

SIDECAR - RESEARCH SUMMARY

BUSINESS CONCEPT

- Subscription Service for Distilled Spirits
- Monthly delivery of artisanal spirits
- Option to choose white spirits, brown spirits or both
- Each delivery contains one 750mL bottle of spirits, a related cocktail recipe, information on the distillery and origins of the spirit
- Subscribers have the option to purchase more of a chosen item
- Sourced from small-batch American distilleries; without the subscription service, products would be unavailable to many consumers.
- Curated by Fine Spirits Sommeliers
- \$50 per month including deliver

BENEFITS OF THE SUBSCRIPTION SERVICE

- Assist subscribers in discovering new spirits
- Create a unique experience for subscribers
- Offer exposure for small distilleries

DIRECT SHIPPING

- No direct shipment of alcoholic beverages to:
 - Alabama
 - Arkansas
 - Massachusetts
 - Mississippi
 - Oklahoma
 - Pennsylvania
 - South Dakota
 - Utah
- Delivery must be made through a commercial shipper - cannot ship via USPS
- Delivery must be signed for by someone 21 or older with valid ID

THE CRAFT DISTILLERY BOOM

- State and federal laws regarding the creation of distilled spirits have relaxed leading to an increased number of craft distilleries
- Less than a decade ago, there were approximately 70 distilleries operating in the U.S. in 25 states. In 2013 there were approximately 500 distilleries operating in 45 states.
- There are expected to be around 1000 distilleries operating within the next few years.
- Interest in small-batch distilleries has increased along with the consumer desire to purchase hand-crafted, artisanal and locally made products.

MARKET STATISTICS

- Beverage Alcohol is the second largest beverage category in the U.S., after soft drinks
- Spirits accounted for 34.1% of alcoholic beverage revenue in 2011
- Consumption of distilled spirits has increased 13.3% in the last 5 years and growth in the market has increased steadily for ten consecutive years
- The Super-premium and Ultra-premium segments of the market account for 25.9% of spirits sales and continue to be the fastest growing segments
- Craft spirits account for about 1% of overall spirits sales, producing annual sales of \$721 million
- Sales of craft spirits increased 25% in 2013

SURVEY DATA (94 RESPONDENTS)

- 59% Buy spirits 1-2 times per month
- 51% are very likely or somewhat likely to purchase a subscription for themselves
- 70% are very likely or somewhat likely to purchase a subscription as a gift

COMPETITION

Julibox.com

- Each delivery contains alcohol and mixers to make 4 drinks
- \$40 per month, including delivery
- Spirits sourced from major manufacturers
- Focus on cocktail recipes from mixologists
- Not currently accepting new customers; there is a wait list due to high demand

TARGET USERS

Hipsters with good jobs

- Advocate for new experiences
- Spend disposable income on experiences
- Support small business and artisanal products
- Share discoveries with friends

Urban Sophisticates

- Well established lifestyle with plenty of discretionary income
- Spend free time entertaining at home
- Place high value on product quality
- Like to share new experiences with friends