



NEW MEXICO STATE UNIVERSITY 2020 EXECUTIVE SUMMARY

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INTRODUCTION

It's a micro-brew world! Craft beers, seltzers, and ciders are some of the hottest beverages on the market. Despite the age gap and differing social preferences between consumer generations, we are all connected by the desire to indulge. In the last ten years, the U.S. brewery industry has grown nearly 500%.¹ The craft beer segment is evolving to meet the demand for non-beer alternatives. Hard seltzers such as White Claw® and Truly® account for 43% of the ready-to-drink beverages in the U.S.² There's a new Queen Bee in town disrupting the market as a non-beer option that will be kegged and available for breweries and tap houses. This fermented honey beverage is quickly on its way to becoming the trendy new way to get a buzz.

Established in the mountains of Ruidoso, New Mexico, Rowdy River Winery is owned and operated by a family of fifth generation farmers who take pride in crafting alcoholic beverages for the fun loving crowd. Rowdy River is New Mexico born and New Mexico True, which makes them the ideal partner for the Southwest Honey Co-op. The Southwest Honey Cooperative is made up of honey producers from across the southwest region of the United States. Through this partnership, we will introduce a new product, BeeShine. BeeShine gives consumers a new beverage option for any occasion while providing beekeepers a premium for their product.

NEED

Although the love of craft beer is bringing consumers into breweries, they continue to seek alternative alcoholic beverage options. Research reveals U.S. consumers desire more natural beverage options, which they often find themselves sacrificing when enjoying their favorite brew. There is an opportunity to produce a simply made, and simply delicious beverage for the conscious consumer.

MARKET ANALYSIS

The craft beer industry contributed \$79.1 billion to the U.S. economy in 2018,³ with New Mexico craft breweries making up for \$354 million.⁵ Research identified 2,766 establishments in New Mexico with a liquor license, 61.3% of which are on-premise and 38.7% of which are off-premise. On-premise establishments in New Mexico have an average of 6 rotational guest taps. The targeted group of consumers, millennial's, spend an estimated average of \$708 per year on craft beer.¹⁸

MARKET SIZE & POTENTIAL

BENEFIT TO THE PRODUCER

BeeShine is produced through a partnership with Southwest Honey Co-op and Rowdy River Winery. Members of the Southwest Honey Co-op will benefit by having an a reliable market for their honey, as well as receive an annual patronage payment. This partnership also provides a benefit to the manufacturer, Rowdy River Winery, by allowing for year round utilization of equipment and warehouses; reducing per unit production cost.

MARKET TRENDS

- In 2017 \$1.5 Billion of tourist spending in New Mexico was on food and beverages.⁴
- 46 % of Americans ages 25 to 33 consider themselves "foodies."⁷
- In 2017 New Mexico tourism increased by 3.3 million visitors, which is a 3.2% increase from 2016.⁵
- 79% of millennials are willing to try new things.⁸
- Retail dollar sales of craft beverages increased 7%, up to \$27.6 billion, and now account for more than 24% of the \$114.2 billion U.S. beer market.⁶
- Millennial males purchase a craft brand that they have never heard of or seen advertised 47% of the time.⁹
- Among weekly craft drinkers, millennial's try 5.1 different brands per month. 15% try 10 or more brands per month.¹⁰



TARGET MARKET

ON-PREMISE

MILLENNIALS between the ages of 21 to 44 have an average income of \$32,000.¹² Known as adventurous, these consumers are most likely to try new craft brands. When choosing a craft beverage, they favor freshness and flavor. They most often associate “craft” with the terms small, independent, high quality, and local.¹¹

TOURISTS come to New Mexico for the breath-taking scenery and rich, multi-cultural history. Tourist food and beverage consumption increased by 4.4% in 2017, totaling over 1 billion dollars in visitor spending. In 2017, 36.1 million tourists visited New Mexico, more than a 3% increase since 2011. New Mexico tourism is at an all-time high with no sign of future decline.¹³

PROGRESSIVE FOOD CONSUMERS

more commonly known as “Foodies,” between the ages of 25-33 spend 44% of their budget eating out.¹⁴ Foodies are consumers who have an avid interest in the food and alcoholic beverage industry. For them, eating and drinking is more than just an act, it’s an experience.¹⁵ Foodies will move beyond the average consumer to find high quality products.¹⁶

OFF-PREMISE

38.7%

61.3%

ON-PREMISE

TOTAL # OF LIQUOR LICENSES = 2766

BeeShine’s competitors include alternative alcoholic beverage options offered within breweries and tap houses across New Mexico. Using an average price per serving of the typical craft beer, cider, and seltzer, BeeShine enters the market at a premium price, and exceeds competitors in terms of alcohol by volume (ABV). BeeShine will earn market share by giving consumers an alternative beverage at a smaller serving size, while still being competitive in terms of ABV.

	PRICE	SERVING SIZE	ABV
BEESHINE	\$6.00	5 oz	11%
CRAFT BEER	\$3.50-\$8.00	16-24 oz	4-9.5%
SELTZER	\$4.50-\$7.00	16-24 oz	4.5-7.5%
CIDER	\$4.50-\$7.00	16-24 oz	4.5-7%

OFF-PREMISE

RETAIL ESTABLISHMENTS account for 38.7% of New Mexico’s alcoholic beverage market. Through pre-established distribution channels with National Distributors, 750ml bottles of BeeShine will be placed alongside Rowdy River Winery’s existing line.

COMPETITIVE ANALYSIS

S

- Few ingredients (3-4)
- Short production time
- Increased consumption of craft beverages
- Rowdy River Winery strong presence in New Mexico’s alcoholic beverage industry

W

- Lack of product awareness
- Rotational guest taps
- Dependence on pre-existing distribution channels

O

- 43% of taps at breweries are guest taps
- Continued growth in New Mexico tourism
- Ability to classify as New Mexico True
- Patronage for honey producer

T

- Potential over saturation of alcohol market
- Potential drought conditions
- Consumer perception of product
- Alcohol consumption may decrease



BUSINESS PROPOSITION

PRODUCT DESCRIPTION

BeeShine is a delicious, gluten-free beverage that is perfect for any occasion. The Traditional flavor will be offered year round, two rotational flavors. The Sweet Fruit flavor can be enjoyed during the spring and summer months, and our Spiced flavor will be available during the autumn and winter seasons. BeeShine can be served cooled, heated, or mixed into a cocktail.

STRATEGY STATEMENT

BeeShine is a delicious beverage option that will capture the attention of craft beer connoisseurs due to its versatility and originality. The Southwest Honey Co-op will increase member income through our patronage program and raise awareness for honeybees through our campaign, Create a BUZZ, for the BEES.

GOAL

BeeShine will be the BUZZ of the town as it makes its way into the New Mexico alcoholic beverage market. BeeShine aims to gain market share as an alternative alcoholic beverage and create an opportunity to increase revenues for both Rowdy River Winery and the Southwest Honey Cooperative.

ACTION PLAN

POSITIONING AND PACKAGING

BeeShine will enter New Mexico breweries and tap houses as a rotational tap. Of all the breweries in New Mexico, 198 will be targeted in key areas across the state. Placing BeeShine in these markets will allow for maximum exposure and increase product awareness.

Rowdy River Winery will facilitate the bottling, labeling, storing, and kegging of the product. BeeShine will be available in standard 15.5 gallon kegs for on-premise consumption. Through the partnership with National Distributors, BeeShine will be available on the shelves of retail stores across New Mexico in the standard 750mL bottle to enjoy in the comfort of your home.

Traditional- 11% ABV- Semi-Sweet
Sweet Fruit- 11% ABV- Sweet
Spiced- 11% ABV- Semi-Sweet



ASSUMPTIONS

- The craft brewery industry will continue to grow
- Meets governmental regulations set forth by the NM Alcohol & Gaming Division
- Tourism growth will continue
- Distributing channels established with National Distributors will continue to grow

OBJECTIVES

- Achieve 20% brand awareness, 13% aided and 7% unaided .
- Be present in 10% of New Mexico establishments by year 3
- Capture a market share of 10% by year 3 to sell 137,268 gallons.

PLACE

BeeShine will launch in four strategic areas in New Mexico; Albuquerque, Las Cruces, Santa Fe, and Ruidoso. These areas were chosen based on population and number of establishments. We will also increase brand exposure by promoting BeeShine at both wine and beer festivals as well as additional tasting events across New Mexico.

PRICE

A 750mL bottle of BeeShine will have a wholesale price of \$9.80 with a suggested retail price of \$18.00. A 15.5 gallon keg of BeeShine will have a wholesale cost of \$604.50.



PROMOTION

PERSONNEL

BeeShine will hire a marketing director and two regional sales representatives to develop marketing strategies and properly promote BeeShine in New Mexico. The marketing director will be responsible for organizing promotional materials and events, managing brand exposure and awareness, as well as influencer marketing. The sales representatives will be hired to ensure proper distribution of BeeShine. All three positions will be responsible for attending promotional events, engaging customers, and developing relationships with establishments.

PAID MEDIA



Search Engine Optimization- Pay-per click search advertisements will be purchased through Google AdWords. Utilizing geotargeting, along with keywords, we will optimize the search to lead consumers to our webpage and social media accounts.



Social Media Advertisements- Using paid, mobile-friendly advertisements; BeeShine will create a strong social media campaign targeting the ideal consumer. Using demographic data and location services, advertisements will be placed in front of our target market.



Print Advertisements- BeeShine will advertise in various issues of The New Mexico Magazine, as well as publications produced by New Mexico True. By doing this, BeeShine will be placed in front of the New Mexico tourism sector.



Podcast Advertisements- Paid advertisements will be ran on two podcasts: The Mixology Talk Podcast: Better Bartending and Making Great Drinks, and Drinking Socially: The Official UnTapped Podcast. These will target demographic specific consumers who are familiar with the craft beverage market.



Over the Top Television (OTT)- Cable is becoming less popular and households are converting to popular streaming options. BeeShine will use OTT to target customers by age, gender, location, and their viewing preferences on various streaming platforms.



Influencer Marketing- BeeShine will engage our target consumer with the help of social media influencers such as Bloggers, the Tippy Bartender, and who we call "Drinkstagramers."



In-store display & Retail Media- In-store displays and corresponding media will be placed in retail locations to increase point-of-purchase sales.



Festivals and Events- To target our ideal market and give potential consumers the opportunity to try our product, BeeShine and Rowdy River Winery will be present at 6 wine and beer festivals throughout the state of New Mexico.

OWNED MEDIA



Webpage- BeeShine will create an interactive and diverse webpage, continually optimized to increase the Google Rank and effectiveness of paid searches. This webpage will include our product line, links to our social media platforms, dates of future events, store locator, contact information, and more.



Social Media- BeeShine will have an active presence on Facebook, Instagram, Twitter, Pinterest, Tik Tok, and Youtube to help put our product in front of consumers and allow them to interact with our brand using the hashtags #ShineOn and #thebetterBUZZ.

EARNED MEDIA



Public Relations and Press Releases- BeeShine will contact publishers that will strategically generate earned media.



BeeShine is certified New Mexico True to show our focus on being an authentic New Mexico made product.

CAMPAIGN

CREATE A BUZZ, FOR THE BEES

We need bees and so do you. In the late 2000's, honey bee colonies began to disappear quickly. Colony Collapse Disorder is something beekeepers have been battling for over a decade. Not only do we depend on bees to make our product, but the human race heavily depends on bees. Our goal with this campaign is to bring awareness to honey bees and educate our consumers on how important they truly are. We will contribute to the National Honey Board to help fund research and conservation.



FINANCIALS

On-Premise		Kegs	
Income Statement	Year 1	Year 2	Year 3
Income Sales			
Units Sold	3,312	4,752	6,624
Wholesale Price per Unit	\$604.50	\$604.50	\$604.50
Total	\$2,002,104.00	\$2,872,584.00	\$4,004,208.00
Net Sales	\$2,002,104.00	\$2,872,584.00	\$4,004,208.00
COGS	\$1,540,080.00	\$2,209,680.00	\$3,080,160.00
Net Returns and Allowances	\$20,021.04	\$28,725.84	\$40,042.08
Gross Profit	\$442,002.96	\$634,178.16	\$884,005.92
Off-Premise		Cases	
Income Statement	Year 1	Year 2	Year 3
Income Sales			
Units Sold	9,300	13,153	14,415
Wholesale Price Per Unit	\$117.50	\$117.50	\$117.50
Total	\$1,092,787.20	\$1,545,513.32	\$1,693,820.16
Net Sales	\$1,092,787.20	\$1,545,513.32	\$1,693,820.16
COGS	\$910,656.00	\$1,287,927.77	\$1,411,516.80
Net Returns and Allowances	\$10,927.87	\$15,455.13	\$16,938.20
Gross Profit	\$171,203.33	\$242,130.42	\$265,365.16
Total Gross Profit	\$613,206.29	\$876,308.58	\$1,149,371.08
Expenses			
Marketing/ Admin	\$496,607.39	\$661,212.17	\$758,989.28
National Honey Board Contribution	\$20,021.04	\$28,725.84	\$40,042.08
Total Expenses	\$516,628.43	\$689,938.01	\$799,031.36
Net Income Before Patronage & Commission	\$96,577.86	\$186,370.57	\$350,339.72
Honey Co-Op Patronage	\$28,973.36	\$55,911.17	\$105,101.92
Marketing Director Salary	\$89,828.89	\$94,318.53	\$102,516.99
Total	\$118,802.25	\$150,229.70	\$207,618.90
Final Net Income	\$-22,224.39	\$36,140.87	\$142,720.82

The state of New Mexico has 2,766 establishments that are licensed to sell alcoholic beverages. BeeShine will primarily be targeting 276 of those establishments by the end of year three for on-premise consumption through the sale of kegs. Honey producers within our co-op will receive a total return of \$234,000 and an individual return of \$11,700 through the patronage program by the end of year three. BeeShine will be offered at a wholesale price of \$604.50 for kegs and a COGS of \$465. Cases of 12-750 mL bottles will be offered at a wholesale price of \$117 with a COGS of \$97.92. By the end of year three \$5.7 million in total sales will have been achieved.

MONITORING & MEASUREMENT

OBJECTIVES	MEASUREMENT	FAILS TO MEET EXPECTATIONS	EXCEEDS EXPECTATIONS
Achieve 20% brand awareness. 13% aided and 7% unaided.	Survey target market at on-premise locations and monitor net promoter score.	Re-evaluate promotion efforts and improve product education tactics.	Explore new promotional opportunities and increase influencer marketing.
Be present in 10% of New Mexico establishments.	Monitor sales data as well as trends in the alcoholic beverage industry.	Re-evaluate promotional plan to find underperforming accounts.	Investigate possible expansion into surrounding states.
Sell 137,268 gallons.	Compare sales quarterly and annually. Monitor promotional metrics using google analytics, etc.	Refine our target market and re-evaluate our marketing mix.	Expand distribution, vendors, and product line.

Marketing Expenses			
	Year 1	Year 2	Year 3
Labor Expenses			
Public Relations-Contractor	\$55,000.00	\$55,000.00	\$55,000.00
Sales Reps (2)	\$120,949	\$134,181	\$146,981
Labor for Events	\$9,078	\$10,591	\$16,138
Digital Advertising			
Website	\$15,000	\$5,000	\$5,000
Social Media	\$10,000	\$10,000	\$10,000
Influencer/Blogger	\$50,000	\$60,000	\$65,000
Streaming Ads & Podcasts	\$15,000	\$15,000	\$15,000
Pay-Per-Click; Google AdWords	\$15,000	\$20,000	\$27,000
Events & Tradeshows			
Vendor Fee	\$1,500	\$2,000	\$2,500
Signage	\$1,200	\$1,500	\$1,800
Coupons & Partnerships	\$6,800	\$6,800	\$6,800
SWAG	\$20,150	\$23,173	\$26,649
Displays & Tents	\$4,000	\$500	\$5,500
Sampling Supplies	\$2,000	\$2,200	\$2,530
Keg	\$9,672	\$8,463	\$9,672
Bottles for Sale	\$24,480	\$28,560	\$32,640
On Premise Expenses			
Table Tents/Recipe Cards	\$4,515	\$5,418	\$6,772
Signage	\$42,265	\$60,379	\$66,477
Swag for Servers	\$15,000	\$18,000	\$21,600
Off Premise Expenses			
Grocery Store App Ads	\$5,000		
SWAG	\$10,000	\$15,000	\$25,000
Displays	\$20,000	\$25,000	\$30,000
Signage	\$40,000	\$48,000	\$57,600
Other Marketing Expenses			
Print Ads	\$40,000	\$48,000	\$57,600
Graphics	\$25,000	\$28,750	\$33,063
Promotions and Giveaways	\$27,000	\$29,700	\$32,670
Total	\$496,607.39	\$661,212.17	\$758,989.28



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