

# Sip & Stroll, LLC Business Plan



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## **I. Executive Summary**

### **Market Opportunity: Need and Size**

Sip & Stroll “S&S” is a niche product whose market exists in hikers and outdoor recreationists that enjoy drinking wine. The company estimates that this market may be as large as \$25 million.

### **Products and Intellectual Property**

The current S&S product is a system that functionally turns a bag of wine into a hydration pack by attaching a hose and nozzle to the bag, as well as a hang tab to be inserted into the backpack. Although no current part of the system is able to be patented, future products produced by S&S may be. These potential current products include a reusable container that is compatible with and complementary to the S&S existing nozzle attachment and tube, as well as a company partnership that results in bagged wine that is sold with a tube and straw attachment already integrated into the bag.

### **Value Proposition**

S&S offers an easy-to-use system that allows wine to be enjoyed while on the go and in nature. It offers the flexibility of a hydration pack combined with the fun of a cup of wine with friends.

### **Managers, Advisors, Current Financing, and Use of Proceeds**

The management team and advisors represent a wide range of knowledge with diverse backgrounds and hold relevant information about the company, the business environment, and competitive strategies within related businesses.

Current financing is achieved through initial investors and crowdfunding campaigns, with the use of these proceeds going toward company growth.

### **Business Viability and Exit Strategy**

The longer-term viability of S&S is not a certainty; further research needs to be completed in several key function areas. Therefore, company viability may be reexamined at a later date. To be potentially viable, the company seeks to grow quickly and expand its product line to include innovations that are patented. These strategic moves may better position the company to be acquired if it demonstrates long-term success.

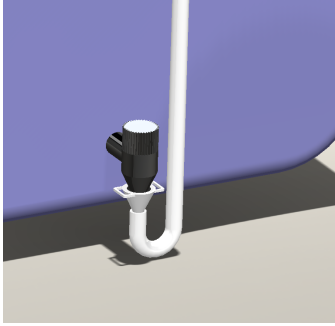
## **II. Products: Existing and In Development**

### **Products: Existing**

S&S is a system that uses commonly available Bag-In-Box “BIB” wine in conjunction with accessories to create a convenient drinking experience. The S&S product includes several BIB valve-to-hose adapters, a tube, a mouthpiece, and a hanger to affix the system to a backpack. Several adapter options will be available to securely attach to the various BIB wine valves currently on the market. The tube that attaches to the adapters will be similar to the straws that are used on hydration packs, such as Camelbak, and will include a locking bite valve to decrease leaks and spills. There is also a tab that can be affixed to the bag of wine, thus allowing the bag to securely attach to existing hangers within hydration-compatible backpacks. This component will help to reduce the movement of the bagged wine and allow the S&S to stay in a secure position, allowing the system to work seamlessly.



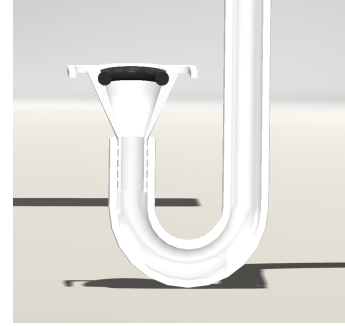
The S&S system of a tab, adapter, and straw connected to the nozzle on a bag of wine.



Details of the bagged wine nozzle, S&S adapter, and tube.



The S&S tab that is affixed to a bag of wine.



A cross-section of the valve-to-hose adapter and straw.

Currently, the company is in the prototyping phase of product development and will soon have an initial design and prototype to begin testing. In conjunction with the component design, S&S has gathered customer feedback through numerous interviews, which has proven to be extremely valuable and has already influenced the design. For example, concerns about discoloration and the attractive functionality of discrete consumption created the need for a dark-colored tube.

#### **Products: In Development**

In the future, S&S is interested in expanding into its own reusable container, which would be compatible with its existing nozzle attachment and tube. This container would allow customers to pour their own bottled wines and potentially other alcoholic beverages into the bag and take them on the go, thus increasing their options in wine and personal drinks. To create this product line expansion, the company's container design would take into consideration factors that affect the preservation and longevity of wine, such as sunlight and excess air.

Another potential company pivot involves partnering with a boutique winery to produce a bag of wine with the S&S hose permanently attached at the bottling line. This product would be heavily marketed towards the outdoors enthusiast and would be a single-use, ready to use package.

### **III. Marketing and Innovation**

#### **Market: Leading Competitors**

The biggest and most direct product competition to S&S will come from wine tumblers. Several brands with a large market share and name recognition include Hydro Flask, Yeti, and Vino2Go, among others. However, S&S and wine tumblers are not mutually exclusive products and could be used in conjunction with one another. Regardless, the S&S product advantages include a hands-free drinking experience and a larger transportable volume of wine.

Traditional hydration packs will also be a source of competition. The largest name-brand producers of hydration reservoir systems include Camelbak, HydraPak, Platypus, Osprey, and Gregory. However, most experienced outdoor enthusiasts will be reluctant to put alcohol in these hydration packs. This is due to the prevailing common knowledge and sparse testimonials reporting that the reservoir will be ruined by a permanent taste and smell after using alcoholic products such as wine.

Two different brands sell a product that is similar to S&S on Amazon: Juggage, and ASTROPAQ. Their products look virtually identical to each other and are both BIB wine connectors. However, these products are marketed toward home winemakers, not outdoor enthusiasts, and these products do not include a tube or mouthpiece. These connectors are intended to be used with a hose to refill, empty, or transfer bagged wine, and are only compatible with one type of bag nozzle. Although the nozzle connection part of the S&S is similar, the company is offering a complete system for drinking bagged wine and taking it on the go. Moreover, competitors are targeting a different market.

There are several other subgroups of market competitors that are of lesser impact. One subgroup includes manufacturers of soft, portable wine bottles and flasks. There are considerably fewer companies that produce such products, however, and these bottles and flasks are marketed simply as wine storage containers, not as easily transportable wine consumption systems. Additional competitors include wine-dispensing purses and backpacks that are built around bagged wine usage, as well as bags and straws that focus on discretion. Nevertheless, these products are novelty items, such as the Sneaky Booze sports bra that holds wine, or their hidden flask pouch. S&S is different in that it offers a complete system to enable a wine drinking experience with friends on the go and is targeted toward an outdoors audience.

### **Market: Economics**

In determining market analysis, the company analyzed publicly reported statistics to determine an approximate market size. Specifically, there were approximately 159 million visits to national forests and wilderness areas between 2015 and 2019 (USDA Forest Service National Visitor Use Monitoring Survey Results National Summary Report). After considering relevant factors such as target customer's age range and the number of hikers each year, and then applying information such as the percentage of people who drink wine (Saad, "Liquor Ties Wine as Second-Favorite Adult Beverage in U.S."), there are approximately 900,000 current wine drinkers who hike in a national forest or wilderness area per year. This number represents a sizable part of the target market analysis; however, other target areas are not encompassed. For instance, recreationists from other sports such as skiing and camping are likely to be interested in the S&S product, as well as a population that would use it primarily around the house. However, these numbers are only a rough estimate because there may be multiple people in a visiting party, and they may return more than once. In addition, this does not include hikers that visited parks that do not require self-reporting. Nonetheless, the estimation is a reasonable approximation and may even be an undervaluation, due to the versatility and differentiation of our product. All things considered, there is a sizeable market for S&S to take advantage of.

### **Marketing and Sales**

The current company strategy utilizes the marketing mix and involves an initial phase of growth, during which it will produce the S&S using additive manufacturing. This allows for product and marketing refinement and further market exploration. After further market analysis and feedback, S&S will consider investing in tooling for an injection molding process to produce a substantially greater number of products at a lower cost per unit. The sales plan follows the same initial phase strategy.

Sip & Stroll's sales plan consists of two phases- Initial Product Placement and the Expansion Campaign. The first phase, as the name states, involves placement of the product, which includes sales of the previously discussed product/s on the company website, and

potentially on an external platform like Etsy or eBay. By selling in these marketplaces, the company can begin sales quickly and the profit margin will be larger than if it were to sell to stores. The pricing would be approximately \$40 for the complete S&S BIB connection system. This phase focuses on controlled growth and exploration of the market, with the first sale expected in May 2022.

The second phase is the Expansion Campaign. This stage involves conducting a Kickstarter campaign to fund an expansion of available capital and to increase manufacturing capabilities. During this time, S&S will look to expand product placement to local Laramie stores like Atmosphere Mountainworks and Basecamp. The company's ultimate, long-term sales goal is to have the product on the shelves at REI and other outdoor retailers. The knowledge gained during the initial phase will be valuable at this point as it will guide company marketing and increase the company's ability to rapidly grow.

The marketing plan involves two promotional focuses: community outreach and online presence. As a part of community outreach, S&S will host wine and hike events. During these events, the company will distribute products in exchange for testimonials and media, which will involve reaching out and sponsoring events hosted across the nation by the various wine and hike groups. This portion of the marketing plan heavily relies on word-of-mouth advertisements and promotions.

The online presence portion of the marketing plan focuses on reaching the target market through social media and other online platforms. S&S will have a website and social media accounts that include advertisements and media. With a professional videographer, the company will create a satirical promotional video series that highlights the convenience of the S&S in comparison to wine glasses. This video series will be used for advertising on the various online platforms with links to the website to promote sales.

As previously mentioned, a Kickstarter is appealing for both the sales and the marketing abilities. The company will create a series of videos specifically for the Kickstarter campaign that will create excitement for the product and provide incentives for backing. These efforts will be supported by reaching out to local and state newspapers and will accompany a nationwide increase in advertisements. One of the many benefits of these actions is the expected increase to the company's mailing list, which facilitates future company promotions.

### **III. IP and Manufacturing**

#### **Intellectual Property**

After extensive research, the company determined that there is no patent infringement with its product, and that there does not appear to be a component within its design that would warrant pursuing a patent. The company will continue to research and reevaluate as it proceeds.

#### **Manufacturing**

The original S&S system will be produced through additive manufacturing. This method would allow for the easiest modifications to the product as it is further refined. Initial manufacturing of the BIB valve-to-hose adapters will be outsourced in order to create flexibility in responding to demand and in evaluating market share. For 50 units, the cost is a minimum of \$9.70 each. If the demand is strong and stable within the first six months of operation, the company would, within a year, purchase a ~\$8,000 high-quality DLP 3D printer capable of meeting company production goals. This maximum production capacity is estimated at 200 units per month. The purchase of a company printer would also lower the cost of goods sold. The

tubes and locking mouthpieces would be purchased from online suppliers, with each unit costing roughly \$13. Hang tabs that affix the bag of wine to a backpack would also be bought, at less than \$0.05 apiece, and packaging for each S&S product would cost about \$5 each.

## **IV. Management and Advisors**

### **Management Team**

Jada Kruse- CEO, Inventor

Jada is a senior undergraduate at the University of Wyoming and is majoring in both Business Management and Psychology, with a minor in Honors. She is an elected executive member of Mortar Board Senior Honor Society. Jada is involved in a number of outdoor activities including hiking, backpacking, skiing, rock climbing, and mountain biking. Jada is the CEO of the S&S business team and focuses on the human aspects of the business.

Jacob Porter - co-CEO, Product Designer, CFO

Jacob Porter is an alumnus of the University of Wyoming with a degree in Mechanical Engineering and a minor in Entrepreneurship. He is currently pursuing a Master's in Mechanical Engineering with options in Design and Engineering Management at Oregon State University. As an engineer for the Prototype Development Lab, Jacob works to design, build, and test machines and inventions. Jacob is designing the S&S product and worked closely with Jada to develop the business plan. He has experience with startup companies and has a passion for solving problems.

### **Advisors**

Ryan Coleman - Wine Industry Expert Advisor.

Ryan is the son of the owners of Coleman Vineyard, a high-end winery located in the Willamette Valley that is producing their 21st vintage after nearly 30 years of operations. He is an aerospace engineer who grew up working in the vineyard, and he has boasted his own label since he was 8. Jacob Porter grew up with Ryan and was first introduced to the wine industry through Ryan. In high school, they worked together during harvest each year to process thousands of pounds of grapes grown right outside Ryan's front door. Ryan is now acting as a valuable advisor, providing insights into the wine industry and current trends.

David Rule – Videographer

David is a University of Wyoming alumnus with a degree in Physiology and Neuroscience who decided to pursue his dreams of producing high-quality outdoor images and videos for both his personal social media pages and companies. He has partnered with companies like Hertz car rentals and has over 130,000 followers on Instagram. He has agreed to help film our promotional videos for S&S.

Jaren Voight Cerf- Creative and Marketing Advisor

Jaren is a singer, songwriter, actress, voiceover artist, and author. She has worked in a variety of creative jobs, doing everything from working in a flower shop to touring as a singer/songwriter, to creating content and marketing for a DIY kit company. She currently is growing her career as a voiceover artist and is involved in a transglobal startup enterprise. Jaren has agreed to advise on marketing, which includes product planning, logo and website design, going to market, and promotional content.

Dr. Richard McGinity- Faculty Advisor

Dr. McGinity is University of Wyoming President Emeritus and a Professor of Management with a D.B.A. from Harvard Business School. His research interests are entrepreneurial finance, business ethics, growth planning and strategy, and governance. He has worked as a general partner in a venture capital fund and is still active in the venture capital field. Additionally, he has started his own investment banking firm. Dr. McGinity has agreed to provide mentorship.

## V. Finance and Accounting- Financial Projections

Due to the early stage of S&S, the company does not have any current financial highlights to present. The only expenses incurred so far originate from the development and production of an initial prototype, totaling around \$100.

Financial projections are based on the original S&S product and do not take into consideration possible future expansions. Additionally, a number of assumptions were made in the financial forecast. The costs that are considered in the forecast include the outsourcing to manufacture the product and the packaging, which together cost roughly \$28. The COGS is estimated to be roughly 70% of the final sales price while initial manufacturing is outsourced, and would decrease to the 60% range with the purchase of an in-house 3D printer. In addition, there are marketing and selling expenses to allow the company to pursue its marketing plan, an estimate for engineering, research and development, and quality assurance expenses, finance and accounting expenses, and administrative/executive expenses, among others.

The projected income is purely dependent on the sales of the S&S products, and the company estimates that in the first month it would sell 50 units at \$40 each, with the monthly sale increasing by 10 units per month for the first year until S&S hits the maximum production capacity of 200 units per month. Once capacity is hit, the company will be more prepared to invest in a higher capacity manufacturing technique. Investors will need to be secured for initial financing and operations.

### Sip & Stroll, LLC Projected Income Statement Fiscal Year 2022-2024

	Projected End of Year 2022	Projected End of Year 2023	Projected End of Year 2024
<b>Total Net Revenue</b>	\$ 50,400.00	\$ 108,000.00	\$ 165,600.00
<b>Less: COGS</b>	\$ 32,480.00	\$ 64,800.00	\$ 99,360.00
<b>Gross Profit</b>	\$ 17,920.00	\$ 43,200.00	\$ 66,240.00
<b>Less: Operating Expenses</b>			
Marketing/Selling	\$ 5,512.00	\$ 11,500.00	\$ 17,040.00
Engineering/R&D/Quality	\$ 12,000.00	\$ 15,000.00	\$ 20,000.00



Finance/Accounting	\$ 2,000.00	\$ 2,500.00	\$ 3,000.00
Admin/Executive	\$ 32,000.00	\$ 35,000.00	\$ 37,000.00
<b>Total Operating Expenses</b>	\$ 51,512.00	\$ 64,000.00	\$ 77,040.00
<b>EBIDTA</b>	\$ (33,592.00)	\$ (20,800.00)	\$ (9,147.60)
<b>Other Income and Expenses</b>			
Depreciation & Amortization	\$ 1,500.00	\$ 3,000.00	\$ 3,000.00
<b>Interest Income</b>			
Interest Expense	\$ -	\$ -	\$ -
Other Income and Expenses	\$ -	\$ -	\$ -
<b>Total Other Income and Expenses</b>	\$ -	\$ -	\$ -
<b>Net Profit Before Taxes</b>	\$ (33,592.00)	\$ (20,800.00)	\$ (10,800.00)
			\$
<b>Income Taxes</b>	\$ -	\$ -	(1,652.40)
<b>Net income (Loss)</b>	\$ (33,592.00)	\$ (20,800.00)	\$ (9,147.60)

## VI. Business Viability and Exit Opportunities

The longer-term viability of S&S is not a certainty. Additional research and analysis is necessary in the functional areas of marketing and selling, finance, and financing. Only when this additional research and analysis is performed can it be demonstrated that the company has long-term competitive viability.

Assuming that S&S has long-term competitive and financial viability, acquisition is the most likely exit for S&S. S&S would be most attractive to companies that would be able to manufacture all of the product component in-house yet are looking to uphold product recognition and branding. Other companies may also be more interested in acquisition if S&S creates future products that are patented.