years 1 through 3

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6			
Plan Month	1	2	3	4	5	6			
Current Interest Rate	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%			
Long-term Interest Rate	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%			
Tax Rate	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%			
	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Year 1	Year 2	Year 3
	7	8	9	10	11	12	1	2	3
Current Interest Rate	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.02%	4.97%
Long-term Interest Rate	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
Tax Rate	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%

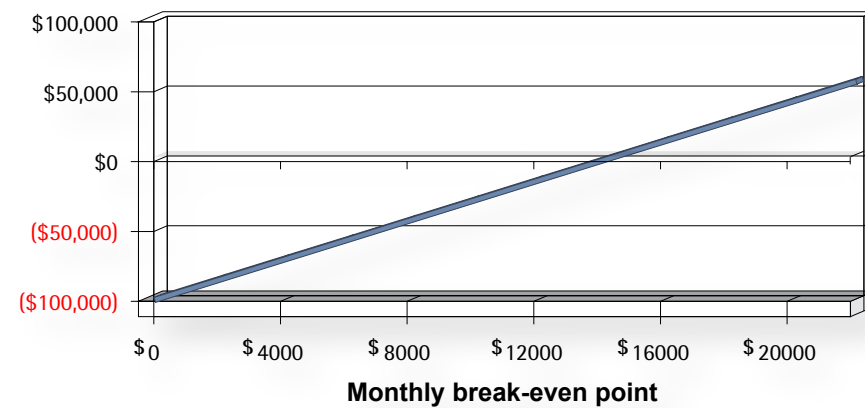
1.7.2 Key Financial Indicators

Our key financial indicators for charting and forecasting expenses will be the following:

Inventory Turnover: We must ensure that our inventory of beverages as well as packaging and raw materials turns over at a specified rate to avoid a negative impact on our cost of goods sold and cash flow. This rate will be more accurately estimated before product launch and verified and/or adjusted when sales data from the first few months of operations becomes available.

Collection Days: Collection can be handled many different ways and it may be too early to determine the best course of action for this subject. It may, however be necessary to implement a variety of payment terms with different parties, depending on their payment history. In extreme cases, prepayment of orders may be the only extendable terms.

Gross Margins: We will monitor our sales numbers and forecasts to determine the best gross margin percentage for the given quarter. In addition to this, we should hold marketing costs to a level where our sales numbers return our predicted gross margin percentage. These levels will be determined after product launch.



BREAK-EVEN ANALYSIS
Chart

1.7.3 Break-Even Analysis

The chart to the left illustrate our break-even analysis for the first year of operations.

1.7.4 Expense Forecast

We will use data obtained during pre-launch negotiations with vendors and post-launch data from sales figures to prepare expense forecasting reports. These forecasts will need to be updated at regular intervals, allowing us to compare forecasts on a monthly basis and make changes as necessary.

Initial marketing expenses as shown in the budget are relatively high as we seek to become known in the market. We should expect to commit more funds to our advertising programs than a conventional business due to the market conditions of this industry. Expenditures in this area will include advertising campaigns, literature, press, functional expenses, etc. As our market share increases and capital is generated, further marketing programs and the expansion of those already in existence will be undertaken, to ensure market development.

BUSINESS RATIOS

Table, Years 1 through 3



	Year 1	Year 2	Year 3	Industry Profile
Sales Growth	0.00%	211.11%	85.49%	5.09%
Percent of Total Assets				
Inventory	-86.39%	154.43%	41.55%	25.03%
Other Current Assets	0.00%	0.00%	0.00%	38.87%
Total Current Assets	100.00%	100.00%	100.00%	82.06%
Long-term Assets	0.00%	0.00%	0.00%	17.94%
Total Assets	100.00%	100.00%	100.00%	100.00%
Current Liabilities				
Current Liabilities	-158.02%	140.60%	34.75%	36.32%
Long-term Liabilities	0.00%	0.00%	0.00%	20.51%
Total Liabilities	-158.02%	140.60%	34.75%	56.83%
Net Worth	258.02%	-40.60%	65.25%	43.17%
Percent of Sales				
Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	14.08%	14.08%	14.08%	10.04%
Selling, General & Administrative Expenses	7.24%	4.21%	3.65%	1.90%
Advertising Expenses	39.28%	17.67%	12.62%	0.17%
Profit Before Interest and Taxes	-25.16%	8.39%	10.61%	1.52%
Main Ratios				
Current	-0.63	0.71	2.88	1.70
Quick	-1.18	-0.39	1.68	0.91
Total Debt to Total Assets	-158.02%	140.60%	34.75%	60.86%
Pre-tax Return on Net Worth	100.00%	-378.83%	155.75%	5.88%
Pre-tax Return on Assets	258.02%	153.80%	101.63%	15.02%
Additional Ratios				
	Year 1	Year 2	Year 3	
Net Profit Margin	-25.16%	5.87%	14.43%	n.a
Return on Equity	0.00%	0.00%	109.02%	n.a
Activity Ratios				
Inventory Turnover	12.00	9.69	8.32	n.a
Accounts Payable Turnover	8.02	12.17	12.17	n.a
Payment Days	27	25	24	n.a
Total Asset Turnover	0.00	18.33	4.93	n.a
Debt Ratios				
Debt to Net Worth	0.00	0.00	0.53	n.a
Current Liab. to Liab.	1.00	1.00	1.00	n.a
Liquidity Ratios				
Net Working Capital (without capital infusion)	(\$330,000)	\$691,000	\$1,348,000	n.a
Interest Coverage	0.00	0.00	0.00	n.a
Additional Ratios				
Assets to Sales	-0.10	0.05	0.20	n.a
Current Debt/Total Assets	0%	141%	35%	n.a
Acid Test	-1.18	-0.39	1.68	n.a
Sales/Net Worth	0.00	0.00	7.56	n.a
Dividend Payout	0.00	0.00	0.00	n.a

1.7.5 Business Ratios

The table shows projected business ratios. The Industry Profile columns show statistics for NAICS Code #424820, Wine and Distilled Alcoholic Beverage Merchant Wholesalers. Being that this is a startup business, it will be difficult to make comparisons to industry standards during the first few years of operation. Information obtained from www.naics.com.



**“Bacardi makes and sells more rum
than anyone else in the world.”**



1.8 Legal Considerations

1.8.1 Intellectual Property

Most of Nineshotz Corporation's intrinsic value is in the form of intellectual property. To this end, the information that is held by the corporation will and must be protected. Legal protection will be of paramount importance to defend the brand and its unique attributes. This information includes, but is not limited to, electronic and proprietary data such as engineering drawings, flavor recipes, website programming and user data, etc. Copyrights, patents and trademarks will be applied for where applicable. Further information on intellectual property can be found in [Section 5.8](#) of this document.

1.8.2 Licensing

We have formed a partnership with American Spirits Exchange LTD for our state licensing requirements. ASE will oversee all permitting and regulatory matters, taking the burden off our plant staff.

1.8.3 Corporate Position on DUI Law

Nineshotz has a very firm stand on DUI law. It is our official position that DUI convicted drivers should receive harsher penalties for driving under the influence of alcohol. To that end, Nineshotz will promote imposing harsher punishment and fines for alcohol related DUI incidents/accidents. As an accountable member of the alcoholic beverage manufacturing community, we must commit ourselves to enforcing the responsible use of alcoholic beverages and equally to keeping drunk drivers off the roads.

1.9 Banking and Credit

In addition to C.O.D. payment terms with several of our manufacturing partners, corporate banking accounts have been set up with Iberiabank and credit has been established with our suppliers and vendors.

2.0 Competitive Products

2.1 Introduction

Although no products have been found that directly compete with Nineshotz, the following beverages are considered to be at least indicators of the current state of the alcoholic beverage market.



2.2 Mixed Drinks & Cocktails

Bacardi Hurricane
 Bacardi Rum Island Iced Tea
 Bacardi Zombie
 Bartenders Mudslide
 Chi Chi's Cosmopolitan
 Chi Chi's Long Island Iced Tea
 Daily's Cocktail-in-a-Box Mangotini
 Club Long Island Iced Tea
 Cocktails by Jenn (Various Flavors)
 Glacier Bay Cran Grapefruit
 Glacier Bay Vodka Lemonade
 Jack Daniels Down Home Punch
 Jack Daniels Lynchburg Lemonade
 Jack Daniels Wildberry
 Jose Cuervo Authentic Margarita
 Jose Cuervo Lime Margarita
 Jose Cuervo Strawberry Margarita
 Kahlua Mudslide
 Kahlua White Russian
 Liqs Cocktails

Martini's Apple Martini
 Martini's Cosmo Martini
 Mike's Frozen Lemonade
 Potters Long Island Iced Tea
 Salvadors Margarita
 Sauza Margarita
 Seagram's Fuzzy Navel Cooler
 Seagram's Strawberry Daiquiri Cooler
 Seagram's Wild Berries Cooler
 Seagram's Wild Blackberry Cooler
 Seagram's Wild Margarita Cooler
 Shotty's Gel Shots
 TGI Friday's Margarita
 TGI Friday's Mudslide
 TGI Friday's Pina Colada
 Tooters Test Tubes (Various Flavors)
 Twisted Shots

2.3 Spirits

3 Vodka
 99 Bananas! Schnapps

Aalborg Aquavit
 Absente Liqueur
 Absolut Apeach
 Absolut Citron Vodka
 Absolut Mandarin Vodka
 Absolut Vanilla Vodka
 Absolut Vodka 100 Proof
 Absolut Vodka 80 Proof
 After Shock
 Agavero Tequila Liqueur
 Alize Gold Passion Fruit
 Alize Red Passion
 Alize Wild Passion
 Amaretto di Saronno
 Amarula Cream Liqueur
 Arak Razzouk Anise Liqueur
 Ashbourne Irish Cream
 Averna Amaro Liqueur
 B & B Liqueur
 Bacardi Big Apple Rum
 Bacardi Coco Rum
 Bacardi Grand Melon Rum

Bacardi Razz Rum
 Bad Apfel Apple Schnapps
 Bailey's Original Irish Cream
 Bailey's Mint Irish Cream
 Barenjager Honey Liqueur
 Barton Blue Wave Raspberry Vodka
 Basilica Hazelnut Liqueur
 Bauchant Orange Liqueur
 Becherovka Herbal Liqueur
 Belvedere Vodka
 Benedictine Liqueur
 Berentzen Apfelkorn Apple Schnapps
 Blavod Black Vodka
 Blue Ice Potato Vodka
 Bols Advocate
 Bols Banana
 Bols Strawberry Liqueur
 Burnetts Vanilla Vodka
 Burnetts Vodka
 Campari
 Captain Morgan Spiced Rum
 Captain Morgan Parrot Bay Rum

Caravella Limoncello
 Carmichael's Heather Cream
 Carolans Finest Irish Cream Liqueur
 Carolans Irish Cream
 Carpano Punt Y Mes
 Celtic Crossing Liqueur
 Chambord Liqueur
 Charbay Blood Orange Vodka
 Charbay Key Lime Vodka
 Charbay Meyer Lemon Vodka
 Charbay Ruby Red Grapefruit Vodka
 Chartreuse Yellow
 Chopin Vodka
 Ciroc Vodka
 Citronge Liqueur
 Cointreau Liqueur
 Crater Lake Vodka
 Crown Russe Vodka
 Cruzan Banana Rum
 Cruzan Black Cherry Rum
 Cruzan Coconut Rum
 Cruzan Mango Rum





Cruzan Pineapple Rum
 Cruzan Cynar Liqueur
 Cruzan Das Komet Liqueur
 DeKuyper Peachtree Schnapps
 DeKuyper Amaretto Di Cupera
 DeKuyper Anisette
 DeKuyper Apple Pucker Schnapps
 DeKuyper Banana
 DeKuyper ButterShots Schnapps
 DeKuyper Cactus Juice
 DeKuyper Cassis

DeKuyper Cheri Beri Pucker
 DeKuyper Curacao Blue
 DeKuyper Grape Pucker
 DeKuyper Hazelnut
 DeKuyper Hot Damn!
 DeKuyper Island Blue Pucker
 DeKuyper Orange Curacao
 DeKuyper Peppermint Schnapps
 DeKuyper Raspberry Pucker
 DeKuyper Razzamatazz
 DeKuyper Root Beer

DeKuyper Sloe Gin
 DeKuyper Triple Sec
 DeKuyper Watermelon Pucker Schnapps
 Der Lachs Goldwasser
 Dooley's Toffee Liqueur
 Dr. McGillicuddy's Mint Schnapps
 Dr. McGillicuddy's Vanilla Schnapps
 Drambuie Liqueur
 Duggan's Irish Cream Liqueur
 Emmets Irish Cream
 Everclear 151 Grain Alcohol

Extase Orange
 Fernet Branca Bitters Liqueur
 Finlandia Lime Vodka
 Finlandia Vodka
 Finlandia Raspberry Vodka
 Finlandia Wild Berries Vodka
 Finlandia Cranberry Vodka
 Fleischman Vodka
 Frangelico Hazelnut Liqueur
 Fris Vodka Skandia
 Gaetano Black Raspberry

Gaetano Butterscotch
 Gaetano Grand Chevalier
 Gaetano Hazelnut
 Gaetano Liqueur
 Gaetano Melon
 Gaetano Vanilla Schnapps
 Galliano Liqueur
 Gammel Dansk Bitters
 Gilbey's Vodka
 Gilka Kaiser Kummel
 Gioia Luisa Lemoncello Lemon Liqueur



Godiva Cappuccino Liqueur
 Godiva Chocolate Liqueur
 Godiva White Chocolate Liqueur
 Goldenbarr Chocolate Vodka
 Goldschlager Cinnamon Schnapps
 Gordon's Vodka
 Gordon's Vodka Citrus
 Gordon's Vodka Orange
 Graffiti Vodka
 Grand Marnier 100 Year Old Anniversary
 Grand Marnier Liqueur

Grand Marquette Orange Liqueur
 Grey Goose L'Orange Vodka
 Grey Goose Le Citron Vodka
 Grey Goose Vodka
 Guyot Crème de Cassis de Dijon
 Hampton's Vodka
 Hangar One Kaffir Vodka
 Hangar One Vodka Straight
 Hertekamp Vodka
 Hiram Walker Anisette
 Hiram Walker Blue Curacao

Hiram Walker Cacao White
 Hiram Walker Crème de Banana
 Hiram Walker Crème de Cacao Dark
 Hiram Walker Crème de Cassis
 Hiram Walker Crème de Menthe Green
 Hiram Walker Crème de Menthe White
 Hiram Walker Crème de Noyaux
 Hiram Walker Fruja Mango
 Hiram Walker Fruja Raspberry
 Hiram Walker Fruja Tangerine
 Hiram Walker Kirschwasser

Hiram Walker Orange Curacao
 Hiram Walker Peach Schnapps
 Hiram Walker Peppermint Schnapps
 Hiram Walker Rock Et Rye
 Hiram Walker Rootbeer Schnapps
 Hiram Walker Triple Sec
 Hypnotiq Liqueur
 Irish Mist Liqueur
 Jagermeister Herbal Liqueur
 Jinro Soju Vodka
 Jose Cuervo Gold Tequila

Jose Cuervo Oranjo
 Just Desserts Choc Chip Cookie Liqueur
 Just Desserts Crème Brulee Liqueur
 Just Desserts Thin Mint Cookie Liqueur
 Kahlua Coffee Liqueur
 Kahlua Especial Liqueur
 Kalani Coconut Liqueur
 Kamchatka Vodka
 Kamora Coffee Liqueur
 Ke Ke Beach Key Lime Cream Liqueur
 Ketel One Citroen



Ketel One Vodka
 Kijafa Cherry Liqueur
 Kleiner Feigling Fig Vodka
 Lemonel Limoncello
 Licor 43 Curenta y Tres
 Liquid Ice Vodka
 Luxardo Limoncello Italian Liqueur
 Luxardo Maraschino Liqueur
 Lysholm Linie Aquavit
 Malibu Coconut Rum
 Malibu Mango Rum

Malibu Passion Fruit Rum
 Malibu Pineapple Rum
 Margaritaville Last Mango Tequila
 Margaritaville Blanco Tequila
 Margaritaville Paradise Passion Tequila
 Marie Brizzard Blackberry Liqueur
 Marie Brizzard Anisette
 Marie Brizzard Cassis de Bordeaux
 Marie Brizzard Mango Passion
 Marie Brizzard William Pear
 Massenez Crème de Cassis de Dijon

Massenez Crème de Fraise
 Massenez Crème de Framboise des Bois
 Massenez Crème de Mure
 Massenez Crème de Peche
 Mathilde Cassis Liqueur
 Mathilde Liqueur Framboise
 Mathilde Liqueur Orange XO
 Mathilde Liqueur Peches
 Mathilde Liqueur Piores
 Metaxa Ouzo
 Midori Melon Liqueur

Milagro Reposado
 Mor Potato Vodka
 Moroz Vodka
 Mozart Black Chocolate Liqueur
 Mozart Chocolate Liqueur
 Mozart White Chocolate
 Nocello Walnut Liqueur
 O.P. Natural Flavored Spirit
 Pallani Limoncello
 Patron XO Coffee Liqueur
 Pearl Vodka

Percis Vodka
 Pernod Pastis
 Peter Heering
 Pimms Cup #1
 Polmos Old Krupnik Honey Liqueur
 Popov Vodka
 Potter's Amaretto
 Potter's Banana Schnapps
 Potter's Blackberry and Brandy
 Potter's Black Raspberry Liqueur
 Potter's Blue Curacao



Potter's Coffee Liqueur
 Potter's Crème de Cacao Brown
 Potter's Crème de Cacao Dark
 Potter's Crème de Cacao White
 Potter's Crème de Cassis Liqueur
 Potter's Crème de Menthe Green
 Potter's Crème de Menthe White
 Potter's Melon Liqueur
 Potter's Long Island Iced Tea
 Potter's Orange Curacao
 Potter's Peach Schnapps

Potter's Peppermint Schnapps
 Potter's Sour Apple Schnapps
 Potter's Triple Sec
 Praline Liqueur
 Prunier Pineau Des Charantes
 Rain Vodka
 Ramazzotti Amaro
 Ramazzotti Sambuca
 Rasnoff Vodka
 Red Army Vodka
 Red Bull Vodka

Redrum Rum
 Remy Cognac Red
 Ricard Anise
 Riemerschmid Escorial Grun Liqueur
 Roberto Cavalli Vodka
 Romana Black
 Romana Sambuca Liqueure Classico
 Rupleminze Peppermint Schnapps
 Sabra Chocolate Orange
 Sans Rival Ouzo
 Schladerer Williams Birne

Schoenauer Apfel Apple Schnapps
 Seagram's Black Cherry Vodka
 Seagram's Extra Smooth Vodka
 Shakespeare Vodka
 Skyy Citrus Vodka
 Skyy Melon Vodka
 Skyy Orange Vodka
 Skyy Vanilla Vodka
 Skyy Vodka
 Smirnoff Apple Twist Vodka
 Smirnoff Orange Twist Vodka

Smirnoff Raspberry Twist Vodka
 Smirnoff Watermelon Twist Vodka
 Smirnoff Vanilla Twist Vodka
 Smirnoff Vodka
 Southern Comfort Bourbon
 St. Brendan's Irish Cream
 Starbucks Coffee Liqueur
 Starbucks Crème Liqueur
 Stockholm Vodka
 Stolichnaya Citrus Vodka
 Stolichnaya Cranberi Vodka



Stolichnaya Persik Vodka
 Stolichnaya Limonnaya Vodka
 Stolichnaya Ohranj Vodka
 Stolichnaya Razberi Vodka
 Stolichnaya Strasberi Vodka
 Stolichnaya Vanil Vodka
 Stolichnaya Vodka
 Stroh Jagertee Liqueur
 Svedka Vodka
 Tanqueray Sterling Vodka
 Tequial Coconut Crème

Teton Glacier Potato Vodka
 The Jewel of Russia Classic Vodka
 Thor's Hammer Vodka
 Three Olives Vodka
 Three Olives Cherry Vodka
 Three Olives Raspberry Vodka
 Tia Maria Coffee Liqueur
 Tommy Bahama Golden Sun Rum
 Tommy Bahama White Sand Rum
 Torani Amer
 Torres Gran Torres Orange Liqueur

Toschi Lemoncello Lemon Liqueur
 Tuaca Liqueur
 Ultimat Vodka
 UV Blue Raspberry Vodka
 UV Grape Vodka
 UV Green Apple Vodka
 UV Red Cherry Vodka
 Vandermint Chocolate Mint
 Vedrenne Blueberry Liqueur
 Vedrenne Strawberry Liqueur
 Vedrenne Supercassis Liqueur

Vedrenne Raspberry Liqueur
 Verpoorten Advocaat
 Villa Massa Liquore di Limoni
 Vincent Van Gogh Chocolate Vodka
 Vincent Van Gogh Melon Vodka
 Vincent Van Gogh Pineapple Vodka
 Vincent Van Gogh Pomegranate Vodka
 Vov Zabaglione
 Wild Turkey Liqueur with Honey
 Wolfschmidt Vodka
 Wyborowa Lemon Vodka

Wyborowa Vodka
 X-Rated Fusion Liqueur
 Yukon Jack Canadian Liqueur
 Zone Peach Vodka
 Zone Tangerine Vodka
 Zwack Unicum Herbal Liqueur



2.4 Malt Beverages
 Ace Perry Cider
 Bacardi Silver
 Bacardi Silver Raz
 Bartles & Jaymes Berry Cooler
 Bartles & Jaymes Blue Hawaiian

Bartles & Jaymes Fuzzy Navel Cooler
 Bartles & Jaymes Hard Lemonade
 Bartles & Jaymes Kiwi Strawberry Cooler
 Bartles & Jaymes Raspberry Daiquiri
 Bartles & Jaymes Strawberry Daiquiri
 Bison Jasmine Green Hard Tea
 Captain Morgan Parrot Bay Sunset

Doc Otis' Hard Lemon
 Hooper's Hooch Alcoholic Orange Brew
 Hooper's Hooch Red Brew
 Jack Daniels Down Home Punch
 Mike's Hard Cranberry Lemonade
 Mike's Hard Lemonade
 Peels Strawberry Passion

Peels Cranberry Peach
 Seagram's Fuzzy Navel Cooler
 Seagram's Strawberry Daiquiri Cooler
 Seagram's Wild Berries Cooler
 Seagram's Wild Blackberry Cooler
 Seagram's Wild Margarita Cooler
 Seagram's Smooth

Smirnoff Ice
 Smirnoff Ice Berry
 Smirnoff Ice Triple Black
 Wyder's Peach Cider
 Wyder's Pear Cider
 Wyder's Raspberry Cider
 Zima

2.5 Beer

There are tens of thousands of beers that are brewed around the world. For the purposes of this list, only the top American brewers are included.

- Anheuser-Busch
- Miller Beers (South African Breweries)
- Adolph Coors
- Pabst
- Heineken
- Labatt USA
- Gambrinus
- Barton
- Guinness
- Genesee
- Samuel Adams



Additionally, listed below are the most common types of beer brewed in the U.S., giving a general sense of the myriad styles and flavors beer is available in.

- American-Style Pale Ale
- American-Style Strong Pale Ale
- Imperial or Double India Pale Ale
- American-Style Amber/Red Ale

- California Common Beer or "Steam beer"
- Imperial or Double Red Ale
- Golden or Blonde Ale
- American-Style Brown Ale
- American Lager
- American-Style Light Lager
- American-Style Light Amber Lager
- American-Style Pilsner
- Dry Lager

- American Ice Lager/Ice Beer
- American Malt Liquor
- American-Style Maerzen/Oktobertfest
- American Dark Lager
- Lite American Lager
- Standard American Lager
- Premium American Lager
- Classical American Pilsner
- Dark American Lager

- American Wheat or Rye Beer
- Cream Ale
- American Pale Ale
- American Amber Ale
- American Brown Ale
- American Stout
- American India Pale Ale
- American Barleywine

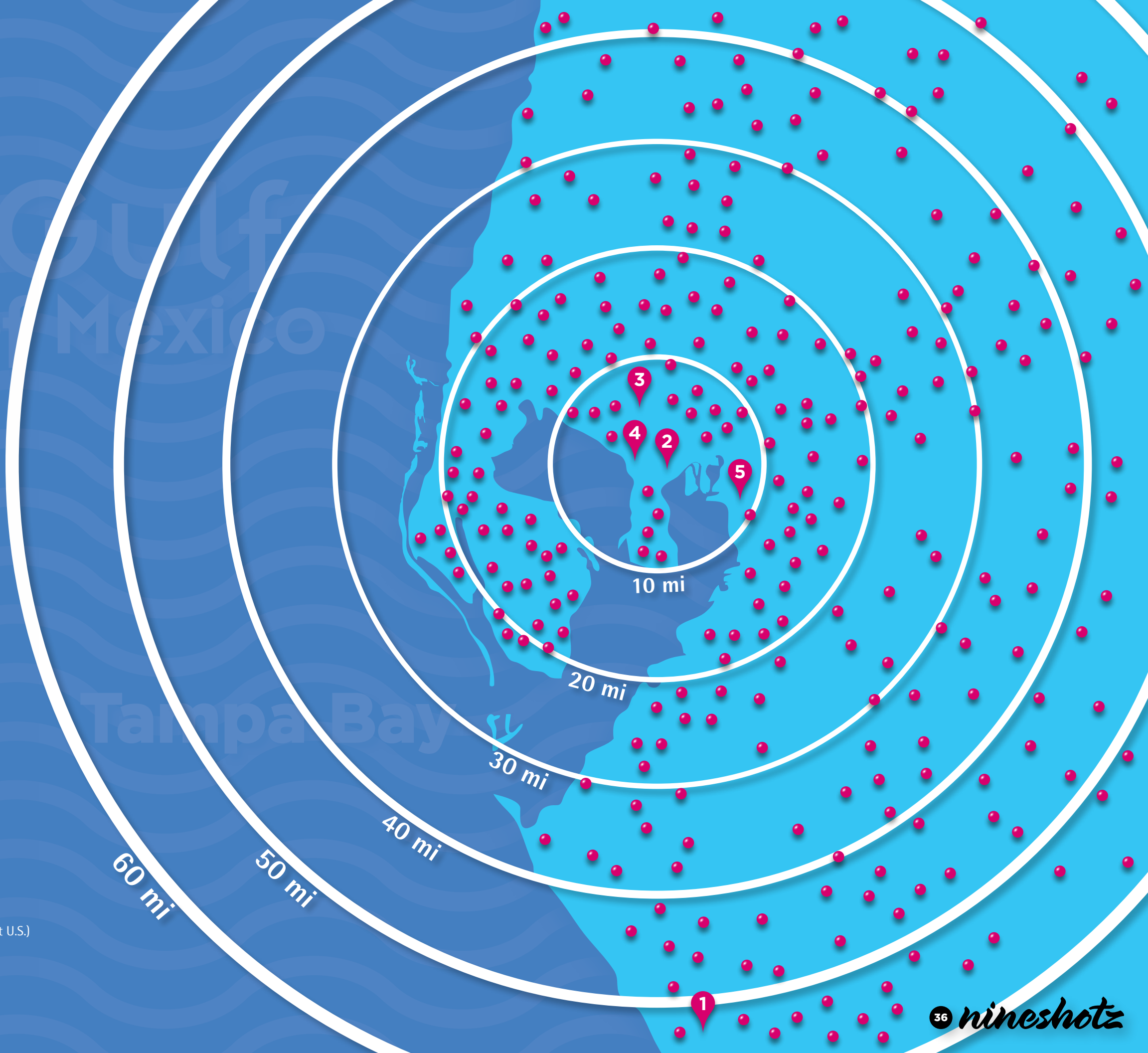
3.0 Distributors and Retailers

3.1 Typical Density of Distributors & Retailers for in Mid-Sized U.S. Market

- 1** Vintage Wine & Spirits
(941) 213.0312 (fax)
(800) 847.1990 (toll-free)
- 2** International Spirits Corporation
442 West Kennedy Boulevard, Tampa, FL 33606
(813) 251.9771
- 3** National Distributing Company, Inc.
4901 Savarese Circle, Tampa, FL 33634
(813) 885.3200
- 4** Seagram Beverage Company
4830 West Kennedy Boulevard, Tampa, FL 33609
(813) 286.3820
- 5** Southern Wine & Spirits
5210 16th Avenue South, Tampa, FL 33619
(813) 623.1288

3.2 Typical Target Retail Outlets

- Winn-Dixie**
(approximately 150 stores)
Tampa, FL 33610
- ABC Fine Wine & Spirits**
(approximately 160 stores)
8989 South Orange Avenue
Orlando, Florida 32824
- Total Wine & Spirits**
(approximately 140 stores)
Bethesda, MA
- Walgreens Liquor**
Walgreen Co. Corporate Headquarters
200 Wilmot Road
Deerfield, IL 60015
Phone: (847) 940.2500
Fax: (847) 914.2804
- Publix Wine & Spirits**
(approximately 27 stores in Florida - 756 grocery stores in Southeast U.S.)
Lakeland, FL 33802
Phone: (800) 242.1227



The screenshot shows the Bureau of Labor Statistics website for Occupational Employment Statistics. The page title is "Occupational Employment and Wages" for "11-1011 Chief Executives". It provides a description of the occupation: "Determine and formulate policies and provide the overall direction of companies or private and public sector organizations within the guidelines set up by a board of directors or similar governing body. Plan, direct, or coordinate operational activities at the highest level of management with the help of subordinate executives and staff managers." It also includes national estimates for this occupation, such as employment (299,160) and mean annual wage (\$151,370).

Employment (1)	Employment RSE (3)	Mean hourly wage	Mean annual wage (2)	Wage RSE (3)
299,160	0.7 %	\$72.77	\$151,370	0.4 %

Percentile	10%	25%	50% (Median)	75%	90%
Hourly Wage	\$31.02	\$47.09	(5)	(5)	(5)
Annual Wage (2)	\$64,530	\$97,960	(5)	(5)	(5)

4.0 Pay Summary

4.1 Salaried Reimbursement

To keep salaried reimbursements and therefore payroll taxes to a minimum during the launch phase of Nineshotz, the salaries paid to employees will be below the current national average, but will be a fair wage for services provided. Alternative reimbursement methods in the form of bonuses, paid vehicle privileges and paid expenses will be used to compensate for lower base salaries.

The personnel plan to the left is based on a starting salary of \$8,000 per month for the CEO, adjusted upward once certain sales levels are reached. Other salary expenditures will come online after launch and will include the President/CIO, executive assistant and sales executive positions. Sales positions will be paid by commission on their individual sales performance.

Included is a national salary survey from the U.S. Department of Labor, Bureau of Labor Statistics for "Chief Executives", obtained from www.bls.gov.

Occupational Employment and Wages Survey

Category: 11-1011 Chief Executives

Function: Determine and formulate policies and provide the overall direction of companies or private and public sector organizations within the guidelines set up by a board of directors or similar governing body. Plan, direct, or coordinate operational activities at the highest level of management with the help of subordinate executives and staff managers.

4.2 Bonus Plan Description

A bonus plan, based on sales revenues will be set forth in applicable Executive Team employment agreements. Bonus plan details will be negotiated upon employment.

4.3 Equal Pay

In order to employ a practice of equal pay, a graded pay system similar to government organizations will be employed. Each position will have a detailed job description, allowing employees to be evaluated fairly and efficiently.

THE PRODUCT
Nineshotz Cubes & Shotglasses (not to scale)



BRANDING ELEMENTS
Nineshotz Logo

nineshotz



BRANDING ELEMENTS
Nineshotz Corporate Seal

5.0 The Brand

5.1 Introduction

5.1.1 Who is Nineshotz?

Nineshotz as a brand would best be described as an 'exclusive luxury' product. For the purposes of planning advertising activities, we will use the 'premium' market as a guide. With the proliferation of luxury goods into "middle-class" territory, products that have a high-perceived-value and advertising directed towards "upper-class" consumers have shown better performance than products in other segments of the market. We will use some of the basic concepts associated with this trend in the planning of our marketing strategies.

5.1.2 Definitions and Purposes

For the purpose of this document, the following terms are defined herein:

logo ~ (Pronunciation [loh-goh]) -noun, plural -gos

1. Also called logotype. A graphic representation or symbol of a company name, trademark, abbreviation, etc., often uniquely designed for ready recognition.

seal ~ (Pronunciation [seel]) -noun

1. A mark, sign, symbol, or the like, serving as visible evidence of something.

branding ~ (Pronunciation [bran-ding]) -noun

1. To mark to show ownership.
2. To impress firmly; fix ineradicably.
3. A trademark or distinctive name identifying a product or a manufacturer.

advertising ~ (Pronunciation [ad-ver-tahy-zing]) -noun

1. The act or practice of calling public attention to one's product, service, need, etc., especially by paid announcements in newspapers and magazines, on radio or television, on billboards or busses, etc.
2. Paid announcements; advertisements.

marketing ~ (Pronunciation [mahr-ki-ting]) -noun

1. The total of activities involved in the transfer of goods from the producer or seller to the consumer or buyer; including advertising, shipping, storing and selling.

5.1.3 Brand Identity and Master Brand

Our brand identity is one of the most important aspects to our company's success. In order to explain our branding goals and to maintain continuity throughout all of our marketing collateral, these brand guidelines have been prepared.

It is the goal of our brand awareness campaigns to create a widely recognized consumer product synonymous with great quality, taste & value. The Nineshotz brand will always be represented in a professional, exacting manner judged to the highest standards.



In today's crowded alcoholic beverage marketplace, it is becoming increasingly difficult for a product to be noticed and remembered. The visual clutter and similarity between many products often overwhelms consumers when purchasing an alcoholic beverage. There are so many products to choose from when shopping at a beverage retailer, that it becomes extremely difficult to stand out. To this end, we have developed an easily recognized "master brand" that will be suitable for use in most external media communications. In addition to our unique product packaging and powerful logo and corporate seal design, our master brand style has been designed to create and reinforce strong brand awareness.

Benefits of a strong brand identity include:

- Heightened public awareness of the Nineshotz brand
- Differentiation from competitors
- Easier access into new target markets
- Enhanced awareness of the Nineshotz product line and our marketing efforts

In order to create an effective and unique corporate image or "master brand", we must ensure the proper use of the following communication tools:

- Our logo and corporate seal
- Appropriate headline and tagline copy
- Color usage: primarily black and white in the background with attention to full-color product images
- High-quality product photography
- Consistent use of type
- Consistent background art and conformity to our general artistic style
- Prize offerings where applicable
- Appropriate and effective media placement

5.1.4 Who should use these guidelines?

Every staff member will be required to adhere to these branding guidelines. Additionally, any vendor doing business with Nineshotz Corp. will be made aware of and must conform to these branding guidelines.

5.1.5 How should these guidelines be implemented?

Compliance with these guidelines will be stringently managed utilizing our Corporate Brand Review process described in the next section of this document.

5.1.6 Corporate Brand Review (CBR)

In order to maintain a consistent, unified image, a Corporate Brand Review (CBR) function has been designed into the approval process for marketing communications. There are two steps to the CBR process, Review and Approval. See next page (pg. 39) for CBR procedures. (A copy of the CBR Approval form can be found in [Section 9.5](#) of this document.)

BRANDING ELEMENTS
Typical Print Advertisement



5.1.6.1 Review

The review process has been established to guarantee that all marketing communications meet our extremely high expectations. All materials that will be viewed by the general public must be presented for CBR and approved before going into production.

5.1.6.2 Approval

Once a project has been submitted for CBR and approved, it will be returned to the art department with an approval form (this notification may also be transferred electronically). If it is not approved, notation of necessary changes will be included and the project will be returned for revision. We understand that this approval process may create extra work for the Executive Team, but it is of paramount importance that we always set aside the appropriate amount of time to guarantee our brand's integrity.

5.1.7 Design Templates

For ease of both CBR approval and layout by graphic artists, there are pre-existing templates for most pieces or our collateral, both print and web. The art for these documents is stored on our servers. Many references will be made to art stored on company servers throughout these guidelines. Access to the server and these files will be granted on a permission based system. Currently all files are kept on company servers with a backup in off-site secured storage as well as an additional copy on our cloud service. Our server drives contain items saved in many different file formats. The standard software applications are as follows:

- Graphic Design and Layout: Adobe InDesign (*.indd)
- Illustration and Logos: Adobe Illustrator (*.ai)
- Photo Editing/Retouching: Adobe Photoshop (*.psd)
- Word Processing: Microsoft Word (*.doc)
- Financial/Bookkeeping: Microsoft Excel/Quicken and Quickbooks

It is also important to note that in order to conserve disk space; graphic files built with Adobe InDesign will contain links to master art files on company servers. These links will include files such as background art, product photography, logos, etc.

5.2 Corporate Branding

5.2.1 Branding Elements

It is, and will always be, the goal of all our marketing efforts to establish the Nineshotz brand as the preeminent product of its kind in the alcoholic beverage industry. The sample print advertisement to the left contains all of the branding elements currently used by Nineshotz. A detailed explanation of each element can be found on the following pages.



Corporate Seal & Logo

The corporate seal & logo are the most important branding elements and must be used on ALL of our visual communications. The logo should never be re-typeset, altered or modified in any way. DO NOT horizontally or vertically adjust the logo to fit an application, if it is stretched or compressed, the project will not receive CBR approval. Vendors using the logo must be made aware of and accept the terms of these branding guidelines before any work is completed by their company. If logo deviations are made by a vendor and released to the public, legal action may be taken upon that vendor.

The corporate seal & logo are a key design element of the Nineshotz master brand visual artwork. This corporate seal is both a stand alone design element and one that can work in conjunction with either an ad headline or with the logo. Do not adjust the horizontal or vertical scale of the seal or change it in any way. Do not use the corporate seal in sizes less than 1.25" in height.



Background Art / Image

In Campaign Version 1.0 (see [Section 5.3.1](#) of this document for a description of [Campaign Versions](#)), we are using the "Black-on-Black" color scheme. The background artwork is composed of a translucent repeating corporate seal pattern on a fading black background. This effect creates a subtle backdrop that allows our advertising information, most importantly product photography, to really stand out. The "Black-on-Black" color scheme was designed to both blend in with the ad information and to reinforce brand awareness. In future Campaign Versions and under special circumstances, background imagery may be called for. In this scenario, the Executive Team may give recommendations on appropriate photography or graphic imagery to the art department or agency involved – this will be managed on a project-by-project basis.



Product Photography

This is undeniably a huge part of the Nineshotz master brand. Product photography should be used in every circumstance possible during Campaign Version 1.0 (CV1.0). In future campaigns, we may choose to highlight other portions of the brand including lifestyle concepts, social gatherings or event sponsorships. For the purposes of CV1.0, brand recognition is our only goal, thus, every piece of visual communication that can feature a reasonably sized (3"x3") image, should attempt to include at least one piece of product photography.



Headline

Headlines are typeset in the **Gotham** family of fonts in varying point sizes. In Adobe InDesign, preferably **Gotham Black** or **Gotham Ultra**. Do not use a stroke or make this type form any bolder than it already is.



Flavor Stickers

Flavor stickers are more than just a graphical representation of the flavor name, but also act as a road map to what the drink flavor is comprised of. Our flavor names will often have nothing to do with the actual flavor of a drink, resulting in the need to comment on the drink's composition in a visual way. At the bottom of every flavor sticker, three visual indicators give a good description as to the flavor of that drink. The large fruit icon on the left is the primary flavor component, the central icon, our base drink identification icon, defines the base drink (ie. Margarita, Martini, Long Island Iced Tea or Mixed Cocktail). The fruit icon on the right is the sub flavor, or "twist" flavor. The drink description for the King Apple flavor indicates that it is a green apple and kiwi shot with the base drink being a martini.



Website

The website address or web address is the second most important piece of the branding elements. After the logo, the web address should be used in every instance possible. Nineshotz apparel is a good example of the usage of these two elements – Nineshotz shirts, should have the logo on the front and the web address on the back of the shirt below the collar. Font is **Gotham**. When typing the web address, it is not necessary to put "www" in front of nineshotz.com. There is also a outlined version of the web address that is the preferred method of use.



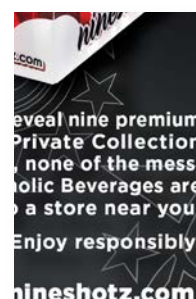
Mandatories

For legal purposes, the following disclaimer must be on every piece of advertising:

© 20xx Nineshotz Premium Alcoholic Beverages XX% Alcohol by Volume
Nineshotz Corp., Cocoa, Florida *Details at nineshotz.com Enjoy Responsibly

Font: **Gotham**

(*Note: Details at nineshotz.com only necessary on ads with prize offering.)



Copy

Copy will be typeset in **Gotham** font in varying point sizes. Copy will be provided by the art department and subject to CBR approval before being used in an ad. Usage is the same for copy fonts as headline fonts regarding point size and stroke.



Prize Offering

To reinforce brand awareness and drive traffic to our website, we will employ a "Vote-to-Win" prize reward system. Further information on this program is available in [Section 5.3.6.4, Vote-to-Win Drawings](#). In regards to prize offerings in advertisements, we are legally bound to provide the details of this contest. Contest rules and regulations will be available at nineshotz.com on both the "About" and "Index" pages.

CORPORATE SEAL AND LOGO

Usage and Area of Non-Interference



Corporate Seal



Using the large star at the bottom of the seal as a visual guide. Leave a minimum of the height of one star around all 4 sides of the seal, leave more space when available.

Logo



In the logo, use the difference in height from the top of the letter S to the top of the letter H to determine the size of the star. Leave a minimum of the height of one star around all 4 sides of the seal, leave more space when available. It's okay to encroach slightly on the top when necessary

Corporate Seal over Logo



Using the large star at the bottom of the seal as a visual guide. Leave a minimum of the height of one star around all 4 sides of the seal, leave more space when available.

Corporate Seal loses definition as its size is decreased



Logo has a simpler design, better suited to small applications



5.2.3 Corporate Seal and Logo Usage

Examples of corporate seal and logo usage can be found in the images to the left.

5.2.3.1 Area of Non-Interference

The area of non-interference is a buffer zone that surrounds the logo and corporate seal to prevent the encroachment of other graphic elements. The minimum clear space surrounding the corporate seal is equal to the height of the large star at the bottom of the seal. The minimum clear space surrounding the Nineshotz Logo is also the height of the large seal star, but can better be described as the distance from the top of the letter S to the top of the letter H in the logo. This is only the minimum amount of clear space; more space should be used whenever possible. See images to the left.

5.2.3.2 Color

As bright, flashy colors may be of importance to other products, Nineshotz takes a more artistic approach to our visual communications. With the exception of our product photography, all of our artwork is drawn in black and white. This simple 2-color approach is primarily for visual impact, but also for economics. Without having to print special Pantone inks, our production costs will be much lower depending on the complexity of the piece.

5.2.3.3 Unacceptable Uses

- DO NOT condense, stretch, skew, manipulate, modify or redraw the corporate seal or logo
- DO NOT create logo combinations that are not approved logo and corporate seal uses
- DO NOT print type or other elements inside the area of non-interference
- DO NOT re-typeset the logo
- DO NOT print the corporate seal or logo in a screen or texture

5.2.4 Typography

Typography unifies our brand image by ensuring consistency and continuity. We use two font families, Rotis Semi Sans and **Gotham**. Rotis is a clean, easy-to-read sans serif typeface that provides contrast to the technical feel of the sans serif **Gotham** font family. The typeface used in this document is Rotis Semi Sans, but typically, print ads and sales materials will use the **Gotham** family.

Rotis Semi Sans: ABCDEFGHIJKLMNOPQRSTUVWXYZ abcdefghijklmnopqrstuvwxyz 1234567890
Gotham Black: ABCDEFGHIJKLMNOPQRSTUVWXYZ abcdefghijklmnopqrstuvwxyz 1234567890
 Gotham Xtra Narrow Light: ABCDEFGHIJKLMNOPQRSTUVWXYZ abcdefghijklmnopqrstuvwxyz 1234567890

5.2.4.1 Exceptions

No deviation in this font usage will be accepted, unless deemed necessary by the corporate office on a project-by-project basis.



◀ **PRINT ADVERTISEMENT**
10" x 12" Magazine/Newspaper Ad



◀ **PRINT ADVERTISEMENT**
20" x 12" Sample Double-Truck Magazine/Horizontal Newspaper Ad

5.2.4.2 General Typography Guidelines

Set headlines flush left, to the right of the corporate seal.

Always use ALL lower case type for titles.

Use drop shadows as per the art templates. When designing in Adobe InDesign, occasionally in unusually dark parts of a drawing, the item with the drop shadow might have to be copied and then pasted into place above the original element in order to double the shadow effect. This gives approximately 200% shadow, but is only to be used on the darkest of backgrounds. For use on light or white backgrounds, only a 10-15% drop shadow might be needed. Adjust drop shadow use accordingly.

Do not adjust kerning in titles or body text.

Use discretion on leading, not too tight, but not too loose; Rotis & Gotham are both fairly easy fonts to work with. In Adobe InDesign and Adobe Illustrator, the default text values work well 9 out of 10 times.

Body copy should be set flush left, ragged right; or set flush right, ragged left depending on the scenario.

5.3 Art and Advertising

5.3.1 Campaign Versions

The launch campaign for Nineshotz is Campaign Version 1.0 (CV1.0). This includes the "Black-on-Black" background art (as discussed previously) and bright, colorful product photography. The sole purpose of this campaign is for brand and product awareness. Different campaign versions may be used in different markets at different times; explaining why we number our campaigns.

Campaign Versions

- CV1.0 – "Introduction": Brand and product awareness campaign
- CV2.0 – "Lifestyle": Lifestyle concepts promotion
- CV3.0 – "Event": Social function or sponsorship
- CV4.0 – "To be determined"

When an adjustment is made to a campaign, it will continue to the next sub number, i.e. a new version of CV1.0 would be known as CV1.1, etc. The reason for a campaign adjustment may be for demographic purposes or foreign languages. A complete list of active and inactive campaign versions will be maintained at all times by the art department for easy reference by the staff and Executive Team.

5.3.2 Visual Specifications

For CV1.0, use the art templates as a starting point for creating new pieces.



5.3.3 Master Campaigns

CV1.0 will serve as both our Master Campaign and Master Brand.

5.3.4 Taglines

CV1.0 will not make use of a singular tagline that accompanies the logo, but will make use of several different taglines specific to the media requirements (i.e., outdoor, print, etc.).

5.3.5 Print Advertising and Publications

Refer to [Branding Elements in Section 5.2.1](#) of this document for a detailed guide on the graphic requirements of our branding elements. Artwork will be provided to the art department in template form to limit confusion of our message.

5.3.5.1 Magazines, Newspapers, etc.

Size

Using the art templates, ads should be resized to the publications' specifications.

Layout

Layout of resized ads should be done in a manner that keeps the design as close as possible to that of the original art template.

5.3.5.2 Local Market Customization

Local market customization will be used mostly for co-branding efforts with local vendors. Since we don't list phone numbers or addresses on ads, local market customization will be very limited.

5.3.5.3 Regional/National Market Customization

Regional and national market customization will be done on a project-by-project basis in conformity with the requirements of the regional or national vendor in question.



5.3.5.4 Co-Branding in Print

When working with other organizations to create materials, it's vitally important to maintain our brand integrity while working within the guidelines or requirements of the other organizations. Before a new co-branding venture is established, the legal and branding requirements will be agreed upon before beginning any design work.

5.3.5.5 Global Brand Awareness

The basic strategy we've laid out for global brand awareness entails using Campaign Versions as discussed in [Section 5.3.1](#). We have a unified, organized method of controlling our branding message and a very strict set of guidelines that MUST be followed in every emerging market. In conjunction with each other, these two comprehensive methods will create a singular message of brand awareness that will be recognized around the world.

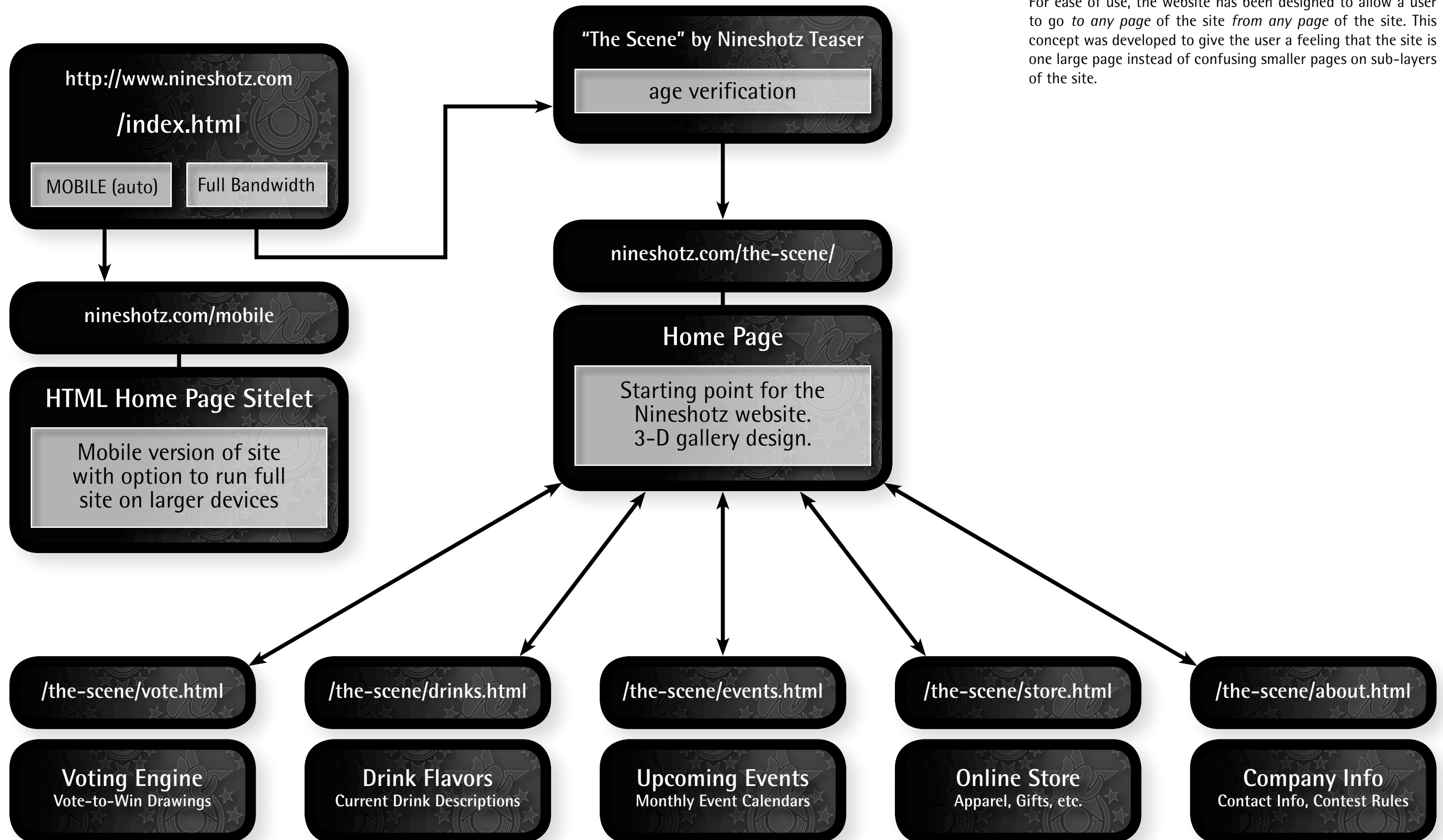
5.3.6 Electronic Media

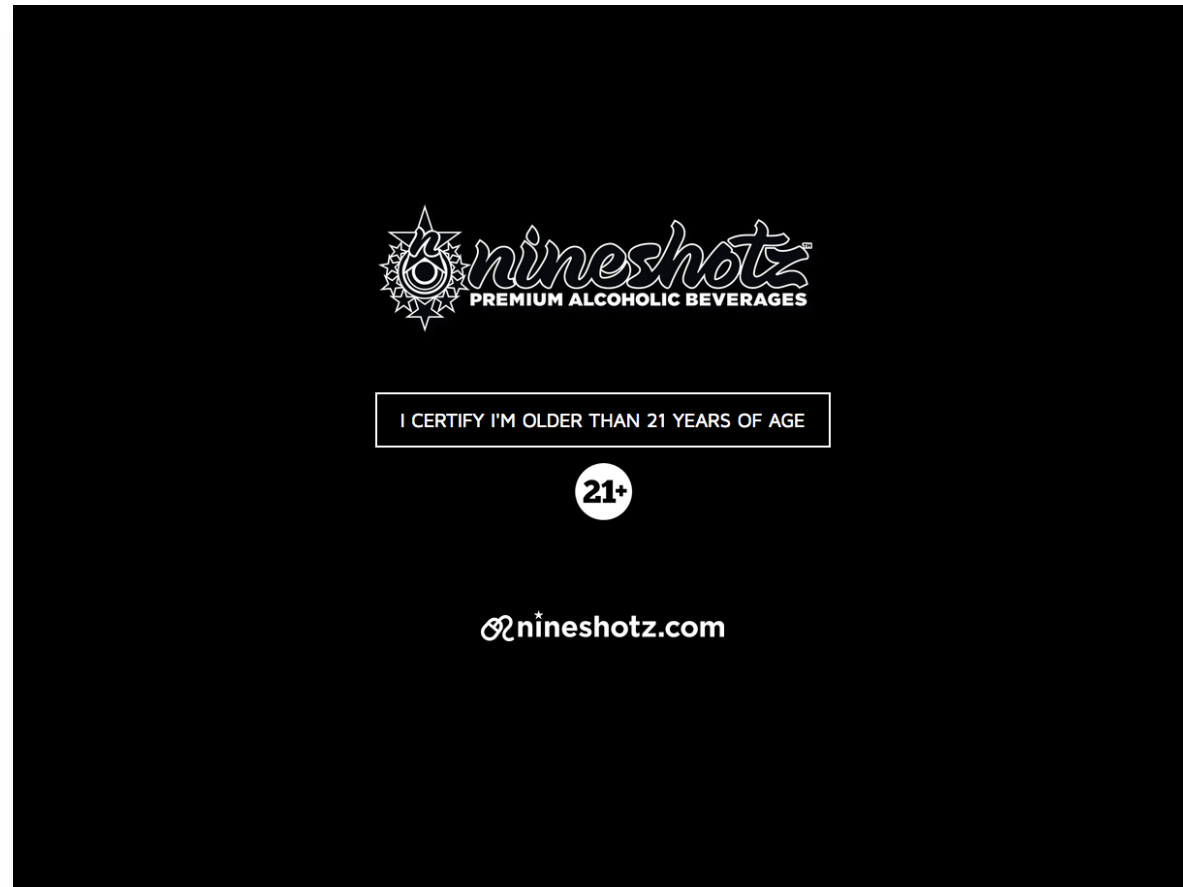
5.3.6.1 Purpose of Website and Graphical Elements

Our website, nineshotz.com, has been designed with two goals in mind. First, the website must accomplish its task of being our company's web presence – to this end, the site has been designed to the specifications of CV1.0, our master brand. Our approach to web design is as important as our approach to any other piece of visual communication, however, a website is by definition, an interactive application, therefore much more care must be taken in the site's visual specifications and organization, see [Section 5.3.6.2](#). Second, our website must be aligned to the goals of our business, specifically, brand awareness and customer retention. In order to accomplish this, we have researched and developed a simple yet effective method of user retention via our Vote-to-Win Drawings as detailed in [Section 5.3.6.4](#).

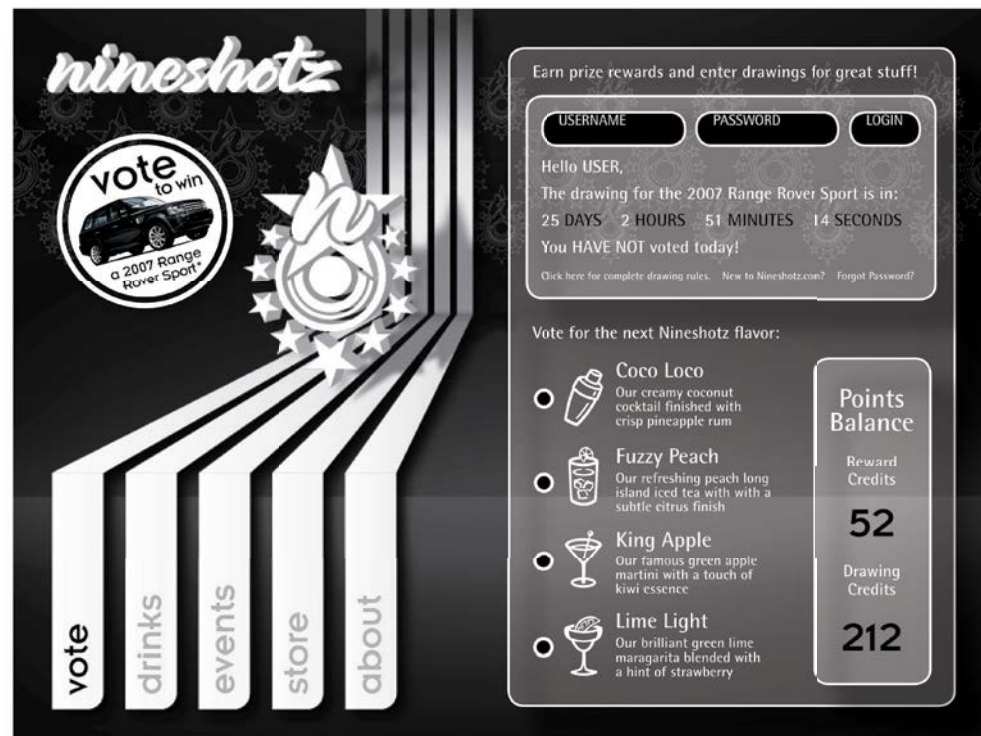
Graphical elements of the website will include many of the same elements that are found in our advertisements. Additionally, our website, as described in [Section 5.3.6.3](#), will be an interactive gallery and employ unique 3-D visual navigation tools. There will be art templates for the website and other electronic media, such as eBlasts and eVites in the art templates.

For ease of use, the website has been designed to allow a user to go to any page of the site from any page of the site. This concept was developed to give the user a feeling that the site is one large page instead of confusing smaller pages on sub-layers of the site.





AGE VERIFICATION PAGE



VOTE



5.3.6.3 Page Functionality

A. Age Verification Intro Page

- I. Nineshotz.com/Index.html (Age Verification Page)

B. Core Pages

- I. /The-Scene.html (Home Page)
- II. /The-Scene/Vote.html (Vote-to-Win Drawings)(See 5.3.6.4)
- III. /The-Scene/Drinks.html (Current Drink Flavor Descriptions)
- IV. /The-Scene/Events.html (Calendar of Events)
- V. /The-Scene/Store.html (Nineshotz Online Store)
- VI. /The-Scene/About.html (Contact Info. and Contest Rules)

HOME PAGE



DRINKS
flash/drinks.html



EVENTS
flash/events.html



 5.3.6.4 Vote-to-Win Drawings

One of the primary uses for our website will be that of a voting platform. Nineshotz will advertise "Vote-to-Win" or "vote for the next flavor at nineshotz.com" on every piece of applicable marketing collateral. Rules and regulations of the drawings will be posted on both the "Index" and "About" pages of the site.

- A. Two Ways to Win – Voting and Referrals via eVites
 - I. Earning Credits by Voting
 - a. Registration

Registration is in the interest of both the user and Nineshotz. The information gathered by Nineshotz during registration will be the only way for us to contact someone for prize notification. It would not be to the user's advantage to enter a false e-mail address as they would forfeit any prize winnings. A user account will be created during registration to allow the user to login at their convenience to both vote in current drawings and to refer friends, thus earning credits. Facebook integration may be used if it conforms to our security guidelines.



- b. Voting

Users will have the opportunity to vote for the next shot flavor. On the "Vote" page of the Nineshotz website there will be several new flavor options to choose from during each drawing period allowing a registered user to cast a vote for their favorite flavor. The flavor that has the most votes at the end of the contest period will be the next flavor produced by Nineshotz. (See "Vote" page of the website on page 47 of this document.)

- c. Earning Credits

Users have the option to vote up to once per day after they have logged into their user account, allowing a maximum of 365 credits to be earned per year. Additionally credits can be earned by referring friends (see II. Earning Credits with eVites).

- d. Credits

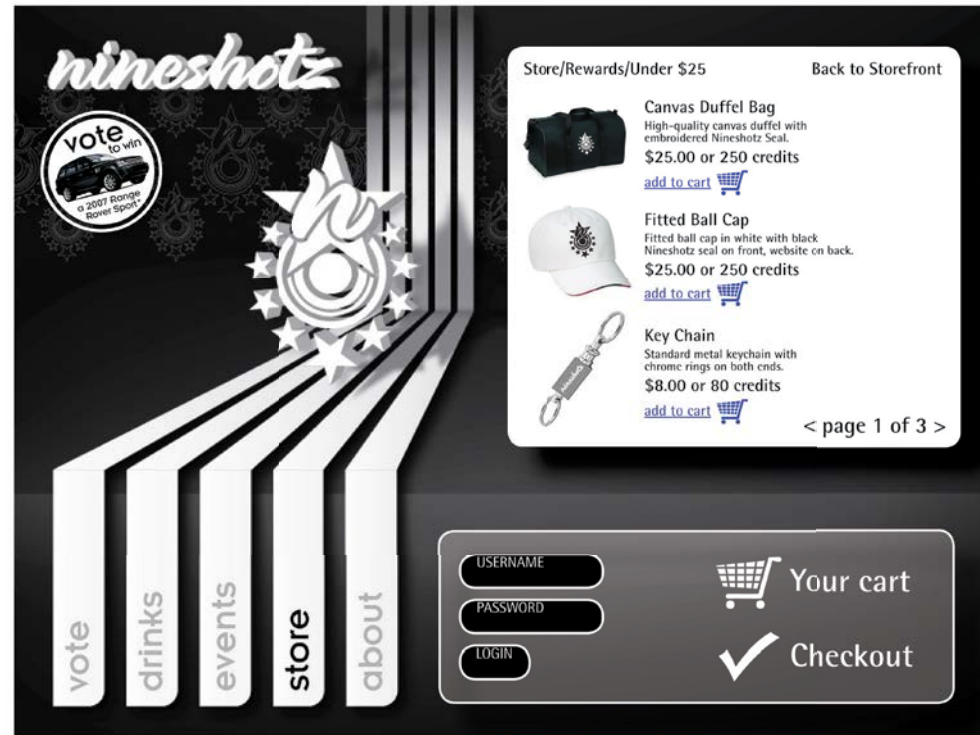
When a user is logged into their account, their credit balance will show two separate counts, one for total number of credits (credits that count towards drawings during that year) and another for outstanding purchase credits. Every time a user earns a credit, it is deposited into both the "vote credits" and the "purchase credits" fields. The "votes" field will be reset every year at the beginning of a new drawing cycle. The "purchase credits" field will be a declining balance system that will enable a user to redeem credits for merchandise at the Nineshotz Online Store (see g. Nineshotz Online Store). Credits from both counts are cumulative and will be tallied for one total vote count towards purchases in the store.

- e. Drawings

Currently, new drink flavors are scheduled to be released about every 4 months, meaning that we will have three (3) drawings per year. Prizes will vary; two (2) drawings per year will be "minor prizes" and one (1) drawing will be a "major prize", like the Range Rover Evoque shown in our advertisements.

STORE

flash/store.html



ABOUT

flash/about.html



f. Prizes

Minor prizes will consist of items such as shopping sprees at the Nineshotz Online Store or cash prizes. Major prizes will usually consist of a full-paid lease on an entry-level premium luxury vehicle (M.S.R.P. \$40,000 to \$50,000) from manufacturers that have attractive lease rates, preferably a well regarded marque like Range Rover or Cadillac.

g. Nineshotz Online Store

The Nineshotz Online Store will offer products both for retail sale and credit redemption. Products will include items such as the following:

T-shirt: \$20.00 or 200 credits

Sport hat: \$25.00 or 250 credits

Polo shirt: \$50.00 or 500 credits

Nineshotz Corporate Seal / Enjoy Responsibly chrome key chain: \$75.00 or 750 credits

Basic metal key chain: \$8.00 or 80 credits

It is in our best interest for people to redeem their credits to receive free branded merchandise. To ensure credit usage, monthly credit balance reminder notifications will be sent out via eBlasts (see 5.3.6.5, eBlasts).

II. Earning Credits with eVites (optional)

a. eVites

eVites can be sent by a registered user to friends and family. In a users account, there is a link to "refer friends". When a user enters the name and email address of a friend, an eVite will be sent to that address. If the recipient of that eVite responds and becomes a new registered user, the original user will receive 1 credit. A user may send up to three eVites per day, allowing a maximum of 1095 friend credits available to be earned each year.

b. Verification

As long as a friend joins and becomes a new registered user, no further verification is needed. Obviously, if an email is a fake or non-active address, the eVite will be bounced back to our server and no credit will be awarded. We will need to take precautions from persons using free email addresses and submitting phony names to earn drawing entries and purchase credits.

eBLASTS

600 pixel width (similar artistic style as print advertisements)



nineshotz
PREMIUM ALCOHOLIC BEVERAGES

simplicity
Sim-plic-i-ty [sim-plis-i-tee] -noun
1. Freedom from complexity: an object of great simplicity.
2. Nineshotz Premium Alcoholic Beverages

vote to win
Land Rover Discovery Sport

Tear open a Nineshotz Cube to reveal nine premium shots prepared from one of our Private Collection Recipes. All of the taste, none of the mess. Nineshotz Premium Alcoholic Beverages are coming soon to a store near you.

Enjoy responsibly.

vote for the next flavor and win at nineshotz.com

© 2019 Nineshotz Premium Alcoholic Beverages Nineshotz Corp., Cocoa, FL *24 Mo. Lease (details at nineshotz.com)

B. Registered User Database

I. Registration Information

A user must register before voting. We will capture several fields to help us contact the user for prize notification and to enable the user to login and vote for future flavor recipes. A simple database will be maintained by Nineshotz to keep user records and tabulate votes. The database will need to keep several fields for each user, including:

First name (user supplied)
Last name (user supplied)
Email address (user supplied)
Date of Birth (must be 21 or older) (user supplied)
User number (computer generated)
Drawing Credits: number of entries for current years drawings – resets yearly with each drawing cycle
Purchase Credits: number of credits in declining balance format
“Friend” verifications with credit cross reference (friend credits must link to another active user account)
Account establishment date
Date of last login

Vote credits will be kept for 1 year, allowing users to be registered for all of the drawings that year.

II. Privacy

No information will ever be sold from the Nineshotz database. Extreme measures will be taken to maintain the security and integrity of our database information and will include the use of daily backups and off-site secured data storage.

5.3.6.5 eBlasts

eBlasts will be used for direct communication via email to registered users. These communications will include information on purchase credit balance, local events (information from our “Events” web page), upcoming prize offerings and new flavor announcements. An average of four (4) eBlasts per month will be sent, unless an unscheduled local event or special announcement dictates an additional message. A user can change their preferences to eliminate eBlasts, leaving their user account information unaffected; however, they will not be notified of upcoming drawings or their purchase credit balance.

5.3.7 Out-of-Home Media

Out-of-home media will be an important advertising methods for Nineshotz. We will use a combination of billboards and logo vehicles to create a cost effective out-of-home media campaign.

General Notes

All the text on a billboard should be able to be read in less than 3 seconds (not including the logo and web address). A good rule of thumb is 10 words or less.

The message should be as clear and concise as possible.

Text on outdoor media should be easy to read and have little or no interference with other elements of the design.

5.3.7.1 Billboards

Billboards will use the branding style from the current campaign in conjunction with market adjusted copy.

BILLBOARD
14' x 48' Outdoor Board



CO-BRANDED BILLBOARD
14' x 48' Outdoor Board

LOGO VEHICLE

Standard Logo Vehicle



5.3.7.2 Logo Vehicles

Logo vehicles will be employed in emerging markets and in markets where special promotions are being staged. Logo vehicles are a relatively inexpensive form of out-of-home media that we plan to take full advantage of. The Nineshotz logo vehicles have been designed with specific branding goals in mind. The vehicles are intended to be both a bold statement in graphic design and an eye-catching reinforcement of brand awareness. Our logo vehicles have already traveled thousands of miles across the United States.

5.3.7.3 Co-Branding in Out-of-Home Media

Co-branding will be a major part of our out-of-home media plan and the needs of each co-branding agreement will be determined on a project-by-project basis. The previous page shows an example of a typical installation of out-of-home media.

5.3.7.4 Other Out-of-Home Media

Other out-of-home media will be determined on a project-by-project basis, but may include such items as bus stop signs, signage in sports venues, event signage, etc.

5.3.8 Broadcast Media

Detailed scripts and/or storyboards will be developed for radio and television advertising once a firm broadcast media purchase plan is established.

5.3.8.1 Radio

Radio advertising will be purchased in a very cost conscious way. The use of shorter radio spots and tags will be a large part of our radio media plan. Scripts and voice-over talent will be determined once the broadcast media plan is established.

5.3.8.2 Television

Television advertising will be purchased once a particular market can support television media. Storyboards, talent and filming will be determined once the broadcast media plan is established.

General Notes

ALL television commercials will be shot in 4K 16x9 format.



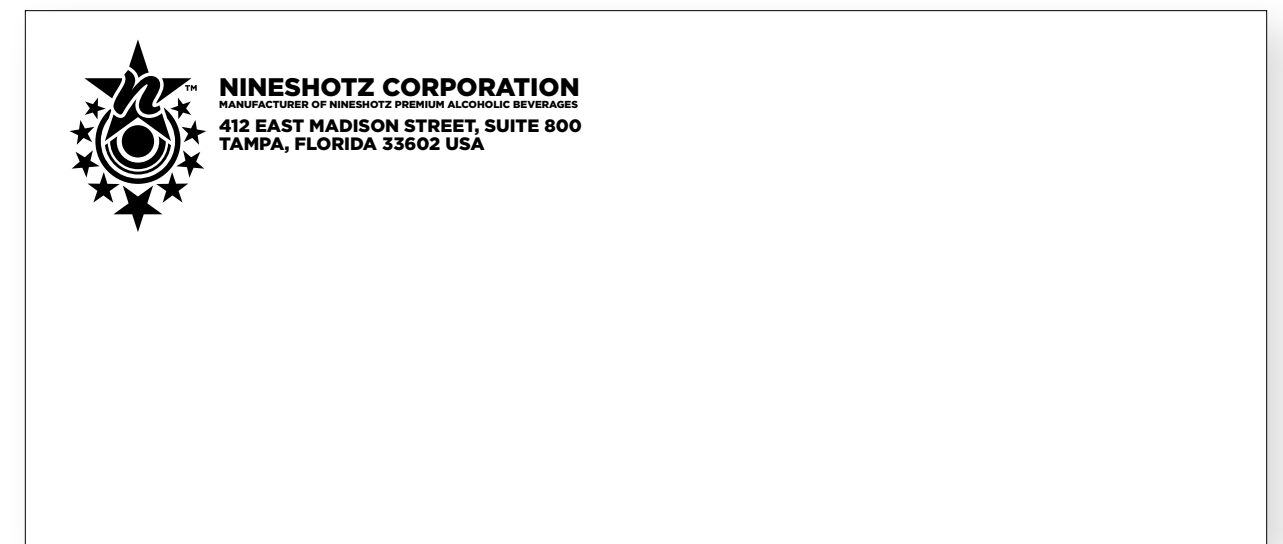
 **STATIONARY PACKAGE**
Letterhead

 5.3.9 Stationary Package

 5.3.9.1 General Stationary

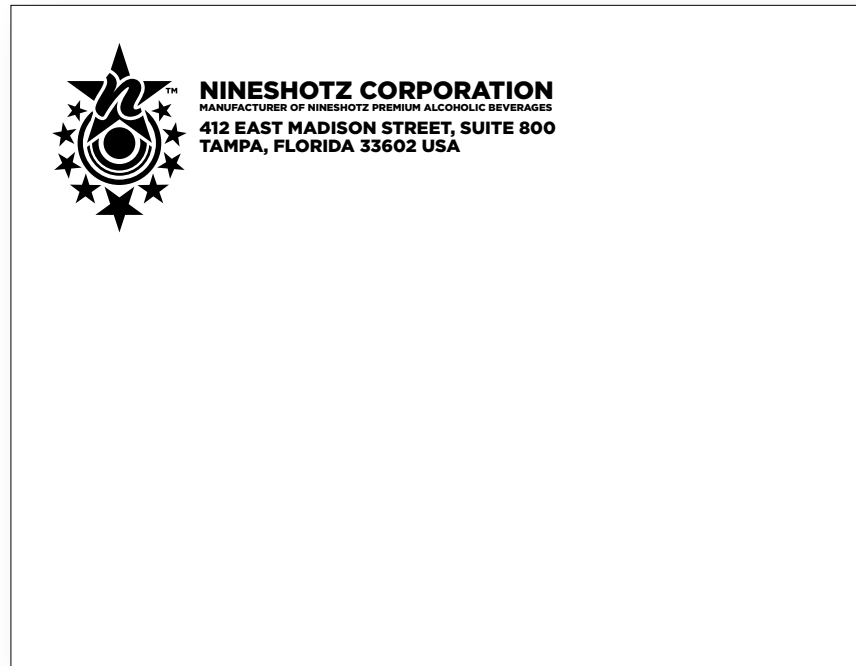
Business correspondence is a basic but important way of presenting our image. A variety of audiences receive information from us as typed letters, business cards, mailing labels or other kinds of stationery. Maintaining consistency within our stationery system will reinforce our brand image.

In order to maintain our branding standards, ALL stationery will be provided by the corporate office.



 **STATIONARY PACKAGE**
#10 Envelope

STATIONARY PACKAGE
5.5" x 4.25" Mailing Label



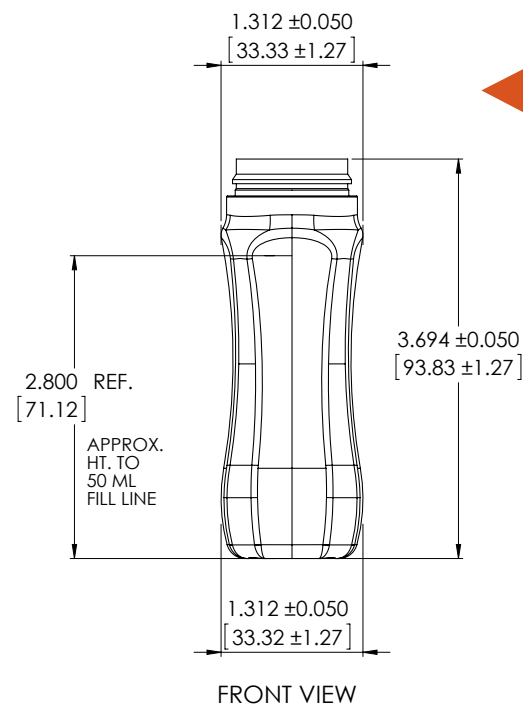
STATIONARY PACKAGE
Business Card (front/back)



INVITATION
Sized for Standard #10 Envelope



THANK YOU CARD
Sized for Standard #10 Envelope

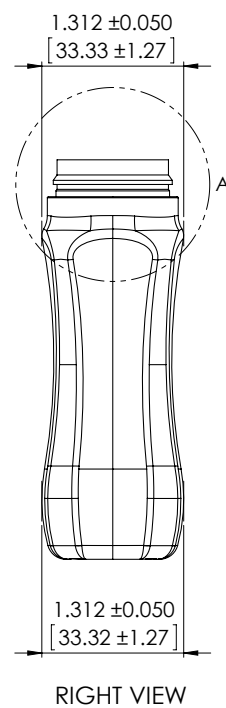
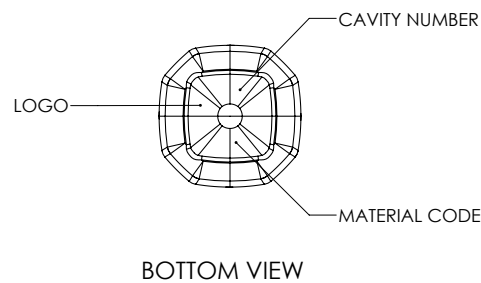


DESIGN SPECIFICATIONS

Produced by TriCor Braun

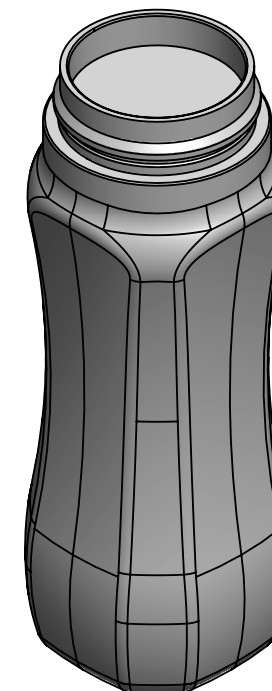
SHOTGLASS

Production Ready Version



SHOTGLASS DESIGN

Final Design 3-D Rendering



5.3.9.2 Internal Forms

Corporate forms play an important role in the day-to-day operations of our business. Forms are used for every purpose, from memos to ordering supplies. Additionally, some forms will be used for external communication, so every form must conform to our branding guidelines. Forms will be created by the corporate office.

5.4 Production Art

5.4.1 Visual Specifications

Production art is, in actuality, vector based engineering drawings that contain proprietary information of the Nineshotz Corporation, thus, visual specifications of these items will be kept encrypted with a backup stored in secured off-site storage.

5.4.2 The Nineshotz Cube

Thousands of man hours have gone into making the Nineshotz Cube an elegant, simple piece of packaging art. More than 185 design revisions and engineering mock-ups have been completed over the past five plus years of research and development.

The following page details an unfolded version of the production-ready Nineshotz Cube.

5.4.3 Shotglasses

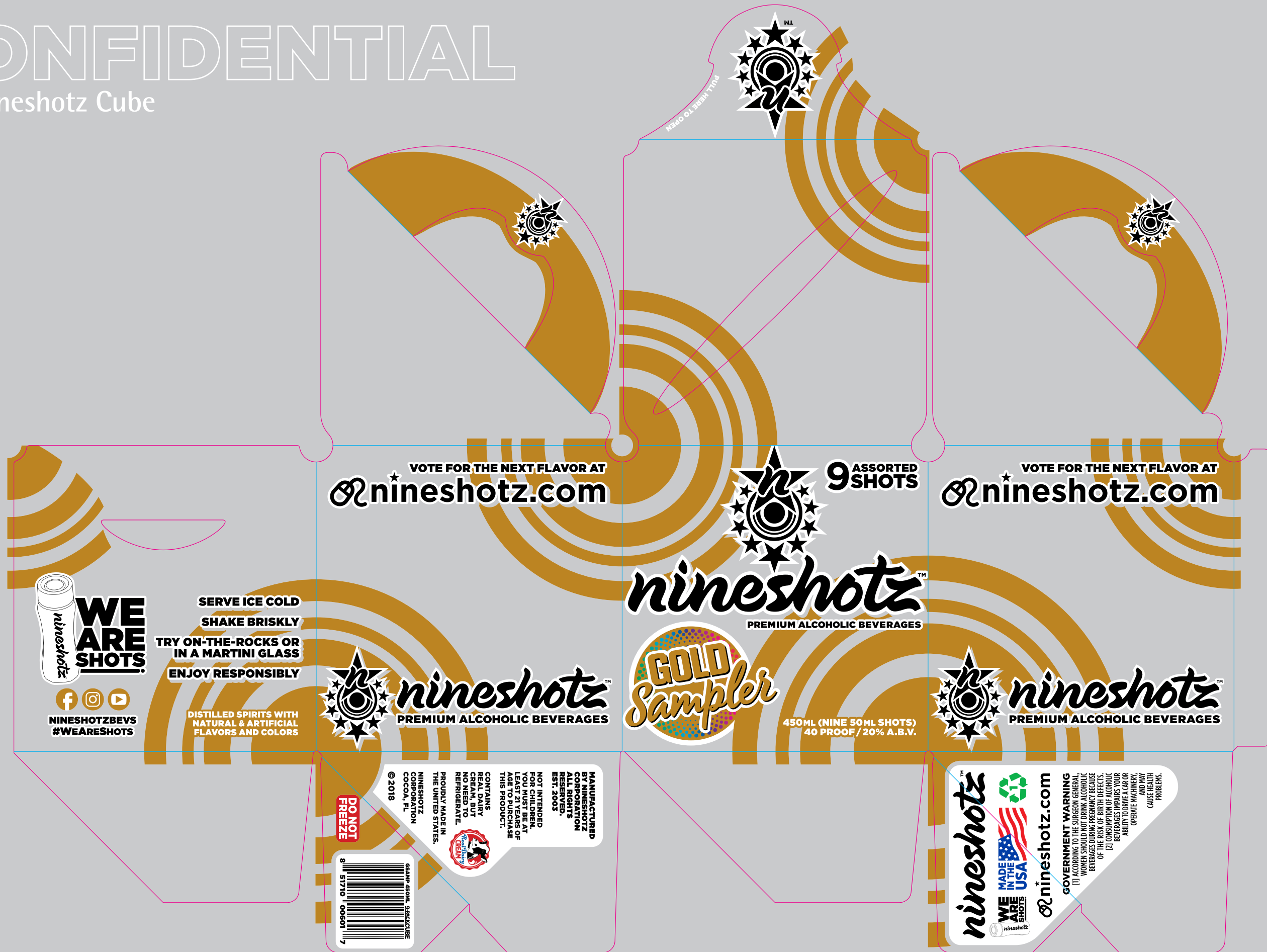
Like the Nineshotz Cube, the shotglasses are another example of simplicity in form and function. Designed to be lightweight, easy to hold and strong enough for packaging and shipping, the shotglasses are made from alcohol resistant PET plastic resin. Each shotglass is designed to hold 50 mL of product, yielding 450 mL per cube. With 10 cubes per case we will conform to the industry-wide standard half case volumes of 4.5 L.

CONFIDENTIAL

DRAWINGS NOT TO SCALE

CONFIDENTIAL

The Nineshotz Cube



PULL HERE TO OPEN

VOTE FOR THE NEXT FLAVOR AT
nineshotz.com

VOTE FOR THE NEXT FLAVOR AT
nineshotz.com

WE ARE SHOTS.

[f](#) [@](#) [v](#)

NINESHOTZBEVS
 #WEARESHOTS

SERVE ICE COLD
 SHAKE BRISKLY
 TRY ON-THE-ROCKS OR
 IN A MARTINI GLASS
 ENJOY RESPONSIBLY

DISTILLED SPIRITS WITH
 NATURAL & ARTIFICIAL
 FLAVORS AND COLORS

nineshotzTM
 PREMIUM ALCOHOLIC BEVERAGES

GOLD Sampler

450ML (NINE 50ML SHOTS)
 40 PROOF / 20% A.B.V.

nineshotzTM
 PREMIUM ALCOHOLIC BEVERAGES

DO NOT FREEZE

8 51710 00601 7

GSAMP 450ML 9S9K3CUBE

MANUFACTURED BY NINESHOTZ CORPORATION ALL RIGHTS RESERVED. EST. 2003

NOT INTENDED FOR CHILDREN. PLEASE KEEP OUT OF REACH OF CHILDREN. MUST BE AT LEAST 21 YEARS OF AGE TO PURCHASE THIS PRODUCT.

CONTAINS REAL DAIRY CREAM, BUT NOT MILK. REFRIGERATE.

PROUDLY MADE IN THE UNITED STATES.

NINESHOTZ CORPORATION
 COCOA, FL
 © 2018

nineshotzTM

MADE IN THE USA

WE ARE SHOTS

nineshotz.com

GOVERNMENT WARNING
 (1) ACCORDING TO THE SURGEON GENERAL, WOMEN SHOULD NOT DRINK ALCOHOLIC BEVERAGES DURING PREGNANCY BECAUSE OF THE RISK OF BIRTH DEFECTS.
 (2) CONSUMING TOO MUCH ALCOHOLIC BEVERAGES IMPAIRS YOUR ABILITY TO DRIVE A CAR OR OPERATE MACHINERY AND MAY CAUSE HEALTH PROBLEMS.

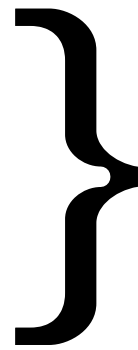


IMAGE 5.4.4a
Launch Flavor

Angel Blues

Our signature blue raspberry margarita with a sweet blueberry finish



5.4.4 Flavor Stickers

Each flavor sticker is designed with easy readability and eye-catching appeal in mind. These stickers are the one main departure from Nineshotz signature artistic style. The flavor stickers have their own look and feel, adding to the distinctiveness of the Nineshotz Cube graphic design. There are three main design elements and one background element that must be included on every sticker. At the bottom of each flavor sticker, there are three icons. To the far left, is the *primary flavor icon*, in the center is the *base drink icon* and to the far right is the *secondary flavor icon*. See Images 5.4.4a through 5.4.4c.

Nine great flavors will be introduced at the time of launch.

5.5 Promotional Items

We have prepared a line of promotional products such as t-shirts, hats, key chains and similar items to be distributed free of charge at events and other functions as a "thank you" to our customers. Every item is to be imprinted with at least the Nineshotz logo. If there is appropriate room on the promotional item in question, the web address will also be listed. An adequate inventory of premium promotional items will be warehoused so our customers can purchase these items from our website nineshotz.com. These items will include high-quality polo shirts, golf and baseball caps, pens, shotglasses, gifts, etc. We intend to drive as much traffic to the website as possible by using the aforementioned voting system for future drink recipes, referral programs, as well as a calendar of Nineshotz events and taste-testing locations only available online.

5.5.1 Enjoy Responsibly Items

The Nineshotz Corporation, acting as a responsible member of the alcoholic beverage community will include as many "enjoy responsibly" items as possible in our promotional item inventory. An example of one of these items would be our signature Nineshotz corporate seal keychain, with "Enjoy Responsibly" etched into the reverse. These types of high-perceived value items will be especially effective in building brand awareness while simultaneously promoting and reinforcing responsible alcohol consumption.

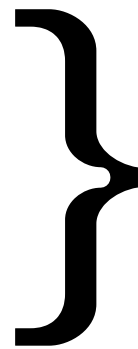


IMAGE 5.4.4b
Launch Flavor

Devil's Tonic

Our spicy cinnamon and red apple martini

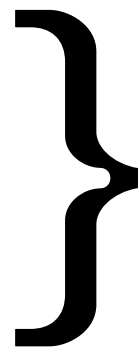
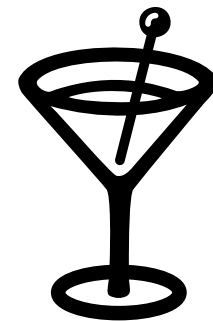
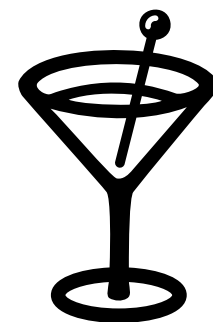


IMAGE 5.4.4c
Launch Flavor

King Apple

Our refreshing green apple martini with a subtle kiwi essence



BASE DRINK KEY

Our flavor stickers 'drink keys' provide a hint to the style of beverage contained within, we can produce any type of formula including Margaritas, Martinis, Cocktails, etc.



EMPLOYEE APPAREL
Men's Fitted Lightweight Polo in Black



 5.5.2 Apparel

Apparel will be available in two different versions. Non-employee apparel will be of the type offered for retail sale or credit redemption via the Nineshotz Online Store. Employee apparel will only be offered to current employees. Fitted polos and button-ups will be available in both men's and women's styles. Nineshotz corporate apparel will be the dress code for company related functions.

Illustrated to the left is a men's fitted polo with apparel-only logo embroidered in white.

 5.6 Signage

Exterior signage offers excellent opportunities to represent our brand in a unified and consistent manner. When preparing signage either in-house or with a vendor, ensure that our branding guidelines regarding typeface, color and size relationships are reviewed and understood before layouts are created. All signage must receive CBR approval before introduction.

The logo is of the utmost importance in the preparation of signage. Use of the logo in layouts for exterior signage must be handled with particular attention to readability and impact.

 5.6.1 Banners

Banners should be printed on heavy-duty vinyl material for maximum durability. Messages will be kept simple; the copy concept of banners mimics that of out-of-home media.

 5.6.2 Other Signage

Other signage needs will be handled on a project-by-project basis.

 5.7 Marketing

 5.7.1 Implementation

Implementation of our marketing strategies will occur in accordance with these guidelines. As with all businesses, a plan can only be a starting point for achieving marketing objectives. We will constantly fine-tune our marketing activities in response to market fluctuations but will always make it priority to keep our message clear. The combination of an excellent product, innovative marketing & advertising and a fresh perspective on the alcoholic beverage industry will aid in the success of Nineshotz.

 5.7.2 Events

Nineshotz will both sponsor and host special events. We will be very cognizant of the companies we choose to do business with, as our reputation is more highly scrutinized when associated with an event. Our corporate image must be maintained in accordance with these branding guidelines for all materials and signage associated with any event.

Patents

The cube and shotglass will be registered with the United States Patent and Trademark Office as property of the Nineshotz Corporation. The shape and style of the shotglass is protected by legal counsel through our plastics manufacturing supplier.

Trademarks

The Nineshotz Logo and Nineshotz corporate name have been registered with the United States Patent and Trademark Office as property of the Nineshotz Corporation.

Notes on Patents & Trademarks

1. We cannot change the spelling, insert hyphens, combine words, add words or otherwise change the Nineshotz Logo in any way. Any change in the form of a trademark name or symbol will jeopardize its protected legal status.
2. When writing, always type "Nineshotz" with a capital "N". When referring to the company, use "Nineshotz Corporation" with capital "N" and "C". Putting the word "the" in front of "Nineshotz Corporation" can be done in a sentence or when referring to the company in an official capacity, unless "Corporation" is abbreviated to "Corp.", see below.

Correct Usage:

- Alone: Nineshotz Corporation
Official: The Nineshotz Corporation (for invitations, special circumstances, etc.)
In Sentence: During the summer of 2019, the Nineshotz Corporation began shipping product.
In early December, Nineshotz Corporation was featured in Inc. Magazine.
After receiving hundreds of applications, Nineshotz Corp. hired two new employees.

NEVER refer to the Nineshotz corporate entity as "shots" or "shotz", only the shotglasses and product should be referred to in this manner.

Copyrights

All written material owned by the Nineshotz Corporation must display the copyright notice. There are several versions of the copyright notice used for different situations.

First Time Copyright

This would be used for a new project and would be printed as: © 20xx Nineshotz Corporation

Revision Copyrights

This would be used when a significant revision occurs (30 percent of text or illustrations) and would be printed as: © 20xx, 20xx Nineshotz Corporation (year of revision, year of original copyright)



Pro Forma Forecast

Month	0	1	2	3	4	5	6	7	8	9	10	11	12
INCOME													
Total Cases Sold (Conservative Estimate)	-	1,285	1,285	1,285	1,285	1,285	1,928	1,928	3,856	3,856	3,856	3,856	3,856
Sales - Wholesale	-	119,988	119,988	119,988	119,988	119,988	179,983	179,983	359,965	359,965	359,965	359,965	359,965
													2,759,734
Cost of Goods Sold													
Bottling Operations													
Bottling Operations (Mango) Includes Inventory, Bottling Fees & Federal Excise Taxes	809,539	77,956	77,956	77,956	77,956	77,956	116,934	116,934	233,869	233,869	233,869	233,869	233,869
TOTAL OF BOTTLING OPERATIONS EXPENSES	809,539	77,956	77,956	77,956	77,956	77,956	116,934	116,934	233,869	233,869	233,869	233,869	233,869
Gross Margin		42,032	42,032	42,032	42,032	42,032	63,048	63,048	126,097	126,097	126,097	126,097	126,097
Expenses													
Advertising													
POP Materails (Bar Displays, Store Displays, Banners, etc.)		1,500	2,000	2,500	2,750	2,819	2,889	2,961	3,035	3,111	3,189	3,269	3,351
Insta/Facebook/Models, etc.		1,500	2,000	2,500	3,000	3,500	4,000	4,500	5,000	5,500	6,000	6,500	7,000
Website Development/Programming/E-commerce Engine		1,500	1,538	1,576	1,615	1,656	1,697	1,740	1,783	1,828	1,873	1,920	1,968
eCommerce/Online Retailers (Drizzly, 1-800-Spirits, etc.)												500	550
Trade Shows									5,000	-	-	-	-
Web Advertising/Search Engine Placement		5,000	5,125	5,253	5,384	5,519	5,657	5,798	5,943	6,092	6,244	6,400	6,560
Print Advertising (Trade Magazines for first 6 mos.)		2,500	2,800	3,100	3,400	3,700	4,000	4,300	4,600	4,900	5,200	5,500	5,800
Outdoor in premium markets											15,000	15,000	20,000
Tastings/Events				500	1,000		500	1,500			1,000	2,000	
Brand Ambassadors (part time as needed)						2,000	2,200	2,400	2,600	2,800	3,000	3,200	3,400
Promotional Items						5,000	5,000	5,000	6,000	6,000	6,000	6,400	6,657
Radio								1,000	1,200	1,400	1,600	1,800	2,000
Sponsorships		1,000	1,500	2,000	2,500	3,000	3,500	4,000	4,500	5,000	5,500	6,000	6,500
Logo Cars (Payment, Tax & Registration)		800	800	800	800	1,600	1,600	1,600	1,600	1,600	2,400	2,400	2,400
Graphics Work		3,000				6,000	9,000				12,000	15,000	
Monthly Fuel Charge		200	220	240	260	280	300	320	340	360	380	400	420
Press Agency		1,000	1,000	1,100	1,100	1,200	1,200	1,260	1,306	1,351	1,397	1,443	1,489
Analytics for Advertising ROI		600	600	600	600	600	600	600	600	600	600	600	600
TOTAL OF ADVERTISING EXPENSES	-	18,600	17,583	20,169	20,710	35,074	40,343	35,119	41,602	38,591	69,387	76,289	66,606
Marketing													
Marketing Commissions (Brokers, etc.)	-	-	-	-	-	-	-	1,000	1,025	1,051	1,077	1,104	1,131
Marketing Incentive (Max.)	-	-	-	-	-	-	-	1,000	1,025	1,051	1,077	1,104	1,131
TOTAL OF MARKETING EXPENSES	-	-	-	-	-	-	-	2,000	2,050	2,101	2,154	2,208	2,263
Salaries and Travel													
Salaries		8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Bonuses ** (To Be Determined)		-	-	-	-	-	-	-	-	-	-	-	-
Travel		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	2,000	2,000
Sales Commissions		2,570	2,570	2,570	2,570	2,570	3,856	3,856	7,711	7,711	7,711	7,711	7,711
TOTAL OF SALARIES AND TRAVEL EXPENSES	190,700	11,570	11,570	11,570	11,570	11,570	12,856	12,856	16,711	16,711	16,711	17,711	17,711
Corporate Overhead													
Office Rent		600	600	600	600	600	600	600	600	600	600	600	600
Database Administration		500	500	600	600	650	690	730	770	810	850	890	930
American Spirits Exchange Foundations Platform		2,570	2,570	2,570	2,570	2,570	3,856	3,856	7,711	7,711	7,711	7,711	7,711
General liability insurance					250	250	250	250	250	250	250	250	250
Communications		200	200	200	300	300	300	300	300	300	300	300	300
Flavor Mixing/Testing (Semi-Annually)						6,000						6,000	
Tax and Accounting		200	200	200	200	200	200	200	200	200	200	200	200
Legal Retainers, Trademarks, Patents & Copyright Protection Law		2,000	1,000	250	250	250	250	250	250	250	250	250	1,000
TOTAL OF OVERHEAD EXPENSES	-	6,070	5,070	4,420	4,770	10,820	6,146	6,186	10,081	10,121	10,161	16,201	10,991
TOTAL OPERATING EXPENSES	1,000,239	114,197	112,180	114,116	115,007	135,421	176,279	173,095	304,313	301,394	332,282	346,278	331,441
FUNDING	(1,000,000)												
MONTHLY NET INCOME/(LOSS)	239	5,791	7,809	5,872	4,981	(15,432)	3,704	6,887	55,652	58,572	27,683	13,687	28,525
YTD NET INCOME/LOSS													203,731
CULMULATIVE LTD NET INCOME/(LOSS)	(1,000,239)	(994,448)	(986,639)	(980,767)	(975,785)	(991,217)	(987,514)	(980,626)	(924,975)	(866,403)	(838,720)	(825,033)	(796,508)

IMPORTANT FACTORS REGARDING CALCULATION OF THIS PROFORMA BUDGET

* Refer to "1st Run" table

** Bonuses determined through individual employment contract

This budget does not take into account any discount for purchasing inventories as higher quantities

This budget does not take into account the addition of any states beyond those already in our sales territories

This budget is based on the CONSERVATIVE estimate from "Forecast" sheet

Pro Forma Forecast

Month	13	14	15	16	17	18	19	20	21	22	23	24	25
INCOME													
Total Cases Sold (Conservative Estimate)	3,856	3,856	3,856	5,784	5,784	5,784	5,784	5,784	5,784	5,784	7,711	7,711	7,711
Sales - Wholesale	359,965	359,965	359,965	539,948	539,948	539,948	539,948	539,948	539,948	539,948	719,931	719,931	719,931
												6,299,393	
Cost of Goods Sold													
Bottling Operations													
Bottling Operations (Mango) Includes Inventory, Bottling Fees & Federal Excise Taxes	233,869	233,869	233,869	350,803	350,803	350,803	350,803	350,803	350,803	350,803	467,737	467,737	467,737
TOTAL OF BOTTLING OPERATIONS EXPENSES	233,869	233,869	233,869	350,803	350,803	350,803	350,803	350,803	350,803	350,803	467,737	467,737	467,737
Gross Margin	126,097	126,097	126,097	189,145	189,145	189,145	189,145	189,145	189,145	189,145	252,193	252,193	252,193
Expenses													
Advertising													
POP Materials (Bar Displays, Store Displays, Banners, etc.)	3,434	3,520	3,608	3,698	3,791	3,886	3,983	4,082	4,184	4,289	4,396	4,506	4,619
Insta/Facebook/Models, etc.	7,500	8,000	8,500	9,000	9,500	10,000	10,500	11,000	11,500	12,000	12,500	13,000	13,500
Website Development/Programming/E-commerce Engine	2,017	2,068	2,119	2,172	2,227	2,282	2,339	2,398	2,458	2,519	2,582	2,647	2,713
eCommerce/Online Retailers (Drizzly, 1-800-Spirits, etc.)	600	650	700	750	800	850	900	950	1,000	1,050	1,100	1,150	1,200
Trade Shows	4,000	5,000	-	-	-	-	-	-	4,000	-	-	-	-
Web Advertising/Search Engine Placement	6,724	6,893	7,065	7,241	7,423	7,608	7,798	7,993	8,193	8,398	8,608	8,823	9,044
Print Advertising (Trade Magazines for first 6 mos.)	6,100	6,400	6,700	7,000	7,300	7,600	7,900	8,200	8,500	8,800	9,100	9,400	9,700
Outdoor in premium markets	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	30,000	30,000	30,000	30,000	30,000
Tastings/Events			1,752	1,882	2,011	2,141	2,270	2,400	2,530	2,659			2,691
Brand Ambassadors (part time as needed)	3,600	3,800	4,000	4,200	4,400	4,600	4,800	5,000	5,200	5,400	5,600	5,800	6,000
Promotional Items	6,914	7,171	7,429	7,686	7,943	8,200	8,457	8,714	8,971	9,229	9,486	9,743	10,000
Radio	2,200	2,400	2,600	2,800	3,000	3,200	3,400	3,600	3,800	4,000	4,200	4,400	4,600
Sponsorships	7,000	7,500	8,000	8,500	9,000	9,500	10,000	10,500	11,000	11,500	12,000	12,500	13,000
Logo Cars (Payment, Tax & Registration)	2,400	2,400	3,600	4,000	4,933	5,733	6,533	7,333	8,133	8,933	9,733	10,533	11,333
Graphics Work			18,000	21,000				24,000	27,000				30,000
Monthly Fuel Charge	440	460	480	500	520	540	560	580	600	620	640	660	680
Press Agency	1,534	1,580	1,626	1,671	1,717	1,763	1,809	1,854	1,900	1,946	1,991	2,037	2,083
Analytics for Advertising ROI	600	600	600	600	600	600	600	600	600	600	600	600	600
TOTAL OF ADVERTISING EXPENSES	72,930	76,262	94,554	100,430	82,848	86,141	89,442	116,751	137,070	109,397	109,946	113,162	149,080
Marketing													
Marketing Commissions (Brokers, etc.)	1,160	1,189	1,218	1,249	1,280	1,312	1,345	1,379	1,413	1,448	1,485	1,522	1,560
Marketing Incentive (Max.)	1,160	1,189	1,218	1,249	1,280	1,312	1,345	1,379	1,413	1,448	1,485	1,522	1,560
TOTAL OF MARKETING EXPENSES	2,319	2,377	2,437	2,498	2,560	2,624	2,690	2,757	2,826	2,897	2,969	3,043	3,119
Salaries and Travel													
Salaries	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	25,000
Bonuses ** (To Be Determined)	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	1,000	1,000	1,000
Sales Commissions	7,711	7,711	7,711	11,567	11,567	11,567	11,567	11,567	11,567	11,567	15,423	15,423	15,423
TOTAL OF SALARIES AND TRAVEL EXPENSES	24,711	24,711	24,711	28,567	28,567	28,567	28,567	28,567	28,567	28,567	31,423	31,423	41,423
Corporate Overhead													
Office Rent	600	600	600	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Database Administration	970	1,010	1,050	1,090	1,130	1,170	1,210	1,250	1,290	1,330	1,370	1,410	1,450
American Spirits Exchange Foundations Platform	7,711	7,711	7,711	11,567	11,567	11,567	11,567	11,567	11,567	11,567	15,423	15,423	15,423
General liability insurance	250	250	250	250	250	250	250	250	250	250	250	250	250
Communications	300	300	300	300	300	300	300	300	300	300	300	350	350
Flavor Mixing/Testing (Semi-Annually)					6,000						6,000		
Tax and Accounting	200	200	200	200	200	200	200	300	300	300	300	300	300
Legal Retainers, Trademarks, Patents & Copyright Protection Law	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
TOTAL OF OVERHEAD EXPENSES	11,031	11,071	11,111	16,407	22,447	16,487	16,527	16,667	16,707	16,747	26,643	20,733	20,773
TOTAL OPERATING EXPENSES	344,861	348,291	366,682	498,705	487,225	484,622	488,029	515,545	535,973	508,411	638,717	636,098	682,132
FUNDING													
MONTHLY NET INCOME/(LOSS)	15,104	11,674	(6,717)	41,243	52,723	55,326	51,919	24,403	3,975	31,537	81,213	83,832	37,798
YTD NET INCOME/LOSS												446,233	
CULMULATIVE LTD NET INCOME/(LOSS)	(781,404)	(769,730)	(776,446)	(735,203)	(682,480)	(627,154)	(575,235)	(550,832)	(546,857)	(515,320)	(434,107)	(350,275)	(312,477)

IMPORTANT FACTORS REGARDING CALCULATION OF THIS PROFORMA BUDGET

* Refer to "1st Run" table

** Bonuses determined through individual employment contract

This budget does not take into account any discount for purchasing inventories as higher quantities

This budget does not take into account the addition of any states beyond those already in our sales

This budget is based on the CONSERVATIVE estimate from "Forecast" sheet

Pro Forma Forecast

Month	26	27	28	29	30	31	32	33	34	35	36	37	38
INCOME													
Total Cases Sold (Conservative Estimate)	7,711	7,711	7,711	7,711	10,282	12,852	12,852	12,852	12,852	12,852	12,852	12,852	15,423
Sales - Wholesale	719,931	719,931	719,931	719,931	959,907	1,199,884	1,199,884	1,199,884	1,199,884	1,199,884	1,199,884	1,199,884	1,439,861
											11,758,866		
Cost of Goods Sold													
Bottling Operations													
Bottling Operations (Mango) Includes Inventory, Bottling Fees & Federal Excise Taxes	467,737	467,737	467,737	467,737	623,650	779,562	779,562	779,562	779,562	779,562	779,562	779,562	935,475
TOTAL OF BOTTLING OPERATIONS EXPENSES	467,737	467,737	467,737	467,737	623,650	779,562	779,562	779,562	779,562	779,562	779,562	779,562	935,475
Gross Margin	252,193	252,193	252,193	252,193	336,258	420,322	420,322	420,322	420,322	420,322	420,322	420,322	504,386
Expenses													
Advertising													
POP Materials (Bar Displays, Store Displays, Banners, etc.)	4,734	4,853	4,974	5,098	5,226	5,356	5,490	5,628	5,768	5,913	6,060	6,212	6,367
Insta/Facebook/Models, etc.	14,000	14,500	15,000	15,500	16,000	16,500	17,000	17,500	18,000	18,500	19,000	19,500	20,000
Website Development/Programming/E-commerce Engine	2,781	2,850	2,922	2,995	3,070	3,146	3,225	3,306	3,388	3,473	3,560	3,649	3,740
eCommerce/Online Retailers (Drizzly, 1-800-Spirits, etc.)	1,250	1,300	1,350	1,400	1,450	1,500	1,550	1,600	1,650	1,700	1,750	1,800	1,850
Trade Shows	5,000	-	4,000	-	-	-	-	-	4,000	-	-	-	5,000
Web Advertising/Search Engine Placement	9,270	9,501	9,739	9,982	10,232	10,488	10,750	11,019	11,294	11,577	11,866	12,163	12,467
Print Advertising (Trade Magazines for first 6 mos.)	10,000	10,300	10,600	10,900	11,200	11,500	11,800	12,100	12,400	12,700	13,000	13,300	25,000
Outdoor in premium markets	30,000	30,000	30,000	30,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Tastings/Events	2,793	2,895	2,996	3,098	3,200	3,302	3,403	-	-	3,510	3,602	3,695	3,788
Brand Ambassadors (part time as needed)	6,200	6,400	6,600	6,800	7,000	7,200	7,400	7,600	7,800	8,000	8,200	8,400	8,600
Promotional Items	10,257	10,514	11,029	11,286	11,543	11,800	12,057	12,314	12,571	12,829	13,086	13,343	13,343
Radio	4,800	5,000	5,200	5,400	5,600	5,800	6,000	6,200	6,400	6,600	6,800	7,000	7,200
Sponsorships	13,500	14,000	14,500	15,000	15,500	16,000	16,500	17,000	17,500	18,000	18,500	19,000	19,500
Logo Cars (Payment, Tax & Registration)	12,133	12,933	13,733	14,533	15,333	16,133	16,933	17,733	18,533	19,333	20,133	20,933	21,733
Graphics Work	35,000	-	-	-	-	-	-	-	-	-	43,816	45,000	-
Monthly Fuel Charge	700	720	740	760	780	800	820	840	860	880	900	920	940
Press Agency	2,129	2,174	2,220	2,266	2,311	2,357	2,403	2,449	2,494	2,540	2,586	2,631	2,677
Analytics for Advertising ROI	600	600	600	600	600	600	600	600	600	600	600	600	600
TOTAL OF ADVERTISING EXPENSES	162,418	125,767	133,126	132,496	145,876	149,268	152,672	152,583	159,908	162,756	210,016	214,658	189,528
Marketing													
Marketing Commissions (Brokers, etc.)	1,599	1,639	1,680	1,722	1,765	1,809	1,854	1,900	1,948	1,996	2,046	2,098	2,150
Marketing Incentive (Max.)	1,599	1,639	1,680	1,722	1,765	1,809	1,854	1,900	1,948	1,996	2,046	2,098	2,150
TOTAL OF MARKETING EXPENSES	3,197	3,277	3,359	3,443	3,529	3,617	3,708	3,801	3,896	3,993	4,093	4,195	4,300
Salaries and Travel													
Salaries	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	35,000	35,000
Bonuses ** (To Be Determined)	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,500	1,500	1,500	1,500	1,500	1,500
Sales Commissions	15,423	15,423	15,423	15,423	20,564	25,705	25,705	25,705	25,705	25,705	25,705	25,705	30,846
TOTAL OF SALARIES AND TRAVEL EXPENSES	41,423	41,423	41,423	41,423	46,564	51,705	51,705	52,205	52,205	52,205	52,205	62,205	67,346
Corporate Overhead													
Office Rent	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	3,000	3,000	3,000	3,000
Database Administration	1,490	1,530	1,570	1,610	1,650	1,690	1,730	1,770	1,810	1,850	1,890	1,930	1,970
American Spirits Exchange Foundations Platform	15,423	15,423	15,423	15,423	20,564	25,705	25,705	25,705	25,705	25,705	25,705	25,705	30,846
General liability insurance	250	250	250	250	250	250	250	250	250	250	250	250	250
Communications	350	350	350	800	800	800	800	800	800	800	800	800	800
Flavor Mixing/Testing (Semi-Annually)	-	-	-	6,000	-	-	-	-	-	6,000	-	-	-
Tax and Accounting	300	300	300	300	300	300	300	300	300	300	300	300	300
Legal Retainers, Trademarks, Patents & Copyright Protection Law	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	2,000	2,000	2,000	2,000
TOTAL OF OVERHEAD EXPENSES	20,813	20,853	20,893	27,383	26,564	31,745	31,785	31,825	31,865	39,905	33,945	33,985	39,166
TOTAL OPERATING EXPENSES	695,588	659,057	666,538	672,482	846,183	1,015,897	1,019,431	1,019,975	1,027,436	1,038,421	1,079,821	1,094,604	1,235,814
FUNDING													
MONTHLY NET INCOME/(LOSS)	24,342	60,874	53,393	47,449	113,725	183,987	180,453	179,910	172,449	161,463	120,064	105,280	204,047
YTD NET INCOME/LOSS											1,335,906		
CULMULATIVE LTD NET INCOME/(LOSS)	(288,135)	(227,261)	(173,868)	(126,419)	(12,694)	171,293	351,745	531,655	704,104	865,567	985,631	1,090,911	1,294,959

IMPORTANT FACTORS REGARDING CALCULATION OF THIS PROFORMA BUDGET

* Refer to "1st Run" table

** Bonuses determined through individual employment contract

This budget does not take into account any discount for purchasing inventories as higher quantity

This budget does not take into account the addition of any states beyond those already in our state

This budget is based on the CONSERVATIVE estimate from "Forecast" sheet

Pro Forma Forecast

Month	39	40	41	42	43	44	45	46	47	48	49	50	51
INCOME													
Total Cases Sold (Conservative Estimate)	15,423	15,423	15,423	15,423	15,423	15,423	15,423	17,993	17,993	17,993	17,993	17,993	17,993
Sales - Wholesale	1,439,861	1,439,861	1,439,861	1,439,861	1,439,861	1,439,861	1,439,861	1,679,838	1,679,838	1,679,838	1,679,838	1,679,838	1,679,838
										17,758,288			
Cost of Goods Sold													
Bottling Operations													
Bottling Operations (Mango) Includes Inventory, Bottling Fees & Federal Excise Taxes	935,475	935,475	935,475	935,475	935,475	935,475	935,475	1,091,387	1,091,387	1,091,387	1,091,387	1,091,387	1,091,387
TOTAL OF BOTTLING OPERATIONS EXPENSES	935,475	935,475	935,475	935,475	935,475	935,475	935,475	1,091,387	1,091,387	1,091,387	1,091,387	1,091,387	1,091,387
Gross Margin	504,386	504,386	504,386	504,386	504,386	504,386	504,386	588,451	588,451	588,451	588,451	588,451	588,451
Expenses													
Advertising													
POP Materials (Bar Displays, Store Displays, Banners, etc.)	6,526	6,689	6,857	7,028	7,204	7,384	7,569	7,758	7,952	8,150	8,354	8,563	8,777
Insta/Facebook/Models, etc.	20,500	21,000	21,500	22,000	22,500	23,000	23,500	24,000	24,500	25,000	25,500	26,000	26,500
Website Development/Programming/E-commerce Engine	3,834	3,929	4,028	4,128	4,231	4,337	4,446	4,557	4,671	4,788	4,907	5,030	5,156
eCommerce/Online Retailers (Drizzly, 1-800-Spirits, etc.)	1,900	1,950	2,000	2,050	2,100	2,150	2,200	2,250	2,300	2,350	2,400	2,450	2,500
Trade Shows	4,000	-	-	-	-	-	4,000	-	-	-	-	5,000	-
Web Advertising/Search Engine Placement	12,778	13,098	13,425	13,761	14,105	14,458	14,819	15,190	15,569	15,958	16,357	16,766	17,186
Print Advertising (Trade Magazines for first 6 mos.)	30,000	35,000	40,000	45,000	50,000	55,000	60,000	65,000	70,000	75,000	80,000	85,000	90,000
Outdoor in premium markets	40,000	40,000	40,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Tastings/Events	3,881	3,974	4,067	4,159	4,252	4,345	4,438	4,531	4,624	4,716	4,809	4,902	5,000
Brand Ambassadors (part time as needed)	8,800	9,000	9,200	9,400	9,600	9,800	10,000	10,200	10,400	10,600	10,800	11,000	11,200
Promotional Items	13,600	13,857	14,114	14,371	14,629	14,886	15,143	15,400	15,657	15,914	16,171	16,429	16,686
Radio	7,400	7,600	7,800	8,000	8,200	8,400	8,600	8,800	9,000	9,200	9,400	9,600	9,800
Sponsorships	20,000	20,500	21,000	21,500	22,000	22,500	23,000	23,500	24,000	24,500	25,000	25,500	26,000
Logo Cars (Payment, Tax & Registration)	22,533	23,333	24,133	24,933	25,733	26,533	27,333	28,133	28,933	29,733	30,533	31,333	32,133
Graphics Work							50,000	35,000					
Monthly Fuel Charge	960	980	1,000	1,020	1,040	1,060	1,080	1,100	1,120	1,140	1,160	1,180	1,200
Press Agency	2,723	2,769	2,814	2,860	2,906	2,951	2,997	3,043	3,089	3,134	3,180	3,226	3,271
Analytics for Advertising ROI	600	600	600	600	600	600	600	600	600	600	600	600	600
TOTAL OF ADVERTISING EXPENSES	196,713	200,911	209,124	227,352	235,594	243,853	306,127	295,418	268,726	277,051	285,393	293,851	297,137
Marketing													
Marketing Commissions (Brokers, etc.)	2,204	2,259	2,315	2,373	2,433	2,493	2,556	2,620	2,685	2,752	2,821	2,892	2,964
Marketing Incentive (Max.)	2,204	2,259	2,315	2,373	2,433	2,493	2,556	2,620	2,685	2,752	2,821	2,892	2,964
TOTAL OF MARKETING EXPENSES	4,408	4,518	4,631	4,746	4,865	4,987	5,111	5,239	5,370	5,504	5,642	5,783	5,928
Salaries and Travel													
Salaries	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	45,000	45,000	45,000
Bonuses ** (To Be Determined)	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	2,000	2,000	2,000	2,000
Sales Commissions	30,846	30,846	30,846	30,846	30,846	30,846	30,846	35,986	35,986	35,986	35,986	35,986	35,986
TOTAL OF SALARIES AND TRAVEL EXPENSES	67,346	67,346	67,346	67,346	67,346	67,346	67,346	72,486	72,486	72,986	82,986	82,986	82,986
Corporate Overhead													
Office Rent	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Database Administration	2,010	2,050	2,090	2,130	2,170	2,210	2,250	2,290	2,330	2,370	2,410	2,450	2,490
American Spirits Exchange Foundations Platform	30,846	30,846	30,846	30,846	30,846	30,846	30,846	35,986	35,986	35,986	35,986	35,986	35,986
General liability insurance	250	300	300	600	600	600	600	600	600	600	600	600	600
Communications	800	800	800	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Flavor Mixing/Testing (Semi-Annually)			6,000						6,000				
Tax and Accounting	300	300	300	300	300	300	300	300	400	400	400	400	400
Legal Retainers, Trademarks, Patents & Copyright Protection Law	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
TOTAL OF OVERHEAD EXPENSES	39,206	39,296	45,336	40,076	40,116	40,156	40,196	45,376	51,516	45,556	45,596	45,636	45,676
TOTAL OPERATING EXPENSES	1,243,146	1,247,544	1,261,910	1,274,994	1,283,395	1,291,815	1,354,255	1,509,907	1,489,486	1,492,485	1,511,005	1,519,644	1,523,115
FUNDING													
MONTHLY NET INCOME/(LOSS)	196,715	192,317	177,951	164,867	156,466	148,046	85,607	169,931	190,352	187,353	168,833	160,194	156,723
YTD NET INCOME/LOSS										1,978,932			
CULMULATIVE LTD NET INCOME/(LOSS)	1,491,674	1,683,991	1,861,942	2,026,809	2,183,275	2,331,321	2,416,927	2,586,858	2,777,210	2,964,563	3,133,396	3,293,590	3,450,313

IMPORTANT FACTORS REGARDING CALCULATION OF THIS PROFORMA BUDGET

* Refer to "1st Run" table

** Bonuses determined through individual employment contract

This budget does not take into account any discount for purchasing inventories as higher quantity

This budget does not take into account the addition of any states beyond those already in our store

This budget is based on the CONSERVATIVE estimate from "Forecast" sheet

Pro Forma Forecast

Month	52	53	54	55	56	57	58	59	60
INCOME									
Total Cases Sold (Conservative Estimate)	17,993	20,564	20,564	20,564	20,564	25,705	25,705	25,705	25,705
Sales - Wholesale	1,679,838	1,919,815	1,919,815	1,919,815	1,919,815	2,399,769	2,399,769	2,399,769	2,399,769
									23,997,686
Cost of Goods Sold									
Bottling Operations									
Bottling Operations (Mango) Includes Inventory, Bottling Fees & Federal Excise Taxes	1,091,387	1,247,300	1,247,300	1,247,300	1,247,300	1,559,125	1,559,125	1,559,125	1,559,125
TOTAL OF BOTTLING OPERATIONS EXPENSES	1,091,387	1,247,300	1,247,300	1,247,300	1,247,300	1,559,125	1,559,125	1,559,125	1,559,125
Gross Margin	588,451	672,515	672,515	672,515	672,515	840,644	840,644	840,644	840,644
Expenses									
Advertising									
POP Materails (Bar Displays, Store Displays, Banners, etc.)	8,997	9,222	9,452	9,688	9,931	10,179	10,433	10,694	10,961
Insta/Facebook/Models, etc.	27,000	27,500	28,000	28,500	29,000	29,500	30,000	30,500	31,000
Website Development/Programming/E-commerce Engine	5,285	5,417	5,552	5,691	5,833	5,979	6,128	6,282	6,439
eCommerce/Online Retailers (Drizzly, 1-800-Spirits, etc.)	2,550	2,600	2,650	2,700	2,750	2,800	2,850	2,900	2,950
Trade Shows	-	4,000	-	-	-	-	-	-	4,000
Web Advertising/Search Engine Placement	17,615	18,056	18,507	18,970	19,444	19,930	20,428	20,939	21,462
Print Advertising (Trade Magazines for first 6 mos.)	95,000	100,000	105,000	110,000	115,000	120,000	125,000	130,000	135,000
Outdoor in premium markets	50,000	50,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000
Tastings/Events	4,890	4,977	5,064	5,152	5,239	5,326	5,413	5,500	5,588
Brand Ambassadors (part time as needed)	11,400	11,600	11,800	12,000	12,200	12,400	12,600	12,800	13,000
Promotional Items	16,943	17,200	17,457	17,714	17,971	18,229	18,486	18,743	19,000
Radio	10,000	10,200	10,400	10,600	10,800	11,000	11,200	11,400	11,600
Sponsorships	26,500	27,000	27,500	28,000	28,500	29,000	29,500	30,000	30,500
Logo Cars (Payment, Tax & Registration)	32,933	33,733	34,533	35,333	36,133	36,933	37,733	38,533	39,333
Graphics Work								60,000	
Monthly Fuel Charge	1,220	1,240	1,260	1,280	1,300	1,320	1,340	1,360	1,380
Press Agency	3,317	3,363	3,409	3,454	3,500	3,546	3,591	3,637	3,683
Analytics for Advertising ROI	600	600	600	600	600	600	600	600	600
TOTAL OF ADVERTISING EXPENSES	310,333	322,744	347,176	355,628	364,101	372,596	381,112	449,651	402,214
Marketing									
Marketing Commissions (Brokers, etc.)	3,038	3,114	3,192	3,271	3,353	3,437	3,523	3,611	3,701
Marketing Incentive (Max.)	3,038	3,114	3,192	3,271	3,353	3,437	3,523	3,611	3,701
TOTAL OF MARKETING EXPENSES	6,076	6,228	6,383	6,543	6,707	6,874	7,046	7,222	7,403
Salaries and Travel									
Salaries	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Bonuses ** (To Be Determined)	-	-	-	-	-	-	-	-	-
Travel	2,000	2,000	2,000	2,000	2,000	3,000	3,000	3,000	3,000
Sales Commissions	35,986	41,127	41,127	41,127	41,127	51,409	51,409	51,409	51,409
TOTAL OF SALARIES AND TRAVEL EXPENSES	82,986	88,127	88,127	88,127	88,127	99,409	99,409	99,409	99,409
Corporate Overhead									
Office Rent	3,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Database Administration	2,530	2,570	2,610	2,650	2,690	2,730	2,770	2,810	2,850
American Spirts Exchange Foundations Platform	35,986	41,127	41,127	41,127	41,127	51,409	51,409	51,409	51,409
General liability insurance	600	600	600	600	600	600	600	600	600
Communications	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Flavor Mixing/Testing (Semi-Annually)		6,000						6,000	
Tax and Accounting	400	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Legal Retainers, Trademarks, Patents & Copyright Protection Law	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
TOTAL OF OVERHEAD EXPENSES	45,716	59,497	53,537	53,577	53,617	63,939	63,979	70,019	64,059
TOTAL OPERATING EXPENSES	1,536,498	1,723,896	1,742,524	1,751,175	1,759,852	2,101,943	2,110,671	2,185,426	2,132,209
FUNDING									
MONTHLY NET INCOME/(LOSS)	143,340	195,919	177,291	168,639	159,963	297,826	289,097	214,342	267,559
YTD NET INCOME/LOSS									2,399,726
CULMULATIVE LTD NET INCOME/(LOSS)	3,593,652	3,789,571	3,966,862	4,135,501	4,295,464	4,593,290	4,882,387	5,096,729	5,364,289

IMPORTANT FACTORS REGARDING CALCULATION OF THIS PROFORMA BUDGET

* Refer to "1st Run" table

** Bonuses determined through individual employment contract

This budget does not take into account any discount for purchasing inventories as higher quantity

This budget does not take into account the addition of any states beyond those already in our state

This budget is based on the CONSERVATIVE estimate from "Forecast" sheet

8.0 Manufacturers Suggested Retail Price

Our research suggests that the product should have a price point of between \$17.00 and \$19.00 to be competitive in the U.S. market. A retail sales price on the order of \$17.99 is suggested for product pricing at launch. The unit cost estimates are based on recent pricing obtained from vendors. Accordingly, the unit cost calculations in the Pro Forma estimates and Operating Budget are based on these figures.



M.S.R.P.
\$17.99
USD



Distilled Spirits Council 2018 ECONOMIC BRIEFING

February 12, 2019 • New York City

@DistilledSpirit #StateOfSpirits19



Nine Consecutive Years of Market Share Growth



2018 Economic Overview

- U.S. revenue growth up 5.1 percent
- U.S. volume growth up 2.2 percent
- Ninth straight year of market share gains



Chris R. Swonger
Distilled Spirits Council
President & CEO



Economic Impact of the Spirits Industry

- \$178 billion in economic activity
- 1.6 million jobs
- Nearly \$30 billion in federal, state and local taxes
- More than 2,800 craft distillers in the United States
 - This segment has increased by 107 percent since 2013 (TTB)



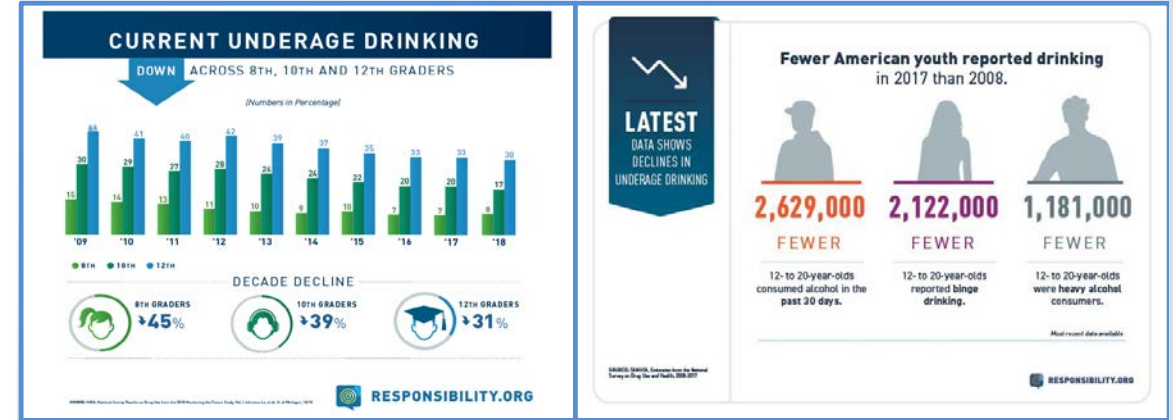


2018 Key Policy Victories

- Defeated tax threats in 19 states, saving industry \$540.4 million
- Sunday sales bans lifted in Indiana and Tennessee
 - Since 2002, 20 states have passed Sunday sales legislation bringing the total to 42
- Passed “Brunch Bill” in Georgia allowing earlier on-premise Sunday sales; More than 54 localities approved earlier hours



Commitment to Social Responsibility Results in Sustained Progress



Commitment to Social Responsibility Results in Sustained Progress



- Long-term declines in underage and binge drinking continue
- Alcohol-impaired driving as a percent of overall traffic fatalities is at the lowest percentage since Department of Transportation began reporting alcohol data 1982
- Spirits sector contributes to progress through evidence-based underage drinking programs, support for strict enforcement of existing laws, and comprehensive anti-drunk driving legislation
- Drug-impaired driving on the rise:
 - In 2016, 44 percent of fatally-injured drivers with known results tested positive for drugs, up from 28 percent just 10 years prior. (2018 GHSA Report)
 - Spirits industry (R.org) has supported increased awareness on drug- and polysubstance-impaired driving and provided funding for advanced law enforcement training
 - Spirits industry (DISCUS) has lobbied in support of funding for the development of accurate and reliable roadside testing technology for marijuana



2019 Issues to Watch

- Efforts to end retaliatory tariffs on U.S. spirits products
- Craft Beverage Modernization and Tax Reform Act (S. 362) reintroduced February 6
 - Industry-wide effort to extend FET reduction
 - Two-year tax cut for distillers, brewers and vintners ends in 2019
- TTB rulemaking on modernization of labeling & advertising regulations
 - First revision in decades of labeling & advertising rules for spirits, wine and beer
 - DISCUS fully engaged to ensure regulations reflect ever-evolving marketplace
 - Comments due March 26, likely to be extended to June 26
- Sunday sales ban repeal efforts in South Carolina, West Virginia and Texas
- Spirits tastings lobbying efforts in Georgia and North Carolina
- United States-Mexico-Canada trade agreement signed; Congress consideration likely
- Deadline looms for another possible government shutdown
 - TTB's approval of beverage alcohol formulas, labels and permits is critical to getting products to market and generating both federal and state revenue
 - TTB reports the recent shutdown roughly doubled the agency's existing backlog



David Ozgo
Distilled Spirits Council
Senior Vice President
Economics & Strategic Analysis

Economic Review 2018



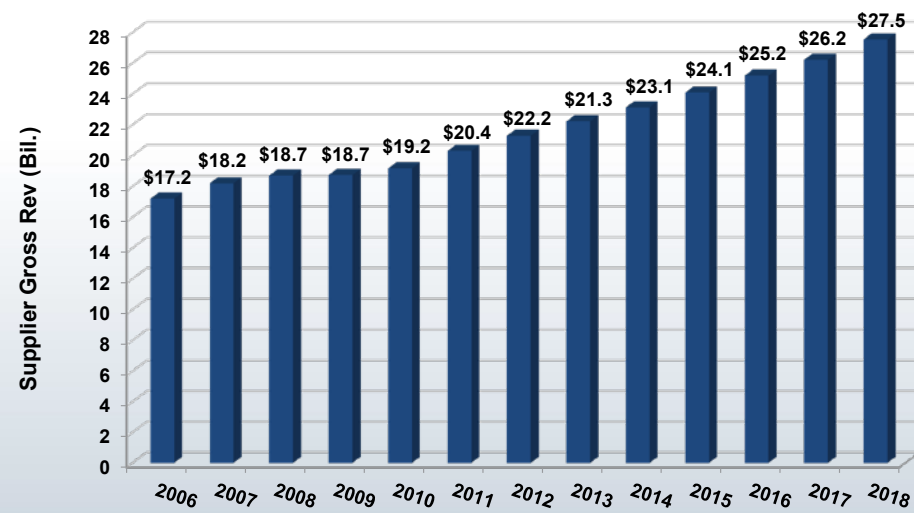
Economic Review 2018



- Industry growth
- Market share
- Growth drivers
- Category performance
- Trends to watch
- Marijuana legalization



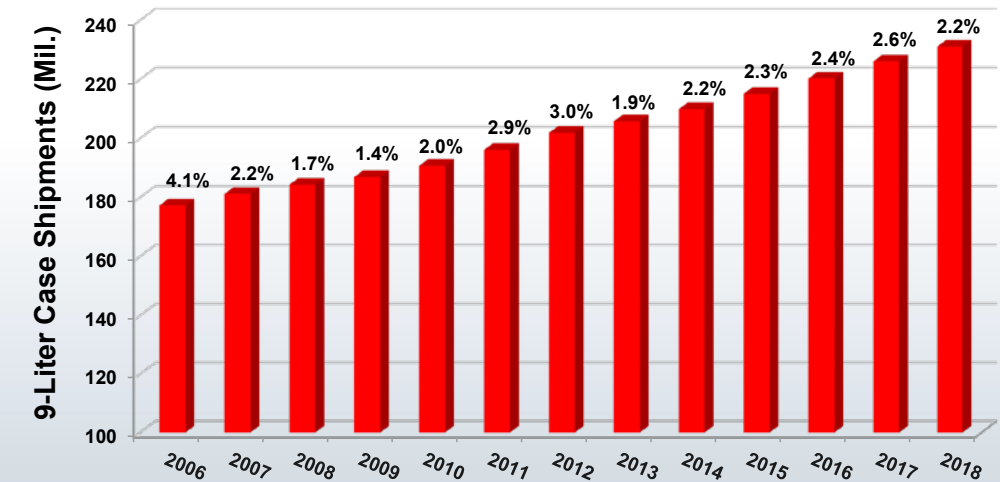
U.S. Spirits Supplier Revenues Up 5.1 Percent to \$27.5 – \$1.3 Billion Gain



Source: Distilled Spirits Council Market Segmentation Database



U.S. Volume Up 2.2 Percent in 2018 Up 5.0 Million to 231 Million Cases

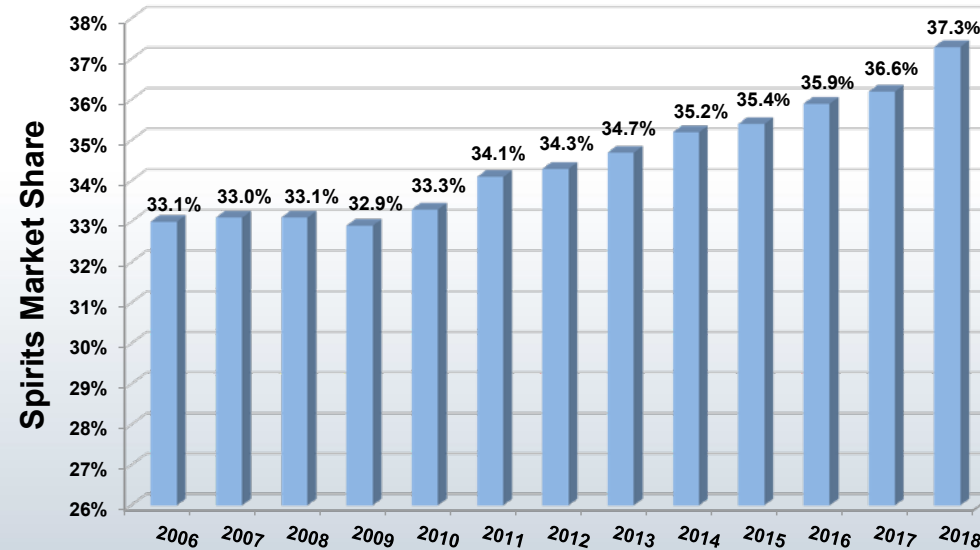


Source: Distilled Spirits Council Market Segmentation Database



Spirits Market Share – Revenue

Each Point of Market Share Worth \$740M

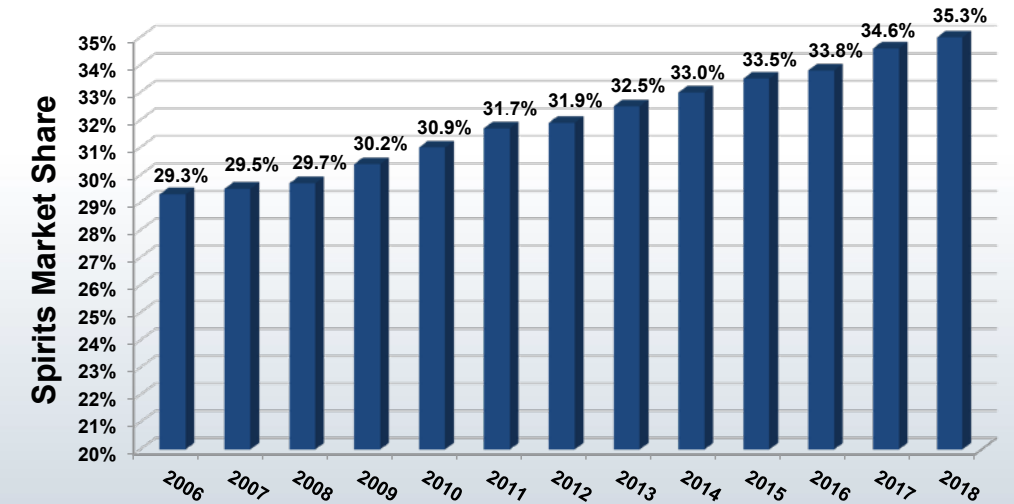


Source: Beverage Information Group Handbooks, Company Financial Reports, Council Estimates



Spirits Market Share – Volume

Each Point of Market Share is Worth 6.5M Cases



Source: Beverage Information Group Handbooks, Council Estimates



Price Segments

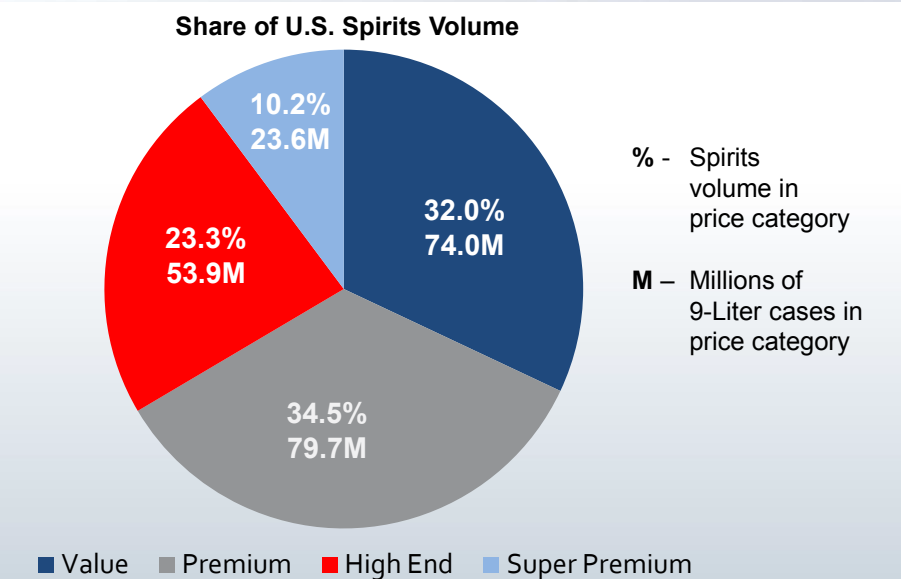


- Products are segmented by supplier prices
- Range varies by product category
- Use market leaders to define segments
- Average supplier gross revenue per case:

Revenue/9-Liters	Retail Bottle Price
Value \$54	<\$12/bottle at retail
Premium \$100	\$12 - \$20/bottle at retail
High End \$170	\$20 - \$35/bottle at retail
Super Premium \$275	\$35+/bottle at retail



Volume Share by Price Category 2018

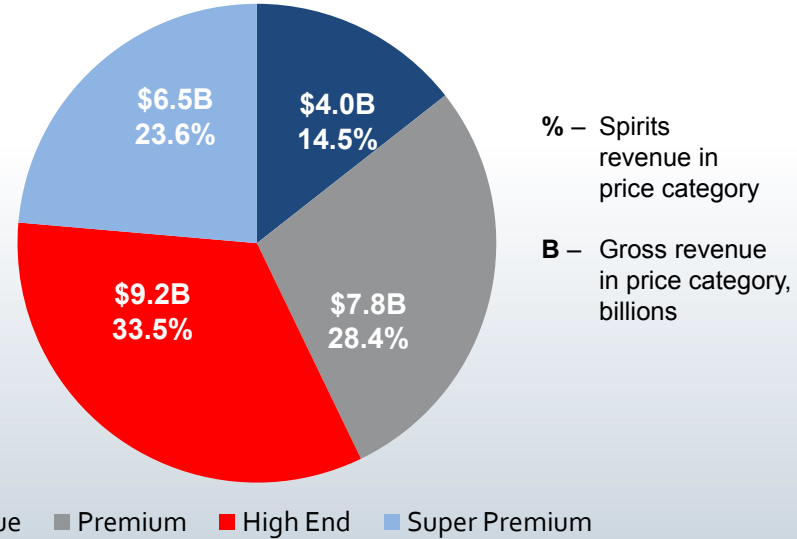


Source: Distilled Spirits Council Market Segmentation Database



Revenue by Price Category 2018

U.S. Supplier Gross Revenues

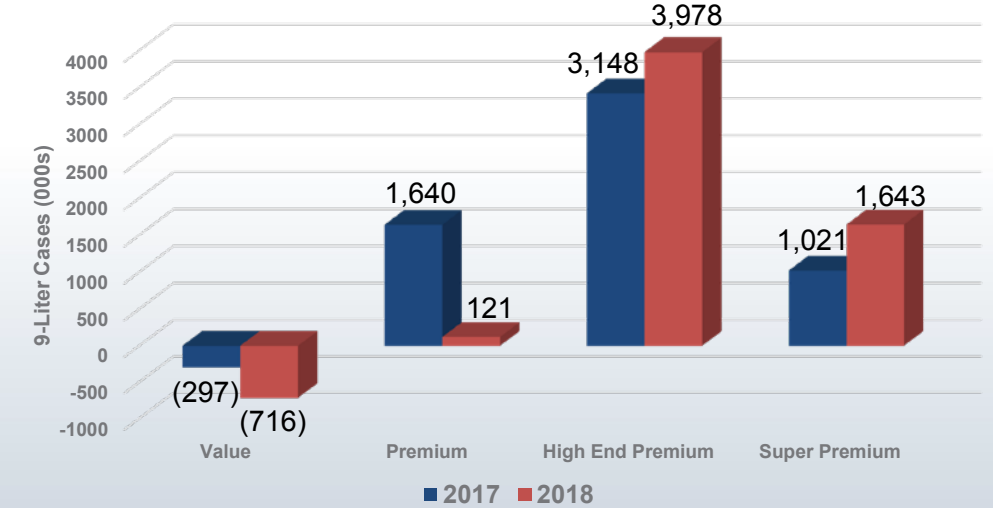


Source: Distilled Spirits Council Market Segmentation Database



Growth by Price Point (Volume)

2017 Incremental Growth Compared to 2018

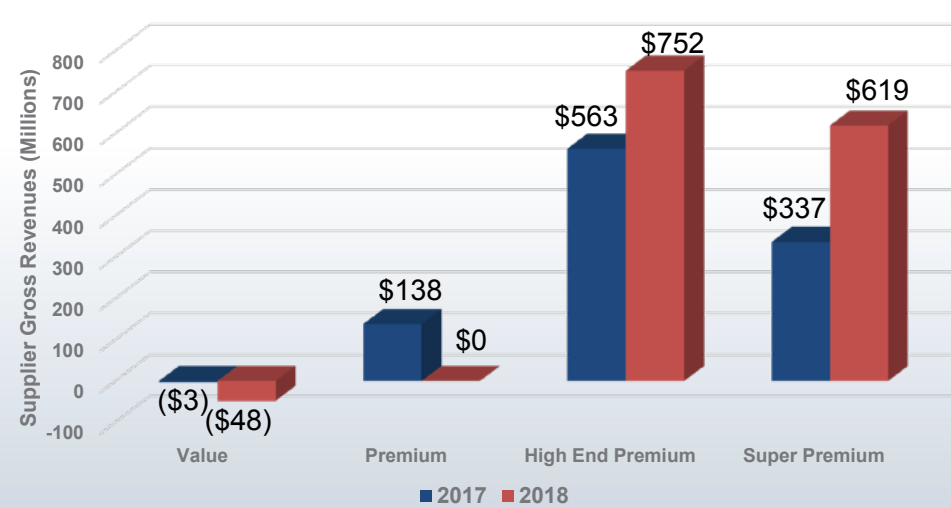


Source: Distilled Spirits Council Market Segmentation Database



Growth by Price Point (Revenue)

2017 Incremental Growth Compared to 2018



Source: Distilled Spirits Council Market Segmentation Database



Steady Growth in Revenue Per 9-Liters

Revenue Per 9-Liters



Source: Distilled Spirits Council Market Segmentation Database



2018 Factors Contributing to Growth

- Social currency of brand authenticity and heritage
- Modern consumers seeking unique and personalized experiences
- Millennials drawn to the cache of luxury brands including super premium spirits
- Improved consumer access to spirits products
- Growth of craft distillers across country help to modernize laws, build excitement and increase spirits consumer base
- Diversity of spirits categories and cocktails meet wide-ranging consumer preferences



21



American Whiskey Bourbon and Rye

- Volume up 5.9% to 24.5M cases (+1.4M cases)
- Revenues up 6.6% to \$3.6B (+\$224M)
- Strength across all price categories
 - Value vol. up 2.0% (3.8M), rev. up 2.5% to \$230M
 - Prem. vol. up 7.5% (6.5M), rev. up 7.5% to \$676M
 - High End vol. up 3.9% (11.4M), rev. up 4.0% to \$2.0B
 - Super vol. up 16.9% (2.8M), rev. up 16.9% to \$643M
- Added 215K cases of flavored whiskey
- Bourbon/Tennessee up 6.4%, (+1.3M cases)
- White/Corn down -2.8% to 2.2M cases



22



American Rye Up 15.9 Percent to 1.1M Cases, \$205M Revenue

9-Liter Cases (000)

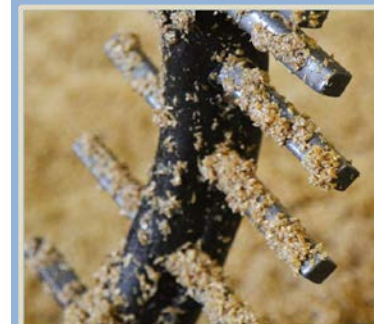


Source: Distilled Spirits Council Market Segmentation Database

23



Scotch



- **Single Malt**
 - Volume up 7.6% to 2.3M cases
 - Revenue up 9.4% to \$843M
 - Turn around from 2017
- **Blended**
 - Volume up 1.0% to 7.2M cases
 - Revenue 4.6% to \$1.5B
 - Rapid growth in High End and Super Premium Volumes up 7.5% and 13.4%

24



Irish Whiskey



- Volume up 10.2% to 4.7M cases (+435k cases)
- Revenue up 12.0% to \$1.0B (+108M)
- Volumes concentrated in High End and Super Premium



Tequila/Mezcal



- Volumes up 7.7% to 18.5M cases (1.3M new cases)
- Revenues up 10.2% to \$3.0B (+\$279M)
- Strong growth across price categories:
 - Value vol. up 1.5% (3.4M), rev. up 5.5% to \$274M
 - Prem. vol. up 7.1% (9.3M), rev. up 7.7% to \$1.0B
 - High End vol. up 18.2% (2.2M), rev. up 18.9% to \$405M
 - Super vol. up 9.7% (3.6M), rev. up 10.8% to \$1.3B



Mezcal Grows to +/- 445K Cases \$90M Revenue

9-Liter Cases (000)



Source: Distilled Spirits Council Market Segmentation Database



Cognac



- Volumes up 12.5% to 6.4M cases (700K new cases)
- Revenues up 14.2% to \$1.8B (+\$250M)
- Volumes concentrated in High End and Super Premium:
 - High End vol. up 7.3% (4.3M), rev. up 7.2% to \$978M
 - Super vol. up 26.2% (1.9M), rev. up 22.5% to \$848M



Super Premium Gin and Rum



- **Gin**
 - Volume and revenue down
 - Super Premium volume up 14.7% (183k cases), revenue up 15.6% (\$32M)
- **Rum**
 - Volume down and revenue down
 - High End volume up 0.9% (2.8M cases) revenues up 5.5% (\$350M)
 - Super Premium up volume 26.8% (692k), revenue up 28.5% (\$179M)



Vodka



- Accounts for 31% of total volume
- Volumes up 1.6% to 72M cases (1.1M new cases)
- Revenues up 2.9% to \$6.4B (\$178M gain)
- Category driven by High Premium
 - Volumes up 11.4% to 20.2M cases (2.1M new cases)
 - Revenues up 11.4% to \$2.6B (\$271M gain)
- Flavored vodka down 100k cases

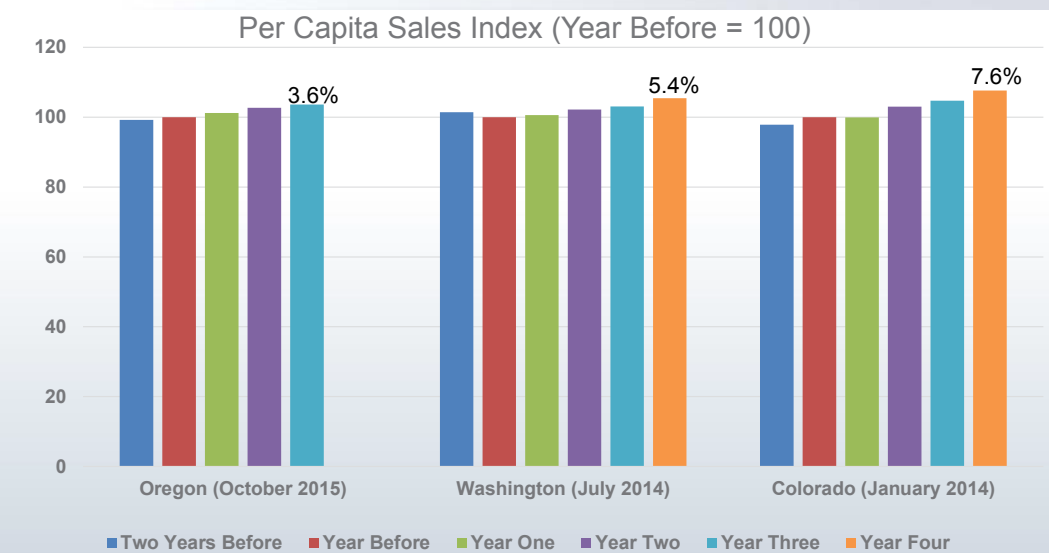


Summary

- **Volume/Revenue**
 - Supplier revenue up 5.1% to \$27.5B
 - Supplier volume up 2.2% to 231M 9-liter cases
- **Bourbon/Tennessee significant growth driver along with Rye, Irish, Tequila, Mezcal and Cognac**
- **Revenue per 9-liters up nearly 19% since 2010**
- **Continue to increase market share gains**
 - 37.3% revenue market share
 - 35.3% volume market share



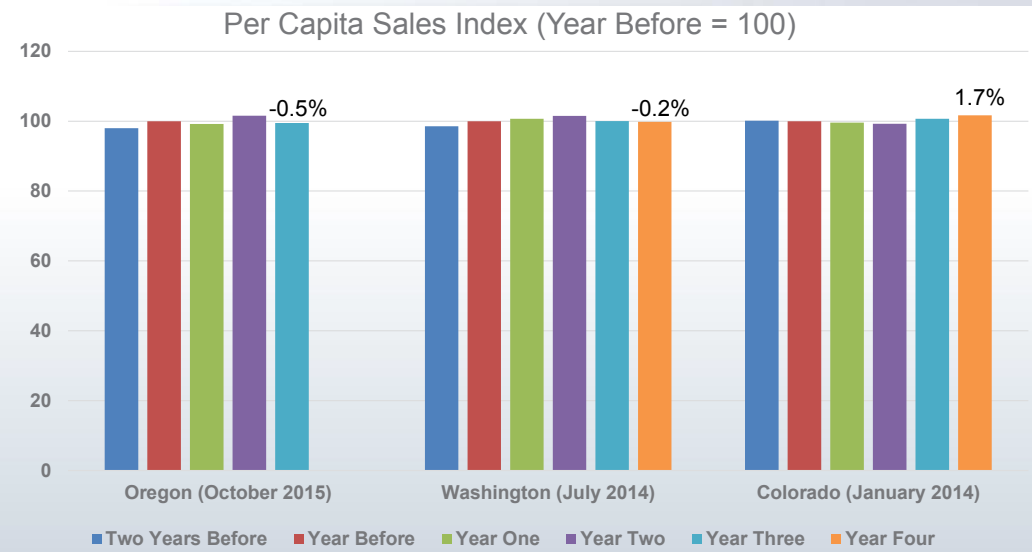
Spirits Consumption Prior To and Following Recreational Marijuana Legalization



Dates in () represent date of implementation



Total Alcohol Consumption Prior To and Following Recreational Marijuana Legalization



Dates in () represent date of implementation



2019 Spirits Trends

- **American Made:** Accelerating popularity of American Rye; American Single Malt
- **Unique Innovations:** Distillers experimenting with different cask finishes, hybrid crossovers, along with unusual base ingredients and botanicals
- **Be Bespoke:** Consumers are looking for personalized drink experiences and having open dialogue with bartenders about preferred flavors and spirits
- **Bitter Appreciation:** Bartenders experimenting with new/unique bitters to create tailored flavor experiences
- **Rare Spirits as Investments:** Rising interest in rare spirits, particularly whiskey, as collectible investments with continued auction frenzy and company limited editions
- **Brands With a Cause:** Millennials want brands that share their same values; Increasing brand involvement with social causes and charitable giving
- **Millennial Mindful Drinking:** From session cocktails, to sustainability, to locally grown ingredients, millennial purchasing decisions go beyond just taste

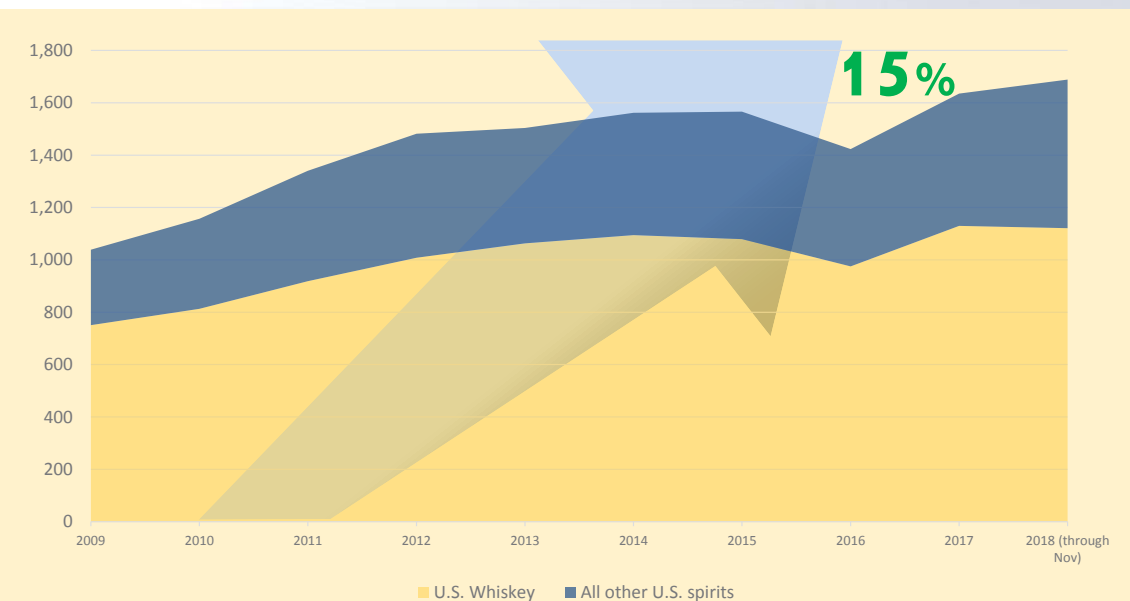


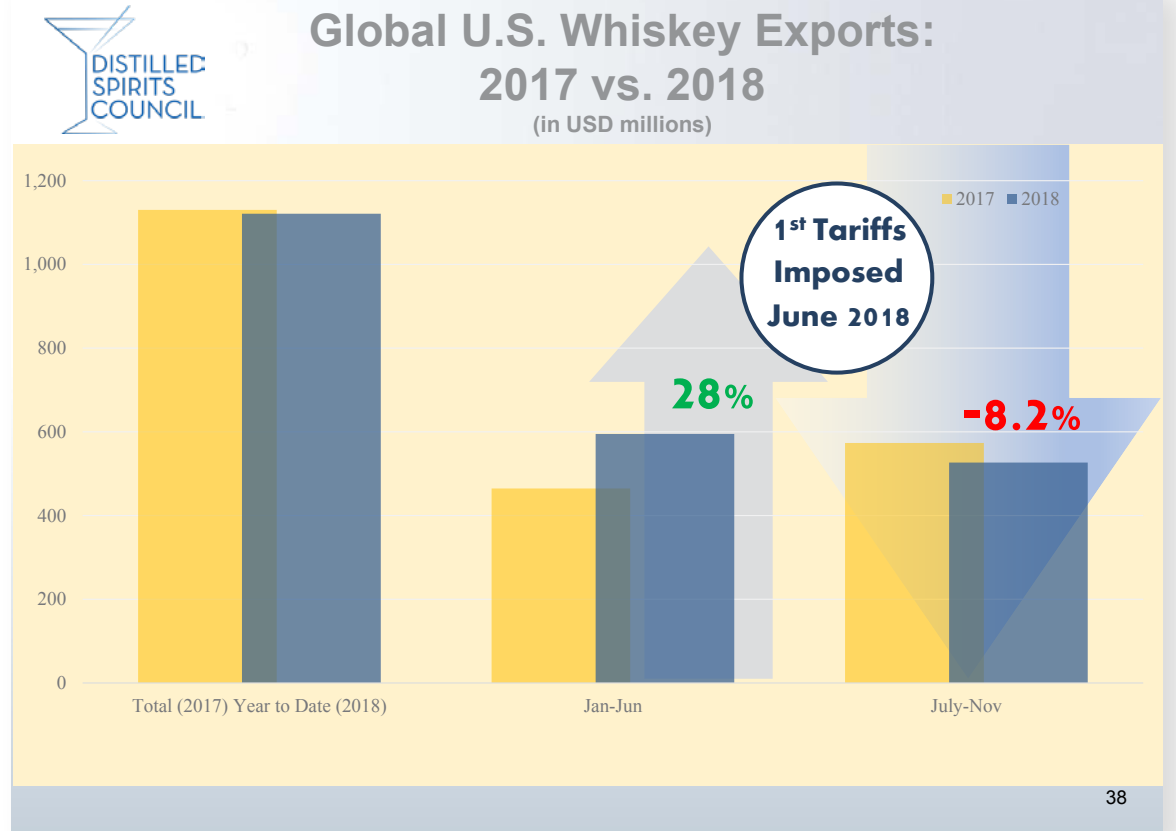
Christine LoCascio
Distilled Spirits Council
 Senior Vice President
 International Trade

International Trade Review 2018



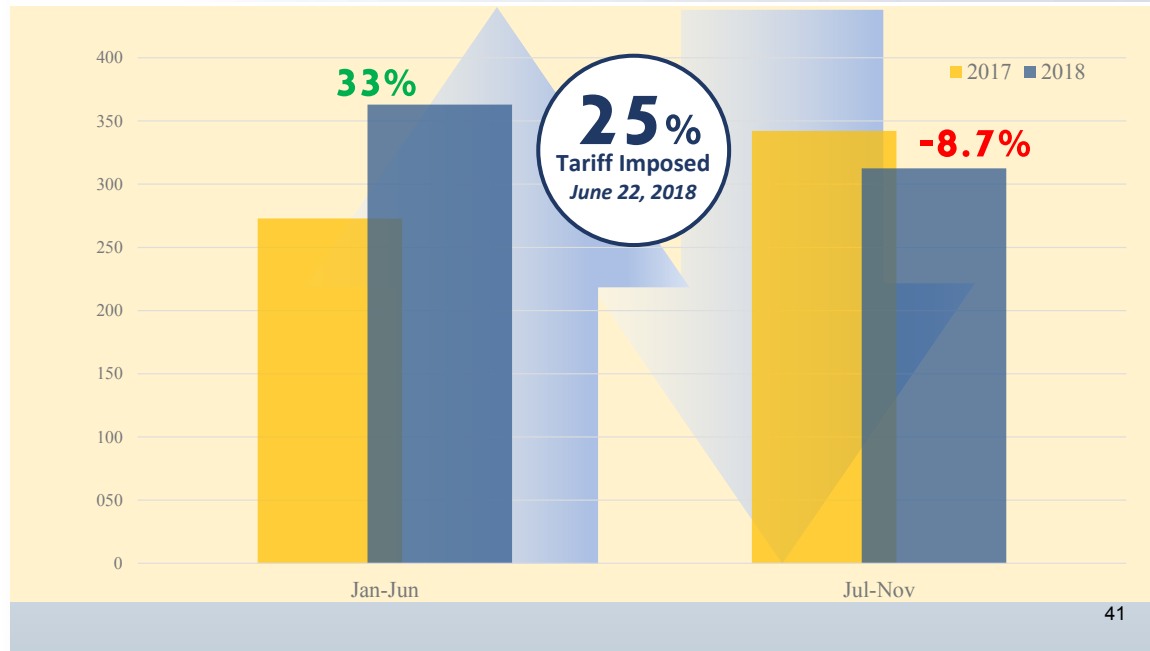
Global U.S. Spirits Exports: 2009-Nov. 2018 (in USD millions)



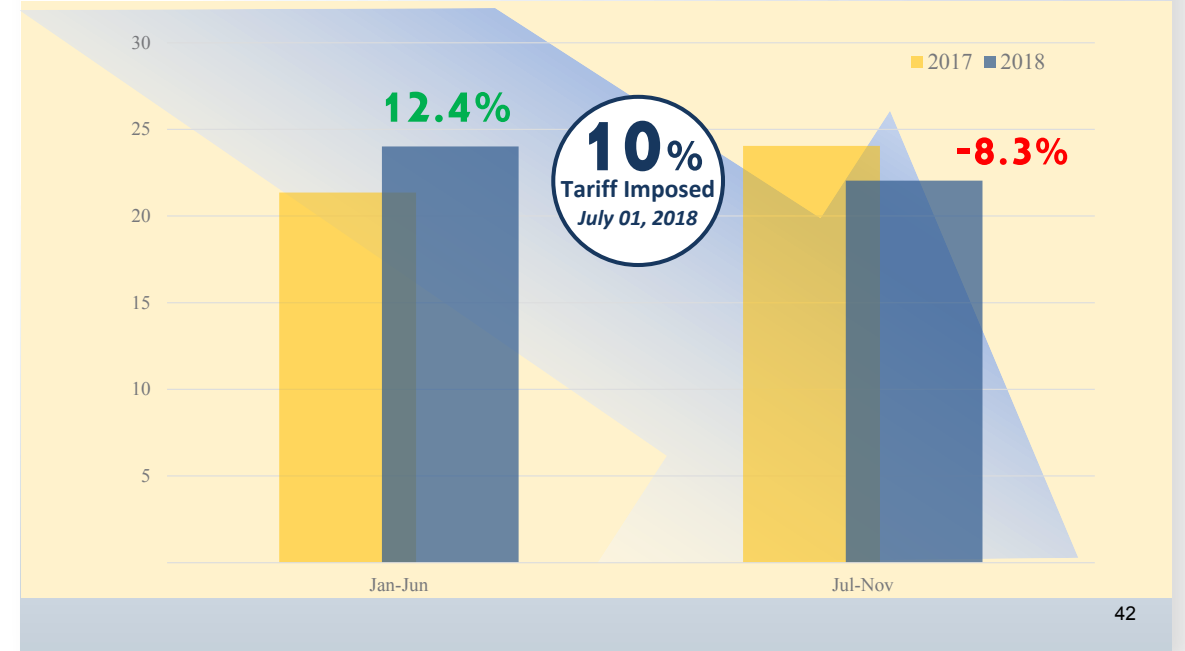




Impact of Retaliatory Tariffs on U.S. Whiskey Exports to the EU (in USD millions)



Impact of Retaliatory Tariffs on U.S. Whiskey Exports to Canada (in USD millions)

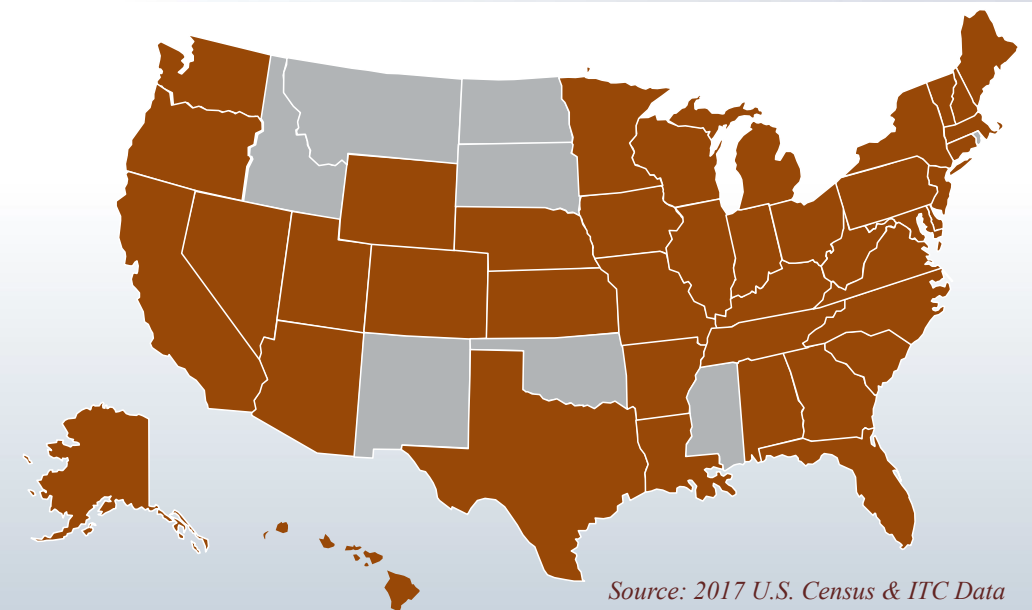


Helping Small Distillers Tap Export Markets

- Promote U.S. distilled spirits in key export markets in collaboration with USDA
- Since 2013, generated an estimated \$4.7 million in NEW exports for at least 12 small distillers



42 States Exports U.S. Spirits



Source: 2017 U.S. Census & ITC Data

Analysis of Global Marketing Strategies in Distilled Spirits Industry: Absolut Vodka

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Dr. David Hemley, College of Business, Eastern New Mexico University, USA



ABSTRACT

The vodka industry is in a revitalized phase despite the assertions by most analysts that it is in the mature phase of its product life cycle. The focus of this study is to evaluate global marketing strategies in distilled spirits industry, and our analysis will concentrate on four issues that seem to delineate the conventional vodka marketing landscape. They are Mature Industry, High Brand Loyalty, Too Many Competitors, and Limited Marketing Opportunities.

Keywords: *Vodka, Competitive Marketing Strategies, Spirit Industry*

INTRODUCTION

Despite whom you might ask, the origins of Vodka (Slavic for “little water”) come from either Poland or Russia. But the 500+ years of development have created one of the most competitive brand battles in the distilled spirits industry. Vodka accounts for nearly one-quarter of all distilled spirit sales, and continues to show annual growth despite the assertion by many marketers that the product itself is in the mature phase of its life cycle. Vodka can be classified three ways: premium, super premium and ultra premium. These designations relate to the vodka’s quality, which is attributed to the number of times the vodka is distilled and what type of filtration process is employed. The vodka goes through this process several times to remove the impurities in the solution. The more times the process is employed the higher the status of premium placed upon the vodka. This in turn affects the consistency and taste of the vodka (which characteristically has no definitive taste). As a result, the quality and taste of vodka become important selling points to the marketers. Normally these constructs, which are used in defining the value of what is being exchanged, are untenable due to their unambiguous nature. Yet the positioning placement of relevant competitors in the industry will indicate the import of these constructs, with the usage of two baseline variables consistent across the entire industry. There are many issues facing the vodka companies today. The focus of this study will concentrate on four issues that seem to delineate the conventional vodka marketing landscape. They are Mature Industry, High Brand Loyalty, Too Many Competitors, and Limited Marketing Opportunities.

Mature Industry

Most marketers tend to agree that the vodka industry can be characterized as being in the mature phase. In defining the product and market portfolio, the Boston Consulting Group Matrix defines the mature industries (or “Cash

Cow”) in the following manner: mature products that make lots of money, difficult to grow, difficult to find new consumers (Voyle, 2002; <http://www.brs-inc.com/models>). In other words, the Vodka Industry can be considered a “Cash Cow” simply because it has a high market share in tandem with the rest of the distilled spirits industry (25% of the distilled spirits sold in the U.S.) but growth potential is low and presently all competitors are at the harvest stage, meaning they try to steal away potential customers from others while maintaining their own core clientele (Estes, 2000). Also, this industry classification reflects the tendency that most competitors will generate lots of money. According to a study released by AC Nielsen, the 2001 yearly sales for Vodka at Liquor Stores and Supermarkets were \$592 million in the US, up 6.1% from the previous year. Yet this was an indicative of an overall slowdown in the consumer purchase of Vodkas from 2000 figures, which were at \$552 million or up 11.6% from the previous year (Hein, 2001). The marketers express the need to increase their product portfolios through the introduction of products that will skew toward the lower end of the age demographic. To this end, many Vodka manufacturers have created flavored Vodkas and Malternatives (malt-based alcoholic beverages with some vodka content). The danger of producing these so-called “Alcopops” is that the marketing campaigns tend to attract underage drinkers.

High Brand Loyalty

Vodka experiences high brand loyalty owing to the fact that users in this segment rarely experiment with new products. The consumers may experiment with product line extensions of their favorite name brand, like the new flavored vodkas, but rarely venture out of the family line. In fact, because of the considerable amount of competitors in this industry, consumers tend to actively seek out a product that has name recognition or a status attached to it. The argument here is that to an extent the consumer forms a bond with a specific vodka brand and this bond is hard to separate-Self-Concept. Also, young women (18-24 age range) have been recently categorized as spirits drinkers that would seek out new brands and new venues, more so that men in the same age demographic. These women are considered “highly impulsive” with regards to drink experimentation as opposed to the “pack mentality” characteristically found in men (Mason, 2000).

Too Many Competitors

With several hundred different choices of flavored/non-flavored, domestic/imported, and super-/ultra-premium Vodkas out in the marketplace, the need to differentiate becomes vital to the survival of these brands. Some brands may differentiate in quality (Grey Goose, Ketel One), others use urban legends (Skyy doesn’t cause hangovers) and Country of Origin Image (Stolichnaya—Russia) to raise their profile in very competitive Vodka market.

Product Base: Whereas most vodka products are made either from potatoes, wheat or rice, these products are effectively using the unique product bases in their marketing campaigns. Vermont Spirits White Vodka is made from a process that employs milk as a substitute to the water found in most Vodka brands. 3 Vodka has the distinction of producing Vodka from soy. Although most consumers will make the assumption there are health benefits to partaking in a glass of 3 Vodka. Finally, Blavod Vodka, a product from the UK, has the distinction of being made from an east African root called Catechu. The addition of this root provides another distinction for Blavod—the only black-colored Vodka drink.

Alcoholic Content: Standard vodkas all have one element in common: they all are 80-100 proof, or have 40-50% alcoholic content by volume. This is starting to change with the introduction of the Light segment. Light Vodkas, like Dimitroff Light, have less alcoholic content by volume, usually hovering in the 24% range.

Packaging: Packaging remains the most curious nature of this industry. In some cases, vodka manufacturers attempt to create an image of quality in the packaging of their product. Finlandia uses Austrian Glass in order to denote an appearance of class in their vodka. Grey Goose, from the Cognac region in France, distributes their bottles with a long thick neck. Initially, merchandisers placed Grey Goose on the top shelves because their bottles could not fit side-by-side with their competitors. The marketers had distinctively created these bottles so that they could be seen at bars, towering over the rest of their competitors (Estes, 2000). The reasoning is that many marketers believed that consumers’ preferences were established at nightclubs and bars, where a pack mentality (everyone ordering the same drink) occurs. Finally, Jazz Vodka has probably created the most distinctive bottle. Using a form of reinforcement, or the concept of “packaging as art” the makers of the Polish-based Vodka have created a bottle in the shape of a trumpet.

Limited Marketing Opportunities

The voluntary ban of hard liquor advertisements on television has made mass marketing difficult for vodka companies. As a result, vodka companies have sought innovative avenues of marketing in order to effectively promote their products. Absolut, one of the manufacturer’s under analysis, has created the seventh most successful marketing campaign in the 20th Century, according to Advertising Age (Garfield, 2001). The print ads used taglines like “Absolut Perfection” and had respected artists (like Andy Warhol and Keith Haring) creatively interpret Absolut’s medicine bottle. Michel Roux implemented this merger of marketing and artistic expression in 1978 with help from the advertising agency TBWA. Even the collection of print ads that have been exhibited in world famous museums reflects the notion of Absolut’s subversive advertising campaign.

SIGNIFICANT MARKETING STRATEGIES OF THE INDUSTRY

Although Absolut has primarily cornered the print ad market with their innovative approach to “marketing as art” other competitors have sought out ways to create public awareness of their products. Four of these approaches will be discussed:

Brand Extensions

The appeal of flavored vodkas is definitely adding considerable recognition to the family’s anchor brand name. As vodka companies start experimenting with new flavors (chocolate, pepper) consumers are willing to sample them. The consideration of these “repertoire drinkers,” or those who enjoy many different types of alcohol but don’t decide what to drink until the last minute, is the focus of many marketing strategies (Mason, 2000). By becoming a spirits-friendly environment, bars and nightclubs in tandem with vodka companies can promote the appeal of these FABs (flavored alcoholic beverages).

Mass Marketing Mediums

Absolut Vodka has taken a unique approach in the Latin American markets. Owing to the ineffectual use of the print campaign, Absolut has constructed two movie promotional advertisements that are running in cinemas throughout Mexico and Venezuela. The advertisements for Hey Stranger and BeatCrazy come complete with movie posters and special websites devoted to the promotion of these pseudo films. The subtle-somewhat subliminal BeatCrazy movie poster contains the silhouette of the Absolut Bottle in lieu of a record stylus. The subliminal aspect of these ads is actually taken one step further in Smirnoff’s recent television ads for their product Smirnoff Ice. This approach is somewhat controversial in nature because Smirnoff is implying that their product has vodka in it, which would remove these commercial spots from television. The truth is that the US-version of Smirnoff Ice (also known as a “Malternative” or “Alcopop”) is actually a malt-based beverage (similar to Zima) that is characteristically known for its citrusy flavor. In markets outside of the US, this product does contain vodka. The effect of these commercials is interesting. According to BrandEra, a marketing consultant group, the marketing campaign has increased sales for the anchor product, owing to Smirnoff sales moving in sympathy with Smirnoff Ice. More importantly, BrandEra believes that although the marketing campaign is counter-intuitive (malt beverage sales driving vodka volumes) the end result reaffirms the importance of name recognition and constant brand reinforcement (BrandEra, 2001). Yet this confusion will continue with the recent introduction of Skyy Blue, a malternative with vodka content. There is no doubt Skyy feels that they can profit from the confusion of the young consumers in a similar manner that Smirnoff does.

Sponsorship of Lifestyle Events

Many vodka companies strategically create cross-promotional activities in order to establish a subconscious association with regards to a specific lifestyle. Absolut has always been associated with fashion due to its continuous sponsorship of key Fashion Shows in New York City. A recent cross-promotion with Revlon emphasizes this emphatically. In their Absolutely Fabolous Lip Cream campaign, Revlon hosted a series of upscale parties in order to promote a new line of lip colors. Using Absolut to create cocktails entitled “Absolut Temptress” and “Absolut Vixen”

reflected a marketing program that synergetically combined elements of product, indulgence and fashion (Bittar, 2001). Skyy Vodka has also been a key supporter of cinema as well. Skyy Cinema represents its overall marketing approach in creating an identity with independent filmmakers and film companies. Its sponsorship of the famous Sundance Film Festival and the recent cross-promotion for the motion picture Zoolander (which has actor Ben Stiller portraying a male fashion model in a pose that recreates a famous Skyy Vodka poster for the movie ad) illustrates Skyy’s dalliance in cinema. The commonality of these lifestyle elements (fashion and cinema) becomes universal themes for several of these vodka companies. Because of the implicit ban of vodka ads on television, cinema becomes a global medium in which the message can be adapted for the local market and delivered. Building a secondary relationship upon fashion, vodka companies create an association in the minds of the consumer that vodka is indicative of a fashion accessory. Kenichi Ohmae (1989) reflects the importance of high-quality fashion-based items, where the price is high comparatively speaking and the purchase frequency is low. Vodka by definition is not a commodity product, but rather is representative of luxury items in which consumers pull the product. This notion of global standardization of a product serves these vodka manufacturers well around the world.

Websites

Many of the well-known vodka brands have constructed websites in order to provide product information to their target audience. Absolut’s website includes the aforementioned pseudo motion picture promos as well as an imbedded web program that allows the viewer to create their own “mini-movies.” Grey Goose has a website that allows the viewer to change the songs playing in the background. Whereas Absolut websites are considered slick and directed at the youth segment of this market, Grey Goose and Rain Vodka websites are targeted to the more sophisticated consumers. On several websites purchases can be made directly to the company. This represents a dangerous proposition for vodka companies. Although each website asks whether the individual is 21 years of age or over (since most websites are in English and targeted at US-based consumers) the website primarily relies upon the honor system in its usage. Both Diageo and Vin & Sprit, the parent companies for Absolut acknowledge the import of social governance. Their corporate responsibility focuses on the issue of product abuse and its ramifications as well as the issue of underage drinking. This becomes a greater concern owing to the fact that both Diageo and Vin & Sprit’s product portfolios are replete with examples from all distilled spirits categories (cognac, rum, whiskey, etc.).

STUDY APPROACH FOR EVALUATION

In developing this analysis, one has to consider various approaches in doing a comparative analysis of two market leaders (Most Relevant Vodka Competitors: Domestic vs. Imported). The following illustrate the focus analyses in this comparative study: competitive, strategic and demo-/psychographic analysis.

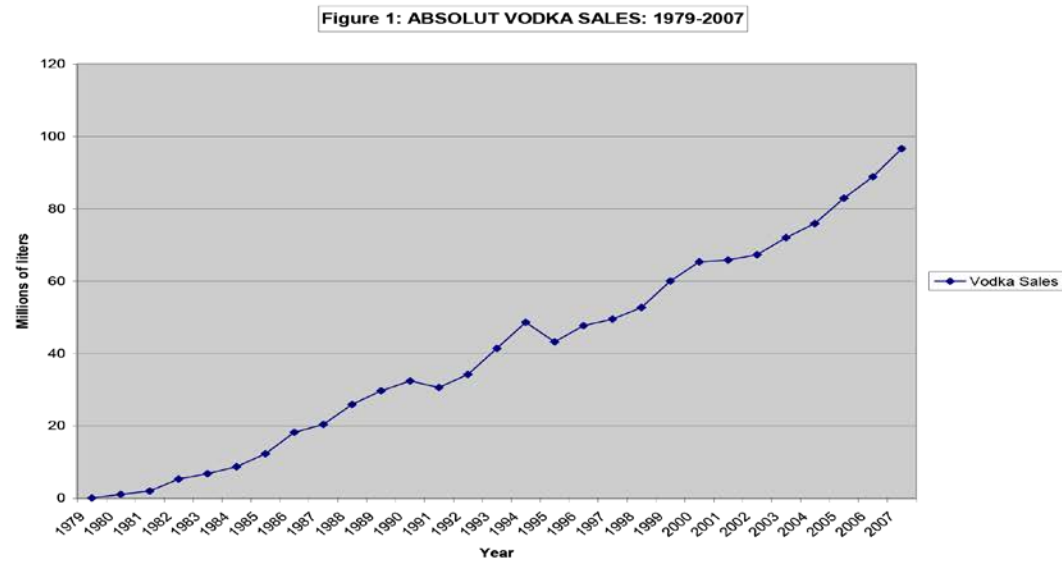
Competitive Analysis

Due to the hyperkinetic nature of this industry, competitive pressures continuously drive all relevant competitors to create innovative campaigns. The pursuance of ever-evolving marketing programs allows the vodka companies to experiment with new approaches in hopes of raising brand awareness above the cacophony of competitor voices. Absolut Vodka has created unique campaigns to solidify the dominance in global sales. The resulting analysis will define each market leader (or in Philip Kotler parlance, “Market Leader” and “Market Challenger”) with respect to the industry as a whole, and how their placement impacts their marketing programs.

Table 1: Absolut Vodka Top Ten Markets 2007 (in millions of liters)

1. United States	45.2	6. Mexico	2.8
2. Canada	3.4	7. Greece	2.4
3. Spain	3.1	8. Poland	2.4
4. United Kingdom	2.9	9. Israel	2.0
5. Germany	2.9	10. Sweden	1.5

Source: www.vsgroup.com



Source: <http://www.absolutad.com>

Strategic Analysis

The strategic analysis will focus on two problematic areas that Absolut has to deal with while battling with relevant competitors. Absolut's primary problem is two-fold: how to address the key Latin American segments where successful global marketing scheme is inefficient and more importantly, how to segue from complete reliance of this successful marketing scheme. Most marketing programs have a definitive life cycle, and it would be prudent for Absolut to be proactive in developing strategies that limit reliance on their "Absolut _____" print ad scheme.

Demo-/Psychographic Analysis

Absolut focuses its efforts on the upscale consumer, one who values fashion and art among the finer things in life. The approach of targeting specific consumer demographics and psychographics is the evident in the aspect of cross-national segmentation, most notably the Europeanization of America. This conceptually underlies the emphasis of fashion and art in Absolut's marketing program (not coincidental since Absolut is Swedish-based). Although many may argue that the marketing campaign is all-American (owing to TBWA's handling of advertising duties) the impetus for this marketing direction primarily remains Absolut's domain.

STUDY APPROACH FOR RATIONALE

To an extent the following aspects play an important part in the global marketing strategy of Absolut: global branding, strategic alternatives in product market portfolios, and finally, cultural influences on product management. Each will be expounded upon in the following section:

Global Branding

When evaluating the performance of Absolut, one notices the immediate import of its brand name. With this acknowledgement comes the understanding that brands themselves are associated with a set of values (Chevron, 2000). In both instances, the brand denotes an immediate association with vodka, but also reflects the characteristics of adventure, danger, sophistication, and artistic appreciation. In the paper entitled Brand Leverage, the authors David C. Court, Mark G. Leiter, and Mark A. Loch researched the impact of branding on focused and differentiated product lines

(Court, 1999). In polling individuals for their research, the authors submitted a survey that had participants rate the characteristics of 130 brand names. The most cited characteristics in the survey include "youthful," "fun," "adventurous," and "exclusive." These are characteristics that are definitive of Absolut marketing campaigns. More importantly the research gleaned two successful strategies for focused brands. First, the researchers concluded that "Owning and Broadening the Category" is important in brand leveraging. The authors are convinced that making a brand's personality distinct is imperative and the company should constantly seek ways to broaden how consumers think about the category and the brand.

Strategic Alternatives in Product Market Portfolios

Vodka has increased its product lines to accommodate potential consumers. Smirnoff, in hopes of capturing the youth segment, has introduced Smirnoff Ice to considerable success, while Absolut's introduction of several flavored vodkas has also met with success. Absolut Mandarin is the number one flavored vodka in the US (Howard, 2000). Although Vodka product line extensions represent an attempt to capture a specific demographic (18-24 year olds), both Smirnoff and Absolut will need to pursue newly developed segments in order to insure survival in the industry.

Cultural Influences on Product Management

Both Smirnoff and Absolut, in developing a global penetration strategy, are forced to not only deal with competition from other vodka companies, they are also forced to deal with the prospect of substitute products. These products also are definitive of relevant competitors. The strategies employed have to deal with products that are not only cheaper locally but also to a greater extent ingrained in the local culture. These products include Soju in the South Korean market, Caipirinhas in the Brazilian market, Sake in the Japanese market and Tequila in the Mexican market. The marketer's dilemma is how to create an effective globalization strategy where these competitive products exist. Some may believe that the antithesis of Cultural Relativism is at work here, where stereotypical judgments are placated upon specific nationalities based upon drink preferential. However, a recent Financial Times article indicates in one instance that a local drink manufacturer, South Korea's Jinro Soju leads the spirits brand industry for the entire Global Market in 2001 with 55.7 million 9-liter cases sold. The second leading global spirits brand, Stolichnaya, sold only 54.5 million globally (Ward, 2002).

INDUSTRY TRENDS

Demographic Environment

Population Growth and Aging: The world's population is expected to grow to 7.47 billion by 2015, compared to 5.63 billion in 1994 and 2.52 billion in 1950. Some 80 percent of the world's population lives in the less-developed countries, where 95 percent of the increase in population takes place. Africa and Asia account for 90 percent of the increase. While Asia is expected to grow 40%, China and India will contribute to most of this increase. European population, however, is expected to decline over the next 30 years. The United States is the only major developed country projected for population increase. A common major trend is the aging of the world's population caused primarily by declining mortality rate. The population of over-65 age group will increase substantially in the next 30 years. Households age 45 to 54 are the single most affluent segment. Another important global trend is the rapid shift in the populations of the less-developed countries from rural to urban. What this population trend implies is the future spirits market attractiveness in the segments of young to middle-class urban people and Asian and African regions.

Growing Young Drinking Population: As the world population is growing, young consumers are considered the major segment for all the alcoholic companies. The young generation tends to be more independent in valuing the benefits of product consumption. Most young people have been exposed to either alcoholic beverages or hard liquor ads in their teens. The impact of the alcoholic products and advertising messages has indirectly promoted young drinking, and, in turn, caused a few social and legal issues.

Socio-cultural and Psychographic Environment

The Evolution of Individual Values: The traditional society has been characterized by the values of hard work, thriftiness, and faith in others and institutions. However, a new social value has emerged. Instead of leaving the destiny of their countries in the hands of the elders and institutions, the young, particularly college students, collectively fought for what they perceived to be good causes. More recently, the younger generation (20 – 29 years of age), often referred to as Generation X, are concerned with simplifying their lives, with obtaining a college education, with their relations with their families and the opposite sex, and with the financial security. Some of their new values (especially in the Western societies) are: self-fulfillment ethic, better quality of life, blurring of sex roles, individualized definition of success, alternative families, self-reliance, growing sense of limits, and technology orientation. In this context, the alcohol product-delivering mood effects may include: “carefree and gaining”, “increased enjoyment”, “self-confidence”, “sexual/relationship success”, and “social success”.

The Evolution of Family Structure: The traditional husband-dominated, closely structured family becomes less noticeable worldwide. Children are becoming more autonomous and participate at an earlier age in many family decisions. Many women are more independently economically. There are some new lifestyles and new family values implied by single individuals, adults of the same sex living together, unmarried couples living together, single parent families, and married couples with children from the past marriage. The vodka industry has recognized this trend and focused on the marketing strategy for the fragmented segments.

Economic Environment

Drinking Option Diversification: The world economy is expanding and the average personal wealth is increasing worldwide. With the booming economy and increasing consumption capability, there seems a clear trend that people prefer to drink better rather than to drink more. An individual consumer now tends to choose a price, a color, a bottle, and a flavor of liquor to match his or her mood. The trend of consumers’ preferences may imply a need of consumer-oriented marketing strategy for the vodka industry.

International Trade Liberalization: Increasingly countries around the world have become more economically interdependent. Free-trade agreements have made the international trade in a more direct and easier fashion, such as European Union (EU), North American Free Trade Agreement (NAFTA), and World Trade Organization (WTO). Even China has to open its “virgin” alcohol market to the importers from all over the world.

Political/Legal Environment

Shaky TV Commercial Ban: Until now, the major TV networks, while happy to air million dollars’ worth of beer ads each year, have refused to air ads for presumably more dangerous hard liquor. The Distilled Spirits Council of the United States claimed the credit for keeping gin, scotch, vodka, and other products off TV by its self-imposed ban on TV advertising during the past five decades. However, what really kept the distilled products off most of TV is that very few broadcast stations, mostly weak stations in small markets, would accept such commercials. Following distillers’ intensive lobbying, both in Washington and with the networks, Diageo (the Smirnoff parent company) was able to buy airtime on NBC, promising four months of “drink responsibility” messages before moving on to product ads. Assuming that the other networks follow NBC’s lead, a sweeping shift of media dollars into TV commercials can be predicted. As a result, government leaders, regulators, and some public interest groups have proposed possible regulatory actions, placing all alcohol beverages under scrutiny and even threatening the broadcasters with possible loss of beer and wine advertising.

Concern of Drunk Driving: Drinking is part of our culture and responsible consumption of alcoholic beverages is socially accepted. However, alcoholic abuse can have negative consequences for both the personal health and the society as a whole. The serious problem being discussed nowadays is automobile accidents caused by drunken driving. The advocate groups, like Mother against Drunk Driving (MADD), have been lobbying to legislate stricter laws to prevent this problem. In turn, they advocate to putting more restrictions on the liquor companies and their products. This social-responsible movement will change the marketing strategies made by vodka makers.

Technological Environment

Trends in Electronics/Telecommunications: Electronics has played an important role in our society since 1950s. Probably nothing has changed our daily life more in recent years than the personal computer and the Internet. The developments of fiber-optic cables, storage devices, wireless transmission, and multimedia chips (microprocessors), are also changing the nature and scope of the telecommunication industry. These changes are revolutionizing how businesses operate, how goods and services as well as ideas are exchanged, and how individuals learn as well as interact with one another. Technological developments are having profound impact on all aspects of the marketing practice, including marketing communication (spirits ads on the Net or via e-mail), distribution (alcoholic products bought or sold on the Web), and marketing research (monitoring supermarket purchasing with scanners or Internet activity with digital “cookies”). It implies that vodka manufacturers need to catch up the e-commerce development.

Physical Environment

Concern of Environmental Pollution: Pollution problems exist throughout the world, especially in Eastern Europe, China, and the developing countries. A number of environment-conscious groups have advocated for manufacturing the “green” products and recyclable packages. The traditional glass bottles used in the spirits industry are under discussion for the replacement of alternative materials.

Social Responsibility: The world has put more social responsibility to the alcoholic firms. Several social and environmental organizations have advocated consumers to use the products caring for the environment and minimizing the impact on the environment. Vodka manufacturers, in this context, are required to deliver their marketing strategies and products reflecting this global environmental trend. Some companies have communicated in their ads about the negative effects of drinking abuse and young drinking.

COMMON STRATEGIC DRIVERS

Challenges in Mature Markets

Vodka industry is in the mature stage of the product life cycle where the market volume is fairly stabilized. The primary marketing objective of most competitors is simply to hold their existing customers – to sustain a meaningful competitive advantage that will ensure the customer satisfaction and brand loyalty – the means to maximize the product’s lifetime value. Thus, the financial success in the vodka industry depends heavily on the firm’s ability to achieve and sustain the lower cost manufacturing and better-perceived product quality.

Maintaining Competitive Advantage

Vodka defenders may initiate some product improvements or line extensions to protect and strengthen their position of existing markets, but they spend very little on new product R&D. They attempt to sustain a competitive advantage in establishing product markets through differentiation of their product offerings or maintaining a low-cost position.

SOURCE OF COMPETITIVE ADVANTAGE

Product Differentiation

Most vodka manufacturers attempt to differentiate their product offerings by line extensions and superior product quality. Through the improvements of product quality and a wide variety of flavors, the competitors try to increase their brand’s quality reputation – the perceived value that customers associate with a particular brand name or a logo.

Low-Cost Position

The most common strategy to maintain a competitive advantage sought by vodka makers is achieving and sustaining a low-cost position. A firm does not necessarily need a large market share to implement a low-cost strategy. Among others, some of the common cost-cutting methods are cheaper raw materials, innovative production processes, low-cost distribution, and reductions in overhead.

International Strategic Alliance

Consolidation within the international alcohol industry has become a common trend. Medium-sized companies are seeking collaboration to be able to compete for sales with large chains with the leading companies. The major vodka companies often gain influence and control over distribution as well.

TYPICAL COMPETITIVE BATTLE

Maintaining Current Market Share

The vodka companies always strive to maximize the flow of profits over the remaining life of the product-market. Thus, the most critical marketing objective is to maintain and protect the current market share. The defense strategy involves two sets of marketing actions: those aimed at improving customer satisfaction and brand loyalty, and those intended to encourage repeat purchasing. Also, as the spirits markets become more fragmented nowadays, share leaders tend to have to expand their product lines to protect their positions against competitive forces. Small-share competitors, on the other hand, often avoid prolonged direct confrontations with large-share leaders and focus on a niche market, such as Smirnoff Ice offering a different flavor in the segment.

Extending Volume Growth

The vodka makers might employ several different marketing strategies, either singly or in combination, to squeeze additional sales volume: 1) The increased penetration strategy intends to increase the proportion of vodka drinkers by converting current nondrinkers of their products. 2) The extended use strategy tends to increase the amount of vodka consumed by the average consumers by increasing the drinking frequency or developing varied ways to easily access to the products. 3) The market expansion strategy will expand the number of potential customers by targeting underdeveloped geographic segments.

GLOBALIZATION POTENTIAL

Clear Expansion Path

For firms like vodka companies, with leading positions in mature domestic markets, less-developed markets in foreign countries often present the most viable opportunities for geographic expansion. A variety of ways, from relying on import agents to developing joint ventures to establishing wholly owned subsidiaries, are prevalently applied by vodka makers. There is a common expansion path followed by most successful vodka companies – moving from home countries to developed countries to less-developed nations. This routing enables them to reduce manufacturing costs and gain marketing experience. In penetrating the U.S. market, the foreign vodka firms obtain further economies of scale and gained recognition for their products, which in turn will make penetration in other regions easier.

Prospective Global Markets

As disposable incomes and discretionary expenditures are growing in the countries of Latin America, Asia, and Africa, their markets appear promising future growth opportunities. With the success in the developed markets, such as the U.S and Western Europe, vodka firms are fairly easier to establish their “world brands” in the developing and less-developed countries. With a globalization strategy in product standardization, vodka producers need to conduct broad market research of local preferences and establish appropriate product/country portfolios.

CONCLUSION

The vodka industry is in a revitalized phase despite the assertions by most analysts that it is in the mature phase of its product life cycle. The fact that Alcopops and FABs are bringing younger consumers into an industry that has long been defined as one serving an older sophisticated clientele base indicates how dynamic this industry has become within the last several years. Vodka still remains the number one selling distilled spirit accounting for one-quarter of the sales

in the industry and despite the pressures from substitute products, including beer and local (cultural) drink specialties, and competitive pressures from within the industry, vodka manufacturers continue to serve the needs of its consumers. In order to maintain its exiting dominance, vodka companies must persevere in further fragmenting the market in order to meet the needs of all of its consumers. There are visible gaps where these focuses are not being addressed, as mentioned in the previous section. More importantly, defining new niche segments, like Health and Energy-based vodkas, creates segments where these weaknesses in coverage can be minimized. Finally, the impact of cocooning (“a phenomenon where consumers who normally would have gone out for a night on the town decide to stay at home, where it’s safer and cheaper-to drink”) is evident in the industry (Hein, 2001). The future for the industry represents golden opportunities for those firms that can effectively maintain market share in this vastly competitive environment. The basic philosophy for the brand has been consistent throughout decades. Absolut still maintains the same business concept it held in the past: To offer the consumers a Swedish produced vodka of highest quality with high level of communication at a premium price. Today, Absolut vodka is still distilled and bottled in Ahus, a small southern town of Sweden. Future competitive prospects and expectations encourage the firms through extrapolation to focus on developing segments and markets in order to establish new niche products.

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U.S. Spirits Market - 2018 Volumes					
9-Liter Cases (000s)					
Category	Value	Premium	High End Premium	Super Premium	Total
Blended Whiskey	2,744	7,280	-	-	10,024
American Whiskey	3,801	6,457	11,410	2,848	24,516
Canadian	7,909	2,618	212	6,620	17,359
Scotch - Blended	1,669	2,471	2,574	529	7,243
Scotch - Single Malt	-	157	1,279	833	2,270
Irish	-	40	4,091	555	4,686
Total Whiskey	16,123	19,025	19,565	11,385	66,098
Vodka	25,931	20,839	20,188	5,514	72,472
Rum	5,480	14,941	2,760	692	23,874
Tequila/Mezcal	3,415	9,364	2,209	3,550	18,538
Gin	5,720	1,306	2,554	183	9,762
Brandy & Cognac	7,630	486	4,372	2,273	14,761
Cordials	7,477	10,020	2,240	14	19,751
Cocktails	2,201	3,681	-	-	5,882
Total	73,977	79,660	53,887	23,613	231,136

U.S. Spirits Market - 2018 Volumes					
Percentage Change Y/Y					
Category	Value	Premium	High End Premium	Super Premium	Total
Blended Whiskey	1.8%	2.6%			2.4%
American Whiskey	2.0%	7.5%	3.9%	16.9%	5.9%
Canadian	-3.4%	-4.1%	3.5%	3.0%	-1.1%
Scotch - Blended	-5.3%	-3.2%	7.5%	13.4%	1.0%
Scotch - Single Malt		-9.7%	8.1%	10.8%	7.6%
Irish		0.0%	9.3%	18.3%	10.2%
Total Whiskey	-1.5%	2.3%	5.7%	7.9%	3.2%
Vodka	-2.0%	-1.2%	11.4%	-2.6%	1.6%
Rum	-1.4%	-5.5%	0.9%	26.8%	-3.1%
Tequila/Mezcal	1.5%	7.1%	18.2%	9.7%	7.7%
Gin	-1.5%	2.4%	-2.9%	14.7%	-1.1%
Brandy & Cognac	1.8%	2.0%	10.7%	26.2%	7.6%
Cordials	0.0%	0.6%	6.9%	2.3%	1.0%
Cocktails	1.5%	2.9%			2.3%
Total	-1.0%	0.2%	8.0%	7.5%	2.2%

U.S. Spirits Market - 2018 Volumes					
Case Growth Y/Y					
Category	Value	Premium	High End Premium	Super Premium	Total
Blended Whiskey	49	188	-	-	236
American Whiskey	73	448	431	411	1,363
Canadian	(277)	(113)	7	193	(191)
Scotch - Blended	(93)	(80)	179	63	68
Scotch - Single Malt	-	(17)	96	81	160
Irish	-	-	349	86	435
Total Whiskey	(249)	425	1,062	833	2,071
Vodka	(523)	(261)	2,060	(146)	1,130
Rum	(79)	(864)	25	146	(772)
Tequila/Mezcal	52	622	340	315	1,329
Gin	(86)	31	(77)	23	(108)
Brandy & Cognac	136	9	422	471	1,039
Cordials	-	56	145	0	202
Cocktails	32	103	-	-	135
Total	(716)	121	3,978	1,643	5,026

U.S. Spirits Market - 2018 Revenues					
Supplier Gross Revenues (Millions, Includes FET)					
Category	Value	Premium	High End Premium	Super Premium	Total
Blended Whiskey	\$ 148	\$ 527	\$ -	\$ -	\$ 674
American	\$ 230	\$ 676	\$ 2,043	\$ 643	\$ 3,592
Canadian	\$ 413	\$ 267	\$ 31	\$ 1,293	\$ 2,005
Scotch - Blended	\$ 116	\$ 383	\$ 699	\$ 257	\$ 1,454
Scotch - Single Malt	\$ -	\$ 30	\$ 393	\$ 421	\$ 843
Irish	\$ -	\$ -	\$ 793	\$ 211	\$ 1,004
Total Whiskey	\$ 907	\$ 1,881	\$ 3,959	\$ 2,825	\$ 9,573
Vodka	\$ 1,060	\$ 1,541	\$ 2,647	\$ 1,152	\$ 6,400
Rum	\$ 265	\$ 1,503	\$ 350	\$ 179	\$ 2,298
Tequila/Mezcal	\$ 274	\$ 1,042	\$ 405	\$ 1,289	\$ 3,010
Gin	\$ 328	\$ 153	\$ 378	\$ 32	\$ 891
	\$ -	\$ -	\$ -	\$ -	\$ -
Brandy & Cognac	\$ 585	\$ 74	\$ 990	\$ 1,012	\$ 2,662
Cordials	\$ 445	\$ 1,428	\$ 511	\$ 6	\$ 2,390
Cocktails	\$ 110	\$ 217	\$ -	\$ -	\$ 327
Totals	\$ 3,975	\$ 7,839	\$ 9,240	\$ 6,496	\$ 27,550

U.S. Spirits Market - 2018 Revenues					
Percentage Change Y/Y					
Category	Value	Premium	High End Premium	Super Premium	Total
Blended Whiskey	1.6%	1.9%			1.9%
American	2.5%	7.5%	4.0%	16.9%	6.6%
Canadian	-3.8%	-6.0%	3.5%	3.1%	0.3%
Scotch - Blended	-5.8%	-3.3%	8.3%	13.3%	4.6%
Scotch - Single Malt		-9.1%	8.3%	12.0%	9.4%
Irish		-100.0%	10.9%	20.6%	12.0%
Total Whiskey	-1.7%	1.0%	6.5%	9.4%	5.4%
Vodka	-3.1%	-1.8%	11.4%	-2.5%	2.9%
Rum	-2.0%	-5.2%	5.5%	28.5%	-1.3%
Tequila/Mezcal	5.5%	7.7%	18.9%	10.8%	10.2%
Gin	-2.3%	3.1%	-1.4%	15.6%	-0.5%
Brandy & Cognac	1.8%	2.6%	15.3%	30.4%	16.6%
Cordials	-2.5%	0.5%	6.8%	7.4%	1.2%
Cocktails	1.3%	2.7%			2.2%
Totals	-1.2%	0.0%	8.9%	10.5%	5.0%

U.S. Spirits Market - 2018 Revenues					
Y/Y Revenue Growth					
Category	Value	Premium	High End Premium	Super Premium	Total
Blended Whiskey	\$ 2	\$ 10	\$ -	\$ -	\$ 12
American	\$ 6	\$ 47	\$ 78	\$ 93	\$ 224
Canadian	\$ (16)	\$ (17)	\$ 1	\$ 39	\$ 7
Scotch - Blended	\$ (7)	\$ (13)	\$ 54	\$ 30	\$ 64
Scotch - Single Malt	\$ -	\$ (3)	\$ 30	\$ 45	\$ 72
Irish	\$ -	\$ (7)	\$ 78	\$ 36	\$ 108
Total Whiskey	\$ (15)	\$ 18	\$ 241	\$ 243	\$ 486
	\$ -	\$ -	\$ -	\$ -	\$ -
Vodka	\$ (34)	\$ (28)	\$ 271	\$ (30)	\$ 178
Rum	\$ (5)	\$ (83)	\$ 18	\$ 40	\$ (31)
Tequila/Mezcal	\$ 14	\$ 74	\$ 64	\$ 126	\$ 279
Gin	\$ (8)	\$ 5	\$ (5)	\$ 4	\$ (4)
	\$ -	\$ -	\$ -	\$ -	\$ -
Brandy & Cognac	\$ 11	\$ 2	\$ 131	\$ 236	\$ 379
Cordials	\$ (11)	\$ 7	\$ 32	\$ 0	\$ 29
Cocktails	\$ 1	\$ 6	\$ -	\$ -	\$ 7
	\$ -	\$ -	\$ -	\$ -	\$ -
Totals	\$ (48)	\$ 0	\$ 752	\$ 619	\$ 1,324

Beverage Alcohol Market Share - Revenue Based							
Year	Supplier Gross Revenues (Billions)				Market Share		
	Beer	Spirits	Wine	Total	Beer	Spirits	Wine
1999	\$ 21.20	\$ 10.66	\$ 6.00	\$ 37.86	56.0%	28.2%	15.8%
2000	\$ 22.60	\$ 11.70	\$ 6.41	\$ 40.71	55.5%	28.7%	15.7%
2001	\$ 23.80	\$ 12.22	\$ 6.63	\$ 42.65	55.8%	28.7%	15.5%
2002	\$ 24.10	\$ 13.17	\$ 7.04	\$ 44.31	54.4%	29.7%	15.9%
2003	\$ 24.87	\$ 13.87	\$ 7.50	\$ 46.24	53.8%	30.0%	16.2%
2004	\$ 25.62	\$ 15.12	\$ 7.90	\$ 48.64	52.7%	31.1%	16.2%
2005	\$ 25.62	\$ 16.00	\$ 8.30	\$ 49.92	51.3%	32.1%	16.6%
2006	\$ 26.34	\$ 17.20	\$ 8.62	\$ 52.15	50.5%	33.0%	16.5%
2007	\$ 27.49	\$ 18.20	\$ 9.24	\$ 54.93	50.1%	33.1%	16.8%
2008	\$ 28.46	\$ 18.72	\$ 9.38	\$ 56.56	50.3%	33.1%	16.6%
2009	\$ 28.82	\$ 18.74	\$ 9.48	\$ 57.04	50.5%	32.9%	16.6%
2010	\$ 28.64	\$ 19.16	\$ 9.76	\$ 57.56	49.8%	33.3%	16.9%
2011	\$ 29.24	\$ 20.36	\$ 10.19	\$ 59.79	48.9%	34.1%	17.0%
2012	\$ 30.32	\$ 21.29	\$ 10.53	\$ 62.13	48.8%	34.3%	16.9%
2013	\$ 30.96	\$ 22.22	\$ 10.89	\$ 64.07	48.3%	34.7%	17.0%
2014	\$ 31.45	\$ 23.15	\$ 11.22	\$ 65.82	47.8%	35.2%	17.0%
2015	\$ 32.30	\$ 24.09	\$ 11.57	\$ 67.96	47.5%	35.4%	17.0%
2016	\$ 33.04	\$ 25.19	\$ 12.03	\$ 70.26	47.0%	35.9%	17.1%
2017	\$ 33.07	\$ 26.22	\$ 12.40	\$ 71.69	46.1%	36.6%	17.3%
2018	\$ 33.66	\$ 27.55	\$ 12.71	\$ 73.92	45.5%	37.3%	17.2%

Sources: Industry financial reports, BIG Handbooks, Council Estimates
Distilled Spirits Council, Economic & Strategic Analysis Dept.

Price Category Tables

Canadians, Blends	Supplier Rev/ 9 Liters	Major Brands
Value	<70	Black Velvet, Beam 8 Star, Kessler
Premium	\$70 to \$115	Canadian Club 6Y, Seagram 7
High End Premium	\$115 to \$170	Canadian Club 12 Year, Collingwood
Super Premium	\$170+	Crown Royal
Bourbon, Tennessee, Rye, Corn	Supplier Rev/ 9 Liters	Major Brands
Value	<\$90	Early Times, Old Crow 3Y
Premium	\$90 to \$140	Jim Beam White, Old Forrester
High End Premium	\$140 to \$210	Jack Daniels, Makers Mark, Jim Beam Black, Wild Turkey, Bulleit
Super Premium	\$210+	Woodford Reserve, Knob Creek, Jack Daniels Single Barrel, Jim Beam Signature, Bullet 10 Yr.
Scotch	Supplier Rev/ 9 Liters	Major Brands
Value	<\$110	Cutty Sark, Vat 69, Teachers
Premium	\$110 to \$160	Dewars White Label, Johnnie Walker Red, Famous Grouse
High End Premium	\$160 to \$300	Johnnie Walker Black, Chivas Regal 12, Dewars 12
Super Premium	\$300+	Glenlivet, Glenmorangie, Macallan, Johnnie Walker Blue, Ardbeg
Irish	Supplier Rev/ 9 Liters	Major Brands
Value		
Premium		
High End Premium	<\$200	John Jameson,
Super Premium	>\$200	Jameson 12, Tyrconnell, Redbreast

Vodka	Supplier Rev/ 9 Liters	Major Brands
Value	<\$70	Kamchatka, Gilbey,
Premium	\$70 to \$120	Smirnoff, Svedka, Skyy, Pinnacle
High End Premium	\$120 to \$170	Absolut, Effen, Ketel One
Super Premium	\$170+	Grey Goose, Ciroc, Belvedere
Rum	Supplier Rev/ 9 Liters	Major Brands
Value	<\$70	Castillo, Ronrico
Premium	\$70 to \$130	Bacardi Superior, Capt. Morgan Original, Malibu, Cruzan
High End Premium	\$130 to \$175	Mount Gay Eclipse, Bacardi Gran Reserva, Brugal Anejo
Super Premium	\$175+	Mount Gay XO, Ron Zacapa XO, Brugal 1888, Bacardi Anejo Cuatro,
Tequila	Supplier Rev/ 9 Liters	Major Brands
Value	>\$90	Sauza Giro, Pepe Lopez
Premium	\$90 to \$160	Sauza Blanco, El Jimador Silver
High End Premium	\$160 to \$240	El Jimador, Cazadores Blanco, Sauza Hornitos
Super Premium	\$240+	Patron, Herradura, Don Julio, Sauza Tres Generaciones, Avion, Casa Noble
Gin	Supplier Rev/ 9 Liters	Major Brands
Value	<\$75	Gilby's, Gordon's, Seagrams
Premium	\$75 to \$125	Beefeater, Bombay Original
High End Premium	\$125 to \$200	Tanqueray, Bombay Sapphire, Beefeater 24
Super Premium	\$200+	Plymouth, Tanqueray 10, Oxley, The Botanist

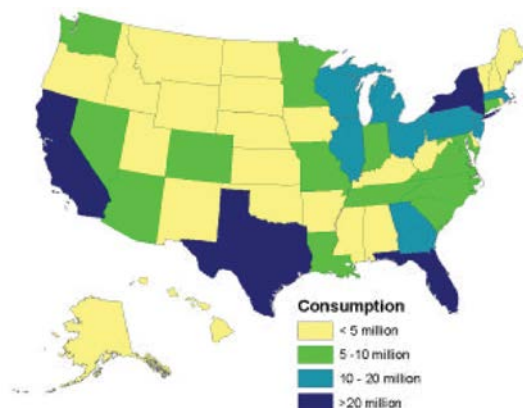
Brandy & Cognac	Supplier Rev/ 9 Liters	Major Brands
Value	<\$75	Dekuyper, Hiram Walker, Leroux
Premium	\$75 to \$180	Paul Masson Grande Amber, Korbel, Salignac VS, St. Remy VSOP
High End Premium	\$180 to \$280	Hennessey VS, Martell VS, Courvoisier VS
Super Premium	\$280+	Remy Martin VSOP, Hennessey VSOP, Most XOs
Cordials	Supplier Rev/ 9 Liters	Major Brands
Value	<\$80	Dekuyper, Hiram Walker, Leroux
Premium	\$80 to \$180	Jagermeister, Baileys, Kahlua, Rumchata
High End Premium	\$180 to \$280	Chambord, Godiva
Super Premium	\$280+	Jagermeister Manifest
Cocktails	Supplier Rev/ 9 Liters	Major Brands
Value	All except Premium	Seagram's Gin & Juice
Premium	If associated with a brand carrying a Premium or above designation	Kahlua RTDs, Jack Daniels Country Coolers, Skinny Girl, Malibu Cocktails, Bacardi Cocktails, Smirnoff Cocktails

9.4 Apparent Consumption of Distilled Spirits by State (*latest data)


APPARENT CONSUMPTION OF DISTILLED SPIRITS BY STATE, IN WINE GALLONS

	January - December 2015	2014	Percent Change	12 Months Ending December 2015	2014	Percent Change
LICENSE STATES						
Alaska	1,778,289	1,683,916	5.6%	1,778,289	1,683,916	5.6%
Arizona	11,058,510	10,934,483	1.1%	11,058,510	10,934,483	1.1%
Arkansas	4,378,657	4,169,680	5.0%	4,378,657	4,169,680	5.0%
California	59,240,425	56,608,707	4.6%	59,240,425	56,608,707	4.6%
Colorado	12,440,331	11,797,484	5.4%	12,440,331	11,797,484	5.4%
Connecticut	7,010,312	6,738,464	4.0%	7,010,312	6,738,464	4.0%
Delaware	3,337,023	3,145,204	6.1%	3,337,023	3,145,204	6.1%
Dist. Columbia ?	1,984,122	2,223,967	-10.8%	1,984,122	2,223,967	-10.8%
Florida	42,111,535	40,517,026	3.9%	42,111,535	40,517,026	3.9%
Georgia *#?	13,799,289	13,733,692	0.5%	13,799,289	13,733,692	0.5%
Hawaii?	2,223,007	2,206,365	0.8%	2,223,007	2,206,365	0.8%
Illinois	20,621,063	20,025,719	3.0%	20,621,063	20,025,719	3.0%
Indiana	12,140,249	10,180,918	19.2%	12,140,249	10,180,918	19.2%
Kansas	4,214,090	4,282,790	-1.6%	4,214,090	4,282,790	-1.6%
Kentucky	6,750,739	6,386,329	5.7%	6,750,739	6,386,329	5.7%
Louisiana	9,092,546	8,776,494	3.6%	9,092,546	8,776,494	3.6%
Maryland	10,793,587	10,762,557	0.3%	10,793,587	10,762,557	0.3%
Massachusetts	13,117,012	12,589,095	4.2%	13,117,012	12,589,095	4.2%
Minnesota	12,525,422	13,472,753	-7.0%	12,525,422	13,472,753	-7.0%
Missouri	11,798,582	10,699,248	10.3%	11,798,582	10,699,248	10.3%
Nebraska	3,425,004	3,306,332	3.6%	3,425,004	3,306,332	3.6%
Nevada	7,407,642	7,341,749	0.9%	7,407,642	7,341,749	0.9%
New Jersey	16,614,736	16,547,844	0.4%	16,614,736	16,547,844	0.4%
New Mexico	3,058,712	3,370,656	-9.3%	3,058,712	3,370,656	-9.3%
New York	31,080,231	30,786,646	1.0%	31,080,231	30,786,646	1.0%
North Dakota	2,017,786	2,048,253	-1.5%	2,017,786	2,048,253	-1.5%
Oklahoma	5,680,933	5,527,397	2.8%	5,680,933	5,527,397	2.8%
Rhode Island ?	1,871,711	1,871,711	0.0%	1,871,711	1,871,711	0.0%
South Carolina **	7,853,041	7,740,726	1.5%	7,853,041	7,740,726	1.5%
South Dakota ?	1,684,004	1,646,495	2.3%	1,684,004	1,646,495	2.3%
Tennessee	10,131,520	9,539,297	6.2%	10,131,520	9,539,297	6.2%
Texas	35,943,434	34,309,722	4.8%	35,943,434	34,309,722	4.8%
Washington ?	11,029,376	10,749,951	2.6%	11,029,376	10,749,951	2.6%
Wisconsin	13,957,407	13,693,375	1.9%	13,957,407	13,693,375	1.9%
LICENSE TOTAL	412,170,328	399,415,043	3.2%	412,170,328	399,415,043	3.2%
CONROL STATES						
Alabama	6,242,554	5,988,756	4.2%	6,242,554	5,988,756	4.2%
Idaho	2,525,585	2,436,916	3.6%	2,525,585	2,436,916	3.6%
Iowa **	5,182,920	5,068,686	2.3%	5,182,920	5,068,686	2.3%
Maine @	2,731,037	2,593,471	5.3%	2,731,037	2,593,471	5.3%
Michigan @?	18,214,644	17,931,944	1.6%	18,214,644	17,931,944	1.6%
Mississippi	4,532,830	4,411,450	2.8%	4,532,830	4,411,450	2.8%
Montana	1,992,872	1,967,292	1.3%	1,992,872	1,967,292	1.3%
New Hampshire @	5,555,249	5,475,433	1.5%	5,555,249	5,475,433	1.5%
North Carolina	12,646,201	12,150,070	4.1%	12,646,201	12,150,070	4.1%
Ohio @?	16,303,755	15,913,118	2.5%	16,303,755	15,913,118	2.5%
Oregon	7,373,808	7,206,660	2.3%	7,373,808	7,206,660	2.3%
Pennsylvania	17,682,352	17,440,698	1.4%	17,682,352	17,440,698	1.4%
Utah	3,004,481	2,805,473	7.1%	3,004,481	2,805,473	7.1%
Vermont	947,821	941,510	0.7%	947,821	941,510	0.7%
Virginia	10,897,170	10,617,118	2.6%	10,897,170	10,617,118	2.6%
West Virginia **	1,777,160	1,775,017	0.1%	1,777,160	1,775,017	0.1%
Wyoming **	1,369,579	1,341,714	2.1%	1,369,579	1,341,714	2.1%
CONROL TOTAL	118,980,019	116,065,326	2.5%	118,980,019	116,065,326	2.5%
U.S. TOTAL	531,150,347	515,480,370	3.0%	531,150,347	515,480,370	3.0%

SOURCE: License state statistics based on state treasury tax collections except where noted.
 Control state statistics come from NABCA, based on retail sales by state liquor stores except where noted.
 NOTE: * Based on shipments from distillers to wholesalers. Georgia and South Carolina unable to provide
 ** Based on shipments from state liquor boards to private retailers and other
 # Georgia consumption includes supplier shipments to AAFES.
 @ Figure includes low proof
 ? Value estimated as data is presently not available from the state.



9.5 Corporate Brand Review - Approval Form



Corporate Brand Review (CBR)

APPROVAL FORM

Job# _____ Date _____

Job Name _____

Due By _____ Publication _____

Components (Where Applicable)

- Corporate Seal
- Logo
- Headline
- Product Photography
- Background Art/Image
- Flavor Sticker
- Base Drink Key
- Copy
- Website
- Prize Offering
- Mandatories
- Trademarks

Pre-Approval

Graphic Artist _____

- Spell Check
- Proof read copy
- Visual Inspection
- Check applicable components
- Correct size for publication
- Correct number of colors

approved

Final Approval

Executive Team Member _____

- Spell Check
- Proof read copy
- Visual Inspection

revise
approved

